

More of the same from Rep. Ryan's "new" poverty plan

On Thursday July 24th, House Budget Chairman Paul Ryan released a plan to address poverty in a report titled "[Expanding Opportunity in America – A Discussion Draft from the House Budget Committee](#)." While the report includes a few recommendations that would likely benefit poor children, namely an expansion of the Earned Income Tax Credit for childless adults and criminal justice reforms, the reports proposals for safety net and education programs would likely harm poor children. While touted as a new approach to addressing poverty, in fact the safety net and education proposals boil down to a renewed call to freeze spending and reduce accountability by block granting the Supplemental Nutrition Assistance Program (SNAP), Head Start, child care subsidies, Title I education grants for the disadvantaged, housing and other programs serving poor children and families under the guise of providing flexibility and customized assistance. As history has shown, block grants often are used by those who want to undermine federal programs for the poor, as block granting typically leads to decreased investments over time and loss of federal accountability.

At this stage, these are only proposals, and it is unclear what Rep. Ryan's next steps are. It is possible that the Budget Committee, perhaps together with the Ways and Means Committee, which Rep. Ryan may chair in the next Congress, will develop these ideas into legislative proposals in the next Congress.

The following summarizes the key parts of Rep. Ryan's proposal and the challenges it may pose to poor children and families:

1. Opportunity Grants

The main part of the Ryan plan is a new pilot block grant program that would consolidate up to 11 current programs, including SNAP, Temporary Assistance for Needy Families (TANF), housing programs, and child care subsidies, into a single "Opportunity Grant."¹ The stated goal of this consolidation is to give states flexibility to innovate, to provide a one-stop shop for recipients, and to provide customized assistance to meet the needs of the recipients. States would have to meet certain requirements to spend these funds: they would have to spend funds to move people out of poverty and into independence, people below poverty would have to be prioritized, there would have to be work requirements, the programs would have to administer at least some of the benefits through non-governmental organizations, and the state and federal government would have to agree on evaluation measures that would be assessed by a third party. In addition, participants would be asked to sign contracts outlining benchmarks they must meet, sanctions for

¹ The full list of programs is: SNAP, TANF, Section 8 Housing Choice rental vouchers; Section 521 Rural Rental Assistance payments; Section 8 Project-Based Rental Assistance; Public Housing Capital and Operating Funds; Child Care and Development Fund; Weatherization Assistance Program; Low Income Home Energy Assistance Program (LIHEAP); Community Development Block Grant; and Workforce Investment Act Dislocated Workers. States would be able to put some or all of these together into the block grant.

not meeting them, incentives for exceeding them, and time limits for remaining on cash assistance. The funding provided for the grants would be the same as that provided for these programs under current law, allowing Rep. Ryan to say that this is not a “budget-cutting exercise” and that the proposal is “deficit-neutral.”

One of the biggest flaws of this proposal is that if states take the block grant option and include SNAP it would eliminate SNAP’s ability to respond automatically and immediately to changing needs. Currently SNAP is an entitlement program, meaning anyone who meets the income and other eligibility requirements is entitled to benefits. This allows the program to respond in real-time to changing needs, whether due to economic recessions or natural disasters. SNAP is the main safety net program that can respond in this way, since TANF is a block grant. During the Great Recession for example, the number of people using SNAP grew by 45 percent, while TANF caseloads rose by just 13 percent. By including SNAP in his proposed block grant program, Rep. Ryan would allow states to eliminate the nation’s most effective program for meeting the changing needs of poor families. While the proposal argues that there are ways to increase funding when need increases (for example by tying funding to unemployment), none of the options proposed would work as well to meet changing needs as SNAP currently does.

History also shows us that in addition to not being able to automatically increase in times of greater need, block grants often lose value over time as legislators have difficulty seeing how block grant funds are being spent or their impact and begin to question their added value. This has happened with Temporary Assistance for Needy Families, which has seen its funding decline by nearly one-third in real terms since 1996. This has also happened with the Social Services Block Grant, flexible funding that states can use for a variety of programs to assist low income families. Ironically, Rep. Ryan calls for eliminating this flexible funding source, calling it an “ineffective program” (see more below).

Even if current funding levels are maintained, the proposal would likely lead to lower benefit levels given the cost of the case management proposed in the plan. While the idea of providing a one-stop shop for flexible and customizable aid could be effective, the proposal fails to recognize the extra administration and case management costs entailed. Benefits would most likely have to be cut to allow states to pay for the case management and administrative oversight needed for such a program meaning lower benefits or fewer people served or both.

2. Block-granting Head Start

In addition to the Opportunity block grant described above, Rep. Ryan proposes to also block grant Head Start, purportedly in order to provide states with more flexibility to experiment and identify programs that work. Head Start works—it gets poor children ready for school. There is no evidence to suggest that block-granting Head Start would lead to improved services. But as with other block grants it is quite likely that it could lead to lower funding over time and less

federal accountability. Block granting Head Start would also add a new layer of administration to the program as currently local programs are funded directly by the Federal government.

3. Block-granting Title I-A funding (and other education provisions)

Rep. Ryan proposes to block grant Title I-A requiring that money be spent on low income children, but not children in areas of concentrated poverty, thus exacerbating a current weakness of the Title I-A program for disadvantaged children. At the same time, Rep. Ryan proposes to change the current system of “accountability” for low student achievement in Title I-A to a system of “reporting” wherein states would need to submit a plan to show how poorly performing schools receiving Title I-A funding would improve; however outcomes for students, by income, race or disability are not addressed. The remaining Title I ESEA programs, including funds for neglected and delinquent youth, migrant students and children learning English as a second language, would either be consolidated or eliminated. Title II-A, which funds teacher and principal training, and Impact Aid, which directs funds to districts with military bases or on other federal lands, would be untouched.

4. Increasing the Earned Income Tax Credit (EITC) for childless workers

The Ryan proposal includes an increase in the value of the Earned Income Tax Credit for childless workers (some of whom may be non-custodial parents) and an extension to workers ages 21-24 that mirrors that proposed by President Obama. The major difference is in how those proposals would be paid for. President Obama would pay for this expansion by closing tax loopholes for wealthy taxpayers while Rep. Ryan would pay for it by cutting benefits for low income children and families. Under Rep. Ryan’s plan the bulk of the EITC increase would be paid for by eliminating the refundable part of the Child Tax Credit for children whose parents don’t have social security numbers (a proposal that was incidentally approved by the House Friday July 25th, with Rep. Ryan voting for it.) This would eliminate the credit for some 5.5 million children of immigrant parents, 4.5 million of whom are citizens. The proposal would also eliminate the Social Services Block Grant, calling it “ineffective.” Ironically, the Social Service Block Grant provides exactly the kind of flexible funding for low income families that Rep. Ryan wants to create with his Opportunity Grants. It is unclear why he would cut one while creating another. The report does say it would cut corporate welfare to help pay for the EITC expansion (and urges Congress to scale back corporate welfare and use those savings “to support effective programs and reduce the deficit”), however the cuts mentioned are minor: a \$200 million a year USDA program that subsidizes overseas promotion of U.S. goods (the USDA’s Market Access Program) and subsidies for clean energy.

5. Criminal justice reform

The Ryan proposal includes several provisions to limit sentences and promote successful re-entry among low-risk non-violent offenders that would help end the Cradle to Prison Pipeline,

including giving judges more flexibility when sentencing non-violent drug offenders. We are encouraged that Rep. Ryan recognizes the hurdles and inequities created by the criminal justice system and supports strategies to address them.

6. Higher Education

The higher education proposal centers on changing Pell Grants to a pot of money students could access over the course of their education from its current semester-by-semester award process, and changing the way institutions of higher education are accredited. Rep. Ryan also caps the amount and repayment method for PLUS loans. These are federal Department of Education loans that graduate or professional degree students and parents of dependent undergraduate students can use to help pay education expenses.

7. Regulatory reform

The Ryan proposal includes a short section on regulatory reform that proposes requiring Congress to review regulations that would disproportionately affect low-income families and suggests states and localities should eliminate “irrational or unnecessary” occupational licensing regulations. More detail is needed on these recommendations to assess how this would impact poor families.

8. Results-driven research

Rep. Ryan proposes creating a commission to advise Congress on whether and how to establish a Clearinghouse for Program and Survey Data that would consolidate data on government program participation and other administrative datasets to facilitate evaluation of program effectiveness.