
December 20, 2007

POVERTY AND HARDSHIP AFFECT TENS OF MILLIONS OF AMERICANS

During the holidays, many Americans make a special effort to help the less fortunate. Sadly, there is no shortage of families in need.ⁱ According to the latest government figures:

- **36.5 million Americans — roughly one in eight — live in poverty.**ⁱⁱ Despite relatively strong economic growth since 2001, poverty has remained stubbornly high, and today's poverty rate is higher than it was during the last recession. That the poverty rate is still above its recession level is especially distressing given that poverty usually declines during recoveries and rises during recessions. If the economy goes into a slowdown or recession in 2008, poverty likely will only increase further.
- **15.4 million Americans live in *extreme* poverty.** In other words, their family's cash income is less than *half* of the poverty line, or less than about \$10,000 a year for a family of four.

Tens of millions of low-income Americans have serious difficulty paying for basic necessities like food, shelter, and medical care. Some of these problems have grown demonstrably worse in recent years. In the most recent year for which these figures are available:

- **Food:** Some 12.6 million households, containing 35.5 million people, lacked access to adequate food at some point during the year because they didn't have enough money for groceries.ⁱⁱⁱ About 4.6 million of these households faced the most severe problems, with household members skipping meals or taking other steps to reduce the amount they ate because of a lack of resources.
- **Shelter:** 16 million low-income households either paid more for rent and utilities than the federal government says is affordable or lived in overcrowded or substandard housing. Six million of these households were especially badly off: they paid more than *half* of their income for rent and utilities or lived in severely substandard housing.^{iv}

Nearly 2 million poor households were unable to pay their full rent (or mortgage) at least once in the prior year. Nearly 3 million poor households fell behind on their gas, oil, or electric bill.^v

By the end of 2007, an estimated 1.5 million homeowners will have received foreclosure notices, more than twice as many as in 2006. About half of them have "subprime" mortgages.^{vi} Lower income and minority homeowners hold a disproportionate number of subprime

mortgages.^{viiviii}

- **Medical care:** 47 million Americans — more than one in every seven — were uninsured.^{ix} The number of uninsured Americans has risen for six straight years. Nearly 9 million children are uninsured, and the number of uninsured children has risen for two straight years.

More than 40 million adults — roughly one in five adults aged 19 and older — did not receive at least one type of needed health care (medical, dental, mental health, prescription drugs, etc.) in the previous year because they could not afford it.^x

Assistance Programs Reduce Poverty and Hardship, But Serious Gaps Remain

Federal and state programs help many struggling families meet basic needs. Nutrition programs like food stamps, for example, have made severe hunger and malnutrition rare in this country. Medicaid and SCHIP provide more than 50 million Americans with health coverage. Social Security and Supplemental Security Income reduce poverty for millions of seniors, people with disabilities, and surviving children and spouses. But for many reasons, serious gaps remain.

- **Many households do not qualify.** Most non-elderly adults who lack access to affordable health care through their employer do not qualify for Medicaid or SCHIP. In most states, adults without children do not qualify for Medicaid or SCHIP no matter how low their income is, unless they are elderly or have a serious disability. And for parents, the income limit for Medicaid coverage in the typical state is only 65 percent of the poverty line, or about \$11,000 for a family of three.
- **Some people are eligible for programs but do not participate.** Applying or remaining enrolled in a program may be too difficult, or an individual might not even know about the program. Roughly 6 million low-income uninsured children meet their states' eligibility criteria for Medicaid or SCHIP.
- **Some programs provide inadequate benefits.** The Food Stamp Program, for example, provides an average benefit of only about \$1 per person per meal — not enough help for struggling families. Over the past decade, food stamps have failed to keep pace with the rising cost of living.
- **Programs that can improve employment and earnings receive inadequate funding.** Quality child care and early education programs can improve children's learning potential but a large share of low-income infants, toddlers, and preschoolers do not have access to them because of funding limitations.^{xi} In 2008, for example, *350,000 fewer children* will receive federal child care assistance than in 2002.^{xii} Also, Head Start funding for 2008 will fall 11 percent below the 2002 level, adjusted for inflation. For 2008, Congress reduced its intended funding for both child care and Head Start (as well as other programs) to help meet the President's overall funding level for domestic discretionary programs.

ⁱ An appendix containing additional detail on the data cited in this report can be found at the following link: <http://www.cbpp.org/12-20-07pov-app.pdf>.

ⁱⁱ These data are based on the Census Bureau's definition of poverty, which compares family's pre-tax cash income to the poverty line. In 2006, the poverty line stood at \$20,614 for a family of four.

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- iii U.S. Department of Agriculture, “Household Food Insecurity in the United States, 2006,” November 2007, <http://www.ers.usda.gov/Publications/ERR49/>. USDA defines households as either “food secure” which means that all household members had “consistent, dependable access to enough food for active, healthy living” or as food insecure which means all household members did not meet this criteria. Some households are considered to have “very low food security” which means that they “at times during the year, food intake of household members was reduced and their normal eating patterns were disrupted” because of a lack of resources. The figures cited in the text refer to the number of households that are “food insecure” and the number with “very low food security.”
- iv These figures come from the Census Bureau’s 2005 American Housing Survey. The U.S. Department of Housing and Urban Development defines a “low-income” household as one with cash income below 80 percent of the median income for the area (typically a part of a state) in which it resides.
- v These figures are from Census Bureau data collected in 2005.
- vi Robert B. Avery, Kenneth P. Brevoort, and Glenn B. Canner, “The 2006 HMDA Data” Federal Reserve Board’s Division of Research and Statistics forthcoming in the *Federal Reserve Bulletin*. <http://www.federalreserve.gov/pubs/bulletin/2007/pdf/hmda06draft.pdf>.
- vii Ellen Schloemer, et al., “Losing Ground: Foreclosures in the Subprime Market and Their Cost to Homeowners,” Center for Responsible Lending, December 2006, page 23, <http://www.responsiblelending.org/pdfs/foreclosure-paper-report-2-17.pdf>.
- viii Avery op cit.
- ix Center on Budget and Policy Priorities, “More Americans, Including More Children, Now Lack Health Insurance,” Revised Aug. 31, 2007, www.cbpp.org/8-28-07health.pdf.
- x 2005 National Health Interview Survey.
- xi See, “Next Steps for Federal Child Care Policy,” by Mark Greenberg, *Future of Children*, Fall 2007, http://www.futureofchildren.org/usr_doc/04_5565-4_greenberg_revised.pdf and “Reducing Poverty through Preschool Interventions,” by Greg Duncan, Jens Ludwig, and Katherine A. Magnuson, *Future of Children*, Fall 2007, http://www.futureofchildren.org/usr_doc/7_07_Duncan.pdf.
- xii Danielle Ewen and Hannah Matthews, “Families Forgotten: Administration’s Priorities Put Child Care Low on the List,” Center for Law and Social Policy, February 2007, http://www.clasp.org/publications/2008_budget_child_care.pdf.