



## Economic Security

Economic security means that Americans don't fall into poverty when they cannot work or work is unavailable, unstable, or pays so little that they cannot make ends meet. It means that when a worker loses his or her job they have time to look for a better one or upgrade their education and skills without risking eviction or foreclosure. It also means that individuals with disabilities are encouraged and supported in their efforts to participate in the workforce to the maximum extent possible, without fearing that these efforts risk leaving them with no source of support. Finally, it means that no child in America is hungry or homeless, and people have savings to fall back on when times are tough.

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### How does ensuring economic security cut poverty?

Our economy depends on risk and entrepreneurship. In such an economy a basic set of social protections can ensure that unanticipated events such as illness, natural disasters, unemployment, and loss of a family member do not have catastrophic consequences for families and communities.

We need to invest in strengthening and better integrating these social protections so that programs such as unemployment insurance, food stamps, child nutrition programs, housing assistance, and income supports are there for families when they need them. This is not just the right thing to do—it's also economically smart. These programs pump money into the economy by ensuring that struggling families can meet basic needs as they weather a storm, and in the process local jobs are created that employ other Americans.

Additionally, children who grow up in households that experience spells of hunger, housing instability, and unemployment are more likely to experience poverty as adults, which imposes future costs on society. In fact, child poverty alone costs the United States \$500 billion a year in reduced productivity, increased health care costs, and associated criminal justice expenditures.

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## Policies that ensure economic security

**Unemployment insurance.** Unemployment insurance is crucial to helping families get by while they look for new jobs, but recent data show that only about 41 percent of unemployed workers collect state unemployment benefits. What's more, low-wage workers are more likely to be unemployed but less able to collect any unemployment benefits at all. This makes no sense.

The American Recovery and Reinvestment Act provided incentives for states to modernize their unemployment insurance systems so that women, victims of domestic violence, part-time workers, and low-wage workers would have better access to jobless benefits. Many states have begun implementing these reforms, and Half in Ten state partners are working with their state legislatures to advocate that remaining reforms be adopted.

The Recovery Act also provided extra months of unemployment insurance, which Congress has extended several times in recognition of chronic long-term joblessness and the importance of these benefits to economic recovery. Unfortunately, jobless benefits still need to be extended because unemployment rates are hovering around 10 percent and nearly half of the unemployed are out of work for over six months.

**Adequate nutrition.** Nearly one in four children in the United States, or 22.5 percent, lived in a household struggling against hunger in 2008. In the same year 50 million Americans, or one in six, were food insecure, meaning that they were, “at times, uncertain of having, or unable to acquire, enough food for all household members because they had insufficient money and other resources for food.”

These numbers are unacceptable. Half in Ten works to strengthen our federal nutritional safety net including the Supplemental Nutrition Assistance Program (formerly known as food stamps), and the Child Nutrition Programs, which include the National School Lunch Program; the National School Breakfast Program; the Women, Infants, and Children program; and out-of-school programs such as summer feeding, child care, and after-school meals.

**Affordable housing.** The National Low-Income Housing Coalition's research shows that in 2009 the Fair Market Rent for a two-bedroom rental unit in the United States was \$928 a month, meaning that a renter household would need one full-time job paying \$17.84 per hour to afford it. Our federal minimum wage, however, is only \$7.25 per hour, putting safe and affordable housing out of reach for many working families.

Access to affordable housing was a growing problem even before the Great Recession. Census data shows that the number of low-income families spending more than 50 percent of their income on rent shot up by 2.3 million, or 38 percent, between 2000 and 2008.

The federal government offers housing vouchers to help low-income families offset the costs of their rent. But unfortunately only about 25 percent of eligible families receive a housing voucher due to consistent underfunding of the program. In its 2007 report “From Poverty to Prosperity” Half in Ten partner the Center for American Progress proposes that over the next 10 years the federal government fund 2 million new “opportunity vouchers” designed to help low-income people live in opportunity-rich areas. Modeling by the Urban Institute suggests that this policy alone would lift 1.8 million people out of poverty.

**Improving access to programs.** A well-functioning safety net should help people get into or return to work, and ensure a decent level of living for those who cannot work or are temporarily between jobs. But far too many people miss out on benefits they are eligible for when they need them most because of confusing program requirements, heavy administrative burdens, or simply because they do not know about the programs. Only two-thirds of eligible individuals, for example, are actually enrolled in the Supplemental Nutrition Assistance Program despite the program’s proven effectiveness.

Half in Ten believes that governments at all levels should simplify and improve benefit access for eligible families. Doing so would significantly reduce poverty. For instance, in 2007 an Urban Institute model predicted that we could reduce poverty by 1.4 million people just by enrolling 85 percent of eligible individuals in the food stamp program.

**Encouraging asset-building.** Recent research by the Corporation for Enterprise Development finds that more than one in five households live in “asset poverty,” meaning that they would not be able to live off their assets for more than three months if their income were suddenly cut off due to job loss or illness.

Low-wage working families have less income to put into savings and are less likely to have employer-sponsored retirement plans or education assistance, so they are often disadvantaged in their efforts to save and accrue wealth. State and federal programs should work to increase low-income families’ assets through matched-savings programs like the Saver’s Credit and individual development accounts.

The Saver's Credit allows the federal government to match contributions to retirement savings accounts in the form of a tax credit, while funds in an individual development account are matched by the federal government to help families save for a large purchase such as a house.

But because the Saver's Credit is only refundable for families with tax liability it is of little help to low-income families. This credit should be made refundable so that if the credit exceeds the amount of taxes owed, low-income families can receive the difference in the form of a tax refund. Additionally, the credit should be broadened so that families can use it to develop assets through other vehicles like individual development accounts, children's savings plans, and college savings plans.