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U.S. economy leaving record numbers in severe poverty

By Tony Pugh
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WASHINGTON - The percentage of poor Americans who are living in severe poverty has reached a 32-year high, millions of working Americans are falling closer to the poverty line and the gulf between the nation's "haves" and "have-nots" continues to widen.

A McClatchy Newspapers analysis of 2005 census figures, the latest available, found that nearly 16 million Americans are living in deep or severe poverty. A family of four with two children and an annual income of less than \$9,903 - half the federal poverty line - was considered severely poor in 2005. So were individuals who made less than \$5,080 a year.

The McClatchy analysis found that the number of severely poor Americans grew by 26 percent from 2000 to 2005. That's 56 percent faster than the overall poverty population grew in the same period. McClatchy's review also found statistically significant increases in the percentage of the population in severe poverty in 65 of 215 large U.S. counties, and similar increases in 28 states. The review also suggested that the rise in severely poor residents isn't confined to large urban counties but extends to suburban and rural areas.

The plight of the severely poor is a distressing sidebar to an unusual economic expansion. Worker productivity has increased dramatically since the brief recession of 2001, but wages and job growth have lagged behind. At the same time, the share of national income going to corporate profits has dwarfed the amount going to wages and salaries. That helps explain why the median household income of working-age families, adjusted for inflation, has fallen for five straight years.

These and other factors have helped push 43 percent of the nation's 37 million poor people into deep poverty - the highest rate since at least 1975.

The share of poor Americans in deep poverty has climbed slowly but steadily over the last three decades. But since 2000, the number of severely poor has grown "more than any other segment of the population," according to a recent study in the American Journal of Preventive Medicine.

"That was the exact opposite of what we anticipated when we began," said Dr. Steven Woolf of Virginia Commonwealth University, who co-authored the study. "We're not seeing as much moderate poverty as a proportion of the population. What we're seeing is a dramatic growth of severe poverty."

The growth spurt, which leveled off in 2005, in part reflects how hard it is for low-skilled workers to earn their way out of poverty in an unstable job market that favors skilled and educated workers. It also suggests that social programs aren't as effective as they once were at catching those who fall into economic despair.

About one in three severely poor people are under age 17, and nearly two out of three are female. Female-headed families with children account for a large share of the severely poor.

According to census data, nearly two of three people in severe poverty are white (10.3 million) and 6.9 million are non-Hispanic whites. Severely poor blacks (4.3 million) are more than three times as likely as non-Hispanic whites to be in deep poverty, while extremely poor Hispanics of any race (3.7 million) are more than twice as likely.

Washington, D.C., the nation's capital, has a higher concentration of severely poor people - 10.8 percent in 2005 - than any of the 50 states, topping even hurricane-ravaged Mississippi and Louisiana, with 9.3 percent and 8.3 percent, respectively. Nearly six of 10 poor District residents are in extreme poverty.

'I DON'T ASK FOR NOTHING'

A few miles from the Capitol Building, 60-year-old John Treece pondered his life in deep poverty as he left a local food pantry with two bags of free groceries.

Plagued by arthritis, back problems and myriad ailments from years of manual labor, Treece has been unable to work full time for 15 years. He's tried unsuccessfully to get benefits from the Social Security Administration, which he said disputes his injuries and work history.

In 2006, an extremely poor individual earned less than \$5,244 a year, according to federal poverty guidelines. Treece said

he earned about that much in 2006 doing odd jobs.

Wearing shoes with holes, a tattered plaid jacket and a battered baseball cap, Treece lives hand-to-mouth in a \$450-a-month room in a nondescript boarding house in a high-crime neighborhood. Thanks to food stamps, the food pantry and help from relatives, Treece said he never goes hungry. But toothpaste, soap, toilet paper and other items that require cash are tougher to come by.

"Sometimes it makes you want to do the wrong thing, you know," Treece said, referring to crime. "But I ain't a kid no more. I can't do no time. At this point, I ain't got a lotta years left."

Treece remains positive and humble despite his circumstances.

"I don't ask for nothing," he said. "I just thank the Lord for this day and ask that tomorrow be just as blessed."

Like Treece, many who did physical labor during their peak earning years have watched their job prospects dim as their bodies gave out.

David Jones, the president of the Community Service Society of New York City, an advocacy group for the poor, testified before the House Ways and Means Committee last month that he was shocked to discover how pervasive the problem was.

"You have this whole cohort of, particularly African-Americans of limited skills, men, who can't participate in the workforce because they don't have skills to do anything but heavy labor," he said.

'A PERMANENT UNDERCLASS'

Severe poverty is worst near the Mexican border and in some areas of the South, where 6.5 million severely poor residents are struggling to find work as manufacturing jobs in the textile, apparel and furniture-making industries disappear. The Midwestern Rust Belt and areas of the Northeast also have been hard hit as economic restructuring and foreign competition have forced numerous plant closings.

At the same time, low-skilled immigrants with impoverished family members are increasingly drawn to the South and Midwest to work in the meatpacking, food processing and agricultural industries.

These and other factors such as increased fluctuations in family incomes and illegal immigration have helped push 43 percent of the nation's 37 million poor people into deep poverty - the highest rate in at least 32 years.

"What appears to be taking place is that, over the long term, you have a significant permanent underclass that is not being impacted by anti-poverty policies," said Michael Tanner, the director of Health and Welfare Studies at the Cato Institute, a libertarian think tank.

Arloc Sherman, a senior researcher at the Center on Budget and Policy Priorities, a liberal think tank, disagreed. "It doesn't look like a growing permanent underclass," said Sherman, whose organization has chronicled the growth of deep poverty. "What you see in the data are more and more single moms with children who lose their jobs and who aren't being caught by a safety net anymore."

About 1.1 million such families account for roughly 2.1 million deeply poor children, Sherman said.

After fleeing an abusive marriage in 2002, 42-year-old Marjorie Sant moved with her three children from Arkansas to a seedy boarding house in Raleigh, N.C., where the four shared one bedroom. For most of 2005, they lived off food stamps and the \$300 a month in Social Security Disability Income for her son with attention deficit hyperactivity disorder. Teachers offered clothes to Sant's children. Saturdays meant lunch at the Salvation Army.

"To depend on other people to feed and clothe your kids is horrible," Sant said. "I found myself in a hole and didn't know how to get out."

In the summer of 2005, social workers warned that she'd lose her children if her home situation didn't change. Sant then brought her two youngest children to a temporary housing program at the Raleigh Rescue Mission while her oldest son moved to California to live with an adult daughter from a previous marriage.

So for 10 months, Sant learned basic office skills. She now lives in a rented house, works two jobs and earns about \$20,400 a year.

Sant is proud of where she is, but she knows that "if something went wrong, I could well be back to where I was."

'I'M GETTING NOWHERE FAST'

As more poor Americans sink into severe poverty, more individuals and families living within \$8,000 above or below the poverty line also have seen their incomes decline. Steven Woolf of Virginia Commonwealth University attributes this to what he calls a "sinkhole effect" on income.

"Just as a sinkhole causes everything above it to collapse downward, families and individuals in the middle and upper

classes appear to be migrating to lower-income tiers that bring them closer to the poverty threshold," Woolf wrote in the study.

Before Hurricane Katrina, Rene Winn of Biloxi, Miss., earned \$28,000 a year as an administrator for the Boys and Girls Club. But for 11 months in 2006, she couldn't find steady work and wouldn't take a fast-food job. As her opportunities dwindled, Winn's frustration grew.

"Some days I feel like the world is mine and I can create my own destiny," she said. "Other days I feel a desperate feeling. Like I gotta' hurry up. Like my career is at a stop. Like I'm getting nowhere fast. And that's not me because I've always been a positive person."

After relocating to New Jersey for 10 months after the storm, Winn returned to Biloxi in September because of medical and emotional problems with her son. She and her two youngest children moved into her sister's home along with her mother, who has Alzheimer's. With her sister, brother-in-law and their two children, eight people now share a three-bedroom home.

Winn said she recently took a job as a technician at the state health department. The hourly job pays \$16,120 a year. That's enough to bring her out of severe poverty and just \$122 shy of the \$16,242 needed for a single mother with two children to escape poverty altogether under current federal guidelines.

Winn eventually wants to transfer to a higher-paying job, but she's thankful for her current position.

"I'm very independent and used to taking care of my own, so I don't like the fact that I have to depend on the state. I want to be able to do it myself."

The Census Bureau's Survey of Income and Program Participation shows that, in a given month, only 10 percent of severely poor Americans received Temporary Assistance for Needy Families in 2003 - the latest year available - and that only 36 percent received food stamps.

Many could have exhausted their eligibility for welfare or decided that the new program requirements were too onerous. But the low participation rates are troubling because the worst byproducts of poverty, such as higher crime and violence rates and poor health, nutrition and educational outcomes, are worse for those in deep poverty.

Over the last two decades, America has had the highest or near-highest poverty rates for children, individual adults and families among 31 developed countries, according to the Luxembourg Income Study, a 23-year project that compares poverty and income data from 31 industrial nations.

"It's shameful," said Timothy Smeeding, the former director of the study and the current head of the Center for Policy Research at Syracuse University. "We've been the worst performer every year since we've been doing this study."

With the exception of Mexico and Russia, the U.S. devotes the smallest portion of its gross domestic product to federal anti-poverty programs, and those programs are among the least effective at reducing poverty, the study found. Again, only Russia and Mexico do worse jobs.

One in three Americans will experience a full year of extreme poverty at some point in his or her adult life, according to long-term research by Mark Rank, a professor of social welfare at the University of Wisconsin, Madison.

An estimated 58 percent of Americans between the ages of 20 and 75 will spend at least a year in poverty, Rank said. Two of three will use a public assistance program between ages 20 and 65, and 40 percent will do so for five years or more.

These estimates apply only to non-immigrants. If illegal immigrants were factored in, the numbers would be worse, Rank said.

"It would appear that for most Americans the question is no longer if, but rather when, they will experience poverty. In short, poverty has become a routine and unfortunate part of the American life course," Rank wrote in a recent study. "Whether these patterns will continue throughout the first decade of 2000 and beyond is difficult to say ... but there is little reason to think that this trend will reverse itself any time soon."

'SOMETHING REAL AND TROUBLING'

Most researchers and economists say federal poverty estimates are a poor tool to gauge the complexity of poverty. The numbers don't factor in assistance from government anti-poverty programs, such as food stamps, housing subsidies and the Earned Income Tax Credit, all of which increase incomes and help pull people out of poverty.

But federal poverty measures also exclude work-related expenses and necessities such as day care, transportation, housing and health care costs, which eat up large portions of disposable income, particularly for low-income families.

Alternative poverty measures that account for these shortcomings typically inflate or deflate official poverty statistics. But many of those alternative measures show the same kind of long-term trends as the official poverty data.

Robert Rector, a senior researcher with the Heritage Foundation, a conservative think tank, questioned the growth of severe

poverty, saying that census data become less accurate farther down the income ladder. He said many poor people, particularly single mothers with boyfriends, underreport their income by not including cash gifts and loans. Rector said he's seen no data that suggest increasing deprivation among the very poor.

Arloc Sherman of the liberal Center on Budget and Policy Priorities argues that the growing number of severely poor is an indisputable fact.

"When we check against more complete government survey data and administrative records from the benefit programs themselves, they confirm that this trend is real," Sherman said. He added that even among the poor, severely poor people have a much tougher time paying their bills. "That's another sign to me that we're seeing something real and troubling," Sherman said.

McClatchy correspondent Barbara Barrett contributed to this report.

BY THE NUMBERS

States with the most people in severe poverty:

California - 1.9 million
Texas - 1.6 million
New York - 1.2 million
Florida - 943,670
Illinois - 681,786
Ohio - 657,415
Pennsylvania - 618,229
Michigan - 576,428
Georgia - 562,014
North Carolina - 523,511

Source: U.S. Census Bureau