

Nearly Half of Americans Struggling to Stay Afloat

WASHINGTON — Nearly half of all Americans lack economic security, meaning they live above the federal poverty threshold but still do not have enough money to cover housing, food, healthcare and other basic expenses, according to a survey of government and industry data.

The survey, released on Tuesday by the advocacy group Wider Opportunities for Women (WOW), found that 45 percent of U.S. residents live in households that struggle to make ends meet.

That breaks down to 39 percent of all adults and 55 percent of all children, the group found.

"This is a wake-up call for Congress, for our state policy-makers, really for all of us," said Donna Addkison, President and CEO of WOW.

"Nearly half of our nation's families cannot cover the costs of basic expenses even when they do have a job. Under these conditions, cuts to unemployment insurance ... and other programs families are relying on right now would push them from crisis to catastrophe."

The WOW survey compared 2009 pre-tax incomes to a budget of basic and essential monthly expenses for various families that it developed along with researchers at Washington University with funding from the Ford Foundation and W.K. Kellogg Foundation.

For example, in a budget for a family of one worker, it put housing expenses at \$688 and food at \$244. In a family of two workers with two young children, it assumed housing would cost \$821 per month and food \$707 a month.

It did not include nonessentials such as vacations, recreation, hobbies, college tuition, and other common expenses of the middle class.

A congressional effort to find \$1.2 trillion in spending cuts over 10 years failed on Monday, raising fears that emergency benefits for the long-term unemployed would not be extended when they expire next month.

Other social programs including Medicare are also under threat as lawmakers seek to slash the nation's huge debt. Some economists said while they agreed that the debt had to be reduced, targeting programs that helped the low income group survive the harsh economic environment was not the correct path to take.

"I am in favor of austerity, but not in this area," said Harm Bandholz, chief U.S. economist at UniCredit Research in New York. "This is the only austerity going on and this is hitting the long-term unemployed. It's not improving the long-term budget situation anyway."

Currently, the poverty threshold for the United States is an annual income of \$22,314 for a family of four.

A little more than 15 percent of the country lives at or below that level, and the group wanted to look at the remainder, "many of whom live on the edge and are chronically at risk of financial crisis or falling into poverty."

More than four out of 10 adult women live in households that cannot cover those basic expenses, slightly more than the proportion of men, 37 percent.

That may be because in 2009 women's median earnings were 70 percent of men's median earnings, the group said.

More than 60 percent of single women live in economic insecurity, it added.

"While married women are more likely to have economic security than unmarried women, much of the stability is attained through a husband's earnings or other household income," the group reported, which can put those women in economic jeopardy if their husbands die or lose their job or if the couple divorces.

The group also found "that full-time work fails to provide economic security for 25 percent of adult workers," because of stagnating and falling wages over the last decade.

"A chief cause of economic insecurity is 1970s level wages that fail to cover modern expenses," it said.

While households with two full-time workers can help boost a family's economic security, 22 percent of adults with children who work full-time and have a partner who also has a full-time job cannot cover basic needs.

At the same time, 21 percent of homes headed by a college graduate lack economic security.

"In the past, threats to economic security were supposedly clear -- dropping out of high school, being a single parent or having a large family. In today's economy, we cannot assume we know who lacks security," it said.

© 2011 Reuters



FOOD NOT BOMBS

P.O. Box 424

Arroyo Seco, NM 87514 USA

1-800-884-1136

www.foodnotbombs.net

Congress may cut aid to poor as food prices soar

By JOSH BOAK | 11/1/11 10:33 PM EDT

The red-hot debate over cutting the federal budget deficit could literally spill into the nation's supermarket aisles and onto its kitchen tables.

Food costs are now forecast to increase this year by a stunning 3.5 percent to 4.5 percent — nearly double the core inflation rate — while the food stamp program that helps more than 44 million Americans is facing a congressional chopping block. All of this has led policymakers to search for new ways to curb the rising costs, lawmakers to consider changes to the food stamp program and regulators to target speculation in the commodities markets.

The annual budget for the Supplemental Nutrition Assistance Program has doubled since 2007 to \$70 billion. And some lawmakers see runaway spending when the government is trying to trim more than \$1 trillion from its expected debt load.

Sen. Jeff Sessions (R-Ala.) unsuccessfully proposed an amendment last month that would have tightened eligibility requirements, arguing the explosive growth of the program over the past decade has most likely led to fraud and misuse. "Responsible changes to the way the government operates this program will improve outcomes, help more people achieve the goal of financial independence and put an end to fraud," he said Monday on the Senate floor. "It is time to get serious. Denial must end. You can't borrow your way out of debt. We are spending money we don't have."

Americans can qualify for food stamp benefits by using other federal programs, a process known as "categorical eligibility" that Sessions wants to end. And because state governments administer the federally funded program, there isn't much of an incentive to investigate abuse, a Republican Senate aide told POLITICO.

Sessions favors a House Republican plan to devote \$71 billion to food stamps next year, compared with the \$80 billion championed by Senate Democrats.

Others view the increase as proof that the working poor need a government backstop, saying food stamps add value to the economy.

"This is clearly a moral issue," said Rep. Barbara Lee (D-Calif.). "But it's also an economic issue. For every dollar in food stamp costs, you get \$1.79 back." The money benefits grocers, "the truck driver who delivered the food, the warehouses that stored it, the plant that processed it and the farmer who produced the food," Audrey Rowe, administrator of the Agriculture Department's Food and Nutrition Service, told a congressional committee in July.

Charities and religious groups won't be able to fill the chasm if food stamps are underfunded, said Jim Wallis, a noted author and theologian who runs the social justice organization Sojourners.

Only 6 percent of nutritional assistance comes from charities, so a similar-sized reduction in government funding would offset their efforts, he said.

"Churches are overstretched because their folks are struggling," Wallis said. "Neither party has made poverty or poor people a priority."

Nearly a dozen members of Congress are attempting to draw attention to the issue this week by participating in an annual "food stamp challenge." Each lawmaker can spend only \$4.50 a day on meals, according to an email that Lee sent her colleagues.

Undoubtedly, food stamps will endure some scrutiny from the supercommittee looking to cut at least \$1.2 trillion from budget deficits over the next decade. The House and Senate agriculture committees are fleshing out details on \$23 billion in possible cuts to farm and nutrition programs they proposed last month to the supercommittee. Congressional staffers declined to comment on how much of that would come out of food stamps, saying the details were not finalized.

The debate coincides with a disturbing surge in food inflation.

Costs are expected to increase 3.5 percent to 4.5 percent this year, the Agriculture Department said last week. That compares with a relatively meager 0.8 percent uptick last year and 1.8 percent in 2009.

Those increases were driven largely by the increasing cost of restaurant meals, but the trend was inverted this year as the cost of dining at home grew a full percentage point faster than that of eating out.

The government has been grappling with ways to control food expenses, recognizing that this is an issue that goes beyond assistance programs.

The Commodity Futures Trading Commission has recently responded to concerns that speculation in the markets may be pushing food prices higher.

As mandated by the Dodd-Frank financial reform law, the CFTC announced limits on the stakes traders not involved in commercial hedging could have in basic staples such as corn, wheat and soybeans, among other commodities.

But proponents of taming regulation worry that the new policy might not have much of an effect.

"We thought that the CFTC probably could have been more aggressive," said Gawain Kripke, director of policy and research at Oxfam America, a worldwide relief and development nonprofit. "We would like them to be more ambitious." Commodity traders have traditionally argued that the natural intersection of supply and demand — and not excessive speculation — causes prices to rise. In theory, farmers boost production in response to the higher prices, which would eventually increase the supply and push down prices.

A new study by the advocacy group Better Markets suggests that this cycle has been broken by brokerages pumping \$200 billion to \$300 billion into the markets through commodity index funds.

Because the funds invest in futures contracts that routinely expire on a monthly basis, the buying of replacement contracts has triggered the prices to curve upward over time, the study said.

The guaranteed monthly rollover has fueled volatility and jumps in prices, said Better Markets CEO Dennis Kelleher, who equated the profits made from trading in this phenomenon to shooting fish in a barrel.

"There's no better fish in the barrel to take out," he said, "than a fish that comes by predictably each month."