



**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!¹ 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.

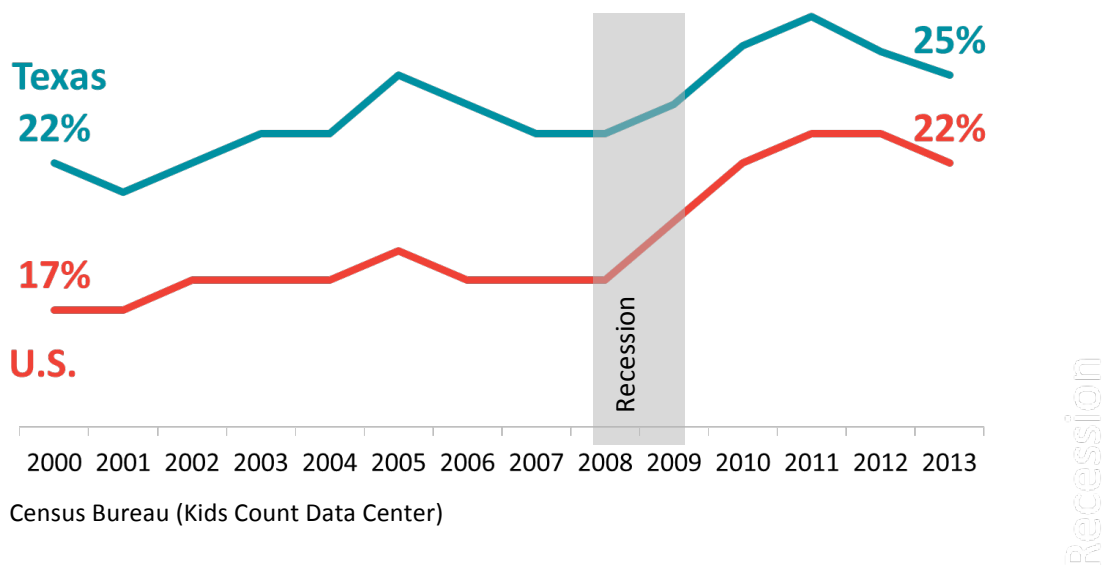


Focusing on Kids Means Focusing on Families

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



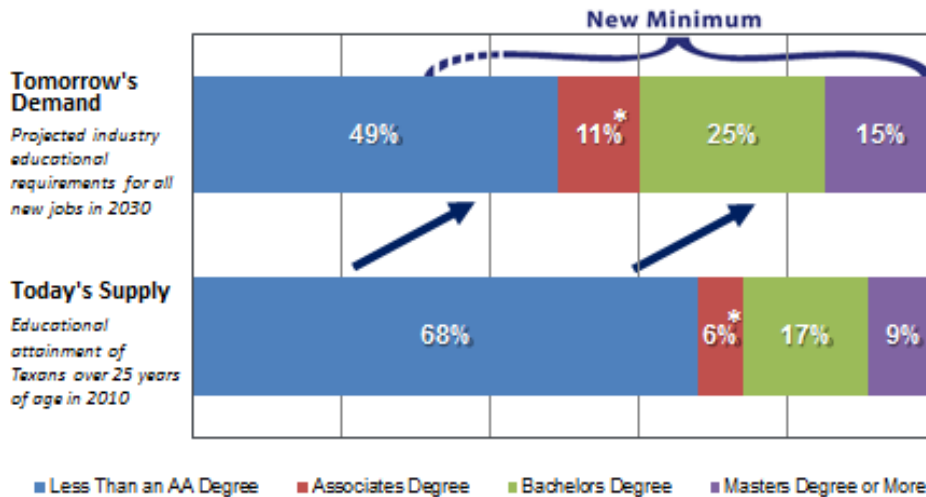
U.S. Job Losses and Gains During the Recession and Recovery, 2008-2012, National Employment Law Project

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

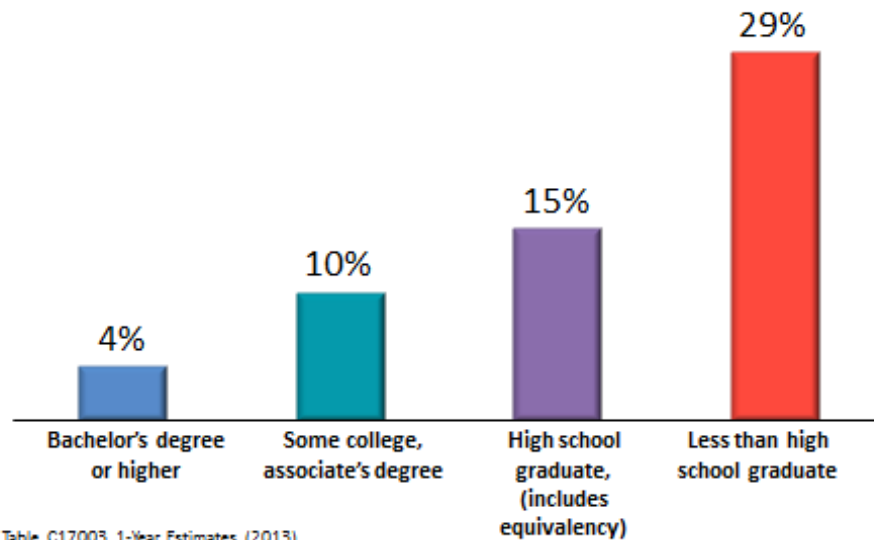


Sources: ACS, CPS, Moody's Analytics

* 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, Phar-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=relast>)