Guided Reading Activity

Evaluating the Economy

Lesson 3 *Poverty and the Distribution of Income*

Review Questions

Directions: Read each main idea and then complete the statements below. Refer to your textbook as you write the answers.

A. Poverty

Main Idea: Poverty is a relative measure based on income in comparison with the cost of living. Millions of Americans live in poverty, and government programs exist to help provide the poor with the things they need to live.

1. The poverty _____ is the benchmark used to evaluate the income people receive; these

   are then simplified into the poverty _____, or administrative guides used to determine

   _____ for certain federal programs.

2. _____ are the most vulnerable group in America, with the largest number living in

   _____.

3. The Lorenz _____ shows how _____ income distribution differs from

   equal income distribution.

B. Reasons for Income Inequality

Main Idea: There are many reasons why income inequality exists. The main reasons are related to education and wealth, or assets.

1. The importance of _____ in income equality is revealed by the fact that

   _____ graduates earn far more than those who stop schooling after high school.

2. The amount of _____ one already has dramatically impacts one's income in later life.

3. In recent years, marginal tax rates on _____ incomes have been reduced more than rates

   on _____ incomes, adding to the growing inequality of income.

4. Advances in _____ mean that many service jobs require fewer _____

   than before, which leads to low, often stagnant wages.

Guided Reading Activity *cont.*

Evaluating the Economy

    5. Although workplace _____ is illegal, it still occurs, driving women and minority groups into

        labor markets where _____ drives wages down.

C. Antipoverty Programs
Main Idea: The government has instituted a host of programs intended to help the poor and the unemployed get back on their feet and start earning good incomes.

    1. The federal government has tried a number of programs to help the needy, most of which fall under the

        heading of _____, or _____ and social assistance from the government

        or private agencies based on _____.

    2. Programs that provide direct _____ assistance fall into the category of income assistance.

        Programs like SNAP and Medicaid, that do not provide direct cash assistance, fall into the category of

        _____ assistance.

    3. Individual states have developed their own variety of _____ _____

        programs to help the needy; although the states _____ the kinds of services the

        programs provide, the federal government may _____ part of the cost.

    4. The _____ Income Tax Credit is a tax credit designed to partially offset the payroll tax

        burden on working families; it is designed to encourage people to _____ so that they can

        be eligible for the credit.

    5. Workfare is a program in which _____ _____ must provide labor in order

        to receive _____.

    6. A proposed _____ income tax would return tax money to people living

        _____ the poverty line.

Guided Reading Activity *cont.*

Evaluating the Economy

Summary and Reflection

Directions: Summarize the main ideas of the lesson by answering the question below.

During the Great Recession that began in 2008, millions of people lost their jobs. How would people in programs like workfare be affected by a high unemployment rate among the general working population?

_____

_____

_____

_____

_____

_____