

Testimony Before the United States Senate Finance Committee
Hearing on Welfare and Poverty in America
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In 2010, my colleague Kathryn Edin, a qualitative researcher who has studied American poverty for over two decades, began to encounter more and more families in conditions that were strikingly different from what she had seen a decade and a half earlier. These families did not just have too little cash to live on; they often had no cash at all. While some claimed benefits like the Supplemental Nutrition Assistance Program (SNAP), it seemed to Edin that the absence of cash permeated every aspect of their lives.

Had the number of American households with children surviving on virtually no cash income increased? Edin and I looked first to the nationally representative Survey of Income and Program Participation (SIPP), which yields the largest estimates of income among poor families. As of 2011, we find that in any given month there were 1.5 million households with 3 million children reporting cash incomes of no more than \$2 per person, per day, up 130 percent from fifteen years prior. We examined other data too, such as SNAP administrative tallies of recipients with no cash income, counts of homeless school children, and demand for charitable food aid. A consistent story emerged of worsening conditions faced by our nation's poorest families.

How do families end up in such extreme conditions? What do they do to survive, and what are the consequences, especially for children? In search of answers, we sought out families who were experiencing extreme poverty in different parts of the country: Chicago, IL; Cleveland, OH; Johnson City, TN; and a series of small towns in the Mississippi Delta. We

followed eighteen families over a number of years, and have published our findings in *\$2.00 a Day: Living on Almost Nothing in America*.¹

A clear theme that emerged from our research—and one we see evidence of in the SIPP—was that the families we met envisioned themselves first and foremost as workers. Jennifer Hernandez in Chicago says that working “gives me a sense of purpose.” Rae McCormick of Cleveland says, “My dad raised me that you work for everything you have.” When we asked families to imagine a better life in one year’s time, the near universal response was that they would be working in a job with stable, full-time hours, paying \$10 to \$12 per hour.

Yet devotion to work is not enough to shield these families from spells living on virtually nothing. The labor market they must compete in is unforgiving. We saw numerous examples of a parent applying for dozens upon dozens of jobs, to no avail. When they do find work, it is often in the service sector where they must manage instability in the number and timing of work hours.

Jennifer Hernandez had been hunting for work for ten months while living in homeless shelters with her children, Kaitlin and Cole, when she finally landed a position with a small family cleaning business. At first she liked the job, which included cleaning vacant apartments and office buildings. But as the Chicago winter set in, the workload shifted to a steady stream of foreclosed homes. Jennifer reports that these houses had “been shuttered for a long time. No power, no working lights, no heat.” The cleaning crew never knew what to expect: a squatting family? A crack house? A big obstacle was the lack of running water. Jennifer’s team would bring their own in large buckets, but it would quickly turn pitch black. Off they would go, buckets in hand, to a neighbor’s home or the nearest gas station to refill and carry the heavy buckets back to the job.

Breathing in dank air in moldy, cold homes, Jennifer's immune system weakened. She caught viruses and passed them onto her kids. As she called in sick more frequently, her boss marked her as unreliable, giving her fewer hours on the weekly schedule. Eventually her bi-weekly paycheck fell to \$200. She had a few months left of guaranteed housing, provided by the shelter when she initially got work. She decided to quit her job so she could get well and look for a new one. It took her 10 months to find this job, how long would it take to find the next?

Sometimes unstable relationships led to job loss. Rae McCormick insists that her shifts at Walmart were the best parts of her week, aside from the fleeting moments she and her two-year-old daughter, Azara, enjoyed together when "uncle" George and "aunt" Camilla were out of the Cleveland house they shared. In just six months at work she was named cashier of the month twice, because of her ability to key in from memory the four-digit bar codes of popular produce items. She would read the barcode numbers into a recording device and set it to play on repeat as she slept. "My subconscious did the job!"

None of this mattered, though, on the day that she climbed into George's pick-up and the gas light flashed on as she turned the key. She had just spent her entire paycheck on rent, groceries, and diapers, and had given George the agreed upon \$50 for gas so she could take the truck to work. Yet George and Camilla had emptied the tank over the weekend. Rae called her manager in a panic. Could anyone help her out, she pleaded? Her manager replied that if she couldn't get to work, she shouldn't bother coming in again. What's more, Rae says that George "sat there and told me that I'm selfish... that it was my fault I lost my job. All of it got put on me. And that's when I was like, 'You know what? I've had enough. I can't do it anymore.'" She moved back in with an abusive ex-boyfriend. Maybe things would be better with him.

None of the families in our study thought of TANF as a viable lifeline. When we asked Modonna Harris, a mother of one who was living in a Chicago family homeless shelter, whether she had considered applying for TANF, she told us, “they just aren’t giving that out anymore.” Rae McCormick was reluctant to apply; yet after months without a job, she went down to the welfare office to ask for help. She reports that a caseworker told her “Honey, I’m sorry. There are just so many needy people, we just don’t have enough to go around.” Today only a quarter of poor families with children access aid from TANF, and only about 26 percent of TANF dollars goes toward basic assistance. States take advantage of the significant flexibility allowed by the TANF block grant to divert dollars to other purposes, in some cases simply replacing existing state expenditures.²

If a family accesses programs such as SNAP and Medicaid, do they really need cash? Beyond the high rates of housing instability and material hardships we saw among families in extreme poverty, the best evidence that cash matters is the lengths to which families will go to generate just enough cash to buy new underwear or decent clothes at the thrift store for their kids, stay in their home for another night, or keep the lights on. Parents often feel they must resort to illegal activities to care for their children. They try to make the most of the few resources they have, including their bodies and their benefits, often at great cost.

Twenty-one-year-old Jessica Compton in Tennessee, fair skinned with a cloud of smoky black hair, donates her blood plasma for about \$30 up to twice a week, as often as the law will allow. When we met her, plasma sales were her family’s only source of cash income, as her husband Travis’s hours at a fast food joint had been cut after the holidays. Travis cannot donate because of his tattoos, but he can watch little Rachel and Blythe while Jessica is at the clinic. Jessica often is anxious that she will fail the required health tests. To get her iron count high

enough she eats an iron-rich snack bar on the way, and does breathing exercises to lower her blood pressure. After the procedure is over she says, “I get tired. Especially if my iron’s down, I get, like, really tired.” She can point to an obvious indentation in the crease of her elbow, a small scar from giving plasma so often.

The families we met very much subscribe to American ideals. They want to work in a decent job, they want a safe place to live, and they want to do right by their children. The more we can align policy to help them meet these goals, the more we, as a country, will have done right by Jessica and Travis, Jennifer, Modonna, and Rae. Whatever assistance I can provide as you consider policy alternatives with this goal in mind, I am at your service.

¹ Edin, Kathryn J. and Shaefer, H. Luke (2015). *\$2.00 a Day: Living on Almost Nothing in America*. Boston, MA: Houghton Mifflin Harcourt. To protect the individuals written about in this book, the names of people have been changed. All facts in this testimony come from *\$2.00 a Day* unless otherwise cited.

² Center on Budget and Policy Priorities. (2015). “Chart Book: TANF at 19.” <http://www.cbpp.org/sites/default/files/atoms/files/8-22-12tanf-rev8-20-15tanf-chartbook.pdf>; Schott, Liz, Pavetti, Ladonna, and Floyd, Ife. (2015). “How States Use Federal and State Funds Under the TANF Block Grant.” Center on Budget and Policy Priorities, http://www.cbpp.org/sites/default/files/atoms/files/4-8-15tanf_0.pdf; See also Germanis, P. (2015). “TANF is Broken! It’s Time to Reform ‘Welfare Reform.’” White paper.