

New Census Bureau Data Shows Significant Rise in Poverty

Local group's report illustrates hard financial realities of Chicago's working poor families

CHICAGO (September 24, 2002) –The number of poor Americans grew for the first time since the early 1990s, according to data released today by the US Bureau of the Census that added 1.3 million back to the ranks of the nation's poor who lost household income in last year's weak economy. The new data, say local experts at the Chicago Jobs Council (CJC), a 20-year-old advocacy organization, is clear evidence that the nation's welfare policies are failing the test of tough economic times. Many who left welfare for work, according to CJC's Paychecks and Poverty: Real Household Budgets of Welfare-to-Work Participants report, subsist on bare-bone budgets, are slipping through the safety net of income supports, and need education and training to move beyond the low-wage job market.

"Today's new poverty data shows that Congress' self-congratulation about welfare reform's success was pre-mature," said Bob Wordlaw, CJC Executive Director. "It's easy to oversimplify the issue with a work-cure-all but the reality of the low-wage job market tells us differently. We know that most people who left welfare took low-skilled jobs and can't escape poverty working at low wages with no benefits, even if they've survived countless lay-offs. What people need, then, is education, skills training and real income supports."

Those who were employed, according to the Bureau's data, saw the first significant decline in median household income since the 1990-91 recession. It dropped 2.2% in inflation-adjusted terms.

CJC's Paychecks and Poverty report analyzed the household budgets of current and former welfare recipients, illustrating a significant gap between the wages low-income families earn and the income they need to become financially self sufficient. One welfare leaver, Ms. Parker, worked a minimum wage job, and received a welfare cash grant and Food Stamps but according to CJC's analysis she and her four children fell 80% below the Self Sufficiency Standard for Illinois –a specific measure developed by advocates and adopted by the state to estimate, by family size and location, the minimum income needed to satisfy basic needs and not rely on public assistance.

Advocates say that Parker's situation – and that of as many as 100,000 of Illinois' current and former welfare participants, ex-offenders and other low-income residents – would improve with access to skills training that qualifies her for a higher-paying, higher-skilled job. Yet, according the US Department of Health and Human Services, only 1% of federal welfare dollars were spent on education and training in 2000.

The welfare proposal passed by House Republicans demands more work hours and severely constricts peoples' access to education and training opportunities.

"It's wishful thinking for the White House and House Republicans to say that low-skilled, entry-level jobs are the answer to poverty in America," said Wordlaw. "Without access to education and training, people have few prospects to increase their earning potential and move

out of poverty. We need a holistic and flexible approach. If amended to provide more childcare and training resources, the bi-partisan Senate Finance bill could provide our poorest residents what they need. The Senate's challenge is not to compromise the futures of these families in the legislative decisions they make this week."

Founded in 1981, the Chicago Jobs Council is an advocacy organization that works with its members to ensure access to employment and career advancement opportunities for people in poverty. Its 100 members include community-based organizations, advocacy groups and individuals who are committed to helping disadvantaged Chicagoans obtain the education and training they need to secure stable employment at a living wage and pursue sustainable careers. More information, including the Paychecks and Poverty report, is available at www.cjc.net/pubs-news/welfare.htm