



**state of delaware  
child poverty task force**

**analysis of child poverty  
and economic opportunity in delaware**

**findings & initial recommendations  
executive summary**

**april 2009**

Dear Friends,

Children are 25% of Delaware's population but 100% of our future.

Kids are our future. They're an investment. And they're our insurance. When we retire, they will be the business leaders that keep our economy vibrant. They will be the policymakers sitting in Legislative Hall and the Governor's Office. They will be our entrepreneurs, educators and non-profit directors. They will be the leaders that guide Delaware through the 21st century. They **are** our future.

And if kids are our future, we shouldn't give them the short end of the stick today. I want Delaware's kids to be healthy, educated, and prepared to take the reins. And it all starts with our commitment to them today.

27,000 — that is the number of Delaware children living in poverty. One-third of all Delaware children live in low-income households. Too many children living from day to day without health care, falling further behind in school, facing homelessness, hunger, teen pregnancy and substance abuse. For the first time in generations only 34% of Americans believe their children will inherit a better America than the one their parents left them.

50% by 2019 — that is the goal of the child poverty task force. How do we reduce child poverty by 50% in the next ten years? This Executive Summary outlines the initial findings and recommendations in six broad categories: basic needs, health care, early care and education, building wealth and assets, education, and employability. Yes, it looks like an insurmountable list, especially in the current economic situation. But, I believe we are guided by the principle that **All Children Matter**. Every child in this state deserves a chance to succeed. We can either invest now or pay later.

As we release our initial recommendations at the Governor's Summit on Child Poverty and Economic Opportunity, I would like to thank former Governor Ruth Ann Minner for establishing this Task Force in late 2007 and Governor Jack Markell for continuing this commitment to our children. And I offer my heartfelt appreciation to the members of the Child Poverty Task Force and to the many citizens who participated throughout the state in this process. The quotes in this Executive Summary are the words of fellow Delawareans who struggle every day to make ends meet. The faces of the children are the faces of our own Delaware children.

We've talked to hundreds of Delawareans over the past year and they want to give their children every opportunity and every safeguard. Every child deserves a good education, quality health care, a safe home and a good community. Every child — no exceptions. But to make this a reality, it takes more than a Task Force report or a Governor's Summit. It takes action. There's no excuse for not acting now, for not giving children what they need, for not setting up this state for a successful hand-off to the next generation. No excuses. It's easy for us — too easy — to talk about how children are our future. But what happens when it's all talk and no action? We must invest our time, our energy and our resources now. Today, more than ever, we cannot fail our children. Too much is riding on it.



Terry Schooley  
Chair, Child Poverty Task Force  
Representative, 23rd District  
Director, KIDS COUNT in Delaware







## defining poverty accurately

Originally created in the 1960s, the Federal Poverty Level is a tool used to determine who in our population is living in poverty and also who may be eligible for assistance programs. Poverty thresholds were first developed with the assumption that a family spends one-third of their budget on food. However, a good deal of research advises that such an estimate is no longer accurate. In today's society, the cost of living includes many expenses unforeseen during the development of the poverty measures, such as quality childcare and the rise of unaffordable housing.

## why is child poverty important?

### lost economic opportunity

High rates of families experiencing economic hardship exact a grave toll on the U. S. economy from lost productivity in the labor force and spending on health care and the criminal justice system. Each year, child poverty reduces productivity and economic output by about 1.3% of GDP.

### child development

Economic hardship can have profound effects on children's development and their prospects for the future. Children most at risk for not achieving their full potential are children who live in poverty while very young and those who experience severe and chronic economic hardship.

## what causes child poverty?

- High cost of living
- Changing economy
- Lack of educational attainment
- Lack of assets and supports
- Family structure

The causes of poverty are multifaceted and more complicated than is typically realized. The individuals suffering from a life in poverty face institutional and structural barriers that cannot be attributed to personal deficits. The lack of employment possibilities, and therefore lack of economic self-sufficiency are issues that will not be resolved through the options of low-wage work and are compounded by the continual rise in costs-of-living. Low-income families need a concrete channel out of poverty which includes viable options to deal with the

high costs of housing, healthcare, and childcare. The acquisition of an education is fundamental to the eradication of child poverty. Parents need to have access to not only an education for themselves, but also the ability to ensure that their children are able to be prepared for an education as well. Opportunities for a quality education do not exist for all Delaware residents, whether it is for adults or children. Poverty is multigenerational and it is imperative to help the adults in low-income families, in order to prevent their children from experiencing the same disadvantages that poverty brings. Parents need to be able to attain and build assets to create a viable future for their children. Parents living in poverty are not able to acquire necessary assets on their own. In order to stop the proliferation of Delaware citizens in poverty, then needs of low-income parents need to be addressed.

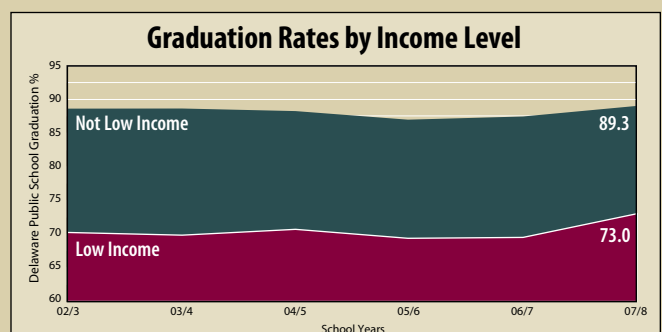
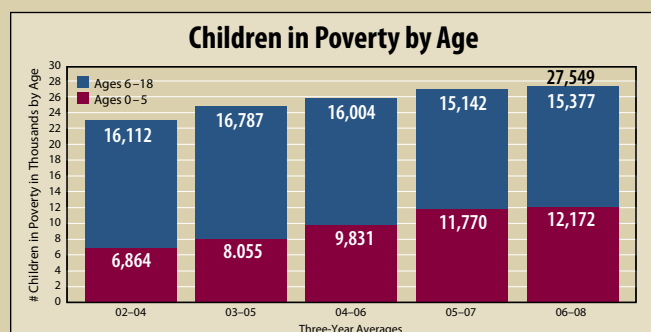
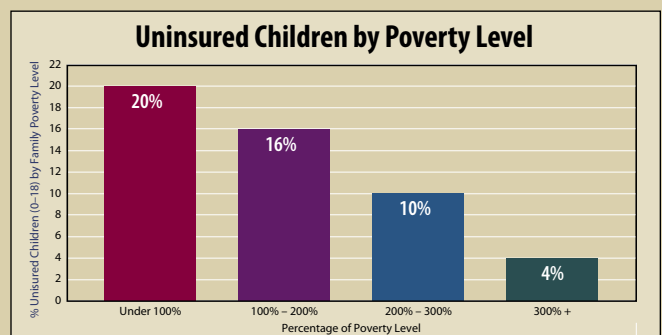
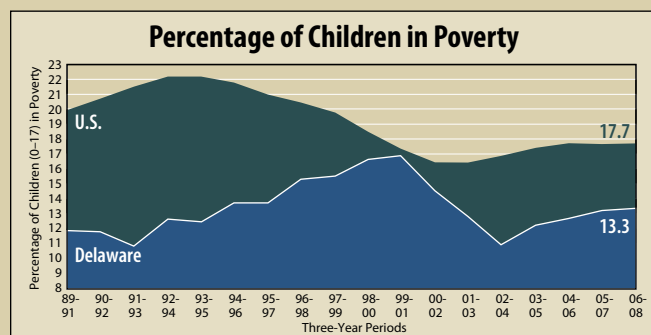


# child poverty in delaware

## How big is the problem?


The United States is one of the wealthiest countries in the world, yet of the seventeen wealthiest countries, it has the highest child poverty rate. More than 27,000 children in Delaware—over 13% of all our children—live in families with incomes below the federal poverty level.

33% of Delaware children live in low-income families that are defined as having an income at or below 200% of the federal poverty level. Children in low-income families are much more likely to be uninsured and to drop out of school than children in higher-income families.



Sources — All graphs: KIDS COUNT in Delaware. Percentage of Children in Poverty and Children in Poverty by Age: Center for Applied Demography and Survey Research, University of Delaware. Uninsured Children by Poverty Level: Kaiser Commission on Medicaid and the Uninsured. Graduation Rates by Income Level: Delaware Department of Education.





## delaware's child poverty task force

### task force history

Executive order number one hundred and one, executed by Governor Ruth Ann Minner, established the Delaware Child Poverty Task Force in the summer of 2007. The Task Force has spent over a year evaluating the causes of child poverty and the current remedies that exist for such children through state programs in order to accomplish its charge — reduce child poverty in Delaware by fifty percent over the next ten years.

<http://www.kids.delaware.gov/cptf/>

### work of the task force

#### Work groups

The Data and Research Work Group of the Delaware Child Poverty Task Force was charged with working collaboratively with the KIDS COUNT in Delaware data committee in order to present data to the task force as a whole regarding child poverty specific to Delaware. They led a discussion of the definition of “child” and “poverty” and identified risk factors, long-term effects and costs of poverty.

The Agency Inventory Work Group of the Delaware Child Poverty Task Force was charged with creating an inventory of agencies that address child poverty. They were asked to calculate the percentage served and document possible policy improvements and new ideas.

#### Public forums

The Public Meetings and Outreach Work Group of the Delaware Child Poverty Task Force was charged with the task of obtaining public input from citizens and stakeholders. To this end, they planned seven forums that occurred all over the state and included panelists that could discuss the realities about child poverty in Delaware. The meetings included a series of roundtable discussions in which members of the Task Force, as well as representatives of agencies not included in the Task Force, and members of the public could react to the panelists. Additionally, the forums encouraged participants to brainstorm not only about the current issues facing Delaware children in poverty, but also about the programs they felt were successful in helping children, which programs can be improved, and what might be missing from some of the programs.

#### Child Poverty Summit

Additionally, a Governor's Summit on Child Poverty and Economic Opportunity has been planned. Building Bright Futures: Advancing the Child Poverty Agenda, scheduled for April 2009, will focus on recommendations being considered so that priorities may be set prior to the final task force report being submitted to the Governor.

# creating economic opportunity in delaware

## contextual recommendations

1. Establish the Delaware Child Poverty and Economic Opportunity Consortium (DCPEOC) as successor to the current Delaware Child Poverty Task Force
2. Develop a new poverty definition for Delaware that considers more than just pre-tax income, including the post-mid 20th century changes that have occurred impacting family resources such as out-of-pocket medical expenses
3. The State of Delaware will conduct an analysis of benefit programs and their interaction with federal benefit programs to identify the cliffs facing working Delaware families. Then the state will work to adjust programs to adjust cliffs and move to a “step-down” benefits program to eliminate economic disincentives for wage advancement



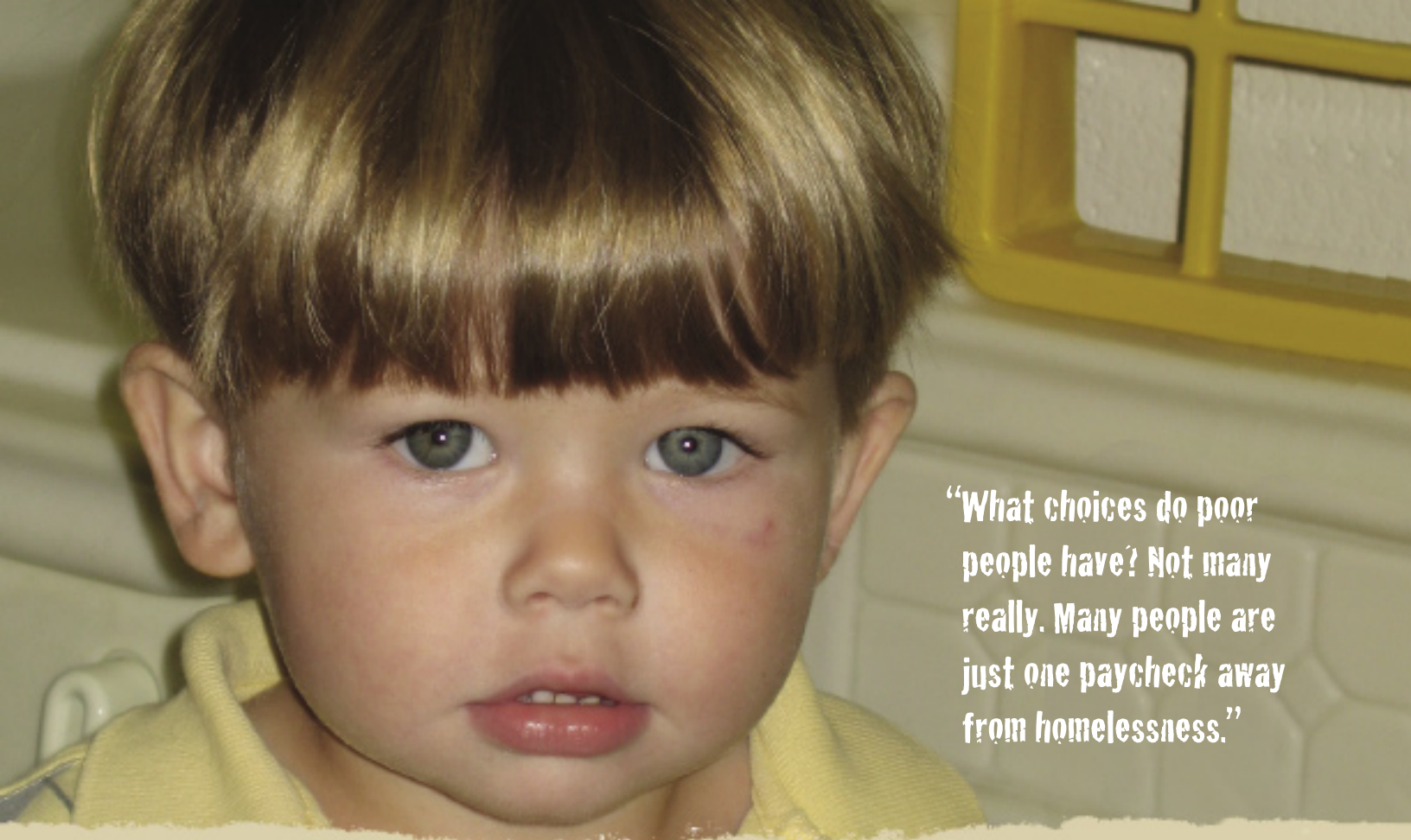
## creating economic opportunity in delaware

### Basic Needs – Homelessness, Food Security, and Transportation

#### Homelessness

1. Identify new and reallocate existing resources to create a system of long-term housing with accompanying supportive services
2. Support children aging out of the foster care system or other state institutions with housing assistance to prevent homelessness
3. Develop more effective homelessness prevention programs and shorter term housing assistance for homeless families and children
4. Support funding allocated to the Housing Development Fund for the purposes of creating a long-term statewide preservation strategy
5. Develop and maintain additional sources of rental housing subsidy for low-income families with children
6. Combine flexible housing subsidies with other educational and employment supports
7. Fund and expand the Delaware Emergency Mortgage Assistance Program to help more families who are at risk of losing their home to foreclosure due to the loss of a job, illness or some other circumstance outside of their control
8. Work with mortgage lenders and servicers to make sure that reasonable loan modifications can be made for families who can reasonably afford to stay in the home
9. Build capacity of housing default counseling agencies so homeowners can get help early in the foreclosure process
10. Improve the delivery of services by linking the different programs together to reduce administrative duplication, shorten waiting lists and allow families to receive the most appropriate level of home rehabilitation assistance
11. Improve code enforcement in rental units affordable to low-income families
12. Fund the state's Housing Development Fund (HDF) with an additional dedicated revenue source, to make more net housing units affordable to this population
13. Restructure existing programs, such as the Low-Income Housing Tax Credit (LIHTC) in order to make a percentage of these units contribute to an annual net increase in housing units affordable to this population
14. Increase the use of shared equity home ownership models, such as the community land trust (CLT), to make home ownership and asset accumulation possible for some households at the top of this income range





**“What choices do poor people have? Not many really. Many people are just one paycheck away from homelessness.”**

## creating economic opportunity in delaware

### Basic Needs – Homelessness, Food Security, and Transportation

#### Ensuring Food Security

1. Establish a school breakfast mandate so that more low-income children are served
2. Initiate a USDA Senior Farmer's Market program
3. Develop a USDA WIC Farmer's Market Nutrition program
4. Support Delaware's Food Banks to administer the USDA Temporary Emergency Food Assistance Program (TEFAP) as a cost effective and efficient delivery mechanism for getting food to people who need it
5. Improve and enhance delivery of the USDA Food Stamp Program. Specifically:
  - Increase enrollment efforts so that all eligible participants are being served,
  - Utilize additional federal options to assist people in qualifying for food stamps and
  - Encourage participation in program for working poor families
6. Expand availability of and participation in the summer food program
7. Support expansion of the Food Stamp Nutrition Education Program (FSNEP) in Delaware
8. Support the Child Protection Accountability Commission's proposed legislation extending the jurisdiction of Family Court over foster youth until age 21
9. Support the recommendations made by the Delaware Children's Campaign in its 12/2008 white paper entitled "Our Children: Aging or of Foster Care in Delaware."

#### Transportation

1. State government will continue its efforts to increase the availability of public transportation, especially in our rural areas.
2. State government will work with localities to review existing public transportation systems and explore potential changes to public services in order to increase the access of low income parents to employment opportunities, child care, and other resources.



**“I can’t afford a car seat –  
I have to take the baby to the  
doctor unrestrained, or choose  
not to go to the doctor.”**



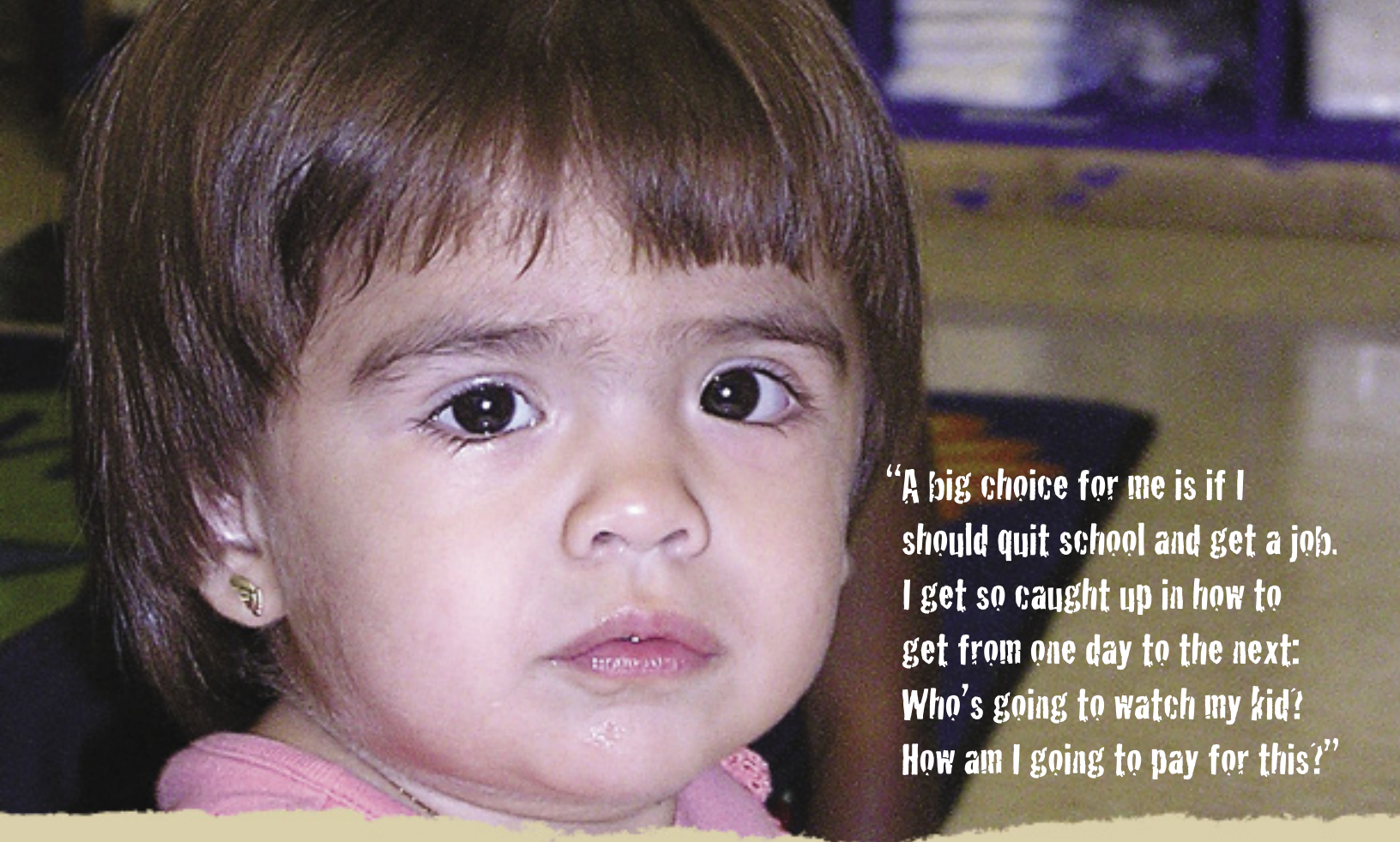
## creating economic opportunity in delaware

### Health Care

1. Cover all children
  - Support SCHIP eligibility expansion in Delaware to the proposed 300% of Federal Poverty levels
  - Intensify enrollment efforts, eliminate premiums and guarantee twelve month eligibility/enrollment
  - Offer SCHIP buy-in options for children whose family incomes are above the eligibility threshold but do not have access to or can’t afford comprehensive private health insurance
2. Fund and implement a health and wellness outreach program in minority communities to ensure that families have access to health care, fitness and nutrition programs







**“A big choice for me is if I should quit school and get a job. I get so caught up in how to get from one day to the next: Who’s going to watch my kid? How am I going to pay for this?”**

## creating economic opportunity in delaware

### Early Care and Education

1. Support a tiered-reimbursement for Purchase of Care linked to an early childhood rating system and additional funding as the market rate increases to minimize increases in parent co-pay.
2. Support an annual market rate review for Purchase of Care (POC) with resulting increases to bring rates to market rates for all childcare providers. Given the current economic climate, implement a phased-in increase over a four year period (2009-2012) unless economic circumstances allow for this phase-in to be accelerated. Increase reimbursement or revise subsidy standard to client so that client does not pay more out-of-pocket as the market rate increases.
3. Increase investments in professional development for early childcare providers with access to health benefits and incentives for childcare providers who provide health benefits.
4. Develop an educational scholarship and revolving loan fund to allow child care providers who care for low-income children under POC to gain additional training.
5. Include students as an eligible category for receipt of Purchase of Care (POC).
6. Stimulate the market to develop care during nontraditional hours.







**“I go to social services and hope that others are making the best possible decisions. You hope that they do their job and get you all of the benefits that are available. You’re putting your life into someone else’s hands.”**

## **creating economic opportunity in delaware**

### **Building Wealth and Assets – Income Transfers, EITC, Child Care Tax Credits, Minimum Wage, IDA’s, Financial Literacy, Predatory Lending**

1. Enact a refundable Delaware Earned Income Tax Credit at 20% of the federal credit to supplement low-wage parents. Given the current economic climate, implement a phased-in increase over a four year period (2009-2012) at 5% each year unless economic circumstances allow for this phase-in to be accelerated.
2. Expand and publicize the volunteer preparation of tax returns for low-income families to help low income taxpayers save on preparation fees and avoid expensive Refund Anticipation Loans that are marketed through paid preparers
3. Make Delaware’s Child and Dependent Care Tax Credit refundable based on what the federal rate would be if it were refundable. Delaware currently offers a non-refundable Child and Dependent Care Tax Credit.
4. Establish Delaware minimum wage standards that are above the federal minimum wage standard to assist families and individuals below Federal poverty levels in achieving self-sufficiency income levels.
5. Provide automatic adjustments as the cost of living increases in the Delaware minimum wage standards
6. Increase state funding and involvement to advocate, provide incentives, publicize and expand financial services for unbanked and low-income families and residents.





**“I have to choose  
which bill to pay. It’s  
sad when my choice  
comes to paying a bill  
to keep good credit  
or buying food.”**



## creating economic opportunity in delaware

**Building Wealth and Assets – Income Transfers, EITC, Child Care Tax Credits,  
Minimum Wage, IDA’s, Financial Literacy, Predatory Lending**

7. Develop of a Delaware “Office of Financial Empowerment” modeled after the one in New York City, with offices in state service centers that would provide, coordinate and facilitate the following services:

- Conducting the EITC Campaign as a core mission/function
- Bank accounts with no monthly fees, no minimum balance and an ATM card
- Savings accounts for depositing EITC refunds for which the account holder would receive 50% of the initial deposit up to a specified amount
- Individual Development Accounts (IDA) that provide a \$1.50 match for every dollar saved up to \$1,500 (a \$2,250 match plus the \$1,500 saved totals \$3,750)
- Short-term Certificates of Deposit (CDs) that would be redeemable in three or six months

- I-Savings Bonds (a special category of savings bonds) that can be purchased for a minimum of \$50 and can be cashed after one year.
- Credit Reports
- Financial management education—budgeting, wise use of credit cards, paying off debt, asset building, avoiding unfair or predatory lending practices, etc.

– Individual financial counseling

8. Establish kiosks in state service centers to distribute program information on existing programs currently available such as Delawareans Save, Technosave, Individual Development Accounts (IDA’s), EITC, etc.

9. Set legislated caps on maximum fees for payday loans made by unregulated lenders, exempting any state or nationally chartered bank

10. Encourage and/or provide incentives for banks and other financial institutions to provide banking services for low-income or unbanked residents



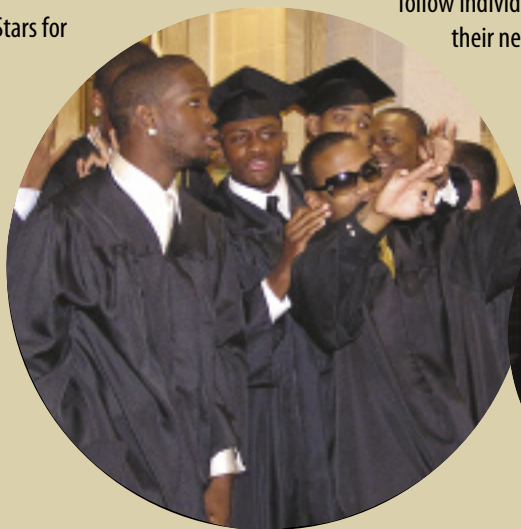
**“It’s important to help mothers believe in themselves. I don’t want to be a product of my environment, but a producer of my future.”**



## **creating economic opportunity in delaware**

### **Education – Standards, Achievement Gap, High School Completion**

1. Set high standards: set sights high with challenging expectations for every child coupled with high quality learning and additional instruction time to give students a good shot at meeting the higher standards
2. Invest in Early Childhood Education:
  - Tuition subsidies for more low-income 3- and 4- year-olds to attend high-quality educational programs
  - Required participation in the Delaware Stars for Early Success Program, which sets high-quality program standards
  - Annual license renewals for all early child care and education providers to ensure consistent high quality
  - Additional professional development for providers so that they have the knowledge and skills to serve our youngsters well
  - Data systems to share information and follow the educational progress of students from prekindergarten through grade 12
- Increased coordination across service agencies for children from birth to age 3
3. Develop and support high-quality teachers
4. Empower principals and teachers to lead their schools
5. Encourage innovation and parent involvement, require accountability
6. Establish a simple and equitable funding system whereby resources follow individual students and are allocated based on their needs







**“My biggest choice?  
What can we do without.”**

**“For families trying to  
keep roof and electricity,  
food becomes a source  
that can scrimp.”**

**“Do I buy diapers or  
do I buy formula?”**

## creating economic opportunity in delaware

### Employability – Vocational Training, Creative Partnerships, Employer Incentives

1. Support outreach, coordination and marketing of currently existing services including:
  - Programs to assess and address inadequate individual reading and math skills that are barriers to employment training and employment
  - Training programs that develop curricula to meet workforce shortages and foster employment in high-growth industries and employment areas.
  - Access to GED and vocational education and training for adolescents, young adults and low-income parents
2. Support off shoots of the DOL “one-stops” closer to or in the local community
3. Pass legislation to implement automatic expunging of misdemeanor and felony charges for juveniles
4. Pass legislation to implement automatic expunging of misdemeanor and felony charges for adults.
5. Provide incentives to employers who are hiring juveniles or adults with criminal records by building a Delaware version of the Federal Work Opportunity Act
6. Create a re-entry strategy and program that increases re-entry supports (substance abuse treatment, emotional, behavioral and mental health, housing, vocational training and employment, mentoring and case management) for adults and juveniles returning to communities from criminal and juvenile justice institutions and treatment programs.
7. Support entrepreneurial goals in low-income communities by supporting development of micro-enterprise.
8. Support programs that address emotional, behavioral and mental health and skills development.







## next steps

### Poverty Summit

The Delaware Summit on Child Poverty and Economic Opportunity, Building Bright Futures: Advancing the Child Poverty Agenda, will focus primarily on how to better support low-income children and families.

Summit Purpose:

- Release of the Governor's Child Poverty Task Force Report
- Hear from national and state experts on the status of child poverty and strategies to reduce child poverty
- Discuss and prioritize Delaware's draft recommendations

The action plan for advancing the agenda of reduced child poverty will be developed based on the work of the Task Force and will be further shaped using input gleaned at the Summit.

Action plan will

- Set goals
- Build stakeholders
- Define outcomes

Central to all will be economic opportunity and maximization of life chances and connections. The Summit will help to strategize the types of policy actions needed and that can be reasonably taken.

### New Research from KIDS COUNT in Delaware on Benefit Cliffs

Research conducted by the National Center for Children in Poverty has found that the programs created to assist people in poverty can also trap them as they try to become self-sufficient. Called the "cliff effect," the phenomenon occurs when individuals in poverty find their work support benefits abruptly eliminated or reduced if their income increases, even marginally. Those who receive child care subsidies, food stamps and income tax credits may find losing such benefits is not worth the additional income that may come with a higher level of employment or working more hours. In fact, some families find they are far worse off after a modest pay increase because of the benefit cliffs, resulting in a disincentive for the family to strive for self-sufficiency.

The Annie E. Casey has awarded the University of Delaware's KIDS COUNT in Delaware project a grant to analyze both the current benefit cliffs which families struggling to escape poverty face and the proposed recommendations being considered in Delaware by the Governor's Child Poverty Task Force. Based on this analysis, KIDS COUNT in Delaware will make recommendations for specific changes to Delaware's current benefits and family support eligibility rules, focusing these solutions on holding working families harmless for advancement as they make the most of opportunities to leave poverty. KIDS COUNT in Delaware is housed in the Center for Community Research & Service at the University of Delaware and led by a board of committed and concerned child and family advocates.





## acknowledgements

### Poverty Summit Sponsors

National Governors Association  
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KIDS COUNT in Delaware  
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Delaware Department of Education  
Delaware Department of Labor  
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Delaware State Housing Authority  
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For a full copy of the findings and initial recommendations, please go online to

**[www.kids.delaware.gov/cptf](http://www.kids.delaware.gov/cptf)**