

How to Wage the Next War on Poverty

ADVISING AND GRADING THE CANDIDATES

BY REBECCA BLANK

Over thirty-six million Americans live below the official U.S. poverty line. That means less than \$16,000 in income for a family of three or \$10,300 for a single individual. Imagine the ingenuity required to feed, clothe, and house your family at that income level, and the worry that you will never quite make ends meet. One-third of all poor Americans are children, and many of them are poor year after year. Childhood poverty typically means poor health care, high-crime neighborhoods, and lower-quality schools. Too often, it means absent fathers.

During the 1990s, more Americans were able to escape poverty. In fact, poverty among single mothers fell to its lowest rate ever. One reason was strong economic growth, but explicit policy efforts to support low wage work were also important, including expansions in the Earned Income Tax Credit (which provides a subsidy to low-income working families), a higher minimum wage, expanded child care subsidies, and welfare-to-work programs. This recent history tells us that good policy (and a strong economy) can reduce poverty.

More recently, state and local leaders have taken leadership in fighting poverty. The states of Connecticut and Vermont have announced goals for poverty reduction. The mayors of New York City and Los Angeles have initiated major antipoverty efforts. Presidential campaigns provide the chance to debate future national policy. What do the presidential candidates propose for a national antipoverty strategy in the years ahead?

To answer that question, I've looked at the statements three candidates submitted to the Stanford Center for the Study of Poverty and Inequality. I also read the Issues statements on all candidates' websites, as well as other websites that provide comparative information on candidates' poverty-related policy proposals.

I'll focus on policies that are specifically designed to address the problems of the most disadvantaged Americans. For instance, most of the poor don't pay much in taxes and aren't going to gain from tax cut proposals. In fact, if those proposals lead to reduced social spending in the future, they may lose. For the sake of space, I'm also going to ignore the health care proposals of the candidates, although it's important to provide health care to low income families. Finally, this article doesn't begin to mention all the candidates' proposals. I'll discuss the key policy issues that I think are most important.

The majority of my discussion focuses on the positions of senators Clinton, Edwards, and Obama. Not coincidentally, these are the three candidates who submitted poverty plans to the Center and they are the candidates with extensive antipov-erty initiatives. The other Democratic candidates have much less to say about policies aimed at poor Americans, and you have to search to find it on their websites. The Republicans give far less attention to policies to aid the poor, though Senator John McCain has stated support for a number of antipov-erty efforts. Other Republicans have one or two statements somewhere in the Issues portion of their websites that refer to the most disad-vantaged Americans, but focus little on poverty.

The highest grade for ambition and visibility on poverty issues has to go to John Edwards. He has repeatedly stated the goal of ending poverty in thirty years and reducing it by one-third over the next decade. He draws on evidence from the Center on Poverty, Work and Opportunity that he founded at the University of North Carolina. But Obama runs a close second. He hasn't set any timetables or goals, but the detailed and lengthy set of proposals that he has made in the campaign clearly shows how much he cares about this issue. And while Clinton doesn't highlight poverty as a specific topic on her web-site, she too has an impressive set of proposals aimed at helping disadvantaged Americans contained both in her article here and in her other policy statements.

While I don't plan to say much about the minor candidates, I can't avoid noting that libertarian Ron Paul has the clearest position. He would eliminate all antipov-erty efforts at the federal level and abolish the Department of Health and Human Services. Communities can take care of their own; the rest of us have no national responsibility toward poor families who happen to be American but who don't live on our doorstep. Although this is not *anti-poverty* policy, one at least knows exactly where he stands on the issue.

In the remainder of this article, I briefly evaluate the candi-dates' policy proposals in three major areas: helping disadvan-taged communities, helping low-wage or unemployed workers, and helping families and children. In each area, I'll highlight the positions of candidates and discuss whether their propos-als make sense, based on the best evidence on what works and what doesn't work.

Helping Disadvantaged Communities

Obama's policy proposals clearly reveal his background as an organizer in poor communities. He proposes a White House Office of Urban Policy to help target and coordinate urban programs. He wants to establish twenty Promise Neighbor-hoods, replicating the efforts of the Harlem Children's Zone, where community activists are trying to combine school reform and neighborhood change to improve the fortunes of Harlem's children. His proposals are specific and recognize the serious problems in poor urban areas. Will they work? Our evidence about the effectiveness of focused urban initiatives is sketchy. For instance, the Harlem Children's Zone is a promising effort, but there is no real evaluation of its effects. Trying a variety of

initiatives is a good idea, however, particularly if local communi-ties are able to define policies that seem best suited for them, and if those policies are then rigorously evaluated to assess their effectiveness. An Obama presidency would bring presiden-tial attention and focus to urban poverty. This, in turn, would encourage nonprofit and business leaders to do more in these communities.

Some of the candidates not featured in this issue have proposals for tax credit schemes designed to bring business and jobs into poor communities. Both McCain and Bill Richardson support this idea. Unfortunately, there's very little evidence that tax credits for job creation in poor neighborhoods accomplish much. They tend to subsidize jobs and businesses that would have moved into the neighborhood anyway. Researchers have found few differences when comparing neighborhoods that received special tax treatments (such as the Enterprise Zone efforts of the past) with comparable areas that didn't. None of the top Democratic candidates advocate for this idea in their antipov-erty platforms.

Housing policies are closely related to neighborhood change. Edwards wants to provide one million new rent subsidy vouchers for low-income families. Obama wants to build more affordable mixed-use housing. Clinton has pledged more funds for low-income housing, but isn't specific as to what strategies she would pursue. Here there's a clear choice between the two candidates with specific proposals, and Edwards gets the higher grade for a better proposal. Compared to vouchers, building new low-income housing is a less efficient and usually more expensive way to help low-income families find affordable housing. Because vouchers can be used in any neighborhood and give families choice about where they live, they should be favored in our national housing policy.

Helping Low-Wage and Unemployed Workers

Almost all the Democratic candidates support minimum wage laws; some support higher minimum wages or call for index-ing the minimum wage to inflation. Clinton has the most eye-catching proposal, suggesting that the minimum wage be indexed to increases in congressional salaries. Minimum wages provide an important statement about the value of work. Someone working full-time, year-round should earn a mini-mally adequate living. Yet, as critics note, higher minimum wages reduce the number of low-wage jobs that employers offer. Furthermore, it's not a very well targeted policy since many minimum wage workers are teens or second earn-ers in middle-income families. But at the current very low levels of the minimum wage, there's almost no evidence of significant disemployment effects from modest increases. Maintaining and indexing the minimum wage makes sense.

The most important program supporting work among low-wage workers in low-income families is the Earned Income Tax Credit (EITC). The EITC supplements low wages, and many working poor and near-poor families count on this subsidy to make their budget balance. Obama and Edwards both have detailed plans for extending EITC benefits. Larger families

would receive higher subsidies, as would workers without children (who currently receive only a small subsidy). Clinton says the EITC is important, but doesn't suggest changes. The proposals by Obama and Edwards for EITC expansions are supported by many policy analysts, who agree that this is one of the best antipoverty policies we have.

Almost all of the Democratic candidates indicate that they are in favor of strengthening union right-to-organize laws and the enforcement of workplace safety. Clinton gets particular kudos for explicitly mentioning the need to enforce antidiscrimination laws. There's plenty of evidence that racial and ethnic and sexual discrimination hasn't disappeared from America's workplaces, especially in low-wage jobs.

Child care subsidies are a key part of welfare and work policies. Over the past decade, as welfare reform efforts pushed more single mothers into the labor force, child care subsidies also increased substantially. But mothers who went to work consistently said their biggest problem was finding affordable and high-quality child care. Both Clinton and Obama propose increasing child care subsidies for low-income families, as do some of the candidates not featured in this issue, such as McCain and Chris Dodd. That's smart policy.

Welfare-to-work policies are the antipoverty program mentioned by most Republican candidates—they're all for them. Former state governors, like Mitt Romney and Mike Huckabee, praise state control over these programs. Rudy Giuliani points to New York City's record of moving women off welfare during his time as mayor. All of these candidates say it's important to keep strong work requirements in state welfare programs. The Republicans claim the welfare-to-work efforts of the 1990s succeeded. They're right. But this success wasn't just because of work mandates for welfare recipients. They also worked because of expanded child care subsidies, because the EITC subsidized low-wage jobs, and because the economy boomed in the 1990s. I wish that the Republican candidates would recognize these other policies were as important as welfare-to-work programs in the unprecedented increase in work among low-income single mothers.

Obama, Edwards, and Clinton all have specific proposals designed to target employment and training assistance to specific disadvantaged populations. Obama is most ambitious here, proposing to help disadvantaged youth move into service opportunities that will prepare them for future work and to help less-skilled young people navigate through the labor market. His Transitional Jobs program proposes short-term public sector jobs for those who have difficulty finding private sector employment.

Clinton proposes a program to mentor disadvantaged young people and help them complete school and enter work. She speaks eloquently about the need to tap the skills and resources of teens in poor neighborhoods, treating them as targets of opportunity rather than potential problems. Edwards proposes a Second Chance program for high school dropouts who want to return to school and has his own proposal for short-term public sector jobs, called Stepping Stone



Jobs, for those who need help entering the labor market.

It's been quite a while since major presidential candidates have talked publicly about the need for job placement and training programs for disadvantaged youth. All three of these candidates deserve a good grade for their efforts. We don't have enough recent experience with such programs to know exactly how best to design them, however. We should try a variety of different models, and then carry out careful research to determine which model works best.

Another target group is ex-offenders who are leaving prison and reentering communities and jobs. We've vastly increased imprisonment over the past two decades (primarily as a strategy to reduce drug trafficking). This means that large numbers of men, especially men of color, will be emerging from jail every year for many years to come. Both Clinton and Obama talk about the importance of making sure that these men find jobs. This is an important issue, particularly for poor communities. Evidence suggests that employers avoid hiring people with criminal records, especially black men. If these men serve their time, but can't find jobs when they return, it will increase crime, homelessness, and social disconnection in poor neighborhoods for many years to come.

Helping Low-Income Families and Children

I've already mentioned child care subsidies, which are important both for working mothers of young children, as well as for the children themselves. The evidence shows that poor children who are placed in high-quality day care and preschool settings are better prepared to enter school.

Clinton, Edwards, and Obama all want to expand preschool programs. Clinton calls for universal prekindergarten (pre-K), available to all four-year-olds. The evidence on the value of high-quality preschool is unambiguous for low-income children, and making sure that all four-year-olds from lower-income families have access to good preschool programs should be high on everyone's list. Clinton and Obama also call for expansions in

the Head Start program. I'm a bit more ambivalent about this. There are many ways to provide good preschool programs, and the evidence isn't clear that Head Start is noticeably better than other programs.

Most low-income families have no economic cushion. Even small savings, put away regularly when work is steady, can help prevent dire economic consequences during times when work is limited. Edwards proposes savings incentives, with the government matching up to \$500 in savings every year among low-income households. This is an idea worth exploring. Clinton also talks about matched savings, but primarily as a way to subsidize personal retirement accounts. While she'd allow emergency withdrawals, this plan would serve a very different purpose than Edwards', which is better designed to promote savings that can be used when needed by low-income households.

A Final Evaluation

Clinton, Edwards, and Obama each propose multiple policies, many of which are worth considering, but it is hard to tell how they would prioritize their current list of proposals. Presidents face limited resources and hard choices once they actually enter the White House and have to decide where to place their political chips.

How should the candidate who wins in November prioritize his or her antipoverty efforts? Here's my priority list:

First, expand the EITC subsidy, particularly for individuals not living with children. This can be particularly important in helping encourage more low-skilled men to get jobs, including ex-offenders. Many of these men are the fathers of poor children, even if they don't live with them; if their lives are more economically stable they will be better able to help raise their children and this will help stabilize the communities in which they live.

Second, launch a guaranteed pre-K program for all four-year-olds from low-income families. These preschool programs can either be offered by public school districts or by private preschool providers—both models will work and localities can figure out which is most attractive in their community. All of the evidence we have suggests that helping children learn how to learn is very important, and our public investment will be more than repaid over time.

Third, increase child care subsidies to low-income families. My own preference is to expand the Child Care Tax Credit for the poorest families. The new president should set a priority on policies that ensure decent child care for working low-wage parents. The expansion of pre-K programs can be part of this initiative.

Fourth, be a spokesperson for the problems of poor areas, both urban and rural. Put together a package of increased housing

vouchers, and targeted training, mentoring, or education programs in these areas. But the details need to be locally driven, so this is a policy area where federal funds and encouragement need to be matched and creatively utilized by localities and states.

Fifth, let's make sure that all children are ready to live and work in an interconnected world. Broadband Internet services should be considered a necessary public good for all citizens. The Internet is the same as telephone wires or electricity or paved roads in an earlier era. These were provided to the poorest areas through concerted government efforts. None of our citizens should be without this connection. A national effort to provide every family with low-cost Internet access will repay itself many times over. Only Obama talks about this issue. All the candidates should!

Finally, in areas where we don't have good knowledge of which specific program design is best, utilize demonstration projects rather than new programs. Encourage multiple models of jail-to-work programs, of youth second-chance programs, of urban revitalization efforts or of mentoring programs. And—most importantly!—*evaluate* these different programs seriously. Make sure we learn which programs work and which don't. Social policy evaluation is one of the least well appreciated tools of long-term policy design.

How do the candidates stack up on their antipoverty proposals? If you're a Republican, there's really only one candidate who expresses consistent concern with these issues. That's John McCain. For the other Republicans, poor Americans appear to be out of sight, out of mind, and off the agenda.

Among the Democrats, the three front-runners are also the three most attractive candidates on antipoverty policies. Obama, Edwards, and Clinton all have multifaceted and serious anti-poverty plans. Anyone concerned with poverty issues could happily vote for any of them. Edwards has made poverty a centerpiece issue for his campaign from the beginning; Clinton has the best early childhood proposals; Obama is the most thoughtful on jobs for disadvantaged youth and urban change and (for my money) the most creative in putting new policy ideas on the table, such as low-cost Internet service in poor neighborhoods. But all of them understand that the measure of this country is not just the size of its GDP or the wealth of its richest citizens. America must also be measured by how we assist those who are our poorest citizens, making sure that they have the opportunity to find a job, to support their families, to educate their children, and to catch onto the American dream. ☆

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