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Commentary: Chairman Ryan Needs to Play It Straight on Poverty Programs

By Robert Greenstein

House Budget Committee chairman Paul Ryan will unveil a proposal tomorrow to address poverty and, in doing so, faces a choice: play it straight in making the case for his plan, or succumb to the temptation to mischaracterize key poverty data and research to paint the safety net as an abject failure.

To his credit, Mr. Ryan has spent time visiting poor communities, and his proposal will merit thoughtful review. He is, of course, entitled to propose whatever he wants. He is not, however, entitled to distort the nation's poverty record to sell his plan — and hopefully he will not do so.

Unfortunately, Mr. Ryan's record isn't promising. In January, he held a hearing at which all three witnesses, including the two Republican witnesses, testified that policymakers should *not* use the so-called "official" poverty measure to compare poverty rates today to those of the 1960s. The witnesses agreed — as do most poverty scholars across the political spectrum — that in measuring poverty trends, one needs to *count* — rather than *ignore* — major sources of income and support such as SNAP (food stamps) and the Earned Income Tax Credit (EITC) that are not counted in the official measure. The witnesses noted that when one counts those sources of income — as one must to make a proper historical comparison — poverty is significantly lower today than when the War on Poverty started in the 1960s.

The leading research in the field, which a team at Columbia University issued last fall and all three witnesses at Mr. Ryan's hearing cited, documents the point persuasively. Under the most widely cited poverty measure that the Columbia team used in its research, the poverty rate fell from 26 percent in 1967 to 16 percent in 2012.

Although Mr. Ryan chaired the hearing in January and engaged the witnesses on these issues, he nevertheless has claimed in more recent media appearances that poverty has not declined at all in half a century, demonstrating that current safety net programs are failures. Appearing on Fox News on July 9, Mr. Ryan declared: "We've had 50 years of the war on poverty and the poverty numbers haven't changed."

In March, meanwhile, Mr. Ryan released a 200-page report on poverty that purported to outline the research and data in the field. The report was sharply criticized by some of the very researchers it cited, including members of the Columbia University team cited above, for distorting and mischaracterizing their work.¹

Mr. Ryan's inaccurate claim that we've made no progress on poverty in the past 50 years is only one example of his past problematic pronouncements on poverty. For example, he's repeatedly portrayed the safety net as a "hammock" that not only fails to improve poor people's prospects to succeed, but ensnares them in a "poverty trap." My colleague Arloc Sherman explains, in a paper we issued yesterday, the distortion of data and research that's reflected in some of the "poverty trap" rhetoric, especially with regard to marginal tax rates.² But what's most significant is that facile references that describe anti-poverty programs as a "hammock" that holds people down, such as those Mr. Ryan has made, ignore much of the most important recent research on these matters.

The leading academic assessment of these issues — which is based on a rigorous, comprehensive review of the research literature on poverty — finds that as a whole, safety net programs have only modest effects on the amount that people work. The researchers also reported that after taking its effects on work into account, the safety net still reduces the number of Americans who are poor by *40 million*.

Moreover, the research shows that various safety net programs produce positive effects that extend well beyond helping families meet their immediate needs and are especially important for improving children's opportunities. Landmark research indicates, for example, that food stamps increase children's school performance and health. A path-breaking recent study examined what occurred after food stamps gradually expanded nationwide in the late 1960s and early 1970s. It found that poor children with access to food stamps in early childhood (and whose mothers had access during pregnancy) had an 18-percentage point higher high school graduation rate and, in adulthood, were less likely to have stunted growth, be diagnosed with heart disease, or be obese than comparable children who lacked access to food stamps.

In addition, research shows, children in poor families that receive income supplements have better educational outcomes, and better employment outcomes as adults, than comparable poor children whose families lacked comparable income support. A study of low-income children in welfare-to-work and anti-poverty demonstration projects that used "random assignment" — the "gold standard" for rigorous evaluation — found that for every \$3,000 the families received in annual income supplements (in 2005 dollars) before the children reached age 5, the children worked more and earned an average of 17 percent more as adults compared to comparable children whose families didn't receive the added income. Similarly, other studies have found that earnings supplements, like the EITC and the low-income component of the Child Tax Credit, lead to better educational outcomes for children, including higher test scores and a greater likelihood of attending college.

Other research finds that low-income rental assistance programs reduce family instability and can thereby reduce or avert significant negative outcomes for children. A rigorous multi-site evaluation found that families receiving Section 8 housing vouchers were 74 percent less likely to become homeless and 48 percent less likely to live in overcrowded housing, and they moved less often over a five-year period, than similar low-income families without housing assistance. Homelessness,

overcrowded housing, and frequent moves, the research shows, are associated with adverse outcomes for poor children.

Researchers are now exploring how and why financial support can lead to these long-term gains for low-income children. Of particular note is emerging research on how high levels of stress that come with poverty — due to such factors as exposure to violence, housing instability, and food insecurity — affect young children. A growing body of evidence indicates that repeated exposure to these and other stressful events has physiological effects that can impede children’s ability to learn and do well in school. This may explain, in part, why studies now increasingly find that significantly raising the incomes of poor families with children produces gains in educational attainment and test scores that are, in turn, linked to increased earnings and employment when the children reach adulthood. More financial assistance may also bring other advantages such as access to better child care, better nutrition, and more stable living arrangements or housing closer to decent schools, summer classes, or other educational opportunities.

Let’s be clear. None of the research means we should be content with the current state of affairs. Poverty remains far too high. With that in mind, I’m quite interested in hearing Mr. Ryan’s ideas. In presenting them, however, he should avoid the kinds of cheap political shots he has previously taken at safety net programs and acknowledge the important successes, as well as the inadequacies, of current anti-poverty efforts.

¹ Rob Garver, “Economists Say Paul Ryan Misrepresented Their Research,” *Fiscal Times*, March 4, 2014, <http://www.thefiscaltimes.com/Articles/2014/03/04/Economists-Say-Paul-Ryan-Misrepresented-Their-Research>.

² Arloc Sherman, “Commentary: Policymakers Often Overstate Marginal Tax Rates — And Understate Trade-Offs In Reducing Them,” Center on Budget and Policy Priorities, July 22, 2014, <http://www.cbpp.org/cms/index.cfm?fa=view&id=4170>.