

**Statement of Charles E. Schumer**  
**Chairman, Congressional Joint Economic Committee**  
**Leave No Family Behind: How Can We Reduce the Rising Number of American Families**  
**Living in Poverty?**  
**September 25, 2008**

I would like to thank Senator Kennedy and his staff for helping to put together this Joint Economic Committee hearing on the problem of poverty. Senator Kennedy has fought tirelessly over four decades to assist the poorest and most vulnerable Americans. We're all aware of the health problems that don't permit him to be present now, but his spirit is with us today as we work to continue his efforts.

This hearing takes place in the shadow of a looming economic recession, possibly a severe one. Yesterday I questioned Chairman Bernanke on his efforts to address this recession. Much of our discussion was on the problems of Wall Street, the matters of high finance that dominate the news. But recessions hit the ordinary working Americans of Main Street the hardest, and poverty is one of the ways that happens.

Make no mistake, poverty is not a problem we can look at as isolated in inner cities or depressed areas of rural America. It's a Main Street problem – and that's especially true in tough economic times. There are 37 million Americans who actually have incomes below the Federal poverty line. That's already far too many. But there are tens of millions more who live just a few paychecks away from poverty. In my own home state of New York, about one-third of the entire population earns less than 200 percent of poverty, or under \$40,000 for a family of four. And contrary to the stereotypes of some, these low-income families work. Over 70 percent of all low-income families with children have an employed parent. And more than one-quarter of all working families with children in the U.S. earn less than twice the poverty line.

For these families, the threat of recession is the threat of poverty. As they sit at their kitchen table talking about the storm clouds over our economy, they must wonder what will happen if their own job is threatened. Economists estimate that less than half of all American families now have sufficient financial wealth remaining to see them through a typical spell of unemployment, and certainly the fraction is far smaller among low-income Americans.

Poverty is not an abstract issue for these families, and it can't be for us here in Washington either. In a free market society, we can't guarantee every job against tough economic times. But we should be able to build a safety net that guarantees a dignified standard of living for every family willing to work hard and play by the rules.

The truth is, though, that today's safety net is full of holes. Even in periods of recession, where so many workers lose jobs through no fault of their own, only about half of unemployed workers receive unemployment insurance to tide them over the period of looking for a new job. Today, in 2008, a single mother who holds down a full-time job at the minimum wage isn't guaranteed a sufficient income to lift her out of poverty, or the child care assistance critical to letting her combine work with parenthood.

We've made some progress on these matters in recent years. One of the first things this Congress did was raise the minimum wage, and the scheduled increase in that wage next year will – just barely – allow that single mother to lift herself out of poverty. But there's still so much more to do. The problem of poverty involves in so many different issues, from education and training to the macro economy, from housing to health care. Because of that, it's going to take a focused, sustained national effort to make real progress against poverty going forward. The percentage of poor Americans today is higher than it was thirty-five years ago, when I was first running for elected office in the 1970s. Unless we decide to make a greater effort than we have, I'm afraid that the same might be true 35 years from now.

Our witnesses today have much greater expertise than I do on the exact steps we need to take in this effort. We're all here to learn from them. But I just want to list three important things that I believe we can do today to make a start on our anti-poverty agenda:

- 1) Measure poverty correctly. You can't hit a target unless you know where to aim. Our current poverty measure is sadly outdated and inadequate for measuring the real needs of families today. Believe it or not, it's still based on the average amount a family spent for food in the 1950s. A better poverty measure would allow us to measure the real progress we make against poverty, and it would allow us to better target our scarce resources toward the truly neediest families.
- 2) Reform unemployment insurance. Our current unemployment insurance system often doesn't help the unemployed workers most in need of assistance, and it doesn't help the unemployed get new skills they may need to switch careers. I've signed on to legislation to modernize our UI system, and I hope Congress acts on this soon.
- 3) Target short-term economic stimulus to low-income workers. The economic research is clear on two facts: first, we lose the most ground against poverty during economic slowdowns. That's when the number of poor Americans tends to increase sharply, as low-income working families just above the poverty line are driven into poverty by job losses. It takes years to make up those losses [NOTE: have chart on this if needed]. Second, aid to low-income families is the most effective form of economic stimulus,

since they spend the money most rapidly. That gives us the opportunity for an economic double play – the fairest and most equitable policy is also the one that gives us the most economic bang for the buck.

I know these suggestions are only the beginning of a comprehensive anti-poverty agenda. I'm eager to hear our expert witnesses tell us more about what is needed.

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