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RENEWING FEDERAL COMMITMENT TO CURB POVERTY IN AMERICA

AND

INTERIM SUMMARY OF ANTI- POVERTY LEGISLATION AND SCORECARD FOR 110TH CONGRESS



Congressional Progressive Caucus: Anti-Poverty Task Force Report

August 31, 2007

The Congressional Progressive Caucus (CPC) Anti-Poverty Task Force is eager to actively redress the current state of poverty in the United States. U.S. Representatives Barbara Lee and Jim McGovern lead the CPC Anti-Poverty Task Force, and more Members are welcome to join. It is dedicated to raising awareness inside and outside of Congress about rising poverty and inequality in America. It is also interested in building a greater understanding of the underlying causes and consequences of poverty and advocating for an immediate and sustained federal commitment to eradicate poverty.

According to the U.S. Census Bureau, 37 million Americans were living below the official poverty threshold in 2005. Furthermore, 10% of Caucasian children, 28% of Latino children, 27% of Native American children, and 33% of African American children were living in poverty in 2005 (The most recent data is available at www.census.gov).¹ Additionally, 35.1 million Americans, including 12.4 million children, were living in households that experienced hunger or were at risk of hunger.² The Task Force believes that this is unacceptable. Poverty in the United States must be reduced, and the Task Force is eager to push inside Congress to pass legislation that will work to end poverty in the United States.

Summary and Scorecard for 110th Congress:

“From Poverty to Prosperity: A National Strategy to Cut Poverty in Half”

The Center for American Progress (CAP) recently came out with the report [From Poverty to Prosperity: A National Strategy to Cut Poverty in Half](#). The report highlights the current state of poverty in the United States, and calls upon policy makers, activists, and individuals to commit to “cut poverty in half in the next ten years.” In their comprehensive report, CAP outlines the devastating effects poverty is having on Americans nationwide, and proposes a concise strategic plan, that, if implemented, could effectively reduce U.S. poverty by 50% over the next ten years. The urgency of the call for Congress to act is brought home by the report's findings, which clearly show that in the last six years the number of poor Americans has grown by five million, and income inequality has reached historic high levels.³

U.S. Poverty: The Facts:⁴

- **One in eight Americans now lives in poverty:** A family of four is considered poor if the family's income is below \$19,971—a bar far below what most people believe a family needs to get by. Still, using this measure, 12.6 percent of all Americans were poor in 2005, and more than 90 million people (31 percent of all Americans) had incomes below 200 percent of federal poverty thresholds.
- **Millions of Americans will spend at least one year in poverty at some point in their lives.** One third of all Americans will experience poverty within a 13-year period. In that period, one in 10 Americans are poor for most of the time, and one in 20 are poor for 10 or more years.
- **Poverty in the United States is far higher than in many other developed nations.** At the turn of the 21st century, the United States ranked 24th among 25 countries when measuring the share of the population below 50 percent of median income.
- **Inequality has reached record highs.** The richest one percent of Americans in 2005 had the largest share of the nation's income (19 percent) since 1929. At the same time, the poorest 20 percent of Americans had only 3.4 percent of the nation's income.
- **Many people living in poverty do not experience class mobility.** Forty two percent of American children born in the bottom income quintile remain in that quintile as adults, while only six percent of such children end up in the top quintile. Children from low-income families have only a one percent chance of reaching the top five percent of the income distribution, while children of the rich have about a 22 percent chance.
- **Minorities are much more likely to be poor than are whites.** African Americans (24.9 percent poor in 2005), Hispanics (21.8 percent), and Native Americans (25.3 percent) all have poverty rates far greater than those of whites (8.3 percent). Still, 45 percent of poor people are non-Hispanic whites.⁵

Equal opportunity for everyone is one of our nation's most cherished founding principles. Furthermore, in order to compete in the global economy, it is essential for our country to have a well-educated and adaptable workforce. It is in our nation's self-interest for all U.S. children to grow up prepared to participate in our evolving economy. Yet today, 8% of all children, and 28% of African-American children, will have to suffer at least 11 years of poverty during their childhood. Authors Harry Holzer, Diane Whitmore Schanzenbach, Greg Duncan, and Jens Ludwig of: Economic Costs of Poverty in the United States: The Subsequent Effects of Children Growing Up Poor, conclude that allowing U.S. children to grow up in poverty costs our economy \$500 billion per year because of "lost adult productivity and wages, increased crime, and higher health expenditures." Additionally, children who grow up in poverty are more likely to be low-wage earners in their adult lives than are non-poverty stricken children.

CAP calls on Congress to establish a national goal to cut poverty in half during the next decade. To reach this goal, CAP has put forth a four-pronged anti-poverty strategy: (1) promoting decent work; (2) providing opportunity for all; (3) ensuring economic security; and (4) helping people build wealth. This strategy combined with 12 comprehensive policy recommendations is predicted to cut poverty in half in the next ten years.

(1) Promoting Decent Work:

- Target government assistance to increase employment for disadvantaged youth and former prisoners.
- Promote unionization, expanding the childcare tax credit, and expanding the earned income tax credit. These steps taken together will ensure that all workers earn enough to meet their basic human needs.

(2) Providing Opportunity for All:

- Pass legislation that will increase class mobility by making sure that all individuals have access to class-advancement opportunity. This includes access to quality education and job training programs.
- Comprehensive immigration reform legislation which would include a path to citizenship in its provisions.

(3) Ensuring Economic Security:

- Ensure that all people have opportunities to gain quality employment, and that they are paid a living wage.
- Establish an unemployment insurance system that would allow individuals to live decently as they prepared to reenter the workforce.

(4) Helping People Build Wealth:

- Help Americans accumulate wealth and build assets. Encourage asset-building as a necessary and effective strategy to reduce and prevent poverty, as well as to protect families from potential bankruptcy due to medical emergencies or layoffs.
- Focus on asset-building as a key to upward mobility, making it possible for families to send their children to college, or put a down payment on a home.

A National Strategy to Cut Poverty in Half: Twelve Key Recommendations:

The following twelve recommendations are included in CAP's plan to cut poverty in half within the next ten years. Working in partnership with The Urban Institute, CAP studies concluded that four of the following twelve steps alone would effectively reduce poverty by 26%. By raising the minimum wage, expanding the Earned Income Tax Credit and Child Tax Credit, and by broadening childcare assistance we would be able to cut poverty in America by 26%, which adds up to 9.4 million fewer Americans in poverty.⁶ CAP's report states that poverty can be further reduced by following the four-pronged anti-poverty strategy and by pushing Congress to adopt all of the following twelve key policy recommendations.

Legend:

Passed into Law	
In Conference	
Passed in House or Senate	
Legislation introduced concerning aspect(s) of recommendation in House or Senate	
Currently no legislation concerning the recommendation has been introduced in Congress	



1. Raise and index the minimum wage to half the average hourly wage. At \$5.15, the federal minimum wage was at its lowest level in real terms since 1956. The federal minimum wage was once 50% of the average wage but is now 30% of that wage. CAP urged Congress to restore the minimum wage to 50% of the average wage, about \$8.40 an hour in 2006. Doing so would help nearly 5 million poor workers and nearly 10 million other low-income workers.⁷ **The House and Senate have passed H.R. 2, Fair Minimum Wage Act of 2007. The minimum wage increase however, was passed through H.R. 2206, The U.S. Troop Readiness, Veterans' Care, Katrina Recovery, and Iraq Accountability Appropriations Act, 2007. This bill affectively increases minimum wage over a monthly period establishing the new national minimum as \$7.25.**



2. Expand the Earned Income Tax Credit and Child Tax Credit. As an earnings supplement for low-income working families, the EITC raises incomes and helps families build assets. The Child Tax Credit provides a tax credit of up to \$1,000 per child, but provides no help to the poorest families. CAP recommends tripling the EITC for childless workers and expanding help to larger working families. CAP recommends making the Child Tax Credit available to all low- and moderate-income families. Doing so would move as many as 5 million people out of poverty.⁸ **Currently H.R. 1406, H.R. 2126, and H.R. 2902 address aspects of this recommendation. All three bills have been referred to the House Committee on Ways and Means.**



3. Promote unionization by enacting the Employee Free Choice Act. The Employee Free Choice Act would require employers to recognize a union after a majority of workers signs cards authorizing union representation and establish stronger penalties for violation of employee rights. The increased union representation made possible by the Act would lead to better jobs and less poverty for American workers.⁹ **H.R. 800, the Employee Free Choice Act of 2007, was passed in the House of Representatives on March 3, 2007, and is held up in the Senate. The Senate failed to vote on a motion to**

proceed with the Employee Free Choice Act of 2007 on June 26, 2007 by Yea-Nay Vote 51 – 48.



4. Guarantee childcare assistance to low-income families and promote early education for all. CAP proposes that the federal and state governments guarantee childcare help to families with incomes below about \$40,000 a year, with expanded tax help to higher-earning families. At the same time, states should be encouraged to improve the quality of early education and broaden access for all children. Childcare expansion would raise employment among low-income parents and help nearly 3 million parents and children escape poverty.¹⁰ **Currently H.R. 2392 and H.R. 3289 address aspects of this recommendation. H.R. 2392 has been referred to the Subcommittee on Workforce Protections and H.R. 3289 has been referred to the House Education and Labor Committee.**



5. Create 2 million new “opportunity” housing vouchers, and promote equitable development in and around central cities. Nearly 8 million Americans live in neighborhoods of concentrated poverty where at least 40% of residents are poor. CAP believes that our nation should seek to end concentrated poverty and economic segregation, and promote regional equity and inner city revitalization. CAP proposes that over the next ten years the federal government fund 2 million new “opportunity vouchers” designed to help people live in opportunity-rich areas. Any new affordable housing should be in communities with employment opportunities and high-quality public services. These housing policies should be part of a broader effort to pursue equitable development strategies in regional and local planning efforts, including efforts to improve schools, create affordable housing, assure physical security, and enhance neighborhood amenities.¹¹ **Currently H.R. 201, H.R. 1999, and H.R. 1259 address aspects of this recommendation. H.R. 201 and H.R. 1259 have been referred to the Subcommittee on Housing and Community Opportunity. H.R. 1999 has been referred to the House Committee on Financial Services.**



6. Connect disadvantaged and disconnected youth with school and work. About 1.7 million poor youth ages 16 to 24 were out of school and out of work in 2005. CAP recommends that the federal government restore Youth Opportunity Grants to help the most disadvantaged communities and expand funding for effective and promising youth programs—with the goal of reaching 600,000 poor disadvantaged youth through these efforts. CAP proposes a new Upward Pathway program to offer low-income youth opportunities to participate in service and training in fields that are in high-demand and provide needed public services.¹² **Currently H.R. 2017 and H.R. 1692 address aspects of this recommendation. H.R. 2017 and H.R. 1692 have been referred to the Subcommittee on Healthy Families and Communities.**



7. Simplify and expand Pell Grants and make higher education accessible to residents of each state. Low-income youth are much less likely to attend college than their higher income peers, even among those of comparable abilities. Pell Grants play a crucial role for lower-income students. CAP proposes to simplify the Pell grant application process, gradually raise Pell Grants to reach 70% of the average costs of

attending a four-year public institution, and encourage institutions to do more to raise student completion rates. As the federal government does its part, states should develop strategies to make postsecondary education affordable for all residents, following promising models already underway in a number of states.¹³ **H.R. 2669, The College Cost Reduction Act of 2007, has passed in both House and Senate and has been referred to the conference committee. This Act will reduce the cost of college, make student loans more affordable and increase college access. H.Res.81, H.R. 990, and H.R. 2690 address sections of this recommendation and have currently been referred independently to subcommittees accordingly.**



8. Help former prisoners find stable employment and reintegrate into their communities. The United States has the highest incarceration rate in the world. CAP urges all states to develop comprehensive reentry services aimed at reintegrating former prisoners into their communities with full-time, consistent employment.¹⁴ **Currently H.R. 1593 addresses this recommendation and has been reported to the full House for consideration.**



9. Ensure equity for low-wage workers in the Unemployment Insurance system. Only about 35% of the unemployed, and a smaller share of unemployed low-wage workers, receive unemployment insurance benefits. CAP recommends that states (with federal help) reform “monetary eligibility” rules that screen out low-wage workers, broaden eligibility for part-time workers and workers who have lost employment as a result of compelling family circumstances, and allow unemployed workers to use periods of unemployment as a time to upgrade their skills and qualifications.¹⁵



10. Modernize means-tested benefits programs to develop a coordinated system that helps workers and families. A well-functioning safety net should help people get into or return to work and ensure a decent level of living for those who cannot work or are temporarily between jobs. Our current system fails to do so. CAP recommends that governments at all levels simplify and improve benefits access for working families and improve services to individuals with disabilities. The Food Stamp Program should be strengthened to improve benefits, eligibility, and access. And the Temporary Assistance for Needy Families Program should be reformed to shift its focus from cutting caseloads to helping needy families find sustainable employment.¹⁶ **Currently H.R. 206 and H.R. 2129 address aspects of this recommendation and have been referred to the House Subcommittee on Department Operations, Oversight, Nutrition and Forestry.**



11. Reduce the high costs of being poor and increase access to financial services. Despite having less income, lower-income families often pay more than middle and high-income families for the same consumer products. CAP recommends that the federal and state governments should address the foreclosure crisis through expanded mortgage assistance programs and by new federal legislation to curb unscrupulous practices. And CAP proposes that the federal government establish a \$50 million Financial Fairness Innovation Fund to support state efforts to broaden access to mainstream goods and financial services in predominantly low-income communities.¹⁷ **Currently H.R. 647 and H.Res.526 address aspects of this recommendation. H.Res.526, the Supporting**

Home Ownership and Responsible Lending Act of 2007, passed in the House on July 11, 2007. H.R. 647 has been referred to the House Subcommittee on Housing and Community Opportunity.



12. Expand and simplify the Saver’s Credit to encourage saving for education, homeownership, and retirement. For many families, saving for purposes such as education, a home, or a small business is key to making economic progress. CAP proposes that the federal “Saver’s Credit” be reformed to make it fully refundable. This Credit should also be broadened to apply to other appropriate savings vehicles intended to foster asset accumulation, with consideration given to including individual development accounts, children’s saving accounts, and college savings plans.¹⁸ **Currently H.R. 527 addresses aspects of this recommendation and is in the House Committee on Ways and Means.**

Conclusion:

H.Con.Res.198 is an all-encompassing first step toward renewing the federal commitment to curb and eliminate poverty in America. Every Progressive Caucus Member is urged to immediately cosponsor H.Con.Res.198 and to help set a national goal of cutting U.S. poverty in half during the next ten years. To cosponsor, please contact Bill Goold (X6-4055) or Tunde Eboda (X-5-2661).

ENDNOTES

¹ United States Census Bureau, Historical Poverty Markup Tables, Table 3: Poverty Status of People, by Age, Race, and Hispanic Origin: 2005.

² Mark Nord, Margaret Andrews, and Steven Carlson, "Household Food Security in the United States, *Economic Research Report No. (ERR-29)* (November 2006) p.68.

³ Center for American Progress, *From Poverty to Prosperity: A National Strategy to Cut Poverty in Half Report and Recommendations of the Center for America Progress Task Force on Poverty* (April 2007) p. 1.

⁴ Center for American Progress, *From Poverty to Prosperity: A National Strategy to Cut Poverty in Half Report and Recommendations of the Center for America Progress Task Force on Poverty* (April 2007) p. 2.

⁵ Center for American Progress, *From Poverty to Prosperity: A National Strategy to Cut Poverty in Half Report and Recommendations of the Center for America Progress Task Force on Poverty* (April 2007) p. 30, 31

⁶ Center for American Progress, *From Poverty to Prosperity: A National Strategy to Cut Poverty in Half Report and Recommendations of the Center for America Progress Task Force on Poverty* (April 2007) p. 9.

⁷ Center for American Progress, *From Poverty to Prosperity: A National Strategy to Cut Poverty in Half Report and Recommendations of the Center for America Progress Task Force on Poverty* (April 2007) p. 5.

⁸ Center for American Progress, *From Poverty to Prosperity: A National Strategy to Cut Poverty in Half Report and Recommendations of the Center for America Progress Task Force on Poverty* (April 2007) p. 2.

⁹ Center for American Progress, *From Poverty to Prosperity: A National Strategy to Cut Poverty in Half Report and Recommendations of the Center for America Progress Task Force on Poverty* (April 2007) p. 2.

¹⁰ Center for American Progress, *From Poverty to Prosperity: A National Strategy to Cut Poverty in Half Report and Recommendations of the Center for America Progress Task Force on Poverty* (April 2007) p. 3.

¹¹ Center for American Progress, *From Poverty to Prosperity: A National Strategy to Cut Poverty in Half Report and Recommendations of the Center for America Progress Task Force on Poverty* (April 2007) p. 3.

¹² Center for American Progress, *From Poverty to Prosperity: A National Strategy to Cut Poverty in Half Report and Recommendations of the Center for America Progress Task Force on Poverty* (April 2007) p. 3.

¹³ Center for American Progress, *From Poverty to Prosperity: A National Strategy to Cut Poverty in Half Report and Recommendations of the Center for America Progress Task Force on Poverty* (April 2007) p. 3.

¹⁴ Center for American Progress, *From Poverty to Prosperity: A National Strategy to Cut Poverty in Half Report and Recommendations of the Center for America Progress Task Force on Poverty* (April 2007) p. 4.

¹⁵ Center for American Progress, *From Poverty to Prosperity: A National Strategy to Cut Poverty in Half Report and Recommendations of the Center for America Progress Task Force on Poverty* (April 2007) p. 4.

¹⁶ Center for American Progress, *From Poverty to Prosperity: A National Strategy to Cut Poverty in Half Report and Recommendations of the Center for America Progress Task Force on Poverty* (April 2007) p. 4.

¹⁷ Center for American Progress, *From Poverty to Prosperity: A National Strategy to Cut Poverty in Half Report and Recommendations of the Center for America Progress Task Force on Poverty* (April 2007) p. 4.

¹⁸ Center for American Progress, *From Poverty to Prosperity: A National Strategy to Cut Poverty in Half* Report and Recommendations of the Center for America Progress Task Force on Poverty (April 2007) p. 4.