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Commentary: This MLK Day, Let's Build on What Works

By Nick Johnson and Arloc Sherman

Dr. Martin Luther King Jr., whose life we celebrate next week, was a champion not only of civil rights but also of full participation in the economy for everyone. He envisioned an America where both our economic and justice systems worked for all people — and offered routes to prosperity for those whose families' way forward the nation had long barred.

Although we've made significant strides, King's goals have not yet been achieved.

The great majority of America's wealth is held by a small number of households. In all 50 states, the average income of the top 5 percent of households is now at least ten times higher than the bottom 20 percent, our recent report found.¹ And a vastly disproportionate share of America's wealthiest people are White.²

This concentration of wealth and income means that while a small fraction of households are flourishing, too many Americans of all backgrounds lack basics: stable and affordable housing, access to good jobs, proximity to public transportation, and affordable health insurance and child care. Too many don't live near good schools or have access to an affordable college education.

For every American who's living paycheck to paycheck these are significant obstacles.

And the reality is that today, as in King's time, low-income communities of color face particularly infuriating and imposing barriers such as job discrimination, harsh immigration policies, housing instability, and underfunded schools. King emphasized that many White Americans also faced poverty and disadvantage, and that all groups would make greater progress by working together for change. This is why he called for a "grand alliance" between the races.³ But he did not pretend the challenges for the races were identical; while a problem like youth unemployment was widespread

¹ Elizabeth McNichol, "How State Tax Policies Can Stop Increasing Inequality and Start Reducing It," Center on Budget and Policy Priorities, December 15, 2016, <http://www.cbpp.org/research/state-budget-and-tax/how-state-tax-policies-can-stop-increasing-inequality-and-start>.

² See <http://inequality.org/racial-inequality>.

³ Dr. Martin Luther King, Jr., "Negroes Are Not Moving Too Fast," *Saturday Evening Post*, <http://www.saturdayeveningpost.com/wp-content/uploads/satevepost/19641107-martin-luther-king.pdf>.

for both races, he firmly noted, the unemployment rate was much higher for Black youth than White youth.

Thankfully, we have progress to build upon. In fact, over decades federal and state governments have created programs and policies that work quietly every day to improve racial equity. They help millions of striving Americans to have access to college, citizenship, decent health care, food to put on the table, and more. And while these programs and policies haven't solved all our problems, they've toppled significant obstacles.

Our recent analysis provides a striking example of how one set of programs — the anti-poverty programs that we sometimes call the “safety net” — helped reduce the hardship felt in the wake of the last recession.⁴ Because so many people were thrown out of work in the recession, more than 90 million Americans would have had incomes below the poverty line absent federal aid.

Federal programs provided food assistance, rent subsidies, tax credits, and other financial support that lowered that number by more than half, reducing poverty by 48 million in 2012. (This corrects for underreporting in the Census data and uses the federal Supplemental Poverty Measure, which counted a two-adult, two-child renter family in an average-cost community as poor if its resources in 2012 were less than \$25,105.) President Obama's policies helped address poverty for all races. Mostly-temporary policies in the 2009 Recovery Act lowered poverty for many (see Figure 1), for example, while the Affordable Care Act lowered out-of-pocket medical expenses — one of their biggest budget items — for low- and moderate-income families.

Poverty reduction programs don't just help families get through hard times. They provide building blocks of opportunity. A growing body of research finds that economic empowerment programs, like SNAP (formerly food stamps) and the Earned Income Tax Credit, can produce lasting gains for children, like better test scores, better high school completion and college entry rates, and increased earnings capacity as adults.⁵ Well-designed housing vouchers that move children from neighborhoods of extreme poverty to neighborhoods of lower poverty have improved future earnings and opportunities, particularly for African American and Hispanic children, who are likelier than others to begin life with a family income disadvantage.⁶

We have other examples of what works. Higher education remains a powerful force for increased economic outcomes. Via Pell Grants and other financial aid, public colleges and universities continue to help students obtain education they otherwise couldn't afford.

⁴ Arloc Sherman and Danilo Trisi, “Safety Net More Effective Against Poverty Than Previously Thought,” Center on Budget and Policy Priorities, May 6, 2015, <http://www.cbpp.org/research/poverty-and-inequality/safety-net-more-effective-against-poverty-than-previously-thought>.

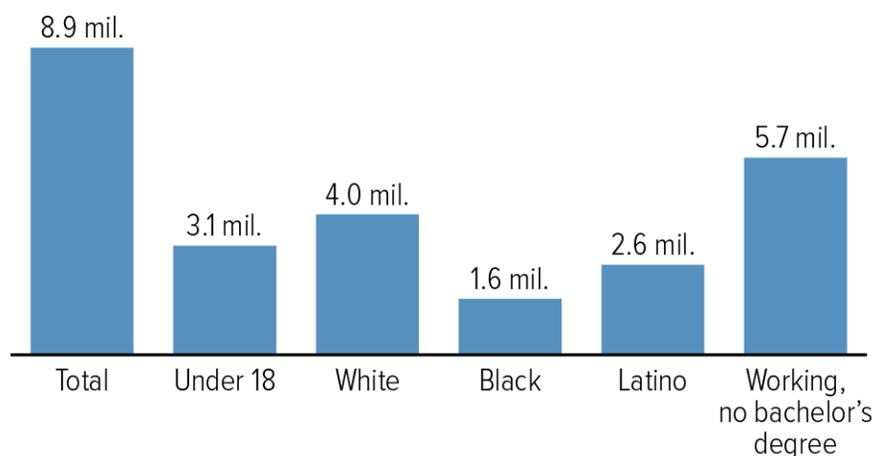
⁵ Arloc Sherman, “Safety Net Reduces Poverty Now and Promotes Opportunity Over Long Run,” Center on Budget and Policy Priorities, January 7, 2016, <http://www.cbpp.org/blog/safety-net-reduces-poverty-now-and-promotes-opportunity-over-long-run>.

⁶ Will Fischer, “Research Shows Housing Vouchers Reduce Hardship and Provide Platform for Long-Term Gains Among Children,” Center on Budget and Policy Priorities, updated October 7, 2015, <http://www.cbpp.org/research/housing/research-shows-housing-vouchers-reduce-hardship-and-provide-platform-for-long-term>.

FIGURE 1

2009 Recovery Act Kept Wide Range of Americans out of Poverty

Number kept out of poverty in 2010



Note: Figures use Supplemental Poverty Measure, which accounts for taxes and non-cash government benefits, and correct for households' underreporting of benefits using Urban Institute's Transfer Income Model. Figures reflect Recovery Act's creation of temporary Working Family Tax Credit and expansions of SNAP (food stamp), unemployment insurance, Earned Income Tax Credit, and Child Tax Credit benefits.

Source: CBPP estimates based on Census data

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Despite what is working, today in 2017, the air is filled with talk of dismantling what we've built.⁷

Now should be a time to reinforce what works rather than demolish and rebuild.

Let's hit pause and take a day for healing to stand by American values of opportunity, justice, and freedom.⁸ With a shared understanding of our collective past, we can implement Dr. King's peaceful vision. And if we build on what works, from the dream will come reality that frees children from every family and every community to thrive.

⁷ Robert Greenstein, "America's concern for the poor is about to be tested," *Washington Post*, December 26, 2016, https://www.washingtonpost.com/opinions/americas-concern-for-the-poor-is-about-to-be-tested/2016/12/26/1c1c3b2e-c614-11e6-85b5-76616a33048d_story.html?utm_term=.f99bd57cfd2e.

⁸ "W.K. Kellogg Foundation and broad coalition announce National Day of Healing on Jan. 17, 2017," <https://www.wkkf.org/news-and-media/article/2016/12/wk-kellogg-foundation-and-broad-coalition-announce-national-healing-day-on-january-17-2017>.