

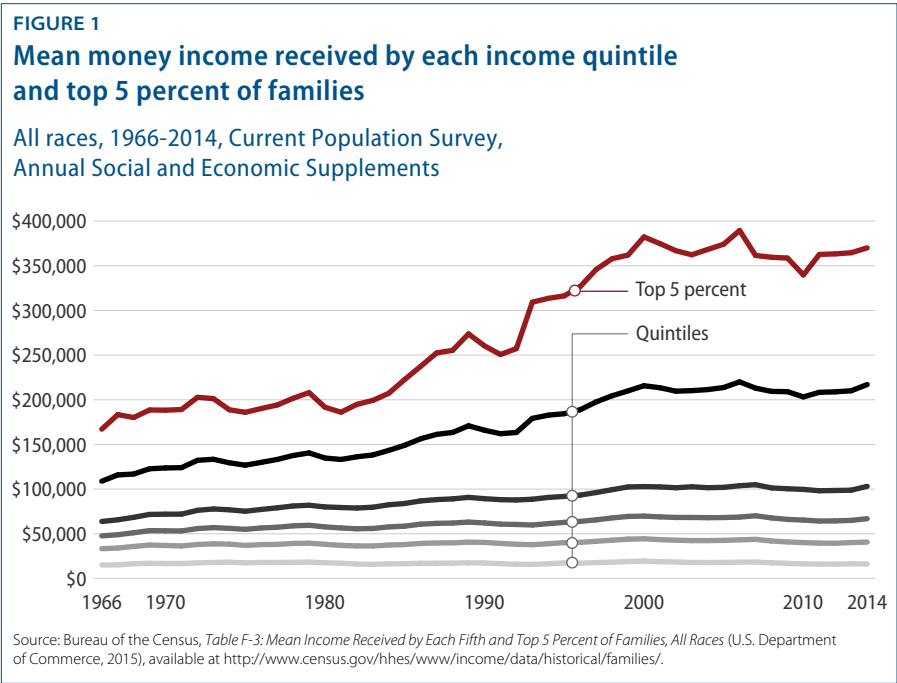


A Progressive Agenda to Cut Poverty and Expand Opportunity

By Melissa Boteach, Rebecca Vallas, and Eliza Schultz June 2016

Introduction and summary

Economic inequality has reached historic heights in recent decades, as an off-kilter economy has concentrated the gains from economic growth in the hands of those at the top of the income ladder. Since the late 1970s, most American workers have seen their wages stagnate or even decline in real terms, even though their productivity has more than doubled over the past two decades.¹ Meanwhile, the share of income going to the wealthiest Americans has skyrocketed. Most recently, in the wake of the Great Recession, the top 1 percent of households captured nearly 76 percent of inflation-adjusted income gains between 2009 and 2013.²



To make matters worse, the costs of the pillars of a middle-class life—child care, higher education, housing, health care, and retirement—have all been rising faster than wages.³ This squeeze on families' budgets has made it even harder for Americans to gain a foothold in the middle class.

Today, a staggering one in three Americans—more than 105 million people—live in poverty or are teetering on the economic brink with incomes of less than twice the poverty line.⁴ New analysis by the Center for American Progress finds that if not for the dramatic rise in economic insecurity since 2000, nearly 13 million fewer Americans would be living on the edge today.⁵

This squeeze has not only made it harder for families to get by; it has also made it harder to save for the future. Increasingly, families find themselves turning to high-cost borrowing in order to afford the basic pillars of family economic security or to deal with an unexpected crisis. Recent survey data show that nearly half of all Americans could not come up with \$400 in the event of an emergency.⁶ In an economy that favors the wealthy few, widespread inequality has left many families vulnerable to financial shocks that can send them spiraling into poverty—and trapped in an inescapable cycle of debt.

Programs such as Social Security, nutrition assistance, and tax credits for working families have helped mitigate these trends: The social safety net cut poverty by 40 percent from 1967 to 2012.⁷ Additionally, efforts by the Obama administration over the past seven years have pulled the nation out of a deep recession and bolstered economic security for millions of Americans by, for example, dramatically increasing access to health insurance, strengthening tax credits for working families, investing in high-poverty communities, improving job quality, and removing barriers to opportunity for Americans with criminal records and their families.⁸

But the nation still has a long way to go to build an economy that works for everyone, rather than just the wealthy few. A new Congress and administration must build upon these efforts to tackle the economic instability that has become a mainstream experience shared by working and middle-class families alike.

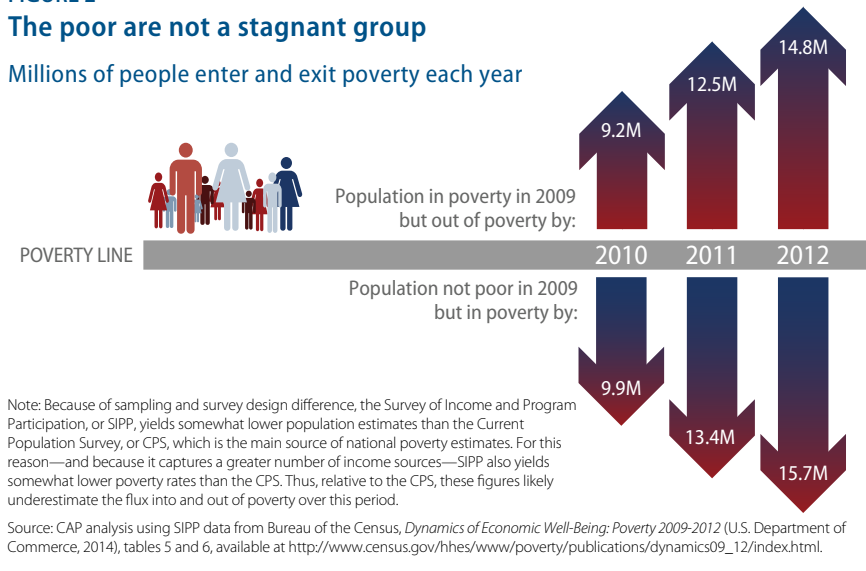
Indeed, Census data confirm that the line between the middle class and those struggling to join it is blurry and porous, with millions of Americans falling in and out of poverty each year.⁹ In fact, an analysis by Mark Rank and his colleagues shows that half of all Americans will experience at least a year of poverty or teeter on the edge of poverty at some point during their working years.¹⁰ Adding those who experience a year of unemployment or need to turn to the safety net, that number rises to four in five Americans.¹¹

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FIGURE 2

The poor are not a stagnant group

Millions of people enter and exit poverty each year



An off-kilter economy does not just threaten family economic security; it takes a toll on the nation's economic health. In fact, research from the International Monetary Fund shows that excessive inequality hampers economic growth more broadly.¹²

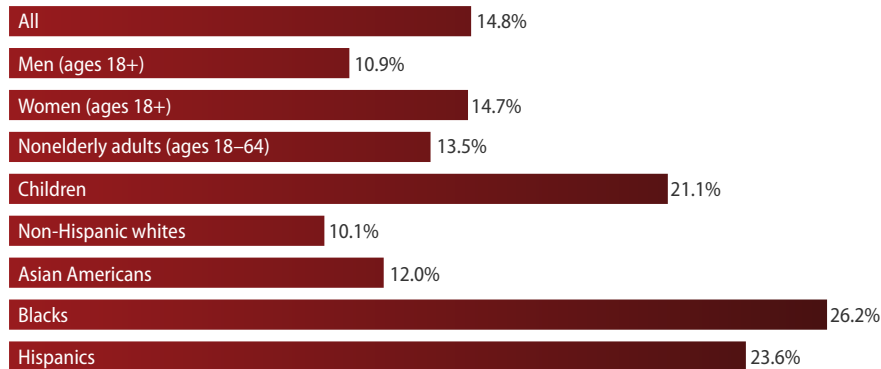
Policies based on failed theories such as trickle-down economics have played a central role in the nation's unsustainable levels of income inequality and have contributed to widespread instability.¹³ It is long past time to put these policies, which favor the wealthy few at the expense of working families, in the rearview mirror where they belong. It is not the wealth of the rich but rather a stable and secure middle class that is the key to economic growth. A robust middle class provides the consumer base and economic demand that drive investment and productivity. What's more, the middle class is strongly linked to economic mobility: Analyses from the Center for American Progress show that areas of the United States with larger middle classes have greater levels of economic mobility among working families.¹⁴

Elevated poverty levels and stagnant incomes are not inevitable. Instead, they are the direct result of deliberate policy choices that put income into the hands of the most affluent Americans but leave millions more with barely enough to get by.¹⁵ While the vast majority of Americans have felt the impact of this off-kilter economy, groups that face the greatest barriers to opportunity have been hit the hardest—including women, communities of color, LGBT individuals, those without college diplomas, people with criminal records, and individuals with disabilities.¹⁶ The nation's policies must therefore move everyone forward while leveling the playing field for those who have historically been left behind.

FIGURE 3

Women, children, and people of color more likely to experience poverty

2014 poverty rates by gender, age, and race



Source: Carmen DeNavas-Walt and Bernadette D. Proctor, "Income and Poverty in the United States: 2014" (Washington: U.S. Department of Commerce, 2015), available at <https://www.census.gov/content/dam/Census/library/publications/2015/demo/p60-252.pdf>. Poverty rates for men and women ages 18 years and older are authors' calculations using Bureau of the Census, *Annual Social and Economic Supplement: Table POV01. Age and Sex of All, People, Family Members and Unrelated Individuals Iterated by Income-to-Poverty Ratio and Race* (U.S. Department of Commerce, 2015), available at https://www.census.gov/hhes/www/cpstables/032015/pov/pov01_100.htm.

This blueprint lays out a policy framework that would dramatically reduce poverty and restore the American dream along five core areas:

- Building better jobs and wages
- Valuing all families
- Ensuring basic living standards
- Investing in human capital
- Removing barriers to opportunity

Families across America cannot afford to wait any longer. We need to build an economy that works for everyone, not just for the wealthy few.

Our Mission

The Center for American Progress is an independent, nonpartisan policy institute that is dedicated to improving the lives of all Americans, through bold, progressive ideas, as well as strong leadership and concerted action. Our aim is not just to change the conversation, but to change the country.

Our Values

As progressives, we believe America should be a land of boundless opportunity, where people can climb the ladder of economic mobility. We believe we owe it to future generations to protect the planet and promote peace and shared global prosperity.

And we believe an effective government can earn the trust of the American people, champion the common good over narrow self-interest, and harness the strength of our diversity.

Our Approach

We develop new policy ideas, challenge the media to cover the issues that truly matter, and shape the national debate. With policy teams in major issue areas, American Progress can think creatively at the cross-section of traditional boundaries to develop ideas for policymakers that lead to real change. By employing an extensive communications and outreach effort that we adapt to a rapidly changing media landscape, we move our ideas aggressively in the national policy debate.

