



**Statement of Legal Momentum for Committee on Ways and Means January 24, 2007  
Hearing on the Economic and Societal Costs of Poverty**

Prepared by

Lisalyn Jacobs, Vice President for Government Relations

Tel: 202 326 0040, Fax: 202 589 0511, Email: [ljacobs@legalmomentum.org](mailto:ljacobs@legalmomentum.org)

Timothy Casey, Senior Staff Attorney

Tel: 212 413 7556, Fax: 212 226 1066, Email: [tcasey@legalmomentum.org](mailto:tcasey@legalmomentum.org)

January 24, 2007

We appreciate the opportunity to submit this statement on behalf of Legal Momentum, the nation's oldest women's legal rights organization, for the Committee's hearing on the important topic of the Economic and Societal Costs of Poverty.

Poverty is one of the main causes of family hardship. A 2001 study by the Economic Policy Institute found that about 30% of those below the poverty line experienced critical hardship, defined as being evicted, having utilities disconnected, doubling up in others' housing due to lack of funds, or not having enough food to eat; and that an additional 30% to 45% experienced other serious hardships.<sup>1</sup> Compared with families whose income is above 200% of the federal poverty level, families whose income is less than 200% of poverty are more than six times as likely to not have enough food to eat (12.6% vs. 1.6%); more than five times as likely to miss meals (17.5% vs. 3.4%); eleven times more likely to be evicted (1.1% vs. .1%); 50% more likely to skip necessary medical care (12.7% vs. 8.0%); seven times as likely to have their utilities disconnected (4.1% vs. 0.6%); and three times as likely to have their telephone disconnected (10.4% vs. 3%).<sup>2</sup>

The Children's Defense Fund has estimated that child poverty will cost our society over \$130 billion in future economic output as poor children grow up to be less productive and effective workers.<sup>3</sup> Poverty damages children in ways that harm their own and the nation's future. Poor children experience increased risk of stunted growth and anemia, more often have to repeat years of schooling, have lower test scores and drop out more often. As adults, they earn less and are unemployed more.<sup>4</sup>

Women bear a disproportionate share of the cost of poverty. There has been a large gender poverty gap in every year since the official poverty standard was created in the 1960's. In 2005 women were 45% more likely to be poor than men. As set out in the table we have compiled from the detailed poverty statistics on the Census Bureau web site, the poverty gap persists even when factors such as age, work experience, education, or family structure are taken into account: aged women are much more likely to be poor than aged men; women who work outside the home are

---

<sup>1</sup> Boushey & Gunderson, *When Work Just Isn't Enough*, Economic Policy Institute Briefing Paper (Washington D.C.: Economic Policy Institute 2001), available at <http://www.epinet.org/briefingpapers/hardshipsbp.pdf>.

<sup>2</sup> Boushey et. al, *Hardships in America*, (Washington D.C.: Economic Policy Institute 2001), available at <http://www.epinet.org/books/hardships.pdf>.

<sup>3</sup> Arloc Sherman, *Poverty Matters: The Cost of Child Poverty in America*, (Washington D.C.: Children's Defense Fund 1997), available at <http://www.childrensdefense.org/fairstart-povmat.htm>.

<sup>4</sup> Id.

much more likely to be poor than men who work outside the home; single mothers are much more likely to be poor than single fathers; at every educational level, women are much more likely to be poor than men with the equivalent education.

#### POVERTY RATES FOR ADULT WOMEN AND MEN IN 2005

|                          | Women | Men  | Increased incidence of poverty among women compared to men |
|--------------------------|-------|------|--|
| All adults (18 or above) | 12.9  | 8.9  | 45%  |
| Age 65 or above          | 12.3  | 7.3  | 67%  |
| Single parents           | 36.2  | 17.6 | 106%   |
| Worked                   | 7.0   | 5.1  | 39%  |
| High School only         | 14.3  | 9.4  | 52%  |
| College less than 4 yrs  | 10.2  | 7.0  | 44%  |
| College 4 yr degree      | 4.5   | 3.6  | 24%  |

Poverty rates and the gender poverty gap are much higher in the United States than in other rich countries. One study found that the United States had the highest poverty rate for female-headed households among the 22 countries studied, 30.9% compared to the 10.5% average for the group.<sup>5</sup> The exceptionally high poverty rate for single mothers in the United States is not the result of below average work effort. In a study of single mothers' employment rates (full or part time) in eight rich countries in the mid-1990's, the 69% rate in the United States was the highest rate and was twenty percentage points higher than the 49% average in the other seven countries (United Kingdom, Australia, Netherlands, Germany, Norway, Finland, Denmark).<sup>6</sup> In a study reporting on average annual hours worked by poor single parents around 2000, the 1,087 average hours of work for poor single parents in the United States was the highest total, and almost twice the 582 average in the other six countries (Canada, Netherlands, Austria, Germany, Belgium, Ireland).<sup>7</sup>

One reason for the exceptionally high poverty rates in the United States is that we invest less in social welfare programs: in 2000 the United States spent less than 3% of Gross Domestic Product on social assistance to the non-elderly, and this was less than half the spending by Canada and Great Britain; less than a third of the spending by Germany, the Netherlands, and Belgium; and less than a fourth of the spending by Finland and Sweden.<sup>8</sup> We have much less generous parental leave than

<sup>5</sup> Pressman, *Explaining the Gender Poverty Gap in Developed and Transitional Economies*, Luxembourg Income Study Working Paper No. 243 (Sept. 2000), available at <http://www.lisproject.org/publications/liswps/243.pdf>. This study defined poverty as an income less than 50% of the median income and was based on national income surveys conducted in the early 1990's.

<sup>6</sup> Mia Hakovirta, *The Income Sources Of Single Parents: A Comparative Analysis*, Luxembourg Income Study Working Paper No. 282 (Nov. 2001), available at <http://www.lisproject.org/publications/liswps/282.pdf>.

<sup>7</sup> Timothy Smeeding, *Poor People in Rich Nations: The United States in Comparative Perspective*, Luxembourg Income Study Working Paper No. 419 (Oct. 2005), available at <http://www.lisproject.org/publications/liswps/419.pdf>.

<sup>8</sup> Timothy Smeeding, *Public Policy and Economic Inequality: The United States in Comparative Perspective*, Luxembourg Income Study Working Paper No. 367 (Feb. 2005), available at <http://www.lisproject.org/publications/liswps/367.pdf>.

other rich countries and far less public support for child care,<sup>9</sup> and we have allowed our minimum wage to decline to such a low level that even year round full time work does not guarantee an above poverty income.<sup>10</sup>

Our nation needs to take steps to reduce poverty and the gender poverty gap. We must find fiscally responsible ways to broaden the scope of our social welfare programs, including expanding parental leave and enacting paid leave legislation, increasing governmental and public support for child care, raising the minimum wage and indexing it for inflation, and of course continuing to combat sex and race discrimination.

---

<sup>9</sup> Jane Waldfogel, "What Other Nations Do: International Policies Toward Parental Leave and Child Care," *The Future of Children* 11(4): 99–111 (2001), available at [http://www.futureofchildren.org/information2826/information\\_show.htm?doc\\_id=79378](http://www.futureofchildren.org/information2826/information_show.htm?doc_id=79378)

<sup>10</sup> Legal Momentum, *Working Women & Increasing Minimum Wage: A Down Payment on the Future of America's Families*, (2007), available at [http://legalmomentum.org/legalmomentum/2007/01/working\\_women\\_increasing\\_minim\\_1.php](http://legalmomentum.org/legalmomentum/2007/01/working_women_increasing_minim_1.php).