

Addressing Poverty and Providing Opportunity Should Be a Top Priority

- **Reject efforts to cut funding or implement barriers to access Medicaid, SNAP, disability benefits, housing assistance, or other essential low-income services**
- **Promote policies proven to move more people into stable jobs, raise wages, increase opportunity and address institutional racism.**

Fulfilling the promise of this country means building thriving communities so that families and individuals can get ahead and children have a fair shot in life. Today, we remain far from our potential with millions living on incomes too low to afford even the very basics—like adequate food and housing—even if they work. In 2016, nearly 40.6 million people in the U.S. lived below the official poverty line of \$24,339 for a family of four.

A strong and moral society ensures its members can meet their basic needs and give their children fair opportunities to flourish. That is impossible with today’s high levels of poverty.

In this nation of abundance, too many cannot pay bills and meet their children’s daily needs.

- In 2016, more than 1 in 8 people lived below the poverty line (\$24,339 for a two-child family of four).ⁱ
- Children are especially vulnerable. Close to one in five children in America lives in poverty.ⁱⁱ
- A child in the U.S. is more likely to live in poverty than a child from Great Britain, Canada, The Netherlands, or Ireland.ⁱⁱⁱ
- The number of distressed neighborhoods (with 40% or higher poverty rates) was 45% higher in the 2010-2014 period than in the years leading up to the Great Recession.^{iv}

Extreme Poverty Doubled in Past 15 Years

Number of non-elderly households with children with incomes below \$2 per person per day according to U.S. Census Bureau’s Survey of Income and Program Participation



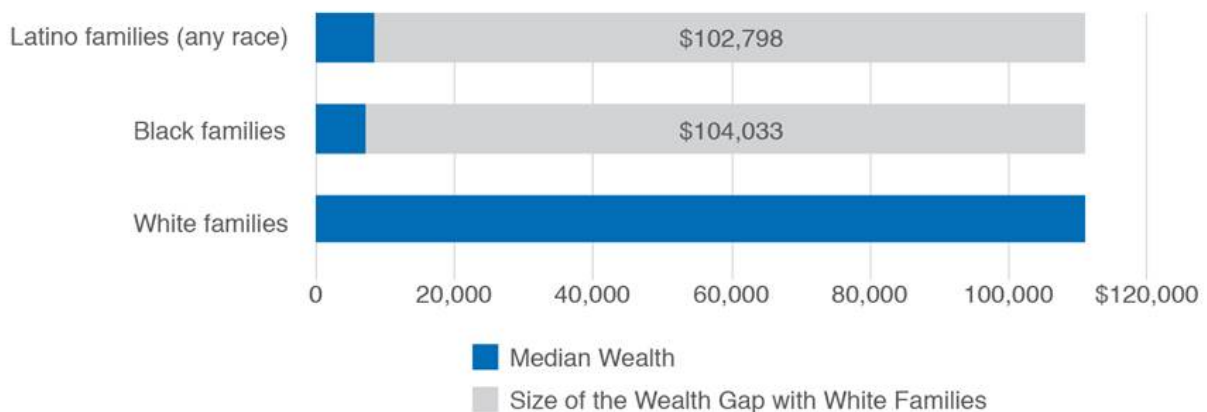
Source: National Poverty Center

- Nearly 1.5 million households with children in 2011 lived on cash incomes of less than \$2.00 per person per day. This number has nearly doubled since 1996 welfare reform.^v
- The purchasing power of the federal minimum wage has been decreasing over the last few decades. A single parent and one child subsisting on minimum wage (\$15,080 per year) has earnings well below the poverty line. A single parent earning minimum wage with two children would have to work more than 50 hours per week in order to bring her earnings to the poverty line.^{vi}

Racial discrimination and poverty are intricately linked. We cannot effectively address poverty without actively recognizing and addressing racism.

- **Research shows that in the retail industry, Black and Latino full-time workers earn 75% of the wages of their White peers, amounting to losses up to \$7,500 per year.** Additionally, Black and Latino workers are overrepresented in the positions with the lowest pay and least stability, and are more likely to be working poor than their White colleagues.^{vii}
- **Subprime lending is five times more prevalent in African American neighborhoods than in**

Figure 1. Wealth Accumulation and Size of the Racial Wealth Gap, 2011



Source: Survey of Income and Program Participation (SIPP), 2008 Panel Wave 10, 2011

white neighborhoods. Even when income and credit rate are equal, African Americans are up to 34% more likely to receive higher-rate and subprime loans with a prepayment penalty than their similarly situated white counterparts.^{viii}

- **Generations of discriminatory policy and wealth-stripping practices have left Black and Latino households with about a sixth or seventh of the wealth as non-Hispanic White households.** From policies that restricted housing options like redlining and the National Housing Act of 1934, to the denial of educational opportunities through the G.I. Bill, to the targeting of black and brown communities through The War on Drugs, the U.S. government has made it difficult

for non-white people to amass wealth. Children inherit houses, family businesses, property, investments, and many other assets from parents and relatives. If your parents were prohibited from buying a house or getting a loan to start a business, there's less to inherit and fewer resources for a son's first home or daughter's college tuition.

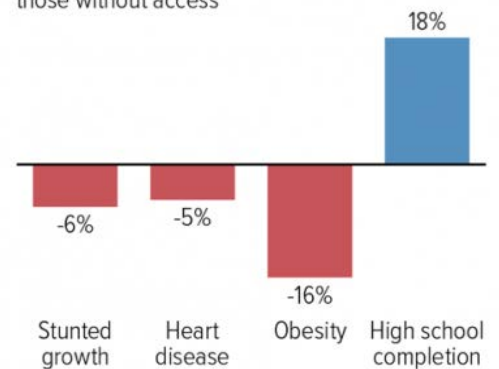
- **Home ownership is the single largest driver of the racial wealth gap.** One study found that in 2013 the number of years of home ownership accounted for 27% of the difference in relative wealth growth between White and African-American families.^{ix}

The safety net is doing a lot to ensure people have food to eat and a place to sleep. Yet, these programs do more than just help struggling individuals meet basic needs. They produce long-term gains in improved health, educational achievement, employment and earnings.

- **Together, the Earned Income Tax Credit (EITC) and Child Tax Credit (CTC) kept 9.8 million people in working families, including 5.1 million children, out of poverty in 2015.** They also reduced the severity of poverty for another 22 million people, including 8 million children.^x
- Using the Supplemental Poverty Measure, considered more accurate than the official measure, **poverty didn't dramatically surge from 2007 to 2012, despite the recession, thanks to key safety net programs, such as the EITC, Child Tax Credit, and SNAP (food stamps).**^{xi}
- **In 2014, SNAP kept 8.4 million people out of poverty, including 3.8 million children.** Furthermore, it lifted 5.1 million people out of deep poverty.^{xii}
- Studies show that children with access to food stamps early in life are less likely to grow up to have stunted growth, suffer from heart disease, or be obese as adults.^{xiii} They are also more likely to graduate from high school.

Children With Access to SNAP Fare Better Years Later

Percentage-point change in outcomes for adults with access to SNAP as children, compared to those without access



Note: The study compared adults who had access to SNAP (then food stamps) through age 5 after its introduction in the 1960s and early 1970s to similar children who spent none of these years in a food stamp county.

Source: Hoynes, Schanzenbach, and Almond, "Long-Run Impacts of Childhood Access to the Safety Net," American Economic Review, April 2016.

When we use this country's tools against poverty—such as tax credits for working families, or food assistance—children are healthier, do better in school, and have a fairer chance at success. When people can meet their basic needs, they are better able to find stable employment, experience better health, and move up the economic ladder.

- Individuals who participate in Housing First Programs, which focus on getting homeless individuals immediate housing with supportive services following, **are more likely to participate in job training programs, attend school, discontinue substance use, have fewer instances of domestic violence, and spend fewer days hospitalized** than those not participating.^{xiv}

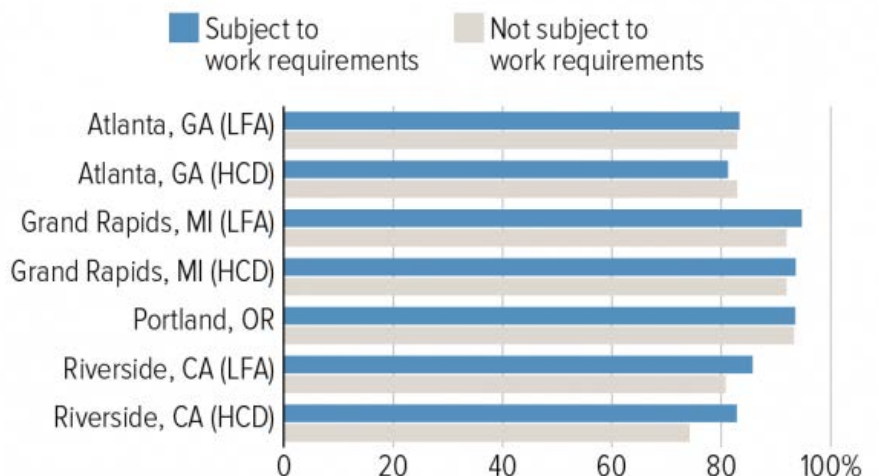
- Research shows that access to the school breakfast program results in students having better nutrition, better attendance, reduced tardiness, lower anxiety, and lower aggression.^{xv}

Work requirements, lifetime limits and additional barriers to access assistance make it harder to find work and support oneself

1. Most adults receiving Medicaid and SNAP who do not receive disability benefits work, and most who don't are between jobs, have health issues, or are caring for family members who are ill or have a disability. More than half of SNAP households with at least one working-age, non-disabled adult work while receiving SNAP each month. Work rates are higher over a longer time frame: more than 80 percent of SNAP households work in the year before or the year after receiving SNAP.^{xvi} Among those who currently receive Medicaid benefits and are not already working, 81% are either ill, disabled, going to school, or taking care of their home or family member(s).^{xvii} Targeted work requirements disproportionately cause people to lose benefits instead of achieving the programs' goals of providing benefits to those who need them.

Most Cash Assistance Recipients Worked Regardless of Work Requirements

Percentage of cash assistance recipients who ever worked within a five-year window



Note: LFA = Labor Force Attachment group (primarily job-search focused); HCD = Human Capital Development group (include training and education).

Source: Gayle Hamilton et al. "National Evaluation of Welfare-to-Work Strategies: How Effective Are Different Welfare-to-Work Approaches? Five-Year Adult and Child Impacts for Eleven Programs," Manpower Demonstration Research Corporation, December 2001

2. Taking away access to food and medical care make it harder to find a stable job. Many work requirements currently in place force people into short-term, seasonal, temporary, or part-time work so they can keep their benefits. This makes it harder to find stable employment, and has negative consequences. For example, one recent analysis found that stable employment among those subject to work requirements was the exception, not the norm.^{xviii} Furthermore, any employment increases for benefit recipients subject to work requirements were modest and faded over time.^{xix}

3. The added bureaucracy is an unreasonable administrative burden for states and leads many working individuals to lose benefits due to unrealistic reporting requirements. Work requirement policies often require those who are working to submit documentation to the state each month proving that they worked the required numbers of hours or risk losing their benefits. Working families can lose needed assistance because of a paperwork snafu or because their employer cut their hours. Paperwork requirements can lead to loss of needed assistance under other policies as well. For example, the recently approved Kentucky Medicaid waiver has provisions that “lock out” people from Medicaid coverage for missing renewal deadlines, not notifying the state of any change in financial or family circumstances within 10 days, missing premium payments, and/or being unemployed.^{xx} Placing burdens like these onto individuals who are already struggling only targets those who need these benefits the most, and will disenroll thousands of people.

The safety net alone is not enough to end poverty and ensure economic mobility. There is a lot we can do to ensure people have the tools, support, and services they need to move out of poverty.

Sound, responsible federal policies are essential. Here are six things Congress can do:

1. Make work pay:

- a. **First bipartisan step: Fix the EITC so that childless workers and non-custodial parents are no longer taxed into poverty.** Both Speaker Ryan and President Obama presented similar proposals to expand the EITC for this population of 7.5 million people, which remains the only group taxed into or deeper into poverty.
- b. **Bolder reform: Raise the minimum wage.** The best path out of poverty is a good job with a good wage. Yet, wages are at a 65 year low. In the past 40 years, the federal minimum wage has lost 30% of its value. In turn, more working families are forced to turn to public benefits to help them make ends meet. Raising the minimum wage is one of the best ways to raise incomes, boost demand, grow the economy, and expand the middle class.

2. Make it possible for low-income working parents to maintain steady employment:

- a. **First bipartisan step: pass the Pregnant Workers Fairness Act.** This legislation has bipartisan support and would ensure pregnant workers receive reasonable accommodations, such as carrying a water bottle or the ability to sit while at work, so they aren’t unnecessarily forced out of their jobs.
- b. **Bolder reform: institute work supports like paid sick leave, affordable child care, and predictable hours.** Many low-income parents risk losing a job or a day’s pay when a child gets sick. Many workers go to work sick and put off going to the doctor because they don’t have paid sick leave. The lack of affordable child care keeps parents out of the labor market and can end up putting the child’s safety at risk. Unpredictable schedules undermine

workers' ability to fulfill caregiving responsibilities and maintain stable child care, as well as inhibit additional education or the ability to work a second job.^{xxi}

3. Modernize unemployment insurance for times of job loss and recession

- a. **First bipartisan step: modernize our unemployment insurance (UI) system.** In 2016, only 27% of jobless workers received UI benefits at all.^{xxii} Unemployment insurance was designed for a different kind of economy, and the nature of work in America has changed dramatically over the past 80 years. Workers who face unpredictable schedules, low wages, long job searches, unpredictable pay, and status as independent contractors represent a growing share of the workforce but are often excluded from claiming unemployment insurance.
- b. **Bolder reform: Establish a new jobseeker's allowance** so that even those individuals who do not qualify for unemployment insurance still have the support they need to find work and remain connected to the labor market.

4. Give people with criminal records a fair shot at a second chance

- a. **First bipartisan step: lift the ban on food stamps, housing assistance, and TANF for individuals with criminal records. Support fair chance hiring.** Significant barriers already exist to formerly incarcerated individuals trying to find employment. These benefit bans push some of the most vulnerable, including people with severe illness, pregnant women and new moms struggling to get out of poverty, into desperate situations that could lead to recidivism. SNAP, TANF, and housing assistance are barriers against poverty and springboards into the middle class. These bans are overly harsh, do not reduce drug use or crime, and can actually increase recidivism. Furthermore, instituting fair chance hiring and "ban the box" proposals will help reduce barriers to employment for formerly incarcerated individuals.
- b. **Bolder reform: Eliminate mandatory minimum sentences** that limit judicial discretion and lead to outlandish prison sentences for low-level, non-violent offenses. **Eliminate policies that perpetuate racial disparities**, such as the 18-to-1 ratio between powder and crack cocaine.

5. End family homelessness

- a. **First bipartisan step: Fund and implement pilot projects to help low-income families use vouchers to move out of high-poverty neighborhoods.** Research shows that children whose families use vouchers to move to low-poverty neighborhoods when they are young are much more likely to attend college, less likely to become single parents, and earn more money as adults.^{xxiii}
- b. **Bolder reform: Turn the section 8 voucher program into an entitlement program.** For most families, housing is the single largest expense, one that is growing increasingly unaffordable. Federal housing assistance helps about 5 million low-income households afford a place to live, but only about 1 in 4 households eligible for rental vouchers actually receives it.

6. Promote innovation and evidence-backed experimentation to help people with serious barriers to stable employment.

- a. **First bipartisan step: Inject more jobs and better wages into the American economy through a subsidized jobs program.** A subsidized jobs program, implemented by a bipartisan group of governors during the Great Recession, can boost earnings and employment among specific populations that are low-income and have barriers to work.

Programs like these enable participants to build work history and develop skills, increase the demand for labor, lower the costs of investing, increase employee's productivity and pay, and can provide goods and services that are under produced by the market. Furthermore, subsidized employment can lower the risk for employers to hire people with barriers to employment, such as a spotty work history, limited education, a disability, or a criminal record.

During the recession, states on a bipartisan basis used federal funds provided in 2009 through the TANF Emergency Fund to create subsidized jobs. It **created a quarter of a million jobs, many of which continued after the program ended in 2010**. This program gave people the chance to support themselves and their families, and in turn helped set people onto the path of economic progress.

- b. **Bolder reform:** Provide substantial new funding to states and localities to test new approaches to (a) expanding high quality employment and training programs so that these programs are at a scale that allows for a significant upskilling of the workforce in a community, including workers that are often left behind by training programs because of their existing skill levels; (b) implementing a "saturation" model of providing youth employment in select states or communities; and (c) helping very poor families stabilize their circumstances and move forward toward stable employment.

ⁱ U.S. Census Bureau, *Income and Poverty in the United States: 2016*.

ⁱⁱ *Id.*

ⁱⁱⁱ The Stanford Center on Poverty & Inequality, *Pathways, the Poverty and Inequality Report* (2016), available at <http://inequality.stanford.edu/sites/default/files/Pathways-SOTU-2016.pdf>.

^{iv} Brookings, *U.S. Concentrated Poverty in the Wake of the Great Recession*, available at <http://www.brookings.edu/research/reports2/2016/03/31-concentrated-poverty-recession-knee-bone-holmes>.

^v http://www.npc.umich.edu/publications/policy_briefs/brief28/policybrief28.pdf

^{vi} Center for Poverty Research, University of California Davis, available at <https://poverty.ucdavis.edu/faq/what-are-annual-earnings-full-time-minimum-wage-worker>

^{vii} NAACP, *The Retail Race Divide: How the Retail Industry is Perpetuating Racial Inequality in the 21st Century*, available at http://action.naacp.org/page/-/economic%20opportunity%20documents/Retail_Race_Divide_Rename.pdf.

^{viii} NAACP, *Discrimination and Mortgage Lending in America*, available at http://action.naacp.org/page/-/resources/Lending_Discrimination.pdf.

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- ^{ix} Institute on Assets and Social Policy, *The Roots of the Widening Racial Wealth Gap: Explaining the Black-White Economic Divide*, available at <https://iasp.brandeis.edu/pdfs/Author/shapiro-thomas-m/racialwealthgapbrief.pdf>
- ^x Center on Budget and Policy Priorities, available at <https://www.cbpp.org/research/federal-tax/policy-basics-the-child-tax-credit>
- ^{xi} Center on Budget and Policy Priorities, available at <https://www.cbpp.org/research/poverty-and-inequality/a-guide-to-statistics-on-historical-trends-in-income-inequality>
- ^{xii} Center on Budget and Policy Priorities, available at <https://www.cbpp.org/research/food-assistance/snap-provides-needed-food-assistance-to-millions-of-people-with>
- ^{xiii} Hilary W. Hoynes, Diane Whitmore Schanzenbach, and Douglas Almond, *Long Run Impacts of Childhood Access to the Safety Net* (2012), available at <http://www.nber.org/papers/w18535>.
- ^{xiv} National Alliance to End Homelessness, available at <http://www.endhomelessness.org/page/-/files/2016-04-26%20Housing%20First%20Fact%20Sheet.pdf>.
- ^{xv} Association for Supervision and Curriculum Development, available at <http://www.ascd.org/publications/educational-leadership/dec09/vol67/num04/School-Meals-and-Learning.aspx>
- ^{xvi} Center on Budget and Policy Priorities, available at <https://www.cbpp.org/research/food-assistance/making-snap-work-requirements-harsher-will-not-improve-outcomes-for-low>
- ^{xvii} Center on Budget and Policy Priorities, *Medicaid Work Requirement Would Harm Unemployed, Not Promote Work*, available at <https://www.cbpp.org/blog/medicaid-work-requirement-would-harm-unemployed-not-promote-work>
- ^{xviii} Center on Budget and Policy Priorities, *Work Requirements Don't Cut Poverty, Evidence Shows*, available at <https://www.cbpp.org/research/poverty-and-inequality/work-requirements-dont-cut-poverty-evidence-shows>
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- ^{xx} Families USA, available at <http://familiesusa.org/product/kentucky%E2%80%99s-medicaid-waiver-will-lead-tens-thousands-kentuckians-losing-health-insurance>
- ^{xxi} National Women's Law Center, https://nwlc.org/wp-content/uploads/2015/08/stwa_giving_workers_the_tools_fact_sheet_june_2015.pdf.
- ^{xxii} National Employment Law Project, *Closing Doors on the Unemployed: Why Most Jobless Workers Are Not Receiving Unemployment Insurance and What States Can Do About It*, available at <http://www.nelp.org/publication/closing-doors-on-the-unemployed/>
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