

Poverty

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The Problem

During President Bush's tenure in office, poverty has increased substantially

- Between 2001 and 2007, the number of Americans in poverty rose by 13.3%. That represents an additional 4.4 million people, including 1.6 million children, for a total of 37.3 million Americans in poverty in 2007.¹
- In that same period, the share of all Americans in poverty rose from 11.7% to 12.5%,²

While poverty has increased, so has income inequality

- Between 2001 and 2006, the average income of the lowest fifth of households decreased by 1.7%³ while the income of the top 1% increased by 33%.⁴
- The lowest fifth of households received only 3.4% of the national income in 2007, while the top fifth enjoyed nearly 50%.⁵

Working people have benefited very little from the most recent economic recovery

- Between 2001 and 2007, the average household in the lowest fifth saw its income *decrease* by \$320, while in the middle fifth, average income rose by \$43.⁶ While workers' share of economic growth has been decreasing, an increasing share has gone to corporate profits.⁷
- Additionally, the three-year long increase in poverty (from 2001 to 2004) was the longest increase in poverty during a recovery.⁸

With their incomes stagnating and even declining, individuals and families have been hit hard by an increase in the cost of food.

- Food prices increased by 4% in 2007 and are projected to increase by 5%-6% by 2008.⁹ Higher food prices thus take up a larger share of families' and individuals' income.
- In 2006, the bottom quintile of the U.S. spent 15.6% of total expenditures on food, compared to 10.9% of the top quintile's expenditures.¹⁰

What has President Bush done?

The Bush administration's tax policies have favored wealthy taxpayers over low-income families.

- Under Bush's tax cuts from 2001 to 2006, the middle quintile received a 2.4% tax cut worth \$746, while the top quintile received a 3.2% tax cut worth \$4,656. The top 0.1% received a 6.2% tax cut worth \$234,972.¹¹

President Bush has actively weakened unions.

- He has opposed the Employee Free Choice Act, which would make it easier for workers to unionize.¹²
- The Bush-appointed National Labor Relations Board (NLRB) expanded the definition of "supervisors", who under federal law are not allowed to unionize. That single change can potentially deny up to 8 million workers the right to unionize¹³.

President Bush has consistently proposed budget cuts to the Food Stamp Program while wages have stagnated and food prices have increased.

- For his FY2008 budget, Bush proposed cutting \$740 million over the next five years, which would result in the exclusion of 300,000 low-income people from the Food Stamp Program¹⁴.

President Bush vetoed the reauthorization and expansion of the State Children's Health Insurance Program (SCHIP) for low-income children.¹⁵

- The bill would have expanded coverage to children in households earning up to 300% of the federal poverty line, covering an additional 10 million children.¹⁶
- The veto was so egregious that 44 Republicans voted to override, but ultimately the veto was sustained by 15 votes.¹⁷

What Bush has failed to do?

Bush has failed to expand the Earned Income Tax Credit to make it more effective in fighting poverty.

- About 60% of people in poverty are adults without children. Under the current EITC, these adults receive only 15% of what a worker with one child receives, and does not cover adults ages 18 to 24.¹⁸

Bush has failed to invest in alternative energy sources that would help in lowering the demand for gasoline that is used in food production and distribution.

- Higher energy prices have greatly contributed to the rise in food prices. In his 2009 budget request, President Bush proposed a 27% cut for "Department of Energy Efficiency and Renewable Energy programs."¹⁹

Bush failed to slow the growth in health care costs, which disproportionately harms households in poverty.

- President Bush has opposed attempts to lower costs by expanding the risk pool, and in fact promotes policies, such as the Health Savings Accounts, which would draw healthy people out of the risk pool and raise prices.²⁰
- Although the Department of Veterans Affairs and Medicare are more efficient than privately run alternatives, President Bush has opposed using those examples as models for a universal health care system.

¹ “Income, Poverty, and Health Insurance Coverage in the United States: 2007” *U.S. Census Bureau*, August 2008, <http://www.census.gov/prod/2008pubs/p60-235.pdf>

² “Income, Poverty, and Health Insurance Coverage in the United States: 2007” *U.S. Census Bureau*, August 2008, <http://www.census.gov/prod/2008pubs/p60-235.pdf>

³ “Selected Measures of Household Income Dispersion: 1967 to 2006” *U.S. Census Bureau*, Aug 2007, Table A-3 <http://www.census.gov/prod/2007pubs/p60-233.pdf>

⁴ Author’s analysis of Piketty and Saez data <http://elsa.berkeley.edu/~saez/TabFig2006.xls>

⁵ “Income, Poverty, and Health Insurance Coverage in the United States: 2007” *U.S. Census Bureau*, August 2008, Table A-3 <http://www.census.gov/prod/2008pubs/p60-235.pdf>

⁶ “Income, Poverty, and Health Insurance Coverage in the United States: 2007” *U.S. Census Bureau*, August 2008, Table B-1 <http://www.census.gov/prod/2008pubs/p60-235.pdf>

⁷ “National Economic Trends”, *Federal Reserve Bank of St. Louis*, August 28, 2008 <http://research.stlouisfed.org/publications/net/page21.pdf>

⁸ Mishel, Lawrence, Bernstein, Jared, Allegretto, Sylvia. *The State of Working America 2006/2007*. An Economic Institute Book. Ithaca, N.Y. ILR Press, an imprint of Cornell University Press, 2007. Page 284.

⁹ “Food CPI, Prices, and Expenditures: CPI for Food Forecast”, *USDA Economic Research Service*, August 21, 2008 <http://www.ers.usda.gov/briefing/CPIFoodAndExpenditures/Data/cpiforecasts.htm>

¹⁰ “Quintiles of income before taxes: Average annual expenditures and characteristics” *Bureau of Labor Statistics*, October 2007 <http://www.bls.gov/cex/2006/share/quintile.pdf>

¹¹ “Combined Effect of the 2001-2006 Tax Cuts, Distribution of Federal Tax Change by Cash Income Percentile, 2007” *Tax Policy Center*, November 2006

<http://www.taxpolicycenter.org/numbers/displayatab.cfm?DocID=1362>

¹² “Statement of Administration Policy: Employee Free Choice Act of 2007,” *Office of Management and Budget*, February 28, 2007

<http://www.whitehouse.gov/omb/legislative/sap/110-1/hr800sap-r.pdf>

¹³ Parks, James. “Labor Board Ruling May Bar Millions of Workers from Forming Unions,” *AFL-CIO NowBlog*, Oct 3, 2006

<http://blog.aflcio.org/2006/10/03/labor-board-ruling-may-bar-millions-of-workers-from-forming-unions/>

¹⁴ “Administration proposal would cut over 300,000 people off food stamps,” *Center on Budget and Policy Priorities*, March 13, 2007

http://www.cbpp.org/2-23-07fa.htm#_ftn1

¹⁵ “Bush vetoes child health insurance plan” *MSNBC*, October 3, 2007.

<http://www.msnbc.msn.com/id/21111931/>

¹⁶ Rovner, Julie. “Backers of Vetoed SCHIP Bill Say It’s Misunderstood” *National Public Radio*

<http://www.npr.org/templates/story/story.php?storyId=14962685>

¹⁷ “Final Vote Results for Roll Call 982”, *U.S. House of Representatives*, Oct 18, 2007

<http://clerk.house.gov/evs/2007/roll982.xml>

¹⁸ “From Poverty to Prosperity: A National Strategy to Cut Poverty in Half”, April 25, 2007

http://www.americanprogress.org/issues/2007/04/poverty_report.html

¹⁹ “Bush’s Energy Budget: Proposals Not Consistent with Claims,” *Center for American Progress*, February 2008

http://www.americanprogress.org/issues/2008/02/energy_budget.html

²⁰ Furman, Jason. “Expansion in HAS tax breaks is larger – and more problematic – than previously understood” *Center on Budget and Policy Priorities*, February 7, 2006

<http://www.cbpp.org/2-4-06tax.pdf>