



Wider Opportunities for Women

STATEMENT OF:

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On Poverty in the United States
August 26, 2008**

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**New Poverty Data Offers Only a Glimpse of the Struggle
Women and Elders Face to Make Ends Meet**

WASHINGTON, D.C. – Lincoln and Maxine Marty worked hard, played by the rules, and paid into the system all their lives. Now, retired in their 80s, they struggle daily to make basic ends meet. Yet, the Census Bureau, in its recent release of poverty data ignores their struggles. The Census Bureau could do better.

After decades of work as a night house mother in a nurse's dorm connected to Madison Wisconsin's General Hospital's School for Nursing, Maxine receives a meager monthly pension of just \$60 a month and \$600 a month in Social Security. Lincoln's 20 years at Gisholt Machine Tool Manufacturing Company in Madison didn't pay off either. The company closed in the 1970s, eliminating not only his job, but also his pension. He went on to work in a furniture store. Lincoln and Maxine raised three children during their work years.

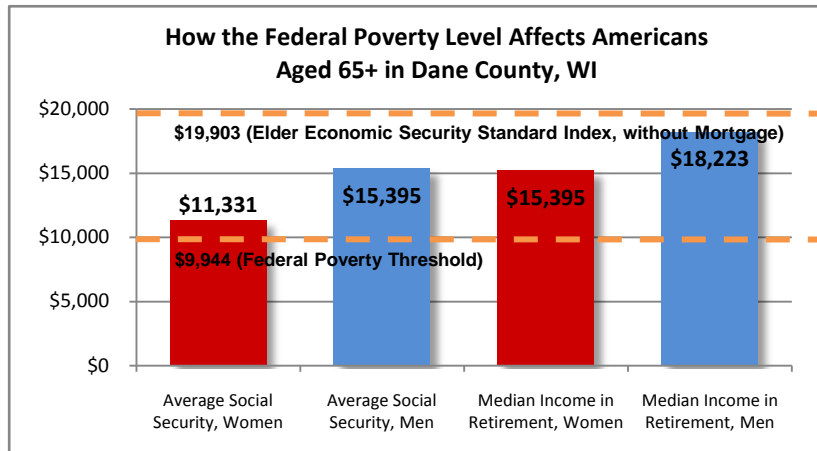
Combined, Maxine and Lincoln's retirement benefits provide a little over \$17,000 in annual income, putting them above the U.S. federal poverty threshold released today – \$12,550 for a couple over 65. According to the U.S. Census, the Martys are not poor, but they are far from meeting basic needs. According to their daughter, Linda Marty Schmitz, "There is about a \$2,500 annual gap in what they take in and what they need. If we lose any pieces of the puzzle, we'd be in trouble."

The Martys' story is not unusual. Millions of hardworking Americans –young and old -- are left behind each year when the U.S. Census does its poverty line count. These Americans suffer economic hardship at far greater rates than captured by the U.S. Census Bureau in the release of today's numbers. Why aren't their stories captured? The Census Bureau's poverty line does not show what it really costs for families and seniors to keep their heads above water and meet basic daily expenses. The poverty line is based on an antiquated formula that assumes food makes up one-third of one's cost of daily living.

The "modern poverty measure" and "decent living standard" recently proposed by Rep. Jim McDermott (D-WA), chairman of the Ways and Means Subcommittee on Income Security, would more accurately portray impoverishment and income inadequacy in today's world. The current poverty measure was developed at a time when women were presumed to be homemakers without the burden of paying for child care, transportation, and other work related expenses. The current measure is based on the simplistic notion that an individual or family can get by on three times the cost of a minimal food basket. The measure makes the faulty assumption that seniors' nutritional needs are lower than others'. Today's poverty level misses today's extraordinary costs of housing and health care and ignores regional differences in prices. Housing and out-of-pocket health care costs are particularly burdensome for elders living on Social Security, even with the existence of Medicare, and those shouldering the cost of long-term care.

WOW's two family budgets, the Family Economic Self-Sufficiency Standard¹ and the Elder Economic Security Standard™ Index,² go beyond the threshold of deprivation to demonstrate what it truly costs to make ends meet for families of different types living in different states and counties across the country. These measures capture cost variations by age of children and their child care needs, and seniors' housing tenure and health status, including long-term care.

The Census Bureau's poverty threshold for a person 65 or over living alone is \$9,944. In contrast, the more realistic Elder Economic Security Standard Index illustrates that many elders find themselves with income over the poverty line but not enough to make basic ends meet. In Dane County, where the Martys live, a single homeowner without a mortgage and in good health needs about \$19,900 per year to make ends meet. As demonstrated in the bar graph, typical forms of retirement income fall short



of economic security. For instance, women in Wisconsin with a pension fall 23% short of economic security, but are not deemed poor according to the poverty threshold. Men relying upon Social Security alone only achieve 77% of economic security. This is mostly due to the fact that, although eligible for Medicare, seniors are subject to rising out-of-pocket costs for supplemental and Medicare Part D insurance as well as housing expenses.

In 2007, younger families consisting of one adult and two children were deemed poor if their incomes fell below the latest poverty threshold of \$16,705. In contrast, 2007 Family Economic Self-Sufficiency Standards for a three-person family including an infant and a preschooler ranges from a low of \$18,643 in Iron County, MO, to a high of \$82,483 in south Manhattan in New York City. Iron County's Self-Sufficiency wage, while still higher than the poverty threshold, is actually an exception; among all 36 states for which Standards have thus far been developed, only seven contain a single county or jurisdiction in which the example family of three could make ends meet earning less than \$25,000 per year.

As a country, we must make a commitment to using numbers that reflect the true costs of living in America. As long as wages are not keeping up with these costs, more and more American families will be struggling to make ends meet.

WOW calls for serious consideration of the McDermott bill that mandates the Census Bureau to adopt a new methodology and modern data sources to measure impoverishment. The proposal also requires that the National Academy of Sciences develop a second measure that more accurately reflects what it truly costs to maintain a decent standard of living in the U.S.

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Wider Opportunities for Women (WOW) leads two national networks promoting economic security within the United States: the Family Economic Self-Sufficiency Project (FESS) focusing on the needs of low- income working families and the Elder Economic Security Initiative, addressing what income seniors require to age in place. WOW works in 35 states, the District of Columbia, and at the federal level to promote programs and policies that accurately measure the income and assistance needs of families and the elderly. For more information, please visit www.wowonline.org

¹ The Family Economic Self-Sufficiency Standard was developed by Dr. Diana Pearce, of the University of Washington, while she was director of the Women and Poverty project at WOW.

² The WOW-GI Elder Economic Security Standard Index was developed by the Gerontology Institute at UMASS Boston in conjunction with WOW as part of the WOW Elder Economic Security Initiative.