Issue 2

Macroeconomic Causes of Family Homelessness

The overall state of the U.S. economy can offer insight into both the current status of family homelessness and its future outlook. When unemployment and inflation are high, it is likely that families will have difficulty affording housing. The economic health of the country has an impact on microeconomic decisions, particularly for low-income families that are vulnerable to fluctuations in income and benefits. This chapter discusses the main macroeconomic issues that can lead to and perpetuate poverty and homelessness among families, including a lack of adequate employment opportunities, the deficit of affordable housing, the foreclosure crisis, welfare reform, limited child care availability, and low rates of health insurance coverage.

The Cycle of Poverty and Homelessness

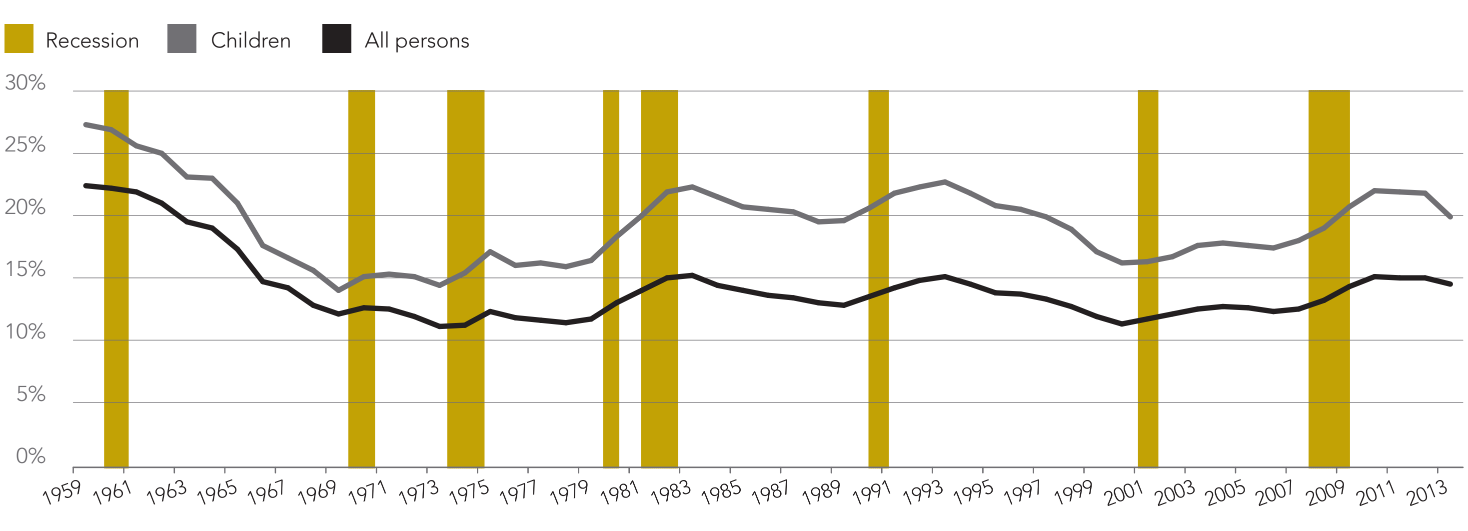
Many of the macroeconomic causes of family homelessness are closely intertwined with the overarching issue of poverty. Between 2000 and 2012, the number of persons in families with children experiencing severe poverty—with incomes below 50% of the federal poverty level ($9,545 for a family of three)—increased by over half (56.2%). During that same time, the number of severely poor children rose by 2.4 million, a 52.2% increase.[1] This is especially alarming, as poverty is often intergenerational; children who grow up in poverty are more likely to remain poor as adults. Compared with 4% of non-poor children, over one-fifth (21%) of children born into poverty spend at least half of their early adult years living below the poverty line.[2]

Racial minorities experience poverty at high and disproportionate rates. One-third (33.2% and 32.7%, respectively) of black and American Indian and over one-quarter (29.3%) of Hispanic families with children live in poverty, compared with 12.3% of white children. Not surprisingly, minority families are also overrepresented in homelessness statistics. In 2012, black family members experienced homelessness at a rate eight times (0.75%) higher than that of persons in white families (0.09%), while American Indian and Hispanic family members were about seven (0.67%) and three (0.28%) times more likely to stay in shelters, respectively.[3]

Families headed by single mothers are among the poorest households; nearly one-third (30.9%) lived in poverty in 2012, a rate five times greater than that of families with married parents (6.3%).[4] These families are more likely to experience multiple chronic stressors—unemployment, inadequate and unavailable housing, poor health, and disintegrating social networks—due to their economic insecurity.[5] As a result, single mothers are more vulnerable to becoming homeless. Over three-quarters (77.9%) of homeless families nationwide are headed by single women.[6]

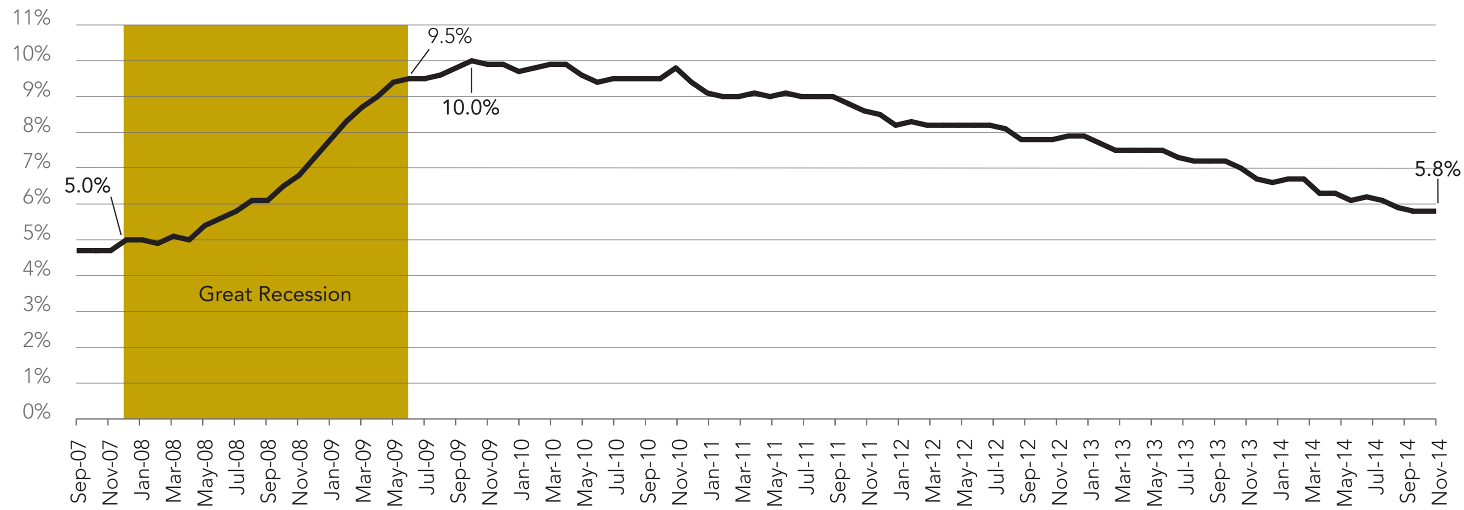
The poverty rate tends to rise during periods of economic recession and fall during times of stability **(Figure 1)**. Children are consistently more likely to live in poverty than adults. The percent of poor children decreased from 2012 to 2013, the first year-to-year decline in the child poverty rate since 2000.[7]

Figure 1
Percent Poor, 1959 to 2013
(by age and year)



Source: U.S. Census Bureau, *Income and Poverty in the United States: 2013.*

Figure 2
Seasonally Adjusted Unemployment Rate, September 2007–November 2014
(by month)



Source: U.S. Department of Labor, "Bureau of Labor Statistics: Labor Force Statistics from the Current Population Survey," http://www.bls.gov/cps.

Lack of Adequate Employment Opportunities

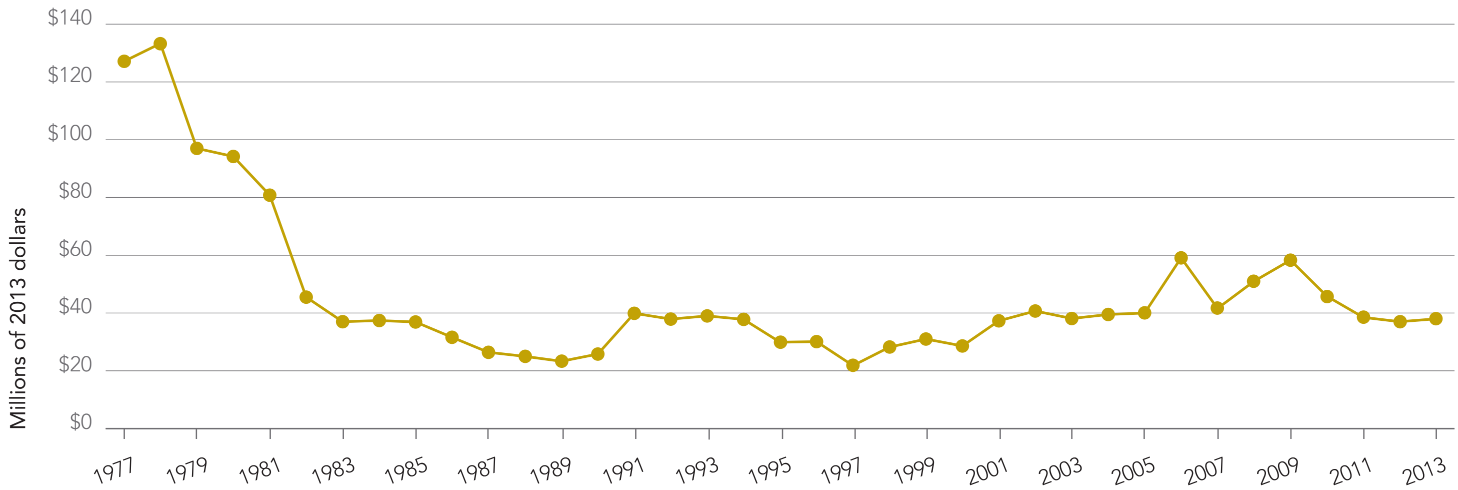
As a result of the nationwide economic crisis now known as the Great Recession (December 2007–June 2009), unemployment doubled, peaking at 10.0% in October 2009 **(Figure 2)**.[8] Over half of American workers in 2010 were affected by unemployment, reduced work hours, pay cuts, and underemployment.[9] Many unemployed adults have been forced to accept temporary or part-time positions with lower wages, fewer benefits, and less job security. Residual financial repercussions remain, with 13.8% unemployed, discouraged from finding a job, or involuntarily working part time for economic reasons in 2013.[10] As of October 2014, blacks were over twice as likely to be unemployed as whites (10.9% versus 4.8%). Hispanics also experienced job loss at a higher rate (6.8%) than whites.[11]

Although the loss of a job may not immediately result in housing instability, unemployment can cause families to deplete their savings and eventually lose their homes. Low-income working families—those hardest hit by the recession—often lack financial reserves or exhaust their resources, leaving them particularly vulnerable to homelessness after job loss.[12] One-third (32.0%) of the 9.0 million persons unemployed in October 2014 had been looking for work for longer than 27 weeks.[13] This type of long-term unemployment is even more likely to drain families' savings and create housing instability.

The ability to obtain adequate employment to support a family and maintain stable housing is often inhibited by low educational attainment. An estimated 39–65% of homeless mothers have not graduated high school or earned an equivalency degree, compared with 16.3% of single mothers nationwide.[14] There is a strong correlation between higher levels of education and increased annual earnings; over the course of 40 years persons with bachelor's degrees earn nearly twice as much as workers with high school diplomas. Lack of education often becomes an intergenerational problem, as children of parents without high school diplomas are more likely to drop out of school themselves.[15]

Discrimination in the workforce also presents a challenge for homeless families. The cumulative difference in lifetime earnings between male and female workers, the latter earning significantly less at each educational level, ranges from approximately $350,000 for high school dropouts to almost $2 million for persons with professional degrees. There is also an association between race and income: whites earn more than blacks or Hispanics in almost every income bracket. What this means for homeless and at-risk families—which are predominately minority households headed by single women—is a devaluation of their work in the form of lower wages, regardless of educational attainment level.[16]

Figure 3
Discretionary Budget for the U.S. Department of Housing and Urban Development
(by fiscal year)



Source: U.S. Office of Management and Budget, *Discretionary Budget Authority by Agency: 1976–2019.*

Lack of Affordable Housing for Extremely Low-income Families

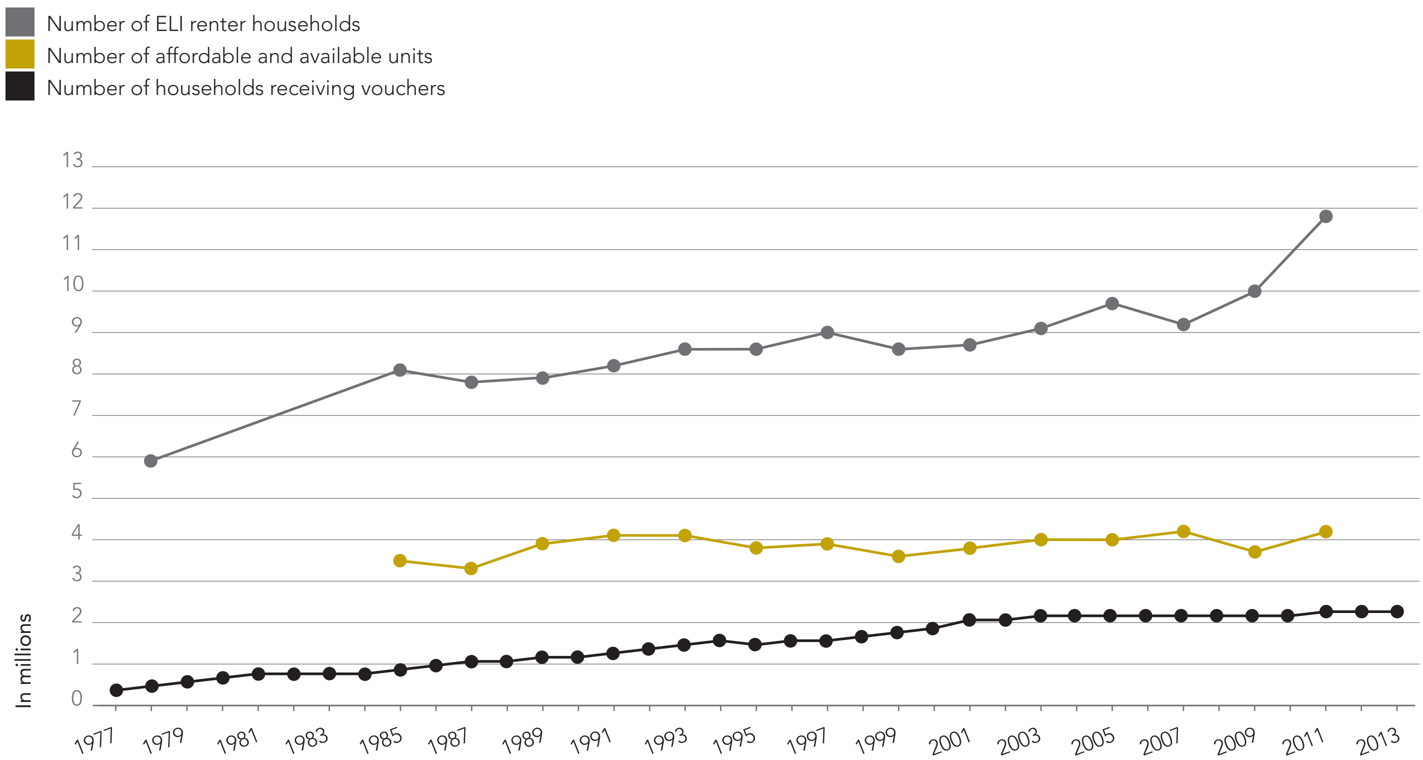
One of the primary reasons for homelessness among families with children is lack of affordable housing. For housing to be considered affordable, a family must spend no more than 30% of its income on housing costs.[17] Extremely low-income (ELI) renter families—those earning 30% or less of their local metropolitan or rural area's median income (AMI)—face the greatest shortfall of affordable units. After the federal government ceased development of affordable housing decades ago, the housing deficit for ELI renters has grown, reaching roughly 7.1 million units nationwide in 2011. Today's limited housing stock, coupled with inadequate wages, leaves three-quarters (75%) of ELI families with severe rent burdens (spending 50% or more of their income on rent) and places them at risk of homelessness.[18] While federal rental assistance offers relief to some families, the number of available vouchers does not meet the need. States have been forced to dedicate revenue to financing the development of affordable housing through housing trust funds.[19] The U.S. Interagency Council on Homelessness (USICH) has advocated for increased access to affordable housing and targeted rental assistance as key to reducing homelessness.[20]

The Federal Government's Role in Subsidized Housing

During the 1980s, the federal government essentially relinquished its responsibility for developing affordable housing for low-income families. Between Fiscal Years 1980 and 1989, the Reagan administration cut the U.S. Department of Housing and Urban Development's (HUD) budget by three-quarters (75.3% **[Figure 3]**).[21] Simultaneously, Congress chose not to fund new project-based Section 8 contracts, which had subsidized the construction and rehabilitation of housing units for low-income households.[22] As a result, development of federally subsidized housing plummeted from more than one million units between 1976 and 1982 to only 25,000 units annually in subsequent years.[23] While federal production of affordable housing declined, more households were given rental assistance.

HUD's system of Section 8 vouchers—created in 1974, but known since 1998 as the Housing Choice Voucher (HCV) program—is the largest federal rental assistance program for low-income households.[24] Vouchers, which are not time-limited, are administered by local public housing authorities to subsidize rent for families earning 80% or less of AMI. Families must pay 30% of their income toward rent and utilities.[25] The program targets the most vulnerable families; three-quarters of households newly admitted to the HCV program must be extremely low-income, or earning 30% or less of AMI.[26]

Figure 4
Number of Affordable and Available Units, ELI Renters, and Households Receiving Vouchers
(by fiscal year)



Source: U.S. Department of Housing and Urban Development, *Trends in Worst Case Needs for Housing, 1978–99: A Report to Congress on Worst Case Housing Needs, Plus Update on Worst Case Needs in 2001;* U.S. Department of Housing and Urban Development, *Affordable Housing Needs: A Report to Congress on the Significant Need for Housing; Annual Compilation of a Worst Case Housing Needs Survey,* 2003; U.S. Department of Housing and Urban Development, *Affordable Housing Needs 2005: Report to Congress;* U.S. Department of Housing and Urban Development, *Worst Case Housing Needs: A Report to Congress,* 2010–13; U.S. Department of Housing and Urban Development, *Fiscal Year 2002–09 Performance and Accountability Report;* U.S. Department of Housing and Urban Development, *Fiscal Year 2012–13 Annual Performance Report;* Edgar O. Olsen, "Housing Programs for Low-income Households," in *Means-tested Transfer Programs in the United States,* ed. Robert A. Moffitt (Chicago: University of Chicago Press, 2003), 365–441.

The number of households receiving housing vouchers steadily grew, from 0.3 million in 1978 to 2.0 million in 2002; however, fewer than 12,000 new vouchers have been added each year on average since then **(Figure 4).** A total of 180,000 new vouchers were created between 2005 and 2010, many of which targeted families whose members have specific needs, such as homeless veterans, persons with disabilities, parents reuniting with their children, and low-income families in the Gulf Coast.[27] Congress had annually renewed all existing housing vouchers until 2013, when sequestration resulted in federal funding cuts of nearly $1 billion to the HCV program. Some local housing agencies have drawn down funding from reserves and utilized other funding sources in order to prevent terminating families' assistance, but the funding shortfall may lead to fewer families being served.[28] The President's Fiscal Year 2015 (FY15) budget requested funding to fill the gap caused by the sequestration cuts and provide for an additional 40,000 new vouchers, including 10,000 specifically for homeless veterans.[29] These efforts still fall short of the need; though up-to-date data are not available, a 2004 study by the National Low Income Housing Coalition (NLIHC) found that waiting lists for vouchers included over one million families, and two-fifths (40.3%) of public housing agencies had closed lists.[30]

The Widening Rent-income Gap

While the lack of affordable housing production in the 1980s created an increased need for rental assistance, the co-occurring surge in the number of ELI renters further exacerbated the housing crisis. Between 1978 and 2011, the number of ELI renters doubled to nearly 12 million households **(Figure 4).**[31] In 2011, there were only 4.2 million units available for the 12 million ELI renters. Although there were 6.9 million affordable units in existence, renters with higher incomes occupied nearly two-fifths (38.4%) of those units.[32] For more on the number of affordable and available units for ELI renters in each state, see the State Dashboards part of the *Almanac.*

Numerous national studies have concluded that the increased demand for affordable units has caused rents to rise faster than household income. According to the NLIHC, the national Fair Market Rent (FMR) for a two-bedroom apartment in 2014 was $984 per month, a 57.4% increase from 2000. In comparison, the national household median income grew only by 21.0% to $51,017 in 2012, the latest year for which data are available. To afford an apartment at FMR without rental assistance, a family has to earn $39,360 annually or $18.92 per hour, a rate more than twice (161.0%)

Foreclosures and Homelessness: Understanding the Connection

The number of high-cost, subprime mortgages issued to lenders increased rapidly from 2003 to 2006, initiating a foreclosure crisis that spiraled into the Great Recession (December 2007 through June 2009).[42] The housing market, the strength of which is commonly measured by the change in the actual resale value of single-family homes, fell sharply as the number of foreclosures skyrocketed **(Figure 5).** Initially, borrowers could avoid default by refinancing or selling their homes, but by late 2006, the housing market had begun to collapse and the number of delinquent loans had surged. In 2008 and 2009, propelled by escalating unemployment and a deepening economic downturn, the crisis spread to the prime mortgage sector and has become a protracted problem **(Figure 6).**[43]

In 2010, 2.9 million properties received foreclosure filings, an increase of 239.1% since 2005, representing the height of the effects of the recession. The next two years showed improvement, with 1.9 million foreclosure filings in 2011, followed by 1.8 million in 2012. Foreclosures continued to decline in 2013, but remained almost twice as high as pre-recession numbers. As home values appreciate, the foreclosure rate tends to decrease. A January 2014 analysis noted the significant increase in property values in the previous year, projecting some volatility in the housing market as home value appreciation slows and the economy continues its recovery.[44]

The increase in family homelessness during the Great Recession can be partially attributed to the foreclosure crisis, although the extent of the relationship is unclear.[45] Studies that examined the rate of homelessness caused by foreclosure are limited either to service-provider perceptions or single localities and provide varying estimates. According to a 2009 survey of service providers, the percentage of clients who were homeless due to foreclosure ranged from 5% (the estimate of those working at homeless shelters) to 20% (the figure given by service-only providers), with 10% being the median.[46] In a 2010 survey of school districts and state departments of education, 38% of respondents identified the foreclosure crisis as a reason for the rapid increase in the number of homeless students since the 2007–08 school year.[47] Researchers evaluating a homelessness prevention program in New York City in 2011 estimated that for every 100 properties beginning the foreclosure process, three to five additional households entered shelter.[48]

Welfare Reform and Homeless Families: The Big Disconnect

The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA, also known as "welfare reform") of 1996 was legislation designed to restructure federal welfare entitlement programs to end long-term dependence on government aid. PRWORA replaced multiple funding streams with the Temporary Assistance for Needy Families (TANF) program and made adjustments to the Food Stamp Program,

Figure 5
Number of Foreclosures and the S&P/Case-Shiller Home Price Index
(by year)

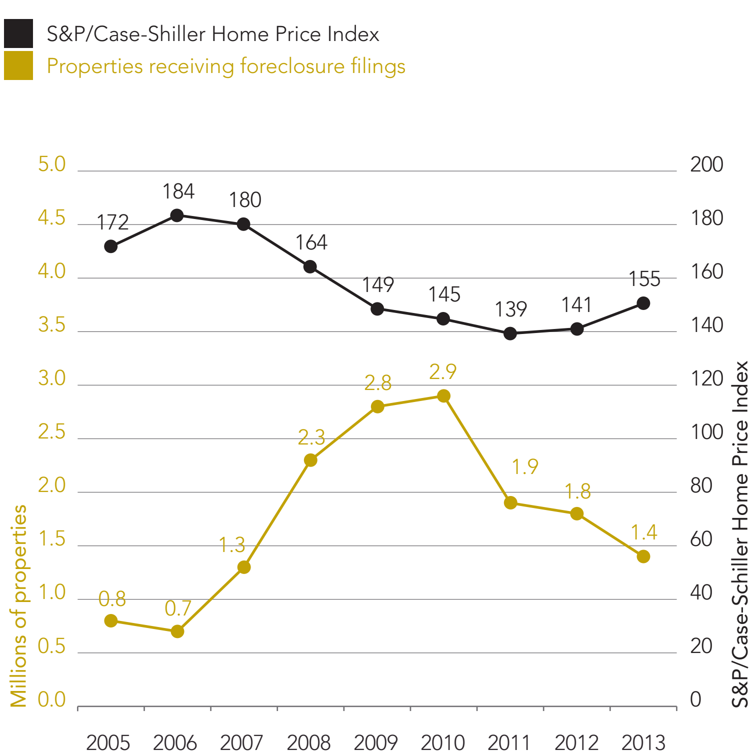
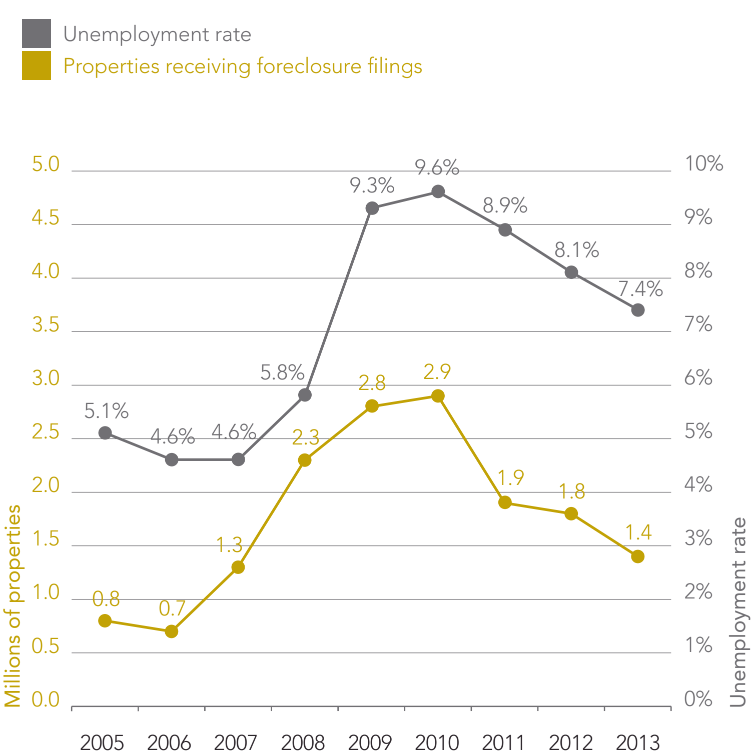


Figure 6
Number of Foreclosures and the Unemployment Rate
(by year)

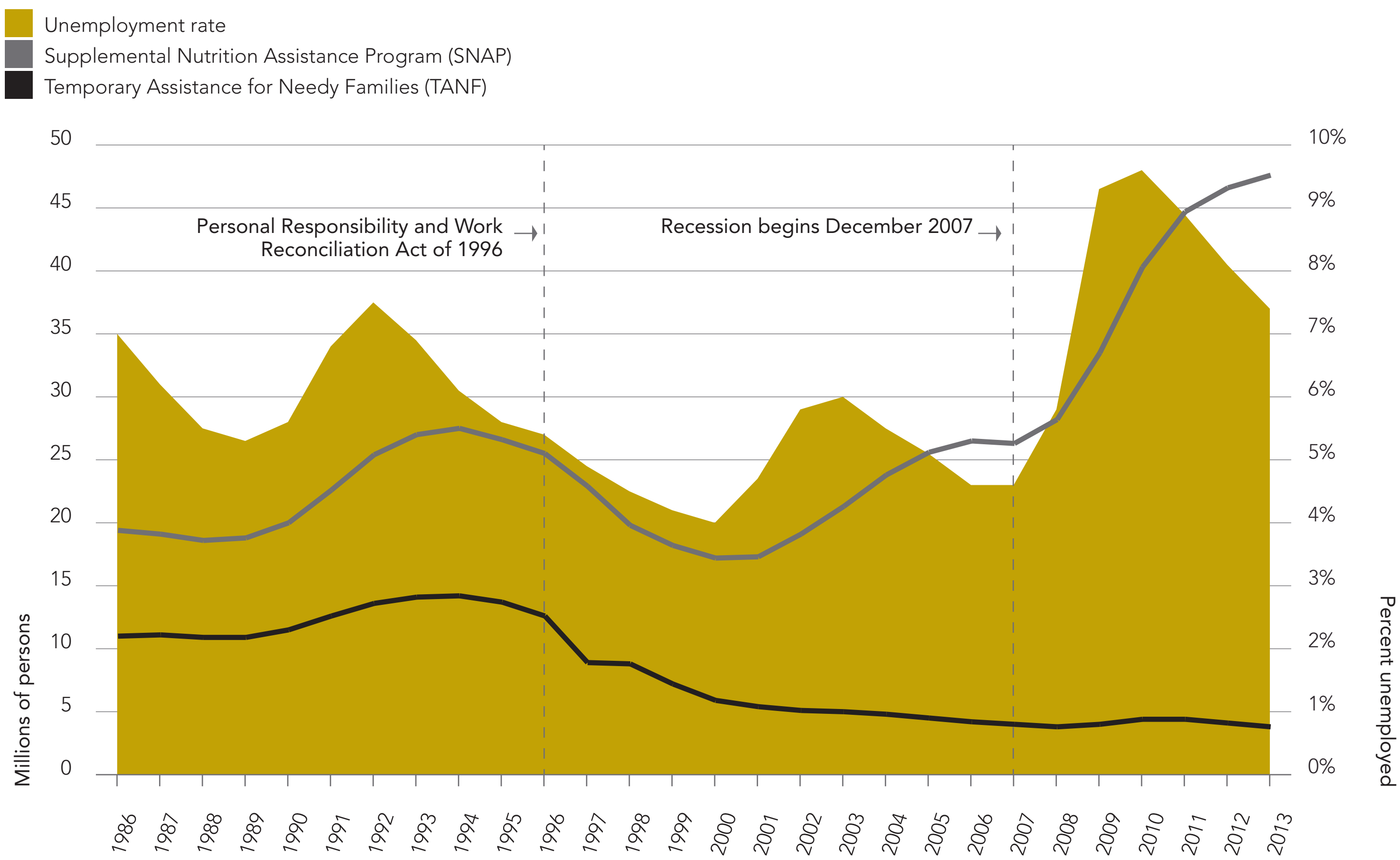


Note: The S&P/Case-Shiller Home Price Index measures the actual difference in resale prices for individual single-family homes. Annual changes in the index indicate the relative strength or weakness of the housing market.
Source: S&P/Case-Shiller Home Price Index, *U.S. National Index Levels*, August 2014; RealtyTrac, "Foreclosure Market Report," http://www.realtytrac.com/content/foreclosure-market-report; Chip Brian, "SmarTrend Market Wrap-up," *Comtex News Network*, January 29, 2008; U.S. Bureau of Labor Statistics, *Employment Status of the Civilian Noninstitutional Population 16 Years and Over, 1979 to Date*, August 2014.

Figure 7

Average Monthly SNAP and TANF Caseload and Unemployment Rate

(by year)



Source: Annual SNAP and TANF caseload data are aggregated by fiscal year, while unemployment rates are calculated by calendar year; U.S. Department of Agriculture, "Supplemental Nutrition Assistance Program Participation and Costs," http://www.fns.usda.gov/pd/SNAPsummary.htm; U.S. Department of Health and Human Services, "Temporary Assistance for Needy Families: Data and Reports," http://www.acf.hhs.gov/programs/ofa/data-reports; U.S. Bureau of Labor Statistics, "Employment Status of the Civilian Noninstitutional Population 16 Years and Over, 1979 to Date," http://www.bls.gov/web/empsit/cpseea01.htm.

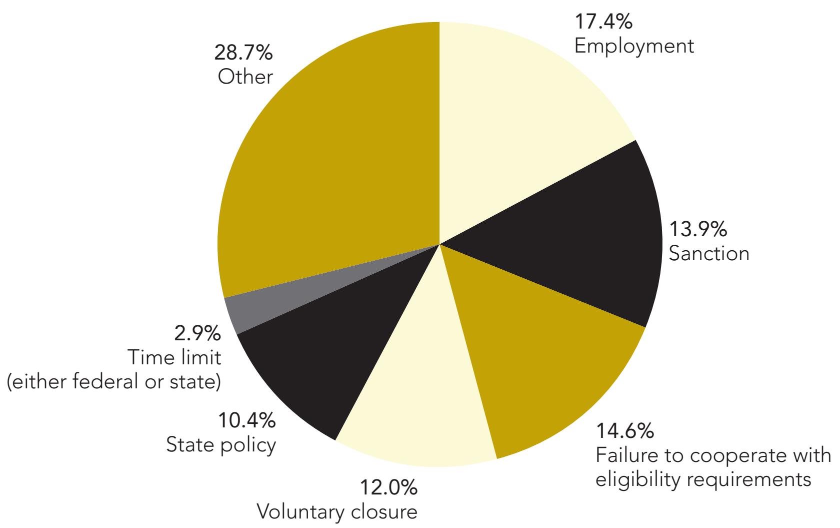
which dramatically reduced participation in both programs **(Figure 7).** TANF's original aim was to provide cash assistance to low-income families with children or expectant mothers for up to five years with the condition that parents meet strict work requirements. In all but one state **(Alaska),** the maximum amount of cash assistance offered by TANF for a family of three is less than 50% of the federal poverty level—in 34 states it is under 30%—inadvertently putting many families at risk of homelessness.[49] Furthermore, TANF benefits, at a national monthly average of $424, provide less than half the cost of a two-bedroom apartment at Fair Market Rent in half (25) of states.[50] Even families moving from assistance to work are not always able to climb out of poverty. As TANF caseloads declined by 22.6% from 2000 to 2012, the number of families with children living in extreme poverty (less than 50% of the federal poverty level) increased by two-thirds (66.9%). The Government Accountability Office notes that 800,000 fewer children would live in extreme poverty were it not for the sharp decrease in participation.[51] Although TANF is an essential part of the safety net for thousands of low-income and homeless families, its current design makes it difficult for families to reach self-sufficiency.

Since TANF's creation, federal policy has influenced states to focus their efforts on decreasing caseloads through restrictive eligibility policies, formal diversion programs, mandatory job searches, and work requirements. These policies resulted in a 63.9% decrease in the total number of families enrolled in TANF between 1996 and 2013.[52] In 2011, just two-fifths of eligible families received aid, compared with four-fifths pre-reform.[53]

Critics point to one problematic element of the program: the caseload-reduction credit, which incentivizes states to decrease their caseloads regardless of clients' employment status. Federal law penalizes states financially if they do not have at least 50% of all single and 90% of all two-parent families receiving TANF participating in specified work-related activities. The credit allows states to lower their mandated work-participation proportions by the percent by which they decreased their overall TANF enrollment.[54]

The Deficit Reduction Act of 2005 reset the base year for the caseload-reduction credit from 1995 to 2005, as states had already greatly reduced their caseloads since TANF's creation. The act also changed how states calculate their work-participation rate, by expanding the category of persons deemed

Figure 8
Closed TANF Cases, Fiscal Year 2012
(by reason for closure)



Note: "Failure to cooperate with eligibility requirements" includes cases closed due to failure to comply with ongoing eligibility conditions. Among reasons listed as "Other" are that clients moved out of the state or are ineligible because they are minors or undocumented aliens. Percentages do not total properly due to rounding.
Source: U.S. Department of Health and Human Services, *Characteristics and Financial Circumstances of TANF Recipients, Fiscal Year 2012.*

"work-eligible" to include non-recipient parents living with children who are receiving assistance.

In order to meet the higher rates, many states adopted stringent diversion strategies in an effort to remove families needing minimal assistance from their potential caseloads. These policies contributed to an 11.5% drop in caseloads from 2005 to 2007 (before the economic downturn began).[55] Thirty-three states provide for formal diversion programs whereby families may choose to receive one-time cash payments in lieu of monthly benefits, and 18 states require mandatory job search at application.[56] Diversion strategies do not always target the appropriate families; anecdotal evidence suggests that many families are misled about their eligibility in an effort to deter new applicants and that clients receiving benefits are often wrongfully terminated from the program.[57]

Closed TANF Cases Do Not Indicate Family Self-sufficiency

TANF's end goal of families attaining self-sufficiency through employment is not reached in the majority of cases. Less than one-fifth (17.4%) of case closures in FY12 were due to employment, meaning that families' incomes exceeded ongoing eligibility amounts **(Figure 8)**. Maximum earnings that recipients can retain while remaining eligible for assistance vary greatly across states and often fall beneath the federal poverty level. The national average maximum earnings for families in 2013 ranged from $1,199 during the second month of assistance to $965 in the 25th month.[58] Although a family's income may be too high for them to qualify for cash benefits, it may not be enough to fully meet their financial needs. Mothers leaving TANF typically enter jobs that pay between $7 and $8 an hour.[59] Low-wage jobs often do not provide benefits or opportunities for advancement and frequently do not accommodate the scheduling needs of single parents, which can result in further housing instability for families.[60]

In FY12, 13.9% of case closings nationwide were due to sanctions. Federal rules sanction families for not cooperating with work or child support requirements. Many states impose additional penalties for non-compliance with requirements such as children's immunization recommendations and school attendance. States do allow children to receive aid if they either live without their parents or have parents who do not qualify for benefits; nearly half (46.7%) of all cases in FY12 were "child-only" cases.[61] Studies on the well-being of TANF recipients find higher rates of hardship among sanctioned families, including residential instability, food insecurity, and inability to obtain medical care for children.[62]

Helping Families Without TANF Cash Benefits

Families who have lost their benefits or who are unable to meet TANF's strict work requirements can still use the program's other services. Most states spend TANF funds not used for cash assistance on a range of additional services and work supports, including child care, transportation, and housing.[63] TANF-funded child care reduces one of the main financial burdens facing mothers living in poverty, who spend one-fifth (19.6%) of their family income on child care every year.[64] Many states offer vouchers or payments for car repair to aid families in finding and maintaining employment. Funds may also be used for short-term rental assistance, eviction prevention, and security deposits to help families exit or avoid shelter.

Since the program's inception, the ratio of cash assistance to work-support funds has changed; in FY97, 73.1% of all funds went toward basic cash assistance, compared with 27.6% in 2013.[65] A strong economy resulted in falling caseloads, causing states to reinvest TANF funds in other programs to support low-income working families. The recession led to a growing proportion of families in need of basic cash assistance, but states are unable to reclaim these dollars for cash assistance. Instead, states responded to the crisis by tightening eligibility rules and cutting benefits. In 2011, cuts to cash assistance and other TANF-funded programs affected 700,000 low-income families, over one-third (37.5%) of all families receiving benefits nationwide.[66] Many states also took advantage of the law's flexibility to divert federal monies for services that are not in the program's design, such as foster care, in order to cover their own budget gaps.[67]

Lack of Funding Hinders TANF's Effectiveness

Insufficient funding has increasingly become a problem for TANF as more struggling families fall into poverty due to the distressed economy and declining wages. TANF's appropriation has been fixed at $16.5 billion since the program's inception in 1996; however, over one-quarter (28%) of TANF's value has been lost due to inflation.[68] TANF's block grant structure is also not responsive to growing need—such as when the economy weakens or the number of families living in poverty rises—which has put greater strain on states. The TANF Contingency Fund—originally financed at $2 billion in 1996 to assist states in times of economic stress—has not served its purpose due to outdated restrictive eligibility rules, lack of state accountability for use of funds, and insufficient capital. The original allocation was used up by December 2009 and subsequent funding was depleted at the end of 2010.[69] While Congress has provided annual appropriations for the TANF Contingency Fund, including $610 million in FY14, these monies were already allocated as of March 2014.[70]

Food Insecurity and SNAP Enrollment

Policies to reform cash assistance also affected participation in the Supplemental Nutritional Assistance Program (SNAP), formerly the Food Stamp Program. The SNAP caseload fell by over one-third (37.4%) between 1994 and 2000 and then more than doubled (134.4%) between 2000 and 2010, continuing to increase each year since then **(Figure 7).** Studies concur that economic factors, commonly measured using the unemployment rate, are the main driver of SNAP participation; low unemployment accounted for 31% of the decline in the 1990s and high unemployment was responsible for 27% to 55% of the rise in the 2000s. The sharp decrease in government cash assistance to families following PRWORA explained 13% of the reduction in SNAP enrollment in the 1990s due to the adoption of strict sanction policies. SNAP policy changes in the early 2000s to expand eligibility, simplify enrollment, and improve outreach caused 16% to 20% of the increase in the decade.[71]

Research examining SNAP participation during 1996–2004 indicates that receiving SNAP reduces the likelihood of food insecurity by nearly one-third (31.2%) among housed, low-income clients, consistent with 2012 data that also found a one-third reduction.[72] Other studies have shown that homeless households who regularly stay in shelters or are enrolled in SNAP have decreased food insecurity.[73] Furthermore, increased SNAP benefits have been associated with lowered probability of homelessness, as food stamps free up other income sources for necessities such as housing.[74]

Lack of Child Care Exacerbates Instability

Access to reliable child care supports homeless parents' ability to work and gain financial stability. Without first arranging care for their children, homeless mothers cannot look for work or participate in the education and training programs necessary to improve their employability.[75] Studies have shown that having subsidized child care has a positive effect on low-income parents' work participation.[76] By supporting parents' ability to work and meet more of their families' basic needs, child care strengthens a family's overall economic security and helps prevent future episodes of homelessness. Disruptions in child care, on the other hand, can lead to homeless or at-risk parents losing much-needed income or even their jobs.

A 2012 ICPH report found that homeless mothers are less likely to receive child care subsidies than both mothers who are at risk of becoming homeless and mothers who are stably housed.[77] Research has also shown that low-income families receiving subsidies have higher incomes and report fewer risk factors than eligible non-recipients, which suggests that the child care subsidy system is particularly difficult for more vulnerable parents to navigate.[78]

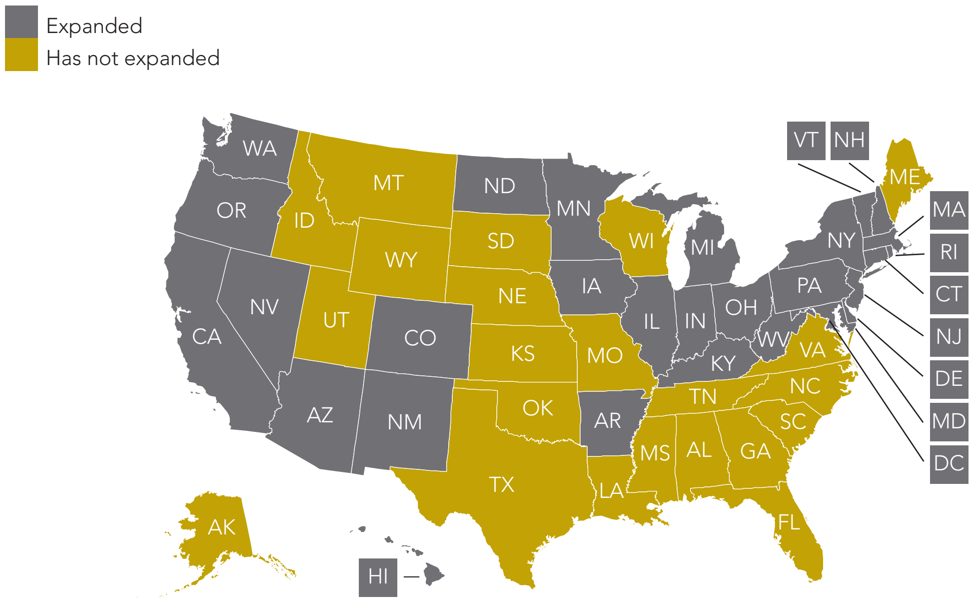
One of the most significant obstacles homeless parents face in accessing high-quality care is the expensive price. In 2012, the average annual cost of center-based care for a four-year-old was $7,817, ranging from $4,312 in **Mississippi** to $16,908 in the **District of Columbia.**[79] Subsidies bring the cost of care down substantially—the average fee for subsidized care in FY12 equaled 5% of a family's income, or $990 a year for a family of three at the federal poverty level.[80] However, even a reduced fee could be unmanageable for homeless families with few, if any, financial resources.

Like many low-income families, those experiencing housing instability often work in low-wage jobs with nonstandard and unpredictable hours and little workplace flexibility. Finding high-quality child care providers who can accommodate their work schedules, which may include overnight or weekend shifts, can be difficult.[81] As of 2013, only 11 states had higher reimbursement rates for providers offering subsidized care during these 'nontraditional' hours.[82] The unstable employment patterns and high mobility that accompany homelessness can also cause homeless children to be absent from care frequently. Families can lose their subsidies for excessive absences, and providers who are reimbursed based on the number of hours of care they provide can lose revenue.

Lack of information and misinformation can also limit homeless parents' child care choices. Low-income families tend to rely on informal sources and networks such as family and neighbors to help them make decisions about child care.[83] Many parents do not know that they could get help paying for child care; those who know can be deterred from utilizing child care subsidies due to the complexity of the application process and both perceived and real eligibility restrictions, such as the program's documentation requirements.[84] At least 24 states require families applying for child care to provide birth certificates or other documentation difficult for homeless parents to locate. The Child Care and Development Block Grant (CCDBG) Act of 2014 requires states to ensure homeless children are enrolled while documentation is obtained and to provide a grace period for homeless children to meet immunization requirements.

Broad guidelines for administering the Child Care and Development Fund (CCDF) are set at the federal level, but states largely determine how their share of CCDF funding is spent and who ultimately is eligible for subsidized care. As CCDF is a block grant and not an entitlement program, states are not mandated to provide assistance to all eligible applicants. HHS estimates that only one in six eligible children receives assistance.[85] Although the CCDBG Act of 2014 makes significant quality improvements to the program, it fails to adequately address the shortage of subsidies. In setting their eligibility guidelines and priorities, states have the opportunity to eliminate several of the structural barriers homeless families face in accessing child care. Yet, only nine states include homeless children as a priority population to serve, and only seven states provide care for parents to look for housing.[86]

Figure 9
States Expanding Medicaid Eligibility to 138% of the Federal Poverty Level, 2015



Source: The Henry J. Kaiser Family Foundation, *Where Are States Today? Medicaid and CHIP Eligibility Levels for Adults, Children, and Pregnant Women as of January 2015.*

Lack of Health Insurance

The lack of comprehensive health-insurance coverage for families living in poverty is one of the underlying structural causes of homelessness. In 2012, 48 million or 15.4% of Americans, including 6.6 million children (8.9%), were without health insurance. Persons living below the federal poverty level were almost twice as likely to lack insurance (29.6%).[87] For uninsured families, one serious illness or injury can result in insurmountable debt. Over half (62.1%) of all personal bankruptcies in the country are attributed to health problems.[88] The financial burden of illness—high out-of-pocket medical expenditures and decreased income due to job loss or reduced work hours—makes homelessness a real possibility for many families. Expanding health insurance is an important step; without access to affordable health care, homeless families risk worse health outcomes that only hamper their ability to become self-sufficient.

As a result of these obstacles, the emergency room is frequently the first choice for homeless families requiring medical attention. Over one-third of homeless families in Los Angeles use emergency departments or community clinics for preventive care (35%) and sick care (37%).[89] Aside from their high costs to society—hospitals account for 63% of the $40.7 billion in uncompensated care primarily funded by the government—these services do not adequately address chronic health problems, treating only immediate symptoms and health crises.[90]

The Patient Protection and Affordable Care Act (ACA) was signed into law in March 2010 to reduce the cost of health care and expand health insurance to all Americans, including low-income individuals who are not enrolled in or were previously ineligible for Medicaid. Starting in January 2014, states were allowed to expand Medicaid coverage to all persons whose earnings are at or below 138% of the federal poverty line. As of January 2015, only 28 states and the District of Columbia have chosen to do so **(Figure 9)**.[91] Capacity was also increased for U.S. Health Resources and Services Administration health centers, including Health Care for the Homeless programs, which receive 8.7% of total funding for all health centers.[92]

The shortage of Medicaid providers continues to pose a challenge for families with limited resources. Sixty-two million Americans (19.8% of the total population) lack adequate access to primary health care, which is due, in part, to the scarcity of Medicaid physicians in their communities.[93] To incentivize physicians to accept patients with Medicaid, the ACA provided a temporary increase in reimbursement rates for 2014. Few states chose to continue this rate increase for 2015.[94]