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Commentary: Fighting poverty in the land of opportunity

Rebecca Blank | Brookings Institution

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Holidays should be a time of blessing. But this year, with unemployment rising, more families are feeling squeezed rather than blessed. A sound plan from the new White House to support low-wage workers, ensure an effective safety net and create opportunities in high-poverty neighborhoods might guarantee American families more on their tables in the seasons ahead.

One in eight Americans lived in families with income below the official U.S. poverty level in 2007. As 2008 wraps up in a deepening economic recession, many more families are finding it difficult to pay the bills that cover the costs of food, clothing and shelter. The ability to cope with medical bills, transportation and child care costs must also be part of the modern-day basic survival package.

To understand the problems of poverty, it is important to identify accurately who is poor. Unfortunately, our current poverty measure is seriously outdated. The current thresholds for measuring whether a family is in poverty are based on 50-year-old data about food consumption, updated only for inflation since the Johnson administration established the poverty measure.

If Barack Obama is serious about waging a new war on poverty, a good start would be to consider a more effective way to measure poverty that better indicates how many families have sufficient economic resources to pay for their basic necessities. In a developed country like the United States, this means more than merely avoiding starvation or homelessness; it means having the resources needed to seek and hold employment.

In a new Hamilton Project discussion paper, Mark Greenberg and I recommend the adoption of an improved measure, drawing from the recommendations of the National Academy of Sciences, which would better define a poverty line and better measure the actual amount households have to spend on the necessities of food, clothing and shelter.

The new measure would provide a more accurate picture of poverty in America and a better understanding of the effectiveness of antipoverty programs. Combating contemporary poverty, however, also requires a rapid-action plan.

For a major political win early in the Obama administration, his policy advisers should propose expanding the Earned Income Tax Credit for low-wage workers

without children. Currently, only working parents who live with their children can receive an EITC that is large enough to matter. We need to "make work pay" for all low-wage workers, including less-skilled men who do not live with their children but still have child-support obligations.

For the unemployed, temporary extensions of Unemployment Insurance – as was folded into recent stimulus proposals – offer some relief but do not fix the long-term problems with this program. Rising unemployment rates should spur political impetus for broader reforms that Obama proposed on the campaign trail. Since states are partners in the design and funding of the Unemployment Insurance system, accomplishing this will take close collaboration with governors and some financial sweeteners to get states, as well as the private sector, to transform the new president's ideas into meaningful benefits.

Candidate Obama also pledged to create 20 Promise Neighborhoods, each providing a full network of services to children in poor neighborhoods, such as early childhood education, violence prevention and after-school programs. President Obama should move quickly to implement and evaluate this experiment with urban reform.

Expanding Internet connectivity in low-income neighborhoods, both rural and urban, could help alleviate the isolation that breeds poverty. The private sector should make sure that all families have low-cost laptops to access this resource. Reminiscent of the rural electrification projects of the last century, the ability to join the World Wide Web can recharge entire communities.

What Obama has not yet put on the table, but should, is ways to strengthen the safety net. An increasing number of single mothers, particularly those who face barriers to work, are not receiving badly needed cash public assistance. With a decimated economy, it is also time to rethink how the welfare block grants are distributed to the states.

The landmark 1996 welfare reform law dramatically changed the nation's safety net. We should applaud the success of that legislation in putting mothers into the workforce, but recognize that this legislation makes life harder in a time of rising unemployment for single mothers who can't find jobs.

In this land of opportunity, Barack Obama should renew a focus on the problems of poverty and the policies that can provide new opportunities for struggling families and their children. Holidays should be bountiful across more of America.

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