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LEAVE NO FAMILY BEHIND: HOW CAN WE REDUCE THE RISING NUMBER OF AMERICAN FAMILIES LIVING IN POVERTY?

HEARING

BEFORE THE

JOINT ECONOMIC COMMITTEE
CONGRESS OF THE UNITED STATES

ONE HUNDRED TENTH CONGRESS

SECOND SESSION

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LEAVE NO FAMILY BEHIND: HOW CAN WE REDUCE THE RISING NUMBER OF AMERICAN FAMILIES LIVING IN POVERTY?

THURSDAY, SEPTEMBER 25, 2008

CONGRESS OF THE UNITED STATES,
JOINT ECONOMIC COMMITTEE,
Washington, DC.

The Committee met at 10 a.m. in room SD–562 of the Dirksen Senate Office Building, the Honorable Carolyn B. Maloney, presiding.

Representatives present. Maloney and Hinchey.

Staff present: Christina Baumgardner, Heather Boushey, Nan Gibson, Gretta Goodwin, Colleen Healy, Aaron Kabaker, Tyler Kurtz, Dan Miller, Justin Ungson, and Jeff Wrase.

Vice Chair Maloney. The Committee will come to order. Chairman Schumer is unable to attend today's hearing on poverty, and has asked me to chair, and I want to thank all of our witnesses for being here to testify.

I have heard from Senator Reed. He is going to try to get here. He is involved in the entire financial situation, as is Senator Whitehouse. I'm so thrilled that he is here for a special welcome to the Mayor from the great State of Rhode Island.

Before I go to my opening statements, I'm going to recognize Senator Whitehouse and thank him for being here, and let him welcome Mayor Cicilline, and have his opening comments.

OPENING STATEMENT OF HON. SHELTON WHITEHOUSE, A U.S. SENATOR FROM RHODE ISLAND

Senator Whitehouse. Well, first, let me thank you, Congresswoman Maloney, for your courtesy in allowing me to come and intrude on this Committee. I'm not a Member of the Committee, and it's a great courtesy on the part of you and Chairman Schumer, to allow me to do this.

I appreciate it very, very much, and I'm delighted that you have invited Mayor Cicilline from Rhode Island's capital city, Providence, to be a part of this very important panel that you have called together today.

We are seeing now—and one of the reasons everyone is so busy today is that we are seeing now the consequence, the harsh consequence of many years of truly awful economic policy by the Bush administration.

We have caused this day to come, or I should more clearly say, they have caused this day to come, and along the way, there were

many warning signs about what the Bush policies were doing to our economy.

There is nowhere, I think, in this country where those warning signs were felt more painfully, were felt earlier, were heard more clearly, than in America's cities and by America's mayors, where the pain from those policies has been evident for a long, long period of time.

So the role of mayors now, in working toward a new sense of economic fairness in this country, I think is vital, and I'm delighted that David is here as a mayor. I'm particularly proud of him because of the wonderful job that he's done in Providence.

Providence has a bit of an interesting and challenging history. I spent 3 years beginning and overseeing a criminal investigation into public corruption of a predecessor of David's. I spent many years trying to work with the Providence Police Department, which had wonderful people, but which was a deeply, deeply challenged institution, based on its leadership, and he has in many different respects brought a new day to Providence, and in particular, on these economic issues, where he has reached out to the community and developed a variety of strategies and institutions through which he is trying to overcome the difficulties that the national economy has forced on our cities, and keep Providence as a place just recently recognized yesterday as one of the hundred best places in American for young people to live.

And so I'm very delighted that he's here, and I again, appreciate your courtesy in allowing me to welcome such a prominent and respected Rhode Islander to your Committee.

Vice Chair Maloney. I thank you so much, Senator Whitehouse. You honor us with your presence.

OPENING STATEMENT OF HON. CAROLYN B. MALONEY, VICE CHAIR, A U.S. REPRESENTATIVE FROM NEW YORK

I, particularly, want to thank Senator Kennedy for requesting today's important hearing on poverty in America. Senator Kennedy has devoted his career to being a strong and vocal champion for the poor.

Our hearts go out to him and his family, and we wish him well with his recovery.

I also want to thank each and every witness for being here and for all of their hard work in combating poverty. Today, our Nation's leaders are focused on the unfolding financial crisis.

Yesterday, in testimony before this Committee, Federal Reserve Chairman Bernanke said that the United States is, quote, "facing grave threats," end quote, to financial stability, and warned that the credit crisis has started to damage household and business spending.

We need to act swiftly to pass the legislation that will bring stability to our financial system, but also shield Main Street from paying too high a price for the mistakes made on Wall Street.

The financial crisis may seem far removed from the problem of poverty. The bottom 80 percent of households only own 9.4 percent of all stocks, including stocks in retirement funds.

But the financial troubles on Wall Street have already been working their way down to Main Street. Unemployment is rising, and real wages are now as low as they were in September of 2001.

As Chairman Bernanke said yesterday, and I quote, "Economic activity appears to have decelerated broadly." He went on to say that if we do not address the financial crisis, more jobs will be lost.

Poverty tends to rise and fall with the strength of the economy. During the economic expansion of the Clinton era, when unemployment hovered around 4 percent, poverty fell to 11.3 percent, its lowest level in decades.

However, the weak recovery of the 2000s under the current Administration did not lead to further reduction in poverty, and it now stands more than a full percentage point above its 2000 level.

Today in the United States, 1 out of every 8 people—over 37 million—is living in poverty. That so many of our citizens toil in poverty is a testament to how far we need to go to ensure that all of us enjoy the fruits of our economic growth.

The majority of people living in poverty are among the working poor. Poverty in America is the result of millions of jobs that do not pay enough to ensure families can make ends meet.

Over a quarter of U.S. jobs pay very low wages and do not provide health insurance or a retirement plan, according to the Center for Economic and Policy Research.

Other nations have made great strides against poverty by establishing clear policy agendas. For example, the United Kingdom has embarked on an ambitious plan to cut poverty in half in 10 years, and we should look to them as a model.

As they have demonstrated, reducing poverty, requires a variety of policy steps, from raising the minimum wage and expanding the earned income tax credit, to guaranteeing child care assistance. Parenthood should not put you on a pathway toward poverty.

We must ensure that everyone, including low-wage workers, can find the right balance and not have to choose between their children and a paycheck.

In recognition of this as part of their anti-poverty agenda, the UK policymakers passed legislation that always allows workers to request a flexible schedule. Senator Kennedy and I have introduced similar legislation, the Working Families Flexibility Act, and I hope we can work together to get it passed in the next Congress.

To fight poverty, we must understand who is poor. Most analysts agree that the U.S. poverty measure is outdated and inappropriate for measuring true need.

Our measure does not take account of how taxes, non-cash benefits, and work-related and medical expenses affect well being.

Further, the U.S. poverty measure does not account for how the cost of basic goods and services have changed since the 1960s, or how costs differ by geography.

Our panelists today will provide recommendations for addressing the measurement issue.

I look forward to today's testimonies, to help us understand how we can take action to reduce poverty in America.

I first would like to recognize and introduce Mayor David Cicilline. Mayor Cicilline served four terms as a State Representative from Providence's East Side where he earned a reputation as

a fierce champion of political reform and gun safety and his dedication to ethics in government.

In 2002, David Cicilline announced his candidacy for Mayor of his hometown of Providence, Rhode Island. Mayor Cicilline swept a four-way primary election and went on to win the general.

He graduated from Brown University and earned his J.D. from the Georgetown University Law Center. I welcome Mayor Cicilline, and you are recognized for 5 minutes.

[The prepared statement of Representative Maloney appears in the Submissions for the Record on page 34.]

STATEMENT OF HON. DAVID N. CICILLINE, MAYOR, CITY OF PROVIDENCE; PROVIDENCE, RHODE ISLAND

Mayor Cicilline. Thank you, Vice Chair Maloney. It's a great honor to be here as a representative of mayors and other elected officials from across the country who are working to address the serious economic issues that are the subject of this hearing.

For many generations, during those moments when America has faced difficult economic times, some view our cities as our greatest burden. In the national imagination, cities were frequently viewed as the ball and chain of the national economy, dragging America down.

Words like "devastated," "blighted," and "ruined," were so often associated with the word, "urban," that they effectively became synonymous.

But something remarkable began happening a decade or so ago. American cities began a striking comeback, benefiting from effective Federal policies in the 1990s, as well as the transition to a knowledge-based economy, and cities are again the center of culture, innovation, and most of all, economic growth.

Additionally, cities house our great scientific research centers that will give birth to the innovations that will power America with new forms of energy.

Also, contrary to most people's ideas about urban America, cities are the greenest places we can live, based on existing consumption patterns.

Cities are the solution, but as a Nation, we are not tending our metropolitan garden. In recent news, the evolution of cities has continued in spite of national policy, not because of it.

As a result, we are severely restraining or metropolitan transformation, at a time when we need to accelerate it. We need a Federal partnership again.

Foremost among those constraints—without a doubt—is poverty. Poverty is to a family and to a community, what inflation is to an economy. Its consequences spill over into everything else and have a lasting and devastating impact.

But what makes it worse is that there are effective measures we know we can take to prevent poverty from persisting. Not surprisingly, the headway we made on poverty in the 1990s, coincided with this metropolitan comeback, but in recent years, that headway has been reversed.

In my view, one of the reason for this is the sharp decline in funding first focused on by the Children's Advocacy Group, on whose advisory board I sit, who, in a recently released report re-

vealed that the share of non-defense spending on kids has declined by a full 10 percent in just 5 years.

But I know you're presented with statistics and requests for funding all the time. I just want to share with you my perspective, as the Mayor, of the work that we're doing, and that's currently working to reduce poverty in our community.

Many people view poverty as a complex and interrelated set of problems. I view it very simply: Poverty is a lack of opportunity, so to me, the fight is not so much a war on poverty, as it is a war for opportunity.

The long-term answer does not lie in merely relieving the stresses and pain of poverty; the long-term answer lies in rebuilding upward mobility in America.

The wary for opportunity means rebuilding the economic ladder. When there is upward mobility, there is hope. Families will work harder to make sure their children are educated, stay out of trouble, and develop a strong work ethic, but when there is not, it creates an environment for many of the social ills that can ruin lives and drive up the cost of social programs.

Unfortunately, all across the country, the economic ladder has been badly weakened in recent years. It used to be that the American dream was available to anyone who was willing to work hard enough, but in today's economy, too many families are doing everything right and still getting left behind.

At my second inauguration in 2006, I identified restoring economic prosperity as one of the highest priorities for my city. I signed an Executive order creating a task force made up of our foremost experts on workforce development, poverty, and early childhood development and family supports.

I asked them to offer me their best recommendations for what we can do at the city level, as a government and as a community, to reestablish upward mobility for our working poor and to help rebuild the middle class in our city.

Similar efforts were undertaken by Mayor Villaraigosa in Los Angeles, and Mayor Bloomberg in New York City. In Providence, this task force developed a set of action steps called Pathways to Opportunity, to move people into the workforce, keep them in the workforce, and open up more opportunity to get ahead, once they're in.

With that report in hand, I formed a partnership with the N. E. Casey Foundation, to open an office that is charged with overseeing the implementation of these recommendations in coordination with the city and the agencies that helped to develop them. It also serves as a community-based site for residents to connect to new opportunities.

We launched a number of ambitious projects as part of this new initiative. We have young people from across the city, who are integral parts of a major construction project in our schools, that involves cutting-edge green technology and learning how to build lead-to-lead standards.

We have partnered with our hospitals that are facing a serious nursing shortage to get young people access to the skills they need to begin a good career in the healthcare field.

Taking the lead from the Brookings Institute work on the high cost of being poor, we're working with local banks and an organization called Bank on Providence. It's developing financial instruments specifically designed for low-wage families and individuals who have no prior banking relationship.

I'm also working with the State Legislature to regulate the ability of predatory lenders and check-cashers to extract usurious rates and charges from their customers, most of whom haven't had access to mainstream banking.

We're aggressively engaging with ex-offenders to reintegrate them back into the community, and many, many other efforts. I see my time is up, but I'll just end by saying, Madam Vice Chair, that if I had more time, I'd talk about the wonderful after-school programs that we're creating in the community, the policing model in Providence, and all the things that impact on poverty.

But I want to conclude with a general comment. Our cities represent tremendous opportunities for the 21st century economy. We can unleash that potential by making opportunity for every American, a national priority again.

After all, the other name for a robust economic ladder and upward mobility is the American dream. That's what made our economy the envy of the world and it's the only way we can preserve its position in our global economy. Thank you.

[The prepared statement of Hon. David N. Cicilline, w/attachment, appears in the Submissions for the Record on page 39.]

Vice Chair Maloney. Thank you. Your time is up, but your entire statement will be in the record, along with your very interesting report that you have submitted.

I agree with you, the cities are the center of thought and activity. I come from a city, and a lot of great things are happening in yours, so we appreciate your being here today.

Mayor Cicilline. Thank you so much.

Vice Chair Maloney. Professor Rebecca M. Blank is the Henry Carter Adams Collegiate professor of public policy at the University of Michigan.

She is also professor of economics and the co-director of the National Poverty Center at the Ford School.

She is currently on leave as the Robert V. Kerr Visiting Fellow at the Brookings Institution. She is the author of "Working and Poor: How Economics and Policy Changes Are Affecting Low-Wage Workers; Measuring Racial Discrimination."

Professor Blank graduated in Economics from the University of Minnesota, and received a Ph.D. in economics from the Massachusetts Institute of Technology. We thank you for being here, for your books, for your research, and for your testimony today.

Thank you.

STATEMENT OF DR. REBECCA M. BLANK, ROBERT S. KERR SENIOR FELLOW, BROOKINGS INSTITUTION, WASHINGTON, DC

Dr. Blank. Thank you, Congresswoman Maloney. I appreciate being invited here. I should say that the bio you have is a little old. I'm actually permanently at the Brookings Institution right now, so I've moved to Washington, DC.

Vice Chair Maloney. OK.

Dr. Blank. The Census Bureau recently released the official numbers on income and poverty for 2007, and I want to underscore a few key facts from that release.

First, poverty did not fall to any appreciable extent throughout the economic expansion of the 2000s. If you look in past decades, when unemployment rises, poverty goes up; when it falls, poverty goes down.

When unemployment fell after 2003, poverty essentially stayed flat. This sluggishness on the part of the poverty rate, reflects general sluggish growth in income by all people in the bottom half of the income distribution. Both those in the middle, as well as at the bottom of the distribution had lower incomes in 2007 than they did in 2000.

Of course, if the 2007 data doesn't look as good as we had hoped, 2008—I promise you—will look substantially worse, given the rapidly rising unemployment and the recent economic news that's been dominating all of the newspapers. Poverty is going to be a major issue in the agenda of the next Administration.

I've been asked to spend most of my time this morning focusing, however, not on these numbers, but on the measurement of poverty itself.

There's widespread agreement that our poverty measure is badly flawed and needs to be updated. A bill to improve and to produce a modern poverty measure, was just introduced in the House by Congressman McDermott, and Senator Dodd is working on companion legislation in the Senate.

Our current poverty measure was defined in 1963 by the Social Security Administration. It contains two components: A line, a poverty line, and a resource definition, against which you compare families' resources to see if they're above or below that line. Let me talk about each, in turn.

The current poverty line is easy; it's three times a subsistence food budget. The subsistence food budget was defined by the USDA in 1961 based on 1955 household consumption survey data.

The multiplier of three came about because the average family in 1955 spent one-third of their income on food. If you spend a third of your income on food, take three times the food budget and you have a poverty line.

With only minor changes, our current poverty line is this number, c alculated in 1963, based on 1955 data and updated by the Consumer Price Index. There is no other economic statistic in use today that relies on 1955 data and on such outmoded methodologies.

The resource measure in the poverty line was, very simply, a family's cash income. While that might have made sense in the early 1960s, it is also badly outdated. It is no longer an adequate description of the sort of resources that families have available.

If a disabled individual starts to receive Medicaid, this doesn't show up in their poverty count. If a family receives food stamps, it doesn't affect the poverty count. If a worker receives an EITC refund check, it doesn't affect the poverty count.

Why does this matter? Our measured poverty rate, is simply insensitive to most of the dollars and most of the policies that we have expanded in the last three decades. In a fundamental way,

our poverty measure has undercounted policy gains and made it easy to claim that public spending on the poor has had little effect.

Now, this doesn't mean that our official measure is completely meaningless. In a year like 2007, with no policy or tax changes, it does measure what the economic effects were on the low-income population.

But we can and should do better in an official economic statistic.

In the mid-1990s, the National Academy of Sciences was asked by Congress, to make a recommendation for improving the measure of poverty, and they came out with a rather major volume that describes how to improve this statistic.

The panel recommended calculating a poverty line based on a set of expenditures—food, shelter, clothing, utilities, plus a little bit more.

They recommended a resource definition that started with cash income, but took account of taxes, added in in-kind benefits, and subtracted off unavoidable payments on medical expenses or on work expenses.

All of these changes have been much discussed in the years since then, and in fact, a good number of states and localities have been expressing interest in this new line, as well. This last summer, for instance, New York City developed a city-specific poverty measure, based on the National Academy approach.

It's time to break through the political logjam that has prevented the development and the utilization of an updated poverty measurement. The new legislation in front of the House and the Senate, will do this, directing the Census Bureau to develop a modern poverty measure, using the National Academy recommendations.

Of course, improving the measure of poverty will not reduce poverty. We also need to combine that with policies such as—and you mentioned these earlier—expanding the EITC to workers who do not have children in their household; increasing assistance to help working mothers, in particular, to pay for childcare.

In addition, we need to assure the presence of an effective safety net, helping, in particular disconnected women—women neither working nor on welfare—to be able to stabilize their incomes.

We also need to make sure that unemployment insurance serves those who are without a job. Right now, it serves less than 40 percent of them.

Our official statistics indicate that poverty in this country rose last year. It's going to rise further and faster in the year ahead.

We need the legislation that will help us measure this problem and know what its boundaries are and who is most affected by it. We also, of course beyond good measurement, need good policy as well, supporting those who are working and giving assistance to those for whom jobs are not immediately available. Thank you.

[The prepared statement of Dr. Rebecca Blank appears in the Submissions for the Record on page 41.]

Vice Chair Maloney. Well, I want to thank you for your hard work. I will certainly be a co-sponsor of Congressman McDermott's bill, and agree wholeheartedly that without good data, we don't have good policies, and if we can improve our way of measuring it, it would be tremendously important. Thank you for your testimony.

Dr. Blank. Thank you.

Vice Chair Maloney. Ms. Blackwell is the founder and chief executive officer of Policy Link, a national research and action institute advancing economic and social equity.

In 1987, she founded the Urban Strategies Council in Oakland, California, and received recognition for pioneering a community building approach to social change, through in-depth understanding of local conditions, community-driven systems reform, and an insistence on accountability.

Ms. Blackwell earned a Bachelor's Degree from Howard University, and a Law Degree from the University of California at Berkeley. She co-chairs a Center for America Progress Task Force on Poverty, called Hope, Opportunity, and Mobility for Everyone; Home, the National Initiative to End Poverty.

We thank you for your hard work and leadership in this area, and please proceed.

STATEMENT OF ANGELA GLOVER BLACKWELL, FOUNDER AND CEO, POLICY LINK, CENTER FOR AMERICAN PROGRESS; CO-CHAIR, TASK FORCE ON POVERTY, OAKLAND, CA

Ms. Blackwell. Thank you and good morning. I do chair the Center for American Progress Task Force on Poverty, along with Peter Edelman of the Georgetown University Law School.

And in addition to the 37 million people living below the poverty level that you mentioned, an additional nearly 50 million, live below 200 percent of the poverty level, making 90 million people living below 200 percent of the poverty level one health crisis, one family emergency away from poverty's door.

It really doesn't have to be this way. The Center for American Progress Task Force, recommends that the United States set a national goal of cutting poverty in half in the next 10 years.

To accomplish this goal, the Task Force proposes 12 recommendations grouped under four principles: Promote decent work—people should work and jobs should pay enough to ensure that employees and their families, avoid poverty; provide opportunity for all—children should grow up in conditions that maximize their opportunities for success, and adults should have opportunities throughout their lives to connect to work and become better educated; ensure economic stability—Americans should not fall into poverty when they cannot work or when work is unavailable; and help people build wealth—all Americans should have the opportunity to build assets that allow them to weather periods of flux and volatility.

These four principles and the following recommendations will cut poverty in half only if they work in tandem.

Through the strategies outlined below, America can cultivate a new cycle of prosperity. To promote decent work, the Center for American Progress Task Force recommends that we raise and index the minimum wage to half the average hourly wage; expand the earned income tax credit and the child tax credit; promote unionization by enacting the Employee Free Choice Act; and guarantee childcare assistance to low-income families; and promote early education.

Compared to other countries, in this country the poverty rate does not represent low work effort. People who work, really should

be able to maximize that work to get out of poverty, and by doing just three of these things—increase the minimum wage, expand the earned income tax credit and child credit, and provide childcare assistance—we could cut poverty by 26 percent, instantly, according to modeling done by the Urban Institute.

To provide opportunity for all, the Task Force recommends that we create 2 million housing opportunity vouchers that will allow low-income families to live in communities rich with opportunity.

We need to connect disadvantaged and disconnected youth to work and school, simplify the Pell Grants so that higher education is more accessible to all, and help former prisoners find stable employment and reintegrate into communities.

To ensure economic security, the Task Force recommends that we ensure equity for low-wage workers in the unemployment insurance system and that we modernize means-tested benefits programs to develop a coordinated system to help workers and their families.

And to help poor families build wealth, the Task Force recommends that we reduce the high cost of being poor and increase access to financial services, and expand and simplify the saver's credit to encourage savings for education, home ownership, and retirement.

In addition, the Nation's infrastructure is crumbling, and as we think about doing that, we need to think not only about how to invest in infrastructure, but how to build the workforce capacity so that low-income people can get those jobs.

Many low-income people are being left behind because the communities they live in are being left behind, without broadband, without public transportation.

And we need never forget that many people who are poor are poor because of poor health, and while we work to try to increase access to healthcare coverage, we need to know that the places where people live are often making them sick. People who are in low-income communities have little access to fresh fruits and vegetables because of the absence of grocery stores, little access to exercise because there aren't safe streets or places to exercise. These need to be part of our investments.

Poverty is multidimensional. Its causes and its effects are myriad and its solutions are multidimensional, and when done well, the benefits can be multidimensional, as well.

For example, investing in the construction of a hospital in a low-income community, when the project is tied to job training and local hiring, delivers immediate construction jobs, eventual health services, and long-term community benefits.

Creating tax credits and incentives for affordable housing in mixed-income communities can bring families in closer contact with jobs, put children in contact with good schools.

Poverty results in adverse economic effects for the entire Nation, and alleviating poverty can improve all of our lives. Thank you.

[The prepared statement of Angela Glover Blackwell appears in the Submissions for the Record on page 50.]

Vice Chair Maloney. Thank you so very, very much, for many ideas and directions that we can work in in public policy.

John W. Edwards, Jr., is chair of the board of trustees for the Community Action Partnership. The Partnership's mission is to be a national forum for policy on poverty and to strengthen, promote, represent, and serve its network of member agencies, to assure that the issues of the poor, are effectively heard and addressed.

He is executive director of the Northeast Florida Community Action Agency, which assists low-income persons with specific services involving their day-to-day existence, including, but not limited to: LIHEAP, the Low-Income Home Energy Assistance Program; temporary food assistance; and home weatherization.

We thank you and recognize you for 5 minutes. Thank you, Mr. Edwards.

STATEMENT OF JOHN W. EDWARDS, JR., CHAIRMAN, COMMUNITY ACTION PARTNERSHIP, INC. WASHINGTON D.C.; EXECUTIVE DIRECTOR, NORTHEAST FLORIDA COMMUNITY ACTION AGENCY, JACKSONVILLE, FL

Mr. Edwards. Good morning and thank you for being here. As you mentioned, I represent the 1,000 Community Action Agencies nationwide, and you have adequately covered, basically, our mission.

I won't repeat what Dr. Blank and Ms. Blackwell and others have said, and you as well, Mrs. Maloney, related to the statistics and whatnot, but I would like to make some comments with regard to the changing nature of poverty in America, who we are seeing throughout this country at the local ground level of the 1,000 Community Action Agencies nationwide.

In addition, I would like to also talk with you specifically about some of the demographics of the people that we're seeing in America today, and that will give you, I believe, some idea in terms of the nature of the people who are coming to Community Action Agencies around this country.

Then finally, I have a few recommendations for you to consider as you look at policy and laws governing how we help more people to get out of poverty in America.

What we do know, is that the face of poverty is changing every day. We have seen that through the number of people who are coming to Community Action Agencies nationwide.

We are seeing more people who are coming to us who are traditional families. That means a working husband, a working wife, and children.

That's nontraditional to us, because historically, we've not seen that level of family unit coming to our doors to avail themselves of our services.

What we do know, is that more middle class families are asking for public assistance today, than ever before, and that's reflective of the state of the economy, loss of jobs, outsourcing of jobs to other countries, and the like.

I just came from a 3-day meeting of community action professionals that we had in Philadelphia over the last 3 days. There were 17 States represented there: Washington, Oregon, California, Montana, Wisconsin, Missouri, Kentucky, South Carolina, Florida, Indiana, Virginia, New Hampshire, Iowa, Pennsylvania, Nevada, Illinois, and Alabama.

So I took this little research, if you will, by asking them a question based on their experiences, most of which are executive directors and other practitioners in Community Action Agencies nationwide. What they reflected is that they're seeing now, 80 percent of their population are nontraditional people who avail themselves to Community Action Agencies.

And I think that's remarkable, in terms of seeing a different person who lives in poverty today. These are nontraditional, why? Because they don't come to us, they haven't come to us in the past.

The other thing is that because of the state of the economy, related to layoffs in the finance industry and the like, which also indicates that there is a tremendous draw on resources throughout Community Action Agencies in this country.

In addition to that, there is a recent trend toward more people asking for basic assistance of food, shelter, cooling, heating costs, transportation, childcare, and the like.

And clearly, I agree with Dr. Blank in terms of what she indicated about the poverty level and how that was all configured, you know, over 40 years ago, so I won't repeat that because I concur with what she said, and of course, my testimony is there.

What I do want to do is spend a couple of minutes giving you an idea of 22 months of demographics of people that we have seen in Northeast Florida. We're based on Jacksonville, but we have offices in the six counties surrounding Duval County or the city of Jacksonville.

In the last 22 months, we've seen 24,466 people, and of those people that we've seen, 15,000 are females, 9,400 are males. We're also seeing a situation where most of the people that we're seeing are working-age people, in other words, they're between the ages of 18 and 54, and of the 24,000 people, about 16,000 of those are in those age categories, which are people who should be working.

Educationally, most of the people we see have either a high school diploma or less, so of the 10,000 people from which we collected data, around 8,500 of them have high school education or less.

In addition to that, we also see that most people don't have income based on employment, and clearly in our country, that's one of the best ways that we're going to be able to do that. Most people rent their homes and the like.

Obviously, the Federal formula just needs to be changed, based on what Dr. Blank said and other statistical information that's reflected in my report.

And then finally, I want to indicate this report, "Rooting Out Poverty," that the Community Action Network has developed, and two themes: Building an economy that works for everyone, and invest in the future.

And so when we look at these kinds of things, we would really like to emphasize that the LIHEAP program, the Low-Income Home Energy Assistance Program, needs to be expanded. Certainly, the earned income tax credit needs to be expanded, full appropriations for the Community Services Block Grant and the like would be wonderful to help many of the Americans get out of poverty today. Thank you.

[The prepared statement of Mr. Edwards appears in the Submissions for the Record on page 58.]

Vice Chair Maloney. Thank you so much. You entire testimony and your report, will be part of the record. We really thank you for bringing information, really, from the front lines of the war on poverty, and the work that you've been doing is greatly appreciated.

Robert Rector is a Heritage Foundation senior research fellow. Prior to joining the Heritage Foundation, he worked as a legislative assistant in the Virginia House of Delegates, and as a Management Analyst at the U.S. Office of Personnel Management.

He is the author of "America's Failed $5.4 Trillion War on Poverty: An Examination of U.S. Welfare Programs," and co-editor of "Steering the Elephant: How Washington Works."

Rector holds a Bachelor's Degree from the College of William and Mary, and a Master's Degree in political science from Johns Hopkins University. Thank you for being here today, for your books, and for the testimony. All of your statement will be put in the record, and we recognize you for 5 minutes.

I want to also mention that my colleague, Congressman Hinchey has joined us, so we're pleased he's here.

STATEMENT OF ROBERT E. RECTOR, SENIOR RESEARCH FELLOW, THE HERITAGE FOUNDATION, WASHINGTON, DC

Mr. Rector. Thank you very much for the opportunity to be here to testify today. I have seven basic points that I would like to make today.

The first point is that the welfare state in the United States is simply enormous. Last year, this year in fiscal 2008, Federal, State, and local governments spend $679 billion on means-tested welfare assistance to poor and low-income people.

Total means-tested welfare spending this year considerably exceeded the entire budget of the Defense Department, including all expenditures in the war on Iraq. Since the beginning of the War on Poverty, the United States has spent over $14 trillion on means-tested assistance to the poor. Over the next 10 years, if current expenditure levels continue, we will spend $9 trillion on assistance to the poor, providing cash, food, housing, medical care, and targeted social services.

As a result of that $9 trillion, we can expect—as we found in the past—that the capacity of low-income people to support themselves will actually go down.

Point number two: Most so-called poor people in the United States are not poor in any normally understood sense of the word. For most Americans, the word "poverty" suggests destitution, an inability to provide food, basic shelter, or clothing. But if that's what you mean by "poverty," virtually none of the 37 million people defined as poor by the Census Bureau, in fact, meet those criteria.

My favorite statistic from the Government's own data on the poor is that two-thirds of them have cable and satellite television. According to the Government's own data, the typical American defined as poor by the Government has a car, air conditioning, a refrigerator, stove, clothes washer, dryer, microwave. This individual has two color televisions, cable or satellite TV, has a VCR and a DVD player, and a stereo.

By his own report, he's able to obtain medical care for his family whenever needed, his home is in good repair and is not overcrowded. By his own report, his family is not and has not been hungry, and he has had sufficient funds to meet all his family's essential needs.

While this individual's lifestyle is certainly not opulent, it is extremely far from the popular images of dire poverty promoted by activists.

Point number three: The United States does not have a higher poverty level than countries in Europe. Statistics that purport to show that, use a skewed standard in which poverty is more difficult to escape from in the United States because the hurdle is higher here than in other countries.

If you use a uniform standard, the income of the bottom of the U.S. population is roughly similar to that of most European countries.

Point number four: Poverty levels in the United States remain high because the United States is currently aggressively importing poverty from abroad through both legal and illegal immigration. For example, when we hear about poor children in the United States, no one realizes that 1 out of 8 of the poor children in the United States, as measured by the Census, is actually the child of an illegal immigrant.

Over the last 25 years, through both legal and illegal immigration, we have imported 12 million high school dropouts into the United States.

These individuals cause a massive increase in welfare expenditures. Currently, 1 out of 4 poor people in the United States is an immigrant who we have brought here from abroad. It is impossible for us to reduce poverty if we are aggressively importing it as rapidly as we can from other nations.

Point five: The major cause of child poverty in the United States is the high level of out-of-wedlock childbearing. In the last measured year, 38 percent of American children were born out of wedlock. If the mothers of those children were actually married to the fathers of the child—the actual father of the child—70 percent of them would immediately be raised out of poverty, but we will do nothing whatsoever to correct this problem because promoting marriage is politically incorrect in our country.

Point six: The second major cause of child poverty is very low levels of parental work. In any given year—it does not vary much from one year to another—when you look at poor families with children, on average they have only about 600 or 700 hours, maybe 800 hours of work in that family per year. That's about 16 hours a week.

These families are poor because no one is working very much. If you raise that family to the point where labor in the family was the equivalent of one worker working full-time, full-year, 75 percent of those families would be immediately raised out of poverty without any additional expenditure from the taxpayer.

Point Seven: In order to reduce poverty, we need to address the root causes of poverty, not merely the symptoms. That means we must address low-skilled immigration, the collapse of marriage, and the very low work effort of low-income families.

Our goal should no be to reduce poverty, but to promote prosperous self-sufficiency, to promote a society in which individuals can support themselves above the poverty line, without endless and ever-expanding handouts from the taxpayers. Thank you very much.

[The prepared statement of Mr. Rector appears in the Submissions for the Record on page 65.]

Vice Chair Maloney. Thank you very much, and I thank all the panelists for their important testimony and for being here today.

Yesterday, Federal Reserve Chairman Bernanke warned us that if Congress does not approve of the Treasury's $700 billion backstop, then unemployment will increase and the economy will enter a potentially protracted recession.

I would like to ask any of you to comment and articulate how the troubles on Wall Street are affecting poor and near-poor families, and I open it up to whomever would like to comment.

Dr. Blank.

Dr. Blank. I'll make a comment on that. So our economy runs on trust. We believe that those little pieces of green paper in our pockets mean something.

What has been happening in the last number of months has been a real breakdown in trust in the financial institutions of this country for a variety of reasons.

We can talk about who's to blame or not to blame for any of that, but at the end of the day, the effect of this is going to ripple through the rest of the economy in all sorts of ways. Consumers, as a result of this, are going to be much more cautious about spending in the next several months, and that's going to reduce consumer spending.

Businesses are going to be much more cautious because either they can't get credit, or they're simply not going to go about investing in the very near term. The effect of all of this is to slow down the economy and lead to rising unemployment.

Trying to take actions to stop the problems within the financial sector are absolutely mandatory for preventing an extended and long-term recession in the rest of the economy.

Vice Chair Maloney. Thank you.

Mayor Cicilline, would you like to comment on that?

Mayor Cicilline. We are seeing in cities all across this country, and certainly in Providence is no exception, the consequences of the downturn in the economy already. We have record high unemployment in the State of Rhode Island with an increasing number of people availing themselves of community action centers, and of assistance in housing. There are difficulties in people finding and retaining employment and great anxiety about their future.

So that we are seeing, as a result of reductions in investments in education and in child care and in Community Development Block Grants, and all the things that support strong communities, strong neighborhoods, and strong families, the consequences frankly of the past number of years.

My concern of course is that the markets be stabilized of course, but it is very important that the challenges that American families are facing in cities all across this country also be addressed, par-

ticularly in the area of housing, health care, and educational opportunity.

Vice Chair Maloney. Mr. Rector, and then Ms. Blackwell.

Mr. Rector. The figure of $700 billion in the bailout is of course very large, but I would remind this Committee that next year, according to the projections of OMB, total means-tested welfare spending in a single year alone will exceed $700 billion.

Over the next 10 years we are going to spend close to $9 trillion on welfare. And most of this spending consists of obligations on the part of the taxpayer with little or no obligation on the part of the welfare recipient.

And so just as when we look at the Wall Street bailout, I think we need to look—not have unilateral obligations on the taxpayer.

One of the major failures of the welfare state is that it is primarily a unilateral taxpayer obligation with little or no requirement on the part of the recipient and the poor to take steps to improve their own well being.

Vice Chair Maloney. Ms. Blackwell.

Ms. Blackwell. Agreeing with the comments of the Mayor and Dr. Blank, I just want to add that we need to make sure that in the bailout that we are paying attention to those who are impacted by the foreclosure crisis.

At the base of all of this is Americans working very hard trying to play by the rules and achieve the American dream having the rug completely pulled out from under them, and that is essential in terms of making sure that they do not continue to suffer.

But also, when we think about this issue of what we are doing in Washington, it is moving from Wall Street to Main Street all the way to people living on the street. People who are poor, and homeless, and dependent on food banks, and soup kitchens, and homeless shelters are going to feel this as well, because we have shifted so much of the responsibility for the people who are most vulnerable to private donors, to foundations, and to corporate giving.

As we see the impact on those people, we need to make sure that the safety net is strong, and that those people who are most vulnerable in society are not just thrown out with no support at all.

Vice Chair Maloney. That is very important, and Democrats are paying attention to that, and many of my bipartisan friends also. We also passed a very important bill in the Financial Services Committee, the Hope Housing Bill, that has many initiatives in there to work with localities, to work with individuals, to help people stay in their homes.

The economy is experiencing a crisis in its financial and credit markets, and the labor market is experiencing a downturn. To address some of these problems Congress is considering a second stimulus package.

Do you think that an economic stimulus package would help reduce poverty? If so, how? And how would you target such a package? Mayor Cicilline and I will go to other people who would like comment, and then my colleague has some questions.

Mayor Cicilline. Yes, Vice Chairman. I think a second stimulus package would certainly assist, and I would strongly urge the Congress to consider including in that a real investment in rebuilding America's cities and its infrastructure.

There are cities all across this country that are dealing with very old infrastructure. We at the U.S. Conference of Mayors, along with the American Society of Civil Engineers, do a report card on the state of America's infrastructure each year, and in every category—bridges, roads, water systems—the grades are F, and D- and D+.

This is an opportunity to rebuild our cities, rebuild the infrastructure to support an economy of the 21st century so we can move goods and services, and at the same time create good jobs that cannot be shipped overseas, that are in our cities, in our communities to help rebuild the economic life of families who live in our cities.

So I hope as part of the stimulus package there will be a serious investment in infrastructure.

Dr. Blank. Can I add on to that, for more immediate short-term needs with the problem of rising unemployment, I think there are two things that it is really important to have in that stimulus package, and I know they are in certain drafts of it right now.

One is a short-term increase in Food Stamp benefits, which is an excellent way to get a lot of dollars to the families that are being most impacted by rising unemployment and by a failing economy.

Secondly, to increase the appropriations to LIHEAP, the Low Income Home Energy Assistance Program, given the high fuel prices right now, particularly in the Northeast and northern parts of the country. Over this coming winter that is going to be absolutely mandatory and needs to be part of the package.

Vice Chair Maloney. Any other statement?

Mr. Edwards.

Mr. Edwards. Yes. Thank you very much. In addition to what is being said, of course what we are seeing is that we would like to see more people use the money in the stimulus package to help with investing in assets, long-term assets, home ownership, maybe even starting small businesses, saving for post-secondary education, those kinds of things over the long haul that would help people to really assist themselves to come out of poverty.

Vice Chair Maloney. And Mr. Rector.

Mr. Rector. I think it is important before we propose new spending that we actually have an accurate assessment of what is currently being spent.

I am very shocked that most of the people on this panel seem to be coming here before you and suggesting that welfare spending has somehow declined in recent years. Welfare spending on the poor is at a record level. It has never been higher. Per capita welfare spending is at a record level. It has never been higher, after adjustment for inflation.

I really think that most of this testimony is abusing and maligning the taxpayers of the United States, and I think before we propose new waves of spending we ought to at least get an accurate accounting, and get some kind of credit to the taxpayers for what they are currently spending, which as I said exceeds the entire budget of the Defense Department, including the War in Iraq.

Dr. Blank. May I say something about those numbers?

Vice Chair Maloney. Dr. Blank.

Dr. Blank. The spending on means-tested programs has gone up in recent years. A great deal of that increase has all gone into

health insurance costs, and rising prices in the health insurance industry I think are not the main issue that Mr. Rector here is talking about. There's a whole set of reasons for that that have little to do with what we are doing for means-tested programs, but it is driving means-tested programs up.

If you look at health insurance spending, a disproportionate share of those rising prices are coming from payments to institutionalized individuals, either disabled or elderly. That is not the image of the poor that Mr. Rector is presenting to you, but that is where the vast majority of the increases in dollars are going. And I think we need to know that.

Vice Chair Maloney. Thank you. I would like to now recognize Congressman Hinchey from New York State who has been an active and important Member of Congress and of this Committee especially.

Mr. Hinchey.

Representative Hinchey. Madam Chairwoman, thank you very much. I very much appreciate being here.

I want to just open up by apologizing for not being here earlier so I could have listened to the testimony that was being presented. I was at a caucus meeting for the Democratic Party which was focused on this bailout suggestion which has come from the Secretary of the Treasury, $700 billion to bail out the financial circumstances that our economy is confronting.

That $700 billion request I think is just another example of how so much attention in the economic circumstances of our country has been based upon the top levels, the upper levels, and that would include things like the tax cuts, for example.

I would disagree with Mr. Rector that not enough attention is being focused on the working people of our country and the results of that failure of attention has on the general population.

For example, we have seen that just in this year—which is not nearly over yet—we have already lost more than 600,000 jobs across America. And as the population goes up and the loss of jobs continues to go up, that has a very profound effect on all of the people across America.

So the economic circumstances that we are dealing with is very, very serious. We have seen an increase in the number of people in poverty. We have seen a decline in the middle class. We have seen a decline in the standard of living of most of the people across our country. We have seen a greater concentration of wealth in the hands of fewer people than we have seen at any time in our history since 1929. All of these things are causing a very serious set of circumstances that have to be dealt with. I think obviously the lifting of people out of poverty is the main part of that.

So I would just ask this question, if you wouldn't mind responding to it: We are considering a stimulus package now. Obviously a stimulus package is necessary because of the downturn in the economy and the way that that downturn is impacting on working people all across the Nation.

So I wonder if you might have some suggestions about what might be contained in this stimulus package, what we might do to effectively upgrade the economic circumstances particularly of working Americans.

Mr. Mayor, if you would like to start, I would appreciate it.

Mayor Cicilline. Sure. In addition to the investments in infrastructure, one of the things that has been a very successful way to both stimulate our economy, but also to rebuild cities and to help those who are in most need of assistance, has been the Community Development Block Grant Program.

Every city that has communities that are in need that meet those guidelines has ready to go programs, and systems in place that can quickly move those resources into the neighborhoods and into the cities and into the communities.

They have already identified those that are eligible for the program that are in desperate need: poor, elderly, disabled, communities that need that kind of assistance. It is a system which has worked. It is a system that is modest. It has been reduced every year for the last 4 or 5 years at a time when we should have been increasing it.

I would say, these are not handouts. These are making investments in families, and neighborhoods, and cities in this country that produce huge returns. So increasing that investment by, as the U.S. Conference of Mayors has recommended, doubling the Community Development Block Grant Program so we can really make investments to the people who most need it in the communities. Rebuilding our infrastructure. Reestablishing partnerships with the Federal Government in the COPS Program that keep our communities safe. Job training programs that help to bring young people into the work force. Supporting after school programs, and increasing funding there.

Those are things that will not only stimulate our economy but strengthen our neighborhoods, and strengthen our families who will then contribute to strengthening our economy.

Vice Chair Maloney. Mr. Edwards.

Mr. Edwards. Yes. Thank you very much.

In addition to that, anything that rewards work. I think that in our economy what we really want to be able to do is to help people to be gainfully employed. Somehow we need to figure out a way to ensure that when people do work that they have good wages, good benefits, so that they themselves can get out of poverty.

So such things as expanding the Child Tax Credit would be certainly something that we would recommend. Certainly increasing the Earned Income Tax Credit. And really fully funding the Community Services Block Grant is a program that really helps people to get out of poverty in America.

Representative Hinchey. Mr. Rector.

Vice Chair Maloney. And then Ms. Blackwell.

Mr. Rector. One of the recommendations of things that should be included in the stimulus package is an expansion of the Food Stamp program. I would strongly oppose that because welfare and assistance in the United States should not be a one-way handout. It should be based on giving assistance, but requiring constructive behavior on the part of the recipients.

The current Food Stamp program is a fossil which does not reward work. It rewards idleness. It discourages labor. And it penalizes marriage. It does everything exactly the opposite of what you would want to do.

I would say that if you wanted to consider reforming or expanding the Food Stamp program, one of the principal things that you would do in it is require able-bodied non-elderly adults who receive benefits to either work or prepare for work or undertake organized job search, or something like that, in exchange for the aid that they get.

We did that, at least temporarily, as part of welfare reform in the 1990s and we had a dramatic reduction in poverty as a result of that policy.

Unfortunately, there is a very strong political momentum against that type of work obligation, and as a result we have made no additional progress. I have proposed for 10 years that the sorts of reforms that we did in the Aid to Families With Dependent Children Program to induce and promote work should also be done in Public Housing and Food Stamps, but so far Congress has taken no steps whatsoever to improve those programs.

Representative Hinchey. Well I think it is clear that work has to be encouraged, and I think there are an awful lot of people out there who want jobs.

Let me just give you an example. 84,000 jobs were lost in August; 61,000 of those were manufacturing jobs. We are losing the best jobs that we have with the highest salaries. Now more than 9.4 million Americans are unemployed, and almost 2 million of those Americans who are unemployed have been unemployed for more than 27 weeks. So they are not eligible for the Unemployment Benefits.

You have an unemployment rate right now that has gone up to 6.1 percent, but when you include in that unemployment rate people whose unemployment has run out—in other words, they have been unemployed for 27 weeks or more—and you include people who are working maybe 1 or 2 days a week, but are really desperately trying to find a real job, then the unemployment rate goes up above 10 percent.

So that is some of the situation that we are confronting. I would agree that we need to encourage people to work, and we need to help find jobs for them, but it is increasingly difficult to find jobs in an economy that has been organized in a way to downgrade those jobs.

So, Ms. Blackwell.

Ms. Blackwell. Thank you. I certainly agree that we need to increase Food Stamps, we need to focus on green jobs, and we need to make sure that people can get to work and that people who go to work can support their families.

I want to underscore the comments made by the Mayor, though, about the need to invest in the Nation's infrastructure. Poverty policy needs to get embedded in all of our spending so that we are always thinking about whenever we are spending dollars how do we do that in a way that we reduce poverty?

And so an investment in infrastructure, particularly when we are looking at the fact that most Americans live in our metropolitan areas, is an investment that actually reaches the people. It allows those communities that are being left behind because they are trying to build a 21st century economy on a 100-year-old infrastruc-

ture to begin to have the environment that allows them to be competitive.

We need to focus on the jobs, and not just say we want to make sure jobs go to low-income people, but invest in our community colleges to help them prepare the work force for the 21st century infrastructure investments.

And when we are thinking about economic stimulus, we need to think about the fact that so many communities do not have the kind of economic activity that allows them to be viable and to be healthy.

For example, we have food deserts all over this country where people who live in low-income communities—particularly African American communities—have no access to fresh fruits and vegetables.

What that means is they have no access to grocery stores. The jobs are missing. The economic activity is missing. And the essentials for healthy living are also missing. So when we are doing the stimulus package we need to pull all of those things together. Thank you.

Representative Hinchey. Thank you. Dr. Blank, do you have anything to add to that?

Dr. Blank. The only thing that I would say is strictly in response to your comments about rising unemployment. I would underscore the need not just in terms of the stimulus package but in the longer run to really reform our whole Unemployment Insurance system.

Less than 40 percent of the unemployed are able to receive Unemployment Insurance. Many of the lowest income workers are never eligible for it when they lose their jobs. And the whole point of the system is to provide a safety net when jobs are not available to those who want to work and who have been working.

Mayor Cicilline. May I just add one thing? I just want to strongly underscore Dr. Blank's recommendation for inclusion of LIHEAP in the stimulus package. Senator Reid, my Senator, has been one of the Nation's leaders on that program, and it will be particularly urgent for cities. And cities are where the rubber meets the road, when we have families who do not have heat and can no longer afford to heat their homes. The things that follow from that are the people's properties are foreclosed. The people start huddling in abandoned houses, fires get started, and all the kind of really dangerous consequences that follow.

So I would really urge the Congress to include an increase in LIHEAP in the stimulus package as well.

Representative Hinchey. Thank you.

Vice Chair Maloney. Thank you very much.

Dr. Blank, in your testimony you talked about having a modern poverty measurement, but you wanted this responsibility in the Census Bureau instead of OMB. Could you elaborate why you would prefer it in the Census Bureau over OMB?

Dr. Blank. So our current poverty measure is the only official economic statistic that is regularly reported on and used as widely as it is that resides not in one of our statistical agencies but inside the Office of Management and Budget.

It was basically ordered in the late 1960s by OMB that this definition that I discussed would be produced and reported on regularly by Census.

The problem is that OMB sits within the Executive Office of the President. So any changes in the statistic have to go through the entire byzantine process of political approval inside the White House, and it is simply not to the benefit of any President to make changes to statistics in ways that either raise or lower those numbers, because they will be accused of playing politics, however good their motives. It makes no sense to have the White House in control of your statistics. There is a reason why almost no major industrialized nation puts its statistical agencies under its immediate executive.

Vice Chair Maloney. But the Census Bureau does have a poverty measurement in the Census Bureau now. I believe it's called the SIPP Program. How is that different from what you are trying to do? Because they do measure. They release their own numbers on poverty, don't they?

Dr. Blank. One thing the Census has done a very good job on—recognizing the problems with the current poverty measure—is that they have produced quite a variety of alternative measures. I think they report on somewhere around 26—it may be 24, it may be 28—but they regularly give you other poverty numbers.

These are in web pages that you have to go looking for. It is not the same as a released piece of data that receives attention, and one discusses its implications and is used broadly throughout the Nation.

So that the need is to basically take the National Academy recommendations and to produce a poverty number that is released at the same time as that OMB number. I have no problems with continuing our historical number. It's one we have looked at for a long time. But to have an alternative measure here along the lines that this new House legislation proposes I think would vastly improve our understanding of who is poor.

Vice Chair Maloney. Mr. Rector.

Mr. Rector. I would just like to go on record to strongly oppose this new type of poverty measure. I regard it as highly deceptive. It is in fact a moveable measure. It is kind of like running a race but when you get close to the goal line at the end of the race we quietly, in the middle of the night, move the goal line further on and you have to continue to run further.

Also, one problem about this type of relative poverty measure, is you cannot solve poverty by economic growth under such a measure because poverty is measured more or less as a relative share compared to the median family income.

So if everybody's incomes go up proportionately, there is no change in poverty. The only way that you can really reduce poverty under this proposed system is by radical income leveling, by taxing the middle and redistributing. And again it's kind of like playing football game when you get down to the five yard line, then you go out and quietly move the goal post back further. I think it is a way of basically defrauding the taxpayers of the United States.

Vice Chair Maloney. I would like to ask Dr. Blank. Any change in the official poverty measurement suggests that there may be a

change in the number of American households defined as poor. The Commission of Economic Opportunity in New York City has utilized this alternative definition that you've discussed, and can you comment on what they have learned from that change, and what conditions would we need to consider before implementing such a change in the national level?

Dr. Blank. Yes. New York City released these alternative numbers for their city only this last summer. One of the things that New York did, which the National Academy recommends happening on a nationwide basis, is that they actually define a threshold that is reflective of the prices in their particular local area.

Right now we have a threshold that is identical whether you are in New York City or Providence, or whether you are in rural Mississippi.

So the poverty numbers in New York go up, but they go up almost entirely because of the cost of living adjustment. If you look at their numbers before they do their cost of living adjustment from New York, they are quite similar to those that come out of the official national statistic.

From what I know of New York City, it is utterly appropriate for them to have higher poverty counts because they face much higher housing expenses in particular for living in the city.

What you find with this new measure is that it does redistribute poverty in slightly different ways. You find a greater degree of elderly poverty because many elderly people are paying more out-of-pocket expenditures.

You find a little less poverty among some of your single parents in part because you are allocating housing benefits, and Food Stamps, and other things to them. So there is a change. But it is exactly those differences that you want to measure, you want to look at, they say something about the resources that families have available.

Vice Chair Maloney. Thank you.

Mr. Hinchey.

Representative Hinchey. It seems to me, and I am sure that this was mentioned in the context of some of your testimony, that there are a number of ways in which we can deal with this issue, and some of them are very constructive.

I would say that among those constructive means of doing it would be to make sure that education is available to every American. That means education at the earliest stage, prekindergarten education, all the way up through community colleges at least. So that anyone who was interested in education could have that interest stimulated at a very early age, and then addressed and encouraged throughout those very important parts of their life as they grow up.

As we grow up, a lot of the things that we believe in and determine and focus on and develop in forms of ambition, all of those things are developed during that period of time. So it seems to me that education would be one of the most important things we could focus our attention on, improving our educational system.

Ms. Blackwell. One of the things that I did comment on before you came in the room was the need to really increase investments in early education. We have established again and again that in-

vestments in early education that prepare children to begin school ready to learn pay off not only in terms of school improvements, but they pay off in terms of lifelong improvements. So we need to increase there.

I also mentioned the need to simplify and expand the Pell Grants so that more people can have access to support to pursue higher education, and how important it is to make sure that we invest in young people who are out of school, and out of work to give them that second chance to be able to get either back in school, get into work, or figure out how to combine both so that they can get back on a path to prosperity.

Representative Hinchey. Mr. Edwards.

Mr. Edwards. Thank you. Early education is critically important to helping people to get out of poverty. Certainly funding programs like Head Start would certainly be very important.

And then tie that to parents working. It is good to have the children, the young children involved in educational kinds of activities during the day, but it has to be coupled with the parents involved in some type of job training, or educational endeavor that will help them to get better paying jobs in the local economy.

Representative Hinchey. Mr. Rector.

Mr. Rector. I would disagree that Head Start is an effective antipoverty tool. I think it has a marginal or nonexistent effect on poverty. Education itself is beneficial. But if you were to look at the causes of child poverty, as we have talked about already today, low levels of education are an important factor. But lack of marriage is also an incredibly important fact. And lack of work is an incredibly important factor.

Now we will spend about a hundred thousand dollars or more educating each poor child through the primary and secondary system in the United States. We spend close to $250 billion a year subsidizing single parents.

I would ask, how much money do we spend trying to restore marriage in low-income communities? And the answer is we spend about $1 on promoting marriage for every $2,000 we spend subsidizing and increasing single parenthood.

How much money are we spending trying to establish work requirements that have been shown effective to increase the amount of work performed by low-income parents? The answer is, virtually nothing.

So we already put in an enormous amount of money on education, and education is important. We also put in a lot of money on job training, which is not particularly effective at all. But the other two elements of this strategy, marriage and work, are severely neglected by our current public policy.

Representative Hinchey. Yes, Mr. Mayor.

Mayor Cicilline. Congressman, I just want to agree with you strongly that I believe the single most powerful tool we have to reduce poverty and create opportunity for children and families is education. That is both from early childhood education, pre-K and Head Start programs, high quality educational opportunities through junior college and college, and also alternative educational opportunities like Youth Build, and Year Up, and other programs that provide young people with access to trades and vocations.

Those are very—in my city at least—those are incredibly successful programs that are giving young people access to good paying jobs to support a family. Obviously, high-quality public education and a system of public education is key to that. And so continuing to make good investments to create that kind of opportunity I think is our single best way to reduce poverty in this country.

Representative Hinchey. Dr. Blank, anything additional? No?

Dr. Blank. Only to agree on the comments about education.

Representative Hinchey. One of the other things that of course we need to deal with is the salaries that people are paid, the minor amount of income, upgrading the level of income that people have.

I think that that is something that has not been focused on. The low income situation in America today is one of the worst that we have had in decades, quite a few decades at least.

So I am wondering about that situation. And also the fact that we are not yet engaged in equity pay in terms of the fact that women, for example, get on average about $.77 as opposed to $1 that is paid to men doing the same kind of job. So that kind of equity in education would deal much more effectively with the situation which was mentioned earlier where you have families where the family is controlled and led only by the mother and the father is not there. So raising up that level of pay obviously would be something very significant. And increasing the minimum wage which I think is something that must be done.

What would you say about that?

Dr. Blank. Could I respond to the low-wage issue? The problem of falling wages among lower and less educated workers has been a very real problem in this economy, as you point out, and particularly for less-skilled men.

There has been a real decline in labor force participation among less-skilled men, and particularly among less skilled men of color, which is of course a serious problem if you want people working, tied into the mainstream economy, able to support themselves and their families.

That decline in wages has been very directly linked to the decline in labor force participation. Not surprisingly, if you don't get paid as well, you don't work as much. It is just not worth it to you.

That is one of the reasons why I think a number of people—and again Congresswoman Maloney mentioned this earlier—are very, very concerned about expanding the Earned Income Tax Credit so that it provides more support to workers, even those who do not have children in their immediately family. It is a policy that would encourage greater labor force participation at the same time that it subsidizes those low wages that you have just mentioned.

Ms. Blackwell. We also need to remember all of the people who are not in communities because of prison. One of the recommendations from the Center for American Progress Task Force is to really invest in re-entry programs for people who have served their time and are returning to the community.

Since 1950 we have seen a 900 percent increase in the number of incarcerated black men, and the legacy of absence that this creates in communities in terms of people who are not there is something that very much needs to be addressed. And we need to make

sure that people can get a second chance, can come back, can get jobs, and can become contributing members of the society.

And so those kinds of programs, programs like YouthBuild, combined with continuing to raise the minimum wage—the raise that happened was a very good thing, good progress—we need to continue to raise the minimum wage and to index it to be half the average hourly wage, increase the Earned Income Tax Credit and make it more available, promote unionization so that people who have jobs can know that they have good jobs, and guarantee child care so that we will not pull so much resources out of salaries for people to pay child care. But absolutely we need to focus on the equity in terms of earnings issue.

Vice Chair Maloney. The gentleman's time has expired.

I would like to ask Ms. Blackwell and Mr. Edwards specifically this on the jobless claims rate. The Department of Labor reported that the jobless claims are at the highest level in 7 years. And now the claims for unemployment benefits are at 493,000 for the week ending September 20; 400,000 per week is typically seen as recession-level claims.

So I specifically would like to ask—and I recognize myself for this questioning period for 5 minutes—millions of Americans that are poor and working families have one wage worker, yet despite having a worker in the family these families are just not getting by.

This highlights the importance of strong work support as a poverty reduction strategy. What do you believe are the most important steps that we can take to support low-income workers in obtaining and maintaining employment?

I would like to start with Ms. Blackwell and Mr. Edwards.

Ms. Blackwell. Low-income workers, much of what we have already talked about responds to that, but we really do need to recognize that so many people who are low-income are working.

When people lose their jobs they ought to have access to Unemployment Insurance, and we need to expand the Unemployment Insurance so that more people have access to it.

People who are working should get the benefit of the Earned Income tax credit. People who are jobless need to have more access to Earned Income tax credits. And families who have multiple children need to have it extended on that side. To repeat, that when people go to work they need to have a minimum wage that actually is closer to being a living wage, and there needs to be support for people to be able to have the child care that they need and not have to continue to live in poverty.

Vice Chair Maloney. Mr. Edwards.

Mr. Edwards. Yes, thank you very much.

Vice Chair Maloney. Then Mr. Rector.

Mr. Edwards. Thank you very much. Let me start with what Ms. Blackwell just mentioned.

The living wage is critically important to this. I know that that may be a taboo word at this level in our Government, but clearly the living wage, or a living wage is critically important to helping people to get out of poverty.

You know, what we are experiencing today is really a downturn in the economy. Anything that happens on Wall Street, clearly

there's a trickle-down effect that really hurts the people at the bottom rung of the ladder. So we really need to invest more time and energy and money into job training and help people to get into jobs that really pay decent wages.

Vice Chair Maloney. Thank you.

Mr. Rector, and then Dr. Blank, and then my time is expired.

Mr. Rector. Low wages are not a significant cause of poverty in the United States. Anyone who examines the Census Bureau for even a few moments can clearly recognize that.

Again I would emphasize the fact that any year when you look at poor families with children, on average, a very small number of those families have full-time, full-year workers.

On average, poor families with children are working about 800 hours a year, or about 16 hours a week. Now let's say you added $2 an hour to their hourly wage rate, that is only going to bring the family's income up about $1,600. It has a minimal effect on poverty because the problem is not that their wages are too low—not that I wouldn't like their wages to be higher, I mean to be honest—but the principal problem is not that their wages are too low, but that there are very few hours of work being performed.

And that is consistent every year you look at this data. It is not a result of the current depression or anything. That happens in good times, too.

So if you are serious about this, instead of reworking trite slogans, the real issue is how do you increase the hours of work? Because just raising wages is almost totally irrelevant to the real problem. OK?

Secondly, most people who get minimum wage are not poor. They're teenagers, or young adults in middle class families. It's an extraordinarily poorly targeted policy to say that you want to raise the minimum wage in order to deal with poverty. OK?

It just costs the tax—the consumer a lot of money and you are benefiting a whole bunch of teenagers like my son who really don't need a wage increase. OK? It's not the group that you're trying to benefit.

Vice Chair Maloney. Thank you. Dr. Blank, and then my time has expired.

Dr. Blank. Just a quick comment on low wages. Low wages and labor force participation are very closely linked. When wages go up, labor force participation goes up. So that you have a multiplier effect from this, which is one reason why I think—I certainly care about things like the EITC expansion, and the levels of minimum wage, but I want to say that not only when we think about assistance to the poor and getting them into jobs and employment, we should be very clear that at the end of the day it is not the employment programs and the wage subsidies that matter the most; what matters the most is that there are jobs out there for them to move into.

Therefore, having a macroeconomy that is not in recession, where jobs are expanding and where low-wage workers who are looking for work can easily find it is by far the most important anti-poverty program. That takes us right back of course to the macroeconomy and to the current discussions of what is happening on Wall Street and how it affects Main Street.

Vice Chair Maloney. Thank you.

The Chair recognizes Congressman Hinchey for 5 minutes.

Representative Hinchey. Well I very much appreciate what you said, and I think it is absolutely true. The situation with wage equity is very, very important. The availability of jobs is essential to the economy and to the circumstances of people. And the level of the minimum wage is also very important.

It is very important to all those people who are working at the minimum. And I think it is a lot more than just a few children.

The fact of the matter is that when you increase the minimum wage you increase effectively the wage of almost everybody else. When you jack up the minimum wage to where it ought to be—and the minimum wage has not been increased now in a very long time in any significant way; it is far below where it ought to be—the minimum wage today should be somewhere in the neighborhood of $10. That is where it really should be.

And if you increase the minimum wage even a little bit above where it is, you are going to increase the wages of other people who are now above the minimum wage and have a very positive effect on the economy. And you have a very positive effect on the economy because most of the economy—more than two-thirds of it—is driven by the Gross Domestic Product. And the Gross Domestic Product is driven by working people, blue and white-collar working people.

So I think what we are talking about here is very important, and it is something that really needs an awful lot of attention.

There is another element, too, that I think needs a lot of attention, and that is health care. The situation with health care I think is causing a lot of problems for low- and now increasingly middle-income people. Because more and more people are finding themselves without health insurance. And they are also seeing that when they do have health insurance that the cost of that health insurance is going up very dramatically.

So I would be interested, if anyone would like to comment on the initiative that really needs to be taken to promote a national health insurance program in order to drive down the cost of health care and to make health care available for all Americans, particularly early health care when people begin to feel that they need some health care attention, but are not eligible to get it, and they are not eligible to get it if they do not have any health insurance until they are really seriously ill and they have to go into the emergency room of a hospital and then make it more expensive for everyone.

So if there is anything that you would like to say about health care and what we need to do with health insurance, I would be interested in hearing it.

Ms. Blackwell. Actually I will leave it for others to talk about what we need to do about health insurance, but I do want to state that we need to make sure that every American has access to health care when they need it, and we need to have a system of universal access to health insurance and health care services.

I want to use my time, though, to talk about the fact that so much of poor health in this country is not tied to health care, but it is tied to environmental factors, and behavior. What we really need to focus on is that 70 or 80 percent of health that is not about

access to health care at all; it has to do with people living in communities with air pollution. It has to do with people not having access to fresh fruits and vegetables. In too many communities in this country it is impossible for anybody to go out in their neighborhood and buy a tomato—buy a tomato! So we need to invest in making sure that people have access to fresh fruits and vegetables. Parks and safe streets where they can exercise. And communities where the air is safe to breathe.

If we would pay more attention to making sure that every community is a healthy community, we would have less strain on our health care system. But absolutely every American ought to have access to health care.

Representative Hinchey. Mr. Edwards.

Mr. Edwards. Yes. Just to give you just an indication of what we are doing in northeast Florida, of the 24,466 people that we saw in a 22-year period—this is coming from our management information system—21,115 of those individuals had no health insurance; 3,342 had health insurance. So obviously health insurance is real, real critical.

People are going to get health care somewhere, somehow, and they are going to abuse, perhaps the emergency room situation because they do not have health care, and they have to go to either the emergency room, or to public health facilities in order to access health care.

A universal health care system is critical.

Vice Chair Maloney. Could the gentleman sum up? Your time is about to expire.

Mr. Edwards. I did.

Vice Chair Maloney. Oh, you did? OK.

Mr. Edwards. That was a period.

Vice Chair Maloney. OK, Mr. Rector, very quickly.

Mr. Rector. One thing I think it is important to recognize is that when you are looking at low-income uninsured people, about a third of them in the census report are illegal aliens. I hope no one is suggesting that we need to provide Medicaid coverage or something to illegal aliens. That is a growing problem.

The other thing I would say is that there is a considerable waste in Medicaid that could be harnessed, which is that in the Medicaid program if an individual currently has employer coverage they can drop that coverage and obtain Medicaid. That is a very significant problem that's called "crowd out" and it costs the taxpayers billions and billions of dollars a year.

If you had reasonable rules about dropping the coverage that you have in order to get on Medicaid, you could save a lot of money and redirect those savings to provide expanded care for other people. It is basically a total waste the way the system works now.

Vice Chair Maloney. Thank you. The Chair recognizes herself for 5 minutes.

Economic growth suggests that poverty not only affects individuals, but also creates larger challenges for economic growth. There has been a great deal of literature written about this, and can you discuss the effect of poverty on economic growth? Anyone? Who would like to discuss this? The effect of poverty on economic growth.

Mayor Cicilline, you probably have a lot of experience in that.

Mayor Cicilline. There is no question that the ability to create good-paying jobs and move people out of poverty by having a high-quality system of public education, by ensuring that people are growing up in health communities as Ms. Blackwell was mentioning, and having access to quality health care are all things that are essential to strong communities and to strong cities.

So that as we try to grow jobs in our communities, and as we try to create economic opportunities in our communities, the issue of poverty is at the center of all of that work—ensuring that people have access to good jobs, have access to good health care, have access to quality education, live in a neighborhood that is safe from violence, that has good public spaces for exercise, but all of that are the things that lead to a positive image of a city, and a positive image of a place to work and bring capital and make investments to create economic opportunity.

So they all relate to each other. And the effects of poverty obviously affect most personally and directly on the child and the family that lives in poverty. But it has a corrosive effect on the whole community. Anyone who is a member of a community who lives in a place where there are people who remain poor continue to feel the effect of that.

So we have a joint responsibility as residents of a community to eradicate poverty, and economic development is a key way of doing that.

Vice Chair Maloney. Mr. Rector, and then Dr. Blank.

Mr. Rector. I would say that poverty has no effect on economic growth other than on the incomes of the poor people. Obviously if you can get their incomes up they are better off, but if you mean does poverty reduce the standard of living of the average American, the answer is no.

What does reduce the standard of living of the average American is welfare spending. Having spent $14 trillion on the war on poverty with very little effect, not only imposes a direct cost on the taxpayers who had to pay for that spending, but if even a portion of that money had been invested in capital or in new technology or in entrepreneurial activity, the overall economy and the standard of living of the average American would be considerably higher.

As we look forward to spending the next $9 trillion on welfare over the next decade, the same rule applies. Now I am not suggesting that we ought not to spend that $9 trillion. I do think we have obligations to the poor. But I also think we have an obligation to spend that money wisely in a way that is not just one round of one-way handouts after another. We need to reform welfare so that it requires and demands and encourages constructive behavior on the part of the poor, and which begins to end the self-inflicted behaviors which are the major cause of poverty, particularly the 38 percent out-of-wedlock childbearing rate, and the very, very low levels of work among poor adults.

Vice Chair Maloney. Dr. Blank.

Dr. Blank. There is a substantial body of literature that is growing rapidly looking at the effects of poverty on children and on adults. It finds that not only that poverty has these effects, but the

longer that a family and children spend in poverty the greater the effects.

So you find that longer periods in poverty produce greater health problems. It produces lower educational achievement. It produces greater likelihoods of being involved in crime.

Now all of those things—low educational achievement, poor health, and high rates of crime—are basically impediments to productivity and to economic growth in this country.

So I would not think that the only reason you want to reduce poverty is because it is going to make all the rest of us better off. I mean, there are a variety of reasons to reduce poverty because we have responsibilities to these individuals and the lives that they lead as fellow American citizens. But it is true that if we do reduce poverty, the rest of us will be better off, as well.

Vice Chair Maloney. Thank you very much. My time has expired, but I would like to close by first thanking my colleague for being here today and participating, but all of you. Many of you travelled quite a distance to be here. Your testimony, your insight, your research will help all of us formulate hopefully new policies for the 21st century to help us combat poverty, which will help not only the individual but our overall economy, in my belief.

I also want to close by remembering Senator Edward Kennedy and his lifelong commitment to ending poverty, to attacking poverty. I send him all my best wishes, as I am sure all of you do, for his speedy recovery. He did request this hearing, and my thoughts are with him. The entire transcript will be given to him to study during his period of recovery.

And I want to end by just really thanking all of you for your life's work, your research, and your dedication to helping individuals and helping our country. Thank you so much for being part of this hearing.

The hearing is adjourned. Thank you.

[Whereupon, at 11:31 a.m., Thursday, September 25, 2008, the hearing was adjourned.]

Submissions for the Record

JOINT ECONOMIC COMMITTEE
SENATOR CHARLES E. SCHUMER, CHAIRMAN
REPRESENTATIVE CAROLYN B. MALONEY, VICE CHAIR

Statement of Carolyn Maloney
Joint Economic Committee Hearing
September 25, 2008

I want to thank Sen. Kennedy for requesting today's important hearing on poverty in America. Sen. Kennedy has devoted his career to being a strong and vocal champion for the poor. Our hearts go out to him and wish him well with his recovery. I also want to thank to our witnesses for testifying.

Today, our nation's leaders are focused on the unfolding financial crisis. Yesterday, in testimony before this committee, Federal Reserve Chairman Bernanke said that the U.S. is facing "grave threats" to financial stability and warned that the credit crisis has started to damage household and business spending. We need to act swiftly to pass legislation that will bring stability to our financial system, but also shield Main Street from paying too high a price for the mistakes made on Wall Street.

The financial crisis may seem far removed from the problem of poverty: the bottom 80 percent of households only own 9.4 percent of all stocks – including stock in retirement funds. But, the financial troubles on Wall Street have already been working their way down to Main Street. Unemployment is rising and real wages are now as low as they were in September 2001. As Chairman Bernanke said yesterday, "Economic activity appears to have decelerated broadly." He went on to say that if we do not address the financial crisis, more jobs will be lost.

Poverty tends to rise and fall with the strength of the economy. During the economic expansion of the Clinton era, when unemployment hovered around 4 percent, poverty fell to 11.3 percent, its lowest level in decades. However, the weak economic recovery of the 2000s under the current Administration, did not lead to further reduction in poverty and it now stands more than a full percentage point above its 2000 level.

Today in the United States, one out of every eight people – over 37 million – is living in poverty. That so many of our citizens toil in poverty is a testament to how far we need to go to ensure that all of us enjoy the fruits of our economic growth. The majority of people living in poverty are among the working poor.

Poverty in America is the result of millions of jobs that do not pay enough to ensure families can make ends meet. Over a quarter of U.S. jobs pay low wages and do not provide health insurance or a retirement plan, according to the Center for Economic and Policy Research.

Other nations have made great strides against poverty by establishing clear policy targets. For example, the United Kingdom has embarked on an ambitious plan to cut poverty in half in ten years and we should look to them as a model. As they have demonstrated, reducing poverty

requires a variety of policy steps, from raising the minimum wage and expanding the Earned Income Tax Credit, to guaranteeing child care assistance.

Parenthood should not put you on a path toward poverty. We must ensure that everyone – including low-wage workers – can find the right balance and not have to choose between their children and a paycheck. In recognition of this, as a part of their anti-poverty agenda, UK policymakers passed legislation that allows workers to request a flexible schedule. Sen. Kennedy and I have introduced similar legislation, the Working Families Flexibility Act (HR 4301 and S 2419), and I hope we can work together to get it passed in the next Congress.

To fight poverty, we must understand who is poor. Most analysts agree that the U.S. poverty measure is outdated and inappropriate for measuring true need. Our measure does not take account of how taxes, non-cash benefits, and work-related and medical expenses affect well-being. Further, the U.S. poverty measure does not account for how the costs of basic goods and services have changed since the 1960s or how costs differ by geography. Our panelists today will provide recommendations for addressing the measurement issue.

I look forward to today's testimonies to help us understand how we can take action to reduce poverty in America.

U.S. CONGRESS
JOINT ECONOMIC COMMITTEE
CHAIRMAN: SEN. CHARLES SCHUMER · VICE CHAIR: REP. CAROLYN MALONEY

Statement of Charles E. Schumer
Chairman, Congressional Joint Economic Committee
Leave No Family Behind: How Can We Reduce the Rising Number of Americans Families Living in Poverty?
September 24, 2008

I would like to thank Senator Kennedy and his staff for helping to put together this Joint Economic Committee hearing on the problem of poverty. Senator Kennedy has fought tirelessly over four decades to assist the poorest and most vulnerable Americans. We're all aware of the health problems that don't permit him to be present now, but his spirit is with us today as we work to continue his efforts.

This hearing takes place in the shadow of a looming economic recession, possibly a severe one. Yesterday I questioned Chairman Bernanke on his efforts to address this recession. Much of our discussion was on the problems of Wall Street, the matters of high finance that dominate the news. But recessions hit the ordinary working Americans of Main Street the hardest, and poverty is one of the ways that happens.

Make no mistake, poverty is not a problem we can look at as isolated in inner cities or depressed areas of rural America. It's a Main Street problem – and that's especially true in tough economic times. There are 37 million Americans who actually have incomes below the Federal poverty line. That's already far too many. But there are tens of millions more who live just a few paychecks away from poverty. In my own home state of New York, about one-third of the entire population earns less than 200 percent of poverty, or under $40,000 for a family of four. And contrary to the stereotypes of some, these low-income families work. Over 70 percent of all low-income families with children have an employed parent. And more than one-quarter of all working families with children in the U.S. earn less than twice the poverty line.

For these families, the threat of recession is the threat of poverty. As they sit at their kitchen table talking about the storm clouds over our economy, they must wonder what will happen if their own job is threatened. Economists estimate that less than half of all American families now have sufficient financial wealth remaining to see them through a typical spell of unemployment, and certainly the fraction is far smaller among low-income Americans.

Poverty is not an abstract issue for these families, and it can't be for us here in Washington either. In a free market society, we can't guarantee every job against tough economic times. But we should be able to build a safety net that guarantees a dignified standard of living for every family willing to work hard and play by the rules.

The truth is, though, that today's safety net is full of holes. Even in periods of recession, where so many workers lose jobs through no fault of their own, only about half of unemployed workers receive unemployment insurance to tide them over the period of looking for a new job. Today, in 2008, a single mother who holds down a full-time job at the minimum wage isn't guaranteed a sufficient income to lift her out of poverty, or the child care assistance critical to letting her combine work with parenthood.

We've made some progress on these matters in recent years. One of the first things this Congress did was raise the minimum wage, and the scheduled increase in that wage next year will – just barely – allow that single mother to lift herself out of poverty. But there's still so much more to do. The problem of poverty involves in so many different issues, from education and training to the macro economy, from housing to health care. Because of that, it's going to take a focused, sustained national effort to make real progress against poverty going forward. The percentage of poor Americans today is higher than it was thirty-five years ago, when I was first running for elected office in the 1970s. Unless we decide to make a greater effort than we have, I'm afraid that the same might be true 35 years from now.

Our witnesses today have much greater expertise than I do on the exact steps we need to take in this effort. We're all here to learn from them. But I just want to list three important things that I believe we can do today to make a start on our anti-poverty agenda:

1) Measure poverty correctly. You can't hit a target unless you know where to aim. Our current poverty measure is sadly outdated and inadequate for measuring the real needs of families today. Believe it or not, it's still based on the average amount a family spent for food in the 1950s. A better poverty measure would allow us to measure the real progress we make against poverty, and it would allow us to better target our scarce resources toward the truly neediest families.

2) Reform unemployment insurance. Our current unemployment insurance system often doesn't help the unemployed workers most in need of assistance, and it doesn't help the unemployed get new skills they may need to switch careers. I've signed on to legislation to modernize our UI system, and I hope Congress acts on this soon.

3) Target short-term economic stimulus to low-income workers. The economic research is clear on two facts: first, we lose the most ground against poverty during economic slowdowns. That's when the number of poor Americans tends to increase sharply, as low-income working families just above the poverty line are driven into poverty by job

> losses. It takes years to make up those losses Second, aid to low-income families is the most effective form of economic stimulus, since they spend the money most rapidly. That gives us the opportunity for an economic double play – the fairest and most equitable policy is also the one that gives us the most economic bang for the buck.

I know these suggestions are only the beginning of a comprehensive anti-poverty agenda. I'm eager to hear our expert witnesses tell us more about what is needed.

PREPARED STATEMENT OF DAVID N. CICILLINE, MAYOR, PROVIDENCE, RHODE ISLAND

Thank you Chairman Schumer, Vice-Chair Maloney, and to all members of this esteemed committee.

I am honored to be here as a representative of mayors and other elected city officials from all over the Nation who are working to address these issues.

Mr. Chairman, for many generations, when America has faced difficult economic times, some have viewed our cities as our greatest burdens.

In the national imagination, cities, and the people who lived in them, were described as the ball and chain of the national economy, dragging America down. Words like devastated, blighted, and ruined were so often associated with the word "urban" that they effectively became synonymous.

But something remarkable began happening a decade or so ago. American cities began a stirring comeback. Benefiting from effective Federal policy in the 1990s as well as the transition to a knowledge-based economy, cities are again the centers of culture, innovation, and, most of all, economic growth.

A slew of recent research underscores the fact that in our shaky economy cities are not the problem. They are the solution.

The reality is that the American economy is a metropolitan economy. In fact, the nation's 100 largest metro areas, which make up only 12 percent of the Nation in land area account for 68 percent of all jobs and 75 percent of national GDP.

Furthermore, as we expedite the transition of our economy into one that meets the demands of the information age and our need to become independent from foreign oil, the strategic importance of cities grows even more.

Already, cities have 76 percent of the knowledge jobs and are poised to grow an even higher proportion.

Additionally, cities house our great scientific research centers that will give birth to the innovations that will power America with new forms of energy. Also, contrary to most people's ideas about urban America, cities are the greenest places we can live based on existing consumption patterns.

Chairman Schumer, you may already know that those living in the New York metropolitan region have on average *half* the carbon footprint of the average American. The more Americans that continue to move to cities, the less dependent America will be on foreign sources of energy.

Cities are the solution. But, as a nation, we are not tending our metropolitan garden. In recent years, the evolution of cities has continued in spite of national policy, not because of it. As a result, we are severely restraining our metropolitan transformation at a time when we need to accelerate it.

Foremost among these restraints, without a doubt, is poverty. Poverty is to a family and a community what inflation is to an economy. Its consequences spill over into everything else and have a lasting and devastating impact. But, what makes it worse, is that there are measures we know we can take to prevent it from persisting.

Not surprisingly, the headway we made on poverty in the 1990's coincided with the metropolitan comeback. But in recent years that headway has been reversed. In my view, one of the reasons for this is the sharp decline in funding. First Focus, the children's advocacy group on whose advisory board I sit, recently discovered that the share of non-defense spending on kids has declined by a full 10 percent in just 5 years. And, as you know, the Community Development Block Grant—one of our country's great domestic programs for cities—has also been significantly cut in recent years. Just to name two examples.

But you are presented with lots of statistics every day and the call for funding is constant. So my job today is to report to you from a Mayor's perspective about what can work and is currently working to lessen poverty in our communities.

I know that many view poverty as a great complex of interrelated problems, but I view it very simply. Poverty is a lack of opportunity. So to me, the fight is not so much a war on poverty as it is a war for opportunity.

The long-term answer does not lie in merely relieving the stresses and pain of poverty. The long-term answer lies in rebuilding upward mobility in America. The war for opportunity means rebuilding the economic ladder. When there is upward mobility there is hope. Families will work harder to make sure their children are educated, stay out of trouble and develop a strong work ethic. But when there is not, it creates the environment for many of the social ills that can ruin lives and drive up the costs of social programs.

Unfortunately, all across the country, the economic ladder has been badly weakened in recent years. It used to be that the American Dream was available to anyone who was willing to work hard enough, but in today's economy too many families are doing everything right and still getting left behind.

At my second inauguration in 2006, I identified this as one of the highest priorities for my city. I signed an executive order creating a task force made up of our foremost experts on workforce development, poverty, and early childhood development and family supports.

I asked them to offer me their best recommendations for what we can do at the city level—as a government and as a community—to reestablish upward mobility for our working poor, and to help re-build the middle class in our city.

They developed a set of action steps called *Pathways to Opportunity* to move people into the workforce, keep them in the workforce, and open up more opportunity to get ahead once they're in.

With the report in hand, I formed a partnership with the Annie E. Casey foundation, to open an office that is charged with overseeing the implementation of these recommendations in coordination with the city and the agencies that helped to develop them. It also serves as a community-based site for residents to connect to new opportunities.

We have launched a number of ambitious projects as part of this initiative.

We initiated a major long-term effort to rebuild many of our old and decaying school facilities and replace them with 21st-century learning environments. As part of this, we launched a large-scale apprenticeship program in the construction trades. We have young people from across the city who are integral parts of these major construction efforts that involve cutting edge green technology and learning how to build to LEED standard.

We have partnered with our hospitals that are facing a serious nursing shortage to get young people access to the skills they need to begin a good career in the health care field.

Taking the lead from Brookings' work on "the high cost of being poor," we are working with local banks in an organization called Bank on Providence. It is developing financial instruments specifically designed for low-wage families and individuals. I am also working with the state legislature to regulate the ability of predatory lenders and check cashers to extract usurious rates and charges from their customers—most of whom haven't been able to access mainstream banking services.

We are aggressively engaging with ex-offenders who come back to their communities to make absolutely sure they meet all of their re-entry obligations or else face consequences. But at the same time ensuring that the support necessary for their success is in place.

These are a few examples of the kinds of meaningful, measurable, and effective strategies being undertaken by this office. It is all about creating more opportunities and removing any barriers to existing opportunities.

Mr. Chairman and honorable members of the committee, if I had more time I would love to also describe to you the incredible effect that city-wide after school is having in Providence. I'd like to describe the success we've had with integrating our police force with the communities they serve. There is so much that has an effect on opportunity and poverty that we know will be effective.

But instead I will quickly conclude with a general comment. Our cities represent tremendous opportunities for our 21st-century economy. We can unleash that potential by making opportunity for every American a national priority again. After all, the other name for a robust economic ladder and upward mobility is the American Dream. That is what made our economy the envy of the world, and it is the only way we can preserve its position in our global economy.

Thank you.

What Do the Recently-Released U.S. Poverty Numbers Tell Us?

Testimony to the Joint Economic Committee
Hearing entitled "Leave No Family Behind: How Can We Reduce the Rising Number of American Families Living in Poverty?"

September 25, 2008

Rebecca M. Blank
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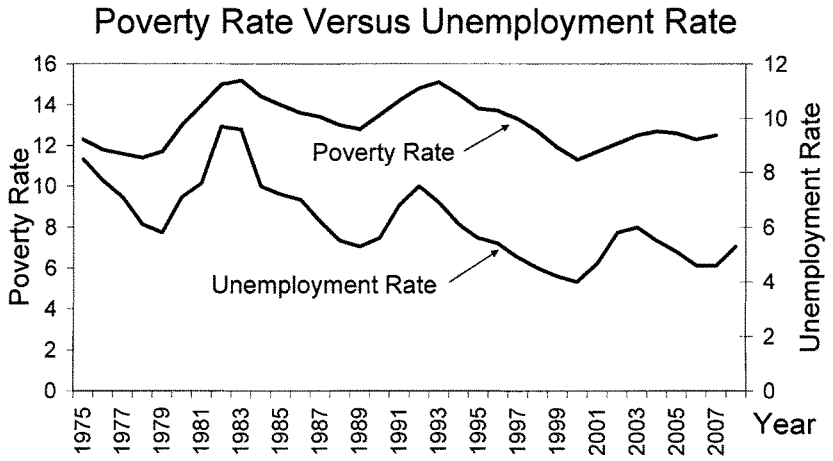
Chairman Schumer, Ranking Member Saxton, and distinguished members of the Committee, I appreciate the opportunity to talk with you today about the problems faced by very low-income families in the United States.

A Quick Review of the Recently-Released Data on Poverty for 2007

The Census Bureau recently released the official numbers on income and poverty last year (2007) in the United States. Let me underscore a few of the key facts that these data illustrate.

First, poverty did not fall to any appreciable extent during the economic expansion of the 2000s. This is quite unusual. Figure 1 shows the poverty rate and the unemployment rate. In past decades, these two indicators have moved together. When unemployment fell in the 1980s expansion, so did poverty. Unemployment and poverty both fell rapidly in the strong expansion of the 1990s. But when unemployment fell after 2003, poverty remained essentially flat.

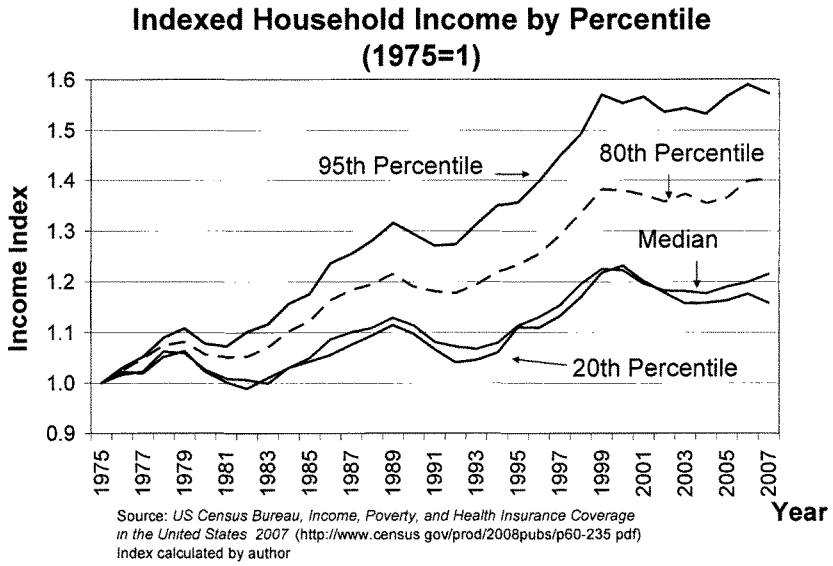


Sources: Poverty rate from US Bureau of the Census, Historical Poverty Tables (http://www.census.gov/hhes/www/poverty/histpov/hstpov2.html). Unemployment rate from Department of Labor, Bureau of Labor Statistics. (http://www.bls.gov/cps/tables.htm#empstat, Table 1 & A-1) 2008 unemployment rate is average from January through August

The increase in poverty in 2007 is surprising. This was a year when GDP growth averaged 2%, with two quarters of GDP growth in excess of 4.5%. Average unemployment was largely the same as in the previous year. This does not bode well for 2008 when all economic indicators look far worse.

Second, the rise in poverty reflects the generally sluggish growth in income by all families in the bottom half of the income distribution. Figure 2 shows an index of

household income growth at the 20th, 50th, 80th and 95th percentiles of the income distribution over the last 30 years. Income among the bottom 20 percent grew as fast (or as slowly) as among those at the median (the 50th percentile) throughout this period. While these lower-income families achieved significant income gains over the last 30 years, particularly over the 1990s, both families in the middle of the income distribution and those at the bottom have lower household incomes in 2007 than they had in 2000. While incomes at the top of the distribution incomes have not risen rapidly in the 2000s, they have risen over the past 10 years.



Source: *US Census Bureau, Income, Poverty, and Health Insurance Coverage in the United States 2007* (http://www.census gov/prod/2008pubs/p60-235 pdf)
Index calculated by author

If 2007 data didn't look as good as we might have hoped, we should expect 2008 data to be far worse. Given rapidly rising unemployment since the first of the year -- a problem that could accelerate with the economic news of recent weeks – poverty is going to be a major issue in the policy discussion for any new administration in 2009.

What Does This Poverty Measure Indicate?

I have been asked to spend most of this testimony focused not on the numbers, but on the poverty measure itself. There is widespread agreement that our poverty measure is badly flawed and needs to be updated. A bill to produce a modern poverty measure was just introduced in the House (HR 6941) and will soon be introduced in the Senate. As a scholar, I have been involved in the discussion of poverty measurement for many years. I served on the National Academy of Science's panel in the mid-1990s that recommended a methodology for improving poverty measure, and have written about this topic (Blank 2008).

The current poverty measure was defined in 1963 by a Mollie Orshansky, a staffer in the Social Security Administration. She proposed both a way to measure an official poverty line, and a way to count family resources, comparing them to the poverty line to see if a family was poor or not. Let me talk about each in turn.

The current poverty line: Orshansky created a poverty line using the calculation

Poverty line = 3 x Subsistence food budget

The subsistence food budget was the Economy Food Plan developed by the USDA in 1961, using data from the 1955 Household Consumption Survey. The multiplier of 3 was used because the average family of three or more spent one-third of their after-tax income on food in the 1955 data. If the average family spent one-third of its income on food, then three times a minimal food budget provided an estimated poverty threshold. This number was adjusted for families of different sizes.

With only minor changes, the current poverty line is this number, calculated in 1963, based on 1955 data, and updated by the Consumer Price index in the following years. *There is no other economic statistic in use today that relies on 1955 data and methods developed in the early 1960s*. In the years since, food prices have fallen, housing prices have risen, and medical expenses have grown enormously. In short, consumption patterns have changed dramatically but our poverty line does not reflect these changes.

Defining family resources: The resource measure in Orshansky's calculation was simply a family's cash income. Forty-five years later, this definition is also seriously flawed, as cash income alone is no longer an adequate description of the economic resources available to low-income families. There is broad agreement that the resource measure should reflect a family's disposable income, that is, the income that a family has available for buying necessities, minus taxes and other mandatory expenditures. However, the gap between cash income (the current resource measure) and disposable income is large for low-income families.

In the years since the current definition was developed, the biggest expansions in anti-poverty assistance have come through the tax system, such as the expansion in the Earned Income Tax Credit (EITC), or through in-kind benefits, such as growth in the Food Stamp Program or in Section 8 housing vouchers. Because the historical poverty measure is based only on family cash income, it is unaffected by many of these changes:

- If a disabled individual starts to receive Medicaid assistance and has lower out-of-pocket medical expenses, this does not affect his poverty status;
- If a family receives food stamps and has more income left over for other purchases, this does not affect their poverty status;
- If a worker receives an EITC refund check, this does not affect her poverty status.

Why does this matter? Our measured poverty rate is insensitive to many of the most significant policy changes designed to help low-income families that we've made in this country. This made it easy to claim that public spending on the poor had little effect. But the problem was not the policies, but the statistic we used to measure the problem. *In a fundamental way, our poverty measure has under-counted policy gains, and made it easy to claim that public spending on the poor had little effect.*

The only group who has experienced a major decline in the official poverty data over the past 30 years is the elderly. It is not a coincidence that the elderly are the one group for whom we have provided greatly expanded assistance in the form of cash income, through expansions in Social Security and in Supplemental Security income. Hence, our assistance to this group was reflected in our official statistics.

None of this says that the historical poverty measure is entirely meaningless. It does capture cash income movements, which largely reflect changes in employment and in wages. In a year – like 2007 – in which there were no major tax or policy changes, the movement in the historical poverty measure shows how economic changes are affecting low-income families. But we can and should do better, with a poverty measure that reflects policy changes as well as economic changes.

How Can We Better Measure Poverty?

The panel convened by the National Academies of Science (NAS) in the 1990s spent more than two years reviewing the research on different approaches to poverty measurement. The result was a set of recommendations for how to improve the definition of poverty in the United States (Citro and Michael, 1995).

The NAS panel recommended calculating a poverty line based on expenditures on necessities – food, shelter, clothing, utilities, and "a little bit more." They suggested an improved way to determine equivalent poverty lines for families of different sizes, and they recommended that the poverty line should vary with cost-of-living in different areas of the country. Their report emphasized the importance of updating this calculation regularly, to reflect changes in spending patterns on necessities over time.

The NAS panel recommended basing the resource definition on adjusted disposable income. In addition to counting the cash resources available to low-income families, this would take account of any tax payments or tax subsidies, and include the value of any public benefits that help them buy food shelter and clothing. Furthermore, the NAS panel recommended that out-of-pocket and unavoidable expenses for work and for medical care should be subtracted from resources.

It is important to emphasize that one cannot change the poverty line without changing resource definitions; similarly, one cannot change the resource definition without making changes in the poverty line; these two concepts need to be consistently defined. *Both* are in need of revision.

In the years since the NAS recommendations were released, analysts at the Bureau of the Census and elsewhere have done a great deal of research to determine the best way to implement this new poverty measure using available data. More recently, a number of states and localities have become increasingly interested in this measure as well. They too want to measure the effects of their policies, such as state EITCs, or expanded state medical insurance coverage, on low-income families in their state. To do this, they need a modern poverty measure. For instance, New York City has developed a city-specific poverty measure based on the NAS approach, to help measure the effects of a variety of new anti-poverty programs launched under Mayor Bloomberg.

It is time to break through the political logjams that have prevented the development and utilization of an updated poverty measure. The new legislation in front of the House and Senate will do this, directing the Census Bureau to develop a modern poverty measure based on the NAS recommendations, to publish these numbers regularly, and to update this measure as new data and new statistical approaches become available. This would put our measure of poverty on par with our other government statistics. It is long past time for this change.

Anti-Poverty Strategies for the Next Decade

Of course, improving the measure of poverty will only give us a better sense of who is and who is not poor. It will not help reduce poverty. Let me end by talking briefly about some of the highest-priority issues for continuing our fight against poverty in America.

At the request of the Mott Foundation, I recently commissioned papers from nine well-known scholars and policy analysts who regularly write about the problems of poverty and evaluate the effectiveness of policy efforts. Each person was asked to describe their highest priorities for anti-poverty policies over the next decade. While their recommendations ranged across many areas, let me highlight two areas that were most frequently mentioned, relating to work, earnings, and income support.

Policy Strategy I: Continue to Incentivize and Support Low-Wage Work

Work and earnings must be at the center of any anti-poverty strategy. Only through economic self-sufficiency can an individual permanently escape poverty. The welfare reform efforts of the 1990s helped many families earn more and work more. This was buttressed by expansions in the EITC that helped subsidize low-wage work and provided greater incentives for parents to find a job.

While some parents were able to leave poverty permanently as a result of these efforts, others are employed in low-wage and unstable jobs and have difficulty supporting their families only through their own earnings. I want to suggest two program expansions that would help stabilize earnings and support low-wage workers and their families.

Expanding the EITC for workers without children in their immediate households would help incentivize work among less-skilled men. Labor force participation among men who

have only a high school degree or less has been falling steadily for almost 30 years. This is a particularly troubling trend over the past decade. Many of these men are non-residential fathers, with support responsibilities for their children. Less work among these men means less help for their children. A number of recent papers present suggestions for how best to expand the EITC (Berlin, 2007; Scholz, 2007).

These problems are exacerbated by the increase in incarceration among less-skilled men, and particularly among men of color. Over the next decade, large numbers of men will be returning to their communities and families, after release from prison. Finding ways to reintegrate these men back into stable employment is important for their own economic well-being and for their children, and will help reduce recidivism rates and the high cost of further imprisonment. While special programs to provide training and re-employment services will almost surely be useful, these men have to know that if they find and keep a job, it will allow them to pay their bills and support themselves. An expanded EITC will provide additional incentives to these men to find employment.

Increase assistance to help pay child care expenses for single mothers who are caring for children. The biggest concern among single mothers who are working to support their families is the difficulty in finding stable, high quality, and affordable child care for their children. Many women leave or lose jobs when their child care arrangements fall through. Even women who receive state or federal subsidies often complain that care is not available outside 9 to 5 hours, or that there are not care options that are convenient to their work location. It is important to expand child care subsidies and to assure that there are safe, well-run child care centers available to women who are in low-skilled and often variable-hour jobs.

One way to provide this for some children is to expand publicly-funded preschool programs for children ages 3 and 4. An increasing body of evidence suggests that good preschool programs can better prepare children from disadvantaged families to start school. In addition to their good effects on the children, such programs also provide stable child care for mothers and can increase their work efforts as well.

Policy Strategy II: Assuring the Presence of an Effective Safety Net

Not all adults can or should be expected to work. Recognizing this, we provide support to elderly adults or those with serious physical or mental disabilities. For the past two decades, we have focused on how to move more adults off welfare and into work. It is time to re-open the conversation about the appropriate size and structure of the safety net for those who are unable to hold stable employment. Two particular policies are worth focusing on.

Help disconnected women and their families stabilize their incomes. Rising numbers of single mothers have become "disconnected," that is, neither working nor receiving welfare. Between the mid 1990s and the mid 2000s, there was a doubling in the number of single mothers who reported they were not working nor on welfare, so that more than 20% of single mothers with low levels of education are currently disconnected. Close to

90% of these women report incomes below the poverty line, and many report extreme poverty, with incomes below 50% of the poverty line.

The research suggests that many of these women have multiple barriers to work, including obstacles such as mental or physical health problems (particularly depression) that may not qualify them for disability payments but which interfere with their employment and earnings. A disproportionate share of these women are caring for someone with mental or physical health problems. An unusually high share report past or current histories of domestic violence or sexual abuse, problems with substance abuse, limitations in cognitive functioning, undiagnosed learning disabilities, or care responsibilities for very young children. While many of these women work frequently, they appear to have difficulty maintaining stable, full-time employment.

States are struggling with how to best help this population, and a number of innovative state programs have been designed to identify and provide special support to this group. We need to find ways to provide greater assistance, through provisions in the TANF program that let states identify and focus services on this population without being punished by federal regulations because they are not moving these women into work quickly enough. Elsewhere, I have laid out a proposal for how to help such women (Blank, 2007). We also need to be sure that all of these women receive services for which they are eligible, such as food stamps.

Revisions in Unemployment Insurance. Even those who can and do work steadily may sometimes lose their jobs for reasons outside their control. Particularly in a time of rising unemployment, it is important to help those who bear the brunt of unemployment. This is traditionally done through the Unemployment Insurance (UI) system. The effectiveness of UI has declined in recent decades, however. Today, less than 40% of unemployed receive unemployment assistance. Many lower-wage workers who lose jobs are ineligible because their jobs have not lasted long enough, or they have not worked enough hours.

Our economy experiences regular economic disruptions as business fail, jobs change, or financial bubbles burst. Providing temporary assistance to the workers who are caught by these economic changes can help workers search for the next job without major family disruptions. Reforms and changes to the UI system or related programs (such as Trade Adjustment Assistance) can create a more reliable safety net for jobs losers and stabilize their incomes as they search for new work (Holzer, 2000).

Conclusions

Our official statistics indicate that poverty in this country rose last year. Given the current economic environment, it will rise further and faster in the current year. In order to understand and track these changes, we need an economic statistic that reflects the actual resources available to low-income families to spend on food, shelter, and clothing. Newly-introduced legislation will help modernize our poverty statistics and give us a better understanding of who is poor and how these numbers are changing over time.

Beyond good measurement, we also need good policy. This means supporting work among less-skilled workers who are able to find and hold jobs. But it also means providing the assistance that will help families when jobs are not immediately available.

Poverty is an economic problem that affects long-run American productivity and economic growth; and that impacts the demands on government budgets. But poverty is also a moral problem, raising questions of what we as Americans owe to our fellow citizens. We have had real successes in our anti-poverty efforts over the past 30 years, but there is more that we can do to reduce economic need among our citizens.

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Testimony

of

Angela Glover Blackwell
Founder and CEO, PolicyLink

before the

Senate Committee on Health, Education, Labor & Pensions

September 25, 2008

Good morning. I am Angela Glover Blackwell, founder and CEO of PolicyLink, a national research and action institute advancing policies that create economic and social equity. Along with Peter Edelman of Georgetown University Law School, I also co-chair the Center for American Progress (CAP) Task Force on Poverty. Thank you for this opportunity to speak about ending poverty in America.

In this country, 37 million people live below the official poverty line—$19,971 for a family of four[1]. Another perspective to grasp the scale of poverty in America: Ninety million people—nearly one out of three of all Americans—have incomes below 200 percent of federal poverty thresholds. Additionally, millions of Americans are just one layoff, one health crisis, or one family emergency away from poverty's door. Poverty leads to suffering, imposing huge costs on society. The lower productivity and earnings of poor adults, the high costs of poor health, increased crime, and shattered neighborhoods add up. Persistent childhood poverty is estimated to cost our nation $500 billion each year, or about 4 percent of the nation's gross domestic product.[2]

The United States has experienced dramatic reductions in poverty. These reductions, however, have never been the inevitable result of economic prosperity. In addition to good economic times, poverty reduction required sound federal and state policies, individual initiative, strong social networks, and sustained national commitment. Despite increased employment among the poor, in recent years these policy and commitment elements have eroded, and the result is increasing poverty—five million additional Americans fell into poverty during the past five years.[3]

It does not have to be this way. Our nation need not tolerate persistent poverty alongside great wealth. I will focus my remaining remarks, therefore, on ways to reduce poverty and move toward a society in which all can participate and prosper, in which steady work is both a protection from and a route out of poverty, in which all Americans can live in communities that are rich in opportunity, and in which children and adults can reach their full potential.

The CAP task force recommends that the United States set a national goal of cutting poverty in half over the next 10 years.[4] To accomplish this goal, the task force proposes 12 recommendations grouped under four principles:

- **First, the goal should promote decent work.** People should work, and jobs should pay enough to ensure that employees and their families can avoid poverty, meet basic needs, and allow them to save for the future.

- **Second, it should provide opportunity for all.** Children should grow up in conditions that maximize their opportunities for success; adults should have opportunities throughout their lives to connect to work, become better educated, live in a good neighborhood, and advance in the workforce.

- **Third, it should ensure economic security.** Americans should not fall into poverty when they cannot work or when work is unavailable, is unstable, or pays so little that they cannot make ends meet.

- **And fourth, it should help people build wealth.** All Americans should have the opportunity to build assets that allow them to weather periods of flux and volatility, and to have the resources that can be essential to advancement and upward mobility.

These four principles and the following recommendations will cut poverty in half only if they are able to work in tandem. Ending poverty in this country requires more than a single approach or policy solution. Good jobs and benefits matter, as do strong families. High-quality education is essential, as are safe and enriching neighborhoods. Opportunities to increase assets and wealth must be widely available; economic security and access to healthcare are crucial. Protections must be provided for the most vulnerable. Of course, personal initiative also matters greatly. But policies that promote personal responsibility are not enough. They must be paired with policies of social responsibility. All of these things working together will alleviate and ultimately eliminate poverty.

Through the strategies outlined here, America can cultivate a new cycle of prosperity.

Principle 1: Promote decent work

1. Raise and index the minimum wage to half the average hourly wage.
2. Expand the Earned Income Tax Credit (EITC) and child tax credit.
3. Promote unionization by enacting the Employee Free Choice Act.
4. Guarantee child care assistance to low-income families, and promote early education.

A starting point for decent work is the need for a full-employment economy.[5] In the 1990s the merits of such an economy became clear. As low-wage workers saw labor markets become tight, they also saw wages, health insurance, and pension coverage increase. Not only did real incomes grow, but poverty fell.[6]

Compared with other countries, the principal reason for high poverty rates in America is not low work effort. In fact, poor households in the United States work more than those in many other developed nations.[7] While seeking to raise labor force participation, there must also be a focus on raising the returns on work. The minimum wage increase that went into effect June 2008 is good progress. To ensure that Americans don't continue to fall behind, Congress should take further action by raising it to half the average hourly wage and indexing it.

Three of our recommendations—the increased minimum wage, expanded EITC and child credit, and child care assistance—taken together would reduce poverty by 26 percent, according to the Urban Institute, which modeled the implementation of these three. This would bring our nation more than halfway toward reaching the proposed goal of cutting poverty in half.

Principle 2: Provide opportunity for all

5. Create two million new "Opportunity" housing vouchers, and promote equitable development in and around central cities.
6. Connect disadvantaged and disconnected youth with school and work.
7. Simplify and expand Pell Grants and make higher education accessible to residents of each state.
8. Help former prisoners find stable employment and reintegrate into their communities.

To provide opportunity for all, every child born in this country should have fair life chances and opportunities to move up over time. All Americans should have the chance to live decent, worthwhile lives and expect that their children will be able to reach their full potential. These opportunities should be available to all. People want to live where they have direct access to high-quality schools, employment opportunities, and social networks. Increasing housing vouchers that can allow more families to live in communities rich with opportunity will be a big step toward improving outcomes for children.

Declining economic mobility is a growing problem in America. Many advanced nations boast greater economic mobility than does the United States. Studies show that the correlation between the earnings of sons and fathers (the standard measure of intergenerational mobility) is closer in the United States than in many countries in Europe[8] and that fewer low-income individuals are able to exit low-income status from one year to the next in the United States.[9]

For children from low-income families, there is only a one percent chance of reaching the top 5 percent of the income distribution. This compares with about a 22 percent chance for children of the rich.[10]

In 2005 nearly 1.7 million poor youth ages 16 to 24 were out of school and out of work. Our task force recommends that the federal government restore Youth Opportunity Grants to assist disinvested communities while expanding funding for promising and effective youth programs. Further, the creation of an Upward Pathway program to offer low-income youth opportunities to participate in high-demand service and training fields would alleviate poverty while providing needed public services.

While education can be a great leveler, too often the poorest children and workers in this country have the fewest opportunities for education.[11] High-quality, universally accessible education—from early childhood through post-secondary—is essential to increase opportunity and mobility.

In today's competitive workforce, it has become increasingly difficult to secure a good job without a post-secondary education. Higher education must be made affordable for low-income individuals, and Pell Grants play a critical role in creating access to such an education for poor youth.

America has the highest incarceration rates in the world. Contributing mightily to that is the very high rate of recidivism. States can impact poverty, reduce crime, and strengthen communities through comprehensive reentry services that support the reintegration of former prisoners into their communities with full-time, stable employment. These steps can provide a valuable second chance for their becoming productive, contributing citizens who have served their time. If those returning from prison or jail can find meaningful work and participate in society, this avenue of opportunity will extend to their children, exponentially improving the next generation's chances of not being poor.

Principle 3: Ensure economic security

9. Ensure equity for low-wage workers in the unemployment insurance system.
10. Modernize means-tested benefits programs to develop a coordinated system that helps workers and families.

The concept of social security is grounded in the principle that our nation is more secure when we share some risks. Our economy depends on risk and entrepreneurship. In such an economy, a basic set of social protections can ensure that unanticipated events such as illness, natural disasters, unemployment, or loss of a family member do not have catastrophic consequences for families and communities.

Economic security for Americans should mean that work protects families from poverty, ensuring that when a worker loses his or her job, there will be time to look for another one or upgrade education and skills without risking eviction or foreclosure. This security

should extend to individuals with disabilities, who should be encouraged and supported in their efforts to participate in the workforce to the maximum extent possible, without fear that efforts to do so risk leaving them with no source of support, just as it can assure that no child in America go hungry or be exposed to homelessness.

A number of low-income assistance programs should be revamped to make them more accessible to those in need, promote and support work, encourage savings, and be more responsive to the needs of individuals with disabilities.

Principle 4: Help people build wealth

11. Reduce the high costs of being poor and increase access to financial services.
12. Expand and simplify the Saver's Credit to encourage saving for education, homeownership, and retirement.

Building wealth is an integral element of a strategy to prevent or reduce poverty. Assets protect against economic vulnerability, helping workers and families withstand the temporary income shocks that come with unexpected events such as medical emergencies or job loss. Assets can also be an entryway to upward mobility—creating the possibility of getting a college education, buying a home, or starting a small business. Moreover, having assets can foster long-term planning, provide a foundation for taking prudent risks, and increase community involvement and civic participation.[12]

Unfortunately, asset inequality is severe in the United States and substantially larger than income inequality. Over one-third of all households have few or no assets. There are key steps that can help more low-income families begin to create wealth. First, raising labor force participation and paying a decent wage are integral to efforts to help people save and accumulate wealth. Similarly, ensuring opportunities for lifelong learning helps people earn more and save for the future.

Families need better saving vehicles to help them meet their long-term goals—whether saving for a home, for more education, for the future of their children, or for their own retirement. The CAP Task Force advocates policies that decrease the costs of being poor and that reduce or eliminate assets tests in means-tested programs; it also stresses the need for federal tax policy that will provide tax-based help for savings efforts among low-income households.

Infrastructure investments can reduce poverty

The nation's legacy of poverty is long and complex, but one thing is clear: place matters. Where we live affects access to transportation, to jobs, to good schools, to resources such as grocery stores, banks and parks, and to enriching amenities such as cultural institutions. Ending poverty, therefore, also requires investments of infrastructure dollars that create housing, transportation, and job opportunities in low-income communities.

Few people give much thought to infrastructure until a sinkhole opens up, track work interrupts daily commutes, or water mains break. Yet, infrastructure is the skeletal support of communities and regions, and all across America infrastructure is aging and in need of maintenance, upgrades, and new construction. Congress is considering the creation of a national infrastructure bank to finance sorely needed projects; such financing should be linked to goals for employment and business opportunities for residents of disinvested communities.

Investing in infrastructure where low-income people live can help those communities become economically competitive. The process itself of building or maintaining infrastructure creates jobs. Transportation and telecommunications are infrastructure investments that can connect low-income communities and communities of color to jobs and resources throughout the region. America must also maximize the job creation potential of infrastructure investments through local hiring and job training programs that can attract poor people into the workforce. The federal transportation funding reauthorization bill, coming up in 2009, is a critically important vehicle for achieving these workforce goals as well as for improving mass transit so that it can be a more effective avenue to good-paying jobs.

Location impacts health and opportunity

Planners, policymakers, and public health officials are realizing that health, too, is influenced by where one lives—and has a symbiotic relationship with poverty. Poor health affects one's ability to earn a living, yet low-income neighborhoods with poor housing and environmental conditions and few resources further exacerbate health problems. Communities of opportunity, on the other hand, promote good health through clean air, neighborhood supermarkets that offer healthy food choices, and safe streets and parks where residents can walk, exercise, and play. Healthy food choices are particularly critical considering that there is an explosion in obesity rates in the country. Obesity is a factor in many life-threatening diseases such as diabetes, stroke, and heart disease. Yet few poor neighborhoods have access to supermarkets, farmers' markets with fresh produce, or any options for purchasing groceries other than corner stores that primarily stock processed foods and canned goods high in salt and sugar—and calories.

The recently passed federal Farm Bill contains provisions to increase access to healthy foods in underserved communities. In addition to significant increases in funds for food stamps, the bill establishes a Healthy Urban Food Enterprise Development Center to increase access to healthy, affordable food in underserved communities. Support was garnered for farmers' markets in these same communities, and the bill calls for a one-year USDA-led study to look at the incidence of "food deserts"—areas without access to healthy and fresh food retail outlets—while identifying strategies to reduce their incidence. These provisions are the building blocks for what could be much bigger change in the future, supporting efforts already underway in states and cities to increase access to healthy foods. Building on these efforts to reduce poverty would be instrumental in building healthy communities.

Poverty is multidimensional. Its causes and effects are myriad, but its solutions are multidimensional and, when done right, multi-beneficial. For example, investing in the construction of a hospital in a low-income community—when the project is tied to job training and local hiring priorities—delivers immediate construction jobs, eventual health services jobs, and long-term community-based healthcare. Creating tax credits or other incentives for affordable housing in mixed-income communities may bring poor families closer to job opportunities as well as offer their children the chance to attend high-quality, resource-rich public schools. Poverty results in adverse economic effects for the entire nation. Alleviating poverty can improve all our lives.

Appendix

The CAP Task Force recommends 12 key steps to cut poverty in half:

1. Raise and index the minimum wage to half the average hourly wage.
2. Expand the Earned Income Tax Credit (EITC) and child tax credit.
3. Promote unionization by enacting the Employee Free Choice Act.
4. Guarantee child care assistance to low-income families, and promote early education.
5. Create two million new "Opportunity" housing vouchers and promote equitable development in and around central cities.
6. Connect disadvantaged and disconnected youth with school and work.
7. Simplify and expand Pell Grants and make higher education accessible to residents of each state.
8. Help former prisoners find stable employment and reintegrate into their communities.
9. Ensure equity for low-wage workers in the unemployment insurance system.
10. Modernize means-tested benefits programs to develop a coordinated system that helps workers and families.
11. Reduce the high costs of being poor and increase access to financial services.
12. Expand and simplify the Saver's Credit to encourage saving for education, homeownership, and retirement.

Notes

[1] Center for American Progress Task Force on Poverty, *From Poverty to Prosperity: A National Strategy to Cut Poverty in Half* (Washington, DC: Center for American Progress, 2007).
[2] Harry Holzer, Urban Institute, "Economic Costs of Childhood Poverty," Testimony before the U. S. House Committee on Ways and Means (January 2007).
[3] Julian Bond, NAACP National Board of Directors Chairman (remarks delivered at the 98th Annual NAACP Convention, Detroit, MI, July 7, 2007).
[4] Center for American Progress Task Force on Poverty, *From Poverty to Prosperity: A National Strategy to Cut Poverty in Half* (Washington, DC: Center for American Progress, 2007).

[5] Full employment has been defined as the level of employment at which an increase in demand in the economy will not produce an increase in employment. Jared Bernstein and Dean Baker suggest that the unemployment rate should be no higher than 4 percent in a full-employment economy. Jared Bernstein and Dean Baker, *The Benefits of Full Employment: When Markets Work for People* (Washington, DC: Economic Policy Institute, 2003).
[6] Ibid., chapter 4.
[7] Timothy Smeeding, "Poor People in Rich Nations: The United States in Comparative Perspective," *Journal of Economic Perspectives* 20(1):69–90 (January 2006).
[8] Markus Jantti, Bernt Bratsberg, Knut Roed et al., *American Exceptionalism in a New Light: A Comparison of Intergenerational Earnings Mobility in the Nordic Countries, the United Kingdom, and the United States,* IZA Discussion Paper No. 1938 (Oslo, Norway: University of Oslo, Department of Economics, 2005).
[9] John Schmitt and Ben Zipperer, *Is the U. S. a Good Model for Reducing Social Exclusion in Europe?* (Washington, DC: Center for Economic and Policy Research, 2006).
[10] Tom Hertz, *Understanding Mobility in America* (Washington, DC: Center for American Progress, 2006).
[11] Isabel Sawhill and Sara McLanahan, "Introducing the Issue, Opportunity in America," *Future of Children* 16(2):(Fall 2006).
[12] Corporation for Enterprise Development, *Summary, Hidden in Plain Sight: A Look at the $335 Billion Federal Asset-Building Budget* (Washington, DC: Corporation for Enterprise Development, 2004).

"...Providing Solutions For Success"

United States Congress

Washington, DC

Joint Economic Committee

Thursday, September 25, 2008

Congressional Hearing
"Leave No Family Behind: How Can We Reduce the Rising Number of American Families Living in Poverty?"

Testimony By

John W. Edwards, Jr., Chairman
Community Action Partnership, Inc.
Washington, DC

&

Executive Director
Northeast Florida Community Action Agency, Inc. (NFCAA)
Jacksonville, Florida

Introduction

To America, poverty is an issue that is important and one that is emotionally charged. This can be said for people who live in poverty, those who make policy, professionals who work to help people get out of poverty and elected officials at all levels of government.

The fact is there are too many Americans living in poverty in 2008. America, the wealthiest Nation in the world, has too many people living in poverty. America is a country of prosperity, wealth and abundance, yet, many people find it difficult to pay for their basic assistance without subsidy.

The problem of poverty is complex, complicated, and generational. Despite investments made to help people get out of poverty, there is no single government-wide strategy and tactical game in play to change the landscape of poverty for America's poor people and the communities in which they live. Indeed, progress has been made over the past 40-years to lift people out of poverty, yet the problem continues to exist for millions of Americans – senior citizens, young adults, youth and children. It should be required of the federal government to solve this growing problem.

Public Law 88-452, An Act was designed, "To mobilize the human and financial resources of the nation to combat poverty in the United States." The Economic Opportunity Act of 1964, enacted by the Senate and House of Representatives of the United States of America in Congress assembled. Therefore, the policy in 1964 of the United States was to eliminate poverty by way of training, education, and work so all Americans could live in decency and dignity. The purpose of this Act of 1964 was to strengthen, supplement and coordinate efforts in the furtherance of that policy.

Millions of Americans – the unemployed, the working poor – are struggling to find adequate food, housing, and health care for their families.

37.3 million people lived below the federal poverty level in 2007. The number is up from 36.5 million in 2006. Economic research shows adverse impacts on people living in poverty such as employment, health care, housing, and criminal activity.

Changing Nature of Population Being Served By Community Action Agencies

There is a recent change – within the last two (2) years – in the face of poverty in America. Inflation, a recession and the outsourcing of jobs are creating an environment for people who traditionally take care of their basic needs to seek services from Community Action Agencies. More middle class families are asking for public assistance because they are having difficulty paying their bills. The average person is struggling to make ends meet.

There are myths surrounding who receives social services in Florida and other states. It is often assumed that families receiving social services are non-white and reside in the inner city.

The 2007-2008 report reveals that nearly 37% of households receiving services from Community Action Agencies were white and who traditionally receive income from employment related activity.

Poverty and hunger are problems that millions of Americans face daily. This is such an issue in 2008 that many American families fear they will not have money to purchase food among other competing basic needs, such as rent, mortgage payments, utility payments for summer cooling and winter heating costs. Poverty is on the rise, despite the growth in the US economy. In fact, the latest numbers indicate that almost 6% of American workers live in poverty.

What we are seeing in 2007-2008 is the rise in the number of married couples who are in poverty. This traditional family unit has historically been the family unit that stays out of poverty.

This family unit – married couples – has not traditionally made application for social service programs. Yet, because of job loss, companies closing and as well as job being outsourced outside of America, many American families have sought social services to meet basic assistance.

Because of the number of non-traditional families, coupled with the number of traditional families, served by Community Action Agencies, has impacted on the agencies' ability to serve this new and old applicant pool.

The bottom line is that American families are faring worse than they have in years. The growth in the number of poor should give us grave concern from a policy standpoint, given the vast growing distance between Americans who are rich from those who are poor.

This can be easily seen in salary and compensation for wealthier Americans which have risen drastically. Conversely, wages for millions of lower-wage workers have gone down, many of whom have loss their jobs.

The implications of these changes are dramatic. As the number of people go up who desire and need social services compared to limited budgets create frustration on behalf of people trying to get in the door. There is a recent trend that more people are seeking help with basic assistance – food, shelter, cooling and heating costs, transportation and childcare.

There is a need for public policy decision makers to take note of these changes and make policy decisions that will get people out of poverty and on the road to recovery by the most expeditious means. This may require additional federal appropriations and/or redistribution of federal appropriations for a more robust service delivery system.

Indeed, the sooner people get out of poverty, the sooner our national economy will be on the road to recovery.

Northeast Florida Community Action Agency, Inc.

Consolidated Participant Demographic Report

For the period from: 10/01/2006 to: 07/31/2008

Total unduplicated number of persons about whom one or more characteristics were obtained: 24466
Total unduplicated number of families about whom one or more characteristics were obtained: 8967

Gender
Male: 9433
Female: 15033
TOTAL: 24466

Age
0 to 5: 3404
6 to 11: 4319
12 to 17: 3967
18 to 23: 2247
24 to 44: 5670
45 to 54: 2346
55 to 69: 1755
70 + 758
TOTAL: 24466

Ethnicity/Race
African American 15967
Asian 39
Native American 57
White: 7313
Other: 888
Multi-Race: 197
TOTAL: 24461

Education
[adults 25 and older]
0 - 8: 375
9 - 12 Non-graduate: 2085
HS Grad/GED: 6365
12+ Some Post HS: 456
2 or 4 yr College Grad: 810
TOTAL: 10091

Family Size
One: 2612
Two: 1899
Three: 1822
Four: 1361
Five: 732
Six: 306
Seven: 148
Eight or more: 86
TOTAL: 8966

Family Income Source
No Income Data Available: 1654
TANF 76
SSI: 1577
Social Security: 2115
Pension: 223
Unemployment Insurance: 175
Employment + Other Sources: 223
Employment Only: 2767
Other: 1631
Families reporting income (unduplicated): 7311

Other Characteristics
Have Health Insurance: 3342
Are Disabled: 2776
Are Veterans: 81
Have no Health Insurance: 21115
Are not Disabled: 21690
Are not Veterans: 24376

Ethnicity
Hispanic or Latino: 1045
Not Hispanic or Latino: 23415

Family Type
Single Parent Femal : 4228
Single Parent Male: 169
Two Parent Household: 1125
Single Person: 2618
Two Adults/no children: 534
Other: 292
TOTAL: 8966

Level of Family Incom (% Poverty Level)
Up to 50%: 3731
51% to 75%: 1952
76% to 100%: 1462
101% to 125%: 1164
126% to 150%: 577
151% & over: 79
TOTAL: 8965

Housing
Own: 2065
Rent: 6766
Homeless: 3
Other: 132
TOTAL: 8966

Other Family Characteristics
Receive Foodstamps: 4317
Do not receive Foodstamps: 3841
Farm r: 2
Migrant Farm r: 5
Seasonal Farmworker: 7
Is not Farmer: 8144
Is not Migrant Farmer: 8153
Is not Seasonal Farm r: 8151
At least 1 member 60+: 1393

Total unduplicated number of persons about whom one or more characteristics were obtained: 24466
Total unduplicated number of families about whom one or more characteristics were obtained: 8967

Census – 2007 American Community Survey

	Florida	Jacksonville
Medium Family Income	$ 56,966	$ 58,397
Percentage of People 65+ In Poverty	9.4	8.5
Percentage of Related Children In Poverty	16.6	18.5
Percentage of People in Poverty	12.1	12.4

Federal Poverty Limits

A 40-year old formula used to determine poverty levels is outdated and must be changed. The current method of determining poverty based solely on income is a policy that time has passed. The income levels used today fail to take into account the changing face of poverty today.

People who are in poverty because of a job loss or other temporary set backs in life often do not meet the poverty guidelines because they may be $1 over the federal guidelines. Instead of turning those people away, the system should be able to provide temporary services to help them get back on their feet as quickly as possible. This assistance should be designed to keep their temporary poverty condition temporary so as to get the family back on their feet above the poverty line as quickly as possible.

The current poverty formula is flawed because it focuses on food costs. It fails to factor in the cost of shelter, home heating and cooling, transportation, childcare, health care of all sorts and other costs for basic needs of people.

There is overwhelming evidence that change in the federal poverty limits are necessary given that 37 million Americans live in poverty today. This number is without regard to the working poor and those who are "temporary" poor because of some life change.

There should be some factor built into the formula based upon geographical conditions. What it takes a family to survive in New York City, Chicago or San Francisco is different than the cost of living in Jacksonville, Florida.

Sustained Long-Term Support

There is evidence to support that 37 million people live in poverty in America today. This number is growing every year. Our society has failed to provide the policy leadership necessary to aid people to get out of poverty and to stay out.

Many people require long-term sustained support to get and remain out of poverty. The fact is the lack of such sustained services only guarantees people to escape poverty modestly or if at all. Such sustained services that support work should be explored. Such services like childcare, transportation, health care, and the like that support work must be given top priority by policy makers.

The idea and goal of poverty reduction is a noble goal that requires a new level of thinking to assist people to get and stay out of poverty. This is a complicated issue requiring a complicated solution to overcome. This is a problem that can be attacked and won with the political will of policy makers to put appropriate resources on the problem.

Rooting Out Poverty: A Campaign by America's Community Action Network

Rooting Out Poverty...is a call to action for a national commitment – **a national campaign** – to promote economic security for all of us in America and to substantially reduce, if not eliminate, poverty.

The report was developed during the past year with the input of nearly 1,000 individuals in The Community Action Network from across America. More than 1,000 local Community Action Agencies provide essential services and new opportunities for low-income individuals and families, covering all states.

Rooting Out Poverty recommends the following five (5) action themes, strategies that community leaders and individuals can use to "root out" poverty at the state, local, and national levels:

- **Maximize Participation** – involve everyone in the community – rich, poor, and in between – in addressing and solving needs and issues that result from poverty. This includes involving civic, faith-based, business, and other groups.

- **Building An Economy That Works For Everyone** – develop and promote economic opportunities and improved conditions for all, including jobs and workforce development.

- **Invest For The Future** – provide education, especially for those with greatest needs, preserve and protect our environmental assets, including renewable energy and healthy global ecosystem.

- **Maximize Equality Of Opportunity** – ensure that opportunities are fully accessible and widely promoted. Create policies, programs and initiatives, including enforcement strategies that enable people to improve their situations.

- **Ensure Healthy People And Places** – accessible, affordable health care is essential. Healthy environments, free of pollution, toxic waste and environmental degradation are essential for healthy communities.

The report lays out 64-specific recommendations that Community Action Agencies can consider emphasizing as they address those issues and needs most immediate to their geographic areas of service and as they pertain to federal and state policy improvements.

Rooting Out Poverty also identifies effective success stories from Community Action which show that economic security and the lives of low-income and other vulnerable people in America can be improved through thoughtful, cost-effective programs and strategies that will be the basis for this national campaign.

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CONGRESSIONAL TESTIMONY

Understanding and Reducing Poverty in America

Testimony before Joint Economic Committee United States Senate

September 25, 2008

Robert Rector
Senior Research Fellow
Domestic Policy Studies
The Heritage Foundation
(202) 546-4400

My name is Robert Rector. I am a Senior Research Fellow at The Heritage Foundation. I am honored to have the opportunity to discuss poverty and poverty reduction at this hearing. The views I express in this testimony are my own, and should not be construed as representing any official position of The Heritage Foundation.

Summary

Point #1 The welfare state is enormous.

In FY2008, federal, state and local governments will spend $679 billion on means-tested welfare programs. Means-tested welfare programs provide: cash, food, housing, free or subsidized medical care, and targeted social services to poor and low income Americans. This high level of spending is not the result of a temporary, short-term surge in expenditures, but, rather, is the product of a steady incremental growth in spending over the last two decades.

- In 2008, means-tested welfare spending will exceed total defense outlays including the cost of the war in Iraq.
- Total welfare spending amounts to around $6,000 for each person in the lowest income third of the population.[1]
- Since the beginning of the War on Poverty under Lyndon Johnson, the U.S has spent $14.3 trillion on welfare (in constant 2007 dollars).

Point #2 Most "poor" Americans are not "poor" in any normally understood sense of the word.

For most Americans, the word "poverty" suggests destitution: an inability to provide a family with nutritious food, clothing, and reasonable shelter. But only a small number of the 37 million persons classified as "poor" by the Census Bureau fit that description. While real material hardship certainly does occur, it is limited in scope and severity. Most of America's "poor" live in material conditions that would be judged as comfortable or well-off just a few generations ago. Today, the expenditures per person of the lowest-income one-fifth (or quintile) of households equal those of the median American household in the early 1970s, after adjusting for inflation.[2]

For example, according to the government's own data, nearly two thirds of households defined by Census as "poor" have cable or satellite television. Eighty five percent have air conditioning.

Overall, the typical American defined as poor by the government has a car, air conditioning, a refrigerator, a stove, a clothes washer and dryer, and a microwave. He has

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[1] This figure excludes means-tested spending on persons in nursing homes.

[2]Comparison of the average expenditure per person of the lowest quintile in 2001 with the middle quintile in 1973. Sources: U.S. Department of Labor, Bureau of Labor Statistics, *Consumer Expenditure Survey: Integrated Diary and Interview Survey Data, 1972–73*, Bulletin No. 1992, released in 1979, and U.S. Department of Labor, Bureau of Labor Statistics, *Consumer Expenditures in 2001*, Report No. 966, April 2003. Figures adjusted for inflation by the personal consumption expenditure index.

two color televisions, and cable or satellite TV reception. He has a VCR, a DVD player, and a stereo. He is able to obtain medical care. His home is in good repair and is not overcrowded. By his own report, his family is not hungry and he had sufficient funds in the past year to meet his family's essential needs. While this individual's life is not opulent, it is equally far from the popular images of dire poverty conveyed by the press, liberal activists, and politicians.

Point #3 The United States does not have higher poverty rates than European nations

Studies which claim that the U.S. has a higher poverty rate than European nations use a distorted technique that creates higher income standard for assessing poverty in the United States than in other nations. Because of these biased methods, many Americans are deemed "poor" when, in fact, they have higher real incomes than persons identified as "non-poor" in Europe. By contrast, if a fair, uniform standard of comparison is used, the lowest income tenth of the U.S. population is found to have a real income that is roughly equal to, or higher than, most European nations. The median income in the U.S. is also higher than nearly all European nations.

Point #4 Poverty levels in the U.S. remain high because the U.S. is aggressively importing poverty from abroad.

In recent decades the U.S. has imported over ten million high school dropouts from abroad through both legal and illegal immigrant channels. Currently a third of all immigrant adults in the U.S. lack a high school degree. Overall, immigrants in the U.S. have substantially higher poverty rates than non-immigrants.

- One in eight poor children in the U.S. (as measured by the Census Bureau) is the child of an illegal immigrant.
- One quarter of all poor Americans are in immigrant families.
- High school drop out immigrants and their children cost U.S. taxpayers $92 billion per year as measured by total benefits and services received minus total taxes paid.[3]

Point #5 The major cause of child poverty in the U.S. is the high level of out-of-wedlock childbearing.

Last year, 38 percent of American children were born out-of-wedlock, mainly to poorly educated young adult women. Children born and raised outside marriage are about seven times more likely to live in poverty than are children born to and raised by a married couple.

Point #6 A second major cause of child poverty in the U.S. is the low level of parental work.

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[3]Robert Rector and Christine Kim, *The Fiscal Cost of Low Skill Immigrants to the U.S. Taxpayer,* The Heritage Foundation Special Report, #14, May 22, 2007

The second major cause is of child poverty is consistent low levels of parental work. In a typical year, only about one fourth of all poor households with children have the equivalent of a full-time/full year worker.

Point #7 Reducing poverty will require addressing the root causes, not the mere symptoms, of poverty.

To reduce poverty, the U.S. must:

1) Substantially reduce the number of illegal immigrants in the U.S. by enforcing, for the first time, the twenty year old law against hiring illegals.
2) Reform the legal immigration system to increase the future number of high skill immigrants entering the U.S. and reduce the future inflow of low skill immigrants who are likely to be poor and welfare dependent.
3) Increase work among welfare recipients by establishing work requirements for able-bodied, non-elderly adults receiving Food Stamp or public housing benefits.
4) Decrease out-of-wedlock childbearing by reducing the anti-marriage penalties in means-tested welfare programs and by offering voluntary life skills planning to young adult women at risk of non-marital pregnancy.

How Poor Are America's Poor?[4]

For most Americans, the word "poverty" suggests destitution: an inability to provide a family with nutritious food, clothing, and reasonable shelter. For example, the "Poverty Pulse" poll taken by the Catholic Campaign for Human Development in 2002 asked the general public the question: "How would you describe being poor in the U.S.?" The overwhelming majority of responses focused on homelessness, hunger or not being able to eat properly, and not being able to meet basic needs.[5]

But if poverty means lacking nutritious food, adequate warm housing, and clothing for a family, relatively few of the 37 million people identified as being "in poverty" by the Census Bureau could be characterized as poor. While material hardship does exist in the United States, it is quite restricted in scope and severity. The average "poor" person, as defined by the government, has a living standard far higher that the public imagines.

The following are facts about persons defined as "poor" by the Census Bureau, taken from various government reports:

- Forty-three percent of all poor households actually own their own homes. The average home owned by persons classified as poor by the Census Bureau is a three-bedroom house with one-and-a-half baths, a garage, and a porch or patio.
- Eighty five percent of poor households have air conditioning. By contrast, 35 years ago, only 36 percent of the entire U.S. population enjoyed air conditioning.

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[4] See Robert Rector, "How Poor Are America's Poor? Examining the 'Plague' of Poverty in America, " *The Heritage Foundation Backgrounder,* Number 2064, August 27, 2007

[5]See Campaign for Human Development, Poverty Pulse, January 2002, at *www.usccb.org/cchd/povertyusa/povpulse.htm*. Interestingly, only about 1 percent of those surveyed regarded poverty in the terms the government does: as having an income below a specified level.

- Only 6 percent of poor households are overcrowded. More than two-thirds have more than two rooms per person.
- The average poor American has more living space than the average individual living in Paris, London, Vienna, Athens, and other cities throughout Europe. (These comparisons are to the *average* citizens in foreign countries, not to those classified as poor.)
- Nearly three-quarters of poor households own a car; 30 percent own two or more cars.
- Ninety-eight percent of poor households have a color television; two thirds own two or more color televisions
- Sixty four percent have cable or satellite TV reception.
- Nearly all have a VCR and a DVD player;
- Forty seven percent have a personal computer,
- Eighty two percent own microwave ovens,
- Sixty percent have a stereo,
- and a quarter have an automatic dishwasher.

As a group, America's poor are far from being chronically undernourished. The average consumption of protein, vitamins, and minerals is virtually the same for poor and middle-class children and, in most cases, is well above recommended norms. Poor children actually consume more meat than do higher-income children and have average protein intakes 100 percent above recommended levels. Most poor children today are, in fact, super-nourished and grow up to be, on average, one inch taller and 10 pounds heavier that the GIs who stormed the beaches of Normandy in World War II.

While the poor are generally well-nourished, some poor families do experience hunger, meaning a temporary discomfort due to food shortages. According to the U.S. Department of Agriculture (USDA), 13 percent of poor families and 2.6 percent of poor children experience hunger at some point during the year. In most cases, their hunger is short-term. Ninety-two percent of the poor report their families always had "enough" food to eat over the last four months, while only 1.5 percent say they "often" did not have enough to eat during that period.

It is widely believed that a lack of financial resources forces poor people to eat low-quality diets that are deficient in nutriments and high in fat. However, survey data show that nutriment density (amount of vitamins, minerals, and protein per kilocalorie of food) does not vary by income class.[6] Nor do the poor consume higher-fat diets than do the middle class; the percentage of persons with high fat intake (as a share of total calories) is

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[6] C. T. Windham et al., "Nutrient Density of Diets in the USDA Nationwide Food Consumption Survey, 1977–1978. Impact of Socioeconomic Status on Dietary Density," Journal of the American Dietetic Association, January 1983

virtually the same for low-income and upper-middle-income persons.[7] Over-consumption of calories in general, however, is a major problem among the poor, as it is within the general U.S. population.[8]

On the other hand, the living conditions of the average poor American should not be taken as representing all the poor. There is actually a wide range in living conditions among the poor. For example, around sixty percent of poor households have cell phones and a third have telephone answering machines, but, at the other extreme, approximately one-tenth have no phone at all. While the majority of poor households do not experience significant material problems, roughly a third do experience at least one problem during the year such as overcrowding, temporary food shortages, or difficulty getting medical care.

Cross National Comparisons of Persons with Low Income

Many studies show that the U.S. has a higher poverty rate than European nations. These studies are flawed because they employ the concept of "relative poverty". Typically, a family is judged to be in "relative poverty" if its income is less than half the median family income in the nation where it lives. Since median family incomes differ widely between nations, the "relative poverty" concept sets the "poverty bar" at different heights for different nations. Because the U.S. has a substantially higher median family income than most European nations, the poverty bar is set higher for the U.S. than elsewhere. This means the real income needed to be judged "non-poor" in the U.S. is substantially higher than in Europe.

Studies of "relative poverty" are therefore misleading. For example, using a relative poverty measure, Poland is found to have less poverty than the U.S. In fact, the real incomes of individuals at the bottom of the income distribution in Poland are only third of the incomes of similar Americans. Median family income in Poland is only about a quarter of the U.S. median. How can Poland realistically be said to have less poverty than the U.S.? Similarly, when the relative poverty concept is applied to states within the U.S., Arkansas is found to have little poverty while Massachusetts has a lot. Such "findings" are nonsense.

Analysis that compares low income persons across nations by a single uniform standard produces different results.[9] For example, the real disposable income of the least affluent tenth of the U.S. population can be compared to the real incomes of similar groups in European and other advanced nations. Such analysis shows that the lowest income

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[7]Interagency Board for Nutrition Monitoring and Related Research, *Third Report on Nutrition Monitoring in the United States* (Washington, D.C.: U.S. Government Printing Office, 1995), p. VA 167.
[8] See Robert Rector, "Hunger Hysteria: Examining Food Security and Obesity in America", The Heritage Foundation WebMemo #1701, November 13, 2007

[9] Andrea Brandolini and Timothy M. Smeeding, "Inequality Patterns in Western-type Democracies: Cross-Country Differences and Time Changes," Luxembourg Income Study Working Paper Series, Working Paper No. 458, April 200, Figure 3, p. 33. The figures referenced in the text compare real disposable family income adjusted for family size in the tenth centile (P10) in various countries. Currencies were converted by purchasing power parity ratios.

Americans have the same or higher incomes when compared to similar groups in most advanced nations.

Specifically, the lowest income tenth of families in the U.S. has a higher disposable income than the lowest income tenth in: France, Sweden, United Kingdom, Ireland, Australia, Spain, Italy, Israel, Greece, and Portugal. Incomes of the bottom tenth in the U.S. are roughly equal to those in France, Belgium, Netherlands, Germany, and Canada. But U.S. bottom incomes are lower than such incomes in Denmark, Switzerland, Norway and Luxembourg. Critically, the median family income is substantially higher in the U.S. than in all European countries except Luxembourg.[10] (See charts 1 and 2.)

Stop Importing Poverty and Welfare Dependence

America is currently experiencing near record levels of immigration. Each year roughly 1.5 million legal and illegal immigrants enter and take up residence in the U.S. Currently one in eight Americans is foreign born. One in ten Mexicans lives in the U.S.

Today's immigrants are disproportionately poorly educated. This occurs because illegal immigration primarily attracts low skill workers and the legal immigration system favors kinship ties over skill levels. As result, one third of all adult immigrants lack a high school degree, compared to only nine percent of non-immigrants.[11]

There is a common misconception that the low education levels of recent immigrants are part of a permanent historical pattern, and that the U.S. has always admitted immigrants who were poorly educated relative to the native born population. Historically, this was not the case. Throughout most of U.S. history, the education level of immigrants was equal to, or greater than, that of non-immigrants.

The steady influx of low skill (without a high school degree) and semi-skilled (with only a high school degree) immigrants inevitably leads to increases in the number of poor persons in the U.S. Low and semi-skilled immigrants and their families now comprise almost one fifth of all poor persons in the U.S.

While there is a common myth that immigrants use little welfare, in reality, immigrants are heavy users of welfare services. In FY 2008, low and semi-skilled immigrants received some $90 billion in means-tested welfare aid. This high level of welfare receipt is especially striking since many in this group are illegal immigrants currently barred from welfare use. Welfare expenditures would rise even more strongly if illegal immigrants are granted amnesty and eventual access to the welfare system.

Current immigration inflows operate against normal social goals and policies. While society seeks to reduce poverty and dependence, current immigration increases both. Immigration practices, both legal and illegal, operate like a system of trans-national

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[10] Ibid.

[11] Robert Rector "Importing Poverty: Immigration and Poverty in the United States", *The Heritage Foundation Special Report,* SR-9, October, 25, 2006, p. 29.

welfare outreach bringing millions of poor and fiscally dependent individuals into the U.S. Immigration policy and practice must be redirected with a new focus on reducing poverty and welfare. Any new policy should seek to benefit, not burden, the taxpayer.

Residence in the U.S. offers enormous economic opportunities and societal benefits. Hundreds of millions more people would immigrate to the U.S. if they had the opportunity. Given this context, the U.S. must be selective in its immigration policy. In the future, U.S. immigration policy should encourage high-skill immigration and strictly limit poverty-generating low-skill immigration. In general, government policy should limit immigration to those who will be net fiscal contributors, avoiding those who will increase poverty and impose new costs on overburdened U.S. taxpayers.

Specifically, immigration policy should seek to substantially reduce the number of illegal immigrants in the U.S. and to increase the skill level of future legal immigrants. To accomplish this, the government should:

1) **Enforce the current law against employing illegal immigrants.** Illegal immigrants are predominantly low skilled. Overtime, they impose large costs on the taxpayer. In 1986, the U.S. gave amnesty to 3 million illegal aliens in exchange for a prohibition on hiring illegals in the future. While amnesty was granted, the law against hiring illegals was never enforced in more than a token manner. As a result, there are now 11 to 12 million illegal immigrants in the U.S. Since the majority of illegal immigrants come to the U.S. for jobs, serious enforcement of the ban on hiring illegal labor would substantially reduce employment of illegal aliens and encouraging many to leave the U.S. Reducing the number of low skill illegal immigrants in the nation and limiting the future flow of illegal immigrants will reduce future costs to the taxpayer.

2) **Reduce the number of legal permanent residence visas based on kinship and increase the number of visas allocated to high skilled workers.** Under current law, the visa lottery and visa preferences for adult brothers, sisters and parents tend to bring a high proportion of low skill immigrants into the U.S. While low skill immigrants create a fiscal burden for U.S. taxpayers, high skill immigrants will tend to pay more in taxes than they receive in benefits. The legal immigration system should be altered to reduce the number of low skill immigrants entering the country and increase the number of new entrants with high levels of education and skills in demand by U.S. firms.

Reducing Child Poverty by Increasing Parental Work

Low levels of parental work are a major factor contributing to child poverty. In good economic times or bad, the typical poor family with children is supported by only 800 hours of work during a year: That amounts to 16 hours of work per week. If work in each family were raised to 2,000 hours per year—the equivalent of one adult working 40 hours

per week through the year—nearly 75 percent of poor children would be lifted out of official poverty.[12]

The key to increasing parental work is to set up work requirements attached to welfare benefits received by poor families. Government has already had significant success with this type of work-inducing strategy as part of the welfare reform legislation of 1996. This reform replaced the old Aid to Families with Dependent Children (AFDC) program with a new program called Temporary Assistance to Needy Families (TANF). A key element in the new program was a requirement that some welfare mothers either prepare for work or get jobs as a condition of receiving TANF aid.

As this work requirement went into effect, welfare rolls plummeted and employment of single mothers increased in an unprecedented manner. As employment of single mothers rose, child poverty dropped rapidly. For example, in the quarter-century before welfare reform, there was no net change in the poverty rate of children in single-mother families; after reform was enacted, the poverty rate dropped in an unprecedented fashion, falling from 53.1 percent in 1995 to 39.8 percent in 2001.[13]

Unfortunately, the work-inducing provisions of welfare reform were limited in scope and intensity. Even in the TANF program, over half the adult beneficiaries are idle on the rolls and are not engaged in activities leading to self-sufficiency. Work requirements are nonexistent in closely related programs such as food stamps and public housing.

But, increasing parental work can dramatically reduce child poverty. To accomplish this, TANF work requirements should be strengthened and new work requirements should be established for able-bodied, non-working adults receiving food stamp or housing benefits.

Reducing Child Poverty by Reducing Non-marital Childbearing

Currently, 38 percent of all children born in the U.S. are born out-of-wedlock. Out-of-wedlock births commonly occur to the least educated women in society. Most non-marital births occur to women in their early 20's, only 15 percent occur to girls under 18. Virtually no non-marital pregnancies are due to a lack of access to birth control.

Around half of the women who have non-marital births are co-habiting with the father at the time of birth. Another quarter are in a romantic relationship with the father. Both the mother and the father tend to have positive attitudes toward marriage, but do not regard being married or having a stable relationship as an important pre-condition to having children.

Contrary to popular perceptions, nearly all the non-married fathers-to-be are employed; on average, their earnings are higher than the mothers'. The earnings of the father are sufficient to have a strong potential anti-poverty effect on the mother and child. In fact, if poor single mothers married the fathers of their children, almost three-quarters would

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[12]Robert E. Rector and Rea S. Hederman, Jr., "The Role of Parental Work in Child Poverty," Heritage Foundation *Center for Data Analysis Report* No. CDA03–01, January 27, 2003.
[13]Robert Rector and Patrick F. Fagan, "The Continuing Good News About Welfare Reform," Heritage Foundation *Backgrounder* No. 1620, February 6, 2003.

immediately be lifted out of poverty.[14] Unfortunately, without marriage and commitment, most non-married fathers leave the mother a few years after the child's birth.

The decline of marriage is a major contributing factor to high levels of child poverty. Because healthy marriage has very strong positive economic and social effects, policies should be undertaken to strengthen the culture and practice of marriage in low income communities. (Some argue it is sufficient to promote "fatherhood" rather than marriage, but to have a significant economic and social impact the father must be consistently present in the home over the long term. This is extremely unlikely in absence of marital commitment.)

To promote healthy marriage, government should include steps to reduce the anti-marriage penalties embedded in means-tested welfare programs. It should also offer life skills training to help young, low income couples plan more realistically for the challenges of conception, childbirth and child rearing. Voluntary education and counseling should be offered to young adult women at risk of non-marital pregnancy and childbearing with a focus on helping the mother understand the benefits of commitment and marriage to children and adults. This service could be offered through referrals from current Title X birth control clinics which provide contraceptives to over four million low income, young adult women each year. Public education campaigns about the value of marriage in low income communities where marriage has deeply eroded could also prove helpful.

Conclusion

A free market system generates considerable wealth. By and large, the market allocates this wealth fairly, according to the productive contributions of workers, entrepreneurs, and investors. However, there is no doubt that the distribution of economic returns under market can be very unequal. Therefore, there is broad consensus in our society that the government should, to some extent, buffer and protect the least capable and most vulnerable citizens against the rough edges of the wealth-generating market system.

However, there is no consensus for unconditional economic redistribution for its own sake. The amount of assistance and conditions for giving it remain hotly contested. There is little support for assistance to individuals whose need for aid appears to be largely self-inflicted. An abiding concern remains over the culture of poverty which, by fostering self-defeating behaviors, constricts the ability of individuals to support themselves and prosper.

There is little public support for a welfare system that rewards idleness, or promotes single parenthood while ignoring or penalizing marriage. Unfortunately, the current welfare system does both. (Ironically, most plans for expanding welfare implicitly increase the responsibilities of taxpayers while minimizing the responsibilities of recipients.) There is little public support for immigration policies that actively import poverty and welfare dependence. Unfortunately, the current broken immigration system

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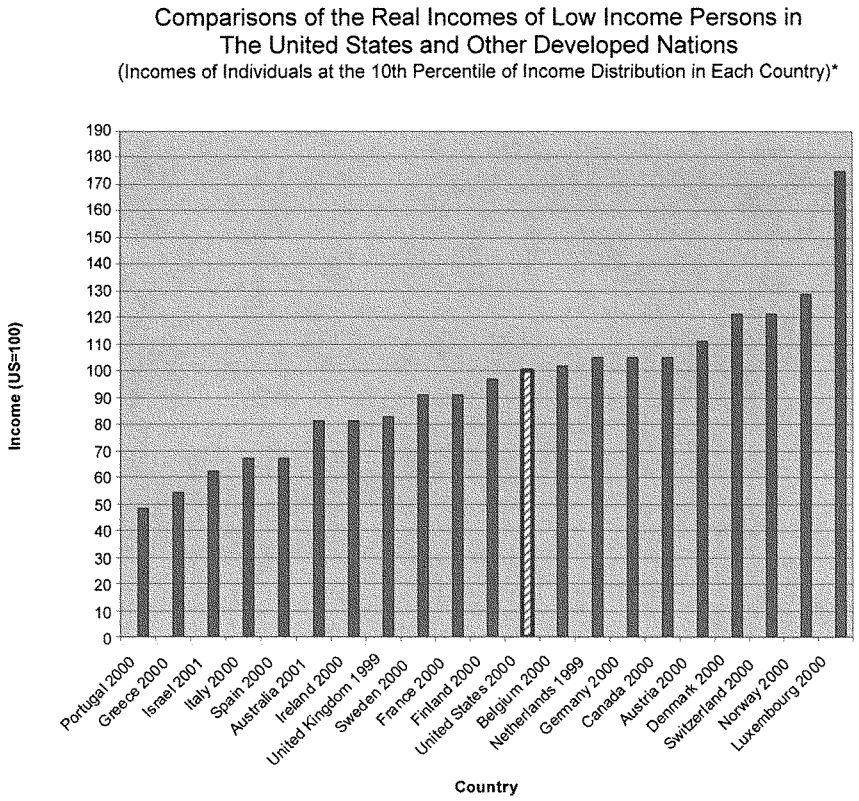
[14]Robert E. Rector, Kirk A. Johnson, Ph.D., Patrick F. Fagan, and Lauren R. Noyes, "Increasing Marriage Would Dramatically Reduce Child Poverty," Heritage Foundation *Center for Data Analysis Report* No. CDA03–06, May 20, 2003.

does both. Most proposed reforms will increase the problem. In many respects, the current welfare and immigration systems fail to reflect core values of the American public.

Sadly, a major problem in developing reasonable policies to reduce poverty in the U.S. is the implicit taboo on discussing the real causes of poverty: lack of parental work, high levels of out-of-wedlock childbearing, and low skill immigration. In most discussions of poverty, political correctness prevails: The predominant causes of poverty rarely receive more than a token comment. This process was vividly apparent in the discussions about poverty following the flooding of New Orleans by hurricane Katrina.

But as long as the real causes of poverty are swept under the carpet, policies to diminish poverty, and the more important social ills of low income communities, will remain inefficient and ineffective.

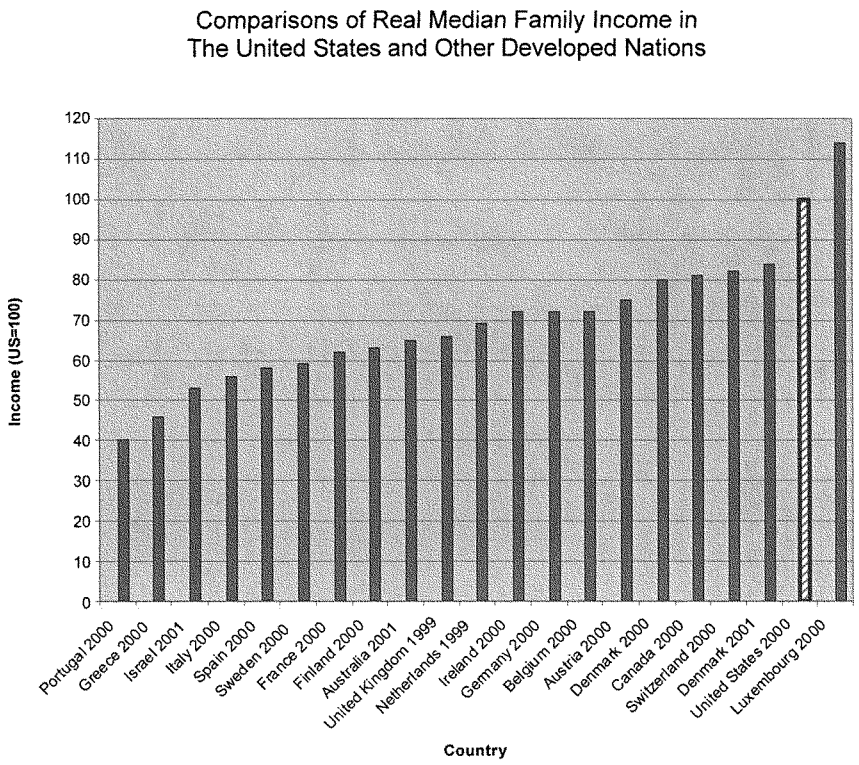
Chart 1



*Real disposable income per family adjusted for family size. Currencies converted by purchasing power parity factors.

Source: Andrea Brandolini and Timothy M. Smeeding, "Inequality Patterns in Western-type Democracies: Cross-Country Differences and Time Changes," Luxembourg Income Study Working Paper Series, Working Paper No. 458, April 2007, Figure 3, p. 33.

Chart 2



Source: Andrea Brandolini and Timothy M. Smeeding, "Inequality Patterns in Western-type Democracies: Cross-Country Differences and Time Changes," Luxembourg Income Study Working Paper Series, Working Paper No. 458, April 2007, Figure 3, p. 33.

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Helping People. Changing Lives.
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PARTNERSHIP
AMERICA'S POVERTY-FIGHTING NETWORK

ROOTING OUT POVERTY:
A Campaign by America's Community Action Network

Public Law 88-452

August 20, 1964
[S. 2642]

AN ACT

To mobilize the human and financial resources of the Nation to combat poverty in the United States.

Economic Opportunity Act of 1964.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Economic Opportunity Act of 1964".

FINDINGS AND DECLARATION OF PURPOSE

SEC. 2. Although the economic well-being and prosperity of the United States have progressed to a level surpassing any achieved in world history, and although these benefits are widely shared throughout the Nation, poverty continues to be the lot of a substantial number of our people. The United States can achieve its full economic and social potential as a nation only if every individual has the opportunity to contribute to the full extent of his capabilities and to participate in the workings of our society. It is, therefore, the policy of the United States to eliminate the paradox of poverty in the midst of plenty in this Nation by opening to everyone the opportunity for education and training, the opportunity to work, and the opportunity to live in decency and dignity. It is the purpose of this Act to strengthen, supplement, and coordinate efforts in furtherance of that policy.

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ROOTING OUT POVERTY:

A CAMPAIGN BY AMERICA'S COMMUNITY ACTION NETWORK

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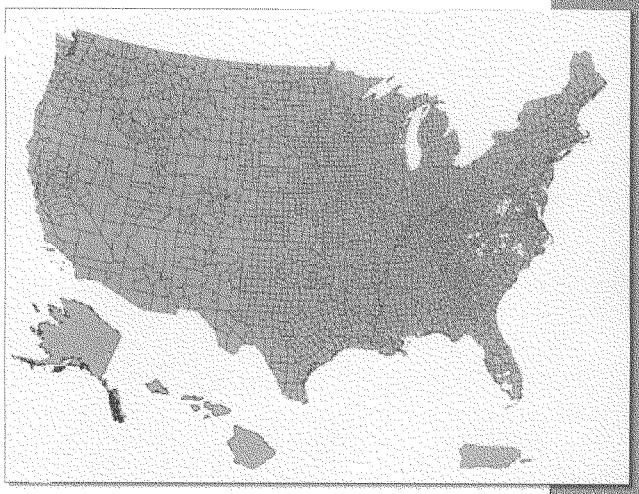


Community Action Agencies serve more than 99% of U.S. counties.

WHAT THE CAMPAIGN IS AND HOW IT ORIGINATED

Rooting Out Poverty is the bedrock of a national campaign, led by the Community Action agencies — more than 1,000 — that form America's Community Action Network. It is based on more than four decades of helping people who are poor move to economic security. It is grounded in experience and tested by time. We know that more can be done — more must be done — to reduce and eliminate the poverty that limits the future for more than one in ten Americans.

This is a strategic document. It frames our campaign, but it permits the flexibility and adaptability that we have proved are hallmarks of success in this work. At the national level, the Community Action Partnership, the National Community Action Foundation, CAPLAW, and the National Association for State Community Service Programs *(see page 33)* have helped coordinate work leading to this campaign. But this is a nationwide campaign for action that seeks to reach, educate, and inform every American about the fact that the current extent of poverty in America is intolerable — and correctable. We issue a call to action and ask a commitment to establishing opportunities and pathways to make it possible for those now living in economic insufficiency to move up to self-sufficiency.

Community Action agencies and others working against poverty began the discussion that led to this campaign in the National Conversation on Poverty and Economic Security, including the May 2007 symposium attended by more than 300 people from across the nation. Approximately six dozen recommendations emerged; these were reviewed at member meetings of Community Acton Partnership and the National Association for State Community Service Programs. The National Steering Committee provided more structured guidance toward the final document in October 2007. This report was also shared in draft with member and affiliate organizations by the Community Action Partnership, to widen opportunities for comment.

HOW THIS REPORT CAN HELP GET THE JOB DONE

This report is a rallying point for practical action. Whoever you are, wherever you live, you can help people move themselves toward economic health. If you join us in seeking a community where all contribute and where the economy works for everyone, if you believe that people must be involved in shaping their own futures, and if you believe that communities and nations must commit to investing in positive futures for all, then our report and our campaign invite you to join us.

This campaign is a call for action. This report can help guide state and local programming, generate community-wide discussions, stimulate new ideas, reframe and refocus work, bring together agencies on a regional or statewide basis, or provide a framework for training and professional development to reach our objectives. The report can help explain the benefits of the Community Action Network to local leaders — ranging from religious leaders to legislators, from educators to law enforcement officers, from health department leaders to local and state budget officials. Use it, adapt it to local needs and conditions, and promote locally grounded action as the driving force to root out poverty.

This is a report for the nation — not just for Community Action Agencies. The campaign summons all of us to generate economic and social changes that will lift up our own neighborhoods and communities as well of those less well off. Pages 18 and 19 highlight some of the many ways everyone can take action using this report. This is a report for a more just, more economically stable, more future-focused national policy that helps people and communities reach their full potential.

Welcome to the Campaign!

James Norman, President and CEO, Action for a Better Community, Inc., Rochester, New York, is Chair of the Steering Committee

For more than four decades, the nation's Community Action Agencies have been on the front lines of the battle to reduce poverty. Our work is grounded in helping people and changing lives. We build on the principles of citizen participation, advocacy, leveraging resources, and providing effective services. The Community Action Network was born in a period of great optimism. We embraced Dr. King's dream of an America free from discrimination and poverty, and we continue to do so.

Community Action has been the nation's laboratory for developing and refining many innovative poverty reduction initiatives. We have helped millions of individuals and families to achieve self-sufficiency and economic security. We have helped thousands of communities — urban, suburban, and rural — through our housing, energy conservation, health services, water projects, and local economic development programs. Community Action Agency boards include program participants, civic leaders, and public officials, which helps ensure that action is focused on community needs as the core of each organization's work.

Community Action Agencies have learned that reducing poverty is a complex endeavor and that eliminating poverty is an even more daunting task. But is it not our moral obligation and responsibility to create an economy that works for everyone? It can be done, and we need to muster the will to make it happen.

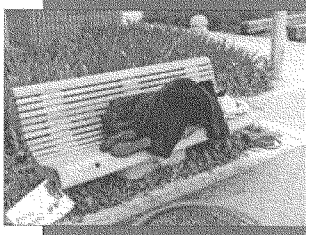
Rooting Out Poverty, our national campaign, draws from the experience of Community Action Network agencies. The campaign's five action themes are accompanied by suggested strategies that may be tailored to local conditions.

The key word in all of this is ACTION. We know it works and we need your help. Use this report to help generate action and enlist more support at the community, state, and national levels to help reduce and eliminate poverty.

Rooting Out Poverty

"**Poverty has not disappeared.** Even taking the most aggressive approach to these new statistics, about 5% of Americans, or about 15 million people, are living below the poverty line, with millions more living just above it. And, as the post-Katrina images have reminded us, there are still large pockets of deep poverty and social deprivation."

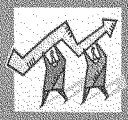
Douglas J. Besharov, American Enterprise Institute, in testimony before the Subcommittee on Income Security and Family Support, Committee on Ways & Means, U.S. House of Representatives, August 1, 2007



Homeless San Diego woman seeks rest in affluent urban park.

MAXIMIZE PARTICIPATION

BUILD AN ECONOMY THAT WORKS FOR EVERYONE



INVEST FOR THE FUTURE

MAXIMIZE EQUALITY OF OPPORTUNITY

ENSURE HEALTHY PEOPLE & PLACES

FIVE ACTION THEMES FOR ROOTING OUT POVERTY

These five action themes help focus the work of rooting out poverty on national, state, and local levels. They embrace work by faith groups, local governments, civic organizations, social service agencies, business groups, and neighborhood organizations, as well as individuals, rich, poor, and in between.

The themes are designed to be flexible and adaptable, grounded in the needs of each community. They are framed in positive terms — the desired outcomes that we all share — with strategies toward those outcomes.

Maximize Participation

Engage as many people and groups as possible — especially those who might otherwise be voiceless in the community — in making it possible for people and communities to help themselves and each other achieve their full potentials.

RESULT: Stronger, more responsive communities and broader range of people working together lead to more thoughtful and effective solutions to problems that cause or prolong poverty or limit economic opportunity.

Build an Economy that Works for Everyone

Create and maintain economic mechanisms and innovative financing, that improve financial and economic conditions of all residents, especially those in need of workforce skills and positions. Develop a variety of work and career opportunities at pay levels that reward effort and skill appropriately. Engage the nation's sense of economic justice in local, state, and national economic development initiatives.

RESULT: More broadly based and more effective economies provide better job opportunities and wage levels for all.

Invest for the Future

Provide education, workforce training, infrastructure, and protection of vital assets (including clean air and water, renewable energy, and a healthy global ecosystem) to help people and communities to improve the quality of life, increase economic opportunity, and anticipate future individual and community needs.

RESULT: Education and skill levels rise for all; sound policies and practices protect and preserve vital assets, leading to greater capacity to meet challenges of the future.

Maximize Equality of Opportunity

Remove barriers and roadblocks; create public policies programs, and initiatives (including enforcement strategies) that ensure maximum opportunity for all those seeking to improve their situations, skills, and futures. Ensure that opportunities are fully accessible and widely promoted.

RESULT: More people and communities can reach their full potentials through a greater range of opportunities in a wider variety of situations.

Ensure Healthy People and Places

The physical, environmental, and personal health of individuals, families, and communities is essential to their abilities to maximize potential, take advantage of opportunity, and invest for the future. Accessible, affordable health care is essential; poorer people are disproportionately more likely to forego preventive care and to postpone treatment for health problems, which increase the physical damage, the economic loss and the cost of care. Attention to health care needs pays multiple dividends. Communities that strive for healthy environments — free of pollution, toxic waste, and environmental degradation — benefit their citizens physically and socially, increase their long-term attractiveness to employers, and make themselves more appealing to new residents.

RESULT: Healthier people reduce medical costs; increase well-being; and improve quality of life, better enabling people to avoid or advance out of poverty. Communities that are safe and environmentally healthy improve their attractiveness and their economic as well as physical health.

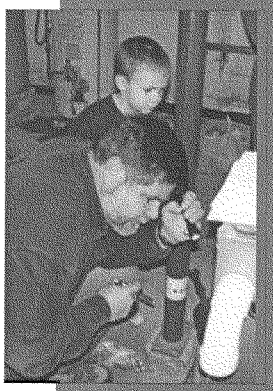
Maximize Participation

MAXIMIZE PARTICIPATION

The first thing to maximize is participation by those who are seeking economic self-sufficiency. "Maximum feasible participation" by those seeking to avoid or escape poverty has remained a hallmark of Community Action Agencies for years, not just because it was required, but because it works. Participation in programs and activities invests, involves, and engages participants not just in their own self-betterment, but in using their skills and potential to help other people and the whole community. Participation in a governance system — a local organization's board, a community committee, a school management system — helps people demonstrate their competencies and build a sense of ownership, pride, and engagement. Equally important, it ensures that the voices of those most affected are heard where they can do the most good.

The second thing to maximize is participation by other agencies and organizations. Poverty is a condition with many causes and many cures. Neighborhood, community, state, or national partnerships and cooperative efforts leverage assets, widen vision, open opportunities, and generate creativity. Result: Stronger, more responsive communities and a broader range of people working together lead to more thoughtful and effective solutions.

Participation must be sincere, fully accepted, and equal. Those who participate may need or benefit from coaching, and their authentic viewpoints and voices must be respected. Participation must also be pervasive. Token roles on a token board will quickly destroy any positive message.



A Community Action Agency staff member conducts an energy audit with help from a 3-year-old resident in Westmoreland, NY. Audit findings help target weatherization work.

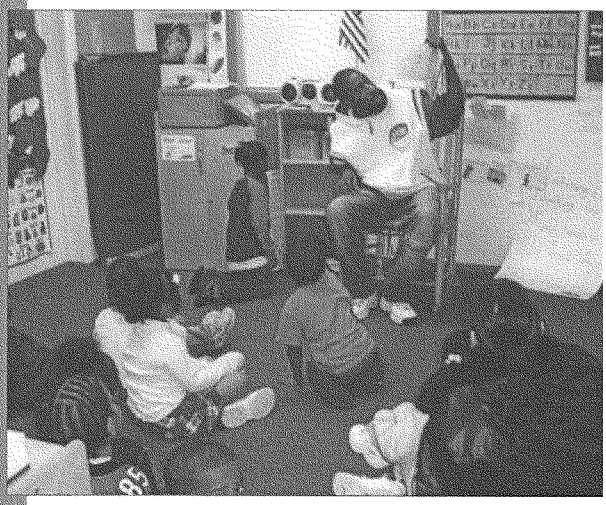
Some Strategies To Maximize Participation

- Promote voting by all eligible people and remove barriers to exercising the vote.
- Work to ensure fully accessible voting places with appropriate voter assistance.
- Develop advocacy strategies that provide opportunities for all to participate effectively.
- Enable Community Action leaders to seek community, state, or national positions.
- Help organizations identify and benefit from the concept of maximizing participation in their organizations' work with people.
- Create effective, authentic evaluation systems for programs and organizations, securing useful feedback from participants and demonstrating that the feedback has been effectively heard.

MAXIMIZE PARTICIPATION

- Form alliances and partnerships among national, state, and local organizations, including bipartisan and nonpartisan coalitions, to promote effective and responsive policies and programs.
- As permitted by law, conduct voter registration and get-out-the-vote drives for all areas of the community.
- Conduct issues forums for public officials and for candidates for office.
- Develop and deliver training for community members in public education and advocacy.
- Make sure that organizations' strategic plans include education and advocacy with key public officials and other community leaders about the need for appropriate local actions in the five theme areas.

These strategies and those in the other four theme areas represent efforts at local levels that have proved effective. They are by no means exhaustive; they are presented as inspirations to action.



Children need positive adult role models, both male and female. This young man fills that need through KIND (Kids in Need of Dads) for Head Start/Early Head Start classes in Ohio.

BUILD AN ECONOMY THAT WORKS FOR EVERYONE

Build an Economy that Works for Everyone

An economy that provides a wide range of jobs; that adapts to global changes; that values and offers education and training to children, youth, and adults; that takes a long-term perspective; and that addresses financial and economic conditions of all residents will provide more opportunities, better-quality jobs, and improved access to economic well-being. Such an economy will also build a sense of equal opportunity and economic justice.

An economy that works for everyone provides incentives built on a baseline of equity and opportunity; offers financial and economic education to all; it promotes sound savings and wise spending. It will do so in ways that communicate effectively with the full range of audiences that make up this nation, especially those who have the fewest resources. It will seek to be a rising tide that indeed lifts all boats.

An economy that works for everyone eliminates structural inequalities as wasteful and inefficient. It helps its members adapt to and excel at the increasingly knowledge-based economy while accommodating other needed skills and work styles. It works with educational systems to provide sound preparation for future workforces and provides training as a good investment to its current workforces.

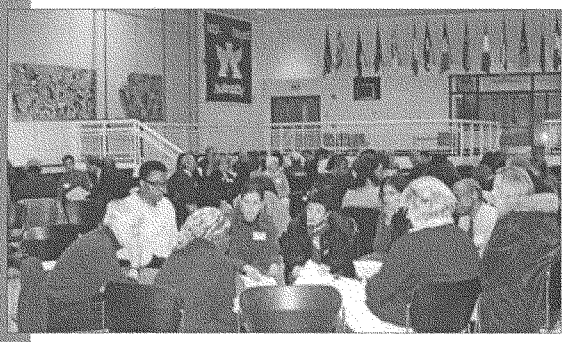
An economy that works for everyone generates sufficient resources to ensure that the needs of special populations — the elderly, the infirm, the poor — are met in the proper form and spirit.

Some Strategies To Build an Economy That Works for Everyone

- Educate all elements of the community on the numerous benefits of a healthy, thriving economy that meets the widest possible range of community needs.
- Enlist local economic institutions and agencies as partners in education, outreach, and advocacy.
- Develop government-supported or -based alternatives for those just learning employment skills or acquiring financial literacy.
- Recognize and employ appropriate strategies to compensate for the global nature of today's economy, including investment and retraining strategies to help workers continue or upgrade employment.
- Establish policies, programs, and practices that make conservation of resources socially and economically attractive.
- Ensure that people with limited resources have access to affordable energy supplies.

BUILD AN ECONOMY THAT WORKS FOR EVERYONE

- Develop and implement policies to support transportation systems that effectively serve those most in need at prices they can afford.
- Encourage and support U.S. corporations to conduct business in ways that promote and support economic security and economic justice, especially for those who are out of the economic mainstream.
- Encourage national support of international organizations that oversee sound and safe labor, manufacturing, and economic policies in countries with which the U.S. does business.
- Provide appropriate language skills, financial literacy, economic literacy, and related education and training for all Americans.
- Support and promote asset-building and asset-focused strategies to help generate positive capacities for those seeking to leave or avoid poverty.
- Promote a variety of tools to encourage savings, including Individual Development Accounts (IDAs) and similar vehicles, especially for those who otherwise lack capital formation skills or opportunities.
- Provide training, opportunities, and proper support for those seeking to invest in small business or microenterprise development.
- Help communities put into place systems that enable their members to get the skills to secure and keep the jobs they want.



Sharing perspective with state legislators builds common ground for strategies that strengthen local and statewide economies in Minnesota.

Invest for the Future

Investing for the future means providing the training now to develop the knowledge and skills that today's children and workers will need for the jobs and industries of tomorrow. It means providing wide-ranging education in terms of subject, audience, and format. It means devising educational strategies that meet the needs of those outside traditional settings and that build the basic skills of those who may not have acquired them growing up.

It means encouraging K-12 schools, community colleges, technical schools, and colleges and universities to widen their perspectives and create well-grounded visions of the future — then meet those needs. Communities, states, and the nation all have roles to play in researching, developing, and coordinating these efforts and most importantly in seeing that all those who can possibly benefit from such learning (including the chronically poor) have every opportunity to gain the benefits.

Investing for the future means conserving resources and finding creative alternatives — building greener, smarter, and for the longer term; finding energy alternatives; conserving; and innovating. It also means husbanding all resources and setting standards of living that do not endorse waste.

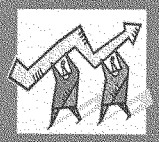
Investing for the future means spending preventively — dealing with causes rather than with negative aftermaths. From this perspective, each of the other themes must draw on this one. Each must look preventively and positively toward the future in its own area.

But investing for the future is a core theme in its own right. Done properly, it preserves the good and averts the bad. It is also among the most demanding of themes, because it mandates a social willingness to defer gratification — a collective maturity that is willing to spend today's dollars for tomorrow's good.

Investing for the future can be a powerful energizer, signifying belief in and commitment to a bright promise for every community resident.

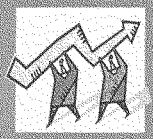
Investing for the future involves working on behalf of all age groups, for the benefit of all, with the interests of all in mind. If it is selfish ("my future or I don't play"), it is untrue to itself. Community Action Agencies are especially good places to muster energy for future investment, to help build the consensus and commitment that are vital to making these investments a powerful force.

Investing for the future requires the ability to look out for the well-being of people — of our environments, our creativity, and our potential to achieve. It requires willingness to seek potential, to take risks, and to look for promise. It requires thinking about both individuals and groups as they head toward the future. It also requires perceiving the wide variety of possible future paths and what actions can shape those paths toward desired outcomes. It is not for the faint of heart; it is for those who want to leave a legacy of a better world.



INVEST FOR THE FUTURE

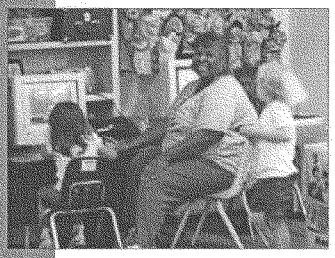
A Ben & Jerry's PartnerShop works with a Minnesota Community Action organization to prepare youth for regular, unsubsidized employment.



INVEST FOR THE FUTURE

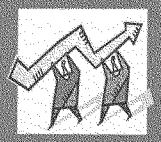
Some Strategies To Invest for the Future

- Ensure that every child and his or her family will have access to high-quality early education and developmentally grounded day care, based on the best of the Head Start concept, to reduce future criminality, drug use, and family dysfunction and increase family well-being and children's achievement.
- Pay careful attention to closing the well-documented achievement gap that keeps poorer children from reaching the academic levels of their counterparts.
- Provide every child the opportunity and support to complete high school and to continue through college or technical training that meets his or her interests and capabilities, to better equip tomorrow's workers for the realities of the knowledge economy and increasingly complex technology use.
- Ensure that high-quality, adult-focused learning is available and accessible to all, in order to help workers gain or update skills, to provide support for job shifts in economic dislocations, to adapt to emerging technologies, and to provide opportunities for career redirection.
- Value and promote civic engagement and active community membership at all levels of education with the goal of helping young people become adults who sustain their commitment to active roles in civic life because they see the importance of that contribution.
- Provide universal, quality health care that includes emphasis on preventive strategies and health education to improve health at all ages.
- Teach personal and family financial literacy and lifelong financial health from early childhood through adulthood in age-appropriate ways, including wise savings, asset building, and smart spending.



Head Start gives a valuable leg up on a good education and success throughout school and life for these Oklahoma youngsters.

- Develop and promote social, economic, and political strategies that respect all persons, provide for full opportunity for all, and promote equal treatment for all.
- Establish strong incentives and sanctions to encourage energy saving measures and conservation of resources, both short-term and long-term, for businesses and individuals.



INVEST FOR THE FUTURE

- Design communities to maximize foot traffic, public transportation, and neighborhood services to help build social capital, conserve resources, and reduce pollution.
- Establish programs and policies that ensure reasonable energy sources and prices for people facing economic challenges.
- Develop and consistently implement conservation and pollution prevention policies for U.S. resources and use U.S. leverage to engage other nations in appropriately similar practices.
- Rework the definition of poverty so it reflects what has been learned about the continuum of poverty and the actual costs of living a safe and healthful life in the U.S. today, so that future programs will provide realistic and fair levels of assistance.
- Increase sustainable green space that is easily accessible to all residents of communities.
- Use tax and economic policies to support and encourage small businesses formation and personal savings by people of all income levels to promote economic growth.

A program needs a home and these Arkansas residents break ground for a new community services center that will house multiple programs under on roof — convenient and cost-effective thinking!

MAXIMIZE EQUALITY OF OPPORTUNITY

Maximize Equality of Opportunity

Maximizing equality of opportunity means providing access to and the ability to take advantage of chances for personal and professional growth and advancement. It means not a classless society but one in which success is reliant on individual achievement. It guarantees that if someone — no matter his or her background — wishes to strive for something better, there will be a fair starting platform for that effort and no irrelevant barriers along the way.

Put another way, every American has the right to expect a level playing field — the right to expect that laws, rules, and regulations provide an equal base, an equal boost, and relevant criteria.

Maximizing equality of opportunity both drives and relies on the other four action themes in this report. Unless the economy works for everyone, unless participation is broad and maximized, unless there are healthy communities and people from which participants come, and unless there is commitment to investing for the future, there may well be no opportunity at all.

Maximizing equality of opportunity is a major benefit to all of society. It enables the community and the nation to discover talents that might otherwise go untapped; it promotes a desire to strive because there is a greater chance of success.

Maximizing equality of opportunity is at the heart of America's most prized values. The Declaration of Independence reminds us that "all...are created equal (and) endowed by their Creator with certain inalienable rights...life, liberty, and the pursuit of happiness." Happiness is not guaranteed, but the opportunity to pursue it is guaranteed by one of our most sacred documents.

This newly graduated Georgia physician got his start in Head Start. His community continued to support him throughout college and medical school by believing in him, keeping in touch, raising funds for his education, and providing "care packages" and household furnishings through the years.

Some Strategies To Maximize Equality of Opportunity

- Help formalize government commitments to reducing and preventing poverty by insisting that specific action objectives are set and progress is monitored.
- Publicize and educate people on how to tap into various opportunities, reaching outside the mainstream and outside traditional communications channels.
- Ensure that all anti-discrimination laws are fairly enforced at all levels of government.
- Ensure enforcement of equality of opportunity with clear rules and regulations, an uncomplicated complaint system, and sufficient and well-trained investigators and prosecutors.

MAXIMIZE EQUALITY OF OPPORTUNITY

- Provide guidance and training for those seeking to shift or upgrade work skills during their careers, at all levels of work.
- Repeal or properly amend laws and regulations that perpetuate structural discrimination.
- Develop programs to make it easier for people to become more involved in the political process at all levels.
- Elect officials who are familiar with the Community Action approach and its value.
- Conduct programs and events that help all elements in communities come together to learn to appreciate and value each other.
- Develop diverse networks of strong, positive mentors to support promising young people from all parts of the community.
- Ensure that government and nonprofit sector programs are available to all, with offerings in as many languages and cultural traditions as needed, and provide key public service officials (e.g. police) access to appropriate training and advice on dealing with diverse cultures.
- Develop educational outreach to groups that may not be aware of various opportunities; provide training that is relevant to their cultural backgrounds and presented with the appropriate language support.

A Michigan Community Action Agency gave all kinds of people the chance to be part of its Walk for Warmth teams, raising funds to provide heating bill support for less well-off families.

ENSURE HEALTHY PEOPLE AND PLACES

Ensure Healthy People and Places

Healthy people living in healthy places are more likely to achieve their potential, to be productive taxpayers as adults, and to contribute to community life than their counterparts. People out of the economic mainstream are disproportionately challenged with health problems, many of which could have been forestalled or sharply reduced with the kind of preventive and early intervention care often out of their economic reach.

Healthy people and places mean that people are sick less often, injured less often, victimized by crime less often, and more capable of living up to their full potential.

Healthy people will have access to adequate health care and will be more likely to engage in preventive practices, to have illnesses detected earlier, and to ensure that children and elders receive prompt high quality care — thus reducing medical costs to the economy overall.

Healthy people are more productive. They miss less work, do a better job when at work, are subject to fewer infectious diseases, and are better able to take part in the community. They are not addicted to drugs or other substances. They are less costly to the health care system and less likely to burden those systems.

Healthy places certainly include homes that are secure against wind and weather; that provide adequate plumbing, clean water, code-compliant electrical service, and sanitary and other services; that provide locks and other physical security against burglars and other criminals.

Well-child checkups can spot and even solve potential problems before they become costly and debilitating major illnesses, which is why a California Community Action Partnership sponsors them.

Healthy places also include pollution-free water and air, safe streets, and ample parks and other green spaces, as well as opportunities for exercise and recreation. They also encompass safe, healthy work-places, whatever the type of work involved. Healthy places increase the physical and even the emotional health of their residents.

Healthy places offer environmental and physical health, healthful opportunities in safe work surroundings, and facilities to help children grow up healthy and older residents enjoy the healthiest status possible.

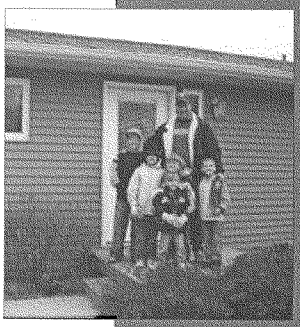
Healthy people living in healthy places are less costly, more productive, and more engaged. They learn better, live longer, enjoy life more, and contribute more to the world around them.

Some Strategies To Ensure Healthy People and Places

- Provide State Children's Health Insurance Program coverage to the children of working poor (up to 300 percent of Federal poverty level) and their parents.
- Make possible adequate, universal health care for infants, children, and adults, including dental, vision, and mental health care.
- Provide effective, accessible, affordable treatment for alcohol, drug and other dependencies.
- Develop and promote training in sound nutrition and assure access to adequate food supplies.
- Provide assistance to families in strengthening family stability and, where appropriate, sound parenting skills.
- Ensure that all new construction, especially residential housing, meets environmentally friendly ("green") construction standards and maximum feasible energy conservation standards.
- Retrofit existing housing to ensure maximum possible "green" construction and energy conservation.
- Ensure that housing for lower-income families is properly weatherized against high heating and cooling costs.
- Make certain that appropriate laws and regulations are enforced to ensure physically safe housing for all.
- Recognize the right of all people to live in communities safe against crime and disorder, through such strategies as problem-oriented policing, community-focused policing, and community crime prevention.
- Design transportation systems so that they meet the needs of residents — workers and others — to reach jobs and services, connect with other parts of the community, and travel safely at the times they desire to do so, all at the lowest possible cost.
- Create new jobs and career opportunities in such future-oriented areas as alternative fuels for those unemployed or underemployed.

ENSURE HEALTHY PEOPLE AND PLACES

Thanks to help from the local Community Action Agency in South Dakota, this single dad was able to buy a home for himself and his five children.



Though developed prior to these five themes, the Duluth, Minnesota **Blueprint to End Poverty** (see inside back cover) is a great example of clear, locally relevant goals that have wide support. Duluth has developed a Guiding Coalition and committees to focus on each of the plan's four areas.

HOW YOU CAN TAKE ACTION

The five themes that are the action focus of this national campaign are a framework. They represent a consensus among many people with both academic training and practical experience about the areas that must be addressed to reduce and prevent poverty in America.

What action needs to be taken, by whom, how, and when? Those answers are, in large measure, up to you. Community Action Agencies have learned that local situations, needs, and priorities differ widely across time and space. Local tools for action are seldom identical. Local networks and partnerships may vary widely.

But this national agenda provides a framework for determining what actions are or may be appropriate for your area. It offers a way both to organize the work to be done and to identify the benefits of that work.

Here are some suggestions for using this report:

- Find and get in touch with your local Community Action Agency to get involved. *(See www.communityactionpartnership.com)*
- Hold a meeting of the local Community Action Agency (or similar) board to examine the fit between the national campaign and the local organization's agenda.
- Conduct a community-wide meeting (or several if needed) to explore the ways in which various organizations are (or can be)involved in moving the national campaign forward locally.
- Assess the community's status with respect to the national agenda. The Community Action Agency's own needs assessment will be a good starting point, but go beyond to find out what else is being done (or not done).
- Develop a speakers' panel that can talk about the community's work to root out poverty, using the five themes. Prepare and share speaking notes that can help weave the story into presentations by many speakers in a variety of settings, describing the value of community work to help all members achieve their potential through fair opportunities for growth and self-improvement.
- Meet with local newspaper, broadcast, or cablecast editorial boards or directors. The five themes can form the base for a story on local efforts to reduce or eliminate poverty; they can also provide material for a series of stories on individualized successes and for editorial support.
- Consider a scorecard or a "thermometer" graphic that shows how well the organization or the community is doing in pursuit of its own agenda within the theme structure.

HOW YOU CAN TAKE ACTION

- Have someone in the community write up the local organization's actions around each theme. Offer these stories to local weekly newspapers, which will often keep stories on file for times when they have available space. (These are sometimes known as "evergreen" stories.)
- Develop, with local school officials or youth group leaders, a civics or social studies seminar that uses the five themes to look at local needs and efforts to reduce poverty. This could include causes, case studies, research in various areas, and more.
- Develop study-discussion-action guides that local adult groups — civic, fraternal, social, and faith-based — can employ to talk about poverty-related problems (and solutions) in your area. Include the roles of the local Community Action Agencies and their partners.
- Share the campaign and its five themes with local officials — agency chiefs, elected leaders, civic leaders and more. Prepare a briefing that different community leaders can give, especially current or successful clients. Ask how you can work together with local officials toward specific goals under the agenda's umbrella.
- Organize the local organization's work around the national campaign themes and ask other organizations to do the same, to help boost community commitment to these five areas. Other subject areas can be included depending on local needs.
- Consider setting local targets under the five themes and use them as a means of noting and celebrating progress.
- Collect and document examples of successes using the themes as a means of grouping and tracking them.
- Make sure state and national organizations know about your local uses of the campaign themes.

Speaking out at Missouri's state capitol, these Community Action leaders tell legislators about effective strategies for families striving for economic security.

MANY LINKED AND INFLUENTIAL ISSUES

Although ***Rooting Out Poverty*** has five major themes, there are many other areas of local, state, and national policy that may at first appear unrelated but can significantly affect the ability and opportunity of people seeking to achieve economic security. Over the past five decades, we have come to realize that these policies and programs must be part of the landscape. Energy availability and prices drive the costs of many vital services, ranging from heating and cooling to transportation. Oil price and supply additionally affect the costs of everything petrochemical. And increases in these costs disproportionately affect the ability of poorer people to earn a living. Thus energy prices and conservation are legitimate campaign issues.

Immigration has risen anew as a major concern among many Americans. Concern over discrimination and even legal action affect not only those here without legal sanction, but intimidate legitimate immigrants from seeking help for fear they will be subject to heavy scrutiny from the government. Immigrants who could benefit from assistance in anchoring their economic well-being may avoid any community organization for fear of challenge or discrimination. How immigrants are treated may directly affect their economic well-being and that of the whole community.

Discrimination is still an issue in our society. Though many strides have been made, a number of structural conditions and situations still place various groups disproportionately in poverty or poverty-inducing circumstances. These conditions must be monitored, reduced, and removed.

Unaffordable medical costs and services both in the community and in its neighborhoods may keep children and adults from receiving preventive care and early intervention services. They may turn minor illness into crisis. Prescription costs may drive the elderly to cut their medications in half or fail to take them at all, worsening their health. Those with chronic illnesses may get worse (and cost the system more) because they cannot afford stabilizing care.

Economic development policy may upgrade a neighborhood but leave its residents unable to afford the new shops or the transportation to less expensive stores. So-called big-box retailers may replace whole neighborhoods of small businesses with something less accessible and less flexible. The jobs provided may be a major benefit or an economic stagnation. Careful, thorough analysis is vital to community economic vitality.

Education policy may indeed leave children behind — leaving them without the skills to get and succeed in the kinds of jobs that are available in the market as it evolves into the future. The structural issues of school quality can increase a community's poverty rates two or even three decades later. And the effects of

education policy are not confined to K-12 education but go to workforce quality and economic health.

Lack of opportunities for high school graduates and older adults to upgrade education and skills may leave them unequipped for the jobs available. Public transportation policy may favor automobiles over mass transit, or it may reduce mass transit options. In some communities, bus schedules don't accommodate workers' hours. In others, transportation costs take a disproportionate amount of employee wages. Gasoline prices and long commutes may be the high price of affordable housing. The high costs of getting to and from work may well be the barrier to getting work.

U.S. trade policy and positions, as well as the realities of international trade in general, may take viable jobs from qualified workers and export those jobs overseas, thereby reducing work opportunities and the well-being of communities. The challenge is to develop new skills and better jobs for U.S. workers.

It is vital that those working to increase economic security, as well as to improve opportunity, recognize the many critical influences on their ability to succeed. They must be able to help policy makers in these fields understand the connection to poverty in the work and to understand the potential harm to those trying to avoid or arise from poverty that may come from seemingly unrelated decisions.

MANY LINKED AND INFLUENTIAL ISSUES

Above, energy-efficient housing replaces old dwelling, providing greater comfort at lower cost for this Tennessee resident.

Left, in upstate New York, public transportation may be inconvenient or nonexistent in rural areas. Seniors in this community get service through a convenient bus that gets them where they need to go, thanks to the local Community Action Agency.

Voices of poverty...

My Head Start teacher, Mrs. M, was there for me when my mom was "on vacation" (which I later learned meant drug treatment), and she taught me always to do my best. She made sure that I had clean clothes and that I got a good lunch and a warm smile every day. Today I'm a mom, and I run my own home cleaning business. I try to be there for my employees like Mrs. M was there for me.

When the company where I had worked went bankrupt, my pension vanished. I could barely afford Medicare and the heating bills were eating up my budget. Pretty soon, I could see no answer but selling the house. It wasn't worth a whole lot, but I just couldn't keep it up. The Community Action folks helped me with insulating the house and fixing the roof leak and the kitchen floor. They made sure I got to help them wherever I could. I'm still in my house, and I'm helping others at the Community Action Agency as a tax assistant!

THE MEANING OF POVERTY

Central to reducing and ameliorating poverty is how that condition is defined. Just what does it mean to "be poor"? Some would argue that they know poverty when they see it. Others would claim that people who are poor can tell you who they are. But this is not sufficient for effective public policy. Some specifics are necessary for clarity of program and purpose.

THE REALITY OF POVERTY

A widow may own a $200,000 house but have no food in the pantry. A four-year-old enrolled in Head Start may wear the same two outfits for months because the family has no money for clothes since the mother, its breadwinner, was laid off. Lack of health insurance may drive a worker from the work force because he or she can't afford the medicines that would stabilize the illness and make work possible. A newborn may not get well-baby care because there is no doctor his mother can get to who will accept Medicaid patients. That child becomes chronically ill and falls behind in school, forever impairing his capacity to make a living.

A neighborhood may lose its key economic facilities, such as a grocery store or a drug store, and the resulting diversion of economic activity can cause the other businesses to leave. A national crisis in mortgage lending may lead to a flood of foreclosures which in turn make normal resales almost impossible, driving down the value of housing stock and destroying neighborhood vitality and viability.

DEFINING POVERTY

In the 1960s, the Federal Government established a "poverty line" of income that divided the poor from everyone else. This established what social scientists call a dichotomous variable — one is either poor or "not poor" based on a specific income figure. The switch is either on or off. Federal programs still use that definition today, though its terms and conditions have been modified over the years.

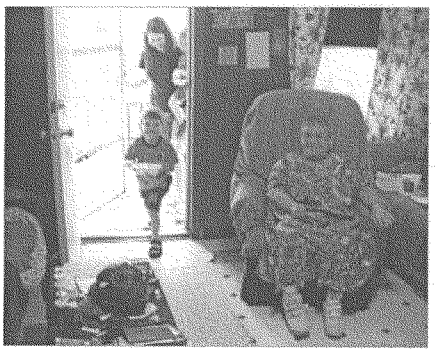
Meanwhile, more than 40 years of experience of ongoing work to eradicate poverty have taught us that poverty is not a single condition, that there is no magic number that divides the poor from the rest of us. Instead, poverty has been recognized increasingly as a continuum — people may be extremely poor, very poor, somewhat poor, working poor, or emerging from poverty. There are different ways to be impoverished. For example, someone may be working but impoverished because there is no health insurance to assist the family with a catastrophic illness or injury. Someone may own his or her home but have no income for utilities and basic repairs.

Community Action Agencies have seen first-hand the challenges. They have dealt with the need for operationally relevant definitions of poverty that permit programs to work effectively to help move individuals, families, and neighborhoods

out of poverty using realistic measures that address the variety of causes, situations, and circumstances that it involves.

The idea that poverty should be measured on one or more continuums is powerful. If the various measures are well thought out, they can suggest not just the problems being faced but strategies for addressing them. A working group that is part of the National Conversation on Poverty is looking at ways of bringing together several continuums; this would create a much more realistic way of defining and describing poverty. It also could highlight links between problems. For example, the house-poor widow may qualify for Medicaid but not for transportation assistance. If she cannot get to a food pantry, her health may suffer because of poor nutrition. Recognizing these links helps make services more rational.

The process of creating an improved poverty measure will not be quick. The tool must be tested, refined, and accepted both by policymakers and budgeters and by people in the field delivering services. But without a new and more effective measure, those who work with poverty situations will be chained to the limitations of the on-off switch that is today's major national measure, which many agree distorts the reality of poverty and limits effective prevention and intervention.



However it's defined, poverty may be just a hot meal away for those with illnesses and limited resources. Mobile meals involve families in helping and provide a human touch in this Tennessee program.

PREVENTING POVERTY — A NATIONAL COMMITMENT

Americans have a long history of localized voluntary efforts to help the poor, especially children. These efforts have continued through to the present day. Modern government intervention to promote social and economic justice began, according to many, with the child labor laws of the early 20th century. Obviously the massive relief and support efforts of the Great Depression in the 1930's were a landmark shift from limited to significant government involvement in helping those less well off and providing government-subsidized or sponsored jobs.

Despite the economic prosperity of much of the immediate post-World War II era, many people still lived in poverty — sometimes because of official obstacles, sometimes because of ill health, sometimes because of lack of educational and other opportunity, sometimes because of lack of financial savvy. But there was no question that the historical U.S. poverty rate of 20 to 25 percent of the population was sustained through the 1950s.

Major government intervention to reduce or prevent poverty (outside of economic calamity) started with the Economic Opportunity Act of 1964, proposed by President Lyndon Johnson. This legislation included Medicaid, Medicare, Job Corps, Head Start, and more. Data show that for children 0-16 and for adults over 64, poverty dropped sharply by the end of the first decade of these nationally led efforts. Through 2004, though, poverty rates for the 17- to 64-year-old group had not dropped significantly.

One of the inspired aspects of the legislation, in hindsight, was its emphasis on action grounded in community and maximizing the participation of those who are

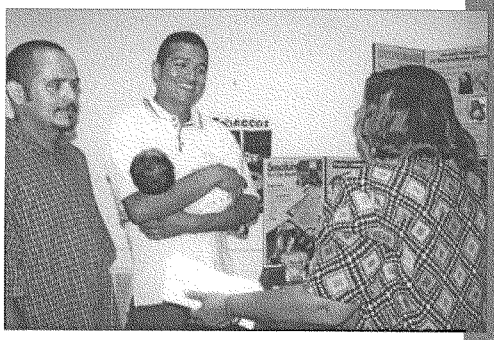
Local, state, and federal officials joined a Pennsylvania Community Action Agency in celebrating the start of an urban renewal project that will remove a dilapidated building and create more than 40 new energy-efficient, single-family homes and townhouses. Community Action Agencies are often well-equipped to bring government agencies and businesses together to solve problems.

poor. The concept of letting the subjects be drivers of action was novel. The phrase "maximum feasible participation" became a bedrock of Community Action Agencies, who found energy, value, and reality in having what might have been their "clients" become their partners.

One signature legacy of the Economic Opportunity Act that thrives to this day is the concept of community-based comprehensive service anti-poverty agencies. Today, Community Action Agencies serve more than 99 percent of America's counties, administering a wide range of programs from Head Start to workforce training, from economic development to elder care, from weatherization to treatment for alcohol and drug abuse. They partner with local, state, and national organizations and work to prevent, reduce, or ameliorate poverty both among individuals and in neighborhoods and communities. Community Action Agencies make this promise to the nation:

THE PROMISE OF COMMUNITY ACTION

COMMUNITY ACTION CHANGES PEOPLE'S LIVES, EMBODIES THE SPIRIT OF HOPE, IMPROVES COMMUNITIES, AND MAKES AMERICA A BETTER PLACE TO LIVE. WE CARE ABOUT THE ENTIRE COMMUNITY, AND WE ARE DEDICATED TO HELPING PEOPLE HELP THEMSELVES AND EACH OTHER.



Offering free prostate cancer screenings helps this Arkansas neighborhood ensure that its children will have their dads around for more years to come — reducing family stress, improving health for Dad, and enlisting support for preventive health care for youngsters.

COMMUNITY ACTION PARTNERSHIP MISSION

It is the mission of the Community Action Partnership to be a national forum for policy on poverty and to strengthen, promote, represent and serve its network of member agencies to assure that the issues of the poor are effectively heard and addressed.

COMMUNITY ACTION AGENCIES
THE RESOURCE

We as Community Action Agencies are the living legacy of the Economic Opportunity Act of 1964. We are the local organizations charged with addressing and relieving poverty in communities across the nation. Why have we survived and even thrived? The answer is at once simple and complex.

First, our organizations see economic security and self-sufficiency for the people and neighborhoods we serve as our goals. The programs we run are tools to reach these goals, not ends in themselves. This "eyes on the prize" strategy means that our organizations are driven by results. We recognize and value preventive strategies, and realize the need to work with, not on, the people we serve. It also means that our agencies take a pragmatic approach, seek solutions rather than simply business as usual, and remain close to those with whom we work by engaging them to the maximum extent possible in the development and implementation of program, policy, and advocacy.

Second, our organizations are grounded locally. Almost all of us are members of a national association, but we govern ourselves locally and seek local partnerships and funding as well as resources from national and federal programs, either directly or through state intermediaries. The "community action" phrase that names our organizations defines them. We work with and in communities and neighborhoods, addressing the shared needs and the individual needs of the cities, towns, and counties we serve.

Some people fix cars for a living, others for love of machines. A Missouri Community Action Agency found a volunteer auto mechanic who loves making cars roadworthy so people can make a living. More than $13,000 in donated time and parts has meant dozens of formerly out-of-work folks driving to new jobs.

Third, collaboration and partnership define our approach. We reject turf in favor of focus on problem solving. We recognize the leverage gained from linking with other organizations and programs toward shared purpose, which creates energy to meet needs rather than isolation despite joint purpose.

Fourth, our approach is tested and validated by experience. More than 40 years have demonstrated that many of the core values that emerged from the Economic Opportunity Act of 1964 might have been idealistic, but they were also effective in all kinds of settings and all kinds of circumstances. Our agencies know that what they do works, which gives them credibility and confidence in good times and bad that they can adhere to their paths while savoring experience.

As our field has matured, we have paid attention to identifying and formalizing core values and strategies. The principles developed by the Community Action Partnership in 2002 *(page 27)* capture shared understanding of how work needs to be done.

Community Action in Action

The "community" and "action" aspects of Community Action Agencies are the source of our power and versatility. We strive to empower and enable people and neighborhoods to become self-sufficient economically and engaged productively in the civic life of their community.

Because we harness community resources and energies, our work leverages national, state, and local government investment, as well as corporate backing. In 2005, the most recent available data show, Community Service Block Grant (CSBG) federal funds leveraged almost $16 worth of funds from other sources, measured nationwide, for every dollar of CSBG funds invested. Almost a third of this amount ($4.94) represented non-federal funding, including money from state and local governments and the value of volunteers' time. Non-CSBG federal funds come from grants, contracts, cooperative agreements, and other support for programs and services provided by Community Action Agencies.

As Community Action Agencies, we take on a wide variety of tasks to meet these needs; our work is a living illustration of the need for redefining poverty and "not poverty" as a multi-layered, multi-measured set of distinctions.

Community Action at State and National Levels

Community Action is locally grounded but nationally bonded. More than 1,000 Community Action Agencies in better than 99 percent of the nation's counties serve almost all of the U.S. population. The overwhelming majority of these agencies are members of the Community Action Partnership, a national group that provides communication, training, technical assistance, public education, and other benefits.

CAPLAW provides legal assistance to Community Action Agencies that need such help, and the National Community Action Foundation provides an advocacy voice for policy. But the Community Action Network engages with other national organizations as well. These partnerships, like those among local Community Action Agencies, leverage resources and enrich efforts at the state and local levels.

Almost every state has a statewide organization of the Community Action Agencies. Each state (as well as Puerto Rico and the District of Columbia) has an office that manages the federal Community Services Block Grant funds that help support the work of local agencies, fund special and demonstration project, and coordinate state priorities. These state agencies have their own national association, the National Association for State Community Services Programs. For more information on these organizations, see page 31.

COMMUNITY ACTION PRINCIPLES

WE OPEN DOORS AND LEAD THE WAY.

WE TURN HOPE INTO REALITY.

WE EMPATHIZE.

WE TREAT PEOPLE WITH RESPECT.

WE SAY "YES," FINDING SOME WAY TO HELP.

WE GIVE A VOICE TO THOSE IN NEED.

WE MIRROR THE DIVERSITY OF OUR COMMUNITIES THROUGH OUR LOCAL BOARDS.

Volunteer foster grandparents enrich the lives of their young friends, sharing their affection and experience in Illinois.

We Bring Community Services to Community Members

The variety of work that Community Action Agencies do is astonishing. In addition to developing initiatives to meet local needs and beyond their work in partnership with or on behalf of local and state organizations, these agencies manage a total of nearly 100 distinct Federal programs. Community Action Agencies are without question nexus of much of the nation's on-the-ground anti-poverty work. They are the day-to-day engines of meaningful intervention for people seeking the economic and social betterment that helps them move forward out of poverty. Here are just a few examples (out of thousands) Community Action Agencies' work. They explain how and why these agencies are the nation's premier front-line force to reduce poverty and help people change their lives.

➢ In **Roanoke, Virginia, Total Action Against Poverty** combined loans, grants, and housing tax credits to renovate a 225-unit complex so that the numerous low-income families in the community could have safe, attractive, affordable housing.

Volunteer Income Tax Assistant helps resident apply for the Earned Income Tax Credit in a Wisconsin community. Millions of dollars in otherwise-unclaimed tax credits and deductions are available to help families make ends meet thanks to this program and its trained volunteers. Community Action Agencies around the nation manage or staff many of these sites.

➢ The **Community Action Agency of Northeastern Alabama** has created Fathers, Friends, and Families, which brings together a host of programs for young noncustodial fathers — training in parenting skills, comprehensive family development services, and assistance in learning to manage financial responsibilities. Other practical help — from emergency rent and utilities payments to help in securing job training and employment — is also provided by the agency staff.

➢ In **Maine's Oxford and Franklin Counties, Community Concepts, Inc.** (the local Community Action Agency), saw a need for daytime care for the frail elderly and other adults with mental challenges. It created such a program in a homelike setting, now funded chiefly by fees for service, that enables family members to go to work or school without worrying that their loved ones are in danger and alone.

➢ **Hawaii's Honolulu Community Action Partnership** helps prisoners, ex-offenders, and their families through the Malama Pono ("Taking Care") program. Trained volunteers from faith-based organizations each spend two hours a week with children who have a parent in prison. Staff members work with other family members as well. After two years, most children had dramatically improved school performance and peer relationships. Four of five family members sought it had found employment and/or housing with help from program staff.

➢ A single Minnesota mother in her 40s, struggling to support herself and her children, became a homeowner thanks to an imaginative combination of programs operated by **West Central Minnesota Communities Action, Inc.** (Elbow Lake). An Individual Development Account matched her savings at a three-to-one rate.

Financial literacy courses and individual financial counseling helped her learn to manage money. A subsidized mortgage and interest-free gap financing completed the package that put this family into their own home.

➵ In many parts of the U.S. winters can be bone-chilling cold and summers steaming hot. This makes weatherization a good investment — so good that **Community Action of Southeast Iowa** saved residents $554 on average in heating and cooling costs for the 113 homes weatherized in 2007. In addition to weatherizing homes, the agency does home repairs for needy residents. Weatherization programs not only improve housing but help stretch funds that cover heating and cooling costs.

➵ A **Colorado** resident in his late 20s, Eduardo had emigrated from Central America. He spoke almost no English and was barely able to support himself. To learn English, Eduardo enrolled in the **Pike's Peak Community Action Agency Transitions To Independence Program**. Once he completed that training, he started studying English at the local community college. His case manager heard of an insurance company that was seeking a bilingual agent. Eduardo got the job and continued in college to study for his broker's license. He also enrolled in the Community Action Agency's asset-building program to save for his own home.

➵ **Nevada's Community Services Agency Head Start** joined with the University of **California (Los Angeles) Johnson & Johnson Health Care Literacy Training Program** to develop a three-year education course that helps parents learn to manage their children's health care needs well. Staff training is provided along with the curriculum. The course will become a resource for Head Start programs around the country.

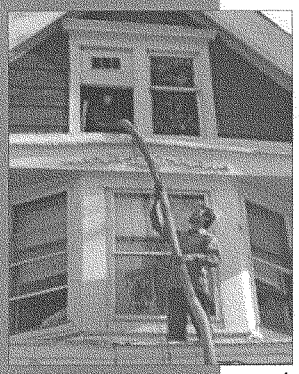
➵ The **Frederick (Maryland) Community Services Agency** has pioneered MEDBANK, which helps low- to moderate-income people secure long-term medications they need but can't afford. MEDBANK links pharmaceutical companies' patient assistance programs with patients who need the companies' drugs. By combining MEDBANK with the RxBridge web-enabled database developed by the agency, one case manager can serve 500 to 600 clients in a given year. Pharmaceutical companies ship 90-day supplies of the drugs to doctors' offices for patients to pick up. A retired married couple with (between them) diabetes, gastric esophageal reflux disease, hypertension, stroke, and pulmonary disease are able to take the medications (otherwise $1,600 per month) that help them remain independent thanks to this program.

A Wisconsin JumpStart participant gets the keys to a new-to-her, gently used car. JumpStart's low-cost cars for low-income participants have helped them improve both jobs and housing.

➵ **JumpStart**, a program of **West Central Community Action Agency in Glenwood City, Wisconsin**, recog-

nizes the fact that for many families, a working car is as vital as a working phone. This program has helped hundreds of low-income families purchase good quality, reliable, fuel-efficient cars for work and for life. JumpStart provides a $1,500 down payment, but participants must meet payments on a modest car loan. JumpStart also requires participants to pay into a Program Participation Fund that offers grants for participants who find their cars need major repairs. Better than three out of five clients changed jobs because of this program, and all of them said their new jobs were better ones. Half the participants moved to other housing, with three out of four of that group reporting improved rental housing and one in five moving from rental to ownership.

➻ Too many low-income families don't know about or are uncomfortable with the application process for the Earned Income Tax Credit (EITC) (available on federal tax returns and some state tax returns). Hundreds of **Community Action Agencies in nearly every state** have gone beyond simply providing information. They recruit and train volunteer income tax assistants, who help these families file returns that claim all the appropriate deductions and credits. **Akron (Ohio) Summit Community Action** facilitates an EITC coalition that in one year helped file nearly 900 returns, resulting in $1.2 million in refunds to families. In **California, the Community Action Partnership of San Bernardino** not only provides free electronic tax filing and resources for help in retroactive filing for prior years' returns, but offers a $2 for $1 match for those who invest their refunds in savings plans. **Connecticut's** various volunteer income tax assistance programs generated returns for more than 2,900 individuals and families in 2006 with a total of $2.6 million in refunds.



An older home in Wisconsin gets upgraded insulation blown in, with lower heating and cooling bills just ahead for the low-income homeowner, thanks to a Community Action weatherization crew.

➻ Asset building is not about structures — it is about how to secure and increase resources over and above daily necessities that enable lower income individuals and families to achieve their potentials and fulfill their dreams of economic self-sufficiency and security. The **Lincoln (Nebraska) Action Program's Entrepreneur Development Account** helps people learn how to plan, start, operate, and expand viable businesses. Individual Development Accounts match personal savings with equal or greater cash for savings and provides financial literacy education and financial counseling. **Shawnee Development Council in Karnak, Illinois**, celebrated an Individual Development Account success when Valerie, a single mother of three surviving children, went from unemployment to a full-time job and Individual Development Account savings that paid almost a year's worth of college tuition and fees for her eldest son.

➻ Community Action Agencies and Partnerships **across the nation** are key distribution links for state- and federally funded heating assistance, helping hundreds of thousands of households meet gas, oil, or electric heat bills they could not oth-

erwise afford. These heating assistance programs are complemented by the longer-term weatherization projects that help reduce heating and cooling costs.

- Food banks have become a staple of Community Action Agencies, but new ideas keep the programs fresh. **Andy's Garden in Salt Lake City, Utah**, donates 10,000 pounds a year of fresh vegetables to the city's low-income families. **The Joint Council for Economic Opportunity of Clinton and Franklin Counties** in **New York** provides a $20 basket of discounted edibles monthly that is available to all comers. In **Kern County (Bakersfield), California, Bright House Networks**, a cable company, pledged $40,000 worth of support to the Partnership's food bank, including $4,000 cash and a year of public service ads promoting the program and seeking public support.

- The **Utah Community Action Partnership Association** realized that nowhere were all the state data on poverty collected in one place. The *2007 Data Book on Poverty in Utah*, created by the Association, meets that need, using official data sources to present a coherent picture of asset poverty, energy, food, nutrition, health, homelessness, housing, and public assistance. Data are presented in several ways — across time, compared with national data, and county by county.

- In **New Mexico**, state funds helped the Community Action Association provide organizational development and leadership training to the state's Community Action Agencies. In addition to the foundational training, an annual management seminar helps the agencies to focus on self-assessment, improvement plans, and action steps for change.

President Lyndon B. Johnson signs the Economic Opportunity Act of 1964 into law.

APPENDIX

STEERING COMMITTEE
NATIONAL CONVERSATION ON POVERTY & ECONOMIC SECURITY

- James Norman, Steering Committee Chair, National Conversation on Poverty and Economic Security; President and CEO, Action for a Better Community, Inc., Rochester, New York, and Member, Community Action Partnership Board
- Tim Donnellan, Chair, Community Action Partnership and President and CEO, Community Action Partnership of the Greater Dayton Area, Ohio
- Kip Bowmar, Executive Director, Kentucky Association for Community Action
- Lois Carson, Executive Director, Community Action Partnership of Riverside County, California
- Jeannie Chaffin, Community Services Block Grant Program Manager, Missouri Department of Social Services and Member, National Association for State Community Services Programs (NASCSP)
- Leonard Dawson, Executive Director, Coastal Georgia Area Community Action Authority, Inc. and Member, Community Action Program Legal Services (CAPLAW)
- Tunde Eboda, Program Manager, District of Columbia Department of Human Resources, and Member, National Association for State Community Services Programs (NASCSP)
- Connie Greer, Community Services Block Grant Director, Minnesota Office of Economic Opportunity and immediate past President, National Association for State Community Services Programs (NASCSP)
- Dana Jones, CEO, United Planning Organization, Washington, DC
- Edith Karsky, Executive Director, Connecticut Association for Community Action
- Peter Kilde, Executive Director, West Central Wisconsin Community Action Agency, Inc.
- Barry Lamont, Chair, National Community Action Foundation (NCAF)
- Anita Lichtblau, Executive Director and General Counsel, Community Action Program Legal Services (CAPLAW), Boston, MA
- Ona Porter, Executive Director, Community Action New Mexico
- Meg Power, Senior Advisor, National Community Action Foundation (NCAF)
- Pat Steiger, Member, National Community Action Foundation (NCAF) Board of Directors
- Mary Ann Vandemark, Executive Director, Human Development Commission, Caro, Michigan
- John Wilson, Executive Director, Community Action Association of Pennsylvania

Four National Organizations Empowering Community Action Agencies

The following four national organizations provide support and services that enable the Community Action Network to root out poverty more effectively. These independent organizations also collaborate on various advocacy and policy issues affecting low-income Americans.

The ***Community Action Partnership*** is the nonprofit, national membership organization representing the interests of the 1,000 Community Action Agencies (CAAs) across the country that annually help 13 million low-income Americans achieve economic security. Whether it's a Head Start program, weatherization, job training, housing, or financial education, CAAs work to make America a better place to live. In order to help CAAs meet the ever-changing needs of their communities, the Partnership publishes a quarterly magazine, provides training and technical assistance opportunities, and sponsors national certification and capacity-building programs.

Website: www.communityactionpartnership.com | Phone: 202-265-7546

The ***National Community Action Foundation*** is the nonprofit Washington, DC-based advocate for the Community Action Network. NCAF formulates and promotes federal legislative and program initiatives to strengthen the Community Action Network's ability to serve low-income families and works with Members of Congress and the executive branches of federal and state governments to maintain funding and support for CAA programs and initiatives. The organization conducts research on legislative and policy proposals affecting the poor and supplies information to federal and other public officials on CAA programs.

Website: www.ncaf.org | Phone: 202-842-2092

CAPLAW, a nonprofit membership organization, provides legal resources that help to sustain and strengthen the Community Action Network. Through its in-house legal staff and a network of private attorneys, CAPLAW provides legal consultation, training, and publications on a wide variety of legal and management topics. This assistance enables CAAs to operate more effective organizations and to promote the bona fide participation of low-income people in the planning and delivery of CAA programs and services. CAPLAW's work enhances CAAs' ability to provide the nation's poor with opportunities to improve their quality of life and achieve their full potential.

Website: www.caplaw.org | Phone: 617-357-6915

The ***National Association for State Community Services Programs*** (NASCSP) is a nonprofit membership organization for state officials who administer community services programs against poverty. NASCSP's vision encompasses the empowerment of low-income families to reach self-sufficiency in its broadest context, through helping states fully use their resources to implement an extensive array of services to these families, including weatherization, energy assistance, child care, nutrition, employment, state energy programs, job training, and housing. NASCSP also provides training and technical assistance to states and local agencies in the areas of data collection and Results-Oriented Management and Accountability (ROMA) implementation.

Website: www.nascsp.org | Phone: 202-624-5866

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- Management and Coordination: Donald W. Mathis, President and CEO, Community Action Partnership
- Principal Writer: Jean F. O'Neil, Aries Consulting
- Layout and Design: Dini Stewart, Community Action Partnership

Photo Credits

Our thanks for these evocative photos go to the following local agencies (and to many others for the photos they provided, many of which will enrich later reports.

Page	Credit
1	*Community Services Block Grant Report FY 2005*, National Association for State Community Services Programs
3	Taken in San Diego, CA, August 2007, by staff member of Crowley's Ridge Development Council, Jonesboro, Arkansas
5	Mohawk Valley Community Action Agency, Rome, New York
6	Lima/Allen Council on Community Affairs, Lima, Ohio
8	Community Action Partnership of Ramsey and Washington Counties, St. Paul, Minnesota
9	Community Action of Minneapolis, St. Paul, Minnesota
10	Head Start, Washita Valley Community Action Council, Chickasa, Oklahoma
11	Crowley's Ridge Development Council, Jonesboro, Arkansas
12	Macon-Bibb County Equal Opportunity Program, Macon, Georgia
13	Photo by Christie, Oakland-Livingston Human Services Agency, Pontiac, Michigan (team from Howell United Methodist Church, Howell, MI)
14	Community Action Partnership of Sonoma County, California
15	Northeast South Dakota Community Action Program, Sisseton, South Dakota
17	Missouri Association for Community Action, Jefferson City, Missouri
19	(New House) Knoxville-Knox County Community Action Committee, Knoxville, Tennessee
19	(Bus Transportation) Orleans Community Action Committee, Albion, New York
21	Knoxville-Knox County Community Action Committee, Knoxville, Tennessee
22	Westmoreland Human Opportunities, Greensburg, Pennsylvania
23	Central Arkansas Development Council, Benton, Arkansas
24	Missouri Valley Community Action Agency, Marshall, Missouri
25	Central Illinois Economic Development Corporation, Lincoln, Illinois
26	Social Development Commission, Milwaukee, WI
27	West Central Community Action Agency, Glenwood City, Wisconsin
28	Social Development Commission, Milwaukee, WI
29	Lyndon Baines Johnson Presidential Library, Austin, Texas

Duluth's Blueprint to End Poverty

Invest in education and skill development & improve access to quality employment opportunities.

- Promote and provide a living wage to Duluth workers through a wide variety of employment opportunities in the areas that offer benefits and childcare.
- Put systems in place so that all community members can obtain the necessary skills to get and keep the jobs they want.
- Offer access to and support for programs that help families build up savings or put money on reserve for future investments.
- Develop a wide variety of affordable educational opportunities available to meet the community's diverse needs.

Develop affordable, efficient transportation options.

- Develop a well-coordinated public transportation system which offers a wide variety of bus route options and extended service hours on selected routes to meet employment options.
- Promote the value of public transportation for all community members regardless of physical ability or limitations.
- Create and enhance programs that support access to personal vehicles (car purchase and repair initiative) and non-motorized transportation options.

Increase access to affordable housing & create healthy neighborhoods.

- Create more options for homeownership; expand affordable rental options and housing assistance.
- Increase the housing stock through tax and policy incentive so that everyone has access to safe, decent, affordable housing.
- Promote community-building programs and landlord/tenant agreements that create and maintain safe, clean neighborhoods that value all citizens.

Provide opportunities for all

- Ensure that Duluthians have the opportunity to be healthy, care for family members, invest in their future and have access to needed support services.
- Increase the availability and quality of childcare and dependent care. Invest in and improve healthcare systems.
- Streamline systems so that accessing supportive resources is convenient and easy.
- Ensure that the organized criminal justice system embrace diversity in its employment and support opportunities for ex-offenders to succeed.

ADOPTED JANUARY 2007 FOR MORE INFORMATION: WWW.COMMUNITYACTIONDULUTH.ORG

What people are saying about *Rooting Out Poverty…*

Helping people. Changing lives. That is truly what Community Action represents. And the notion that you help people to raise themselves up to empower themselves — you don't just talk, you act. *Rooting Out Poverty* offers realistic strategies and recommendations that promote economic security for all Americans.

Juan Williams, author, **Eyes on the Prize** *and* **Enough;**
commentator, National Public Radio and FOX News

I worked in the vineyards of Community Action Agencies in their infancy, and through the years I have seen the amazing things that these groups can achieve. I have also seen the disastrous effects of the nexus of poverty, crime, and hopelessness throughout my career. It's time to take that next step to root out poverty. The Community Action Network is right — America should listen and act.

John A. Calhoun, President, Hope Matters, Inc.
Founding President/CEO, National Crime Prevention Council

Rooting Out Poverty builds on the best traditions of progressive thought and practical action. Based on half a century of increasing knowledge and understanding about how to ban poverty from our midst, the Partnership's thoughtful prescriptions can give every American a second chance to live in dignity. As always, we need the wisdom, and especially the will, to act on what is right for America.

Samuel Halperin, Ph.D. former president, Institute for Educational Leadership and American Youth Policy Forum

The Community Action Partnership's campaign to root out poverty builds on the central wisdom of the Community Action model: only if people have the chance to participate in decisions that shape their lives can we build an economy that works for everyone. We hope to join with and learn from Community Action Agencies in this forward-looking campaign to eradicate poverty.

Deborah Weinstein, Executive Director, Coalition on Human Needs

Helping People. Changing Lives.
community Action
PARTNERSHIP
AMERICA'S POVERTY FIGHTING NETWORK

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