

**Testimony by Michael Herald, Western Center on Law and Poverty
Before The Assembly Human Services Committee
Informational Hearing on the Global Food Crisis**

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Thank you for the opportunity to speak today with the committee on the critical issue of food security. As many of you are aware WCLP and many other poverty organizations have been concerned not just about food security but the growing imbalance of income and wealth for some time. When more than 40% of our families do not have the assets to set down root in our communities or have the incomes to support a family in dignity, it is time to examine what we have been doing and what we must change.

The Center for American Progress convened a group of academics, policy researchers, and government officials to look at how to reduce poverty and increase social mobility. What the group found was startling. First they looked at how income increases compared over time. From 1949 to 1979 incomes for the bottom 40% of wage earners grew by an average of 108%, faster than the income of the top 20%. But from 1979 through 2003, income for the bottom 40% was less than 9% while growth for the top 20% was 46%.

Another way to look at poverty is through social mobility. In other words what chance does a low income family have of rising out of poverty? When compared with other industrialized nations the US had the highest percentage of families born in the bottom 20% who remained in the bottom 20% - 42%. Not surprisingly, those born with money tend to have money as adults. Wealth is even more unequal than income, however. The top 1% has 33% of national net worth while the bottom 40% has less than 1 percent.

The Center commissioned a study on the economic effects of poverty particularly on children growing up poor. The study concluded that persistent childhood poverty cost the about \$500 billion annually – about 4 percent of GDP. These costs resulted from lost adult productivity, increased crime and higher health costs.

They also modeled the impact on poverty from taking steps to improve existing public programs. For example,

Increasing the minimum wage reduces poverty by 5%.

Providing child care cuts poverty by 8%

Increasing the EITC cuts poverty by 6%

All of this is to say that we have let things get way out of hand when it comes to income and wealth equality but we also know that the programs the tools we have developed are effective to reduce poverty if we make the commitment to ensure that we provide broad based help to all with the most help going to those with the greatest need.

Food Stamps is another important way of distributing income to low income families. Today you have heard a number of options the state could choose to pursue but hasn't. In

fact, while Food Stamps needs to improved at the federal level, the truth is we here in California have tied our own hands. Repeatedly we have chosen to place limits on the use of the program and made it more difficult than needed to access the program. A few examples:

- Fingerimaging
- Quarterly Income Reporting
- Asset and Auto resource rules
- Face to Face Interviews
- Failure to Take Advantage of Federal Flexibility ala AB 433.

At the root of each of these policy choices is a concern about fraud. As I have said before in front of this committee, more than 1 million households get Food Stamps in California each month, often in conjunction with CalWORKs. In any given month about 1 percent of households are referred to for investigation of fraud. Of this group that is investigated about 1 percent of those actually get convicted of fraud.

We spend a lot of money on fraud protection in California but in the process have we gone too far in the direction of public integrity at the expense of our most needy families? There is a growing debate about whether the heavy handed approach we have taken is really warranted given the low number of fraud prosecutions and the hundreds of millions of dollars we leave in Washington each year.

Now with the economy slowing, family needs growing, the cost of food rapidly rising, and our state deeply in the red, the Legislature must ask itself whether we can continue to make the same choices as in the past. Given that virtually no state has chosen the path we are on, it seems reasonable to revisit how much we spend on fraud, the need to finger image every person in every household even if they are not on aid, the need for asset tests that do nothing but make busy work for counties, the quarterly reporting gotcha system that serves as an evidence gathering tool for DAs. All of this is squarely within the hands of the Legislature and the Governor to take action on this summer. The time for waiting is over. Hungry families await your decision.