

Who Are the Poor?

POSC 459 — Social Welfare Politics and Policy

Week 1 · Wednesday, August 26

Rank, Eppard, and Bullock, Poorly Understood, Section I

Monday, in your words

"What do you think of when you hear/use the term POOR?"

Economic construction	Exploitation
Circumstances where can't get needs	Immigration
Lack of opportunity	Over policing
Paycheck to paycheck — one emergency away from unable to make it	Pollution
Disadvantaged indiv.	Class — poor different in diff parts of world
Deprivation of resources — disparities, e.g. food deserts	Zip code
Being poor is expensive	Debt
	Intergenerational / multi-family homes

Sixteen answers. Not one of them is a person.

No race. No behavior. No character.

You gave me **causes and conditions** — an economy, a zip code, a policing pattern, a debt.

The closest thing to a person on that board is "disadvantaged indiv.," and even that names something done *to* someone.

So the question changed

The public that Rank and his coauthors study **does not answer this way.**

Only **21 percent** of Americans can correctly say there are more White SNAP recipients than Black ones.

Two questions for today:

1. Why doesn't this room look like that public?
2. Does it matter — for you, for the policy?

Where this is going

Ten minutes on the shape of the course, then we vote

Four parts. Each one answers one question.

Part	Weeks	The question
I. The Big Picture	1–4	What <i>is</i> the American welfare state, and why this one?
II. Programs	5–8	What are the actual programs, and who do they reach?
III. Reform	9–11	What happens when we try to change it?
IV. Political Forces	12–15	Who decides, and on what grounds?

If you remember nothing else from a syllabus talk, remember those four questions in that order.

Today is Part I, Week 1

Part I takes the thing apart before we look at any single program.

- **Week 1** — what counts as welfare (*that's the vote in a minute*)
- **Week 2** — why so many Americans are poor
- **Week 3** — why *this* country's version and not Denmark's
- **Week 4** — how it got built

Three async weeks across the term: 4, 9, and 14. No room, same reading, same work. Put them in your calendar now — 9/14–16, 10/19–21, and the week before 12/2.

The rhythm: five Fridays

Discussion papers. Five of them. Two percent each.

9/18 · 10/2 · 10/23 · 11/6 · 11/20

Every one is tied to something we read or watched that week. The first pairs with *Growing Up Poor in America* — Part 1 this week, Part 2 in Week 4.

Put all five in your phone before you leave this room.

The one thing you build all semester

You pick a program in September and you are still working on it in December.

	Undergraduates	Graduate students
September	Program selection · 9/21	—
October	Source and claims memo · 10/9 Policy Brief · 10/28	Research proposal · 10/5
December	Term Paper · 12/2	Intro, outline, annotated bib · 12/2 Final paper · 12/14

Pick the program you actually want to know about. Three months is a long time to spend on one you don't.

Before September 18, nothing is due.

That is deliberate.

The first three weeks are for getting the tools — the reading, the account, the film, and how I ask questions. Not for producing.

For the next two weeks the whole assignment is: **read, and show up.**

Questions.

About the parts, the papers, the exams, the async weeks — anything.

First, a vote

Twelve items. One at a time.

Welfare, or not welfare? Hands up. No wrong answers, and I am keeping the tally.

SNAP

Food benefits on an EBT card. Means-tested.
Federal rules, state administration.

Mortgage-interest deduction

Homeowners who itemize deduct mortgage interest from taxable income.

Medicare

Health insurance for people 65+ and some disabled.
Payroll-tax financed.

Employer health-insurance exclusion

Premiums an employer pays are not taxed
as the worker's income.

TANF

Cash assistance to poor families with children.
Block grant. Work requirements and time limits.

401(k) and pension exclusion

Retirement contributions and earnings
untaxed until withdrawal.

Social Security

Retirement and survivors' benefits.

Payroll-tax financed.

EITC

Refundable credit for low-wage workers with earnings.
Delivered through the tax return.

Pell grants

Need-based federal grants
for undergraduates.

Child tax credit

Per-child credit, partly refundable.
Expanded and contracted in 2021–22.

Unemployment insurance

Wage replacement for the laid-off.

Payroll-tax financed, state-run under federal rules.

Farm subsidies

Crop insurance subsidies and commodity payments,
mostly to larger operations.

The reveal

Item	You said	What it is
SNAP		Direct spending, visible — lower tier
Mortgage-interest deduction		Tax expenditure, hidden — rises with income
Medicare		Direct spending, visible — social insurance
Employer health exclusion		Tax expenditure, hidden — largest single one
TANF		Direct spending, visible — "welfare"
401(k) / pension exclusion		Tax expenditure, hidden
Social Security		Direct spending, visible — social insurance
EITC		Tax expenditure, hidden — largest cash program for the working poor
Pell grants		Direct spending, visible — rarely called welfare
Child tax credit		Tax expenditure, hidden
Unemployment insurance		Direct spending, visible — social insurance
Farm subsidies		Direct spending — not social welfare on most definitions

The ones you voted "not"

They are the **hidden welfare state**, and it is larger than the visible one.

Same money. Same government. Different delivery mechanism — a check versus a line on a tax return.

Who counts as a recipient depends entirely on where you draw that line. That is Howard's question, and it is this course's first one.

| Keep this tally. We use it again in Week 2 and in Week 15.

Now here is the number that should bother you

65%

of Americans will live in a household that receives a **means-tested** program at some point between ages 20 and 65.

Only **15.9 percent** will do so for five or more *consecutive* years.

Rank et al., Table 2.2

Where

You said: zip code, food deserts, over policing, pollution

That is a picture of a place — and it is a specific place. Let's test it.

Only 10 to 15 percent of poor people live in a high-poverty neighborhood

A **high-poverty tract** = 40 percent or more of residents below the line.

Year	Poor people in high-poverty tracts	All tracts that are high-poverty
1990	15.5%	5.7%
2000	10.3%	3.9%
2010	13.6%	5.6%
2015	11.9%	5.0%

Rank et al., Table 3.1 (Jargowsky)

Two findings that surprise almost everyone

More poor people now live in suburbs than in central cities

Poverty *rates* stay higher in cities. The *count* is higher in suburbs. Rate and count are different questions — remember that, it comes back in twenty minutes.

The deepest, most persistent poverty is rural

Of 353 counties above 20 percent poverty since the 1980 Census, **301 are nonmetropolitan.**

Five rural poverty regions, five different histories

- **Appalachia** — coal's dominance and disappearance
- **Deep South and Mississippi Delta** — slavery, sharecropping, and their descendants
- **Texas–Mexico border** — the colonias, lacking basic public services
- **Southwest and Northern Plains** — reservations; broken treaties
- **California's central corridor** — migrant farm labor and historically low wages

No single national program fits all five. That is a design problem, and it is ours.

How long

You said: intergenerational

Hold that thought. You are partly right, and the book will half-concede it.

Most poverty spells are short

Years in poverty	New spells that have ended
1	52.5%
2	69.7%
3	77.9%
5	86.1%
9	92.3%

Fewer than **15 percent** of spells run past five years.

Stevens (1999), Journal of Human Resources 34(3), p. 568

So why does poverty look permanent?

Consider the situation in a typical hospital. Most of the persons admitted in any year will require only a very short spell of hospitalization. But a few of the newly admitted patients are chronically ill and will have extended stays... if we ask what fraction of the hospital's beds at any one time are occupied by the chronically ill, the answer is much larger.

— **Bane and Ellwood**, quoted at p. 26

Most *admissions* are short. Most *beds at any moment* hold long stayers.

Both true. Different questions.

Where you were right

More than **half** of those who escape poverty return within five years.

After five years poor, the annual chance of exiting falls **below 20 percent**.

Of those poor five or more years before exiting, **more than two-thirds** are back within five.

| "Intergenerational" is not the mechanism the book finds — but stickiness is real, and you named it.

And the program you were all thinking about

Program	Monthly participation
Medicaid	15%
SNAP	13%
TANF	1%

Half of TANF spells end within **four months**. 78 percent within a year.

The program that carries the entire political meaning of the word "welfare" is the **smallest one on the board**.

Who

Nobody in this room named a race on Monday. Hold on to that.

Rate and composition are different questions

Group	Poverty rate	Share of the poor
All	10.5%	100.0%
Whites	9.1%	66.2%
Whites, not Hispanic	7.3%	41.6%
Blacks	18.8%	23.8%
Hispanics	15.7%	28.1%
Native Americans	23.7%	1.7%
Asian and Pacific Islander	7.3%	4.3%

U.S. Census Bureau, 2019 · Rank et al., Table 5.1

Both columns are true

Left column: Black and Native American poverty rates run two to three times the White rate.

Right column: about two-thirds of poor people are White, because there are far more White people.

Neither is the "real" answer. **Which column you stand on is an argument, not a fact.**

When a politician says "most people on food stamps are White" — or "Black Americans are twice as likely to be poor" — both are reading this table. Ask what each one wants you to do.

The same pattern in the programs — with one exception

Program	Largest group
SNAP (2017)	White, 35.8%
Medicaid (nonelderly)	White, 41% — 23.5 million
TANF (2018)	Hispanic, 37.8% — White third, at 27.2%

Before PRWORA in 1996, Whites were typically the largest share of the cash caseload.

The program's design changed who receives it. That is policy feedback, and we come back to it in Weeks 6 and 9.

This room and the public

What the coverage shows

	Portrayed as poor	Actually poor
News, 2015–16	59% Black	27%
News, 2015–16	17% White	66%
Newsmagazines, 1988–92 (Gilens)	62% Black	29%
TV welfare-reform coverage (Kelly)	58% Black	39%

The skew held in **both** right- and left-leaning outlets.

And the public tracks the coverage

- **1994:** 31% of poll respondents believed almost all African Americans were poor or near-poor
- **2014:** 20% still did
- Only **1 to 2%** said the same of Whites, at both time points
- Only **21%** correctly identify that there are more White SNAP recipients than Black

White respondents were **less likely to remember** having seen a White welfare recipient in a videotaped story than a Black one. (*Gilliam*)

So — back to Monday

Your board had no race on it. No laziness. No character.

That is a good board. It is also not where most Americans start, and the distance is worth knowing about rather than being pleased about.

Something taught you to answer structurally. Most of the people this policy is written for did not get that, and they vote.

The gap between how you read poverty and how the public reads it is going to explain a lot of what looks irrational later in this course.

What Rank does not cover

Three things you put on the board are **nowhere in Section I**:

- **Immigration** — Weeks 6 and 7, when we get to eligibility rules
- **Over policing** — not this book's story
- **Pollution** — not this book's story either

Naming what a text leaves out is part of reading it. Keep your board.

Three distinctions to carry out of today

Each one sounds like a contradiction and is really two answers to two different questions.

Rate is not composition.

Black Americans are more than twice as likely to be poor as White Americans — *and* about two-thirds of poor people are White. Both true.

Flow is not stock.

Most spells of poverty are short — *and* most people who are poor right now have been poor a long time. Both true. (The hospital beds.)

Prevalence is not penalty.

We do not have more job loss, divorce, or single parenthood than other rich countries. We punish them harder.

Get these three and you can read every table in this course on your own.

Before Monday

Read: Howard ch. 2 · Desmond ch. 1–2

In class Monday 8/31: baseline writing diagnostic — in the room, no preparation, not a trap

This week: *Growing Up Poor in America*, Part 1 — half of Discussion Paper 1, due Friday 9/18