



# POVERTY IN VIRGINIA

---

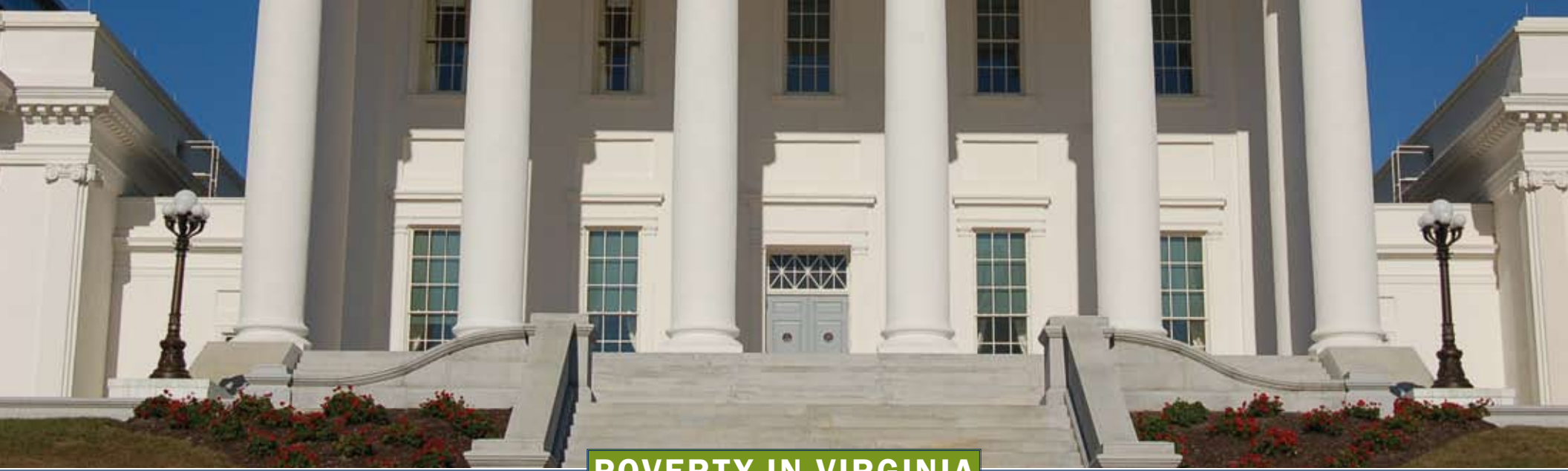
Recommendations from the Commonwealth of Virginia's  
**Poverty Reduction Task Force**



## INDEX

**Task Force Members**  
**Executive Summary**

<b>Introduction</b>	<b>2</b>
<b>An Overview Of Poverty In Virginia:</b>	<b>3</b>
<b>What Does The Research Show?</b>	
<b>The Official Poverty Rate:</b>	<b>3-4</b>
<b>Current And Trends</b>	
<b>Are We Measuring Poverty Correctly?</b>	<b>5-6</b>
<b>Understanding Poverty: Geographic</b>	<b>7-13</b>
<b>And Demographic Characteristics</b>	
<b>Virginia's System Of Supports To</b>	<b>14</b>
<b>Reduce Poverty</b>	
<b>The Challenges To Addressing Poverty</b>	<b>14-15</b>
<b>The Poverty Reduction Task Force</b>	<b>15-16</b>
<b>Recommendations</b>	<b>16-26</b>
<b>Endnotes</b>	<b>27-28</b>
<b>Appendices</b>	<b>29</b>



## POVERTY IN VIRGINIA

### Virginia's Poverty Reduction Task Force

---

**Jeff Anderson**

Virginia Economic Development Partnership

**Dr. Erik Beecroft**

Virginia Department of Social Services

**Peter Blake**

Virginia Community College System

**Katherine Busser**

Capital One

**Anthony Conyers Jr.**

Virginia Department of Social Services

**Brian Davis**

Workforce Systems, Office of the Governor

**Kimberly Edmonds**

Virginia Cooperative Extension

**The Honorable David L. Englin**

Virginia House of Delegates

**Richard Grattan**

Wachovia Bank

**Robert J. Grey**

Hunton & Williams (Co-Chair)

**Lyn Hammond**

Secretary of Commerce & Trade

**Jill Hanken**

Virginia Poverty Law Center

**Kelly Harris-Braxton**

Virginia First Cities

**Celia Hayhoe**

Virginia Cooperative Extension

**Scott Hippert**

Virginia Early Childhood Foundation

**Michelle Larkin**

State Board of Social Services

**Dr. Jason Levy**

Virginia Commonwealth University

**The Honorable Jennifer L. McClellan**

Virginia House of Delegates

**John Morgan**

Voices for Virginia's Children

**Jim Rothrock**

Virginia Department  
of Rehabilitative Services

**Roberta Schlicher**

Virginia Department of Education

**Dr. Robert Schneider**

AARP

**Jim Schuyler**

Virginia Community Action Partnership

**Marsha Shuler**

Federal Reserve Bank of Richmond

**C. Douglas Smith**

Virginia Interfaith Center

**T.K. Somanath**

Better Housing Coalition

**Julie Stanley**

Community Integration  
for People with Disabilities

**Trisha Steiniger**

United Way  
of Greater Richmond & Petersburg

**Marilyn B. Tavenner**

Office of the Governor (Co-Chair)

**The Honorable John Watkins**

Virginia Senate

**Staff:**

Michael A. Evans  
Marianne McGhee  
Melissa Perdue  
Rachel Harms  
Erik Beecroft

## A MESSAGE FROM THE TASK FORCE

Virginia's Poverty Reduction Task force was initiated by the Commonwealth's keen interest in advancing strategies that lessen the burden of poverty for over 750,000 Virginians and buffer thousands more who live on the economic margin.



Funded in part by a National Governor's Association grant to support state-level poverty reduction planning, the Task Force formed in early 2009 and worked through the year evaluating ideas for recommendations. The Task Force was comprised of 31 individuals with diverse professional backgrounds and strong expertise in their respective fields. Additionally, over 1,200 Virginians participated in statewide Act on Poverty public input sessions or contributed through the Task Force's website survey. This report is the culmination of intensive analysis of poverty in Virginia, its causes and potential solutions.

More than 10 percent of Virginians currently live below the poverty level. They are highly concentrated in inner cities and along the state's southern and southwest borders, with growing clusters in suburban areas. Analysts believe that the rate will increase rapidly in the next few years because of the recession, and then gradually rebound to current levels around 2022. Virginia's most vulnerable populations are children (13.8 percent poverty rate) – especially those in female-headed households, those over age 85 (27 percent poverty rate) and those with disabilities (19 percent poverty rate). The factors that most influence whether one is likely to live in poverty are educational attainment, household type, and the number of full-time employment incomes in the household.

The first section of this report offers a geographic and demographic overview of poverty in Virginia, the factors that influence the state's poverty rate, a discussion of the merits of various poverty measures, and the challenges to reducing poverty. The second section details the Task Force's goals and recommendations. The goals are organized by their primary area of focus: children and education, workforce readiness, returns on work, and the public safety net. The specific recommendations follow themes that address expanding existing programs to statewide availability, linking programs across agencies and revising outdated program policy. The recommendations also represent a mix of short, mid, and long-term time horizons for demonstrating results. Potentially, those results could net as much as a 50 percent reduction in poverty while boosting Virginia's economic development competitiveness by improving the quality of jobs in the Commonwealth. There also are opportunities for public-private partnerships to reduce the burden on state and local government.

The Task Force focused its work on the necessary role of government in assisting those who are the least equipped among us as they strive to achieve their greatest potential for self-sufficiency. The Task Force believes that this plan recommends a balanced course of action that is consistent with the research on successful policy and program practice.



**Report of the Poverty Reduction Taskforce**

**1. Introduction**

Virginia is fortunate to have a poverty rate lower than the national average; however, the facts about poverty in the Commonwealth are no less disturbing than elsewhere. More than 750,000 Virginians, including 250,000 children, live in poverty. Poverty persists in concentrated pockets within cities and broad geographic areas in Southside and southwest Virginia. While other parts of the state might enjoy lower poverty rates, they aren't insulated from the presence of families that live on the low end of the economic margin, one crisis away from falling into the ranks of the poor.

The current economic recession compounds the challenges. As unemployment rises and the recession lingers, more families are pushed into poverty, while others find themselves edging sharply closer.

Poverty isolates people and communities from the economic and social mainstream. Children who grow up poor, compared to those raised in higher income families, face a greater likelihood of lifelong health challenges, less education, lower earnings, and are at greater risk of becoming a teen parent - thereby repeating the cycle with their own offspring.

The Poverty Reduction Task Force examined Virginia's poverty data and carefully deliberated the role that government, communities, and businesses play in improving outcomes for Virginians living in poverty or in low-income working families. The Task Force organized community conversations on poverty and invited input through an online survey posted to its website.

Through this report, the Task Force highlights key data gathered in its work and outlines more than

40 recommendations that, when implemented, will improve the economic well-being of economically disadvantaged Virginians in the short and long term.

**The Task Force organized its recommendations into the following goals:**

<b>Goal 1</b>	<b>Invest In Young Children and Strengthen Family Relationships</b>
<b>Goal 2</b>	<b>Enhance Workforce Readiness by Expanding Access to Career Development Programs and Employment Supports</b>
<b>Goal 3</b>	<b>Increase the Returns On Work</b>
<b>Goal 4</b>	<b>Promote Savings and Asset Accumulation</b>
<b>Goal 5</b>	<b>Expand Safety-Net Opportunities for Families In Crisis</b>

The Task Force found that Virginia's position below the national poverty rate was due in large part to an array of strengths in economic diversity, policy, and programs that support economic and social well-being. The Task Force also found policy and program areas in need of revision to meet present-day needs and realities. The Task Force recognized that strong programs operating in some communities need to be expanded to full scale in order to the benefit all communities and capitalize on their remarkable outcomes.

Finally, the Task Force found that the current federal poverty measure does not adequately capture the extent to which some Virginians struggle with economic self-sufficiency. The existing measure fails to recognize the difference in the cost of living between Northern Virginia and other parts of the state. Some combination of alternate measures is necessary to improve our understanding of self-sufficiency thresholds across the state.

**750,000**

**More than 750,000 Virginians, including over 250,000 children, live in poverty.**

# 1 in 10

About one in ten Virginians lived below the federal poverty threshold in 2008.

## 2. An Overview Of Poverty In Virginia: What Does The Research Show?

This section provides an overview of poverty in Virginia: the poverty rate and whether it is measured accurately, where poverty is concentrated, demographic characteristics of being in poverty and leaving poverty, and the direct effect of government assistance on poverty.

### 2.1 The Official Poverty Rate: Current And Trends

**Virginia's poverty rate increased in 2008, and is likely to continue to increase over the next few years.**

About one in 10 Virginians (768,000) lived below the federal poverty threshold in 2008, according to the most recent data from the U.S. Census Bureau. Virginia's poverty rate increased slightly, from 9.9 percent in 2007 to 10.2 percent in 2008, and analysts believe the poverty rate will continue to increase in subsequent years.<sup>1</sup> Recent research by the Brookings Institution predicts that, nationally, "the poverty rate will increase rapidly through 2011 or 2012" and will not return to its 2007 level for more than 10 years.<sup>2</sup>

As in other states, children in Virginia are more likely than adults to live in poverty. In 2008, 13.8 percent of all children statewide, or about one in seven children, lived in households below the poverty line. The 2008 rate increased from the prior year and, as with the overall rate, will continue to increase over the next several years as the full effects of the recession are felt. One reason why children are more likely than adults to live in poverty is that parents of young children tend to be younger than other adults, and therefore have less work experience and earn less.

More recent indicators of the current recession include the unemployment rate, and the number of Virginians participating in the federal Supplemental Nutrition Assistance Program (SNAP, formerly known as the Food Stamp program). The state unemployment rate more than doubled during the recession, from 2.8 percent in November 2007 to 7.3 percent in June 2009. The number of SNAP recipients statewide increased 24 percent over the same period, and as of November 2009 was at an all-time record of 753,000 individuals, or nearly one in 10 Virginians, and more than one in six children.

**Virginia's poverty rate has not decreased substantially over the last 30 years.**

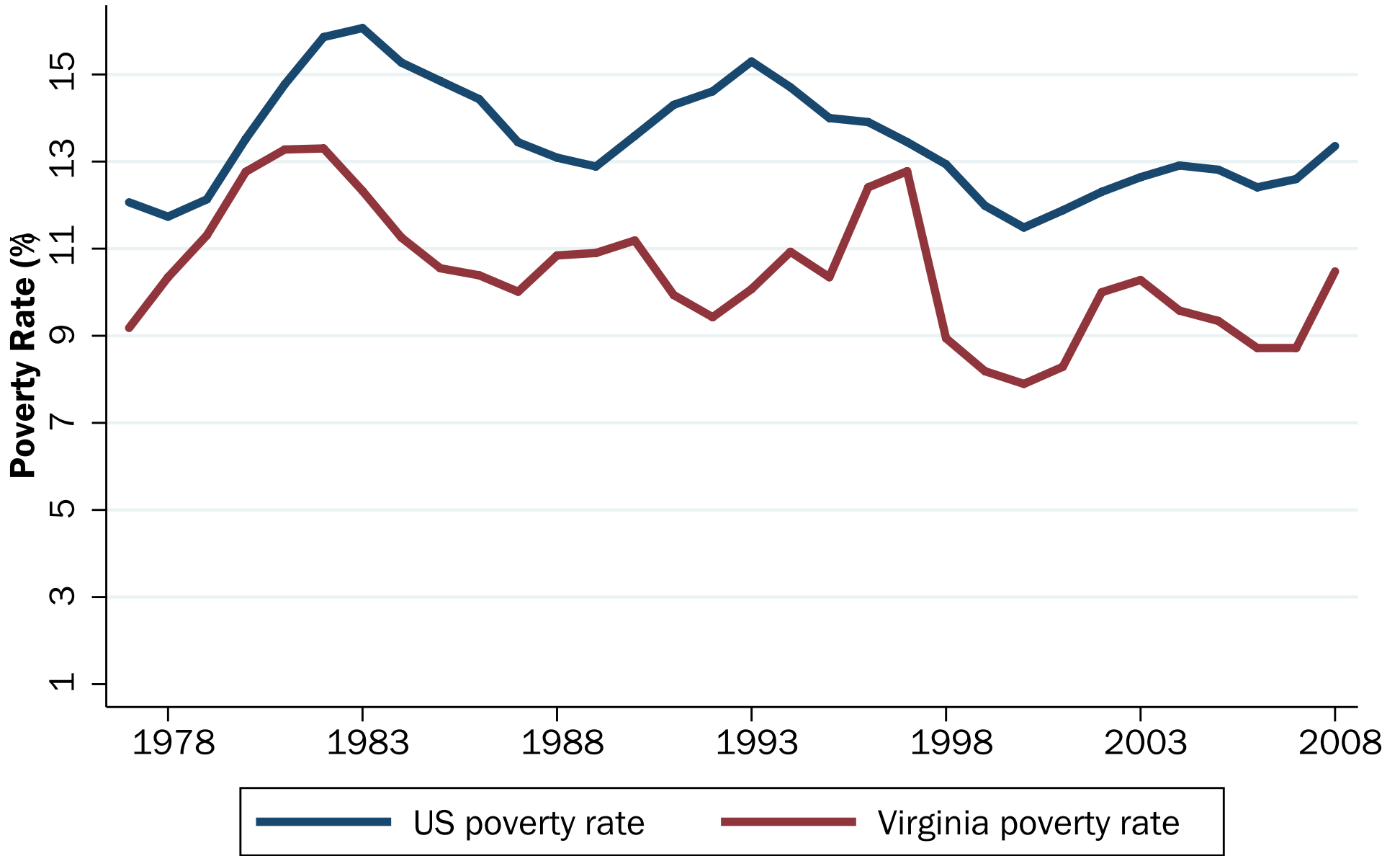
Although the poverty rate fluctuates with the unemployment rate, over the longer term, Virginia's official poverty rate has not substantially declined, as shown in Exhibit 1. During the last 30 years, on average, more than one in 10 Virginians lived below the poverty threshold.<sup>3</sup>

**Exhibit 1** also shows that Virginia's poverty rate has been consistently below the national rate, reflecting the state's above-average levels of income and education.

Virginia has, in recent years, implemented other measures that will bolster its position against the national average. Advances in access to early childhood education and the integration of career and workforce development programs into the community college system are significant steps toward refining the state's anti-poverty infrastructure. It is far too early to assess the impact of these changes; however, the research consistently indicates that they are essential to any broad strategy focused on improving community economic well-being.

Exhibit 1

# Official Poverty Rate: US and Virginia



Source: U.S. Census Bureau, Current Population Survey, IPUMS

# 13.8%

In 2008, 13.8 percent of all children statewide, or about one in seven children, lived in households below the poverty line.

## 2.2 Are We Measuring Poverty Correctly?

Although this report uses the official poverty rate as the primary measure of poverty, it is important to be aware of its limitations and the usefulness of a broader understanding of economic well-being.

**The official poverty threshold understates basic living costs, and the poverty rate does not measure the impact of government assistance in reducing poverty.**

The poverty threshold formula was developed in 1963, based on a subsistence food budget and multiplied by three, but since then food costs have declined relative to other costs (for example, shelter), so that the multiplier underestimates basic living costs. The poverty threshold for a family of four has consequently declined from about 50 percent of median income in 1963 to close to 25 percent of median income today. Other things equal, a poverty threshold that is too low means the poverty rate underestimates the percentage of people who cannot meet basic economic needs.

The official poverty rate also counts only cash income, ignoring the effect on income of taxes and tax credits (including the Earned Income Tax Credit (EITC), a major antipoverty program) and government assistance (including SNAP, formerly Food Stamps, and in-kind benefits such as Medicaid). Including government assistance and the net effect of federal taxes in resources tends to reduce the measured poverty rate, and also shows how antipoverty programs have reduced poverty rates. Rebecca Blank, a preeminent scholar of poverty, has noted this shortcoming:

*“The public dollars that we put into antipoverty programs have grown enormously since the mid-1960s. But we have had an official poverty statistic that did not measure the impact of these changes on the economic resources of the poor. Although the poverty measure was designed to measure cash income, most public assistance has come in the form of noncash transfers... In a very fundamental way, our poverty statistics failed us and made it easy to claim that public spending on the poor had little effect.”<sup>4</sup>*

**Alternative poverty thresholds address these flaws and tend to be higher than the official poverty threshold.**

The most widely used alternative poverty thresholds, recommended by the National Academy of Sciences (NAS) and reported by the Census Bureau, directly account for the cost of shelter and other necessities, rather than using a multiplier. Further, these measures generally account for taxes, tax credits, and government assistance (both cash and in-kind), and include geographic adjustments. The net effect of these measurement improvements over the official poverty rate is generally a higher estimated poverty rate.<sup>5</sup> For example, an NAS measure that accounts for government assistance, income and payroll taxes, medical out-of-pocket expenses, work-related expenses, and geographic adjustments yields a U.S. poverty rate in 2007 of 15.3 percent, compared to an official poverty rate of 12.5 percent.<sup>6</sup> Virginia’s poverty rate increases about two percentage points using an NAS measure.<sup>7</sup>

One of the main benefits of an improved poverty measure is that it would show how policy affects poverty, by taking into account both taxes and government assistance programs. A bill in Congress, the Measuring American Poverty Act, would require the Census Bureau to report an NAS-style poverty threshold and poverty rates annually. The Census Bureau has a web page that allows users to calculate alternative poverty thresholds and rates at the national and state level.<sup>8</sup> New York City has recently implemented an NAS-style poverty measure.<sup>9</sup>



# 7.3%

The state unemployment rate more than doubled during the recession, from 2.8 percent in November 2007 to 7.3 percent in June 2009.

Self-sufficiency standards, another alternative poverty threshold, address one of the limitations of the NAS-style measures, that they are based on an arbitrary cutoff. Specifically, the NAS recommended setting the poverty threshold at the 30<sup>th</sup> to 35<sup>th</sup> percentile of household spending on basics (food, housing, clothing, and a little bit more), an arbitrary line. In contrast, self-sufficiency standards include in their threshold the full cost of basic needs, which include food, housing, clothing, transportation, health care, child care, and taxes and tax credits.<sup>10</sup> Self-sufficiency standards tend to be higher than either the official or NAS poverty thresholds, roughly 50 to 80 percent of median income.<sup>11</sup> For example, the official U.S. poverty threshold for a family of four (two parents, two children) in 2006 was \$20,444, compared to a self-sufficiency standard in Richmond City of \$35,430, and a median income for married-couple families in the Richmond area of \$82,383.

**No single measure can fully capture economic need or material deprivation.**

Any income-based measure of poverty is limited because it does not show non-financial aspects of poverty such as material hardship (for example, hunger, inadequate medical care, homelessness) or basic quality of life (for example, safety, literacy, quality education). Although the amount of a family's income is important, it does not show the extent to which a family is connected to the social mainstream and has equal opportunities to improve their quality of life. Although income may be the most important single measure of economic need, no single measure can provide a complete picture. As Rebecca Blank has argued:

“It is a heroic assumption to believe that a single poverty measure can reflect most aspects of economic need. Indeed, part of the argument over the U.S. measure has occurred because different people want it to reflect different things. This has been most obvious in the debate over how to account for health care coverage in the NAS measure. Having information on a family's access to health insurance ... is an important indicator of the economic risks the family might be facing. Looking at measures of *both* health care coverage and income poverty tells us more than looking at either measure alone.”

Furthermore, multiple measures of economic deprivation may avoid some of the intense debates about measurement that are inevitable when everything comes down to a single number. Providing multiple measures of need, including measures that indicate how many people actually have access to certain types of commodities or services, allows for a much more nuanced discussion of economic need and how it might be changing.<sup>12</sup>

Beyond income, a more complete understanding of economic deprivation or quality of life might examine measures in the following areas:

- Hunger, homelessness, and other measures of material hardship,
- Health care access,
- Education quality,
- Labor market opportunities, and
- Neighborhood quality and the persistence of poverty.

The European Union has adopted such a multidimensional view of poverty to help identify and combat social exclusion. In the U.S., most states have compiled social indicators lists, including Virginia's community well-being indicators initiative from the Governor's Office on Substance Abuse Prevention.<sup>13</sup>

# 80%

As of 2008, nearly 80 percent of Virginia's poor live in urban and suburban areas, and slightly more than 20 percent live in rural counties.

## 2.3 Understanding Poverty: Geographic And Demographic Characteristics

An overall or average poverty rate does not show the degree to which poverty is highly concentrated, in terms of both place and personal characteristics.

**A geographic view: localities in southern Virginia tend to have higher poverty, and localities in northern Virginia tend to have lower poverty rates.**

Counties and cities in the southern part of the state tend to have the highest poverty rates, especially in southwest, Southside, and the Eastern Shore (*Exhibit 2*). Northern localities tend to have poverty rates below the state average, particularly in the counties near Washington D.C. As Exhibit 2 shows, this pattern has not changed much over time.

At the county level poverty rates tend to be higher in rural than urban counties. Statewide, the poverty rate in rural Virginia has historically been higher than the poverty rate in urban areas. The most recent poverty rate estimates are 14.9 percent for rural Virginia and 9.1 percent elsewhere in the state.<sup>14</sup> The state maps below show the highest poverty counties tend to be in rural southwest Virginia, Southside, and the Eastern Shore.

However, even though the rural poverty rate is higher, because most people live in cities and suburbs, most of Virginia's poor live in urban and suburban areas. As of 2008, nearly 80 percent of Virginia's poor live in urban and suburban areas, and slightly more than 20 percent live in rural counties. The percentage of the poor living in urban and suburban areas has been increasing slowly over time, consistent with a continuing shift in the total population away from rural counties.

## Poverty is concentrated in neighborhoods and persistent

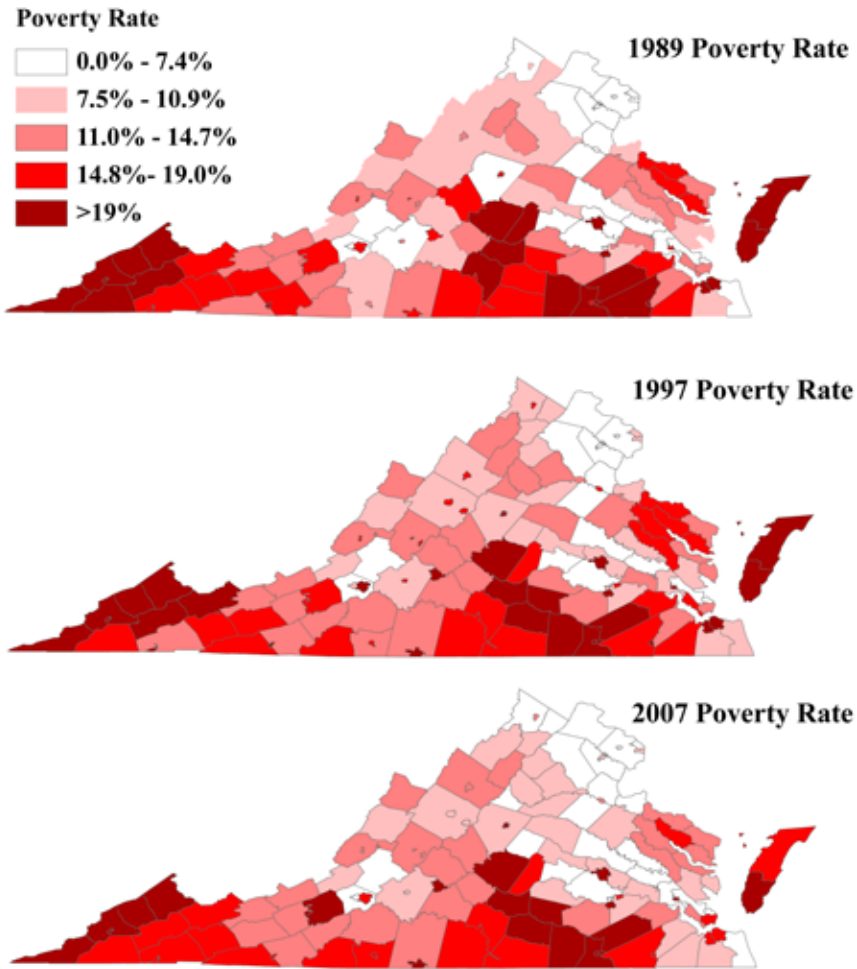
Not only does poverty vary across localities, poverty varies greatly *within* localities. For example, several neighborhoods in the city of Richmond have almost no poverty (poverty rates of 1 or 2 percent), while other neighborhoods just a few miles away had poverty rates above 50 percent, or five times the state average (*Exhibit 3*). The poorest census tract in the city had a poverty rate of 73 percent.<sup>15</sup> Similar trends are evident in other Virginia cities, making the issue a key priority for the Governor's Urban Policy Task Force.

Individuals in these very high-poverty neighborhoods are segregated from the social mainstream, with diminished opportunities and norms that make it more difficult to escape poverty. Research shows that children born to poor parents in high-poverty neighborhoods have much lower odds of making it out of poverty.<sup>16</sup>

Research also suggests that concentrated poverty can ebb and flow somewhat. Concentrated poverty increased sharply from 1970 to 1990, due to school desegregation, deindustrialization, and the exodus of white and middle-class blacks to suburbs, but then decreased during the 1990s due to economic growth, changes in federal housing policy and bank lending practices, and the revitalization of downtowns.<sup>17</sup> Since 2000, concentrated poverty may be increasing again.<sup>18</sup> How the current recession will affect these trends is not clear.

*Exhibit 2*

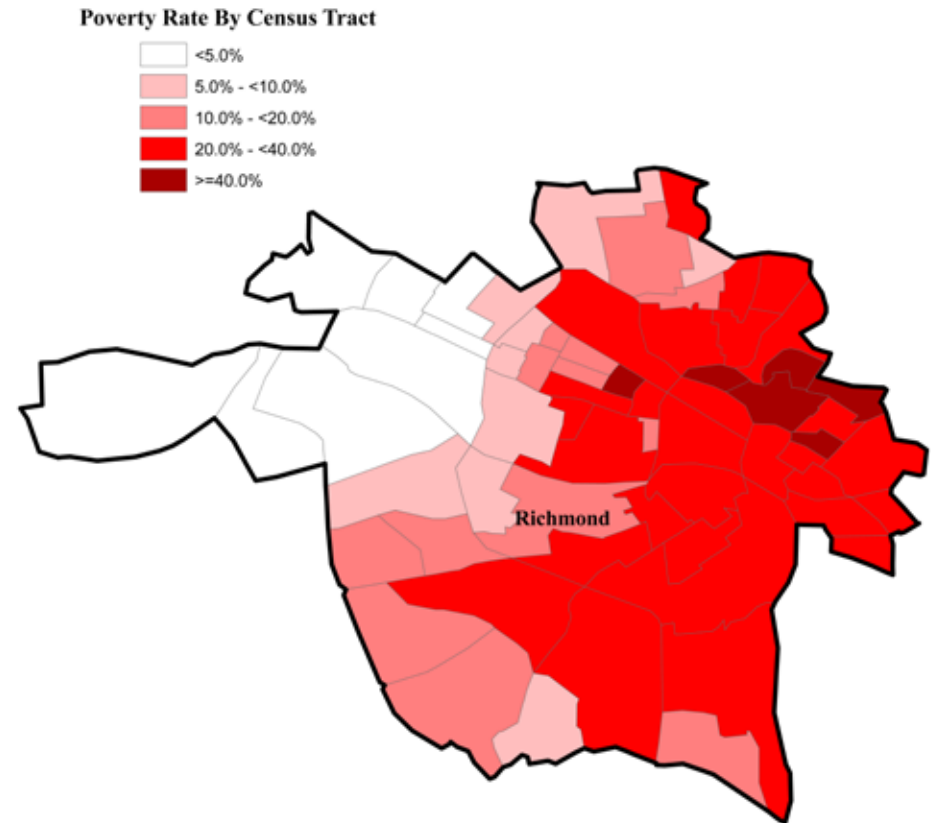
**Poverty Rates by Local Department  
1989, 1997, and 2007**



Source: U.S. Census - Small Area Income & Poverty Estimates (SAIPE)

*Exhibit 3*

**2000 Poverty Rate by Census Tract for Richmond City**



0 1 2 4 Miles

Source: U.S. Census Bureau, 2000 Decennial Census

# 60%

Virginia families headed by women have a 60 percent chance of being in poverty, compared to only 4 percent of married families with children.

## A demographic view: what affects your chances of being poor?

The overall statewide poverty rate also masks a great deal of variation by demographic characteristics. As is true nationally, poverty rates in Virginia are higher for children, less educated adults, African-Americans, Hispanics, female-headed families, and families with no working adults (*Exhibit 4*). For example, the poverty rate for adults with less than a high school education is twice as high as for high school graduates (21 percent versus 10 percent), and five times as high as for individuals with some college (4 percent poverty rate). Children and young adults are nearly twice as likely to be poor as adults 25 and older (15 percent versus 8 percent). Adults with disabilities are more than twice as likely to be poor as adults with no disabilities.

Of these characteristics, the strongest predictors of poverty are marital status and work. Virginia families headed by women have a 60 percent chance of being in poverty, compared to only 4 percent of married families with children. Among female-headed households, having at least one person in the household who works reduces the probability of being in poverty from 60 percent to 18 percent. The combined effect of work and marital status is especially large: married families with at least one worker have a poverty rate of only 2 percent.

In terms of total numbers rather than rates, the “typical” Virginian below the poverty line is a white female head of household, age 25 to 34, with less than a high school education, with children, who works. The fact that more Virginians in poverty are white than nonwhite and more are working than not working contradicts a common image of poverty.

## Poverty among older Virginians.

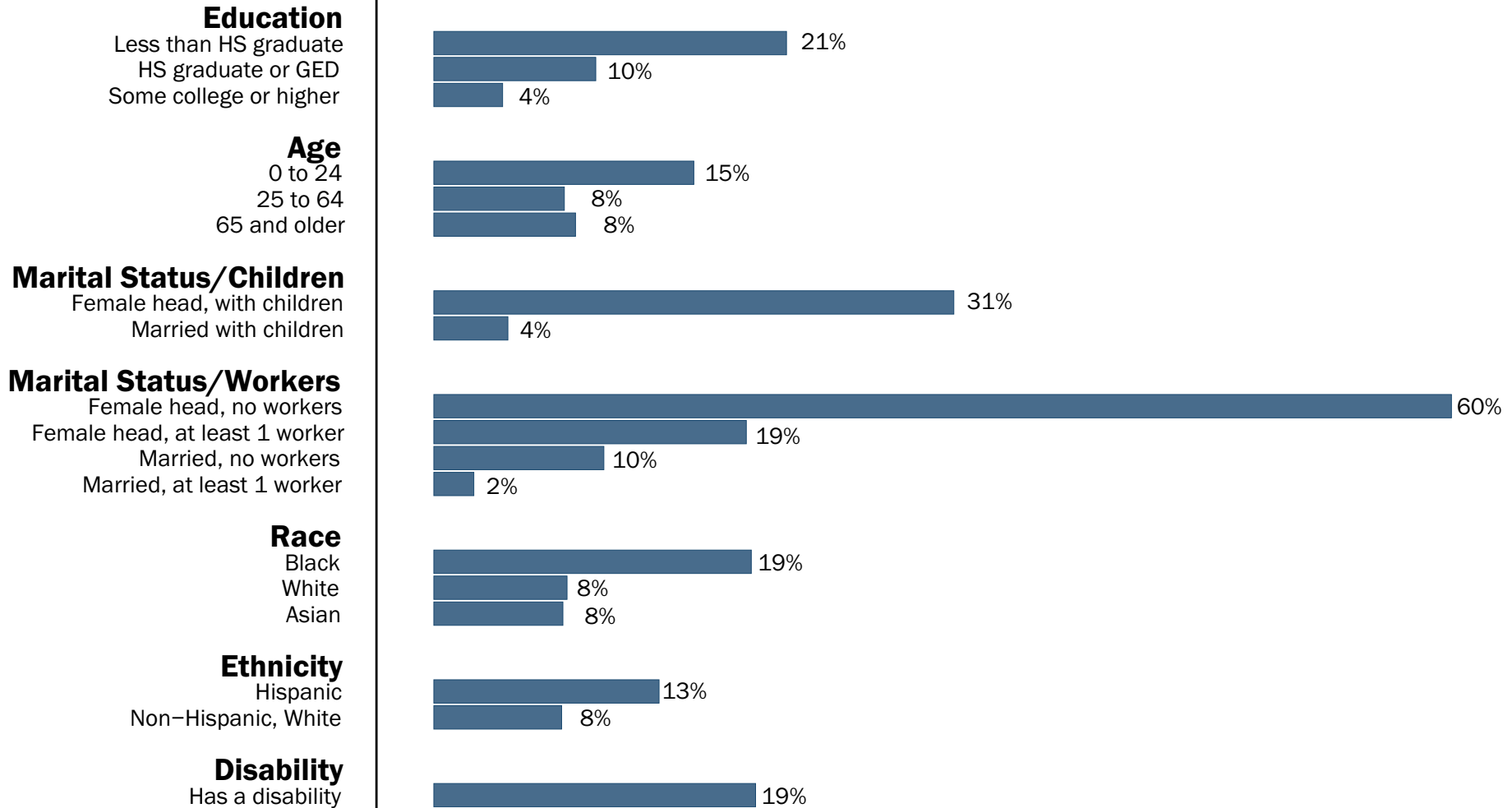
Although individuals 65 and older are no more likely to be poor than working age adults, the overall poverty rate for the elderly masks a good deal of variation. Poverty rises with age: the poverty rate for those 85 and older is more than twice the poverty rate for those age 65 to 84 (27 percent compared to 11 percent).<sup>19</sup> Older individuals are less likely to work and more likely to have spent down savings. Women are much more likely than men to live in poverty: among those aged 65 to 84, the poverty rate is 13 percent for women and 7 percent for men; and among those 85 and older the poverty rates rise to 32 percent for women and 18 percent for men.<sup>20</sup> Women’s longevity means they are more likely than men to live without a spouse, and losing a husband can cause a reduction in income (for example, due to a loss of pension benefits). Finally, women are less likely to have an earnings history that qualifies them for the maximum social security benefits

During the next several decades, several trends will affect poverty among the elderly. First, the number (and proportion) of Virginians age 65+ will grow rapidly over the next 20 years, because of baby booms in the 1950s and 1960s. Second, the decline in coverage by defined benefit pensions and the higher retirement age for social security will mean more individuals will need to work past age 65.

**Poverty rises with age: the poverty rate for those 85 and older is more than twice the poverty rate for those age 65 to 84.**

*Exhibit 4*

# Poverty Rate in Virginia By Demographic Characteristic



Source: U.S. Census Bureau, American Community Survey, 2008



# 70%

Census data show that if all Americans finished high school, worked full time at whatever job they then qualified for with their education, and married at the same rate as Americans had married in 1970, the poverty rate would be cut by around 70 percent.

## Poverty for individuals with disabilities.

Working-age individuals with disabilities have a poverty rate more than twice as high as those with no disabilities. Research shows the higher poverty rate is strongly associated with work limitations for people with disabilities: the more serious the work limitation, the higher the likelihood of poverty.<sup>21</sup>

Conversely, individuals in poverty are much more likely than individuals not in poverty to have a disability. A recent research study found that about half of all working-age individuals in poverty reported a disability.<sup>22</sup> The same study found that individuals with disabilities in poverty are much more likely than others in poverty to report material hardships, especially food insecurity and an inability to get needed medical care.

## What affects one's chances of leaving poverty?

From an individual perspective, the primary paths out of poverty are education, work, and living in a household with more than one full-time income. Together these choices can have a powerful effect on poverty: "Census data show that if all Americans finished high school, worked full time at whatever job they then qualified for with their education, and married at the same rate as Americans had married

in 1970, the poverty rate would be cut by around 70 percent."<sup>23</sup>

**Education is universally regarded as the best inoculation against poverty. Individuals born into the bottom fifth of the income distribution are four times as likely to reach the top fifth of the income distribution if they have a college degree.<sup>24</sup>**

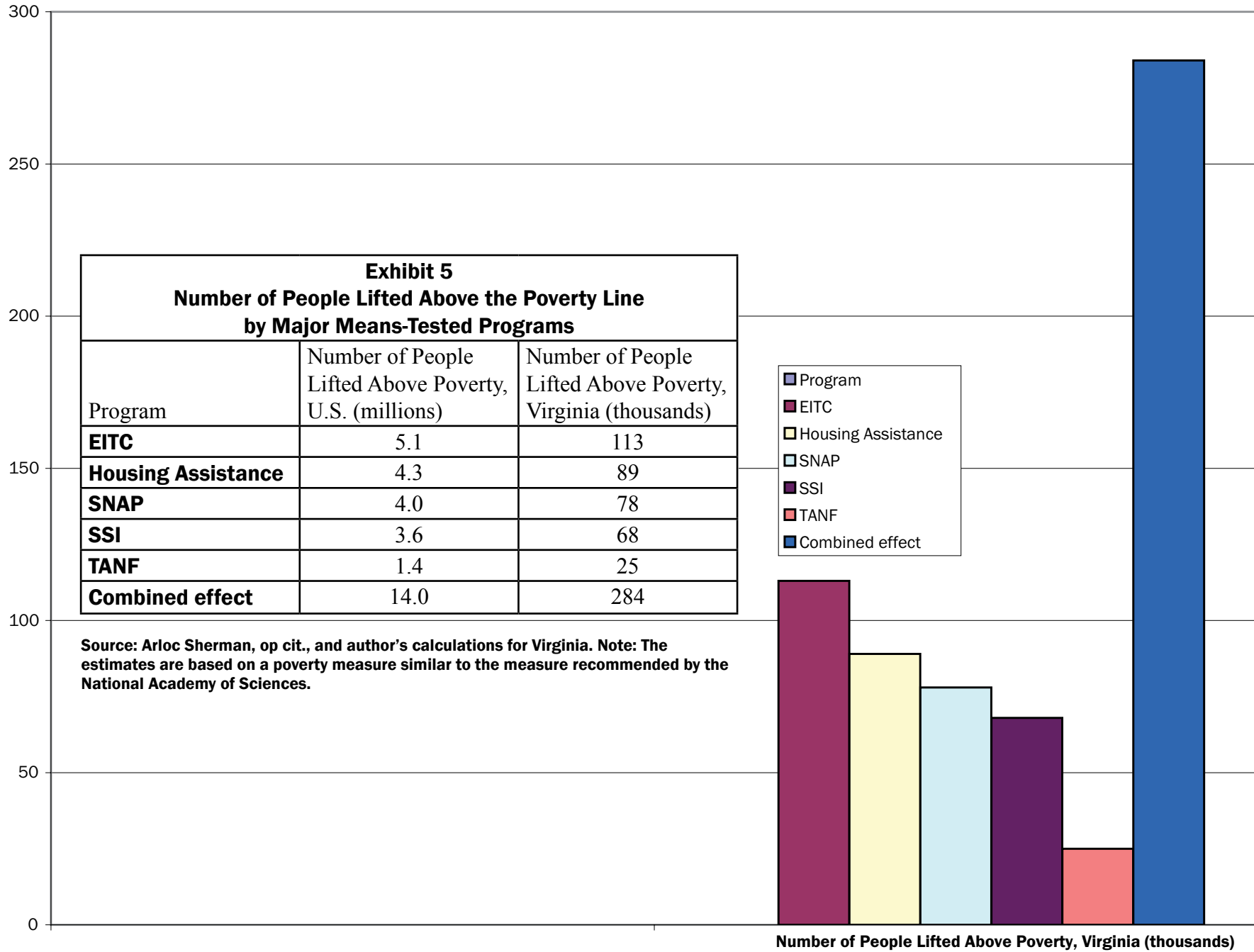
But focusing on college is not enough. Because learning and skill development is a cumulative lifelong process, success in college depends on success at each preceding level of education, back to pre-school. As Nobel-winning economist James Heckman and others have argued, pre-school interventions (focusing not just on cognitive skills but also socio-emotional skills) have a higher return than interventions later in life. As Heckman puts it, "Skill begets skill and early skill makes later skill acquisition easier."<sup>25</sup> Quality education beginning

in pre-school makes the path into lifetime learning and out of poverty much more likely.

From a more immediate perspective, full-time employment is a strong predictor of being above the poverty threshold. Although minimum-wage earnings by a single parent may not be above the poverty threshold, wages tend to rise with experience. For many occupations, entry-level work builds skill and leads to higher positions. Although the manufacturing sector in the U.S. has declined as a source of high wage jobs for workers with less than a college education, research suggests that the long-term demand for middle skill workers will remain strong, apart from the short-term effects of recession.<sup>26</sup> The largest sources of middle-wage jobs are clerical, construction, and production occupations.<sup>27</sup>

If earnings by a single parent are insufficient, minimum wage earnings by two parents are sufficient for most families to rise above the poverty threshold. Having two full-time workers in a household mitigates the potential for poverty. The increase in single-parent households in recent decades is one of the primary challenges to reducing poverty. Nationally, a number of interventions to strengthen marriage are currently being tested.

**Exhibit 5**



# 76%

Government assistance reduces the number of children in extreme poverty (that is, those with income less than half of the poverty threshold) by 76 percent.

Although individuals' choices about school, work, and family will have a primary effect on their poverty status, the family and neighborhood environments into which individuals are born matter also: "Americans need to pick their parents well. Circumstances of birth matter a lot, and the advantages and disadvantages of birth persist."<sup>28</sup>

Although polls suggest that Americans are more likely than citizens of other countries to believe that hard work and skill are rewarded, and that being born to wealth is not so important to moving up the economic ladder, research shows that income mobility is more limited in the U.S. than other advanced democracies. For example, a recent study found that 42 percent of American men whose fathers' income was in the bottom quintile remained in the bottom quintile, compared to 25 to 28 percent in northern Europe and 30 percent in the United Kingdom.<sup>29</sup>

There are several reasons why children born into poverty or living in high-poverty neighborhoods are more likely to live in poverty as adults. First, primary and secondary education in the U.S. is largely state- and locally-financed, so schools in poor communities tend to be less well funded and therefore often lower in quality. Further, access to high-quality pre-school and post-secondary education are closely tied to family resources. Some research suggests that neighborhood poverty has a major effect on economic mobility, even after taking

into account the effects of employment, parents' education, and other family characteristics.<sup>30</sup> Reducing concentrated neighborhood poverty can do a lot to increase economic opportunity.

### Does the safety net reduce poverty?

**The safety net greatly reduces the number of people in poverty. According to a recent analysis, the main government means-tested programs lifted 14 million people above the poverty threshold nationally in 2005.<sup>31</sup>**

The federal Earned Income Tax Credit had the largest effect, followed by federal housing assistance, SNAP, and SSI (**Exhibit 5**). In Virginia, these same programs are estimated to lift 284,000 people out of poverty annually. During the current recession, the effects are larger than this because of temporary expansions in these programs due to the American Recovery and Reinvestment Act.<sup>32</sup>

Further, for people who remain below the poverty threshold, the safety net greatly decreases the severity of poverty. Government assistance reduces the number of children in extreme poverty (that is, those with income less than half of the poverty threshold) by 76 percent.<sup>33</sup>

As explained in section 2.2, the official poverty rate does not show the very large reduction in poverty due to the safety net because the official poverty rate is based only on cash income.

To the extent that government assistance reduces work effort (that is, reduces the number of people who work or the average hours worked), the reduction in poverty due to the safety net may be overstated, because some individuals might work more if there were no government assistance.

### **3. Virginia’s System Of Supports To Reduce Poverty**

Virginia has several major advantages in trying to reduce poverty among its citizens. The state’s economic and employment base is exceptionally strong and varied. Virginia’s unemployment rate is consistently lower than the national average (even during the recession), and median family incomes are consistently high (ninth compared to other states in 2007).<sup>34</sup> Virginia’s employment is based more in service industries and less in production industries than the typical state. Industries in Virginia with a large number of entry-level jobs and career potential include local government, health care and social assistance, the hospitality industry, and clerical and administrative support.<sup>35</sup>

The largest employers in the state (in order) are the U.S. Department of Defense, Wal-Mart, Fairfax County Public Schools, the U.S. Postal Service, and Newport News Shipbuilding. Virginia also has a large health care industry, and thousands of small businesses, traditionally a primary engine of employment growth (in the most recent quarter, even during a recession, more than 2,500 new businesses were created).<sup>36</sup> The strong and varied employment base provides opportunities to leave poverty and advance, and high incomes mean a strong tax base.<sup>37</sup>

In addition to its strong economy, Virginia is known for its exceptional educational system, from early childhood to the post-secondary level. Virginia’s public university system is one of the best in the U.S. The state’s community college system is large and innovative, and has developed a number of programs to help individuals make the transition from high school to college.<sup>38</sup> The state’s public school system also is well regarded, with several jurisdictions consistently ranked among the top school districts in the U.S. Virginia also has a disproportionately

large number of public high schools ranked among the best in the U.S.<sup>39</sup> In recent years, Virginia has increased its focus on and investments in early childhood education, recognizing the long-term benefits to individuals and the public.

Virginia’s community college system also is the cornerstone in the state’s large and innovative workforce development system, which served more than 250,000 individuals in 2008. In addition to traditional workforce programs that work directly with major employers and provide career pathways leading to high-wage jobs, Virginia’s system includes career coaches: community college employees located in disadvantaged high schools whose goal is to increase the number of high school students transitioning into community college. The state also has a large registered apprenticeship program that is a collaboration between the community college system and the Virginia Department of Labor and Industry.

### **4. The Challenges To Addressing Poverty**

From a historical or societal point of view, poverty may seem intractable. Despite the war on poverty and the efforts that preceded it, and nearly continuous economic growth, at least one-tenth of the population lives on an income below a meager threshold, and reducing this fraction has proven difficult.

On the other hand, from an individual perspective, families succeed every day in escaping poverty. Further, numerous strategies have been proven to increase families’ income and reduce the ills of poverty. For example, clear evidence exists that: quality pre-school programs improve educational outcomes and increase later earnings; the Food Stamp program (now SNAP) reduces hunger; and work incentives can increase income.

40

Over the last 40 years the inflation-adjusted earnings of less-skilled workers have not increased, so for this group there has been no rising tide to lift them above poverty.

**2**

Having two full-time workers in a household mitigates the potential for poverty.

But reducing poverty on a larger scale faces a number of major challenges:

<b>Challenge 1</b>	<b>The current economic and budget environment;</b>
<b>Challenge 2</b>	<b>The increase in female headed families;</b>
<b>Challenge 3</b>	<b>Slower wage growth for less-skilled men; and</b>
<b>Challenge 4</b>	<b>The concentrated nature of poverty.</b>

Although resources are always limited, the current recession limits options further, even as the need for help has grown. Over the longer term, two major trends have worked against poverty reduction. First, the large increase during the past 50 years in the percent of births to unmarried women means many more families are forming with the disadvantage of a single wage earner. Second, during the last 40 years the inflation-adjusted earnings of less-skilled workers have not increased, so for this group there has been no rising tide to lift them above poverty.<sup>40</sup> Finally, the fact that poverty tends to be concentrated in neighborhoods means that individual-based approaches to reducing poverty may be insufficient; it may also be important to target communities.

Given these challenges, what can and should be done to reduce poverty? The answers depend in part on the extent to which poverty is viewed as being due to structural forces or individual behavior.

Some researchers have argued that both of these perspectives are valid. Structural and demographic factors such as school desegregation, the decline of manufacturing in cities and agriculture in rural areas, and middle class exodus to suburbs have reinforced the economic and social exclusion of individuals in

poverty, and this exclusion affects cultural norms and behaviors in poor neighborhoods.<sup>41</sup>

Recent antipoverty policy, especially welfare reform, has placed a primary emphasis on personal responsibility. Personal choices about work, education, and childbearing can have large effects on an individual’s future. But it is also true that children do not choose the circumstances of their birth, yet those circumstances make it more difficult to rise out of poverty. The way forward may be to balance the need for personal responsibility with a broader understanding of the structural and institutional forces that affect life chances.

**5. The Poverty Reduction Task Force**

In early 2009, Virginia’s Poverty Reduction Task Force was formed. Comprised of experts from business, government, and not-for-profits, Task Force members bring diverse perspectives that reflect the complexity of the discussion on reducing poverty.

**Summit On Poverty**

In May 2009, the Task Force held a summit where its members and guests received in-depth analysis of poverty in Virginia from Ron Haskins, a Senior Fellow for Economic Studies and Co-Director of the Center on Children and Families at the Brookings Institution and Michael Cassidy, Executive Director of The Commonwealth Institute for Fiscal Analysis. The summit officially kicked off the Task Force’s work to convert its learning from the data presented into ideas for future recommendations.



# 7.3%

The “typical” or modal Virginian below the poverty line is a white female head of household, age 25 to 34, with less than a high school education, with children, who works. The fact that more Virginians in poverty are white than nonwhite and more are working than not working contradicts a common image of poverty.

### Act On Poverty – The Community Conversations

In July 2009, the Task Force hosted *Act on Poverty*, one of the largest-ever, simultaneous conversations devoted to reducing Virginia’s poverty rate and increasing economic opportunity for all. The event was designed to stimulate ideas for local and statewide action. Held simultaneously at 25 community college campuses, and facilitated by agents from the Virginia Cooperative Extension, the event attracted over 1,100 people who heard Michael Cassidy’s presentation on poverty in Virginia and were offered the opportunity to present their own recommendations on addressing the challenges of poverty.

### The Solution Survey

As another mechanism for public input, the Solution Survey was posted on the Commonwealth’s website so citizens could offer comments and respond to specific questions that followed themes that emerged from the *Act on Poverty* event.

### Developing Recommendations

Each of the Task Force’s three committees: Career Development and Education, Asset Development, and Individual and Community Resilience reviewed the lists of suggested recommendations, discussed and debated each idea within a framework of potential impact, and ranked their final recommendations.

The pages that follow organize the highest ranked recommendations under the broad goals that each supports.

## 6. Recommendations

### Goal 1: Increase Opportunities For Future Economic Security By Investing In Children And Their Education

Virginia has established a record of progressively increasing investment in the success of its children through expanding early childhood development and education programs. Research consistently demonstrates the value of early childhood programs in providing children with a strong foundation for future educational achievement and economic success.

This administration has worked to improve Virginia’s system of early childhood programs by expanding access, enhancing program standards and promoting consistency across communities. Among its successes are:

- The creation of the Office of Early Childhood Development that focuses on expanding access to and coordination of Virginia’s system of high quality early childhood development programs
- Expanding Smart Beginnings, a public-private partnership to organize and enhance local early childhood programs
- Establishing the Start Strong Council which works to ensure that all of Virginia’s children have the fundamental skills to read on grade level by the third grade and succeed in school

### Why Action Is Necessary

The Task Force believes that investing in the educational success of Virginia’s children is a primary determinant for the future economic strength of individuals, families, and communities. Every effort should be made to ensure that all children have the opportunity to benefit from high quality early childhood development and educational programs. As children progress through the educational system and are identified as at-risk of not achieving critical learning benchmarks, it is critical that services be provided to assist them with eventually earning a standard diploma.

# 100,000

Increasing educational attainment netted up to a 15 percent reduction in poverty - a reduction of approximately 100,000 persons in Virginia.

## Estimated Impact On Poverty

In Ron Haskins' and Michael Cassidy's research as presented to the Task Force at its Poverty Summit, increasing educational attainment netted up to a 15 percent reduction in poverty - a reduction of approximately 100,000 persons in Virginia. The research also indicated a significant increase in net earnings and a decline in demand for social, health and criminal justice services for adults who participated in high quality early childhood education programs as children. Additionally, a better educated and higher earning workforce contributes to a stronger tax base for the Commonwealth. The Commonwealth Institute for Fiscal Analysis estimates that the lifetime benefits associated with an additional high school graduate are, on average, 2.75 times the cost required to produce them.

## Primary Recommendations

### ■ Continue To Expand Early Childhood Education Opportunities

The state's recent history of commitment to early childhood education has established a strong foundation for the future of Virginia. Early childhood education is a critical component of the fight against poverty. Every effort should be made to bring these programs to scale so that every child in Virginia has ready access to early education.

### ■ Increase Support For At-Risk Students

Increase state funding for programs serving students at-risk of educational failure, including the Virginia Preschool Initiative, and maintain strong Standards of Quality that will provide the inputs students need to pass Standards of Learning tests and a meaningful opportunity to earn a standard diploma.

### ■ Increase High School Graduation Rates

Communities experiencing particular challenges need expanded, multi-systemic resources designed to increase graduation rates (such as the Harlem Children's Zone). This is a holistic system organized around a coordinated, interdisciplinary strategy to improve educational outcomes and strengthen the problem-solving capacity of communities.

## Second Tier Recommendations

### ■ Expand Smart Beginnings Into More Communities

Smart Beginnings initiatives build the capacity of communities to develop healthy and school ready children. Smart Beginnings is the statewide effort to engage communities to bring their early childhood services together into effective local systems that provide leadership to improve the quality and access of early childhood environments. There are currently 21 Smart Beginnings initiatives scattered across the state. They are sustained through state funds provided to the Virginia Early Childhood Foundation, matching private funds, and matching local support. Seed money provided by the State through the Foundation is leveraging private funds at a ratio of 4:1. 2-1-1 Virginia, the state's information and referral system, can also be used to promote enrollments in local systems

## Goal 2: Enhance Workforce Readiness By Expanding Access To Career Development Programs And Employment Supports

A skilled workforce is a critical element in the reduction of poverty and is central to Virginia's continued economic prosperity. It is the policy of the Commonwealth that there be a dynamic and substantive relationship between workforce development, the education (including post-secondary) and economic development.

It is essential that workforce development strategies embody skills training and education and the purposeful development of the Commonwealth’s human resources. The Commonwealth must strive for parity in areas of the state where pockets of poverty exist because individual skill levels do not meet the demands of employers and the economy in sufficient numbers.

This administration made significant progress in strengthening workforce and career development functions in developing Virginia’s first-ever Workforce Development Strategic Plan, with one of three key goals focusing on skills. The plan results in improved citizen access to training and career services, enhances qualitative standards, and requires coordinated planning for workforce and economic development.

Additionally, the Commonwealth has focused resources on developing a comprehensive workforce development system including efforts to enhance the establishment of the Virginia Workforce Network – the Commonwealth’s transparent and comprehensive workforce center system designed to connect employers and jobseekers with the resources of the entire workforce investment system.

**Why Action Is Necessary**

The Task Force believes that the current economic recession offers a prime opportunity to capitalize on the Commonwealth’s workforce infrastructure to elevate the skill levels of Virginians who find themselves unemployed or underemployed. Virginia can promote and expand its existing career development programs to offer those currently outside (and/or on the margins of) the workforce the chance to enhance their skills and marketability in anticipation of the economic recovery. By expanding its base of skilled and credentialed workers, Virginia gains an advantage in future economic development projects.

**Estimated Impact On Poverty**

According to the research presented to the Task Force, adults with high school completion credentials are more than 50 percent less likely to live in poverty. As noted in Goal 1 above, increased educational attainment can net up to a fifteen percent reduction in poverty. Enhancing skills and credentials beyond the high school education level creates paths to greater income stability and workforce competitiveness.

**Primary Recommendations**

- **Expand Educational Credentialing Programs**  
Boost worker skills, employability, and income potential by increasing the capacity of programs that provide opportunities for individuals to attain:
  - High school diploma
  - GED credential
  - Career Readiness Certificate
  - Occupational certification or license
  - Other post secondary credential (diplomas, certificates, or degrees)

As showcased in the state’s first strategic plan for career pathways, Bridging Business and Education for the 21st Century Workforce, Virginia has a well-defined approach to grow employment by coupling economic development and career development services. Virginia’s Community College System (VCCS) offers multiple programs and services to support education and skill enhancement targeted to the emerging, unemployed and underemployed, and incumbent workforces. VCCS connects education and training programs and support services that enable individuals to secure employment with specific occupational sectors and to advance over time to successively higher levels of education or employment in that sector.

**500,000**

Approximately 500,000 households participating in the Earned Income Tax Credit (EITC) program and benefited from nearly \$1 billion in tax credits, or nearly \$2,000 per participating household.

# 50%

Adults with high school completion credentials are more than 50 percent less likely to live in poverty.

Communities with persistent pockets of unemployed persons and those areas especially hard hit by unemployment in the current recession are prime targets for expanding the capacity of VCCS's career development programming. By continuing its investment in enhancing worker skill levels, Virginia elevates its competitiveness in the economic development marketplace.

- **Increase Support For Subsidized Child Care To Retire Waiting Lists**

Subsidized child care allows more low-income families work and training opportunities and ensures that children in those households benefit from licensed facilities with a bias towards education.

- **Allow More Post-Secondary Education To Satisfy VIEW Work Activity Requirements**

As reinforced by other recommendations in this report, education and training lead to improved employment opportunities and increased insulation from poverty. The current recession has challenged Temporary Assistance for Needy Families(TANF) recipients and local departments of social services to locate acceptable required work activities. Allowing education to satisfy work requirements would offer TANF recipients a more competitive position in the workforce and improve state and local attractiveness for economic development.

### Second Tier Recommendations

- **Ensure That There Is A Continued Focus On Virginia Code Provisions At §2.2-435.7 (Coordination of Workforce Development) And §23-215 (Role of Community College System)**

This will continue important steps taken in the collaboration of workforce development efforts at the State level to improve efficiency and effectiveness of services delivered for the benefit of all Virginians, while also ensuring that skill enhancements remain at the forefront.

- **Expand English As A Second Language (ESL) Services For New Americans To Support Their Employability**

Reduce or eliminate language as a barrier to employment by making ESL English services more widely available.

- **Enhance Prisoner Re-Entry Programs**

The volume of prisoner re-entries require implementing programs that conform to evidence-based best practices to increase the potential for successful reintegration into the community and mitigating the social and economic costs of recidivism. Successful models are characterized by inter-agency planning and oversight bodies that are able to connect facility-based programming to post-incarceration, community-based programming. Program designs include education, workforce readiness, housing, substance abuse treatment, and mental and physical health components.

## Goal 3: Enhance Family Financial Resources By Increasing The Returns On Work, And Promoting Family Savings And Diversified Asset Accumulation<sup>42</sup>

# 25%

The federal Earned Income Tax Credit (EITC), as a cash refund to working families, lifts more than 25 percent of children out of poverty.

Economic research consistently reinforces the benefit of providing low-income workers with opportunities to retain more of their earnings through tax refunds. Policies that lower the tax burden for families and individuals with marginal incomes allow them to build assets that buffer future household financial strains and mitigate full-blown crises.

Additionally, programs that offer high-quality financial education boost personal financial skills. Research further indicates that when such programs are delivered in the workplace, participation rates increase, as does employee participation in savings or other asset development programs offered by employers.

Virginia's aggressive promotion of the Earned Income Tax Credit program (the largest poverty reduction program in the United States) has resulted in approximately 500,000 households participating in the program and benefiting from nearly \$1 billion in tax credits, or nearly \$2,000 per participating household.

In recent years, Virginia has raised the filing threshold for state income tax for individuals and couples, resulting in over 100,000 low-income working Virginians becoming exempt from filing state returns. An increase in the personal tax

exemption benefited every working Virginian. The administration also won approval for sales tax savings to families for back to school expenses, hurricane season preparedness, and alternate home heating fuels.

### Why Action Is Necessary

Virginia's recent successes provide a strong foundation to build a trend of progressive improvements in policy focused on low-income workers. The Task Force believes that the current recession highlights policy and programmatic opportunities for reducing poverty, building assets, and improving returns on work that would carry substantial benefit into the economic recovery.

### Estimated Impact On Poverty

Altering Virginia's policy on taxing low-income working families is a key strategy for reducing poverty. The federal Earned Income Tax Credit (EITC), as a cash refund to working families, lifts more than 25 percent of children out of poverty. It is one of the poverty reduction programs with the greatest impact. Making Virginia's Earned Income Tax Credit (EITC) and dependent child care tax credits refundable only enhances that effect. The complimentary strategies recommended below serve to enhance the economic security of vulnerable families and elevate those living on the margins of poverty.

### Primary Recommendations

- **Make The Virginia Earned Income Tax Credit (EITC) Refundable**  
Offering low-income Virginia families a cash refund instead of a credit will increase participation in the program and allow them to use the cash resources for necessities of life as a low-wage worker— clothing, housing, and car repairs/replacement.
- **Conform Virginia's Exceptions To The Definition Of Employee In The State's Minimum Wage Act To The Federal Minimum Wage Exemptions**  
Expanding coverage of minimum wage requirements would elevate certain classes of employees to minimum wage levels. For example, this would mean that waitresses would have to be paid a "waitress wage" even if they get tips above the minimum wage, and farm laborers / employees on larger farms would be covered. Other low-income workers in Virginia deserve the minimum wage even if they work for smaller employers not covered by the federal act



# 4,000

Individual Development Accounts (IDAs) are matched savings (\$2 of Virginia’s Individual Development Account Program (VIDA) funds to \$1 of individual funds, up to \$4,000 in VIDA funds) accounts that enable low-income families to save, build assets, and enter the financial mainstream.

■ **Promote Workplace Financial Education**

Research demonstrates that individuals, who receive financial counseling and education in the context of the workplace, accumulate assets more quickly than those who do not.<sup>43</sup> The Task Force recommends that the Secretary of Commerce and Trade be charged with developing a workplace financial education program in conjunction with voluntary organizations and other state agency partners. Through a combination of awareness and education activities encourage employers to provide ongoing work-place financial education by:

- Sharing information about the positive impacts to a business when employees are financially stable
- Appointing a committee of subject matter experts to identify an existing curriculum for employers to use for workplace financial education programming
- Offering training for workplace financial education trainers to support implementation among businesses in Virginia, including access to the recommended curriculum above
- Providing access to the recommended workplace financial education curriculum for all businesses in Virginia

- Encouraging more employers to adopt an opt out retirement savings plan as opposed to an opt in one. Research shows that more employees engage in workplace-based saving when it is presented as an opt-out option as opposed to an opt-in one

■ **Improve Virginia’s Individual Development Account Program**

Individual Development Accounts (IDAs) are matched savings (\$2 of Virginia’s Individual Development Account Program (VIDA) funds to \$1 of individual funds, up to \$4,000 in VIDA funds) accounts that enable low-income families to save, build assets, and enter the financial mainstream. IDAs reward the monthly savings of working-poor families who are building towards purchasing an asset - most commonly buying their first home, paying for post-secondary education, or starting a small business. IDAs make it possible for low-income families to build the financial assets they need to achieve the American Dream.

- Request that the Virginia Department of Housing and Community Development examine why the individual development account (IDA) program is still undersubscribed in Virginia, and use this information to improve marketing and to increase the number of savers.

- In addition to IDA savings, develop and provide access to diversified, pooled investment vehicles (such as index or mutual funds), similar to Virginia’s college savings program.

■ **Expand and Enhance the Virginia CASH Campaign (Creating Assets, Savings and Hope)**

The Virginia CASH Campaign is the statewide effort to provide education and outreach for free income tax preparation services, with an emphasis on the EITC; provide financial education; and to link these programs with asset building opportunities, such as VIDA. Increased awareness of this effort offers greater opportunities for Virginians to obtain free, high-quality income tax preparation services, avoid the pitfalls of high-interest tax refund loans, and obtain financial management counseling unavailable to them elsewhere.

- Support coalitions within the VITA program with emphasis on the EITC
- Provide education and outreach throughout the year about making sound financial choices with emphasis on avoidance of high-cost financial services

- Provide opportunities for free tax preparation coalitions to partner with existing community providers and programs to share best practices to build assets
- Provide opportunities to set up savings accounts on site by working with banks and VIDA intermediaries
- Counsel clients about opportunities to build assets through the VIDA program and other opportunities for savings and investment

■ **Develop A Dedicated Revenue Stream For The Virginia Housing Trust Fund**

The Virginia Housing Trust Fund would offer broad and flexible solutions to the high cost of housing. In addition to promoting home ownership, the Trust Fund would also support the development of affordable rental options. The Trust Fund would stimulate transit-oriented housing to reduce traffic congestion and provide low-interest loans, matching funds for local programs and incentives for developers to create reasonably priced housing and mixed-income communities. Many Virginians would benefit, including the middle class, first-time homebuyers, struggling single parents, seniors, people with disabilities and those at risk of becoming homeless.

**Second Tier Recommendations**

■ **Make The Dependent Care Tax Credit Refundable**

As with the EITC, offering a cash refund instead of a credit will allow families to use the cash resources for necessities and possibly the opportunity to acquire assets that are currently unattainable.

■ **Offer Additional Protections For Homeowners**

In that homes are the major asset for many, and the current recession has threatened that asset for many Virginians across all income classes, revisions to foreclosure policy may help homeowners in financial crisis. Potential policy changes could include:

- Requiring mediation as part of the foreclosure process
- Imposing a moratorium on foreclosures
- Requiring judicial process for all foreclosures
- Restricting judicial sales of primary residences of low-income home owners to satisfy judgment liens

■ **Continue To Improve Personal Loan Practices**

□ **Reinstate Usury Interest Rate Caps And Fees On Any Loan Or Credit Product, Including Small Loans To 36 Percent APR**

Payday and car title lenders are draining millions of dollars from low-income communities. Most car title lenders only loan to someone who has a car with no lien on the title. This is someone who is struggling to get by but has at least gotten to the point where he/she has paid off the car and might be on the way up the ladder. After getting one of these loans, the borrower is on his way back down the ladder. Payday lenders take a person with a small cash emergency and turn their small problem into a nightmare where they might lose their bank account, their job or face eviction or foreclosure.

36%

Reinstate Usury Interest Rate Caps And Fees On Any Loan Or Credit Product, Including Small Loans To 36 Percent APR.

# 46th

The Commonwealth has one of the most restrictive unemployment insurance programs in the nation. Only 26 percent of unemployed persons qualify, ranking Virginia 46th nationally.

□ **Identify And Promote The Development Of Lower-Cost Alternatives For Small-Scale Cash Loans**

Short-term cash emergencies are a root cause of demand for payday, car title, and other forms of expensive micro-lending. Low-interest pay advances from employer-based credit unions and/or micro-loans through community development financial institutions offer beneficial alternatives to consumers.

■ **Evaluate the Availability and Affordability of Quality Insurance Products to Buffer Low Income Households from Financial Emergencies**

Access to affordable, quality insurance provides the possibility for economic security in the face of unexpected expenses, interruptions of income and large-scale disasters. Virginia can examine best practices for publicly accessible low-cost, but good quality, insurance products for a variety of circumstances including:

- Seemingly small events that get low-income families derailed such as car repair or home repair
- Major life events like illness, injury, death of a loved one, theft, fire, flood; and
- Catastrophic events such as tornadoes, hurricanes, wildfires, etc. from which even people of means struggle to recover

Government does not have to create or administer this insurance program, but the Bureau of Insurance could identify and define standards for the right products to make available to Virginia’s low-income families.

## **Goal 4: Expand Safety-Net Opportunities For Families In Crisis**

The current recession presented many Virginians with their first exposure to the Commonwealth’s network of public and private assistance programs for families experiencing financial crises. In spite of the deepest recession since the Great Depression, the safety-net system met most of the demands it was designed to handle. As crises are apt to do, the unprecedented demand also highlighted limitations that prevented the system from assisting many families and individuals with critical needs.

### **Why Action Is Necessary**

The Task Force believes that Virginia can use the lessons of this recession to adapt its safety net programs for an extended recovery and periods of relative prosperity. The Commonwealth has one of the most restrictive unemployment insurance programs in the nation. Only 26 percent of unemployed persons qualify, ranking Virginia 46th nationally. Virginia missed an opportunity to assist thousands of unemployed workers because of relatively simple restrictions in the Code.

Virginia also has the opportunity to improve its deployment of public assistance programs by enhancing program flexibility during changing economic conditions, revising policy to reflect contemporary research on program management, and recognizing our changing demographics.

### **Estimated Impact On Poverty**

The recommendations in this section of the report are designed more to mitigate the effects of living in poverty, rather than reduce the numbers of persons living in poverty. The Task Force found that Virginia’s safety net systems and programs fall well below national averages in the assistance they provide for families in crisis, and that changes are necessary to improve the standards by which we assist those below the poverty line.

**Primary Recommendations**

■ **Improve Virginia’s Unemployment Insurance Program**

□ **Do Not Increase the Minimum Earnings Requirement**

Legislation to raise the minimum earning requirement for unemployment insurance was adopted in 2008 but delayed in 2009 due to the recession. Increasing required earnings in the base period from \$2,700 to \$3,000 would directly affect only the lowest income workers – primarily women and minorities. An estimated 1,100 low-income workers would have lost eligibility for the minimum unemployment insurance benefit of just \$54 / week.

■ **Provide Unemployment Insurance Coverage To Part-Time Workers**

Currently Virginia requires part-time workers who lose their job through no fault of their own to seek full-time employment to be eligible for unemployment insurance benefits. Part-time workers are mostly women and low wage workers whose part-time status may be determined by other factors in their lives. Part-time workers represent a large share of the unemployed, and without unemployment insurance benefits, many of them are pushed into or further into poverty. Since the duration and amount of unemployment insurance benefits paid to part-time workers is determined by their wages, the cost to Virginia’s unemployment insurance trust fund is proportionally lower than the cost for other workers.

□ **Provide Unemployment Insurance Coverage To Workers Engaged In Certain Training and Education Activities**

Individuals who are in certain educational and training programs should be permitted to receive Unemployment Insurance benefits. These individuals have usually lost their jobs from a declining occupation or because of a permanent reduction in operations by the individual’s employer. The worker would be engaged in education and training designed to prepare the individual for entry into a higher level position. Unemployment compensation would be available only to people who could demonstrate satisfactory progress in the education/training program.

The Employment Commission should approve training programs authorized by the Workforce Investment Act, as well as programs at community colleges with job skills components, courses leading to GEDs, courses in adult basic education, language courses, or other courses of study, including degree and certificate programs that are likely to increase the individual’s long-term employability. Post-secondary education and training are increasingly important for success in the job market. Periods of unemployment, especially in tough economic times, provide opportunities for laid off workers to develop new skills so that employers will benefit from a skilled workforce when the economy recovers.

■ **Modify Assets Tests In Basic Public Assistance Programs**

Revise program eligibility policy such that a reasonable accumulation of assets is allowable for households receiving assistance. Allowing families on the margins of poverty to protect certain classes and amounts of assets could lessen the impact of financial crises. Research shows that means-tested public assistance based on assets discourages asset accumulation and amplifies financial distress.

6th

Current eligibility levels range from 22 percent to 30 percent of the Federal Poverty Level, ranking sixth worse in the country.

**1974**

TANF payments were originally set in 1974 and have only increased twice in Virginia since then.

■ **Increase Medicaid Parent Eligibility**

Current eligibility levels range from 22 percent to 30 percent of the Federal Poverty Level, ranking sixth worse in the country. The current national average is 64 percent of the Federal Poverty Level. Increasing eligibility levels to 30 percent would flatten eligibility at the current Group III level. Numerous Virginia studies (including the Governor’s Health Reform Commission) have recommended an increase in Medicaid eligibility for low-income parents.

■ **Expand Access To Nutrition Programs**

Many states have expanded their SNAP (food stamps) programs, especially during periods of high unemployment. Changing the eligibility requirements to allow more families to enroll does not increase state administrative costs because the same families have already requested assistance but were denied. The additional cost of benefits is assumed by the federal government. Virginia should implement changes that have been adopted by other states to:

- Lift the gross income test
- Lift the asset test
- Allow/expand utility cost deductions
- Allow unlicensed child care deductions
- Implement longer recertification periods to lessen administrative requirements due to increased caseloads
- Aggressively market the eligibility changes
- Conduct special outreach to increase enrollments among the most vulnerable populations (older adults, persons with disabilities, new Americans)

**Second Tier Recommendations**

■ **Eliminate Medicaid Restrictions On Legal Immigrants Who Have Already Been In The United States For Five Years**

Virginia is one of only nine states that continue to bar legal immigrants from the Medicaid program after the 5-year threshold. These legal immigrants are covered by Medicaid for their emergency care, but they have no insurance for preventive or chronic health care needs. (This change was a recommendation of the Governor’s Commission on Immigration.)

■ **Implement Children’s Health Insurance Program Reauthorization Act (CHIPRA) Option To Provide Coverage For Legal Immigrant Children And Pregnant Women During The First Five Years They Are In The United States**

Implement this for both Medicaid and FAMIS eligible women and children. This change would replace some current state expenditures with federal dollars, improve access to health care, and produce immediate results.

■ **Increase TANF Grant Levels**

TANF payments were originally set in 1974 and have only increased twice in Virginia since then. Currently, the maximum payment for a family of three in Richmond is \$320/month (compared to \$1526 – 100 percent of the Federal Poverty Level for a family of three). Even with SNAP/Food Stamps, the family’s income would still only be 47 percent of the Federal Poverty Level - insufficient for the most basic costs of living.



■ **Increase FAMIS Eligibility to 300**

**Percentpercent Of The Federal Poverty Level**

There are 167,000 uninsured children in Virginia. Thousands are uninsured because their parents are not offered employer based insurance. The FAMIS program’s current gross income limit of 200 percent FPL (\$36,620 for a family of three) excludes many low-income families who cannot afford private insurance. Congress recently adopted the ‘Children’s Health Insurance Program Reauthorization Act’ (CHIPRA), and substantially increased the federal funding available to Virginia to cover more uninsured children, with a \$2 for \$1 federal match. 28 states have an income eligibility level above 200 percent FPL. States that expand coverage have found they also enroll more children who had been eligible under previous standards, including Medicaid eligible children

■ **Increase Public Awareness Of Assistance**

**Program Availability By Promoting Virginia’s 211 Information And Referral System**

In times of economic crisis, many households are seeking public assistance for the first time. Their lack of knowledge of the public assistance systems makes it difficult to access services and adds to the stress of their difficult circumstances. Virginia can import program models from other states that require collaboration among public assistance agencies and expand the 211 system’s capacity so it can accept SNAP applications and requests for other types of assistance.

**167,000**

There are 167,000 uninsured children in Virginia.

# ENDNOTES

- 1 The Census Bureau publishes state-level poverty rates annually from two surveys, the American Community Survey (ACS) and the Current Population Survey (CPS), and the rates generally differ somewhat. The Census Bureau recommends the ACS for state-level rates because of its much larger sample size and consequent greater accuracy. The CPS data suggest a greater increase in poverty in Virginia, from 8.6 percent in 2007 to 10.3 percent in 2008.
- 2 Emily Monea and Isabel Sawhill. “[Simulating the Effect of the ‘Great Recession’ on Poverty.](#)” Washington DC: Brookings Institution. September 2009.
- 3 The graph uses the CPS-measured poverty rate to show the trend, because the ACS is available only back to 2002.
- 4 Rebecca Blank, “How to Improve Poverty Measurement in the United States”, *Journal of Policy Analysis and Management*, Vol. 27, No. 2, 233–254 (2008). This paper provides a thorough history and assessment of the official poverty rate and alternative measures of economic need.
- 5 Citro, C. F., & Michael, R. T. (1995). *Measuring poverty: A new approach*. Washington, DC: National Academy Press.
- 6 The difference between the NAS rate and the official poverty rate varies by age. The NAS rate does not differ much from the official poverty rate for children, but is much higher for the elderly, mainly because it accounts for medical out-of-pocket expenses.
- 7 The increase is closer to three percentage points accounting for geographic variation in housing costs, because Virginia’s housing costs are higher than the national average. Virginia’s poverty rank among states drops from 7<sup>th</sup> lowest under the official measure to 22<sup>nd</sup> lowest under an NAS measure that accounts for housing costs. See “Measure by Measure: The Current Poverty Measure v. the National Academy of Sciences Measures.” Washington DC: The Center for Law and Social Policy, November 2009. <http://www.clasp.org/admin/site/publications/files/measurebymeasure.pdf>
- 8 [http://www.census.gov/hhes/www/cpssc/apm/cpssc\\_alt pov.html](http://www.census.gov/hhes/www/cpssc/apm/cpssc_alt pov.html)
- 9 [http://www.nyc.gov/html/ceo/html/poverty\\_research/poverty\\_research.shtml](http://www.nyc.gov/html/ceo/html/poverty_research/poverty_research.shtml)
- 10 The NAS-style measures include these other items not in the threshold but as deductions from income. In other words, the self-sufficiency standards assume all adults work and have work expenses, while the NAS measures account for expenses only for household that incur them.
- 11 Self-sufficiency standards for 2006 for each county and city in Virginia are available at [http://www.dss.virginia.gov/geninfo/reports/agency\\_wide/self\\_sufficiency.cgi](http://www.dss.virginia.gov/geninfo/reports/agency_wide/self_sufficiency.cgi)
- 12 Blank, *op. cit.*
- 13 <http://www.gosap.state.va.us/>.
- 14 These rates are from <http://www.ers.usda.gov/statefacts/VA.htm> The urban and rural classification is based on the federal Office of Management and Budget’s definition of metro and nonmetropolitan areas. For an explanation of the OMB definition, see <http://www.ers.usda.gov/Briefing/Rurality/NewDefinitions/>
- 15 The most recent data available at the level of Census tract is from the 2000 Decennial Census.
- 16 Patrick Sharkey, “Neighborhoods and the Black-White Mobility Gap”, *Economic Mobility Project: Pew Charitable Trusts*, July 2009.
- 17 Multiple authors, *The Enduring Challenge of Concentrated Poverty in America: Case Studies from Communities Across the U.S.* Washington D.C.: The Federal Reserve System and the Brookings Institution.
- 18 Elizabeth Kneebone and Alan Berube, “Reversal of Fortune: A New Look at Concentrated Poverty in the 2000s”, Washington DC: Brookings Institution, August 2008.
- 19 Qian Cai. 2009. “[Virginia’s Diverse and Growing Older Population.](#)” *The Virginia News Letter* 85(2) April. Charlottesville: Weldon Cooper Center. Analysis based on U.S. Census data.
- 20 Cai, *ibid.*
- 21 Gina Livermore. 2009. “[Poverty and Hardship](#)”

Among Working-Age People with Disabilities.”

Washington DC: Mathematica Policy Research, Inc.

22 Livermore, *ibid*.

23 Ron Haskins. “Getting Ahead in America” National Affairs (1)1, 2009.

24 Haskins, *ibid*.

25 James Heckman, “Investing in Disadvantaged Young Children Is Good Economics and Good Public Policy”, presentation, New York University, October 2007. <http://steinhardt.nyu.edu/scmsAdmin/uploads/000/878/Heckmanpercent20Presentation.ppt>

26 Harry Holzer and Robert Lerman, “The Future of Middle-Skill Jobs”. Washington DC: The Brookings Institution, Center on Children and Families, February 2009.

27 Paul Sommers and Drew Osborne, “Middle-Wage Jobs in Metropolitan America”. Washington DC: The Brookings Institution, June 2009.

28 Isabel Sawhill, “Opportunity in America: The Role of Education.” The Future of Children 2006, Princeton University-The Brookings Institution.

29 Julia Isaacs and Isabel Sawhill, “Reaching for the Prize: The Limits on Economic Mobility”. Santa Monica, CA: The Milken Institute Review, fourth quarter 2008.

30 Patrick Sharkey, “Neighborhoods and the Black-White Mobility Gap”. New York City: The Pew Charitable Trusts, Economic Mobility Project, July 2009.

31 Arloc Sherman, “Safety Net Effective at Fighting Poverty But Has Weakened for the Very Poorest”. Washington DC: Center on Budget and Policy Priorities, July 2009. <http://www.cbpp.org/files/7-6-09pov.pdf>

32 The Center on Budget and Policy Priorities estimates that the American Recovery and Reinvestment Act lifted an additional 120,000 Virginians out of poverty in 2009. See <http://www.cbpp.org/files/12-17-09pov.pdf>

33 Sherman, *ibid*.

34 U.S. Statistical Abstract, based on data from the Census Bureau’s American Community Survey.

35 Author’s analysis of the Current Employment Statistics database maintained by the U.S. Bureau of Labor Statistics.

36 Virginia Employment Commission, Labor Market Information database, 1<sup>st</sup> quarter 2009.

37 Virginia, however, is a relatively low-tax state. Virginia ranks 40<sup>th</sup> among states in state and local taxes as a percentage of personal income (according to the Joint Legislative Audit and Review Commission).

38 Virginia’s Middle College Program enables high school dropouts to earn GEDs and continue to college coursework. The state also guarantees transfer to a four-year college for students who earn an associate’s degree at a community college. In a recent ranking of community colleges with the best use of digital technology (such as distance learning and technology education), Virginia had more community colleges in the top rankings than any other state: <http://www.convergemag.com/awards/digital-community-colleges/Digital-Community-Colleges-Survey-Winners-2009.html>

39 The most recent Newsweek ranking of top U.S. high schools included 91 Virginia schools out of 1,500 nationwide: <http://www.newsweek.com/id/201160/>. Virginia’s 6 percent share of the top high schools is more than twice its share of the U.S. population.

40 This finding is for low-skilled workers defined as full-time male workers at the 25<sup>th</sup> percentile of the earnings distribution.

41 William Julius Wilson, More than Just Race: Being Black and Poor in the Inner City, New York: W.W. Norton & Co, 2009.

42 *The Task Force considered household assets to include, but not be limited to, homeownership, savings, investments, transportation, and education.*

43 [http://www.richmondfed.org/publications/research/working\\_papers/2007/pdf/wp07-3.pdf](http://www.richmondfed.org/publications/research/working_papers/2007/pdf/wp07-3.pdf)

## ENDNOTES

## 7. Appendices

- Ron Haskins PowerPoint Presentation
- Michael Cassidy Presentation
- Summary of Act on Poverty Event

# Fighting Poverty and Promoting Economic Mobility in Virginia

Ron Haskins  
The Brookings Institution

May 7, 2009

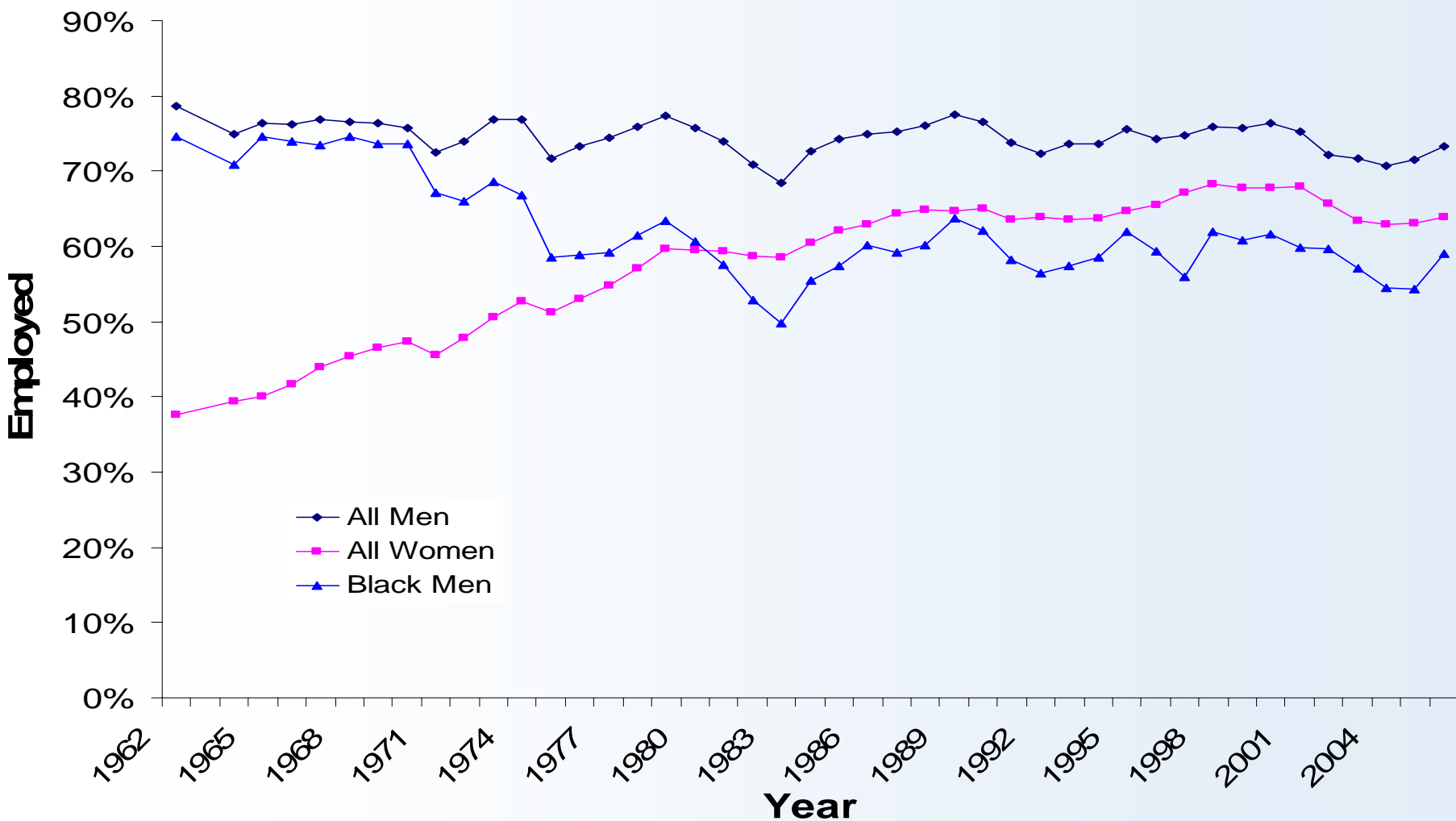


# Why Is Poverty So Stubborn?

- Work Rates
- Wages
- Family Composition
- Education
- Immigration
- Spending

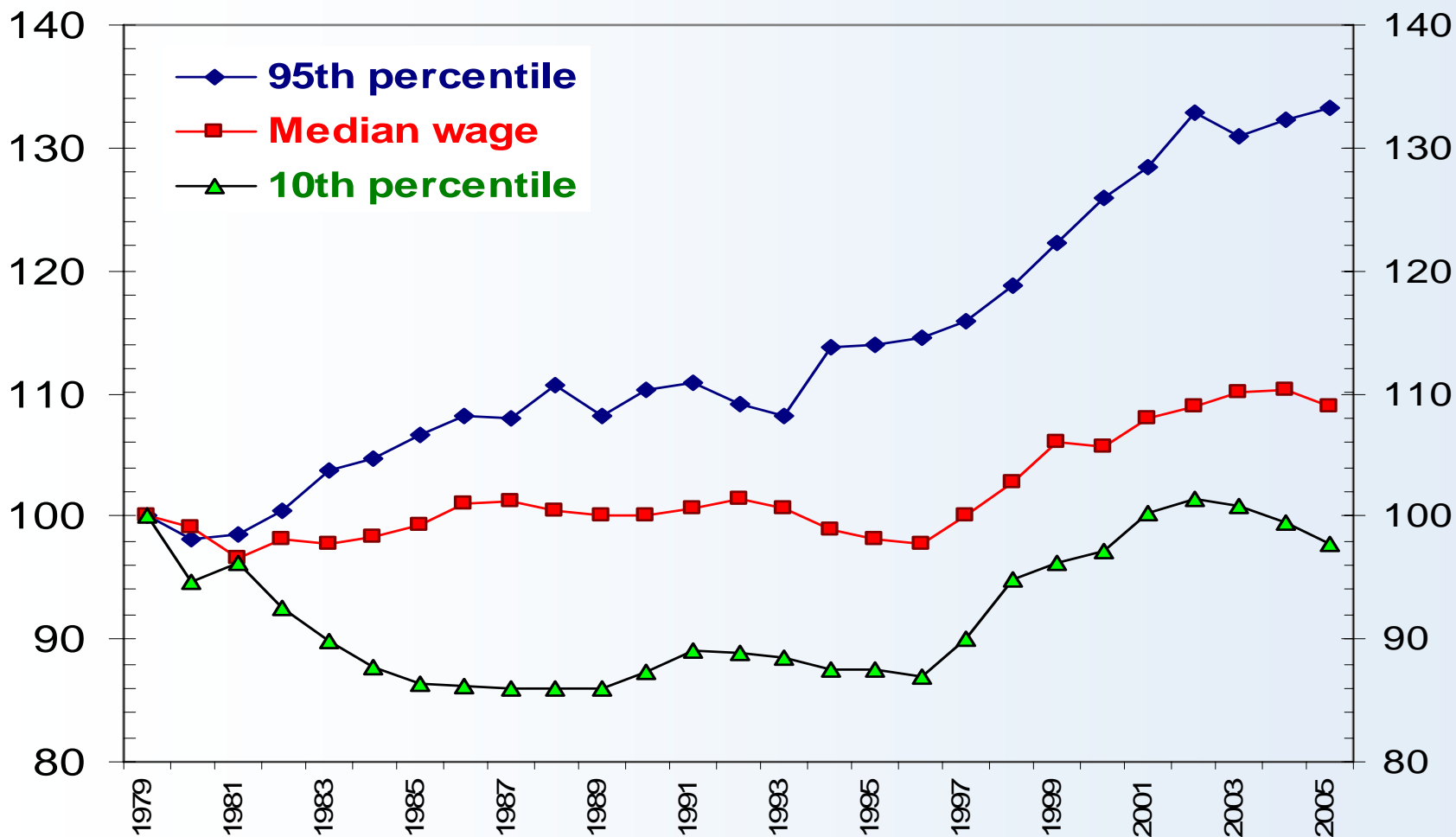
# Work & Poverty

# Employment-to-Population Ratios for 18 - 30 Year-Old Men, Women, and Black Men, 1962 - 2006



# Trend in Real Hourly Wages at Selected Points in U.S. Wage Distribution, 1979 - 2005

1979 = 100



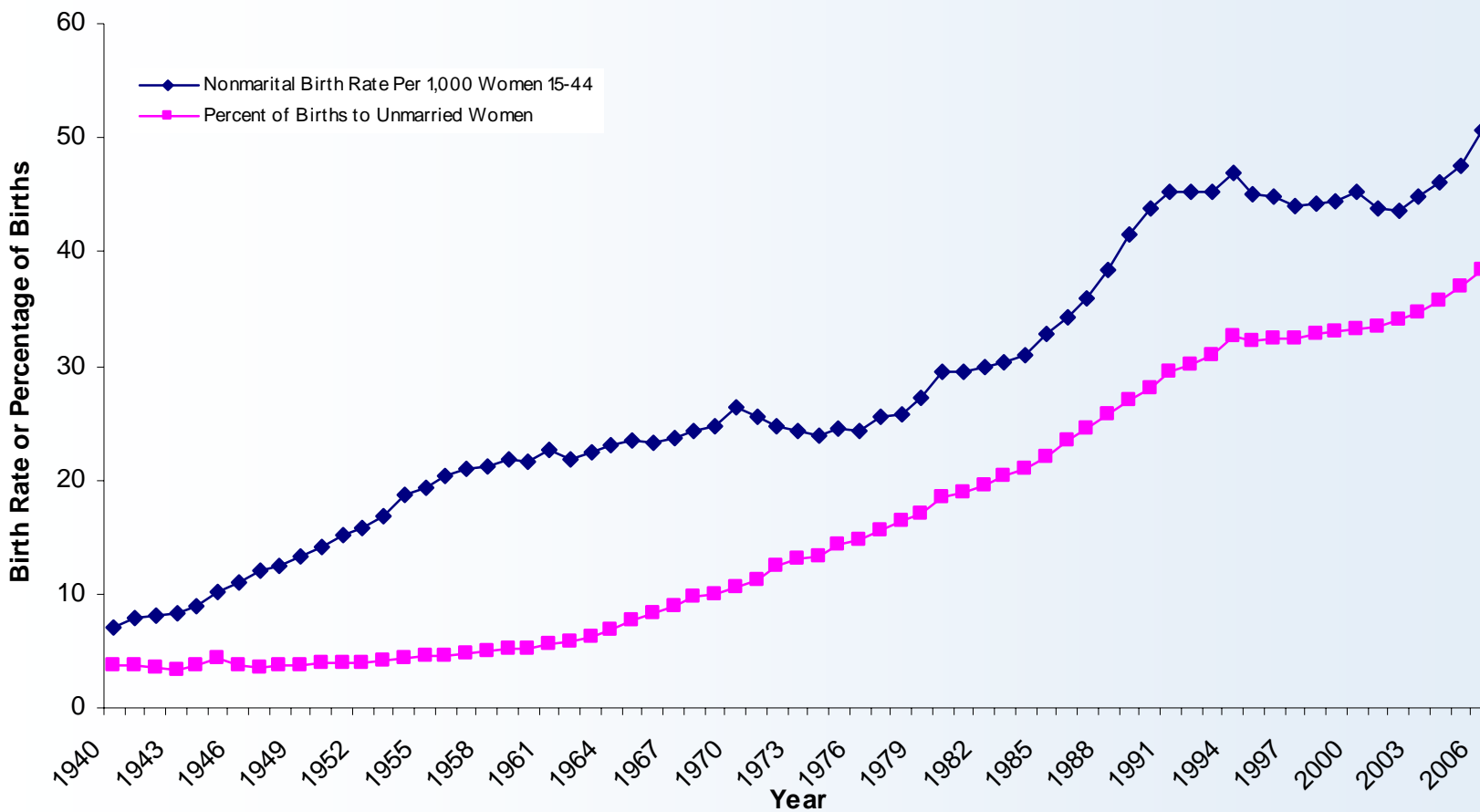
Source: Economic Policy Institute, [http://www.epinet.org/datazone/05/wagecuts\\_all.xls](http://www.epinet.org/datazone/05/wagecuts_all.xls).

Note: Hourly wages based on tabulations of the Current Population Survey files, converted to constant dollars using the CPI-U-RS.

# Families & Poverty

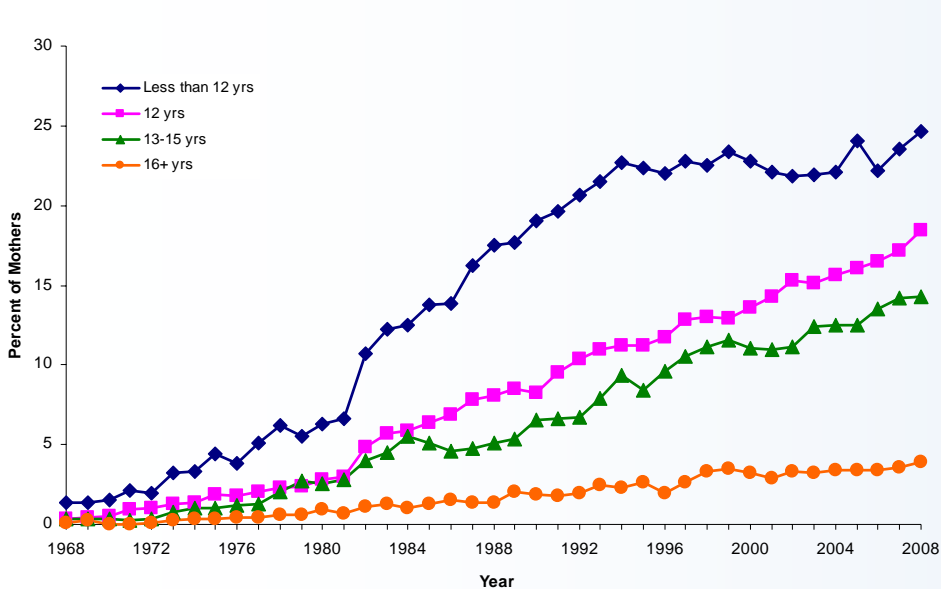


# Birth Rate and Percent of Births to Unmarried Women, 1940 - 2006

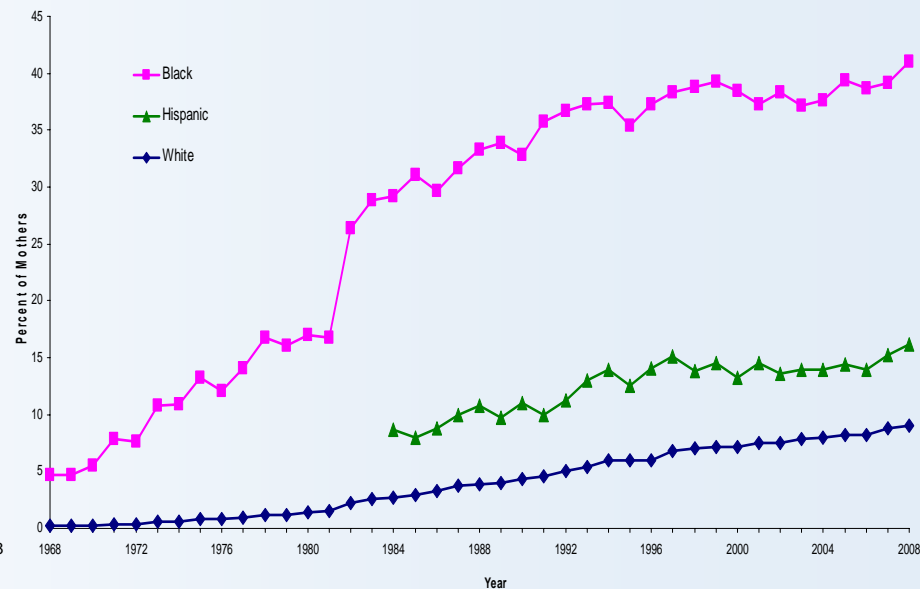


# Differences in Non-marital Births by Mother's Education and Ethnicity, 1968 - 2008

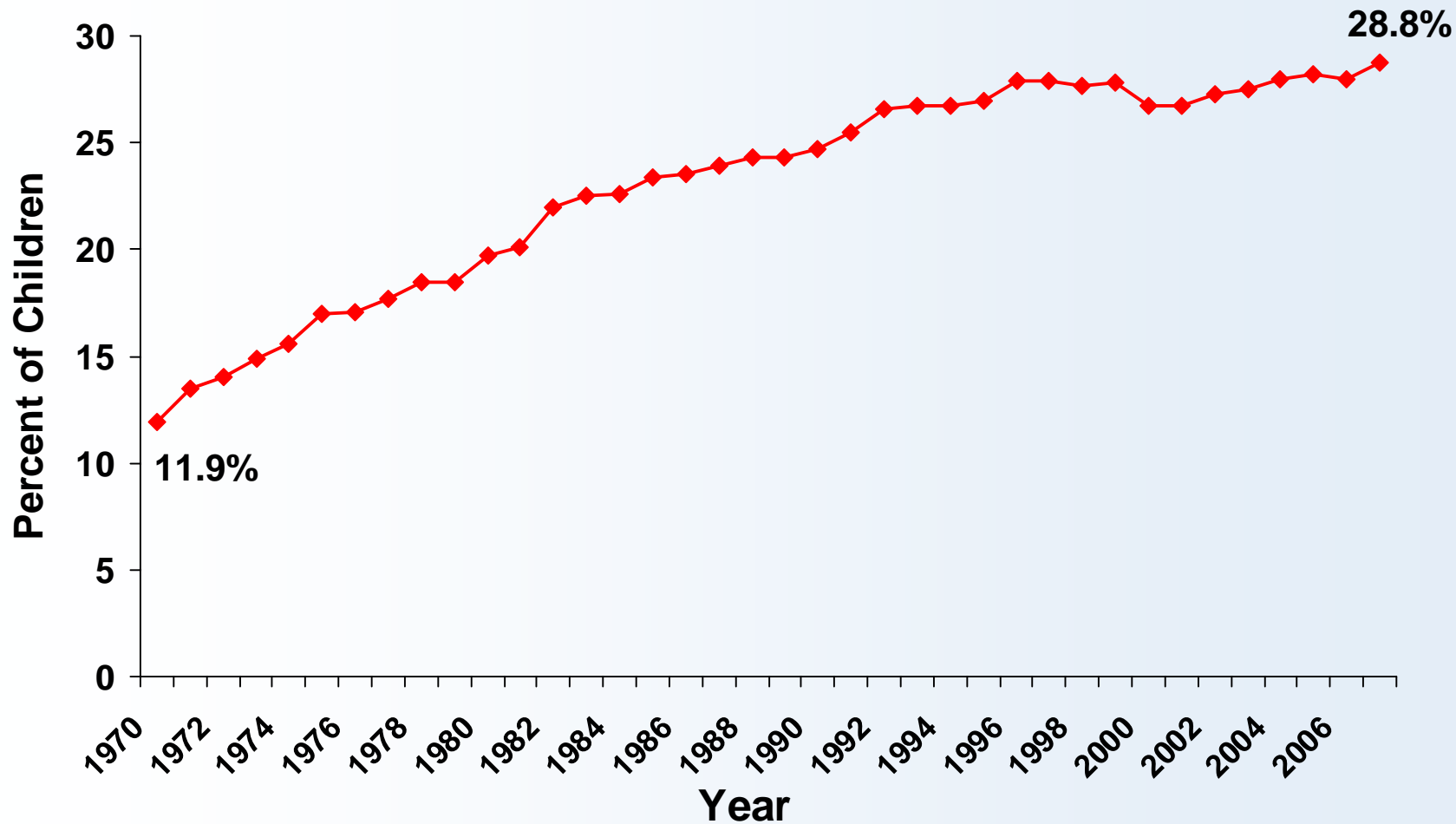
## Differences: Education



## Differences: Ethnicity



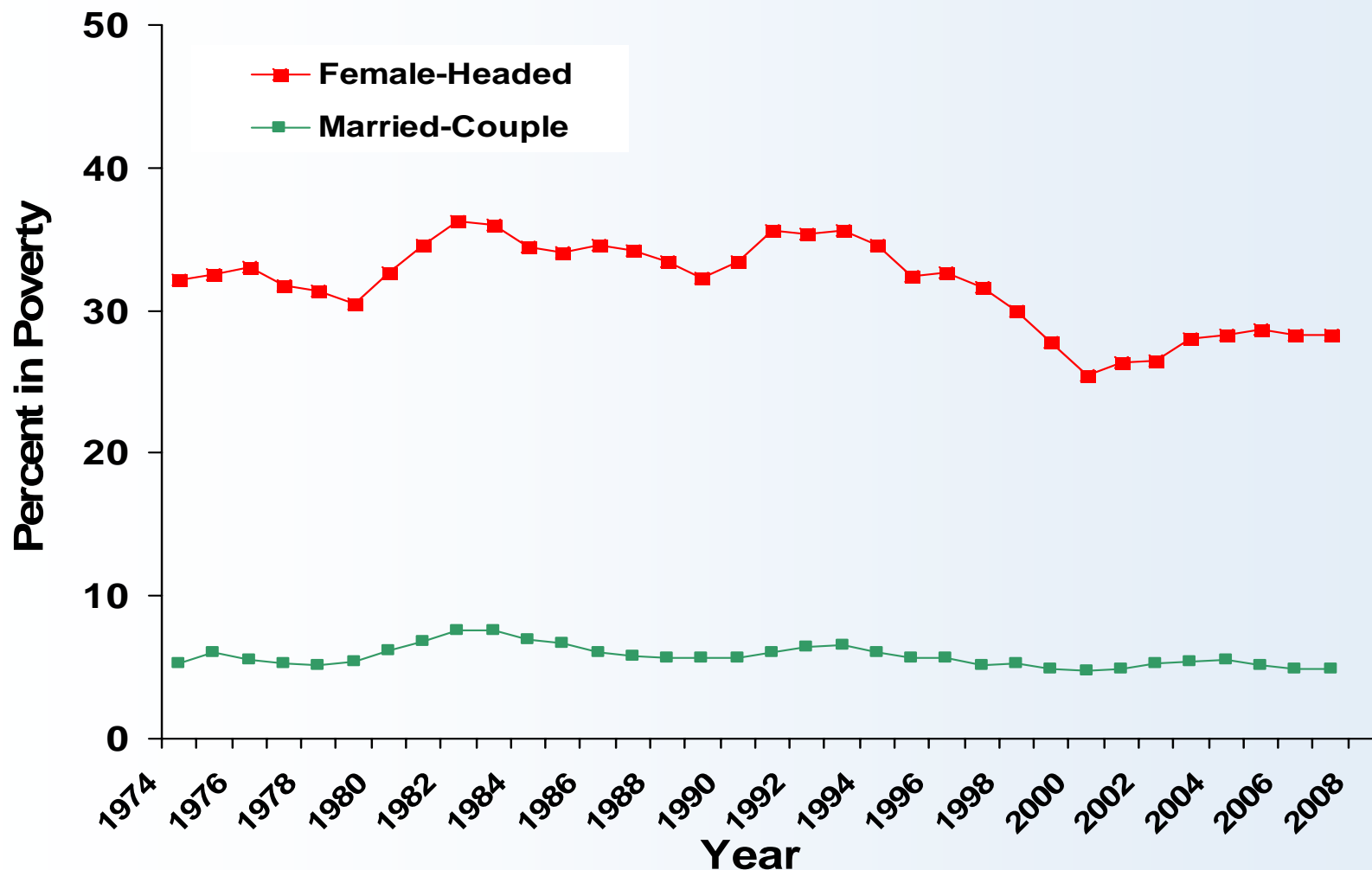
# Percent of Children Living in Single-Parent Families, 1970 - 2007\*



\*2007 is an estimate

Source: U.S. Census Bureau, Current Population Survey, March and Annual Social and Economic Supplements, 2007 and earlier at <http://www.census.gov/population/socdemo/hh-fam/ch1.xls>.

# Poverty in Female-Headed Households and Married-Couple Households, 1974 - 2007

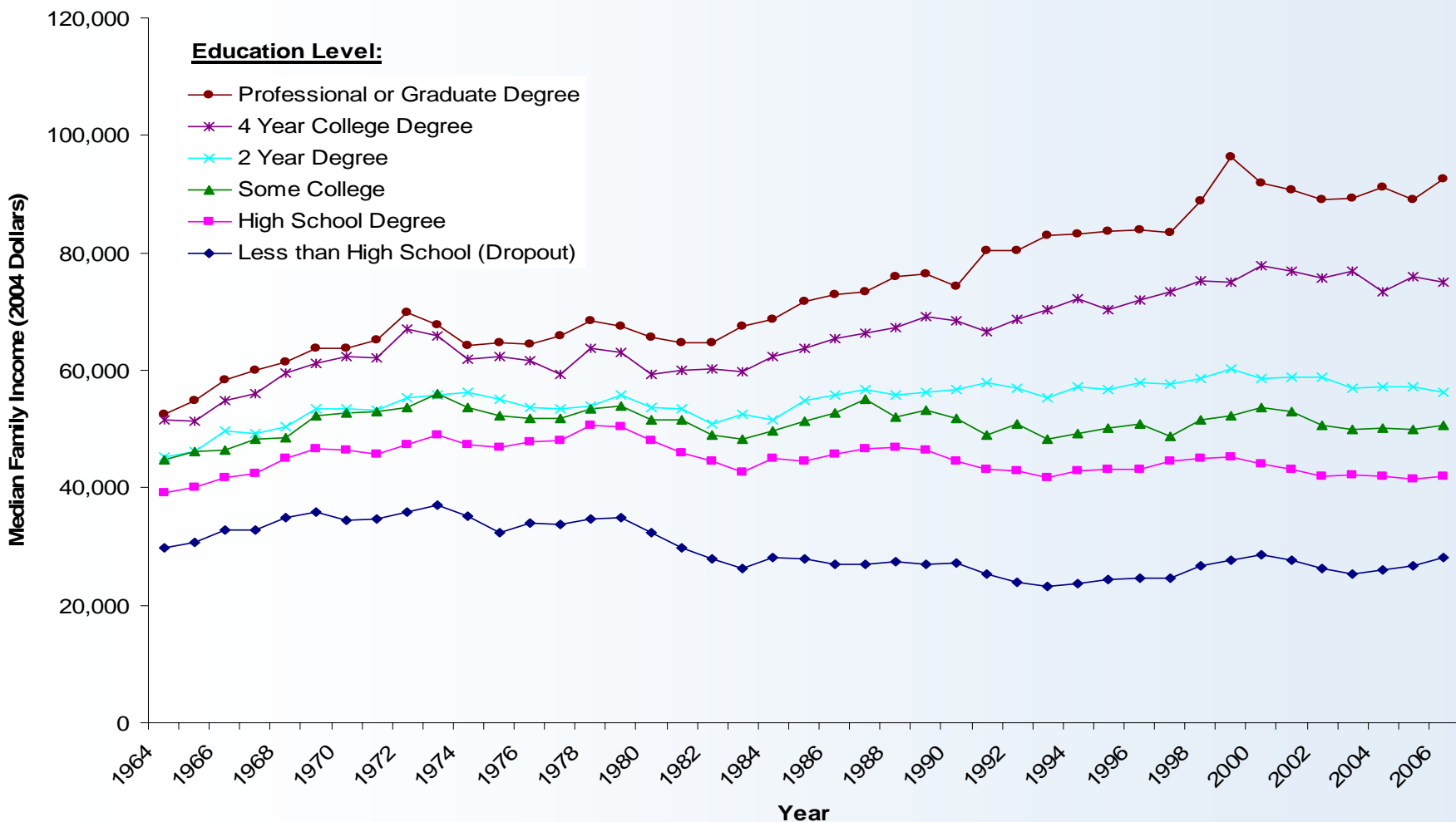


Source: U.S. Census Bureau, *Income, Poverty, and Health Insurance Coverage in the United States, 2007*, Historical Tables, Table B-3.

# Education & Poverty



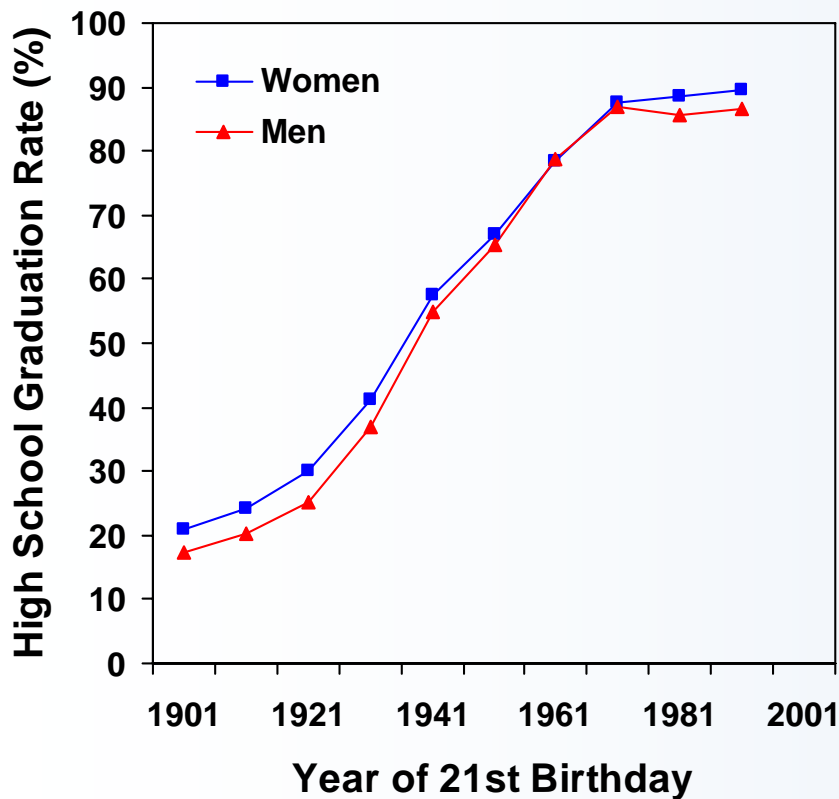
# Median Family Income of Adults Ages 30-39 with Various Levels of Educational Achievement, 1965 - 2006



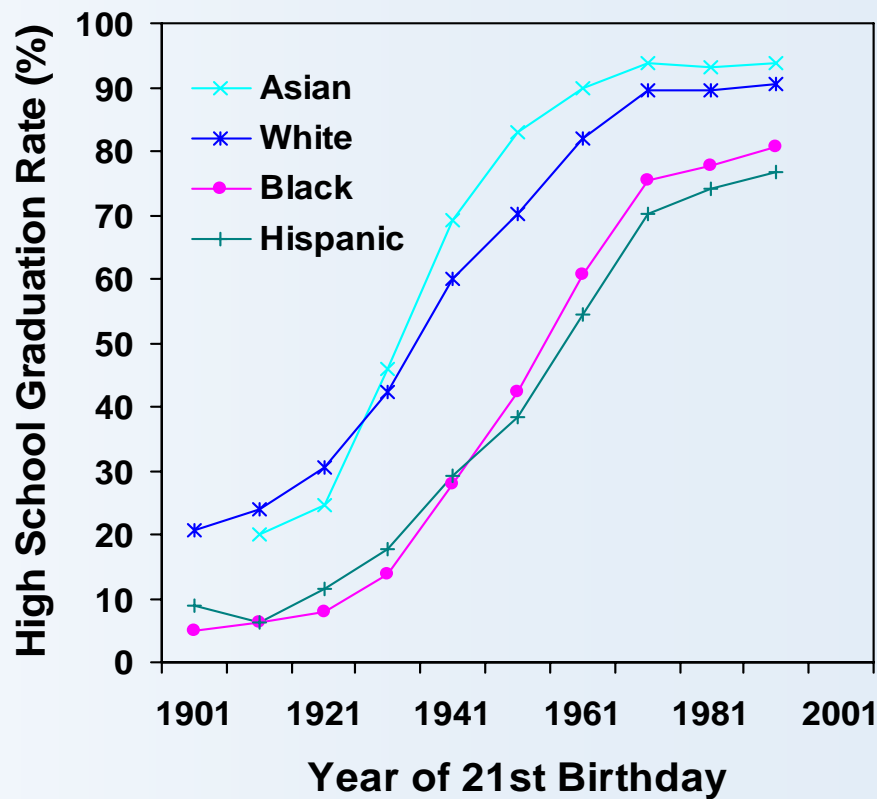
Note: All men and women ages 30-39, including those with no personal income, are included in these estimates.  
 Source: Brookings tabulations of data from the annual Social and Economic Supplement to the CPS, 1965-2006.

# High School Graduation Rate by Gender and Ethnic Group, 1900 - 2000

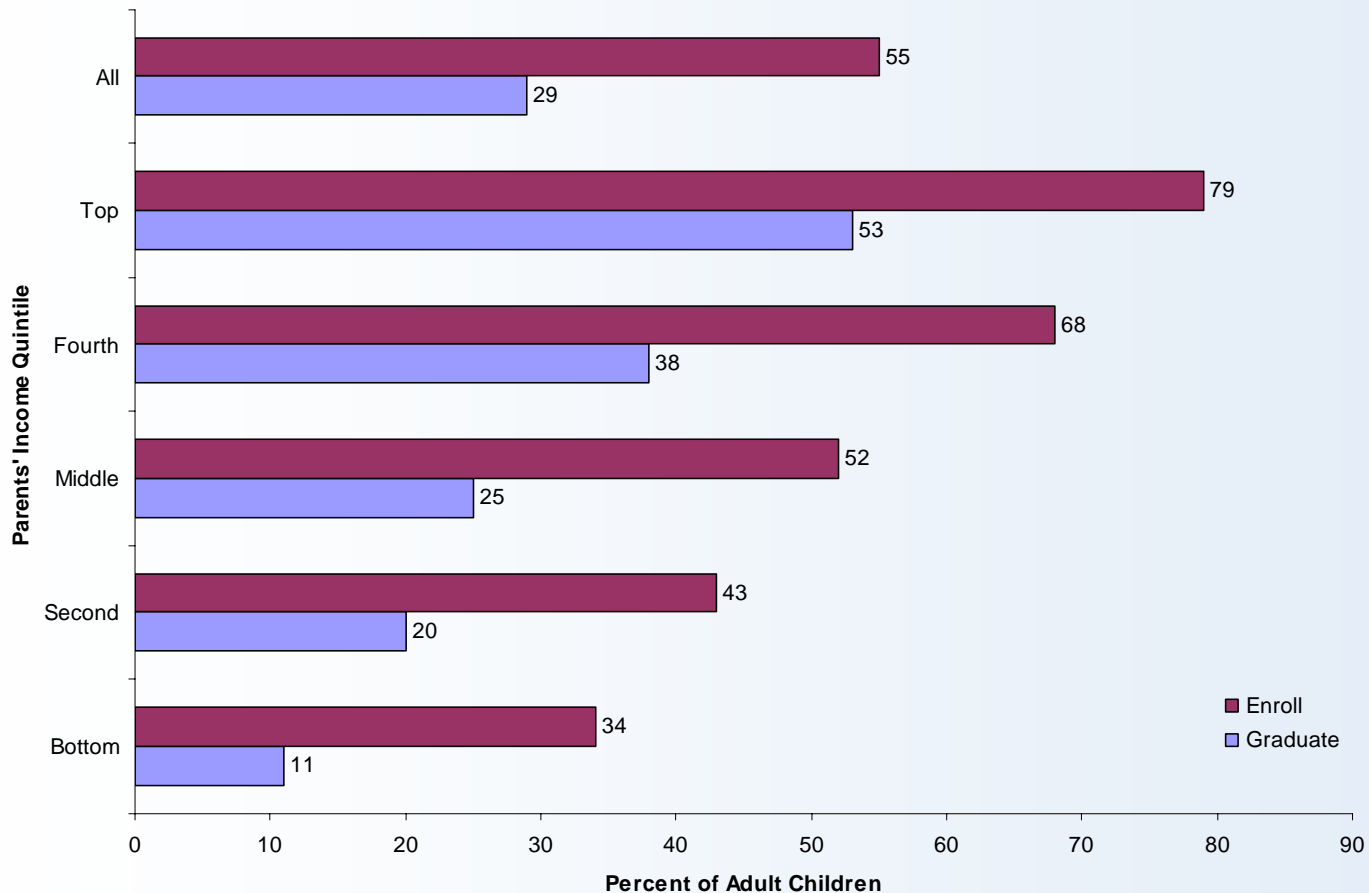
Gender



Ethnicity



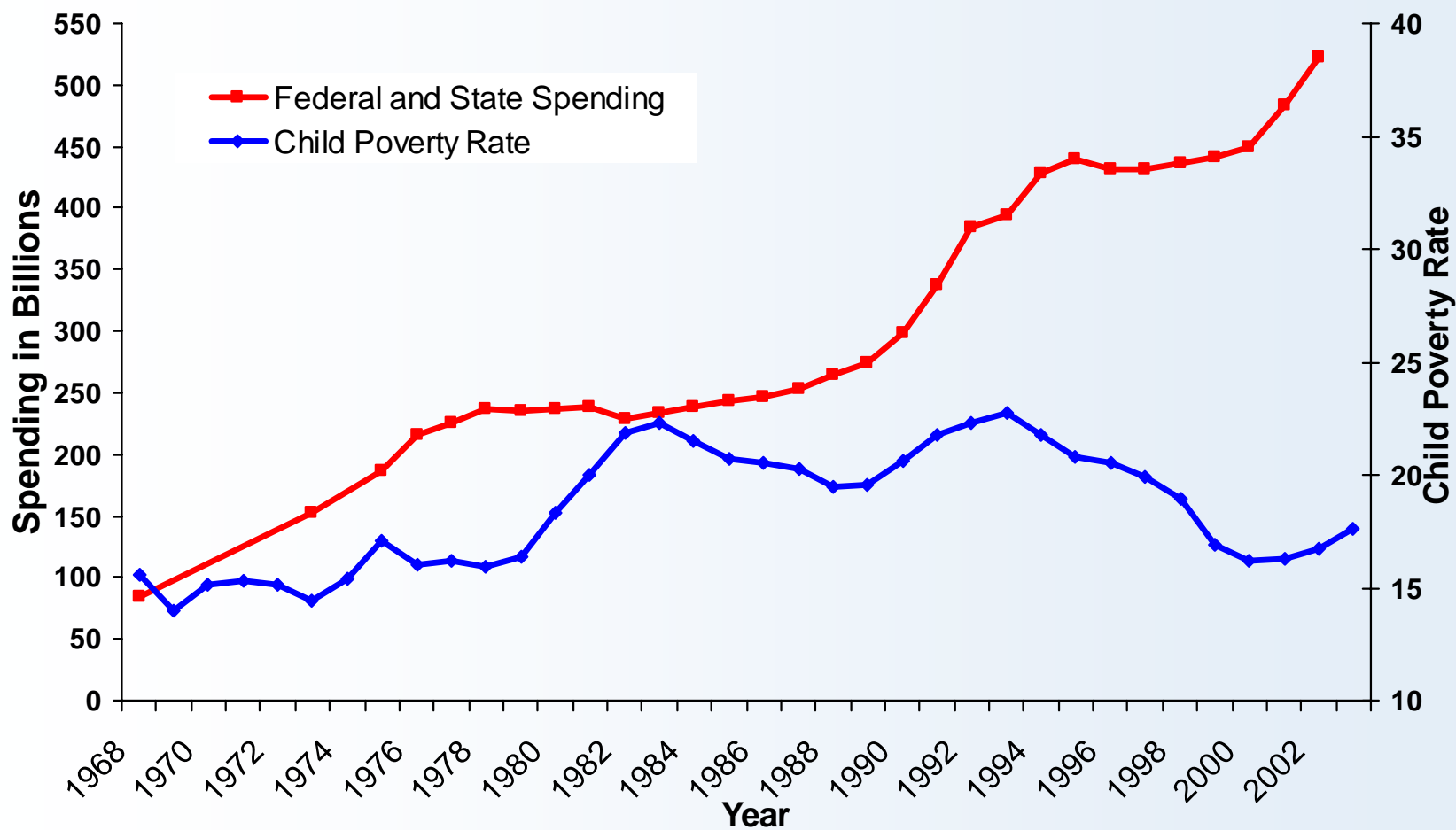
# Poor Kids Less Likely to Enroll in College; Even Less Likely to Graduate



Source: Brookings tabulations using data from the Panel Study of Income Dynamics.

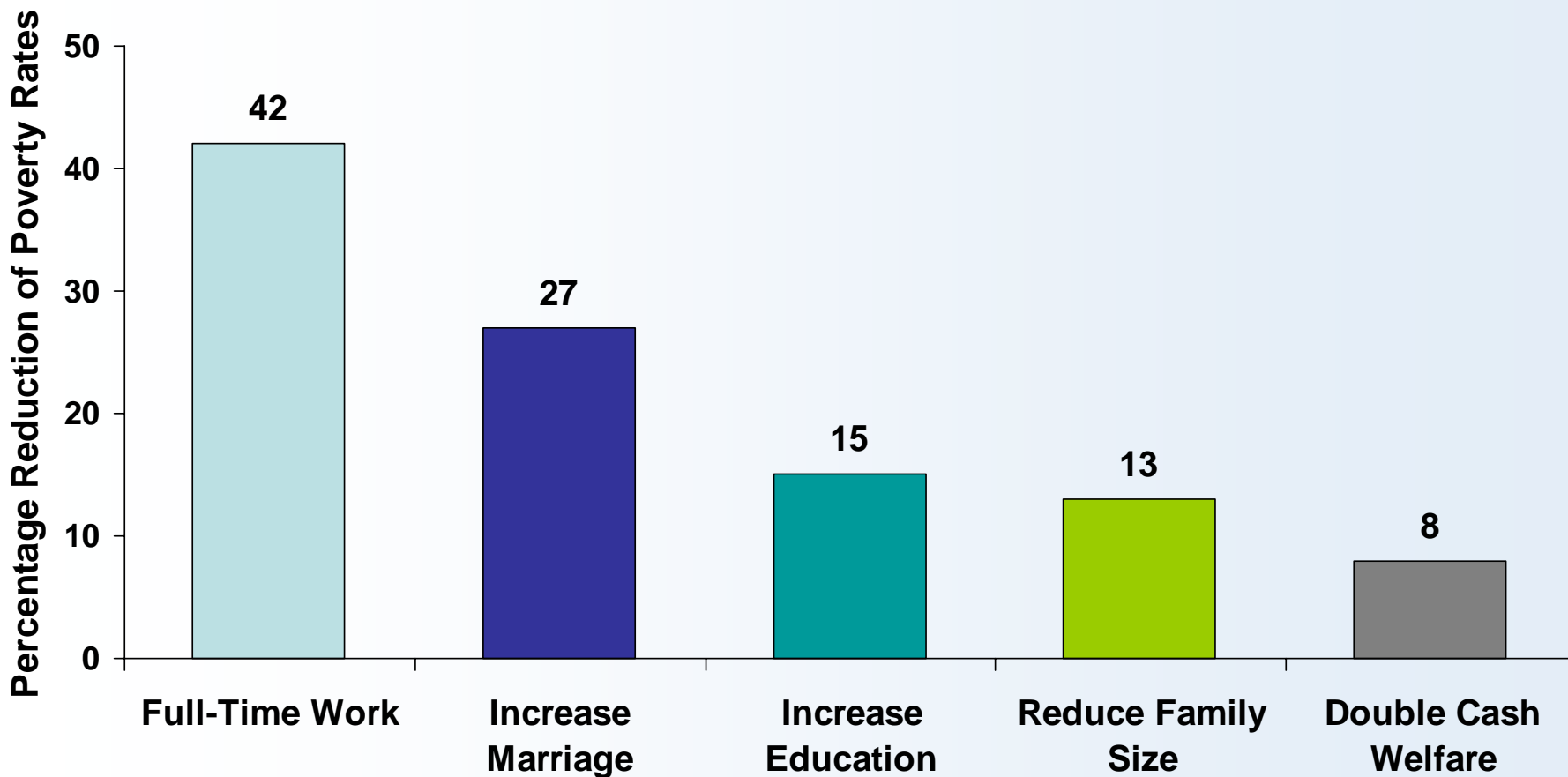
# Will More Spending Reduce Poverty?

# Child Poverty and Spending, 1968 - 2003



# How to Reduce Poverty

## Effectiveness of Five Factors in Reducing Poverty Rates

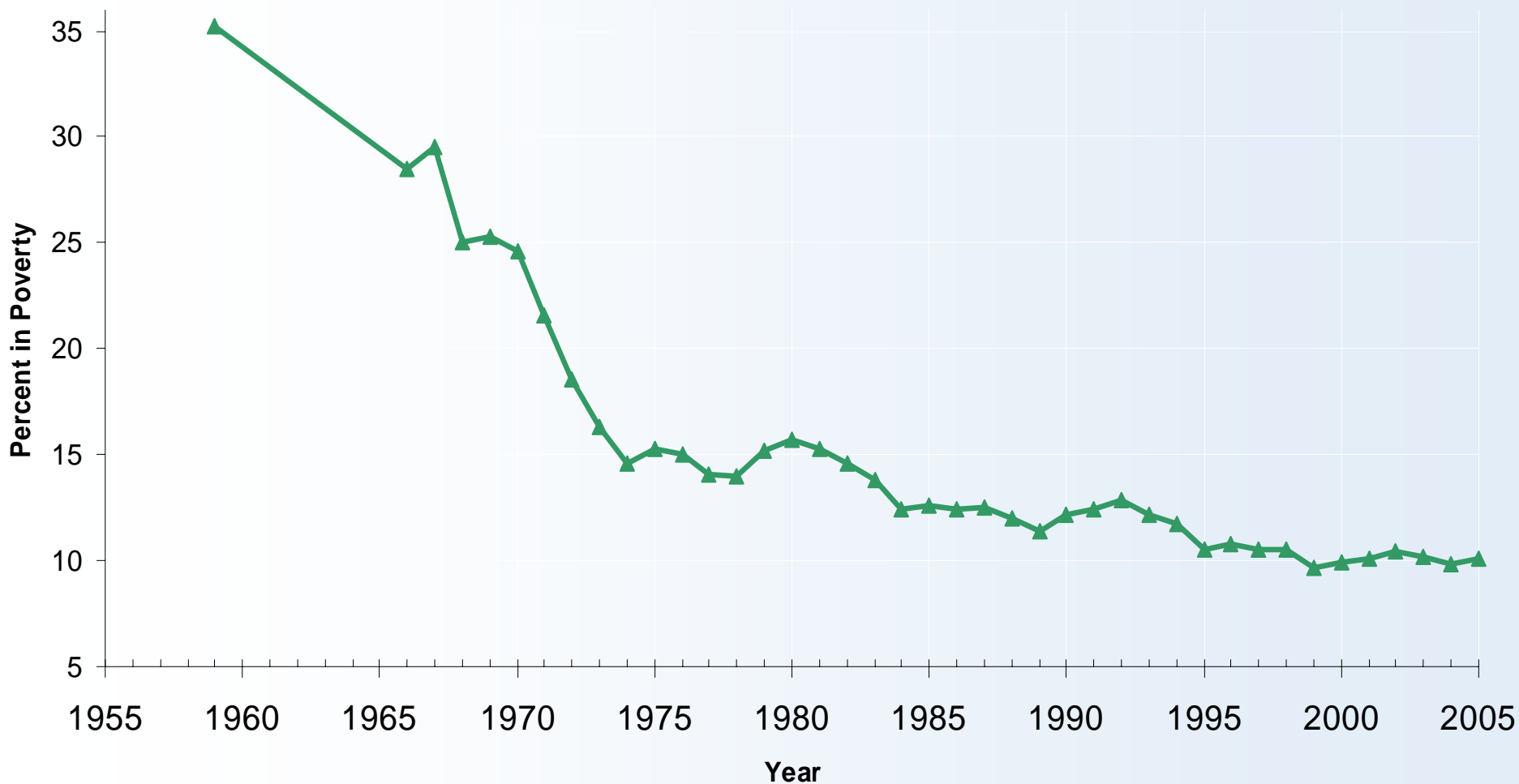


Based on Adam Thomas and Isabel V. Sawhill, "For Richer or for Poorer: Marriage as an Antipoverty Strategy," *Journal of Policy Analysis Management* 21, no. 4 (October 2002): 587-599; Ron Haskins and Isabel V. Sawhill, "Work and Marriage: The Way to End Poverty and Welfare," *Welfare Reform and Beyond Policy Brief*, The Brookings Institution (September 2003).



# Strategy I: Give 'Em Money

## Poverty Among the Elderly, 1959 - 2005

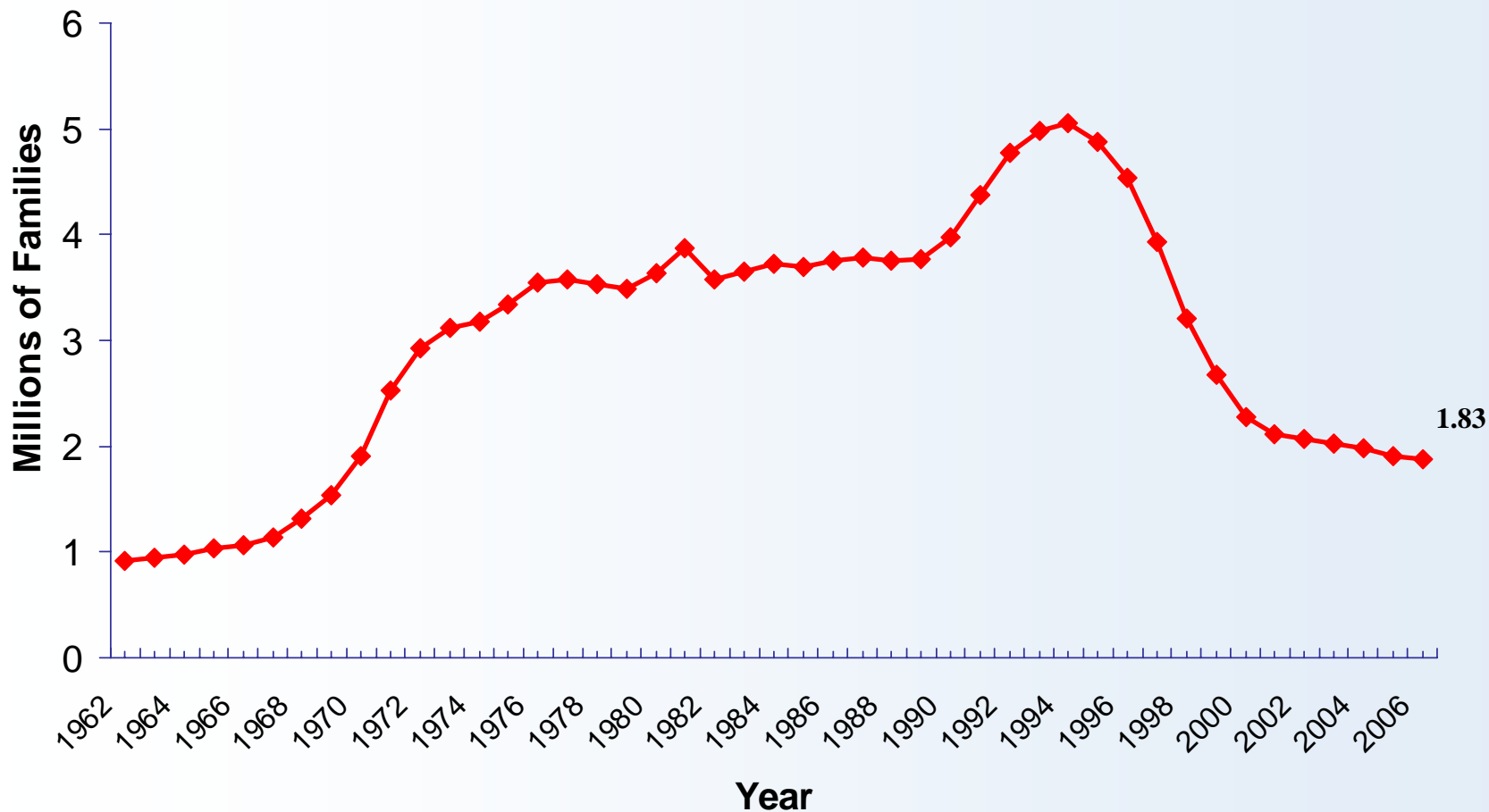


## Strategy II: Promote Work

## Five Components of TANF

1. End Cash Entitlement
2. Block Grant Funding
3. Work Requirements
4. Sanctions
5. 5–Year Time Limit

# AFDC/TANF Caseload, 1962 – 2006\*



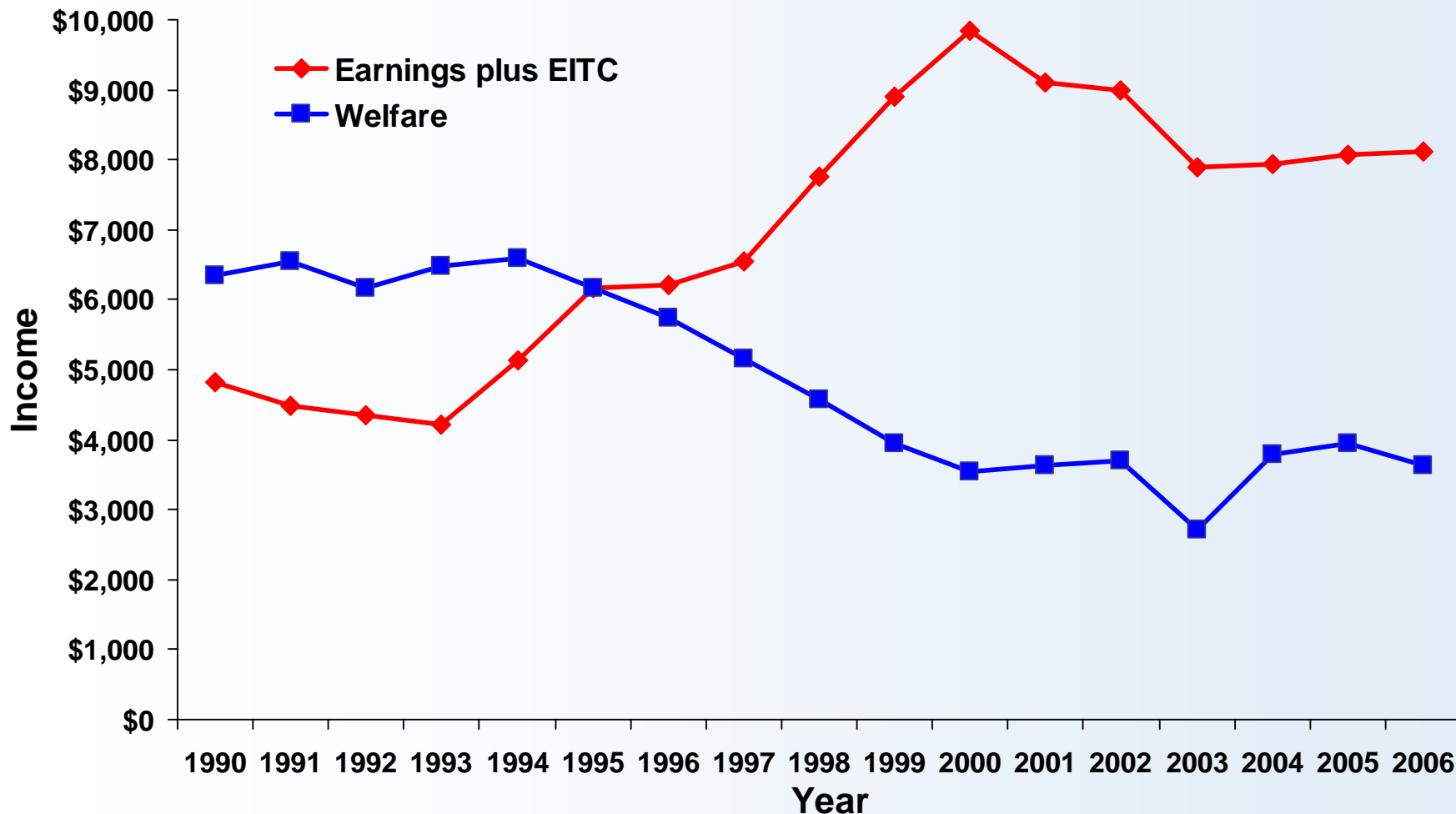
Note: 2006 is preliminary

Sources: Congressional Research Service, U.S. Department of Health and Human Services,

<http://www.acf.dhhs.gov/programs/ofa/caseload/caseloadindex.htm#2005> (2002-2006),

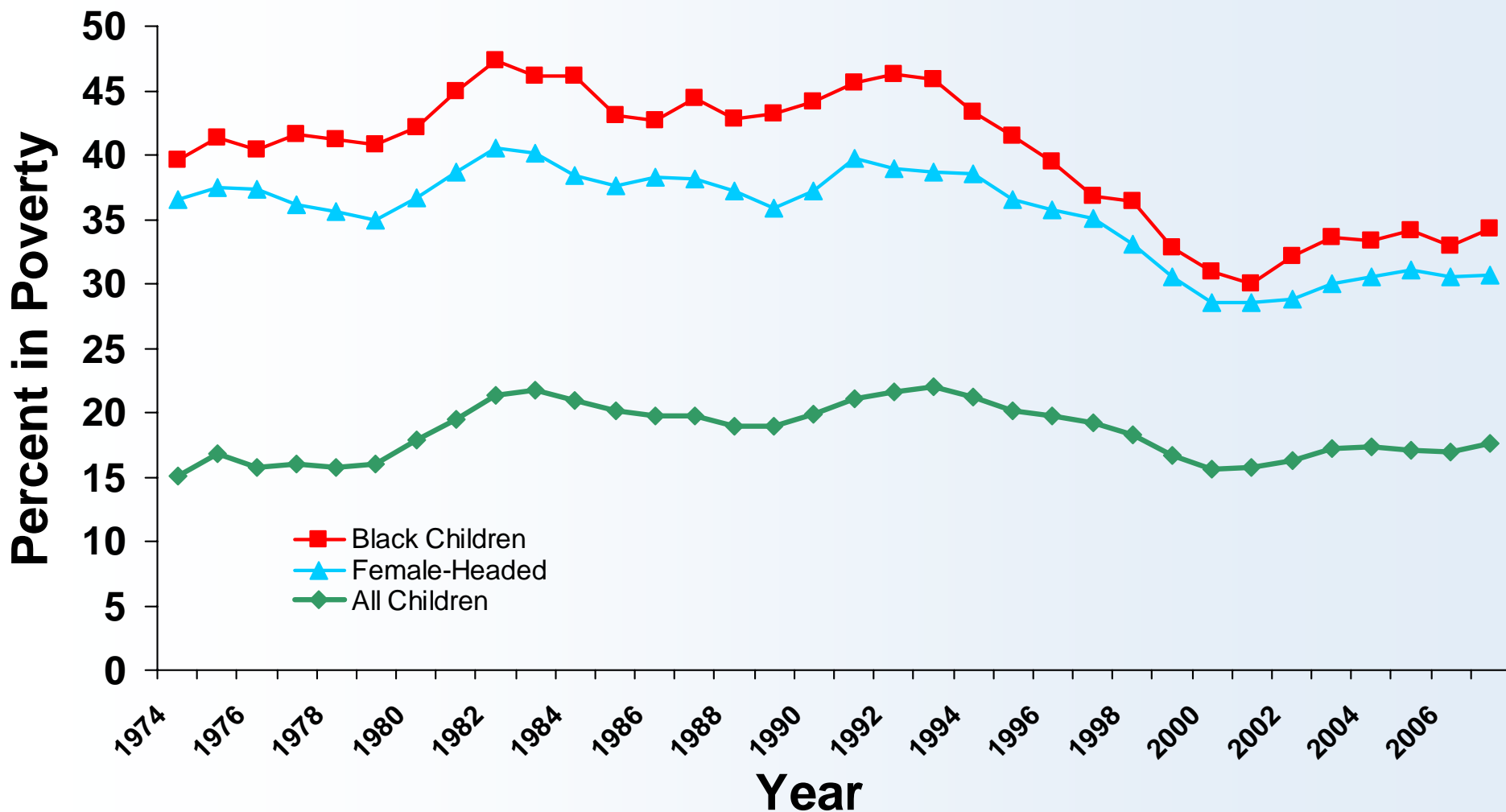
<http://aspe.hhs.gov/HSP/indicators03/apa.htm#ttnf1> (1962-2001)

# Earnings Increase, Welfare Income Falls for Bottom Two Fifths of Female-Headed Families, 1990 - 2006

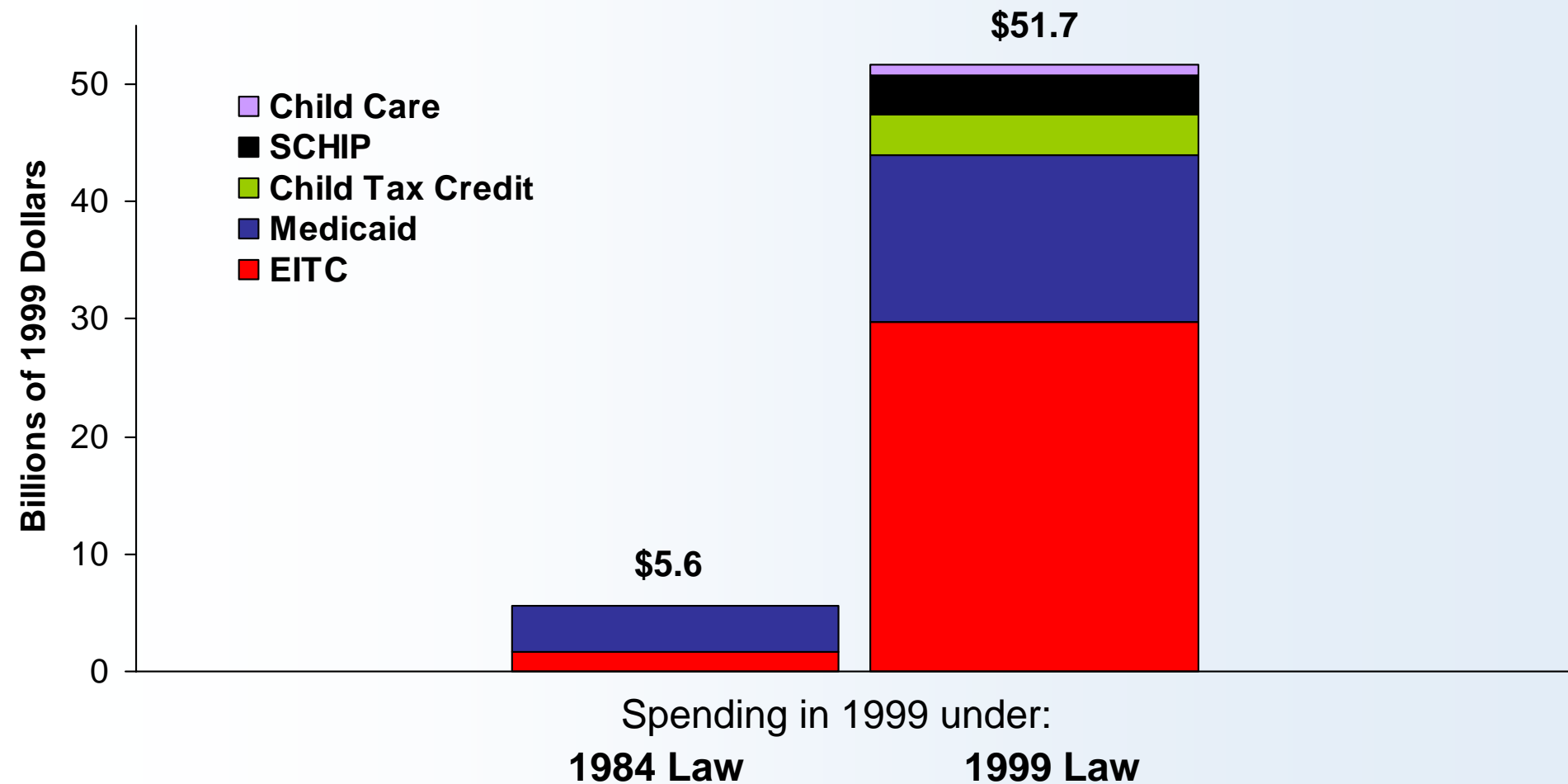


Source: Richard Bavier with U.S. Census Bureau data (Welfare income is cash, school lunch, food stamps, and housing; constant 2004 dollars).

# Poverty Rates for Black Children, Children in Female-Headed Households, and All Children 1974 - 2007



# Support for Working Families Increases Dramatically, 1984 - 1999



Source: Congressional Budget Office, *Policy Changes Affecting Mandatory Spending for Low-Income Families Not Receiving Welfare*, 1998.



# An Agenda for Increasing Work to Reduce Poverty

- I. Increase Work Requirements:
  - Food stamps
  - Housing
- II. Bring Back Industrial Arts in High School (Career Academies)
- III. Strengthen the Work Support System:
  - Day care
  - Employment and training

# Strategy III: Promote Education

# Effects of Selected Early Childhood Programs on Adolescent and Adult Behaviors

<b>Intervention and Outcomes:</b>	<b>Control or Comparison Group</b>	<b>Group Receiving Program</b>
Teenage Parenting Rates (Abecedarian)	45	26
Health problem (Perry Preschool)	29	20
Drug user (Abecedarian)	39	18
Needed treatment for addiction (Perry Preschool)	34	22
Abortion (Perry Preschool)	38	16
Number of felony violent assaults (Perry Preschool)	0.37	0.17

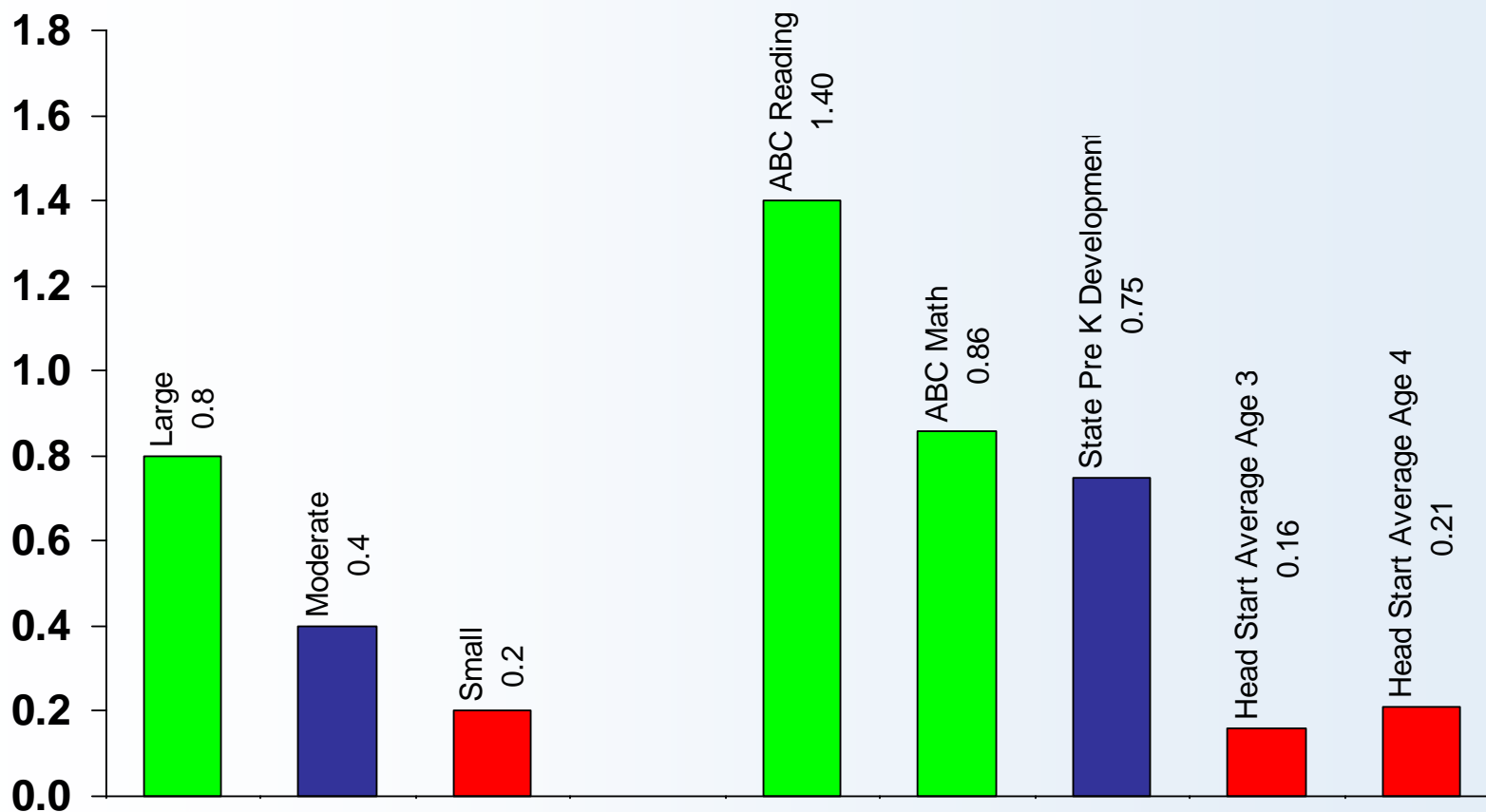
Net Earnings Gain from Participating in Early Childhood Programs:

Abecedarian	\$35,531
Perry Preschool	\$38,892
Chicago Child-Parent Centers	\$30,638
Head Start	No effect

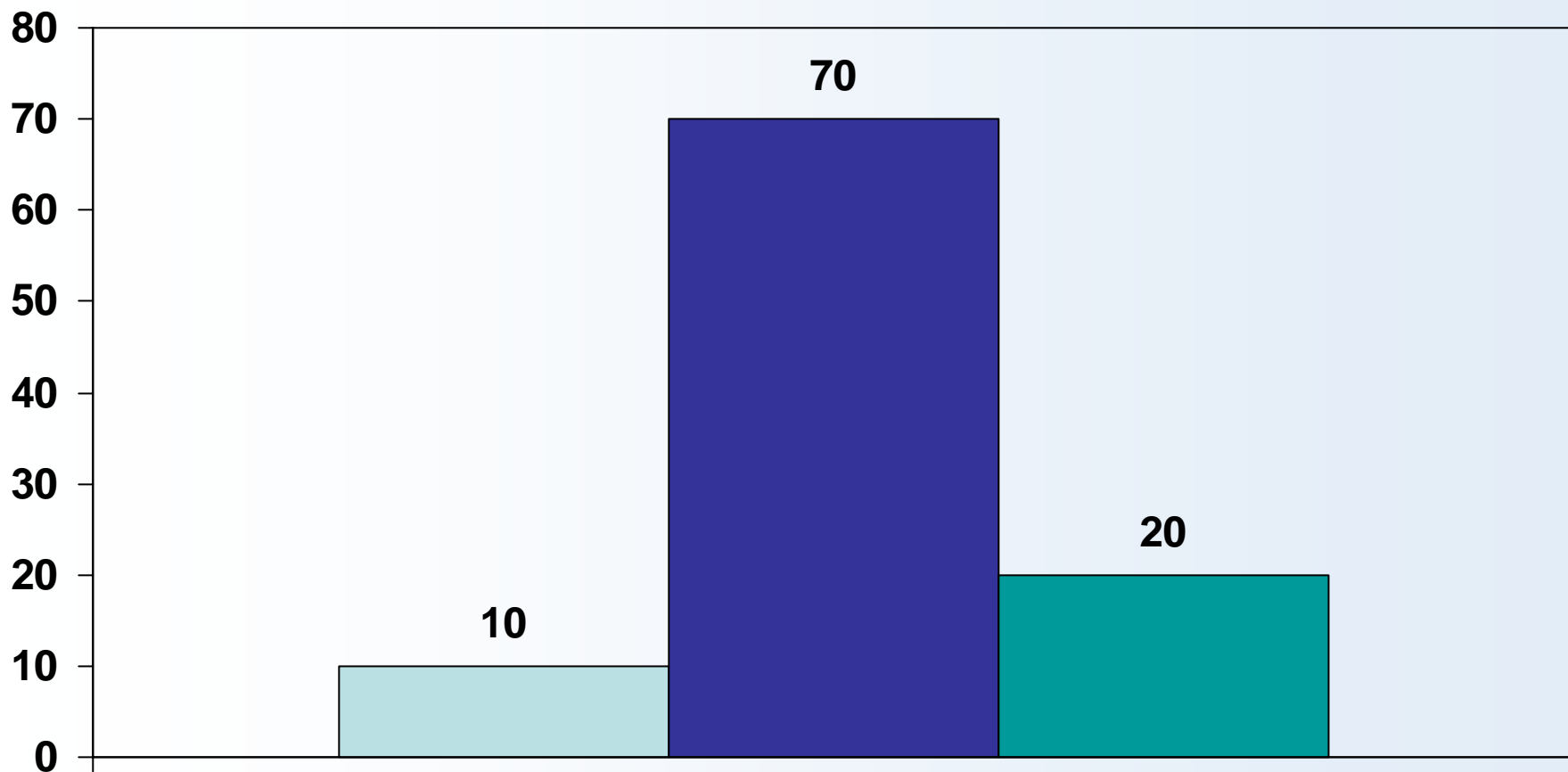
Note: Table entries are percentages unless otherwise noted.

Source: W. Steven Barnett and Clive Belfield, "Early Childhood Development and Social Mobility," Future of Children 16, no. 2 (Fall 2006): 85.

# Comparison of Selected Effect Sizes from Preschool Programs



# Average Quality of Child Care Facilities in the U.S.



# Federal and State Spending, 2005

**Program** **Cost (Billions)**

## Day Care Programs

Discretionary Child Care Development Fund (CCDF)	2.1
Mandatory CCDF	2.7
TANF transfers to CCDF	2.1
TANF direct child care	1.6
State CCDF Match and Maintenance of Effort (MOE)	2.2
TANF MOE in excess of CCDF MOE	1.0
Social Services Block Grant	0.2
Child and Development Care Credit (DCAPS)	0.8
<b>Subtotal</b>	<b>\$12.7</b>

## Preschool Education Programs

Title I Grants to Local Education Agencies	0.3
Reading First (Reading Excellence before 2002)	1.1
Early Reading First	0.1
Special Education	1.9
Head Start	7.0
	3.0

**Subtotal** **\$13.4**

**Total** **\$26.1**

Sources: U.S. Budget, Fiscal Year 2005; W. Steven Barnett and Others. 2003. The State of Preschool: 2003 State Preschool Yearbook. New Brunswick, NJ: National Institute for Early Education Research, Rutgers University; W. Steven Barnett and others. 2006. The State of Preschool: State Preschool Yearbook. New Brunswick, NJ: National Institute for Early Education Research, Rutgers University.

# The Preschool Program We Need

**Goal: All Groups Enter School Performing at Average Level on Socioemotional and Intellectual Measures**

- Components:
  - Home visiting
  - Early education; 0-3
  - Preschool program; 4
  - School age follow-up
  - Day Care
- Local Coordinating Group
- Integration of current funding streams
- Local standards/Federal standards
- Competition and parent choice
- Teacher Quality
- Testing; Especially at school entry



# Strategy IV: Strengthen Families

# Strengthen Families

- Reduce Teen Pregnancy
  - Community based programs
  - Emphasize abstinence and birth control
  - Constructive activities
- Increase Marriage Rates
  - Community-wide initiatives
  - Marriage education (including unwed parents)
  - Federal and state tax and benefit policies (marriage penalties and incentives)



# Virginia's Poverty Overview

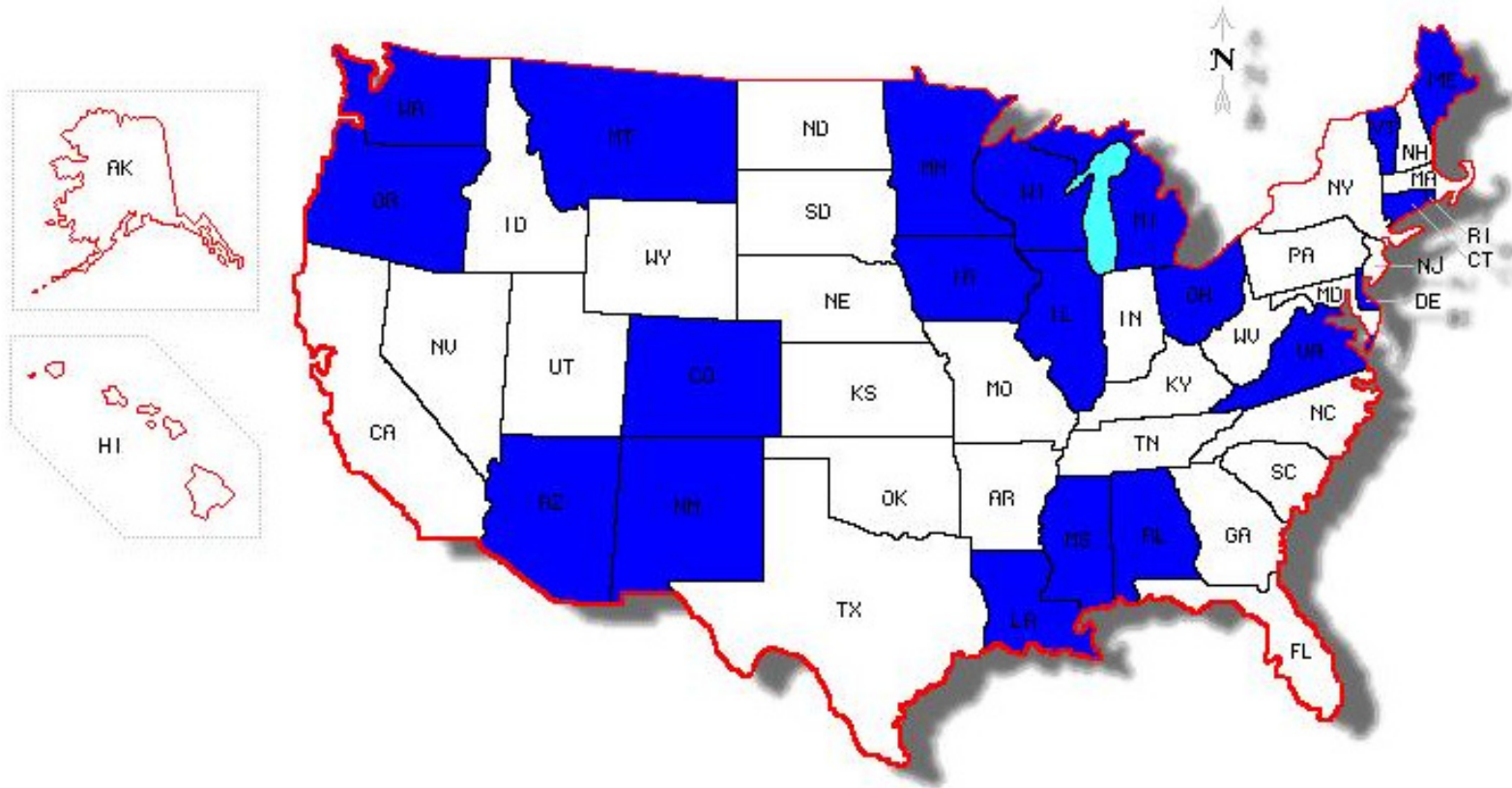


**May 7, 2009**

**Michael Cassidy, Executive Director**

**The Commonwealth Institute for Fiscal Analysis**

# 21 States are Engaged in Poverty Reduction Efforts



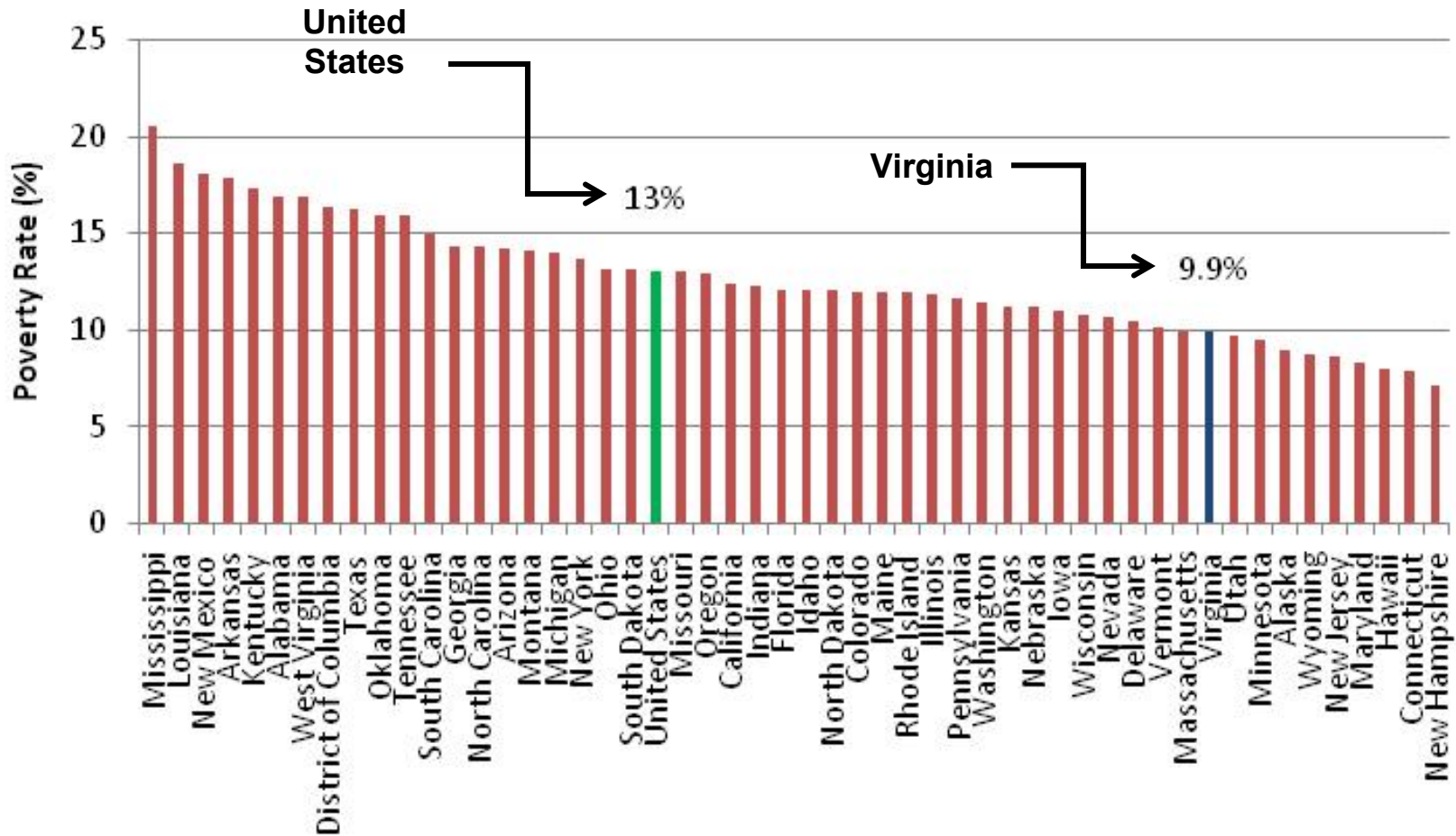
14 Commissions or Task Forces

11 Summits

8 Poverty Reduction Targets

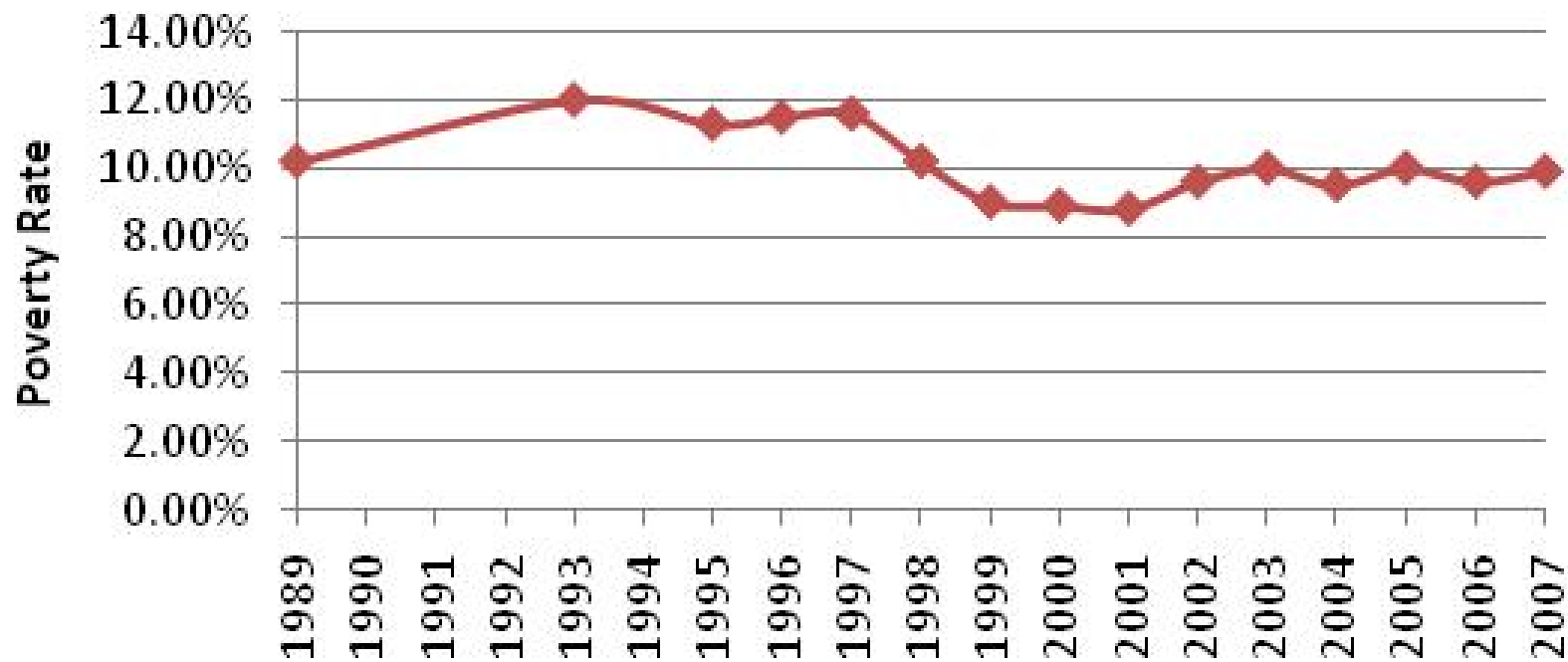
3 Legislative Caucuses

## Virginia 10th Lowest Nationally Poverty Rates by State, 2007



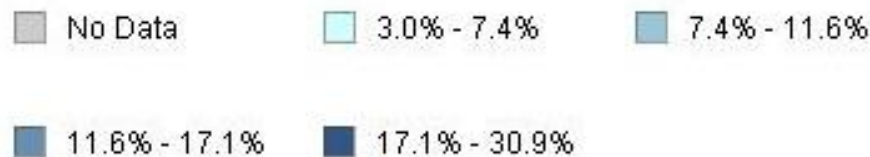
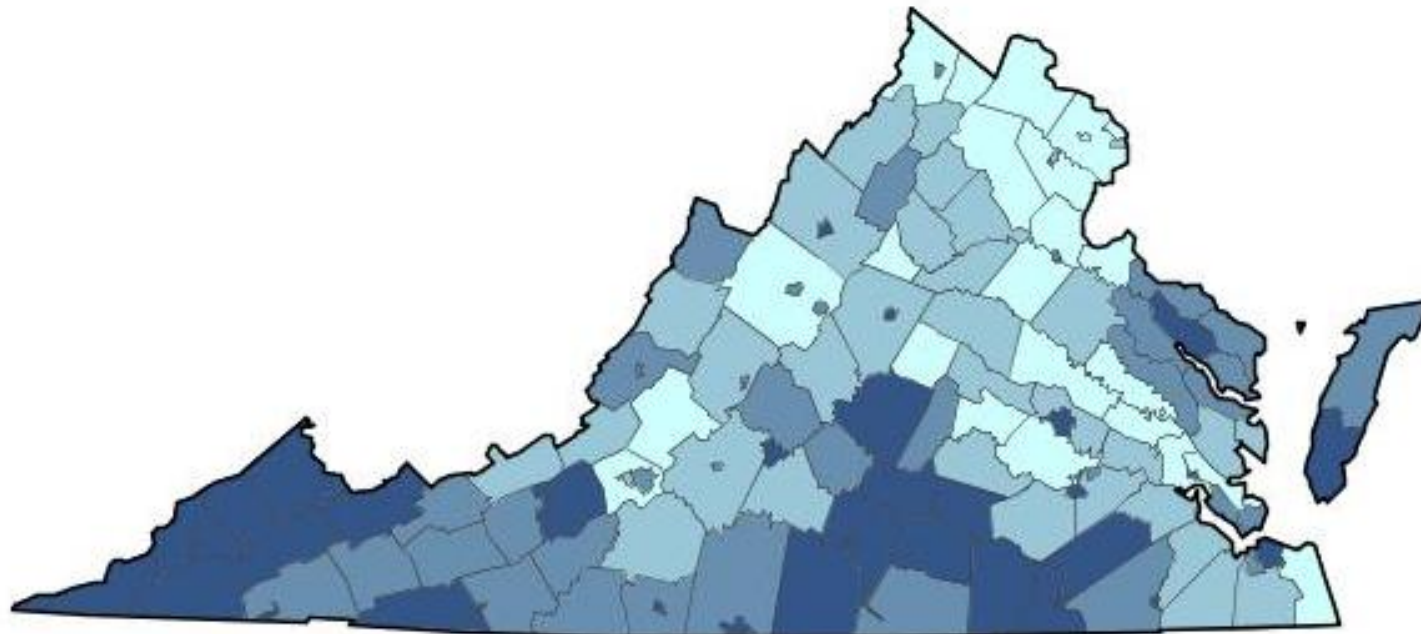
Source: American Community Survey

## Little Progress Made: Virginia's Poverty Rate, 1989-2007



Source: BLS and ACS.

# Virginia Poverty, 2007

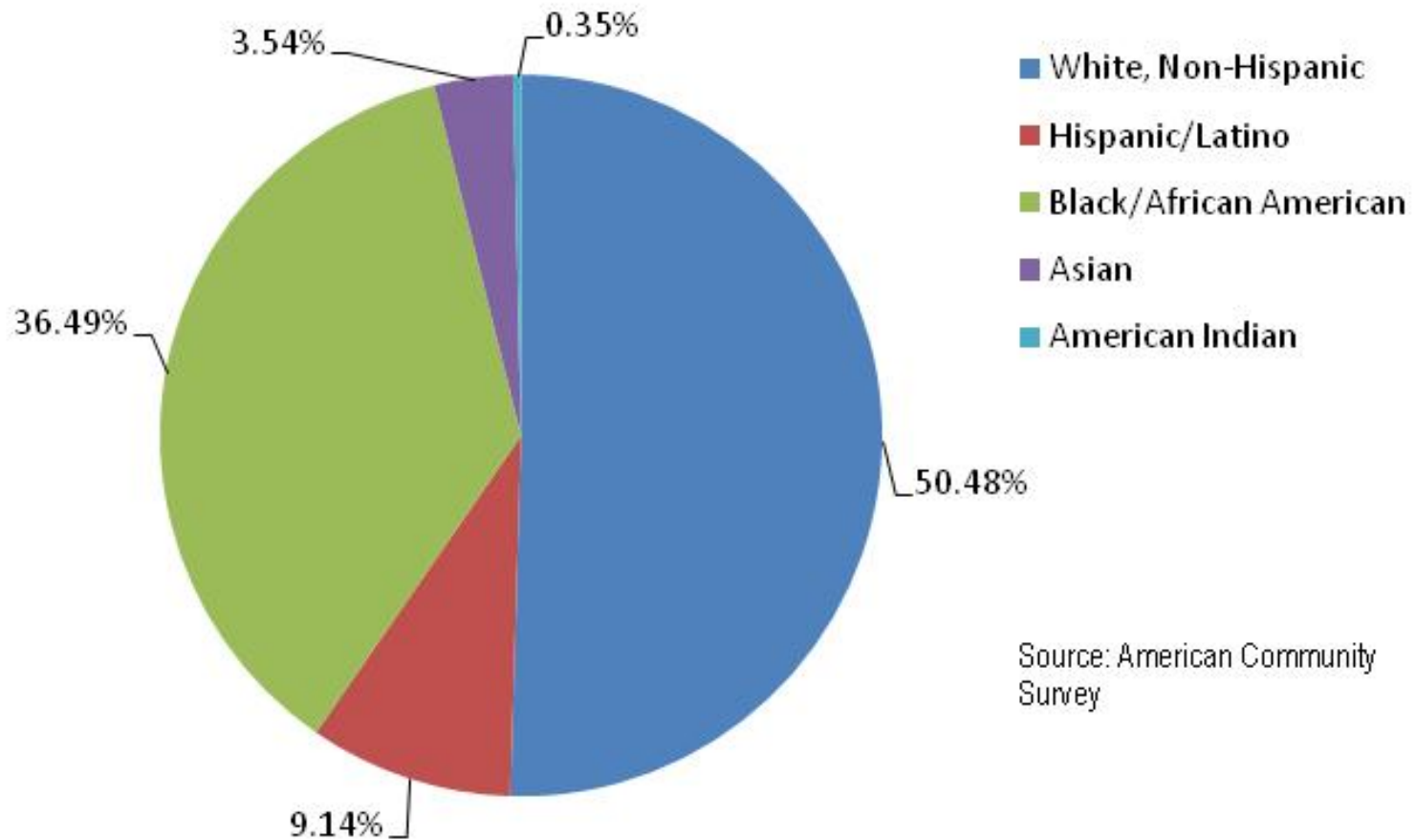


Source: Voices for Virginia's Children, 2009. KIDS COUNT data center, a project of the Annie E. Casey Foundation.



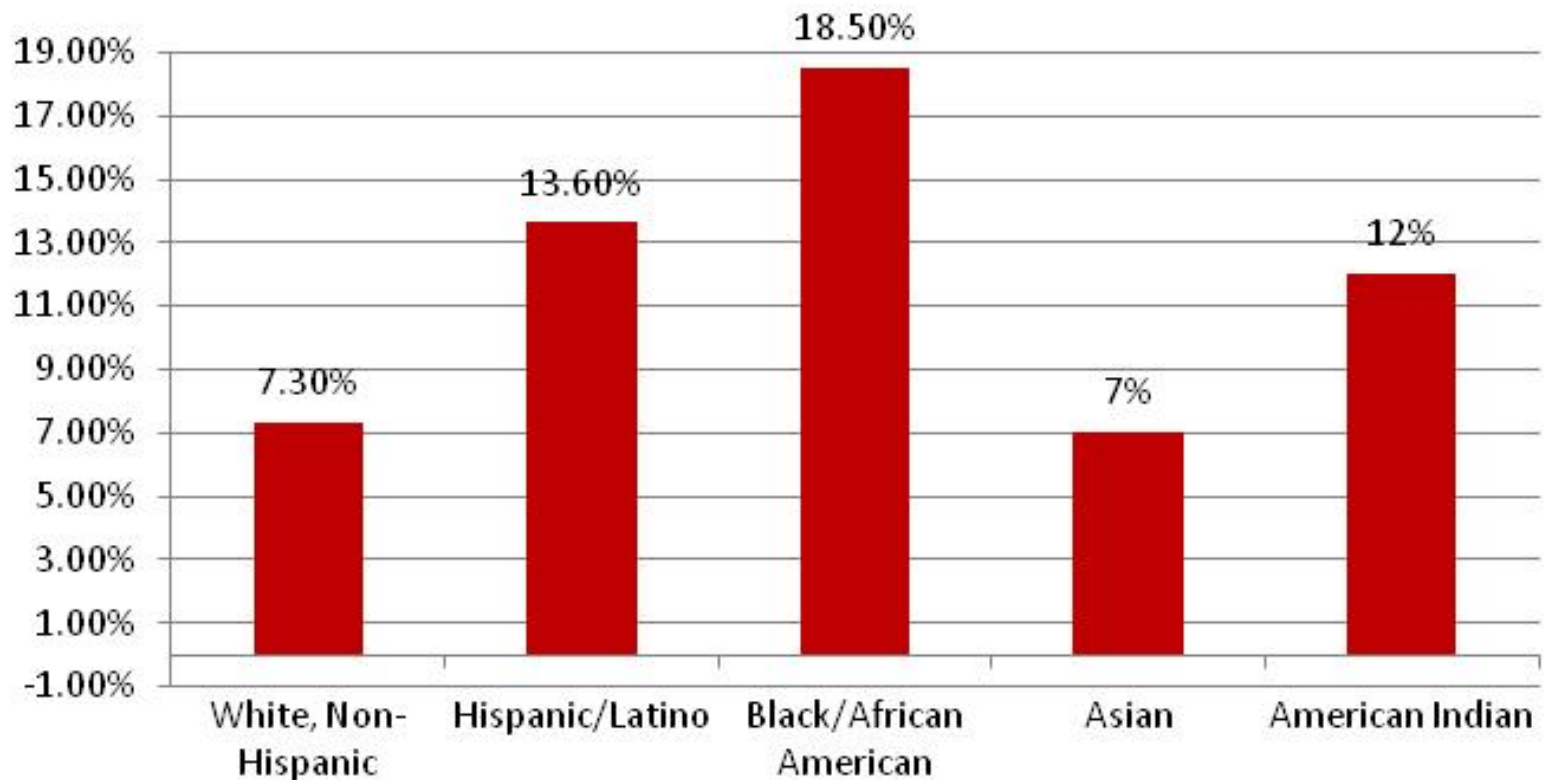
# Poverty By Race/Ethnicity

## Percentage of Virginia's Total Population in Poverty by Race/Ethnicity, 2007



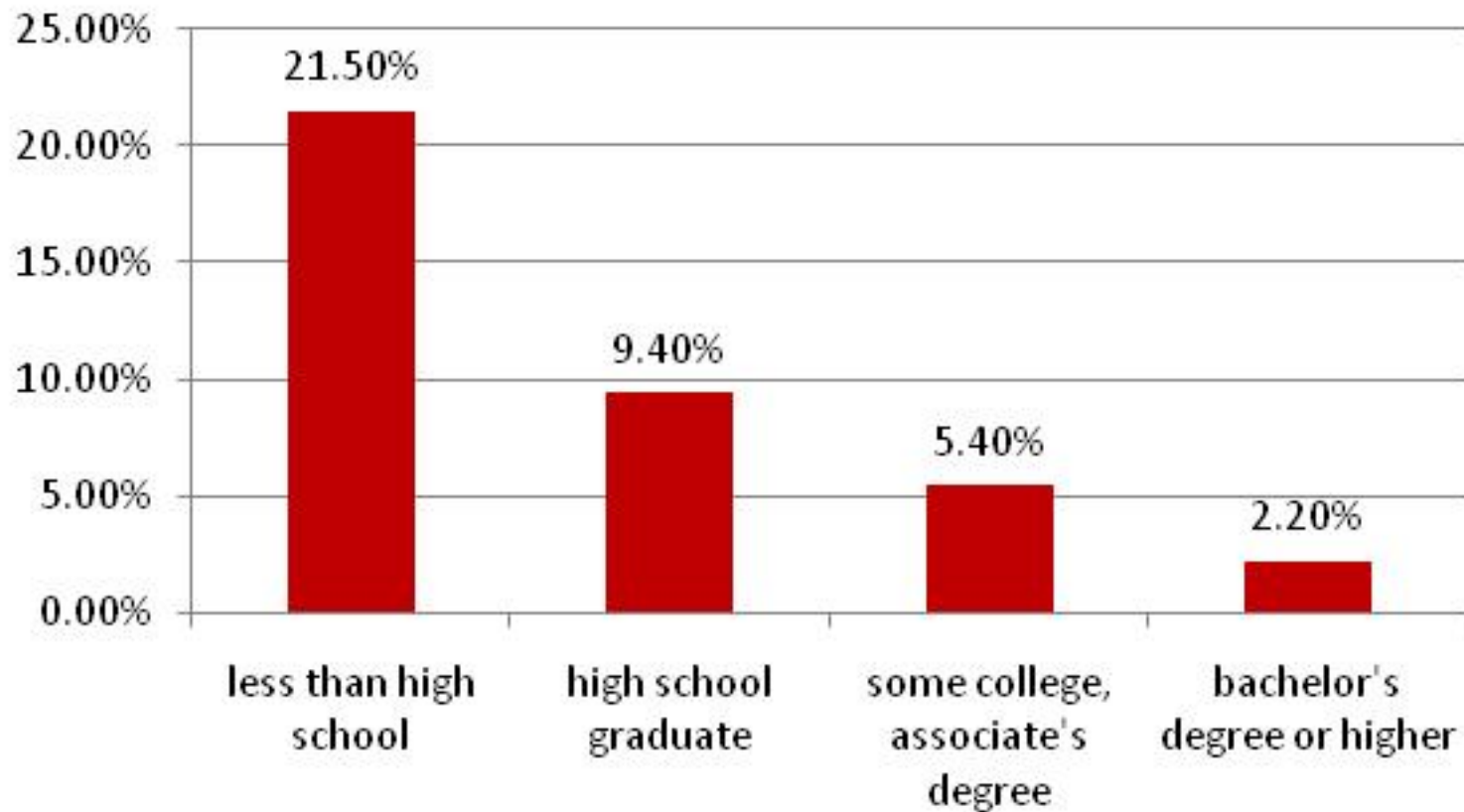
Source: American Community Survey

## Poverty Level by Race/Ethnicity Percent Living Below Poverty, 2007



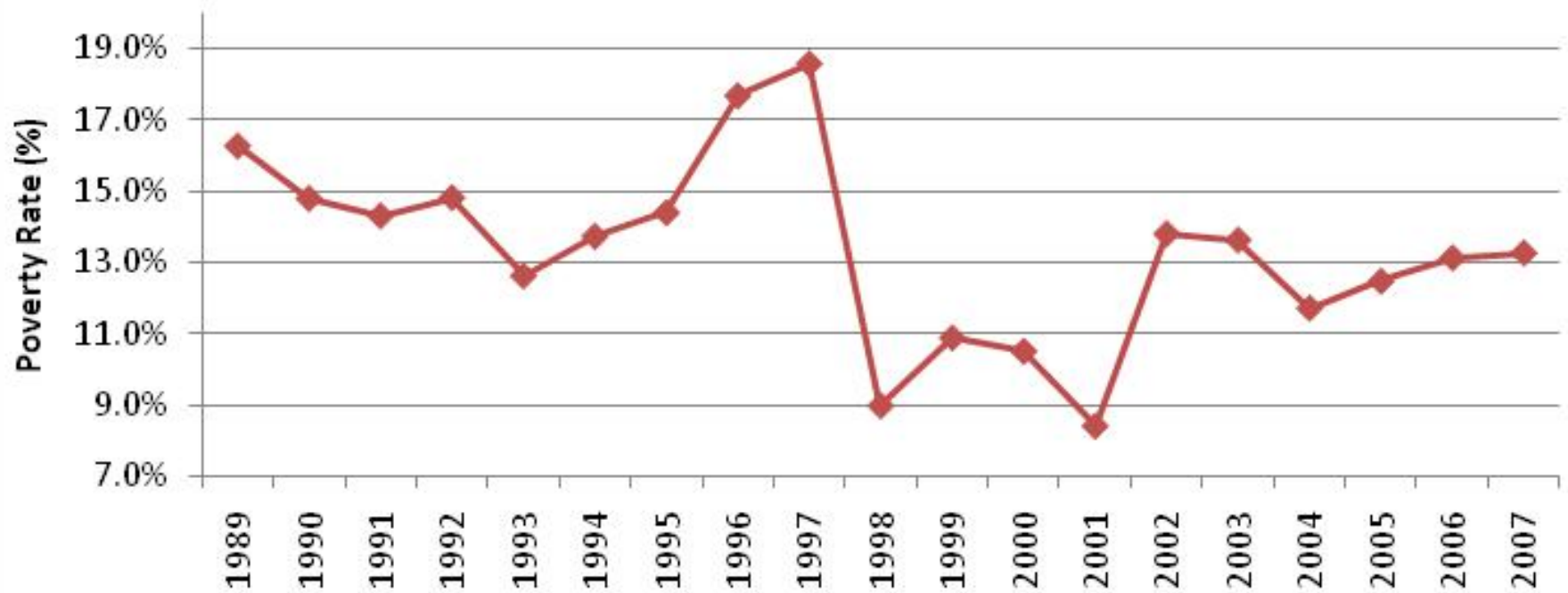
Source: American Community Survey.

## Poverty by Education Level Percentage Living Below Poverty, 2007



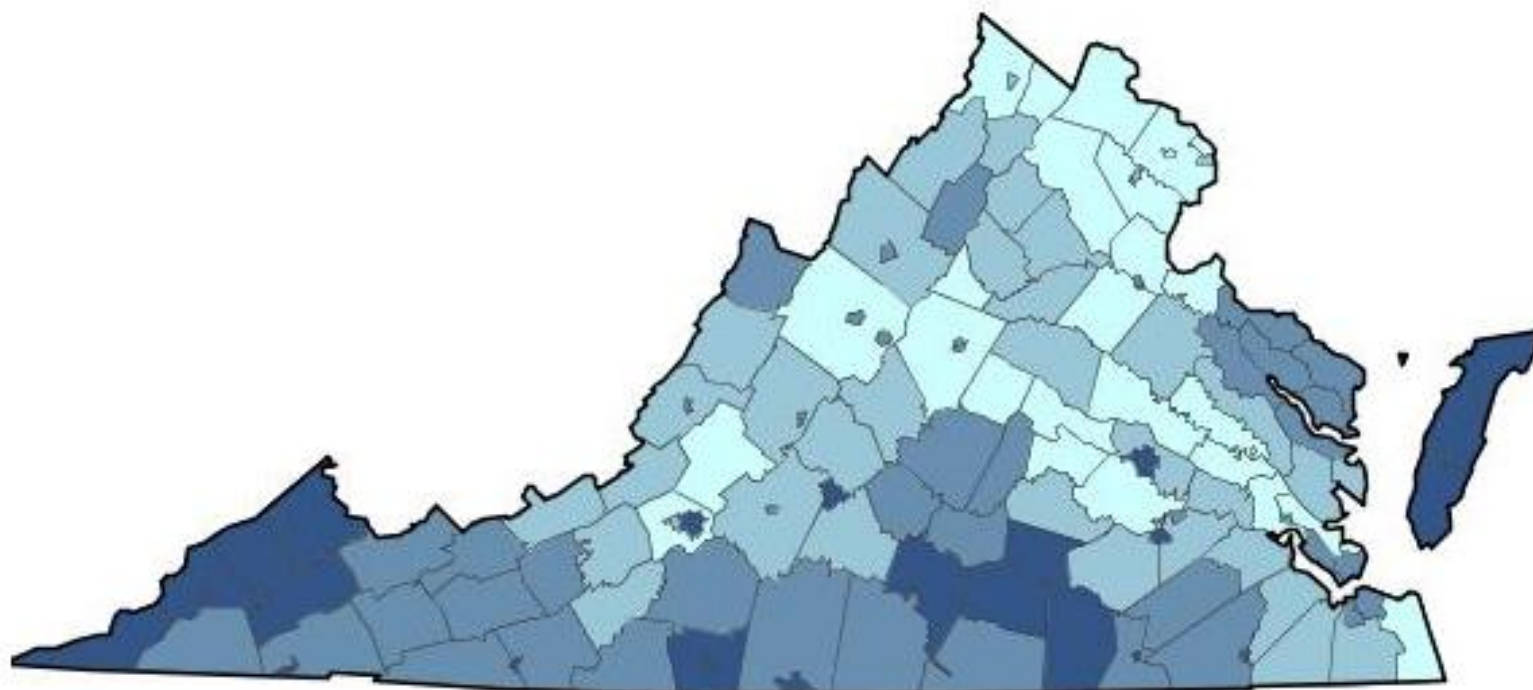
Source: American Community Survey.

## Child Poverty Rising: Virginia Child Poverty Rates, 1989-2007



Source: EPI analysis of CPS

# Virginia's Child Poverty, 2007



No Data

3% - 10%

10% - 17%

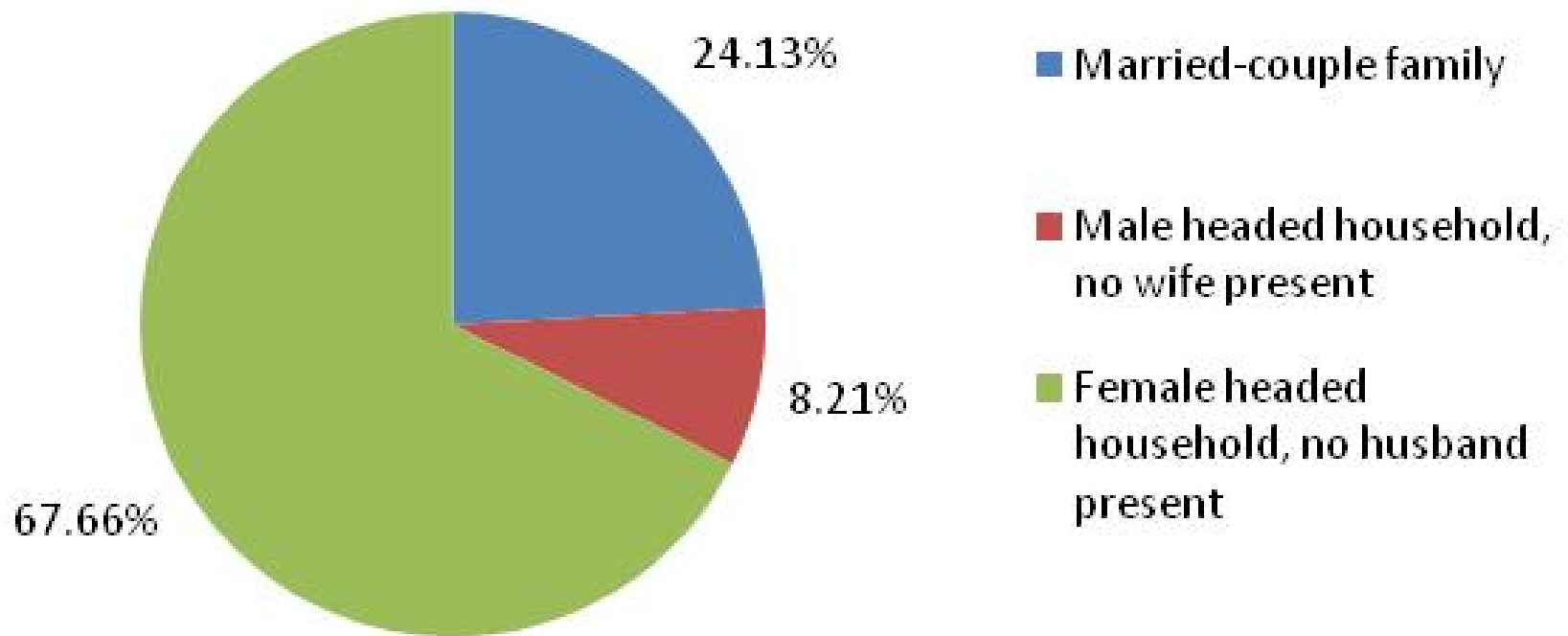
17% - 25%

25% - 37%

Source: Voices for Virginia's Children, 2009. KIDS COUNT data center, a project of the Annie E. Casey Foundation.

## More Children in Poverty in Single Parent Homes

### Virginia's Child Poverty by Family Structure



Source: American Community Survey

# Putting Poverty in Perspective



- Richmond International Raceway (RIR): home to Virginia's largest sporting events

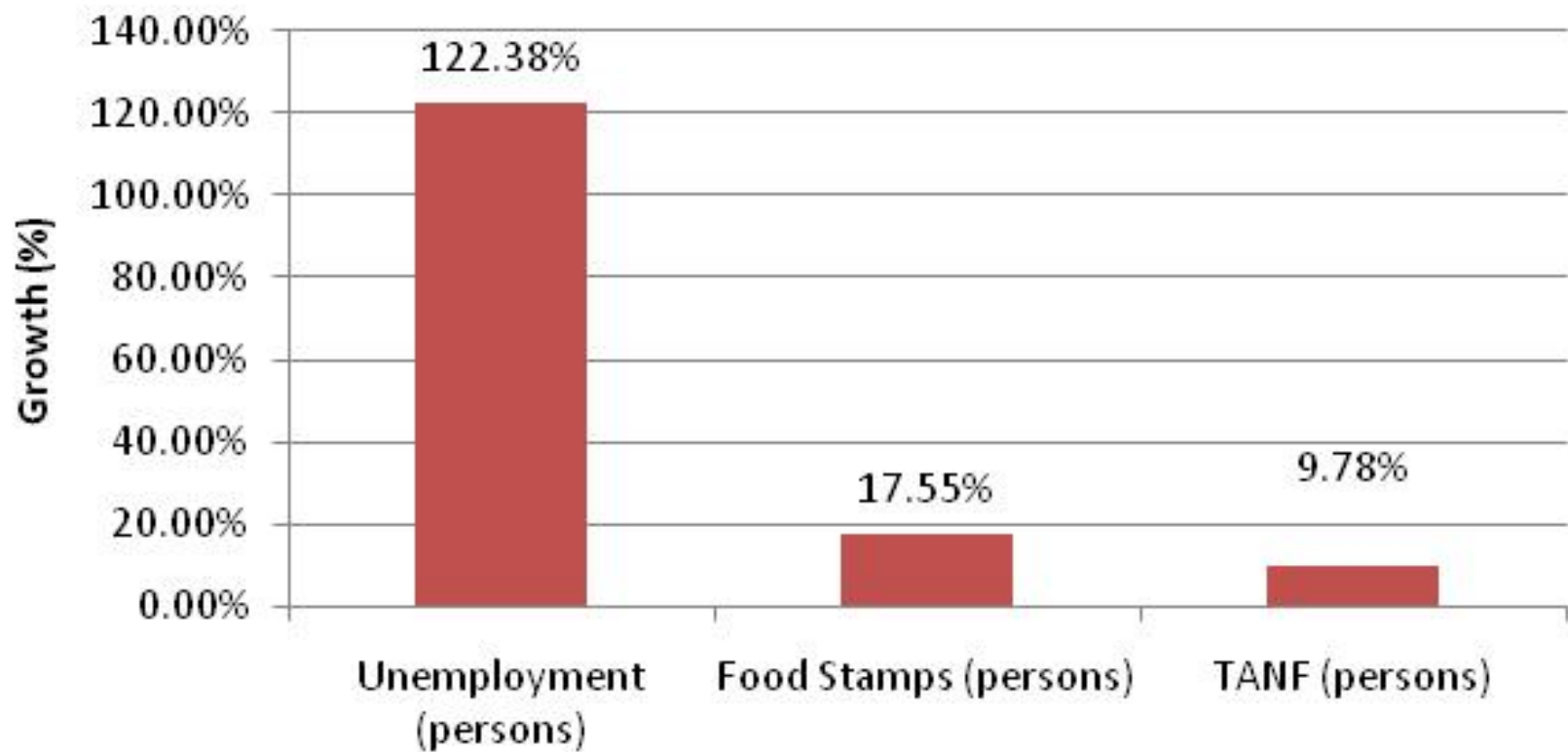
- Seating capacity: 107,097

- RIR could be filled **more than twice** with the number of **Virginia children** living in poverty

- RIR could be filled **almost 7 times** with the number of **Virginians** living in poverty

## Key Programs Lagging:

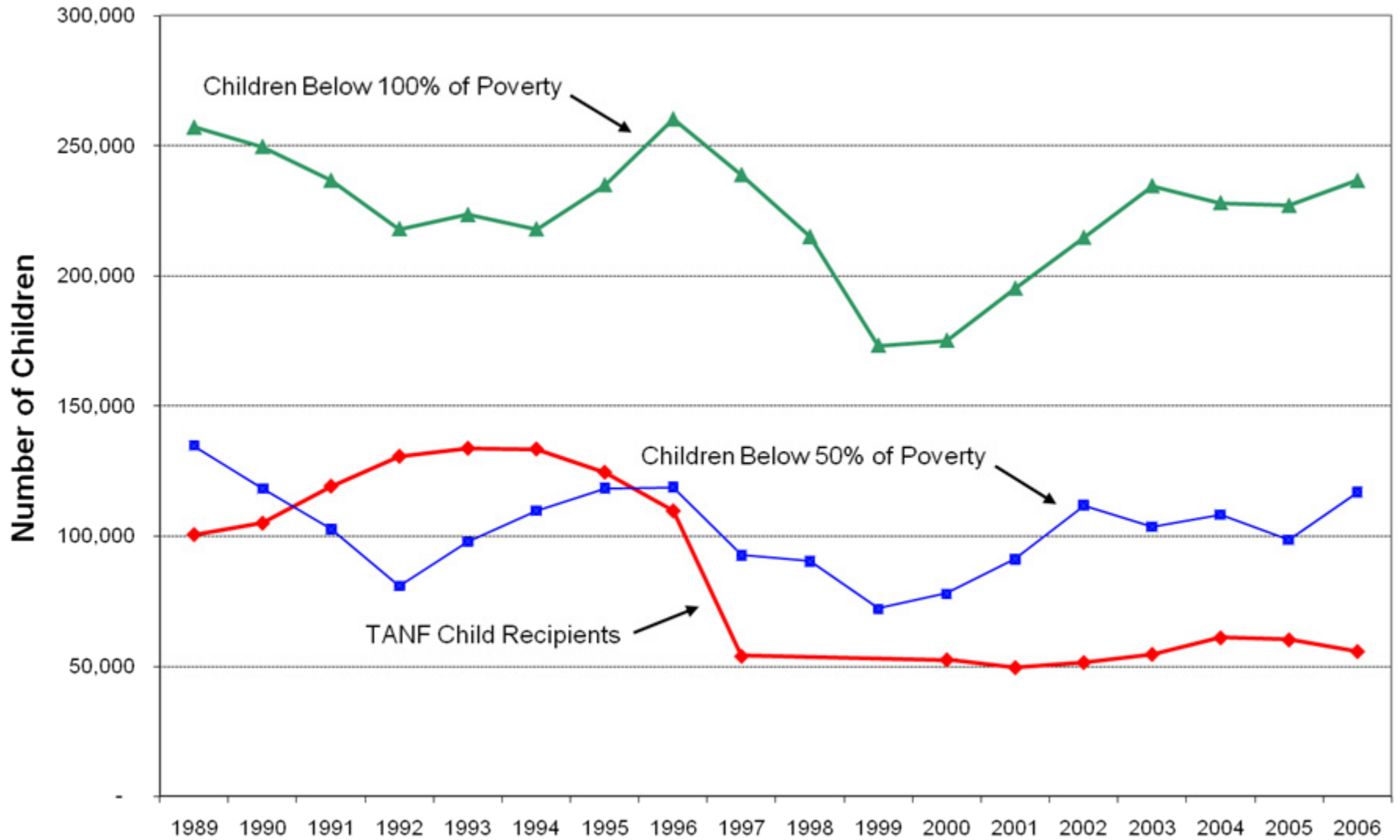
Growth in the Unemployed, Food Stamp Reciprocity, and TANF Reciprocity Since the Start of the Recession, Dec. 07-Feb. 09



Source: VEC and Virginia DSS.



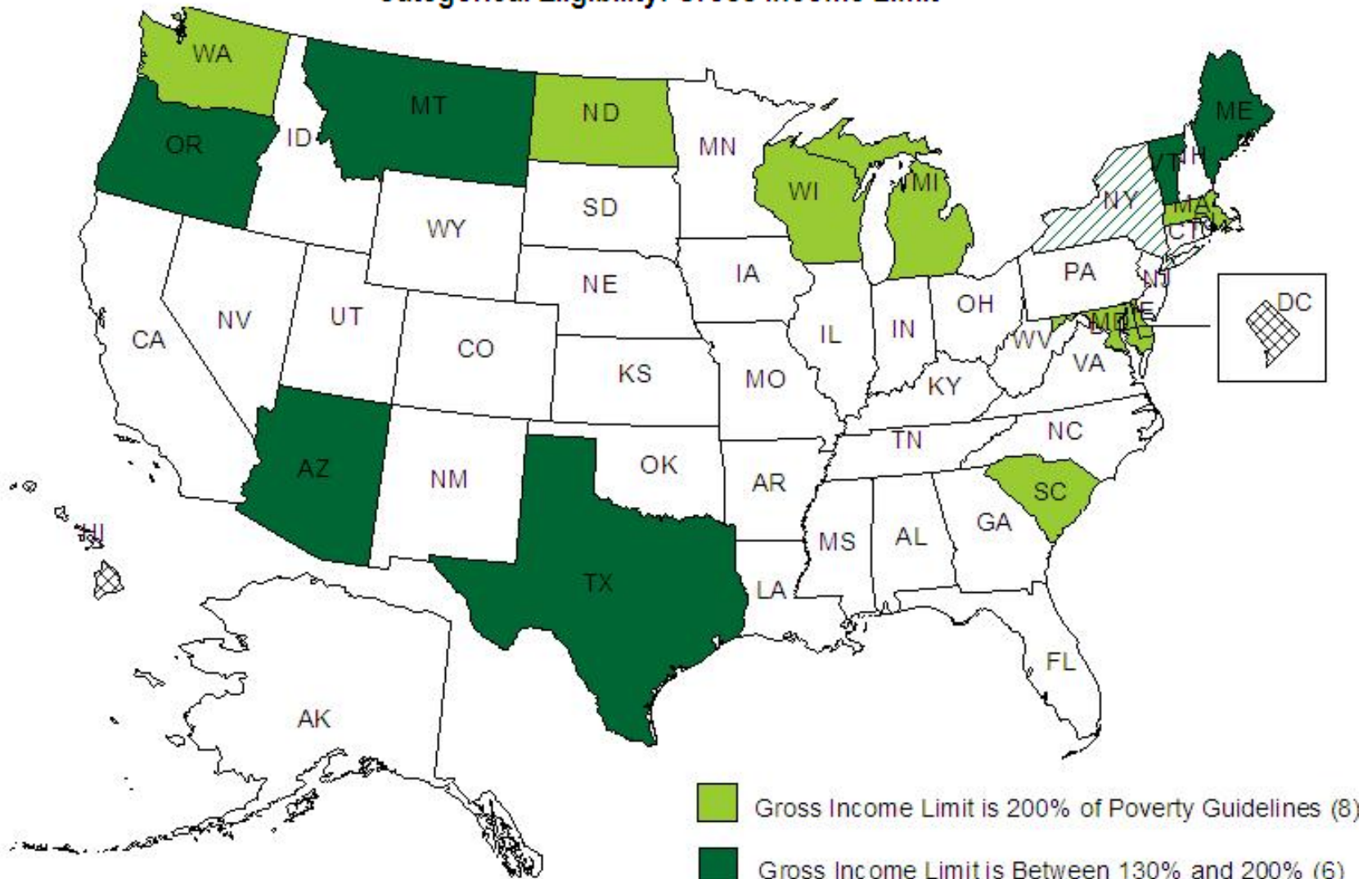
# Comparison of Virginia Children in Poverty and TANF Child Recipients







Methodology: Annual number of Virginia children in poverty was estimated using 3 year averages from the March Supplement of the Current Population Survey.

# Strict Food Stamp Eligibility

## Categorical Eligibility: Gross Income Limit

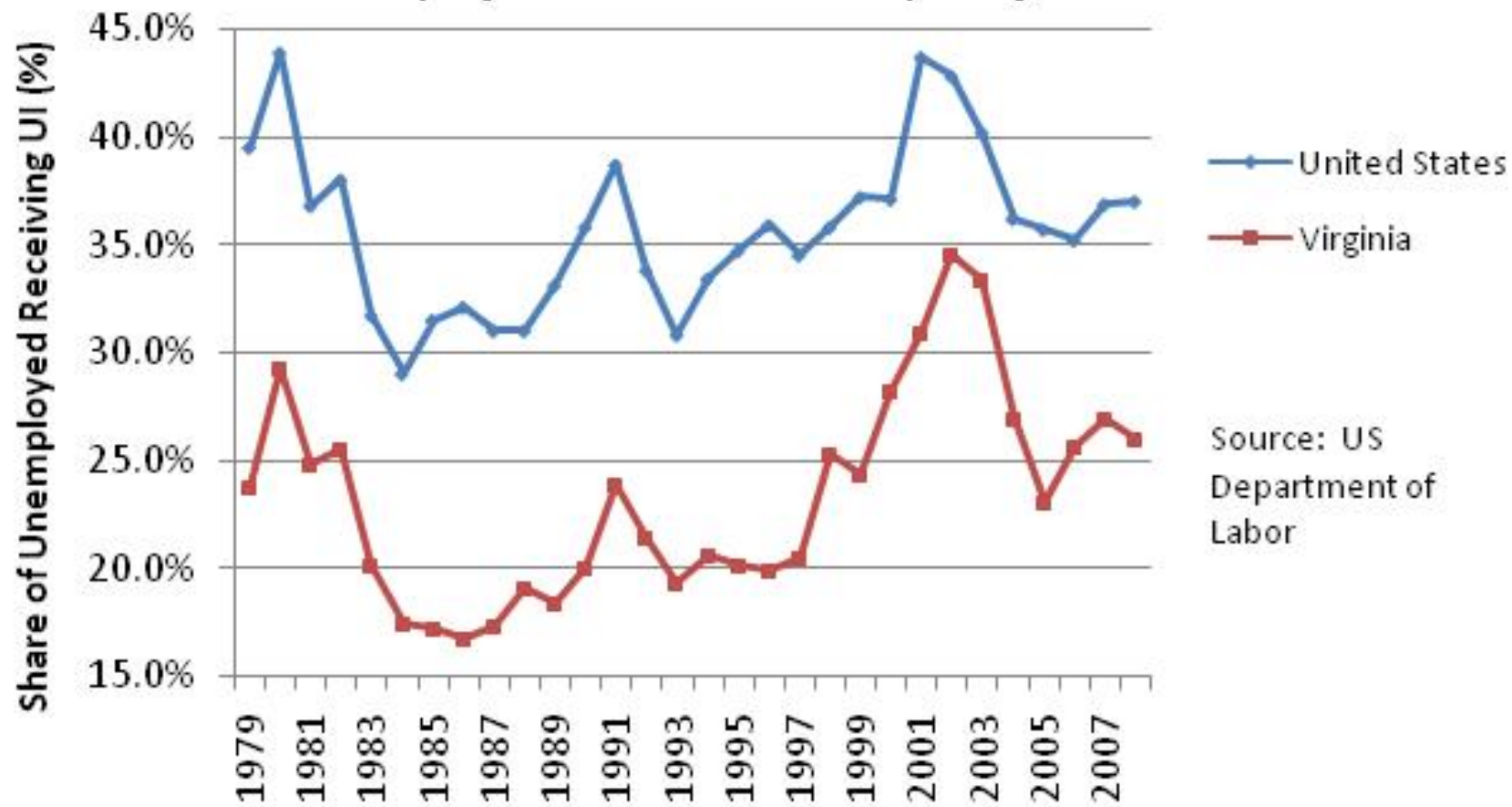


Source: State agency reports to the Center on Budget and Policy Priorities, 2009.

-  Gross Income Limit is 200% of Poverty Guidelines (8)
-  Gross Income Limit is Between 130% and 200% (6)
-  Gross Income Limit is 200% of Poverty Guidelines for Certain Households (1)
-  Plan to implement (2)

## Virginia Already Lags in the Share of Unemployed Workers Receiving Benefits

### Unemployment Insurance Reciprocity, 1979-2008



# Unemployment Insurance Reciprocity: Only 4 States Extend Fewer Benefits

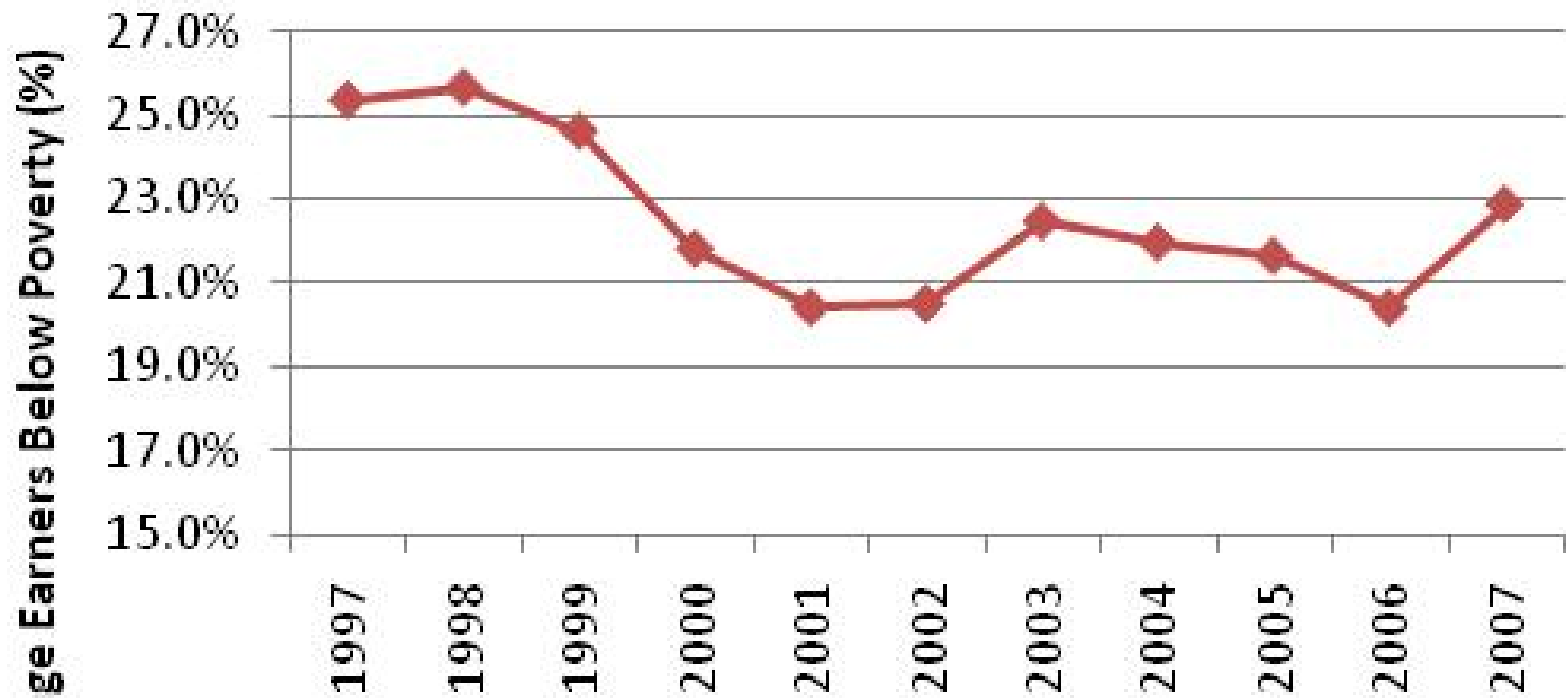
**Unemployment Reciprocity Rates by State, for 12-Month Period as of 4th Quarter, 2008**

1 Idaho	61%	27 South Carolina	36%
2 Wisconsin	57%	28 Washington	36%
3 Massachusetts	56%	29 Alabama	35%
4 Pennsylvania	56%	30 New Hampshire	34%
5 New Jersey	54%	31 Kansas	33%
6 Delaware	51%	32 Maine	33%
7 Oregon	51%	33 Nebraska	33%
8 Arkansas	49%	34 Florida	32%
9 Montana	47%	35 Missouri	32%
10 Alaska	46%	36 Ohio	32%
11 Vermont	46%	37 Utah	32%
12 Hawaii	45%	38 Wyoming	32%
13 Connecticut	44%	39 Kentucky	31%
14 Iowa	44%	40 Arizona	30%
15 Nevada	43%	41 North Dakota	30%
16 New York	41%	42 Georgia	29%
17 West Virginia	40%	43 Louisiana	29%
18 Indiana	39%	44 Mississippi	28%
19 Maryland	39%	45 Tennessee	28%
20 Michigan	39%	<b>46 Virginia</b>	<b>26%</b>
21 California	38%	47 Oklahoma	25%
22 New Mexico	38%	48 District of Columbia	23%
23 North Carolina	38%	49 Colorado	22%
24 Illinois	37%	50 Texas	22%
25 Minnesota	37%	51 South Dakota	18%
26 Rhode Island	36%		
		<i>United States Average</i>	37%

Source: US DOL.

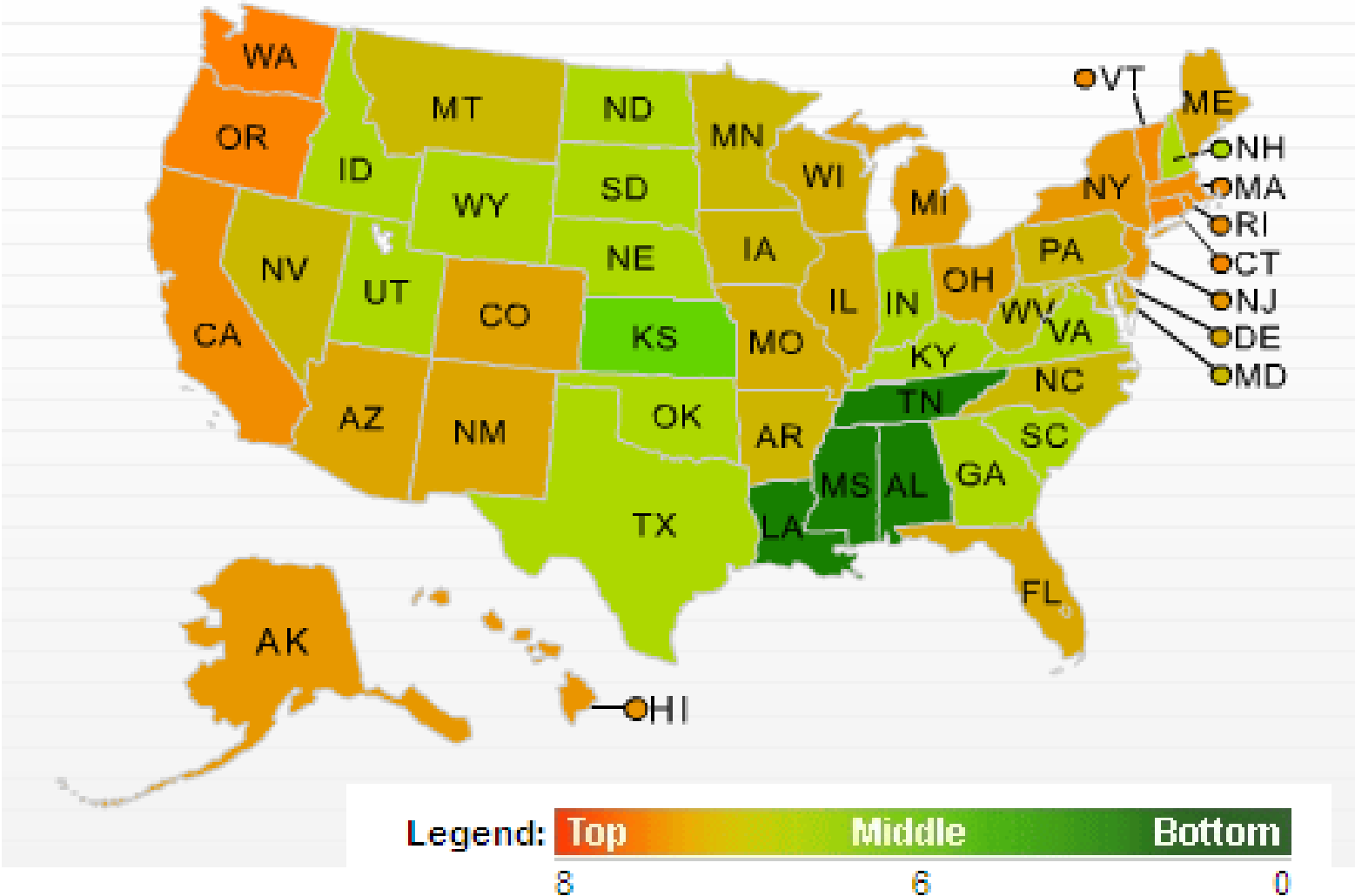
## Not Making It:

Percentage of Wage Earners Below Poverty, 1997-2007



Source: EPI analysis of CPS-ORG

# State Minimum Wage Levels



# Medicaid Spending: Only 3 States Spend Less

## Per Capita Medicaid Spending by State, FY 2006

United States	\$1,015		
1. New York	\$2,316	26. Maryland	\$890
2. Rhode Island	\$1,589	27. Iowa	\$877
3. Vermont	\$1,519	28. Washington	\$872
4. Massachusetts	\$1,506	29. Nebraska	\$869
5. Maine	\$1,478	30. Hawaii	\$856
6. Alaska	\$1,433	31. Alabama	\$845
7. New Mexico	\$1,274	32. New Hampshire	\$842
8. Pennsylvania	\$1,247	33. Wisconsin	\$837
9. Connecticut	\$1,202	34. Oklahoma	\$831
10. West Virginia	\$1,154	35. Michigan	\$821
11. Louisiana	\$1,134	36. Wyoming	\$818
12. Mississippi	\$1,124	37. Oregon	\$795
13. Delaware	\$1,109	38. North Dakota	\$793
14. Missouri	\$1,109	39. Illinois	\$789
15. Minnesota	\$1,097	40. South Dakota	\$777
16. Ohio	\$1,067	41. Texas	\$771
17. New Jersey	\$1,041	42. Montana	\$768
18. Kentucky	\$1,041	43. Kansas	\$752
19. North Carolina	\$1,032	44. Georgia	\$731
20. Arkansas	\$1,030	45. Idaho	\$712
21. Arizona	\$1,005	46. Florida	\$706
22. Tennessee	\$1,004	<b>47. Virginia</b>	<b>\$609</b>
23. South Carolina	\$942	48. Colorado	\$604
24. California	\$939	49. Utah	\$578
25. Indiana	\$899	50. Nevada	\$472

# Medicaid Eligibility: Only 7 States Have More Stringent Rules

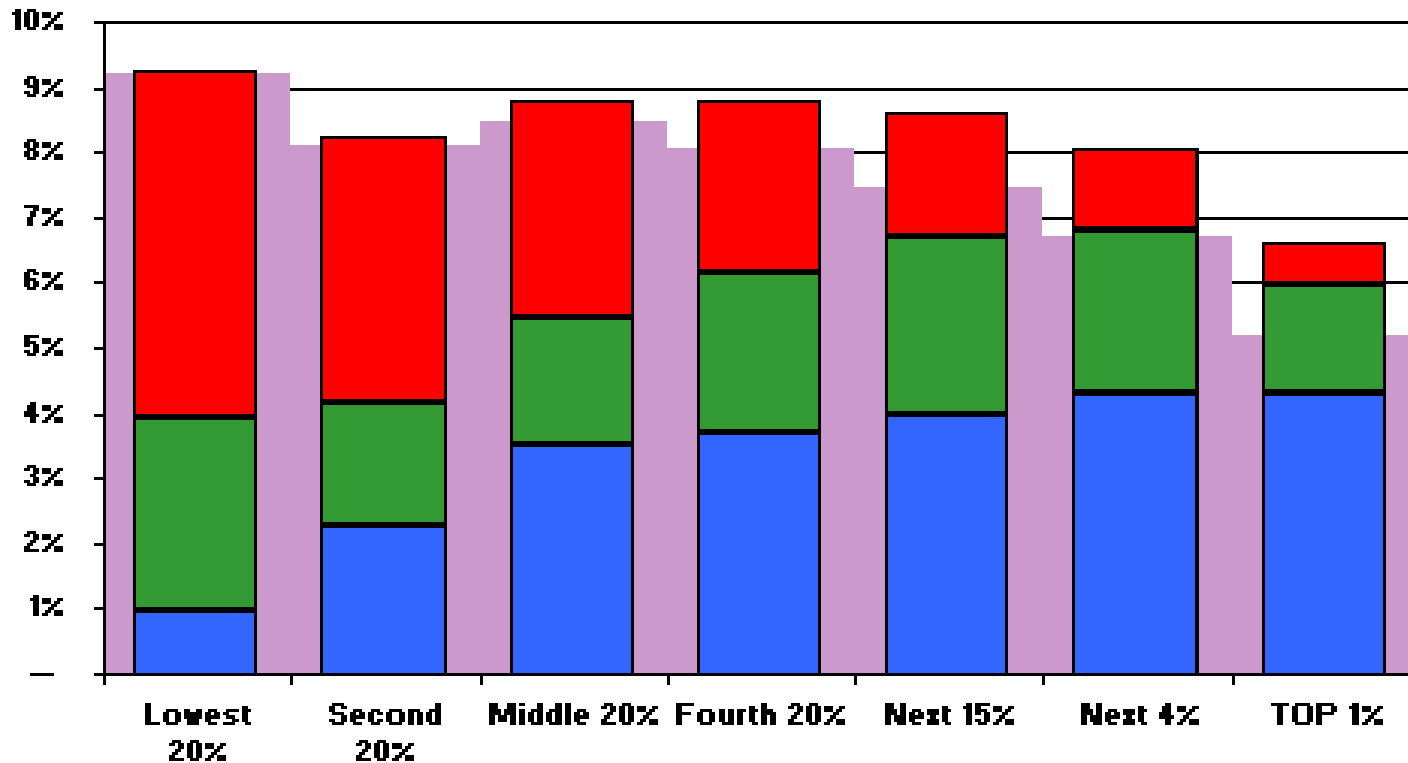
United States	68%		
1. Minnesota	275%	26. Utah	68%
2. District of Columbia	207%	27. Colorado	66%
3. Maine	206%	28. Michigan	66%
4. Arizona	200%	29. Kentucky	62%
5. New Jersey	200%	30. North Dakota	62%
6. Wisconsin	200%	31. Montana	58%
7. Connecticut	191%	32. Nebraska	58%
8. Vermont	191%	33. Florida	55%
9. Illinois	185%	34. South Dakota	54%
10. Rhode Island	181%	35. Wyoming	54%
11. New York	150%	36. Georgia	52%
12. Tennessee	134%	37. New Hampshire	51%
13. Massachusetts	133%	38. North Carolina	51%
14. Delaware	121%	39. Oklahoma	48%
15. Maryland	116%	40. Mississippi	46%
16. California	106%	41. Pennsylvania	36%
17. Hawaii	100%	42. Kansas	34%
18. Oregon	100%	43. West Virginia	34%
19. Nevada	91%	<b>44. Virginia</b>	<b>30%</b>
20. Ohio	90%	45. Idaho	28%
21. South Carolina	90%	46. Texas	27%
22. Iowa	86%	47. Indiana	26%
23. Alaska	85%	48. Louisiana	26%
24. Washington	77%	49. Missouri	26%
25. New Mexico	69%	50. Alabama	25%
		51. Arkansas	17%



# Virginia

## State & Local Taxes in 2006

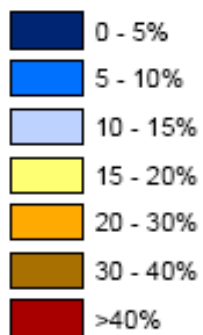
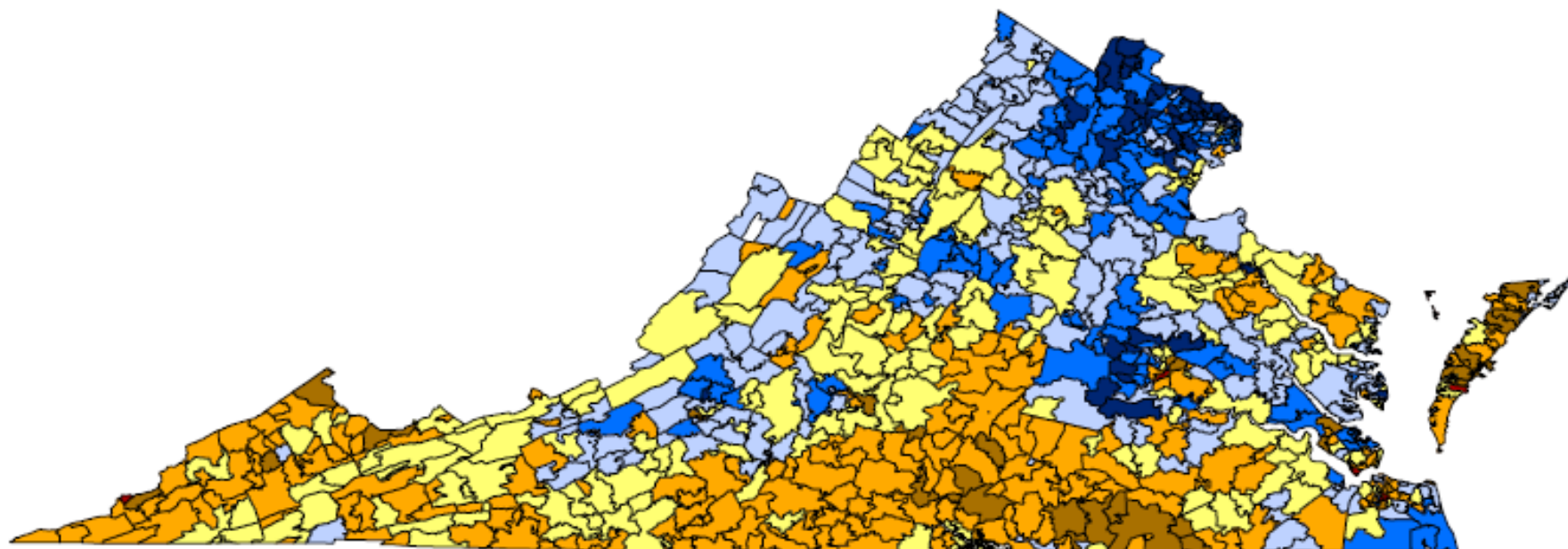
Shares of family income for non-elderly taxpayers



Source: Institute on Taxation & Economic Policy, 2008.

-Sales & Excise Taxes  
-Property Taxes  
-Income Taxes

## EITC Recipients as a Percentage of Total Returns by ZIP Code, Tax Year 2006



Source: Brookings Institution analysis of IRS data

# Recommendations:

- Make VA Earned Income Credit refundable
- Expand Medicaid coverage
- Raise minimum wage
- Reform unemployment insurance
- Expand food stamps
- Improve TANF

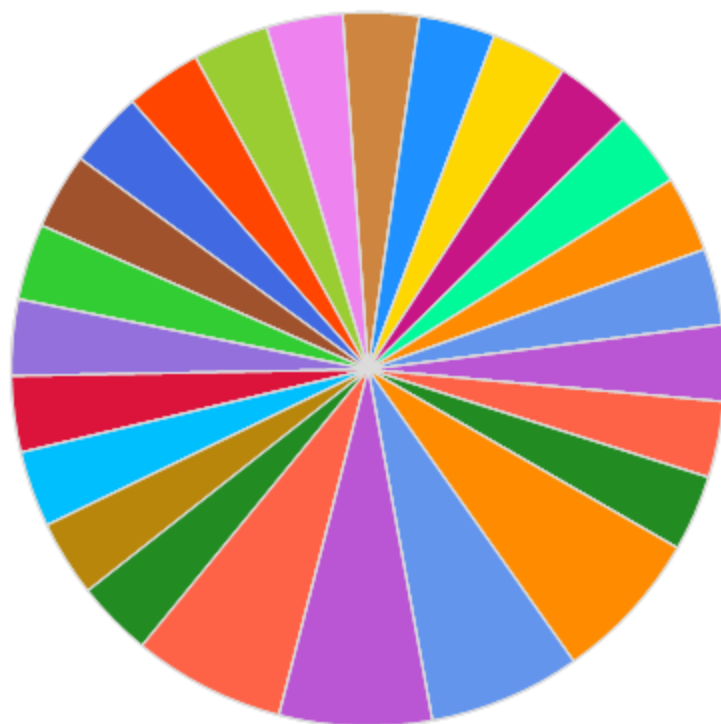


## Facilitator Survey Results

# Rethinking Poverty: Exploring Economic Opportunity For All Virginians

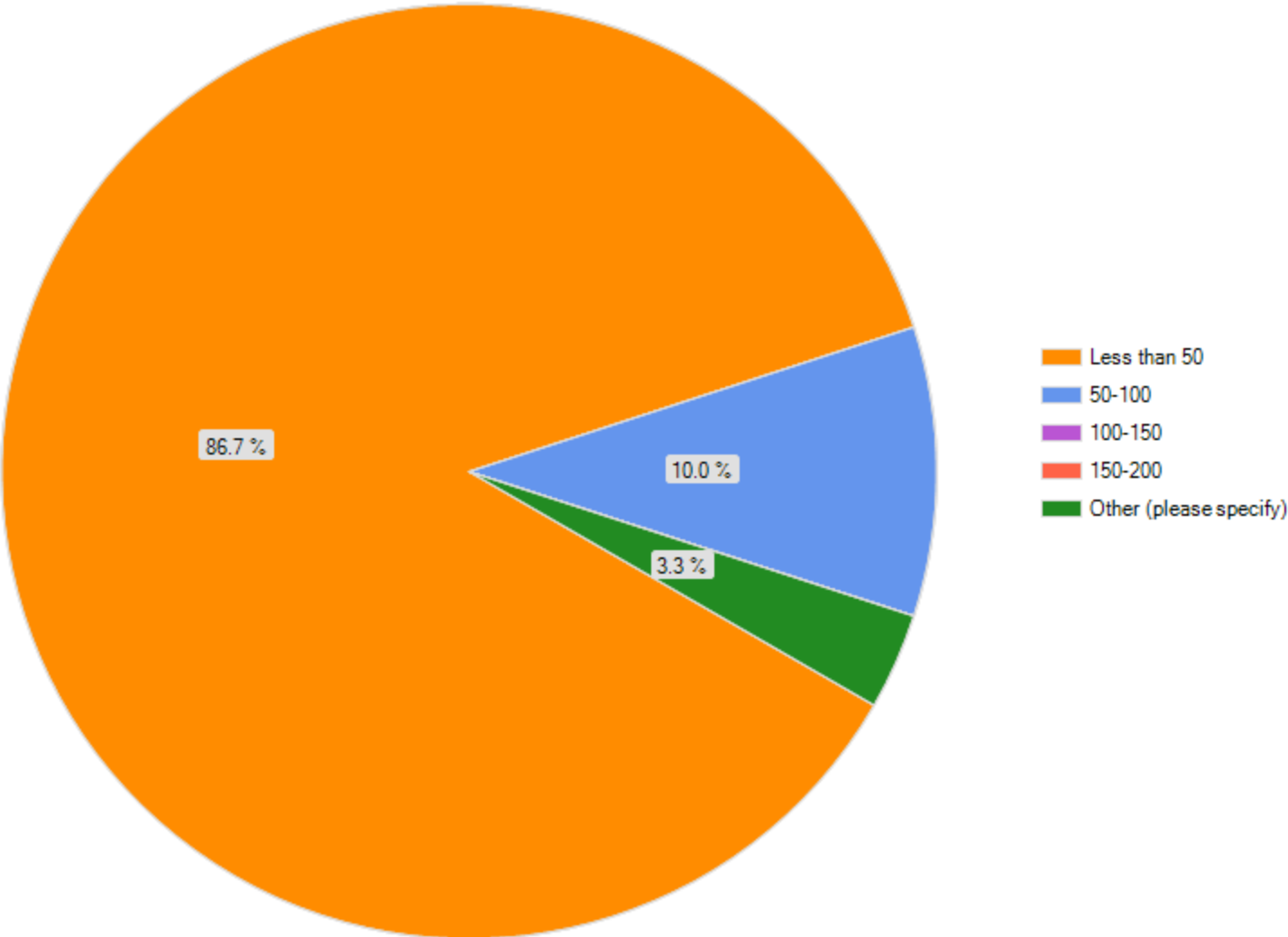
- In 2008, Virginia was one of 10 states awarded a \$12,000 grant from the National Governors Association to engage and educate new stakeholders and convene a summit resulting in strategies to reduce poverty in the Commonwealth.
- On May 7, 2009, Governor Timothy M. Kaine announced the creation of a taskforce at “Rethinking Poverty: Exploring Economic Opportunity for All Virginians,” the state’s summit on poverty. The taskforce, co-chaired by Secretary of Health and Human Resources Marilyn B. Tavenner and Richmond attorney Robert Grey, is a collection of public and private-sector partners, who will make policy recommendations and present a final report to the governor’s office in spring 2010.
- On Saturday, July 18, 2009, Virginia hosted the largest statewide conversation at 25 local community college sites and one public facility in Richmond, on the issue of poverty. Citizens had the chance to answer the question, *“If you had two minutes to talk with Governor Kaine – or the mayor of this town – what would you recommend to reduce poverty in Virginia and why?”*
- The following information was collected and submitted by each location’s facilitator.

Please select the location where your event took place:

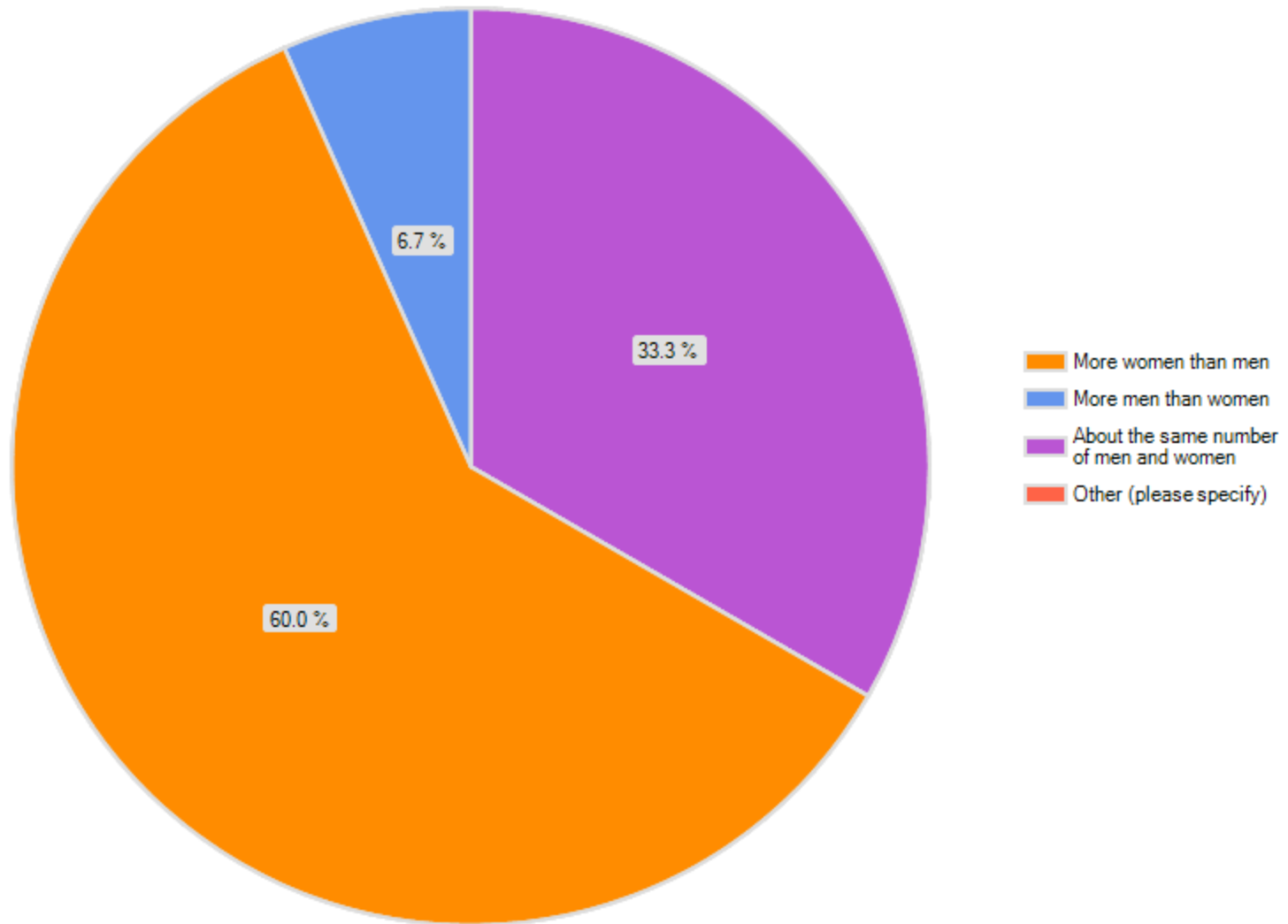


- Blue Ridge Community College
- Central Virginia Community College
- Dabney S. Lancaster Community College
- Virginia Highlands Community College
- Danville Community College
- Eastern Shore Community College
- J. Sargeant Reynolds Community College
- John Tyler Community College
- Lord Fairfax Community College
- Mountain Empire Community College
- New River Community College
- Northern Virginia Community College (Alexandria)
- Northern Virginia Community College (Manassas)
- Patrick Henry Community College
- Paul D. Camp Community College (Workforce Dev. Center)
- Piedmont Virginia Community College
- Rappahannock Community College
- Richmond City Council Chambers
- Southside Virginia Community College
- Southwest Virginia Community College
- Thomas Nelson Community College (Workforce Dev. Center)
- Tidewater Community College (Portsmouth)
- Tidewater Community College (Virginia Beach)
- Virginia Western Community College
- Wytheville Community College
- Germanna Community College

**Approximately how many people attended your event?**

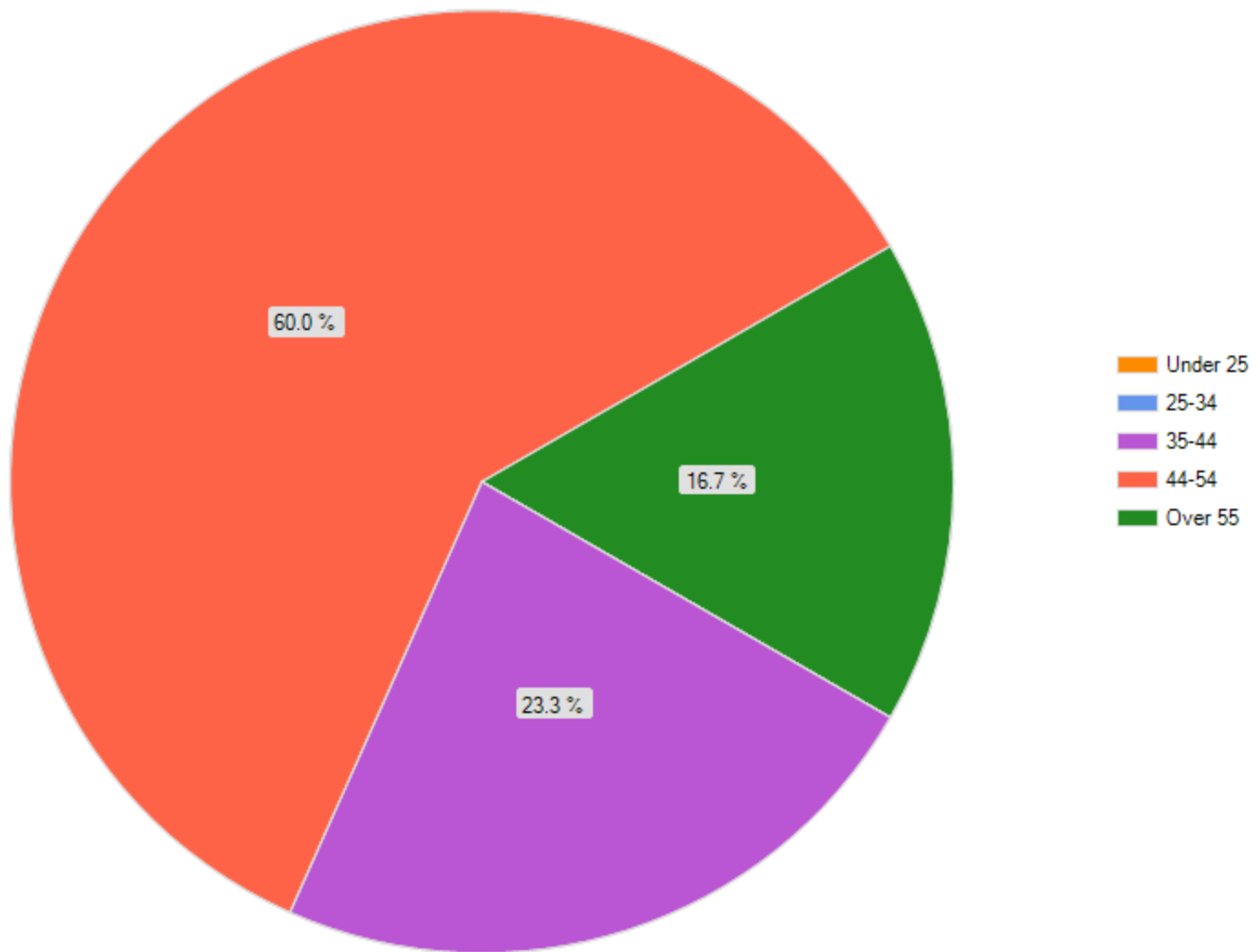


Would you say that your audience was comprised of:

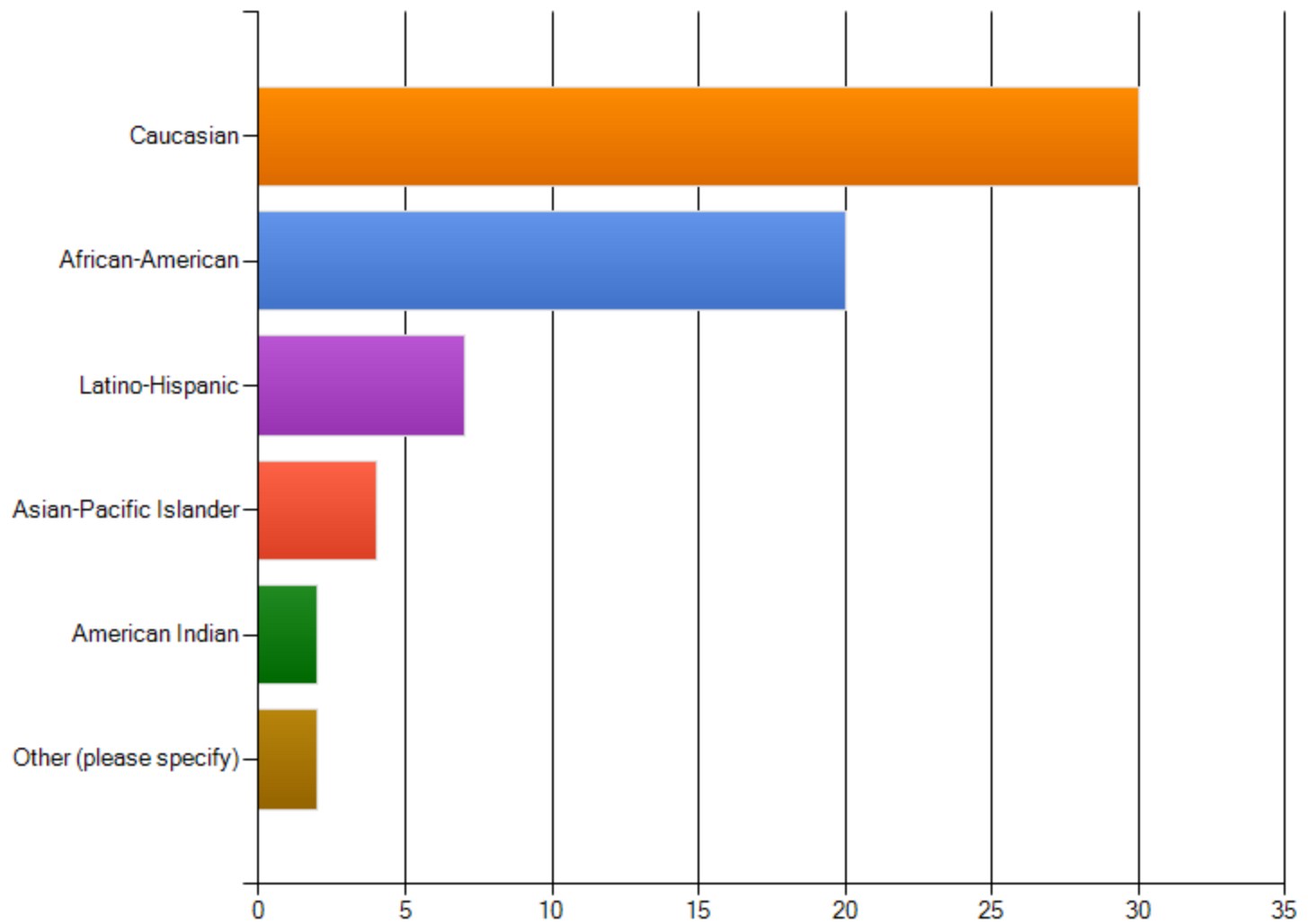




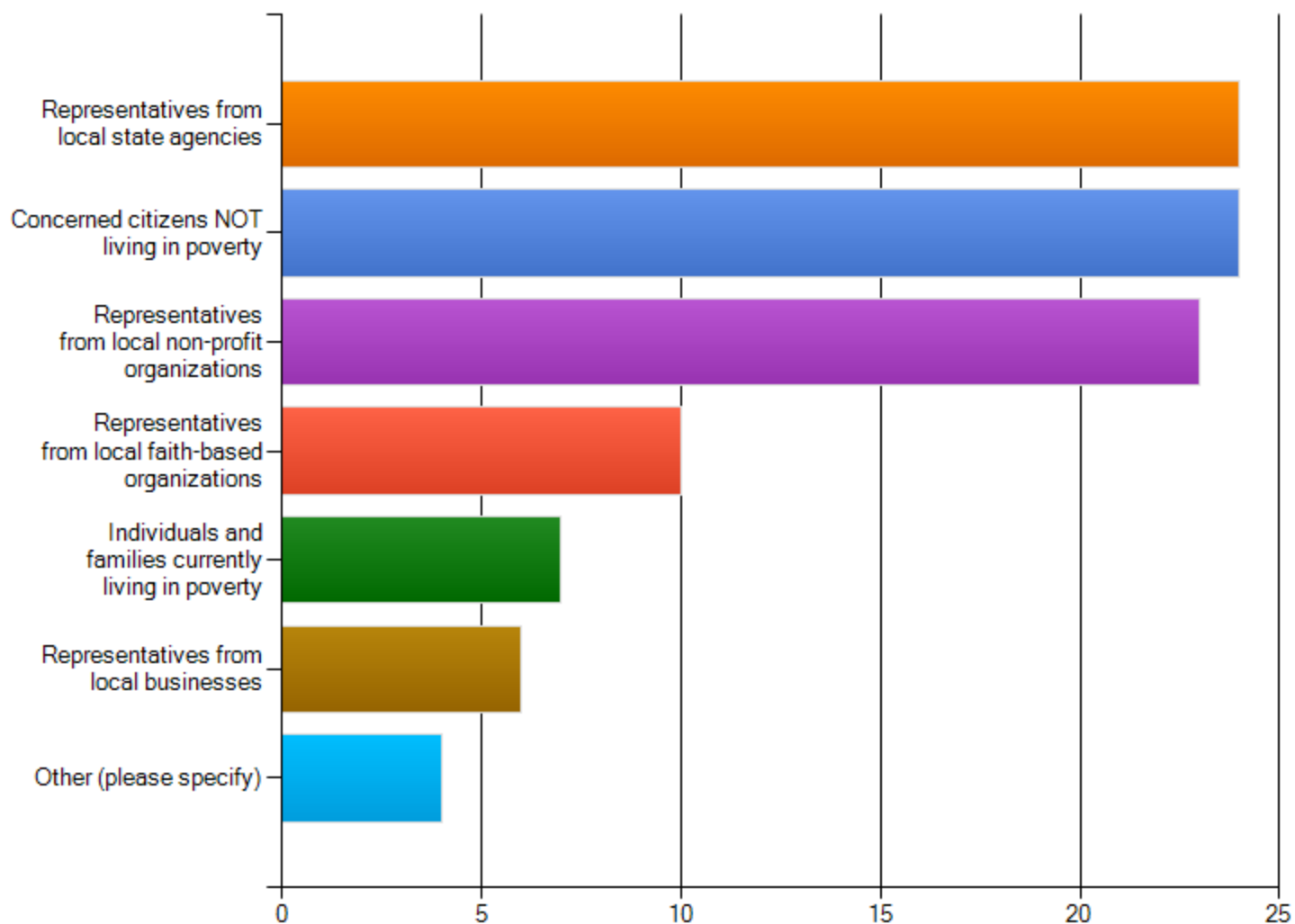
**Would you say that the average age of your audience was:**



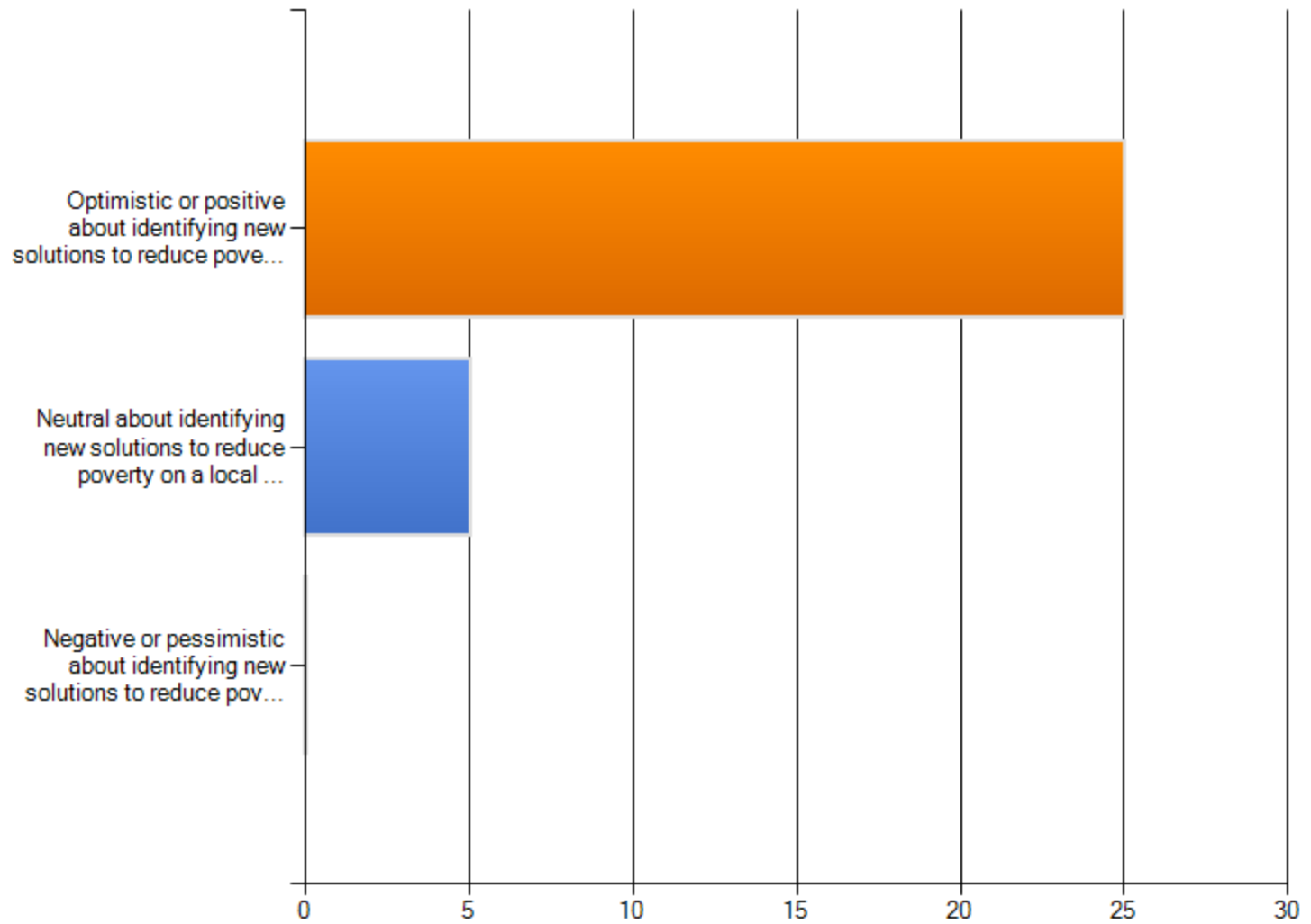
### What ethnic groups were represented in your audience?



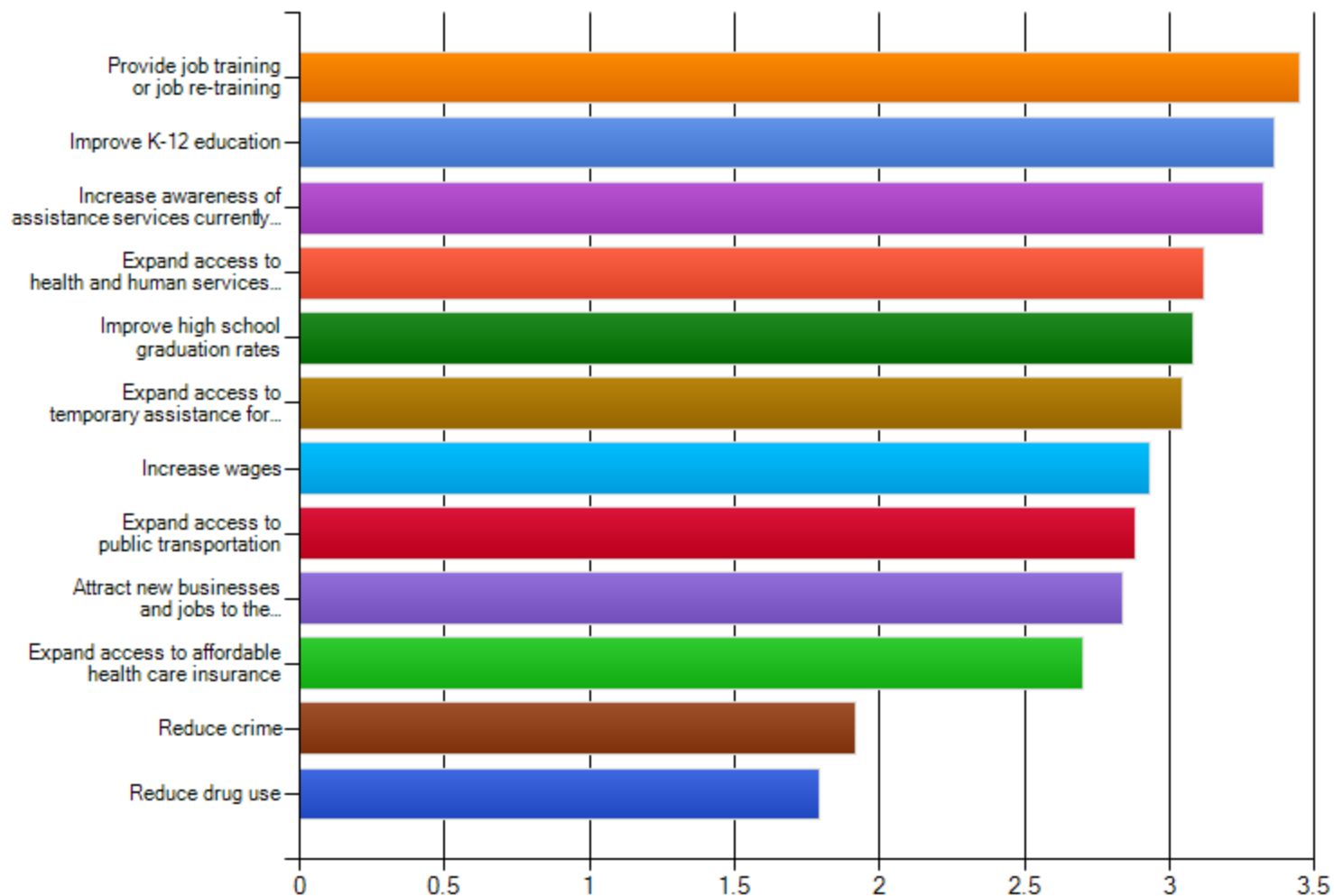
### Would you say that your audience was mostly comprised of which groups?



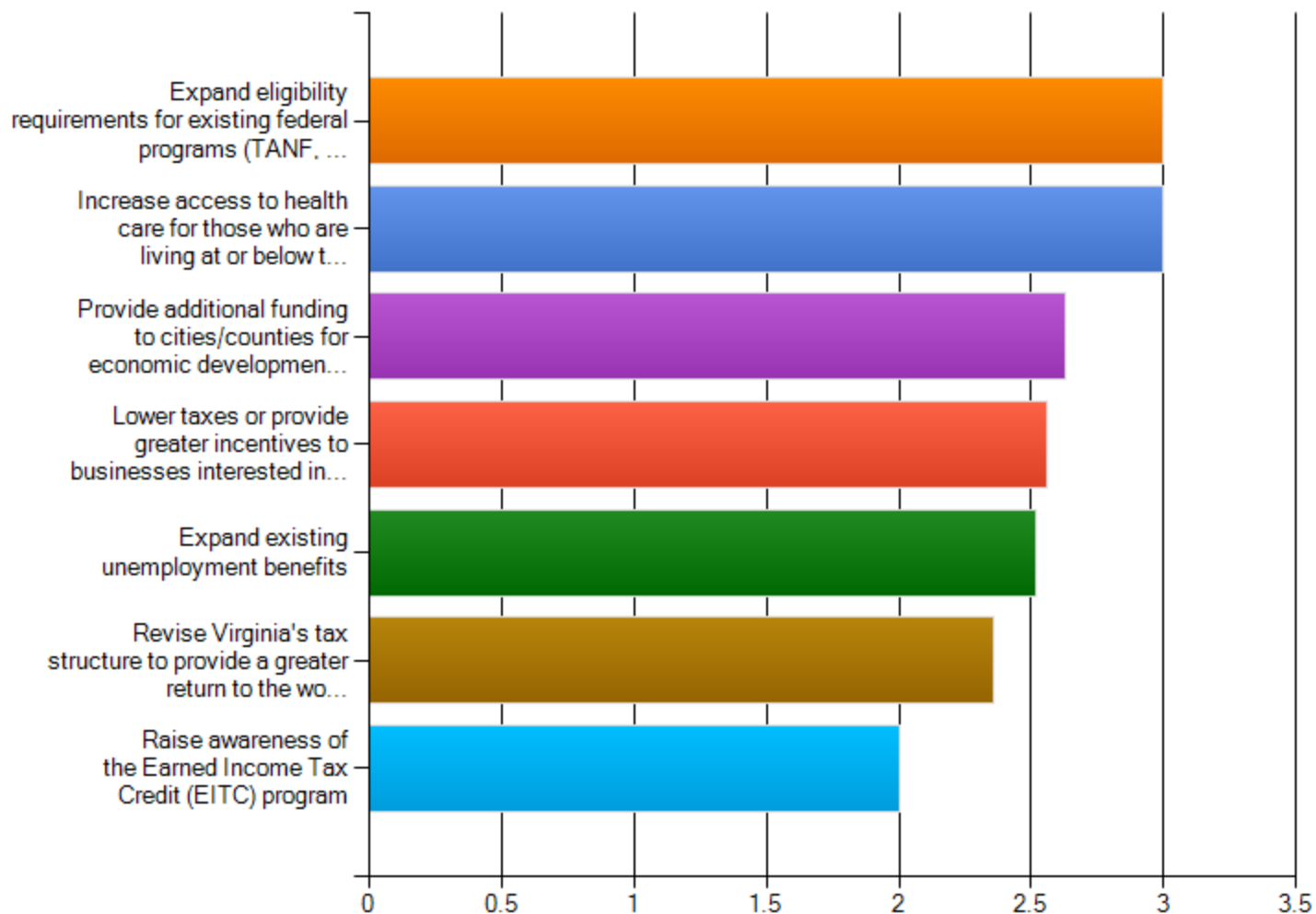
### Was the overall mood of your audience:



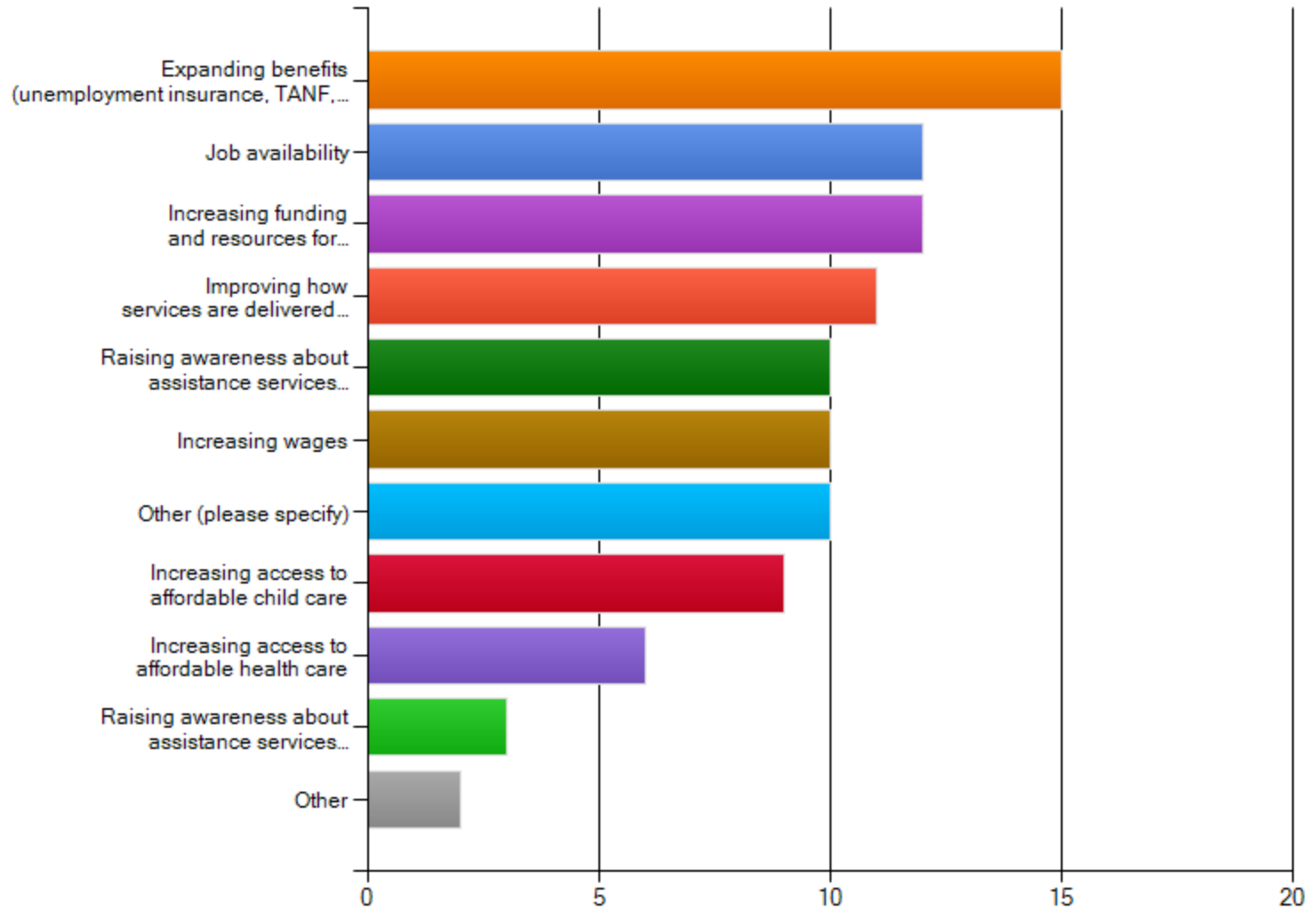
**Please check and rate the following activities or strategies your audience felt were most important for their COMMUNITY to engage as a means of reducing poverty on a LOCAL LEVEL:**



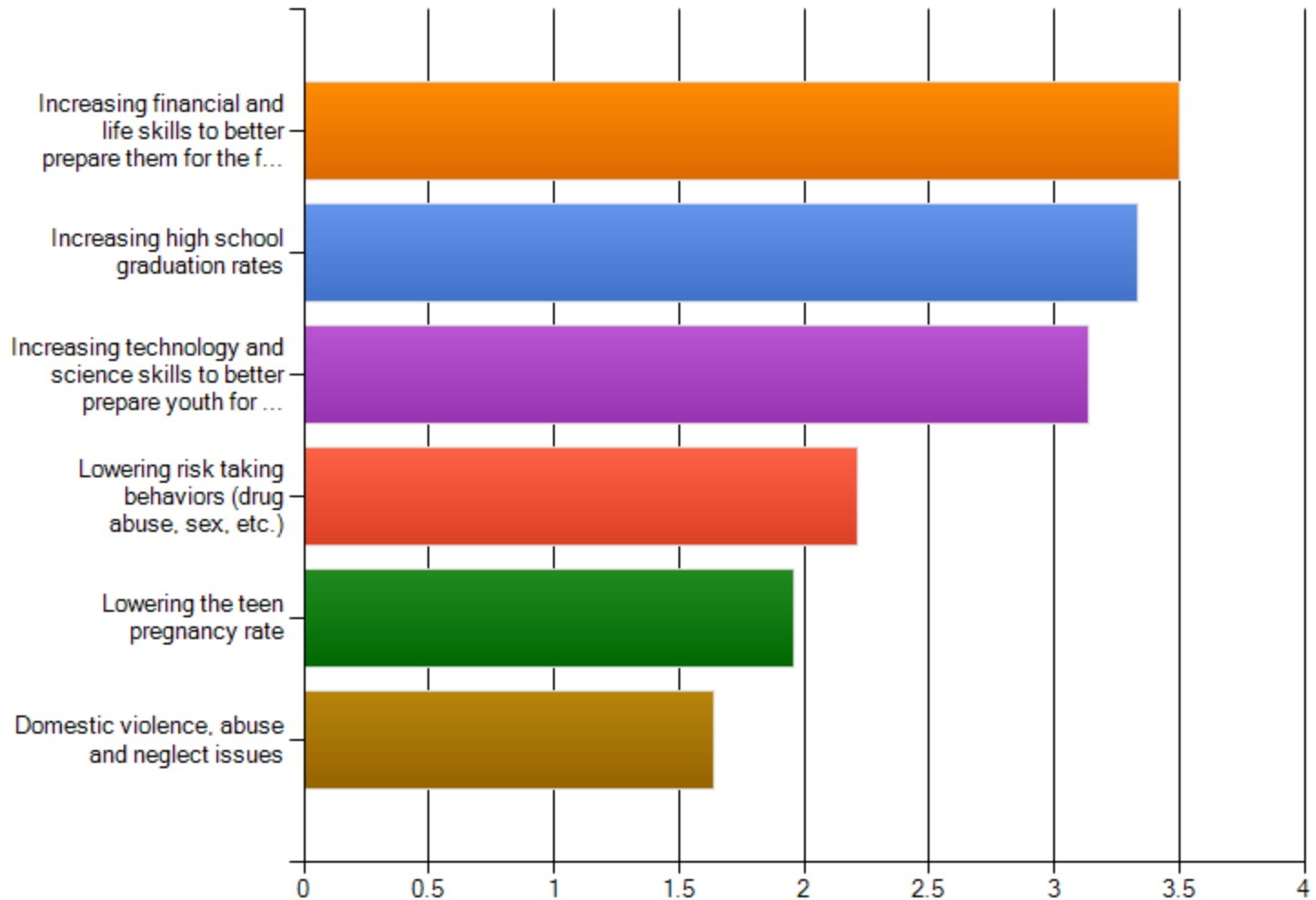
**Please check and rate the following activities or strategies your audience felt were most important in the STATE'S role in reducing poverty in VIRGINIA:**



**Please check the TOP 3 issues that were discussed at your location:**



**Please check and rate the following activities or strategies your audience felt were most important in addressing poverty issues facing Virginia's Youth:**

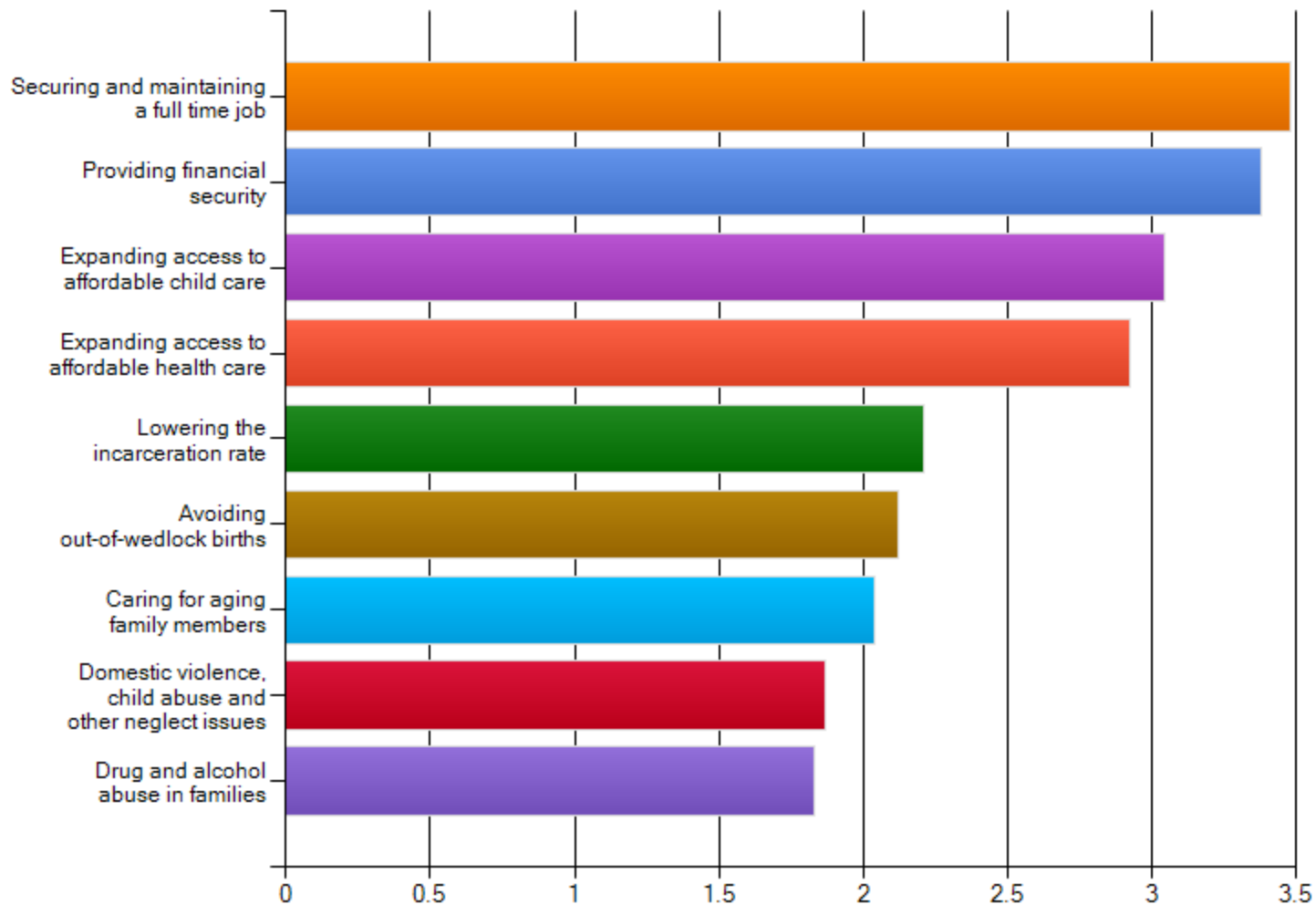


Response 1 = Increasing financial and life skills to better prepare them for the future

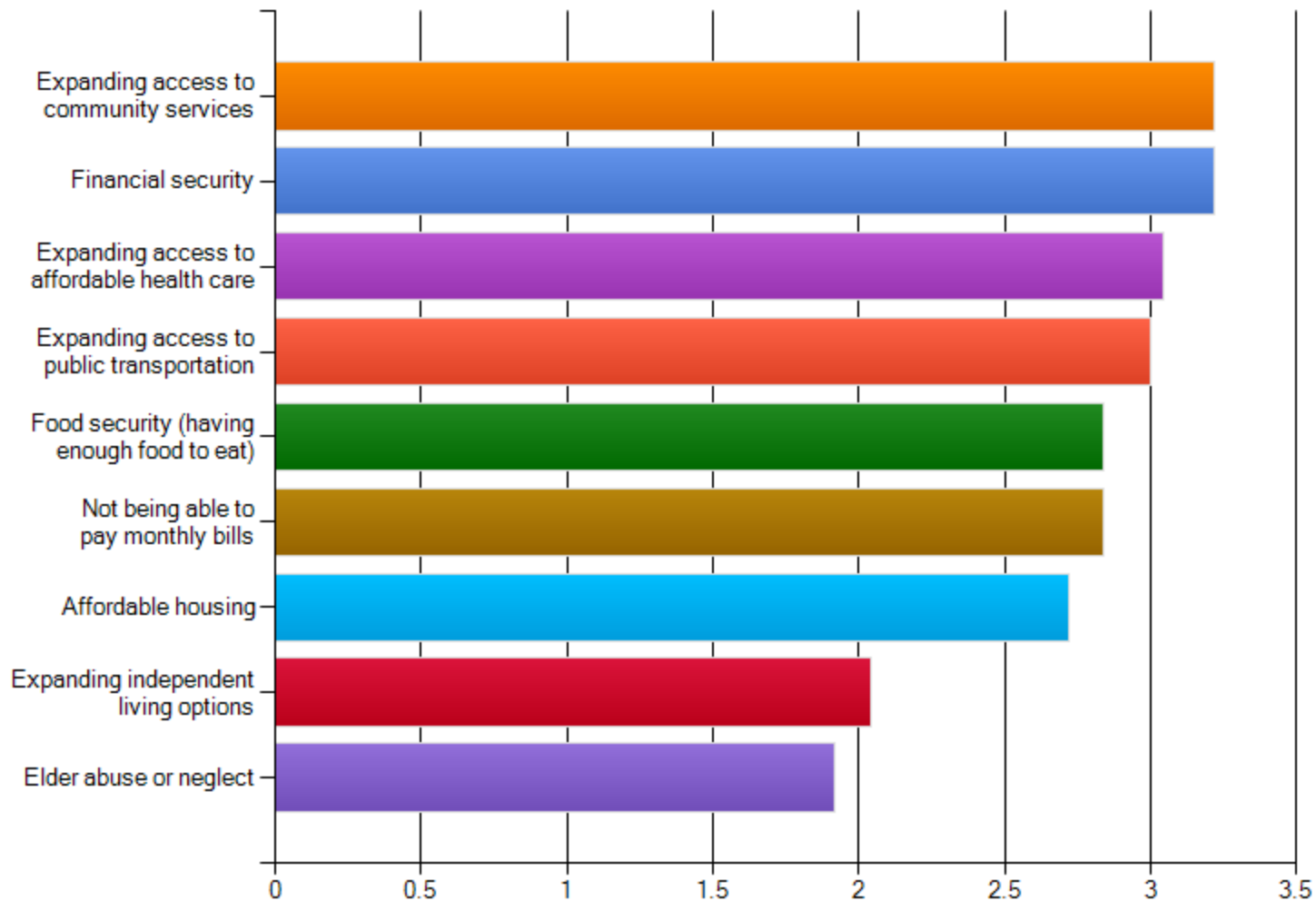
Response 3 = Increasing technology and science skills to better prepare youth for college entrance or workforce readiness



**Please check and rate the following activities or strategies your audience felt were most important in addressing poverty issues facing Virginia's Families:**



**Please check and rate the following activities or strategies your audience felt were most important in addressing poverty issues facing Virginia's Elderly:**





**POVERTY IN VIRGINIA**

