



**Testimony on Renewing Communities and Providing Opportunities through  
Innovative Solutions to Poverty**

**Presented to the Committee on Homeland Security and Governmental Affairs**

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*CLASP is a national, nonpartisan, anti-poverty organization advancing policy solutions at the federal, state, and local levels that work for low-income people. The organization advocates for public policies and programs that reduce poverty, improve the lives of poor people, and create ladders to economic security for all. For more information, visit <http://www.clasp.org> and follow @CLASP\_DC.*

**June 22, 2016**

Chairman Johnson, Ranking Member Carper, and Members of the Committee, thank you so much for the opportunity to testify on innovative solutions for fighting poverty and addressing community needs.

I am the executive director of the Center for Law and Social Policy (CLASP), an anti-poverty organization that promotes effective federal and state policies for low-income families and individuals. In addition, I bring to this testimony experience administering human services programs in New York State, Massachusetts, the District of Columbia, and, at the federal level, as Assistant Secretary for Children and Families, as well as experience studying their effectiveness as a researcher at the Urban Institute.

I would like to make four major points in this testimony:

First, there is strong evidence to show that the nation's core economic security programs are highly effective: they sharply reduce poverty, improve nutrition and health care for millions of children, families, and individuals, and promote work. A recent success story is the historic expansion of health insurance, which reduced the number of individuals lacking health insurance by 8.8 million in just one year, from 2013 to 2014, the largest decline on record. Moreover, a growing body of rigorous research shows that these supports have positive effects on children's health, work trajectory, and income many years later. Research also indicates overwhelmingly that these programs taken as a whole support work, especially for low-income parents, helping them to stabilize their lives, raise their children, and move up while they are working often long hours for low wages.

Second, changes in the economy—which have fostered low-wage jobs that are also unstable, lack adequate hours, and require volatile, last-minute job schedules—mean that high employment rates do not translate into low poverty rates. These changes have affected a wide range of working Americans but their greatest impact has been on low-wage workers. In addition, remaining gaps in the safety net—for example, the 19 states that have not expanded Medicaid and the more than 85 percent of eligible children who do not receive child care assistance because of capped dollars—also lead to economic distress and lost opportunities for workers to be productive and children to thrive. The nation's most vulnerable groups include America's next generation of children and young adults (particularly babies, toddlers, and their parents). While the safety net makes an important difference in their lives, too many are left behind by inadequate funding or program rules that do not reflect the realities of today's economy.

Third, community-based innovations are most effective when they build on the foundation of a strong safety net. Research demonstrates that families who are highly vulnerable and face multiple challenges—an important subset of the larger group of low-income people who need help from the safety net—are especially likely to need health and mental health services, as well as financial support meeting basic needs such as food and shelter while they are addressing deeper and more long-term challenges. Services such as case management complement but do not substitute for help with these basic needs. Therefore, a priority in supporting community innovation should be expanding Medicaid expansion in all states and ensuring continued support for a strong Supplemental Nutrition Assistance Program (SNAP) and other economic supports nationwide.

Finally, I will address next steps that Congress should take to reduce poverty and expand opportunity. Congress should avoid bad ideas that demonstrably don't work—such as block grants, misguided requirements, and cuts in key programs—and should seize opportunities that build on research and experience. These include expanded access to child care for all low-income parents, investment in effective workforce development programs and career opportunities, financial access to postsecondary education and completion for today's low-income students, crucial fixes to the work support system for adults and families, and basic standards for fairness at work, including raising the minimum wage. Many

of these solutions would also benefit middle-income Americans who struggle with some of the same problems that hold back parents, workers, and students living in poverty—such as the high cost of child care and of postsecondary education, the need to develop new skills, and the lack of paid leave and fair, predictable work schedules.

## **America’s Economic Security Programs Reduce Poverty, Help Children Thrive, and Support Work**

The key benefits of today’s federal economic security programs, according to a large and growing body of research, are substantial reductions in poverty, improvements in the ability of low-income families and individuals to meet basic needs such as health and nutrition, and lifelong enhancements to children’s health and economic success. While there are many ways to define the core group of economic security programs, in summarizing this research, I will focus on three groups of means-tested programs that are often identified as part of the national safety net. The largest and most widely available elements of the safety net for low-income individuals and families are Medicaid (and the closely related Children’s Health Insurance Program or CHIP), SNAP, and the Earned Income Tax Credit (EITC) and refundable Child Tax Credit (CTC). Another group of income- and work-support programs, including cash assistance from the Temporary Assistance for Needy Families (TANF) block grant, housing subsidies, and child care subsidies, provide important supports to those who are able to receive them, but capped spending limits their reach. A third group of programs, such as the Workforce Innovation and Opportunity Act, which received a bipartisan Congressional reauthorization in 2014, and the Higher Education Act do not provide direct income support, but help workers obtain the skills they need to advance in the labor market.

### **Economic Security Programs Reduce Poverty**

The first important success of these programs is that they sharply reduce the poverty rate. Because the official federal poverty rate doesn’t count the income that families get from these programs, assessing the reduction in poverty requires estimating an alternative poverty rate. In 2014, the Census Bureau’s analysis of this Supplemental Poverty Measure (SPM) shows that refundable tax credits, such as the EITC and CTC, reduced overall poverty (as measured by the SPM) by 3.1 percentage points and child poverty by a remarkable 7.1 percentage points. Similarly, SNAP benefits reduced overall poverty by 1.5 percentage points and child poverty by 2.8 percent.<sup>1</sup> Researchers at Columbia University who used similar methods to analyze the effect of these key programs over time found that in the most recent year available to them, 2012, government tax and transfer policies reduced the share of people who are poor by almost half, from 29 percent to 16 percent. By contrast, in 1967, tax and transfer programs reduced poverty by just 1 percentage point, from 27 percent to 26 percent.<sup>2</sup>

### **Economic Security Programs Improve Low-Income Families’ Lives and Children’s Long-term Prospects**

A second success is that the federal safety net programs have dramatically changed the lives of low-income families, both poor and near-poor, through large improvements in access to health care and nutrition. To take the example of health care, over the past decade, children’s health insurance coverage increased dramatically as a result of bipartisan improvements to the safety net, particularly Medicaid and CHIP. In 2013, the Census Bureau found that only 7.3 percent of children under age 18, or 5.4 million children, were uninsured, a reduction of over 2 million uninsured children since 2000.<sup>3</sup> Then in 2014, as a result of the Affordable Care Act, adults’ health insurance coverage soared to historic levels, with the

share of Americans lacking insurance coverage down to 10.4 percent in 2014 from 13.3 percent in 2013. Young adults and low-income workers particularly benefitted, with adults ages 18 to 34 comprising over 40 percent of the 8.8 million newly insured Americans. The uninsured rate for Americans living below the poverty line fell from 23.5 percent to 19.3 percent, and the rate for working adults living in poverty fell by almost a quarter, from 42.7 to 33.4 percent.<sup>4</sup>

Children's and mothers' access to health insurance during pregnancy and in the first months of life is linked to significant reductions in infant mortality, childhood deaths, and the incidence of low birthweight.<sup>5</sup> The Kaiser Family Foundation's recent review of the research finds, for example, that coverage through both Medicaid and private insurance is associated with improvements in health care access and utilization.<sup>6</sup> Research also demonstrates that Medicaid coverage improves access to care and overall health, and reduces mortality rates.<sup>7</sup> A rigorous study in Oregon found that in the first one to two years of coverage, people who gained Medicaid increased overall health care utilization, reported better health, reduced financial strain, and sharply reduced depression compared to the control group.<sup>8</sup>

Even more striking is the evidence that addressing health and nutrition needs in the early years of life has important effects on children's long-term development. Recent rigorous studies of both SNAP and public health insurance have demonstrated the positive effects of access as a child to these safety net programs on life outcomes into adulthood. For example, a paper by the National Bureau of Economic Research finds that having access to SNAP in early childhood improves adult outcomes including health and economic self-sufficiency.<sup>9</sup> Expanding health insurance coverage for low-income children has large effects on high school completion, college attendance, and college completion.<sup>10</sup> Expanded Medicaid coverage for pregnant women and infants has been shown to contribute to higher rates of intergenerational upward mobility.<sup>11</sup>

A growing body of research also demonstrates effects of other components of the safety net, including the EITC and the CTC, on children's success years later. Children whose families receive larger EITCs tend to have improved test scores, higher high-school graduation rates and higher college attendance rates. These academic benefits extend to children of all ages and racial and ethnic background—with an even larger effect for minority children on high school diploma or GED achievement.<sup>12</sup>

## Economic Security Programs Support Work

The recent House Republican Task Force Report on poverty repeats the outdated claim that safety net programs make low-income people less likely to work. This is simply not true; the overwhelming empirical evidence is that the safety net as a whole supports work, particularly for low-income parents. What typically holds people back from working is not too much support for work but too little—such as the absence of help with child care or the instability associated with not being able to afford a stable residence.

One example may make this clearer before I go into the research evidence: Child care subsidies overwhelmingly have a pro-work effect, enabling mothers to work and work more steadily. But because funding for child care assistance is so limited, a mother who goes to work could find herself unable to get access to help in a particular state even though her earnings are far, far below what it would take for her to pay for the full cost of child care—which ranges from \$5,500 to \$16,549 for an infant in center-based care depending on the state.<sup>13</sup> There are important next steps Congress could take—in particular, major increases in investment to build on the recent bipartisan reauthorization of the Child Care and Development Block Grant (CCDBG)—to fix this obstacle.

Now let me turn to the evidence that strong safety net programs support work.

First, the majority of people who get help from these core programs are in fact working—but earning too little to make ends meet. That’s not surprising, since we’ve already seen that most poor children live in families with workers—their problem isn’t reluctance to work but low wages, insecure jobs, or too few hours. Some programs, such as the EITC and CTC, are directed specifically to families with workers—and they create an incentive to work more because they increase as earnings increase up to specified limits. But in other programs as well, participants have significant work attachment. For example, among all SNAP households with at least one working-age adult not receiving disability benefits, more than half have a member who works while receiving SNAP—and more than 80 percent work either in the year prior to or the year after receiving SNAP. The rates are even higher for SNAP households with children.<sup>14</sup>

Second, many rigorous studies analyzing the effects of the safety net programs on families’ actual level of work find that when low-income working parents can get and keep the full package of work support programs, they are better able to stabilize their lives, keep a job, move up, and help their children thrive. For example, research on child care subsidies has consistently found that they play a key role in improving parents’ employment outcomes, including stability of employment and earnings. Studies of parents leaving welfare for work have concluded that families accessing various work supports, including health insurance, SNAP, and child care, were more likely to be stably employed and less likely to return to welfare.<sup>15</sup> Studies of the EITC show that its effects in increasing labor force participation are of far greater magnitude than its effects in reducing the hours of employment for those who are already working.<sup>16</sup> Empirical studies of the effects of the safety net as a whole confirm that, in practice, income support programs’ work disincentives are so small as to have “almost no effect” on their anti-poverty effectiveness.<sup>17</sup>

Third, work effort among poor and near-poor mothers—the group eligible for the widest range of safety net benefits—has gone *up*, not down. In 1975, fewer than half of all mothers were in the labor force, and only about a third of mothers with a child under age 3, compared in 2012 to more than 70 percent of all mothers and 60 percent of mothers with a child under age 3.<sup>18</sup> While married mothers were working more in the 1980s and early 1990s, since then, single mothers have closed the gap, with about three-quarters of single mothers in the labor force in 2014 compared to 68 percent of married mothers.<sup>19</sup> Given the practical and financial challenges involved in working in a low-wage job while caring for a young child, this work effort is remarkable.

Finally, over the past decade, Congress has taken several steps to remove remaining barriers to work in the core economic security programs:

- The Affordable Care Act enabled states that expand Medicaid to remove a major potential disincentive to work. In the 31 states and DC that have expanded Medicaid, parents no longer have to fear that taking a job will eliminate their access to crucial health coverage.
- The bipartisan reauthorization of CCDBG in 2014 allows a parent to keep child care assistance when her income rises. However, while helpful, this is only a partial fix: spending caps at the federal level still leave the vast majority of eligible families without the child care assistance they need in the first place.
- In the Omnibus Appropriations Act of December 2015, Congress made permanent the increases in the EITC and the CTC provided temporarily through the American Recovery and Reinvestment Act (ARRA). This was an enormous win for low-income families, and it

strengthened work incentives by ensuring that families would start to receive the work-encouraging benefits of the CTC at lower income levels.

Perhaps because it starts from an inaccurate assessment of today's safety net, the House Republican Task Force proposal does not build on these steps or address any of the real concerns that low-wage workers may face—such as the lack of sufficient funding for child care assistance, or the health insurance coverage gap faced by low-income parents in states that have not expanded Medicaid. Instead, it doubles down on strategies that are not supported by the evidence, such as work mandates—for example, in housing assistance programs—even though work requirements without strong public investment in jobs and training typically serve only to cut poor individuals off from help they need, rather than helping them get jobs.<sup>20</sup> It treats the provisions governing work in TANF as a model, even though they fly in the face of research evidence about what helps families succeed at work. For example, TANF's work participation rate requirement limits the type of countable, work-related activities,<sup>21</sup> sharply restricting participation in post-secondary education despite the extensive body of evidence that effective skills training leading to postsecondary credentials that employers recognize as having value in the labor market is “the most important determinant of differences in workers' lifetime earnings and incomes.”<sup>22</sup>

## Low Wages, Unstable Jobs and Budget Cuts Leave Far Too Many American Families Struggling to Make Ends Meet

In spite of the support of the safety net, changes in the availability of secure, decent-paying jobs and the nature of low-wage work have created an enormous headwind for many Americans struggling for economic security. For example, a minimum wage job today has about 20 percent less value than when President Reagan took office, leaving a full-time minimum wage worker in a family of three well below the federal poverty line;<sup>23</sup> the many low-wage workers who can't get full-time work earn even less. Budget cuts and gaps in the core economic security programs compound the problem.

Unfortunately, many of those most vulnerable are children—particularly babies and toddlers—and young adults, who have the highest poverty rates among all Americans. More than one in five (21.1 percent) children and almost one in five (19.8 percent) young adults live in households with incomes below the federal poverty line (\$19,073 for a family of three). Even families with incomes somewhat above this threshold often struggle to cover basic needs—and nearly 4 in 10 children are in families with incomes under twice the poverty level.

Most of these poor children live in families where adults work, often long hours. Nearly 70 percent of poor children, or more than 10 million children, live in families with at least one worker and one-third live in families with at least one worker employed full-time, full-year. Among poor Hispanic/Latino children, the largest single group of poor children, 41.6 percent lived with at least one full-time, full-year worker and 76 percent lived in families with at least one worker.

For these families, low wages, erratic schedules, inadequate or volatile hours, and rigid job demands all play a role in obstructing family economic security.<sup>24</sup> Much of this is driven by the nature of jobs in today's low-wage labor market. For example, a city study found that almost 60 percent of the retail workforce is hired in part-time, temporary or holiday positions, and only 17 percent of workers surveyed have a set schedule.<sup>25</sup> The lack of paid leave can result not only in the loss of wages but also in the loss of jobs. An Oxfam study found that one in seven low-wage workers reported losing a job in the past four years because they were sick or needed to care for a family member.<sup>26</sup>

While single parents face the greatest obstacles to economic security, and children living in single-parent families are much more likely to be poor, millions of children in two-parent families are also poor. More than 5 million children with married parents were poor in 2014, or more than 1 in 10 (11 percent) of all children in married-couple families. More than one in five (21 percent) Hispanic/Latino children in married-couple families is poor.

Particularly vulnerable are children and young adults of color, whose circumstances have great importance to America's future: they are expected to make up over 50 percent of the nation's population of children by 2020.<sup>27</sup> (Children under age 5 have already reached this milestone.)<sup>28</sup> Poverty rates for Black children and young adults are 37.1 percent and 29 percent respectively and for Hispanic/Latino children and young adults, 31.9 percent and 22.4 percent.

These high rates of child poverty endanger not only the wellbeing of individual children but the future skills and capacity of America's labor force and the nation's economic future. Children who are born poor and are persistently poor are far more likely than their peers to fail to finish high school, become parents as teens, and experience poverty as adults.<sup>29</sup> And parents' low-wage work has the potential to compound children's developmental risk, because unstable work schedules make it difficult to secure stable child care and because parents' own stress affects children's development. In addition, fully 40 percent of low-income parents have no access to paid time off (no sick days or medical leave, no parental leave, no vacation), making it difficult to care for newborn or sick children.<sup>30</sup>

Federal and state budget cuts and the sharp deterioration of block grant programs such as TANF have compounded the problem. As a result of federal caps and state budget challenges, child care assistance spending is at a 12-year low and the number of children receiving CCDBG-funded assistance has reached a 16-year low, with nearly 364,000 fewer children receiving assistance in 2014 than in 2006.<sup>31</sup> Other programs have experienced even sharper cuts—since 2000, federal workforce development funding has been reduced by more than 40 percent in constant dollars. The TANF block grant, which has received no increase in funding since enactment in 1996 except for a temporary boost under ARRA, has lost one third of its value—combined with bad state choices, this has resulted in just 17 percent of poor children nationwide (and fewer than 10 percent in 17 states) receiving cash assistance.

Recent academic research has painted a powerful picture of the consequences for families and individuals of the changing low-wage labor market coupled with these gaps in the safety net. Kathryn Edin's and Luke Shaefer's *\$2.00 a Day: Living on Almost Nothing in America* provides national estimates of the staggering number of families living below this line—1.5 million households, with roughly 3 million children—along with powerful vignettes, showing the terrible consequences for parents and children of short-term jobs with no help in between. Matthew Desmond's *Evicted* shows how housing instability is both a cause and consequence of poverty, with families with children particularly at risk. Yet as both books indicate, there are practical next steps that communities and the nation can and should take to change this picture.

## **Innovative Community-Based Solutions are Most Effective When They Build on the Foundation of a Strong Safety Net.**

As a researcher, a federal, state, and local program administrator, and now in the provision of technical assistance around the country at CLASP, I have seen the intersection of local innovation and the national safety net framework from many angles. Both research evidence and my own experience demonstrate

that community innovators and the solutions they put into place are most effective when they can build on a strong safety net. Four lessons stand out about these connections.

1. **Families who are highly vulnerable and face multiple challenges (an important subset of the larger group of low-income people who need help from the safety net) are especially likely to need health and mental health services, as well as financial support meeting basic needs such as food and shelter while they are addressing deeper and more long-term challenges.** Services such as case management complement but do not substitute for these basic needs. Therefore, a priority in supporting community innovation should be expanding Medicaid expansion in all states and ensuring continued support for a strong SNAP program and other economic supports nationwide.

While the nature of today's low-wage work means that the broad range of poor and low-income workers and families need the assistance provided by SNAP, Medicaid, child care and housing benefits, and the refundable tax credits, some workers and families do need more intensive services. Estimates of the share of families that are most deeply vulnerable, with multiple co-occurring challenges such as health and mental health problems, very low education and skills, and homelessness, range from one in ten to perhaps one in four among the broader group of struggling low-income families, depending on what is counted.<sup>32</sup> Pregnant women and families with infants under one year old are disproportionately represented among the most vulnerable and most deeply poor families -- including families experiencing homelessness<sup>33</sup>— as well as among the broader group of poor and low-income families.

Researchers have identified a number of features of programs that are successful for highly vulnerable individuals and families that face multiple challenges. These include:

- services that are intensive, high quality, and available over a long time (including approaches such as career pathways that allow individuals to enter and exit based on opportunities or crises in their lives);
- access to income support that meets basic needs and stabilizes their lives while they are receiving other help (including “earn while you learn” strategies such as subsidized jobs);
- access to health and mental health treatment;
- two-generational approaches that target both children's and parents' needs; and
- a well-trained case manager who can provide help in the context of a trusting relationship, but only if they have small enough caseloads to build individualized relationships with clients, and adequate funding for concrete benefits and supportive services that families need.<sup>34</sup>

The last point is important: case management is only supported by the research as a complement to —*not instead of*—high quality services and assistance to meet families' basic needs. Access to high quality health and mental health treatment, stable housing, adequate food, and quality child care provide the foundation upon which families can build in order to achieve economic security. Proposals to divert core benefits—as in the recent House Republican Task Force proposal to replace Supplemental Security Income (SSI) benefits for children with undefined services,<sup>35</sup> or the previous "Opportunity Grant" proposal that would have allowed states to divert SNAP for other purposes -- have no research support and would risk damage to highly vulnerable people.

For example, when I led the District of Columbia's child welfare agency in the years before the Affordable Care Act, we knew that a major need of the deeply vulnerable families entering the child welfare system was mental health and substance abuse treatment. I still remember how tragic I found it when a child would enter our care because her mother had an untreated behavioral health problem such as

depression or substance abuse – particularly since the mother had often been trying her hardest for many years to protect her children from the effects of those problems without any help or support. We all realized that if we had been able to get treatment to the parent much earlier, the child might have been spared both the trauma of maltreatment and the trauma of removal from her family. But in the absence of health care for those families, we could only try small-scale innovations to help a very few families.

Today, however, not only the District but also the 31 states that have taken the Medicaid expansion under the Affordable Care Act have an extraordinary opportunity to meet the crucial health and mental health needs of many vulnerable families – not only those who have reached a crisis that has brought them into the child welfare system. Studies of deeply vulnerable mothers—particularly those who are “disconnected” from both work and income support programs—and of youth and young adults of color have all highlighted unmet physical and mental health needs as a major challenge these individuals face, which in the absence of high quality treatment can often be so severe as to have major effects on work, school, and parenting.<sup>36</sup> One key example is maternal depression, which disproportionately affects poor mothers and, left untreated, risks damaging consequences both for mothers’ work and school success and for their young children’s cognitive development, health, and safety—yet is highly treatable when mothers have access to medical and mental health care.<sup>37</sup>

In our work on maternal depression at CLASP, informed by the experience in the District I’ve just described, we are partnering with states and community innovators to identify the best strategies for taking full advantage of Medicaid coverage for mental health screening and treatment. Building on the strong health care safety net in states that have expanded Medicaid, local innovators, such as our advisory board member for this project, Megan Smith of New Haven’s MOMS program, can be assured of solid financing for core services and can build from that foundation to develop the best approach for families at a much larger scale than would otherwise be possible. Our recent paper, *Seizing New Policy Opportunities to Help Low-Income Mothers with Depression*, highlights promising links between this and other innovative programs and strong Medicaid policies to identify and treat maternal depression. One conclusion is clear: states that have not yet expanded Medicaid should do so as soon as possible—and all states should work on improving the service delivery strategies that translate insurance coverage into services.

**2. Strong state administration of the core safety net programs -- to prevent unnecessary administrative and policy burdens that hamper families’ ability to get and keep supports and to move up at work -- is important both to families and to community innovators.**

Administering safety net programs effectively and responsively is crucial both for highly vulnerable families and for the broader group of low-income working families who cannot afford to take time off work to stand in line or make repeated phone calls to a public agency. Effective and responsive administration is also very important for community innovators, because if public programs are highly burdensome and families are unable to maintain their eligibility in a streamlined way, local innovators may find themselves spending a great deal of case management energy simply managing or working around the system rather than helping the family. And when local innovators depend on funding from the public programs to support crucial services—for example, child care or mental health treatment—burdensome and bureaucratic administrative structures that keep families “churning” on and off the program take a financial toll as well.

Strong state administration is also important for supporting work. Poorly administered programs can make it hard for low-income families to succeed at work—for example, parents in low-wage jobs will

likely lose pay and even possibly lose their jobs if they have to wait in line to renew a Medicaid card or get food assistance for their family. But well-administered programs help families get and keep the full package of supports they need to stabilize their lives and move up on the job. Examples of promising state initiatives aimed at more effective service delivery for poor families include those undertaken under Work Support Strategies (WSS), a foundation-funded initiative led by CLASP and its national partners the Urban Institute and the Center on Budget and Policy Priorities to help a bipartisan group of six states integrate and streamline service delivery of core economic and work support programs so that low-income working families get and keep the full package that they are eligible for.

Governor C.L. (“Butch”) Otter of Idaho explained in a 2013 commentary that Idaho’s commitment to streamlining access to SNAP, Medicaid, and child care subsidies comes from its goal of “helping families enter and succeed in the workforce.” To achieve this goal, Idaho has sought to “identify gaps in the services available to low-income working Idahoans and reduce the impediments to receiving those services for which they are eligible...”<sup>38</sup> Through WSS, Idaho, Colorado, Illinois, North Carolina, Rhode Island, and South Carolina seized the opportunities available under current federal law and policy to innovate, streamline, and integrate the major safety net programs (including Medicaid/CHIP, SNAP, and child care assistance) into a coherent package for families, in order to support their stability and success at work and at the same time improve efficiency and program integrity.

By the end of the WSS period most states were providing faster service and improving access to both SNAP and Medicaid/CHIP to families eligible for both programs, and some had made progress in reducing the incidence of families temporarily losing work supports due to procedural issues (“churn”). Four states tracked the percentage of applications processed the same day as the client applied for service, and all of them saw improvements—in some cases nearly tripling. This required caseworkers to review applications when submitted and when possible, to verify income and other information on the spot. Four of the five states where the Urban Institute was able to measure joint participation in SNAP and Medicaid/CHIP—the share of those eligible for both programs who actually received both—made substantial progress toward the goal of increasing joint participation between 2011 and 2013.<sup>39</sup>

### **3. Because families with infants and young children have particular vulnerability yet experience major gaps in the safety net, filling these gaps should be a high priority as part of building a foundation that can support community innovation.**

Across the country, large numbers of young children are affected by one or more risk factors that have been linked to academic failure and poor health.<sup>40</sup> Chief among them is family economic hardship, which is consistently associated with negative outcomes in these two domains.<sup>41</sup> Many low-income children also experience other risk factors, including living with a teen mother, in a household without English speakers, or with parents who lack a high school diploma. Children affected by several adverse circumstances—three or more risk factors—are the most likely to experience school failure and other negative outcomes, including maladaptive behavior.<sup>42</sup> Toxic stress, much studied in recent years, is the consequence of too many family disadvantages during the early years – and holds back children’s health, learning, and success.<sup>43</sup> Yet as indicated above, families with infants and very young children are in fact over-represented among those who experience the deepest challenges, such as homelessness.

As community leaders seek to address these challenges, they face a number of challenges and gaps in the national safety net. First, the labor market challenges described earlier are hardest to navigate for a parent of an infant—a low-wage job with an uncertain schedule and no paid days off at all for illness or to care for a newborn is likely to lead to a parent who is fired or quits and/or to a baby with unstable and

constantly changing care arrangements. So steps proposed in the next section to ensure baseline worker protections including paid family leave, paid sick days, and fair scheduling would be especially helpful for these vulnerable families.

Second, gaps in two major public safety net programs are particularly problematic for families with infants. High quality infant child care is extremely expensive, and Early Head Start—which provides very high quality, comprehensive care for poor babies and toddlers and their families—serves only 5% of eligible young children. Investments in both CCDBG and Early Head Start provide a crucial foundation for community-based innovations. In addition, Temporary Assistance for Needy Families (TANF) ought to be a core support for families with infants, providing financial support during the first year of life as families get back on their feet. Too often, however, states go beyond what federal law requires in ways that have the effect of denying families with infants the help they need. This creates unnecessary hardship for the most vulnerable families, and means that community programs must spend much of their energy fighting to get their clients the basic necessities rather than providing innovative services. A recent CLASP paper on TANF and the First Year of Life provides practical solutions and examples of promising state policies and local programs.<sup>44</sup> I am pleased to report that just this month, California has repealed its "maximum family grant" or family cap, which denied aid to children if they were born while their parents received welfare.

Finally, a promising approach with growing research support is “two-generational” strategies that aim to help young children and their parents together. Head Start and Early Head Start represent longstanding versions of this strategy, and home visiting programs offer additional opportunities. The Affordable Care Act offers important policy opportunities as well. A number of states and cities are utilizing and experimenting with such approaches. Most of these initiatives are relatively small and focus on service delivery, but there are also important large scale policy opportunities.<sup>45</sup>

**4. States and the federal government should pay particular attention to systemic disparities that can weaken the safety net for families of color and those living in high-poverty communities. Targeted place-based innovations in these communities will succeed best when they build on strong foundations – instead of having to push back at obsolete policy or operational barriers that keep families from meeting core needs.**

Some communities face particularly high rates of poverty and lack of economic opportunity, and these challenges must be addressed at the national, state, and community level. When state and federal policy and funding choices, or capped federal budgets, disadvantage communities of color and high-poverty communities, that once again places extra obstacles in the way of community innovators. For example, a recent CLASP paper on disparities by race/ethnicity and state in child care and Head Start funding found a very low rate of access for Latino children (8 percent of those eligible). Both state policy decisions and shrinking federal funding likely play a role—but in either case, lack of access poses a major barrier for innovators addressing needs in these communities.

In addition to a strong safety net supported by public investment at the federal and state levels, these communities also need a special focus from many public systems and private partners, including the secondary and postsecondary education systems, business and industry, community providers, workers, parents, youth, and philanthropy, to put in place a comprehensive, community-wide approach. Carefully designed strategies to help these systems align eligibility requirements, performance measures, and reporting requirements, as under the Performance Partnership Pilots for disconnected youth, can be a

helpful element of a comprehensive community strategy. However, it is critical that these efforts be carefully designed to ensure that the most vulnerable populations are appropriately served.<sup>46</sup>

## Next Steps for Reducing Poverty and Expanding Opportunity

To reduce poverty and help vulnerable Americans work, raise children, and succeed, Congress should pay attention to the evidence about what works, avoid bad ideas even if they sound good, and commit to selected bold next steps where we know investment will pay off.

### Avoid bad ideas

Given the strong evidence about the safety net's importance to family wellbeing, children's long-term outcomes, and stable and sustainable work, the worst thing that Congress could do is ignore the research and undermine success. That means avoiding bad ideas, including turning core safety net programs into block grants, imposing misguided work requirements that threaten access to food, health care, and other essential benefits, or cutting the federal budget for low-income work supports.

### **Block Grants Have a History of Failure**

All the available experience with block grants suggests that they don't work for core safety net programs. The history of block grants shows that, since there is no direct link between spending and need, their Congressional appropriations shrink drastically over time—as with the reductions in TANF and CCDBG cited earlier<sup>47</sup>—and they cannot respond to economic downturns. For example, during the recent Great Recession, SNAP and Medicaid, which are not block grants, provided greater support to states, communities, and families as economic need rose. From 2007 to 2011, SNAP caseloads and federal support to states went up in response to the recession-driven increase in need, leveling off and then beginning to decline as the economy has recovered. By contrast, block grants like TANF do not increase federal assistance in a recession, leaving states caught between a rising number of families seeking help and declining state tax revenues. National TANF cash assistance caseloads responded only modestly to the deep recession and in six states caseloads continued to decline from 2007 to 2009 in the face of sharply rising need—leaving families and states without resources just when they needed help most.

Block grant proponents sometimes argue that flexibility can compensate for inadequate funding, but the evidence suggests that just isn't true. Taking advantage of flexibility to get rid of extra bureaucratic steps can save modest administrative costs, but it doesn't come close to filling the gaps in seriously underfunded programs. For example, CCDBG is highly flexible, but as a result of capped federal funding, the number of children served has hit the lowest number in more than a decade.

Increased flexibility also risks diverting funds from programs' core mission. For example, the most recent available data show that states spent just over a quarter of TANF and state maintenance of effort funds on cash assistance, and another quarter on work activities and child care. The remaining funds went to a variety of state services and supports for low-income families, in some cases supplanting previous state spending.<sup>48</sup> It does not make sense to allow states to trade off intensive services or case management for the most vulnerable families against core health or nutritional supports to other needy families—or to force states into these trade-offs as a result of shrinking federal budget investments.

Finally, block grants are ill-suited to supporting core national goals—such as ensuring that every American starts life healthy and well-nourished—but instead contribute to disparate life chances based on where a child is born. This is true not only because states may make different choices about their level of commitment to needy families but also because capped federal funding short-changes states with a

growing number of poor children and families over time, as in the South and Southwest. Compounding the damage, this capped funding may have a disproportionate effect on Black and Hispanic/Latino children who are particularly likely to live in these states. For example, as mentioned before, CLASP’s analysis of CCDBG shows that only 8 percent of eligible Hispanic/Latino children get help compared to about 13 percent of eligible children overall, with large differences across states—some likely due to state policy choices and some to capped federal funding.<sup>49</sup>

### **Misguided Requirements Block Access Instead of Supporting Work**

Given the large share of low-income families who are already employed yet still need help making ends meet, along with the many barriers to steady work in the low-wage labor market, the best evidence suggests that so-called “work requirements” are not effective strategies for increasing work hours and earnings. What many low-income families—already working long hours in low-wage jobs while also raising children—need the most is easy, straightforward access to health insurance and assistance paying for food and child care. In these cases, the best way for states to promote work is a commitment to streamlined access—as in Louisiana, expanding Medicaid this summer and becoming the first state to take advantage of a new federal option for states to use information in SNAP files to easily enroll people in Medicaid.

In fact, work requirements are too often counter-productive. For example, untreated physical and mental health conditions are a major barrier to work—so getting health insurance and treatment is an important step on the way to stable work. Imposing a work requirement as a condition of health insurance places applicants in a harsh “catch-22”—those who can’t meet the requirement without treatment are exactly the ones who get cut off. Similarly, hungry people are less likely to succeed in school or work.

The evidence from TANF highlights that mandatory work programs are too often a barrier to access rather than a springboard to economic security, in part because good programs require substantial state and federal investment. While there are exceptions in individual communities, employment programs tied to TANF often have little to offer in the way of effective services. Both the requirements (sometimes driven by the federal participation rate, other times by state choices) and the programs offered are likely to reflect outdated perspectives about what works, in contrast to the more current, evidence-driven approaches included in Congress’s bipartisan reauthorization of the Workforce Innovation and Opportunity Act (WIOA) with its emphasis on career pathways, effective programs to help participants earn industry-recognized postsecondary credentials, and “earn while you learn” subsidized job strategies.

In other cases, punitive provisions described as “work requirements” in fact have nothing to do with work, as in the SNAP time limits for so-called “able-bodied adults without dependents.” These individuals are already required to accept suitable job offers, so the so-called work requirement is really a time limit. After three months receiving SNAP assistance, these individuals must actually be working or in approved training a full 20 hours per week or else be cut off—yet states are not required to offer them an opportunity to participate in an employment program. Federal law allows for an exemption from this requirement in areas of high unemployment, but an increasing number of states have turned down the waivers for which they are eligible. Given today’s low-wage labor market, this means that people who are actively searching for employment and those who are working but not meeting the required 20 hours per week will be forced off of SNAP—raising the likelihood that they will skip meals, struggle with food insecurity, and find it hard to sustain stable work.

Thus, strategies to encourage work across benefit programs should focus on making effective work and training opportunities available, drawing on the lessons of WIOA and of successful local and state

initiatives. They should never disqualify individuals from benefits when no appropriate training or work experience has been offered to them; and they should never be a condition for children's access to benefits or for anyone's—children's or adults'—access to health insurance.

### **Cuts Harm Low- and Moderate-Income Americans**

Struggling families also face damage from past and threatened budget cuts. From FY 2010 through FY 2016, out of the 164 programs tracked by the Coalition on Human Needs, 139 sustained cuts in funding, accounting for inflation; only 25 grew. Nearly half (67) were cut by 15 percent or more, and nearly one-third (54) were cut by 25 percent or more.<sup>50</sup> These cuts have limited low-income families' access to housing, to youth services, to education and training, and other core programs. Alarming, the budget resolution proposed by the House of Representatives would increase these cuts, harming low- and moderate-income people, and would cut discretionary spending far more deeply than envisioned even with sequestration. Non-defense discretionary spending would drop from \$518.5 billion in FY 2017 down to \$472 billion in the next year; it then would stay absolutely flat for the next nine years, eroding with inflation year by year, leading to a total cut of \$887 billion as compared to current policy through 2026.

### **Take Bold Next Steps, Supported by the Evidence**

As we've seen, reducing poverty and promoting opportunity for America's families requires tackling the economic headwinds facing workers, building on emerging insights and successes, and filling remaining gaps in the safety net. Congress should consider five bold next steps.

- 1. Help parents work and children thrive by ensuring access to high-quality child care and early education programs.**

High-quality child care and early education programs are central to parents' work and to children's well-being, development, and opportunities to escape poverty as adults—yet few low-income parents can afford such programs without help. As a consequence of capped federal funding, the number of children receiving child care subsidies under CCDBG is the lowest it has been since 1998; Head Start serves less than half of eligible preschoolers and fewer than 5 percent of poor babies and toddlers.

Increased funding for child care should be an urgent priority as part of an agenda to reduce poverty, promote opportunity, and strengthen the American economy more broadly. A virtually unanimous bipartisan majority in the Congress voted for CCDBG reauthorization in 2014, including improvements to support quality and allow parents to move up at work. Yet, as Congress recognized in last year's budget deal, making these improvements will require resources. We strongly recommend that Congress commit to an increase of \$1.2 billion in CCDBG in 2017 to ensure that states can implement the law without further reducing the number of children served.

But reducing poverty and increasing opportunity requires a bolder next step—not just avoiding cuts but reaching the five of six eligible children who are currently unable to get help because of funding limits. Guaranteeing child care assistance for all low-income parents with young children, as proposed by President Obama in the 2017 budget, would go a long way to expand economic opportunity for families.

- 2. Ensure access to high-quality workforce development programs and career opportunities to all low-income and low-skilled workers, both youth and adults.**

WIOA, enacted by the Congress in 2014 with bipartisan support, includes improvements in workforce development programs to give low-income workers access to good jobs and careers. Steps forward include a focus on demand-driven training, including postsecondary education leading to employment;

requirements to develop career pathways that allow participants to link training, credentials, and work experience in individualized ways, building skills over time; and a strengthened priority for serving low-income, lower-skilled individuals, including recipients of public assistance benefits and out-of-school youth.

But valuable as they are, these provisions will not achieve their full intended effect on low-wage and low-skilled workers' success on the job without adequate funding, at the levels authorized in the law. Given the 40 percent reduction in federal funding for workforce development noted earlier, even greater investments would be required to truly enhance opportunity for low-income workers.

A number of other investments would make a big difference for low-skilled and low-income workers. These include strengthening dropout recovery strategies and advancing career and technical education programs that align with WIOA by bridging high school and postsecondary levels and targeting special attention to low-income students. And given the high levels of economic distress among youth and young adults, Congress should make substantial investments in youth employment, including but not limited to summer employment, with the jobs carefully linked to learning and career development.

### **3. Tear down financial barriers to postsecondary success for today's low-income students.**

Postsecondary credentials are crucial for economic success in today's labor market. Yet far too many students fail to complete the education they need because of financial barriers. One key reason is that policies are not aligned with the reality of who today's students are: half of all college students—and far more among students of color and students in two-year colleges—are financially independent of their parents, and one quarter of students are parents themselves. These students' college completion is threatened by their deep levels of unmet financial need, which are higher among students of color.<sup>51</sup> Unmet need, driven both by spiraling costs of college tuition and fees and by the costs of transportation, books, supplies, food, and housing, often leads students to drop out, borrow more, decrease their course load, or increase their work hours to levels inconsistent with staying in school.

Congress should reform the Higher Education Act to make financial aid responsive to today's students and address the needs and attendance patterns of nontraditional and low-income students. Crucial policy reforms include reinstating year-round eligibility for Pell grants (which has received bi-partisan support) and ensuring that student aid is available for working students, including those attending less than half-time; connecting financial aid with other programs, benefits, and sources of student assistance;<sup>52</sup> and funding new federal-state partnerships providing two years of tuition- and fee-free community college through "first-dollar" scholarships that are accessible to nontraditional students.<sup>53</sup>

### **4. Fix gaps in the safety net and support work for the neediest Americans.**

As noted earlier, despite the broad-brush successes of the safety net, its gaps take a serious toll on the neediest Americans. Congress should consider two timely steps to support work and meet basic needs.

Support work by building on the successes of the EITC and CTC. The most immediate step would be to expand the EITC for childless workers and young adults. Under current law, individuals without dependent children can only receive a very small credit—a maximum of about \$500—and begin to lose the benefit even before their earnings reach the poverty threshold. Younger and older workers are at a further disadvantage because, under current law, the EITC is only accessible to eligible individuals without dependent children if the workers are between ages 25 and 65.

Broadening the age range would be particularly valuable for young adult workers, many of whom begin careers in low-wage jobs—both helping them make ends meet and encouraging workforce participation. A White House report estimates that 3.3 million working youth under age 25 would be newly eligible for the EITC under the president’s proposal, accounting for over 24 percent of all workers who would benefit from this expansion.<sup>54</sup>

There is bipartisan support for expanding the EITC for workers without qualifying children and making it available to younger workers starting at age 21. All of the proposals increase the maximum credit rate for childless workers, doubling it from the current level. I urge you to move this proposal without delay.

In addition, Congress should make the CTC fully refundable so that the lowest-income workers can benefit. The CTC exists because we recognize that raising children is costly at all income levels; it does not make sense for parents who are unable to find consistent work to be shut out.

Strengthen TANF as both a safety net and a work program. Last summer, the House Ways and Means Committee released a discussion draft of a bill to reauthorize TANF, which has been operating under short-term extensions since 2010. We are pleased that the discussion draft bill made critical changes to improve the TANF work participation rate (WPR), as CLASP has long advocated. The bill would give states greater flexibility to serve individuals with barriers to employment and other disabilities, and would count more education and training activities toward the WPR to support TANF recipients in obtaining the skills and credentials needed to sustain employment. These changes would both reflect ways in which our changing economy increasingly requires higher levels of education for family-sustaining jobs, and would remove barriers that prevent states from aligning TANF work programs with the workforce programs under WIOA. However, the draft bill did not provide states with additional federal resources, and did not hold them accountable for TANF’s effectiveness as a safety net. President Obama’s FY 2017 budget proposal includes some important recommendations in this area.<sup>55</sup> We would welcome the opportunity to build upon the comments we have already submitted regarding the discussion draft<sup>56</sup> and to share our thoughts on how to strengthen TANF as both a safety net for the most vulnerable families and a work program.

**5. Establish minimum standards for wages and key aspects of job quality, so jobs support rather than destabilize families.**

As we’ve seen, many Americans work hard yet cannot make ends meet because of inadequate wages or hours, unpredictable schedules that do not allow them to keep the family budget on an even keel or secure stable child care, and the lack of any paid leave to care for an infant, a sick child or family member or to recover from their own illness. While some employers ensure all their workers have these basic elements of stable work, far too many do not. For example, about 40 percent of all workers do not have paid sick days; many more do not have paid family and medical leave. Further, the lack of minimum standards in jobs aggravates the nation’s inequalities<sup>57</sup>, including racial inequalities.<sup>58</sup> That’s why it’s crucial to pass public policies. Currently, states and localities across the country are enacting such statutes (for example, New York state just became the fourth to provide paid family and medical leave), and over 30 jurisdictions including 5 states now have a statute that ensures workers can earn paid sick days. There are now models and research that can inform Congressional action.

No serious effort to reduce poverty and promote opportunity can sidestep the importance of decent, stable, family-supporting jobs. Congress should pass legislation to upgrade the minimum wage and to create new national policies for paid family and medical leave, paid sick days, and fair scheduling.

Congress should take up consideration of the Raise the Wage Act, the FAMILY Act, the Healthy Families Act, and the Schedules that Work Act.

## Conclusion

America's core economic security programs reduce poverty, improve the lives of low-income families, promote children's long-term success, and support work. Yet changes in the economy that have fostered low-wage, insecure jobs, as well as budget cuts and remaining gaps in the safety net, have left far too many people struggling to make ends meet.

But the good news is that rigorous research as well as recent experience offer considerable evidence about what works and what needs to be fixed. Learning from that evidence, Congress should avoid bad ideas that demonstrably don't work—such as block grants, misguided requirements, and cuts in key programs—and should seize opportunities that build on success. Thank you and I look forward to your questions.

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