

Domestic Poverty

January 11, 2019 • Volume 29 • Issue 2

Can stricter work mandates reduce the poverty rate?

By Kay Nolan



A man enters a soup kitchen in Worcester, Mass., where the poverty rate is higher than the national average. Some 40 million Americans live in poverty, according to the most recent census data, and the U.S. poverty rate is 12.3 percent. (Getty Images/Spencer Platt)

A decade after the 2007-09 financial crisis and the weak recovery that followed, the U.S. poverty rate has reverted to prerecession levels, but extreme poverty is worsening. Economists attribute this situation to widening income disparity, wage stagnation, a scarcity of affordable housing and the growing prevalence of part-time or temporary employment. Natural disasters and other economic disruptions also worsen the plight of the poor. Liberals and conservatives remain divided on the severity of poverty and how to reduce it.

While they agree that government safety net programs have helped lift many Americans out

of poverty, conservatives want to increase work mandates with the goal of reducing the number of people receiving government assistance. The Trump administration and many Republicans say requiring the able-bodied poor to meet stricter work requirements in return for assistance is the best way to reduce poverty. But Democrats say most able-bodied poor people already are working and that added work mandates fail to address the root causes of poverty. They call for increased spending on aid and more and better job-training programs.



Restaurant workers in Boston protest in June 2018 against a law allowing employers to pay workers who receive tips less than the federal minimum wage of \$7.25 an hour. Overall, the average hourly wage nationwide has the same purchasing power as in 1978. (Getty Images/The Boston Globe/Keith Bedford)

The Issues

For Antione Dobine, poverty is a constant companion.

The 49-year-old lives with his wife, Nina Stoner-Dobine, and five children, ages 11 to 19, in a two-bedroom apartment in Chicago's West Pullman neighborhood.

Work these days consists of stints as a youth sports referee and an events host, at which Antione Dobine makes \$1,200 to \$1,400 per month. After paying monthly rent of \$750, he has little left to support his family. Health issues prevent his wife from working, and her application for Social Security disability benefits is pending.

"I make enough to pay for my rent, the lights, my phone, maybe a few clothes for the kids, but anything extra, no. I'm broke until the next month," Dobine says.

Dobine is among a rising number of Americans in "deep poverty" — those with incomes less than half the poverty threshold, which is \$38,173 for a family of seven. ¹

A decade after the 2007-09 financial crisis and its prolonged aftermath, the economy is growing and the unemployment rate has fallen to 3.9 percent. Yet some 40 million Americans live in poverty, and the poverty rate remains stubbornly high at 12.3 percent where it was in 2006. Deep poverty is at a 20-year high, with nearly 20 million Americans classified as severely poor. ²

Economists attribute poverty's persistence to a growing income disparity, wage stagnation, a scarcity of affordable housing and an increasing shift in employment practices toward part-time or short-term jobs.

"[The poor] are becoming a more deprived and destitute class, one that's disconnected from the economy and unable to meet basic needs," said United Nations special rapporteur Philip Alston, who issued a report in December 2017 on U.S. poverty. "The face of poverty in America is not only black, or Hispanic, but also white, Asian and many other colors." ³

Although poverty is found in all groups, "African-Americans, Latinos and Native Americans are poor at close to three times the rate of whites," Peter Edelman, who was an assistant secretary in the U.S. Department of Health and Human Services under President Bill Clinton, wrote in 2012. "This disparity raises obvious questions of discrimination, both overt and more subtle, embedded in the functioning of such systems as schools and criminal justice." ⁴

Children also suffer disproportionately: The poverty rate for those under age 18 is 17.5 percent, nearly double that for those over age 64. ⁵

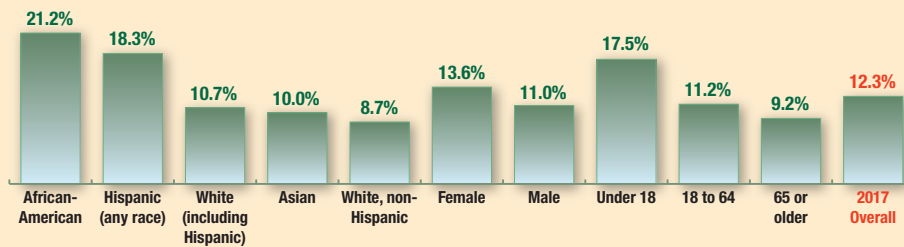
In an era of bitter political warfare, conservatives and liberals remain far apart on how — and how much — to help needy Americans.

The Trump administration and congressional Republicans believe the best approach is to require more of the poor to work in return for assistance because employment can help them escape poverty. That approach, they say, also would lower the cost of poverty programs, which totaled \$729 billion in 2017, because people would theoretically need less assistance. The White House Council of Economic Advisers said in July that the so-called War on Poverty — a national effort to eliminate poverty begun during the 1960s — "is largely over and a success," and that the federal

Minorities, Children Are Poorest

African-Americans and Hispanics had the highest poverty rates in 2017, more than twice the rate of non-Hispanic whites, according to the latest census data. The child poverty rate was nearly twice that of Americans age 65 or older.

Percentage in Poverty by Demographic, 2017



Source: Kayla Fontenot, Jessica Semega and Melissa Kollar, "Income and Poverty in the United States: 2017," U.S. Census Bureau, September 2018, Table 3, <https://tinyurl.com/y89tqcmh>

government should promote self-sufficiency by expanding work requirements, which have existed for "able-bodied" recipients since 1996. ⁶

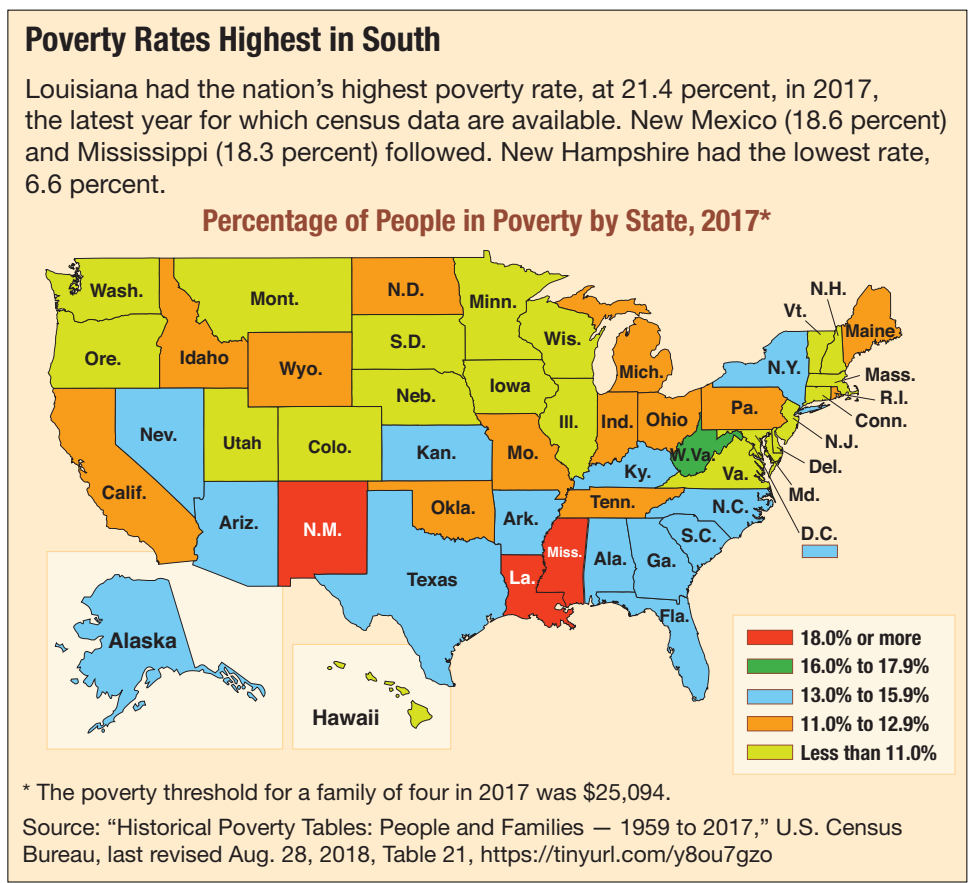
"I know people [who] work three jobs and they live next to somebody who doesn't work at all," President Trump said in late 2017. "And the person who is not working at all and has no intention of working at all is making more money and doing better than the person that's working." ⁷

But Democrats say the fight against poverty is far from over and that aggressive work mandates are ill-conceived because those who can are already working. They also say Republican policies, especially last year's tax reform legislation and proposals to slash social spending, are worsening income disparity and exacerbating poverty.

"We live in a land where great wealth lives alongside unconscionable poverty, and the Trump tax bill makes this dire situation worse by showering the wealthiest with huge tax breaks while Republican leaders seek to make drastic cuts to the social safety net," Sen. Cory Booker, D-N.J., a possible presidential candidate in 2020, said in June. ⁸

Stagnating wages is one of the biggest factors keeping the poverty rate high, according to economists. The average hourly wage has no greater purchasing power than in 1978, adjusted for inflation. And critics say minimum wages are too low to help

working people pull themselves out of poverty. Minimum wages are less than \$10 in 40 of the 54 U.S. states and territories, and \$7.25 or less in 21 states and Puerto Rico. Five states — Alabama, Louisiana, Mississippi, South Carolina and Tennessee — have no minimum wage. ⁹



Wages for most workers in lower-level jobs also have stagnated. "After adjusting for inflation," wrote Pew Research Center analyst Drew DeSilver, "today's average hourly wage has just about the same purchasing power it did in 1978, following a long slide in the 1980s and early 1990s and bumpy, inconsistent growth since then. In fact, in real terms average hourly earnings peaked more than 45 years ago." ¹⁰

Housing affordability is another factor. The share of renter households that spent at least half of their monthly income on shelter rose 42 percent between 2001 and 2015, to 17 percent, according to the Pew Research Center. Meanwhile, child care costs, medical expenses and personal debt are soaring. ¹¹

DOMESTIC POVERTY

Experts generally agree that poverty would be worse without the government safety net, but many conservatives note the expansion of welfare programs since the 1960s has produced only modest results and has failed to help the poor get ahead.

“Even though the federal government has spent trillions of taxpayer dollars on these programs over the past five decades, the official poverty rate in 2014 (14.8%) was no better than it was in 1966 (14.7%), when many of these programs started,” said a



Robin McClain, a volunteer at the anti-hunger group Metro Caring in Denver, packs food boxes on Oct. 5, 2018. With extreme poverty at a 20-year high, food banks remain busy despite a recovering economy. (Getty Images/The Denver Post/R.J. Sangosti)

2016 Republican House task force on poverty. “In other words, though these programs have helped people cope with poverty, they haven’t helped people get out of poverty.” ¹²

Liberals say such criticisms are misleading. “Without the current social safety net, which was largely established as a result of the War on Poverty and the New Deal, economists have told us that the poverty rate would be 29 percent — almost twice as high as it is today,” said Sen. Bernie Sanders, a Vermont independent who sought the Democratic presidential nomination in 2016. ¹³

Some conservatives argue that poverty statistics overstate the extent of deprivation in the United States.

“The typical ‘poor’ American lives in an air-conditioned house or apartment and has cable TV, a car, multiple color TVs, a DVD

player, and a VCR among other conveniences,” according to a 2011 report by the conservative Heritage Foundation think tank in Washington that critiqued the Census Bureau’s annual poverty report. “Exaggerating the extent and severity of hardships will not benefit society, the taxpayers, or the poor.” ¹⁴

Robert Doar, a fellow in poverty studies at the American Enterprise Institute for Public Policy Research, a conservative Washington think tank, said, “No one likes the official poverty measure because it doesn’t count the enormous assistance we provide low-income Americans. It makes you think they have very little — that they have nothing — when in fact that’s not true.” ¹⁵

But the U.N.’s Alston, who spent two weeks touring the United States and talking with the poor, said deprivation in America is real. “Large numbers of welfare recipients are assumed to be living high on the hog,” he said. “Some politicians and political appointees with whom I spoke were completely sold on the narrative of such scammers sitting on comfortable sofas, watching color TVs, while surfing on their smartphones, all paid for by welfare.”

In reality, he said, “the poor people I met from among the 40 million living in poverty were overwhelmingly either persons who had been born into poverty, or those who had been thrust there by circumstances largely beyond their control such as physical or mental disabilities, divorce, family breakdown, illness, old age, unlivable wages or discrimination in the job market.” ¹⁶

Sociologists H. Luke Shaefer of the University of Michigan and Kathryn Edin of Princeton University, in their 2015 book, *\$2.00 a Day: Living on Almost Nothing in America*, chronicled how tenuous life is for those in deep poverty. The poorest Americans, they said, often struggle to find work, and many have to sell their blood plasma or hock possessions to raise cash for bus fare or a meal.

When researching the book, “most of the people we talked to were workers,” Shaefer said in an interview with *The Huffington Post*. “They had been working — and wanted to work — but because of the instability in their jobs and the instability in their family lives, they had lost a job and things had spiraled out of control from there.” ¹⁷

Since 1996, the government safety net has been in the form of “in-kind” benefits, including food assistance debit cards, housing

DOMESTIC POVERTY

vouchers and miscellaneous assistance, such as school lunches. Shaefer and Edin say this policy change has worsened poverty because it no longer puts cash in the hands of the needy.

As politicians, economists, social scientists and others debate domestic poverty, here are some of the questions they are asking:

Would stronger work requirements for those receiving public assistance help reduce poverty?

In April President Trump signed an executive order directing federal agencies to expand work requirements for low-income Americans receiving food stamps and introduce them for other benefits, including public housing subsidies and Medicaid, the state- and federally funded health insurance program for the poor and those with disabilities. ¹⁸

Currently, to be eligible for food stamps through the Supplemental Nutrition Assistance Program (SNAP), adults ages 18-49 must prove they are working or participating in a job-training program for at least 20 hours per week while receiving benefits. The program allows two exceptions: those with dependents of a certain age or with disabilities that affect their ability to work. ¹⁹



A program in Portland, Maine, pays poor people the city's minimum wage to clean up lots and city parks. Conservatives seek to tighten work requirements for able-bodied recipients of federal aid, while liberals say most recipients who can work already have jobs and that expanded government programs are needed. (Getty Images/The Boston Globe/Erin Clark)

Supporters of increased work mandates want to raise the age threshold to 59 or 62 and include parents of children older than 6 in the work requirements for food aid. Some also would increase required work hours.

Arkansas, Indiana, Kentucky, New Hampshire and Wisconsin gained approval from the Trump administration in 2018 to extend work requirements to recipients of Medicaid.²⁰ Officials in those states said the new requirements would encourage self-sufficiency.

“It gives dignity. It gives responsibility,” said Republican Gov. Asa Hutchinson of Arkansas. “And if somebody wants to say, ‘That’s not for me,’ if they’re able-bodied they ought to be kicked off the system.”²¹

The Republican House task force on poverty said, “Work — especially full-time work — is the surest way to escape poverty. . . . Our welfare system should encourage work-capable welfare recipients to work or prepare to work in exchange for benefits.”²²

But opponents say the new mandates are an excuse to cut government aid and that attaching work requirements to Medicaid is especially cruel because many recipients cannot work due to poor health.

“These policy ideas stem from a serious misunderstanding about Medicaid recipients and a flawed belief that employment effectively assures health insurance coverage,” wrote professor of health policy Leighton Ku and senior research associate Erin Brantley, both of George Washington University. “In reality, only a small share of the adults covered by Medicaid expansions are in good health but not working, in school or looking for work.”²³

A 2015 National Health Interview Survey found that 48 percent of adults covered under an expansion of Medicaid during the Obama administration were permanently disabled, had serious physical or mental limitations or were in fair or poor health. “Only 13 percent of adults covered by Medicaid’s expansion are able-bodied,” Ku and Brantley said.²⁴

Since implementing work mandates for Medicaid, Arkansas has been under fire from multiple critics, including the Kaiser Family Foundation, which alleges that thousands of people who lost Medicaid coverage have received sparse and confusing information about the new work-reporting system.²⁵

In late June, a federal judge blocked Kentucky's Medicaid work requirements, saying the Trump administration failed to consider whether the mandate would violate the program's goal of helping the medically vulnerable. "The record shows that 95,000 people would lose Medicaid coverage, and yet [then-Secretary of Health and Human Services Tom Price] paid no attention to that deprivation," said U.S. District Judge James Boasberg. ²⁶

Seema Verma, administrator of the Centers for Medicare and Medicaid Services, which oversees the program, criticized the judge's decision. "States are the laboratories of democracy, and numerous administrations have looked to them to develop and test reforms that have advanced the objectives of the Medicaid program," she said.

Verma said the agency was "conferring with the Department of Justice to chart a path forward. In the meantime, we will continue to support innovative, state-driven policies that are designed to advance the objectives of the Medicaid program by improving health outcomes for thousands of low-income Americans." ²⁷

In August, three advocacy groups filed a federal lawsuit to halt the new mandates in Arkansas. ²⁸

Since 1996, when a Republican-controlled Congress and the Democratic Clinton administration overhauled the welfare system, able-bodied adults without dependents have been able to get food stamp benefits for only three months in three years if they have not worked at least 80 hours a month. ²⁹

But some conservatives say those requirements are too easy to get around.

"There are too many loopholes in the work requirement for SNAP for it to be effective," says Robert Rector, a research fellow at the Heritage Foundation who studies poverty. "The work requirement is really on only one group, the able-bodied adults without children." Counties with higher-than-average unemployment rates are generally exempted from the work requirement, he adds, as are parents receiving food stamps.

The Brookings Institution, a centrist think tank in Washington, said in an October report that work mandates presume low-income individuals do not work "due to their own lack of effort or to work disincentives theoretically inherent" in safety net programs. But strict enforcement of work mandates, the report said, will hurt

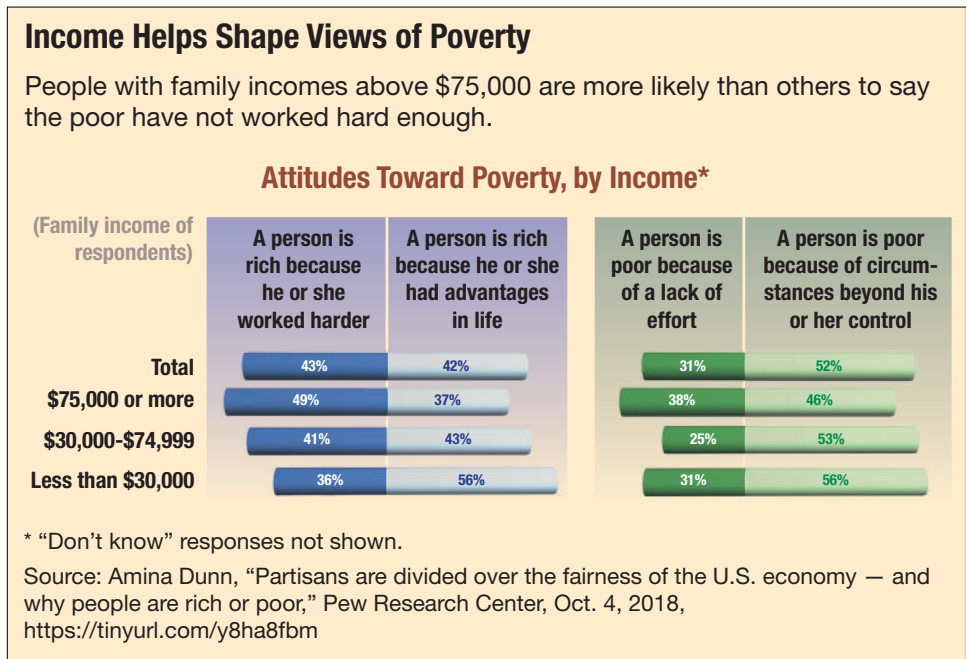
many recipients, including “those who are unable to work [and] those who are able to work but who do not find work.” ³⁰

Isabel Sawhill, a Brookings economist, says she favors work requirements in general. “I was in the Clinton administration and was partly responsible for welfare reform, which is where we first introduced work requirements in 1996,” says Sawhill. “I was in favor of them then, and I still like the idea that we should expect people to work, and we should help them get trained for and find work.”

But, she says, “I draw the line at Medicaid. The biggest reason for not working is health issues, including mental health issues.”

The Kaiser Family Foundation, a San Francisco group that studies health policy, pointed out that previous Republican and Democratic administrations rejected work requirements [for Medicaid] because it “would not further [the program’s] purposes of promoting health coverage and access.” ³¹

Rector says work requirements for Medicaid “can be entertained” but would be hard to enforce. “You’re not going to deny service to sick people because they didn’t do their work requirement,” he says. “It’s probably a wiser policy to focus the work requirements initially on those programs where we have a track record and where it’s more feasible to do it.”



Should the federal government increase housing subsidies for the poor?

Conservatives and liberals offer starkly different ways to help low-income Americans keep a roof over their heads.

Conservatives say low-income Americans receiving housing vouchers have little incentive to gain independence. In April, Ben Carson, secretary of the U.S. Department of Housing and Urban Development (HUD), proposed making participants in the housing voucher program known as Section 8 pay higher rents, calling it the push they need to work harder and improve their financial situation. Under the Section 8 program, participants' contribution to their monthly rent is limited to 30 percent of their adjusted income, minus an allowance for child care and medical expenses. The government pays participating landlords the balance of the market rental cost.

Liberals say the government needs to spur an increase in the supply of affordable housing and provide more aid to low-income people so they can become homeowners.

Over the summer, two Democratic senators, Booker of New Jersey and Kamala Harris of California, introduced separate bills to help struggling renters through creation of a tax credit. ³²

Sen. Elizabeth Warren, D-Mass., meanwhile, proposed a bill in September calling for the federal government to finance the building of up to 3.2 million housing units for low- and middle-income families. She estimates that under her plan, increased supply would lower rental costs nationwide for low-income and middle-class families by 10 percent. ³³

Both sides agree that "housing insecurity" is at crisis levels, with high numbers of people at risk of eviction, which can lead to a cycle of poverty.

Carson and other critics say the voucher system has created dependents who are reluctant to work because they fear losing their benefits if they earn more than the Section 8 earnings thresholds. He also said waiting lists for Section 8 housing are long and only one in four of those eligible for assistance gets help. "The current system isn't working very well," Carson said. ³⁴

Carson's plan, the Making Affordable Housing Work Act, never advanced in Congress, but its goals remain popular with conservatives. It called for raising tenants' contribution to 35



Protesters at Los Angeles City Hall call for more affordable housing in 2016. A full-time worker earning the federal minimum wage of \$7.25 an hour cannot afford a two-bedroom apartment anywhere in the United States, according to the National Low Income Housing Coalition. (AFP/Getty Images/Frederic J. Brown)

percent of gross income and eliminating the deductions for child care, medical and other expenses. It also would have tripled the minimum rent charged to the poorest tenants on government assistance from \$50 to \$150 per month for those who are not elderly or who have no disability. ³⁵

Carson's plan to increase rents included another conservative goal: giving local public housing authorities the option to impose work or community service mandates as a condition of awarding housing assistance. Recipients who are elderly or have a disability, however, would have been exempt from the new requirements.

But Will Fischer, a senior policy analyst at the liberal-leaning Center for Budget and Policy Priorities, said, "There's no evidence that raising rents causes people to work more. For most of these rent increases, I don't think there's even a plausible theory for why they would encourage work." ³⁶

Warren's American Housing and Economic Mobility Act calls for spending \$476.5 billion to address the affordable-housing crisis, especially for people of color who historically have faced discrimination in housing loans and rental opportunities. ³⁷

"Families are paying more and more and more for housing and fewer and fewer are able to buy, . . . and this hits communities of

color hardest,” said Warren, who has announced she is running for president in 2020. “The housing crisis is real.” ³⁸

Warren said until 1978, African-Americans and Latinos faced “redlining,” an illegal practice in which homeowners or banks selectively raised prices or denied loans in certain neighborhoods in an attempt to keep minorities out. Then, during the 1990s and early 2000s, minorities “were targeted for the worst of the [risky] mortgages,” she said, only to become “70 percent more likely to be foreclosed on than white people” during the 2007-10 housing crisis. ³⁹

Warren’s bill would offer grants for down payments to low- to middle-income, first-time homebuyers who live in formerly segregated or “redlined” neighborhoods that are still low-income. It also offers financial incentives to communities to improve parks and roads in exchange for loosening zoning regulations that discourage developers from building relatively inexpensive new homes. ⁴⁰

Mehrsa Baradaran, associate dean of the University of Georgia School of Law, praised the Warren plan as a “monumental step forward . . . by establishing a down payment assistance program designed to support families who were historically excluded from government programs. . . . This provision has the potential to facilitate homeownership for hundreds of thousands of black families.” ⁴¹

But Howard Husock of the Manhattan Institute, a conservative think tank in New York, called Warren’s plan “seriously flawed.” While acknowledging that minority families have lagged in home equity, Husock said years of encouraging banks to provide home loans in low-income areas have backfired — and did so spectacularly during the 2007-09 financial crisis, when unpaid mortgages led to myriad foreclosures.

“Any policy that encourages lending based on low-income status rather than credit-worthiness harms more than it helps because it sends the message that need — rather than accomplishment and savings — should matter most,” said Husock. ⁴²

Would raising the federal minimum wage to \$15 an hour reduce poverty?

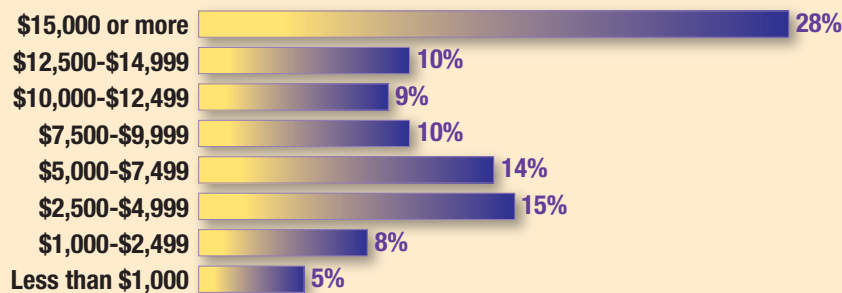
In Memphis, Tenn., on a chilly Monday two days before Valentine’s Day last year, Sepia Coleman joined fast-food workers and other

low-wage employees in a “Fight for 15” protest. “We’re still fighting for the dream,” said Coleman. “As a home-care worker, I can’t make it off \$7.25 an hour. Nobody can.” ⁴³

Nearly a Third of Poor Families in Deep Poverty

Almost 30 percent of poor families were in “deep poverty” in 2016, with incomes less than half of the federal poverty threshold. The threshold that year for a family of four was \$24,300.

Percentage of Families Below the Federal Poverty Line, by Amount of Gap, 2016



* Percentages do not total 100 because of rounding.

Source: Kristen Bialik, “Americans deepest in poverty lost more ground in 2016,” Pew Research Center, Oct. 6, 2017, <https://tinyurl.com/ybkqckmw>

If there is one thing that many economists, lawmakers and employers generally agree on, it’s that the United States has experienced a prolonged period of wage stagnation. Workers in lower-paying jobs are earning no more than their counterparts did in the 1970s. And workers making minimum wage today have 25 percent less earning power than those in 1968, according to the Economic Policy Institute, a liberal think tank in Washington. ⁴⁴

The current federal minimum wage of \$7.25 per hour has not increased since 2008, although states and localities have the option to set their own rate. Some states have raised their minimum wage: Washington state has the highest, at \$11.50, while a number of localities are gradually raising their minimum wage to \$15 an hour. ⁴⁵

And some of America’s largest employers are bowing to pressure to better compensate their lowest-paid workers.

On Nov. 1, 2018, online shopping giant Amazon raised its minimum pay to \$15 an hour, including for part-time, seasonal and temporary help. ⁴⁶ Two weeks later, Sen. Sanders introduced

a bill aimed at the country's largest retailer, Walmart, which would prevent large companies from buying back stock unless they paid employees at least \$15 an hour. ⁴⁷

"In general, raising the minimum wage, say by 10 percent, tends to lower poverty by something between 2.5 and 5 percent, depending on consumption," says Arindrajit Dube, a professor of economics at the University of Massachusetts, Amherst. After minimum wages rise, family income for those at the bottom 20 percent of the wage scale increases, he adds.

Dube acknowledges that about one-third of higher wages are partially offset by reductions in public aid as the recipient's wages rise. Nevertheless, he says, the net effect of raising the minimum wage is "still a substantial increase in family income, therefore reducing poverty."

Opponents, however, say increasing the minimum wage actually hurts those in poverty by prompting employers to cut hours or eliminate jobs altogether to make up for higher payroll expenses. "The minimum wage is dramatically harmful [to the poor] because it removes jobs," says Rector of the Heritage Foundation.

Stephen McBride, chief analyst for the research firm RiskHedge, said that in the restaurant industry, rising labor costs force employers to lay off workers. "Those with the ability to automate like McDonald's are doing so," he said, "and those who don't are closing their doors." ⁴⁸

The results of early studies conducted in cities that have raised the minimum wage above \$10 an hour have been mixed.

The Center on Wage and Employment Dynamics at the University of California, Berkeley, released a study in September that found that restaurant workers in six cities — Seattle, Chicago, Washington, D.C., Oakland, San Francisco and San Jose, Calif. — enjoyed higher wages and did not experience a loss of hours. ⁴⁹

But a June 2017 working paper by economists at the University of Washington found that a 3 percent increase in the minimum wage for workers in Seattle resulted in a 9 percent reduction in hours. The study was not limited to restaurant workers. ⁵⁰

Daniel Aaronson, vice president and director of microeconomic research at the Federal Reserve Bank of Chicago, says the impact of an increased minimum wage on job losses differs over time.

Studies show that in the short term — say, a year following a wage increase — job losses are negligible, he says.

“Firms need a certain amount of labor now,” Aaronson says. “Over the next year, they can’t change any of their production, so they continue to hire people and try to cut costs in other ways. But in the long run, four or five years out, they could substitute jobs for other ways of making stuff. One common example is how some supermarkets and restaurants are installing self-service cash registers and kiosks.”

Nevertheless, Aaronson says his research shows that although jobs with routine tasks that are “automatable” are being replaced, total employment does not change much. “That implies that routine jobs are being replaced by nonroutine jobs. For example, supermarkets still need somebody to assist in self-service lines, and those jobs tend to be higher paying,” he says.

Some economists say a \$15 minimum wage could be too high.

“I haven’t seen a lot of evidence of a big negative impact [in job losses] with a minimum wage of \$10 or \$11 an hour,” says the University of Michigan’s Shaefer. “Yet the recent study out of Seattle makes me worry about places imposing \$15-an-hour minimum wages. I’m a bit more on the fence with those right now.”

“The minimum wage should be increased, perhaps to \$10 or \$12,” says Timothy Smeeding, a professor of public affairs and economics at the University of Wisconsin-Madison. “Thirty percent of poor people would get a raise. For every person who loses a job, 19 more will get a raise.”

Businesses often warn that raising the minimum wage will force them to pass the higher labor costs on to their customers. But raising prices can backfire by dampening sales, Aaronson says. “Higher prices mean you sell less,” he says. “Research has shown that firms are likely to raise their prices to compensate for higher wages, but that their profits still go down.”

Ben Zipperer, an economist at the Economic Policy Institute, says most proposed \$15-an-hour plans are being phased in over several years, giving employers time to adjust to higher labor costs. He adds that higher minimum wages also will help employers financially by reducing turnover among low-wage workers.

“Recruiting and training workers is a big business cost,” says Zipperer. “That’s one reason why you don’t see a dire disaster story after a minimum wage increase.” ■

Background

Poverty in Early America

In early America, helping the indigent was a local matter, usually the responsibility of the church. Standards of care differed for the “worthy poor,” such as orphans, widows or people with disabilities, and the “unworthy poor,” who were deemed lazy or drunkards.

In the 19th century, the poor of all types often were sent to poorhouses, workhouses or poor farms. In rural areas, care for the poor could be auctioned off to the lowest bidder — that is, whoever asked for the fewest public funds. In 1824, New York state enacted a law requiring a poorhouse to be built in every county. Such “indoor relief” was based on the theory that the poor ought to be housed where authorities could monitor their behavior. ⁵¹

By the mid-1800s, heavy immigration created throngs of poor people, especially in large cities such as New York. Most lived in tenement houses, four- or five-story buildings notorious for unsanitary, dangerous conditions. The Tenement House Act of 1879 required that new structures contain air shafts and windows that could be opened in all bedrooms. But even the newer tenements lacked toilet and bathing facilities, and diseases spread easily. ⁵²

Despite economic and middle-class expansion during the Industrial Revolution, the 1800s saw several “panics” that led to prolonged unemployment and greater poverty. The depression of 1873 lasted six years, followed by two decades of booms and busts, including the depression of 1890 — a downturn that was nearly as severe as the Great Depression of the 1930s. ⁵³

Poverty persisted in the early 1900s, especially among immigrants, widows and women whose husbands had left in search of work. But measuring poverty remained an inexact pursuit. In 1904, social worker Robert Hunter estimated that a Northern family of five was poor if it made \$460 a year or less (about \$13,000 in today’s

dollars); in the South, the benchmark was \$400 (about \$11,000 today). ⁵⁴

In 1909, Republican President Theodore Roosevelt proposed what became the first U.S. Children's Bureau, whose mission was to help poor and abused children, and in 1911 Missouri passed the first state pension fund for widows with dependent children. ⁵⁵

The Great Depression, which followed a stock market crash in October 1929, resulted in a 25 percent unemployment rate by 1935. Half the U.S. population — 15 million families — lived in poverty. ⁵⁶

The administration of Democratic President Franklin D. Roosevelt responded with a vast New Deal system of government-funded social programs. One of the most enduring, Social Security, was designed to provide a basic retirement income for workers. Roosevelt made clear the program aimed to address severe poverty, which he described as “wastelands of want and fear” in a 1938 radio address. He told listeners that before Social Security, “men and women too old and infirm to work either depended on those who had but little to share, or spent their remaining years within the walls of a poorhouse.”

The Social Security Act, passed in 1935, also created the nation's first unemployment insurance program and the Aid to Dependent Children (ADC) program. But in reality, ADC administrators often focused on widows and discriminated against unwed mothers and African-Americans. ⁵⁷

Postwar Years

After World War II ended in 1945, many states enforced residency rules and “suitable home” policies that encouraged married households and shamed unwed mothers as a way to reduce families' dependence on welfare. Many conservatives believed that out-of-wedlock births were contributing to rising welfare costs. ⁵⁸

Despite the generally strong economy, poverty was a significant problem in the 1960s, especially in the South, Appalachia and urban areas. Congress in 1961 approved food stamps as a pilot program, and in 1962 Democratic President John F. Kennedy signed amendments to the Social Security Act that increased public funding for poverty assistance while allowing states to impose work requirements and create rehabilitative services for the unemployed. ADC, renamed Aid to Families with Dependent

Children (AFDC), would serve children regardless of whether their parents were married.

Democrat Lyndon B. Johnson, who became president upon Kennedy's assassination in 1963, vowed to "build a Great Society — a place where the meaning of man's life matches the marvels of man's labor." ⁵⁹

In 1964, Congress made food stamps a permanent program. Johnson also launched a War on Poverty that year and pressed for the creation of Medicare and Medicaid as amendments to the Social Security Act.

On July 30, 1965, Johnson signed the Medicare Act, providing hospital and medical insurance for people 65 or older. At the same time, Medicaid would serve the poor and those with disabilities. Conservative lawmakers, including some of Johnson's fellow Democrats, worried about what the new health care program would cost.

But Johnson told reporters health care was a priority, despite the huge expense of fighting the Vietnam War. "I'll spend the goddamn money. I may cut back on some tanks, but not on health," he said. ⁶⁰

In his effort not only to address poverty but to prevent it, Johnson created the Office of Economic Opportunity to oversee programs such as Head Start, VISTA (Volunteers in Service to America) and others.

Mollie Orshansky, an economist in the Social Security Administration, developed the official poverty threshold in 1965. Orshansky took the average sums that families of three or more spent on food and multiplied the corresponding amount by three — on the assumption that the typical family spent one-third of its income on food. The resulting sums were designated the minimum income that a family needed to survive — \$3,223 for a family of four in 1964. Under that definition, 19 percent of Americans were considered poor at the time. ⁶¹

The 1970s brought hard times — rapid inflation coupled with a recession and massive job losses. Economists called this situation "stagflation." The decade also saw big economic changes, including the loss of manufacturing jobs and increasing automation.

To fight rising poverty, Republican President Richard Nixon initiated in 1972:

- The Supplemental Security Income (SSI) program, a welfare program that provides cash assistance and health care coverage for low-income people ages 65 or older, along with people who are blind or disabled.
- The Women, Infants and Children (WIC) nutrition program for pregnant women and new mothers with children up to age 5.
- Pell Grants to provide help with college tuition for students in need.

In 1975 came the Earned Income Tax Credit (EITC), a tax refund program for low- to moderate-income filers, and a child support program that aimed to reduce welfare payments by forcing noncustodial parents to pay child support.

Whereas Nixon favored a cash-assistance approach to welfare, rather than work programs, Republican President Ronald Reagan in the 1980s denounced what he called “a permanent culture of poverty as inescapable as any chain or bond.” ⁶²

Reagan slashed funding to several government assistance programs, arguing that federal spending contributed to double-digit inflation. He said his cuts would not take away from the “truly needy” but would encourage the poor to find jobs, claims that liberals disputed. ⁶³

The 1990s brought the biggest changes to government assistance policies in the United States since the New Deal.

Public sentiment, stirred by Reagan’s frequent references to supposed “welfare queens” who refused to work, shifted to suspicions that the AFDC program was actually rewarding women for having children out of wedlock. Indeed, the teen birth rate in 1991 was at a historic high of 61.8 births for every 1,000 adolescent females ages 15-19. (In 2016, the rate was 20.3 births for every 1,000 adolescent females.) ⁶⁴

Democrat Bill Clinton ran for president in 1992 with a pledge to “end welfare as we know it.” In 1996, a Republican-controlled Congress passed, and Clinton signed, the Personal Responsibility and Work Opportunity Reconciliation Act. The law solidified work requirements in exchange for time-limited assistance: Recipients



President Bill Clinton signs the landmark 1996 welfare reform bill, which required most aid recipients to work after receiving two years of welfare payments. (Getty Images/The LIFE Images Collection/Dirck Halstead)

had to work after receiving two years of welfare payments with few exceptions. ⁶⁵

To emphasize the limited nature of the new welfare program, Aid to Families with Dependent Children (AFDC) was renamed Temporary Aid for Needy Families (TANF).

“The meaning for low-income people was an end to the statutory entitlement to cash assistance,” said Edelman, the former HHS assistant secretary under Clinton. “I resigned my position in protest,” he wrote in his 2012 book, *So Rich, So Poor: Why It’s So Hard to End Poverty in America*. Edelman said his prediction that poverty would worsen once the relative economic boom of the 1990s ended proved true. “An astonishing 20.5 million people lived in extreme poverty in 2010, up by nearly 8 million in just 10 years, and 6 million had no income other than food stamps.” ⁶⁶

But some economists praised the 1996 welfare-to-work policies.

“The number of families receiving cash welfare is now the lowest it has been since 1969, and the percentage of children on welfare is lower than it has been since 1966,” Ron Haskins, a senior fellow with the Brookings Institution, told a congressional committee in 2006. To further lift people out of poverty, Haskins called for

“stimulating a national marriage movement” that would reduce out-of-wedlock births and the number of one-parent families. ⁶⁷

Recession's Casualties

The recession that began in December 2007 and lasted until June 2009 was the severest downturn since the Great Depression. Many Americans have felt its effects ever since.

The unemployment rate rose more sharply than in other recent recessions, doubling from 5 percent to 10 percent by October 2009. Unemployment remained high for years; nationwide, it was 8.1 percent in August 2012. With millions of Americans struggling and poverty widening, newly elected Democratic President Barack Obama and the Democratic-controlled Congress expanded government assistance.

In February 2009, Congress passed the American Recovery and Reinvestment Act, injecting \$787 billion into the economy in an attempt to save and create jobs. Some 7.5 million low-income disabled and elderly individuals received an additional SSI payment in 2009 (approximately \$450 for an individual and \$630 for a couple). Americans in June 2009 received tax cuts averaging \$400 for individuals and \$800 for couples. ⁶⁸

Food stamp benefits increased by 13 percent. The administration also extended the number of weeks that people who lost their jobs could receive unemployment compensation; by November 2009, states with 8.5 percent unemployment or more were allowed to offer unemployment benefits as long as 99 weeks, the most in history. ⁶⁹

The Affordable Care Act (ACA), which had passed with zero Republican support, took effect in 2014, extending health care to Americans who did not receive health insurance through their employers. Health insurance companies were prohibited from refusing coverage or charging more for people with pre-existing medical conditions. ⁷⁰

As part of the ACA, the federal government provided incentives for states to expand Medicaid to residents within 138 percent of the poverty level. The government agreed to pay 100 percent of the expansion through 2016, then to taper off to 90 percent after 2019. But as of December 2018, 14 states, mostly with Republican governors, had refused to expand the program. ⁷¹

The poverty rate hovered at or near 15 percent from 2010 through 2014, then fell annually through 2017, as the economic recovery took hold and median household incomes rose, according to the Census Bureau. Median household income increased 2 percent to \$57,652 during the five-year period, the bureau said. ⁷²

Current Situation

Work Mandate Dispute

The debate over work mandates in anti-poverty programs continues.

In mid-December, the House and Senate approved a massive farm bill that dropped tougher work requirements for food stamp recipients. The compromise bill, which totals \$867 billion over 10 years, covers agricultural subsidies, conservation funds and food aid. ⁷³

To the disappointment of work-mandates supporters, House negotiators agreed to scrap the Republican plan to impose tougher work requirements because of Senate opposition.

About 1.2 million people a month could have lost access to food stamps by 2028 if Congress had approved the expanded work requirements, according to the Congressional Budget Office. ⁷⁴

“House conservatives, the president, and the vast majority of Americans support policies that encourage work and help lift people out of poverty,” said Rep. Mark Walker, R-N.C. ⁷⁵

Smeeding of the University of Wisconsin says stronger work requirements make no sense. “I don’t believe in forcing people to work. I think what’s important is to make them better off for going to work,” he says. “You should say, look, here’s a job that’s going to pay pretty well, and here’s help with child care and transportation, and they would take the job.”

In response to the farm bill, the Trump administration in late December proposed to restrict some states’ ability to weaken work requirements for food stamp beneficiaries. As part of the 2009 economic stimulus programs, states or counties with exceptionally high unemployment have been allowed to do so. ⁷⁶



Supporters of the food stamp program listen to Rep. Donald McEachin, D-Va., in May 2018 as he urges Congress to reject tougher work requirements for aid recipients. Congress ultimately did so in December when it passed a compromise farm bill that included food aid. (Getty Images/CQ Roll Call/Sarah Silbiger)

The directive followed Trump's April executive order instructing federal agencies to develop plans to impose added work requirements for food aid, public housing, Medicaid and other programs. ⁷⁷

On Oct. 31, Wisconsin received permission from the Trump administration to impose work requirements for the first time on Medicaid recipients. In late 2019 Wisconsin also plans to extend existing work requirements for food stamps to parents of school-age children and, subject to federal approval, to expand the required hours from 20 per week to 30. Republican Gov. Scott Walker, who lost re-election in November, said the work requirements are ideal during a time when the state has a historically low unemployment rate of 2.8 percent.

Critics say such a view is shortsighted because a recession is inevitable at some point. When unemployment rises during a downturn and low-income workers are unable to find work, "we are going to see hunger increase," said Maureen Fitzgerald, advocacy director of the Hunger Task Force in Milwaukee. ⁷⁸

Newly elected Gov. Tony Evers, a Democrat, has vowed to rescind Wisconsin's new law that initiates work mandates for recipients of Medicaid health care, dubbed "BadgerCare" in the state. Republican legislators voted on the mandates in a last-minute lame duck session, weeks before Evers was to take office in January. ⁷⁹

Funding for the food stamp program is in jeopardy nationally after a federal governmental shutdown began on Dec. 22, 2018. President Trump has vowed to continue the shutdown until Democrats agree to allocate more than \$5 billion to build a wall along the U.S.-Mexico border. ⁸⁰

Although SNAP is automatically renewed, Congress must reapprove funding each year. If it fails to act, funding for food aid will run out at the end of January, and emergency funding will last only a few weeks longer, according to officials. In addition, the shutdown has sent 95 percent of SNAP employees home without pay. The Trump administration said on Jan. 8 that Americans will receive food stamps through February despite the partial government shutdown, but officials added that those benefits might end if the shutdown continues until March. ⁸¹

An estimated 38 million Americans rely on SNAP benefits to buy food.

U.N. Report

In June, special rapporteur Alston harshly criticized the Trump administration's policies, saying its tax cuts, plans for work mandates and proposed budget cuts disproportionately hurt the poor.

Last February the administration said expanded work requirements would reduce food stamp spending by 22 percent, or \$17.2 billion, in 2019. It also proposed replacing some food benefits with boxes of nonperishable food that would be delivered to recipients. In addition, the administration wanted to cut the Section 8 housing voucher program by nearly \$1 billion. Congress, however, rejected the housing cuts in March and the food stamp changes in December. ⁸²

"The dramatic cuts in welfare, foreshadowed by the president and [then-House Speaker Paul] Ryan, and already beginning to be implemented by the administration, will essentially shred crucial dimensions of a safety net that is already full of holes," Alston said. ⁸³

Congressional Democrats praised the U.N. report, which was presented to the organization's Human Rights Council in Geneva on June 21, and sent a letter to Nikki Haley, then-U.S. ambassador to the United Nations, urging the administration to heed the U.N.'s call for action.

"We believe the massive levels of deprivation outlined in the report — as well as the immense suffering this deprivation causes — are an affront to any notion of the unalienable rights to life, liberty, and the pursuit of happiness," said the letter from 20 Democrats, including Sens. Warren, Booker, Harris and Sanders, an independent who caucuses with the Democrats. "Given the breadth of poverty outlined in the report, these rights are simply illusory for millions in this country." ⁸⁴

Haley, however, called Alston's report "misleading and politically motivated." In letters she sent to Sanders and Warren, she said that although deprivation exists, "it is patently ridiculous for the United Nations to examine poverty in America" because of the United States' economic strengths. Haley said the administration is attacking poverty by improving the economy.

"While there are many dimensions to poverty, the administration's overarching view is that the best way to help people out of poverty is to help them get a job," Haley said. "There is dignity in work." ⁸⁵

In July, the White House Council of Economic Advisers defended the administration's attempts to expand work requirements in safety net programs.

"The timing is ideal for expanding work requirements among nondisabled working-age adults in social welfare programs," the council said. "As was the case in the period of welfare reform in the mid-1990s, current labor markets are extremely tight and unemployment rates are at very low levels, even for low-skilled workers." ⁸⁶

Citing 2013 census data, the council said more than 50 percent of working-age, nondisabled recipients of Medicaid, housing aid and food stamps worked fewer than 20 hours per week in the month in which they received benefits because benefits can be cut if a recipient's income increases. ⁸⁷

But Sharon Parrott, a senior fellow at the Center on Budget and Policy Priorities, a nonpartisan think tank based in Washington, said "the report largely overlooks evidence that these proposals

will harm many people — including those with health issues and children — and that they won't do much to help people find stable employment.”

The report, she said, painted a misleading picture of those who need assistance. “The [Council of Economic Advisers] report only looks at whether an individual receiving assistance worked in a single month (December 2013), ignoring the fact that many workers have unstable jobs and receive help when they are between jobs,” Parrott wrote. ⁸⁸

Affordable Housing

The two bills by Sens. Booker and Harris to create more affordable housing are before the Senate Finance Committee. Booker is pushing a tax credit for renters earning 80 percent of the area median income and who spend more than 30 percent of their income on housing, including utilities. Under her Rent Relief Act, Harris would create a refundable tax credit to those who make less than \$100,000 a year and spend at least 30 percent of their income on rent, including utilities. ⁸⁹

Analysts say the bills' chances of passage are poor in the Republican-controlled Senate. But Diane Yentel, CEO of the National Low Income Housing Coalition, a Washington advocacy group, said “these bold, ambitious proposals are just what's needed to spark the conversation that's ultimately necessary to solve the housing crisis impacting communities all over the country.” ⁹⁰

A June report by Yentel's group said a full-time worker earning the federal minimum wage of \$7.25 an hour cannot afford a two-bedroom apartment anywhere in the United States, even in places with the lowest cost of living. To afford a two-bedroom rental, a minimum-wage worker would need to work 122 hours a week, according to the report. Or a worker would need to make \$22.10 an hour — about three times the federal minimum wage.

“This year's findings demonstrate how far out of reach modestly priced housing is for the growing low-wage work force, despite recent wage growth, and for other vulnerable populations across the country,” the report said. ⁹¹

The highest proportion of Americans since 1965 is renting instead of owning, according to a 2017 Pew Research Center report. ⁹²

Advocates for the poor say the housing problem is especially serious for people struggling with deep poverty, because housing issues can lead to a cascading series of crises that leave people poorer or homeless.

In his 2017 book, *Evicted: Poverty and Profit in the American City*, Harvard sociologist Matthew Desmond noted that while “even in the most desolate areas of American cities, evictions used to be rare” — even during the 1930s Depression — “these days, there are sheriff squads whose full-time job is to carry out eviction and foreclosure orders.”

Desmond said that in Milwaukee, Wis., between 2009 and 2011, “more than 1 in 8 renters experienced a forced move.” He found similar levels in New York City, Cleveland, Chicago and Kansas City.

“Along with instability,” he wrote, “eviction also causes loss. Families lose not only their home, school and neighborhood but also their possessions: furniture, clothes, books. It takes a good amount of money and time to establish a home. Eviction can erase all that.”

Evicted families often experience hunger, go without medical care or end up in substandard housing. In addition, Desmond said, “eviction can cause people to lose their jobs. The likelihood of being laid off is roughly 15 percent higher for workers who have experienced an eviction. . . . Often, evicted families also lose the opportunity to benefit from public housing because Housing Authorities count evictions and unpaid debts as strikes when reviewing applications.” ⁹³ ■

Outlook

Recession Coming?

Economists say economic growth is the ultimate solution for poverty. As unemployment declines, competition for workers should drive wages upward, helping those living below the poverty line.

But the current economic expansion — the second-longest in U.S. history — remains vulnerable. The National Association

for Business Economists, a panel of 45 economists, predicts a recession will start by the end of 2020. ⁹⁴

Shaefer of the University of Michigan says, “I don’t know if the next recession is a year away or two years away or six months away, but it’s going to come, and families haven’t, in my view, recovered from the last one.” A large segment of the population remains “near poor,” just one job loss or financial crisis away from poverty, he says.

James Ziliak, professor of microeconomics at the University of Kentucky, says he is hopeful the nation’s economy will remain strong but that he sees an urgent need for government to address the soaring cost of child care and education, as the lack of both hinders the poorest workers from getting and keeping self-sustaining jobs. “If we can hold on to this expansion for another few years so that this pressure on labor market holds, so firms are ready to raise wages in order to recruit employees and retain them, this is great for the poor,” he says.

University of Notre Dame economics professor James Sullivan says things look bleak for workers, especially those displaced from low-skilled jobs. “The affordability of education is a big challenge,” he says.

Economists say the debate over work mandates for food assistance, housing vouchers and Medicaid will likely not end anytime soon. Conservatives remain adamant that work requirements are the best way to lift the poor out of poverty and that welfare programs need cutting.

“Under current law, [the Congressional Budget Office] projects the federal government will spend more than \$1 trillion annually on means-tested programs by 2026,” the House task force on poverty said. ⁹⁵

Nevertheless, with Democrats controlling the House and Republicans the Senate, few observers expect Congress to undertake any serious reforms over the next few years. In his farewell speech as House speaker in December, Rep. Ryan, R-Wis., said the political system is broken and that he had no solutions. “I believe firmly that solving our poverty challenges once and for all will require not just a great undertaking, but a great rethinking of how we help the most vulnerable among us,” he said. ⁹⁶

Sawhill of the Brookings Institution says the safety net has produced “good news and bad news.”

“We’ve had some success in dealing with material poverty and giving people government assistance, but when you look at our education and training programs to improve self-sufficiency, I’m not seeing a lot of progress,” Sawhill says. “We have not really made people more self-supportive.”

John D. Mueller, director of the economics and ethics program at the conservative-leaning Ethics and Public Policy Center, a Washington think tank, urges the government to be flexible in its approach to employment mandates. For example, he says, work mandates are a bad idea for Medicaid, but unemployment compensation should remain limited to 26 weeks even during a recession. “It’s human nature to accept benefits as long as they’re offered,” he says.

Regarding approaches to other aid programs, “some people need a pat on the back,” Mueller says. “Other people need a kick in the pants.”

Notes

¹ Kristen Bialik, “Americans deepest in poverty lost more ground in 2016,” Pew Research Center, Oct. 6, 2017, <https://tinyurl.com/ybkqckmw>; “Poverty Thresholds for 2017 by Size of Family and Number of Related Children Under 18 Years,” U.S. Census Bureau, <https://tinyurl.com/y8kvngqb>.

² Bialik, *ibid.*; “The Employment Situation — December 2018,” press release, Bureau of Labor Statistics, Jan. 4, 2019, <https://tinyurl.com/hu87hxo>.

³ “Statement on Visit to the USA, by Professor Philip Alston, United Nations Special Rapporteur on extreme poverty and human rights,” U.N. Human Rights, Office of the High Commissioner, Dec. 15, 2017, <https://tinyurl.com/y7yn8nnc>.

⁴ Peter Edelman, *So Rich, So Poor: Why It’s So Hard to End Poverty in America* (2012), p. 30.

⁵ Kayla Fontenot, Jessica Semega and Melissa Kollar, “Income and Poverty in the United States: 2017,” U.S. Census Bureau, September 2018, Table 3, <https://tinyurl.com/y89tqcmh>.

- ⁶ “Welfare Budget,” Federal Safety Net, <https://tinyurl.com/y8n6cfje>; “Expanding Work Requirements in Non-Cash Welfare Programs,” Council of Economic Advisers, July 2018, p. 2, <https://tinyurl.com/yca5u7c7>; and Jim Tankersley and Margot Sanger-Katz, “Declaring War on Poverty ‘Largely Over,’ White House Urges Work Requirements for Aid,” *The New York Times*, July 12, 2018, <https://tinyurl.com/y9pzcngg>.
- ⁷ Jeff Stein, “Congressional Republicans are laying the groundwork to overhaul welfare programs for the poor,” *The Washington Post*, Dec. 6, 2017, <https://tinyurl.com/ycp74ghg>.
- ⁸ Ed Pilkington, “Trump’s ‘cruel’ measures pushing US inequality to dangerous level, UN warns,” *The Guardian*, June 1, 2018, <https://tinyurl.com/yby9a4lb>.
- ⁹ Drew DeSilver, “For most U.S. workers, real wages have barely budge in decades,” Pew Research Center, Aug. 7, 2018, <https://tinyurl.com/yajxwt98>; “2018 Minimum Wage by State,” National Conference of State Legislatures, July 1, 2018, <https://tinyurl.com/kxsuowu>.
- ¹⁰ *Ibid.*
- ¹¹ Robin Ghertner and Lincoln Groves, “The Opioid Crisis and Economic Opportunity: Geographic and Economic Trends,” ASPE Research Brief, U.S. Department of Health and Human Services, Sept. 11, 2018, <https://tinyurl.com/y8kg995u>; “American Families Face a Growing Rent Burden,” Pew Charitable Trusts, April 19, 2018, <https://tinyurl.com/y78edo7o>; and Kevin Wack, “Consumer debt is at an all-time high. Should banks be worried?” *American Banker*, July 30, 2018, <https://tinyurl.com/y7vke236>.
- ¹² “A Better Way: Our Vision for a Confident America,” Task Force on Poverty, Opportunity, & Upward Mobility, June 7, 2016, <https://tinyurl.com/lhyn8k>.
- ¹³ “War on Poverty,” Office of Sen. Bernie Sanders, <https://tinyurl.com/y6vqwpds>.
- ¹⁴ Rachel Sheffield and Robert Rector, “Understanding Poverty in the United States: Surprising Facts About America’s Poor,” Heritage Foundation, Sept. 13, 2011, <https://tinyurl.com/ybu37zbh>.
- ¹⁵ Jeff Stein, “The U.N. says 18.5 million Americans are in extreme poverty. Trump’s team says just 250,000 are,” *The Washington Post*, June 25, 2018, <https://tinyurl.com/y7z5cdzo>.
- ¹⁶ “Statement on Visit to the USA, by Professor Philip Alston, United Nations Special Rapporteur on extreme poverty and human rights,” *op. cit.*
- ¹⁷ Jonathan Cohn, “This Is What It’s Like To Live On \$2 A Day,” *The Huffington Post*, Sept. 3, 2015, <https://tinyurl.com/y6uklb9x>.

-
- ¹⁸ “Reducing Poverty in America by Promoting Opportunity and Economic Mobility,” *Federal Register*, April 10, 2018, <https://tinyurl.com/ydgqsk5l>.
- ¹⁹ “Able-Bodied Adults Without Dependents,” U.S. Department of Agriculture, Food and Nutrition Service, <https://tinyurl.com/yd9odcae>.
- ²⁰ Mattie Quinn, “As Medicaid Work Requirements Spread, More Expected to Lose Health Care,” *Governing*, Nov. 5, 2018, <https://tinyurl.com/ybbzctdt>.
- ²¹ Abby Goodnough, “The Adults a Medicaid Work Requirement Would Leave Behind,” *The New York Times*, Feb. 25, 2017, <https://tinyurl.com/jjavv45>.
- ²² “A Better Way: Our Vision for a Confident America,” *op. cit.*
- ²³ Leighton Ku and Erin Brantley, “Myths About The Medicaid Expansion And The ‘Able-Bodied,’ ” *HealthAffairs*, <https://tinyurl.com/ybygbs8m>.
- ²⁴ *Ibid.*
- ²⁵ MaryBeth Musumeci, Robin Rudowitz and Barbara Lyons, “Medicaid Work Requirements in Arkansas: Experience and Perspectives of Enrollees,” Henry J. Kaiser Family Foundation, December 2018, <https://tinyurl.com/yb7vow6z>; Brandon Richard, “Thousands of Arkansas residents lose Medicaid coverage due to new work requirements,” *KAIT 8*, Jan. 2, 2019, <https://tinyurl.com/y87cm9pe>.
- ²⁶ Nathaniel Weixel, “Judge blocks Kentucky Medicaid work requirements,” *The Hill*, June 29, 2018, <https://tinyurl.com/y94hzh2u>.
- ²⁷ *Ibid.*
- ²⁸ Tami Luhby, “Lawsuit seeks to stop Medicaid work requirements in Arkansas,” *CNN*, Aug. 14, 2018, <https://tinyurl.com/ybspwnes>.
- ²⁹ “Able-Bodied Adults Without Dependents,” *op. cit.*
- ³⁰ Lauren Bauer, Diane Whitmore Schanzenbach and Jay Shambaugh, “Work Requirements and Safety Net Programs,” Hamilton Project, Brookings Institution, October 2018, p. 2, <https://tinyurl.com/ycfmxd3w>.
- ³¹ MaryBeth Musumeci, Rachel Garfield and Robin Rudowitz, “Medicaid and Work Requirements: New Guidance, State Waiver Details and Key Issues,” Henry J. Kaiser Family Foundation, Jan. 16, 2018, <https://tinyurl.com/yb5fqx2s>.
- ³² “Secretary Carson Proposes Rent Reform: Reforms to Make Current Rent Policies Simpler, More Transparent and Predictable,” Department of Housing and Urban Development, April 25, 2018, <https://tinyurl.com/y8msffer>; Diana Budds, “Two senators are proposing national rent relief bills. Here’s why it matters,” *Curbed*, Aug. 10, 2018, <https://tinyurl.com/y7vmufke>.

- ³³ American Housing and Economic Mobility Act, <https://tinyurl.com/y7ekn8j6>.
- ³⁴ Kriston Capps, “Why HUD Wants to Raise the Rent,” *CityLab*, April 25, 2018, <https://tinyurl.com/y9usypme>.
- ³⁵ “Secretary Carson Proposes Rent Reform: Reforms to Make Current Rent Policies Simpler, More Transparent and Predictable,” HUD.gov, April 25, 2018, <https://tinyurl.com/y8msffer>.
- ³⁶ Juliet Linderman and Larry Fenn, “Analysis: HUD Plan Would Raise Rent for Poor by 20 Percent,” *The Associated Press*, June 7, 2018, <https://tinyurl.com/ya77h4jy>.
- ³⁷ American Housing and Economic Mobility Act, *op. cit.*
- ³⁸ Elizabeth Warren, “EW National Action Network Speech,” C-SPAN, Nov. 13, 2018, <https://tinyurl.com/ya8n4uvn>. The housing discussion begins at around 6:50.
- ³⁹ *Ibid.*
- ⁴⁰ “Bill to make housing more affordable, and for other purposes,” U.S. Senate, 2018, <https://tinyurl.com/yc5xpc56>.
- ⁴¹ Mehrsa Baradaran and Darrick Hamilton, “Elizabeth Warren’s New Housing Proposal Is Actually a Brilliant Plan to Close the Racial Wealth Gap,” *Slate*, Oct. 26, 2018, <https://tinyurl.com/y9pvzcbh>.
- ⁴² Howard Husock, “Elizabeth Warren’s ‘Affordable Housing’ Plan Is Severely Flawed,” *Foundation for Economic Education*, Oct. 1, 2018, <https://tinyurl.com/y8jej3j9>.
- ⁴³ Jessica Gertler and Kristen Holloway, “Fight For \$15: Fast food workers protest for higher minimum wage,” *News Channel 3, WREG Memphis*, Feb. 12, 2018, <https://tinyurl.com/y7doom8v>.
- ⁴⁴ David Cooper, “Raising the minimum wage to \$15 by 2024 would lift wages for 41 million American workers,” *Economic Policy Institute*, Dec. 31, 2017, <https://tinyurl.com/y9eh4mgf>.
- ⁴⁵ Dave Jamieson, “Minimum Wage Raises Coming To 18 States On New Year’s Day,” *The Huffington Post*, Jan. 2, 2018, <https://tinyurl.com/yaaxy2km>.
- ⁴⁶ Mike Snider and Elizabeth Weise, “Amazon ups minimum wage to \$15 for all full, part-time and seasonal employees,” *USA Today*, Oct. 2, 2018, <https://tinyurl.com/yd2rjut3>.
- ⁴⁷ “Bernie Sanders targets Walmart over \$15 minimum wage,” *CNBC*, Nov. 15, 2018, <https://tinyurl.com/ydya2fae>.
- ⁴⁸ Stephen McBride, “Raising The Minimum Wage Is A Jobs Killing Move,” *Forbes*, March 18, 2017, <https://tinyurl.com/y827aaws>.

-
- ⁴⁹ Sylvia A. Allegretto *et al.*, “The New Wave of Local Minimum Wage Policies: Evidence from Six Cities,” Institute for Research on Labor and Employment, Sept. 6, 2018, <https://tinyurl.com/ycbaejhe>.
- ⁵⁰ Ekaterina Jardim *et al.*, “Minimum Wage Increases, Wages and Low-Wage Employment Evidence from Seattle,” National Bureau of Economic Research, June 2017, <https://tinyurl.com/y8xsxdzs>.
- ⁵¹ James Ciment, *Social Issues in America: An Encyclopedia* (2006).
- ⁵² “History of Poverty and Homelessness in NYC,” Institute for Children, Poverty & Homelessness, 2018, <https://tinyurl.com/yc2hsoex>.
- ⁵³ David Blanke, “Panic of 1873: Industrial Capitalism,” TeachingHistory.org, <https://tinyurl.com/y95n4dnk>.
- ⁵⁴ Gordon M. Fisher, “From Hunter to Orshansky: An Overview of (Unofficial) Poverty Lines in the United States from 1904 to 1965 — Summary,” Office of the Assistant Secretary for Planning and Evaluation, U.S. Department of Health and Human Services, <https://tinyurl.com/y9rnusrh>.
- ⁵⁵ Stephen Pimpare, *A People’s History of Poverty in America* (2008).
- ⁵⁶ Michael Harrington, *The Other America: Poverty in the United States* (1962), pp. 14-15. Also see Thomas J. Billitteri, “Domestic Poverty,” *CQ Researcher*, Sept. 7, 2007, pp. 721-44.
- ⁵⁷ Ciment, *op. cit.*
- ⁵⁸ W. Bell, “Rejected Families: A Study of ‘Suitable Home’ Policies in Aid to Dependent Children,” Dissertation Abstracts, 1968, <https://tinyurl.com/y7rm6cl2>.
- ⁵⁹ “About the Presidents: Lyndon B. Johnson,” The White House, <https://tinyurl.com/y7zanxer>.
- ⁶⁰ “Washington Unplugged: LBJ’s Medicare: In His Own Words,” CBS News, <https://tinyurl.com/yc65xgfb>.
- ⁶¹ “Poverty: The History of a Measure,” U.S. Census Bureau, January 2014, <https://tinyurl.com/ybncm4px>; Gordon M. Fisher, “The Development and History of the U.S. Poverty Thresholds — A Brief Overview,” U.S. Department of Health and Human Services, Jan. 1, 1997, <https://tinyurl.com/y84jptzq>; and DeSilver, *op. cit.*
- ⁶² Eleanor Clift, “Reagan Condemns Welfare System, Says It’s Made Poverty Worse Instead of Better,” *Los Angeles Times*, Feb. 16, 1986, <https://tinyurl.com/yal9pgjt>.
- ⁶³ R. Benenson, “Social welfare under Reagan,” *CQ Researcher*, 1984, <https://tinyurl.com/y8tttd8rf>.

- ⁶⁴ “Trends in Teen Pregnancy and Childbearing: Teen Births,” Office of Adolescent Health, U.S. Department of Health and Human Services, <https://tinyurl.com/kbmplbh>.
- ⁶⁵ “The Personal Responsibility and Work Opportunity Reconciliation Act of 1996,” U.S. Department of Health and Human Services, Sept. 1, 1996, <https://tinyurl.com/h8vgtqm>.
- ⁶⁶ Edelman, *op. cit.*, p. xvii.
- ⁶⁷ “Testimony of Ron Haskins, Senior Fellow, Brookings Institution; Senior Consultant, Annie E. Casey Foundation,” House Committee on Ways and Means July 19, 2006, <https://tinyurl.com/ycrauxms>.
- ⁶⁸ “Summary: American Recovery and Reinvestment Conference Agreement,” House Committee on Appropriations, Feb. 13, 2009, <https://tinyurl.com/yb3e7h94>.
- ⁶⁹ Kelly Evans, “Unemployment Extension Adds Up to 99 Weeks of Benefits,” *The Wall Street Journal*, Nov 6, 2009, <https://tinyurl.com/yafmugme>.
- ⁷⁰ “About the Affordable Care Act,” U.S. Department of Health and Human Services, <https://tinyurl.com/k4pdaof>.
- ⁷¹ “A 50-State Look at Medicaid Expansion,” Families USA, May 2018, <https://tinyurl.com/y8yrwlsc>.
- ⁷² Ashley Edwards, “Poverty Rate at 12.3 Percent, Down From 14.8 in 2014,” U.S. Census Bureau, Sept. 12, 2018, <https://tinyurl.com/ycshkuo8>; Joseph De Avila, “New Census Data Shows U.S. Poverty Rate Fell,” *The Wall Street Journal*, Dec. 6, 2018, <https://tinyurl.com/y8ug648p>.
- ⁷³ Ellyn Ferguson, “Trump Set to Sign Farm Bill, Minus the Food Stamp Changes He Wanted,” *Roll Call*, Dec. 19, 2019, <https://tinyurl.com/y8xcbsfn>.
- ⁷⁴ Melissa Nann Burke, “Stabenow backs farm bill without stricter House work mandates for food stamp recipients,” *Detroit News*, July 9, 2018, <https://tinyurl.com/yaj2nlmx>.
- ⁷⁵ Jeff Stein, “Deal to pass farm bill scraps House GOP plan for new food stamp work requirements,” *The Washington Post*, Nov. 29, 2018, <https://tinyurl.com/ybtyvenk>.
- ⁷⁶ Juliet Linderman, “USDA moves to tighten work requirements for food stamps,” The Associated Press, Dec. 20, 2018, <https://tinyurl.com/y83fwdqw>.
- ⁷⁷ “Reducing Poverty in America by Promoting Opportunity and Economic Mobility,” *op. cit.*
- ⁷⁸ Amy Goldstein, “An experiment requiring work for food stamps is a Trump administration model,” *The Washington Post*, Nov. 29, 2018, <https://tinyurl.com/ybgay8ro>.

-
- ⁷⁹ Jessie Opoien, “Wisconsin Republicans approve Medicaid work requirement in lame-duck session,” *The Capital Times*, Dec. 5, 2018, <https://tinyurl.com/yanbvzjh>.
- ⁸⁰ Damian Paletta and Erica Werner, “Trump falsely claims Mexico is paying for wall, demands taxpayer money for wall in meeting with Democrats,” *The Washington Post*, Jan. 2, 2019, <https://tinyurl.com/y7q8t9qo>.
- ⁸¹ Damian Paletta and Erica Werner, “Millions face delayed tax refunds, cuts to food stamps as White House scrambles to deal with shutdown’s consequences,” *The Washington Post*, Jan. 4, 2019, <https://tinyurl.com/y7qxumtf>; Jeff Stein, “Trump team promises shutdown won’t stop food stamp payments in February, says program lacks funds for March,” *The Washington Post*, Jan. 8, 2019, <https://tinyurl.com/yckhed8d>.
- ⁸² Will Parker, “Trump White House proposes even deeper cuts to HUD,” *The Real Deal*, Feb. 12, 2018, <https://tinyurl.com/yd5tpbc2>; Tracy Jan et al., “Trump wants to overhaul America’s safety net with giant cuts to housing, food stamps and health care,” *The Washington Post*, Feb. 12, 2018, <https://tinyurl.com/ych2ple6>; and Ferguson, *op. cit.*
- ⁸³ “Statement on Visit to the USA, by Professor Philip Alston, United Nations Special Rapporteur on extreme poverty and human rights,” *op. cit.*
- ⁸⁴ “Letter to the Honorable Nikki Haley, signed by 20 congressional Democrats,” June 12, 2018, <https://tinyurl.com/ya48p468>.
- ⁸⁵ Rich Edson, “Nikki Haley blasts UN report on poverty in America as ‘misleading and politically motivated,’” Fox News, June 21, 2018, <https://tinyurl.com/y857kddv>.
- ⁸⁶ “Expanding Work Requirements in Non-Cash Welfare Programs,” *op. cit.*
- ⁸⁷ Tankersley and Sanger-Katz, *op. cit.*
- ⁸⁸ Sharon Parrott, “Council of Economic Advisors Report on Assistance Programs and Employment Overlooks Key Evidence,” Center on Budget and Policy Priorities, Sept. 24, 2018, <https://tinyurl.com/y8unzcsk>.
- ⁸⁹ S.3342 — Housing Opportunity, Mobility, and Equity Act of 2018, Congress.gov, 2018, <https://tinyurl.com/ycgktpde>; S.3250 — Rent Relief Act of 2018, Congress.gov, 2018, <https://tinyurl.com/yashk8fv>.
- ⁹⁰ Budds, *op. cit.*; Alissa Walker, “Can a federal tax credit help rent-burdened Americans?” *Curbed*, July 20, 2018, <https://tinyurl.com/y7pt8nvo>.
- ⁹¹ “Out of Reach 2018,” National Low Income Housing Coalition, 2018, <https://tinyurl.com/yallryrm>; Dakin Andone and Jessica Campisi, “There’s not a single US state where a minimum wage worker can afford a 2-bedroom rental, a report says,” CNN, June 15, 2018, <https://tinyurl.com/y9jj3ejx>.

- ⁹² Anthony Cilluffo, Abigail Geiser and Richard Fry, “More U.S. households are renting than at any point in 50 years,” Pew Research Center, July 19, 2017, <https://tinyurl.com/y7jwgavc>.
- ⁹³ Matthew Desmond, *Evicted: Poverty and Profit in the American City* (2017), pp. 4, 5, 296 and 297.
- ⁹⁴ Jonathan Sperling, “Top Business Economists Predict U.S. Could Face Recession in 2020,” *Fortune*, June 4, 2018, <https://tinyurl.com/y76xcljx>.
- ⁹⁵ “A Better Way: Our Vision for a Confident America,” *op. cit.*
- ⁹⁶ “Full Text: Speaker Ryan’s Farewell Address,” press release, Office of Rep. Paul Ryan, Dec. 19, 2018, <https://tinyurl.com/y8a43h2l>.

Bibliography

Books

Burch, John R. Jr., *Poverty in the United States: A Documentary and Reference Guide*, ABC-CLIO, 2018.

The author of *The Great Society and the War on Poverty* has compiled primary sources on the history of poverty in the United States.

Desmond, Matthew, *Evicted: Poverty and Profit in the American City*, Penguin Random House, 2017.

A Harvard sociologist chronicles the lives of impoverished tenants in the slums and trailer parks of 2008-09 Milwaukee.

Edelman, Peter, *So Rich, So Poor: Why It’s So Hard to End Poverty in America*, The New Press, New York, 2012.

A former adviser to the late Democratic Sen. Robert F. Kennedy and former President Bill Clinton argues that poverty issues are even more urgent than they were 20 years ago because of growing wage inequality.

Edin, Kathryn J., and H. Luke Shaefer, *\$2.00 a Day: Living on Almost Nothing in America*, Houghton, Mifflin, Harcourt, 2015.

Two sociologists detail how America’s poorest try to survive when jobs prove hard to get and easy to lose, and when government benefits provide no cash assistance.

Piketty, Thomas, *The Economics of Inequality*, Belknap Press, 2015.

A professor at the Paris School of Economics compares the conservative view that “market forces, individual initiative and productivity growth” determine individuals’ standard of living with the liberal position that government must intervene to fight income inequality.

Articles

Deaton, Angus, “The U.S. Can No Longer Hide From Its Deep Poverty Problem,” *The New York Times*, Jan. 24, 2018, <https://tinyurl.com/yafsq9vx>.

A professor emeritus of economics at Princeton University argues that poverty in the United States is far worse than many Americans believe.

Luhby, Tami, “Trump signs executive order pushing work requirements for the poor,” *CNN Money*, April 10, 2018, <https://tinyurl.com/yc2bgcyb>.

President Trump has directed federal agencies to look favorably on states’ requests to initiate new work mandates for public aid.

Musumeci, MaryBeth, Elizabeth Hinton and Robin Rudowitz, “Proposed Medicaid Section 1115 Waivers in Maine and Wisconsin,” Kaiser Family Foundation, Aug. 16, 2017, <https://tinyurl.com/yd5zu8da>.

Three experts describe how states might change Medicaid, a joint federal-state health insurance program for the poor and those with disabilities, if the states receive waivers to experiment with the program.

Reports and Studies

“Work, Skills, Community: Restoring Opportunity for the Working Class,” Opportunity America, 2018, <https://tinyurl.com/y72455aw>.

A study group convened by the centrist Brookings Institution and the conservative American Enterprise Institute proposes expanding the Earned Income Tax Credit and strengthening work mandates, both of which they say would help the working poor.

Dube, Arindrajit, “Minimum Wages and the Distribution of Family Incomes,” University of Massachusetts, Amherst, Oct. 31, 2018, <https://tinyurl.com/yd7ow939>.

A professor of economics at the University of Massachusetts, Amherst, says data from 1984 to 2013 show that minimum wage increases help the poor.

Trisi, Danilo, “Economic Security Programs Cut Poverty Nearly in Half Over Last 50 Years, New Data Show,” Center on Budget and Policy Priorities, Sept. 14, 2018, <https://tinyurl.com/ydxdhb9c>.

A liberal Washington think tank concludes that welfare programs have kept millions of Americans out of poverty since the 1960s.

The Next Step

Deep Poverty

Lubrano, Alfred, “New Census figures on Philly neighborhoods show inequality, high numbers of whites living in poverty,” *The Philadelphia Inquirer*, Dec. 6, 2018, <https://tinyurl.com/yb836fgw>.

Philadelphia’s rich are getting richer and the poor poorer, according to new census data.

Stein, Jeff, “The U.N. says 18.5 million Americans are in ‘extreme poverty.’ Trump’s team says just 250,000 are,” *The Washington Post*, June 25, 2018, <https://tinyurl.com/y9r4apoo>.

The Trump administration said the United Nations exaggerated the number of Americans in deep poverty — defined using the U.S. Census Bureau’s definition as individuals whose income is lower than half the official poverty rate.

Witsil, Frank, “Massive layoffs hurt single-parent households more; Detroit tops list,” *Detroit Free Press*, updated Dec. 3, 2018, <https://tinyurl.com/ybeveebs>.

Single-parent families are far more likely to fall into poverty than married households, according to an insurer’s report.

Housing Security

Badger, Emily, and Quoc Trung Bui, “In 83 Million Eviction Records, a Sweeping and Intimate New Look at Housing in America,” *The New York Times*, April 7, 2018, <https://tinyurl.com/yacwzba6>.

New data show evictions are most common in areas with high poverty rates and a low minimum wage.

Desmond, Matthew, “Americans Want to Believe Jobs Are the Solution to Poverty. They’re Not,” *The New York Times Magazine*, Sept. 11, 2018, <https://tinyurl.com/y7ghzuqp>.

The working poor often struggle to earn enough for housing and other basic needs, economists say.

Natanson, Hannah, “Ben Carson’s plan to raise rent for poorest Americans would have ‘severe’ impact on District, experts say,” *The Washington Post*, June 19, 2018, <https://tinyurl.com/ydhj4kzw>.

Housing and Urban Development Secretary Ben Carson’s unsuccessful proposal to triple the minimum rent for federally subsidized housing would have had the biggest impact in the District of Columbia, according to the Center on Budget and Policy Priorities, a liberal Washington think tank.

Natural Disasters

Deaton, Jeremy, “This Map Shows Which Communities Need The Most Help In A Disaster,” *Nexus Media News, The Huffington Post*, Sept. 27, 2018, <https://tinyurl.com/yavhr6t3>.

High-poverty areas suffer the most when natural disasters hit, according to a University of South Carolina geographer’s database.

Parvini, Sarah, and Ellis Simani, “As California wildfires displace low-income residents in wine country, tech industry continues to bolster Bay Area wealth,” *Los Angeles Times*, Dec. 5, 2018, <https://tinyurl.com/y9cqxo2>.

Wildfires have displaced thousands of lower-income residents in California, and many cannot afford to stay in the area.

Yentel, Diane, “Disaster housing recovery: Time for Congress to act,” *The Hill*, Nov. 26, 2018, <https://tinyurl.com/y9fyc8th>.

The Federal Emergency Management Agency has consistently failed to provide adequate housing assistance to natural disaster survivors, says the president and CEO of the National Low Income Housing Coalition.

Trump Administration

Flatley, Daniel, and Teaganne Finn, “Farm Bill Clears House After Removal of Trump-Backed Work Rules,” *Bloomberg*, Dec. 12, 2018, <https://tinyurl.com/y7doncdv>.

Congress has passed a compromise farm bill that dropped tougher work requirements for food stamp recipients.

Jan, Tracey, *et al.*, “Trump wants to overhaul America’s safety net with giant cuts to housing, food stamps and health care,” *The Washington Post*, Feb. 12, 2018, <https://tinyurl.com/yakcly5m>.

In his proposed fiscal 2019 budget, President Trump sought to make large cuts to federal assistance programs as a way to lower taxes and spending and encourage recipients to work more.

Matthews, Dylan, “How the Republican tax law hurts the poor and helps the rich, in one chart,” *Vox*, Feb. 26, 2018, <https://tinyurl.com/y99ogcba>.

The 2017 tax bill undercutting the Affordable Care Act will ultimately deny health insurance to millions of poorer Americans and lower their incomes because of financial hardship caused by illness or poor health, according to an economist.

At Issue:

Should public-assistance programs have more-stringent work mandates?



JOHN D. MUELLER

Director, Economics and Ethics Program, Ethics and Public Policy Center, Washington, D.C.

WRITTEN FOR *CQ RESEARCHER*, JANUARY 2019

Yes

More-stringent work mandates are necessary, but only for federal programs that discourage workers from finding employment. Here’s why:

Public-assistance programs have little effect on the unemployment rate when recipients are outside the labor market — for example, retirees (receiving Social Security and Medicare benefits); people with disabilities (disability benefits, workers' compensation and Supplemental Security Income); veterans (veterans' benefits); and dependent children (family, dependent and survivor benefits). But such programs reduce recipients' rates of participation in the labor force.

I recently tested the effect of all major federal and state-level public-assistance programs on the U.S. civilian unemployment rate and labor force participation rates by applying Rueff's Law of Unemployment.

In 1925, the French economist Jacques Rueff showed that in Britain, the collision of sharply fallen prices and the recently instituted (1911) unemployment "dole," fixed at so many shillings per week, caused the chronic unemployment of the 1920s. As prices fell, the "real" or inflation-adjusted wage rate rose in step with the unemployment rate. This relationship was found in many other countries as well and was called Rueff's Law of Unemployment.

To what extent social benefits discourage work varies widely and depends heavily on the conditions under which recipients receive assistance. For example, unemployment insurance and the Earned Income Tax Credit (EITC), a tax credit for low- and moderate-wage workers, differ in that the former is conditioned on unemployment and the latter on employment.

Unemployment insurance benefits raise the unemployment rate by more than 4 percentage points for each 1 point that those benefits make up the share of national income.

The jobless rate has soared each time Congress has lengthened the period during which unemployment benefits may be received — most recently when, in response to the 2007-09 recession, Congress extended the period from 26 weeks to 99 weeks. After the law authorizing extended benefits expired, the unemployment rate fell sharply.

Work mandates are especially necessary in the food stamp program because food stamps have almost twice the disincentive effect of unemployment benefits. Unemployment insurance benefits, meanwhile, should always remain at no more than 26 weeks.

It is natural to feel compassion for those less fortunate than we are. But benefits should be concentrated in programs that have the least disincentive effect on recipients' employment in the labor market. Work, after all, leads to higher incomes and greater human dignity.

No



H. LUKE SHAEFER

Director, Poverty Solutions, University of Michigan; Co-author with Kathryn Edin, *\$2.00 a Day: Living on Almost Nothing in America* (2015)

WRITTEN FOR *CQ RESEARCHER*, JANUARY 2019

Rae climbed into the pickup truck she shared with “uncle” George to head to her retail job, only to find he left the tank empty. Rae soon found herself jobless and moving back in with her abusive ex. In Tennessee, Travis worked at a fast-food place until they cut his hours. While looking for another job, his family survived on food stamps (SNAP) and cash from selling blood plasma.

Like Rae and Travis, most struggling American families work during the year and see work as the path to a better life. But managing jobs with unpredictable, fluctuating work hours and low wages — coupled with complicated families, barriers to work, or health problems — can be truly challenging.

Taking away health and nutritional assistance from people who don’t work a set number of hours is unlikely to push many people to work. And experience shows that too many trying to do the right thing will lose benefits. Rae or Travis might not meet hours while struggling to keep a roof over their heads. People with disabilities and serious illnesses may fall through the cracks because they won’t qualify for an exemption or can’t overcome the red tape to prove that they do. The loss of this assistance is likely to have harsh consequences for these families.

Twenty years ago we imposed work requirements on the cash assistance program Temporary Assistance for Needy Families (TANF), but many across the political spectrum now conclude that the program does little to help families find jobs.

Experience with work requirements on SNAP shows major coverage losses, which may put pressure on local food banks. And five months into Arkansas’ new Medicaid work requirements, over 12,000 have lost health insurance, with thousands more at risk.

Advocates of work requirements seek to promote work as a path from poverty. But numerous other programs hold that promise without leaving families behind. Refundable tax credits increase work by raising its benefits. A popular jobs program during the recent financial crisis created 260,000 jobs for low-income Americans, but Congress let it expire. More could be done on effective job training, even without new funding. We could do better at helping families secure child care.

If policymakers truly want to promote work over poverty, they will find more success in an agenda that supports families rather than one that threatens to take the food and nutritional assistance they depend on away.

Natural Disasters Deepen Poverty's Woes

The poor often are the most vulnerable when storms and fires hit.

A year after Hurricane Harvey struck the metropolitan Houston region, the gym at Bethel Baptist Church remained crammed with supplies for impoverished victims: mattresses, blankets, clothing and canned goods.

The region's poor "were already hand-to-mouth" when Harvey hit in August 2017 and flooded more than 204,000 homes and apartment buildings, said Jaime Garcia, the church's lead pastor, who spearheaded a relief effort to help storm victims.

"We are what Texans call the 'Harvey Homeless,' " said Susan Elliott of Wharton, Texas, which is near Houston. "There are days we feel paralyzed because we are out of money or emotionally drained. We just keep trying, day by day, even a year later." ¹

Experts say low-income families are more likely than wealthier families to suffer long-term economic consequences from severe storms and other natural disasters because they are less able to rebuild their homes, even when they have insurance to cover part of the damage. And they are more likely to be in harm's way because houses in low-lying areas that are most vulnerable to flooding usually cost less — and thus are more available to low-income buyers — than homes on higher ground.

A study of natural disasters in the United States from 1920 to 2010 found that in areas hit by "super-severe" disasters, poverty rates increased by 1 percentage point. Super-severe disasters are ones that cause at least 100 fatalities. ²

Within the past decade, historically large and fast-moving wildfires have devastated the West, hurricanes have pounded the Atlantic and Gulf coasts and so-called 100-year floods have struck inland states.

In Eastern North Carolina, Category 4 hurricanes — including Matthew in 2016 and Florence in 2018 — have repeatedly struck low-lying coastal areas.

“It’s our poor, rural communities that are often hit the hardest in events like this,” said Randy Creamer, a disaster relief coordinator for the South Carolina Baptist Convention. About half of the households in the region live in “liquid-asset poverty,” meaning residents cannot afford to cover short-term emergency expenses or to move out. ³

Poverty rates rise for several reasons in places that suffer repeated super-severe disasters, according to researchers at the National Bureau of Economic Research, a nonpartisan organization in Cambridge, Mass., that distributes economic research to policymakers and others.

Higher poverty rates, according to the bureau, occur because:

- Residents who can afford to do so move away after a disaster;
- Those who cannot afford to move often fall deeper into poverty as they struggle to recover from storms;
- More low-income residents move into areas where housing prices have fallen because of recurring disasters. ⁴

From July 2017 through November 2018, more than 70 storms designated by the Federal Emergency Management Agency (FEMA) as “major disasters,” meaning state governors have successfully petitioned the White House for disaster assistance, were declared in the mainland United States. ⁵

Repeated natural disasters strain FEMA and other government assistance programs, experts say. The Supplemental Nutrition Assistance Program (SNAP), the program that provides food stamps, has an emergency disaster component called D-SNAP, which goes into effect in major-disaster areas. People may apply for D-SNAP, usually for one month. According to a Food and Nutrition Service spokesman, in fiscal 2018, D-SNAP issued \$1 billion in benefits — up from \$191 million in fiscal 2016. ⁶

Areas hit repeatedly by disasters include Houston, a low-lying coastal city that experienced three extra-heavy rainstorms, in 2015 and 2016. By August 2016, the Houston area had received 119.8 inches of rain over eight months, with floods damaging or destroying thousands of homes.

Then came Hurricane Harvey, which dumped more than 50 inches of rain on the region within a few days. ⁷

Nancy Ehrlich, 61, is still living with her daughter since Hurricane Harvey filled her ranch-style home in 2017 with almost three feet of sewage-tainted water. She had spent heavily for repairs after her longtime home flooded for the first time ever in 2015, and then flooded twice more by mid-2016. But this time, she abandoned it to the bank holding the mortgage.

“It was supposed to be my retirement investment, but I couldn’t even sell it for the lot value,” says Ehrlich. “I lost everything in it. I lost my wedding ring. My late husband was an artist and I lost his artwork.”

To make matters worse, Ehrlich says, the stress of her situation caused her to lose her job as a dental clinic manager a few months after the storm. “I was told I was not the same, that I wasn’t as kind,” she says.

“Harvey was the last pile of a domino stack,” says Marc Cohen, a disaster case manager for Jewish Family Service in Houston. “A lot of families were never able to fully recover from one flood before the next one hit. I have a client whose house had six feet of water during the Memorial Day 2015 flood. They were four weeks from moving back into their repaired home when Harvey hit and their home took eight feet of water.”



Residents of Massalina Memorial Homes, a low-income community in Panama City, Fla., begin the cleanup after Hurricane Michael in October. Natural disasters disproportionately affect the poor, experts say. (Getty Images/Miami Herald/Pedro Portal)

“It’s what I term the Noah’s Ark syndrome,” Cohen says of homeowners who must rent temporary quarters while simultaneously paying the mortgage on homes under repair. “They have two of everything — two utility bills, two housing payments.”

The repeated storms have challenged Houston’s charities. “Many families had needs prior to Harvey, especially people with low incomes, seniors and people with disabilities,” says Mary Vazquez, director of community impact at the United Way of Greater Houston. “Harvey came along and really put these families in a tailspin.”

The city’s poverty rate rose from 14.6 percent in 2015 to 21 percent in 2017, according to the U.S. Census Bureau, at a time when Texas’ poverty rate was falling to 13.4 percent from 15.4 percent.⁸

Houston residents are still struggling in Harvey’s aftermath. “Our 2-1-1 helpline takes calls 24/7 throughout a large area of Texas from individuals needing assistance with basic needs,” says Vazquez. “In 2017, we answered 1,760,000 calls for assistance.” As of this November, “we’re up about 33 percent compared with this time last year, so we know the needs are great.”

— Kay Nolan

¹ Emily Wax-Thibodeaux, “The ‘Harvey Homeless,’ ” *The Washington Post*, Aug. 22, 2018, <https://tinyurl.com/y8gtdly9>; David Hunn, Matt Dempsey and Mihir Zaveri, “Harvey’s Floods,” *Houston Chronicle*, March 30, 2018, <https://tinyurl.com/y8s8a6y4>.

² Leah Platt Boustan *et al.*, “Natural Disasters By Location: Rich Leave and Poor Get Poorer,” *Scientific American*, July 2, 2017, <https://tinyurl.com/y8voce8u>.

³ Laura Bliss, “As Hurricane Florence Approaches, the Rural Carolinas Brace For Impact,” CityLab, Sept. 12, 2018, <https://tinyurl.com/yddvl3lr>.

⁴ Leah Platt Boustan *et al.*, “The Effect of Natural Disasters on Economic Activity in U.S. Counties: A Century of Data,” National Bureau of Economic Research, May 2017, <https://tinyurl.com/ybvkzmm5>.

⁵ “Disasters,” Federal Emergency Management Agency, U.S. Department of Homeland Security, <https://tinyurl.com/yat6m4n3>.

⁶ “Disaster Supplemental Nutrition Assistance Program (D-SNAP) Fiscal Year (FY) 2019 Income Eligibility Standards,” U.S. Department of Agriculture, <https://tinyurl.com/y7cmysde>.

⁷ Kimberly Amadeo, “Hurricane Harvey Facts, Damage and Costs,” *The Balance*, Nov. 7, 2018, <https://tinyurl.com/y8vxodz9>.

⁸ “Quick Facts: Houston,” U.S. Census Bureau, <https://tinyurl.com/y8227qrp>; “Number of Poor and Poverty Rate by State, 2017,” Table 21, U.S. Census Bureau, 2017, <https://tinyurl.com/y8ou7gzo>; and Lydia DePillis, “Houston tracks the nation’s declining poverty rate,” *Houston Chronicle*, Sept. 15, 2016, <https://tinyurl.com/y9vobzfl>.

A Bleak Future for Many in Middle Age

Forty percent of middle-class Americans at risk of poverty, study says.

One face of the poor is a 50-something worker displaced from a longtime blue-collar or midlevel white-collar job who struggles to find work that pays as well.

“I had a client who loved her job as a technician at a hospital, but then she got sick,” says Michael Lazarchick, a counseling expert at the National Employment Counseling Association, which represents career and workplace counselors. After the employee returned to work, she was fired because she appeared sleepy during an overnight shift, Lazarchick says.

“She couldn’t collect unemployment compensation because they said she’d been fired ‘for cause,’ ” he says. “She was almost 60, but too young to qualify for Social Security or Medicare. She was effectively blackballed by other hospitals because her employer would not give her a recommendation. The kicker is that she was immediately replaced by a new graduate at half the pay she was getting.”

In the wake of the recession, which led to massive job losses, more middle-age workers have fallen on hard times. In 2017, the poverty rate for men ages 55-64 was 10 percent, for women 11 percent; in 2000, the rate for both in that age group was 2.5 percent. ¹

Matthew Rutledge, an economist at the Center for Retirement Research at Boston College, said middle-wage positions, such as machinists and clerks, have accounted for the biggest job losses for workers ages 55 to 64. Replacement jobs are often “old-people jobs,” such as custodial and nursing aide positions, he said.

“Older workers are finding employment in lower-skilled service jobs. They are 65 percent more likely to find work in child care, 93 percent more likely to work as cab drivers and twice as likely to find work in retail,” said Rutledge, who added that those jobs pay 6 to 11 percent less than jobs that typically employ younger workers. ²

In her 2017 book, *Nomadland: Surviving America in the Twenty-First Century*, journalist Jessica Bruder described older Americans sleeping in RVs parked in Walmart parking lots as they traveled from one minimum wage job to another in search of temporary work.

“Aging isn’t what it used to be,” Bruder wrote in an article that became the basis for her book. “In an era of disappearing pensions, wage stagnation, and widespread foreclosures, Americans are working longer and leaning more heavily than ever on Social Security, a program designed to supplement (rather than fully fund) retirement.” ³

Renee Lee Rosenberg, a career-transition specialist in New York City, says many of her clients must adjust to a “new normal” of a much poorer lifestyle. “Sharing homes with others in order to pay the rent is a big thing now,” she says.

Forty percent of middle-class Americans are at risk of falling into poverty or near poverty by the time they turn 65, according to a study by the Schwartz Center for Economic Policy Analysis, a think tank at the New School for Social Research in New York. ⁴

“Lost income in the decade leading to retirement can cut into future Social Security earnings by reducing the credits used to calculate a worker’s benefits,” said Mark Miller, who writes a retirement column for Reuters. “It also can force workers to file for benefits early, sharply reducing lifetime benefits.” ⁵

Economists say an alarming number of middle-aged males have gone “missing” from the workforce.

“There is a concern that the labor force participation rate for middle-aged men has declined and stayed low, even with the economic recovery,” says Monique Morrissey of the Economic Policy Institute, a liberal think tank in Washington. “It used to be that virtually all nondisabled men in middle age or late middle age were employed.”

The decline in labor force participation, economists say, has added to growing economic fragility among middle-aged Americans, often with dire consequences.

In a 2015 study, Princeton University economists Angus Deaton and Anne Case pointed to what they called “deaths of despair” — a rise in the mortality rate between 1999 and 2013 among middle-aged white non-Hispanic men and women, due largely to drug and alcohol poisonings, suicide and chronic liver diseases and cirrhosis.

“This change reversed decades of progress in mortality and was unique to the United States,” they wrote, adding that “no other rich country saw a similar turnaround.”

While all education groups experienced higher mortality from suicide, poisonings and external causes, “those with less education saw the most marked increases,” they said. ⁶

In an interview with NPR, Case said the deaths were “accompanied by reduced labor force participation, reduced marriage rates, increases in reports of poor health, of poor mental health.”

Deaton told NPR that “many, many more men are finding themselves in a much more hostile labor market with lower wages and lower quality jobs.” ⁷

Some economists have challenged the link between rising drug-related mortality rates and economic conditions. A study by Christopher J. Ruhm, a University of Virginia professor of public policy and economics, said that while “counties experiencing relative economic decline did experience higher growth in drug mortality than those with more robust growth, . . . the relationship is weak and mostly explained by confounding factors.” Ruhm added that “the ‘deaths of despair’ framing, while provocative, is unlikely to explain the main sources of the fatal drug epidemic.” ⁸

Still, many middle-aged and poor people have been hit hard by prescription drug misuse or abuse. The Centers for Disease Control and Prevention found that women ages 25 to 54 are most likely to seek emergency room help because of prescription painkiller misuse or abuse. Women ages 45 to 54 have the highest death risk from a prescription painkiller overdose.” ⁹

A study by Robin Ghertner and Lincoln Groves, researchers with the U.S. Department of Health and Human Services, found that the opioid crisis is hitting the poor especially hard.

“Lower-income individuals, including those on Medicaid and the uninsured, are [2.1 percentage points] more likely to misuse opioids and have opioid use disorder than the general U.S. population,” they said.¹⁰

— Kay Nolan

¹ “Poverty rate in the United States in 2017, by age and gender,” Statista, <https://tinyurl.com/y7qynbr2>; “A Profile of the Working Poor, 2000,” Table 2, Bureau of Labor Statistics, March 2002, <https://tinyurl.com/y9q7lemu>.

² Quoc Trung Bui, “More Older People Are Finding Work, but What Kind?” *The New York Times*, Aug. 18, 2016, <https://tinyurl.com/yczat7mv>.

³ Jessica Bruder, “The End of Retirement,” *Harper’s Magazine*, August 2014, <https://tinyurl.com/ycgnrhu4>.

⁴ Teresa Ghilarducci, Michael Papadopoulos and Anthony Webb, “40% of Older Workers and Their Spouses Will Experience Downward Mobility in Retirement,” Schwartz Center for Economic Policy Analysis and Department of Economics, the New School for Social Research, Policy Note Series, 2018, <https://tinyurl.com/y8afjl5j>.

⁵ Mark Miller, “Age Discrimination and Lost Income Are Hurting Older Workers,” *Money*, Sept. 8, 2016, <https://tinyurl.com/js7ntrm>.

⁶ Anne Case and Angus Deaton, “Rising morbidity and mortality in midlife among white non-Hispanic Americans in the 21st century,” Woodrow Wilson School of Public and International Affairs and Department of Economics, Princeton University, Sept. 17, 2015, <https://tinyurl.com/y8madcww>.

⁷ “The Forces Driving Middle-Aged White People’s ‘Deaths of Despair,’ ” NPR, March 23, 2017, <https://tinyurl.com/yaxfzjou>.

⁸ Christopher J. Ruhm, “Deaths of Despair or Drug Problems?” National Bureau of Economic Research, NBER Working Paper No. 24188, January 2018, <https://tinyurl.com/yakdcj8f>.

⁹ “Vital Signs: Overdoses of Prescription Opioid Pain Relievers and Other Drugs Among Women — United States, 1999-2010,” *Morbidity and Mortality Weekly Report*, Centers for Disease Control and Prevention, July 5, 2013, <https://tinyurl.com/ybwofmk5>.

¹⁰ Robin Ghertner and Lincoln Groves, “The Opioid Crisis and Economic Opportunity: Geographic and Economic Trends,” ASPE Research Brief, U.S. Department of Health and Human Services, Sept. 11, 2018, <https://tinyurl.com/y8kg995u>.

Chronology

1800s-1930s Poverty grows amid the Industrial Revolution and rising immigration.

1840s

Immigration surge adds to urban poverty.

1870s

As many as 30,000 children are homeless in New York City.

1890

Economic depression deepens U.S. poverty.

1904

Social worker Robert Hunter develops the nation's first poverty definition: income of less than \$460 a year for a family of five in the North and \$400 in the South.

1929

The biggest stock market crash in U.S. history marks the start of the Great Depression. Unemployment reaches 25 percent by 1935 as poverty spreads.

1932

Democrat Franklin D. Roosevelt is elected president and promises a "New Deal" to reduce poverty and expand economic opportunity.

1935

As part of the New Deal, the Social Security Act requires employers and workers to contribute a combined 2 percent of earnings to a fund, to be distributed to most retirees; agricultural and domestic workers are excluded. The act also establishes the Aid for Dependent Children (ADC) program, focusing on widows. Both programs seek to lower the poverty rate.

1950s-1980s Government expands welfare programs as part of a War on Poverty.

1950s

Economy booms after World War II, but poverty persists, especially in the South.

1964

With the poverty rate at 19 percent, Democratic President Lyndon Johnson declares a “war on poverty.” . . . The food stamp program becomes permanent.

1965

Congress creates Medicare and Medicaid insurance programs for those 65 or older and for the poor and those with disabilities. . . . A government economist develops an official poverty threshold of \$3,223 for a family of four. It is used to determine who is eligible for means-tested benefits such as food stamps.

1970s

“Stagflation” — rapid inflation during a recession — leads to massive job losses.

1972

Congress creates the Supplemental Security Income (SSI) program for the elderly and those who have disabilities.

1975

Congress establishes the Earned Income Tax Credit (EITC), a refundable tax credit for low- to moderate-income filers.

1981

Congress cuts welfare benefits for the working poor and allows states to impose work mandates on those receiving aid.

1983

As automation increases and more and more manufacturing jobs move overseas, the poverty rate reaches 15.2 percent, up from 11.2 percent in 1974.

1990s-Present

Welfare overhaul continues.

1996

The Personal Responsibility and Work Opportunity Reconciliation Act, passed by a Republican-controlled Congress and signed by Democratic President Bill Clinton, abolishes cash welfare and sets work requirements and time limits for able-bodied adults.

2007

The worst financial crisis since the Great Depression begins. Unemployment jumps to 10 percent and the poverty rate to 15 percent by 2010. It is at 14.8 percent in 2014.

2009

The American Recovery and Reinvestment Act extends unemployment compensation time limits and gives Americans onetime stimulus payments.

2014

The Affordable Care Act (ACA) allows Americans to buy health insurance on government-regulated exchanges and receive subsidies based on their income. . . . The Obama administration urges states to expand Medicaid to residents within 138 percent of the poverty level.

2017

As the economic recovery continues, the poverty rate falls to 12.3 percent but severe poverty worsens.

2018

President Trump issues executive order allowing states to introduce new work requirements for aid programs, including subsidized housing and Medicaid. (April) . . . President's Council of Economic Advisers defends work mandates, says War on Poverty is over. (July) . . . Congress approves a bill dropping new work requirements for food stamp recipients. (December) . . . A federal judge in Texas strikes down the ACA as unconstitutional, but the law remains in effect for now. (December)

2019

A federal government shutdown threatens food stamp funding.

For More Information

Feeding America, 35 S. Wacker St., Chicago, IL 60601; 800-771-2303; www.feedingamerica.org. Nationwide network of food banks and meal programs that is a source for poverty research.

National Low Income Housing Coalition, 1000 Vermont Ave., N.W., Washington, DC 20005; 202-662-1530; nlihc.org. Research and advocacy organization that focuses on affordable housing for low-income Americans.

Pew Research Center, 1615 L St., N.W., Suite 800, Washington, DC 20036; 202-419-4300; www.pewresearch.org/. Nonpartisan think tank that conducts public opinion polling, demographic research and other data-driven research on poverty.

PovertyUSA, 3211 Fourth St., N.E., Washington, DC 20017; 202-541-3000; povertyusa.org. Roman Catholic group that provides poverty data, maps, facts and teaching resources; it also lobbies lawmakers on poverty-related policies and helps fund anti-poverty programs.

U.S. Centers for Medicare and Medicaid Services, 7500 Security Blvd., Baltimore, MD 21244; 800-633-4227; www.cms.gov. Federal agency that works in partnership with state governments to administer Medicare, Medicaid and the Children's Health Insurance Program (CHIP).

U.S. Department of Housing and Urban Development (HUD), 451 7th St., S.W., Washington, DC 20410; 202-708-1112; <https://www.hud.gov/>. Federal department that partners with local public housing authorities to administer public housing, rental assistance, energy programs and public policy.

U.S. Food and Nutrition Service, 3101 Park Center Drive, Alexandria, VA 22302; 703-305-2062; www.fns.usda.gov. Federal agency within the Department of Agriculture that partners with state governments to administer the Supplemental Nutrition Assistance Program (SNAP), disaster assistance programs, the Women, Infants and Child (WIC) nutrition program and more.

About the Author



Kay Nolan is a reporter and editor based in Milwaukee, Wis., where she has covered government, public policy, education, business, health care and breaking news as a correspondent for *The New York Times*, *The Christian Science Monitor*, *The Washington Post*, *WisPolitics* and *WisBusiness*. She is a former reporter and multiplatform copy editor for the *Milwaukee Journal Sentinel*.