



"A Progress Report on the War on Poverty: Reforming Federal Aid"

A Hearing Before the House Committee on the Budget

Testimony of Olivia Golden

Executive Director, Center for Law and Social Policy (CLASP)

CLASP develops and advocates for policies at the federal, state, and local levels that improve the lives of low-income people, with a focus on strengthening families and creating pathways to education and work. Through careful research and analysis and effective advocacy, we foster and promote new ideas, mobilize others, and help advocates and government implement strategies that deliver results for people across America. For more information, visit <http://www.clasp.org> and follow @CLASP_DC.

June 10, 2014

Chairman Ryan, Ranking Member Van Hollen and Members of the Committee, thank you so much for the opportunity to testify on the major accomplishments of the War on Poverty, on the unfinished business that still lies ahead, and on the right ways to improve core work support and safety net programs. I am the Executive Director of the Center on 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 in directly administering these programs at the federal, state, and local levels in New York State, Massachusetts, the District of Columbia, and as Assistant Secretary for Children and Families in the Clinton administration, as well as experience studying their impact and effectiveness as a researcher at the Urban Institute.

I will cover four topics in this testimony.

First, I'll briefly highlight several crucial accomplishments of the War on Poverty, which sharply reduced poverty and improved nutrition and health care for millions of children and families, poor and near-poor. Yet there is much more to do – particularly because trends in low-wage work and the economy more broadly have created an enormous headwind for public policy, leaving many families working long hours, yet still struggling.

Second, I will provide a brief overview of important facts about today's federal-state work support programs, including food assistance, health insurance, child care subsidies, and income support through cash help and tax credits. One key point that is often misunderstood: many families who need and get help are working. The core challenge is not motivating them to work – rather helping them to stabilize their lives, raise their children, and move up while they are working often long hours for low wages.

Third, I will highlight five lessons learned over recent decades about what works well and what doesn't work. One important theme is that today's safety net is generally designed to support work, although there are still gaps to be filled. Another is that effective safety net programs like SNAP and Medicaid are "counter-cyclical," meaning that during an economic downturn, resources to the states and to families go up, in contrast to block grants like Temporary Assistance for Needy Families (TANF) that do not respond well to a recession.

Fourth and finally, I'll suggest next steps to address remaining gaps in the federal-state safety net.

I. THE WAR ON POVERTY 50 YEARS LATER

The War on Poverty programs and related improvements in the federal safety net have made a very important and positive difference to the United States by significantly reducing poverty and improving the lives of those who remain poor. In addition, poor families themselves, particularly mothers of young children, have increased their work effort substantially. Yet despite these accomplishments, we are far from done: we must continue to build and strengthen the safety net and related policies to address the changes in the economy and the nature of low-wage work that continue to leave millions of children and their families in poverty.

Accomplishments of the War on Poverty

When poverty is measured in ways that take the War on Poverty programs into account, researchers find that they cut the poverty rate almost in half. Because the official federal poverty rate doesn't count the income that families get from these programs and their successors -- including SNAP and the Earned Income Tax Credit -- assessing the reduction in poverty requires estimating an alternative poverty rate. One recent estimate by researchers at Columbia University finds that government tax and transfer policies reduced the share of people who are poor by 13 percentage points, from 29 percent to 16 percent in 2012. By contrast, in 1967, tax and transfer programs reduced poverty by just 1 percentage point, from 27 percent to 26 percent.ⁱ

These results translate into millions of people. Using the government's supplemental poverty measure, which treats non-cash benefits and tax credits as income, SNAP benefits alone kept 4.9 million people, including 2.2 million children, out of poverty in 2012. The Earned Income and Child Tax Credits kept 10.1 million people, including 5.3 million children, out of poverty that year. Using a broad definition, including non-means tested programs such as Social Security and Unemployment Insurance, the safety

net kept 41 million people, including 9 million children, out of poverty in 2012, cutting poverty nearly in half.ⁱⁱ

Second, the federal safety net programs have dramatically changed the lives of low-income families, both poor and near-poor, through large improvements in children's access to health care and nutrition. These improvements are crucial because of the impact of addressing health and nutrition needs in the early years of life on long-term development. A recent paper by the National Bureau of Economic Research finds that having access to SNAP in early childhood also has positive effects on adult outcomes years later, including health and economic self-sufficiency.ⁱⁱⁱ

Children's health insurance represents a particularly important example of large improvement as a result of bipartisan improvements to the safety net, particularly Medicaid and the Children's Health Insurance Program or CHIP. In 2012, the Census Bureau found that only 8.8% of children under age 18, or 6.6 million children, were uninsured, a reduction of 2 million uninsured children since 1999. Studies show that 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. More broadly, children's access to health insurance is associated with a continuing source of care, at least one well-child visit, access to dental care, and a reduced likelihood of unmet health care needs, as well as improvements in children's school performance that appear to arise from better child health.^{iv} In addition, expanding health insurance coverage for low-income children has large effects on high school completion, college attendance and college completion.^v

Third, two other key components of the War on Poverty, the Head Start program and Pell grants, originally known as Educational Opportunity Grants, have helped millions of children start school ready to learn and go on to post-secondary education. More than 30 million young children have benefited from Head Start since it began as a summer program in 1965, and nearly 2 million from its companion program for infants and toddlers and their families, Early Head Start, enacted in 1994. Research consistently shows that both programs lead to immediate gains for children in cognitive, socio-emotional, and health outcomes^{vi}. Although there is more disagreement about long-term impacts, a recent review of the research suggests that the balance of the evidence points to important long-term effects including reduced special education placement, reduced involvement in the criminal justice system, and improved rates of high school completion even when there is no immediate evidence that children are doing better in early elementary school.

The federal Pell Grant program is the largest federal grant program supporting postsecondary education and training for low-income students. Pell Grants are distributed annually to nearly nine million low-income students to help them access and complete college, to help students cover the direct costs of college, such as tuition and fees, and indirect costs, such as living expenses. Research has shown that student aid based on need—such as Pell Grants—increases college enrollment among low- and moderate-income students and improves their likelihood of completing college.^{vii}

Increased work effort by mothers, including mothers of young children

At the same time that the War on Poverty programs have made a difference to low-income families, so have dramatic increases in work effort by families themselves. Over the past several decades, poor and near-poor mothers have become far more likely to work, even while their children are very young. 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 to more than 70% of all mothers and 60% of mothers with a child under age 3 in 2012.^{viii} While married mothers were working more in the 1980s and early 1990s, since then, single mothers have closed the gap – despite the obstacles they face and, again, even when children are very young. In 2013, about three quarters of single mothers were in the labor force compared to 68% of married mothers, and 57% of mothers of infants – under age one – whether married or single.^{ix}

What remains to be done: The implications of economic change and low-wage work for families and children

Unfortunately, however, changes in the economy, particularly in the availability of secure, decent-paying jobs and the nature of low-wage work, created an enormous headwind for public programs. Despite the accomplishments of the War on Poverty and the large increase in work effort by poor parents themselves, about one in five children remain poor today (22% by the official poverty rate and 18% by the supplemental poverty measure), with racial and ethnic minority children disproportionately affected.^x When you add in near-poor families, struggling to make ends meet with incomes just above the poverty line, more than 30 million children or more than 4 in 10 of all children, live in low-income families that are far more likely to face difficulty in paying the rent or mortgage and keeping food on the table than better-off families.^{xi}

Most of these children live in families where adults work, often long hours. Over two-thirds of poor children live in families with at least one worker, and 30% in families with at least one worker employed full-time, full-year. When you add in the near-poor children, more than half of poor and near-poor children live with a full-time, year-round worker.^{xii}

While children growing up in single-parent families are far more likely to be poor than children in two-parent families, more than 5 million children in two-parent families were poor in 2012. Among Hispanic children, almost one in four living in two-parent homes were poor. Low wages and variable and insufficient work hours keep far too many children poor, in both one- and two-parent homes.^{xiii}

Widespread child poverty in the United States endangers not only the wellbeing of individual children but the future skills and capacity of our labor force and our 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.^{xiv} And parents' low-wage work has the potential to compound children's developmental risk, because unstable and nonstandard work schedules make it difficult to secure stable child care, because parents' own stress affects children's development, and because so many low-wage jobs come without the crucial benefits – such as paid sick days – that support caring for children.

II. FEDERAL-STATE WORK SUPPORT AND SAFETY NET PROGRAMS: WHAT ARE THEY, HOW DO THEY WORK, WHO DO THEY HELP?

Before turning to the question of how our work-support and safety net programs could be improved to respond to the challenges that families in the U.S. face today, it is helpful to review the big picture of what these programs look like today. Among the many programs that help Americans stabilize their lives, I primarily focus in this testimony on programs that are targeted to low-income individuals and families (rather than available to all Americans regardless of income) and on those that serve working-age individuals and children (rather than seniors or people with such severe disabilities that they are not

expected to work). However, it's worth noting that some programs that are not means tested, including Unemployment Insurance and Social Security, have a significant anti-poverty impact. Benefits under these programs are based on past earnings, so they provide more benefits to higher earners, but they still reach many low-income households, including families with children. I also focus on programs that are designed to help people meet basic needs, rather than programs like Head Start and Pell Grants, which are designed to promote opportunity through education.

With this focus, the core elements of the safety net for low-income individuals and families are Medicaid (and the closely related CHIP), the Supplemental Nutrition Assistance Program (SNAP), and the Earned Income Tax Credit (EITC). In 2011, Medicaid served 53.2 million individuals, SNAP 44.7 million individuals, and the Earned Income Tax Credit 25.2 million tax units (overwhelmingly families with children).^{xv} Because these programs are not capped, they are available to all eligible recipients, and are able to respond automatically to changing economic conditions, such as the recession. Another group of income- and work-support programs, including cash assistance from the 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. Housing assistance reached 4.8 million households in 2011, while TANF served 1.9 million families (4.6 million individuals) and child care subsidies through the Child Care and Development Fund reached 1.6 million children.^{xvi}

A few points about who benefits from these programs are also important to note:

First, these programs are largely targeted to families with children. There is much less support available for individuals without children, including non-custodial parents. Such workers are eligible for only a very modest EITC, and are the only group who are now pushed into poverty by federal income and payroll taxes.^{xvii} They cannot receive TANF or child care subsidies, and are highly unlikely to access housing subsidies. Prior to the Affordable Care Act, workers who were not parents could generally not qualify for Medicaid regardless of how low their earnings. Many workers simply put off needed medical care until it became critical, often with lasting negative consequences for their health. And too many individuals with significant health issues had no way to obtain desperately needed coverage other than to attempt to qualify for disability benefits, and the accompanying health care. Now, at least in states that have adopted the Medicaid expansion, low-income workers can receive affordable health insurance even if they are not custodial parents. Childless unemployed individuals may receive SNAP benefits, but are subject to 3 months out of every three years if they are not employed at least 20 hours per week or in a qualifying work activity. (Many states were able to waive these time limits due to the very high unemployment rates in the recent recession. As the economy improves, fewer areas will qualify for waivers and the time limits will be returning to every state over the next years.)

Second, even for families with children, there are still major gaps in coverage. Not everyone who is eligible for benefits receives them. Nationally, in 2011 only 79 percent of those eligible for SNAP benefits received them, and only 67 percent of eligible individuals in working poor families. Some states had much higher participation rates, but others had lower.^{xviii} Similarly, an estimated 87 percent of eligible children received health insurance coverage under CHIP and Medicaid in 2011.^{xix} Putting the two together, one estimate found that just 58 percent of children who were likely to be eligible for both SNAP and Medicaid received both programs in 2009, and 14 percent received neither.^{xx} In these programs, the gaps in coverage may arise from problems in the way overwhelmed public agencies deliver benefits – problems which many states are eager to solve in order to ensure that families get the

help they need to stabilize their lives and that workers do not have to struggle with cumbersome rules and systems. CLASP is leading a project called Work Support Strategies, which I describe below, which works closely with six states to modernize delivery of these key work supports.

For programs like child care subsidies that are capped, the participation rate is far lower. In 2009, only 18 percent of children federally eligible for child care subsidies got any help^{xxi}. When these capped or non-entitlement programs are considered as well as SNAP and Medicaid, the share of children who receive the full package for which they are eligible falls to very low levels.

Third, a large share of families who get help from these core safety net programs are working in low-wage jobs yet not earning enough to make ends meet. In some cases, such as child care subsidies and the EITC, eligibility is directly tied to employment. But even in other programs, 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 they are 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.^{xxii} For these families, the crucial issue is not motivating them to work but ensuring they have the crucial supports like health care, nutrition, and child care to enable them to stabilize their work lives, raise thriving children, and eventually move up on the job.

In fact, this increase in support for low-income working families who are unable to make ends meet is one of the biggest trends in recent decades. This is not only because so many families today are in low-paying jobs but also because of a series of changes in policy intended to promote incentives for work and make work pay. These include the expansion of the EITC, which is only available to workers with earnings, the opening of Medicaid to families who are not receiving cash welfare, and the redesign and expansion of child care subsidies in the late 1990's. At the same time, the safety net provides less support than it once did to families who do not have earned income, largely driven by the declining role of cash assistance under TANF, which lifts fewer children out of deep poverty than AFDC did.^{xxiii}

Finally, the shape of the safety net varies greatly by state. The only major program available without any state role is the EITC. For child care subsidies and TANF, states entirely set the eligibility rules, while for Medicaid (and, to a lesser degree, SNAP) there is significant state variation within a federal framework, and housing subsidies are locally administered. As a result, what supports are available to you depends to a major degree on the state where you live (or were born). This is true in general, but even more so for unemployed parents and childless adults, as the federal government levels the playing field even less for these groups.

III. LESSONS LEARNED

The experience gained from federal safety net and work support programs over the past 50 years has taught us several important lessons.

1. **Work is central to families' economic security, and the core federal programs that have evolved from the War on Poverty are now designed to support work rather than discourage it.** These programs are particularly effective at supporting work when they are sufficiently funded so that

families can get and keep the full package of benefits for which they are eligible (including child care) and when programs are effectively implemented by the states (for example, when families do not have to miss work to stand in line for hours to see a caseworker).

As I noted earlier, a number of key reforms in the 1990's -- including the expansion of the EITC and changes to child care subsidies, Medicaid, CHIP, and SNAP -- ensured that the full package of federal safety net programs supported work. These changes matter because when low-income working families can get and keep the full package of work support programs, research suggests 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.^{xxiv} Influenced by this research as well as their own experience, both Republican and Democratic administrations in states around the country are partnering with CLASP and a group of national policy and philanthropic partners to improve working families' access to SNAP, health insurance, and child care subsidies so parents can stabilize their employment and move up on the job. Through the Work Support Strategies initiative, led by CLASP in partnership with the Urban Institute and the Center on Budget and Policy Priorities and supported by the Ford Foundation and other private funders, the states of Colorado, Idaho, Illinois, North Carolina, Rhode Island, and South Carolina are designing and implementing twenty-first century strategies to ensure that low-income working families get and keep the full package of work support programs -- while also reducing bureaucracy and the burden on state employees. Explaining Idaho's reasons for streamlining access to SNAP, Medicaid, and child care subsidies, Governor C.L. ("Butch") Otter of Idaho emphasized Idaho's 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... [with a focus] on improving delivery of SNAP, Medicaid, child care subsidies, and our Temporary Cash Program to the working poor..."^{xxv}.

While some assert a counter-argument that work support benefits like SNAP and Medicaid actually discourage work rather than supporting it, there is little evidence to support this. In theory, families who receive a full package of benefits including health insurance, food assistance, child care subsidies, and housing assistance could face a daunting reduction in benefits ("cliff effect" or "benefit reduction rate") if they earned more money. In practice, though, few families receive this full package, because child care subsidies and housing assistance reach such a small share of those eligible. Therefore, it is not too much support for work but too little -- in particular the absence of help with child care or the instability associated with not being able to afford a stable residence -- that typically holds families back from working.

That said, we should pay attention to sharp "benefit cliffs," in which families would abruptly lose a crucial support if they took a promotion or added hours, because these cliffs are deeply unfair and counter-productive to the goal of stabilizing work. In states that have adopted the Medicaid expansion under the Affordable Care Act, one of the most damaging of these cliffs is gone. Parents no longer have to take the enormous risk of going without health insurance if they add hours to a low-wage job and exceed a pre-ACA Medicaid eligibility ceiling that in many states was far below the

poverty level. Instead, with Medicaid coverage at the lowest income levels and then coverage through the health insurance exchange with a sliding scale of subsidy, a working parent can have peace of mind about health care, regardless of income level.

2. **Effective programs help children thrive and parents work.** Since the War on Poverty began, we have seen not only dramatic increases in mothers' work but also major breakthroughs in the underlying science about young children's development. Both of these trends have underlined the crucial role of high-quality early care and education in supporting parents' stability at work and children's early learning and development. With one in five children and nearly one quarter of young children living in poverty today, it ought to be obvious that support for child care subsidies, Head Start, Early Head Start, and pre-kindergarten programs—as well as strong before and after-school care for older children—are an essential part of the safety net.

However, while there has been progress since the War on Poverty began, the public safety net programs have lagged far behind the changes in mothers' employment and the explosion in scientific knowledge, leaving large gaps in support for children's care. On the child care side, immediately after the passage of welfare reform in the mid-1990s, federal-state funding for child care subsidies increased sharply. Today, however, expenditures on the child care subsidy are at the lowest level in a decade and the number of children served at the lowest level since 1998 – 1.5 million children in 2012, or a reduction of more than 250,000 children just since 2006. Thirty-six states served fewer children in 2012 than in 2011. These reductions occurred largely because the two primary sources for federal child care funding – the child care and development block grant and the TANF block grant – are capped, leaving states with no good choices when the recession and its aftermath increased need and reduced state revenues.^{xxvi} As block grants, their value has eroded over time even though the costs of child care increase each year.

And while support for high quality early education programs such as Head Start, Early Head Start, and pre-kindergarten programs has consistently been bipartisan and widespread at both the state and federal levels, funding remains sharply below need. Head Start serves fewer than half of eligible preschoolers and Early Head Start serves just less than 4 percent of eligible infants and toddlers. In 2012, state pre-kindergarten programs saw an unprecedented decline in enrollment of 9,000 children; this is the first year in a decade that enrollment did not increase. While states have made small strides in reversing cuts that were made during the economic downturn, state funding per child remain below pre-recession levels.^{xxvii} In addition, these programs typically do not last for the full work-day and often stop for the summer, leaving gaps that low-income working parents cannot fill without additional assistance.

3. **Effective safety net programs like SNAP and Medicaid are “counter-cyclical,” meaning that during an economic downturn, resources to the states and to families automatically go up.** As the experience of the “Great Recession” illustrates, SNAP and Medicaid provide greater support to states, communities, and families as economic need rises. 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. States hit hardest by the recession typically saw the largest SNAP caseload increases – for example, Nevada, Idaho, Florida, and Utah, the four states with the largest growth in unemployment between 2007 and 2011, leading to the largest growth in SNAP caseloads. Today, with economic recovery affecting more low-income

families, SNAP caseloads have declined in each of the last six months for which data are available.^{xxviii}

By contrast, block grants like TANF do not respond well to a recession because states are caught between a rising number of families seeking help and declining state tax revenues, without any further federal assistance. Nationally, 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. From 2009 to 2011, caseloads began to decline again in more than half the states, even though the unemployment rate remained well above the pre-recession levels. Caught in this bind, some states made choices such as shorter time limits, which directly cut families from cash assistance, while others cut back on work activities, child care and other supportive services^{xxix}.

4. **States of both parties are seizing opportunities available today to integrate the major safety net programs (for example, Medicaid, SNAP, and child care subsidies) into a coherent package for families and at the same time improve efficiency and program integrity.** Under current federal law and policy, states have many available opportunities to innovate, streamline, and integrate programs, and many have already made important progress on all these dimensions. States can seize these opportunities to ensure that they are not operating the programs in a “siloe,” badly coordinated, or bureaucratic manner.

Among many other innovators, the six states participating in the Work Support Strategies initiative described earlier -- representing all regions of the country, both rural and urban settings, and a wide range of political and policy contexts -- are now taking advantage of opportunities to revamp technology, streamline the day-to-day operations of local offices (“business processes”), align and simplify state bureaucratic rules, and use data far more effectively, to achieve common-sense improvements in delivery of SNAP, Medicaid, child care subsidies, and other programs selected by each state, such as TANF. The initiative’s goals are to ensure that families get and keep the full package of work support benefits for which they are eligible, and to reduce burden on state administrative systems and state workers, as well as on families. For example:

- Most of the states have focused on reducing “churn” -- which occurs when families are bumped off a program for bureaucratic reasons even though they are still eligible. Churn is a big burden on state administrative systems, because it means processing eligible families multiple times, not to mention the consequences for families. States are innovating to reduce churn. For example, South Carolina implemented an “express lane” redetermination initiative, to ensure that children would not “churn” off Medicaid at review time when the state already had the information it needed to determine them eligible its SNAP case files.
- Whether states have chosen the Medicaid expansion option or not, they are using new technology to help coordinate eligibility determinations more effectively across Medicaid and human services programs. Just to make that more concrete, if families can give their paystubs to just one worker to process, and the information on file can support eligibility determination for several key programs, there is less burden on families and on workers and less chance of errors -- compared to standing in three different lines, bringing the pay stubs to three different workers, and having them all enter the information separately. Sharing current information about families across programs can also improve program accuracy and integrity.

5. Achieving strong outcomes for families and the nation requires the right blend of flexibility in implementation to adapt to state circumstances; national accountability and well-defined performance measures to achieve consistent results; and sufficient funding to meet desired goals.

Flexibility does not compensate for inadequate funding. The federal-state safety net programs have different blends of state flexibility and national accountability; only the tax credits (Earned Income Tax Credit and Children's Tax Credit) have no state or local flexibility at all. The child care and development block grant (CCDBG), on which I recently testified, is an example of a highly flexible block grant that currently has minimal requirements for states. This flexibility has important advantages: for example, states can choose to help families with child care in ways that respond to each state's specific conditions, such as the mix of urban and rural settings and family-based and center-based providers.

On the other hand, a limitation of this flexibility, highlighted by bipartisan comments at the CCDBG hearing, is that standards for quality and safety in some states may be inadequate and there are large discrepancies in whether and how families determined eligible and quality to receive subsidies. As a result, current reauthorization proposals, which CLASP supports, would raise minimum standards to ensure more consistent protection of children's health, safety, and development across the country. Just as in this example, it is important to ensure in each of the safety net programs that the requirements protect our national goals – for example, that no one in America goes hungry, that everyone has access to health care -- and to ensure sufficient accountability and consistency in the program design to achieve those goals. All of us have a stake in the quality of the safety net in every state – the health and development of children growing up in a poor family in Texas or South Carolina or California affects our national wellbeing and our national labor force, not just the state where they spent their early years.

Besides the right balance of flexibility and accountability, the other key ingredient to strong outcomes is sufficient funding to meet the desired goals. The argument that flexibility can compensate for inadequate funding is greatly overstated. Taking advantage of flexibility to get rid of extra bureaucratic steps can save modest administrative costs, and that is important, but it doesn't come close to filling the gaps in seriously underfunded programs. For example, as I've just noted, the child care and development block grant is one of the most flexible of the safety net programs but as a result of capped federal funding, the number of children served is now sharply down, hitting the lowest number in more than a decade. Flexibility just doesn't solve the problem when capped dollars can only pay for a very small share of the need.

IV. NEXT STEPS

Looking ahead to the future, CLASP sees five key improvements that could significantly reduce poverty and expand opportunity for low-income Americans.

1. Strengthening economic security for low-wage workers and helping low-wage and low-skill workers move up on the job.

Fifty years ago, a single earner with just a high school degree could reliably earn enough to support a family above the poverty level, but this is no longer true. One part of the story is that the real value of the minimum wage has eroded, and needs to be restored. But even a raised minimum wage should only be an entry point, not a destination.

Another key strategy to fight poverty is ensuring that all people have access to and can succeed in education and training in order to progress in today's labor market. The recently introduced bipartisan, House-Senate Workforce Innovation and Opportunity Act includes important provisions to align a range of workforce, education and training programs and promote the development of multiple pathways to employment and postsecondary education for low-skill, low-income adults and youth. CLASP supports this bill, but its promise will not be made reality unless Congress also commits to increasing resources for the nation's workforce and adult education programs.

2. Enabling parents to work and care for children.

Fifty years ago, far fewer mothers, including mothers of babies, toddlers, and preschoolers, were working. Today, three quarters of single mothers, two thirds of married mothers, and almost six in ten mothers, both married and single, with infants are in the labor force. To help those parents achieve economic stability for their families while nurturing their children, major federal and state investments in child care and early childhood education continue to be crucial. These include Head Start, Early Head Start, preschool, and CCDBG Reauthorization with accompanying resources.

In addition, we need to consider how policy can address the other aspects of low-wage work, beyond low earnings, that make it particularly inconsistent with caring for children. For example, nearly half of low-wage workers (defined here are those in the lowest 25 percent of wage earners) have no paid leave at all – including paid sick days, family and medical leave, or vacation time – forcing parents to face an impossible trade off: care for your sick child and risk losing a day's wages or even your job.^{xxx} Potential policy approaches include the enactment of paid family leave (currently operating in three states, and proposed at the national level in the FAMILY Act), the enactment of paid sick days (currently being implemented in 7 localities and one state), and policies to minimize abusive employer practices that lead to erratic and unpredictable schedules, making it nearly impossible for parents to maintain consistent, high-quality, child care arrangements.

One other key policy to support parents' care for children is in place at the national level: coverage of parents' health and mental health through the Affordable Care Act, including the Medicaid expansion for families earning below the poverty level. While we've made enormous national progress in ensuring that children have health care coverage, states vary greatly in whether parents can get coverage -- and therefore whether they can get help for problems like depression that affect their capacity to succeed both as parents and as workers. If the remaining 24 states enact the ACA's Medicaid expansion^{xxxi}, the potential benefits to low-income children's healthy development and to parents' ability to succeed at work are enormous.

3. Improving access to work support benefits and delivering them in a more streamlined and integrated way;

As indicated earlier, states have many opportunities to integrate and streamline how they deliver the key benefits, including Medicaid, SNAP, child care subsidies, and others, to ensure that low-

income working families get and keep the package of benefits they are eligible for, helping them stabilize their lives and their work and move up on the job. The six Work Support Strategies states are deep in the work of identifying and fixing current barriers in technology, business process, state policy, and management structures to help families get what they are eligible for. In addition to South Carolina and Idaho, which I've already mentioned, Illinois and Rhode Island are working to integrate and streamline the way local offices and workers deliver benefits while also implementing new computer systems and greatly expanding access to health insurance through Medicaid. It's not easy work, but the pay-off for families and for more effective state administration is very great.

When states pay careful attention to their business processes and policies and use technology well, they can improve program integrity and reduce the burden on families at the same time. For example, the Work Support Strategies states have identified state policy requirements that are needlessly complex, hard for caseworkers and families to understand and comply with, and/or needlessly different between programs. When they fix those problems, they can improve program integrity, free up time for caseworkers to use more productively, and prevent families from missing paychecks because they have to stand in line at the eligibility office.

To help states take advantage of these opportunities and cut through today's silos, there are many possible next steps. The federal agencies overseeing these programs, particularly SNAP and Medicaid, could track state progress in providing a full integrated package of supports for children and families and provide incentives to states that are the most effective. Instead of measuring participation rates in one program, federal agencies would do well to assess whether the full package of federal work supports is reaching eligible children and families. The agencies could take steps to insure that when they issue policy and regulations for their individual programs that they are aware of the potential implications in other benefits which states jointly administer. The agencies could also work together to offer joint technical assistance to states on a regular basis, to help states streamline policy and share learning about technology and business processes.

4. Strengthening the safety net for youth and childless adults.

The safety net expansions in recent decades have been primarily focused on families with minor children. Individuals who are not custodial parents have been largely left behind. By providing work supports to this group, we can reduce poverty and encourage work. Moreover, many of these "childless" workers are in fact non-custodial parents of low-income children, who would benefit from increased child support if their parents were able to increase their employment. The Affordable Care Act includes important provisions that help this population. Adoption of the Medicaid expansion is critical for this population. However, even in non-expansion states, youth, can benefit from ACA provisions that offer coverage through parents' insurance plans, and through Medicaid to former foster youth.

Another key step is to expand the EITC for workers without dependent children. As discussed above, the EITC provides minimal support to workers without dependent children, and young childless workers are completely denied the benefits of the EITC. Research has shown that disconnection from the labor market at this age can have lasting consequences on employment and earnings; we should certainly be using all tools at our disposal to promote employment for this

group. Both the President's budget and several bills that have been introduced include proposals to strengthen the EITC to address these shortfalls.

5. Strengthening our response to deeply poor families.

As discussed before, while the safety net for working poor families has grown in recent decades, the safety net for those who are unemployed, or who struggle with erratic and seasonal employment, has grown weaker. An increasing number of families with children do not receive cash welfare even though they have minimal or no income from employment. Some, but not all, of these families benefit from other programs such as SNAP. Researchers at the National Poverty Center found that, even counting SNAP as income, 1.4 million children in the U.S were in extreme poverty, defined as living in families with less than \$2 per person in household income per day.^{xxxii}

One piece of our strategy to serve these desperately poor families must be to restore TANF's role as a safety net. This includes adding accountability for lifting families out of deep poverty as well as for promoting employment, reducing counter-productive micro-managing federal requirements, and increasing federal funding, with a focus on work/ training, and assistance. Subsidized employment is a component that has received increased attention, and bipartisan support in recent years, with a new focus on placing individuals in jobs that have the potential to transition directly to unsubsidized employment.

A second crucial piece of the strategy is to ensure continued stability in the SNAP program, which is the core safety net for many of these families. The progress we have made in supporting children's basic nutrition no matter what their families' challenges must not be undercut.

A third part of the strategy is to focus on connecting with these families early, not just when they find themselves at the point of crisis, homeless, and/or caught up in the justice or child welfare systems. For when we wait until then, intervention is expensive, and families are often caught in downward spirals that are difficult to break. Other ways to connect with these families include maternal home visiting programs, Early Head Start and child care partnerships, public schools, public housing projects, community-based organizations serving youth and adults in areas of concentrated poverty, and providers of mental health services for which many adults will be newly eligible under the ACA. We need to recognize the intertwined needs of these families, both adults and children, and make it easier for them to connect to the services they need to succeed, before they reach the crisis point.

V. CONCLUSION

Our country has come a long way over the past five decades in fighting poverty. But we have much more to do, if we are to:

- reverse the impact that the economic slowdown and the prevalence of low-wage work have had on families;
- reach families and individuals in the deepest distress; and
- respond to the ever-growing scientific evidence about the deep damage that poverty does to children.

Given the large share of children currently growing up in poor and near-poor families, often with parents working long hours at low wages, taking on this challenge is vital to our national economic future. I am convinced that we can take it on successfully, sharply reducing poverty in the years ahead, so long as we recognize and learn from the nationwide successes of the War on Poverty as well as other recent innovations like those I've described.

Thank you very much, and I look forward to your questions.

ⁱ Christopher Wimer, Liana Fox and Irv Garfinkel, *Trends in Poverty with an Anchored Supplemental Poverty Measure*, Columbia Population Research Center (CPRC), Columbia University School of Social Work, December 5, 2013,

http://socialwork.columbia.edu/sites/default/files/file_manager/pdfs/News/Anchored%20SPM.December7.pdf.

ⁱⁱ Center on Budget and Policy Priorities, "Chart Book: The War on Poverty at 50, Section 3." January 7, 2014.

<http://www.cbpp.org/files/1-7-14pov-chartbook3.pdf>

ⁱⁱⁱ Hilary W. Hoynes, Diane Whitmore Schanzenbach, and Douglas Almond, Long Run Impacts of Childhood Access to the Safety Net, Working Paper (National Bureau of Economic Research, November 2012), <http://www.nber.org/papers/w18535>.

^{iv} Kaiser Commission on Medicaid and the Uninsured. "The Impact of Medicaid and SCHIP on Low-Income Children's Health," Henry J. Kaiser Family Foundation, 2009. Phillip Levine and Diane Whitmore Schanzenbach. The Impact of Children's Public Health Insurance Expansions on Educational Outcomes. Working Paper 14671. Cambridge, MA: National Bureau of Economic Research, 2009.

^v Sarah Cohodes, Samuel Kleiner, Michael F. Lovenheim, et al., *The Effect of Child Health Insurance Access on Schooling: Evidence from Public Insurance Expansions*, Working Paper No. 20178, National Bureau of Economic Research, May 2014, <http://www.nber.org/papers/w20178>.

^{vi} *Legacies of the War on Poverty*, Edited by Martha J. Bailey and Sheldon Danziger, Russell Sage Foundation, August 1, 2013

^{vii} "Pell Grants Help Keep College Affordable for Millions of Americans," CLASP, April 29, 2014,

<http://www.clasp.org/documents/Overall-Pell-one-pager-FINAL-04-29-14.pdf>.

^{viii} "Women in the Labor Force: A Databook," Report 1049, Bureau of Labor Statistics, May 2014,

<http://www.bls.gov/cps/wlf-databook-2013.pdf>.

^{ix} Thomas Gabe, *Welfare, Work, and Poverty Status of Female-Headed Families with Children: 1987-2012*, Congressional Research Services, December 3, 2013 and "Employment Characteristics of Families Summary -- 2013," Economic News Release, Bureau of Labor Statistics, April 25, 2014,

<http://www.bls.gov/news.release/famee.nr0.htm>.

^x Kathleen Short, *The Research SUPPLEMENTAL POVERTY MEASURE: 2012*, Current Population Reports, U.S. Census Bureau, November 2013, <http://www.census.gov/prod/2013pubs/p60-247.pdf>.

^{xi} Child Poverty in the U.S.: What New Census Data Tell Us About Our Youngest Children, CLASP, September 18, 2013, http://www.clasp.org/resources-and-publications/files/9.18.13-CensusPovertyData_FactSheet.pdf.

^{xii} Ibid.

^{xiii} Ibid.

^{xiv} Caroline Ratcliffe and Signe-Mary McKernan, *Child Poverty and Its Lasting Consequence: Summary*, Urban Institute, September 2012, <http://www.urban.org/UploadedPDF/412658-Child-Poverty-and-Its-Lasting-Consequence-Summary.pdf>.

^{xv} *Growth in Means-Tested Programs and Tax Credits for Low-Income Households*, Congressional Budget Office, February 2013, <http://www.cbo.gov/sites/default/files/cbofiles/attachments/43934-Means-TestedPrograms.pdf>.

^{xvi} Congressional Budget Office, *Growth in Means-Tested Programs and Tax Credits for Low-Income Households*; "Caseload Data 2011," Office of Family Assistance, Administration for Children & Families, U.S. Department of Health & Human Services, June 20, 2012, <http://www.acf.hhs.gov/programs/ofa/resource/caseload2011>; and "Child Care and Development Fund Statistics," Office of Child Care, Administration for Children & Families, U.S.

Department of Health & Human Services, January 28, 2014, <http://www.acf.hhs.gov/programs/occ/resource/ccdf-statistics>.

^{xvii} Chuck Marr, Chye-Ching Huang, and Nathaniel Frentz, *Strengthening the EITC for Childless Workers Would Promote Work and Reduce Poverty*, Center on Budget and Policy Priorities, March 20, 2014, <http://www.cbpp.org/files/7-15-13tax.pdf>.

^{xviii} Karen E. Cunyningham, "Reaching Those In Need: State Supplemental Nutrition Assistance Program Participation Rates In 2011," Food and Nutrition Service, USDA. February 2014. <http://www.fns.usda.gov/sites/default/files/Reaching2011.pdf>

^{xix} Urban Institute Health Policy Center's Children's Medicaid/CHIP Participation as cited in "Timely Analysis of Immediate Health Policy Issues," September 2013, http://www.rwjf.org/content/dam/farm/reports/issue_briefs/2013/rwjf407769.

^{xx} Dorothy Rosenbaum and Stacy Dean, "Improving the Delivery of Key Work Supports: Policy & Practice Opportunities at A Critical Moment," Center on Budget and Policy Priorities, February 2011. <http://www.cbpp.org/files/2-24-11fa.pdf>

^{xxi} *Estimates of Child Care Eligibility and Receipt for Fiscal Year 2009*, ASPE Staff, August 2012. <http://aspe.hhs.gov/hsp/12/childcareeligibility/ib.cfm>

^{xxii} Dottie Rosenbaum, "The Relationship Between SNAP and Work Among Low-Income Households," Center on Budget and Policy Priorities, January 29, 2013. <http://www.cbpp.org/cms/?fa=view&id=3894>

^{xxiii} "Chart Book: TANF at 16," Center on Budget and Policy Priorities, August 22, 2012, <http://www.cbpp.org/files/8-22-12tanf.pdf>.

^{xxiv} Gregory Mills, Jessica F. Compton, Olivia Golden, Assessing the Evidence about Work Support Benefits and Low-Income Families: Rationale for a Demonstration and Evaluation, Urban Institute and Ford Foundation, February 2011, <http://www.urban.org/UploadedPDF/412303-Work-Support-Benefits.pdf>.

^{xxv} *New Perspectives on Transforming States' Health and Human Services: Practical Commentaries on the First Year of the Work Support Strategies Initiative*, Work Support Strategies: Streamlining Access, Strengthening Families, Edited by Olivia Golden, Urban Institute, June 2013, <http://www.urban.org/UploadedPDF/412833-New-Perspectives-on-Transforming-States-Health-and-Human-Services.pdf>

^{xxvi} Hannah Matthews and Stephanie Schmit, *Child Care Assistance Spending and Participation in 2012: A Record Low*, CLASP, February 2014, <http://www.clasp.org/resources-and-publications/publication-1/ccspending2012-Final.pdf>.

^{xxvii} NIEER

^{xxviii} Dorothy Rosenbaum and Brynne Keith-Jennings, *SNAP Costs Falling, Expected to Fall Further: Trend Reflects Shrinking Caseloads and Recent Benefit Cut*, Center on Budget and Policy Priorities, May 28, 2014, <http://www.cbpp.org/files/11-20-13fa.pdf>.

^{xxix} LaDonna Pavetti, Ife Finch, and Liz Schott, "TANF Emerging from the Downturn a Weaker Safety Net," Center on Budget and Policy Priorities, March 1, 2013. <http://www.cbpp.org/cms/index.cfm?fa=view&id=3915>

^{xxx} Liz Ben-Ishai, *Access to Paid Leave: An Overlooked Aspect of Economic & Social Inequality*, CLASP, April 14, 2014, http://www.clasp.org/resources-and-publications/publication-1/2014-04-09-Inequities-and-Paid-Leave-Brief_FINAL.pdf.

^{xxxi} <http://familiesusa.org/product/50-state-look-medicaid-expansion-2014>

^{xxxii} H. Luke Shaefer and Kathryn Edin, "Extreme Poverty in the United States, 1996 to 2011," National Poverty Center Brief #28, February 2012. http://www.npc.umich.edu/publications/policy_briefs/brief28/policybrief28.pdf