

# Paul Ryan's favorite poverty talking point debunked

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When House Speaker Paul Ryan began rolling out a new antipoverty plan last week, he highlighted a dire-sounding statistic: that since the War on Poverty began, the U.S. poverty rate has barely budged. “Washington has spent trillions of dollars on dozens of programs to fight poverty,” he said in last week’s Republican address. “But we have barely moved the needle.”

On Tuesday, House Republicans officially unveiled the new proposal, crafted over the past few months by five committee chairmen, and Ryan’s favorite statistic came up in one of the first paragraphs. “Even though the federal government has spent trillions of taxpayer dollars on these programs over the past five decades, the official poverty rate in 2014 (14.8%) was no better than it was in 1966 (14.7%), when many of these programs started,” the report said.

That trillions of dollars have been wasted in the War on Poverty has come to be gospel on the right, an indictment of the current anti-poverty system and a clear sign that a widespread overhaul is needed.

Just one problem: That figure isn’t the whole story. In fact, when the government assesses whether someone is poor, it deliberately ignores many of the benefits they’re getting from federal programs, from food stamps to refundable tax credits. If you include those dollars when you measure poverty, the result is a very different picture of the War on Poverty—and leads to different policy prescriptions.

Since the War on Poverty began, the anti-poverty system has undergone many changes, but one of the most profound ones has been a shift from cash benefits to non-cash benefits, most notably through welfare reform in 1996 when Aid for Families with Dependent Children—a largely cash-based system, the typical “welfare” program critics imagine—was replaced by Temporary Assistance for Needy Families, which imposed work requirements and time limits on welfare benefits. The food stamp program has also grown over time, along with refundable tax credits like the Earned Income Tax Credit and Child Tax Credit.

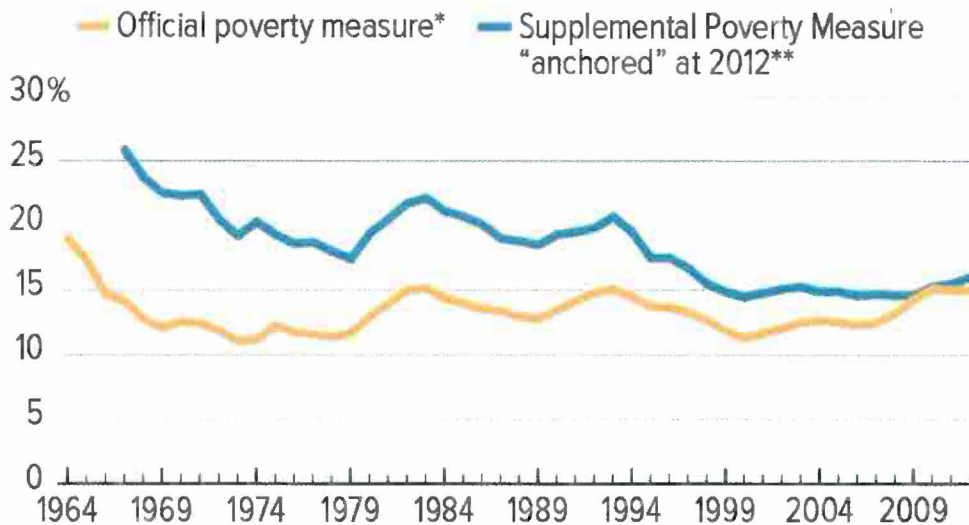
Those changes have important implications for the lives of poor Americans, but poverty measurements haven’t changed accordingly; they’re still based on how much cash income families receive over a given year. So as government spending has shifted increasingly to non-cash programs, it simply doesn’t register as poverty alleviation. As Robert Greenstein, the president of the left-leaning Center for Budget and Policy Priorities writes, “This means [the official poverty measures] ignores virtually all anti-poverty assistance created or expanded over the past half century, while counting the main form of assistance cut sharply over this period.”

The official poverty measure thus masks much of the progress achieved by these anti-poverty programs. Researchers at Columbia University have created an alternative poverty measure that accounts for non-cash benefits, to provide a more complete picture of how the poverty rate has changed since the War on Poverty. Under that measure, poverty has dropped by nearly 40 percent since the late ‘60s. In other words, the trillions spent on anti-poverty programs hasn’t gone towards nothing. It’s been helping people out of poverty.

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## Poverty Has Fallen Significantly Since the 1960s Under the “Anchored” Supplemental Poverty Measure

Percent of people living in poverty



Source: Christopher Wimer et al., "Trends in Poverty with an Anchored Supplemental Poverty Measure," Columbia Population Research Center, December 2013.

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That's not to say that the current anti-poverty system is optimal. The best result, of course, would be if anti-poverty programs weren't mainly alleviating poverty through direct aid but if they were helping people become more self-sufficient, crossing the poverty line without the help of the federal government.

Ryan and his GOP colleagues hint at this in the report when they write, "[Though] these programs have helped people cope with poverty, they haven't helped people get out of poverty." This isn't quite right; many people *have* moved out of poverty thanks to these programs. But their larger point is a fair one: If the programs had enabled them to earn more, rather than just moved them out of poverty with government assistance, the official poverty measure would have fallen as well.

The House GOP's assessment of the current anti-poverty programs leads them to propose a wholesale redesign of the system. The new plan includes a grab-bag of red-meat conservative ideas, from adding work requirements to the food stamp program to offering waivers for states to experiment with different policies.

Are such changes called for? If the trillions of dollars spent since 1964 really had not reduced poverty at all, the answer would be yes. But the reforms appear less urgent under the alternative poverty measure. The current anti-poverty system has succeeded in reducing poverty, albeit slowly and at a cost to the federal government. Though dependency is always a risk, if we want to alleviate suffering, it might be a mistake to blow up the part of the system that actually does seem to alleviate it.

Author: Danny Vinik, [dvinik@politico.com](mailto:dvinik@politico.com)