50 Years Since the War on Poverty

Examining the Impacts and Implications for Cutting Poverty in Half Again in the 21st Century

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Seminar Series
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About Half in Ten

• National campaign to cut poverty in half in ten years (2010-2020)
• Partnership between CAP Action, Leadership Conference on Civil and Human Rights, and the Coalition on Human Needs
• Based on a simple premise: we HAVE cut poverty in half before (1959-73), and we can do it again.
The Campaign to Cut Poverty in Half in Ten Years
Takeaways from Today

• What is the War on Poverty?
• What do we mean by poverty? How is it measured? How is it different from 50 years ago?
• What is the role of the economy in understanding poverty?
• How can we update our policies to make our economy boom and work for everyone again?
• What does the American public currently understand about poverty and how to tackle it?
The Bottom Line

• The poverty rate fell from 26% in 1967 to 16% in 2012 using a realistic measure of poverty
• The economy in the decades following WWII was very different: a booming economy with shared economic growth
• Public policies have an important role to play in creating shared growth
• Our economy has changed dramatically, but our public policies have not adapted and kept pace
LBJ Calls the Nation to Action

“This administration today, here and now, declares unconditional war on poverty in America...It will not be a short or easy struggle, no single weapon or strategy will suffice, but we shall not rest until that war is one. The richest nation on earth can afford to win it. We cannot afford to lose it.”

- President Lyndon B. Johnson
State of the Union Address
January 8, 1964
Video

- From History of the Food Stamp Program, Dole Institute of Politics
- Link play at 2:30:
  http://www.youtube.com/watch?v=-0_OWueb_8Y&feature=youtu.be&t=2m30s
A New National Commitment

- Launched in a period of widely-shared economic prosperity
- The decade that followed developed a strong foundation of programs which make up today’s safety net including (not exhaustive):
  - New health insurance for the elderly (Medicare) and poor (Medicaid)
  - Expansions of food stamps, Social Security and other programs
  - New job training and readiness programs
  - New early childhood programs like Head Start
  - Changes to existing cash assistance (“welfare”) programs
  - Assistance to low-income public school
  - Higher education assistance
  - Housing assistance
  - Labor market reforms
A Parallel to Civil Rights Reforms

In addition to the significant new investments in anti-poverty efforts, there was a parallel and important commitment to civil rights reforms:

• Civil Rights Act of 1964
• The Voting Rights Act of 1965
What does it mean to live in poverty?

QUESTION: For a family of 4, what level of household income do you think it takes to be considered poor today?

• $15,000
• $30,500
• $23,500
The American Public Vastly Overestimates the Poverty Line

- **Total:** $29,056 (2008) vs. $30,009 (2013)
- **Millennials:** $31,526 (2008) vs. $30,704 (2013)
- **African Americans:** $30,511 (2008) vs. $31,700 (2013)
- **Latinos:** $26,027 (2008) vs. $28,940 (2013)
The OFFICIAL Poverty Line

Level of income = 3 X cost of a minimum food diet in 1963 (but in today’s prices)

• Income level applied as the poverty line varies by household size
• Only measures cash income (wages, social security benefits, pension, retirement benefits)

• What’s missing here?
The REALISTIC Poverty Line

The Supplemental Poverty Measure provides a more realistic snapshot of modern family expenses and income.

- Uses information about what people spend today for food, clothing, shelter, and utilities
- Different based on region, and what kind of housing costs families face
- Includes cash assistance and other benefits such as housing, nutrition, school lunch.
- Includes expenses such as child care, work expenses, taxes, medical out of pocket
Nutrition Assistance Largely Eliminated Severe Hunger

- Food Stamps permanently created in 1964
- Strengthened the school lunch program in 1966
- Established a pilot version of the WIC program in 1972
- Our poll found that 85% of Americans support expansion to nutrition assistance programs.
Head Start Boosts School Readiness and Development

![Bar chart showing benefits of Head Start](chart.png)

**Figure 3**
Head Start benefits children and families throughout their lifetime
People served in 2012-13

- Pregnant women served: 15,600
- Infants and toddlers: 176,600
- 3- to 5-year-olds served: 933,500
- Homeless children served: 50,800
- Children with disabilities served: 135,900
- Gained access to health insurance: 32,300
- Received immunizations: 59,100
- Gained access to dental care: 112,700


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Pell Grants Make Higher Ed More Accessible

- Created by the Higher Ed Act of 1965
- 84% of Americans support expanding publically-funded scholarships according to our poll

**FIGURE 4**
Increase in Pell Grants awarded correlates with increase in enrollment of low-income students

Low-income students ages 16 to 24 who are enrolled in a 2- or 4-year college and have completed high school

![Graph showing the increase in Pell Grants awarded](image)

Low income refers to the bottom 20 percent of all family incomes; these are three-year averages, except for 1975 and 2011, in which two-year averages are used.

Medicaid Provides Essential Health Coverage

Medicaid associated with significantly decreased infant mortality rates

Infant deaths per 1,000 births, 1-year-old and younger, all races

Social Security Provides Economic Security

- Created by FDR, but significantly expanded through the 1965 amendments to the Social Security Act
- 22.2 million more Americans would be in poverty without Social Security in 2012

Rising Income Inequality and Unequal Growth

Starting in 1970s, inequality widens and low- and middle-income families see fewer gains from economic growth

Real family income between 1947 and 2011 as a percent of 1973 level

Minimum wage lagging behind

What the minimum wage would have been in 2013 had it been adjusted since 1968 to keep pace with average wages or other standards

$17.10 Productivity

$11.96 Half of the average wage for all workers

$10.75 Inflation (Consumer Price Index-Urban)

$10.06 Half of the average wage for production workers

$7.25 Current federal minimum wage


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Insufficient Access to Education and Jobs

Annual earnings and employment of men with only a high school diploma

Annual earnings (in 2010 dollars)

- Median earnings (left axis)
- Employment (right axis)

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## Demographic Shifts

### Time to update our policies for a new time

<table>
<thead>
<tr>
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<th>1960s</th>
<th>Today</th>
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<tbody>
<tr>
<td>Share of income going to top 1 percent</td>
<td>10.5% (1964)</td>
<td>22.4% (2012)</td>
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<tr>
<td>Minimum wage (in today’s dollars)</td>
<td>$10.74/hour (1968)</td>
<td>$7.25/hour</td>
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<td>$22,339 a year</td>
<td>$15,080 a year</td>
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<td></td>
<td>As share of poverty line for family of three: 114%</td>
<td>As share of poverty line for family of three: 77%</td>
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<td>Share of families relying on mother’s income</td>
<td>27.7% (1969)</td>
<td>63.9% (2010)</td>
</tr>
<tr>
<td>Children born to unmarried mothers</td>
<td>1 in 10</td>
<td>4 in 10</td>
</tr>
<tr>
<td>Annual cost of attending a public college or university (in 2011 dollars)</td>
<td>$6,592 (1964-65 school year)</td>
<td>$13,297 (2010-11 school year)</td>
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</table>
Reset the Fiscal Debate

The medium-term fiscal outlook is much improved

Federal budget deficit as a share of GDP, 2010–2023

[Graph showing the federal budget deficit as a share of GDP from 2010 to 2022, comparing June 2010 projection to current projection.]

Publicly held debt as a share of GDP, 2010–2023

[Graph showing the publicly held debt as a share of GDP from 2010 to 2022, comparing June 2010 projection to current projection.]

HALF in TEN

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Create Jobs and Pay Workers a Living Wage

Real wages for service workers are lower today than in 2002

Real median weekly earnings for full-time workers in service occupations, by major category, 2000–2012 (in 2012 dollars)

Treat Diversity as an Opportunity and Give Women a Fair Shot

Mothers are breadwinners or co-breadwinners in two-thirds of American families

Share of mothers who are breadwinners or co-breadwinners, 1967–2011

Breadwinner mothers

Co-breadwinner mothers

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Education is Critical

More than 5 million young people are not working or in school

Youth ages 16 to 24 by employment and education status, 2007-2012

Not working and not in school | Working but not in school | In school

Youth in millions

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The Public Strongly Supports the Half in Ten Goal

Would you support or oppose the president and Congress setting a national goal to cut poverty in half in the United States within 10 years?

- Oppose: Total 22%, Millennials 18%, Hispanics 17%, African Americans 11%
- Support: Total 70%, Millennials 79%, Hispanics 79%, African Americans 87%

The Emerging National Debate on Poverty and Inequality

Rep. Paul Ryan: The War on Poverty has 'failed miserably'

The War on Poverty has "failed miserably," House Budget Committee Chairman Paul Ryan told NBC News's In Plain Sight poverty project, and he will be holding hearings on July 31st to figure out what approaches to fighting poverty would be more effective.
Questions You Should Ask in this Debate

• How will policy proposals improve the economy so that it works for everyone?
Thank You

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@ErikStegman (tweet tweet)