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THE CHANGING FACE OF POVERTY IN AMERICA *by Elaine Sorensen*

Poverty in America is on the rise. Not only is the number of poor people growing, but the type of person likely to be poor is changing. Recent Reagan administration cut-backs in social programs such as Aid to Families with Dependent Children (AFDC), Food Stamps, public housing and Medicaid are likely to accelerate these ominous trends.

The above are the main conclusions of a new study, just released by the National Advisory Council on Economic Opportunity (NACEO). The NACEO was funded under the Economic Opportunity Act, passed in 1964, as part of the Johnson administration's War on Poverty. This year, President Reagan asked Congress not to extend this act. Instead, the programs it authorized will now be cut completely or administered by other branches of government at reduced levels of spending.

Before it was felled by Reagan's budget axe, the NACEO issued a final report entitled "The American Promise: Equal Justice and Equal Opportunity." The report, summarized below, analyzed trends of poverty in America and condemned the President's policies for ignoring their detrimental effect on the American poor. (The full report is available for \$5.00 from the Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402.)

Poverty on the Rise Again. In 1959, 22% of the American population lived in poverty. With a growing economy and an increasing number of government programs aimed at improving the economic well-being of the poor population, this figure fell to 12% by 1969. Since then, the poverty rate has not increased, even though the economy has stagnated, because the government has continued to increase the amount of income transfers and social insurance. However, the current administration has shown no intention of maintaining this level of social spending. In 1980, the percentage of Americans in poverty was 13%; with the current recession and budget cuts, it could easily reach 15% next year.

Some have argued that the reduction of poverty to 13% has eliminated poverty as a major policy issue. But the definition of poverty disguises the actual number of families living at a subsistence level. The poverty threshold in 1979 was \$7,412 per year for a family of four. Only those receiving less than that were considered poor. But the U.S. Department of Labor estimated that the same family would need \$12,585 per year to maintain a "lower living standard." About 32 million households lived on less than \$12,585, amounting to approximately 40% of all households. These are not small numbers that can be easily ignored.

The poverty threshold also underestimates the income needs of the poor because the food standards underlying the poverty thresholds are too low. They are based on an emergency diet plan suitable only for short-term use, and not adequate to maintain health over the long run. Also, changes in the poverty threshold have not reflected changes in the cost of living. In 1980, the poverty threshold increased by .5% over 1979, even though the overall cost of living rose at an annual rate of 14%.

More Women and Children in Poverty. Although the percentage of poor people in the population has not changed much in the last ten years, its composition has. In 1968, 25% of individuals over 65 years old were poor. By 1978, this rate decreased

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to 14%. By improving and expanding the coverage of the Social Security system, the government was able to decrease the poverty rate among the elderly by almost half in ten years. Today, 95% of elderly persons are eligible for Social Security. The average payment to an elderly individual was \$233 per month in 1976, which was 102% of the poverty threshold. But while the record for combating poverty among the elderly has been good, the growth in poverty among the young has been a major social disaster.

The rate of poverty for children under 18 increased 30% from 1969 to 1980. Today, one in five children lives in poverty. Due primarily to the increase in divorce, one half of all children can now expect to live in a single parent household for a significant part of their lives. Since women still carry the major burden for child rearing, most of these children will live in female-headed households. Unfortunately, women in the labor force are typically segregated into low paying occupations, or "female job ghettos." Today, the average income for a female-headed household is less than half the average income of a male-headed household. With low wages, a woman is unable to support her family. Child care is often unavailable, and when it is, it is extremely costly compared to the salaries that women receive. Today, one-third of all female headed households live in poverty.

Past Government Policies. In the past, the government has tried to help poor families by funding programs such as Aid to Families with Dependent Children, Food Stamps, public housing and Medicaid. As noted above, these programs did not substantially reduce the number of poor families in the 1970s. In 1978, 90% of single mothers, with children under six, who did not work in the paid labor force lived in poverty. The average payment for a family of three on AFDC in 1978, was \$254 per month, which was only 58% of the poverty threshold.

The system of aid to needy families in the United States has developed two tiers. First, programs like Unemployment Insurance, Workers' Compensation and Social Security are viewed as a right, with eligibility and remuneration based on earnings. Second, programs like AFDC, Food Stamps and public housing are viewed as a privilege, with eligibility based on extreme need, not earnings. The two tiers allow the government to treat needy families differently. The current administration is widening existing disparity by substantially reducing the second tier of programs.

Current Policies: Increasing Poverty. The Reagan administration has cut back federally funded child care and stiffened eligibility rules for AFDC and Food Stamps, under the assumption that welfare payments have been too high, and poor people need more incentive to work. But 60% of those receiving AFDC and non-cash benefits like Food Stamps still live in poverty. The Reagan administration viewpoint simply ignores the basic composition of a poor family. Today, a typical poor family is a mother and her children. Cutting back child care will make it more difficult for mothers to work. Cutting back AFDC eligibility for working women overlooks the fact that wages for many women are too low to support a family. If the government wants to encourage mothers to work, it should expand child care facilities and fight sex discrimination in the labor market. It should also support poor families at or above the poverty threshold, or provide parents with jobs that pay enough to support their families.

The poverty rate in the United States is not going to diminish with increased growth as President Reagan has promised, unless we have the miraculous event of a major increase in the number of decent paying jobs available to men and women. Unless the American people can stop Reagan and Congress from cutting back social spending, the poverty rate will increase, especially for children.

- Elaine Sorensen

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