

Cutting Poverty in Half

Nearly 40 million Americans live below the official poverty line—which is now approximately \$22,000 for a family of four—and more than 14 million children are poor in this country. Inequality of wealth has reached record highs—it is greater than at any time since 1929. Growing portions of the nation’s wealth are concentrated in the possession of a small fraction of households, while nearly a third of Americans are trying to get by on incomes less than 200 percent of the federal poverty line—or about \$44,000 for a family of four. Well before the current economic crisis, 6 million low-income households were paying more than half their income on rent and utilities, or lived in severely substandard housing. Over the course of a year, 50 million people, including nearly one in four children, lived in a household struggling against hunger.

Now, increasing unemployment, high prices for gas and food, and a continuing foreclosure crisis are putting growing numbers of families at risk, exacting a high moral and economic cost on all Americans. In fact, in 2007, the Center for American Progress estimated that childhood poverty alone cost the nation \$500 billion, a number that has surely risen in the past three years due to increasing economic insecurity.

The problems economically struggling people face have been exacerbated by lack of affordable child care, health care, transportation, and other structures necessary to make sure work pays; dangerous predatory lending practices; barriers to unionization; cuts in social spending; and exclusionary politics at all levels that hobble meaningful public participation and accountability in government.

It does not have to be this way

Given the persistence of poverty over recent decades, it is understandable that many Americans consider cutting poverty an impossible task. This is not true. There have been periods throughout our history when economic gains were more

equitably shared and we were able to significantly reduce poverty—periods when a strong near-full-employment economy was combined with governmental and private initiatives to lift all Americans up. Between 1964 and 1973, for example, poverty fell by more than 40 percent. Between 1993 and 2000 it fell by 25 percent. Our experience has taught us a lot about effective strategies for poverty reduction. Now is the time to capitalize on these lessons, add new thinking to respond to changing times and aggressively tackle the problem in order to eliminate poverty in the United States.

From poverty to prosperity: An achievable goal

The Half in Ten campaign believes that a clear goal and tested strategies to achieve it are crucial for success. Accordingly, setting a 50 percent reduction goal is our first step toward eliminating poverty. A goal promotes accountability, breaks down silos across various agencies tackling different aspects of the problem, and inspires the private sector and everyday citizens to get involved to meet the target.

We can accomplish a goal of cutting poverty in half if we deepen and expand the public will to move forward, and if we channel that will toward proven policy solutions. To do this, we must update the public's perception of poverty and change the course of federal, state, and local governing by encouraging policies that create good jobs, strengthen families, and ensure economic security.

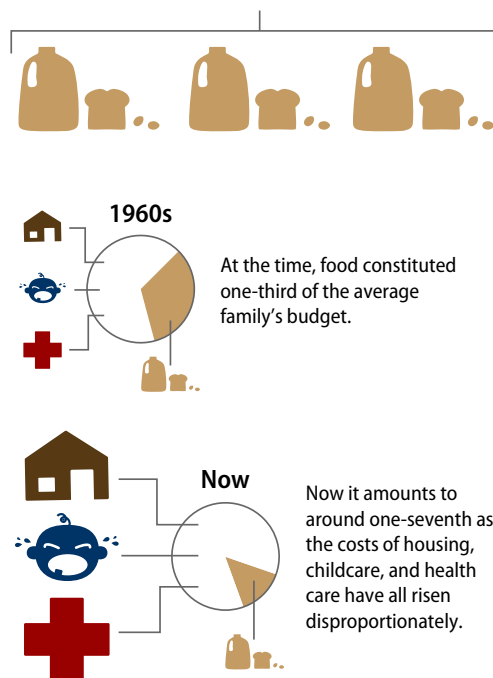
Policies to measure our progress

Revising the federal poverty measure

The federal poverty measure is the indicator by which the government determines who is poor in the United States. In 2010, a family of four living on less than \$22,050 per year is considered poor. The traditional poverty measure was developed in the 1960s and was based on the cost of an emergency food diet multiplied by three, since at that time food made up one-third of the average family's budget. But a lot has changed since the 1960s, with child care, transportation, medical and other costs rising as a fraction of

How was the traditional federal poverty measure calculated?

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.



family budgets while food has declined to about one-seventh, leading to a poverty measure which does not accurately reflect what is required to make ends meet.

A new poverty measure would not change eligibility for government programs, but it would provide a more accurate picture of poverty in the United States, allowing the government to develop targeted policies and programs that respond effectively to the needs of low-income families and individuals at a time when families need it most.

Half in Ten supports a supplemental poverty measure based on the recommendations of the National Academy of Sciences. We support a supplemental poverty measure that would:

1. Better incorporate the types of expenses families face, such as work-related expenses, shelter, and out-of-pocket medical expenses
2. Register the impact of antipoverty policies so that we can better measure how well programs are doing in improving a family's economic well-being
3. Include some degree of geographic adjustment to account for differences in the cost of living

The Half in Ten campaign therefore urges the Senate and House Appropriations Committees to fully fund the president's fiscal year 2011 budget request for the development of a supplemental income poverty measure to be developed jointly by the U.S. Census Bureau and the Bureau of Labor Statistics.

However, we also recognize that a family earning one dollar above the federal poverty measure is not economically secure. We therefore emphasize the importance of using the poverty measure with other indicators such as food insecurity, and support development of a decent living standard so that we can measure the number of families about to gain a toehold on the bottom rungs of the middle class.

Why is the traditional federal poverty measure inadequate?

Since the 1960s, the poverty measure has only been indexed to inflation.

