



Basic Needs Assistance for the Poor Advances Economic Recovery and Employment Goals

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The current recession is associated with sharp rises in unemployment and underemployment, leaving families with fewer resources to address their most basic needs—food, heat, and shelter. These circumstances have led Congress and President Obama to consider including additional funds for emergency assistance programs within proposals for economic recovery legislation—the recently passed H.R. 1 and still pending Senate version that will soon head to a conference committee.

Helping low-income families and individuals is reason enough to expand funding for these programs, but providing for these basic needs also helps the entire nation by advancing economic recovery and employment goals.

Food

Recovery package proposals have included additional funding for the following federal food programs:

- Supplemental Nutrition Assistance Program (food stamps)
- Emergency Food Assistance (food banks, food pantries, soup kitchens)
- Women, Infants, and Children (WIC)

Including these programs—which directly provide food and cash benefits for food purchases—in the recovery package is imperative. Just prior to the beginning of the current recession in December 2007, 36.2 million Americans, including 12.4 million children, suffered from food insecurity at some point during the year. This means that a lack of money or other resources either prevented them from having enough food to eat or created some doubt in that regard. The years 2007 and 2008 were marked by a combined food price increase of 9.5 percent, a factor that has made matters worse. Although recent USDA estimates predict a slight reversal of the trend, with an expectation that food prices may decrease 3 to 4 percent in 2009, prices may not return to previous levels, raising concerns about affordability for America's most vulnerable families.

A combination of price increases and a significant number of Americans experiencing food insecurity has increased nationwide participation in food aid programs. Between 2003 and 2007, nationwide SNAP/Food Stamp program participation grew by 24.5 percent. In September 2008, participation reached an all-time high of 31.6 million people.

Emergency food programs are also seeing increased need as a result of the recession. According to the U.S. Conference of Mayors, 20 of the 21 cities it surveyed indicated growth in the requests for emergency food assistance during 2008. On average, demand increased by 18 percent, reflecting a higher number of first-time requests for assistance. Even before the recession began, Feeding America (a network of emergency food services programs) reported that 65 percent of food pantries, 61 percent of food kitchens, and 52 percent of shelters reported increases in their number of clients between 2001 and 2005. The current downturn has put even greater strains on those who use these services

Serving basic needs: Providing food to needy households will help reduce food insecurity and hunger. Investments in food stamps, Emergency Food Assistance, and WIC will allow the programs to serve more people and/or increase the value of benefits. This is especially important as more people become unemployed, have fewer financial resources, and are forced to choose between food and other basic necessities such as utilities, rent or mortgage, or medicine. The consequences for both children and adults are dire, since hunger and food insecurity are associated with poor health, low birth weight babies, developmental and academic delays, stunted growth, and the aggravation of pre-existing medical conditions.

Contribution to national employment goals: According to the USDA, each \$1 billion invested in food stamps results in an increase of 16,400 private sector jobs due to expanded economic activity in such areas as farming, livestock, food processing, and transportation. Further, food expert Joel Berg points out that food programs help recipients seek employment and function on the job: “Finding and keeping a job is hard enough—it is even harder on an empty stomach.” Among other research, he cites a study indicating that women who have enough food to eat have better employment and income outcomes.

Other benefits related to recovery: Investments in food programs increase the spending power of low-income households. Their limited resources and unmet needs make them more likely to spend, increasing their consumption and contributions to the economy’s recovery. The Congressional Budget Office has noted that the vast majority of food stamp benefits are spent extremely rapidly, so the effect is immediate. Ultimately, each \$1 invested in food stamps results in an economic boost of nearly \$2.

Heat

Recovery package proposals have included additional funding for the following energy assistance programs:

- Low Income Home Energy Assistance Program (LIHEAP)
- Weatherization Assistance Program (WAP)

These programs are vital in ensuring that households are able to maintain healthy temperatures during the winter and summer months. The Low Income Home Energy Assistance Program, or LIHEAP, provides income supplements to households struggling to pay their home heating and cooling bills. The Weatherization Assistance Program, or WAP, reduces those bills by providing services that make low-income homes more energy efficient.

These programs have helped families manage escalations from 2000 to 2007 in the real prices of utility bills that ranged from 7 percent to 64 percent depending on a household's source of home energy (natural gas, heating oil, electricity). Low-income families have a history of spending a higher share of their income on utility bills—on average, they spend 16 percent of their income on home energy compared to 3.5 percent for non-low-income households.

These programs have been chronically underfunded despite existing need—in recent years, LIHEAP served only 16 percent of its eligible population while WAP annually serves approximately 0.7 percent of homes that are both eligible and good candidates for services.

Although the end of last year was marked by increased funding for LIHEAP and a decline in the prices of home energy sources, both programs still require greater investments due to: 1) cumulative recent price increases that have yet to be fully reversed; and 2) the growing number of households demanding services.

Serving basic needs: Recovery package proposals increasing low-income home energy assistance will allow more homes to be weatherized, an increased number of households to receive LIHEAP supplements, and some to receive increased supplements. On average, LIHEAP reduces home heating costs by 40.2 percent. WAP saves families 21 percent on their home energy bills. Making home energy affordable saves families from being forced to cutback on other necessary items such as food and medicine, minimizes the health risks posed by extreme temperatures, and minimizes fire hazards caused by a reliance on portable heaters.

Contribution to national employment goals: Both WAP and LIHEAP provide, or contribute to, weatherization services that make homes more energy efficient. According to one Department of Energy estimate, each \$1 million of program funding creates 52 direct jobs along with additional indirect jobs for subcontractors and material suppliers.

Other benefits related to recovery: Families that spend less money on home energy have more money available to contribute to the economy by buying other goods and services.

Shelter

Recovery package proposals have included additional funding for the following homeless assistance programs:

- The Emergency Food and Shelter Program
- Homeless Assistance Grants
- Education for Homeless Children and Youth Program

Individuals and families relying on homeless assistance programs are in emergency situations and require help with shelter and related issues. Housing and Urban Development data indicates that 1.6 million people, including 473,500 people in families with children, lived in a homeless residential facility (emergency shelter or transitional housing) at some point during the 12-month period just prior to the beginning of the recession. However, these numbers only reflect one slice of the problem—a number of people live on the streets, in cars, in abandoned buildings, or they temporarily share the housing of others.

An ongoing national movement has resulted in 300 communities developing 10-year plans to end homelessness. According to the National Alliance to End Homelessness, or NAEH, these efforts coincide with a 10-percent reduction in homelessness between 2005 and 2007. Although data is limited due to such factors as changes in data collection methods and the lack of inclusion of all subpopulations that fit within definitions of homelessness, there is reason to believe that thoughtfully created community plans can decrease homeless numbers. Unfortunately, funding for the programs will likely suffer due to the growing negative effect of the recession on state and local budgets.

In addition to concerns about program budgets, there is reason to be alarmed about potential growth in the homeless population. Influencing factors include increases in unemployment and associated drops in resources for rent and mortgage payments and the dramatic rise in foreclosure rates. Although HUD's 2008 homeless data has yet to be released, the following is available:

- The National Alliance to End Homelessness estimates that 1.5 million additional Americans could experience homelessness over the next two years.
- Locations such as Massachusetts, Denver, and St. Paul documented increases in homelessness and shelter use in 2008.
- Sixty-one percent of local and state homeless coalitions believed that homelessness had increased within their jurisdictions due to the foreclosure crisis.
- Between the 2006-07 and 2007-08 school years, 27 percent of surveyed school districts reported at least a 25-percent increase in identified homeless students.

Homeless individuals and families lack the stability and security associated with a permanent home. For children, the consequences can be dire, with homelessness being associated with an increased risk for illness, emotional and behavioral problems, developmental delays, and educational disruptions and setbacks.

Serving basic needs: Investments in homeless services will achieve several beneficial results. First, funds will be directed toward preventing homelessness for individuals and families who experience a sudden reduction in income and who only require temporary assistance in order to maintain permanent housing. This is a benefit to the growing number of Americans who are joining the ranks of the unemployed and experiencing temporary losses in income. Finally, children who become homeless could be supported by measures that help them receive additional academic supports and maintain school stability even as they face residential mobility.

Contribution to national employment goals: As the nation endeavors to reduce unemployment and put people back to work, it is important to ensure that homeless people are not left behind. This population faces certain employment barriers including inadequate skills or experience, limited transportation, lack of access to training and educational programs, or mental or physical health problems. Proposed investments in homeless programs include employment services and other supports that will help this population find and maintain work.

Other benefits related to recovery: Recovery package investments in homelessness prevention would ultimately benefit the diminished budgets of state and local governments. In addition, a Department of Health and Human Services study found that providing temporary rent or utility assistance aimed at avoiding eviction successfully helps families retain their permanent housing while also providing a more cost-effective solution to the problem—the average homelessness prevention benefit was one-sixth the cost of providing housing at a homeless shelter. Although certainly not all evicted families move directly into shelter, some do and many others eventually find themselves in such facilities after exhausting the kindness of family and friends.

Additionally, families will avoid the costs associated with moving to new locations (e.g., security deposits) once they get back on their feet. These funds can be spent on other goods and services benefiting local economies.

Other supports

Recovery package proposals have included other general supports that address the above outlined basic needs for food, heat, and shelter. For example, national service programs such as AmeriCorps and the Senior Community Service Employment Program, or SCSEP, often fund the work of non-profit employees that provide emergency food

services or aid to the homeless. Organizations receiving funding under the Community Service Block Grant, another targeted program that may receive additional funding, provide holistic services to low-income households. These services include food, heat, or shelter, but also other supports that are helpful during times of recession—e.g., employment services such as worker training or job banks. Finally, any additional assistance received by state governments could reduce budgetary strains that may cause cutbacks in state and local government contributions to basic needs safety net programs.

Moving beyond these essential needs, Congress is considering providing additional supports to other programs that benefit low-income people in such areas as tax credits, childcare, unemployment insurance, K-12 education, workforce training, and health care. To learn more about what these additional funds could mean for your state, look here.

Conclusion

The passage of economic recovery legislation that includes funding for basic needs and other supports is crucial to helping poor and low-income families weather the current financial crisis. It also creates jobs, helps state and local budgets, and increases consumer spending. However, after this legislative effort is completed, there will still be more work to do. These individuals and families will likely need additional supports especially if the recession is deep and lengthy. Further, the country still has a long way to go in its efforts to reduce and eliminate poverty—a goal that should not be lost sight of even as the current crisis makes matters worse.