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A NEW APPROACH TO POVERTY

J. DENNIS HASTERT*

America's war against poverty started in the 1960s, and decades into our fight, we had barely made progress. It was obvious by just looking at the welfare rolls. Instead of declining welfare numbers, we saw the number of caseloads continue to rise.¹

Rather than helping America's impoverished, welfare was having the opposite effect. It was compounding our nation's poverty problem by creating a cycle of dependency that kept families poor and out of work.

In 1996, we decided to make a change. It was time to address welfare's problems. We did that by embracing the value of work, and making it the centerpiece of a new welfare reform law. Through this legislation, welfare was transformed from a lifetime dependency system, to a temporary program that helped people transition into jobs.²

Since then, a tremendous number of people have left welfare for real paying jobs. The number of families on welfare peaked in 1994 at 5.1 million families; after we reformed welfare, we saw that number cut in more than half.³ Low-income mothers, especially, have made tremendous progress—experiencing significant rises in employment and increased earnings.⁴

Most importantly, after we reformed welfare, the welfare mindset was broken. People found that they could do better for themselves than the government could do for them. While welfare limited them, paychecks gave them opportunities. With steady jobs came a regular income, medical insurance, pensions—as well as dignity, personal responsibility, and self-respect. With this new independence, people could map out their

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1. *Working Toward Independence—The President's Plan to Strengthen Welfare Reform* (Feb. 2002), at 5, <http://www.whitehouse.gov/news/releases/2002/02/welfare-reform-announcement-book.pdf> [hereinafter *Working Toward Independence*].

2. *See generally* Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Pub. L. No. 104-193, 110 Stat. 2105 (1996).

3. GENE FALK & SHANNON HARPER, WELFARE REFORM: TRENDS IN THE NUMBER OF FAMILIES RECEIVING AFDC AND TANF, Congressional Research Report, 98-629 EPW (Feb. 20, 2002), at 1.

4. *Working Toward Independence*, *supra* note 1, at 1, 7.

futures. They saw a chance to finally leave a life of poverty and move upward into greater economic success.

Sadly, though, welfare reform could only do so much. While changing the system certainly provided many people with the motivation they needed to move forward with their lives, many of them were trapped in an environment that made upward mobility difficult. The truth is that many of our nation's lowest-income citizens live in inner city neighborhoods and rural towns that were left behind when the rest of the country was benefiting from a strong economy. People in these forgotten areas simply cannot find jobs, because the businesses that once provided them left long ago. They are left to struggle in these neighborhoods, where buildings are falling down, shopping is hard to find, crime is in the streets, and parents are afraid to let their children play outside.

In order to take welfare reform another step forward, we needed to confront this problem head on. Our solution: the Community Renewal Tax Relief Act of 2000.⁵ This is a recent law we passed that provides people with the aid they need to nurse their ailing neighborhoods back to health. By using economic tools such as financial incentives and tax relief, the goal is to get these neighborhoods back on their feet. In addition, it includes a housing component to encourage homeownership and upward mobility.

Rebuilding a community requires jobs and economic growth initiatives. We recognized that new businesses would need a little encouragement to move into economically distressed neighborhoods, so we enticed them into these communities through several attractive incentives. Included in this list of benefits was the elimination of capital gains taxes, tax deductions to restore crumbling buildings, increased expensing for small businesses, and enhanced employee wage credits for companies that hire workers who live in the community. All of these advantages give businesses a financial bonus to invest in areas that need some help. As soon as a few businesses set up shop, more are soon to follow.

Obviously, a community cannot thrive on business alone. Families must invest in these neighborhoods, too. Homeownership, particularly, provides people with a personal incentive to develop their own property, as well as a desire to take care of the neighborhood around them. As one way to increase homeownership opportunities for low-income families, Community Renewal allows community development corporations to take over Housing and Urban Development-owned properties that are aban-

5. Pub. L. No. 106-554, 114 Stat. 2763 (2000).

doned or substandard and make them available for low-income families to buy at affordable prices. Many times these run-down buildings become havens for gangs and drug pushers. By turning these eyesores over to community development corporations, we can eliminate these kinds of crime centers, as well as spruce up neighborhoods and increase homeownership.

Because this is a comprehensive plan to eradicate poverty, Community Renewal also makes it possible for faith-based groups to receive federal dollars for programs that combat drug and alcohol addictions. If we truly want to rebuild communities, we cannot forget to rebuild the individual lives of people who live there. We need to help those people struggling with drugs and alcohol, so that they can turn their lives around. Only after they leave their addictions behind, can they really have a chance to succeed.

Up until this law, faith-based organizations could not compete for federal grant money used to treat alcoholics and drug addicts. We changed the law because religious groups have demonstrated great success in these treatment areas—frequently, far outshining their government-run equivalents. Oftentimes, we see that it is precisely the spiritual dimensions of these programs that make them so special and successful. There is no question that the best way to spend federal dollars is on programs that work. For that reason, involving faith-based organizations in drug and alcohol recovery programs is just a common-sense way to help those who are struggling to give up these destructive dependencies.

With Community Renewal, we took an important step forward in formally recognizing the good work of faith-based organizations. We now believe it is time to take our relationship with these groups to the next level. With that goal in mind, the U.S. House of Representatives passed the President's faith-based initiative, formally called The Community Solutions Act.⁶ This bill would allow greater tax breaks for charitable giving and also allow faith-based groups to apply for additional government grants in order to provide services for seniors, shelters, juvenile mentoring programs, domestic violence prevention, and many other critical areas. Though not yet law, this initiative is a natural follow-up to welfare reform and community renewal that can provide further help and aid to those who live in distressed communities.

Throughout our country's history, faith-based organizations have reached out to help America's less fortunate with shelter,

6. Community Solutions Act of 2001, H.R. 7, 107th Cong. (2001).

food, and comfort. They help single parents find employment and get kids off the streets and out of gangs. They tackle the kinds of problems that might otherwise be left un-addressed, and visit places that many of us would rather not even know about.

Despite all the good that these groups have done, our government often has shied away from giving them the support they deserve to continue their good work. Many of these faith-based groups operate on shoestring budgets, stretching every dollar so that they can reach as many people as possible. They pray that those dollars will not run out because they do not want to have to turn away needy people at the door. If we care about America's needy, we cannot discriminate against faith-based groups. Instead, we must do everything we can to help them reach as many people as possible.

By implementing the President's faith-based initiative, we not only would be able to help these often-slighted groups receive more federal support for their good works, but we also would be able to expand charitable tax deductions, so that people would be more likely to provide these big-hearted organizations with donations.

We have come a long way in fighting poverty since we first implemented Welfare Reform in 1996. Those that had their doubts about welfare reform from the beginning—those that said changing the law would only make the problem of poverty worse—have been amazed to see child poverty rates drop every year since the mid-1990s. In addition, the black child poverty rate is now at a record low.⁷ Still, I think there is even more progress to be made in the area of welfare reform, and we are hoping to do that in the coming months.

The time is right for change because this year we plan to reauthorize welfare reform. Many provisions of the 1996 law had a six-year lifespan and that time limit is almost up. This provides the perfect opportunity to improve upon the earlier legislation, and President Bush is leading the charge.

The President's welfare reform agenda continues where the 1996 law left off. Primarily, it aims to help even more welfare recipients gain self-sufficiency and independence through work, while also taking steps to strengthen families and to protect children.

For instance, in order to better prepare welfare recipients for the demands of the workplace, recipients would be required to put in 40-hour work weeks at either their jobs or in programs

7. *Working Toward Independence*, *supra* note 1, at 8.

that prepare them for independent living.⁸ By increasing the amount of time spent in the workplace, welfare recipients will gain more of the skills they need to achieve self-sufficiency.

When we address the welfare question, we must not forget to consider the needs of recipients' children. In addition to continuing childcare funding at high levels, we must work on getting more child support payments directly to mothers and their children. Currently, states can keep some of those child support funds. The President's proposals give states financial incentives to hand more of that money on to families so that they can take care of their expenses at home.⁹

We think children will benefit even more if we can keep families together. In order to do this, the President wants to incorporate programs into welfare reform that encourage healthy marriages.¹⁰ While many single mothers do a wonderful and difficult job in raising their children, the positive impact of a father cannot be underestimated. Children deserve every opportunity to succeed, and two-parent homes can provide them with the stability they need to achieve their goals.

By taking a second look at welfare reform, we hope to find even more ways to address the complex problem of poverty. We know that no single solution will ever provide an answer to poverty, and that is why we have tried to tackle the issue from so many different directions. While some may call elements of our overall plan to fight poverty conservative, it is nonetheless a compassionate approach that already is providing people with new opportunities and giving families real hope. In order for us to continue making progress it is imperative that the reauthorization of welfare reform and Senate passage of the President's faith-based initiative remain top Congressional priorities.

Personally, I am committed to moving these legislative goals forward and am determined to build on the successes that began nearly six years ago when we decided to take a new approach to welfare.

8. *Id.* at 16.

9. *Id.* at 28–30.

10. *Id.* at 20–22.

