

# US poverty on track to reach highest since 1960s

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This July 16, 2012, photo shows new parents Garrett Goudeseune, 25, Laura Fritz, 27, left, with their daughter Adalade Goudeseune, as they pose for a photo at the Jefferson Action Center, an assistance center in the Denver suburb of Lakewood. Both Fritz and Goudeseune grew up in the Denver suburbs in families that were solidly middle class. But the couple has struggled to find work and are now relying on government assistance to cover food and \$650 rent for their family. The ranks of America's poor are on track to climb to levels unseen in nearly half a century, erasing gains from the war on poverty in the 1960s amid a weak economy and fraying government safety net. Census figures for 2011 will be released this fall in the critical weeks ahead of the November elections. (AP Photo/Kristen Wyatt)

(AP) — The ranks of America's poor are on track to climb to levels unseen in nearly half a century, erasing gains from the war on poverty in the 1960s amid a weak economy and fraying government safety net.

Census figures for 2011 will be released this fall in the critical weeks ahead of the November presidential elections, where the economy is the leading issue.

The Associated Press surveyed more than a dozen economists, think tanks and academics, both nonpartisan and those with known liberal or conservative leanings, and found a broad consensus: The official poverty rate will rise from 15.1 percent in 2010, climbing as high as 15.7 percent. Several predicted a more modest gain, but even a 0.1 percentage point increase would put poverty at the highest since 1965.

Poverty is spreading at record levels across many groups, from underemployed workers and suburban families to the poorest poor. More discouraged workers are giving up on the job market, leaving them vulnerable as unemployment aid begins to run out. Suburbs are seeing increases in poverty, including in such political battlegrounds as Colorado, Florida and Nevada, where voters are coping with a new norm of living hand to mouth.

The analysts' estimates suggest that some 47 million people in the U.S., or 1 in 6, were poor last year. An increase of one-tenth of a percentage point to 15.2 percent would tie the 1983 rate, the highest since 1965. The highest level on record was 22.4 percent in 1959, when the government began calculating poverty figures.

Poverty is closely tied to joblessness. While the unemployment rate improved from 9.6 percent in 2010 to 8.9 percent in 2011, the employment-population ratio remained largely unchanged, meaning many discouraged workers simply stopped looking for work. Food stamp

rolls, another indicator of poverty, also grew.

"I grew up going to Hawaii every summer. Now I'm here, applying for assistance because it's hard to make ends meet. It's very hard to adjust," said Laura Fritz, 27, of Colorado, as she filled out aid forms at a county center.

Fritz says she grew up wealthy, but fortunes turned after her parents lost a significant amount of money in the housing bust. Stuck in a half-million dollar house, her parents began living off food stamps and Fritz's college money evaporated. She tried joining the Army but was injured during basic training.

Now she's living on disability, with an infant daughter and a boyfriend who can't find work as a landscaper. They are struggling to pay their \$650 rent on his unemployment checks and don't know how they would get by without the extra help as they hope for the job market to improve.

In an election year dominated by discussion of the middle class, Fritz's case highlights a dim reality for the growing group in poverty. Millions could fall through the cracks as government aid from unemployment insurance, Medicaid health care coverage for the poor, welfare and food stamps diminishes.

"The issues aren't just with public benefits. We have some deep problems in the economy," said Peter Edelman, director of the Georgetown Center on Poverty, Inequality and Public Policy.

He pointed to the recent recession but also longer-term changes in the economy such as globalization, automation, outsourcing, immigration, and less unionization that have pushed median household income lower. Even after strong economic growth in the 1990s, poverty never fell below a 1973 low of 11.1 percent. That low point came after President

Lyndon Johnson's war on poverty, launched in 1964, that created Medicaid, the Medicare health care program for the elderly and other social welfare programs.

"I'm reluctant to say that we've gone back to where we were in the 1960s. The programs we enacted make a big difference. The problem is that the tidal wave of low-wage jobs is dragging us down and the wage problem is not going to go away anytime soon," Edelman said.



In this July 16, 2012, photo, Laura Fritz, 27, left, with her daughter Adalade Goudeseune fills out a form at the Jefferson Action Center, an assistance center in the Denver suburb of Lakewood. Both Fritz grew up in the Denver suburbs a solidly middle class family, but she and her boyfriend, who has struggled to find work, and are now relying on government assistance to cover food and \$650 rent for their family. The ranks of America's poor are on track to climb to levels unseen in nearly half a century, erasing gains from the war on poverty in the 1960s amid a weak economy and fraying government safety net. Census figures for 2011 will be released this fall in the critical weeks ahead of the November elections. (AP Photo/Kristen Wyatt)

The predictions for 2011 are based on separate AP interviews, supplemented with research on suburban poverty from Alan Berube of

the Brookings Institution and an analysis of federal spending by the Congressional Research Service and Elise Gould of the Economic Policy Institute.

Demographers also say the following:

—Poverty will remain above the pre-recession level of 12.5 percent for many more years. Several predicted that peak poverty levels — 15 percent to 16 percent — will last at least until 2014, due to expiring unemployment benefits, a jobless rate persistently above 6 percent and weak wage growth.

—Suburban poverty, already at a record level of 11.8 percent, will increase again in 2011.

—Part-time or underemployed workers, who saw a record 15 percent poverty in 2010, will rise to a new high.

—Child poverty will increase from its 22 percent level in 2010.

Analysts also believe that the poorest poor, defined as those at 50 percent or less of the poverty level, will remain near its peak level of 6.7 percent.

"I've always been the guy who could find a job. Now I'm not," said Dale Szymanski, 56, a Teamsters Union forklift operator who lives outside Las Vegas. In a state where unemployment ranks highest in the nation, the Las Vegas suburbs have seen a particularly rapid increase in poverty from 9.7 percent in 2007 to 14.7 percent.

Szymanski said he used to make a decent living of more than \$40,000 a year but now doesn't work enough hours to qualify for union health care. He changed apartments several months ago and sold his car in April to

pay expenses.

"You keep thinking it's going to turn around. But I'm stuck," he said.

The 2010 poverty level was \$22,314 for a family of four, and \$11,139 for an individual, based on an official government calculation that includes only cash income, before tax deductions. It excludes capital gains or accumulated wealth, such as home ownership, as well as noncash aid such as food stamps and tax credits, which were expanded substantially under President Barack Obama's stimulus package.

An additional 9 million people in 2010 would have been counted above the poverty line if food stamps and tax credits were taken into account.

Robert Rector, a senior research fellow at the conservative Heritage Foundation, believes the social safety net has worked and it is now time to cut back. He worries that advocates may use a rising poverty rate to justify additional spending on the poor, when in fact, he says, many live in decent-size homes, drive cars and own wide-screen TVs.

Few people advocate cuts in anti-[poverty](#) programs. Roughly 79 percent of Americans think the gap between rich and poor has grown in the past two decades, according to a Public Religion Research Institute/RNS Religion News survey from November 2011. The same poll found that about 67 percent oppose "cutting federal funding for social programs that help the poor" to help reduce the budget deficit.

Outside of Medicaid, federal spending on major low-income assistance programs such as food stamps, disability aid and tax credits have been mostly flat at roughly 1.5 percent of the gross domestic product from 1975 to the 1990s. Spending spiked higher to 2.3 percent of GDP after Obama's stimulus program in 2009 temporarily expanded unemployment insurance and tax credits for the poor.

The U.S. safety net may soon offer little comfort to people such as Jose Gorrin, 52, who lives in a Miami suburb. Arriving from Cuba in 1980, he was able to earn a decent living as a plumber for years, providing for his children and ex-wife. But things turned sour in 2007 and in the past two years he has barely worked, surviving on the occasional odd job.

His unemployment has run out, and he's too young to draw Social Security.

Gorrin said he hasn't decided whom he'll vote for in November, expressing little confidence the presidential candidates can solve the nation's economic problems. "They all promise to help when they're candidates," Gorrin said, adding, "I hope things turn around. I already left Cuba. I don't know where else I can go."

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