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**Public Policy
Institute**

NEWS RELEASE

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RIEMER: POVERTY NOT INEVITABLE, CAN BE REDUCED DRAMATICALLY WITH APPROPRIATE POLICY PACKAGE

EFFORTS MUST ADDRESS ECONOMIC IMBALANCES THAT CAUSE POVERTY

Milwaukee (May 5, 2009)—Policymakers can reduce poverty in Wisconsin to a residual level by enacting a package of policies that correct the economic imbalances that cause poverty, according to David Riemer, Community Advocates Director of Policy and Planning. The “policy package” must decrease the income gap for those unable to work or who are retired, remedy the massive shortage of available jobs, and ensure that workers’ wages and earning supplements are high enough to rise above the poverty line.

Riemer outlined his approach to reducing poverty during a speech this afternoon in Milwaukee at the Building Bridges to Family Economic Success conference, sponsored by the National Governors Association and coordinated by the Wisconsin Department of Children and Families on behalf of Gov. Jim Doyle. Riemer argued that acceptance of poverty as a social inevitability ignores history and the power of smart public policy to dramatically lower the poverty rate.

“The sad fact is that many view the massive, widespread poverty that we experience in the United States today as inevitable and unsolvable,” Riemer said. “The reality, which must be our starting point, is that poverty can be driven *way* down. If we put in place the right ‘policy package’ at the federal, state and local level, we can reduce poverty to a residual level—and keep it there.”

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Poverty Line / Add One

Poverty declined precipitously in the United States for three decades, from immediately after World War II until about 1973. Despite several fluctuations, the poverty rate has not dipped below 1973 levels since.

“The ‘poverty plateau’ we’ve been stuck on since 1973 simply tells us that we haven’t been smart enough—and committed enough—to put policies in place to drive poverty down to a residual level,” Riemer said. “The fact that poverty stopped falling in 1973 does not mean it cannot fall further—and fall rapidly—again. In a nation as wealthy and inventive as the United States, there is no good reason why we can’t lower poverty to as low as 2 percent.”

Packaging Policies to End Poverty

Because of the complex nature of American poverty as well as the desire to significantly reduce poverty for future generations, a single policy solution is impossible. Any attempt at reducing both the current poverty rate and the odds that today’s children will end up poor when they become adults requires a package of complimentary policies that are systematically constructed, evidence-based and rigorously tested.

“We have a lot of good ideas and a growing body of evidence, but we still really don’t know which ‘policy packages’—comprised perhaps of six or seven or eight major changes—will drive down poverty to a residual level and improve the public health at the lowest cost,” Riemer said. “Instead of going about this in a disorganized, scattered manner we need a disciplined approach.”

Riemer stressed that any successful policy package to reduce poverty must correct three fundamental economic imbalances:

- The income gap between what we pay to those who cannot work or who have reached retirement age—such as persons with disabilities severe enough to qualify for Supplemental Security Income (SSI) and seniors 65 and older who receive Social Security—and the poverty line.
- The massive job gap between those willing to work and the jobs available to them. Except for a brief period in the late 1990s, in most years since 1973 there have been far more job seekers than job vacancies. The unemployed poor face the toughest time in the competition to fill a smaller number of job openings.
- The wage gap between the number of workers who need higher-wage jobs to escape poverty and the supply of jobs that pays such wages. Simply put, too many jobs don’t pay wages that are high enough, or are not supplemented well enough by programs like the Earned Income Tax Credit, to get above the poverty line.

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Poverty Line / Add Two

“If we leave these major economic imbalances intact, we’re nowhere,” Riemer said. “However, if we honestly deal with the shortfall in the minimum SSI and Social Security payments, the massive job shortage and the very low wages that so many jobs pay, we have a good shot at driving poverty down to a residual level.

Public Policy Institute

Riemer’s work forms the core of the “Pathways to Ending Poverty” project of the Community Advocates Public Policy Institute, which the organization launched in 2008 to address Wisconsin’s economic inequities.

Funded in part with a grant from the Salvation Army, the initiative works closely with other individuals and organizations in Milwaukee, throughout Wisconsin and across the nation to:

- Create a realistic poverty line for Wisconsin to replace the current poverty line, which dates to the early 1960s and is no longer valid.
- Establish a specific goal for reducing poverty in Wisconsin—the current goal is to reduce poverty from the current level of 11 percent to a residual 2 percent—and determine which “policy packages” that alter our current state and federal systems of need-based or work-based assistance, social insurance, incentives and investments are likely to reach that goal.
- Retain an independent, analytic organization to test the 3-5 most sensible packages to confirm that they will reduce poverty to 2 percent; quantify estimated costs; assess the positive side-effects, particularly the improved health outcomes; and gauge if there are unintended negative consequences.
- Communicate to local and national policymakers the results about which packages do the best job of reducing poverty to a residual level, at the lowest cost and with the best health and other consequences.

“We can end poverty if we want to,” Riemer said. “To the extent that poverty continues or disappears in this state and in this country as we move forward into the 21st century, it will neither be a matter of accident nor a matter of fate. It will be a matter of choice and will.”

“The pathway that lies before us is unmistakable,” he said. “The ‘policy packages’ needed to accomplish the task are within our reach. Tough decisions must be made in driving poverty down to next to nothing, but we have the capacity to make those choices. The decision is ours.”

For full text of Riemer’s remarks—including a chart that shows the poverty rate between 1959 and 2007—visit the Community Advocates Public Policy Institute Web site, www.ca-ppi.org.