



## The Issue:

# BASIC NEEDS FOR FAMILIES AND CHILDREN

### Children's Bureau, Inc. Position:

Every child should have his/her basic needs met, including shelter, childcare, food, and health care. We support efforts to reduce poverty and to help families move towards self-sufficiency.

### We support the following Legislative and/or Policy Initiatives:

- Support policies, programs, and services that allow working families to obtain self-sufficiency.
- Ensure adequate Federal and State funding for the CCDF voucher program to alleviate child care costs for working, low-income parents.
- Expand education and vocational training programs to allow the working poor an opportunity to develop skills that will allow them to earn higher incomes, receive health benefits, and advance to higher level positions.
- Eliminate barriers that limit access to public assistance for those in need, such as inflexible work requirements, full-family sanctions, or bans for ex-offenders.
- Adjust funding of TANF and Food Stamp programs with increases in inflation to ensure that the needs of those in poverty are adequately met.
- Support legislation to expand utility payment and weatherization assistance for more low-income households.
- Protect families from predatory lending practices.
- Ensure that reform of local emergency assistance to individuals and families is efficiently administered, adequately funded and accessible in times of crisis.
- Monitor the impact of Eligibility Modernization and Privatization contract cancellation on the acquisition of various assistance programs.
- Support the addition of a Dependent Care Tax Credit to the Indiana Tax Code.
- Adequately fund both food banks and nutrition assistance programs, and increase incentives for corporations and citizens who invest in them.
- Support initiatives that provide adequate, comprehensive health care coverage and medical treatment for uninsured Hoosiers.
- Connect eligible low-income families with the Earned Income Tax Credit (EITC) by advertising its availability and through assistance with filing for the credit.

## **Background Information:**

In September, 2010, Children's Bureau conducted surveys of clients waiting for Child Care Development Fund (CCDF) vouchers. The participants in CCDF are families who are working or looking for work. Many are transitioning from the federally funded TANF program. The purpose of the survey was to hear the voices of people being served by human services and to listen to the issues and concerns they are facing everyday in their communities.

Second only to Violence and crime in the community, the lack of jobs was the most pressing concern expressed by the respondents<sup>1</sup>. "It is depressing to have to watch every penny just to make ends meet, kids don't feel it or understand but the parents do. It takes the joy out of doing what you want. It is devastating<sup>1</sup>." Another parent said, "If you find a job, the income will just cover childcare expenses. I'm working just to pay childcare<sup>1</sup>." Still other parents expressed concerns about the lack of resources for married couples. It is their experience that married couples are pushed out of the system. "The system is working against you; it is not set up for honesty<sup>1</sup>."

Those surveyed included folks whose lives had been negatively affected by the recession. One person put it this way, "Hard times are affecting everybody. The lower class can't work and that affects the middle class ability to hire and that affects the upper class<sup>1</sup>." Some individuals who had jobs were not getting enough hours to make ends meet. Those seeking work had experiences of jobs being posted but having to be overqualified to be considered. Many can't even find temporary jobs through temp agencies. Individuals who have never before had to rely on government assistance find that joblessness is putting a strain on their family in other ways<sup>1</sup>.

This brief survey demonstrates how the economy and poverty related issues are affecting the children we serve and their families. Focus groups and surveys of staff and youth echo similar experiences and concerns. In summary of recent input, forty-five years of effort to address poverty has not begun to solve the problem.

In 1964, President Lyndon B. Johnson declared a War on Poverty, committed to ending the struggles of millions of Americans. Leaders today, however, seem more focused on eliminating welfare than on eliminating poverty. Ten years ago, welfare was reformed with the intent of decreasing reliance on public aid and moving families towards employment<sup>2</sup>. Welfare reform has been successful in moving many people off of public assistance, but not necessarily because they have overcome poverty. The funding for welfare continues to face drastic cuts - meaning that fewer and fewer families are eligible for support each year. In addition, funding for programs designed to support the transition from welfare is diminishing. Resources such as vocational training, child care, housing, or Medicaid enable working families to overcome reliance on welfare - without them, some individuals might never find their way out of poverty<sup>3</sup>. Families are being expected to accomplish more success with limited assistance. While the intent of welfare reform was to move people towards independence, the reality is that too many workers are earning meager wages and struggling to provide the basics for their families.

Public opinion of poverty has hardened over time, as many began to believe being poor results from personal failure - not from a lack of opportunity. The poor have often been viewed as being lazy, weak, or unmotivated. In late August of 2005, the issue of poverty gained public attention with the occurrence of Hurricane Katrina<sup>2</sup>. Millions watched helplessly as poor residents - including children and seniors - languished and suffered, having had no transportation to evacuate prior to the storm. Poverty is once again becoming a priority of many Americans, as they realize the connection that exists between a sluggish economy, dwindling incomes, and an increase in the cost of living<sup>2</sup>.

Over the past 3 years, the poverty rate has increased 2.8 percentage points with the rate in 2010 at 15.3 percent<sup>4</sup>. This rate was only 6.7 percent in 1999 - meaning that in 10 years, we have more than doubled the percentage of Hoosiers who are poor<sup>4</sup>. This means that about 962,775 people - or 15 Lucas Oil Stadiums filled to capacity - live in poverty in the State. Children are at the highest risk for poverty. Of

the almost 46 million U.S. citizens living in poverty, 15.7 million of them are children<sup>4</sup>. Sadly, 21.7 percent of all Indiana children are currently living in poverty - up from 11.3 percent of children in 2001<sup>4</sup>.

For minorities, the risk of poverty is also higher than for their Caucasian counterparts. In 2010, 27.4 percent of Blacks and 26.6 percent of Hispanics were living in poverty, compared to 13 percent of Whites<sup>5</sup>. Black children are more likely than White children to live in homes without full-time workers<sup>6</sup>. Some suggest that the difference is because the quality of minority children's schools and neighborhoods is significantly lower. In addition, minority workers earn less on average than Whites<sup>6</sup>. Black children, especially, have a higher percentage living in single-parent homes<sup>6</sup>. Children in single-parent households are four times more likely to be poor than children who live with both parents<sup>6</sup>.

The causes of poverty are complex, influenced by both a fluctuating economy and by individual and family issues<sup>2</sup>. A poor economy, high unemployment rates, insufficient public education, or a lack of adequate work opportunities - all of these things can contribute to an individual experiencing poverty<sup>3</sup>. In the same respect, substance abuse, poor physical or mental health, or family violence can play a role for some, as well. Research indicates, however, that the most important factor in reducing poverty is the number or available jobs paying livable wages<sup>7</sup>.

The poverty rate is determined by the number of people living at or below what Congress determines is the Federal Poverty Level. The measure used to determine the Poverty Level was created in the 1960s, and is based on the cost of food<sup>8</sup>. Advocates for the poor suggest the Federal Poverty Level is antiquated, ineffective, and fails to accurately demonstrate the true levels of need within society. For example, a family of four living in Indianapolis would need to make under \$22,350 to meet the Federal guidelines for poverty<sup>9</sup>. If both parents worked full-time, earning minimum wage, they'd make too much and would be ineligible for most assistance or support.

The Federal Poverty Level fails to recognize factors such as the costs of housing, utilities, child care, transportation, or health care. In Indianapolis, the fair market rent for a 2

bedroom apartment in 2009 was \$741 - this amount is nearly 59 percent of the average monthly income of someone earning minimum wage<sup>10</sup>. That would leave only 41 percent, or around \$515, to pay for child care, utilities, food, transportation, gas, and health insurance. One recent study found that 40 percent of single, low-income working mothers are paying over half of their incomes for child care expenses alone - leaving little to cover the rest<sup>2</sup>.

A more realistic indicator of need would be a Self-Sufficiency Standard, as suggested by the Indiana Institute for Working Families<sup>10</sup>. The Self-Sufficiency Calculator factors in the cost of living - so a family of four in Marion County would need to earn at least \$48,299 to meet their basic needs<sup>10</sup>. Anything below that amount, and the family would experience some shortages. The Self Sufficiency standard is adjusted based on geography and family composition to be an accurate reflection of the cost of living and providing basic needs in various local communities.

The United States is facing an increase in the number of low-income working families. The nation's economy is now comprised of a larger number of low-paying jobs. According to the Annie E. Casey Foundation, 32 percent of Hoosier children resided in home where no parent was employed full time, year round in 2009<sup>11</sup>. One in three Hoosiers is now classified low income, which means they earn less than 200% of the federal poverty level<sup>12</sup>. These families face serious risks when unexpected expenses occur such as car repairs, medical bills, or utility increases. In times of financial shortage, families must make sacrifices in order to maintain basic necessities such as housing, utilities, or transportation<sup>13</sup>. Research has shown that most families will cut food costs before other expenses, increasing the likelihood of their experiencing hunger or malnutrition<sup>13</sup>. Underfed children experience lower academic achievement and poor test scores and are more likely to be hospitalized - incurring further expenses for families<sup>13</sup>. In Indiana, 32 percent of children live in low-income working families where these decisions and situations are a daily reality<sup>12</sup>.

The immediate needs of those in poverty are visible - food, shelter, medical care - but there are less obvious effects as well that affect everyone in the community<sup>14</sup>. Those in poverty may require mental health or drug & alcohol

treatment as a result of the stress, depression, and family violence they might be facing<sup>14</sup>. When poverty and unemployment rates rise, crime rates almost immediately increase as well<sup>14</sup>.

For children experiencing poverty, the effects can be devastating. Children living in poverty are at a greater risk for developmental delays, poor physical and mental health, abuse or neglect, and future reliance upon social services in adulthood<sup>14</sup>. In addition, youth in poverty are more likely to drop out of school, engage in criminal behavior, be involved in juvenile corrections, and become teen parents.

In September 2010 Indiana had a total of 2.79 million jobs, which was a loss of 188,000 jobs since January 2008<sup>15</sup>. Due to the loss of manufacturing jobs and the recession, Indiana's unemployment rate in September of 2011 was at 8.9 percent<sup>16</sup>. Not only does Indiana have fewer jobs and a high unemployment rate; our median income has also decreased since 1999<sup>15</sup>. At that time, the average household income was \$50,896; by year 2009 it had fallen to \$44,305<sup>15</sup>. The sting of this decrease is even more painful when inflation is factored into the equation. The bottom line is that Indiana workers are worse off today than they were ten years ago.

Not only are there fewer jobs and lower wages for workers - there is less health care coverage, as well. The number of Americans who are living without insurance has increased substantially in each of the past five years<sup>15</sup>. In 2010, the number was 49.9 million, or 16.3 percent of the U.S. population<sup>4</sup>. The percentage of uninsured children has improved in recent years from 11 percent to 9.8 percent or 7.3 million children<sup>4</sup>. Americans who are insured by their full-time employer also continues to decline<sup>4</sup>. In 2000, nearly 64 percent of U.S. workers were insured through their jobs; in 2010, only 55.3 percent were<sup>4</sup>. As the number of insured continues to decrease, the rising costs of health care haven't slowed at all. The widening gap between coverage and costs will ultimately mean some medical bills will go unpaid by those who can't afford them. Medical expenses are the number one reason

why Indiana families file for bankruptcy<sup>13</sup>. Eventually, the health care industry, taxpayers and other patients bear the costs of unpaid medical bills, as well<sup>14</sup>. Higher premiums, co-pays, and health care costs for everyone are a result of the uninsured being unable to afford care<sup>14</sup>. Both the State Children's Health Insurance program (S-CHIP) and Medicaid provide coverage for children without insurance - however funding for these programs continues to be slashed, leaving a greater number of children without coverage.

Furthermore, a growing number of families with children are experiencing financial crisis and having to seek assistance through an emergency relief system that was developed in the mid-1800. Indiana has 1008 township governmental units with responsibility for fire protection, assessing and distribution of emergency assistance to low income families who are in crisis. The Township Trustee system provides short-term help to families to help meet immediate needs. Each trustee is allowed to set standards at the local level as a means of allowing flexibility at the community level. However, client and those professionals working to assist these individuals/families find the inconsistency of requirements and services difficult to negotiate to help those it is intended to assist. As various legislative bodies consider the consolidation and reform of local units of government, including township trustees, careful attention should be paid to improving the efficiency, accessibility and funding of poor relief<sup>17</sup>.

Investing in resources and opportunities for those living in poverty is an investment in society overall. As a society, we must collectively agree that it is our shared responsibility to care for those who are most vulnerable. In order for all Americans to achieve self-sufficiency and optimal health, those at the bottom of the financial spectrum must be considered. Education, health care, jobs, and housing are all necessities that cannot be ignored. Eliminating poverty shouldn't be a 'red' priority or a 'blue' priority; concern for those in need, should belong to all sides of the political sphere<sup>2</sup>.

### CBI Program Impact and Participation:

Many of the families served by Children's Bureau utilize TANF, food stamps, CCDF vouchers, and other social service benefits. As a result, we must continue to be aware of changes regarding benefit programs so that we may provide the information to the clients we are serving. In addition, poverty is a highly correlated risk factor to child abuse and neglect.

#### **For More Information Contact:**

#### **Children's Bureau, Inc.**

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**<http://www.childrensbureau.org/corp/adv/index.php>**

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