

*“Poverty must not be a  
bar to learning and  
learning must offer an  
escape from poverty”.*

-LBJ

## 2014 U.S. Poverty Campaign Overview

**RESULTS**  
the power to end poverty

*RESULTS International Conference  
June 2014*

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**Welcome**

Poverty is a complicated experience. People in our country who face poverty are often isolated, excluded, and ignored in our policy decisions for a variety of different reasons. That’s why you are here. As a RESULTS volunteer, you have committed yourself to ensuring that every single American has a voice, that every single American experiences fairness and equal opportunity.

There are many misconceptions about who lives in poverty, how they experience it, and what our elected officials can do about it. This packet will give you a small glimpse into the current state of poverty in America and what policies are currently in place to address it. Although this packet will help you gain a fuller picture of poverty in the United States, there is no substitute for personal stories of those who have lived it. Elected officials and the general public need to hear those stories. Please keep that in mind as you work through this packet. Take time to reflect on your own personal experience, as well as those of your friends, family, or acquaintances that may have been touched by poverty or policy decisions impacting poverty.

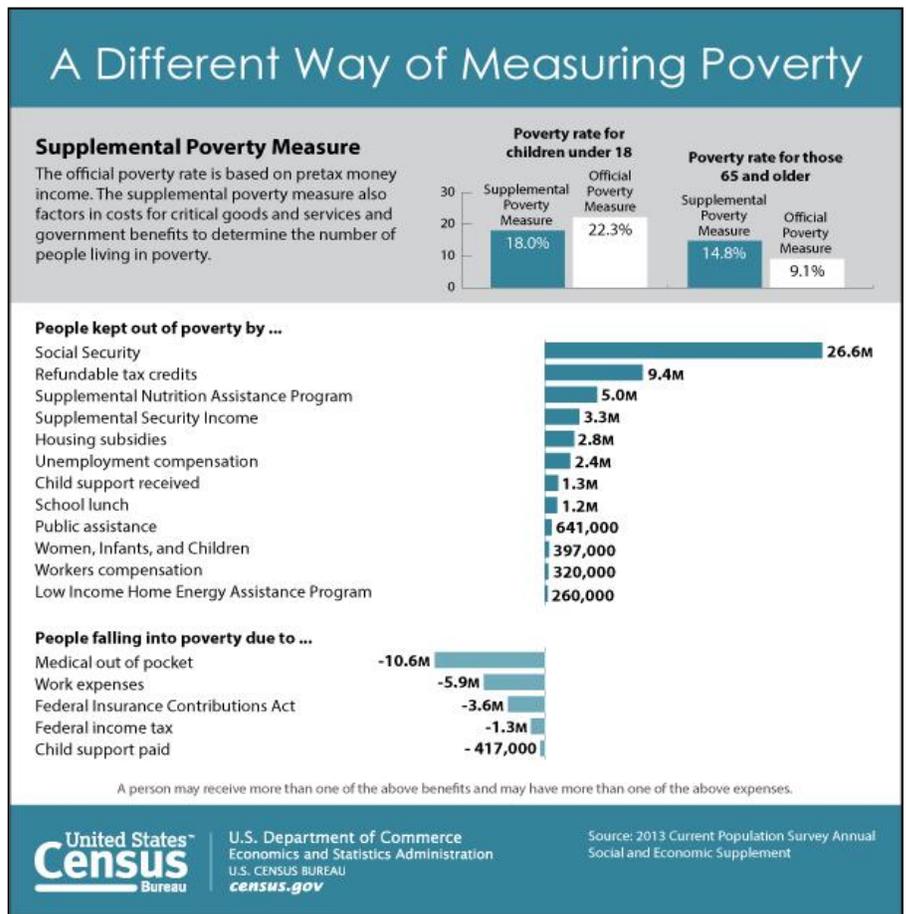
Our main campaign this year is focused on creating economic mobility for all Americans to build ladders out of poverty. In addition, we continue to support early childhood development through access to quality early learning and nutrition. During the RESULTS International Conference, we will focus primarily on our Economic Opportunity campaign because these are the most pressing legislative issues at this time. However, volunteers who feel a particular connection to our secondary campaign or who are constituents for members of Congress who sit on key committees related to childhood development and nutrition may speak about these issues.

Thank you for joining RESULTS to fight for a more inclusive, just, and fair America.

## Poverty in the United States

This year marks the 50<sup>th</sup> anniversary of President Lyndon B. Johnson’s Declaration of a War on Poverty. With this milestone comes an important opportunity to reflect on the progress our country has made in this war and what work is left to be done.

In 2012 the poverty rate in the United States stood at **15 percent** of the population, 46.5 million people.<sup>1</sup> Among children, the percentage was strikingly larger. More than **1 in every 5** children in the United States lived in poverty in 2012, with the **highest percentage being children 0 to 5 years old**.<sup>23</sup> As many have noted, the Census definition of poverty (\$23,283 for a family of four in 2012) is itself an understatement of the



<sup>1</sup> Census, <http://www.census.gov/hhes/www/poverty/data/incpovhlth/2012/highlights.html>

<sup>2</sup> Census, <http://www.census.gov/hhes/www/poverty/data/incpovhlth/2012/highlights.html>

<sup>3</sup> Annie Casey Foundation, <http://datacenter.kidscount.org/data/tables/5650-children-in-poverty-by-age-group?loc=1&loct=1#detailed/1/any/false/868,867,133,38,35/17,18,36/12263,12264>

struggles that millions of families face to make ends meet – see the [Census Bureau's infographic on how they measure poverty for more details](#)<sup>4</sup>). Sadly, many more children live right on the brink of poverty. In 2012, over [35 million children, \(45 percent of all U.S. children\)](#), lived in families at or below 200 percent of the poverty line<sup>5</sup> (about \$46,000 per year for a family of four).

There are policies in place designed to help individuals lift themselves out of poverty. These policies have the power to reshape national opinion and priorities so that individuals have the opportunity to achieve the American Dream. Programs such as the [Supplemental Nutrition Assistance Program](#), [Head Start](#), and the [Earned Income Tax Credit](#) have all significantly improved people's lives (see image above), giving them the confidence, support, and resources they need to be successful.

Children who grow up in poverty are more likely to [experience health issues, to drop out of school, to be held back a grade, to experience violent crime, and to live in poverty as adults](#).<sup>6</sup> These are life-long effects, which is why it is important that we urge our elected officials to support a policy agenda that fosters economic mobility.

The 50<sup>th</sup> Anniversary of the War on Poverty offers an opportunity to recommit to ending poverty, especially as policymakers and thought leaders around the world are pushing a goal of ending extreme poverty on the planet by 2030. World Bank President Dr. Jim Kim, a keynote speaker at the 2014 RESULTSS/REF

"We shall not rest until that war is won. The richest nation on Earth can afford to win it. We cannot afford to lose it."

– President Lyndon Johnson

International Conference, is one of the most outspoken proponents of this universal goal. At the same time, policymakers of all stripes from President Barack Obama to Representative Paul Ryan (R-WI) are discussing the need to address poverty in the United States. Our conference and your conversations on Capitol Hill during our conference Lobby Days come at a critical moment for offering specific and effective solutions to address poverty by creating economic mobility.

## Creating Economic Mobility: Building Ladders out of Poverty

RESULTS believes in a full and comprehensive approach to supporting economic opportunity for every American. While the lack of income does not encompass the experience of poverty, we do know that sufficient income is necessary to participate fully in society and pursue opportunities. Therefore, RESULTS urges Congress to create and support policies that give people the resources they need to make ends meet, including strong safety net and social insurance programs for those who are struggling financially. Policies should support Americans as they move up the income ladder, providing adequate supports over a

<sup>4</sup> Census Bureau, [http://www.census.gov/how/infographics/poverty\\_measure-how.html](http://www.census.gov/how/infographics/poverty_measure-how.html)

<sup>5</sup> Annie Casey Foundation, <http://datacenter.kidscount.org/data/tables/47-children-below-200-poverty?loc=1&loct=1#detailed/1/any/false/868,867,133,38,35/any/329,330>

<sup>6</sup> Lewit, Terman, Behrman,

<http://www.princeton.edu/futureofchildren/publications/journals/article/index.xml?journalid=53&articleid=284&sectionid=1868>

sustained period of time for families transitioning out of poverty. – instead of abruptly cutting off some benefits (the “cliff effect”) as they work to get on their feet. In addition, no plan to end poverty will succeed if we don’t address wealth inequality (including the racial wealth gap – see below) and support families to save for the future.

RESULTS is using 2014 to mobilize support for economic mobility policies, focusing on tax provisions that can move us further towards ending poverty in America by 2030. It is critical to raise awareness and build support for these policies NOW, so they have momentum as the tax-writing committees craft future tax legislation and Congressional leaders negotiate budget and tax deals. By generating widespread Congressional support for anti-poverty tax policies, we can create space for policymakers to focus on creating ladders out of poverty in upcoming tax policy battles.

Unfortunately, actions by many policymakers in Washington offer evidence about the need to speak out for policies that create economic mobility and make ending poverty a priority. Here is just one key example of misplaced priorities in Congress (and why your work is so important):

In May 2014, the House of Representatives passed a portion of a 6-bill tax package that would benefit many large corporations [274-131](#). In addition, House Ways and Means Committee Chair Dave Camp (R-MI) has proposed another set of tax breaks for corporations. In total, these corporate “tax extenders” will cost [\\$570 billion<sup>7</sup> over the next ten years](#). The House bill does not offset the cost of these corporate tax breaks, meaning the cost will be added to the federal budget deficit. Meanwhile, House tax proposals allow critical tax provisions for low-income working families to expire – if these improvements expire, [12 million Americans, including 7 million children, will fall into poverty or deeper into poverty](#).<sup>8</sup> When many members of Congress use deficit concerns to oppose even small increases in funding for anti-poverty programs that help millions of struggling Americans, it is unfathomable that they would now rubber stamp hundreds of billions in tax cuts for some of the wealthiest corporations in the world without a second thought.

## Step One: Ensure Families Make Enough to Meet Basic Needs

A livable income, including wages and income supplements such as refundable tax credits and child care assistance, is the first step out of poverty. This means that if an individual works full time, they should earn enough money to afford their basic needs—food, housing, electricity, and emergency savings. Many jobs in the United States do not provide that sufficient income. Therefore, millions of individuals and families are working full-time work without financial security or stability that should come with it. There are two ways that the federal government can help assure that people receive a living wage—through wage legislation and through the tax code.

<sup>7</sup> Center on Budget and Policy Priorities (CBPP), <http://centeronbudget.org/cms/index.cfm?fa=view&id=4149>

<sup>8</sup> CBPP, <http://www.offthechartsblog.org/ways-and-means-legislation-prioritizes-corporate-tax-cuts-over-keeping-working-families-from-falling-into-or-deeper-into-poverty/>

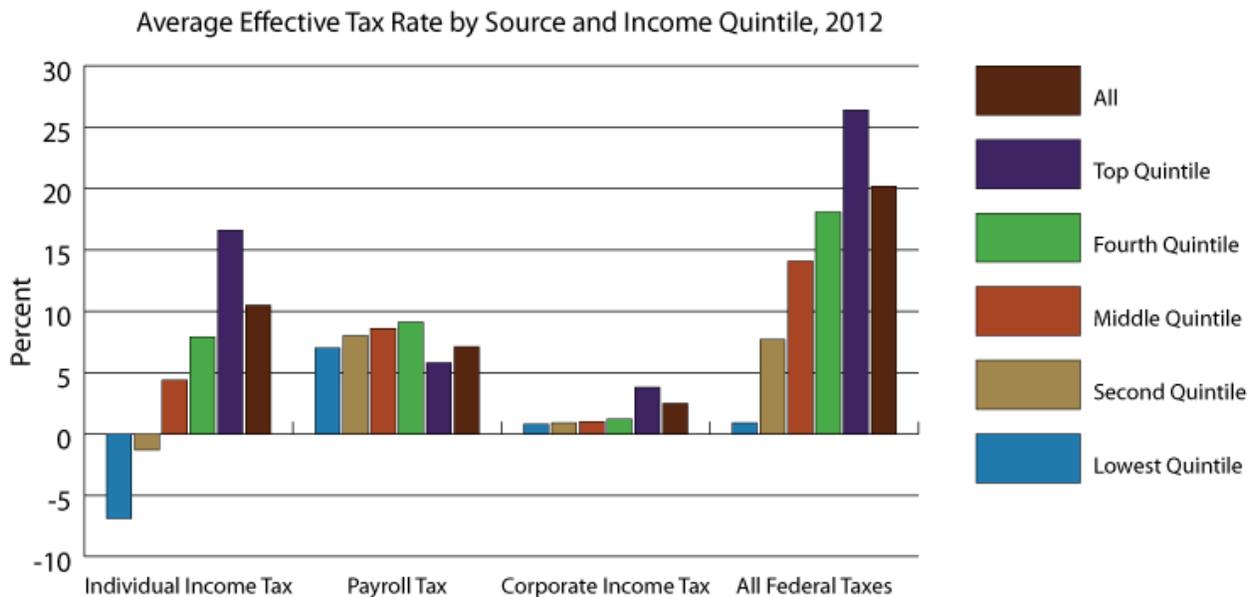
**Overview: Tax Legislation**

The United States has a particularly complicated tax code. The document itself spans over 70,000 pages and includes provisions that affect every single American. Within those pages, there are certain policies that are helping America’s hard-working make ends meet. In particular, the Earned Income Tax Credit (EITC) and the Child Tax Credit (CTC) have proven to be two of our most effective tools at combating poverty.

In general, tax revenues are divided into four major categories:

1. individual income tax
2. corporate income tax
3. payroll taxes, and
4. excise (sales) taxes.

Individual income taxes are highly progressive, meaning that higher-income people pay higher average tax rates than lower-income people. This progressivity is accomplished by taxing higher levels of income at higher rates. For 2014, there are seven tax brackets with marginal tax rates (the rate paid on the last dollar of income) ranging from 10 percent for low levels of income up to 39.6 percent for very high levels of income.<sup>9</sup> The average tax rates are much lower than marginal tax rates, because only the higher portions of a household’s income are taxed at the higher levels.



Additionally, the tax code contains an abundance of exemptions, deductions, and credits. Exemptions and deductions reduce the amount of a household’s income that is subject to tax, and credits directly reduce a household’s tax liability.<sup>10</sup> In contrast to the individual income tax, payroll taxes are regressive, meaning that the average tax rate falls as income

<sup>9</sup> Tax Foundation, <http://taxfoundation.org/article/2014-tax-brackets>

<sup>10</sup> Center on Budget and Policy Priorities, <http://www.cbpp.org/cms/index.cfm?fa=view&id=3764>

risers.<sup>11</sup> The graph above, produced by the Tax Policy Center, demonstrates the average tax rates paid in 2012 at different levels of the income distribution.

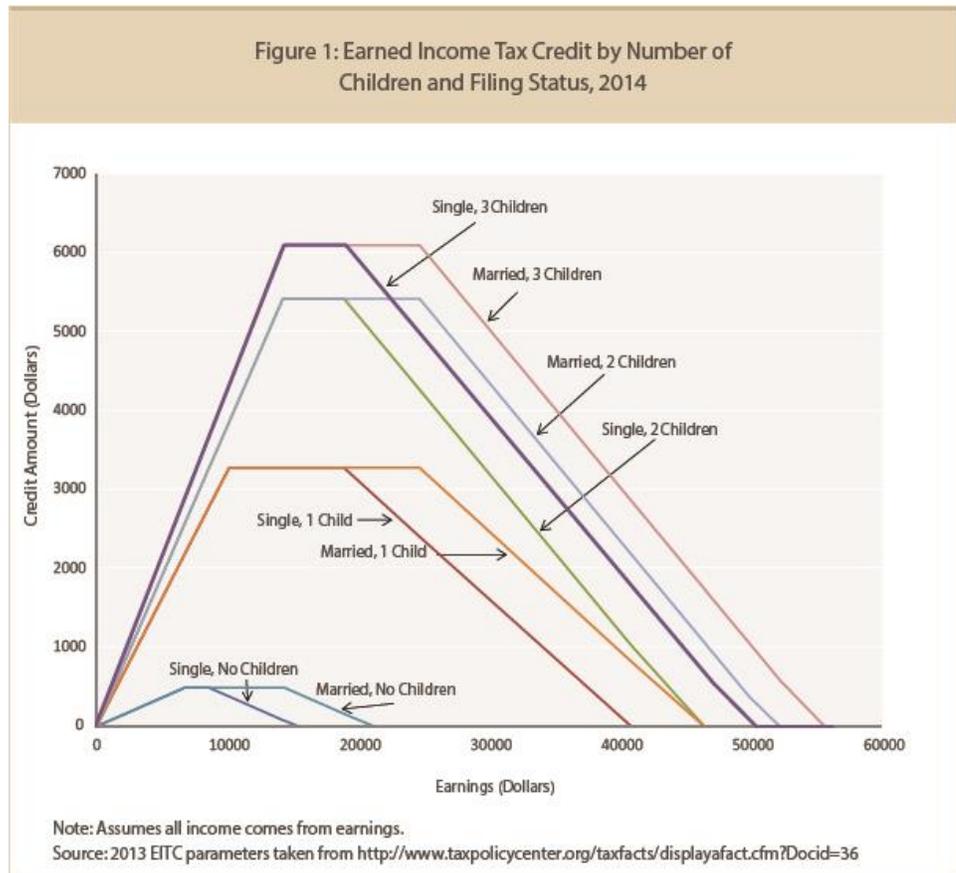
### The Earned Income Tax Credit

The **Earned Income Tax Credit** (EITC) is a fully refundable tax credit available to individuals and families who are currently working. This innovative, successful program incentivizes work by making it beneficial to work more hours – the more income you earn, the higher your EITC.

#### Structure

A tax credit, unlike a tax deduction, reduces a household's overall tax liability (a tax deduction merely reduces your income subject to tax). What makes the EITC so effective is its refundability. Refundability means if a taxpayer's EITC is greater than his/her tax liability, the taxpayer receives the difference as a tax refund. The EITC "phases-in," in that as the person works more hours, their EITC increases – offering a powerful incentive to work for

those able to do so. After reaching a certain income level, the person receives a maximum EITC, which remains consistent for additional hours worked. Once the worker reaches a certain level of income, their EITC begins to "phase out," which provides a continued but decreasing refund for additional hours worked. The above graph depicts how the EITC works as a function of different income levels and family composition.<sup>12</sup>



<sup>11</sup> Tax Policy Center, <http://www.taxpolicycenter.org/taxtopics/currentdistribution.cfm>

<sup>12</sup> Tax Policy Center, <http://www.taxpolicycenter.org/briefing-book/key-elements/family/eitc.cfm>

### Historical Context and Timeline

The EITC has a long history of bipartisan support – it was created and expanded under both Republican and Democratic Congresses and presidents. The first version of the Earned Income Tax Credit was created as part of the *Tax Reduction Act of 1975*.<sup>13</sup> It was created with the intention “to offset the Social Security taxes of low-income workers with children and to provide those taxpayers with an increased incentive to work”.<sup>14</sup> After minor legislative changes it was expanded and refined during the *Tax Reform Act of 1986*, becoming similar to the program we have today.<sup>15</sup> <sup>16</sup> Since then, there have been various expansions, including in Omnibus Budget Reconciliation bills in both 1990 and 1993.<sup>17</sup> More recently, there was a temporary expansion in the *American Recovery and Reinvestment Act* in 2009, which was extended for another five years in the 2013 *American Taxpayer Relief Act*.<sup>18</sup>

### Benefits

There are many benefits to the Earned Income Tax Credit. Here are some reasons to love the EITC:

- Children who grow up in homes that receive an additional increase income (approximately the same amount as an average EITC refund) work **more hours as adults and do better in school**.<sup>19</sup>
- The EITC combats the regressive (which means lower-income Americans pay a higher percentage of their income than others) nature of other tax provisions, specifically federal payroll taxes.<sup>20</sup>
- There are proven health benefits. The mothers who received the largest EITC benefits in the 1990s **gave birth to healthier babies**.<sup>21</sup>
- The Earned Income Tax Credit, along with the Child Tax Credit, kept **10.1 million Americans including 5.3 children out of poverty in 2012**.<sup>22</sup>

“In my work I deal with a lot of single mothers who are living in poverty and cannot afford to support their families in the way that I can. However, I still have to watch every cent I spend and do not have luxuries that others have. Last year I made \$33,173.00. Out of that, \$6300.00 went to child care costs and \$9900.00 went to rent and utilities. \$2,000 more was taken out of my wages for payroll taxes. I of course also pay the gasoline tax and sales tax on items that are necessities for me and my children. ***Through all of this, the EITC has been an absolutely critical form of relief to my family***” —Julie

Read more at <http://halfintention.org/stories/julies-story-about-eitc/>

<sup>13</sup> Forman, Tax Policy Center, <http://www.taxpolicycenter.org/taxtopics/encyclopedia/EITC.cfm>

<sup>14</sup> Forman, Tax Policy Center, <http://www.taxpolicycenter.org/taxtopics/encyclopedia/EITC.cfm>

<sup>15</sup> Forman, Tax Policy Center, <http://www.taxpolicycenter.org/taxtopics/encyclopedia/EITC.cfm>

<sup>16</sup> In 1987 the EITC was indexed for inflation (Forman, <http://www.taxpolicycenter.org/taxtopics/encyclopedia/EITC.cfm>).

<sup>17</sup> Forman, Tax Policy Center, <http://www.taxpolicycenter.org/taxtopics/encyclopedia/EITC.cfm>

<sup>18</sup> Forman, Tax Policy Center, <http://www.taxpolicycenter.org/taxtopics/encyclopedia/EITC.cfm> and The Center on Budget and Policy Priorities, <http://www.cbpp.org/files/policybasics-eitc.pdf>

<sup>19</sup> Center on Budget and Policy Priorities, <http://www.cbpp.org/cms/?fa=view&id=3793>

<sup>20</sup> Tax Policy Center, <http://www.taxpolicycenter.org/taxtopics/encyclopedia/EITC.cfm>

<sup>21</sup> Center on Budget and Policy Priorities, <http://www.cbpp.org/cms/?fa=view&id=3793>

<sup>22</sup> Center on Budget and Policy Priorities, <http://www.cbpp.org/research/index.cfm?fa=topic&id=27>

- The EITC strengthens local economies. The EITC refund checks are often spent quickly and locally, resulting in at least **\$1.50-\$2.00 in local economic activity** for every \$1 claimed.<sup>23</sup>
- The **EITC is good for academics**. College attendance rates, high-school graduation rates, and higher test scores in math are positively linked to a larger EITC amount.<sup>24</sup>

*Congress Strengthens the EITC in the American Recovery and Reinvestment Act (ARRA)*

In 2009, Congress passed *American Recovery and Reinvestment Act* (ARRA, also known as the stimulus package to blunt the effects of the Great Recession. Congress included some long-overdue and significant improvements to the EITC in ARRA. Previously, if two EITC-eligible workers got married, their combined income would significantly reduce or eliminate their EITC. It thus discouraged people from getting married. ARRA increased the amount of income a married couple could earn before their EITC phases out – reducing the **“marriage penalty” for low-income taxpayers**.

ARRA also added a **third tier** for families with three or more children. Large families have a higher risk of being in poverty, which this change was designed to remedy. Those families can now receive a higher EITC, which accounts for the additional cost of raising three or children.<sup>25</sup>

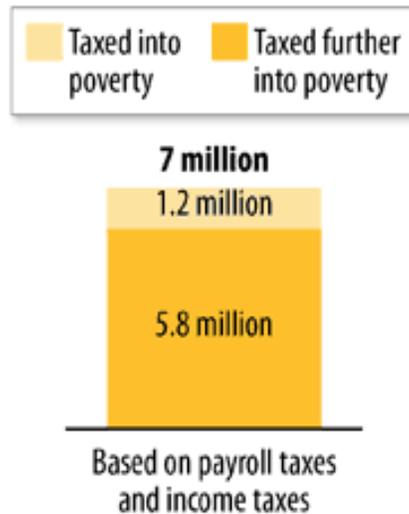
*Expanding the EITC for Single Workers*

RESULTS believes the EITC should be expanded for childless workers. This portion of the population receives very meager returns compared to every other family composition. In fact, childless, single workers are phased completely out of the EITC when their household income reaches **\$14,350** and single childless workers under the **age of 25** are never eligible, regardless of income.<sup>26</sup> These individuals still feel the effects of poverty, and deserve to make ends meet when they are working.

Here are some additional reasons why we should support the EITC for childless workers.

- These individuals still pay many taxes (payroll taxes, sales tax, gas tax, state and local taxes), which push their disposable income

**Federal Taxes Push Millions of Childless Workers\* Into or Further Into Poverty**



\*Workers who do not live with children.

Sources: CBPP analysis of the March 2013 Current Population Survey using Census bureau estimated taxes and the federal government’s Supplemental Poverty Measure

Center on Budget and Policy Priorities | [cbpp.org](http://cbpp.org)

<sup>23</sup> The United States Council of Mayors, <http://usmayors.org/dollarwise/resources/eitc08.pdf>  
<sup>24</sup> Center on Budget and Policy Priorities, <http://www.cbpp.org/cms/index.cfm?fa=view&id=3793>  
<sup>25</sup> Center on Budget and Policy Priorities, <http://www.cbpp.org/cms/?fa=view&id=2505>  
<sup>26</sup> Center on Budget and Policy Priorities, <http://www.cbpp.org/cms/?fa=view&id=2505>

down significantly.

- Low-income workers who do not claim dependents on their tax forms are the only population that is taxed deeper into poverty. A full-time minimum wage worker owes over \$2,500 in federal taxes while receiving only a \$22 EITC. The EITC encourages labor force participation, but the EITC for childless workers is too small to have the same positive effect that it has for families with children.

The President has proposed an expansion to the EITC for childless workers that would significantly benefit many people in our country. The President’s FY2015 budget proposal would lower the eligible EITC age from 25 to 21 and double the size of the credit (from around \$500 to \$1,000 as a maximum EITC). It is estimated that the President’s EITC expansion would help 13.5 million Americans, including 1.5 million non-custodial parents, and would lift 500,000 hardworking Americans out of poverty.<sup>27</sup>

### Child Tax Credit

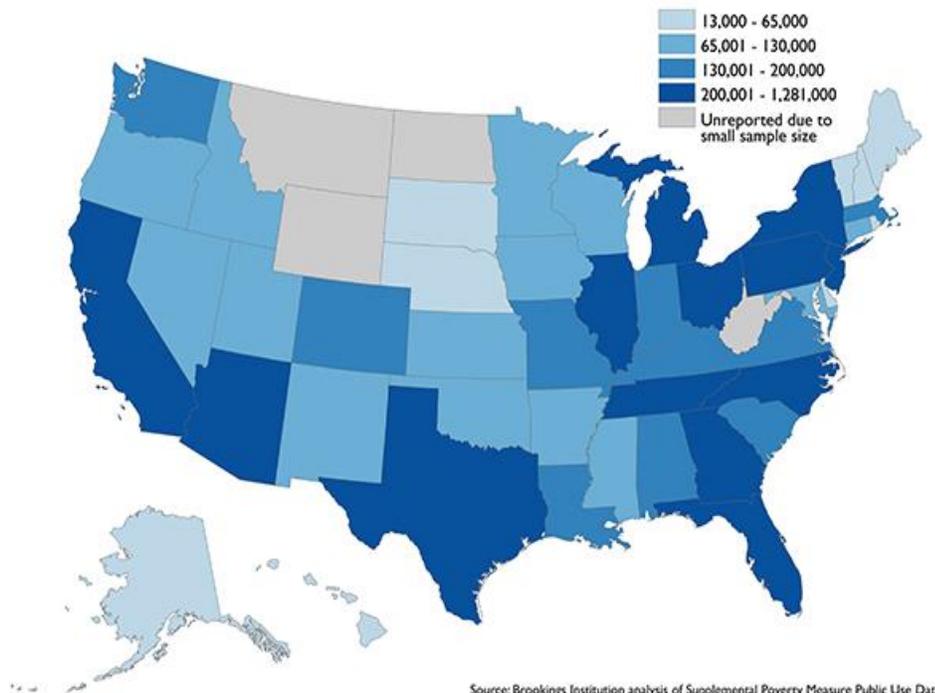
The **Child Tax Credit (CTC)** is a partially refundable tax credit available to families with children. The CTC is a tax credit designed to offset the additional costs of raising a child. This credit, when coupled with the EITC, is a very powerful anti-poverty tool. In 2012, EITC and CTC together kept **10.1 million Americans out of poverty**.<sup>28</sup> With the cost of raising a child and providing childcare constantly increasing, the CTC helps to ensure that all children have more resources and stability in their homes.

#### History and Structure

The Child Tax Credit has been around less than twenty years, but it has already made a huge impact on the many families. The CTC reaches Americans at a broader income range than the EITC. In fact, this credit is available to two-parent households with **incomes up to \$110,000**.<sup>29</sup>

Unlike the EITC, the CTC requires a minimum income to claim it. Families must earn at least \$3,000 per year to qualify for the

**People Lifted out of Poverty by EITC and CTC, 2010-2012**



<sup>27</sup> White House, [http://www.whitehouse.gov/sites/default/files/docs/eitc\\_report.pdf](http://www.whitehouse.gov/sites/default/files/docs/eitc_report.pdf)

<sup>28</sup> Center on Budget and Policy Priorities, <http://www.cbpp.org/cms/?fa=view&id=2989>

<sup>29</sup> Center on Budget and Policy Priorities, <http://www.cbpp.org/cms/?fa=view&id=2989>

CTC.<sup>30</sup> In addition, it is only partially refundable – meaning that at certain incomes, a family will only receive a portion of the difference between their tax liability and their CTC.

### *Congress Strengthens the CTC in the American Recovery and Reinvestment Act (ARRA)*

As part of ARRA, Congress also made a significant change to the Child Tax Credit. Before 2008, families had to earn at least \$12,000 to qualify for the CTC. Families below that income were deemed “too poor” to get the CTC. ARRA reduced that threshold to \$3,000, helping millions of new children qualify for the credit and increasing the refundable portion of the CTC for millions more. This [improvement lifted almost 1 million people out of poverty in 2012](#).<sup>31</sup>

### **Congress Can Protect and Expand Tax Credits to Foster Economic Mobility**

Currently, the expansions to the Earned Income Tax Credit and Child Tax Credit enacted as part of the *American Recovery and Reinvestment Act of 2009* (ARRA) are set to expire in 2017. Originally, the improvements were supposed to last only two years. RESULTS and our allies argued that these improvements should be made permanent. In 2010 and again in early 2013, RESULTS volunteers and other advocates successfully lobbied Congress to extend these improvements. They are currently set to expire in 2017. This was a significant victory – but, in the same 2013 tax deal, Congress made tax cuts for the wealthy and middle class permanent. The fight is not over until the EITC and CTC improvements have also been made permanent. Allowing these critical improvements to the CTC and EITC to expire would mean in 2017 that [about 12 million people nationwide, including 7 million children, would fall into or deeper into poverty](#). As Congress debates other tax provisions, we need to remind our elected officials about the benefits that tax credits have for individuals, families, children, and society as a whole. Ensuring that the expansions become permanent is vital to the continued success and fairness for many Americans.

*For state specific fact sheets about the EITC and CTC, please visit:*  
<http://www.cbpp.org/cms/index.cfm?fa=view&id=4097>

It is also crucial that Congress expand the EITC for single workers. At its current level, the EITC does not provide the same benefits for single, childless workers as it does for most other working Americans. Given all of the benefits of the EITC, expanding the credit for childless workers has the potential to dramatically increase workforce participation and lift workers out of poverty.

Last year, Senator Sherrod Brown (D-OH) introduced [S. 836](#), the *Working Families Tax Relief Act of 2013*. This bill would strengthen and the EITC and CTC by making the 2009 improvements permanent, expanding the EITC for full-time workers and workers without children, lowering the EITC eligibility age from 25 to 21, and simplifying the EITC rules for

<sup>30</sup> Center on Budget and Policy Priorities, <http://www.cbpp.org/cms/?fa=view&id=2989>

<sup>31</sup> Center on Budget and Policy Priorities, using Census data, <http://www.cbpp.org/cms/?fa=view&id=2989>

certain claimants. When the bill was introduced, it already had 30 original co-sponsors, including then-Senate Finance Committee Chairman Max Baucus (D-MT).

In the House, Rep. DeLauro (D-CT-3) introduced the *Child Tax Credit Permanency Act of 2013* (H.R.769), which makes the 2009 improvements to the Child Tax Credit Permanent. This bill currently has 166 co-sponsors. Similarly, Rep. Richard Neal (D-MA-1) has introduced a bill, the *Earned Income Tax Credit Improvement and Simplification Act of 2013* (H.R.2116), which makes the 2009 improvements to the EITC permanent and expands the credit for single workers without children.

RESULTS urges policymakers to cosponsor these bills to demonstrate broad support for protecting and expanding the EITC and CTC for millions of low-income Americans.

### Minimum Wage Legislation

Wage legislation refers to federal policy that mandates a specific minimum hourly wage. The United States first created a universal minimum wage in 1978, when it was set at \$2.65 per hour<sup>32</sup> (however some sort of minimum wage has been around since 1938<sup>33</sup>). There have been incremental increases throughout the past 40 years, most recently in 2009 when it was raised to \$7.25 per hour.<sup>34</sup> However, the minimum wage is *not* indexed to inflation. This means that as the price of living goes up, the minimum wage does not increase automatically. This means that individuals receiving the minimum wage have less and less purchasing power until Congress decides to raise it again.

### Minimum Wage Policies Must Include Restaurant Workers

One main issue with the minimum wage is that it does not cover all employees. Employees that earned tips, such as waitresses, typically have a lower minimum wage. In fact, federally the minimum cash wage is only \$2.13. Businesses are supposed to make up for the difference if an employee does not receive enough in tips to reach the federal minimum wage. Many people believe that tips are additional income on top of the minimum wage, but in most states tips simply help restaurant workers get to the minimum wage level.

Every state also has the ability to set its own minimum wage laws. Twenty-one states and the District of Columbia all have minimum wages higher than the federal minimum wage.<sup>35</sup> These range from \$7.40 in MI and \$9.32 in Washington State.<sup>36</sup> Twenty states have the same minimum wage as the federal government, \$7.25. Four states have lower minimum wages than the federal threshold, and five states have no minimum wage laws at all. For these states, the federal minimum wage law is the standard for those jobs subject to the Fair Labor Standards Act, which is the legislation governing the federal minimum wage. Localities may also pass minimum wage legislation higher than the state minimum wage;

<sup>32</sup> United States Department of Labor. <http://www.dol.gov/whd/minwage/chart.htm#footnote>

<sup>33</sup> United States Department of Labor. <http://www.dol.gov/whd/minwage/chart.htm>

<sup>34</sup> United States Department of Labor. <http://www.dol.gov/whd/minwage/chart.htm#footnote>

<sup>35</sup> United States Department of Labor <http://www.dol.gov/whd/minwage/america.htm>

<sup>36</sup> United States Department of Labor <http://www.dol.gov/whd/minwage/america.htm>

the City of Seattle recently made history by approving an increase in its minimum wage to \$15, the highest in the nation.

As recently as April 2014, group of senators lead by Tom Harkin (D-Iowa) attempted to increase the federal minimum wage from \$7.25 to \$10.10. Unfortunately, enough senators opposed the bill to filibuster and stall it. While RESULTS supports legislation to increase the minimum wage, it is not our campaign priority – it is a tough issue for us as a small but sophisticated grassroots network to make a deep impact on the debate.

## Step Two: Helping People get Back on Their Feet – the Cliff Effect

Many of the phenomenal anti-poverty policies for which RESULTS advocates have specific purposes. This is one of the main strengths of the American public policy structure. However, sometimes we can focus too much on each individual policy, and too little on how all of these policies interact in an actual person's life.

While anti-poverty programs, such as child care assistance and the Supplemental Nutrition Assistance Program (SNAP), can provide a critical safety net for struggling individuals and families, the structure of these programs can sometimes make it difficult for people to leave poverty. For example, when a single mom works hard and is able to earn a modest increase in income, this increase can coincide with an abrupt cessation of some benefits. Instead of benefits phasing out gradually, like the EITC, they just stop. This “cliff effect” can put that mother in a very difficult financial bind, sometimes losing more in benefits than gaining in income. As a result, she is worse off.

While we initially had a goal of a “messaging bill” by the RESULTS/REF International Conference, both the policy landscape (i.e. the difficulties of crafting legislation across programs and agencies to address various cliffs) and political landscape (i.e. the real danger that discussions about how current safety net programs might offer disincentives for families to move out of poverty – and therefore justify draconian cuts or structural changes to the programs rather than investing additional resources to widen the cliff so it becomes more of a “gentle slope”) have made us step back from a serious push to address the cliff effect through legislation this year. However, if given the opportunity you may want to explore the longer-term policy options for investing additional resources to transition programs to a gentle slope during Hill meetings with some Congressional allies.

## Step Three: Planning for the Future – Building Savings and Wealth

RESULTS strongly supports helping families at all income levels plan, save, and invest in their future. **Savings** are an essential part of creating economic security. They are necessary for emergencies, such as unexpected illness or job loss. They are also fundamental for making important investments like education, a home, or a car. However, wealth is not only represented by a savings account of accessible money. **Wealth** is the value of *all* of your assets, which include your home, car, and retirement account, minus your debts, such as student loans, credit card debt, and mortgage. Clearly, wealth can be a good indicator of whether or not an individual is able to participate fully in his or her community. People

experiencing poverty are less likely to have wealth than individuals at different income brackets.

Many Americans experience what is called **asset poverty**. Individuals and families are considered asset poor when they do not have enough assets to live [at the poverty line for more than three months](#) if they were to lose their source of income.<sup>37</sup> Currently [1 in 4 – 26 percent – of Americans](#) are “asset poor.” This means that they are one financial crisis away from poverty. Even more startling is the **liquid asset poverty** rate in America. It uses the same criteria as asset poverty, but only takes into account [those assets that are cash or could be converted \(i.e. liquidated\) quickly](#). This would include cash, savings and checking accounts, stocks, etc. but would exclude real estate, vehicles, and businesses. The liquid asset poverty rate in the United States is [43.9 percent](#).<sup>38</sup>

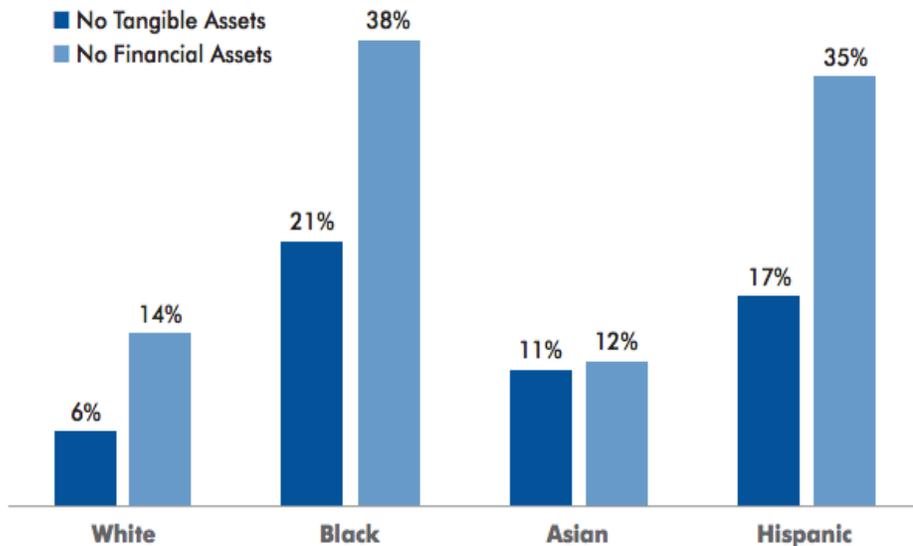
So often, the conversation about inequality focuses on income inequality, which understates the true nature of the gap between the have and have-nots in society. The United States has the *most* wealth inequality of any developed nation, with [75.4 percent of the wealth](#) owned by 10 percent of the people. <sup>39</sup> Moreover,, [wealth inequality is growing](#) in the United States. After becoming more equal throughout the mid-20<sup>th</sup> century, , wealth inequality began rising again in the 1970s and is now back to levels not seen since the early 1900s.<sup>40</sup>

**In Focus: the Racial Wealth Gap**

Here are a few shocking statistics about the status of wealth inequality in the United States:

- The [graph below](#) from the Center for Global Policy Solutions shows a racial breakdown of the percentage of people who have no tangible financial assets.

**FIGURE 3: Share of Households with No Tangible or Financial Assets by Race/Ethnicity, 2011**



Source: Author's analysis of the 2011 U.S. Census Bureau's Survey of Income and Program Participation.

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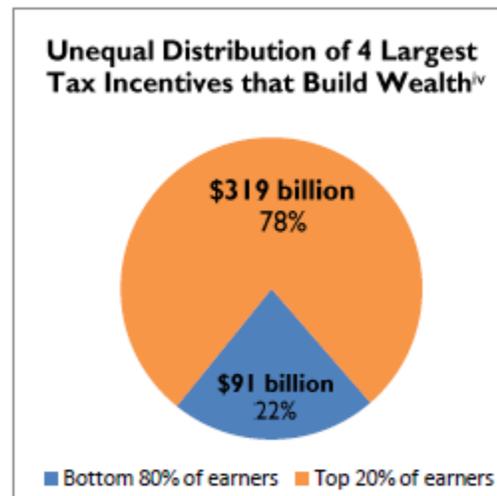
African-Americans and Latinos are more than twice as likely to have no assets as whites. People of color are more likely to have zero or negative net worth.<sup>41</sup>

- The racial wealth gap is also widening. Research from the Institute for Assets and Social Policy at Brandeis University found that in 1995 Whites had \$7 for every \$1 in wealth African Americans had. In 2009, only 20 years later that gap has grown to Whites having **\$19 for every \$1** African Americans have in wealth.<sup>42</sup>
- The recent economic recession hit African American and Hispanic families much harder than it hit white families in general. The median net worth of African American households fell from \$12,124 in 2005 to \$5,677 in 2009.
- If we exclude home equity, in 2011 African Americans had one **\$0.07 in wealth for every \$1** that Whites has in wealth. That figure was \$0.89 for Asians and \$0.12 for Hispanics.<sup>43</sup>

For a powerful illustration of the history of the racial wealth gap, see Ta-Nehisi Coates’s essay in *The Atlantic*, “[The Case for Reparations](#)”.

### What is the Current Policy?

The United States currently has a many policies and tax provisions that help people save and plan for their future, but these policies are typically only available to individuals in higher income brackets. For example, the mortgage interest deduction is a tax provision that incentivizes home ownership, but it excludes any person who does not own a home. In 2012, **77 percent of individuals** who benefitted from this deduction had incomes of over \$100,000.<sup>44</sup> The property tax deduction is another example. It allows people to deduct their property taxes from their federal income tax, thus reducing their tax liability. However, if you don’t own a home, this deduction is out of your reach. Therefore, we have a history of incentivizing savings through public policy, just not for individuals at lower income levels. The graph to the right, from the Corporation for Enterprise Development, demonstrates just how regressive these tax incentives are.<sup>45</sup>



\* Author’s calculations using CBO FY2013 data.<sup>iv</sup>

In addition to the clear moral case for addressing wealth inequality, helping low-income families build savings is a critical strategy to creating economic mobility and ending poverty in America by 2030. RESULTS believes that there are ethical issues with these clear

<sup>41</sup> Global Policy Solutions, [http://globalpolicysolutions.org/wp-content/uploads/2014/04/Beyond\\_Broke\\_FINAL.pdf](http://globalpolicysolutions.org/wp-content/uploads/2014/04/Beyond_Broke_FINAL.pdf)

<sup>42</sup> Kockkar, Fry and Taylro via Pew Research Center, <http://www.pewsocialtrends.org/2011/07/26/wealth-gaps-rise-to-record-highs-between-whites-blacks-hispanics/>

<sup>43</sup> Global Policy Solutions, [http://globalpolicysolutions.org/wp-content/uploads/2014/04/Beyond\\_Broke\\_FINAL.pdf](http://globalpolicysolutions.org/wp-content/uploads/2014/04/Beyond_Broke_FINAL.pdf)

<sup>44</sup> Center on Budget and Policy Priorities, <http://www.cbpp.org/cms/?fa=view&id=3948>

<sup>45</sup> CFED, [http://preview.cfed.org/assets/pdfs/Policy\\_Brief\\_-\\_Tax\\_Incentives.pdf](http://preview.cfed.org/assets/pdfs/Policy_Brief_-_Tax_Incentives.pdf)

disparities between wealth equality. Some reasons for why promoting savings is a necessary part of public policy.

- Wealth is passed down from generation to generation. Children who have a saving account in their name are **six times more likely to attend college** than those without one.<sup>46</sup>
- Families with increased savings and assets experience **less economic strain** and stress. Since stress is strongly correlated to physical and mental health issues, this can significantly improve people's lives. Seventy-six percent of adults blame money for the source of their stress.<sup>47</sup>

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### The Financial Security Credit (FSC)

The Financial Security Credit (or FSC, formerly the Saver's Bonus) would use the convenience and timing of tax season to support low-income Americans to build savings. Tax time is an ideal time to save because many low-income taxpayers receive large tax refunds from the Earned Income Tax Credit (EITC) and the Child Tax Credit (CTC). For millions of Americans, tax time is their single biggest influx of cash and therefore is an ideal time to build savings. Here are the key elements of the FSC:

- **THE FSC would go to taxpayers who aren't likely to receive other support for savings.** People with a maximum income level of 120 percent of EITC eligibility (around \$50,000 per year for a family of four).
- At tax time, the taxpayer checks a box on the tax return agreeing to **direct deposit all or part of tax refund into an eligible savings product** (e.g. IRAs, 401(k)s, 529 College Savings Plans, Coverdell Education Accounts, U.S. Savings Bonds, and certificates of deposit (minimum 12-month term), or traditional savings account).
- There is also the opportunity to **open a savings account right on the tax form**. This simplifies the process and decreases barriers.
- If they maintain the initial deposit for at least eight months, **they would receive matched deposit of 50 cents per dollar saved, up to \$500 per year**. For example, if the taxpayer saved \$1,000 at tax time and maintained it for eight months, she would receive an additional \$500.

Programs similar to the FSC have been particularly successful across the United States. A pilot program called \$aveNYC was started in 2008 to test whether or not people would participate in a program that promoted savings at tax time. Participants in the \$aveNYC program agreed to deposit all or part of their tax refund into a designated savings account. If they maintained at least their initial deposit amount for one year, they received a matching deposit from the program. A study of the program found that 80% of participants saved for the full year in 2009 and received the match. Seventy percent of participants saved for the full year and received the match in 2010.<sup>48</sup>

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<sup>46</sup> Center for Social Development, <http://csd.wustl.edu/AboutUs/News/Pages/Kids-with-Savings-Accounts-in-their-name.aspx>

<sup>47</sup> Corporation for Economic Development, [http://cfed.org/blog/inclusiveeconomy/upside\\_down\\_-\\_500\\_billion\\_in\\_tax\\_incentives\\_to\\_build\\_wealth\\_in\\_2013/](http://cfed.org/blog/inclusiveeconomy/upside_down_-_500_billion_in_tax_incentives_to_build_wealth_in_2013/)

<sup>48</sup> University of North Carolina, <http://ccc.unc.edu/contentitems/the-importance-of-tax-time-for-building-emergency-savings-major-findings-from-avenytc/>

Because of the success of \$aveNYC, it was expanded to four cities (New York, Tulsa, San Antonio, and Newark) as SaveUSA. A new independent study found that the program was successful in all four cities. During the first year of SaveUSA, individuals deposited [an average of \\$506 of their tax refunds into the SaveUSA account](#). After the first year, two-thirds had maintained their deposit and received an average match of \$291. Furthermore, two-fifths of the participants pledged to participate the next year. Overall, they found that the program increased the percentage of individuals with short term savings by 7 percent; this also increased the amount of total savings per individual by \$512.<sup>49</sup>

In contrast to these programs offering financial incentives, another pilot project, Refund to Savings (R2S), encouraged tax filers to save a portion of their refunds by including automatic savings options, savings prompts, or default savings amounts in the TurboTax software. The study found a difference between the treatment group and comparison group in decisions to save of only 0.8 percentage points.<sup>50</sup> Not surprisingly, taxpayers seem to have stronger responses to savings incentives that include matching funds.

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### Congress Can Support Low-Income Families to Build Savings to Foster Economic Mobility

Addressing wealth inequality in America is a huge undertaking, and requires a rewrite of the federal tax code along with many other policy changes. Congress can take the first step by imbedding language to establish the Financial Security Credit in upcoming tax legislation. A legislative version of this idea was originally proposed by Senator Robert Menendez (D-NJ) in the 110th Congress as the Saver's Bonus Act ([S. 3372](#)). It was introduced by Representative Jose Serrano (D-NY-15) as the *Financial Security Credit Act of 2013* ([H.R.2917](#)) in August 2013. We anticipate a Senate FSC bill to be introduced this summer, with the outside chance it will be introduced by our conference. RESULTS is working to build support and co-sponsors for this legislation so that Congress will imbed the FSC in future tax legislation.

### Our Lobby Day Request: Create Economic Mobility to Build Ladders out of Poverty

During the RESULTS International Conference, we'll ask our own members of Congress to speak directly to Congressional Leadership, and in particular House Ways and Means Committee Chairman Dave Camp and Ranking Member Sander Levin, as well as Senate Finance Committee Chairman Ron Wyden and Ranking Member Orrin Hatch, urging them to:

- **Ensure families can meet their basic needs by protecting and strengthening the EITC and CTC. In particular, make the 2009 EITC and CTC improvements permanent and expand the EITC for childless workers.**

<sup>49</sup> MDRC, <http://www.mdrc.org/publication/encouraging-low-and-moderate-income-tax-filers-save>

<sup>50</sup> New America Foundation,

[http://assets.newamerica.net/sites/newamerica.net/files/policydocs/Connecting\\_Tax\\_Time\\_to\\_Financial\\_Security-Final.pdf](http://assets.newamerica.net/sites/newamerica.net/files/policydocs/Connecting_Tax_Time_to_Financial_Security-Final.pdf)

*Legislation in support of the EITC and CTC*

- House Members: please co-sponsor the *Child Tax Credit Permanency Act of 2013* (H.R. 769) and the *Earned Income Tax Credit Improvement and Simplification Act of 2013* (H.R. 2116).
- Senators: please co-sponsor the *Working Families Tax Relief Act* (S. 836).
- **Help families save for the future by including innovative asset development strategies for low-income Americans such as the Financial Security Credit (FSC) in any tax reform legislation.**

*Legislation in support of the FSC*

- House Members: please co-sponsor the *Financial Security Credit Act of 2013* (H.R. 2917).
- Senators: A Senate FSC bill is expected later in 2014.

**Anticipated Questions and Objections: Expanding Tax Credits and Asset-Building Policies for Low-Income Americans**

**“I have heard that the EITC is riddled with fraud.”**

The EITC does have a high error rate (about 25 percent), but that is much different than a fraud rate. Fraud indicates mal-intent, where an error rate can include simple errors, both accidental overpayments *and* underpayments. Paid tax preparers, the IRS, or individuals can make these errors.

Additionally, there is evidence that the overpayments are probably way overestimated for several reasons. First, the National Taxpayer Advocate reports that 40 percent of claims that were identified as incorrect were successfully appealed.<sup>51</sup> Second, this number doesn't include underpayments. Lastly, the percentage is based on 2008 data; the IRS has taken steps to improve the error rate since 2009.

The evidence also strongly suggests that much of the problem rests with paid tax preparers and not taxpayers themselves. Sixty-two percent of EITC recipients use a paid preparer<sup>52</sup>, which means we need to invest in volunteer tax preparation (VITA) programs and better regulate paid preparers when free tax filing is not an option for low-income Americans.

Finally, the IRS has limited enforcement tools to ensure that errors do not occur. When the IRS tried to regulate paid preparers, a federal court ruled that the IRS did not have this authority<sup>53</sup>. Congress has the power to provide the IRS with better tools.

**“Too many Americans don't pay any taxes. It is not fair that I have to pay taxes, but others do not.”**

<sup>51</sup> CBPP, <http://www.cbpp.org/cms/index.cfm?fa=view&id=3960>

<sup>52</sup> H&R Block, <http://newsroom.hrblock.com/wp-content/uploads/2014/02/Ways-and-Means-IRS-hearing-William-Cobb-HR-Block.pdf>

<sup>53</sup> *San Francisco Chronicle* (blog), <http://blog.sfgate.com/pender/2014/05/13/irs-program-to-regulate-tax-preparers-appears-dead/>

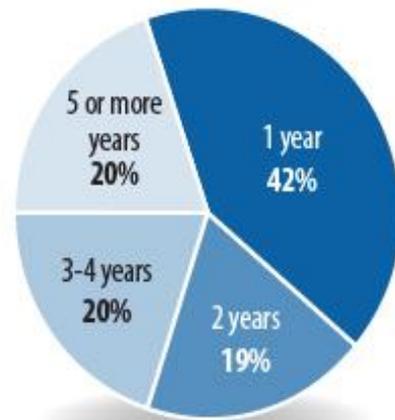
In the past couple years there has been a lot of media about the so-called “47 percent,” i.e. the estimated 47 percent of Americans that pay no federal income tax. Many politicians used this statistic to claim we should not be helping people who already don’t pay taxes. However there is one fundamental flaw in that statement – millions of Americans in the “47 percent” are paying taxes. Yes, in 2011 47 percent of Americans paid no *federal income* tax, but they still paid federal payroll taxes, excise taxes, gas tax, sales tax, and state and local taxes. In fact, studies show that low-income Americans pay a larger share of their income in state and local taxes than do wealthy households. If we look at the full picture, only **1.3 percent** of Americans pay no income or payroll taxes (excluding the elderly and families with income under \$20,000).<sup>54</sup>

**“Isn’t this just welfare by another name? These programs trap people in poverty.”**

The EITC is not the same program as Temporary Assistance for Needy Families (TANF, popularly known as “welfare”). They are different programs with different purposes. People who do not work do not receive the Earned Income Tax Credit.

Furthermore, the argument that the EITC “traps” people in poverty is false. Studies show that EITC **promotes work, particular for single mothers.**<sup>55</sup> The EITC and the CTC lifted 10.1 million *out of poverty* in 2012. Also, 42 percent of EITC recipients use the credit for **1 year or less** consecutively, and most recipients get the credit for two years or less (see right).<sup>56</sup>

**Most Earned Income Tax Credit Recipients Get the Credit for Two Consecutive Years or Less**



Note: Data from 18-year period, 1989-2006; percentages are for consecutive years. Source: Tim Dowd and John B. Horowitz, "Income Mobility and the Earned Income Tax Credit: Short-Term Safety Net or Long-Term Income Support".

Center on Budget and Policy Priorities | [cbpp.org](http://cbpp.org)

**How much does this cost?**

The EITC helps hardworking families stay out of poverty and make ends meet. The CTC helps parents raise their children. We know that credits like these make children healthier, help them do better in school, make them more likely to go to college, and work more and earn more as adults. Because most people only claim the EITC for a year or two at a time, it’s a short term investment with great long term benefits. I think these credits are well worth the cost.

Specifically, making sure that families earning less than \$13,000 are still eligible for the Child Tax Credit costs \$72 billion over the next ten years, reducing the EITC’s marriage penalty costs \$10 billion, and ensuring larger families get a higher EITC is estimated to cost \$15 billion over the next decade.<sup>57</sup> Expanding the EITC for childless workers in line with the

<sup>54</sup> Tax Policy Center, <http://www.taxpolicycenter.org/taxtopics/federal-taxes-households.cfm>

<sup>55</sup> Russell Sage Foundation, <https://www.russellsage.org/publications/making-work-pay>

<sup>56</sup> CBPP, <http://www.offthechartsblog.org/new-research-highlights-importance-of-eitc-for-working-families/>

<sup>57</sup> Joint Committee on Taxation, <https://www.jct.gov/publications.html?func=startdown&id=4585>

President's proposal would cost approximately \$60 billion per year.<sup>58</sup> The Financial Security Credit would cost an estimated \$4 billion annually, or \$40 billion over ten years.<sup>59</sup>

What's important to keep in mind in this conversation is that we spend over \$400 billion annually in the tax code just to help Americans build wealth – and 78 percent of that goes to the wealthiest 20 percent of Americans.<sup>60</sup> As Congress considers the tax policy changes we need to strengthen our economy and our future. I think we need to invest wisely in providing opportunities for families to work hard and move out of poverty.

**“We can't afford this.”**

We can afford it, we just choose not to. We can't afford costly tax cuts for wealthy corporations. Yet, that is exactly what the House is proposing to do – pass hundreds of billions of dollars in corporate tax cuts without paying for them. I would rather my taxpayer money be invested in families who need help than corporations that don't.

Also, we spend about \$400 billion on tax provisions that help Americans build assets. Yet less than 3 percent of the benefits go to the bottom 40 percent of earners.<sup>61</sup> If we can afford to reward wealth at the top, we can also afford to create wealth at the bottom.

**“The government shouldn't be paying people to work.”**

That's exactly right. In an ideal world (or even just a fairer one), people would be able to find work that pays a living wage. Unfortunately, that is not reality. Millions of Americans are working hard every day to make ends meet but their jobs don't pay enough to do it. Until all employers pay a living wage, we need the EITC and CTC so that all Americans can work hard, play by the rules, and make an honest living.

## Targeted Campaign: Early Childhood Development

Proper development is critical for a child's life long health and success. The early years of a child's life are when they develop many different abilities that shape the course of their lives. Appropriate nutrition and early learning programs are some of the most fundamental and crucial building blocks of a child's development. That is why RESULTS supports proper nutrition and education for young children.

### Child Nutrition Programs

When a child is malnourished, they do not grow properly physically or mentally. Those children tend to have smaller brains when they grow up and often suffer “[lasting behavioral](#)

<sup>58</sup> White House and U.S. Treasury, [http://www.whitehouse.gov/sites/default/files/docs/eitc\\_report.pdf](http://www.whitehouse.gov/sites/default/files/docs/eitc_report.pdf)

<sup>59</sup> New America Foundation,

[http://assets.newamerica.net/sites/newamerica.net/files/program\\_pages/attachments/FSC2PagerFinal9\\_12.pdf](http://assets.newamerica.net/sites/newamerica.net/files/program_pages/attachments/FSC2PagerFinal9_12.pdf)

<sup>60</sup> Center on Budget and Policy Priorities, <http://www.cbpp.org/cms/?fa=view&id=3948>

<sup>61</sup> Corporation for Enterprise Development, [http://cfed.org/assets/pdfs/Policy\\_Brief\\_-\\_Tax\\_Incentives.pdf](http://cfed.org/assets/pdfs/Policy_Brief_-_Tax_Incentives.pdf)

and cognitive deficits, including slower language and fine motor development, lower IQ, and poorer school performance.”<sup>62</sup> These lasting effects highlight the importance of ensuring that each and every child receives the nutrients they need to develop healthily so that they can become full-functioning members of society.

### Quick Recap: SNAP and the Farm Bill

This winter, Congress passed a **Farm Bill** that included \$8.6 billion in cuts to the Supplemental Nutrition Assistance Program (SNAP, formerly known as Food Stamps). This cut could mean that 850,000 households could see their SNAP benefits reduced.<sup>63</sup> While RESULTS opposed the bill because of the cuts to SNAP, we are also very grateful to our volunteers for their hard work in protecting SNAP from the much deeper cuts proposed during the Farm Bill debate. Without your advocacy, the damage to SNAP would have been a whole lot worse. RESULTS volunteers played a critical role in pushing back on proposals that would have gutted SNAP and removed millions off the program. In particular:

- RESULTS volunteers met face-to-face with 83 members of Congress to educate them about the impact of cutting SNAP, and discussed SNAP with hundreds of Congressional staff.
- RESULTS volunteers generated 143 media pieces, demonstrating broad support for SNAP. The media backlash against the extreme House proposal was critical in getting to final legislation that does not kick anyone off the program.

### Looking Ahead to 2015 Child Nutrition Reauthorization

There are other critical child nutrition programs that help children receive the food they need to grow up healthy. It is important to support and protect these programs since other food assistance programs have been cut recently. There are six main nutrition programs that help children:

- **National School Lunch Program**—This program provides free lunches during the school day to children who are at or below 130 percent of the poverty line and reduced-price lunches for children who are between 130 and 185 percent of the poverty line.<sup>64</sup> In 2013, **31 million** children benefited from the school lunch

*"The key is to prevent everybody needing welfare. The key is to get people off welfare. You don't want this to keep being a repeated cycle. It seems like it's a repeated cycle, and it gets worse." –Angela S.*

*Angela gave a powerful presentation at the 2013 RESULTS International Conference and is a part of Witnesses to Hunger. She has experience with hunger and poverty and has demonstrated extreme courage for sharing her story.*

*You can read more about her story and those from other Witnesses to Hunger at <http://www.centerforhungerfreecommunities.org/our-projects/witnesses-hunger/meet-the-real-experts>*

<sup>62</sup> Zero to Three, [http://main.zerotothree.org/site/PageServer?pagename=ter\\_key\\_brainFAQ#nutrition](http://main.zerotothree.org/site/PageServer?pagename=ter_key_brainFAQ#nutrition)

<sup>63</sup> RESULTS, <http://capwiz.com/results/vote.xc/?votenum=21&chamber=S&congress=1132&voteid=63079161&state=US>

<sup>64</sup> United States Department of Agriculture, <http://www.ers.usda.gov/topics/food-nutrition-assistance/child-nutrition-programs/national-school-lunch-program.aspx#.U4YkDZRdU1Y>

program.<sup>65</sup> RESULTS has concerns about efforts to undermine school nutrition standards in this year’s appropriations (funding) bills and additional threats in 2015.<sup>66</sup>

- **School Breakfast Program**— Similar to school lunches, school breakfast provides food to low income children so that they are able to have breakfast in the morning. This program helped 12.8 million students daily in 2012.<sup>67</sup>
- **Child and Adult Care Food Program (CACFP)**—This program provides “meals and snacks to children at family day care homes, child care centers, homeless shelters, and after-school programs, and to older or functionally impaired adults at adult day care centers”. In 2012 the CACFP assisted 3.4 million children and 118,530 adults.<sup>68</sup>
- **Summer Food Service Program**— One major issue with the school lunch program is that students who are eligible cannot receive food during the summer months. The summer food program helps address this issue by provides some lunches and meals to eligible children during the summer. Research shows that approximately only 14 percent of children who are eligible for free and reduced lunch are able to access this summertime program.<sup>69</sup>
- **Fresh Fruit and Vegetable Program**—This program provides free fruit and vegetables to students at participating schools. This increases children’s exposure to healthy foods.<sup>70</sup>
- **The Special Supplemental Nutrition Program for Women, Infants and Children Program (WIC)** — WIC provides federal grants to states, which are used to supplement the cost of food, health care, and nutrition education for low-income, pregnant women and new mothers, as well as, infants and children under five years old that may be at nutritional risk.<sup>71</sup> WIC is not an entitlement program, meaning that access to WIC is dependent on how much funding Congress gives it through the annual appropriations process (). States use the money until it is gone, then decide whether the state will continue to provide the benefit with its own money. One of the major usages of WIC funds is to reduce the cost of health products in grocery stores such as fresh vegetables and formula. RESULTS has concerns about efforts to undermine WIC’s nutrition standards in this year’s appropriations (funding) bills and additional threats in 2015.<sup>72</sup>

The child nutrition programs are scheduled for reauthorization in 2015, which means some policymakers are discussing their priorities for reauthorization now. There is a danger that Congress might again use SNAP funding to pay for important investments in child nutrition, as it did in 2010. Given our long history of working on nutrition issues, some Congressional offices might ask your thoughts on child nutrition programs. This offers an opportunity to

<sup>65</sup> New America Foundation, <http://febp.newamerica.net/background-analysis/federal-school-nutrition-programs>

<sup>66</sup> RESULTS, [http://www.results.org/blog/child\\_nutrition\\_standards\\_in\\_jeopardy/](http://www.results.org/blog/child_nutrition_standards_in_jeopardy/)

<sup>67</sup> United States Department of Agriculture, <http://www.ers.usda.gov/topics/food-nutrition-assistance/child-nutrition-programs/school-breakfast-program.aspx#.U4YkjpRdU1Y>

<sup>68</sup> United States Department of Agriculture, <http://www.ers.usda.gov/topics/food-nutrition-assistance/child-nutrition-programs/child-and-adult-care-food-program.aspx#.U4YmY5RdU1Y>

<sup>69</sup> United States Department of Agriculture, <http://www.ers.usda.gov/topics/food-nutrition-assistance/child-nutrition-programs/summer-food-service-program.aspx#.U4YsMZRdU1Z>

<sup>70</sup> United States Department of Agriculture, <http://www.ers.usda.gov/topics/food-nutrition-assistance/child-nutrition-programs/usda-fruit-and-vegetable-program.aspx#.U4YrN5RdU1Y>

<sup>71</sup> United States Department of Agriculture, <http://www.fns.usda.gov/wic/women-infants-and-children-wic>

<sup>72</sup> RESULTS, [http://www.results.org/blog/child\\_nutrition\\_standards\\_in\\_jeopardy/](http://www.results.org/blog/child_nutrition_standards_in_jeopardy/)

voice support for investments in child nutrition programs – and remind policymakers that you believe Congress should strengthen all nutrition programs, including SNAP.

## Head Start and Access to Child Care

Another key component to a child’s development is access to a quality **early education**. Many children reach fundamental developmental milestones before they are able to attend public school. Therefore, it is important that all children have access to preschool and childcare where they can receive quality instruction. Unfortunately, childcare is expensive, and many parents have to work during the day leaving children without a productive and enriching environment to stay in during the day.

For these reasons, the government created Head Start and Early Head Start. These federally funded programs provide money to administer child care and preschool centers at no cost to the families of the children. Head Start provides comprehensive services; teachers work with the children and families on their **cognitive, social, and emotional** development.<sup>73</sup> In addition, Head Start provides health and dental screenings and nutrition education for families. Since it was created in 1965, Head Start has served over **30 million** children.<sup>74</sup> Head Start has many benefits outside of their education services; “At the end of the 2011-2012 program year: 95% of Head Start children had health insurance; 96% had a medical home; and 96% had appropriate immunizations.”<sup>75</sup>

Head Start serves four and five year olds. With new research showing the importance of early childhood development from birth forward, Congress created the Early Head Start program in the 1990s. Early Head Start serves zero to three year olds, often with home visits, cognitive development, and health screenings.

Unfortunately, Head Start only reaches only 42 percent of all eligible children and Early Head Start reaches only four percent of eligible infants and toddlers. In addition, child care

### Patricia and Michael’s Story

As a result of therapies implemented via the Early Intervention program and individualized home visit activities via Early Head Start, Michael’s development has progressed to the point where there are few remaining traces of his initial delays. A child care voucher facilitated by DSS made it possible for Michael to attend a center-based child care program in the community and required Patricia to seek employment. It had been ten years since she last held a job. Initially the search was both scary and frustrating. During her job search, Patricia began volunteering at Michael’s childcare center. It was not long before the center director noticed her skill and comfort with the children and asked Patricia to consider working in the center.

- by Larissa Zoot, read more at [http://eclkc.ohs.acf.hhs.gov/hslc/tta-system/ehsnrc/Early%20Head%20Start/family-engagement/working-with-families/health\\_art\\_00556\\_082305.html](http://eclkc.ohs.acf.hhs.gov/hslc/tta-system/ehsnrc/Early%20Head%20Start/family-engagement/working-with-families/health_art_00556_082305.html)

<sup>73</sup> Office of Head Start, <http://www.acf.hhs.gov/programs/ohs/about>

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assistance – another vital service for low-income working families – reaches only 26 percent of eligible low-income children under age 6.<sup>76</sup>

Programs including Head Start, Early Head Start, and the Child Care Development Block Grant (CCDBG) provide vital services to low-income working families and are a key strategy in efforts to end poverty in the U.S. Fortunately, Congress recently passed a budget for FY 2014 that recognizes the importance of early childhood education. The budget includes \$1 billion increase for Head Start (half going to Early Head Start) and a \$150 million increase for CCDBG. Given our history of advocacy for early learning programs, you might be asked about RESULTS funding priorities.

During the conference, you will have a request sheet that voices support for investments for early childhood in the FY 2015 Labor HHS Appropriations bill, including:

- An increase of \$1.07 billion for Head Start and Early Head Start including funding for Early Head Start/Child Care partnerships and quality improvements in Head Start. This would allow an additional 100,000 infants and toddlers to participate in partnerships between Early Head Start and child care providers.
- An increase of \$807 million for the Child Care and Development Block Grant to protect access to child care assistance for 1.4 million children and to improve the quality of child care.
- An increase of \$500 million for Preschool Development Grants to enable more states to expand access to high-quality prekindergarten programs to the children who need it most.

A current piece of legislation provides additional support for early childhood education. The [Strong Start for America's Children Act](#) is legislation that has been introduced in both the House ([H.R. 3461](#)) and the Senate (as [S. 1697](#)) that gives Early Head Start programs the ability to reach more children, allows states to use 15 percent of their funds for high quality preschool centers, and increasing the number of evidence-based home visit programs.

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<sup>76</sup> Center for Law and Social Policy, <http://www.clasp.org/resources-and-publications/publication-1/Investing-in-Young-Children.pdf>