

**I call it the Colorado Promise – the promise of creating a better Colorado for our children and our grandchildren. The promise of a brighter tomorrow, a new direction.**

*—Governor Bill Ritter, The Colorado Promise*

# p o v e r t y

Poverty is well documented to be the single greatest threat to children’s well-being<sup>1</sup>. The risks associated with poverty impact a family’s most basic needs, including ability to access affordable housing, health care, education, food, clothing, transportation and other fundamental needs.

## Poverty: Where We Are Now

Colorado has the 9<sup>th</sup> highest rate of children living in poverty in the US,<sup>2</sup> despite the 5<sup>th</sup> highest rate of per capita income nationally.<sup>3</sup>

There are approximately 3,643 homeless children and youth in Colorado on any given day<sup>4</sup>. Children and youth account for 1/3 of Colorado’s homeless population.

A report cited in the New York Times in 2007 stated that, “children who grow up poor cost the economy \$500 billion a year because they are less productive, earn less money, commit more crimes, and have more health related expenses.”<sup>5</sup>

Each year, about 42% of homeless youth transferred schools at least once. Of these, 51% transferred two or more times. With each change of schools, it is estimated that a student is set back academically by an average of four to six months. Three quarters of older homeless youths drop out of school.<sup>6</sup>

# Goals: Where We Need to Go

1. Increase access to safe, stable and affordable housing.
2. Promote self-sufficiency by helping families keep more of what they earn.
3. Expand access to safe, quality and affordable child care for low-income working parents.

## Increase access to safe, stable and affordable housing.

- ◆ 43% of Denver's homeless are women and children.<sup>7</sup> Just over 40% of people living in homeless shelters are under age 5.<sup>8</sup>
- ◆ In 2005, the fair market rent for a two-bedroom apartment in Colorado was \$832 per month. The wage necessary to afford this two-bedroom apartment was \$16.01 per hour, working a 40-hour week.<sup>9</sup> Minimum wage in Colorado is currently \$6.85 per hour.<sup>10</sup>

**Legislative Recommendation 1A: Make housing more affordable for low income families. Policy makers should explore creative public/private initiatives to expand the supply of affordable housing. Inclusionary zoning ordinances have proven to cultivate economic integration and reduce the burden of poverty. This would allow families with higher but inadequate incomes to access safe and stable housing.**

Montgomery County, Maryland's program is the USA's oldest and largest, since 1975 has produced over 11,000 affordable homes integrated into middle class sub-divisions. Two-thirds are sold or rented to working class families; the other third are acquired by the county public housing authority. As a result, Montgomery County, the USA's 13<sup>th</sup> wealthiest county and global center of biomedical and genetic industries, is also one of the most racially and economically integrated communities, boasting a top-quality school system."<sup>11</sup>

## Promote self-sufficiency by helping families keep more of what they earn.

- ◆ In 2006, 1 in 5 low income families in Colorado skipped meals because they did not have enough money to buy food. 40% of low income Coloradans worried about having enough money to buy food.<sup>12</sup>

**Legislative Recommendation 2A: Adopt the Self-Sufficiency Standard as the measure used to address issues of poverty in the policy making arena, as it more accurately addresses issues of the working poor in Colorado. In the past, federal, state, and local policy makers have relied upon the Federal Poverty Level (FPL) as the standard for measuring and addressing issues of poverty, including access to services such as food assistance and free and reduced lunch. Current research not only concludes that the FPL measure is outdated and inaccurate.**

According to the *Colorado Fiscal Policy Institute*,<sup>13</sup> the primary differences between the Self-Sufficiency Standard and the Federal Poverty Level measures include the following:

- The Standard is based on all major budget items faced by working adults: housing, childcare, food, health care, transportation and taxes. In contrast, the FPL is based on only one item: a 1960s food budget, updated only for inflation.



- The Standard uses current assumption that all adults work to support their families, and thus allows for work-related expenses. The FPL is based on a demographic model of a two-parent family with a stay-at-home wife.
- The standard varies geographically and is calculated on a county-specific basis. The FPL is the same regardless of where one lives in the continental US.
- The Standard reflects different costs by the age of children. This is particularly important due to childcare costs as well as varying food and health care costs. The FPL does not vary depending on the age of the child.

Replacing the FPL with the self-sufficiency standard is more accurate and effective and is an essential tool for the necessary changes required to help Colorado's most vulnerable children and families.

**Legislative Recommendation 2B: Restore the state Earned Income Tax Credit to help low-income working families to help themselves. The Earned Income Tax Credit (EITC) is a federal tax credit that allows low-income families to keep more of what they make. Workers who qualify can get back some or all of the federal withholding they pay throughout the year. They may also get additional cash back from the IRS, because the EITC is a refundable credit. The amount is based on how much people work and number of qualifying children.**

Families use their EITC refunds to pay off debt, invest in education, finance work transportation, and secure decent housing. According to national exit interviews and a local study done in the City and County of Denver, the most frequent uses of EITC refunds is school clothing, school supplies for children, paying bills, and car repairs. Economists estimate that EITC refunds will be re-spent 3-5 or more times within the community, thus stimulating the local economy.

Colorado's state EITC has a design flaw which makes the refunds available only during years when Colorado has TABOR refunds. Referendum C eliminated TABOR refunds until 2010-2011, and during that time, no state EITC is available. Recent revenue projections predict that the state will not have enough revenue above the TABOR limit to fund EITC until at least 2013.

The Colorado EITC has not been available since 2001. Recalling the EITC can produce an economic ripple 3-5 times the size of the credit. Colorado communities are losing an estimated \$200 million per year, every year the Colorado EITC is suspended.

**Legislative Recommendation 2C: Explore the implementation of Children's Saving Accounts (also called Birth Savings Accounts) in partnership with foundations and corporate partners, to encourage savings and asset building, promote financial literacy, and expand access to opportunities for children born into low income families.**

Children's Savings Accounts (CSAs) can be state or federally funded and administered long term asset-building accounts established for children at birth and allowed to grow over their lifetime. Accounts are opened with an initial deposit (usually \$500 to \$1,000) and built through contributions from family, friends, and the children themselves. Accounts are augmented by savings matches and other incentives. Savings in CSAs are restricted for financing higher education, starting a small business, buying a home, or funding retirement. Accounts gain meaning as young accountholders and their families engage in age-appropriate financial education.<sup>14</sup> Child Savings Accounts will not solve poverty, but will create a longer-term investment in access to opportunity.

*"We have learned from research and practice that possessing even a few thousand dollars in assets gives people an economic place to stand. Holding assets connects people to the economy, raises their economic expectations, and allows them to shape their futures. If assets are important to adults, they are even more powerful earlier in life when aspirations, knowledge, and savings are growing. There is an increasing body of academic research about the importance of saving in promoting educational attainment and breaking the cycle of poverty. Anecdotal evidence suggests that a lack of hope is a factor in many of the poor choices made by young people. With nest eggs, all children will be able to look toward a future in which they can invest in themselves."*

~ Center for Economic Development, Washington, DC [www.cfed.org](http://www.cfed.org)

The Initiative on Financial Security of the Aspen Institute (Aspen, CO) and their national partners have embarked on a 10-year national policy, practice, and research endeavor to develop, test, inform and promote matched savings accounts for children and youth (or CSAs) accompanied by financial education. This endeavor seeks to set the stage for universal, progressive American policy for asset building among children, youth, and families. Varying forms of CSAs are available to either all children or children meeting income eligibility in several countries including Canada, the United Kingdom, and currently, the US. Congress is again considering national implementation of the accounts.<sup>15</sup> Several states including California, Illinois, Kentucky and Maine have efforts underway to initiate various forms of CSAs at the state level.<sup>16</sup> Colorado's implementation of CSAs would not only benefit the long-term financial security of Colorado's children, but would also contribute to the national effort to address reducing and ending cycles of poverty.

### **Expand access to safe, quality and affordable child care for low-income working parents.**

- ◆ In 2006, to be eligible for subsidized child care in Colorado, a family of three could make no more than \$28,560, which is equivalent to 48% of the state's median income.

**Legislative Recommendation 3A: Increase eligibility and adopt fee and enrollment policies that are more supportive to working families. Adopt policies that support continuity of child care for families that have changeable lives (such as during a job loss through documented job search period).**<sup>17</sup>

Studies in risk and resilience demonstrate that risk is greatly mitigated by the presence of protective factors. The risks to young children living in poverty can be greatly reduced by the following two factors, working in tandem: 1) parents or caregivers are able to engage in full-time employment; and 2) families have access to quality, affordable child care and early learning programs.

**Legislative Recommendation 3B: Increase provider reimbursements and adopt policies that support qualified programs and providers in expanding services for low-income children and families.**

- ◆ By helping participants improve parenting skills, increase earnings, reduce dependency on welfare, and avert costs related to crime, Nurse-Family Partnership returns \$4 to society for every dollar invested, (according to a 1997 Rand Corporation study) and pays for itself by the time the children are 4 years old.<sup>18</sup>

Quality programs that serve low-income families with infants and toddlers, such as Invest in Kids, Early Head Start and the Nurse-Family Partnership have been shown to improve parenting skills and/or children's cognitive and emotional development.



## Leona's Story / Kathy Poirer, Director of Children & Family Services, The Gathering Place



Leona came to The Gathering Place - one in a long line of shelters, three years ago. I can still picture this tall striking woman hand in hand between her two children, her belly round with the promise of another. She had kind Irish eyes, and was sturdy as if sheer will would keep her and her children upright. She arrived from the Lambuth shelter, one of the two shelters that accepts homeless families.

When she married, Leona was young. She was in love then and she still is. From the beginning, she and her husband both worked and lived in an apartment. She is a traditional woman, and when her first two children were born in her mid twenties, she stopped working to care for them. Not long after her son Imhreas was born, her husband was permanently injured at his job site. Quite suddenly, they found themselves unemployable and without a home. Most of Colorado's available shelters house either men - or women and children. While homeless, Leona and her husband would have to split up in order to be accepted into a shelter.

During this trying time, Leona's goal was to find a stable home, a job, and childcare where she knew her children would be safe. A bright and resourceful woman, she would dress her children and regularly make her way to social services. There she was able to find food assistance and temporary aid, learning that there would still be no housing available for homeless families. She was then left to face our all too common barrier, that the normal stay within our shelters is thirty days. Leona had her family on every list imaginable, but there were simply no low-income homes available. As a result, she was forced to pack up her children and move to a different shelter in a new county - yet again. Provided that there was an opening, she would be required to go through an entirely new process and replicate her information on different forms to receive food and emergency assistance.

Eventually, Leona found work and opportunities to volunteer her skills - though her efforts have provided only a median wage and caused her to lose eligibility for basic assistance and Medicare coverage for her children. In spite of her resourcefulness and efforts, she's been unable to find any employment capable of covering the expense of quality daycare for her now three children - while still providing a sufficient income to cover market rates for an apartment.

This woman's entire wish has been to care for her children. In all of my experience, I have never seen a more attentive mother than Leona. I can recall watching her reading to her older children while holding a newborn, and still managing a smile. Between the traps of constant moving, the varying system demands, and the lack of any possible sustainable wage, she has always fought to keep her children safe despite her own escalating fears that this course might never end.

Frankly, her struggle caused me a great deal of anger. To see her determination again and again reaching for a system of imposed obstacles, though even I began to lose hope. If Leona, a fully dedicated mother and wife...with a sound mind and impenetrable resolve to offer her family a future, could not navigate our system or pull her head above water and save her little children - then what chance will there be for any other struggling mother or her children?

From August 2006 - July 2007, children made 3,985 visits to The Gathering Place. Some children played all day and ate three meals with us, before going back to the overnight shelter where they are staying. Others came for a few hours while their mothers studied toward a GED, washed laundry, or looked for jobs in the computer lab. These women, like Leona, still devote themselves and struggle to find a way to care for their children and themselves. We have the means, most certainly. We can develop a truly useful system to preserve and support these families. In the end - we are each responsible for the fate and future of our children, those powerless and trusting beings who rely on our guidance and vision to serve their ultimate potential.

- <sup>1</sup>Child Poverty. National Center for Children in Poverty, <[www.nccp.org](http://www.nccp.org)>.
- <sup>2</sup>Child Poverty Rates, <[www.unitedhealthfoundations.org](http://www.unitedhealthfoundations.org)>.
- <sup>3</sup>Personal Income Per Capita (2000). US Census Bureau. [www.census.gov/statab/ranks29.html](http://www.census.gov/statab/ranks29.html)
- <sup>4</sup>The Colorado Statewide Homeless Count. Point in Time Survey Report, February 2007. <[www.colorado.gov/cich/August\\_Report/Executive\\_Summary\\_FINAL\\_2\\_27\\_07.pdf](http://www.colorado.gov/cich/August_Report/Executive_Summary_FINAL_2_27_07.pdf)>
- <sup>5</sup>"Childhood Poverty is Found to Portend High Adult Costs," Erik Eckholm, The New York Times, January 25, 2007.
- <sup>6</sup>Best Practices in Homeless Education: Housing Agency and School District Collaborations to Serve Homeless and Highly Mobile Students, National Center for Homeless Education, 2007, <[www.serve.org/nche](http://www.serve.org/nche)>.
- <sup>7</sup><[www.DenversRoadHome.org](http://www.DenversRoadHome.org)>.
- <sup>8</sup>McKinney-Vento, Who Is Homeless? 2001- Law Into Practice. National Center for Homeless Education. [www.serve.org/nche](http://www.serve.org/nche)
- <sup>9</sup>Colorado's Children 2007, Child Welfare League of America, <[www.cwla.org](http://www.cwla.org)>.
- <sup>10</sup>Colorado Department of Labor and Employment, <<http://www.coworkforce.com/lab/MinimumWageFactSheet.pdf>>.
- <sup>11</sup>David, Rusk, Denver Divided: Sprawl, Race, and Poverty in Greater Denver.
- <sup>12</sup>Hunger in Our Neighborhood. Colorado State University, <[www.fshn.caahs.coloradostate.edu](http://www.fshn.caahs.coloradostate.edu)>.
- <sup>13</sup>Overlooked and Undercounted: Struggling to Make Ends Meet in Colorado, Colorado Fiscal Policy Institute, <[http://www.cclponline.org/ccs/documents/CCLPBooklet\\_FINAL.pdf](http://www.cclponline.org/ccs/documents/CCLPBooklet_FINAL.pdf)>.
- <sup>14</sup>State Policy Resource Center for Children's Savings Accounts. Center for Economic Development. <<http://www.cfed.org/focus.m?parentid=31&siteid=2166&id=2167>>.
- <sup>15</sup>Loke, V. & Sherraden, M., 2006, Building Assets from Birth: A Comparison of the Policies and Proposals on Child Savings Accounts in Singapore, the United Kingdom, Canada, Korea, and the United States. Center for Social Development, Washington University School of Social Work.
- <sup>16</sup>The Case for Child Accounts, 2007, The Initiative on Financial Security, The Aspen Institute, Aspen, CO.
- <sup>17</sup>Pearson, J., Venohr, J., 2007, Utilization of the Child Care Assistance Program in Denver. Center for Policy Research, Denver, Colorado.
- <sup>18</sup>Invest In Kids, 2007 <[www.iik.org](http://www.iik.org)>.