

Congresswoman Gwen Moore
Testimony
Ways and Means Committee Hearing June 27

I am here today to try to help debunk some of the myths about low-income people that some of the Majority witnesses are so committed to perpetuating. These thinly-veiled attacks on the poor have been occurring regularly in the House over the past few months—for example, in the Budget Committee, where Chairman Ryan and his colleagues are trying to hold up TANF as a “successful model” for reforming other safety net programs.

The premise of this hearing suggests that recipients of welfare and tax benefits have no incentive to work and that the benefits they receive from the government are actually “harmful” to them. Today’s witnesses would have you believe that there are millions of people out there who are “prevented” from working because of the government programs that “keep them down.”

This hearing is predicated on a series of false assumptions about our social safety net. I want everyone to know that contrary to what you might hear today, many of our government programs—SNAP, for example—work very well, and contribute to massive reductions in poverty by increasing family income. We also have programs, such as child care subsidies, that are effective because they provide supports that get people into the workplace. It’s true that some of our programs, like TANF, need a serious structural update, because they have been designed to fail the very populations that they intended to serve. But make no mistake: the people of this country still need a safety net. Eliminating the safety net will not eliminate poverty.

I have personal experience living in poverty, and raising young children as a single mother while working, going to school, and sometimes relying on welfare to get by. I can tell you that I didn’t sit down after a long day of work to calculate the “marginal tax rate” of government benefits to determine my choices. I think that the panelists here today—who make it sound like low-income women get home every night and pore over a spreadsheet to figure out how much they’ll be taxed on the next dollar they earn, or their next dollar in benefits—need a bit of a reality check. They’re showing very little understanding of the day-to-day factors that affect people’s decisions about work, child care, education, and much more.

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I don't have enough time to respond to each and every one of the false claims you will hear today. But I will point to one extremely noteworthy recent example that invalidates many of the Majority witnesses' claims: the TANF Emergency Fund. If low-income welfare recipients simply didn't want to work, then why was the TANF Emergency Fund so successful? In just two years it created over 250,000 jobs. Republican Governors and state and local policymakers across the country came out in strong support of this program, because it was undeniably successful. Many economists and researchers agree that the number one reason why some low-income people are not in the labor market is because we simply don't have enough jobs. When the TANF Emergency Fund was in effect, citizens came out in droves in search of jobs that were finally available to them. Their government had finally helped provide the work opportunities they need. And yet, here in Congress, conservatives refused to extend this program. And now they're arguing that poor people are looking for a free ride. Rather than continuing to help families find the jobs they need and supporting businesses struggling in tough economic times, Congress pulled the plug on a successful program.

If the argument is that we want to have a productive society, cutting off benefits to those who need them is not the way to do so. Researchers at Harvard have found that giving families very modest tax credits leads to higher standardized test scores for their children. These students then have lower teenage birth rates, are more likely to attend college, and eventually have higher earnings than had they not received the tax credit. In the end, as productive members of society, they are able to offset the cost of the initial tax credit.

Our welfare system under AFDC was not perfect. But at least it allowed people to receive a basic level of income while pursuing education and training. TANF, which we hear described as a "model" program, is simply not effective at getting people into decent jobs. The system is fundamentally and fatally flawed. Many states use the work participation rate of welfare recipients as their primary performance measure. Under this indicator, states are more likely to indicate better performance if they assist families that already have some education, skills, and/or work experience and therefore have the best chance of securing

Congresswoman Gwen Moore
Testimony
Ways and Means Committee Hearing June 27

employment. As a result, the families who should be prime candidates for assistance are those that are often least likely to receive benefits.

With the Deficit Reduction Act, conservatives made it even more difficult for welfare recipients to get the education and training necessary to obtain better jobs. Limits on what constitutes work activities and a 12-month limit on education make it extremely difficult for a welfare recipient to receive post-secondary education.

Welfare recipients thus face multiple barriers. These barriers are the real factors that affect workforce participation—not the preposterous factors that are being discussed in this hearing today. Not only are there few jobs available to low-income people, but the few jobs that are available aren't ones that are going to help them earn enough—or learn enough—to truly change their financial situation, let alone alter the course of their lives.

Close to half of all TANF recipients lack even a high school diploma, making it extremely difficult for them to find employment. Various studies have estimated that about 45% of welfare recipients have cognitive impairments including learning disabilities, which can impede success in education and the workplace. Any barrier to education is a direct barrier to sustainable employment. Many jobs require specialized training and experience and most employers prefer workers who have completed a certified trade school program. The current limit of one year of full-time education is not enough to complete most programs of study, especially for students who need to complete remedial coursework in order to brush up on their skills and be college ready.

Unlike TANF, SNAP benefits automatically ebb and flow on the basis of economic need. SNAP benefits have thus been successful at increasing families' income, while rising evenly along with the unemployment rate. This is an important point—because the goal of these programs is to alleviate poverty, and SNAP does just that. And yet, the House Majority wants to change SNAP, and look at TANF as a model program. Republicans (admittedly aided by Democrats in the late 1990s) have decimated the TANF program, leading the caseload to decline by 68% from 1995 to 2010. Yet, interestingly enough, families with children in poverty

Congresswoman Gwen Moore
Testimony
Ways and Means Committee Hearing June 27

increased by 17% over the same period. In what way is this program a model? It is simply not doing what it is designed to do.

There are a vast number of ways in which TANF could and should be fixed. We need to first acknowledge that welfare benefits are necessary and that the program we have is inept. TANF has effectively been capped as a block grant which is completely unrealistic in these difficult economic times. There's a reason more and more people are in poverty and it isn't because of their unwillingness to work. TANF doesn't account for inflation and isn't designed to be effective during a recession.

The Earned Income Tax Credit (EITC) was designed to reduce the tax burden and supplement the earnings of low and moderate income working adults, many of whom are raising children. Numerous studies have found that the EITC encourages work and helps reduce poverty; findings suggest it is more successful than TANF at increasing work rates. Despite what others may have you believe, most EITC recipients only use the credit temporarily when an event, such as a job disturbance, affects their income. Over an 18-year-period, 61% of EITC recipients received the credit for just one or two years at a time.

I find it unconscionable that we have somehow found a way to distance ourselves from the real-life human consequences of our actions on Capitol Hill. Millions of people are barely surviving. We hear stories of people watering down infant formula because they don't have enough to make it through the month. We hear of people giving babies juice or water because they don't have any benefits left. We hear of families running out of food, and adults starving themselves so their children can eat. This is the reality of living in poverty. People have to make terrible choices. They are working two or three jobs, earning low wages and never getting ahead. They are worried about who they're leaving their kids with during the day because they can't afford adequate childcare. We have to ask ourselves: do we think it is acceptable to allow people to have to live this way in the United States?

In 2010 the poverty rate reached its second-highest point since 1965. Not only that, but the deep poverty rate (as in, those living below half of the poverty level) reached 6.7% which is the highest rate ever since 1975 when we first began

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Ways and Means Committee Hearing June 27

collecting this data. To put things in perspective, half the poverty line is about \$11,000. Nearly 1-in-10 children is living in a household with this low income, barely able to get by. A study by researchers at the University of Michigan and Harvard found that the number of households with children living on less than \$2 per person per day has almost doubled since 1996, now reaching 4%. Even if food stamps are counted as cash assistance, there remains one in every 50 children living in such a household.

After we pause to reflect on the way poor people in this country are living, I can't help but question the values and morals of those who would try to eliminate credit tax credits, like the EITC, for low-income people, while at the same time fighting tooth-and-nail for tax cuts for people at the top. The Ryan budget would have given each high-income family a \$400,000 tax cut. And yet we're here listening to people complain about the expense of the EITC—which clearly incentivizes work, and is yet another example of a program that flies in the face of the premise of this hearing.

I'd like to close by reminding us of a recent New York Times article by Jason DeParle, featuring interviews with some of the people who have fallen through the cracks in our social safety net. They told stories of the desperate steps they have taken to stay alive, and feed their children. One woman told the all-too-common tale of returning to a violent boyfriend because she had nowhere else to turn. Others told stories of selling their food stamps at a reduced rate, or selling blood, or digging through trash cans.

DeParle's article tells the story of Tamika Shelby. Tamika first sought cash assistance at age 29 after working fast-food jobs, and as a waitress in a strip club. The state gives her \$176 per month for her and her three-year-old son, and she works part-time for effectively \$2 an hour job at a food bank. Her supervisor said she was "just wonderful" and indicated she would often even show up on her days off from work. But because Arizona reduced its time limit from five years down to just two, Tamika no longer has welfare assistance or her job at the food pantry. While she and her son can qualify for \$250 a month in food stamps, she reports there are often days when she doesn't eat.

Congresswoman Gwen Moore
Testimony
Ways and Means Committee Hearing June 27

The witnesses on this panel would have you believe that welfare recipients are “taking advantage of the system.” Does a mother who has to choose between eating herself and having enough food for her children sound like someone who is taking advantage of the system? The reality is that TANF is a failed program, and now here they are criticizing the poor who should be cared for by this so-called safety net. It must be nice to be at the top.