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Commentary: House GOP's Attention to Poverty Is Welcome, But Plan Is Seriously Flawed

By Robert Greenstein

Poverty in America doesn't get enough attention. That House Speaker Paul Ryan and his colleagues seek to foster debate on it is welcome. And in several areas, the poverty document that they issued today proposes positive steps to address poverty. These are largely in areas of growing bipartisan support, such as reforming juvenile justice policies to reduce incarceration, making it easier for low-income families to use rental vouchers to move to low-poverty areas with better schools and job opportunities, and restoring low-income students' ability to use Pell Grants in the summer so they can complete their education more quickly.

Nevertheless, the new poverty plan is disappointing. Most of its proposals are so vague that it's hard to figure out how they would work or affect low-income people. And in some cases where the plan provides more specificity, the proposals would likely do more harm than good, risking increases in poverty and even homelessness among poor families with children. That's particularly troubling given the growing evidence that severe poverty can impede brain development and limit children's life chances.

In addition, in several areas, the plan repeats standard congressional Republican positions in bashing a series of federal laws and regulations designed to protect low- and middle-income families — from school lunch nutrition standards, to the recent rule protecting retirement savers from conflicts of interest by financial advisers, to the Dodd-Frank law. And, while calling for rewarding work, it ignores the minimum wage — the critical standard providing a floor under wages — tacitly calling for allowing inflation to continue eroding its value. The minimum wage has already lost 25 percent of its purchasing power since 1968, which is one reason why poverty hasn't fallen more.

The plan also disappoints in other ways. Though it claims to be evidence-based, it ignores or misrepresents key research or data in various places and, as a result, it misdiagnoses the strengths and weaknesses of anti-poverty programs and policies and makes problematic proposals.

Finally, but perhaps most fundamentally, the plan ignores the "elephant in the room" — House Republican budget policy. The budget plan that the House Budget Committee's GOP majority approved in March would cut programs for low- and moderate-income Americans by a startling $3.7 trillion over ten years — targeting those programs for 62 percent of the plan's budget cuts.

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Under that budget, 42 percent of all federal resources for low-income programs would disappear by 2026. In addition, "side-car" legislation with specific cuts in various domestic programs, which Speaker Ryan has embraced to try to secure House passage of the budget, would get 87 percent of its cuts from low-income programs.

Speaker Ryan this morning called for improving skills and schools, and the 35-page document notes the importance of child care. Yet the House GOP budget would slash funding for domestic appropriated programs well below the already austere sequestration levels in years after 2017, virtually assuring cuts in such areas rather than added resources.

The tax plan from presumptive GOP presidential nominee Donald Trump raises further concerns. Based on Tax Policy Center estimates, the Trump plan would lose $9.2 trillion in revenue over ten years, shrinking revenues as a share of the economy to levels not seen since 1950 — before programs like Medicaid, Medicare, SNAP (food stamps), and the Earned income Tax Credit (EITC) even existed — and necessitating extremely large additional budget cuts to avoid exploding the deficit.

Let's look at two of these issues: problematic proposals in the plan that could increase poverty and risk harming poor children, and assertions about the safety net that don't accurately reflect the research and data in the field.

Troubling Proposals

Much of the House GOP document consists of typical bromides about poverty programs, alongside proposals often too vague to grasp what they would actually mean in programmatic terms. In some places, however, the plan does provide more information about its proposals — and some of them are problematic.

For example, the plan appears to call for extending the type of rigid, often unrealistic work requirements that characterize the Temporary Assistance for Needy Families (TANF) block grant to other forms of basic support, particularly rental assistance. In TANF, these requirements have proven problematic for many of the poorest parents with the most serious barriers to employment, which can include physical and mental health problems and very limited skills or capacity. In many cases, instead of helping these parents overcome these barriers, TANF programs have imposed requirements on them with which they've had difficulty complying — and then cut off assistance for them and their children when the parents didn't comply satisfactorily.

The House GOP plan would not only apply the same type of approach to low-income housing programs, but in a way almost guaranteed to fail. Though states devote only 8 percent of their TANF funds to work programs and job preparation — so people with major employment barriers receive little meaningful training, education, or other assistance to help them succeed in the job market — the House plan would place low-income housing recipients into the TANF work program system, apparently with no new TANF resources. As a result, housing recipients would likely get few useful employment services, face the same type of often inappropriate work strictures as those found widely in TANF, and be sanctioned if they didn't comply with requirements often ill-suited for them. Since sanctioning people generally means cutting off their assistance, there's considerable risk that homelessness among some of the nation's poorest parents and children could rise significantly. (The plan includes vague statements about providing more state flexibility over

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federal resources. If that means funding TANF agencies' services for housing assistance recipients by helping fewer poor families pay their rent, the risk of increased homelessness would rise even more.)

To be sure, families that face employment barriers need help becoming more employable, as well as more job opportunities, such as through subsidized employment programs. But rigid requirements that don't address their challenges, followed in many cases by a cutoff of basic aid that can have lasting effects on their children, aren't a wise way to proceed.

House leaders justify this approach to work programs and work requirements by claiming that research shows it's the most effective way to move recipients to work. But the report selectively cites, and thereby misrepresents, the research findings. It notes the results only from the first two years of the work programs examined in this research, leaving out the more important — and more disappointing — long-term results. For a much fuller description of the research on TANF-style work requirements (which don't support the House GOP proposals), see my colleague LaDonna Pavetti's careful review of this research.[1]

President Obama's proposal in his 2017 budget to expand the Jobs Plus demonstration, which has proven effective in moving recipients of housing assistance into employment, represents a far sounder, more evidence-based approach.

Another ill-advised proposal that the House GOP plan endorses is the highly partisan child nutrition bill that the House Education and Workforce Committee recently approved. It would weaken federal school meal nutrition standards, reduce access to free school meals for low-income students in many areas while raising school administrative burdens and costs, and begin moving school meal programs toward a block grant.[2] The bipartisan child nutrition legislation that the Senate Agriculture Committee approved provides a much better alternative.

Pronouncements on Safety Net Inconsistent with Research Evidence

The House GOP poverty document repeats the discredited claim that we've spent trillions of dollars on anti-poverty programs with little or no impact on poverty, stating: "[T]he official poverty rate in 2014 (14.8%) was no better than it was in 1966 (14.7%), when many of these programs started." At today's event, House leaders said we should measure poverty policies by results, particularly by how many people they lift out of poverty, implying that current programs lift few.

Analysts across the political spectrum, however, have rejected claims that anti-poverty programs failed to reduce poverty, as a bipartisan panel of witnesses testified at a 2014 House Budget Committee hearing that Mr. Ryan himself chaired.[3]

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[1] LaDonna Pavetti, "Work Requirements Don't Cut Poverty, Evidence Shows," Center on Budget and Policy Priorities, updated June 7, 2016, http://www.cbpp.org/research/poverty-and-inequality/work-requirements-dont-cut-poverty-evidence-shows.

[2] Robert Greenstein, "House Child Nutrition Bill Would Weaken Programs for Low-Income Children," Center on Budget and Policy Priorities, updated May 19, 2016, http://www.cbpp.org/food-assistance/commentary-house-child-nutrition-bill-would-weaken-programs-for-low-income-children.

[3] House Budget Committee, Progress Report on the War on Poverty, January 28, 2014.

As these and other analysts have explained for years, comparing today's official poverty rate to that of the late 1960s is essentially meaningless because the official rate *fails to count* virtually any major anti-poverty program created or expanded since the late 1960s — SNAP, the EITC, rental vouchers, etc. Moreover, while ignoring anti-poverty programs that have expanded, the official measure *counts* the principal form of anti-poverty support that has been cut sharply: cash welfare assistance for poor families with children. That's why the official poverty rate doesn't show improvement.

Analysts across the spectrum generally favor broader poverty measures that count income-like assistance such as SNAP, the EITC, and rental assistance. These more complete data tell a different story: Under the principal historical comparison that uses a broader measure of poverty, the poverty rate has fallen by two-fifths since the late 1960s — from 26 percent in 1967 to 16 percent in 2014. By this standard, safety-net programs now lift about 36 million people above the poverty line each year. In 1967, the safety net lifted above the poverty line only about 4 percent of those who would otherwise fall below it. Today, it lifts *more than 40 percent* of such people above the poverty line.[4]

Finally, in recent years a robust body of research has found that programs like SNAP and the EITC are linked to improved school performance among children and higher expected earnings, and better health, in adulthood. In other words, key safety-net programs have significant mobility-enhancing efforts for poor children. Unfortunately, the House GOP report and the speakers at this morning's event ignored this important evidence.

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[4] These comparisons use the government's Supplemental Poverty Measure, estimated for 1967 by researchers at Columbia University using current-day poverty lines adjusted for inflation, and updated for 2014 by CBPP.