

**Testimony of Peter Edelman, Professor of Law, Georgetown Law Center
Senate Subcommittee on Children and Families
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Mr. Chairman, Senator Alexander, and members of the Subcommittee:

Thank you for the opportunity to be part of this important hearing. Even more important, thank you for including me in this transcendently significant occasion – perhaps the last hearing you will chair as a member of the United States Senate, Senator Dodd. Your work on behalf of children and families, as in so many other areas, has left an indelible mark on our nation. I speak for my wife as well as myself in thanking you for all you have done. Millions of American children and their families are better off for the phenomenal trail of achievement that you have blazed. The list would use up my allotted time and much more, going from the Family and Medical Leave Act through SCHIP, and on through child care, Head Start, children with disabilities, HIV-AIDS, and much much more. Few Senators in the history of this body can claim such a record of accomplishment.

You have asked me to reflect on the achievements and disappointments of recent decades with regard to child poverty in our country, on lessons learned, and on what we need to do going forward.

It is impossible to understand child poverty trends without placing them in a context of what has happened to the American economy and to the distribution of income and wealth. Except for the last half of the 1990s, the economic history of the past four decades has been one of near-stagnation for people with jobs that pay below the median wage in the country -- the entire bottom half, if you will. Deindustrialization -- the flight of jobs abroad and the replacement of many jobs by automation -- has hurt millions. Good paying factory jobs have been replaced (fortunately, new jobs did come along) by much lower paying service jobs. Half the jobs in the country pay less than \$30,000 a year, and a quarter pay less than the poverty line for a family of four. Large numbers of children have grown up to get jobs that pay less than what their parents earned. Our economy did grow, but the increased income went almost entirely to people at the top of the income ladder. To cite just one stunning statistic, the top 1 percent took in 9 percent of personal income in 1976 and 23.5 percent in 2007. Understanding this framework is vital to understanding why we have not made more progress in reducing poverty over the past 40 years, as well as the larger situation of all lower-income families and individuals. It is all far more rooted in the fact of low wage work and the ever-growing gap between rich and poor than we typically say out loud.

We did in fact provide significant new federal funding over this period that kept the stagnation of the bottom half – especially families that would otherwise be in poverty or more deeply in poverty – from being as damaging as it would otherwise have been. The Earned Income Tax Credit, the Child Tax Credit, Medicaid and SCHIP, child care assistance, food stamps, housing vouchers, Pell Grants, and other forms of assistance all have the effect, directly or indirectly, of adding to the income of lower-income families. These have been, and continue to be, wise investments to cushion the damage done by the massive changes that have occurred in our economy. We would have millions more families in poverty or more deeply in poverty without these investments.

This, briefly, is the big picture – trends in wages and income distribution and trends in income supports, be they in cash or in kind. But poverty is not monolithic, and the totality of the steps that need to be taken to end poverty is consequently not monolithic. There are racial, gender, and ethnic disparities that require special attention to continuing discrimination and the underlying reasons for disparate outcomes for the groups affected, whether in education, the criminal justice system, or elsewhere. The elderly present different challenges from those of working age, although we should celebrate the enormous success we have had over the past half century in bringing the elderly from being the poorest age group to being the least poor. Disabled people present unique issues. So do people who live in rural areas, as well as people who live in inner-city neighborhoods of concentrated poverty. Educational disparities lead to disproportionate problems of poverty. Children who grow up with a single parent – typically a single mother -- are much more likely to be poor during their childhood, and more likely to experience poverty in adulthood. Children are now the poorest age group. Each of these groups and areas presents different policy issues.

A particular area of concern is the continuing issue of concentrated poverty in inner cities. If anything, the poverty in those areas is more entrenched than ever. It is persistent, is too often intergenerational, and disproportionately involves people of color. Comparatively speaking, the numbers are not large, encompassing perhaps 15 percent of the poor, but the poverty of the inner city is the image many have of American poverty in general. It is an artifact of deindustrialization, plus the flight of middle-class residents to the suburbs beginning in the 1970s, plus continuing racial discrimination, plus terrible schools, and more, all of which have added up to produce behaviors and troubling statistics that are the fuel of political controversy.

This list of the various faces and forms of poverty underscores the obvious. A full-scale assault on American poverty, or even an assault confined to the category of children and families that is the jurisdiction of this subcommittee, will entail multiple strategies engaged in by multiple actors. The heart of the answer for children and families is work that produces a decent income, but this also must be coupled with necessary work supports, a proper safety net, and a sufficient investment in education to prepare children for participation in the economy and the broader society (and afford mid-career adults the chance to retool for jobs in emerging areas). The full list of remedies is even longer, reaching to health care and mental health, child care and pre-k, housing, neighborhood revitalization, transportation for access to jobs, help with college costs, legal services, drug and alcohol treatment, both immigration reform and juvenile and criminal justice reform, and more. And it cannot be emphasized too strongly that no one will succeed in making the most of available opportunities unless he or she assumes personal and individual responsibility for doing so.

The strongest antipoverty strategy is full employment. I am sure everyone in this room is deeply worried about when and even whether our current unemployment crisis will abate. Our first need, which is obviously beyond the jurisdiction of this subcommittee, is economic policy that will produce the jobs we need for our people. The plethora of low-wage jobs has been a serious problem for a long time, but for the last 25 years we at least had an overall unemployment rate that was the envy of the rest of the world. Far too many of the jobs we still have pay shockingly little but, even worse, we now have too

few jobs overall, and no clear strategy for accelerating the rate of recovery to get back to where we were, which was itself far from perfect.

Our first need is jobs but, especially in the current crisis, we also cannot stop helping the millions who have been unemployed for a long time and have no prospect of finding a job any time soon. I hope Congress will act before November 30 to continue the extended benefits that are the lifeline for a huge number of people. And if we have a very large number of new poor, we still have the very large number of children and families who were already poor before the recession began. All of these are problems that demand constructive attention.

Just as poverty is not monolithic as a matter of race or gender or place or in many other ways, we need to focus on low-income people in a more income-precise way.

There are, roughly, three different groups.

The first is the astonishing number of people who live in extreme poverty – with incomes below half the poverty line, or below \$8,500 a year for a family of three. In 2009 this number climbed to 19 million people, or 6.3 percent of the population, but it had crept up from 12.6 million in 2000 to 15.6 million even before the recession began. Our safety net for such people is riven with gaping holes. Six million people now have income only from food stamps – and food stamps provide an income at only about a third of the poverty line. Welfare is virtually nonexistent in many states, and is of little help in many others. With the recession, the food stamp caseload has climbed to well over 40 million people, while welfare has barely increased to somewhat more than 4 million. In Wyoming the welfare caseload in 2008 was 281 families, covering 4 percent of the poor children in the state. Nor is this atypical. Nationally, only 22 percent of poor children received welfare in 2008, compared to 61 percent in 1995. In 1991 12 percent of poor women had no job and no welfare. By 2007 the number was 34 percent. There is virtually no public attention to the issue of extreme poverty.

The second group is comprised of those whom we call poor, whose income in 2009 was below about \$17,000 for a family of three and about \$22,000 for a family of four. Senator Dodd, you have been a leader in proposing legislation to reconstitute the poverty line to a level that is more realistic and takes into account both all elements of income and all the basic costs of living. I think there is a sense in the country that the poor are somehow a group that is separate and apart from everyone else. This is by and large not true. A large percentage of families with incomes below the poverty line do work. They have seasonal or sporadic or part-time work and even full-time jobs, and a hefty 61.6 percent of their income comes from work or self-employment. They bring in as much money as they can from work, but in millions of cases scrape by only because they are able to supplement their income by turning to the Earned Income Tax Credit and the Child Tax Credit. I therefore found it surprising and disturbing to read that the co-chairs of President Obama's debt commission are suggesting consideration of cuts in these two crucially important income supplements. I frankly don't understand the thinking here.

The third group is those who are not poor by any measure and would reject any label in that regard, but who nonetheless face a continuous struggle to make ends meet every month. These are people who have to decide whether to go to the doctor when they are ill (even if they have health coverage, due to

the expense of paying the deductible or the co-insurance). Reams of research suggest that this group is composed of people with incomes up to twice the poverty line. It constitutes nearly a third of the population – more than 100 million people. The focus of our public policy needs to be not just poverty, but all lower-income people who are having such a difficult time.

It is critical to stress that the remedies for poverty and near-poverty are a responsibility that reaches far more sectors and groups than what goes on in the federal government, or in government at all levels, as important as public policy is. Civic leaders from every sector, volunteers of all kinds, and low-income people themselves all have a responsibility. There is a tendency for some to stress one or the other – public policy solutions or voluntarism and personal responsibility. The real truth is that the responsibility is both/and in every way we can think of it. We need leadership on both sides of the aisle to find the common ground that has to be the reality of making progress for the future of all of our children.

Senator Dodd, we will miss you terribly. I know you will still be a voice and a force for what we should be doing and that is comforting. We have made great progress over these past decades and in the past two years and you have been in the forefront of almost everything that has happened. I am deeply honored to be here this morning and in be in the fortunate position of being able to say to you directly and from my heart, thank you.