

**FIRST HEARING IN SERIES ON
MOVING AMERICA'S FAMILIES FORWARD**

HEARING
BEFORE THE
SUBCOMMITTEE ON HUMAN RESOURCES
OF THE
COMMITTEE ON WAYS AND MEANS
U.S. HOUSE OF REPRESENTATIVES
ONE HUNDRED FOURTEENTH CONGRESS

FIRST SESSION

FEBRUARY 11, 2015

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**FIRST HEARING IN SERIES ON
MOVING AMERICA'S FAMILIES FORWARD**

WEDNESDAY, FEBRUARY 11, 2015

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON WAYS AND MEANS,
SUBCOMMITTEE ON HUMAN RESOURCES,
Washington, DC.

The Subcommittee met, pursuant to call, at 2:10 p.m., in Room B-318, Rayburn House Office Building, Hon. Charles Boustany [Chairman of the Subcommittee] presiding.
[The advisory announcing the hearing follows:]

ADVISORY

FROM THE COMMITTEE ON WAYS AND MEANS

SUBCOMMITTEE ON HUMAN RESOURCES

FOR IMMEDIATE RELEASE
Wednesday, February 4, 2015
No. HR-01

CONTACT: (202) 225-3625

Chairman Boustany Announces First Hearing in Series on Moving America's Families Forward

Congressman Charles Boustany (R-LA), Chairman of the Subcommittee on Human Resources of the Committee on Ways and Means, today announced that the Subcommittee will hold a hearing series on moving America's families forward. The first hearing will focus on *Challenges Facing Low-Income Individuals and Families in Today's Economy*. Subsequent hearings are expected to focus on engaging low-income adults in work and training, coordinating benefit programs, reviewing lessons learned in other countries, and using evidence to ensure programs help people in need experience real progress. **The hearing will take place immediately following the Human Resources Organizational Meeting at 2:00 p.m. on Wednesday, February 11, 2015, in room B-318 of the Rayburn House Office Building.**

In view of the limited time available to hear from witnesses, oral testimony at this hearing will be from invited witnesses only. Witnesses will include experts on how the current labor market affects low-income individuals and families, the nature and dynamics of poverty in recent years, and the shifting structure of households and families in the United States. However, any individual or organization not scheduled for an oral appearance may submit a written statement for consideration by the Committee for inclusion in the printed record of the hearing.

BACKGROUND:

While employment growth has resumed, our Nation's economy isn't working as well as it should to help individuals and families escape poverty and move up the economic ladder. Too many Americans are struggling to find work, and incomes aren't growing as they should. Poverty rates also remain high, even though the recession ended 5½ years ago. In each year since 2009, one out of five children lived in families with income below the poverty line. Changes in family dynamics and household structure have also had significant impacts on the economic situation of families across the country. Recent surveys have shown that many have even lost confidence in their ability to achieve the *American Dream*.

In announcing the hearing, Chairman Boustany stated, **"Even though this is technically the sixth year of the current 'recovery,' far too many Americans are struggling to get ahead in today's economy. With poverty rates stuck at historically high levels and far too many unable to find work, we need to make sure we're doing all we can to help people get ahead. But before we try to address these problems, we need to make sure we fully understand them. That's why we're holding this hearing—to present a full picture of the challenges facing low-income individuals and families today. This hearing will also lay the groundwork for our efforts to fix the problem, providing us with the information we need to help more people find jobs, escape poverty, and move up the economic ladder."**

FOCUS OF THE HEARING:

This hearing will focus on current labor market trends and their impact on low-income families and individuals, trends in poverty in recent years, how changing family and household dynamics impact economic wellbeing, and how Federal policy may influence these issues.

DETAILS FOR SUBMISSION OF WRITTEN COMMENTS:

Please Note: Any person(s) and/or organization(s) wishing to submit written comments for the hearing record must follow the appropriate link on the hearing page of the Committee website and complete the informational forms. From the Committee homepage, <http://waysandmeans.house.gov>, select "Hearings." Select the hearing for which you would like to make a submission, and click on the link entitled, "Click here to provide a submission for the record." Once you have followed the online instructions, submit all requested information. ATTACH your submission as a Word document, in compliance with the formatting requirements listed below, **by the close of business on Tuesday, February 25, 2015**. For questions, or if you encounter technical problems, please call (202) 225-3625 or (202) 225-2610.

FORMATTING REQUIREMENTS:

The Committee relies on electronic submissions for printing the official hearing record. As always, submissions will be included in the record according to the discretion of the Committee. The Committee will not alter the content of your submission, but we reserve the right to format it according to our guidelines. Any submission provided to the Committee by a witness, any materials submitted for the printed record, and any written comments in response to a request for written comments must conform to the guidelines listed below. Any submission not in compliance with these guidelines will not be printed, but will be maintained in the Committee files for review and use by the Committee.

1. All submissions and supplementary materials must be submitted in a single document via email, provided in Word format and must not exceed a total of 10 pages. Witnesses and submitters are advised that the Committee relies on electronic submissions for printing the official hearing record.

2. All submissions must include a list of all clients, persons and/or organizations on whose behalf the witness appears. The name, company, address, telephone, and fax numbers of each witness must be included in the body of the email. Please exclude any personal identifiable information in the attached submission.

3. Failure to follow the formatting requirements may result in the exclusion of a submission. All submissions for the record are final.

The Committee seeks to make its facilities accessible to persons with disabilities. If you are in need of special accommodations, please call 202-225-1721 or 202-226-3411 TDD/TTY in advance of the event (four business days notice is requested). Questions with regard to special accommodation needs in general (including availability of Committee materials in alternative formats) may be directed to the Committee as noted above.

Note: All Committee advisories and news releases are available at <http://www.waysandmeans.house.gov/>.

Chairman BOUSTANY. We will call this hearing to order now and welcome everybody to the Subcommittee and I will welcome our witnesses here shortly.

Our first hearing this year is on the challenges facing low-income individuals and families in today's economy. Our basic purpose as a Subcommittee, our purpose stated in the Subcommittee's very title is to promote the human resources of this country. Those human resources, those individuals, that untapped potential, in many instances, are really today's workers and their children and the workforce of tomorrow.

Stretching back to the 1930s and accelerating into the 1960s, the Federal Government has operated an ever-growing arsenal of programs that provide benefits designed in some way to help low-income families with children as well as unemployed workers to move forward. The bad news—and on this, I think there is bipar-

tisan agreement—is that those programs are not working as effectively as we would like, especially given the realities of today's economy.

And even though the pace has picked up lately, the current jobs recovery has been the slowest in recorded history. It has left far too many people unemployed, stuck in poverty, year after year. Incomes fell dramatically during the recession and really have not bounced back. Millions collected 2 years of unemployment benefits without finding a new job. Many simply left the workforce. Others transitioned into long-term disability benefits or food stamps or both, and the sad result has been a majority of Americans now believe the American dream of hard work and getting ahead is impossible to achieve. And younger workers, the background of our workforce for the next 40 years, are the most pessimistic about their chances.

We also know American families are experiencing major stress. The stress is not just economic stress, but stress on the very fabric of family life as well. Declining marriage rates, rising shares of children born to single parents, and an increasing number of children spending years raised in single-parent homes adds to that stress and to the hurdles that must be overcome by programs designed to help them.

Twenty years ago this Subcommittee faced a similar set of challenges in crafting what became the landmark 1996 welfare reform law. And in fact, by this point in February of 1995, this Subcommittee had already held an amazing eight hearings in less than a month. This documents some of that early work. So I am afraid we are a little bit behind, but we will catch up hopefully and move forward as the Committee continues to have hearings to address these problems.

But back then, the late Subcommittee Chairman, the late Clay Shaw of Florida, sat in this chair and said Members of this Committee were on a rescue mission to save poor families. And in many respects, it worked. After 1996, the number of low-income parents collecting welfare checks fell dramatically as millions left welfare for work. Poverty fell to record lows for key groups as work and earnings rose. But over time, the roles of other low-income benefit programs, especially those not subject to the 1996 reforms, expanded even faster, even when the economy was growing.

And while the number of people participating in these benefit programs increased, poverty rates remained unchanged or even worsened. Clearly, the economy and this broader array of anti-poverty programs haven't been working as well as we would like to help all families move up the income ladder, and that is why this year we will engage in the first top-to-bottom review since 1996, of how Federal policies across the board can better support work, strengthen families, and move America forward.

We will review our programs as well as their interaction with other key programs, like food stamps, housing, healthcare, so that we get a complete picture. We will cooperate with other subcommittees and committees on this. Subsequent hearings will explore how we could better engage low-income adults in work and training, what should we do to better coordinate benefits that families count on, what lessons may we learn from other countries, and how

should we use evidence to ensure we are making a real difference, a tangible difference in people's lives.

Our goal, consistent with the challenge set forth by Chairman Ryan last year, is not simply to cut programs or reduce spending; instead, it is to reform programs so that they create real ladders of opportunity so that families can climb to escape poverty and achieve the American dream. That is a big but essential goal for us to achieve if we want our families, and ultimately our country, to move forward.

I am excited to work with everyone here, including our witnesses today as we get started.

And with that, I would like to turn to Mr. Doggett for his opening statement.

Mr. DOGGETT. Thank you so much, Mr. Chairman.

With nearly 5 years of month after month continuous private sector job growth and with 3 million new jobs created in 2014 alone, I believe we have made steady progress in overcoming the great recession set in motion by Wall Street fraud. While more and more attention in this Congress on both sides of the aisle focuses on what we can do for the middle class, we also need to be concerned with the many Americans who are just struggling to get up the first couple of rungs of that economic ladder to try to climb into the middle class.

This Subcommittee, with its broad jurisdiction over many programs designed to provide opportunities for struggling families, should be a vital part of growing the middle class.

Just one example, one of the issues we have dealt with in this Subcommittee is unemployed insurance. And in 2013, the last year on record, about 1.2 million people were not categorized as impoverished because they had unemployment insurance benefits to tide them over as they searched for work.

The need for real, meaningful action is particularly evident in my home State of Texas. There, one out of every four children is below the poverty level, and about a third of all Texans live in the shadow of poverty, meaning that their income is less than twice the poverty threshold.

I look forward to hearing from all of our witnesses, but particularly from Frances Deviney from the Center for Public Policy Priorities, who has provided objective, nonpartisan information on poverty in Texas and a range of social services there and across the country, and can comment on how some of the programs under our purview can help those in poverty.

Our Subcommittee should be focusing on helping struggling families. Clearly, it is not enough to just throw money at the problem, as we so often hear. But neither is it a substitute, as is sometimes offered in this Committee, to merely throw words at the problem. Caring, soothing, empathetic words, but words and no meaningful legislative action.

I believe there are four goals that are appropriate: First, support incentives that strike at the early seeds of poverty. Prevention, matters like the MIECHV or home visiting program that you referenced in your statement, the Protect Our Kids Act that we worked on in this Subcommittee, which had leadership from former Chair Dave Camp on. That commission on child abuse will have its

recommendations, I think, later this year and provide us an opportunity to take a look at their findings.

I think a second area is to increase efforts to help people gain the skills that they need to secure jobs that can provide a path for a better life. An example that we heard about last session, Project QUEST in San Antonio, which has an 86 percent job placement rate, is focused on helping poor people obtain living-wage jobs and get the training and education and matching them up with where there is a specific need in the labor force.

A third area is to eliminate barriers to work. Certainly, one of the biggest of those barriers is affordable child care. The President talked about this in the State of the Union address. Less than 20 percent of the families federally eligible for child care assistance ever obtain any assistance.

Finally, we need a reliable safety net for families that fall on hard times. In Texas, only one out of every 20 children living below the poverty line receive any direct TANF assistance. That is not temporary assistance for needy families; it is no assistance for most, all the time.

Our experience since welfare reform, which I voted for myself in 1996, shows that while we have experienced some progress, too often TANF has meant less and less for fewer and fewer. I believe we need to have evidence-based programs, but we need to look at the evidence and I am pleased that you will be focusing on review of that welfare law, so that we can see what we can do to help people escape poverty through good work, good jobs.

Mr. Chairman, I look forward to hearing from all of our witnesses and to continuing this discussion throughout this session of Congress.

Thank you.

Chairman BOUSTANY. Thank you, Mr. Doggett.

Without objection, each Member will have the opportunity to submit a written statement and have it included in the record.

And I want to remind our witnesses, as is customary, we have received your written testimony, and I would ask you to restrict your oral statements to 5 minutes, give us a summary, so it will save ample time for questions. However, without objection, all the written testimony will be made part of the permanent record.

And on our panel this afternoon we will be hearing from four very distinguished witnesses. First, we have Ron Haskins, Senior Fellow, Economic Studies at The Brookings Institution; Scott Winship, the Walter B. Wriston Fellow at the Manhattan Institute for Policy Research; third, W. Bradford Wilcox, Visiting Scholar from the American Enterprise Institute; and Frances Deviney, Associate Director, Center for Public Policy Priorities, from Texas. Right?

VOICE. Yes.

Chairman BOUSTANY. Welcome. Welcome to all four of you, and we look forward to each and every one of you providing some insights.

So with that, Mr. Haskins, you will lead off. Thank you so much for being here. You may proceed with your testimony.

**STATEMENT OF RON HASKINS, SENIOR FELLOW,
ECONOMIC STUDIES, THE BROOKINGS INSTITUTION**

Mr. HASKINS. Mr. Chairman, and Mr. Doggett, Members of the Committee, it is a great privilege to be here. I think it is an honor to testify, and I am glad to be invited.

I want to concentrate on one thing. I brought a PowerPoint that I think will make it clear. This summarizes my testimony in these few words: "Low-wage work plus work support benefits reduce poverty." It has happened in the past and I am going to show you how much it has happened. Our poverty rate would be at least 50 percent higher than it is now if it weren't for these government benefits. So they are extremely effective.

And I also want to point out, and I will conclude with this point as well, that this is a bipartisan approach. Why? Because Republicans favor work requirements. Half the Democrats in-house when welfare reform passed also favored them because they voted for it and implemented work requirements. And Democrats like to make sure people are out of poverty. I think a lot of Republicans like that too, so it is supplemented with benefits.

Here is how it works. First of all, I want to call the Subcommittee's attention to the fact that kids who are in female-headed families, as Brad will go into detail about, are five times or four times—it varies from year to year—as likely to be in poverty as kids in married couple families. We have experienced demographic for the last 40 years in the United States to increase poverty by putting more and more of our children in female-headed families where their poverty rates are four or five times as high. If we could stop that, we would make a lot more progress. We have made some progress despite it, but it is a big problem. So that is the first thing. If you can get kids out of female-headed families, and Brad will talk about this more.

The second thing is the work part of the solution I am talking about. I think that this chart right here is one of the most surprising charts that we have had in public policy of the United States, having to do with social policy in the last 4 or 5 decades. The top line is all single parents. I want to focus your attention for a minute on the bottom line. These are never-married mothers. They are the most disadvantaged, the least educated, the least likely to work especially before welfare reform.

And I want to point out in the middle of the chart that huge increase. I don't think there is anything like that in the history of labor bureau statistics that shows this is roughly a 40-percent increase in work over a 4-year period by this most disadvantaged group of low-income mothers. So in that sense, welfare reform was successful. There is some problems. I will get to those in just a minute.

And now I want to show you the impact it had on poverty. This is really, I think, the bottom line. So first, this is life in the state of nature. No benefits. Only earnings. And as you can see, the poverty rate based only on earnings dropped very substantially there during the welfare reform period, started before, and we could talk about that if you want to.

And then, I think primarily because of the economy, it increased, but I would urge you to look at the very last data point. We are

still, we are still below where we were before welfare reform passed after the worst recession we have had since the Great Depression and also a recession in 2001.

So I think this is a remarkable achievement. But we also subsidize the mothers' earnings, and here is how we do it: First, we do it with—I can't read the chart, but the first set of benefits is cash, and that includes earned income tax credit, SSI, and so forth. And as you can see, the poverty rate falls very substantially. It still follows the course of the economy and the course of employment because they are tied together, but it drops it very substantially.

Now we give additional benefits, I think this is a food stamp benefit, and that also reduces the poverty rate. And then we add the earned income tax credit, the additional child tax credit and subtract taxes, so this is net of taxes. And the poverty rate still drops very substantially.

And finally, there is a kind of a category of benefits that especially have to do with people that the mothers live with who earn money or other members of the family that earn money.

And as you can see, we dropped the poverty rate by almost half here with this most disadvantaged group. And the most important point is, they have to work to get these benefits. They have to work to get them. So we have created a system in which to avoid poverty, you can't get out of poverty unless you work. On welfare benefits, hardly anybody, or their children, gets out of poverty. So to me that is a lesson. This system needs to be expanded and preserved.

But it has some flaws, and I want to just mention those in closing. I am going to mention three things just very quickly. The first one is that I think we ought to have work requirements in other programs. We are about to embark on a demonstration with the food stamp program that I think will be terrific. We have had a lot of problems trying to get people on food stamps to work. I think we can do a much better job and the States are going to help them and figure out how to do it. They are going to have random assignment evaluations, and I strongly suggest the Committee follow this carefully because it is a very important step.

Second thing, we know that there is some disconnected mothers, a term that researchers and advocates have used. They are not on welfare, they don't have a job, and some of them are worse off. Most of them are worse off. That is a problem. There have been a couple of experiments to try to figure out what to do about it. Nothing has worked very well. So I think that is something the Committee should tend to.

And finally, I think we can do a lot more with work programs. When this Subcommittee and the full Committee passed the ARRA back in 2009, it had money—an emergency fund and States set up jobs and they supplied 260,000 jobs to low-income families. In the private sector and in the public sector. So that is a very promising thing. I strongly suggest you look into that.

The bottom line is we have made a lot of progress. But we can make more.

[The prepared statement of Mr. Haskins follows:]

Testimony of Ron Haskins
Brookings Institution and Annie E. Casey Foundation
Before the Subcommittee on Human Resources
Committee on Ways and Means
U.S. House of Representatives
Hearing on Challenges Facing Low-Income Individuals and Families
February 11, 2015

Chairman Boustany, Ranking Member Doggett, and Members of the Subcommittee:

Thanks for inviting me to testify on the important topic of challenges facing low-income families. It is an honor to testify before the Human Resources Subcommittee. I applaud your purposes and hope that I can help the Subcommittee members understand our current circumstances regarding work, benefits, and poverty by single mothers a little better.

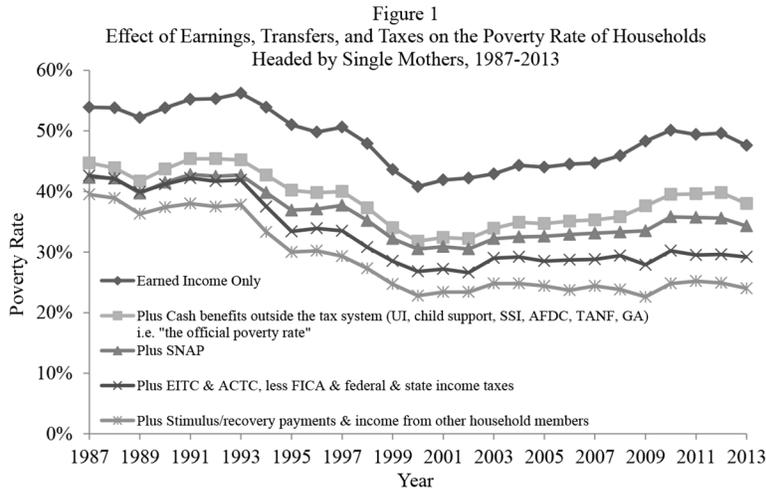
For well over a decade, my Brookings colleague Isabel Sawhill, a Democrat and former member of the Clinton administration, and I have been analyzing data and writing about the factors that influence both poverty rates and economic mobility.¹ We long ago concluded that education, work, and marriage are major keys to reducing poverty and increasing economic opportunity. We also emphasize the role of personal responsibility in all three of these vital components of building a path to the American Dream. But government programs to help low-income American parents escape poverty and build opportunity for themselves and their children are also important.

In today's hearing, the Subcommittee is taking testimony about marriage and work, two of these three keys to reducing poverty and increasing opportunity. Brad Wilcox from the University of Virginia will discuss the decline of married-couple families, the explosion of births outside marriage, and the consequent increase in the number of the nation's children being reared by single (and often never-married) mothers. The increase in the proportion of children in female-headed families contributes to substantial increases in poverty by virtue of the fact that poverty rates in female-headed families are four to five times as great as poverty rates in married-couple families.² If the share of the nation's children in female-headed families continues to increase as it has been doing for four decades, policies to reduce poverty will be fighting an uphill battle because the rising rates of single-parent families will exert strong upward pressure on the poverty rate.³ But perhaps of even greater consequence, children reared in single-parent families are more likely to drop out of school, more likely to be arrested, less likely to go to college, more likely to be involved in a nonmarital birth, and more likely to be idle (not in school, not employed) than children from married-couple families.⁴ In this way, a disproportionate number of children from single-parent families carry poverty into the next generation and thereby minimize intergenerational mobility.

So far public and nongovernmental programs have not been able to reverse falling marriage rates or rising nonmarital birth rates, but there is a lot we have done and can do to increase work rates, especially the work rates of low-income mothers. The goal of my testimony today is to explain the government policies that have been adopted in recent decades to increase work rates and subsidize earnings, which in turn have led to substantial declines in poverty.

I make two points and a small number of recommendations. The first point is that the employment of low-income single mothers has increased over the two decades, in large part because of work requirements in federal programs, especially Temporary Assistance for Needy Families (TANF). The recessions of 2001 and 2007-2009 caused the employment rate of single mothers to fall (as well as nearly every other demographic group), but after both recessions work rates began to rise again.

The second point is that the work-based safety net is an effective way to boost the income of working families with children that would be poor without the work supports. In my view, this combination of work requirements and work supports is the most successful approach the nation has yet developed to fight poverty in single-parent families with children. Here's the essence of the policy approach: first, encourage or cajole single mothers to work by establishing work requirements in federal welfare programs; second, subsidize the earnings of low-income workers, both to increase their work incentive and to help them escape poverty. The primary work-based safety-net programs are the Earned Income Tax Credit (EITC), the Additional Child Tax Credit, the Supplemental Nutrition Assistance Program (SNAP), child care, and Medicaid.



Note: Abbreviations are as follows: Unemployment Insurance (UI), Supplemental Security Income (SSI), Aid to Families with Dependent Children (AFDC), Temporary Assistance for Needy Families (TANF), General Assistance (GA), Supplemental Nutrition Assistance (SNAP), Earned Income Tax Credit (EITC), Additional Child Tax Credit (ACTC), and Federal Insurance Contributions Act (FICA).
Source: Thomas Gabe, Congressional Research Service, *Welfare, Work, and Poverty Status of Female-Headed Families with Children: 1987-2013*.

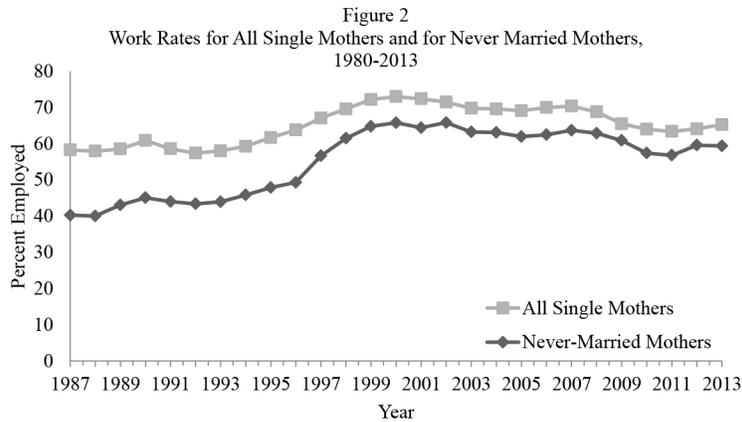
Figure 1, based on a very informative 2014 report from Thomas Gabe at the Congressional Research Service, shows the trends in poverty rates for female-headed families over the period 1987 to 2013 based first on earnings only (top line) and then after adding various

government work support benefits and subtracting taxes in stepwise fashion.⁵ The poverty rate used here includes as income several sources that are not included in the official poverty rate. The major message from the figure is that both increases in work by single mothers and government transfer payments have greatly reduced annual poverty rates in working families since the late 1980s. In addition, the figure reveals a number of important lessons for those interested in fighting poverty. Here is a summary of data from the figures that clarifies these lessons:

Years	Poverty Rate Based on		Decline in Poverty (Percent)
	Earnings Only	Earnings plus Benefits Minus Taxes	
1987-93	54.3	41.7	-23.2
2000	40.8	26.8	-34.0
2010	50.1	30.2	-39.7
2013	47.6	29.2	-38.7

Note: The figures for 1987-93 are annual averages.

In the early period from 1987 to 1993, the average annual poverty rate among children and mothers in female-headed families based only on the mothers' earnings was very high – well over 50 percent in every year and averaging 54.3 percent. Then, especially following welfare reform in 1996, the poverty rate based on earnings plummeted for the next seven years, falling from the 54.3 percent average from 1987-1993 to 40.8 percent in 2000, the lowest it had ever been for female-headed families. Keeping in mind that this poverty rate is based on only the mothers' earnings, it seems certain that the substantial decline in poverty must have been caused by an increase in the number of working single mothers.



Source: Unpublished tabulations by the BLS of Current Population Survey data

Thus, not surprisingly, Census Bureau data show that employment by single mothers did rise over the period leading up to 2000. Between 1987 and 1993, the average percentage of single mothers who worked each year was 58.5 percent.⁶ By contrast, averaged over the years between 1994 and 2000, the work rate by single mothers was 66.7 percent, a 14 percent increase compared to the previous period. The work rate increased every year over the period and in 2000, before the recession of 2001 hit, was 73.0 percent, 25 percent above the average of the 1987-1993 period.

The work rates among never-married mothers, also shown in Figure 2, are even more pertinent to my concerns in this testimony. The subgroup of never-married mothers is more disadvantaged than the entire group of single mothers and much more likely to be on welfare. Yet the increase in their work rates after the mid-1990s was even sharper than the rise for all single mothers. The obvious conclusion from both groups is that more single mothers worked starting in the mid-1990s with the result that there was a major decline in poverty (based on only the mothers' earnings) among mothers and children living in female-headed families.

But the increased employment rate among single mothers is a double-edged sword. Following the recession of 2001, the work rate of the entire group of single mothers fell from 73 percent in 2000 to 69 percent in 2005. Then, just as the work rate began to recover, the Great Recession hit (officially, in December 2007) and work rates among single mothers fell sharply again from 70.4 in 2007 to 64.0 in 2010 before rising again and reaching 65.3 percent in 2013.

If work rates are driving poverty among single mothers, we would expect that the poverty rate based only on earnings would rise as work rates fell after both the recessions that began in 2001 and 2007. As Figure 1 shows, that is exactly what happened. From the all-time low rate for female-headed families of 40.8 percent in 2000 when the work rate peaked, poverty increased every year between 2001 and 2004 before leveling off. Then as employment fell once more after the beginning of the Great Recession in 2007, poverty increased again and rose again between 2007 and 2010. But as more mothers went back to work following the Great Recession, the poverty rate fell again between 2010 and 2013 from 50.1 percent to 47.6 percent.

This pattern of falling work rates and increasing poverty rates followed by rising work rates and falling poverty rates shows that work rates are one key – arguably the most important key – to reducing poverty among female-headed families.

Now consider how the work-based safety net impacted the poverty rate based on earnings only. The bottom line is that the work-based safety net greatly reduces the poverty rate among low-income working mothers and their children in both good times and bad. The traditional view of government benefits is that they reduce the incentive to work because as earnings increase, benefits fall.⁷ Perhaps so, but as benefits are added to earnings throughout the period from the late-1980s to 2013, the average poverty rate fell with the addition of each tier of benefits. The poverty rate based only on mothers' earnings averaged over the 1987-1993 period, when mothers' work rates were still low, was 54.3 percent. Government transfer programs – including cash welfare, SNAP, the EITC/ACTC, and other benefits – drove the poverty rate down to 41.7 percent,⁸ a reduction of about 23 percent. But when the work rate was much higher in 2000, the poverty rate based on earnings was only 40.8 percent, 25 percent lower than the comparable rate

in the 1987-1993 period. After the package of work-based benefits, the 2000 poverty rate fell to 26.8 percent, a decline of a whopping 34 percent. It is worth emphasizing here that in the earlier period when work rates were lower, government benefits reduced the poverty rate by only 23 percent. Yet when work rates were higher in 2000 and the poverty rate based on earnings was lower, government benefits nonetheless reduced this already low poverty rate even more than they had in the earlier period of low employment, 34 percent vs. 23.2 percent.

Now turn to 2010. Keep in mind that in 2010 the effects of the recession on reducing work rates and increasing poverty rates were still in play. Yet the combination of relatively high work rates in 2010 (relative to the 1987 to 1993 period) kept poverty lower than during the earlier period and the impact of government programs in percentage terms was nearly twice as great (a reduction of around 40 percent vs. 23 percent in the earlier period). So the work-based safety net produced lower poverty even when employment declined during recessions, in large part because the work rates of single mothers remained higher even during recessions than they were during the non-recessionary period before the mid-1990s.

Finally, the figures for 2013 show that female heads are back to increasing their work rates, just as they did during both the hot economy of the middle and late 1990s and following the 2001 recession. As a result, the poverty rate based only on the mothers' earnings has already declined from 50.1 percent to 47.6 percent in three years. Meanwhile, government programs remain effective in reducing poverty for these mothers and their children, causing a decline in poverty of 38.7 percent to 29.2 percentage points in 2013. If work rates by mothers continue to increase, there is every reason to believe that poverty among female-headed families will once again return to the lowest rate ever (26.8 percent) achieved in 2000.

This analysis shows that the federal safety net has been redesigned over many years to, as President Clinton put it so tersely, "make work pay." The most important change was the creation of the EITC program in 1975 and its expansion, almost always on a bipartisan basis, on several occasions since. The EITC provides working families that include children with nearly \$60 billion each year, mostly in one-time cash payments. The expansion of the ACTC in the Bush 2001 tax reforms, along with its subsequent expansions, were also important and now provide working families that include children with around \$30 billion each year. In addition, child care subsidies have been expanded on numerous occasions; the SNAP has been modified to make it easier for working families to claim the benefit; the Medicaid program was modified and extended (in part by creating the State Child Health Insurance Program) to cover almost all children under 200 percent of poverty; and a number of other improvements have been made in the work-based safety net at both the federal and state levels.

An important feature of the work-based safety net approach to fighting poverty deserves special attention. This approach combines policies favored by both Democrats and Republicans. Republicans fought hard in 1995 and 1996 to create strong work requirements in the Temporary Assistance for Needy Families (TANF) program and seem more enthusiastic about work requirements than Democrats. Democrats, on the other hand, like means-tested benefits and are generally enthusiastic about the work-based safety net and the generous benefits it provides for working low-income families. In short, the successful approach to reducing poverty that relies on

both individual effort and public benefits provides something for people of all political persuasions.

Now I turn to a few modest recommendations. The first goal of policy to encourage work by low-income single mothers should be to maintain the strong work requirements in the TANF program and to extend strong work requirements to other programs. Authorized by legislation enacted as part of last year's farm bill, up to ten states are about to begin experimenting with work programs in SNAP. Each state demonstration must have a rigorous evaluation. Requiring well-evaluated demonstrations as a first step in expanding work requirements to new programs is a good way to proceed. Beginning with demonstrations will allow adventurous states to develop the policy provisions, administrative procedures, and staff training regimens needed to effectively and efficiently build work requirements into their SNAP program. In addition, state demonstrations are a good way to discover unanticipated problems and impacts of work requirements. If Congress carefully monitors the SNAP work requirements and conducts extensive hearings, we will learn a lot about implementing a strong SNAP work requirement from the state demonstrations that may convince Congress to implement SNAP work requirements on a larger scale.

An important recommendation for members of the tax-writing Ways and Means Committee is to make the Additional Child Tax Credit permanent. The ACTC, an important part of the work-based safety net, now provides a refundable credit based on earnings of over \$3,000 dollars. If the \$3,000 provision is not extended or made permanent by 2017, the credit calculation will revert to the amount of income over about \$15,000 and low-income working families with children will lose billions of dollars and a substantial amount of work incentive. In a time when the nation is concerned about income inequality, the ACTC is one policy that both encourages work and attacks inequality directly by boosting the income of low-income workers.

Few if any policies produce all benefits and no costs. Thus, another policy recommendation emerges from the obvious fact that not all single mothers work (Figure 2). The nation's work-based safety net provides much less help to non-working mothers. In fact, a number of researchers have reported that mothers who do not work or do not work consistently are worse off under the post-welfare reform safety net because people qualify for the generous benefits from the work-based safety net only by working. Under the old Aid to Families with Dependent Children program, which TANF replaced, mothers could stay on welfare for many years and face minimal if any work requirements. But under TANF, most mothers must work or prepare for work or have their benefits cut or terminated. In addition, there is a 5-year (or even less in some states) limit on benefits. Many mothers have had their benefits cut or ended under both these provisions. It follows that some poor mothers and their children have neither cash welfare benefits nor earnings.

Such mothers are often referred to by researchers and advocates as "disconnected," because they are disconnected from work and therefore, in most cases, from receiving benefits from the TANF program as well.⁹ Census Bureau data show that deep poverty, defined as poverty below half the poverty level (roughly \$9,400 a year for a family of three in 2013), increased by about 20 percent, from 5.3 percent in 1995 (the year before welfare reform was enacted) to 6.3 percent in 2013, under the official measure of poverty.¹⁰ We should acknowledge

this problem and try to figure out ways to help these disconnected mothers and their children. One idea would be to provide a source of funding for states to develop programs to help these mothers such as the Project Match program in Chicago that moved troubled mothers toward employment in incremental steps.¹¹ These programs will in all likelihood emphasize both job preparation with services such as treatment for depression or substance abuse.

The strategy of doing everything possible to increase the work rates of single mothers and then supplementing their earnings is the most successful strategy the nation has developed for reducing poverty among disadvantaged children. I see no reason why this approach cannot be expanded and become even more effective in increasing work rates, reducing poverty rates, and bringing more disadvantaged adults and their children into the mainstream of the American economy.

¹ Ron Haskins and Isabel Sawhill, *Work and Marriage: The Way to End Poverty and Welfare* (Washington: Brookings Institution, 2003); Haskins and Sawhill, *Creating an Opportunity Society* (Washington: Brookings Institution Press, 2009)

² Ron Haskins, "The Family is Here to Stay," *Future of Children* 25, no. 2 (forthcoming); Kaye Hymowitz, Jason S. Carroll, W. Bradford Wilcox, and Kelleen Kaye, *Knot Yet: The Benefits and Costs of Delayed Marriage in America* (Charlottesville, VA: The National Marriage Project at the University of Virginia, The National Campaign to Prevent Teen and Unplanned Pregnancy, and The Relate Institute, 2013). For an explanation of the central role of family structure in the continuing black-white income gap, see Deirdra Bloome, "Racial Inequality Trends and the Intergenerational Persistence of Income and Family Structure," *American Sociological Review* 79 (December 2014): 1196-1225.

³ Maria Cancian and Ron Haskins, "Changes in Family Composition: Implications for Income, Poverty, and Public Policy," *ANNALS of the American Academy of Political and Social Science* 654 (2014): 31-47.

⁴ Sara McLanahan, Laura Tach, and Daniel Schneider, "The Causal Effect of Father Absence," *Annual Review of Sociology* 29 (2013): 399-427.

⁵ Figures were adapted from Thomas Gabe, *Welfare, Work, and Poverty Status of Female-Headed Families with Children* (R41917), (Washington: Congressional Research Service, November 21, 2014), especially Figure 13, p. 33.

⁶ *Ibid.*, Table C-11, pp. 88-89.

⁷ Congressional Budget Office, "Effective Marginal Tax Rates for Low- and Moderate-Income Workers" (Author, November 2012).

⁸ Poverty rates in this section that take benefits into account are not the official federal poverty rate. They are based on the official poverty threshold (the amount of income that divides the poor and nonpoor) but add benefits that are mostly not included in calculating the official poverty rate.

⁹ Pamela Loprest and Karin Martinson, *Supporting Work for Low-Income People with Significant Challenges* (New Safety Net Paper 5) (Washington: Urban Institute, July 2008); Heather Sandstrom, Sandra Huerta, Pamela Loprest, and Kristin Seefeldt, *Understanding the Dynamics of Disconnection from Employment and Assistance* (Washington: Urban Institute, May 2014).

¹⁰ U.S. Census Bureau, Historical Tables, Table 22, at <http://www.census.gov/hhes/www/poverty/data/historical/people.html>

¹¹ See "Project Match" at <http://pmatch.org/>; unfortunately, Project Match closed its doors in 2013, but its program is still relevant to helping very disadvantaged mothers move toward independence.

The views expressed in this piece are those of the author and should not be attributed to the staff, officers, or trustees of the Brookings Institution.

Chairman BOUSTANY. Thank you.
Mr. Winship, you are recognized.

**STATEMENT OF SCOTT WINSHIP, WALTER B. WRISTON
FELLOW, MANHATTAN INSTITUTE FOR POLICY RESEARCH**

Mr. WINSHIP. Thank you.

Chairman Boustany, Ranking Member Doggett, Members of the Subcommittee, thank you for the opportunity to testify today.

How to address the challenges facing low-income individuals and families is one of the most important questions facing policymakers today. To me, personally, I think it is the most important question.

In my written testimony, I assess long- and short-term trends in the American labor market over the past 25 years. I discuss trends in employment, unemployment, and labor force participation between the business cycle peaks of 1989 and 2007, to show that many of the challenges we face, not all, but many that we believe to be worsening are not.

I also describe what has happened since the onset of the Great Recession in order to examine the recent departure from these longer-term trends. My written testimony includes a series of 24 fun charts displaying the trends that I will thankfully just summarize here.

So, the highlights of my analyses are as follows: First, over the last 25 years, the enduring strength of the American economy, I think, shines through. In particular, there was no increase between 1989 and 2007 in the share of adults who are unemployed or in the share of workers who are working part time involuntarily. This is true for adults between the ages of 18 and 24, those 25 to 54, and those aged 55 to 64, for both men and for women. Nor has employment fallen among women aged 25 to 54 or among older men and women. These trends are shown in Figures 1A through 1F and 2A through 2F in my written testimony.

Second, the share of adults under age 25 who are employed has fallen over time. But the decline is primarily explained by increasing school enrollment, and it is entirely explained by an increase in the share of adults in that age group who tell Federal surveyors when asked that they do not want a job, and that is in Figures 1A and 1B and Figures 4A and 4B.

Third, the share of men between the ages of 25 and 54, prime-age workers, the share of those men who are employed has also fallen, again, driven by a fall in labor force participation. The drop in labor force participation is entirely explained, on the one hand, by increases in the share of men, who, again, say they do not want a job and the share who report that they are disabled. These are shown in Figures 1C and 4C.

Now, the prevalence of self-reported disability and its rise over the past 45 years does not accord with trends in physical or mental health, which have not worsened over time. While much of the increase in disability is due to demographic change, policy changes that have made it easier to qualify for Federal disability benefits have increased the number of working-age men outside the labor force.

Fourth, as shown in Figures 3A through 3F, unemployment spells have grown longer even though the share of adults experi-

encing unemployment hasn't risen. Because relatively few people are unemployed, however, relatively few, and many of them are out of work for less than 3 months, the risk of experiencing long-term unemployment remains very small. So if you take the most disadvantaged group you see in the day, the young black men, they experienced a 16-point increase between 1989 and 2007 in the share of unemployed who have been out of work for more than 26 weeks. But the increase in the share of young black men in the labor force, jobless or not, who are unemployed that long, was only from 1 to 4 percent.

Okay. Fifth, the Great Recession worsened most indicators of labor market strengths for sure. Employment fell significantly, and has recovered only among older adults. Unemployment remains higher than in 2007, and labor force participation remains lower among adults under the age of 55.

Involuntary part-time work has increased as a share of all part-time work. Full-time work has declined as a share of employment among younger workers and among men aged 25 to 54. And the long-term unemployed grew as a fraction of the jobless, and the share of adults outside the labor force who said that they wanted to work, has risen.

The worst is behind us, however, as nearly all of these indicators began improving between 2009 and 2011. The exception is the labor force nonparticipation among men and women, aged 25 to 54, which peaked in 2013 among women and probably in 2014 among men.

Turning quickly to policy solutions, I think efforts to revive business creation would ensure the replenishment of new firms who account for an outsize share of new jobs. And they might therefore lower the duration of jobless spells that we see.

Experimentation through State and local pilot programs would allow for the testing and evaluation of safety net reforms to promote work and to support low-income families. And reforms to Federal disability programs could benefit those with marginal ailments, real ailments but marginal ones, who in past years would not have dropped out of the labor force, while at the same time helping those with serious impairments who want to work become better integrated into the workforce.

In conclusion, I want to reiterate that we do face economic challenges as a Nation. Low-income individuals and families face more challenges than other Americans. Too many are hard pressed to make ends meet while their children enjoy too little upward mobility.

But I think it is important to keep in mind that the ability of the U.S. economy to provide work for those who seek it has not diminished. I think, above all, we need to remember that.

Thank you.

[The prepared statement of Mr. Winship follows:]

Testimony of Scott Winship
Walter B. Wriston Fellow, Manhattan Institute for Policy Research
Before the Subcommittee on Human Resources, Committee on Ways and Means, U.S. House of
Representatives
Hearing on Challenges Facing Low-Income Individuals and Families
February 11, 2015

Chairman Boustany, Ranking Member Doggett, and Members of the Subcommittee, thank you for the opportunity to testify before the Human Resources Subcommittee today. It is my hope that I can provide you with information that will help guide the work of the Subcommittee as it seeks to address the challenges facing low-income individuals and families.

I will focus my remarks on long- and short-term trends in the American labor market over the past 25 years, seeking to clarify where we do and do not face challenges. I want to move beyond the conventional wisdom that most of the economy's problems are long-term structural ones rather than temporary effects of the Great Recession. In order to do so, I will discuss trends in employment, unemployment, and labor force participation between 1989 and 2007 to show that the American labor market retains great strengths and that many of the challenges we believe to be worsening are not. I will then shift to what has happened since the onset of the Great Recession in order to clarify the severity of the departure from these longer-term trends. A series of 24 charts follows the text to graphically display the trends I discuss.

The highlights of my analyses are as follows:

- Over the last 25 years, the enduring strength of the American economy shines through. In particular, there was no increase between the business cycle peaks of 1989 and 2007 in the share of workers who were working part-time involuntarily or in the share of adults unemployed.
- The share of adults under age 25 who are employed has fallen over time, driven by a decline in the share of young adults in the labor force, working or looking for work. But the decline in labor force participation is primarily explained by rising school enrollment and entirely explained by an increase in the share of adults who do not want a job.
- The share of men between the ages of 25 and 54 who are employed has also fallen, again, driven by a fall in labor force participation. The drop in labor force participation is entirely explained by an increase in the share of adults who do not want a job and especially by an increase in men reporting they are disabled. The prevalence of self-reported disability and its rise over the past 45 years does not accord with trends in indicators of physical and mental health. While much of the increase is due to demographics, policy changes that have made it easier to qualify for federal disability benefits have likely increased the number of working-age men outside the labor force.
- Unemployment spells have grown longer over time, even though the share of adults experiencing unemployment has not risen. Because few people are unemployed and many of them are out of work for less than three months, the risk of experiencing long-term unemployment remains very small.

- The Great Recession worsened most indicators of labor market strength. Employment fell significantly and has recovered only among older adults. Unemployment remains higher than in 2007, and labor force participation remains lower among adults under age 55. Involuntary part-time work has increased as a share of all part-time work. Full-time work has declined as a share of employment among younger workers and men aged 25 to 54. The long-term unemployed grew as a fraction of the jobless, and the share of adults outside the labor force who were interested in working rose.
- The worst is behind us, however, as nearly all of these indicators began improving between 2009 and 2011. An exception is labor force non-participation among men and women aged 25 to 54, which peaked in 2013 among women and probably last year among men.

While policymakers face real economic challenges—including a secular rise in the duration of jobless spells, a recovery that until recently seemed to taunt us, poorer job prospects for workers with limited skills, and the continually expanding federal disability rolls—the ability of the U.S. economy to provide work for those who seek it has not diminished. Policies to help low-income individuals and families should not presume that the American job-creation machine is broken, or that our recent cyclical challenges portend a “new normal” in the coming decades.

Falling Employment?

A frequently cited economic indicator is the employment-to-population ratio, which is just the number of people with jobs divided by the total number of people. A declining employment-to-population ratio is often viewed with alarm, but by itself, falling employment does not necessarily indicate a problem.

Consider young adults. As Figures 1a and 1b show, over the past 25 years, the share of men and women under age 25 who are working has fallen—fairly steadily for men, but only over the last 15 years among women.¹ In 1989, 70 percent of men and 61 percent of women were employed. By 2007—like 1989, a peak in the business cycle—employment had fallen to 64 percent among men but to just 60 percent for women; much of the decline in the employment-to-population ratio has occurred since the Great Recession. Between 1989 and 2007, there was scarcely any change in the unemployment rate for either young men or women. Working grew less common because the number of people outside the labor force—neither working nor looking for work—rose.

It is common to interpret an increase in the share of adults outside the labor force as a rise in “labor force dropout,” the implication being that the job market is so bad that workers are giving up even looking. But a falling labor force participation rate is also ambiguous as an indicator of economic health. In fact, the primary reason that fewer young adults are in the labor force today is that school enrollment has risen in the past quarter century.

This was especially true prior to the recession. Employment among women between the ages of 18 and 24 fell by just one percentage point between 1990 and 2007, but statistics from the Department of Education indicate that school enrollment in this group rose by 11 points.²

Among men, school enrollment rose five points—the same amount by which employment fell. These patterns recur for white, black, and Hispanic men and women under age 25 (not shown).³

While some people combine school and work, postsecondary students attending part-time are a smaller share of fall enrollment today than in 1989.⁴ And the increase in school enrollment is unlikely to simply reflect a deteriorating job market because the trend has been fairly steady since at least 1980.

Figure 1c shows that among men in their prime working years—between the ages of 25 and 54—employment fell by three percentage points between 1989 and 2007, from 89 percent to 86 percent. All of the decline was due to a drop in labor force participation; unemployment as a share of all working-age men fell from 4.5 percent to 4.0 percent.⁵ These patterns held for men without high school diplomas, men who graduated from high school but did not receive a bachelor's degree, and men who graduated from college.

Among women, the employment-to-population ratio was higher in 2007 than in 1989, rising from 70 percent to 73 percent (see Figure 1d). Employment rose slightly between 1989 and 2007 among the two groups of working-age women that lacked a bachelor's degree, while it fell comparably among the most educated women. This may reflect the revolution in welfare policy since the 1990s that has strengthened the safety net for the working poor while making it less appealing not to work.

While the employment-to-population ratios of younger men and women and of prime-working-age men have fallen, employment has actually risen among older men and women. As shown in Figure 1e, in 1989, 65 percent of men between the ages of 55 and 64 were employed, rising to 68 percent in 2007. Among women employment rose by a remarkable 13 points—from 44 percent to 57 percent (see Figure 1f). These trends were driven by increases in labor force participation, especially among women.

However, the employment trends of older men differ by educational attainment (not shown). Employment among older women grew between 1989 and 2007 among less- and more-educated women alike. But among older men without a high school diploma, employment fell slightly from 52 percent in 1989 to 51 percent in 2007. Older men who graduated from high school but lacked a bachelor's degree saw their employment-to-population ratio fall from 67 percent to 64 percent. In contrast, employment among men aged 55 to 64 who received a bachelor's degree rose from 77 percent to 79 percent.

In addition to the employment gains by more-educated men, rising educational attainment over time also served to lift the employment-to-population ratio, by pushing more and more workers into the better-educated categories (which have higher employment). The fact that employment gains were stronger among the best educated men casts doubt on claims that rising work among older men reflects diminished preparedness for retirement.

The employment picture worsened considerably between 2007 and 2010 but has been improving since. Employment-to-population ratios fell from 64 percent to 55 percent among young men between 2007 and 2014 and from 60 to 55 percent among young women. They fell from 86 percent to 82 percent among prime-working-age men and from 73 to 70 percent

among women. Among older workers, the decline was smaller—from 68 to 66 percent among men aged 55 to 64 and from 57 to 56 percent among older women. Bureau of Labor Statistics estimates from January indicate that employment among older adults has recovered to its 2007 levels.⁶

The larger 2007-14 declines in employment among the youngest group compared with the two older groups reflect both bigger increases in the share of men and women unemployed and bigger increases in the share out of the labor force. The shares of prime-working-age adults and of older adults that were unemployed were one percentage point higher in 2014 than in 2007, for both men and women. The share of prime-working-age women outside the labor force peaked in 2013, while it was still rising among men as of last year. In contrast, labor force participation among older men and women was no higher in 2014 than in 2007.

In summary, employment today has yet to recover to its 2007 levels, except among the oldest workers. Unemployment rates have fallen steadily since 2010, but labor force non-participation among adults under 55 rose through 2012, 2013, or even 2014. However, if there is any reason to worry about a falling employment-to-population ratio over the long-run, the problem may be confined to prime-working-age men. Whether there is even a reason to worry about this group depends on why its employment fell. Increases in unemployment were much smaller, generally, than declines in labor force participation, so the question then becomes, why did labor force participation fall? I will provide an answer to this question, but first let us take a deeper look at employment and unemployment trends to better understand whether there are other signs of long-run economic dysfunction.

Rising Involuntary Part-Time Employment?

Within the employed population, we can distinguish between those who are employed full-time (35 hours per week or more), those employed part-time for “non-economic reasons,” and those working part-time for “economic reasons.” The distinction between the two part-time categories is essentially a matter of whether a worker would prefer to be working full-time. Working part-time for economic reasons means working part-time involuntarily because one cannot find a full-time job.

From 1989 to 2007, the allocation of young male workers (aged 18 to 24) across these three employment categories barely budged, as shown in Figure 2a. Figure 2b reveals that among young women there was a shift from full-time work to voluntary part-time work, but no change in the share working part-time involuntarily. Fully 94 percent of young men and women who were employed in 2007 were working full-time or part-time by choice.

The same patterns recur for workers between the ages of 25 and 54 (see Figures 2c and 2d). The distribution of employment between full-time, voluntarily part-time, and involuntarily part-time workers has changed little over the long run. In both 1989 and 2007, 94 percent of working-age men who were employed worked full-time. More women than men worked part-time (78 percent in 1989 and 80 percent in 2007), but just 3 percent of working women were part-time involuntarily in 2007, while 17 percent were voluntarily so.

Figure 2e indicates that among older men, there was no change in the mix between full-time, voluntary part-time, and involuntary part-time work from 1989 to 2007. Older women actually saw increases in full-time work, and among part-time workers, fewer wanted to work full-time (see Figure 2f).

These patterns held up even when looking at less- and more-educated men and women separately (not shown). There is simply no evidence for a long-term shift toward involuntary part-time work.

However, the share of employed workers aged 18 to 24 and the share of employed men aged 25 to 54 employed full-time was lower in 2014 than in 2007, having bottomed out between 2009 and 2011. The drop was worse among the youngest adults; 69 percent of employed men aged 18 to 24 were working full-time in 2007, but just 63 percent were in 2014, while the decline among young women was from 55 to 49 percent. About half of these declines were due to a rise in involuntary part-time work. That was also true of the decline in the share of employed prime-working-age men working full-time, though in 2014, fully 92 percent of employed men worked full-time. Among men and women of all ages, involuntary part-time work constituted a larger share of all part-time work in 2014 than in 2007.

While these post-2007 trends are discouraging, it is easy to overstate how problematic they are. Last year, 90 to 91 percent of younger workers were either employed full-time or voluntarily employed part-time. For workers aged 25 to 54 or 55 to 64, 95 to 96 percent were. And these figures are increasing.

Increasing Long-Term Unemployment?

Unemployment spells can be of longer or shorter duration, so it is possible that a stable unemployment rate might conceal an increase in the risk of long-term unemployment. In fact, it does appear that there has been a rise in the duration of unemployment spells over the past 25 years. Among unemployed men between the ages of 18 and 24, the share out of work for less than 12 weeks fell from 69 percent to 56 percent between the peak years of 1989 and 2007 (see Figure 3a). The percent of unemployed men jobless for 12 to 26 weeks rose a few points, but the real increase was in the share of unemployed men jobless for more than 26 weeks, or half a year. Just 8 percent of the unemployed were out of work that long in 1989, but 18 percent were in 2007. Figure 3b shows that among unemployed women, the share jobless less than 12 weeks fell by 13 points, the share unemployed 12 to 26 weeks rose by eight points, and the share out of work for more than 26 weeks increased by four points.

The long-term unemployed have also become a larger share of unemployed adults aged 25 to 54, as shown in Figures 3c and 3d. Working-age men who were jobless for less than 12 weeks fell as a share of all unemployed men, from 56 percent in 1989 to 47 percent in 2007. Among women the decline was from 68 percent to 54 percent. Most of the shift among men was to unemployment spells of more than 26 weeks, while among women the share unemployed for 12 to 26 weeks also increased significantly. The share of working-age unemployed men jobless for more than 26 weeks rose from 15 percent to 22 percent, and it rose from 11 to 19 percent among unemployed women.

Figures 3e and 3f reveal the same pattern of rising unemployment spells among older workers. The share of unemployed men aged 55 to 64 out of work for more than 26 weeks rose from 16 percent in 1989 to 22 percent in 2007, while for women the increase was from 15 percent to 19 percent.

Longer unemployment spells grew dramatically more relative to shorter spells between 2007 and 2014 among men and women, younger and older workers. In 2007, 18 percent of unemployed men aged 18 to 24 had been jobless for more than 26 weeks, but in 2014 31 percent had. Among women aged 25 to 54, the share doubled from 19 percent to 38 percent. And among men aged 55 to 64 it rose from 22 percent to 50 percent. Long-term joblessness has been declining as a share of unemployment since the depths of the recession.

Unemployment spells, then, have become longer even though in a given week the share of the population that is unemployed has not risen. It should be kept in mind, however, that since unemployment is relatively rare, long-term unemployment is even less common. Young black men, for instance, experienced a 16-point rise between 1989 and 2007 in the share of the unemployed out of work for more than 26 weeks (not shown). But the increase in the share of *all* young black men (jobless or not) who were unemployed that long was only from one to two percent. The increase in the percent of young black men *in the labor force* unemployed for more than 26 weeks was only from one to four percent. Despite the 28-point increase in the share of older unemployed men jobless for more than 26 weeks, the share of all older men (jobless or not) who were unemployed that long rose by just 1.4 percentage points, and the share of older men in the labor force who were unemployed that long rose by only 2.0 points.

Rising Labor Force Dropout?

We have already seen that much of the increase in nonparticipation among young adults is due to rising school enrollment. Another useful decomposition of those out of the labor force is to consider four groups: those who tell surveyors they want a job or might depending on the details (and who are not retired or disabled), those who are disabled, those who are retired, and those who say they do not want a job (and are neither retired nor disabled). It is only possible to break these groups out from 1996 to 2013.⁷

The share of young men and women out of the labor force who are interested in working has declined steadily since 1996 (see Figures 4a and 4b). Among men the fall was from 18 percent in 1996 to 13 percent in 2007, and the drop was from 17 to 10 percent among women. The bulk of these declines was due to a shift in young people not wanting to work rather than to an increase in disability or retirement. Fully 81 percent of young men and 85 percent of young women out of the labor force did not want to work in 2007.

As already noted, many were in school. Department of Education figures indicate that 42 percent of all men aged 18 to 24 and 47 percent of women were enrolled in 2007, compared with 22 percent of all men and 30 percent of all women who were both out of the labor force and were uninterested in working.⁸ Other labor force nonparticipants were keeping house, raising children, or receiving support from parents.

Whatever the reasons, the data makes clear that essentially all of the rise in labor force nonparticipation among young adults between 1996 and 2007 was due to declines in the number of men and women who are interested in working.

Figures 4c and 4d indicate that even among men and women aged 25 to 54 and out of the labor force, it remains the case that few are interested in working. Just 20 percent of men were in 1996, and just 12 percent of women. Openness to work among those out of the labor force actually fell over time, so that by 2007, only 15 percent of men and 8 percent of women were potentially interested. The decline in labor force participation, according to these numbers, cannot be accounted for by rising labor force dropout, with its suggestion that more and more people want to work but cannot find a job and give up.

Among prime-working-age women out of the labor force, over two-thirds in both years said they did not want to work and were neither disabled nor retired. Among their male counterparts, however, nearly half—47 percent in both years—were ill or disabled, and if we assume that many of those who said they were retired were actually receiving disability benefits while waiting to become eligible for Social Security retirement benefits, then it is likely that over half of prime-working-age men outside the labor force claim to be disabled.

The rise in self-reported disability among prime-working-age men goes back decades. In 1969, 1.5 percent of men between the ages of 25 and 54 were both out of the labor force for some reason other than being in school or keeping house and had not worked at all in the previous year because of an illness or disability.⁹ That figure rose to 3.5 percent by 1976 and to 4.2 percent by 1991. From 1994 to 2009, the share of prime-working-age men saying they were out of the labor force because of a disability (without regard to the previous year—the available series in the data changed) rose from 4.4 percent to 5.5 percent.

Because practically no reliable indicators of physical or mental health show deterioration over this period, and because policy decisions around the Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI) programs have so clearly increased the incentives to apply for federal disability benefits, much of this increase is likely to be due to a rise in the share of men who would have worked in the past but who now receive cash assistance instead (and federally-provided health benefits). I estimate that up to half of the rise in SSDI receipt, for instance, is a consequence of policy changes rather than demographic change or the deinstitutionalization of the mentally ill.¹⁰

SSDI benefits replace more of a worker's past income the lower their previous earnings were, and SSI is available exclusively to low-income adults (and children). It is possible, therefore, that receipt of federal disability benefits conceals a weaker labor market than is conveyed by the employment and unemployment figures cited above. But such an interpretation presumes that this hidden joblessness is a "demand-side" rather than a "supply-side" problem—that there are no jobs to be had rather than that disability beneficiaries who could work choose instead to go on SSDI or SSI.

This interpretation was the one offered by defenders of the old cash assistance program to single mothers before it was reformed in 1996 and thereafter to promote work and self-

sufficiency. However, as the testimony of Ron Haskins highlights, welfare reform actually revealed that the economy could provide enough jobs to improve the living standards of single-parent families who were successfully incorporated into the workforce. Even if the long-term rise in receipt of disability benefits were found to indicate a demand-side problem, that would still point to the importance of disability reform; these programs were not intended as unemployment insurance for the very-long-term jobless. If we were starting from a blank slate, we would not camouflage such an insurance program under the rubric of physical or mental disability.

Unsurprisingly, among older men and women out of the labor force, even fewer are interested in working than among their younger counterparts. Just two to three percent of men and women aged 55 to 64 was open to a job in either 1996 or 2007 (see Figures 4e and 4f). The reason should be obvious: majorities of older Americans out of the labor force are retired. That said, retirement accounted for a falling share of labor force nonparticipation between these years, and disability a rising share. In part, this is likely to be related to the federal disability policy changes just discussed, but another factor is the increase in the Social Security retirement age over this period. Older Americans who in the past would have collected Social Security retirement benefits earlier now rely on disability benefits to get them through to the later retirement age. By 2007, one-third of men aged 55 to 64 and out of the labor force and a quarter of women indicated they were disabled.

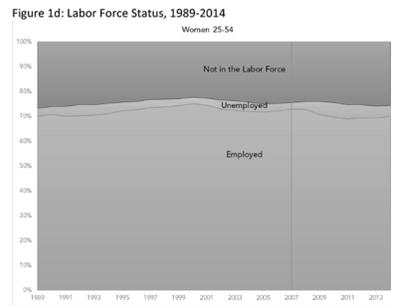
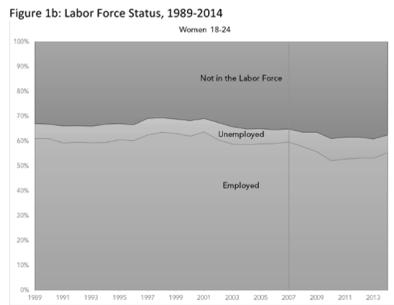
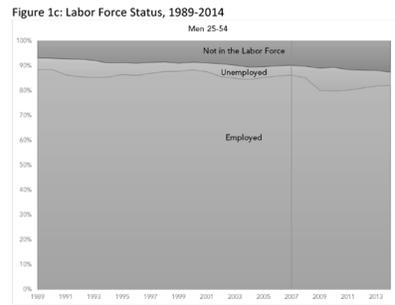
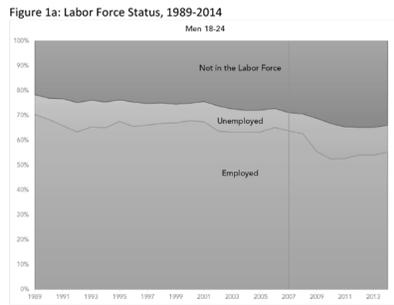
Once again, the economic picture looks worse since 2007. In particular, labor force dropout appears to have increased. The share of men and women out of the labor force who wanted to work or were open to it (and who were neither disabled nor retired) rose by one to three percentage points across all three age groups between 2007 and 2014. The share out of the labor force who definitely did not want to work (and were neither disabled nor retired) fell by one to four points, except among men older than 24, for whom it rose slightly.

Among younger men and women, however, much of the decline in labor force participation since 2007 appears again to be due to rising school enrollment. While the shares of out-of-the-labor-force men and women under age 25 who did not want to work shrank slightly, because labor force non-participation rose so much it was still the case that young adults not wanting to work became a bigger share of all young adults. And that increase accounted for 70 to 75 percent of the overall increase in young adults outside the labor force. The share of all young men who were out of the labor force and did not want a job rose by 4.4 percentage points between 2007 and 2012, while school enrollment in this group increased by 3.3 points.¹¹ Among young women, there was a 2.4-point rise in the share who were not in the labor force and did not want a job, versus a 4.1-point increase in school enrollment.

One last post-2007 trend worth noting is that among older men and women out of the labor force, there was a small shift in which fewer people were retired and more were disabled. This shift may signal that a rising number of older workers were thrown out of work and could not find a new job, relying on disability benefits to get them through until they could receive Social Security retirement benefits.

In conclusion, I want to reiterate that we do face economic challenges as a nation, and low-income individuals and families face more challenges than other Americans. But it is all too easy to buy into a pessimistic conventional wisdom that sees weakness in every economic indicator and permanently higher economic insecurity during temporary downturns. The Great Recession was a wrenching event that we have nonetheless emerged from with our taken-for-granted affluence intact. The problems that we face—including too many low-income families hard-pressed to make ends meet and too little upward mobility—are the problems that we have always had, and if they stubbornly persist, they are not fundamentally worse than in the past.

In particular, the oft-unacknowledged strength of the American economy should reassure policymakers that anti-poverty policies that include an emphasis on work are wholly appropriate. By experimenting through pilot programs, a number of approaches to promote work and support low-income families may be tested and evaluated. Those who predicted that a work-centered safety net would hurt single mothers and their children turned out to be wrong in the 1990s. We cannot know that the doomsaying predictions of those who resist additional safety net reforms to encourage work will be wrong again, but there is ample evidence today of the American economy's enduring strengths, reinforcing the lessons learned from the welfare reforms of the 1990s. Maintaining the status quo is a policy choice too, and one that may do more harm than new approaches.



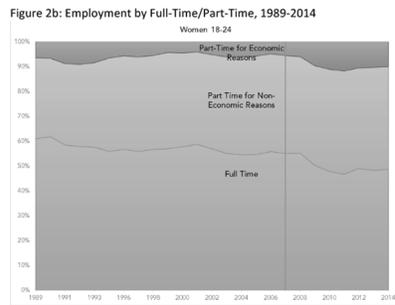
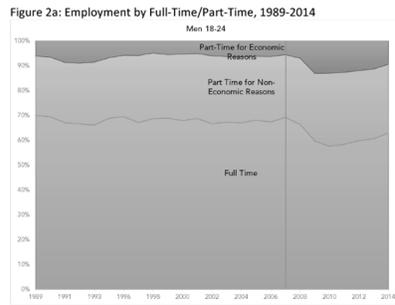
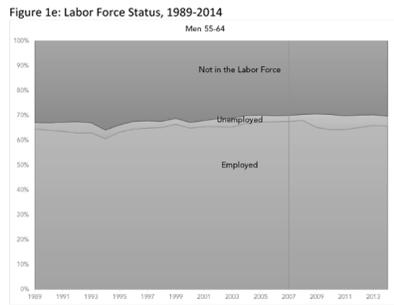


Figure 2c: Employment by Full-Time/Part-Time, 1989-2014

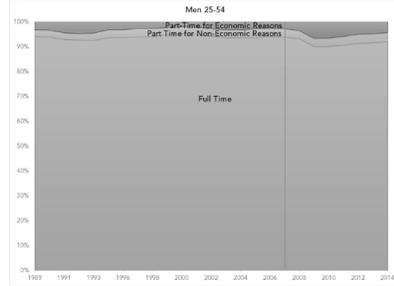


Figure 2e: Employment by Full-Time/Part-Time, 1989-2014

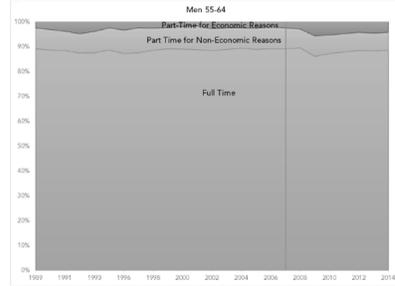


Figure 2d: Employment by Full-Time/Part-Time, 1989-2014

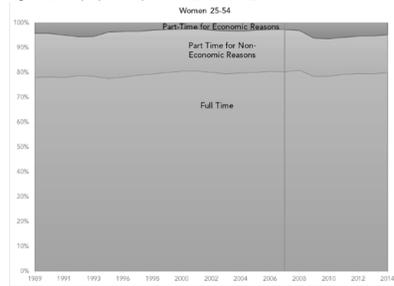


Figure 2f: Employment by Full-Time/Part-Time, 1989-2014

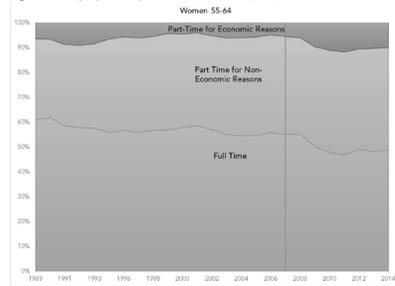


Figure 3a: Unemployment Duration among the Unemployed, 1989-2014

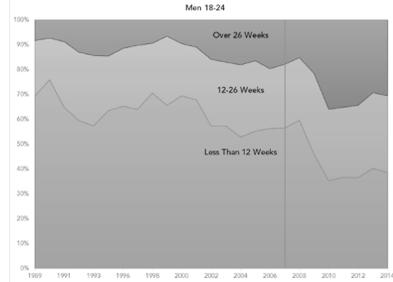


Figure 3c: Unemployment Duration among the Unemployed, 1989-2014

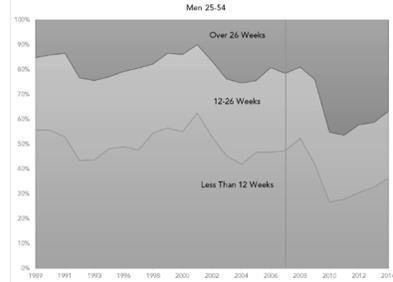


Figure 3b: Unemployment Duration among the Unemployed, 1989-2014

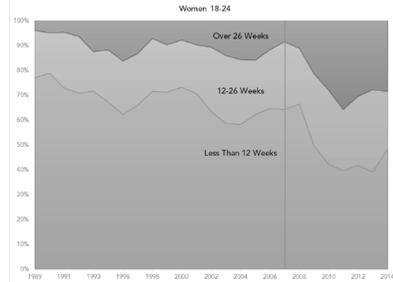


Figure 3d: Unemployment Duration among the Unemployed, 1989-2014

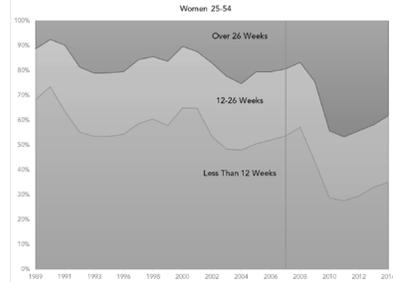


Figure 3e: Unemployment Duration among the Unemployed, 1989-2014

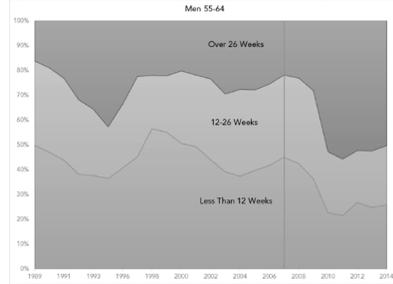


Figure 4a: Interest in Work among Labor Force Non-Participants, 1996-2013

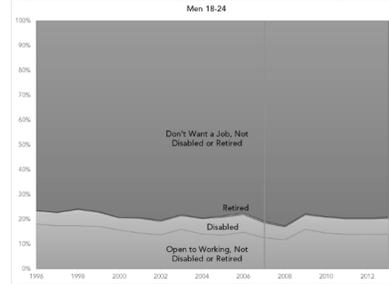


Figure 3f: Unemployment Duration among the Unemployed, 1989-2014

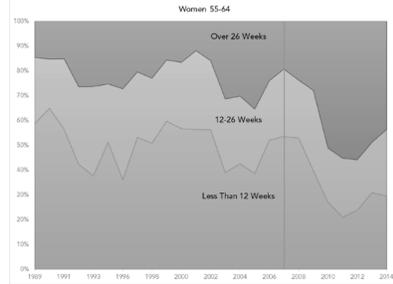


Figure 4b: Interest in Work among Labor Force Non-Participants, 1996-2013

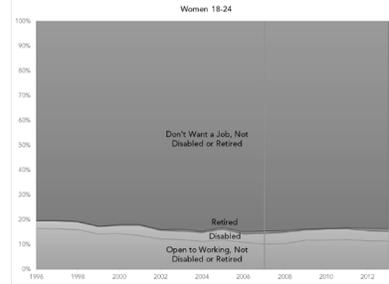


Figure 4c: Interest in Work among Labor Force Non-Participants, 1996-2013

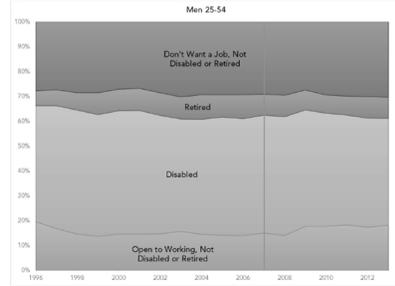


Figure 4e: Interest in Work among Labor Force Non-Participants, 1996-2013

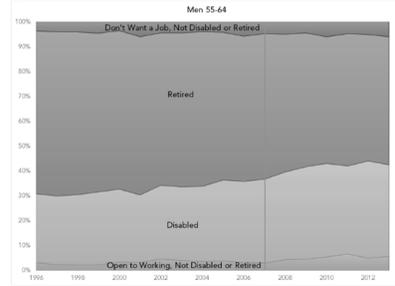


Figure 4d: Interest in Work among Labor Force Non-Participants, 1996-2013

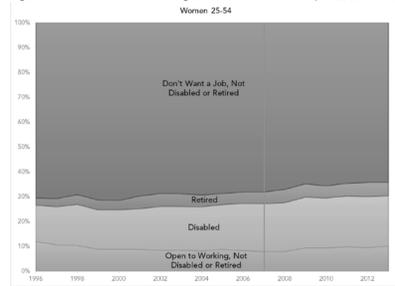
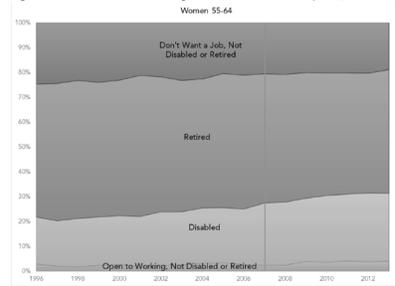


Figure 4f: Interest in Work among Labor Force Non-Participants, 1996-2013



End Notes

¹ Except where indicated otherwise, I produced all of the estimates cited in this testimony using data from the Annual Demographic Supplement to the Current Population Survey. The CPS is the monthly survey sponsored by the Bureau of Labor Statistics and the Census Bureau from which official labor force statistics are derived. The Annual Demographic Supplement is comprised of additional questions asked of CPS respondents in certain months, primarily in March. Several of the variables analyzed in this paper are available only back to 1988, so I chose 1989 as my starting point in order to cover the 25 years between it and 2014, the most recent year for which data are available. The universe for all of the analyses is the civilian non-institutionalized population, which excludes those who are incarcerated. I obtained the data from the Minnesota Population Center: Miriam King, Steven Ruggles, J. Trent Alexander, Sarah Flood, Katie Genadek, Matthew B. Schroeder, Brandon Trampe, and Rebecca Vick. Integrated Public Use Microdata Series, Current Population Survey: Version 3.0. [Machine-readable database]. Minneapolis, MN: Minnesota Population Center [producer and distributor], 2010.

² U.S. Department of Education (2010). *Digest of Education Statistics, 2010*. Table 6 (Washington: National Center for Education Statistics). Available at http://nces.ed.gov/programs/digest/d10/tables/dt10_006.asp.

³ While I sometimes note labor market trends for groups defined by educational attainment, interpreting such trends is tricky because educational attainment has risen over time. Today's high school dropouts are a more disadvantaged group than high school dropouts were twenty-five years ago. Because high school graduates and college graduates on the margin of having less educational attainment are also relatively disadvantaged compared with other graduates, even today's high school and college graduates are more disadvantaged than yesterday's. It is often impossible to assess whether some trend for a given educational group reflects changes holding skill levels constant or changes in the skill levels within the educational group. At any rate, when analyzing young adults—many of whom remain in school—it makes even less sense to consider trends by educational attainment.

⁴ U.S. Department of Education (2013). *Digest of Education Statistics, 2013*. Table 303.10 (Washington: National Center for Education Statistics). Available at http://nces.ed.gov/programs/digest/d13/tables/dt13_303.10.asp. For all of the school enrollment figures cited in this testimony, I compute the weighted average of enrollment rates for people aged 18 to 19, 20 to 21, and 22 to 24, assuming that there are an equal number of adults at each age.

⁵ Note that these are not unemployment rates, which involve the share of the labor force that is unemployed rather than unemployed people as a share of everyone either in or out of the labor force.

⁶ See the "CPS Databases" query tool at <http://www.bls.gov/cps/>.

⁷ In these analyses I use a different CPS extract from Unicon Research Corporation because a key variable is omitted from the Minnesota Population Center files. I begin with 1996 because the variable to determine labor force status in 1994 is missing from the Minnesota Population Center files, while the coding of the variable indicating whether someone wants a job or not differs in 1995 compared with earlier or later years. Prior to 1994, it is not possible to determine who is out of the labor force because of a disability.

⁸ The school enrollment figures are from U.S. Department of Education (2010). *Digest of Education Statistics, 2010*. Table 6 (Washington: National Center for Education Statistics). Available at http://nces.ed.gov/programs/digest/d10/tables/dt10_006.asp. The labor force participation figures combine the estimates from the Minnesota Population Center and Unicon Research Corporation extracts. I confirmed that both extracts yielded essentially the same estimates for the percentage of people out of the labor force.

⁹ My analyses of the CPS using the Unicon Research Corporation extract. It is not possible prior to 1994 to determine who is out of the labor force because of a disability, but it is possible to assess who did no work in the previous year because of a disability.

¹⁰ From a forthcoming essay in *National Affairs*. Demographic changes, including the aging of the population and the greater number of women qualifying for SSDI benefits account for about half of the increase in SSDI receipt, and while the deinstitutionalization of the mentally ill that occurred in the 1960s and 1970s also contributed, many of those who would have been in mental hospitals in the past are incarcerated today rather than on SSDI. Furthermore, even if SSDI awards

going to those with mental conditions had risen at the same rate as for other impairments, the increase in awards would have been only 15 percent lower between 1985 and 2005.

¹¹ U.S. Department of Education (2013). *Digest of Education Statistics, 2013*. Table 303.10 (Washington: National Center for Education Statistics). Available at http://nces.ed.gov/programs/digest/d13/tables/dt13_303.10.asp and U.S. Department of Education (2013). *Digest of Education Statistics, 2013*. Table 303.10 (Washington: National Center for Education Statistics). Available at http://nces.ed.gov/programs/digest/d13/tables/dt13_303.10.asp.

Chairman BOUSTANY. Thank you.
Mr. Wilcox, you are recognized.

**STATEMENT OF W. BRADFORD WILCOX, VISITING SCHOLAR,
AMERICAN ENTERPRISE INSTITUTE**

Mr. WILCOX. Chairman Boustany, Ranking Member Doggett, and other distinguished Members of the Subcommittee, thank you for inviting me to participate today.

In thinking about today's topic, the challenges facing lower-income families in our economy, let me be clear, I think economic factors, such as declines in the wages of less-educated men, and social factors, for instance residential segregation, inhibit economic mobility, contribute to poverty and make family life more challenging for lower-income Americans.

But the research also indicates the Nation's retreat from marriage is inhibiting economic mobility, making poverty more common, and driving up inequality. Where we are now we are witnessing a growing marriage divide. Where well-educated and affluent Americans enjoy comparatively stable, high-quality marriages, and lower-income Americans are less likely to benefit from the social and economic advantages associated with growing up within or being a member of a stable, married family.

Today I am going to make three basic points about this retreat from marriage. First, I think we need to understand the demographic trends in play. And, in Figures 1 through 3 in my testimony, I outline these basic trends. In Figure 1, for instance, I show that marriage is in retreat across the board, but still today a majority of college-educated Americans in midlife are in their first marriage. By contrast, less than a majority of less-educated Americans are in a first marriage in midlife today in the United States.

The trends in Figure 2 in nonmarital childbearing are even more dramatic. The figure shows, for instance, that less than one in ten college-educated moms are having their kids outside of marriage, or about one in two moms who don't have a college degree are having their kids outside of marriage. So clearly, there is a big class divide in nonmarital childbearing.

And then the third figure shows, I think most importantly, that family and stability is on the rise among less-educated Americans but remains comparatively not a problem for college-educated households. So kids who are being raised in lower-income households are experiencing more family instability and more single parenthood. That is not true for college-educated Americans.

The second question or point that I want to dwell on is, why does it matter that marriage is in retreat in this country? Well, it matters because it undercuts the American dream, it fuels poverty, and it drives up economic inequality. For kids, for children, we know that they are less likely to acquire the human capital they need to thrive in today's labor market. They are less likely to avoid major detours in young adulthood, things like a teen pregnancy or incarceration if they grow up outside an intact married family; and Figure 4 makes this point, I think, very clearly.

And yet at the community level, we have seen from Harvard economist Raj Chetty that when it comes to poor kids' mobility, quote, "The strongest and most robust predictor of mobility is the

fraction of children from single parents,” unquote, in a community. So there is clearly a link between mobility for our Nation’s kids and being raised in a family in a community where the two-parent family is strong.

And then for adults, my own research with Robert Lerman at the Urban Institute indicates that men tend to work harder, they work smarter, and they make more money if they are married compared to their single peers. They make about \$16,000 more compared to their similarly-credentialed peers if they are married. And this benefits both themselves, of course, and a family of which they are a part of. So all this is one reason why poverty is markedly lower among both married Americans and their families.

Now, in my testimony I talk about why marriage is in retreat, and I talk about both economic factors, which progressives tend to stress, which I think are accurate, as well as cultural and policy factors, which I think conservatives tend to stress and are actually also accurate to an important extent.

But given all this, what can we do to renew marriage and bridge America’s growing family divide? I have three brief comments on this.

First, I think public policy should do no harm when it comes to marriage. And in my prepared testimony I detail some ways in which policymakers can eliminate or reduce marriage penalties in many of our means-tested policies.

Second, I think public policy should explore ways to strengthen the economic foundations of middle- and lower-income family life in three ways: One, by increasing the child tax credit; two, by expanding the EITC for single adults; and three, by expanding and improving vocational education and apprenticeship programs, all of which would make men, especially lower-income men, more marriageable.

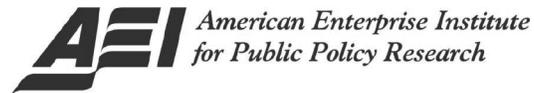
Then third, I think that Federal and State governments operating in partnership with the private sector should support a public campaign around what Ron Haskins and Belle Sawhill call the success sequence where we encourage young adults to sequence schooling, work, marriage, and parenthood in that order. And a campaign like this could be modeled upon the success of the national campaign, the success they have achieved on teen pregnancy.

Now, I recognize that some of the policies that I have proposed today, such as the EITC expansion, are not yet proven. Given that, it would be wise to roll them out in an experimental fashion as we are seeing right now in New York City.

But we need to continue to experiment with a range of policy efforts like these if we seek to bridge the growing marriage divide in American life.

Thank you.

[The prepared statement of Mr. Wilcox follows:]



Statement before the Subcommittee on Human Resources
U.S. House Committee on Ways and Means

Challenges Facing Low-Income Individuals and Families
in Today's Economy

February 11, 2015

W. Bradford Wilcox

Visiting Scholar, American Enterprise Institute
Senior Fellow, Institute for Family Studies
Director, National Marriage Project, University of Virginia

The views expressed in this testimony are those of the author alone and do not necessarily represent those of the American Enterprise Institute.

Chairman Boustany, Ranking Member Doggett, and other distinguished Members of the Subcommittee on Human Resources, thank you for inviting me to participate in today's hearing, "Challenges Facing Low-Income Individuals and Families in Today's Economy." This is a topic on which I have focused my scholarship in recent years and is a central focus of my recent research at the American Enterprise Institute and the Institute for Family Studies.

I. Introduction

This hearing focuses on the challenges facing lower-income individuals and families in today's economy. As my testimony makes clear, I think economic factors—such as declines in the wages of non-college educated men—and social factors—for example, high levels of residential segregation by income and race—inhibit economic mobility, contribute to poverty, fuel economic inequality, and make family life challenging for lower-income Americans. The research also indicates that the nation's retreat from marriage—marked by increases in non-marital childbearing, single parenthood, and family instability over the last four decades—is also inhibiting economic mobility, making poverty more common, and driving up inequality. Moreover, the retreat from marriage is concentrated among lower-income families. This means we are now witnessing a growing marriage divide where well-educated and affluent Americans enjoy comparatively stable, high-quality marriages, whereas other Americans are much less likely to enjoy such marriages. Thus, one major challenge facing lower-income men, women, and their children is that they are less likely to benefit from the social and economic advantages associated with growing up within or being a member of a stable, married family.

There are three points I will make today about this retreat from marriage in the United States:

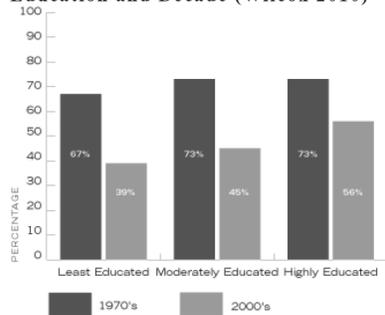
1. First, in recent years, the retreat from marriage is concentrated among Americans who do not have college degrees. This means fewer lower-income Americans are living in stable, married homes.
2. This retreat from marriage makes poverty more common and income inequality more extreme than they would otherwise be, and it limits economic opportunity. Men, women, and children from lower-income communities are most affected by the social and economic consequences of this retreat.
3. The retreat from marriage is rooted in economic, policy, and cultural changes. Thus, public and private efforts to renew marriage and family life should be broadly gauged, seeking to strengthen the economic, policy, and cultural foundations of family life for the twenty-first century. Such efforts should focus on the families most affected by the retreat from marriage, namely, lower-income families.

II. The Retreat from Marriage and the Growing Marriage Divide in America

In recent years, the United States has witnessed a dramatic retreat from marriage that has had a disparate impact on lower-income Americans, in particular, and, more generally, among Americans who do not hold a college degree. Because education is a good proxy for social class, I rely upon adult educational attainment to explore how the retreat from marriage has affected less-educated Americans more than their college-educated peers. Among Americans without college degrees, the divorce rate is comparatively high, and non-marital childbearing, family instability, and single parenthood have been rising since the 1970s. By contrast, Americans with college degrees enjoy comparatively stable marriages and low rates of non-marital childbearing and single parenthood, and thus their children experience higher rates of family stability.¹

Take trends in adult marriage. Figure 1 indicates that stable marriage is now much less common among moderately educated men and women (i.e., those with a high school degree or some college) and men and women with the least education (i.e., high-school dropouts) than it is among those who are highly-educated (i.e., the college-educated). This means men, women, and children in lower-income communities are less likely to be living in stably married homes.

Figure 1: Percentage in Intact First Marriage, 25–60-year-olds, by Education and Decade (Wilcox 2010)

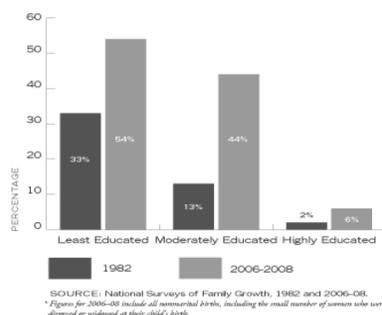


SOURCE: General Social Surveys, 1972-78 and 2000-08.

Or take trends in non-marital childbearing. In Figure 2, we can see that bearing a child out of wedlock is much more common among moderately educated women (i.e., high school or some college) and women with the least education (i.e., high-school dropouts) than it is among those who are highly-educated (i.e., the college-educated). This means that lower-income women are much more likely to have children outside of marriage than middle- and upper-income women.

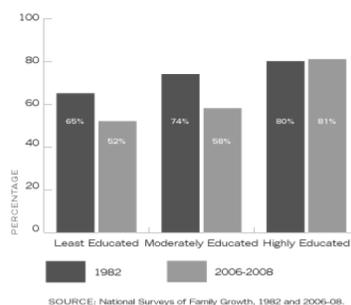
¹ David T. Ellwood and Christopher Jencks, “The Uneven Spread of Single-Parent Families: What Do We Know? Where Do We Look for Answers?” in *Social Inequality*, ed. Kathryn Neckerman (New York: Russell Sage Foundation, 2004). W. Bradford Wilcox, *When Marriage Disappears: The Retreat from Marriage in Middle America* (Charlottesville, VA: National Marriage Project/Institute for American Values, 2010).

Figure 2: Percentage of Births to Never-married Women 15–44 Years Old, by Education and Year (Wilcox 2010)



Trends in family instability for American teenagers also indicate that the retreat from marriage has had a disparate impact on the less educated. Figure 3 indicates that 14-year-old girls from less-educated homes are much less likely than those with college-educated parents to be living in a stable, two-parent home. This means that family instability is much more common today among lower-income families.

Figure 3: Percentage of 14-year-old Girls Living with Mother and Father, by Mother's Education and Year (Source: Wilcox 2010)

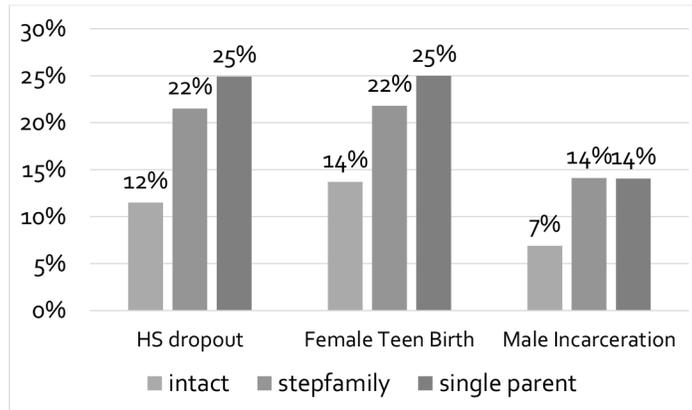


In sum, the United States is witnessing a retreat from marriage that reduces the odds that men, women, and children spend their lives in a stable, married home, a retreat that has hit less-educated and lower-income families with particular force.

III. The Consequences of the Retreat from Marriage

The retreat from marriage has had a number of important consequences for children, adults, and families in the United States. When children are raised outside of an intact, married family, they are less likely to acquire the human capital they need to thrive in today's labor market; they are less likely to avoid major detours in young adulthood, such as incarceration or a teen pregnancy; and they are less likely to be working successfully as young adults. Specifically, Figure 4 shows that today's young adults are more likely to do well in school, and to avoid a teen pregnancy or incarceration, if they grow up in an intact, two-parent family.

Figure 4: Young Adult Outcomes, by Family Structure Growing Up, Adjusting for Age, Race, Ethnicity, and Maternal Education



(Source: NLSY97)

The retreat from marriage also has increased the odds that families are poor, both because single parents cannot pool income and assets with a second parent, and because unmarried fathers tend to work less and earn less than their married peers.² A 2013 Census report found, for instance, that poverty rates are five times as high for children headed by a single female head of household (31 percent), as they are for children living in married-couple families (6 percent).³ Likewise, a recent American Enterprise Institute-Institute for Family Studies study finds that men work more hours and make more money if they are married rather than single; this is true even among men with a high school degree or less. Such men also worked more hours and made at least \$17,000 more per year if they were married, compared to their single peers with a similar background.

² Lerman and Wilcox, *For Richer For Poorer*; Steven L. Nock, "The Consequences of Premarital Fatherhood," *American Sociological Review* 63 (1998): 250-263.

³ Carmen DeNavas-Walt, Bernadette D. Proctor, and Jessica C. Smith, *Income, Poverty, and Health Insurance Coverage in the United States: 2012* (Washington, DC: U.S. Census Bureau, 2013).

This same study found that women now face no marriage penalty in their individual income.⁴ Taken together, these findings suggest marriage provides financial advantages to the average American family.

Of course, one reason that poverty is more common among single parents than it is among married-couple families is that men and women who experience the stresses and disadvantages of poverty are less likely to get and stay married. That is, lower-income Americans are more likely to select into unstable family situations. Nevertheless, given the fact that this retreat from marriage is concentrated among less-educated and lower-income Americans, the nation now risks a cycle of economic disadvantage: individuals with limited education and weak economic prospects have children outside marriage; children raised outside two-parent families are less likely to complete college and flourish in the labor market; and the cycle continues. The research of Raj Chetty of Harvard University and his collaborators indicates a strong association between rates of upward mobility for poor children in our nation's communities and family structure, with poor children in communities headed by large numbers of single parents much less likely to climb the economic ladder than poor children living in communities with large numbers of two-parent families. So, for instance, poor children raised in the Salt Lake City metro area—with large numbers of two-parent families in their community—are much more likely to experience rags-to-riches mobility than children from the Atlanta metro area—with large numbers of single-parent families in their community. More research is needed to understand the association between mobility and two-parent families, but the association is striking, and needs to be acknowledged by scholars and policymakers alike.⁵

More generally, the retreat from marriage is linked to important economy-wide consequences in the United States, namely, stagnant family incomes, family income inequality, and declining male labor force participation in the country as a whole. Specifically, Lerman and Wilcox (2014) estimate that “the growth in median income of families with children would be 44 percent higher if the United States enjoyed 1980 levels of married parenthood today. Further, at least 32 percent of the growth in family-income inequality since 1979 among families with children and 37 percent of the decline in men’s employment rates during that time can be linked to the decreasing number of Americans who form and maintain stable, married families.” To be clear: the retreat from marriage is not the only factor contributing to negative economic outcomes in the nation, but it is one important factor that must be addressed if the United States seeks to reduce poverty and economic inequality, and to increase the odds that every man, woman, and child has a shot at the American Dream.

IV. Why Marriage Is In Retreat

Progressive scholars have tended to argue the retreat from marriage and the growing class divide in marriage are rooted in structural changes in the economy, whereas conservative scholars have tended to point the finger at public policies and cultural trends they think have weakened marriage and the family. I think both sides are correct in this case.

⁴ Lerman and Wilcox, *For Richer For Poorer*.

⁵ Raj Chetty et. al., “Where is the Land of Opportunity? The Geography of Intergenerational Mobility in the United States” (Cambridge, MA: The Equality of Opportunity Project, Harvard University, 2014).

For instance, sociologist William Julius Wilson has argued that the shift to a post-industrial economy has reduced the odds that less-educated men can find stable, good-paying jobs. This, in turn, reduces their ability to be breadwinners for their families, making them less “marriageable,” and reducing the odds that less-educated men (and their partners) get and stay married.⁶ Indeed, research suggests that economic changes—deindustrialization, the declining ratio of men’s to women’s income, etc.—have played a role in the retreat from marriage, especially among the less educated.⁷

But research focusing on economic factors can account for only a portion of the dramatic retreat from marriage.⁸ This means we must also look elsewhere to understand why marriage is in retreat, and why this retreat has been concentrated among lower-income families. When it comes to culture, the rise of expressive individualism, and the decline of a kind of marriage-centered familism, is certainly one factor accounting for the retreat from marriage in society as a whole.⁹ Furthermore, we now know that the decline of a marriage-centered life script, especially in connection with the bearing and rearing of children, has proved more common in poor and working-class communities than in college-educated communities.¹⁰ Means-tested transfer policies that both penalize marriage and make it less necessary for lower-income families undoubtedly have played some role in the retreat from marriage.¹¹ As economists Adam Carasso and C. Eugene Steuerle point out, “most households with children who earn low or moderate incomes (say, under \$40,000) are significantly penalized for getting married.”¹² There is something, then, to conservative claims that welfare policies and cultural shifts may have undercut marriage, especially in lower-income communities.

To these standard accounts, I would add only one other major development. As political scientist Robert Putnam noted in *Bowling Alone*, Americans are now less civically engaged than they used to be, and declines in civic engagement have been concentrated among lower-income Americans.¹³ This is important because secular and especially religious civic institutions have historically supplied moral direction and social support to marriage and family life in the United States. All this means that a growing number of Americans, especially those without a college

⁶ William Julius Wilson, *The Truly Disadvantaged: The Inner City, The Underclass, and Public Policy* (Chicago: The University of Chicago Press, 1987); William Julius Wilson, *When Work Disappears: The World of the New Urban Poor* (New York: Random House, Inc., 1996).

⁷ David T. Lichter et al., “Economic Restructuring and the Retreat from Marriage”, *Social Science Research* 31, no. 2 (2002): 230-256; Daniel T. Lichter et al., “Race and the Retreat From Marriage: A Shortage of Marriageable Men?” *American Sociological Review* 57, no. 6 (1992): 781-799.

⁸ David T. Lichter et al., “Economic Restructuring and the Retreat from Marriage”, *Social Science Research* 31, no. 2 (2002): 30-256”; Robert A. Moffitt, “Female Wages, Male Wages, and the Economic Model of Marriage: The Basic Evidence,” *The Ties That Bind: Perspectives on Marriage and Cohabitation* ed. Linda Waite and Elizabeth Thompson (New York: Aldine de Gruyter, 2000), 302-319; Ellwood and Jencks, “The Uneven Spread of Single-Parent Families: What Do We Know? Where Do We Look for Answers?”

⁹ Andrew J. Cherlin, *The Marriage-Go-Round* (New York: Alfred A. Knopf, 2009).

¹⁰ Kay Hymowitz, *Marriage and Caste in America: Separate and Unequal Families in a Post-Marital Age* (New York: Ivan R. Dee, 2007); Wilcox, *When Marriage Disappears*.

¹¹ Amy C. Butler, “Welfare, Premarital Childbearing, and the Role of Normative Climate: 1968–1994,” *Journal of Marriage and Family* 64, no. 2 (2002): 295–313

¹² Adam Carasso and C. Eugene Steuerle, “The Hefty Penalty on Marriage Facing Many Households with Children,” *Marriage and Child Wellbeing* 15 (2005): 157–175.

¹³ Robert Putnam, *Bowling Alone: The Collapse and Revival of American Community* (New York: Simon & Schuster, 2000); Wilcox, *When Marriage Disappears*.

degree, do not possess the economic resources, the cultural commitments, and the civic ties that have long sustained a strong and stable middle-class family ethic in the nation.

V. Policy Recommendations

In summary, the nation's retreat from marriage, a retreat that has been concentrated among the less educated, is one reason why poverty remains unacceptably high, economic inequality is on the rise, and the American Dream continues to prove so elusive to millions of men, women, and children across the nation. The growing marriage divide associated with this retreat from marriage is fueled by a range of economic, policy, cultural, and civic changes that have ended up jointly reinforcing the increases in non-marital childbearing, family instability, and single parenthood that lower-income communities have witnessed in recent decades. The concern here is that the United States is at risk of "devolving into a separate-and-unequal family regime, where the highly educated and the affluent enjoy strong and stable households and everyone else is consigned to increasingly unstable, unhappy, and unworkable ones."¹⁴

To renew the fabric of marriage and family life, and to bridge the marriage divide, three sets of policies should be considered:¹⁵

- 1) First, public policy should "do no harm" when it comes to marriage. Accordingly, policymakers should eliminate or reduce marriage penalties embedded in many of the nation's means-tested welfare policies designed to serve lower-income Americans and their families. One way to do this would be to use separate schedules for married couples and single individuals when it comes to determining eligibility for means-tested transfers. To reduce the cost of such a policy shift, the policy could be limited to the first five years of marriage, a period when couples are more likely to be bearing and rearing young children.
- 2) Second, public policy should strengthen the economic foundations of middle- and lower-income family life in three ways: (a) increase the child credit to \$3,000 and extend it to both income and payroll taxes; (b) expand the maximum earned income tax credit (EITC) for single, childless adults to \$1,000, with the intention of increasing their ties to the labor market and, hence, their marriageability; and (c) expand and improve vocational education and apprenticeship programs—such as Career Academies—that would strengthen the job prospects of less-educated young adults. The Career Academies model is particularly promising because the research indicates that young men who went through a Career Academy were more likely to flourish in the labor market and to get married than their peers from similar backgrounds.¹⁶
- 3) Third, federal and state governments—joined by a range of public and private partners, from businesses to public schools—should support a public campaign around a "success sequence" that would encourage young adults to sequence schooling, work, marriage, and

¹⁴ Wilcox, *When Marriage Disappears*, p. 53.

¹⁵ These recommendations are drawn, in part, from Lerman and Wilcox, *For Richer For Poorer*.

¹⁶ James J. Kemple, *Career Academies: Long-Term Impacts on Work, Education, and Transitions to Adulthood* (New York: MDRC, 2008).

parenthood in that order.¹⁷ This campaign—modeled upon the success the National Campaign to Prevent Teen and Unplanned Pregnancy has achieved on the issue of teen pregnancy—would stress the ways children are more likely to flourish when they are born to married parents with a secure relational foundation. And, using the National Campaign as a model here, it would be better for this campaign to be directed and designed by a major nonprofit, rather than by the federal government.

I recognize that some of the policies that I have proposed today—such as the EITC expansion and the public campaign on behalf of a success sequence—are not yet proven. Given that, it might be wise to roll them out in a few states or municipalities, evaluate them, and see if they achieve their intended objectives. Indeed, a version of the EITC expansion is currently being tested right now in New York, NY. I also recognize that government’s role when it comes to strengthening marriage and family life is necessarily limited. Any successful twenty-first-century effort to renew the fortunes of marriage in America will depend more on civic institutions, businesses, and ordinary Americans than upon federal and state efforts to strengthen family life.

But given the toll that the nation’s retreat from marriage has taken on the social and economic welfare of lower-income families, the federal government should continue to experiment with a range of economic, educational, and cultural measures to strengthen family life and bridge the nation’s marriage divide. After all, the alternative to “seeking strategies like these is to accept a country where college-educated Americans enjoy stable and strong families; everyone else is consigned to increasingly unstable and fragile families; and high rates of economic inequality, male joblessness, and economic immobility are locked in by a marriage divide that puts working-class and poor Americans at a major family disadvantage.”¹⁸ I think we can all agree that such an alternative is unacceptable and un-American.

Thank you for this opportunity to testify.

¹⁷ Ron Haskins and Isabel V. Sawhill, *Creating an Opportunity Society* (Washington, DC: Brookings Institution Press, 2009).

¹⁸ Lerman and Wilcox, *For Richer for Poorer*, p. 55.

Chairman BOUSTANY. Thank you.
Ms. Deviney, you may proceed.

**STATEMENT OF FRANCES DEVINEY, PH.D., ASSOCIATE
DIRECTOR, CENTER FOR PUBLIC POLICY PRIORITIES**

Ms. DEVINEY. Thank you, Chairman Boustany, Ranking Member Doggett, and the Members of the Subcommittee.

I appreciate the opportunity to join this distinguished panel and testify about the challenges facing low-income families in today's economy.

And as an Associate Director at the Center for Public Policy Priorities, I track the wellbeing of Texas children and families. And I would like to focus on three points in my testimony today.

First, to move America forward, we have to focus on what is best for kids, which means we have to focus on what is best for families as well.

Second, to significantly reduce poverty, you must have strong job creation and a well-functioning safety net to be able to stabilize families.

And third, we must look locally for innovative new strategies and then invest in them to take them to scale.

So first, I would like to say that, you know, Texas is a bellwether for the U.S. regarding these issues. Now, it is not just because Texans say that we are the most important State in Texas, I know we are not, regardless of what people tell you, but it is just a basic numbers game.

Today, one of every 11 U.S. kids lives in Texas. So, in other words, if we can move the poverty needle for kids in Texas, we can move the needle for kids across the country.

So, we can all agree that the best way to end child poverty is to make sure parents have a good job. And in Texas, it would seem that we have the perfect formula for that. We are the leader in job creation among States, and we have one of the lowest unemployment rates in the country.

Unfortunately, working hard is not always enough to get by. Even with strong job creation and a low unemployment rate, child poverty, as we have said already today, is higher today than before the recession, and one of every four Texas kids lives below the poverty line.

Why would that be? Well, there are a lot of reasons, but one of them is good-wage, mid-wage jobs disappeared during the recession, and during the recovery they were filled in by low-wage jobs. In fact, Texas relies on a larger percentage of low-wage jobs for our economy than most other States. And consequently, a big percentage of our working families live below the poverty line.

So how do low-income workers get into good jobs? Well, ironically, it is not just about creating more good jobs. Texas' data shows that. To get out of poverty, people need the stability that is provided by what we call the safety net to be able to train for and get those better jobs. Struggling to feed your family or find child care can become insurmountable barriers to improving your financial situation.

Now, in Texas, during the recession, unemployment insurance was the only lifeline for more than 713,000 Texans who lost work

through no fault of their own. And the Supplemental Nutrition Assistance Program made sure that 3 million Texas families didn't go hungry when times were toughest over several years. And the earned income tax credit, one of the country's most successful anti-poverty programs, pulled over 760,000 Texans, over half of whom were kids, out of poverty in the years following the recession.

Unfortunately, one key safety net program, TANF, falls short on this level of success. After years of disinvestment, TANF, the preliminary program for helping people in poverty get back on their feet and find work, only reaches 5 percent of all Texans in poverty.

Today, Texas spends less than a quarter of our TANF block grant on basic cash assistance, work-related activities, and child care combined. The other three-quarters basically go to fill holes in our State budgets and allow the State budget writers to invest less overall in our anti-poverty efforts.

But the TANF story can have a silver lining. There are proposals to allow States to use TANF dollars for more sectoral job training, and Texas has many strong innovative strategies that could be scaled up to the State level. As Congressman Doggett already mentioned, we have the Project QUEST in San Antonio, and we have a similar program called Capital Idea in Austin. They have had great success with both sectoral training and additional educational opportunities and connecting committed-yet-underemployed adults to higher education and to those employers who were in need of those highly-skilled workers.

But of course, there is limitations to the successes that a local innovation can achieve on its own. Obviously, home-grown solutions are excellent at matching select community needs and thinking outside the box. But to have a significant impact on poverty, only significant investment at the State or Federal level can create the infrastructure to take small successes to scale.

So how do we move America forward? As you continue these important hearings, I encourage you to ask yourself, what is best for kids? If a parental job is the best antidote to child poverty, ask yourself, what do families have to have in place to make sure they can get and keep a job?

How do we create an environment that gives everyone the chance to compete and succeed? From that perspective, the safety net clearly serves as a foundational step to strengthening American families so that they can move out of poverty and stay there.

Thank you.

[The prepared statement of Ms. Deviney follows:]



**Testimony of Frances Deviney, Ph.D., Center for Public Policy Priorities
Before the Committee on Ways and Means' Subcommittee on Human Resources
U.S. House of Representatives
Hearing on Challenges Facing Low-Income Individuals and Families
February 11, 2015**

Chairman Boustany, Ranking Member Doggett, and the members of the subcommittee,

Thank you for this opportunity to join Dr. Haskins, Dr. Wilcox, and Dr. Winship to testify about the challenges facing low-income families in today's economy. As the Associate Director of Research and Planning at the Center for Public Policy Priorities, I have tracked the well-being of Texas children and families. And, after ten years of work in this area, I'm proud to say that I remain optimistic. Because I've seen how smart policies that strengthen Texas families at the local, state, and federal levels can give everyone the chance to compete and succeed.

I would like to make four points in my testimony today:

1. Texas is a bellwether for the U.S.;
2. To move America forward, we must focus on what's best for kids, which means focusing on what's best for families;
3. Choosing between creating jobs and having a well-functioning safety net is a false dichotomy; and
4. Moving Americans out of poverty requires a two-tier, two-generation solution.

Texas is a Bellwether for the U.S.

There are several reasons to take a closer look at Texas during today's discussion regarding challenges facing low-income individuals and families. First, many of our most important policies targeting outcomes for children and families in poverty have either originated in Texas (e.g., No Child Left Behind) or played out in Texas in ways that can inform our national priorities (e.g., how Texas has used the Temporary Assistance for Needy Families, TANF block grant). For better or for worse, Texas is a laboratory for many of our country's most pressing policy issues. There are lessons to be learned.

Second, by sheer numbers alone, what happens in Texas has a huge impact on what happens in the U.S. Between 2000 and 2010, the U.S. grew by two million children; Texas accounted for half of that growth. With over seven million kids calling Texas home today, that means one of every 11 US kids lives in Texas! Furthermore, since 2004 a majority of the Texas population has been non-White. And that means that Texas looks today like the U.S. will tomorrow.

Thanks to our amazing growth and diversity, we are raising the next workforce, innovators, and leaders. It also means that if we move the needle on poverty for Texas kids, we can move the needle for the country.

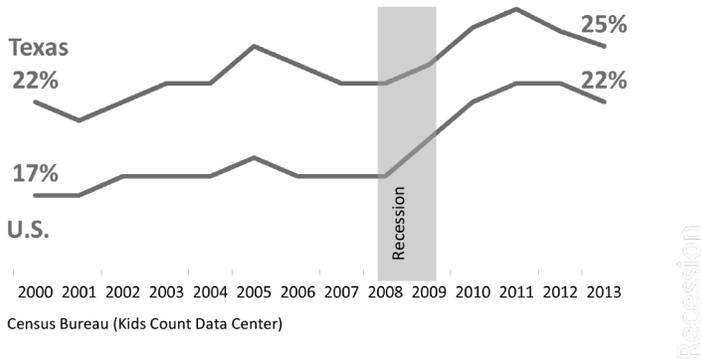


Focusing on Kids Means Focusing on Families

We can all agree that the best way to end child poverty is to make sure parents have a good job. And, in fact, Texas has been the leader in job creation for the last several years, adding 457,000 jobs in 2014 alone.ⁱⁱ Thanks in large part to our strong job creation, Texas has one of the lowest unemployment rates in the country (4.6%).ⁱⁱⁱ

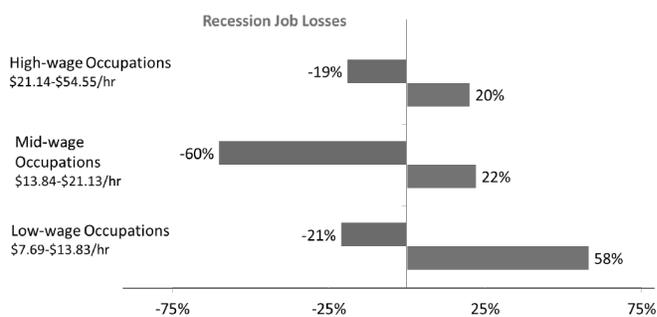
Unfortunately, working hard is not always enough to get by; and Texas is a perfect example of that as well. Even with strong job creation and a low unemployment rate, child poverty is higher today than before the recession, with one of every four Texas kids living below the poverty line.^{iv} But why?

Texas child poverty still higher than before the recession, and consistently higher than U.S.



Nationally, the bulk of jobs lost during the Great Recession were mid-wage, good paying jobs. Following the recession, the bulk of jobs that returned were low-wage jobs.^v You may have seen similar trends in your own states. In fact, Texas has one of the largest rates of low-wage jobs in the country.^{vi} We also have the sixth highest rate of working families that are poor (13.6% vs. 10.9% nationally).^{vii} Clearly Texans are not short on work ethic or jobs. We're short on having enough work that pays and clear pathways to those jobs that can support a family.

Recession magic: Turning America's mid-wage earners into low-wage earners



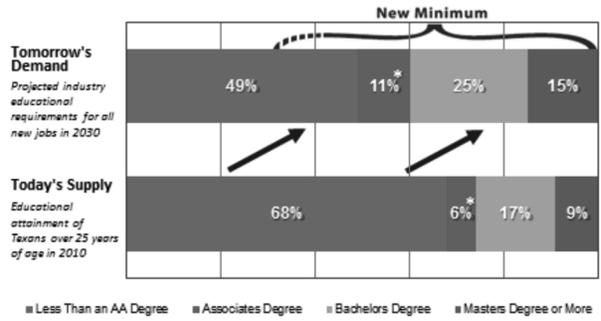
U.S. Job Losses and Gains During the Recession and Recovery, 2008-2012, National Employment Law Project

It used to be that middle skill jobs, auto or other factory jobs that required some skill but a lot of repetition were the key to moving into the middle class. But for many years those jobs have been moved off-shore or automated. As demonstrated in the figure above, the recession hastened the decline of many mid-wage jobs.

Unfortunately, there is a mismatch in Texas' talent pipeline for the jobs of the near future. Today, just over 30% of our current workforce has an associate's degree or higher.^{viii} But within 15 years, over half of the job market will require some postsecondary credential. That's the new minimum!

Mismatch in Texas' talent pipeline

Educational attainment and projected industry requirements by level

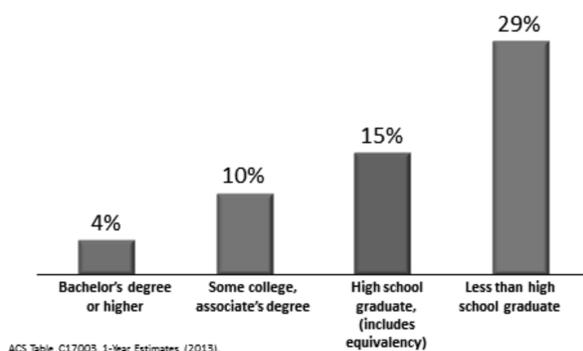


Sources: ACS, CPS, Moody's Analytics

* Includes an unknown number of workforce certificates with labor market value that are part of the new minimum.

Why is this so important to the discussion of poverty? Texans with at least an associate's degree are about three times less likely to live in poverty than high school dropouts. If we only focus on job creation without a significant focus on workforce creation (and that begins a strong education system), this mismatch will only get worse.

TX Poverty Strongly Linked to Level of Educational Attainment



Jobs vs. the Safety Net: A False Dichotomy

Job creation is critical to a strong economy and middle class. Congress has made many important steps to creating jobs and promoting work. And, as the saying goes, a rising tide can lift all boats. But if someone has a hole in their boat, it's everything they can do not to sink, much less steer their boat in the right direction.

To truly impact poverty and move Americans forward, families cannot be hungry, young children must have access to safe, quality care while their parents work, and the pathway to the education and training needed to get those good jobs must be clear, accessible and affordable. Without those key building blocks, the American Dream is just that, a dream.

The good news is that the set of programs we identify as the "Safety Net" is intended to help families plug the hole in their boat, and begin to steer in the right direction. And we have the data to show that, in fact, it has been successful in many ways.

During the recession, unemployment insurance was the only lifeline for more than 713,000 Texans who lost work through no fault of their own.^{ix} It was a promise we made: that if you work hard and times get tough, we'll be there to put you back on your feet.

The Supplemental Nutrition Assistance Program (SNAP) made sure families didn't go hungry (for most of the month), helping to put food on the tables of 2.8 million Texans when times were toughest.^x And the

Earned Income Tax Credit, one of the country's most successful anti-poverty programs, pulled over 760,000 Texans (including 411,000 children) out of poverty in the years following the recession.^{xi} Furthermore, this essential safety net program is a significant factor in boosting both parental employment and supporting long-term health and educational outcomes for kids.^{xii}

While these federal programs did protect people during the recession, moving the needle on poverty long-term also requires joint federal, state, and local action. And the most innovative programs in Texas are often based in public-private-non-profit partnerships. For example, the federally-funded Texas Home Visiting (THV) Program is a two-generation approach to strengthening low-income families in nine communities across the state. The THV works with parents to help their young children reach developmental milestones while they also build personal skills to meet their financial and health goals.

Business, education, and community leaders came together in San Antonio to create a unique solution to poverty reduction. Pre-K for SA is a city-funded, voter-approved initiative to provide full-day pre-K to approximately 1,500 of San Antonio's economically disadvantaged kids as a way to improve kindergarten readiness and close the education gaps.

In south Texas, Pharr-San Juan-Alamo Independent school district increased their high school graduation rate by 50% by partnering with the local community college to support more young people in completing high school and obtaining a college degree. In Austin, Capital IDEA focuses on sectoral training and employment by connecting committed, yet underemployed adults to higher education and to employers in need of highly skilled workers.

Combined, these innovations show the impact of thinking outside the box. But to move the needle on child poverty in Texas, these successes need to be scaled up to reach Texans statewide.

Despite those state and local success stories, portions of our basic federal safety net continue to fall short of their true mission to move Americans out of poverty. Temporary Assistance for Needy Families is a good example. The original intention of TANF was to get families back on their feet while helping them find work. However, the constant reduction of federal investment in the program, combined with the ability of states to use the money for other "poverty-related" programs leaves very little money to get the job done. Today, Texas spends less than a quarter of our TANF block grant on basic assistance, work-related activities and child care combined.^{xiii} Add to that the asset limits that prohibit basic tools for economic mobility like having a small emergency savings or a car that runs, and that leaves only 5% of Texas' families with children living in poverty^{xiv} actually receiving direct support from the primary program designed to help move them ahead.

Moving American's Out of Poverty Requires a Two-Tier, Two-Generation Solution

Our parents and grandparents knew that if they worked hard and played by the rules, their kids could expect a shot at a home, a college education, and the opportunity to develop their gifts to the best of their abilities. But the outcomes over the last 10 years in economic security, education, and family support have discouraged many. In fact, several recent polls have shown that Americans are increasingly pessimistic of the American Dream and the majority believes that most children will grow up worse off than their parents.^{xv}

To move American's forward, we must focus on a two-tier, two-generation solution: ensure kids *and* families are stable and then give them the tools to move ahead. Fortunately, we have the policy solutions available to us to win this two x two strategy.

First, we must fully invest in TANF, discouraging states from setting asset limits that actually discourage economic mobility, while allowing states to invest TANF dollars in proven programs that provide vocational education or sectoral training. Second, we must commit to our safety net programs that strengthen families by protecting SNAP, Unemployment Insurance, and expanding EITC. Lastly, we need to invest fully in the education pathway, from quality early care through post-secondary job training.

As you continue these important hearings, I encourage you to ask yourself, "What's best for kids?" If a parental job is the best antidote to child poverty, what do those families have to have in place to make sure they can get, and keep, that job? From that perspective, the safety net clearly serves as foundational step to strengthen families as they access a broader continuum of policies that include education, job training and connecting American's in poverty to the opportunity pathway.

ⁱ Texas grew from 5.9 million kids in 2000 to 6.9 million Texas kids (0-17) in 2010. 2000 and 2010 Decennial Census Data, U.S. Census Bureau

ⁱⁱ Texas Labor Market Review (Jan., 2015), Texas Workforce Commission.

http://www.tracer2.com/admin/uploadedPublications/2127_TLMR-January_15.pdf

ⁱⁱⁱ December 2014 Seasonally Adjusted Data, Local Area Unemployment Statistics, Bureau of Labor Statistics <http://www.bls.gov/web/laus/laumstrk.htm>

^{iv} 2013 American Community Survey, U.S. Census Bureau

^v National Employment Law Project (2012). *The low-wage recovery and growing inequality*.

http://www.nelp.org/page/-/job_creation/lowwagerecovery2012.pdf?nocdn=1

^{vi} Low-wage jobs defined here as jobs that pay minimum wage or less, which equaled 3.6% and ranked Texas 4th nationally. BLS Reports (March, 2014). *Characteristics of Minimum Wage Workers, 2013*. U.S. Bureau of Labor Statistics. <http://www.bls.gov/cps/minwage2013.pdf>

^{vii} Population Reference Bureau, analysis of 2012 American Community Survey; Working Poor Families Project (Data File)

^{viii} 2010 American Community Survey, 1-year data, U.S. Census Bureau http://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_10_1YR_S1501&prodType=table

^{ix} Unemployment Insurance data on first payments in past 12 months as reported in 2009 4th quarter report, Unemployment Insurance Summary, U.S. Department of Labor.

http://workforcesecurity.doleta.gov/unemploy/content/data_stats/datasum09/DataSum_2009_4.pdf

^x CPPP calculation of average monthly cases and recipients statewide from October 2008 through September 2009, Texas Health and Human Services Commission. <http://www.hhsc.state.tx.us/research/SNAP-Statewide.asp>

^{xi} Brookings Institute analysis of the Supplemental Poverty Measure Public Use Data, *Working families kept out of poverty by the EITC and CTC, 2009-2011*. <http://www.taxcreditsforworkingfamilies.org/working-families-poverty-eitc-ctc-state/>

^{xii} Marr, C., Huang, C.C., & Sherman, A. (2014). *Earned Income Tax Credit promotes work, encourages children's success at school, research finds*. Center on Budget and Policy Priorities.

<http://www.cbpp.org/cms/index.cfm?fa=view&id=3793>

^{xiii} Texas TANF Spending Fact Sheet, Center on Budget and Policy Priorities http://www.cbpp.org/files/11-4-14tanf_spending_factsheets/TX.pdf

^{xiv} Texas TANF Caseload and TANF-to-poverty Ration Fact Sheet http://www.cbpp.org/files/11-4-14tanf_factsheets/TX.pdf

^{xv} 2014 CNN Money poll (<http://money.cnn.com/2014/story-supplement/cnn-orc-poll.pdf?iid=EL>), 2014 New York Times poll (<http://www.nytimes.com/interactive/2014/12/10/business/dealbook/document-poll-finds-a-more-bleak-view-of-american-dream.html>); McClatchy-Marist national poll (<https://s3.amazonaws.com/s3.documentcloud.org/documents/1016979/mcclatchy-marist-poll-economic-mobility-nature.pdf#storylink=relat>)

Chairman BOUSTANY. Thank you very much for your testimony.

The buzzing you heard earlier were votes that were called. We have about, what, 5 or 6 minutes left, I believe, so I think what we will do now is the Committee will stand recessed. We will vote. We have three votes, and we will return promptly and resume with questioning of the witnesses.

And with that, this Committee stands recessed.

[Recess.]

Chairman BOUSTANY. Given that we have already heard your oral testimony, we will begin with questioning. And I will start off.

One of the main responsibilities of our Subcommittee is to look at strategies to reduce poverty. And, of course, when we talk about poverty here in Washington, you know, we talk about numbers and all the information you provided is very, very compelling. But my hope is that we can eventually get to a point where we are getting beyond some of that and look at what kind of policies do we need to develop to help people escape from the poverty trap, to escape from, you know, the assistance programs and move up the ladder of opportunity.

And I know, Mr. Haskins, I am certainly aware of the decades you have spent studying and working with your time on the Committee. Take a step back and give us a little indication of what someone, you know, what happens, what does it look like when somebody actually does make that transition out of poverty and off these assistance programs.

We need to understand what is working, you know, whether it is anecdotal or—systemically what works and what doesn't. And I know there are all kinds of other factors, whether it is substance abuse, addictions, things of that nature, too. But I want to, I guess, try to personalize this a little bit and give us some ideas on how we—what we need to look at to try to create that opportunity ladder. Because we have so much untapped potential in this country that is languishing and it becomes generational.

So with that, I would just open that up for comment.

Mr. HASKINS. First of all, I think it is very important to realize that we have millions of low-income mothers and fathers and people of that age, early 20s and so forth. Our goal should be to get them to work, not necessarily to escape the programs. Because, as I showed, the programs are what really takes them and their children out of poverty. So it is going to be very difficult.

And the reason is simple, it is because at the same time that education has stagnated among low-income families, the demands of the American economy have increased very substantially. There is a wonderful book about this by Katz and Goldin at Harvard about the race between education and technology. And I doubt anybody on this panel disagrees, so I don't think you can find anybody that disagrees, that to make \$50, \$60, \$70,000, let alone over \$100,000 now, you have to have skills and education.

The one intermediate position that I think might be hopeful and that the Committee could look at more carefully is certificates in other kinds of skills, like welding and carpentry and so forth, and especially apprenticeships. Because then people—employers like that because they can pay a reduced wage for 2 years or however

long it takes for the person to get enough skills to be certified in whatever the area is.

So I can tell you when we first passed welfare reform in 1996, a lot of people thought, both Republicans and Democrats, that once these mothers got in the workforce, they were going to start out making \$8 or \$9 or \$10,000 a year. But come back 5 years later, to making 15 or 20. It did not happen very often. And it didn't happen, I think, because they just did not get the skills and education they would need to move up. It wasn't just a matter of experience in a, you know, in a service-sector job. They needed skills and education.

To me, that is the big issue. The Committee can figure out ways to help low-income mothers that are rearing kids and working at the same time with very few benefits and so forth. If you can figure out how to help them get education of the kind that will actually help them, I think the community colleges have to be involved, that will be a big success.

Ms. DEVINEY. May I add a comment to that, Chairman Boustany?

Chairman BOUSTANY. Sure. Sure.

Ms. DEVINEY. One of the research projects that we have done at the Center for Public Policy Priorities is to look at how much it actually costs for families to be able to make ends meet in each of our big metro areas in Texas. And to confirm the point that Dr. Haskins just made, what it would take for families to be able to make ends meet, cover basic rent based on Section 8 housing, to cover low-cost food, buying food in bulk, and never eating out, never eating much meat, not saving for, having any kind of emergency savings, not buying Christmas or birthday gifts, it would cost a two-parent, two-child family about \$11 an hour each that they would have to make in Harlingen, which is our least expensive city in the State, and up to about \$17 an hour per worker in the family for both two-parent families to be able to make ends meet.

So our choices are this: Do we then expect businesses to pay all of their workers \$17 an hour? Which, of course, we are going to say no, that is not, you know, practical or possible for any small business to try to meet. So then what do we have to do to be able to fill that gap for families so that they don't fall through the cracks? And I just wanted to kind of reinforce what Dr. Haskins had to say, that, you know, it does require some additional supports to be able to subsidize work and help the families make ends meet.

Chairman BOUSTANY. Thank you.

Either of you want to opine on that?

Mr. WILCOX. Just to sort of build on the apprenticeship and vocational front, we have, I think, to be aware of the fact that, sort of, college is not the only route for success in America today. And there has been good evidence from Bob Lehrman at the Urban Institute on apprenticeships. And also in terms of vocational education, career academies and our high schools across the country have been serving younger adults, particularly younger men, get the skills they need to flourish in today's labor markets and also have higher marriage rates down the road as well. So thinking about education in a variety of ways and in diverse ways, includ-

ing, kind of, vocational education, apprenticeship, well, you know, models as part of our thinking would be important.

Chairman BOUSTANY. Thank you.

Mr. WINSHIP. I would endorse just about everything that the other three of my panelists have said. I would just add two other ideas. I think if we are looking at higher ed reform, I think income share agreements, which Brad's colleague, Andrew Kelly, at AEI has talked about, the idea that you remove a small number of regulatory barriers and you could actually create a market for investors to finance higher ed for kids, which sort of the immediate benefit is you are helping kids pay for college. But I think in the long run, the more important benefit is it injects some competition and some accountability for higher ed institutions.

If you are doing a terrible job getting your kids out and well educated and prepared for work, investors are going to offer pretty lousy returns to the kids who are attending your school. That forces you as an institution to think harder about what you are doing.

I also think if we are talking about opportunity, you know, a lot of these gaps in terms of test scores and things like that are there at age 5. And so I really do think it is important to try to look at the early years. We don't have great evidence at all on models like Head Start, for instance. I would argue that the evidence there is pretty discouraging. There is a lot of talk about pre-K. I think the evidence on pre-K is pretty ambiguous.

I am not here to say that we have a ton of evidence of a model that works. But we could promote a program that essentially would give poor families a voucher to use in whatever way they think makes sense. Russ Whitehurst, who was a former colleague of mine when I was at Brookings, has proposed something he calls early learning family grants. And essentially it would voucherize our Federal early education policy. And by evaluating different approaches, hopefully find models that work better than others.

Chairman BOUSTANY. Well thank you.

Just to conclude my time on this, these are all very good ideas. And going back to the formula, Dr. Haskins, that you put up there, I think your first slide, low-wage job plus the supports, we need to also look at the educational component that moves them on.

But, Mr. Winship, you said something that caught my ear and that is metrics. Understanding—we have all these support programs. Which ones are really working and which ones aren't? What can be done differently? And I think that is going to be a major task in this Subcommittee going forward.

So thank you all.

Mr. Doggett.

Mr. DOGGETT. Thank you, Mr. Chairman.

I appreciate the testimony of each of our witnesses.

Dr. Haskins, I think you referenced this in your original testimony but you think it is important that we extend the Family Home Visiting Program, Family Nurse Partnership, those types of programs that are about to expire this March?

Mr. HASKINS. Right. And for several reasons.

First, in the case of early education, Scott mentioned Head Start, for example I think the evidence that some of the home visiting

model programs are successful is very, very strong. I am thinking especially of the Nurse Family Partnership program. So to defund those I think moves us in the opposite direction. It is not just that kids are behind at 5, they are behind at 3. So the earlier, the better and that is where home visiting is so important.

The second thing is a very nice aspect of home visiting is it assumes a mother's competence. And it helps a mother become more competent and presumably with her other kids as well. And it isn't just about direct interaction with the kid, it is about the rest of her life, about smoking, breastfeeding, drinking, and so forth. So I think that is a really important thing.

The third thing is, that I hope I am going to be able to study, in fact, I have an appointment to talk to people in Texas because Texas has I believe more programs than any State in the country, and that is the organization at the State level. That is something we often ignore in Washington. But the State-level organization of home visiting programs, the States had to do, had to do a problem analysis, have a written plan, focus the resources on the communities that are most disadvantaged. We are right in the middle of this. We are having a lot of real high-quality evaluation. Everybody talks about accountability. Well, we have more accountability in this program than any program I am aware of. Plus we have a spectacular national evaluation going on that is being done by MDRC in New York City. We are going to learn a ton from that.

So to me, if we stopped home visiting at all these various levels, it would be really a shame.

Mr. DOGGETT. I really appreciate your testimony. Because, as you know, we don't have a funding source identified at this point. Next month the program expires. And I think it is really important to renew it. It is not a panacea. But it helps parents be what they really want to be. And, as you mentioned, it has benefits for the parent and their attitudes about work and participation.

Similarly, I believe your testimony indicates that it is important on the earned income tax credit to increase it for childless adults to better incentivize work and reduce poverty.

Mr. HASKINS. Yes. Chairman Ryan has proposed that. And the President has proposed it. And the proposals by the President and Chairman Ryan are really similar in many respects. So I think it is a question of figuring out a way to finance it. And I think there would be a big bipartisan vote to do it.

And it is really crucial because we have not had any success with young males, especially young black males. And if you could lure them into the labor force by increasing the amount of money that they will earn, because they are in the same situation as mothers, they are not going to earn much money, that would be a big step in the right direction.

Mr. DOGGETT. And you support the more generous child tax credit provisions that will expire in 2017 if we don't—

Mr. HASKINS. For the additional child tax credit, yes, absolutely.

Mr. DOGGETT. And, Dr. Deviney, if I might redirect you to home for me in Texas—and since Chairman Ryan was mentioned, there is a belief in some quarters that if we will just package up everything from Pell Grants to school lunches, as the House Study

Group suggested a few years back, and put it all in one big package and just with a bow give it to the States, that they will figure out what the best way is to spend it and everybody will be happier. What has been the experience in Texas with doing that on TANF?

Ms. DEVINEY. Well, that is a really good question. And Texas actually has a lot of things that we can teach both other States and the Federal level about those block grant programs.

Now, one of the best things I can say about Texas is that we spend our dollars really wisely. Whether it be a big pot or a small pot, we spend them in the right ways. The problem with our TANF block grant in particular is that we are only dedicating a quarter of the money that we get to the original intention of the program in the first place.

Now, the other three-quarters of the dollars we are spending, we are spending on goods things. I mean it is not like we are buying flowers and candy for everyone at the Capitol or anything. We are actually spending it on child welfare programs. And we are—

Mr. DOGGETT. In some cases, child welfare programs that the State was doing before it used this money—

Ms. DEVINEY. And that is the key point. So when you start using those dollars for other programs that the State has a mandate—

Mr. DOGGETT. And no maintenance of effort.

Ms. DEVINEY. There is no maintenance of effort. And they are using it to fill, particularly during the recession when we had a decline in our State budget, we used those moneys to fill holes where the State had a responsibility to actually cover the basic services. And then we are relieved of that responsibility, so funding for anti-poverty programs goes down overall.

So that is a really big concern we have about block-granting programs. It is not that States are necessarily going to do bad things with the dollars. But you have lower investment overall in anti-poverty programs.

Mr. DOGGETT. Thank you all.

Chairman BOUSTANY. The gentleman, Mr. Young.

Mr. YOUNG. I thank the Chairman for convening this hearing and the Ranking Member for his constructive participation.

Really, it is an honor to be a Member of this Subcommittee and to have all of you here before us today.

I see this area, poverty alleviation, addressing the needs and even aspirations of low-income individuals and families, as an area ripe for not just review and rigorous evaluation but innovation and restructuring here at the Federal level. The timing is right. There is a lot of public attention on this area. I think there is plenty of bipartisan agreement.

I have to say I was really encouraged about the things I heard from our Ranking Member, a focus on prevention, on skills, on eliminating barriers to work, on ensuring we have a reliable safety net, on focusing not just on inputs or on specific programs and their authorization or so forth, but also on outcomes, more importantly on outcomes.

And so my temptation is to skip to the subject of evaluation and try to elicit from all of you how we can ensure that more programs are rigorously evaluated, to get your thoughts on how many have

been rigorously evaluated and what we have learned. I think I know the answers to many of those questions. But I understand there will be further hearings that will be in a more targeted fashion focused on just those items.

Since this is sort of a hearing to establish a baseline about the challenges facing our low-income population, I would like to ask a broader question of our panel and that is if one grows up poor, what impact does that have in today's United States of America, on that child's, that adolescent's future prospects? The American dream has long been associated, it is a vague concept but I know it includes certain elements and these are pretty much commonly held, I think, among all Americans. It entails defining one's own destiny. It means harnessing one's own God-given capabilities and making the most of those capabilities. And it also entails becoming happier, at least pursuing happiness through earning your success.

But there is at least a sense in the country and maybe it has been documented, maybe it is more than a sense, I think it is, that if one grows up in the humblest of circumstances, it is harder to move up the income ladder than if one grows up in a securely middle-class atmosphere or so forth.

And so if you could speak to some of the data on this subject, mobility and how it drives—or lack thereof and how it might drive inequality and how that has changed over time, and the extent to which existing social programs here at the Federal level have helped mitigate some of the challenges of moving up the income strata, and how much further work we have to do? It is a big question.

Mr. HASKINS. Let me say something quickly about the data.

First of all, there is no question that if you are born into poverty, that you face serious disadvantages. And it has shown up generation after generation. I will just give you one number. If you divide the income distribution into 5ths and compare kids whose parents were in the bottom 5th, so it would be 20 percent needs distribution if we have perfect equality. There is more like 45 percent of the kids from the bottom, lined up in the bottom. And even more alarming, they have about a 5 percent chance of making it to the top. So we do not have equal opportunity in the United States.

The second point, though, there are 60 percent of kids that escape. And if you focus on that, you say well, some kids can do it. Some of them even make it all the way to the top, not enough, but these kids are doing something right.

So I think a main point is we tend to, especially when you read about this in the media, they say oh, warn these kids, they don't have a chance. They do have a chance. But it is less of a chance than their peers that are from wealthier families. Now, we are not going to be able to change the income of all those families.

Mr. YOUNG. Has it become harder in recent years for—

Mr. HASKINS. No. That was going to be my next point.

Mr. YOUNG. Okay. All right.

Mr. HASKINS. I think it is amazing, Scott and I used to write stuff and argue all the time, it hasn't changed. And then a guy at Harvard named Chetty did a new study based on tax data and showed it hasn't changed in three generations or four generations. So I think there is a—

Mr. YOUNG. Okay, time is limited. So it hasn't become harder in your opinion. But can we do better? I think I will see affirmative nods from everyone there.

All right. Thank you.

I yield back.

Chairman BOUSTANY. I thank the gentleman.

We will go to Mr. Holding next.

Mr. HOLDING. Thank you, Mr. Chairman.

You know, the statistics and research around family structure and how it affects poverty and the economy, you know, are just mind numbing. It is stark. But, you know, they were stark when Daniel Patrick Moynihan first came out with his study, as you know, showing that correlation.

What do you think the underpinning of the decline of the family is? Is it poverty came before it declines the family, so you result in more poverty? Or is there a different underpinning? And can you take it back in time to when we first started looking at this in the 1960s?

Mr. Winship, we will start with you.

Mr. WINSHIP. Well, Brad is certainly the expert on this. So I won't say very much. You know, I do think the argument that it is primarily economics really has to contend with the fact that, you know, our family structure problems have sort of arisen since the 1960s.

And even in the 1960s, we were a much richer society than certainly in the 19th century or any other earlier time in the 20th century when we didn't have nearly as much single parenthood as we do now. So I do think at root the problems are around changes in the culture in the United States and in the policy incentives that are embedded in some of our programs but—

Mr. HOLDING. Mr. Wilcox, do you want to expand on that a little bit?

Mr. WILCOX. Yeah, I guess I would disagree a little bit with Dr. Winship in terms of the economic story. And that is simply that we are seeing declines in real wages for less educated men and, probably more importantly, less of them are in the workforce for a variety of reasons. So there is an economics, you know, piece to this.

And it is no accident, of course, as I said in my testimony, there is a marriage divide in America now where those who are educated and affluent are doing pretty well. And those who are less educated and lower income are doing a lot worse. So that is part of the story. And shifts in men's place in the labor force, I think, since the 1970s helps to account for this growing marriage divide in America.

But I think it is also the case that cultural changes, changing, you know, of views about the importance of marriage for having kids, about divorce, about fulfillment, you know—are part of the story. I think changes in our civic sort of sector, we are seeing much greater declines both in secular and religious engagement among less-educated Americans compared to college-educated Americans. That is part of the story. If you are not connected to these civic institutions, you have less support for getting and staying married.

And then I think public policy too since the 1960s has often unintentionally penalized marriage. I have, you know, some quotes in

my testimony that reflect basically that a lot of our means-tested policies, you know, make it sort of—

Mr. HOLDING. Maybe we can tease that out with some examples. I mean, the research says that if a child is going to have a better chance of breaking that cycle of poverty, they come out of a two-parent household. So, you know, looking at some social policies now, you know, point out how support would differ between a two-parent family and for a single-parent family and to the degree that maybe it encourages a single-parent family rather than a two-parent family?

Mr. WILCOX. So the EITC is complicated because, you know, when you have one member of a couple who is earning a lot more, there is actually, you know, some incentives to get married. But when you have both members of the couple who are earning, you know, comparable wages, they can incur some substantial penalties.

But then more generally, many of our means-tested policies, like, for instance, Medicaid, you know, penalize folks who get married, you know, because obviously they are getting more income into the household. So there is an incentive for them just to cohabit or not get together if they are concerned about continuing to get access to Medicaid.

So that would be one concrete example where I think many of our means-tested policies unintentionally make it economically non-rational, you know, for folks who are living together to go ahead and get married.

Mr. HOLDING. So really some of the safety net, you know, that we have in place discourages a married, two-parent family in sum what you are saying?

Mr. WILCOX. In simple economic terms, that is true. What we don't know is sort of what percentage of the low-income population is sort of making decisions about marriage based upon, you know, means-tested policies. And that is something we need to know but we don't yet know the answer as to what share of our population is really making decisions about marriage and family life based upon how it would affect their access to something like Medicaid.

Mr. HOLDING. All right. Ms. Deviney, do you want to use a few of my last seconds there to—

Ms. DEVINEY. Thank you very much. I appreciate that.

Yes. The one thing that I wanted to add in was that in Texas, because of the way we use our TANF program and the amount of dollars that we dedicate toward cash assistance as one example of the means-tested programs, the average is about \$74 per person and it is primarily child focused. And so I would argue that that amount of money per month is not encouraging women to stay single, that the benefits of having a two-income family would be much greater than the additional resources that they get from the \$74 a month.

Mr. HOLDING. All right.

Thank you, Mr. Chairman.

Ms. DEVINEY. Thank you.

Chairman BOUSTANY. Thank you.

Mr. Davis.

Mr. DAVIS. Thank you, Mr. Chairman.

I want to thank you and the Ranking Member for calling this hearing, especially on this subject. It happens to be one that I have been familiar with all of my life.

Practically everybody that I grew up with would have been called in poverty if we based it on the income of their families. Many of the people that I have known my entire life would have been impoverished based upon their incomes. And yet many of these people have overcome whatever it was that they initially were, in whatever ways that they came.

Education and work opportunities we have mentioned a great deal. We also have learned and we know that much poverty can be found in single-parent families that are often headed by females. And that is because children oftentimes more often are with their mothers.

I was intrigued, Mr. Winship, as you were talking about individuals who indicated that they did not necessarily want to work. I happen to believe that work is an absolute virtue. And that those individuals who are cut off from the world of work are missing an integral part of life, the fulfillment of having a job, going to work, earning money.

Dr. Haskins, as you talked about people moving into the workforce and I am thinking that in the city where I live, especially in the building trades and places where there are apprenticeship opportunities, individuals are denied, barred from and locked out of that.

I appreciate all of the programs that we talk about. And especially was I delighted, you know, to hear about home visiting. I have been engaged with it, I guess, for at least 40 years or more, from the time that I worked in community health centers and we were taking health workers out, knocking on people's doors, telling them about what was available. And so it helps.

Could each one of you just take a little shot at how do we increase two-parent families? I mean what, what do we do? What can we do to increase two-parent families?

Mr. HASKINS. Here is one idea that has a lot of data behind it, the longer a woman waits, the more goods and income that she accumulates. And as she gets older, the males that she is likely to marry get older as well. And they also are more likely to work. And it helps a lot if she has not had a previous child, especially outside marriage.

When you interview these mothers, they say they don't want to have children. And yet they get pregnant. So I think if we had more effective policies to offer birth control to mothers, that that would be a step in the right direction. That is not going to be the whole solution. But that is a step in the right direction. Because they will get older without having children. They can continue their education or get experience in the labor market, have more time and more maturity to pick out a better male because they say they want to get married.

So I think that would be one thing, we should have free, long-acting, reversible forms of contraception available to low-income women.

Mr. WINSHIP. So I sort of look at the earned income tax credit as a big policy success. You know, for a long time, I think we tried

to sort of convince people through moralizing that they ought to work more, that work was good for them. But I think it was really the earned income tax credit that convinced a lot of people to do it. It was a real financial incentive.

I think we ought to consider a kind of married parent tax credit that says to heck with trying to convince people to get married or stay married and sort of moralize it, give them financial incentives to do it. So, that is what I am sort of thinking about.

Mr. WILCOX. I think continuing to try to subsidize lower-income work, trying to minimize marriage penalties and means-tested policies and also trying to figure out some kind of cultural campaign like we had with teen pregnancy that would encourage Americans to put marriage prior to parenthood would also be helpful. Just three ideas.

Ms. DEVINEY. I actually don't disagree with anything that my other panelists have said so far. But I would say, I would reiterate the issue around birth control. Because in Texas, we have actually had an active attack on women's health. And we have defunded women's health extensively. It is not just about some of the more controversial issues but it is also about access to birth control and family planning that would actually help women to delay childbirth and engage in expanding their education and moving ahead.

The other thing I would put forward, in addition to the ideas that have been put out here today, is using financial planning, which in Texas we have added to our curriculum a basic financial planning as part of the public education curriculum, where kids actually learn about what does it actually take to be able to make ends meet, how much money, what kind of job does it take, what kind of education do you have to get to get that kind of job to actually help you be able to make ends meet.

And it is a real, you know, shock to the system to actually really look at those dollars and think like okay, if I am going to make this work in my life, what do I actually need to do? And you get it early and it helps you be able to set some goals and to plan. Now, is that going to prevent any kind of single parenting? You know, not on the grand scale. But it definitely puts people on a right path in thinking about what are the steps that it takes to be able to be financially secure as an adult.

Mr. DAVIS. Thank you very much.

Chairman BOUSTANY. I thank the gentlemen.

Mr. Smith.

Mr. SMITH. Thank you, Mr. Chairman.

The USDA Economic Research Service defines counties as being persistently poor. And their definition there isn't a result of counties that for 30 years, that more than 20—20 percent or more of their population is considered in poverty. And what I found quite alarming, of the 353 persistently poor counties, 85.3 percent are from rural America, not urban areas.

In fact, 13 of my 30 counties are classified out of those 353 as persistently poor. And we have had record levels of spending on anti-poverty benefits over the years. And I feel like rural counties are being left behind. And I would like for all of you, or whoever might want to respond, but I would like each one of you to address the rural-urban divide when you are looking at poverty and maybe

any ideas or strategies that you think might be addressed that could help rural America.

Mr. HASKINS. There is likely to be a lot of silence. I have looked into this a little bit. And it is very difficult to find any programs that have been well evaluated that are able to solve the problems of rural America. I think the Congress makes a legitimate effort to try to make sure that the Federal resources are distributed fairly. Maybe they fail in some cases. But at least there is some equality there in investing resources. But it hasn't resulted in kids being smarter and getting better jobs, more innovation, more job creation and so forth.

So I think if you look at the numbers, it is a distressing picture. Because in addition to what you just described, there has actually been an exit in the last 3 or 4 years from non-urban counties. And there is more inequality, higher levels of poverty. So there is a whole range of problems. And I don't think it has been a focused area of the media, of the scholarly world, of advocates.

I am not sure we can do anything. We can't point to something and say oh, it shows, like we can with home visits, oh, this works great. We don't have things like that that I am aware.

Mr. WINSHIP. I grew up in a working-class community in Maine. It wasn't poor but it certainly wasn't middle-class. And I think about kind of where some of my classmates have ended up. And it is interesting, I think there is this tension that you also see when you think about inner-city poverty. On the one hand, you can try to invest a lot in the community and convince people to stay and improve people where they are.

An alternative strategy, I think, is to encourage more residential mobility. And, of course, it doesn't help if you sort of want to preserve a robust community. But I think we underestimate the extent to which people better themselves by moving to opportunity. And so I am not quite sure this is the answer that you are looking for. But I do think we have seen residential mobility decline over the last couple of decades. And I think if there are ways through the Unemployment Insurance program or otherwise, to be able to help people if they want to move to places that are booming.

If we could get a bunch of people to move to North Dakota or South Dakota these days, a lot of folks would be quite a bit better off, shifting people to where the opportunity is.

Mr. WILCOX. And I think one thing that is important to realize too is, you know, for a long time, there was concern about sort of family life in inner-city America. But we now see that the trends I have been talking about today are distributed pretty evenly. So this retreat from marriage that I have been talking about today is very much a rural thing as well.

So part of the problem facing many rural communities is that there are many more young adults who are cohabiting, having kids outside of marriage, experiencing family instability and single parenthood. And that affects both, you know, their odds of making it in America but also their kids' odds of making it in America as well.

Ms. DEVINEY. I am not going to pretend that I have a really good solid answer for you. But I can say this: What we are talking about there is resources. Because so much has been dedicated to

what happens in urban communities in terms of our anti-poverty programs because the resource is already there to build on, the infrastructure. So something that comes to mind for me is our combined spending program in Texas where we actually recognize when people are coming from poverty and are able to support schools with some extra funding to be able to help close that gap in terms of the needs of children in poverty.

What I wonder is because we are talking about a gap in terms of resources for rural communities is if there would be an opportunity to be able to dedicate specifically job creation funding or other technology funding to rural communities as a way to balance out the gap between the infrastructure that already exists in urban communities and what exists in rural communities.

Mr. SMITH. Thank you, Mr. Chairman.

Chairman BOUSTANY. Thank you.

Mr. Meehan.

Mr. MEEHAN. Thank you each for all of your work in this area. I mean it is so critical and so vital and important to actually be looking at what is effective and the most and best use of the resources that can be put into this. But I am still—I am struck because we can look at this at various points along the spectrum and each of them is influential.

But I go back, let me start at the very beginning because I am getting a little ambiguity in your testimony. There was discussion about the effectiveness of Nurse Family Partnership and how there can be a real impact. And then we talked about pre-kindergarten education. And I think your testimony was that well, it is sort of not certain. What do we know? You are confident in an early program. We are still waiting to see. And I have had educators say to me oh, invest in pre-K. But is that effective? I mean, how do we know where the more effective ways are to make a difference?

Mr. WINSHIP. Yeah again, I am going to largely defer to my colleague because Ron just wrote a book about evaluation. I think the difference between Nurse Family Partnership and pre-K is that the, I would say the evidence on Nurse Family Partnership and home visiting is less ambiguous than the pre-K, Head Start research.

You can find studies that are supportive of pre-K and even Head Start. You can find a lot of studies, including federally-sponsored ones, that show that there is not a lot of reason to bank on it.

Home visiting, the evidence has been more positive I think. I am actually a little bit more skeptical of it than Ron is. But I think the way that we are approaching it is exactly the right one where we are putting relatively small amounts of money into it. We are evaluating it.

Mr. MEEHAN. Is it because of the spectrum of issues that can be resolved by somebody coming in in a Nurse Family Partnership may touch with health care, it may touch with getting somebody in a family counseling for abuse or something like that? I mean is that—are those things because of the broader issues you are dealing with, you are having more of an impact?

Mr. WINSHIP. I think it is possible—certainly home visiting is less ambitious in terms of what it is trying to impart to people. You are trying to teach a fairly basic kind of parenting and healthcare

skills to parents, as opposed to, you know, Head Start, setting up a big institutional center and curricula. In some ways, it is more ambitious. That could have something to do with it but—

Mr. MEEHAN. Mr. Haskins, did you have—

Mr. HASKINS. I think there is a way to bring some coherence to the literature. You are right, there has been a huge debate, especially since President Obama introduced a \$90 billion or \$80 billion, whatever it was, pre-K program and now childcare. We spend at least \$30 billion the Federal Government states on these various types of preschool programs.

A lot of that is Federal money. I think if you look at all the research, you will come away with this conclusion, that there are programs that have shown that they can be very successful, they boost kids' test performance, the kids behave better, they do better in kindergarten, and they do better, say, through 3rd or 4th grade, but not very many programs like that. And the reason Head Start is such a disappointment—and you see the same thing in Head Start, you can find Head Start centers that are spectacular, their kids do well, they do well in the public schools. But most of them are average. Some of them are terrible. That is the problem. And this is—

Mr. MEEHAN. Is it program to program?

Mr. HASKINS. This is the Federal disease. We try to have a big network of programs. And to maintain quality control in 1,000 or 5,000 or 10,000 programs is almost impossible. That is the nut that we have to crack. We have to figure out what the definition of a high-quality preschool program is, teacher training—

Mr. MEEHAN. But your point being that that same program may be well operated in Houston and, therefore, successful but not as well operated in a particular neighborhood in Cleveland and, therefore, not successful?

Mr. HASKINS. Exactly. Exactly. But if you look carefully at the programs, you will see differences between those two programs, in the teachers, in the curriculum, in the way the whole building is organized, in the leadership, and in especially something new that a lot of people think is important, it is called coaching where teachers are constantly subjected, have the opportunity to have their performance appraised and someone, a master teacher, helps them do better.

So if we could build a big network of thousands of preschool programs to do that, I think we would be successful.

Mr. MEEHAN. Ms. Deviney, I am at the end of my—you have spoken about pre-K. You have talked about half-day pre-K. Is that different than full-day Pre-K? What are your thoughts about Head Start?

Ms. DEVINEY. Well, what I can say is we have a lot of momentum in Texas around pre-K right now. Governor Abbott has it as one of his major initiatives that he wants to engage in this year which is really exciting. And the reason it is so exciting is because we actually have one of the preeminent researchers in pre-K, Aletha Huston, out of the University of Texas who just came out with a big study showing the impact of half-day pre-K, even looking at programs across the spectrum.

And I will say there is a quality difference between programs even across Texas or even within Houston. And even still, the impact doesn't just go to 3rd grade, it goes to much further beyond. And a study by Texas A&M University shows the actual dollars saved. It is \$1 invested for \$9 saved down the road for better outcomes for kids because they are not going to jail, they are graduating at better rates. You have heard of these studies before, right?

So we have data in Texas that actually shows the value of pre-K and the value of those programs. And if you can get them to be high quality, then you are actually going to have a better impact on kids. But even half-day pre-K is great. The reason half-day is different than full-day, is economic opportunities for parents.

So if you have a half-day pre-K program and parents are trying to get their kids to the program and then go rush off and work for 2 hours, because half-day pre-K is about 3 hours, and then come back, it doesn't create a work opportunity and it ceases to be a work support. Full-day pre-K actually enables parents to be able to work for the most part a full day and then kids can stay in some after-school care if needed. And that really creates great economic opportunities for families.

Chairman BOUSTANY. I thank the gentleman.

Mr. Lewis.

Mr. LEWIS. Thank you, Mr. Chairman.

Thank you, Mr. Ranking Member, for holding this hearing.

Thank you, members of the panel, for being here.

I was in Texas, I was in Houston on Sunday night. I am not sure of what it was called—it was a huge place, it was sponsored by the Houston Library and the Library Foundation. And there were hundreds, maybe 2,500 students, young children, parents, mothers, teachers. And these kids, elementary, middle school, seemed to be so bright and so smart, just intelligent, asking me all type of questions.

I am not prepared to give up on single mothers. I see so many single mothers. I think we have to start where we are. I think it was the late Booker T. Washington who said, who founded Tuskegee Institute, now Tuskegee University, cast down your bucket where you are. That is where we are in America. Everybody is not going to get married. We are not going to force people to fall in love and get married. It is not going to happen. It is just not going to happen. Our society is a different society. We live in a different world.

So we have to reach these mothers and fathers, to encourage their children and young people to get the best possible education. Education is the great equalizer. So if it is Head Start, early childhood education, wherever, we need to spend our resources. It rescues those that may be wavering or, we think may be lost. How do we do it?

Ms. DEVINEY. Well, thank you for that point. I think that what we have been talking about a lot today is about the sanctity of marriage and about the decline of marriage. And the strategies we take are about trying to increase marriage before you actually get down the pike and you have a family, right? So increasing marriage is great. I am a developmental psychologist by training. And

I know that the research shows that kids do better and have better outcomes when they have two parents in the home.

And from poverty measures, just from that basic math, when you have two people earning more money, you are going to have more income in the home. It is all, you know, all really good. But I think your point about starting where we are, we don't give up on the kids that exist today.

Mr. LEWIS. I think that is my point—we never ever give up.

Ms. DEVINEY. Yes. We never give up on the kids. And one of the things that we actually put out a study recently looking at the economic opportunities for Texas women was that when you look at, even when women actually get higher education degrees or even just a post-secondary degree or even just a high school degree, they make less than a man who has more education than they do—I'm sorry, less education than they do. So a woman who gets a college degree makes less than a man with a high school degree. And so there is that gap between what kind of wages women can earn.

Now, part of that is because of the different kinds of jobs women may be encouraged to go into. But a lot of it has to do with, even when you are looking within sector and even when you pull out the data just looking at women who have never left for childbearing, who have never—all these reasons we give, there is still a difference. And so one of the things I think we really have to focus on, in addition to trying to create good, solid, strong families for children, is making sure that women have access to the same economic opportunities that men do because the reality is we have single-parent families today that need support and need help.

Mr. LEWIS. Is it different in a household headed by a woman or a household headed by a man?

Ms. DEVINEY. Are outcomes different?

Mr. LEWIS. Yes. Right.

Ms. DEVINEY. To be honest, the research shows that it differs depending on the age of the child, it differs depending on the gender of the child. There are some differences. But what really matters most and some of the strongest research shows that children who are in chaotic homes, be they two-parent families or single-parent families, suffer the worst outcomes.

So trying to create an environment where the family, whatever their structure is, has less of that toxic stress going on is going to have the best outcome for kids. Again, two parents earning two incomes supporting the child equally and loving them is always the best opportunity. But if that is not the case, what can we do to make sure that child has the same opportunities as other kids.

Mr. LEWIS. Thank you.

I yield back.

Chairman BOUSTANY. Thank you, Mr. Lewis.

Thank you for injecting the realism into the debate. It is important. And I can tell you it is my intent as Chairman of the Subcommittee to not leave anybody behind in this. And we have to focus on strategies that help single women with children to climb out of this and seek opportunity. So we will work with you on that.

Ms. Noem.

Mrs. NOEM. Thank you, Mr. Chairman.

It has been an interesting discussion for me because I look at what we have today currently in the United States and the situation we face with the different kind of households that children will come from, single, two parents in the home, whether they live in rural areas like all of South Dakota is or in urban areas.

But I keep coming back to then how can we level the playing field? And it seems to me, and this is just my brain thinking during this hearing, that we could potentially get better outcomes if we have a program that has some kind of participation from the parents with the child. So if there is something required of the parents to do, you talked about home visits, because there is some participation with the parents and an opportunity for them to learn or benefit from that experience that potentially then helps the child go even farther and achieve even more, rather than a parent who might drop their child off at a Head Start program and then go to work and then leave them.

Or are there other programs where it is more of a, I am thinking of, we have nutrition programs where some of them there have nutrition counseling that goes along with the program. Does that one do better than ones where there is a nutrition program where there is no counseling, it is just the benefits and there you go?

Is there a general synopsis that you all can give me on do you believe we do have better outcomes in situations where there is some type of support, partnership, ability for the family to partner together to help that child succeed rather than just having a benefit? We will start with Ms. Deviney.

Ms. DEVINEY. Thank you for that question. I actually spent a good portion of my early 20s working on a project called the Families and Schools Together Project. It is in several States. It was in Tennessee, North Carolina, and Washington. And it looked at how kids who were at risk for later juvenile delinquency or other kinds of negative outcomes as teens, if we intervened early, how would they do. And in that program, we actually made it a full family kind of wrap-around program where we actually engaged with parents and helped them gain skills to be able to support kids in doing homework and talking about being on time and talking about the importance of school and giving them parenting skills was a huge part of the program, in addition to being able to support the kids in terms of basic tutoring in math and reading support. They are just now releasing 20-year results on these kids. And it has been really exciting because what we have seen is that when you actually support not just the child but the whole family and you are supporting the concept of the family working together, creating that unit in support, you actually get much better outcomes for kids than kids who, our control group, didn't participate. And so the kids were much more likely to delay childbearing. They were much more likely to have higher educational attainment. They were much more likely to have better earnings as an adult with these 20-year results. And so I think it points exactly to what you are saying is that when you kind of support the whole family as a unit, you really do get better outcomes for kids. The trick is that those kinds of programs, they are expensive. They are expensive. And so we have to decide as a country, you know, if we really do value the family unit, how are we going to back that up with the

support that they need to be able to make those really strong connections.

Mrs. NOEM. And you may need to continue that support for an entire generation before you start to see the impact on your culture. Anybody else want to weigh in?

Mr. HASKINS. Let me make two quick points. First of all, there is a new review that is about to come out by one of the best people in the field, a guy named Greg Duncan at the University of California Irvine. And he looked carefully into what is called a meta analysis of all the research literature on programs that are just preschool and ones that have a parenting component. But it is defined, it can't be just sending a note home to the parents or have the parent meeting once a month or something like that. It has to be an actual program where they are working with the parents. And it does make a difference on average. Those programs are more successful. The second thing is that in the last 2 or 3 years, there has been a big movement called Two Generation programs. So in preschool, even in the public schools to some extent, in employment and training programs, the idea is to work with the parents and the child at the same time. And it has really caught on. I am not really sure why because the evidence is not great. But I think what it shows is that people believe just what you said in your question, that if you involve the parents, you are involving someone who is going to be with the kid until they are 18 and maybe more than that and still supporting them after that. If you can increase the bond between the parents and show parents, give them ideas about how to work with their children, that the program will be more successful. So I think there is a lot of agreement with that. We will see if it turns out.

Mrs. NOEM. Okay. Thank you. Mr. Chairman, I yield back.

Chairman BOUSTANY. Mr. Reed.

Mr. REED. Thank you, Mr. Chairman. And thank you to our panel for this conversation today. Just to try to solicit information here and also to try to start our conversation from a room of consensus, what are the barriers in your humble opinion as to what keeps people in poverty and from escaping poverty? Let's start from the left and we will go all the way right. So what are the top three barriers?

Mr. HASKINS. They don't work enough. They don't have enough education. And they have babies outside marriage, or divorce. And they try to raise children in a one-parent family.

Mr. REED. Okay.

Mr. WINSHIP. If I think about little kids and kind of what the big barriers are for them, I think to an extent we don't appreciate the kind of upward-mobility problem in the United States. To a large extent, it is a failure of the country to have better outcomes for African American kids.

Mr. REED. Okay. But what are the barriers here? I am going to run out of time.

Mr. WINSHIP. So I think the two that I would mention would be growing up in unstable families, but also neighborhood-concentrated poverty. I think growing up in a place where a lot of people are poor and a lot of people have challenges.

Mr. REED. Unstable families, concentrated poverty. Mr. Wilcox, quickly.

Mr. WILCOX. I would echo what Ron said. I would put a thumb also on doing more for kids who are not on the college track.

Mr. REED. Okay. That is a barrier? Not doing more for college, that is an outcome, that is an action item. So what is the barrier of those kids not going into college?

Mr. WILCOX. The barrier is we don't do enough for kids who are not on a college track.

Mr. REED. So an education. Education. Okay. Ms. Deviney.

Ms. DEVINEY. So when you start in poverty, you are more likely to end up in poverty. So it is a huge barrier for kids who actually start in poverty. Poverty itself is a barrier. And that actually leads to you start out in the education system with gaps. So a huge barrier is closing the gaps in terms of language development.

Mr. REED. So education.

Ms. DEVINEY. Education. And then affordability of the options that help you move out of poverty.

Mr. REED. So cost. Let me ask you this question, let's take two of our largest welfare programs in America, TANF, cash welfare, and SNAP, food stamps. How does TANF measure addressing the education barrier? How do you measure that TANF is overcoming the education barrier? And does it?

Mr. HASKINS. Well, you can look at the caseload over a period of time and see if their education increases. And the answer is it does not. And part of the reason there are——

Mr. REED. Sir, Sir, Mr. Haskins, does TANF require that the people that are administering the program have an outcome that the people that are participating in the program have an education component to their welfare check?

Mr. HASKINS. No.

Mr. REED. Okay. Is that a correct understanding from everyone? If one of the barriers is to overcome educational barriers, why doesn't our program, cash welfare, one of our largest welfare programs in America have as one of its major drivers as an action item to get people an education?

Mr. HASKINS. There is a straightforward answer. We gave the States, States can use the TANF dollars for education if they want to. Part of the idea of the TANF program in sharp contrast with AFDC, which it replaced, is that the States were going to be the real actors. They knew what their people needed. And they were going to use the resources for the most important thing for these families. And most States have not chosen to invest a lot of the money in education. And there are restrictions in the Federal statute about how much education they can get.

Mr. REED. So it is countervailing to the goal that we are trying to get people out of poverty with and that is to get an education. There is a Federal statute that prevents us from achieving that goal.

Mr. HASKINS. Yes. But for good reason.

Mr. REED. And what is that reason?

Mr. HASKINS. The reason was the Congress intended for the program to be a work program and not an education program.

Mr. REED. Okay.

Ms. DEVINEY. But what we find in Texas is that because it is trying to get a job first, there are education and job training programs in Texas, but the real goal of the TANF program is to get somebody into a job. So if you can get into a really low-paying job first, then that is the push and it is not the push for education to be able to get to those better jobs.

Mr. REED. Is that overcoming one of the barriers? So one of the barriers is education.

Ms. DEVINEY. No. That is reinforcing the barrier.

Mr. REED. That is reinforcing the barrier. That is what I would say. How about SNAP? Any requirement there that there be an education component to it? How about LIHEAP? How about housing, Section 8? This is one of my biggest concerns here, and I have been a big advocate of the old super waiver, the demonstration and the whole silo effect that we are seeing in this field across America and a lot of these programs actually have unintended consequences of keeping people in poverty because they are just not designed to work hand in hand and give people the tools to get out of poverty. Am I misreading anything, as my experience has told me as I looked across America, as to the problems with most of these programs?

Ms. DEVINEY. For example, with the Supplemental Nutrition Assistance Program or SNAP, what we see there is when you look at a family's budget and what it takes for them to be able to get by, what SNAP does is be able to allow families to put some of their money toward let's say making sure they get gas in the car and paying rent. SNAP helps to stabilize families.

Mr. REED. Aren't you just essentially giving a person a fish and not teaching them to fish under that analysis?

Ms. DEVINEY. Well, if there were education requirements that went with it, certainly that would be a different conversation that we could have. But right now, it does serve a very important point in that it helps to stabilize a family. Now, should we also then create opportunities for those families to be able to move ahead?

Mr. REED. See, I'm looking forward too. I'm trying to reform the program. So going forward, wouldn't it be wiser to put that type of reform in place, to say we are going to teach people how to fish, not just give them a fish?

Ms. DEVINEY. So for many families who live in poverty and particularly extreme poverty, it is not just about putting food on the table. It is about so many barriers.

And so I think we have to take a really close look at making sure that, what do we have to get families stabilized first, before we can actually help them to be able to move ahead?

Mr. REED. That is a fair point. And I understand. So crisis, overcome the crisis—

Ms. DEVINEY. Yes.

Mr. REED [continuing]. But then for the long term, why don't we design programs, in my humble opinion, that give the people the tools to break through those barriers of poverty?

Ms. DEVINEY. Certainly, giving people the opportunity to be able to access good jobs is the best pathway out of poverty, and our programs like SNAP should be stabilizing.

Mr. REED. But in order to have those jobs they have to have an educational component. They have to be able to pass a drug and alcohol test, I would assume, or a drug test. There are other barriers to getting that job that we have to overcome, correct?

Ms. DEVINEY. Uh-huh.

Mr. REED. All right, with that, I am sorry, Chairman.

I yield back.

Chairman BOUSTANY. I thank the gentleman.

Well, I want to thank all of our witnesses for this very compelling discussion, your wonderful testimony, in helping us to examine the challenges facing low-income individuals and families.

I think this has been a great foundation for us to start with, with the Subcommittee, and so I really appreciate all you have done to help us with these important issues.

I appreciate you taking time to come here today. Your knowledge and experience is really important, and we are going to fall back on your knowledge and experience as we go forward with trying to solve some of these problems.

Let me just say that if Members have additional questions for the witnesses, they will be submitted to you in writing, and we would appreciate receiving your responses within a 2-week period. Of course, all that will be made part of the record.

And with that, the Subcommittee stands adjourned.

[Whereupon, at 4:24 p.m., the Subcommittee was adjourned.]

[Submission for the Record follows:]



**Reflections During Black History Month:
What Public Policies Are Hurting African-Americans?**

Statement for the Record

Pamela Villarreal

Senior Fellow
National Center for Policy Analysis

“Challenges Facing Low-Income Individuals and Families in Today’s Economy”

Committee on Ways and Means
Subcommittee on Human Resources

February 11, 2015

Chairman Boustany and members of the committee, thank you for the opportunity to submit written comments about the challenges facing low-income individuals and families in today's economy. I am Pamela Villarreal, a senior fellow at the National Center for Policy Analysis. We are a nonprofit, nonpartisan public policy research organization dedicated to developing and promoting private alternatives to government regulation and control, solving problems by relying on the strength of the competitive, entrepreneurial private sector.

During a time when people reflect on the struggles and accomplishments of African-Americans over many decades, many agree that "more can be done" to ensure economic opportunity for all Americans. But the demand that the "more" must be done by government through a stronger safety net, wealth redistribution and mandated equality measures overshadows the years of evidence that more often than not, government programs fail. Over the past 30 years, NCPA has published a number of studies describing the effects. Many of these efforts discourage wise choices, limit educational opportunities and create burdensome regulations that hinder entrepreneurship.

Affordable and Quality Housing:

- "Smart growth" urban planning (in an effort to reduce "urban sprawl") prices lower- and middle-income families out of the housing market. A study by the Urban Institute (as reported in an [NCPA publication](#)) found that smart growth policies reduce both housing affordability and economic opportunity, especially for minorities.
- Efforts to revitalize urban neighborhoods are often hamstrung by [government regulations](#) that raise costs. For instance, the federal Davis-Bacon Act sets construction wages at the prevailing level — which turns out to be the level set by the building trades unions. No federal money can go to a project that doesn't pay at this deliberately inflated scale.
- Furthermore, one-size-fits-all federal environmental rules raise housing costs in neighborhoods where environmental problems have long gone untreated. Both developers and banks are naturally wary of taking on a property that may come with liability for pollution discovered in the future but caused by owners decades before. Banks can't take environmental improvements as collateral. Thus the amount of equity financing required for a given project increases.
- Local policies complicate the clearing of titles on abandoned inner-city properties. Developers seeking to acquire these properties are required to pay back taxes, sometimes dating back a quarter-century or more. The message here: Don't buy and improve vacant land that may be dragging down the property values of the entire neighborhood.
- [The loss of housing affordability](#) disproportionately affects minority households due to their generally lower incomes; thus, the white non-Hispanic home ownership rate is 50 percent higher than the ownership rates for Hispanic and African-American households.

Education:

Charter schools are typically found in urban areas and offer parents educational options where previously they may have had none. Charter schools are smaller than conventional public schools and serve a disproportionate and increasing number of poor and minority students. Despite some attempts by liberal policymakers (such as the New York City mayor) to defund charter schools, parents whose children attend them overwhelmingly support them.

- According to the Center for Education Reform (as reported in [NCPA research](#)) charter schools are smaller than conventional public schools and serve a disproportionate and increasing number of poor and minority students.
- Charter school students are more likely to be proficient in reading and math than students in neighboring conventional schools, achieving the greatest gains among African-American, Hispanic and low-income students.

Employment Opportunities:

Advocates of higher minimum wages say they will help the working poor, yet they often price the lowest-skilled workers out of the market so they are essentially earning nothing. Black teenagers bear most of the burden, as [NCPA notes](#):

- From 1948 to 1955, the unemployment rate of black and white teenage males was essentially the same, 11.3 percent and 11.6 percent, respectively. However, after the minimum wage was raised from 75 cents to \$1 in 1956, unemployment rose significantly for both black and white teenage males, with blacks bearing more of the burden. By 1969, the unemployment rate was 22.7 percent for black teenage males and 14.6 percent for white teenage males.
- Economists Donald Deere, Kevin Murphy and Finis Welch found that minimum wage increases totaling 27 percent in 1990 and 1991 reduced employment for all teenagers by 7.3 percent and for black teenagers by 10 percent.
- Historically, minimum wage and prevailing wage laws were supported by almost exclusively white unions in order to remove the competitive advantage of blacks who were willing to work for less.

Occupational licensing is supposed to protect the public from unsafe and untrained operators but in many professions, it is unnecessary and increasingly keeps individuals from starting their own businesses. One example of overreach is the licensing and training requirements for [African hair braiders](#).

- In 2006 Pennsylvania passed a law requiring African hair braiders to obtain a cosmetology license. Now braiders must complete at least 300 hours of training, or have three years of experience and complete 150 hours of training. As of 2008, 16 other states and the District of Columbia also had hair braiding license requirements, according to the Institute for Justice.
- Licensing decreases the rate of job growth by an average of 20 percent and costs the economy an estimated \$34.8 billion to \$41.7 billion per year, in 2000 dollars, reports the Reason Foundation.

Social Security and Taxes:

Comparing lifetime benefits, the rate of return on Social Security is lower for blacks than for whites due to their shorter life expectancy. According to one NCPA [study](#):

- Among 20-year-old white men, almost 84 percent are expected to reach the normal retirement age.
- By contrast, fewer than 64 percent of 20-year-old black men are expected to live that long.

Thus, although he pays the same payroll tax rate while he is working, the average 20-year-old black male can expect to draw fewer monthly retirement benefit checks, on average. On the other hand, the average lifetime earnings of a young black worker is only 78 percent of those of his white counterpart. And since Social Security's benefit formula favors lower-income workers, it rewards the average black retiree's contributions more than the average white retiree's contributions, other things equal. Despite this, the retirement benefits received by black retirees average less than those of whites.

Moreover, marginal net tax rates for low-income families are high because our system makes a very generous package of welfare benefits available to people who do not work and then begins taking away those benefits at a steep rate as they begin to earn a modest income. [In an NCPA study](#), for example:

- A couple with two children can expect \$489,100 in lifetime benefits if they never work.
- However, if both spouses work full-time and each earns about \$16,000, the loss of Medicaid and other welfare benefits will cost them two-thirds of their income over the whole of their work life.

When all taxes and benefits are considered, the American fiscal system is fairly progressive - at least toward the lower half of the income spectrum. That is, the lower your income, the more generously you are treated. But the price of that generosity is lifetime marginal net tax rates that make working for a living very unattractive.

Stable families:

[Out-of-wedlock births are the second key cause of poverty](#) (next to lack of employment). But the structure of welfare benefits encourages single parenthood and family breakups:

- The poverty rate for female-headed households with children is 44.5 percent, compared to 7.8 percent for married couples with children.
- The poverty rate for married black Americans is only 11.4 percent, while the rate for black female-headed households is 53.9 percent.
- African-American children comprise about 25 percent of children who end up in foster care.

Most welfare benefits are restricted to families with children. Thus, having a baby offers a gateway to a generous package of government benefits. But if the mother marries a man who

earns a significant income, the benefits are lost. Indeed, if the mother marries a man who is not working, but the government requires him to take available work before benefits are paid, then the benefits will be lost in any event, whether he refuses to work, or if he works and earns an income that eliminates them. Government is effectively paying women to have children out of wedlock.

Thank you for the opportunity to submit these written comments.

