Drastic growth in "extreme poverty" in US

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A report this summer from the National Poverty Center (NPC) reveals that the number of people in the US living on less than $2 a day per person, termed "extreme poverty," increased by 160 percent from 1996 to mid-2011, rising from 636,000 households to some 1.65 million households. The findings throw light on the terrible plight of children in America. Concentrating on non-elderly households with children, the report found that 4.3 percent of these households were in extreme poverty, with 3.55 million children living in them.

The number of households in extreme poverty in the US began to climb irreversibly after the Clinton administration ended cash welfare for vulnerable families in 1996. Over a dozen years, between 1996 and late 2008, the number and extent of extreme poverty roughly doubled, rising by more than 600,000 households. The increase continued after the recession of 2008, but the pace was now accelerated. Over roughly three years following the financial meltdown, 450,000 more families joined the ranks of the utterly destitute, with a sharp increase in numbers in the first six months of 2011.

The report, published in *Social Service Review*, was authored by H. Luke Shaefer, University of Michigan, School of Social Work, and Kathryn Edin, Harvard University, Kennedy School of Government. Measuring extreme poverty uncovers a further income stratification among those below the official poverty level. The sharply rising income inequality in the US has created in its wake a new phenomenon: massive numbers of US families that live in daily conditions once relegated the poorest of the poor in the economically underdeveloped world.

It throws light on particular aspects of the growth in inequality in the US that have not been examined in reports from the Census Bureau and other sources that compare income for different quintiles of the population. Some recent research has developed a category called "deep poverty" or a yearly income below half the official poverty line. Both these methods of research have revealed drastically rising inequality and the growth of deep poverty in recent years.

The researchers used the figure of $2 a day per person, the United Nations measure of poverty in developing countries. The official poverty line for a family of three would equate to roughly $17 per person per day averaged over a year. Deep poverty, below half the poverty line, would equate to an average of approximately $8.50 per person per day.

At $2 per person per day, the extreme poverty category examined in this report finds a family with virtually nothing to live on, or roughly 13 percent of what is considered official poverty. Social science researchers have estimated that it requires an income twice the Census Bureau's official poverty level to actually support a family.

Counting food stamp benefits, now called SNAP, as cash only reduces the number of extremely poor households with children by half. The current food assistance benefit for a family of three tops out at $526. Since it only is available to families with income below 130 percent of the official poverty level, receiving the benefit does not bring any family to a livable income. If counted as the equivalent of cash income, the assistance actually would barely move a family in extreme poverty to deep poverty.

In addition, the SNAP benefit itself is facing serious cuts and even outright elimination for many poor families. In November, a family of three will lose $29 a month when the SNAP per person benefit allotment is cut as the federal government eliminates stimulus measures instituted in the immediate aftermath of recession. Five million people will be entirely cut off from SNAP benefits if limits in eligibility are imposed under plans to cut the program that emerged during discussion of the new Farm Bill this summer.

The number of SNAP households has nearly doubled since 1996, according to the report, indicating the huge rise in need. In 1996, there were an average of 25.5 million recipients per month, and by the end of 2012, this had gone up to 47.5 million. Earlier this year, a new Census Bureau Survey of Income and Program Participation (SIPP) counted a record 49 million people considered poor in America. Still, 1.7 million children are left behind in extreme poverty because they do not get these benefits.

While SNAP-assisted households were doubling, cash welfare was plummeting. The researchers note: “Subsequently, cash assistance caseloads have fallen from 12.3 million recipients per month in 1996 to 4.5 million in December 2011, and only 1.1 million of these beneficiaries are adults. Even during the current period of continued high unemployment, the cash assistance rolls have increased only slightly. ‘Welfare,’ in the form of cash assistance, is a shell of its former self.”

In Clinton’s infamous acceptance speech for the Democratic Party’s nomination for president in 1992, he laid out the plan to end the New Deal-era Aid to Families with Dependent Children (AFDC), which for the previous five-plus decades provided monetary assistance to families with little or no income.

Under the continuing economic crisis, states are accelerating the pace at which families in need are being driven off the welfare rolls. For example, in March 2013, there were 47,460 households in Michigan that received welfare payments, according to the latest Economic Security Bulletin from the Michigan League for Public Policy. They note: “This is the first time since the Family Independence Program was implemented in 1996 that the caseload dropped below 50,000.”

By June 2013, the caseload in Michigan dropped to 43,400 welfare cases, nearly half the number counted in late 2011 when new state measures eliminated exceptions to strict federal and state time limits for welfare. A 60 months’ lifetime limit for welfare was imposed under the Clinton administration in 1996 and was cut to 48 months in Michigan by Democratic governor Jennifer Granholm in 2007.

In fall 2011, the Republican Michigan state legislature eliminated exceptions, such as those that kept people living in high unemployment areas in the state from losing their benefits. There are still more than 400,000 unemployed in Michigan today.

The report also explores long-term unemployment and the increase in extreme poverty. There were 4.8 million workers in the US in 2012 unemployed for more than six months. That year, half the unemployed in Michigan were in this category.

The report’s authors note: “While the Great Recession era has ushered in a prolonged period of high unemployment, its real legacy may prove to be the unprecedented duration of unemployment spells: the average spell was 38.1 weeks as of December 2012.” This has increased the number of people in the US in extreme poverty, struggling to survive on practically nothing.

The researchers also point to the trend to shift already drastically inadequate government-funded income support from the unemployed to those working low-wage, part-time and temporary jobs—most of the new jobs being created in the US. The minimum wage is a poverty wage, still $7.40 an hour, about half what has been computed as a living wage.