

Poor No More

A Policy Agenda to Reduce Poverty in Louisiana

All children deserve the opportunity to grow and thrive. Unfortunately, half of Louisiana's children live in low-income families struggling to make ends meet. Growing up poor affects virtually all of a child's opportunities in life. The direct effects of poverty cost Louisiana an estimated \$11.2 billion every year due to lost productivity and earnings, involvement in the criminal justice system and poor health outcomes. In order to ensure the future prosperity of our state, Louisiana can adopt some simple, research-based policies that will relieve poverty, enhance productivity, and offer our children a fuller quality of life. The policy agenda outlined below is just a start!

Income and Asset Building

All families deserve the opportunity to save their hard-earned money and support their children. Tax relief is one way that Louisiana can help families increase their income and build assets.

- **Increase the state refundable Earned Income Tax Credit:** The 2007 Louisiana Legislature created a state Earned Income Tax Credit (EITC) to help working families. The credit – 3.5% of the federal credit – is worth up to about \$150. While this is a major step forward, the state could provide more significant support to working low-income families by increasing the state EITC to 10% of the federal EITC.
- **Create a state income tax floor:** Targeted tax relief can help low-income families access economic opportunities by retaining more of their earnings. Unfortunately, the Louisiana tax code actually taxes some families deeper into poverty. Louisiana is one of only fifteen states in which a single parent with two children whose income is below the poverty line has to pay state income taxes. Louisiana can reduce the tax burden on poor families by both expanding the state EITC and creating a no-tax floor. A no-tax floor sets a dollar level below which families owe no tax, but does not affect tax liability for families above that level.

Effective Support for Working Families

Effective work supports, such as Child Care Assistance, public health insurance, housing assistance, and food stamps, are invaluable tools that help families transition from poverty to self-sufficiency. State agencies can make policy changes to ensure that families' needs are effectively met.

- **Expand Medicaid to Serve More Parents:** When parents have health insurance, children are more likely to get the health care they need. Louisiana ranks in the upper tier of states for connecting eligible children to Medicaid and LaCHIP. However, we have the lowest income eligibility threshold for working parents in the nation--in order to be eligible for Medicaid in Louisiana, a family of three must earn less than \$3,360 a year. Louisiana's Department of Health and Hospitals, which administers the state's Medicaid program, should increase the eligibility threshold for parents in the Medicaid program.
- **Eliminate Benefits Cliffs:** Work supports, such as Food Stamps, Child Care Assistance, and Medicaid, are critical in helping families bridge the gap between low wages and the cost of basic necessities. Unfortunately, income eligibility limits often "punish" working families for getting a raise or working more hours by cutting off benefits abruptly, pushing them back into poverty. State agencies can ensure that working families experience a smoother transition to self-sufficiency by increasing income eligibility limits for key programs, such as Child Care Assistance and FITAP, Louisiana's cash assistance program.
- **Help Families Transition from Cash Assistance:** Louisiana has one of the lowest cash assistance levels in the nation. A family of three receives just \$240 a month, 17.9% of the federal poverty level. Once families begin work, they face steep reductions in cash assistance, often before their earnings are sufficient to support their families. This can discourage families making the difficult transition from welfare to work. Louisiana can help families develop financial stability before they are moved off of cash assistance by increasing the amount of recipients' work income that is disregarded for financial eligibility tests.



**AGENDA
FOR
CHILDREN**

A VOICE FOR LOUISIANA'S CHILDREN

Agenda for Children, Louisiana's statewide child advocacy organization, works to make Louisiana a state in which all children can thrive. For more information about Agenda for Children and the Poor No More agenda, please visit www.agendaforchildren.org.