

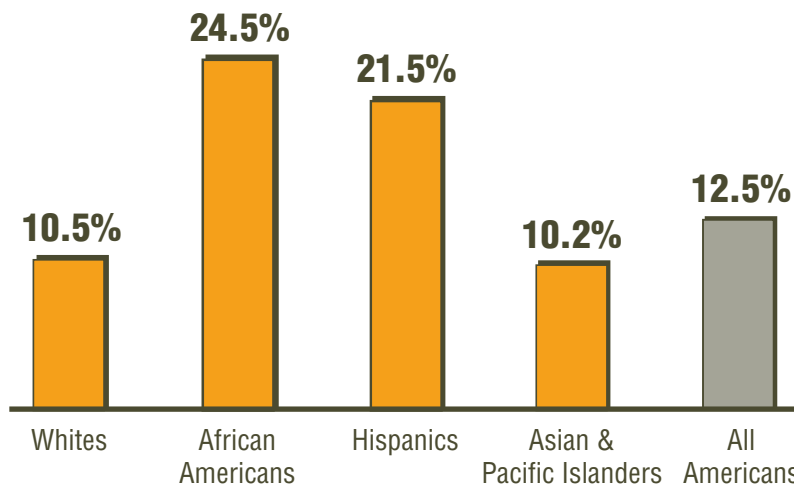
Setting a Goal to End Poverty and Hunger in the United States

by Todd Post

Bread for the World Institute provides policy analysis on hunger and strategies to end it. The Institute educates its advocacy network, opinion leaders, policy makers and the public about hunger in the United States and abroad.

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U.S. Poverty Rates, 2007



Source U.S. Census Bureau, 2008

Abstract

One in every eight U.S. residents is living in poverty, according to the last official count conducted by the Census Bureau. But these data reflect conditions through 2007, well before the current recession.

Poverty and hunger on any scale is intolerable in a country as wealthy as the United States. To reduce poverty and hunger—and eventually eliminate them—the United States must be prepared to act more boldly than it has for several decades. Step one should be to set a national goal to end hunger and poverty, with a target date, so that progress can be tracked.

Ending poverty and hunger will require a comprehensive framework of solutions, that recognizes the many factors that contribute to economic hardship, such as lack of employer-provided health insurance, poor schools, lack of affordable housing, little access to financial services, and a host of others. Goal setting is the critical first step, as it focuses the nation's attention on outcomes and gives the public a way to hold the nation's leaders accountable.

Key Points

- The United States must make a national commitment to ending domestic poverty, establishing targets for a variety of indicators (e.g. hunger, housing, education and health) that will clearly measure whether the country is achieving progress.
- Overcoming poverty requires both more personal responsibility and broader societal responsibility, both better choices by individuals and better policies and investments by government.
- The United States has one of the highest poverty rates among industrialized countries, while U.S. government spending on anti-poverty programming as a percentage of Gross Domestic Product is one of the lowest among industrialized countries.
- The United States must develop a strategy that both helps those who are poor get out of poverty and eliminates conditions that allow poverty to persist in our communities.

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In 2005, Hurricane Katrina heightened public awareness of poverty in the United States. The Lower Ninth ward of New Orleans was a place few Americans had ever heard of, and yet everyone seemed to recognize it as a place where the United States hit rock bottom. Katrina drew attention to the shameful failures of government. The bungled response was seen as a reflection of the government's failed response to poverty writ large.



Elizabeth Wheelan

Poverty was not invisible before Katrina, but there was more complacency about it. Organizations already working to raise awareness of poverty might have hoped that the hurricane, tragic as it was, would shake up the status quo. But more than three years have passed since Hurricane Katrina, and little has been done at the federal level to step up efforts to fight poverty in the Gulf or elsewhere around the country. Now the country faces the worst recession since the 1930s, and millions more people are likely to find themselves thrown into poverty.

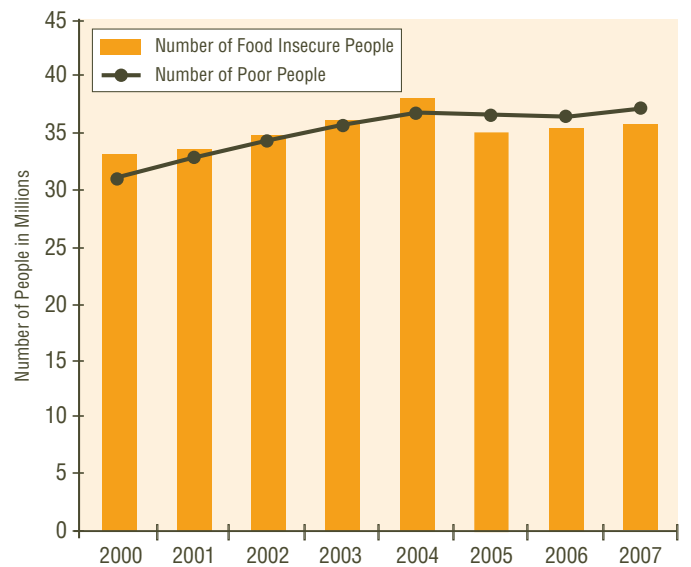
A growing chorus of government officials and policymakers want more attention and resources focused on poverty reduction, spurred on by faith-based groups like Bread for the World, Catholic Charities USA, Sojourners, and the Jewish Council for Public Affairs. Setting a national goal to reduce poverty would focus the entire country. Such a commitment does not mean a huge, one-shot government program. No government program by itself can lift people out of poverty if they are not prepared to do some hard work themselves. But there are millions of people who continue to struggle despite their own efforts to do what's right by their families and communities. Because of circumstances beyond their control, they cannot get out of poverty without some help. Whether our society is willing to reach out and offer this help speaks volumes about our core values and aspirations as a people.

Poverty by the Numbers

According to recent government survey data, 12.5 percent of people in the United States are poor. That means that one in eight people you pass on the street today represents someone who is poor—and this statistic reflects data collected before the recession.¹ Recent government data also finds that 12.1 percent of people in the United States are food insecure, sometimes called “at risk of hunger.”² It is no coincidence that food insecurity rates align so closely with poverty rates; poverty and food insecurity usually travel together.

Figure 1 shows U.S. poverty and food insecurity data from 2000-2007. The numbers scarcely changed during those years, but when the data are updated again, we are certain to see a spike caused by the severity of the current recession.

Figure 1:
Poverty and Food Insecurity in the United States



Source: Census Bureau and USDA, 2008.

Since 1973, poverty rates have remained between 10 and 15 percent (see Figure 2). It is not because of a weak economy that the poverty rate has not fallen below 10 percent. The U.S. economy has been growing steadily throughout this period—but the rewards have mainly gone to those in higher income groups. Nor is poverty due to high rates of unemployment. Annual survey data by the Bureau of Labor Statistics show that many poor adults are working, some in full-time, year-round work.

Figure 2 shows another piece of information that should not be overlooked: the years between 1959 and 1973, when the poverty rate fell by more than half. One reason for this was a strong economy in which the rewards were shared more equitably, but another is the often-dismissed “War on Poverty,” which included a series of new social programs like Medicare and Medicaid, improvements in Social Security, and an expansion of

nutrition programs. The primary beneficiaries were seniors, whose poverty rates dropped from more than 30 percent to less than 10 percent and have remained there ever since.

By the mid-1970s, the country tired of the War on Poverty, other priorities replaced it, and since then poverty rates of 10 to 15 percent have been the norm. But we should not presume that this is unchangeable. If there is any doubt whether we can achieve a significant reduction in poverty, all we need to do is remind ourselves that we have done it before.

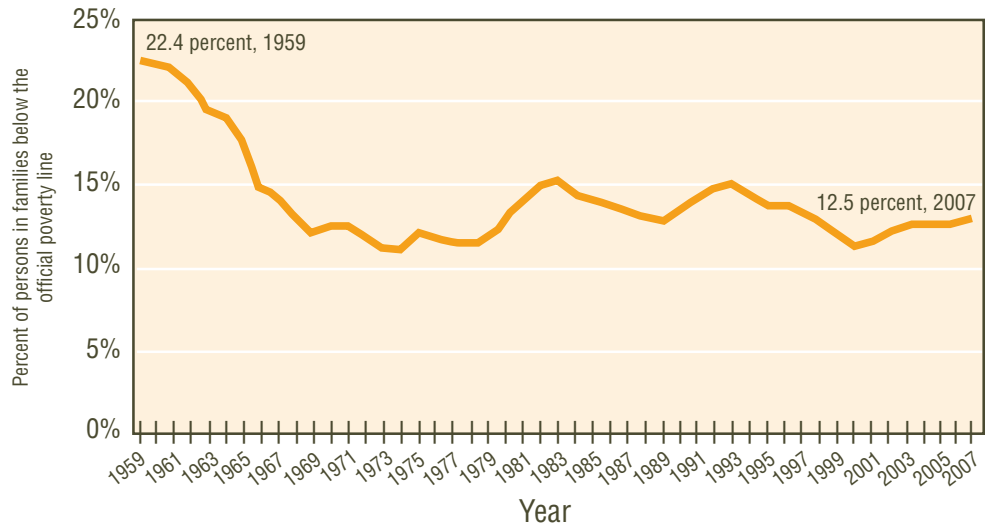
A Wider View of Poverty

People end up in poverty for a host of reasons. The lens you look through explains a lot of what you see about poverty. Step away from your own microscope, and it's hard not to see that many factors become intertwined.

High child poverty rates in the United States are frequently blamed on the high percentage of children raised out of wedlock—a social phenomenon. But could the eroding wages of male workers with less than a high school education—a labor market condition—make them less desirable as marriage partners? Researchers are finding evidence for this.³ Declining participation in labor unions, which often win higher wages for their members, could be viewed as a labor market condition stemming from the growth of the global economy, or a social phenomenon caused by rapid advances in science and technology that have automated many low-skill jobs, or a result of government policies favoring business interests over labor—or, more likely, a combination of all of these forces.

It is important to resist facile explanations of poverty based on ideology. Reductions in poverty rarely come about from simple, single-bullet solutions, a la “lower taxes” or “personal responsibility.” Debating strategies to fight poverty is useful but polarization of the issue is not. “Unfortunately, partisan and ideological divisions too often promote one-sided solutions and prevent genuine progress,” observes Christian Churches Together in the USA (CCT), a body of churches and national organizations representing virtually every Christian group in the United States, including Bread for the World. According to the CCT *Statement on Poverty*, “Overcoming poverty requires both more personal responsibility and broader societal responsibility, both better choices by individuals and better policies and investments by government, both renewing wholesome families and strengthening economic incentives.”⁴

Figure 2: Official Poverty Rate, 1959-2007



Source: U.S. Census Bureau, Historical Poverty Tables.

Indeed, it would be hard to find a better way to frame the challenge of overcoming poverty.

Poverty in Other Industrialized Countries

In an industrialized country, poverty is a manageable problem, but some countries put more energy and resources into poverty reduction than others. What can we learn from studying countries with lower poverty rates than ours?

The Luxembourg Income Study (LIS) is the most comprehensive study of poverty and income security across a number of developed countries. The LIS began collecting data from 21 countries in 1983. Member countries, which include the United States, fund the project through their national science and social science research foundations.⁵ Among LIS countries, the United States has the second-highest poverty rate (both for adults and children). Only Mexico has a higher rate.

Because living standards are not the same from one country to the next, LIS does not use an absolute measure of poverty. Instead, LIS sets the poverty line for all countries at 50 percent of median income, what the researchers call a “relative measure.” Interestingly, most people responding to opinion polls in developed countries, including the United States, agree that 50 percent of median income constitutes a reasonable level below which people could be described as impoverished.⁶ But the U.S. poverty threshold has not reached 50 percent of median income since 1963. In 2000, it sank to an historic low of 27 percent.⁷ By this relative measure, many Americans who do not fall below the official poverty line are nonetheless impoverished.

The U.S. government uses an absolute measure to determine the national poverty rate. This is why the official U.S. poverty rate of 12.5 percent is lower than the LIS measure of 17.0

percent. Official U.S. poverty rates are calculated by multiplying an average low-cost food basket by three and then adjusting for household size. But the assumption that poor families spend one-third of their household budget on food has routinely been proven wrong by consumer-spending data. No other country measures poverty this way; in fact, most countries in the LIS use at least 50 percent of median income.⁸

All LIS countries spend government resources on social programs to lower poverty rates. The United States spends a significantly lower portion of GDP per capita than other LIS countries, again except for Mexico. “Simply put,” explains Timothy Smeeding, a U.S. researcher working on the LIS, “the United States does not spend enough to make up for low levels of pay, and so we end up with a relatively higher poverty rate than do other nations.”⁹

Goals to Reduce Poverty

U.S. voters want the government to do more to fight hunger and poverty. Moreover, they say they would approve of increased government spending to solve these problems. Those are some of the findings in surveys of voters in the last year conducted by Spotlight on Poverty and Opportunity and the Alliance to End Hunger.¹⁰

Some policymakers have responded to this public concern. In New York City, Mayor Michael Bloomberg has launched an ambitious poverty-reduction campaign, receiving strong support from residents. In addition to adding several new anti-poverty programs, Bloomberg has scrapped the federal poverty measure, using an alternative developed by the National Academy of Sciences in the 1990s. The poverty rate in the city increased when the new measure was applied, but now it reflects something much closer to the real cost of living in New York. While some critics have faulted Bloomberg for “increasing poverty”—though only by making the statistics match the daily reality—common sense says you can’t adequately respond to a problem until you know the extent of it.

The New York City anti-poverty initiative is one of several that have been launched across the country. A total of 15 states

have embarked on poverty-reduction plans and three have passed laws that set poverty-reduction goals. Connecticut was the first state to do so, enacting a law in 2004 that required reducing child poverty by 50 percent in 10 years. The poverty rate in Connecticut is 7.9 percent, the second lowest in the country, and the state child poverty rate of 11 percent is well below the national rate of 18 percent.¹¹ But state-level data hides some staggering inequalities, such as in Hartford, New Haven, and Bridgeport, where poverty rates are three and four times higher than in the rest of the state.

Setting a goal is the easy part. Building coalitions to gain consensus for lasting changes at the policy level is another matter. In Connecticut, it was not until 2007 that the Child Poverty Prevention and Reduction Council delivered a blueprint for action. A Republican governor and a Democrat-controlled legislature have clashed over strategy.

At the national level, pressure is increasing for the federal government to follow the lead of New York City and Connecticut and other states. In the 2008 Hunger Report, *Working Harder for Working Families*, Bread for the World Institute proposed setting a goal to reduce domestic poverty and hunger. *Working Harder for Working Families* includes the following main recommendations:

- Establish a poverty-reduction goal and timeline to achieve it.
- Make sure all jobs provide a standard of living above the poverty line.
- Improve federal work-support programs like tax credits, nutrition assistance, and health care for all low-income families.
- Increase ways for families to save and build assets so that they may become economically self-sufficient.

The report focused on working families because one in four U.S. workers has a job that does not pay enough to raise a family of four out of poverty.¹² A lasting solution to hunger, like a solution to poverty, means a job that pays a living wage, provides affordable health insurance, and offers other forms of social insurance, such as paid leave and a savings plan for retirement. This should be something a wealthy nation like the United States can ensure for all workers.

U.S. policymakers have been loath to increase social spending to reduce poverty rates, but they would do well to pay attention to what has occurred in the United Kingdom. In 1997, the Labor government launched an initiative to eliminate child poverty by 2020. When the campaign began, the child poverty rate in the United Kingdom was roughly equal to the U.S. rate. Since then, the child poverty rate has fallen by a third.¹³



Richard Lord

Figure 3: Relative Poverty Rates, Twenty-One Rich Nations, All Persons

Percent of all Persons with Disposable Income Less than 50 Percent of Adjusted Disposable Median Income

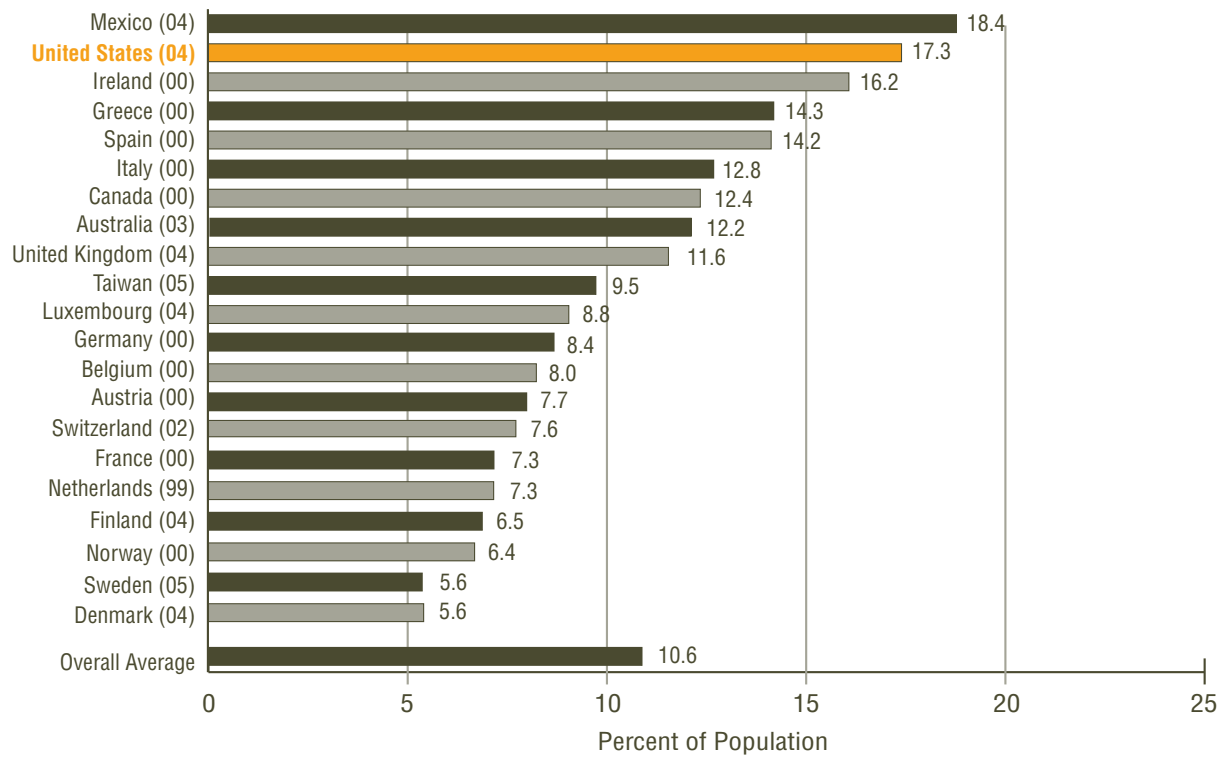
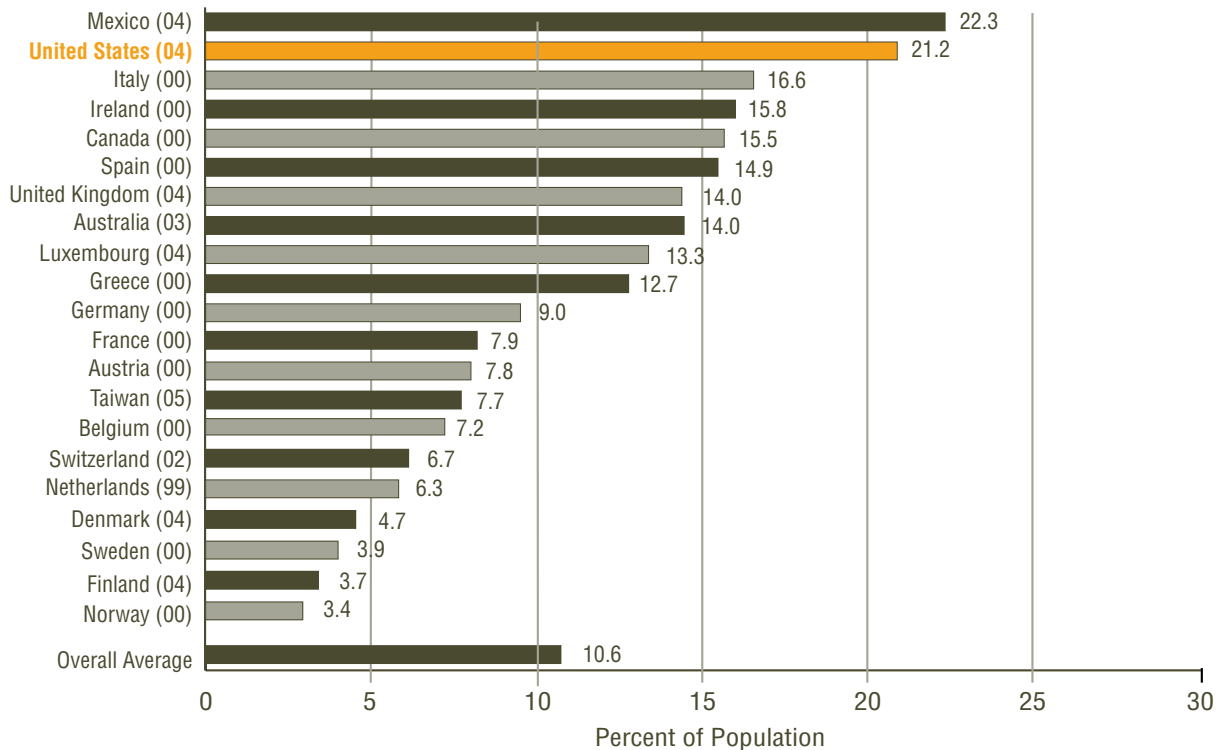


Figure 4: Relative Poverty Rates, Twenty-One Rich Nations, Children

Percent of Children with Disposable Income Less than 50 Percent of Adjusted Disposable Median Income



Source: Luxembourg Income Study, November 2008.

Much has changed in the United Kingdom since the country adopted the child poverty initiative. But one thing that hasn't is the commitment to ending child poverty. Labor may well be replaced by the Conservative Party, but the latter shows no sign of abandoning the initiative, as these remarks by Conservative Party leader David Cameron suggest: "Poverty is not acceptable in our country today. Not when we are the world's fifth biggest economy...not when we have people who earn more in a lunchtime than millions will earn in a lifetime... not when we understand so clearly how wealth is created and poverty eradicated. I believe that we can make British poverty history. But only if we have the strength to carry out the radical welfare reform and the social changes that everyone knows we need. So when I say that we can make British poverty history, please do not tell me that it cannot be done."



Richard Lord

A National Commitment

To end poverty, we must develop a strategy that both helps those who are poor get out of poverty and eliminates conditions that allow poverty to keep its stranglehold on communities. This requires, first, determining a set of "preconditions for prosperity." The preconditions should incorporate a holistic assessment of the factors that contribute to a person's well-being, such as access to health care, access to services that facilitate work, access to affordable and nutritious food, access to an education that provides both the academic and social foundations for success, and access to financial services that encourage saving and protect against predatory products and practices. Second, it requires developing measurable targets for achieving those preconditions. And most importantly, it requires making a national commitment that holds us all accountable for making progress toward the targets.

If we are to reduce hunger and poverty, everyone must do their part, starting at the top. Congress and the administration must reallocate resources to reverse the shameful trend of growing hunger and poverty. But ending hunger and poverty requires not just that we change course, but that we stay the course once the efforts have begun. Setting a goal to reduce

hunger and poverty in a specific timeframe will keep us focused on the target and provide a way to measure progress.

The intractability of poverty is due partly to the fact that there are myriad ways to try to solve the problem. All too often, anti-poverty efforts are stymied by a polarizing debate over which framework provides the best approach for tackling the problem. But no single policy change will end poverty. Instead, reducing poverty requires a commitment to a series of complementary policy changes. This is where goal-setting can help. Focusing on the end goal of reducing poverty rather than the individual instruments to get there provides clarity of purpose that can synthesize fragmented ideas and efforts. Setting a goal with a deadline will propel us to take action rather than getting lost in a theoretical debate. Finally, charting overall progress allows us the flexibility to fight poverty with a multi-pronged approach on more than one front.

Endnotes

- ¹ U.S. Census Bureau (2008), *Current Population Survey*.
- ² U.S. Department of Agriculture (2007), *Household Food Security in the United States, 2006*.
- ³ Kathryn Edin and Maria Kefalas (2005), *Promises I Can Keep: Why Poor Women Put Motherhood before Marriage*, University of California Press.
- ⁴ *Christian Churches Together's Statement on Poverty* (2007), Christian Churches in the USA: <http://www.christianchurchestogether.org/poverty/>.
- ⁵ The Luxembourg Income Study. <http://www.lisproject.org/introduction/history.htm>
- ⁶ Gordon M. Fischer (1996). "Relative or Absolute: New Light on the Behavior of Poverty Lines Over Time." *Newsletter of the Government Statistics Section and the Social Statistics Section of the American Statistical Association*; NPR/Kaiser/Kennedy School Poll on Poverty in America, a nationwide survey conducted between January 4 and February 27, 2001.
- ⁷ Smeeding, Timothy M. (2006). "Poor People in Rich Nations: The United States in Comparative Perspective." *Journal of Economic Perspectives* 20 (1) (Winter): 69-90.
- ⁸ Mike Brewer and Paul Gregg (2008), *Eradicating Child Poverty in Britain: Welfare Reform and Children Since 1997*, Institute for Fiscal Studies: www.ifs.org.uk/wps/wp0108.pdf.
- ⁹ Timothy Smeeding (February 13, 2007). *Testimony Before the Subcommittee on Income Security and Family Support of the House Ways and Means Committee*. U.S. Congress.
- ¹⁰ Alliance to End Hunger (October 30, 2007) *New Attitudes About Poverty and Hunger: The Rise of the "Do Right" Voter and Other lessons from Recent Research*.
- ¹¹ http://www.kidscount.org/datacenter/profile_results.jsp?r=8&d=1
- ¹² Lawrence Mishel, et. al (2007) *The State of Working America 2006/2007*, Economic Policy Institute.
- ¹³ Hills, John (2003). "The Blair Government and Child Poverty: An Extra One Percent for Children in the United Kingdom." *One Percent for the Kids: New Policies, Brighter Futures for America's Children*. Washington, DC: Brookings Institution.

Poverty in the United States

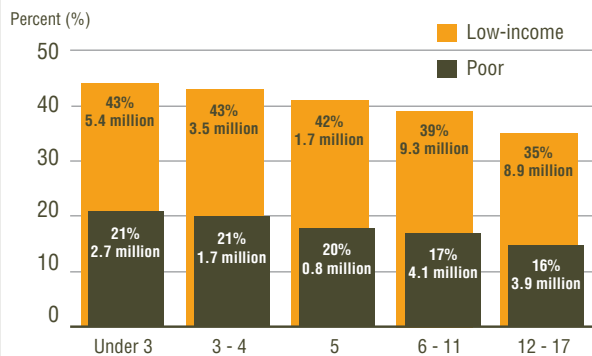
More than 37 million people in the United States lived in poverty in 2007

- The number of people living in poverty has increased by almost 6 million since 2000.
U.S. Census Bureau, 2008
- More than 15.5 million people lived below half of the poverty line in 2007.
U.S. Census Bureau, 2008
- 37 percent of households headed by women with children present lived in poverty in 2007.
U.S. Census Bureau, 2008
- In 2007, the poverty threshold for a family of four was \$21,203.
U.S. Census Bureau, 2008

Children in the United States have the highest poverty rate of all age groups

- More than 13 million children (age 18 and younger) lived in poverty in 2007.
U.S. Census Bureau, 2008
- The poverty rate for children was 18 percent in 2007—much higher than the poverty rates for adults 18-64 (10.9 percent) and for the elderly (9.7 percent).
U.S. Census Bureau, 2008
- A family of four generally needs to earn twice the poverty threshold to provide children with basic necessities.
National Center for Children in Poverty, 2008

Figure 5: Children Living in Low-Income and Poor Families, by age group, 2007



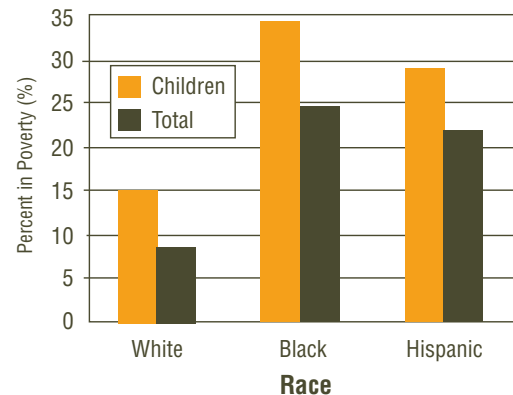
© National Center for children in Poverty (www.nccp.org)
Basic Facts About Low-Income Children: Birth to Age 18.

Employment alone is not always sufficient to provide a family's basic needs

- 55 percent of children in low-income families have at least one parent who works full-time, year-round.
National Center for Children in Poverty (NCCP), 2008
- 36 percent of households receiving emergency food assistance had at least one employed adult.
America's Second Harvest, 2007
- In 2005, 25 percent of all workers earned a poverty-level hourly wage.
Economic Policy Institute, 2008

Minorities and immigrants are disproportionately affected by poverty

Figure 6: Poverty by Race



Source: U.S. Census Bureau, 2008.

- 24.5 percent of black and 21.5 percent of Hispanic people live in poverty, compared to 8.2 percent of white people. 34.5 percent of black and 28.6 percent of Hispanic children live in poverty, compared to 15 percent of white children.
U.S. Census Bureau, 2008
- 16.5 percent of foreign-born US residents experience poverty versus 11.9 percent of native-born residents. This number is particularly high among immigrants who have not naturalized, at 21.3 percent.
U.S. Census Bureau, 2008



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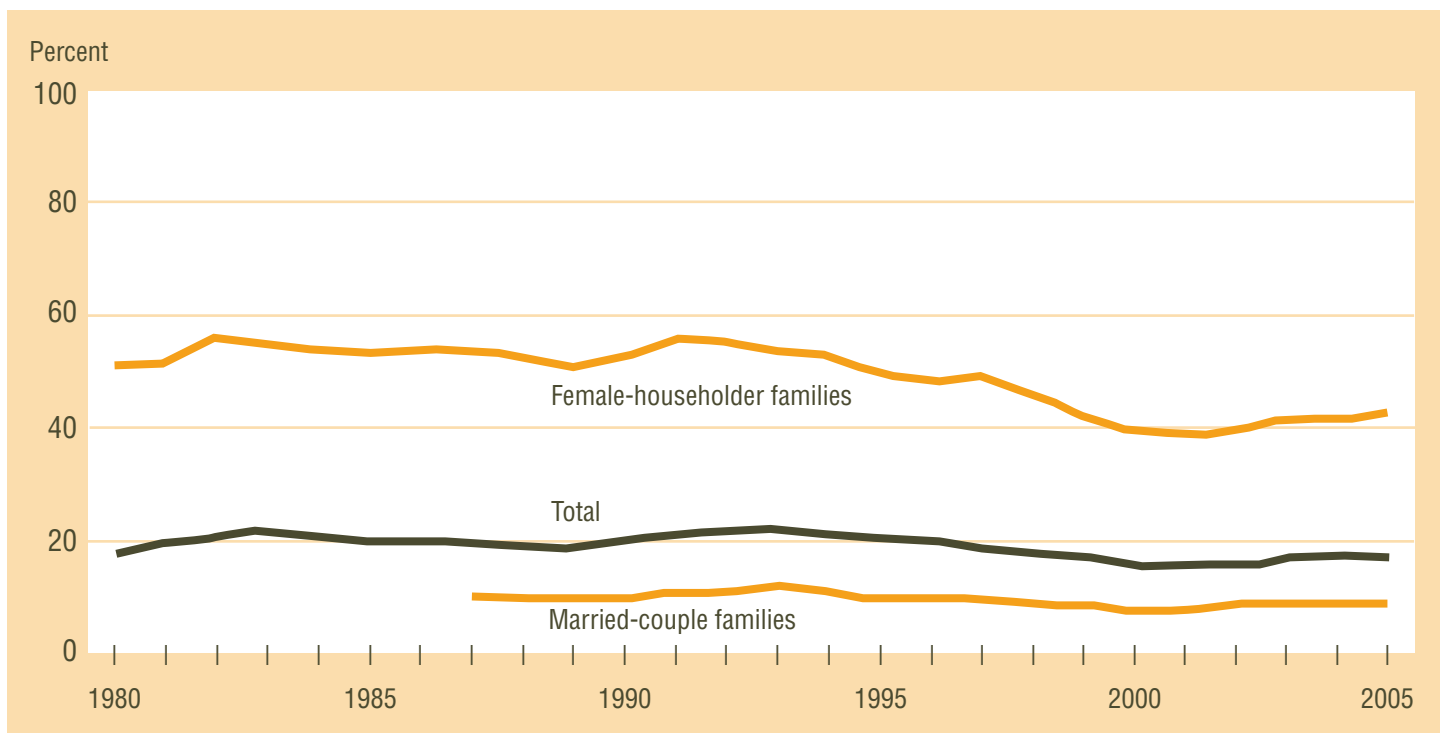
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Percentage of Related Children (ages 0-17) Living in Poverty by Family Structure, 1980-2005



Note: Estimates refer to children ages 0-17 who are related to the householder. In 2005, the average poverty threshold for a family of four was \$19,971.

Source: U.S. Census Bureau, Current Population Survey, 1981 to 2006, Annual Social and Economic Supplements.