



The War on Poverty: Then and Now

Applying Lessons Learned to the Challenges and Opportunities
Facing a 21st-Century America

By Melissa Boteach, Erik Stegman, Sarah Baron, Tracey Ross, and Katie Wright

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President Lyndon B. Johnson declares a War on Poverty in his State of the Union address on January 8, 1964.

Introduction

This administration today, here and now, declares unconditional war on poverty in America. ... It will not be a short or easy struggle, no single weapon or strategy will suffice, but we shall not rest until that war is won. The richest nation on earth can afford to win it. We cannot afford to lose it.¹

— President Lyndon B. Johnson, January 8, 1964

Fifty years have passed since President Johnson first declared a War on Poverty in his 1964 State of the Union address. While many of the programs that emerged from this national commitment are now taken for granted, the nation would be unrecognizable to most Americans if they had never been enacted.

Soon after President Johnson declared his commitment to end poverty, Congress passed the bipartisan Economic Opportunity Act of 1964 and critical civil rights legislation, which created the legislative framework to expand economic opportunity through anti-poverty, health, education, and employment policies. Throughout the Johnson and Nixon administrations, the War on Poverty—and the Great Society more broadly—laid the foundation for our modern-day safety net, including the Supplemental Nutrition Assistance Program, or SNAP, formerly known as food stamps; Medicare; Medicaid; Head Start; and expanded Social Security.

These and other programs with roots in the War on Poverty have kept millions of families out of poverty, made college education more accessible, and put the American Dream within reach for those living on society's margins. Our national poverty rate fell 42 percent during the War on Poverty, from 1964 to 1973.² And that trend continues today: The poverty rate fell from 26 percent in 1967 to 16 percent in 2012 when safety net programs are taken into account.³

As poverty persists across the country, however, critics of our safety net programs might say we lost the fight. But to label the War on Poverty a failure is to say that the creation of Medicare and Head Start, enactment of civil rights legislation, and investments in education that have enabled millions of students to go to college are a failure. In fact, without the safety net, much of which has its roots in the War on Poverty, poverty rates today would be nearly double what they currently are.⁴

The War on Poverty has not failed us, but our economy has.

Our economy and social fabric have changed significantly in the last 50 years. Demographic shifts, rising income inequality, and insufficient access to jobs and education pose new policy challenges. Too often, our public policies have not met the needs posed by these trends.

It is time for a renewed national commitment to reduce poverty. Half in Ten, a project of the Center for American Progress Action Fund, the Coalition on Human Needs, and The Leadership Conference on Civil and Human Rights, believes we must set and work toward a national goal of cutting poverty in half in 10 years. To get there, we need an investment agenda that addresses the needs of 21st-century

America and the demands of a global economy. It is time to raise the minimum wage, close the gender pay gap, and create better-quality jobs. It is time to invest in work and income supports that cut poverty and expand economic opportunity, and learn from local initiatives that work at the cutting edge of poverty reduction.

By creating a strong economy where gains are more equitably shared and committing to programs and policies that work, we can cut poverty in half in the next 10 years and usher in a new era of shared economic prosperity.

Defining poverty

When discussing poverty in the United States, policymakers often refer to two major measurements:

Federal poverty level

The official poverty definition uses income thresholds that vary by family size and composition to determine who is in poverty.⁵ If a family's total income is less than the applicable threshold, then that family and every individual in it is considered to be in poverty. The measure is intended for use as a yardstick, not a complete description of what people and families need to live. The official poverty definition uses income before taxes and does not include capital gains or noncash benefits such as public housing, Medicaid, and SNAP benefits.⁶ The poverty line was originally equal to nearly 50 percent of median income in the 1960s.⁷ Because it has only been adjusted for inflation and not for increases in living standards, the poverty line has fallen to just under 30 percent of median income as of 2010.⁸

Supplemental poverty measure

The supplemental poverty measure is a more comprehensive measure of poverty that incorporates additional items such as tax payments and work expenses in its family income estimates.⁹ It also provides crucial information on the effectiveness of work and income supports in lifting families above the poverty line.¹⁰ Thresholds used in the measure include data on basic necessities—food, shelter, clothing, and utilities—and are adjusted for geographic differences in the cost of housing.¹¹ This measure serves as an additional indicator of economic well-being and provides a deeper understanding of economic conditions and policy effects.¹²

How are they different?

One major difference between these two measures is that the federal poverty level does not take into account the impact of anti-poverty policies. Families who benefit from tax measures such as the Earned Income Tax Credit, or EITC, or income supports such as SNAP are seen as no better off than families who are not enrolled in these programs.¹³ This can create the false impression that poverty is intractable and will persist no matter what government does. According to a recent Columbia University study that used the supplemental poverty measure, our safety net reduced the number of Americans living in poverty from 26 percent in 1967 to 16 percent in 2012.¹⁴ Without these programs, the study estimates that more Americans—29 percent—would be in poverty today.¹⁵ It is necessary to take into account the impact that these critical programs have on individuals and families in order to establish whether or not our anti-poverty policies are working.



Teacher Diana Feke helps 5-year-old Mason Baker during lunch at a Head Start program in Oregon City, Oregon.

The War on Poverty's legacy

After 50 years, it is clear that the War on Poverty programs have offered economic security and opportunity to millions of Americans. The investments and initiatives established in the decade following President Johnson's War on Poverty declaration built on the existing foundation of progressive social policies enacted during the New Deal era such as the Social Security Act, early training and health programs, and temporary or small-scale nutritional assistance initiatives. Below are a few examples of the ways in which these investments, enacted with largely bipartisan support, continue to help millions of Americans make ends meet and forge a pathway to the middle class today.

Nutrition assistance largely eliminates severe hunger and malnutrition

Thanks to the strong bipartisan commitment to reduce hunger and malnutrition, Congress created the first permanent Food Stamp Program in 1964 to provide monthly benefits to low-income families, particularly those with children, struggling to put food on the table.¹⁶ Congress also strengthened the school lunch program in 1966 and established a pilot version of the Special Supplemental Nutrition Program for Women, Infants, and Children, or WIC, in 1972 under the Nixon administration.

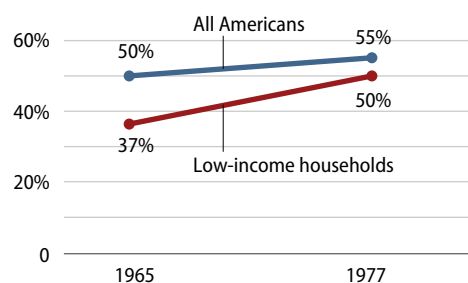
The passage of this vital legislation could not have been timelier or more necessary. Studies during that time revealed both the prevalence of hunger—particularly in low-income areas in the South—and the effect of malnutrition and vitamin deficiency on overall health.¹⁷ One-fifth of American households had poor diets in the mid-1960s, with the share nearly doubling to 36 percent among low-income households.¹⁸

The introduction of nutrition assistance raised the percentage of Americans with nutritionally adequate diets.

The Food Stamp Program, now known as SNAP, continues to be one of the most effective anti-hunger and anti-poverty programs in the United States. By lifting families above the poverty line and reducing food insecurity, SNAP improves nutrition, fosters child health and development, and strengthens the nation's economy.

Nutrition assistance is still vital as families struggle to make ends meet in the wake of the Great Recession. Today, 49 million Americans, including 16 million children, struggle with hunger.¹⁹ SNAP helps meet that immense need, and participation in the program is associated with a decrease in food insecurity by 5 percent to 10 percent.²⁰ SNAP kept nearly 5 million people out of poverty in 2012 alone, and without it, the child poverty rate would have been 3 percentage points higher.²¹ The program also reaches some of the nation's most vulnerable families and serves as an income support for low-wage workers. Nearly 72 percent of SNAP recipients live in families with children, more than a quarter live in households with seniors or people with disabilities, and among those who are able, more than half work.²²

FIGURE 1
Food stamps vastly improved nutrition
Share of Americans and low-income households with good diets increased over time



Source: U.S. Department of Agriculture. 1969. "Dietary Levels of Households in the United States, Spring 1965. Washington: Government Printing Office; U.S. Department of Agriculture. 1985. "Dietary Levels of Households in the United States, Spring 1977. Washington: Government Printing Office

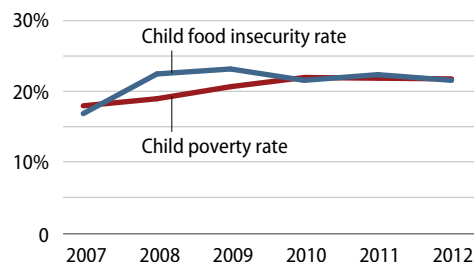
In addition to alleviating hunger and poverty, SNAP serves as a powerful economic stimulus. The U.S. Department of Agriculture shows that every \$5 in new SNAP benefits generates \$9 in economic activity.²³ When families use their benefits to purchase groceries, it not only helps them meet their food needs but also keeps local businesses humming and spurs production and shipping, which provides additional economic benefits.²⁴

SNAP also helps meet the increased need families face during economic downturns.²⁵ Though poverty increased during the Great Recession, for example, food insecurity remained flat. This is likely due in part to SNAP's role in helping families put food on the table.

FIGURE 2

SNAP mitigates effects of poverty on hunger during and after the Great Recession

As the child poverty rate increases, the child food insecurity rate remains static



Sources: U.S. Census Bureau, Current Population Survey 2007–12; U.S. Department of Agriculture, Economic Research Report 2007–12.

Tackling hunger in the Mississippi Delta

Then

Sen. Robert Kennedy (D-NY) traveled to the Mississippi Delta in April 1967 as part of a series of hearings around the country to build support for the Economic Opportunity Act. The tour turned into something else, however, as Sen. Kennedy saw starving children across the region. As a result of the tour, Sen. Kennedy made relieving hunger his top priority, leading the Field Foundation to send a group of physicians to study the problem. Their findings startled the nation:

*In child after child we saw: evidence of vitamin and mineral deficiencies; serious, untreated skin infections and ulcerations ... the prevalence of bacterial and parasitic disease ... diseases of the heart and lungs. ... We do not want to quibble over words, but “malnutrition” is not quite what we found. ... They are suffering from hunger and disease and directly or indirectly they are dying from them.*²⁶

At the time, only 5 million of the 29 million then-eligible Americans were participating in the two major existing government food programs—commodities and food stamps.²⁷ Furthermore, the most needy households were not participating because they could not afford to purchase food stamps, which were essentially a discount coupon program at the time.²⁸

Now

Just one decade after food stamps and nutrition assistance programs became more widely available, a similar team of physicians reported on the drastic health improvements among the poor. They wrote, “This change does not appear to be due to an overall improvement in living standards or to a decrease in joblessness in these areas. ... The Food Stamp Program, the nutritional components of Head Start, school lunch and breakfast programs, and ... [WIC] have made the difference.”²⁹ While poverty persists in the Mississippi Delta and hunger is still a great concern, federal

food assistance has eradicated the starvation that Sen. Kennedy witnessed on his trip. As stated earlier, the child poverty rate would have been 3 percentage points higher in 2012 without SNAP.³⁰ The National School Lunch Program also played a role, keeping approximately 1.25 million people out of poverty last year by providing meals for low-income schoolchildren.³¹

While the health of people in the Mississippi Delta is remarkably better, 22.5 percent of the state receives SNAP benefits.³²

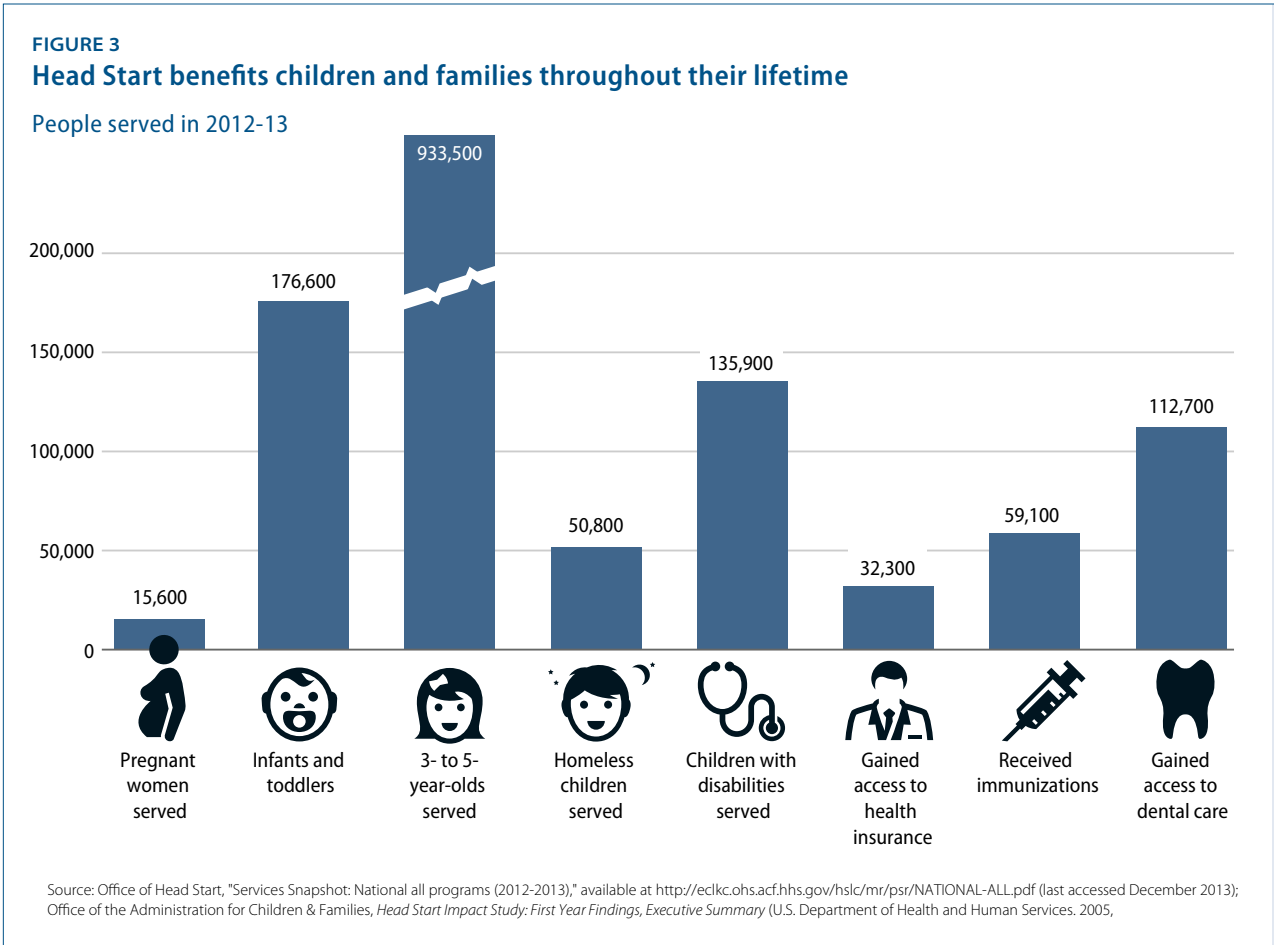
Instead of debating how to cut poverty, the current Congress is debating how much to cut nutrition aid. The House of Representatives recently proposed cuts to nutrition assistance of nearly \$40 billion over the next 10 years, which would deprive 3.8 million people of SNAP benefits and keep 210,000 children from receiving free school meals in the first year alone.³³ History shows food assistance works. Our policies should focus on helping people exit poverty, not creating new barriers along the way.

Head Start boosts school readiness and comprehensive development for low-income children

For nearly 50 years, Head Start has provided early childhood education, health, and parenting services to low-income children and families.³⁴ What began as an experimental summer program became our nation's first federal early education program. Since its inception, Head Start has served more than 30 million children and their families.³⁵

The impetus for Head Start came from the dire health and economic circumstances facing low-income children in the mid-1960s. Nearly one-third of the initial program recipients in 1966-67 had family incomes of less than \$14,000 per year and more than two-thirds had incomes below \$28,000 per year in 2012 dollars.³⁶ Nearly one-third of children enrolled in Head Start in 1969 had not received basic vaccinations, so the program began providing health services such as vaccinations, blood tests, and dental exams.³⁷

Head Start has expanded in important ways since its launch. It shifted from a summer to year-round program for 3- to 5-year-olds in the 1970s when it served roughly 350,000 children.³⁸ Early Head Start was created in the 1990s to serve low-income families and children from birth to age 3 and provide services to pregnant women.³⁹ Head Start enrolled more than 1.1 million children in 2012-13, nearly 60,000 of whom are homeless and 136,000 of whom have disabilities.⁴⁰ It also enrolled nearly 16,000 pregnant women, 93 percent of whom received prenatal education.⁴¹



Head Start achieves its goal of preparing children for entry into elementary school by providing educational, economic, and health benefits to children and their families.⁴² Children who attended Early Head Start have stronger language and social skills, and children who graduate from Head Start demonstrate stronger literacy and writing skills.⁴³ Head Start children experience positive long-term effects on grade repetition, special education, and high school graduation rates.⁴⁴ Researchers found that Head Start improved participants' outcomes after the program year on every measure of child development, including cognitive,⁴⁵ health, and socio-emotional measures.⁴⁶ Equally important, parenting practices and care improved. Mortality rates for 5- to 9-year-old children who had attended Head Start were 33 percent to 50 percent lower from 1973 to 1983 than the rates for comparable children who were not enrolled in Head Start due to the program's health services.⁴⁷ Furthermore, the program's long-term, positive social and economic benefits—such as increased earnings and employment, improved family stability, and reduced crime—make Head Start a wise investment.⁴⁸

Pell Grants make higher education more accessible

The War on Poverty spurred the creation of policies and programs designed to reduce educational inequities by improving college access and affordability, especially for low-income students. Among the most notable programs is the Pell Grant, which was created by the Higher Education Act of 1965 and gives low-income students grants to attend college.⁴⁹

In 1976-77, 32.3 percent of low-income students ages 16 to 24 were enrolled in a two- or four-year college and 1.9 million students received Pell Grants. By 2011-12, 52.1 percent of low-income students were enrolled in college with 9.4 million students receiving a Pell Grant.⁵⁰

While low-income students still face higher barriers to college access than other groups, Pell Grants and other financial aid programs have increased the share of low-income students who enter higher education. Research shows that need-based grant aid increases college enrollment among low- and moderate-income students and reduces their likelihood of dropping out.⁵¹ Two-thirds of Pell Grant recipients have a family income at or below 150 percent of the poverty line, or approximately \$29,308 per year for a family of three.⁵² Thirty-six percent of U.S. undergraduate students received Pell Grants in 2012-13.⁵³ Pell Grants are particularly important for students of color, helping more than 60 percent of African American undergraduates and half of Hispanic undergraduates to attend school.⁵⁴

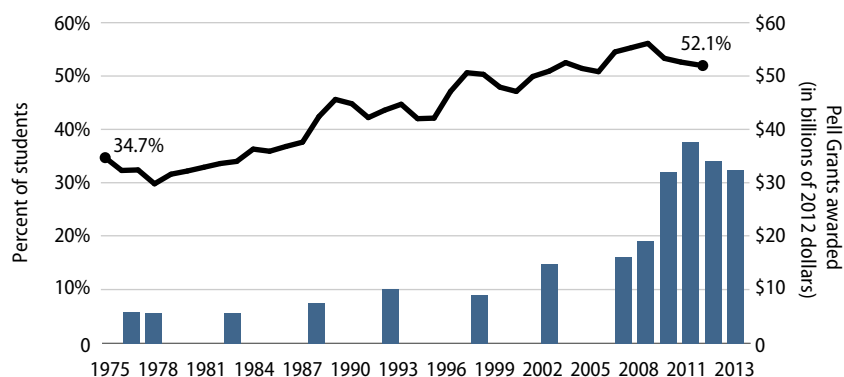
Pell Grants also strengthen our economy since having a college education increases employment and wages. Young adults with only a high school diploma are almost three times more likely to be unemployed and earn less than three-fifths as much as those with a bachelor's degree.⁵⁵

Pell Grants laid the groundwork for our nation's approach to financial aid for higher education and institutionalized the goal of making higher education available to all. Pell Grants are essential to college access and affordability, particularly in light of increasing tuition costs in recent years.⁵⁶

FIGURE 4

Increase in Pell Grants awarded correlates with increase in enrollment of low-income students

Low-income students ages 16 to 24 who are enrolled in a 2- or 4-year college and have completed high school



Low income refers to the bottom 20 percent of all family incomes; these are three-year averages, except for 1975 and 2011, in which two-year averages are used.

Sources: College Board, "Trends in Student Aid: 2013" (2013), available at <http://trends.collegeboard.org/sites/default/files/student-aid-2013-full-report.pdf>; National Center for Education Statistics, "Table 236. Percentage of recent high school completers enrolled in 2-year and 4-year colleges, by income level: 1975 through 2011," available at http://nces.ed.gov/ipeds/data/ipeds-tables/d12/tables/dt12_236.asp (last accessed December 2013).

Medicaid provides essential health coverage

Medicaid, signed into law in 1965, is a public health insurance program jointly funded by the federal government and the states that covers vulnerable individuals, including low-income families, pregnant women, people with disabilities and chronic health issues, and low-income seniors.⁵⁷

The program has grown significantly since it first covered 4 million people in 1966.⁵⁸ Medicaid is the cornerstone of our health security system today, covering more than 62 million people,⁵⁹ including 32 million children.⁶⁰

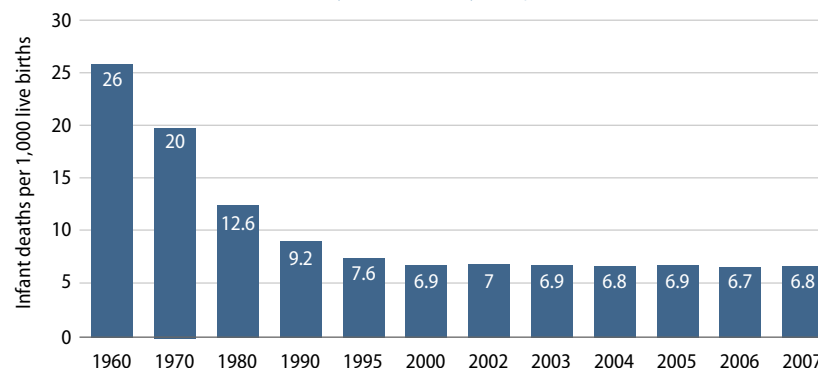
Medicaid is particularly vital for low-income women, as nearly two-thirds of adult women covered through Medicaid are in their reproductive years.⁶¹ Medicaid covers a wide range of family planning and pregnancy-related services that improve maternal health, reduce infant mortality, and improve child health outcomes.⁶²

Medicaid has also become the largest source of coverage for nursing home and community-based long-term care and long-term services and supports.⁶³ More than 60 percent of people living in nursing homes are covered by Medicaid and nearly 10 million Americans—half of whom are elderly and half of whom are children and adults with disabilities—need long-term services and supports.⁶⁴

FIGURE 5

Medicaid associated with significantly decreased infant mortality rates

Infant deaths per 1,000 births, 1-year-old and younger, all races



Source: National Center for Health Statistics, Health, United States, 2010: With Special Feature on Death and Dying (U.S. Department of Health and Human Services, 2011), available at <http://www.cdc.gov/nchs/data/abus/abus10.pdf>.

Similar to SNAP, Medicaid works overtime during economic recessions to address increased need as families lose health coverage due to job losses. During the Great Recession, for example, Medicaid enrollment grew by 10 million from June 2007 to June 2011.⁶⁵

Over the past 50 years, Medicaid has successfully grown to address the health needs of low-income Americans and greatly reduced the number of uninsured Americans.

Social Security offers millions of Americans economic security

Social Security is our nation's bedrock social insurance program, providing a base of monthly income for workers' retirement as well as life insurance for families whose breadwinner dies or becomes disabled.⁶⁶ Although President Franklin D. Roosevelt started Social Security in 1935, it was not until the War on Poverty that the commitment to basic economic security for seniors fully gained traction and the program expanded to provide coverage to a greater percentage of the population.

Prior to the War on Poverty, American seniors had extremely high poverty rates and very few opportunities to better their circumstances. The 1965 amendments to the Social Security Act, which also launched Medicare and Medicaid, provided a 7 percent increase to Social Security benefits, increasing the incomes of seniors.⁶⁷ Then during his 1967 State of the Union address, President Johnson

called for a benefits increase of at least 15 percent so that older Americans could “share in their nation’s progress,”⁶⁸ resulting in congressional approval for a 13 percent increase along with an increase in the minimum benefit.⁶⁹

Utilizing Social Security to improve the well-being of seniors continued into the early 1970s. Social Security benefits increased by nearly 100 percent from 1964 to 1972.⁷⁰ Finally, the Social Security Amendments of 1972 took further steps to protect retired workers by tying benefits to the cost of living.⁷¹ About 88 percent of the population over age 65 received Social Security benefits in 2013,⁷² and without those benefits, nearly half of seniors would live in poverty.⁷³

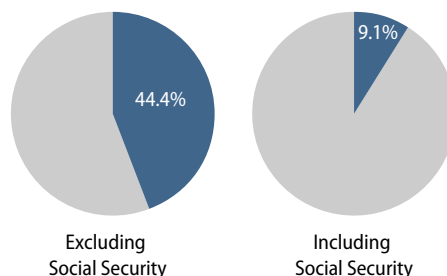
In 2012, 56 million people, or one in six Americans, collected Social Security benefits, and 22.2 million more Americans would have been poor without Social Security.⁷⁴ Although the majority of people that Social Security lifts out of poverty are seniors, nearly one-third are under age 65, including 1 million children.⁷⁵ In total, 6 million children under age 18 lived in families that received Social Security income in 2011.⁷⁶ People with disabilities also benefit greatly from Social Security Disability Insurance, which provides benefits to workers who are no longer able to work due to disability. In 2012, 8.8 million people received disabled-worker benefits from Social Security in addition to 1.9 million children of workers with disabilities.⁷⁷

In short, the investments and initiatives established in the decade after President Johnson’s War on Poverty declaration have reduced economic hardship and hunger, increased Americans’ educational attainment, and paved a pathway to the middle class that makes it possible for tens of millions of Americans to escape poverty. As we seek to update our policies and programs for the 21st century, it is important to build on what works.

FIGURE 6

Without Social Security, nearly half of all seniors would be poor

Percentage of seniors in poverty in 2012



Source: Center on Budget and Policy Priorities analysis based on data from the U.S. Census Bureau, Current Population Survey, March 2013.



Though our nation has changed, public policies still lag behind

Sunita Clark poses with her 10-year-old daughter, Ruby, and husband, Mark, in Columbus, Ohio. Sunita is one of a growing number of women who are the primary breadwinner in the family.

While the War on Poverty laid the groundwork for our modern-day social safety net, the story does not end there. Our society has undergone transformative changes since the 1960s that have both contributed to and alleviated poverty. Yet too many of our policies and institutions have failed to keep up with these changes in American society. Rising income inequality and unequal economic growth, insufficient access to education and jobs, and key demographic shifts have transformed our economy and permeated our social fabric, underscoring the need to update our approach to poverty to reflect our 21st-century reality.

Rising income inequality and unequal growth

A booming economy with shared economic growth characterized the three decades following World War II. This was a key complement to the War on Poverty and Great Society initiatives in realizing a dramatic drop in the poverty rate.⁷⁸ President Johnson's declaration also built on decades of policies geared to grow the middle class, including investments in infrastructure and education, a robust minimum wage, and strong labor market institutions. The unemployment rate was only 5.2 percent by 1964,⁷⁹ and it declined to a record low of 3.5 percent over the next five years.⁸⁰ This full-employment economy was accompanied by high rates of growth with workers at all income levels sharing in the gains.⁸¹

This is not to romanticize the 1960s nor view the past through rose-colored glasses. While growth was high and jobs were plenty, communities of color and women were often locked out of important economic opportunities. But the robust and shared economic growth that accompanied the War on Poverty does underscore two important points:

1. Shared economic growth is a key component to serious efforts to cut poverty.
2. Public policies have an important role to play in creating that kind of growth.

Starting in the late 1970s, a disturbing trend emerged. The gains from economic growth began concentrating at the very top of the income spectrum as wages flattened and costs rose for the majority of Americans. The bottom 20 percent of earners' real income decreased by 7.4 percent between 1979 and 2009, while the real incomes of those in the top 5 percent rose 72.7 percent.⁸²

Outside trends such as globalization and technology displaced many workers, weakening labor unions and driving down wages. But our policy choices—particularly in the 1980s and 2000s leading up to the Great Recession—have exacerbated these trends. By enacting excessive tax cuts for the wealthy, allowing the minimum wage to decline in real terms, and weakening workers' ability to join unions without retaliation, decision makers have increased inequality and accelerated the pace at which gains from economic growth concentrated at the top.

The situation has gotten worse since the Great Recession ended. While the incomes of the top 5 percent of earners have grown 5.2 percent since 2009, low- and middle-class Americans have seen their incomes fall despite four straight years of economic growth.⁸³

This division is especially pronounced at the very top of the income spectrum. As President Barack Obama noted in his recent speech on income inequality, “Whereas in the past, the average CEO made about 20 to 30 times the income of the average worker, today’s CEO now makes 273 times more. And meanwhile, a family in the top 1 percent has a net worth 288 times higher than the typical family, which is a record for this country.”⁸⁴

In the years following the War on Poverty, the share of national income going to the top 1 percent has more than doubled.⁸⁵ In fact, income inequality is the largest contributor to today’s stubbornly high poverty rates. Research by the Economic Policy Institute reveals that income inequality added nearly 6 points to the poverty rate between 1969 and 2006.⁸⁶

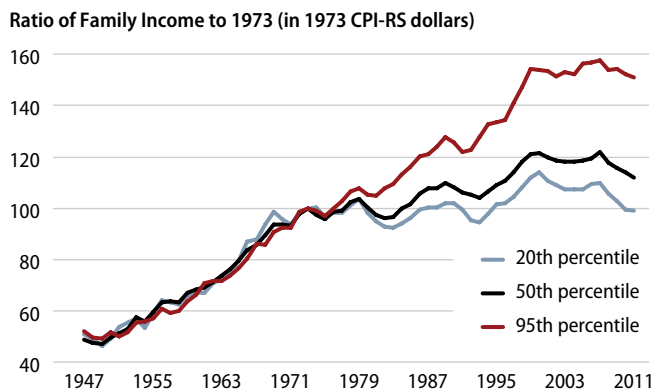
This concentration of wealth has been accompanied by an erosion of the minimum wage, which has lost 30 percent of its real value since 1968.⁸⁷ If the minimum wage had been indexed to inflation in 1968, it would be more than \$10 per hour today.⁸⁸ If it had kept pace with the growth in productivity that has fueled increased profits for those at the top, it would be more than \$17 per hour.⁸⁹

It is more important than ever to improve the quality of low-wage jobs. Economic projections indicate that low-wage jobs will continue to persist without serious policy reforms.⁹⁰ Absent efforts to improve job quality, we will consign a significant share of working Americans to life on the economic brink.

FIGURE 7

Starting in 1970s, inequality widens and low- and middle-income families see fewer gains from economic growth

Real family income between 1947 and 2011 as a percent of 1973 level

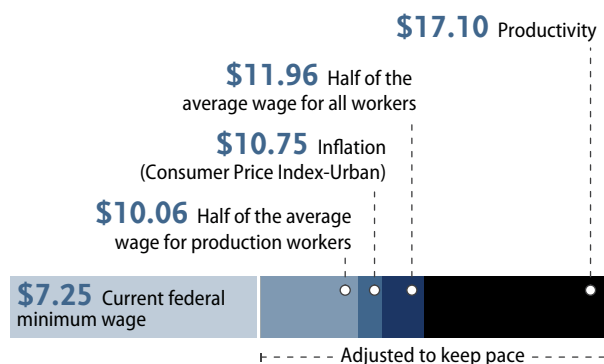


Source: U.S. Census Bureau, Current Population Survey, Annual Social and Economic Supplements. Data obtained by the Center on Budget and Policy Priorities.

FIGURE 8

Minimum wage lagging behind

What the minimum wage would have been in 2013 had it been adjusted since 1968 to keep pace with average wages or other standards



Source: Janelle Jones and John Schmitt, “The Minimum Wage Is Not What It Used to Be,” Center for Economic and Policy Research Blog, July 17, 2013, available at <http://www.cepr.net/index.php/blogs/cepr-blog/the-minimum-wage-is-not-what-it-used-to-be>.

As income inequality has widened and the minimum wage has eroded, the system of work and income supports detailed above has been working overtime to help offset some of these trends. For example, the Earned Income Tax Credit, or EITC, established in 1975 with bipartisan support, is now one of our most effective anti-poverty tools. The EITC lifted 6.1 million Americans, including 3.1 million children, out of poverty in 2011 alone.⁹¹ Child care assistance, while underfunded, increases the share of low-income parents, particularly mothers, who are able to work steadily or attend school, effectively increasing the take-home pay of poorly compensated parents.⁹² A new Columbia University analysis using the supplemental poverty measure shows that the safety net helped reduce the share of Americans in poverty from 26 percent in 1967 to 16 percent in 2012.⁹³

But while the EITC and other work supports have improved over the past several decades, several types of unemployment assistance for low-income people contracted. In particular, a 1996 legislation package froze the funding of Social Security's Aid to Families with Dependent Children program at early 1990s levels without even an increase for inflation.⁹⁴ As a result, the program—now known as Temporary Assistance for Needy Families, or TANF—has lost 30 percent of its real value to inflation since 1996⁹⁵ and was largely unresponsive to the increase in unemployment during the Great Recession.⁹⁶

While the booming economy of the 1990s provided many opportunities for disadvantaged people to find work, the subsequent recession and unequal recovery have left many of the most vulnerable people without access to jobs at the same time as they have lost income assistance from TANF.

Insufficient access to education and jobs

Though programs such as Pell Grants have enabled more low-income students to attend college, our policies have failed to address the reality that postsecondary education has become a de facto prerequisite for entering the middle class. Fifty years ago, the free high school education that was the birthright of every American was sufficient to find a decent job. Virtually all men, regardless of educational attainment, were able to participate in the workforce and partake in the returns of our growing economy.⁹⁷

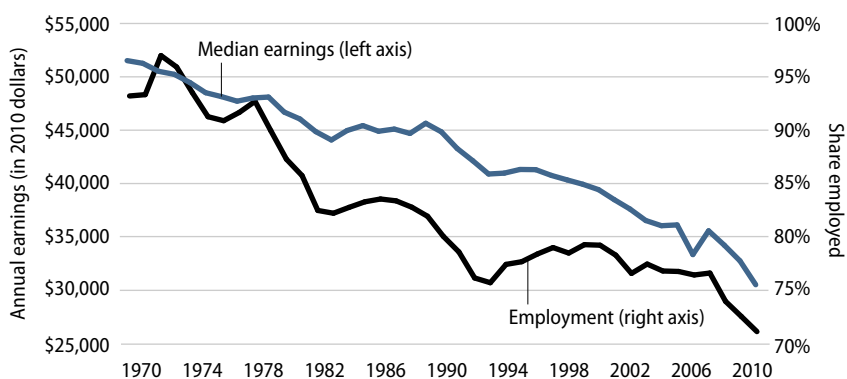
Since this time, however, the job prospects and earnings of the typical high school graduate have fallen far behind those of better-educated workers. According to research by The Hamilton Project, the employment rate for male high school graduates fell from around 96 percent in 1970 to only 75 percent in 2011.⁹⁸ Furthermore, median annual earnings fell by more than 50 percent for male high school graduates over the same time period.⁹⁹ And in 2012, the typical full-time worker with a high school diploma earned 79 percent less than a similar full-time worker with a bachelor's degree.¹⁰⁰

While women's growing employment has decreased poverty overall, particularly since 1980,¹⁰¹ the gains women have made in the workforce over the years have only partially offset the losses experienced by men.¹⁰² This is in part because the rise of a low-wage economy has contributed to a large share of the population facing economic insecurity.¹⁰³ In fact, more than 40 percent of job growth in 2012 took place in low-wage sectors such as hospitality, retail, and health and education services.¹⁰⁴

Furthermore, jobs increasingly require at least some college or postsecondary education. According to the Brookings Institution, 43 percent of job openings in the 100 largest metropolitan areas required at least a bachelor's degree in 2012, while only 32 percent of adults age 25 and older actually earned one.¹⁰⁵ According to *The New York Times*, "In some cases, employers are specifically requiring four-year degrees for jobs that previously did not need them, since companies realize that in a relatively poor job market college graduates will be willing to take whatever they can find."¹⁰⁶ In fact, about 8 percent of all minimum-wage workers and 17.8 percent of hourly workers held at least a bachelor's degree in 2012.¹⁰⁷

FIGURE 9

Annual earnings and employment of men with only a high school diploma



Note: The sample is restricted to non-Hispanic whites and blacks aged 25 to 64 to control for changes in the share of immigrants in the population. A direct identifier of immigrant status is unavailable before 1994 for annual earnings data.

Source: U.S. Census Bureau, Current Population Survey, 1971–2011; Data on the institutionalized population come from the U.S. Census and American Community Survey, 1970–2010. Adam Looney and Michael Greenstone, "What is Happening to America's Less-Skilled Workers? The Importance of Education and Training in Today's Economy" (Washington: The Hamilton Project, 2011), available at http://www.hamiltonproject.org/papers/what_is_happening_to_america's_less-skilled_workers_the_importance_of_e/.

Another disconcerting trend is the stagnation of the basic skill level of American adults. The Organisation for Economic Co-operation and Development measured the skill level of adults in three categories—literacy, numeracy, and problem solving in a technology-rich environment—and compared citizens across 22 countries. The United States’ average score fell slightly below the international average.¹⁰⁸ Even more troubling, the oldest cohort of Americans, 55- to 66-year-olds, had a higher average score in both literacy and problem solving than the international average, while the youngest cohort, 16- to 24-year-olds, had a lower average score.¹⁰⁹ This suggests that our population is falling behind our international competitors.

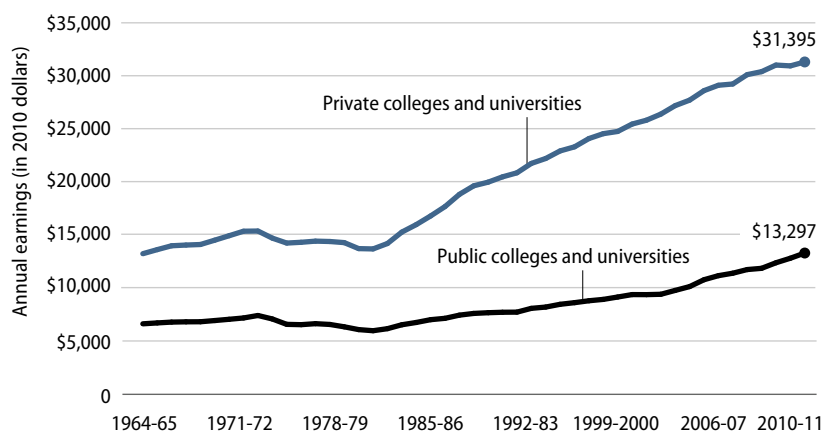
While the need for a college degree has grown over the past 50 years, the cost of higher education has increased dramatically. According to the U.S. Department of Education, the average annual tuition, fees, and room and board at a public university for the 1964-65 school year was \$6,592 in 2011 dollars. That amount had more than doubled to \$13,297 by the 2010-11 school year. The price surge for private schools was even more dramatic, with tuition increasing 137.2 percent over the same period.¹¹⁰

Unfortunately, federal Pell Grants have failed to keep pace with rising college costs. During the 1979-80 school year, Pell Grants covered 77 percent of the costs of a public, four-year college compared to only 36 percent in 2010-11.¹¹¹ As a result, students are increasingly turning to loans to pay for college.¹¹²

It is not surprising then that the majority of bachelor’s degree holders come from families with earnings above the

FIGURE 10
The rising cost of college

Total tuition, fees, room, and board of all institutions (constant 2009-10 dollars)



Note: Data are for the entire academic year and are average total charges for full-time attendance. Tuition and fees were weighted by the number of full-time-equivalent undergraduates, but were not adjusted to reflect student residency. Room and board were based on full-time students. Data through 1995-96 are for higher-education institutions, while later data are for degree-granting institutions. Degree-granting institutions grant associate's or higher degrees and participate in Title IV federal financial aid programs. The degree-granting classification is very similar to the earlier higher-education classification, but it includes more two-year colleges and excludes a few higher-education institutions that did not grant degrees. (See Appendix A: Guide to sources for details.) Because of their low response rate, data for private two-year colleges must be interpreted with caution. Some data have been revised from previously published figures. Detail may not sum to totals because of rounding.

Sources: U.S. Department of Education, National Center for Education Statistics, Higher Education General Information Survey (HEGIS), "Institutional Characteristics of Colleges and Universities" surveys, 1965-66 through 1985-86; "Fall Enrollment in Institutions of Higher Education" surveys, 1965 through 1985; Integrated Postsecondary Education Data System (IPEDS), "Fall Enrollment Survey" (IPEDS-EF:86-99) and "Institutional Characteristics Survey" (IPEDS-IC:86-99); IPEDS Spring 2001 through Spring 2011, Enrollment component; and IPEDS Fall 2000 through Fall 2010, Institutional Characteristics component. (This table was prepared November 2011.)

median income.¹¹³ The income achievement gap has grown sharply over the past 50 years and is nearly twice as large as the black-white achievement gap today.¹¹⁴ It is increasingly hard to enter the middle class with no more than a high school education, but there are many barriers to earning a college degree. Today, workers with a high school degree or less are actually 13 percent more likely to experience significant downward mobility than those with college degrees.¹¹⁵

Demographic shifts

Even as rising income inequality has put upward pressure on the poverty rate, the increasing share of women in the workforce has helped reduce poverty. As men's wages have flattened, women's additional income has helped to offset some of that stagnation.

Only about a quarter of families relied on mothers as breadwinners in the 1960s; today, that share is nearly two-thirds, and women constitute nearly half of the workforce.¹¹⁶ More mothers are also breadwinning alone: Less than 1 in 10 births in the 1960s was to an unmarried mother,¹¹⁷ but approximately 4 in 10 births today are to unmarried mothers.¹¹⁸ In fact, at least half of all children in the United States today will spend at least part of their childhood in a single-parent family.¹¹⁹ Yet despite these enormous cultural and economic shifts, our policies and institutions still in many ways assume that families have a wife at home to take on caregiving responsibilities.

The United States is the only developed nation that has no paid parental leave policies to ensure that new parents can take the time to welcome a new baby or adopted child into the family without sacrificing needed income.¹²⁰ Forty percent of private-sector workers and 70 percent of low-wage workers do not have a single paid sick day to care for themselves or a loved one,¹²¹ setting up impossible choices such as whether to stay home with a sick child or forgo income needed to pay this month's utility bill. Though the share of mothers in the workforce with children under age 5 has doubled since 1970 to more than 60 percent,¹²² child care subsidies and preschool programs remain underfunded and patchwork. And women still only earn 77 cents for every dollar earned by a man.¹²³

For single-parent households, the picture looks bleaker. Although single parents have higher-than-average workforce participation rates, the combination of low wages, a lack of policies to balance breadwinning and caregiving, and inadequate work and income supports leave a disproportionate share of single-parent house-

holds in poverty.¹²⁴ While other developed nations have also seen a shift toward more single-parent families, the United States is lagging in adapting its policies to this reality. A recent study found that the United States is one of the least hospitable countries among developed nations for single-parent families with the least generous work and income supports.¹²⁵

Another important demographic shift over the past 50 years is the growth of communities of color. Communities of color constituted around 15 percent of the population in the 1960s.¹²⁶ They represented more than 36 percent in 2010¹²⁷ and are expected to comprise the majority of the U.S. population sometime in the early 2040s.¹²⁸

Unfortunately, despite important gains in civil rights, communities of color are still affected by disproportionate rates of poverty. There are more whites in poverty than any other group in absolute numbers, but poverty rates among African Americans—27.1 percent—and Hispanics—25.6 percent—are significantly higher than poverty rates among non-Hispanic whites—9.7 percent.¹²⁹ These disparities carry important consequences for U.S. economic competitiveness. Communities of color are expected to comprise the majority of the U.S. population by 2042.¹³⁰ Childhood poverty is associated with lower worker productivity and higher long-term health and criminal justice costs,¹³¹ so if we do not take action to improve the economic prospects of racial and ethnic minorities—particularly children of color—we risk diminishing our nation’s economic edge.

FIGURE 11 Time to update our policies for a new time		
	1960s	Today
Share of income going to top 1 percent	10.5% (1964)	22.4% (2012)
Minimum wage (in today's dollars)	\$10.74/hour (1968)	\$7.25/hour
	\$22,339 a year	\$15,080 a year
	As share of poverty line for family of three: 114%	As share of poverty line for family of three: 77%
Share of families relying on mother's income	27.7% (1969)	63.9% (2010)
Children born to unmarried mothers	1 in 10	4 in 10
Annual cost of attending a public college or university (in 2011 dollars) ¹³²	\$6,592 (1964-65 school year)	\$13,297 (2010-11 school year)

Addressing poverty in Central Appalachia

Then

President Johnson traveled to Martin County, Kentucky, in the heart of Appalachia to launch the War on Poverty in April 1964. At the time, roughly one in three Appalachians lived in poverty, many suffering from malnutrition, receiving poor education, and lacking basic necessities such as indoor plumbing.¹³³ Furthermore, many people faced health conditions from working in coal mines or living near streams polluted by mining activities.¹³⁴ President Johnson made alleviating poverty in Appalachia the centerpiece of his War on Poverty, which included a \$1 billion allocation to 11 Appalachian states for the development of highways and other projects.¹³⁵ Sen. Robert Kennedy embarked on a two-day tour of southeastern Kentucky in 1968—his final visit to poverty-stricken communities. In these communities, he saw that hunger, a lack of access to benefits, and economic devastation persisted.¹³⁶

Now

There are 93 Appalachian counties that are currently considered economically distressed, or have 40 percent or more residents living at or below the poverty level,¹³⁷ down from 223 such areas in 1965.¹³⁸ Studies show that earnings and incomes are higher, health outcomes overall are better, workers are more skilled, and infrastructure has been modernized.¹³⁹ But that depends on where you look: Some

communities have successfully diversified their economies, while others still lack basic infrastructure such as roads and water and sewer systems.

Central Appalachia in particular faces many problems. Although poverty has fallen, it remains persistently high in this region. Central Appalachia's per capita personal income was only 68 percent of the national average in 2009—a lower share than in 1965 and 20 percent lower than that of Northern Appalachia.¹⁴⁰ Furthermore, just 13 percent of working-age adults in Central Appalachia had at least a bachelor's degree.¹⁴¹ In addition, Central Appalachians are in poor health relative to other Americans and have poor access to health care even compared to other rural areas.¹⁴²

According to Cynthia Duncan, author of *Worlds Apart: Why Poverty Persists in Rural America*, greater investment was needed 50 years ago. She explained, "Without greater commitment to investment in education and skills, without a significant economic engine to create the kind of jobs that support a solid middle class that can be holding government accountable, [the War on Poverty] didn't have a lasting, far-reaching effect for the region."¹⁴³ The Appalachian example shows that progress has been made, but increased investment is necessary. Policies such as the Affordable Care Act, which is helping hundreds of thousands of Kentuckians access affordable health coverage for the first time, are an important step forward.¹⁴⁴

Public policies must reflect 21st-century realities

In short, many of the policies enacted as part of the War on Poverty have stood the test of time. Today's Americans are healthier, better educated, and more financially secure in their old age, because we made investments in education, health, nutrition, and income security 50 years ago.

But in other ways, our policies have not kept pace with important economic and social changes. Rising income inequality has concentrated wealth at the top and consigned too many working Americans to low wages, requiring a more expansive system of work and income supports. While more people are attending college, the rising cost of tuition makes it increasingly hard for students from poor backgrounds to enroll, limiting the potential for greater social mobility. Women's increased labor force participation has improved families' bottom lines, but our policies have not yet accommodated the fact that women often serve as both breadwinners and caregivers. And communities of color are a growing part of our workforce, yet persistent racial and ethnic disparities remain unaddressed.

Our nation cut poverty by 42 percent in the 10 years following the War on Poverty. If we are to cut poverty in half in the coming decade—the goal of the Half in Ten campaign—we must update our policies and institutions to adapt to these changes.



Students earning graduate degrees from the University of Denver arrive for their commencement ceremony.

Crafting an investment agenda for the next 50 years

If we the people commit to forming this more perfect union, then we will accomplish President Johnson's dream and ensure that all will have a fair chance to succeed. But to achieve this goal in our frayed democracy, we must weave ourselves together to create a whole tapestry in which everyone has a valued place. This is the essence of democracy. If we care for the common good, then we will meet the challenges of our time to reduce poverty and fully embrace the promise of our Constitution. By standing up to the challenges, poverty will be reduced, and we will flourish as a healthy nation where all can live in dignity.¹⁴⁵

— Sister Simone Campbell, executive director of NETWORK

Today, our nation faces a serious challenge with poverty—a challenge that we know we can overcome, and one we simply cannot afford to ignore. Our past success in cutting poverty was born out of a national commitment as serious as the challenge itself. To meet the new challenges of the 21st century, we need the political will to do so.

Unfortunately, we mark the 50th anniversary of the War on Poverty at a time when the very programs that have been so successful are under threat. Congress is considering cuts to SNAP, a program that has lifted millions out of poverty, boosted our economy, and dramatically improved health outcomes for families struggling to put food on the table. Congress has also failed to continue unemployment insurance for long-term jobless workers who were laid off through no fault of their own—an unprecedented move at a time with such high unemployment rates.

Protecting investments such as SNAP and providing unemployment insurance in a tough economy are prerequisites to not moving backward. To move forward in cutting poverty, we must not only defend effective programs but set forth a proactive vision to meet the challenge before us.

To that end, the Center for American Progress's partner, Half in Ten, has published a comprehensive list of recommendations to move us toward our goal of cutting poverty in half in 10 years. See Half in Ten's annual report, "Resetting the Poverty Debate: Renewing Our Commitment to Shared Prosperity," for policy recommendations to create more good jobs, strengthen families, and promote family economic security.¹⁴⁶

Below are some important components of a strategy to cut poverty. It is time to reset the entire debate and make the right choices to grow our economy and provide greater economic opportunity for all.

Reset the fiscal debate

We can start by making policy decisions based on the fiscal realities of today, not the context of last year, the previous decade, or 50 years ago. Often fiscal constraints are cited as a reason that we cannot afford to invest in cutting poverty. Yet, as a recent Center for American Progress report shows, the nation's medium- and long-term fiscal outlook has improved dramatically.¹⁴⁷ This is due to the \$2.5 trillion in deficit reduction that we have already enacted, three-quarters of which came from spending cuts.¹⁴⁸ A dramatic slowing of health care costs and a better understanding of what drives long-term debt projections have also contributed.¹⁴⁹

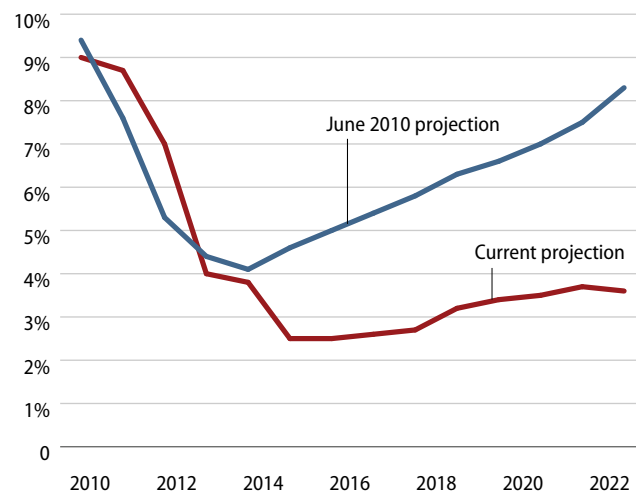
What should this mean to policymakers? It is time to set a dramatic change of course and replace the shortsighted agenda of reckless budget cuts with a new investment agenda. We need an agenda that will give our economy a boost, grow middle-class jobs, and provide support through effective government programs when the economy fails struggling families.

There are, however, some promising signs of a shift in the fiscal debate. While the December 2013 bipartisan budget deal is not a reset to the damaging fiscal debates, the new agreement reached between House and Senate negotiators for the next two years is a promising step in the right direction.¹⁵⁰ Most importantly, it makes it possible to scale back the harmful sequestration cuts to programs such as Head Start and affordable housing. It also avoided cuts to key mandatory programs for low-income families and raised federal revenues through increased fees. It does not, however, close any tax loopholes now contributing to widening economic inequality and use the increased revenues for additional investment in jobs, education, and low-income programs. Nor does it continue unemployment insurance for millions of long-term unemployed workers who lost a job through no fault of their own.¹⁵¹ Although this is an encouraging change in the fiscal debate, it still needs a full reset so we can once again discuss how to invest in better economic opportunities for everyone.

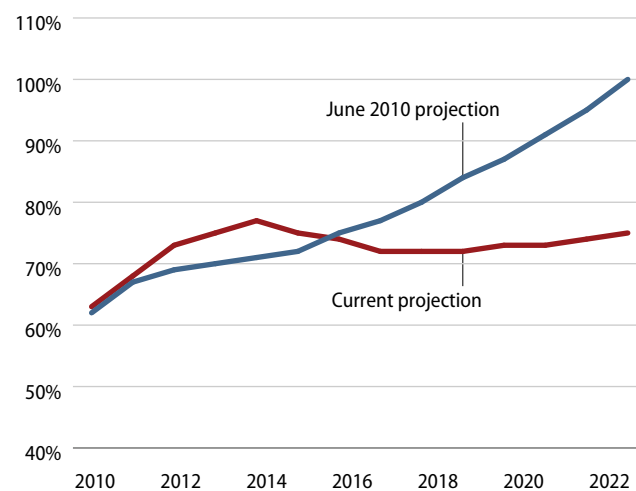
FIGURES 12 & 13

The medium-term fiscal outlook is much improved

Federal budget deficit as a share of GDP, 2010–2023



Publicly held debt as a share of GDP, 2010–2023



Source: Author's calculations based on Congressional Budget Office projections

Create jobs and pay workers a living wage

The best ticket out of poverty is a job that pays a living wage—one that a breadwinner can raise a family on. Even though our economy has been growing, this growth has been slow and the gains have not been widely shared. If we are to return to prerecession levels of employment and account for new entrants coming into our labor force, we still need to add 8.3 million new jobs. With our current pace of growth, we will not be able to close this gap until 2018.¹⁵² To that end, the federal government should invest in job-creating measures such as infrastructure, renewable energy, and other growth sectors, and build off successful efforts to create subsidized employment opportunities for low-income and long-term unemployed workers.

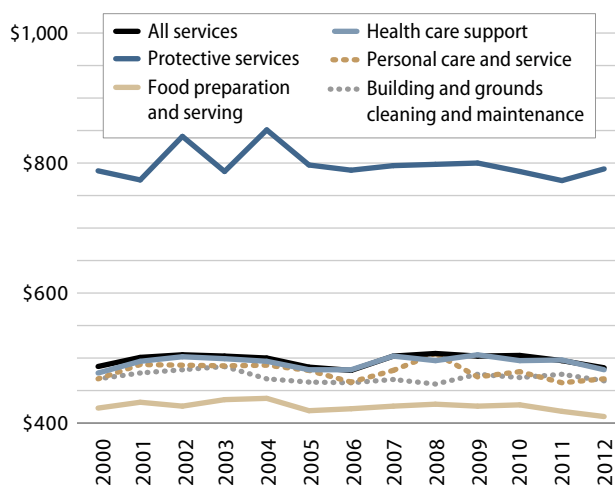
Slow job growth is not our only economic challenge to cutting poverty. Many of the new jobs that are created simply do not pay enough to get by. The median wages for service workers in sectors such as health care support and food preparation fell 4 percent from 2002 to 2012 with no significant change between 2011 and 2012.¹⁵³ The typical weekly wage for a health care support worker, for instance, was \$502 per week in 2002 compared to only \$485 per week in 2013.¹⁵⁴

When working Americans make this little, we must act quickly to pass a higher minimum wage, especially given that we currently have the highest level of income inequality since the 1920s.¹⁵⁵ The current federal minimum wage of \$7.25 is not just low—it is a poverty wage.¹⁵⁶ A mother of two working full time at the minimum wage would still be below the federal poverty line.¹⁵⁷ Service-sector workers taking part in fast food restaurant strikes across the country should be a serious signal to policymakers. It is time to raise the wage and link it to inflation so that hardworking families can move out of poverty and meet their basic needs. President Obama and several members of Congress have already come out in support of raising the

FIGURE 14

Real wages for service workers are lower today than in 2002

Real median weekly earnings for full-time workers in service occupations, by major category, 2000–2012 (in 2012 dollars)



Source: Table 39 in U.S. Census Bureau's 2000 through 2012 Current Population Surveys, available at <http://www.bls.gov/cps/tables.htm>.

minimum wage to \$10.10 per hour. We need to follow their lead and ensure that workers can support their families and make ends meet. Half in Ten's recent poll shows that 80 percent of Americans support raising the minimum wage.¹⁵⁸

Treat diversity as an opportunity

Our country can also flourish in the 21st century by tapping the economic potential of women and communities of color. The U.S. Census Bureau predicts that we will have no racial or ethnic majority in our country by 2042.¹⁵⁹ Diversity has always been an asset to America's prosperity, but today's policymakers are not capitalizing on the opportunity that diversity presents as our country continues to grow. Communities of color, for example, still face serious disparities in unemployment. The unemployment rate was 12.5 percent for African Americans and 8.7 percent for Latinos as of November 2013. This is compared to an overall national unemployment rate of 7 percent.¹⁶⁰

We need to change course and seriously address the disparities faced by communities of color. *All-In Nation*, a recent publication of the Center for American Progress and PolicyLink, set forth important policy recommendations to accomplish this goal, including enacting the president's proposal for high-quality preschool, investing in infrastructure to help communities of color connect with our modern economy, and closing health disparities through full implementation of the Affordable Care Act. One study showed that closing these health disparities would save \$57 billion in medical expenses and \$252 million in lost productivity annually.¹⁶¹

We are also shortchanging ourselves by not taking advantage of the innovation brought by our immigrant communities. The more we innovate as a country, the more our economy grows. Providing a path to citizenship for the undocumented population would add a cumulative \$1.5 trillion to U.S. GDP over the next decade.¹⁶²

Finally, we must also improve the ability of communities of color to participate in our civic system and economy. Most critically, we must safeguard the right to vote¹⁶³ and dismantle the cradle-to-prison pipeline, through which mass incarceration has disproportionately impacted people of color and kept them from reaching their economic and civic potential.¹⁶⁴ Those who have been incarcerated often have trouble finding a job upon release, and they face obstacles finding housing because their record makes it difficult to qualify. All too

often, they also lack transitional resources such as skills training and job-finding assistance.¹⁶⁵ Due to the high rate of people of color who are incarcerated, these barriers in the job market and lack of access to other necessities such as housing have a disproportionate impact on these communities.

Give women a fair shot

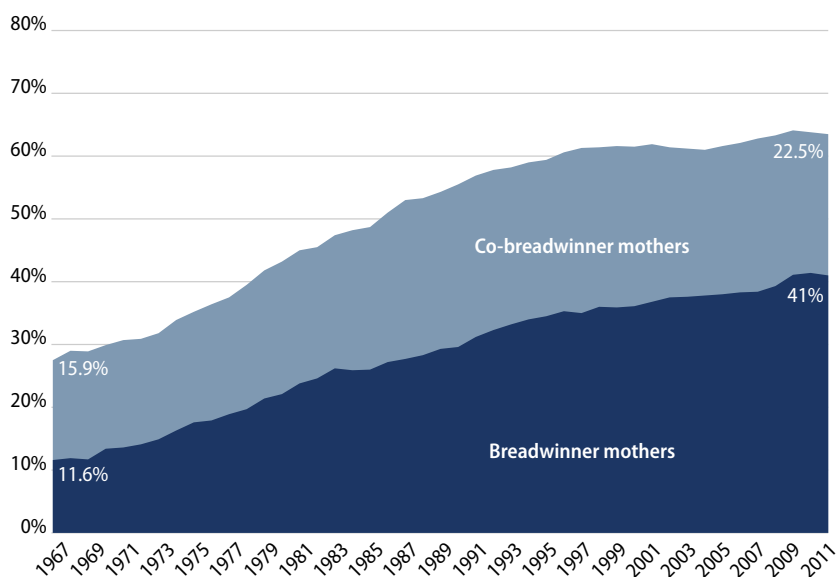
Women are also critical to our economic growth, but our public policies have not yet caught up to the fact that two-thirds of families rely on the mother's income.

There are many policies that could alleviate this problem. Raising the minimum wage would provide greater financial security for women breadwinners—62 percent of today's minimum-wage earners are women.¹⁶⁶ We also need to enact equal pay protections such as the Paycheck Fairness Act, which would hold employers accountable for their discriminatory salary practices.¹⁶⁷ With women playing an increasing role as both breadwinners and caregivers, it is also imperative that we improve workplace policies to accommodate them. We must pass paid family and medical leave protections, enact paid sick days legislation, and expand the availability of high-quality and affordable child care and preschool.¹⁶⁸ In fact, Half in Ten's new poll shows that a striking 84 percent of Americans support voluntary preschool available to all children.¹⁶⁹ Full implementation of the Affordable Care Act will also offer improved preventive care and family planning services for women.¹⁷⁰ Finally, we need to provide stronger resources and support to promote more equitable leadership for women in the government and private sector.¹⁷¹

FIGURE 15

Mothers are breadwinners or co-breadwinners in two-thirds of American families

Share of mothers who are breadwinners or co-breadwinners, 1967–2011



Source: Sarah Jane Glynn and Jeff Chapman's analysis of Miriam King and others, "Integrated Public Use Microdata Series, Current Population Survey: Version 3.0," available at <https://cps.ipums.org/cps/index.shtml>.

Remember the critical role of education

One of the most important ways we can improve opportunity for all Americans, particularly women and communities of color, is education. In order to ensure that our educational system enables greater social mobility, we must create more flexible and cost-effective paths to a college degree or other credential, ease the financial burden on students and graduates, and better connect training to industry. According to the Half in Ten poll, 89 percent of respondents believe that we should do “everything possible” to ensure that all get the education and opportunity necessary to contribute to the American economy.¹⁷²

To this end, we must ensure that cost is not a barrier to enrolling in college and more students are able to stay in school. Congress should raise the maximum Pell Grant award as well as make income-based repayment plans the default repayment option for high-risk student-loan borrowers.¹⁷³

In addition, students should be able to take advantage of the proliferation of free online courses, such as those offered by the Massachusetts Institute of Technology.¹⁷⁴ Such courses are promising news for people who want to advance their education but need a flexible schedule so they can continue to work or a more affordable alternative to traditional degree programs. As this educational format matures, the U.S. Department of Education should work with states, accreditors, and other intermediaries to develop mechanisms to assign academic credit to high-quality online learning.¹⁷⁵

While a traditional four-year college education is right for many students, it is not the only way to earn high-value skills. As a result, we should ensure that training opportunities exist for growing industries. Expanding the U.S. apprenticeship system, for example, would not only benefit workers with paid on-the-job training but also help businesses meet demand and strengthen the economy.¹⁷⁶ Improving marketing efforts to increase demand from business, creating tax incentives for businesses to hire and train apprentices, and increasing outreach efforts to high school graduates would all facilitate the expansion of the apprenticeship system. In the upcoming reauthorization of the Workforce Investment Act, Congress should create and fund a Workforce Investment Trust to train millions of adult workers in community college and industry partnerships, registered apprenticeships, and career-pathways programs.¹⁷⁷

Learn from local initiatives

The federal government plays a critical role in fighting poverty, but there is also an important place for local leadership. A number of local initiatives have demonstrated that we need leadership from all levels in order to fight poverty. Some city leaders are creating anti-poverty offices to coordinate federal, state, and local programs; focus on outcomes; and raise supplementary funds. The federal government should support coordination and innovative projects; the local efforts should augment, not supplant, basic federally funded services.

The most high-profile example is New York City's Center for Economic Opportunity, or CEO, which raises public and private funding to test social service programs and reinvest in ones that work, utilizing baseline indicators of local poverty as well as benchmarks for achieving progress.¹⁷⁸ One such program is the Sector-Focused Career Centers, which offer training and career guidance in high-growth industries such as health care, manufacturing, and transportation. CEO has brought together 28 city agencies to manage more than 50 anti-poverty programs over the last six years.¹⁷⁹ While the Obama administration is supporting the replication of some of these programs, the CEO model of developing, testing, and investing in anti-poverty programs across agencies could benefit cities across the country.

Local governments have also provided innovative solutions to the need for a stronger financial system that works for all Americans.¹⁸⁰ There are millions of unbanked or underbanked Americans living in major metropolitan areas who rely on alternative and often predatory financial services. San Francisco launched Bank On in 2006, a marketing and outreach initiative designed to encourage the use of bank accounts and direct deposit. Local banks and credit unions advertise affordable checking account products and agree to offer second-chance accounts for those with banking history problems. More than 70,000 people opened accounts in the first five years.¹⁸¹ This model had been fully implemented in 32 cities, four states, and four regions as of 2011.¹⁸² A nationwide Bank On demonstration was in the Obama administration's proposed budget for several years but was never approved by Congress.¹⁸³ Providing consistent regulations, improving transparency, and building out public options can help create a stronger financial system that works for all Americans.¹⁸⁴

Cities across the country are on the forefront of tackling issues that impact low-income Americans, ranging from housing and transportation to health and safety. It is critical that the federal government fosters local innovation to ensure that leaders at all levels of government are equipped to address the ways in which poverty impacts our country today.

Addressing urban poverty in Brooklyn, New York

Then

Riots across the country, including in the Bedford-Stuyvesant (Bed-Stuy) neighborhood in Brooklyn, convinced Sen. Robert Kennedy that a new approach was needed to deal with urban poverty. Bed-Stuy had a population of about 450,000 that was 84 percent African American and 12 percent Puerto Rican in 1966.¹⁸⁵ At the time, 15 percent of Bed-Stuy residents owned their own homes compared to 2 percent of Harlem residents.¹⁸⁶ Still, residents in Bed-Stuy faced much poorer conditions compared to other areas of New York City, including broken families, higher unemployment, little job history, much lower income, and no federal aid.¹⁸⁷ Sen. Kennedy toured the neighborhood and found that the scars of the riots remained: burnt-out buildings, vacant lots filled with trash, and abandoned vehicles rusting on the street. Challenged by community leaders to address what he saw in Bed-Stuy, Sen. Kennedy secured passage of an amendment to the Economic Opportunity Act of 1964 that created the framework for community development organizations nationwide.¹⁸⁸

Now

Today, there are well over 3,000 community development corporations, or CDCs, nationwide that were born out of this effort.¹⁸⁹ The Bedford Stuyvesant Restoration Corporation was among the first and has constructed or renovated 2,200 units of housing, provided \$60 million in mortgage financing to nearly 1,500 homeowners, attracted more than \$375

million in investments, and placed more than 20,000 youth and adults in jobs.¹⁹⁰ Fifty years later, the Bedford-Stuyvesant experience serves as a model for other communities across the country.¹⁹¹

Moreover, new residents are increasingly attracted to the neighborhood. Despite the recession, many shops and restaurants have sprung up since 2008. In addition, a major business improvement district has been under way¹⁹² as well as significant infrastructure upgrades with Brooklyn's first bus rapid transit system.¹⁹³

However, not everyone is benefiting from these changes. According to the last census, the neighborhood is barely 60 percent African American—down 15 percent from 2000. Meanwhile, the number of whites grew from just over 2,000 to 18,000, a 633 percent increase in 10 years.¹⁹⁴ While it is difficult to determine how many people leave a neighborhood by choice versus how many are displaced, it is evident that the area is becoming far too expensive for working-class families and individuals. The average rent increased by 15 percent from 2012 to 2013,¹⁹⁵ and the share of renters has increased at a higher rate than that of owners.¹⁹⁶ The area is markedly different than it was 50 years ago, making growth with continued investment in community-based organizations that serve long-term residents and a greater commitment to affordable housing necessary to ensure that the broader population benefits from the surge in economic activity and new development reflects the needs of all residents.

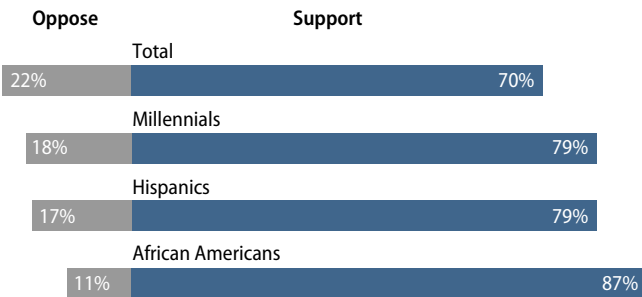
Conclusion

We already know how to reduce poverty in America. What we need today is a public and political commitment to do something about it, as we had in the past. President Johnson’s War on Poverty declaration led our nation to cut the poverty rate by 42 percent to a historic low of 11.1 percent between 1964 and 1973.¹⁹⁷ Half in Ten’s poll shows that the public still strongly supports cutting poverty in half in 10 years, with 70 percent of respondents supporting this goal and only 22 percent opposing it.¹⁹⁸ Even with the caveats of higher taxes and more spending or requiring businesses to do more, a majority of Americans still support this goal. There was, moreover, overwhelming support for the government’s role in fighting poverty, with 86 percent of respondents agreeing that the government has a responsibility to use some of its resources to fight poverty, compared to only 12 percent who disagree.¹⁹⁹ Even stronger support comes from the next generation of leadership: 91 percent of Millennials, or those ages 18 to 34, believe in the government’s role.²⁰⁰

Building on the legacy of the landmark War on Poverty programs, we can update our public policy to meet the needs of our changing nation. With 46.5 million Americans living in poverty and one in three teetering on the economic brink,²⁰¹ the need for a renewed commitment to cut poverty has never been more urgent.

FIGURE 16
Public strongly supports the Half in Ten goal

Would you support or oppose the president and Congress setting a national goal to cut poverty in half in the United States within 10 years?



Source: John Halpin and Karl Agne, "50 Years After LBJ's War on Poverty" (Washington: Center for American Progress, 2014).

About the authors

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