



**Moving America's Families Forward:  
Setting Priorities for Reducing Poverty and Expanding Opportunity  
Presented to the Committee on Ways and Means, U.S. House of Representatives**

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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.*

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Chairman Brady, Ranking Member Levin, and Members of the Committee, thank you so much for the opportunity to testify on priorities for reducing poverty and expanding opportunity.

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 three major points in this testimony:

First, 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 5 in 6 eligible children not receiving 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.

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), the Supplemental Nutrition Assistance Program (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

In addition, 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 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 the Child Care and Development Block Grant 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.

Some states have also recognized that a strong and well-administered safety net supports 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. For example, 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>20</sup> Through a multi-state initiative led by CLASP and its

national partners the Urban Institute and the Center on Budget and Policy Priorities, five other states in addition to Idaho (Colorado, Illinois, North Carolina, Rhode Island, and South Carolina) have 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.

## 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>21</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>22</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>23</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 reports losing a job in the past four years because they were sick or needed to care for a family member.<sup>24</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) of Hispanic/Latino children in married-couple families are 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>25</sup> (Children under age 5 have already reached this milestone.)<sup>26</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>27</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>28</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>29</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 the nation can and should take to change this picture.

## 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>30</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>31</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, 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>32</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 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>33</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.**

The Workforce Innovation and Opportunity Act (WIOA) enacted by the Congress in 2014 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>34</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 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>35</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>36</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>37</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, this 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. We would welcome the opportunity to build upon the comments we have already submitted regarding the discussion draft<sup>38</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>39</sup>, including racial inequalities.<sup>40</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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