

Working Our Way Out of Poverty

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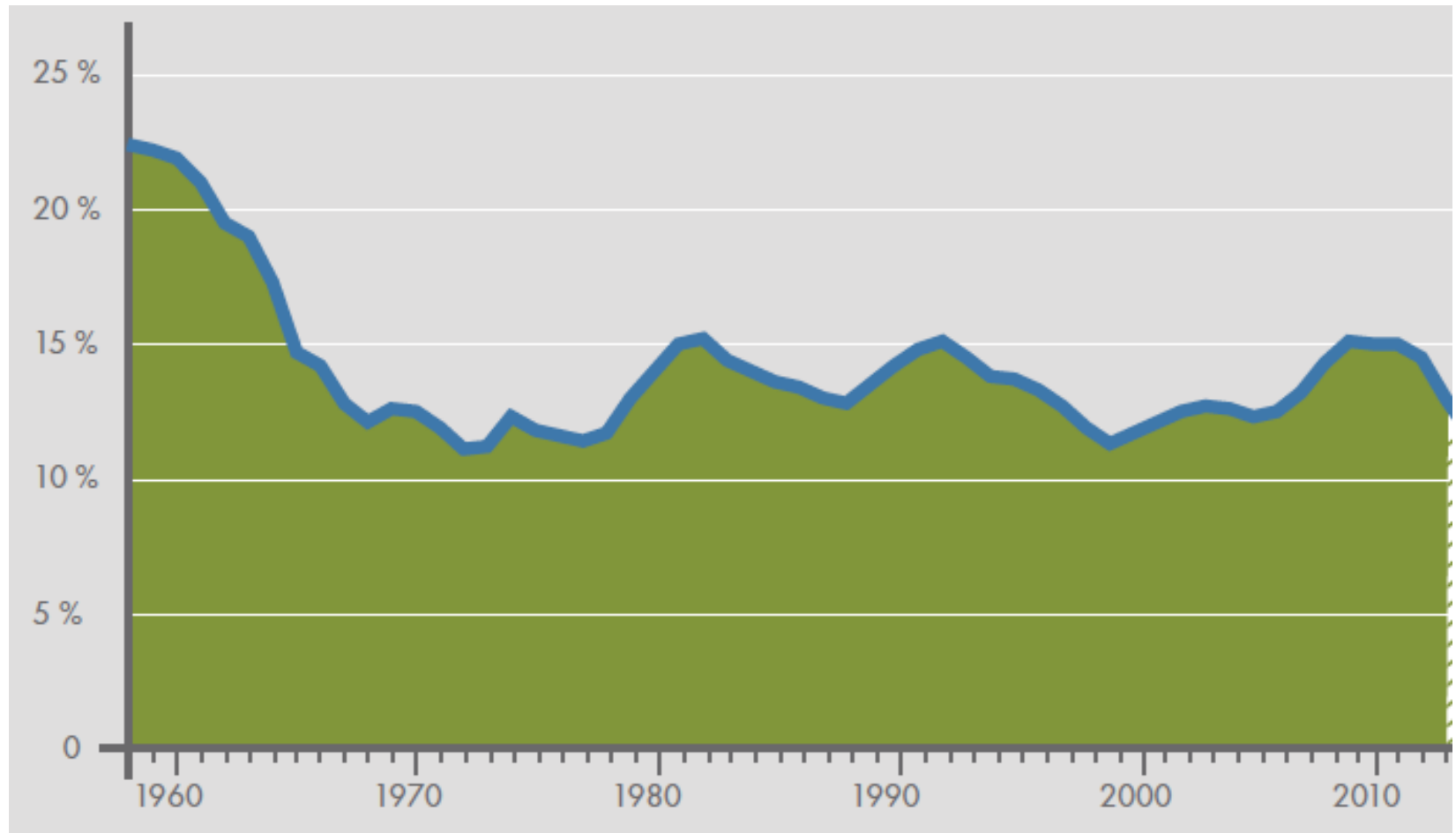
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Working Our Way Out of Poverty


The Poverty Drop...and Poverty Plateau

Percent of U.S. Population in Poverty



Who is Poor?

Structure of Adult Poverty in the U.S.
People living below the Federal Poverty Line 2013

 = 1 Million Poor Adults

27 million adults

IN the Labor Market

NOT WORKING



WORKING
PART TIME



WORKING
FULL TIME



8 million adults

NOT IN the Labor Market

PEOPLE WITH
DISABILITIES



RETIRED
SENIORS



Work-Centered “Policy Package”



Make Work Available

Policy 1: Create a Transitional Jobs Program:

Program:

- For unemployed & underemployed, ages 18-69
- Not incarcerated or receiving Social Security, SSDI, or SSI
- Opportunity to work in a minimum wage TJ, up to 30 weeks
- Min. 8 hours, max. 40 hours per week



Make Work Pay

Policy 2: Increase in the Minimum Wage:

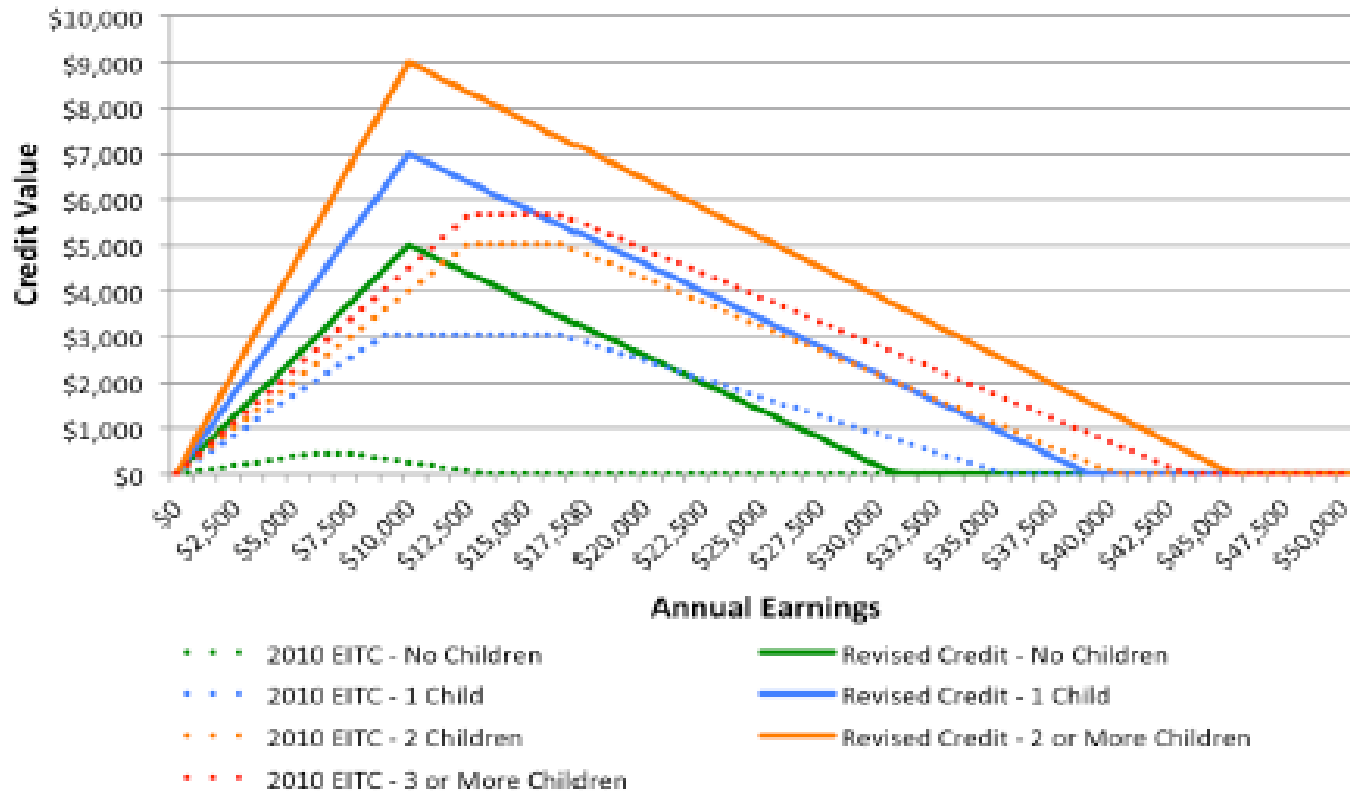
- Raise the minimum wage to \$10.10 per hour as of 2015 (indexed for inflation)
- 28% increase through 2010 baseline year



Make Work Pay... Further

Policy 3: Reform the EITC

- Roughly \$4,000 increase
- Remove marriage penalty



Reduce Obstacles to Work

Policy 4: Strengthen Child Care Funding:

Guaranteed subsidized child care for every family below 150% of official poverty line



Help Retired Seniors and Adults with Disability Income

Policy 5: Secure Retirement and Disability Income Tax Credit:

Eligibility Criteria:

- Income from Social Security, SSDI, or SSI
- Age 18+ and not a dependent of another taxpayer

Credit Amount:

Equals = 150% of Federal Poverty line

▪ Sum of Social Security + SSDI + SSI
+ SNAP + Federal AGI (if positive)



Results?



“Reducing Poverty in the United States”

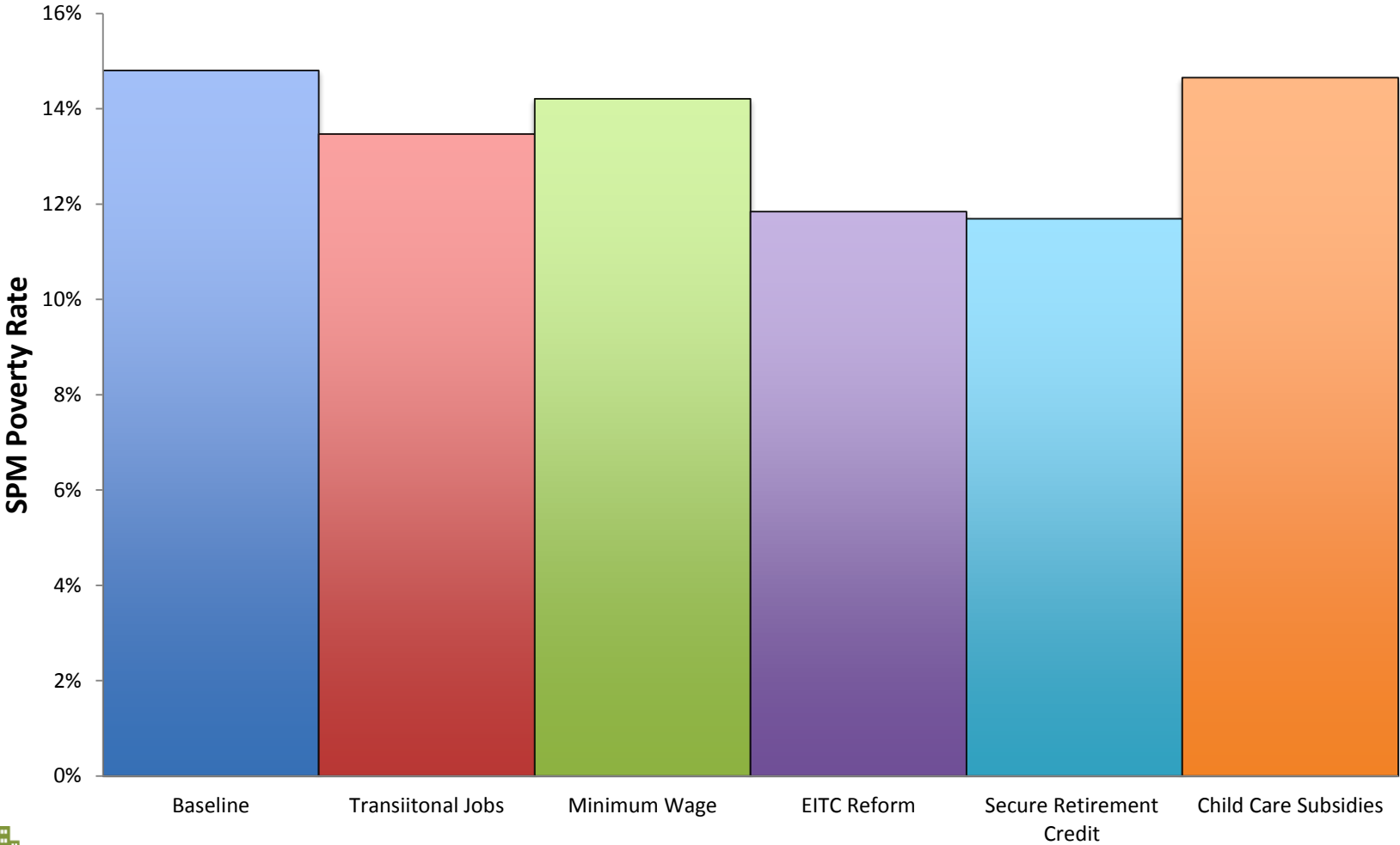
February 2015

<http://www.urban.org/research/publication/reducing-poverty-united-states>

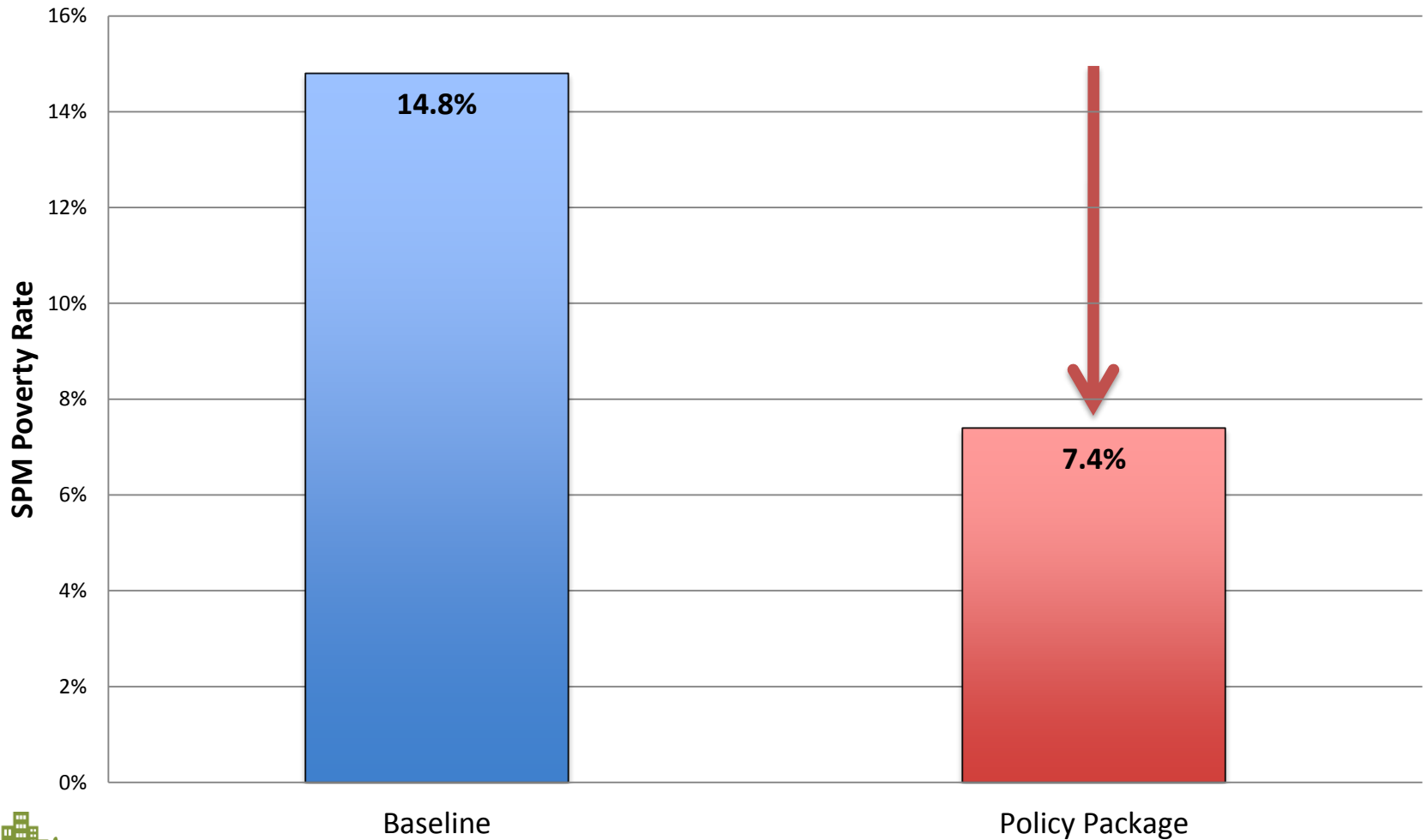
Kye Lippold, Research Associate KLippold@urban.org



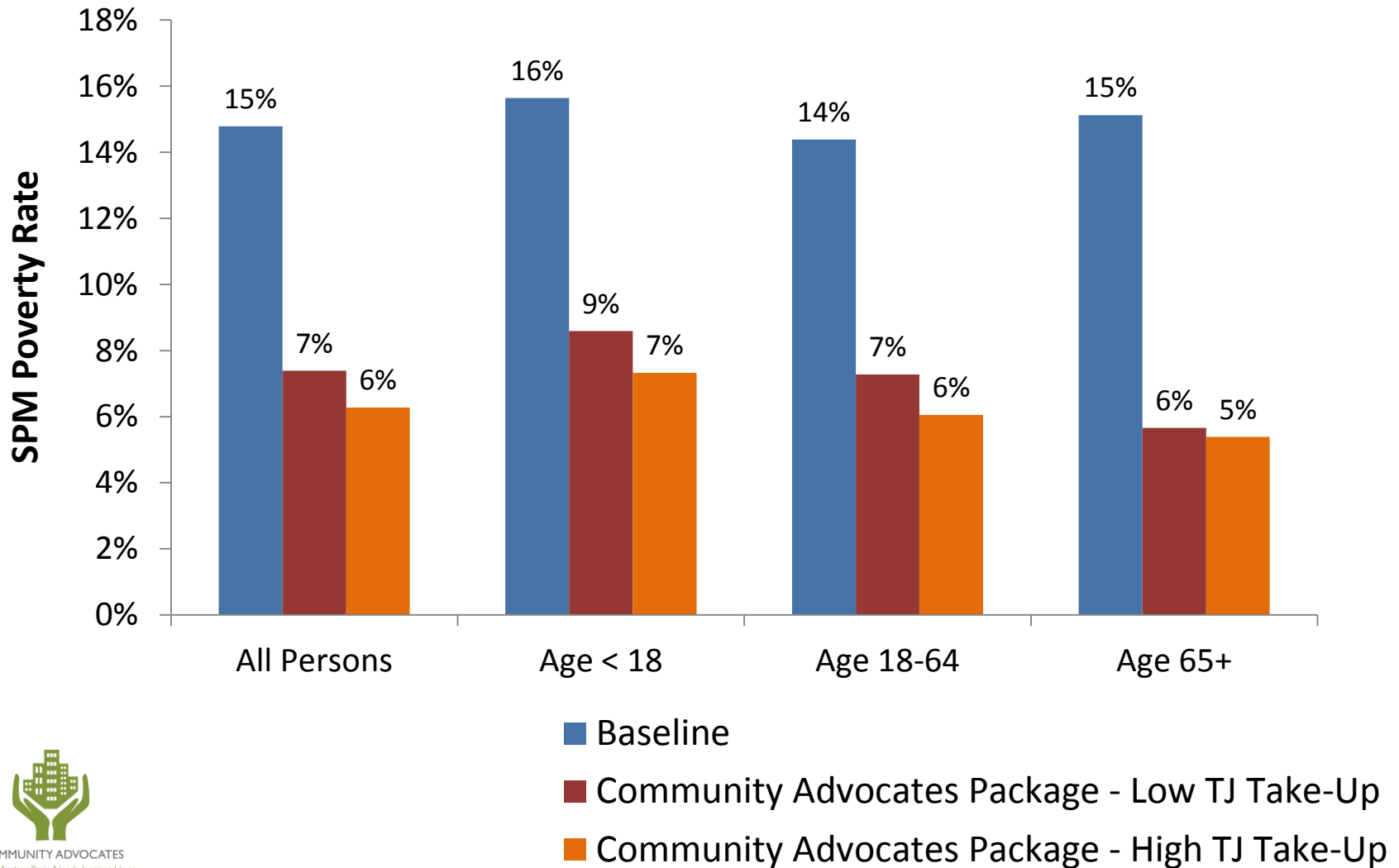
Stand-Alone Policies = Small Impact



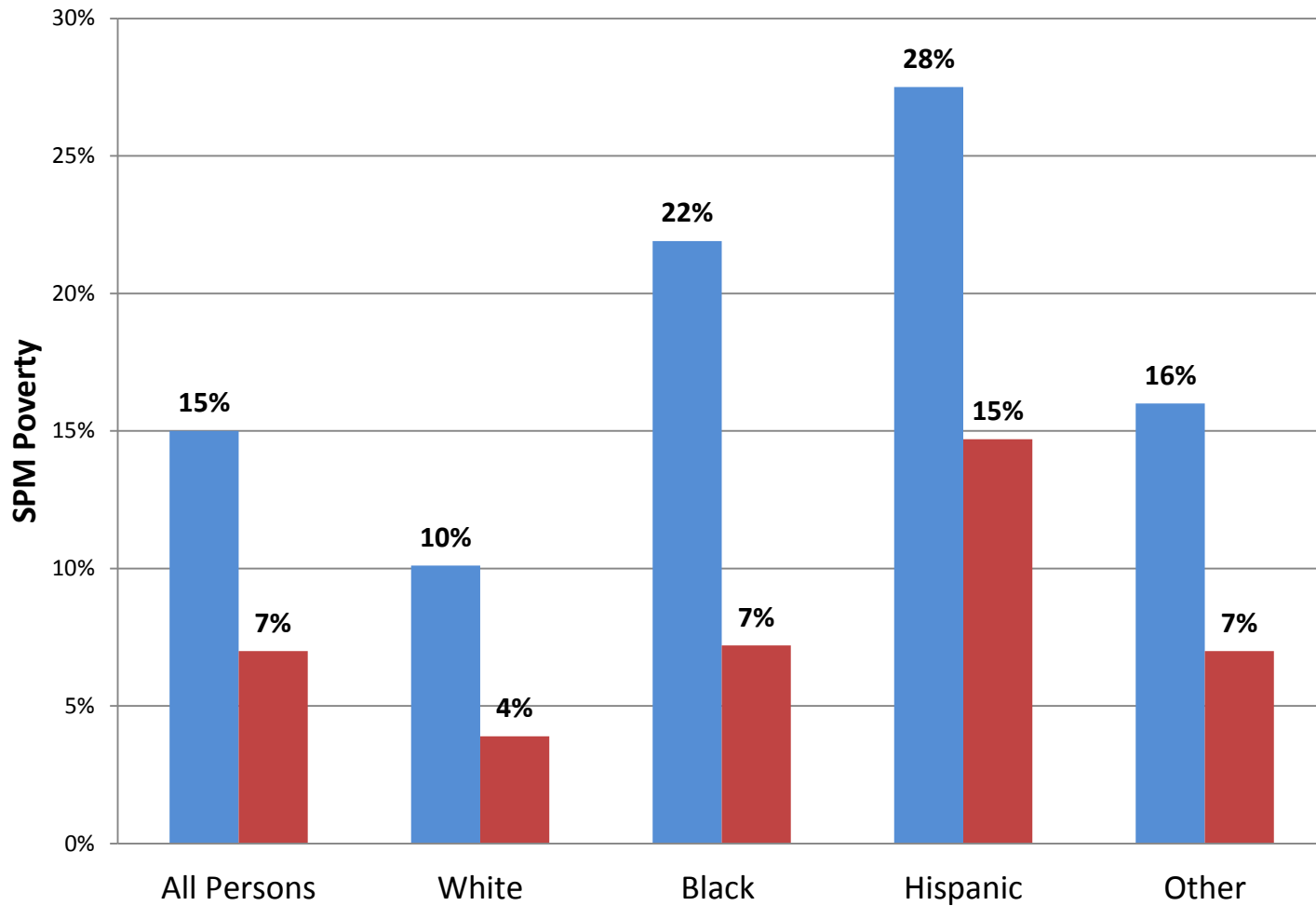
Entire Package = Dramatic Impact: Poverty Reduced by 50% +



Impact by Age



Impact by Race & Ethnicity



\$332 Billion Cost in Perspective (Percent of Other Spending)



2% of U.S. GDP



3% of National Income



6% of All Government Spending



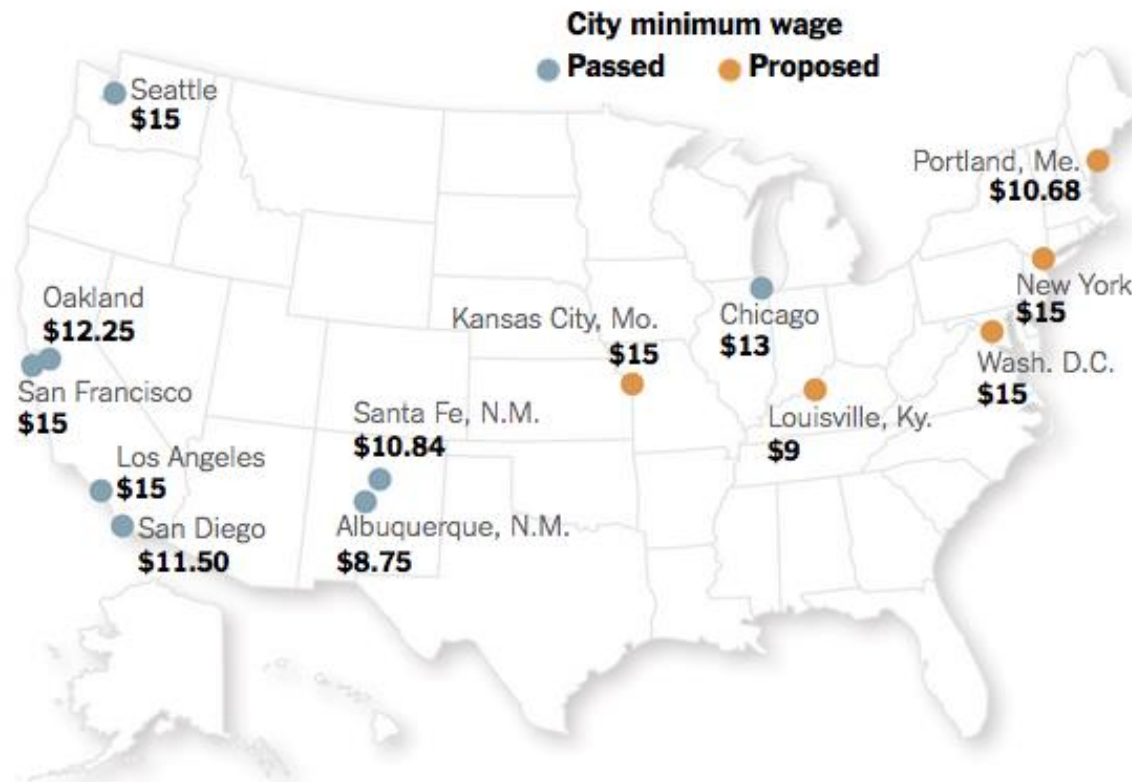
9% of Federal Spending



City Increases in Minimum Wage

Local Minimum Wages

Many cities have enacted or proposed legislation in recent years to create a local minimum wage that is higher than the federal minimum and their state's minimum, if there is one.



Note: Most minimum wages take effect in the next few years, some gradually.

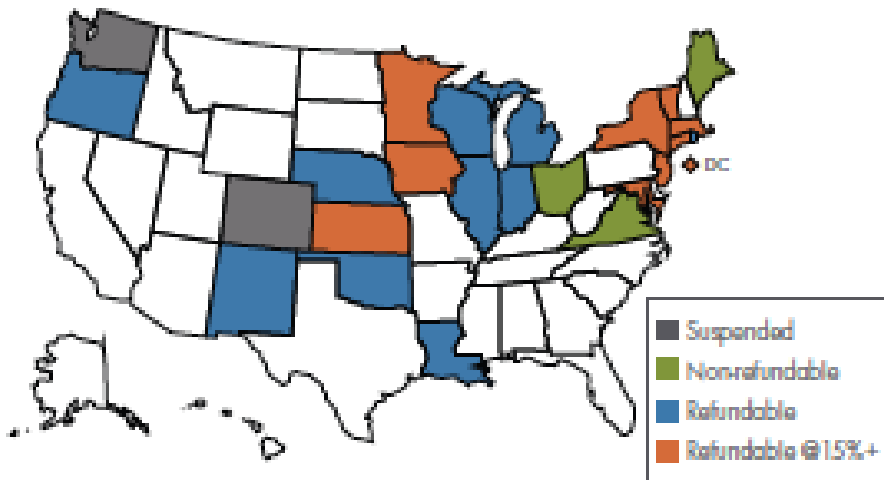
Source: National Employment Law Project

By The New York Times

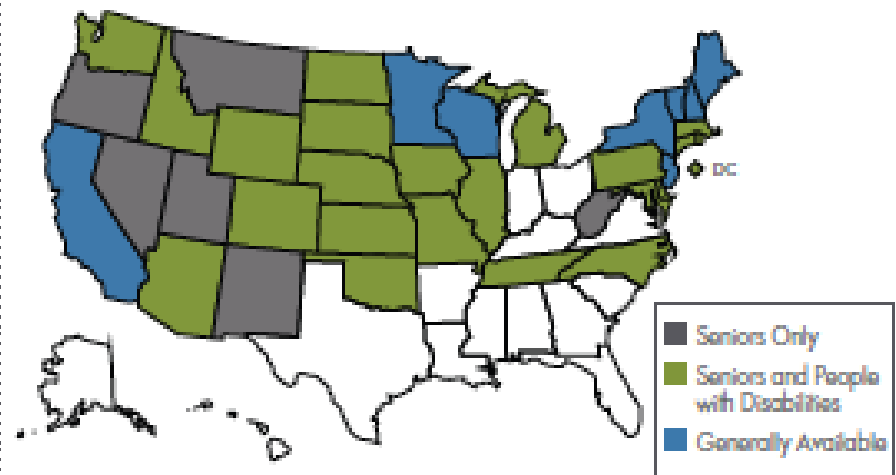


State Progress

State Earned Income Tax Credits



State Tax Relief for Seniors and People with Disabilities



Over 20 states also provide child tax credits and childcare tax credits.

Maps by HoltSolutions



Opportunities for State Legislatures

Short-Term

(1) Convert TANF/SNAP Benefits into Wage-Paying Jobs

- Enact state legislation enabling recipients of TANF and SNAP benefits to voluntarily convert their monthly cash grants into wages earned for performing useful wage-paying work in Transitional Jobs.
- Benefits:
 - Higher income (since EITC can be claimed);
 - Potentially faster movement from welfare to unsubsidized employment...thus lowering state costs...because:
 - “Real work” experience *often* improves self-confidence and results in positive employer references, and
 - Transitional Job employer *may* actually hire;
 - Private sector creation of new jobs
- May require federal waivers or law changes



Opportunities for State Legislatures

Short-Term

(2) Establish State Pilots of Entire Policy Package

- Enact state laws, and obtain federal waivers or law changes (if needed)
- Select valid “control” and “experimental” groups in urban neighborhoods and rural counties
- Offer “experimental” group the *entire* policy package
- Compare results for “control” vs. “experimental” groups, looking at both:
 - Economic outcomes: employment, earnings, income, poverty;
 - Other outcomes: CJ activity, health, education, marriage



Long-Term

Enact state legislation that translates each component of policy package into law.

Questions and Answers

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Community Advocates publications:

http://ppi.communityadvocates.net/policy_projects/working_our_way_out_of_poverty/

Urban Institute report:

“Reducing Poverty in the United States,” February 2015,

<http://www.urban.org/research/publication/reducing-poverty-united-states>

