CHAPTER

7

The Economically and Socially Disadvantaged

Professional Social Work in the Public and Private Social Welfare Systems

When I was growing up in the 1940s and 1950s, many of us in the United States were poor. Back then, the notion of poverty didn't mean that you would be locked into poverty for a lifetime. Many of us believed that with hard work and a good education, we would succeed in life. This is not to say that being poor was a pleasant or ennobling experience. It wasn't. That same optimism was not shared by people of color or by many women who had to fight the indignity of being locked out of the American Dream just because of their race or gender.

Because my mother was sick and there was no medical insurance for working-class people, my family struggled financially. This required my brother, my sister, and me to work at jobs very early in life and to do the housework, shopping, and cooking, or not eat. Because of my experiences with poverty from birth to age 22, I can tell you honestly that there is no romance in being poor. There is nothing honorable, intriguing, or inspiring about poverty. It immediately makes you a nonperson. While growing up, I was judged by the amount of money my family had (none) rather than my talents and abilities. There is nothing positive I can say about being treated like a third-class citizen. It still stings, and the thought of poverty in this wealthy land of ours makes me very angry. As you will see in this chapter, despite affluence as we've never known, there are millions of poor people in the United States. I think they feel the same way that I do about being poor: It's a hateful experience.

Poverty is more than a lack of money; it places you in a particular social class. As you will see in future chapters, poor people seldom go to college, have decent medical care, or achieve the American Dream of riches beyond anyone's wildest imagination. The truth is that once you're poor, the chances are that you'll continue to be poor. Poverty is shameful and unnecessary, and we need to use our considerable talents to get rid of it.

Many of you think you're poor; perhaps some of you are. But how many of you could live at the poverty level of $9,300 (or the way many very poor people live, on half the poverty level) and still attend college, own a car, see films, go out for a meal, or experience any of the many pleasures we all should enjoy? Consider that when you read this chapter. Think about the term *poor but respectable* and imagine how respectable you'd feel if you had to live on the amount of money that defines poverty. Or if you were even less fortunate and had to live on half the poverty level, or $4,660, imagine how many films, gallons of gas, excellent meals, drinks, items of clothing, or any other things of value you could afford.

Poverty is defined as having insufficient resources or income to provide for anything other than a minimally secure life when it comes to housing, food, and health care. *Extreme poverty* is having an annual income that is less than half of the official poverty level as determined by the U.S. Bureau of the Census. *Relative poverty* is having a family income of less than half of the median income for a similarly sized family in the United States. Relative poverty would then be an income level greater than the poverty line provided by the U.S. Census Bureau but still be very low. Let's consider how poverty is defined in this country (see InfoTable 7.1) and some statistics about who is poor in America.

WHO IS POOR IN AMERICA?

The following information comes from the U.S. Census Bureau (Bishaw & Renwick, 2009).

One of the problems with writing books is that data and situations may change quickly from year to year, and you can only report the data at hand. The data about to be reported are the most current data available from the U.S. Census Bureau and include 2007–2008 poverty data, which do not fully capture the 10% unemployment rate in 2009 or the increase in the number of people living below the poverty level, which is estimated to go up substantially because of the severe recession following the collapse of the housing and financial markets in 2007–2008 and the substantial increase in the rate of unemployment to 10% by 2010 (double what it was in 2007). The U.S. Census Bureau in its 2009 report of poverty in 2007–2008 indicates that

> the 2008 ACS data show that an estimated 13.2 percent of the U.S. population had income below the poverty threshold in the past 12 months. This is 0.2 percentage points higher than the 13.0 percent poverty rate estimated for 2007. The estimated number of people in poverty increased by 1.1 million to 39.1 million in 2008. . . . These poverty statistics only partially reflect the impact of the current economic downturn on 2008 personal income. (Bishaw & Renwick, 2009, p. 2)

Homan and Dorning (2009) report that the U.S. poverty rate rose to the highest level in 11 years in 2008 and household incomes declined as the first full year of the recession took its toll. The poverty rate climbed to 13.2% from 12.5% in 2007, and the number of people classified as poor jumped by 2.6 million to 39.8 million. The median household income fell by 3.6% to $50,303, snapping 3 years of increases. Plunging home values and stock prices fueled a record $13.9 trillion loss in household wealth in the United States since the middle of 2007. According to the authors citing government data, the poverty rate is likely to keep rising through 2012, even after the recession ends. In 2008, children represented over 36% of the people in poverty and 25% of the total population.

Writing about poverty and its impact on children, Pritzker (2010, para. 3–4) notes,

> A recent report, published by The Foundation for Child Development (FCD), provides the chilling details. This year, the number of children living in poverty will climb to 15.6 million, an increase of more than 20 percent in just four years. Moreover, the number of homeless children will spike more than 50 percent above 2007 totals, to nearly half a million.
>
> This recession will erase more than three decades of progress in the key indicators of family well-being—poverty, parental employment, family income and children's health insurance. Perhaps even worse, the FCD study concludes that this economic shipwreck will reverse years of improvement in fighting child crime, drinking and drug use.

InfoTable 7.1 reports the official guidelines for the definition of poverty. Because of their higher cost of living, Alaska and Hawaii have much higher guidelines for the definition of poverty. InfoTable 7.2 shows how poverty hits women much harder than other groups, which has led to the term *feminization of poverty*.

The reality of urban homelessness.
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InfoTable 7.1 2005 Poverty Guidelines (in Dollars)

People in Household	48 Contiguous States and DC	Alaska	Hawaii
1	9,570	11,950	11,010
2	12,830	16,030	14,760
3	16,090	20,110	18,510
4	19,350	24,190	22,260
5	22,610	28,270	26,010
6	25,870	32,350	29,760
7	29,130	36,430	33,510
8	32,390	40,510	37,260
For each additional person, add:	3,260	4,080	3,750

SOURCE: Adapted from the Federal Register (2005).

InfoTable 7.2 The Feminization of Poverty

In the United States, typical family structures have changed significantly, with an increase in single-parent families, which tend to be poorer. Single-parent families, most often women with children, have a much more difficult time escaping poverty than do two-parent families, in which adults can divide and share childcare and work duties. In 1970 about 87% of children lived with both of their parents, but by 2000 this figure had dropped to 69%. The divorce rate in the United States more than doubled between 1960 and 1980, although it stabilized in the 1980s and fell somewhat in the 1990s. More importantly, perhaps, the proportion of children born to unmarried parents grew from about 5% in the early 1960s to more than 33% by 2000.

SOURCE: Microsoft Encarta (2009).

THE CULTURE OF POVERTY

Although there is considerable disagreement about Oscar Lewis and his work on the culture of poverty, Lewis says that not all people who are poor live in a culture of poverty. According to Lewis (1998), what distinguishes poor people from people who are part of the culture of poverty are the following:

1. People in the *culture of poverty* have a strong feeling of marginality, of helplessness, of dependency, and of not belonging.

2. They are like aliens in their own country, convinced that the existing institutions do not serve their interests and needs.

3. Along with this feeling of powerlessness is a widespread feeling of inferiority, of personal unworthiness.

4. People with a *culture of poverty* have very little sense of history. They are a marginal people who know only their own troubles, their own local conditions, their own neighborhood, and their own way of life.

5. Usually, they have neither the knowledge, the vision, nor the ideology to see the similarities between their problems and those of others like themselves elsewhere in the world.

6. When the poor become class conscious or members of trade union organizations, or when they adopt an internationalist outlook on the world they are no longer part of the *culture of poverty* although they may still be desperately poor.

7. Most people in the United States find it difficult to think of *poverty* as a stable, persistent, ever present phenomenon, because our expanding economy and the specially favorable circumstances of our history have led to an optimism which makes us think that *poverty* is transitory, but it is more widespread than has been generally recognized.

SOURCE: Lewis (1998, pp. 7–8).

Samuelson (1997) distinguishes people in the culture of poverty from people in poverty by splitting the poor into two groups. The first group lacks money because its members are disabled, unemployed, or single mothers who have been widowed, divorced, or abandoned. Even though they are poor, they have middle-class values and can benefit from a variety of government programs to help them out of poverty. The second group is what Samuelson refers to as the true lower class, those who see no value in working and no need for self-sacrifice or self-improvement. According to Samuelson, services to this group of poor are unlikely to change its members' condition even if their income were to be doubled. Samuelson points out that increased benefits to this second group of poor Americans will probably lead to welfare dependence and not appreciably improve their lives.

Social programs have raised the quality of life for many American children (see InfoTable 7.3); "unfortunately, these material improvements haven't translated into better social conditions. Crime has risen as have out-of-wedlock birthrates" (Samuelson, 1997, p. A21). In fact, juvenile crime rose in epidemic numbers in the peak years of 1987 to 1993, just as the United States was moving into one of its most affluent times and social welfare programs were leading to significant positive gains for many poor people.

InfoTable 7.3 The Relationship Between Welfare Benefits and Improved Social Indicators

In 1970, about 26% of the poorest fifth of children hadn't visited a doctor in the past year; by 1989, the figure was only 14%. In 1973, about 71% of these children lived in homes without air-conditioning; by 1991, only 45% did. Unfortunately, these material improvements didn't translate into better social conditions. Crime rose; so did out-of-wedlock birthrates. The real test of any [welfare reform effort] is not reduced welfare caseloads. These have already dropped 21% since early 1994, mainly as the result of a strong economy. The real tests are less teenage pregnancy, more stable marriages and better homes for children. It's a tall order—perhaps an impossible one—for government to reengineer family life and human nature.

SOURCE: Samuelson (1997, p. A21).

THE ECONOMIC SAFETY NET

In 1996, Congress passed the Personal Responsibility and Work Opportunity Reconciliation Act. This legislation ended the program known as Aid to Families with Dependent Children and replaced it with a program called Temporary Assistance for Needy Families (TANF). Under TANF, welfare assistance is no longer an entitlement program. Welfare benefits are time limited and are closely tied to work requirements, which are intended to move welfare recipients off welfare and into the labor force. Pay particular attention to the discussion of unwanted pregnancies and adolescents who are not in school but have children. The four purposes of the TANF program are as follows (U.S. Office of Family Assistance, 2008):

- assisting needy families so that children can be cared for in their own homes;
- reducing the dependency of needy parents by promoting job preparation, work, and marriage;
- preventing out-of-wedlock pregnancies; and
- encouraging the formation and maintenance of two-parent families.

Highlights of TANF

Work Requirements

- Recipients (with few exceptions) must work as soon as they are job-ready or no later than 2 years after coming on assistance.
- Single parents are required to participate in work activities for at least 30 hours per week. Two-parent families must participate in work activities 35 or 55 hours a week, depending upon circumstances.
- Failure to participate in work requirements can result in a reduction or termination of benefits to the family.
- States cannot penalize single parents with a child younger than age 6 for failing to meet work requirements if they cannot find adequate child care.
- States, in FY 2004, have to ensure that 50% of all families and 90% of two-parent families are participating in work activities. If a state reduces its caseload without restricting eligibility, it can receive a caseload reduction credit. This credit reduces the minimum participation rates the state must achieve.

Permitted Work Activities

- Unsubsidized or subsidized employment
- On-the-job training
- Work experience
- Community service
- Job search—not to exceed 6 total weeks and no more than 4 consecutive weeks
- Vocational training—not to exceed 12 months
- Job skills training related to work
- Satisfactory secondary school attendance
- Providing child care services to individuals who are participating in community service

Five-Year Time Limit

- Families with an adult who has received federally funded assistance for a total of 5 years (or less at state option) are not eligible for cash aid under the TANF program.
- States may extend assistance beyond 60 months to not more than 20% of their caseload. They may also elect to provide assistance to families beyond 60 months using state-only funds or social services block grants.

Teen Parent Live-at-Home and Stay-in-School Requirement

- Unmarried minor parents must participate in educational and training activities and live with a responsible adult or in an adult-supervised setting to receive assistance.
- States are responsible for assisting in locating adult-supervised settings for teens who cannot live at home.

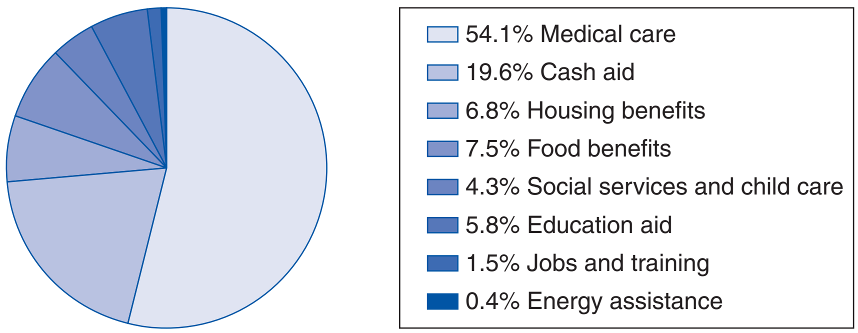
Bonuses

- The law includes provisions for two bonuses that may be awarded to states and territories in addition to their basic TANF block grant.
- TANF's High Performance Bonus program provides cash awards to states for high relative achievement on certain measures related to the goals and purposes of the TANF program.
- The Department of Health and Human Services is required to award a Bonus to Reward Decrease in Illegitimacy Ratio to as many as five states (and three territories, if eligible) that achieve the largest decrease in out-of-wedlock births without experiencing an increase in their abortion rates above 1995 levels.

Figure 7.1 shows how each dollar of federal, state, and local money provided to a person on public assistance is spent.

Figure 7.1 U.S. Welfare Spending

This chart shows the proportions of combined federal, state, and local government expenditures on various national welfare programs in the United States. Medical welfare benefits, mostly for Medicaid, account for half of all welfare spending. Cash aid, including Temporary Assistance for Needy Families (TANF) and Earned Income Tax Credit refunds, amounts to almost one fifth of U.S. welfare spending. The third largest category, food benefits, includes spending for food stamps and school lunch programs.



SOURCE: Library of Congress, Congressional Reasearch Service, 2002 data.

HOMELESSNESS

In 2004, an estimated 700,000 to 1 million adults were homeless in a given week (Substance Abuse and Mental Health Services Administration [SAMHSA], National Mental Health Information Center, n.d.). In the same year, an estimated 3 million adults were homeless during the course of a year. These numbers increased dramatically when children were included to 5 million. SAMHSA also estimated that about 2% to 3% of the U.S. population (5 million to 8 million people) will experience at least one night of homelessness. For most of these people, the experience is short and often caused by a natural disaster, a house fire, or a community evacuation. As Hurricane Katrina taught us, the length of homelessness can be far longer than 1 or 2 days and can be perpetual. A much smaller group, perhaps as many as 500,000 people, have greater difficulty ending their homelessness. As Link et al. (1995) found, about 80% end homelessness within 2 to 3 weeks. They often have personal, social, and economic resources to draw on that people who are homeless for longer periods of time do not. About 10% are homeless for as long as 2 months, with housing availability and affordability adding to the time they are homeless. Another group of about 10% is homeless on a chronic, protracted basis—as long as 7 to 8 months in a 2-year period. Disabilities associated with mental illnesses and substance use are common reasons for homelessness among those who have protracted homelessness. On any given night, this group can account for up to 50% of those seeking emergency shelter.

SAMHSA (n.d.) suggests the following primary reasons why people become homeless:

- *Poverty.* People who are homeless are the poorest of the poor. In 1996, the median monthly income for people who were homeless was $300, only 44% of the federal poverty level for a single adult. Decreases in the numbers of manufacturing and industrial jobs, combined with a decline in the real value of the minimum wage because of inflation, have left large numbers of people without a livable income.

- *Housing.* The U.S. Department of Housing and Urban Development (2001) estimated there are 5 million households in the United States with incomes below 50% of the local median who pay more than half of their income for rent or live in severely substandard housing. This is worsened by an increase in the cost of housing in some urban locations since 2001 of 200% to 300% and a significant increase in the cost of rentals.

- *Disabilities.* O'Hara and Miller (2000) note that people with disabilities who are unable to work and must rely on entitlements such as Supplemental Security Income (SSI) find it virtually impossible to locate affordable housing. People receiving federal SSI benefits, which were $545 per month in 2002, cannot cover the cost of an efficiency or one-bedroom apartment in any major housing market in the country.

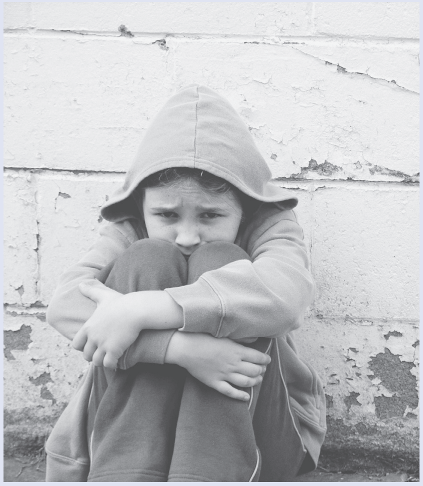
- *Mental illness.* Untreated mental illness can interfere so significantly with social and emotional functioning that it becomes difficult or impossible to maintain employment, pay bills, or keep supportive social relationships.

- *Substance abuse.* Substance abuse can drain financial resources, erode supportive social relationships, and also make exiting from homelessness extremely difficult.

- *Other reasons.* People become homeless for a variety of other reasons, including domestic violence, chronic or unexpected health care expenses, release from incarceration, "aging out" of youth systems such as foster care, divorce, running away, or rejection by parents.

As you no doubt know from the poor performance of all sectors of government during Hurricane Katrina and the subsequent flood in New Orleans in 2005, we all have potential for homelessness. What should we do about it? The answers lie in our approach to a number of issues that center on poverty, but here are some thoughts:

- We need a system of safe and comfortable emergency shelters for people displaced because of natural and man-made disasters staffed by helping professionals who can offer crisis counseling and supportive interventions.
- We need safe and comfortable local shelters in every community for the displaced poor who should be permitted to stay for extended periods of time until they are emotionally and financially able to find their own housing. These shelters need to be staffed by trained professionals including social workers who can offer a variety of services to help people cope with mental illness, substance abuse, and other social and emotional problems that leave them perpetually homeless.
- We need to provide free or very inexpensive housing for people with disabilities who cannot work, and we need to increase the benefits we provide so that they can have normal lives within the limits placed on them by their disabilities.
- We need to provide a livable income to the working poor in the form of a realistic minimum wage, health care, and other services that permit them to function as healthy family units.
- We need to provide free or inexpensive long-term housing to adults with children. No child should be forced to live in a shelter for an extended period of time.
- We need to be much more proactive to keep children from becoming homeless as a result of family disputes, abuse, and other preventable social and emotional problems.
- We need to make homelessness a national concern, and our private charitable and religious organizations need to provide services to the homeless as part of their mission.
- Finally, as I suggest later in the chapter, we need to outlaw poverty. It may not eliminate all homelessness, but it would go a very long way to eliminating most of it.



A lost and frightened homeless child left alone by her family.
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HELPING PEOPLE WHO OVERSPEND AND UNDERSAVE

The years 2008 and 2009 saw many otherwise intelligent and well-functioning people fall into serious financial difficulties because of poor financial skills, helped in a large part by the availability of credit cards that allow people to pay a small portion of their bill each month. Those same credit cards often charge outrageous rates of interest; in some states, they are as high as 36%. When the credit crisis hit in 2008, many of the credit card companies, fearing that people would default on their cards, not only raised interest rates but made it much harder to get credit cards. The Federal Reserve Bank (the Fed) also set new policies for credit card companies including that they could not change rates to clients without a substantial warning and that interest rates would be capped at a more realistic level. The Fed also made it more difficult to get a credit card and said that, like house mortgages, you had to meet a realistic level of income and past performance in paying your bills. Without the new rules, the worry was that people would default on their credit cards much as they did on their home mortgages. In 2007, the average per-household credit card debt was $9,840 (Lipton, 2008) and will likely be much higher in the coming years because of unemployment.

How People Get Into Financial Trouble

- They spend too much, save too little, carry too much debt, and don't care enough about their financial future. Further, they don't budget for emergencies—job changes, divorce, or a death in the family. Worse, they turn to credit cards or, perish the thought, payday lenders who charge them 17%-a-week interest or an incredible yearly interest rate of over 800%, a rate even organized crime would find outlandish. People often treat car repairs, the dentist, and Christmas as if they were unexpected expenses. Most financial advisors believe that we need to save 3 to 6 months of wages for emergencies.

- Warning signs of overextended credit include paying only the minimum payment month after month, running out of cash all the time, being late on critical payments like rent or mortgage, taking longer and longer to pay off balances, and borrowing from one lender to pay another.

- Lipton (2008) suggests the following summarized way that people can dig their way out of credit card debt:

1. The first step: Know the enemy. Gather all financial statements and *figure out just how much credit card debt you have*.
2. Start using cash for everyday expenses. Studies show that those who pay with cash will save up to 20% per month. The reason is simple: The feel of those dollars actually leaving your hands makes you think twice about parting with that money.
3. Leave your credit card at home. The less available it is to you, the more likely you will pay with cash.
4. Create a budget and cut expenses that aren't necessary.
5. Try and negotiate lower rates on your credit card, but don't volunteer information about debt. We hear stories every day about losing credit cards because people tell the card company about debt. Not wanting to take risks, the credit card company takes the card away even for long-term, loyal cardholders who pay on time.
6. Transfer credit card balances to companies with lower guaranteed rates (rates that are guaranteed not to change, let's say, for a year). Check to see if your current company charges to transfer balances to another company. You can bet the rules for transfer are in the small print none of us read. But be careful since the new company, which has an introductory rate of 9%, as opposed to your current company's 14%, may raise the rate in the second year to 24%. Read the fine print before making a transfer.
7. Set up an automatic transfer from your bank to your credit card company to avoid late fees. Be sure, however, you have sufficient funds in the bank, or you'll be charged for writing an overdrawn check (not good for credit ratings or the pocketbook).

InfoTable 7.4 discusses an issue that many of you are grappling with in your own lives: How much debt can and should you carry when compared with the amount of income you bring in? Obviously the more out of balance debt is to income, the more difficult it will be to pay back debt even after you begin to work. The longer you hold debt without paying it back, the more interest you pay on it. It is not unusual for people with credit cards to pay only a small fraction of the debt they owe, and thereby even small purchases made on credit cost many times the original price of an item.

InfoTable 7.4 Debt-to-Income Ratio

According to Smith (2010), your *debt-to-income ratio* is a personal *finance* measure that compares the amount of money that you earn with the amount of money that you owe to your creditors. For most people, this number comes into play when they are trying to line up the financing to purchase a home, as it is used to determine mortgage affordability.

Once financing has been obtained, few homeowners give the debt-to-income ratio much further thought, but perhaps they should. As an example, if you earn $2,000 per month and have a mortgage expense of $400, taxes of $200, and insurance expenses of $150, your debt-to-income ratio is 37.5%.

So, what is a good ratio? Traditional lenders generally prefer a 36% debt-to-income ratio, with no more than 28% of that debt dedicated to servicing the mortgage on your house. A debt-to-income ratio of 37% to 40% is often viewed as an upper limit, although some lenders will permit ratios in that range or higher. Although they are willing to give you the loan, that doesn't mean that you should take it.

SOURCE: Smith (2010).

CASE 7.1: A SOCIAL WORKER HELPS A SINGLE MOTHER MOVE OUT OF POVERTY

Ethel Johnson is a 32-year-old mother of three whose husband abandoned the family. Ethel was a stay-at-home mother before her husband left, and she has no job skills. Because her children are all quite young (only one is in school), Ethel has had to apply for welfare benefits. The father's location is unknown. He has had no contact with either Ethel or the children and contributes nothing to the cost of their lives. The welfare department assigned Ethel a caseworker with an MSW degree, whose job was to help her organize her life and begin the tough task of getting retrained and entering the workplace.

Through a program offered in her county, Ethel has become a part-time student at a local community college where she is studying to become a licensed practical nurse (LPN). The welfare department pays for subsistence living, retraining, and child care while Ethel is in school. Many times she has found it difficult to make it on her benefits but always manages to figure out ways. When she is feeling down, Ethel sees her social worker for support and encouragement.

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The social worker was on welfare herself when she was younger and knows exactly what Ethel is going through and how tough it is. She understands that Ethel has had to cope with the trauma of her husband leaving and the stress of raising three children on a fraction of the income she had before her husband left. She hasn't been in school for almost 14 years and initially found it difficult to compete with younger students who seemed a lot smarter than she was. In time, and with a lot of encouragement from the social worker, Ethel has begun to recognize that she is a great student and has a strong feeling for the work nurses do. Her field courses, in which she actually worked with patients, showed her that she has special skills with patients that everyone recognized. As a result, she was promised a number of well-paying jobs when she finished her degree. With the social worker's help, Ethel was able to obtain additional short-term funding to finish her degree full-time. She is now employed with a health maintenance organization (HMO) and loves her work. The job is well-paying, offers flexible hours, and has a day care program on the campus of her facility that allows her to see her kids throughout the day.

While Ethel is lonely for companionship and would like to meet someone special, she has developed many friendships and has a rich social life. The feedback she gets at work makes her giddy. As a stay-at-home mother, she received little positive feedback. When she was asked about the role of the social worker, Ethel said, "Mollie really helped me when I was down. She has this 'can do' attitude, and she was there for me when I needed her. She always made time to see me when I had a crisis, and she is a loving person. She's been where I was, and she knows how tough it can be. She was my ally and best friend. When anyone ever says bad things about social workers, you know, how they keep people on welfare and stuff like that, I say that's not true at all and tell them about Mollie. And I see social workers on the job, and they're great. In fact, I'm sort of thinking I might go on, finish college, and then get my MSW. It seems like a great combination, being a nurse and being a social worker. You know about the physical reasons people have emotional problems as a nurse, and as a social worker, you know about the social and emotional reasons as well. Anyway, as soon as my kids are in school, I'm thinking about finishing my undergraduate degree and then going on to graduate school. I can't believe I'm feeling this way. Two years ago, I was down in the dumps and didn't think anything good would happen; now look where I am now. It's pretty amazing."

As many of us have always suspected, there is a relationship between family income and academic achievement and lower crime rates. InfoTables 7.5 and 7.6 discuss that relationship. The findings should bring up the issue of guaranteed annual incomes to all Americans as well as fair compensation for labor to ensure a higher quality of life, less crime, and improved levels of academic achievement leading to higher incomes when children become adults and the benefits this brings to the economic and social well-being of the country.

InfoTable 7.5 The Relationship Between Income and Academic Achievement

Understanding the consequences of growing up poor for a child's well-being is an important research question. Using a panel of over 6,000 children, our baseline estimates imply that a $1,000 increase in family [income] raises math test scores by 2.1% and reading test scores by 3.6%.

SOURCE: Dahl & Lochner (2005, p. 1).

InfoTable 7.6 The Relationship Between Academic Achievement and Reductions in Crime

One of the traditional ways of reducing poverty is through education, but education has additional economic benefits to society. Leone et al. (2003) calculate that a 1% increase in high school graduation rates would have led to nearly 400 fewer murders and 8,000 fewer assaults in 1990. In total, nearly 100,000 fewer crimes would have taken place for a savings of $1.4 billion. By comparison, hiring a single police officer would reduce crime costs by $200,000, while graduating 100 more students would have the same impact. Although increasing police forces is a cost-effective policy proposal, increasing high school graduation rates offers far greater benefits when both crime reduction and productivity are increased.

WHY DON'T WE OUTLAW POVERTY?

I have an idea: Let's make poverty illegal. Nobody should be poor. Let's take the wealth that some people have and give it to poor people so they can live decent, safe, and healthy lives. Who needs $100 million? Wouldn't these people be just as happy with $50 million? When corporations give executives $140 million just as a payoff for doing a poor job, let's take $130 million and give it to poor people. Nobody should get $140 million for doing bad work, because most of us who are fired either don't receive anything or get 2 weeks' notice. And why should any CEO of a floundering company make $10 million a year? Wouldn't $1 million be more than enough?

Of course, this isn't an original idea. Schemes in many different forms to redistribute the wealth are common in all societies, and certainly in the United States. One way we redistribute wealth in this country now is to tax the wealthy at a very high rate. In the 2004 presidential election, John Kerry suggested removing tax cuts for Americans who earn more than $200,000 a year and having them pay at the old higher rate.

The argument against redistribution-of-wealth schemes is that they remove the incentive for people to take chances in business that might lead to them becoming very wealthy. This argument is the operative one in the United States today, and judging by the conservative nature of our political class, it is the dominant argument: Keep taxes low, encourage creation of new ideas and ventures, and remove as much of the social safety net as possible to discourage welfare dependence and force people to work.

These two arguments, liberal and conservative, are the dominant forces that either support or discourage redistribution-of-wealth schemes. Conservatives point to the dismal lives people had under communism as an example of a society with a redistribution-of-wealth philosophy. Incentives and initiative are discouraged in these systems, productivity is low, and the standard and quality of life are poor. Liberals, on the other hand, point to countries that encourage a redistribution of wealth and how well it has worked. Sweden is often given as an example. Conservatives might argue that Sweden is a very small, homogeneous country. Trying to have the state run many aspects of our lives in a large, diverse country like the United States would just not work because it would reduce incentives to create wealth and would, therefore, reduce productivity and the amount of money available. Without incentives to achieve wealth, people don't work as hard or take as many risks.

Liberals might respond by saying that's true, but why not make life a little easier for poor people? Why not have free child care, a negative income tax where people who earn less than the poverty level actually are paid an income, and other ways of helping poor people move out of poverty? To this the conservatives usually say that government involvement is costly and inefficient.

You can see that we have a long way to go before the idea of outlawing poverty becomes accepted, even though it's a good idea and we should all commit ourselves to outlawing poverty and making the United States a more comfortable place to live for all its residents. But what do you think?

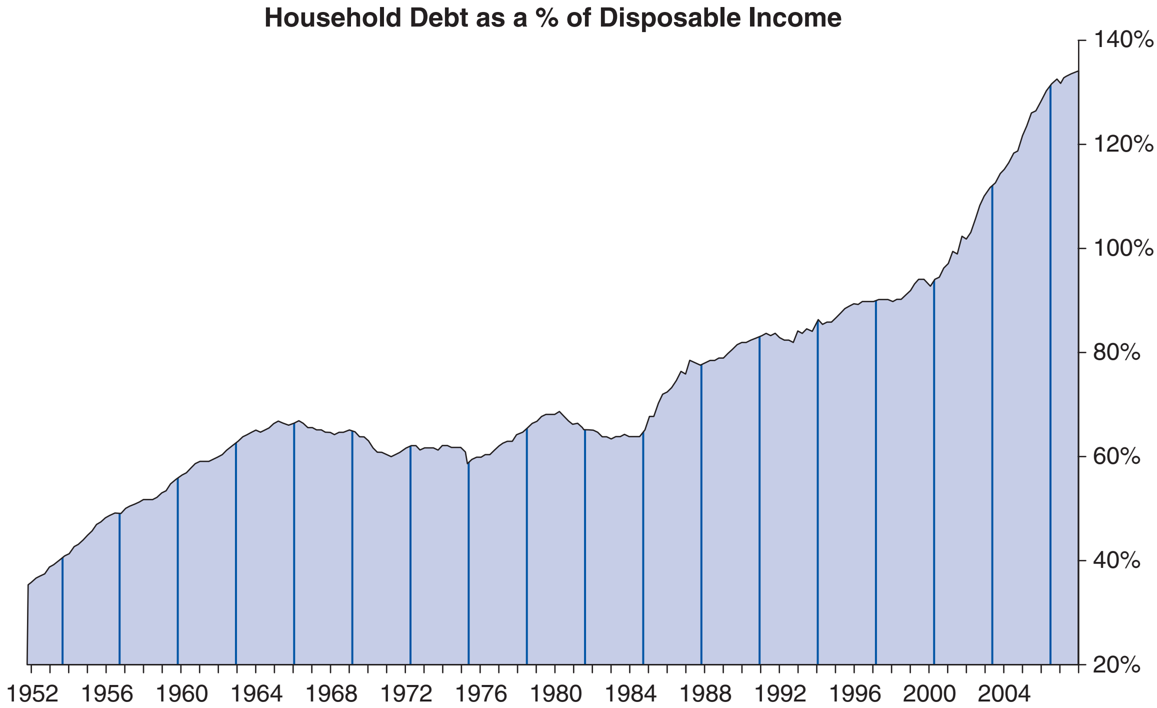
InfoTable 7.7 shows that when the economy is in bad shape crime in the way of shoplifting increases. Although violent crime has been decreasing for a number of years, crimes involving theft, stealing, and fraud have been increasing dramatically as the economy dips and more people experience unemployment, reduced income, and little discretionary income to buy nonessential items.

InfoTable 7.7 As the Economy Dips, Shoplifting Soars

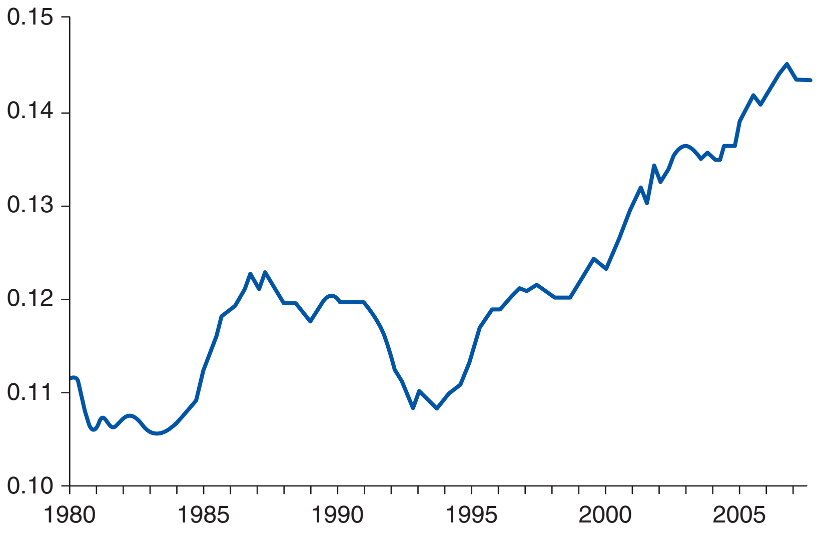
Police departments across the country say that shoplifting arrests were 10% to 20% higher in 2008 than in 2007. The problem is probably even greater than arrest records indicate since shoplifters are often banned from stores rather than arrested. More than $35 million in merchandise is stolen each day nationwide, and about 1 in 11 people in America have shoplifted, according to the nonprofit National Association for Shoplifting Prevention. The reason: More people are desperate economically.

Figure 7.2(a) shows the household debt as a percentage of household income from 1952 to 2004 while Figure 7.2(b) shows the household debt ratio from 1980 to 2005. As you can see in both figures, Americans substantially increased the amount of debt they carried to cover their expenses, a finding that helps explain the real estate and credit card crashes that began in 2007 and continued through 2010 with no letup in sight. In essence, Americans carried much more debt than they could pay back.

Figure 7.2 The Household Debt Service Ratio: 1952 to 2004 (a) and Debt Service Ratio 1980 to 2005 (b)



SOURCE: Urbana & Hamill (2008).



NOTE: The higher the number, the more in debt a person is. As you can see, indebtedness is increasing.

SOURCE: Federal Reserve Board (2010).

WHAT SOCIAL WORKERS DO TO HELP CLIENTS MOVE OUT OF POVERTY

1. Social workers help clients in a financial crisis receive their full entitled financial, housing, child care, and medical benefits from public welfare programs.

2. Social workers help clients receive retraining and additional education so they can enter the workforce and go off public welfare. They also help clients prepare for the workplace and teach clients without prior work experience how to interview, write résumés, dress, and accomplish the other necessities of successful employment. And they prepare clients for the reality of receiving income with deductions for taxes and social security so that the initial check they receive isn't a disincentive.

3. Social workers provide support, encouragement, and more intensive counseling when needed to help clients who are too depressed or anxious to cope with children, retraining, and the other realities of life to move into the workplace just yet.

4. Social workers help clients learn to develop budgets and live on less income than they may be accustomed to.

5. Social workers help clients receive food stamps so they can purchase necessary food items and locate other food programs that provide enough basic quality food for a family to subsist on.

6. They help clients learn to use public transportation and receive price-reduced monthly passes to use buses, subways, and trains in local communities.

7. They help clients find support groups where other people in poverty provide support, encouragement, and ideas that help clients cope with and ultimately remove themselves from poverty.

8. Social workers help clients find low-cost or publicly subsidized housing.

9. They help clients with problems related to children. Poverty often has a negative impact on children, and the data suggest that children in poverty are at much greater risk for social and emotional problems. By helping clients with children, social workers often prevent social and emotional problems experienced by some children in poverty.

Macropractice: Social workers are extensively involved in many aspects of macropractice with clients in poverty. We are the major supervisors and administrators of a number of public and private programs that serve clients in economic distress. Among these are the public and private welfare programs providing emergency food, clothing, shelter, and financial assistance. They include departments of economic security, family service agencies, Catholic charities, Jewish family services, public housing offices, departments of the Social Security Administration dealing with disabilities, and numerous other agencies, large and small.

Social workers advocate for clients in poverty through our work with legislators, private foundations, and community service agencies. We sit on boards of agencies serving those in poverty where we help set polices and monitor the quality of services. Social workers lobby city, state, and federal representatives to provide needed services to those in economic need and to do so in a fair and equitable way for all clients. Social workers sit on the boards of United Way and other charitable organizations where they set priorities for the use of monies and evaluate the effectiveness of the work of agencies receiving United Way money during the year. Social workers are policy writers and analysts who try to provide the most needed and effective services possible to clients in economic distress.

YOU BE THE SOCIAL WORKER

Lilly Hanes is a 23-year-old single mother of three children. Lilly is addicted to crack cocaine and has had her children removed from the home. To get her children back, Lilly has undergone the arduous task of dealing with her addiction and has successfully completed treatment. After a year of being clean, Lilly has successfully applied to have custody of her children returned to her. By all indications, Lilly is a caring and nurturing mother, but Lilly wants to stay home and raise her children whereas the welfare department insists that she enter a job retraining program and become part of the workforce. The department believes that working mothers should provide their children with positive values about work and that the burden of caring for children should not exclusively be that of taxpayers. It also believes that mothers who fail to enter the workforce and instead become welfare mothers often begin a cycle of welfare dependence that may go on for many generations. In an effort to reduce welfare payments that have skyrocketed in many states, the welfare department sought child support from the children's father, who is now reluctantly paying $200 a month to the county welfare department. The father's portion is included as part of Lilly's public assistance allocation, saving the state $200 a month.

Lilly insists that going to work will just mean that the negative influences of a child day care center will be passed on to her children and that the cost of child care will outweigh the benefit of working. Lilly also points out that, because she'll earn more than state guidelines allow, by working she'll lose her state medical insurance (Medicaid) and that it's unlikely an employer will offer Lilly a private medical plan she can afford. Lilly believes she is doing everything to raise her children in the correct way. As a stay-at-home mother she will do her children much more good than if she works. On the other hand, the welfare department believes it isn't responsible for the problems of Lilly's life and is only responsible to help Lilly get back on her feet. The department believes that many single mothers work, support their children, and do an excellent job of raising them with good values.

This problem would not exist, according to the local welfare rights organization, if the United States had a child assistance program similar to that of Canada. In the Canadian system, all families receive a stipend (called a child tax benefit) paid for by the federal government and based on income. Families need not declare poverty or sign up for welfare benefits. The stipend is based entirely on

(Continued)

(Continued)

the family's past year's income as reported on its federal tax return. In Lilly's case, she would receive a child stipend for three children of $853 a month. Canada has universal health insurance, so Lilly wouldn't need to apply for Medicaid. If she needs more money, and she probably does, she can work or apply for temporary assistance and seek retraining or higher education. In this system it does pay to work, because Lilly can keep all of her benefits if she earns less than $23,000 a year (Canadian Revenue Service, 2010).

The Canadian system is somewhat similar to what has been called a negative income tax in the United States. In the negative income tax approach, anyone below a certain income wouldn't pay taxes but would actually have a tax paid to him or her. This redistribution-of-wealth approach has been very controversial because many people worry that it would encourage massive taxpayer fraud or put money in the hands of those who really don't need it. The Canadian system directly helps children. To qualify, you must have children and be below a certain income. The assumption of the plan is that the money given by the government to families either will be used directly for children or will pay for children to have clothing, books, and other benefits that have a positive effect on the country. Given Canada's low crime rate and high educational and health standards, it might be right. What do you think?

Questions

1. Whose argument do you think is stronger: Lilly's, that she should stay home and raise her children, or the welfare department's, that Lilly enter the workforce and teach her children, through example, the value of working? Explain your answer.
2. The Canadian plan sounds awfully good. Why do you think the United States has failed to implement either a child tax benefit or free health insurance for everyone?
3. Lilly will always be at risk of becoming drug addicted if the stress in her life is too great. Which choice, raising her children and welfare dependence or working and raising her children without outside help, is more stressful in your opinion?
4. How do you think multigenerational welfare dependence begins and continues, and who among welfare recipients do you think is most likely to become welfare dependent?
5. Welfare was originally developed to meet the temporary needs of people because of illness, disability, or unemployment. Can you anticipate a group of people who might have to be on welfare despite their desire not to be? Who are they, and why might they require long-term help?

SUMMARY

This chapter discusses the cause and amount of poverty in the United States and the social programs developed to help poor people move out of poverty. Several case studies describe the ways social workers help clients out of poverty and the conflicting ideas clients and public welfare organizations have about the best way to do this. The chapter shows the role of social workers in helping clients cope with poverty and move out of it. There is also a discussion of the various ways people think about reducing poverty through redistributing wealth from the rich to the poor, and the approach used by Canada where child tax benefits are given to all Canadians with children whose income falls below a certain level as reported on their income tax returns.

QUESTIONS TO DETERMINE YOUR FRAME OF REFERENCE

1. Many Americans believe that poverty is the fault of the poor person. If poor immigrants can come to America, work hard, and make a good living, then native-born Americans who are poor must be too lazy to do anything about their situation. Do you agree and why or why not?
2. The welfare system in America has been accused of treating poor people badly as a form of discouraging welfare dependence. What do you think?
3. Compassionate conservatives believe that the poor should be helped but that all help should be provided by churches and private charities and that government should get out of the poverty business. Do you agree or disagree, and why?
4. Welfare agencies are often cumbersome to deal with, are slow, and make many errors. But they operate on rules set down by the government and are not supposed to discriminate against any group of people. This, many argue, is why government must be involved in poverty issues, because churches and private organizations may discriminate against certain people because of race, religion, age, and other reasons. Do you agree or disagree, and why?
5. What should be done to help people who are defined as being in the culture of poverty? Support your arguments with compelling evidence.

INTERNET SOURCES

Hudson writes three intriguing and timely chapters (Chapters 2, 8, and 10) on how to end poverty in the United States.

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PODCASTS

Helping Dropouts Break the Cycle of Poverty: http://www.npr.org/templates/story/story.php?storyId=5300726

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