







What is Public Policy and What is its Connection to the Budget?

The Governor, the Legislature and the Board of Elementary and Secondary Education have the joint responsibility of setting public policy for the children of Louisiana. Public policy for children includes courses of action, regulatory measures, laws, and funding priorities to address their needs.

Ideally, public policy will be a principled guide to address the needs of children and ensure they mature into productive citizens. It should identify a need and direct resources to meet the need in a way that will assure the desired outcome. Good public policy will provide for investments in evidence-based programs that have been shown, through studies, to provide desired results and deliver a real return on investment.

The executive budget is the primary public policy document for the state. Laws and resolutions that identify needs and responses will not be effective if funding is not provided.

As elected officials, the children of Louisiana are your constituents. The future of Louisiana requires elected officials to make children their top priority to guarantee a vibrant Louisiana in the future.

The term, Evidence-Based Practice (EBP), originated in the medical community in the 1990s. An EBP is the current best practice that has been subjected to strong scientific research and interpreted using a very narrow set of methodological criteria. Since the 1990s, the EBP concept has been adopted in many other fields, including child and family services.

LOUISIANA'S CHILDREN Family Economic Stability

By some measures, Louisiana's economy is doing well. More people than ever before are in the workforce, and household incomes are rising slowly after years of stagnation. Yet the number of families struggling to make ends meet remained high last year and broad racial disparities persist, according to 2014 data from the U.S. Census Bureau.

Louisiana continued to have the nation's third-highest poverty rate in 2013, according to the latest figures from the American Community Survey (ACS). Nearly one in five Louisianans—888,019 people, or 19.8 percent of the population—lived below the federal poverty line last year. That's a slight improvement over last year's 19.9 percent poverty rate, but still well above the national rate of 15.8 percent.

How Are the Children?

The news is even worse for Louisiana's children, who are much more likely than adults to live in poverty. Louisiana had the fourth-highest child poverty rate in 2013 at 28 percent. In some regions of the state, nearly 4 in 10 children live below the federal poverty line, and many more live in households that are only slightly above the poverty line.

Louisiana also has the third-highest rate of income inequality in the country, which tells us many families are being left behind even as some industries are flourishing. This inequality is reinforced by a tax code where families in the bottom 40 percent of income earners pay state and local taxes at more than twice the rate as families in the top 1 percent.

LA ranks 47th in economic well being of children.

KIDS Count

"In 2000, 9% of children lived in census tracts where the poverty rate of the total population was 30% or more. That figure rose to 14% for the period from 2009 to 2013." KIDS Count



Family poverty has a profound impact on children, who are less likely to graduate from high school, avoid incarceration and join the middle class if their families are poor.

Taken together, Louisiana's poverty numbers underscore the continued need for policies and investments that lift families out of poverty and help workers pay their bills, such as expanding the state Earned Income Tax Credit (EITC), passing a state minimum wage and making highquality child-care assistance available to working parents.

Louisiana Child Poverty Prevention Council (Act 599)

Louisiana has focused on poverty in recent years. In 2008, the Legislature created the Louisiana Child Poverty Prevention Council (Act 599), with its purpose of pursuing programs to reduce child poverty in the state by 50% over the next ten years. The Council submitted a report to the Joint Legislative Committee on Health and Welfare in 2009, recommending the following:

- Improve birth outcomes,
- Be a national model for comprehensive, evidencebased early childhood education initiatives,
- Strengthen Disadvantaged Youth Connections to School and Work, and
- Raise the State Earned Income Tax Credit (EITC).

The Child Poverty Prevention Council met throughout 2009 and 2010 to further develop recommendations. One suggestion – which was never adopted – was to require a poverty impact statement on all legislation. Another recommendation addressed the economic benefits of early childhood investments and referred to early childhood development as the foundation for a prosperous and sustainable society. Policy implications were discussed that mirror and support the assertions in other sections of this Platform. These include:

- Early preventive intervention is more efficient and produces more favorable outcomes than remediation.
- Focus on emotional, social, cognitive and language development will prepare children for success in school and in the workplace and the community.
- Supportive relationships and positive learning experiences begin at home but can be provided through other services/organizations, with success.
- Early intervention is critical to achieving positive outcomes in cases where toxic stress exist.

There has been no activity from the Louisiana Child Poverty Prevention Council since 2010.

Earned Income Tax Credit

Recent anti-poverty legislation in Louisiana has focused on two specific programs - the Earned Income Tax Credit and the minimum wage.

The federal Earned Income Tax Credit (EITC) was first established in 1975 to help lift low and moderate income families out of poverty by reducing their federal taxes. The EITC is a refundable credit. This means that if the credit exceeds a family's income tax bill, they will be refunded the difference. This is important because income taxes are not the biggest tax that low-income families pay. Federal payroll taxes, for example, cost low-income families more of their income. The refundable EITC allows workers to keep more of what they earn and puts money back into the pockets of the families that need it most. The majority of families who get the EITC use the money to cover basic needs like child care and medical expenses.

In 2013, the federal EITC lifted about 6.2 million Americans out of poverty, including 3.2 million children, reducing the number of poor children by 25 percent. Additionally, the credit reduced the severity of poverty for another 21.6 million people, including 7.8 million children. Together with the Child Tax Credit—a credit claimed by 367,000 Louisiana households in 2012—the EITC lifted 142,000 Louisianans, including 82,000 children, out of poverty each year from 2010 to 2012. The EITC has helped more Americans move from welfare to work than any other anti-poverty initiative. In fact, the credit played a bigger role in moving single mothers from welfare to work than the 1996 welfare law.

The federal poverty definition consists of a series of thresholds, commonly referred to as a percent of poverty, and is based on family size and composition. The 2015 Poverty Guidelines show that a family of two (one adult, one child) is counted in the poverty category if the annual income is below \$15,930.

Family Size	100%	150%	200%
2	\$15,930	\$23,895	\$31,860
4	\$24,250	\$36,375	\$48,500

healthcare.gov

When low wage workers are able to keep more of what they earn, they are better able to support local communities and businesses. Perhaps most importantly, children of families that receive the EITC are perform better in school, are more likely to attend college, and earn more as adults. The means the EITC isn't just a tax credit. It is a smart investment in future economic growth.

In 2007, the Louisiana Legislature adopted a state EITC that is 3.5 percent of the federal credit. Like the federal EITC, the size of the state EITC depends on two factors: income and number of children. While Louisiana is one of only 24 states with a state-level EITC on the books, the state credit is the lowest of the states that have such a credit. The national average is 16 percent, and some states have credits that are 40 or 50 percent of the federal one.

The current state EITC puts \$48 million a year back into the state economy.

A report from the Institute on Taxation and Economic Policy (ITEP) shows how raising Louisiana's EITC would reduce economic hardship for working families and children. Increasing the credit would help improve the fairness of Louisiana's tax structure, where the poorest families pay more than twice as much in state and local taxes, as a percentage of income, than the wealthiest households. This is mainly because Louisiana has the third-highest sales taxes in the nation — taxes that tend to hit the poor the hardest. Increasing the credit would counter the harm of high sales taxes and keep fewer Louisiana families from being taxed deeper into poverty.

Minimum wage

Louisiana is one of five states without a minimum wage law on its books, relying instead on the federal minimum wage of \$7.25 per hour. But the value of that wage has eroded over the years as the cost of basic needs such as food, shelter and transportation has escalated. Had the minimum wage kept up with inflation since 1968, it would be \$3 per hour higher than it is today.

Research has shown that raising the wage to \$10.10 per hour would provide a direct pay raise to more than 360,000 Louisiana workers, and would actually create jobs as workers spend their extra take-home pay in local businesses. Contrary to popular myth, only 10 percent of minimum wage workers are teens. Nearly 3 in 10 who earn the minimum wage are parents.

Raising the minimum wage would not just help workers at the bottom of the pay scale, it would benefit those who currently earn just above the wage, as they too would likely receive modest raises if the minimum wage is raised. A higher minimum wage would be especially vital for tipped workers, such as restaurant servers, who are disproportionately women and whose pay now can vary widely from week to week. Efforts to modestly raise the minimum wage in Louisiana have continuously failed in legislative sessions — even though the wage isn't high enough to keep a full-time worker with a child out of poverty.

Training and Job Access

Louisiana finds itself in the middle of unprecedented growth in industries that include technology, healthcare, energy and petrochemical manufacturing. Whether we look to the energy boom in Calcasieu Parish or to the more than \$23 billion of infrastructure and redevelopment projects in Orleans Parish, it is a great opportunity to ensure that we build real career ladders and opportunities for economic stability for Louisiana's families.

We have a profound opportunity to transform low-quality jobs into sustainable and career-tracked employment opportunities. Sixty-three percent of high demand jobs require more than a high school diploma but less than a four-year degree. Last year in 2014, the legislature supported the Workforce and Innovation for a Stronger Economy Fund or WISE Fund. WISE Fund is a \$40 million performance based formula that will reward and incentivize the credentials that are most in demand in Louisiana. This fund targets higher education resources to meet the workforce needs of a robust and growing Louisiana economy. This is just one example of how the State is working to increase opportunities and access to economic mobility by supporting a unified plan using the community college system statewide.

For economic and workforce efforts to be successful, planning must include building capacity for high quality child care for infants and toddlers. Economic development reports frequently survey the needs of K-12 education systems, ignoring the needs of young parents of infants and toddlers. Economic and workforce development packages must consider the development of accessible, affordable, high quality care as a critical support for employees. Numerous studies show that worker productivity is increased when quality child care is available for employees.

To ensure that low-income communities have access to quality employment requires the use of national best practices as well as continuous engagement with stakeholders and elected leadership. This approach will help to define the parameters for strategies like community benefits agreements, local hiring and living wage policies that would sustain economic development statewide.

Medicaid Expansion

Louisiana is among more than a dozen states that so far has refused to take advantage of the opportunity to expand Medicaid coverage to working-age adults earning less than 138 percent of the federal poverty level. The most direct benefits from expansion would flow to adults, who would gain better access to primary care doctors and specialists.

But there also are economic benefits for families that would make children more secure and less likely to experience financial chaos if a parent or guardian faces a health setback.

The evidence from this comes from a landmark study in Oregon that looked at two groups of randomly selected adults – one group that received Medicaid coverage through a state lottery, and another that remained uninsured. The group that received coverage was 25 percent less likely to have an unpaid medical bill sent to a collection agency. Having Medicaid coverage virtually eliminated out-of-pocket catastrophic health-care expenditures and reduced the probability of having to borrow money or skip paying other bills by more than 50 percent.

Investments like these create positive outcomes for children and families and, perhaps, more importantly, build a healthy, productive workforce in Louisiana.

Louisiana, like other states with clearly identifiable population and demographic threats to their fundamental economic health and competitiveness, should designate an official state demographer and a recognizably advanced team of staff specialists to put in place all necessary research, analysis and program planning. The team should annually report its forecasts and concerns to state policy makers in a briefing to begin each legislative session.

Policy Recommendations – Family Economic Stability

- Raise the state Earned Income Tax Credit to at least 7 percent of the federal credit.
- Establish a state minimum wage of at least \$10 per hour that is indexed to the consumer price index.
- Expand Medicaid coverage under the Affordable Care Act to working-age adults below 138 percent of the federal poverty line.
- Require an annual report to the Legislature that provides detailed, updated demographic information on a parish level about Louisiana's population that includes births and deaths, outmigration and inmigration, immigration and median income.
- Expand the Equal Pay for Women Act to include all workplaces, not just state employees.
- Invest in financial literacy programs for families.
- Restrict predatory lending by capping annual interest rates for small-dollar loans at 36 percent.

- Increase training opportunities connected to jobs to support the unprecedented economic growth so that all Louisianans can benefit and build out a vibrant locally sourced workforce.
- Ensure that an adequate capacity of high quality child care programs is a component of economic development investments, with particular emphasis on care for infants and toddlers.