Congressional Hearing on Reducing Child Poverty

Testimony presented before the House Appropriations Subcommittee on Labor, Health and Human Services, Education and Related Agencies

Autumn R. Burke

Assemblywoman, 62nd Assembly District, California State Assembly

March 3, 2020

Washington, D.C.

I want to thank Chairwoman DeLauro, Ranking Member Cole, the Committee Members and their staff for giving me the opportunity to testify before the Committee to discuss the work California has done to eradicate child poverty in 20 years and what next steps can be taken at the federal level to achieve the same across the country. My name is Autumn Burke and I am the California State Assemblywoman representing the 62nd District, an ethnically and economically diverse area of Southern California, encompassing cities such as Inglewood, Hawthorne, Lawndale, El Segundo, Marina del Rey, and Venice.

California has the fifth-largest global economy and the highest rate of child poverty in the nation according to the U.S. Census Bureau's Supplemental Poverty Measure. The rate of poverty in California has declined significantly from 2016 but still hovers at just over 13% according to the Public Policy Institute of California. One in five children or 1.9 million live in poverty, equating to almost one-third of African American children and one-third of Latino children. There are 450,000 children who live in deep poverty, which means their families earn less than $13,400 per year. High costs of living, income inequality, and the on-going impacts of institutional and economic racism all contribute to high poverty rates, not just in the state but across the country.

Efforts to invest in measures to reduce child poverty have been hampered by a lack of sustained focus and a defined, holistic plan for addressing the problem. In an effort to remedy this, I authored Assembly Bill 1520 to create a task force charged with providing the Legislature and Governor with a comprehensive framework of recommendations for economic, educational, social service, and health programs and innovations to help lift an estimated one million children out of poverty in California. AB 1520 received overwhelming support from both sides of the aisle and was signed into law by then-Governor Jerry Brown in 2017.

The Lifting Children and Families Out of Poverty Task Force convened meetings for over a year to create a 2018 report on recommended strategies to address deep child poverty and child poverty in California. The Task Force included stakeholders focused on family and child well-being, from pre-natal care to adulthood, including representatives from the state agencies responsible for health and human services, workforce, education, labor, and housing, local governments, justice agencies, and state and local community organizations that work with and advocate for children and families. The Task Force was supported by researchers with subject-matter expertise from the Goldman School of Public Policy at the University of California, Berkeley, and the Stanford Center on Poverty and Inequality. Recommendations from the report included: expanding the state Earned Income Tax Credit by increasing the credit for those with limited earnings, establishing a targeted child tax credit for families in deep poverty to be distributed monthly, and aligning CalWORKs time limits for supportive services with federal limits.

The 2018 report served as the foundation for additional legislative efforts that were undertaken this past year. Chief among those was the expansion of the California Earned Income Tax Credit and the creation of a Young Child Tax Credit. Specifically, my Assembly Bill 91, known as the "Loophole Closure, Small Business and Working Families Tax Relief Act of 2019," expanded eligibility for the California Earned Income Tax Credit by raising the maximum allowable income to $30,000 a year. This provision dramatically broadened the number of families eligible to receive the California Earned Income Tax Credit. The Act also created a brand new $1,000 refundable Young Child Tax Credit for families with children under the age of six.

In California, a long-standing goal of my Assembly colleagues has been to make our refundable California Earned Income Tax Credit payable monthly so that families see the benefit throughout the year. However, the infrastructure and resources necessary to create a monthly payment mechanism present certain challenges. I am heartened that the conversation surrounding monthly payments continues, as last year Governor Newsom stated in his budget that his Administration will begin to explore options to provide California's Earned Income Tax Credit on a monthly basis.

Legislation signed in 2019 that was supported by anti-poverty advocates and recommended by the Task Force included Senate Bill 150 (Beall), which relaxes the eligibility requirements for recipients of the Chafee award. The award provides financial aid to current and former foster youth who are enrolled in qualifying institutions of higher education. Chafee grant money may be used to pay for classes, textbooks, school supplies, transportation, child care, and rent while the student is enrolled at any eligible California college, university, or technical school, or schools in other states. Additionally, Senate Bill 329 (Mitchell) prohibits landlords from discriminating against tenants who rely on housing assistance paid directly to landlords, like a Section 8 voucher, to help them pay the rent. Roughly 300,000 low-income Californians rely on government subsidies in the form of housing vouchers to help pay their rent each month[1]. Research shows that when assisted, households can access low-poverty, high-opportunity neighborhoods using their housing assistance, and they are better able to afford basic necessities. They are then more likely to make expenditures to improve family health, which allows their children to focus on education and development.

The work of the Task Force served as policy guidance specific to California and was the first of its kind. Since then, more work has been done both nationally and in other states, the most significant being the 2019 report, *A Roadmap to Reducing Child Poverty*, by the National Academies of Sciences, Engineering, and Medicine. The report provides evidence-based policy and program proposals that could cut the child poverty rate by as much as 50% while at the same time increasing employment and earnings among adults living in low-income families. The groundbreaking federal study analyzed several poverty reduction policies and, in general, recommended the following programmatic changes:

- Expand the Earned Income Tax Credit;
- Make the Child and Dependent Care Tax Credit fully refundable and concentrate those benefits on families with children under the age of five;
- Increase the Supplemental Nutrition Assistance Program (SNAP) benefits; and,
- Increase housing vouchers.

While we did not make the California Child and Dependent Care Tax Credit refundable, as recommended by the National Academies of Science, our $1,000 refundable Young Child Tax

[1] Rice, Dohler, and Mazzara, *How Housing Vouchers Can Help Address California's Rental Crisis* (Feb. 12, 2016) The Center for Budget and Policy Priorities **https://www.cbpp.org/research/housing/how-housing-vouchers-can-help-address-californias-rental-crisis** (as of Mar. 10, 2019).

Credit largely accomplishes the same goal. These changes are expected to deliver about $1 billion to working families, or about $600 million more than the previous year. I also made sure that these changes were done in a financially prudent manner. Instead of relying on existing revenue streams, the Legislature is providing a more generous credit to working families by closing a number of tax loopholes. This was done to make sure that these benefits continue to be delivered even during an economic downturn— when working families need help the most.

Additionally, last year I introduced Assembly Bill 24 to create a refundable "Targeted Child Tax Credit," another priority recommendation of the state Task Force. My focus was primarily on those children living in families facing the most severe challenges. My passion, energy, and dream is to ensure that no child in California will be subjected to such deprivation. Most live in areas with the highest housing costs and face unstable housing situations. With this tax credit, we hoped to take an important step in fulfilling the comprehensive plan to end childhood poverty that the Task Force thoughtfully laid out for our state. This specific tax credit targets those children living in deep poverty— those surviving on less than half of the California Poverty Measure. The California Poverty Measure was developed by the Public Policy Institute of California and the Stanford Center on Poverty and Inequality, and recognizes differences in housing costs throughout the state. The amount of the credit I proposed would have depended on the unique circumstances of each family with the goal of providing the minimum amount necessary to raise that family to a level above the deep poverty line, which is under 50% of the California Poverty Measure. My goal was to also make the credit payable on a monthly basis rather than in one lump sum.

As my refundable Targeted Child Tax Credit proposal progressed through California's legislative process, we faced obstacles in crafting a credit amount customized to each family's total resources, both public-provided and private sources, particularly given the confidential nature of certain information on the federal and state level. This year, I am so pleased that my colleague Senator Caballero has introduced Senate Bill 1140 to carry on the fight for the Targeted Child Tax Credit.

In California, our efforts continue to disrupt the cycle of poverty through a refundable tax credit for our families most in need. As Chair of the Revenue and Taxation Committee for the State Assembly, I am acutely aware of the direct impact tax policy has on the lives of Californians. However, many of the existing tax benefits that the state and federal government provide to working families are only available to those who file itemized tax returns. Additionally, credits are often not refundable, which means low-income families will receive little or no benefit.

Recognizing the inherent limitations of the tax code, the study by the National Academies of Science also recommends direct expenditures like increasing SNAP and housing benefits. In last year's budget, the California Legislature also made direct expenditures to help our children and families by making the following investments in early education:

- $125 million for 10,000 new preschool slots;
- $50 million for child care slots (in addition to $80.5 million in Proposition 64 for child care slots);
- $70 million for CalWORKs Stage 1 child care 12-month eligibility; and,
- $440 million in one-time child care workforce and infrastructure investments.

The budget also included $2.4 billion to address affordable housing and homelessness, including:

- $250 million to assist local jurisdictions as they work through the 6th cycle of the Regional Housing Needs Assessment process;
- $500 million for housing-related infrastructure;
- $650 million to assist local governments in their efforts to address homelessness;
- $500 million for a mixed-income loan program through the California Housing Finance Agency; and,
- $500 million for an expanded state Low Income Housing Tax Credit program.

This year, we continue to build on our commitment to help working class families. In fact, the Governor has made it his priority to provide high quality, universal preschool to all children regardless of family income. It is a bold program that will pay dividends in years to come.

In furthering the work I have done toward ending child poverty, a coalition of anti-poverty advocates and I decided to work on another recommendation from the Task Force report by adjusting the CalWORKs time clock from 48 months to 60 months. We will work through the legislative budget process to try and accomplish this goal, which will have an immediate impact on families in deep poverty.

It must be noted however, that the fight to end child poverty would fall short if California did not address the humanitarian crisis facing its residents, namely homelessness. California's homeless population has reached over 151,000 people according to the 2019 Annual Homeless Assessment Report to Congress[2]. The report also notes that over 108,000 Californians were unsheltered, meaning they were living in streets, parks, or other locations not meant for human habitation; once again, the highest rate in the nation. Furthermore, data from the Department of

[2] https://files.hudexchange.info/resources/documents/2019-AHAR-Part-1.pdf

Housing and Urban Development show that African Americans are disproportionately found on our streets as roughly 30% of California's unhoused population is black.

I do not believe we can truly end the cycle of poverty without addressing homelessness. That is why I introduced Assembly Bill 2405, which would establish a right to housing for children and families in California beginning in 2026. My goal with AB 2405 is to prevent homelessness from occurring in the first place by assessing who is most at risk for becoming homeless and providing rental assistance or services needed to keep families housed. Should prevention fail, interim and temporary accommodations can be provided as a bridge to transition to safe, permanent, and affordable housing. The bill is also an opportunity to integrate policies that reduce homelessness into programs and services administered across multiple state and local agencies and departments. It is my belief that establishing this fundamental right to housing moves us from a purely voluntary effort to one that creates accountability. If the only place you are guaranteed a roof over your head in America is prison, we are failing as a society.

In short, I agree with the recommendations made by the National Academies of Science. However, there is only so much we can do as a state. If we are going to reach the goals outlined in this study, we are going to need the federal government to take much-needed action. Furthermore, there needs to be a coordinated effort to enact a comprehensive approach that encompasses multiple recommendations studied in the National Academies of Science report. California has expanded the Earned Income Tax Credit, it has created the Young Child Tax Credit, and we are working to establish a right to housing. Making these changes at the federal level could lead to improved child educational and health outcomes and also provide much needed stability to families in poverty. The closer we get to eradicating childhood poverty, the closer we come as a nation to achieving the prosperity and equity promised to every American. An endeavor such as this requires a partnership between both Federal and State government; a partnership that transcends elections, partisanship, and term limits. Only then will we be able to truly end child poverty.