

# THE WAR ON POVERTY: A PROGRESS REPORT

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## HEARING BEFORE THE COMMITTEE ON THE BUDGET HOUSE OF REPRESENTATIVES ONE HUNDRED THIRTEENTH CONGRESS FIRST SESSION

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HEARING HELD IN WASHINGTON, DC, JULY 31, 2013

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## **THE WAR ON POVERTY: A PROGRESS REPORT**

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**WEDNESDAY, JULY 31, 2013**

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON THE BUDGET,  
*Washington, DC.*

The Committee met, pursuant to call, at 12:30 p.m., in room 210, Cannon House Office Building, Hon. Paul Ryan, [chairman of the Committee] presiding.

Present: Representatives Ryan, Price, Garrett, Ribble, Rice, Duffy, McClintock, Williams, Rokita, Messer, Blackburn, Hartzler, Woodall, Lankford, Pascrell, Castor, McDermott, Lee, Cicilline, Jeffries, Pocan, Schrader, Yarmuth, Moore, Lujan Grisham

Chairman RYAN. All right. The hearing will come to order. First of all, I would like to ask for unanimous consent that members have five calendar days to submit opening statements, and that it include any extraneous material for the record, without objection.

Good afternoon, everybody. This looks like a very well-attended hearing. I expect more of our members to show up as we progress.

Well, why are we doing this? Forty-nine years ago Lyndon Johnson declared a War on Poverty. In 1964, he said, quote, "We have declared unconditional War on Poverty. Our objective is total victory," close quote. Later that year he added, quote, "I believe that 30 years from now Americans will look back upon these 1960s as the time of the great American breakthrough, the victory of prosperity over poverty," end quote. Well, since then, we have spent \$15 trillion on that war. So what do we have to show for it? Today 46 million people are living in poverty. Twenty million Americans live on less than half of the poverty level. For too many families the American dream is out of reach. Now that is partly because of this recession, but even as the economy picks up steam, millions of families are falling farther behind. And many communities have been hurting for years, well before this recession hit.

The fact is, we are losing this War on Poverty, and we need to know why. This is not about cutting spending, this is about improving people's lives. In this country, the condition of your birth should not determine the outcome of your life. If you work hard and play by the rules, you can get ahead. That is something that we all believe in and that we all care about. This is the central promise of this country. We want to protect that idea, and we want to preserve it for the next generation. And government does have a role to play.

But we have been doing a pretty lousy job. The reason is government is focusing too much on inputs. We are focusing on the money

we spend. Instead, we ought to be focusing on results. We should focus on how many people we get off of public assistance because they have a good job, because they have opportunity and upward mobility. The federal government is like a giant sedimentary rock. There are layers upon layers of programs that have been built up upon each other over time. In fact, there are so many of them, and there is so little coordination between them that, in many cases, they work against each other. In effect, we penalize people for finding a job or getting a raise. And even worse, some programs displace the efforts of local communities to help families in need. Government should not displace these efforts; it should support them.

So I hope today's hearing will start a conversation. Both sides need to rethink the government's approach to poverty, both sides. How can we support our local communities? How can we renew the American Idea? How can we focus on outcomes and results, and see those results?

To that end, I am very pleased to welcome from Wisconsin, our secretary, Eloise Anderson, the head of Wisconsin's Department of Children and Families. She brings decades of experience as a social worker and administrator. We have Professor Besharov from the University of Maryland. He brings decades of academic expertise. He is well versed in the history of these societal challenges and government's response to them. We have Jon Baron from the Coalition for Evidence-Based Policy. He is a distinguished, non-partisan leader in evaluating government programs. I also want to thank Sister Simone Campbell for joining us here today as well.

With that, I would like to recognize the ranking member, Mr. Van Hollen, for his opening remarks.

[The prepared statement of Paul Ryan follows:]

PREPARED STATEMENT OF HON. PAUL RYAN, CHAIRMAN, COMMITTEE ON THE BUDGET

Well, good afternoon, everybody.

Forty-nine years ago, Lyndon Johnson declared war on poverty. In 1964, he said, "We have declared unconditional war on poverty. Our objective is total victory." Later that year, he added, "I believe that thirty years from now Americans will look back upon these 1960s as the time of the great American Breakthrough \* \* \* the victory of prosperity over poverty."

Since then, we've spent over \$15 trillion in that war. So what do we have to show for it? Well, today 46 million people live in poverty. And 20 million Americans live on less than half of the poverty level. For too many families, the American Dream is out of reach.

Now that's partly because of the recession. But even as the economy picks up steam, millions of families are falling behind. And many communities have been hurting for years—well before the recession hit. The fact is, we're losing the War on Poverty. And we need to know why.

This isn't about cutting spending. This is about improving people's lives. In this country, the condition of your birth shouldn't determine the outcome of your life. If you work hard and play by the rules, you can get ahead. That's something we all believe in. That's something we all care about.

This is the central promise of America. We want to protect that idea—and preserve it for the next generation. And government has a role to play. But we've been doing a lousy job. The reason is, government focuses too much on inputs. We focus on how much money we spend. Instead, we should focus on results. We should focus on how many people get off public assistance—because they have a good job.

The federal government is like a giant sedimentary rock. There are layers upon layers of programs that have built up over time. In fact, there are so many of them—and there is so little coordination between them—that they work against each other. In effect, we penalize people for finding a job or getting a raise.

And even worse, some programs displace the efforts of local communities to help families in need. Government shouldn't displace these efforts. It should support them.

So I hope today's hearing will start a conversation. Both sides need to rethink government's approach to poverty. How can we support our local communities? How can we renew the American Idea?

To that end, I'm pleased to welcome Secretary Eloise Anderson, the head of Wisconsin's Department of Children and Families. She brings decades of experience as a social worker and administrator.

Professor Besharov, from the University of Maryland, brings decades of academic expertise. He's well-versed in the history of these societal challenges and government's response to them.

Jon Baron, from the Coalition for Evidence-Based Policy, is a distinguished, non-partisan leader in evaluating government programs.

I also thank Sister Simone Campbell for joining us today.

With that, I recognize the ranking member, Mr. Van Hollen, for his opening remarks.

Mr. VAN HOLLEN. Thank you, Mr. Chairman. I want to thank Chairman Ryan in welcoming all of our witnesses today. I must confess I find the timing of this hearing a little bit strange. It was just three weeks ago that this House passed a Farm Bill that lavished huge taxpayer subsidies on agribusinesses, and included price-fixing favors for various commodities, while totally dropping the food and nutrition program for struggling families. It was a very stark example of misplaced priorities. And the budget that came out of this Committee and out of this House is another example of those misplaced priorities. It is a budget that showers large new tax breaks on the wealthiest in this country while hurting the middle class and doing great damage to the social safety net. Mr. Chairman, I am very pleased that we are having a hearing to examine the status of the War on Poverty. I know we have a long way to go to achieve our goals, and all of us should be open to fresh ideas about how to win that war.

But I also know that we will not win the War on Poverty by adopting budget proposals that reverse the modest gains we have made and throw millions of struggling Americans into poverty. And it simply adds insult to injury to pretend that deep cuts to food and nutrition programs and deep cuts to medical assistance will somehow, quote, "strengthen," unquote, that safety net and help people in poverty. That claim is based on a fictional storyline. It is based on the notion that people choose those safety nets, often mockingly referred to as hammocks, over finding work and over getting a job; that people remain out of work today not because of the continuing shock waves from the greatest financial meltdown since the Great Depression, but because they choose not to work. And that somehow, by making people who are teetering on the economic precipice even more desperate, we will give them the willpower and motivation to pull themselves up by the bootstraps, that, by God, we are doing poor people a great favor by cutting the few supports they have as they try to climb out of poverty.

That false narrative also ignores several mathematical budget realities. It ignores the fact that the vast bulk of safety net spending goes to the elderly, to the disabled, and to children, groups that we do not expect to work. For example, a full 85 percent of Medicaid spending, one of the largest expenditures to help low income individuals, goes to the elderly, the disabled, or kids, 85 percent. It also ignores the fact the Congressional Budget Office projects that as

the economy improves and more jobs become available, more people will find work, and spending on the non-healthcare programs like SNAP, the food and nutrition programs, will decline as a share of the economy.

Another false narrative we often hear is that these safety net programs have done nothing to keep people out of poverty. But that claim only works if you are using a very misleading definition of poverty that excludes the non-cash benefits people receive from important supports like Medicaid, SNAP, and the Earned Income Tax Credit. Obviously, if your measure of poverty does not take into account the benefits from those programs, then, presto, you can magically slash those programs without increasing the number of people in poverty.

As Mr. Besharov, one of our witnesses, has very rightly observed, and I quote, "that the official poverty measure does a poor job measuring poverty alleviation efforts," mentioning the EITC and other non-cash benefits, and goes on to say, "This is perhaps the measure's most damning flaw because it ignores the important impact of many means-tested benefits on reducing material poverty." And that it does.

A much better measure of poverty, still imperfect but better, is reflected in the Census Bureau's Supplemental Poverty Measure. And that data, Mr. Chairman, shows that safety net programs lifted 18 million Americans out of poverty in the year 2011. And those programs had an even larger impact on deep poverty. In 2011, 9.4 percent of the U.S. population would have lived in deep poverty without these programs. That was cut to 5.2 percent. So the real question before us is whether we are looking to lift more people out of poverty, or are we more concerned with minimizing the cost of some of these programs in order to protect tax breaks for special interest and the very wealthy. That is the question.

And in the Republican budget the choices made are very deep cuts to some of these important programs while providing another round of tax breaks for the wealthy. I am just going to mention a few. That budget, the Republican budget, cuts \$810 billion from the base funding from Medicaid, \$810 billion. That is not including the repeal of the Medicaid expansions. That is not including the Medicaid expansions under the Affordable Care Act. The Congressional Budget Office says very clearly, when you make those kinds of cuts, it means that either states are going to have to pay a lot more, or a lot of vulnerable people will go without health care services. When it comes to the food and nutrition programs, the Republican budget turns it into a block ramp, and cuts it to a level where it is one-third below the Congressional Budget projected levels. And as I pointed out earlier, the Congressional Budget Office projected levels for non-health means-tested programs actually shows it declining anyway, as a share of the economy, and this would cut that by another third.

So, finally, Mr. Chairman, I would just add, in addition to those programs, there is also the question of these sequester. And as you well know, the proposal that our Republican colleagues in the House have made is that we would, relative to today's sequester, we would increase our spending on defense, and we would make up for that increase by dramatically cutting programs in non-defense.



And, in fact, the Appropriations Committee has had a little trouble recently marking up what is called the Labor HHS Bill, which is the bill that contains funding for education and Head Start, Meals on Wheels. And the proposal would, if applied across the board, would cut that part of the budget by 20 percent below sequester.

So I am really pleased, that we are actually having this hearing to discuss the War on Poverty and a progress report. But let's keep in mind the impact our budget proposals have on whether we move forward, and actually move toward winning that war, or whether it takes us in reverse so we are losing that war.

[The prepared statement of Chris Van Hollen follows:]

**Prepared Statement of Hon. Chris Van Hollen, Ranking Member,  
Committee on the Budget**

Mr. Chairman, I must confess I find the timing of this hearing particularly strange. It was just three weeks ago that this House passed a farm bill that lavished huge taxpayer subsidies on agribusinesses and included price fixing favors for various commodities, while totally dropping the food and nutrition supports for struggling families. It is a stark example of misplaced priorities.

The Republican budget is another example of misplaced priorities. It showers big new tax breaks on the wealthiest while hurting the middle class and shredding the social safety net. I am pleased that we are examining the status of the War on Poverty. I know we have a long way to go to achieve our goals and should be open to fresh ideas on how to win that War. But I also know we will not win that War by adopting budget proposals that reverse the modest gains we have made and throw millions of struggling Americans into poverty. And it simply adds insult to injury—and tortures the English language—to pretend that deep cuts to food and medical assistance programs will somehow ‘strengthen’ that safety net and help people in poverty.

That claim is built on a specious storyline. It is based on the notion that people choose those safety nets—often mockingly referred to as hammocks—over finding work and getting a job; that people remain out of work today not because of the continuing shockwaves from the greatest financial meltdown since the Great Depression, but because they choose not to work. And that somehow, by making people teetering on the economic precipice even more poor and more desperate, we will give them the willpower and motivation to pull themselves up by their bootstraps. That, by God, we are doing poor people a great favor by cutting the few supports that they have as they try to climb out of poverty.

This false narrative also ignores several mathematical budget realities. It ignores the fact that the vast bulk of safety net spending goes to the elderly, the disabled, and children—groups that we don't expect to work. For example, a full 85 percent of Medicaid spending goes to the elderly, the disabled or kids. It also ignores the fact that the Congressional Budget Office (CBO) projects that, as the economy improves and more jobs become available, more people will find work and spending on the non-health care programs, like the Supplemental Nutrition Assistance Program (SNAP), will decline relative to the size of the economy.

Another false narrative we often hear is that these safety net programs have done nothing to keep people out of poverty. But that claim only works if you use a very misleading definition of poverty that excludes the non-cash benefits people receive from important supports like Medicaid, SNAP, and the Earned Income Tax Credit (EITC). Obviously, if your measure of poverty doesn't take into account the benefits received from these programs then—presto—you can magically slash those programs without increasing the number of people in poverty. Indeed, one of our witnesses today, Mr. Besharov, has rightly observed, ‘The official poverty measure does a poor job measuring poverty alleviation efforts (ignoring for example, the EITC and non-cash benefits). This is perhaps the measure's most damning flaw—because it ignores the important impact of many means-tested benefits on reducing material poverty.’

A much fuller measure of what the safety net is currently achieving is reflected in the Census Bureau's supplemental poverty measure. That data shows that safety net programs lifted 18 million Americans out of poverty in 2011. These programs had an even larger impact on deep poverty. In 2011, 9.4 percent of the U.S. population would have lived in deep poverty without these programs, which reduced that rate to 5.2 percent.

So the real question is are we looking to lift people out of poverty, or are we most concerned with minimizing program costs in order to protect tax breaks for the wealthiest people and corporations in America? The Republican budget clearly takes the second tack.

The Republican budget guts important mainstays of the War on Poverty: Medicaid and nutritional assistance. It cuts \$810 billion from base Medicaid funding, not including the repeal of Medicaid expansions in the Affordable Care Act. Consequently, Medicaid will be cut by one-third in 2023. The CBO concluded that the Republican budget would mean that states will need to increase their spending on Medicaid and CHIP, cut back services, or both. This could mean millions of poor people losing health care coverage—in a program where half of all beneficiaries are children and another quarter are either senior citizens or people with significant disabilities that make them unable to work.

Likewise, the Republican budget would turn SNAP into a block grant, at a level one-third below current spending projections. There is simply no way to achieve that level of savings without reducing benefits, cutting people off completely, or some combination of those things. This is a program where nearly 90 percent of the beneficiaries live in a household with either a child or with someone who is disabled or elderly. For those who can work, SNAP already has strong work incentives built in. SNAP continues to serve one of the most critical of roles in society—providing food security for families who have fallen on hard times. According to the CBO, as the economy continues to recover, SNAP costs will decline even as benefits are increased to reflect inflation in food costs. Attempting to force further cuts will leave millions of children without adequate diets.

In a discussion of the War on Poverty, it would be remiss to ignore the impacts of the sequester and the Republican plans for even deeper cuts to non-defense discretionary programs. With this year's sequester, we've already seen children turned away from Head Start and seniors losing home-delivered meals. The doubling down of cuts on non-defense programs caused by protecting defense and refusing to consider balanced options to allow for more reasonable funding levels will only mean more of the same. The cuts are so deep that appropriators are having difficulty implementing them—in fact, while we know Labor-HHS appropriations will take an overall hit of about 20 percent below the sequester, Republicans had to pull the bill this week. I can only assume it's because they were afraid to spell out all of the negative ways American families would be impacted.

Why are Republicans making such deep cuts to programs that help so many? Because their lopsided approach to the budget plan refuses to ask the wealthiest Americans to pay one penny more for the purpose of deficit reduction. In fact, they would give an average tax cut of \$330,000 to millionaires while hitting everyone and everything else much harder. That's why the Republicans need to slash important investments necessary to keep our economy strong, like investments in education, infrastructure, science, and research. And it's why they would shred the social safety net.

It's time to do the hard work needed to put in place a fiscally responsible budget that adopts the balanced approach recommended by bipartisan groups. Unfortunately, our Republican colleagues continue to block all efforts to go to Conference to negotiate a solution. Instead, we are hearing threats of a government shutdown and defaulting on our debt unless we adopt a budget that protects the wealthy at the expense of the middle class and the most vulnerable in America.

Chairman RYAN. Thank you.

Mr. VAN HOLLEN. Thank you, Mr. Chairman.

Chairman RYAN. We want to get to the witnesses. Thank you.

Mr. VAN HOLLEN. Oh, Mr. Chairman.

Chairman RYAN. No, I know. But we have got people who have got tough schedules as well. Secretary Anderson is testifying at Ways and Means at 2:00, and so she needs to be out at 1:50. So I want to make sure we can hear from our experts. First, we will begin with Mr. Baron, then Secretary Anderson, then Professor Besharov, and then Sister Simone Campbell. Mr. Baron, five minutes.

**STATEMENTS OF JON BARON, PRESIDENT, COALITION FOR EVIDENCE-BASED POLICY; ELOISE ANDERSON, SECRETARY, WISCONSIN DEPARTMENT OF CHILDREN AND FAMILIES; DOUGLAS BESHAROV, PROFESSOR, UNIVERSITY OF MARYLAND SCHOOL OF PUBLIC POLICY; SIMONE CAMPBELL, SSS, EXECUTIVE DIRECTOR, NETWORK**

**STATEMENT OF JON BARON**

Mr. BARON. Thank you, Chairman Ryan, Ranking Member Van Hollen, members of the Budget Committee. I appreciate the opportunity to testify about the War on Poverty on behalf of the non-profit, non-partisan Coalition for Evidence-Based Policy. Despite a myriad of new social programs and spending over the past 40 years, the current system has produced little improvement in some key measures of economic and social wellbeing for millions of Americans. The American poverty rate, for example, now at 15 percent, has shown little change whether by official or alternative National Academy measures since the 1970s. In K-12 education, the reading and math achievement of 17 year olds, who are the end product of our K-12 system, is virtually unchanged over 40 years, according to official measures, despite a 90 percent increase in public spending per student during that time, and adjusted for inflation.

There is a different way forward in fighting poverty, educational failure, and other social programs. It focuses on increasing the effectiveness of existing funds through rigorous evidence about what works, rather than on spending new money. This approach is based on clear examples from welfare and other areas where rigorous, randomized control trials, which are widely considered the strongest method for evaluating program impact, have identified program reforms that produced important improvements in people's lives while, in some cases, actually saving the government money. As an illustrative example, in the 1980s and 1990s, government and foundations sponsored a large number of randomized trials of state and local welfare reforms. Three major reform efforts, two in California, one in Oregon, were found especially effective. They focused on moving welfare recipients quickly into the workforce through short-term job search and job training, and produced gains in participants' employment and earnings of 20 to 50 percent sustained over several years. Remarkably, they also produced net savings to the government in reduced welfare and food stamps of between \$1,700 and \$6,000 per person. These findings helped build political consensus for the strong work requirements in the 1996 Welfare Reform Act.

A second example is the Nurse-Family Partnership, which provide nurse home visitation services to low income, first-time mothers. The program has been shown in three well-conducted, randomized control trials to produce major improvements in participants' life outcomes, such as a 20 to 50 percent decrease in child maltreatment and hospitalizations, an 8 percent higher grade point average during elementary school for the most at-risk children, and in one trial, a \$13,000 reduction in participants' use of welfare, food stamps, and Medicaid that more than offset the program's cost.

Based on these findings, the Bush and Obama Administrations both proposed, and Congress enacted, legislation to scale up this program. To identify enough of these proven strategies to generate broad improvement in the effectiveness of government will require strategic trial and error; that is, rigorously testing many promising approaches to identify the few that are effective. The instances of effectiveness that I just described are exceptions that have emerged from testing a much larger pool. Most innovations, typically 80 to 90 percent, are found to produce weak or no positive effects when rigorously evaluated, a pattern that occurs not just in social spending, but in other fields where randomized trials are carried out, including medicine and business.

In my written testimony, I offer concrete suggestions for the Committee's consideration to greatly accelerate the rate of program innovation and rigorous testing in social spending so as to rapidly grow the number of proven, cost-saving reforms. As one example, I suggest authorizing federal agencies to make wider use of waivers from law and regulation to incentivize state and local innovation and evidence-building, a tool that was deployed with great success in welfare reform under both Republican and Democratic administrations. I would also note that in many cases, rigorous evaluations that produce convincing evidence can be done at low cost or modest cost. My written testimony provides an example of a major Department of Labor randomized trial that cost roughly \$320,000 to carry out, yet identified an innovation in the unemployment insurance system, which, if replicated nationally, would produce billion dollar government savings in the UI system, while successfully increasing worker earnings. Evidence-based policy offers a demonstrated path to more effective, less expensive government, and meaningful progress in the War on Poverty.

Thank you.

[The prepared statement of Jon Baron follows:]

PREPARED STATEMENT OF JON BARON, PRESIDENT,  
COALITION FOR EVIDENCE-BASED POLICY

CHAIRMAN RYAN, RANKING MEMBER VAN HOLLEN, AND MEMBERS OF THE BUDGET COMMITTEE: I appreciate the opportunity to testify on progress in the War on Poverty. As brief background, the Coalition for Evidence-Based Policy is a nonprofit, nonpartisan organization, established in 2001. We work with federal officials to increase the effectiveness of government social spending through rigorous evidence about "what works," and the core ideas we have advanced have helped shape evidence-based reforms enacted into law and policy during both the Bush and Obama Administrations. We are not affiliated with any programs or program models, and have no financial interest in any of the policy ideas we support, so we serve as a neutral, independent resource to policy officials on evidence-based programs. Our work is funded primarily by national philanthropic foundations.

Overview: The current budget climate offers an excellent opportunity to rethink government social spending, and transform it into a truly effective enterprise. Despite a myriad of new programs and spending over the past 40 years, the system has produced little improvement in key measures of economic and social well-being for millions of Americans. There is a different way forward, focused on increasing the effectiveness of existing funds through rigorous evidence about "what works." Such an approach could be the basis for a new, bipartisan War on Poverty that really succeeds.

I. Problem: Government programs set up to address important social problems often fall short by funding strategies/practices ("interventions") that are not effective.

When evaluated in scientifically rigorous studies, social interventions in K-12 education, job training, crime prevention, and other areas are often found to produce

weak or no positive effects on the intended outcomes. Interventions that produce sizable, sustained improvement in people's lives do exist—I provide concrete examples below—but they tend to be the exception. As discussed in section IV of my testimony, this pattern of findings—a few highly-effective approaches amidst many that are ineffective—occurs in diverse areas of social spending, as well as other fields where rigorous studies have been conducted, such as medicine and business.

II. Why It Matters: Improving social spending is critically needed. The United States has failed to make significant progress in key areas such as—

- Poverty: The U.S. poverty rate—now at 15%—reached its low in 1973. It has shown little change (whether by official or alternative National Academy measures) since the 1970s.<sup>1</sup>

- K-12 education: Reading and math achievement of 17-year-olds—the end product of our K-12 education system—is virtually unchanged over the past 40 years, according to official measures,<sup>2</sup> despite a 90% increase in public spending per student (adjusted for inflation).<sup>3</sup>

III. A Way Forward: Well-conducted randomized controlled trials—widely considered the most credible evaluation method—have identified a few highly-effective social interventions.

- These interventions are backed by well-conducted randomized trials, carried out in typical community settings, showing sizable, sustained effects on important life outcomes. Although rare, their very existence suggests that a concerted effort to grow the number of proven interventions, and spur their widespread use, could fundamentally improve the lives of millions of Americans. Illustrative examples include:

- A. Certain work-focused welfare reform strategies: shown to increase participants' employment and earnings 20-50%, and produce net government savings of \$1,700 to \$6,000 per person.

In the 1980s and 1990s, government, foundations, and leading researchers sponsored or carried out a large number of randomized controlled trials of state and local welfare reforms. Three major reform efforts—two in California, one in Oregon—were found especially effective. Focused on moving welfare recipients quickly into the workforce through short-term job-search assistance and training (as opposed to longer-term remedial education), the initiatives produced gains in participants' employment and earnings of 20-50%. Remarkably, they also produced net savings to the government, in reduced welfare and food stamps, of \$1,700 to \$6,000 per person.<sup>4</sup>

These findings helped build political consensus for the strong work requirements in the 1996 welfare reform act, and shape many of the work-first state-level reforms that followed. The scientific rigor of the findings were critical to their policy impact.<sup>5</sup>

- B. Nurse home visitation for low-income, first-time mothers: shown to reduce child maltreatment by 20-50% and, for most at-risk children, increase educational outcomes (e.g., 8% higher GPA).

The Nurse-Family Partnership (NFP) is one of the main program models funded by HHS's Maternal, Infant, and Early Childhood Home Visiting program. NFP has been shown in three well-conducted randomized trials to produce major improvements in participants' life outcomes, such as: (i) 20-50% reductions in child abuse/neglect and injuries; (ii) 10-20% reductions in mothers' subsequent births during their late teens and early twenties; and (iii) sizable improvements in cognitive and educational outcomes for children of the most at-risk mothers (e.g., 8% higher reading and math grade point averages in grade 1-6).

In addition to these benefits, newly-published reports from the ongoing trial in Memphis, Tennessee show, 12 years after the women gave birth, a \$1,113 reduction in annual government spending per woman on welfare, food stamps, and Medicaid during the 12 years. As a result, the total discounted government savings over the 12 years (\$13,350) more than offset the program's cost (\$12,493).<sup>6</sup>

- C. H&R Block college financial aid application assistance for low/moderate income students: shown to increase college enrollment and persistence by 29% over a 3½-4 year period.

This was an inexpensive program, administered by H&R Block, that provided low and moderate income families with streamlined personal assistance in completing the college financial aid application form for their dependent children near college age. The program, evaluated in a rigorous, multi-site randomized controlled trial in Ohio and North Carolina, was found to increase college attendance and persistence (at least two consecutive years) by a remarkable 29% over a 3½ to 4 year period, compared to the control group.<sup>7</sup>

- D. Reemployment and Eligibility Assessments, an innovation in the Unemployment Insurance (UI) system: shown to produce UI savings and increase UI claimants' earnings as much as 18%.

In 2009, the Department of Labor launched a four-state randomized trial of the Reemployment and Eligibility Assessment (REA) program for UI claimants.<sup>8</sup> The program includes a mandatory in-person review of the claimant's eligibility for UI, and personalized job-search and other reemployment assistance. Over a 12-18 month period, the study found: (i) \$180 in net government savings per claimant from reduced UI payments; (ii) especially large savings in Nevada—\$604 per claimant—possibly due to distinctive features of Nevada's REA program that could be replicated elsewhere; and (iii) an increase in job earnings of \$2,600 (18%) per claimant in Nevada—the one site that obtained a reliable estimate of the effect on earnings. (The study also found a smaller—5%—increase in earnings in Florida over a 12-month period, but the study's analysis suggests this finding may not be reliable.<sup>9</sup>)

These results suggest that nationwide implementation of REA for all eligible UI claimants could produce \$1.5 billion in net government savings per year,<sup>10</sup> while increasing workers' earnings. If the larger Nevada effects could be reproduced nationally, the savings might be as high as \$5 billion per year,<sup>11</sup> and the increase in workers' earnings could be substantial.

IV. To identify enough of these interventions to generate broad-based gains in government effectiveness requires strategic trial-and-error—i.e., rigorously testing many promising approaches to identify the few that are effective.

Rigorous evaluations, by measuring programs' true effect on objectively important outcomes such as workforce earnings, college attendance, teen pregnancy, and child maltreatment, are able to distinguish those that produce sizable effects from those that do not. Such studies have identified a few interventions that are truly effective—such as those described above—but these are exceptions that have emerged from testing a much larger pool. Most, including those thought promising based on initial studies, are found to produce few or no effects—underscoring the need to test many. This is true not only in social spending, but in other fields where rigorous evaluations have been carried out. For example:

- Education: Of the 90 interventions evaluated in randomized trials commissioned by the Institute of Education Sciences (IES) since 2002, approximately 90% were found to have weak or no positive effects.<sup>12</sup>
- Employment/training: Of the 13 interventions evaluated in Department of Labor randomized trials that have reported results since 1992, about 75% were found to have found weak or no positive effects.<sup>13</sup>
- Medicine: Reviews have found that 50-80% of positive results in initial (“phase II”) clinical studies are overturned in subsequent, more definitive randomized trials (“phase III”).<sup>14</sup>
- Business: Of 13,000 randomized trials of new products/strategies conducted by Google and Microsoft, 80-90% have reportedly found no significant effects.<sup>15</sup>

V. The current pace of rigorous testing is far too slow to build a meaningful number of proven-effective interventions to address our major social problems. Of the thousands of ongoing and newly-initiated program activities in federal, state, and local social spending each year, only a small fraction are ever evaluated in a credible way to see if they work. For example, based on our careful monitoring of the literature, the federal government commissions randomized evaluations of only 1-2 dozen such program activities each year.

VI. We therefore urge a bipartisan Congressional initiative to reinvent U.S. social spending based on evidence about “what works,” through steps such as the following:

A. Authorize and encourage the agencies to make maximum use of waivers from federal law and regulation to incentivize the building of credible evidence.

1. “Waiver-evaluations” were deployed with great success in 1980s/90s welfare reform, making a critical contribution to the body of welfare-to-work evidence discussed above.

Specifically, in the years leading up to the 1996 welfare reform act—through both Republican and Democratic Administrations—OMB and HHS had in place a waiver-evaluation policy, under which HHS waived certain provisions of federal law and regulation to allow states to test new welfare reform strategies, but only if the states agreed to evaluate their reforms in rigorous (usually randomized) studies.

This policy directly resulted in more than 20 large-scale randomized controlled trials that tested an important and diverse set of reforms, and thereby helped build the influential body of welfare-to-work evidence discussed above. The reforms that were tested include, for example, mandatory job search and employment activities (e.g., Vermont); employment subsidies for welfare recipients who left welfare for full-time work (e.g., New York, Minnesota); time limits on welfare (e.g., Florida, Connecticut); “family cap” policies designed to discourage additional births among

women on welfare (e.g., Arkansas, New Jersey); and various combinations of the above reforms.

2. We encourage the Committee to advance a similar waiver-evaluation approach across the broad range of federal social spending, designed to:

a. Stimulate state/local program innovations that (i) improve participant outcomes without added cost, or (ii) produce budget savings without loss of program effectiveness; and

b. Require rigorous—preferably randomized—evaluations to determine which of these innovations really work.

For some programs, this would require legislation to expand the program’s waiver authority and/or tie that authority to a requirement for rigorous evaluations wherever feasible. Other programs already have sufficient authority, and Congress could encourage them to use it more widely and strategically to stimulate state/local innovation and evidence-building.

3. The Budget Committee could provide the key impetus for such an effort—e.g., in its direction to House committees as part of the Budget Resolution. We would be pleased to work with the Committee, if helpful, to explore these or other steps to stimulate innovation and evidence-building in social spending.

B. For interventions meeting the highest evidence standards for proven effectiveness, authorize federal agencies to use administrative action to spur their wide adoption with existing funds (while ensuring close adherence to the proven approach). Such administrative action might include, for example, re-allocating a small percentage of the agency’s appropriated money to fund state/local implementation of the proven intervention(s).

1. The reason: Federal social programs generally do not have the statutory authority to use evidence of effectiveness as a key criterion for allocating program funds. (An important, but still relatively small, exception is the set of “tiered evidence” initiative that Congress has enacted in recent years, described below.)

2. Because of this, proven-effective interventions such as those described above may never be funded for wider implementation without a new act of Congress. For example, Reemployment and Eligibility Assessments and H&R Block college aid application assistance, described above, may never be widely implemented unless Congress steps in to change the authorizing legislation for the UI program (in the case of Reemployment and Eligibility Assessments<sup>16</sup>) or the Postsecondary Education programs of the Department of Education (in the case of the H&R Block intervention).

3. Thus, where definitive evidence of effectiveness exists, we believe agencies should be able to put it into practice, so as to improve people’s lives and/or produce taxpayer savings.

C. Embed evidence-based funding criteria into the authorizing language of federal social programs, drawing, for example, on the “tiered evidence” initiatives enacted in recent years.

1. In a few instances, Congress has enacted initiatives in which evidence of effectiveness is a main factor determining which activities get funded. An example is HHS’s Early Childhood Home Visiting Program, begun as a pilot under President Bush and expanded by President Obama. This HHS program and the six other recently-enacted evidence-based programs all have a “tiered” funding structure, in which (i) the biggest grants—in the top tier—are awarded to interventions with strong evidence of effectiveness (such as the Nurse-Family Partnership, in the case of the HHS program) to fund their large-scale implementation; and (ii) smaller grants—in the lower tiers—are awarded to innovative programs with preliminary or moderate evidence, coupled with a requirement for a rigorous evaluation to determine whether they really work. If found effective, they can move into the top tier; if not, their funds are redirected to other, more promising efforts.

2. Congress could fundamentally shift the social spending landscape by incorporating such evidence criteria into billion-dollar federal programs, rather than just a few isolated initiatives.

Doing so would create a powerful new incentive for the development, rigorous evaluation and—if effective—dissemination of new program strategies and models. It would catalyze evidence-driven improvements in a social spending system that has fallen well short of its objectives.

VII. Conclusion: Evidence-based policy offers a demonstrated path to more effective, less expensive government. We believe it could provide the basis for a bipartisan effort to reinvent U.S. social spending, so as to greatly increase its effectiveness in improving people’s lives.

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<sup>2</sup>The Nation's Report Card: Trends in Academic Progress 2012, National Center for Education Statistics, Institute of Education Sciences, U.S. Department of Education, Washington, D.C. (NCES 2013 456), 2013.

<sup>3</sup>Cornman, S.Q., and A.M. Noel, Revenues and Expenditures for Public Elementary and Secondary School Districts: School Year 2008–09 (Fiscal Year 2009) (NCES 2012-313). U.S. Department of Education. Washington, DC: National Center for Education Statistics, 2011. Richard H. Barr, Revenues and Expenditures for Public Elementary and Secondary Education, 1973-74 (NCES-76-140). U.S. Department of Health, Education & Welfare, National Institute of Education. Washington, DC: National Center for Education Statistics, 1976.

<sup>4</sup>These are 2012 dollars. Examples include: (i) the Riverside Greater Avenues for Independence (GAIN) Program (Stephen Freedman, Daniel Friedlander, Winston Lin, and Amanda Schweder, The GAIN Evaluation: Five-Year Impacts on Employment, Earnings, and AFDC Receipt, Working Paper 96.1, MDRC, July 1996; James Riccio, Daniel Friedlander, and Stephen Freedman, GAIN: Benefits, Costs, and Three-Year Impacts of a Welfare-to-Work Program, MDRC, September 1994); (ii) Los Angeles Jobs-First GAIN (Stephen Freedman, Jean Tansey Knab, Lisa A. Gennetian, and David Navarro, The Los Angeles Jobs-First GAIN Evaluation: Final Report on a Work First Program in a Major Urban Center, MDRC, June 2000); and (iii) Portland Job Opportunities and Basic Skills (JOBS) Training Program (Susan Scrivener, Gayle Hamilton, Mary Farrell, Stephen Freedman, Daniel Friedlander, Marisa Mitchell, Jodi Nudelman, Christine Schwartz, National Evaluation of Welfare-to-Work Strategies: Implementation, Participation Patterns, Costs, and Two-Year Impacts of the Portland (Oregon) Welfare-to-Work Program, MDRC, May 1998; Gayle Hamilton, Stephen Freedman, Lisa Gennetian, Charles Michalopoulos, Johanna Walter, Diana Adams-Ciardullo, Anna Gassman-Pines, Sharon McGroder, Martha Zaslow, Jennifer Brooks, Surjeet Ahluwalia, Electra Small, and Bryan Ricchetti, National Evaluation of Welfare-to-Work Strategies: How Effective Are Different Welfare-to-Work Approaches? Five-Year Adult and Child Impacts for Eleven Programs, MDRC and Child Trends, December 2001).

<sup>5</sup>Ron Haskins, "What Works Is Work: Welfare Reform and Poverty Reduction," *Northwestern Journal of Law and Social Policy*, vol. 4, no. 1, 2009, pp. 29-60. Ron Haskins, in *Rigorous Evidence: The Key To Progress Against Crime and Substance Abuse? Lessons From Welfare, Medicine, and Other Fields*, Proceedings of a National Policy Forum Sponsored by the U.S. Department of Justice and Coalition for Evidence-Based Policy, June 14, 2004, pp. 30-36. Judith M. Gueron, "Building Evidence: What It Takes and What It Yields," *Research on Social Work Practice*, vol. 17, no. 1, January 2007, pp. 134-142.

<sup>6</sup>A summary of the evidence on NFP, including citations to the original study reports, is linked here.

<sup>7</sup>Bettinger, Eric P., Bridget Terry Long, Philip Oreopoulos, and Lisa Sanbonmatsu. "The Role of Application Assistance and Information in College Decisions: Results from the H&R Block FAFSA Experiment," *Quarterly Journal of Economics*, August 2012, vol. 127, no. 3, pp. 1205-1242.

<sup>8</sup>Eileen Poe Yamagata, Jacob Benus, Nicholas Bill, Hugh Carrington, Marios Michaelides, and Ted Shen, Impact of the Reemployment and Eligibility Assessment Initiative, Impaq International, June 2011. Marios Michaelides, Eileen Poe-Yamagata, Jacob Benus, and Dharmendra Tirumalasetti, Impact of the Reemployment Eligibility Initiative In Nevada, Impaq International, January 2012.

<sup>9</sup>The study measured the program's effect on job earnings in the Florida site, and found that it produced a statistically-significant \$476 increase in earnings per claimant over a 12-month follow-up period, roughly offsetting claimants' loss in UI benefits. However, this was a regression-adjusted effect on earnings; the unadjusted effect was near zero and not statistically significant. Because the effect differed under these two different estimation approaches, we believe the positive findings for earnings in Florida are best viewed as tentative, and need corroboration in future studies before being accepted as valid.

<sup>10</sup>The \$1.5 billion in net savings is calculated by multiplying the savings per claimant (\$180) by the number of claimants potentially eligible for REA nationwide. We estimate that there are 7.8 million such claimants in the United States, based on (i) Department of Labor data showing a total of 19.4 million UI claims filed in 2012, and (ii) the study's finding that, on average, about 40% of UI claimants met the REA eligibility requirements in the states participating in the study. A per-claimant savings of \$180 multiplied by 7.8 million claimants totals roughly \$1.5 billion.

<sup>11</sup>Because of the initial positive findings in Nevada, the researchers conducted a longer-term follow-up, which found that the program produced \$672 in per-person net savings during the 20-26 months after random assignment. We estimated national savings of \$5 billion by multiplying \$672 (in per-person net savings) by 7.8 million (the number of claimants nationwide that we estimate are eligible for REA, as described in the previous endnote).

<sup>12</sup>Coalition for Evidence-Based Policy, Randomized Controlled Trials Commissioned by the Institute of Education Sciences Since 2002: How Many Found Positive Versus Weak or No Effects, July 2013, linked here.

<sup>13</sup>This is based on a count of results from the Department of Labor randomized trials that have reported results since 1992, as identified through the Department's research database



(link). We are preparing a short summary of these findings, to be released in the next few weeks.

<sup>14</sup>Ioannidis 2005, Zia et. al., 2005, Chan et. al., 2008 (see footnote 6 for full citations).

<sup>15</sup>Jim Manzi, *Uncontrolled: The Surprising Payoff of Trial-and-Error for Business, Politics, and Society*, Perseus Books Group, New York, 2012, pp. 128 and 142. Jim Manzi, *Science, Knowledge, and Freedom*, presentation at Harvard University's Program on Constitutional Government, December 2012, linked here.

<sup>16</sup>The REA program is currently implemented in 42 states but, due to limited program funding, only serves a small percentage of UI claimants who are eligible for REA in those states. For example, in the four states that participated in the REA randomized trial, the program served an average of about 10% of REA-eligible claimants. See Yamagata et. al., 2011 (endnote 5), page 16.

Chairman RYAN. Secretary Anderson.

Ms. ANDERSON. Chairman Ryan, and Ranking Member Van Hollen, and members of the Committee, thank you.

Chairman RYAN. Eloise, pull your mic in closer.

#### STATEMENT OF ELOISE ANDERSON

Ms. ANDERSON. Okay. Thank you for inviting me to speak to you. In response to the Committee's request to talk about the War on Poverty in its 49th year, I think I have been around for all of the 49 of the years. And the negative and current welfare system, the changes that could be made in both the state and the federal levels that would have a positive impact on poverty.

The War on Poverty officially began in the United States on January the 8th, 1964. At the onset of the War on Poverty in 1964, the U.S. poverty rates stood at 19 percent. I think we are now at about 15 percent. President Johnson set in motion a series of social welfare initiatives that have reverberated in American society and within the American family. And I want to stress that it is really American family that has really had the impact of this, that are still being felt today.

By the end of the Johnson Administration in 1969, there were 40 new programs aimed at eliminating poverty. Across the—according to the last census figures, today's poverty rate stands at 15.1 percent, a few percentage points below the 1964 level. It is vital that the nation take a fresh look at these programs to determine if they have the intended effects on the people they were designed to serve. Currently, the 60 programs are 12 programs providing food aid, 12 programs funding social services, 11 programs funding housing assistance, 10 programs providing cash assistance, nine vocational training programs, three energy and utility service programs, and three childcare and child development programs. In addition to what the federal government is doing, the state and local levels have their own set of programs that they incentivize and deal with. So the federal and state governments spend close to \$1 trillion a year on means-tested benefit programs with the goal of reducing poverty.

In the past decade, anti-poverty programs have grown by 49 percent, and the welfare. And what I want you to think about the War on Poverty is that the Welfare State is not a country. So we are waging a war on what and who. However, it is a vast empire bigger than the entire budgets of almost every other country in the world; think about that. The money we put into the War on Poverty is more than the budgets of most of the industrialized countries in the world. It is estimated that the current welfare spending, four times that would be necessarily to simply give the countries for

cash. So if we just gave them the money, we would probably be better off. This meager reduction in poverty levels occurred despite the federal and local government spending more than \$15 trillion on poverty abatement programs over the past 49 years. Even taking into account the increasing financial tags attached to the War on Poverty, the costs pale in comparison to the price associated with the negative social impacts of these programs. I just think you have to look at, particularly, at the inner cities across the country, and think about the impacts that these programs have had in a negative way.

The new welfare programs developed in 1964 and 1966 were based on Aid for Dependent Family with Dependent Children, which passed from the New Deal to the new Great Society program. The policymakers at the time intended the programs to spare widows with children having to work outside the home. Most of you were not around when Roosevelt did that, but some of us were. And if you lived in those times, one of the things you probably remember is the kind of work it took to raise a family. And we did not have paper diapers. We did not have automatic washing machines. We did not have any of the new technologies that we take for granted. So raising a child if your husband was dead was quite a task. So it was very difficult to ask mothers to go outside the home and raise their children.

So AFDC for dependent children came into place, and when it came into place, it came into a place with the assumption that fathers were dead. And that assumption in our programs lives on. When AFDC was used as the foundation for the poverty abatement programs, it negatively impacted family structures of the people receiving government assistance. The eligibility of government assistance was threatened if there was a man in the house. Some of you may remember the Man-in-the-House Rule that brought the state of Louisiana and the state of Alabama into court.

The stretch of War on Poverty programs discouraged stable family relationships by punishing those in poverty if there were an employment or an employable male within the house. And there is no racial group in the United States that was more affected by these policies than black Americans. In 1960, only 19.1 percent of black American children were being raised in a single mother home. Now it is over 30.4 percent.

Chairman RYAN. Eloise, if you could summarize.

Ms. ANDERSON. Okay. My summary is that we did a welfare reform program in 1964, in 1996, and we got a lot of people, about 93 percent of people off of TANF in Wisconsin and across the country. I believe the experience that we had in TANF was an experience that we should take to the larger programs. We did two things that I think are real important to all the other 60 programs we have. We introduced work, and we introduced time limits. And I think that the programs as we go forward, we should do all our programs introducing work and introduce time limits. And work without time limits, I do not think it works. And time limits without work, I do not think it works. So that is basically my thoughts.

[The prepared statement of Eloise Anderson follows:]

PREPARED STATEMENT OF ELOISE ANDERSON, SECRETARY, WISCONSIN DEPARTMENT  
OF CHILDREN AND FAMILIES; CHAIR, SECRETARY'S INNOVATION GROUP

CHAIRMAN RYAN, RANKING MEMBER VAN HOLLEN, AND MEMBERS OF THE COMMITTEE: Thank you for inviting me to testify today. I consider it a privilege to have the opportunity to speak with members of the House Budget Committee.

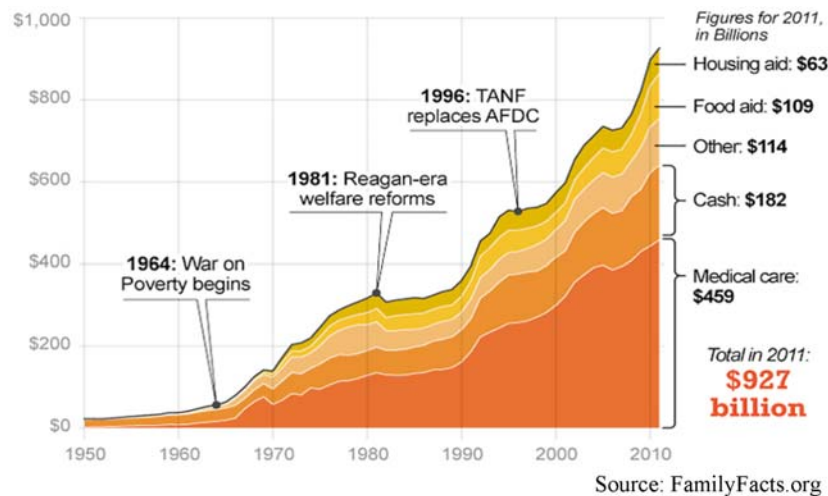
In response to instructions from the Committee, I'm going to talk about "The War on Poverty at 49"; the positives and negatives of the current welfare system; and changes that could be made at both the State and Federal levels that would have a positive impact on poverty levels.

#### INTRODUCTION

The War on Poverty officially began in the United States on January 8th, 1964 during President Lyndon Johnson's first State of the Union Address. On that day the President opened the initial salvo in a war that the American people are still fighting forty-nine years later. When Johnson stated, "This administration today, here and now, declares unconditional war on poverty in America,"<sup>1</sup> he was setting into motion a series of social welfare initiatives that have caused reverberations in American society and within the American family that are still being felt today. By the end of the Johnson administration in 1969, forty new programs aimed at eliminating poverty had been started. Today, these programs remain the foundation of our current welfare system. As the War on Poverty nears the half century mark it is vital that the nation takes a fresh look at these programs, with the purpose of ascertaining if they have had the intended effects on the people that they were designed to serve. If it is determined that they have not had the desired outcomes, or even worse had a negative impact on the populous, then we must decide what changes need to be made in order to help get us closer to winning this vital battle.

#### BACKGROUND

Currently, there are 60 means-tested programs funded and directed by the federal government. The make-up of this staggering catalog include: 12 programs providing food aid; 12 programs funding social services; 11 programs for housing assistance; 10 programs providing cash assistance; 9 vocational training programs; 3 energy and utility assistance programs; and 3 child care and child development programs.<sup>2</sup> In addition, there are an overabundance of similar programs that are funded and operated at the state and local level. Federal and state governments spend close to a trillion dollars a year on means tested benefit programs with the goal of reducing poverty.<sup>3</sup>



The number of programs and the tax-payer investment continue to climb at an alarming pace. The growth in anti-poverty programs has surged by 49 percent in just the past decade, even after adjusting for inflation.<sup>4</sup> It is not a new revelation that the War on Poverty has failed to progress as President Johnson had envisioned. At the onset of the War on Poverty in 1964 the U.S. poverty rate stood at 19 per-

cent. According to the latest census figures, today's poverty rate stands at 15.1 percent,<sup>5</sup> only a few percentage points below the 1964 level. This meager reduction in poverty levels occurred even with the federal and local governments spending more than \$15 trillion on poverty abatement programs over the past 49 years.<sup>6</sup>

Even taking into account the increasing financial price tag attached to the War on Poverty, these costs pale in comparison to the price associated with the negative societal impacts of these programs. The new welfare programs developed from 1964 to 1996 were based upon the Aid to Families with Dependent Children Act (AFDC) which was passed as part of the New Deal in 1930. Policy makers at the time intended the program to spare widows with children from having to work outside the home. Because of the nature of housework and the societal views regarding mothers working, it was thought that government aid should be used to keep mothers home with their children. The program policies were based on the assumption that the father of the children was dead. When AFDC was used as the foundation for all of the new poverty abatement programs, it negatively impacted the family structure of the people receiving government assistance. Under these programs' policies the welfare payments to support children were made to the single parents, usually single mothers. The eligibility of government assistance was threatened if there was a male in the home. The structure of the War on Poverty programs before 1996 discouraged stable family relationships by punishing those in poverty if there was an employed or employable male within the home. In no racial group were the effects of these policies more greatly felt than that of black-Americans. In 1960 only 19.1 percent of black-American children were being raised in a single-mother home.<sup>7</sup>

Today that number has ballooned to 50.4 percent.<sup>8</sup> It is alarming that since the modern civil rights movement, the family structure for black-Americans has crumbled more than at any time in the generations following slavery. The long term consequences of the War on Poverty resulted in driving fathers away from their families, encouraging poor single-parent families and dramatically increasing unwed adolescent child bearing.

By the 1980s, even the staunchest supporters of the War on Poverty could not ignore the damage that was being done to poor families. With policies that punished stable families and individuals who held any type of meaningful employment, generations of families were locked in the never ending cycle of welfare dependency. Led by my former boss, Wisconsin Governor Tommy Thompson the nation started to reform the failing welfare system. Wisconsin replaced AFDC with Welfare to Work (W-2) as the primary poverty abatement program. The reform in Wisconsin was a revolutionary way to look at government assistance. We believed that lavishing welfare benefits on recipients without asking anything in return locked people into a trap of welfare dependency, never gaining the life skills or employment history to rise significantly above the poverty line. With W-2 we stopped looking at government assistance as a welfare program, instead viewing it as a jobs program. We established work requirements that needed to be met in order to receive benefits and developed programs to aid in obtaining child care, health care, transportation and job training so that participants could meet the work requirements. As a result of the reforms we starting making in 1987, Wisconsin cut its number of welfare cases by 93 percent by the beginning of the 21st century.<sup>9</sup>

It didn't take long for the rest of the nation to take note of the successful reforms in Wisconsin and demand change at the federal level. Heeding the public's demand for reform, in 1996, Congress replaced AFDC with Temporary Assistance for Needy Families (TANF). TANF changed the entitlement nature of welfare. By its very name, it was intended to be temporary aid with time limits. Along with that change, Congress established four new goals for welfare. First, assistance should be given to needy families so that children could be cared for in their own homes. Second, government should promote job preparation, employment and marriage in lieu of cash welfare payments.

Third, government should promote programs that discourage and reduce the number of children born out-of-wedlock. Fourth, government should encourage the formation and maintenance of two-parent families. The conversion from AFDC to TANF is by far the single most important social policy development since the beginning of the War on Poverty. After TANF was created, welfare rolls dropped by roughly half<sup>10</sup> while poverty dropped to its lowest recorded level in U.S. history for black children by the year 2001.<sup>11</sup>

Given the initial success of TANF, why has the poverty level in the United States returned to levels almost as high as when the War on Poverty has began? It is easy to attribute the entire increase to the Great Recession. But in doing so, people are failing to see the entire picture regarding the cause of poverty. Welfare reform has reduced the number of families receiving assistance but has not necessarily addressed the underlying problems that detract from positive outcomes for children.

A greater emphasis on family issues could be the key to promoting positive child outcomes in families receiving welfare. Shifting the focus on welfare reform from mother focused to a focus on both of the child(ren)'s parents is the answer.

Since the beginning of the War on Poverty, the focus of welfare was always on assisting mothers, with the total exclusion of the roles fathers play in a family's ability to rise from poverty. One might conclude that the single-minded focus on mothers indicates that fatherhood is an unworthy role for a man. We have made a societal statement that fatherhood is only about money and that men are not expected to nurture their children. In the way we structure welfare, we have indicated that men are not important to whether or not a family succeeds. But study after study has shown that when fathers are not involved in the lives of their children, kids are more likely to live in poverty, commit crime and fail in school. One does not need a study to see the results of fatherlessness, just look at the inner cities across the nation! The need for involved fathers is just common sense. Children who live in single-parent homes tend to have more emotional, educational and physical problems than children living with both parents. While both boys and girls suffer from welfare's singular focus on women, boys are impacted by the negative effects in much harsher ways. Boys make up a majority of youthful substance abusers, the majority of homeless children and the majority of children in foster care. In addition, 70 percent of all youths in state operated institutions come from fatherless homes.<sup>12</sup> A boy living in a single-parent home is twice as likely to be incarcerated as his peer living with a mother and a father, regardless of the parents' race, income or education level. Under the current welfare system, men are vilified, marginalized and disconnected from society.

Faced with the staggering costs of this war, with little evidence that the programs have accomplished much in addressing the root causes of poverty, the American people are demanding change in the battle plan. In a recent Rasmussen Report study, nearly half of the American people surveyed said that they believe that our nation's welfare programs do the opposite of their intended purpose and instead increase the level of poverty in the United States.<sup>13</sup> Based upon the current poverty rate and the number of families who are stuck in the cycle of dependency generation after generation, the American people are right to question our current welfare system. The goal should change—we are not fighting an endless war—government is limited in what it can do and should do. Government can provide, with caution and humility, incentives for families to become self sufficient. To do that the nation will have to go where we have never gone before.

#### RECOMMENDATIONS

As in the last century, Wisconsin is leading the way in reshaping the War on Poverty. Just as my former boss Tommy Thompson revolutionized the system with Welfare to Work, my new boss Governor Scott Walker is reshaping the debate with initiatives to address the underlying issues that cause generational poverty. Governor Walker has focused on four factors when looking to restructure Wisconsin's social safety net, keeping in mind that the goal is creating positive outcomes for children and families. First is that underlying conditions may contribute to a family's precarious economic situation. Second is that strengthening families requires attention to fathers as well as mothers; it still takes two. The third factor is that a child's neighborhood and community also play an important role in supporting children and families. Finally, work is more than just a means to a paycheck; rather it is an important part of developing a sense of worth and a means by which a family and individual is integrated into the community. By keeping the focus on child well-being and efforts to address the other goals of TANF, specifically keeping families together, reducing out of wedlock births and encouraging two-parent families, Wisconsin is serving as a model for the rest of the nation on how to promote child well-being and ending dependence on government benefits.

With these goals in mind, Governor Walker has just signed into the budget the expansion of Wisconsin Works benefits to non-custodial parents, which generally means the father in the family. This serves the dual purpose of focusing on the creation of jobs and engaging fathers to help them gain the tools to be more positively engaged in society and the lives of their families. As I've indicated, for decades, human services focused mainly on the mother and her children and that most families on welfare are single-parent families. A variety of studies has made it abundantly clear that children living in single-parent families are at a higher risk for negative outcomes such as a lifetime of poverty, incarceration and homelessness. This approach clearly has not worked! Most families on welfare are single-parent families. But, when children in single-parent families receive financial support from the non-custodial, non-resident parent they are less likely to live in poverty and the

chance of them breaking out of the welfare trap increases. Governor Walker's vision in re-engaging fathers recognizes what should be common sense—fathers matter! Fathers are extremely important influencers of their kids, whether they live with their children or not. Thus, if children's well-being is a serious concern in the War on Poverty, then the needs and aspirations of fathers must also be served. An additional benefit of focusing on non-custodial fathers is that men who have gainful employment get married. On the other hand, men without jobs don't marry and women don't marry men without jobs. Promoting marriage was one of the most important aspects of welfare reform. Marriage is vastly important for children's well-being! By removing barriers for non-custodial fathers to gain job training and access to meaningful work that will support families, we begin to re-enable family stability and marriage. Work helps establish a sense of being and purpose for men and gets us closer to the attainable family goal of self-sufficiency.

Focusing the structure of welfare services on the entire family is a vital change in helping the needy overcome the barriers to independence. It is important to maintain and strengthen the work requirements that were established in TANF. In July of this year, the U.S. Department of Health and Human Services granted itself authority to "waive compliance" with all of the work provisions in the TANF program. This is a decision that seriously threatens the gains that have been made in reducing the welfare caseload under TANF. Following this course is a move in the opposite direction of what is needed if we are to truly help more people become self-sufficient and integrated into the community. The TANF work requirements were anything but onerous. They require that 30 to 40 percent of able-bodied recipients engage in a wide variety of things that are considered work activities, including government funded job training programs, for a total of 20 to 30 hours per week. According to Professor Lawrence Mead at New York University, U.S. TANF was so successful because it required welfare mothers to go work with a clear-cut work requirement.<sup>14</sup> Professor Mead not only extolls the benefits of the work requirement, but he believes that having a similar work requirement for men is the key for reconnecting men with the workforce and having a serious chance at urban reform in the United States. The work requirements in TANF must be preserved at all costs and even expanded into other poverty abatement programs like the Supplemental Nutritional Assistance Program (SNAP)!

If we are truly going to assist families in becoming self-sufficient, we need to give the people seeking assistance the tools of self-sufficiency. This means job training, as well as an appreciation that work, not government, is what will lead them to a better life. The American people seem to understand the need to have work requirements attached to our welfare assistance better than many policy makers. In a recent Rasmussen Report survey, 83 percent of American adults favor including work requirements to all welfare aid.<sup>15</sup> Wisconsin Governor Scott Walker listened to the voices of the people! In the latest biennial budget Wisconsin established requirements that most able-bodied adults spend at least 20 hours a week working or getting job training in order to receive SNAP benefits. People who do not meet the 20 hour a week work requirement would have their SNAP benefits limited to three months of assistance over three years. This is a step in the right direction. We saw significant damage done to families by not having work requirements under AFDC; we are starting to see a similar cycle of dependency with SNAP. The current SNAP program asks almost nothing from non-working, able-bodied recipients in order to obtain benefits. This means that the program does nothing to help lead people towards self-sufficiency. Historically, about half of food stamp assistance has gone to families with children who have received benefits for more than eight years. Fundamental reform of SNAP is needed in order to refocus the program on promoting employment and independence from government assistance for able-bodied, working-age recipients. The rest of the nation should follow the lead of Governor Walker by starting to reform SNAP through work requirements.

If the goal of work requirements for public assistance is to help people find employment that can support a family, then the nation must address the issue of the welfare cliff. The welfare cliff is the point at which people who have advanced in the work place and climbed up the income ladder lose all of their welfare assistance. The way in which all of our aid programs are structured is that your income either makes you eligible for benefits or makes you ineligible for benefits. This approach actually serves as a disincentive for people to become more self-sufficient. A recent paper demonstrated how through the stacking of welfare benefits, many individuals receiving welfare stand to lose financially by increasing their income.<sup>16</sup> If we are serious about using tax-payers' dollars to provide assistances that helps families become self-sufficient and reducing the number of people who are dependent on the tax-payers for their financial well-being, then we must change the policy to provide more flexibility to states and a inclusion of fathers and men. Men and fathers

should not have to commit a crime to get the tools they need to become self-sufficient or care for their families.

We also need to address the temptation recipients have to not take the steps needed to improve their employment skills because they are comfortable with their financial status when government assistance is added on top of their work income. The best approach to removing this temptation is by the implementation of fixed time limits.

Recipients of all means tested public assistance programs should face a deadline at which point their assistance is cut off. Incentives to work should be arranged in a manner that assists families in being ready for self-sufficiency when they meet these time limits.

Congress often is most productive when a deadline is looming or there is an urgency to act; the majority of people are the same way. Time limits force change!

#### CONCLUSION

The War on Poverty has not experienced the success that Lyndon Johnson envisioned. Due to the policies governing how assistance has been administered, far too many Americans are now dependent on the tax-payer. This is not fair to either the people stuck in the system or to the tax-payers who are funding these programs. Being responsible wards of tax-payer dollars is our sacred duty as policy makers. We can do a better job. Through sensible reform that focuses on the benefits of work, puts a greater emphasis on family and engages both parents in accepting their responsibility for the family the made, government can remove itself from people's lives. Independence from welfare programs empowers the poor to experience more liberty and allows them to contribute their talents to the community. As a result, the nation benefits from a more integrated society where all of our citizens' talents and knowledge are utilized.

#### ENDNOTES

- <sup>1</sup><http://www.pbs.org/wgbh/americanexperience/features/primary-resources/lbj-union64/>
- <sup>2</sup><http://news.investors.com/ibd-editorials-perspective/091710-547746-more-proof-we-canand8217t-stop-poverty-by-making-it-more-comfortable.htm?p=full>
- <sup>3</sup><http://www.familyfacts.org/charts/310/since-the-war-on-poverty-began-in-1964-welfare-spending-has-skyrocketed>
- <sup>4</sup><http://www.heritage.org/research/reports/2012/10/federal-spending-by-the-numbers-2012>
- <sup>5</sup><http://aspe.hhs.gov/hsp/12/povertyandincomeest/ib.shtml>
- <sup>6</sup><http://www.cato.org/sites/cato.org/files/pubs/pdf/PA694.pdf>
- <sup>7</sup><http://aspe.hhs.gov/hsp/trends/tables.pdf>
- <sup>8</sup><http://www.census.gov/prod/2011pubs/p70-126.pdf>
- <sup>9</sup><http://www.ontheissues.org/2008/Tommy-Thompson-Welfare+-Poverty.htm>
- <sup>10</sup><http://www.cato.org/sites/cato.org/files/pubs/pdf/PA694.pdf>
- <sup>11</sup><http://www.heritage.org/research/reports/2003/06/sharp-reduction-in-black-child-poverty-due-to-welfare-reform>
- <sup>12</sup><http://thefatherlessgeneration.wordpress.com/statistics/>
- <sup>13</sup><http://www.rasmussenreports.com/public-content/business/general-business/july-2012/49-say-current-government-programs-increase-level-of-poverty-in-u-s>
- <sup>14</sup><http://www.manhattan-institute.org/html/cb-44.htm>
- <sup>15</sup><http://www.rasmussenreports.com/public-content/business/jobs-employment/july-2012/83-favor-work-requirement-for-welfare-recipients>
- <sup>16</sup><http://www.aei.org/files/2012/07/11/-alexander-presentation-10063532278.pdf>

Chairman RYAN. Thank you, thank you. Dr. Besharov.

#### STATEMENT OF DOUGLAS BESHAROV

Mr. BESHAROV. Thank you very much, Chairman Ryan and Ranking Member Van Hollen, and the other members of the Committee. I teach at the University of Maryland, as Mr. Ryan said, and I am also at the Atlantic Council. I am delighted to be here, and I have a 20-page statement which I will not even go into.

Chairman RYAN. Summarize it in five minutes.

Mr. BESHAROV. There you are. I thought I would pick up on the discussion from Mr. Van Hollen and Mr. Ryan. I do not know what the words are, sir, but I think I am one of the people who chose welfare instead of work. I was in law school, and Lyndon Johnson was president. The Congress, in its wisdom, extended Social Security benefits for the survivors of widows—my father was dead—ex-

tended benefits for full-time students up to the age of 21. I was working my way through school, and I did the math. And it simply did not pay for me to work if I was a student. I quit my job immediately and took the check from the government.

Now I think, for me, that was a good investment. Well, some people on the Committee might not agree. For me it was a good investment because I translated the time I would have been working at a minimum wage job for a government check. It made sense, I got an education, and the rest is quasi-history. But my point is that I do not think there is anything immoral in responding to a government incentive. If the government says you can get a tax deduction for throwing away your car that works just perfectly, it is not immoral to do so. If the government has a rule that says stop working, stay in school, and learn more, and we will pay you for it, that seems like a fair incentive as well. I think the lesson from my own personal experience is there are good incentives and there are bad.

Mr. Van Hollen sort of summarized my testimony, fairly as a matter of fact, so I gain a minute or two there. Let me take you to my testimony, though, and Figure 4, which is on Page 9. This is a distribution on income inequality. And we hear a lot about this, and the top 1 percent and so forth, and you all know very well that experts are terrific at choosing whatever number they want to focus on. Here I want to focus on one point that my testimony makes, and Mr. Van Hollen made, which is in the last 30 years there has been a very large increase in means-tested benefits for the most unfortunate among us. If you look at this graph, what you see is the difference between reported incomes in the Census Bureau and what happens if you load those incomes with non-cash benefits, housing benefits, and so forth. And what it says is that through 40 years of fighting poverty, we have taken people in the bottom quintile, bottom 20 percent of the population whose incomes were \$15,000 in 1968; this is adjusted to 2012 numbers. Those people do not earn much more now, but we have added almost \$15,000 of benefits to their daily lives. Some people will say that is good, some people will say that is bad. It is real, and it has made their lives much better.

But what it has also done is introduce a series of incentives like the one I faced when I was in law school. Depending on what you can earn, depending on whether you marry your boyfriend, your benefit package goes up, or goes down. And I do not think, to echo what Mr. Ryan said, I do not think it is cutting, necessarily, programs to say we have to get the incentives structures right. And they are not right. If you look at my testimony, you can see the vast increases in people on SNAP, on Medicaid, all that started under President Bush. This is not just a story about Democrats. This is a story of 15 years of expansion of means-tested programs without thinking about their incentive effects.

The last part of my testimony talks about a project that I am really lucky to be part of, and happy to invite any of you to be part of it, which is studying what they do in Europe. And the conservative but also the socialist governments in Europe have seen the same trends that we have here: large numbers of people on means-tested programs, unemployment insurance, health benefits, and disability. And they have, for the last 15 years, been trying to re-



write the incentives for those families on benefit packages. In my testimony I go through some of them. If you look at them and you say, "Could this Congress, could this government adopt even half of those incentives, the right incentives that encourage work without necessarily reducing benefits," I scratch my head and I say, "I hope so, ladies and gentlemen, I really hope that this Congress or the next one starts to address the incentives that need to be fixed in these programs." Thank you very much.

[The prepared statement of Douglas Besharov may be accessed at the following Internet address:]

*[http://budget.house.gov/uploadedfiles/douglas\\_besharov\\_testimony.pdf](http://budget.house.gov/uploadedfiles/douglas_besharov_testimony.pdf)*

Chairman RYAN. Sister Campbell.

#### **STATEMENT OF SIMONE CAMPBELL**

Ms. CAMPBELL. Thank you, Chairman Ryan and Congressman Van Hollen, for this opportunity, and Committee. I am Sister Simone Campbell, the executive director of NETWORK, a national Catholic social justice lobby, and sort of well-known as leader of Nuns on the Bus. At NETWORK for 41 years we have worked with people at the margins of society so that their voices can be heard here on Capitol Hill. And for my entire life in my religious community, I have worked with those who struggle economically, people often referred to as the working poor. I do this work from faith because I know, as our Pope Francis recently said, quote, "The measure of the greatness of a society is found in the way it treats those most in need, those who have nothing apart from their poverty," end quote.

I want to believe that our society is great, but I do agree that we have work to do. The Census Bureau's supplemental poverty measure, and my daily experiences, tell us that every day in America, support, such as the EITC, SNAP, and Medicaid, are making critical differences in the lives of low income families, particularly children. The safety net does lift millions of people out of poverty. In fact, in 2011, government benefits lifted a total of 40 million people out of poverty. While Social Security has the largest impact of any single program, means-tested programs such as SNAP, SSI, and the EITC, lifted almost 20 million Americans, including 8.5 million children, out of poverty. That is good news.

But we also know that far too many of our neighbors struggle to make ends meet, and too many children face diminished prospects because of their disadvantaged circumstances. The causes of poverty are complex and have changed over the years. One of the biggest current drivers of poverty right now is low wages. Sixty-eight percent of the children living in poverty live in families where there are working parents. Sixty-eight percent. Eighty-two percent of children living in families with incomes below twice the poverty line are living in families with working parents. The most important programs that help these families survive are principally, again, EITC, CTC, SNAP, Medicaid, CHIP. They are hugely successful programs making a big difference.

I would like to introduce you to some of my friends, my people. So please meet Billy, and I understand his picture can come up here. He is on the left there. Meet Billy from Milwaukee. I think

I would get a Wisconsin person here. He and his wife both work, but their hours were cut back in the recession. Their combined salaries keep a roof over their two boys' heads. They use SNAP to feed the boys during the day, and St. Benedict the Moor Dining Room in the evening. Billy told me that it was okay for him, as a parent, to eat just once a day, but it was not right for growing kids, especially his 14-year-old boy, teenager. SNAP, EITC, and CTC have allowed Billy and millions of others to care for their families while they continue to work.

But other families have more complex stories of struggle. For them, a network of programs can make all the difference. Please meet Tia. Tia, who I met in Iowa, Tia grew up in foster care and ran away at 16 because of mistreatment. She thought that she needed to sleep with men in order to survive. When we met she was 19 and had been homeless with two children. This is a horrible scenario that none of us like. What you need to know is that Tia, when we met, was leaving a shelter run by Catholic sisters and moving to transitional housing. She had learned to cook, to be a better mother, she had gotten her GED, and was working part-time while studying in a community college to become a licensed vocational nurse. This progress was because of federal programs that helped fund the shelter, transitional housing, SNAP, Medicaid, Pell Grants, et cetera, as well as the love and care of the sisters and staff. Love and care alone were not enough. It required significant funding from the federal government and the private sector, and a dedicated staff.

One of the biggest stumbling blocks for adults in poverty is access to health care. I know that some, probably some of you, want the Affordable Care Act repealed. But this desire ignores our nation's need and the fact that the ACA is already helping to control general medical costs, but that is a different issue. But I want to introduce you to Margaret Kissler, who lost her job in Cincinnati during the 2008 recession. With no job she had no health care. She had no health insurance. She could not afford COBRA coverage. She knew she was at risk for colon cancer, but could not afford the screenings. When finally seen in the emergency room, she was terminally ill. Margaret died last year at age 56. This is why the expansion of Medicaid in the ACA is so critical. Had it been fully implemented in 2010, Margaret could have received screening, treatment, and been a contributing member of our society today.

For me, the expansion of health care is a pro-life issue. But it is also good economics. These three people are real U.S. citizens. Margaret contributed to her community, but died because she lacked health care. Tia and Billy strive to raise their families and contribute to their neighborhoods. They have used federal programs to improve their situation and give stability to their children. They represent the millions of Americans who have benefited from these vital programs that are a mix of public-private cooperation.

One final word about SNAP.

Chairman RYAN. If you could summarize, please. Thank you.

Ms. CAMPBELL. Surely. SNAP is the most effective program we have with the least amount of waste, fraud, and abuse. It lifts people from utter destitution to just above one-half of the poverty line.

It is more important in giving stability to kids, families, than just about any of the other programs. From my perspective, cutting SNAP is wrong morally, and is not in keeping with the actual facts about the program. It expanded because of the great recession; it will contract if we grow the economy. In the richest nation on Earth, we are not suffering from a scarcity of resources for these programs. We suffer from a scarcity of political will to do what is needed. Faith and patriotism demand that we avoid the easy sound bites that cast poor families as other, lazy, and blames poverty on the very programs that help families survive. Faith and patriotism demand investing in the supports that bring both dignity and opportunity to people. I pray that this hearing strengthens our political will to act with moral integrity and form the more perfect union that our Constitution calls us to, and promotes the general welfare by giving all people real opportunity, real wages, and real support for their family.

Chairman RYAN. Thank you.

Ms. CAMPBELL. I am very grateful for this opportunity. Thank you.

[The prepared statement of Simone Campbell follows:]

PREPARED STATEMENT OF SISTER SIMONE CAMPBELL, SSS, EXECUTIVE DIRECTOR, NETWORK, A NATIONAL CATHOLIC SOCIAL JUSTICE LOBBY

Thank you for the invitation to testify today. I am Sister Simone Campbell, Executive Director of NETWORK, a National Catholic Social Justice Lobby and the leader of Nuns on the Bus.

I come to this topic of contributing to a Progress Report on the War on Poverty as a Catholic Sister rooted in the Christian Tradition. Our Pope Frances recently stated that "The measure of the greatness of a society is found in the way it treats those most in need, those who have nothing apart from their poverty!" But this is not just Pope Frances. Pope Benedict and every Pope before him for the last 125 years has also challenged governments to exercise their responsibility in ensuring that the least in a society are provided for.

In his letter *Charity in Truth*, Pope Benedict said that "Charity goes beyond justice, because to love is to give, to offer what is 'mine' to the other; but it never lacks justice, which prompts us to give the other what is 'his', what is due to that person by reason of his being. \* \* \* I cannot give what is mine to the other without first giving what pertains to him in justice." He goes on to say that "life" ethics are not separate from social ethics and states: "This is not a question of purely individual morality." He criticizes the way that society "asserts values such as the dignity of the person, justice and peace, but then, on the other hand, radically acts to the contrary by allowing or tolerating a variety of ways in which human life is devalued and violated, especially where it is weak or marginalized." (PAR 15) In the same letter Pope Benedict goes on to say that every spending decision is a moral decision. He also states that "Development is impossible without upright men and women, without financiers and politicians whose consciences are finely attuned to the requirement of the common good." So this testimony is an attempt to help attune your consciences to the requirement of the common good.

But this is not just a Catholic concern. For each of the last two years the inter-faith community here in Washington DC has worked together to craft a "Faithful Budget" that does the hard work of bringing common good, economic responsibility and the values of different faiths to the budgetary process. What we clearly state is that the Federal Budget and your policy priorities are moral decisions that have significant consequences for our society and our world. As moral decisions they need to be taken seriously and weighed on the scale of the common good. I am attaching the Faithful Budget to this testimony so that you can read the moral stance of the Christian, Jewish and Muslim community in the United States. The basic principle is that we as a nation need reasonable revenue for responsible programs. All programs that our government funds need to be accountable and effective. This is true for the safety net program as well as all of the business subsidies like to the oil companies, corporate agriculture, defense industry, etc. We in the faith community see that too often only safety net programs are inspected for accountability.

It is tempting to think of “poverty” in extremes and stereotypes. We have a tendency to lump all kinds of people together. But people living in poverty are varied and need to be considered separately. 13 percent are seniors, who depend on Social Security and Supplemental Security income for their livelihood. About one in 10 people in poverty are the disabled who are unable to work and their children. Some 61 percent of people in poverty are in working families. Then there are the “near poor” living in urban environments where the cost of living is high and wages are low. (These figures use Supplemental Poverty Measure and are for 2011.) So we cannot think simplistically about these families.

More than one in four jobs pays wages below the poverty level. Thus, it isn’t surprising that about seven in 10 children living in poverty live in working families. More than 8 in 10 children living in families with incomes below twice the poverty line are living in working families. While there is less economic mobility today than in the past, it is still the case that people who are poor today may not have been poor 2 or 3 years ago and may not be poor two or three years from now.

#### THE SAFETY NET HELPS MILLIONS OF AMERICANS

Comparing poverty rates today to those 40 and 50 years ago is more difficult than it would seem. Too often, the official poverty rate today is compared to the rate in the late 1960s and 1970s, leading to the erroneous conclusion that the War on Poverty failed. This comparison relies on a flawed poverty measure and overlooks the strong antipoverty impacts of programs such as SNAP and the EITC.

The official poverty measure only looks at cash income, excluding both noncash benefits such as SNAP and housing assistance, as well as the impact of the tax system—including both taxes paid and the benefits received from refundable tax credits, particularly the EITC and Child Tax Credit (CTC). The new government measure, known as the Supplemental Poverty Measure (SPM), is a more modern poverty measure and takes into account non-cash and tax-based benefits (as well as taxes paid). It also considers the impact of out-of-pocket medical expenses, work expenses, and differences in the cost of living among different localities on a family’s ability to make ends meet. The SPM allows us to analyze the impact of programs such as SNAP and the EITC on poverty—but it isn’t available back to the 1960s and 1970s, so doesn’t allow a clean comparison of poverty today to those four and five decades ago.

An apples-to-apples comparison that included benefits such as SNAP and the EITC would tell a more favorable story about the long-term trend in poverty than the comparison using the official poverty measure.

A recent analysis by the Center on Budget and Policy Priorities looks at the impact of public programs on poverty, using the SPM. Its analysis makes clear that public programs play an important role in reducing poverty. In 2011, government benefits lifted a total of 40 million people out of poverty. While Social Security has the largest impact of any single program, means-tested programs such as SNAP, SSI and the EITC lifted almost 20 million Americans, including 8½ million children, out of poverty.

Reducing poverty is important—but we have a growing body of research documenting what I see every day across the country: assistance programs also help stabilize families and provide pathways to opportunity. Programs that help families put food on the table and a roof over their heads, that mean the difference between someone getting health care or going without, that help students go to college and young children go to preschool don’t just help families make ends meet and avoid destitution. They help children go to school ready to learn and stay in one school rather than moving from school to school because their housing is so unstable. They help children get the health care they need. They help parents focus on parenting, not finding the next place to live because eviction is around the corner. They help young people and nontraditional students alike get more education and skills so they can make it in this increasingly competitive global economy.

This research literature is growing, but here are a couple of examples:

- Several different studies have found that the EITC and CTC increase employment rates of parents, reduce child poverty, and have a positive impact on children’s school performance, which is a key factor in future economic success.<sup>1</sup>

<sup>1</sup>See for example: Nada Eissa and Hilary Hoynes, “Behavioral Responses to Taxes: Lessons from the EITC and Labor Supply,” NBER Working Paper No. 11729, November 2005, <http://www.nber.org/papers/w11729>; Raj Chetty, John N. Friedman, and Jonah Rockoff, “New Evidence on the Long-Term Impacts of Tax Credits,” Statistics of Income Paper Series, November 2011, <http://www.irs.gov/pub/irs-soi/11rpchettyfriedmanrockoff.pdf>; Gordon Dahl and Lance Lochner, “The Impact Of Family Income On Child Achievement: Evidence From The Earned Income Tax Credit,” American Economic Review (2012), 1927-1956, <http://www.aeaweb.org/arti>

- Researchers were able to compare outcomes for poor babies in the 1960s and 1970s who were fortunate enough to live in counties served by the Food Stamp Program to poor babies who lived in counties that did not yet have the program. Babies in those counties served by Food Stamps were healthier as adults and were more likely to finish high school.<sup>2</sup>
- Researchers—as well as any teacher, principal, or school superintendent—know that children do better in school when they do not change schools frequently. Researchers have documented that low-income children who receive housing assistance have fewer moves and fewer school changes.<sup>3</sup>

## SNAP: FULFILLING A SACRED MISSION

The Supplemental Nutrition Assistance Program (SNAP) is a lifeline to millions of Americans. In fact, SNAP does more than any other program to reduce the number of Americans who live in deep poverty, that is, below half the poverty line. Research by the University of Michigan's H. Luke Shaefer and

Harvard University's Kathryn Edin has documented a sharp rise in the number of Americans living on less than \$2 per person, per day—a World Bank standard used to document poverty in third world countries.<sup>4</sup>

They find that in 2011, there were more than 1.6 million households with children whose cash incomes were below this paltry standard, but that SNAP reduced the number of households trying to scrape by on this little by half.

Moreover, SNAP has worked just as it was designed to over the course of the Great Recession and its aftermath when millions are still out of work. As more people needed help, the program provided it to them—giving the working poor the help they need to bridge the gap between their wages and the costs of raising the families, and giving the jobless and most vulnerable the ability to sustain themselves. This growth in SNAP is not a scandal or evidence that the program has run amok, but the consequence of a weak economy and a national commitment to take care of those at the margins of our society. That is a commitment I believe the public shares and that the nation should be proud of. The Congressional Budget Office projects that as the economy continues to recover and more people are able to find jobs, the number of people receiving SNAP and the cost of the program will fall as well.

SNAP is the most effective program we have in reducing deep poverty among children—in lifting people from utter destitution to above one-half of the federal poverty line. SNAP worked just as it was designed to over the course of the Great Recession and its aftermath when millions are still out of work or underemployed. As more people needed help, the program provided it to them—giving the working poor the help they need to bridge the gap between their wages and the costs of raising the families, and giving the jobless and most vulnerable the ability to sustain themselves. This growth in SNAP is not a scandal or evidence that the program has run amok, but the consequence of a weak economy and a national commitment to take care of our neighbors most in need. That is a commitment I believe the public shares and that the nation should be proud of.

There has been much said in recent weeks about the need for people to work. Often overlooked is the fact that most households that receive SNAP and include a non-disabled adult do work while they receive SNAP—and a very large share, more than 8 in 10, work in the year before or the year after they receiving SNAP.<sup>5</sup>

*cles.php?doi=10.1257/aer.102.5.1927*; Greg J. Duncan and Katherine Magnuson, "The Long Reach of Early Childhood Poverty," *Pathways* (Winter 2011), <http://www.stanford.edu/group/scspi/-media/pdf/pathways/winter-2011/PathwaysWinter11-Duncan.pdf>; and Greg J. Duncan, Kathleen M. Ziol-Guest, and Ariel Kalil, "Early-Childhood Poverty and Adult Attainment, Behavior, and Health," *Child Development* (January/February 2010), pp. 306-325.)

<sup>2</sup> Hilary W. Hoynes, Diane Whitmore Schanzenbach, and Douglas Almond (2012), "Long Run Impacts of Childhood Access to the Safety Net," National Bureau of Economic Research Working Paper 18535, [www.nber.org/papers/w18535](http://www.nber.org/papers/w18535)

<sup>3</sup> David H. Rubin et al., "Cognitive and Academic Functioning of Homeless Children Compared with Housed Children," *Pediatrics* 97:3: 289–94, 1996. Similar results have been found in more recent studies; Maya Brennan, "The Impacts of Affordable Housing on Education: A Research Summary," Center for Housing Policy, May 2011.

<sup>4</sup> H. Luke Shaefer and Kathryn Edin, "Rising Extreme Poverty in the United States and the Response of Federal Means-Tested Transfer Programs," National Poverty Center Working Paper 13-06, May 2013, <http://www.npc.umich.edu/publications/working-papers/?publication-id=255&>.

<sup>5</sup> Dottie Rosenbaum, "The Relationship Between SNAP and Work Among Low-Income Households," January 2013, Center on Budget and Policy Priorities, <http://www.cbpp.org/cms/index.cfm?fa=view&id=3894>.

That said, there are many people who have great difficulty finding work, particularly during the recession and its aftermath. In my experience, most people who are out of work desperately want a job. And, while we need to do all we can to help people find and keep jobs, we must also show basic compassion and ensure that our neediest neighbors have enough to eat.

#### INFANT MORTALITY: ONE INDICATOR OF THE STRIDES WE HAVE MADE

Too often, the real success stories of public investments are ignored. But, despite the fact that poverty in the United States remains too high and higher than in other wealthy countries, we have made progress. Infant mortality is one such area. In 1935, infant mortality stood at 55.7 per live births overall, with the infant mortality rate for African American babies exceeding 80.<sup>6</sup> Infant mortality rates have fallen significantly since 1935, due to a combination of improved living standards, advances in medical care, and increased access to that care.

Access to Medicaid is one part of this story. Researchers have shown that expanding the reach of Medicaid to more pregnant women during the 1980s helped reduce infant mortality rates.<sup>7</sup>

To be sure, there is more work to be done. The U.S. has a higher infant mortality rate than most other wealthy nations. We also have a higher poverty rate, when all benefits are considered, than most other wealthy countries. But, as we take a hard look on where we need to do better, we should not ignore the progress made or the role that supports such as Medicaid, SNAP, or WIC play in the lives and health of families.

#### HEALTH CARE

Beyond improved prenatal and infant care, Medicaid is a lifeline for millions of Americans. Research has shown that children covered by Medicaid are more likely to receive preventive care, like well-child check-ups, than uninsured children. Adults also are more likely to get preventive care and are less likely to face financial ruin if struck by illness or injury. Medicaid has been linked by researchers to lower adult mortality rates.<sup>8</sup>

Despite these achievements, there are frequent calls for cutting Medicaid deeply and repealing the Affordable Care Act that will both expand Medicaid coverage to more poor and low-income people and ensure that low and moderate income Americans have access to affordable private coverage.

The United States has stood alone among wealthy countries in leaving millions of people without access to affordable health coverage. And that lack of coverage has consequences for real people. Margaret Kistler lost her job in Cincinnati during the 2008 recession. With no job she had no health insurance. She could not afford COBRA coverage. She knew she was at risk for colon cancer, but could not afford the screenings. When finally seen in the emergency room she was terminally ill. Margaret died last year at age 56. This is why the expansion of Medicaid in the ACA is so critical. Had it been fully implemented in 2010, Margaret could have received screening, treatment and been a contributing member of society today. For me the expansion of healthcare is a pro-life issue. But it is also good economics.

#### CONCLUSION

As we approach the 50th anniversary of President Johnson's War on Poverty, it is key that we look honestly at poverty in the United States and the efforts we undertake to ameliorate poverty. The data and the research—and the everyday experiences of millions of Americans—tell the same story.

Programs like SNAP, the Earned Income Tax Credit, the Child Tax Credit, Medicaid, CHIP, housing assistance and child care assistance do a tremendous amount of good. They reduce poverty and help families make ends meet. They provide needed health care that saves lives. They support parents who work. They reduce hunger and improve health. They stabilize families and improve children's school perform-

<sup>6</sup>The cite is here: <http://ask.hrsa.gov/detail-materials.cfm?ProdID=4497>

<sup>7</sup>Citation is here: <http://www.princeton.edu/~jcurrie/publications/saving-babies.pdf>

<sup>8</sup>See: Amy Finkelstein, Sarah Taubman et al., "The Oregon Health Insurance Experiment: Evidence from the First Year," National Bureau of Economic Research Working Paper No. 17190, July 2011, <http://www.nber.org/papers/w17190>. See also <http://www.offthechartsblog.org/does-medicaid-matter-new-study-shows-how-much/>; Katherine Baicker, Sarah Taubman et al., "The Oregon Experiment—Effects of Medicaid on Clinical Outcomes," *New England Journal of Medicine*; 368:1713-1722, May 2, 2013; Benjamin Sommers, Katherine Baicker, and Arnold Epstein, "Mortality and Access to Care among Adults after State Medicaid Expansions," *New England Journal of Medicine*; 367:1025-1034, September 13, 2012.

ance. In short, they make our nation better. These programs support low wage working families and give them an opportunity to survive.

But, at the same time, poverty remains too prevalent. Too many children's futures are shortchanged because of the circumstances of their parents. Too many adults are out of work or underemployed. Too many people lack access to health care. We won't address these problems by ignoring the successes of today's safety net, but neither is today's safety net adequate—we need a new commitment to reduce poverty and promote opportunity.

This commitment for me is rooted in my Catholic Faith and Jesus' demand that if we are to follow in His way, we must respond to those in need not just out of charity, but also in justice. Our faith tells us that individuals and their governments have a responsibility to act on behalf of the common good. This is what it means to live our faith.

In a pluralistic society I know that not all share this same faith mandate. But what I know is that what we do share is in the Constitution. It is the framework for our democracy. In that context we as a society have tried to combine public and private efforts to address the poverty that challenges too many families. We have made some progress. But our programs are not perfect. But the framers of our Constitution called on We the People continually to strive to form a more perfect union. That is what we must do if we are to lighten the yoke of poverty and provide a true path to prosperity. Successful programs must be enhanced because people need their support. Finally, as the interfaith community acknowledges in the Faithful Budget, We the People must responsibly raise revenue to pay for these important programs. That is the faithful and patriotic way forward.

Chairman RYAN. Thank you. Let me start with you, Secretary Anderson. I know your schedule is tight so I want to start with you. One of the reasons for welfare reform that we had in the 1990s was that the old system was, in fact, creating more poverty. You have been a front-line fighter pretty much your adult life. Is today's approach to welfare any better for children of low income families? Have we learned good lessons and replicated them to the rest of the system, or did we stop applying the lessons learned in those days? That is question number one.

Question number two: SNAP, you know, is often brought up. You are part of the Secretary's Innovation Group, which is a group of secretaries at the state level fighting poverty, trying to basically come together with ideas, and you called for more state flexibility to adjust the SNAP program to make it work better. How would you make it work better? What do you think should be done to make it more effective? And I will just leave it at that with you because I have got a few more for the other folks.

Ms. ANDERSON. Okay. TANF, I think TANF has largely been successful. It did mostly what it set out to do, which was to get people back into work, or people into work who had never been into work. In many states, people tried a variety of things, but what we tried was work first, put childcare around that, and put transportation around that, and 90 percent of the people left our program and have continued to stay off. So what I think we learned from TANF was that we need to figure out how to incentivize work, work has to be real important, how to do that in a way that makes sense.

What I think we have learned from TANF is that you cannot just support the mother's effort. You also have to support fathers. And what we did not do in TANF was really support fathers. We tend to act like men are sort of pariah in our society. And poor men, evidently, are worst pariahs because we do not really do very much to support them. And then we do not do very much to support two-parent families. So the things that I think we have learned from TANF is that we need to do more work around supporting two-parent families. We should treat two-parent families exactly the way

we treat single families. We should put more work incentives around males. What we do know, and I know this may sound a little strange, is that men who do not have work do not marry, and women do not marry men who do not have work. So if we get men work, we can start to solve some other problems.

To the SNAP program, when I look at it, especially able-bodied men, people who are not working, those are mostly men. Those are mostly fathers. Those are mostly fathers who have child support orders. So if we can put work programs around SNAP, and tie them in close ways to the mothers in W-2, I think we would begin to solve child poverty. I think what we have forgotten is that fathers are real important to their children. I believe we learned that in TANF by not focusing in on fathers. And SNAP needs to have more work incentives in it. And the states need to be a part of the game. Right now states only administer it, putting in money to administering, and I think whatever savings we would get out of SNAP should be shared between the federal government and the states. And I think you would have more ideas going into how we deal with SNAP.

My thought has always been around the SNAP program, even when it was called food stamps, is why do you have this program, school programs, school breakfast, school lunch, school dinner, when do we start asking parents to be responsible for their children? You know, a little boy told me once that what was important to him is that he did not want a school lunch, he wanted a brown bag because a brown bag that he brought, put his lunch in it, meant that his mom cared about him. Just think what we have done. If this kid tells me a brown bag was more important than a free lunch, we have missed the whole notion of parents being there for their children because we have taken over that responsibility, and I think we need to be very careful about how we provide programs to families that do not undermine families' responsibilities.

Chairman RYAN. Thank you. Boy, there is so much more I could go on that.

Dr. Besharov, you, basically, at your five-minute cut-off, you were about to talk about what the British are doing to reform their welfare system. I, too, have been studying the British system. I am very intrigued with some of their ideas and some of the earlier results. Could you elaborate on what it is they are doing, what are the results, and what lessons we should derive from that?

Mr. BESHAROV. Yes, and thank you.

Chairman RYAN. Turn your mic on, please.

Mr. BESHAROV. The first thing I want to emphasize is that the reforms in the U.K. started under the Labor government, and the coalition government has continued the reforms and increased them. But this is a program that started under the Labor government, liberal socialists. The idea was that there are not that many differences in the dependency of disabled people, unemployed people, people on social assistance or loan parent, what we call welfare, that many of them had similar kinds of problems about getting into the labor force, being incentivized to find jobs, and so forth. And they also had another realization, which is like our programs, the combined marginal tax rates of someone who is getting



food stamps, getting this and getting that, can approach, as researchers from the Urban Institute pointed out, 89 percent. You make a dollar and the government takes 89 cents. It just does not pay to work for 10 cents an hour.

So they saw those realities, and, of course, they did not have the kind of committee system we have in the Congress, which makes this difficult, but they essentially combined the programs, not at the intake stage. The programs are essentially the same. You go in and you apply. You apply for the equivalent of TANF, or SNAP, or whatever. But after a determination is made that you are eligible, then they decide what kinds of work-first programs, what kinds of incentives you need to find a job. Do you need help with filling out a resume or whatever? And they put people in the same pot for those services.

The other thing they have done, which is something that the Obama Administration, I believe, endorses very highly, is they then privatized the services that the people in the means-tested programs get. And they have put for those services what is called the pay-for-success contract, which is right up there on the White House website as something that this Administration is for. And the idea behind the pay-for-success contract is, to pick a page from Jon's work, we will give you a contract; if you help these people, we will pay you, the success; if you are unable to help these people, we will not pay you. So what they have done is reduced marginal tax rates, combine the program so that the incentives are right, and then they have engaged the private sector with an incentive program for the contractors.

And early results are that they are seeing a reduction in case-loads, not a wholesale, not everyone being thrown off, but in every program, right, there are what we call false positives and false negatives. The last time I was there, there was this fellow who had been on disability for five years. Turned out he was the former mayor of some little city, and there he was chopping wood. We all know about that, and Mr. Van Hollen comes from my home county, we know we have a giant problem with the police who retire in there. So these programs have some room, right, to be fixed if we can pull up, you know, pull our shoulders up and say let us do what we can.

Chairman RYAN. Yeah, it is the multiple layers that have the effect of giving this high, implicit marginal tax rate that makes it hard for a person to get actually off assistance and no job because when they actually get ahead and they start making money, they lose more by doing so. That, to me, is not a partisan issue. The Urban Institute, I think, probably ran the best numbers on that, and that is something I think we all need to pay attention to.

Secretary, did you want to comment on that?

Ms. ANDERSON. My experience with disincentives to work, which is why I believe in time limits, because you get past that, if I know that I have got a certain amount of time to get my act together, get going, get a job, go to school, whatever I am doing, I move forward to that. And the disincentives to go out and get a job are gone. The disincentives to get out of the program are gone. I cannot say, "Well, oh, if I take this job, I will lose this, because I only have so much time to make it out." So to me, when you put time limits

and the other incentives together, they work for you. And I think we should not be afraid of time limits. Most of us, when we have children who go to college, we put a time limit on them. So I think the same incentives run for our children, run for our families as well. We cannot stay here forever, we have to move on.

And people step up to the expectations, you know. I think often we treat poor people as if they are not like us. You know, we are all humans. We respond to incentives pretty much alike. And if you do not expect much of us, you do not get much. And so I think we need to have a larger expectation of poor people to start being in control of their own life. When I look at a lot of our programs, I call it, "Well, we supervise poor men in prison, but we supervise poor women in our welfare programs." And so, you know, why do we need to do all this supervision? And when you are on welfare, you are supervised.

Chairman RYAN. Thank you. I want to get to the other witnesses. I apologize, but I am keeping the clock tight so everybody can get their chance to ask questions, so Mr. Van Hollen.

Mr. VAN HOLLEN. Thank you, Mr. Chairman, and I again want to thank all of the witnesses and start out on some points of agreement. Mr. Baron, I could not agree more that we should take our existing resources and channel them to programs that work, and that we should measure the success of programs in ways that we can make that determination. I would point out that one of the programs you mentioned is a very successful program. The Nurse-Family Partnership Home Visitation Program was subject to a \$20 million across-the-board cut as part of the sequester, and, under the budget that came out of this Committee, will be cut dramatically more going forward. So it is an example of the sort of indiscriminate approach that deep and immediate cuts have.

Mr. Besharov, I agree with you that we have got to look both in our tax system and in our other spending systems on the incentive effects. I started out my comments by referring to the Farm Bill because it is chock full of taxpayer subsidies for different agricultural programs, right? I mean, there is a 60 percent taxpayer subsidy for crop insurance. There are quotas for different commodities. You would agree that all those have behavioral effects on the economy, would you not?

Mr. BESHAROV. Sure.

Mr. VAN HOLLEN. Right. So sometimes it is interesting that a lot of our colleagues seem to ignore the distorting effects on the economy of those, but when we are trying to do things that help people in real need, we have a greater focus. Now, that does not mean we should not look at those issues, and we should, and a lot of this testimony by Secretary Anderson really was looking backwards at some of the changes that have been made. They were debated at the time, but we have made changes in things like the welfare program moving to TANF. Today, we are really focused on some of the big parts of the budget before this Committee. Things like Medicaid. Things like the food and nutrition program.

And let me start, Mr. Besharov, if you could just very briefly point out the core of your testimony, because it relates to what Secretary Anderson said. She said that back in the 1960s, when we started the War on Poverty, we heard 19 percent; that today, after

all our efforts, we are at 15 percent. As you point out in your testimony, that measure ignores things like the food and nutrition programs, it ignores the EITC. And as I understand it, you say as a result of some of those important supports, your calculation is that the poverty level is around 7.2 percent. Is that right?

Mr. BESHAROV. Yes, sir.

Mr. VAN HOLLEN. And obviously, if you ignore the benefits of things like the EITC, you are going to get an inflated measure of poverty. And the point we are making here, a lot of our Democratic colleagues, is if you look at the Republican budget, it dramatically cuts, not reforms, it dramatically cuts a lot of those important supports that have helped that poverty level come down, as you point out in your testimony.

So let's talk about Medicaid for a moment. Because if you look at the means-tested programs that are the biggest expenditures and some of the biggest cuts in this budget, the top one, over 50 percent, is Medicaid. Now, as I pointed out in my testimony, 80 percent of the expenditures on Medicaid go to the elderly, go to the disabled, and go to children. And in the hearing on this very subject last year, about a year ago, we had testimony from Dr. Mulligan from the University of Chicago, and I asked him specifically on Medicaid, does he show any significant work disincentive as a result of Medicaid? And his answer was "No. I agree with your characterization, Mr. Van Hollen, by itself a small incentive." Do you have any findings that suggest the contrary with respect to Medicaid?

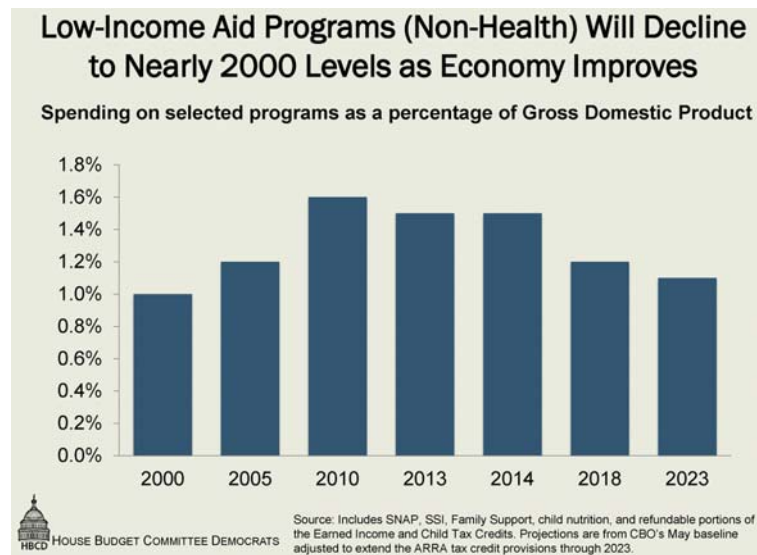
Mr. BESHAROV. Well, that is a big question, and let me try to answer it indirectly first. Collectively, the benefit packages that we have produced post-AFDC into TANF shifted the nature of the subsidy for single mothers. Under AFDC the subsidy for single mothers was basically the welfare payment, food stamp payments were a little smaller, maybe there was some housing, and there were Medicaid health benefits. What we did when we created TANF, despite the desire on the part of some of the advocates to tie AFDC reform with food stamp reform and Medicaid reform, by the way, we kept those two, what they used to call the legs of the stool, separate. The result is that in many places, especially low benefit states, single mothers can make do on SNAP, WIC, and Medicaid for their health packages. I do not know anyone who has done a careful, controlled study to see whether Medicaid on top of SNAP discourages a particular welfare or TANF mother from working. That is my indirect answer.

My direct answer is, this is all part of this larger package, and I understand the realities in this building; I understand them fully well. But in Parliamentary systems where they can engage all these programs at once, and when the majority can exercise its will, whether it is a Socialist majority or a Tory majority, they look at these problems and they say the incentives across the programs have to be straightened out. They look at these programs and they say, "Collectively, we are spending a great deal of money. We need to fix the way we collectively spend the money."

Mr. VAN HOLLEN. If I could, there is no disagreement that we should not look at these programs, but I have not heard any testimony today that actually goes out to propose specific changes. And

if you look at the Republican budget, it is simply block-granting in the case of food stamps, with dramatic cuts, and essentially the same thing with respect to Medicaid.

Now, I would like to show a chart here. I was focused on the Medicaid part, and I do take your answer, I understand you have to take a look at the interactive, but you are not aware, as I understood your answer, of anything that shows that Medicaid itself provides a work disincentive. This focuses on the non-healthcare supports for low income individuals. This is based on the Congressional Budget Office numbers, and what it shows is, not surprisingly, as the economy improves, the amount of money, the share of income in our economy spent on those programs, those means-tested programs, is going to go down.



So I listened to Secretary Anderson, and I listened to you about the work incentive effects, and I understand we should look at those, but it is hard, I think, for most people to understand that when we went through the period we did, where you have unemployment at 10 percent that people could be making the argument, "Gee, if some of those people did not have the benefit of food and nutrition programs, by God, the unemployment rate would be 4 percent." That just does not square with reality, and it does not square with the clear numbers from the nonpartisan, independent Congressional Budget Office.

Now I want to talk about the work incentives for SNAP, because I have not heard any evidence that Medicaid has a negative work incentive. On SNAP the reality is that 58 percent of SNAP households [with working aged non-disabled adults\*] that are receiving SNAP in a month, 58 percent of them are, in fact, employed; people are working. And for people who have children, families with children, 62 percent of those families are on SNAP. So even during this difficult time with high unemployment, the majority of families

\*EDITOR'S NOTE: Clarification allowed by unanimous consent (see page 62).

that were getting food nutrition programs were, in fact, working. And 82 percent of households that were having SNAP were employed within a year. So it is not as if they said, "Oh, boy, I get my \$3 a day nutrition program so I am not going to work." Eighty-two percent were working within a year, and 87 percent of those households that received food and nutrition programs that had kids were working within a year.

Sister Simone, you mentioned this in your testimony; can you just talk about your experience about people who are low income, trying to make ends meet, going out to work, and need a little help from food and nutrition programs, not so they can be in a hammock, but so that they can try and pull themselves and their families out of poverty.

Ms. CAMPBELL. Yes. I am happy to expand on my comments. From my experience, it is a myth among the well-paid that people in poverty are lazy. The fact is, all of the folks that I know who are low-income people strive very hard to work. The issue really is wages, and that minimum wage jobs and near-minimum wage jobs are insufficient to support a family. SNAP is just what it says, a supplemental nutrition assistance program. It is not intended to be the full food budget for a family. It supplements wages already. What we know from not only Billy and his family, but I know that this family we met in Philadelphia, the mom was working, it was a single parent family, and I do agree that we have got to work to support two parent families; that is a really important point. There were disincentives in the past, and that was not helpful, but Billy and his wife are working. In the family that we met in Philadelphia, it is a single mom's income, her high childcare costs, and the fact is that she does not have enough money to buy food. SNAP provides some assistance to her to be able to feed her daughter.

Chairman RYAN. Thank you. Dr. Price.

Mr. PRICE. Thank you, Mr. Chairman, and I want to commend you for holding this hearing. It is vitally important that we look on this War on Poverty that clearly has spent trillions and trillions of dollars, and many individuals believe that we are not getting the best results. And the results are personal. This is for real people. Our goal in all of this is to create the greatest amount of opportunity and the greatest amount of success for the greatest number of individuals so that the greatest number of American dreams can be realized by our fellow citizens. That is what our goal is. We believe, however, that unnecessary dependency is not just unwise, it is a moral question. And so as we hear the comments from the panelists, and, by the way, the word "lazy" has not come out of this side of the aisle, I promise you.

Ms. Anderson, I am so incredibly impressed with the work that you have done and the accomplishments that have occurred in the state of Wisconsin, much as it grieves me to say that, from my concern about Big Ten days and what Wisconsin has done. You identified work requirements and term limits to, or time limits to—term limits are not a bad idea either—but time limits to the success of the program. Was that really pretty much the key to getting 93 percent of individuals off of dependency on government?

Ms. ANDERSON. I think so, and I also think that the incentives change for those people providing the service. You know, I think

there are two pieces to this. One area is where the governments who are providing the services were treating these people like they were incompetent, and then so we changed the incentives around the providers of the service as well so that when they could have savings, we could do everything with the savings. So that was huge incentives for the people who provided services.

On the other hand, a lot of people were treated totally different. I remember that in some of the agencies that I walked into, they cleaned them up. They made them look inviting. They made them look like the private sector workplaces. They put new furniture in it, so a person coming in, a client coming in, they actually felt like they were like, well, human beings.

Mr. PRICE. Yes.

Ms. ANDERSON. So the whole relationship between the person who was providing the service and the person who was getting the service changed.

Mr. PRICE. Increased the level of respect.

Ms. ANDERSON. I think the changes were fantastic. But, so, the time limits are important because I think that pushes people not to lollygag, and, you know, we have a tendency to procrastinate. If I can do something in a week that I need to get done today, I will do it in a week. I mean, that is just a part of our human nature. So the time limits put a little heat under us to move forward, and I do not think there is anything wrong with that.

Mr. PRICE. And on the issue of TANF and listening to my friend from Maryland, Mr. Van Hollen, you would think that we had fixed all of that. The fact of the matter is, this Administration has recently given states the authority to waive the work requirement for TANF. So if we are really interested in self-sufficiency and upward mobility for children and for families, is waiving that work requirement something that is going to get us to a positive end?

Ms. ANDERSON. No. I am pleading with you, do not waive the work requirement. It is so vital, for when people coming in to know that, you know, that something is expected out of them. I do not think we can go back to the notion that when you come in to get a service, nothing is expected out of you, because two things happen: those of us who provide it do not give you anything. I think you reduce the level of interest of the provider; we become a little lackadaisical about what we do. We will go back to having really ugly waiting rooms for people. I think our service deteriorates when we do those kind of things. So it is both sides of this coin that are affected by the work movement and the time limits, so do not change it.

The only thing I would suggest in the work piece is that you treat two parent families the same as you treat a single parent family. When a single mom comes—I am going to use mom because that is mostly who it is—when a single mom comes in, if she has never worked, she is fine, but if a two-parent family comes in and they have no work history, we do not treat them the same. So I think we ought to quit punishing people for being married and in bad luck, and we need to start treating them the same. And we do not do treat them the same. We ask different work requirements for them, we ask them to come in differently. We have got to think about how we are treating men in these programs, and if we want

better outcomes for families, we have got to start treating men differently. That is my third piece: men and fathers have to be treated differently in these programs.

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

Chairman RYAN. Mr. Pascrell.

Mr. PASCRELL. Mr. Chairman, good morning, good afternoon. Profiling is immoral and unacceptable. We have discussed that word in other areas and in other issues. Profiling the poor is reserved for the lowest tier in Dante's Inferno. When you attempt to profile who the poor are, what they believe, what they need, to me, there is nothing lower than that. I am only giving you my perception. My perception. If we continue the path of questioning, you know, we almost can accept the \$20.5 billion cut, \$20.5 billion cut as a starting measure for the poor over the next several years.

So here is where it is, Mr. Chairman and Mr. Ranking Member. If we can only get these folks to go to work and understand the significance of work, then there is no question that we could do away with the federal budget for the poor in this country. And so I would like to see where those jobs are that these folks are going to go to work, those who are capable of work. There are many people who are on food stamps, Mr. Chairman and Mr. Ranking Member that cannot work.

Let me just go down the categories. So my colleagues on this Committee who supported the Republican budget voted for a plan to make SNAP a block-grant program beginning in 2019. A \$125 billion savings from the block grant, and the budget required cutting the program by one-third. I understand that is what some people on the panel, some people over here, agreed to, \$125 billion savings. The amount of money will not be able to rise with needs, so if new people become eligible, states will be unable to add them to the rolls. These may not seem Draconian on its face, but to those families who need food stamps to feed their children, it certainly is.

In New Jersey, we are talking about 871,000 who are receiving assistance now; that amounts to 7.3 percent more people relying on this program than in 2012. So in tough times, this benefit is the difference between going hungry for many families. Now I do not know, Mr. Baron, if you read the Times today, about the Health Impact Project. Now I was going to ask you if you agreed with that report, or you disagreed with it. Can I just refresh your memory on what is in it?

Mr. BARON. Please.

Mr. PASCRELL. Thank you. The impact of proposed cuts to the food stamp program. The report says that the cuts to the program, also known as the Supplemental Nutrition Assistance Program, will not only affect the ability of low income households to feed themselves, but would also increase poverty. Do you believe that the cutting of SNAP being proposed, because we cannot even pass a Farm Bill, let alone that part of it which deals with nutrition. But do you believe what this report says, I mean, it lays it out chapter and verse, do you agree with that? Do you agree or you disagree?

Mr. BARON. Very briefly, it does seem clear, and there seems to be agreement among various folks in this room, that the transfer

of funding through programs like food stamps and other things, Social Security, other income support programs, pulls many people out of poverty. Whether the part where there is, I think, where I would like to draw a distinction however, is that whether these programs break the cycle? Do these or other programs that the federal government funds, break the cycle of poverty over time, where they have produced a reduction, I think that is a different story and the evidence there is less optimistic.

Mr. PASCRELL. But you basically agree.

Chairman RYAN. Mr. Garrett.

Mr. PASCRELL. Thank you, Mr. Chairman.

Mr. GARRETT. And I thank the Chairman. And I thank the panel too, both the academics and the people who really have your feet or your boots on the ground, trying to help those who are the least among us. A couple of points and a question. At the intro discussion with regard to Mr. Baron's comment right now, with regard to poverty and the programs we have now, and whether or not these programs actually lift people out of poverty by how you define these things, I guess people back at home probably think when you say "lift people out of poverty," that means that you are taking them from a position of poverty and taking them out of it for the rest of their life, as opposed to what sounds like, in some of the testimony here, is that maybe they are no longer in poverty, but they are in a state of perpetual dependence upon the state. Yes, the state is providing food and other assistance, and yes, they are no longer in that definitional area of poverty, but they are dependent, still on the largesse, if you will, the charity, if you will, of others, which I guess is not the way other people would think of programs that says "We are lifting them out." It is not dealing with, as you said, Mr. Baron, is, you know, ending the cycle of poverty. And I guess the numbers speak for themselves when you are going after trillions of dollars from 19 percent to 15 percent. We are talking about people's lives here, and that is merely a rounding error, if you will, in some respects, but these are people's lives that are still finding themselves in that.

Now to the question with regard to work, and I appreciate Sister Campbell being here from the faith side of it, and you raised that, I guess from a faith perspective, from a Christian perspective—I am not Catholic, but I guess from a Catholic perspective as well—it is a moral imperative. I was trying to think of the Scripture, I think it is from, probably, Genesis 2 where God actually took man and put him into the Garden of Eden, right, and directed him to work the Garden of Eden. And that, if I remember my Scripture well, was actually before the fall, and things got really worse after that, right? After the fall and he sinned, then, actually, it was not so easy to work the Garden anymore, and now he had the thickets and the rest to deal with. But from a Catholic and a Christian perspective, work is a moral imperative.

Now one of the people you had up on the screen, I forget, was it Billy or Willy?

Ms. CAMPBELL. Billy.

Mr. GARRETT. Billy. Yes. And I understand his situation is like people back in my district where they said, "Oh, things have gotten worse because they have lost hours," not to go down another road



here, but that is something, literally, I have heard from people back in my neck of the woods on another bill, healthcare-related bill, the Affordable Healthcare Act. Businesses are going from 40-hour workweeks now down to 30-hour workweeks, and that is devastating to you if you are working at \$8, \$9, \$7, \$8 minimum wage hours because you may have just been getting by if you are earning \$30. Have you heard from any folks at that point, that their hours are being reduced, and how that impacts around them yet?

Ms. CAMPBELL. No, I have not, especially as the clarifications around the ACA are being shared, that most of the workers like Billy himself worked for a small employer who actually is not affected by the ACAs, fewer than 50 employees, so I have not heard that.

Mr. GARRETT. Okay. I guess I am hearing from the ones who have a little bit more, so they are being affected by it. On the work requirement, one of the statistics I had, and I guess I will go with Dr., or Ms. Anderson, sorry, that the drop, when they put the work requirements in for those receiving welfare, was 57 percent? It says, "In the years following enactment, the number of individuals receiving welfare dropped by over 57 percent." So that sort of shows at least some sort of effective regulation, if you will, some movement by Congress. Would you agree?

Ms. ANDERSON. Yes.

Mr. GARRETT. You did the right thing there, yes?

Ms. ANDERSON. Yes.

Mr. GARRETT. Yes. Now on the other hand, though, we have the president issuing the waivers, I guess, Dr. Price talked about that back in July of last year. From our legislative point of view, I am not sure that the president actually had the authority to do what he did. Does anyone want to chime in on the authority of the president to issue waivers when Congress says that you actually have to have a work requirement?

Ms. ANDERSON. Well, I am not a Constitutional authority, so I know I cannot answer that. I think that is really, as I understand, the Constitution is really in your hands, as Congress.

Mr. GARRETT. We would like it to be, but it keeps being taken away from us.

Ms. CAMPBELL. If I might add a little piece on that, the waivers were issued in requests from both Democratic and Republican governors in the tough economic times.

Mr. GARRETT. Right.

Ms. CAMPBELL. That they were unable to get people placed in work, new placements in work settings, and so the request was on the part of the governors that the Administration, they ceded to.

Mr. GARRETT. Oh, no doubt. I mean, it comes from both sides, but sometimes the Constitution still puts these requirements and prerogatives in the legislative.

Ms. CAMPBELL. Oh, I believe that the legislation allowed for flexibility on some issues, and I believe the interpretation was that was an issue they had flexibility on.

Mr. GARRETT. We may have to disagree on that one. And I see my time is up.

Chairman RYAN. Thank you. I understand, Secretary Anderson, you have to go testify at Ways and Means, and so I want to thank

you very much for sharing your time with us today, sharing your story, and for your just decades of service to the needy, and your effective service to the needy. We really appreciate it. Thank you. We will excuse at this time Secretary Anderson, and we will just continue the hearing with the other witnesses.

Ms. ANDERSON. Can I make a parting statement?

Chairman RYAN. Sure.

Ms. ANDERSON. I think that when we talk about giving people government money to move them out of poverty, I do not think that is our issue. I think our issue is that they stay there, and all their talents and gifts are lost to the larger community, and what is important is the spirit of the human, and if we have people just taking, they lose their spirit. They do not become integrated into the community. So the giving of programs and money is not the answer to human dignity, and I think we have got to think real clearly about, as government, what we are willing to do and how long we are willing to keep people there. And so our goal ought to be not just to say this person is making so much money off the government programs, but to help them become independent and contributors to the larger society.

Chairman RYAN. Thank you.

Ms. MOORE. Mr. Chairman, can I be recognized out of order before Secretary Anderson leaves? I just want to make a comment to her briefly.

Chairman RYAN. Okay.

Ms. MOORE. You can ask unanimous consent.

Chairman RYAN. Polite.

Ms. MOORE. I am so happy to see you, Secretary Anderson, and to share with the Committee what our relationship is. I was on welfare in about 1985, when I started working for the Department of Employment Relations in Wisconsin, and I had to commute from Milwaukee to Madison, and Eloise Anderson was the person who trained me. She was my trainer at the Department of Employment Relations, and so I know her very well, and I am really happy to see her. She was brilliant, and, of course, that was contagious. I am brilliant now, too. So anybody who has any problem with me could blame it all on Eloise Anderson. Thank you so much. It is really good to see you.

Ms. ANDERSON. Good seeing you, too.

Ms. MOORE. Okay, see you home.

Ms. ANDERSON. Okay.

Chairman RYAN. All right. Thank you. Where are we? Ms. Castor.

Ms. CASTOR. Well, thank you, Mr. Chairman, and thanks to the witnesses for this opportunity to discuss what the Republican policies of late are doing to throw up roadblocks to so many of our families in achieving self-sufficiency and climbing out of poverty, being able to get on those ladders of opportunity and become successful in life, and I would like to highlight one other subject area that has not been mentioned today, and that is Head Start.

The Republican budgets that have been passed in the past couple of years really take, they just take a hammer to children across America that rely on Head Start, and future younger kids that would have had an opportunity to get into that Head Start class-

room that is proven, by research, to provide positive gains in the educational attainment in later years, because it focuses on the whole child with nutrition, making sure their parents are self-sufficient, sometimes learn English, and that they get the dental care that they need.

In my community in the Tampa Bay area in Florida, we are very proud of our local partnerships in the Head Start classroom. We take those federal dollars and match them in our public schools, our local county with the YMCA, with Lutheran Services. We have about 3,500 children in Hillsborough County alone on Head Start. We have got 1,000 kids on the waiting list, because the parents have come to appreciate what that does to promote their own self-sufficiency. And in April, after the House Republican majority passed their very harsh budget, and it became apparent that there would be fewer slots for children to get into the Head Start classroom, I met with a group of parents, and taking a page from Sister Simone, I will give you an example.

Lindsey Sabolsky [spelled phonetically] shared a story with me that she went through a tough time, she went through a divorce, she could not support her two young children on her part-time job, so she ended up in a women's shelter. She wanted to work, and it was the Head Start classroom being able to enroll her handicapped son and her daughter in Head Start in a full-day program that allowed her to go back to school, get her degree, get a full-time job, move out of the shelter, and it helped ensure that her children had a head start in life. She said to me that, "I met people where I was in the shelter that tried to get on their feet, but they could not, and without Head Start, I would still be one of them."

I think Sister, you said this highlights some of the diminished prospects that are all too common now, and that will be reinforced under these harsh Republican policies. Whether it is Medicaid, if it is the older couple that wants to stay in their home and not go to the nursing home, or it is the kids that rely on special education or the Head Start classroom, I see that we are going to lose ground unless we all come together and face the fact that we have been through a tough time in this country. The answer simply is not to remove the safety net and say we are not going to do anything on jobs, but to build those ladders of opportunity back for our families across America.

So Sister, could you comment on that? We offered an alternative, you have offered a faithful budget alternative; talk about the importance of education and children being able to get a head start in life.

Ms. CAMPBELL. Well, I think that is one of those proven programs that does make a huge difference for young children in their capacity both to learn, to succeed, and to graduate from high school. We now have longitudinal studies that indicate kids that have gotten through Head Start have a higher graduation rate than kids from low income neighborhoods who do not. So I think it is one of the most successful programs that we have going. Yet, on the other hand, it is the very one that is subject to being cut. I would just also want to emphasize that it is the family approach of Head Start that makes a significant difference because it also bolsters parents' capacity to enter into their children's lives. We

were recently at South Central Lamp in South Central Los Angeles at a fabulous program that works with the young kids in a Head Start program and their moms in ESL, and learning to be advocates for their kids in the public school. It has been a program that has been in effect for 20 years. It has caused the neighborhood school to improve dramatically because parents are demanding performance. That is key.

Chairman RYAN. Thank you. Thank you. Mr. Ribble.

Mr. RIBBLE. Thank you, Mr. Chairman. Thanks for holding the hearing, by the way. I think it is a really important topic, and one that I think matters to virtually every American. It does not matter whether we are conservative or liberal, Republican, Libertarian, however we might see different. We might have different angles to get at it, and so I just really appreciate being part of this.

I am going to start with Mr. Baron. You talked a little bit about education, and have you done any research or studies on the effectiveness of early education programs like Head Start and things like that? Does it improve outcomes? Are we getting a result on that program? What is your take on that?

Mr. BARON. There is no question that there are effective Head Start centers across the United States; examples might be those that have been described. However, there was a large definitive evaluation of Head Start that the Department of Health and Human Services funded, which was a gold standard study. It was a random assignment study, which randomly assigned some families and children to get Head Start and others not to get Head Start. They could get whatever was available in the community. Then they tracked outcomes over time for both the Head Start children and the others.

That study produced definitive results and very disappointing results. They showed some early effects, for example, on the children's ability to identify letters in pre-school. But by the end of first grade, there were basically no differences in cognitive, health, or other educational outcomes or behavioral outcomes between the Head Start group and the control group. Same thing was true at the end of third grade.

It is important to recognize, however, that kind of study shows the average effect across Head Start, meaning that there are undoubtedly effective Head Start centers, but their impact is likely diluted out by all of the ineffective centers. And, in fact, HHS did sponsor a second study of a particular intervention, a Head Start curriculum, a teacher training curriculum in Dade County, Florida, and tested that against usual Head Start and found fairly sizeable improvement. So there are specific strategies, improvements in children's reading and language ability that extended into early elementary school. So there probably are effective strategies within Head Start that could be expanded to improve the program.

Mr. RIBBLE. Okay, thank you. Sister, I just wonder if I could maybe talk to you a little bit, and I will be very brief on my own religious upbringing, but my father was a minister. I have five older brothers, three of them are pastors, and I have got two sons and one of them is a pastor.

Ms. CAMPBELL. Whoa.

Mr. RIBBLE. And so the work within the church, and I will define Christianity in its broad, multi-colored strokes, the United States population, I have seen numbers at anywhere up to 70 to 73 percent of the U.S. population that would consider themselves Christian. So I am struck by the church reaching out to government to do something that is so directly their nature. Christianity is all about serving the poor, reaching out to orphans and widows, and meeting that need.

Ms. CAMPBELL. Right.

Mr. RIBBLE. What is the church doing wrong that they have to come to the government to get so much help?

Ms. CAMPBELL. Well, I think it is more a reflection of the dimension of the issue. Last year, Bread for the World, which is a Christian organization that advocates on the issues of hunger in our country, figured out that on the House Republican budget, the cuts in food stamps alone—that was last year's budget—would cause every church, synagogue, mosque, house of worship in the United States, just on that issue alone, to each raise \$50,000 every year for 10 years to replace the amount of service that was being cut.

Mr. RIBBLE. Can I ask a question?

Ms. CAMPBELL. We have a limitation in our capacity to do that.

Mr. RIBBLE. Your capacity is the same as our capacity. I mean, it is the same people.

Ms. CAMPBELL. It is the same people, but I believe that when you look at where, and this comes out of our teaching and within our church tradition, is that justice comes before charity, and that everyone has a right to eat to realize their human dignity, and therefore there is a, in our position, a government responsibility to ensure everyone's capacity to eat. We do the charity part, which is the reaching out, the love, like Tia, the story of Tia that I told, that love and care makes a difference. But the issues are so big, and some of it, there is not sufficient charitable dollars there. We supplement; we have a cornerstone of federal money, private money, and good old-fashioned generosity that makes it work.

Mr. RIBBLE. Thank you. And I am out of time. I will yield back, Mr. Chairman.

Chairman RYAN. Mr. McDermott.

Mr. McDERMOTT. Thank you, Mr. Chairman. This hearing is surreal. It ought to be about jobs not about poverty because if everybody had a job there would not be any poverty. But we never have hearings about jobs and how we could help people get jobs in this Committee. We talk about poverty and blame the poor.

Now it reminds me of that cartoon from Herb Block before many of you were born. In 1964, there was a cartoon of a mother and child in rags standing in a doorway, and Barry Goldwater walked by, and the guy behind Goldwater looked at the kid and said, "Son, what you have got to do is go out and inherit a department store." Now, this whole business about who is being affected here, nationally, unemployment receives an average of \$1,200 a month. That is \$200 less than the average spent on housing alone in most states. So if you are on unemployment you have got a problem, and if you do not have unemployment, you do not have anything, except the only guarantee you have is SNAP.

Now I was just sitting here figuring, you know, if I was an ordinary person, a poor person listening to this, I would say to myself, "I get my SNAP payment, and I can either take it, save it up, and pay the rent and have no food; that would be one way to handle my problem. Or I could go buy food, and then, gee, where am I going to get the rent? Now I have got to sell some services around here somewhere. What am I going to do, clean the streets?" You are not living in the real world. Nobody here has to make a decision whether you feed your kids or not, or whether the subsidized lunch program that got sliced by the sequester is functioning in your school districts. For some kids, that is the only full meal they get a day, which is down at the school in the subsidized lunch program. When you start looking at it, I mean, half the safety net programs in this country goes to seniors. Tell those people to go out and get a job, "Get out of there," and "Get out of your house," and "Get out of your rocking chair and go get a job." That is what the problem here is. You want to cut the safety net more and 14 percent of the safety net is for food assistance, including 20 million kids.

Now I went to Wheaton College, right? Billy Graham went there. I accepted the Lord Jesus Christ as my personal savior when I was 6 years old. So I have got credentials about religion, okay? And Jesus said, "Suffer unto the children and let them come unto me," right? We say to them, "Hey, you have got the wrong parents. You cannot eat. Tough luck, kid." Look around. Sister, tell us what you do with a woman who comes to you and is offered a \$10-an-hour job flipping hamburgers somewhere, and has two kids for daycare, how does she make it on \$10 an hour?

Ms. CAMPBELL. It is a huge challenge, and even \$10 an hour is higher than what many get. I think the way people do it is that they scramble. Let me tell you. Can I quickly tell you about the pastor I just recently talked to down in Raleigh, North Carolina, a Baptist pastor? She was telling me about a challenge for a low-wage worker exactly like that, and what their church did, which goes back to the other point, their church, some of the grandparents in the church on Social Security are doing child care for this kid, the mom's child, because she is working an evening shift, and child care is horribly expensive for an evening shift. So the church was coming together to be supportive, but then the challenge becomes transportation after the buses stop at midnight.

Mr. MCDERMOTT. I was about to bring up transportation.

Ms. CAMPBELL. And so the combination of childcare, transportation, and just keeping a roof over your head, it becomes an incredible squeeze, and she is able to use food stamps to help support, and feed her child. It is just low wages. If she made \$15 or \$18 an hour, it would be a lot easier, and she might be able to accommodate it, but she is working at too low of a wage.

Mr. MCDERMOTT. Let me just put in here one fact that people are not paying any attention to today on poor people. Gasoline in Seattle when I left was \$4.07 a gallon. Now I remember when it was 18 cents a gallon, okay? I am old enough to remember the past. It is \$4.07 a gallon now, and you cannot get to work if you do not have a car, or if the bus does not happen to run to where you are

going. That is the real problem here is the barriers to getting to work, even to the jobs that are there.

Chairman RYAN. Thank you. Thank you. Mr. Rice.

Mr. RICE. Thank you, Mr. Chairman, and thank you, witnesses, for being here today. It certainly is very enlightening. I want to say I absolutely agree with what Mr. McDermott said a minute ago, that the best thing we can do to resolve this situation is to provide jobs for people. Where I disagree is he said we never talk about jobs. And, you know, I take notes on the things I say in these Committee meetings, not every time, but almost every time. I think he must have been napping when I was talking because every time I talk it's about how to create jobs. And I think the path to that is to make this country more competitive where we can adopt a tax rate that is competitive around the world, where we can stop all this over-burdensome, stifling government regulation, and bring American jobs back here. I agree that is the way, the only way that we are going to have a permanent solution to this problem.

I have been sitting here listening to you all, and it really is heartwarming to hear what you say. It is gratifying to hear what you say in terms of solutions. And two of the main things I hear, I heard Ms. Anderson say, "Please keep a work requirement." And I heard the two of you guys particularly say that, you know, you have got to evaluate what you are doing periodically, and make sure that you are using your limited resources in the best way. And those things are just incredibly common sense to me. I had the blessing, really, of serving on the board of a homeless shelter where I live for 20 years, Myrtle Beach Haven Homeless Shelter. And this crossed the old guy that started the place, a guy named Bill Sweeney. He was involved in every charity in town. And we did not have a homeless shelter in Myrtle Beach, which attracts a lot of people. So he started it, and he, right at the beginning, put in a work requirement. You have to either be working or looking for work. You can only stay for a temporary period of time. And he started out with about 20 beds. He ran that place for 10 years. He called me one day and asked me to be president, I said, "I cannot do that, I am in the middle of my career. I got young kids." He said, "I will not let you do it. I run this place. It is mine. I am going to do it." The sneaky son of a gun died on me six months later, and I ended up running it for 10 years.

But we had a work requirement from day one. We built a brand new facility in 2007 when times were still good, 50 beds, only one in the county that could take families. But in the meantime, over those 20 years, other homeless shelters appeared. And not many, but a few people would go from one homeless shelter to the next. We were competing for resources, and so we decided to do what you guys suggested and look at how we were spending our money, and how the area was spending its money on this service. As a result, we went through a two-year period, and we are consolidating now a lot of services. So, again, what you say makes perfect sense to me.

I would like to ask you, Mr. Baron, if you could make one suggestion for what we could do with all these means-tested programs, or if you just want to focus on any one of them, one suggestion to

make them more efficient, what would it be? Then I want to ask the same question to you, too.

Mr. BARON. Yes. Thank you, Congressman. In welfare reform in the 1980s and 1990s, that is the one area of social policy where there is a large body of evidence, there was developed a large body of evidence, of rigorous evidence, about what worked in moving people from welfare to work and what did not work. One of the reasons for that was because for about a 15-year period, starting in the Reagan Administration, through the first Bush Administration, through the Clinton Administration, the federal government had in place a policy where they said to the states, "We will allow you to do your own welfare reform demonstration programs. We, the federal government, will waive provisions of law and regulation to allow you to do those reforms. But, as a quid pro quo, we will require a rigorous, usually a randomized evaluation, to determine whether it works or not."

And that produced more than 20 different randomized studies of approaches like time limits on welfare, job search and assistance, job search assistance, job training, earning supplements, all across the ideological spectrum. It encouraged a lot of innovation, and we learned what worked. And a lot of things that people thought would work, like providing remedial reading and math to welfare recipients, turned out not to work. And what those studies showed consistently was that moving people quickly into the workforce through short-term job search and training was both more effective and less costly than sending them back for remedial education. And that is one of the reasons that helped build political consensus, particularly among centrist Democrats, including President Clinton, for the work-focused 1996 Welfare Reform Act. That kind of approach could be done across the board in social spending, encourage state and local innovation coupled with rigorous evaluations to figure out what really works and what does not.

Chairman RYAN. Thank you. Ms. Lee.

Ms. LEE. Thank you very much, Mr. Chairman and our Ranking Member. And let me first say I apologize for running back and forth, but I am over in the Appropriations Committee and we are marking up the Interior Bill, and I just have to say the cuts that are taking place just in that bill alone, Americans will lose thousands and thousands of jobs, and more people will be falling into poverty as a result of what we are just doing right across the way.

So let me, once again, thank you for being here, and just say to Sister Simone, I think you know I was taught eight years by the Sisters of Loretta, and was raised a Catholic, and God knows, I never thought we would get to this point where we would still be fighting to ensure that everyone in our country could be afforded the opportunity to live the American dream. But here we are in 2013, still trying to figure out how to address poverty, which, of course, we must figure out pathways out of poverty into good-paying jobs.

But let me just add, and Mr. Chairman, thank you for your note back to me, I met this wonderful hard-working woman over the weekend. She is a young mother. Her name is Tiana Gaines Turner [spelled phonetically], and she is really a witness to hunger. She has been homeless and is a powerful advocate for those who live



in poverty. We talked about what would be discussed today at this hearing, and what she would say to members if she could be here. And this is what she said. She said, "Have more people who are going through these programs at the table. Invite us to the table. Have us sit there and hear my story. And you understand, walk in my shoes," she said. She said, "It is easy for people to sit back and judge me without even asking me." And I just have to say, as a former public assistance recipient myself and formerly on food stamps, I understand what she is saying, and it is so important. And Mr. Chairman, I hope, at some point, we can have Tiana here so you can hear from her perspective what is taking place out there.

She works. You know, part of the working poor, unfortunately, and we were with people who make \$7.25 an hour, they work, and they rely on, unfortunately, they rely on SNAP, they rely on Medicaid, they rely on Section 8 because they cannot make a living wage, they cannot make enough just to survive. No one wants to be on public assistance, no one wants to be poor; everyone wants a job. And I can say that from personal experience. But I do have to say, this was during the Bush era, I had to establish the Out of Poverty caucus because we saw the social net being cut, we saw the Bush economic policies kick in, and we saw the steady rise in poverty begin. So we cannot forget what this history is.

I wanted to just ask all of our witnesses very quickly about the intersection between race and poverty. We know that 28 percent of African-Americans live in poverty, yet number-wise, we have more whites living in poverty based on the numbers. The Chairman said, of course, as you opened up, as we say, that if you work hard and play by the rules, you can get ahead. But with so many communities here, especially in communities of color, there are barriers to even getting to that place where you can play by the rules because you are stopped every step of the way. So I would just like to hear from you how you see this whole issue of race and poverty coming together, and what we can do in communities of color to begin to level the playing field so that, yes, if African-Americans, and Latinos, and Asian-Pacific Americans work hard, we know how to play by the rules, but we cannot even get in the door. And we witness all the things that have taken place recently to understand that a little bit more vividly.

Ms. CAMPBELL. Well, if I could start, just briefly, I think that I wanted to reference the Faithful Budget that I submitted, and I understand I have to ask that it be submitted with my testimony, if that would be appropriate, Mr. Chairman.

Ms. LEE. Yes, and also may I ask also that Tiana's testimony, as well as the testimony coming from Deborah Weinstein, who is the executive director of the Coalition of Human Needs be submitted for the record, Mr. Chairman.

Chairman RYAN. Without objection.

Ms. LEE. Thank you. Sister Simone, I am sorry.

Ms. CAMPBELL. Thank you. But in the Faithful Budget, which is the interfaith effort here of all of the organizations, Christians, Jewish, and Muslim community here in Washington, D.C., we put together a Faithful Budget. Some of you have heard of it. We have lobbied your staff about it. But in that, we lift up one of the con-

cerns, which is that race continues to be part of the real challenges and we need to address issues of poverty and disproportional levels of poverty among people of color. And I think especially in the African-American community, I think the idea of doing testing on innovative programs, incentivize some innovative programs, which requires dollars to do it, but if we incentivize it, test it, and then build out programs that work, there are, at the local levels, good ideas, but we need money to make it happen.

Chairman RYAN. Thank you. Mr. Williams.

Mr. WILLIAMS. Yes, I want to thank all of you for being here today. I appreciate your testimony. We earlier heard about jobs. I am a job creator. I have been in business 42 years, so it is all about jobs with me. Jobs are the answer. One of the things that I think we have heard today that impressed me was earlier, by Ms. Anderson, I believe it was, "a brown bag is more important than a free lunch." And I think that gets down to families. And do you not think a lot of this debate is the fact that we have lost our family values, we have got single parents and so forth, and we need to get to that, that has a lot to do with what we are talking about? Ms. Anderson?

Ms. CAMPBELL. Oh, I agree family is key, but I practiced family law for 18 years. That is all right. I practiced family law for 18 years in Oakland, California. And I found, with low income families, that the biggest cause of family break-up was economic stressors, and not being able to have enough wages. And so I think the most important piece that we could do that would support families would be raise the minimum wage. It would really be a significant support, and do what Ms. Anderson said, "Do not penalize two-parent families."

Mr. WILLIAMS. Or you could do away with the minimum wage, and not have a maximum wage like this Administration is talking about. But that is another issue.

Next you talked about opportunity.

Ms. CAMPBELL. That is another issue.

Mr. WILLIAMS. You talked about opportunities.

Ms. CAMPBELL. Yes.

Mr. WILLIAMS. I agree with you. Right now, though, we have a situation where it is kind of opportunities versus guarantees.

Ms. CAMPBELL. I do not understand.

Mr. WILLIAMS. This Administration is doing a lot of guaranteeing when the private sector and small business is the venue to create opportunities, would you not agree?

Ms. CAMPBELL. I do not understand the point. What I do know is that for every job that is available currently there are four applicants, and that the issue is we need more jobs created. I also know that big business has a very large cash reserve, and they are not creating jobs at this point. I believe some incentives for job creation could be a big help, and we already disagree about minimum wage, apparently. So that is another issue.

Mr. WILLIAMS. Low wages drive poverty, I think you said that, and that is exactly right. And again, that gets back, as you said or as I am saying, that government regulation is killing the drive in small business to hire these people, and it gets back to jobs. And the job creators are your small business owners.

Ms. CAMPBELL. I disagree with the causal relationship that you draw.

Mr. WILLIAMS. Okay.

Ms. CAMPBELL. I think we need to do some testing of that and see if there is a relationship.

Mr. WILLIAMS. And let me also say, since we are time limited, let me also say this, and I am reiterating what Congressman Rice said, I have never heard anybody say that people in poverty are lazy. And I just want to get that on the record. Also, I want to remind you, too, you were asked a question, are you aware that people are cutting wages back from 40 hours to 30 hours from the ObamaCare; you were unaware of that. I can tell you, as a small business owner, that is happening everywhere. And that, again, does not help the economy or the poverty situation.

The bottom line is we talk about roadblocks. Roadblocks to unemployment and hiring, frankly, is big government. And we are seeing that, and if big government worked, we would not probably be having this conversation today. So, anyway, I think at the end of the day we have got to have more belief in the private sector. The private sector are the people who create the jobs. And that is the only way we get government regulations off the back of small business and for business people to create the jobs, you are going to get people out of poverty. That is just the way it is. Government cannot get people out of poverty because it is on the backs of the burden of small business. It works just the opposite.

So we are going to continue to have this conversation until we get an administration, I think, that understands individual responsibility is the answer, small business is the answer, and we quit burdening everybody with government regulations.

So I yield back, or if you have any comments.

Ms. CAMPBELL. If I might, I do run a small business. At NETWORK we have 13 employees. It is tough, I understand that. But I think health care, controlling health care costs is a good way forward. We have been able to expand our staff recently because of hard work on our part. I agree that is an important way forward. The problem is that there is not enough investment in work right now, and my perception is, that there is no requirement that people pay higher than minimum wage, and so we have not been able to bring wages up. I think, as a person of faith, I do have this idea of original sin, and I do think that regulation helps us avoid the failings of original sin where we do not necessarily raise wages when we think about it.

Mr. WILLIAMS. Well, thank you very much.

Ms. CAMPBELL. Thank you.

Chairman RYAN. Thank you. Mr. Cicilline.

Mr. CICILLINE. Thank you, Mr. Chairman. Thank you to the Ranking Member. Obviously, thank you to the witnesses, and obviously, I think we are all interested in our responsibility to review the effectiveness of all government programs, and to increase the effectiveness of government programs in every county. I think that goes without saying. But I think we continue to have this conversation about poverty in America in a sense of sort of money being given to people who live in poverty, and not really recognizing that we all benefit, all of us, everyone in America benefits from an

America where people have access to quality health care, and good nutrition, and a great education, and a good job, and a safe and affordable place to live, that we have a collective benefit to that. It is sort of one of the great geniuses of America. And only when everyone has the opportunity to realize their full potential do we realize the full promise of our own country.

And so I think, you know, we have this conversation at this hearing, and it is as if, you know, you have a baseball team, and you are cutting the coaching staff in half, closing the practice field, reducing training, eliminate the batting cages, and wondering why you are not winning more games. But, of course, these have much more serious consequences. But we have entertained a whole series of budget proposals in this Committee and actions on the House floor which intentionally disinvest in the things we know help to reduce poverty in America. The SNAP program we have already talked about it. Millions and millions of families have been lifted out of poverty who are living on the edge because they have access to food and nutrition through the SNAP program. The Medicaid program prevents millions of seniors and people with disabilities from living in poverty. We know that. The discretionary funding that is available for subsidized housing, and Pell grants, and Head Start, and community health centers all help to reduce poverty in America. And if you take out everything we have done to reduce poverty, of course you do not see great progress. But it is precisely because we have made those investments that we have reduced poverty.

And so I feel like we are in Alice in Wonderland, like, oh, if we do not invest in reducing poverty in this country, it is going to go away because everyone is going to get a job. I mean, we have empirical evidence about the effectiveness of these programs, of making sure that seniors, and people who are disabled, and people who are poor have access to health care, making sure that child care is available so people who are working and not making sufficient wages to support themselves can have child care, and can have access to food for themselves and their children. And the EITC and all these programs which are under attack in this Congress to fund more tax cuts for the wealthiest corporations in America, more subsidies for big agricultural corporations, and, you know, subsidies for big oil companies.

So I would like to ask you, Sister Simone, to talk a little bit about the budget priorities that you can recommend that will help move people out of poverty, make the investments that are necessary to give people hope and opportunity, and to be sure that we are growing the economy of this country and getting people back to work.

Ms. CAMPBELL. Thank you for that opportunity to respond to that question because I think the piece that keeps getting missed is that in 1964, yes, there was 19 percent living under poverty, but in 1973, it was 11 percent. In 2000, it was 11 percent again. But since then it has gone up because of the economy. So it is not just like it is a straight line and we have not accomplished anything. But in the Faithful Budget, what we look at is a priority that there should be Reasonable Revenue for Responsible Programs. And we believe that there should be the accountability that my colleagues

here on the panel have spoken about to make sure that they work. But we also need to make sure that there is as much accountability from what we call corporate welfare, the corporate handouts that you listed, we should know, are they creating jobs? Are they properly incentivized to create jobs? Are they properly incentivized to raise wages so that all Americans can benefit, and that it is not just a dividend or a CEO top management issue? We should have to look at those incentives for responsible programs.

And then, additionally, we believe that we also need to make sure that Pentagon spending, the whole Defense Department is as accountable in their spending, which is a lot higher dollar number than the programs we are currently talking about it, so we need to make sure that they are as responsible as everybody else in the government, because we know that we need to get value for our tax dollars. That is true. But in our Faithful Budget, what we have are a set of priorities that set out specifically what those responsible programs do. And we need reasonable revenue for it, which is taxes; we need to raise reasonable taxes to pay for.

Chairman RYAN. Mr. Duffy.

Mr. DUFFY. Thank you, Mr. Chairman. As a relatively new congressman, I have had a chance to travel around my district and meet with a lot of the folks who provide many of the services to those who are most needy in our communities. And, listen, there is real needs, not just in my district, but I think there is real needs around the country, people who are having a hard time putting food on their table, people who are having a hard time finding shelter, wondering how they are going to care for their kids. That is a real problem in America. And I think both sides of this aisle understand that problem and want to get to the root causes of those problems so we can have a better country, a more prosperous country.

In Wausau, where I live, there was a situation recently where there was folks who were homeless. And if you do not know, in Wisconsin, it gets kind of cold in the winter. And they did not have anywhere to go at night. And the community came together and set up a warming center, so at night, people could come in and get warm. But a community acting on the real needs of those in their community, and it is not a situation where people prefer to be out in 20-below weather at night because it is fun, it is because they do not have a place to go. So I acknowledge the real needs that we have across the country, and the need for us to have effective programs to address those needs.

And I think that is the debate here. How do we effectively use our resources? How do we come together to make our dollars stretch the furthest to help the most people in the most effective way? And I think some will say it is noble of me to just address the pain of poverty. Well, that is important. If people cannot eat, you have got to address that pain. But what we want to do is get to the root cause of the poverty, and how do you move people out of poverty into prosperity. And that is maybe the real differences that we share across this Committee is, is it just the pain which we all want to address, but is it the pathway to prosperity for those who are in the poverty? And I think that is kind of the divide that you see today being debated.

And I did not want to go into the tit for tat, but maybe I will a little bit. We look at policies that are advocated on both sides, and I look at the president's energy reform proposals. Listen, over 60 percent of energy in Wisconsin comes from coal-burning power plants. And if you attack coal, or if you attack other energy sources, you are going to increase the cost of utility bills in Wisconsin homes. Now, for the upper middle class and wealthy, that does not have a big impact. But my middle class families, my poor families, that is a big deal. Those are real dollars coming out of their pockets because of an energy plan by the president. My colleagues have mentioned ObamaCare or Prop ACA. Listen, when you have folks who are moving from full-time jobs that are low paying into part-time, 30-hour-per-week jobs, that is a real pain on people who need to work full time. They do not want to work just full time, they are oftentimes working multiple jobs. And here they have a headwind going I cannot even keep a full-time job, it is now a part-time job; real pain. We have seen situations where we have got policies that have advocated for people to buy homes that they cannot afford, no documentation, lax underwriting standards where we encourage people to buy homes they cannot afford, they found themselves in foreclosure, and they have not advanced their financial well-being, but it is actually been reduced. I mean, and these are policies that my friends across the aisle have promoted.

We have to come together and go, listen, none of us have been perfect. But, again, in this hearing, how do we actually get good ideas that are going to actually help those who are in the most need? And I want to get to a question here. Mrs. Anderson had talked about having these welfare programs deal with work requirements and time limits. And I guess, I do not know, maybe I can go down the line. Mr. Baron, do you agree that we should, in these programs, we should have work requirements and time limits?

Mr. BARON. I would say that as was done in welfare reform, different strategies incorporating work requirements are worth testing. But also other mechanisms, like combining work requirements with assistance in finding a job; that has been done very successfully. Job search assistance, resume assistance has been shown in rigorous studies to help move people into the workforce. Also, combining work requirements with an earnings supplement for those who succeed and leave public assistance has also been shown effective. So I would suggest the importance, as was done in welfare reform, of testing a large number of different approaches on the left, on the right, figure out what works, and, as in welfare reform, make policy based on that.

Mr. DUFFY. And Mr. Besharov, just one quick comment before I have to yield back. You have had a lot of discussions, I think, about family, and one of my concerns is the nature of intact families in America, and especially in our poorer communities. And I cannot get to that question because my time has expired. I yield back.

Chairman RYAN. Mr. Jeffries.

Mr. JEFFRIES. Let me thank the Chair and the Ranking Member, as well as the witnesses for your presence here today. You know, poverty is not a white issue, or a black issue, or a Latino issue. It is not a rural issue, or an urban issue, or a suburban issue. It is

not a Democratic issue, or an Independent issue, or a Republican issue. It is an American issue, and it affects all segments of the American society. And I think in the past, when we have attempted to stigmatize certain elements of that society demographically, that has been a mistake, and it has been bad for a real, thoughtful, objective evaluation and analysis of the effectiveness of these programs. And who we are as Americans, in some measure, will ultimately be determined by how we treat the least of those amongst us in the context of our greatness as a society. And hopefully we can leave this hearing today, and it will be the start of an exploration of finding the most effective solutions to deal with what should be a moral crisis in America with 47 million people living in poverty in the greatest nation in the world. That is unacceptable.

Now let me start with the professor. You mentioned that we have got to get the incentive structure correct, is that right?

Mr. BESHAROV. Right. Yes, sir.

Mr. JEFFRIES. Now, would you agree that the best anti-poverty program that we could offer in this country is a good job?

Mr. BESHAROV. Sure.

Mr. JEFFRIES. And the current federal minimum wage is \$7.25, correct?

Mr. BESHAROV. It could be. I do not know the exact number. It is around there.

Mr. JEFFRIES. Okay, now under the current minimum wage, a full-time employee working on a minimum-wage job would make approximately \$15,000 a year, is that correct?

Mr. BESHAROV. Yep.

Mr. JEFFRIES. Now the federal poverty rate for a family of four is approximately \$23,550 per year, I believe. Is that accurate?

Mr. BESHAROV. That is correct.

Mr. JEFFRIES. So an individual who was working 40 hours a week full time, waking up in rural America, urban America, suburban America, going to work to support their family would take home an amount that does not allow them to live outside of the poverty rate in this country, is that correct?

Mr. BESHAROV. At minimum wage, yes, sir.

Mr. JEFFRIES. At minimum wage. Now, is that a proper incentive structure for allowing for a healthy society where we actually minimize the number of people living in poverty when these are individuals who get up just like everyone else, just like the people in this Congress, go to work to try and provide for their family?

Mr. BESHAROV. Two days ago the president celebrated the opening of an Amazon fulfillment facility. And he talked about how there are going to be 5,000 jobs. Today's Washington Post says the average pay for those jobs will be \$25,000 a year, only \$500, Mr. Jeffries, above the poverty line for a family of four. The average worker at that Amazon facility will be eligible for SNAP benefits as currently provided. I do not want to make a judgment about that facility, the people there. But if the president of the United States can only celebrate the opening of a facility where we have people moving boxes that came from some other country—

Mr. JEFFRIES. Reclaiming my time.

Mr. BESHAROV [continuing]. All right. Go ahead.

Mr. JEFFRIES. I thank you for that observation.

Chairman RYAN. Mr. Jeffries controls his time.

Mr. BESHAROV. Sure, I apologize.

Mr. JEFFRIES. I do think it is important to make the point that I agree we have had a very uneven economic recovery. In fact, the stock market is at an all-time high, corporate profits are at an all-time high, CEO compensation is at an all-time high, the productivity of the American worker has gone up, and yet folks in the middle class, working families, those who aspire to be part of the middle class, are still struggling. And so I do think that we have got to reorient our priorities to make sure that this is a full recovery for the poor, for working families, and for the middle class in America. And I yield back.

Mr. BESHAROV. Could I just have permission to say I agree on that last comment, and I want to make sure that we know that there is a fair amount of agreement.

Chairman RYAN. Let me just turn it over to Mr. Rokita, and maybe he will let you do that because I just want to make sure we can get to everybody. Mr. Rokita.

Mr. ROKITA. I thank the Chair, I thank the witnesses. Mr. Besharov, could you continue please?

Mr. BESHAROV. Thank you.

Mr. ROKITA. Not too long.

Mr. BESHAROV. Not too. I think this is a giant issue. I think the issue here is between the needs to provide support to people today and the need to get America back in fighting shape. And my testimony about what is happening in Europe is there, the left and the right got together on the need to create these kinds of incentives. I do not know exactly what the answer is. My last comment here is unless we can win this global race for a productive, productive, population, all we are going to be doing is delivering packages through Amazon. And that is my only point. There has got to be a ground here where we improve the productivity of our workers.

Mr. ROKITA. Mr. Besharov, I completely agree with that. In terms of incentives, that is what I take away from your testimony, obviously, is that the incentives matter, not necessarily the kind of program or even the amount of money put in the program. But just to recap for the record, do you have specific incentives that you would like to see these programs employ, or do you agree with the work requirement or the time limit? Could you go on for about 30 seconds?

Mr. BESHAROV. I think there is a great deal of things to do. One thing I would point out is we had a giant increase in unemployment, a giant increase in unemployment compensation, and very little effort to combine the receipt of unemployment with job skill development, with job training, and so forth. The stimulus package threw money at the problem with no connection, in my opinion, to reality.

Mr. ROKITA. Do you feel the government might be too big to even do that coordination? I mean, honestly, these programs might be so far gone at this point that that simple idea that you articulated might be out of our reach?

Mr. BESHAROV. I have been reading Dan Balz's book about the last presidential campaign, and I just wish the government were



organized the way the Obama campaign was organized. We would be a lot further along on both sides of this argument.

Mr. ROKITA. Wow, that is called leadership, in my opinion. I want to go back to something the Sister said, and several people have spoken on the phrase "lifting out of poverty." And clearly, by her testimony, and 40 million a year or so being lifted out of poverty, the definition is limited to the fact that, and Mr. Garrett mentioned this as well, a check is given, funds are given, and that is the lifting. But the dependence is still there such that if the check was not given, you would not be lifted out. I want to know, as subject matter experts from the two gentlemen here, if that is the conversational definition of the phrase "lifting out of poverty" or not. Mr. Baron.

Mr. BARON. Yeah, I think there is an important distinction, whether providing somebody to income support, whether that is as part of a safety net program, raises them above the poverty threshold, that is one goal. But an important distinction is what has been the trend in poverty over time? Have these programs succeeded in reducing poverty in the United States?

Mr. ROKITA. And what is your answer?

Mr. BARON. The evidence there is fairly consistent, whether you look at the official poverty measures, which I agree have some limitations, but also, there are National Academy of Sciences-based measures, which the Census Department now uses in supplemental measure, which do change the number of people in poverty at any given time. However, they also show a similar pattern over time, meaning no significant progress, even if you do make those adjustments, since at least the late 1970s. So in terms of breaking the cycle of poverty, that is an area where the numbers suggested do not appear to be succeeding.

Mr. ROKITA. Thank you. I am going to skip over Mr. Besharov, since he has already spoken. Sister, thank you for coming, and to you I want to ask the specific question. I have not read your budget, but you say responsible programs, or the two Rs.

Ms. CAMPBELL. Reasonable revenue responsible programs.

Mr. ROKITA. What is the number? What is the number we have to give, we have to confiscate in terms of the property of other people, in order to solve your budget?

Ms. CAMPBELL. What we did was we did not put in the specific numbers.

Mr. ROKITA. Reclaiming my time a second. If we did not put in a specific number, we are made to put in specific numbers in this budget.

Ms. CAMPBELL. Yes, you are.

Mr. ROKITA. And I could tell you from an historical perspective, up until now, that the federal government confiscates from private citizens of this country, and now from people who are yet to exist because of the borrowing we do, but just from the people that do exist, 18 to 20 percent of the value of GDP in a given year, just to run the federal government. And if that is unreasonable by definition of your budget, I want to know what percentage is reasonable.

Ms. CAMPBELL. May I, Mr. Chairman?

Mr. ROKITA. Oh, I am out of time. I have got to yield back.

Chairman RYAN. He is out of time.

Ms. CAMPBELL. Cliff hanger.

Chairman RYAN. You can submit your answer in writing if you like to, Sister.

Mr. ROKITA. Mr. Chairman, please appoint a personal privilege as someone who went to eight years of Catholic school, I have been waiting my entire life to talk like this to a nun.

Ms. CAMPBELL. Be careful.

Chairman RYAN. It was not lost on me either.

Ms. CAMPBELL. Be careful.

Chairman RYAN. I finally get to question a nun, you know what I mean? Same thing. Mr. Pocan.

Mr. POCAN. Thank you, Mr. Chair, for holding this hearing, and thank you to the witnesses. I have to admit I am a little disappointed that Ms. Anderson had to leave. She is a dedicated public servant. I have served under four governors; she has served under two or three of them. And I was just hoping to talk to her about under, unfortunately, the current administration, I know she mentioned that TANF has been largely successful. Unfortunately, under the current governor in Wisconsin, they have siphoned funds off of TANF to pay for their income tax credit, money that would have gone to childcare subsidies so people could work. And clearly the theme coming out of this is about people working in Wisconsin. If you have not followed it, it is one of the worst records in the country right now on job growth. But that is for another time.

I do want to talk about the jobs, though, because that has come out of this. You know, I also am a job creator. It is not because I have run a small business for 25 years, it is because I am a consumer. I think every person in this room is a job creator because when we create demand, that means people like myself can fill that demand by hiring people to then be able to do work. So to me, the consumer is ultimately a job creator. Unfortunately, this Congress has done nothing when it comes to job creation this year.

I guess, specifically, the question, because we are talking about some of the requirements that you might want to have for people in order to receive benefits to work, or I think as Ms. Anderson talked about, even for men to get SNAP, tying in a work requirement. And I know when I met with our job center in Dane County about six weeks ago, of the dozen people I met with, they set up a panel with one exception, one of the biggest barriers was they had previously been in prison. And that is a huge, huge barrier. So making a job requirement in order to get SNAP for them means they would go hungry, and I can almost guarantee you would have recidivism, so that is another point.

But specifically, Sister Simone, you have spent, I think, the second most time, besides Ms. Anderson, in Wisconsin, you have gone there quite a bit, so I thought I would ask you this question. I mean, what do you think when you go around is the biggest hindrance to people working? Is it a lack of available jobs, a lack of skills, or is it just a lack of a willingness or a desire to work? That is one question.

And then if you just have a little time at the end, I know you got cut off twice when you were talking about SNAP, there was an article yesterday talking about perhaps a new proposal that may

be coming out of this House: instead of cutting 2 million people off of SNAP, maybe cutting 5 million people off of SNAP. And I know you have said that is probably the most effective program that you have seen with poverty, if you could just talk a little bit more about that. But if you could start with the job question.

Ms. CAMPBELL. Clearly, we all know that working enhances the dignity of individuals, but that when you work you need to be able to earn enough. As was pointed out, minimum wage does not do that, current minimum wage. What I have found is that everyone who I have met—and granted, that is a small sample—who has capacity and skills is eager to work, but getting connected with good jobs is the stumbling block because the jobs are not there. As I said, for every one job available, there are at least four applicants. And that means, then, 25 percent get employed. But 100 percent need to eat. So if we connect work requirements with SNAP, are we saying that only those who work can eat when the economy is so narrow? I am not understanding that. And the fact is TANF, welfare reform, has, in fact, connected work with cash assistance, which is very small, which, in some states, many people say it is so small it is not worth going after. And rather, they are scrambling, doing hand-to-mouth work, hourly work, anything in the neighborhood that they can get.

I forgot the second piece. Oh, so the challenge is that work needs to pay to be reasonable to get that, and making sure that there are not cliffs for the benefits that help get people into work, like child care, that there is not a precipitous cliff. That is one of the key points, that those wraparound benefits that Ms. Anderson spoke about be available and sustainable. The second piece with regards to SNAP benefits, I think that the experience that we have had, the information that we have from people that we have talked to, is that the SNAP benefits have the least amount of waste, fraud, and abuse because they are electronic benefits, and that they cannot be swapped out for other things. And the fact that people at least can feed their kids is the key. It is a supplement that working families depend on. Raise wages, we can reduce SNAP. Increase work, we can reduce SNAP. A growing economy will reduce the cost of SNAP. Do not cut it. People need to eat.

Mr. POCAN. Thank you.

Chairman RYAN. Thank you.

Mr. POCAN. I yield back.

Chairman RYAN. Thank you. We have Ms. Blackburn.

Mrs. BLACKBURN. Thank you, Mr. Chairman, and thank you all for being here and for your patience. We do appreciate that you are here. I was teaching a Sunday school class at another church this Sunday, not my home church, but another one, and we actually had a discussion of this. And I wish that Ms. Anderson was here because her testimony is so spot-on I am actually going to forward it to someone at that church that had some of these very same questions. And how appropriate, Mr. Chairman, that as we come up on the 50th anniversary of so many of these programs that we are getting into the process of reassessing what does and does not work, and I think it is important that we take those steps.

Mr. Baron, I liked what you said as the way forward, as a former state legislator in the state senate when we had done some of the

Welfare to Work, I like what you are talking about with the trials. And I think that what I would like to hear from you is you look back over this 50-year window, and you can submit this in writing if it is easier for you, what you would say has been, where have our greatest success points been, and what should be looked to be expanded, and what should we view to reduce or even eliminate?

And Mr. Besharov, I would like to hear the same thing from you. You know, what would you consider to be the greatest successes, and then where are the greatest vulnerabilities, and where should we seek to make those changes?

Sister Simone, I wanted to give you time to respond to Mr. Rokita's question because it was one that I had. When is enough enough? Where would you say, if taxes are not high enough now, if people are not sending enough of their hard-earned money into the coffers of the federal treasury, what would you say is enough?

Ms. CAMPBELL. I actually believe, as we set forth in the Faithful Budget, that if you look at Reasonable Revenue for Responsible Programs, that there is a lot of surplus money within the federal government current budget that can be squeezed out. And we do believe that some of that money should be rerouted. So it is not so much increasing, but effectiveness.

Mrs. BLACKBURN. Okay, well, your point, I think that that is a little bit different from what you had initially said, and you also had mentioned Pentagon funding earlier. I will highlight with you, the Pentagon has seen many more cuts than anybody else in recent years. And we would be happy to substantiate those figures for you if you would like to look at that.

Ms. CAMPBELL. I would love to see that data. That would be helpful.

Mrs. BLACKBURN. You know, they had a cut prior to the sequestration and their sequestration was at 5 percent, not 2 percent. So I would be happy to show you those figures if you would like.

One thing I would like to ask you, Ms. Simone, you said that you come to this hearing today for the progress report on the War on Poverty as a Catholic sister rooting in the Christian tradition. Would it be fair for this Committee the question the validity of your testimony today, knowing that the Vatican has reprimanded the Leadership Conference of Women Religious, and singled out your organization in an official eight-page doctrinal assessment for only promoting issues of social justice, and being silent on the right to life from conception to natural death?

Ms. CAMPBELL. Well, I believe that the congregation for the doctrine of the faith is about theological struggles. It is not about our engagement in political activity. And as I said in my testimony, I am pro life. It is that our organization works on the economic issues.

Mrs. BLACKBURN. Okay, is everything in your testimony today, since you come here as a sister of the Catholic church, is everything in your testimony today compatible with positions taken by the Catholic church?

Ms. CAMPBELL. Yes, it is.

Mrs. BLACKBURN. Okay, I yield back.

Chairman RYAN. Okay, I will take your 28 seconds if you do not mind.

I am a Catholic. I think that Sister Simone knows this. There are matters of prudential judgment. There are areas where there are not matters of prudential judgment, life, for example. But there are areas where we exercise different prudential judgment, and this economic sphere is clearly one of those areas where we exercise different prudential judgment, and we come to different conclusions about how best to achieve a goal such as, you know, economic growth, and poverty, and the rest. And speaking as a Catholic who usually disagrees with you on some of these issues, I think you are very well within Catholic social teaching to give the testimony that you gave here today because that is very well within your parameters of exercising your prudential judgment.

Ms. CAMPBELL. Thank you.

Chairman RYAN. Where are we? Ms. Moore.

Ms. MOORE. Thank you so much, Mr. Chairman and Mr. Ranking Member, and all of the members of the panel. I just want to start out by saying it is an absolute untruth that the welfare reform programs were successful. I was there at the scene of the crime when Governor Tommy Thompson ended welfare as we know it. And what happened was, yes, the rolls did fall by 93 percent because it just threw people off the rolls. They were just thrown off.

The leavers, there were studies of the leavers. And leavers did not find jobs. Many of them did not find jobs. Matter of fact, I tried to require that they do data and statistics, which they did not want to do because they did not want to confirm that.

I do think that notions that, you know, having two jobs or getting married do not necessarily work for, quote, unquote, "lifting" people out of poverty because people are working at minimum wage now, and they are making 61 percent of the federal poverty level. So having two jobs will not get you out of poverty. Getting married to someone who is making minimum wage will not get you out of poverty; might get your butt beat.

The World Bank defines poverty for developing nations as living on \$2 a day or less. And, unfortunately, since welfare reform in the past 15 years, the number of people in the United States of America who are living on \$2 a day has doubled.

Now, having said that, I think I could talk about Ms. Anderson's, Secretary Anderson's, testimony without her being here. There are enough people here to take up where she left off. I agree with her totally when she says that she is concerned about the welfare cliff: when we provide benefits to folks, and then as soon as they get up to a certain point, they are no longer eligible for welfare benefits. And we have seen certain programs like the Earned Income Tax Credit, maybe some childcare benefits, healthcare benefits. Would it not seem more logical to expand the numbers of people and the income levels at which they were eligible for those programs instead of saying the illogical thing that time limits would be the result? And I guess I want to ask the panel that.

Yes, sir, Mr. Baron.

Mr. BARON. Yes, I think you make a very important point.

Ms. MOORE. I do, too.

Mr. BARON. Meaning that I agree with that, in the sense that some of the most successful Welfare to Work programs were ones that combined some of the things that we have been talking about:

a strong work requirement with an earning supplement for people who did leave welfare and found full-time work; that was found in Minnesota.

Ms. MOORE. Very good. Mr. Besharov, you have talked about some of the OECD countries, but they allow education. I am concerned about women becoming a permanent underclass because of this work first notion. I mean, the day we start ending welfare as we know it, 10,000 women were kicked out of community colleges and colleges in Wisconsin. And I know I have benefitted, and everybody in this room has benefitted, from education. And we do know that global, as you mentioned, we got to have people doing something other than moving boxes. I am concerned that women are being subject to a gender-based, permanent underclass by denying them educational opportunity under our Work First initiatives. Comment, please.

Mr. BESHAROV. I have thought about this a great deal.

Ms. MOORE. Pardon?

Mr. BESHAROV. I have thought about this a great deal.

Ms. MOORE. Oh, good.

Mr. BESHAROV. And you and Eloise—

Ms. MOORE. Oh, she trained you good. A good baby. I was a program and planning analyst. And this is illogical, the stuff today. She did a good job. And so women are going to become a permanent underclass. Mr. Chairman, I would like to add to the record.

Chairman RYAN. He did not answer your question.

Ms. MOORE. But it is my time. I would like to enter into the record the Citizens for Tax Justice executive pay; there was a comment that Secretary Anderson made. She wanted greater expectations of poor people. I have greater expectations of rich people, too, that they do not cost the Treasury, over three years, \$27.3 billion for tax breaks for executive compensation costs that they never pay. I would like to point out that I wish rich people and crop insurance, we did not have 26 reducers that got \$1 million in premium subsidies. I wish that we could avoid some of the moral hazard. You know, we pay \$1 trillion. Finish my sentence?

Chairman RYAN. Without objection, your document is inserted into the record.

Ms. MOORE. We spend a \$1 trillion a year on the mortgage interest deduction, which I take advantage of.

Chairman RYAN. The gentlelady's time has expired. Mr. Woodall.

Ms. MOORE. But that is my sentence. Okay, here, put this in the record.

Chairman RYAN. Okay, without objection.

Mr. WOODALL. I want to thank you all for being here and waiting for those of us at the end of the dais and our questions. Mr. Jeffries said earlier that what we really have is a moral crisis in this country. I think that is true. I think morality and culture are linked hand in hand. I am concerned we have a cultural crisis in the country. I am thinking of how many folks have tried to put their "I care about getting folks out of poverty" bona fides on the table by talking about how much of someone else's money they were willing to dedicate to solving that problem.

I think about that \$50,000 figure per parish that you cited, Sister Simone. How many folks are in your parish, ballpark?

Ms. CAMPBELL. I do not know. I am in a new parish because our parish got closed, and we are consolidated with Holy Redeemer. So I do not know.

Mr. WOODALL. Well, sounds like it is gotten bigger.

Ms. CAMPBELL. Yes. Up off North Capitol. So I would not say a lot about our capacity to raise.

Mr. WOODALL. Well, I am thinking if we were tithing to get that \$50,000.

Ms. CAMPBELL. This is additional to what we already raised to keep the parish going.

Mr. WOODALL. Absolutely. But if we are tithing, we need about \$500,000 in collective income; if we are all earning poverty-level wages for our family, that is four of us per \$100,000. We only need about 16 folks in the parish. And we will start to get there. Is my math right, or is that 160 folks? Clearly, we need more early education.

But where is that conversation? Because I am concerned that culturally, we are stealing from the American people the obligation to take care of one another; that if I have paid my taxes, that that kind of checks this off the list for me. And we are stealing from folks who are struggling. The joy of having someone look them in the eye and saying that "I care about you." And this is a joy that you know personally, and folks that you work with know personally. But we are not focused on that. We will spend more dollars caring for someone in poverty than we will trying to lift someone out of poverty. And I think that is a perversion of what I would call our cultural morality.

I think about Mr. Besharov said in answer to, I think it was Mr. Jeffries' question, what the minimum wage was. He had to struggle on that. I asked a landscaper in my district just last week what the minimum wage in Georgia was. He said, "Rob, I do not have any idea. We will pay folks \$12 an hour if we can get them to work. I know that is higher than minimum wage, but we cannot find anybody who wants to come in and work. This is hard work that we do, and we have a tough time finding folks to do it." I hear that from my local high schools, that it used to be the farmers in the district could go out and go to the local football team, and get them to come throw hay for the afternoon and give them a fair wage for it. Today, folks say, you know, "That work is just too hard. I am not going to go out and do that."

I think about federal benefits, just Medicare and Social Security, and I will quote Urban Institute numbers because I do not think anyone would accuse the Urban Institute or Brookings as being too far to the right on the issue. They say that for an average-income family in this country, a one-income earner in the family, not a wealthy family, that the present value of their Social Security and Medicare benefits alone is almost a million dollars. Average family has a million dollars in government benefits coming to them, but they may feel penniless. You extrapolate that down to folks for whom we spend so much money caring for, yet one of the most underutilized tax provisions in the code is the Saver's Tax Credit, because we cannot empower folks who feel like they have no options with options.

I would tell you that wealth has nothing to do with how much money you have in your bank account. It has to do with how many choices you could make about your future tomorrow, because if you cannot make any choices about your future, you cannot change the path that you are on.

We referenced the Earned Income Tax credit a bit ago. IRS inspector general says we have the lowest fraud rate in modern times, and it is 21 percent. About \$12 billion that we know are going out the door from the Treasury, these dollars that you were talking about, Sister, that could be redirected dollars we know were intended to help, and they are going to fraud. I wonder if we could find a way to work across the aisle to find those dollars and redirect them to programs that we can agree work.

It is, again, culturally, morally disappointing to me that as you all have come to invest your considerable experience and expertise in us today, that much of the conversation that you have heard here has been, who cares about the poor and who does not? As if that is a starting point at all. I would hope that in America, the starting point is we all care. We have different ways to get there, and are we not going to be closer to finding that solution if we agree that that is our starting point, and from there on out, we are just trying to do it as best we can.

Chairman RYAN. Thank you.

Mr. WOODALL. Thank you, Mr. Chairman.

Chairman RYAN. Thank you. Ms. Lujan-Grisham.

Ms. LUJAN GRISHAM. Thank you, Mr. Chairman. And I want to add my accolades to the Chairman and the Ranking Member. This is indeed a very important topic, and one that brings great passion not only to the folks who were trying to address it by your efforts today, and testifying to ideas and concepts and realities about poverty, but recognizing that we come at this from different perspectives. And I want to do a couple of things before I get to my question.

One is I have a different perspective about what is going on in corporate America. I have seen no evidence that we are seeing full-time jobs cut to 30 hours and less, and part-time jobs because of the Affordable Care Act. That was never the experience in Massachusetts. Saying it does not make it true.

And the reverse I would also point out, that where we have had some job growth, they have been not high-skilled wage kinds of jobs, or actually careers for folks, which creates a huge problem. And coming from a state that is now the worst state in the nation to raise a child, the worst state, we have one of the lowest job growth; I think we still have negative job growth. I should certainly get that fact pinned down. But I am focused on that our unemployment rate just went up by 1 percent.

And I worked for three different administrations: one Republican, two Democratic. Did the Welfare to Work. And we asked the wrong questions, right? We look at units of cost and how many people are in a program, and therein lies what we perceive to be a problem. With more people on poverty programs, we have done something wrong because they are still in poverty. And I would make the case that in Medicaid, you know, we need to either cut the benefits or change the eligibility.



And if you squeeze it one place, it just bulges out another. And we do not talk about the other cost savings, like, for example, in Medicaid, that if we are providing those services, or Medicare, supporting families like mine, who are primary care givers, that is fewer hospital costs. That is the fewer long-term care costs. And we do not ever pay attention to the growth rate of senior and disability populations across the country, which get you to some of these real issues, as if that has nothing to do with what is going on. And it is all just personal responsibility and accountability in these programs.

In New Mexico, senior citizens beg to go back to work because \$10 in food stamps was not enough to make ends meet. They were happy to give up that benefit if somebody would give them an employment, even at minimum wage, to supplement their Social Security. But there are limitations to their opportunities there, not just on the restrictions in Social Security, but whether or not they can get a job.

So it is a complicated effort. And I want to just put it back down to some maybe practical aspects, because I think we forget about who really is getting these benefits. And we say seniors and, you know, we say children. But, in fact, we have seen a huge increase in SNAP at commissaries on military bases nationwide. In 2008, SNAP participation increased by 21 percent at commissaries, and 14 percent nationwide. In 2009, 75 percent at commissaries, 46 percent nationwide; 2010, 38 percent at commissaries, 19 percent nationwide. Now, we are not even paying our men and women in our military sufficient so that they are out of poverty.

If we cut SNAP, and that is the example here, we are going to ask them to be more accountable, to do a better job with their job choices, just exactly what would you do to cover those military families without that benefit? What do you think would make them more accountable? How would you solve this problem, or should you?

Mr. BESHAROV. Well, one of the issues, and we have just kind of glided over this, is, as Mr. Van Hollen said, a large number of the people who are on food stamps are working. I do not think the number is quite as large as you said, but it is a big number.

So the tricky part with doing anything in the food stamp program is to deal with those who are working, in which case the food stamps as an income supplement, as you described, and for the people who are long-term recipients who are not working. And from my own understanding of this, the issue is for the long-term recipients who are not working, not those who are using food stamps as they are now intended, as an income supplement. I think they are two different groups. I do not know how the legislation is going to deal with that.

Ms. LUJAN GRISHAM. But you would agree that we ought to be careful about just cutting those families off food stamps.

Mr. BESHAROV. Oh, for any program, of course, for any program.

Ms. LUJAN GRISHAM. Yes? Yes?

Ms. CAMPBELL. Absolutely.

Ms. LUJAN GRISHAM. Okay, we got three yeses, so it is not so simple as making these reductions and making these programs accountable. I think the people on these programs want real opportu-

nities to make a difference in their lives, and I appreciate that you are here with some of those, but it is irresponsible to just decide that we should cut any of these programs in the name of poverty reduction.

Chairman RYAN. Okay, Mr. Van Hollen.

Mr. VAN HOLLEN. Mr. Chairman, yeah, just a response to Mr. Besharov's point in clarification. The number I was giving you was for able-bodied adults. Did not include the elderly and kids. But those were the figures for that. And maybe, Mr. Chairman, if I could submit it for the record?

Chairman RYAN. In the record, without objection.

Mr. VAN HOLLEN. Thank you.

Chairman RYAN. All right. Mr. Lankford.

Mr. LANKFORD. Thanks, you all, very much for being here. Several different questions for you. The challenge of this is now, after decades of our nation aggressively and rightfully so, trying to help transition people out of poverty, we still struggle with evaluating effectiveness for our programs. And what are the metrics? It seems very often that we count programs based on how many people we serve rather than how many people get off the program. I know I have heard that over and over again, and so I would like to get a chance to just have some dialogue about that.

Pick any one of the programs that you want to be able to pick of the 70 to 80 different means-tested programs, or all the different programs that are out there that are on the federal dime, and the taxpayers are helping each other in this. Which do you say has the best metrics for evaluating effectiveness of that program to actually transition people out of poverty? Not effectiveness of delivering support, but effectiveness of helping people transition out of poverty?

Mr. BARON. Yeah, I would say none of them have good metrics.

Mr. LANKFORD. Is that because we are not measuring that, or because all of them are doing poor in the program? They are being measured, they are just not hitting a standard?

Mr. BARON. They take a much too simplistic way of measuring to measure effectiveness, which often yields the wrong answer. Let me give you a very quick example.

There was a program for welfare mothers, to provide home visiting for welfare mothers that HHS had in the 1990s called the Comprehensive Child Development Program. To make a long story short, participants in that program, over a five-year period, they went from a 16 percent employment rate, the mothers, to a roughly 50 percent employment rate, which was a very strong increase. However, this was set up as a rigorous evaluation where some mothers were randomly assigned to get the home visits, and others were randomly assigned to a control group and did not. They got usual services in the community. And the control group also, I have, you know, I have got a little graph which shows the line. Their employment rate went up almost exactly the same amount, which raises the point that if you just measure, are people, you know, sort of moving into the work force, et cetera, or off of welfare, or whatever it happens to be, without reference to a good control or comparison group to figure out what would have happened anyway, you often get the wrong answer. And that is the way, typi-

cally, you know, probably 90 percent or more of programs and projects across the government are evaluated with methods that do not really produce a credible answer.

Mr. BESHAROV. I am tempted to tell you the one I think is the worst.

Mr. LANKFORD. I am looking for the winners, so can easily identify the losers in this.

Mr. BESHAROV. The reason I want to mention it is because I think it reflects the government's unwillingness to push for performance measures. Sister Simone was talking about the four-to-one job searchers. Well, there is almost a million empty jobs—the number fluctuates depending on how you measure it—where employers say there are not people with the skills for the jobs we want to fill.

So job training programs become tremendously important. And we spend a couple of billion a year, not a lot of money. It is a program that has been beaten up all the time. So to answer your question, we have never seriously expected job training programs to be evaluated on a day-to-day basis to see who gets jobs and why. And given the challenges to our economy now, given the idea that we have that employers say they need workers who have certain skills, the fact that we cannot tell them what works is a giant problem.

Mr. LANKFORD. It is huge. I have visited one of those job training programs in my district that was a fund that was set up with a grant for a green jobs training. And I went and visited it. At the end of it, I got a chance to visit with the folks and ask point blank how many people that went through the program got a green job at the end of it. And the answer I got back was the skills are transferrable, which meant zero, was at the end of it.

To me, we have got to be able to evaluate this because the goal is not to throw money. The story of the Good Samaritan is not about someone who rode by and flipped the guy \$10 and went on. The goal is to be able to help people out, and to be able to transition to that, and try to figure out how we are doing that, what is happening, what is not.

Ms. CAMPBELL. Might I just add that the Texas Workforce Commission has done an amazing innovative approach in highlighting companies in Texas who are partnering in a really innovative response to get high school students as, first, as interns, where they make coolers, air conditioners. And then they say that they will fund kids going to the junior college to get a two-year degree, and they will give them a job in their field. They have had high-level success getting children through that program and directly into employment. It is been a huge success.

Mr. LANKFORD. Thank you, I yield back.

Chairman RYAN. Thank you. I appreciate everybody's indulgence. We had a good round of questioning. I think you can tell that the rhetoric and the politics of this issue are still kind of, I would say mired in the status quo. We were just talking up here, Mr. Besharov, I think we are beginning to understand why you have an appreciation for the problem and the system. Hopefully we can get off a dime, get past the status quo, past the rhetoric, and collectively focus on evidence-based solutions.

So thank you very much. And this hearing is adjourned.

[The prepared statement of Ms. Schwartz follows:]

PREPARED STATEMENT OF HON. ALLYSON Y. SCHWARTZ, A REPRESENTATIVE IN  
CONGRESS FROM THE STATE OF PENNSYLVANIA

It is stunning that House Republicans have the audacity to hold this hearing under the pretense that they care about poverty in our nation. Just three weeks ago, House Republicans passed legislation to give taxpayer subsidies to corporate sugar producers, after they eliminated measures to provide underserved children, seniors and families with food and nutrition assistance. The Supplemental Nutrition Assistance Program (SNAP) that Republicans are determined to eliminate is a lifeline for more than 1.8 million Pennsylvanians.

The Republican budget eviscerates important investments in education and initiatives to enable people to move into the middle class, all to protect tax breaks for the wealthiest Americans. Their refusal to work with Democrats on a common sense proposal to replace the harmful sequester and enact a responsible budget is putting our nation at risk and limiting economic growth.

This is about tens of thousands of Americans who work hard every day yet struggle to meet their financial responsibilities. Unless we replace the sequester, 140,000 low-income Americans will lose their housing assistance, 70,000 children will be pushed out of Head Start, and seniors nationwide will have to cope with 4 million fewer meals delivered by Meals on Wheels.

Republicans and Democrats must seek common ground on a sensible budget to avoid harming families, seniors, small businesses and our economy as a whole. We should replace the sequester now so we can focus on investing in our economy, growing the middle class and lowering our long-term deficits.

[Additional submissions of Ms. Lee follow:]

PREPARED STATEMENT OF TIANNA GAINES-TURNER, CHAIR, WITNESSES TO HUNGER

Chairman Paul Ryan and distinguished members of the Committee, thank you for requesting and considering this written testimony. My name is Tianna Gaines-Turner. I am married to the father of our 3 biological children. I have a son who is 9 years old and on the honor roll, going into 4th grade, and I have twins, age 5, who are starting kindergarten in September. I also have three teenage stepchildren, whom I love dearly. I have worked with the Witnesses to Hunger program, a growing group of parents who speak out as the true expert witnesses on hunger and poverty in America.

I work part time for a childcare provider at a recreation center making about \$10 dollars an hour and my husband works behind the deli counter at a grocery store making \$8 dollars an hour. We haven't been able to find full time jobs. With the part time jobs, our incomes go up and down. Not only do we have incomes that are inadequate, but they are also unstable and unpredictable. When programs like SNAP (food stamps) rely on stable income reports, it makes it harder to keep this nutrition support steady. So we may lose food stamps one month because we make too much, and then a few months later, when our companies choose to reduce our hours at their own convenience, we make less money and we need to turn to food stamps again to feed our kids healthy meals. But, then we might get an opportunity to work a few more hours, and then we lose the food stamps again—all in the space of six months, and never with the right timing. What happens, then, is we often run out of money for food. There is a research study I read that's called "Working for Peanuts" that shows when families have unpredictable hours at low paying jobs, that the families are more likely to be "food insecure." That's my family.

My three children have medical issues that concern me every day. All of my children suffer from epilepsy and have to take life-saving medication every day. All three of my children also have moderate to severe asthma. I worry about a day that might come where my children won't be able to see a specialist because I can't afford the co-pay. In addition, neither my husband nor I qualify for medical assistance because we make too much money in our part time jobs, but our jobs do not offer health insurance. I, too, suffer from asthma and epilepsy. I currently can't afford to get an inhaler. The thought that my own children may not be able to get the care they need worries me every day. Just like you want the best for your children, I want the best for my children.

This is very important for you to know. What I am going to show you is that issues of medical care, housing, and food all go hand in hand.

There have been times when my oldest son was sick or having seizures, and of course, as would you, I wanted to be at the hospital to care for him and help him get the care he needed, and to comfort him. But that meant my husband had to

stay home to take care of the twins. And then we were both unable to work, so we lost money that month, and ultimately had to make a choice—do we pay the rent or do we pay the light bill? Not to mention, how do we buy food?

No family should have to choose between paying a bill or putting food on the table. In my work with Witnesses to Hunger, I read many research studies by Children's HealthWatch that showed that food, medical issues, paying for utilities and housing all go hand and hand.

Poverty is not just one issue that can be solved at one time. It's not just an issue of jobs, or food, or housing, or utility assistance, and safety. It's a people issue. And you can't slice people up into issues. We are whole human beings. Poverty has to do with a whole person who is in a family, in a neighborhood, in a community, and our country. The policies you work on in the House of Representatives affect me and my family in very deep and important ways. I am living out your policy-making and I see how your decisions affect both physical and mental health, especially the physical and mental health of my children and me.

Let's get something straight. We've heard some leaders say that people who are poor are lazy, or that they need to work harder. But that is a very wrong view. Most low-income families I know are working harder than many other people who make a lot more money, and they're working sometimes 2-3 jobs to make ends meet. We're playing by the rules, but we're not getting ahead.

#### PLAYING BY THE RULES—WORKING

I am not sure at what point the American dream—of knowing that if you worked hard, you would survive—ended. But it has for my family, and for many in my communities. Working one or even multiple jobs is no longer enough. Wages are so low and expenses are so high that even if you are able to find work, it may not be enough to even pay for the expense of childcare. I have heard too often the story of people finally getting a job, just to have their childcare assistance taken away. They no longer qualify for the assistance at the exact moment they need it most. Just when someone is moving forward, the rug is ripped out from under them. This cycle pushes families deeper into poverty than they were before they took the job. This system needs to change in order for people like myself to forge a better future for myself and my children, one where I will never need to turn to public assistance again.

#### GOOD NUTRITION

Relying on food stamps is not an easy process. When I hear the story about a person buying lobster using their SNAP benefits, I am frustrated because it is not the reality. People on SNAP count every penny they have and cut every corner they can to make sure their children do not starve. I know of many families through my work with Witnesses to Hunger who describe having to put their children to bed before dinner because there was nothing to feed the children, or others who look at food menus delivered to their door so that they can imagine ordering dinner and trick themselves into thinking they've eaten, when actually they have not eaten in days. The reality is that SNAP keeps us from starving. It is critical to the survival of the 50% of American children who will rely on the program at some point in their lives.

For me, feeding my family properly has become a strategic obsession. No matter how diligent I am to cut coupons or only buy things on sale, the benefits never last. Most nights my husband and I make our dinners on what is left over on our children's plates—we call it "kids plate surfing." We are able to get by thanks to SNAP, but we are not eating well.

I know that a proper diet is critical for the health and well-being of my children, that nutrients are key to their development. I also know that if my benefits are cut that means less meals and less nutritious food. Cutting a person's benefits by \$10, \$15, or \$20 might not seem like a lot to legislators, but it would cut meals out completely for families like mine. Without SNAP, I would still feed my kids, but it would be cheap Oodles of Noodles with lots of sodium and a bunch of ingredients I can't recognize or pronounce. They would not get fresh vegetables and fruit.

Because I am active in addressing hunger, and work with researchers around the country, I've seen that this year, the Institute of Medicine proved that SNAP benefits do not last, because the monthly SNAP benefit is not enough for a healthy diet. My family, friends and community could have told you that years ago. But the thing is, people wouldn't believe us because they would somehow think it was our fault. The Institute of Medicine shows that it's not our fault. It is the system we have that needs improvement.

## SAFE AND AFFORDABLE HOUSING

My family and I have been homeless twice in the last several years.

There was a house that we could afford to rent when the twins were newborns. The day we moved in, people in the neighborhood told us to stay inside because there was going to be a shoot out. There were children everywhere on this street. That's not a safe place to live, but it's all I could afford! And there was a terrible rodent problem on the block—mice and cockroaches. And, as you know, those are the things that make asthma worse—they are asthma triggers. So I was spending too much money on an exterminator to no avail, and spending too much time in the emergency room. We moved out because it was unsafe and unhealthy. We took our tiny savings to stay in a hotel until we could find a place that we could afford that was safe and wouldn't make us sick.

When we were homeless we would sleep on my mother-in-law's couch, and take the kids to the playground so they wouldn't have to think about their situation. At the playground, they could just be kids.

During this time, I was on the waiting list for Section 8. And it turns out my name in the system—after 10 years of waiting—was actually approved. They tried to send the forms to our old address, but they had the spelling of the street wrong, so it never reached us. We didn't know about this for months. And because we never responded, we were put back to the bottom of the waitlist. All of the housing forms are still paper based. It is a system that is still in the Stone Age.

It took a call from a legislator's office to get that situation fixed. Thanks to Section 8 finally working out, I now live in a slightly safer neighborhood. Yet there are still abandoned homes on our street, shootouts in the bar down the street, and several homeless people who stay under the bridge in the nearby subway.

## GIVING BACK

Chairman Ryan recently said that people need to get involved in their communities and help each other out, because getting together to help each other out is much better than government benefits. But, if you actually came into our communities, actually invited us to talk with you about what it's like to be on government benefits, you would learn that government benefits are actually helping us stay healthy.

You would also see that helping each other out is exactly what we do, every day to survive.

Every day I help my community, and I give back. I've helped loved ones, neighbors, strangers. People ask how you can help others when you need help yourself. But that's what we're supposed to do—work together and try to support each other through our struggles. My neighbors and I recently received donated food. We took the food to an abandoned house on our block, and we set up a place on the porch where people could come and get food. We didn't need to know how much you made. We didn't need to see any identification. If you were hungry, if you wanted food, we gave it to you. I also check in with an elderly neighbor every day. Her entire Social Security check goes to rent and utilities, with hardly any money left over for food. But I do what I can to make sure she feels supported.

Moments like these are not unique. They happen every day throughout our country. And if our government officials and policymakers took the time to really look at and try to understand the communities they are supposed to represent, they would see that. Instead, they use hateful language and make ignorant comments. They use phrases like "those people." They make it seem like there are two sets of humans—them and us. There is no such thing as "those people"—we are all people. We are all the same. Just because you live where you live and I live where I live doesn't make us different. We are all part of the same community. So we need more thoughtful, healing language to talk with each other respectfully. Only this way, can we solve poverty.

## A HAND "IN" NOT A HAND OUT

You may have heard people say "we don't want a hand out, we want a hand up." I say we don't want a hand out or a hand up, we want a hand in. Include us. If you want to find solutions to the issues that people face while living in poverty, people actually living in poverty need to be part of the discussion when decisions are being made. If you do not have an understanding of the struggles, how can you try to solve them? I am not a number, I am not a statistic, I am an American citizen. I have a voice and you need to hear it. We are the real experts. We know American policies first hand.

When I talk about people who are poor, I am not just talking about families like mine. I am also talking about our elders, all families with young children, and the military soldiers who come home and cannot get the services and supports they need. I am talking about the disabled and the mentally ill, our immigrant families and our American Indian brothers and sisters who live in a kind of economic poverty far worse than my own. People living in poverty need serious, comprehensive attention.

These are my recommendations:

*1. Put together a task force on poverty*

This task force should include Democrats and Republicans, and should represent rural, urban and suburban areas. This task force should seek guidance and advice from the government agencies whose programs and policies touch people living in poverty every day. Most importantly, you must include people who know poverty first hand who live in your districts. Every single congressional district in this country reported food hardship. I know there are many people out there who are ready, willing and capable to stand up and help.

*2. Invest in good jobs with fair pay*

Look to the corporations to be your friends in ending poverty. Don't let companies pay low salaries so that hard working people like me still have to rely on government assistance. Also, someone working hard should not be penalized for getting a job or a getting a raise, and then immediately get cut off of assistance. Public assistance programs need to support people as they transition out of poverty, not drop them off a cliff, leaving them worse off than when they started.

*3. Invest in good nutrition*

Fix the SNAP program now. People need access to healthy, affordable food. Programs that help low-income families put food on the table need to be protected and fully funded. Remember that food stamps are a good investment in our health and wellbeing. If we don't get enough food stamps, we won't be healthy—we'll be in the emergency room, and that costs the country more money.

*4. Invest in housing*

No families with young children should have to suffer homelessness. According to The National Center on Family Homelessness, there are over 1.6 million children in this country who are homeless each year. Being homeless is stressful and degrading. Make housing affordable, and fix the waiting lists for families who are playing by the rules.

*5. Invest in health and prevention of disease*

Support access to health care. Little kids, and their moms like me, need to stay healthy and strong. Health care is a good investment.

*6. Invest in building assets*

All families need opportunities to build their own safety net. I only got my first bank account a few years ago. Now I am saving money for my kids to go to college. Lots of low-income families need more access to low cost or free bank accounts so we can get a hand in the financial mainstream. We also need to be allowed to save while we are receiving assistance, not be kicked off for just having a little more than nothing.

#### CONCLUSION

Working with low-income people is necessary for our country to find a solution to poverty. We need constant conversation and action. The pot must be constantly stirred, not just once in a blue moon. And we can't just be at a simmer. We need to be cooking at full blast so we can all sit together in a respectful way, talk with each other, and actually listen and understand, so we can make a plan for action.

I promise I will work with you. And I know millions of Americans just like me who will work with you to help you with the answers to poverty that you seek. We invite you to come to Philadelphia to see where and how we live, to come to our grocery stores, childcare centers, and elder homes, and to visit with my neighbors. And then we can talk like equals, and join in the idea of putting poverty in the past, of investing in helping American people do and be their best. It's the patriotic thing to do.

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PREPARED STATEMENT OF DEBORAH WEINSTEIN, EXECUTIVE DIRECTOR,  
COALITION ON HUMAN NEEDS

In 1966, I was a college student in Binghamton, New York. I had the opportunity to become a tutor-counselor for disadvantaged high school students in a new summer program on our college campus: Project Upward Bound. It was part of the "war on poverty"—one of the initiatives within the Economic Opportunity Act. I met people only a little younger than myself who were selected by a teacher at their high school as having the potential to succeed in college. They were bright, but up till then no one in their families had gone to college; it was outside of their experience and expectations. One of the girls had false teeth—her family had no money for a dentist and did not get the care that would have allowed her teeth to be saved. Another girl was extremely bright, but her high school could not challenge her and she felt freakish and isolated. A boy was doing his best to be a tough kid, but wrote poetry in an era when that was just asking for trouble.

Most of the high school students in the program did well in college-level classes, and the program opened up opportunities for them. It wasn't magic—when these students went back to their unchallenging high school and to the struggles in their families and communities, some could not stay on the path to college. But some did.

Upward Bound was a fairly modest effort to open up opportunities for poor kids. Looking back on it, much of the Economic Opportunity Act was of modest scope, and based on the conservative values of encouraging work and engaging local community decision-making. There were special initiatives for poor youth (Job Corps, the Neighborhood Youth Corps, VISTA, Upward Bound, and Work-Study) and for the youngest children (Head Start). Community action began, with the goal of achieving the "maximum feasible participation" of members of poor communities themselves.

The war on poverty included these measures intended to promote jobs, education, and community solutions. In separate legislation, food stamps, Medicare and Medicaid were created in 1964 and 1965. Congress recognized that you could not beat poverty if millions of people did not have enough to eat or access to medical care. Congress did not initially understand the depth of hardship, and required families to purchase food stamps. It took Marian Wright Edelman, guiding Senator Robert Kennedy around Mississippi in 1967, to demonstrate that people did not have \$2 to purchase food stamps, and so remained hungry. Congress responded by eliminating the purchase requirement.

Then, as now, it was understood that poverty could not be substantially reduced without improved access to jobs and better pay. The education and training provisions were intended to help poor people qualify for better jobs. During the 1960s, the minimum wage was increased and expanded to cover more workers. It rose to \$1.25/hour in 1965.

During the 1960s, the reduction in poverty was remarkable. In 1960, 22.2 percent of Americans were poor. By 1965, the poverty rate had dropped to 17.3 percent, dropping further to 12.8 percent in 1968 and bottoming out at 11.1 percent in 1973. Since then, poverty has bumped up and down, although never returning to the high point of 1960. It got down to 11.3 percent by the end of the Clinton years in 2000, peaked at 15.1 percent in 2010 and edged down to 15 percent in 2011.

Did the dramatic reduction in poverty in the 1960s result from the war on poverty initiatives? Not in large part—the jobs and education programs were too modest, and the food and health care expansions did not directly count in the calculation of poverty income. But that is not to say that government actions played no role in poverty's reduction. As more elderly people accumulated Social Security benefits, poverty among the elderly dropped more than other age groups. In 1966, 28.5 percent of those 65 and over were poor. By 1973 their proportion had dropped to 16.3 percent, a 43 percent decline. Older Americans were well on their way to ending their status as the most disproportionately poor age group. Social Security did that—a federal cash assistance program created through a social insurance model.

Although poverty did not drop as precipitously among other age groups through 1973, it did decline. Among children, the poverty rate dropped from 17.6 percent in 1966 to 14.4 percent in 1973, an 18 percent reduction. Unemployment was below



4 percent for the latter half of the 1960s, and that allowed more parents to work and raise their children out of poverty.

What lessons should we learn from these facts? Poverty reduction occurs when there is a combination of broadly shared economic growth and government policies to ensure that the lowest income people are not left out. Those conditions were in effect in the latter half of the 1960s. While the direct expenditures on the war on poverty programs were not the most significant causes of poverty reduction, other government actions were important. In addition to Social Security's help to the elderly, continued investments in the interstate highway system begun in the 1950s and in education were important underpinnings of economic growth. The private sector was expanding and manufacturing was a strong part of our economy. Manufacturing jobs paid better and were open to those without a great deal of education. Manufacturing jobs were to a large extent unionized, with labor laws protecting collective bargaining rights.

So economic growth abetted by government policies contributed in cutting the poverty rate in half from 1960 to 1973. The government policies included infrastructure investments, cash and in-kind income, minimum wage increases and labor laws, and education/training. Health care expansions were very significant in improving life and living standards, especially for the elderly, but did not count in official poverty estimates.

The combined effect of government policies led to more jobs, many of which could be filled by people with little education. Private sector manufacturing jobs were key, but so too were construction jobs, jobs in Head Start and community action, and in the health care sector. The more closely connected to government funding or regulation, the jobs tended to be more open to minorities, thereby lessening the hugely disproportionate poverty among African Americans and Latinos.

The originators of the war on poverty were correct in several of their opening premises. In order to reduce poverty in the short and long terms, children's needs had to be met. Children need proper nutrition, health care, and education. Their parents had to have enough money to provide necessities and maintain a stable home environment. The best way to provide for children was for their parents to be employed, but when that was not possible or when wages were too intermittent and low, a range of supports was crucial for children's development.

These assumptions remain true, but our investments have not been adequate to achieve our anti-poverty goals.

More recent anti-poverty effects. Since 1973, economic growth has not been as broadly shared, and inequality has risen. The programs initiated in the war on poverty in early childhood education, community action, job training for youth and adults, and nutrition aid had some positive impacts, but their funding and scope was not large enough to offset larger economic forces that combined to reduce the value of men's wages. Aid to Families with Dependent Children originated in the earlier New Deal, not the 1960s, but its expanded use reduced the number of children living below half the poverty line (in 1995, AFDC lifted 2.4 million children out of such deep poverty). Its benefits were too low to lift people above the poverty line.

A new recognition of the importance of combining work and income supports. Over time, anti-poverty policies have evolved in ways that have improved outcomes. The original war on poverty policies did not anticipate the need for "income packaging"—combining income from earnings with public supports. As a consequence, many parents were forced either to subsist on inadequate cash assistance and food stamps or to combine low-paid work in the underground economy with public assistance. Starting in the 1990s, increasing emphasis on work led to expansion of the Earned Income Tax Credit, more ability for parents to combine earnings with TANF income legally, and improved access to food stamps for working families. In addition, expansion of Medicaid and the Children's Health Insurance Program helped families with earnings to get health care for their children.

The Center on Budget and Policy Priorities has analyzed the anti-poverty effectiveness of public supports that can be combined with earnings. While the official poverty surveys do not count food stamps (now called SNAP) or tax credits, the Center utilized the Supplemental Poverty Measure, an alternative analysis produced by the Census Bureau which does take these supports into account. In 2011, 40 million people were lifted out of poverty by the Earned Income Tax Credit, Child Tax Credit, SNAP, and Social Security. Social Security (which is counted in the official poverty measure) lifted 26 million people out of poverty; the tax credits raised 9.4 million out of poverty; and SNAP lifted 4.7 million above the poverty line.

Improvements in SNAP and the tax credits have allowed these public benefits to replace losses in the value of the minimum wage for some families. As the Center on Budget points out, a full-time minimum wage worker in 1983 earned 66 percent

of the poverty line for a family of four; after taking into account payroll taxes and the value of the EITC then, combined income edged up only to 67 percent of the poverty line. The current minimum wage with full-time hours only covers 61 percent of the poverty line, but the larger benefits of the EITC and the Child Tax Credit combined with the earnings add up to 87 percent of the poverty line.

SNAP also provides more help to working families than it used to. About 30 percent of recipients are working (and more than 40 percent of recipients live in households where someone is working) at one point in time (in 2011). Most of the remaining recipients are elderly, disabled, or children. Thirty years ago, fewer than one-quarter of households with children receiving food stamps included a worker; now that proportion has doubled. Looking at multi-year work histories, the Center on Budget and Policy Priorities found that 87 percent of households with children receiving SNAP include an adult who either worked in the prior year or who will work in the following year.

SNAP's greater use among working families is not an accident. There was bipartisan recognition that working families faced many roadblocks in applying for and renewing eligibility for food stamps. The George W. Bush Administration was effective in streamlining these procedures, and their lead has been followed by the current Administration.

What else is needed. Clearly, the economy is not producing enough jobs, and especially not enough for workers without much education. This has been reported on and analyzed at great length. We point to the evidence that even in the second half of the 1960s, when manufacturing and overall economic growth was strong, government played a significant role in bolstering that growth, both through infrastructure development, and by income supports like Social Security that increased purchasing power. Now, when the private sector is not creating jobs in sufficient numbers on its own, it is even more important for the public sector to take steps that will bring more jobs to low-income people and communities and to raise pay. Among the steps the federal government should take:

- **Fund Pathways Back to Work:** Legislation introduced by Rep. Miller (H.R. 2721) would provide \$12.5 billion for subsidized jobs targeted to low-income people, as well as training and summer and year-round jobs for youth. This is a proven approach well-targeted to help people without much work experience or training.

- **Raise the minimum wage:** Proposals to increase the minimum wage to \$10.10/hour should be adopted. As noted above, full time work at the current minimum wage, even with the refundable tax credits, is not enough to lift a family of four out of poverty.

- **Adopt job creation initiatives similar to the President's proposals:** The President has proposed investing in infrastructure improvements, green jobs, and other initiatives. We support seeking revenue from closing corporate tax loopholes as one option to pay for such work initiatives, but believe that the President gives away far too much revenue to permanent corporate income tax reductions to make this a fair bargain.

- **Invest in care-giving occupations:** The Affordable Care Act will require more health care personnel to meet the demand from newly insured people. These jobs will be important opportunities for low-income individuals, and we should maximize opportunities through training and development of career ladders in the health care sector. Similarly, home care and home health workers are a growth area, and training and career ladders should help more workers get decent pay and benefits. The Administration should issue regulations it is now considering to improve wages for home care workers. Further, the President's early childhood initiative can provide more good jobs that low-income people can be helped to qualify for.

- **Government should be a model employer:** Government employees and workers hired through government-paid contractors should receive decent pay and benefits. Government should not contract with private firms in order to ratchet down pay and benefits.

- **Sequestration should end:** We should be investing in Head Start, education, training, youth services, affordable housing, public health programs, and much more. We should be protecting low-income people through WIC and meals for seniors. Instead, we are cutting these programs. This threatens low-income people's ability to rise out of poverty and reduces the number of jobs. Further, sequestration should not be replaced by slashing SNAP, Medicaid, refundable tax credits, unemployment benefits, or other mandatory programs that are vital parts of the safety net.

- **Return to the early focus on community-building:** The war on poverty created community action agencies to bring together community residents, municipal governments, educators, labor, and business to promote rebuilding, jobs, and opportunities for children and youth. That community focus was correct then, and should be

built upon now. Slashing the Community Development Block Grant or the Community Services Block Grant is exactly the wrong approach. Funding Promise Neighborhoods is a good idea. These programs should be augmented by funding for public jobs specially targeted for low-income communities.

- Increase revenues from fair sources: Upper-income individuals and profitable corporations can afford to pay a greater share towards creating jobs and reducing poverty. The Senate budget resolution's proposed \$975 billion in new revenues over 10 years is a reasonable proposal that should be supported by both House and Senate.

What is not needed: The House budget resolution is based on the premise that economic growth will occur most strongly through less government spending, either for the safety net or for job creation investments. The budget proposes giant additional tax cuts almost exclusively targeted to upper-income individuals and corporations. There is no evidence that these proposals will produce shared economic growth. We now have effective tax rates at historically low levels for individuals and corporations. We also see record corporate profits. Virtually all the economic growth since the recession has flowed to the highest-income individuals and profitable corporations. Poverty has risen and the middle class has lost ground. More largesse to those at the top will further widen the gap between the rich and everyone else, and will make it harder to alleviate poverty.

Further, further cuts to SNAP, Medicaid, refundable tax credits, housing, unemployment insurance, public health, education, child care, and so many other domestic programs will increase poverty, and cause harms to children that will make it harder for them to overcome poverty in the decades to come. As our population ages, we more than ever need to benefit from the talents of every young person; we can ill afford to close off their opportunities to contribute.

The Coalition on Human Needs: CHN is made up of groups representing service providers, communities of faith, labor, civil rights, and other advocates and policy experts concerned with meeting the needs of low-income and vulnerable people through effective federal investments. CHN convenes the SAVE for All campaign (Strengthening America's Values and Economy for All), which has brought together close to 2,000 organizations nationwide in calling for protecting low-income and vulnerable people in budget and deficit reduction plans, incorporating job creation in such plans, more revenues from fair sources in order to make the investments we need responsibly, and responsible savings, such as in Pentagon spending.

[Additional submission of Ms. Moore follows:]



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## **Executive-Pay Tax Break Saved Fortune 500 Corporations \$27 Billion Over the Past Three Years Apple & Facebook Biggest Beneficiaries of Stock Option Loophole**

Earlier this year, Citizens for Tax Justice reported that Facebook Inc. had used a single tax break, for executive stock options, to avoid paying even a dime of federal and state income taxes in 2012. Since then, CTJ has investigated the extent to which other large companies are using the same tax break. This short report presents data for 280 Fortune 500 corporations that, like Facebook, disclose a portion of the tax benefits they receive from this tax break.

- These 280 corporations reduced their federal and state corporate income taxes by a total of \$27.3 billion over the last three years, by using the so-called "excess stock option" tax break.
- In 2012 alone, the tax break cut Fortune 500 income taxes by \$11.2 billion.
- Just 25 companies received more than half of the total excess stock option tax benefits accruing to Fortune 500 corporations over the past three years.
- Apple alone received 12 percent of the total excess stock option tax benefits during this period, enjoying \$3.2 billion in stock option tax breaks during the past three years. JP Morgan, Goldman Sachs and ExxonMobil collectively enjoyed 10 percent of the total.
- In 2012, Facebook wiped out its entire U.S. income tax liability by using excess stock option tax breaks.
- Over the past three years, Apple slashed its federal and state income taxes by 20 percent using this single tax break.

### **Stock Option Tax Benefits of 25 Major Corporations, 2010–12, \$-millions**

Apple	\$ 3,193
Facebook	1,581
J.P. Morgan Chase & Co.	1,148
EMC	904
Goldman Sachs Group	840
Amazon.com	750
Exxon Mobil	660
Caterpillar	534
Hewlett-Packard	469
Oracle	422
Wells Fargo	402
Qualcomm	396
McDonald's	384
Google	368
Cisco Systems	342
General Mills	334
Walt Disney	322
Starbucks	311
PepsiCo	301
Chevron	286
NetApp	270
eBay	252
Intel	244
United Technologies	242
Yahoo	238

<b>Total, these 25 Companies</b>	<b>\$ 15,192</b>
Remaining 255 Companies	12,063
<b>Total Tax Benefits, Fortune 500</b>	<b>\$ 27,255</b>

### **How It Works: Companies Deduct Executive Compensation Costs They Never Actually Paid**

Most big corporations give their executives (and sometimes other employees) options to buy the company's stock at a favorable price in the future. When those options are exercised, corporations can take a tax deduction for the difference between what the employees pay for the stock and what it's worth (while employees report this difference as taxable wages).

Before 2006, companies could deduct the "cost" of the stock options on their tax returns, reducing their taxable profits as reported to the IRS, but didn't have to reduce the profits they reported to their shareholders in the same way, creating a big gap between "book" and "tax" income. Some observers, including CTJ, argued that the most sensible way to resolve this would be to deny companies any tax deduction for an alleged "cost" that doesn't require an actual cash outlay, and to require the same treatment for shareholder reporting purposes.

But instead, rules in place since 2006 maintained the tax write-off, but now require companies to lower their "book" profits somewhat to take account of options. But the book write-offs are still usually considerably less than what the companies take as tax deductions. That's because the oddly-designed rules require the value of the stock options for book purposes to be calculated — or guessed at — when the options are issued, while the tax deductions reflect the actual value when the options are exercised. Because companies typically low-ball the estimated values, they usually end up with much bigger tax write-offs than the amounts they deduct in computing the profits they report to shareholders.

### **Reforming the Excess Stock Option Tax Break**

Despite the changes that took effect in 2006, the stock option tax break is still clearly reducing the effectiveness of the corporate income tax. A November 2011 CTJ report assessing the taxes paid by the Fortune 500 corporations that were consistently profitable from 2008 through 2010 identified the excess stock option tax break as a major factor explaining the low effective tax rates paid by many of the biggest Fortune 500 companies.<sup>1</sup>

In recent years, some members of Congress have taken aim at this tax break. In February of 2013, Senator Carl Levin (D-MI) introduced the "Cut Unjustified Loopholes Act," which includes a provision requiring companies to treat stock options the same for both book and tax purposes, as well as making stock option compensation subject to the \$1 million cap on corporate tax deductions for top executives' pay.

*The appendix includes the full list of 280 corporations and the size of their reported federal and state tax break for excess stock options in the three year period between 2010 and 2012.*

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<sup>1</sup> Citizens for Tax Justice, *Corporate Taxpayers & Corporate Tax Dodgers, 2008-2010*, November 3, 2011, page 10. <http://ctj.org/corporatetaxdodgers/>

**Excess Stock Option Tax Breaks of 280 Major Corporations, 2010–2012**

<b>Company (\$-millions)</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2010-12</b>
Apple	\$ 1,351	\$ 1,100	\$ 742	\$ 3,193
Facebook	1,033	433	115	1,581
J.P. Morgan Chase & Co.	255	867	26	1,148
EMC	261	362	282	904
Goldman Sachs Group	130	358	352	840
Amazon.com	429	62	259	750
Exxon Mobil	178	202	280	660
Caterpillar	192	189	153	534
Hewlett-Packard	12	163	294	469
Oracle	97	215	110	422
Wells Fargo	226	79	97	402
Qualcomm	168	183	45	396
McDonald's	142	113	129	384
Google	188	86	94	368
Cisco Systems	60	71	211	342
General Mills	114	106	114	334
Walt Disney	122	124	76	322
Starbucks	170	104	37	311
PepsiCo	124	70	107	301
Chevron	98	121	67	286
NetApp	133	128	9	270
eBay	130	80	42	252
Intel	142	37	65	244
United Technologies	67	81	94	242
Yahoo	36	71	131	238
Nike	115	64	58	237
Gilead Sciences	114	41	82	237
Union Pacific	100	83	51	234
Yum Brands	98	66	69	233
CBS	103	72	16	191
Comcast	134	46	4	184
Limited Brands	116	48	19	183
3M	62	53	53	168
Praxair	60	53	51	164
Ameriprise Financial	64	90	9	163
Omnicom Group	85	30	45	160
Cognizant Technology Solutions	48	39	72	159
Medco Health Solutions	43	52	64	159
Microsoft	93	17	45	155
Time Warner Cable	81	48	19	148
BlackRock	74	27	44	145
MasterCard	47	12	85	144
Deere	30	70	44	144
Sherwin-Williams	105	13	20	137
TJX	62	46	28	137
W.W. Grainger	58	52	26	136
Dollar General	88	33	14	135
Express Scripts	45	28	59	133
Monsanto	50	36	43	129

**Excess Stock Option Tax Breaks of 280 Major Corporations, 2010–2012**

<b>Company (\$-millions)</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2010-12</b>
Bristol-Myers Squibb	71	47	8	126
Colgate-Palmolive	60	32	31	123
Costco Wholesale	64	45	10	119
Dow Chemical	76	23	20	119
Biogen Idec	55	51	13	118
Estée Lauder	58	50	11	118
Celgene	49	31	36	116
Starwood Hotels & Resorts	72	22	20	114
Time Warner	83	22	7	112
Aetna	50	39	23	111
Honeywell International	56	42	13	111
Allergan	46	38	27	111
CSX	37	35	38	110
Dick's Sporting Goods	65	21	22	108
Polo Ralph Lauren	40	43	25	108
Visa	71	18	14	103
Air Products & Chemicals	31	48	24	103
Norfolk Southern	28	42	32	102
Boeing	45	36	19	100
WellPoint	29	42	28	99
DaVita	62	21	6	89
CF Industries Holdings	36	47	6	89
VF	47	33	9	89
AmerisourceBergen	26	40	21	86
Baxter International	24	21	41	86
Western Digital	82	—	4	86
Northrop Grumman	45	17	22	84
Liberty Global	3	38	43	84
Precision Castparts	30	30	23	83
Prudential Financial	51	20	12	83
Texas Instruments	38	31	13	82
Ecolab	50	14	17	81
O'Reilly Automotive	39	23	19	80
AECOM Technology	1	61	17	80
Eaton	21	57	—	78
CVS Caremark	28	21	28	77
Whole Foods Market	50	23	3	76
Becton Dickinson	15	37	23	75
Rockwell Automation	19	38	16	73
Parker Hannifin	16	43	14	73
Kimberly-Clark	50	15	6	71
General Dynamics	29	24	18	71
SanDisk	16	25	30	71
Mattel	36	24	8	68
Peabody Energy	8	8	51	67
EOG Resources	67	0	–1	66
DirecTV	30	25	11	66
FedEx	18	23	25	66
PetSmart	43	14	9	66

**Excess Stock Option Tax Breaks of 280 Major Corporations, 2010–2012**

<b>Company (\$-millions)</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2010-12</b>
Apache	4	32	28	64
Travelers Cos.	38	18	8	64
Dillard's	50	10	3	64
Anadarko Petroleum	52	-15	26	63
McGraw-Hill	42	19	2	63
Ross Stores	29	18	15	62
Nordstrom	24	22	16	62
Motorola Solutions	20	42	—	62
Valero Energy	27	23	11	61
Fidelity National Information Services	31	8	22	60
Gap	34	13	11	58
National Oilwell Varco	25	22	10	57
Thermo Fisher Scientific	23	17	13	52
Freeport-McMoRan Copper & Gold	8	23	19	50
Viacom	37	13	—	50
Hershey	34	14	1	49
Raytheon	13	14	21	48
Morgan Stanley	42	—	5	47
Franklin Resources	20	15	12	46
Occidental Petroleum	8	14	22	44
Jarden	43	—	—	43
Reynolds American	39	1	2	42
Airgas	18	8	15	41
FMC Technologies	27	9	6	41
AutoNation	11	23	8	41
C.H. Robinson Worldwide	12	15	13	41
Fidelity National Financial	31	6	3	40
Advance Auto Parts	23	10	7	40
Johnson Controls	3	30	7	40
Stanley Black & Decker	15	14	11	40
Xerox	10	6	24	40
Ball	21	6	13	40
Humana	22	15	2	39
CH2M Hill	11	13	15	39
Dover	23	9	6	38
Henry Schein	18	9	11	38
Goodrich	—	16	22	38
Cameron International	11	9	16	37
Phillips-Van Heusen	15	12	9	36
Expeditors International of Washington	5	5	24	35
Hormel Foods	9	15	10	34
Devon Energy	5	13	16	34
Wisconsin Energy	—	12	22	34
Rockwell Collins	9	7	17	33
Illinois Tool Works	16	8	9	33
Consol Energy	9	8	15	32
Campbell Soup	8	11	11	30
Cigna	15	10	5	30
Dr Pepper Snapple Group	16	10	3	29



**Excess Stock Option Tax Breaks of 280 Major Corporations, 2010–2012**

<b>Company (\$-millions)</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2010-12</b>
Clorox	10	9	10	29
Cummins	14	5	10	29
Symantec	8	7	13	28
Waste Management	11	8	9	28
Interpublic Group	15	8	5	28
UnitedHealth Group	—	—	27	27
Flowserve	11	6	10	27
St. Jude Medical	1	9	17	26
Kellogg	6	11	8	25
Big Lots	8	3	14	25
J.C. Penney	12	10	2	24
Tesoro	8	13	3	24
Laboratory Corp. of America	8	10	5	24
Harley-Davidson	13	6	4	23
Coventry Health Care	12	8	3	23
CarMax	10	9	4	23
Dominion Resources	10	2	10	22
GameStop	1	1	19	21
Ashland	12	4	5	21
Cliffs Natural Resources	13	5	3	21
World Fuel Services	4	6	10	20
Wesco International	11	5	3	20
Paccar	4	5	11	20
Genuine Parts	11	5	3	20
ITT	6	7	6	20
Community Health Systems	4	5	10	19
Murphy Oil	3	5	12	19
Foot Locker	11	5	3	19
Family Dollar Stores	12	5	2	19
H.J. Heinz	8	9	2	19
Stryker	1	6	11	18
Huntsman	4	10	4	18
Fluor	4	13	1	18
Synnex	3	4	10	17
Computer Sciences	2	6	9	17
Mosaic	—	13	3	17
Centene	11	4	1	16
Anixter International	3	7	5	15
Lubrizol	—	—	15	15
Edison International	−6	13	8	15
Arrow Electronics	5	8	2	15
J.M. Smucker	5	7	3	15
SPX	4	7	4	15
Rock-Tenn	10	—	4	14
Principal Financial	11	2	1	14
Jacobs Engineering Group	4	7	3	14
Ingram Micro	6	3	4	13
United Parcel Service	3	6	4	13
United Stationers	1	7	5	13

**Excess Stock Option Tax Breaks of 280 Major Corporations, 2010–2012**

<b>Company (\$-millions)</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2010-12</b>
Universal American	4	8	1	13
Emcor Group	7	4	1	12
L-3 Communications	3	2	7	12
Tenneco	4	4	4	12
CenturyLink	—	—	12	12
Apollo Group	1	4	7	12
Best Buy	—	—	11	11
SAIC	—	—	11	11
Tyson Foods	3	5	3	11
Northeast Utilities	9	1	1	11
Levi Strauss	3	3	5	10
UGI	2	4	4	10
Quest Diagnostics	4	4	1	9
Oshkosh	—	2	6	8
Health Net	6	1	1	8
Alcoa	1	6	1	8
Republic Services	2	3	4	8
Western Refining	4	3	—	8
Shaw Group	2	3	2	8
Western Union	1	5	1	7
ConAgra Foods	9	—	–2	7
Fifth Third Bancorp	1	2	4	7
KBR	4	3	—	7
Weyerhaeuser	5	2	—	7
Automatic Data Processing	6	1	0	7
Exelon	2	1	3	6
Group 1 Automotive	3	3	1	6
Bemis	1	1	4	6
Health Management Associates	1	3	1	6
Molina Healthcare	4	2	0	6
Owens & Minor	1	2	2	6
Johnson & Johnson	3	1	1	5
Electronic Arts	—	4	1	5
Nucor	5	1	–1	5
TRW Automotive Holdings	1	3	1	5
Insight Enterprises	2	2	1	5
Core-Mark Holding	1	2	2	5
Safeway	1	2	2	5
First American	2	1	1	5
Masco	—	—	4	4
Fortune Brands	—	—	4	4
Ryder System	1	2	1	4
Reliance Steel & Aluminum	–0	–0	4	3
Tech Data	—	2	1	3
Reinsurance Group of America	0	5	–2	3
CA	3	—	—	3
Charles Schwab	—	—	3	3
Lincoln National	–1	3	1	3
Sealed Air	0	3	—	3

**Excess Stock Option Tax Breaks of 280 Major Corporations, 2010–2012**

<b>Company (\$-millions)</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2010-12</b>
Freddie Mac	1	1	1	3
Bed Bath & Beyond	—	—	3	3
Manpower	0	1	1	3
Con-way	2	1	0	3
CVR Energy	0	2	0	2
URS	0	1	1	2
AT&T	—	2	—	2
Loews	—	—	2	2
Baker Hughes	—	—	2	2
Public Service Enterprise Group	—	1	1	2
Staples	0	2	—	2
Casey's General Stores	—	1	1	2
Avon Products	-2	-0	4	2
BJ's Wholesale Club	—	—	2	2
R.R. Donnelley & Sons	0	0	1	2
Jabil Circuit	1	0	0	1
Terex	—	—	1	1
Chesapeake Energy	2	-3	2	1
NCR	—	1	—	1
PNC Financial Services Group	—	—	1	1
Lowe's	—	—	1	1
Holly	—	2	-1	1
Omnicare	—	—	1	1
H&R Block	—	0	1	1
Alliant Techsystems	—	0	1	1
Susser Holdings	—	—	1	1
Sysco	—	—	0	0
SLM	—	—	0	0
General Cable	-1	1	-0	0
Lear	0	—	—	0
Barnes & Noble	—	0	0	0
Tutor Perini	—	0	0	0
Frontier Oil	—	—	0	0
Telephone & Data Systems	—	—	0	0
Kindred Healthcare	—	0	-0	0
<b>All 280 Companies</b>	<b>\$ 11,247</b>	<b>\$ 9,092</b>	<b>\$ 6,916</b>	<b>\$ 27,255</b>

**Note:** Several companies with fiscal years ending after March have not yet released annual financial reports for 2012. For these companies, we report three-year figures for 2009 through 2011.

**Source:** CTJ analysis of corporate 10-K annual reports

[Additional submission of Sister Campbell, "Priorities for a Faithful Budget," may be accessed at the following Internet address:]

*<http://faithfulbudget.org/wp-content/uploads/2012/03/Priorities-for-a-Faithful-Budget1.pdf>*

[Whereupon, at 3:13 p.m., the committee adjourned subject to the call of the Chair]