

SACIM Discussion on the Role of Anti-Poverty Approaches in Infant Mortality

Arden Handler, DrPH

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SACIM 2013 Strategy 4

- **4. Reduce racial/ethnic and income disparities, influence social determinants, and increase health equity through investments in higher risk communities and programs to reduce poverty. The causes of disparities must be specifically tackled. Poverty and other social determinants of health are strongly associated with infant mortality. SACIM recommends programs and policies to increase health equity, shift social determinants, and reduce poverty among families in their childbearing years.**

SACIM 2013 Strategy 4A

- **4.A. Support and transform the federal Healthy Start program and maximize its potential to deliver patient-centered services in community-based approach, to increase system integration, and to eliminate disparities and increase health equity that can reduce infant mortality.**

SACIM 2013 Strategy 4B

- **4.B. Use federal interagency collaboration to turn the curve on social determinants of health at the community level by concentrating investments from multiple programs such as Healthy Start, community health centers, home visiting, housing (healthy homes), education and job training, child care/Head Start, transportation, and other federal resources in place-based initiatives.**

SACIM 2013 Strategy 4C

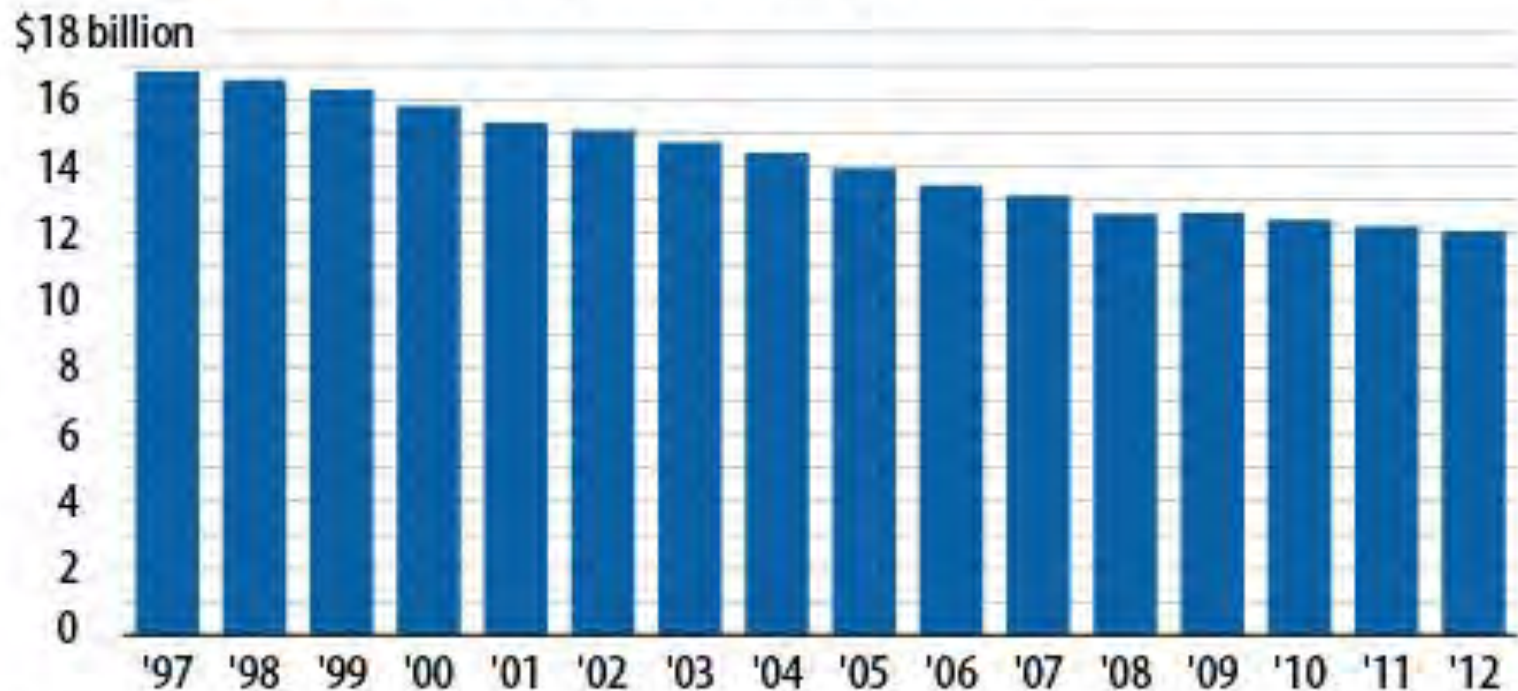
- **4.C. Address and alleviate poverty, which has a known impact on infant mortality, through enhanced use of income supports through TANF, EITC, and other policies.**

What is our Anti-Poverty Policy in the US?

- **The nation has no coordinated anti-poverty strategy.**
- **Major program to address poverty is TANF Block Grant (replacement for AFDC)**
- **TANF is not effective/sufficient to provide a safety net or lift families out of poverty**

TANF Block Grant never Adjusted for Inflation

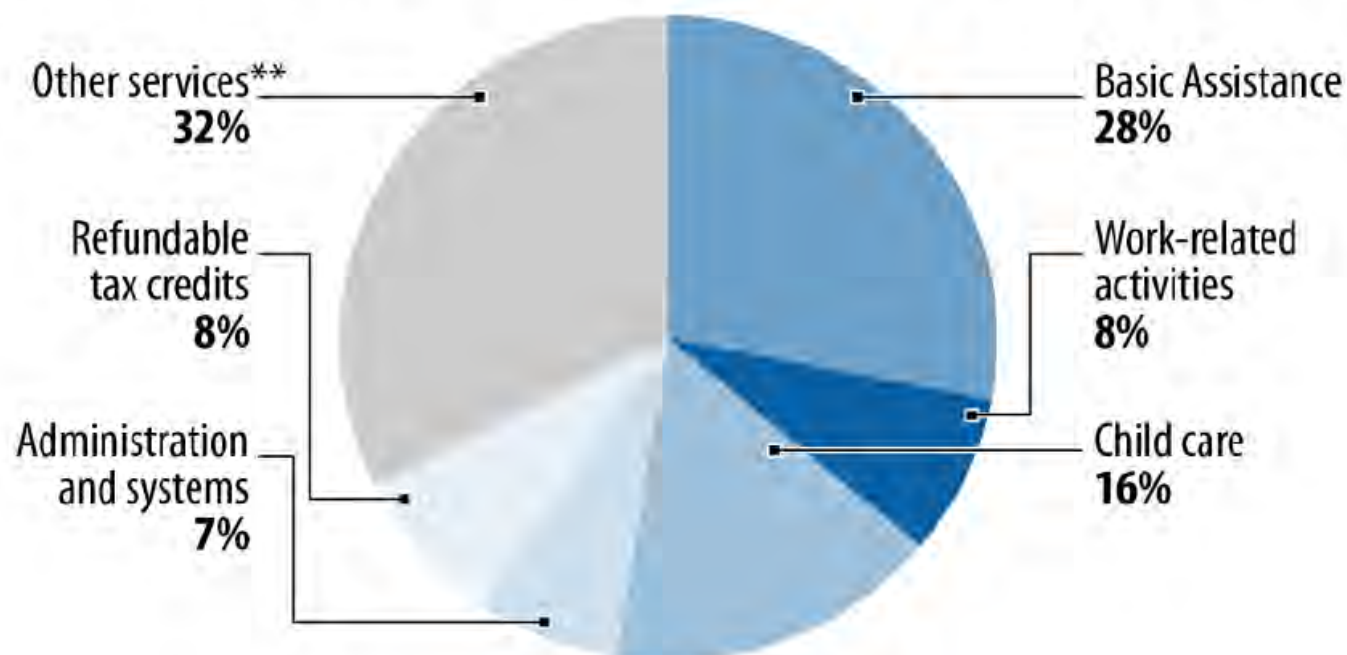
Real Federal TANF Funding Has Steadily Declined



Source: CBPP analysis of TANF spending data. These figures are in 1997 dollars adjusted for inflation and include both the basic TANF block grant and supplemental grants to 17 states.

How TANF Dollars Are Spent

States Spend Just 8 Percent of TANF* for Work Related Activities



*Temporary Assistance for Needy Families

**Non-recurrent short-term benefits, funds transferred to the Social Services Block Grant (SSBG), activities to prevent pregnancy and encourage the formation and maintenance of two-parent families, activities authorized prior to TANF and other nonassistance.

Source: CBPP analysis of Fiscal Year 2013 TANF Financial Data from HHS

Spending on Basic Cash Assistance Has Declined Dramatically

Federal and State TANF Spending on Basic Cash Assistance Has Declined Dramatically

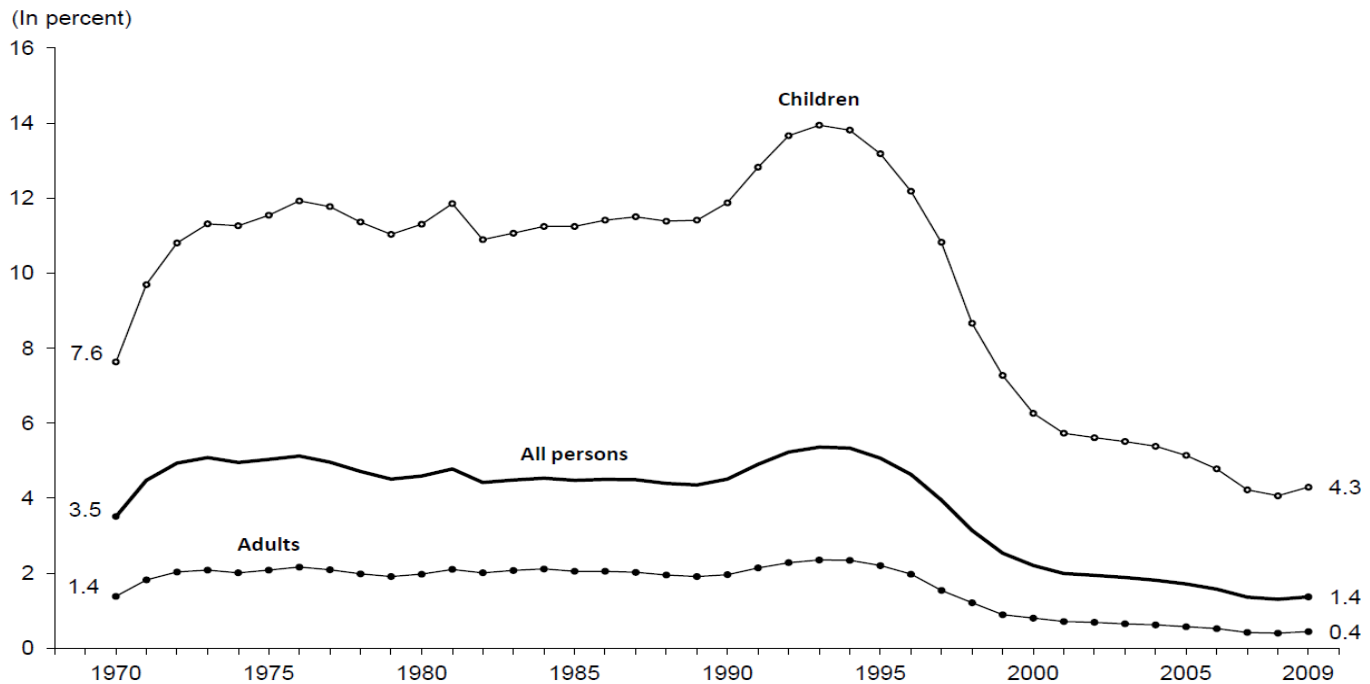


Spending data adjusted for inflation.

Source: CBPP analysis of federal and state "maintenance of effort" spending data as reported by the Administration for Children and Families

Percentage of Total Population Receiving AFDC/TANF

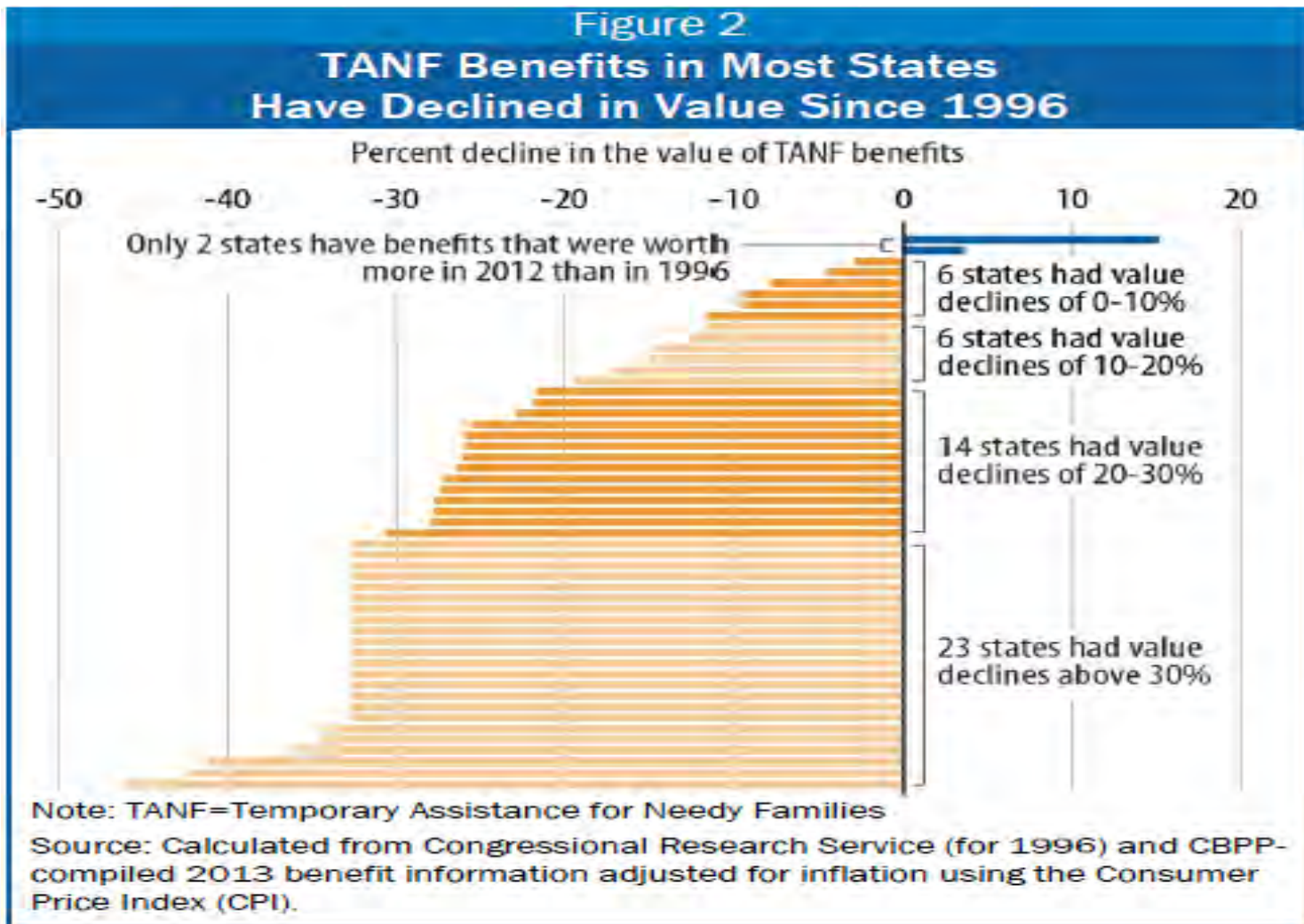
Figure IND 3a. Percentage of the Total Population Receiving AFDC/TANF: 1970-2009



Note: See Appendix A, Tables TANF 2, TANF 12 and TANF 14, for more detailed data on reciprocity rates, including reciprocity rates by calendar year. Recipients are expressed as the fiscal year average of monthly caseloads from administrative data, excluding recipients in the territories. Tribal TANF recipients also are excluded. Child recipients include a small number of dependents ages 18 and older who are students. The average number of adult and child recipients in 1998 and 1999 are estimated using data from the National Emergency TANF Data Files and thereafter using the National TANF Data Files. Beginning in 2000, the data include both TANF and SSP (Separate State Program) recipients who have comprised as much as 11 percent of total recipients.

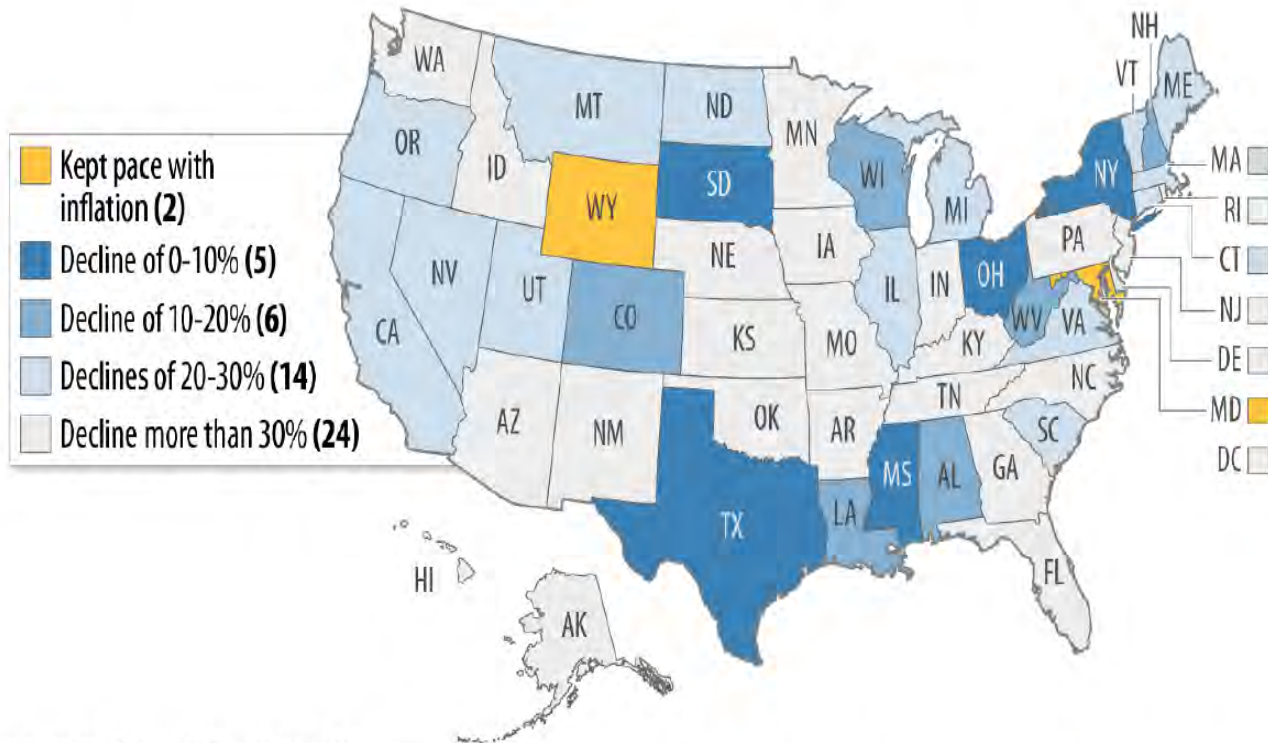
Source: U.S. Department of Health and Human Services, Administration for Children and Families, Office of Family Assistance. Population denominators for the percents in each category are from the U.S. Census Bureau (available online at <http://www.census.gov>).

The Value of TANF Benefits Has Declined



The Value of TANF Benefits Has Declined

TANF* Benefits in Most States Have Declined in Value Since 1996

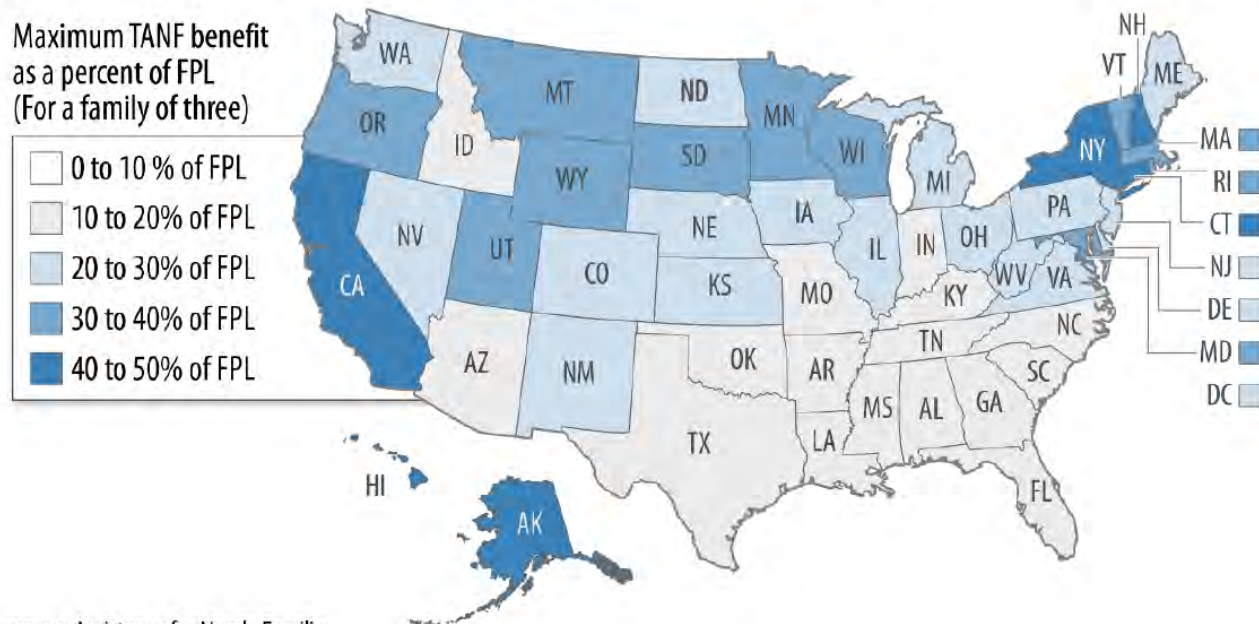


*Temporary Assistance for Needy Families

Source: Calculated from Congressional Research Service (for 1996) and CBPP-compiled for 2014 benefit information adjusted for inflation using the Consumer Price Index (CPI).

TANF Benefits are at or Below Half the Poverty Line in All States

Maximum TANF* Benefits Leave Families Well Below the Federal Poverty Level (FPL)



*Temporary Assistance for Needy Families

Note: Hawaii and Alaska FPLs are higher than the other 48 states.

Source: Calculated from 2014 HHS Poverty Guidelines and CBPP-compiled data on July 2014 benefit levels.

TANF is not an Anti-Poverty Program

TANF* Lifts Many Fewer Children out of Deep Poverty** Than AFDC Did

TANF (2010)

Lifted 24% of children who otherwise would have been in deep poverty



AFDC*** (1995)

Lifted 62% of children who otherwise would have been in deep poverty



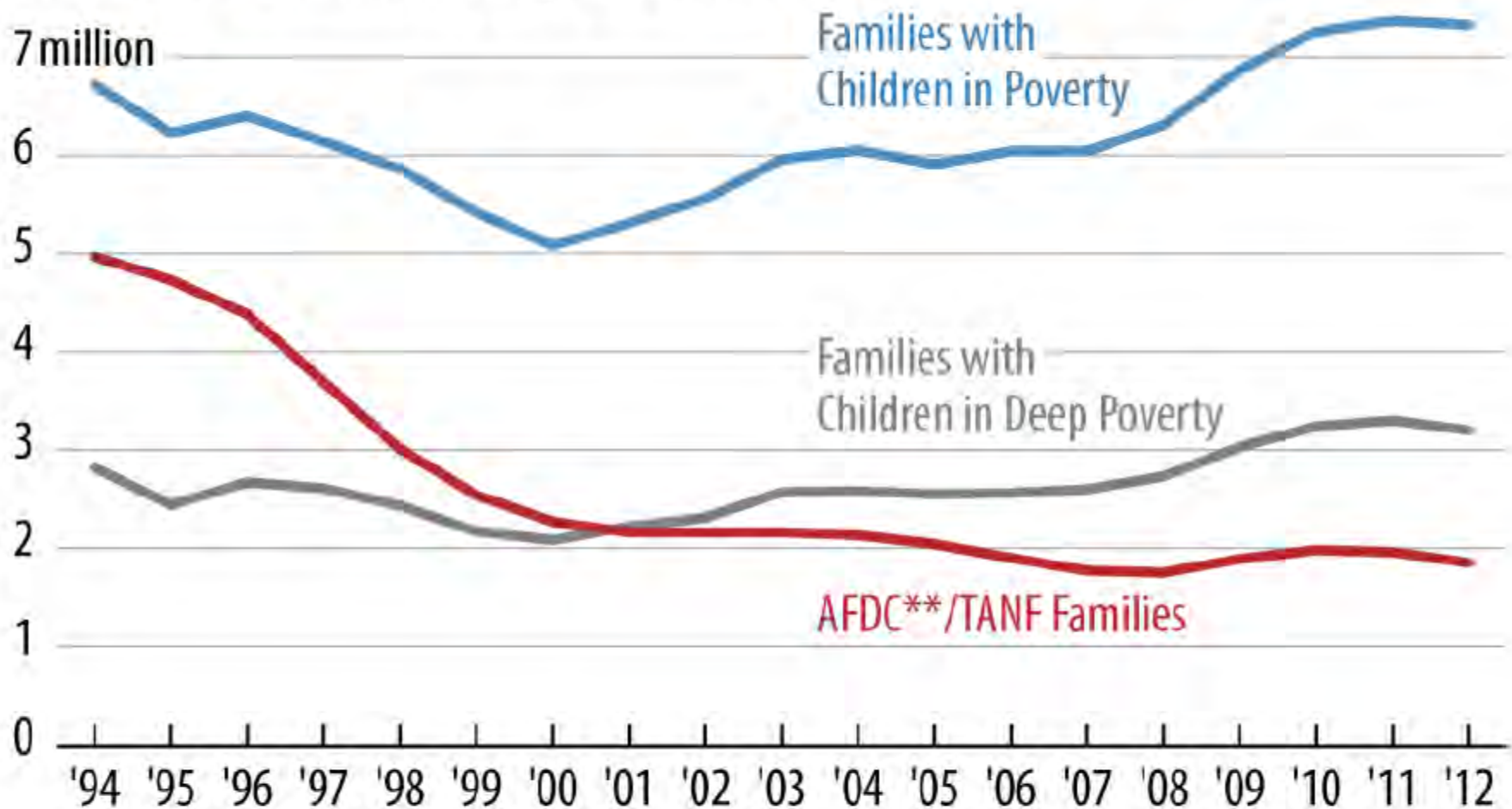
*Temporary Assistance for Needy Families

**Deep poverty = income less than 50 percent of the federal poverty line

***Aid to Families with Dependent Children

Source: CBPP analysis of Current Population Survey, additional data from HHS TRIM model.

TANF* Families Have Declined Dramatically, Including in Years When Poverty Has Increased



*Temporary Assistance for Needy Families

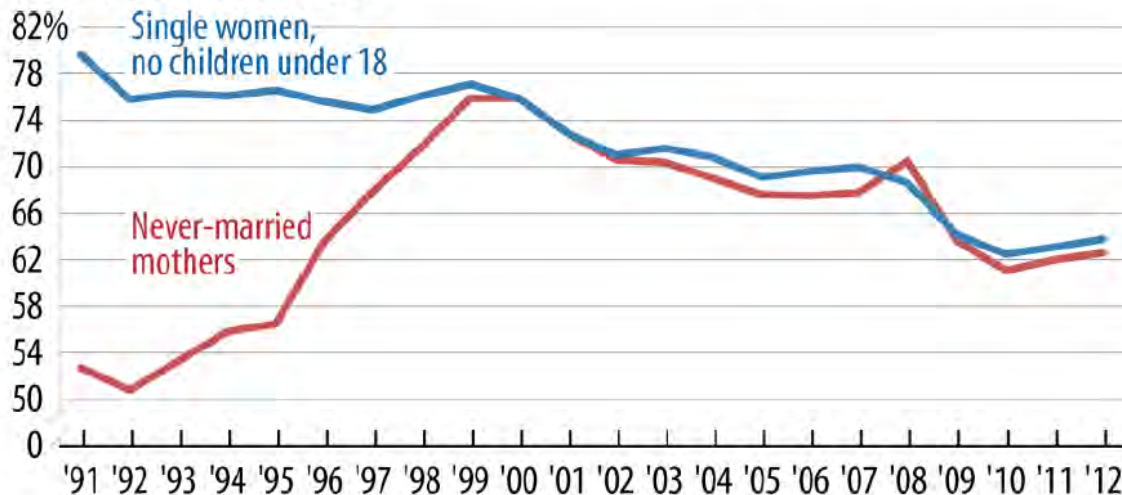
**Aid to Families with Dependent Children

Source: CBPP analysis of poverty data from the Current Population Survey and AFDC/TANF caseload data from Health and Human Services and (since 2006) caseload data collected by CBPP from state agencies.

Initial Improvements in Employment of Single Women have Disappeared

Never-Married Mothers' Work Rates Jumped in 1990s but Have Fallen Since

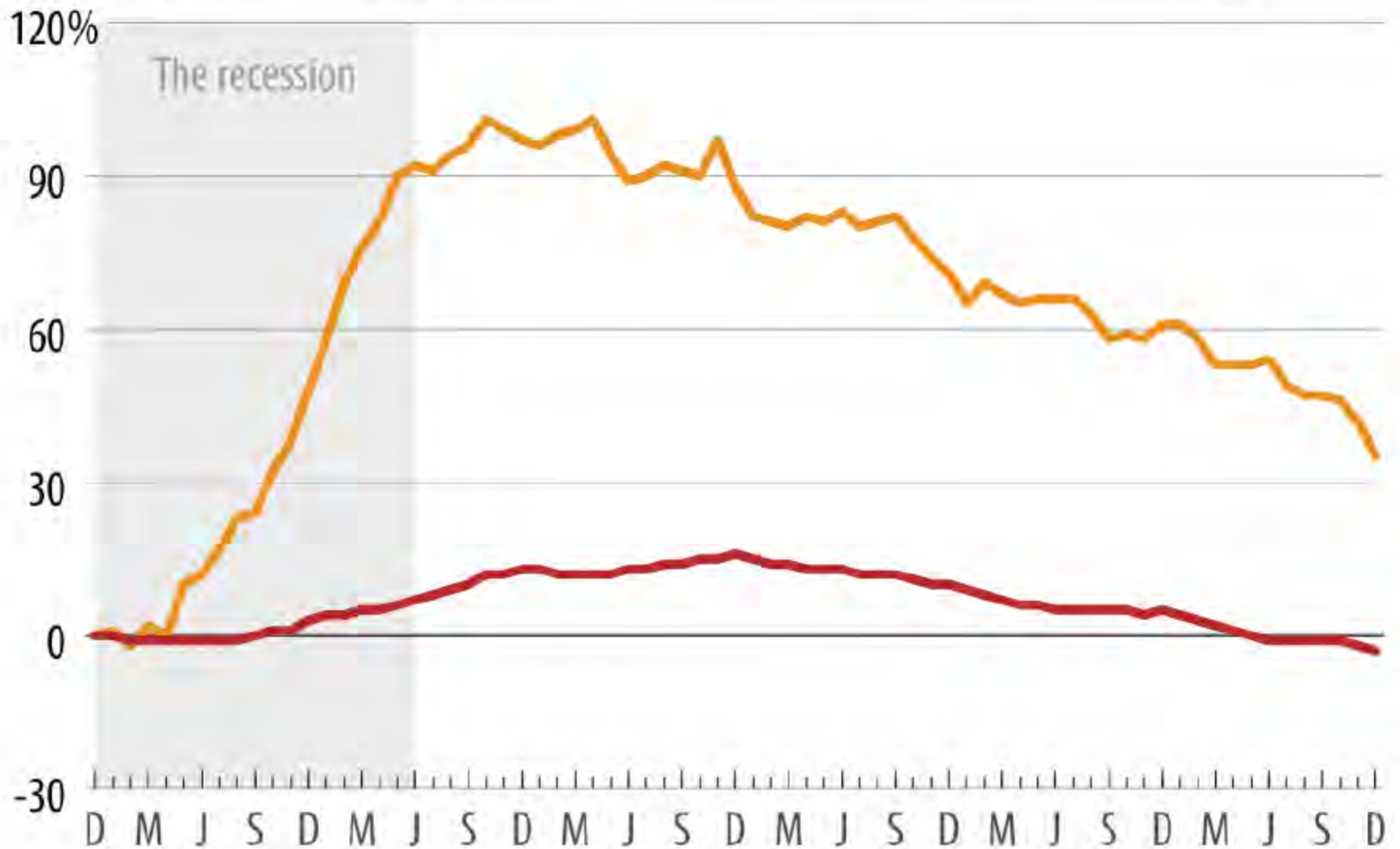
Percent of women between the ages of 20 and 49 with a high school education or less with any work during the year



Source: CBPP analysis of Current Population Survey.

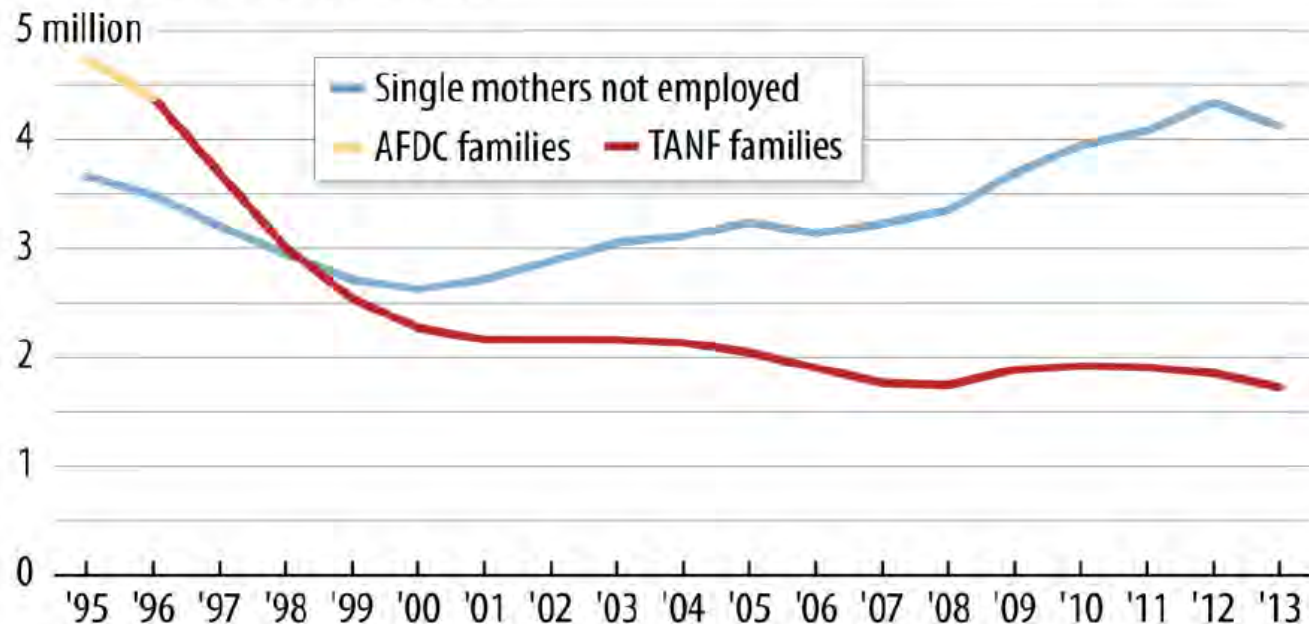
TANF* Responded Only Modestly to Recession

— Change in national number of unemployed persons — Change in national TANF families



TANF Did not Serve as a Buffer for Single Mothers in times of High Unemployment

TANF* Less Responsive Than AFDC** to Changes in Joblessness Among Single Mothers



*Temporary Assistance for Needy Families

**Aid to Families with Dependent Children

Source: CBPP analysis of March CPS data (for employment) and program data from HHS and states (for cases). Employment data for 1988 and 2001 use the latest available sample. AFDC/TANF cases include separate state programs and state-only programs, and exclude work supplement programs that generally provide only small and occasional payments.

Table 1. NATIONAL TANF MISERY INDEX 1996 - 2012

	A.	B.	C.
	Percent of Poor Families With Children <i>Not</i> Receiving TANF	Percent Gap Between TANF Benefit and Poverty Line	Misery Index (A+B)
1996	28	65	93
1997	36	66	102
1998	46	66	112
1999	51	66	117
2000	53	68	121
2001	57	69	126
2002	59	69	128
2003	62	69	131
2004	63	70	133
2005	64	70	134
2006	67	71	138
2007	70	72	142
2008	72	71	143
2009	72	72	144
2010	73	72	145
2011	73	72	145
2012	74	73	147

Reauthorization of PRWORA/TANF

- **PRWORA/TANF was reauthorized with the Deficit Reduction Act of 2005 signed on Feb. 8, 2006 by President Bush (should have been reauthorized in 2002 and again in 2010)**
 - **Currently continued but not reauthorized**
 - **Summer 2012, DHHS granted waivers to allow states to experiment with how they implement TANF, particularly related to work requirements**
 - **Some states are considering making TANF and unemployment benefits contingent on drug testing (not withstanding legal scrutiny)**

TANF Reauthorization

- **If and when TANF is finally reauthorized without a change in Congress, goals of anti-poverty advocates not likely to be realized:**
 - **Alleviating poverty and preventing material hardship among children and families with TANF as just one element of anti-poverty strategy**
 - **Making TANF a more effective safety net**
 - **Creating effective pathways to economic opportunity**
 - **Helping parents work and gain employment skills**
- **(CLASP, TANF Policy Brief, January 6, 2010)**

What are Alternative Approaches to Lifting Families out of Poverty?

General Approaches to Lifting Poor Families Out of Poverty

- ***Means tested programs:*** aim is to assist those who are already poor - requires full disclosure of all income and assets (e.g., AFDC/TANF)
- ***Income tested programs:*** eligibility is declared for all below a certain income, assets are ignored and verification is allowed through salary statements, tax returns or other simple methods (e.g., Children's Savings Accounts)

General Approaches to Lifting Poor Families Out of Poverty

- ***Social Insurance strategies:*** prevents poverty by replacing income lost through unemployment, disability, retirement or death of a breadwinner (e.g., Social Security, unemployment insurance)
 - For families with a strong previous connection to the workplace
- ***Direct provision of income:*** prevents poverty by guaranteeing individuals the right to income (e.g., minimum wage, tax credits, tax deductions, negative income tax)

Specific Policy Options for Moving Families out of Poverty in the 21st Century

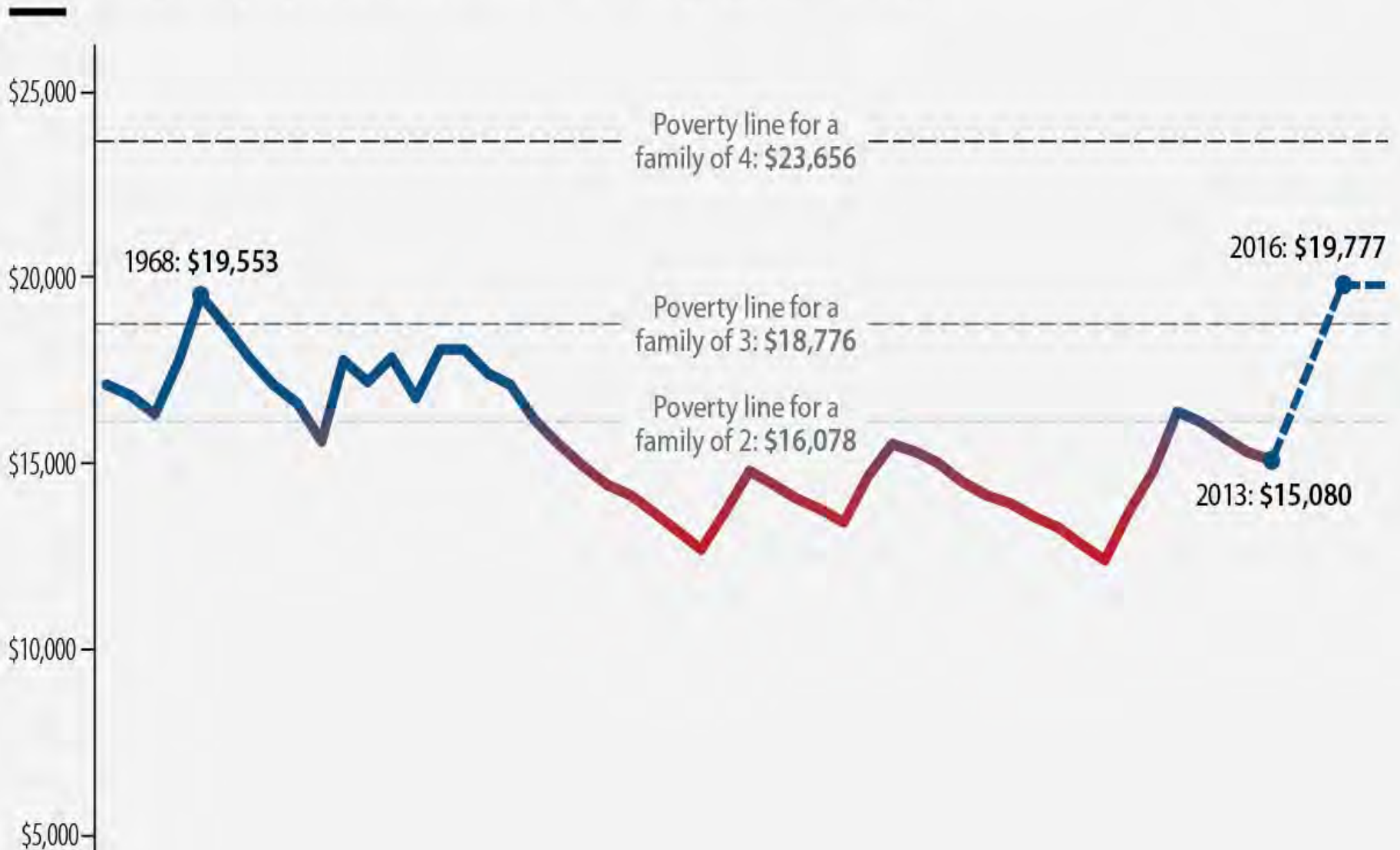
Moving Beyond TANF

Federal Minimum Wage

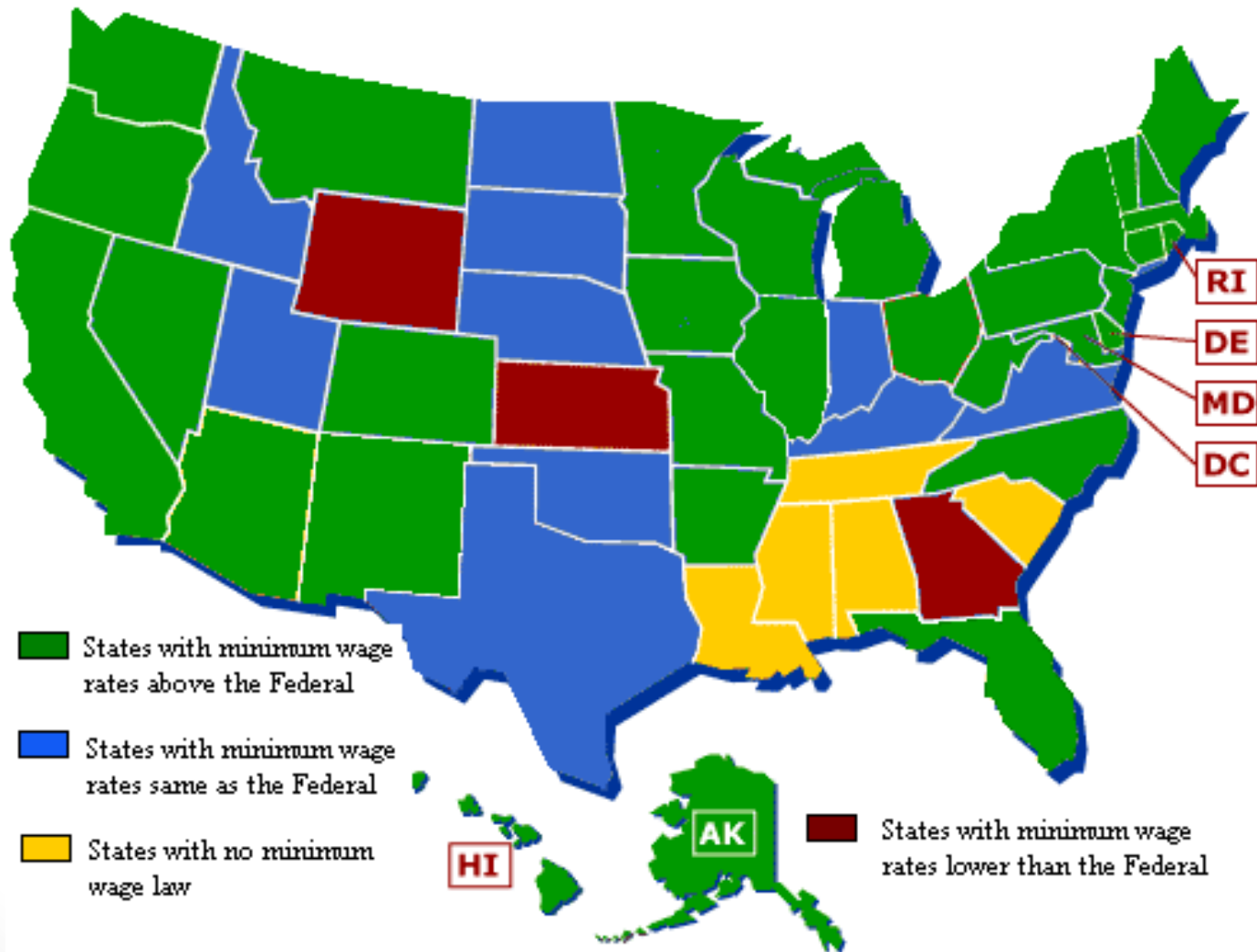
- **The Fair Minimum Wage Act of 2007 was passed to gradually raise the federal minimum wage from \$5.85 per hour to \$7.25 per hour**
- **July 24, 2007 - \$5.85 per hour**
- **July 24, 2008 - \$6.55 per hour**
- **July 24, 2009 - \$7.25 per hour (same in 2012)**
- **Overtime pay at a rate not less than one and one-half times the regular rate of pay is required after 40 hours of work in a workweek**

The Minimum Wage Is Not Enough For Workers To Get Out of Poverty

Annual minimum-wage earnings and poverty line for families of two to four, 1964-2018 (projected) and proposed federal minimum wage (2013 dollars)



Minimum Wage in States 2011



Minimum Wage in the States

- 38 states introduced minimum wage bills during the 2014 session; 34 states considered increases to the state minimum wage.
- Connecticut, Delaware, Hawaii, Maryland, Massachusetts, Michigan, Minnesota, Rhode Island, Vermont, West Virginia and D.C. have enacted increases during the 2014 session.
- As of Aug. 1, 2014, 23 states and D.C. have minimum wages above the federal minimum wage.
- 18 states, Guam, and the Virgin Islands have minimum wages the same as the federal minimum wage of \$7.25.
- 3 states, American Samoa, and Puerto Rico have minimum wages below the federal minimum wage (the federal minimum thus applies).
- 1 state, New Hampshire, repealed their state minimum wage in 2011, but left the reference to the federal minimum wage.
- 5 states have not established a state minimum wage.

Living Wage

- **Definition – Minimum hourly wage necessary for a person to achieve some specific standard of living**
- **Differs from minimum wage:**
 - **Minimum wage is set by law**
 - **Minimum wage may fail to meet the requirements of a living wage**
- **The State of Maryland implemented the first statewide living wage law for state contractors**



WE WON'T WAIT



Rich corporations are exploiting our families & our communities with poverty wages.

On April 15, join the largest low-wage worker mobilization in modern history.

Fight 4/15

APRIL 15th at 4PM

The University of Illinois at Chicago

Earned Income Tax Credit

- EITC is an income support policy established in 1975: expanded in 1986, 1990, 1993, 2001-
designed to encourage and reward work
- Credit is aimed at working poor families:
 - Incomes approx. \$36,000 to \$50,300 depending on marital status and number of dependent children
- Very low-income working single persons are also eligible:
 - Incomes approx. \$13,900 for single and \$19,200 for couples

Earned Income Tax Credit

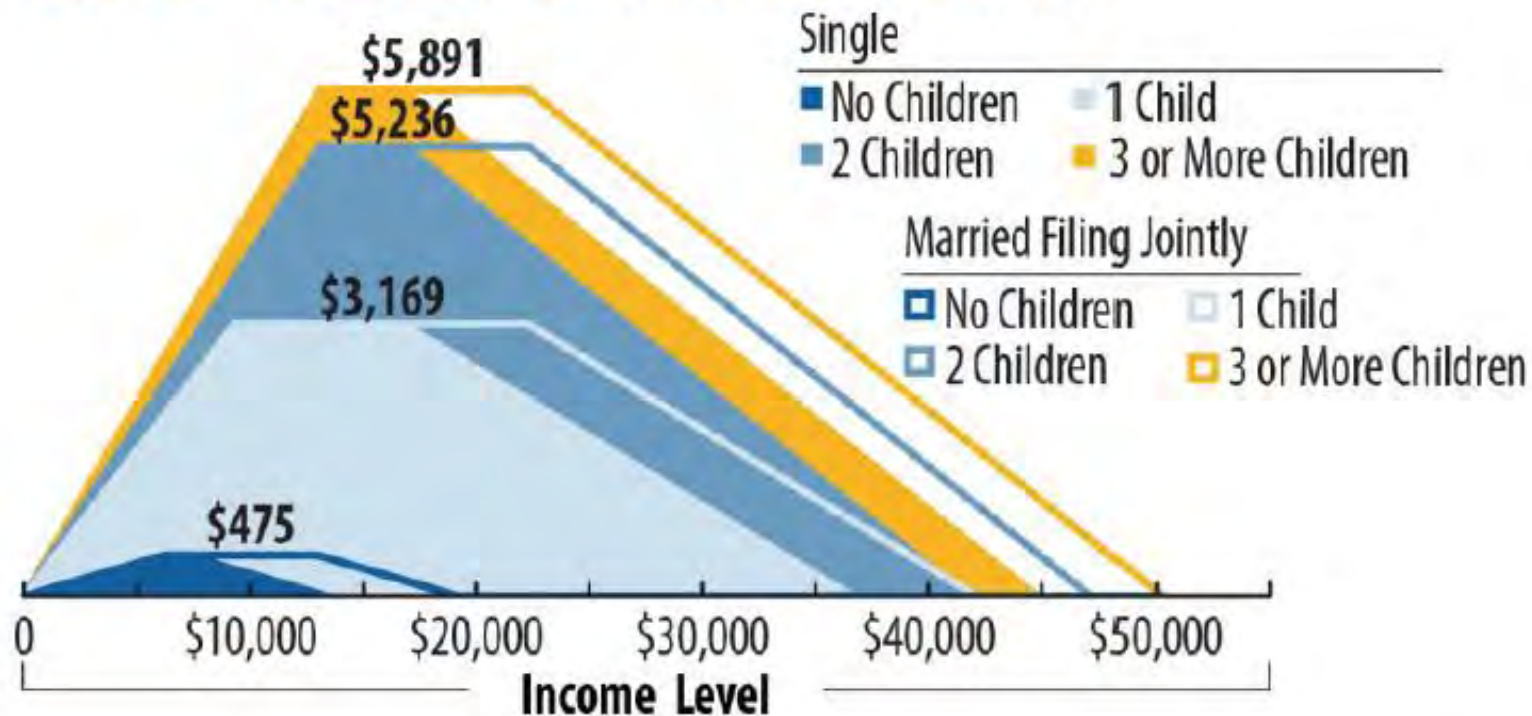
- The amount of EITC benefit that an eligible family receives depends on family income; grows up to a “cap” with each dollar earned.
- The federal EITC has been *refundable* since its inception in 1975
 - workers whose tax credit exceeds their tax liability receive the full amount of their credit through a refund check
- A *non-refundable* credit limits the amount of the credit to a family’s income tax liability;
 - If there is no liability, there is no credit and if the credit exceeds the liability, the family only gets the amount equivalent to its liability

Earned Income Tax Credit

- **The federal EITC lifts more individuals out of poverty than other program.**
 - In 2010, approx. 27 million working families and individuals received the EITC
 - In 2011, the EITC lifted about 6.1 million people out of poverty including about 3.1 million children
- **Has historically enjoyed bi-partisan support: rewards work and personal responsibility**

Value of EITC 2012

Value of Federal Earned Income Tax Credit, 2012



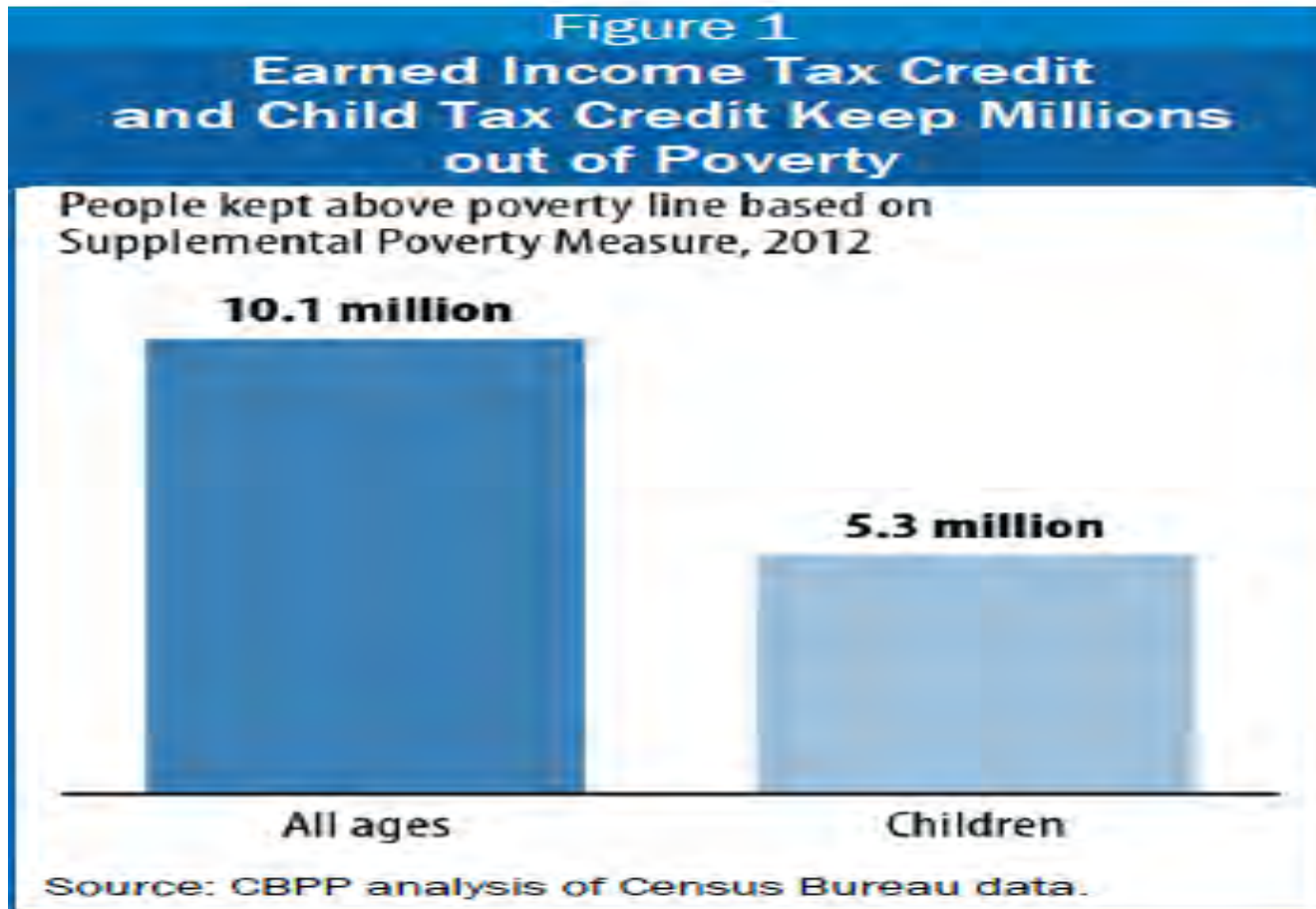
Child Tax Credit (CTC)

- **The CTC is a federal tax credit available to taxpayers who have at least one qualifying child; very poor families are not eligible**
- **Originally set at \$400 per child in 1998 and has since increased to \$1000 per child (can claim up to three children)**
- **The amount at which phase-out begins varies depending on your filing status:**
 - **Married, Filing Jointly: \$110,000**
 - **Married, Filing Separately: \$55,000**
 - **All others: \$75,000**

Child Tax Credit

- **Child Tax Credit is refundable** -- if the value of the CTC exceeds the amt. of federal income tax owed by the family, they may receive part or all of the difference as a refund check
- **Families can receive both Earned Income Tax Credit (EITC) and Child Tax Credit**
- **However, very low-income families (earnings of less than \$3000) are excluded (have to have tax liability) and the CTC is not adjusted for inflation**

EITC and CTC Lift Millions out of Poverty



Threats and Opportunities to EITC and Child Tax Credit

- If Congress does not act, certain provisions of EITC will expire (Chye-Ching Huang)
- Obama-Ryan Proposal to extend EITC to childless workers ages 21-35 to allow maximum to go to \$500
- State Expansions of EITC

Social Security is Not Just Income Support for the Elderly

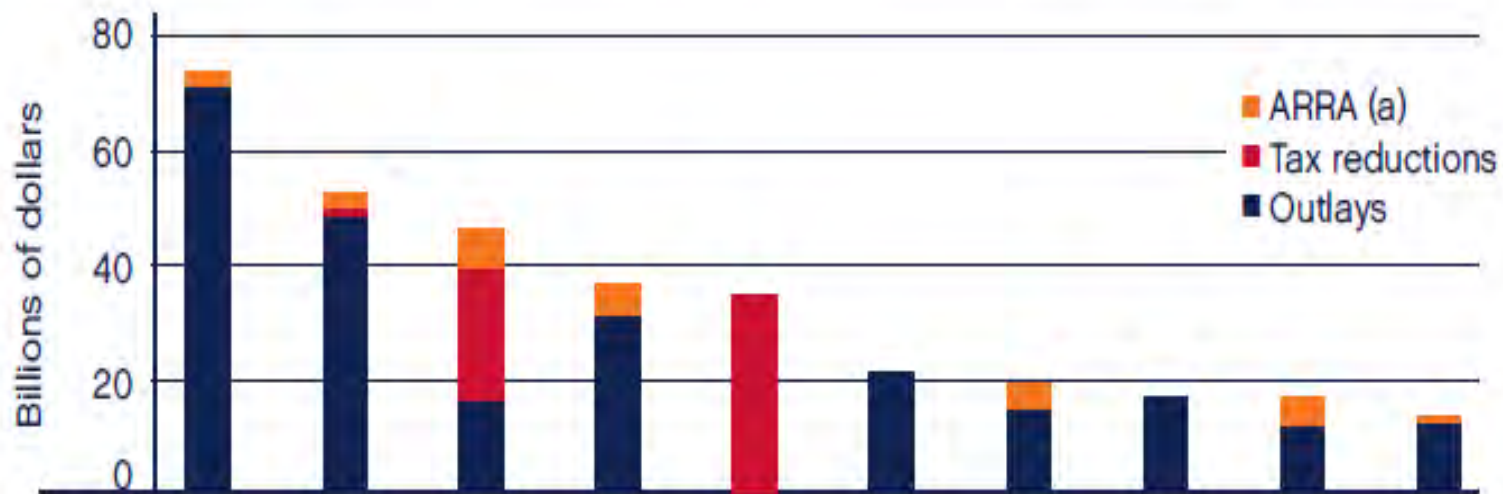
- **More children receive benefits from Social Security (survivors) than TANF:**
 - **when a worker dies, certain family members may be eligible for survivors benefits based on whether s/he has sufficient credits earned at the time of death**

Children Benefit Directly from Social Security

- In 2011, about 6 million children under 18 (8% of all children) lived in families that received Social Security
 - Over 3 million received their own benefits as dependents of retired, disabled or diseased workers
 - Others lived with parents or relatives who received Social Security benefits
- 1.1 million children lifted out of poverty by Social Security in 2011
 - (CBPP, 11/6/12)

Social Security Spending for Children Larger than Child Nutrition and TANF

Figure 3 The Ten Largest Spending and Tax Programs by Expenditures on Children in Fiscal Year 2011



	Medicaid	EITC	Child tax credit	SNAP (food stamps)	Dep. exempt.	Social Security	Title I	Child nutrition	Special ed.	TANF
ARRA (a)	3.1	2.7	6.8	5.8			4.7		5.2	1.3
Tax Reductions		0.9	23.4		34.9					
Outlays	70.7	48.9	15.9	31.0		21.3	14.8	17.2	11.9	12.4

Source: The Urban Institute, 2012. Authors' estimates based on the Budget of the U.S. Government Fiscal Year 2013 and unpublished tabulations from the Congressional Budget Office.

Some Newer Policy Options for Eliminating Poverty

- Historically, the liberal welfare state has provided numerous asset building opportunities to the non-poor but has penalized the poor for saving (e.g., denied eligibility for cash assistance if assets exceed the \$1000 asset limit).

Some Newer Policy Options for Eliminating Poverty

- **Asset building approaches:** individual development accounts (IDAs)—savings account supplemented with matching funds from public and private sources
 - A small provision in federal welfare reform legislation allowed states to use part of their block grant money to fund IDA's, **dedicated matched savings accounts** similar to IRA's. IDA's can be used for:
 - Home Ownership
 - Education
 - Vocational training
 - Self-employment

Some Newer Policy Options for Eliminating Poverty

- IDA's:
 - Managed by community organizations and accounts are held at local financial institutions
 - Contributions are matched using both public and private sources
 - All participants receive ongoing economic literacy training

IDA Initiatives

- **It is estimated that over 1100 IDA initiatives exist in communities across US**
- **Over 80,000 families have been served**
- **Some form of IDA legislation has been passed in 35 states, as well as in Washington, D.C. and Puerto Rico; 30 states have included IDAs in their state Temporary Assistance for Needy Families (TANF) plans**
- **Legislation supporting IDA programs nationwide was passed at the federal level in the Assets for Independence Act (AFIA) of 1998**

How IDAs Work

- **After signing up for the IDA, each participant opens a savings acct with the partnering bank/credit union.**
 - IDA accountholders receive regular statements detailing how much they have saved and the amount of match they have earned.
 - An IDA program can be as short as six months or as long as several years.
- **IDA participants are allowed to withdraw money as soon as they have reached their savings goal, but they must first get approval from their IDA program sponsor.**
- **Some participants choose to use their funds toward one large savings goal, such as buying a home; others make withdrawals for smaller, related goals, such as a computer, textbooks, and college tuition.**

Some Newer Policy Options for Eliminating Poverty

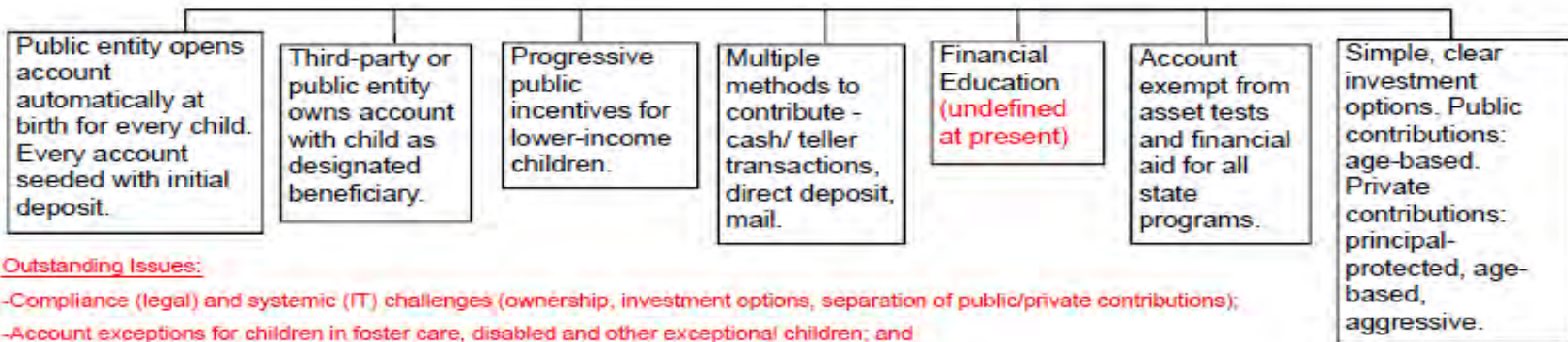
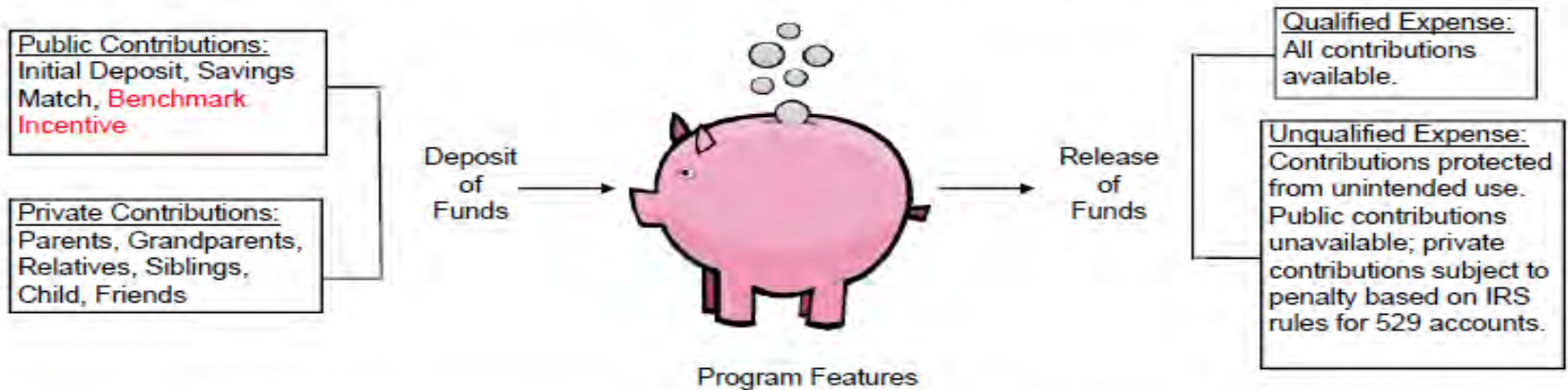
- Children's Savings Accounts
- Children's Allowances:
European Approach

Children's Savings Accounts/Children's Development Accounts

- **Opened at birth with an initial deposit and structured so that lower income families receive greater incentives to build savings (based on adult asset accounts model)**
- **In some cases, public and private matching funds are deposited into accounts**
- **Illinois had a Children's Savings Account Task Force in 2010**
- **Many states have some version of CSA or proposal for CSA**

Children's Savings Accounts- Illinois Draft Plan- Summer 2010

Illinois Children's Savings Account Program: State of Illinois-administered 529 Plan for Postsecondary Education and Training



Outstanding Issues:

- Compliance (legal) and systemic (IT) challenges (ownership, investment options, separation of public/private contributions);
- Account exceptions for children in foster care, disabled and other exceptional children; and
- Revenue source.

Children's Allowances

- **Children's Allowances Go Beyond IDA's and Children's Saving Accounts:**
 - Cash grants from the government to families with children
 - Idea originated in France in 1870 as part of family allowances
 - All industrialized countries (except the U.S) have some version of a children's allowance

Children's Allowances

- **Typically, benefits are awarded through weekly or monthly checks or annual tax credits**
- **Eligibility is usually for all children in the family through compulsory school age**
- **Benefits usually tax free and universal but are counted as income for most social programs**
- **Most countries with children's allowances do not use tax deductions for children**
- **Usually financed by general revenue funds**

(Moyer et al. The effects of replacing income tax deductions for children with children's allowances: a microsimulation. *Journal of Family Issues*. 1991; 12:467-491).

Children's Allowances

- **Amount varies by country:**
 - **British program provides a set amount for each child (higher benefits for oldest child)**
 - **Canadian program provides a set amount for the first two children, plus an additional amount for the third and each additional child**

Anti-Poverty Recommendations of SACIM 2013

- **We recommend that the Secretary of DHHS:**
 - **document and report on the TANF's effectiveness as a safety net for poor children in each state. (CBPP)**
 - **require states to spend a specific portion of their TANF block grant funds directly supporting families in need with either cash assistance or subsidized employment. (CPPB)**
 - **study the impact of current policies on the population of women with young children who have reached their time limits and now fall into the category of “no welfare, no work”.**

Anti-Poverty Recommendations of SACIM 2013

- To move the nation toward greater support for poor families in their childbearing years, we recommend that the Secretary work with the US Department of Labor and the IRS:
 - to expand the Earned Income Tax Credit (EITC) to families who do not work (and have demonstrated they are unable to work or cannot find work)
 - to work with states who do not have an EITC or a refundable EITC to implement a state level refundable EITC such that each state has adopted an EITC by 2016
 - to allow poor families with no tax liability to receive the Child Tax Credit.
 - to support state demonstration projects for Children's Savings Accounts.
 - to develop a commission to explore the development of a national Children's Allowance program which would be provided to all children but taxed for those with incomes above \$75,000 per year.

Anti Poverty Recommendations of SACIM 2015

- **Can we “mount programs equal to the dimensions of the problem”?**
- **Universal Approaches?**

Anti Poverty Recommendations of SACIM 2015

- **Reiterate /Build on 2012 Recommendations**
- **Can we provide toolkits to state health departments/Title V Programs related to income and anti-poverty approaches?**
- **Jobs/Living Wage for Babies Campaign**
- **Anti Poverty Bundles- can we ask the DHHS to package all of the various income supports for women, children, and families to maximize their effectiveness?**