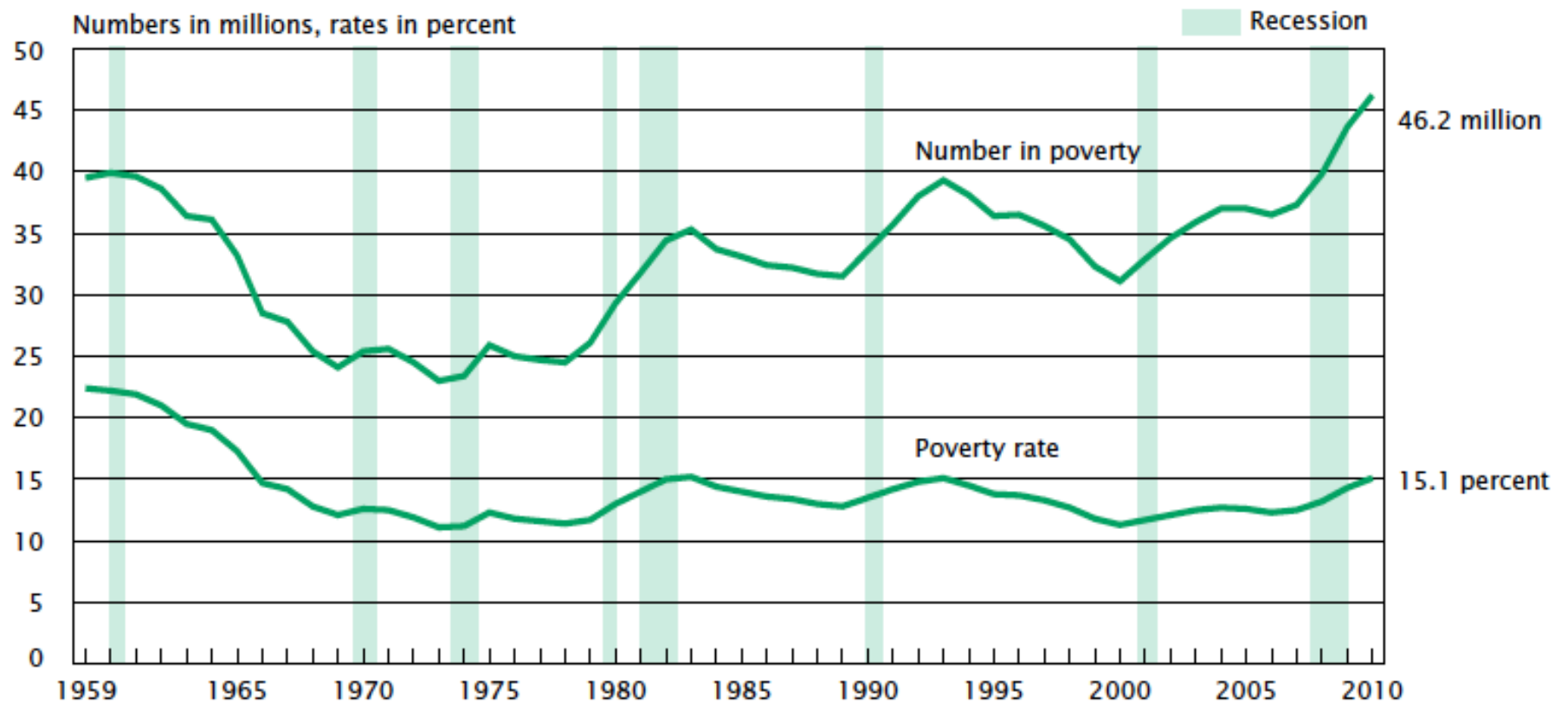


Poverty, Inequality, and Discrimination

Wen-Jui Han
New York University



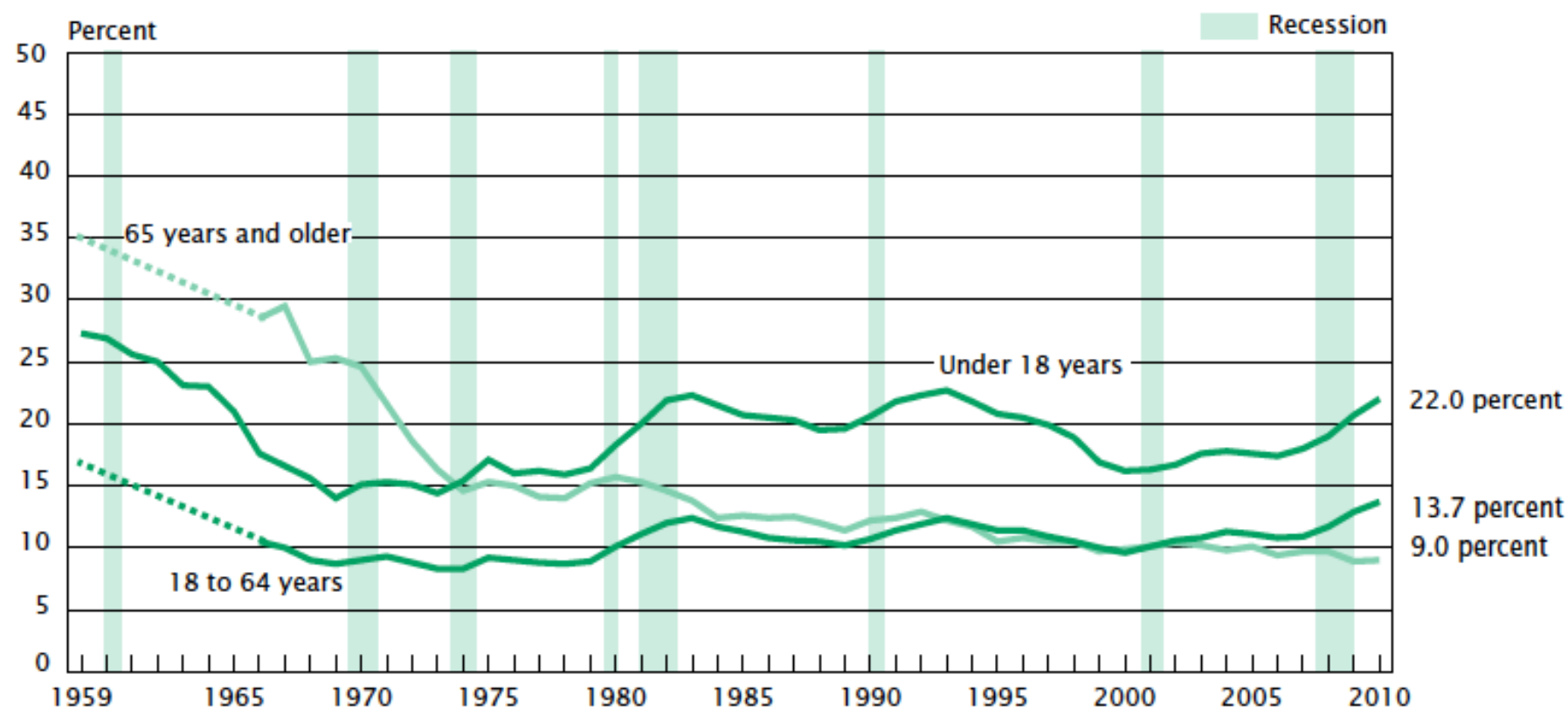
Figure 4.
Number in Poverty and Poverty Rate: 1959 to 2010



Note: The data points are placed at the midpoints of the respective years. For information on recessions, see Appendix A.

Source: U.S. Census Bureau, Current Population Survey, 1960 to 2011 Annual Social and Economic Supplements.

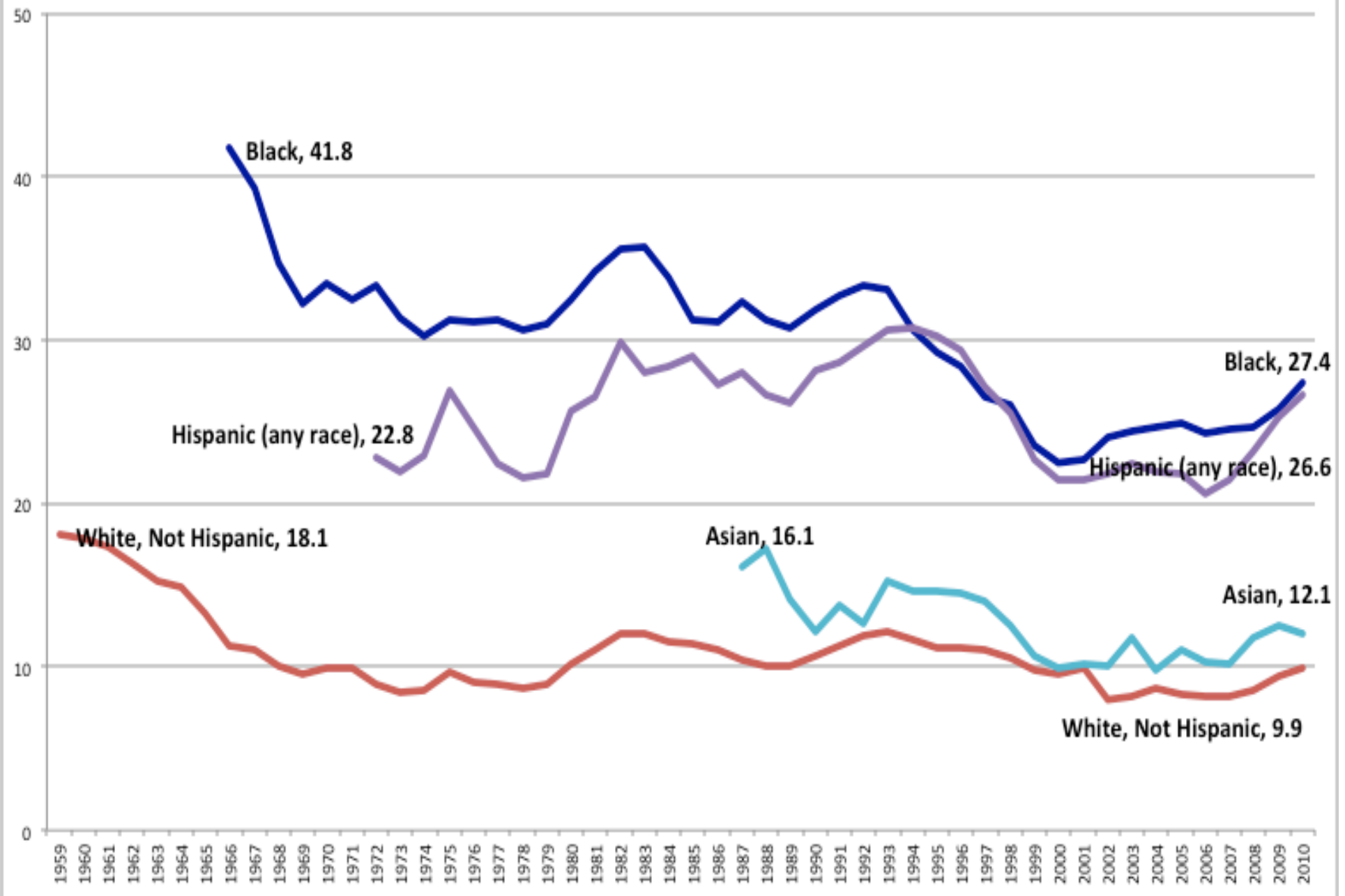
Figure 5.
Poverty Rates by Age: 1959 to 2010



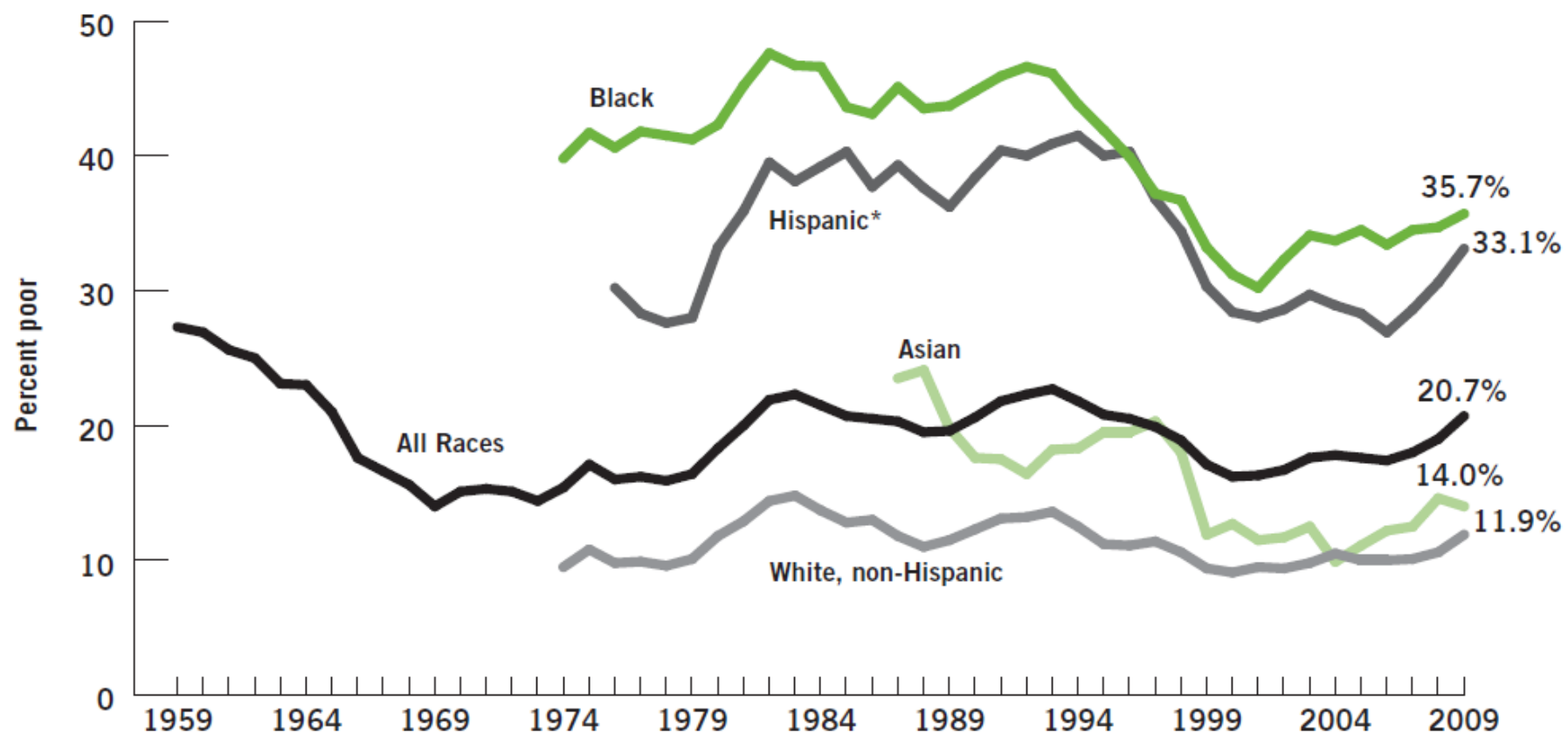
Note: The data points are placed at the midpoints of the respective years. For information on recessions, see Appendix A.
 Data for people aged 18 to 64 and 65 and older are not available from 1960 to 1965.

Source: U.S. Census Bureau, Current Population Survey, 1960 to 2011 Annual Social and Economic Supplements.

Poverty Rate by Race and Hispanic Origin: 1959-2010



Trends in Child Poverty Rates, by Race/Ethnicity, 1959-2009

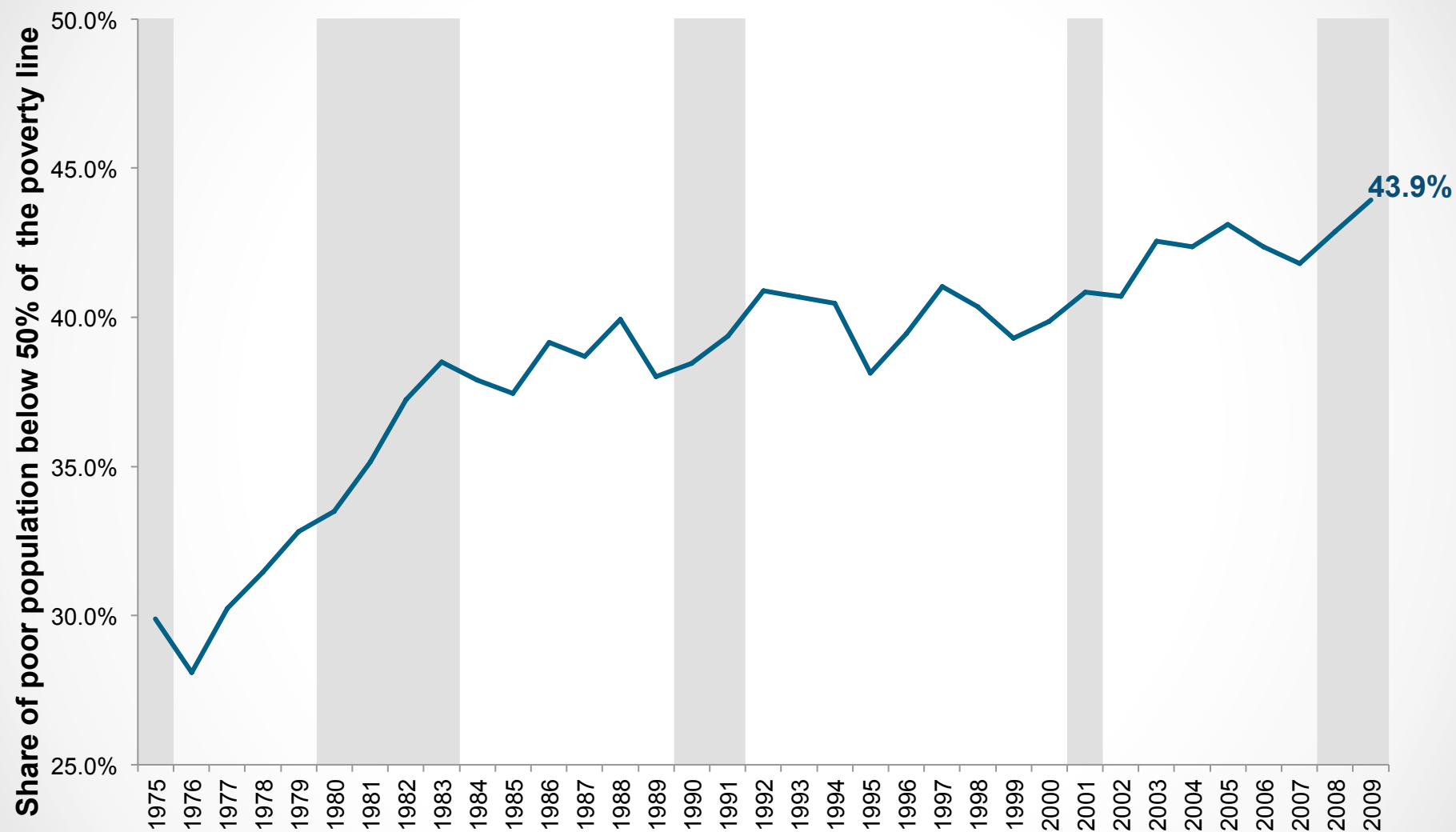


* Persons of Hispanic origin can be of any race.

Source: U.S. Department of Commerce, Bureau of the Census, 2010 Current Population Survey, Annual Social and Economic Supplements, Table 3, available at <http://www.census.gov/hhes/www/poverty/data/historical/people.html>.

Growing share in deep poverty

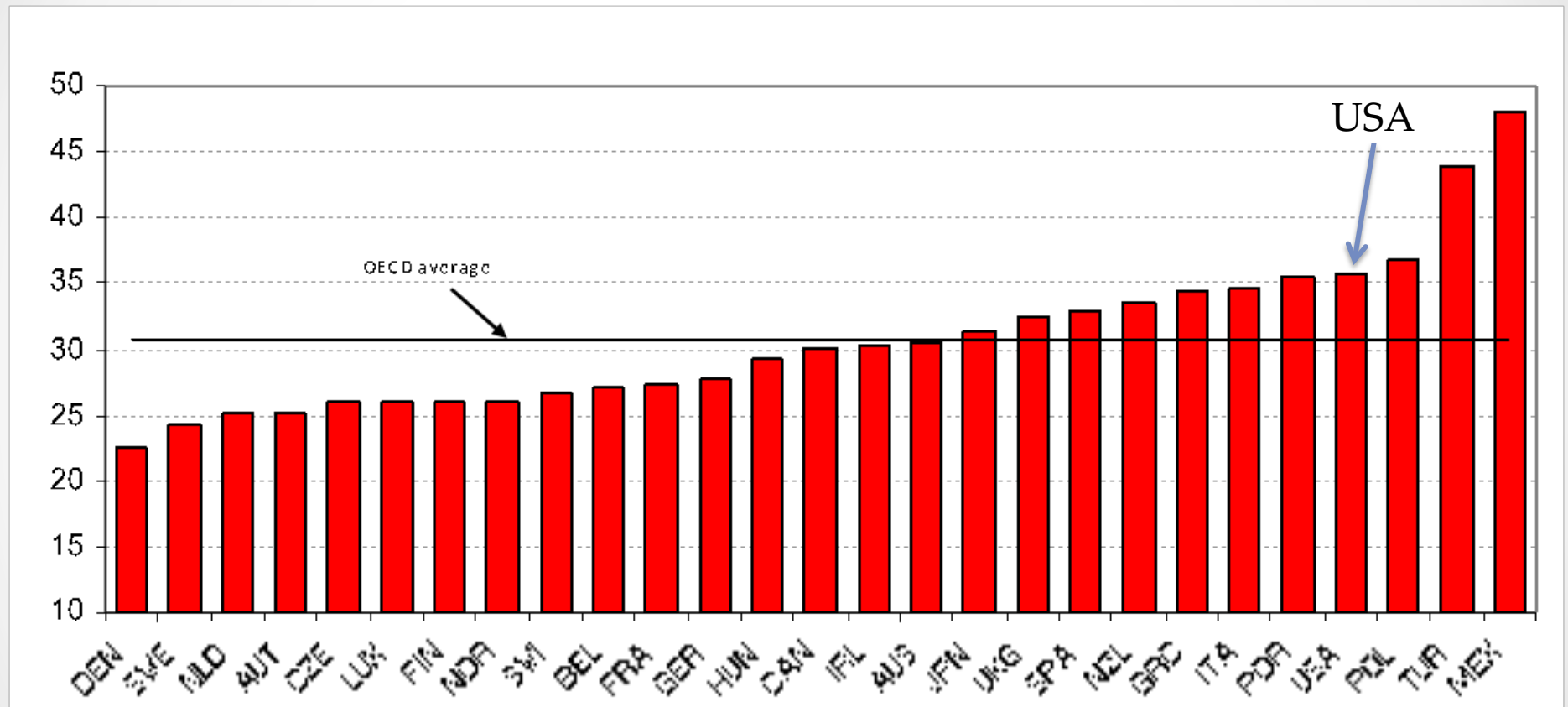
Share of poor below half the poverty line, 1975-2009



Note: Shaded areas denote recession.

Source: EPI analysis of U.S. Census Bureau, Historical Poverty Tables.

Gini Coefficients in 27 OECD Countries

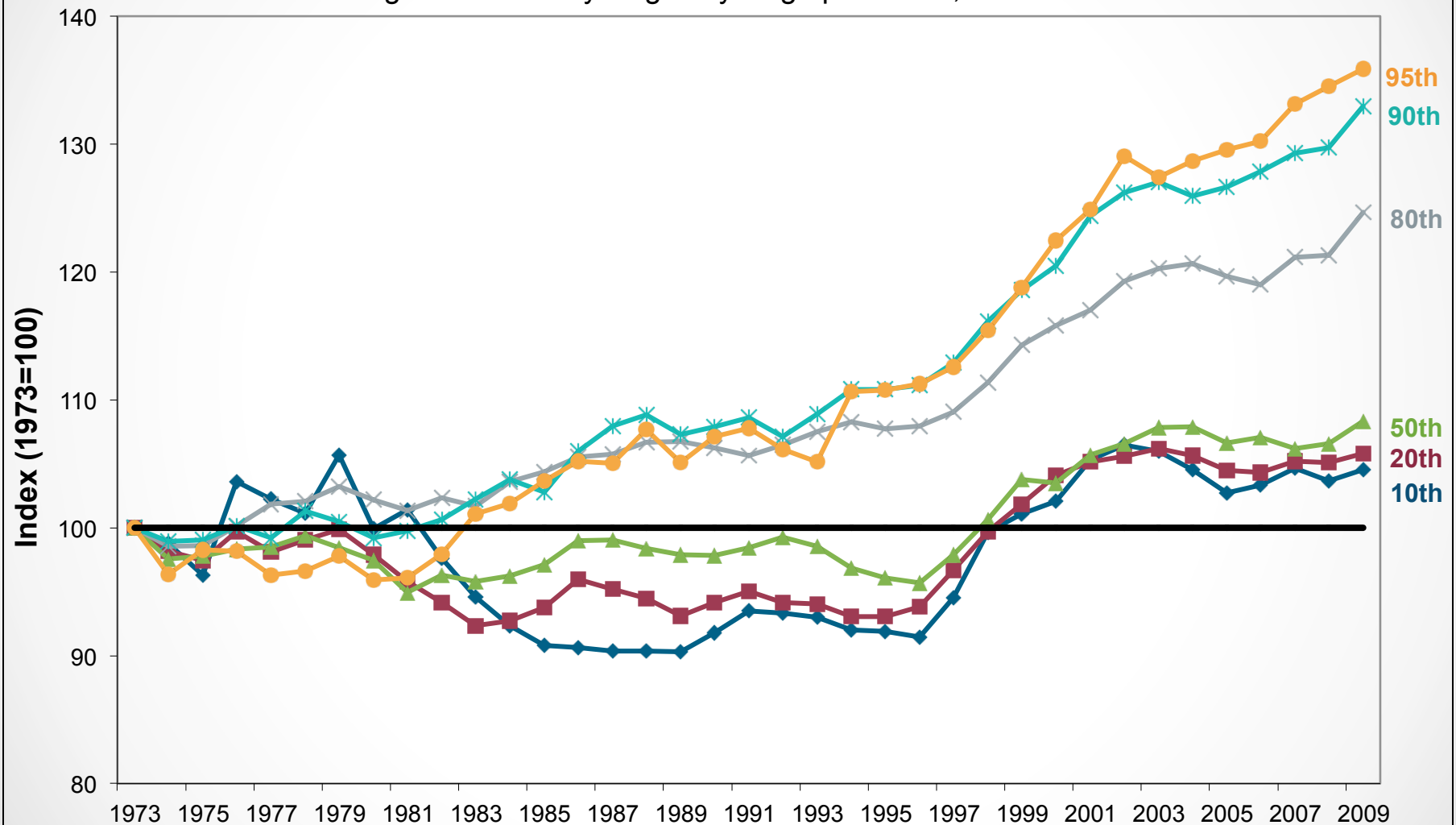


Note: The income concept used is that of disposable household income, adjusted for household size ($e=0.5$). Gini coefficients multiplied by 100. "Most recent year" refers to the year 2000 in all countries except 1999 for Australia, Austria and Greece; 2001 for Germany, Luxembourg, New Zealand and Switzerland; and 2002 for the Czech Republic, Mexico and Turkey; In the case of Belgium and Spain (countries shaded in the figure), the data refer to 1995.

Source: Calculations from OECD questionnaire on distribution of household incomes.

But highly-skilled workers experienced even more wage growth

Wages at the high end are growing faster
Change in real hourly wages by wage percentile, 1973-2009

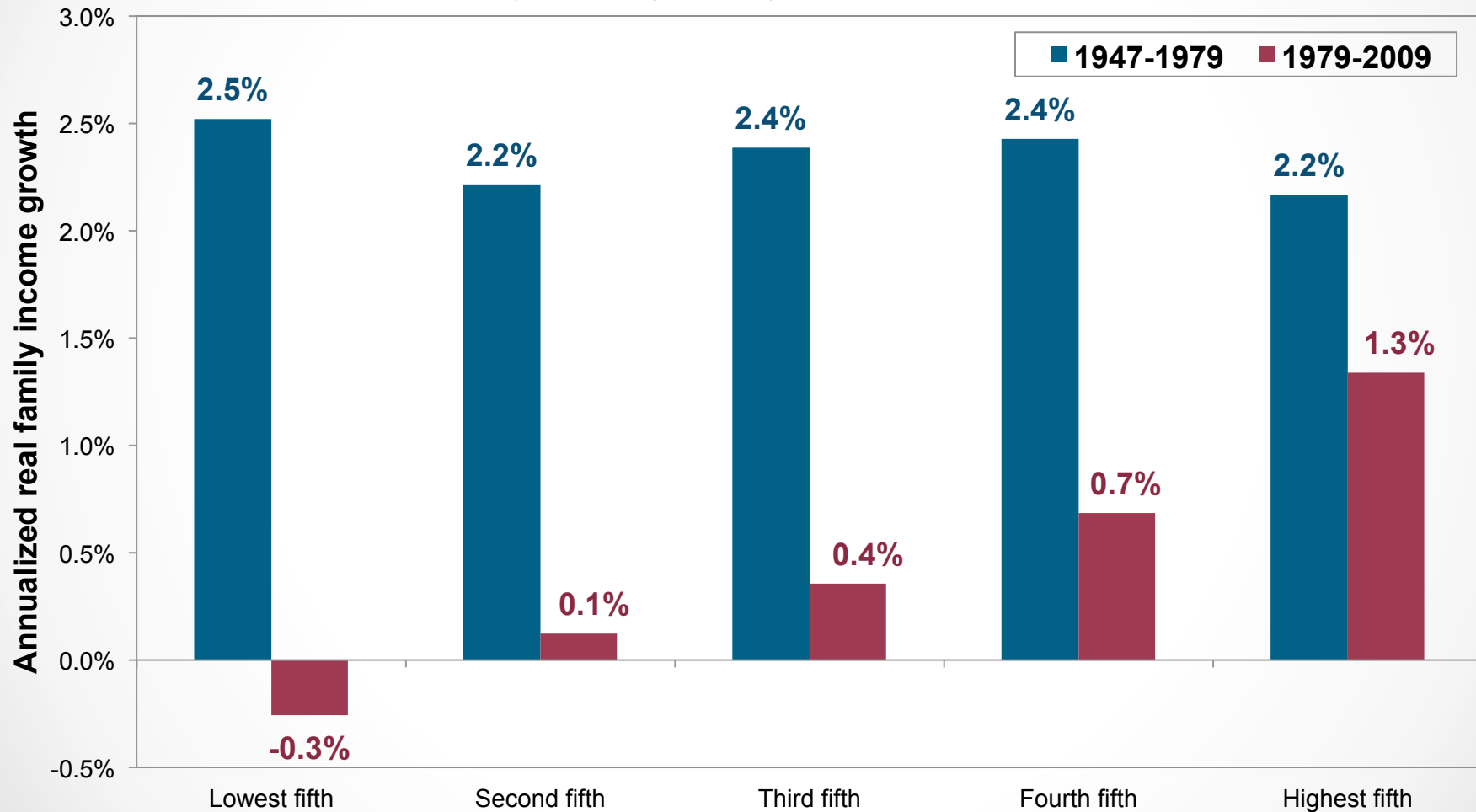


Source: EPI analysis of U.S. Census Bureau, Current Population Survey, Outgoing rotations group.

Economic Recovery and Income Growth

Family income growth in two eras

Real annual family income growth by quintile, 1947-79 and 1979-2009



Source: EPI analysis of U.S. Census Bureau data.

Cash and In-Kind Benefits 2005

	# of Recipients <u>(millions)</u>	Average Benefit per <u>recipient (\$/mo.)</u>	Total Annual Cost <u>(\$Billions)</u>
<u>Cash Assistance</u>			
SSI	7.2	452	37
TANF	4.4	150	10
EITC	21.1	154	39
General Assistance	1.4	190	3
		Cash Subtotal	89
<u>In-Kind Assistance</u>			
Food Stamps	27	94	38
Medicaid	55	386	258
Housing Assistance	11	183	23
School Lunch	30	30	7
WIC	8	37	5
		In-Kind subtotal	<u>331</u>
		<i>Total "welfare" Costs</i>	420

Source: Schiller (2008)

Social Insurance Benefits 2005

	Total Benefits Paid <u>(\$Billions)</u>
Social Security	
OASI	415
DI	78
Medicare	
Hospital Insurance	168
Supplemental Medical Insurance	135
Unemployment Insurance	35
Workers' Compensation	58
Veterans' Benefits	57
Total	946

Source: Schiller (2008)

Great Recession – What Does That Mean?

- 13.3 million children living in poverty in 2007; 16 million in 2010 (22% of the children under age 18).
- It takes several years post-recession for families to rebound, it takes even longer for low-income families.
- Long-term and persistent poverty hurts children deeply, but temporary spells of poverty too.
- Public benefits and government-sponsored programs play pivotal role in blunting the negative impacts of a recession.
 - Health
 - Food Insecurity
 - Housing Stability
 - Child Maltreatment

**The effects of work supports on family resources and expenses, assuming full receipt:
Single mother of two with full-time employment at \$8 an hour, Chicago**

	Employment alone (no work support)	Employment <i>plus:</i> EITCs	Employment <i>plus:</i> EITCs food stamps public health insurance	Employment <i>plus:</i> EITCs food stamps public health insurance child care subsidy	Employment <i>plus:</i> EITCs food stamps public health insurance child care subsidy housing voucher
Annual resources					
<i>Earnings</i>	\$16,640	\$16,640	\$16,640	\$16,640	\$16,640
<i>Federal EITC</i>	0	4,158	4,158	4,158	4,158
<i>State EITC</i>	0	208	208	208	208
<i>Food stamps</i>	0	0	3,977	3,005	2,355
Total resources	\$16,640	\$21,006	\$24,983	\$24,011	\$23,361
Annual expenses					
<i>Rent and utilities*</i>	\$10,812	\$10,812	\$10,812	\$10,812	\$4,415
<i>Food</i>	5,302	5,302	5,302	5,302	5,302
<i>Child care*</i>	9,924	9,924	9,924	962	962
<i>Health insurance*</i>	2,212	2,212	0	0	0
<i>Transportation</i>	900	900	900	900	900
<i>Other necessities</i>	4,351	4,351	4,351	4,351	4,351
<i>Payroll and income taxes</i>	791	791	791	791	791
Total expenses	\$34,292	\$34,292	\$32,080	\$23,118	\$16,721
Net resources					
<i>(Resources minus expenses)</i>	\$-17,652	\$-13,286	\$-7,097	\$893	\$6,640

* This chart shows income and expenses from the perspective of the family. Because health insurance, child care, and housing benefits are paid directly to the provider, families experience them as reduced expenses rather than increased income.

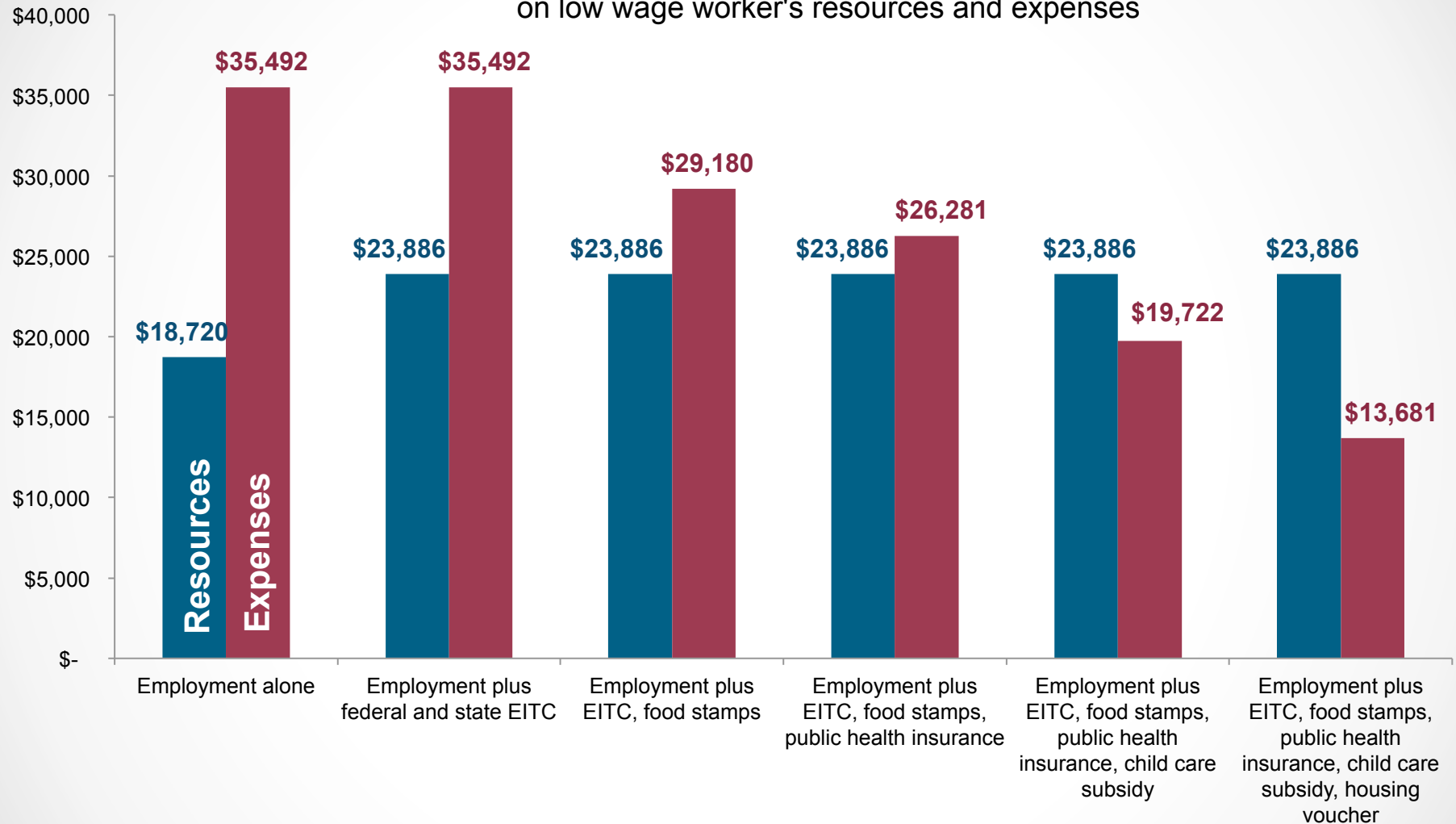
Source: Nancy Cauthen (2007).

Table 6.11 from: Mishel, Lawrence, Jared Bernstein, and Heidi Shierholz, *The State of Working America* 2008/2009. An Economic Policy Institute Book. Ithaca, N.Y.: ILR Press, an imprint of Cornell University Press, 2009.



Work supports and safety net programs help low-wage families

The effect of work support and safety net programs
on low wage worker's resources and expenses



Note: The amounts shown reflect resources and expenses of a single mother of two children, age 7 and 10, making \$9 an hour in Milwaukee, WI with full-time, full-year work.

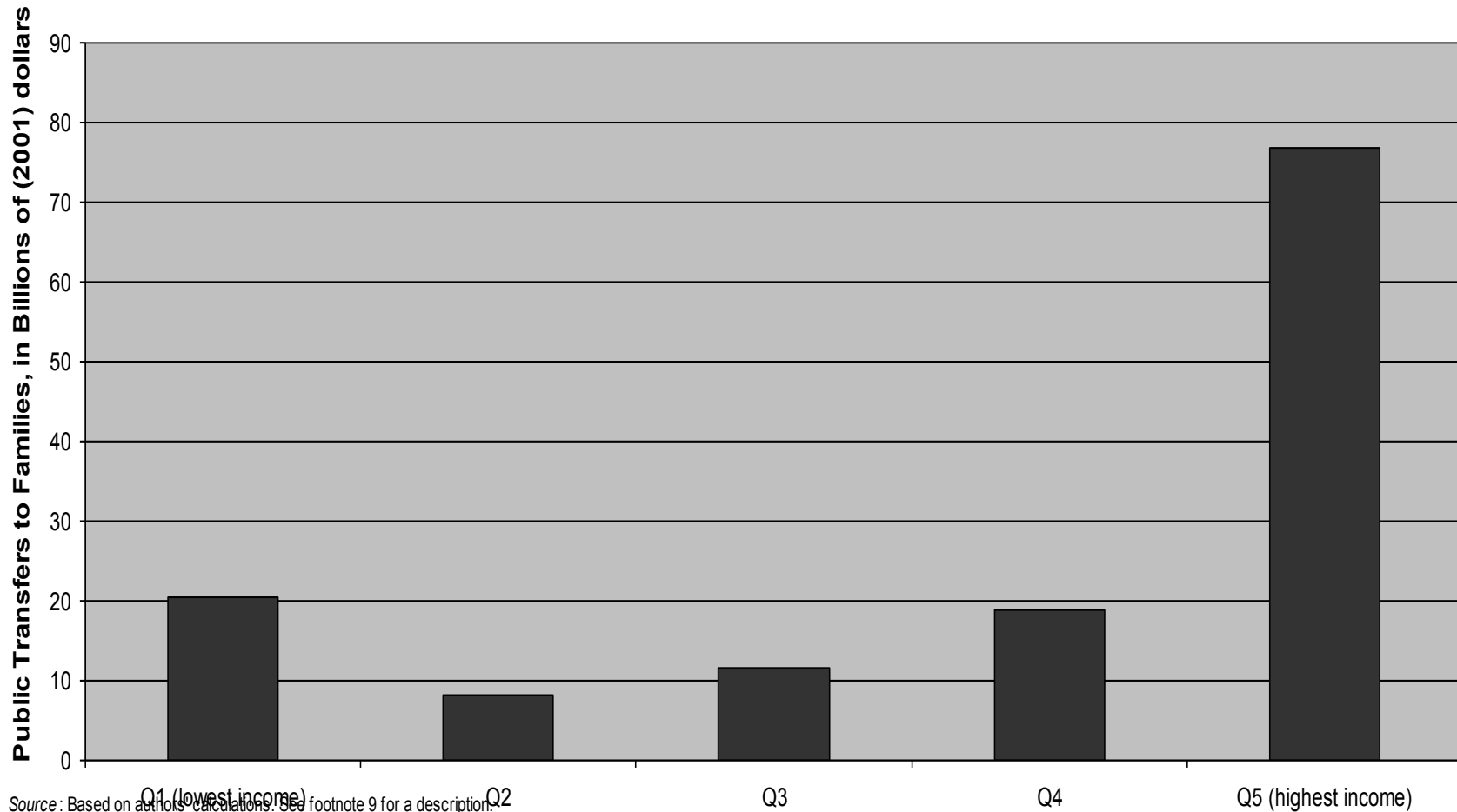
Source: EPI analysis of United States Department of Agriculture, Department of Housing and Urban Development, Department of Health and Human Services and Agency for Healthcare Research and Quality; Wisconsin Department of Revenue and Department of Children and Families; Tax Policy Center; National Association of Child Care Resource and Referral Agencies; and Economic Policy Institute Basic Family Budget Calculator.

Poverty Rates Before and After Taxes and Transfers (Mid 2000s)

Country	Before	After	Change
Sweden	26.7%	5.3%	- 80.1%
Finland	17.6%	7.3%	- 58.5%
Norway	24.0%	6.8%	- 71.7%
France	30.7%	7.1%	- 76.9%
Germany	33.6%	11.0%	- 67.3%
Netherlands	24.7%	7.7%	- 68.8%
UK	26.3%	8.3%	- 68.4%
Canada	23.1%	12.0%	- 48.0%
US	26.3%	17.1%	- 35.0%

● Poverty: Below 50% of the median income.

**Figure 3-6: Distribution of Housing Transfers to Families with Children,
by Income Quintile (FY 2001)**



Source: Garfinkel, Rainwater, & Smeeding (2010).

Trends and Implications

- Economic Changes
 - Long term trends versus cyclical changes
 - Wage Rates
 - Labor Force Participation
 - Unemployment rates
- Demographic Changes
 - Mortality & Fertility
 - Migration and Immigration
 - Urbanization
 - Living Arrangements

The impact of economic, demographic, and education changes on poverty rates

	1969-79	1979-89	1989-2000	2000-06	1969-2006
Actual change	-0.5	1.2	-1.5	1.0	0.1
Total demographic effect	0.5	-0.2	-0.6	0.0	-0.3
<i>Race</i>	0.3	0.4	0.4	0.1	1.1
<i>Education</i>	-1.5	-1.2	-1.1	-0.3	-4.1
<i>Family structure</i>	2.0	0.7	0.4	0.2	3.3
<i>Interaction</i>	-0.2	-0.1	-0.2	-0.1	-0.6
Economic change	-1.1	1.4	-0.9	1.0	0.4
<i>Growth</i>	-1.7	-1.8	-2.1	0.1	-5.6
<i>Inequality</i>	0.7	3.2	1.2	0.9	6.0

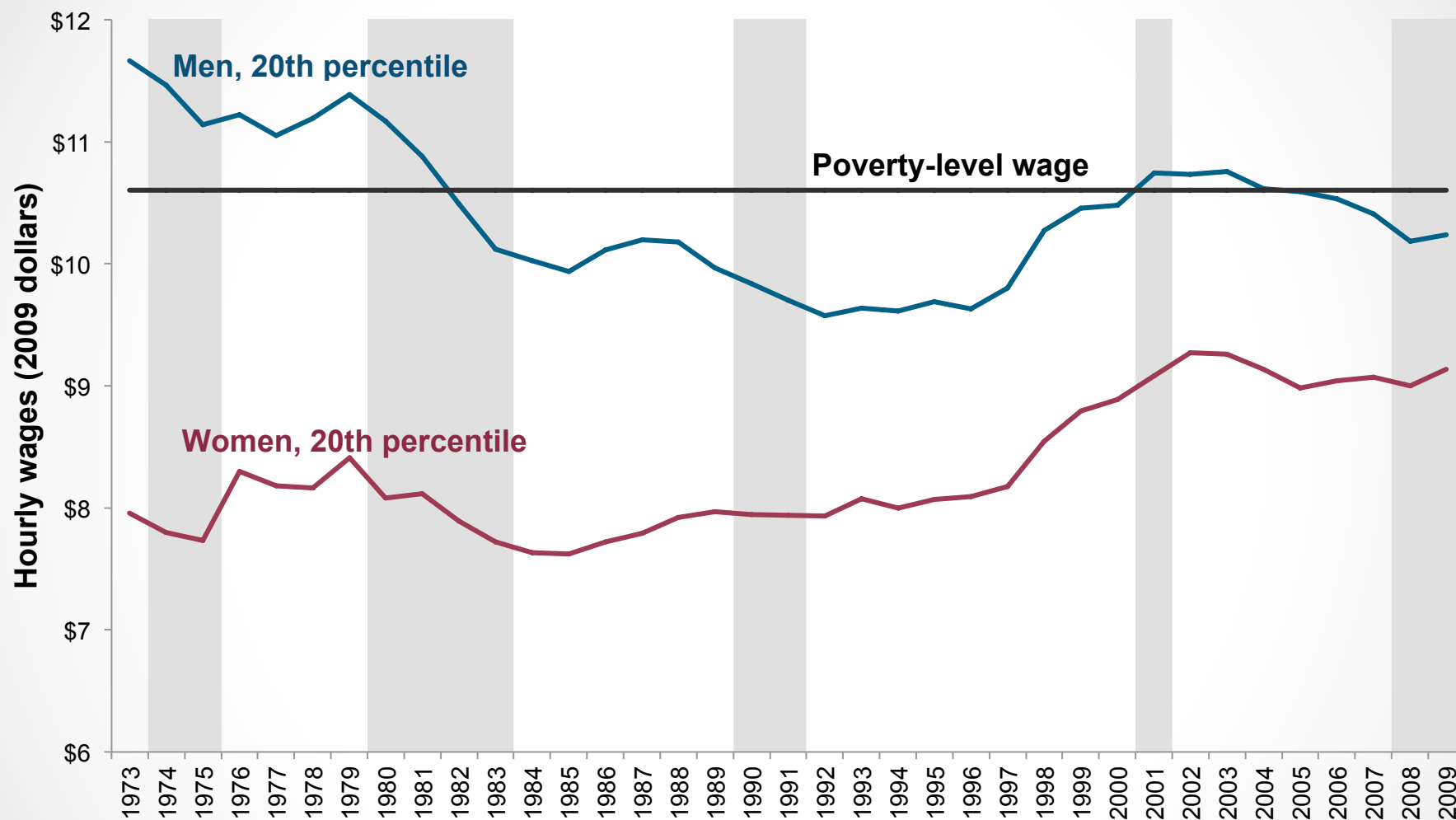
Source: Authors' analysis based on Danziger/Gottschalk (1995).

Table 6.10 from: Mishel, Lawrence, Jared Bernstein, and Heidi Shierholz, *The State of Working America* 2008/2009. An Economic Policy Institute Book. Ithaca, N.Y.: ILR Press, an imprint of Cornell University Press, 2009.



Low-wages consistently below poverty:

Real hourly wages at 20th percentile by gender, 1973 - 2009

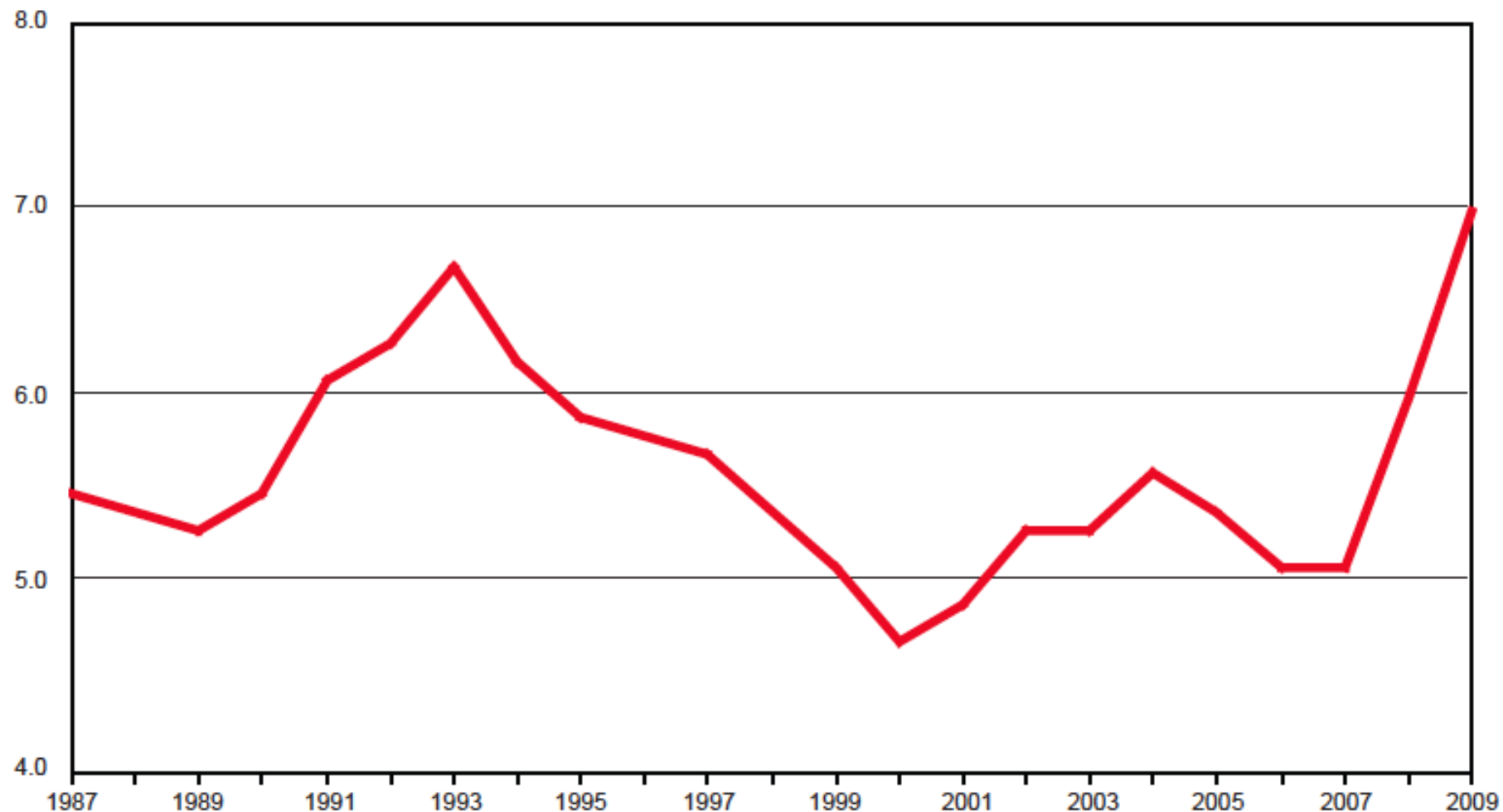


Note: Shaded areas denote recession. The poverty-wage is the wage that a full-time, full-year worker would have to earn to live above the federally defined poverty threshold for a family of four. In 2009, this was \$21,954 a year, or \$10.55 an hour.

Source: EPI analysis of U.S. Census Bureau, Historical Poverty Tables and Current Population Survey, Outgoing Rotation Group.

Chart. Working-poor rate of persons in the labor force for 27 or more weeks, 1987–2009

Percent



SOURCE: Annual Social and Economic Supplement, Current Population Survey (CPS), Bureau of Labor Statistics

Source: Bureau of Labor Statistics, “A profile of the working poor, 2009” (<http://www.bls.gov/cps/cpswp2009.pdf>)●

Income Distribution in 2008

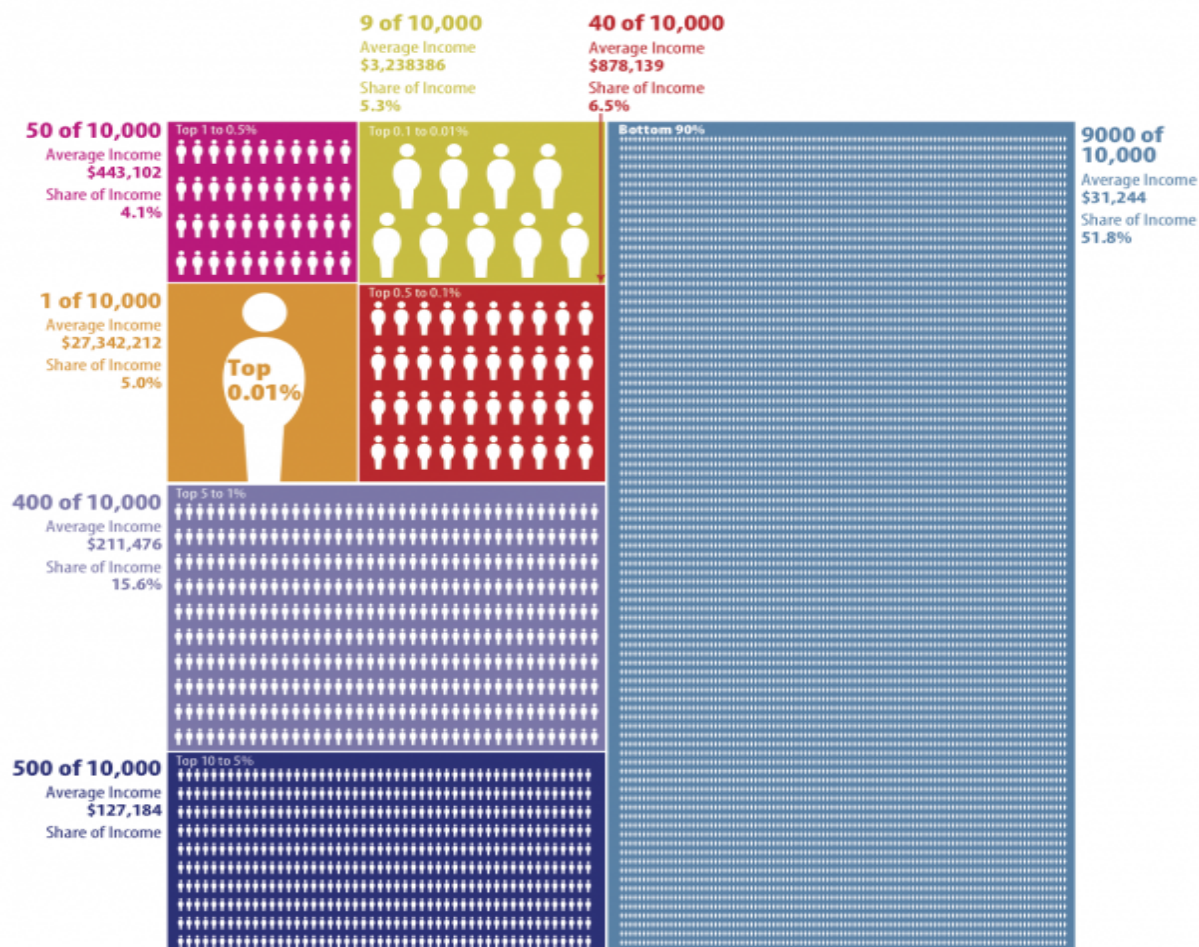
All Individual Tax Units 152,462,000
 i = Average Income \$54,315

		Income cut off	Number of tax units
Top 0.01%	1 out of 10,000	\$9,141,190	15,246
Top 0.1%	10 out of 10,000	\$1,695,136	152,462
Top 1%	100 out of 10,000	\$368,238	1,524,620
Top 10%	1,000 out of 10,000	\$109,062	15,246,200

Average Income for each income group

i = \$1,000,000

Share of Income reported to IRS = 1%



Data from Piketty, T. and Saez, E. 2007. Income and Wage Inequality in the United States 1913–2002 The World Top Incomes Database,
<http://g-mond.parisschoolofeconomics.eu/topincomes>, 6/2011

VisualizingEconomics.com

Ideal Policies

- Education policy, including early childhood care and education (e.g., Head Start, universal pre-k)
- Health care policy
- Employment policy
- “Making work pay” policies – child care, housing, food security, transportation
- Building on the principle that “targeting with universalism” – the practice of making room for the less privileged in universal programs that benefit all (e.g., British success in halving the poverty over the past 10 years)
- The Bottom-line of a good policy is about CHOICES.

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Human Development

- The purpose of development is to offer people more options. One of the options is access to income – not as an end itself but as a means to acquiring human well-being. But there are other options as well, including long life, knowledge, political freedom, personal security, community participation and guaranteed human rights. People cannot be reduced to a single dimension as economic creatures [United Nations Development Programme, UNDP, 1990, p. iii)
- Poverty should not be just about low income and consumption but also low achievement in education, health, nutrition, and other areas of human development (World Bank, 2001, p. v)

Social Welfare Policy is:

- The emphasis [...] on 'welfare' and the 'benefits of welfare' often tends to obscure the fundamental fact that for many consumers the services used are not essentially benefits or increments to welfare at all; they represent **partial compensations for disservices, for social costs and social securities which are the product of a rapidly changing industrial-urban society**. They are part of the price we pay to some people for bearing part of the costs of other people's progress; the obsolescence of skills, redundancies, premature retirements, accidents, many categories of disease and handicap, urban blight and slum clearance, smoke pollution, and a hundred-and-one other socially generated disservices. They are the socially caused diswelfares; the losses involved in aggregate welfare gains. [**Richard Titmuss, "Universalism versus Selection"**]

Disproportionality and Disparity

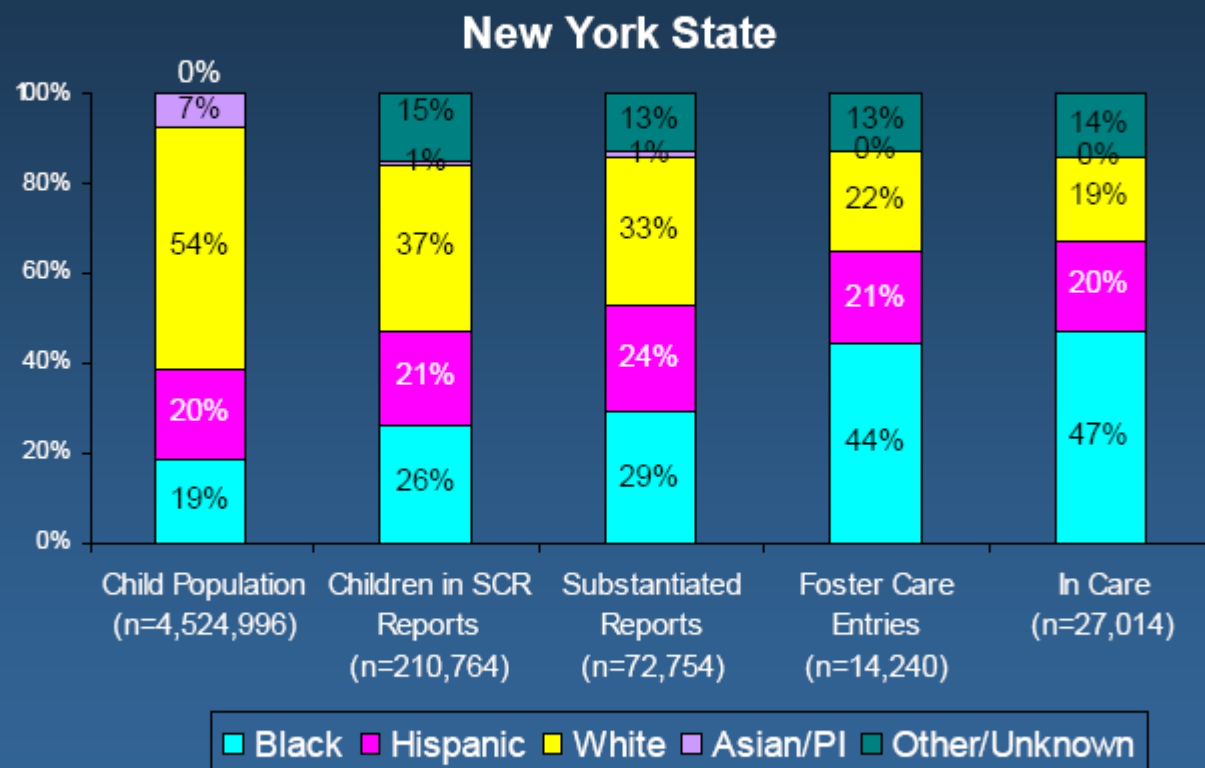
- Disproportionality

- Differences in the % of children of a certain racial or ethnic group in the country as compared to the % of the children of the same group in the child welfare system
- Black children made up 15% of the children in the US in 2004, but 36.6% of the children in the system.
- BUT, there is no racial differences in maltreatment!

- Disparity

- Unequal treatment when comparing a racial or ethnic minority to a non-minority, including decision points, treatment, services, or resources.
-

Race/Ethnicity and the Path through the Child Welfare System, 2006

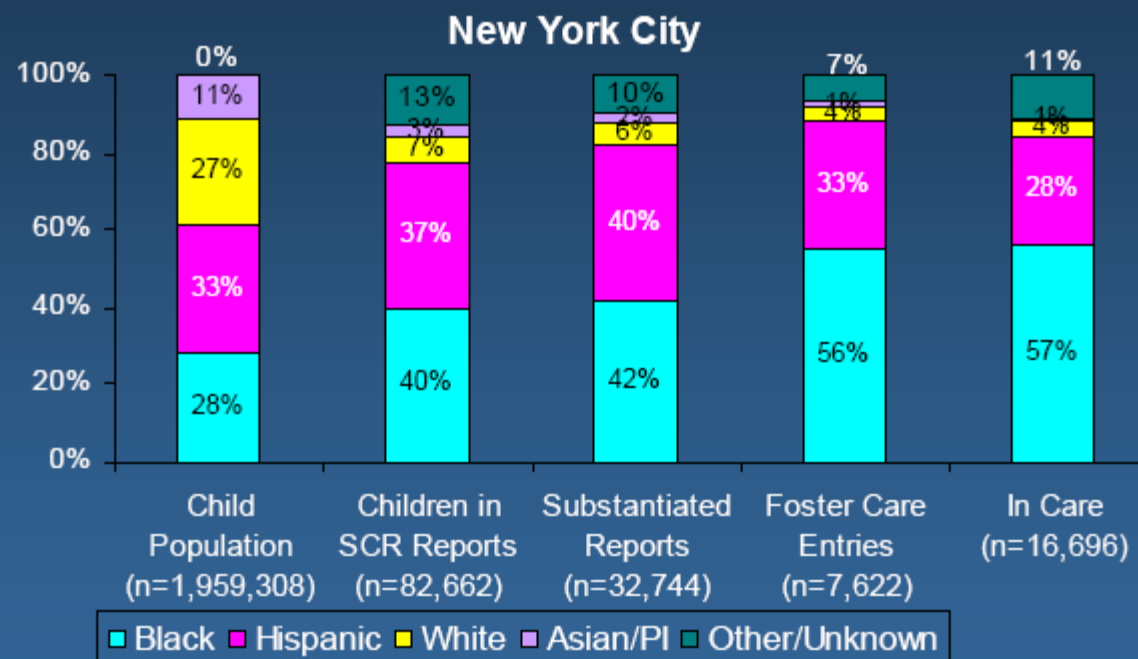


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NYS Office of Children & Family Services

Race/Ethnicity and the Path through the Child Welfare System, 2006



Few Final Thoughts

- How many of you are still teaching?
- How active are you in your school's local community?
- How many of you have your own or joined your faculty to participate in their local, national, and global research and practice endeavors?
- If those of you who have gone into the local community or gone with your faculty to do research, have you stayed in the community?
- How many of you have come away from those experience with new understanding of the social and human issues?
 - For those of you who have your own research, participate with your faculty research, or your personal experience, what is the smell, the taste, and the feel of poverty?
 - Of those of you who have not had those personal experience, what do you think it tastes like, smells like, and feels like to be poor?
 - Write two things that stand out for you