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ECONOMIC HARDSHIP: AS AMERICAN AS APPLE PIE?
July 4th Celebrations Loom while American Dream Slips Farther from Reach

The American dream – the idea that you can get ahead through hard work – is increasingly out of reach for struggling American families.

Roughly 72 percent of Americans believe that the poor can become rich, and this belief has long been tied to common definitions of the American dream.¹ But the reality is that – far from living rags-to-riches fairytales – poor and low-income families are often unable to afford even basic necessities no matter how hard they work.² And, despite optimism about the possibility of getting ahead, fewer Americans believe they are better off than their parents were at the same age, or that their children will be better off than they are, as compared to four years ago.³

Even before the economic downturn, a growing number of children and families were struggling. An estimated 39 percent of the nation's children live in low-income families, with household income of less than double the official poverty measure.⁴ That's less than \$44,100 a year for a family of four; research on regional costs of living shows that in most parts of the country, families need at least that much (and often far more) just to cover a basic daily budget.⁵

The number of low-income families rose substantially between 2000 and 2007, and multiple indicators show that family economic wellbeing declined sharply during that time.^{6 7} One troubling trend has been the growing number of uninsured. Employer-sponsored health insurance is on the decline, and public health insurance programs have not expanded enough to fill the gap. The number of uninsured in the country currently hovers at around 47 million, and is expected to rise to 54 million by 2019 if nothing is done.^{8 9}

With the current economic crisis, the number of poor children is expected to increase by millions unless bold action is taken.¹⁰ To reverse the tide of growing economic hardship and promote better outcomes for America's children, a responsibly crafted strategy is needed that both addresses families' immediate needs and reduces the likelihood that future generations will face the same barriers down the road. Many existing public programs are making a difference in alleviating economic hardship and promoting positive outcomes for children. Federal and state Earned Income Tax Credits, for example, put money back in the pockets of hard-working parents who are struggling to make ends meet. Child care subsidies make quality care – which is critical both to parents' success in the workforce and to children's healthy development – accessible to families who otherwise could not afford it. Medicaid and SCHIP expansions provide health insurance coverage to parents and children when employers do not. Critical supports also include SNAP (or food stamps), Head Start and Early Head Start, Section 8 housing vouchers, and a number of others.

But more investment and coordination is needed to create a comprehensive and effective agenda. Any such agenda should achieve the following goals:

For parents,

- Encourage the creation of good quality jobs with adequate wages and benefits, including paid time off, and support skill-building and workplace advancement; and

- Ensure that all full-time workers can cover the cost of basic necessities for themselves and their families when they combine earnings with public supports, including by reducing “benefit cliffs” (the disproportionate loss of public benefits in response to small increases in income) to ensure that workers are always better off as they advance in the workplace.

For children,

- Ensure that kids are healthy and meet developmental goals for infancy and early childhood; and
- Address the achievement gap between poor and low-income children and their wealthier counterparts.

To measure the effectiveness of public investments, we also need better data. This includes an updated poverty measure that provides a better picture of what families need to cover the cost of basic needs – and of how public policies affect families’ ability to make ends meet. Also needed are better indicators of child wellbeing that can provide timely data on how our country’s children are faring.

Creating successful policies and programs to combat economic hardship will take a strong commitment, and informed leaders and lawmakers are already working hard to achieve this goal. We call on state and federal leaders to do what is necessary to ensure today’s families have what they need to thrive, so that future generations can celebrate a revitalized vision of the American dream.

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