A Roadmap to Reducing Child Poverty

PRESENTED TO:
NATIONAL GOVERNORS ASSOCIATION

September 11, 2019

Christine James-Brown
Child Welfare League of America
Member Study Committee

The National Academies of
SCIENCES • ENGINEERING • MEDICINE
Study Sponsors

- Doris Duke Charitable Foundation
- The Foundation for Child Development
- The Joyce Foundation
- The Russell Sage Foundation
- The W.K. Kellogg Foundation
- The William T. Grant Foundation
- The U.S. Department of Health and Human Services
Committee

**GREG J. DUNCAN** *(Chair)*  
School of Education  
University of California, Irvine

**J. LAWRENCE ABER**  
Steinhardt School of Culture, Education and Human Development  
New York University

**DOLORES ACEVEDO-GARCIA**  
The Heller School for Social Policy and Management  
Brandeis University

**JANET CURRIE**  
Department of Economics  
Princeton University

**BENARD P. DREYER**  
New York University School of Medicine

**IRWIN GARFINKEL**  
School of Social Work  
Columbia University

**RON HASKINS**  
Brookings Institution

**HILARY HOYNES**  
Department of Economics and the Goldman School of Public Policy,  
University of California, Berkeley

**CHRISTINE JAMES-BROWN**  
Child Welfare League of America

**VONNIE C. MCLOYD**  
Department of Psychology  
University of Michigan

**ROBERT MOFFITT**  
Department of Economics  
Johns Hopkins University

**CYNTHIA OSBORNE**  
Lyndon B. Johnson School of Public Affairs  
University of Texas at Austin

**ELDAR SHAFLIR**  
Woodrow Wilson School of Public and International Affairs  
Princeton University

**TIMOTHY SMEEDING**  
Robert M. La Follette School of Public Affairs  
University of Wisconsin-Madison

**DON WINSTEAD JR.**  
Don Winstead Consulting, LLC
Study Staff

- SUZANNE LE MENESTREL
  Study Director

- PAMELLA ATAYI
  Program Coordinator

- NATACHA BLAIN
  Board Director

- SARAH BLANKENSHIP
  Christine Mirzayan Science and Technology Policy Graduate Fellow

- CONSTANCE F. CITRO
  Senior Scholar

- REBEKAH HUTTON
  Associate Program Officer

- CHRIS MACKIE
  Senior Program Officer

- DARA SHEFSKA
  Research Associate

- ELIZABETH TOWNSEND
  Associate Program Officer

- LESLEY WEBB
  Senior Program Assistant
Statement of Task

- Review research on linkages between child poverty and child well-being
- Analyze the poverty-reducing effects of existing major assistance programs directed at children and families
- Provide a list of alternative evidence-based policies and programs that could reduce child poverty and deep poverty by 50% within 10 years
Key Drivers

- Use of supplemental poverty measure
- Ten year timeframe
- Evidence/research requirement
Summary of Findings

- **Causal evidence** indicates that poverty itself causes negative child outcomes.

- **Many programs that alleviate poverty**, either directly, by providing income transfers—e.g., ETIC—or indirectly, by providing food, housing or medical care—e.g., SNAP, medical insurance—**have been shown to improve child well-being**.

- **These federal programs and policies** have kept the child poverty rate lower than it would have been without them.
Summary of Findings (Continued)

• A package of programs and policies is required to meet the 50 percent in ten years goal.
• A variety of contextual factors should be considered when designing and implementing anti-poverty programs to maximize impact.
• Additional research and data is needed.
Causal Evidence

• Growing up poor has negative effects on birthweight, brain development, and child physical and mental health
• Growing up poor leads to worse education and employment outcomes as adults
• Effects are worst the younger the child/longer in poverty
Many Anti-Poverty Programs Improve Child Wellbeing

• EITC-improved child educational and health outcomes
• SNAP-improved birth outcomes as well as many important child and adult outcomes
• Public health insurance for pregnant women, infants and children-improved child and adult health, educational attainment, employment and earnings
• Housing assistance mixed but when benefits allow move to a lower poverty neighborhood- improved educational and adult outcomes
Existing federal programs have kept the child poverty rate lower than it would have been without them.
Child Poverty Rates Would Be Higher Without Existing Programs

- With all programs: 13%
- Without all programs: +8.7%
- Federal EITC, CTC: +5.9%
- SNAP: +5.2%
- SSI: +1.8%
- Social Security: +2.3%
- UC, WC, and other social programs: +0.7%
- Housing subsidies: +1.8%
- Other benefits: +4.1%
Deep Child Poverty Rates Would Also Be Higher Without Existing Programs

<table>
<thead>
<tr>
<th>Program</th>
<th>Deep Child Poverty Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>With all programs</td>
<td>2.9%</td>
</tr>
<tr>
<td>Without all programs</td>
<td>+8.0%</td>
</tr>
<tr>
<td>Federal EITC, CTC</td>
<td>+0.8%</td>
</tr>
<tr>
<td>SNAP</td>
<td>2.8%</td>
</tr>
<tr>
<td>SSI</td>
<td>+1.0%</td>
</tr>
<tr>
<td>Social Security</td>
<td>+1.5%</td>
</tr>
<tr>
<td>UC, WC, and other social insurance</td>
<td>+0.3%</td>
</tr>
<tr>
<td>Housing subsidies</td>
<td>+0.4%</td>
</tr>
<tr>
<td>Other benefits</td>
<td>+1.0%</td>
</tr>
</tbody>
</table>
The Committee Evaluated Individual Policies and Programs

Program and policy options tied to work:
- Expand the Earned Income Tax Credit (EITC)
- Expand child care subsidies
- Raise the federal minimum wage
- Implement a promising training and employment program called WorkAdvance

Modifications to existing safety net programs:
- Expand Supplemental Nutrition Assistance Program (SNAP)
- Expand the Housing Choice Voucher Program
- Expand Child Supplemental Security Income (SSI) levels

Modifications to existing provisions relating to immigrants:
- Increasing immigrants’ access to safety net programs

Policies used in other Countries:
- Replace Child Tax Credit with a nearly-universal child allowance
- Introduce a child support assurance program that sets guaranteed minimum child support amounts per child per month
Lessons from Evaluation of Individual Policies and Programs

• No single program or policy option met the 50% reduction goal

• More effective policies generally cost more

• Income support enhancements decreased employment by up to 160,000.

• Work-based enhancements (e.g., to EITC, CDCTC) increased employment by up to 550,000.
## The Committee Evaluated Packages of Policies and Programs

<table>
<thead>
<tr>
<th>Policy</th>
<th>Work-oriented package</th>
<th>Work-Based and Universal Support Package</th>
<th>Means-tested supports and work package</th>
<th>Universal supports and work package</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expand EITC</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Expand Child and Dependent Care Tax Credit</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Increase the minimum wage</td>
<td>X</td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Roll out WorkAdvance</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expand housing voucher program</td>
<td></td>
<td>X</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Expand SNAP benefits</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Begin a child allowance</td>
<td></td>
<td>X</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Begin child support assurance</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Eliminate 1996 immigration eligibility restrictions</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
</tbody>
</table>

| Percent Reduction in the number of poor children | -18.8% | -35.6% | -50.7% | -52.3% |
| Percent Reduction in the number of children in deep poverty | -19.3% | -41.3% | -51.7% | -55.1% |
| Change in number of low-income workers        | +1,003,000 | +568,000 | +404,000 | +611,000 |
| Annual cost, in billions                      | $8.7  | $44.5  | $90.7  | $108.8 |
Results of Package Evaluation

- Two of four packages met goal:
  - Means-tested supports and work package
  - Universal supports and work package
- A third package which combined expansion of the EITC and CDCTC with a $2k child allowance that replaces the Child Tax Credit was lower cost and reduced child poverty by 36 percent ($44.5 billion per year but increases employment by 568k jobs and earnings by $10 billion)
Means Tested Supports and Work Package

- Increase EITC payments
- Convert the Child and Dependent Care Tax Credits to a fully refundable tax credit and focus on families with lowest income with children under 5
- Increase SNAP benefits by 35 percent and increase benefits for older children
- Increase number of housing vouchers directed to families with children-cover 70 percent of uncovered
Universal Supports and Work Package

- Increase EITC payments by 40 percent
- Convert the CDCTC to a fully refundable tax credits and concentrate benefits - low income families with children under five
- Raise minimum wage to 10.25 and index to inflation
- Restore eligibility of means-tested federal programs to legal immigrants
- Institute a new child allowance
- Institute a child support assurance policy as back up source of income if child support not received and set minimum child support $100 per month per child
Key Findings Related to the Simulated Packages
Balancing Goals

Bundling work-oriented and income-support programs can reduce poverty **AND** increase employment.
Impact on Subgroups

• Disparate impacts across population subgroups in our simulations

• Virtually all would reduce poverty across all of the subgroups we considered

• Disproportionately large decreases in child poverty occur only for Black children and children of mothers with low levels of education. Hispanic children and immigrant children would benefit relatively less.
Costs of the Packages

Package costs range from $8.7 billion to $108.8 billion per year

Studies have estimated the annual macro costs of child poverty to range from $800 billion to $1.1 trillion (4% of GDP)
Contextual Factors

- Stability & predictability of income
- Equitable & ready access to programs
- Equitable treatment across racial & ethnic groups
- Equitable treatment by the criminal justice system
- Positive neighborhood conditions
- Health & well-being

Context can greatly influence the impact and success of anti-poverty programs and policies.
Supportive Housing Need in the U.S.

Contextual child poverty statistics for U.S.:
- 2,136,000 children in poverty
- 2.9% child poverty rate

Total Need = 1.25 Million

<table>
<thead>
<tr>
<th>Category</th>
<th>Nation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Homeless Families</td>
<td>9,089</td>
</tr>
<tr>
<td>Child Welfare Families</td>
<td>43,667</td>
</tr>
<tr>
<td>Unaccompanied TAY</td>
<td>28,698</td>
</tr>
<tr>
<td>Justice Involved TAY</td>
<td>9,113</td>
</tr>
<tr>
<td>Child Welfare TAY</td>
<td>5,133</td>
</tr>
<tr>
<td>Total</td>
<td>95,700</td>
</tr>
<tr>
<td>Total as %</td>
<td>7.7%</td>
</tr>
</tbody>
</table>
Contextual child poverty statistics for Kentucky:
• 45,000 children in poverty
• 4.3% child poverty rate
• 2.4% higher than national average

Supportive Housing Need in Kentucky

<table>
<thead>
<tr>
<th>Homeless Families</th>
<th>49</th>
</tr>
</thead>
<tbody>
<tr>
<td>Child Welfare Families</td>
<td>787</td>
</tr>
<tr>
<td>Unaccompanied TAY</td>
<td>188</td>
</tr>
<tr>
<td>Justice Involved TAY</td>
<td>119</td>
</tr>
<tr>
<td>Child Welfare TAY</td>
<td>165</td>
</tr>
</tbody>
</table>

Total 1,308
Total as % 7.5%
Supportive Housing need in Maryland

Total Need=17,192

Contextual child poverty statistics for Maryland:
- 20,000 children in poverty
- 1.5% child poverty rate
- 2.5% lower than national average

<table>
<thead>
<tr>
<th>Category</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Homeless Families</td>
<td>108</td>
</tr>
<tr>
<td>Child Welfare Families</td>
<td>387</td>
</tr>
<tr>
<td>Unaccompanied TAY</td>
<td>209</td>
</tr>
<tr>
<td>Justice Involved TAY</td>
<td>121</td>
</tr>
<tr>
<td>Child Welfare TAY</td>
<td>95</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>920</strong></td>
</tr>
</tbody>
</table>

Total as %: 5.4%
Supportive Housing Need in Minnesota

Total Need = 16,208

Contextual child poverty statistics for Minnesota:
- 28,000 children in poverty
- 2.1% child poverty rate
- 0.8% lower than national average

<table>
<thead>
<tr>
<th>System</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Homeless Families</td>
<td>187</td>
</tr>
<tr>
<td>Child Welfare Families</td>
<td>886</td>
</tr>
<tr>
<td>Unaccompanied TAY</td>
<td>602</td>
</tr>
<tr>
<td>Justice Involved TAY</td>
<td>151</td>
</tr>
<tr>
<td>Child Welfare TAY</td>
<td>104</td>
</tr>
<tr>
<td>Total</td>
<td>1,930</td>
</tr>
<tr>
<td>Total as %</td>
<td>11.9%</td>
</tr>
</tbody>
</table>
Contextual child poverty statistics for New Jersey:
• 47,000 children in poverty
• 2.3% child poverty rate
• 2.2% lower than national average
Contextual child poverty statistics for Washington, DC:
• 7,000 children in poverty
• 5.6% child poverty rate
• 3.6% higher than national average

Supportive Housing Need in Wash. DC

<table>
<thead>
<tr>
<th>System</th>
<th>Number (Wash. DC)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Homeless Families</td>
<td>193</td>
</tr>
<tr>
<td>Child Welfare Families</td>
<td>83</td>
</tr>
<tr>
<td>Unaccompanied TAY</td>
<td>178</td>
</tr>
<tr>
<td>Justice Involved TAY</td>
<td>31</td>
</tr>
<tr>
<td>Child Welfare TAY</td>
<td>18</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>503</strong></td>
</tr>
<tr>
<td><strong>Total as %</strong></td>
<td><strong>14.0%</strong></td>
</tr>
</tbody>
</table>
Research and Data Collection Concerns

- Limited evaluation-SSI, various housing assistance and family related issues
- Issues with data collection and measurement-poverty measures, sample size
- Limited research about how to offset added barriers to poverty reduction-contextual impediments
A 50% Reduction in Child Poverty is Achievable

• The U.K. cut its child poverty rate in half from 2001 to 2008
• Canada’s Child Benefit program is on course to cut child poverty in half
• The US nearly cut its child poverty rate in half between 1967 and 2016
Forces of Poverty

• Demographics
• Economy
• Labor market
• Government policies (federal, state and local)
State Role

• Federal government sets overall policy for most safety net and social service programs
• States play an important role in establishing specific policies around eligibility and providing additional funding for social support efforts.
• The state role has become increasingly important in the past 20 years
• There are variations across states so children in some states will have access to fewer public resources than children in other states.
State Role

- Leadership
- State Level EITC
- Minimum wage
- Family/parental leave
- SNAP policies
- Contextual impediments
Implications for States

• Partners, organizations, sectors and/or people needed to reach the goal of reducing child poverty by half

• Key recommendations for governors’ offices and senior state agency leaders in the audience?
Learn More:
www.nap.edu/reducingchildpoverty

• ~220 page report
• Appendices
• Spreadsheet with demographic and state details for policy options
• Data Explorer Tool
• Report Highlights

#ChildPovertyInHalf
Thank you!

Contact:

Suzanne Le Menestrel, Study Director
Phone: 202-334-3993
Email: slemenestrel@nas.edu

Liz Townsend, Associate Program Officer
Phone: 202-334-1527
Email: etownsend@nas.edu