Poverty Programs

Bryant Futryk

The University of Akron
Poverty Programs

The economic hardships present in our current society have led to many in need of assistance. Temporary Assistance to Needy Families (TANF) is a block grant program to help move recipients into work and turn welfare into a program of temporary assistance (US Department of Health). TANF assists needy families so children can be cared for in their own homes.

Schiller (2004) provides evidence that those under the age of 18 have the highest poverty rate among age groups at roughly 15% in year 2000 (108). Younger people may not possess the ability to participate in the labor market, or have the capability to obtain transportation to work (limited mobility). Having children creates additional financial burden on the parents and limits their ability to earn income, especially if the household is headed by a single parent or a female. As discussed by Schiller (2004), single parent households have much higher poverty rates than all family sizes, with roughly 13% of all female headed households being in poverty, more than double the rate of two-parent households (126).

The lack of ability for children to acquire human capital hinders the chances of obtaining jobs. This is a factor of time as the younger someone is the less time to further skills. Those children who are too young to work could cause need to hire child care, further depleting income from already hard-working parents. TANF provides this additional income to needy families while allowing children to stay at home. This program stresses the importance of two-parent households, a factor which reduces poverty rates by half when compared to single parent families.

Since TANF allows parents five years of assistance, they can pursue higher education, increasing their human capital and future wages. This program not only assists in rescuing individuals from poverty, but encourages investments in oneself—and the economy.
Multiple programs effectively combat poverty, but unemployment insurance does not aid in lifting individuals and families out of poverty. In general, the Federal-State Unemployment Insurance Program provides unemployment benefits to eligible workers who are unemployed through no fault of their own (as determined under State law), and meet other eligibility requirements of State law (Department of Labor).

As stated by Schiller (2004), “unemployment may still cause financial and emotional pain, but it doesn’t necessarily cause poverty” (75). Furthermore, forty percent of people who experience unemployed remain jobless for less than five weeks while less than one out of five unemployed persons remains without a job for as long as six months. Schiller (2004) continues that only one-fifth of the families who experience unemployment have incomes below the poverty standard (75).

In effect, this unemployment insurance provides money for individuals that will be employed AND earning income above the poverty line in less than six months. It can be argued that unemployment insurance actually causes a disincentive to work knowing that if a person is laid off they can collect benefits for up to 26 weeks.

Investments in human capital, such as college education, on-the-job-training, etc. provide additional incentives to finding work. Why invest copious amounts of money if you are not going to look for a job, especially knowing 1 in 5 individuals find work within six months. People are a product of their environment (socioeconomic factors), but by reducing poverty and the possibilities of growing up in a poor neighborhood, the status quo of not searching for work changes.

This money could be better spent on expanding programs like the EITC that supplement income for people working but do not make enough, possibly providing more money to persons who were laid off in excess of six months. This would provide motivation to obtain work.
References

