

Poverty in America: Beyond Welfare Reform

by Daniel T. Lichter and Martha L. Crowley

Poverty rates have declined sharply for many population groups.

The income gap between rich and poor has widened.

The poor often share the same values as middle-class Americans.

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Poverty in America: Beyond Welfare Reform

by *Daniel T. Lichter and Martha L. Crowley*

Throughout its history, the United States has struggled with the paradox of poverty amidst affluence. Why do so many people struggle economically in a nation blessed, by almost any international or historical standard, with abundant opportunities? Are the poor themselves to blame? Or are they victims of unequal educational opportunities, racism and sexism, or an economic system that favors the rich over the poor? As a rich society, how can we help poor families without fostering economic dependency, unwed childbearing, or other unintended consequences that may perpetuate rather than end poverty? How do we redress persistent racial or ethnic inequality without affecting the opportunities of others? How do we help poor children without rewarding decisions of parents that may have led to their children's disadvantaged circumstances?

The paradoxes of American poverty are not new. What is new is the intensity of public policy attention directed at America's poor population. More attention is being paid now than at any time since the War on Poverty of the 1960s. One major reason for the increased attention is America's latest overhaul of the welfare system. The 1996 Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) ended "welfare as we know it." One major target of reform was the Aid to Families with Depen-

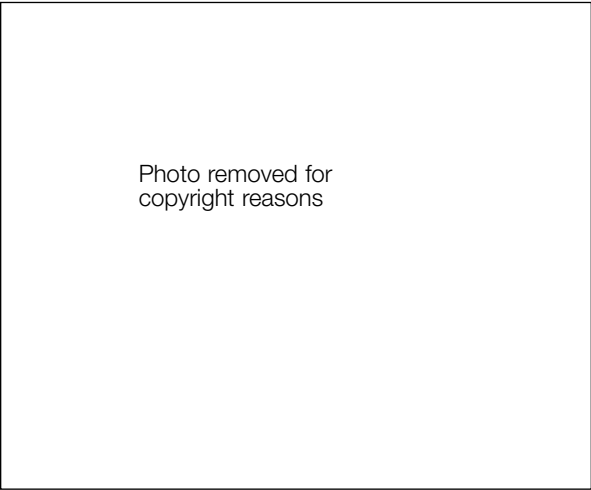


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The 1996 welfare reform bill aimed to get poor single mothers off welfare and into jobs.

dent Children (AFDC) program, which provided cash payments to very low-income families with children. The legislation sought to end AFDC and other government assistance by promoting self-sufficiency and personal responsibility through "work first" programs (see Box 1, page 4). PRWORA set strict time limits on cash assistance, imposed work requirements, and encouraged marriage and two-parent families as a context for having and raising children. Welfare reform legislation has also challenged us to re-examine the circumstances of America's least advantaged residents. The reforms did not set out to reduce poverty.

Box 1

Key Provisions of the 1996 Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA)

- Establishes Temporary Assistance for Needy Families (TANF). TANF replaces former entitlement programs (such as Aid to Families with Dependent Children) with federal block grants; devolves responsibility for welfare programs from federal to state government; and uses time limits and work requirements to emphasize the move from welfare to work.
- Tightens eligibility standards for Supplemental Security Income (SSI) child disability benefits.
- Requires states to enforce strong child support programs for collecting child support payments from absent fathers.
- Restricts eligibility for welfare and other public benefits for recent immigrants. PRWORA denies illegal aliens most benefits, except emergency medical services. It also allows states to provide federal cash assistance to legal aliens already in the country and to use state funds for cash assistance to aliens not eligible for federal funds.
- Provides resources for foster care data systems and a federal child welfare custody study.
- Establishes a block grant to allow states to provide child care for working parents.
- Alters eligibility criteria and benefits for child nutrition programs.
- Tightens national standards for food stamps and other benefits. It reduces benefit levels and denies most benefits to childless able-bodied adults unless the person is working or in training.
- Limits eligibility for TANF receipt. It sets a five-year time limit for TANF and bars people convicted of drug-related crimes from TANF for life.

Source: Adapted from Leslie A. Whitener, Bruce A. Weber, and Greg J. Duncan, "Reforming Welfare: Implications for Rural America," *Rural America* 16, no. 3 (2001): 2-10.

Welfare reform has been a big success, at least as measured by the reduction in welfare caseloads. The number of families receiving welfare declined by more than 50 percent between 1994 and 2000, and the percentage of families receiving cash assistance is lower than it has been since 1960. In 2000, only 2.1 percent of the U.S. population received cash assistance (through the Temporary Assistance for Needy Families [TANF] program).¹ Such success, which was helped by a booming economy, silenced many early critics of welfare reform. Happily, welfare caseload declines have occurred alongside reductions in poverty, even among female-headed families with children. Most of the early predictions that poverty and hardship would increase among the most vulnerable segments

of the population have not occurred, at least not yet. The welfare reform bill is up for reauthorization in late 2002, and many poverty and welfare rights advocates argue that PRWORA's emphasis on reducing caseloads should be balanced by placing a higher priority on reducing poverty.

Indeed, welfare reform comes with an obligation to refocus our attention on those left behind, those remaining at the economic margins of American society. Who are they? Why are they still poor? Why does it matter? What can we do about it? This *Population Bulletin* evaluates whether America's poor are different today: Are they better or worse off than in the past? And it examines whether persistent stereotypes and negative images of poor people match the current reality. Has

welfare reform led America's poor to adopt a new or different set of values and standards of behavior? Or does poverty, especially during childhood, transmit socioeconomic disadvantages that carry over from one generation to the next?

America's Poor

In 2000, 11.3 percent of the U.S. population was officially poor, according to the poverty income guidelines provided by the U.S. Office of Management and Budget. This is the lowest poverty rate since the late 1970s (see Figure 1). Moreover, only 4.4 percent of the U.S. population was deeply impoverished, defined as having a family income below one-half of the official poverty threshold. There is little evidence that the poor have been getting poorer since PRWORA was signed into law. In fact, the average income (in 2000 dollars) of families in the bottom 20 percent of the U.S. income distribution rose from \$12,625 in 1990 to \$14,232 in 2000. Rising real incomes, even among the poor, reinforced the national euphoria over the expanding economy, while validating claims that welfare reform was a success.

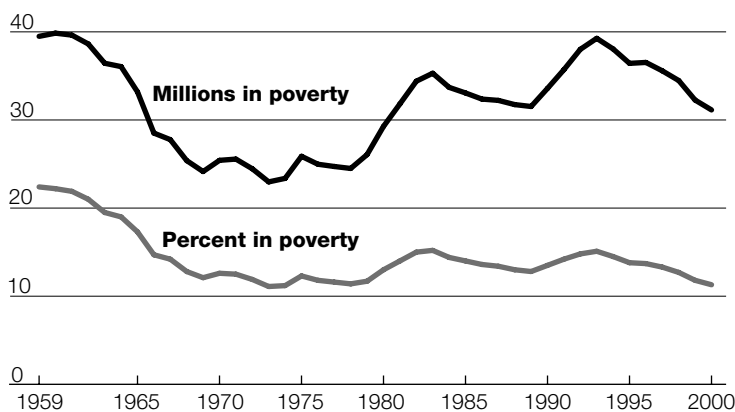
Some poverty analysts are less sanguine. Indeed, optimistic readings of the statistical evidence are sometimes belied by the sheer size of America's poor population: 31.1 million people in 2000. In contrast, just 5.7 million people received welfare income under TANF in 2000.² The welfare poor, those low-income people who receive government cash assistance, represent a fraction of America's poor.

Advocates for the poor claim that the income thresholds used by the federal government to measure poverty are too low to cover housing, food, and clothing. In 2000, a single mother with two children needed only \$13,874 to avoid being counted as poor; a two-parent, two-child family needed just \$17,463. In contrast, the 2000 median income for U.S. families was \$50,891.

Many poverty experts argue that family incomes at or just above the of-

Figure 1

Number and Percent of Americans in Poverty, 1959–2000



Source: U.S. Census Bureau, "Poverty Status of People by Family Relationship, Race, and Hispanic Origin: 1959 to 2000" (www.census.gov/hhes/poverty/histpov/hstpov2.html, accessed March 29, 2002).

ficial poverty income threshold cannot realistically provide for basic necessities, especially in New York, San Francisco, Washington, D.C., and other large cities where housing is very expensive. Indeed, the substantial geographic differences in living costs are an argument against having a single national income standard that defines poverty. A recent report by the National Academy of Sciences highlighted other limitations of the official definition, including its failure to account for in-kind income that families may receive, such as food stamps. The report also cites research criticizing the current measure for inadequately adjusting for economies of scale in large families; failing to adjust for income that is diverted to pay child support or taxes (and that is therefore not available for purchasing basic necessities); and not considering income-sharing among nonfamily members (see Box 2, page 6).

Changing Demographics

When the 1996 welfare reform bill was first signed into law, a much-publicized Urban Institute study estimated that the new legislation would result in an additional 1 million poor

Poverty rates have declined even among the groups that have historically been the most vulnerable.

children.³ Other critics worried that welfare reform, especially the strict time limits on welfare receipt, would hurt single mothers with children, particularly among minorities. Fortunately, evidence supporting these early grim forecasts has not materialized.

Instead, poverty rates have declined across population groups, even among the groups that have historically been the most vulnerable: the elderly, children, women, and minorities. Child poverty rates dropped from 22.7 percent in 1993 to 16.2 percent in 2000 (see Figure 2, page 8). Still, roughly 11.6 million children and 3.4 million people age 65 or older are poor, making up nearly one-half of America's poor population. Children and the elderly are sometimes considered the deserving poor—deserving of government assistance—because they are not usu-

ally held responsible for their impoverished circumstances.

America's racial minorities continue to have disproportionately high poverty rates (see Figure 3, page 9), but the racial composition of America's poor population has not changed appreciably over the past decade. In 1990, 50 percent of the poor were non-Hispanic white. In 2000, the figure was slightly lower, 47 percent. Significantly, America's growing racial diversity has occurred simultaneously with declining poverty rates across most racial and ethnic minority groups. Between 1990 and 2000, the poverty rate declined from 28.1 percent to 21.2 percent among Hispanics, and from 12.2 percent to 10.8 percent among Asians and Pacific Islanders. The declines have been especially steep among African Americans, with rates dropping from 31.9 percent to

Box 2

Measurement of Poverty and Income Inequality

The official U.S. poverty measure compares families' pre-tax cash income to poverty thresholds adopted by the Social Security Administration (SSA) in 1965. Developed by the President's Council of Economic Advisers in 1963 and refined by the SSA later that year, the thresholds are based on the minimum cost of a nutritionally balanced meal plan, as designed by the Department of Agriculture and adjusted for variations in family size and needs. Based on a 1955 survey that indicated that food costs are about one-third of the average family's post-tax cash expenditures, the costs of these meal plans are multiplied by a factor of three to compute official poverty thresholds tailored to varying family types.

The official measure has been largely unaltered since its initial adoption. In 1995, the Panel on Poverty and Family Assistance, under the aegis of the National Academy of Sciences (NAS), released a report evaluating the official measure of poverty in light of changing social circumstances. The panel recommended creating a new poverty measure that would better reflect changing work patterns of families with children, changing composition of families and

households, geographic variation in prices, changes in living costs, increases in medical care costs and benefits, taxation, in-kind benefits, and increasing consumption and rising living standards. Many analysts feel that failure to consider the last two issues obscures both the potential effects of government assistance and possible changes in relative poverty (in contrast to absolute poverty). The panel proposed measuring family resources as the value of cash and in-kind income received from all sources, including government benefits, minus work expenses (including child care), medical costs, child support payments, and taxes. The panel also suggested calculating poverty thresholds with a budget for basic goods, such as food, clothing, shelter, utilities, and other necessities; updating the budget annually to reflect changes in consumption; and adjusting thresholds by family type and geographic location.

While these recommendations do improve the conceptualization behind poverty measurements, slight changes in their actual implementation yield different estimates of the size of the poverty population in the United States.

22.1 percent between 1990 and 2000. Still, poverty rates among blacks and Hispanics are roughly twice the national average.

Critics of welfare reform also worried that the reforms would accelerate the “feminization of poverty.” Persistent wage inequality between men and women, coupled with the increase in single-mother families, has reinforced the perception that America’s poor are increasingly comprised of females. In 2000, the poverty rate among females (12.5 percent) was roughly 25 percent higher than that of males (9.9 percent). But this sex differential has remained largely unchanged over the past three decades. Moreover, in 2000, 57 percent of the poor population was female, just as it was in the mid-1960s.⁴ The gender gap persists despite rising female employment rates, increasing

real wages, and declines in the wage gap between men and women.

Single Mothers and Children

PRWORA targeted female-headed families—single mothers living with children. The reason is clear: Roughly one-half of America’s 6 million poor families are headed by women, even though female-headed families represent only about a quarter of all families with children. In 2000, the poverty rate for female-headed families was 32.5 percent, roughly six times the rate for married-couple families with children (4.7 percent).⁵

Poverty rates declined much faster for families headed by single women than for other families after PRWORA was enacted. After peaking at 47 percent in the early 1990s, the poverty

A variety of poverty measures based on these recommendations and applied to March 2000 Current Population Survey data, yielded poverty rates ranging between 11.3 percent and 15.0 percent of the total U.S. population. The official poverty measure estimated from that data was 11.8 percent.

While the NAS panel acknowledged the limitations of the official poverty measure and made some welcome recommendations, change has been slow. The official poverty measure has been institutionalized; it is entrenched in federal funding formulas. Recent shifts in family and household composition pose perhaps the greatest challenge to the continuing use of existing instruments of poverty measurement. Increasing rates of single parenthood, childlessness, and cohabitation, as well as the aging of society and the presence of grandparents in the home, have increased diversity among households. The family may no longer be the most appropriate unit for analyzing income generation and expenditures. Nor is it appropriate to simply examine households, because how income is spent, and the resulting benefits to the house-

hold’s members, may vary by the nature of relations among members. For example, a cohabiting single parent and a single parent living with a grandparent may have identical household incomes, but they may spend their incomes in systematically different ways, with varying results for their children. One possible solution involves incorporating some indicator of household-family combinations, taking into account the total number of residents of a household as well as the relations existing between them that might affect patterns of spending and sharing.

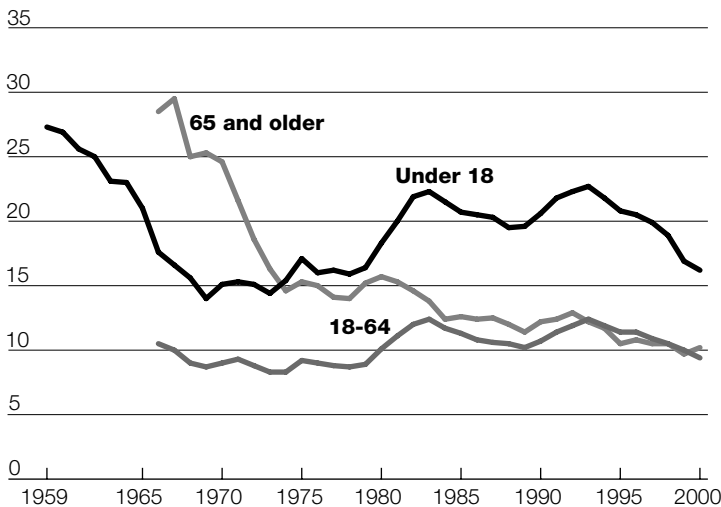
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Suzanne M. Bianchi and Lynne M. Casper, “American Families,” *Population Bulletin* 55, no. 4 (2000): 3-43; Constance F. Citro and Robert T. Michael, eds., *Measuring Poverty: A New Approach* (Washington, DC: National Academy Press, 1995); Bradley R. Schiller, *The Economics of Poverty and Discrimination* (Upper Saddle River, NJ: Prentice Hall, 2001); and Kathleen Short, *Experimental Poverty Measures: 1999* (Washington, DC: U.S. Census Bureau, 2001).

Figure 2

U.S. Poverty Rates by Age, 1959–2000

Percent in poverty



Source: U.S. Census Bureau, "Poverty Status of People by Age, Race, and Hispanic Origin: 1959 to 2000" (www.census.gov/hhes/poverty/histpov3/hstpov3.html, accessed March 29, 2002).

rate for female-headed families declined to nearly 33 percent in 2000, although it remained well above the poverty rates for married-couple and male-headed families.

Working but Poor

One major goal of welfare reform is to promote work and economic self-sufficiency among the poor, especially among single mothers. Welfare reform has pushed a large share of welfare-dependent mothers into the labor force. While employment does not necessarily shield people from poverty, people who work are less likely to be poor. In 2000, the poverty rate among full-time, full-year workers ages 16 to 64 was only 2.4 percent, compared with 12.7 percent among part-time workers, and 25.7 percent among those who did not work at all. The work-poverty link is especially strong among single mothers with children. In 2000, 12 percent of single mothers who worked full-time were poor, while 49 percent of those who worked part-time were poor, and 74 percent of those who did not work at all were poor.

Poor single mothers, who are the main target of welfare reform, have shown unprecedented increases in work effort. Between 1994 and 2000, for example, the percentage of unmarried mothers who were in the labor force rose nearly 12 percentage points, to 79 percent. Nearly 70 percent of married mothers were in the labor force in 2000.⁶ The percentage of poor single mothers with at least some earnings from work increased from 55 percent to nearly 72 percent between 1995 and 1999.⁷ Although a growing share of single women with children are working, many remain poor because they earn poverty-level wages.

A recent study by policy analyst Wendell Primus indicates that the economic situation may have worsened for as many as 700,000 American families since 1996.⁸ The group includes people who were forced off the welfare rolls and who no longer receive cash assistance; people with serious health problems, such as drug dependency, depression, or disabilities, that make sustained employment difficult; people who have trouble keeping a stable job because of transportation or child-care problems; and people trapped in economically depressed communities or regions, such as rural Appalachia or cities in the Rust Belt. The unemployed welfare recipients left behind by welfare reform may be particularly disadvantaged compared with those who found stable jobs.

Education and National Origin

Getting a good job often requires a good education, something that many poor people lack. Education, therefore, is commonly considered to be the best solution to poverty; indeed, the poor left behind in the new economy may be the least educated and least prepared to assume steady employment. The poverty rate among high school dropouts was 22.2 percent in 2000, compared with 3.2 percent among people with at least a

bachelor's degree. Education had a more protective effect against poverty for whites than it did for blacks or Hispanics (see Figure 4, page 10).

Immigrants

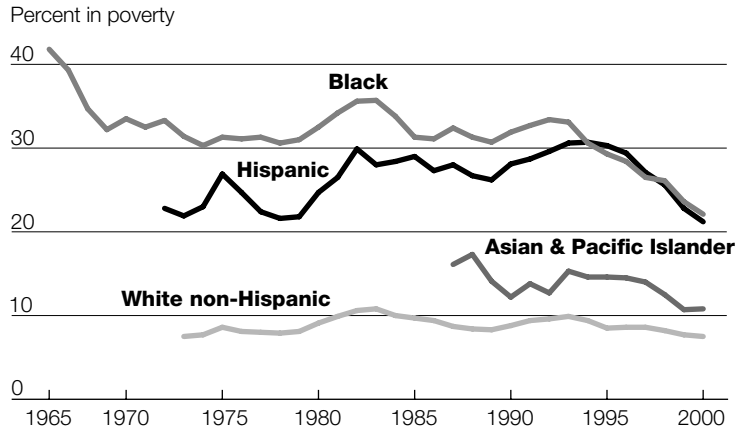
The poverty status of America's new immigrants is an important welfare policy issue for at least two reasons. First, high rates of poverty among immigrants may indicate a lack of economic and social assimilation into mainstream American society. Second, poor immigrants may receive welfare and other services financed by American taxpayers. To address these concerns, PRWORA and other welfare legislation restricted benefits available to recent immigrants.

Immigration, mostly from Latin America and Asia, has accounted for more than one-third of U.S. population growth in recent decades. The foreign-born population in the United States grew from 19.8 million to 28.4 million between 1990 and 2000, according to the U.S. Census Bureau. Recent immigrants are heavily concentrated in such cities as Los Angeles, New York, and Houston, and in states such as California, New York, Florida, and border states in the Southwest. Immigrants often live in higher-poverty neighborhoods within these cities and states.

Foreign-born Americans tend to have higher poverty rates than the general population. In 2000, the poverty rate was nearly 17 percent for the foreign-born, about 50 percent higher than for all Americans. The rate was slightly higher (22 percent) among immigrants from Latin America. The good news is that poverty among immigrants declines significantly the longer they live in the United States, suggesting that they eventually become economically assimilated. In 2000, the poverty rate for immigrants who had entered the United States before 1970 was 8.3 percent. Rates for those arriving in the 1970s, 1980s, and 1990s were 11.5 percent, 15.2 percent, and 23.5 percent, respectively.⁹ Newly arrived immigrants tend to be younger and to

Figure 3

U.S. Poverty Rates by Race or Ethnicity, 1965–2000



Note: Hispanics may be of any race.

Source: U.S. Census Bureau, "Poverty Status of People by Family Relationship, Race, and Hispanic Origin: 1959 to 2000" (www.census.gov/hhes/poverty/histpov/hstpov2.html, accessed March 29, 2002).

have less education and work experience than those who have been in the country longer, which partly accounts for their lower incomes.

Declining Poverty

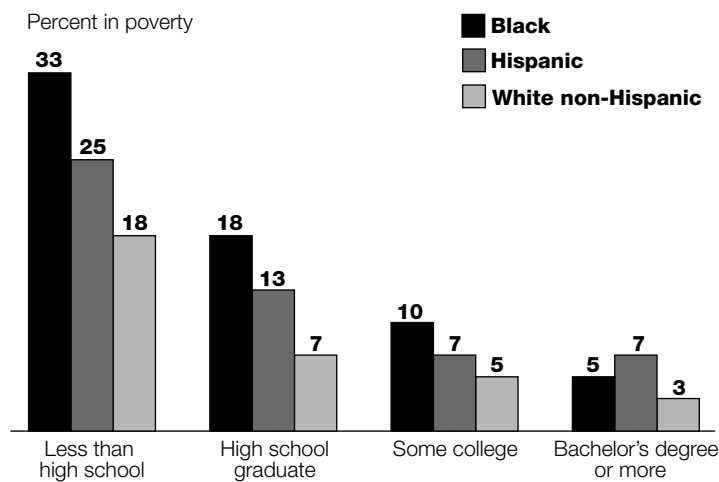
A cursory examination of data from the past 30 years seems to indicate that poverty rates are tied directly to economic recessions and booms. High poverty rates from 1979 to 1983 and from 1989 to 1993 reflect economic recessions during those years.¹⁰ But economic cycles do not explain poverty trends for all groups. And the factors responsible for recent declines in poverty may be different from the factors that drove poverty trends in the past.

Macroeconomic Change

Critics of U.S. policies often claim that the United States has pursued a rather laissez-faire welfare policy of trickle-down economics. Simply put, current policies assume that a rising economic tide lifts all boats. But economists disagree about whether economic growth and low unemployment rates really benefit everyone.

Figure 4

Poverty Rates by Education and Race or Ethnicity, 2000



Source: U.S. Census Bureau, "Years of School Completed by People 25 Years and Over, by Age, Race, Household Relationship, and Poverty Status: 2000" (http://ferret.bls.census.gov/macro/032001/pov/new07_000.htm, accessed March 29, 2002).

The conventional wisdom, which holds that the United States, as a nation, can grow its way out of poverty, may be too simplistic. Critics point out that the benefits of economic growth are unevenly distributed: Job growth in one sector (information and technology, for example) often accompanies job losses and higher unemployment in another sector (such as manufacturing). Many poor people, especially children, the elderly, and single mothers, are only loosely attached to the labor force, and do not directly benefit from a full-employment economy. To attack poverty, some economists say, policies must encompass investments in human capital and income transfers to the poor, while assisting the hard-to-reach poor, such as the homeless, in less traditional ways.¹¹

Declining Welfare Dependency

Many scholars attribute recent declines in poverty to the work mandates and supports contained in most recent state welfare reforms, but other researchers disagree. Welfare reform

may mean that the poor have replaced one source of family income (public assistance) with another (earnings from work). In other words, the "welfare poor" have become the "working poor." Indeed, falling welfare caseloads have not translated easily into reductions in poverty and inequality. While the number of welfare cases fell 48 percent between 1994 and 1999, the number of poor female-headed families with children fell by only 18 percent, from 3.8 million to 3.1 million.¹²

Since the early 1990s, the incomes of poor female-headed families have increased only modestly, but the sources of that income have shifted notably. Poor female-headed families got more than half of their income from public assistance in the early 1990s, and only about a third from earnings. In 2000, nearly three-fifths came from job earnings, and less than one-fifth was from public assistance (see Figure 5). Many working single mothers will eventually return to the welfare rolls, but others have gained a solid foothold in the labor force. Whether these are dead-end jobs or jobs leading to long-term economic security and upward mobility is unclear.¹³

Government Programs

Average welfare benefit levels have dropped significantly since the late 1970s. At the same time, the government is helping low-income families by reducing the marginal tax rate and by expanding the Earned Income Tax Credit (EITC). The EITC, which provided a tax credit up to \$4,000 for low-income workers in 2001, has helped many low-wage workers close the poverty gap by giving them the income needed to escape poverty.¹⁴

Some policy analysts have less benign interpretations of the role of EITC. Some feel that the expansion of the EITC credit has allowed wages to remain artificially low for poor workers in an otherwise low-unemployment economy. These analysts claim that the expansion of the EITC has subsidized employers, allowing them to offer lower wages while still attracting

employees. Workers may be no better off economically with the EITC, but employers and their stockholders can cut their labor costs. The EITC is a less useful poverty-reducing strategy for disadvantaged people who are only loosely tied to the workforce. Young adults with little work experience, for example, may not qualify for the EITC, and since children and the elderly usually do not earn income, they would not benefit directly.

Social Security, which is indexed to inflation, has been a major factor in the decline of poverty among the elderly over the past three decades. Yet even with these federal safeguards, a sizeable share of the nation's oldest residents—those age 85 or older—are poor. An even larger share have incomes just above poverty. Older women living alone are especially vulnerable; they have poverty rates above 20 percent.

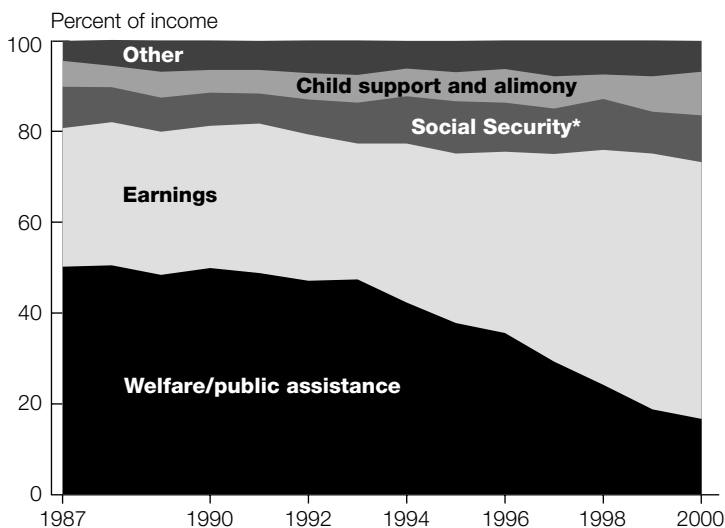
Increases in the minimum wage during the 1990s also benefited low-wage workers. Federal legislation raised the minimum wage from \$4.25 to \$4.75 on Oct. 1, 1996, and to \$5.15 on Sept. 1, 1997. But the minimum wage still has less buying power in 2002 than it did in 1970, when it equaled about \$8.00 in 2000 dollars.¹⁵

Increasing Family Stability

Any explanation for changing poverty rates over the past quarter-century must take into account the rise in single-parent families. Because of increases in divorce and unmarried childbearing, a much greater share of women and children are living in families at risk of poverty today than a generation ago. Roughly one-third of all births today occur to unmarried mothers, a pattern that resulted from long-term declines in marriage rates and continuing low fertility within marriage. According to the National Center for Health Statistics, just one-tenth of births in 1970 were out of wedlock. Each year, about 1 million children are born to unmarried mothers, and another 1 million or so experience the divorce of their parents.¹⁶

Figure 5

Income Sources for Poor Female-Headed Families With Children, 1987–2000



*Includes SSI (Social Security Insurance) for disabled workers.

Source: U.S. Census Bureau, March Supplements of the Current Population Surveys.

Changes in family structure in recent decades have played an important role in poverty trends. Economists Maria Cancian and Deborah Reed found that the overall poverty rate between 1969 and 1998 would have increased by 3.6 percentage points because of changing family structure alone.¹⁷ For children the effects have been even larger: One recent study found that half of the increase in child poverty in the 1980s occurred because more children were living in female-headed families and fewer were in married-couple families.¹⁸

But these trends may be shifting: Growth in the share of children living in single-parent families ended after 1996, coinciding with the passage of PRWORA. Lifetime divorce rates also stopped rising or even fell slightly, while nonmarital fertility rates have stabilized at about 45 births per 1,000 unmarried women per year. Between 1994 and 2000, out-of-wedlock childbearing declined 24 percent among women ages 15 to 17 and 10 percent among women ages 18 to 19. After 1996, the incidence of unmarried childbearing and single-parent families declined disproportionately among

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Recent immigrants line up in search of temporary jobs. Lack of job security and low wages keep many working adults in or near poverty.

disadvantaged groups, who were welfare reform's main targets. Declines have been most rapid among African Americans. Moreover, an Urban Institute study reported larger declines in the percentage of single-mother families among lower-income and poorly educated groups than among other groups between 1997 and 1999.¹⁹

Poverty Dynamics

Current welfare policy debates often reinforce the idea that poor people are a relatively stable population with certain characteristics that set them apart from the rest of American society. In truth, America's poor population is highly dynamic; low-income people frequently move in and out of poverty. Less than half of the poor experience long-term poverty.

Chronic vs. Episodic Poverty

Evaluating the success of welfare reform using poverty rates can be misleading. Indeed, the official poverty rates released each year by the Census Bureau underestimate the average person's lifetime incidence of poverty. A

large share of Americans adults will experience poverty at some point; many will slip into poverty a number of times.²⁰ But most people are poor for a relatively short time. The federal Survey of Income and Program Participation indicated that the median length of a poverty spell was 4.5 months in 1995, and that only about 10 percent of people were still poor after 28 months.

The focus on single poverty spells can downplay how frequently some Americans move in and out of poverty and, as a result, spend much of their lives in poverty. One recent study showed that about one-half of those who escape poverty sink back into poverty within four years.²¹ The effects of persistent or chronic poverty are clearly revealed in the economic circumstances of America's children, about one-third of whom will experience poverty at some point during childhood.²² Few if any systematic studies have evaluated whether cycling into and out of poverty has changed since PRWORA was enacted.

Policymakers tend to be most concerned with the long-term or chronically poor, who disproportionately tax the welfare system and other social support services. For these individuals, poverty is chronic and may be caused by limited job opportunities, education, and job skills, as well as discrimination. This population is different from those who move in and out of poverty, and may be less likely to benefit from welfare reform's emphasis on work. The chronically poor, sometimes called the underclass, exemplify the persistent and often negative stereotypes about the poor. They are considered out of step with mainstream American values, exhibiting high rates of workforce idleness, having children out of wedlock, or engaging in illegal activities, such as drug trafficking. Such poverty is often intractable and difficult to eradicate. Although the underclass looms large in the public mind, recent estimates suggest that less than half of the poor population (and just 5 percent of the total U.S. population) is comprised of the long-term or chronically poor.²³

Does Unwed Childbearing Cause Poverty?

The conventional wisdom is that unwed childbearing, especially by teenagers, fundamentally alters lives and can sentence single mothers to a life of economic hardship. Teen childbearing is assumed to cut short educational attainment and other human capital investments, and to increase the risk of later poverty and welfare dependency. Indeed, the statistical evidence shows a strong correlation between teen childbearing and later economic deprivation. For these reasons, teen pregnancy and childbearing have long occupied the attention of policymakers and have been viewed as a serious social problem.

But some scholars have recently questioned that conventional wisdom. Some experts now believe that unwed mothers are more likely than other women to become poor, regardless of whether or not they become mothers as teenagers. In other words, it is not early childbearing that causes poverty, but other social and economic factors that are often not measured or controlled for in observational studies based on survey data. Young women who have a nonmarital birth often were socially or economically disadvantaged in the years preceding the birth. For them, unmarried childbearing may be largely irrelevant to their likelihood of becoming poor as adults.

To deal with the issues raised by a lack of statistical controls, Arline Geronimus and Sanders Korenman compared sets of sisters, one of whom became an unwed mother while the other did not. The assumption is that sisters share many factors that might constitute risk factors for later poverty, such as growing up poor, having the same parents and same parenting, attending ineffective schools, and living in the same disadvantaged neighborhoods. The studies produced a striking result. Despite their different childbearing histories, the sisters were very similar on most adult outcomes, including education and poverty. The

results imply that previous studies may have overestimated the negative effect of unmarried childbearing on later adult poverty.

Other studies have yielded different conclusions from the same data using alternative approaches. For example, some studies have compared single mothers who have singleton and twin births, hypothesizing that the additional child in a pair of twins would have negative long-term effects on the mother. In fact, one such study showed that the second child does have negative effects on education status and income. Studies that compared unwed mothers with women who miscarried and who were presumably drawn from the same population found that unwed childbearing affects the likelihood of subsequent marriage, which in turn is strongly related to later economic well-being. Clearly, whether unwed childbearing is a cause or a consequence of poverty remains open to debate.

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There is little evidence of increasing upward mobility of the poor.

There is little evidence of increasing upward mobility of the poor, even for the temporary poor. More than half of young adults who were in the lowest income quintile (the bottom 20 percent of the income distribution) in the late 1960s were still in the lowest quintile 20 years later. Low-income minorities fared worse; more than 70 percent remained in the lowest income quintile.

The story is much the same for the elderly poor. Sociologists Leif Jensen and Diane McLaughlin estimated that 40 percent of the elderly poor escape poverty quickly, after a year or so,²⁴ but many remain just above the poverty income threshold. People who move out of poverty often enter the ranks of the “near-poor” and face continuing hardship.

Entrances and Exits

Slipping into and out of poverty often reflects temporary adjustments to divorce, job loss, or acute health problems that are resolved within a few months. Yet different population groups, such as children, women, working-age adults, and the elderly, experience poverty differently.

Many studies have focused on entrances into poverty. For an elderly woman, the death of a husband can cause a significant drop in income and push her below the poverty threshold. Among women of reproductive age, divorce is associated directly with becoming poor, while getting married or remarried is associated with escaping poverty.²⁵ Having children out of wedlock is also linked to poverty, although there is considerable disagreement about whether unmarried childbearing causes poverty (see Box 3, page 13). Children generally enter poverty according to their parents’ status, particularly when their parents divorce, suffer from a debilitating illness, or lose their jobs.

Other studies focus on exits from poverty. The mother’s marital status is key to determining whether children remain poor. About 70 percent of poor children living with a single mother in

the early 1980s were no longer poor in the early 1990s if they had moved into a two-parent family. Only 28 percent of those whose mothers remained unmarried escaped poverty.²⁶

Transitions into and out of poverty are clearly affected by economic conditions. During the recession of 1975, for example, the one-year exit rate from poverty dropped from 61 percent to 51 percent, and reentry into poverty was higher than average.²⁷ Whether leaving welfare is associated with leaving poverty or whether the welfare poor simply become the working poor has clear implications for welfare reform. Researchers Daniel Meyer and Maria Cancian, for example, found that 55 percent of poor women were still poor one year after exiting welfare and that 40 percent were poor five years later.²⁸ Women who stayed out of poverty were significantly more likely to be working, married, or both. Women with two or more children, minority women, and high school dropouts were most likely to experience poverty following an exit from welfare.

Widening Income Gap

The official poverty rate is based on whether family income exceeds some absolute income threshold required to meet basic needs, such as food and housing. But the incomes of the poor today may be falling further behind the national average, and the income gap between rich and poor may have widened. Indeed, the growing income inequality may lead to cultural and geographic isolation for some groups, as the affluent and even the middle-class distance themselves from economically disadvantaged Americans, creating a kind of cultural balkanization.

Are the Poor Falling Further Behind?

Perhaps the most common measure of relative poverty is the share of individuals living in families with income

below one-half the median income of all families. (Median income, which has risen over the past several decades, is used here as an income standard for economic well-being.) In 1997, 16.9 percent of the U.S. population had incomes below one-half the median income, a figure roughly 25 percent higher than the official poverty rate of 13.3.²⁹ The advantage of the relative poverty measure is that it recognizes income disparities between poor and middle-class Americans. The disparities reflect the fall in the ratio of the minimum wage rate to the average wage rate over the recent past, as well as the fall in the dollar value of AFDC/TANF cash assistance relative to average family income.

Relative poverty measures, such as one-half the median family income, are useful in demonstrating whether the average poor family's income measures up to that of the average family. Yet, unlike absolute measures of poverty that are based on fixed income cutoffs, relative poverty measures are routinely criticized because they are not set against an income standard based on real need. As it is currently defined, relative poverty can never be eradicated. Paradoxically, escaping relative poverty is more difficult when real income is rising, because the poverty income threshold increases at the same time. Conversely, relative poverty may understate growing economic hardship during periods when the average income of all families is falling. Nevertheless, as long as average family incomes trend upward, the relative measure is valuable because it reveals how much the income of poor people lags behind the average for all Americans.

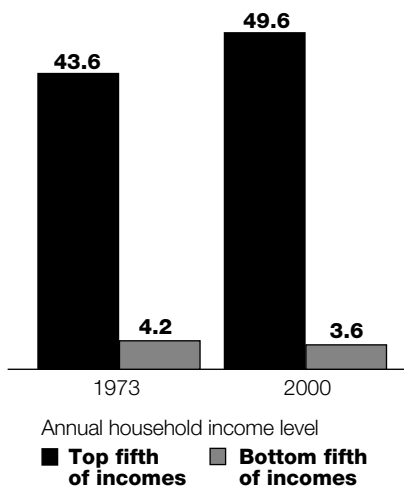
Growing Inequality

While average family incomes have increased nominally since the 1970s, the median family income was lower in 2000 than in 1973, in inflation-adjusted dollars. The share of all household income received by the top 20 percent increased at the same time that the share received

Figure 6

Total Income Going to the Richest and Poorest Fifths of U.S. Households, 1973 and 2000

Percent of total U.S. household income



Source: U.S. Census Bureau, "Percent Distribution of Households, by Selected Characteristics Within Income Quintile and Top 5 Percent in 2000" (http://ferret.bls.census.gov/macro/032001/hhinc/new06_000.htm, accessed April 4, 2002).

by the bottom 20 percent declined slightly (see Figure 6).

Concerns about fairness have been heightened by the recent retrenchment in federal cash assistance policies and by tax cuts for the middle class and the wealthy.³⁰ Indeed, income inequality in the United States is the highest in the industrialized world. Some analysts insist that income inequality is a necessary by-product of America's free-enterprise system. America's market economy rewards individual risk-taking and entrepreneurial activity that, in the long run, benefits all Americans either directly (for example, by creating more job opportunities) or indirectly (by raising living standards). But this argument does not speak to wealth disparities, which are much larger than income or earnings disparities. In 1995, the richest 20 percent of American households owned 84 percent of the nation's wealth.

While growing inequality is well-documented, its causes are less clear-cut. One argument is that much of the rise in income inequality has been fueled by transformations in the economy as the discrepancy in earnings has increased between people in unstable, low-wage jobs in the service sector and high-salaried workers in the high-tech information sector.

But income inequality has been observed broadly across U.S. population groups.³¹ Earnings inequality has increased among white men employed full-time, within as well as among people with different education levels, and within and between married-couple families and female-headed families. Likewise, inequality has increased both within and between the industrial and occupational sectors. This evidence has made it difficult to argue convincingly that growing inequality simply reflects America's growing demographic or economic diversity.

Living Conditions of the Poor

If improving the living conditions of poor families and children is a goal of welfare reform, then we need to learn more about the economic challenges poor people face daily. The official poverty rate tells us little about the actual living conditions or consumption patterns of low-income people: their material assets, food insecurity, or spending patterns. In 1995, for example, 49 million Americans, or roughly 20 percent of the population, reported difficulties paying bills for food, housing, or health care; 11 percent had difficulty with more than one of these expenses.³² The poor were nine times more likely than the nonpoor to experience two or more such problems. Welfare advocates claim that the official poverty rate may no longer accurately gauge or track trends in the living standards of the poor, and that recent poverty declines may be illusory.

Food Insecurity, Housing

Food in America is abundant and comparatively cheap by historical and international standards, yet America's poor often face food insecurity, which is defined by the government as inadequate access to food or as the physical sensation of hunger. A national study conducted by the U.S. Department of Agriculture in 1995 found that almost 13 percent of households with annual incomes under \$10,000 experienced food insecurity, compared with nearly 7 percent of those with annual incomes between \$10,000 and \$20,000, and 3 percent of those with annual incomes between \$20,000 and \$30,000.³³ Poor families also have limited access to high-quality food, in part because grocery stores in low-income neighborhoods charge higher prices and carry lower-quality produce than grocers in more prosperous neighborhoods.³⁴

Many of the poor struggle to pay housing costs, which consume a large percentage of total household expenses in all households, but especially among low-income people. In the 1990s, housing prices increased faster than average family income. The poor are three times more likely than the nonpoor to be unable to pay the full cost of housing and utilities, and many require housing assistance from the government or from private charities.³⁵ Compared with other families, the poor also face many more housing maintenance problems, including leaking roofs; broken plumbing; broken windows; exposed wiring; infestations of rodents or roaches; or holes in walls, floors, or ceilings. Likewise, people in poverty are two to three times more likely than other Americans to report neighborhood problems with crime, trash, abandoned buildings, and neighborhood conditions bad enough to make them want to move.

Health Care

Many poor people cannot afford health care. In 1992, people in poverty were nearly three times more likely than other Americans to go

without seeing a doctor when they felt they needed medical attention.³⁶

Children in low-income families are more vulnerable to health risks than other children because they are more likely to lack health insurance.³⁷ Interestingly, children of the working poor were more likely to be uninsured than children in other poor families. Welfare-to-work policies can exacerbate this discrepancy because low-income parents who work are not eligible for Medicaid and other health benefits, yet many take jobs that do not include health insurance.

Clearly, the poor have fewer dollars to spend on food, housing, and health care than wealthier Americans do, and they use a greater proportion of their incomes to meet basic needs.³⁸ Because assistance levels are low, many people who receive welfare and other public assistance have difficulty meeting even these basic needs. Food, housing, and transportation made up 72 percent of expenditures among the poor who received assistance, and 62 percent among the poor who did not receive assistance, according to a recent study.³⁹

Luxuries, Entertainment

Expenditures on food, housing, and health care often leave the poor with little money for other commodities that are commonplace in American homes. A large majority of America's poor have access to a refrigerator and stove, and more than half own a microwave. But a much smaller share of poor than nonpoor people have access to a telephone, washing machine, clothes dryer, or air conditioner—amenities that most Americans take for granted. People in poverty are also less likely to own computers or to have Internet access, creating a “digital divide” that some analysts see as further marginalizing the poor population. A recent government report indicated that 59 percent of American families have a computer in the home, and 48 percent have home Internet access. For families with annual incomes under

\$15,000, the figures are only 23 percent and 14 percent, respectively.⁴⁰

The poor are persistently stereotyped as having difficulties managing their money, being unable to save, or spending unwisely. But one study showed that the poor not on welfare spend less money on entertainment than do the nonpoor (although both groups spend roughly the same percentage of their incomes: 5 percent).⁴¹ People in poverty are more likely than other Americans to smoke, but they gamble less and consume about the same amount of alcohol (with the exception of malt liquor).⁴²

Stretching the Dollar

If the poor have difficulties managing money, it may be because they pay more for goods and services than wealthier people do, making it more difficult for them to “stretch the dollar.” The poor often lack the cash to buy in bulk or to take advantage of sales. Supermarket chains offering the lowest prices do not often locate stores in poor communities or neighborhoods. Most poor people shop in smaller, locally owned stores that charge relatively high prices. Lower automobile ownership and shortages of public transportation limit access to shopping malls or retail outlets.⁴³

The poor also have limited access to banks or other financial institutions. The poor often live paycheck-to-paycheck, with little cash to put in a bank account.⁴⁴ “Predatory” lending practices, such as those offered by “check-cashing stores,” have filled the void left by traditional financial institutions. These lenders often target low-income groups for high-interest mortgages, payday loans, car pawns, and rent-to-own consumer goods. Such practices inevitably inflate the cost of basic necessities and sometimes lead to a loss of assets, such as a car or even a home.

Wealth and Assets

The poor and near-poor often lack a “nest egg” of cash or assets for emergencies. In 1995, the median net

The poor pay more for goods and services than wealthier people do.

worth of American households was \$11,773, excluding home equity, and \$40,200 if home equity was included. But many poor households had a total net worth of less than \$5,000, especially among racial and ethnic minorities.⁴⁵ In 1995, for example, African Americans' median net worth, excluding home equity, was only \$2,657. The level of wealth inequality across race is especially striking, and is much greater than for income or earnings inequality.⁴⁶

Researchers Robert Haveman and Edward Wolff found that, despite the economic boom of the 1990s, the level of "asset poverty" has actually increased nationally. They estimated that about one-fourth of U.S. households have insufficient net worth to tide them over for three months at a poverty-level living standard.⁴⁷

Why Are People Poor?

PRWORA's strict time limits on cash assistance and tough sanctions imply a new social contract with the poor. The welfare poor today are expected to work, avoid legal problems, and behave responsibly, lest they lose eligibility for cash assistance. This "carrot and stick" approach has sent a strong and unmistakable message: The poor must share the blame for their own circumstances and, with help from the government, must take responsibility for bettering their lives through hard work, job training and education, and maintaining a stable family life.

But many Americans question whether the poor subscribe to America's core values of hard work, economic independence, personal responsibility, and strong family values. Public opinion polls suggest that PRWORA may have helped poor people on welfare today earn more respect—or at least less disrespect—than was the case before the welfare system was overhauled.⁴⁸

Attributions of Blame

In early 2001, a national poll conducted by National Public Radio (NPR), the Kaiser Family Foundation, and Harvard University's Kennedy School asked nearly 2,000 Americans 18 or older, "Which is the bigger cause of poverty today: that people are not doing enough to help themselves out of poverty, or that circumstances beyond their control cause them to be poor?" Respondents were roughly equally divided between "people not doing enough" (48 percent) and "circumstances" (45 percent), as shown in Table 1. About 50 percent of the more affluent people polled believed that the poor were not doing enough to help themselves, but so did about 39 percent of the poor. The poor were more likely to blame "circumstances" than themselves for their financial hardship.

The poll also showed that about two-thirds of Americans believe that the poor have the same moral values as other Americans. But about one-fifth thought the poor had lower moral values. The poor themselves share this belief: About one-fourth believe the poor have lower moral values than other Americans. Even with work-based welfare reform, a sizeable share of the American public holds unfavorable views about poor people.

Hard Work and Motivation

One persistent stereotype is that the poor, especially the welfare poor, are unmotivated: They lack aspirations to "get ahead," or don't work hard enough to succeed. The NPR/Kaiser/Kennedy School poll, in fact, showed that 52 percent of the American public believed that lack of motivation was a major cause of poverty; another 35 percent believed it was a minor cause of poverty. Differences in responses by poverty status were surprisingly small. Most Americans, including the poor, said they strongly believe that America is a land of opportunity. Their responses suggest they believe that motivation and hard

Table 1

Attitudes About Poverty and the Poor, 2001

1. Are the following major causes, minor causes, or not causes of poverty?

| | Percent of respondents | | | |
|---|------------------------|-------------|-------------|------------|
| | Major cause | Minor cause | Not a cause | Don't know |
| Drug abuse | 70 | 24 | 5 | 2 |
| Medical bills | 58 | 32 | 7 | 2 |
| Too many jobs being part-time or low-wage | 54 | 32 | 10 | 4 |
| Too many single-parent families | 54 | 32 | 12 | 2 |
| A shortage of jobs | 34 | 41 | 23 | 2 |
| The welfare system | 46 | 37 | 11 | 7 |
| Too many immigrants | 30 | 40 | 26 | 4 |
| Poor people lacking motivation | 52 | 35 | 9 | 4 |
| Poor quality of public schools | 47 | 36 | 13 | 4 |

| | Percent of respondents by poverty status | | | |
|---|--|------|-----------|---------|
| | Total | Poor | Near poor | Nonpoor |
| 2. Do poor people have higher, lower, or the same moral values as other Americans? | | | | |
| Higher | 8 | 19 | 7 | 6 |
| Lower | 21 | 22 | 23 | 20 |
| The same | 67 | 57 | 65 | 68 |
| Don't know | 5 | 2 | 5 | 5 |

3. Which is the bigger cause of poverty today: people not doing enough or circumstances beyond their control?

| | | | | |
|------------------|----|----|----|----|
| Not doing enough | 48 | 39 | 44 | 50 |
| Circumstances | 45 | 57 | 46 | 44 |
| Don't know | 7 | 4 | 10 | 6 |

4. Do most welfare recipients today really want to work?

| | | | | |
|------------|----|----|----|----|
| Yes | 47 | 52 | 42 | 48 |
| No | 44 | 41 | 47 | 43 |
| Don't know | 9 | 7 | 11 | 9 |

Note: Less than 100 percent of the poverty threshold = poor; 100 percent to 200 percent of the poverty threshold = near poor; 200 percent or more of the poverty threshold = nonpoor.

Source: National Public Radio, Kaiser Family Foundation, and Harvard University Kennedy School Poll on Poverty in America (www.npr.org/programs/specials/poll/poverty/, accessed April 5, 2002).

work can pull people out of poverty, regardless of their background.

Other studies of the poor typically reveal that values among the poor are remarkably similar to those of the rest of society. A study in Milwaukee showed that most teens, including teenage mothers, regarded education as being valuable for its own sake, as a source of personal pride and as an example for their children, as well as a route to upward economic mobility.⁴⁹ But people in poverty often fail to translate educational values into concrete goals, in part because they do not know about or have access to local educational resources,

or because those resources are limited or difficult to reach.

Surveys also indicate that the poor prefer work to receiving help from the government or from family members. The NPR/Kaiser/Kennedy School poll, in fact, showed that 52 percent of poor people believed that “most welfare recipients today really want to work.” Work provides purpose in life, a place to go, a sense of control, and income. For many low-income people, however, jobs are often unavailable; if available, they often pay poorly or do not provide health insurance. To make ends meet, many people in poverty rely on public or familial assistance. According to

researchers Kathryn Edin and Laura Lein, the poor often require “something special” in order to find and keep a job, such as low rent, free child care from a relative, help with bills, a reliable car, good public transportation, or a generous benefactor.⁵⁰

Poor women tend to dislike or disapprove of welfare; they “hate it,” “don’t want it,” “hope [to] never have to be on it,” and “want to get off it.”⁵¹ Some studies have shown that the poor believed they are entitled to cash assistance if they experience economic need, but that very few approved of welfare receipt per se.⁵² Welfare mothers often feel degraded, and resent the public view that they are lazy or avoid work, even as they maintain a home and raise their children. Most women value their ability to combine work, welfare, and family support, and to use welfare while improving their job prospects. But many poor people distrust the government policies and programs that were ostensibly designed to help them.⁵³

Family Values

Nearly 90 percent of Americans believe that the presence of too many single-parent families contributes to poverty. Indeed, recent welfare reform was motivated in large part by a negative image of poor women as unemployed, unmarried mothers who lived on government handouts. Some observers feel that moral lassitude has contributed to high rates of out-of-wedlock childbearing and to poverty. Others maintain that the availability of cash welfare assistance, if not an active motivation to have children out of wedlock, has nevertheless reduced the economic disincentives of bearing and rearing a child outside of marriage.⁵⁴ The “breakdown of the family” has been viewed as a major cause of poverty and welfare dependence. It is not surprising that initiatives to promote marriage are being discussed as a way to keep caseloads and poverty low (see Box 4, page 22).

Marital and childbearing decisions are shaped by economic conditions in

late adolescence and young adulthood. Researchers have investigated whether a shortage of employed males discourages marriage among low-income young women. Low-income women appear to have many of the same aspirations for marriage, children, and a stable family life as middle-class Americans. But these women may be reluctant to take on the financial or emotional risk of marriage if their potential partners cannot or do not work. In-depth interviews with 130 black, white, and Puerto Rican mothers in Philadelphia in the mid-1990s revealed that poor mothers often aspired to marry, but chose not to after weighing the potential benefits and risks of marrying the men available to them.⁵⁵ A recent study by Ellen Scott and colleagues suggests that single mothers almost always place their children first, before a relationship with a man, and that they often regard marriage as a potential threat to their children’s well-being or as an indulgence that they cannot afford.⁵⁶

Geography of Poverty

While opinion polls show that the public often attributes poverty to moral and personal deficiencies, many other observers believe that, to quote Janet Kodras, “the changing map of American poverty does not represent an ebb and flow of lassitude among the nation’s population; rather, it reflects the geographic contours of recent transformations in the American political economy.”⁵⁷ Millions of the world’s poor live in countries plagued by endemic poverty and economic underdevelopment; few Americans would hold those people responsible for their own and their country’s poverty. But the constraints imposed by limited local or community opportunities affect the options of many poor Americans as well. These constraints are shaped by larger economic and political forces,

not by character flaws of individual poor people.

The Census 2000 Supplementary Survey indicates that poverty rates vary enormously among states, from a low of 6 percent in New Hampshire to a high just above 20 percent in Louisiana (see Table 2). In 1989, poverty rates ranged from 6 percent in New Hampshire to 25 percent in Mississippi. Despite warnings that welfare reform would lead to a “race to the bottom,” and speculation that the economic boom was largely an urban and bicoastal phenomenon, the gap in poverty rates among states did not widen during the 1990s. If anything, states have converged economically.

Neighborhoods

In most large American cities, the poor do not live near middle-class and affluent Americans. There tend to be particularly clear disparities in economic and social conditions between cities and suburbs. Although nearly as many poor people lived in the suburbs as in central cities (11 million compared with 13 million) in 2000, the rate of poverty was roughly half as high in suburbs (7.8 percent compared with 16.1 percent). Historically, America’s poorest groups, such as immigrants, female-headed families, and racial and ethnic minorities, have been concentrated in cities rather than in suburbs. Whites and privileged groups have high rates of out-migration from cities to suburbs, often leaving areas with heavy concentrations of minorities. The suburbs, rather than inner cities, are more likely to attract people moving out of rural areas.⁵⁸

Have America’s poor become increasingly segregated from the affluent in urban neighborhoods? This is an important question, because physical separation can foster cultural and economic separation from mainstream society. In his compelling analysis, Paul Jargowsky showed that both the percentage of neighborhoods that were poor (with poverty rates above 40 percent) and the percentage of poor people who

Table 2

U.S. States Ranked by Poverty Rate, 1999

| State | Percent of population below poverty |
|----------------------|-------------------------------------|
| Louisiana | 20.3 |
| West Virginia | 19.3 |
| Mississippi | 18.2 |
| New Mexico | 18.0 |
| District of Columbia | 17.7 |
| Arkansas | 17.4 |
| Kentucky | 16.5 |
| Alabama | 16.0 |
| Arizona | 15.6 |
| Texas | 15.3 |
| South Carolina | 14.8 |
| Montana | 14.4 |
| Oklahoma | 14.4 |
| Tennessee | 14.1 |
| California | 13.9 |
| New York | 13.5 |
| Florida | 13.4 |
| North Carolina | 13.2 |
| Georgia | 13.1 |
| Oregon | 13.0 |
| UNITED STATES | 12.5 |
| North Dakota | 12.3 |
| Washington | 11.9 |
| Wyoming | 11.9 |
| Idaho | 11.6 |
| Missouri | 11.5 |
| South Dakota | 11.5 |
| Illinois | 11.4 |
| Rhode Island | 11.3 |
| Ohio | 11.1 |
| Vermont | 11.0 |
| Iowa | 10.7 |
| Pennsylvania | 10.6 |
| Indiana | 10.5 |
| Michigan | 10.4 |
| Maine | 10.3 |
| Nebraska | 10.3 |
| Nevada | 10.1 |
| Massachusetts | 9.9 |
| Delaware | 9.6 |
| Virginia | 9.6 |
| Kansas | 9.4 |
| Maryland | 9.3 |
| Wisconsin | 9.3 |
| Utah | 9.0 |
| Alaska | 8.9 |
| Colorado | 8.8 |
| Hawaii | 8.8 |
| New Jersey | 8.2 |
| Connecticut | 7.9 |
| Minnesota | 7.2 |
| New Hampshire | 6.0 |

Note: These poverty rates are from the 2000 Census and differ from rates based on the Current Population Survey.

Source: U.S. Census Bureau, Census 2000 Supplementary Survey (www.census.gov/c2ss/www/Products/Rank/RankPL040.htm, accessed April 4, 2002).

Is Marriage an Economic Panacea?

Marriage is high on the public policy agenda. One of goals of the 1996 Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) was to “encourage the formation and maintenance of two-parent families.” A 2001 report by the Heritage Foundation proposed that 10 percent of state funds for the Temporary Assistance for Needy Families (TANF) program be set aside for activities promoting marriage. And in early 2002, President George W. Bush proposed spending \$300 million annually over five years for marriage promotion initiatives. Some states, including Florida, Oklahoma, and Arizona, already have been attempting to encourage marriage and discourage divorce by adding marriage preparation courses to the high school curriculum, creating tax incentives to encourage marriage (or at least not creating disincentives), and providing divorce counseling programs for the poor.

A recent poll commissioned by the David and Lucile Packard Foundation indicated about 60 percent of Americans believed that encouraging unmarried parents to marry is “very important” or “somewhat important” for government programs. The marriage movement has been helped by mounting evidence that marriage confers economic and social advantages, and that children tend to do best when raised by their two biological parents. Married women and their children have much lower rates of poverty than single mothers and their children. Moreover, new evidence suggests that many poor couples want to marry.

Whether low-income women would benefit from marriage is a contentious issue. Critics believe that there is a very limited pool of financially stable men for low-income women to marry. Activities promoting marriage may only serve to further stigmatize single mothers, who often say they would marry if they found a suitable spouse. Some researchers are concerned that some low-income women may feel compelled to stay in abusive relationships because of welfare requirements, exposing their

children to violence and themselves to psychological and physical abuse. Exposure to family violence can have strong negative effects on children’s development. Other observers feel that marriage and intimate relationships are largely private matters and, as such, should remain outside the purview of government influence.

The economic benefits of marriage depend on whether single mothers are able to marry, stay married, and marry well (that is, to marry a man with an adequate income). The evidence of marriage’s benefits for single mothers is not clear. But a few facts stand out: Unwed mothers have low rates of marriage; marriages begun with an out-of-wedlock birth are very unstable; and, for single mothers who marry and stay married, the husband’s income is often insufficient to escape poverty. To some observers, the best way to promote marriage, reduce poverty, and reduce welfare dependency is to eliminate unmarried childbearing in the first place.

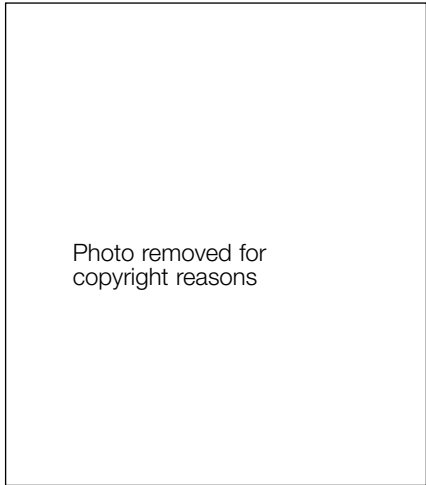
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lived in poor neighborhoods increased during the 1970s and 1980s.⁵⁹ Such increases reflect a number of factors, including the flight of middle-class blacks from central-city neighborhoods to the suburbs, housing discrimination against disadvantaged groups, and a growing mismatch between where low-income workers live and where good jobs are located. The question of whether poverty has become more or less concentrated in the 1990s will be answered when detailed results from the 2000 Census become available in 2003 or 2004. The existing data indicate that welfare caseloads have declined more slowly in cities than in the rest of the nation since PRWORA, and that welfare recipients are increasingly concentrated in 10 large urban counties.⁶⁰

The geographic isolation of poor people has raised new concerns about the emergence of an American underclass. Concentrated neighborhood poverty—marked by idleness, family disorganization, crime, and other social pathologies that may reflect a rejection of mainstream American values—has stimulated research on the adverse effects of growing up in economically disadvantaged neighborhoods.⁶¹ Children’s development suffers when they are exposed only to the values and behaviors of other impoverished peers, when they attend underfunded and understaffed neighborhood schools, when neighborhood adult supervision is limited, and when neighborhoods lack adequate police and other community resources that can safeguard residents.

Children growing up in poor neighborhoods tend to have lower educational achievement, poorer health, and more developmental problems than other children. Neighborhood effects on child development and well-being seem strongest in early childhood and in late adolescence, although family background and income have a greater effect in early childhood.⁶² The loss of family income caused by divorce, for example, may mean that children move



Children who grow up in poverty face more problems in school than other children.

into poor neighborhoods, reinforcing the negative effects of family instability.⁶³ Poor children, on average, have higher school achievement if they live in middle-class neighborhoods than if they live in poor neighborhoods.

Rural Pockets of Poverty

Historically, poverty has been more prevalent in rural communities than in urban or metropolitan areas; this is still the case today. In 2000, the official poverty rate in nonmetropolitan areas was 13.4 percent, compared with 10.8 percent in metropolitan areas. Rural residents have higher unemployment and earn lower wages than urban residents, on average. Part of the problem is that residents in rural areas tend to have below-average educational levels and limited job skills. But many rural areas also lack jobs that pay a living wage or that pay enough to cover the child-care or transportation costs of working. The rural poor are less likely than the urban poor to receive welfare income or food stamps, however, and the rural poor who do receive welfare get less cash assistance than they would in urban areas.⁶⁴

Much of rural poverty is invisible, occurring in isolated rural pockets. Poverty rates are exceptionally high in rural counties in Appalachia, the Mis-

Much of rural poverty is invisible, occurring in isolated rural pockets.

Mississippi Delta, American Indian reservations in the Southwest and Great Plains, the lower Rio Grande Valley in Texas, and the central valley of California (see Figure 7). Rural poverty is distinctive: It is often extreme (in excess of 40 percent) and has often persisted for decades, especially in the rural South. Except for rural Appalachia, which is predominately white, rural pockets of poverty also are disproportionately comprised of minorities: mostly communities of African Americans, Mexican Americans, and American Indians.⁶⁵ Many Americans assume that disadvantaged minorities are concentrated exclusively in urban ghettos, but some of the most impoverished minorities live in isolated, economically depressed rural areas.

In many rural places, the problem of low family income is compounded by physical isolation, inadequate infrastructure, and limited institutional resources and social support services. Many impoverished rural areas lack safe drinking water, public transportation, good schools with qualified teachers, and quality child care. Residents in such areas may be exposed to environmental toxins or face longstanding traditions of race discrimination and economic oppression. In the mid-1960s, Michael Harrington's influential book, *The Other America*, portrayed the economic circumstances of the rural Appalachian poor. The book caught the attention of President John F. Kennedy, and helped launch President Lyndon Johnson's War on Poverty. While these government programs improved the lives of many rural families in the ensuing decades, circumstances have changed little for many impoverished residents living in isolated areas.

Consequences of Poverty

Poverty is sometimes viewed as a public health issue. It has adverse consequences for health and psychological well-being: It undermines children's

healthy cognitive and psychosocial development; it breeds a variety of anti-social behaviors, including violence; and it is associated with poorer physical health and shorter life expectancy.

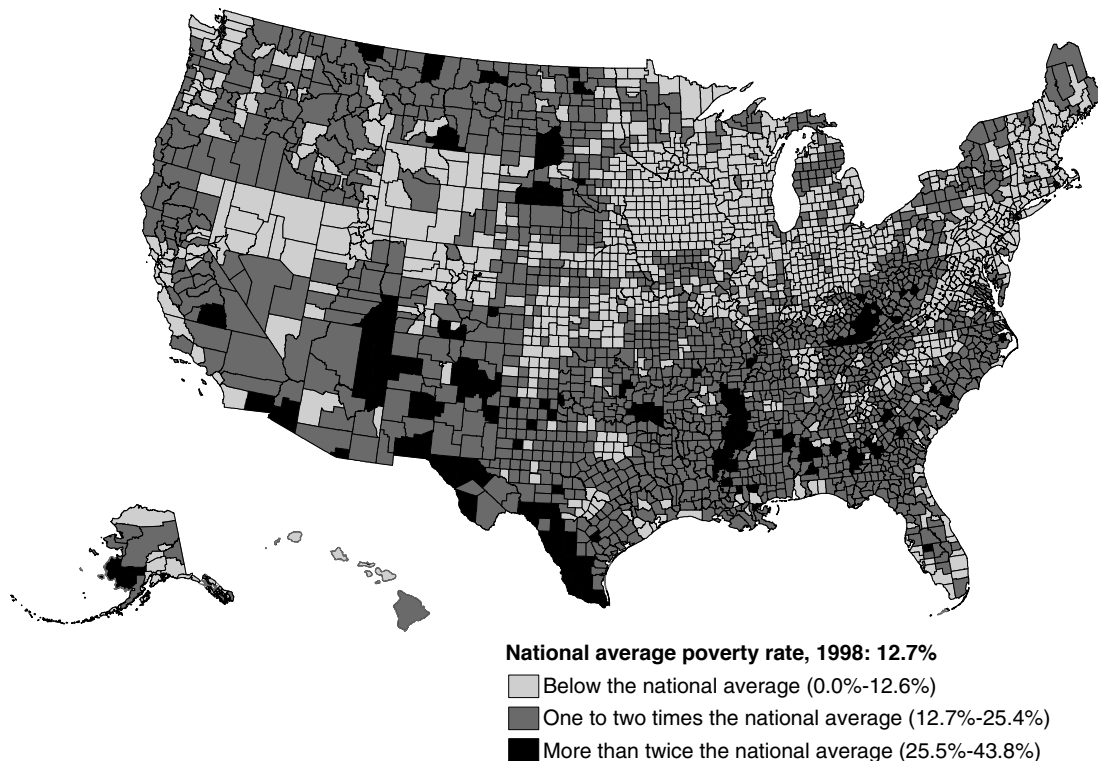
Growing up Poor

Poverty often begets more poverty. Although most people believe that America is "a land of opportunity," common aphorisms sometimes suggest otherwise. "Like father, like son," "the apple doesn't fall far from the tree," "a chip off the old block"—each implies that risk characteristics (such as low intelligence, inadequate education, and dysfunctional or disorganized families) are passed down from generation to generation. One recent study suggests that between 16 percent and 25 percent of adult poverty results from the transmission of poverty from parents to children.⁶⁶

Growing up in poverty is associated with negative outcomes in adolescence that provide a weak foundation for successful adult roles. Poor children are more likely to perform badly in their classes and on tests of cognitive ability.⁶⁷ They are more likely to repeat grades or drop out of school; they are less likely to be highly engaged in school or to participate in extracurricular activities; and they experience significantly more serious emotional and behavioral problems, particularly during adolescence. Poor children are more likely to be depressed, have low self-esteem, and exhibit antisocial behaviors. Poverty-related problems tend to be magnified if poverty occurs early in childhood rather than in adolescence. The negative effects of material deprivation on health and development appear to be cumulative; they keep those born into poverty in the ranks of the poor, even into adulthood.⁶⁸ Small wonder, then, that disadvantaged children often become disadvantaged adults. Sociologists Paul Amato and Alan Booth's *Generation at Risk*, for example, showed that financial stress, measured in terms of parental income, welfare use, and change over the child's life

Figure 7

Poverty Rates in U.S. Counties, 1998



Source: U.S. Census Bureau, 1998 Small Area Income and Poverty Estimates.

course, has long-term negative effects on children's later socioeconomic attainment (including schooling) and marital stability.

While poverty has deleterious consequences for children and adolescents, the literature reveals surprisingly little consensus about how much poverty affects different adolescent outcomes, the significance of poverty compared with such other factors as parenting styles or residence, and how poverty produces negative outcomes. Many studies have sought to find out why poverty or low incomes matter during childhood. Most poverty researchers emphasize the effects of the lack of material resources, such as nutritious food; insufficient investments in child development, such as learning-rich environments; and ineffective parenting, especially in poor single-parent families.⁶⁹

Poverty reduces the likelihood that there will be educational resources in the home, including books, magazines, and toys. The stresses and constraints of supporting a family on a small income may also affect parents' abilities to adequately nurture their children, provide appropriate role models, and supervise and instruct their children.

Income becomes less important as children move into elementary school. Cognitive stimulation in the home turns out to be the single most important factor in a child's intellectual development; parenting style, physical environment of the home, and poor health at birth are relatively less important.⁷⁰

In *Growing Up With a Single Parent*, Sara McLanahan and Gary Sandefur also claimed that the harmful effects of growing up in a single-parent

Poor children have higher rates of asthma, diabetes, and other health problems.

home result in large part from poverty. Income explained roughly 50 percent of the effects of single motherhood on adolescent problem behaviors. Still, scholars disagree about whether poverty causes these negative outcomes, and if so, how. In *What Money Can't Buy*, for example, Susan Mayer shows that low family income during childhood is only modestly associated with a variety of negative outcomes in late adolescence and early adulthood, including teen pregnancy and male unemployment.

Poverty and Health

The links between health and race, ethnicity, and class have attracted increasing attention over the past decade. The National Institutes of Health, the Centers for Disease Control and Prevention (CDC), and private philanthropies, such as the Robert Wood Johnson Foundation, have launched ambitious programs focused on socioeconomic disparities in health. Renewed concerns about social justice in public health are rooted in evidence linking socioeconomic status and health. According to demographers Samuel Preston and Paul Taubman, "Mortality rates and the prevalence of ill health are higher among groups of low social standing in all contemporary Western countries." Preston and Taubman claim that the gaps generally widened between the 1970s and 1990s.⁷¹

Low-income mothers are more likely to have low birth-weight babies, who are at greater risk than other babies for a variety of cognitive and emotional problems.⁷² In addition, poor children are more likely than other children to be exposed to toxic substances and other environmental health risks and to have less healthy diets. These greater health and environmental risks help explain the higher rates of asthma, diabetes, learning disabilities, and speech or hearing problems that limit the school attendance of poor children and interfere with their academic

performance and physical activities. The percentage of poor children with such chronic health conditions increased between the mid-1980s and mid-1990s, and the gap between poor children and other children widened.⁷³ More than 12 percent of poor children ages 1 to 5 have elevated levels of lead in their blood, compared with about 2 percent of high-income children. Among whites, poor adolescents are twice as likely to be obese as affluent adolescents. Many of these problems go untreated.

Nearly one-quarter of children from poor or near-poor families lack health insurance coverage, compared with 4 percent of high-income children. Poor and near-poor children also are less likely to be fully vaccinated against childhood diseases or to have seen a personal physician in the past year. Not surprisingly, low-income children are four times as likely to be in "fair" or "poor" health as higher-income children.⁷⁴ Infant mortality rates are also substantially higher among children of high school dropouts than among college-educated mothers.

Poor mothers often receive inadequate prenatal care, and are more likely to suffer health conditions that affect the fetus, including hypertension and diabetes, vitamin deficiencies, drug or alcohol dependencies, and HIV infection.⁷⁵ More generally, the CDC shows that there are large socioeconomic status differentials in health among adults (see Figure 8). More than 25 percent of poor adults ages 18 and over indicate that their health is "fair" or "poor," compared with less than 5 percent of adults with annual incomes above \$50,000. A similar health disparity by income status exists within racial and ethnic groups. The poor are also three to four times more likely than wealthier Americans to report limitations in their activities because of health, and to suffer a greater number of acute and chronic health conditions.

The poor have a lower life expectancy, regardless of race or ethnicity. Among white men age 65, for

example, additional life expectancy is about 14 years for those with annual incomes below \$10,000, compared with 17 years among those with incomes over \$25,000. Part of the reason for the difference is that poor people are more likely to suffer from heart disease, lung cancer, diabetes, and various degenerative diseases. In 1995, the risk of dying of heart disease was 2.5 times greater for men with incomes below \$10,000 than it was for men with incomes over \$25,000. People in lower socioeconomic groups are also more likely to die violent deaths. Homicide and suicide rates are substantially higher among the least educated in every racial and ethnic group.

Current debates focus on whether existing socioeconomic differentials in health and longevity reflect the causal effects of low income on access to health care, or instead reflect unhealthy behavioral patterns, including smoking, lack of exercise, and poor diets, that are born of cultural patterns, low education, inadequate health knowledge, or feelings of hopelessness. But one recent study suggests that disparities in health and longevity cannot be attributed to the bad habits or lifestyles of the poor. The study found that males over age 30 with annual incomes below \$10,000 were nearly three times more likely to die than those earning \$10,000 or more, even considering differences in rates of smoking, drinking, obesity, and physical inactivity.⁷⁶

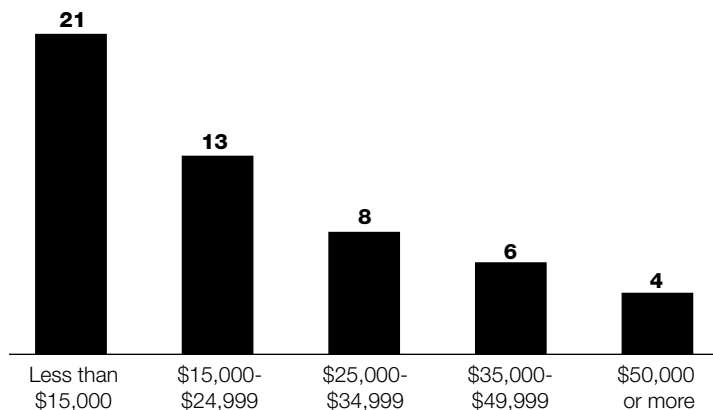
Mental Health

Economic hardship is an emotional strain on adults who are struggling to provide for their families. Feelings of depression, such as hopelessness, sadness, and worry, prey disproportionately on poor adults, particularly those under age 60.⁷⁷ Indeed, low-income parents are at least twice as likely as other parents to exhibit poor mental health and highly aggravated behavior.⁷⁸ Psychosocial problems generally coexist with physical symptoms, including chronic fatigue and insomnia.

Figure 8

Americans Reporting 'Fair' or 'Poor' Health by Annual Family Income, 1995

Percent of adults age 18 or older



Source: National Center for Health Statistics, *Health, United States, 1998 With Socioeconomic and Health Chartbook* (1998): 272.

Concentrated urban poverty seems to exacerbate the negative mental health consequences of low income. Compared with other adults, adults who live in the most disadvantaged neighborhoods see more drug use and drinking on the street; report more crime, graffiti, and vandalism; and are more likely to feel that their neighborhoods are unsafe. The daily stresses that poor adults experience from the social disorder in their neighborhoods adversely affect psychological functioning and physical health.⁷⁹ Poor health lowers productivity and earnings, undermines positive social interaction and social support, and depletes adults' capacities as caretakers.

Poverty and Crime

The association between poverty and crime arouses passionate debate among social scientists and public opinion leaders. The empirical evidence is unequivocal: A higher percentage of the poor than the nonpoor are arrested, convicted for violent crimes, and incarcerated. Violent and property crime rates tend to be higher in poor neighborhoods and economically depressed urban areas than in other areas.⁸⁰ Poor people are

Table 3

Victims of Violent Crime by Income Level, 2000

| Annual income | Victims per 1,000 people age 12 or older | | |
|-------------------|--|---------|---------|
| | Rape/sexual assault | Robbery | Assault |
| Less than \$7,500 | 4.3 | 8.1 | 45.1 |
| \$7,500-\$14,999 | 1.6 | 6.9 | 35.9 |
| \$15,000-\$24,999 | 3.2 | 4.8 | 27.2 |
| \$25,000-\$34,999 | 1.2 | 3.1 | 33.7 |
| \$35,000-\$49,999 | 1.6 | 3.5 | 25.3 |
| \$50,000-\$74,999 | 1.5 | 2.2 | 29.7 |
| \$75,000 or more | 0.8 | 1.8 | 20.3 |

Source: U.S. Bureau of Justice Statistics, "Criminal Victimization 2000: Changes 1999-2000 With Trends 1993-2000" (2001): Table 14.

also more likely than other Americans to be the victims of crime (see Table 3).⁸¹ But the interpretation of this evidence is not straightforward.

One common view is that poverty and inequality sow the seeds of crime and deviant social behavior. Poor children are more likely than other children to be raised by single mothers, have minimal supervision, become involved with delinquent peers, and be socialized into deviant subcultures, such as gangs and organized crime. According to another view, disadvantaged persons, even if they aspire to middle-class values and goals, may turn to illegal activities when they find that legitimate routes to a better material life are blocked by their low educational attainment or by discrimination.⁸² A related view holds that the poor are disproportionately targeted for arrest, and that they are more likely to be convicted and jailed than nonpoor people because they have weaker legal representation, among other disadvantages. Critics claim that white-collar crime by wealthier Americans is rarely targeted in the same way.

Some analysts suggest that delinquent or criminal behaviors lead directly to poverty. Underage drinking and drug use, for example, may lead indirectly to other criminal behaviors, including gang activity and violent and property crimes, that lead ultimately to dropping out of school, unemployment, or unmarried child-

bearing. According to this view, poverty is a consequence of bad decisionmaking early in life. Spending time in jail, especially in early adulthood, may cut short education and job preparation, elevating the likelihood of chronic poverty.

Welfare Reform

Poverty and welfare receipt are inextricably linked. Government programs may help low-income women and children meet their basic daily needs (through cash assistance programs such as TANF or food stamps). But there is a continuing fear that welfare itself has negative effects on low-income women and their children, and that welfare creates economic dependency and perpetuates the cycle of poverty. The welfare reform bill was designed largely to encourage economic self-sufficiency. However, some analysts are concerned that the work requirements imposed by TANF, along with time limits, may hurt women and children in unforeseen ways.

Single Mothers

Time limits on welfare eligibility may encourage some women to enter or stay in unhealthy or abusive relationships. An Urban Institute study reported that the rate of cohabitation among welfare recipients doubled between 1997 and 1999.⁸³ Women who cohabit suffer a much higher rate of physical violence than similar women who are married.⁸⁴

Welfare dependency has been associated with substance use and mental health problems. Sociologist Rukmalie Jayakody and her colleagues estimated that 21 percent of welfare recipients, compared with 13 percent of single mothers not receiving welfare, had used an illegal substance in the past year; marijuana use was the most common.⁸⁵ But it is not clear whether substance abuse is a cause or consequence of poverty and welfare dependence. Higher rates of drug abuse among welfare mothers

may also be a response to their higher levels of depression.

Mental health problems are more common among single mothers on welfare than other single mothers. The 1995 National Household Survey of Drug Abuse (NHSDA) reported that about 20 percent of women on welfare had experienced psychiatric disorders, such as major depression, anxiety disorders, panic attacks, and agoraphobia, within the past year, compared with 13 percent of other single mothers.⁸⁶ Psychiatric problems are associated with a higher probability of going on and staying on welfare, according to a longitudinal survey of welfare recipients.⁸⁷ Mental health problems also increase women's risk of being barred from welfare for failing to comply with TANF work requirements and other regulations. There is little evidence so far as to whether women's mental health has generally deteriorated or improved as a result of leaving welfare.⁸⁸

Children's Well-Being

How does welfare mothers' greater risk of substance abuse and depression affect their ability to care for their children? The optimistic view is that work-based welfare will, on balance, enhance children's cognitive and emotional development. By working, advocates argue, mothers can enhance their own mental health, self-esteem, and sense of personal power. A working mother provides a positive role model for her children. Through regular employment, she may instill values in her children that emphasize work over welfare. Steady employment also "routinizes" daily life and gives children's lives needed structure. In turn, the children grow up to become better parents, more effective in supervising their children and meting out appropriate discipline.

In a recent evaluation of 10 welfare demonstration projects, Martha Zaslow and colleagues reported that welfare had minimal effects on children.⁸⁹ In a related evaluation of many of the same demonstration pro-

grams, however, Greg Duncan and Lindsay Chase-Lansdale found that impacts varied by children's age. Cash assistance had generally positive effects on school achievement among elementary-school age children, but negative effects on adolescents.⁹⁰ Evaluation of the New Hope Project in Milwaukee revealed that cash assistance had significant positive effects on children's educational progress and aspirations and on teachers' assessments of students' compliance and self-control, competence and sensitivity, and autonomy.⁹¹ Much of the positive effect reflected higher-quality child-care arrangements and after-school programs, rather than maternal psychological benefits (such as higher self-esteem) or improved parenting practices.

The opposing view is that working for low pay creates additional stress on mothers, reduces the time—especially quality time—spent with children, and diverts income to work-related expenses such as transportation and child care. Indeed, the evaluation by Zaslow and colleagues suggested that unfavorable child outcomes tended to occur when the economic circumstances of welfare families did not improve or got worse.⁹² Such studies buttress the arguments that reducing poverty and improving the well-being of children should be explicit goals of PRWORA's reauthorization.

Initially, critics worried that welfare reform's emphasis on getting welfare mothers into the labor force would lead to more cases of child abuse and neglect, fosterage, and abandonment. They feared that reform would undermine effective parenting and supervision. Some single mothers might be forced to turn over parenting responsibilities to grandparents or other relatives to hold a job. If mothers were unable to find work and were forced off welfare, the loss of income might also adversely affect children's psychosocial development: Reports of child abuse and neglect are higher in low-income and welfare-dependent families than in other families, and

Mental health problems are more common among single mothers on welfare.

the effects such abuses have on children's development are well-documented.⁹³ Data from the National Survey of America's Families provided no evidence of increased child abuse or neglect following welfare reform, although the data may reflect the improved economy and declining poverty rates rather than effects of welfare reforms.⁹⁴

Reauthorization of PRWORA

Poverty reduction was not among the stated purposes of the 1996 welfare reform bill. The main goals were to reduce welfare dependence and encourage greater self-sufficiency, as well as to promote two-parent families as a context for having and raising children. Caseloads have declined in large part because roughly two-thirds of recent welfare leavers have become employed.⁹⁵ The growing consensus among public officials and policy analysts is that we should redouble our efforts to promote employment.

Some welfare advocates argue that reduction of poverty should be a specific component of the next phase of welfare reform. The American public seems to agree: A recent national poll indicated that 71 percent of Americans believed that reducing poverty is "very important" for government programs such as welfare.⁹⁶ The Center for Law and Social Policy urged "that one key message should be the need to broaden the focus of state efforts from caseloads to efforts to reduce family poverty."⁹⁷ The Progressive Policy Institute also recommended making support for low-wage workers "the central organizing principle of America's 21st-century social policy," and proposed a poverty-reduction bonus to reward states that reduce poverty rates among working families.⁹⁸

There is a growing consensus across the political spectrum that the government should expand supports for low-wage workers. Proposals

include expanding the EITC, increasing funds for child care, providing health care and housing vouchers, and reinstating cash benefits for legal immigrants. These proposals are consistent with the common view that working families who play by the rules should not be poor.

Other proposals would allow working parents to keep some of their welfare benefits so that they do not simply go from being welfare poor to working poor. Some states have already expanded the use of earned income disregards, which allow working mothers to have a certain percentage of their earnings ignored when they apply for assistance. More generous earning disregards might create additional incentives for low-wage mothers to work. Another incentive would be to stop or even reverse the clock on the five-year time limit for cash assistance if welfare mothers work.

The 1996 welfare reform bill included provisions to establish paternity, as well as responsible fatherhood initiatives designed to increase fathers' involvement with and financial commitment to their children. Many states have actively sought delinquent child support payments from fathers. But rather than passing the money on to families directly, many states use those funds as reimbursement for welfare payments to the family. Child advocates argue that there is little incentive for responsible fathers to pay child support if their money will not benefit their children directly, and suggest greater use of "pass-through" policies that would allow families to keep part of the child support. California and New York, for example, pass through part of the support they collect monthly (typically \$50) to the mothers. The idea is that fathers may be more likely to pay child support, as well as maintain a closer connection to their children, if their payments directly benefit their children.

Other analysts suggest that the government could reduce poverty by allowing TANF programs to cover

Poverty reduction was not among the stated purposes of the 1996 welfare reform bill.

more low-income, two-parent families. Most TANF monies now target single mothers and their children. Recent findings from the Fragile Families Study suggest that 50 percent of unmarried mothers are living with the father of their children, and another 30 percent are intimately involved with the father. The current system may discourage marriage, since marriage threatens mothers' eligibility for TANF. Much of the debate over reauthorization involves how best to serve the needs of low-income families, and how to allow low-income women to marry and have children without penalty from the welfare system.

Uncertain Future

It is unclear whether recent declines in poverty rates will stop or even reverse as the U.S. economy ends its boom years. And it is difficult to tell whether those at the bottom of the economic ladder, including former welfare recipients, will be hurt most by a changing economy. It is clear, however, that poverty—and what public policies can do about it—will continue to arouse the passions of both liberals and conservatives. Most Americans, who hope to create a just society, are unusually generous, if charitable contributions and volunteerism are the measure. But many people also remain ambivalent toward the poor, debating whether the poor truly deserve public assistance, and whether the poor themselves bear most of the responsibility for their current circumstances in this “land of opportunity.”

The 1996 welfare reform bill helped refocus national attention on the plight of America's poor. The good news is that welfare caseloads have plummeted since the mid-1990s, without an increase in poverty. Welfare reform has not been the unmitigated disaster first feared by its critics. Poverty rates have declined even among America's historically disadvantaged groups. But poor people still live with food insecurity, inadequate housing, and poor medical

care, all of which are reflected in poorer physical and mental health. There is some indication that public attitudes and stereotypes about the poor, although still decidedly negative, may be softening. And there may be greater public commitment to helping poor people today than at any other time in recent memory. Indeed, the debate over reauthorization of the welfare bill has stimulated new proposals—from the political left and right—about how to keep welfare dependence low while reinforcing the downward trend in poverty rates and improving the economic well-being of single mothers and their children.

Yet, despite innumerable studies of poverty and its causes, poverty remains a distinctive part of the American economic and political landscape. The gap between rich and poor has widened. The root causes of poverty are complex and manifold; eradicating poverty and its effects will require many different solutions. There is no panacea. In many cases, the welfare poor have simply become the working poor, without experiencing a significant improvement in economic well-being. Helping those who work and behave responsibly will continue to be a policy concern for the foreseeable future, especially during an economic downturn.

The political fault lines are perhaps less clear-cut than in the past. Simple nostrums, such as “economic growth is the best solution to poverty,” are viewed with more skepticism in light of ambiguous evidence of their accuracy over the past several decades. Moreover, few Americans want to return to the days of AFDC, when poor single mothers often remained on welfare indefinitely, with no real future for themselves or their children. The story of welfare reform and poverty is still being written. No one can be certain about the final chapter, or whether the successes and failures of current welfare reform and other antipoverty programs are short-term or permanent, real or illusory.

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