

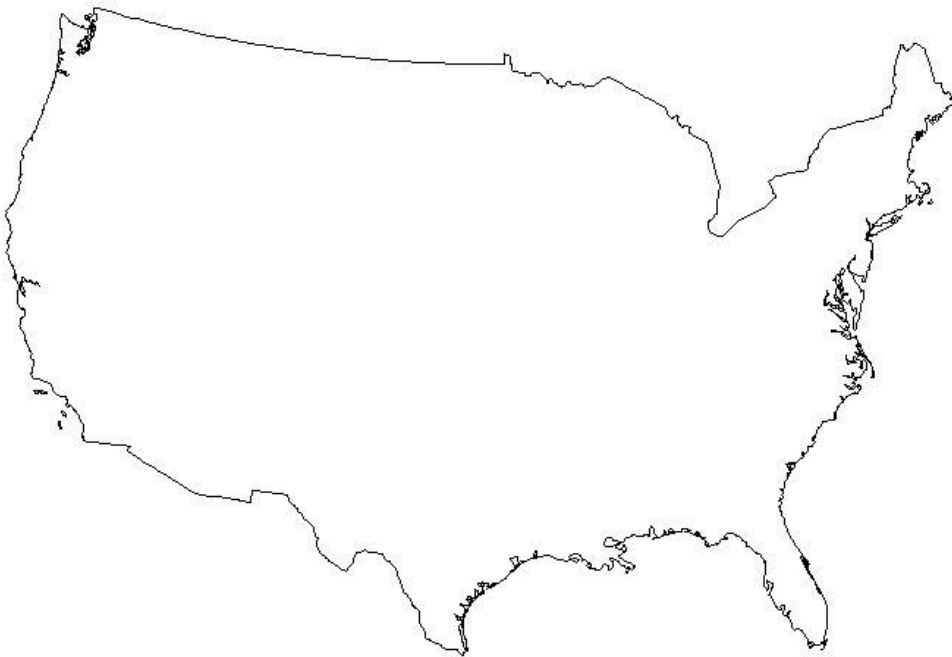
2013

# U.S. Poverty Campaigns Legislative Handbook

RESULTS and RESULTS Educational Fund

International Conference

July 20-23, 2013



**RESULTS**  
the power to end poverty

## CONTENTS

<b>2013 RESULTS Primary Campaign: Protecting the Supplemental Nutrition Assistance Program .....</b>	<b>3</b>
Hunger in America .....	4
The Supplemental Nutrition Assistance Program .....	5
<b>CURRENT THREATS TO SNAP .....</b>	<b>7</b>
SNAP: Objections and Responses .....	9
<b>2013 RESULTS Primary campaign: Using Tax Policy to Break the Cycle of Poverty .....</b>	<b>11</b>
Tax Credits for Working Families – the Earned Income Tax credit and Child Tax Credit .....	11
EITC and CTC Objections and Responses .....	14
The Wealth Gap & Fighting Poverty by Building Assets.....	16
Asset-Building and Family Financial Security Credit: Objections and Responses .....	19
<b>2013 RESULTS Secondary Campaign: Making Smart Investments in the Early Years .....</b>	<b>20</b>
Head Start and Early Head Start .....	21
The Child Care Development Block Grant (CCDBG) .....	21
Early Childhood Development: Objections and Responses .....	24
<b>Appendix 1. ....</b>	<b>27</b>
Food Insecurity in the United States. State by State Level Data. ....	27

## 2013 RESULTS PRIMARY CAMPAIGN: PROTECTING THE SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM

Sometimes it is hard to believe that in the richest country on earth there are still people going hungry. But, sadly many Americans experience hunger. According to the United States Department of Agriculture (USDA), in 2011 there were almost 18 million households that didn't have access to enough food to sustain a healthy life.<sup>1</sup> That's a shocking 50.1 million people.<sup>2</sup>

Food is the fuel that allows people to live and function. Without adequate nourishment, it becomes harder to hold jobs, learn, and participate in society. Hunger leads to poor health, which if you do not have health insurance, only exacerbates the conditions of poverty. Fortunately, four decades ago, the United States made a commitment to no longer tolerate extreme hunger in America and thus, the Food Stamp Program — now called the [Supplemental Nutrition Assistance Program](#) (SNAP) — was born. This innovative program provides individuals and families living in poverty with access to food. Although SNAP provides a modest benefit of about \$4.50 per day per person,<sup>3</sup> this was enough to lift 4.7 million people above the poverty line in 2011.<sup>4</sup> Unfortunately, even these modest benefits are under attack by elected officials in Washington.

Every five to six years, Congress passes what is called the "Farm Bill," a comprehensive piece of legislation that sets overall U.S. agricultural policy. Reauthorization of SNAP is part of the Farm Bill. Currently, SNAP is the largest portion of the Farm Bill, amounting to about 80 percent of Farm Bill spending.<sup>5</sup> The 2008 Farm Bill included new funding for SNAP, which helped raise benefit levels, by indexing asset limits, raising the monthly minimum, and streamline program eligibility.<sup>6</sup> Then in 2009 as part of the American Recovery and Reinvestment Act (ARRA), SNAP benefits were temporarily raised to help families during the recession and also to stimulate the economy.<sup>7</sup> Unfortunately, SNAP is not likely to receive new investments in a new Farm Bill; on the contrary, the program may very well see significant cuts.

RESULTS is fighting against these cuts by showing how SNAP is both a moral and efficient investment in American families.

---

### WHAT'S AT STAKE THIS YEAR

- The U.S. Senate has already passed a new Farm Bill, which reauthorizes SNAP and includes \$4.1 billion in cuts to SNAP. This cut would reduce SNAP benefits for 450,000 households.<sup>8</sup>
- The U.S. House proposed a new Farm Bill, which cut \$20.5 billion from SNAP. This would have forced nearly 2 million people off SNAP.<sup>9</sup> This bill was defeated in the House on June 20, 2013.
- A new Farm Bill, which reauthorizes SNAP, must be reauthorized (or extended) by Congress before September 30, 2013, otherwise agricultural policy reverts back to 1949 law.
- SNAP benefits are already scheduled to decrease in November 2013 as the 2009 ARRA boost expires. It is estimated that a family of 3 will see a monthly decrease of \$20-25.<sup>10</sup> This will affect all households that receive SNAP.

---

<sup>1</sup> United States Department of Agriculture. 2011. <http://www.ers.usda.gov/media/884525/err141.pdf>

<sup>2</sup> United States Department of Agriculture. 2011. <http://www.ers.usda.gov/media/884525/err141.pdf>

<sup>3</sup> USDA, 2012. [http://www.fns.usda.gov/pd/18SNAPavg\\$PP.htm](http://www.fns.usda.gov/pd/18SNAPavg$PP.htm)

<sup>4</sup> Center on Budget and Policy Priorities, 2013. <http://www.cbpp.org/cms/?fa=view&id=3744>

<sup>5</sup> Congressional Research Service, 2012. <http://www.nationalaglawcenter.org/assets/crs/RS22131.pdf>

<sup>6</sup> Food Research and Action Center, 2010. <http://frac.org/leg-act-center/legislative-successes/2008-farm-bill-nutrition-title/>

<sup>7</sup> CBPP, 2013. <http://www.cbpp.org/cms/?fa=view&id=3899>

<sup>8</sup> Bread for the World, 2013. <http://www.bread.org/media/releases/bread-for-the-world-urges-congress-to-vote-no-on-house-version-of-farm-bill-lauds-the-presidents-leadership.html>

<sup>9</sup> CBPP, 2013, <http://www.cbpp.org/cms/?fa=view&id=3965>

<sup>10</sup> CBPP, 2013. <http://www.cbpp.org/cms/index.cfm?fa=view&id=2226>

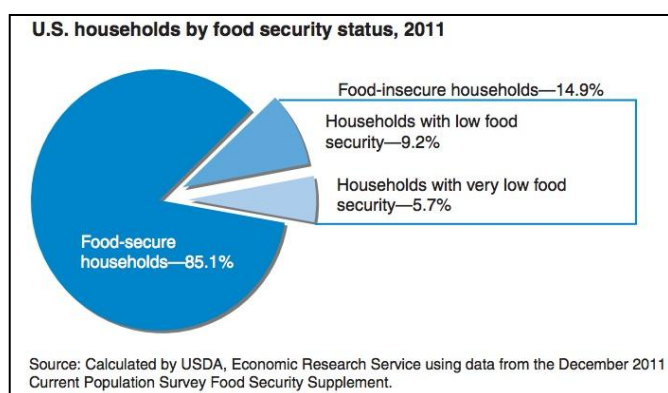
## WHY YOUR VOICE MATTERS, AND WHY IT MATTERS NOW

- Your senators and representatives are in the middle of negotiating a new Farm Bill which will set SNAP funding and policy for the next five years, impacting millions of low-income families.
- Many members of Congress and their staffs are uninformed about the positive impact of SNAP in their districts and among their constituents.
- Legislators need to know their constituents' positions on these issues and that their constituents care enough to take action on these issues.

## HUNGER IN AMERICA

According to the USDA, in 2011 14.9 percent (17.9 million) of U.S. households were **food insecure** at least some time during that year, with 5.7 percent of these households experiencing very-low food security.<sup>11</sup> Tragically, **16.7 million children** in America lived in food insecure households in 2011.<sup>12</sup>

Because of the vague nature of the word “hunger,” the USDA has migrated towards using the term “food insecure,” which means:<sup>13</sup>



**Food Security:** access to enough food for an active, healthy life by all people at all times. This is one requirement for a healthy, well-nourished population.

**Low Food Security** (or “food insecure”): household reports multiple food *access* problems, but few food *intake* problems.

**Very Low Food Security:** food intake of one or more household members was reduced and their eating patterns were disrupted at times during the year because the household lacked money and other resources for food.

Hunger varies across the country, with the highest rates of both poverty and food insecurity concentrated in the South.<sup>14</sup> See a full list of food insecurity rates by state in the SNAP Appendix.

## CHILDREN AND HUNGER

Children are more susceptible to hunger and poverty than any other group in our country. They have no economic power and have little control about their living situations, yet they have extremely high rates of poverty and hunger.

- In 2011, 21.9 percent of children in the US lived in poverty.<sup>15</sup>
- The childhood food insecurity rate in 2011 was more than one in five: 22.4 percent.<sup>16</sup>

<sup>11</sup> USDA, 2011. <http://www.ers.usda.gov/media/884525/err141.pdf> LINK?

<sup>12</sup> USDA, 2011. <http://www.ers.usda.gov/media/884525/err141.pdf>

<sup>13</sup> USDA, 2011. <http://www.ers.usda.gov/media/884525/err141.pdf>

<sup>14</sup> Feeding America. <http://feedingamerica.org/hunger-in-america/hunger-facts/hunger-and-poverty-statistics.aspx>

<sup>15</sup> Census, 2012. <http://www.census.gov/hhes/www/poverty/data/incpovhith/2011/highlights.html>

<sup>16</sup> Feeding America, 2013. [http://feedingamerica.org/hunger-in-america/hunger-studies/map-the-meal-gap/~/\\_media/Files/a-map-2011/2011\\_mmg\\_exec\\_summary\\_final.ashx](http://feedingamerica.org/hunger-in-america/hunger-studies/map-the-meal-gap/~/_media/Files/a-map-2011/2011_mmg_exec_summary_final.ashx)

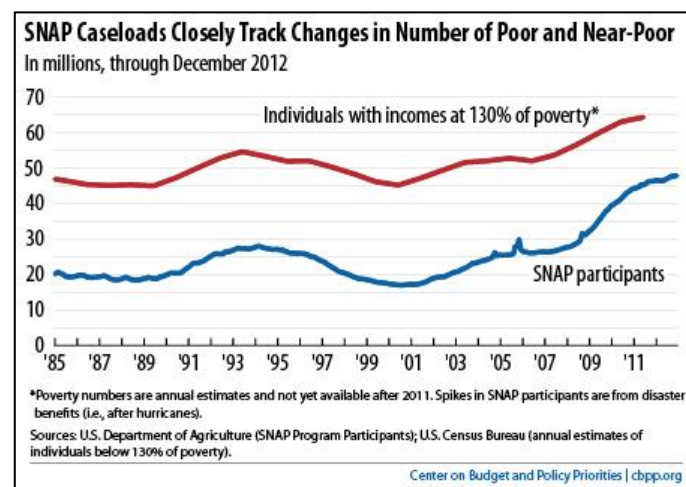
- Feeding America estimates that 14 million children are fed through their national network of food pantries.<sup>17</sup>
- In 2011, 47 percent of all SNAP households supported children.<sup>18</sup>
- Children face additional hunger during the summer time because they have less access to school meals.
- 31 million children received free or reduced lunch at their schools in 2011.<sup>19</sup>

## THE SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM

The Supplemental Nutrition Assistance Program (SNAP, formerly food stamps) is the nation's largest domestic food and nutrition assistance program. SNAP was created to provide financial assistance to low- and no-income families to help them purchase food. The program targets the most vulnerable people in society by providing food assistance for families who fall into economic hardships. The program also responds to changes in need by transitioning families off assistance as their financial situation stabilizes.

### SNAP STATISTICS

- In 2011 87 percent of SNAP participants lived in a household with a child, an elderly person, or a person with disabilities.<sup>20</sup>
- The average length of time a participant uses SNAP is 9 months.<sup>21</sup>
- Because SNAP participation closely follows unemployment, SNAP responded quickly and effectively to the economic hardships created by the Great Recession. The number of unemployed persons increased by 94 percent from 2007 to 2011; SNAP mirrored that growth with a 70 percent increase in participation over the same period.<sup>22</sup>
- As the economy slowly recovers and unemployment begins to fall, SNAP participation and costs will decline. The Congressional Budget Office predicts that SNAP spending will peak in FY 2013 and then begin to fall.<sup>23</sup>
- In March 2013, SNAP helped 47.7 million people put food on the table.<sup>24</sup>
- Despite its success, SNAP benefits are very modest, currently averaging around \$1.50 per meal per person. As a result, SNAP benefits don't last most participants the whole month. Ninety percent of SNAP benefits are redeemed by the third week of every month.<sup>25</sup>
- 58 percent of food bank clients receive SNAP and turn to food banks. These folks turn to food pantries for assistance at least 6 months out of the year because their SNAP benefits do not last



<sup>17</sup> Feeding America, 2010. <http://feedingamerica.org/hunger-in-america/hunger-facts/child-hunger-facts.aspx>

<sup>18</sup> USDA, 2011. <http://www.fns.usda.gov/ora/MENU/Published/snap/FILES/Participation/2011Characteristics.pdf>

<sup>19</sup> National School Lunch Program, 2012. <http://www.fns.usda.gov/cnd/Lunch/AboutLunch/NSLPFactSheet.pdf>

<sup>20</sup> CBPP, 2013. <http://www.cbpp.org/cms/?fa=view&id=3744>

<sup>21</sup> Bread for the World, 2012. <http://www.bread.org/ol/2012/domestic-nutrition/pdf/domestic-nutrition-q-and-a.pdf>

<sup>22</sup> Feeding America, 2013. [http://feedingamerica.org/how-we-fight-hunger/programs-and-services/public-assistance-programs/supplemental-nutrition-assistance-program/snap-myths-realities.aspx#\\_edn18](http://feedingamerica.org/how-we-fight-hunger/programs-and-services/public-assistance-programs/supplemental-nutrition-assistance-program/snap-myths-realities.aspx#_edn18)

<sup>23</sup> CBO, 2013. <http://www.cbo.gov/publication/44080>

<sup>24</sup> USDA, 2013. <http://www.fns.usda.gov/pd/34snapmonthly.htm>

<sup>25</sup> CBPP, 2013. <http://www.cbpp.org/cms/?fa=view&id=3744>

them throughout the month.<sup>26</sup>

- Only 55 percent of food insecure individuals are eligible for SNAP (based on income) and 29 percent are not income-eligible for any federal food assistance.<sup>27</sup>

### POSITIVE IMPACTS OF SNAP

- SNAP lifted **4.7 million people** above the poverty line in 2011.<sup>28</sup>
- A new comprehensive study by Iowa State University found that SNAP significantly reduces the prevalence of child food insecurity and decreases poor health.<sup>29</sup>
- The Economic Research Service in the USDA found that every \$1 of SNAP benefits leads to \$1.79 in economic activity. In other words, “every \$5 of SNAP benefit generates as much as \$9 of economic activity.”<sup>30</sup>
- According to the Center on Budget and Policy Priorities, almost 90 percent of SNAP benefits are spent on healthy items, such as fruits and vegetables, grains, meats, and dairy.<sup>31</sup>
- SNAP supports jobs. According to a study from the Center for American Progress, for every \$1 billion cut from SNAP, an estimated 13,718 jobs are eliminated.<sup>32</sup>

### CATEGORICAL ELIGIBILITY

SNAP recipients must meet certain financial eligibility requirements to receive SNAP benefits. A household’s gross income may not exceed 130 percent of the federal poverty line (\$30,615 for a family of four in 2013).<sup>33</sup> Considering the costs of housing, health care, and transportation, there are many families still struggling in poverty who are ineligible for SNAP because their incomes are just above this threshold. In addition, SNAP recipients may not have more than \$2,000 in assets (\$3,250 if elderly). Assets are defined as any sort of financial savings or funds, and in some states that even includes a car. The \$2,000 asset is not indexed to inflation (does not increase each year with inflation) and has not changed since 1986. Considering how important assets are for people at *all* income levels, this only serves as another needless barrier preventing low-income families from getting help.

Categorical Eligibility (“Cat El”) can help address this problem. Cat El was created in 1996 as part of welfare reform. Essentially, it gives states the option to loosen the SNAP eligibility requirements. It allows them to streamline and coordinate the eligibility requirements for SNAP and state programs funded through the

### **Karn’s SNAP and WIC Success from Decorah, IA!**

As a teenager I struggled. I made poor decisions and fought with addiction. At nineteen, I got pregnant and realized that I had to change my life. I worked with my local Department of Human Services office and got an apartment that had low-income rent assistance. I enrolled in the local community college through the Job Training Partnership Act program. While in college, I worked part time, received state aid (known as the Family Investment Program in Iowa at the time) utilized the WIC program & food stamps, and my child and I were on Medicaid. Because of these programs I was able to meet the basic needs of myself and my child and focus on improving our lives by getting a college education. After 2 years, I graduated with an associate’s degree and completed my paramedic class work, enabling me to go into the EMS field. As a result, I was able to get a job as a paramedic and no longer needed assistance from those programs. I spent the next 9 years working as a paramedic – giving back to my community by helping to save lives and deal with emergencies. During that time, my income continued to rise. I got married, bought a house, and had more children. I now work as an administrator for a public transit agency. I have a good, stable income and my husband and I continue to raise our children to be upstanding citizens that contribute to their community. My life is good. This is due to hard work on my part and government programs that were there when I needed them so that I could take the steps necessary to change my life.

Story from: <http://www.halfintn.org/stories/karns-story-about-snap-medicaid-and-wic/>

<sup>26</sup> Feeding America, 2013. <http://feedingamerica.org/how-we-fight-hunger/programs-and-services/public-assistance-programs/supplemental-nutrition-assistance-program/snap-myths-realities.aspx>

<sup>27</sup> Feeding America, 2011. <http://feedingamerica.org/mapthegap>

<sup>28</sup> CBPP, 2013. <http://www.cbpp.org/cms/?fa=view&id=3744>

<sup>29</sup> Iowa State University, 2011. [http://www2.econ.iastate.edu/faculty/kreider/webpage/papers/downloads/JASA\\_KPGJ\\_online.pdf](http://www2.econ.iastate.edu/faculty/kreider/webpage/papers/downloads/JASA_KPGJ_online.pdf)

<sup>30</sup> ERS, 2010. [http://www.ers.usda.gov/media/134245/err103\\_reportsummary\\_1.pdf](http://www.ers.usda.gov/media/134245/err103_reportsummary_1.pdf)

<sup>31</sup> CBPP, 2013. <http://www.cbpp.org/cms/index.cfm?fa=view&id=2226>

<sup>32</sup> CAP, 2012. <http://www.americanprogress.org/issues/poverty/report/2012/03/19/11314/the-economic-consequences-of-cutting-the-supplemental-nutrition-assistance-program/>

<sup>33</sup> FRAC, 2010. <http://frac.org/federal-foodnutrition-programs/snapfood-stamps/eligibility/>

Temporary Assistance for Needy Families (TANF, otherwise known as welfare). As a result, states can choose to raise the SNAP income eligibility level up to 200 percent of the federal poverty line (\$47,100 for a family of four). It also allows states to raise or eliminate the asset test, thus allowing families to not compromise long-term financial stability just to put food on the table. Essentially, Cat EI allows working families who are still struggling to make ends meet to get help through SNAP. Currently 40 states have taken advantage of Cat EI to help more people participate in SNAP.

## HEAT AND EAT PROGRAMS

“Heat and Eat” Programs are designed to tackle the issue that too often families face in having to choose between paying the utility bill and putting food on the table.<sup>34</sup> The programs connect SNAP to the Low-Income Household Energy Assistance Program (LIHEAP). LIHEAP is a federally-funded block grant to states to assist low-income households pay their heating and utilities. Because the amount of SNAP benefits a household receives is in part determined by how much it pays in utilities, states can deduct a standard utility allowance (the average household utility costs for that geographical area) from the household income (otherwise, persons would have to regularly bring in the utility bills for review). The lower the household income, the higher the SNAP allotment.

Persons receiving LIHEAP qualify for this utility allowance. Therefore, states are able to help families increase their SNAP allotment by giving them even a nominal LIHEAP benefit (as low as \$1). Currently 15 states and the District of Columbia participate in this program. Make no mistake, households that participate in Heat and Eat are low-income households and must still qualify for SNAP. These programs predominantly helps seniors and those with disabilities, who pay a high proportion of their income on shelter costs.<sup>35</sup> These programs merely help them avoid choosing between heat OR eat and instead be able to heat AND eat.

## CURRENT THREATS TO SNAP

### ARRA BOOST EXPIRATION

In 2009, Congress passed a temporary increase to SNAP as part of the *American Recovery and Reinvestment Act* (ARRA). ARRA was passed to help the economy recover from the Great Recession. The SNAP boost was intended to help families who were struggling during the recession as well as provide a much needed economic stimulus to the economy. Economists consider an increase in SNAP benefits as one of the most effective economic stimuli, generating \$1.79 in economic activity for every \$1 spent.

This ARRA “boost” was designed to be temporary. After two years, it would begin to gradually phase out over time, so as not to create a “cliff effect”, where families seeing their benefits drop all at once. In order to save money, in 2010, Congress accelerated the phase out, which will fully end on October 31, 2013. The Congressional Budget Office estimates that current SNAP benefits will drop by about 10 percent when the boost ends or about \$20-25 per month for a family of three.

### SENATE AND HOUSE FARM BILLS

The **Senate Farm Bill**, *The Agriculture Reform, Food, and Jobs Act of 2013* (S.954), **cuts SNAP by \$4.1 billion** over the next ten years.<sup>36</sup> The cut focuses on the Heat and Eat Programs, by requiring states to pay at least \$10 in LIHEAP benefits to a household before getting the standard utility allowance. Remember, this allowance results in a higher SNAP allotment. This will force states to scale back or potentially end these

<sup>34</sup> FRAC. [http://frac.org/pdf/snap\\_cuts\\_and\\_heat\\_and\\_eat.pdf](http://frac.org/pdf/snap_cuts_and_heat_and_eat.pdf)

<sup>35</sup> Coalition on Human Needs, 2013. [http://www.chn.org/human\\_needs\\_report/chn-house-and-senate-agriculture-committees-back-farm-bills-with-significant-cuts-to-snap/](http://www.chn.org/human_needs_report/chn-house-and-senate-agriculture-committees-back-farm-bills-with-significant-cuts-to-snap/)

<sup>36</sup> RESULTS, 2013. <http://capwiz.com/results/issues/bills/?bill=62666416>



programs. Estimates are that nearly half a million households would see their benefits drop by an average of \$90 per month.<sup>37</sup> In addition, this cut could eliminate more than 56,000 jobs.<sup>38</sup>

During the Senate Farm Bill debate, Sen. Kirsten Gillibrand (D-NY) offered an amendment to undo the SNAP cuts in the Senate bill. RESULTS strongly supported Sen. Gillibrand's amendment. Unfortunately, it was defeated 70-26.<sup>39</sup> The Senate passed S.954 on June 10 by a vote of 66-27.<sup>40</sup> Although RESULTS opposed these cuts to SNAP, we took no position on final passage of the bill.

The **House Farm Bill**, *The Federal Agriculture Reform and Risk Management Act of 2013* (H.R.1947), would cut SNAP far deeper than the Senate bill. It includes **\$20.5 billion in SNAP cuts** over ten years, with \$11.6 billion of this cut coming from the elimination of the categorical eligibility.<sup>41</sup> The Center on Budget and Policy Priorities estimates that the "cat el" cut would force nearly 2 million people off SNAP and deny 210,000 low-income children access to free meals at school (eligibility for school meals is tied to SNAP eligibility).<sup>42</sup>

In addition, the House Farm Bill would double the "Heat and Eat" cut compared to the Senate bill. This \$8.7 billion cut would reduce SNAP benefits for 1.7 million people (850,000 households) by an average of \$90 per month. The House bill also eliminates state performance bonuses and funding for nutrition education.

The House began debate on H.R.1947 on June 18. Rep. Jim McGovern (D-MA-2) offered an amendment to undo the \$20.5 billion in SNAP cuts, but it was defeated 188-234.<sup>43</sup> RESULTS strongly supported Rep. McGovern's amendment. Unfortunately, during the debate several harmful SNAP amendments were adopted, including an amendments to impose drug testing for SNAP recipients and giving states the option to impose harsh work requirements for SNAP recipients. RESULTS opposed the House Farm Bill due to these harmful cuts and harsh requirements. In the end, House leadership could not muster enough Democratic and Republican support to pass the bill. It failed 195-234.<sup>44</sup> Many Democrats voted against the bill because the SNAP cuts were too deep and many Republicans voted against it because the SNAP cuts were not deep enough.

## WHAT'S NEXT?

---

The defeat of the House Farm Bill was a surprise to members of Congress and advocates alike. The future of a new Farm Bill is now uncertain. Speculation is that the House could try to pass a new Farm Bill again, but many are pessimistic about that outcome. The House could also take up the Senate Farm Bill, or attach it to an existing piece of legislation, however many believe it would be difficult to pass the House because the SNAP cuts are so much less than H.R.1947. Congress could also extend the current Farm Bill again. The 2008 Farm Bill was set to expire in 2012 but was extended another year until September 30, 2013. If it expires without another extension or new Farm Bill, farm policy will revert back to 1949 law; few expect Congress to let that happen. The defeat of the House bill was certainly a victory for hungry families across America. But the threats to SNAP still exist.

## IMMIGRATION AND SNAP

---

In addition to the Farm Bill, there is other legislation that could impact families on SNAP. One example is immigration reform. Currently, documented immigrants must be in the United States for five years before they can receive any SNAP benefits. The new immigration reform bill would extend this wait until these immigrants become full citizens, which could take much longer, as long as 13 years. RESULTS supports efforts

---

<sup>37</sup> Bread for the World, 2013. <http://www.bread.org/media/releases/senate-approves-drastic-cuts-to-snap.html>

<sup>38</sup> Center for American Progress, 2012. <http://www.americanprogress.org/issues/poverty/report/2012/03/19/11314/the-economic-consequences-of-cutting-the-supplemental-nutrition-assistance-program/>

<sup>39</sup> RESULTS, 2013. <http://capwiz.com/results/vote.xc/?votenum=131&chamber=S&congress=1131&voteid=62741921&state=US>

<sup>40</sup> RESULTS, 2013. <http://capwiz.com/results/vote.xc/?votenum=145&chamber=S&congress=1131&voteid=62741856&state=US>

<sup>41</sup> RESULTS, 2013. <http://capwiz.com/results/issues/bills/?bill=62666511>

<sup>42</sup> CBPP, 2013 <http://www.cbpp.org/cms/?fa=view&id=3965>

<sup>43</sup> RESULTS, 2013. <http://capwiz.com/results/vote.xc/?votenum=256&chamber=H&congress=1131&voteid=62737691&state=US>

<sup>44</sup> RESULTS, 2013. <http://capwiz.com/results/vote.xc/?votenum=286&chamber=H&congress=1131&voteid=62739311&state=US>



to make sure that documented immigrants have access to important, anti-poverty services while they are pursuing citizenship.

### SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS, AND CHILDREN (WIC)

---

WIC is a supplemental nutrition program for women, infants and children. It was designed to support pregnant women and their children by providing nutritious food (including formula), education and counseling, and screening and referrals to other health, welfare and social services. Here are some key facts about WIC.

- WIC is an appropriated program, meaning that it must receive new funding each year to continue (unlike SNAP, which is an entitlement program). A family's ability to get WIC services is contingent on how much funding Congress gives it. Once funding is exhausted, eligible new families cannot get services.
- To participate, all applicants must visit a health professional and be proven to be at a "nutrition risk" after also meeting income requirements.
- During Fiscal year 2011, an average of 9 million people participated in WIC each month (2.1 million infants, 2.1 million women, and 4.7 million children).<sup>45</sup>
- Unlike SNAP, WIC was not exempt from the recent across the board budget cuts called sequestration. It is estimated that because of sequestration, 600,000 women and children will lose WIC services.

---

### SNAP: OBJECTIONS AND RESPONSES

You are likely to face some congressional staff that do not understand the importance of SNAP for low-income working families or are skeptical about its impact. Below are a few objections you might hear, and sample responses to those arguments.

#### Q. Isn't SNAP is rife with errors and inefficiencies?

**A.** This is a myth. As with any public or private program, no system is perfect, but SNAP comes awfully close. In 2011, SNAP had an accuracy rate of 96.2 percent, an all-time program high.<sup>46</sup> SNAP also has a strong record of program integrity. Of the remaining four percent, 3 percent is due to simple errors. Two-thirds of these payment errors are a result of caseworker error and nearly one-fifth are underpayments. While some may point to food stamp trafficking as a source of potential controversy, the national rate is about 1.0 percent and the USDA is aggressively prosecuting cases of trafficking.<sup>47</sup> The truth is that SNAP operates effectively and efficiently for the vast majority of recipients. It also does what is intended: it lifted 4.7 million people above the poverty line in 2011.<sup>48</sup>

#### Q. It's only fair to spread budget cuts across all programs, even SNAP?

**A.** Previous bipartisan deficit-reduction packages have exempted SNAP from cuts in recognition of this critical safety net program to the millions of struggling Americans it serves. Federal nutrition programs protect families from hunger. This improves their health outcomes, making these programs a critical investment in people and communities for both the short- and long-term success of our nation.<sup>49</sup> And, these cuts could have a dampening effect on our fragile economic recovery, given that SNAP benefits are spent directly in local communities. The U.S. Department of Agriculture's Economic Research Service (ERS) finds that each dollar of federal SNAP benefits generates \$1.79 in economic activity.<sup>50</sup> In addition, the Center for American Progress estimates that nearly 14,000 jobs are lost with every \$1 billion cut from SNAP.

---

<sup>45</sup> USDA, 2012. <http://www.fns.usda.gov/wic/WIC-Fact-Sheet.pdf>

<sup>46</sup> Feeding America, 2012. <http://feedingamerica.org/how-we-fight-hunger/programs-and-services/public-assistance-programs/supplemental-nutrition-assistance-program/snap-myths-realities.aspx>

<sup>47</sup> Government Accountability Office, 2010. <http://www.gao.gov/assets/130/125135.pdf>

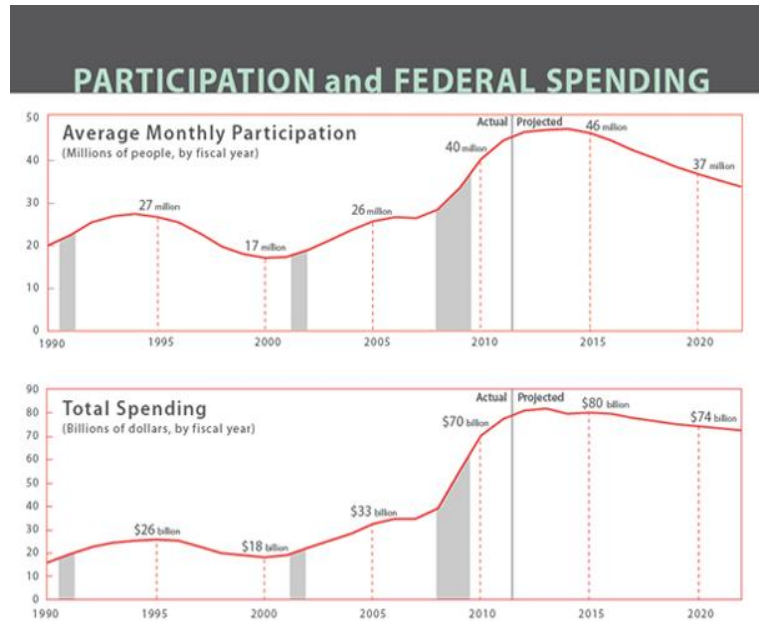
<sup>48</sup> CBPP, 2013. <http://www.cbpp.org/cms/?fa=view&id=3744>

<sup>49</sup> TIME, National Cancer Institute, 2010. <http://www.time.com/time/health/article/0,8599,2008240,00.html>

<sup>50</sup> USDA, 2010. <http://www.ers.usda.gov/publications/err-economic-research-report/err103.aspx#.UcywRju1Gxo>

**Q. SNAP participation has ballooned in recent years. Isn't this proof that it's not working?**

**A.** No, just the opposite. SNAP is doing exactly what it was designed to do — help families when they need it the most. The recent increase in SNAP participation and costs is primarily the result of the Great Recession. Over the last few years, our nation has seen the highest unemployment rates in decades. The number of people unemployed increased by 110 percent from 2007 to 2010. SNAP participation mirrored that growth with a 53 percent increase over the same period, providing clear evidence that the program has responded quickly and effectively to growing need during the recession.<sup>51</sup> Because SNAP participation closely follows unemployment, as the economy slowly recovers and unemployment begins to fall, SNAP participation and costs will decline as well. The Congressional Budget Office projects that SNAP will peak in 2013 and then begin to decrease as the economy recovers.<sup>52</sup>



**Q. SNAP doesn't do enough to encourage participants to get a job. Why doesn't the program include stronger work requirements?**

**A.** It does. SNAP already has strict time limits for unemployed workers. Able-bodied adults without dependents may only receive 3 months of SNAP benefits during any 3 year period, unless they are working a minimum of 20 hours per week or participating in a job training program (although this requirement has been loosened during the recent recession). About two-thirds of SNAP participants are children, elderly, or people with disabilities for whom work requirements do not apply. 58 percent of households with at least one non-disabled adult are working while on SNAP and 82 percent worked in either the prior or subsequent year.<sup>53</sup>

**Q. I think that the reason some people don't support SNAP is because illegal immigrants use it. Why don't we have tougher enforcements on illegal immigrants using SNAP?**

**A.** Undocumented immigrants are ineligible for SNAP. Period. Additionally, there is a strict waiting period for documented immigrants. Documented adult immigrants are subject to a five-year waiting period before they are eligible for SNAP. Plus, noncitizens make up a very small portion of SNAP participants – only 3.9 percent of participants are noncitizens (documented immigrants or refugees).<sup>54</sup>

<sup>51</sup> Bread for the World, 2012. <http://www.bread.org/ol/2012/domestic-nutrition/pdf/domestic-nutrition-q-and-a.pdf>

<sup>52</sup> CBO, 2013. <http://www.cbo.gov/publication/44080>

<sup>53</sup> CBPP, 2013. <http://www.cbpp.org/cms/?fa=view&id=3744>

<sup>54</sup> USDA, 2012. <http://www.fns.usda.gov/ora/MENU/Other/snap/FILES/Other/BuildingHealthyAmerica.pdf>

## 2013 RESULTS PRIMARY CAMPAIGN: USING TAX POLICY TO BREAK THE CYCLE OF POVERTY

RESULTS believes that every person should have the opportunity to share in the prosperity of American society. Tax policies rooted in fairness, justice and accountability are an integral part of obtaining this goal.

We work to support and expand programs that help families experiencing poverty make ends meet, while building a promising economic future for them and their children. There are many tax benefits and incentives for savings in our current system, but unfortunately they are largely skewed towards the wealthiest Americans. RESULTS supports policies that help low-income workers and families move up the economic ladder through just and effective provisions like the [Earned Income Tax Credit](#) (EITC) and the [Child Tax Credit](#) (CTC). The EITC provides tax refunds to people working low wage jobs and is the largest poverty reduction program in the United States. The CTC helps low and middle income families with the cost of raising a child.

Additionally, we know that having [assets and savings](#) is essential when tough times hit. We want to create long-term financial stability through asset building and saving policies, so that when times like the Great Recession come along, people do not fall into poverty.

### WHAT'S AT STAKE

- Last December, Congress extended expiring but critical improvements to the EITC and CTC for another five years, but they did not make them permanent. Tax provisions benefitting middle-class and wealthy Americans were made permanent.
- Leaders in Congress are working to enact comprehensive tax reform, which could include positive or negative changes to the EITC and CTC. Decisions about broader tax policy puts pressure on policies that benefit low-income working Americans.
- There is very little focus in Congress on expanding savings opportunities for low-income Americans.

### WHY YOUR VOICE MATTERS, AND WHY IT MATTERS NOW

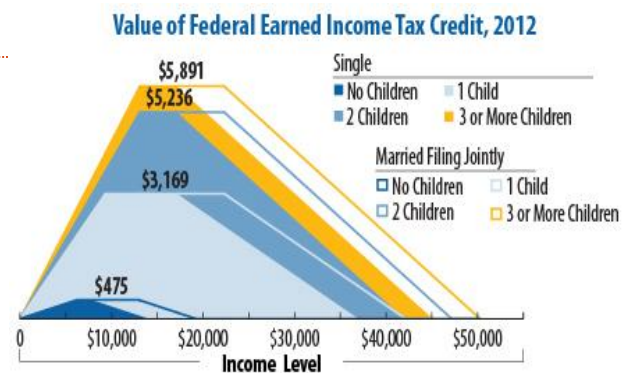
Your senators and representatives are already forming their positions on tax reform and may be already campaigning on these issues.

Many congressional aides are uninformed about tax credits for low-income working families, as well as asset building policies, and the impact on their districts. It is up to us to educate them.

## TAX CREDITS FOR WORKING FAMILIES – THE EARNED INCOME TAX CREDIT AND CHILD TAX CREDIT

### THE EARNED INCOME TAX CREDIT

The Earned Income Tax Credit (EITC) is a refundable federal income tax credit for low-income working individuals and families. The EITC is designed to “make work pay” by supplementing low-wage work with additional income. The goal is to benefit both the worker and any children and dependents that may rely on the worker’s limited income. The EITC was created in 1975, in part to offset the regressive nature of increased Social Security payroll taxes on low-wage workers.



Center on Budget and Policy Priorities | cbpp.org

Tax credits reduce the amount of federal income tax a household owes. A “refundable” tax credit allows the taxpayer to receive a refund for the amount of the credit that exceeds what he/she owes in taxes. For example, if a person’s EITC is \$3,100 and her taxes owed at \$1,000, she will get a refund of \$2,100. This is true even if the worker’s income tax liability is zero. Many low-income families earn too little to owe federal income tax, while still paying payroll, sales, property, state, and local taxes. Therefore, by making the EITC refundable, Congress has allowed low-income families to benefit from the credit. Without refundability, low-income working families would receive little or no benefit from the EITC. The amount of the tax credit varies depending on the filer’s marital status, number of children, and amount of earned income.

The EITC’s primary recipients are working parents with children and a limited income. It can have a significant impact on families. As seen in the graph above, the maximum credit accrues at about \$14,000 of annual income for large families and can be as high as \$5,891 (in 2012). At more than one-third of their annual income, it is easy to see why the EITC is America’s most effective poverty reduction program.

#### WHY THE EITC WORKS

- The EITC lifts more Americans out of poverty than any other program for working people. In 2011, the U.S. Census reported that the EITC lifted 5.7 million people out of poverty<sup>55</sup> and a combination of the EITC and CTC lifted 9.4 million people out of poverty.<sup>56</sup>
- The Census Bureau reports that without the EITC and the CTC, the U.S. poverty rate in 2011 would have been 2.8 percentage points higher.<sup>57</sup>
- Studies have shown that the EITC generates substantial increases in employment, as well as decreasing the number of single parents receiving cash welfare, particularly single mothers.<sup>58</sup>
- EITC strengthens local economies: It is estimated that the EITC generates at least \$1.50 - \$2.00 in local economic activity for every \$1 claimed.<sup>59</sup> A majority of EITC recipients (over 61 percent) claim the credit for no more than two years at a time.<sup>60</sup>

#### THE CHILD TAX CREDIT

Recent statistics estimate that it costs \$235,000 to raise a child in America, even before they get to college.<sup>61</sup> Yet more than one in five children nationwide live in poverty.<sup>62</sup>

Data shows that a \$1,000 increase in family income leads to measurable improvements in a child’s academic achievement.<sup>63</sup> In addition, low-income families spend a larger share of their pre-tax income directly on their

#### EITC Success Stories from Butler County, OH

John’s furnace and hot water heater were not working for several months which forced him and his family to stay with friends. With his EITC refund, he was able to get his furnace and hot water heater repaired and return home with his family.

Tom and Mary had been dating for years, but felt like they could not afford to get married. With their EITC refunds, they recently wed.

Ellen, who has been raising her niece for nearly 12 years, had been living in a motel for over a year after being evicted from their apartment. With Ellen’s EITC refund she was able to rent a house for her and her niece.

Stories from:

<http://www.makeworkpay.com/about/success-stories/#sthash.12klXLhg.dpuf>

<sup>55</sup> CBPP, 2012. <http://www.cbpp.org/cms/?fa=view&id=3832>

<sup>56</sup> CBPP, 2013. <http://www.cbpp.org/cms/?fa=view&id=2505>

<sup>57</sup> Brookings Institute, Census Bureau, 2012. <http://www.brookings.edu/blogs/the-avenue/posts/2012/11/19-eitc-taxes-kneebone>

<sup>58</sup> CBO, 2012. [http://www.cbo.gov/sites/default/files/cbofiles/attachments/WorkingPaper2012-06-EITC and SS Retirement Benefits.pdf](http://www.cbo.gov/sites/default/files/cbofiles/attachments/WorkingPaper2012-06-EITC%20and%20SS%20Retirement%20Benefits.pdf)

<sup>59</sup> The United States Council of Mayors, 2008. <http://usmayors.org/dollarwise/resources/eitc08.pdf>

<sup>60</sup> CBPP, 2013. <http://www.cbpp.org/cms/?fa=view&id=3793> and Tim Dowd of the Joint Committee on Taxation and John B. Horowitz of Ball State University. <http://pfr.sagepub.com/content/39/5/619.abstract>

<sup>61</sup> USDA, 2012. <http://www.usda.gov/wps/portal/usda/usdahome?contentid=2012/06/0197.xml>

<sup>62</sup> Census, 2012. <http://www.census.gov/prod/2012pubs/p60-243.pdf>

<sup>63</sup> CBPP, 2013. <http://www.cbpp.org/cms/?fa=view&id=3793>

children than those with higher incomes (25 percent v. 16 percent for middle class families and 12 percent for wealthy families).<sup>64</sup> These are strong cases for protecting and strengthening the Child Tax Credit.

The Child Tax Credit (CTC) is a critical support to help parents with the costs of raising their children. The CTC is a partially refundable tax credit which, like the EITC, incentivizes work and helps families avoid raising those children in poverty. It is the largest tax code provision benefiting families with children, estimated to distribute \$58 billion in benefits to 38 million families in 2013.<sup>65</sup> The Center on Budget and Policy Priorities estimates that in 2010, the CTC protected 2.9 million people from poverty, including 1.5 million children.<sup>66</sup>

Parents can get a CTC of up to \$1,000 for each qualifying child under 17 years old. To qualify for the CTC, a parent's earned income must be between \$3,000 and \$75,000 per year (\$110,000 for and married couples). The CTC is also partially refundable, meaning that if the worker's CTC is higher than what he/she owes in income tax, the worker can get part of the difference as a refund. As with the EITC, this refundability element is the key to helping low-income families. By allowing families to receive a tax refund via the CTC, it provides them much-needed financial resources to make ends meet. However, unlike the EITC, families cannot simply get the difference between their CTC and their taxes owed. Instead, families receive a CTC refund equal to their remaining CTC after taxes or 15 percent of their earnings above \$3,000, whichever is *lower*.

### RECOVERY ACT (ARRA) MAKES LONG-OVERDUE IMPROVEMENTS TO THE EITC AND CTC

In February 2009, the House and Senate passed the *American Recovery and Reinvestment Act of 2009* (ARRA), which included several important improvements to the EITC and CTC. For the EITC, it reduced the "marriage penalty" by allowing married couples to earn more income before their EITC begins to decrease or "phase-out." Second, it added an additional EITC category for families with three or more children, allowing them to receive a higher credit amount. As a result of these two much needed changes, half a million Americans were kept above the poverty line in 2010.<sup>67</sup> It is also estimated that the ARRA improvements alone would raise the employment of single mothers by 1.7 percentage points.<sup>68</sup>

For the CTC, ARRA expanded the credit so more low-income families could claim it. Originally, the CTC had an income threshold of \$10,000, meaning that anyone below that level could not claim it. It also had no refundable component. Again, remember that a non-refundable credit is of little value to low-income households. In 2003, Congress made the CTC partially refundable and doubled the credit from \$500 to \$1,000 per child, thus making it more beneficial for low-income families earning more than \$10,000. However, anyone below that level was still considered "too poor" to qualify. In addition, the income threshold was indexed to inflation and would rise each year, so if incomes did not rise at the same rate, families would see their credit reduced or eliminated altogether. By 2008, the income threshold had risen to over \$12,000.

ARRA eliminated this problem for millions of low-income, working families. It lowered the CTC income threshold to \$3,000 and 'de-indexed' it to inflation. This allowed families with incomes between \$3,000 and \$13,000. It is estimated that 1 million children and their families were kept out of poverty in 2010 because of this change.<sup>69</sup>

Unfortunately, these long-overdue improvements were set to expire after two years. RESULTS and our allies pushed to make them permanent and in 2010, Congress extended the EITC improvements for two years. RESULTS and our allies again pushed to make them permanent and in January 2013, Congress extended the improvements again as part of the *American Taxpayer Relief Act of 2012*.<sup>70</sup> While tax provisions that benefit middle-class and wealthy families were made permanent under ATRA, the EITC and CTC improvements were merely extended for five years. They are now set to expire at the end of 2017.

<sup>64</sup> First Focus, 2011. <http://www.firstfocus.net/library/fact-sheets/the-important-role-of-the-child-tax-credit-in-reducing-child-poverty>

<sup>65</sup> Tax Policy Center, 2013. <http://www.taxpolicycenter.org/briefing-book/key-elements/family/ctc.cfm>

<sup>66</sup> CBPP, 2013. <http://www.cbpp.org/cms/index.cfm?fa=view&id=2989>

<sup>67</sup> CBPP, 2011. <http://www.cbpp.org/cms/?fa=view&id=3610>

<sup>68</sup> National Bureau of Economic Research, 2010. <http://www.nber.org/chapters/c11973.pdf>

<sup>69</sup> CBPP, 2011. <http://www.cbpp.org/cms/?fa=view&id=3610>

<sup>70</sup> RESULTS, 2012. <http://capwiz.com/results/vote.xc/?votenum=251&chamber=S&congress=1122&voteid=62313256&state=US>



Like the ARRA changes to the EITC, this CTC improvement was set to expire after two years, but was extended in both 2010 and then again in early 2013 as part of the *American Taxpayer Relief Act of 2012*<sup>71</sup>. The \$3,000 will now expire in 2017.

## HOW TO TALK ABOUT THE EITC AND CTC WITH LAWMAKERS

Here are some key messages to remember when talking about the tax credits for working families:<sup>72</sup>

- The EITC and CTC promote work and parental responsibility. The EITC and CTC overwhelmingly support families with children.
- The tax credits promote work because the more you work, the higher the credit you receive.
- Parents who work full time should be able to support their families and stay out of poverty.
- The EITC and CTC make a difference in the lives of children.
- One in Four current or former armed forces families (1.5 million) receives either the EITC or the CTC. They kept 140,000 military families with almost 300,000 children and 600,000 total members out of poverty.<sup>73</sup>

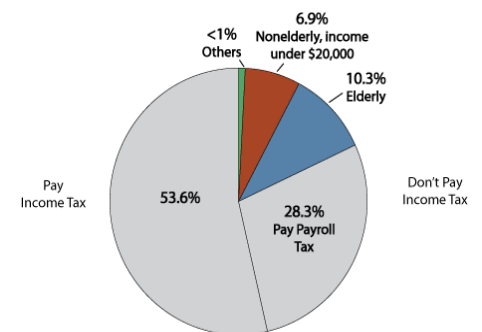
## IMMIGRATION REFORM AND TAX CREDITS FOR WORKING FAMILIES

Congress will be tackling the complicated issues of Immigration reform in the coming months. Although, this isn't a direct RESULTS campaign, there are parts of the bill that are troubling. Already we are seeing amendments that limit immigrants ability to receive a large array of benefits. The process of becoming a citizen in the United States is long and complicated under the immigration reform bill passed by the Senate, taking thirteen years. One proposal would limit the ability for immigrants to receive the EITC and the CTC during this period. Barring immigrant families trying to make it in America using these tax credits puts them at a great disadvantage. Gaining citizenship in the United States is a huge financial burden under the bill. Denying them financial support that every other eligible household in the United States receives will hurt these families. It points us in the wrong direction. Instead of cutting and denying eligibility we want to expand these efficient programs to help the hardworking families that are trying to achieve the American Dream.<sup>74</sup>

## EITC AND CTC OBJECTIONS AND RESPONSES

**Q. Recent statistics show that half the country pays no income tax. Why should we work to help low-income people get more tax refunds when they don't even pay taxes?**

A. They do pay taxes, just like everyone else. These are low-income Americans who pay federal payroll taxes, gas taxes, sales taxes, property taxes, and other state and local taxes. In fact, studies show that low-income families pay more in state and local taxes as a share of their income than wealthy taxpayers.<sup>75</sup> A long time ago, our nation decided that no one should have to pay federal taxes on income below a certain level; that money should instead be spent meeting the necessities of life. This is one reason why we have a progressive income tax system. However, in today's economy, many jobs do not pay enough for



<sup>71</sup> RESULTS, 2013. <http://capwiz.com/results/vote.xc/?votenum=251&chamber=S&congress=1122&voteid=62313256&state=US>

<sup>72</sup> Thanks to Debbie Stein of the Hatcher Group and taxcreditsforworkingfamilies.org for help on message points.

<sup>73</sup> CBPP, 2013. <http://www.cbpp.org/cms/index.cfm?fa=view&id=3986>

<sup>74</sup> Center for American Progress, 2013. <http://www.americanprogress.org/issues/immigration/news/2013/06/14/66490/denying-key-social-services-to-immigrants-on-the-road-to-citizenship-hurts-our-entire-nation/>

<sup>75</sup> Citizens for Tax Justice, 2012. <http://www.ctj.org/pdf/taxday2012.pdf>



families to live on. A minimum wage job only pays \$15,000 per year. A single mom with children cannot make ends meet on that income alone, especially when payroll and local taxes are taken into account. The EITC and CTC help offset these regressive taxes and provide families with a chance to live above the poverty line.

**Q. Why should we be paying people to work?**

A. The EITC and CTC are incentivizing work. They are successful because the more you work, the larger your credit. The aftermath of the Great Recession has shown us that more and more workers have to take lesser pay in less stable employment. The EITC and CTC ensure that these workers can still make ends meet. And let's not forget, we pay people to work all the time. We offer tax breaks to employers, tax breaks on health insurance premiums, incentives on investment, just to name a few. Unfortunately, low-income workers rarely benefit from these provisions.

**Q. Times are tight. Can we afford these policies right now?**

A. As we come out of a devastating economic downturn, we need to support our hardworking low-income families as much as possible. An economy functions best when everyone can participate in and benefit from our shared economic growth. Right now, the economy is recovering but millions of families still need support to get back on their feet. It is much better that we support these families to stay in the workforce. An study from the National Poverty Center<sup>76</sup> shows that EITC claimants tend to allocate their refunds as follows: 34.7 percent to savings and assets, 42.3 percent toward typical expenses, and 9.5 percent on paying off debt. Only 13.4 percent of EITC refunds were spent on atypical expenses. Additionally, the EITC and CTC have been shown to improve children's health, education, hours worked per year when reaching adulthood.<sup>77</sup> So, think of it as an effective and affordable investment. Comparatively, we spend much more on tax expenditures for the wealthy. How can we afford those investments and not these?<sup>78</sup>

**Q: What about the fraud and overpayment rates?**

A: Determining eligibility and calculating the amount of one's EITC and CTC is complex. These rules are hard for professionals to understand, much less families who have little or no access to tax preparation services. As a result, overpayments or underpayments do occur. However, most of them are due to innocent errors. While recent reports from IRS show an EITC overpayment rate of 20-25 percent, these studies do not factor in these complexities or IRS enforcement improvements implemented since 2008. Additionally, these rates also include underpayment rates, when families receive less money than what they are due.<sup>79</sup>

**Q: I've heard that illegal immigrants are taking advantage of the Child Tax Credit. Is that true?**

A: False. Undocumented immigrants are not eligible to claim the CTC (or EITC). Although there have been accusations and some evidence that illegal immigrants are receiving this tax credit, it is important to remember the purpose of the credit — to benefit the child. Many illegal immigrants have children that are US citizens or that were brought here as youngsters or against their will. We need to support and protect those children and the CTC is a great way to do so.

**Q: We need to simplify the tax code. Doesn't this just make it more complicated?**

Our tax code is complicated and it does need to be simplified. But simplification cannot come at the expense of low-income households, who have few benefits in the tax code as it is. Until we do an overhaul of the tax system, we shouldn't exclude low-income workers from programs that help to lift them out of poverty. Instead of targeting these credits for low-income working families, families who already pay more than their fair share in payroll, sales, and state and local taxes, we should be asking wealthy Americans to pay more. Years of cutting taxes for the wealthy have resulted in them paying the lowest tax rates in decades.

For additional responses, [visit the RESULTS website](#).

---

<sup>76</sup> National Poverty Center, 2012. [http://npc.umich.edu/publications/u/working\\_paper10-05.pdf](http://npc.umich.edu/publications/u/working_paper10-05.pdf)

<sup>77</sup> CBPP, 2013. <http://www.cbpp.org/cms/?fa=view&id=3793>

<sup>78</sup> CBO, 2013. <http://www.cbo.gov/publication/43768>

<sup>79</sup> CBPP, 2013. <http://www.cbpp.org/cms/?fa=view&id=3960>

## THE WEALTH GAP & FIGHTING POVERTY BY BUILDING ASSETS

Wealth may be the clearest indicator of economic status available. Wealth is a combination of all assets an individual owns. This can include tangible assets such as checking and savings accounts, stocks, bonds, a home, and automobiles. Wealth can also include intangible assets such as higher education. Unfortunately, increases in wealth have become largely skewed in recent years.

- Currently, the top one percent of Americans hold 40 percent<sup>80</sup> of the wealth in 2011, and the top 10 percent hold over 80 percent of the wealth.<sup>81</sup>
- In 2010, 26 percent of Americans were “asset poor.” The asset poverty rate is the “percentage of households without sufficient net worth to subsist at the poverty level for three months in the absence of income.”<sup>82</sup>
- After the Great Recession, the top one percent gained 121 percent of the income gains in the first two years of the recovery.<sup>83</sup>

Tax policy has played an important role in creating the wealth gap. The U.S. tax code is riddled with provisions that benefit middle to upper-income Americans, but there are very few that benefit low-income Americans.

A new report by the Congressional Budget Office shows how the top ten costliest tax expenditures are distributed based on income.<sup>84</sup> Over half of all of these tax expenditures go to the top quintile (the top twenty percent). The majority of these tax expenditures focus on home ownership, savings and investment, and retirement savings, which generally exclude the lowest earning Americans. The exceptions are the EITC and CTC, which primarily benefit the lowest quintile.

This graph shows this distribution.

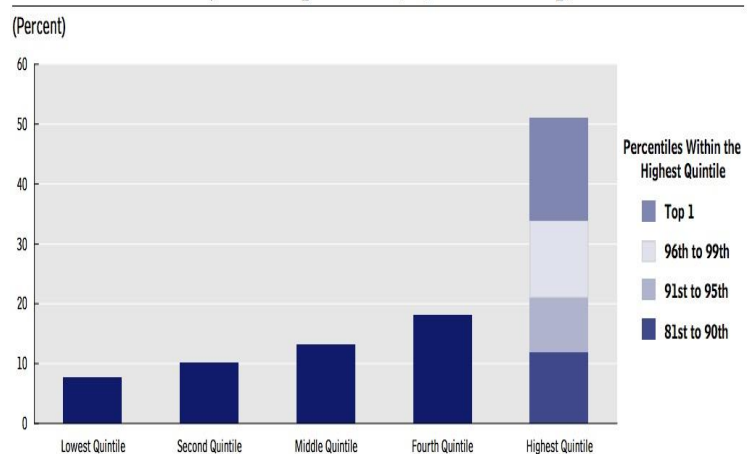
The Congressional Budget Office has found that from 1979 to 2007, the increase in inequality of *after-tax* income was greater than the increase before taxes, meaning that that the tax code has contributed to the trend toward greater inequality.<sup>85</sup> The percent change in real after tax income from 1979 to 2012 was 155 percent for the top one percent of earners, but only 45 percent for the bottom twenty percent.<sup>86</sup>

It is clear that the tax code is helping create wealth, but mostly for people who already have it.

### ASSET BUILDING BREAKS THE CYCLE OF POVERTY

For many years, policies to end poverty have primarily focused on income support. Federal income assistance programs such as SNAP (food stamps) and Temporary Assistance for Needy Families (TANF), while critical to the current well-being of many poor families, focus on meeting immediate needs rather than building long-term financial security to break the cycle of poverty.

Shares of Selected Major Tax Expenditures, by Income Group, 2013



Source: Congressional Budget Office.

<sup>80</sup> Stiglitz, Joseph, 2011. <http://www.vanityfair.com/society/features/2011/05/top-one-percent-201105>

<sup>81</sup> Norton and Ariely. Harvard Business School And Duke University, 2011.

<http://www.people.hbs.edu/mnorton/norton%20ariely%20in%20press.pdf>

<sup>82</sup> CFED, 2013. <http://scorecard.assetsandopportunity.org/2013/measure/asset-poverty-rate>

<sup>83</sup> Emmanuel Saez, University of California Berkley, 2013. <http://elsa.berkeley.edu/~saez/saez-UStopincomes-2011.pdf>

<sup>84</sup> CBO, 2013.

[http://www.cbo.gov/publication/43768?utm\\_source=feedblitz&utm\\_medium=FeedBlitzEmail&utm\\_content=812526&utm\\_campaign=0](http://www.cbo.gov/publication/43768?utm_source=feedblitz&utm_medium=FeedBlitzEmail&utm_content=812526&utm_campaign=0)

<sup>85</sup> CBO, 2011. <http://cbo.gov/publication/42729>

<sup>86</sup> CBPP, 2012. <http://www.cbpp.org/cms/?fa=view&id=3629>

Programs and policies that fall under the umbrella of asset building are based on the basic idea that all families need meaningful opportunities to move up the economic ladder. Unfortunately, low- to moderate-income families have been excluded, or even exploited, by traditional financial services programs and saving policies. Studies show that the most common reasons people fall into poverty is unexpected illness, job loss, or changes in the family (i.e. divorce, death). Having savings and assets on hand would reduce the likelihood of people falling into poverty and help those already living in poverty to lift themselves out.

Savings can be a very empowering process. Regardless of what low-income families are saving for, it gives them stability and power. RESULTS has long supported low-income asset building strategies such as Individual Development Accounts (IDAs) and Children’s Savings Accounts. While programs like these have proven successful in helping low-income families build savings, the opportunity for people to participate in them has remained limited. We want to change that.

## WHY SAVINGS MATTER

More than one in four American households is “asset poor”, and some estimates put that figure at nearly 50 percent.<sup>87</sup> Meanwhile, around one in twelve Americans don’t have a basic savings or checking account. Building assets allows these families to create their own “personal safety net” and weather the financial emergencies and build a future for their children.

More than providing the basic financial resources to prosper, savings also:

- **Improve household stability.** With assets, people are better able to handle financial emergencies, thus reducing the chance of disorder in the household.
- Create an **orientation toward the future.** When people are secure in the present, they tend to look toward the future and tend to be more optimistic about future success.
- Help **break the cycle of poverty.** 71 percent of children born to high-saving, low-income parents move up from the bottom income quartile over a generation.<sup>88</sup>
- **Enhance the welfare of children.** Given that parents pass on their wealth to their children, an effective asset-based policy for the poor could effectively reduce intergenerational poverty. Children with a savings account in their name are six times more likely to attend college than those without an account.<sup>89</sup>
- **Reduce economic stress.** Data highlighted by the New America Foundation shows that low-income families who hold assets (home, savings) show lower levels of economic strain over time.<sup>90</sup> In fact, the data found a direct relationship between having assets and less stress; the ability to borrow \$500 can do as much to reduce hardship as tripling income.

## ASSET LIMITS IN ANTI-POVERTY PROGRAMS

Federal and state policy can be an obstacle to low-income earners building savings – in particular, through enforcing limits on how much in savings a family can have to qualify for public assistance programs. These “asset tests” force families to keep their savings low, when we should be encouraging them to save more.

Most programs give states the option of raising the limit or eliminating it altogether, such as Temporary Assistance to Needy Families (TANF), Medicaid and the Children’s Health Insurance Program (CHIP). Most states have eliminated the asset test for the SNAP as well, in part because of the unnecessary administrative burden. A provision to eliminate that option for states was proposed in recent House Farm Bill.

For more on asset limits, see CFED’s Scorecard, which analyzes assets and savings from the national and state levels.

<http://scorecard.assetsandopportunity.org/2013/measure/liquid-asset-poverty-rate>

<sup>87</sup> CNN, 2012. [http://money.cnn.com/2012/06/25/pf/emergency-savings/index.htm?hpt=hp\\_t2](http://money.cnn.com/2012/06/25/pf/emergency-savings/index.htm?hpt=hp_t2)

<sup>88</sup> The Pew Charitable Trusts, 2009. [http://www.pewstates.org/uploadedFiles/PCS\\_Assets/2009/EMP\\_Savings\\_ExecSum.pdf](http://www.pewstates.org/uploadedFiles/PCS_Assets/2009/EMP_Savings_ExecSum.pdf)

<sup>89</sup> Washington University, Saint Louis, 2011. <http://csd.wustl.edu/AboutUs/News/Pages/Kids-with-Savings-Accounts-in-their-name.aspx>

<sup>90</sup> New America Foundation, 2011. [http://assets.newamerica.net/blogposts/2011/assets\\_as\\_stress\\_suppressor-54681](http://assets.newamerica.net/blogposts/2011/assets_as_stress_suppressor-54681)

## FAMILY FINANCIAL SECURITY CREDIT

---

RESULTS supports the [Family Financial Security Credit](#) (FFSC) as a way to promote savings in low-income communities on a broad scale. This credit would allow any eligible low-income taxpayer to create a matched savings account right on their tax return, thus providing the opportunity, ease, and incentive to begin saving.

The FFSC uses the existing infrastructure of the annual tax filing season to help people start savings accounts. Generally, tax time is when low- and moderate-income taxpayers receive their largest check of the year via the EITC and CTC, making it an ideal time to start saving.

To receive the credit, if the person does not have an eligible account, he/she would be able to open one right on their federal tax return. More importantly their deposits would be “matched” – for every dollar put into the account, the government deposits a dollar, up to \$500 per year. This match provides the incentive for low-income taxpayers, who generally do not have much discretionary income, to start saving.

Eligible saving products include IRAs, 401(k)s, 529 College Savings Plans, Coverdell Education Accounts, U.S. savings bonds and certificates of deposit (minimum 6 month term). These are all financial accounts that have long term positive benefits. After the taxpayer chooses the savings product, the IRS would then deposit the committed funds into the designated account. The credit would be available only to low-income taxpayers.

## FAMILY FINANCIAL SECURITY CREDIT IN ACTION – \$AVEUSA

---

In 2006, New York City launched a matched savings program called \$aveNYC<sup>91</sup> that, like the FFSC, uses the convenience of tax time to help low-income residents begin to save. To participate, low-income New Yorkers agreed to deposit at least \$100 of their tax refund into a designated savings account. If they maintained those savings for one year, they were eligible for a 50 percent match for every dollar they saved, up to \$250 dollars (this amount was raised in later years).

The program proved very successful. Before \$aveNYC, less than one-third of participants had bank accounts, most had less than \$500 in savings, and one-fourth had no intention of saving any part of their tax refund. Yet once the program began, 2,200 people opened an account under \$aveNYC and eighty percent maintained their deposits for a year and received the match. Seventy percent of participants who received the match rolled over their account or participated in the following year’s program.

\$aveNYC was extremely successful in its first year:<sup>92</sup>

- 2,165 accounts were opened.
- Over 50 percent of participants contributed more than the maximum amount eligible for the match.
- \$561 was the average savings before the match.
- 79 percent of participants saved for the full year.
- 70 percent of participants continued to save after the required savings period ended.

In fact, \$aveNYC was so extremely successful that \$aveUSA was created in 2011. It was expanded to Tulsa, Newark, and San Antonio. As of February 2012, \$aveUSA had opened over 1,600 savings accounts and participants had saved nearly \$1 million.

## OTHER ASSET-BUILDING STRATEGIES

---

In addition to the FFSC, RESULTS also supports other low-income savings policies, such as **Individual Development Accounts** (IDAs). IDAs are subsidized savings accounts in which, like the FFSC, a saver’s deposits are matched by sponsors up to a certain amount (generally \$500 per year). Sponsors may be foundations or government agencies. There are restrictions on use of the proceeds, which are typically home ownership, higher education, starting a small business or retirement. RESULTS also supports **Children’s Savings Accounts** (CSAs),. CSAs, also known as KIDS Accounts, are savings accounts for children that begin at

---

<sup>91</sup> \$ave USA: [http://www.nyc.gov/html/ofe/html/policy\\_and\\_programs/saveusa.shtml](http://www.nyc.gov/html/ofe/html/policy_and_programs/saveusa.shtml)

<sup>92</sup> New America Foundation, 2013.

[http://assets.newamerica.net/blogposts/2013/avenyc\\_evaluation\\_people\\_save\\_lives\\_improved\\_more\\_please-84252](http://assets.newamerica.net/blogposts/2013/avenyc_evaluation_people_save_lives_improved_more_please-84252)

birth. The government would make an initial deposit into a designated account, typically \$500, for each child born after a certain date. Finally, RESULTS supports expanding the **Saver's Credit**. The Saver's Credit is a non-refundable tax credit of up to \$1,000 per person available to low-income individuals and households that contribute to qualified retirement savings plans. Unfortunately, because the credit is non-refundable, it provides only a limited benefit to low-income households.

---

## ASSET-BUILDING AND FAMILY FINANCIAL SECURITY CREDIT: OBJECTIONS AND RESPONSES

### Q. Why do we need the Family Financial Security Credit?

A. Savings are important to all families, but particularly ones with low-income. They often lack the resources to buffer against a financial shock or invest in ways that may improve their future. Savings can help families be financially stable in the near term and improve their circumstances over time. Over 70 percent of children born to low-income, high-saving parents moved into a higher income quartile over a generation compared to only 50 percent of children with low-saving parents.<sup>93</sup> Plus, children with savings accounts in their names are six times more likely to attend college than those without one.

### Q. How can they save if they are poor?

A. To reduce the need for the public safety net, we need to help people create their own. This is why the FFSC makes sense – it's about using the tax code to change behavior for the better. By taking advantage of tax time when people are getting their EITC and CTC refunds, it is easier for people to save. Including a match for the amount they save (up to \$500) adds the incentive to get them to save. As the \$aveNYC program showed, when you give low-income people the opportunity and incentive to save, they will.

### Q. Why should we pay people to build assets?

A. We help people build assets all the time! We just tend to help those at the very top of the income ladder more than those who are negatively affected by emergencies and unforeseen expenses the most. The Congressional Budget Office recently released a report showing that more than 50 percent of the benefits from top ten tax expenditures in the U.S. go to the top 20 percent income earners. Less than ten percent go to the bottom quintile. There are lots of tax breaks and incentivized savings financial products available for high-income households. The home mortgage interest deduction encourages home ownership (a form of asset building), something only available to people making a relatively high income. Additionally people at the top income brackets have access to 401(k) retirement savings plans that are rarely available to low-income workers. We want people to save because when they reach retirement, living on Social Security alone isn't enough. As a country and for individual families we would be better off if we encouraged asset-building at all levels<sup>94</sup>.

### Q. How can we afford another anti-poverty program?

A. Asset-building is a pathway out of poverty. It decreases government dependency, individual stress, and creates opportunity for upward mobility. With liquid asset poverty rates ranging between 25 and 50 percent, families simply don't have the resources to weather emergencies, making them more dependent on public assistance. The FFSC would only cost \$4 billion a year,<sup>95</sup> a fraction of what we pay for the Home mortgage interest deduction (\$70 billion a year<sup>96</sup>). Just look at the SaveUSA's success. Families participating in that program are building their own safety net, growing our country's savings rate, and serving as role models for their children. When something is so efficient and so productive, we can't afford to pass it up.

---

<sup>93</sup> The Pew Charitable Trusts, 2009. [http://www.pewstates.org/uploadedFiles/PCS\\_Assets/2009/EMP\\_Savings\\_ExecSum.pdf](http://www.pewstates.org/uploadedFiles/PCS_Assets/2009/EMP_Savings_ExecSum.pdf)

<sup>94</sup> Clear Bankruptcy, 2010. <http://www.clearbankruptcy.com/financial-literacy/10-leading-causes-of-bankruptcy.aspx>

<sup>95</sup> New America Foundation, 2012.

[http://assets.newamerica.net/sites/newamerica.net/files/program\\_pages/attachments/FSC2PagerFinal9\\_12.pdf](http://assets.newamerica.net/sites/newamerica.net/files/program_pages/attachments/FSC2PagerFinal9_12.pdf)

<sup>96</sup> CBPP, 2013. <http://www.cbpp.org/cms/?fa=view&id=3948>

## 2013 RESULTS SECONDARY CAMPAIGN: MAKING SMART INVESTMENTS IN THE EARLY YEARS

Access to quality early childhood development programs is central to any effort to break the cycle of poverty. While RESULTS recognizes the value of education at any age, we focus our U.S. education policy efforts on investments for young children, birth to age five. Specifically, [Head Start](#) and [Early Head Start](#) give at-risk children a better chance to succeed in school and in life. In addition, access to affordable, quality [child care](#) must also be part of any long-term early childhood strategy – to help children make the most of their potential and as a critical support for low-income working families.

In 2012, more than 16 million children<sup>97</sup> were living in poverty. In addition, young children in single mother-headed households were almost four times more likely to live in poverty than their peers in married-couple households.

Education, particularly early childhood education, is crucial to giving children the opportunity to achieve their full potential. Programs that seek to help those born into poverty or help low-income families pay for child care are absolutely vital for ensuring that every American child receives the education they deserve.

Poverty can hinder children’s ability to learn and be healthy, and affects their social, emotional, and behavioral development.<sup>98</sup> Head Start and Early Head Start, which are designed to provide comprehensive services and support for children as well as their parents and community, help provide resources enabling them to succeed.

For many parents, child care is essential for them to work<sup>99</sup> or continue their education<sup>100</sup>. For families leaving welfare, child care is pivotal to a parent’s ability to make a smooth transition from welfare to work. For child care arrangements to support working families, they must be affordable, available, reliable, and of good quality. Many low-income parents, however, have difficulty finding child care settings that are affordable and flexible enough to accommodate their work schedules, while also meeting their child’s developmental needs.

I have been a part of the Head Start program for the last four years and it really has helped make my family a better and stronger family unit. My daughter started with Early Head Start and moved to Head Start with a major speech delay. By the time she finished Head Start her self-confidence and her speaking abilities were 100% improved. She was prepared to start kindergarten with high confidence. I am a stronger mother due to Head Start.

-Kylee Allen  
Skagit/Islands, WA Head Start  
[http://www.wsaheadstartceap.com/success\\_stories.html](http://www.wsaheadstartceap.com/success_stories.html)

### WHAT’S AT STAKE THIS YEAR?

- Sequestration has hit Head Start hard and if there is no action children will continue to lose their access to quality education.
- The House and Senate have released their Budget Proposals for Fiscal Year 2014; the House Budget Proposal includes major cuts and there is a \$91 billion difference between the two proposed budgets.

### WHY YOUR VOICE MATTERS NOW!

- Sequestration is currently in effect and children are losing their access to child care as you read this.
- The House Budget Proposal included drastic cuts to the Labor HHS part of the bill, which is where Head Start and childcare expenses are located. Congress will have to decide on a budget or issue a continuing resolution by October 1, 2013.

<sup>97</sup> Voices, 2012. [http://www.voices.org/issues/economic-success/?gclid=CO7ks67\\_3rcCFXAaOgodIWQAQg](http://www.voices.org/issues/economic-success/?gclid=CO7ks67_3rcCFXAaOgodIWQAQg)

<sup>98</sup> National Center for Children in Poverty, 2012. <http://www.nccp.org/topics/healthydevelopment.html>

<sup>99</sup> Half in Ten, 2011. <http://halfinten.org/stories/brookes-story-about-cdbg/>

<sup>100</sup> Half in Ten, 2011. <http://halfinten.org/stories/danielles-story-about-head-start/>



## HEAD START AND EARLY HEAD START

**Head Start** was created in 1965 as part of President Lyndon Johnson’s War on Poverty. It is our longest running national school-readiness program. The program provides federally funded grants to local public and private agencies to provide comprehensive child development services to disadvantaged preschool children and their families. Services include: school-readiness and cognitive development, medical screening, immunizations, dental services, healthy nutritional assistance, referral services for a range of individual child and family needs, and the opportunity for parents to participate in school governance.

Key Facts about Head Start:<sup>101</sup>

- In 2011, the Head Start program served 942,354 young children through 1,789 grantees nationwide.
- 91 percent of participants in Head Start received a medical screening as required by the Program Performance Standards. 15 percent required follow-up treatment, and of those children, 94 percent received that treatment.
- 12 percent of enrolled children had a disability. Among those preschool children diagnosed with a disability, 99 percent received special education and related services.
- 78 percent of Head Start families accessed at least one support service in 2011. The most frequently used services were parenting education (51 percent) and health education (47 percent).

**Early Head Start** was created in 1994 as a way to continue providing early intervention services. The program’s mission is to promote healthy prenatal outcomes for pregnant women, enhance the development of very young children (age 3 and under), and promote healthy family functioning. Comprehensive services provided by Early Head Start include: quality early education both in and out of the home, parenting education, comprehensive health and mental health services (including services to women before, during, and after pregnancy), nutrition education, and family support services.

Key Facts about Early Head Start:<sup>102</sup>

- The Early Head Start program served 148,812 children under age three and 16,710 pregnant women throughout the country.
- From 2010 to 2011, only about four percent of eligible children were served by EHS nationally.
- 89 percent of pregnant women enrolled in Early Head Start received prenatal and postnatal health care.
- 92 percent of pregnant women had health insurance at the end of the program year.
- 59 percent of EHS families included at least one working parent and 23 percent of families included at least one parent in school or job training.

“As the economy has taken a dive, so has my income. My husband and I own a roofing company and as you may imagine people aren’t looking to replace their roofs. Our main income comes from repairs, which isn’t much income at all. Head Start has given my children and family the quality preschool that will make my children ready for the kindergarten through twelfth grade system”.

- Tiffany Simkins

Lewis County Head Start/EHS,  
Chehalis, WA

([http://www.wsaheadstartceap.com/success\\_stories.html](http://www.wsaheadstartceap.com/success_stories.html))

## THE CHILD CARE DEVELOPMENT BLOCK GRANT (CCDBG)

For many parents, child care is often one of the highest costs in family budgets. Since 2000, the cost of child care has increased twice as fast as the median income of families with children.<sup>103</sup> A recent study showed

<sup>101</sup> CLASP, 2012. <http://www.clasp.org/admin/site/publications/files/HSpreschool-PIR-2011-Fact-Sheet.pdf>

<sup>102</sup> CLASP, 2011. <http://www.clasp.org/admin/site/publications/files/EHS-PIR-2011-Fact-Sheet.pdf>

<sup>103</sup> ChildCare Aware of America, 2013. <http://coreissues.usa.childcareaware.org/wp-content/uploads/2013/03/Affordable-Child-Care-OnePager-March29.pdf>

that the cost of care for an infant in a child care center is more than the cost of college tuition and related expenses in 36 states.<sup>104</sup> As child care costs rise, parents are shifting their children from licensed programs to informal care that potentially compromises their safety, health, and school-readiness.

For low-income families, the increasing cost of child care sometimes forces parents choose between working and caring for their children. Without safe, affordable child care, many of them have to quit their jobs and turn to welfare for assistance. Helping parents provide a stable home environment where they can work and their children remain safe is of paramount importance. Despite this need, only about one in six eligible children receive federal child care assistance.

The 1996 welfare reform law consolidated several different sources of federal funding for child care into the Child Care Development Block Grant (CCDBG), which are block grants of federal money given to states to help low-income working families access child care services. CCDBG money can go toward child care assistance for low-income families, families receiving public assistance, those enrolled in training or education, or who are working and transitioning from public assistance. CCDBG also includes funds specifically dedicated to improving the quality of child care, as well as the amount of child care available to low-income families.

Key Facts about CCDBG:

- CCDBG funds may be used to provide care for children from birth to age 13.<sup>105</sup>
- 93 percent of families that receive CCDBG are working or in higher education and training, and use the funds to offset child care costs.<sup>106</sup>
- In 2011, CCDBG served a national monthly average of 1,621,500 children and 969,100 families.<sup>107</sup>
- In 2011, only one in 7 children who were eligible for CCDBG actually received assistance.<sup>108</sup>

## RECENT WORK TO PROTECT FUNDING FOR HEAD START, EARLY HEAD START, AND CHILD CARE

---

**President Obama's FY 2014 Budget:** In February 2013, President Obama put forth a plan known as his "Preschool for All Proposal" which aims to provide a high quality preschool education for every child in America.<sup>109</sup> In April, he released his FY 2014 budget proposal, which includes funding for the initiative. It requests a total of \$75 billion over the next 10 years for the initiative.<sup>110</sup> States could use these grants to reach all low- and moderate-income four-year olds from families at or below 200 percent of the federal poverty line. The proposal also encourages states to expand the availability of full-day kindergarten.

**Sequestration and the House and Senate FY 2014 Budget Proposals:** In 2011, Congress passed the *Budget Control Act of 2011* (BCA) which mandated \$1 trillion in budget cuts over the next ten years.<sup>111</sup> The BCA also scheduled another \$1.2 trillion in automatic cuts, known as "sequestration," to begin in 2013 if Congress could not reach agreement a deficit reduction. Congress failed to reach agreement back in the fall of 2011 and did not take steps to avert sequestration, which began in March 2013. This has meant across-the-board cuts primarily impacting spending for annually appropriated programs, including Head Start and child care programs. It is estimated that because of sequestration, 70,000 at-risk children could lose access to Head Start services and 30,000 could lose access to child care.<sup>112</sup>

The fiscal year 2014 **House Budget Proposal**, the "Ryan Budget", cuts spending by \$4.6 trillion over the next decade. It assumes that sequestration will continue on its full ten year trajectory of cuts, but excludes military

---

<sup>104</sup> ChildCare Aware of America, 2012. <http://www.naccrra.org/news-room/press-releases/2012/8/despite-weak-economy-child-care-costs-continue-to-rise>

<sup>105</sup> CLASP, 2011. <http://www.clasp.org/admin/site/publications/files/ccdbg-09-participation.pdf>

<sup>106</sup> CLASP, 2012. [http://www.clasp.org/admin/site/publications/files/ccdbg-10-participation\\_final.pdf](http://www.clasp.org/admin/site/publications/files/ccdbg-10-participation_final.pdf)

<sup>107</sup> Child Care and Development Fund, 2013. [http://www.acf.hhs.gov/sites/default/files/occ/fy\\_2011\\_ccdf\\_data\\_tables\\_preliminary.pdf](http://www.acf.hhs.gov/sites/default/files/occ/fy_2011_ccdf_data_tables_preliminary.pdf)

<sup>108</sup> Childcare Development Block Grant, 2012. <http://www.ywca.org/atf/cf/%7Bbf8ea0ec-d765-4988-acd0-e6f97718cc89%7D/CHILD%20CARE%20DEVELOPMENT%20BLOCK%20GRANT%20APPROPRIATIONS.PDF>

<sup>109</sup> ThinkProgress, 2013. <http://thinkprogress.org/education/2013/04/10/1846061/obama-budget-includes-66-billion-to-fund-preschool-for-all-initiative/?mobile=nc>

<sup>110</sup> Office of Management and Budget, 2013. <http://www.whitehouse.gov/sites/default/files/omb/budget/fy2014/assets/budget.pdf>

<sup>111</sup> RESULTS, 2011. <http://capwiz.com/results/vote.xc/?votenum=690&chamber=H&congress=1121&voteid=52554506&state=US>

<sup>112</sup> NWLC, 2013, <http://www.nwlc.org/what-federal-budget-sequestration-will-mean-child-care-and-head-start>

spending from the cuts.<sup>113</sup> Based on these assumptions, the House would cut Labor, Health, Human Services, and Education (Labor-HHS) programs, which include Head Start and child care, by 18 percent compared to current spending. This amounts to nearly a \$35 billion cut to Labor-HHS programs.

The FY 2014 **Senate Budget Proposal** looks vastly different from its House counterpart fiscal year 2014 budget.<sup>114</sup> It would fully replace the sequestration cuts and in turn make new investments in early childhood by expanding access to Head Start, child care, and other pre-school services.<sup>115</sup> To implement these investments, the Senate budget increases Labor-HHS funding \$7.7 billion increase in allocations for FY 13-14 for Labor, HHS, and Education.<sup>116</sup>

## WHY THESE PROGRAMS ARE NEEDED AND WHY THEY WORK: NEW RESEARCH DEVELOPMENTS

---

In the 1998 reauthorization of Head Start, Congress mandated that the US Department of Health and Human Services (DHHS) determine, on a national level, the impact of Head Start on the children it serves. As a result of this mandate, the U.S. Department of Health and Human Services, the Administration for Children and Families, and the Office of Planning, Research and Evaluation conducted the Head Start Impact Study.

The study shows the impact of Head Start separately for 3- and 4-year-old children across child cognitive, social-emotional, and health domains as well as on parenting practices. The study found that Head Start had a positive impact on children's preschool experiences and school-readiness. However, the study also found that there were only a few significant differences in the outcomes of the participants at the end of their first grade year.

To meet reauthorization requirements for 1994 and 1998, an evaluation of the Early Head Start program, a national evaluation was conducted by Mathematica Policy Research, Inc. in collaboration with the Early Head Start Research Consortium<sup>117</sup>. The report showed that Early Head Start (EHS) children scored higher, on average, on a standardized assessment of cognitive development and a separate assessment on receptive language. Programs had favorable impacts on several aspects of social-emotional development at age 3. The study also showed that EHS parents were more likely to be more emotionally supportive, were more likely to read to their children daily, and were less likely to engage in negative parenting behaviors. EHS mothers were also less likely to have subsequent births during the first two years after they enrolled. Finally, programs had favorable impacts in several areas of fathering and father-child interaction.

Over the years, research has proven that early learning programs are investments in our children and in our nation. Nobel Prize-winner James Heckman, Professor of Economics at the University of Chicago, concludes<sup>118</sup> in a letter submitted to the Congressional Joint Select Committee on Deficit Reduction from Professor that "investing in early learning for disadvantaged children is a strong long-term investment with a rate of return of 7-10 percent per annum through better outcomes in education, health, sociability, economic productivity and reduced crime." Heckman also stated in an Address to Business and Policy Leaders that the rate of return has been estimated to be between 7 to 10 percent per annum if we invest in our children.

## MISSION: READINESS

---

It is not just academics that recognize the importance of early learning. *Mission: Readiness*, a nonpartisan national security organization made up of 350 retired admirals and generals calling for smart investments in America's children, released a recent report stating that investments in early learning are a national security

---

<sup>113</sup> House Budget Committee, 2013. <http://budget.house.gov/uploadedfiles/fy14budget.pdf>

<sup>114</sup> Senate Budget Committee, 2013. [http://www.budget.senate.gov/democratic/index.cfm/files/serve?File\\_id=ee2613d9-cf20-402c-8a65-e1b670b21fa0](http://www.budget.senate.gov/democratic/index.cfm/files/serve?File_id=ee2613d9-cf20-402c-8a65-e1b670b21fa0)

<sup>115</sup> NWLC, 2013. <http://www.nwlc.org/resource/fy-2014-murray-senate-budget-fairer-path-forward-women-and-families>

<sup>116</sup> Senate Appropriations Committee, 2013. <http://www.appropriations.senate.gov/news.cfm?method=news.view&id=3c0a35fa-18fd-4c7d-abc3-44f5028073e9>

<sup>117</sup> Mathematica Policy Research, 2013. <http://www.mathematica-mpr.com/earlychildhood/ehstoc.asp>

<sup>118</sup> Heckman, 2011. <http://www.heckmanequation.org/content/resource/letter-joint-select-committee-deficit-reduction>

imperative.<sup>119</sup> The report estimates that 75 percent of all young Americans between the ages of 17 and 24 are unable to join the military, primarily because they do not have a high school diploma (or cannot score highly enough on the military's entrance exam), are overweight, or have criminal records. Because of this, the military is out of reach for men and women who could potentially be valuable assets. To address these issues, these military leaders are calling for more investments in early childhood programs. In today's military, one must be able to work with advanced equipment, have good communication skills, and have a high state of literacy. They believe that having a high-quality pre-kindergarten education will start kids off with the benchmarks and skills that they will need as they progress ahead in their educations. They also recognize the need for parents to be present in this process as well as for schools to enforce and exercise high-standards of quality education.

---

## EARLY CHILDHOOD DEVELOPMENT: OBJECTIONS AND RESPONSES

### Q. Does Head Start really work?

A. Yes. It is one of the most researched and evaluated early childhood programs in history. According to the Head Start Family and Child Experiences Survey (FACES),<sup>120</sup> the latest Head Start study by the Department of Health and Human Services (DHHS), this program is giving America's poorest children what it promises – a head start in preparing them for school. FACES shows that:

- The program narrows the gap between disadvantaged children and all children in vocabulary and writing skills.
- Head Start children are leaving the program ready to learn.
- Once in kindergarten, Head Start graduates make substantial progress in word knowledge, letter recognition, math skills, and writing skills relative to national averages.

### Q. What does the research community say about Head Start? I've read reports that Head Start's effectiveness wears off around 3rd grade or sooner. Why should we put money into something that doesn't work?

A. Unfortunately, the premise behind these reports actually undermines itself. The fact that Head Start's impact can be measured up to the third grade is proof that it works. Remember that Head Start is designed to give at-risk children the intellectual and social foundation they need to succeed in school and beyond. So the fact that Head Start kids are leveling off with their peers in the third grade means that it is doing what it's supposed to do.

Next, these studies only look at cognitive abilities, which is like grading the test by looking at half the answers. They don't measure the social impact Head Start has on these children. Social-emotional skills like persistence, attention, motivation and the ability to work in groups are critical elements of a child's education, and Head Start meets the challenge. Head Start graduates tend to be more persistent in their education, more inclined to healthy behaviors, and less inclined to be involved in criminal activity.<sup>121</sup> They also graduate from high school, go to college, and get jobs at higher rates than at-risk children who don't have access to early childhood education.

Finally, Head Start focuses on the "whole child." In addition to providing pre-school education, Head Start also provides nutrition assistance, health and dental screenings, and encourages strong parental involvement. Unfortunately, once children leave the program, they are often entering underfunded and overcrowded public schools. If anything, this shows that we need to do more to support our public school system than cut Head Start.

---

<sup>119</sup> Mission: Readiness, 2013. <http://www.missionreadiness.org/2013/earlychildhood/>

<sup>120</sup> Office of Planning, Research and Evaluation, 2013. <http://www.acf.hhs.gov/programs/opre/research/project/head-start-family-and-child-experiences-survey-faces-1997-2013>

<sup>121</sup> MomsRising.org, 2013. <http://www.momsrising.org/blog/head-start-works-what-the-research-really-shows/>

**Q. Budgets are very tight right now and everyone needs to sacrifice. We can't afford programs like Head Start.**

A. We can't afford not to have programs like Head Start. These services are investments. Studies show for every dollar we invest in quality early childhood programs, society saves \$7 to \$9 in future costs such as reduced need for special education, better health outcomes for children, lower criminal justice costs, and increased self-sufficiency and productivity. Head Start is an investment that pays handsome dividends. Yes, the deficit is a problem we need to address but cutting Head Start won't solve the deficit problem. Its funding amounts to just 0.2 percent of the federal budget. The initial cost involved is far outweighed by the benefits we receive.

**Q. How do we know that children in Head Start programs are receiving quality services?**

A. The DHHS Head Start Impact Study Final Report,<sup>122</sup> January 2010, confirms a positive impact on children's preschool experience. The Center on Law and Social Policy summarized some of the key findings:<sup>123</sup>

- At the end of Head Start, both 3- and 4-year olds showed improvements in cognitive skills, such as language and literacy, and health; parenting practices also improved. Three-year-olds displayed additional improvements in the area of social-emotional development.
- Access to Head Start doubled the likelihood that low-income children attended a center-based early childhood program; children without access to Head Start were more likely than Head Start children to be cared for primarily by a parent, frequently meaning a loss of substantial income for the family.
- The majority (70 percent) of children in Head Start attended centers evaluated as having a good or better quality environment based on the Early Childhood Environment Rating Scale.
- Parents of 3-year-olds were more likely to enroll their children for a second year of Head Start if their program was culturally supportive, if they were immigrants, or if English was not their home language.
- Head Start Reauthorization in 2007 increased the training requirements for teachers and outlined a process to make programs more accountable through re-competing grants and increased monitoring.

In addition, President Obama announced regulatory changes for Head Start that require programs not meeting certain standards to improve or be forced re-compete for program funds with other, potentially more effective providers.

**Q. Why do parents need help paying for child care?**

A. Child care can easily cost between \$4,000 and \$10,000 a year for one child. One-quarter of America's families with children earn less than \$25,000 a year. Child care costs are a barrier for low-income families wanting to be responsible, work their way up the economic ladder, and escape poverty. Families need help, but most cannot get it. Only one out of seven children eligible under federal law gets any help.

**Q. Doesn't the current job market mean less need for child care?**

A. No, on the contrary, tight job markets make the need just as great or greater. More parents may be earning lower wages, and thus less able to afford good child care. They may be forced to work second or third shifts, when child care is particularly hard to find. Even if out of work, they may need child care while they look for work or attend school. The recovering economy is also forcing states to cut back on the child care help they provide. States are cutting reimbursement rates for providers, raising parent fees, and reducing investments in quality. This puts even more pressure on these struggling families.

---


<sup>122</sup> Office of Research, Planning, and Evaluation, 2010. <http://www.acf.hhs.gov/programs/opre/resource/head-start-impact-study-final-report-executive-summary>

<sup>123</sup> CLASP, 2013. [http://www.clasp.org/resources\\_and\\_publications/publication?id=0705&list=publications](http://www.clasp.org/resources_and_publications/publication?id=0705&list=publications)

**Q. Why do we need to invest in child care when there are other programs such as Head Start and state-funded pre-kindergarten?**

A. Each of these plays a separate and distinct role in supporting children and families. None of these programs are currently funded enough to meet its primary objectives. Stand-alone Head Start and pre-kindergarten programs many times only provide half-day service, so many working parents must rely on child care funds to support additional hours of care to meet the needs of working parents.

Also, many families with young children, or children who need after-school care, fall through the cracks. Head Start and Early Head Start, while intended to serve children from birth to age five, for the most part serve children three to four years old. State pre-kindergartens typically are limited to four-year olds. And, there are many working families that struggle with child care costs, but may not be eligible for programs like Head Start.





## APPENDIX 1.

### FOOD INSECURITY IN THE UNITED STATES. STATE BY STATE LEVEL DATA.

State	Average 2009-2011	
	Percent Households Food Insecure (low or very low)	Percent Households Food Insecure (very low only)
U.S.	14.70	5.60
AK	13.90	4.80
AL	18.20 *	7.10 *
AR	19.20 *	7.60 *
AZ	15.80	6.20
CA	16.20 *	5.80
CO	13.40	5.40
CT	11.90 *	4.70
DC	12.60 *	4.40 *
DE	10.90 *	4.30 *
FL	15.40	6.30 *
GA	17.40 *	6.40
HI	13.80	5.60
IA	12.00 *	4.70 *
ID	13.70	5.00
IL	13.30 *	4.50 *
IN	13.20	5.40
KS	14.50	5.20
KY	16.40	6.60 *
LA	14.10	4.40 *
MA	11.90 *	4.50
MD	12.50 *	5.60
ME	14.70	6.50
MI	14.20	5.60
MN	10.20 *	4.30 *
MO	16.00	6.70 *
MS	19.20 *	7.10 *
MT	14.50	5.40
NC	17.10 *	5.80
ND	7.80 *	3.10 *
NE	13.30	4.90
NH	9.60 *	4.00 *
NJ	12.30 *	4.50 *
NM	16.50	6.30
NV	15.30	6.00
NY	13.30 *	5.10 *
OH	15.50	6.40

<b>OK</b>	14.70	7.00 *
<b>OR</b>	13.60	5.90
<b>PA</b>	12.50 *	5.00 *
<b>RI</b>	15.50	6.00
<b>SC</b>	14.80	4.40 *
<b>SD</b>	12.70 *	5.30
<b>TN</b>	15.20	6.40 *
<b>TX</b>	18.50 *	6.50 *
<b>UT</b>	14.60	5.20
<b>VA</b>	9.10 *	3.20 *
<b>VT</b>	12.80 *	5.40
<b>WA</b>	15.40	6.20
<b>WI</b>	11.30 *	4.70 *
<b>WV</b>	14.10	5.10
<b>WY</b>	12.70 *	4.80

\*Difference from U.S. average was statistically significant with 90 percent confidence ( $t > 1.645$ ).

<sup>1</sup>Total exclude households for which food security status is unknown because they did not give a valid response to any of the questions in the food security scale. These represented about 0.3 percent of all households in each year.

<sup>3</sup>Margin of error with 90 percent confidence (1.645 times the standard error of the estimated prevalence rate).

Source: Prepared by ERS using data from the December 2009, December 2010, and December 2011 Current Population Survey Food Security Supplements.

Data from the Economic Research Service in the United States Department of Agriculture, 2012.  
<http://www.ers.usda.gov/topics/food-nutrition-assistance/food-security-in-the-us/key-statistics-graphics.aspx#.Uc2OZzu1Gxo>