THE STATE OF THE SAFETY NET

Why it matters, where we stand, what brought us here, and how we move forward
Where We Stand Today

• Holes in the Safety Net
• Increasing Safety Net Strain
• Inadequate Reach
Holes in the Safety Net

• In Kansas, more than 4,800 developmentally disabled adults and children are on waiting lists for Medicaid-funded services in community-based programs. At least 3,250 people with physical disabilities are also waiting for services.
  • More than 600 of these individuals are in Johnson County.
• Kansas eliminated the cash General Assistance program in 2011; this year, guaranteed Medicaid eligibility for that population will end, as well.
• Only 62% of unemployed Kansans receive Unemployment Insurance.
• Roughly a quarter of the nation's 4-year-olds and more than half of 3-year-olds attend no preschool.
  • Only 60% of Kansas children ages 3-5 were enrolled in pre-kindergarten programs in 2009.
• More than 14% of Kansas families are food insecure.
  • Nearly 200,000 Kansans turn to emergency food banks each year.
Holes in the Safety Net—Johnson County

- In Johnson County, the Section 8 (housing assistance) waiting list is now closed; all slots were filled within a day.
- In 2011, Johnson County’s Health Partnership Clinic saw patient visits (for low-income, uninsured individuals) increase by 21% over the previous year.
- For every 100 eligible Johnson County 3-4-year olds, only 20 are served by Head Start.
- The Jo bus system is facing significant cuts and could end up with only 5 remaining routes, instead of more than 20, despite passenger counts nearly twice those of a decade ago.
Increasing Safety Net Strain

- In 2010, more Americans lived in poverty than in the 52 years since the nation began tracking poverty statistics.
  - In 2010, Kansas’ child poverty rate exceeded national figures, with 23.7% of Kansas children in poverty, compared to 18% in 2009.
  - Between 2000-2010, Johnson County’s population grew about 20%; at the same time the number of people below the federal poverty level increased 134%. The number in poverty went from 15,300 in 2000 to 35,800 in 2010.
- There was a 37% increase in the number of Johnson County households receiving energy assistance between 2010 and 2011.
- Since the 2007-08 school year, the number of homeless students in Johnson County has nearly tripled, up to more than 900, during the 2010-11 year.
- Number of households in the U.S. receiving food stamps has nearly doubled since 2007 (to 21.4 million).
- Nationally, 7.1 million households —16.6 million people — paid more than half of their incomes for rent or lived in severely substandard housing in 2009, a jump of more than 20 percent since 2007.
HUD Rental Assistance Has Remained Flat Despite Increase in Need

Source: HUD analysis of Census data; CBPP analysis of HUD data
SNAP Participation: Johnson County and State of Kansas

SNAP Average Monthly People Enrollment
Johnson County, Kansas

SNAP Average Monthly People Enrollment
State of Kansas
Free and Reduced Lunch Participation in Johnson County

Free and Reduced Lunch Program Participation Rate
County-wide participation rate climbs from 1 in 10 to 1 in 4
Inadequate Reach

- Inadequate outreach=poor coverage
  - Kansas’ SNAP participation rates (63% of all eligible families; only 51% of eligible working poor) rank in the bottom quarter of all states (USDA, 2011).

- Insufficient eligibility criteria=limited assistance
  - In Kansas, a household cannot earn more than 35% of the federal poverty line to be eligible for TANF (CLASP, 2008).
  - Earning more than 32% of the federal poverty line disqualifies a family for Medicaid in Kansas (KFF, 2012).
  - Despite rising poverty, fewer than 3000 Johnson Countians (39,000 in Kansas) receive TANF.

- Incomplete service provision and benefit erosion=holes in the safety net
  - Kansas’ Medicaid program does not provide any routine dental care for adults.
  - In Kansas, the purchasing power of cash assistance dropped almost 30% between 1996 and 2011 (CBPP, 2011).
  - In 2011, even TANF and SNAP together could only bring a family of three to approximately 60% of the federal poverty line in Kansas.

- Inadequate funding=long waits and routine denials
  - Fewer than 25% of eligible families receive housing assistance (CBPP, 2011).
  - Even at its funding peak (2009), LIHEAP (energy assistance) only covered approximately 25% of eligible households.
Inadequate Reach—Johnson County

• Many critical safety net services are only located in a certain part of Johnson County and, without adequate public transportation, accessibility is elusive.
  • Limited hours of operation make it especially difficult for working people to access services.
• Some services—Parents as Teachers home visiting, for example, have tightened eligibility criteria in response to funding cuts.
• Reductions in outreach budgets make navigating the social safety net even more difficult for those unfamiliar with all of the potential resources.
How We Got Here

• Budget Cuts
• Move Towards Block Grants, Away from Entitlements
• Tax Decisions—Expenditures that disproportionately benefit higher earners, and cuts that imperil revenue foundation
• Privatization and Renegotiation of Social Contract
• Recession, which exposed fragility of safety net
• Attacks on the poor, which shred the safety net
Budget Cuts

• Cuts to the Women, Infants, and Children (WIC) program in 2011 create possibility that states will have to turn away potential participants, as many as 700,000 nationwide (6000 in Kansas).

• HUD’s final fiscal year 2012 budget cuts total program funding by $3.7 billion (9 percent) below the 2011 level.

• It will only get worse: the increasingly strict caps on most “discretionary” spending due to take effect starting in 2013 under the Budget Control Act will make it difficult to prevent further severe cuts in the safety net.

  • Already, grants to safety net health clinics were reduced $221 million in 2011, in order to meet deficit-reduction targets.
Budget Cuts—Kansas

- Overall state spending cut by 3% in the FY2013 Kansas budget.
  - Spending proposed in the governor’s FY 2013 budget recommendation was lower than the amount the state actually spent five years earlier in FY 2008 (the final budget was approximately $50 million more).
- In recent years, social services have been particularly hard-hit:
  - Mental health reform grants have been cut by $20 million, or 65%, since 2008. Nearly $10 million was cut in 2010 because of Medicaid rate reductions, as well.
  - In 2011, legislature cut $10 million in social services across the board.
  - There was some good news for the safety net in the FY2013 budget:
    - $56 million for the Children’s Initiative Fund
    - $1.5 million for renovations at Rainbow Mental Health
    - $3.6 million to reduce waiting lists for in-home services for those with disabilities
  - Still, most of the cuts were not restored, and there is significant future uncertainty in light of the large tax cuts approved.
Entitlements ▸ Block Grants

• In 1996, for every 100 families with children living in poverty, AFDC provided cash aid to 68. By 2010, TANF provided cash assistance to only 27 such families (CBPP, 2012).

• U.S. House budget proposal from spring 2012 included a plan to make SNAP a block grant; analysis suggests that could deny 8 million vulnerable citizens food assistance.

• Because of their significance within the budget, entitlements—especially Medicaid, Medicare, and Social Security—are prime targets for deficit reduction negotiations.
Tax Decisions

• Cutting taxes often means cutting the safety net
  • Federally, the 2001/2003 tax cuts added about $1.7 trillion to deficits between 2001 and 2008; by 2018, this could total $4.4 trillion.
  • In Kansas, the reductions in individual income tax rates and the elimination of some business taxes will create a deficit of between $2.4 billion and $2.9 billion by fiscal 2018.

• Tax expenditures disproportionately benefit higher earners
  • Biggest tax expenditures (mortgage interest deduction, exclusion of dividends/capital gains, employer contributions for health care, defined benefit/contribution retirement plans) go overwhelmingly to top 20% of households, by income—eliminating tax expenditures would have the greatest effect on the after-tax income of the top 1%.
  • In at least 7 states, efforts to reduce/eliminate the state income tax would be financed, at least in part, by eliminating tax credits and deductions (like EITC) that help low-income families—making tax expenditure policy even more regressive.
    • In Kansas, while the EITC was preserved, tax credits specifically targeted to low-income filers worth more than $63 million/year were eliminated in the tax cut bill.
Privatization

• Much of the safety net now work-based, but many who are out of the labor market or marginally employed lack these protections:
  • The number of Americans without health insurance rose in 2011 to just under 50 million, as the weaker economy chipped away at employer-provided health coverage (U.S. Census Bureau).

• Private nonprofit organizations take on a larger share of safety net responsibilities, with declining resources:
  • Donations to charities fell 11% in 2009, the steepest drop in 20 years.
  • In 2010, individual charitable contributions were only 14% of 501(c)3 organizations’ total revenue. Government spending accounted for more than 30% of 501(c)3 revenue.
Change in Health Insurance Coverage by Type of Coverage, 2001 to 2010
Percentage point change in health insurance coverage for the non-elderly population

-3.2 Total Insured
-9.1 Employer
-0.2 Other Private
+5.9 Medicaid
+0.7 Medicare
+0.6 Military

Source: U.S. Census Bureau
Center on Budget and Policy Priorities | cbpp.org
Private Nonprofit Sector Cannot Replace Public Safety Net

And 30% of all 501(c)3 dollars come from the government

All figures in billions of dollars
Recession

• Since the recession began, family incomes have fallen by 11.3% for those in the bottom 20% of the income distribution (U.S. Census Bureau).
• In February 2012, the percentage of the U.S. population with a job was at its lowest in nearly 30 years.
• The number of jobs lost in Kansas in 2009 was the largest recorded decline since 1946.
• Even after the recession officially ended, Kansas was one of only 17 states whose unemployment rate continued to rise through the end of 2010.
• Including discouraged workers and those involuntarily working part-time gave Kansas a 12% ‘unemployment rate’ in late 2010.
• In 2010, real median household income in Kansas was almost 5% lower than the pre-recession median.
Percent change in nonfarm payroll employment since start of recession

Source: CBPP calculations from Bureau of Labor Statistics data.

Center on Budget and Policy Priorities | cbpp.org
Recession—Johnson County

- Johnson County unemployment hit 7.2% in January 2010, significantly lower than the national average but historically high for the county.
  - Johnson County lost 20,000 jobs between 2007-2010.
- Even in spring 2012, unemployment was over 6%, indicating a slow recovery; indeed, the unemployment rate increased somewhat, likely because discouraged workers began to reenter the job market.
- Johnson County home sale prices declined 11% between January 2011 and January 2012, eroding the wealth of many families.
- Median income in Johnson County declined 6 percent between 2007 and 2010 (inflation-adjusted dollars).
Attacks on the Poor

- Restrictive measures that aim to control the behavior of people who depend on the safety net serve as deterrents to participation and endanger family well-being.
  - Drug testing for TANF recipients (proposed by 23 states as of 2012 legislative session)
  - Drug testing for SNAP participants
  - Fingerprinting and photo identification for SNAP participants (proposed by at least 10 states)
  - Prohibitions on TANF recipients’ spending at certain businesses
  - Unpaid community service requirements
  - Prohibitions on welfare receipt for those previously convicted of drug offenses
  - Congressional proposal to require drug testing for Unemployment Insurance
What We Need

- Economic Security Investments
- Investments in the Safety Net
Economic Security Investments

• Good job opportunities
  • Adequate wages and benefits
  • Work supports, including refundable tax credits that ‘make work pay’
• Strong education systems to prepare people for economic success
  • Early childhood education
  • K-12
  • Post-secondary education—including accessibility to higher education, as well as skills training
Investments in the Safety Net

- Access to affordable health care—including mental health and substance abuse treatment
- An end to food insecurity
- Robust unemployment compensation system
- Adequate provision for affordable housing options
- Income support and needed services for individuals with disabilities
- Cash and in-kind support for low-income families, especially those with young children
- Protection of retirement and health supports for older adults
References

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- National Low-Income Housing Coalition: http://nlihc.org/involvement
- National Poverty Center: http://www.npc.umich.edu/
- Tax Policy Center: http://www.taxpolicycenter.org/
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