MEMORANDUM

DATE: November 1, 2014

TO: Honorable James R. MacKay, Chairman
Health and Human Services Oversight Committee

FROM: Representative Sylvia Gale, Chair


If you have any questions or comments regarding this report, please do not hesitate to contact me.

I would like to thank those members of the subcommittee who were instrumental in this study. I would also like to acknowledge all those who testified before the subcommittee and assisted the subcommittee in our study.

SG/dm
Enclosures

cc: Subcommittee Members
Health and Human Services Oversight Committee
Child and Family Services Sub-Committee

FINAL REPORT- November, 2014

The Child and Family Services Sub-Committee of the Health and Human Services Oversight Committee was first convened in June, 2013 and has held more than ten (10) meetings all of which provided valuable presentations by "source experts" on the services and areas of need that are and should be available to all NH children and their families.

The Sub-Committee membership:

**Representative Sylvia E. Gale**- Chair

**Mary Lou Beaver**- Every Child Matters

**Sarah Mattson Dustin, Esq.** - NH Legal Assistance

**Keith Kuenning**- Child and Family Services of NH

**Eileen Brady**- Nashua Soup Kitchen and Shelter

**Maggie Fogarty**- American Friends Service Committee, NH Program

The basis for the Sub-Committee's work as stated:

"The focus of the Child and Family Services Sub-Committee of the Health and Human Services Oversight Committee will be to identify and assess the effects of the decrease in funding and available services to children and their families throughout NH that have resulted from a number of "economic downturn" factors, but also more recently as a result of federal "Sequestration" and state budget reductions. We will explore options to address identified gaps and shortages in NH's service delivery systems and develop practical solutions to better serve the critical needs of our most economically vulnerable children."

The Sub-Committee has chosen to organize our work by highlighting several key areas that are very basic to the safety and well-being of NH children and their families. There
are separate sections that provide detail and references specific to: subsistence income, (specifically the Financial Assistance for Needy Families Program, or FANF)), Housing, and Child Care/Early Childhood Education... In addition we have included a series of composite case stories based on information we received which embody the “facts of life” for many of NH’s most economically vulnerable children and their families

Aiyda’s Story:

Aiyda has traveled to New Hampshire from Pakistan. She is a political refugee. Aiyda lives in a two-bedroom apartment in Manchester with her two children. She works at a local hotel as a housekeeper. After Aiyda gets her children off to school, she must walk to work, appointments, and all of her children’s school activities because of the limited access to public transportation where she lives. In order to talk with her employer, the teachers at her children’s schools, her landlord, or other people in the community, she must use a SmartPhone equipped with an online translator. This phone is as necessary to Aiyda as a hearing aid is to a person with a hearing impairment. However, the cost of maintaining the phone and data service plan means that she has nothing left at the end of each month to save for a reliable car for necessary transportation...

Overall, our focus was to study and analyze the supports and services available to NH children and their families, and any impact the economic Recession of the past several years coupled with certain reductions in federal and state and local funding may have had on the safety and well-being of our children. While we have amassed a great body of information as to what is currently available, as well as what is missing, we also look to the future and suggest some carefully considered recommendations as to what program restorations and innovations should be prioritized by our state lawmakers and policy professionals as they look to reduce the vulnerability of NH’s lowest income families and their children.

Gina’s Story:

Gina, age 41 lives in a one bedroom Manchester apartment with her two children, ages 10 and 13. Gina works at a local shop earning $7.50/hour. After her day shift at the shop, Gina travels to a local chain restaurant to wait on tables. She takes home about $350./week and must pay $800/month for rent. Gina does not have a “break even” budget; she has a household budget with a negative balance every month. She often has to choose between food and utilities. Last month she had no spare cash to fix her car when it needed repairs, so getting to and from work has become a daily struggle.
Gina and her husband divorced 2 years ago. Gina is on the waiting list for subsidized housing, but the wait in Manchester is at least three years. Gina was awarded child support in the divorce, however, despite working with Child Support Enforcement Services Gina has still been unable to successfully obtain full or timely child support payments. With no cushion whatsoever, Gina finds herself unable to get ahead.

Based on the information gathered and discussed we offer the following Recommendations:

1. Support for a restoration and increase of NH’s Minimum Wage.
2. Restoration of funding to the Unemployed Parent FANF Program.
3. Reverse the inclusion of SSI income for FANF Program eligibility.
4. Improve public education regarding the EITC (Earned Income Tax Credit Program) for low-income wage earners who may be eligible.
5. Expand publicity and awareness of the employment preparation and training programs that are available through the FANF program.
6. Invest in quality child care and Head Start Programs statewide.
7. Increase reimbursement rates for child care providers statewide.
8. Reauthorize the federal Child Care Development Block Grant without further delay (Senate is scheduled to vote on November 13, 2014).
10. Release survey results of child care providers and FANF Recipients.
11. Increase FANF benefits to factor in the high cost of rental housing in NH.
12. Dedicate funding and incentives toward the development of affordable housing statewide.
13. Increase funding in the State 2015-16 budget for the network of emergency and transitional shelters for families, as well as for homeless prevention programs.
14. Maintain a strong and flexible Workforce Housing Law.
15. Create an ongoing Legislative Study Commission that will expand and continue the work of this Sub-Committee.
16. Provide support for any proposed increase in FANF assistance grants in the proposed 2015-16 biennial budget.

Each of these listed recommendations will be more thoroughly explained in the specific “Topic Highlights” that follow: Financial Assistance Programs, Housing, and Child Care/Early Childhood Education.
Sam’s Story:

Sam, age 32, is a single dad. He works two full time jobs. Sam and his son, David, get up each day at 5:30 am. Sam shuffles David to Child Care where David is provided with breakfast. Sam works for a construction company from 6:30 am-4:30 pm. After work, Sam swings by the Child Care Center to pick up David by 5:30 pm. He drops David off with David’s grandmother and then goes off to his second job as a janitor at the local Community College.

Sam does not have one full day off. During the week, he doesn’t see his son with the exception of the time they spend in the car. Sam makes too much money to qualify for public assistance. After the cost of child care, groceries, housing, utilities, vehicle expenses, clothing, and other necessities, Sam has little or no money to put into savings. Sam would like to spend more time with his son, but knows that this first duty as a parent is to provide food and shelter for his growing child.

Throughout the course of our work and study the Sub-committee members were continually confronted with certain harsh realities that face low-income NH children and their families on a daily basis. Transportation needs, for example, still create onerous obstacles for families who struggle daily to travel with or without children to and from employment opportunities, medical appointments, child care resources, shopping for groceries, attending school meetings and classes, participating in job training programs, as well as attending religious services of their choosing. While there are organizations such as More than Wheels and Good News Garage that do assist low income individuals and families with obtaining reliable and affordable vehicles that might be otherwise out of their reach, the ongoing costs for fuel, repairs, maintenance, registration, and insurance may still present insurmountable obstacles for low-income working parents or those who receive public assistance. We are aware that the NH Regional Planning Commission is continuing to address transportation issues for NH on a regional basis, but the daily reality of these challenges extracts a great toll on these families nonetheless.

The Sub-Committee acknowledges and celebrates that throughout this period of economic downturn and budget reductions there are several notable achievements that are providing positive benefits to NH children and their families. The partial restoration of the CHINS (Children in Need of Services) Program and the expansion of affordable quality health care to many who were previously unable to access routine care. As evidenced by the fact that nearly 25,000 NH adults have signed up for the NH Health
Protection Program (Medicaid Expansion) we can be confident that access to quality and affordable medical care and treatment services will provide positive benefits to NH's lowest income families in the knowledge that healthy parents are better able to meet the needs of their children.

Jenni’s Story:

Jenni, 21, has two young children. Jenni lives in a two-bedroom apartment in Concord. She receives FANF (Financial Assistance to Needy Families) and SNAP (Supplemental Nutrition Assistance Program, often known as Food Stamps). Jenni’s FANF grant does not even cover the cost of her rent, and typically her SNAP benefits are not enough to cover the food needs of her family. Often at the end of each month Jenni needs to rely on the local food pantry to feed her children. Jenni is a trained medical assistant, but has yet to be able to find a job in her profession. She has had multiple interviews, but entry level jobs are difficult to obtain because of the large pool of applicants. Additionally, because Jenni has been unable to secure employment, she no longer is eligible for child care assistance. This has made it very difficult to be available for interviews. Jenni noted that she feels she “just can’t win”.

Topic Highlights

Affordable Housing for NH Families
Maggie Fogarty, October 16, 2014

Background

New Hampshire's lowest income households face a severe shortage of housing that is affordable, safe and decent. There are multiple factors which cause this crisis, including high cost housing, low wages and insufficient public assistance to bridge the gap:

- The cost of rental housing in NH is high. In 2014, the median gross rent for a 2 BR apartment was $1,108/month, a 16% increase in the last decade.

- In order to sustainably afford these high rents, a household must earn $20.18/hour in a full-time (40 hours/week, 52 weeks/year) job. These are not the kinds of jobs being created in NH at this time.
• Job growth in NH has been mostly in the retail and service industry, where wages are close to the minimum wage. As NH eliminated its authority to set a minimum wage in 2011, NH is pegged to the federal minimum of $7.25/hour, the lowest in the region. These low wages are insufficient for NH’s rental costs.

• Federal housing assistance programs have steadily sustained significant cuts over the past decades. Community Development Block Grant (CDBG) funds have been cut 24% over the decade between 2003-2013, from $10.77 million to $8.19 million. During the same period, HOME funds declined 43%, from $5.2 million to $3 million.

• The current waiting list for Section 8 housing choice vouchers is up to 9 years in some parts of the state.

• The State of NH does not fund any significant supplement to these federal rental assistance or affordable housing development programs.

The result of these factors is that nearly 70% of NH’s lowest income households (Extremely Low-Income, or ELI) are “severely cost burdened,” which means that they are paying more than half of their monthly income toward their housing costs. This means that families have insufficient resources left for food, clothing, transportation, health care and other necessities. Severely cost burdened household are at real and persistent risk of homelessness and chronic housing insecurity. There are clear negative effects on both children and adults who face housing insecurity, including physical and mental health impacts, diminished school performance and loss of employment.

Many fall into homelessness. 3,417 NH school children experienced homelessness during the 2012-2013 school year. To get a fuller picture of child homelessness in NH, one would likely need to triple this number, as it does not include the younger, non-school aged siblings.

Currently, less than 1% of the state’s housing stock is affordable to families who earn less than $24,000. Nearly 24,000 homes are needed to bridge the gap between what’s affordable and available to them.

Another consequence of the shortage of affordable housing is that it leaves families with some terrible choices, including substandard housing. A share of the lower cost rental housing in NH cities is older and poorly maintained, containing lead hazards, pest infestations and other threats to health and safety. Municipalities lack resources and mechanisms for robust enforcement of standards for healthy housing. Families are
paying $700-$900/month for an unsafe apartment, having been unable to find a safe and decent dwelling that is affordable.

**Recommendations for State Policy Makers**

Dedicate funding and incentives toward the development of housing that is affordable to New Hampshire’s lowest income families, such that there is an adequate supply of housing for those who earn less than $24,000/year.

Increase FANF benefits to factor in high cost rental housing in order to promote housing security for struggling families.

Maintain a strong and flexible Workforce Housing Law that allows communities to create reasonable opportunities through local land use ordinances for more affordable housing.

Reestablish the state’s authority to set a minimum wage, significantly increase the hourly minimum wage, and index it to inflation to guard against lost value over time.

Increase funding in the state budget for the network of emergency & transitional shelters for families, as well as for homeless prevention programs.

Advocate with the NH Congressional delegation to restore and increase Federal HUD and USDA resources which flow to New Hampshire, such as CDBG, HOME, Section 8 Housing Choice vouchers and public housing capital and operating funds, as well as Low Income Housing Tax Credits that help preserve and create homes that are affordable for low-income families.

**Resources**

Housing Action NH, [www.housingactionnh.org](http://www.housingactionnh.org)

NH Coalition to End Homelessness, [State of Homelessness in NH - 2013](http://stateofhomelessnessinnh.com)

National Low Income Housing Coalition [www.nlihc.org](http://www.nlihc.org)

Including NLIHC’s 2014 “Out of Reach” report.

New Hampshire Housing Finance Authority, [www.nhhfa.org](http://www.nhhfa.org)
Financial Assistance to Needy Families Program
Sarah Mattson Dustin, Esq. NH Legal Assistance

Temporary Assistance to Needy Families (TANF) is a joint federal-state block grant program designed to assist low-income families with children. TANF replaced the longstanding Aid to Families with Dependent Children program in 1996 as part of a sweeping welfare reform effort. New Hampshire’s TANF program is called Financial Assistance to Needy Families (FANF). Using the federal block grant plus $32 million in state “maintenance of effort” funds, FANF provides cash grants to families in which a child is deprived of parental support because of a parent’s death, disability, or absence from the home. TANF is governed by the federal Social Security Act and its implementing regulations, which give broad discretion to the states to design their own programs. New Hampshire’s FANF program is governed by RSA 167, the New Hampshire Code of Administrative Rules Chapter He-W 600, and the policies of the Department of Health and Human Services Division of Family Assistance, which administers the program.

The FANF program has strict income and resource guidelines. The Division of Family Assistance (DFA) calculates each family’s cash grant by adding together (1) a “basic maintenance payment allowance” based on the size of the family and (2) a housing allowance of $293 for families who have subsidized housing or $368 for families who do not. The cash grant is generally reduced by other income available to the family, although there are certain “deductions” and “disregards.” The calculation results in extremely low cash grants. For example, the maximum grant for a family of three with no other income and no subsidized housing is $675. As documented elsewhere in this report, such a small grant fails to cover the cost of a market-rate studio apartment in most areas of New Hampshire. Families receiving FANF are eligible for Supplemental Nutrition Assistance Program (SNAP, generally known as “Food Stamps”) benefits and Medicaid, however those benefits are “in kind,” meaning they can only be used to access food and medical care. SNAP, for example, will not cover such necessities as diapers, toilet paper, and toothpaste.

FANF cash assistance, along with SNAP benefits, is generally delivered via Electronic Benefits Transfer cards. These cards can be used like debit cards to withdraw cash or make a purchase using a retailer’s point of sale device. Under federal and state law, the cards may not be used in casinos or other gambling establishments, adult entertainment venues, and liquor stores or stores that primarily sell alcohol. An interim study subcommittee of the House Health, Human Services and Elderly Affairs Committee has recommended that the list of prohibited venues be expanded to include so-called “smoke shops,” marijuana dispensaries, and tattoo/body piercing parlors.

The FANF program is very small – far smaller, for example, than the Aid to the Permanently and Totally Disabled cash assistance program also administered by the
Division of Family Assistance. As of July 2014, there were only 7,085 people in New Hampshire receiving FANF benefits. 5,056 of them were children. That means that roughly 2,000 adults in New Hampshire receive TANF benefits. Adults are also barred from receiving FANF benefits for longer than 60 months during their lifetime, with certain exceptions.

Able-bodied adults receiving FANF benefits must participate in the Division of Family Assistance's work program. For those who fail to meet their work program obligations, the family faces loss of benefits. The comprehensive work program includes education, job training, and internship/job placement, among other offerings. It begins with a highly detailed individual assessment of each client's barriers to employment. Clients receive child care and mileage reimbursement to allow their participation in the work program. The Subcommittee benefited greatly from the opportunity to visit a work program site and meet with several FANF clients currently participating in the program.

In the FY 2012-2013 state budget, there were massive cuts to FANF. They have not been restored. The first cut required the Division of Family Assistance to count income from the federal Supplemental Security Income (SSI) program for low-income children or adults with disabilities when calculating FANF benefits. That meant that approximately 1,200 households lost all of their FANF cash assistance. SSI benefits are designed to support the special needs of people with disabilities, not to support their families; the overwhelming majority of states do not count SSI for purposes of their TANF programs. Prior to this cut, families receiving both FANF and SSI were some of the only FANF families without subsidized housing who had a shot at affording market rate rentals. This cut devastated these families, which are some of New Hampshire's most vulnerable due to the presence of both children and people with disabilities.

The second cut terminated the "Unemployed Parent" FANF subprogram. This subprogram served families with two able-bodied parents in which the primary wage earner became unemployed or underemployed. Although authority to operate the program has been restored, funding has not. As a result of this cut, 245 families lost their benefits altogether. This small program was the only FANF program available to two-parent families without a disabled parent. It also benefitted many refugee families.

**Recommendations**

1. Program integrity. The Subcommittee believes that efforts to reduce perceived "misuse" of cash assistance benefits, provided they are reasonable and fairly administered, bolster public support for the FANF program. Therefore we recommend passage of the additional proposed prohibited venues for the use of Electronic Benefits Transfer cards described above.

2. Restoration of funds. The termination of the Unemployed Parent FANF subprogram and the change in treatment of SSI income threw close to 1,500 families off FANF, leaving many of them with no income. This cut shredded the safety net for low-income families with children, and also works an obvious
downshift to municipal welfare programs. Therefore we recommend that the next state budget include funds to reverse both cuts.

3. Work program. We believe the work program is neither widely known nor deeply understood and that it produces successes for individual clients. Therefore we recommend greater publicity and education about this important aspect of the FANF program.

Resources

Department of Health and Human Services Division of Family Assistance, Family Assistance Manual, available at http://www.dhhs.nh.gov/FAM_HTM/NEWFAM.HTM (see Part 601, Table B)

Department of Health and Human Services Division of Family Assistance, online publications page, available at http://www.dhhs.nh.gov/dfa/publications.htm


Early Childhood Education

Mary Lou Beaver- Every Child Matters

Background

The first five years of a child’s life are critical in shaping the architecture of the brain. The research and data show that the greatest challenges facing our country — from school dropout rates, to crime, to rising health-care costs, to the necessity of competing in the global marketplace — can only be met by focusing on the development of all our children, beginning at birth.

The "achievement gap" is not a metaphor. It is a social outcome that we can see and measure. Ongoing research shows that the achievement gap appears long before children reach kindergarten — in fact it can become evident as early as age nine months. And at-risk children who don't receive a high-quality early childhood education are:

• 25% more likely to drop out of school
• 40% more likely to become a teen parent
• 50% more likely to be placed in special education
• 60% more likely to never attend college
• 70% more likely to be arrested for a violent crime
Investing in quality early learning programs is the most efficient way to affect school and life success and to reduce social expenditures later, according to research by Prof. James Heckman, a Nobel laureate in economics from the University of Chicago. Returns are greatest for the most at-risk children. Heckman contends, "The real question is how to use available funds wisely. The best evidence supports the policy prescription: Invest in the very young."

Arthur J. Rolnick of the Federal Reserve Bank of Minneapolis writes that, "Careful academic research demonstrates that tax dollars spent on early childhood development provide extraordinary returns compared with investments in the public, and even private, sector. The potential return from a focused, high-quality early childhood development program is as high as 16 percent per year."

We also know that access to quality early childhood development programs is central to any effort in order to break the cycle of poverty. For many Granite State parents, child care is essential in order for them to work.

For Temporary Assistance to Needy Families (TANF), child care is pivotal to a parent’s ability to make a smooth transition from welfare to work. For child care arrangements to support working families, they must be affordable, available, reliable, and of good quality. Many of these parents, however, have difficulty finding child care settings that are affordable and flexible enough to accommodate their work schedules, while also meeting their child’s developmental needs.

The Landscape

➤ The Division of Family Assistance (DFA) reports that 73% of TANF recipients with a child under the age of 13 do not use the New Hampshire Child Care Scholarship (NHCCS) program (subsidized childcare).

➤ In 2013, a family of three with an income at 100 percent of poverty ($19,530 a year) receiving child care assistance in New Hampshire paid $130 per month, or 8 percent of its income, in copayments.

➤ In 2013, a family of three with an income at 150 percent of poverty ($29,295 a year) receiving child care assistance paid $330 per month, or 13 percent of its income, in copayments.

➤ In February 2013, New Hampshire’s reimbursement rates for child care providers serving families receiving child care assistance were below the federally recommended level—the 75th percentile of current market rates, which is the level designed to give families access to 75 percent of the providers in their community.
- New Hampshire’s monthly reimbursement rate for center care for a four-year-old was $712, which was $110 (13 percent) below the 75th percentile of current market rates for this type of care.

- New Hampshire’s monthly reimbursement rate for center care for a one-year-old was $853, which was $99 (10 percent) below the 75th percentile of current market rates for this type of care.

- In 2013, there were 2,294 children enrolled in Early Head Start and Head Start.
  - 544 children enrolled under age 3
  - 749 children enrolled age 3
  - 1,001 children enrolled age 4

- Based on the American Community Survey, U.S. Census Bureau 2010-2012 three year estimates there are:
  - 67,720 Children age birth to 4 years
    - 10,566 Children age birth to 4 years living in poverty
  - 108,505Total Families with children
    - 16,095 Families in poverty
  - 55,362 Total children under age 6 potentially needing child care

- Based on information from Child Care Aware (formerly NH Child Care Resource and Referral Agencies) there are:
  - 590 Child Care Centers in NH
    - 10% of centers are nationally accredited
  - 208 Family Child Care (FCC) Homes in NH
    - 0% of FCC homes are nationally accredited
  - 32,090 Total spaces/slots in NH

- Average annual fees for full-time care in a center in NH
  - Infant - $11,901
  - 4-year-old child - $9,623
  - School-age child (before-/after-school care) - $4,577

- Average annual fees for full-time care in a family child care home
  - Infant - $8,688
  - 4-year-old child - $8,275
  - School-age child (before-/after-school care) - $2,962

- Child Care and Development Fund (NHCCS) usage in NH
  - 3,700 Families (monthly average)
  - 5,000 Children (monthly average)
  - 1,177 Participating providers (annually)
Recommendations for State Action

Invest In Quality Child Care and Head Start
Despite the proven success of these programs for children, their parents, and our state, early childhood and Head Start programs are chronically underfunded in New Hampshire - forcing many qualified families to miss out on the programs' benefits. New Hampshire should restore the funding to these programs that was eliminated from the state budget between 2010 and 2012, and increase funding to these programs to increase their outreach in each biennium moving forward.

Increase Reimbursement Rates
High quality child care programs are challenged by both underfunding and unreliable funding levels. Reimbursement rates should be set in statute to create reliable incentives for high quality care providers to invest in qualified staff and state-of-the-art infrastructure.

Survey of Child Care Providers and TANF Recipients
A Child Care Provider and TANF Recipient Survey was undertaken by the Division of Family Assistance in May 2014. The results of the survey should be released to the Child and Family Subcommittee as well as the Family Assistance Advisory Council for further recommendations and action.

Recommendations for Federal Action

Pass the Child Care and Development Block Grant (CCDBG)
In September, the House and Senate reached a bipartisan agreement on a bill reauthorizing the Child Care and Development Block Grant and the House voted to approve it. The Senate is scheduled to vote on the measure on November 13 when they return from the recess. The bill, which would reauthorize the primary federal child care program for the first time since 1996, is aimed at ensuring the health and safety of children in child care, facilitating families' access to child care assistance, and improving the quality of child care for children, and for infants and toddlers in particular.

Pass the Strong Start for America's Children Act
Introduced in 2013, the bill would help states fund voluntary universal prekindergarten services for low- and moderate – income children. This would address the early academic, social, and emotional needs of participating children and reduce the burden on working parents to find affordable child care for their children.

Resources
Harvard University Center on the Developing Child.
A Science-Based Framework for Early Childhood Policy.
http://developingchild.harvard.edu/resources/reports_and_working_papers/
Student Achievement, Closing the Achievement Gap
ECS – Education Commission of the States

The Heckman Equation, Dr. James Heckman http://www.heckmanequation.org/

Early Childhood Development on a Large Scale
Rob Grunewald and Art Rolnick's proposal for investment in early childhood education.
http://www.minneapolisfed.org/publications_papers/pub_display.cfm?id=3279&

Pivot Point: State Child Care Assistance Policies 2013
Karen Schulman and Helen Blank, (Washington, DC: National Women’s Law Center, 2013). These data reflect policies as of February 2013, unless otherwise indicated.

2014 Child Care in the State of New Hampshire
Child Care Aware of America
http://www.naccrra.org/sites/default/files/new_hamphire_fact_sheet_0.pdf

The Sub-Committee wishes to acknowledge and thank all of the source experts who gave so generously of their time and expertise to provide the information necessary to completing our work.

Terry Smith- Division of Family Assistance- DHHS
Dr. Ellen Wheatley- Child Development Bureau- DHHS
Maureen Ryan- Bureau of Homeless and Housing Services- DHHS
Elissa Margolian- Housing Action NH
Josh Meehan- Keene Housing Authority
Tracy Pond- Child Care Resource and Referral- Southern NH Services
Jeanne Agri- Southern NH Services
Atty. Byry Kennedy- Division for Children, Youth and Families- DHHS
Eileen Mullen- Division for Children, Youth and Families- DHHS
Betsy Houde- Nashua Youth Council
Nicole Rodler- NH Juvenile Diversion Network
Greg Souther- Bureau of Behavioral Health- DHHS
Patricia Reed- Bureau of Behavioral Health- DHHS
Lorraine Bartlett- DCYF- DHHS
Erica Ungarelli- DCYF- DHHS
Dr. Robert MacLeod- New Hampshire Hospital- DHHS
Marion Savarese- Health Care for the Homeless
Gail Tessier Brown- NH Oral Health Coalition
Marcy Doyle- Lamprey Health Care Center, Nashua

Participants and Staff at the Workplace Success Program in Concord- with our thanks to Frank Bodreau and Mark Jewell for hosting one of our most valuable learning opportunities.

We also wish to acknowledge and thank Courtney Gray, Intern with Child and Family Services of New Hampshire for her work on the composite case stories that are contained in this report.
New Census Data Confirm Too Many Granite Staters Are Still Being Left Behind:
Wrongheaded Policy Choices Will Leave Even More on the Brink

Too many Granite Staters are still being left behind even as our economy continues to recover, four years after the end of the Great Recession. Data released last week 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 New Hampshire, 8.7 percent of people were poor in 2013 — roughly the same as in 2009 when 8.5 percent were poor. For a family of four, that means living on an income under $23,834. The share of households with income under $25,000 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 nearly one-quarter of New Hampshire 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 New Hampshire, one out of six 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.\footnote{7}

Children remain the age group most disproportionately poor – roughly one in five children in the country is poor. The child poverty rate in New Hampshire in 2013 was 10.2 percent. This is a decrease of 5.3 from 2012 and a 0.6 percent decrease from 2009. Yet, it is important to note that with the small sample size of New Hampshire, these are estimates and the large decrease could partly be due to error.\footnote{8} In a ranking of 2013 child poverty rates of the 50 states and the District of Columbia, New Hampshire ranked 51\footnote{9} with the lowest child poverty rate.\footnote{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.\footnote{10} Poverty 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.\footnote{11} 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.

Inequality has also grown since the recession. Between 2009 and 2013, inequality as measured by the Gini index rose by 1.7 percent.\footnote{12} The income of the top 1 percent of U.S. earners grew by 31.4 percent, while incomes for the other 99 percent grew only by 0.4 percent.\footnote{13} 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 New Hampshire, 37.9 percent of tenants are paying 35 percent or more of their income on rent.\footnote{14} 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.\footnote{15} 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,\footnote{16} and still millions more have given up looking for a job altogether because they believe none exists for them. Unemployment declined in New Hampshire from 6.2 percent in 2009\footnote{17} to 5.3 percent in 2013\footnote{18}, and was 4.4 percent in August 2014.\footnote{19} According to data released by the U.S. Department of Agriculture this month, here in New Hampshire, one in 10 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).\footnote{20} Another recent study notes that one in seven Americans rely on food pantries and meal programs to feed themselves and their families.\footnote{21} Again, the statistics were worse for African American and Hispanic households and for households with children.\footnote{22}

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).23 In New Hampshire, over 140,000 people remained uninsured in 2013.24

**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. In 2013, 3.7 million people were kept out of poverty when benefits they receive from the Supplemental Nutrition Assistance Program (SNAP) were counted as part of their income. Similarly, unemployment insurance kept 1.2 million people out of poverty last year,25 and unemployment insurance expansions during the Great Recession prevented roughly 1.4 million foreclosures.26 The Earned Income Tax Credit (EITC) and Child Tax Credit lifted 10.1 million people, including 5.3 million children, out of poverty in 2012.27 In New Hampshire, 17,000 people and 9,000 children were kept out of poverty by these credits each year, on average, during 2010 to 2012.28 Children from families that benefit from the EITC also do better in school and end up working and earning more as adults.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, 12.8 percent of New Hampshire’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, New Hampshire 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 New Hampshire, the sequester resulted in 176 fewer children in Head Start, as well as $1,734,000 in cuts to the Low Income Home Energy Assistance
Program and $2,368,000 in cuts to Special Education Grants. Housing vouchers lifted 2.8 million people — including 1 million children — above the poverty line in 2012, 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, which left 311 fewer households in New Hampshire with this assistance. Only one in six eligible children receives subsidized child care. 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. 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.

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. 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. 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. 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. At the same time, the plan slashes taxes for the rich and super-rich by about $5 trillion. 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.\cite{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.\cite{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).\cite{52} His plan would require work in exchange for benefits, despite the fact that there are still two job seekers for every job available,\cite{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 Every Child Matters in New Hampshire and the Coalition on Human Needs.*

\footnote{\textsuperscript{1} American Community Survey data for 2013, accessed by the Coalition on Human Needs, September 2014.}
\footnote{\textsuperscript{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.}
\footnote{\textsuperscript{3} American Community Survey data for 2013, accessed by the Coalition on Human Needs, September 2014.}
\footnote{\textsuperscript{4} http://www.census.gov/hhes/www/cpstable/032014/pov/pov06_100.htm}
\footnote{\textsuperscript{5} http://www.census.gov/hhes/www/cpstable/032014/pov/pov06_200.htm}
\footnote{\textsuperscript{6} American Community Survey data for 2013, accessed by the Coalition on Human Needs, September 2014.}
\footnote{\textsuperscript{7} Census Bureau Current Population Survey and American Community Survey data for 2013, accessed by the Coalition on Human Needs, September 2014.}
\footnote{http://scholars.unh.edu/carsew/221}
\footnote{\textsuperscript{8} American Community Survey data for 2013, accessed by the Coalition on Human Needs, September 2014.}
\footnote{http://futureofchildren.org/futureofchildren/publications/docs/07_02_03.pdf}
\footnote{\textsuperscript{10} Census Bureau Current Population Survey and American Community Survey data for 2013, accessed by the Coalition on Human Needs, September 2014.}
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