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Changing poverty

The book *Changing Poverty, Changing Policies* is the latest in a distinguished series of IRP volumes that periodically examine antipoverty policies in the United States. This issue of *Focus* summarizes the fourteen chapters from that book.

Changing poverty and changing antipoverty policies

Maria Cancian and Sheldon Danziger

It is not surprising that the severe economic downturn that began in late 2007 reduced employment and earnings and raised the official poverty rate. However, even during the long economic expansions of the 1980s and 1990s, the official poverty rate remained higher than it was in 1973. Since the early 1970s, dramatic changes in the economy, in social conditions, and in public policies have combined to alter the demographics of poverty and to keep the poverty rate about the same.

To provide a context for the remaining articles, the authors review three factors that shape the extent and nature of poverty and how those factors affect prospects for reducing poverty: the changing role of race and ethnicity in the labor market and society; changing gender roles that influence both trends in labor force participation of women and patterns of family formation and childbearing; and the recent history of social welfare programs and policies.

They conclude that, in the absence of an expanded antipoverty strategy, poverty is likely to remain high. Components of such a strategy would include policies to raise the employment and earnings of low-income parents and raise the educational attainment and skills of the next generation.

<http://www.irp.wisc.edu/publications/focus/pdfs/foc262a.pdf>

Poverty levels and trends in comparative perspective

Daniel R. Meyer and Geoffrey Wallace

In 2006, 42 years after President Johnson proclaimed war on poverty, the rate of poverty according to the official measure was about the same as it was in the late 1960s. Even using alternate measures, it is clear that the struggle against poverty has been protracted and difficult, yielding little progress despite a variety of social policy changes.

The authors review the way in which poverty is officially measured in the United States, examine which groups are most affected and how poverty has changed over time, and conclude with a comparison of U.S. poverty rates with those of other countries. As President Johnson predicted, the struggle against poverty has not been “short or easy.” He also realized that no “single weapon or strategy” would be sufficient. The authors suggest that it may be time for a renewed war on poverty, this time fought with new commitments and different policy weapons.

<http://www.irp.wisc.edu/publications/focus/pdfs/foc262b.pdf>

Economic change and the structure of opportunity for less-skilled workers

Rebecca Blank

The primary source of support for most non-elderly adults comes from employment and earnings, so understanding the availability of jobs and the wages paid to less-educated workers is key to understanding the well-being of low-income populations. Although low unemployment rates continue to benefit low-income people, wages among less-skilled men remain below where they were in the 1970s, and overall wage growth among less-skilled workers has been limited.

The author argues that these results suggest several important policy issues in the years ahead. Maintaining a strong economy and low unemployment is most important for the long-term economic well-being of low-wage workers. Maintaining a reasonable level of the minimum wage and the Earned Income Tax Credit is also important. Finally, any long-term solution will require increasing skill levels.

<http://www.irp.wisc.edu/publications/focus/pdfs/foc262c.pdf>

Family structure, childbearing, and parental employment: Implications for the level and trend in poverty

Maria Cancian and Deborah Reed

Single-mother families are more than five times as likely to be poor as married-couple families. Over recent decades, declines in marriage, growth in divorce, and increases in the share of children born to unmarried parents have contributed to our high poverty rate.

The authors document a trend of increasing diversity in family structures and changing relationships among marriage, fertility, and employment over the past 40 years. While the rising share of families headed by an unmarried mother has been poverty-increasing, growth in women’s employment and earnings have slowed poverty growth. The authors conclude that to reduce the economic vulnerability of children and families, public policy must respond in ways that support families in diverse and dynamic relationships and workers who also have primary responsibility for parenting.

<http://www.irp.wisc.edu/publications/focus/pdfs/foc262d.pdf>

The complete text of all *Focus* articles in this issue is available on the IRP Web site
<http://www.irp.wisc.edu>

Immigration and poverty in the United States

Steven Raphael and Eugene Smolensky

The authors explore possible connections between immigration to the United States over the past three and a half decades and the nation's poverty rate. They document the increased poverty incidence among immigrants and the connections between the changing national origin mix of the immigrant population and immigrant poverty. They also assess how immigrant poverty rates change with time in the United States. Finally, they simulate the effects of competition with immigrant labor on native wages and the likely effects of immigration on native poverty rates.

The authors conclude that the only substantive contribution of immigration to the national poverty rate (and still only a modest one) occurs because immigrants are more likely to be poor and because an increasing proportion of the U.S. resident population is foreign born. However, the impact of wage competition with immigrants on native poverty rates is negligible.

<http://www.irp.wisc.edu/publications/focus/pdfs/foc262e.pdf>

Enduring influences of childhood poverty

Katherine Magnuson and Elizabeth Votruba-Drzal

Poverty is not an uncommon experience for children growing up in the United States; roughly one in three will spend at least one year in a poor household. Early childhood poverty is linked to many undesirable outcomes, including reduced academic attainment, higher rates of non-marital child bearing, and a greater likelihood of health problems. Childhood poverty also increases the chances that an individual will be poor as an adult.

The authors review research on the dynamics of child poverty and the influences of poverty on development, and prioritize strategies for confronting the harmful consequences of child poverty. They emphasize income support policies including child allowances and cash supplements that provide a basic minimum level of support to families with children. Other recommended strategies include means-tested benefits and interventions aimed at enhancing the educational experiences of poor children.

<http://www.irp.wisc.edu/publications/focus/pdfs/foc262f.pdf>

Mobility in the United States in comparative perspective

Markus Jäntti

The United States has a much more unequal distribution of income than most developed nations. In fact, although it has one of the highest standards of living on average, as measured by its gross domestic product per capita, the more unequal income distribution translates into comparatively high rates of both relative and absolute poverty.

Income mobility and poverty mobility are closely related to notions of equality of opportunity. The author discusses both poverty mobility over time and intergenerational mobility, emphasizing the relationship between long- and short-run measures of economic outcomes. Intergenerational income persistence in the United States is quite high compared to other countries, and has

changed little over the years. The author suggests that reduced inequalities in schooling, and more meritocratic selection into higher education are likely to increase equality of opportunity and reduce intergenerational persistence.

<http://www.irp.wisc.edu/publications/focus/pdfs/foc262g.pdf>

Trends in income support

John Karl Scholz, Robert Moffitt, and Benjamin Cowan

Antipoverty programs in the United States are designed to mitigate the most pernicious aspects of market-based economic outcomes—unemployment, disability, low earnings, and other material hardship. These programs compose society's "safety net" and each has different eligibility standards and benefit formulas. A consequence of their patchwork nature is that the safety net may appear different to different families depending on their circumstances.

The authors provide updated information on expenditures and recipients for a range of antipoverty programs over the past 35 years. They also calculate the antipoverty effectiveness of programs for families and individuals in different circumstances, and explore changes in the characteristics of recipients. The authors also highlight the large and growing body of evidence that work-based antipoverty strategies can increase both work and the after-tax incomes of poor families.

<http://www.irp.wisc.edu/publications/focus/pdfs/foc262h.pdf>

The role of family policies in antipoverty policy

Jane Waldfogel

In 1975, two-thirds of American children had a stay-at-home parent. Today only about a quarter of children do. Fully half of American children live with two parents who both work, while a quarter of them live with a single parent who works. Given these changes, work-family policies that address conflicts between employment and caregiving and allow parents to work more hours and gain higher earnings will be increasingly important in the prevention of child poverty. Other types of income support policies, as well as policies to reduce the risk of poverty in single-parent families, are also important.

Among many contending policy options, the author suggests that highest priority should go to four policy reforms: paid parental and family medical leave, along with the right to request part-time or flexible hours; more affordable child care; making the child tax credit larger and fully refundable; and raising the share of private child support payments that go to families receiving public assistance.

<http://www.irp.wisc.edu/publications/focus/pdfs/foc262i.pdf>

Improving educational outcomes for poor children

Brian A. Jacob and Jens Ludwig

One of the best ways to avoid being poor as an adult is to obtain a good education, yet poor American children face an elevated risk for adverse educational outcomes. Understanding why outcomes vary so dramatically along race and class lines is central

to formulating effective education-policy interventions. Over the past few decades, education-policy evaluation has improved dramatically, allowing easier identification of moderately sized program effects.

The authors argue that the available evidence reveals a number of potentially promising ways to improve the learning outcomes of low-income children. These include increasing investment in early-childhood education for poor children, better utilizing accountability reforms, providing incentives for educators to adopt effective practices, and continuing to support and evaluate a variety of public school choice options.

<http://www.irp.wisc.edu/publications/focus/pdfs/foc262j.pdf>

Workforce development as an antipoverty strategy: What do we know? What should we do?

Harry J. Holzer

The gap in earnings between more- and less-educated American workers has been rising, as has the number of adult workers in low-wage jobs. Workforce skills play an increasing role in explaining the labor market problems of the disadvantaged. Thus, many policymakers and researchers have recommended increased public investments in improving early education opportunities, reforming school practices in the K-12 years, and improving access to higher education.

The author argues that evidence does not support the conventional wisdom that “nothing works” in the training of disadvantaged youth and adults, but is skeptical that workforce development alone will close the earnings gap. He suggests a number of workforce development policy priorities, including greater funding for Pell Grants, expanded funding for the federal workforce system for adults, and funding for effective programs for at-risk youth, as well as rigorous evaluation to accompany all expansions of funding.

<http://www.irp.wisc.edu/publications/focus/pdfs/foc262k.pdf>

Health care for the poor: For whom, what care, and whose responsibility?

Katherine Swartz

Public programs to help poor Americans obtain medical care have evolved as the country has grown richer and medical advances have increased life expectancy and improved quality of life. The evolution has not been a direct increase in generosity towards poor people, but instead reflects a mix of philosophical beliefs, swings in the economy, and better understanding of the links between health and ability to work.

The author addresses the fundamental question of how medical assistance should be provided to the poor. She offers three recommendations for improving health care outcomes for low-income people: The United States should move to a national system of health insurance so everyone—regardless of income—would have a minimum set of medical services that are covered; the federal government should provide funding to expand the number of primary care medical personnel; and greater attention must be

paid to providing information about health issues to low-income people.

<http://www.irp.wisc.edu/publications/focus/pdfs/foc262l.pdf>

Poverty politics and policy

Mary Jo Bane

In 1992, “ending welfare as we know it” was an important theme in Bill Clinton’s presidential campaign. It polled well, and was consistent with other aspects of the New Democrat agenda. In May 2008, when Hillary Clinton and Barack Obama were neck and neck for the Democratic nomination, neither of their campaign issue Web sites mentioned welfare. John McCain, the Republican nominee, included neither poverty nor welfare in his list of important issues.

The author notes that much has happened in politics and policy around poverty and welfare between these two points in time. Poverty is changing; poverty policy has changed dramatically and continues to change. The end of welfare as an entitlement has been accompanied by a shift in the income sources of the poor and in the programs and policies through which government assists the poor, while poverty rates remain high. Poverty policy in the next decade should build on, not attempt to reverse, the end of welfare.

<http://www.irp.wisc.edu/publications/focus/pdfs/foc262m.pdf>

What does it mean to be poor in a rich society?

Robert Haveman

Since the early 1960s, the U.S. official poverty measure has stood nearly unchanged, in spite of extensive efforts designed to improve the measurement of both financial means and the poverty threshold. In this article, the author attempts to broaden the discussion of poverty and poverty measurement. He discusses the broad question of “what is poverty?” and describes various poverty concepts that have been proposed. He describes the official income-based U.S. poverty measure and notes some of the criticisms directed toward it.

The author proposes the development of a broader measure of poverty and social exclusion for the United States that makes use of data from a recently developed survey. He argues that such a measure would have several advantages: it would better reflect the needs for increased access to particular goods, services, or environments relevant to current antipoverty policies, and the new measure would better identify patterns of hardship and the importance of targeting policies to specific groups.

<http://www.irp.wisc.edu/publications/focus/pdfs/foc262n.pdf>

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Maria Cancian and Sheldon Danziger, Editors
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