



Poverty in Central Florida:
Work, Wages and Well-being among the Region's Low and Moderate
Income Families

By

James D. Wright and Jana L. Jasinski
Institute for Social and Behavioral Sciences
Department of Sociology University of Central Florida
Orlando, FL 32816

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Introduction

A recent version of the *Alliance News*, the monthly newsletter of the National Alliance to End Homelessness, contained two separate news items, jarring in their juxtaposition.

The first was an item from the Washington-based Center on Budget and Policy Priorities, an entry focused on the effects of US social safety net programs on reducing poverty. The specific programs analyzed included Medicaid, the State Children's Health Insurance Program (SCHIP), various food and nutrition programs (Food Stamps, WIC), the Supplemental Security Income (SSI) program, and the Earned Income Tax Credit.

Surprisingly, the Center concluded that these "public benefit programs cut the number of poor Americans nearly in half -- from 58 million to 31 million. And for those who remain poor, these programs reduced the severity of poverty by providing food, health insurance and income assistance."

Later on the same page, however, there was a story about a recent study in Los Angeles that found 91 thousand homeless people in LA County, a number that, even as it approached a hundred thousand, was described as a "vast undercount." How can we be slashing poverty nearly in half while the numbers of hungry and homeless citizens continue to grow year after year? The apparent paradox cries out for meaningful explanation.

Poverty Definitions, Rates and Trends

Data on trends in the national poverty rate are readily available from the US Census and from many other sources. We comment briefly on these trends, compare the national poverty situation to the Central Florida situation, then discuss how poverty is defined for these purposes and why the real rates of poverty are **far higher** than the official rates suggest, both regionally and nationally.

The overall national poverty rate – the percentage of people (not families) living at or below the federally defined poverty line – has varied over the past forty years in a fairly narrow range, from a low 11.1% in 1973 to a high of 15.2% in 1983. In the very first year we gathered poverty data, 1959, the rate was over 22% so definite progress has been made. But the bulk of that progress came in the 1960s during what was then called the war on poverty. Since the early 1970s, the rate has bounced around, increasing in some eras (such as the early 1980s), decreasing in others (e.g., the 1990s).

The late 90s downward trend in poverty bottomed out in 2000, at 11.3%. Since then, the rate has registered successive increases, up to 11.7%, then 12.1%, then 12.5%, and finally to 13.3% in the most recent year for which data are available. A one-year up-tick might well be a statistical fluke, but a consistent six-year annual increase is a **trend**. So we are living, once again, in an era of **increasing poverty**, even using the official poverty definition.

Our local poverty situation is not much different than the national figures just cited. The 2006 poverty rate for the nation as a whole, as just indicated, was 13.3%. In the City of

Orlando, it was 16.5%; in Orange County, 11.7%; and statewide, 12.6%. The social and demographic composition of our poverty population is likewise about the same as in other cities of comparable size, with women and minorities over-represented. Table One gives current poverty data for the five counties included in our study.

Table One.

Central Florida Poverty Rates

County	2006 Estimated Population	2006 Poverty Rate
Orange	1,043,500	11.7
Osceola	244,045	11.6
Seminole	406,875	9.9
Lake	290,435	10.2
Sumter ¹	53,345	13.7

The Orlando metropolitan area, like all other cities of appreciable size, also has a very sizable population of what have come to be called “the working poor and near-poor,” that is, families whose adults work but whose incomes are such that they struggle week to week to get by. Much of this report focuses specifically on these groups.

In light of the recent increases in the poverty rates, locally and across the nation, what does the Center on Budget and Policy Priorities mean when it claims that our social safety net has cut the number of poor Americans nearly in half? What this apparently means is that absent the safety net programs they reviewed, there would be almost twice as many poor Americans as there in fact are. In other words, without Medicaid, SCHIP, various food and nutrition programs, SSI, and the ETIC, there might be 60 or 70 million poor people in America instead of about 40 million, and the official poverty rate might be closer to 20% than somewhere around 13%.

But as has been pointed out many times, calculations of this sort are **inherently misleading**. Medicaid does not make poor people less **poor**, just less **sick**. And likewise, food stamps do not make poor people any less poor, just less **hungry**; housing subsidies do not make poor people less poor, just less likely to be poor **and** homeless; and so on. EITC is different: By letting low income people keep more of the money they earn, Earned Income Tax Credits directly lower the overall poverty rates.

But how does the government decide what constitutes poverty in the first place? And is the procedure reasonable? Barbara Ehrenreich’s widely read book on the working poor, *Nickel and Dimed*, points out that “the official poverty level is still calculated by the archaic method of taking the bare-bones cost of food for a family of a given size and multiplying this number by three.” Taking each point up in turn:

Back before the advent of techno-speak, the “bare-bones” food budget to which Ehrenreich refers was called the “emergency, temporary low budget diet,” defined as the “minimum nutrient intake required to sustain human life for short periods.” This diet consists of so many daily calories, so many grams of protein and carbohydrates, so many vitamins and minerals, and so on.

Why times three? Because studies done in the 1950s showed that the average low income family spent about a third of its income on food.

Thus, the original poverty line, first determined at the onset of the War on Poverty in 1964, was calculated by determining the cheapest possible way to purchase the least amount of food a person would need to stay alive for a short period, then multiplying that dietary expenditure by three. *Et voila!* – the official federal poverty line, which was calculated in the manner just indicated in 1964 and with annual corrections for inflation has been used ever since (this despite a long string of commissions and blue ribbon panels that have recommended over the years that the standards be changed).

Ehrenreich also notes that the cost of food has been relatively inflation-proof over the years, compared for instance to the cost of housing, which increases every year. Food prices have been kept artificially low by federal agricultural subsidies. Also, recent studies show that poor people now spend about a sixth of their income on food, not a third. Should we then multiply the minimum food budget by six and thereby double the poverty standard? In the meantime, the average cost of housing for low income families has increased to 37% of monthly income (despite the admonition by HUD and mortgage lenders that families cannot afford to spend more than 30% of their income on housing).

As many have argued, that is exactly the problem with the official poverty standard. The entire basket of goods and services upon which low-income people and families survive has changed dramatically since the poverty line was first calculated, and so too the relative proportions of income spent on each item in the basket. And yet we continue to use a poverty standard that is, indeed, “archaic.”

Unfortunately, if we based the poverty line on a more current basket of goods and services and let the price of minimally acceptable housing, say, rather than the price of a minimally acceptable diet, dictate the calculation, then the poverty standard for a family of four would not be just under \$20,000 per year but somewhere close to twice that, and the poverty rate would not be 13.3% but maybe as high as one in four, or conceivably even one in three.

In recognition of these definitional issues, we have abandoned the official federal poverty guidelines for purposes of this report and rely instead on a set of income groupings derived from the US Department of Housing and Urban Development. This particular study, in fact, was prompted by the realization that, in Central Florida, recent and dramatic escalations in the costs of housing, energy, and health care were undoubtedly impacting families in ways not recognized by the poverty standards utilized in five decades of research on poverty. In the data and results reported later, “low income” refers to households earning half or less of the “area median income” (families earning about \$30,000 per year or less), “middle-

income” refers to households between 50% and 120% of the area median income (families earning between about \$30,000 and \$70,000 a year), and “upper income” refers to households earning 120% or more of the area median (more than roughly \$70,000 per year). (Precise income standards for these various categories depend on family size and are explained in the Technical Appendix (<http://www.sociology.ucf.edu/isbsweb.htm>)). Using percentages of median income to define income groupings puts us in line with most of the rest of the advanced industrial societies, where the near-universal poverty standard is half or less the median income. In the rest of the Western world, in short, a family is considered poor if it survives on half or less of what the average family has to live on, an elegantly simple and intuitively meaningful definition that has been adopted here.

Welfare Reform

Quoting again from Ehrenreich (p. 196): “In the rhetorical buildup to welfare reform [enacted in 1996], it was uniformly assumed that a job was the ticket out of poverty and that the only thing holding back welfare recipients was their reluctance to go out and get one.” Of course, those who have read the book know that Ehrenreich in fact went out and got several jobs, often two of them at a time, and yet the book is a relentless chronicle of her inability to find housing and keep herself fed, healthy and happy on the income she was able to earn in low wage work. At one point, she realizes in despair that even the **local trailer park** is beyond her means.

Despite the “rhetorical buildup,” the goal of welfare reform was not to end poverty but rather to “end welfare as we know it,” that is, to get people off the welfare rolls and into the labor force. And in that respect, welfare reform has been quite successful because the overall welfare recipient population has been cut nearly in half. That, we are quick to acknowledge, is a good thing and the agencies that made it happen are to be commended. But it could scarcely be said that the poverty rates have also been halved. To the contrary, they are somewhat higher today than they were when welfare reform was enacted.

People, mainly women and children, were taken off welfare and placed in the labor force largely through the expedient of time-limited welfare benefits. Under the old AFDC (Aid to Families with Dependent Children) regime, women with dependent children could stay on welfare as long as they wished. For that reason, it was often argued that welfare bred dependency, and dependency deepened and worsened the “cycle of poverty.” Thus, the centerpiece in welfare reform was time-limited eligibility for benefits: no more than 24 months of welfare benefits in any single stretch, and no more than 60 months of benefits in the lifetime (thus TANF: *Temporary Assistance for Needy Families*). Once the eligibility limit was reached, recipients were in essence forced into labor force participation.

It was never stated, only implied, that by leaving welfare for work, former welfare families would experience an improved living situation, i.e., that work would lift these families out of poverty. But what has happened instead is that the number of the *working poor* has increased. The hardships that would consequently be visited upon these families have been discussed in detail by Olivia A. Golden, assistant secretary for children and families in the

Clinton administration and the government official whose job was to implement welfare reform. She writes (Orlando Sentinel, July 24, 2005):

“Even though their parents are working more, children in low income families are doing just about the same as they were before welfare reform. That means they fare worse on a whole range of measures including physical health, emotional health, family stress, and school engagement. In less than a decade, welfare has faded as a means of support for impoverished families. Many of these families are working long hours despite low wages, shrinking health insurance coverage, and serious tradeoffs between work and decent care for their children. Neither our politics nor our policy have adjusted to our success at bringing more of these parents into the labor force.”

What Golden is saying is that we enacted national policy to get people off welfare without considering what they would do or what tradeoffs they would face as labor force participants. And now, with welfare no longer an option, we are confronted with serious issues of wages, benefits, job security, health coverage, and day care. The net result, according to Golden, is a wide swath of American families living, literally, on “the edge of catastrophe.” Why should we worry about these issues, she asks? “One reason is fairness: When parents play by the rules, they ought to be able to provide the basic necessities for their families.” But more importantly, “the children in struggling families are America’s future. If hardworking parents cannot assure their children a stable family life, decent and safe housing, and health care, a large proportion of America’s children will continue to fall short of the educational success and economic productivity the nation needs from them.”

Here in our own region, how wide is the swath of people “on the edge of catastrophe?” How many families are “struggling?” How many of our families are working jobs whose wages fail “to provide the basic necessities?” How many are unable to “assure their children a stable family life, decent and safe housing, and health care?” These are not merely academic questions. They strike at the heart of our regional quality of life. And these are precisely the questions addressed in the remainder of this report.

This report presents the results of a survey of more than 1400 Central Floridians done by the UCF Institute for Social and Behavioral Sciences in the summer and fall of 2007. Counties included in the sampling frame are Orange, Osceola, Seminole, Lake and Sumter. Households with incomes at or below 120% of the area median income were **over-sampled** and asked detailed questions about their labor force participation; income, savings and debt; housing costs; medical care; food security; transportation expenses; etc. More affluent households were also included for comparison purposes but at a one-in-three rate. All other technical details on the survey methodology, sample design, weighting scheme, response rates, and the like are contained in the Technical Appendix.

The Low and Moderate Income Population of Central Florida

Work and Income

We have become accustomed to thinking of the poor and the low income population more generally as economically idle, i.e., people who could do better for themselves if they just sobered up, took a shower, and got a job. But as people like Ehrenreich and David K. Shipler, author of *The Working Poor: Invisible in America*, keep reminding us, many low income people are in fact working.

Our survey includes data on the labor force status of low income people in the Central Florida region and *half of them are in fact working* (see Table Two). An additional one-sixth are retired (elderly) people, another sixth are permanently disabled and are incapable of working, and a tenth are students, stay-at-home moms and miscellaneous others. That leaves the remaining one in ten of the low income population – a mere tenth! – who are laid off, unemployed or otherwise economically idle.

As an aside of some significance, almost three-quarters of the region’s disabled population fall into the low income category. Elderly and retired people, in contrast, are found all across the income spectrum. See the following section, *The Retired and the Disabled*.

Table 2.

Labor Force Status of Respondents in Low, Middle and Upper Income Categories

Labor Force Status	Low Income	Middle Income	Upper Income
Working	49	68	75
Disabled	16	2	2
Retired	16	15	7
Students, Housewives	9	10	13
Idle	10	5	3
Total	100%	100%	100%

The same is generally true of the national poverty population. About ten million of the nation’s poor population work. Half the poor are either children too young to work or elderly who are beyond their working years. So if you back the young and the old out, about half of the poverty population works at least part of the year. Percentaging in the other direction, among all US workers – i.e., persons who work at least part of the year – the poverty rate is about 6%.

At the same time, as is obvious from the table, the higher one goes in the income distribution, the higher the rate of labor force participation. So as a rule of thumb, the admonition to “get a job” is wise advice – most of all if the job pays good wages and offers acceptable benefits. The problem, as we shall see, is that many jobs do not.

The Retired and the Disabled

At the onset of the War on Poverty, poverty rates were substantially higher among the elderly than among any other age group; today, children have the highest poverty rate and elders have the lowest.¹ The much-improved economic circumstances of the elderly, the exceptionally high cost of our health and income-maintenance programs for them, and the rapidly deteriorating conditions to be found among various non-elderly segments of the population have caused some to question the wisdom of continuing to invest so much in programs for the aged.



Increasingly, these issues are being framed in terms of *inter-generational inequity*. The basic concept is straight-forward. Through programs such as Social Security and Medicare, elderly persons receive substantial income, health and other welfare benefits that are paid for mainly by taxes on the working (that is to say, non-elderly) population. Thus, these programs transfer income from young to old and the question is increasingly asked whether this inter-generational transfer of income is fair. Many recent discussions have concluded that it is remarkably unfair to younger working people.

Having made substantial progress in the struggle against poverty among the elderly, however, is different than eliminating poverty in this group altogether, which is how our progress is sometimes depicted in the inter-generational inequity literature. Our programs for the elderly have *not* eliminated poverty among that group, only *reduced* elderly poverty to a level slightly beneath that of the population as a whole. The long-term trend has left approximately one in ten of the nation's over-65 population below the poverty line.

Among retired persons in the Central Florida survey data, 30% (N = 214) fall into the low-income group, 59% in the middle income group, and only 12% in the upper income group. So there remains a very sizable pocket of low-income retired persons in the Central Florida population.²

Compared demographically to retired people in the middle and upper income categories, low-income seniors:

- Are more likely to rent rather than own.
- Are far more likely to live in public housing (13% vs. 1%).
- Live in fair-to-poor neighborhoods.
- Are far less likely to be currently married (i.e., are disproportionately widows)

¹ See James Wright, "The Graying of America: Implications for Health Professionals." *Journal of Long Term Home Health Care* 23:4 (Winter, 2005), pp. 178-184.

² Note that low, middle and high income categories take household size into account. For a four-person household, the low income category ends at about \$30,000 per year. For a one-person household, it ends at about \$20,000.

- Are predominantly women (67% vs. 47% of middle and upper income seniors)
- Are far less educated (47% high school or less vs. 26% of middle and upper income seniors)

So our region's low income retired people are predominantly less-educated, widowed women.

The general financial circumstances of our low-income retired population are best described as “straitened.” Compared to retired people in the middle and upper income categories, low income retirees:

- Are much less likely to have a savings account of any size (45% to 17%).
- Have less in their savings accounts if they have one.
- Are more likely to say they couldn't pay their bills if they missed a month of income (45% to 25%)
- Are less satisfied with their present financial situation (35% vs. 17% “not at all satisfied”).
- Do not feel that they have enough income to live comfortably (42% to 30%).
- Are twice as likely to receive Food Stamps (22% to 10%).
- Are more likely to take meals at free meal programs (8% of the low income retired vs. none of the retired in the middle and upper income categories).
- Are much more likely to report that “we sometimes need more food than we have” (10% to 2%).
- Are less likely to own a car (29% vs. 5%).
- Are more likely to be saddled with medical bills they are “trying to pay off” (27% to 10%).

Most of the retired people in our sample, whether low-income are not, report receiving Social Security pensions and Medicare. Those for whom Social Security is the main or sole source of income are concentrated in the low income category; those with substantial incomes from other sources (private pensions, spouses' earnings, investments, savings, and the like) escape low-income status and the financial anxieties and uncertainties that accompany that status.

Contrary to a common assumption, receipt of social security benefits does not guarantee an income above the poverty level. In fact, about 85% of the elderly poor nation-wide receive at least some social security income. Low income elderly also receive SSI and other assistance at rates exceeding those in the middle and upper income categories but the coverage of these programs is even more limited than social security coverage.

In Central Florida especially, we have come to think of “the retired” as a monolithic, economically comfortable, and rapidly growing segment of our population, with the inhabitants of The Villages serving as the embodiment of this stereotype. In fact, for every well-to-do retiree whiling away his or her years on the golf course, there is another living on a fixed (or nearly fixed) income in a subsidized rental unit, depending on Meals on Wheels for sustenance and Medicare for health care. As this study makes abundantly clear, we cannot simply assume that our seniors are in a position to take care of themselves.

About 15% of the US population age five or greater are considered disabled; in Orange County, the corresponding percentage is 14%, and for the state as a whole, 16%. As already indicated, in our data the disabled are heavily concentrated in the low-income category (72%), with most of the remainder in the middle category (21%) and a few (7%) in the upper income group. The disabled as a whole are mainly renters (59%), especially those in the low income group (65%).

The major factor that keeps disabled people out of the lower income category is **marital status** (i.e., a spousal income). Among low-income disabled people, only 21% are currently married, vs. 68% of disabled people in the middle and upper income groups. The majority of low-income disabled people are either divorced (35%), widowed (14%), or have never been married (29%).

Overall, the disabled are about evenly dispersed across gender (52% male, 48% female), but there is a huge difference by income group: The low income disabled are 57% female; the middle and upper income disabled are 76% male. So **among disabled persons, women are grossly over-represented within the low income group**. So too are African-Americans: Among low income disabled, 32% are African American; among middle and upper income disabled, only 12%. And likewise Hispanics, who comprise 21% of the low income disabled but only 4% of those in the middle and upper income groups.

Overall, then, the low income disabled population of Central Florida, about three-quarters of the entire disabled population, consists disproportionately of unmarried African-American and Hispanic women.

The financial circumstances and anxieties of the low-income disabled generally parallel those of the low-income retired (and indeed, of low-income households generally): They tend not to have savings accounts, have low balances when they do have savings accounts, would have a hard time living without a month's pay, are unsatisfied with their financial situations, believe things are getting worse, do not have enough income to live as comfortably as they'd like, and on through what will soon be a familiar litany.

Interestingly, the differences by income group within the category of the disabled are not as sharp (and often not statistically significant) compared to the equivalent differences among the retired, presumably because all disabled people have a relatively tough row to hoe regardless of their relative income.



About three-quarters of households containing one or more disabled persons receive SSDI (Social Security Disability Insurance). That this figure is not closer to 100% bespeaks issues with SSDI eligibility that have been widely discussed elsewhere; that three quarters of these households fall into the low income category clearly suggests something about the inadequacy of SSDI payment levels. In addition to SSDI, 15% of households with one or more disabled persons receive food stamps, 11% take at least occasional meals at free meal programs, one in four get free food from charitable organizations, and yet almost half (45%) say they sometimes need more food than they have.

As with seniors supported by Social Security and Medicare, we often find it convenient to believe (or perhaps hope) that the social service programs that support the disabled enable them to live a reasonably decent, secure life free from economic insecurity. This, assuredly, has been shown here **not** to be the case. The disabled comprise another significant pocket of poverty and economic insecurity that is practically invisible to society at large.

The Working Poor

Who, demographically, are the working poor – i.e., people in our low-income category who are, nonetheless, labor force participants? The important demographic factors, it turns out, are age, race, gender and marital status. Among **working respondents only** in these data:

Only about a third in the lowest income category are currently married, vs. 58% in the middle category and 82% in the top category. This illustrates the economic advantages to households with multiple adults who can be deployed into the labor force. In general, the more earners in a household, the higher the income.

The working poor are also disproportionately younger people, at the start of their careers: 37% under 30, vs. 28% of the middle income workers and only 11% of the top earners. Thus, many of the working poor will graduate to better incomes once seniority, promotions and raises accrue. That circumstances may improve in ten or fifteen years, however, is little comfort to young workers struggling to pay rent, make payments on a six year old car, or hoping to buy a home and start a family. As many have pointed out in discussing the problems of today's younger workers, a dream delayed is, increasingly, delayed indefinitely.

Blacks and Hispanics are over-represented among the poor in general and among the working poor in particular. Of the total low-income families, 29% are African-American (vs. about 15% of middle and upper income families) and about 20% are Hispanics (vs. less than 10% of middle and upper income families). This illustrates the economic penalty workers pay for not being white.

And finally, the working poor are disproportionately female: 54% vs. 49% and 38% in the middle and upper income categories, respectively. This illustrates the lower wages typically paid to women workers and the feminization of poverty about which many have written. The economic liberation of women is now said to have been underway for some four decades and yet the wages of full time employed women still average only about three-quarters of the wages of comparable men – a persistent and inadequately addressed wage disparity (this notwithstanding significant improvements and near gender equality in some sectors).

So in the main, when we speak of the region's working poor, we are talking about **relatively young, unmarried, non-white, and predominantly female workers**.

Among those classified as **working poor**, 44% would prefer to work more hours than their employers give them, one in seven works a second job, and over half would be unable to pay their bills if they missed a month's income. Among middle income families, 17% want to work more hours; among upper income families, none. Lower income people change jobs

more frequently, are less likely to receive benefits, have fluctuating monthly incomes, and are less likely to have received a raise since starting at their current jobs. Also worth noting, however, is that 38% of middle income families and even 24% of upper income families say they would be unable to pay their bills if they missed a month's pay. *Substantially large fractions of all income groups live at the absolute limit of their paychecks.*

As would be expected, the type of job one has greatly impacts household income and there are large differences in occupation by income group. The clear majority of upper income respondents work in professional, technical or managerial jobs whereas low income respondents are primarily employed in clerical and manual jobs. Among working people in the lower income group (as among working people in all income groups), most respondents work 36-40 hours on average each week.

Low income people recognize that lack of education and job skills holds them back. One question in the survey asked, "Do you think you could improve your work situation if you got additional education or job training?" The percentages answering yes: 68% of low income, 58% of middle income and 47% of upper income respondents. Here, clearly, is a leverage point for social policy intervention.

A Note on Marital Status

As the preceding suggests, marital status (and family composition more generally) can be decisive influences on a household's overall economic well-being so it is important to understand the marital status differences among the various income categories we are considering (Table Three). The highlights:

Among low income males, the plurality (45%) are men who have never married (or better, men who have yet to marry). The same is true for a quarter of middle-income males but less than a tenth of upper income males. Most men (and women) in the upper income category (82% and 80% respectively) are married and, as we see shortly, most families in that income category have two working adults and thus two incomes.



The picture for women is slightly more complicated, with a sharp over-representation of divorced and separated women in the low income group. (We, of course, are not the first to remark on the deleterious effects of marital dissolution on the economic well being of women.) Among low-income women, 30% are divorced or separated, vs. only 9% of low income men and 19% and 11% of middle and upper income women. Never married women are also over-represented in the low income category.

Table Three thus contains two important lessons: (1) For both men and women, marriage has a strongly positive effect on economic well-being. And (2), for women in particular, marital dissolution is often an economic disaster.

The main (but not only) reason that marriage promotes economic well-being is that married couples can enjoy the benefits of dual incomes whereas single, divorced, separated and widowed persons generally do not. *Thus, family financial well-being is often a function of total household labor force involvement.*

In general, the contribution of multiple wage earners to overall household affluence is not well-appreciated, but the effect is often decisive. In our data, to illustrate, 7% of low-income households but 23% of middle income households and 49% of upper income households have two or more adults in the paid labor force. Indeed, of all the economic penalties a young, non-white, inner-city single woman suffers, the penalties for being female, for being black and for being young pale in comparison to the penalty of not having a second wage earner in the household.

Table 3.

Gender, Marital Status, and Household Income

		Low Income	Middle Income	High Income
Male Respondents				
	Married	41	63	82
	Separated, Divorced	9	8	8
	Widowed	4	3	1
	Never Married	45	25	9
Female Respondents				
	Married	30	56	80
	Separated, Divorced	30	18	11
	Widowed	15	7	2
	Never Married	25	17	7

Effects of Household Income on Economic Well-Being, Hardship and Anxiety

It will come as no surprise that low income households suffer the most economic hardship or that they live month-to-month in difficult financial situations. Likewise, it is hardly shocking to learn that Central Floridians at or above 120% of the area median income are getting by nicely. The real surprise in our data is how far into the middle income categories financial hardship and anxiety have penetrated. What follows is a sector-by-sector outline of just how tough life has become for those at the bottom of the income distribution and just how precarious the economic well-being of the “middle class” has become. (A complete set of breakdowns for all variables by income categories is provided in the Technical Appendix.)

Housing

64% of low-income families rent (vs. a third of middle income and only 13% of upper income families), so when low-income households settle up their monthly housing expenses, in the majority they are not adding to their equity. Only two-fifths of low income households live in single-family detached homes (vs. 70% of middle income and 92% of upper income families). Almost half live in neighborhoods whose quality is rated as “fair or poor,” vs. 19% of middle income families and zero percent of upper income families. Lower income families also change residences more frequently, either to lower housing costs (40%) or get their kids into better schools (39%). Most low income respondents have lived in their current residence five years or less with those in the middle and upper income groups more likely to have resided there for six years or more. Their incomes are also more variable: one in three low and middle income respondents said that their incomes fluctuated monthly (vs. one in five upper income respondents).

Certainly, housing costs were an issue for families in this survey, especially those in the low and middle income categories. To capture this issue, we calculated monthly housing costs for each household (rent or mortgage plus utilities) and expressed the result as a percentage of monthly income. This is, in essence, the HUD “housing burden” calculation.³ An acceptable housing burden is anything at or below 30% of income. Housing costs between 30% and 50% of monthly income are considered a “high housing burden,” while anything from 50% up is considered “severe.” Table Four shows the distribution of housing burdens across our three income groups.

Overall, just 51% of the households in the survey have housing costs within the HUD recommended guidelines (30% of income or less). Since low and moderate income households were over-sampled in this study, this percentage is downwardly biased and not indicative of the regional household population as a whole; still, it is a dramatic illustration of how housing costs have come to dominate family finances.

Table 4:

Housing Burdens and Household Income Category

	Low Income	Middle Income	High Income
Housing Costs as a Percentage of Monthly Income			
Less than 30%	22	50	87
30-50% (high housing burden)	24	37	10
More than 50% (severe housing burden)	54	13	3
Totals	100%	100%	100%

³ Since incomes and housing costs were obtained in fairly broad categories, these calculations are by no means precise.

As in the nation at large, high and severe housing burdens impact mainly upon the low income (and renter) populations. Housing consumes half or more of the monthly incomes of slightly more than half of our lower-income households (and more than 30% of the monthly incomes of 78%), vs. 13% of middle income households and a mere 3% of upper-income families. At the other end of the distribution, only 22% of low income households, exactly half of middle income households, and almost 90% of upper income households having housing burdens within HUD's acceptable range.

Housing burdens are also particularly severe for households containing one or more disabled persons. In these families, one in four spends half or more of their monthly income on housing.

If we sort households into renter and owner groups and look at housing burdens as a function of income, we see directly that the high housing burdens are concentrated among low income renters, 60% of whom spend half or more of their income on housing. (Among middle income renters, the figure is 13%, and among upper income renters, 4%). Compare with low-income homeowners (a relatively small group, of course), where severe housing burdens fall upon "only" 43% (vs. 13% and 2% of middle and upper income homeowners, respectively).



For all the recent concern about housing foreclosures in the middle and upper middle classes, it proves to be the lower income groups, especially renters, who have suffered the most as a result of the run-up in housing costs. Nationally as well as locally, the housing burden is sharply concentrated among renter households; overall, homeowners as a group have extremely low housing burdens, dedicating on average 16% of their income to meet their housing costs (nationwide). Renters typically pay over 30%. The median (national) income for homeowners in 2003 was \$51,061, more than twice the median income of renters (\$24,313.) Moreover, 25% of renters in 2003 lived below the poverty line, compared to just 7% of homeowners. So while there is a definite "affordability" issue on the home ownership side of the housing equation, the true crisis is in affordable rental housing, more and more of which seems to disappear with each passing day.

What are the real life impacts of excessively high housing burdens? Basically, families that are spending half or more of their income on their housing do not have enough disposable income left over for the rest of life's necessities. In our data, to illustrate, families with severe housing burdens (50% or more of income being spent on housing) are significantly less likely to have a savings account (45% compared to 18% of those with acceptable housing burdens) and among those with a savings account, more than half (56%) have less than \$1,000 in that account. Unexpected bills resulting from any type of emergency would have dramatic consequences for these families, more than half of whom (56%) say that they would be unable to pay their bills if their monthly incomes were disrupted.

Even more telling are the difficulties these severe-housing-burden families face in meeting everyday needs such as food. Families with severe housing burdens are much more likely to receive food stamps, to rely on free meal programs and to obtain food from other charitable organizations than families with “acceptable” housing burdens. Even with Food Stamps, meal programs, and charitable food outlets, **almost one in four (24%) families who are experiencing severe housing burdens say they sometimes need more food than they have.** (Among families with “high” but not severe housing burdens, one in five report that they sometimes need more food.) Too, the more severe the housing burden, the more likely families were to delay or go without medical care because they could not afford it. Thus, families compensate for “over-spending” on their housing by under-consuming food, medical care, and, one may safely suppose, other of life’s necessities as well.

The everyday struggle of trying to make ends meet, to provide adequate shelter, food and medical care in the face of rising costs and inadequate monthly incomes, takes its toll on health and psychological well-being as well. Individuals with severe housing burdens were more likely to report poor health, were less happy, and reported more frequent feelings of isolation, depression, and sadness than people with acceptable housing costs.

Financial Well-Being: Half of low income families, a quarter of middle income families, and even an eighth of upper income families say they have *no savings account*. Among low income households who have a savings account, 60% say it contains less than \$1,000. In contrast, among the 88% of upper income households with savings accounts, over half have savings of more than \$10,000 and more than a quarter have savings of more than \$50,000.



With minimal or non-existent savings, it comes as no surprise that only 14% of low income families say their retirement planning is “adequate.” Even among middle income families, the figure only rises to 30% (and rises to 60% in the upper income group).

Our low income respondents are also less likely to have received a raise since starting with their current employer (58%) than middle (72%) and upper (84%) income respondents. They also change jobs frequently. In our data, percentages who worked three or more jobs in the past ten years were 53% of low income, 49% of middle income, but only 28% of upper income respondents.

Life at the economic margin is reflected in people’s feelings about their financial situation. In the low income group, more than half (56%) are “not satisfied at all” with their present financial situation, 37% feel that their financial situation is “getting worse,” and 69% say they do not have enough income to live as comfortably as they would like. In the middle income group (which, recall, extends up to about \$70,000 per year), a third are not satisfied, 28% think things are getting worse, and half need more income to be as comfortable as they would like.

It is often alleged that “all of us” are only “one paycheck away” from destitution: from repossession, foreclosure, or even homelessness. We always felt that this was a useful

metaphor for the increasing financial insecurity of the American population but was probably not *literally* true. We asked a direct question on the point: “If for whatever reason you missed a month’s worth of pay, would you still be able to pay your bills?” 56% of low income respondents, 38% of middle income respondents, and even 24% of upper income respondents said No!

In order to make ends meet, about a fifth of low income families take on odd jobs, do laundry or mending, or otherwise find ways to supplement their monthly incomes. More than a quarter also share resources with family, neighbors and friends, a “survival strategy” that has been noted in nearly every study of low income families since Carol Stack’s famous *All Our Kin*, first published in 1975. About one low income respondent in seven also works a second job. Oddly, many commentators seize on this resourcefulness as the “proof” that low income families aren’t so bad off after all!

Fringe Benefits

Jobs provide not just hours of labor and dollars of income; many also come with an array of fringe benefits that represent additional economic or quasi-economic resources to families. Alas, as it is said in the Gospel according to St. Luke (19:26), “to him that hath shall be given, and from him who hath not shall be taken away.” *Every* fringe benefit we asked about is more likely to be made available to working people in the upper income groupings, i.e., those financially least in need of the benefits in question. (The same was also true of the fringe benefits received by the working spouses of our respondents.)

Table 5.

Fringe Benefits by Income Category: Working Respondents Only (Percentage Receiving Each Benefit Listed)

	Low	Middle	Upper
Health insurance for you	45.7	67.2	73.2
Health insurance for the rest of your family	38.7	49.2	59.0
A retirement plan that your employer pays into	36.7	58.4	73.2
Paid vacations	53.1	64.7	71.5
Personal time off	58.8	71.0	79.6

Food

One in six low income households receives Food Stamps; one in ten participates in WIC; 60% of low income households with school age children say their children participate in the free or reduced school breakfast and lunch program. Just under a tenth eats meals at free food programs; one household in seven (in the low income group) receives “free food from food banks, churches, and other charitable organizations.” More than one in four (vs. about a tenth of middle and upper income groups) say there are times when they feel their families

need more food than they have. Food insecurity, while not widespread, is for all practical purposes a near-exclusive experience of those at the bottom of the income distribution.

Transportation

A quarter of low income households have no car (vs. almost none of the middle and upper income households). Most (62%) of the cars owned by low income families are 8 or more years old vs. about 40% of middle income families and 20% of upper income families. Low income families therefore rely on public transportation far more regularly than middle and upper income families. And while all groups commute roughly equal distances, it is obvious that commutation expenses as a percentage of monthly income will impact most strongly on the lower income groups.

The Costs of Children

All parents learn early in their careers as parents that children are a gratifying but expensive proposition. Certainly, children increase the need for household space, bedrooms, outdoor play areas, and such; increase the monthly food and utility costs; pose various back-to-school expenses; and require costly day care while the parents are at work. Here as in all other areas examined, one would expect the costs of children to weigh most heavily on the lower income categories, and indeed they do.

One question posed to parents of school aged children was, “Is the start of the new school year a very serious financial burden, somewhat serious, or not really serious at all?” Nearly half (46%) of low income families said this was a very serious burden, as compared to only about a fifth of the middle and upper income groups.

All families with children have to arrange for after-school care for the school-aged kids and daycare for children not yet old enough to attend school. In the majority of cases involving school aged children, the kids were either on their own until the adults got home or their care was handled within the household (by spouses, other siblings, etc.) But 27% of low income households (vs. 15% and 19% of middle and upper income households) made for-pay arrangements for after school care. In most cases (88% of low income families), the cost of this care was less than \$60 per week. Higher income households can afford to purchase, and therefore do purchase, more expensive after-school care. Also, more than half (55%) of low income households with preschool children pay out of pocket for their care as well. In about a third of these cases, the out-of-pocket cost exceeds \$100 per week.

Health

32% of low income families, 10% of middle income families, and less than 4% of upper income families have NO health insurance coverage – not for themselves or for their spouses or children. This, of course, is a national problem that is as serious in Central Florida as anywhere else. The principal reason why people do not have health insurance, of course, is that their jobs do not include health benefits and private



insurance plans are far too expensive. As one consequence of not having health insurance, 28% of low income families and even 12% of middle income families (but only 2% of upper income families) said *there was a time in the past year when they needed health care but delayed or did not get it because they couldn't afford it.*

Complicating matters, the low income group is also in the poorest health. The proportions who self-rate their health as “fair” or “poor” vary from 32% in the low income group to 16% in the middle income group and 12% in the upper income group. Also, a greater proportion of low income respondents (44%) compared to middle (30%) and upper (35%) reported that they went to the emergency room within the past year to get health care. Respectively, 18%, 9% and 5% of the children of each group were reported as having some sort of serious chronic health condition.

Debt

Debt is ubiquitous throughout society and is used increasingly by families in all income categories to get through each month. But the debt burden, as always, falls heaviest on the low income group.

To illustrate:

- 42%, 24% and 11% of the low, middle and high income groups respectively have “outstanding medical bills” they are trying to pay off.
- Nearly equal proportions in all groups – 37%, 51%, and 43% -- are currently carrying unpaid credit card balances, but the unpaid balances are larger for the low income group. The percentages carrying \$5000 or more in unpaid credit card balances are 38%, 29%, and 30%. If these differences were expressed as a percentage of average monthly income in each group, they would be far more dramatic.
- 25%, 14%, and 10% of low, middle and high income families respectively are so far in debt they feel “they will never be able to get out.”
- 7% of low income households and even 6% of middle income households, but no upper income households, are “currently behind on rent or mortgage payments” and therefore at some apparent risk of homelessness.
- 29%, 21% and 14% of low, middle and upper income households, respectively, have had a debt collection agency trying to get them to settle an unpaid debt.



Quality of Life

In general, there is a statistically significant and linear relationship between income group and such things as poor appetite, inability to “shake off the blues,” trouble concentrating, feeling depressed, loneliness, sadness, and a sense of failure in life, with the lower income

group higher on all of these measures. Lower income families also have fewer family members in the area who could help if they ran into troubles and fewer close friends.

Money Does Buy Happiness After All

The French philosopher Jean-Jacques Rousseau wrote in 1750 that “Money buys everything except morality and citizens.” Through a thousand retellings, this has evolved into the knowing adage, “Money can’t buy happiness,” often uttered by people with plenty of money to those with less than plenty, as a consolation prize for their impecunious means.

One question we asked was: “All things considered, would you say you are very happy, happy, not very happy, or not happy at all?” Again, there is a strong linear relationship with income: The more money you have, the happier you are. The percentage “very happy” increases from one fifth of those in the low income category to more than twice that in the upper income category. At the other end of the distribution, those not very happy or not happy at all are *five times* more common in the low income category than in the high.

The Costs of Being Poor

A common response to data such as that we have reviewed is to acknowledge that we seem to have a lot of low income people around, more perhaps than the overall levels of national affluence would lead one to expect, and even that the overall quality of life for low income people seems to suffer in comparison to the more affluent. But at the same time, we also have any number of programs to make the lives of low income people better: food programs, Medicaid, subsidized housing, various income supplement programs, and on through a long list such as the programs reviewed in the Center on Budget and Policy Priorities study that we used in the introduction. In the end, given all that we spend to ameliorate the conditions of the poor and provide them with life’s necessities, does it really matter whether a family is “low income” or not?

We can begin by agreeing that poor people in Haiti or Honduras are definitely much worse off than low income families in the US. But is there truly any solace in knowing that our low income population is better off than poor people in the poorest countries in the Western hemisphere?

As our data show, being poor or near-poor – at or below half of the median family income – means living at the edge of financial catastrophe, where an unexpected car repair or unbudgeted medical bill might make the difference between paying and not paying the rent, or the difference between food on the table and nights in the soup kitchen line. Too, in emphasizing the straitened circumstances of the low income population, we should not lose sight of the fact that many moderate and middle income people are struggling too, as our data demonstrate. Surely, constantly hovering at life’s precipice must be stressful, and stress, we know well, is linked to a vast array of unwanted health outcomes ranging from alcoholism to cardio-vascular disease and nearly everything else.

A great deal of research has been undertaken in the past decade to determine what are called “health disparities” and to find some means of reducing them. In some versions, the “disparity” in question is the difference between blacks and whites, but in many renditions, it is the difference between poor and non-poor. Everywhere we look, even in our data, we find these disparities: in rates of various illnesses, in life expectancy and infant mortality, in psychological health and subjective well-being, in short, in practically everything. If you are low income, to borrow a phrase from Thomas Hobbes, “life is nasty, brutish and short.”

Many people try to explain away these disparities by citing other variables that might produce them. Low income people drink too much! They eat lousy diets! They don’t exercise! No wonder they die at elevated rates. Other analysts cite instead social differences in the consumption of health care or in health insurance coverage, or differences in social support, or social differences in environmental exposure: lead paint; environmental racism, unsafe and unhealthy workplaces; and the like.

All of these points are true but in most studies, controls for these factors reduce – **but almost never eliminate** – the effect of social variables such as race or poverty on health. And that fact has led some health scientists and medical sociologists to the conclusion that perhaps economic hierarchy is **inherently** unhealthy. Barer, Evans and Marmor, *Why Are Some People Healthy and Others Not?*, develops this theme most fully. These authors conclude that stress is the critical intervening variable: hierarchy is inherently stressful, and differential stress produces disparate health outcomes. The women Barbara Ehrenreich wrote about in *Nickel and Dimed* all seemed resigned in varying degrees to the cards life had dealt them, but they didn’t seem happy or emotionally healthy. Low income people are often resilient and incredibly resourceful, but very few actually **like** the hand they’ve been dealt.

A study presented at the 2007 meetings of the American Association for the Advancement of Science explored the effects of poverty on childhood cognitive development. The study found that “many children growing up in very poor families with low social status experience unhealthy levels of stress hormones, which impair their neural development.”⁴ Poverty, like war and homelessness, “is not healthy for children and other living things.”

What is to Be Done?

As we indicated at the beginning of this report, it comes as no surprise to learn that low income families in our region are struggling. More surprising by far is just how far into the middle class economic insecurities have penetrated. Consider:

- A quarter of the middle income population has no savings to fall back on.
- Nearly two fifths of middle income families would not be able to pay their bills if they missed a month’s pay.
- Half of those in the middle income category are concerned that their retirement planning is inadequate.

⁴ See Paul Krugman, “The poison of poverty.” *Orlando Sentinel*, 19 February 2008, p. A-13.

- More than one in four feels that their economic situation is getting worse.
- Nearly one in five middle income families are **not** covered by any kind of health insurance plan.
- One in eight went without medical care at least once last year because they could not afford it.

Clearly, many middle income families are struggling too – burdened by debt, medically uninsured, worried about retirement. As a recent MSN news item put it, "The problem is that 'middle' and 'median' incomes no longer seem to provide the kind of comfort and security that Americans have become accustomed to. In most parts of America, a \$48,000 annual income [the national median – locally, the figure is about \$53,000] isn't enough to fund a comfortable life -- dinner on the table at 6 p.m., the kids watched by a safe and affordable caregiver, a guaranteed summer vacation and a nest egg accruing so that, at age 65, Mom and Dad can look forward to their leisure years worry-free."

What, then, is to be done? Clearly, "welfare reform" did not solve the economic problems of low income families, and more and more, a job (or in many cases, two jobs) doesn't quite do it either – not for families at the bottom of the economic ladder and these days, not even for families who are half way up. Where, then, are we left?

The fundamental issue here is **fairness**. As a matter of national policy, if people agree to play by the rules, to rely on themselves and their own labor to solve their problems and not on a government handout, then we should make certain that they can provide a reasonable standard of living for themselves and their families on the money their labor earns them. That, we think, will require five essential reforms.

Wages: First, we have to acknowledge that large numbers of working people simply don't make enough money to live comfortably, and won't until national wage policy brings wages into closer alignment with the true cost of living. Here, attention necessarily focuses on three issues: the minimum wage, the Earned Income Tax Credit, and the continuing gender inequities in wages. In order:

Minimum wage. On January 1, 2008, Florida's minimum wage was increased to \$6.79 per hour, nearly a dollar an hour higher than the Federal minimum wage. That notwithstanding, the annualized minimum wage for a Florida worker is now \$14,123, or about \$6,000 short of the top of the low-income standard even for a single person. The only escape from the low income category for workers at the minimum wage is to have two or more earners in the household. This seems almost punitive.

Earned Income Tax Credit: Virtually all analysts describe the EITC as a success, mainly because there is no administratively simpler way to increase real wages than to let people keep more of the money they earn. Many proposals to expand the EITC have been made and deserve serious attention, both those that would expand the numbers of workers who qualify and those that would increase the tax credits workers are able to earn. Letting workers file for EITC on the Form 1040-EZ short form is one important step forward.

Gender: We have noted on several occasions throughout this report that the lowest income category is disproportionately comprised of women. There are, of course, multiple reasons for the continuing gender disparity in earnings (women work fewer hours, have less continuous labor force histories, change jobs more frequently, etc.). Still, comparing full-time, year-round workers only, women's wages today average 76.5% of men's wages, and while there has been considered improvement in the past 25 years (in 1980, the comparable figure was 60.2%), the disparity is still striking.

Day Care: Evaluations of state welfare reform efforts have concluded that states which couple the work requirements of welfare reform with the incentives of steeply subsidized child care, such as Massachusetts and Minnesota, have achieved more positive and less punitive outcomes than states that make no child-care provisions. Absent subsidies, child care costs can consume half a working mother's income, with the remaining half inadequate to keep herself and her children out of poverty. And yet, federal funding for subsidized day care has been cut in every budget year since welfare reform was enacted.

Health Care: We and many other analysts have pointed to the growing problem of the medically uninsured and the consequences of that problem: over-utilization of emergency room services and people who defer needed health care because they can't afford it. Some means to provide working families with health care that (1) they can afford and (2) travels with them from job to job is sorely needed.

One model of affordable, portable health insurance coverage, of course, is Medicare, which covers more than 95% of the nation's over-65 population. Unfortunately, demographic projections based on the aging of the Baby Boom generations have caused many analysts to wonder how much longer we will be able to afford Medicare and other programs for the growing elderly population, including Social Security. The idea of extending Medicare-like benefits to an even wider swath of the population causes health economists to gasp. Still, we remarked in an earlier section of this report on the large number of low-income seniors in our data, a problem that will certainly not get any better as the over-65 portion of the population continues to expand.

Full Employment: If we are going to insist that poor people work themselves out of poverty, then there has to be sufficient work for people to do, a conclusion that forces some sort of guaranteed full employment policy onto the national agenda. How can we insist on labor force participation as the solution unless anyone who wants to work will be guaranteed a job with decent wages and adequate benefits?

Affordable Housing: Finally, we have to find the means to address the low income housing crisis. The majority of the nation's poor families, including those in our study, now pay more than half their monthly income for housing and utilities alone. In fact, these days, "affordable housing" is only "affordable" when families are near or above the median income, families earning at least **twice** what the families in our low income groups earn. Thus, as the Orange County Workforce Housing Task Force concluded in its recent report, the housing crisis now presses in on middle income families as well as on the poor. And yet,

federal public housing expenditures have been declining since the 1980s and rent subsidies for low income families have been stagnant or declining since the mid-1990s.

Most of what we have just sketched addresses policy at the national level, but there are things to be done locally that would also improve the well-being of low and moderate income families in the region:

- Central Florida leaves too much federal money on the table, much of it in the form of unclaimed benefits. One recent estimate suggested that there was more than \$60 million in Food Stamp eligibility for Central Florida families that went unclaimed last year, and the same can presumably be said for SSDI, SSI, and other benefit programs. The Chamber of Commerce and the United Way have taken the lead in getting more families enrolled for earned income tax credits. Other social welfare agencies need to do the same with other available benefit programs. Every year, Central Florida loses out on Food Stamp resources, unclaimed tax credits, state mental health dollars, federal income supplement programs, summer feeding resources, and a great deal more for want of a more focused and aggressive pursuit of benefit and entitlement programs that our citizens need and deserve.
- One question in the survey asked people if they had ever heard of the 2-1-1 community resource directory service. Among low income households, only one in ten had. Of those who had heard of 2-1-1, almost a third had used it to “locate resources that you and your family need.” 2-1-1 is an obvious place for families to learn about social services that might be of benefit to them, and a 1-in-3 usage rate among families familiar with the system is encouraging. Clearly, more low income households need to be aware of 2-1-1 and how it can be used to access resources.
- The Housing & Community Development Division of Orange County government recently released a report on *Workforce Housing for Orange County’s Working Families*. The report outlines a long series of steps and proposals that might be implemented to achieve three main goals: “mitigate barriers that prevent the production of [affordable] housing; attract non-traditional affordable housing builders; [and] preserve the long term affordability” that is already in place. There is scarcely a jurisdiction anywhere in the five-county area we surveyed that would not do its citizens well by adopting a similarly thoughtful and aggressive affordable housing plan.
- Finally, jurisdictions throughout the region could follow the lead of Orlando and about 80 other cities in developing local “living wage” policies (in essence, minimum wages to be paid to municipal or county employees that exceed the state or federal minimum wage mandate). Governments at all levels struggle with the social service needs created by inadequate wages and, along with other public institutions, often exacerbate these problems by their own wage policies. As Walt Kelley once said through the medium of his sardonic character Pogo, “We have met the enemy, and he is us.”

Higher wages, subsidized day care, universal health insurance coverage, guaranteed full employment, new federal housing subsidies and an entire range of new initiatives at the local

level will not come cheaply, not to our region and not to the nation as a whole. But as Franklin Roosevelt said in his second Inaugural Address in January, 1937, “The test of our progress is not whether we add to the abundance of those who have much; it is whether we provide enough to those who have too little.”

Sadly, seven decades have elapsed since FDR uttered these ennobling words and while some progress has been made since the height of the Great Depression, a great deal more remains to be done. As Paul Krugman (see note 5) has recently said, “America’s failure to make progress in reducing poverty...should provoke a lot of soul-searching. Unfortunately, what it often seems to provoke instead is great creativity in making excuses.” We all know the excuses: The poor “really” aren’t so poor after all. If only people would “sober up, take a shower, get a job.” America remains the Land of Opportunity where anyone with sufficient gumption can “work hard and become rich.” As Krugman’s editorial reminds us, poverty is poison and the antidote is to be found as much in public policy as in individual effort and will.