Agenda

Child Poverty and Prevention Council
Housing Panel

Wednesday, September 16, 2009
2:00 – 4:00 p.m.

I. Welcome — 2:00 p.m.

II. Overview of Housing Panel Discussion and Introductions — 2:10 p.m.
Chair, Robert Genuario

III. Panel Presentations

A. Jeff Freiser, Executive Director, Connecticut Housing Coalition
Housing Facts and Connecticut's Responses — 2:20 p.m.

B. Scott Bertrand, President, ConnNAHRO
Connecticut's Public Housing — 2:30 p.m.

C. Diane Randall, Executive Director, Partnership for Strong Communities
Innovative Approaches — 2:40 p.m.

D. Timothy Bannon, Executive Director, Connecticut Housing Finance Authority
Foreclosures and Homeownership — 2:50 p.m.

E. Carol Walter, Executive Director, Connecticut Coalition to End Homelessness
Homelessness in Connecticut — 3:00 p.m.

F. Fran Martin, Associate Director, Corporation for Supportive Housing
Supportive Housing — 3:10 p.m.

IV. Council Discussion with Panelists and State Agency Partners — 3:20 p.m.

Mary Cattanach DSS, Michael Santoro DECD, and Dimple Desai OPM

V. Summary and Next Steps — 3:50 p.m.
Chair, Robert Genuario

The public option we already have

By Jack Thompson and Robert Shanbaum

Published: Wednesday, September 2, 2009 10:55 AM EDT

While our national debate on health-care reform, and the "public option" in particular, continues to rage, a few things are worth noting. First, those who see reform as creeping socialism and who argue passionately for a return to the America our founders intended should make note of the first public option. In 1798, Congress created the Marine Hospital Fund, which established federally run hospitals to care for sailors and seamen, financed by a federal tax on their wages of 20 cents per month. That system grew into the Public Health Service, which operated hospitals continuously until 1981 and which persists today, comprising most health-related departments of the Department of Health and Human Services.

Second, there is another public health-care option: 1,100 community health centers that provide care yearly to more than 15 million people (200,000 in Connecticut) at more than 6,000 delivery points. These "federally qualified health centers" get the majority of their funding from the federal government through direct grants, Medicare, and Medicaid. But they also receive substantial funding from other sources. For example, federal grants and direct payments from individuals constitute similar portions of the centers' overall revenue.

These centers can provide medical care to anyone. How much more "public" could an option be? They accept all forms of insurance. For people who lack insurance, they charge on a sliding scale based on the patient's income, including, for persons having little or no income, zero.

Since their origins in the early 1960s, when they were established to provide services to migrant farm workers, the centers have served medically underserved populations. Congress has extended the health-center concept to serve urban communities, the homeless, and residents of public housing. Similar programs serve schools, rural communities, and Native Americans. A significant expansion occurred during the Bush administration, which doubled federal grants to the centers between 2001 and 2007 (to $2 billion), and saw the number of access points rise to 6,000.

Still, public awareness of the centers lags. Most of us, including many who go without adequate health care, don't know they exist.

One of the most significant elements of the health-care-reform debate centers on controlling the upward-spiraling cost. The president has said that reform without cost-control features would constitute failure. But the centers already do many of the things proposed from all sides in the debate, and they are some of the lowest-cost health-care providers in the U.S.

Federal law affords the centers advantages, and imposes requirements, that help accomplish this.

First, the centers are required to be nonprofits, so the provision of care doesn't include that component of costs — the profits of providers or insurers. Many commentators have said a major contributor to rising health-care costs is the fee-for-service system. Under that system, providers' incomes increase in proportion to services they provide, not outcomes they produce.

While the centers generally operate on a fee-for-service basis, the internal architecture of the centers, where physicians are salaried employees whose incomes are not related to services rendered or tests performed, incentivizes producing good outcomes. Also, the centers participate in the National Health Service Corps, which allows practitioners to pay off the expense of their education and training by working in qualified facilities for a period of time.

A related cost-control idea that hasn't been floated prominently is that the most direct way to reduce the cost of health care should be to provide more of it. If the market pricing mechanism works, making more health care available should result in lower costs. And if the

market pricing mechanism doesn't work, the discussion should be focused on something completely different, such as a regulation-driven single-payer system.

One way to increase supply would be to expand NHSC. That would involve making more money available to NHSC, but it would also require more investment in medical schools and, perhaps, an insistence that medical schools drop unnecessarily high barriers to entry.

Another frequently heard claim is that malpractice awards are a significant contributor to high health-care costs. That's debatable, but in any case the centers may, on application, be covered by the Federal Tort Claims Act, in which case they and their employees are immune from malpractice actions.

Expanded use of information technology is often touted as essential to reducing costs. The centers have received substantial grants to pursue electronic medical records systems. If implemented, these systems will promote efficiency and reduce errors, and could provide invaluable information to doctors about the efficacy of treatments, thus promoting the practice of evidence-based medicine, another reform generally agreed to be essential.

The centers can provide patients with "medical homes" where they receive primary care — preventative care that promotes wellness and treats illness at the lowest possible cost. When specialist care is needed, the centers can ensure that it is obtained.

All of this is happening in community health centers. There is no reason to believe this model cannot scale up and provide quality care at reasonable cost to a broad cross-section of Americans, not just the uninsured and underserved.

No matter what form reform takes as we craft a more secure safety net for more Americans, the role the centers serve providing "a safety net for the safety net" will be critical. This is the "public option" we already have, that already works, and on which we should build our next-generation health-care system.

Jack Thompson is the state representative for the 13th District. Robert Shanbaum is an attorney. Both men are Manchester residents.

Child Poverty and Prevention Council
Housing Panel

September 16, 2009, 2:00 – 4:00 p.m.
Legislative Office Building, Room 2D

Jeff Freiser, Executive Director, Connecticut Housing Coalition

The Coalition represents more than 250 member organizations including nonprofit developers, housing services agencies, resident associations, and advocates and works to expand housing opportunity and to increase the quantity and quality of affordable housing.

Scott Bertrand, President, Connecticut Chapter of the National Association of Housing and Redevelopment Officials (CONN-NAHRO)

CONN-NAHRO represents local Housing Authorities in Connecticut and is dedicated to maintaining a leadership position in the Connecticut housing industry. CONN-NAHRO promotes safe, decent, sanitary and drug free housing environments by providing training and support services to our member agencies through assistance to State Legislators, tenant organizations and the general public.

Diane Randall, Executive Director, Partnership for Strong Communities

The Partnership for Strong Communities coordinates strategic housing policy, education and advocacy. A catalyst for change, the Partnership oversees operations of The Lyceum Resource and Conference Center which provides a common ground for all those dedicated to advancing solutions to homelessness, the development of affordable and supportive housing housing and fostering the creation of vibrant and healthy communities.

Carol Walter, Executive Director, Connecticut Coalition to End Homelessness

The Connecticut Coalition to End Homelessness, in partnership with communities throughout the state, is working to end homelessness in Connecticut through community organizing, advocacy and education.

Fran Martin, Associate Director, Corporation for Supportive Housing (CSH)

CSH is a national organization with a local program in Connecticut which helps communities create permanent housing with services to prevent and end homelessness.

Timothy Bannon, Executive Director, Connecticut Housing Finance Authority (CHFA)

CHFA helps alleviate the shortage of housing for low- and moderate-income families and persons in Connecticut.

State agency staff also participating and available for questions:
Mary Cattanach, Department of Social Services
Michael Santoro, Department of Economic and Community Development
Dimple Desai, Office of Policy and Management

Department of Social Services

SECTION 8 HOUSING CHOICE VOUCHER PROGRAM	
Federal Authority:	24 CFR Part 982
Summary of Program:	A housing program that helps families and individuals in obtaining decent, safe, sanitary housing in the private rental market by providing rental subsidies directly to program owners.
Special Use:	Section 8 funds are also used to support project based supportive housing projects, to assist disabled households and to help families referred by DCF whose lack of adequate housing is a primary cause of the separation, or imminent separation, of a child or children from their families..
Administrative Agency:	DSS contracts administration of program to John D'Amelia & Assoc. LLC
Eligible Uses:	Housing
Population Served:	Very low to moderate income families and individuals
Eligible Applicant:	Families or individuals whose income at the time of intake is 50% of the median income, as published by HUD annually, for the area of the state in which the family or the individual lives.
Match Required:	Family typically pays 30% of adjusted gross monthly income less a utility allowance, not to exceed 40% in the first year of occupancy.
Funding :	Federal Funds, HUD '09 CY Funding Appropriation $49,578,012
Number served:	6,323 households (CY 09)

STATE RENTAL ASSISTANCE PROGRAM	
Statutory Authority:	CGS Sec. 17b-812
Summary of Program:	A housing program that helps families and individuals in obtaining decent, safe, sanitary housing in the private rental market by providing rental subsidies directly to program owners.
Special Use:	RAP funds are also used to support tenant and project based rent subsidies to individual and family supportive housing projects - an integral part of the Interagency Supportive Housing Initiative, for rent subsidies to assist the transition of clients from nursing facilities back out into the community and for Family Unification client referrals from DCF.
Administrative Agency:	DSS contracts administration of program to John D'Amelia & Assoc. LLC
Eligible Uses:	Housing and some family supportive services
Population Served:	Very low to moderate income families and individuals
Eligible Applicant:	Families or individuals whose income at the time of intake is 50% of the median income, as published by HUD annually, and/or as determined by the DSS commissioner, for the area of the state in which the family or the individual lives.
Match Required:	Family pays 40% of adjusted gross monthly income less a utility allowance. Elderly or disabled pay 30% of adjusted gross income less a utility allowance.
Funding :	State General Funds, SFY '09 Appropriation $27,753,623
Number served:	2,758 households (SFY 09)

TRANSITIONARY RENTAL ASSISTANCE PROGRAM	
Statutory Authority:	CGS Sec. 17b-811a
Summary of Program:	A housing program designed to help families leaving Temporary Family Assistance (TFA) afford privately owned rental housing. Eligible families may receive a rent subsidy for up to one year.
Administrative Agency:	DSS contracts administration of program to John D'Amelia & Assoc. LLC
Eligible Uses:	Housing
Population Served:	Very low to low income families and individuals
Eligible Applicant:	A family who's Temporary Family Assistance has been stopped and are living in privately owned rental housing. Must have an adult family member working at least 12 hours per week, or a working adult in the family whose income from all sources exceeds the TFA payment standard.
Match Required:	Family pays 40% of adjusted gross monthly income less a utility allowance.
Funding :	State General Funds, SFY '09 Appropriation $1,186,680
Number served:	150 households per month (SFY 09)

SECURITY DEPOSIT GUARANTEE PROGRAM	
Statutory Authority:	CGS Sec. 17b-802
Summary of Program:	Provides security deposit assistance so families may obtain permanent rental housing. Agreement between DSS and landlord in lieu of up-front cash. Landlord has up to 30 days after tenant move-out to file claim for damages.
Administrative Agency:	Administered in DSS regional offices
Eligible Uses:	Security Deposit
Population Served:	Very low to low income families and individuals
Eligible Applicant:	Annual gross income of applicant and his or her household should not exceed 150% of the federal poverty income guidelines.
Match Required:	No
Funding :	State General Funds, Federal SSBG funds SFY '09 $1,212,691
Number served:	4683 households (SFY 09)

Office of Policy and Management

	HOUSING FOR ECONOMIC GROWTH (A.K.A HOMECT) PROGRAM
Statutory Authority:	CGS Sec. 8-13 (m-x)
Summary of Program:	This program provides incentives to municipalities for creating Incentive Housing Zones (IHZ) in eligible locations. Incentive Housing Development means a residential or mixed-use development that meets the following criteria – is located within an approved incentive housing zone, is eligible for financial incentive payments, and sets aside 20% of the units for the households earning 80% or less of area median income for 30 years. A unit is affordable if it costs no more than 30% of a person's annual income. More information about the IHZ requirements and funding incentives can be found at the following link: http://www.ct.gov/opm/cwp/view.asp?a=2990&q=413526&opmNav_GID=1807.
Special Use:	n/a
Administrative Agency:	Office of Policy and Management, Contact: Dimple Desai, CD Director, (860) 418-6412 or Dimple.Desai@ct.gov
Eligible Uses:	Provide technical assistance funds and incentives to municipalities
Population Served:	Very low to moderate income families and individuals
Eligible Applicant:	Municipalities
Match Required:	None
Funding :	$3.6 Million is provided to OPM for administration, technical assistance and incentives. $400,000 is provided to DECD for making grants to nonprofit housing assistance or nonprofit housing development organizations.
No. of municipalities involved:	35 municipalities have been approved for technical assistance funding to create IHZs (identify location/s, draft regulations, draft design standards, etc.)

Department of Economic and Community Development

SMALL TOWN ECONOMIC ASSISTANCE PROGRAM (STEAP)	
Statutory Authority:	CGS §4 -66g
Summary of Program:	An economic development and community conservation program designed to promote economic development and community quality of life projects. Eligible uses of this program include: economic development projects, transit, recreation, solid waste disposal projects, social service projects, housing projects, and historic preservation and redevelopment projects.
Special Use:	The STEAP program is an indirect Housing Program. There is a partner agency for this program. The partner agencies are various state agencies, which review and share comments with the Office of Policy and Management.
Administrative Agency:	Office of Policy and Management
Eligible Uses:	Economic Development and Community Conservation
Population Served:	Connecticut cities and towns, where the general population benefits from such projects.
Eligible Applicant:	Connecticut cities and towns that are ineligible for Urban Action bonds.
Match Required:	N/A
Funding :	State Funds, SFY 2008-2009 allocation- $20,000,000
Number served:	0 housing units in SFY 2009

FLEXIBLE HOUSING (AFFORDABLE) PROGRAM	
Statutory Authority:	CGS §8-37pp
Summary of Program:	The affordable program is DECD's primary housing production program. The program provides broad authorities to DECD to fund housing and related facilities. Financial assistance can include, but is not limited to, grants, loans, loan guarantees, deferred loans or any combination thereof. The program benefits are quality, affordable housing to Connecticut residents, preserve existing affordable housing, promote and support homeownership and mixed income developments.
Special Use:	N/A
Administrative Agency:	DECD
Eligible Uses:	Acquisition, rehabilitation, new construction, demolition, homeownership, multi-family rental housing, adaptive re-use of historic structures, special needs housing, redevelopment of vacant properties and infrastructure improvements.
Population Served:	Individuals or families with incomes up to 100% of Area Median Income (AMI).
Eligible Applicant:	Municipalities, Non-Profit Organizations, Local Housing Authorities, and For-Profit Entities.
Match Required:	N/A
Funding :	State Funds, SFY 2008-2009 allocation- $10,000,000
Number served:	114 households (SFY 08)

URBAN ACT	
Statutory Authority:	CGS §17b-811a
Summary of Program:	Redirects, improves and expands State activities which promote community conservation and redevelopment and improve the quality of life for urban residents of the State.
Administrative Agency:	DECD with OPM serving as a partner agency.
Eligible Uses:	The construction or rehabilitation of commercial, industrial and mixed use structures and the construction, reconstruction or repair of roads, access ways and other site improvements.
Population Served:	There are no limitations to the populations served by the Urban Act
Eligible Applicant:	The eligible applicants for the program are Municipalities, Non-Profit Corporations, For-Profit - Sole Proprietorships, For-Profit – Partnerships, and For-Profit – Corporations.
Match Required:	N/A
Funding :	State Funds, SFY 2008-2009 allocation- $20,000,000
Number served:	90 units (SFY 08)

FEDERAL HOME INVESTMENT PARTNERSHIPS PROGRAM	
Statutory Authority:	Title II of the Cranston-Gonzales National Affordable Housing Act, 1990, as amended and 24 CFR Part 92
Summary of Program:	Program is designed exclusively to create affordable housing for low and very-low income households. Typical projects address abandoned, substandard and housing affordability problems in local communities. The HOME Program is flexible and provides gap financing for a range of activities from acquisition and rehabilitation to new construction of rental and single-family housing and also consumer loan programs for homeownership initiatives.
Administrative Agency:	DECD
Eligible Uses:	Provides gap financing for a range of activities from acquisition and rehabilitation to new construction of rental and single-family housing and also consumer loan programs for homeownership initiatives.
Population Served:	For rental housing, the income limits are 50% and 60% of the AMI and for homeownership, the limits are 80% of AMI. HUD publishes HOME income, rental, and home sales price limits annually.
Eligible Applicant:	The eligible applicants for the program include individuals, families, municipalities, for profit and non-profit developers, housing service providers, and housing authorities.
Match Required:	DECD incurs a 25% matching obligation for the HOME funds it expends.
Funding :	Federal Funds, SFY 2008-09 allocation $12,045,404
Number served:	1,035 households (SFY 08)

PREDEVELOPMENT COSTS	
Statutory Authority:	CGS §8-410
Summary of Program:	Designed to provide financial assistance in the form of interest free loan to Developers for predevelopment costs incurred in connection with the construction, rehabilitation or renovation of decent, safe and sanitary dwelling units for low and moderate- income families. Unless sooner paid, developer shall repay the loan in full upon the receipt of construction or permanent financing for the Project, but in no event later than twenty-four (24) months from the date of a loan agreement with DECD. Loan amounts are limited to $250,000 per project.
Administrative Agency:	DECD
Eligible Uses:	The eligible uses for the program include appraisals, market studies, environmental studies, planning and design, options for land purchase, and other costs to determine initial project feasibility that may be determined eligible by the Commissioner.
Population Served:	The population served by the Predevelopment Costs program is low and moderate income homeowners and tenants- usually 0% AMI to 100% AMI.
Eligible Applicant:	The eligible applicants for the program are non-profit developers, housing authorities, municipal developers, limited partnerships, partnerships, and joint ventures where at least one member is one of the aforementioned entities.
Match Required:	No
Funding :	State Funds, SFY 2008-2009 $2,000,000
Number served:	18 projects (SFY 08)

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM FOR SMALL CITIES	
Statutory Authority:	Title I of the Housing and Community Development Act of 1974, Public Law 93-383, as amended; 42 U.S.C.-5301 et seq. Program regulations are at 24 CFR 570, subpart I (for participating States)
Summary of Program:	CDBG funds can be devoted to a wide range of activities that best serve the applicants own particular development priorities, provided that these projects (1) benefit low- and moderate-income families; (2) prevent or eliminate slums or blight; or (3) meet other urgent community development needs. The State CDBG Program provides States with annual direct grants, which they in turn award to smaller communities and rural areas for use in revitalizing neighborhoods, expanding affordable housing and economic opportunities, and/or improving community facilities and services.
Administrative Agency:	DECD
Eligible Uses:	The eligible uses for the program are broad program categories that include housing, public service, public facilities, economic development, and planning. Within these broad categories, they must meet national objectives.
Population Served:	Low- and moderate-income persons (generally defined as members of low-and moderate-income families that earn no more than 80 percent of AMI)
Eligible Applicant:	Local governments that conduct community development activities. Communities eligible for State CDBG funds are municipalities with fewer than 50,000 residents (except certain central cities), and non-urban counties (generally those with populations of 200,000 or fewer, excluding any

	entitlement cities contained within the county). Though only eligible applicants may directly apply to DECD for Small Cities funds, grantees may provide grants or loans to any sub-recipient that is a Community Based Development Organization (CBDO).
Match Required:	No
Funding :	Federal Funds, SFY 2008-09 Allocation $ 13,330,342
Number served:	1,008 units (SFY 2008)

Connecticut Housing Coalition

HOUSING FACTS: THE NEED TO ACT

The cost of housing in Connecticut is high

- You need to make $21.60 per hour to afford a 2-bedroom apartment in Connecticut.[1]
- A family making median income could not qualify for the median sales price home in 117 of the state's 169 municipalities.[2]
- Between 2000 and 2008, the median house price in Connecticut increased by 62.4% while income rose only 39.1%.[2]

Connecticut does not have enough affordable housing

- There are 3 very low-income households for every 1 affordable and available rental unit.[3]
- The state's gross vacancy rate is 31% lower than the national rate.[4]
- Approximately 344,000 Connecticut households need housing that is more affordable; they earn less than 80% of the area median income and spend more than 30% of their income for housing.[5]

Current levels of state and federal assistance are inadequate

- State bonding authority for housing investment has dwindled from a high of over $100 million annually in the late 1990s, to $20 million in Fiscal Year 2009.[6]
- Our state-financed public housing has a backlog of unmet capital needs exceeding $479 million.[7]
- Waiting lists for housing subsidy programs administered by State agencies have wait times of three to six years.[8]
- In mid-2007, more than 48,000 households applied for 1,000 anticipated rent subsidies when DSS opened its waiting list.[8]

The consequences are real

- Forty percent of owners with mortgages, 23 percent of owners without mortgages, and 48 percent of renters spent 30 percent or more of household income on housing.[9]
- Housing-related costs, including utilities, and housing and shelter are the top requests for assistance from callers to United Way 2-1-1.[10]
- Among the 3,444 homeless households included in Connecticut's Point-in-Time Count, the most commonly cited reason for leaving one's last place of residence was rent problems.[11]

Sources

1. National Low Income Housing Coalition, Out of Reach, 2009
2. HOMEConnecticut, Affordability in Connecticut, 2008
3. New England Public Policy Center Policy Briefs No. 07-2: Crowded out of the Housing Market, March 2007
4. U.S. Census Bureau, Housing Vacancies and Homeownership, 2008
5. Klepper-Smith, D., DataCore Partners, LLC, Updated Perspectives on the Need for Affordable Housing within Connecticut, June 2008
6. Connecticut Office of Policy and Management, FY2010-2011, Governor's Budget/Capital Program, February 2009
7. Connecticut Housing Finance Authority, State Assisted Housing Portfolio, May 2006
8. Partnership for Strong Communities, CT Housing Priority Issues: Section 8 and SEVRA, 4/30/09
9. U.S. Census Bureau, American Community Survey, 2007
10. United Way of Connecticut, 2-1-1 Community Connection Newsletter, January 2009
11. Reaching Home Campaign, 2008 Point-in-Time Count Report, July 2008

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Connecticut Housing Coalition

"Out of Reach" 2009

You Need To Earn $21.60 an Hour To Afford the Rent in Connecticut

Stamford-Norwalk Region Most Expensive in Entire Country

A person must earn $21.60 an hour to afford the rent for a modest two-bedroom apartment in Connecticut, according to a national report issued today by the Connecticut Housing Coalition in coordination with the National Low Income Housing Coalition. This "housing wage" is the amount a person must earn to afford a typical two-bedroom apartment, without spending more than 30% of total household income on housing costs.

"Out of Reach," the annual report prepared by the National Low Income Housing Coalition, concludes that full-time work does not provide enough income for many families to afford a modest apartment. In fact, a person earning the state's minimum wage of $8.00 per hour must work nearly three full-time jobs to afford the statewide fair market rent of $1,123 per month for a two-bedroom apartment. In terms of annual income, a Connecticut household must earn $44,938 a year to afford a typical two-bedroom rental.

Among the report's other findings:

- The Stamford-Norwalk metropolitan area is the most expensive rental market in the entire country – surpassing cities such as San Francisco, Honolulu, New York and Boston – with a "housing wage" of $32.75 an hour.
- The Danbury region is the eighth most expensive rental market in the nation.
- In terms of statewide averages, Connecticut has the sixth least affordable rental housing in the country.
- The state's combined non-metropolitan areas are also costly. The more rural regions of Connecticut rank as the nation's fourth least affordable for renters.

The Connecticut Housing Coalition also compared the Out of Reach conclusions with Connecticut Department of Labor data for occupational wages in the state. It found that nearly half (329 of 695) of the state's occupations do not, on average, provide an income sufficient to afford a modest two-bedroom apartment – including bus drivers, computer operators, construction laborers, EMTs, food service workers, machinists, mental health counselors, nursing aides, pre-school teachers, police and fire dispatchers, retail salespersons, reporters, secretaries and tellers.

The report provides a snapshot of rental housing affordability across the country. The Connecticut release of "Out of Reach" breaks down rental housing costs by each of the state's metropolitan areas. Rental figures are determined by U.S. Department of Housing and Urban Development for apartments of moderate quality in each area.

"Out of Reach"

National Low Income Housing Coalition

Selected Connecticut Statistics

April 2009

	State of Connecticut	Bridgeport HMFA	Colchester - Lebanon HFMA	Danbury HMFA	Hartford - West Hartford - East Hartford - HMFA	Milford - Ansonia - Seymour HMFA	New Haven-Meriden HMFA	Norwich - New London HMFA	Southern Middlesex County HMFA	Stamford - Norwalk HMFA	Waterbury HMFA	Combined Non-Metro Areas
Fair Market Rent for two-bedroom	$1,123	$1,214	$1,078	$1,505	$1,021	$1,113	$1,101	$961	$1,104	$1,703	$894	$920
Housing Wage	$21.60	$23.35	$20.73	$28.94	$19.63	$21.40	$21.17	$18.48	$21.23	$32.75	$17.19	$17.69
Income needed to afford a two-bedroom	$44,938	$48,560	$43,120	$60,200	$40,840	$44,520	$44,040	$38,440	$44,160	$68,120	$35,760	$36,797
# of minimum wage jobs needed to afford two-bedroom	2.7	2.9	2.6	3.6	2.5	2.7	2.6	2.3	2.7	4.1	2.1	2.2
Work hours/week at minimum wage job to afford two-bedroom	108	117	104	145	98	107	106	92	106	164	86	88
30% of Area Median Income	$26,303	$25,440	$27,420	$32,130	$25,530	$25,710	$24,060	$24,150	$29,010	$36,690	$20,070	$24,017
Rent affordable at 30% of AMI	$658	$636	$686	$803	$638	$643	$602	$604	$725	$917	$502	$600
Mean hourly wage for all renters	$17.58	$24.25	$14.96	$24.25	$16.54	$13.85	$13.85	$14.96	$15.19	$24.25	$13.85	$11.06
Rent affordable at mean wage	$914	$1,261	$778	$1,261	$860	$720	$720	$778	$790	$1,261	$720	$575

Notes:

HMFA = HUD Metro Fair Market Rent Area *(see website for list of municipalities in each HMFA)*

Fair Market Rent = Fair Market Rents are calculated annually by HUD, generally at the 40th percentile of recently available, non-luxury rental units (except Hartford region, set at 50th percentile)

Housing Wage = The hourly wage needed to afford a 2-bedroom apartment and not pay more than 30% of income

Minimum Wage = Connecticut's state minimum wage is $8.00 per hour

Mean Hourly Wage = The average wage for workers who rent, by region

Affordable = Assumes that a household spends no more than 30% of total income for housing

HUD = U.S. Department of Housing and Urban Development

30% of Area Median Income = The measure by which HUD considers a household to be extremely low-income

For more information, please see the 2009 "Out of Reach" report at: www.nlihc.org/oor/oor2009

Connecticut Housing Coalition

WHO CAN'T AFFORD A MODEST APARTMENT IN CONNECTICUT?

The 2009 "Out of Reach" report finds that you need to earn $44,938 annually in order to afford a Connecticut apartment at a "Fair Market Rent" determined by HUD, using the federal affordability standard of spending no more than 30% of income on housing costs.

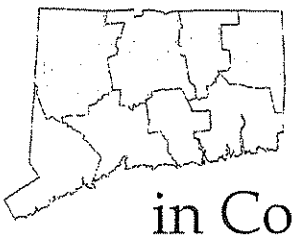
The Connecticut Department of Labor reports the average wages for 695 occupations in the state. Connecticut residents in 329 of these occupations – nearly half – do not earn enough on average to afford a modest two-bedroom apartment. A sampling of these occupations appears below.

Ambulance Drivers
Animal Control Workers
Audio and Video Technicians
Automotive Service Technicians
Bakers
Barbers
Bookkeeping Clerks
Building Cleaning Workers
Bus Drivers
Butchers
Cashiers
Child Care Workers
Computer Operators
Construction Workers
Crossing Guards
Court and Municipal Clerks
Customer Service Representatives
Dental Assistants
Dental Laboratory Technicians
Desktop Publishers
Dry-Cleaning Workers
EMTs and Paramedics
Farm Workers
Food Preparation Workers
Grounds Maintenance Workers
Hairdressers and Cosmetologists
Hazardous Material Removal Workers
Home Appliance Repairers
Hotel Desk Clerks
Insurance Claims Clerks
Janitors
Legal Secretaries
Machinists
Maids
Medical Assistants
Medical Secretaries
Mental Health Counselors
Motion Picture Projectionists
Nursing Aides
Office and Payroll Clerks
Painters
Personal and Home Health Aides
Pest Control Workers
Pharmacy Technicians
Police and Ambulance Dispatchers
Pre-School Teachers
Psychiatric Aides
Radio and TV Announcers
Rehabilitation Counselors
Reporters and Correspondents
Retail Salespersons
Roofers
Secretaries
Security Guards
Shipping and Receiving Clerks
Social Service Specialists
Substance Abuse Counselors
Tailors and Dressmakers
Tax Preparers
Taxi Drivers
Teacher Assistants
Telephone Operators
Tellers
Travel Agents
Truck Drivers
Veterinary Technicians
Waiters and Waitresses
Welders
Word Processors

Sources:
Connecticut Department of Labor, Connecticut Occupational Employment & Wages – Statewide 2008, http://www.ctdol.state.ct.us/lmi/internet/oes_statewide.pdf
National Low Income Housing Coalition, Out of Reach 2009, http://www.nlihc.org/oor/oor2009/

04-14-09

30 Jordan Lane, Wethersfield, CT 06109 • phone: 860.563.2943 • fax: 860.529.5176 • info@ct-housing.org • www.ct-housing.org

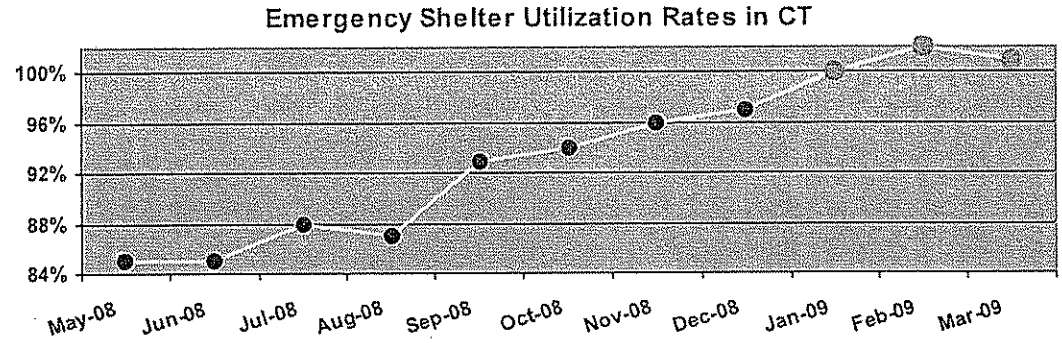


Facts About **Homelessness** in Connecticut

The solution to homelessness is clear:
Increase the supply of federal housing vouchers,
expand supportive housing,
and create employment/income opportunities.

13,642 people used Emergency Shelters in CT during 2008.
This includes 528 children, 333 families, and 4,010 single adults[1].

However, shelters are consistently filled to capacity...



Due to a lack of available beds, CT emergency shelters had to turn away people **26,907** times in 2008[1]. This is just about **double the number of people they served.**

And for many, housing costs remain unaffordable...

- The average housing wage necessary for a 2-bedroom apartment in CT is $21.60/hour, or a salary of $44,938/year[2].
- 27% of single adults and 32% of adults in families said that they left their place of residence due to Rent Problems[3].

CCEH
Connecticut Coalition to End Homelessness
77 Buckingham Street, Hartford CT 06106 | P (860) 721-7876 | F (860) 257-1148 | www.cceh.org

Who is homeless in Connecticut?

Over the course of a year....

Data collected on in-state emergency homeless shelters by the CT Department of Social Services between October 2007-September 2008, reveals:

- 1,078 children between aged birth to 5 years old stayed in emergency shelter.
- Eviction[4] was cited by 44% of respondents as the reason for loss of housing.
- Unemployment and Expenses Exceed Income were cited by 47% of respondents as factors contributing to homelessness.

On any given day...

Data from *CT Counts 2009, Point-in-Time* Count, a *one day* collection of statewide homelessness data, conducted on January 28, 2009, reveals that in the state of Connecticut:

- 34% of sheltered single adults and 55% of unsheltered single adults were chronically homeless[5].
- 36% of homeless single adults and 18% of homeless adults in families had been hospitalized for mental health.
- 57% of single adults and 17% of adults in families had been in hospital, detox, or rehab for substance abuse.
- 13% of single adults had served in the military.
- 18% of single adults and 32% of adults in families were working.

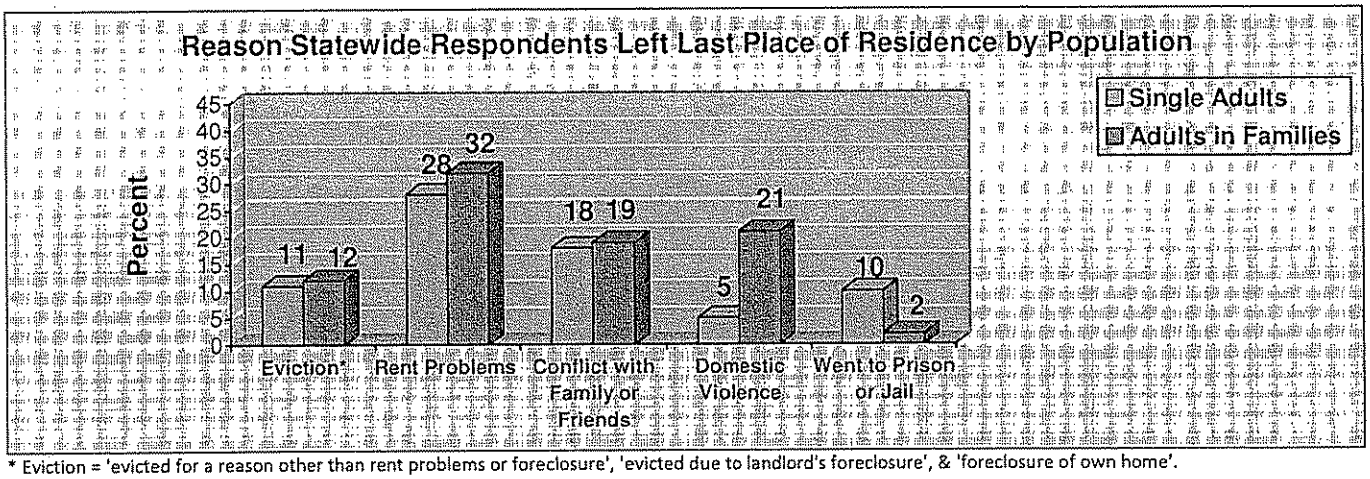
1 CT DSS Annual Homeless Shelter Report FFY 2008 for October 2007-September 2008. Does not include people in non DSS funded shelters, domestic violence shelters, "doubled up" with friends or family, or living outside in cars.
2 "Out of Reach" report was released by the National Low Income Housing Coalition in April 2008. Data represents necessary hourly wage to afford a 2-bedroom apt. at 30% of income.
3 CT Counts 2009, Point-in-Time Count, CT Coalition to End Homelessness, 2009.
4 'Eviction' includes the following reasons for loss of housing; 'Legal eviction', 'Lockout', 'Family/Friend Eviction'. Annual Homeless Shelter Demographic Report FFY 2008, 2008.
5 Under the HUD definition, a person who is "chronically homeless" is an unaccompanied homeless individual with a disabling condition who has either been continuously homeless for a year or more OR has had at least four (4) episodes of homelessness in the past three (3) years. In order to be considered chronically homeless, a person must have been sleeping in a place not meant for human habitation (e.g., living on the streets) and/or in an emergency homeless shelter.

CT Counts 2009 – CT Statewide Results
On the night of January 28, 2009 Statewide:

There were approximately **4,154 people** experiencing homelessness[1]

This number includes:

- **3320 households**
- **2902 single adults**
- **430 families**
- **801 children in families**



* Eviction = 'evicted for a reason other than rent problems or foreclosure', 'evicted due to landlord's foreclosure', & 'foreclosure of own home'.
**Sheltered and Unsheltered populations are aggregated here.

13% of single adults served in the military.

18% of single adults and 32% of adults in families were currently working.

58% of single adults and 18% of adults in families had been in a hospital, detox or rehab for substance use.

50% of single adults and 60% of adults in families had a 12th grade education or higher[2].

38% of single adults and 18% of adults in families reported suffering from a health condition that limits their ability to work, get around, and care for themselves.

34 % of sheltered single adults and sheltered adults in families and, 55% of unsheltered single adults and unsheltered adults in families found on the night of the count were Chronically Homeless[3].

---

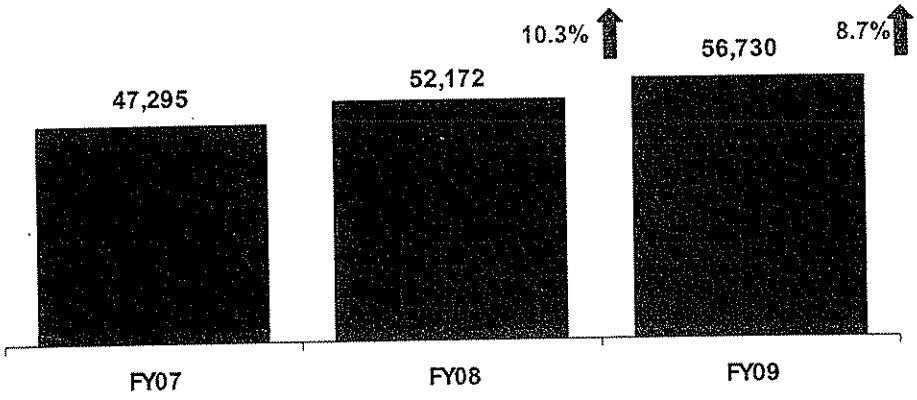
[1] Total people count is derived from the sum of sheltered single adults, sheltered adults in families, unsheltered single adults, unsheltered adults in families, unaccompanied youth, and children in families counted during CT Counts 2009 in the specified region.

[2] 12th grade education or higher includes; 'GED', '12 Grade', 'Some College', 'College Graduate', 'Graduate Degree'.

[3] The HUD definition of homelessness includes only people who reside in one of these places at the time of the count: an unsheltered homeless person resides in a place not meant for human habitation, such as cars, parks, sidewalks, abandoned buildings, or on the street, and a sheltered homeless person resides in an emergency shelter or transitional housing for homeless persons who originally came from the streets or emergency shelters.

United Way of Connecticut

United Way 2-1-1 Housing-Related Requests for Services - Statewide
Fiscal Years 2007-2009



Callers to United Way 2-1-1 looking for housing-related assistance are most often seeking:

- Below Market Rental Housing (LIHTC)
- Domestic Violence Shelters
- Homeless Shelters
- Housing Authorities
- Housing Search Information
- Mortgage Foreclosure Assistance
- Rent Deposit Assistance
- Rent Payment Assistance
- Subsidized Rental Housing
- Transitional Housing/Shelter

- **Over 75% of housing-related requests for service come from households that identify as low-income.**
- **50% of housing-related requests for service come from those who live in the state's largest cities.***
- **Over half of requests for service for Mortgage Foreclosure Assistance come from households that identify as low-income.**
- **Callers looking for information on Mortgage Foreclosure Assistance most often also receive information on Utility Assistance, Mortgage Payment Assistance, Food Pantries and Temporary Financial Assistance.**

* Bridgeport, Hartford, New Haven, New London, Stamford, Waterbury

United Way of Connecticut

Top 10 2-1-1 Housing-Related Requests for Services
Fiscal Years 2008, 2009

	Housing-Related Categories	FY08	FY09	% Change
1.	Homeless Shelter	13,269	13,087	-1.4%
2.	Housing Search and Information	6,785	9,660	42.4%
3.	Subsidized Rental Housing	8,516	8,208	-3.6%
4.	Rent Payment Assistance	6,077	6,898	13.5%
5.	Rental Deposit Assistance	3,932	4,267	8.5%
6.	Housing Authorities	3,673	3,280	-10.7%
7.	Mortgage Foreclosure Assistance	1,722	2,938	70.6%
8.	Domestic Violence Shelters	1,304	1,352	3.7%
9.	Transitional Housing/Shelter	983	1,167	18.7%
10.	Below Market Rental Housing (LIHTC)	1,358	1,084	-20.2%
Total (all housing-related requests for service)		**52,172**	**56,730**	**8.7%**

Top 10 2-1-1 Requests for Services
Fiscal Years 2008, 2009

	FY08	FY09	% Change
Utilities/Heat	42,528	65,769	54.6%
Housing/Shelter*	39,723	41,798	5.2%
Information Services	36,714	38,633	5.2%
Outpatient Mental Health Care	33,604	32,306	-3.9%
Substance Abuse Services	27,955	23,327	-16.6%
Financial Assistance	27,903	32,533	16.6%
Legal Services	25,616	23,137	-9.7%
Public Assistance Programs	21,707	22,611	4.2%
Food	17,662	21,569	22.1%
Health Supportive Services	17,287	18,921	9.5%
Total (all requests for service)	**462,526**	**482,309**	**4.3%**

*Housing/shelter numbers are lower than in the previous table. The previous table includes housing-related terms from other 2-1-1 categories, such as financial assistance.

URBAN INSTITUTE

TECHNICAL REPORT

Economic Modeling of Child Poverty and Prevention Council Initiatives

Final Report

Linda Giannarelli and Sheila Zedlewski

The Urban Institute

August 6, 2009

The Urban Institute is a nonprofit, nonpartisan policy research and educational organization that examines the social, economic, and governance challenges facing the nation. Views expressed in this report are those of the authors and do not necessarily reflect the views of the Institute, its trustees, or its funders.

This work was performed under contract with the State of Connecticut, in support of the state's Child Poverty and Prevention Council (CPPC). The project used the public version of the TRIM3 microsimulation model. TRIM3 is maintained and developed at the Urban Institute under primary funding from the federal Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation (HHS/ASPE). Because TRIM3 simulations require users to input assumptions and/or interpretations about economic behavior and the rules governing federal programs, the conclusions presented here are attributable only to the authors of this report.

Many individuals contributed to this work. TRIM3 staff members Kara Harkins, Paul Johnson, Jessica Kelly, Joyce Morton, and Laura Wheaton developed procedures and/or performed programming. Ei Yin Mon at the Urban Institute helped with the review of the literature on the employment effects of various poverty interventions, and Jamyang Tashi assisted with producing the final report. Kathleen Short at the Bureau of the Census provided guidance in the implementation of the NAS poverty measure. Pamela Trotman of the Connecticut Office of Policy and Management provided ongoing direction. We also acknowledge the long-standing support of HHS/ASPE for the annual updating and maintenance of the TRIM3 microsimulation system, without which this type of analysis would not be possible.

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Tables and Figures (continued)

I. Introduction

The Child Poverty and Prevention Council (CPPC) engaged the Urban Institute to estimate the potential effects of numerous proposals designed to reduce child poverty in the state of Connecticut (CT). The CPPC initiatives include increasing adult education, expanding and improving safety net programs, and implementing other policies to strengthen families. The CPPC required estimates for two measures of child poverty. The first measure includes only cash income in family resources and represents the "official" poverty measure reported by the U.S. Census Bureau. The second measure more closely approximates families' net incomes. This second measure adds capital gains and noncash income to cash income and subtracts taxes and nondiscretionary expenses. The second measure, based on recommendations from the National Academy of Sciences (NAS) as reported in Citro and Michael (1995), can capture the effects of a broad array of government initiatives to reduce poverty. The measures also use different thresholds to define poverty for families that are consistent with the different income measures.

This report describes the analysis of how the initiatives under consideration by the CPPC likely would affect child poverty in CT. The analysis begins by establishing a "baseline," or detailed representation of how current government tax and spending programs in the U.S. and CT affect poverty for the representative sample of families in the Current Population Survey (CPS). The baseline includes 2008 program rules as applied to families in 2005 and 2006.

The analysis compares poverty estimates under different policy alternatives to those estimated in the baseline. We show the effects of individual policies as well as the effects of a combined set of policies, incorporating the likely labor supply effects of several of the alternative policies. The poverty estimates represent a period before the current recession and present a rosier picture of poverty in CT and the nation than exists today. Also, the labor supply effects assume that the labor market could accommodate higher employment and wages that could result from these types of policies. Thus, the estimates provide a sense of the relative effects of different types of initiatives and their potential effects in an economy similar to that experienced in 2005/2006.

This paper begins by describing the alternative measures of poverty that underpin the analysis. Then we describe how we use the TRIM3 model to calculate these measures and simulate alternative policies. The next section describes the CPPC initiatives and provides estimates of their potential effects on child poverty. The final chapter summarizes the results along with key caveats of the estimates. Appendices provide more detail on the model, assumptions, and results for the interested reader.

II. Measuring Child Poverty

The analysis uses two approaches to measuring poverty. The first approach is the "official" poverty measure used by the United States Census Bureau in its annual report on poverty. The second approach approximates the definition recommended by the National Academy of Sciences. As explained below, the two measures of poverty differ both in how they

measure resources available to families and how they define the thresholds below which a family is counted as poor. The second measure of poverty is recommended by many experts because it represents a more accurate, up-to-date measure of family resources and need.[1]

Resources. The official poverty measure only includes pre-tax cash income sources in its resource definition, but the NAS measure includes a broader definition of resources that approximates the net income available to a family (Table 1). The NAS measure begins with cash income, adds capital gains and in-kind benefits (Supplemental Nutrition Assistance Program (SNAP) benefits,[2] housing assistance, and others), deducts federal and state income taxes (including refundable credits), and subtracts nondiscretionary expenses such as the cost of child care and transportation to work.[3] (As noted below, we account for nondiscretionary out-of-pocket medical expenses through the thresholds used to measure poverty.) With this broad definition of resources, the NAS poverty measure can show how government tax and benefit policies affect family income and poverty status.

Thresholds. The official measure of poverty uses thresholds based on a subsistence food budget times a factor of three. The measure was developed in 1963 and based on spending patterns observed in a 1955 consumption survey (Blank and Greenberg 2008). The thresholds represent nation-wide spending averages. The thresholds are adjusted by the change in the Consumer Price Index (CPI) each year.

In contrast, the NAS thresholds are based on the most recently available Consumer Expenditures (CE) data.[4] As recommended by the NAS panel, we modify the national-level thresholds from the CE data to reflect the cost-of-living in CT, with separate adjustments for urban and rural regions within the state. These adjustments, supplied by the U.S. Census Bureau, are based on differences in the fair market value of rents across the country. We also use the Census thresholds that incorporate medical out-of-pocket expenses. Experts recommend incorporating the effects of nondiscretionary out of pocket medical expenses on poverty, and many recommend including expected expenses in the thresholds rather than subtracting actual

[1] Iceland (2005) summarizes much of the research completed to evaluate the new measure of poverty as well as expert opinion on its various elements.

[2] As of Oct. 1, 2008, *Supplemental Nutrition Assistance Program* (SNAP) is the new name for the federal Food Stamp Program. We use the new terminology in this report.

[3] We follow Census Bureau procedures and cap the value of housing subsidies included as income at 44 percent of the poverty threshold—the percent of the threshold considered to represent housing costs. Housing subsidies free up income for purchasing food and other necessities only to the extent that they enable a household to meet the need for shelter.

[4] The Consumer Expenditure (CE) Survey is a nationally-representative survey that asks respondents to record a diary of many types of expenditures and that interviews respondents about other expenses. The CE data are used to obtain national-level spending on food, clothing, shelter, and utilities, for families whose spending is at approximately 80 percent of the median amount. Adjustments are made to allow for some spending on other items, and further adjustment is made for medical costs. See Appendix A of Short (2001) for details.

Table 1
Key Concepts, Official and NAS Poverty Measures

Concepts	Census "Official"	NAS Alternative
Resources (see note).	Cash Income Wages, salaries, self employment Interest, dividends, rent, trusts Social Security & Railroad Retire. Pensions Disability benefits Unemployment compensation Child Support Veterans benefits Educational assistance *Supplemental Security Income* *TANF* Other cash public assistance	Cash Income Same as "Official" *+Capital Gains* *+Food Stamps/SNAP* *+WIC* *+LIHEAP* *+Housing Subsidies* + School lunch *-Federal income tax* *-Payroll Taxes* *-State Income Taxes* *+Federal EITC* *+State EITC* *-Child care expenses* *-other work expenses*
Thresholds	National thresholds that vary by age (less than 65 and 65+), number of children and adults. The original thresholds were based on the share of income spent on food in 1963 and have been adjusted by the change in the CPI each year.	NAS thresholds based on latest consumer expenditures data and provided by the Census Bureau. Out-of-pocket medical expenses are included in the thresholds. Geographic adjustments are included that vary by metro and nonmetro areas within CT. The thresholds use a three parameter scale that varies the thresholds for differences in family size and number of children. The medical portion of the thresholds account for differences in elderly/non-elderly status, family size, health insurance coverage and health status.

Notes:
(1) Resources and nondiscretionary spending in *italics* indicates a TRIM3 imputed value required either because benefits are either underreported or not available on the Current Population Survey (CPS).
(2) Some data not available on the CPS are imputed by matching in data from other sources, but government benefits typically are simulated by using program rules to estimate family and individual eligibility, benefits and enrollment. Simulation procedures use state and federal administrative data to align/validate the results

expenses (Iceland 2005).[5] Inclusion of expected medical expenses in the thresholds treats these expenses as a basic need for all families, including the uninsured.[6]

Table 2 shows the official poverty threshold and alternative NAS-based thresholds for a reference family of two adults and two children living in CT. The official CY 2006 poverty threshold for a family of two adults and two children is $20,444.[7] The NAS estimate that does not account for geographic differences or medical expenses is $21,818 (6.7 percent higher). Note that the two thresholds are not directly comparable, however, because they apply to two different measures of family resources. The thresholds that account for geographic differences in CT living costs are $25,139 for families living in urban areas and $23,503 for families living in rural areas, about 15 and 8 percent higher than the national NAS thresholds, respectively. The CY 2006 geographic adjustment factors reflect higher-than-average housing costs in CT for both urban and rural areas relative to the U.S.

The Census Bureau further provides thresholds that incorporate medical expenses, Using quarterly data from the Consumer Expenditure Survey and data from the 1996 Medical Expenditure Panel Survey (MEPS), thresholds are calculated that adjust for differences in medical costs observed by elderly/nonelderly status, health insurance coverage and health status (Short, 2001). They assume that uninsured families need the same level of spending as those with private health coverage.[8] As shown in Table 2, the inclusion of expected medical expenses increases the thresholds in CT from 2 to 12 percent for a nonelderly family with two adults and two children, depending on type of family health coverage and health status. For a 4-person CT family living in an urban area whose members are all in good health, the NAS poverty threshold is $27,620 if the family is uninsured, $27,579 if they are covered by private insurance, and $25,572 if the family is covered by public insurance (Medicaid and/or SCHIP). Thus, uninsured and privately-insured families may be counted as poor at slightly higher income levels than publicly-insured families, in recognition of their higher expected medical expenses. The NAS thresholds also vary by family size.[9]

---

[5] The Current Population Survey used in this analysis does not provide information about families' out-of-pocket (OOP) medical expenses, nor does the TRIM3 model impute expenses. Thus the use of the thresholds with medical expenses provided the only feasible method of incorporating the effects of nondiscretionary medical expenses in this analysis.

[6] Some argue that the use of "expected" medical expenses rather than actual expenses overstates actual medical costs for many families and understates the costs for families that experience high medical expenses. Others argue that erroneous poverty classifications using this method are probably modest (Iceland 2005).

[7] The Census Bureau calculates geographic adjustments to the poverty threshold, by state and by urban/rural area within state, using the Department of Housing and Urban Development (HUD) Fair Market Rents (FMRs) (Short 2001). FMRs, developed for HUD's Section 8 certificates and vouchers program, represent the 40th percentile of rent (including utilities) for rental units meeting a standard quality of rental housing.

[8] That is, observed expenditures for the uninsured do not provide a reasonable estimate of their medical care needs (Short 2001).

[9] Appendix A shows the standard and alternative poverty thresholds for all family sizes, including the variations in the alternative thresholds for metropolitan and non-metropolitan CT families.

Table 2
Official and NAS-Based Poverty Thresholds - Family of Two Adults and Two Children: CY 2006

	No Geographic Adjustment	Geographic Adjustment for CT	
		CT-urban	CT-rural
Official Poverty Threshold[1]	20,444	NA[2]	NA[2]
Alternative NAS-Based Thresholds[3]			
Exclude Medical Expenses from Threshold	21,818	25,139	23,503
Medical Expenses in Threshold: Family Has[4]			
Private Insurance, Good Health	23,935	27,579	25,783
Private Insurance, Fair/Poor Health	24,402	28,116	26,286
Public Insurance, Good Health	22,194	25,572	23,907
Public Insurance, Fair/Poor Health	22,301	25,696	24,023
Uninsured, Good Health	23,971	27,620	25,822
Uninsured, Fair/Poor Health	24,079	27,744	25,938

1 Source: U.S. Census Bureau: http://www.census.gov/hhes/www/poverty/threshld/thresh06.html

2 The official poverty thresholds do not include geographic adjustments.

3 Alternative thresholds for a two adult, two child, reference family are obtained from http://www.census.gov/hhes/www/povmeas/altmeas06/nas_experimentalthresholdsv2.xls, and reflect thresholds calculated using the most recently available 12 quarters of Consumer Expenditure survey data.

4 Following the Census Bureau's methodology, we adjust the threshold by insurance and health status using the "risk factors" in table A-10 (Short, 2001).

The Census Bureau provides some variations on this approach to implementing the NAS recommendations (Dalaker 2005). The measure used in this analysis represents a close approximation to the general consensus of the Committee on National Statistics (CNSTAT) as published from their workshop on June 15-16, 2004 (Iceland 2005).[10] However, the Committee members did not come to a single recommendation on every element of the measure. For example, many workshop participants favored incorporating the value of housing to home owners (not included in the measure used here), but there was little consensus on the method that should be adopted. The "Measuring American Poverty (MAP) Act of 2009," cosponsored by Representative Jim McDermott (D-WA) and Senator Christopher Dodd (D-CT), calls for development of a single "modern poverty measure."

[10] The NAS also recommended that resources include the value of school lunch and breakfast and subtract child support payments made to another household; those elements could not be included in this analysis.

III. Methods for Estimating Poverty Using TRIM3

This analysis requires an economic model that can capture the effects of current government program rules on family incomes and poverty (the "baseline") and can simulate how alternative policies may affect income and poverty. We use the TRIM3 model, a highly-developed and detailed microsimulation model of the key tax and benefit programs affecting low-income families. The model has been developed and used at the Urban Institute for over 30 years, under primary funding from the Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation (HHS/ASPE). The federal government uses the model to understand the coverage and impacts of government programs. Recently, both the Center on American Progress (CAP) and the Legislative Commission to End Poverty in Minnesota used TRIM3 to analyze recommendations to reduce poverty (CAP 2007 and LCEP 2009). The TRIM3 project's website, trim3.urban.org, provides full documentation of the model. Here, we briefly describe three key aspects of the model: the input data, baseline simulations and poverty measurement, and methods for analyzing policy alternatives.

Input data. The data underlying this analysis are the CY 2005 and CY 2006 Annual Social and Economic Supplement (ASEC) files of the Current Population Survey (CPS) data. The CPS is a nationally-representative survey of the civilian non-institutionalized population of the United States, conducted monthly by the U.S. Bureau of the Census. The ASEC supplement to the CPS, conducted annually, is the source of the official U.S. poverty statistics produced.[11]

Using two years of CPS data provides additional sample for Connecticut-specific analysis and reduces the statistical error around the estimates presented. Even with two years of data, the sample size for Connecticut is sufficiently small (about 600 unique low-income households) that we cannot provide precise information on the impact of policies on detailed subgroups. For example, while the effects of a particular policy on child poverty by race, ethnicity, or family composition can be computed, there would be a large "confidence interval" (range of uncertainty) associated with those estimates.

The Baseline. The CPS provides a detailed set of information about families including their demographic characteristics, work status, earnings and other sources of income. However, the NAS poverty estimation requires additional information such as personal income tax liability and nondiscretionary expenses. In addition, some of the CPS data are known to underestimate receipt of government benefits (Wheaton 2008). We correct for this underreporting so that the baseline represents the best estimate of the effect of government spending against which we can compare alternative program rules.

We use simulation and imputation procedures to add the information required for the NAS poverty definition and to correct for underreporting on the CPS (Table 3). The simulation procedures use the information available on the CPS and the detailed program rules and administrative data sources to calculate government benefits and tax liability for families. These simulation procedures both "correct" for underreporting of benefits and add information on

[11] The CPS does not sample individuals in homeless shelters, prisons, nursing homes, and other types of institutions. For more information on the CPS sample, see http://www.census.gov/cps/,

family tax liability. We impute some of the other estimates required for the analysis such as child care expenses and capital gains. These imputations use the best-available data detailing those amounts and statistical procedures that predict the amounts, given different family characteristics. In the case of work expenses other than child care, we use the estimates used by Census Bureau researchers.

The TRIM3 simulation procedures are internally consistent and reflect current CT policies. The procedures capture program interactions; for example, TRIM3-simulated values for SSI, TANF, child care expenses and housing payments are used in simulating the amount of Food Stamp benefits received. CT's current tax and benefit policies are used, and simulated caseloads for benefit programs are in line with CT's actual caseloads. The simulations incorporate changes in law between 2005-2006 (the years the data represent) and 2008 that are important to the poverty estimates. These adjustments mean that any effects of alternative policies are relative to current law, rather than the laws in place in 2005-2006. More information on the baseline simulations is included in Appendix B.

For each family, baseline poverty status is assessed two times – once comparing cash income to the standard poverty threshold, and again comparing the expanded resource measure to the alternative poverty threshold. In the case of the standard poverty measure, we assess not only whether families are below poverty, but whether they are below two times the poverty threshold.

Estimating the Effects of Alternative Policies. TRIM3 simulates the effects of different program rules on family incomes and poverty by first calculating the direct effect of the alternatives on families' program benefits and taxes and second estimating any potential labor supply response to the alternative policies. Recalculation of program benefits and taxes occurs at the micro-level. That is, the model calculates benefit and tax eligibility under different program rules for each family in the data base. For example, if access to child care subsidies is expanded, each subsidy-eligible family is assessed and specific families are identified as the new subsidy recipients. The model subsequently recalculates all other benefits and taxes to capture any program interactions. For example, if child care expenses are lower for a family receiving a new child care subsidy, the child care disregard in the food stamp benefit calculation will be lower, resulting in a lower food stamp benefit. Similarly, poverty status will be recalculated to capture changes in family income and expenses.

The model also simulates changes in labor supply that may result from changes in policy. For example, broader availability of child care subsidies likely will encourage parents to increase their hours of work or to move into the labor market because their earnings net of child care costs will be higher. The model uses estimates from the best-available economics literature to estimate these effects. Typically, this literature provides estimates of the percent of adults likely to move into the labor market or increase earnings in response to a percentage increase in net income. The model uses these estimates to change labor supply and earnings of relevant individuals. The model assumes that the labor market could absorb additional workers and higher wages. Thus, the estimates of poverty reduction that include labor supply effects should be considered best-case or long-run scenarios.

Table 3
Sources of Data for Family Resources and Needs, National Academy of Sciences (NAS) Definition of Poverty

Element of Resources/Needs		Sources: Data are either reported in the Current Population Survey (CPS) or added to the CPS using TRIM3 simulation and imputation procedures. [12]
Cash income		
	Wages, Salaries, self-employment	Reported
	Interest, dividends, rent, trusts	Reported
	Social Security & Railroad Retirement	Reported
	Pensions	Reported
	Disability benefits	Reported
	Unemployment compensation	Reported
	Child support	Reported
	Veterans benefits	Reported
	Educational assistance	Reported
	Supplemental Security Income (SSI)	Simulated to correct for under-reporting
	TANF	Simulated to correct for under-reporting
	Other public assistance	Reported
Near-cash elements (added to cash income)		
	Capital gains or losses	Imputed
	Food stamps/SNAP	Simulated to correct for under-reporting
	Women Infants and Children (WIC) benefits	Simulated to correct for under-reporting.
	Low-Income Home Energy Assistance Program (LIHEAP)	Simulated to correct for under-reporting.
	Public and subsidized housing	Subsidy receipt reported; value simulated
	School lunch	Imputed by Census Bureau
Taxes (deducted from income)		
	Federal income taxes and EITC	Simulated
	State income taxes and EITC	Simulated
	Payroll taxes	Simulated
Expenses (deducted from income)		
	Child care expenses	Imputed
	Other work expenses	Imputed using Census Bureau assumptions
Health insurance status (affects thresholds)		
	Medicaid/SCHIP coverage	Simulated
	Private health coverage	Reported

[12] Some data not available on the CPS are *imputed* by matching in data from other sources, but government benefits typically are *simulated* by using program rules to estimate family and individual eligibility, benefits and enrollment. Simulation procedures use state and federal administrative data to align/validate the results.

The model subsequently recalculates all benefits and taxes based on these revised earned income estimates. In section V, we describe results of alternative policies with and without expected labor supply responses. We also reference the literature we use to simulate these responses. These estimates are, of course, illustrative since the economic literature typically provides a range of possible estimates.

IV. Child Poverty in CT and the Nation

Child poverty in CT was tabulated using two definitions of poverty – the standard definition and the NAS-based definition, as described in Sections II and III. Poverty was also tabulated for the nation as a whole and for adults as well as children.

As discussed above, the two definitions vary both in the measure of resources (more comprehensive in NAS) and in the threshold (higher in the NAS definition). A particular family may be poor under one definition and not poor under another definition, depending on that family's measured resources and poverty threshold under the two definitions.

Child Poverty, CT and US. The official poverty definition shows 88,000 CT children in poverty, compared with 90,000 using the NAS methodology (Figure 1). One reason for the slightly higher NAS poverty count is the higher cost of housing in CT that is reflected in the NAS poverty thresholds. About twice as many CT children (207,000) live in families with incomes below 2 times the official poverty threshold -- often used as a measure of low-income status.

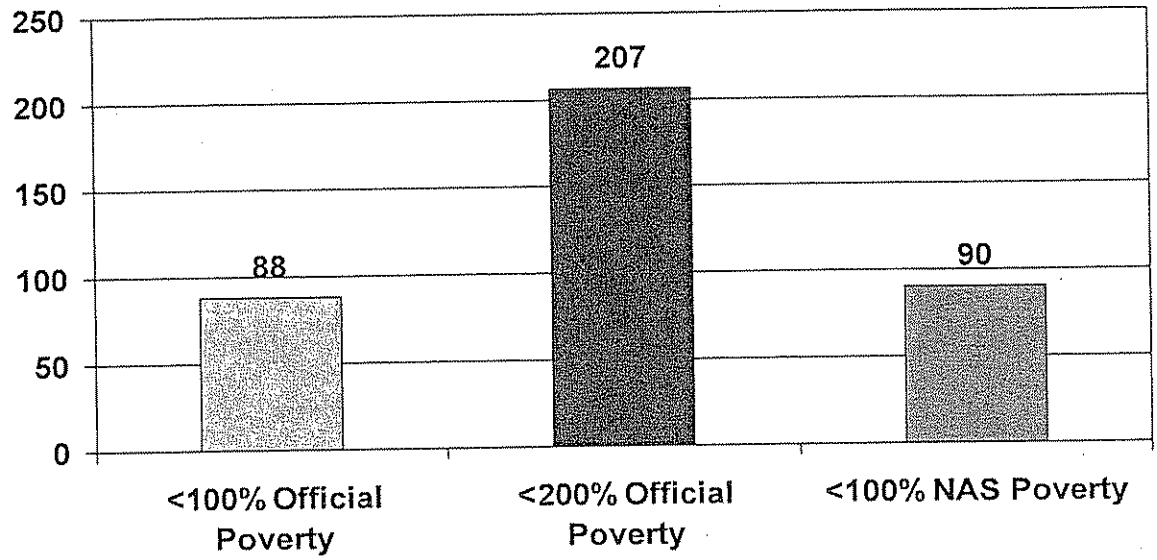
Child poverty rates are substantially lower in CT than in the US as a whole (Figure 2). Using the official definition of poverty, 10.7 percent of CT's children are poor, compared with 16.9 percent of children nationwide.[13] Using the NAS definition, the CT child poverty rate is 10.9 percent, while the US child poverty rate is 13.4 percent. (In the US as a whole, the combination of the NAS resource measure and thresholds reduces the child poverty rate, but in CT the NAS rate is slightly higher.)

Table 4a shows poverty rates for all individuals in CT and Table 4b shows poverty rates for the nation as a whole, using both the official and NAS definitions. The NAS poverty definition shows a significantly higher poverty rate for all persons in CT (11.3 percent) compared with the official definition (8.5 percent). The biggest difference between the two definitions is for older adults; the official rate for persons in families with a member 65 or older is 7.5 percent, while the NAS definition increases the rate to 14.0 percent. The NAS poverty definition does not assume that persons ages 65 and older need less for basic needs than younger

[13] These poverty estimates are specific to the CPS-TRIM data and methods used for this analysis; estimates may differ across surveys. For example, the CPPC's January 2009 Progress Report (CPPC, 2009) shows that the American Community Survey estimates 11.6 percent of CT children in poverty in 2005, and 11.0 percent in poverty in 2006, using the official poverty definition. The difference between the 10.7 percent baseline poverty rate for 2005/2006 in this analysis (using the official definition) and the 11.3 percent average in the ACS data is due primarily to differences between the ACS and CPS data (such as differences in sampling variability, questions about sources of income and survey timing) rather than the TRIM adjustments for under-reporting of TANF and SSI income. Nelson (2006) compares state-level poverty estimates from the CPS and ACS data.

adults as does the official poverty definition. Also, the NAS thresholds reflect the impact of out-of-pocket medical spending, which is higher for older adults than younger persons.[14]

Figure 1
Connecticut Children in Poverty,
2005/2006 (thousands)



Source: The Urban Institute, tabulations using the TRIM3 microsimulation model and the 2006 and 2007 ASEC data.
Notes:
(1) CT estimates were created for 2005 and 2006 separately; each CT estimate is the average of the 2005 and 2006 results.
(2) Estimates from the TRIM3 model correct for underreporting of government benefits and include unrelated individual children under age 15 in the family of the householder (Census excludes these children from the poverty universe). Thus, poverty estimates from the TRIM3 model differ slightly from those published by the Census Bureau.
(3) The official poverty definition compares the cash income of a family (all related persons in a household) to the official US poverty thresholds.
(4) The alternative (NAS) poverty definition counts the value of non-cash income and subtracts tax liability and work-related expenses. The alternative poverty threshold uses an updated market basket of goods and is adjusted for state of residence, urban/rural status, health status, and health insurance status.

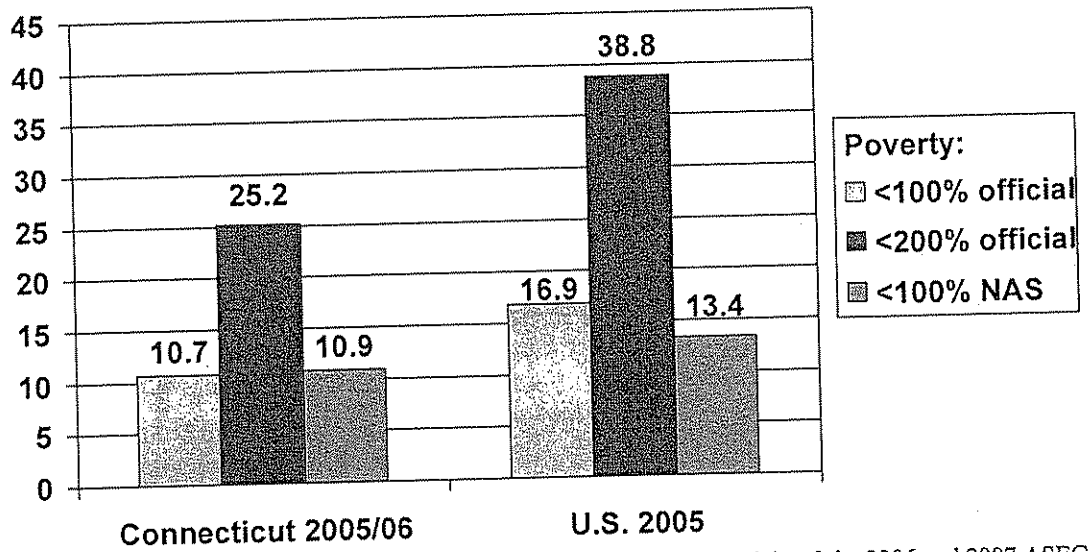
The patterns in CT differ somewhat from those for the entire nation. The national poverty rate is only slightly higher using the NAS definition (12.7 percent compared with 12.4 percent). The poverty rate for older adults is much higher using NAS (14.9 percent compared with 9.6 percent). And the national-level child poverty rate is substantially lower using the NAS definition than the official measure (13.4 percent compared with 16.9 percent). The addition of

[14] Additional data on poverty in CT are included in Appendix B.

non-cash benefits to the resources of families with children moves many over the NAS poverty threshold. However, since the NAS poverty thresholds for CT are substantially higher than the official thresholds (due to the relatively high cost of housing in CT), this effect is muted, and some previously non-poor families with children fall below the NAS threshold.

Antipoverty Effectiveness of Government Programs. Government programs can reduce poverty through cash and near-cash benefits, tax credits, and subsidy programs. If cash income prior to any government programs were compared to the NAS poverty thresholds, 15.1 percent of children would be measured as poor (Figure 3). The inclusion of food and housing benefits reduces poverty to 10.5 percent. Federal taxes, including the EITC credit, reduce the poverty rate to 8.7 percent. The subtraction of child care and other work expenses from net income increases it to 11.0 percent. While only the final figure should be reported as a poverty rate, the table illustrates the ability of government programs to affect family economic well-being.

Figure 2
Children's Poverty Rate in
Connecticut (CT) and United States (US)



Source: The Urban Institute, tabulations using the TRIM3 microsimulation model and the 2006 and 2007 ASEC data.

Notes:

(1) CT estimates were created for 2005 and 2006 separately; each CT estimate is the average of the 2005 and 2006 results.

(2) Estimates from the TRIM3 model correct for underreporting of government benefits and include unrelated individual children under age 15 in the family of the householder (Census excludes these children from the poverty universe). Thus, poverty estimates from the TRIM3 model differ slightly from those published by the Census Bureau.

(3) The official poverty definition compares the cash income of a family (all related persons in a household) to the official US poverty thresholds.

(4) The alternative (NAS) poverty definition counts the value of non-cash income and subtracts tax liability and work-related expenses. The alternative poverty threshold uses an updated market basket of goods and is adjusted for state of residence, urban/rural status, health status, and health insurance status.

TABLE 4a

"BASELINE" POVERTY IN CONNECTICUT, TWO POVERTY MEASURES

Population: 2005 and 2006 Connecticut data [1,2]

Policies: Current rules for taxes and transfers, deflated appropriately

Official Poverty Definition [3]

Number of persons by family poverty status and type of person [4]	Connecticut, 2005/2006 Average (numbers in thousands)				
	All Persons	Children <18	Persons by family type[4]		
			In families with children	In fams. w/ person 65+	In other families
Poor or low income					
<100% poverty	*296*	*88*	*158*	*35*	*104*
100<200% poverty	*460*	*119*	*242*	*96*	*123*
Total <200%	*756*	*207*	*400*	*131*	*226*
200<300% poverty	*530*	*134*	*288*	*108*	*135*
300+ % poverty	*2,188*	*480*	*1,128*	*230*	*830*
Total persons	3,475	820	1,816	469	1,191
% poor (<100% poverty)	8.5%	10.7%	8.7%	7.5%	8.7%
% poor or near-poor (<200%)	21.8%	25.2%	22.0%	28.0%	19.0%

Alternative (NAS) Poverty Definition [5]

Number of persons by family poverty status and type of person [4]	Connecticut, 2005/2006 Average (numbers in thousands)				
	All Persons	Children <18	Persons by family type[4]		
			In families with children	In fams. w/ person 65+	In other families
Poor or low income					
<100% poverty	*393*	*90*	*174*	*66*	*154*
100<200% poverty	*1,034*	*281*	*601*	*183*	*250*
Total <200%	*1,426*	*371*	*775*	*248*	*404*
200<300% poverty	*763*	*179*	*409*	*104*	*251*
300+ % poverty	*1,286*	*271*	*632*	*116*	*537*
Total persons	3,475	820	1,816	468	1,191
% poor (<100% poverty)	11.3%	10.9%	9.6%	14.0%	12.9%

Source: The Urban Institute, tabulations using the TRIM3 microsimulation model and the 2006 and 2007 ASEC data.

Notes:

[1] CT estimates were created for 2005 and 2006 separately; each CT estimate is the average of the 2005 and 2006 results.

[2] Estimates from the TRIM3 model correct for underreporting of government benefits and include unrelated individual children under age 15 in the family of the householder (Census excludes these children from the poverty measure). Thus, poverty estimates from the TRIM3 model differ slightly from those published by the Census Bureau.

[3] The official poverty definition compares the cash income of a family (all related persons in a household) to the official US poverty thresholds.

[4] Columns for persons by family type include both children and adults. Persons in families with both children and persons 65+ are in the "families with children" column.

[5] The alternative (NAS) poverty definition counts the value of non-cash income and subtracts tax liability and work-related expenses. The poverty threshold uses an updated market basket of goods and is adjusted for state of residence, urban/rural status, health status, and health insurance status.

TABLE 4b
"BASELINE" POVERTY IN THE NATION, TWO POVERTY MEASURES
Population: 2005 U.S. data [1]
Policies: Current rules for taxes and transfers, deflated appropriately

Official Poverty Definition [2]

Number of persons by family poverty status and type of person [3]	Total U.S., 2005 (numbers in thous.)				
			Persons by family type[3]		
	All Persons	Children <18	In families with children	In fams. w/ person 65+	In other families
Poor or low income					
<100% poverty	*36,347*	*12,435*	*21,530*	*3,575*	*11,243*
100<200% poverty	*54,901*	*16,065*	*31,854*	*9,685*	*13,362*
Total <200%	*91,248*	*28,500*	*53,384*	*13,260*	*24,605*
200<300% poverty	*50,634*	*13,361*	*28,658*	*8,066*	*13,911*
300+ % poverty	*151,952*	*31,615*	*72,959*	*15,816*	*63,177*
Total persons	293,834	73,476	155,001	37,141	101,693
% poor (<100% poverty)	12.4%	16.9%	13.9%	9.6%	11.1%
% poor or near-poor (<200%)	31.1%	38.8%	34.4%	35.7%	24.2%

Alternative (NAS) Poverty Definition [4]

Number of persons by family poverty status and type of person [3]	Total U.S., 2005 (numbers in thous.)				
			Persons by family type[3]		
	All Persons	Children <18	In families with children	In fams. w/ person 65+	In other families
Poor or low income					
<100% poverty	*37,242*	*9,846*	*18,249*	*5,550*	*13,442*
100<200% poverty	*94,626*	*28,359*	*57,401*	*14,480*	*22,745*
Total <200%	*131,868*	*38,205*	*75,650*	*20,030*	*36,187*
200<300% poverty	*66,439*	*16,460*	*36,613*	*7,972*	*21,854*
300+ % poverty	*95,528*	*18,811*	*42,739*	*9,138*	*43,651*
Total persons	293,835	73,476	155,002	37,140	101,692
% poor (<100% poverty)	12.7%	13.4%	11.8%	14.9%	13.2%

Source: The Urban Institute, tabulations using the TRIM3 microsimulation model and the 2006 and 2007 ASEC data.

Notes:

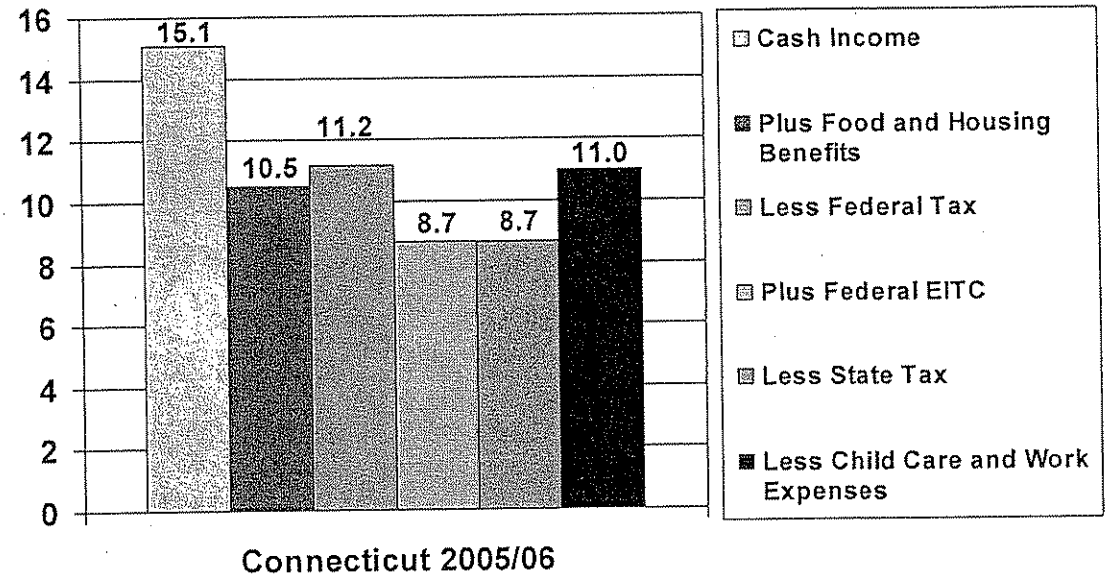
[1] CT estimates were created for 2005 and 2006 separately; each CT estimate is the average of the 2005 and 2006 results.

[2] The official poverty definition compares the cash income of a family (all related persons in a household) to the official US poverty thresholds.

[3] Columns for persons by family type include both children and adults. Persons in families with both children and persons 65+ are in the "families with children" column.

[4] The alternative (NAS) poverty definition counts the value of non-cash income and subtracts tax liability and work-related expenses. The poverty threshold uses an updated market basket of goods and is adjusted for state of residence, urban/rural status, health status, and health insurance status.

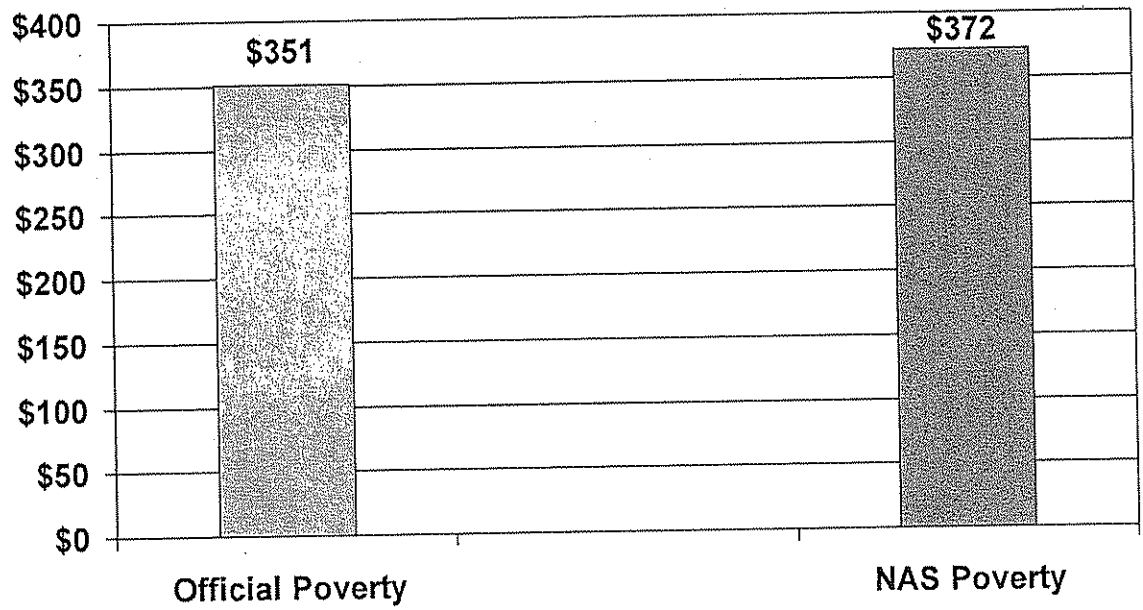
Figure 3
Effect of Government Programs on Child Poverty in Connecticut (NAS Poverty Threshold)



Source: The Urban Institute, tabulations using the TRIM3 microsimulation model and the 2006 and 2007 ASEC data.
Notes:
(1) CT estimates were created for 2005 and 2006 separately; each CT estimate is the average of the 2005 and 2006 results.
(2) The alternative (NAS) poverty definition counts the value of non-cash income and subtracts tax liability and work-related expenses. The alternative poverty threshold uses an updated market basket of goods and is adjusted for state of residence, urban/rural status, health status, and health insurance status.

Poverty Gap. The "poverty gap" is one measure of the extent of poverty, as opposed to its incidence. The poverty gap is defined as the aggregate amount by which poor families fall below the applicable poverty threshold. It is the aggregate amount of money by which incomes of poor families would have to increase in order for all families to be exactly at the poverty threshold. The poverty gap for families with children in CT is $351 million using the official poverty threshold and $372 million using the NAS threshold (Figure 4).

Figure 4
Poverty Gap for Families with Children in Connecticut
(2005/2006, in millions)



Source: The Urban Institute, tabulations using the TRIM3 microsimulation model and the 2006 and 2007 ASEC data.
Notes:
(1) CT estimates were created for 2005 and 2006 separately; each CT estimate is the average of the 2005 and 2006 results.
(2) The Official Poverty definition compares the cash income of a family (all related persons in a household) to the official US poverty thresholds.
(3) The alternative (NAS) poverty definition counts the value of non-cash income and subtracts tax liability and work-related expenses. The alternative poverty threshold uses an updated market basket of goods and is adjusted for state of residence, urban/rural status, health status, and health insurance status.

V. Potential Effects of Initiatives to Reduce Poverty

The CPPC's recommendations for reducing poverty fall into four major categories: 1) Family Income and Earnings potential, 2) Education, 3) Income Safety Net, and 4) Family Structure and Support. The Commission asked the Urban Institute to simulate the effects of options in each category. Options were selected on the basis of their potential effect on child poverty and the feasibility of providing reasonable estimates for the recommendations. Policy options are described below, and the estimated impacts on child poverty in CT are presented. Additional simulation results are provided in Appendix D.

Family Income and Earnings Potential

These options include guaranteed child care subsidies, increased usage of the federal EITC and expansion of homeless diversion programs. We simulated the effects of the child care subsidy option, but not the others. Our review of the literature on EITC participation found no information specific to the CT participation rate. Nationally, about 86 percent of eligible families with children participate in the EITC (US General Accounting Office 2001). This estimate is considered a high rate of saturation. In fact, national models of the EITC find fewer families with children eligible for the EITC than actually receive it (Wheaton, 2008). Some families that technically do not qualify receive the EITC, often because of a misunderstanding about the child dependency definition. Most of the tax units eligible for the EITC but not receiving it are single adults eligible for a small federal credit. Since there is no information on the characteristics of nonparticipating adults and the effects on child poverty would be minimal, this option was not simulated. We also could not simulate the homeless diversion program alternative because homeless families are not represented in the CPS.

Guaranteed Child Care Subsidies. This option assumes that Child Care and Development Fund (CCDF) subsidies are an entitlement for eligible families. Following CT's current CCDF policy, families with incomes less than or equal to 50 percent of state median income (SMI) are initially eligible for subsidies. Families can continue to be eligible as long as income does not exceed 75 percent of SMI. Using the SMI levels released in 2008, a family of four gains initial eligibility with income up to $46,908, and remains eligible with income up to $70,368. Families must pay copayments that range from 2 percent of income (for families with income up to 20 percent of SMI) to 10 percent (for families with income at 50 percent of SMI or higher). TRIM3 simulates this option by assuming that all eligible families not currently receiving a subsidy would apply for and receive subsidies if they have child care expenses.[15]

We simulate the direct effects of this option on net family income and poverty, holding constant families' employment and earnings; we then simulate the option assuming that more parents would be employed. Schaefer, Kreader, NCCP, Ann Collins and Abt Associates (2006) review the wide range of estimates of the effect of child care subsidies on employment, and report that estimates often vary by study group. Estimates range from an 11 percent increase in the probability of employment for low-income families (not on welfare) for each $1,000 annual increase in subsidies (Bainbridge, Meyers and Waldfogel, 2003) down to about 4 percent for single parents and secondary earners (Houser and Dickert-Conlin,1998). We used the lower end of the range of estimates (3 percent if unmarried and 8 percent if married), given the uncertainty. The employment effect is simulated in TRIM3 so that the targeted effect applies to all single parents and secondary earners who are not working. Elasticities apply only to parents with children under age 13.[16]

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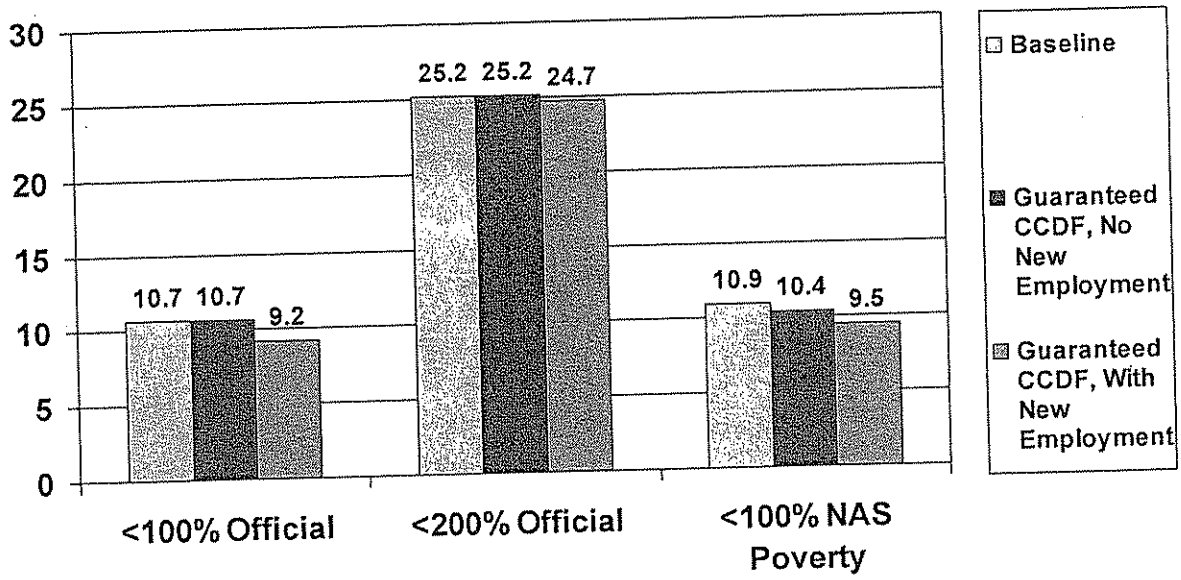
[15] As noted in Table 3, child care expenses are imputed. Statistical equations based on the Survey of Income and Program Participation (SIPP) estimate a family's probability of having expenses and the amount of expenses, based on family structure, parent employment and education, and number and ages of children. Imputation results are aligned to data on the incidence and amount of expenses from the 2002 National Survey of America's Families.

[16] Ideally the probability of employment would vary by the age of the youngest child (e.g. under 6 and 7 to 13), but the available studies do not easily lend themselves to an age breakout.

As Figure 5 shows, increased child care subsidies would not independently affect the official poverty measure since child care expenses are not included in the resource measure. However, incorporating employment effects would reduce child poverty to 9.2 percent from the baseline estimate of 10.7 percent. The guarantee of CCDF subsidies to eligible families would reduce child poverty as measured by the NAS definition from 10.9 percent to 10.4 percent, through the direct change in family net income; and would reduce child poverty to 9.5 percent assuming the employment effects occurred as modeled.[17]

Figure 5
Guaranteed Child Care Subsidies: Effect on Child Poverty Rate in CT, with and without new employment (2005/2006)



Source: The Urban Institute, tabulations using the TRIM3 microsimulation model and the 2006 and 2007 ASEC data.
Notes:
(1) CT estimates were created for 2005 and 2006 separately; each CT estimate is the average of the 2005 and 2006 results.
(2) The alternative (NAS) poverty definition counts the value of non-cash income and subtracts tax liability and work-related expenses. The alternative poverty threshold uses an updated market basket of goods and is adjusted for state of residence, urban/rural status, health status, and health insurance status.
(3) See text for description of policy and employment effects assumptions.

[17] Note that this simulation increases the number of CCDF subsidies by approximately 24,000 without employment effects and by approximately 31,000 with employment effects.

Education Initiatives

The CPPC has prioritized four education initiatives. The first would expand Early Childhood Education through support of the Early Childhood Education Cabinet's proposals targeting children aged birth to five. The second initiative would enhance Youth Dropout Prevention efforts to reduce the number of students who drop out of high school. The Post-Secondary Education initiative would expand access to state colleges for late teens and young adults, particularly in community colleges and expansion of programs intended to encourage high school students to pursue a college education. The Workforce Development initiative would enhance the existing GED program for working poor families receiving TFA and literacy and examine how youth who drop out of high school can obtain a GED.

Modeling Assumptions. Given these broad recommendations, we simulated the potential effects of a hypothetical set of education and training policies on employment and earnings. We modeled likely employment and earnings effects of general initiatives to increase the share of high school drop outs that attains a General Education Degree (GED), increase the share of high school graduates that attain an Associates Degree (AA), and increase the share of high school graduates that attain job training.[18] We made broad assumptions about the number of individuals in CT that would benefit from additional education and training to demonstrate the potential of these types of initiatives. Of course, the number that would benefit ultimately depends upon the level of CT's additional investment in education.

We did not specifically include the Early Childhood Education or the youth initiatives. In the short run, these effects would not reduce child poverty. However, the simulations showing the effects of increased education and training on adult employment and earnings generally illustrate how education initiatives potentially can affect poverty.

We turned to the recent economics literature to choose likely employment and earnings responses to initiatives that would increase adult education and training. There is no broad consensus about the ability of increased post-secondary education, GED completion, "workforce development" or job training programs to raise employment and earnings for disadvantaged youth and adults (Holzer 2008). However, some approaches hold promise based on recent experimental evaluations, and other experimental studies provide guidance on how job training might affect employment and earnings. Also, given the uncertainties surrounding the effects of these types of initiatives we provide high and low effects for each of these simulations. The effects shown in the literature usually apply to small samples and specific initiatives that would not necessarily be reproduced through new policies. While we base the estimates on the "average effects" shown to the extent possible, we still must extrapolate the effects shown in recent studies despite differences in the population base and likely differences in program design.

Table 5 shows the assumptions adopted for three types of education and training initiatives similar to those that CT is considering.[19] To model the impact of increasing AA

[18] All adults through age 49 who are not currently in school and who are not disabled were considered potential candidates for obtaining the additional education or training.

[19] More information about the economics literature summarizing the effects of education and training on employment is provided in Appendix C.

degrees, the simulations assume that one-half of the 600,000 CT adults under age 50 with a high school diploma but no higher degree would obtain an AA degree.[20] Lerman (2007) summarizes recent literature showing that two-year attendance at a community college and completion of the AA could raise the earnings of male graduates by as much as 30 percent and female graduates by 47 percent. We hypothesize a lower-effect scenario that increases wages for men and women completing the AA degree by 15 percent (with no new employment) and a higher-effect scenario that assumes a 40 percent increase in wages for employed individuals that complete the AA and a 15 percent increase in employment among those completing the AA recipients who were not currently employed. Individuals that gain a job are assumed to find full-year employment for 35 hours per week, at $18 per hour (the 2006 median hourly rate for individuals in CT with an AA degree).

Table 5
Work and Employment Assumptions Used in Education Scenarios

Simulation	Target Group	Responses (1)	
		Low	High
Completion of AA Degree	50% of nondisabled adults under age 50 with high school as highest degree	15% increase in earnings	15% increase in work, 40% increase in earnings
Post-secondary Job Training	50% of nondisabled adults under age 50 with high school as highest degree	6% increase in earnings among workers	6% increase in work; 20% increase in earnings
Completion of GED	All adults under age 50 not in school and not disabled who did not complete high school	6% increase in earnings among workers	10% increase in work; 25% increase in earnings

Notes: (1) See text and Appendix C for the empirical literature supporting these assumptions.

To simulate the effect of increased completion of the GED, we rely primarily on a summary by Bos et al. (2002) of lessons learned from different adult education programs. They found a 28.5 percent increase in annual earnings of those completing their GED (relative to not having the GED) in the third year of follow up. Experts warn that GED completion must be targeted and include a connection to employment to ensure its effectiveness. Also, this study's synthesis of experimental results applies to a narrowly-targeted group of former welfare recipients.

[20] A new degree is not assumed if the adult appears disabled.

We assume that CT implements a policy that achieves 100 percent GED completion among high school drop outs. There are approximately 135,000 CT adults under age 50 with no high school diploma or GED; we assume they would all obtain a GED unless the CPS survey data indicate that they are disabled. In the low effect scenario we hypothesize that earnings increase by 6 percent (among those currently employed). The high effect scenario assumes that earnings increase by 25 percent among those employed and that 10 percent of those not currently working begin to work. Individuals that gain a job are assumed to find full-year employment for 35 hours per week, at $14 per hour; the hourly rate is the median for individual in CT with a diploma but no higher degree.

Many experts still consider the JTPA results (an experimental study conducted in the 1980s) the best estimates of the labor supply effects of adult training (Bloom et al. 1997). Estimates of effects on annual earnings for adult men and women within 30 months of treatment are 10 percent for adult women along with a 2.1 percentage point increase in employment and earnings effects for adult men are 5.3 percent.[21] Results from some of the more recent National Evaluations of Welfare to Work Strategies (NEWWS) sites suggest larger effects for post-secondary participants. One site, for example, produced a 21 percent gain in employment and a 25 percent earnings gain. We hypothesize a lower-effect scenario that increases wages by 6 percent (with no new employment) and a higher-effect scenario that assumes a 20 percent increases in wages for employed individuals that complete the training and a 6 percent increase in employment among those completing the training who were not currently employed. Individuals that gain a job are assumed to find full-year employment for 35 hours per week, at $18 per hour; the hourly rate is the median for individual in CT with an AA degree.

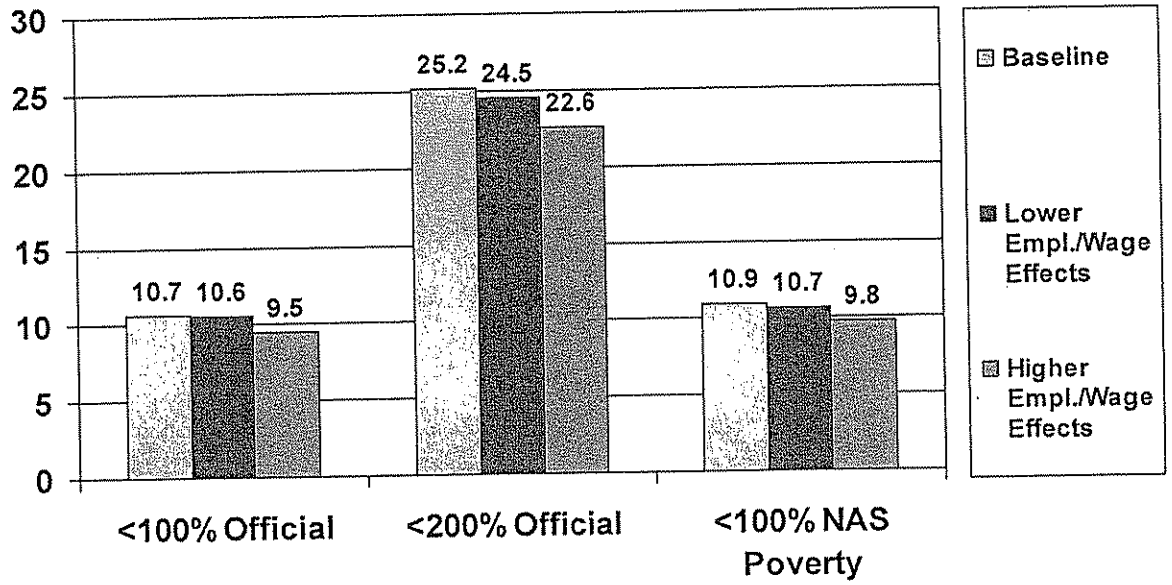
Effects of Education and Training on Child Poverty. Increases in education among adults in CT would reduce poverty using both the official and the NAS measures. Of course, the larger effects occur in the high employment effect scenarios. If half of the adults with a high school degree went on to complete an AA, we estimate that the child poverty rate would decline by at least a full percentage point using the high employment effect assumptions using both the official and the NAS poverty measure (Figure 6). The share of children living in low-income families would decline by more than 2 percentage points.

Increases in GED completion among high school dropouts have slightly less effect on child poverty (Figure 7). Under the scenario with greater employment and earnings effects, poverty declines by 0.9 percentage points using the official measure (from 10.7 to 9.8 percent) and by 0.8 percentage points using the NAS measure (from 10.9 to 10.1 percent). The lower employment and wage effects only slightly reduce child poverty rates.

Consistent with the employment effects discussed above, increases in job training have the smallest effect on child poverty (Figure 8). In the higher-impact scenario, increases in job training are estimated to reduce child poverty by 0.2 percentage points using the official definition and by 0.4 percentage points using the NAS measure.

[21] GAO (1996) cautions that these effects fade somewhat over time.

Figure 6
Half of Adults with a H.S. Diploma Obtain an AA Degree: Possible Effect on Child Poverty Rate in CT (2005/2006)



Source: The Urban Institute, tabulations using the TRIM3 microsimulation model and the 2006 and 2007 ASEC data.

Notes:

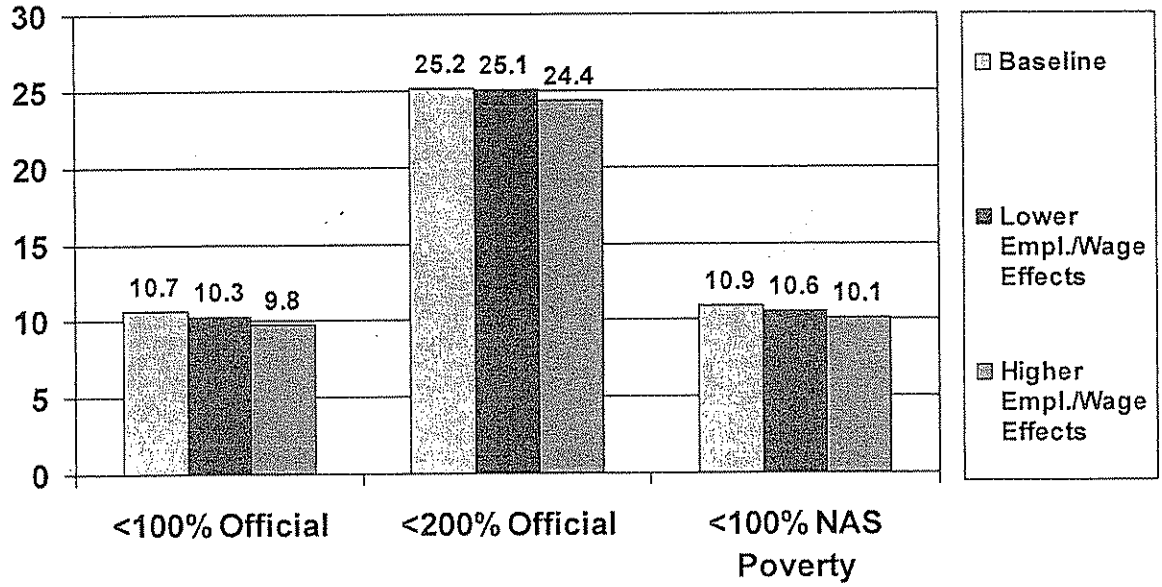
(1) CT estimates were created for 2005 and 2006 separately; each CT estimate is the average of the 2005 and 2006 results.

(2) The official poverty definition compares the cash income of a family (all related persons in a household) to the official US poverty thresholds.

(3)The alternative (NAS) poverty definition counts the value of non-cash income and subtracts tax liability and work-related expenses. The alternative poverty threshold uses an updated market basket of goods and is adjusted for state of residence, urban/rural status, health status, and health insurance status.

(4) See text for description of policy and employment effects assumptions.

Figure 7
All Adults without a H.S. Diploma or Equivalent Obtain a GED: Possible Effect on Child Poverty Rate in CT (2005/2006)



Source: The Urban Institute, tabulations using the TRIM3 microsimulation model and the 2006 and 2007 ASEC data.
Notes:
(1) CT estimates were created for 2005 and 2006 separately; each CT estimate is the average of the 2005 and 2006 results.
(2) The alternative (NAS) poverty definition counts the value of non-cash income and subtracts tax liability and work-related expenses. The alternative poverty threshold uses an updated market basket of goods and is adjusted for state of residence, urban/rural status, health status, and health insurance status.
(3) See text for description of policy and employment effects assumptions.

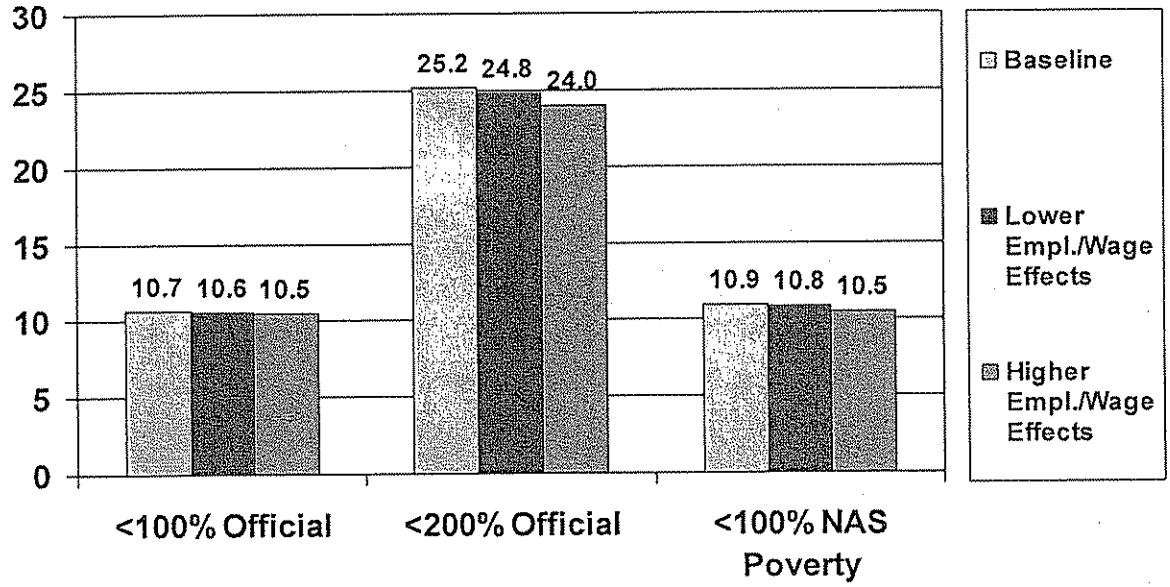
If CT implemented all three education initiatives and the assumed employment effects could be realized, the combined effect on child poverty would be much larger. The official child poverty rate would decline by 2.4 percentage points based on the official poverty measure (Figure 9 and Table 6a) and by 2.7 points using the NAS poverty measure (Figure 9 and Table 6b) if the high employment effects were realized. The effects on poverty reduction would be much smaller with weaker employment effects.

The poverty gap also would shrink in these scenarios that combine the effects of the three initiatives. Using the official poverty measure, the poverty gap for families with children would decline by $19 million under the low employment effect scenario and by $74 million (21 percent) in the high employment effect scenario. The poverty gap reductions are somewhat larger using the NAS poverty definition -- $26 million under the low-employment scenario and $89 million (24 percent) under the high employment effects scenario. These results reflect the

offsetting changes in benefit eligibility and taxes in the NAS poverty measure. As earnings increase and more adults become employed in the higher education scenarios, some will lose SNAP and possibly other in-kind benefits but they will gain earned income and possibly refundable credits.

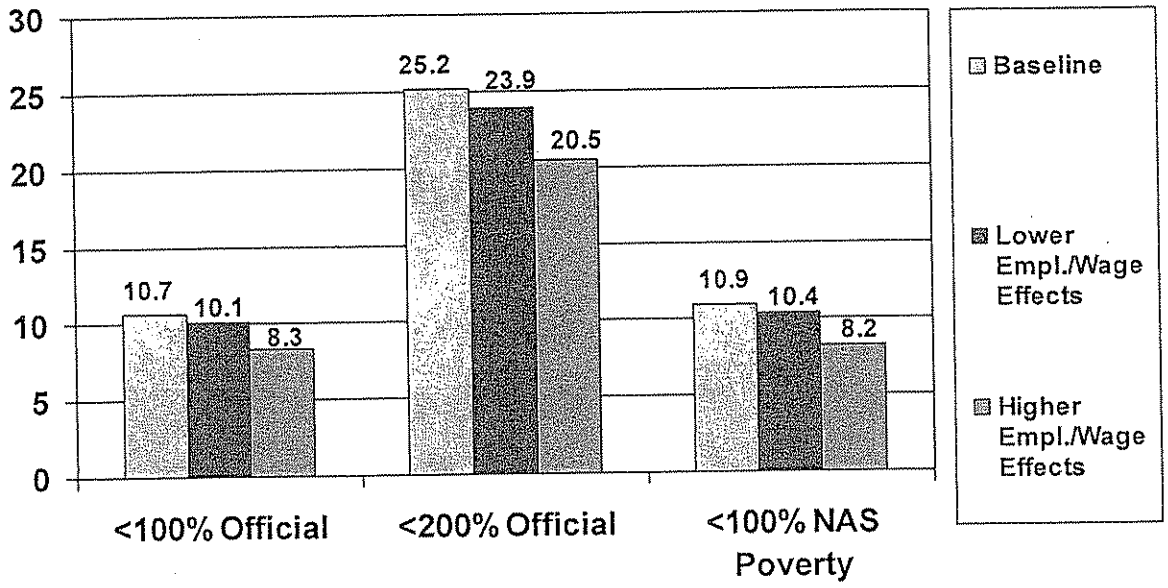
Note that these scenarios target adults ages 18 to 49 who are not currently disabled or in school. Some of these adults have children and some do not. If CT targeted parents for these investments, the effect on child poverty would be larger.

Figure 8
Half of Adults with a H.S. Diploma Obtain Job Training: Possible Effect on Child Poverty Rate in CT (2005/2006)



Source: The Urban Institute, tabulations using the TRIM3 microsimulation model and the 2006 and 2007 ASEC data.
Notes:
(1) CT estimates were created for 2005 and 2006 separately; each CT estimate is the average of the 2005 and 2006 results.
(2) The official poverty definition compares the cash income of a family (all related persons in a household) to the official US poverty thresholds.
(3) The alternative (NAS) poverty definition counts the value of non-cash income and subtracts tax liability and work-related expenses. The alternative poverty threshold uses an updated market basket of goods and is adjusted for state of residence, urban/rural status, health status, and health insurance status.
(4) See text for description of policy and employment effects assumptions.

Figure 9
Increasing AAs, GEDs, Job Training: Possible Effect on Child Poverty Rate in CT (2005/2006)



Source: The Urban Institute, tabulations using the TRIM3 microsimulation model and the 2006 and 2007 ASEC data.

Notes:

(1) CT estimates were created for 2005 and 2006 separately; each CT estimate is the average of the 2005 and 2006 results.

(2) The official poverty definition compares the cash income of a family (all related persons in a household) to the official US poverty thresholds.

(3) The alternative (NAS) poverty definition counts the value of non-cash income and subtracts tax liability and work-related expenses. The alternative poverty threshold uses an updated market basket of goods and is adjusted for state of residence, urban/rural status, health status, and health insurance status.

(4) See text for description of policy and employment effects assumptions.

TABLE 6a
IMPACT OF INCREASED ATTAINMENT OF GEDs, AAs, AND JOB TRAINING PROFILE[1]
Using 2005 and 2006 Connecticut data [2,3]

Standard Poverty Definition [4]	Baseline				
			Persons by family type [6]		
	All Persons	Children	In fams. w/ children	In fams. w/ person 65+	In other families
Number poor or low income (thou.)					
<100% poverty	*296*	*88*	*158*	*35*	*104*
100<200% poverty	460	119	242	96	123
Total <200%	*756*	*207*	*400*	*131*	*226*
% poor (<100% poverty)	8.5%	10.7%	8.7%	7.5%	8.7%
% poor or near-poor (<200%)	21.8%	25.2%	22.0%	28.0%	19.0%
Poverty gap (millions, 2006 $) [5]	$1,032.6		$351.0	$87.9	$593.7

	Increased Education, Low Employment/Wage Impacts				
			Persons by family type [6]		
	All Persons	Children	In fams. w/ children	In fams. w/ person 65+	In other families
Number poor or low income (thou.)					
<100% poverty	*282*	*83*	*149*	*35*	*99*
100<200% poverty	442	113	227	96	120
Total <200%	*724*	*196*	*376*	*131*	*218*
% poor (<100% poverty)	8.1%	10.1%	8.2%	7.5%	8.3%
% poor or near-poor (<200%)	20.8%	23.9%	20.7%	28.0%	18.3%
Poverty gap (millions, 2006 $) [5]	$1,005.5		$332.0	$87.4	$586.1

	Increased Education, Large Employment/Wage Impacts				
			Persons by family type [6]		
	All Persons	Children	In fams. w/ children	In fams. w/ person 65+	In other families
Number poor or low income (thou.)					
<100% poverty	*251*	*69*	*122*	*34*	*96*
100<200% poverty	405	100	200	97	109
Total <200%	*656*	*168*	*322*	*131*	*204*
% poor (<100% poverty)	7.2%	8.3%	6.7%	7.3%	8.0%
% poor or near-poor (<200%)	18.9%	20.5%	17.7%	28.0%	17.1%
Poverty gap (millions, 2006 $) [5]	$936.0		$277.4	$87.4	$571.2

Notes:

[1] This simulation assumes that CT implements a broad policy to increase the attainment of AA degreesand training among the 600,000 CT adults up to age 49 who are not in school and who have a diploma (or equivalent) but no higher degree, and to increase the attainment of GED degrees among the 135,000 CT adults up to age 49 who are not in school and who have no diploma (or equivalent).

[2] CT estimates were created for 2005 and 2006 separately; each CT estimate is the average of the 2005 and 2006 results.

[3] Estimates from the TRIM3 model correct for underreporting of government benefits and include unrelated individual children under age 15 in the family of the householder (Census excludes these children from the poverty measure). Thus, poverty estimates from the TRIM3 model differ slightly from those published by the Census Bureau.

[4] The official poverty definition compares cash income to the official poverty thresholds. The alternative (NAS) poverty definition counts the value of non-cash income and subtracts tax liability and work-related expenses. The alternative poverty thresholds are based on the latest consumer expenditure data and are adjusted for geographic differences in cost of living.

[5] The poverty gap is the amount of money that would be needed to lift all families currently below poverty up to the poverty threshold. Figures apply to families with children, families without children but with elderly members, and other families.

[6] Columns for persons by family type include both children and adults. Persons in families with both children and elderly are in the "families with children" column.

[7] Government cost changes are combined federal and state. Costs fall for all cash and non-cash benefits. Collections increase for federal payroll and income tax and state income tax.

TABLE 6b
IMPACT OF INCREASED ATTAINMENT OF GEDs, AAs, AND JOB TRAINING PROFILE[1]
Using 2005 and 2006 Connecticut data[2,3]

NAS Poverty definition[4]	Baseline				
			Persons by family type[6]		
	All Persons	Children	In fams. w/ children	In fams. w/ person 65+	In other families
Number poor (thou.)					
<100% poverty	*393*	*90*	*174*	*66*	*154*
% poor (<100% poverty)	11.3%	10.9%	9.6%	14.0%	12.9%
Poverty gap (millions, 2006 $)[5]	$1,348.8		$371.9	$248.8	$728.0

	Increased Education, Low Employment/Wage Impacts				
			Persons by family type[6]		
	All Persons	Children	In fams. w/ children	In fams. w/ person 65+	In other families
Number poor (thou.)					
<100% poverty	*372*	*85*	*162*	*66*	*145*
% poor (<100% poverty)	10.7%	10.4%	8.9%	14.0%	12.1%
Poverty gap (millions, 2006 $)[5]	$1,298.4		$345.6	$248.3	$704.5

	Increased Education, Large Employment/Wage Impacts				
			Persons by family type[6]		
	All Persons	Children	In fams. w/ children	In fams. w/ person 65+	In other families
Number poor (thou.)					
<100% poverty	*332*	*68*	*132*	*66*	*136*
% poor (<100% poverty)	9.6%	8.2%	7.2%	14.0%	11.4%
Poverty gap (millions, 2006 $)[5]	$1,199.4		$282.9	$247.8	$668.7

Source: The Urban Institute, tabulations using the TRIM3 microsimulation model and the 2006 and 2007 ASEC data.

Notes:

[1] This simulation assumes that CT implements a broad policy to increase the attainment of AA degreesand training among the 600,000 CT adults up to age 49 who are not in school and who have a diploma (or equivalent) but no higher degree, and to increase the attainment of GED degrees among the 135,000 CT adults up to age 49 who are not in school and who have no diploma (or equivalent).

[2] CT estimates were created for 2005 and 2006 separately; each CT estimate is the average of the 2005 and 2006 results.

[3] Estimates from the TRIM3 model correct for underreporting of government benefits and include unrelated individual children under age 15 in the family of the householder (Census excludes these children from the poverty measure). Thus, poverty estimates from the TRIM3 model differ slightly from those published by the Census Bureau.

[4] The standard poverty definition compares cash income to the official poverty thresholds. The alternative poverty definition counts the value of transfer benefits in income and subtracts tax liability and work-related expenses. The alternative poverty thresholds are based on the latest consumer expenditure data and are adjusted for geographic differences in cost of living.

[5] The poverty gap is the amount of money that would be needed to lift all families currently below poverty up to the poverty threshold. Figures apply to families with children, families without children but with elderly members, and other families.

[6] Columns for persons by family type include both children and adults. Persons in families with both children and elderly are in the "families with children" column.

[7] Government cost changes are combined federal and state. Costs fall for all cash and non-cash benefits. Collections increase for federal payroll and income tax and state income tax.

Income Safety Net

Possible policy changes related to the income safety net include: case management for young mothers on TANF, addressing the abrupt termination of TANF benefits, and increased access to safety net programs by families eligible for those programs (SNAP, LIHEAP, WIC, housing subsidies, and Medicaid). Below, we examine the potential impacts of increased access to safety-net programs and of one approach to addressing the abrupt termination of TANF benefits. Case management for young mothers on TANF cannot be modeled because the underlying data (the Current Population Survey) does not provide a sufficiently large sample of this group; however, case management for TANF leavers is examined as a Family Structure and Support option.

Enhance access to programs. Not all households who are eligible for government assistance receive that aid, either because they are not aware of the help or choose not to apply or not to comply with program requirements, or because the program is not an entitlement and there are insufficient funds to serve all families who would like to enroll. Program participation rates can be estimated by comparing persons or households receiving help to those who appear eligible for that help according to the simulation model. In Connecticut, participation rates in key programs appear to be as follows[22]:

- Food Stamps/SNAP: Approximately 60 percent
- LIHEAP: Approximately 50 percent
- WIC, infants and children: Approximately 50 percent (with very high participation for infants, less high for children)
- Public and subsidized housing: Approximately 30 percent[23]
- Medicaid: 70 percent

We simulated the effects of higher participation rates in these programs on poverty. We assumed that participation in all five programs would reach 85 percent, about the highest rate achieved in some states for programs such as SNAP and WIC. In order to achieve these higher participation rates CT would need to implement strong outreach efforts and to adopt the most liberal program access options available. For non-entitlement programs that have capped resources such as LIHEAP and subsidized housing, these higher rates could only be achieved if additional federal or state monies became available to pay for additional benefits. Also, higher participation in subsidized housing assumes that families that rent live in housing units costing at least the fair market rent in CT.[24] Since the CPS does not provide an estimate of rent, this

[22] Estimating Connecticut's TANF participation rate is complicated by the large number of families in Connecticut who have reached the time limit. The CPS data do not indicate if a family has previously hit a TANF time limit. The estimate of currently-eligible families (and thus the estimate of the participation rate among eligible families) is sensitive to the assumption of how many otherwise-eligible families are in fact ineligible due to having already hit the time limit.

[23] This uses 80 percent of State Median Income (SMI) (low-income) as the maximum allowable income to be in public or subsidized housing. Households are only considered eligible if their required copayment would be less than the fair market rent for an apartment of the size they appear to require.

[24] The fair market rent for urban areas for a two-bedroom unit was $1,028 in 2006, for example ($12,336 per year). A household would need to earn $42,080 in order to afford this type of rental, assuming that families should pay no

hypothetical simulation must base the housing subsidy calculation on the fair market rent in CT. For example, a family with two children and cash income below $43,040 would be eligible for some subsidy. These higher participation rates, especially for the non-entitlement programs, should be considered illustrative, a demonstration of the potential effect on poverty.

Increased access to these in-kind benefit supports would not affect child poverty using the official measure of poverty because these benefits are not included in the resource measure for the official poverty measure nor do they affect the poverty thresholds. Using the NAS poverty measure, the increase in receipt of SNAP reduces child poverty by a small amount (Figure 10). Increasing the SNAP participation rate to 85 percent from approximately 60 percent is estimated to reduce child poverty by 0.2 percentage points, to 10.7 percent. The poverty effect is limited because SNAP benefits usually are not sufficient to move a family above the poverty line. The increase in Medicaid/SCHIP participation has no effect on child poverty. While receipt of public insurance reduces the NAS poverty threshold relative to no insurance coverage, the increase in CT program participation is relatively small (from 70 to 80 percent), and many of the families gaining coverage already have a child covered by SCHIP.[25]

The increases in receipt of housing subsidies, LIHEAP and WIC have a large effect on the NAS child poverty rate. This is mostly due to the increase in housing subsidies. As explained above, 85 percent of eligible families would receive a subsidy sufficient to limit their housing costs to 30 percent of their income. For example, the subsidy would phase out at $42,480 in income for a family of four. Families of this size at the poverty threshold ($27,579 as shown in table 2) could afford $8,274 in rent per year. Since the annual fair market rent is $12,336, they would receive a subsidy of $4,062 per year. A family with income at one-half the NAS poverty threshold ($13,790) could pay $4,137 in rent and receive an annual subsidy of $8,199, enough to bring them up to about 80 percent of the poverty threshold (for a family in good health with private health insurance). Nonetheless, the additional family resources would be substantial and would require a large increase in the cost of housing subsidies.

The changes also reduce the NAS poverty gap (Figure 11) by significant amounts. Increasing the SNAP participation rate would reduce the poverty gap for families with children by $16 million (4 percent); increases in the participation rates for LIHEAP, WIC and housing subsidies would reduce the poverty gap for families with children by $130 million (35 percent). The increased SNAP benefits are well targeted to poor families. Of the total $41 million in increased SNAP benefits due to the higher participation rates (for all families, not just families with children), $34 million (82 percent) reduces the poverty gap (Appendix Table D9.). In contrast, increased participation in housing subsidies, LIHEAP and WIC is not well targeted. Only 41 percent of increased costs ($274 million out of $670 million) go towards reducing the poverty gap for families living in CT (Appendix Table D10).

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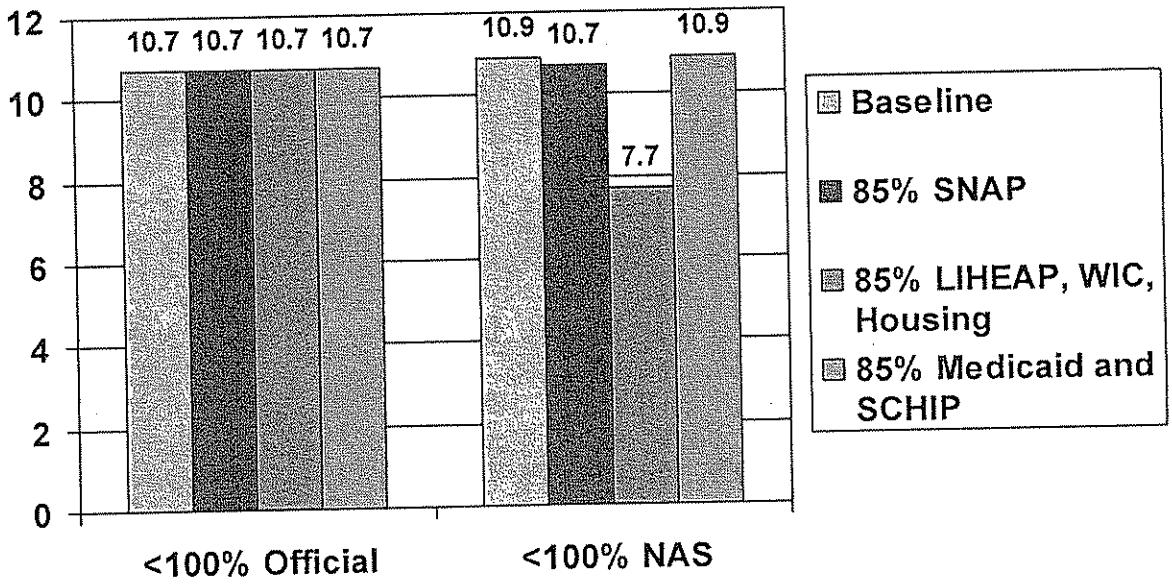
more than 30 percent of net income for rent. (Net income is calculated as cash income less a $480 annual deduction per dependent child and out-of-pocket child care expenses. This example assumes no child care costs.)

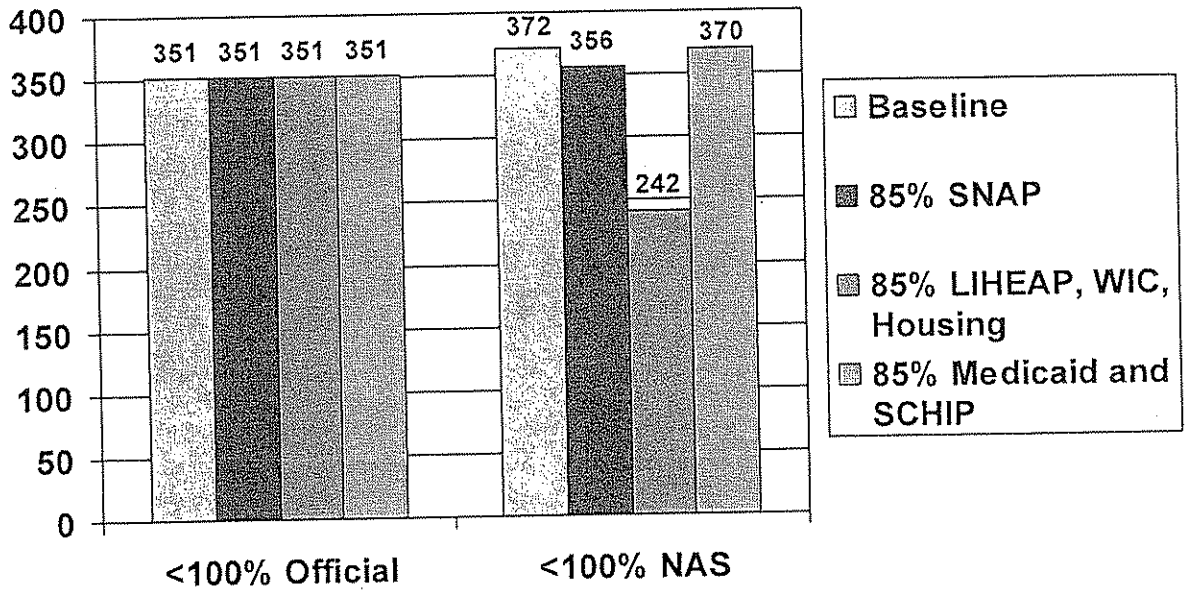
[25] The model uses the public health insurance thresholds if anyone in the family has public coverage. Unfortunately, the thresholds are not sensitive enough to pick up differences in out of pocket medical spending based on the share of the family with health insurance.

Figure 10
Increasing Selected Enrollment Rates to 85%: Effect on Child Poverty Rate in CT (2005/2006)



Source: The Urban Institute, tabulations using the TRIM3 microsimulation model and the 2006 and 2007 ASEC data.
Notes:
(1) CT estimates were created for 2005 and 2006 separately; each CT estimate is the average of the 2005 and 2006 results.
(2) The alternative (NAS) poverty definition counts the value of non-cash income and subtracts tax liability and work-related expenses. The alternative poverty threshold uses an updated market basket of goods and is adjusted for state of residence, urban/rural status, health status, and health insurance status.
(3) See text for description of policy and employment effects assumptions.

Figure 11
Increasing Selected Enrollment Rates to 85%: Effect on Poverty Gap for Families with Children in CT (millions of 2006 dollars)



Source: The Urban Institute, tabulations using the TRIM3 microsimulation model and the 2006 and 2007 ASEC data.
Notes:
(1) CT estimates were created for 2005 and 2006 separately; each CT estimate is the average of the 2005 and 2006 results.
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(3) See text for description of policy and employment effects assumptions.

Address abrupt termination of benefits. While all transfer programs have a point at which increased income results in a family becoming ineligible, the "cliff effect" is perhaps strongest in the TANF program. The combination of Connecticut's 21-month lifetime time limit and generous earned income disregard (for benefit computation purposes, earnings are fully disregarded up to 100 percent of the poverty guideline) results in a situation in which a family can move from receiving over $500 in TANF in one month (in addition to their earnings) to receiving no TANF benefit in the next month; about a third of the lost TANF is offset by an increase in SNAP benefits.

Options for reducing abrupt termination of TANF benefits were addressed by Jack Tweedie of the NCSL.[26] One option is to reduce the earnings disregard percentage (while continuing it even after earnings reach the poverty level, to address another issue—the lack of incentive to increase earnings once earnings approach poverty). Note that this option would actually reduce the income of some current TANF recipients (those with earnings below poverty, currently receiving the 100 percent disregard). Another option presented by Tweedie is a post-TANF earnings supplement.

Numerous choices would be required in the design of a post-TANF earnings supplement. The amount could be fixed (the same flat payment to all post-TANF earners), it could vary with the number of hours worked, it could provide a floor on a person's wage rate, or it could be designed to "fill the gap" between a family's earnings (or earnings plus other benefits) and the poverty guideline. Decisions would need to be made concerning the treatment of the supplement by other programs (whether it would be counted partly, fully, or not at all for purposes of determining food stamp benefits, for instance). Another key design choice is the length of time that the supplement is available.

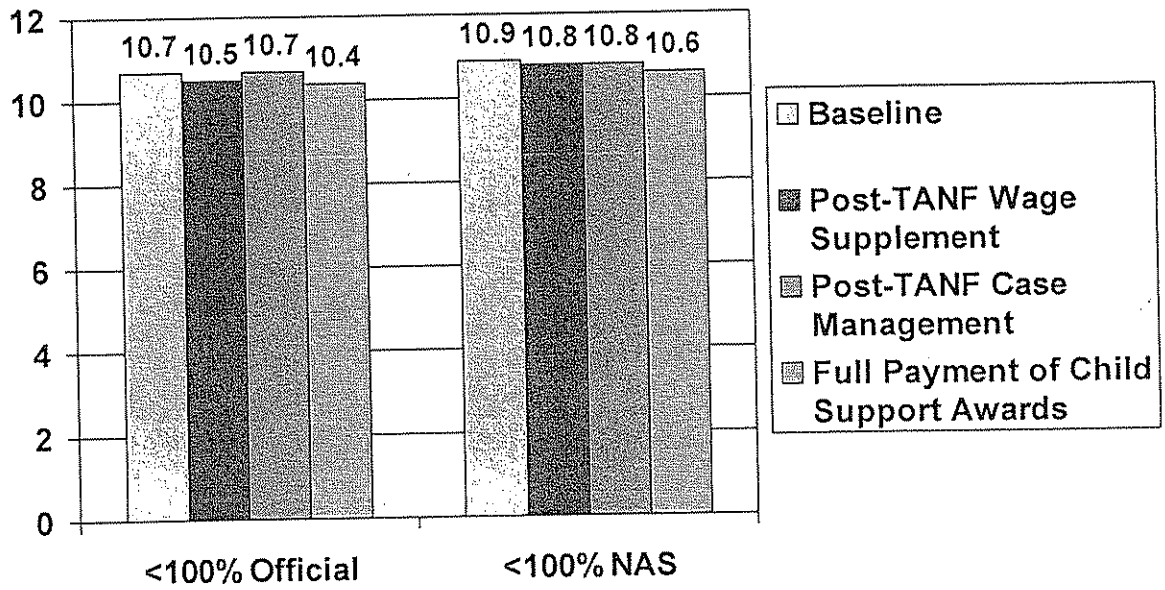
In the absence of a detailed design, we modeled a single illustrative approach – a supplement that would make up the difference between an individual's actual wage rate and $10/hour. For an individual working full-time at $8 per hour, this would provide a monthly benefit of approximately $350. We assumed that it would be available for one year, which suggests that up to 3,000 families per year would benefit (the approximate number of families who leave the TANF program during a year who have earnings at the point that they leave the program).

The policy has a limited effect on the poverty *rate* due to the small number of families affected. The official child poverty rate is estimated to fall from 10.7 percent to 10.5 percent, and the NAS child poverty rate falls from 10.9 percent to 10.8 percent (Figure 12). However, the NAS poverty *gap* for families with children falls by 5 percent ($354 million compared with $372 million as shown in Figure 13).

Two points are important to note. First, whether the policy lifts an individual family out of poverty depends on the specifics of the design. In the simulated design, individuals not working full-time or full-year would not necessarily be raised out of poverty, and a family with a full-time full-year worker would be raised out of poverty only if receiving other benefits. Second, it is possible that a post-TANF wage supplement could induce more families to work; we did not simulate that possible impact.

[26] "Leveling the Cliffs: Improving Job Retention and Advancement in Connecticut." Undated Powerpoint presentation, Jack Tweedie, National Conference of State Legislatures.

Figure 12
Policies Related to Child Support and TANF: Effect on Child Poverty Rate



Source: The Urban Institute, tabulations using the TRIM3 microsimulation model and the 2006 and 2007 ASEC data.
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(3) See text for descriptions of policies.

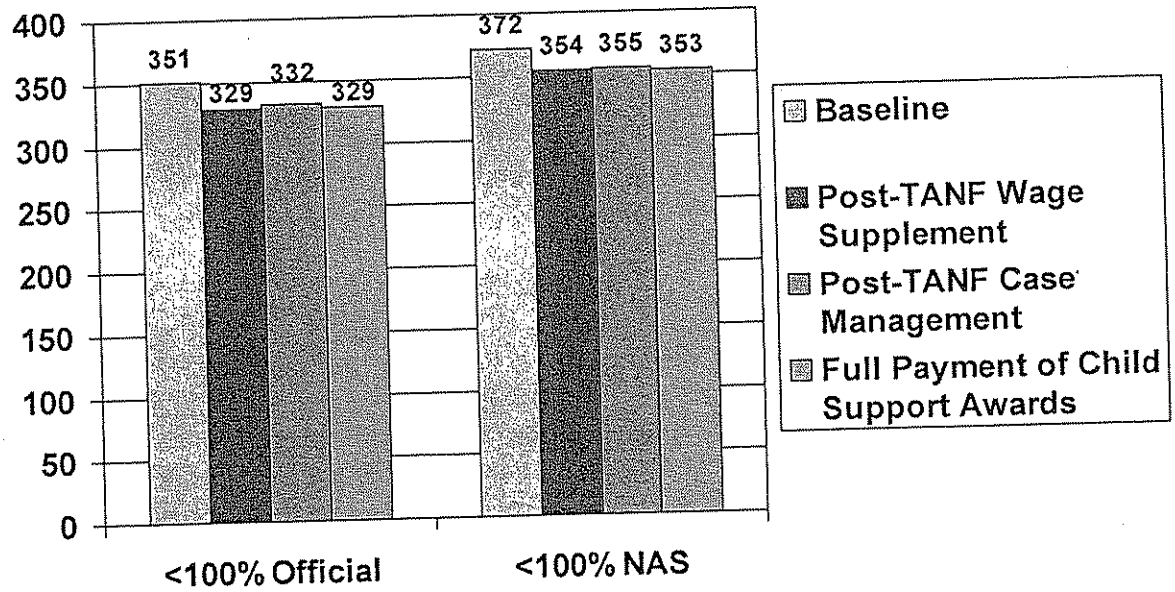
Family Structure and Support

The CPPC is interested in several policy options related to family structure and support, including: providing case management to overcome employment barriers, expanding fatherhood initiatives, and addressing "marriage penalties" in government programs.

Provide case management to overcome barriers to employment. We simulated the potential impacts of a case-management approach similar to the Post-Assistance Self-Sufficiency (PASS) program—which implemented case management combined with other services for former TANF recipients in Riverside, California. Over a two-year period, the employment rate among individuals assigned to PASS was 4 points higher than among the control group. Total earnings over the 2 year period were approximately 11 percent higher among the program group, with two-thirds of the gain from additional employment, and the remainder from higher wages. (See Appendix C for more information.)

In consultation with CT state staff, we assumed that the program would focus on the families who have earnings at the point that they leave TANF – approximately 3,000 per year. We model the program as if it had been in place for 5 years, and we assume that the employment gains are permanent. The anti-poverty impacts are very small—there is no measurable change in the official poverty rate, while the NAS poverty rate for children falls slightly from 10.9 to 10.8 percent (figure 12). As is the case with the simulation of the post-TANF wage supplement, there is a greater impact on the poverty gap. Using the NAS poverty definition, the poverty gap for families with children falls by 4.6 percent ($355 million compared with $372 million). Families who are helped to retain jobs by a case management approach do receive higher incomes than in the absence of the program. However, the relatively small numbers of families affected, and the nature of the jobs they obtain, limit the anti-poverty impact.

Figure 13
Policies Related to Child Support and TANF: Effect on Poverty Gap for Families with Children (millions of dollars)



Source: The Urban Institute, tabulations using the TRIM3 microsimulation model and the 2006 and 2007 ASEC data.
Notes:
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(3) See text for descriptions of policies.

Expand fatherhood initiative. Expansions of fatherhood initiatives may increase employment rates for fathers with children living elsewhere and potentially increase child support receipt for custodial mothers. Fathers with children living elsewhere may respond to increased investments in their education and training or better connections to employment prospects. Fatherhood initiatives may also increase incomes for custodial parents through additional child support collections that are passed through to custodial families. We modeled the antipoverty impacts of one outcome of a fatherhood initiative – increased child support payments. Specifically, we simulated the impact of closing the entire gap between the amount of child support income that is due to low-income custodial families in CT and the amount that is actually received by those families. The official child poverty rate is estimated to fall from 10.7 to 10.4 percent, and the NAS child poverty rate falls from 10.9 to 10.6 percent (figure 12). In most cases, the amount of the child support award is not sufficient to raise the family above the poverty level, even when the award is paid in full. However, the full payment of all child support awards would reduce the poverty gap for families with children by 5.1 percent (using the NAS poverty definition) as shown in figure 13.

Note that our estimates do not include the potential impacts of a fatherhood initiative on the family of the parent paying the child support. In the absence of new employment, the increased child support payment would reduce resources available to that family. If the non-custodial parent gains new or better employment, his/her family could have higher resources, even after the full payment of child support to the non-custodial children.

Reduce/eliminate marriage penalties. Marriage penalties may exist in both tax and transfer programs. In the case of Connecticut's state income tax system, a cohabiting couple may pay less in income tax than a married couple. In the case of TANF, Connecticut may consider a portion of a step-parent's income as being available to the rest of the family, while no income is deemed from a non-parent cohabiter.

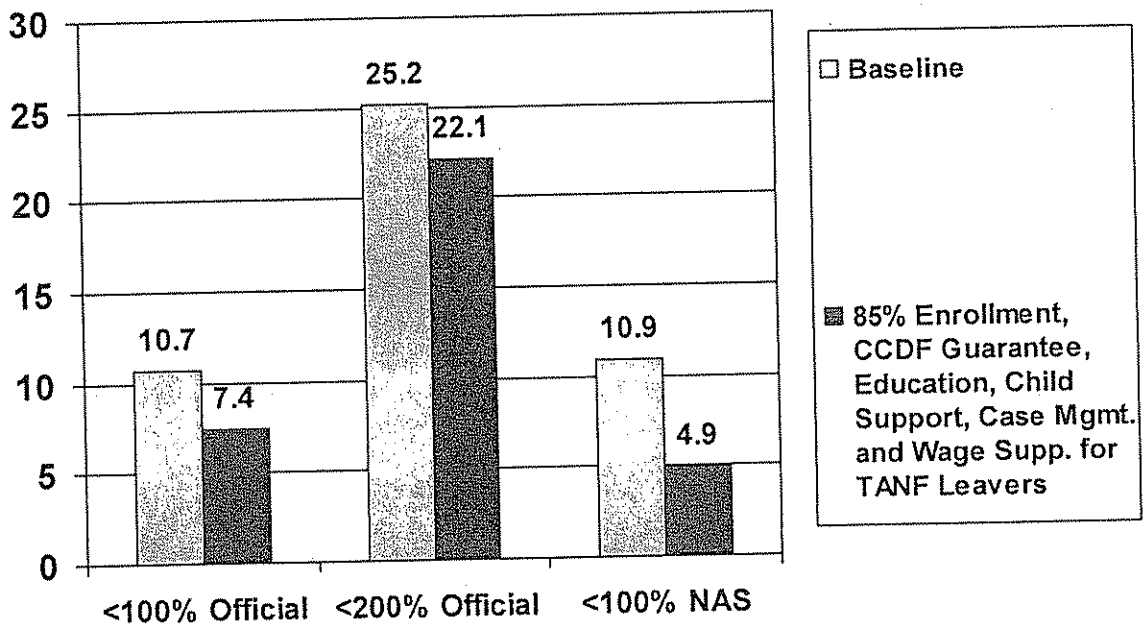
We simulated one method of reducing marriage penalties that is used in many states—but not currently used in CT: allowing "combined separate" filing for state income tax purposes. This approach allows a married couple to essentially file as two single individuals on the same return, reducing income tax liability for many married couples in which both individual are employed. However, the change did not produce any measurable reduction in poverty in CT. This suggests that there are very few families in CT who are still poor despite having two earners *and* who have state income tax liability.

Effects of a Package of Recommendations

We simulated the combined impacts of all the simulated policies: child care subsidy expansion, education and training initiatives (assuming the larger employment and earnings impacts), increased access to benefit programs, full payment of child support awards, and policies directed at recent TANF leavers. We show these results with and without the expansion of housing subsidies due to the large cost of housing subsidies and the fact that a large share of these costs would benefit families above the NAS poverty threshold (Figures 14 and 15). Assuming the increase in housing subsidies, the official child poverty rate would fall by 3.3 percentage points from 10.7 to 7.4 percent (31 percent). The NAS poverty rate for children

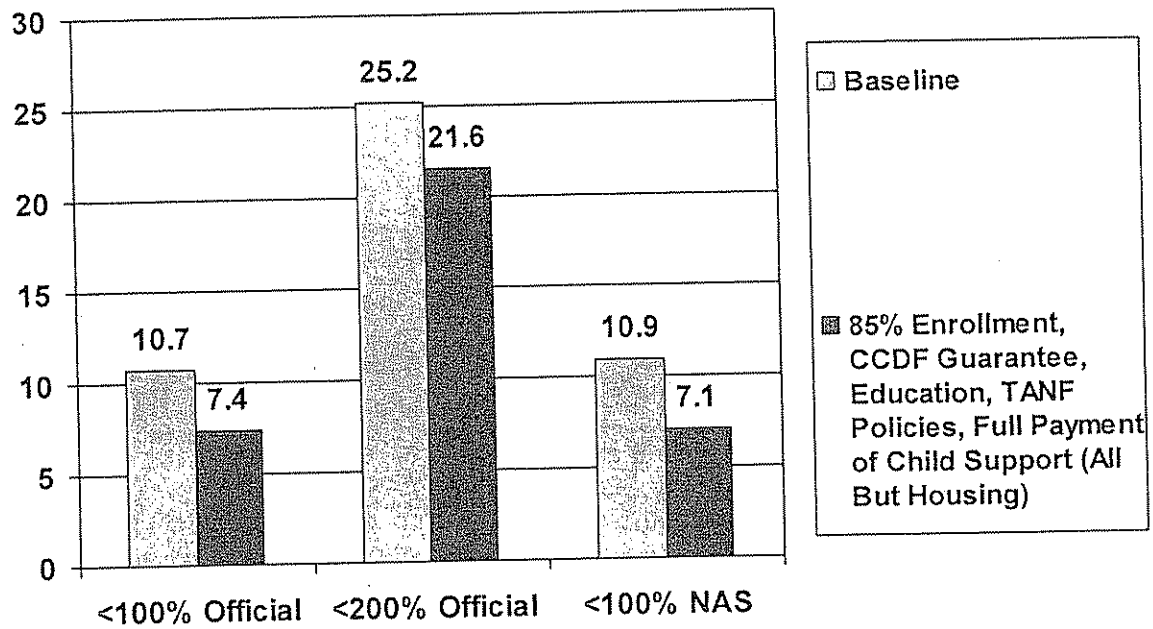
would fall from 10.9 to 4.9 percent, a drop of 6 percentage points (55 percent). Comparing the results that exclude the housing subsidy expansion (Figure 15) to those with the expansion, highlights the dramatic effect of the housing subsidy expansion on child poverty. Without the housing subsidy expansion, NAS child poverty would drop by 3.8 percentage points (35 percent).

Figure 14
Combined Policies with High Employment and Earnings Assumptions: Effect on Child Poverty Rate in CT (2005/2006)



Source: The Urban Institute, tabulations using the TRIM3 microsimulation model and the 2006 and 2007 ASEC data.
Notes:
(1) CT estimates were created for 2005 and 2006 separately; each CT estimate is the average of the 2005 and 2006 results.
(2) The official poverty definition compares the cash income of a family (all related persons in a household) to the official US poverty thresholds.
(3) The alternative (NAS) poverty definition counts the value of non-cash income and subtracts tax liability and work-related expenses. The alternative poverty threshold uses an updated market basket of goods and is adjusted for state of residence, urban/rural status, health status, and health insurance status.
(4) See text for description of policy and employment effects assumptions.

Figure 15
All Policies *Except* Housing Expansion:
Effect on Child Poverty Rate



Source: The Urban Institute, tabulations using the TRIM3 microsimulation model and the 2006 and 2007 ASEC data.
Notes:
(1) CT estimates were created for 2005 and 2006 separately; each CT estimate is the average of the 2005 and 2006 results.
(2) The official poverty definition compares the cash income of a family (all related persons in a household) to the official US poverty thresholds.
(3) The alternative (NAS) poverty definition counts the value of non-cash income and subtracts tax liability and work-related expenses. The alternative poverty threshold uses an updated market basket of goods and is adjusted for state of residence, urban/rural status, health status, and health insurance status.
(4) See text for description of policy and employment effects assumptions.

Even with the combined packages of policy changes, substantial numbers of children would remain poor in CT – approximately 41,000 using the NAS definition of poverty (4.9 percent) and the full package of benefits. A key characteristic of children who remain poor is that they do not generally live with adults who are full-time full-year workers (Figure 16). Assuming the most expansive package of changes, 12 percent of the remaining poor children live in families in which all the adults are elderly, disabled, and/or students; an additional 10 percent live with an apparently employable adult who is not currently working. These families may have been aided by the increased program participation rates, but would not have been affected by

expanded child care subsidies or increased education and training. Fifty-six percent of the children who would remain poor live with an adult who is working either part-year or part-time. These families may have benefited from increased earnings due to education and training; however, for adults working few weeks or hours, an increase in the hourly wage is insufficient to raise the family out of poverty. Only 22 percent of the children who would remain poor (under the NAS definition) after the package of policy changes simulated here live with an adult who is a full-time full-year worker.

Figure 16
Children Who Remain Poor
(NAS definition)

Household Characteristics	Children < 100% NAS Poverty
All adults are elderly, disabled, or students	12%
No adult is working	10%
Adult working PT or PY	56%
At least one adult working FT and FY	22%
Total children in poverty after child care, education/training, benefit-access policies	41,000

Source: The Urban Institute, tabulations using the TRIM3 microsimulation model and the 2006 and 2007 ASEC data.
Note: (1) The alternative (NAS) poverty definition counts the value of non-cash income and subtracts tax liability and work-related expenses. The alternative poverty threshold uses an updated market basket of goods and is adjusted for state of residence, urban/rural status, health status, and health insurance status.

VI. Summary

The CPPC has considered a wide range of proposals to reduce child poverty in Connecticut. Proposals considered in this report include policies to guarantee child care subsidies, increase employment and earnings through adult education and training initiatives, enhance access to income safety net programs, improve outcomes for welfare leavers, and increase child support payments. The CPPC has also considered numerous other policies that could not be modeled using our current methods; for instance, early childhood education could be an effective poverty reduction tool, but the long-term outcomes could not be modeled with our current approach.

The assessment of the CPPC's options required measuring their effects on child poverty using both the Census Bureau's official measure of poverty based solely on cash income and a measure that considers all resources of the family and nondiscretionary expenses following recommendations from the National Academy of Science (NAS). The second measure of poverty also takes into account higher living costs in CT relative to the nation because it uses geographically-adjusted poverty thresholds. The alternative poverty measure allows the CPPC to analyze the effects of policies that affect cash income as well as noncash benefits and income taxes.

About one in ten (10.7 percent) of the children living in CT were poor in 2005/2006 based on the official measure of poverty, and the rate increases to 10.9 percent using the alternative measure. While these rates are somewhat lower than for the nation as a whole they demonstrate that many CT children are growing up in resource-deprived families.

Analysis of the options under consideration shows the challenge of designing policies that can effectively reduce poverty rates in the near term. However, policies can substantially shrink the gap between family resources and the poverty threshold and reduce the number of children living in deep poverty. Also, a combination of these policies could substantially reduce child poverty. Some key findings based on estimates of the NAS poverty rate are:

- Guaranteeing child care subsidies to all families with income less than 50 percent of state median income would reduce poverty by 0.5 percentage points through the direct effect of reducing working families' expenses. But poverty likely would be reduced by 1.4 percentage points if parents responded to this employment incentive and increased their earnings.

- Investments in education through programs that increase completion of AA degrees among half of those with only a high school education, ensure GED degrees for all CT adults who did not finish high school, and provide job training to half of nondisabled adults with a high school education potentially reduce poverty through their positive effects on employment and earnings. Using the best economics literature for guidance on the size of these potential effects, the estimates show that child poverty would decline by 2.7 percentage points if all of these policies were implemented under the most optimistic employment assumptions. The poverty gap for families with children would fall by about 11 percent.

- Policies that would increase access to government safety net benefits (food stamps and Medicaid/SCHIP) through outreach and other administrative initiatives would have relatively

small effects on child poverty rates, since each of these benefits alone is generally not sufficient to move a family above poverty. Increased access to these safety net benefits would, however, reduce the poverty gap for families with children. For instance, if 85 percent of the CT families eligible for food stamps (SNAP) benefits received those benefits, the NAS poverty gap for families with children would fall by 4.3 percent.

- A policy to substantially expand housing subsidies to low-income families that rent and increase participation in low-income energy assistance and WIC could reduce the child poverty rate by 3.2 percentage points. The hypothetical housing subsidy option would limit the potential rent payments for low-income families to 30 percent of the fair market rent in CT. However, about 60 percent of the new housing subsidies would go to families with incomes above the NAS poverty line and substantially increase government outlays for housing assistance.

- An option to supplement the wages of some individuals leaving welfare that would effectively replace some of the loss in income that occurs when families with earnings leave welfare would have only a small effect on the poverty rate. The simulated supplement increases earnings to a minimum of $10 per hour, which is often not sufficient to move families above poverty even after other benefits are added to income. Also, only a small share of families ever receive welfare and would benefit from this option. This policy, however, would substantially increase the incomes of families that leave welfare and help them over the transition to self sufficiency.

- An option to support families leaving welfare through case management also would have only a small effect on the CT child poverty rate, but a positive effect on the relatively small number of families that would benefit. Recent research suggests that this type of initiative can increase employment and earnings among the group affected.

- Options to increase the receipt of child support would have small effects on child poverty (0.3 percentage points) since child support awards to poor families are often fairly small.

- If CT implemented all of these policies at the same time, the combined effect would have larger effects on child poverty than the separate options alone. A package that includes the child care subsidy expansion, education and training initiatives (with large employment and earnings effects), increased participation in safety net programs (including the expansion of housing subsidies), full payment of child support awards, and case management and wage supplement for recent TANF leavers would reduce the NAS child poverty rate from 10.9 to 4.9 percent. Child poverty would fall by almost 55 percent.

The CPPC has considered many different avenues for reducing child poverty. While successful education policies combined with large employment effects and substantial increases in housing subsidies could reduce child poverty dramatically, many other avenues would have small effects on the NAS poverty rate. Such policies surely would benefit children living in poverty, but would not be sufficient to move families above the threshold that defines a specific poverty line. Assessment of the policy effects also should take into account the substantial reductions in the poverty gap. These reductions also suggest reductions in the share of children

living in deep poverty in CT. (Unfortunately, the data available for these estimates do not provide sufficient sample to measure the percent of children living below one-half the poverty line.)

Policy choices may be guided by the characteristics of the children who would remain poor even if the modeled policies were implemented. Among the children who would remain poor after the imposition of the education/training, child care, and safety net participation rate policies, only 22 percent live with an adult who is a full-time full-year worker. The majority of the children who remain poor lives in families with an adult working either part-year or part-time (56 percent). The rest of the children who remain poor are in families in which all the adults are elderly, disabled, and/or students (12 percent), or with an unemployed adult (10 percent).

The estimates of the CPPC policy alternatives were completed using a complex economic model housed at the Urban Institute. As described in this report and its appendices, these estimates require numerous imputations and assumptions. In assessing fatherhood initiatives and wage supplements for TANF leavers, the modeled policies are intended to illustrate potential effects rather than reproduce an exact proposal. The assumptions regarding the employment effects of various policies can no doubt be debated by economists since the literature is far from definitive. We do provide high and low estimates to show the range of possibilities. Also, we assume that the labor market would respond by employing more individuals who would want to work and by rewarding individuals who completed more education or training. This assumption requires a strong labor market. Thus the reader must consider the estimates with these caveats in mind.

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Appendix A: Poverty Thresholds

Table A1 shows the Official and NAS thresholds by family structure and size. The NAS thresholds apply to a nonelderly family with private health insurance coverage and good health living in urban and rural areas in CT.[27] The non-medical portion of the NAS threshold is adjusted for differences in family size and number of children using the widely accepted "3 parameter equivalence scale" (Dalaker 2005, Short 2001, and Iceland 2005).[28] Note that since the official and NAS measures apply to different resource measures, they do not provide strictly comparable thresholds.

[27] As noted earlier, the NAS poverty measures also vary by health insurance coverage and health status. The full set of thresholds is available upon request.

[28] The medical portion of the threshold is adjusted for differences in family size. Adjustments are made for 1 person and 2 or more persons for uninsured families and those with public coverage, and for 1 person, 2 persons, and 3 or more persons for non-elderly families with private coverage. The factors used in the adjustment are obtained from table A-10 of Short (2001).

Table A1
Standard Poverty Threshold and Alternative Poverty Thresholds for Connecticut
(Assuming Medical Expenses "in Threshold" and Geographic Adjustment)[1]

Standard Poverty Thresholds (Continental United States)

Size of family unit	Related children under 18 years								
	None	One	Two	Three	Four	Five	Six	Seven	Eight+
One person									
Under 65 years.	10,488								
65 years and over	9,669								
Two persons									
Householder < 65	13,500	13,896							
Householder 65+	12,186	13,843							
Three persons	15,769	16,227	16,242						
Four persons	20,794	21,134	20,444	20,516					
Five persons	25,076	25,441	24,662	24,059	23,691				
Six persons	28,842	28,957	28,360	27,788	26,938	26,434			
Seven persons	33,187	33,394	32,680	32,182	31,254	30,172	28,985		
Eight persons	37,117	37,444	36,770	36,180	35,342	34,278	33,171	32,890	
Nine persons or more	44,649	44,865	44,269	43,768	42,945	41,813	40,790	40,536	38,975

Source: U.S. Census Bureau: http://www.census.gov/hhes/www/poverty/threshld/thresh06.html

Alternative Poverty Thresholds for Connecticut: Metropolitan Areas

Size of family unit	Related Children Under 18 Years								
	None	One	Two	Three	Four	Five	Six	Seven	Eight+
One person	12,692	0	0	0	0	0	0	0	0
Two persons	18,499	19,682	0	0	0	0	0	0	0
Three persons	27,579	24,522	23,249	0	0	0	0	0	0
Four persons	33,270	30,485	27,579	26,376	0	0	0	0	0
Five persons	38,545	35,951	33,270	30,485	29,339	0	0	0	0
Six persons	43,510	41,061	38,545	35,951	33,270	32,169	0	0	0
Seven persons	48,232	45,898	43,510	41,061	38,545	35,951	34,890	0	0
Eight persons	52,755	50,516	48,232	45,898	43,510	41,061	38,545	37,517	0
Nine persons or more	57,111	54,952	52,755	50,516	48,232	45,898	43,510	41,061	40,063

Alternative Poverty Thresholds for Connecticut: Non-Metroplitan Areas

Size of family unit	Related children under 18 years								
	None	One	Two	Three	Four	Five	Six	Seven	Eight+
One person	11,865	0	0	0	0	0	0	0	0
Two persons	17,295	18,400	0	0	0	0	0	0	0
Three persons	25,783	22,925	21,735	0	0	0	0	0	0
Four persons	31,103	28,500	25,783	24,659	0	0	0	0	0
Five persons	36,035	33,610	31,103	28,500	27,428	0	0	0	0
Six persons	40,677	38,388	36,035	33,610	31,103	30,075	0	0	0
Seven persons	45,092	42,910	40,677	38,388	36,035	33,610	32,618	0	0
Eight persons	49,320	47,227	45,092	42,910	40,677	38,388	36,035	35,074	0
Nine persons or more	53,393	51,374	49,320	47,227	45,092	42,910	40,677	38,388	37,455

[1] Alternative thresholds are developed using the Census Bureau's FCSUM-CE poverty threshold (following NAS recommendations) for a family of 4, and geographic adjustments for Connecticut urban and rural areas. The thresholds are adjusted for family size and number of children using the 3 parameter scale. Out-of-pocket medical expenses are included in the threshold. Thresholds presented here are for a non-elderly family, with private insurance, in good health.

Appendix B: Baseline Simulations and Baseline Poverty Detail

As described in Section III of this report, many of the components of resources used in the NAS poverty are either unavailable in the CPS data or are under-reported in the CPS. To address that limitation, the following programs are simulated:

- Temporary Assistance to Needy Families (TANF)
- Food Stamps/SNAP Program
- Public / subsidized housing
- Federally-funded child care subsidies (Child Care and Development Fund, or CCDF)
- Medicaid and SCHIP enrollment
- Low Income Home Energy Assistance Program (LIHEAP)
- Women Infants and Children (WIC) program
- Federal payroll taxes
- Federal income taxes
- Connecticut state income taxes

Each simulation applies the actual rules of the government program to the CT families in the CPS data. For example, in the case of the Food Stamp Program, the simulation applies the same rules that would be applied by a caseworker to determine if a family is eligible for benefits based on family composition and income; in the case of federal income taxes, the simulation applies the same steps as are involved in filling out a tax form to determine tax liability.

When simulating benefit programs, an additional step is required – choosing which of the families eligible for a benefit will receive the benefit. The simulated caseload is chosen from among the eligible families in such a way that its size and characteristics come acceptably close to the size and characteristics of the actual caseload, as identified in administrative data. However, small sample sizes prevent exact alignment. No adjustments are performed for the tax simulations. The model assumes full compliance with all tax laws. Each family's federal and state income tax liability is determined based on the actual tax laws and the family's reported characteristics and income.

All the simulations are internally consistent. For example, the simulated TANF benefits are used in counting up cash income for purposes of determining Food Stamp eligibility and benefits, a family's simulated CCDF "copayment" is used as their out-of-pocket child care expense amount in simulating the federal dependent care tax credit, and so on.

For this project, we first reviewed a set of simulations that applied the actual 2005 and 2006 program rules to the CT data in the calendar year 2005 and 2006 CPS data files, and "aligned" the benefit program caseload results as needed to come acceptably close to actual figures. Then, we created a slightly modified set of simulations – still using the CY 2005 and CY 2006 CPS data, but slightly altering the program rules to incorporate selected differences in program rules between 2005/2006 and 2008. Rules changes were incorporated so that, when policy changes were simulated, they could be judged relative to the current policy environment rather than to the 2005/2006 policy environment.

Simulations of Actual 2005 and 2006 Rules

The first three columns of Table B1 compare the results of TRIM3 simulations that applied the actual 2005 and 2006 program rules to the CT data in the calendar year 2005 and 2006 CPS data files. As shown in the table, simulated caseloads and benefit amounts are within 10 percent of target for all simulated programs – and much closer in most cases. For example, the average monthly CT caseloads simulated by TRIM3 for the FSP, LIHEAP, and CCDF programs are all within 2 percent of CT's actual caseloads for those programs in 2005/2006.

Simulated tax figures are also quite close to actual figures, for the families relevant to this analysis. TRIM3's estimated number of positive-tax returns with AGI under $100,000 is within 5 percent of the actual figure, and TRIM3's estimated tax liability for this group is within 1 percent of the actual figure. For higher-income tax units, TRIM3 is within 2 percent of the actual number of such units, but falls far short of their actual tax liability, due to the fact that high incomes are subject to "topcoding" in the CPS data. One aspect of federal income tax rules that is of particular relevance to lower-income families is the Earned Income Tax Credit (EITC). TRIM3 is within 1 percent of the actual number of CT tax units taking the federal EITC, but falls 9 percent below the actual amount of EITC used by CT taxpayers in 2005/2006. The TRIM3 simulation falls 10 percent below the actual amount of state income tax collections; the shortfall is likely related to the topcoding of high income amounts in the CPS data.

Simulations Incorporating Selected Aspects of 2008 Rules

For the "baseline" simulations for this project, we prepared simulations that differ slightly from the ones represented in the 2nd column of Table B1. The baseline simulations for this project incorporate selected rules changes between 2005/2006 and 2008. Specifically, we captured the following changes in program rules:

- TANF: 2008 benefit levels lower in real terms than in 2005/2006
- Medicaid/SCHIP: expansions in eligibility for pregnant women and parents
- LIHEAP: funding higher in 2008 vs. 2005/2006
- Federal and state income taxes: changes in dollar amounts for deductions, brackets, etc.

These changes were captured so that the "baseline" would more accurately reflect current CT law, providing a better point of comparison for measuring the impacts of alternative policies.

The last 2 columns of Table B1 show the impact of incorporating the more recent tax and benefit policies into the baseline simulations for this project. Differences are generally small. However, CT's recent Medicaid eligibility expansions increase the Medicaid caseload, and LIHEAP funding increases have substantially increased the households aided by that program.

TABLE B1
TRIM3 SIMULATED TAX AND TRANSFER FIGURES FOR CONNECTICUT, 2005/2006
RELATIVE TO ADMINISTRATIVE DATA,
AND IMPACTS ON SIMULATION OF INCORPORATING RECENT POLICY CHANGES

	2005/2006 Average, using 2005/2006 laws (no updates to current laws)			Baseline for this project--includes recent policy changes [1]	
	Admin. data[2]	TRIM-Simulated Data	TRIM as % of Admin.	Pct. Change relative to 2005/06 law simulation	Reason for change
Transfer Programs					
TANF (including state sep. programs)					
avg. monthly caseload (thou. of units)	22.7	21.2	93.5%	-2.8%	2008 benefits lower in
annual benefits (millions)	118.9	101.9	85.8%	-7.7%	real terms than 05/06
Food Stamps					
avg. monthly caseload (thou. of units)	110.4	109.3	99.1%	-0.3%	interactions with other
annual benefits (millions)	235.1	213.5	91.0%	0.2%	programs
Public and subsidized housing					
avg. monthly households (thou.)	70 [3]	75 [5]	--	0.0%	
CCDF-funded child care subsidies					
avg. monthly caseload (thou. of children)	9.9	9.8	99.1%	0.0%	
Medicaid and SCHIP (non-institutionalized)					
avg. mo. enrollment (thou.)	411.0	421.5	102.5%	5.4%	expansions in eligibility of pregnant women, parents
LIHEAP					
assisted households (thou. of h'holds)[4]	98.7	95.6	96.8%	15.7%	LIHEAP funding higher
annual benefits (regular and crisis) (millions)	44.1	43.7	98.9%	15.7%	in '08 than in 05/06
WIC					
avg. mo caseload infants/children (thou.)	39.0	41.9	107.5%	0.0%	
Federal Income Taxes, Returns and Liability					
Number of positive-tax returns (mill.)	1,296.7	1,278.5	98.6%	0.3%	
with AGI < $100,000	1,004.0	959.5	95.6%	0.4%	
Total tax liability, positive-tax returns (mill.)	22,333.1	15,960.6	71.4%	0.4%	
with AGI < $100,000	3,855.9	3,842.0	99.6%	0.7%	slight differences between dollar amounts
Earned income tax credit					in 2008 tax law
returns with credit (thou.)	174.9	176.7	101.0%	0.6%	(deflated to 05/05) and
total credit (mill.)	294.2	265.8	90.6%	1.4%	2005/06 tax law
State income tax					
Tax collections ($ mill.)	5,405.5	4,883.4	90.4%	2.4%	

Source: Urban Institute, data from the TRIM3 microsimulation model

Notes

[1] The "baseline" simulation for this project incorporates key changes in policies between 2005/06 and the present, with dollar amounts deflated to 2005/2006 for consistency with incomes in the 2005/2006 CPS data.

[2] Administrative figures are from government sources, adjusted or combined for consistency with simulation concepts. In particular, Medicaid enrollment excludes the institutionalized population, which is not included in TRIM3.

[3] Includes estimates of households in public housing federally-subsidized housing, and with CT-funded (RAP) subsidies.

[4] The actual number of households assisted by LIHEAP is estimated from data on households receiving each type of help. Figures apply to heating and crisis aid only.

[5] The simulation includes only the households who actually reported being in public or subsidized housing in the CPS interview, not those who are "allocated" to be in such housing by Census Bureau data editing procedures.

More Data on Poverty in the Baseline Simulations

Section IV of this report presents data on the counts of CT persons in poverty and near poverty, in total and by type of person, and using both poverty definitions. Tables B2 through B5 provide more detail on poverty in the baseline simulations, as follows:

- Table B2 shows the characteristics of the individuals who are poor or near-poor in CT, under each definition. Using the NAS definition, for instance, 24 percent of those with income under 100 percent of the threshold are under age 18, 49 percent are from 18 to 54, and 27 percent are age 55 or older.

- Table B3 provides poverty rates for key demographic groups in CT using the official and the NAS poverty definitions. For example, the NAS poverty rates in CT are 8.1 percent for whites, 19.4 percent for blacks, and 25.4 percent for Hispanics.

- Table B4 expands on the data shown in Figure 3 in Section IV of the report. The table shows how the percentage of people below the NAS poverty threshold would change if different income definitions were used in conjunction with those thresholds, for all individuals in CT and for different types of persons. Note that only the last row of the table – with the broadest resource measure -- can be interpreted as providing a poverty rate, since the NAS thresholds are only intended for use with this measure of resources. However, this type of analysis can be used to provide a sense of the anti-poverty effectiveness of different programs. For instance, if only cash income were compared to the NAS thresholds, 15.1 percent of children would fall below those levels; however, when the value of food and housing benefits is added, the percentage falls to 10.5.

- Table B5 shows how the "poverty gap" changes when different income definitions are used in conjunction with the NAS poverty thresholds. As described in Section IV, the poverty gap is the aggregate amount by which poor families fall below the applicable poverty threshold.

TABLE B2
Characteristics of the Poor and Near-Poor Population in Connecticut
Using the Official and NAS Poverty Measures [1]
Population: 2005 and 2006 [2]
Policies: Current rules for taxes and transfers, deflated appropriately

	Official Poverty Definition		NAS Poverty Definition	
	Under 100% of poverty	Total Under 200% of Poverty	Under 100% of poverty	Total Under 200% of Poverty
Total Number of Persons (thous.)	296	756	392	1426
Distribution of Poor Persons by Characteristics				
Race				
White	46%	53%	54%	60%
Black	15%	16%	16%	15%
Hispanic	33%	25%	24%	20%
Other	6%	5%	6%	5%
Total	100%	100%	100%	100%
Gender				
Male	41%	43%	43%	46%
Female	59%	57%	57%	54%
Total	100%	100%	100%	100%
Age				
<18	31%	28%	24%	26%
18-54	48%	47%	49%	49%
55+	21%	26%	27%	25%
Total	100%	100%	100%	100%
Work Status (workers)				
Full-time, full year	6%	14%	11%	23%
Full-time, part year	7%	7%	8%	7%
Part-time, full year	4%	5%	6%	6%
Part-time, part year	8%	8%	9%	7%
All workers	25%	34%	33%	43%
Education Status (age 25+)				
Less than High School	20%	19%	19%	15%
High School	21%	24%	23%	25%
More than High School	18%	21%	23%	25%
All age 25+	59%	63%	65%	65%

Source: The Urban Institute, tabulations using the TRIM3 microsimulation model and the 2006 and 2007 ASEC data.
Notes:
[1] The alternative poverty definition counts the value of transfer benefits in income and subtracts tax liability and work-related expenses. The poverty threshold uses an updated market basket of goods and is adjusted for state of residence, urban/rural status, health status, and health insurance status.
[2] CT estimates were created for 2005 and 2006 separately; each number is the average of the 2005 and 2006 results.

TABLE B3
Poverty Rates in Connecticut for Population Subgroups,
Using the Official and NAS Poverty Measures [1]
Population: 2005 and 2006 [2]
Policies: Current rules for taxes and transfers, deflated appropriately[3]

		Official Poverty Definition		NAS Poverty Definition	
	Number of People (thou.)	Under 100% of poverty	Total Under 200% of Poverty	Under 100% of poverty	Total Under 200% of Poverty
All Persons	3,475	8.5%	21.8%	11.3%	41.0%
Race					
White	2,622	5.2%	15.3%	8.1%	32.7%
Black	324	13.5%	38.2%	19.4%	65.8%
Hispanic	376	25.7%	50.6%	25.4%	76.8%
Other	151	12.2%	26.8%	14.9%	43.6%
Gender					
Male	1,698	7.1%	19.0%	10.0%	38.5%
Female	1,776	9.9%	24.4%	12.5%	43.5%
Age					
<18	826	11.1%	25.6%	11.3%	45.4%
18-54	1,819	7.8%	19.3%	10.6%	38.3%
55+	829	7.6%	23.3%	12.9%	42.8%
Work Status (workers)					
Full-time, full year	1,265	1.4%	8.2%	3.5%	25.7%
Full-time, part year	240	9.1%	23.5%	12.4%	43.0%
Part-time, full year	214	5.4%	18.1%	10.2%	38.2%
Part-time, part year	230	9.7%	25.4%	15.0%	44.0%
Education Status (age 25+)					
Less than High School	275	21.4%	51.2%	26.5%	80.0%
High School	700	8.8%	25.6%	13.1%	50.3%
More than High School	1,397	3.8%	11.2%	6.5%	25.3%

Source: The Urban Institute, tabulations using the TRIM3 microsimulation model and the 2006 and 2007 ASEC data.

Notes:

[1] The standard poverty definition compares the cash income of a family (all related persons in a household) to the official US poverty thresholds. The alternative poverty definition counts the value of transfer benefits in income and subtracts tax liability and work-related expenses. The poverty threshold uses an updated market basket of goods and is adjusted for state of residence, urban/rural status, health status, and health insurance status.

[2] CT estimates were created for 2005 and 2006 separately; each number is the average of the 2005 and 2006 results.

[3] The simulation imposes 2008 policies for taxes and transfer programs. All dollar amounts are deflated to 2005/2006 for consistency with incomes in the 2005/2006 CPS data.

TABLE B4
Poverty Rate of Persons in Connecticut
Using Different Income Definitions Applied to the NAS Poverty Thresholds
Population: 2005 and 2006 [3]
Policies: Current rules for taxes and transfers, deflated appropriately [4]

	All Persons	Children <18	Persons by family type: In families with children	In fams. w/ person 65+	In other families
All Persons (thou.)	3,475	820	1,815	469	1,191
Poverty Rate, Comparing Each Income Definition to the Alternative Threshold [1]					
Total Cash Income	12.9	15.1	12.8	16.7	11.4
Plus Food and Housing Benefits	10.1	10.5	9.1	13.8	10.3
Less Federal Tax (before the EITC)	11.0	11.2	9.9	13.9	11.6
Plus the EITC	9.8	8.7	7.6	13.9	11.4
Less State Tax	9.8	8.7	7.6	13.9	11.6
Less Child Care and Work-Expenses (definition used for alternative poverty rate)	11.3	11.0	9.6	14.0	12.9

Source: The Urban Institute, tabulations using the TRIM3 microsimulation model and the 2006 and 2007 ASEC data.
Notes:

[1] The alternative poverty definition counts the value of transfer benefits in income and subtracts tax liability and work-related expenses. The poverty threshold uses an updated market basket of goods and is adjusted for state of residence, urban/rural status, health status, and health insurance status.

[2] Columns that show persons by family type include both children and adults. Persons in families with both children and persons 65+ are in the "families with children" column.

[3] CT estimates were created for 2005 and 2006 separately; each number is the average of the 2005 and 2006 results.

[4] The simulation imposes 2008 policies for taxes and transfer programs. All dollar amounts are deflated to 2005/2006 for consistency with incomes in the 2005/2006 CPS data.

TABLE B5
Poverty Gap in Connecticut
Using Different Income Definitions Applied to the NAS Poverty Thresholds [1]
Population: 2005 and 2006 [4]
Policies: Current rules for taxes and transfers, deflated appropriately [5]

	All Families and Unrelated Individuals [2]	Families with related children	Families with elderly heads	Other families
All Families (thousands)	1,581	501	305	775
Poverty Gap [3] (millions of dollars) when each income definition is compared to the NAS thresholds				
Total Cash Income	$1,734	$636	$289	$808
Plus Food and Housing Benefits	$1,276	$372	$244	$658
Less Federal Tax (before the EITC)	$1,330	$395	$246	$689
Plus the EITC	$1,241	$315	$246	$680
Less State Tax	$1,241	$315	$246	$681
Less Child Care and Work-Expenses (definition used for alternative poverty rate)	$1,348	$372	$249	$728

Source: The Urban Institute, tabulations using the TRIM3 microsimulation model and the 2006 and 2007 ASEC data.
Notes:

[1] The alternative poverty definition counts the value of transfer benefits in income and subtracts tax liability and work-related expenses. The poverty threshold uses an updated market basket of goods and is adjusted for state of residence, urban/rural status, health status, and health insurance status.

[2] For the family definitions, individuals who live alone or in households with non-relatives are counted as separate families. Children are defined as all individuals under age 18; elderly is age 65 or older.

[3] The poverty gap is defined as the amount of money that would be required to raise all families below the poverty level up to the poverty level.

[4] CT estimates were created for 2005 and 2006 separately; each number is the average of the 2005 and 2006 results.

[4] The simulation imposes 2008 policies for taxes and transfer programs. All dollar amounts are deflated to 2005/2006 for consistency with incomes in the 2005/2006 CPS data.

Appendix C: Impacts of Education and Training on Employment and Earnings

Table C1 provides summarizes key aspects of the recent literature related to the impacts of education and training on employment and earnings. The literature shown here was the basis for the employment and earnings assumptions used in the simulations of increased AA degrees, increased GED degrees, and increased job training.

TABLE C1
Recent Evidence of Education and Training Effects on Employment and Earnings

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Study/Author Description of Intervention	Target Group	Outcomes			Geographic (National, State)	Type of Study (Random, Data)
		Employment	Income/Wage	Hours		
National Evaluation of Welfare to Work Strategies (NEWWS), Bos et al. (2002) This is a random study where program group participants receive education, training, and other employment services. If they do not participate in the program, their monthly welfare grant is reduced. Members of the control group receive no services from the program but can seek out services from the community. Bos et al. 2002 the Portland, OR site produced larger effects than elsewhere. Portland substantially increased participation in education and training, especially at postsecondary level, and maintained a clear employment focus, Martinson and Strawn 2002 *NEWWS cost, on average, $1,520 per year per recipient (each year over a 5 year period).*	Mothers on welfare	NA ..... NA ..... Employment 16.0% *** points higher than non-participants in the third year. Portland, OR effects: 21 % employment.	GED completion earnings gain of $771, 28.1%***. ..... Adult education (not post-secondary) of $334 (12.2%) earnings gain which is not significant but earnings growth $429 (from year 2 to 3) was significant***. ..... Post-secondary participants earned $1,542 (47.3% **) more than those who completed only adult education in the third year after training (not contingent on completion). Portland, OR effects: 25% earnings gain.	NA	11 Welfare-to-Work Programs in 7 NEWWS sites.	Random assignment; 4,274 sample size.

TABLE c.1, cont.

Study/Author Description of Intervention	Target Group	Outcomes: Employment	Outcomes: Income/Wages	Outcomes: Hours	Geographic (National, State)	Type of Study (Random, Data)
Center for Employment Training (CET) CET provided comprehensive services in a work like setting. Students participated full time and employers were involved. Centers operate year-round, featuring an open-entry, open-exit, competency-based training format. Miller et al. 2003. The Average training time was 28 weeks. *Cost was $57 for one day of training per student.* CET was replicated with little success. Only young women in high fidelity sites realized a positive effect on earnings. The effects on young men were often negative. (Miller et al. 2003).	Youth and adults with significant barriers	NA	a) Minority Female Demo: $2,060 per enrollee (Burghardt, Rangarajan, Gordon and Kisker 1992) continued for 5 year follow up. b) JOBSTART focused on disadvantaged youth age 17 to 21: averaged $7,000 per enrollee over 48 months.	NA	San Jose	Random Assignment: Minority women sample of 4,000; Youth sample of 167.
Job Training Partnership Act (JTPA) Title II-A Programs, Bloom et al. (1997) These programs prepare economically disadvantaged adults and out-of-school youths for entry into labor force. The program goals are to increase earnings and employment and reduce welfare dependence. In this random assignment study, the program group (PG) members received one of the 3 service categories: classroom training; a mix of on-the-job training (OJT) and/or job-search assistance (JSA); and other services. *Average program cost for Program Years 1987-89 was $2,377 for 16 areas while the national average was $2,241.*	Adult women	The ever-employed rate for PG was 2.1% points higher**.	During the 30-month follow-up period, program group members earned $1,176 (9.6%, ***) more than the control group members.	NA	16 service delivery areas across the country	Random; study in 1992 sample size 6,474 adult women; 4,419 men. The female youth sample was 2,300; male youth 1,748.
	Adult men	The ever-employed rate for PG was 2.8% points higher**.	PG members earned $978 more (5.29%, *)	NA		
	Female youth	PG was 2.8% points higher (ns).	$135 (1.3% more, ns)	NA		
	Male youth	PG was 1.5% points higher (ns).	PG members earned $589 less than the CG members (3.6%, ns)	NA		

TABLE c.1, cont.

Study/Author Description of Intervention	Target Group	Outcomes: Employment	Outcomes: Income/Wages	Outcomes: Hours	Geographic (National, State)	Type of Study (Random, Data)
Career Academies Evaluation, Kemple (2008) Career Academies aim to keep students engaged in school and prepare them for successful transitions to postsecondary education and employment. Career Academies are organized as small learning communities, combine academic and technical curricula around a career theme, and establish partnerships with local employers to provide work-based learning opportunities. *One estimate in CA shows $600/student/year extra cost (Lehr et al. 2004).*	**Years 1-4 effects**				9 high schools across US	Random Assignment; 604 men, 854 women in years 1-4; 587 men and 841 women in years 5-8.
	Male	NA	$261 or 18.8% higher monthly earnings for PG ***	4.2 hours or 14% more, ***		
	Female	NA	$53 or 4.8% higher monthly earnings, ns	0.5 hours or 1.9% more, (ns)		
	Years 5 through 8 Effects					
	Male	NA	$361 or 16.4% higher monthly earnings**	4.1 hours or 12.2% more, ***		
	Female	NA	$118 or 6.6% higher monthly earnings (ns)	0.3 hours or 1% more (ns)		
Post-Assistance Self-Sufficiency (PASS) Program, Navarro et al. (2007) The PASS program is one of the 15 Employment Retention and Advancement programs across the US. It is designed to provide former TANF recipients with voluntary postemployment services— such as case management, counseling and mentoring, and help with reemployment. *Costs are not available.*	Former TANF recips.	The average quarterly employment rate was 4% points (62.1% vs. 58.1%) higher for program group than for control group. ***	PG members earned $1,791 (10.8%) more than CG members over the two-year follow-up period. ***	NA	Riverside, CA	Random Assignment, 2770 sample.

TABLE c.1, cont.						
Study/Author Description of Intervention	**Target Group**	**Outcomes: Employment**	**Outcomes: Income/Wages**	**Outcomes: Hours**	**Geographic (National, State)**	**Type of Study (Random, Data)**
California's Employment and Training Panel (CETP), Moore et al. (2003) These programs are customized training programs, or incumbent-worker training programs. They were often designed as incentives for businesses to locate, remain, or expand in a state. They typically provide funds to companies to train either newly-hired workers, or to retrain existing employees.	1994-1996 Cohorts	Study shows lower unemployment (0.5%).	Earnings 3.3 % higher for program over control group after 2nd year.	NA	CA	Random assignment.
Community Colleges (multiple studies, not experimental). Lerman (2007) reviews the evidence on community colleges. He summarizes evidence in Silverberg et al. 2004 and Marcotte and colleagues 2005. Lerman reports effects of earnings gains of one year of community college and the completion of an associate's degree. Effects vary by gender, type of degree, academic disadvantage.	Men and women with H.S. degrees.	NA	One year raises earnings by 8% for men; earnings gain is 30% for men who complete a vocational associates degree. One year raises earnings for women by 16% (over a high school degree only) when taken in an academic curriculum but has no effect when part of a vocational curriculum. Women who complete associates degree realize a 40 to 47 % earnings gain depending on whether the degree is academic or vocational, respectively.	NA	Various places.	Analyses of secondary data.

*** Significant at 1%, ** at 5%, * at 10%.

Appendix D: Detailed Simulation Results

These tables provide more detailed simulation results, including results for all persons in CT, as follows:

D1: Guaranteed child care subsidies, no new job
D2: Guaranteed child care subsidies, with new jobs
D3: Increased AA degrees, lower employment/earnings assumptions
D4: Increased AA degrees, higher employment/earnings assumptions
D5: Increased GED degrees, lower employment/earnings assumptions
D6: Increased GED degrees, higher employment/earnings assumptions
D7: Increased job training, lower employment/earnings assumptions
D8: Increased job training, higher employment/earnings assumptions
D9: Increased participation in the food stamp (SNAP) program
D10: Increased enrollment in WIC, LIHEAP, and subsidized housing
D11: Increased enrollment in Medicaid
D12: Post-TANF wage supplement
D13: Case management for TANF leavers
D14: Full payment of all child support awards
D15: Combined simulation of guaranteed child care subsidies (with new jobs); all education options (higher employment/earnings assumptions); increased participation in SNAP, WIC, LIHEAP, subsidized housing, and Medicaid; case management and wage supplement for recent TANF leavers; and full payment of all child support awards

TABLE D1

IMPACT OF GUARANTEED CHILD CARE SUBSIDIES, NO ADDITIONAL EMPLOYMENT

Using 2005 and 2006 Connecticut data [2]

Standard Poverty Definition [3]	Baseline					Guaranteed Child Care Subsidies, No New Jobs				
			Persons by family type [5]					Persons by family type [5]		
	All Persons	Children	In fams. w/ children	In fams. w/ person 65+	In other families	All Persons	Children	In fams. w/ children	In fams. w/ person 65+	In other families
Number poor or low income (thou.)										
<100% poverty	*296*	*88*	*158*	*35*	*104*	*296*	*88*	*158*	*35*	*104*
100<200% poverty	460	119	242	96	123	460	119	242	96	123
Total <200%	*756*	*207*	*400*	*131*	*226*	*756*	*207*	*400*	*131*	*226*
% poor (<100% poverty)	8.5%	10.7%	8.7%	7.5%	8.7%	8.5%	10.7%	8.7%	7.5%	8.7%
% poor or near-poor (<200%)	21.8%	25.2%	22.0%	28.0%	19.0%	21.8%	25.2%	22.0%	28.0%	19.0%
Poverty gap (millions, 2006 $) [4]	$1,032.6		$351.0	$87.9	$593.7	$1,032.6		$351.0	$87.9	$593.7

NAS Poverty definition [3]	Baseline					Guaranteed Child Care Subsidies, No New Jobs				
			Persons by family type [5]					Persons by family type [5]		
	All Persons	Children	In fams. w/ children	In fams. w/ person 65+	In other families	All Persons	Children	In fams. w/ children	In fams. w/ person 65+	In other families
Number poor (thou.)										
<100% poverty	*393*	*90*	*174*	*66*	*154*	*385*	*85*	*167*	*66*	*154*
% poor (<100% poverty)	11.3%	10.9%	9.6%	14.0%	12.9%	11.1%	10.4%	9.2%	14.0%	12.9%
Poverty gap (millions, 2006 $) [4]	$1,348.8		$371.9	$248.8	$728.0	$1,325.6		$348.8	$248.8	$728.0

Source: The Urban Institute, tabulations using the TRIM3 microsimulation model and the CY 2005 and 2006 ASEC data.

Notes:

[1] This option assumes that Child Care and Development Fund (CCDF) subsidies are an entitlement for eligible families. Eligible families with unsubsidized expenses in the baseline simulation are assumed to being receiving subsidies.

[2] CT estimates were created for 2005 and 2006 separately; each CT estimate is the average of the 2005 and 2006 results.

[3] The standard poverty definition compares cash income to the official poverty thresholds. The alternative poverty definition counts the value of transfer benefits in income and subtracts tax liability and work-related expenses. The alternative poverty thresholds are based on the latest consumer expenditure data and are adjusted for geographic differences in cost of living.

[4] The poverty gap is the amount of money that would be needed to lift all families currently below poverty up to the poverty threshold. Figures apply to families with children, families without children but with elderly members, and other families.

[5] Columns for persons by family type include both children and adults. Persons in families with both children and elderly are in the "families with children" column.

TABLE D2

IMPACT OF GUARANTEED CHILD CARE SUBSIDIES, INCLUDING ADDITIONAL EMPLOYMENT

Using 2005 and 2006 Connecticut data [2]

Standard Poverty Definition [3]

	Baseline					Guaranteed Child Care Subsidies, With New Jobs				
			Persons by family type [5]					Persons by family type [5]		
	All Persons	Children	In fams. w/ children	In fams. w/ person 65+	In other families	All Persons	Children	In fams. w/ children	In fams. w/ person 65+	In other families
Number poor or low income (thou.)										
<100% poverty	*296*	*88*	*159*	*35*	*104*	*274*	*76*	*136*	*35*	*104*
100<200% poverty	460	119	242	95	123	474	127	255	95	123
Total <200%	*756*	*207*	*400*	*131*	*226*	*747*	*202*	*391*	*131*	*226*
% poor (<100% poverty)	8.5%	10.7%	8.7%	7.5%	8.7%	7.9%	9.2%	7.5%	7.5%	8.7%
% poor or near-poor (<200%)	21.8%	25.2%	22.0%	28.0%	19.0%	21.5%	24.7%	21.5%	28.0%	19.0%
Poverty gap (millions, 2006 $) [4]	$1,032.6		$351.0	$87.9	$593.7	$974.3		$292.6	$87.9	$593.7

NAS Poverty definition [3]

	Baseline					Guaranteed Child Care Subsidies, With New Jobs				
			Persons by family type [5]					Persons by family type [5]		
	All Persons	Children	In fams. w/ children	In fams. w/ person 65+	In other families	All Persons	Children	In fams. w/ children	In fams. w/ person 65+	In other families
Number poor (thou.)										
<100% poverty	*393*	*90*	*174*	*66*	*154*	*372*	*78*	*154*	*66*	*154*
% poor (<100% poverty)	11.3%	10.9%	9.6%	14.0%	12.9%	10.7%	9.5%	8.5%	14.0%	12.9%
Poverty gap (millions, 2006 $) [4]	$1,248.8		$371.9	$248.8	$728.0	$1,270.7		$293.8	$248.8	$728.0

Source: The Urban Institute, tabulations using the TRIM3 microsimulation model and the CY 2005 and 2006 ASEC data.

Notes:

[1] This option assumes that Child Care and Development Fund (CCDF) subsidies are an entitlement for eligible families. Eligible families with unsubsidized expenses in the baseline simulation are assumed to being receiving subsidies. Also, a subset of parents who did not work in the baseline but who would be eligible for subsidies if they began working are simulated to become employed.

[2] CT estimates were created for 2005 and 2006 separately; each CT estimate is the average of the 2005 and 2006 results.

[3] The standard poverty definition compares cash income to the official poverty thresholds. The alternative poverty definition counts the value of transfer benefits in income and subtracts tax liability and work-related expenses. The alternative poverty thresholds are based on the latest consumer expenditure data and are adjusted for geographic differences in cost of living.

[4] The poverty gap is the amount of money that would be needed to lift all families currently below poverty up to the poverty threshold. Figures apply to families with children, families without children but with elderly members, and other families.

[5] Columns for persons by family type include both children and adults. Persons in families with both children and elderly are in the "families with children" column.

TABLE D3

IMPACT OF INCREASED ATTAINMENT OF AA DEGREES, HYPOTHESIZING LOWER EMPLOYMENT AND WAGE IMPACTS[1]

Using 2005 and 2006 Connecticut data [2]

Standard Poverty Definition [3]

	Baseline					Increased AA Degrees, Lower Employment/Wage Impacts				
			Persons by family type [5]					Persons by family type [5]		
	All Persons	Children	In fams. w/ children	In fams. w/ person 65+	In other families	All Persons	Children	In fams. w/ children	In fams. w/ person 65+	In other families
Number poor or low income (thou.)										
<100% poverty	*296*	*98*	*158*	*35*	*104*	*292*	*87*	*155*	*35*	*102*
100<200% poverty	460	119	242	96	123	448	114	232	96	120
Total <200%	*756*	*207*	*400*	*131*	*226*	*739*	*201*	*387*	*131*	*222*
% poor (<100% poverty)	8.5%	10.7%	8.7%	7.5%	8.7%	8.4%	10.6%	8.5%	7.5%	8.6%
% poor or near-poor (<200%)	21.6%	25.2%	22.0%	28.0%	19.0%	21.3%	24.5%	21.3%	28.0%	18.6%
Poverty gap (millions, 2006 $) [4]	$1,032.6		$351.0	$87.9	$593.7	$1,022.4		$342.8	$87.9	$591.7

NAS Poverty definition [3]

	Baseline					Increased AA Degrees, Lower Employment/Wage Impacts				
			Persons by family type [5]					Persons by family type [5]		
	All Persons	Children	In fams. w/ children	In fams. w/ person 65+	In other families	All Persons	Children	In fams. w/ children	In fams. w/ person 65+	In other families
Number poor (thou.)										
<100% poverty	*393*	*90*	*174*	*66*	*154*	*384*	*88*	*171*	*66*	*148*
% poor (<100% poverty)	11.3%	10.9%	9.6%	14.0%	12.9%	11.1%	10.7%	9.4%	14.0%	12.4%
Poverty gap (millions, 2006 $) [4]	$1,348.8		$371.9	$248.8	$729.0	$1,329.5		$360.3	$248.8	$720.4

Source: The Urban Institute, tabulations using the TRIM3 microsimulation model and the CY 2005 and 2006 ASEC data.

Notes:

[1] One-half of the 600,000 CT adults under age 50 with a high school diploma but no higher degree are assumed to obtain an AA degree. For those who are already employed, earnings increase by 15 percent; there is no new employment.

[2] CT estimates were created for 2005 and 2006 separately; each CT estimate is the average of the 2005 and 2006 results.

[3] The standard poverty definition compares cash income to the official poverty thresholds. The alternative poverty definition counts the value of transfer benefits in income and subtracts tax liability and work-related expenses. The alternative poverty thresholds are based on the latest consumer expenditure data and are adjusted for geographic differences in cost of living.

[4] The poverty gap is the amount of money that would be needed to lift all families currently below poverty up to the poverty threshold. Figures apply to families with children, families without children but with elderly members, and other families.

[5] Columns for persons by family type include both children and adults. Persons in families with both children and elderly are in the "families with children" column.

TABLE D4

IMPACT OF INCREASED ATTAINMENT OF AA DEGREES, HYPOTHESIZING HIGHER EMPLOYMENT AND WAGE IMPACTS[1]

Using 2005 and 2006 Connecticut data [2]

Standard Poverty Definition [3]	Baseline					Increased AA Degrees, Higher Employment/Wage Impacts				
			Persons by family type [5]					Persons by family type [5]		
	All Persons	Children	In fams. w/ children	In fams. w/ person 65+	In other families	All Persons	Children	In fams. w/ children	In fams. w/ person 65+	In other families
Number poor or low income (thou.)										
<100% poverty	*296*	*88*	*158*	*35*	*104*	*272*	*78*	*138*	*35*	*100*
100<200% poverty	460	119	242	96	123	429	107	221	96	113
Total <200%	*756*	*207*	*400*	*131*	*226*	*701*	*185*	*359*	*131*	*212*
% poor (<100% poverty)	8.5%	10.7%	8.7%	7.5%	8.7%	7.8%	9.5%	7.6%	7.5%	8.4%
% poor or near-poor (<200%)	21.8%	25.2%	22.0%	28.0%	19.0%	20.2%	22.6%	19.7%	27.9%	17.8%
Poverty gap (millions, 2006 $) [4]	$1,032.6		$351.0	$87.9	$593.7	$975.7		$308.4	$87.9	$581.4

NAS Poverty definition [3]	Baseline					Increased AA Degrees, Higher Employment/Wage Impacts				
			Persons by family type [5]					Persons by family type [5]		
	All Persons	Children	In fams. w/ children	In fams. w/ person 65+	In other families	All Persons	Children	In fams. w/ children	In fams. w/ person 65+	In other families
Number poor (thou.)										
<100% poverty	*393*	*90*	*174*	*66*	*154*	*364*	*80*	*156*	*66*	*143*
% poor (<100% poverty)	11.3%	10.9%	9.6%	14.0%	12.9%	10.5%	9.8%	8.6%	14.0%	12.0%
Poverty gap (millions, 2006 $) [4]	$1,348.8		$371.9	$248.8	$728.0	$1,272.6		$319.0	$248.8	$705.0

Source: The Urban Institute, tabulations using the TRIM3 microsimulation model and the CY 2005 and 2006 ASEC data.

Notes:

[1] One-half of the 600,000 CT adults under age 50 with a high school diploma but no higher degree are assumed to obtain an AA degree. For those who are already employed, earnings increase by 40 percent; among those who are non-disabled but not employed, 15 percent obtain a full-year job for 35 hours/week, $18/hour.

[2] CT estimates were created for 2005 and 2006 separately; each CT estimate is the average of the 2005 and 2006 results.

[3] The standard poverty definition compares cash income to the official poverty thresholds. The alternative poverty definition counts the value of transfer benefits in income and subtracts tax liability and work-related expenses. The alternative poverty thresholds are based on the latest consumer expenditure data and are adjusted for geographic differences in cost of living.

[4] The poverty gap is the amount of money that would be needed to lift all families currently below poverty up to the poverty threshold. Figures apply to families with children, families without children but with elderly members, and other families.

[5] Columns for persons by family type include both children and adults. Persons in families with both children and elderly are in the "families with children" column.

TABLE D5

IMPACT OF INCREASED ATTAINMENT OF GED DEGREES, HYPOTHESIZING LOWER EMPLOYMENT AND WAGE IMPACTS[1]

Using 2005 and 2006 Connecticut data [2]

Standard Poverty Definition [3]

	Baseline					Increased GED Degrees, Lower Employment/Wage Impacts				
			Persons by family type [5]					Persons by family type [5]		
	All Persons	Children	In fams. w/ children	In fams. w/ person 65+	In other families	All Persons	Children	In fams. w/ children	In fams. w/ person 65+	In other families
Number poor or low income (thou.)										
<100% poverty	*296*	*88*	*158*	*35*	*104*	*291*	*85*	*154*	*35*	*103*
100<200% poverty	460	119	242	96	123	464	122	246	96	123
Total <200%	*755*	*207*	*400*	*131*	*226*	*755*	*206*	*400*	*131*	*225*
% poor (<100% poverty)	8.5%	10.7%	8.7%	7.5%	8.7%	8.4%	10.3%	8.5%	7.5%	8.6%
% poor or near-poor (<200%)	21.8%	25.2%	22.0%	28.0%	19.0%	21.7%	25.1%	22.0%	28.0%	18.9%
Poverty gap (millions, 2006 $) [4]	$1,032.6		$351.0	$87.9	$593.7	$1,023.0		$344.3	$87.4	$591.2

NAS Poverty definition [3]

	Baseline					Increased GED Degrees, Lower Employment/Wage Impacts				
			Persons by family type [5]					Persons by family type [5]		
	All Persons	Children	In fams. w/ children	In fams. w/ person 65+	In other families	All Persons	Children	In fams. w/ children	In fams. w/ person 65+	In other families
Number poor (thou.)										
<100% poverty	*393*	*90*	*174*	*66*	*154*	*384*	*87*	*167*	*66*	*152*
% poor (<100% poverty)	11.3%	10.9%	9.6%	14.0%	12.9%	11.0%	10.6%	9.2%	14.0%	12.7%
Poverty gap (millions, 2006 $) [4]	$1,348.8		$371.9	$248.8	$728.0	$1,335.5		$366.3	$248.3	$721.9

Source: The Urban Institute, tabulations using the TRIM3 microsimulation model and the CY 2005 and 2006 ASEC data.

Notes:

[1] The simulation assumes that all adults under age 50 who do not have a high school diploma or equivalent obtain a GED. For those who are already employed, wages are assumed to increase by 5 percent; there are no new jobs.

[2] CT estimates were created for 2005 and 2006 separately; each CT estimate is the average of the 2005 and 2006 results.

[3] The standard poverty definition compares cash income to the official poverty thresholds. The alternative poverty definition counts the value of transfer benefits in income and subtracts tax liability and work-related expenses. The alternative poverty thresholds are based on the latest consumer expenditure data and are adjusted for geographic differences in cost of living.

[4] The poverty gap is the amount of money that would be needed to lift all families currently below poverty up to the poverty threshold. Figures apply to families with children, families without children but with elderly members, and other families.

[5] Columns for persons by family type include both children and adults. Persons in families with both children and elderly are in the "families with children" column.

TABLE D6

IMPACT OF INCREASED ATTAINMENT OF GED DEGREES, HYPOTHESIZING HIGHER EMPLOYMENT AND WAGE IMPACTS[1]

Using 2005 and 2006 Connecticut data [2]

Standard Poverty Definition [3]

	Baseline					Increased GED Degrees, Higher Employment/Wage Impacts				
			Persons by family type [5]					Persons by family type [5]		
	All Persons	Children	In fams. w/ children	In fams. w/ person 65+	In other families	All Persons	Children	In fams. w/ children	In fams. w/ person 65+	In other families
Number poor or low income (thou.)										
<100% poverty	*296*	*88*	*158*	*35*	*104*	*282*	*81*	*148*	*34*	*102*
100<200% poverty	460	119	242	96	123	455	120	237	97	121
Total <200%	*756*	*207*	*400*	*131*	*226*	*737*	*201*	*385*	*131*	*222*
% poor (<100% poverty)	8.5%	10.7%	8.7%	7.5%	8.7%	8.1%	9.9%	8.1%	7.3%	8.5%
% poor or near-poor (<200%)	21.8%	25.2%	22.0%	28.0%	19.0%	21.2%	24.4%	21.2%	28.0%	18.6%
Poverty gap (millions, 2006 $) [4]	$1,032.6		$351.0	$87.9	$593.7	$994.4		$324.5	$87.4	$582.5

NAS Poverty definition [3]

	Baseline					Increased GED Degrees, Higher Employment/Wage Impacts				
			Persons by family type [5]					Persons by family type [5]		
	All Persons	Children	In fams. w/ children	In fams. w/ person 65+	In other families	All Persons	Children	In fams. w/ children	In fams. w/ person 65+	In other families
Number poor (thou.)										
<100% poverty	*393*	*90*	*174*	*66*	*154*	*375*	*83*	*160*	*66*	*150*
% poor (<100% poverty)	11.3%	10.9%	9.6%	14.0%	12.9%	10.8%	10.1%	8.8%	14.0%	12.6%
Poverty gap (millions, 2006 $) [4]	$1,348.8		$371.9	$248.8	$728.0	$1,305.9		$349.0	$247.8	$709.1

Source: The Urban Institute, tabulations using the TRIM3 microsimulation model and the CY 2005 and 2006 ASEC data.

Notes:

[1] The simulation assumes that all adults under age 50 who do not have a high school diploma or equivalent obtain a GED. For those who are already employed, wages are assumed to increase by 25 percent; among those who are non-disabled and not working, 10 percent obtain a full-year job working 35 hours/week for $14/hour.

[2] CT estimates were created for 2005 and 2006 separately; each CT estimate is the average of the 2005 and 2006 results.

[3] The standard poverty definition compares cash income to the official poverty thresholds. The alternative poverty definition counts the value of transfer benefits in income and subtracts tax liability and work-related expenses. The alternative poverty thresholds are based on the latest consumer expenditure data and are adjusted for geographic differences in cost of living.

[4] The poverty gap is the amount of money that would be needed to lift all families currently below poverty up to the poverty threshold. Figures apply to families with children, families without children but with elderly members, and other families.

[5] Columns for persons by family type include both children and adults. Persons in families with both children and elderly are in the "families with children" column.

TABLE D7

IMPACT OF INCREASED POST-SECONDARY JOB TRAINING, HYPOTHESIZING LOWER EMPLOYMENT AND WAGE IMPACTS[1]

Using 2005 and 2006 Connecticut data [2]

Standard Poverty Definition [3]

	Baseline					Increased Job Training, Lower Employment/Wage Impacts				
			Persons by family type [5]					Persons by family type [5]		
	All Persons	Children	In fams. w/ children	In fams. w/ person 65+	In other families	All Persons	Children	In fams. w/ children	In fams. w/ person 65+	In other families
Number poor or low income (thou.)										
<100% poverty	*296*	*88*	*158*	*35*	*104*	*293*	*87*	*157*	*35*	*102*
100<200% poverty	460	119	242	96	123	453	116	235	96	122
Total <200%	*756*	*207*	*400*	*131*	*226*	*746*	*203*	*392*	*131*	*223*
% poor (<100% poverty)	8.6%	10.7%	8.7%	7.5%	8.7%	8.4%	10.5%	8.6%	7.5%	8.5%
% poor or near-poor (<200%)	21.8%	25.2%	22.0%	28.0%	19.0%	21.5%	24.6%	21.6%	28.0%	18.7%
Poverty gap (millions, 2008 $) [4]	$1,032.6		$351.0	$87.9	$593.7	$1,026.5		$346.3	$87.9	$592.2

NAS Poverty definition [3]

	Baseline					Increased Job Training, Lower Employment/Wage Impacts				
			Persons by family type [5]					Persons by family type [5]		
	All Persons	Children	In fams. w/ children	In fams. w/ person 65+	In other families	All Persons	Children	In fams. w/ children	In fams. w/ person 65+	In other families
Number poor (thou.)										
<100% poverty	*393*	*90*	*174*	*66*	*154*	*387*	*89*	*172*	*66*	*149*
% poor (<100% poverty)	11.3%	10.9%	9.6%	14.0%	12.9%	11.1%	10.8%	9.5%	14.0%	12.5%
Poverty gap (millions, 2008 $) [4]	$1,348.8		$371.9	$248.8	$728.0	$1,338.0		$366.4	$248.8	$723.5

Source: The Urban Institute, tabulations using the TRIM3 microsimulation model and the CY 2005 and 2006 ASEC data.

Notes:

[1] One-half of the 600,000 CT adults under age 50 with a high school diploma but no higher degree are assumed to obtain job training. For those who are already employed, earnings increase by 8 percent; there is no new employment.

[2] CT estimates were created for 2005 and 2006 separately; each CT estimate is the average of the 2005 and 2006 results.

[3] The standard poverty definition compares cash income to the official poverty thresholds. The alternative poverty definition counts the value of transfer benefits in income and subtracts tax liability and work-related expenses. The alternative poverty thresholds are based on the latest consumer expenditure data and are adjusted for geographic differences in cost of living.

[4] The poverty gap is the amount of money that would be needed to lift all families currently below poverty up to the poverty threshold. Figures apply to families with children, families without children but with elderly members, and other families.

[5] Columns for persons by family type include both children and adults. Persons in families with both children and elderly are in the "families with children" column.

TABLE D8

IMPACT OF INCREASED POST-SECONDARY JOB TRAINING, HYPOTHESIZING HIGHER EMPLOYMENT AND WAGE IMPACTS[1]

Using 2005 and 2006 Connecticut data [2]

Standard Poverty Definition [3]	Baseline					Increased Job Training, Higher Employment/Wage Impacts				
			Persons by family type [5]					Persons by family type [5]		
	All Persons	Children	In fams. w/ children	In fams. w/ person 65+	In other families	All Persons	Children	In fams. w/ children	In fams. w/ person 65+	In other families
Number poor or low income (thou.)										
<100% poverty	*296*	*88*	*158*	*35*	*104*	*288*	*86*	*152*	*35*	*102*
100<200% poverty	460	119	242	96	123	443	111	227	96	120
Total <200%	*756*	*207*	*400*	*131*	*226*	*730*	*197*	*379*	*131*	*221*
% poor (<100% poverty)	8.5%	10.7%	8.7%	7.5%	8.7%	8.3%	10.5%	8.3%	7.5%	8.6%
% poor or near-poor (<200%)	21.8%	25.2%	22.0%	28.0%	19.0%	21.0%	24.0%	20.8%	28.0%	18.6%
Poverty gap (millions, 2006 $) [4]	$1,032.6		$351.0	$87.9	$593.7	$1,014.8		$336.2	$87.9	$590.7

NAS Poverty definition [3]	Baseline					Increased Job Training, Higher Employment/Wage Impacts				
			Persons by family type [5]					Persons by family type [5]		
	All Persons	Children	In fams. w/ children	In fams. w/ person 65+	In other families	All Persons	Children	In fams. w/ children	In fams. w/ person 65+	In other families
Number poor (thou.)										
<100% poverty	*393*	*90*	*174*	*66*	*154*	*381*	*86*	*168*	*66*	*148*
% poor (<100% poverty)	11.3%	10.9%	9.6%	14.0%	12.9%	11.0%	10.5%	9.2%	14.0%	12.4%
Poverty gap (millions, 2006 $) [4]	$1,348.8		$371.9	$248.9	$728.0	$1,317.5		$349.3	$248.8	$719.4

Source: The Urban Institute, tabulations using the TRIM3 microsimulation model and the CY 2005 and 2006 ASEC data.

Notes:

[1] One-half of the 600,000 CT adults under age 50 with a high school diploma but no higher degree are assumed to obtain job training. For those who are already employed, earnings increase by 20 percent; among those who are non-disabled but not employed, 5 percent obtain a full-year job for 35 hours/week, $18/hour.

[2] CT estimates were created for 2005 and 2006 separately; each CT estimate is the average of the 2005 and 2006 results.

[3] The standard poverty definition compares cash income to the official poverty thresholds. The alternative poverty definition counts the value of transfer benefits in income and subtracts tax liability and work-related expenses. The alternative poverty thresholds are based on the latest consumer expenditure data and are adjusted for geographic differences in cost of living.

[4] The poverty gap is the amount of money that would be needed to lift all families currently below poverty up to the poverty threshold. Figures apply to families with children, families without children but with elderly members, and other families.

[5] Columns for persons by family type include both children and adults. Persons in families with both children and elderly are in the "families with children" column.

TABLE D9

IMPACT OF AN 85% PARTICIPATION RATE IN THE FOOD STAMP (SNAP) PROGRAM [1]

Using the NAS Poverty Definition and 2005 and 2006 Connecticut data [2]

Baseline

	Alternative (NAS) Poverty Definition				
			Persons by family type [3]		
	All Persons	Children	In families with children	In fams. w/ person 65+	In other families
Number poor or low income (thou.) *<100% poverty*	*393*	*90*	*174*	*66*	*154*
% poor (<100% poverty)	11.3%	10.9%	9.6%	14.0%	12.9%
Poverty gap (millions, 2006 $) [4]	$1,348.8		$371.9	$248.8	$728.0

85% of FSP-Eligible Households are Enrolled

	Alternative (NAS) Poverty Definition				
			Persons by family type [3]		
	All Persons	Children	In families with children	In fams. w/ person 65+	In other families
Number poor or low income (thou.) *<100% poverty*	*384*	*88*	*169*	*66*	*151*
% poor (<100% poverty)	11.1%	10.7%	9.3%	14.0%	12.6%
Poverty gap (millions, 2006 $) [4]	$1,315.2		$356.1	$237.1	$722.0

Other key data	
Additional FSP h'holds (thou.)	42.2
Cost of new benefits (mill., 2006 $)	$40.8
Reduction in pov. gap (all fams.)	$33.6
Pct. of cost that reduces pov. gap	82.3%

Source: The Urban Institute, tabulations using the TRIM3 microsimulation model and the CY 2005 and 2006 ASEC data.

Notes:

[1] Currently, approximately 62% of households eligible for FSP benefits in CT appear to take those benefits in an average month. Although higher FSP enrollment would increase WIC and LIHEAP eligibility due to automatic eligibility for FSP households, this simulation assumes that there would be no increases in WIC or LIHEAP caseloads.

[2] The alternative poverty definition counts the value of transfer benefits in income and subtracts tax liability and work-related expenses. The alternative poverty thresholds are based on the latest consumer expenditure data and are adjusted for geographic differences in cost of living. (This simulation has no impact on the standard poverty definition.)

[3] Columns for persons by family type include both children and adults. Persons in families with both children and persons 65+ are in the "families with children" column.

[4] The poverty gap is the amount of money that would be needed to lift all families currently below poverty up to the poverty threshold. Figures apply to families with children, families without children but with elderly members, and other families.

TABLE D10

IMPACT OF AN 85% ENROLLMENT RATE FOR SUBSIDIZED HOUSING, LIHEAP, AND WIC[1]

Using the NAS Poverty Definition and 2005 and 2006 Connecticut data [2]

Baseline

	Alternative (NAS) Poverty Definition				
			Persons by family type [3]		
	All Persons	Children	In families with children	In fams. w/ person 65+	In other families
Number poor or low income (thou.)					
<100% poverty	*393*	*90*	*174*	*66*	*154*
% poor (<100% poverty)	11.3%	10.9%	9.6%	14.0%	12.9%
Poverty gap (millions, 2006 $) [4]	$1,348.8		$371.9	$248.8	$728.0

Housing Subsidies, LIHEAP, and WIC Enroll 85% of Eligible Households

	Alternative (NAS) Poverty Definition				
			Persons by family type [3]		
	All Persons	Children	In families with children	In fams. w/ person 65+	In other families
Number poor or low income (thou.)					
<100% poverty	*323*	*64*	*127*	*58*	*138*
% poor (<100% poverty)	9.3%	7.7%	7.0%	12.4%	11.5%
Poverty gap (millions, 2006 $) [4]	$1,074.9		$241.7	$219.0	$614.2

Other key data	
Additional h'holds with subs. housing (thou.)	112.3
Additional h'holds with LIHEAP (thou.)	89.9
Additional persons with WIC (thou.)	21.6
Cost of new benefits (mill., 2006 $) [5]	$670.2
Reduction in pov. gap (all fams.)	$273.9
Pct. of cost that reduces pov. gap	40.9%

Source: The Urban Institute, tabulations using the TRIM3 microsimulation model and the CY 2005 and 2006 ASEC data.

Notes:

[1] Currently, CT appears to provide benefits to approximately 40 percent of households eligible for subsidized housing, approximately 50 percent of households eligible for LIHEAP, and approximately 60 percent of infants and children eligible for WIC.

[2] The alternative poverty definition counts the value of transfer benefits in income and subtracts tax liability and work-related expenses. The alternative poverty thresholds are based on the latest consumer expenditure data and are adjusted for geographic differences in cost of living. (This simulation has no impact on the standard poverty definition.)

[3] Columns for persons by family type include both children and adults. Persons in families with both children and persons 65+ are in the "families with children" column.

[4] The poverty gap is the amount of money that would be needed to lift all families currently below poverty up to the poverty threshold. Figures apply to families with children, families without children but with elderly members, and other families.

[5] Increased costs for subsidized housing, LIHEAP, and WIC are offset slightly by reduced FSP benefits (due to lower levels of excess shelter deductions).

TABLE D11

IMPACT OF AN OVERALL 85% ENROLLMENT RATE FOR MEDICAID/SCHIP[1]

Using the NAS Poverty Definition and 2005 and 2006 Connecticut data[2]

Baseline

	Alternative (NAS) Poverty Definition				
			Persons by family type[3]		
	All Persons	Children	In families with children	In fams. w/ person 65+	In other families
Number poor or low income (thou.)					
<100% poverty	*393*	*90*	*174*	*66*	*154*
% poor (<100% poverty)	11.3%	10.9%	9.6%	14.0%	12.9%
Poverty gap (millions, 2006 $)[4]	$1,348.8		$371.9	$248.8	$728.0

85% Overall Enrollment Rate for Medicaid and SCHIP

	Alternative (NAS) Poverty Definition				
			Persons by family type[3]		
	All Persons	Children	In families with children	In fams. w/ person 65+	In other families
Number poor or low income (thou.)					
<100% poverty	*390*	*89*	*173*	*63*	*154*
% poor (<100% poverty)	11.2%	10.9%	9.5%	13.4%	12.9%
Poverty gap (millions, 2006 $)[4]	$1,324.7		$369.9	$233.8	$721.0

Other key data

New Medicaid enrollees (thou.) 97.0

Source: The Urban Institute, tabulations using the TRIM3 microsimulation model and the CY 2005 and 2006 ASEC data.

Notes:

[1] Currently, CT appears to enroll approximately two-thirds of the individuals eligible for Medicaid or SCHIP in an average month. However, most of the eligible individuals who are not enrolled appear (in the CPS) to have some other type of insurance. With the methods being used for this analysis, new public coverage can affect poverty only to the extent that individuals were previously uninsured.

[2] The alternative poverty definition counts the value of transfer benefits in income and subtracts tax liability and work related expenses. The alternative poverty thresholds are based on the latest consumer expenditure data and are adjusted for geographic differences in cost of living. (This simulation has no impact on the standard poverty definition.)

[3] Columns for persons by family type include both children and adults. Persons in families with both children and persons 65+ are in the "families with children" column.

[4] The poverty gap is the amount of money that would be needed to lift all families currently below poverty up to the poverty threshold. Figures apply to families with children, families without children but with elderly members, and other families.

Table D12

IMPACT OF ONE POSSIBLE DESIGN OF A POST-TANF WAGE SUPPLEMENT [1]

Using 2005 and 2006 Connecticut data [2]

Standard Poverty Definition [3]

	Baseline					Post-TANF Wage Supplement				
			Persons by family type [5]					Persons by family type [5]		
	All Persons	Children	In fams. w/ children	In fams. w/ person 65+	In other families	All Persons	Children	In fams. w/ children	In fams. w/ person 65+	In other families
Number poor or low income (thou.)										
<100% poverty	*296*	*88*	*158*	*35*	*104*	*293*	*87*	*155*	*35*	*104*
100<200% poverty	460	119	242	96	123	463	121	245	96	123
Total <200%	*756*	*207*	*400*	*131*	*226*	*755*	*207*	*400*	*131*	*226*
% poor (<100% poverty)	8.5%	10.7%	8.7%	7.5%	8.7%	8.4%	10.5%	8.5%	7.5%	8.7%
% poor or near-poor (<200%)	21.8%	25.2%	22.0%	28.0%	19.0%	21.8%	25.2%	22.0%	28.0%	19.0%
Poverty gap (millions, 2006 $) [4]	$1,032.6		$351.0	$87.9	$593.7	$1,010.5		$328.8	$87.9	$593.7

NAS Poverty definition [3]

	Baseline					Post-TANF Wage Supplement				
			Persons by family type [5]					Persons by family type [5]		
	All Persons	Children	In fams. w/ children	In fams. w/ person 65+	In other families	All Persons	Children	In fams. w/ children	In fams. w/ person 65+	In other families
Number poor (thou.)										
<100% poverty	*393*	*90*	*174*	*66*	*154*	*390*	*89*	*172*	*66*	*154*
% poor (<100% poverty)	11.3%	10.9%	9.6%	14.0%	12.9%	11.2%	10.8%	9.5%	14.0%	12.9%
Poverty gap (millions, 2006 $) [4]	$1,248.8		$271.9	$248.8	$728.0	$1,331.2		$354.4	$248.8	$728.0

Source: The Urban Institute, tabulations using the TRIM3 microsimulation model and the 2006 and 2007 ASEC data.

Notes:

[1] The policy should be considered as illustrative of the potential effects of a wage supplement. Details of policy design will impact the anti-poverty effects. The modeled policy provides a supplement equal to the difference between the worker's actual wage rate and $10/hour. Workers already earning at least $10/hour do not benefit. The policy would apply to the first year after leaving TANF; approximately 3,000 families per year leave TANF in CT with earnings.

[2] CT estimates were created for 2005 and 2006 separately; each CT estimate is the average of the 2005 and 2006 results.

[3] The standard poverty definition compares cash income to the official poverty thresholds. The alternative poverty definition counts the value of transfer benefits in income and subtracts tax liability and work-related expenses. The alternative poverty thresholds are based on the latest consumer expenditure data and are adjusted for geographic differences in cost of living.

[4] The poverty gap is the amount of money that would be needed to lift all families currently below poverty up to the poverty threshold. Figures apply to families with children, families without children but with elderly members, and other families.

[5] Columns for persons by family type include both children and adults. Persons in families with both children and elderly are in the "families with children" column.

Table D13

IMPACT OF CASE MANAGEMENT FOR TANF LEAVERS (5 YEARS AFTER IMPLEMENTATION)[1]

Using 2005 and 2006 Connecticut data[2]

Standard Poverty Definition[3]

	Baseline					Case Management for Former TANF Recipients				
			Persons by family type[5]					Persons by family type[5]		
	All Persons	Children	In fams. w/ children	In fams. w/ person 65+	In other families	All Persons	Children	In fams. w/ children	In fams. w/ person 65+	In other families
Number poor or low income (thou.)										
<100% poverty	*295*	*88*	*158*	*35*	*104*	*295*	*88*	*157*	*35*	*104*
100<200% poverty	460	119	242	96	123	462	120	243	96	123
Total <200%	*756*	*207*	*400*	*131*	*226*	*756*	*207*	*400*	*131*	*226*
% poor (<100% poverty)	8.6%	10.7%	8.7%	7.5%	8.7%	8.6%	10.7%	8.6%	7.5%	8.7%
% poor or near-poor (<200%)	21.8%	25.2%	22.0%	28.0%	19.0%	21.8%	25.2%	22.0%	28.0%	19.0%
Poverty gap (millions, 2008 $)[4]	$1,032.6		$351.0	$87.9	$593.7	$1,013.9		$332.2	$87.9	$593.7

NAS Poverty definition[3]

	Baseline					Case Management for Former TANF Recipients				
			Persons by family type[5]					Persons by family type[5]		
	All Persons	Children	In fams. w/ children	In fams. w/ person 65+	In other families	All Persons	Children	In fams. w/ children	In fams. w/ person 65+	In other families
Number poor (thou.)										
<100% poverty	*393*	*90*	*174*	*66*	*154*	*391*	*89*	*173*	*66*	*154*
% poor (<100% poverty)	11.3%	10.9%	9.6%	14.0%	12.9%	11.3%	10.8%	9.5%	14.0%	12.9%
Poverty gap (millions, 2008 $)[4]	$1,346.6		$371.9	$248.8	$728.0	$1,331.6		$354.7	$248.8	$728.0

Source: The Urban Institute, tabulations using the TRIM3 microsimulation model and the 2006 and 2007 ASEC data.

Notes:

[1] The simulation assumes that case management services are focused on TANF recipients who have earnings at the point that they leave the TANF program. We assume that the impacts are similar to those observed in the Riverside, California "PASS" program -- an increase in the employment rate of 4 percentage points, and an increase in total earnings of approximately 11 percent (two thirds of that coming from the employment increases). We assume that the program has been in place for five years, offered to approximately 3,000 families per year, and that the employment effects persist.

[2] CT estimates were created for 2005 and 2006 separately; each CT estimate is the average of the 2005 and 2006 results.

[3] The standard poverty definition compares cash income to the official poverty thresholds. The alternative poverty definition counts the value of transfer benefits in income and subtracts tax liability and work-related expenses. The alternative poverty thresholds are based on the latest consumer expenditure data and are adjusted for geographic differences in cost of living.

[4] The poverty gap is the amount of money that would be needed to lift all families currently below poverty up to the poverty threshold. Figures apply to families with children, families without children but with elderly members, and other families.

[5] Columns for persons by family type include both children and adults. Persons in families with both children and elderly are in the "families with children" column.

Table D14

IMPACT OF FULL PAYMENT OF ALL CHILD SUPPORT AWARDS FOR LOW-INCOME FAMILIES [1]

Using 2005 and 2006 Connecticut data [2]

Standard Poverty Definition [3]

	Baseline					Close Gap Between Child Support Awards and Payments				
			Persons by family type [5]					Persons by family type [5]		
	All Persons	Children	In fams. w/ children	In fams. w/ person 65+	In other families	All Persons	Children	In fams. w/ children	In fams. w/ person 65+	In other families
Number poor or low income (thou.)										
<100% poverty	*296*	*88*	*158*	*35*	*104*	*293*	*85*	*154*	*35*	*104*
100<200% poverty	460	119	242	96	123	459	119	241	96	123
Total <200%	*756*	*207*	*400*	*131*	*226*	*752*	*204*	*395*	*131*	*226*
% poor (<100% poverty)	8.5%	10.7%	8.7%	7.5%	8.7%	8.4%	10.4%	8.5%	7.5%	8.7%
% poor or near-poor (<200%)	21.6%	25.2%	22.0%	28.0%	19.0%	21.6%	24.8%	21.7%	28.0%	19.0%
Poverty gap (millions, 2008 $) [4]	$1,032.6		$351.0	$87.9	$593.7	$1,010.2		$328.6	$87.9	$593.7

NAS Poverty definition [3]

	Baseline					Close Gap Between Child Support Awards and Payments				
			Persons by family type [5]					Persons by family type [5]		
	All Persons	Children	In fams. w/ children	In fams. w/ person 65+	In other families	All Persons	Children	In fams. w/ children	In fams. w/ person 65+	In other families
Number poor (thou.)										
<100% poverty	*393*	*90*	*174*	*66*	*154*	*387*	*87*	*169*	*66*	*154*
% poor (<100% poverty)	11.3%	10.9%	9.6%	14.0%	12.9%	11.1%	10.6%	9.3%	14.0%	12.9%
Poverty gap (millions, 2008 $) [4]	$1,348.8		$371.9	$248.8	$728.0	$1,329.4		$352.5	$248.8	$728.0

Source: The Urban Institute, tabulations using the TRIM3 microsimulation model and the 2008 and 2007 ASEC data.

Notes:

[1] All families are assumed to receive the full amount of child support that they are due. No changes are made to child support awards, however. Further, we do not model the potential impacts on the families of the individuals who pay child support. If an individual pays more support without an increase in earnings, the available income of his/her family would fall; if that individual obtains a new or better job due to a fatherhood program, the income of the family in which s/he resides could increase, even after subtraction of the child support payment.

[2] CT estimates were created for 2005 and 2006 separately; each CT estimate is the average of the 2005 and 2006 results.

[3] The standard poverty definition compares cash income to the official poverty thresholds. The alternative poverty definition counts the value of transfer benefits in income and subtracts tax liability and work-related expenses. The alternative poverty thresholds are based on the latest consumer expenditure data and are adjusted for geographic differences in cost of living.

[4] The poverty gap is the amount of money that would be needed to lift all families currently below poverty up to the poverty threshold. Figures apply to families with children, families without children but with elderly members, and other families.

[5] Columns for persons by family type include both children and adults. Persons in families with both children and elderly are in the "families with children" column.

TABLE D15

COMBINED IMPACT OF (1) GUARANTEED CHILD CARE SUBSIDIES, (2) INCREASED AAs, GEDs, AND JOB TRAINING; AND (3) INCREASED ENROLLMENT IN SNAP, WIC, LIHEAP, HOUSING, AND MEDICAID [1]

Including Employment Impacts Due to Child Care, and Higher Assumptions of Impacts of Education/Training Options

Using 2005 and 2006 Connecticut data [2]

Standard Poverty Definition [3]

	Baseline					Child Care, Education/Training, and Progam Participation Policies				
			Persons by family type [5]					Persons by family type [5]		
	All Persons	Children	In fams. w/ children	In fams. w/ person 65+	In other families	All Persons	Children	In fams. w/ children	In fams. w/ person 65+	In other families
Number poor or low income (thou.)										
<100% poverty	*296*	*88*	*158*	*35*	*104*	*241*	*61*	*109*	*35*	*98*
100<200% poverty	460	119	242	96	123	439	116	230	96	113
Total <200%	*756*	*207*	*400*	*131*	*226*	*680*	*177*	*339*	*131*	*211*
% poor (<100% poverty)	8.5%	10.7%	8.7%	7.5%	8.7%	6.9%	7.4%	6.0%	7.5%	8.2%
% poor or near-poor (<200%)	21.8%	25.2%	22.0%	28.0%	19.0%	19.6%	21.6%	18.7%	27.9%	17.7%
Poverty gap (millions, 2006 $) [4]	$1,032.6		$351.0	$87.9	$593.7	$879.8		$220.8	$87.9	$571.1

NAS Poverty definition [3]

	Baseline					Child Care, Education/Training, and Progam Participation Policies				
			Persons by family type [5]					Persons by family type [5]		
	All Persons	Children	In fams. w/ children	In fams. w/ person 65+	In other families	All Persons	Children	In fams. w/ children	In fams. w/ person 65+	In other families
Number poor (thou.)										
<100% poverty	*393*	*90*	*174*	*66*	*154*	*261*	*41*	*84*	*58*	*119*
% poor (<100% poverty)	11.3%	10.9%	9.6%	14.0%	12.9%	7.5%	4.9%	4.6%	12.3%	10.0%
Poverty gap (millions, 2006 $) [4]	$1,348.8		$371.9	$248.8	$728.0	$912.6		$135.3	$207.3	$570.0

Source: The Urban Institute, tabulations using the TRIM3 microsimulation model and the CY 2005 and 2006 ASEC data.

Notes:

[1] See section IV of report and notes to Tables D2, D4, D6, D8, D9, D10, and D11 for simulation details.

[2] CT estimates were created for 2005 and 2006 separately; each CT estimate is the average of the 2005 and 2006 results.

[3] The standard poverty definition compares cash income to the official poverty thresholds. The alternative poverty definition counts the value of transfer benefits in income and subtracts tax liability and work-related expenses. The alternative poverty thresholds are based on the latest consumer expenditure data and are adjusted for geographic differences in cost of living.

[4] The poverty gap is the amount of money that would be needed to lift all families currently below poverty up to the poverty threshold. Figures apply to families with children, families without children but with elderly members, and other families.

[5] Columns for persons by family type include both children and adults. Persons in families with both children and elderly are in the "families with children" column.

Summary and Highlights
Economic Modeling
of Child Poverty and Prevention Council Initiatives

Prepared by the Office of Policy and Management (OPM)
Italicized portions include OPM's preliminary cost estimates
based on general assumptions

Background

The Child Poverty and Prevention Council engaged the Urban Institute to estimate the potential effects of numerous proposals designed to reduce child poverty in the State of Connecticut.

The report looks at two measures of child poverty. The first measure includes only cash income and represents the official poverty measure reported by the U.S. Census Bureau. The second measure, which is based on recommendations from the National Academy of Science (NAS) adds capital gains and non-cash income and subtracts taxes and "nondiscretionary" expenses (child care and work-related).

Findings

According to the report, child poverty rates are substantially lower in Connecticut than in the United States as a whole. In 2006, using the federal poverty level (FPL), 10.7% of Connecticut children were poor compared with 16.9% nationwide. The percent of "near-poor" (200% FPL) was 25.2% in Connecticut compared with 38.8% nationwide. Using the NAS definition, the Connecticut child poverty rate was 10.9% while the national child poverty rate was 13.4%.

The "poverty gap" or the amount of money by which incomes of poor families would have to increase in order for all families to be at the poverty level is $351 million using the standard definition and $372 million using the NAS threshold.

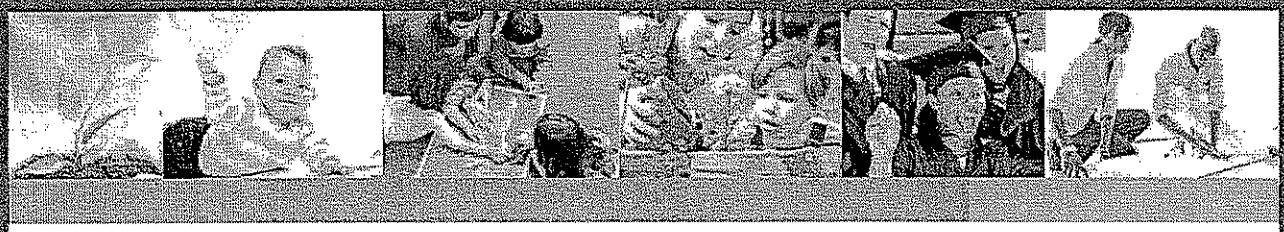
Using the Council's priority recommendations, the Urban Institute was able to model the impact on the state child poverty rate if some of the recommendations were implemented. In general, no recommendation by itself would result in a significant decrease in child poverty. The most effective single recommendation depends on the definition of poverty used: for the federal poverty level it is guaranteed child care subsidies, for 200% FPL it is increased attainment of AA degrees, and using the NAS definition it is increased enrollment in nutrition, housing, and energy assistance programs. Across the board, the least effective recommendation among those modeled is case management for TANF leavers.

When combined together, the recommendations result in a significant decrease in child poverty – especially using the NAS definition, but implementation would require significant fiscal expenditures.

Recommendation	**Standard Poverty Rate (10.7%)**	**200% Poverty Rate (25.2%)**	**NAS Poverty Rate (10.9%)**
1. Guaranteed Child Care Subsidies, No Additional Employment	10.7%	25.2%	10.4%
2. Guaranteed Child Care Subsidies, including additional employment *(Model assumes 10,000 new subsidies. At the current annual subsidy of $5,000 = $50 million)*	**9.2%**[1]	24.7%	9.5%
3. Increased Attainment of AA Degrees, hypothesizing lower employment and wage impacts	10.6%	24.5%	10.7%
4. Increased Attainment of AA degrees, hypothesizing higher employment and wage impacts. (*Model assumes 300,000 new AA degrees. At a cost of $6,000 full subsidy at community college = $1.8 billion.)*	9.5%	**22.6%**	9.8%
5. Increased Attainment of GED degrees, hypothesizing lower employment and wage impacts	10.3%	25.1%	10.6%
6. Increased Attainment of GED Degrees, hypothesizing higher employment and wage impacts *(Model assumes 135,000 receive GEDs. To subsidize the cost of $1300 per student = about $88 million for the state and $88 million for local districts).*	9.8%	24.4%	10.1%
7. Increased Post-Secondary Job Training, hypothesizing lower employment and wage impacts	10.6%	24.8%	10.8%
8. Increased Post-Secondary Job Training, hypothesizing higher employment and wage impacts. *(Model assumes 300,000 adults receive additional job training. Current cost of job training ranges between $750 to $5,000 per slot. At $750 per slot, the cost to provide 300,000 adults with additional job training would be $225 million.)*	10.5%	24.0%	10.5%
9. 85% Participation in SNAP			10.7%
10. 85% Enrollment Rate for Subsidized Housing, LIHEAP and WIC			**7.7%**

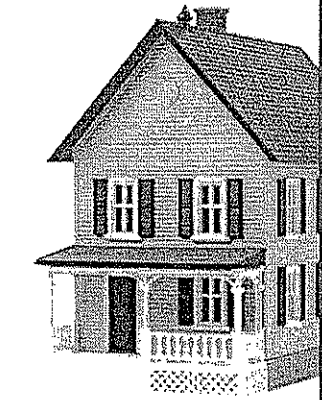
11. 85% Enrollment Rate for Medicaid/HUSKY *(Assuming current 70% enrollment rate, state cost would be approximately $400 million to reach 85% enrollment)*			10.9%
12. Post-TANF Wage Supplement	10.5%	25.2%	10.8%
13. Case Management for TANF Leavers	10.7%	25.2%	10.8%
14. Full Payment of All Child Support Awards	10.4%	24.8%	10.6%
15. Combined impact of child care (#2), AA degrees (#4), GED degrees (#6), job training (#8), 85% enrollment in selected programs (#9, #10 and #11), post-TANF wage supplement (#12), case management for TANF leavers (#13), and full payment of all child support awards(#14).	7.4%	21.6%	4.9%

[1] Bolded percentages represent the single recommendation with the most significant impact on reducing the child poverty rate in Connecticut.

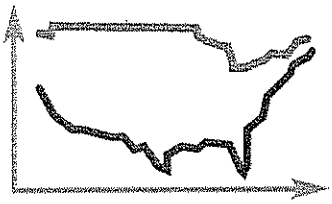


PARTNERSHIP FOR AMERICA'S ECONOMIC SUCCESS

The Hidden Costs of the Housing Crisis



The Long-Term Impact of Housing Affordability and Quality on Young Children's Odds of Success



PARTNERSHIP FOR AMERICA'S ECONOMIC SUCCESS

The Partnership for America's Economic Success was created by a group of business leaders, economists, advocates, and 13 funders, in order to document the economic impacts of investments in children prenatal to age five that help them grow to become successful, productive adults, and to disseminate that information to business leaders and policy makers. The Partnership is managed by The Pew Charitable Trusts, a public charity with over five decades of experience in making successful social investments that return results. Partnership funders include the Buffett Early Childhood Fund, Robert Dugger, George Gund Foundation, Horace Hagedorn Foundation, John D. and Catherine T. MacArthur Foundation, Paul Tudor Jones, Ohio Children's Foundation, Peppercorn Foundation, The Pew Charitable Trusts, PNC Financial Services Group, Inc., Scholastic, Inc., Schott Foundation for Public Education, and an anonymous donor.

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The mission of the Economic Policy Institute is to inform people and empower them to seek solutions that will ensure broadly shared prosperity and opportunity. For more than 20 years, EPI has examined the impact of economic trends, heightened awareness, and recommended policies to improve the economic well being of working people in the United States and around the world. EPI stands behind the principle that social and economic justice are inseparable and that human values must be kept at the center of public debate over the economy.

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Roy, Joydeep, Melissa Maynard and Elaine Weiss, 2008.
The Hidden Costs of the Housing Crisis,
The Partnership for America's Economic Success.

Executive Summary

The current subprime lending and foreclosure crisis has elevated the importance of housing in the eyes of the public, the media and policy makers. However, a broader affordability crisis has been worsening for many years, threatening the well-being of many more Americans, especially young children. In recent years, researchers have found substantial evidence linking housing to a range of influences and outcomes with long-lasting impacts that are particularly critical to the health and education of children. These impacts have serious economic consequences for society as a whole; the preschoolers of today will become tomorrow's college graduates or high school dropouts. Today's housing issues will thus ripple through the economy for decades.

This report, written for the Partnership for America's Economic Success by Joydeep Roy of the Economic Policy Institute, and Melissa Maynard and Elaine Weiss at the Pew Center on the States, examines the links between housing and education in the United States, focusing on implications for cost-effective policies that have a real impact.[1] The report sets out the different ways in which a lack of affordable, safe and decent housing hampers children's educational attainment. It emphasizes the significance of housing features themselves as well as characteristics of the communities in which children reside. Among the key findings: twice as many Americans (95 million) spend more than 30 percent of their income on housing than lack health insurance (45.7 million); 11 percent of the U.S. homeless population is age 6 or younger; and three or more early life residential moves can reduce a child's odds of graduating high school by nearly 20 percent compared to their non-moving peers.

Children's development is significantly affected by the environment in which they live and interact, and housing quality and neighborhood characteristics are among the most fundamental aspects of that environment.

The goal of the Partnership for America's Economic Success is to document the economic and social returns on a range of investments in children during their earliest years, prenatal to age five. The best of those investments help ensure that the country produces a healthy, well-educated workforce.

This report pays particular attention to young children and their families, highlighting the short-run and long-term impacts on society of the homes and neighborhoods where children spend their early years. The report concludes with a brief description of various policies—existing, proposed and potentially promising—to ensure that all children have stable and safe homes and neighborhoods. As just two examples, supportive housing policies for families at risk of losing kids to foster care and targeted lead-abatement strategies can provide long-term societal benefits.

Contents

Affordability and Quality: Pathways of Housing Impact

Housing is much more than four walls and a roof, basic shelter and a place to eat and sleep. Home is where people grow, think, learn, relax and form their first bonds and relationships. Housing is particularly important for young children because it is the foundation on which they build the rest of their lives. Children's healthy development requires that a home be sturdy and free of toxic hazards, and provide a place for them to eat well, play safely and sleep soundly. In short, the quality of a home affects a child's ability to grow, think, learn, relax and form those critical early bonds, initiating a promising or problematic trajectory. This trajectory can translate into not only school and life success or failure for the child, but also serious economic consequences for society.

> **National policies to ameliorate our urban housing crisis could have a big educational impact. Without such policies, middle class children in stable schools will inevitably achieve at higher levels, on average, than low-income children in schools with high transiency, even if the latter have excellent teachers.**
>
> *– Richard Rothstein, author, Class and Schools: Using Social, Economic, and Educational Reform to Close the Black-White Achievement Gap*[1]

The impact of housing on kids—and, in particular, on their later educational outcomes—can be seen through two principal "lenses:" the affordability of housing, and the quality of both the house itself and the neighborhood in which it exists. While the two are linked in many ways and both are associated with household poverty, their negative effects are also independent of one another and of low income itself.

As the foreclosure crisis illustrates, affordability is by far the largest housing-related obstacle facing today's families with young children. One in 33 current U.S. homeowners nationwide faces foreclosure in the next two years as a result of a subprime loan, according to a report recently released by The Pew Center on the States. The report also found that 47 states and the District of Columbia experienced at least a 20 percent increase in the number of foreclosures between December 2006 and December 2007, which has created a surge of new renters in an already tight rental market. The crisis will increase the stress on families with young children with respect to both housing affordability and quality.

Affordability

At the most basic level, the lack of affordable housing puts safe, healthy, well-maintained housing out of reach for too many families, leaving children in homes that can impede their development. Affordability problems also lead to increased residential mobility, which has detrimental effects on educational attainment. For example, one study finds that moving multiple times as a young child, versus not moving at all, can reduce the odds of high school graduation by nearly 20 percent. In addition, frequent moves take difficult to quantify psychological and emotional tolls on young children. When families pay "too much" for housing, they have less money left over to spend on their other needs, including food, clothing, child care and health care. If other income or housing options are unavailable, families are forced to make difficult tradeoffs among those basic necessities to meet housing expenses. Finally, the extreme stress caused by housing insecurity can strain parents' relationships with one another and their children.

Quality

Housing quality is much less of an issue than it was in prior generations. Many parents and grandparents of today's children grew up without telephones, working plumbing or proper insulation, conditions that are rare today. Still, dangerous and unhealthy housing conditions persist in some places, such as isolated rural communities or inner cities. And the foreclosure crisis has brought with it a new crop of housing quality problems. In California, for example, West Nile-infected mosquitoes have been making themselves at home in neighborhoods with high rates of abandoned or empty houses, thanks to the pools of water that tend to accumulate on these properties.[2]

Moreover, in some urban areas, concentrations of poor and minority populations and corresponding rates of crime, drug abuse and joblessness have brought about problems with other aspects of housing that counter some of the improvements in plumbing and other "basics"—insulation, quality of windows, removal of lead paint— that have been made in recent decades.

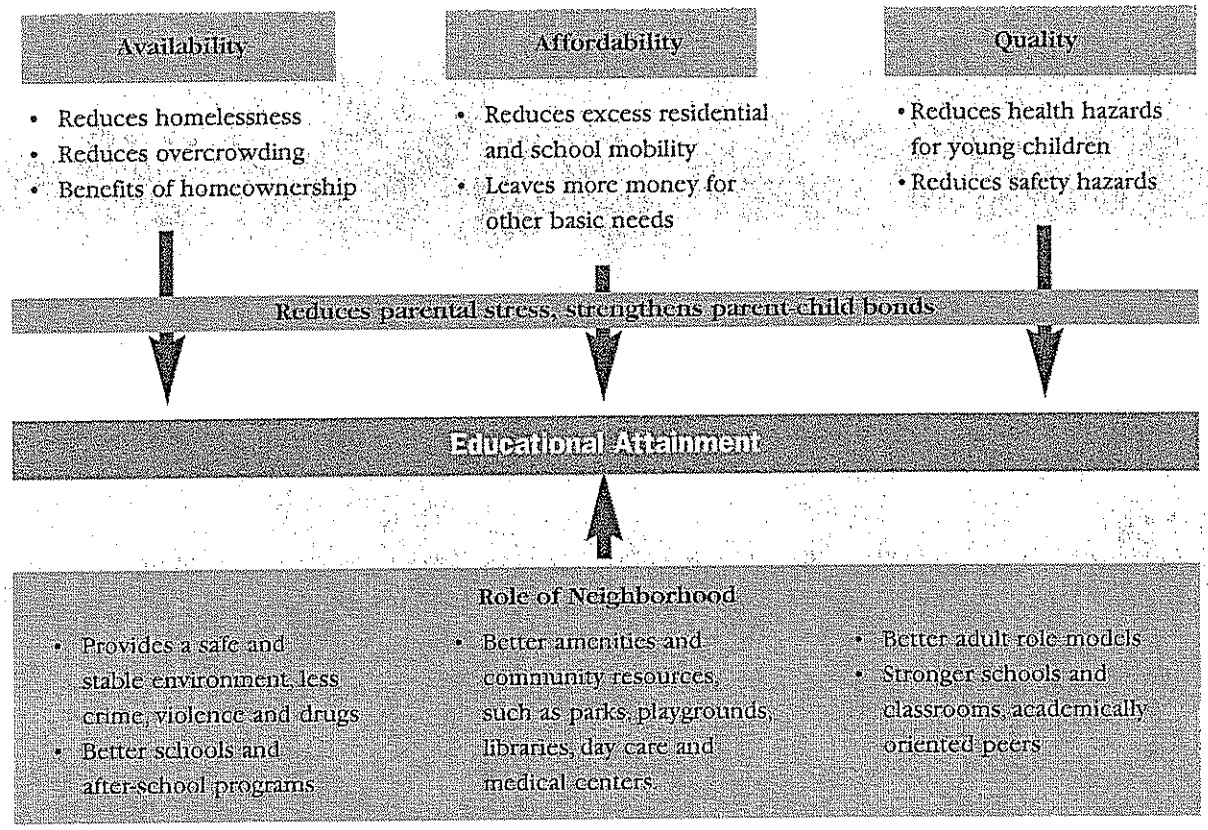
Long-term Implications

Existing research suggests a number of fairly strong conclusions, notwithstanding the lack of substantial longitudinal data that makes it difficult to pinpoint the negative effects of poor housing on young children's long-term odds of success in some areas. A sturdy roof over a child's head helps make it possible for that child to arrive at school healthy, well-rested and alert. A child who comes to kindergarten suffering from asthma, poorly rested and unprepared is much more likely to become a poor reader, drop out of high school and experience other negative outcomes than a child whose early home situation is stable and healthy. The data also show that access to affordable housing is increasingly difficult for a growing number of families with young children. Many who are not poor, or even very close to poverty, suffer from the consequences of being unable to afford decent housing. More families are also unable to obtain homes that are safe, free of toxins and mold, and located in neighborhoods with good schools and neighbors.

Policy Options

But society can prevent the long-term economic consequences of putting children on early roads to failure through poor housing. A combination of enforcement and strengthening of existing safe housing and anti-discrimination laws; adoption of specific strategies such as effective foster care and lead poisoning prevention measures; consideration of new measures, including fair lending laws; and tests of and research into housing vouchers, income supports, and other programs and policies to improve housing quality and affordability can set the country on a better path.

Figure 1: Housing Affordability, Quality and Neighborhood Affect Educational Attainment



Housing Affordability and Education

The issue of housing is particularly relevant for young children who live in or near poverty. Of the 73.3 million children under age 18 in the United States in 2004, almost 40 percent, or roughly 29 million, were members of low-income families.[5] For a parent with two children, this meant an annual income of $30,438 or less, or up to $38,314 for a two-parent family with two children. Low-income children are more likely to live in poor housing conditions that significantly affect their education—and their opportunities for a better life in the future.

A recent study by Pew's Economic Mobility Project estimates that if a child is born into a family in the lowest fifth of earners and grows up to earn a college degree, he or she will have a 19 percent chance of joining the highest fifth of earners in adulthood, and a 62 percent chance of reaching at least the middle class.[6] Given the wide disparity in educational attainment among children from rich and poor families—the same study estimates that just over one in 10 children from the poorest families have earned college degrees, compared with more than half among children from the top fifth of earners—these results clearly indicate the urgent imperative for policy makers to focus on improving schooling. And one important factor in achieving this improvement is helping parents create a stable learning environment for their children.

The Quiet Crisis: Current State of Affairs

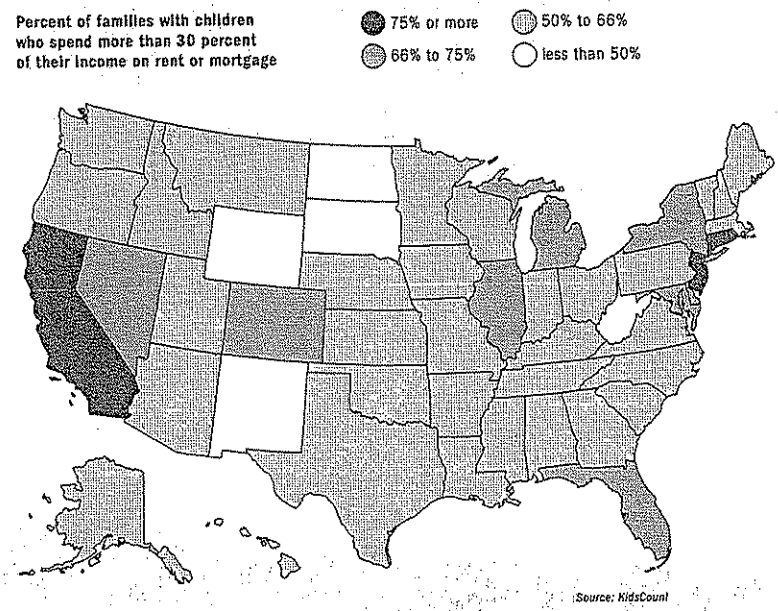
Understanding the link between housing and education is particularly important because good, affordable housing is increasingly out of reach for today's American families—with renters in many cases at greater risk of losing their homes than homeowners. A recent report finds that a worker must now earn at least $15.21 an hour to afford a two-bedroom home at the national median price, an increase of 37 percent since 1999.[7] Housing experts tend to focus on 30 percent as a level

Limitations of This Study

It is difficult to determine the precise effects of housing conditions on the educational attainment of children, particularly low-income and otherwise at-risk children. Because of the dearth of experimental evidence, researchers must estimate impacts by comparing outcomes among families who live in better and worse housing. There are, of course, many reasons why families end up living in lower-quality housing. Thus, the fact that a family lives in poor housing or in a lower-quality neighborhood may itself suggest something about the underlying characteristics of or resources available to that family. As such, the differences in outcomes between families who live in high- and low-quality housing are likely due to a combination of the housing itself and the underlying factors that led them to live where they do, and the two are quite hard to disentangle. Some family characteristics, such as parents' schooling or income, can be measured and controlled for, while others, such as mental health status, parenting skills, and others important for small children, are often unknown. Additionally, the lack of data is particularly acute with respect to young children, who are the focus of this report. Technical challenges include the difficulties noted above of sorting out family problems that are closely linked to housing challenges, the inherently self-selecting nature of housing location and type, the fact that many family characteristics that affect children's outcomes are difficult to capture in research, and, even if those obstacles are addressed, the applicability of research in one locality or context to others.

Nonetheless, this review is designed to be as rigorous as possible. Virtually all of the studies discussed are careful empirical analyses that attempt to control for potential omitted variables—such as income—and biases. With respect to the particular difficulties surrounding very young children, the report combines existing data on that age group with established facts about young kids' specific needs, vulnerabilities and capacities, and it gleans other information from school and later life outcomes. As such, despite the flaws in the existing research, that body of literature provides some fairly strong findings. In particular, affordability, as well as quality of both the housing unit itself and the neighborhood in which it resides, matter greatly for children's life success, and thus society's economic well-being.

Housing Burden: Low Income Families with Children



at which families begin to make trade-offs among other necessities in order to pay for housing. In 2001, 95 million Americans paid more than 30 percent of their income for housing, twice the number of people who lacked health insurance.[8] Housing affordability poses a particular problem for low-income families, the elderly, people with disabilities and families with infants and small children. And the impact on the latter group has long-ranging economic implications for society as a whole.

> **"[T]he gap between the wages of low-income Americans and their housing costs continues to widen. Mothers and fathers must work two or three jobs to be able to afford decent and safe housing. One in seven families pays over 50 percent of its income for housing, well above the affordability standard. These families are in precarious situations; they are one medical emergency, one sick child, one car problem away from losing the roof over their heads."[9]**
>
> ***– Senator Christopher J. Dodd (D-CT)***

Impact on Renters

The National Low Income Housing Coalition (NLIHC) finds in its 2007-2008 report that the situation continues to worsen. Due to the combination of rising housing costs and foreclosures that have forced lower-income ex-owners into the rental market, "the ranks of those searching for rental housing are swelling."[9]

While the focus of the foreclosure crisis has been on ex-owners, many of those forced out are renters; in hard hit Cuyahoga County, Ohio, for example, rental units made up 35 percent of foreclosure filings. A recent study examines the impact on renters of foreclosures there, which includes the renter-saturated markets of Cleveland and East Cleveland. The study estimates the total cost to county renters of foreclosure filings at more than $10 million.[10] Costs include lost and new security deposits, new rent increases, moving and storages costs, and property costs, with the totals averaging $2,500 per family. These costs are hitting many renters—who tend to be more financially vulnerable than homeowners—while they already are struggling. The state's manufacturing-based economy is faltering at the same time, with a net loss of 200,000 non-farm jobs since 2000.[11] "Often referred to as 'collateral damage,' renters across a variety of demographic characteristics can often find themselves, through no fault of their own, looking for a new residence with little notice," the report states.

Housing Wage

The NLIHC tracks trends in the "housing wage," or the full-time hourly wage that a household needs in order to spend no more than 30 percent of its income for an apartment in a specific community at the U.S. Department of Housing and Urban Development (HUD)-estimated fair market rent (FMR).[12] The 2008 Housing Wage is $17.32 at the national level, ranging from $9.10 in Puerto Rico to nearly $30.00 in Hawaii. Several of the

Estimated Costs for a Family Forced to Move Due to a Foreclosure, Cuyahoga County, Ohio, 2007

Lost security deposit:	$474
New security deposit:	$503
Rent change (increase):	$600 per year ($50 per month)
Appliances, furniture, clothing, and other possessions lost:	$520
Utility costs:	$89
Moving and storage costs:	$322
Total costs:	$2,508

Source: Policy Matters Ohio

country's most populous states are also among the most expensive, with two-bedroom housing wages of:

- $18.10 in Florida
- $22.25 in New Jersey
- $22.94 in Massachusetts
- $23.03 in New York
- $24.01 in California

Moreover, the housing wage has increased sharply in the past few years, with percent changes from 2000-2008 in the most expensive jurisdictions of 42.6 percent in New Jersey, 44.3 percent in California, 45.5 percent in the District of Columbia, 55.2 percent in New York, and 71.4 percent in Hawaii.[13]

This disparity between housing costs and wages is becoming increasingly commonplace. In 2006, roughly 8.8 million renter households (almost one quarter of all renters) reported household income below what a full-time job at their state's current minimum wage would pay today. The NLIHC report states that, in order to cover housing costs at minimum wage, a household must put in 66 to 120 hours per workweek, or 1.6 to 3.0 full-time jobs, to make ends meet. The study also points out that there is not a single county in the country where a minimum-wage worker can afford a one-bedroom apartment at the local FMR without working more than 40 hours per week."[14]

Residential Moves

One of the most important ways in which a lack of affordable housing manifests itself is in increased residential mobility, which has proven to be a critical factor limiting the educational success of poor and minority children. Residential mobility almost always means moving from one school to another, which, as detailed below, has additional adverse impacts for children, including very young kids who are developing school-readiness skills. This is true partly because frequent moves are difficult not only for the children who move, but also for their classmates—and poor children tend to go to school together. In some schools in minority neighborhoods, mobility rates are more than 100 percent. In other words, for every seat in the school, more than two children are enrolled at some time during the year. It is also important to note that mobility can be high not only for students, but for teachers and administrators as well—and for the same reason, a lack of affordable, decent housing in the neighborhoods where they work.

There is not a single county in the country where a minimum-wage worker can afford a one-bedroom apartment at the local fair market rent without working more than 40 hours per week.

Instability and Poverty

Children of low-income households tend to change residences more often than those from higher-income households. In 2002, 6.5 percent of all children, but 10.1 percent of low-income children, had been living in their current homes for less than six months. Low-income and minority students also change schools more often than do their peers. A 1994 U.S. Government Accountability Office (GAO) report found that 30 percent of the poorest children had already attended at least three different schools by third grade, compared with only 10 percent of middle-class children. Black children are more than twice as likely as white children to change schools this often. The same study also linked such mobility to serious economic failures: Students with two or more school changes in the previous year were half as likely to be proficient in reading as their stable peers. Mobile third grade students were nearly

twice as likely as their peers who had not changed schools to perform below grade level in math.[15]

The impact of mobility on the achievement gap is surprisingly strong.

One recent study concluded that, if the high level of mobility among poor students were reduced to that of their non-poor peers, the income-based test score gap would shrink by 7%. If the relatively high level of mobility among black students were reduced to the level of their white counterparts, this alone would reduce the black-white test score gap by 14%.

Achievement Gap

Indeed, the literature strongly indicates that residential instability is associated with declines in academic performance, including a higher likelihood of grade retention and lower rates of high school completion. A 2004 meta-analysis of 26 studies[16] by Mehana and Reynolds found that school mobility is associated with a decline in academic performance of elementary school children. Swanson and Schneider (1999) suggest that a school change in the final years of high school significantly affects math achievement, with the decline in mathematics performance comparable to that of leaving school altogether. Scanlon and Devine (2001), surveying the literature in this area, further argue that negative effects are magnified for children who experience cumulative moves, with "'hyper-mobile' students having the greatest academic impairment."[17] Indeed, a recent study concluded that if black students' average mobility were reduced to the level of their white counterparts, this reduction in residential instability by itself would reduce the black-white test score gap by 14 percent. Similarly, reducing the mobility of low-income students to that of other students would eliminate 7 percent of the test-score gap by income.[18]

Young Children and Mobility

Although the adverse effects of mobility may be more apparent in school-age children, research shows that the impacts begin much earlier, and thus may have a cumulative negative effect. In their review of the literature, Moore, Vandivere and Ehrle (2000) conclude that social and cognitive development are impaired among children who have multiple child-care providers compared with children who have a stable provider. For example, children with multiple early child-care providers displayed less developed playing capacity[19]—a predictor of later school readiness—and made less academic progress in first grade[20] than children with more stable care.

Schooling and Mobility

The practical effect of mobility is surprisingly large, especially on young children. In a 1991 study, Haveman, Wolfe and Spaulding use careful controls to assess the specific impact of multiple moves on the odds of high school graduation for a sample of children. Not only is excess mobility among the strongest predictors of lower school attainment—along with the family's financial status and parents' own level of educational attainment—but moves have the strongest impact when they happen early in a child's life. With zero location moves, the predicted probability that a child in the sample will graduate high school is 88 percent; three location moves at any point prior to graduation decrease that probability to 80 percent. However, the study finds that if those three moves happen when the child is an adolescent—between ages 12 and 15—the odds drop to 74 percent. If the moves take place during the vulnerable ages of 4 to 7, the drop is even sharper—to just 71 percent. In other words, three moves during these children's vulnerable early years reduced their odds of high school graduation from 88 percent to 71 percent—or nearly 20 percent—compared with no moves. Any factor that contributes to a nearly 20 percent drop in the odds of graduating high school—a basic requirement for making a living in today's economy—merits the serious attention of policy makers.

One study found that a child who moves three or more times between the ages of 4 and 7 is 19 percent less likely than his non-moving peers to graduate from high school.

School House Shock

Michael Jones, an 11-year-old who attends a Tennessee school that loses more than 50 percent of its students every year, told the *Chattanooga Free Press* that having so many classmates coming and going is disruptive to learning. "If we're doing math stuff, when a new student comes, we've got to do it again," he said.[31]

Mobility has substantial effects not only on the children and students who move, but also on their classmates, on the entire school, and even the school system. Schafft (2002) finds that evictions, the poor quality of low-cost housing stock, and the lack of availability of affordable homes were perceived by school administrators as major causes of school mobility in upstate New York. The Kids Mobility Project in Minnesota, which conducted detailed surveys of families who move,[32] states that families reported "relentless and often futile searches" for safe and affordable housing. They were often forced to stay with relatives or friends and sometimes experienced episodic homelessness. As such, policies that promote housing stability seem to bring substantial positive impacts. Indeed, Bartlett[33] finds that stable, affordable housing was one of the few supports that could improve residential mobility patterns for poor mothers in Brattleboro, Vermont.

Research has documented the impact of mobility on schools and districts. Kerbow finds that in the typical Chicago elementary school, only 46 percent of the children who started in a given year were still in the school four years later. Such high rates of school mobility sharply disrupt the instructional environment for other children in the school.[34] In Chicago's most mobile schools, Kerbow reports that teachers find it difficult to pace their instruction and classes become more review-oriented, so that by fifth grade, highly mobile schools lag almost an entire grade level behind the more stable schools. Fowler-Finn writes of the "enormous challenge" faced by administrators and teachers in highly mobile schools trying to educate simultaneously mobile and stable students.[35] As Rothstein argues, "It is hard to imagine how teachers, no matter how well trained, can be as effective for children who move in and out of their classrooms as they can be for those who attend regularly."[36]

A number of studies also have noted the detrimental effects that a high-mobility school imposes on stable students, teachers and administrators.[37] Rumberger et al[38] report that average student test scores for non-mobile students are significantly lower in high schools with high student mobility rates. And Aaronson's research on homeownership suggests that highly mobile neighborhoods may bring about detrimental effects for both the mobile and stable children who live there.[39]

School Mobility

Most studies have found that the effects of mobility intensify when school and residential mobility are combined,[21] but the circumstances surrounding the moves matter. One study, the 1988 Kids Mobility Project, assesses the academic performance of children who moved homes but stayed in the same Minnesota school district. The study finds that standardized test scores were lower for the children who moved, even when they remained in the same school. Temple and Reynolds (1999) find fewer negative consequences of school mobility for students who moved into better-quality schools, such as magnets or academic academies. And data from the "natural experiments" that resulted from the Gautreaux litigation, discussed in detail below, similarly suggest that moving to a different home may be positive in the long run, if the move means that the child attends a stronger school.[22]

Residential stability may work in multiple ways. First, staying longer in the same neighborhood may benefit children by giving them knowledge of and access to available community resources and may provide social support networks for families.[23] Residential moves often mean declines in social connections—families' social networks as well as children's friendship networks.[24] When children change schools, they must adapt to new teachers, peers and curricula, disrupting their educational progress. Moreover, the underlying economic hardships that often cause the frequent moves in the first place can exacerbate the impact of the disruptions in peer and social networks.[25] Finally, as a source of stress for parents, frequent moves may affect parenting styles and limit the degree to which parents can attend to their children's needs.

Family Characteristics

How children are affected by residential moves may depend partly on the reason for the move, as well as on pre-existing characteristics of families. For example, some studies have found that the impacts of moving vary depending on the children's age;[26] gender;[27] and whether the family includes two biological parents (neutral) or a single-parent, step-parent or other family structure (negative).[28] For many disadvantaged families, a move may be unwanted (for example, it may be necessary to move following a divorce or a job loss), and the resources available to deal with the stresses that accompany the move may be limited. Thus, moving can be more challenging for children in low-income or single-parent families, or for those whose parents have relatively low levels of educational attainment themselves, than it is for children in more advantaged families.

In a study of young children, Tucker et al.[29] find that elementary school children living with both biological parents who had moved multiple times did not lose ground in school compared with their classmates who had moved only a few times or never. By contrast, children living in less ideal family structures suffered significantly. The authors argue that this may be due to lack of family resources to compensate for the loss of routines and relationships. Results from the Moving to Opportunity (MTO) housing voucher experiment—a large-scale, multi-site test of the impact of moving families from public housing units, discussed in detail later—also suggest that there were significant gender differences in the effects on a variety of behavioral and health outcomes among children. Girls appeared to benefit from a move to lower-poverty neighborhoods and boys appear to suffer from such moves. For example, girls in the treatment group experienced a reduction in stress and depression, as well as a decrease in arrest rates for violent crime, while boys experienced an increase in self-reported behavior problems, along with a rise in arrests for property crimes.[30]

A Promising Practice

The Michigan Department of Human Services launched a pilot program in 2004 aimed at curbing high rates of student turnover in economically devastated Flint by providing housing supports that allow families to stay in their homes.[49] The median household income in Flint is $27, 891—far less than what is needed to cover essential needs such as food, clothing, transportation and housing, according to the Economic Policy Institute's city-specific budget calculator. In Flint, a single mother with two children would need to make $30,384 to cover basic necessities, including $612 per month for housing. And a family with two parents and two kids would need to make $36,420.

Through Flint's program, the state provides monthly $100 subsidies directly to landlords, who agree to remain in compliance with housing codes and promise not to raise rents. The program also creates family resource centers within schools, where caseworkers help connect families with social services. The pilot group of 40 families has benefited greatly from the program, with decreased moves and significantly higher third grade test scores. State officials hope that evaluations of the 2006 outcomes will provide the evidence they need to take the program to a larger scale.

Affordability

Adequate, affordable housing provides important benefits beyond basic stability: Families have more money left over after paying the rent or mortgage. And this financial surplus benefits the children in those families. Parents who can afford food, clothing, and heating and cooling, as well as books and other educational materials, may experience less stress. Richard Rothstein notes a recent study's finding that families receiving housing subsidies spent a higher proportion of their incomes on food than did eligible families who did not receive them. If housing subsidies allow families to redirect income to nutrition, they may

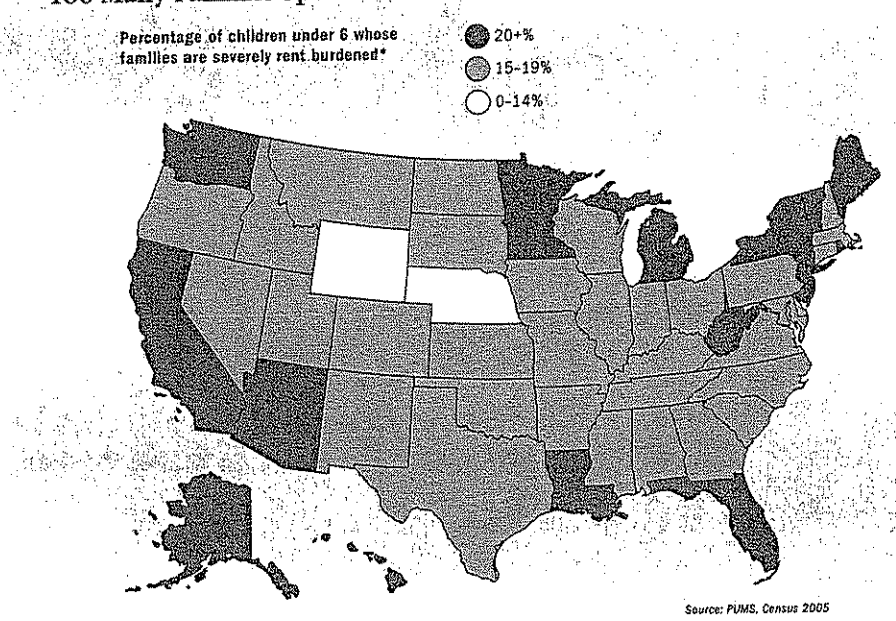
In 2005, lower-income families with children who spent 50 percent or more on housing had only $536 per month to cover all other expenses.

As a result, they spent...

...than those with housing outlays under 30 percent.

Source: Joint Center for Housing Studies at Harvard University.

Too Many Families Spend More Than Half of their Income on Rent



** Severe rental burden is defined as a family spending 50 percent or more of its income on rent.*

also avoid weight-related health problems and their consequent depressing effects on academic achievement. Indeed, the Joint Center for Housing Studies at Harvard University estimates that, among households in the lowest quartile of annual spending capacity in 2005, families with children and high housing outlays (more than 50 percent of spending) had, on average, only $536 per month left to cover other expenses. This amount represents about half the amount that their counterparts with low housing outlays (less than 30 percent of expenditures) had available to spend. As a result, bottom-quartile families with children that had high housing outlays spent 30 percent less for food, 50 percent less for clothes, and nearly 70 percent less for health care.

Renter families with young children are of particular concern, because the trade-offs of such a heavy rent burden are especially costly. As Figure 2 shows, such families are not uncommon: In only Wyoming and Nebraska do fewer than 15 percent of children under age 6 live in families that pay half their income or more for rental housing. And in 14 states, including California, Florida, New York and Michigan, more than a fifth of such families are severely burdened.

Trade-Offs

Similar assessments of the burden that housing might impose on poor and middle-class families are obtained by researchers using alternate approaches. For example, Kutty (2005) develops the concept of "housing-induced poverty," following the residual income approach to measuring housing affordability, and applies this to the 1999 American Housing Survey. She estimates that nearly 4 million households in the United States are not officially in poverty—but—after paying for housing cannot afford the "poverty basket" of non-housing goods. This demonstrates the impact of housing costs on the level of resources devoted to children's health and education. Indeed, a 2005 report from the Center for Housing Policy, titled "Something's Gotta Give," discusses in detail the tradeoffs between housing costs and other categories of household expenditures.

Effects on Parenting

As noted in the state-to-state figures on hourly wages needed to afford decent housing, one casualty of the lack of affordable housing can be the need for parents to work multiple jobs. The availability of decent, affordable housing can lower parents' stress and anxiety and reduce the need for them to take on a second job. Because parents are by far the most important influence on very young children's healthy development, simply having more time to spend with children—and being able to spend that time under less stressful circumstances—may have a major impact. In their review of the literature, Yeung, Linver and Brooks-Gunn (2002) note that "economic hardships... lead to less supportive parenting practices, which ultimately have a negative effect on children's development."[41] Parents who have to work multiple jobs to afford their housing may not be able to be as involved with and

supportive of their children as parents who have affordable homes. Reducing housing burden may therefore facilitate greater parental involvement in their children's education, which is a key input in child cognitive development.[42]

Homelessness

For some of the most at-risk families, extreme housing burden leads to homelessness. This status combines the stresses of excess mobility with myriad other problems, putting children in a severely vulnerable position and potentially impeding their healthy development. The U.S. Conference of Mayors estimates that, as a result of the growing housing affordability crisis, between 4 and 6 percent of America's poor become homeless each year. In 2006, this translated to between 1.5 and 2.2 million people who were newly without a home. The conference also finds that homeless families with children now represent 41 percent of the U.S. homeless population, and that they are the fastest-growing segment (U.S. Conference of Mayors, 2002). Nearly half of homeless people in suburban and rural areas are in families with children. Indeed, today's "typical" homeless family is a mother in her twenties with two children under the age of 6. This is not a common image of the homeless, and it illustrates the threat that the housing burden poses to young kids and their families.

In San Luis Obispo County, California, the problem is acute: almost 700 homeless students were enrolled in school last year, a number that is expected to increase as a result of the faltering economy.[43] "Homelessness has a terrible effect on children," says Kathy Hannemann, assistant superintendent for Atascadero Unified School District, in an interview with the *New Times* of San Luis Obispo. "There's no family play time, no reading with their parent in the evening, no way to take a bath. They come to school day after day in the same clothes." In that district alone, there are 270 homeless students, most of whose parents have jobs.

Numbers: Large and Increasing

In a 2001 estimate of annual homelessness, Martha Burt and others at the Urban Institute conclude that the number of persons (including children) experiencing homelessness during a one-year time period was between 2.5 and 3.5 million. In other words, roughly one out of every hundred Americans is homeless at some point in a given year. The rising cost of housing and the fact that poverty is often chronic contribute to these startling numbers (Burt, Aron and Lee, 2001).[44] HUD estimates that there were more than 400,000 homeless people in emergency shelters or transitional housing on an average day in January 2005 during the peak winter season (HUD 2007). It also finds that homelessness disproportionately afflicts minorities, and that nearly one-quarter of all sheltered homeless persons are age 17 or under. Young children are disproportionately homeless; about 11 percent of all sheltered homeless people are under age 6, while only 8 percent of the total U.S. population is in this age group.

Homeless families with children now represent 41 percent of the U.S. homeless population, and they are the fastest-growing segment (U.S. Conference of Mayors, 2002). Nearly half of homeless people in suburban and rural areas are in families with children. Indeed, today's "typical" homeless family is a mother in her twenties with two children under age 6.

Impacts on Children

Homelessness is a source of extreme stress for children who experience it. Nearly half of all homeless children exhibit symptoms of anxiety or depression, and many have difficulties with social or personal development (Hicks-Coolick, Burnside-Eaton, and Peters 2003). Homeless students tend to score poorly on achievement tests, have behavior problems, are more likely to repeat grades in school and have lower future expectations for secondary educational attainment.[45] Furthermore, when parents are unable to provide adequate housing for their children, child protective services may intervene and place children in foster care, resulting in additional stress for children. Families across the country report being forced to put their children in "limbo care" (foster care, kinship care or informal care with relatives or friends) after losing their welfare benefits or becoming homeless. Of homeless families surveyed in San Diego, 18 percent reported that they had a child placed in foster care.[46]

In their review of the literature, Jozefowicz-Simbeni and Israel (2006) discuss the challenges homeless students face, including the inability to find transportation,

residency restrictions, lack of access to personal and school records, difficulties accessing preschool and Head Start programs,[47] guardianship problems and a lack of basic resources, such as clothing and school supplies (Rafferty, 1995; U.S. Department of Education, 2001; Wall, 1996). The educational performance of homeless children suffers not only from the stress and anxiety associated with homelessness, but also from frequent school changes, which, as discussed, significantly reduce attainment. Further, parents who are or have been homeless often have a history of housing instability, economic hardship and psychological problems that can lead them either to voluntarily place their children with friends or relatives or to have their children removed from them involuntarily by child protective services because of abuse or neglect.[48] Given the rootless nature of homelessness, it is no surprise that some of these hurdles and negative outcomes are similar to those faced by highly mobile students.[49]

Impacts on Schools

Serving homeless children effectively— including meeting the McKinney Act requirement to remove barriers to education for the homeless[50]—is a challenge for schools. Teachers and administrators may have trouble discerning which students are homeless and may not be aware of the special educational needs of this population (Jozefowicz-Simbeni and Israel 2006). In some areas, separate schools have been set up at homeless shelters to try to reach more of these disadvantaged children; however, some argue that segregating homeless students in this way leads to social isolation and the provision of poor-quality education by uncertified teachers, in inappropriate classrooms and with insufficient resources (National Law Center on Homelessness and Poverty 2000).

Impacts on States

Homelessness takes a toll on children and families, and thus society as a whole, through its links to foster care placement. While "abuse and neglect" can mean leaving one's children unattended or punishing them too harshly, failing to provide proper shelter also can be grounds for state intervention. Indeed, a lack of affordable housing is the reason why a large number of children are removed each year from their homes, creating dire psychological and educational consequences for the children and parents, in addition to significant financial costs to the state. **According to one report, homelessness is the reason for foster placement for as many as three in 10 foster children.**[51]

While states spend large sums of money on supportive housing and related services in their attempts to reunite families after they have already gone through the trauma of separation, as few as one in 50 parents of all foster children receive any housing assistance before removal—assistance that might have prevented the removal and foster care placement to begin with.[51] Indeed, Harburger and White assert that **every state, as well as the District of Columbia, could save substantial amounts of money by providing such supportive housing assistance to at-risk families,** compared with what states currently spend to provide foster care and services post-hoc. As shown in Table 1, estimated potential savings per state range from around $3 million annually in small states such as North Dakota, Hawaii and Washington, D.C.; to $50 million in Missouri or Minnesota; and well over $100 million in the highest-spending states, including Illinois ($139 million), Pennsylvania ($140 million), California ($213 million) and New York ($216 million).

Homeownership

At the other end of the spectrum, homeownership can alleviate many of the stresses discussed above. In addition to the benefits associated with the mortgage interest tax deduction, owners who have fixed-rate mortgages do not have to worry about rising monthly payments. They are much more stable, on average, than renters, and thus suffer few of the adverse consequences of mobility. Homeowners also have more control over the quality of their homes. Indeed, the perceived benefits of ownership, coupled with the positive association between heavily owner-occupied neighborhoods and the higher quality and better characteristics of those areas, are among the reasons for the federal mortgage interest deduction. In other words, Americans have long held that owning is usually better than renting, and research suggests that it may in fact be better for young children. In 2002, 39 percent of all children under age 18, but 64 percent of low-income children, lived in a home not owned by a family member (Vandivere et al. 2006).

Table 1: Potential Annual Savings from Providing Supportive Housing Services to at-Risk Families versus Providing Foster Care with Services, in millions of dollars[52]

State	Housing with Supportive Services	Foster Care with Services	Estimated Savings	State	Housing with Supportive Services	Foster Care with Services	Estimated Savings
Alabama	6.8	26.6	19.9	Nebraska	7.2	13.6	6.4
Alaska	3.8	6.8	3.1	Nevada	2.7	9.9	7.2
Arizona	10.3	30.9	20.6	New Hampshire	2.3	8.8	6.5
Arkansas	3.6	10.3	6.7	New Jersey	18.8	61.6	42.8
California	228.3	441.7	213.5	New Mexico	2.5	8.8	6.2
Colorado	12.7	49.6	37.0	New York	88.0	304.5	216.5
Connecticut	12.6	75.8	63.2	North Carolina	14.7	38.4	23.6
Delaware	1.7	6.6	4.9	North Dakota	1.4	4.1	2.7
District of Columbia	6.7	20.3	13.6	Ohio	28.1	111.8	83.7
Georgia	17.1	43.2	26.1	Oklahoma	10.4	18.1	7.7
Hawaii	4.1	7.4	3.3	Oregon	13.8	35.4	21.7
Idaho	1.3	6.5	5.2	Pennsylvania	31.7	171.5	139.8
Illinois	54.8	193.6	138.9	Rhode Island	3.4	26.1	22.7
Indiana	9.9	48.0	38.1	South Carolina	5.9	26.9	21.0
Iowa	6.3	42.6	36.3	South Dakota	1.6	4.4	2.9
Kansas	8.5	23.8	15.2	Tennessee	13.0	52.2	39.3
Kentucky	7.5	37.4	29.9	Texas	27	89.0	62.0
Louisiana	6.9	28.3	21.4	Utah	2.7	16.9	14.3
Maine	4.6	8.8	4.3	Vermont	2	8.4	6.4
Maryland	24.4	49.1	24.6	Virginia	12.2	17.1	4.9
Massachusetts	24.5	87.9	63.4	Washington	14.4	52.6	38.3
Michigan	29.6	112.4	82.8	West Virginia	3.9	18.9	15.0
Minnesota	13.7	68.9	55.2	Wisconsin	13.8	57.3	43.5
Mississippi	3.9	7.0	3.1	Wyoming	1.0	2.5	1.5
Missouri	17.5	66.3	48.9	National Average	16.9	53.3	36.4
Montana	2.8	5.5	2.7	National Total			1,856.5

Better Education

Not surprisingly, homeownership is positively associated both with higher school attainment and with some of the behavior indicators that tend to accompany it. Using data from the Panel Study of Income Dynamics (PSID), with supplemental analysis of parental involvement conducted using the National Longitudinal Survey, Aaronson (2000) finds that homeownership, controlling for several other factors, including income, is positively correlated with children's educational attainment (graduation from high school by age 19). However, some of the effect is likely due to difficult-to-measure family characteristics, and much of the homeownership effect is due to lower rates of residential mobility among homeowners. For example, the marginal impact of living in owner-occupied housing on the probability of high school graduation is 9.6 percent, but this declines to about 5 percent when variables are added to control for the effects of mobility and residential stability in the previous years.[53] Using New York City data from 1991, 1993 and 1996, Braconi (2001) finds that homeownership was statistically significantly positively correlated with high school completion for boys (but not for girls). Boyle (2002) and Galster et al. (2003) also find that homeownership is associated with improved high school completion,[54] and Boyle (2002) finds that homeownership seems to reduce the incidence of problematic child behavior, as assessed by both parents and teachers of students ages 4 to 16.

While income, mobility and other factors contributing to the benefits of owning a home clearly play a role in children's outcomes, homeownership itself also seems to be an independent factor. Conley (2001) finds that homeownership has a significant positive effect on children's educational attainment, net of socioeconomic characteristics. Green and White (1997) find that parental homeownership is associated with children staying in school longer, even when controlling for other family traits that may independently affect children's educational outcomes. Haurin et al. (2001) observe that children of homeowners have better home environments, higher math and reading scores (among elementary school-age children), and fewer behavior problems than do children of renters, even after accounting for socioeconomic and demographic variables. In addition, Boehm and Schlottmann (1999) assert that children of homeowners have a greater chance of becoming adult homeowners themselves, and that the benefit of ownership appears to be stronger for children in low-income households. For example, in their work, Harkness and Newman (2003) find strong evidence of a causal relationship between years of homeownership and positive long-term educational outcomes for low-income children, but they do not find a similar effect for children from high-income families.

Why Owning Helps

The research suggests several potential explanations for the positive association between homeownership and children's cognitive development, academic attainment and overall well-being.[55] Some studies point to the fact that homeowners tend to be more residentially stable than renters. In the 2002-2003 period, 7.4 percent of owners moved, compared with 30.7 percent of renters (Schachter 2004. Aaronson (2000) finds a significant part of the educational advantages of homeownership to be related to increased residential stability,[56] and similar results are reported by Rumberger (2002) and Scanlon and Devine (2001).

Another line of research links college enrollment and graduation with parents' net worth. For example, Conley (2001a) and Harkness and Newman (2003) suggest that the educational benefits of homeownership may be due to the role of a home as one of a family's principal financial assets, which can help families weather the loss of a job or meet other financial challenges. Parents also may be able to draw from their home equity to pay for their children's higher education (FinAid 2005). Haurin et al. (2001) suggest that the positive impact also may be due to improvements in both the physical and emotional environments of homeowners relative to renters.

A third important causal channel of the link between homeownership and educational attainment may come via the effects of neighborhoods. The homeownership effect, even after accounting for household mobility, has been found to be stronger in neighborhoods in which a smaller percentage of households moved during the prior five years. Because homeowners tend to develop stronger social ties with neighbors than do renters, homeowners may play a more active role in monitoring the behavior both of their children and of children of their neighbors. Also, given the incentive to protect the value and appreciation of their properties, homeowners may put in the extra effort needed to maintain their neighborhoods and to support such community resources as schools, playgrounds and public libraries. These investments in the community and neighborhood social ties can reduce juvenile crime and delinquency, as well as promote children's school engagement and youth civic participation.[57]

Homeownership may also indirectly improve child well-being by benefiting adult well-being and adults' parenting skills (Cairney 2005). Relative to renters, adult homeowners tend to experience better physical health (Rohe, VanZandt, and McCarthy 2000) and mental health.[58] Moreover, successful homeowners develop property maintenance and financial planning skills, which may transfer to the types of parenting skills that benefit children (Green and White 1997).[59] In sum, while other factors play a role, homeownership can have independent effects on schooling and the overall well-being of children.

Housing Quality and Education

Although affordability is by far the biggest housing-related obstacle families with young children face today, housing quality remains a real problem for some. Moreover, affordability and quality are tightly linked; being unable to afford one's home and neighborhood of choice often results in a lower-quality home and a neighborhood that is less desirable. And housing quality problems can have a number of long-term effects on children, their families and society.

Overcrowding

First, in its essential sheltering role, housing provides its inhabitants with space to sleep, eat, learn, relax and grow. Children growing up in crowded housing—where noise from television, radio, siblings and other family members is the norm—may find it difficult to concentrate, or to find quiet space to read, do homework or rest. In 2002, about one in 10 children under age 18 lived in a crowded home, with "crowded" defined as having more than two people per bedroom. For children in low-income families, the rate of overcrowding is double—one in every five low-income children (21 percent) live in a crowded home (Vandivere et al., 2006). Further, there are significant disparities in the incidence of overcrowding, particularly across racial and ethnic groups.

Impacts on Education

Overcrowding has been associated with negative developmental and educational outcomes, including symptoms of psychological problems, among elementary school-age children.[60] In their summary of results from prior studies, Evans et al. (1998) find that residential overcrowding is correlated with delayed cognitive development, lower reading skills and behavioral adjustment problems among school-age children. A subsequent study of children in low-income urban and rural households in New York State finds a connection between higher levels of crowding and feelings of helplessness for both girls and boys.[61] In a study of New York City families, Braconi (2001) finds that both overcrowding and the presence of deficient maintenance conditions in the home are significantly and negatively correlated with high school graduation. Although living in overcrowded conditions is likely due to lack of money and other related socioeconomic realities, it seems to have its own, independent effects on children's well-being. In a 2001 study, Conley finds household crowding to be significantly negatively related to children's educational attainment, above and beyond the family's socioeconomic characteristics.[62]

Although the precise ways through which crowding negatively affects educational achievement is unclear, some experts hypothesize that overcrowding may impair parent-child relationships, simply due to the stress of having too little space.[63] Overcrowding also is associated with adult psychological distress,[64] which negatively affects child rearing and adult-child relationships.[65] Braconi (2001) suggests that it may be more difficult for children to find a quiet place to study in an overcrowded home. It also has been hypothesized that children living in crowded spaces might have less control over their actions, leading to a loss of self-sufficiency and feelings of helplessness. For example, young children living in crowded conditions are less likely to persist in solving challenging puzzles.[66] Finally, crowding can itself adversely affect the physical condition of the home.[67]

Physical Quality

Children's physical health depends on the characteristics of the home in which they live,[68] and other aspects of housing quality also can adversely affect educational achievement. Poor-quality housing may not only lead to poor childhood health (including asthma, lead poisoning and respiratory distress), but also to accidents and injuries—often with serious consequences for schooling and academic performance.[69] In addition to increasing stress and impairing parent-child relations, poor housing quality can negatively affect educational achievement by contributing to the types of physical illnesses that independently negatively impact student performance.

Impacts on Education

One researcher finds that, on top of the negative educational impact due to overcrowding, there is a negative and statistically significant correlation between

Doctors and lawyers join forces to combat unhealthy housing in Washington, D.C.

Some of the sick children who walk into Dr. Terry Kind's Southeast Washington office cannot be treated by medicine alone. Although a medical intervention might help a child to cope with asthma or rodent bites, without a change to the child's housing conditions, the solution will be only temporary. "We could go through almost every medical condition and think of ways in which housing conditions can either enhance or detract from the child's condition," Kind says. "It's really that important."

Acknowledging that reality, the Children' s National Medical Center has incorporated lawyers from the Children's Law Center into its treatment team—in the hopes of addressing non-medical barriers to good health, such as poor housing conditions. Through the Health Access Project, lawyers are embedded in community health centers and are often called in to consult with parents when a legal intervention might be necessary. When doctors treated a toddler recently for head-to-toe insect bites, a lawyer was called into the room to consult on the spot with the child's parents and take pictures to document the condition. Although it may be tempting to fault the parents in such a situation, says Laura Rinaldi, a supervising attorney at the Children's Law Center, many of the parents involved have done everything in their power to persuade their landlords to alleviate the infestations.

One young patient missed 40 days of school last year because of asthma that often left her wheezing and coughing up blood, and with severe, persistent reactions to environmental allergens. The family cat—the only available source of rodent abatement—killed more than 40 mice that same year. During six months, the child was brought in for treatment 10 times, and her mother, who also suffers from chronic bronchitis, sought medical advice from a health hotline one to two times each week. The family was recently granted an emergency transfer to another public housing unit, thanks to free legal assistance from the Health Access Project.

general housing quality and the probability of graduating from high school for both boys and girls.[70] And Evans et al. (2001) find a connection between poor housing quality (using a composite measure that includes structural quality, privacy, indoor climate, hazards, cleanliness/clutter and children's resources) and children's psychological distress and helplessness. They posit that household disorder may be the mechanism through which poor-quality housing impacts children. Moreover, while children may be more susceptible to the negative physical consequences of poor housing quality because their bodies are still developing, poor-quality housing can pose similar health risks to adults. Homes that are old, in disrepair and of poor quality can psychologically distress parents,[71] and the stresses of keeping up a dilapidated home may reduce parents' patience with their children.[72]

Where Quality is Poor

Although there have been significant declines in the incidence of physically inadequate housing in the United States, there are still pockets within states—especially in highly concentrated urban poor neighborhoods and isolated rural ones—in which substantial portions of the population have significant problems with housing quality. In Southwestern Kentucky, for example, one of the poorest regions in the nation, a venture capital firm called Kentucky Highlands has started its own business with the dual intent of fixing longstanding problems of substandard housing, particularly lack of proper plumbing, and creating jobs. It builds "housing cores" containing finished kitchens, bathrooms, and laundry rooms for installation in homes that lack them. The company has built about 20 cores so far, but it says that there are 17,000 homes in Appalachian Kentucky that could use them.

Similarly, in so-called "colonias," neighborhoods that have been built from the ground up by Mexican-American immigrants along the South Texas border, many homes have never had access to basic water systems. Indeed, the *New York Times* reported just last year that, "after years of protests by residents, belated regulation by the state and an influx of aid from government and private groups, more than two-thirds of the colonia dwellers in six border counties finally have access to water lines, safe sewage disposal or both, compared with a small minority just 15 years ago."[73] Moreover, these are not small or

insubstantial communities; in 2006, 442 colonias in those six counties were home to 62,675 residents.

Lead and Other Toxins

Lead poisoning is the most common cause of environmental disease in children (Kim et al. 2002). In the period from 1999 to 2002, 1.6 percent of children under age 6—or 310,000 children—had elevated blood lead levels.[74] The most prevalent cause of lead poisoning is paint chips and dust in older homes (lead paint was banned in 1978). Lead paint remains a serious health hazard for a substantial number of children, especially toddlers who may eat paint chips and breathe in lead-tainted dust. According to the most recent data available, 68 percent of pre-1940 homes, 43 percent of 1940-1959 homes, 8 percent of 1960-1977 homes, and 3 percent of post-1977 homes present lead paint hazards, with 38 million homes total presenting such hazards as of 2000 (Jacobs 2002).[75]

Impacts of Lead

The irreversible effects of lead poisoning include reduced IQs, impaired growth and neurological development, and behavior problems.[76] In addition to the direct causal link to lower IQs,[77] Lanphear et al. (2000) find lead poisoning to be associated with decreases in reading and math scores.[78] Children under the age of 6 are especially vulnerable, because their brains and central nervous systems are still developing, and lead can interfere with this process. Young children also are more likely than older children or adults to be affected by hand-to-mouth contamination when exposed to lead. Children at greatest risk for lead poisoning include those living in poor families, inexpensive housing, and older homes, or in communities with high rates of poverty and many older residences (Kim et al. 2002; Sargent et al. 1995), factors common among children living in older urban areas. Indeed, data show that poor and minority children have much higher rates of lead poisoning than do their peers.[79]

In response to the clear threat of lead poisoning and its societal and economic costs, federal and state governments and health authorities have engaged in vigorous education and public health campaigns in recent decades. Leaded gasoline, which also played a substantial role in the elevated blood levels of young children, had begun to be phased out in 1973 and was totally banned for most cars by the 1996 Clean Air Act. Both the bans on leaded gasoline and on lead paint in new homes were components of the same public health campaign. As a result of this multi-faceted effort, the number of young children with levels associated with harmful health risks has fallen from an estimated 13.5 million in 1980 to just under half a million today. Unfortunately, those remaining cases are both the most difficult to prevent and the most costly to treat. Still, a 2005 report by economist Elise Gould of the Economic Policy Institute finds that lead abatement in those affected homes would be cost-effective. Given that the vast majority of the remaining cases also are found in households where children are otherwise vulnerable—due to lack of affordable housing, poor quality, overcrowding and other housing-related risk factors—the case may be all the more pressing.

Other Toxins

In addition to lead paint exposure, urban home environments often are contaminated with other neurotoxins, including some pesticides that are used to kill cockroaches and rodents. Another potential source of toxins is contaminated water. In 1999, 8 percent of children in homes receiving public water service had water with health-based violations, including treatment and filtration problems or contamination by microbes, lead and copper, nitrates/nitrites and other chemicals and radiation.[80]

The recent concern about formaldehyde in U.S. Federal Emergency Management Agency (FEMA) trailers serves as yet another reminder of the higher risk of exposure to toxins for low-income children, who are disproportionately likely to be displaced by such natural disasters as Hurricane Katrina, and who are also more likely to be placed for extended periods in temporary housing and exposed to the toxins they sometimes bring. As the *Washington Post* reported, "industry and government experts depict the rushed procurement and construction as key failures that may have triggered a public health catastrophe among the more than 300,000 people, many of them children, who lived in FEMA homes."[81] Indeed, an article from *USA Today* tells the story of Nakeva Narcisse and her 5-year-old daughter, Asanta Mackey, who has a persistent cough that her mother believes is due to their extended time living in one of the trailers.[82]

Asthma Triggers and Other Illness Inducers

Asthma is one of the most common chronic diseases among children.[83] In 2003, 5.5 percent of all U.S. children, and 7.2 percent of poor children, had asthma.[84] Poor ventilation and indoor moisture and dampness sustain mold and bacteria, which can help set off asthma attacks.[85] Some children whose asthma is aggravated by poor housing conditions might experience multiple health risks if they are also exposed to toxic pesticides intended to combat rodents or insects. In addition to the direct, short-term costs associated with medical treatment, asthma also has impacts on school achievement that can result in long-term economic impacts. Richard Rothstein, who has studied the intersection between children's health and educational attainment, says that asthma attacks triggered by poor housing quality make children more likely to miss school or to be inattentive during the school day.[86] Indeed, one study finds asthma to be a leading cause of school absences.[87]

An Increasing Problem

While relatively rare, such unhealthy housing conditions are more common in certain urban areas, especially those with high concentrations of poor families. In Manhattan, for example, complaints of such conditions are sharply on the rise, suggesting possible lapses in maintenance and/or enforcement, according to *The New York Times*. "In New York City, mold complaints to the city's housing agency have increased to roughly 21,000 in the 2007 fiscal year from 16,000 in the 2004 fiscal year. Mold complaints to the health department also have jumped in recent years, and legal advocates for low-income tenants say mold cases brought against landlords are increasingly commonplace in New York City Housing Court."[88]

Poverty and Environments

Although it is difficult to fully isolate the effects of asthma triggers in homes—and in the kinds of low-income neighborhoods where the air quality tends to be poor and may carry pollutants that exacerbate asthma attacks—the correlation between poor housing and neighborhood conditions and the frequency of respiratory problems is fairly clear. Indeed, a recent article in *Environmental Health Perspectives* asserts that, "Low-income and/or ethnic minority communities—already burdened with greater rates of diseases, limited access to health care, and other health disparities—are also the populations living with the worst built environments."[89] It also notes the results from a detailed baseline evaluation of 78 asthmatic children living in three public housing developments, finding that while many children did have access to primary care physicians, their actual care was limited in terms of addressing specific needs. Moreover, because they lived in high-violence neighborhoods, their asthma was exacerbated by an inability to play outside. The link between poor-quality homes and the neighborhoods in which they tend to be clustered is linked in many ways, contributing yet another layer to the effects of housing on children.

One family's story

Finding a better, higher-paying job at Costco proved to be a mixed blessing for Vicki Steele, a single mother from Lorain, Ohio. No longer eligible for subsidized housing, Vicki decided to try her hand at homeownership. She had tired of putting most of her paycheck toward a house that she would never own. "I wanted a piece of the American dream," she says.

Vicki moved her daughters Alexxis, then 6, and Taryn, then 15, from their well-lit Section 8 townhouse to a home that was for sale by owner. She purchased the home with their father in the hopes of cobbling together a family.

When the monthly payments on her adjustable-rate mortgage rose from $853 to $1,300, Vicki fell behind. She hadn't anticipated the hike, and her new salary at Costco wasn't enough to keep up. "I ended up holding the bag with the home and two girls, and I couldn't afford to pay the mortgage," she says. Sewer disruptions began to cause flooding in the basement—and Vicki had no money for repairs. Black mold grew, creating a health hazard for the girls. Both daughters were forced to change schools, and Taryn was sent to spend her senior year of high school with her grandmother in a different city.

After being forced into foreclosure, Vicki and Alexxis moved—for the second time in a few years—into a dry rental.

Neighborhood Effects

A child's neighborhood is a vital component of his or her home environment, and thus significantly affects educational achievement. The effects can be positive when community networks, social ties and role models are strong, and when they are supported by other community resources, such as good schools, playgrounds and libraries. However, the effects can be very negative when young children reside in unsafe neighborhoods characterized by crime, violence drugs and a lack of opportunity—often because of a lack of affordable, decent housing in better neighborhoods. In 2000, more than 20 percent of children—over 14.7 million—lived in high-poverty neighborhoods (in which 20 percent or more of the population was poor).[90]

Health Impacts

Extensive research suggests that educational outcomes are better for children living in higher-quality neighborhoods, and numerous studies have discussed the ways in which neighborhoods that are resource-rich or resource-poor might enhance or hinder the well-being of children.[91] At a basic level, communities with high rates of poverty and crime and easy access to drugs can threaten children's health. Evidence suggests that adolescents raised in such neighborhoods are more likely to use drugs, engage in delinquent behavior, and engage in sexual intercourse and become pregnant.[92] In addition, poor neighborhoods also tend to lack restaurants or supermarkets with affordable, healthy choices for meals, or access to good medical care.[93] These characteristics affect obesity and other adverse health outcomes that tend to be disproportionately prevalent among low-income children and families.[94] Other research has found that parents who live in violent neighborhoods are less likely to allow their children to play outside, due to safety concerns,[95] another factor that can adversely affect children's long-term health, both psychological and physical.

Poor Amenities

High-poverty neighborhoods can lead their residents to feel socially isolated, in part because they lack many of the basic amenities taken for granted in more affluent nearby areas. An extreme example is Detroit, a large city with high levels of concentrated poverty. As National Public Radio reported in the summer of 2007, "Many would assume that a city with nearly a million residents has no problem attracting major grocery store chains. But Detroit just watched its last mainstream grocer, Farmer Jack, close its doors for good." No other chain stepped in to buy the Farmer Jack store, and the entire city—the country's 11th most populous—therefore lacks a single large supermarket.

In 2000, more than 20 percent of children—over 14.7 million—lived in high-poverty neighborhoods (in which 20 percent or more of the population was poor).

But while Detroit is an extreme example, it is far from alone. According to a 2007 report from the Local Initiatives Support Corporation (LISC), "The number of food stores in low-income neighborhoods is nearly one-third fewer than in wealthier areas, and the quality of these stores—their size and physical condition, the range and nutritional content of their merchandise—tends to be poorer."[96] Indeed, a *Detroit News* article on the remaining options for city residents in the aftermath of the Farmer Jack closing notes that local small stores are often lacking both in terms of quality and affordability.[97] One Detroit resident interviewed for the story stated, "Sure, there's other grocery stores, but try finding something to eat in there. You can't buy quality food in the city anymore." Shoppers accuse small stores of selling meat and produce that is past its expiration date. The city has raided stores and cracked down on many such offenses, but problems remain.

New techniques in research increasingly allow scholars, planners and neighborhood advocates to look beyond traditional experimental methods, using such technology as geographic information systems (GIS) mapping to assess the quality of entire neighborhoods in untraditional ways. Such technology can visually zoom in on and photograph neighborhoods to assess their physical characteristics, so researchers need not be limited to census tract data, which often is not closely correlated with people's perceptions of their neighborhood. For example, Marilyn Winkleby, an associate professor of medicine at Standford's Prevention

Research Center, points to the ability of GIS to "look at the density and proximity of goods, services and community resources such as parks, youth clubs, fast food outlets, convenience stores and other factors that might enhance or hinder health, in relationship to where people live and work."[98] Among her preliminary findings: of 82 neighborhoods studied in four northern/central California cities, stores selling alcohol were most concentrated in the most deprived neighborhoods. Such neighborhoods also have higher rates of alcohol-related injuries and violence, including youth drinking and driving, assaults and car crashes. In other words, there are clear links between key aspects of the built environment and the incidence of related social ills.

Peer Effects—Classrooms, Schools, and Neighborhoods

The types of adult role models and peers in the neighborhood, as well as exposure to crime and violence, may be partly responsible for the poorer social and emotional well-being of children who grow up in disadvantaged neighborhoods.[99] Living in a neighborhood with high crime rates makes parents feel worried or stressed about their children's safety, affecting how closely, and how strictly, they monitor them.[100] Further, good housing and neighborhoods promote better health outcomes in adults in the form of lower rates of hypertension, lower incidence of cardio-vascular disease and lower rates of premature death.[101] These positive health outcomes can in turn be expected to improve parenting and result in better educational outcomes for children. Parents living in socio-economically disadvantaged neighborhoods also are more likely to perceive that their neighborhood impacts their child negatively.[102]

Role Models

Studies find that, controlling for income, high school graduation rates, educational achievement and adult earnings are higher in more socio-economically advantaged neighborhoods.[103] Reasons for these improved outcomes include reduced crime rates, the availability of high-quality schools, and role models in the form of neighbors who have attained higher levels of education and work in professional fields. Children whose academic peers intend to achieve in school and go on to attend college absorb those expectations. Conversely, children who are living and going to school with other kids who lack such expectations, and whose parents also lack them, may be less likely to assume that their futures hold such promise. Additionally, institutional resources that are more prevalent in wealthier neighborhoods, such as good libraries, museums and after-school programs, facilitate school readiness and provide educationally enriching experiences that promote educational achievement.[104]

School Peers

Neighborhoods play a particularly important role in determining a child's peers, both in the classroom and outside it. Researchers have long argued that peer "quality" and behavior are vital inputs into the educational production function. Indeed, the U.S. Supreme Court emphasized the issue in its landmark *Brown v. Board of Education* decision in 1954, with isolation of black students from their white peers cited as a rationale for the finding that separate schools are inherently unequal. Eleven years later, James Coleman pointed to the issue in his widely cited report analyzing minority students' lower educational attainment.[105] The premise underlying these findings, and many more since, is that the composition of a student's peer group—classmates, friends, and neighbors—strongly influences his or her activities, including educational choices and academic progress.

Using a sample of tenth graders, Gaviria and Raphael (2001) find strong evidence of peer-group effects at the school level on drug and alcohol use, cigarette smoking, church attendance and dropping out of school.

Impacts on Education

Two researchers using data on inner-city Boston youth find large peer effects on youth criminal behavior and drug use,[106] and others report similar results. Aaronson (1998) asserts, based on his review of the developmental psychology literature, that the impacts of neighborhoods exist even when difficult-to-observe family-specific factors are controlled for. Harris (1998) finds that, among environmental factors studied, peer effects have the biggest impact on outcomes. Moreover, both the positive and negative effects of peers seem to continue after the

peers themselves have gone; Betts and Morell (1999) find that high school peer group characteristics affect undergraduate grade point average (GPA). Using a sample of tenth graders, Gaviria and Raphael (2001) find strong evidence of peer-group effects at the school level on drug and alcohol use, cigarette smoking, church attendance and dropping out of school.

Given the multiple factors contributing to peer effects, and the interaction between classroom and neighborhood, it is not surprising that there are important disagreements among social scientists regarding the precise magnitude of peer effects and the groups for whom the effects are largest. Some researchers find larger effects for disadvantaged students; others find the opposite, depending on data set and controls employed. That said, most researchers believe that peer effects do significantly impact student achievement and, given the extent to which school and classroom peers are determined by neighborhood demographic composition, the role of neighborhoods in children's schooling cannot be underestimated. Carr and Kutty (2008) argue that heavily minority neighborhoods present complex environments within which segregation, both in itself and when combined with poverty, negatively influences children's education and health. This complexity is particularly germane given census data revealing that racial segregation has persisted in most large U.S. cities during the past three decades. Jargowsky (1997) estimates that, between 1970 and 1990, the number of people living in concentrated poverty census tracts, where 40 percent or more of the residents have incomes below the federal poverty line, nearly doubled. More than half of these residents are black, and another quarter are of Hispanic origin.

And while concentrated poverty declined by many measures during the 1990s, that trend has seen a sharp reversal in recent years, particularly among the working poor. A recent report from the Brookings Institution notes that taxpayers living in areas with high rates of working poverty increased by 40 percent, or 1.6 million, between 1999 and 2005. Of the 58 large metropolitan areas studied, 34 saw increases in concentrated poverty among working people.[107]

Benefits of Living in a Safer, Less Crime-Prone Area

Other aspects of neighborhoods can significantly affect children's education as well. Families living in nonviolent and safe neighborhoods can reduce a key source of stress, enabling parents to give their children more attention, and increasing the odds that the attention will be more positive, and less restrictive, in nature. Recent research also suggests that there might be a positive relationship between a good night's sleep and IQ: Living in safe communities that enable children to work and rest in peaceful conditions might affect those children's education through multiple pathways.

Effects of Living in Subsidized Housing

For the past 50 years, the U.S. government has granted housing assistance to low-income families, with the number of households assisted rising from 3.2 million in 1977 to 5.7 million in 1997.[108] High-rise public housing has often come under scathing criticism—detractors argue that it fosters racial and economic segregation, leads to higher levels of crime and delinquency, and hampers educational and labor market outcomes for people residing therein.[109] Evidence that concentrated poverty brings with it a host of costly social ills has thus resulted in a policy shift in the past 20 years toward providing low-income families with housing vouchers for use in the private market.

An emerging literature in economics and public policy looks at the overall impact of living in public housing, but relatively little is known about its effect on educational outcomes. In particular, it is difficult to assess the net result from potential negative impacts of concentrated poverty and low-achieving peers versus the likely benefits of freeing money for other uses and strong neighborhood networks. A subset of this literature analyzes the effects of housing voucher use based on experimental studies. Studies show that children in low-income families may benefit from moving into neighborhoods that are safer, and that have better schools and role models and stronger community networks. A number of government housing programs offer families the chance to move from public housing in high-poverty areas to homes in neighborhoods with lower poverty rates. Two of the most important programs—the Gautreaux and Moving to Opportunity (MTO) projects—have been extensively evaluated by researchers.[110]

Housing Voucher Experiments

THE GAUTREAUX PROGRAM

The Gautreaux program was created as a result of settlements of a series of class-action lawsuits, filed in 1966 against the Chicago Housing Authority (CHA) and HUD, alleging that the two agencies' policies served to segregate African-American families. The intention of the program (named after Dorothy Gautreaux, who filed the original lawsuit) was to remedy past segregation by offering African-American residents of CHA public housing and those on the waiting list an opportunity to find housing in desegregated areas throughout the Chicago metropolitan region. The program ended in 1998 after meeting its target of serving 7,100 families.

THE MTO PROGRAM

The MTO program, which was loosely modeled on the Gautreaux program, and whose objective was to relocate poor families out of high-poverty neighborhoods by providing housing vouchers, began in 1994 in five cities (Baltimore, Boston, Chicago, Los Angeles and New York). During the subsequent four years, a total of 4,248 families participated in the program. Of those participants, 1,729 were offered restricted vouchers that enabled them move only to low-poverty neighborhoods; 1,209 were offered unrestricted HUD Section 8 vouchers; and 1,310—the control group—were offered neither.[111] About half of the families who were offered a voucher actually used it to relocate, though many subsequently returned.[112]

COMPARING THE TWO PROGRAMS

Although modeled on Gautreaux, per-family MTO resources were much lower, and, as such, critical differences can be seen. Among these differences is the latter's failure, on average, to move families to areas that were substantially, rather than marginally, lower in minority concentration and poverty, and where schools were integrated and had better test scores. Indeed, only about half of those offered restricted vouchers actually moved to lower-poverty neighborhoods.[113] At the same time, movers did live in neighborhoods with somewhat lower percentages of minority neighbors and school peers and rates of unemployment, and slightly more educated neighbors.

Research on Gautreaux families finds that moving from inner-city Chicago to suburban neighborhoods can lead to long-term educational improvements. Participating children who moved to the suburbs were substantially more likely to complete high school, take college-track courses, attend college, be employed and work in better paying jobs, relative to students who remained in inner-city schools.[114] The MTO research demonstration did not find similarly solid outcomes,[115] with two studies that have assessed the program's impact on student test scores delivering mixed results. Using data from district-administered achievement tests in Baltimore, Ludwig, Ladd and Duncan (2001) find statistically significant differences between the experimental and control groups for students who entered the program when they were less than 12 years old,[116] although none for students entering the program after age 12. However, a later study, which included all the five cities in which MTO was implemented, did not find an overall impact on student test scores (Sanbonmatsu et al. 2006). Among the potential reasons for the sharp difference between the Gautreaux and MTO outcomes, the most likely is the difference in moves—Gautreaux families moved from high-rise public housing to Chicago suburbs, while most MTO families moved small distances to only slightly less poor neighborhoods that still had weak schools. In other words, as is true in other policy areas, details of the program, including the type and level of investment, make a big difference in determining its outcome.

Conclusion

As this report documents, housing affordability and quality have substantial impacts on young children that can manifest themselves in a range of ways. Although there are clear limits to the existing literature's ability to establish causal links between the effects of housing affordability and quality on children's outcomes, the research to date nonetheless sets out important findings. Stability is a critical factor in children's academic attainment, with multiple moves especially harmful for children who are already at risk of poor education outcomes. Living in overcrowded housing, in a home that is unsafe or unhealthy, or in a neighborhood with few resources and/or positive peers and role models can similarly put children on the wrong track early and keep them there.

In many ways, the current foreclosure crisis represents just one piece of the puzzle. Children whose families rent in an already tight market are squeezed further as owners of foreclosed-upon homes are forced to enter the rental market, or to push their former tenants into it. The lack of affordable housing that has now become starkly evident has actually existed as a quiet but slowly growing crisis for more than a decade, with low- and even moderate-income families forced to make hard tradeoffs among basic necessities. Further, families are increasingly unable to find decent, affordable housing in safe neighborhoods—homes that do not trigger asthma attacks; that do not pose safety hazards due to electric, plumbing or other malfunctions; and that do not have broken windows or holes in walls or roofs. The reality is that large numbers of young children are growing up in conditions not at all conducive to healthy development or to later achievement. Both children and their parents are put under stress by these adverse conditions and hard choices, straining the relationships that are particularly critical in children's earliest years.

At the same time, there are several actions society can take to reverse this bad news. The first is supporting and enforcing existing laws—including by ensuring that anti-discrimination measures are strictly enforced and by compelling landlords and others who own rental properties to maintain them so that the families who rent have a decent place to live. A range of policy options demonstrated to help families with young children buy wisely, rent affordably and stay in their homes also merit serious consideration.

There are specific policies that, adopted at the state and federal levels, would provide a net benefit to society, without a very long-term wait for the pay-off. State programs that provide housing assistance and other supportive services to families at risk of losing their children to foster care can often prevent the drastic measure of removing children from their homes. **Such policies would not only prevent trauma to the affected families, but research indicates they could also avert nearly $2 billion in annual state spending nationally.** These savings would come from resources that states currently spend on foster care placement and on later supportive housing services and reunification efforts. And this estimate does not count the substantial potential savings from indirect costs associated with children's cognitive, emotional and behavioral difficulties due to removal from their families.

A second policy with demonstrated, albeit smaller, net benefits is lead abatement. Given the concentration of lead among at-risk populations, states should focus their efforts on identifying the areas in which housing is most likely to pose a risk and target initial abatement programs there.

In addition, there are other policies and interventions that are potentially cost-beneficial but require more research. **Providing housing vouchers to low-income families can help them avoid having to do without food, clothing, health care, child care and other necessities in order to pay for rent.** It would thus be very useful to better understand how vouchers are best allocated, which families should have priority, and, perhaps most important, what is the optimal level of investment in these types of programs, at both the state-specific and national levels. The MTO and Gautreaux literature should be carefully assessed to maximize the benefits (such as living in better neighborhoods and attending better schools) versus the potential negative effects (including losing social networks and potentially disrupting academic progress) of such programs.

Likewise, additional information about the potential benefits and negative effects of public housing would enable states and the federal government to allocate resources efficiently and strategically. Finally, given the strong link between household income and decent housing, income supports could be increased for working families with young children to enable them to improve and stabilize their children's earliest environments.

These policy questions and implications bring about one of the clearest conclusions of this report: Although we know quite a bit about the impacts of housing on young children, there is far too much that we do not know. And, given the breadth and depth of the impact that housing affordability and quality have on children and on our economic future—Americans will see the ripple effects of today's housing crisis for 10, 25, and 50 years to come—it is imperative that we fill in those knowledge gaps. Unfortunately, lack of sufficient funding for research into these issues has made it increasingly difficult to obtain such data. This puts agencies and advocacy groups at a severe disadvantage in their attempts to help shape policies that can put our country on a positive path.

Now more than ever, raising bright, healthy children to be the thinkers and workers that our nation and economy need requires giving them and their parents the necessary tools to help them to grow and thrive. Today, too many of our nation's children lack clean, sturdy, affordable homes in safe, stable neighborhoods. A combination of solid research and smart investments will be required to change that reality and chart a better future.

Appendix

Impacts of Housing on School Attainment

Aspect of Housing	Study/Impact
Mobility	GAO (1994): 30 percent of poorest children had attended at least three different schools by third grade, compared to only 10 percent of middle-class children. Black children are more than twice as likely as white children to change schools this often. Rumberger (2003): Mobility linked to economic failure: students with two or more school changes in previous year were half as likely to be proficient in reading as their stable peers, and mobile third grade students were nearly twice as likely as their peers who had not changed schools to perform below grade level in math.
	Mehana and Reynolds (2004) meta-analysis of 26 studies (1975-1994): school mobility associated with decline in elementary school students' academic performance.
	Swanson and Schneider (1999): school change in final years of high school significantly decreases math achievement, with effect comparable to having dropped out altogether.
	Hanushek, Kain, and Rivkin (2004b): If black students' average mobility were reduced to level of their white counterparts, the increased residential instability would, itself, reduce the black-white test score gap by 14 per cent. Similarly, reducing the mobility of low-income students to that of other students would eliminate 7 percent of the test-score gap by income.
	Howes and Stewart (1987): Children with multiple early child care providers showed less developed playing capacity, a predictor of later school readiness, and made less progress in first grade (Howes, 1988)than those with stable care.
	Haveman, Wolfe and Spaulding (1991): Assess impact for sample of children of multiple moves on odds of high school graduation. Excess mobility among strongest predictors of lower school attainment—along with family income and parents' level of educational attainment—and moves have strongest impact when they happen early. With no location moves, predicted probability that child in the sample will graduate high school is 88 percent; three location moves at any point prior to graduation decrease probability to 80 percent. If the three moves happen during adolescence (ages 12- 15), odds drop to 74 percent, and if they happen between ages 4 and 7, the odds drop to just 71 percent.

Aspect of Housing	Study/Impact
	Kerbow (1996): In typical Chicago elementary school, only 46percent of children who started in a given year were still in the school four years later. In most mobile Chicago schools, teachers' difficultly pacing instruction and need for frequent review mean that, by fifth grade, highly mobile schools lag almost an entire grade level behind the more stable schools.
	Rumberger et al (1999): Average student test scores for non-mobile students significantly lower in high schools with high student mobility rates.
Affordability, Other Basics	Yeung, Linver, and Brooks-Gunn (2002): "Economic hardship [e.g., having to work two jobs to pay for housing] diminishes parental abilities to provide warm, responsive parenting."
	Caldwell and Bradley (1984): Reducing housing burden may facilitate greater parental involvement in children's education, a key input in child cognitive development.
Home ownership	Aaronson (2000): homeownership, controlling for several other factors, including income, positively correlated with high school graduation by age 19, but some of effect likely due to difficult-to-measure family characteristics, and much of homeownership effect due to homeowners' lower residential mobility rates. E.g., marginal impact of living in owner-occupied housing on odds of high school graduation is 9.6percent, but that declines to about 5percent when effects of prior years' recent mobility, residential stability controlled for.
	Braconi (2001): homeownership statistically significantly positively correlated with high school completion for boys (but not for girls), based on New York City data from 1991, 1993 and 1996. Boyle (2002), Galster et al. (2003): home ownership associated with odds of high school completion.
	Conley (2001): homeownership (positive) and household crowding (negative) have significant effects on children's educational attainment, net of socioeconomic factors. Green and White (1997): homeownership associated with children staying in school longer, even when controlling for other family traits that may independently affect outcomes.
Overcrowding	Evans et al. (1998): residential overcrowding correlated with delayed cognitive development, lower reading skills, and behavioral problems among school-age children. Braconi (2001): overcrowding in sample New York families significantly correlated with lower high school graduation.

Aspect of Housing	Study/Impact
Quality	(Braconi 2001): negative, statistically significant correlation between general housing quality and odds of graduating from high school, controlling for effects of overcrowding.
	Lubell and Brennan (2007) and Vandivere et al. (2006): The irreversible effects of lead poisoning include reduced IQs, impaired growth and neurological development, and behavior problems. Lanphear et al. (2000): lead poisoning associated with decreases in reading and math scores.
	Rothstein (2005): asthma attacks triggered by poor housing quality make children more likely to miss school and to be inattentive when at school. Kinney et al. (2002): asthma is a leading cause of school absences.
Neighborhood/ peer effects	Crane (1991): when proportion of residents in managerial or professional jobs fell below 5percent, high school dropout rate increased.
	(Brooks-Gunn et al. 1993; Clark 1992; Connell and Halpern-Felsher 1997; Ensminger, Lamkin, and Jacobson 1996): all find that the percentage of affluent neighbors is positively related to school achievement and completion
	Harris (1998): among environmental factors studied, peer effects have biggest impact on outcomes, and both positive and negative effects of peers continue after peers are gone.
	Gaviria and Raphael (2001): strong evidence among sample of tenth graders of peer-group effects on drug, alcohol, and cigarette use, church attendance, dropping out of school.
	Kaufman and Rosenbaum (1992): Among families who, as part of Gautreaux project, moved from inner-city Chicago to suburbs, participating children substantially more likely to complete high school, take college-track courses, attend college, be employed and work in better paying jobs, compared to those who remained in inner-city schools.

Endnotes

1 This study is concerned only with the direct relationships between housing and education from a microeconomic point of view. Note that, from a macroeconomic point of view there are well-documented effects of the housing sector and the affordability of housing on economic development, including state fiscal conditions, economic growth and competitiveness, and infrastructure development. See the issue brief published by the National Governors Association (Houstoun 2004) for a discussion on this topic and for a summary of recent policy initiatives of states across the nation in this regard.
2 "Meet the New Neighbors" (2008).
3 Rothstein (2007).
4 National Low Income Housing Coalition (2008).
5 Low-income is defined here as a family whose income is below 200 percent of the poverty threshold. (Child Trends 2000).
6 Eckholm (2008a).
7 National Low Income Housing Coalition (2004).
8 The Joint Center for Housing Studies of Harvard University (2003).
9 National Low Income Housing Coalition (2008)..
10 Rothstein (2008).
11 Ohio Department of Job and Family Services (2008).
12 According to HUD, FMRS are gross estimates that "include the shelter rent plus the cost of all tenant-paid utilities, except telephones, cable or satellite television service, and Internet service. HUD sets FMRs to assure that a sufficient supply of rental housing is available to program participants. To accomplish this objective, FMRs must be both high enough to permit a selection of units and neighborhoods and low enough to serve as many low-income families as possible. The level at which FMRs are set is expressed as a percentile point within the rent distribution of standard-quality rental housing units. The current definition used is the 40th percentile rent, the dollar amount below which 40 percent of the standard-quality rental housing units are rented. The 40th percentile rent is drawn from the distribution of rents of all units occupied by recent movers (renter households who moved to their present residence within the past 15 months)." http://www.huduser.org/datasets/fmr.html.
13 National Low Income Housing Coalition (2008, p. 13).
14 National Low Income Housing Coalition (2008, p. 5).
15 U.S. GAO (1994), Rumberger (2003).
16 The studies are dated between 1975 and 1994.
17 Scanlon and Devine (2001, p. 129).
18 Hanushek, Kain and Rivkin (2004b).
19 Howes and Stewart (1987).
20 Howes (1988).
21 Pribesh and Downey (1999), Swanson and Schneider (1999).
22 Rosenbaum et al. (1993).
23 Galster (2003).
24 South and Haynie (2004).
25 Mehana and Reynolds (2004), Schafft (2002), Bartlett (1997).
26 See, e.g., Swanson and Schneider (1999) and Jacob (2004).
27 Braconi (2001).
28 Rumberger (2002), Tucker, Marx, and Long (1998), Astone and McLanahan (1994).
29 Tucker, Marx, and Long (1998).
30 Jacob (2004).
31 Cooke (2007).
32 Kid's Mobility Project (1998).
33 Bartlett (1997).
34 Kerbow (1996).
35 Fowler-Finn (2001).
36 Rothstein (2004).
37 Rhodes (2005, 2006), Kerbow, Azcoitia, and Buell (2003), Schafft (2002), and Crowley (2003).
38 Rumberger et al. (1999).
39 Aaronson (2000).
40 Eckholm (2008b).
41 Yeung, Linver, and Brooks-Gunn (2002, p. 1862).
42 Caldwell and Bradley (1984).
43 Johnston (2008).
44 See the appendix for more details on housing cost and how it burdens working class and low-income families.
45 See, e.g., Rafferty, Shinn, and Weitzman (2004), Israel, Urberg, and Toro (2001), Masten, Miliotis, Graham-Bermann, Ramirez, & Neemann (1993), and Ziesemer, Marcoux, and Marwell (1994).
46 *Homes for the Homeless*, Figure 2, p.2.
47 According to Hunter, Willis, and Foscarinis (1997), 70 percent of eligible homeless children do not attend preschool. See also National Law Center on Homelessness and Poverty (1997).
48 In their study of more than 8,000 homeless New York City children, Park, Metraux, Brodbar, and Culhane (2004) find that one in four of the children studied had been involved with child protective services either before or after their stay in a shelter. See also Culhane, Webb, Grim, Metraux, and Culhane (2003).
49 See Braconi (2001), Ernst and Foscarinis (1995) and the National Law Center on Homelessness and Poverty (1995).
50 The McKinney-Vento Homeless Assistance Act of 1986 is a federal law that provides federal money for shelter programs for the homeless. The Act ensures homeless children transportation to and from school, free of charge, allowing families to choose the school that they want to attend, regardless of the district in which the family resides. The Act further requires schools to register homeless children even if they lack normally required documents, such as immunization records or proof of residence. Although the McKinney Act has helped to alleviate many of the educational barriers faced by homeless children, these children are still at a significant educational disadvantage (National Law Center on Homelessness and Poverty 2000).
51 Harburger and White (2004).
52 From Harburger and White (2004), Table 1, Comparison of Cost Savings, at pp.503-504. All costs reported in millions of dollars and rounded to the nearest tenth.
53 The instrumental variables estimates are slightly smaller, but the general picture is the same.
54 Galster (2003) found that children whose families never owned their home were less likely to graduate from high school compared with students who spent half of their first 18 years in homes owned by their parents.
55 Some authors believe that most of the difference is attributable to unmeasured differences between homeowners and renters. Although a plausible hypothesis, the regularity and consistency of the effects found in the literature suggest that a significant part of the effect may be causal.
56 When he controls for the fraction of years moved between ages seven and 16, about half of the homeownership effect disappeared.
57 See, e.g., Brody, Ge, and Conger (2001), Elliot, Wilson, and Huizinga (1996), Sampson, Morenoff, and Gannon-Rowley (2002) and Sampson, Raudenbush, and Earls (1997).

58 Homeownership has been linked with adults' satisfaction with their home and with overall life satisfaction, higher self-esteem, and perceived control over life (for reviews of the literature, see Boehm and Schlottmann 1999; Cairney 2005; Rohe, VanZandt, and McCarthy 2000), as well as with lower rates of psychological distress in general (Cairney and Boyle 2004; Ross, Reynolds, and Geis 2000).

59 An interesting point here is the role played by favorable tax policy toward homeowners. The mortgage interest deduction allowed for homeowners ensures that they have more money on the table, relatively speaking, compared with a renter of a similarly valued home. If renters were allowed similar tax treatment for their housing payments, they too might have more disposable income available to invest in their children's education and health.

60 Evans, Saegert, and Harris (2001).

61 Ibid.

62 Conley (2001) at p.11.

63 Evans et al. (1998) and Saegert (1982).

64 Ross, Reynolds, and Geis (2000).

65 Measures of crowding might sometimes differ from study to study—for example, some measures count persons per room rather than persons per square foot—and flaws in proper measurement can lead to biased results. Further, as mentioned, some of the studies may simply show an association between crowding and poor outcomes, not a causal relationship. It may be, for instance, that the multiple challenges faced by families both force them to live in crowded housing and lead to worse educational outcomes. In this case, it may be those other factors, rather than the crowding itself, that actually causes the poor outcomes.

66 See Evans et al. (1998) and Evans, Saegert, and Harris (2001).

67 In her study using the American Housing Survey, Kutty (1999) that room density (persons per room) had a negative effect on the likelihood of a dwelling being of adequate quality.

68 Breysse et al. (2004).

69 Factors that can lead to such diseases include structural conditions relating to building quality and maintenance, safety hazards, functional systems (for example, ventilation, smoke alarms heating/cooling, plumbing) or environmental toxins including lead, asbestos and neurotoxins.

70 Braconi (2001).

71 Evans et al. (2000).

72 Saegert and Evans (2003).

73 Eckholm (2007).

74 Alternate data sources suggest that as many as 3.6 percent of children under age 6 may have elevated blood lead levels (Child Trends Databank 2003).

75 Jacobs et al. (2002, Table 5, p. A602).

76 See references cited in Lubell and Brennan (2007) and Vandivere et al. (2006).

77 Bellinger and Needleman (2003).

78 Lead poisoning has also been argued to cause social and emotional problems such as attention deficit disorders and behavioral problems (Bellinger et al. 1994).

79 CDC data from 1999 to 2002 show that, among all children ages one to five, 4.4 percent had lead levels at or above 10 ug/dl, but varied tremendously by race, with just 2.3 percent of white and 4 percent of Mexican-American children, but 11.2 percent of black non-Hispanic children at elevated levels. A 2002 study of Kentucky children found higher rates of elevated blood lead levels among children in housing valued less than $50,000 and those in neighborhoods with a high percentage (at least 60 percent) of non-owner residences than among other children (Kim et al. 2002).

80 U.S. Environmental Protection Agency (2003).

81 Hsu (2008).

82 "CDC finds source of FEMA trailer health problems" (2008).

83 Breysse et al. (2004).

84 Child Trends Databank (2003).

85 Brunekreef et al. (1989).

86 Rothstein (2004a, p. 40).

87 Kinney et al. (2002).

88 Fernandez (2007).

89 Hood (2005).

90 Vandivere et al. (2006).

91 See, e.g., Brooks-Gunn, Duncan, and Aber (1997a), Brooks-Gunn, Duncan, and Aber (1997b), Leventhal and Brooks-Gunn (2000), Leventhal and Brooks-Gunn (2003a), Popkin, Eiseman, and Cove (2004), Braconi (2001) and Rosenbaum (1995).

92 See Jencks and Meyer (1990); Leventhal and Brooks-Gunn (2000).

93 Duncan and Brooks-Gunn (1999); Furstenberg et al. (1999); Tolan et al. (2004).

94 Joint Center for Political and Economic Studies, (2004).

95 Molnar et al. (2004).

96 LISC (2007).

97 Smith and Hurt (2007).

98 Hood (2005).

99 Ellen and Turner (1997).

100 Kling, Liebman, and Katz (2005).

101 Cohen, et al., (2003).

102 Galster and Santiago (2006).

103 Crane (1991) found that when the rate of residents employed in managerial or professional jobs fell below 5 percent, the incidence of school dropout increased. Similarly, the percentage of affluent neighbors has been positively related to school achievement and completion (Brooks-Gunn et al. 1993; Clark 1992; Connell and Halpern-Felsher 1997; Ensminger, Lamkin, and Jacobson 1996).

104 See, e.g., Eccles and Gootman (2002) Leventhal and Brooks-Gunn (2000) and Roth and Brooks-Gunn (2000).

105 Coleman et al. (1966).

106 Case and Katz (1991).

107 Brookings Institution, *Reversal of Fortune: A New Look at Concentrated Poverty in the 2000s - Concentrated Poverty, Working Poor, Earned Income Tax Credit, U.S. Poverty, Inequality,* August 8, 2008.

108 Jacob (2004).

109 Massey and Denton (1993), Ong (1998).

110 In particular, participants into the MTO program were randomly assigned to treatment and control groups, so it is unlikely that an individual's or a family's unobserved characteristics are responsible for observed outcomes.

111 The two treatment groups together were 54 percent black and 39 percent Hispanic and had household incomes averaging less than $10,000 per year.

112 DeLuca, (2007).

113 Among families who used restricted vouchers, only 18 percent lived in neighborhoods where the poverty rate was below the state median. Additionally, only 21 percent resided in neighborhoods where more than half of the residents were non-Hispanic whites.

114 Kaufman and Rosenbaum (1992).

115 Orr et al. (2003).

116 The authors note that readers should take some caution in interpreting the results due to missing data.

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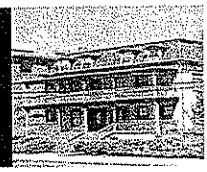
supportive housing update



Connecticut Supportive Housing Demonstration Program Evaluation Report Highlights

The Connecticut Supportive Housing Demonstration Program was initiated in June 1992 by the State of Connecticut and the Corporation for Supportive Housing. Between 1993 and 1998, the program financed the development of 281 units of affordable, service-enriched rental housing for homeless and at-risk populations, many of whom were coping with mental illness, histories of substance addiction, or HIV/AIDS. This demonstration also evaluated the success of the program, to determine whether the supportive housing model that had already been tested on a large scale in New York City and Chicago would work in the mid-sized cities and smaller communities of Connecticut.

A 2002 program evaluation, conducted by an independent evaluation team including researchers from The Center for Mental Health Policy and Services Research of the University of Pennsylvania Health Care System, found that supportive housing created positive outcomes for tenants while decreasing their use of acute and expensive health services. In addition, property values in the neighborhoods surrounding the supportive housing have increased or remained steady since the projects were developed. ***In short, supportive housing is a cost-effective use of Connecticut's resources to build healthy homes and communities for homeless and at-risk persons and families around the state.***

Some of the major findings from this third and final report of the program evaluation include:

Tenant Characteristics

- 444 people entered the housing as tenants in the nine Demonstration Program housing developments between June 1996 and February 2001.
- 351 tenants responded to an initial survey prior to the end of February 2001. These surveys revealed the following:
  - 34% of the surveyed tenants are women, 66% are men
  - Average age on entry into housing is 43 years
  - 78% were homeless at some point in their lives
  - Only 38% had lived independently in the time immediately before entering housing

  In the two years prior to entry into the housing:
  - 23% spent some time in jail or prison
  - 38% had been hospitalized for health reasons
  - 39% received mental health treatment
  - 34% received detox services
  - 29% were employed

Medicaid Data

Evaluators looked at Medicaid records to identify tenants' service utilization during the two years before and the three years after entering the housing. For the 126 Medicaid-eligible tenants who entered the housing and stayed in the housing for three years, the study found that they:

Decreased their utilization of restrictive and expensive health services:

- 71% decrease in the average Medicaid reimbursement per tenant using medical inpatient services.

Increased their usage of less expensive ongoing and preventive health care:

- These included services such as home health care, outpatient mental health and substance abuse services, and medical and dental services
- The number of tenants using medical or behavioral health outpatient services also increased after entering the housing, showing a peak at one year into their tenancy

Connecticut Supportive Housing Demonstration Program
Evaluation Report Highlights

Tenant Outcomes

Tenants who entered supportive housing prior to January 1998 and stayed housed for at least three years reported the following at the time of their 36-month survey:

- High levels of functioning: 89% reported becoming more independent; 90% said they performed the activities of daily living 'very well' or 'ok'.
- 83% reported their health as good to fair
- Levels of satisfaction with all aspects of the housing and services are high.
- Tenant income increased: average income increased from $500 to $639 monthly
- Two-thirds of tenants reported being employed or in education and training programs
- The majority of tenants in the sample see their current housing situation as desirable for the present, but also as a stepping stone to another type of living situation. Only a third of the surveyed tenants said they planned to live in their building permanently.

Project Financial Stability

This portion of the study analyzed the financial stability of the nine housing projects, all of which had been in operation for at least 30 months as of February 2001: Liberty Commons in Middletown; Hudson View Commons and Mary Seymour Apartments in Hartford; Crescent and Fairfield Apartments in Bridgeport; Colony and Atlantic Park Apartments in Stamford; Cedar Hill Apartments in New Haven; Brick Row Apartments in Willimantic. Key findings of the analysis include:

- All nine projects are financially stable; seven of the nine are exceeding their original operating projections.
- Occupancy rates are high—vacancy rates range from only 1% to 12%.
- Turnover rates are low, ranging from 7% to 21%, indicating that property management has been able to keep tenancy stable and the flow of rental income steady.

Impact on Property Values and Economic Benefits

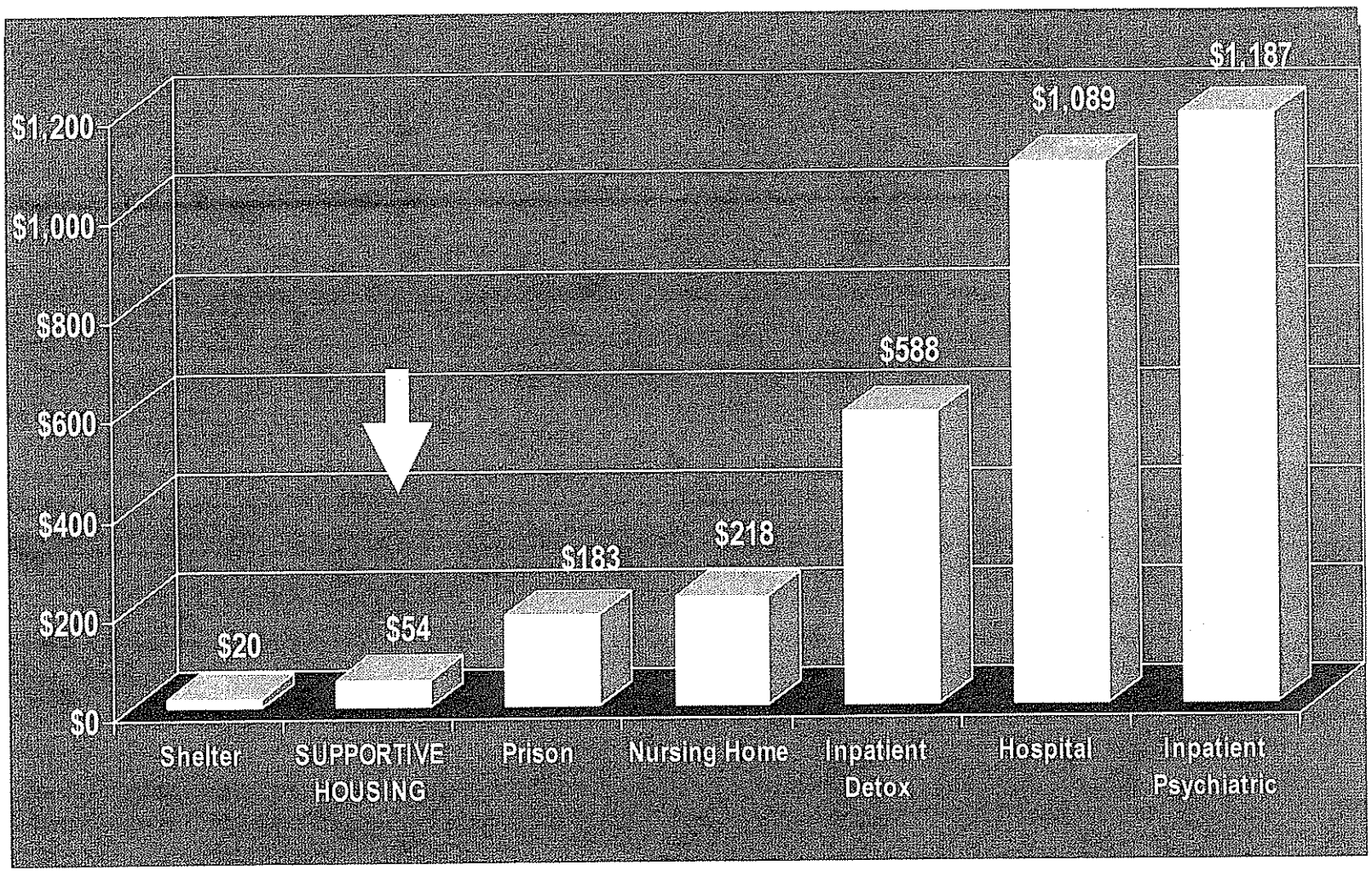
Evaluators analyzed sales of commercial buildings in each of the projects' immediate neighborhood, including apartment, retail and office properties, that occurred from just prior to the completion of the supportive housing projects (1996-1998) to the March 2002. They found that:

- Neighborhood property values increased for eight of the nine projects:
  - The neighborhood surrounding Mary Seymour Apartments in Hartford experienced a five-fold increase in property values.
  - Property values doubled in the neighborhoods of Liberty Commons in Middletown, Crescent Apartments in Bridgeport, and Cedar Hill Apartments in New Haven.
  - Property values increased by more than 30% in the neighborhoods of Hudson View Commons, Colony Apartments, Brick Row Apartments, and Fairfield Apartments.
- Where property values were highest (Atlantic Park Apartments in Stamford), neighborhood property values remained stable.
- The majority of neighbors and nearby business owners report that neighborhoods look better or much better than before the projects were built.*
- Development of the projects yielded $72 million in direct and indirect economic and fiscal benefits to Connecticut communities.*

Copies of the evaluation report are available through the Corporation for Supportive Housing, 129 Church Street, Suite 608, New Haven CT 06510, or through our web site at www.csh.org.

**This data is contained in the October 1999 report.*

Cost to the State of Supportive Housing compared to cost of alternative forms of care frequently utilized by homeless individuals with behavioral health needs



Costs shown are per day per person

Partners in Connecticut Supportive Housing Initiatives

CT Dept of Mental Health and Addiction Services

Service & capital funding

U.S. Dept. of Housing and Urban Development

Rent subsidies

Corporation for Supportive Housing

Technical assistance Predevelopment loans

CT Housing Finance Authority

Capital Financing

Private-sector housing and service providers

Service delivery, housing development

CT Dept of Social Services

Rent subsidies

Funds for CSH technical assistance and predevelopment loans

Connecticut Philanthropy

Capital financing

CT Dept of Economic and Community Development

Policy coordination

CT Office of Policy and Management

Rental payments Housing success

Tenants of Supportive Housing

Capital funding

Corporate Investors