

# Poverty Action Report



**SHRIVER  
CENTER**

Sargent Shriver National Center on Poverty Law

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## **Ninth Ward of New Orleans Still Haunts Discussions of Economic Disparity**

*John Edwards Campaign Raises the Right Issues*

Last week, John Edwards announced that he was running for President. While few were surprised by his announcement, many were interested by where the announcement took place—in New Orleans' still-devastated Ninth Ward. The connection is clear. Edwards has spent the last four years speaking out about poverty in America, and the Ninth Ward of New Orleans continues to haunt every discussion about economic disparity in America.

That is why Edwards's announcement in the Ninth Ward was so powerful. It serves as a reminder that to make a difference on national problems as big as the hurricanes, as big as guaranteeing decent health coverage for all, and as big as poverty, it will take an active and competent federal leadership.

Edwards understands that the fight to end poverty in America cannot be restricted to platitudes about personal responsibility. We need real leadership, presidential leadership that will set a substantive agenda to work towards economic security and fairness for all. Edwards is right to point out that strengthening the middle class and "ending the shame of poverty" are actually different ways to talk about the same issue. Strengthening the middle class means opening it to more people and keeping them there once they make it. Fighting poverty means creating paths into the middle class and preventing members of the middle class from falling into poverty. Policies such as establishing health care for everyone serve both goals and illustrate the essential fact—that we are all in this together.

It would be an affront to the lives destroyed by the hurricane and to Americans everywhere, if we used the Gulf tragedy only to score opportunistic political points. Rather, from that tragedy, we should take increased devotion to fight for equality, opportunity, and justice for all Americans. In this increasingly unequal time, the fight to end poverty becomes proportionately more pressing, as

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more and more middle-class Americans feel the uncertainty we once characterized as confined to the poor: stagnant wages, disappearing health care, and educational inequality.

Katrina reminded us of the persistent and deep poverty that exists in our nation, and of the dormant role of the federal government in recent years. The country is hungry for a renewed focus on this set of issues. People are demanding that our representatives fight for economic security and fairness for low income and middle class Americans. John Edwards should be recognized for raising the right issues from the very start of his campaign. Let's hope that the other candidates will engage in a vigorous conversation about how best to accomplish these goals.

John Bouman

President

Sargent Shriver National Center on Poverty Law

50 E. Washington St. Suite 500

Chicago, IL 60602

312.263.3830 ext. 250

#### Five New Members Added to Board of Directors of the Sargent Shriver National Center on Poverty Law

Five new members of the Sargent Shriver National Center on Poverty Law's board of directors will strengthen the administration of the Shriver Center's national mission. The five new members will serve a three-year term, most beginning in January 2007:

- **Nicholas E. Chimicles** is a senior partner and chairman of the executive committee of Chimicles & Tikellis LLP. He is past president of the National Association of Securities and Commercial Law Attorneys.
- **Stuart Cohen** is the AARP Foundation's director of legal advocacy. His legal experience includes work in housing, public benefits, consumer, child abuse and neglect, and family issues.
- **The Honorable Mickey Kantor** is a partner in the Washington, D.C., office of the law firm Mayer, Brown, Rowe & Maw. He served as U.S. Secretary of Commerce under President Bill Clinton and has a distinguished record of government service.
- **John C. Thurmond** is a real estate associate at Sonnenschein Nath & Rosenthal LLP in Chicago. He will serve as the liaison to the Shriver Center's associate board of directors.
- **Cyrus Vance Jr.** is a principal at Morvillo, Abramowitz, Grand, Iason, Anello & Bohrer P.C. in New York City. His expertise includes civil and criminal cases with an emphasis on criminal defense in federal and state courts in a wide variety of legal matters.

### John Bouman Named President of the Shriver Center

*National Antipoverty Organization Reorganizes in "Era of Renewed Promise"*

John Bouman has been named president of the Sargent Shriver National Center on Poverty Law, an organization established in 1967 to champion law and policy for low-income people. Bouman now spearheads a reorganization initiated in 2006 by then executive director Rita McLennon. Bouman became president on January 1.

Speaking about the Shriver Center's reorganization, Bouman said, "This is an exciting time both in our organizational and in our national history." He continued, "We are in an era of renewed promise for policy changes that increase economic security and upward mobility for all. I'm looking forward to the opportunity to lead the Shriver Center as we advocate real progress to end poverty in the United States."

Bouman joined the Shriver Center in May 1996 after 21 years at the Legal Assistance Foundation of Chicago, where he supervised public benefits advocacy from 1985. The Shriver Center's director of advocacy since 1996, he is recognized as one of the most effective and thoughtful antipoverty advocates in the country.

"With John Bouman's leadership and advocacy expertise, we can be even more aggressive in setting a national agenda to end poverty," said McLennon. "I thought it was time to change our structure so that we can be better positioned for the public policy opportunities ahead."

As vice president of external affairs in the reorganized Shriver Center, McLennon will build the organization's resources. The Shriver Center will hire a vice president of operations to oversee office management and human resources. This addition to the administrative staff will ensure that Bouman can focus his talents on the Shriver Center's advocacy agenda while McLennon is devoted to revenue-generating activities.

"The Shriver Center is poised to do even more to fight poverty in the coming years. The board of directors is confident that with the continued leadership of both John Bouman and Rita McLennon during these promising times, we will see even greater success," said Sunny Fischer, the Shriver Center's board chairwoman.

## Shriver Center's 2007 Community Investment Agenda

By promoting national, state, and local advocacy and model programs that help people build, own, and protect personal and financial assets, the Sargent Shriver National Center on Poverty Law's Community Investment Unit takes action to end poverty. On the national level, the Community Investment Unit's top policy initiatives for 2007 include

- adopting universal, progressive children's savings accounts for every child in America;
- reforming asset limits in public benefit programs such as food stamps and Supplemental Security Income by eliminating asset limits, exempting asset categories, or raising asset limits;
- protecting consumers from predatory lending and opposing federal preemption of state consumer protection laws that offer greater protection; and
- promoting financial access and asset building for all, including the unbanked and underserved.

On the state level in Illinois the Community Investment Unit plans these policy initiatives:

- Creating children's savings accounts for all Illinois children and supporting the Illinois Asset Building Group's bill in 2007 to create a statewide task force.
- Expanding asset-building opportunities for low-wage workers. The Community Investment Unit supports the development of a portable retirement savings account for small businesses, employees, and the self-employed who do not participate in traditional pension plans or 401K programs. The unit will work to expand Individual Development Account programs to enable more low-income adults to buy a home, start a business, or pursue postsecondary education. The unit aims to reform asset limits in state-administered public assistance programs such as Temporary Assistance for Needy Families, the Food Stamp Program, and Medicaid.
- Protecting consumers from predatory lending. The Community Investment Unit will work to cap interest rates on predatory lending (e.g., payday, tax refund anticipation, mortgage, rent-to-own) at 36 percent. The unit supports prohibiting the deposit of state funds in any financial institution that participates, directly or indirectly, in predatory lending. The unit will advocate the creation of a state office of financial education and a website with useful information for adults and kids on financial topics, including predatory lending. The unit will work to incorporate financial

literacy in K-12 public education will support grants to banks and credit unions to partner with schools and nonprofit entities to develop student-run banks.

- Promoting financial access and asset building for all, including the unbanked and underserved. The Community Investment Unit will encourage banks and credit unions to locate in and serve underserved areas of the state, especially low-income, minority, and immigrant communities with higher rates of unbanked, underserved, and asset-poor households. The unit aims to strengthen the Illinois Banking Development District law by focusing on underserved areas and to educate financial institutions on how to reach out legally to immigrant communities by accepting individual taxpayer identification numbers (ITIN) and alternative identification to open bank accounts and receive loans. The unit will promote the Illinois Housing Development Authority's affordable Opportunity I-Loan program to expand home ownership for persons with limited credit history. The unit advocates linking the deposit of state funds to banks with outstanding Community Reinvestment Act ratings and Community Development Financial Institutions that serve low-income and underserved areas.

For more information or to get involved in these policy issues, contact Dory Rand, the Shriver Center's supervising attorney for community investment, at 312.368.2007 or [doryrand@povertylaw.org](mailto:doryrand@povertylaw.org).

### Reentry and Disability Topics to Be Covered in Two Special Issues of Clearinghouse Review

The Shriver Center is scheduled to publish two special issues of CLEARINGHOUSE REVIEW in 2007: the July–August issue will explore the implications for civil poverty law practice of low-income clients' involvement in the criminal justice system, and the September–October issue will feature information on helping low-income clients with disabilities. For over 40 years, CLEARINGHOUSE REVIEW has been the country's primary communication and research vehicle to enable a nationally coordinated movement among lawyers to fight poverty through law and policy. As the REVIEW enters its fifth decade, these two special issues will be central to the Shriver Center's ongoing promotion of a national agenda for ending poverty.

The July-August special issue will focus on the widening net that the criminal justice system casts in low-income communities, particularly communities of color, and the

interplay of civil and criminal law issues. On the front end of the system, poverty can place people on a slippery slope into criminal charges. People who are homeless are often subject to charges of trespassing or "sleeping in public," and for clients who receive benefits from programs with complex eligibility requirements, whether excess payment leads to charges of fraud or mere overpayment is often an arbitrary decision. At the back end of the system, multiple barriers—such as exclusion from benefits programs, public housing, and many job categories—limit clients' ability to re-enter the community.

Legal aid lawyers who are aware that their clients (or their clients' family members) may also be involved in the criminal justice system are positioned to offer better and more effective representation. Articles in this special issue will examine the phenomenon of the criminalization of poverty, how civil legal aid programs should take the phenomenon into account, and implications for particular parts of the client community (e.g., homeless people, youth, and domestic violence survivors) and substantive issues (e.g., employment, public benefits, and housing). For more information, contact Marcia Henry at 510-531-9142 or [marciahenry@povertylaw.org](mailto:marciahenry@povertylaw.org).

The topic of disability was selected for the September–October special issue because people with disabilities are more likely than those without disabilities to live in poverty, be unemployed or underemployed, be excluded from school, be without needed housing, or be denied access to health care, schools, transportation, courts, or voting. Because of the many barriers they face, people with disabilities are likely to need legal assistance. Whether advocates practice "government benefits law" or "housing law" or "health law" or "employment law" or assist seniors, youth, or immigrants, they are likely to meet or have clients who have disabilities.

This special issue aims to help advocates, regardless of their practice area, identify issues and help their clients. Issues to be covered tentatively include housing, health, social security, employment, youth, special education, technology, ethics, and legal aid organizations' obligations under the Americans with Disabilities Act. For more information, contact Catherine Dorn Schreiber at 909-793-2578 or [cshreiber@povertylaw.org](mailto:cshreiber@povertylaw.org).

For CLEARINGHOUSE REVIEW subscription information: <http://www.povertylaw.org/clearinghouse-review/subscriptions/subscription-form.pdf>.

### **Stronger Protections Needed for Low- to Moderate-Income Taxpayers from Refund Anticipation Loan Charges of 187%**

The advertisements have already begun on television. Vendors are advertising refund anticipation loans, which offer customers money in a short-term loan (7 to 14 days) on their tax returns. What the advertisements do not say is that the average cost of a refund anticipation loan is \$100 on an average tax return of \$2,050. That is a 187 percent annual percentage yield, not including a \$30 administration fee.

Even more alarming is the introduction of "pay stub loans," which offer customers a loan on their tax refund even earlier than refund anticipation loans by using customers' pay stubs instead of their W-2. The loan is not based on the amount of the tax return but on the anticipated amount of the tax return, which could fall short, leaving the customer to come up with the difference.

Vendors contend that refund anticipation loans survive in the market due to customers' impatience. But data from the Internal Revenue Service show that 79 percent of refund anticipation loan recipients in 2003 were the people who could least afford them—those with an adjusted gross income of \$35,000 or less.

"Every year at this time taxpayers are overwhelmed with commercials for refund anticipation loans promising easy money, but taxpayers are unaware of the steep interest that vendors charge," said Dory Rand, supervising attorney of the Sargent Shriver National Center on Poverty Law's Community Investment Unit. "These vendors typically prey on people who are unaware of their options, and these kinds of products strip away any cash people have and continually keep them behind on their other bills."

Federal legislation should be introduced in Congress to provide stronger protection for taxpayers from unscrupulous refund anticipation loans than is currently offered in the states. Effective legislation should limit the amount of interest that may be charged, limit the times borrowers can take out refund anticipation loans, and require all providers of such loans to disclose fully all information regarding fees as well as the IRS's tax return direct deposit program.

Congress also should provide funding to eligible entities to provide free or reduced-fee tax-preparation services to low- and moderate-income taxpayers and to assist

individuals in establishing accounts in federally insured depository institutions.

*The Shriver Center is invested in building the stability and strength of families and communities through increased asset protection. For more information, contact Dory Rand at [doryrand@povertylaw.org](mailto:doryrand@povertylaw.org) or Jami Schlafer at [jamischlafer@povertylaw.org](mailto:jamischlafer@povertylaw.org).*

### **Advocates Can Help People Affected by Changes in Welfare Law**

One year after the Temporary Assistance for Needy Families program (TANF) was reauthorized by the Deficit Reduction Act, additional complications arise for TANF applicants and recipients with disabilities, according to the January–February 2007 *Clearinghouse Review: Journal of Poverty Law and Policy*. By defining work activities more narrowly, the new TANF provisions make it more difficult for persons with disabilities to meet work requirements. Advocates are now poised to help such clients by using the American Disabilities Act and Section 504 of the Rehabilitation Act.

“Given the nature of the TANF changes and the high prevalence of disabilities among parents receiving TANF benefits,” writes Cary LaCheen, “the new statute and regulations have a number of implications for families receiving TANF with either a parent or child with a disability.” The lead article in the latest issue of *Clearinghouse Review* (out later this month), “New Provisions of the Temporary Assistance for Needy Families Program: Implications for Clients with Disabilities and Advocacy Opportunities,” by LaCheen, discusses how these changes will affect legal advocates and their clients. The article identifies opportunities for policy advocacy on behalf of individual clients so that they can obtain and maintain TANF benefits.

Published by the Sargent Shriver National Center on Poverty Law, the January–February 2007 *Clearinghouse Review* also features the following articles by advocates and attorneys across the country:

- “The Violence Against Women Act Now Ensures Legal Services for Immigrant Victims” by Amanda Baran
- “Fairer Housing for People with Disabilities: Securing an In-Place Tenant’s Right to Reasonable Accommodation” by Liam Garland
- “Immigration Relief for Survivors of Domestic Abuse, Sexual Assault, Human Trafficking, and Other Crimes: A Violence Against Women Act

2005 Update” by Joanne Lin, Leslye Orloff, and Ericka Echavarría

- “Portable Justice, Global Workers, and the United States” by Cathleen Caron
- “The Big Skim: How Tax Refund Anticipation Loans Drain Over a Billion Dollars from Workers’ Tax Refunds” by Chi Chi Wu

For information on how to subscribe to *Clearinghouse Review: Journal of Poverty Law and Policy* and other Shriver Center publications, please visit our website at [www.povertylaw.org](http://www.povertylaw.org).

### **Two Programs Agree on the Benefits of Higher Education**

An innovative tuition program at the University of Texas Pan America embodies the concept that higher education must be a universal asset. This fall the University of Texas Pan America will begin the UTPAdvantage, offering free tuition. The program will cover the costs of tuition for University of Texas Pan America students with a combined annual family income below \$25,000.

Aside from emphasizing educational access, UTPAdvantage will hold participants to high academic standards. Passing letter grades in a designated number of classes and maintaining fifteen or more credit hours per semester define eligibility. These requirements encourage students not only to graduate on time but also to do so with high academic standing.

UTPAdvantage emulates the Sargent Shriver Center National Center on Poverty Law’s mission to create financial security through asset building. Similar to UTPAdvantage, the Shriver Center’s Children’s Savings Account program embraces the principle that every child deserves the opportunity to go to college.

Children’s Savings Accounts will provide all Illinois children with designated assets at birth; the assets will grow over time as an investment. Despite negative financial, job, or relationship circumstances, children upon turning 18 will have the choice of using their investment toward college or vocational school, placing a down payment on a home, or starting their own business. All children, regardless of economic background, may choose their own direction as they take on the responsibilities of adulthood. The benefits that individuals and communities obtain by sending children to college are worth the financial cost, or so UTP Advantage and Children’s Savings Accounts agree.

Both programs support the idea that higher education degrees ultimately retain value, just as monetary assets do. Not only do asset building and tuition assistance programs offer opportunities for the individual, but also they create an educated workforce for the region. An increase in the educated workforce means more jobs and innovation, more savings and investment, stronger communities, and a thriving economy.

The message is clear—poverty and insufficient resources should not be barriers to higher education. UTPAdvantage and Children’s Savings Accounts are accompanied by several national college tuition and asset-building programs that both create awareness and take action.

For more information on Children’s Savings Accounts, contact Dory Rand at [doryrand@povertylaw.org](mailto:doryrand@povertylaw.org). See also: <http://www.utpa.edu/advantage/>, [www.assetbuilding.org](http://www.assetbuilding.org), <http://www.cradletocollege.ky.gov/>

### **Illinois Is a Leader of the Medical Home Concept**

Illinois’s Department of Healthcare and Family Services begins an experiment this month to have 1.2 million Medicaid recipients enroll with a primary care provider. The new health care program, Illinois Health Connect, is the state’s attempt to provide better patient-centered care on the “medical home” model.

The financial and health benefits of the “medical home” concept are outlined in “No Place Like Home,” a Commonwealth Fund report by Stephen C. Shoenbaum and Melinda Abrams.

The report argues that, by visiting a medical home, families can see improved health outcomes and avoid costly care. Schoenbaum and Abrams cite the primary care case management model “as [being] part of a broader quality improvement effort ... help[ing] patients manage their chronic conditions, and reduce spending on emergency or other acute care....”

The medical community would face real-world challenges if the medical home model became a more prescribed form of care in America. Medical schools would need to restructure their curriculum to include courses on coordination of care and practice management. The medical community would need to encourage more medical students to enter into family medicine and would

need more actively to recruit individuals to become nurses or physicians’ assistants, who are “the [extenders] of the nation’s primary care services.”

Although the implementation of the Illinois Health Connect program will be inevitably bumpy, the state is attempting to preempt some of these challenges. First, as of January 1, 2006, payment rates for preventive services increased, bringing them closer to Medicare payment rates. Second, in July 2006 Illinois began expediting payments to physicians to encourage more of them to serve as medical homes for Illinois’s Medicaid patients.

Also touching upon the disease management concept, the report explains: “Nurses would play central roles, working with primary care physicians to develop disease management programs for patients with chronic illness....” In July 2006 Illinois adopted a disease management program, called Your Healthcare Plus. Managed by McKesson, it follows the model outlined by Schoenbaum and Abrams. The program is intended to reach out to high-risk patients—disabled adults, children and adults with asthma, and frequent emergency room users. Nurses, health care educators, and caseworkers connect high-risk patients with primary care providers, coordinate care with patients’ primary care providers, and educate patients about healthy living.

Illinois’s adoption of the medical home model potentially puts Illinois ahead of the pack in establishing what the report calls “the most comprehensive approach to providing care.” Health care providers, case managers, legislators, and patients throughout the state wait with guarded optimism.

For more information, contact Patrick Keenan-Devlin at [keenan-devlin@povertylaw.org](mailto:keenan-devlin@povertylaw.org).

See the Commonwealth Fund’s article at [http://www.cmwf.org/aboutus/aboutus\\_show.htm?doc\\_id=434064&#doc434064](http://www.cmwf.org/aboutus/aboutus_show.htm?doc_id=434064&#doc434064).

Send comments, letters and general feedback about *Poverty Action Report* to Bekki Marchiel at 312.368.5197 or [rebeccamarchiel@povertylaw.org](mailto:rebeccamarchiel@povertylaw.org).