Income Supports

Intergenerational Intersection

Today one in ten seniors is poor (without Social Security income, the percentage would be one-half). This is in stark contrast to the state of today's children. While most of our senior citizens have been able to maintain a dignified standard of living, nearly one in five children under the age of six is growing up in poverty – that's four million children. This figure has fluctuated somewhat over the years but is currently near an all-time high. Today's children will be expected to provide the revenue upon which our nation will rely in the future, but children who grow up in poverty are more likely than other children to have problems that affect their health; development; school-readiness and achievement; and employability and productivity as adults. Raising the minimum wage and investing in income support programs would have long-term benefits for children, families, and the broader society.

With the help of Social Security, today's seniors live longer, healthier lives than ever before and are looked to as a resource to their communities and country. For more than 70 years Social Security has provided vital benefits to millions of Americans of all ages. Social Security is far more than a retirement program. Its income protection extends across generations to workers and family members of workers who are retired, disabled or deceased. Social Security embodies an intergenerational compact. Contributions of the current generation of workers finance the retirement of the current generation of beneficiaries. Social Security thus links the generations in a unique and fundamental way.

In 2003, the average monthly participation in the food stamp program was over 21 million individuals. Fifty-five percent of the households receiving food stamps contain children and approximately 18 percent contain older adults.

Position Statement

The majority of poor children have parents who work. While more poor parents are working, the gains in earnings have been far outweighed by the loss of cash assistance and food stamps. The Department of Health and Human Services (HHS) needs to assist states in strategies that can help move people into permanent, decent-paying jobs. To do this will require effective strategies for dealing with health, substance abuse, domestic violence and other barriers to work. It will also require creative strategies that seek not just to reduce caseloads as a simple, yet incomplete measure of progress, but strategies that assist families and above all improve the well being of those families.

We must do more to help low-income working parents increase their earnings while providing additional safety nets for them and their children. Generations United recognizes an increased minimum wage, an expanded unemployment program, a refundable Child Tax Credit, and the Earned Income Tax Credit as important methods to help provide such security. While TANF caseloads have declined significantly since reform, there is now an increasing concentration of families with special and difficult problems remaining on caseloads. Although the economy has turned a corner and state revenues are picking up, budgets are still under strain and many services to low-income families have not recovered to their pre-recession levels. In addition, job growth continues to lag other economic improvements, so job availability for low-skilled workers remains poor. States should be able to establish categories that would warrant exemption from the time limit for families subject to specific hardships, such as a parent/caregiver who has a disability, who cares for someone with a disability, or who faces circumstances that make employment impossible.

Generations United values the role of Social Security in providing vital support for workers who are retired or disabled and their families and for survivors of deceased workers. As the debate continues over how to achieve long-term solvency for the Social Security program, Generations United urges policymakers, advocates, and researchers to consider the impact of reform across vulnerable groups and all generations of beneficiaries: children, youths, middle-aged and older adults. In reforming Social Security, Congress should ensure that the burden of reform is shared broadly across generations, especially by those who can most easily afford it. Further, Generations United believes that any new "personal or individual account" features added in the name of reform must be in addition to the existing Social Security systems and in no way be carved out from the current system.

In addition, Generations United supports:

- **Including a strong nutrition title in the reauthorization of the Farm Bill that maintains the food stamp program's entitlement status and increases the food stamp resource and allotment levels**
- **Enhancing the nutritional education, outreach, and enrollment components of the food stamp program**
- **Maintaining a strong and solvent Social Security system that continues to meet its obligations for current and future beneficiaries, including the more than 30 percent who are under 65 and receive disability and/or survivors benefits. Efforts to strengthen Social Security must not compromise our nation's foremost social insurance program by carving out personal/ individual accounts which would reduce benefits**
- **Increasing the survivor and grandchild benefits under the Social Security system.**
- **Passing through to children receiving TANF all or most of the child support collected on their behalf instead of its being retained by the states**
- **Increasing funding for the Temporary Assistance for Needy Families Block Grant**
- **Revising the Interim Final TANF rules and restoring state flexibility to expand allowable work activities**
- **Raising the minimum wage and indexing it to annual increases in median wages.**
- **Extending unemployment benefits beyond 26 weeks, and making recent hires and individuals who work part-time eligible for benefits**
- **Support efforts restore the Rosales V. Thompson decision, thereby expanding Title IV-E benefits to children who have been maltreated and placed with relatives outside their home.**

Background

The Importance of the TANF Block Grant and 2006 Reauthorization

With the Deficit Reduction Act (DRA) passed early in 2006, the final rule to implement statutory changes was enacted in the reauthorization of TANF. With this reauthorization of TANF no additional funds were provided for the block grant. This means that at the end of this new reauthorization period TANF funding will have been locked in place for fifteen years. Additionally, the TANF reauthorization, unlike the 1996 reauthorization, provided almost no increase in child care mandatory funds. With the inevitable erosion of TANF funds and the strains placed on TANF funding as states continue to try to reduce caseloads, other vital human service programs will also be affected. The ability for states to use TANF funds in support of some kinship placements is vital in light of a lack of other federal supports for this important child welfare permanency option. Approximately 30% of TANF families considered to be "child-only" (families where a parent or guardian is not eligible for cash assistance) are headed by a relative caregiver.

The reauthorization of TANF could have been a platform to discuss and debate how best to address the barriers facing those still reliant on TANF as well as those who have left assistance but whose economic struggles continue. The final reauthorization focused too much on national numbers while very little attention was paid to the well-being of families and children still reliant on TANF cash assistance and the myriad of human service programs dependent on TANF funding. Regardless of changes in the 2006 reauthorization, the challenges of removing or reducing barriers to successful and permanent employment among TANF recipients remain. Such barriers include, but are not limited to, substance abuse, mental health issues, domestic violence, the presence of learning disabilities and a range of needs of two-parent families on public assistance. How those barriers are – or are not – addressed will have a significant impact on the well being of many families.

The 2006 Regulations

In issuing the final regulation for TANF in April 1999, HHS indicated that the law and the regulations represented "widespread bipartisan agreement on a number of key principles:

- "Welfare reform should help move people from welfare to work
- Welfare should continue to be viewed as a short-term, transitional experience, not a way of life
- Parents moving from welfare to work should receive the child care and health care they need to protect their children
- Child support programs should become tougher and more effective in securing support from absent parents
- Because many factors contribute to poverty and dependency, solutions to these problems cannot be "one size fits all." The system should allow states, Indian tribes, and localities to develop diverse and creative responses to their own problems
- The Federal government should focus less attention on eligibility determinations and place more emphasis on program results
- States should continue to make substantial investments of state funds in addressing the needs of low-income families."

Conversely, via the DRA, HHS has promulgated regulations enforcing rigid work requirements that are not conducive to families' unique and complex circumstances. We are greatly concerned that the regulations and the conditions set by the new reauthorization fly in the face of many of the seven key principles listed above. GU is concerned about how these regulations may impact the ability to address barriers to permanent work related to mental health or substance abuse.

Child Support

The Personal Responsibility and Work Opportunities Reconciliation Act (PRWORA) of 1996 requires states to strengthen their child support enforcement efforts and recover any public assistance dollars that were paid on behalf of a child from the parent who failed to support that child. This requirement has serious implications for grandparents and relative caregivers. A relative caregiver no longer chooses whether to pursue child support. If the relative seeks public benefits (TANF), the state must seek child support. Caregivers should be aware of this requirement before seeking benefits, because they may not want to set in motion a chain of events that can result in the incarceration of the child's parent or the loss of the parents' professional license.

Before enactment of the PRWORA, grandparents were exempt from cooperating with support enforcement efforts if they could establish that a parent presented a danger to either the grandparent or the grandchild. Federal law no longer defines a "good cause" refusal to cooperate. Each state defines "good cause" for itself and establishes its own strategies for pursuing child support.

Relative caregivers who do choose to apply for TANF or Medicaid must assign child support rights to the state. Such assignment means that the state can retain child support up to the amount the individual receives in TANF and Medicaid payments. The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) eliminated the state's obligation to "pass through" even $50 of support a month to the child without reducing the families' welfare payments. Thirty states have abandoned the pass-through. In 1999 total child support collections for current TANF and foster care recipients were $1.35 billion. Of this, only $112.8 million, less than 10 percent, was paid to families. In 1996, prior to the elimination of the mandatory pass-through, $480 million was passed through to families.

Susan Forte

After the Deficit Reduction Act of 2005 (DRA) was passed funding cuts were imposed on the child support enforcement program due to failed efforts to meet performance requirements. Therefore, an examination of the potential impact of the DRA's cuts in funding for child support enforcement on state TANF programs is imperative. (*http://www.cbpp.org/5-9-06tanf.htm*).

Nevertheless, the DRA provides new state flexibility to pass through more child support dollars to children who currently receive or formerly received welfare. The Federal government will pick up some of the cost if the states exercise this flexibility. There are three things that the pass-through and distribution policy can accomplish:

(1) advance child support compliance,

(2) complement expansive work and strategies to diminish poverty, and

(3) benefit the government through off-setting cost savings in other areas, in addition to further advantages.

Social Security

While Social Security is often viewed solely as a retirement program, in fact, 30 percent of those who receive benefits from Social Security are not elderly. Instead, they receive support through Social Security's disability insurance and survivors' insurance programs. Social Security saves millions of American families – 14 million family members in 2001 – from financial hardship in the event of a worker's death or disability.

Disability Insurance

Many children under age 18 receive Social Security benefits as dependents of Insured workers who are retired, disabled, or deceased. Benefits are also paid to children 18 or older who become disabled before age 22. Benefits continue into their adult years as long as they remain disabled. As of December 2004, 6.2 million workers were receiving Social Security disability benefits, and 1.6 million children of disabled workers received benefits.

Survivor's Insurance

Survivor benefits are paid to a deceased worker's family. Children under the age of 18, youths age 19 and younger who are still attending high school, and children 18 or older who become disabled before the age of 22 can receive survivor benefits on behalf of a deceased parent. Nearly seven million Americans receive survivor benefits; of those, 1.4 million are children. A widow(er) who is caring for children under age 16 or who are disabled may receive benefits. Often survivors are older adult women who have little earnings because they did not work outside the home or their careers were interrupted by caregiving responsibilities. As of December 2004, 4.4 million adults and 1.9 million children were receiving Social Security survivor benefits.

Dependent Grandchildren

Recent studies indicate that half of the grandparents providing a home for their grandchildren do not have adequate/ sufficient resources to meet their grand-children's needs. Raising grandchildren has been found to put grandparents at a significantly higher risk of poverty. While some grandchildren and step-grandchildren can qualify for survivor or disability benefits on the earnings record of a grandparent or step-grandparent, many grandparent-headed families remain in need of assist-ance. *For more information on grandchild Social Security benefits, contact Generations United to obtain the Social Security fact sheet.*

Minimum Wage and Poverty

Currently, 40 percent of minimum-wage workers are the sole breadwinners in their families. Although the minimum wage rose in 1997 to $5.15 an hour, this increase did not restore the minimum wage to its historic value, which remained unchanged at $3.35 an hour from 1981 until 1990. After accounting for inflation, today's minimum is more than $4 per hour less than it was in 1968. Currently 21 states and the District of Columbia have minimum wages above the federal level, and in six states and DC the minimum is above $7 per hour.

Large portions of current welfare recipients and former recipients who are now employed have family incomes either below or at poverty level. Studies show that many of these workers are struggling to feed and house their families. Additionally, their opportunities to move up the occupational and economic ladder are constrained by limited education, job skills, and work experience.

In recent years poverty rates have remained stubbornly high. Between 2000 and 2005, the percentage of children under 18 in poverty increased from 16.2 to 17.6 (reaching a peak of 17.8 in 2004); while for individuals age 65 and older it increased from 9.9 percent to 10.1 percent (reaching a peak in 2002 of 10.4 percent). Average workers' wages have barely budged in real terms since the 1980s. Raising the minimum wage would assist not only the minority of families dependent on the minimum, it would have the effect of setting a higher floor under the wages of large numbers of American workers earning considerably more than the minimum. Indexing the minimum wage to the annual increase in the median wage means that the minimum wage will rise by the same percent that the median wage rises each year, ensuring that low-income workers who earn the minimum wage do not fall farther behind the rest of the work force.

Unemployment Insurance

The unemployment insurance system has fallen substantially behind the growth of the workforce and the economy. Only a minority of workers are actually entitled to receive unemployment benefits when they lose a job through no fault of their own, and the benefit amounts have lagged in the proportion of wages they replace. Making the job search particularly difficult for those with few skills is the fact that even the most basic jobs often require familiarity with computers and other technology that many poorly educated people lack. During times of high unemployment, their chances of finding remunerative employment are poor; even when things improve, they often confront employers that seek to extend the working day for existing workers rather than take on new workers—just in case the increased need for workers proves temporary. Because many of the lowest-wage workers have not been in the workforce long enough to qualify for unemployment benefits when the economy falters, they can find themselves forced back onto the TANF rolls. Families that have reached their time limit will have no safety net whatsoever.

Targeted Tax Credits

The Child Credit and Earned Income Tax Credit both provide essential income support for families who earn too little to owe income taxes. Expanding both of these credits would benefit millions more children and families. More information about the Child Tax Credit and Earned Income Tax Credit can be found in the Tax Issues section of this agenda.

Food Stamps

According to research conducted by the Department of Agriculture and the Census Bureau, more than 13.5 million households suffered food insecurity in 2004, an increase of 3 million households from 1999. Food insecurity is defined as not having access to basic nutritional needs due to a lack of resources. Furthermore, 4.4 million of those households would also meet the stricter definition of hunger, which is the lack of food that leads to malnutrition. The current resource limits of $3000 for older adult households and $2000 for other households are too restrictive and discourage family savings. Many households run out of their food stamp allotment before the end of the month. The allotment levels, particularly, the minimum allotment of $10 a month, are also inadequate.

Finally, reauthorization must also include a strong nutrition education and outreach component. This would include addressing the low participation rates of older adults and encouraging healthy nutritional choices to combat child obesity. According to the Food Research Action Council, less than one-third of senior citizens eligible for food stamps participate in the program. According to the Surgeon General, in 1999 thirteen percent of the nation's children aged 6 to 11 and fourteen percent of adolescents aged 12 to 19 were overweight. This has led to increased incidences of high blood pressure, high cholesterol, and Type 2 diabetes among children and adolescents.

Maxine Gilmeister

Expanding Title IV-E benefits to Kinship Caregivers

On March 3, 2003, the Ninth Circuit Court of Appeals issued a ruling in Rosales v. Thompson, 321 F.3d 835 (9th Cir. 2003) that would make many more children eligible for Title IV-E federal foster care assistance.

In the Rosales case, the Court of Appeals ruled that the U. S. Department of Health and Human Services (HHS) had misinterpreted Title IV-E of the Social Security Act in denying federal foster care benefits to certain children who had been maltreated and placed with relatives outside their home. The court ruled that certain children who were removed from their homes due to allegations of abuse and neglect and were living with their relatives on an interim basis were eligible for federal foster care payments under Title IV-E, even though the children would not have been eligible in the homes from which they were removed.

This decision would have assisted many children living with relatives who were denied federal foster care benefits in the past. In some cases it would have made it possible for children to live with relatives who could not afford to take them in under the old policy. These children would have had the advantage of remaining with their families, rather than needing to be placed with unfamiliar foster families or in group homes. Relative placements are also more likely to be stable than other placements.

As part of the 2005 Deficit Reduction Act (DRA), the Rosales decision was overturned. The change cuts federal spending on Title IV-E foster care by $397 million over five years and $879 million over 10 years, and denies help to a group of children who have been informally placed with relatives outside their home before entering foster care. The DRA also introduced restrictions on the use of Title IV-E administrative case management funding for the placement of children in kinship homes.