

Revisiting the Poverty Reduction Policy Literature in the U.S: 1996-2008

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November 2008

[currently under revision for publication review in 2012]

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Abstract

Poverty has been a persistent problem in the United States despite the passage of the Personal Responsibility and Work Opportunity Reconciliation Act in 1996. Although welfare caseloads have been significantly reduced, poverty is still a reality for many Americans. This analysis provides an update on the current policies and programs following the passage of the implementation of welfare reform legislation in 1996. Understanding the current poverty policy debates can provide a foundation for developing new legislative strategies. This analysis includes the views of university and think tank researchers and builds upon the exploratory research by the Bay Area Social Services Consortium (BASSC).

Introduction

With a new President coming into office in 2008, it is timely to review the progress being made to eradicate poverty in the United States. This analysis provides an update on the current policies and programs following the passage of the implementation of welfare reform legislation in 1996. Understanding the current poverty policy debates can provide a foundation for developing new legislative strategies. This analysis includes the views of university and think tank researchers and builds upon the exploratory research by the Bay Area Social Services Consortium (BASSC).*

The analysis is divided into four sections and begins with a review of BASSC's research on welfare reform implementation over the past decade (1997-2007) with a more complete description in Appendix A. The second section highlights the poverty trends in the United States since 1996 and is followed by a description of poverty reduction strategies. The concluding section features policy implications and recommendations for poverty reduction strategies.

Welfare Reform in the Bay Area

* The Bay Area Social Service Consortium is an agency-university-foundation partnership that promotes social service research, training, and policy development to respond to changes in public social services in the San Francisco Bay Area. BASSC has conducted research on welfare reform implementation since 1996 in an effort to expand the focus on caseload reduction in order to include poverty reduction and self-sufficiency.

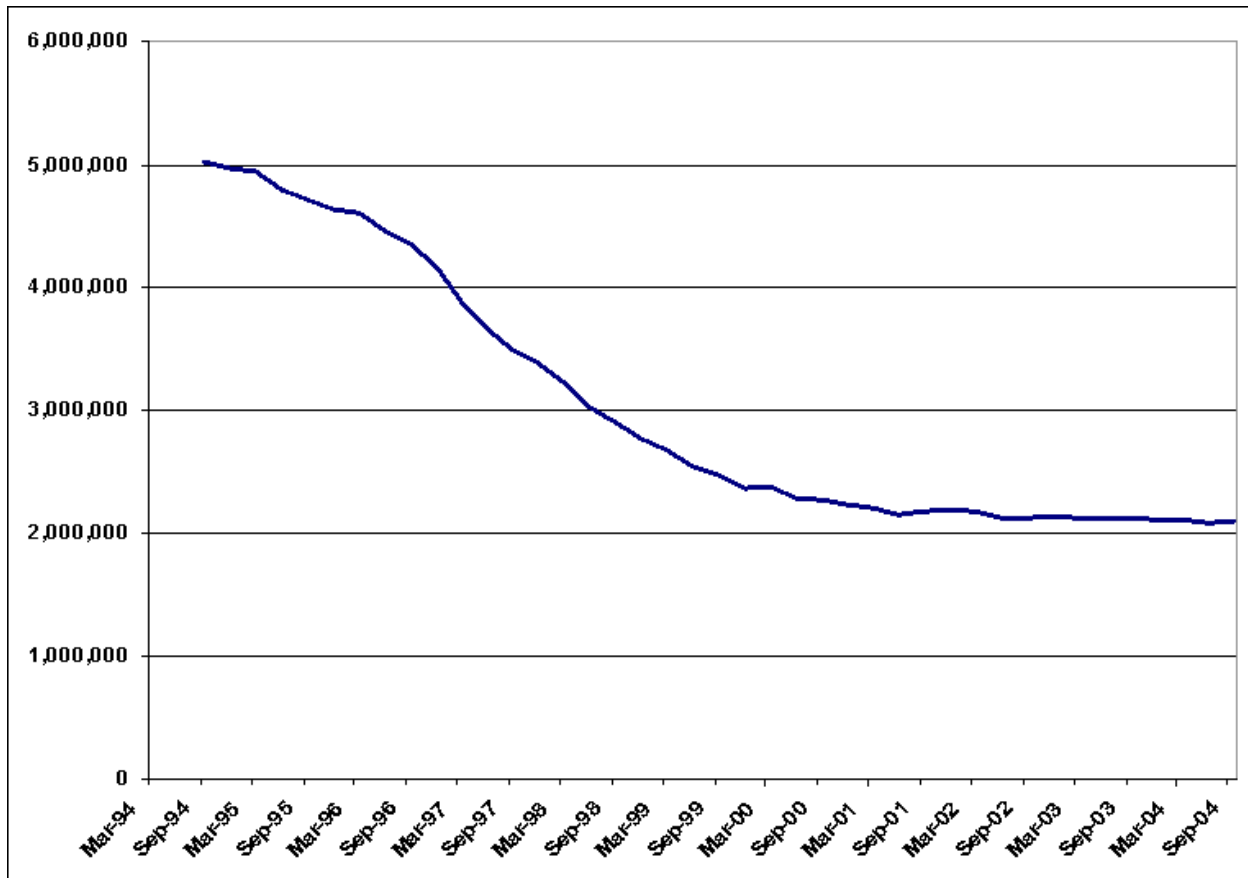
The most recent discussions about welfare reform began in the presidential campaign of Bill Clinton in the early 1990s. It sparked considerable discussion in California and in the Bay Area that led to the development of a BASSC policy advocacy document on the needs of welfare recipients and low-income families (*Social Welfare at a Crossroads, 1997*) designed to inform the state legislature that ultimately authorized California's welfare program (CalWORKs) in 1997. The BASSC report described the demographics of welfare participants and their experiences on public assistance as well as the challenges faced by counties anticipating the implementation of welfare reform.

After the first eighteen months of implementing CalWORKs, the BASSC Directors took time to reflect on the process of implementing welfare reform (Carnochan and Austin, 2004) as well as the service innovations emerging from the use of federal incentive funds linked to the size of caseload reductions (Prince and Austin, 2004). Many counties had developed unique public-private partnerships to meet the needs of CalWORKs participants moving from welfare to work. These partnerships focused on overcoming barriers to work force participation (e.g. transportation, and child care), developing support services to achieve self-sufficiency (family supports and job preparation), identifying neighborhood and community supports, and the need to restructure social service agencies. After the first five years of welfare reform implementation, a literature review provided a national overview of the initial impacts of welfare reform on poor and low-income families (Carnochan, Ketch, De Marco, Taylor, Abramson, Austin, 2005) as well as on organizations implementing welfare reform. Given this national perspective, there was increased interest in developing local data to see how it matched up with national studies. To this end, local exploratory studies of welfare participants (DeMarco, Austin, & Chow, 2006) and welfare staff (Austin, Johnson, Chow, De Marco, & Ketch, 2005; Johnson,

Chow, Ketch, & Austin, 2006) were conducted and confirmed some of the national trends and gave more attention to the perceptions of staff that had been all but ignored on the national level.

Frustrated by the emphasis on caseload reduction and the lack of attention to the needs of low-income families, a new business model for welfare-to-work services was needed in order to include low-income families, whether they were welfare recipients or not. As a result, a comprehensive review of the literature on low-income families was conducted in the following areas to: 1) understand *low-income families* and their challenges (Hastings, Taylor, and Austin, 2005), 2) provide context for low-income families living in *poverty neighborhoods* (Chow, Johnson, and 2005), 3) identify *promising programs* serving low-income families (Austin and Lemon, 2005), and 4) identify *promising practices* to meet the needs of low-income families (Austin, Lemon, and Leer, 2005).

In 2005, Congress passed the Deficit Reduction Act (DRA) that reauthorized the federal welfare reform legislation (TANF) through 2010. It continues to view workforce participation rates as the primary method for promoting self-sufficiency and, by implication, poverty reduction. While caseloads have decreased, as noted in Figure 1, poverty has increased, as noted in Figure 2 (U.S. Census Bureau, 2006; U.S Department of Health and Human Services, 2005). The connection between caseload reduction and poverty reduction is quite tenuous and seemingly disconnected.

Figure 1: National Welfare Caseloads between March 1994 and September 2004

Source: U.S. Department of Health and Human Services-The Administration for Children and Families and National Conference of State Legislatures, 2005.

Given the continuing federal policy of caseload reduction, it became clear that more information was needed on special populations impacted by welfare reform; namely child-only cases (i.e. cases where only children receive cash assistance) (Anthony, Vu, and Austin, 2008) and strategies for use with hard-to-place adult TANF participants (Vu, Anthony, and Austin, forthcoming). These literature reviews focus more on child poverty and adult employability.

While BASSC's exploratory research contributes to our understanding of welfare participants and low-income families, it does not directly address the problem of poverty eradication. This analysis seeks, once again, to focus on poverty reduction as a foundation for future legislative action.

Poverty Trends and Theories

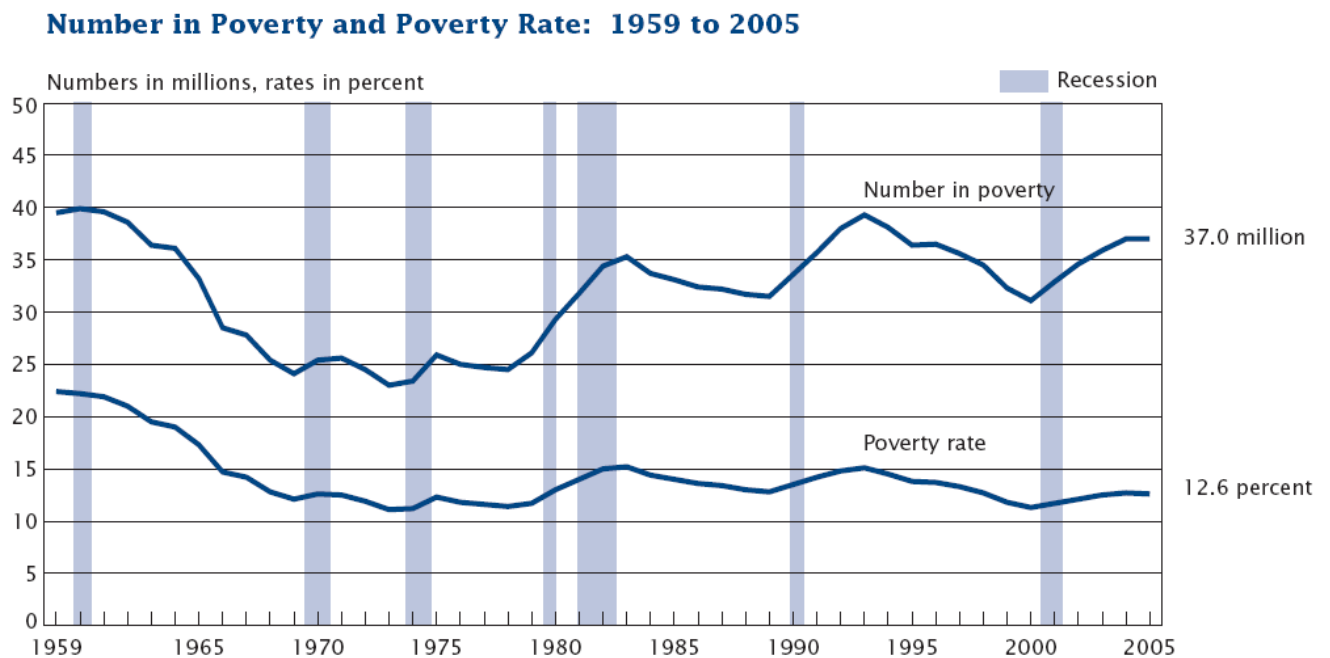
The issue of poverty in the United States has received increased attention in political and social discussions, especially among Democratic Presidential candidates. Almost half of all Americans will have experienced poverty for at least one year of their lives by the time they reach the age of sixty (Catholic Charities, 2007a). In 2006, about 36,460,000 people in the United States, or 12.3 percent of the population, lived in poverty (United States Census Bureau, 2007). Of those living in poverty, 17.4 percent are children under the age of 18.

While some will transition in and out of poverty for a short period of time, an alarming number of people experience long term poverty. Using a representative sample over a 13-year period, one study found that a third of all Americans experienced poverty. During that time period, 10 percent of Americans were poor for most of the time and about 5 percent were poor for 10 or more years (Bernstein and Baker, 2003). Levin-Epstein & Lyons (2006) found that about 16 million people (6 million of whom are children) live in extreme poverty, measured by income that represents less than half of the amount of money needed by a family of four to live above the poverty line. In 2005, this was less than \$9,903 for a family of four or \$5,080 for a single individual.

Figure 3 shows the number of Americans living in poverty and the poverty rates from 1959 to 2005. While the U.S made steady progress in reducing the number of people living in

poverty during the 1970s following the War on Poverty in the 1960s, the number of people in poverty increased in the early 1990s and again in the early 2000s, with the number of people living in extreme poverty increasing by three million between 2000 and 2005 (Economic Policy Institute, 2006).

Figure 3: Graph of Poverty and Poverty Rate in the U.S between 1959 and 2005



Source: U.S Census Bureau, 2006.

As economic downturns are reflected in rising gas prices, joblessness, and housing foreclosures, the topic of poverty has become more significant for all Americans, especially the fear of falling into poverty (Levin-Epstein and Lyons, 2006).

To better understand the significance of the poverty rates and the number of people in poverty, it is important to note how poverty is measured. There are two different ways that the federal government measures poverty. *Poverty thresholds*, the original federal poverty measure, are a set of financial conditions that are compared to a family's pre-tax cash income to determine

whether or not they are poor. It does not include capital gains or noncash benefits (such as public housing, Medicaid, and food stamps). Developed in the 1960s, these thresholds were designed to approximate the cost of basic necessities at the time and multiplied by three to account for spending on other goods and services. The thresholds differ depending on the number of people in the family and are updated each year by the Census Bureau to reflect changes in the rate of inflation. Poverty thresholds are used to calculate the official number of people living in poverty each year.

Poverty guidelines are simplifications of the poverty threshold issued by the U.S. Department of Health and Human Services. These guidelines are used for administrative purposes in order to determine eligibility requirements for federal programs. Figure 4 presents the federal poverty guidelines in 2007. Like the poverty thresholds, these guidelines are adjusted annually for inflation using the Consumer Price Index for All Urban Consumers (CPI-U).

Figure 4. 2007 Health and Human Services Poverty Guidelines

Persons in Family or Household	48 Contiguous States and D.C.	Alaska	Hawaii
1	\$10,210	\$12,770	\$11,750
2	13,690	17,120	15,750
3	17,170	21,470	19,750
4	20,650	25,820	23,750
5	24,130	30,170	27,750
6	27,610	34,520	31,750
7	31,090	38,870	35,750
8	34,570	43,220	39,750
For each additional person, add	3,480	4,350	4,000

Source: Department of Health and Human Services, 2007.

There has been an ongoing discussion about the need to adjust poverty measures so that the financial and material hardships of families living in poverty are more precisely represented. Some policymakers claim that the current measurement of poverty does not take into consideration relative poverty when comparing one family's resources with another family given the uneven distribution of wealth across the country (Bordoff, Furman, and Shevlin, 2007). Blank (2008) recommends adopting the National Academies of Science (NAS) method of calculating poverty, which bases the poverty line on the disposable income of families after taxes, public assistance, and medical and work expenses are deducted. Although the issue of poverty measurement is beyond the scope of this analysis, it should be noted that the reports on the current poverty rates may not accurately reflect the financial well-being of American families, especially those living in high-cost urban areas.

While policymakers and economists focus on accurate measures of poverty, many more Americans are concerned with the social and political implications of the existence of poverty in one of the wealthiest nations on the planet since poverty affects everyone, not just the people who are poor. "Our nation is grounded on the idea that together we can create a society of economic advancement for all, aided by a government that protects individual rights, ensures fair competition, and promotes a greater common good" (Center for American Progress, 2007, p. 10). In other words, Americans believe that everyone should have a reasonable chance to achieve self-sufficiency and reach their fullest potential. In addition, economically disadvantaged people are less likely to engage in their civic responsibility of voting and shaping the policies that affect the country and, ultimately, everyone's lives, including their own. The values that underlie the

faith traditions of most Americans call for citizens to help those who are less fortunate, a message of caring for the disenfranchised who need help to achieve self-sufficiency.

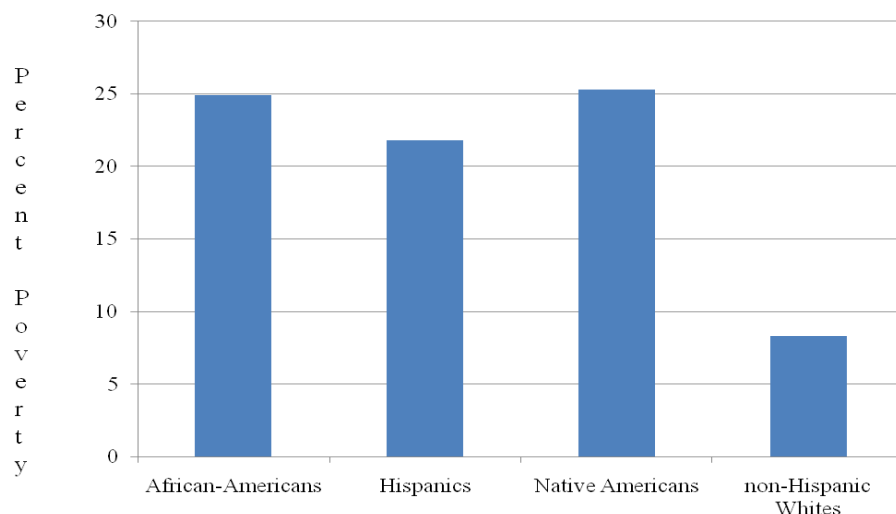
The economic effects of poverty on all Americans are important to identify. One study shows that childhood poverty costs the U.S about \$500 billion per year, or about 4 percent of the GDP (Holzer, Whitmore, Schanzenbach, Duncan, and Ludwig, 2007). In essence, childhood poverty reduces productivity and economic output and raises the costs of crime by about 2.6 percent while raising health expenditures and reducing the value of health by about 1.2 percent of the GDP.

Poverty in American families is exacerbated by the fact that one fourth of all jobs in the U.S do not pay enough to maintain a family of four above the poverty line (Center for American Progress, 2007). About two out of three families with incomes below the poverty line include one or more members contributing to the household income (Catholic Charities, 2007a). In 2005, 31 percent of all Americans had incomes below 200 percent of the federal poverty thresholds (Center for American Progress, 2007). While low-wage jobs keep unemployment rates low, the minimum wage does not sustain individuals and families, particularly because these jobs usually do not include health insurance or pension benefits.

In addition, many low-wage earners have barriers such as lack of education and training or language capabilities needed for higher paying jobs. Minority workers, or non-Hispanic whites, in particular are more likely than non-minorities to face barriers to employment, and thus live in poverty (Chow, Yoo, and Vu, 2007). Figure 5 compares the rates of poverty for African-Americans, Hispanics, and Native Americans in 2005. It shows that all three minority groups have a higher percentage of people living in poverty than whites. Despite these percentages,

non-Hispanic whites have the highest number of people living in poverty because of their large numbers (Levin-Epstein and Lyons, 2006).

Figure 5: Percent Poverty by Race, 2005



Source: Levin-Epstein and Lyons, 2006.

Child poverty rates by ethnicity follow a similar pattern with 33 percent of African-American children, 28 percent of Hispanics, and 27 percent of Native American children living in poverty as compared to 10 percent of non-Hispanic white children (Catholic Charities, 2007a).

Immigrants have a higher rate of poverty (16.5) than native born Americans (12.1 percent), even though the percentage of native born Americans living in poverty is higher (84 percent) (Catholic Charities, 2007a) because immigrants are disproportionately employed in low-wage jobs. Although they make up 11 percent of the U.S population and 14 percent of the U.S labor force, immigrants account for 20 percent of the low-wage workers (Center for American Progress, 2007). In New York City, 19 percent of native-born workers earned less than \$10 an

hour in 2000 compared to about 35 percent of immigrants who earned less than \$10

(Commission for Economic Opportunity, 2006).

In international comparisons of socio-economic status, the United States ranks second to last among developed nations in the percentage of people making less than 50 percent of the nation's median income, above only Mexico (Center for American Progress, 2007). When measured by the population that has income below 50 percent of the national median income, the United States ranks last among developed nations in child poverty. Figure 6 compares the United States to European OECD countries. It shows that while it ranks third highest in the percentage of elderly population living in poverty, the U.S has the highest percentage of total poverty and child poverty of the countries listed.

Figure 6: Poverty Rates in European OECD Countries and the U.S, 2000

Country	Total Poverty	Children	Elderly
Australia	14.3%	15.8%	29.4%
Austria	7.7	7.8	13.7
Belgium	8	6.7	16.4
Canada	11.4	14.9	5.9
Denmark	9.2	8.7	6.6
Finland	5.4	2.8	8.5
France	8	7.9	9.8
Germany	8.3	9	10.1
Ireland	16.5	17.2	35.8
Italy	12.7	16.6	13.7
Netherlands	7.3	9.8	2.4
Norway	6.4	3.4	11.9
Spain	14.3	16.1	23.4
Sweden	6.5	4.2	7.7
Switzerland	7.6	6.7	18.4
United Kingdom	12.4	15.3	20.5
United States	17	21.9	24.7

Source: Mishel, Bernstein, and Allegretto, 2007.

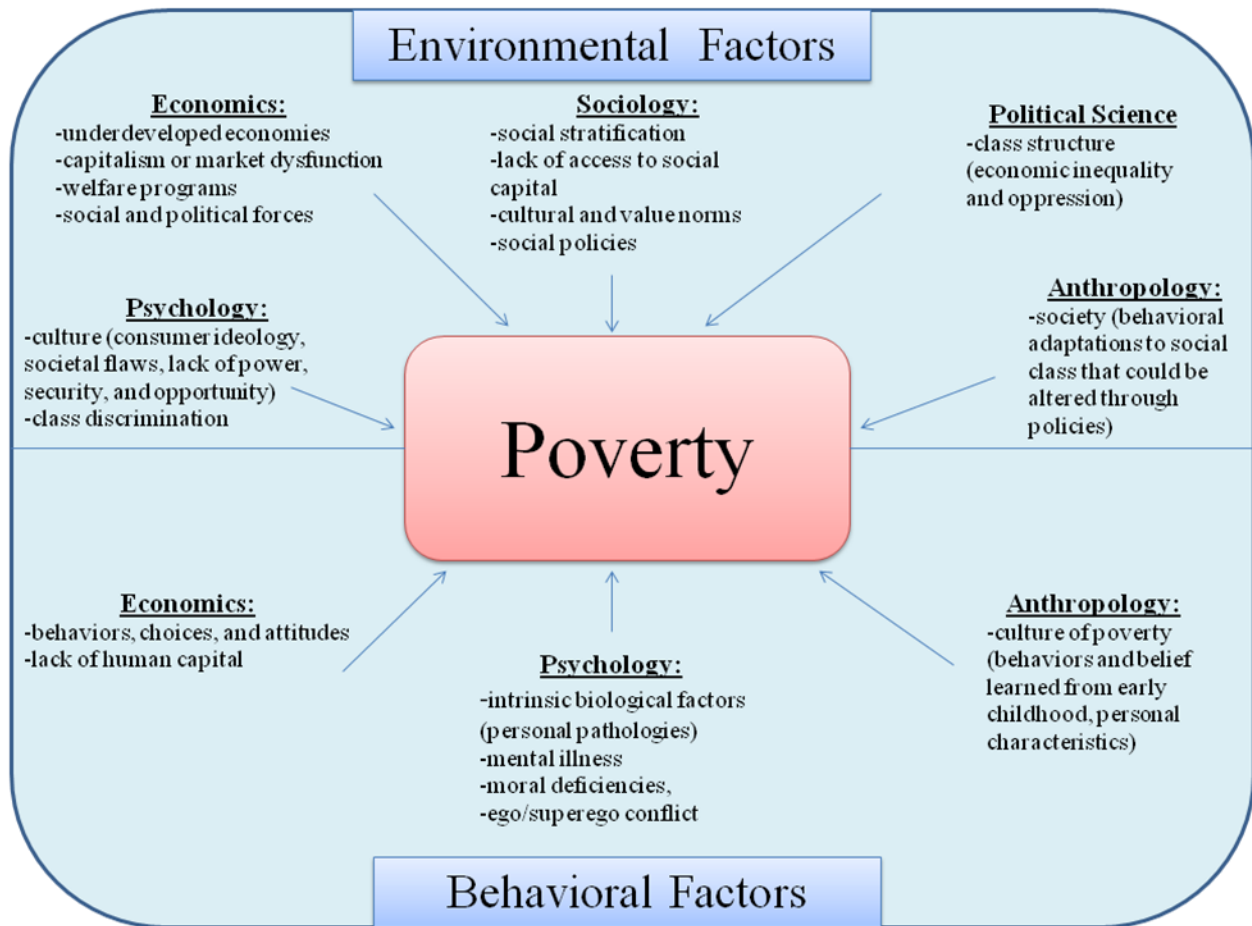
The reason behind the unflattering international comparisons can be found in the minimal efforts made by the United States government to help the poor make progress towards economic self-sufficiency. One study that compared 12 developed nations found that while the U.S poverty rate was below average based on market income alone, it had the highest poverty rate after taxes and transfers were included in the calculation (Mishel, Bernstein, and Allegretto, 2007).

For all low-wage workers, including minorities and immigrants, the increasingly global economy has made it more difficult for those in poverty to maintain their employment, much less earn a decent living. To be competitive, workers must have at least a high school education and some job skills. As jobs continue to be shipped overseas, competition for low-wage labor will increase domestically. That means that those who lack the necessary skills to be competitive will have more difficulty achieving economic sufficiency. Reducing overall poverty would not only fulfill moral and ethical obligations and uphold American values but also improve the lives of all Americans, especially the poor. Enabling more people to participate in the economic growth process would contribute to the well-being and economic strength of the country.

Although the reasons for the existence of poverty in the United States are complicated, there is a continuing search for both the causes and the solutions. Even those working with the poor in welfare-to-work programs search for ways to understand the persistence of poverty (Austin, Johnson, Chow, De Marco, & Ketch, 2007). Each social science discipline has a different set of explanatory theories for understanding the causes of poverty (Special Issue of the *Journal of Human Behavior and the Social Environment*, Volume 16, Issue 1/2, 2007). For example, the five social science disciplines of economics, sociology, psychology, anthropology,

and political science have their own concepts for explaining the causes of poverty as noted in Figure 7.

Figure 7: Interdisciplinary Perspective of Factors Influencing Poverty



Source: Jung and Smith, 2007; Price-Wolf, 2007; Turner and Lehning, 2007; Frerer and Vu, 2007; Lehning, 2007.

The conceptual map in Figure 7 is divided into two segments by the solid horizontal line in the middle of the map where the top half contains environmental factors that influence the existence of poverty while the lower half includes behavioral factors contributing to poverty. For the purposes of this map, environmental factors are large-scale influences that include the impacts of the market economy (economics and political science), culture (psychology and

anthropology), social class, social stratification and class discrimination (political science, sociology, and psychology). Many of the disciplines use overlapping concepts to explain poverty such as social factors in the form of culture (psychology), stratification (sociology), and social class (anthropology).

Behavioral factors include the characteristics and actions of individuals that cause them to live in poverty. While psychologists at one time used theories that attributed poverty to personal traits (i.e biological, mental, moral, and cognitive deficiencies) rather than focusing on the larger environmental or societal impacts on poverty (Turner and Lehning, 2007), today they also focus on environmental factors when searching for ways to explain poverty. In a similar way, older economic theories attribute poverty to individual decision-making processes and lack of personal resources while older anthropological theories explained poverty as part of a culture that can be passed on from generation to generation. It became clear over time that these older theories explain poverty in terms of intrinsic characteristics that tend to “blame the victim” for being poor due to their personal deficiencies. Although these disciplines previously attributed intrinsic personal deficits to explain poverty, it is now recognized that environmental factors play a role in the causes for poverty.

While each academic discipline provides its own interpretation of the causes of poverty, most incorporate concepts from other disciplines, suggesting that poverty is a multi-faceted problem that can be explained in terms of both environmental and behavioral perspectives. A synthesis and integration of theories of poverty can help practitioners and policymakers make decisions that can inform policy and practice.

Although national trends and academic research indicate that poverty is a multi-dimensional problem that requires interventions at different levels, anti-poverty measures in the U.S have focused narrowly on ending welfare rather than addressing the various aspects of poverty, with the belief that welfare caseload reduction leads to an eradication of poverty. Such perceptions of poverty reduction are represented in the current national legislation in the form of time limits on assistance and workforce participation rates. While welfare reform has effectively decreased the number of people receiving cash assistance, it has been ineffective at decreasing the number of people living in poverty. In the next section, the policies and programs that can reduce poverty are presented in terms of the poverty reduction strategies that are reflected in the current literature.

Major Findings

Efforts by public and nonprofit organizations have been made to reduce the number of families living in urban and rural poverty. For example, governors, mayors, and state legislatures in cities across the U.S (including Connecticut, Minnesota, California, and Milwaukee) have stated their commitment to anti-poverty legislation and passed resolutions to decrease the number of people living in poverty in their states (Center for American Progress, 2007). Large national organizations are also committed to poverty reduction campaigns such as Catholic Charities' campaign to reduce poverty in America by 50 percent by the year 2020 (Catholic Charities, 2007b). Organizations and agencies across the country are urging the federal government to commit the resources needed to reduce poverty levels in the United States. Based on the review of policy reports developed by local governments, private nonprofits, and think tanks on poverty reduction, four recommendations emerge: 1) change the tax code, 2)

increase income support programs, 3) focus on work and education programs, and 4) create targets (highlighted in Figure 8).

Figure 8: Summary of Recommendations to Reduce Poverty

<p><i>Recommendation #1: Change the Tax Code and Minimum Wage to Benefit More Families Living in Poverty</i></p>	<ul style="list-style-type: none"> -Expand EITC -Increase refundable tax credits and create a progressive consumption tax -Increase the minimum wage
<p><i>Recommendation #2: Increase Support for In-Kind Benefits to Families Living in Poverty</i></p>	<p>Increase and expand:</p> <ul style="list-style-type: none"> -Child care subsidies and pre-K programs -Housing vouchers -Food stamps -Health insurance
<p><i>Recommendation #3: Promote Work and Education Programs</i></p>	<ul style="list-style-type: none"> -Provide incentives that supplement full time work -Develop service strategies to re-integrate ex-offenders -Focus on programs supporting education for youth
<p><i>Recommendation #4: Create Targets for Poverty Reduction</i></p>	<ul style="list-style-type: none"> -Specify group, geographic location, percentage, and timeframe for poverty reduction

*Recommendation #1: Change the Tax Code and Minimum Wage to Benefit More Families**Living in Poverty*

Changes in the tax code can help lift low-income families out of poverty by providing incentives to work. Expanding the Earned Income Tax Credit (EITC) can help low-income working families move out of poverty (Haskins and Sawhill, 2008; Bordoff, Furman, and Shevlin, 2007). The EITC is a refundable tax credit for low-income working individuals and families that is administered through the IRS. This tax program has been successful in addressing the process of moving many low-income workers out of poverty. Qualified tax-payers can claim the EITC credit (from both federal and, in some instances, state and county tax returns) to maximize their income tax refund. For example, in 2003, a family with two children making under \$10,020 received about a 40% return in tax credits, or 40 cents for every dollar earned (Gilbert and Terrell, 2005). A maximum of \$4,204 was received by earners who made between \$10,020 and \$13,100. The tax credit was reduced by 21 cents for each dollar made over \$13,100, and eventually disappeared at \$32,000. If the amount of the credit goes over the amount owed in taxes, the worker receives the difference in the form of a cash rebate (Gilbert and Terrell, 2005).

Researchers and policy analysts generally agree that the refundable tax credit has had a positive impact on low-income families. Studies show that in 2002, the EITC raised about 4.9 million people above the poverty line (Llobrera and Zahradnik, 2004). Currently, the EITC provides about \$40.6 billion to 22.5 million Americans (Center for American Progress, 2007). Findings from the “Make Work Pay” studies conducted on Milwaukee’s New Hope Program, Minnesota’s Family Investment Program, and the

Canadian Self-Sufficiency Project (Berlin, 2007) suggest that income support programs increase the income and work participation in single-parent households which can further lead to better school performance in young children. Blank (2007) suggests expanding the EITC would also particularly help single men not living with children as it would encourage more low-skilled men to work. More specifically, the Center for American Progress (2007) recommends increasing the EITC to 20 percent of initial earnings for low-income workers without children, extending the availability of EITC to adults ages 18 to 24 who do not have children and are not in school. In addition, creating another tier in the EITC to increase benefits for working families with three or more children would enable larger families to pay for the extra costs involved in having more children (i.e., child care). This idea has been proposed by President Clinton in 2000 and by Greenstein (2005) and Furman (2006).

Reforming the tax code to increase progressivity has also been discussed as a means of reducing poverty. This can be done by increasing the amount of refunds received through tax credits or switching from tax deductions to tax credits (Bordoff, Furman, and Shevlin, 2007). Tax deductions usually benefit families in higher tax brackets and have little or no value to low-income families who are not eligible to pay income taxes. A deduction of \$1 is worth 35 cents to someone in the highest tax bracket whereas the same dollar is only worth 10 cents to someone in the lowest tax bracket. By switching from tax deductions to tax credits, all families, regardless of their tax bracket, would get the same subsidy. A refundable credit also provides a subsidy even if the credit amount surpasses the total tax liability.

Another change in the tax code that may reduce poverty is to institute a progressive consumption tax (Frank, 2008). Under this type of tax system, individuals would report their income along with their annual savings. The consumption rate is calculated by taking the difference between a family's income and its annual savings and subtracting a standard deduction (for example \$30,000). Frank suggests that a low consumption tax rate (for example at 10 percent) be set to slowly increase as taxable consumption rises. Thus, a family that earned \$50,000 and saved \$5,000 would have a taxable consumption of \$15,000 (after the standard deduction of \$30,000) and pay \$1,500 in taxes. While some argue that reduced consumption may cause a recession, Frank claims that a progressive consumption tax would spur additional savings, which in turn would stimulate investment because total spending, not just consumption, governs output and employment. By slowly introducing the progressive consumption tax, spending would shift from consumption to investment, triggering the increase of productivity and incomes at a faster rate. This tax would have other positive financial outcomes for the country such as erasing the federal deficit, stimulating additional savings, paying for public services, and reducing overseas borrowing.

Increasing the minimum wage has been debated amongst politicians, economists, and policy analysts for decades. In 2007, the minimum wage was \$5.85 which was about 30 percent of the average wage and was at the lowest level in real terms since 1959 (Economic Policy Institute, 2007). In the same year, President Bush and Congress agreed to increase the minimum wage to \$6.55 per hour effective July 24, 2008 and \$7.25 per hour effective July 24, 2009 (U.S. Department of Labor, 2008). However, a person working full-time for the entire year at these wages would still be below the poverty threshold for a family of three (Berlin, 2008). Over 650 economists, including five Nobel Prize winners and six past presidents of the American

Economic Association have endorsed raising the federal minimum wages along with annual cost-of-living adjustments for inflation (Economic Policy Institute, 2006). The Center for American Progress (2007) recommends the federal minimum wage be re-established at 50 percent of the average wage over a ten year period and be maintained at that level.

As of 2006, nineteen states and the District of Columbia have increased their own minimum wages above the federal level (Fiscal Policy Institute, 2006). Although raising the minimum wage too high could have adverse affects on the economy (such as job loss and increased prices), gradual and modest increases in the minimum wage has been found to have little or no effects on job loss (Council of Economic Advisors, 1999). Some studies show that states with higher minimum wages than the federal level have had faster growth in small business and retail jobs (Fiscal Policy Institute, 2006). Thus, gradually increasing the minimum wage has been shown to have positive effects on the economy and can significantly improve the lives of working low-income families by giving them additional disposable income to meet their basic needs.

Recommendation #2: Increase Support for In-Kind Benefits to Families Living in Poverty

In-kind benefits are found in goods, commodities, or services. Most government in-kind benefits come in the form of vouchers or subsidies. In terms of support for families living in poverty, policy makers and researchers recommend the expansion and improvement of three existing in-kind benefits to help lift families out of poverty: 1) child care subsidies and pre-K programs, 2) housing vouchers, and 3) food stamps.

Child Care Subsidies and Pre-K Programs Child care is a significant obstacle for many low-income families. Costs for child care are often cited as obstacles to work for low-income families who are unable to afford the high prices (National Partnership for Women and Families, 1999; Press, 2004). While federal block grants and state funds provide some child care subsidies to low-income families, only one in seven eligible families receive any benefits. The federal Child and Dependent Care Tax Credit pays for a small share of child care costs (20 to 35 percent of the first \$3,000 for one child or \$6,000 for two or more children), but its benefits come in the form of tax credits. Thus, families that make below \$20,000 receive less than one percent of its benefits (Center for American Progress, 2007).

In addition, more comprehensive pre-kindergarten programs are needed to help meet the social and educational development needs of children. Although Head Start provides education, health, and social services, it is only used by half of the eligible low-income families with three- and four-year old children (Center for American Progress, 2007). States have been increasingly acknowledging that child care and pre-kindergarten programs can make a significant difference in the lives of both low-income parents and their children. Studies have found improved results for children living in poverty families who receive comprehensive care and family support services from birth (United States Department of Health and Human Services, 2006).

The following are recommendations made by the Center for American Progress (2007) to replace the federal child care block grant by:

- **A federal and state guarantee to subsidize child care assistance** to families who make 200 percent below the federal poverty line. The subsidy program should allow access to high quality child care and give parents the choice of their providers.

- **A federal Early Care and Education fund** supported with twice the level of current federal funding should be created to allow states to develop, implement, and improve on child care for all families. The increased funding can be used to integrate and coordinate programs such as child care, Head Start, pre-kindergarten, and other services for early care and education for children up to age five.
- **An improved Child and Dependent Care Tax Credit** in the form of a refund and expanded to cover 50 percent of allowable expenses for lower-income families and gradually declining to 20 percent for eligible higher-income families to guarantee that assistance is available for families that have a broader range of incomes.

An expansion and improvement on child care subsidies and pre-kindergarten programs would better meet the needs of low-income families.

Housing Vouchers The increasing cost of housing has had a major impact on families living in poverty, with consequences as serious as hunger or homelessness (Levin-Epstein and Lyons, 2006). The expansion of housing vouchers, or Section 8, can help reduce poverty by providing low-income families with vouchers to help pay for housing costs in the private market. Families are able to choose a unit to fit their needs in the location where they want to live. Voucher recipients are generally required to pay 30 percent of their income for rent and utilities and the voucher pays for the rest of the costs up to a limit that is set by the housing agency.

The research on the effectiveness of housing vouchers is mixed. While some studies show that vouchers have significantly reduced homelessness and housing instability while improving the developmental and health outcomes in children (Center on Budget and Policy

Priorities, 2007), other studies indicate that there were little or no change in economic self-sufficiency for parents or improved education outcomes for children (Deluca and Rosenbaum, 2008). Despite these mixed results, the general consensus among policy analysts is that while vouchers themselves do not guarantee better outcomes for families living in poverty, evidence does suggest that residential mobility programs (in conjunction with other supports that increase social networks), can contribute to helping low-income families improve their quality of life (Deluca and Rosenbaum, 2008).

The Center for American Progress (2007) recommends that the voucher program should be expanded to include 200,000 additional vouchers each year over the next ten years. These vouchers would provide people living in poverty with the opportunity to move out of poverty neighborhoods in order to avoid the negative physical and emotional factors associated with such environments (Chow, Johnson, and Austin, 2005). In addition, policymakers should increase the number of affordable housing units by removing regulatory barriers and requiring developers to include units for low- and moderate income households in new developments.

Food Stamps/Programs Expanding the Food Stamp Program can help families living in poverty deal with food insecurity. Between 2003 and 2005, 12.6 million households in the U.S had limited access to food due to lack of income and other resources (Food Research and Action Center, 2007). An additional 4.5 million households had to reduce or skip meals on a frequent basis. Often these families do not qualify or do not know about the food stamp program. These statistics indicate that food insecurity among poor families is unacceptably high. Without access to food, the physical and mental well-being of these families are at-risk.

Currently, only 60 percent of eligible families are enrolled in the Food Stamp Program (Center for American Progress, 2007). Expanding the funding for food stamps and increasing outreach efforts would significantly increase the number of participants in this program (Catholic Charities, 2007a). Restrictions on legal immigrants (who were barred from receiving food stamps in the 1996 welfare reform) should be lifted. In addition, benefit levels should more accurately reflect the cost of a healthy and adequate diet. The current benefit level of approximately one dollar per person per meal should be increased by using the Lower Standard Budget of the Bureau of Labor Standards that is 20 percent higher than the amount given in food stamps for low-income families.

Health Insurance The lack of health insurance in most low-wage jobs has increasingly become a problem for low-income workers. Blumberg (2007) found that low-income workers are significantly affected by the decline of employer-sponsored insurance, either due to decreased insurance benefits or offering no benefits at all, even for full-time workers. In a study of low-income women, Wyn, Solis, Ojeda and Pourat (2001) found that almost 60 percent of them were uninsured; 20 percent of these women were working full-time for an entire year. Adequate health care is especially important to low-income individuals and families because they are more likely to be in poorer health or have family members in poorer health than higher-income families (Perry and Blumberg, 2008). Due to their financial constraints, these individuals and families have fewer resources to draw from for their health needs.

Several recommendations have been put forth to alleviate the burden of expensive health care for low-income populations. The U.S. system of health care is based primarily on employer-sponsored insurance (ESI) system where employers provide health care packages to

employees as part of their benefits. However, recent studies have shown that ESI has declined for low-income workers (Blumberg, 2007). This, along with increasing premiums, causes low-income workers to make compromises on their basic needs. Creating incentives such as tax benefits for employers would increase the number of ESI programs, therefore covering more low-income families with health insurance. In addition, providing government subsidies to individuals and families in the form of financial assistance for insurance coverage can assist low-income families with health care costs (Blumberg, 2007). These subsidies can be used to pay for private insurance policies or towards public health coverage to reduce costs for eligible recipients. Finally, the recommendation for universal health care remains a prominent issue in health policy. Recognizing that a complete overhaul of the current health care system is unlikely to pass in Congress, Aaron (2008) recommends four concrete steps that the next president should take in order to move towards a universal health care system: 1) expand the State Child Health Insurance Plan, 2) evaluate treatments and report medical outcomes to provide evidence on effective interventions, 3) support states' efforts to extend insurance to the uninsured, and 4) create a national health insurance clearing house to regulate health insurance sales and prices. Although the universal health care debate extends beyond the scope of this paper, it is a recurring recommendation to solve the health care affordability issue for all Americans.

Recommendation #3: Promote Work and Education Programs

Policies that promote work and education are effective ways of reducing poverty. TANF laws currently stipulate that participants must engage in work or work-related activities in order to receive benefits. While employment has increased among welfare-to-work participants, particularly with single mothers (Loprest and Zedlewski, 2006), many low-income workers are

faced with barriers that prevent them from joining the workforce. States have created programs to assist participants in engaging in work related activities (Vu, Anthony, and Austin, forthcoming). Programs that focus on increasingly rewarding work and providing access to education and training can help to lift families out of poverty.

Increasing Work Participation Several strategies have been identified to increase work participation among low-income workers. For example, Haskins and Sawhill (2008) recommend strengthening work requirements in housing programs. They cite the findings of the Jobs-Plus demonstration program in public housing as an example of combining work requirements with housing benefits. The results of the Jobs-Plus program indicate that voluntary programs with incentives and social supports for work were successful in engaging a large number of residents in work-related services or supports (Lebow, Reid, O'Malley, and Marsh, 2004).

Other policy analysts also advocate for comprehensive package of benefits for workers who commit to working full time. Bos, Duncan, Gannetian, and Hill (2007) proposed a program modeled after the New Hope Program to give additional benefits in the form of earnings supplements, health insurance, child care assistance, and short-term community work to participants who could not find jobs in the private market. Participants are required to document their full-time work hours in order to receive the benefits. In doing so, the principles of the New Hope Program create a social contract that requires participants to take responsibility for their own self-sufficiency in exchange for additional assistance (Bordoff, Furman, and Shevlin, 2007).

The reintegration of former prisoners into employment is another important way to increase the work participation of people living in poverty. Over one million prisoners, most of them low-income minority men, are released back into their high-poverty neighborhoods

(Bureau of Justice Statistics, 2007; Visher, LaVigne, and Travis, 2004). These former prisoners face a number of barriers that prevent them from obtaining adequate employment such as lack of education, substance dependence, and poor mental and physical health (Center for American Progress, 2007). In addition, they must overcome new barriers created by their prison experience, such as loss of social networks along with the stigma and discrimination from having a criminal record. Once released, they find themselves either unemployed or in temporary, low-wage jobs or in illegal activities.

Programs that address the barriers facing former prisoners could increase employment and earnings and help keep this group from falling into poverty, as well as help reduce recidivism rates (Bordoff, Furman, and Shevlin, 2007). In order to do so, the Center for American Progress (2007) recommends the following service strategies to assist the reentry of former prisoners into the workforce:

- *Improve job preparation for those in prison.* This includes education and training, job placement services, physical and mental health services, and drug treatment programs
- *Establish effective re-entry services and pre- and post-release planning.* Plans can provide assistance with: 1) development and placement services, 2) public benefits applications, 3) finding housing, and 4) case management.

Recommendations were also made to help address employment discrimination against former prisoners. In addition, Berlin (2008) also recommends the reform of probation and parole systems to focus on rehabilitation instead of monitoring and enforcement. This can be done

through alternative sentencing for violations along with job placement assistance, job maintenance counseling, and substance abuse treatment if relevant.

Emphasizing Education and Making it Accessible for Youth Post-secondary education has increasingly become a requirement for employers. While low-wage jobs are available for those who do not have a degree, finding a stable job with adequate wages and benefits has become more difficult. For adults 25 years and older, the poverty rate was 9.6 percent for those who have a high school diploma in 2001 compared to 3.3 percent of those who hold a Bachelors degree (U.S Census Bureau, 2002).

One way to encourage education for current and future youth is to simplify and expand Pell Grants that give students better access to education. Pell Grants are the largest source of federal financial aid for low-income students, including students in vocational and technical training programs. Although Pell Grants promote access to postsecondary education, they only cover up to one third of the costs of four year public universities. Pell Grants can be inaccessible to some low-income students because they do not take into consideration the needs of nontraditional students (i.e., students who are 25 years of age and older, part-time students who work full-time, or students who have children). In addition, the application process to receive these grants can be complex, especially for students with limited English proficiency.

The recommendations to make education accessible to low-income youth include (Center for American Progress, 2007):

- *Simplifying the Pell Grant application.* Students are unlikely to commit to a four year education until they are certain that it is affordable. The application process, if made

simpler and more predictable, can help students commit to their education which would increase their chances of getting a higher paying job.

- *Increasing Pell Grant amounts for low-income students.* Pell Grants should be increased to 70 percent of the average costs of attending a four year public university. This would assist low-income students whose must pay for living expenses in addition to tuition.
- *Rewarding institutions for raising student completion rates.* The federal government should follow the lead of some states that have increased incentives for institutions that graduate a large number of low-income students.

For youth who cannot pursue college degrees, apprenticeships and career and technical education should be offered in high schools and community colleges to train students for vocational jobs (Bordoff, Furman, and Shevlin, 2007). A more consolidated effort by federal and local governments to provide education and training for low-income youth can help them gain skills that make them more competitive in the job market.

Recommendation #4: Create Targets for Poverty Reduction

Thus far, the recommendations have consisted of improvement, expansion, or creation of new programs and policies as tools for reducing poverty. However, these programs and policies may be difficult to pursue in a constantly changing economic and political environment.

Therefore, an essential first step would be to establish poverty targets in order to make poverty reduction a national priority.

Poverty targets can be identified in terms of: 1) a population (e.g., all individuals, children only, the extremely poor), 2) a geographic region (e.g., the state, county, city), 3) a numerical goal (e.g., cut poverty by 25 percent, by 50 percent), and 4) a timeframe (e.g., 10 years, by the year 2050, etc.) (Levin-Epstein and Gorzelany, 2008). Targets provide a clear vision for reducing poverty by using concrete timelines and goals that give people a standard against which to measure progress. Although targets do not specify methods for reducing poverty, they create a common goal for policymakers and advocates to work towards. More specifically, targets can be beneficial because they: 1) are shared, 2) make goals simple, 3) overcome the silos created by separate policies or programs, and 4) help to work towards solutions (Levin-Epstein and Gorzelany, 2008).

Poverty targets can establish a shared understanding of poverty as well as a shared sense of commitment to reduce poverty. Targets make the vision and goal simple by including a specific population, geographic area, realistic numbers and concrete timelines that policymakers, the media, and lay people can understand. By having shared and simple targets, stakeholders (including policymakers, government agencies, and national and local organizations) are able to work together to overcome programmatic and organizational differences. Inter- and intra-agency collaboration and cooperation are possible because targets are not directed towards a single program but rather involve all parties. Finally, targets promote solution-building and teamwork by encouraging communication in the search for ways to reduce poverty. “If a policy proposal is rejected when a target is in place, those rejecting it have to generate another target of equal anticipated benefit. A target propels a focus on ways to achieve the goal” (Levin-Epstein and Gorzelany, 2008). An effective use of targets is seen in United Kingdom where child poverty continues to decrease after the government set a target to eliminate child poverty by 2020.

The U.K Experience

In the late 1990s poverty became increasingly visible in the U.K. In 1997-1998, 11 million people were earning below half of the national mean income (before housing costs) and an additional 3 million people were living below half the national mean income when including housing costs (Piachaud and Sutherland, 2000). Despite the large number of people living in poverty, there was no definition of it and no formal acknowledgement by the Conservative Government that poverty actually existed.

When Tony Blair and the Labor Government came into power, they recognized that poverty was a persistent problem that needed to be addressed. Instead of tackling the entire poverty population that included families and single adults, the Labor Government reframed the poverty issue by focusing on child poverty and made the reduction of child poverty a top priority. In 1997-1998, there were 4.5 million British children (one in three) living in poverty. Called “a scar on the nation’s soul” by the Chancellor of the Exchequer Gordon Brown, the government sought to end child poverty by 2020. Having set a target, the British government instituted a broad set of policies that included: 1) high-quality child care and comprehensive work supports, 2) programs that allowed parents to receive welfare assistance while working, and 3) a working family tax credit for low-income workers (similar to the EITC) to encourage employment and productivity (Smeeding, 2008).

Prior to these reforms, the persistence of child poverty in the United Kingdom mirrored the child poverty patterns in the United States. Child poverty rates (without the help of policies in both countries) fell as a result of low unemployment rates, increases in wages, and tight labor markets in the mid- to late 1990s. When both economies began to slow down in 2000, child

poverty rates in the U.K continued to decrease due to the policies implemented by the government, while child poverty in the U.S increased. By 2005, the child poverty rate in the U.K was 11 percent compared to 18 percent in the U.S (Smeeding, 2008).

The drastic reduction in child poverty is based on the programs that were put in place by the Blair government to support families with children by instituting programs that ‘make work pay.’ A higher minimum wage (compared to the U.S) was introduced in 1999 and has increased every year since then. Policies such as the Working Families Tax Credit (WFTC) and the Sure Start program for the education of low-income pre-school children were created to help both families and children leave poverty and prevent future generations from entering poverty. While these programs are similar to those in the U.S, the British government expanded their programs in order to effectively reach a broader range of families. For example, the WFTC benefits are more generous than the EITC relative to the average income and are given to a larger number of families and individuals, including adults without children. For low-income children, additional funding was given to programs like Sure Start to ensure space in pre-schools. In addition, the British government also provided funding to expand access to child care for all children, extended paid maternal leave and started paternal leave programs, and established tax-free savings accounts for children at childbirth (Danzinger, 2007).

The U.K experience shows that targets can have a significant impact in reducing poverty. Part of setting targets is making the reduction of poverty a national priority. By creating the political will and funding the additional resources to support working families, targets can be achieved.

Recommendations and Conclusions

This analysis of poverty reduction issues and recommendations provides an update on the current poverty discussion in the United States. It provides a foundation for influencing the state and national debate on poverty reduction, particularly at a time when new political leaders are being elected. Similar to the 1997 *Social Welfare at a Crossroads*, this analysis provides the elements for a call to action related to mobilizing the political will to end poverty.

In light of how poverty is understood and the various options for poverty reduction (including the U.K.'s successful on-going efforts to reduce child poverty), there appear to be two directions worth pursuing when it comes to poverty eradication. The first is related to changes in the tax code to increase financial benefits and supportive services (Recommendations #1 and #2). Changes in the tax code include expanding the EITC, increasing refundable tax credits, creating a progressive tax structure, and increasing the minimum wage. The recommendations also include the increase and expansion of supportive family services such as child care subsidies, pre-kindergarten programs, as well as other in-kind benefits such as housing vouchers and food stamps. The literature on poverty reduction strategies strongly supports a combination of these recommendations, particularly because they are modifications of existing policies and programs. This makes them reasonable, rational, politically conservative, and seemingly more feasible and realistic.

The second direction for poverty reduction involves the development of a political commitment to reduce poverty based on the recognition that poverty is a problem for all Americans and requires the collective will to address it. This policy direction combines targeting (Recommendation #4) along with strategies for building human and social capital for low-

income workers (Recommendation #3). While this direction to poverty reduction may appear to be more liberal than other policy directions, it may prove to be the boldest step to eradicate poverty in the United States.

In summary, a number of recommendations have been made to reduce the number of people living in poverty in the United States. Such actions reflect the current demographics of poverty and suggest that many Americans, particularly in precarious economic times, may be ready to make the commitment to solving the problem at its core. Previous attempts at poverty reduction focused on Aid to Families with Dependent Children (AFDC) and the current Temporary Assistance to Needy Families (TANF) that takes the form of caseload reduction. President Clinton's campaign to "end welfare as we know it" has yet to be achieved. We still lack the political will to end *poverty* as we know it. Across the country, state and local governments are joining national organizations to create the will to end poverty. There are now international discussions about ways to eradicate poverty. Targets can be created and campaigns developed to find ways to lift millions of Americans out of poverty and into self-sufficiency. The recommendations included in this analysis are based upon making the reduction or elimination of poverty a national priority.

Poverty reduction begins with a common understanding of the multiple perspectives carried by policymakers, service providers, researchers, and most importantly the people who experience poverty every day. It is important to recognize that poverty is not a simple and straightforward problem that only affects those who live in poverty; rather, it is a multifaceted, complex issue that affects all citizens. Only when these realizations are fully grasped will we begin to address poverty eradication as a national priority.

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Appendix A:

Review of BASSC Commissioned Studies on Poverty and Low-Income Families

Beginning after the 1996 welfare reform legislation passed, BASSC Directors wanted to understand what poverty was like for people in their counties and how the county could provide services to alleviate their needs as demonstrated in the work they commissioned. *Social Welfare at a Crossroads* (1997) was BASSC's first initiative to begin to understand poverty and public assistance at the national, statewide, and local levels. The sourcebook gave an overview of poverty and social welfare programs in the U.S by providing demographics of individuals and families receiving public assistance and descriptions of participants' experiences in employment programs at the federal and state levels, along with the Bay Area counties. It also identified challenges in implementation of welfare reform to inform readers of the impact of welfare reform on existing human service programs.

After welfare reform was implemented, Prince and Austin (2004) provided an overview of innovative programs and practices that informed administrators about how welfare reform was being implemented around the country. With respect to service delivery, social service organizations providing welfare-to-work programs need to: 1) provide additional staff support and time to help individuals move from welfare to work, 2) build collaborative interorganizational relationships, and 3) assist TANF participants overcome barriers to employment. In terms of community partnerships, social service agencies need to: 1) work in teams to promote substantial change, 2) address collaboration-related personnel issues, 3) ensure that staff are clear on their roles and duties through constant staff meetings, and 4) systematically identifying and incorporating all potential stakeholders. Finally, in relation to organizational

restructuring, social service organizations implementing welfare reform need to: 1) encourage team-building opportunities, 2) conduct comprehensive needs assessments of the community, 3) resourcefully use unrestricted funding, 4) engage the media in order to increase public awareness of new services, 5) build capacity to provide outreach efforts that are culturally and linguistically appropriate, and 6) minimize bureaucratic procedures (Prince and Austin, 2004). These practices provided innovative approaches to improve service delivery to low-income families and welfare participants to make service provision more effective and efficient.

Responding to the federal government's pressures to reduce caseloads as welfare implementation began in 1998, BASSC commissioned several projects to improve services for welfare participants. While Prince and Austin (2004) identified innovative programs and strategies for caseload reduction at the national level, BASSC Directors were interested on what could be done in their local jurisdictions. A literature review was conducted to examine studies done from 1998 to 2002 regarding the initial impact of welfare reform on participants (Carnochan, Ketch, De Marco, Taylor, Abramson, Austin, 2005). The review found that welfare participants face multiple barriers to employment (i.e., lack of education, substance abuse, or physical disability), with 40 percent to 60 percent of participants report having at least two barriers, while 25 percent report having four or more (Danzinger, Corcoran, Danzinger, Heflin, Kalil, Levine, et al., 2000; Zedlewski, 1999). The presence of multiple barriers was associated with poor employment outcomes, welfare recidivism, sanctions, and continuous welfare use. Although much of the research on the demographics and characteristics of welfare participants (i.e. race, ethnicity, and immigration status of welfare participants suggests employment outcomes, service participation, response to programs, barriers to employment, and the presence of discrimination) suggest that the outcomes are different for different groups (Carnochan, et al.,

2005), findings on time limits show that they mainly affect work families who also receive cash assistance.

Under welfare reform, states were given flexibility to design their own welfare-to-work programs, contributing to the complex service delivery systems being used and their outcomes. While programs that used the labor force attachment model (programs that focus on moving people into jobs as soon as possible) were shown to be more effective and less costly than programs using the human capital development model (programs that emphasize education and training) the other studies have shown that programs that mix activities and have a strong emphasis on work realized the best results (Bloom and Michalopoulos, 2001). In addition, organizations responded to welfare reform by adapting their service delivery systems to integrate overlapping services and work more collaboratively with community-based organizations.

In terms of family well-being and family formation, the review found that the implementation of welfare reform had mixed results. For example, while welfare reform failed to lift poor families and children out of poverty, it had no impact on child well-being except for decreasing school performance in adolescents. Welfare-to-work programs had either positive or no impact on family formation outcomes. Some programs (i.e. Michigan Family Investment Program) were found to be successful in increasing the likelihood of marriage and marriage stability among participants. Some benefits on marriage and fertility have been found as a result of welfare reform, but the magnitude of such effects is unclear (Charnochan, et al., 2005). Sex education programs conducted under welfare reform were shown to not increase sexual intercourse, with some programs contributing to the decrease in sexual activity.

The literature review on the initial impact of welfare reform on caseload reduction and poverty led to two exploratory studies conducted by BASSC staff researchers to help the Directors understand the experiences of welfare-to-work participants and the staff that serve them in the Bay Area. The participants study informed BASSC Directors of 1) characteristics of Bay Area CalWORKs participants, 2) their experiences finding work, 3) supports that enable them to work, 4) their experiences with CalWORKs staff, 5) their participation in CalWORKs services, and 6) their barriers to employment (DeMarco, Austin, and Chow, 2006). Participants were categorized into three groups: Leavers (i.e., those who left welfare), Stayers (i.e., those who were still receiving cash assistance), and Recidivists (i.e., those who had left welfare for a period of time but returned) and identified factors that were predictive of employment.

The study found that the most welfare participants in the Bay Area were women in their late thirties of different racial and ethnic groups. Most were U.S citizens who had an average of two or three children. The study also found that there was moderate to high levels of employment among all three groups. While Leavers had the highest rates of current employment among the three groups, Stayers and most Recidivists reported their previous jobs to CalWORKs staff, suggesting that many of them did not earn adequate pay to leave public assistance. All three groups also had a generally positive perception of CalWORKs program staff, stating that CalWORKs staff were “somewhat” or “very helpful when they were finding a job. However, only about half of the respondents reported that their worker was actively involved in the development of their welfare-to-work plans (DeMarco, Austin, and Chow, 2006).

Respondents from all three groups reported active participation in work first services (job club, job search, job training, and clothing) and core support services (transportation, child care,

housing assistance) than other services (disability and special needs services and education and support services while working). Respondents who felt the CalWORKs program was helpful when they were getting a job were more likely to be employed. Families that did not have children in child care and Asian/Pacific Islanders were also more likely to be employed while those with a greater number of supports were less likely to be employed.

To provide a different perspective of service system, CalWORKs staff were surveyed to determine 1) the time devoted to CalWORKs services, 2) staff perceptions of CalWORKs services, and 3) factors affecting the provision of CalWORKs services. When asked about the amount of time staff spent delivering CalWORKs services (orientation and appraisal services, assessment and employment services, post-employment services, and on-going case management services), the study found that while line staff spent a majority of their time in direct contact with participants, supervisors spent their time in supervision and training (Austin, Johnson, Chow, DeMarco, and Ketch, 2007).

Staff perceptions of CalWORKs services depended on the position of the staff member. For example, although line staff and supervisors both felt that more attention should be paid to appraisal/orientation and assessment/employment phases of service delivery and more effort is needed to help participants and employers with workplace issues, supervisors emphasized outreach strategies to identify employment opportunities and promote employer based training programs. Specialists (i.e. screening and assessment, training, job placement, employment, and resource specialists) agreed with both staff and supervisors in terms of areas of appraisal/orientation and assessment employment, they felt that more attention should be paid to case management and post-employment services. The consensus among staff, specialists, and

supervisors was that less attention should be paid to the data entry of each participant's information into agency computer files (Austin, Johnson, Chow, DeMarco, and Ketch, 2007).

Another BASSC study sought to understand the decision-making process of welfare-to-work service staff (Johnson, Chow, Ketch, & Austin, 2006). The implementation of welfare reform accorded frontline staff members considerable discretion to influence participants' access to services, and direction of case plans, it was important to determine the factors used by staff to assess welfare-to-work participants. A case vignette using a web-based survey design was administered to 52 welfare staff in the 11 Bay Area counties concerned with four service areas: 1) problem recognition, 2) goal formulation, 3) information search processes, and 4) evaluation. Findings suggest that staff indeed have substantial influence on how welfare-to-work participants access services, how services are provided, and how success is defined and measured. For example, the majority of respondents considered the personal factors of "Cecelia," the name of the welfare participant in the vignette (i.e., educational interests, language ability, and motivation level) to be helpful when assessing their situation and making recommendations on welfare-to-work activities. Sixty-eight percent of respondents identified employment or self-sufficiency as the most important long-term goal (achievable after 2 years) for Cecelia when formulating service plans, while 38 percent thought education and training, employment assessments, and job satisfaction were the most important. Important short term goals (achievable within 1 to 2 years) focused mainly on addressing child care and child safety issues, as indicated by 58 percent of respondents. To achieve both long- and short-term goals, respondents selected community-based organizations, family members, and other county agencies as resources for Cecelia.

When asked about the importance of additional types of information when assessing a participant's situation, more than 90% of respondents said that Cecilia's mental health status, communication skills, interests in obtaining education and learning new skills were ranked "very important." This information could be obtained from the welfare participant's family, neighborhood, community, and current employment. In terms of evaluation methods, most respondents said that they would use subjective measures such as work motivation, confidence, and satisfaction with welfare-to-work services. Respondents said that they would measure achievement by evaluating school attendance and grades, pay increases, and graduation certifications which they would get from consultations with others (i.e. social workers and community-based organizations), interpreting clinical or educational assessments, identifying barriers, and standard monitoring procedures.

Exploratory studies on the perceptions and experiences of welfare-to-work participants helped BASSC Directors better understand their needs and concerns to help them overcome potential obstacles. In addition, the studies about the perceptions and decision-making processes of welfare-to-work staff informed county social service directors of the factors used by staff to assess participants and determine their service plans. This information was important for training purposes to ensure that agency goals were clearly understood and properly pursued. The integration of this information led to significant improvements in the service delivery of welfare-to-work services.

The literature review on the impact of welfare reform on caseloads as well as the exploratory studies mentioned above gave BASSC Directors an idea of the welfare-to-work population in their counties. However, information provided by the *Social Welfare at a*

Crossroads sourcebook led the Directors to question the state of low-income families, or working families just above the poverty guidelines (while low-income is defined here, most of the literature uses ‘low-income’ and ‘poverty’ interchangeably). As a result, several reviews were conducted to determine the status of low-income families and the programs and practices that were in place to assist these families. Hastings, Taylor, and Austin (2005) provided a profile of low-income families and their challenges. They found that low-income families, including immigrant and minority families, are resilient and resourceful, despite the fact that they experience severe hardships even though they receive welfare assistance, income from employment, or a combination of both (Hastings, Taylor, and Austin, 2005). Low-income families also face significant barriers to access public and private services and increase income from work such as lack of information and understanding about programs and the application process and discrimination in the employment and service sectors. In order to cope with these obstacles, these families employ a variety of coping strategies (i.e. using social networks, obtaining “side work,” and using public and private social services) to survive.

Chow, Johnson, and Austin (2005) examined the relationship between poverty and low-income neighborhoods. Their literature review suggested that living in urban low-income neighborhoods has negative impacts on economic and employment opportunities, health and mental health status, crime and safety, and children’s behavior and educational outcomes. Applying these findings to low-income neighborhoods in the Bay Area, the authors provide steps to conduct neighborhood assessments to assist program planners design appropriate interventions to alleviate negative outcomes of families living in low-income neighborhoods. These steps include 1) identifying and disaggregating existing welfare-to-work participant data, 2) acquiring

data from more than one source, 3) compiling and standardizing data in common geographic units (i.e. neighborhoods, census tracts, etc.), and 4) analyzing data to make informed decisions.

Promising programs were identified to serve low-income families in poverty neighborhoods (Austin and Lemon, 2005). “Promising programs” are innovative services or programs that are somewhat free standing, self-contained and usually have their own funding streams (Austin, Lemon, and Leer, 2005). With respect to low-income families, promising programs can be categorized into four groups: 1) earnings programs (i.e., place-based strategies targeting employment services, linking low-income parents with adequate employment, and the use of work incentives and supports) and asset development programs (i.e., promoting banking and savings accounts, promoting car and home ownership among low-income families, and education and outreach on EITC), 2) family strengthening programs (i.e., pregnancy prevention services, parenting and early childhood education), and 3) neighborhood strengthening programs (i.e., community development corporations, comprehensive community initiatives, and community organizing). Together, these programs represent a comprehensive set of approaches to increase economic self-sufficiency, promote child and family well-being, and improve conditions of poverty neighborhoods.

In their analysis of two organizations (Making Connections Initiative and Harlem Children’s Zone), Austin, Lemon, and Leer (2005) identify promising practices to address the many complex obstacles faced by poor families living in poor neighborhoods. Different from promising programs, “promising practices” are defined as interpersonal or inter-organizational processes used to deliver innovative services or programs. Emphasis is placed on building and maintaining relationship among staff members and neighborhood residents as well as

memoranda of agreement between organizations. Promising practices can be used within programs to achieve program goals. Promising practices that serve low-income families living in poverty neighborhoods include: 1) promoting earnings and asset development (micro-level intervention), 2) family strengthening (mezzo-level intervention), 3) community organizing and strengthening (macro-level intervention), and 4) developing service delivery approaches (macro-level intervention). The activities of these agencies reflect promising practices that involve an increasingly holistic approach with interventions at all levels.

The four reviews on low-income families described the state of low-income families living in poverty neighborhoods and identified programs and practices that can assist these families move towards self-sufficiency. Combining this information with the previous studies on families living in poverty, Prince and Austin (2004) analyze case studies to provide an overview of organizational changes to accommodate and implement welfare reform to better serve these populations. Their findings are divided into three categories: service delivery, community partnerships, and organizational restructuring.

After the reauthorization of TANF, BASSC Directors wanted to look at welfare reform through more specific lenses, particularly at specific populations. As such, they commissioned a literature review on child-only cases to learn more about the impact of welfare reform on families where only the child receives cash aid. Anthony, Vu, and Austin (2008) found three major findings. First, children child-only cases have varying financial resources that can negatively impact their physical, behavioral and emotional, and educational outcomes. Second, states and counties nationwide have developed various innovative strategies designed to assist caregivers in child-only cases. Finally, despite these programs, child-only caregivers continue to

lack support services to raise the children. Due to the limited research done on child-only cases, recommendations for further research included examining the impact of welfare policies on relative caregivers as well as the overlap between the TANF and child welfare systems, and the needs of children and care providers in cross-over cases.

Due to the pressures of the Deficit Reduction Act, BASSC Directors were interested in engagement strategies for the welfare-to-work population to meet participation requirements. Vu, Anthony, and Austin (forthcoming) found that the most effective way to engage adult welfare participants was through a combination of the Labor Force Attachment approach (which encourages participants to obtain employment as soon as possible) and the Human Capital Development approach (where individuals are encouraged to participate in education services and skills training before they begin employment). The specific strategies to engage welfare-to-work participants are summarized in Figure 9.

Figure 9: Summary of Engagement Strategies by Category

<u>Client-Focused Strategies</u>	<u>Organizational Strategies</u>
Comprehensive Assessments	Identifying Potential Participants
Individualized Service Planning	Emphasizing Outreach Efforts
Access to Other Services	Defining Broad and Flexible Activities
	Communicating a Clear, Consistent Message
	Sanctioning for Non-Compliance
	Tracking Participation
	Setting Performance Standards