

Poverty Action Report



**SHRIVER
CENTER**

Sargent Shriver National Center on Poverty Law

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Shriver Center: Leading the Change

By John Bouman

[**Editor's Note:** John Bouman, the Sargent Shriver National Center on Poverty Law's director of advocacy, gave these remarks at the Shriver Center 2006 Awards Dinner on November 30 in Chicago.]

Sargent Shriver's favorite question is, "So, what are you going to do to change the world?" That's quite a challenge. But with your help and partnership the Shriver Center is doing its best to lead the change in the State of Poverty. Here are some highlights of action led by Shriver Center staff this past year:

Wendy Pollack, director of our Women's Law and Policy Project, and Katherine E. Walz, senior attorney, wrote an innovative law to protect the housing rights of victims of domestic and sexual violence. It is called the Safe Homes Act, and due to their efforts it is now the law in Illinois and becoming known in other states.

Dan Lesser, senior attorney, made sure that Illinois would have a state program to care for needy elderly and disabled refugees who were scheduled to lose their federal subsistence benefits due to bureaucratic delays with their citizenship applications. This is a national problem, and Dan is showing advocates in other states how he did it here.

Margaret Stapleton, senior attorney, and I put together a national coalition and filed a nationwide class action court case to stop 50 million Americans from losing their health care benefits because of onerous new citizenship documentation requirements. As a result of the case the government already has exempted 8 million of the most vulnerable elderly and disabled people from the new requirement. I am particularly proud of the coordinated national media campaign orchestrated by our ace communications director, Rikeesha Cannon, that helped produce this result.

Dory Rand, supervisor of our Community Investment Unit, has been making sure that financial literacy training is available to women in welfare-to-work

INSIDE THIS ISSUE

Congress Should Take the Lead in Minimum Wage.....2

Building Assets from Birth: Lessons from Around the World.....3

Roberts's First Term Reveals Little About Federal Court Access4

Let's Make Working Families a Priority...5



The November-December 2006 issue of Clearinghouse Review includes a review of recent Supreme Court decisions on federal court access, information on continuing disability reviews, and an article on the unionization of state-subsidized child care providers in Illinois. Other articles cover landlord sexual assault, the impact of bankruptcy reform on the poor, and third-party notification of eviction actions.

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programs, and she is showing the curriculum and her strategies to advocates in other states.

Bill Wilen, director of housing litigation, had the great pleasure this year to help a lifelong public housing resident and tenant leader move into a beautiful mixed-income condominium with a view of the skyline. This is an outcome of Bill's project to help change the old Henry Horner homes on Chicago's West Side. Bill is using the Horner experience as a national model for public housing redesign.

Ilze Hirsh and her team made sure that *Clearinghouse Review* continued to be the nation's leading journal for ideas for legal and policy innovation. We published two significant special issues of the *Review* this year. One was about the federal government's role in ending poverty, and the other involved the movement for a right to counsel in civil cases.

This is leadership for change in the tradition of Sargent Shriver. As we look ahead, I think about a contemporary of Shriver's, Dr. Martin Luther King Jr. King was unjustly jailed for leading nonviolent lawful protests. While sitting in jail, he was publicly scolded in the newspapers by pastors and rabbis for being impatient and an extremist. In the famous letter from a Birmingham jail, King taught some lessons about leadership for change that resonate here tonight.

One pastor wrote to lecture King about patience. King answered: "Human progress never rolls in on wheels of inevitability; it comes through the tireless efforts of people,... [T]he time is always ripe to do right."

On being accused of extremism, King wrote: "The question is not whether we will be extremists, but what kind of extremists we will be.... [W]ill we be extremist for the preservation of injustice or for the extension of justice?"

To those who would say, mind your own business, make and keep your own money, and take care only of your own people, King wrote this great summation: "Injustice anywhere is a threat to justice everywhere. We are caught in an inescapable network of mutuality, tied in a single garment of destiny. Whatever affects one directly, affects all indirectly."

All of us believe that. It is what brings us here tonight. We're all impatient for the changes that will end poverty. We're all the right kind of extremists in that

cause. Which is to say, we are leaders for change. We understand and embrace the inescapable network of mutuality. It matters to all of us what happens to any of us. And it matters to those who are comfortable that there are still so many others living in the State of Poverty.

And so we promise to assert leadership, to take action to end poverty, with the right kind of impatience, and the right kind of extremism. We're so grateful that you are with us leading the change and that we're all in this together.

Congress Should Take the Lead in Raising the Minimum Wage

By Margaret Stapleton

For the last ten years, the states and cities, not Washington, have led the fight to raise the minimum wage. In last month's midterm election, voters in all six states with state minimum-wage referenda on their ballots overwhelmingly supported increases. Now Illinois has legislation that would raise the minimum wage to \$7.50 an hour with increases scheduled in succeeding years. Now 29 states have a higher state wage than the federal minimum wage of \$5.15.

While states across the nation are enacting minimum-wage increases, Congress has refused to raise the minimum wage since 1997, allowing the purchasing power of the wage to drop to its lowest level since 1955. Laboring 40 hours a week for 52 weeks a year at the federal minimum wage, a worker grosses \$10,712 annually. Such a worker's family is living below, substantially below, the poverty level, now \$13,200 for a household of two, \$16,600 for a household of three, and \$20,000 for a household of four.

That may change. Sen. Edward Kennedy said this week that raising the minimum wage would be his top priority as the new chairman of the Senate Committee on Health, Education, Labor and Pensions, and incoming House Speaker Nancy Pelosi said that increasing the minimum wage would be addressed in the first 100 hours of the next Congress.

Yes, the incoming Congress should increase the minimum wage, and President Bush should sign the legislation. Doing so is long overdue. But raising the

federal minimum wage is only a step on the ladder toward true economic opportunity and upward mobility for lower-wage households. While raising the minimum wage may not be a solution for ending poverty in the United States, it certainly is a step in the right direction.

But if we really want low-wage workers to advance toward economic security, a raise in the minimum wage should be accompanied by a reversal of the recent trend of cutting federal programs, such as skills training and access to college, that lead to higher and higher earnings for lower-wage workers. We also hope that Congress will adequately fund crucial federal programs, such as assistance on energy costs, health care, housing, child care, education, and nutrition, that help both low-wage and middle-class households live decent and productive lives.

A federally funded infrastructure for opportunity such as raising the minimum wage will help workers sustain their current efforts and take steps out of poverty.

Building Assets from Birth: Lessons from Around the World

By Dory Rand

Several countries have been implementing or are proposing policies that build assets for every child starting from birth. Similar legislation has been introduced in the U.S. Congress. Now several states are taking the lead in proposing statewide universal children's savings account programs. The Sargent Shriver National Center on Poverty Law is participating in national, state, and local efforts to test and advance children's savings account programs and share lessons learned with policymakers and advocates.

As state laboratories of democracy consider options for universal children's savings account (CSA) programs, how the early adopters devised a variety of distinctive CSA strategies is instructive. A recent paper, "Building Assets from Birth," by Vernon Loke and Michael Sherraden of Washington University in St. Louis gives an overview of CSA policies and proposals in five countries. These policies are founded on the concept that the way out of poverty is not through additional income and consumption alone but

through the accumulation of assets. The policies are intended to encourage financial literacy and savings, expand opportunities, and boost the economy. The full paper is available at [insert].

The following summaries of the CSA programs in Singapore, the United Kingdom, and Canada are drawn from "Building Assets from Birth." Some common elements include universal structures, initial government investments and incentives, some targeted incentives based on family circumstances (income or family size), and tax exemptions for capital gains.

Singapore's Cradle-to-Grave Asset-Building Policies

Singapore implemented the first universal CSA program in 1993. In the Baby Bonus program, the government provides at birth an initial cash gift (U.S.\$1,875) that is directly deposited into an interest-earning savings account and matches deposits for up to four children per family 1-to-1 over six years up to a cap (U.S.\$3,750 or more) to encourage parents to have children and make additional deposits. Funds are used for child care, preschool, special education or early intervention programs, and medical insurance. From ages 6 to 16, each child can receive about U.S.\$2,530 in an automatically opened, interest-earning EduSave account for enrichment programs and incentive rewards for academic or cocurricular progress. At age 16 or when the child leaves secondary school, the funds are transferred to a postsecondary education account. The government matches family contributions to postsecondary accounts between ages 6 and 18 up to a cap. Unused balances in the three accounts are rolled over into an account that is matched by employers and can be used for retirement, home purchase, investments, life insurance, certain medical expenses, and educational expenses.

The United Kingdom's Child Trust Funds

The United Kingdom implemented a universal CSA program in 2005 for children born after September 1, 2002. The government issues a certificate worth about U.S.\$430 for deposit in a child trust fund of the parents' choice: an insured, interest-bearing savings account; a stakeholder account with capped management fees invested in mutual funds or a variety of stocks; or a share account invested in equities with no cap on management charges. The government pays a supplement to children in lower-income families and

makes an additional deposit to all accounts at age 7. Parents and others can contribute up to a certain amount to child trust funds tax-free. Funds may be withdrawn after age 18 and used for any purpose.

Canada's Education Savings Program

With financial incentives, the Canadian Education Savings Program encourages citizens to save for postsecondary education. Families must open a registered education savings plan before the child's 21st birthday in order to benefit from the education savings program. The government provides a universal savings match of 20 percent on the first C\$2,000 or less of annual contributions to the registered education savings plan and additional grants of 10 or 20 percent to lower-income families, up to a lifetime limit of C\$7,200 (U.S.\$6,430). The registered education savings plan is a tax-deferred savings vehicle akin to an American 529 college savings plan. Children in modest-income families eligible for the National Child Benefit Supplement also receive from the Canada Learning Bond an initial deposit of C\$500 (U.S.\$446) and annual payments of C\$100 (U.S.\$89) for up to 15 years to a lifetime limit of C\$2,000 (U.S.\$1,786). Funds must be used for qualified educational expenses or transferred to another child. Unused funds are forfeited to the government.

Early results show that these programs have increased the number of accounts, deposits, and savings among participants, although participation is lower in lower-income households.

For more information on children's savings accounts, see <http://www.povertylaw.org/advocacy/community-investment/national-and-state-policy.html/>, <http://www.cfed.org/focus.m?parentid=31&siteid=288&id=288> or <http://www.assetbuilding.org/AssetBuilding/index.cfm?pg=sections&SecID=103>, or contact Dory Rand at doryrand@povertylaw.org or 312.368.2007.

Supreme Court in Roberts's First Term Reveals Little About Federal Court Access

With two new justices sitting on the U.S. Supreme Court, including Chief Justice John Roberts, the legal community waited to see what decisions would unfold in Justice Roberts's first term. According to *Clearinghouse Review: Journal of Poverty Law and Policy*,

“this past term the Supreme Court revealed little about its approach to federal access issues.” The Federal Court Access Group, a set of legal aid lawyers organized by Gill Deford, has written over ten articles for the *Review* about decisions affecting poor people's ability to access the federal court system. In the November–December 2006 *Review*, the current issue, the group discusses why the decisions in the first term of the Roberts era did not reveal a new direction for the Court.

In many of the term's cases the holdings were based on narrow issues and did not force the new Court to produce any remarkable decisions regarding federal court access. However, in a notable case, the Court's interpretation of the Prison Litigation Reform Act of 1995 narrowed federal court access for incarcerated persons. The Court also restrictively interpreted certain provisions of the Individuals with Disabilities Education Act (IDEA). In the current term's upcoming cases, including the controversial issues of abortion and affirmative action in public schools, the Court will show whether its stance will continue to lean toward the conservative side in federal court access issues.

Published by the Sargent Shriver National Center on Poverty Law, the November–December 2006 *Review* also features the following articles by advocates and attorneys across the country:

- “The Unionization of State-Subsidized Home Child Care Providers in Illinois and Its Effect on the State's Child Care Assistance Program” by Dan Lesser
- “Landlord Sexual Assault and Rape of Tenants: Survey Findings and Advocacy Approaches” by Theresa Keeley
- “Third-Party Notification of Eviction Actions: An Opportunity for Advocates to Help End Homelessness” by Emily Nugent and Peyton Whiteley
- “Continuing Disability Reviews: What Advocates Need to Know” by Linda Landry
- “Affirmatively Litigating—Communicating with Your Expert Witness: Is Your Work Product Protected?” By Greg Bass
- “Still Segregated After All These Years” by Elizabeth K. Julian

Let's Make Working Families a Priority

By John Bouman and Nancy K. Cauthen

More than a third of Michigan's children live in families whose incomes are insufficient to cover the costs of basic necessities—housing, food, health care, child care, and transportation. Yet a startling 44 percent of these children have a parent who works full time, 52 weeks a year. What happened to the American promise that hard work would pay off and that we could all offer our children a better life?

Michigan families are not alone—working families across the Midwest are facing similar challenges. Half of Illinois' low-income children have a parent who works full time, year round. In Indiana, the number of children living in low-income families increased by nearly 24 percent since 2000. And although poverty, especially among young children, has been increasing in other parts of the country, the Midwest is the only region where poverty has risen among children *with working parents*.

Most Americans believe that parents who work hard ought to be able to provide for their children. But a recent report from the National Center for Children in Poverty—"Struggling Despite Hard Work: Low-Income Families in Michigan and Detroit"—shows that full-time employment does not always spare families from hardship. A single parent in Detroit working full-time at \$8 an hour and supporting two children lives with a staggering gap of \$16,000 a year between income and the cost of basic expenses. Parents face tough choices when they don't earn enough to make ends meet. Ignore the utility bill and risk having the electricity shut off? Postpone needed medical care? Use less reliable child care? Because the economy is

Improving these policies and expanding their reach will take resources. But if we truly believe that parents who work full-time ought to be able to provide their families with a minimally adequate standard of living, we must address the needs of the growing numbers hard-working parents who are unable to do so.

changing, more and more parents are facing such challenges. Good jobs are disappearing and being replaced by low-wage jobs. About a quarter of U.S. workers now have jobs that pay poverty-level wages and provide few prospects for advancement and wage growth; most of these jobs don't provide crucial benefits such as health insurance and paid sick leave. And the Midwest has been particularly hard hit.

The good news is that government policies can help hard-working parents close the gap between earnings and expenses. "Work support" benefits—such as earned income tax credits, child care subsidies, and health insurance coverage—can provide an extra boost for parents who work for low wages. Refundable earned income tax credits lower a family's tax liability and provide extra cash. Child care subsidies can help parents afford safe and reliable child care while they are working. And health insurance leads to more preventive care and helps workers and their children stay well.

Unfortunately, in Michigan, as in many states, families don't always get the benefits they need. Michigan does not offer a refundable state earned income tax credit as a dozen or so other states now do. Only 7% of Michigan's low-income children with working parents receive child-care assistance. Rates of public health insurance coverage for Michigan's low-income children are much higher, but few of their parents are eligible.

Michigan—and the nation—can do better if we make the needs of working families a public policy priority.

Download report at

<http://www.nccp.org/pub/lmi06.html>

Comments, letters and general feedback about *Poverty Action Report* should be sent to the editor, Rikeesha Cannon at 312.368.2677 or rikeeshacannon@povertylaw.org