

OCTOBER 20, 2014 | NUMBER 761

The War on Poverty Turns 50 Are We Winning Yet?

BY MICHAEL TANNER AND CHARLES HUGHES

EXECUTIVE SUMMARY

The War on Poverty is 50 years old. Over that time, federal and state governments have spent more than \$19 trillion fighting poverty. But what have we really accomplished?

Although far from conclusive, the evidence suggests that we have successfully reduced many of the deprivations of material poverty, especially in the early years of the War on Poverty. However, these efforts were more successful among socioeconomically stable groups such as the elderly than low-income groups facing other social problems. Moreover, other factors like the passage of the Civil Rights Act, the expansion of economic opportunities to African Americans and women, increased private charity, and general economic growth may all have played

a role in whatever poverty reduction occurred.

However, even if the War on Poverty achieved some initial success, the programs it spawned have long since reached a point of diminishing returns. In recent years we have spent more and more money on more and more programs, while realizing few, if any, additional gains. More important, the War on Poverty has failed to make those living in poverty independent or increase economic mobility among the poor and children. We may have made the lives of the poor less uncomfortable, but we have failed to truly lift people out of poverty.

The failures of the War on Poverty should serve as an object lesson for policymakers today. Good intentions are not enough. We should not continue to throw money at failed programs in the name of compassion.

“Today there are 126 separate federal anti-poverty programs.”

INTRODUCTION

On January 8, 1964, President Lyndon Johnson delivered a State of the Union address to Congress in which he declared an “unconditional war on poverty in America.” Johnson’s goal was not only to “relieve the symptom of poverty, but to cure it and, above all, to prevent it.”¹ Four months later, Johnson expanded on that vision in a commencement address at the University of Michigan, calling for a “Great Society” that “demands an end to poverty and racial injustice.”²

A flood of legislation soon followed, establishing many facets of the modern American welfare state. By the time he left office, Johnson had established more than two dozen new anti-poverty programs, focused on everything from health care to housing, from job training to nutrition.³

Other programs, such as food stamps, were expanded or made permanent. A number of broad-based entitlement programs, like Medi-

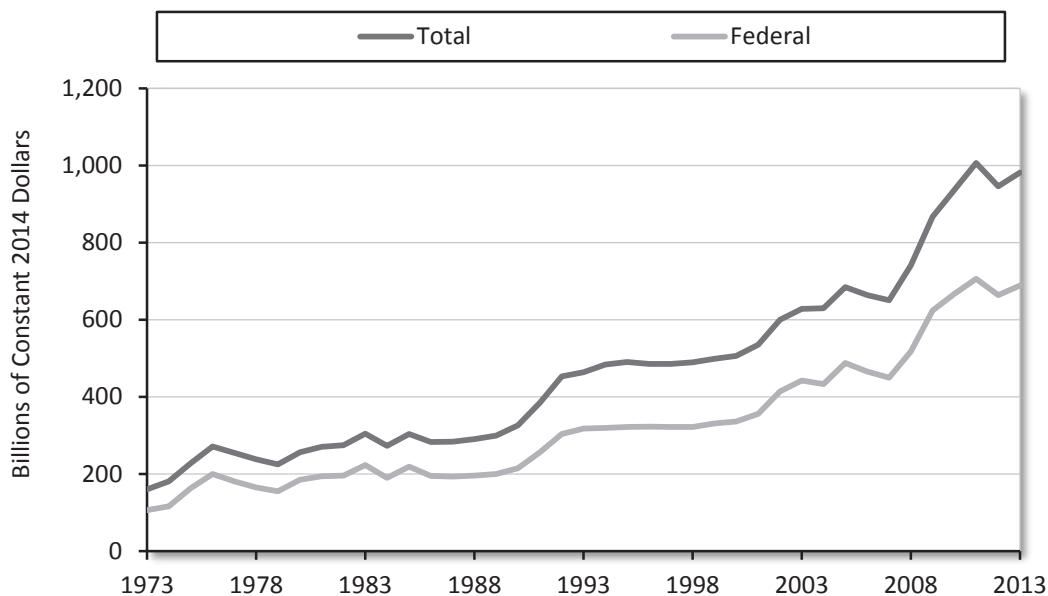
care, also came out of Johnson’s War on Poverty and Great Society agendas.

In the decades since, dozens of other anti-poverty programs have been created. Today there are 126 separate federal anti-poverty programs, spanning seven different cabinet departments and six independent agencies.⁴

The cost of the War on Poverty has increased dramatically from its rather narrow beginnings. In constant 2014 dollars, federal spending on welfare and anti-poverty programs has risen from \$107 billion to \$688 billion, a 640 percent increase, while total government welfare spending—including state and local funds—has risen from \$160 billion to \$981 billion, a 613 percent increase (see Figure 1).⁵

Of course, this amount is not adjusted for growth in the population. Therefore, a better measure might be to look at welfare spending on a per capita basis, specifically per poor person (as defined by the Federal Poverty Level, discussed

Figure 1
Welfare Spending 1973–2013



Sources: Michael Tanner, “The American Welfare State: How We Spend Nearly \$1 Trillion a Year Fighting Poverty—and Fail,” Cato Institute Policy Analysis no. 694, April 11, 2012; Catalog for Federal Domestic Assistance; Gene Falk, “Low Income Assistance Programs: Trends in Federal Spending,” Congressional Research Service, May 7, 2014; Congressional Research Service, “Cash and Noncash Benefits for Persons with Limited Income: Eligibility Rules, Recipient and Expenditure Data,” Report RL33340; Jeffrey Barnett and Phillip Vidal, “State and Local Government Finances Summary: 2011,” United States Census Bureau, July 2013. The figure starts in 1973 because of a lack of uniform, consistent data prior to that year. State data for 2012 and 2013 are extrapolated, as most recent state data are from 2011. Federal spending for 2013 is extrapolated from 2012 levels using overall federal spending growth rate for 2013.

below). Measured this way, federal spending has risen by almost 320 percent, from \$4,643 to \$14,848, while total spending rose by 302 percent, from \$6,972 to \$21,113 (see Figure 2).⁶

Altogether, the United States has spent more than \$19 trillion fighting poverty (in constant 2014 dollars). Last year alone, the federal government spent almost \$700 billion, while state and local governments added nearly \$300 billion more, for a total of roughly \$1 trillion. That is equivalent to more than \$21,000 for every person below the poverty level in America, or \$63,339 for a family of three.⁷ While it is true that a significant portion of the actual money in these “anti-poverty” programs goes to families above the poverty line, the fact remains that we spend enough money on the welfare system to conceivably lift everyone who currently lives in poverty above the poverty threshold, which stood at \$18,769 for a single mother with two children in 2013.⁸

But what have we bought for all that money? Have we won the War on Poverty, or are we at least winning? The evidence is decidedly mixed.

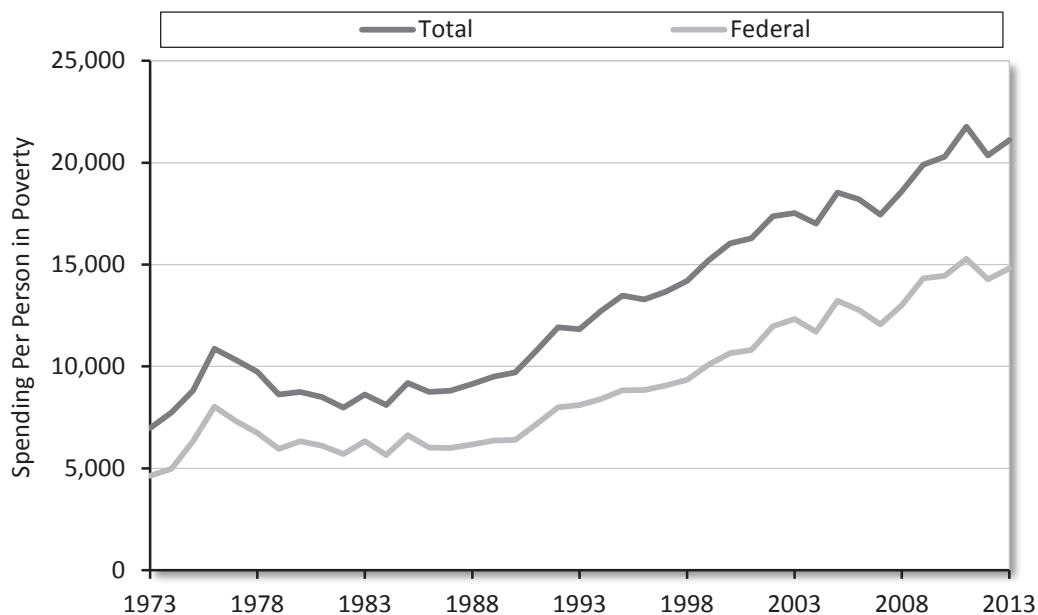
WINNING OR LOSING?

The War on Poverty had many goals. The most obvious was to reduce poverty. But Johnson made it clear that he did not intend simply “to relieve the symptom of poverty, but to cure it and, above all, to prevent it.”⁹ Yes, he sought to meet the “basic needs” of those in poverty, but also to “replace despair with opportunity.”¹⁰

Using traditional measures of poverty, we can see little progress on Johnson’s goals. In 1966, when the initial War on Poverty legislation had passed and programs were starting up, the official poverty rate was 14.3 percent and had been declining steadily since the end of World War II. In 2012 it was actually higher, at 15.0 percent.¹¹ In fact, the only appreciable de-

“Altogether, the United States has spent more than \$19 trillion fighting poverty. ”

Figure 2
Welfare Spending per Person in Poverty 1973–2013



Sources: Michael Tanner, “The American Welfare State: How We Spend Nearly \$1 Trillion a Year Fighting Poverty—and Fail,” Cato Institute Policy Analysis no. 694, April 11, 2012; Catalog for Federal Domestic Assistance; Gene Falk, “Low Income Assistance Programs: Trends in Federal Spending,” Congressional Research Service, May 7, 2014; Congressional Research Service, “Cash and Noncash Benefits for Persons with Limited Income: Eligibility Rules, Recipient and Expenditure Data,” Report RL33340; Jeffrey Barnett and Phillip Vidal, “State and Local Government Finances Summary: 2011,” United States Census Bureau, July 2013; United States Census Bureau, “Historical Poverty Tables: People,” Table 2: Poverty Status of People by Family Relationship, Race, and Hispanic Origin: 1959 to 2012. The figure starts in 1973 because of a lack of uniform, consistent data prior to that year. State data for 2012 and 2013 are extrapolated, as most recent state data are from 2011. Federal spending for 2013 is extrapolated from 2012 levels using overall federal spending growth rate for 2013.

“The sort of deep poverty that existed in 1965 has been largely eliminated.”

cline since the mid 1970s occurred in the 1990s, a time of state experimentation with tightening welfare eligibility, culminating in the passage of national welfare reform (the Personal Responsibility and Work Responsibility Act of 1996). Since 2006, poverty rates have risen despite a massive increase in spending (see Figure 3).¹²

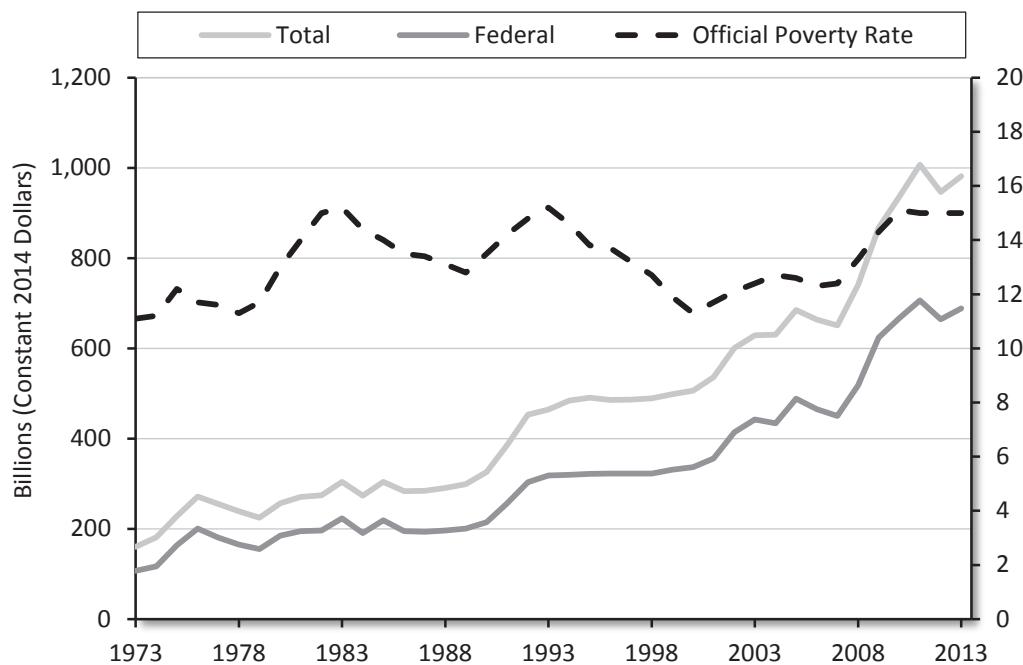
On the other hand, it is fairly evident that the sort of deep poverty that existed in 1965 has been largely eliminated. Take hunger, for example. In the 1960s, as much as a fifth of the U.S. population and more than a third of poor people had diets that did not meet the Recommended Dietary Allowance (RDA) for key nutrients. Conditions in 266 U.S. counties were so bad that they were officially designated as “hunger areas.”¹³ Today, malnutrition has been significantly reduced. According to the Department of Agriculture, just 5.6 percent of U.S.

households (7.0 million households) had “very low food security” in 2013, a category roughly comparable to the 1960s measurements.¹⁴ Even among people below the poverty level, only 18.5 percent report very low food security.¹⁵

Housing provides another example. As recently as 1975, more than 2.8 million renter households (roughly 11 percent of renter households and 4 percent of all households) lived in what was considered “severely inadequate” housing, defined as “units with physical defects or faulty plumbing, electricity, or heating.” Today, that number is down to roughly 1.2 million renter households (1 percent of all households).¹⁶ In 1970 fully 17.5 percent of households did not have fully functioning plumbing; today, just 2 percent do not.¹⁷

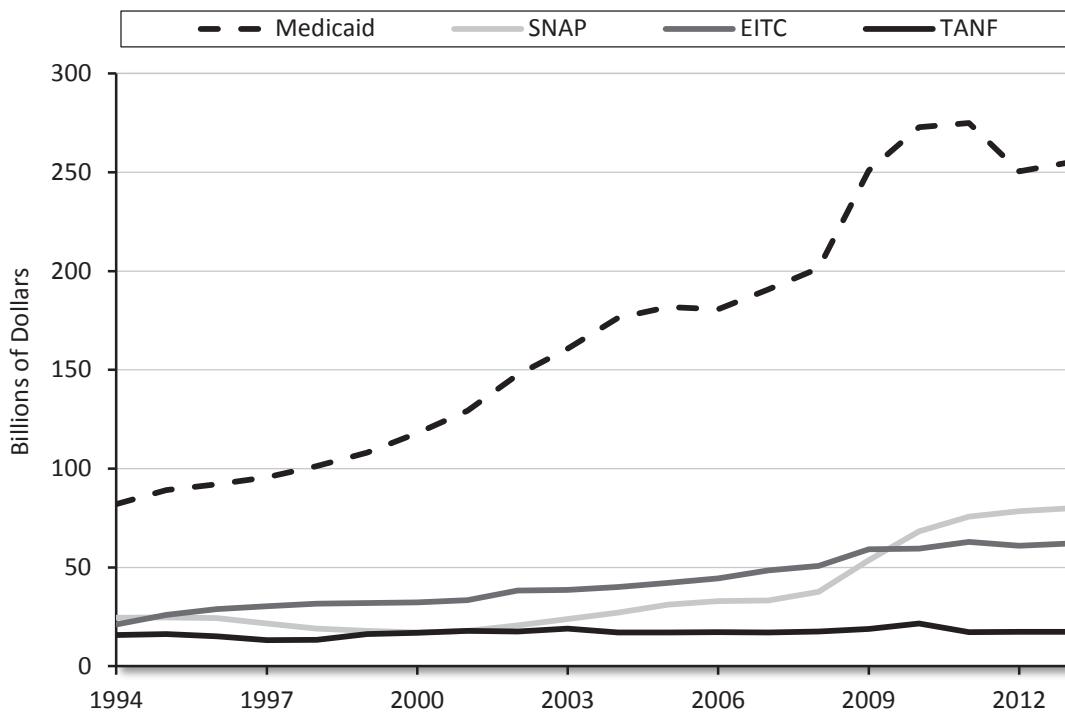
And if you look at material goods, the case is even starker. In the 1960s, for instance, nearly

Figure 3
Poverty Rate vs. Welfare Spending 1973–2013



Sources: Michael Tanner, “The American Welfare State: How We Spend Nearly \$1 Trillion a Year Fighting Poverty—and Fail,” Cato Institute Policy Analysis no. 694, April 11, 2012; Catalog for Federal Domestic Assistance; Gene Falk, “Low Income Assistance Programs: Trends in Federal Spending,” Congressional Research Service, May 7, 2014; Congressional Research Service, “Cash and Noncash Benefits for Persons with Limited Income: Eligibility Rules, Recipient and Expenditure Data,” Report RL33340; Jeffrey Barnett and Phillip Vidal, “State and Local Government Finances Summary: 2011,” United States Census Bureau, July 2013; United States Census Bureau, “Historical Poverty Tables: People,” Table 2. Poverty Status of People by Family Relationship, Race, and Hispanic Origin: 1959 to 2012. The figure starts in 1973 because of a lack of uniform, consistent data prior to that year. State data for 2012 and 2013 are extrapolated, as most recent state data are from 2011. Federal spending for 2013 is extrapolated from 2012 levels using overall federal spending growth rate for 2013.

Figure 4
Spending Trends 1994–2013



Sources: U.S. House of Representatives, Committee on Ways and Means, “2012 Green Book,” chapter 7, Temporary Assistance for Needy Families; Tax Policy Center, “Spending on the EITC, Child Tax Credit, and AFDC/TANF, 1975–2011”; Congressional Budget Office, “Historical Budget Data: April 2014,” April 14, 2014; United States Department of Agriculture, “SNAP Participation and Costs, 1969–2013,” July 11, 2014.

a third of poor households had no telephone. Today, not only are telephones nearly universal, but roughly half of poor households own a computer. More than 98 percent have a television, and two-thirds have two or more TVs. In 1970 less than half of poor people had a car; today, two-thirds do.¹⁸

Clearly, the material circumstances of poor families have improved significantly over the last 50 years. By this measure, we have successfully made poverty less uncomfortable. But have we actually reduced poverty?

DIFFERENT WAYS TO MEASURE POVERTY

One of the biggest barriers to measuring the success of the War on Poverty is the difficulty in actually measuring poverty.

The official poverty rate used by the Census Bureau uses a set of income thresholds that vary

by family size and composition to determine who is in poverty. The threshold income is set at three times the cost of a minimum food diet in 1963, updated annually for inflation using the Consumer Price Index for all Urban Consumers (CPI-U). In 2013 the average poverty threshold for an individual living alone was \$12,119; for a single adult with two children it was \$18,769, and for a two-parent household of four it was \$23,624.¹⁹ Significantly, this threshold only counts monetary income, meaning it includes money earned from work as well as direct cash assistance such as Temporary Assistance for Needy Families (TANF), formerly Aid to Families with Dependent Children (AFDC). However, it does not include many of the anti-poverty programs that have played an increasingly prominent role in recent years, such as the Earned Income Tax Credit (EITC), the Child Tax Credit (CTC), the Women, Infants, and Children nutritional program (WIC), the Supplemental Nutrition Assistance Program

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(SNAP), Medicaid, and housing assistance because they are either “in-kind” (noncash) assistance or administered through the tax code.²⁰

The failure to include noncash welfare in poverty calculations has become increasingly important because the welfare system has changed since the Census Bureau began measuring the poverty rate. When the measure was first adopted in the 1960s, direct cash assistance programs like TANF were among the primary anti-poverty policies. In recent years the role of cash assistance has diminished while other programs have become more prominent in the War on Poverty, especially since the welfare reform of 1996 (see Figure 4).²¹ Direct cash assistance programs now make up just 12 percent of direct federal assistance. In-kind assistance and programs administered through the tax code (like the EITC) comprise the other 88 percent.²²

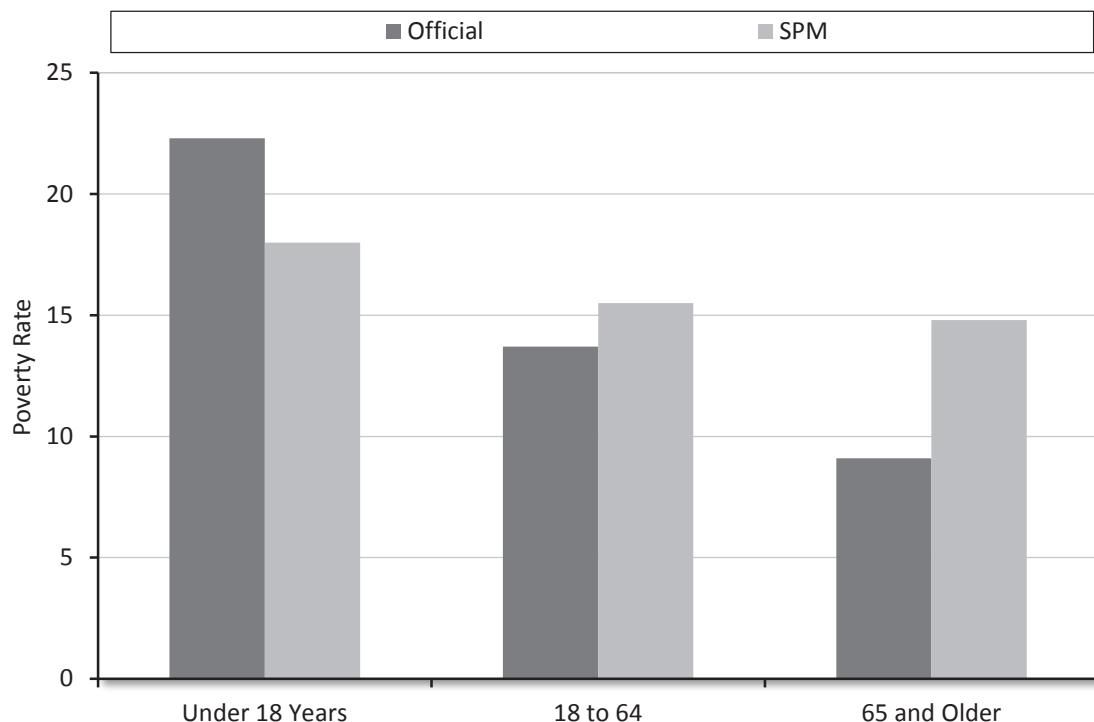
Therefore, the official poverty rate actually measures the number of people living in pov-

erty *before* taking into account the effect of most government welfare programs. There is a gap between what the official rate is telling us and actual conditions on the ground.

On the other hand, spending patterns have changed over the last 50 years, meaning that few people still spend a third of their income on food. Similarly, taxes can push many low-income workers below the poverty level in terms of take-home pay. However, tax credits such as the EITC can pull low-income workers *above* the poverty level. None of those factors are accurately reflected in the official poverty rate.

Recognizing the problems with the official poverty rate, the Census Bureau developed a Supplemental Poverty Measure (SPM) that includes the effect of noncash welfare benefits (as well as taxes and certain cost of living considerations). Based on recommendations from a 1995 report by the National Academy of Sciences, the SPM threshold is based on the 33rd

Figure 5
Poverty Rate Comparison, 2012



Source: Kathleen Short, “The Research Supplemental Poverty Measure: 2012,” *U.S. Population Reports*, U.S. Census Bureau, November 2013.

percentile of expenditure on basic necessities (food, shelter, clothing, and utilities), adjusted for geographic differences in the cost of housing.²³ The threshold is updated using a five-year moving average, rather than being indexed to inflation like the official poverty rate. The SPM also considers out-of-pocket health care expenses, the cost of childcare, and other factors that were not included in the official poverty rate. Some of those changes reduce the number of people living in poverty, while others increase the number of people considered poor.

Using the SPM, 16 percent of Americans were considered poor, slightly higher than the official poverty rate of 15.1 percent. (They also adjust the official poverty rate to include individuals under age 15 in order to make direct comparisons to the SPM possible. This adjustment means their version of the official poverty rate is slightly higher than the previous official poverty rate, 15.1 percent vs. 15.0 percent).²⁴ The SPM's effect on poverty rates varies by age because many anti-poverty programs are targeted at children. Switching to the SPM significantly reduces the poverty rate for those under 18, while older Americans—those most affected by taxes and living costs—show an increase in poverty (see Figure 5).

The SPM also suggests that taking into account the full range of welfare benefits received reduces the number of Americans living in extreme poverty—that is, below 50 percent of the poverty level—from 6.7 percent to 5.2 percent.²⁵ These people no longer in deep poverty remained poor, but less poor than before. In other words, these policies did not help them escape poverty for good, but it did make living in poverty more tolerable to some extent.

One of the main problems with relying too heavily on the SPM to evaluate the War on Poverty is that the SPM is a relative measure of poverty. Because it is based on the 33rd percentile of spending on a basket of goods, some people will *always* fall below this threshold, and thus be defined as being “in poverty” regardless of their actual living conditions. A hypothetical situation in which every American household’s income doubled overnight would have no perceivable effect on the SPM, even

though it would obviously make a tremendous difference in everyone’s lives. Even the White House’s Council of Economic Advisers concedes that “eliminating poverty defined with a relative measure may be nearly impossible, as the threshold rises apace with incomes.”²⁶

Therefore, the SPM tells us little about the effectiveness of the War on Poverty over time. It does, however, provide a starting point for several “unofficial” poverty measures that have formed the basis, recently, for studies that do attempt to measure poverty changes since the 1960s.

For example, in their recent paper for the Brookings Institution, Bruce Meyer and James Sullivan include in-kind transfers and account for the tax system (as well as correcting for what they perceive as an upwards bias in the inflation adjustment used for the official poverty rate). Using this measure, they found that only 8.3 percent of Americans were living in poverty in 2010, a year in which the official poverty rate was 15.1 percent.²⁷ More significantly, they were able to project their methodology backward in time, concluding that poverty rates in the past were actually far higher than the official measures. As a result, they estimate that the poverty rate really fell by 23.5 percentage points between 1960 and 2010.²⁸

A second study by Christopher Wimer and other researchers at the Columbia Population Research Center starts with the Census Bureau’s SPM and uses a similar methodology to calculate an estimate for earlier years. Their adjustments lead to a widening divergence between the SPM and official poverty rate the further back in time one looks. Like Meyer and Sullivan, they find that the official poverty rate does not accurately reflect much of the poverty reduction that has actually occurred.²⁹

Wimer also found that taxes and in-kind transfers play a larger role in poverty reduction today than they did in the past. This makes sense given the increasingly prominent role these programs play in the overall welfare regime (as noted in Figure 4). The difference between Wimer’s estimated poverty rate and the official poverty rate is largely the result of these programs. In 1967 the difference between the Wimer estimate and the

“In recent years the role of cash assistance has diminished. ,”

“The effect of transfer programs on poverty declines over time.”

official rate was just 0.3 percentage points, but as the relative importance of noncash benefits increased so did the gap between the two measures. By 2012 transfer programs not accounted for in the official poverty measure accounted for a 5.5 percentage point gap between Wimer’s poverty measure and the official poverty rate (see Figure 6).³⁰ It is worth noting, however, that while these noncash programs had a larger impact in 2012 than previous decades, this has not translated to a reduction in final poverty rates. This finding is a reflection of the shift to noncash assistance rather than a more effective War on Poverty effort.

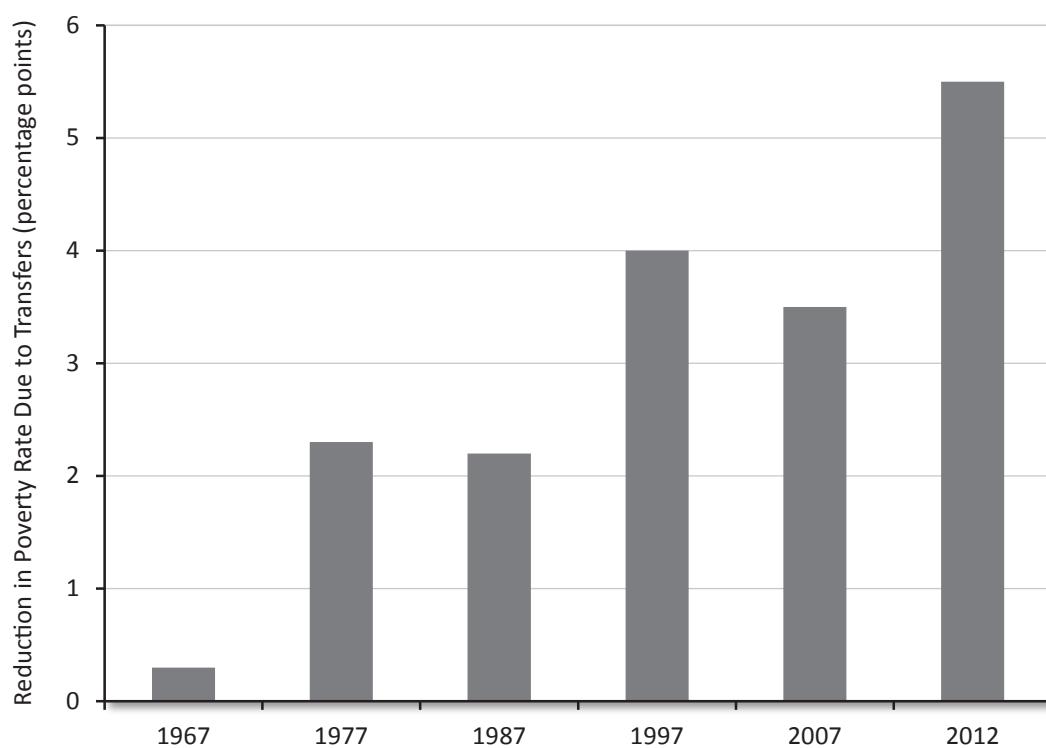
A third study by Johns Hopkins professor Robert Moffitt and colleagues also included programs that are not considered by the official poverty measure, and projected their methodology backward in time. The study is in some ways even more inclusive than either of the other two papers because the authors also account for some social insurance programs such

as Social Security, Medicare, Unemployment Insurance, and Disability Insurance.³¹

Moffitt and his colleagues only look back to 1984, whereas most of the improvement in the official poverty rate, the SPM, and Meyer-Sullivan took place before that time. In line with those other measures and studies, the authors do not see a significant decline in either pre-transfer or post-transfer poverty rates from 1984 to 2004. In fact, they find that the effect of transfer programs on poverty declines over time.³²

Initially, that conclusion appears to be at odds with the findings in Wimer, but Moffitt incorporated the social insurance programs and cash assistance in addition to the transfers considered by Wimer. While Wimer simply showed a shift from cash assistance to in-kind and tax code programs not accounted for in the official poverty rate, Moffitt’s study shows that the aggregate effect of all welfare programs has declined since 1984, and there has been little

Figure 6
Effect of Transfers on Poverty Rates, Official Poverty Rate vs. Anchored SPM



Source: Wimer et al., “Waging War on Poverty: Historical Trends in Poverty Using the Supplemental Poverty Measure,” Columbia Population Research Center.

poverty reduction since then. Welfare programs such as the EITC and the CTC remain fairly effective, but this positive development has had to compete with the concurrent shift of resources to less effective in-kind transfers.

BUT WAS IT THE WAR ON POVERTY?

Each of the above studies could be criticized methodologically. For example, attributing the full value of per capita Medicaid spending to an individual recipient may well overstate the effect of that program.³³ Still, it does appear that there has been a greater reduction in poverty since the start of the War on Poverty than has been generally recognized.

However, a much bigger question is whether that reduction in poverty was due to the War on Poverty or was the result of other factors. In other words, how much of it would have

occurred even if we had not spent \$19 trillion? Could we have reduced poverty even more in the absence of those programs?

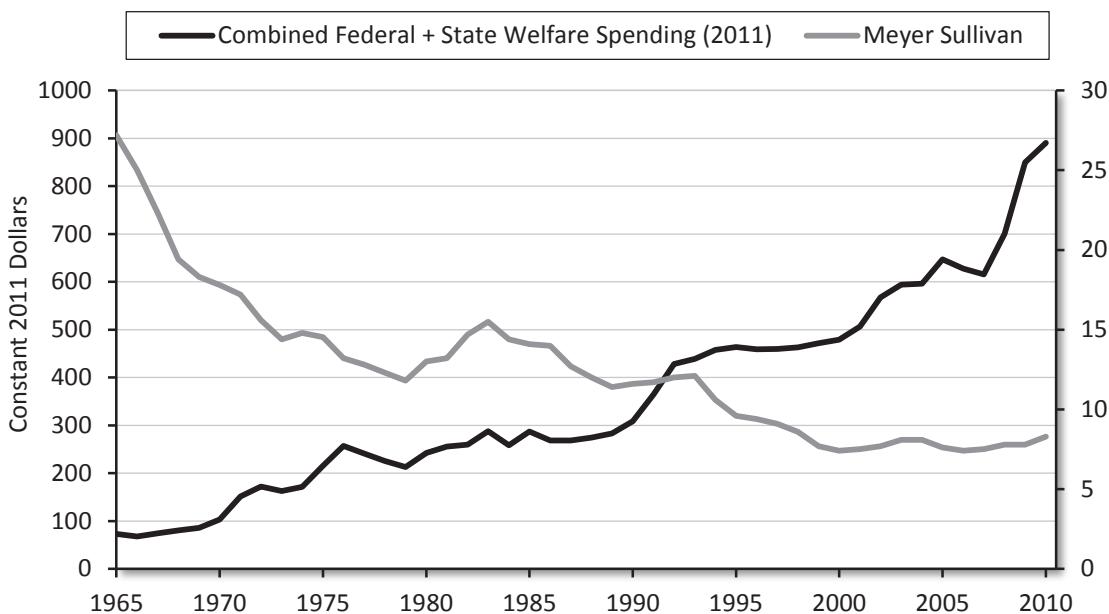
After all, poverty was declining steadily before the War on Poverty began. Clearly we had made substantial strides in poverty reduction, and with a considerably smaller welfare state.

Significantly, even those studies cited above that show a reduction in poverty also provide evidence that the War on Poverty and the welfare state it established have not been particularly effective. For example, Meyer and Sullivan found that the majority of improvements in the poverty rate occurred prior to 1972. Less than a third of the improvement has taken place in the last four decades, despite massive increases in expenditures during that time (see Figure 7).

A plausible conclusion to draw is that the War on Poverty saw early gains because it was picking the low-hanging fruit. Further evidence of this can be seen in the precipitous drop in

“Could we have reduced poverty even more in the absence of those programs? ”

Figure 7
Meyer-Sullivan Poverty Rate vs. Combined Welfare Spending



Note: Early Meyer Sullivan figures are post-tax, not post tax and transfer; that series starts in 1980.

Sources: Bruce Meyer and James Sullivan, "Winning the War: Poverty from the Great Society to the Great Recession," *Brookings Papers on Economic Activity*, Fall 2012; Michael Tanner, "The American Welfare State: How We Spend Nearly \$1 Trillion a Year Fighting Poverty—and Fail," Cato Institute Policy Analysis no. 694, April 11, 2012; Catalog for Federal Domestic Assistance; Gene Falk, "Low Income Assistance Programs: Trends in Federal Spending," Congressional Research Service, May 7, 2014; Congressional Research Service, "Cash and Noncash Benefits for Persons with Limited Income: Eligibility Rules, Recipient and Expenditure Data," Report RL33340; Jeffrey Barnett and Phillip Vidal, "State and Local Government Finances Summary: 2011," United States Census Bureau, July 2013.

“Noncash welfare programs have not had a significant effect on the poverty rate over time. ”

the poverty rate for seniors, which fell from 49.4 percent in the 1960s to only 19.1 percent by 1980.³⁴ Meanwhile, those in deep, entrenched poverty were left behind, with the myriad of welfare programs and the trillions of dollars only serving to make their lives marginally more comfortable. As Daniel Patrick Moynihan pointed out, the “period of social reform was most successful—was hugely successful—where we simply transferred income and services to a stable, settled group like the elderly. It had little success—if you like, it failed—where poverty stemmed from social behavior.”³⁵

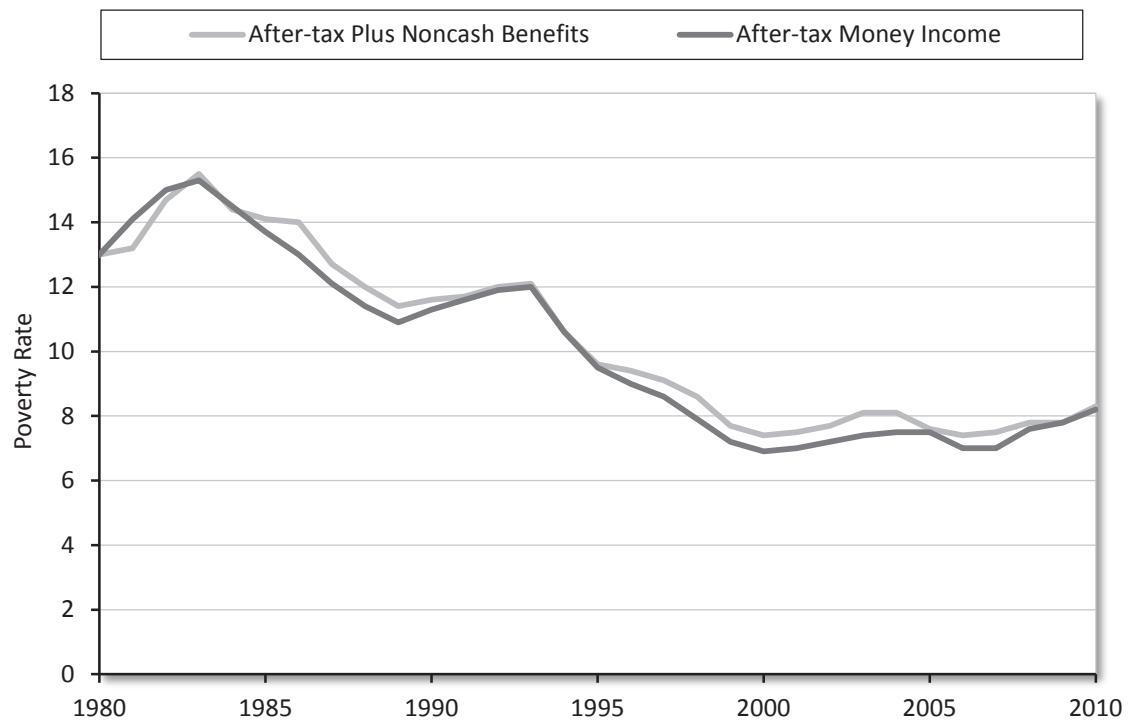
Meyer and Sullivan also examine which programs had the biggest effect on their poverty calculations. They conclude that noncash government transfer programs have had a minimal effect since 1980. As Figure 8 shows, there is very little difference between the measure that only includes after-tax money income and one that also includes noncash benefits. In some years the

poverty measure accounting for noncash benefits is higher than the one that ignores them. While this may be due in part to underreporting in receipt of noncash transfers (and the authors acknowledge as much), this is supportive of the conclusion that noncash welfare programs have not had a significant effect on the poverty rate over time, although it can be said that they can ameliorate living conditions for those who receive them. (This could seem at odds with the findings of Wimer, which found that the effect of programs not accounted for by the official poverty rate has increased. But that measure also accounts for refundable tax credits, while the figure below looks at the effect of noncash benefits.)

Wimer also finds that the marginal effect of noncash welfare programs was “very small” in the earlier years of the War on Poverty.³⁶

One program that does have a significant effect, according to Wimer’s research, is the EITC, which they found to have the largest ef-

Figure 8
After-tax Money Income vs. After-tax Plus Noncash Benefits



Source: Bruce Meyer and James Sullivan, “Winning the War: Poverty from the Great Society to the Great Recession,” *Brookings Papers on Economic Activity*, Fall 2012.

fect on poverty. Because of data limitations, they do not include the effects of the CTC, but say that the role of tax credits would be “even larger” if they had. This notion seems to fit with other research that suggests that, although they may have design flaws and other problems, refundable tax credits implemented through the tax code increase work incentives and reduce poverty, and are significantly more effective than in-kind transfers, which many studies show to have limited effect in lifting people out of poverty. Notably, in our study, “The Work versus Welfare Trade-Off: 2013,” we found that the EITC and CTC significantly reduced the marginal tax penalty inherent in leaving welfare for work.³⁷

Finally, as with Meyer-Sullivan, Moffitt found that the effect of anti-poverty programs has become smaller over time (see Figure 9).

And, like Meyer-Sullivan and Wimer, Moffitt found that noncash programs have a much smaller effect on the poverty rate than the

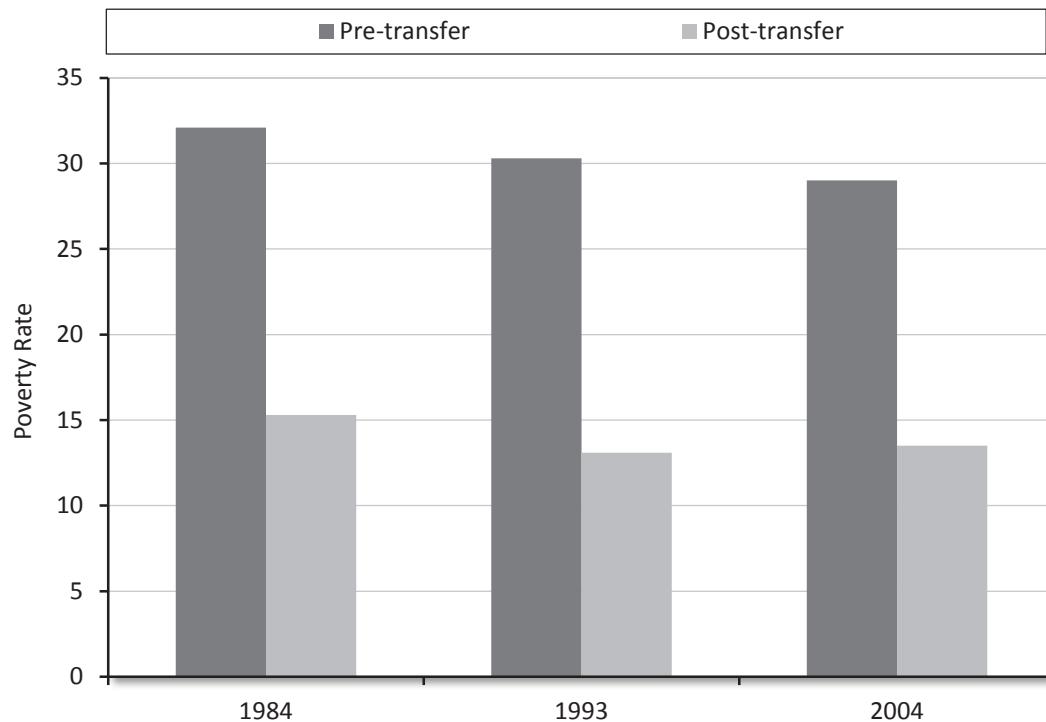
EITC (though Moffitt, unlike Wimer, concluded that the effect of the EITC is diminishing).

The Census Bureau also breaks down the effect of each individual program on the SPM, which is useful when trying to determine the comparative effectiveness of the different War on Poverty programs. The effect of individual programs on poverty varies widely; Social Security, for example, reduces the poverty rate by more than 8 percentage points, while LIHEAP has a negligible effect (see Figure 10).

One potential problem with using this measure to analyze the effectiveness of anti-poverty programs is that it is biased toward larger programs. As such, Social Security, the largest program in terms of outlays at \$800 billion annually, has the biggest effect on the SPM.³⁸ Anything giving that much directly to beneficiaries should have a significant effect in lifting a large number of recipients out of poverty. This size bias may make a relatively large program such as SNAP

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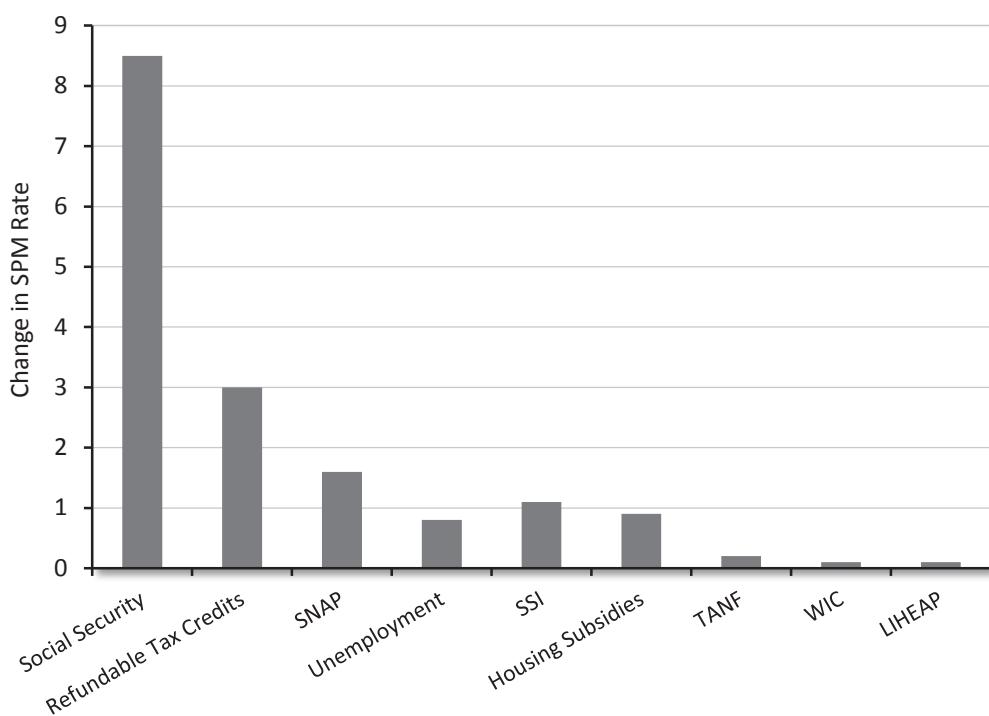
Figure 9
Pre-Transfer vs. Post-Transfer Poverty Comparisons



Source: Robert Moffitt, John Scholz, and Yonatan Ben-Shalom, “An Assessment of the Effectiveness of Anti-Poverty Programs in the United States,” NBER Working Paper no. 17042, May 2011.

“Direct aid programs, narrowly targeted toward people below the poverty line, are more effective than broader in-kind programs.”

Figure 10
Impact of Individual Programs on the SPM



Source: Kathleen Short, “The Research Supplemental Poverty Measure: 2012,” United States Census Bureau, U.S. Population Reports, November 2013.

appear to have a larger effect on the SPM than smaller, arguably more effective programs.

To gain a complete perspective, therefore, one should compare programs of similar size or attempt to measure poverty reduction per dollar spent. For instance, looking at some comparable programs shows that SNAP is less effective than it appears at first glance. Spending on the refundable portion of the EITC and CTC totaled approximately \$84 billion in 2013 according to the Joint Committee on Taxation, slightly higher but roughly comparable to the \$79.8 billion for SNAP. But while refundable tax credits were credited with lowering the poverty rate by 3.0 percentage points, SNAP only reduced the rate by 1.6 percentage points, or approximately half the impact per dollar.³⁹ Refundable tax credits, therefore, actually deliver far more “bang for the buck.”

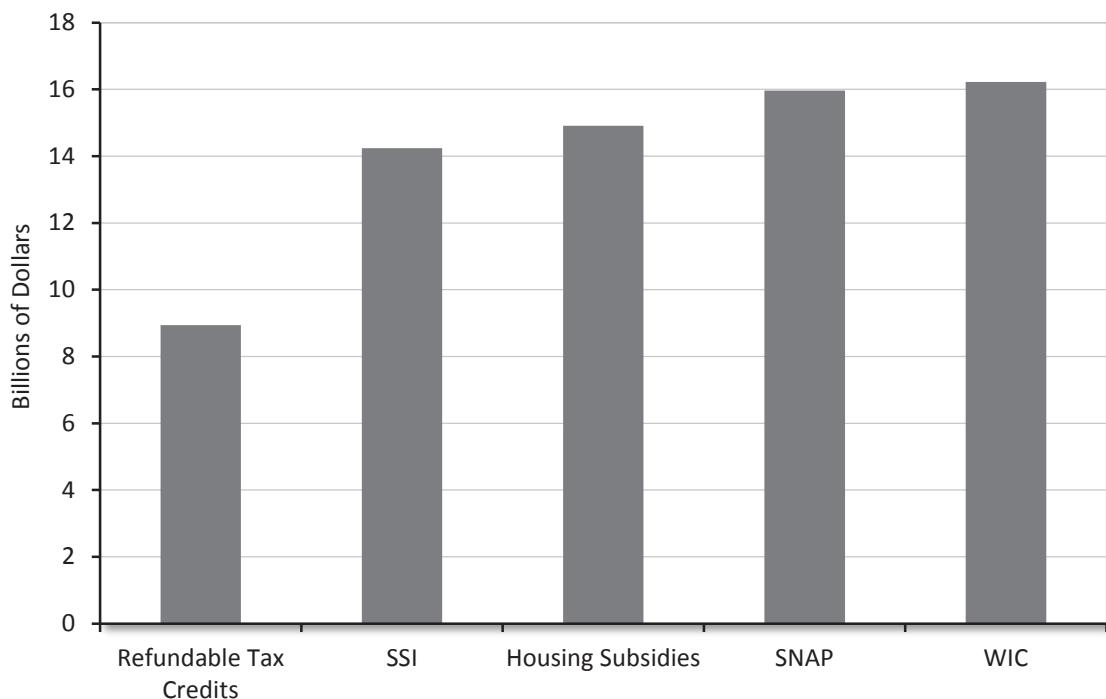
Another way to estimate the relative effectiveness of programs is shown in Figure 11, based on the additional outlays needed in each

program to lift one million more people out of poverty under the SPM. As can be seen, refundable tax credits are the most cost-effective, while in-kind programs would require more spending to lift the same amount of people out of poverty. In part this could be because SNAP and WIC have a nutritional component, and a higher proportion of benefits in those programs go to families above the traditional poverty line, so not every dollar in increased spending would go toward lifting people out of poverty. Even so, this makes a reasonably strong case that direct aid programs, narrowly targeted toward people below the poverty line, are more effective than broader in-kind programs.

ALTERNATIVE REASONS FOR POVERTY REDUCTION

It is also important to recognize that other developments have emerged over the last 50 years, unrelated to the War on Poverty, that

Figure 11
Spending Needed to Lift One Million People above the SPM, 2012



Source: Kathleen Short, "The Research Supplemental Poverty Measure: 2012," United States Census Bureau, U.S. Population Reports, November 2013.

may have helped reduce the number of poor Americans.

First, we have had a broad expansion of civil rights. The Civil Rights Act was passed in 1964, at the same time that the War on Poverty was getting started. The poverty rate for African Americans remains tragically high today, at roughly 27 percent (using the official poverty measure).⁴⁰ However, that represents a nearly 15 percentage point decline since 1966, when it was 41.8 percent.⁴¹ At a time when the official overall poverty rate has essentially been flat, African Americans have been climbing out of poverty in significant numbers. Most of the gains, though, were from 1965 to the mid 1970s, with progress slowing more recently. (African Americans were also hard hit by the recent recession, erasing many of the gains from the years before that).

Why did poverty among African Americans decline? Some may attribute it to the War on Poverty because African Americans disproportionately receive government benefits. But it is

more likely that this poverty reduction resulted largely from an end to overt racial discrimination and the ongoing integration of African Americans into mainstream American economic life. For example, James Heckman and John Donahue found a significant narrowing of the gap between black and white earnings in the first decade following passage of the Civil Rights Act.⁴²

A study by Wayne Vroman also found a large increase in black male earnings between 1965 and 1975, unrelated to changes in education or business cycle effects.⁴³ Notably, this increase was far more pronounced in the South, as the relative wage gap, which "had historically been far greater in the South, for the first time became equal at about 19 percent in both regions" around 1987. That suggests these initial gains were to a large extent catch-up growth for blacks in the South as some of the worst effects of discrimination in earnings and labor market outcomes were stamped out.⁴⁴

“The poverty rate for African Americans remains tragically high today. ”

“**It is difficult to disentangle exactly which mechanisms are responsible for how much of this improvement.**”

Similarly, Richard Butler and others found that half of the improvement in black earning power was due to wage changes in the South, and another quarter was due to occupational changes in the South. So, in total, Butler found that more than three quarters of the improvement in relative earnings of African Americans from 1965 to 1975 was in the South, further bolstering the case that declining black poverty was tied to new employment opportunities resulting from the Civil Rights Act.⁴⁵

In a related vein, the “women’s movement” encouraged more women to enter the labor force and raised wages for those women who were working. However, those gains were offset by a second, more negative trend: increases in out-of-wedlock births and female-headed households. As Hilary Hoynes and her colleagues at the University of California, Davis Center for Poverty Research, have pointed out, “During the last twenty five years, however, there has been tremendous growth in female labor supply, coupled with increases in female headship, and these two changes have pulled the poverty rate in opposite directions.”⁴⁶ They conclude that “trends in women’s labor force participation over this time period offset some of the increases predicted by changes in family structure. The increase in poverty was not as extreme as predicted by the shift to more female heads, because many women had rising earnings and rising labor force attachment.”⁴⁷ Perhaps most importantly for the scope of this study, Hoynes found “that government programs aimed at alleviating poverty have had limited impact.”⁴⁸

At the same time, technological advances, entrepreneurship, wage growth, and general economic prosperity have made many material possessions attainable for people living in poverty. Without question, this is a positive development; we should certainly want those living in poverty to see as many improvements in their living conditions as possible. Economist Mark Perry illustrated these gains by looking at the “time cost” in work hours necessary to earn enough to purchase a bundle of 11 household appliances. This bundle included items like a refrigerator, washing machine, dishwasher, and color television. Using

the average hourly manufacturing wage in 1959, 1973, and 2013, he found that the number of hours needed to work to earn enough to purchase this bundle decreased significantly, from 886 hours to just 170 hours.⁴⁹

It is difficult to disentangle exactly which mechanisms are responsible for how much of this improvement, so we do not know how much of this is the result of developments unrelated to the War on Poverty. What is certain is that many of these items, which in the early years of the War on Poverty were largely reserved for wealthy Americans and far out of reach for those living in poverty, have become attainable.

The role of general economic growth is more ambiguous. Prior to the War on Poverty and during its early years, broad-based economic growth significantly reduced poverty. This is in part because employment growth was strong, as were wages for low-income Americans. The economic prosperity of the mid to late 1990s briefly rekindled the connection between “economic growth” and poverty reduction because there were employment and wage gains for those in or near poverty. This period saw strong GDP growth and significant reductions in both the official poverty measure and the Meyer-Sullivan measure. This coincides with the reorientation of welfare programs to “work,” which was also a contributing factor.

However, for a 20-year period from the mid-1970s until the mid-1990s, the relationship between economic growth and poverty reduction all but disappeared. Similarly, economic growth did little to reduce poverty in the first decade of this century. (Obviously there has been little economic growth for the last five years.) As Elizabeth Powers has pointed out, “During the 1960s, a 1 percent increase in the annual growth of real GDP was typically accompanied by a 0.4 percentage-point reduction in the poverty rate. In the 1970s, however, the effect of GDP growth on poverty reduction was slightly more than half that amount, and this weaker relationship persisted throughout the 1980s.”⁵⁰ This trend has persisted to the present day.

There have been three general theories as to why economic growth has not automati-

cally reduced poverty in recent years. Those ideas, it should be noted, are not mutually exclusive and all are likely to have played a role, though experts differ on the relative weight to assign each component.

First, some suggest that growth has simply been too slow and uneven. Former under secretary of commerce for economic affairs Rebecca Blank, for example, notes that the years “between 1970 and 1982 contained four business cycles . . . five years of negative GNP growth, and a rapid increase in both inflation and unemployment. It is perhaps not surprising that poverty is less responsive to short and sequential upturns and downturns in the economy.”⁵¹ Moreover, since 2000 we have also had two recessions and the current recovery has been tepid at best, with persistently high unemployment.

Second, the weaker relationship may be something of an illusion, reflecting changes in the composition of welfare benefits and poverty measurement. Poverty measures may have become less useful and accurate as Medicaid and in-kind transfers began to account for a greater share of transfers to poor families. Powers argues that

A first look at the consumption poverty data suggests at the very least that the picture of increasing inequality and the failure of the 1980s’ “rising tide” to lift all boats may be exaggerated. The poor appear to benefit from a vigorously expanding economy now as much as before. After considering this new evidence, it is not at all clear that a policy to promote overall growth (and hence to expand aggregate consumption opportunities) is of declining interest to Americans below the poverty line.⁵²

Finally, some observers suggest that external factors like changing demographics, declining education quality, slower wage growth for unskilled workers, and the growth in the number of female-headed households may have worked together to offset the reduction in poverty that would have otherwise occurred because of eco-

nomic growth. In an article in the *Journal of Economic Literature*, Isabel Sawhill explains that “economic growth does produce (small) declines in poverty among the non-aged once other variables are controlled for. However, other variables have been operating to offset the effects of growth.”⁵³ She claims that absent these external changes—if the age, race, and sex composition of household heads in 1980 had been the same as that in 1950—the poverty rate would have been 23 percent lower at the end of the period.⁵⁴

Overall, it is safe to conclude that economic growth may have contributed to the drop in poverty rates during the early years of the War on Poverty, but more recently its role has diminished.⁵⁵

Finally, we should recognize that there has also been a substantial increase in private charitable efforts and other nongovernmental actions to alleviate poverty. For example, inflation-adjusted annual charitable giving in the United States has risen from \$111 billion in 1965 to more than \$335 billion today.⁵⁶ Over the 50 years of the War on Poverty, charitable giving totaled more than \$10.2 trillion (in constant 2014 dollars), of which roughly 29 percent (\$3 trillion) went to human services or public society benefits.⁵⁷ Given the generally acknowledged effectiveness of private charity, especially compared to government welfare programs, it is certainly plausible to attribute some of the decline in poverty over the past 50 years to these private efforts.

None of the above theories are dispositive, of course. But they do show that there are many alternative explanations for changing poverty rates. It would be a mistake, therefore, to automatically attribute any and all poverty reduction over the past 50 years to government welfare programs.

POVERTY REDUCTION IS NOT ENOUGH

Even if we agree that the War on Poverty may have contributed to a reduction in material poverty, this should hardly be our only goal. It is not enough to simply make poverty a bit less uncomfortable. Rather, we should be striving to lift people out of poverty, to give them the

“It is not enough to simply make poverty a bit less uncomfortable.”

“We are effectively creating and perpetuating a dependent class.”

means and opportunity to become self-sufficient, and to enable the poor to become fully actualized citizens, rising as far as their talents can take them. In the same vein, we cannot allow our welfare system to consign children born into low-income families to be forever stuck in the terrible cycle of poverty. In this regard, the War on Poverty has clearly fallen short.

Here, the official poverty rate can be particularly instructive. Because it focuses only on money income, it is a good measure of how many people are unable to support themselves without government assistance. The official poverty rate has been effectively flat for almost 50 years, suggesting that the welfare system has done little to increase self-sufficiency among the poor. In essence, our welfare programs are not fighting poverty by helping people escape to the middle class through work and education; the programs are merely making the terrible situation of living in poverty more durable. We are throwing these people a life preserver to keep them afloat, but not pulling them into the boat. We are effectively creating and perpetuating a dependent class.

We are led to a similar conclusion if we look at economic mobility among the poor and their children. If the War on Poverty were successful, we should see increased upward mobility. That is, it should become easier for the children of the poor to escape poverty and reach the middle class. But the evidence suggests this is not occurring.

There are two different ways to look at economic mobility. The first is “absolute mobility,” which measures whether people are better off economically than their parents were at the same point in their lifetimes. As the Treasury Department explains, absolute mobility can be seen as “an escalator where the opportunity for mobility means that no matter which step a person starts on, he or she can move up. With an escalator, while one can get ahead faster by walking up the steps, much of the movement is due to the escalator itself.”⁵⁸ This means that, in some sense, absolute mobility is strongly influenced by broader economic growth, which increases incomes for everyone. If we hypotheti-

cally doubled everyone’s incomes tomorrow, this would be reflected in increases in absolute mobility. Everyone would be significantly better off compared to their parents.

A recent paper by Ron Haskins and others for the Brookings Institution found that two-thirds of 40-year-old Americans are in households with larger incomes than their parents had at the same age, even after adjusting for changes in the cost of living.⁵⁹ This rising tide is certainly a positive development, but more likely reflects general economic growth rather than the effect of anti-poverty programs.

If we want to look specifically at the effects of the War on Poverty, a much better measure would be intergenerational mobility, which looks at how likely people are to move between income quintiles depending on what income quintile their parents were in. If the War on Poverty efforts were successful, we would expect to see an increase in intergenerational mobility over time.

President Obama has called attention to the importance of intergenerational mobility, saying that “the idea that those children might not have a chance to climb out of [poverty] and back into the middle class, no matter how hard they work” is inexcusable.⁶⁰ However, multiple studies have shown that intergenerational mobility has been stagnant in recent decades, hardly a convincing sign that these welfare programs effectively improve outcomes for children born into poverty. For example, a comprehensive study by Raj Chetty of Harvard University, looking at birth cohorts from 1971 to 1993, found that “measures of intergenerational mobility have remained extremely stable. . . . For example, the probability that a child reaches the top fifth of the income distribution given parents in the bottom fifth of the income distribution is 8.4% for children born in 1971, compared with 9.0% for those born in 1986.”⁶¹

An earlier paper by Chul-In Lee and Gary Solon, looking at cohorts born between 1952 and 1975, also found no major changes in intergenerational mobility.⁶² Two papers looking at birth cohorts that span most of the decades of the War on Poverty find little change in in-

tergenerational mobility; the introduction of these programs had no effect in the earlier cohorts, while the later cohorts that felt the full effect of these established programs since birth also saw minimal effects. Even the government found that intergenerational mobility has been fairly stable; a report from the Treasury Department found that the degree of intergenerational mobility among income groups for the period 1996–2005 is unchanged from the prior decade.⁶³

In short, a child born near the beginning of the War on Poverty was about as likely to “climb the ladder” as a child born 13 years and trillions of anti-poverty dollars later.

Obviously, there are other societal factors at work here. It would be a mistake to attribute this lack of mobility entirely to the War on Poverty. It is possible that although mobility was generally flat, these policies were counteracting other mechanisms that would have led to a decline in mobility. Still, given the effort and resources that have been dedicated to anti-poverty programs, these results are not encouraging.

UNINTENDED CONSEQUENCES

We actually have a good idea of the keys to getting out and staying out of poverty: (1) finish high school, (2) do not get pregnant outside marriage, and (3) get a job—any job—and stick with it.

Even among people with some kind of job, high school dropouts are roughly 2.3 times more likely to end up in poverty than those who complete at least a high school education.⁶⁴ If they do find jobs, their wages are likely to be low. Wages for high school dropouts have declined (in inflation-adjusted terms) by 17.5 percent over the past 30 years.⁶⁵ At the same time, children growing up in a single-parent family are four times more likely to be poor than children growing up in two-parent families.⁶⁶ Roughly 63 percent of all poor children reside in single-parent families.⁶⁷ And only 2.8 percent of full-time workers are poor. The “working poor” are a small minority of the poor population. Even part-time work

makes a significant difference. Only 15 percent of part-time workers are poor, compared with 23.6 percent of adults who do not work.⁶⁸

Yet, with the exception of some education programs and job training programs, little of our current welfare state encourages—and much of it discourages—the behavior and skills that would help poor children stay in school, avoid unmarried pregnancies, and find a job. In particular, many of the programs that rose out of the War on Poverty encourage out-of-wedlock birth and discourage work.

For example, given the evidence that stable employment is crucial to escaping poverty, welfare programs should emphasize building skills and helping program recipients find work. Instead, the current welfare system in many cases provides such a high level of benefits that it acts as a disincentive for work. In our 2013 study, “The Work versus Welfare Trade-Off,” we found that a mother with two children participating in seven common welfare programs—TANF, SNAP, Medicaid, housing assistance, WIC, energy assistance (e.g., LIHEAP), and free commodities—could take home income higher than what she would earn from a minimum wage job in 35 states, even after accounting for the EITC and CTC. In fact, in Hawaii; Massachusetts; Connecticut; New York; New Jersey; Rhode Island; Vermont; and Washington, D.C., welfare pays more than a \$20-an-hour job, and in five additional states it yields more than a \$15-per-hour job.⁶⁹

A recent paper by the Congressional Budget Office looked at the example of Pennsylvania and found that marginal tax rates for people transitioning from welfare to work (after accounting for the loss of benefits) could reach extremely high levels, discouraging labor force entry and work hours. The report found that unemployed single taxpayers with one child would face a marginal tax rate of 47 percent for taking a job paying the minimum wage in 2012, and they could face a high marginal tax rate of 95 percent because their earnings disqualify them from Medicaid.⁷⁰ Figure 12, taken from the CBO report, illustrates the high barrier to work that some low-income people face.⁷¹ As

“Many of the programs that rose out of the War on Poverty encourage out-of-wedlock birth and discourage work. ,”

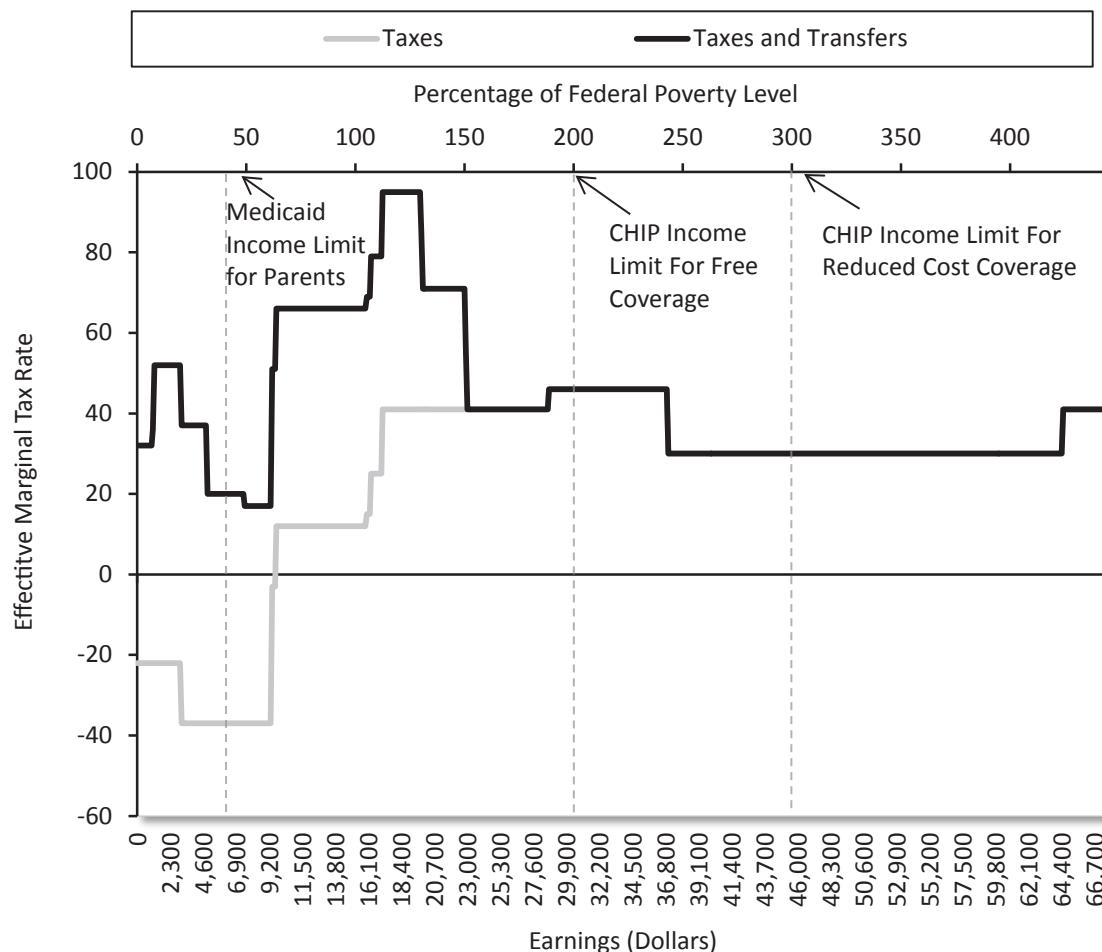
the figure shows, as these people's earnings approach \$20,000, they face an effective marginal tax rate of almost 100 percent, meaning they keep only a couple cents for each additional dollar they earn; the rest is lost to taxes or reduced benefits.

Likewise, a 2012 paper in the *National Tax Journal*, looking at a similar hypothetical family consisting of a single parent with two children, found that moving from no earnings to poverty-level earnings entailed a marginal tax rate as high as 38.7 percent, and their calculations only included a limited range of welfare programs.⁷²

As Casey Mulligan of the University of Chicago testified before Congress, working

requires sacrifices, and people evaluate whether the net income earned is enough to justify the sacrifices. When [welfare programs] pay more, the sacrifices that jobs require do not disappear. The commuting hassle is still there, the possibility for injury on the job is still there, and jobs still take time away from family, schooling, hobbies, and sleep. But the reward to working declines, because some of the money earned on

Figure 12
Effective Marginal Tax Rate for Low-Income Worker in Pennsylvania



Source: Congressional Budget Office, "Illustrative Examples of Effective Marginal Tax Rates Faced by Married and Single Taxpayers: Supplemental Material for Effective Marginal Tax Rates for Low- and Moderate-Income Workers," November 2012.

the job is now available even when not working.⁷³

As the CBO has noted,

Leisure is believed to be a “normal good.” That is, with a rise in income, people will “purchase” more leisure by reducing their work effort. . . . Thus, the increase in [the value of welfare benefits] is expected to cause people to reduce work hours.⁷⁴

Clearly, our current welfare system reduces the return from working for people in or near poverty. Unsurprisingly, this leads them to reduce work effort, at least to some degree.

As for out-of-wedlock births, we know that they have risen steadily over the past 50 years. In 1965, roughly 8 percent of children were born to unmarried mothers.⁷⁵ Today, more than 40 percent are.⁷⁶ The question arises, therefore, as to whether the War on Poverty and the growing welfare state have contributed to this problem.⁷⁷

There has been relatively little research on the relationship between the availability of welfare benefits and increases in out-of-wedlock births since a spate of studies in the 1980s and 1990s. That research was sparked by Charles Murray’s groundbreaking book, *Losing Ground*, which first made the issue part of the mainstream welfare reform debate.⁷⁸ Of the more than 20 major studies of the issue during the 1980s and 1990s, more than three-quarters showed a significant link between benefit levels and out-of-wedlock childbearing.⁷⁹

One of the few recent studies analyzing the issue, published in the *Journal of Political Economy*, found that “higher base welfare benefits (1) lead unwed white mothers to forestall their eventual marriage, and (2) lead unwed black mothers to hasten their next birth,” although the effects were modest.⁸⁰ A second study by Irwin Garfinkle and others also found “generous welfare promotes non-marital births.”⁸¹ Specifically, Garfinkle found that “in the 1980–1996 period, decreases in welfare led to a 6 [percent] decrease in non-marital births.”⁸²

Finally, it is worth noting that in the wake of Clinton-era welfare reform, the unmarried birth rate fell significantly for teens, and remains below those levels.⁸³ Unwed childbearing declined by 20 percent among 15–17 year olds and by 10 percent among 18–19 year olds between 1994 and 1999.⁸⁴ Moreover, post-welfare reform declines in unwed childbearing and single-parent families have been disproportionately larger among disadvantaged groups that were more likely to have been affected by the reforms, such as those with low incomes and less education, as well as African-Americans.⁸⁵ We cannot unambiguously declare that reductions in unwed childbearing are due to welfare reform, but the turnaround in key demographics suggests that welfare is a factor in the decision by unmarried women to have children.

Of course, women do not get pregnant just to get welfare benefits. A wide array of other social factors has contributed to the increase in out-of-wedlock births. But by removing the economic consequences of out-of-wedlock births, welfare has removed a major incentive to avoid them. A teenager looking around at her friends and neighbors is likely to see several who have given birth out of wedlock. When she sees that they have suffered few visible negative consequences (the very real consequences of such behavior are often not immediately apparent), she is less inclined to modify her own behavior to prevent pregnancy.

It is almost impossible to prove a counterfactual. We really cannot know what would have happened if the War on Poverty had never been launched. But it is certainly plausible that, in the absence of the modern welfare state, poor Americans might have made different choices over the past 50 years. Some might have been more willing to take jobs and others less likely to have children outside of marriage. If so, millions of Americans may have been led to make decisions that both prolonged their own poverty and potentially left their children poor as well. It is conceivable that these unintended consequences might have been larger than any gains from the War on Poverty.

“Our current welfare system reduces the return from working for people in or near poverty.”

“Programs that fail should be ended—no matter how well-intended.”

CONCLUSION

Fifty years into the War on Poverty, if we have not lost the war, we are at best barely battling to a draw.

The trillions of dollars and a growing list of programs implemented since Johnson’s momentous promise may have modestly reduced material poverty, but the data are limited and subject to various interpretations. The official poverty rate shows few gains, but studies building on more sophisticated supplemental poverty measures do show a reduction in poverty, especially during the initial years of anti-poverty efforts. How much of the improvement should be attributed to the War on Poverty remains an open question. For example, the evidence suggests that expansion of civil rights for women and African Americans was an important contributing factor to poverty reduction. General economic growth and technological innovation also played a role.

Even those studies showing the largest benefits from the War on Poverty show that we have long since reached a point of diminishing returns. Even if the War on Poverty helped reduce poverty initially, the enormous increases in welfare spending over the last couple of decades have yielded few additional gains. Gains also appear to have been much greater among stable socioeconomic groups such as the elderly, not the groups that are targeted by most anti-poverty programs today. By the same token, what poverty reduction there is among these groups can be traced primarily to a relatively small handful of programs, most notably refundable tax credits such as the EITC and CTC. Most of the current 126 federal anti-poverty programs appear to have little effect.

Even more importantly, there is little evidence that the War on Poverty has enabled the poor to become independent of government assistance. Nor has it increased upward economic mobility that would enable children born to poor parents to escape poverty and move into the middle class.

We all seek a society where every American can reach his or her full potential, where as few people as possible live in poverty, and where no one must go without the basic necessities

of life. More importantly, we want a society in which every person can live a fulfilled and actualized life. But should we not judge the success of our efforts to end poverty not by how much charity we provide to the poor, but by how few people need such charity? In this regard, the War on Poverty has been a failure.

Finally, it is worth considering whether the War on Poverty has brought about unintended consequences that may have offset any good that the programs once accomplished. In particular, the evidence suggests that many social welfare programs discourage work, while encouraging out-of-wedlock childbearing. Thus, even if one agrees that the War on Poverty reduced poverty in some ways, it also created conditions that increased poverty.

What does this mean for anti-poverty policy today?

Simple compassion is not enough. We should use a mindset of objectivity and accountability even when judging programs whose goal is to help the less fortunate. We should constantly ask, “What is working and what is not working?” Programs that fail should be ended—no matter how well-intended.

Looked at objectively, continuing the War on Poverty is unlikely to further reduce poverty, increase self-sufficiency, or expand economic mobility. More anti-poverty programs and more welfare spending are not the answer to continued poverty. Fifty years of failure is enough.

NOTES

1. Lyndon B. Johnson, “Special Message to the Congress on the State of the Union,” January 8, 1964, <http://www.lbjlib.utexas.edu/johnson/archives/hom/speeches.hom/640108.asp>.

2. Lyndon B. Johnson, “University of Michigan Commencement, 1964,” May 22, 1964, <http://bentley.umich.edu/exhibits/lbj1964/>.

3. Many of Johnson’s programs continue to this day. Indeed, many have grown substantially and have become significant parts of the contemporary welfare state. Others were eventually elimi-

nated, while still others were ultimately combined with other programs or were significantly restructured. A full list of anti-poverty programs passed between 1965 and 1966 follows. Those programs in *italics* were later eliminated, combined with other programs, or reconfigured.

Work and Other (9)

- Job Corps
- *Neighborhood Youth Corps*
- *Volunteers in Service to America (VISTA) (now AmeriCorps VISTA)*
- *Community Action Programs of 1965 (CAP)*
- *Rural Loans*
- Work-Study Program
- *Community Action Agencies (CAAs)*
- *Neighborhood Legal Services Corporation (became Legal Services Corporation)*
- Senior Community Service Employment Program

Nutrition (6, also expanded and made permanent the pilot food stamp program)

- Special Milk Program
- School Breakfast Program
- Expanded School Lunch Program
- Summer Food Service Program
- Food Stamp Act of 1964: expanded the federal food stamp program, making the pilot program permanent.
- Child Care Food Program
- Nutrition Services section of the Older Americans Act

Housing (3)

- *Rent supplement program: (became Section 8 Housing Vouchers program)*
- Section 521 Rural Rental Assistance Program
- Section 236 Rental Housing Assistance Program (project-based)

Education (6)

- *Basic Economic Opportunity Grants (became Pell Grants)*
- TRIO Upward Bound
- TRIO Talent Search
- TRIO Student Support Services
- Title I Education Grants

- Head Start

Health Care (3)

- Medicare
- Medicaid
- Federally funded Community Health Center Program

4. Michael Tanner, “The American Welfare State: How We Spend Nearly \$1 Trillion a Year Fighting Poverty—and Fail,” Cato Institute Policy Analysis no. 694, April 11, 2012, <http://www.cato.org/sites/cato.org/files/pubs/pdf/PA694.pdf>.

5. Author’s calculations using Catalog for Federal Domestic Assistance, “Table F-9 Outlays for Mandatory Spending,” and Center for Medicare and Medicaid Services, “National Health Expenditures by Type of Service and Function; Congressional Research Service, “Cash and Noncash Benefits for Persons with Limited Income: Eligibility Rules, Recipient and Expenditure Data,” Report RL33340.

6. Author’s calculations using Catalog for Federal Domestic Assistance; Congressional Budget Office, “Updated Budget Projections: 2014 to 2024,” Historical Budget Data, Table F-9: Outlays for Mandatory Spending, April 14, 2014; United States Census Bureau, “Income, Poverty and Health Insurance in the United States: 2012,” Historical Tables, Table F-7: Poverty of People, by Sex, September 2013; Gene Falk, “Low Income Assistance Programs: Trends in Federal Spending,” Congressional Research Service, Report R41823, May 7, 2014; Congressional Research Service, “Cash and Noncash Benefits for Persons with Limited Income: Eligibility Rules, Recipient and Expenditure Data,” Report RL33340, March 27, 2006.

7. Tanner.

8. U.S. Census Bureau, “Poverty Thresholds by Size of Family and Number of Children,” <https://www.census.gov/hhes/www/poverty/data/threshld/thresh13.xls>.

9. Lyndon B. Johnson, “Special Message to the Congress on the State of the Union.”

10. Ibid.

11. U.S. Census Bureau, "Historical Poverty Tables: People," Table 2. Poverty Status of People by Family Relationship, Race, and Hispanic Origin: 1959 to 2009, <http://www.census.gov/hhes/www/poverty/data/historical/hstpov2.xls>; Carmen DeNavas-Walt, Bernadette Proctor, and Jessica Smith, "Income, Poverty, and Health Insurance Coverage in the United States: 2012," U.S. Census Bureau, Current Population Reports, September 2013, <http://www.census.gov/prod/2013pubs/p60-245.pdf>.

12. U.S. Census Bureau, "Historical Poverty Tables," Table 5: Percent of People by Ratio of Income to Poverty Level: 1970–2010, <http://www.census.gov/hhes/www/poverty/data/historical/hstpov5.xls>; DeNavas-Walt, Proctor, and Smith.

13. Citizens Board of Inquiry into Hunger and Malnutrition, "Hunger-USA: A Report by the Citizens' Board of Inquiry into Hunger and Malnutrition in the United States," New Community Press, 1968.

14. The "very low food security" category identifies households in which food intake of one or more members was reduced and eating patterns disrupted because of insufficient money and other resources for food. Households classified as having *low food security* have reported multiple indications of food access problems and reduced diet quality, but typically have reported few, if any, indications of reduced food intake. Those classified as having *very low food security* have reported multiple indications of reduced food intake and disrupted eating patterns because of inadequate resources for food. In most, but not all, households with very low food security, the survey respondent reported that he or she was hungry at some time during the year but did not eat because there was not enough money for food.

15. Alisha Coleman-Jensen, Christian Gregory, and Anita Singh, "Household Food Security in the United States in 2013," U.S. Department of Agriculture Economic Research Report no. 173, September 2014, <http://www.ers.usda.gov/media/1565415/err173.pdf>.

16. John Quigley and Steven Raphael, "Is Housing Unaffordable? Why Isn't It More Affordable?" *Journal of Economic Perspectives* 18, no. 1, pp. 191–214, <http://urbanpolicy.berkeley.edu/pdf/QRJEPo4PB.pdf>. Their data for households in severely inadequate housing are divided by total number of households found in United States Census Bureau, "Table HH-1. Households, by Type: 1940 to Present," <https://www.census.gov/hhes/families/files/hh1.xls>.

17. Nicholas Eberstadt, *The Poverty of "The Poverty Rate": Measure and Mismeasure of Want in Modern America* (Washington: American Enterprise Institute, 2008), http://www.aei.org/files/2014/03/27/the-poverty-of-the-poverty-rate_102237565852.pdf.

18. U.S. Energy Information Administration, "2009 Residential Energy Consumption Survey (RECS)," <http://www.eia.gov/consumption/residential/data/2009/#undefined>.

19. United States Census Bureau, "Poverty Thresholds by Size of Family and Number of Children," <https://www.census.gov/hhes/www/poverty/data/threshld/thresh13.xls>.

20. These programs account for six of the seven programs detailed in our earlier paper, "The Work versus Welfare Tradeoff: 2013," which showed the high level of benefits a hypothetical mother of two children could receive in each state, so the official poverty rate does not account for the majority of benefits provided in many cases. Michael Tanner and Charles Hughes, "The Work versus Welfare Trade-Off: 2013," Cato Institute White Paper, August 19, 2013, http://object.cato.org/sites/cato.org/files/pubs/pdf/the_work_vs_welfare_trade-off_2013_wp.pdf. See also Thomas Gabe, "Poverty in the United States: 2012," Congressional Research Service, November 13, 2013, <http://fas.org/sgp/crs/misc/RL33069.pdf>.

21. U.S. House of Representatives, Committee on Ways and Means, "2012 Green Book," chap.7, Temporary Assistance for Needy Families, <http://greenbook.waysandmeans.house.gov/sites/>

greenbook.waysandmeans.house.gov/files/2012/documents/Table%207-2%20TANF_o.pdf; Tax Policy Center, "Spending on the EITC, Child Tax Credit, and AFDC/Tanf, 1975–2011," <http://www.taxpolicycenter.org/taxfacts/displayafact.cfm?Docid=266>; Congressional Budget Office, "HistoricalBudgetData:April2014," April 14, 2014, <http://www.cbo.gov/sites/default/files/cbofiles/attachments/45249-2014-04-HistoricalBudgetData.xlsx>; U.S. Department of Agriculture, "SNAP Participation and Costs, 1969–2013," July 11, 2014, <http://www.cbo.gov/sites/default/files/cbofiles/attachments/45249-2014-04-HistoricalBudgetData.xlsx>.

22. Author's calculations using Tanner; Catalog for Federal Domestic Assistance; Gene Falk, "Low Income Assistance Programs: Trends in Federal Spending," Congressional Research Service, May 7, 2014.

23. Kathleen Short, "The Research Supplemental Poverty Measure: 2012," *U.S. Population Reports*, November 2013, <http://www.census.gov/prod/2013pubs/p60-247.pdf>.

24. Ibid.

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