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New Census Data Confirm Too Many Iowans Are Still Being Left Behind: *Wrongheaded Policy Choices Will Leave Even More on the Brink*

Too many Iowans are still being left behind even as our economy continues to recover, four years after the end of the Great Recession. Data released in September and October by the Census Bureau show poverty remains stubbornly and unacceptably high, and too many Americans are struggling to find a job, pay their rent, and feed their families.

We are clearly not doing enough as a country to make progress on reducing poverty. Our safety net programs are effective in keeping millions of people out of poverty and in keeping many from becoming more deeply poor. But they do not reach everyone in poverty, and recent cuts to these programs have left them less able to help the number of people who need it. Further automatic funding cuts or wrongheaded budget proposals, as well as plans that claim to fight poverty by turning social service programs into block grants, would actually increase poverty and only make the situation worse. We need more investments in the programs that keep our neighbors from falling even deeper into poverty, not less.

Years after the Recession Ended, Millions are Still Struggling

While the recession officially ended in June of 2009, millions of Americans have yet to see any relief. In 2009, 14.3 percent of the country was poor. State and local data for 2013 released by the Census Bureau on September 18 show that in Iowa, 12.7 percent of people were poor in 2013 – an increase from 2009 when 11.8 percent were poor. For a family of four, that means living on an income under \$23,834. The share of households with income under \$50,000 has grown, while the share of households making \$50,000 or more has fallen.¹ This survey found that 15.8 percent of the country was poor, a higher percentage than the national data released earlier in the week.²

There are also 6 million more people living in near-poverty than in 2009; one-third of the nation and almost one-third of Iowans live below twice the federal poverty level, or less than \$47,668 for a family of four.³ Those who work are not immune to poverty, either; 12.9 percent of families headed by part-time or part-year workers are poor,⁴ and 29.4 of similar families are near poor.⁵ We've long known how important education is in fighting poverty, and the Census Bureau data reinforce that – in Iowa, almost

one out of four people who have not finished high school is poor.⁶ For the U.S., one out of four people with education below a high school degree is poor, while one out of seven with a high school degree and one out of 20 with a college degree are poor.⁷

Children remain the age group most disproportionately poor – roughly one in five children in the country is poor – and the statistics are far worse for children of color. Nationally, more than one out of three African American children and nearly one out of three Hispanic children are poor.⁸ Here in Iowa, 16 percent of children overall, as well 44 percent of African American children and 30 percent of Hispanic children, are growing up in poverty.⁹ Numerous previous studies have shown that children who grow up poor are more likely to suffer from poor health, developmental delays, behavioral problems, and lower academic achievement. They are also more likely to be unemployed as adults.¹⁰ In a country where half of our children are children of color and where they are a growing percentage of the population, these are very worrying statistics.

While poverty has grown since the recession, so too has inequality. Between 2009 and 2013, inequality as measured by the Gini index rose by 1.7 percent.¹¹ The income of the top 1 percent of U.S. earners grew by 31.4 percent in 2012, while incomes for the other 99 percent grew only by 0.4 percent.¹² The wealthiest are getting richer and enjoying more tax breaks and loopholes, while those at the bottom are struggling to stay afloat – and in many cases, to stay in their homes. In Iowa, 35 percent of tenants are paying 35 percent or more of their income on rent.¹³ Nationally, 42.5 percent of renters pay more than 35 percent of their income in rent, well over the official definition of families overburdened by rent costs (30 percent).

In addition to the Census Bureau data, other data also depict a nation in which too many are left behind, even years after the recession officially ended. In 2009, the year the recession ended for the statisticians, the national annual unemployment rate was 9.3 percent.¹⁴ The official unemployment rate declined to 7.4 percent in 2013, and dropped further to 6.1 percent nationally in August of 2014. But there are still 9.6 million people who are unable to find a job. Nearly 7.3 million workers are working part-time because they can't find a full-time job or because their hours have been cut back,¹⁵ and still millions more have given up looking for a job altogether because they believe none exists for them. Unemployment declined in Iowa from 6.3 percent in 2009¹⁶ to 4.6 percent in 2013,¹⁷ and was 4.5 percent in August 2014.¹⁸ According to data released by the U.S. Department of Agriculture this month, here in Iowa, more than one in nine households struggled to put food on the table (were "food insecure"), compared with one in seven U.S. households in 2013. The number of people struggling against hunger remains dramatically higher than it was before the Great Recession. In 2007, before the recession, 36.2 million people were in a food insecure household (12.2 percent). In 2013, 49 million faced hunger (15.8 percent).¹⁹ Another recent study notes that one in seven Americans rely on food pantries and meal programs to feed themselves and their families.²⁰ Again, the statistics were worse for African American and Hispanic households and for households with children.²¹

One bright spot in our nation's picture is health insurance. A new report from the Urban Institute shows that the number of uninsured adults fell by 22.3 percent from September 2013 to June 2014, with most of this drop coming from low- and middle- income adults. In states that implemented the Affordable

Care Act's Medicaid expansion, the uninsured rate dropped 37.7 percent. The uninsured rate for low-income adults remains high, at 31.7 percent, but it's much higher in non-expansion states (40.0 percent) than in expansion states (23.1 percent).²² In Iowa, 247,717 people remained uninsured in 2013.²³

What We Can – and Must – Do to Reduce Poverty

Clearly, more must be done to lift up the millions of Americans who have been left out of the recovery. Strong federal programs create jobs, grow the economy, reduce inequity, and keep millions out of poverty. On October 16, the Census Bureau released their Supplemental Poverty Measure (SPM), which takes into account the impact of additional benefits and expenses, as well as geographic differences in housing costs, to give a more accurate view of who is poor. Unlike the official poverty data released in September, the SPM includes the value of federal programs like the Supplemental Nutrition Assistance Program (SNAP), housing and energy assistance, and tax credits as income. It also takes into account several expenses not included in the official poverty data, like medical out-of-pocket expenses, child care and child support paid, income tax, and work expenses. When using the SPM, 15.5 percent of the country was found to be poor, and the average poverty rate from 2011 to 2013 in Iowa was 8.7 percent.²⁴

The SPM also illustrates the importance of federal programs on keeping people out of poverty. It shows that, in 2013, 26.9 million people were kept out of poverty by Social Security benefits, 4.8 million were lifted out of poverty by SNAP/food stamps, 3.9 million were lifted out of poverty by Supplemental Security Income (SSI), and 1.4 million were lifted out of poverty by the school lunch program.²⁵ Similarly, unemployment insurance kept 2.0 million people out of poverty last year, and unemployment insurance expansions during the Great Recession prevented roughly 1.4 million foreclosures.²⁶ The Earned Income Tax Credit and Child Tax Credit lifted 8.8 million people out of poverty in 2013. In Iowa, 66,000 people, including 36,000 children, were kept out of poverty by these credits each year, on average, during 2010 to 2012.²⁷ Children from families that benefit from the EITC also do better in school and end up working and earning more as adults.²⁸ The SPM also shows that medical out of pocket expenses play a significant factor in driving those 65 and older into poverty; if seniors did not have to pay those costs, 11.1 million fewer would be poor.²⁹

Other federal legislation can also break down the barriers that leave millions of Americans in dire conditions. Raising the federal minimum wage to \$10.10 per hour would lift nearly 6 million people above the poverty threshold and help the families of nearly 14 million children,³⁰ all while saving \$4.6 billion in SNAP expenditures³¹ and adding \$33 billion in new economic activity.³² In fact, 16.8 percent of Iowa's children have at least one parent who would benefit from this raise.³³ Raising the federal minimum wage for tipped workers is just as important; poverty rates for tipped workers are roughly twice as high as rates for workers overall. However, the average poverty rate for female tipped workers in the eight states where employers must pay their tipped employees the regular minimum wage is 33 percent lower than in states with the \$2.13 per hour tipped federal minimum cash wage.³⁴ Unfortunately, Iowa is not one of these states.

Without these programs, the number of those in poverty would be much higher. We know these programs work for those who are able to access them, but limited funding means that too many aren't able to get the help they need to move up. Stopping cuts to these proven programs should be the first step. Nearly 100 human needs programs that require annual appropriations saw their funding cut by more than 10 percent since 2010, adjusted for inflation. Some important low-income programs have been cut very deeply: heating and cooling assistance for low-income households was cut 38 percent over this period; juvenile justice programs were slashed by one-third or more; child welfare services were cut by more than one-third; the public housing capital fund was cut by 31 percent.³⁵

As we've previously noted, access to quality education is critical in fighting poverty, but federal education programs have been cut by almost \$40 billion since 2010.³⁶ The 2013 sequester cuts resulted in 57,000 fewer children enrolled in Head Start.³⁷ In Iowa, the sequester resulted in 800 fewer children in Head Start, as well as \$3,521,000 in cuts to the Low Income Home Energy Assistance Program (LIHEAP), \$1,509,000 in cuts to the Child Care and Development Block Grant, and \$6,078,000 in cuts to Special Education Grants.³⁸ Housing subsidies lifted 3.1 million people above the poverty line in 2013,³⁹ but only one in four households eligible for federal rental assistance receives it because of limited funding. Additionally, sequestration cuts caused the loss of 70,000 housing vouchers in 2013,⁴⁰ which left 1,425 fewer households in Iowa with this assistance.⁴¹ Only one in six eligible children receives subsidized child care.⁴² More than eight in ten low-wage workers have no paid sick leave, forcing them to go without pay to take care of themselves or a sick family member.⁴³ Expanding Medicaid provides health coverage for millions, many for the first time, but too many states have chosen the self-inflicted wound of refusing to extend coverage to their low-income neighbors. And the House has voted more than 50 times to repeal the Affordable Care Act altogether.⁴⁴

Beyond halting cuts, we need additional investments in these programs to be able to reach those who haven't yet been helped and remove the barriers that prevent all Americans from getting a fair shot to fulfill their potential. Too many aren't able to access these lifesaving programs because of limited funding. Closing tax loopholes and ending tax breaks that allow corporations to avoid paying their fair share will provide necessary revenues for these investments. The House Ways and Means Committee approved \$614 billion in unpaid tax breaks for corporations and the wealthy in 2014.⁴⁵ The House-passed budget, introduced by House Budget Committee Chair Paul Ryan (R-WI), would provide at least \$200,000 to each millionaire in FY 2015 alone and would increase Pentagon spending by \$483 billion over sequestration levels.⁴⁶ Tax reductions for the rich create few jobs. In fact, research of countries around the world – including the U.S. – found that cutting taxes for the wealthy does not lead to economic growth; instead, it leads to higher levels of inequality.⁴⁷ It's not that we as a country can't afford to make the investments we need to increase jobs for all and help our struggling neighbors; it's that we're choosing not to.

Some Proposals that Purport to Fight Poverty Will Actually Increase It

In addition to providing tax cuts to millionaires and billionaires, budgets drafted by Chairman Ryan and adopted by the House over the past several years would drastically cut human needs programs that keep people out of poverty. Specifically, the House budget would slash SNAP by \$137 billion, which

would cut or end food assistance for millions of low-income families. The budget would gut Medicaid and the Children's Health Insurance Program by \$732 billion, drop 170,000 children from Head Start and 200,000 moms and children from the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), repeal the Affordable Care Act and swell the ranks of the uninsured by at least 40 million, and on and on. All told, 69 percent – or \$3.3 trillion – of the budget cuts in the most recent House-passed budget come from programs for people with low or moderate incomes.⁴⁸ At the same time, the plan slashes taxes for the rich and super-rich by about \$5 trillion.⁴⁹ Just like his budgets, Chairman Ryan's recently-released plan to fight poverty will actually do more harm than good, driving more people into poverty and driving the already poor further down. His plan would allow states to opt for a block grant of up to 11 safety net programs, including SNAP and numerous housing assistance programs. SNAP's current effectiveness at reducing poverty comes from its ability to respond to increased need during hard times. But Ryan's block grant would largely end that flexibility. Historically, most block grants have received fewer and fewer funds over time, resulting in reduced benefits and services.⁵⁰ He promised that total funding to states taking the grant would not decrease, despite the fact that his budget proposes drastic cuts for most of the programs he would pool in the grant.

Rep. Ryan says we need customized and personalized case management for each person needing aid. Some people would almost certainly benefit from these services, but they are expensive. Increased costs for case management will have to come from cuts in other services. His plan eliminates the Social Services Block Grant, despite the fact that it provides \$1.7 billion in services to children, the elderly, and people with disabilities.⁵¹ His plan would exclude working poor immigrant families without a Social Security number from receiving the Child Tax Credit for their children, despite the fact that as many as 5.5 million low-income children would be affected, 80 percent of whom are U.S. citizens (a similar bill that passed the House in July would do this as well).⁵² His plan would require work in exchange for benefits, despite the fact that there are still two job seekers for every job available,⁵³ with the situation far worse in many low-income communities, leaving many more out in the cold.

Congress Needs to Make the Right Choices to Move Us All Forward Together

We need more investments, not less, in programs that help people move up and out of poverty. Massive cuts like those in the House budget and wrongheaded policies like those in Rep. Ryan's plan will not reduce poverty – they would increase it. At a time when poverty, unemployment, and food insecurity remain stubbornly high and our economy continues to leave too many behind, we need more investments in the programs that help our neighbors from falling even deeper into despair. Only this will lead to a shared economic growth and a shared prosperity for all, not just the wealthy and big corporations.

This report was prepared by RESULTS Iowa and the Coalition on Human Needs.

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- ¹ American Community Survey data for 2013, accessed by the Coalition on Human Needs, September 2014.
- ² American Community Survey (ACS) data for 2013, accessed by the Coalition on Human Needs, September 2014. In order to maintain consistency with related state data, this report uses ACS findings, which differ somewhat from the Current Population Survey (CPS) Annual Social and Economic Supplement data released by the Census Bureau on September 16. National CPS data give some reason to hope that poverty rates will show future improvement, as their more recent time window captures end-of-year improvements in employment and income.
- ³ American Community Survey data for 2013, accessed by the Coalition on Human Needs, September 2014.
- ⁴ http://www.census.gov/hhes/www/cpstables/032014/pov/pov06_100.htm
- ⁵ http://www.census.gov/hhes/www/cpstables/032014/pov/pov06_200.htm
- ⁶ American Community Survey data for 2013, accessed by the Coalition on Human Needs, September 2014.
- ⁷ Census Bureau Current Population Survey and American Community Survey data for 2013, accessed by the Coalition on Human Needs, September 2014.
- ⁸ Census Bureau Current Population Survey and American Community Survey data for 2013, accessed by the Coalition on Human Needs, September 2014.
- ⁹ American Community Survey data for 2013, accessed by the Coalition on Human Needs, September 2014.
- ¹⁰ http://futureofchildren.org/futureofchildren/publications/docs/07_02_03.pdf
- ¹¹ <http://www.census.gov/content/dam/Census/library/publications/2014/demo/p60-249.pdf>
- ¹² <http://eml.berkeley.edu/~saez/saez-UStopincomes-2012.pdf>
- ¹³ American Community Survey data for 2013, accessed by the Coalition on Human Needs, September 2014.
- ¹⁴ <http://www.bls.gov/cps/cpsaat01.pdf>
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- ²¹ <http://www.ers.usda.gov/media/1565415/err173.pdf>
- ²² <http://hrms.urban.org/briefs/taking-stock-at-mid-year.pdf>
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- ²⁶ <http://www.nber.org/papers/w20353>
- ²⁷ <http://www.cbpp.org/cms/index.cfm?fa=view&id=4097>
- ²⁸ <http://www.cbpp.org/cms/?fa=view&id=3793>
- ²⁹ http://www.census.gov/content/dam/Census/newsroom/releases/2014/cb14-188_spm.pdf
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- ³¹ <http://www.americanprogress.org/issues/economy/report/2014/03/05/85158/the-effects-of-minimum-wages-on-snap-enrollments-and-expenditures/>
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- ³³ <http://www.epi.org/publication/raising-federal-minimum-wage-to-1010/>
- ³⁴ http://www.nwlc.org/sites/default/files/pdfs/tipped_minimum_wage_worker_wage_gap.pdf
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- ³⁶ <http://cef.org/wp-content/uploads/2014/04/Education-Budget-cuts-since-2010.pdf>
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- ³⁸ <http://www.gpo.gov/fdsys/pkg/BUDGET-2014-PER/pdf/BUDGET-2014-PER.pdf> and <http://www.whitehouse.gov/sites/default/files/omb/budget/fy2015/assets/topics.pdf>
- ³⁹ http://www.census.gov/content/dam/Census/newsroom/releases/2014/cb14-188_spm.pdf
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- ⁴⁴ <http://www.washingtonpost.com/blogs/the-fix/wp/2014/03/21/the-house-has-voted-54-times-in-four-years-on-obamacare-heres-the-full-list/>
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