Addressing Poverty with Policies that Work

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About CFPC

• Lobbying, advocacy and education
  – Every Child Counts

• Data, research and evaluation
  – Kids Count
  – 1st Five
  – Early Childhood Iowa
  – Adverse Childhood Experiences (ACEs)

• “Action research” and outreach
  – Des Moines’s Urban Core
  – Voices to be Heard
Framework for family economic success

- **Make work pay**
  - increases in minimum wage and *earned income tax credit*

- **Provide needed work supports**
  - child care, *health insurance* and care, housing, food assistance, *EITC*

- **Raise skills for all**
  - early-childhood, K-12 and post-secondary ed, job training

- **Encourage entrepreneurship, increase savings and reduce debt**
  - microenterprise development, IDAs, prohibitions against predatory lending, medical debt resolution

- **Welcome new workers and ensure equal opportunity**
  - Dream Act, ex-offender re-entry initiatives
Poverty in Iowa: Data context

- Children (especially young children) most likely to be poor
- Communities of color in Iowa more likely to be poor than those in U.S. as a whole
- Poverty affects all Iowa counties, but highest in central cities and “regional centers”
- Great Recession saw rising poverty rates among all groups but seniors
- Poverty in early childhood one of a cluster of factors closely related to success in school and beyond
Poverty level by age group in Iowa, 2010

FPL for family of four: $23,018

Source: U.S. Census Bureau, American Community Survey 2006-10
Percent of population below 100 percent of poverty by race or ethnicity, 2010

- White, non-Hispanic: IOWA 9.9%, U.S. 9.6%
- Hispanic: IOWA 24.4%, U.S. 22.4%
- African American: IOWA 35.6%, U.S. 25.3%

These are the three largest racial or ethnic groups in Iowa.
Percentage of total population under 100 percent of poverty, 2010

Iowa value: 11.9%

Source: U.S. Census Bureau, American Community Survey
Number and location of high-poverty (30%+) census tracts

About 80% of all young children living in high-poverty tracts were in six cities: Council Bluffs, Davenport, Des Moines, Dubuque, Sioux City and Waterloo.
Census Tracts with >30% in Poverty

Selected characteristics, high-poverty census tracts and Iowa

<table>
<thead>
<tr>
<th></th>
<th>2006-10</th>
<th>Change from 2000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>High-poverty census tracts</td>
<td>Iowa</td>
</tr>
<tr>
<td>Population 25 and over with less than H.S.</td>
<td>25.3%</td>
<td>10.1%</td>
</tr>
<tr>
<td>Population 25 and over with post-graduate degree</td>
<td>4.0%</td>
<td>7.5%</td>
</tr>
<tr>
<td>Population 16-19 not employed or in school</td>
<td>17.0%</td>
<td>5.2%</td>
</tr>
<tr>
<td>Households receiving public assistance</td>
<td>7.8%</td>
<td>2.4%</td>
</tr>
<tr>
<td>Population 3-5 enrolled in preschool</td>
<td>37.0%</td>
<td>45.7%</td>
</tr>
<tr>
<td>Housing units owner occupied</td>
<td>38.3%</td>
<td>73.2%</td>
</tr>
</tbody>
</table>

Source: United States Census Bureau, 2006-2010 American Community Survey and 2000 Summary File 1 and Summary File 3
Earned Income Tax Credit

• What is the EITC?
  – Successful antipoverty program that insures that people who work are able to provide for their families
  – Iowans who claim the federal EITC are eligible for a state EITC worth 7 percent of the federal one
  – Based on “earned income,” meaning *filers must work to receive it*

• How many Iowans benefit?
  – Over 500,000 in 2009
  – 266,557 were children—37 percent of all children in Iowa

• How can we improve the EITC?
  – *Raise the EITC to 20 percent of the federal rate*
    • More support for working families to meet basic needs
    • Iowa would no longer be one of the handful of states that impose income taxes on working families with incomes below the poverty level
## Thresholds for Paying Iowa and Federal Income Taxes

<table>
<thead>
<tr>
<th></th>
<th>Iowa</th>
<th>Federal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Married couple, two children</td>
<td>$19,500 - $22,400</td>
<td>$45,400</td>
</tr>
<tr>
<td>Single parent, one child</td>
<td>$14,900</td>
<td>$31,500</td>
</tr>
<tr>
<td>Retired individual (SS &amp; pension income)</td>
<td>$41,100*</td>
<td>$31,000</td>
</tr>
<tr>
<td>Retired couple (SS &amp; pension income)</td>
<td>$60,000*</td>
<td>$49,900</td>
</tr>
</tbody>
</table>

* Will be higher when Social Security exemption fully phased in.
# Tax scenarios under current and increased EITC

<table>
<thead>
<tr>
<th></th>
<th>Iowa Tax (7% EITC)</th>
<th>Iowa Tax (20% EITC)</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single parent, one child, $25,000 income</td>
<td>$436</td>
<td>$135</td>
<td>-$301 (-69%)</td>
</tr>
<tr>
<td>Two parents, two children, one $20,000 and one $15,000 income</td>
<td>$830*</td>
<td>$394</td>
<td>-$436 (-54%)</td>
</tr>
</tbody>
</table>

* A couple with one $35,000 income would pay $1,197.
Percentage of tax filers receiving Earned Income Tax Credit, 2008

Iowa value: 13.6%

Source: Internal Revenue Service
Political landscape

• EITC increase to 10% passed legislature with bipartisan support – vetoed twice
• Last year Senate passed (49-0) an increase to 10%, 15%, 20% over three years, House never took up
• Held hostage with property tax
• This year Senate passed (35-15) SF 422, increasing EITC from 7% to 20%. House has not assigned a subcommittee and has implied it does not plan to pass stand-alone EITC bill.
Medicaid

• Jointly funded, federal-state health insurance program. Currently covers financially needy
  – children (under 21) and their family members
  – people with disabilities
  – elderly people
  – pregnant women

• Medicaid expansion gives states option to cover currently ineligible adults up to 138 percent of poverty
  – Supreme Court gave states the option as part of ACA
  – High federal matching rate for new population:
    • 100% of costs in first three years
    • Gradually decreasing to 90% by 2020, remains at 90% thereafter
  – Would cover 110,000-181,000 in Iowa
  – Would replace IowaCare (which expires end of 2013)
Medicaid enrollment by program, SFY 2012

<table>
<thead>
<tr>
<th>Program</th>
<th>Enrollment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Regular Medicaid</strong></td>
<td></td>
</tr>
<tr>
<td>Child</td>
<td>225,473</td>
</tr>
<tr>
<td>Adult</td>
<td>62,902</td>
</tr>
<tr>
<td>Elderly</td>
<td>30,035</td>
</tr>
<tr>
<td>Disabled</td>
<td>75,255</td>
</tr>
<tr>
<td><strong>Other Medicaid -- Adults</strong></td>
<td></td>
</tr>
<tr>
<td>IowaCare</td>
<td>51,494</td>
</tr>
<tr>
<td>Family Planning Waiver</td>
<td>26,540</td>
</tr>
<tr>
<td><strong>Other Medicaid -- Children</strong></td>
<td></td>
</tr>
<tr>
<td>hawk-I (full)</td>
<td>35,048</td>
</tr>
<tr>
<td>hawk-i (dental only)</td>
<td>3,886</td>
</tr>
<tr>
<td>Medicaid Expansion</td>
<td>16,373</td>
</tr>
</tbody>
</table>

Source: Iowa Medicaid Enterprise

616,252 Iowans -- approximately one in five -- were enrolled in some Medicaid program over the course of the year.
The majority of people served under Medicaid are children, but children account for a very small share of the costs.

Source: Iowa Medicaid Enterprise
Child Medicaid member count by age, 2010

Eligibility up to 200% of FPL in first year of life; drops to 133% after age 1.

Source: Iowa Medicaid Enterprise
Percentage of children under 6 on a Medicaid program, 2012

Iowa value: 54.7%

Source: Iowa Medicaid Enterprise, U.S. Census Bureau, American Community Survey
Percentage of young children participating in hawk-i, 2012

Source: Iowa Medicaid Enterprise, U.S. Census Bureau, American Community Survey
Political landscape

SF 292: Medicaid Expansion
- Up to 138% of poverty
- Calls for all members to have a Medical Home and personal provider
- Establishes legislative advisory council and commission to make recommendations relating to integrated care models

HSB 232: Healthy Iowa Plan
Concerns:
- Coverage
  - Up to 100% of poverty with deductibles and co-pays
- Feasibility of implementation
  - Requires creation of multiple ACOs
- Likelihood of federal approval
  - Monthly premiums not allowed under 1115 waiver
- Cost
  - Higher because of lower match rate
  - Assumes $41 million from Polk County and property tax revenue from other counties to pay for mental-health services
Child care assistance

• Makes child care affordable and available so low-income parents can be productive workers
• Encourages healthy development in children by improving access to quality care
• $130 million program (state and federal funds)
• Serves 23,000 Iowa children
• Families with incomes up to 145 percent of poverty ($32,412 for a family of four) are eligible
  – Must work or attend school at least 28 hours a week
  – Those with incomes over 100 percent of poverty pay part of cost, based on sliding scale
CCA challenges in Iowa

• Low reimbursement rate for providers:
  – National standard: 75th percentile of market rate (provides access to 75 percent of providers)
  – Iowa’s rate: 75th percentile of the 2004 market rate (2006), plus 4% (2% each in 2008 and 2012)

• Low eligibility cutoff for families
  – Cliff effect

“Fiscal reality is driving quality programs, including providers whose mission has been to serve low-income families, to serve fewer state-funded clients. As this fiscal reality grows, it is creating a two-tiered early-childhood system in Iowa—a quality system for those who can afford to pay the cost, and a low- or no-quality system for low-income families with little options available to them.”

Northeast Iowa child care director
2012 child care provider survey
Percent of Iowa children under 6 with parents in the labor force, 2006-10

Iowa has one of the highest shares of children with all parents in the labor force of any state.

* 1.0% of young Iowa children and 1.7% of young U.S. children have neither parent in the labor force.

Source: U.S. Census Bureau, American Community Survey
Number of children on child-care assistance by program, 2001-2012

Source: Iowa Department of Human Services
Percentage of young children under 200 percent of poverty on child care assistance by county, 2012

Source: Iowa Department of Human Services, U.S. Census Bureau, American Community Survey
Percent and number of children on child-care assistance by age group, 2012

- **Infant/Toddlers**: 4,521 (18%)
- **School-age**: 8,784 (36%)
- **Preschool**: 11,267 (46%)

Source: Iowa Department of Human Services
Percent and number of children under 6 receiving child-care assistance by percent of poverty, 2012

- Under 100%: 21,034 (71%)
- 101%-115%: 3,437 (12%)
- 116%-130%: 2,878 (10%)
- 131%-145%: 1,843 (6%)
- 146%+: 190 (1%)

Source: Iowa Department of Human Services
Political landscape

- Senate HHS budget bill includes:
  - 5 percent increase to provider rates
  - Move from 6-month to 12-month continuous eligibility for families

- Second senate bill (Peterson) includes QRS evaluation
  - QRS key element of Iowa’s approach to child-care quality
Other supports

• Food assistance (SNAP)
  – Helps low-income Iowans buy groceries
  – Average individual monthly benefit: $121

• WIC
  – Supplemental nutrition for children under 5 and women who are pregnant, breastfeeding or had a baby in last 6 months
  – Vouchers for specific items, including whole-grain cereals and bread, milk, juice, peanut butter, infant formula

• Family Investment Program (TANF)
  – Cash assistance to families with children
  – 60-month limit
  – Average monthly grant per family: $329
Percentage of children under 5 participating in WIC, 2011

Source: Iowa Department of Public Health
Percentage of individuals participating in Family Investment Program, 2011

Source: Iowa Department of Human Services
Have an opinion?

• https://www.legis.iowa.gov/Legislators/find.aspx

Learn more

• Every Child Counts
  – Legislative updates and alerts
  – Access to lobbyists at the Capitol
  – Advocacy tips and trainings
  – Speakers available

• Kids Count
  – Annual data book
  – Special reports

www.everychildcounts.iowa.org