

# OUR KIDS, OUR FUTURE



SOLUTIONS TO CHILD POVERTY IN THE U.S.

**CPAG**  
CHILD POVERTY  
ACTION GROUP

  
FIRST FOCUS



U.S. Child Poverty Action Group  
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# OUR KIDS, OUR FUTURE: A FOREWORD

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**I**n the coming decades, the ratio of seniors to those of working age will be twice as great as it was in the 20th century. This means far fewer workers to support our economy and replace those who are retiring.<sup>1</sup> This shift would be even more dramatic if it weren't for immigration, because grown children from immigrant families will account for about three-quarters of the growth in working-age population projected from 2020 to 2030.<sup>2</sup>

Thus, it is more critical now than ever to invest in our children, who will make up our future workforce. Yet we have seen the opposite trend. Children in the United States experience poverty at a rate that is more than 62.5 percent higher than that of adults. Put another way, children make up 23 percent of the U.S. population but account for 33 percent of the population living in poverty.<sup>3</sup>

These numbers get even more alarming when taking into account families living just above the poverty line. More than 40 percent of children younger than 18 are living in low-income families, with an annual income of less than \$50,000 a year for a family of four, two adults and two children.<sup>4</sup> These numbers translate to millions of children who are trying to thrive each day and, through no fault of their own, are faced with barriers at every stage of their development.

Because of our country's long history of structural racism and discrimination, people of color experience poverty and financial insecurity at disproportionately high rates and are thus more likely to depend on antipoverty programs. This is certainly true for children of color, who experience poverty at nearly three times the rate of white children. Compounding high rates of poverty among black children is the growing trend toward communities of concentrated poverty.<sup>5</sup> For Native American children, historical trauma and exclusionary U.S. government policies continue to cause tragically high rates of poverty.

Children of immigrants are the fastest-growing group of American children. The 18 million children who live in a family with at least one immigrant parent<sup>6</sup> face unique cultural and systemic barriers to attaining economic security. Harsh immigration policies and polarized political debates play a role in the economic hardships faced by both lawful and undocumented immigrant families. Fear of deportation and family separation drives immigrant children and families away from the normalcy of their daily lives and into the shadows of their communities, including holding back from



attending school and accessing critical benefits.

The United States spends much less of its gross domestic product on benefits for families—less than 1 percent—than do other middle- and high-income countries. In comparison with 21 other countries, the United States ranks second-to-last in its spending on families.<sup>7</sup> Each year, First Focus publishes an analysis of spending on children in the federal budget; in 2017, we found that less than 8 percent of federal spending was for children, despite the fact that they make up 25 percent of the nation's population.<sup>8</sup> Although research shows that money matters for child development and academic achievement,<sup>9</sup> just under 25 percent of all poor families who are eligible for cash assistance receive it.<sup>10</sup>

This is not to say there are not effective antipoverty programs operating in the United States that provide critical assistance to families struggling to make ends meet. The Supplemental Nutrition Assistance Program (SNAP) combats hunger and lifts five million children out of poverty annually, while the earned income tax credit and child tax credit together also lift five million children out of poverty. These programs also have long-term benefits, with children in families who accessed these benefits having higher educational attainment and being likelier to earn more as adults.<sup>11</sup>

Yet the persistently high level of child poverty in the United States indicates that we are not doing enough to ensure that every child has a fair shot at succeeding, and there is no long-term national strategy to address child poverty and the negative outcomes associated with it.

The nation should look to other countries for guidance. In 1999, the United Kingdom established a national child poverty target and then implemented a mixture of policies including investments for children, measures to make work pay, and efforts to increase financial support for families. As a result, the nation cut its child poverty rate in half within a decade (2000–2010). In contrast, at approximately the same time, the U.S. child poverty rate increased by more than 20 percent, from 16.2 percent in 2000 to 21.1 percent in 2014.<sup>12</sup>

Although child poverty has begun to rise again in the United Kingdom due to austerity measures, the U.K. example is still a valuable one, proving that child poverty is not an insurmountable problem when the political will exists to address it.

Inspired by the U.K. Child Poverty Action Group and other child advocates around the world, in May 2016, First Focus started the U.S. Child Poverty Action Group, a partnership of national child-focused organizations dedicated to cutting the U.S. child poverty rate in half within a decade.<sup>13</sup> This group undertakes its work through raising awareness, building political will, and advocating for policies proven to reduce child poverty. We strive to be a resource for dedicated lawmakers, media outlets, and advocates fighting on behalf of children in poverty.

Given this mission, we put together *Our Kids, Our Future: Solutions to Child Poverty in the U.S.*, a cross-sector guide to reducing child poverty in the United States. Together, the policy briefs included in this compendium demonstrate that in order to make significant progress in reducing child poverty and addressing racial and ethnic disparities, we need a national commitment that involves coordination between federal, state, and local levels of government.

This commitment must include making financial investments that build upon what is working. As Andrew Stettner of The Century Foundation details in this compendium, building upon the effectiveness of family tax credits through the creation of a universal child allowance would go further toward ensuring that all children live in households with enough resources to meet their basic needs and support their healthy development.

Other papers in the compendium include recommendations on increasing access to affordable and quality childcare and early childhood education, reducing the effect of poverty on student achievement and attainment, addressing the increase in child welfare cases due to the opioid crisis, increasing families' access to housing assistance, retooling the federal homeless assistance system, creating a universal paid family leave program, reducing the gender wage gap, addressing unique barriers faced by children of immigrants, supporting family asset building, and more.

In the United States, there are millions of children living in poverty each day and trying to thrive but, through no fault of their own, faced with barriers at every stage of their development. Let us do right by these children and prove we recognize their value by making child poverty reduction in the United States a top priority.

Reducing child poverty is not only the right thing to do but necessary for our nation's future economic success. Everyone—regardless of socioeconomic status—benefits from strategies that lift children out of poverty, because these strategies are tied to economic gains that result in a strong and educated workforce. When *all* children are successful, all of us benefit.

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# CREATING THE POLITICAL WILL TO REDUCE CHILD POVERTY

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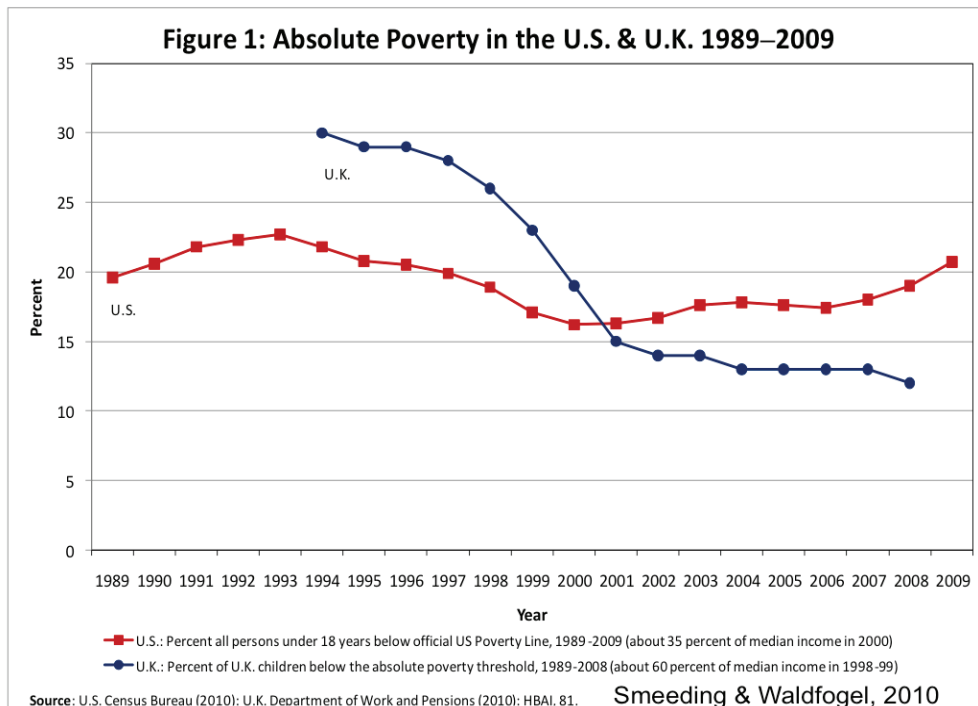
Children living in poverty continue to be cast aside in the United States. Only 8 percent of the federal budget goes to children, and this amount continues to decline over time.<sup>1</sup> We are the only industrialized country in the world that doesn't have a national paid leave program for working families. And children in Flint, Michigan, and around the country continue to suffer from brain and nervous system damage due to lead exposure from contaminated water, paint, and soil.

While some dedicated lawmakers, media outlets, and advocates are fighting for children, there is no long-term national strategy, or even a national dialogue, to address child poverty and the negative outcomes associated with it. The government's failure to prioritize children, time and again, demonstrates a lack of accountability.

The United States should look to other countries for guidance. In the United Kingdom, the child poverty rate remains lower than in the United States due to a national commitment and strategy to address it. In 1999, Prime Minister Tony Blair declared a national goal to end child poverty through targets to cut the rate by one-quarter in 5 years and by one-half in 10 years, and eliminate it within 20 years. This commitment was the result of strong advocacy from child-focused organizations such as the U.K. Child Poverty Action Group. With cross-party political support, this commitment was codified into law in 2010 through the Child Poverty Act, which requires the government to

- track measurements and targets for relative poverty, combined low income and material deprivation, persistent poverty, and absolute poverty;
- develop a U.K. Child Poverty Strategy and require the nations (Scotland, Wales, and Northern Ireland) to develop strategies as well;
- publish annual progress reports; and
- collaborate with local governments and other stakeholders to reduce child poverty.<sup>2</sup>

Measured in U.S. terms, the United Kingdom's efforts were a success in the first decade—resulting in policy changes that successfully cut the absolute child poverty rate by 50 percent between 2000 and 2010. The government implemented a set of policies that successfully raised incomes, promoted work, and improved child well-being, while U.S. progress in these areas stagnated (see Figure 1).



Unfortunately, in 2016 the Child Poverty Act was abolished. As a result, the United Kingdom will no longer track child poverty with any income-based measurements, and only after much backlash did the government agree to continue regularly publishing data on child poverty.<sup>3</sup> Scotland is a bright spot, with the Scottish parliament recently having passed legislation to maintain statutory targets to significantly reduce child poverty.<sup>4</sup>

The abolishment of the Child Poverty Act, combined with funding cuts and detrimental changes to benefit programs, has caused the child poverty rate in the United Kingdom to rise again, and it is projected to continue to increase over the next four years.<sup>5</sup> Despite this backsliding of progress, the U.K. example is still a valuable one for the United States because it proves that child poverty is not an insurmountable problem when the political will exists to address it.

Building on the past success of the U.K. model, the United States should establish a similar goal and take the steps necessary to cut child poverty in our country. The Child Poverty Reduction Act (S. 1630 / H.R. 3381) would establish a national child poverty target in the United States. Reintroduced in 2017 by Senators Bob Casey (D-PA), Sherrod Brown (D-OH), and Tammy Baldwin (D-WI), and Representatives Barbara

Lee (D-CA-13), Danny Davis (D-IL-7), Gerald Connolly (D-VA-11), and Lucille Roybal-Allard (D-CA-40), it would establish a national target to reduce the number of children living in poverty in the United States by half in 10 years and to eliminate child poverty in 20 years, as well as mandating that the federal government come up with a national plan to meet these targets.<sup>6</sup>

In order to identify the most effective interventions to meet this target, the bill mandates that the national plan be developed in consultation with nongovernmental entities providing social services to low-income children and families; advocacy groups that directly represent low-income children and families; policy experts; and officials of state, local, and tribal governments, including the working group of the largest state and local associations who administer or direct policy for antipoverty programs.

In addition, thanks to the leadership of Representatives Barbara Lee and Lucille Roybal-Allard, the 2016 federal omnibus spending bill included funding for a landmark study from the National Academy of Sciences on child poverty in the United States.<sup>7</sup> This study will provide an evidence-based, nonpartisan analysis of the macroeconomic, health, and crime/social costs of child poverty as well as recommendations to reduce the number of children living in poverty in the United States by half in 10 years.<sup>8</sup>

Not only will this study will raise the profile of the issue of child poverty in the United States, but the recommendations issued will provide a starting point for bipartisan legislative action. Its release is slated for fall 2018.

In addition, several states have established child poverty targets, including Vermont<sup>9</sup> and Connecticut.<sup>10</sup> In California, a state child poverty task force was established to develop a framework to significantly reduce child poverty,<sup>11</sup> and in Wisconsin, a coalition of faith-based networks and antipoverty groups has begun a campaign that sets the goal of ending child poverty in the state.<sup>12</sup> On the international stage, the prime minister of New Zealand recently announced a national goal to reduce child poverty over the next decade and detailed three targets to meet this goal.<sup>13</sup>

While there is a lot of great research out there on the best policies and investments needed to lift children out of poverty in the United States, we lack the political will to implement them. A national target would provide a tool for advocates, the media,



and the public to hold the government accountable for identifying and implementing effective interventions to reduce child poverty. Now is the time for us to prioritize child poverty—our country can't afford to wait.

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# A CHILD ALLOWANCE: THE BIG ANTIPOVERTY IMPACTS OF SMALL AMOUNTS OF CASH

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## INTRODUCTION

Child allowances represent a bold effort to get to the core of the problem of child poverty—the inability to pay for basic needs. Mounting evidence indicates that targeted aid to families provides not only immediate gains in poverty reduction but also lifelong benefits in terms of childhood development. There is growing momentum inside and outside Congress to adopt child allowances in the United States—following nations like Canada, Great Britain, and numerous other countries in the industrialized world.

## RESEARCH

**A little bit of cash goes a long way in the lives of children living in poverty.** That's the great news from an impressive and growing body of research. When the Cherokee Nation built a casino in a poor region of North Carolina, each Cherokee family received \$4,000 per year, creating a natural experiment, using Anglos not eligible for this help as the control. Researchers at Duke University were able to track children of participating families into adulthood and found that they “used *less alcohol and fewer drugs*, were less likely commit *minor crimes*, and [were] more likely to *graduate from high school*” (emphasis added).<sup>1</sup>

Careful research on the earned income tax credit (EITC), which provides an annual cash supplement averaging around \$3,000, echoes the powerful results of the Cherokee experiment. The EITC reduces the incidence of low birth weight, increases test scores in elementary and middle school, and improves high school graduation rates. The extra income is especially important in the crucial early childhood years: a modest \$3,000 annual increase in family income between a child's prenatal year and fifth birthday, regardless of the source, is associated with 19% higher earnings and a 135-hour annual increase in work hours in adulthood.<sup>2</sup>

## PUTTING RESEARCH INTO ACTION

**Child allowances.** Based on this powerful evidence, leading poverty researchers and major political leaders have called for a universal child allowance. The idea is quite simple. Universal child allowances provide a regular monthly cash payment to households raising dependent children. Unlike means-tested benefits such as food

stamps or welfare, universal child allowances are available to all households raising children (some countries tax them at higher income levels). The leading thinkers supporting a child allowance range from liberal antipoverty icons such as Columbia's Jane Waldfogel<sup>3</sup> to conservative scholar Samuel Hammond from the Niskanen Institute.<sup>4</sup>

Child allowances are widely used across the industrialized world. Austria, Australia, Canada, Denmark, Finland, France, Germany, Ireland, Luxembourg, the Netherlands, Norway, Sweden, and the United Kingdom all have child benefits, with payments ranging from US\$1,800 to US\$8,000 per year.<sup>5</sup> Canada recently increased its child benefits to just under C\$6,400 per year for children under six (C\$5,400 per child for older children).<sup>6</sup> The child benefit was the centerpiece in the United Kingdom's campaign that lifted 800,000 children out of poverty in a decade.<sup>7</sup>

## CURRENT PROPOSALS

In October 2016, a group of the nation's leading poverty researchers came together on a child allowance proposal with five main principles: (1) every child at a given age should receive the same benefit, (2) payments should be frequent enough to meet short-run cash needs, (3) payment levels should be adequate for a family to address the basic needs of its children, (4) families with younger children should be eligible for larger payments, and (5) per-child payment levels should decline with additional children. The group proposed a payment of \$300 per month for young children and \$250 per month for older children, paid for in part by consolidating the then-current (pre-tax reform) child tax credit and personal exemptions for children (the latter since eliminated by the Tax Cuts and Jobs Act passed in December 2017).<sup>8</sup>

British child benefits are paid by the social security system (under the Department for Work and Pensions), and the Social Security Administration would be an effective vehicle for distribution in the United States. However, legislation before Congress has proposed reforming the child tax credit and the refundable additional child tax credit. For example, the American Family Act of 2017,<sup>9</sup> introduced by Senators Sherrod Brown (D-OH) and Michael Bennet (D-CO), would establish a new young child tax credit of \$300 per child per month for children under 6 and increase the existing child tax credit to \$250 per month, extending it to 17- and 18-year-olds.<sup>10</sup> Unlike the current child tax credit, the payments would be made on a monthly basis by the

Treasury Department as an advance credit, rather than as a lump sum at tax time. For all intents and purposes, the American Family Act would turn the child tax credit into a child allowance. In the House, the Child Tax Credit Improvement Act, introduced in early 2017 by Representative Rosa DeLauro (D-CT-3) led the way with a proposal for a \$3,600 per young child tax credit that would also be paid out in advance like a child allowance.<sup>11</sup>

Such proposals would fix a major flaw in the current child tax credit, which excludes families with less than \$2,500 in annual earnings and provides only a partial child tax credit to working poor families. For similar reasons, the previous (pre-2018) child tax credit reduced the percentage of children in deep poverty by only 0.2 percentage points.<sup>12</sup> The Tax Cut and Jobs Act does increase the maximum refundable child tax credit by 40 percent, from \$1,000 to \$1,400 per child, but by continuing to limit refundability among the poorest families, it still leaves 10 million children with either no increase or a token increase of less than \$75.<sup>13</sup>

**Child allowances deliver large antipoverty impacts.** At its core, poverty amounts to a lack of financial resources for basic needs, and a cash child allowance is one of the most efficient ways to make a big reduction in poverty. A Columbia University analysis of the Brown-Bennet American Family Act found that it would cut child poverty in half, lifting 5.3 million children out of poverty and 1.9 million families out of deep poverty (below 50 percent of the poverty line).<sup>14</sup> Moreover, it would virtually eliminate extreme poverty among children, defined by researchers Kathryn Edin and Luke Shaefer as living on less than \$2 per person cash per day.<sup>15</sup>

**Child allowances add incremental costs in exchange for big poverty reductions.**

The academic poverty experts who proposed a child allowance in 2016 estimated that their core proposal (\$250 per month for all children) would cost \$75 billion more per year than the then-current child tax credit and tax exemption, approximating the cost of the proposed American Family Act.<sup>16</sup> And even over 10 years, it would offer less in relief than Congress recently gave to multinational corporations—and would make sure that the human side of our economy has a brighter future.

**Cash works in multiple ways.** Researchers are learning more about how extra cash income produces the kinds of results that have been witnessed with the earned income tax credit and experiments such as the Cherokee Nation program. First, at least in the

British example, families recognized this money as being specifically for their children and spent it on learning and health items such as books and fruits and vegetables.<sup>17</sup> Moreover, sufficient cash appears able to ease family stress<sup>18</sup> that has been shown to be physiologically toxic to developing children<sup>19</sup> in ways that impinge on long-term development.

## CASH ALLOWANCES

Some might mistake child allowances (and refundable tax credits) to be a form of welfare. Actually, however, by providing benefits universally, child allowances eliminate the “cliffs” in public benefits programs that may dissuade poor people from working. In fact, Canada found that larger child benefits increased levels of employment of mothers, who were able to use child benefits as work support that made it easier for them to work outside the home.<sup>20</sup>

**Child allowances are not a silver bullet.** Although child allowances must be one of the leading planks of a national commitment to end child poverty, they are not a silver bullet. While some families might use a child allowance for child care expenses, the funds are not nearly enough to pay for evidence-based, high-quality early education that propels school readiness. They won’t reduce the need for universal children’s health insurance or for increasing the stock of affordable housing or child nutrition programs such as school meals. Rather, they should be seen as the floor of fungible cash income that enables families to have the resources to meet the most basic needs.

## CONCLUSION

Just a few years ago, the child allowance was unheard of in American policy circles. It’s great news for children that major leaders in and out of Congress are recognizing the power of this potential policy to reduce child poverty immediately and propel all children to less stress, better health and education, and a chance to live out their full potential.

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# HELPING WORKING FAMILIES BUILD WEALTH AT TAX TIME

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**Refundable tax credits can help lower-income families build wealth.** The earned income tax credit (EITC) is our nation's most effective antipoverty tool. It is a refundable tax credit available to low- and moderate-income households with members who work. In 2017, 27 million tax filers claimed the EITC, receiving an average benefit of \$2,445.<sup>1</sup> For tax year 2017, a married couple with two children and an income of \$40,000 qualified for an EITC of \$2,226, meaning their EITC benefit was the equivalent of 6 percent of their annual income.<sup>2</sup> Although structured as a wage subsidy, the EITC functions as a lump-sum payment received at tax filing time. Studies and reports from practitioners that serve EITC filers reveal that the vast majority of EITC recipients *prefer* the forced savings mechanism of the EITC to an alternative monthly wage boost.<sup>3</sup> EITC claimants interviewed for the book *It's Not Like I'm Poor* primarily used their tax refunds to save, pay down debt, and invest in long-term assets. Researchers for the book concluded that these EITC-eligible families used their tax refunds to "build their aspirations for upward mobility."<sup>4</sup> The child tax credit (CTC) is another tool that gives Americans tax relief when they have children in their household. Prior to the recently passed tax reform, this tax credit was worth as much as \$1,000 per qualifying child; under the new legislation it will potentially be double that amount. However, the CTC is not fully refundable like the EITC. Instead, it has a refundable piece, the additional child tax credit, that can help lower-income families support their children.

**The EITC and CTC have far-reaching positive impacts.** Research shows that these tax credits have an overwhelmingly positive impact on workers and their children. Children in families that receive tax-time benefits such as the EITC and CTC experience improved outcomes from early childhood all the way through retirement. This means better infant health, improved test scores in school, boosted college enrollment, increased earnings as adults, and finally, higher Social Security benefits in retirement.<sup>5</sup> Research from Columbia University even claims that the EITC improves health outcomes.<sup>6</sup> This long-term impact is quantifiable: children in families that earned an extra \$3,000, roughly the size of a typical EITC, worked 135 hours more per year once they reached adulthood.<sup>7</sup>

VITA sites provide free tax preparation to help lower-income households access tax credits. The average cost of paid tax preparation is \$261.<sup>8</sup> For many families, these are dollars that could otherwise go toward monthly bills and emergency savings. The Volunteer Income Tax Assistance (VITA) program helps low- and moderate-

income households with free tax preparation services, including helping them get the EITC and CTC. There are 4,300 VITA sites around the country that prepared more than 1.4 million returns in 2017, generating more than \$2.1 billion in refunds to assist households earning less than \$54,000 in annual income.<sup>9</sup> VITA grants must be matched by local, state, or private dollars, making the program an example of a true private-public partnership. In addition to helping households with their taxes, many VITA programs deliver other services, such as financial education and savings programs. Today, the VITA program has the highest return preparation accuracy rate of any type of preparer, 93 percent, and serves as a model for competency standards. VITA volunteers are held to a high standard and required to complete training and certification programs each year.<sup>10</sup>

**Expand EITC eligibility to workers not raising children.** So-called childless workers are the only class of workers taxed further into poverty.<sup>11</sup> A single worker with no qualifying children living right at the poverty line in 2017 qualified for a credit of just \$225, boosting his or her income by less than 2 percent. If this worker was younger than 25 or older than 65, then he or she would have been completely ineligible. Compare this outcome with that of a single worker with one child filing as a head of household, whose credit would have been \$3,400 in 2017.<sup>12</sup> The Earned Income Tax Credit Improvement and Simplification Act (H.R. 822 in the 115th Congress) would expand eligibility and increase the amount of the credit.<sup>13</sup> Increasing the EITC benefit for workers not raising children would provide a stronger work incentive and a larger benefit while reducing improper payments.

**Help low-income families access free tax preparation services by making the VITA program permanent.** In response to the increased demand for the program, funding for the VITA program has grown to \$15 million. However, Congress has never formally authorized the grant program. Codifying Congressional support would give VITA sites more certainty that the grant program will continue. The bipartisan VITA Permanence Act of 2017 (S. 797 and H.R. 2901 in the 115th Congress) authorizes the program, allows for up to \$30 million in annual grant funding, and ensures that VITA sites maintain their already impressive accuracy rates and can continue to expand access to keep up with growing demand.<sup>14</sup>

**Increase return accuracy by establishing minimum competency standards for paid tax preparers.** Surprisingly, a majority of paid tax preparers are not required to meet basic competency standards.<sup>15</sup> All they need is an IRS preparer tax identification number.<sup>16</sup> Paid tax return preparers should be required to take a tax education course, pass an initial basic competency test, and engage in continuing education to demonstrate they have an understanding of current tax filing requirements. Given that 68 percent of filers claiming the EITC use a paid preparer,<sup>17</sup> paid preparers should be held to meaningful standards to ensure they know how to complete returns accurately. The IRS implemented such standards in 2012, but a federal court ruled in 2014 that the IRS lacked statutory authority to establish them.<sup>18</sup> Congress can increase return accuracy by setting these commonsense standards.

**Make the CTC available to lower-income families.** The recent tax reform legislation doubled the CTC from \$1,000 to \$2,000 per child and extended the CTC so that it starts to phase out for married families with incomes at \$400,000 per year (compared with the previous \$110,000 per year). However, with this legislation, 10 million children in the lowest-income working families would get only a token increase of \$75 or less,<sup>19</sup> and households with children who do not have Social Security numbers are no longer able to access the refundable portion of this credit using individual taxpayer identification numbers (ITINs).<sup>20</sup> The CTC needs to be expanded to benefit those households who really need its support. Congress should make the CTC fully refundable and allow households to use their children's ITINs so that the head of household can access this vital credit.

**Empower filers to save by establishing a rainy-day EITC.** While many low-income workers use the EITC as a makeshift savings tool, it was not built to function as one. One proposal to help more filers build emergency savings, proposed by the authors of *It's Not Like I'm Poor*, would allow workers to defer a portion of their EITC for future use later in the year. Such a reform would take advantage of the unique “financial slack” afforded at tax time, encouraging workers to build up emergency savings. The Refund to Rainy Day Savings Act (S. 2797 in the 114th Congress)<sup>21</sup> would guarantee that workers have some emergency savings that last beyond their initial tax refund.

This bill allows workers receiving a direct deposit refund to defer 20 percent of their tax refund into a Treasury account that would gain interest. The principal and interest would be directly deposited into their bank account six months later. The bill would also establish a three-year pilot program that would evaluate using matching funds in the Rainy Day EITC to incentivize families to save. If implemented, this rainy-day payment could be used to cover emergencies and expenses that happen later in the year.<sup>22</sup>

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# CHILDREN LIVING IN POVERTY NEED TANF REFORM

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## INTRODUCTION

Since 1996, the number of U.S. children living in extreme poverty has doubled, from 1.4 million to 2.8 million.<sup>1</sup> Over time, safety net programs created to help lift children and families out of poverty have undergone changes so dramatic that certain programs, such as cash assistance under Temporary Assistance for Needy Families (TANF), are helping fewer families meet their basic needs. Today, TANF is less effective than its predecessor, Aid to Families with Dependent Children (AFDC), at lifting children and families out of deep poverty. Three of the primary reasons that the TANF program has become less effective are its block grant funding structure, its devolutionary design, and specific eligibility requirements. This section lays out those weaknesses in the program and then offers ways to improve TANF in order to reduce the number of children living in poverty.

## TANF'S DECLINE

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 replaced the AFDC program with the TANF program. This legislation fixed annual expenditure for the TANF block grant at \$16.5 billion. Congress has not increased this limit since 1996. As a result, the funds, when adjusted for inflation, have lost about 25 percent of their value.<sup>2</sup> Previously, funding for AFDC was based on need and would fluctuate to efficiently and effectively respond to financial downturns and environmental crises.<sup>3</sup> However, TANF's block grant funding makes the program unable to respond to recessions and disasters.<sup>4</sup> As a result, TANF leaves poor families without benefits when they most need support. In addition to losing value over time, TANF is reaching fewer poor families than it was in 1996. According to the Center on Budget and Policy Priorities, 68 percent of families living in poverty received cash assistance in 1996; by 2016, this percentage was down to 23.<sup>5</sup>

Not only is TANF reaching fewer families, but those receiving TANF benefits, even when combined with other public benefits, still struggle to meet their basic needs. “In 2012, only about 25 percent [of TANF families] had any cash income from a source other than TANF, and that income was about \$600 a month, on average—about 45 percent of the poverty threshold for a family of two.”<sup>6</sup> The majority of adult TANF recipients receive Medicaid, and the majority of TANF families also receive benefits under the Supplemental Nutritional Assistance Program (SNAP).<sup>7</sup> However, benefits

from SNAP and the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) are restricted to food. As a result, TANF families cannot stretch a monthly benefit (such as \$432 in Illinois for a family of three) to cover rent, utilities, clothing, and other necessities.<sup>8</sup>

While other programs in the United States provide cash relief to poor families, they do not reach the same families that are inadequately served by TANF. For example, the earned income tax credit (EITC) is highly effective at lifting families out of poverty, but it is a once-a-year payment that mostly helps families with a significant work history. Likewise, Supplemental Security Income (SSI), cash assistance for people with disabilities, is unable to fill the TANF gap because most states do not allow people to receive both SSI and TANF.<sup>9</sup> TANF's work requirements and lifetime limits for parents and guardians keep money out of the hands of needy families.

## DENYING FAMILIES SUPPORT

Under law, adults in families receiving TANF are permitted to receive cash assistance for a maximum of five years during their lifetimes. Due to the devolutionary design of TANF, one-third of states have even shorter time limits for adults.<sup>10</sup> “In 2012, about three-quarters of cash assistance was provided on behalf of children. Of those children, roughly half lived in families in which the adults were ineligible for cash assistance, and most of the others lived with one adult recipient.”<sup>11</sup> Although children can continue to receive TANF benefits even if their adult guardian has reached his or her time limit, removing cash assistance from parents and guardians hurts children living in the household by removing much-needed financial assistance that could be used to meet basic needs such as housing, utilities, hygiene products, diapers, and clothing.

Further, the inflexibility of the lifetime limit denies families access to assistance when it is needed most. For example, a family struggling due to an unexpected job loss, fleeing domestic violence, or experiencing a mental or physical illness that renders a family member unable to work would be unable to access TANF assistance if the lifetime limit has already been reached.<sup>12</sup> This major flaw in the TANF program harms children and their caregivers, placing financial stability further out of reach. One study found that families in Washington state who lost TANF benefits due to the state-imposed time limit were more likely to have suffered from mental and physical illnesses that made it difficult for them to find and maintain employment.<sup>13</sup> The study

also found that three years after losing TANF due to time limits, more than half of its former recipients were unemployed.<sup>14</sup> This lack of support resulted in higher rates of homelessness compared with families that left TANF voluntarily or for other reasons.<sup>15</sup>

At the same time that TANF's lifetime limit for adults has made the program less accessible to parents and children living in poverty, its stringent work requirements have also resulted in the elimination of necessary cash assistance for needy families and their children. Under current federal guidelines, states can lose a portion of their TANF funding if they are unable to prove that 50 percent of single-parent TANF recipient families and 90 percent of two-parent families are "engaged in work."<sup>16</sup> To be considered "engaged in work" under these guidelines, a single parent is required to work (or be involved in a work-related activity such as a job search, educational program, or job training program) 20 hours a week and the adults in a two-parent family are required to be so engaged for a combined 55 hours a week.<sup>17</sup> However, almost all states have circumvented this requirement to take advantage of the caseload reduction credit. This credit decreases the percentage of TANF recipients required to be engaged in work or work-related activities if states reduce their caseload. The caseload reduction credit does not incentivize states to provide quality skills training, but rather incentivizes them to impose harsher eligibility requirements on poor families in order to reduce the number of recipients.

## USING TANF BLOCK GRANT FUNDS FOR OTHER PURPOSES

Because the constitution of every state except Vermont requires a balanced budget every year, states regularly draw on the TANF block grant for purposes other than the ones Congress intended. TANF funding has gone from being "a specific funding source for cash assistance" to being "a broad funding stream for various programs supporting low-income families."<sup>18</sup> The transfer of the TANF block grant to fund foster care services is particularly common, with TANF "mak[ing] up about 19 percent of federal spending on child welfare services."<sup>19</sup> According to a 2011 Government Accountability Office report, 31 states reported spending at least some TANF funds on child welfare services.<sup>20</sup> Some states transfer more TANF funds to child welfare than others. Texas reportedly "devotes more than half the state's TANF and MOE [maintenance of effort] spending to child welfare" and Michigan uses "close to 40 percent" of its TANF grant to fund foster services.<sup>21</sup> While foster care is a worthy source of state funding, states receive other dedicated federal funding for that purpose

and there is concern that states are simply raiding TANF funds to pay for foster care systems they would have funded anyway. If TANF funds are merely displacing state effort in foster care, poor children—TANF recipients or not—suffer.

## RECOMMENDATIONS

To effectively address child poverty, significant changes need to be made to the TANF program. First, Congress should, for the first time since it created TANF in 1996, increase the total TANF block grant amount. In order to prevent the deterioration of this funding over time, Congress should pair that increase with a provision that indexes the TANF grant to inflation. Second, Congress should provide greater flexibility to states by removing lifetime limits for parents and guardians. Third, Congress should eliminate the harsh work requirements that take money away from impoverished families. Congress should also take away the perverse incentives for states by eliminating the caseload reduction credit. Finally, in order to prevent states from raiding TANF funds for other purposes, Congress should require them to spend a significant percentage (such as 33 percent) of their TANF block grant on cash assistance.

## CONCLUSION

The TANF program can provide crucial emergency support to some of the poorest families in the country. However, the block grant structure, lifetime limits, and work requirements make it difficult for states to deliver support when poor children and their families need it most.

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# A CHILD-FOCUSED APPROACH TO TANF REFORM

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The Temporary Assistance for Needy Families (TANF) program, or block grant, now more than two decades old, is in danger of becoming a general block grant lacking accountability, mission, and purpose. TANF needs to be strengthened in a way that makes it an important antipoverty and anti-child poverty program through the use of cash assistance, poverty reduction efforts, and workforce development targeted to lower-income and harder-to-serve populations and families.

The TANF block grant has been important not just as a direct cash assistance program but also because of the role it plays in other human services, including childcare and child welfare. Mandatory childcare funding is housed under Title IV-A (TANF), but it has also benefited over the years from the regular transfer of TANF funds into state childcare programs. At the same time, surveys over the past 20 years have consistently shown that states have drawn approximately 20 percent of their total federal child welfare funds from the TANF block grant.

That history, however, does not mean that TANF is just an additional, flexible source of funding. TANF plays an important role in child welfare services by supporting some kinship-care and child-only families, and it also includes the flexibility to provide wraparound and in-home supportive services.

When TANF provides critical cash support for childcare, these funds can be an important work support while also enhancing a child's experience in care. But due to the loss of TANF funding and the freeze or very slow growth of childcare funding, childcare and TANF services are being severely restrained. This situation will only be made more severe with new childcare regulations<sup>1</sup> that will raise standards without providing funding.

TANF, first and foremost, is also critical in assisting vulnerable families by providing cash assistance so that a struggling family does not get pushed over a financial or emotional cliff. In 1996, when Aid to Families with Dependent Children (AFDC) was converted into TANF, 68 of every 100 poor families received AFDC assistance.<sup>2</sup> In 2015, according to the Center on Budget and Policy Priorities, only 23 out of every 100 poor families were receiving cash assistance from TANF. In addition, “deep poverty”—earnings of less than half of the federal poverty level (about \$10,000 for a family of four)—affected 19.4 million people in 2015, 6.5 million of them children under the age of 18. This represents 6.1 percent of all people in the country and



45.1 percent of all poor people, and it has become worse since TANF began. Again, according to the Center on Budget and Policy Priorities, in 1995, AFDC lifted more than 2 million children out of deep poverty. That number had dropped to 635,000 by 2010 under TANF. In 1995, only 3 states had more families living in deep poverty than receiving assistance. By 2015, 46 states had more families in deep poverty than receiving TANF cash assistance.

Since 1996, TANF funds, currently at \$16.5 billion, have lost more than 32 percent of their value due to inflation. In addition, \$300 million in supplemental state grants were cut in 2011.<sup>3</sup> As TANF funding dwindles and erodes, states may be making the policy choice to deny assistance to single parents, fund only childcare, or fund child welfare services, in effect pushing families into the most undesirable and vulnerable situations, which will undercut the well-being of those families and their children.

We need to restore TANF, both in funding and in purpose, so that it supports families in staying together, helps parents work while providing their children with needed care, and lifts families and children out of poverty. To do that, we need to refocus and expand the purpose, the funding, and the measures of TANF, in the following ways:

- **Include poverty reduction of as one of the purposes of the act, as proposed** more than a decade ago. This is an important step in helping to focus TANF on assistance for poor families and on lifting children out of poverty. The original purposes of the act were used to craft the first guidance and regulations for TANF in 1999. Adding poverty reduction to the purposes will help refocus the program as well as the national debate.
- **Increase the TANF base block grant above the current \$16.5 billion. In the first** reauthorization debate in 2002, legislation was introduced<sup>4</sup> to adjust the TANF block grant by inflation and add new supplemental funds to address poverty, targeted at high-poverty states. Either a flat-out increase or a targeted increase is needed to address two decades of lost funding.
- **Change spending requirements to direct a minimum level of TANF funds for core services originally covered under TANF—cash assistance, childcare, and work support—and restore some of the original maintenance-of-effort state spending rules.** This proposal was under consideration by the House Ways and

Means Committee in 2015.<sup>5</sup> The increased federal funding, coming at the same time as this new spending restriction, should be a fair trade with states and help redirect TANF toward its original purposes and away from becoming a nondescript federal human services block grant.

- **Redesign TANF and state incentives to provide cash assistance while also encouraging work.** Replace the current state incentives, which allow states to reduce work requirement targets if they reduce their cash assistance caseload, with a new incentive structure. The Making Work Pay Act of 2002,<sup>6</sup> developed based on available data, called for a reduction in a state's minimum participation rate by the number of percentage points in the state's employment credit for the fiscal year. The employment credit would be calculated as one credit for every adult who leaves assistance for a job, a credit and a half for an adult who leaves TANF for a higher-paying job, and half a credit for an adult entering part-time work. In addition, states should be granted partial credit toward their work participation rate for recipients engaged in part-time work for an average of at least half the required average number of hours per week.

To incentivize states to not simply push needy families and adults off assistance, provide them with an incentive if they reduce the level of deep poverty either through separate strategies or by providing cash assistance to families in deep poverty. As an alternative, past legislation included a supplemental grant for states with higher rates of child poverty, proposed to start at \$65 million and increase to \$130 million, \$195 million, \$260 million, and \$235 million in succeeding years. States that reduce the number of families in deep poverty by providing assistance would be rewarded.

These incentives both to place families on assistance and also to move adults in those families into a job will strengthen the TANF program and help address negative child outcomes from living in poverty and in deep poverty.

- **Change current work requirements that penalize education and more flexible work options.** Two-parent families should be allowed to participate in more flexible work options through a repeal of the 2005 changes,<sup>7</sup> whose unrealistic work requirements became so onerous to states that it was easier to just drop families than to try to move them into work. In addition, we need to revisit the

current work requirements along the lines of legislation such as the Education Works Act of 2003 and the Pathways to Self-Sufficiency Act of 2002.<sup>8</sup>

The Education Works Act would have eliminated the federally imposed 12-month limit on the time TANF recipients can spend in vocational education and the 30 percent cap on the amount of a state's caseload that can be engaged in education and training. It would allow states the flexibility to decide how much education is appropriate for their TANF recipients and their state's economic circumstances.

The Pathways to Self-Sufficiency Act was modeled on Maine's successful Parents as Scholars program. The legislation allows states to establish programs to provide support services to TANF recipients engaged in postsecondary or longer-duration vocational education, with the option to allow up to 10 percent of their caseload to count participation in a Pathways program as work. Moreover, it would allow states to stop the limitation clock for Pathways participants.

- **Reform the way we address adults with substance use problems and addictions.**

The 2015 House legislation raised, for consideration, how to deal with the 1996 law's blanket prohibition on assistance to anyone with a past conviction of a drug-related crime. This prohibition should be eliminated. Against the backdrop of an epidemic of opioid abuse, political leaders are beginning to recognize that drug addiction is a disease and thus that blanket restrictions are harmful to moving adults back into work, in turn threatening the stability of families.

Similarly, how states use drug testing as a condition of receiving benefits must also be realigned. If a state takes the option to require drug testing as a condition of eligibility, then that state should be required to provide drug treatment, as approved by that state's substance abuse agency. Without treatment, drug testing can be merely a tool to chase adults away from the very help (including treatment) that they need. Again, reforming the approach to substance abuse is even more critical today with the explosion of opioids.

- **Align child welfare coordination with TANF.** TANF and its predecessor, AFDC, have always played an important role within states' child welfare services. Child-only caseloads have always included a significant percentage of kinship families. This practice should not stop but should be better coordinated. Since 2009,

states have had the option to expand their Title IV-E foster care funds to kinship families.<sup>9</sup> All 50 states should now do so. In addition, states should coordinate the two programs so that families involved in a voluntary child placement are made aware of their options between TANF child-only assistance and Title IV-E kinship care. Stronger data collection and coordination of data between the two systems should also be required so that we have a clear accounting of the number of children in the TANF caseload who are also in state custody.

- **Strengthen childcare funding.** At the advent of TANF, childcare funding was subject to a mandatory increase of \$200 million a year, which in turn was leveraged by states through a state match. In 2000, the Child Care Development Block Grant (CCDBG) received an increase of \$800 million.<sup>10</sup> Support for childcare was at one of its strongest points at the end of the last century, but this is no longer true. Fewer families are receiving support, and the situation is only being made more severe by new childcare regulations that will raise standards without providing funding. According to the National Women's Law Center, in 2000, \$4 billion in TANF funds were used for childcare, but by 2015 that amount had shrunk to \$2.6 billion.<sup>11</sup>

In holding states accountable for using TANF dollars strategically to reduce child poverty, we must ensure adequate childcare services for parents who are out pursuing quality jobs that help them reach self-sufficiency. This means once again increasing childcare funding in TANF by \$200 million a year and making sure this funding goes for quality care. The same standards used by CCDBG—including requirements for provider training, inspections and monitoring of childcare sites, and background checks of providers—should also apply to childcare directly funded by TANF.<sup>12</sup>

States need to be strategic in coordinating TANF and CCDBG funds. The recent bipartisan budget agreement included \$5.8 billion for CCDBG, doubling the funds available. Increased funding in TANF should be specifically directed toward improving communication and data collection processes across TANF, subsidizing childcare, and supporting workforce development systems. Communication and data collection across sectors go hand in hand when measuring the effectiveness of investing in TANF and quality childcare, but our current system severely lacks the resources necessary to perform these functions.

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# SAFETY NET IMPROVEMENTS THAT CAN HELP KEEP FAMILIES TOGETHER

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There is a common narrative about the families who are involved with child welfare systems—one that portrays parents as abusive and unfit (or unwilling) to care for their children. But reality is more nuanced than that. Families living in poverty are far more likely than other families to experience crises such as the sudden loss of a job or housing instability, and these crises, coupled with increased surveillance, can often lead to involvement with child welfare and other intervening systems. The truth is, nearly half of the families who have children removed from their homes cannot meet their basic needs and require additional supports in order to provide for their children.<sup>1</sup>

These facts apply especially to the parents of young children. The birth of a child is one of the leading triggers of poverty in the United States<sup>2</sup> and since young children have unique costs—such as diapers, formula, and childcare—poor families often struggle to make ends meet.

Research continues to confirm what we already know: children do best when they are raised by their families and in their communities, as long as these environments are safe.<sup>3</sup> The trauma children experience when they are removed from their parents unnecessarily can have significant and lifelong effects, which can be particularly damaging for young children.<sup>4</sup>

Current safety net programs—including income support, childcare assistance, and nutrition assistance—are essential for low-income families, but if they were modified to be more family centered, responsive, and flexible, we could prevent unnecessary system involvement and make it easier for families to care for their children safely at home. Three key strategies could improve existing programs so that they better meet the needs of young children and families.

## MORE FLEXIBLE FUNDING SOURCES TO SUPPORT FAMILIES FACING MULTIPLE BARRIERS

Most safety net funding is narrowly focused on providing a specific service, such as food, rent, or utility assistance. These programs are crucial, but the limited focus of each results in gaps across the safety net that can leave families vulnerable.

For example, one of the most common reasons that families become involved with child welfare is that caregivers are often forced to leave children at home—without



adequate supervision—so that they can go to work or appointments. If families had cash resources to provide for unexpected costs such as backup childcare, parents of young children could juggle multiple demands and attend work, school, or appointments while still keeping their children safe.

Funding sources that provide benefits to families through tax programs and direct cash transfers help meet this need. That is why the earned income tax credit (EITC) and the child tax credit (CTC), which together lifted 9.8 million people out of poverty in 2015 and made 22 million others less poor, are so crucial for so many low- and moderate-income families.<sup>5</sup> Child allowances, which provide cash benefits to families with young children, would provide even greater flexibility—and have the potential to significantly reduce poverty.<sup>6</sup>

Research has demonstrated the wide-ranging benefits of the EITC and the CTC across the life-span.<sup>7</sup> Children in families receiving tax credits have improved educational outcomes and are more likely to attend college.<sup>8</sup> As adults, they are also expected to earn more.<sup>9</sup> Research has also shown that infants born to mothers receiving the largest EITC increases in the 1990s had the greatest improvements in critical birth outcomes such as low-weight and premature births.<sup>10</sup> Globally, cash transfers have also been shown to positively impact education, nutrition, and food security, and should be considered another viable strategy to help families build social capital and improve their lives.<sup>11</sup>

The recent tax reform debate was a missed opportunity to expand tax programs like the EITC to the families that need it most and to make a modest but real improvement in the lives of low-income working families. While any further large-scale reforms of tax law are unlikely in the near term, there may be opportunities to push for improvements to the EITC and CTC as part of potential welfare reform, and in doing so, to strengthen the safety net for millions of low- and moderate-income working families.

## COORDINATED APPROACHES TO MEET THE NEEDS OF YOUNG CHILDREN AND FAMILIES

Most poor children live in families where adults work,<sup>12</sup> many in jobs with low wages, long or inadequate hours, and unpredictable and often inflexible schedules.



For families with low wages, the safety net provides critical support in times of need. Unfortunately, benefit programs often provide supports to families in an inadequate and fragmented way.

For families who are navigating multiple benefit programs, overlapping, duplicative, or contradicting eligibility requirements can make it difficult to access the supports they need. For instance, Temporary Assistance for Needy Families (TANF) work requirements are often not aligned with the Workforce Innovation and Opportunity Act (WIOA).<sup>13</sup> That can make it difficult for families who rely on TANF to participate in WIOA work or training opportunities, since they do not always “count” toward TANF work requirements.

Although TANF was designed to serve as a buffer for poor families, it often does not address the needs of families facing the greatest barriers to economic self-sufficiency. Families involved in multiple systems, including child welfare, can have mandated program requirements that conflict with TANF work requirements. Such cases highlight the need for targeted policy solutions that address families’ needs in a more intentional, holistic manner.

The services needed to support family reunification and to help adults engage in meaningful work can often be the same. Allowing child welfare case plan activities to fulfill TANF work participation requirements, or suspending work participation requirements until the child welfare case plan is completed, are examples of more coordinated approaches to promoting family stability. Additionally, allowing participation in mental health, substance abuse, or domestic violence services to count as work hours for parents is another way policy can both support economic self-sufficiency and keep families together. Allowing for these services to meet work requirements acknowledges their importance to improving overall family well-being—including the ability to find and maintain work.

As it stands, conservative lawmakers are preparing plans to restructure the U.S. welfare system, including putting new limits on eligibility for antipoverty programs such as the Supplemental Nutrition Assistance Program (SNAP). While details of the planned overhaul (and potential timing) are not clear, several policy proposals have already been introduced that would impose new work requirements on some welfare programs. Most recently, the Centers for Medicare and Medicaid Services

issued a letter to state Medicaid directors providing new guidance for Section 1115 waiver proposals that would impose work requirements as a condition of eligibility for Medicaid, presenting the case for how these policies promote the objectives of the Medicaid program.<sup>14</sup> Proposals to place new limits on eligibility and impose additional work requirements are concerning and would weaken the already threadbare safety net. Rather, any proposed reforms should focus on strengthening these vital programs and ensuring that they are more responsive to the needs of low-income families and families living in poverty.

Meeting the needs of families in more coordinated ways includes how families access benefits. Data sharing across programs—along with other information technology enhancements—would help families get the most out of safety net programs. Many states now use document imaging systems to save and file household verifications, and provide call centers for clients to call in and report changes to their status or benefits needs. These strategies can simplify the eligibility determination process and allow states to create a single process for determining eligibility across a number of programs.

Several states participating in the Work Support Strategies demonstration project have implemented these strategies to better integrate various procedures for major safety net programs including Medicaid, SNAP, and childcare subsidies.<sup>15</sup> These states are improving coordination on intake, verification, and periodic redetermination of eligibility to create a more cohesive and easier-to-navigate set of work supports.<sup>16</sup> *For families facing multiple barriers, common access to the multiple supports for which they are eligible without additional obstacles is important in meeting the needs of young children and preventing deeper system involvement.*

## PROGRAMS THAT CONVENIENTLY SERVE FAMILIES WITH YOUNG CHILDREN

Providing services and supports in the places where families already spend time—such as childcare centers, libraries, schools, and pediatricians' offices—makes it more likely that families will receive the essential services that they need and prevent the need for more significant interventions—including child welfare involvement.

Nearly all young children are seen regularly from birth into the early years in pediatric

primary care settings. In fact, 88 percent of children enrolled in Medicaid receive pediatric well care in the first six months of life, making early childhood a critical window of opportunity to implement universal prevention strategies in the pediatric setting.<sup>17</sup> The pediatrics office offers an unparalleled opportunity for implementing universal approaches to screening, prevention, and early intervention for infants and toddlers. A number of evidence-based interventions, including Project DULCE (Developmental Understanding and Legal Collaboration for Everyone) from the Center for the Study of Social Policy, leverage the pediatric primary care office effectively to improve health outcomes for children.

Project DULCE provides parents of infants with support in addressing stress, building resiliency, and developing a nurturing relationship with their young child, while simultaneously linking families to legal and other community resources—all during the course of standard well-child visits.<sup>18</sup> DULCE increases access to concrete supports to proactively address social, economic, and other factors that can have long-term consequences for health and development. An evaluation of Project DULCE has shown that the intervention contributes to improvements in preventive health care delivery and accelerated access to concrete supports, such as nutrition or utility assistance, among low-income families. Participating clinical sites report early successes, including increased patient retention and on-time immunizations, decreased no-show rates, early identification of housing and nutrition needs, routine screening for maternal depression and interpersonal violence, and a “warm handoff” to community resources and supports that can address any identified needs.

Meeting the needs of families in places where they are comfortable and with professionals that they know increases the odds that they will be successful in meeting their child’s health needs and connected to other needed concrete supports. Both of these factors are important in ensuring that children can remain safely with their parents. This and other strategies highlighted in this brief could improve existing programs by incorporating more family-centered, responsive, and flexible strategies to ensure that federally funded efforts better meet the needs of young children and their parents and caregivers. Safety net programs that are flexible enough to meet the needs of families, are well coordinated, and are offered in environments that are comfortable and convenient are critical to ensuring that families stay intact and children can thrive at home.

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# HOUSING INSTABILITY FOR FAMILIES IN THE UNITED STATES: NOT JUST AN ISSUE OF AFFORDABILITY

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First Focus

Affordable housing remains one of the main barriers to economic stability for many families. Housing costs continue to increase in the United States, yet family income has not kept pace. One-third of U.S. children live in households with a high housing cost burden, defined as spending more than 30 percent of the household's monthly income on housing.<sup>1</sup>

Housing instability, which includes situations such as being behind on rent and making multiple moves, is associated with an increased risk of poor child health, including hospitalizations, and of maternal depression.<sup>2</sup> Sustained housing instability can lead to homelessness, further destabilizing families and causing trauma that has severe negative implications for children's healthy development and educational attainment.

Access to housing assistance remains extremely limited—only one in four families who are eligible for rent assistance in the United States receive it. Any efforts to increase affordable housing in the country should (1) prioritize families with children, who face higher rates of homelessness and poverty at a time when children are undergoing critical stages of development, and (2) pair housing with wraparound services that include trauma-informed care.

Increasing the supply of affordable housing in the United States is critical, but housing alone cannot address all the underlying contributors to housing instability, such as job loss, substance abuse, mental health issues, and domestic violence, nor can it respond to all the trauma that results from housing instability or homelessness.

## ADDRESSING EVICTIONS

One of the barriers to stable housing for many families is the lack of access to legal services to prevent or delay evictions. Each year millions of families in the United States are evicted from their homes, and families with children are evicted at much higher rates than those without children. Children who experience eviction often face high rates of mobility and unstable living environments that have negative consequences for their education, physical health, mental health, and interpersonal relationships.<sup>3</sup>

The lack of affordable housing and rising rents are major factors contributing to the

high rate of evictions for families with children. The problem is more complex than that, however, and cannot be solved with housing alone. Low-income families face obstacles that prevent them from fighting for their rights as tenants. Nearly 30 percent of households living in a rented home have experienced a related civil legal problem in the past year.<sup>4</sup> Civil legal services and eviction prevention programs help keep children and families in their homes and protect them from the negative effects of being evicted. Yet most low-income families lack access to these services.

The Legal Services Corporation, which provides grants to civil legal aid organizations, received only \$385 million in fiscal year 2017, and the president's 2018 and 2019 budgets propose to eliminate this funding altogether. The Equal Opportunity for Residential Representation Act of 2017 (H.R. 1146), introduced by Congressman Keith Ellison (D-MN-5), would start to address the need for civil legal services by creating a pilot program to provide grants to organizations that serve families facing eviction, landlord-tenant disputes, fair housing discrimination, or other housing-related issues. These grants would be equitably distributed between urban and rural areas, with at least 20 percent guaranteed for rural areas.<sup>5</sup>

## INCREASING ACCESS TO HOUSING ASSISTANCE

The tax code is one powerful tool to increase the supply of affordable housing. However, it currently provides much greater housing-related tax benefits to higher-income households than to low-income households. Any reforms to or investments made in housing and home ownership through the tax code must target low- and moderate-income families. The recent Tax Cuts and Jobs Act limited the mortgage interest deduction to interest on the first \$750,000 of mortgage debt (down from the first \$1 million),<sup>6</sup> but it does not use the additional revenue that will be generated by the lower cap to benefit low-income households.<sup>7</sup>

Home ownership in the United States continues to decline, while the share of renters is significantly increasing.<sup>8</sup> A renter's tax credit is needed to support households who cannot afford to buy a home or do not wish to become home owners.<sup>9</sup> In order to be effective at reducing poverty, the credit should account for geographic differences in housing costs and reach a majority of the renters with the most severe cost burdens (those paying more than 50 percent of their income on rent). One proposal would offer a tax credit to households to cover the gap between rent paid and 40 percent of



a family's after-tax income. If implemented, this credit would reduce poverty among families with children by 10 percentage points.<sup>10</sup> More than 20 states and the District of Columbia already have renter's credits, some of which are refundable.<sup>11</sup>

We can also expand the low-income housing tax credit (LIHTC) and better target it to the lowest-income households with children. These credits go to developers to create new affordable housing units. Currently, the fixed rents of LIHTC properties are too high for households living in poverty, and therefore the majority of LIHTC properties include residents who also have housing vouchers to help them cover rent.<sup>12</sup>

To ensure that families with children are a priority population for LIHTC units, we need better demographic data on LIHTC households.<sup>13</sup> Developers of LIHTC units that will serve families with children should be deliberate about building units in high-opportunity neighborhoods with strong schools.<sup>14</sup> Student housing has long been excluded from the LIHTC, but an exception should be made for students experiencing homelessness. Legislation has proposed to change the rules of the LIHTC to allow units housing full-time students who have experienced homelessness to qualify for the credit.<sup>15</sup>

Increasing access to housing choice vouchers (commonly known as Section 8) and other rent assistance is another critical way to help families facing eviction. Research shows that rent assistance lifts children out of poverty—nearly one million children were lifted out of poverty by housing subsidies in 2015.<sup>16</sup> This assistance helps families with the cost of rent and frees up money for them to spend on other basic needs, thereby improving their financial stability and supporting healthy child development. Vouchers can also improve a child's chances for economic mobility—one study finds that children in households receiving vouchers have higher adult earnings and a lower chance of incarceration.<sup>17</sup>

Yet few households with children that are eligible for housing assistance receive it, and families with children are decreasing as a share of federal housing assistance beneficiaries.<sup>18</sup> The majority of households on the waiting list for housing assistance (60 percent) are families with children,<sup>19</sup> and they are given no priority. We need not only to expand access to housing assistance, but also to ensure that families with children, especially those experiencing any form of homelessness, are one of the populations prioritized.



Young adults who have been in foster care and homeless young adults should also be prioritized for federal housing assistance. These young adults are often receiving little financial support while enrolled in higher education or attempting to secure stable employment. One program that does help these youth is the Family Unification Program, which provides housing choice vouchers to young adults aging out of the system and at risk of homelessness, and to families who are involved with the child welfare system with inadequate housing as a factor in their system involvement. These vouchers are administered jointly by the U.S. Department of Housing and Urban Development (HUD) and local child welfare agencies.<sup>20</sup>

The Fostering Stable Housing Opportunities Act of 2017 (S. 1638 / H.R. 2069)<sup>21</sup> would prioritize federal housing assistance for young adults aging out of foster care. It is critical to note that any housing assistance for young adults must be paired with developmentally appropriate services to support youth and help them transition to adulthood.

Homeless young adults and those aging out of foster care face unique barriers to accessing and completing higher education. Supports that help them remain stably housed while attending college or university are critical to their graduating and achieving economic security. The Higher Education Access and Success for Homeless and Foster Youth Act (S. 1795 / H.R. 3740) would amend the Higher Education Act by removing barriers to financial aid for such students and also require colleges and universities to develop plans to help them access housing resources during and between academic terms.<sup>22</sup>

## IMPLEMENTING HOUSING ASSISTANCE

We also need to ensure that housing assistance is effectively implemented. This includes adding rules to prevent landlords from refusing renters simply because they have a voucher. States and cities have taken action through lawsuits to prevent landlords from discriminating against renters based on source of income.<sup>23</sup>

Housing assistance also generally does not coordinate well with other systems that aim to improve child outcomes. Policymakers should look to examples in Washington state, where public housing authorities and public school systems have created

partnerships to improve the educational outcomes of children living in subsidized housing.<sup>24</sup>

## NATIONAL HOUSING TRUST FUND

An additional funding stream to increase the supply of affordable housing is the National Housing Trust Fund. Created in 2008, the fund is designed to provide resources to build and rehabilitate housing, with a focus on rental housing for extremely low-income households. It lacked funding until 2016, when \$174 million was designated as a block grant to states. As of fiscal year 2017, \$220 million was allocated, with a quarter of funding going to children.<sup>25</sup> Each state has to create an allocation plan for its funds and is allowed to prioritize these funds for certain target populations.<sup>26</sup>

When states are determining their target populations, they should coordinate with school systems to identify the most vulnerable families with children. These include homeless families who are living “doubled up” (living with others due to economic hardship) such as those served by a new program in Chicago that uses local Housing Trust Fund money to prioritize such families.<sup>27</sup>

## FIGHTING THREATS

Despite the fact that millions of families and youth are experiencing housing instability in the United States and access to affordable housing is already extremely limited, recent proposals would impose spending cuts and harmful program changes to federal rental assistance, further limiting access to federal housing assistance for low-income households.

The president’s fiscal year 2019 budget proposes a nearly \$2.6 billion cut to rent assistance programs from their level in fiscal year 2017, a move that would cancel vouchers for about 200,000 low-income households. In addition, the budget proposes to establish or increase a mandatory minimum rent for tenants, increase the amount of rent paid by tenants from 30 percent of adjusted income to 35 percent of gross income, and increase local control and choice for grantees around policies like work restrictions.<sup>28</sup>

Although the Trump Administration has proposed funds to specifically hold harmless elderly and disabled households from these new requirements, it affords no such protections for families with children. If these cuts and changes are enacted without any additional supports such as affordable child care, access to transportation, higher education, and job training, these proposals will make it harder for parents and guardians to meet the requirements for housing assistance. As a result, child and youth homelessness will rise beyond already skyrocketing numbers, resulting in irreparable harm to child development and well-being.

The proposed cuts also include elimination of the National Housing Trust Fund, the Legal Services Corporation, and the Low Income Home Energy Assistance Program, all of which would be devastating to low-income children and families experiencing housing instability.

## CONCLUSION

Lack of affordable housing is one of the biggest barriers to stability for many low-income families. Considerable investments are needed to increase the supply of affordable housing in the United States. However, in order to ensure that these investments help families with children remain stably housed and maintain economic security, any investments must (1) prioritize families with children, who face higher rates of homelessness and poverty at a time when children are undergoing critical stages of development, and (2) pair housing with wraparound services to address barriers to stability that go beyond housing affordability.

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# CHILD AND YOUTH HOMELESSNESS IN THE UNITED STATES REQUIRES A HOLISTIC SOLUTION

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First Focus

Millions of children and families experience homelessness in the United States each year, and numbers continue to increase. Homelessness, even for a brief time, is extremely detrimental to a child's healthy development. The younger and longer a child experiences homelessness, the greater the cumulative toll of negative health outcomes;<sup>1</sup> moreover, homelessness is associated with an 87 percent greater likelihood of dropping out of school.<sup>2</sup>

Families and youth often become homeless due to traumatic experiences such as job loss, substance abuse, mental health issues, and domestic violence. Therefore, homelessness is both a symptom and a cause of trauma for children, youth, and families. Homelessness causes instability in a child's life, resulting in multiple moves and overcrowded living situations, and too often, homelessness puts children directly at risk of physical harm and abuse.

The U.S. Department of Education identified 1.2 million homeless children and youth in public schools in the 2014–2015 school year. This is a 34 percent increase since the end of the recession in 2009. In addition, a recent study from Chapin Hall at the University of Chicago found that 1 in 30 youth (ages 13–17) and 1 in 10 young adults (ages 18–25) experience homelessness on their own each year.<sup>3</sup>

Homelessness can take many different forms and often results in very fluid and unstable situations. This is because homeless families with children, and youth who are on their own, stay wherever they can. These situations often include run-down motels or overcrowded spaces temporarily shared with others because there is no family or youth shelter in the community, shelters are full, or shelter policies exclude them. Chapin Hall also reports that two-thirds of the youth surveyed reported couch-surfing or other less visible forms of homelessness at some point. This is particularly true in rural communities, where the rate of youth homelessness was just as high as in urban and suburban communities. These less visible forms of homelessness mean that youth are often invisible to public systems, putting them at high risk of harm, abuse, and neglect, including trafficking. According to the National Human Trafficking Hotline, runaway/homeless status and unstable housing are among the top five risk factors for human trafficking.

Public schools, including early childhood programs, recognize all the forms of homelessness that children and youth experience, but the homeless assistance system



administered by the U.S. Department of Housing and Urban Development—including emergency shelters and transitional living programs—does not. Its eligibility criteria exclude some of the most vulnerable homeless children and youth from accessing the programs and services that they need. This keeps many children, families, and youth invisible to public systems and excluded from policy decision making.

In addition, communities are often barred from serving homeless children, youth, and families in a way that is responsive to their unique developmental needs, including offering interventions that couple services for children and parents with housing assistance. Early care and learning, adult education, employment assistance, and mental health services must go hand in hand with housing if families are to stay housed and children are to recover from the trauma and disruption of homelessness.

The bipartisan Homeless Children and Youth Act of 2017 (S. 611 / H.R. 1511), reintroduced by Senator Dianne Feinstein (D-CA), Senator Rob Portman (R-OH), Congressman Steve Stivers (R-OH-15), and Congressman Dave Loebsack (D-IA-2) would remove barriers that communities face in addressing family, child, and youth homelessness, and give them the flexibility to tailor homeless assistance interventions based on the unique needs of their homeless population.<sup>4</sup>

Communities would have the discretion to target services based on local assessment of need, and to serve the most vulnerable homeless children, youth, and families, regardless of what form of homelessness they are experiencing. This approach would increase visibility and awareness of child, youth, young adult, and family homelessness through increased data transparency; more accurate counts; and collaboration with early childhood programs, institutions of higher education, and local educational agencies, thus helping communities to leverage and attract more public and private resources to address homelessness.

In order to truly reduce family homelessness in the United States, we must acknowledge that family and youth homelessness is a complex problem that takes many forms. Without a holistic solution, families will be unable to maintain stable housing and may find themselves homeless once again, thereby generating future cycles of family homelessness and poverty for the foreseeable future.

For more information and to take action, please visit [www.helphomelesskidsnow.org](http://www.helphomelesskidsnow.org).



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# RECOMMENDATIONS TO STRENGTHEN SNAP AND WIC

**Share Our Strength's  
No Kid Hungry Campaign**

Across America, one in six children lives in a household that struggles with hunger. Programs like the Supplemental Nutrition Assistance Program (SNAP) and the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) are critical to ensuring that children and families have access to the nutritious foods they need. These programs have been demonstrated to decrease hunger and food insecurity, and are the backbone of our country's fight against hunger. Nevertheless, more can be done to strengthen these programs to create a nation in which no child goes hungry.

## SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM

SNAP is the nation's largest and most powerful antihunger program. In 2016, the program served about 45 million Americans, including about 20 million children, by providing families with benefits to purchase food at grocery stores, farmer's markets, and other food retailers. SNAP works in concert with other child nutrition programs, such as school meals and WIC, to ensure that children have access to the healthy meals they need to grow and thrive.

Independent research shows that SNAP reduces food insecurity and poverty among children. Specifically, food insecurity among children falls by one-third after families have been receiving SNAP benefits for about six months.<sup>1</sup> SNAP also reduces poverty for children and their families. In 2012, SNAP kept nearly 5 million children out of poverty and kept an estimated 2.1 million children from experiencing deep poverty, defined as a family income of 50 percent or less of the federal poverty threshold.<sup>2</sup> SNAP participation has a strong connection to a child's ability to succeed in school. Specifically, early access to SNAP leads to an 18-percentage-point increase in the likelihood of high school graduation.<sup>3</sup>

**Action:** More can be done to strengthen SNAP for families with children. First, Congress should move the SNAP benefit calculation from the Thrifty Food Plan to the Low-Cost Food Plan to increase benefits for participants. Currently, SNAP benefits often run out before the end of the month because the outdated Thrifty Food Plan sets unrealistic projections for food costs and unrealistic expectations about the time families have available to prepare meals. This disconnect causes households to make difficult trade-offs between food, shelter, and healthcare.

Moving to the Low-Cost Food Plan would account for variations in food prices in

different geographies, ensure benefit levels that are more closely aligned with current food costs, and ensure that families have the resources to purchase meals throughout the month. Evaluations of pilot programs that test increased benefit levels consistently demonstrate a reduction in food insecurity.

Second, Congress should maintain the option for broad-based categorical eligibility (BBCE). This policy allows households to remain eligible for SNAP if their gross income exceeds 130 percent of the poverty line, allowing them to accrue modest savings that help lift them out of poverty. BBCE incentivizes SNAP participants to find and hold jobs without the fear that their benefits will steeply decline as a result, a situation that can leave them worse off than before they were working.

Third, Congress should ensure that no changes are made to the current structure of the program, including making no attempt to convert it to a block grant, give states discretion over benefit levels, or alter eligibility rules. The current program structure allows SNAP to expand and contract in response to varying levels of poverty and unemployment. Block grants or cost sharing with states would set SNAP up to fail, leaving it without enough money in times of greatest need (such as major economic shocks or natural disasters).

## SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS, AND CHILDREN

WIC assists low-income pregnant women, new mothers, infants, and young children up to age five with obtaining the healthy food they need. WIC provides critical resources for mothers to purchase healthy, nutrient-rich foods for their children, as well as critical nutrition education programming for families.

For many children, WIC is their first encounter with federal food assistance programs. WIC fights childhood hunger and improves health; children under age three participating in WIC are more likely to be in excellent or good health compared with eligible children who do not participate. WIC also reduces the medical costs associated with poor nutrition.<sup>4</sup> WIC participants have a reduced likelihood of adverse birth outcomes, including very-low-birth-weight babies.

SNAP and WIC are the two largest programs serving low-income pregnant women,

infants, and children younger than five. The benefits of WIC for children, families, and communities are significant; however, many individuals who are eligible for WIC (because they are enrolled in SNAP) are still not enrolled in WIC, often because they do not know they are eligible for WIC.<sup>5</sup>

**Action:** Because WIC is a discretionary program, maintaining strong support for it is essential to ensure that it meets the needs of low-income pregnant women and their young children. Congress should continue to support this program by providing funding every year to meet caseload and necessary program costs, as well as by identifying opportunities to streamline program eligibility rules and enrollment procedures for greater efficiency. For example, Congress should direct the U.S. Department of Agriculture to work with governors and state agencies to cross-enroll eligible SNAP participants in WIC to ensure that low-income young children have access to the nutrition they need to grow up healthy.

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# RECOMMENDATIONS TO STRENGTHEN CHILD NUTRITION PROGRAMS TO END CHILDHOOD HUNGER

**Share Our Strength's  
No Kid Hungry Campaign**

Across America, one child in six lives in a household that struggles with hunger. Child nutrition programs ensure that these children have access to nutritious meals during the school day and in the summer months. These programs have been demonstrated to decrease hunger and food insecurity. More can be done to strengthen these programs and ensure they are reaching children where they live, learn, and play.

## SCHOOL BREAKFAST PROGRAM

The School Breakfast Program offers children a nutritious breakfast at school so they can start their day ready to learn. Research shows consistent links between school breakfast and success in school. A study by Deloitte found that children who eat school breakfast, on average, score 17.5 percent higher on math tests and attend more days of school per year than those who do not.<sup>1</sup> In addition, children who eat a good breakfast develop healthy eating habits, visit the school nurse less frequently, and are less likely to be obese than those who do not.

However, because of the way breakfast has been traditionally served in schools—in the cafeteria before the start of the school day—only about half of all low-income students who rely on a free or reduced-price lunch at school also eat a school breakfast. Too often, issues such as transportation and busy morning schedules preclude students from arriving at school early enough for breakfast.

The most effective way to increase participation in the School Breakfast Program is to take breakfast out of the cafeteria and make it part of the school day, a practice known as Breakfast After the Bell. Many states and large school districts have begun to require high-need schools to offer Breakfast After the Bell, including Colorado, New Mexico, Illinois, and Nevada. These states have consistently seen some of the strongest breakfast participation increases in the nation.

Breakfast After the Bell has been linked to many positive academic outcomes. An evaluation of the program in Houston found increases in attendance and passing rates for math tests, and a decrease in disciplinary actions.<sup>2</sup> A study in Colorado found Breakfast after the Bell had a positive effect on chronic absences, excessive tardiness, and office referrals.<sup>3</sup> An increase in breakfast participation also brings in additional resources and allows schools to leverage economies of scale to run their school meal programs, including serving more nutritious meals to students.

**Action:** More can be done at the state, congressional, and executive levels to improve school breakfast participation. More states should take steps to require Breakfast After the Bell to ensure that children have access to the food they need to succeed in school. Congress should also provide additional federal funds to support schools in implementing Breakfast After the Bell, a strategy that has shown proven results at the state and local levels. The Community Eligibility Provision has led to strong increases in school breakfast participation, and Congress should build on that success to ensure that breakfast is being served in a manner that makes it accessible to students. Finally, the U.S. Department of Agriculture (USDA) should set annual goals, track progress toward improving breakfast participation, and hold states accountable for their work on this issue.

## SUMMER MEALS

Summer is often the hungriest time of year for children from low-income families. During the school year, 21 million children from low-income families eat a school lunch every day. However, during the summer months, only about 1 in 6 of those children receive meals through the federal Summer Food Service Program (SFSP). Summer can add a substantial financial burden on low-income families, who can see their grocery bills grow by \$300 each month during the summer in order to replace the meals children were receiving at school.<sup>4</sup> Summer hunger is also connected with learning loss, putting low-income children far behind their peers academically when they return to school in the fall.

The structure of the SFSP—specifically, a requirement that children eat meals on site in a congregate setting—prevents the program from reaching the vast majority of children in need. Issues such as lack of transportation to summer meal sites, inclement weather, and safety concerns make it difficult or impossible to ensure that children have meals during the summer months.

Innovative alternative methods of reaching children with summer meals have been tested and proven with private and public funds across the country. The most successful of these is the Summer Electronic Benefit for Children (SEBT). Authorized by Congress as a pilot program in 2010, SEBT provides low-income families with additional resources to purchase food during the summer months. It has been proven



to reduce the incidence of very low food security among children by up to one-third.

**Action:** To end summer hunger across the country, the SFSP must allow for more options to reach children, including SEBT and noncongregate feeding. SEBT is a proven and effective way to reduce childhood hunger during the summer months. For more children to be reached by this critical program, Congress should appropriate additional funds to expand the availability of SEBT, especially in rural communities, where summer meals are least accessible. SEBT can be a targeted resource to reach the nation's most underserved communities, and Congress should ensure that funds are available to do so. Additionally, flexibility should be built into the SFSP to allow for the option of noncongregate meals. Many successful pilot programs have demonstrated effective ways of reaching children with meals off site, and states and communities should have the option to operate these programs.

## AT-RISK AFTERSCHOOL MEALS PROGRAM

The At-Risk Afterschool Meals Program helps students get the nutritious meals they need in a safe, supervised location. Through the At-Risk Afterschool Meals component of the Child and Adult Care Food Program (CACFP), the USDA provides reimbursements for snacks and meals served at after-school programs offering enrichment or education activities.

Many after-school programs already feed students, using money from their own budgets, because they recognize that for many students lunch is a distant memory, and they may not get an adequate healthy dinner at home. Often these programs are also operating summer meal programs. Many are also run by schools. However, having to operate multiple programs can be a time-consuming and expensive hurdle for schools and community groups providing meals for low-income children outside of school hours.

The National School Lunch Program (NSLP), CACFP, and SFSP have different regulations and rules, and in some states they are operated by different agencies. This fragmentation creates significant burdens for these programs and can interfere with their ability to serve children in need.

**Action:** In order to most effectively reach children, out-of-school meal programs

should be streamlined and include (1) a provision for after-school meals through the NSLP, similar to the area-eligible snack already authorized for schools, and (2) the addition of At-Risk Afterschool Meals to the SFSP, aligning program rules to eliminate red tape. Congress should ensure that the area eligibility requirement for At-Risk Afterschool Meals is aligned with that of other programs; currently, only after-school programs are mandated to rely on school data as the only option.

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# REDUCING POVERTY FOR CHILDREN OF IMMIGRANTS

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First Focus

Children of immigrants are the fastest-growing group of American children.<sup>1</sup> Approximately 18 million children in the United States live in a family with at least one immigrant parent,<sup>2</sup> and an estimated 5 million children (of whom more than 80 percent are U.S. citizens) live in homes with at least one undocumented parent.<sup>3</sup> According to projections by the Pew Research Center, by the year 2050, 1 in 3 children will be children of either first- or second-generation immigrants.<sup>4</sup> Immigrant families, whether lawfully present or undocumented, face unique systemic barriers to attaining economic security. These recommendations highlight efforts to reduce these barriers among immigrant families and increase economic mobility for their children.

## KEEP FAMILIES TOGETHER

Family separation due to deportation increases economic insecurity for immigrant families. Workplace raids often result in the loss of a primary breadwinner for a family, and the loss is compounded when this person is also the primary caregiver for minor children. According to a study of worksite raids by the Urban Institute, for every two adults apprehended, at least one child is impacted.<sup>5</sup> Children who lose a parent due to sudden deportation or detention often end up in the child welfare system.<sup>6</sup> Increased isolation and fear of separation create an environment of toxic stress that harms healthy child development and impedes educational achievement.<sup>7</sup> The effects of toxic stress manifest in a number of ways in a child's behavior, including problems sleeping, depression, anxiety, and an inability to focus in school due to fear of not seeing parents after school.<sup>8</sup>

In addition to interior enforcement such as work site raids, the Trump Administration is separating families at the border as a deterrence tactic to discourage families from seeking refuge in the United States.<sup>9</sup> This practice has been condemned by both the American Academy of Pediatrics and the American Medical Association due to its unnecessary trauma and harmful effects on children.<sup>10</sup> Separating families simply because of their immigration status is cruel and hypocritical at a time when states are begging for additional foster care supports due to an increase in children entering the foster care system.<sup>11</sup> California legislation, the Reuniting Immigrant Families Act of 2013, addresses family separation issues and prioritizes keeping children with their families and out of the child welfare system.<sup>12</sup>

Immigration policies should be modified to prioritize the unity of families. The U.S. Department of Homeland Security should allow discretion when detaining or deporting parents and caregivers of minor children.<sup>13</sup> The Urban Institute recommends that Congress modify existing immigration law to allow for minor U.S.-citizen children to petition for lawful presence for their parents. Additionally, the institute recommends that detained parents be allowed to argue hardship on behalf of U.S.-citizen children before immigration judges.<sup>14</sup> Finally, ending workplace raids will allow hardworking families to provide for the housing and nutritional needs of their children.

## MAKE PUBLIC BENEFITS MORE INCLUSIVE, RATHER THAN MORE EXCLUSIVE

Access to housing and nutrition assistance programs are essential to income stability for low-income families regardless of immigration status. Families living from paycheck to paycheck can be devastated by a single trip to the emergency room. Often the working poor are forced to choose between buying groceries and paying other necessary bills. Assistance from public benefits reflects the basic needs of parents who work hard in low-wage positions that do not provide employer-sponsored health coverage or an adequate, living wage for their families.<sup>15</sup>

Current eligibility for public assistance programs such as Medicaid, the Supplemental Nutrition Assistance Program (SNAP), and Temporary Assistance for Needy Families (TANF) applies only to qualified immigrants—green card holders and asylum seekers who have been in the country for more than five years.<sup>16</sup> Undocumented immigrants and lawfully present immigrants who have not met the five-year requirement are not eligible.

Due to this restricted federal eligibility, and understanding the important role such programs have in economic stability for families, some states, including California and New York, have developed supplemental benefit programs that provide state funds to go beyond what immigrant families may be eligible for under federal guidelines.<sup>17</sup> California's CalFresh food assistance program provides nutrition assistance similar to that of SNAP to qualified immigrants, and New York's Safety Net Assistance program provides temporary cash assistance for qualified immigrant families who are experiencing financial hardship but ineligible for TANF.<sup>18</sup> With regard to healthcare,

31 states, including Florida and Utah, have chosen to waive the five-year waiting period for Medicaid and/or Children's Health Insurance Program (CHIP) coverage for lawfully present immigrant children.<sup>19</sup> California now covers all income-eligible children under 18 in its state Medicaid program, Medi-Cal.<sup>20</sup>

In contrast, a recently leaked draft proposal from the U.S. Department of Homeland Security<sup>21</sup> proposes to punish immigrant families by expanding the term *public charge* (i.e., burden on the public coffers) in the consideration of an application for citizenship and/or lawful admission.<sup>22</sup> The proposed rule would allow government officials to consider an applicant's family members' (including U.S.-citizen children's) use of direct cash benefits as well as a broader range of services, such as CHIP, the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), and SNAP. Limiting access to health and nutrition programs for families in poverty will potentially result in increased food insecurity, housing instability, toxic stress, and other consequences that all negatively affect healthy child development and academic achievement. Any of the proposed changes to benefit eligibility rules would no doubt cause a decline in the use of services, regardless of actual eligibility changes. Families would be forced to choose family unity over health and well-being.

Policies and programs designed to safeguard vulnerable, low-income children should continuously aim to be more inclusive, rather than more exclusive. Any proposed policies and practices must ensure that regardless of where a child was born, he or she gets equal access to healthcare, education, proper nutrition, and the support needed to have a fair chance to succeed.

## INCREASE ACCESS TO EARLY CHILDHOOD PROGRAMS AND HIGHER EDUCATION

Evaluations of early childhood education programs show that early education provides educational and socioeconomic mobility for low-income minority children.<sup>23</sup> Although all children, regardless of immigration status, are guaranteed a K–12 education in the United States, English language learners (children whose first language is not English) face significant barriers in achieving educational success.<sup>24</sup> Early education provides significant benefits for these students, including building social and literacy skills that will allow them to reduce the educational gap that often starts in kindergarten.<sup>25</sup> Additionally, studies show that access to early childhood

programs increases the likelihood of stronger contributions to the economy as an adult.<sup>26</sup> Enrollment efforts must target immigrant populations to ensure that all children have access to early childhood programs in their community. Some ways to do so include creating language-appropriate materials for each community, making connections with local agencies that serve immigrant populations, and educating families on eligibility for and the benefits of the programs offered.<sup>27</sup>

Similarly, the cost of secondary education has significantly increased over the years, and most U.S.-citizen students rely on federal or state financial assistance to help their families manage these costs. Children of immigrants face barriers to receiving financial assistance to attend higher education institutions. Undocumented students are not eligible for public federal or state grants, and some states (Alabama and South Carolina, as of 2013) completely prohibit undocumented students from enrolling in any higher education institution.<sup>28</sup> Although Deferred Action for Childhood Arrivals (DACA), which made it possible for undocumented young people to attend college,<sup>29</sup> was highly successful in creating pathways for children of immigrants to gain social and economic opportunities, the Trump Administration ended the program in 2017. Without congressional action, more than 800,000 young people will soon lose their work authorization and access to college.<sup>30</sup>

Congress must find a legislative solution for DACA recipients to continue their education and work in their communities. Although some states allow undocumented students to pay in-state tuition, only four states allow these students to access publicly funded grants.<sup>31</sup> State legislatures should pass legislation to allow such students access to grants and higher education cost assistance. Increasing the number of potential entrepreneurs and skilled workers in our communities will have a direct economic impact, locally and nationally.

## CONCLUSION

Recent studies have shown that the average number of U.S. childbirths has drastically declined since the 1950s while the number of elderly continues to increase.<sup>32</sup> Therefore, the future cost per worker to support the very young and the elderly is expected to increase.<sup>33</sup> Similarly, a recent report by PolicyLink<sup>34</sup> highlights the dramatic increase in the gap between the number of seniors of color and the number of young people of color. The report suggests an urgency in policy response to ensure

that all low-income children of color and English language learners can access the education and supports needed to succeed in the future.

Everyone—regardless of socioeconomic status—benefits from strategies that lift children out of poverty. The Annie E. Casey Foundation cautions that “our future prosperity is in peril if we enact policies that derail these young lives because of their race, ethnicity or country of birth, or a parent’s country of birth.”<sup>35</sup> If children of immigrants, who now comprise a quarter of the U.S. child population,<sup>36</sup> are denied the supports they need to grow and thrive, we all lose.



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# THE PROMISE OF PREVENTING POVERTY'S ADVERSE EFFECTS ON CHILD DEVELOPMENT

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Children raised in poverty experience higher rates of a multitude of problems, including school failure, antisocial behavior and delinquency, early pregnancy, drug addiction, and depression.<sup>1</sup> Recent evidence further shows that a child raised in poverty has a 30 to 60 percent higher likelihood of heart disease as an adult, as well as asthma and autoimmune disorders—even if he or she has transcended poverty by adulthood.<sup>2</sup> The enormity of the economic burden on society for such problems, including the cost of the most common problems for all youth, such as violence, drug abuse, high-risk sexual behavior, poor academic achievement, dropping out of high school, and suicide attempts, totals nearly \$500 billion annually (estimated in 2014). And these estimates do not include the compounding costs of later problems in adulthood, from unemployment and incarceration to serious physical health issues and mental illness.

## POVERTY'S EFFECTS ON CHILD DEVELOPMENT

Poverty and its associated conditions (e.g., poor parenting skills, family dysfunction, neighborhood disorder and decay, discrimination, health disparities, malnutrition, inadequately equipped schools) are well known to compromise the ability of children to reach developmental milestones. Poverty acts on child outcomes by adversely influencing the development of the brain, manifesting in academic failure, poor self-regulation, negative social relationships, and risky behaviors such as violence and drug abuse. The concomitants of poverty, such as disrupted parenting, low access to quality preschools and childcare, and poor housing, can affect child development detrimentally in a cumulative manner. The social, emotional, behavioral, and physical health of impoverished children, in turn, strongly predicts many later outcomes in adolescence and adulthood, such as mental health status (e.g., depression and suicide), substance abuse, high school graduation, employment, delinquency and criminality, the quality of partner and family relationships, obesity, and major health problems (e.g., cardiovascular disease, diabetes, and cancer).<sup>3</sup> Exposure to deleterious environmental conditions, or the absence of effective interventions when conditions warrant, significantly increases risks for poor outcomes in all of these domains among impoverished children.

A top priority is to reduce exposure to poverty in the first place; however, strategies also exist that have been shown to prevent the adverse consequences for children who are exposed. Because child development in general, and brain development

specifically, is exquisitely sensitive to environmental inputs, there are many windows of opportunity to intervene where the provision of supportive services can improve functioning of the brain and chances for children to thrive.<sup>4</sup> Critically, well-established preventive interventions have the potential to break the cycle of poverty by instilling the cognitive and social competency skills that underlie self-regulation and academic success, enabling children to eventually enter into the workforce and social relationships with greater efficacy. The fiscal soundness of evidence-based prevention strategies has been well documented in terms of return on investment.<sup>5</sup>

High-quality early childhood education is but one prevention strategy that can help the United States face the many challenges to the health and well-being of children. There are many other prevention strategies that can be implemented in the context of family, school, neighborhood, and community. The healthy development of children is a top goal of society that can benefit from policies and solutions derived from many sources, including prevention science. A comprehensive report by the Institute of Medicine (now the National Academy of Medicine), titled *Preventing Mental, Emotional, and Behavioral Disorders among Young People: Progress and Possibilities*, makes a cogent case for the critical role that prevention science needs to play in healthy child development.<sup>6</sup>

In general, revitalizing impoverished neighborhoods, providing healthy opportunities and experiences for children, and supporting families are significant ways to have long-lasting effects on child development. Coordinating services in the community to provide children with these proven positive experiences can create a new generation that is ready to learn, able to self-regulate emotion, and able to exhibit prosocial behavior. Tailoring the environment to make sure every child has access to proven programming and resources at the neighborhood, school, and family levels improves conditions for the entire community. Selecting evidence-based programs and other strategies is necessary but not sufficient because policymakers also need to ensure high-quality implementation for such strategies to have the intended full impact.<sup>7</sup>

## THE POTENTIAL OF PREVENTION SCIENCE

Efforts to combat poverty have primarily focused on increasing family income. However, programs and policies that improve family income will not necessarily ameliorate established patterns of conflict that may have resulted from the stresses

of living in poverty. Interventions are needed that support the ability of families and schools to effectively nurture our children and build their social and academic skills. Prevention science has reached a point at which all U.S. communities can ensure that young people reach adulthood with the skills, values, and health habits needed to lead productive lives in caring relationships with others. The 2009 Institute of Medicine report mentioned above identified numerous tested and effective programs, policies, and practices that can prevent the most common and costly problems of youth.<sup>8</sup> Some interventions can directly affect the economic well-being of those in poverty or vulnerable to falling into poverty. Others do not directly or immediately affect economic standing but ameliorate the negative effects of poverty, such as academic failure, delinquency, depression, and adolescent parenthood. Of course, alleviating some of these effects can very well improve later economic well-being, for example by decreasing school dropout rates and improving academic performance. Many of these interventions can also help to prevent intergenerational poverty. The value of an evidence-based prevention science approach is that it invests only in proven programs; precious resources are not wasted and problems are prevented before they develop or accelerate, rather than after they have become entrenched. If a national initiative ensues that widely implements these effective interventions, not only will impoverished children and their families measurably benefit, but so will entire communities.

Effective preventive interventions save money over time, in part because they decrease the need for governmental services to address serious but preventable problems. In addition, those no longer in poverty are more productive and able to actively contribute to the economy, bolstering the government's ability to fund other pressing needs, such as community rejuvenation and rebuilding the nation's crumbling infrastructure. This scenario is certainly preferable for all involved, from those directly impacted by poverty to those affected by the exorbitant costs of poverty, such as threats to public safety and the need for more specialized (that is, more costly) educational, mental health, and juvenile justice services.

## BUILDING A COMPREHENSIVE NATIONAL PREVENTION SYSTEM

The United States can demonstrably impact poverty and improve the chances for success among our youth by implementing tested and effective programs, policies, and practices. This would be a significant undertaking that requires years of concerted

effort, but if we unite everyone around a common understanding of what is needed, we can build a system to support child and adolescent development and prevent problems to a degree never before seen.<sup>9</sup>

A comprehensive and effective prevention system would have four facets: (1) implementation of a large-scale and sustainable system of family supports, (2) infrastructure for positive behavioral reinforcements and social competency skill building for children in schools, (3) ongoing public education about the importance of building environments conducive to healthy child and adolescent development, and (4) a data-driven system for monitoring the well-being of children and adolescents. A realistic plan for this system can be created if all the agencies and organizations designated to address health and well-being (e.g., education, juvenile justice, healthcare, etc.) coordinate their efforts.

A solid body of evidence shows that community, school-based, and family-based interventions, when properly implemented, can substantially prevent the development of most of the problems cited above. Findings from neuroscience further suggest that provision of needed programs and services may reverse some of the damage from poverty and assist children in eventually escaping from it, with the potential to eventually break the intergenerational cycle of poverty. From the prenatal period through adolescence, there are programs that can help families nurture their children's social, emotional, cognitive, and physical development. For example, there are tested programs which show parents how to reduce conflict in the home and how to help their children develop key skills for social and academic success. Such programs can prevent impoverished children from failing in school and from developing patterns of aggressive or disruptive behavior that would otherwise lead to delinquency, substance abuse, early pregnancy, and continued poverty.

A 2013 report by Sawhill and Karpilow at the Brookings Institution analyzed the potential impact of four prototype strategies involving improvements to the job market by lowering the unemployment rate, making work pay, increasing educational attainment, and strengthening families.<sup>10</sup> If these strategies were systematically implemented on a large scale, they could close by 70 percent the gap between more and less advantaged children in their ability to enter the middle class by midlife. And as they do so, the result would be substantial savings to taxpayers that increase over time.



One of the key characteristics of prevention science is the adoption of a public health perspective to benefit large segments of the population, including but not limited to children and families experiencing adverse conditions associated with poverty. Prevention efforts that avoid stigma and engage the whole community have a better chance of acceptance and impact, building on a community-wide contagion effect. The use of car seats; the elimination of secondhand smoke in public settings; and the availability of high-quality, low-cost childcare are all examples of whole-community efforts that serve the needs of all children, including those living in poverty. With respect to evidence-based parenting and family support, community-wide prevention can reduce problems that disproportionately affect children in poverty, such as child abuse,<sup>11</sup> low school readiness,<sup>12</sup> and dropping out of school.<sup>13</sup> Furthermore, these kinds of prevention strategies are known to be economically beneficial in terms of return on investment, as documented by the Washington State Institute for Public Policy.<sup>14</sup>

In addition to prevention programs, prevention-oriented policies also show the promise of reducing poverty and addressing its effects on children, families, and communities. One possible bipartisan means of large-scale implementation is via “social impact” or “pay-for success” bonds,<sup>15</sup> which draw in private money to help implement and sustain programs. This mechanism is growing in popularity on both sides of the aisle in various states, and now in bills introduced into the U.S. Congress. In addition to these sources, some of the policy recommendations on poverty that follow have been excerpted and slightly revised from three prominent organizations (see the reports by the Brookings Institution and American Enterprise Institute<sup>16</sup> and by the American Academy of Pediatrics<sup>17</sup>).

## RECOMMENDATIONS

There is a need to identify government efforts relevant to prevention without restricting the focus to any one domain (e.g., substance abuse), since all aspects of behavioral, mental, and physical health are amenable to prevention through programs and policies that make young people’s environments more nurturing.<sup>18</sup> A set of activities that can move the nation forward is delineated below:

- 1. Increase the availability of evidence-based supports for child and family well-being.** States need to be encouraged to assess how well they are reaching beneficiary



families and provide requisite programming to improve outcomes. Programs that support poor women during their first pregnancy and the first few years of the child's life have been shown to prevent child abuse and the development of mental health and behavioral problems, and at the same time, improve families' economic well-being. Importantly, making the healthy development of young children a national priority while addressing the social determinants of health helps families and communities build a foundation for lifelong health. States should be encouraged to gradually increase the proportion of families that are being reached with such programs.

2. **Upgrade educational systems, curricula, and teaching practices in low-income neighborhoods.** States should be encouraged to increase public investment in two underfunded stages of education: preschool and postsecondary. Funding early childhood programs can have a significant financial return on investment for both society and individuals and families. Training teachers to recognize the signs of traumatic stress will provide positive tools for addressing the behavioral problems of children exposed to adversity. A focus on the whole child in the classroom will promote socio-emotional and character development as well as academic skills. Also, a program focus on young, less-educated individuals will improve their skills and enable them to obtain well-paying jobs.
3. **Strengthen the system for supporting prosocial behavior in schools.** This effort is already underway in many states thanks to the growing adoption of evidence-based school programs. We need to encourage states to develop systems to monitor how well schools are supporting prosocial behavior through evidence-based interventions.
4. **Design and implement an effective data gathering and survey system.** We cannot assume that these programs will work without careful implementation, evaluation, and tracking. Sound public policy requires that we set up systems to monitor their impact, regardless of their pedigree. Communities need to know what proportion of children and adolescents are developing successfully. More resources are needed for the collection, analysis, and reporting of the data to the public. Furthermore, the federal government (and expert contractors) should develop an automated clearinghouse that will provide comprehensive information regarding evidence-based programs and policies (EBPs) to users such

as researchers (who can populate the database); policymakers (who need to know what to legislate and fund); and community organizations, practitioners, and government agencies (that need to identify best practices). The data populating this clearinghouse will provide the parameters needed to readily map available EBPs to existing needs, whether it be to identify best violence prevention practices for any given community or to determine which policies to fund to reduce poverty. Also needed is flexibility to include in the database, denoted by their stage of development and need for further study, innovative or promising programs that have yet to be subjected to rigorous evaluation.

5. **Support a comprehensive research agenda to improve understanding of the effects of poverty on children and to identify and refine interventions that improve child health outcomes.** Research is needed to identify better ways to measure how poverty affects children, what works to help families in poverty, and how to translate the information gained into real solutions for the poor.
6. **Promote the coordination and alignment of adult- and child-focused programs, policies, and systems.**
7. **Educate the general public.** Researchers and practitioners need to educate citizens and state and local policymakers about all of the programs and policies that are available to prevent the most common and costly problems of youth. We need to engage the media to report responsibly about the long-term consequences of our actions for children's development and outcomes. These efforts will not only generate support for the policies and programs that are needed but also enhance support for policymakers to implement these policies.

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# SUPPORTING AMERICA'S LOW-INCOME WORKING FAMILIES THROUGH UNIVERSAL PAID FAMILY LEAVE

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## SUMMARY

Since it was enacted in 1993, the federal Family and Medical Leave Act (FMLA) has allowed 50 million workers time off (up to 12 weeks in a 12-month period) to recover from a serious health condition, care for a family member, or adjust to new parenthood. But despite its successes, the FMLA is far from perfect. The law protects workers' jobs but does not guarantee a paycheck. Low-income new parents, in particular, must often choose between a paycheck and spending time with their newborn. Moreover, as a result of restrictive eligibility requirements, only 60 percent of workers are eligible for coverage.<sup>1</sup> Ultimately, the FMLA has not done enough to reduce disparities between low- and high-income families' ability to take leave.<sup>2</sup>

In contrast, the majority of countries have policies offering job protection and a guaranteed paycheck to workers who need time off to recover from childbirth, bond with their child, or care for an ailing relative, recognizing the importance of such protections to maternal and infant health, overall employment, and job retention. Researchers have collected decades of empirical evidence proving that paid leave benefits not only parents and children, but also businesses.

Despite widespread public support for a national paid leave program, opinion is divided on the best policy options for offering such leave at the federal level in the United States. This brief explores three policy options—a federal employer mandate, a tax incentive, and a social insurance program—and makes a case that crafting a federal universal social insurance program would reach the most workers, minimize employer burden, and support the healthy development of low-income children. This policy brief focuses in particular on paid leave related to welcoming a new child: medical leave for recovering from childbirth and family leave to bond with a new child.

## INTRODUCTION

When Lisa and her husband, Charles, learned that they were expecting their first child, the couple was already barely getting by on their small paychecks. She was earning minimum wage as a grocery store cashier and he worked two part-time, low-wage jobs to keep them afloat. The major expenses associated with becoming new parents—things like securing child care, moving to a bigger apartment, or even buying a car—took a back seat to the real and immediate concern over how to stay on top of

the family's monthly bills while Lisa recovered from childbirth.

If Lisa and Charles lived in New York, New Jersey, California, or Rhode Island, they'd have a bit of help on that front. Those four states have instituted partial paid family leave policies—social insurance programs that allow workers to collect a portion of their paycheck while taking time off from their jobs to bond with a newborn or newly adopted child, or to care for a seriously ill family member.<sup>3</sup> Five states—the four mentioned and Hawaii—have temporary disability insurance programs that also allow workers to take partially paid leave from work to recover from a serious health condition, including pregnancy- and childbirth-related conditions. Without exception, welcoming a new baby or caring for a sick relative is considered a major life event. Those states have implemented measures that guarantee some level of financial relief for working new parents—funded through employee-paid payroll taxes and administered through their respective disability programs—so that families' already shaky financial situations aren't stretched even further.

But Lisa and Charles lived in a state where that kind of protection wasn't offered, and they both worked for employers who had not made the decision to craft company plans in the absence of a federal policy. Lisa was eligible for 12 weeks of unpaid leave through the federal FMLA because she had worked for her employer, a large grocery store chain, for more than 25 hours a week in the past year. But despite her FMLA coverage and the couple's careful saving, Lisa was able to take only 2 weeks off to recover from childbirth before she had to return to work to make sure the family could continue paying rent. Just 14 days after giving birth, the still-healing new mom would have to leave her newborn in her mother's care.

Like millions of low-income families in the United States, Lisa and Charles had to choose between caring for their newborn and paying their bills.

## EVERYWHERE BUT HERE: THE GLOBAL CONTEXT FOR UNIVERSAL PAID FAMILY LEAVE

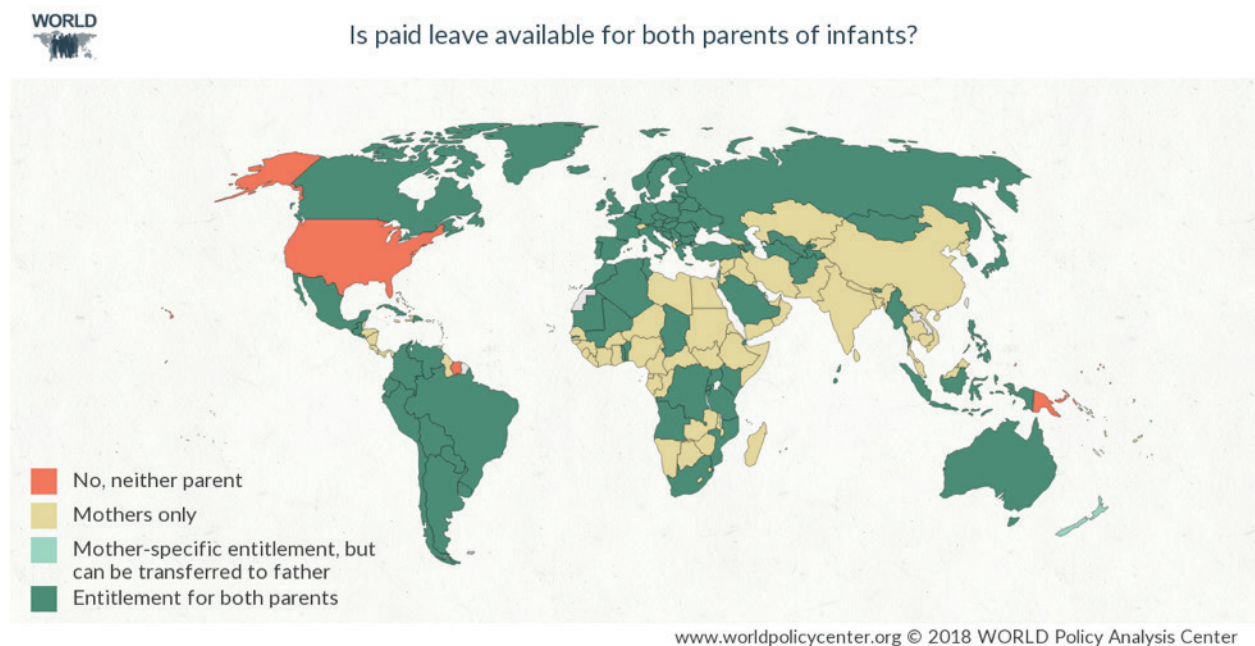
Working parents across the globe have much in common when it comes to welcoming a new child. Joy and excitement go hand in hand with exhaustion and the overwhelming responsibility of caring for a newborn. Low-income parents, already facing a range of economic challenges, have an added burden as they strive to balance



work and family responsibilities. But one aspect is unique to U.S. parents: despite the known benefits of instituting universal paid leave, the United States is one of few industrialized countries that still resist establishing a national, government-mandated policy to support all working families (see Figure 1).

Outside the United States, mothers who give birth are often guaranteed a number of weeks of paid leave during pregnancy and after childbirth to ease the transition to parenthood and help them effectively handle their new responsibilities.<sup>4</sup> In fact, since 1942, Puerto Ricans have been able to take advantage of the commonwealth's paid maternity program, but they aren't guaranteed that same benefit if they move to the United States.<sup>5</sup>

FIGURE 1:



The majority of European countries offer paid leave to both spouses, with a few exceptions (e.g., Ireland, Switzerland, Albania, Cyprus, and Turkey offer paid leave to mothers only).<sup>6</sup>

Failing to follow the example set by other countries has been costly for the United States and its low-income working families, but it has been especially costly for U.S. children living in poor families. The United States currently ranks 32nd in child poverty among 41 developed nations<sup>7</sup> and last in infant health.<sup>8</sup> In addition, maternal



mortality increased between 1990 and 2014.<sup>9</sup> While these rankings can be attributed to a number of policy factors (e.g., childcare and healthcare policies), paid family leave is emerging as one policy solution with bipartisan support.

## THE DEBATE OVER NATIONAL, UNIVERSAL PAID FAMILY LEAVE HAS FINALLY REACHED A TIPPING POINT

For decades, the National Center for Children in Poverty and others have explored what our current national leave policy—or rather, the absence of a universal paid leave policy—means for low-income working families like Lisa, Charles, and their baby. Through our research, we have heard countless stories of families without paid leave forced to prioritize their jobs over their infants’ needs, the pressing responsibilities of caring for a relative, or in some cases, their own health.<sup>10</sup>

“WHEN I FOUND OUT THAT I WAS PREGNANT, I WAS THREE MONTHS, WORKING AT [COMPANY NAME]. AND PREGNANT PEOPLE AND FAST FOOD DON’T GET ALONG....I HAD TO STOP WORKING FOR FIVE MONTHS, BECAUSE MY BABY WAS REAL SENSITIVE. EVERYTHING I DID INsofar AS LIFTING, I WAS IN THAT RANGE OF LOSING HIM. I HAD TO STOP WORKING, AND IT WAS A STRUGGLE.”

—NEWARK, NEW JERSEY, MOTHER, PROTECTING WORKERS, NURTURING FAMILIES: BUILDING AN INCLUSIVE FAMILY LEAVE INSURANCE PROGRAM<sup>11</sup>

The good news is that there finally seems to be a sea change in the offing when it comes to paid family leave in the United States. Recently, Washington state and the District of Columbia passed paid family and medical leave legislation.<sup>12</sup> In addition, over the last two years, 24 states have considered (or are considering) paid leave legislation. What’s more, public opinion polls are showing widespread support for national paid family and medical leave across the political spectrum.<sup>13</sup> All of these developments suggest that the time is ripe for a bipartisan push for a national,

universal paid leave program.

## FOR U.S. WORKERS, PAID FAMILY LEAVE OPTIONS DEPEND ON WHERE YOU LIVE AND WORK

Today, most families' plans for family leave hinge on whether or not the person taking leave is covered by the federal FMLA. Enacted in 1993, the FMLA offers federal job protection to people who take time off (up to 12 weeks in a 12-month period) to recover from a serious health condition (including pregnancy- and childbirth-related conditions), care for a family member, or bond with a new child. While the legislation was a huge win for working families across the nation (more than 50 million people have benefited from the FMLA in the 15 years since its passage),<sup>14</sup> it is seriously limited in several important ways:

The benefit applies only to people who have worked 1,250 hours in the prior year (or about 25 hours per week) and have been at the same job for at least a year, a provision that leaves behind the growing number of involuntary part-time workers who struggle to find full-time jobs or juggle multiple part-time jobs in order to make ends meet.<sup>15</sup> In addition, because the federal mandate applies only to businesses that employ 50 or more people within a 75-mile radius, only 60 percent of workers are eligible for coverage.<sup>16</sup>

The law protects workers' jobs but does not guarantee a paycheck, so people who live from paycheck to paycheck often have to cut their leave short because they cannot afford the loss of income. Some mothers return to work far too soon. Like Lisa, nearly one in four women in the United States returns to work less than two weeks after giving birth, and many fathers take no time off to bond with their new infant.<sup>17</sup> For these reasons, the FMLA has not reduced disparities between low- and high-income families' ability to take leave.<sup>18</sup>

In recent years, some companies have taken steps to bridge the gap between the FMLA's job protections and the ideal of a universal paid program by implementing their own family leave programs. But employer-level plans are hardly a real solution for most workers. The paid parental leave programs announced by companies such as Google, Facebook, Starbucks, Ikea, and others are good news for their employees<sup>19</sup>—a population that tends to earn middle to higher incomes<sup>20</sup>—but overall, only 14

percent of workers are lucky enough to have access to paid family leave through their employers.<sup>21</sup> The dismal reality for most other U.S. workers is that leave benefits are driven by what an employer offers and can vary widely depending on the employee's individual position, industry, and region, among other variables. Workers like Lisa and Charles, whose employers do not offer paid leave, must cobble together vacation and sick time after having a child, or go without a paycheck.

One thing that is certain for all U.S. workers: being employed offers no guarantee of paid time off when they need it most.

## PAID FAMILY LEAVE BENEFITS MOTHERS, FATHERS, BABIES, AND BUSINESSES

A well-designed paid family leave policy is a vital investment in the future of young children and their families, especially children in low-income families. Research has shown strong associations between paid leave and improvements in child cognitive outcomes<sup>22</sup> and infant health,<sup>23</sup> increases in breastfeeding,<sup>24</sup> higher likelihood of infant immunization<sup>25</sup> and well-baby visits,<sup>26</sup> and decreases in maternal depression.<sup>27</sup> Men who take leave are more likely to be involved caretakers later in the child's life. These positive outcomes are correlated with the length of leave taken by both mothers<sup>28</sup> and fathers.<sup>29</sup>

Furthermore, there is evidence that offering paid family leave, to low-income workers in particular, could go a long way toward making sure that fewer children grow up in poverty (see Figure 2). A 2012 study found that mothers who took paid leave had a lower likelihood of receiving public assistance and were more likely to report wage increases in the year following childbirth than women who did not take leave.<sup>30</sup> Men who returned to work after taking paid family leave had a lower likelihood of receiving public assistance and food stamps in the year following the child's birth, compared with those who took no leave.<sup>31</sup> Moreover, women are more likely to stay in the workforce if they have access to paid leave.<sup>32</sup>

FIGURE 2: UNIVERSAL PAID LEAVE WOULD ALLEVIATE CHILD POVERTY



The relationship between a well-designed paid leave policy and a decrease in child poverty is not always intuitive. But research suggests that providing universal paid leave can have wide-reaching impacts on family economic security and, ultimately, child well-being.

## WHAT CONSTITUTES A WELL-DESIGNED PAID LEAVE POLICY?

We consider the following to be essential features of a sound paid leave policy:

- Gender neutral
- Protects jobs
- Easily understandable
- Efficiently administered
- Provides sufficient wage replacement
- Offers reasonable leave time

Countries that adopt policies that balance those ideals have seen positive impacts on maternal and infant health, overall employment, and job retention. What's more, recent research on state-level policy has proven that paid leave, even in the U.S. context, benefits businesses, parents, and children. Studies have also called into question claims that the benefits of paid leave to parents and children come at a major cost to businesses. Companies that have offered paid leave to their workers have cited numerous gains as a result, including improved worker morale, higher rates of employee retention, and a positive or neutral effect on worker productivity and overall company profit.<sup>33</sup>

## POLICY OPTIONS FOR UNIVERSAL PAID FAMILY LEAVE

Despite widespread public support for paid family and medical leave, public opinion has been divided on the best policy options for offering such leave.<sup>34</sup> However, our research and analysis support a clear path toward a sound policy solution when it comes to universal paid leave. Of the three policy models presented below, one offers lawmakers the best chance of reaching all workers, minimizing employer burden, and supporting the healthy development of children.

### A FEDERAL EMPLOYER MANDATE

**What it would look like:** Similar to the FMLA mandate that requires employers to give 12 weeks of job-protected leave (under certain conditions), a federal employer mandate for paid family leave would require businesses to pay all or a portion of worker wages for a prescribed number of weeks.

**Potential benefits:** Businesses that offer paid family leave benefits to employees report higher employee morale and retention, and lower employee turnover. Low turnover saves businesses money; the cost of replacing an employee can vary depending on worker skill set and industry, but is usually high for businesses, ranging from 10 to 30 percent of an employee's annual salary.<sup>35</sup>

**Potential drawbacks:** Imposing an employer mandate is unpopular among the public and business owners<sup>36</sup> for several reasons:

- In addition to shouldering the wages of a worker on leave, companies must also arrange for work to be redistributed, pay additional wages for temporary workers, and/or provide overtime pay.
- Absorbing the full fiscal burden of the paid leave policy can mean higher costs for employers—especially those operating small or less profitable businesses—and unintended consequences for workers.<sup>37</sup>
- Businesses may look to offset extra costs by lowering wages for workers, reducing their work hours, hiring only temporary workers, decreasing other benefits such as sick and vacation time, or adopting other measures that would pass the costs of the leave benefit on to workers.<sup>38</sup>

- Depending on how the legislation is phrased or administered, such a mandate could pose a disproportionate burden on employers who hire more women of childbearing age (e.g., day care centers, schools). In addition, in countries where the national government has imposed an employer mandate, many have reported employer compliance issues, lower female workforce participation, and hiring discrimination, with employers being less willing to hire women of childbearing age.<sup>39</sup>
- Implementing a mandate on businesses without consideration for the uneven impact by business size and the unintended negative consequences on workers could exacerbate, rather than ameliorate, inequalities in worker conditions across industries.

“IN THE 12 YEARS I’VE BEEN RUNNING THIS BUSINESS, I’VE EXPERIENCED LITTLE TURNOVER AND I BELIEVE OUR POLICIES HAVE A LOT TO DO WITH IT.”

—MARCIA ST. HILAIRE-FINN, OWNER, BRIGHT START  
CHILDCARE & PRESCHOOL, BETTER WORKPLACES,  
BETTER BUSINESSES<sup>40</sup>

## A TAX INCENTIVE

**What it would look like:** The Tax Cuts and Jobs Act passed in December 2017 allows employers who offer paid leave to receive as a tax credit a capped percentage of the wages they have paid to their employees on leave.<sup>41</sup> While it may be “the first nationwide paid family leave policy,”<sup>42</sup> as Senator Deb Fischer (R-NE), the legislator behind the provision, asserts, it is not a universal leave policy. The provision fails to address inequalities in eligibility, access, and usage, leaving behind the families and children most in need of coverage.

**Potential benefits:** Offering a tax credit to employers means that companies would not have to shoulder 100 percent of the costs of paid family and medical leave benefits for their workers.

**Potential drawbacks:** A tax model relies on limited federal resources to refund

businesses and ignores businesses without the initial capital to pay wages to employees on leave. In addition, the model rewards businesses that already offer, or plan to offer, paid leave, skewing heavily toward higher-earning workers. Some 22 percent of people who currently have access to paid leave through their employers are in the highest wage quartile, compared with only 6 percent in the lowest wage quartile.<sup>43</sup>

“THE CHALLENGE POSED HERE IS NOT THE PROVISION OF PAID TIME OFF TO EMPLOYEES; RATHER, THE CHALLENGE TO EMPLOYERS LIKE OURS IS THE OVERLAPPING, INCONSISTENT REQUIREMENTS—PROCEDURAL AND SUBSTANTIVE—OF THESE MANDATES.”

—BARBARA BRICKMEIER, VICE PRESIDENT FOR HUMAN RESOURCES AND BUSINESS DEVELOPMENT, IBM, STATEMENT OF THE U.S. CHAMBER OF COMMERCE ON WORKPLACE LEAVE POLICIES<sup>44</sup>

## A SOCIAL INSURANCE PROGRAM

**What it would look like:** Examples of social insurance programs for paid family leave are already underway as state programs in California, New Jersey, Rhode Island, and New York. Social insurance programs involve a high input of government resources for administering benefits, issuing guidance, and collecting taxes from workers. Still, unlike a federal employer mandate, this policy model means businesses would be better able to cover their workers without having to pay from their own coffers. Moreover, the taxes on workers are small; current programs are funded through worker payroll deductions ranging from 0.09 percent in New Jersey to 1.1 percent in California, and worker contributions are capped at a yearly amount.<sup>45</sup>

**Potential benefits:** While employers would still be responsible for properly arranging for employee absences, a national social insurance program would ensure that any possible negative consequences from workers taking longer leaves, such as a loss of productivity, would be equalized across all businesses, industries, and geographic areas and would not affect the company’s national competitiveness. For example, by being



able to offer paid leave, even small businesses would be able to compete with larger businesses in attracting talented employees.

**Why this policy model would work:** Having a national program would resolve much of the confusion both workers and employers face when navigating leave benefit options, especially for larger businesses that work across states with differing leave policies. (State programs all differ in terms of eligibility, percentage of wage replacement, and weeks of leave.<sup>46</sup>) Additional benefits include these:

- Studies of current state programs have shown that offering paid family leave through a social insurance model is associated with new mothers' taking longer leaves,<sup>47</sup> improvements in workforce attachment,<sup>48</sup> an increase in breastfeeding duration,<sup>49</sup> less dependence on public benefits,<sup>50</sup> and more fathers and disadvantaged mothers who take leave.<sup>51</sup>
- Such a model would ensure that all low-income workers have access to family leave without enduring a loss of income.

## WE CAN SOLVE THE PROBLEM OF PAID LEAVE FOR WORKING FAMILIES IN THE UNITED STATES

All babies deserve the best possible start in life; in most cases, that means having the opportunity to be cared for by their parents during their first, crucial months. A parent's decision to spend time caring for a newborn should not depend on the generosity or capacity of his or her employer. Of the three policy options discussed, it is clear that a national social insurance program is the most effective way of providing income support to all workers during crucial and vulnerable periods, and a sound universal paid leave policy would ensure that low-income parents do not have to choose between a paycheck and their children. After decades of debate, research and public support are lifting up a clear solution that supports working families when it comes to paid leave. This is a problem that we know how to solve—and it's long past time to make it happen.



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# POOR WOMEN = POOR CHILDREN

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Want to end child poverty? Start by closing the wage gap between women and men. Doing so would cut the number of children with working mothers living in poverty nearly in half.<sup>1</sup> In 2016, women in the United States earned just 80 cents for every dollar that men earned,<sup>2</sup> with black and Latina women faring markedly worse. In the same year, median annual earnings for women working full time, year round were a little more than \$10,000 less than earnings for men.<sup>3</sup>

Despite the trend of more women than men earning college and graduate degrees, it's taken a decade—since 2007—for evidence to emerge of a statistically significant improvement in the wage gap,<sup>4</sup> albeit slight and with black women experiencing a 1.3 percent decrease in earnings between 2015 and 2016. Women earn less than men in almost every occupation, and irrespective of the level of qualification, jobs predominantly held by women pay less on average than jobs predominantly held by men. Although women have made great strides in past decades in integrating into more highly paid, male-dominated occupations, progress has stalled since the mid-1990s, with young women today less likely to work in traditionally male or integrated occupations. Without more education and training opportunities, and access to quality jobs,<sup>5</sup> women are even more limited in their ability to provide economic security for their children.

The wage gap between women's and men's earnings profoundly affects the children who live with them. Whether in a single-parent or two-parent household, women's earnings are critical for families' economic well-being. But the persistence of the gender wage gap keeps too many women and their families poor. In 2016, the national poverty rate<sup>6</sup> for married-couple families with children was 7 percent, compared with 17 percent for male-headed families with children (and no spouse present) and 36 percent for female-headed families with children, with around 41 percent of Latino and 39 percent of black female-headed families living below the federal poverty line. More than half of all poor children lived in families headed by women. In those families, over half the mothers were employed in 2016, with more than half a million single women with children who worked full time, year round living in poverty.

The wage gap grows substantially for college graduates over the course of a woman's career, largely because of parenthood. Many adults' wages are impacted by parenthood. Most men, and especially well-educated white and Latino men, enjoy a fatherhood bonus<sup>7</sup>—an average 6 percent increase in income after having a child—while women,

particularly low-income women, experience a motherhood penalty<sup>8</sup> in the form of a 4 percent decrease in wages per child. The result is a broadened wage gap, with mothers earning just 71 cents for every dollar earned by a father.<sup>9</sup> Low-income women are particularly impacted, experiencing the motherhood penalty at higher rates than higher-earning women. This phenomenon not only hurts women and their children today but perpetuates income inequality into the future.

The racial wage gap for men<sup>10</sup> has grown since 1979, with black and Latino men now earning just 73 cents and 69 cents, respectively, for every white man's dollar. A solution to child poverty requires the economic empowerment of women and minority men alike.

Working mothers need livable and equal wages; paid sick days; paid family and medical leave; predictable and fair schedules; flexible workplaces; and access to affordable, quality childcare. Access to public benefits for all financially eligible families would particularly benefit low-income women and their children. Closing the wage gap is not a zero-sum game—gains for one gender do not require losses for the other. Everyone benefits, especially children.

*Note: An earlier version of this article was published in the Illinois Kids Count 2012<sup>11</sup> report.*

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# **COLLECTIVE PROSPERITY:** TO SUPPORT CHILDREN, INVEST IN EARLY CHILDHOOD EDUCATORS

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Decades of neuroscientific research confirms what social scientists have long known to be true—the first years of a child’s life are the period of most rapid brain growth, laying the foundation for all future learning and development.<sup>1</sup> During this critical period, children’s positive interactions with peers and caring, knowledgeable adults allow for the blossoming of the skills they need for a lifetime of success.<sup>2</sup> This success is seen across a variety of domains, from their cognitive and academic skills to their social-emotional development to their long-term economic success. Indeed, longitudinal research has shown time and again that “a high-quality early childhood intervention program, especially one that extends through third grade, can have benefits well into adult life.”<sup>3</sup>

In communities across America, early childhood educators play a crucial role in promoting these positive interactions and creating safe, nurturing spaces where young children can learn and thrive. They are considered important members of their communities, on par with firefighters and nurses, by nearly 90 percent of American voters, who recognize early childhood educators as professionals who have complex and demanding jobs and responsibilities.<sup>4</sup> Successfully executing on these responsibilities demands knowledge, skills, and competencies that allow educators to do everything from helping our youngest learners explore their environments to engaging them in creative problem solving.

Yet far too many early childhood educators are stuck in the quandary of helping to raise children out of poverty even as they themselves are sinking deeper into it. Their very jobs come at the cost of facing the pernicious impact of poverty and the associated stressors it places on the lives of those living within it. Childcare makes significant contributions to a state’s economy; a recent study in Louisiana, for example, found that parents’ struggles with childcare resulted in absences, turnovers, and related losses to the workforce amounting to \$1.1 billion annually.<sup>5</sup> Yet despite their work in the profession that makes all other professions possible, early childhood educators’ wages are often significantly below the state median wage. Indeed, in a workforce of over two million, the median hourly wage for an early childhood educator is \$10.31.<sup>6</sup> One in seven early childhood educators lives in a family with an income below the official poverty line. Only 15 percent of early childhood educators receive health insurance from their job.<sup>7</sup> Nationwide, they are paid so poorly that nearly half are themselves part of families enrolled in at least one public safety net program.<sup>8</sup>

For the many early childhood educators living at or near poverty, the insecurity around meeting the basic necessities in their own lives creates worry and anxiety that ultimately impacts how they present themselves in their practice with young children. The constant burden of making ends meet in their personal lives, compounded by workplace environments that often lack the necessary professional supports to meet and mitigate the emotional burden poverty has on working adults, is a threat to the promise of high-quality early childhood education.

Forty-five percent of young children under the age of six live in low-income families.<sup>9</sup> Early childhood educators are at the front lines in caring for, educating, and supporting these children and their families, and as such, must respond with tools and practices that acknowledge and address the impacts of stress, fear, and trauma. Yet, as early childhood specialist and nationally certified Mental Health First Aid trainer Tanya Dennis notes, “Far too often, as early childhood educators, we mask our own issues and the hurts, horrors, and fragmentation in our own lives without realizing the impact this has on the quality of our programs and on the children and families we serve.... As those individuals working the front lines, we have to be able to adequately respond to the needs of our families and our colleagues, or staff, and know how to provide the tools and resources to support those who are feeling overwhelmed by the stressors we face.”

This is why Dennis, in partnership with the North Carolina Association for the Education of Young Children, has committed to the task of increasing awareness about the importance and implications of wellness and well-being in the lives of the adults who care for and educate young children. Through the facilitation of Mental Health First Aid trainings across the state, Dennis is working with hundreds of educators to help guide them toward addressing mental health crises before they impact the teaching practices and interactions of early childhood educators.

However, the scale of the problem requires that we bolster this effort, and those like it, with larger, bolder, transformative investments in the early childhood education profession. It requires that our policymaking catch up with the science of early learning and acknowledge the contributions of this field to the strengthening of America’s collective prosperity, now and in the future. Addressing this challenge calls for us to work together to build a stronger early education workforce that is well prepared, effective, and diverse, working within a compensation and recognition

system that supports their excellence. It means building a public awareness campaign that exemplifies the excellence of the early childhood profession and its vital and critical role in society, coupled with a robust policy and financing agenda. Early childhood educators and, by extension, the children and families they serve, need policies that put them first, including (1) transfer and articulation policies to ensure that institutions of higher education recognize and award credits for students' previous early childhood courses and degrees, (2) increased federal and state funding directed toward increasing payment rates to providers so that states can reach the federally recommended benchmark and move toward payments based on the cost of high-quality childcare, and (3) revised early learning standards and indicators in quality rating and improvement systems to actively reflect the principles of cultural competence and anti-bias.

Investing in high-quality early childhood education is one of the solutions to the crisis of child poverty. But those investments increasingly need to be targeted to the educators without whom quality is out of reach. For too long, we have allowed early childhood educators to subsidize the early learning systems in our country through their own low wages. We have relied on their passion to drive their engagement—and this has, predictably, led to high levels of turnover and low levels of retention, undermining the stability young children require to benefit from high-quality early experiences. The time has come to create the political, financial, and social will to address the crises faced by early childhood educators. Compensated and supported early childhood educators are essential components of quality early learning programs and a linchpin for the strength and vitality of our nation's current and future prosperity. We must act boldly and firmly; our young children and families are counting on our country to deliver for them in the present so that they, in turn, can deliver for us in the future.

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# THE POLITICAL VOICE FOR KIDS

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CEO

Save the Children Action Network

Save the Children Action Network (SCAN) is the political voice for kids. We believe that every child deserves the best start in life. As the political advocacy arm of Save the Children, we're building bipartisan will and voter support to make sure every child in the United States has access to high-quality early learning. By investing in children and holding leaders accountable, we are helping kids from birth to age five have an equal opportunity to thrive.

Over the past three years, we have fine-tuned this approach and seen real results. In 2016 alone, we increased our supporter base by more than 20 percent to more than 235,000 people nationwide, generated nearly 875,000 messages to lawmakers, and nearly doubled our social media presence. We now operate in seven target states: Illinois, Iowa, New Hampshire, South Carolina, Tennessee, Colorado, and Washington, with staff on the ground who lead our mobilization and policy efforts.

While our nation has made significant strides in creating a social safety net for struggling Americans over the last 50 years, there is one area in which the safety net is conspicuously lacking: helping low-income parents afford high-quality early learning services and care for children from birth through age five. We are not doing enough in the very sphere where low-income parents currently need the most help and where young children could most benefit.

Study results have clearly shown that children who receive a quality early education demonstrate greater cognitive and socio-emotional growth than children who do not. In fact, by age four, children in poverty are as much as 18 months behind other children in development.

The changing demands of our nation's economy, the stress of our demanding labor market, and the challenge created by an increasing number of children who are being raised in single-parent families have all left low-income parents struggling with the demands of work and parenting. Yet ensuring access to high-quality early childhood education (ECE) is not just about supporting strained parents and families or increasing employment rates. More effective programs that advance young children's learning and development while meeting the demand for high-quality care would also improve the long-term social and economic prospects of children born into poor households.

At its root, ECE is an economic issue that can assist in breaking the cycle of poverty. Research has shown that investments in high-quality ECE offer the potential for long-term economic impact and growth. James Heckman, the Henry Schultz Distinguished Service Professor of Economics at the University of Chicago, released a report in December 2016 demonstrating that the annual rate of return on investment in early childhood education for children from disadvantaged backgrounds can be as much as 13 percent, thanks to improved outcomes in education, health, sociability, economic productivity, and reduced crime.<sup>1</sup>

Despite this evidence, fewer than half of low-income children in the United States have access to quality ECE programs. To change this dynamic, we must identify the resources to bring these education-based interventions to scale to ensure the all children have access to quality ECE.

In response to this challenge, SCAN has worked to bring together children's advocacy groups, businesses, and financial institutions to form the Early Childhood Education Action Tank. This group of unlikely allies has forged agreement on a series of recommendations to increase children's access to high-quality ECE as part of comprehensive tax reform. It is our view that in the context of always-scarce federal funds, reforms to the tax code offer the best opportunity to allocate the resources needed to meet this challenge. Tax reform is a unique opportunity to make significant, forward-looking changes to fiscal policy, and to make designations through tax expenditures to help fund ECE as a commitment to future generations of Americans.

Our group proposes specific action to expand upon what is “right” with existing tax policy and to create new incentives that promote state, local, and private collaboration. As Congress considers our recommendations, we also note that the federal government must ensure that any policies and programs are built on a standard of high quality to ensure that the best outcomes are achieved for enrolled children in both the short and long term. It is our hope that these tools will help break down the two greatest barriers to ECE: cost and lack of access to quality programs. In doing so, our nation would close a major gap in its social safety net and empower the next generation to achieve prosperity for themselves and their families to come.

In late 2017, SCAN worked closely with Republicans in the Senate—including Senator Susan Collins of Maine—to offer an amendment to the tax bill that would



make the childcare tax credit refundable for low-income families. Unfortunately, the amendment was not included in the final legislation.

We will continue to advocate for the child and dependent care tax credit expansion and other Action Tank ideas, including Opportunity Scholarship tax credits based on a model from Pennsylvania and other states.

In addition to our work on innovative financing, SCAN advocated to protect critical early learning funding in the fiscal year 2018 federal budget. We launched a campaign based on public opinion polling we commissioned that demonstrated overwhelming bipartisan opposition to cuts to Head Start and Early Head Start. We produced television and digital ads, which aired on high-profile cable news programs in Washington, D.C., and in the districts of key Republican appropriators. Our efforts successfully raised the profile of potentially devastating Head Start cuts and generated more than 29,000 messages to Congress. Meanwhile, actress and Save the Children trustee Jennifer Garner testified in front of the House Appropriations Subcommittee on Labor, Health and Human Services, and Education,<sup>2</sup> met with Congressional appropriators and staff, and made numerous phone calls to lawmakers. Finally, we worked with allies to organize a Head Start Week of Action, which included 33 events in 10 states with a total of 1,348 attendees and 11 in-district meetings (including 2 member-level meetings). Politico<sup>3</sup> specifically recognized our advocates' efforts in a piece about President Trump's fiscal year 2018 budget, which spared the Head Start program from drastic cuts.

SCAN also advocates in support of the reauthorization of and increased federal funding for the Maternal, Infant, and Early Childhood Home Visiting Program (MIECHV),<sup>4</sup> which provides critical early learning services to families around the country. We have generated more than 30,000 email messages to members of Congress in addition to handwritten notes and phone calls to key offices. We have also worked with families across the country who have participated in Save the Children's home visiting program, Early Steps to School Success, to highlight the importance of home visiting, particularly in rural communities.

With consequential elections ahead in 2018 at the federal, state, and local levels, our work is needed now more than ever. This year, SCAN will continue its work to improve and expand access to quality, affordable childcare, early education, and home



visiting programs by engaging the American public like never before and building a movement on behalf of children that cannot be ignored.

We will continue to work with Save the Children as it implements quality programs across the United States while urging state lawmakers to protect and increase investments in early learning and home visiting. We will continue to advocate for federal funding for programs like Head Start, MIECHV, and preschool development grants to ensure that every last child has the opportunity to succeed.

Children may be only 20 percent of our population, but they are 100 percent of our future. Investments in our kids are the best ones we, as a country, can make.

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# COUNTIES CARE: COUNTY SERVICE SHARING FOR EARLY CHILDHOOD DEVELOPMENT

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## INTRODUCTION

County governments are working to break cycles of multigenerational poverty across the country. In 2015, over 14.6 million children were living in poverty in the United States, and over 21.1 million children were growing up in areas with high levels of poverty, whether or not they themselves were living in poverty.<sup>1</sup> Among other factors, adverse childhood experiences, often prevalent in low-income areas, frequently inhibit the ability of individuals to escape the cycle of poverty that entrapped generations before them. In fact, the more time any individual spends living in a high-poverty area, the lower his or her chances are of succeeding economically in life—and this effect is heightened during childhood.<sup>2</sup>

Early childhood development (ECD) programs are important for the healthy development of individuals and communities, and as long-term economic investments. The World Bank defines ECD as “the physical, cognitive, linguistic and socio-emotional development of a child from the prenatal stage up to age eight.”<sup>3</sup> By age three, a child’s brain has already grown to 80 percent of its full volume, making the period from the prenatal stage up through the child’s third year especially important.<sup>4</sup> The development of children during their first few years can prepare them to acquire a wide range of skills later in life and be productive adults, or those early years can be a hindrance to their later success.<sup>5</sup> ECD programs begin the continuum of support that children need from birth until they reach adulthood. Programs in low-income areas are even more effective as economic drivers because without intervention, children living in poverty have a lower chance of acquiring the proper skills to grow into productive adults.

Counties provide essential services to families with young children, but many counties struggle with insufficient funding.<sup>6</sup> Service sharing is one solution that enables counties to work together with other counties, municipalities, school districts, nonprofits, private corporations, or other entities to provide early childhood services more efficiently. Intergovernmental service sharing occurs when two or more local government entities cooperate to provide a single service or set of services to residents. Service sharing can also occur between a local government entity and a nonprofit, private corporation, or philanthropic foundation.

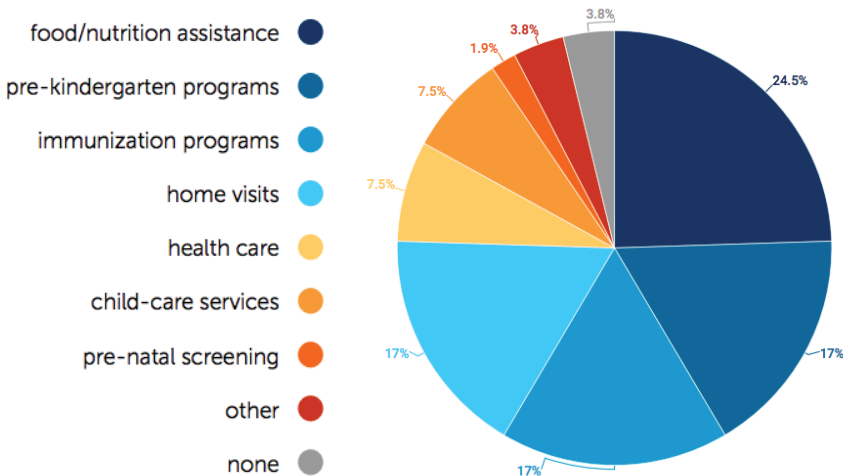
This report shows different ways that counties provide high-quality services to children

and families by sharing service provision with partners. The analysis examines the role of counties in ECD, challenges, and the relationship of counties with state and federal governments around ECD. The ECD programs featured in this report work to break cycles of multigenerational poverty and prepare the youngest generation for future academic and economic success. The case studies feature Dakota County (Minnesota), Idaho North Central Public Health District, Cuyahoga County (Ohio), Durham County (North Carolina), and Bedford County (Pennsylvania); these stories showcase just a few examples of how counties across the nation are caring for their most vulnerable residents.

## THE ROLE OF COUNTIES IN EARLY CHILDHOOD DEVELOPMENT

In both low- and high-income areas, counties play a significant role in ECD activities, which include a wide range of health, educational, and childcare services for children, especially those from birth to age three, and their families. Some of these services start prior to a child's birth with prenatal screenings for expectant mothers; others include home visits to families with newborn babies or school preparedness services up through a child's entry into kindergarten. Prekindergarten educational programs, such as Early Head Start, are one example of programs designed specifically for children from birth to three. These types of programs focus on the social, physical, and emotional development of young children.<sup>7</sup>

FIGURE 1: MOST PREVALENT TYPES OF ECD PROGRAMS ADMINISTERED BY COUNTIES



According to a 2017 National Association of Counties (NACo) survey of state associations of counties (referred to as “the NACo survey” in this report), the number one ECD service that counties provide is food and nutrition assistance.<sup>8</sup> Other county services that respondents mentioned include prekindergarten programs, home visits, healthcare, and childcare services (see Figure 1). An overwhelming majority of respondents indicated that their states do not mandate these services. Of the states that mandate these services, most dictate that counties must provide food and nutrition assistance, childcare services, and healthcare.<sup>9</sup>

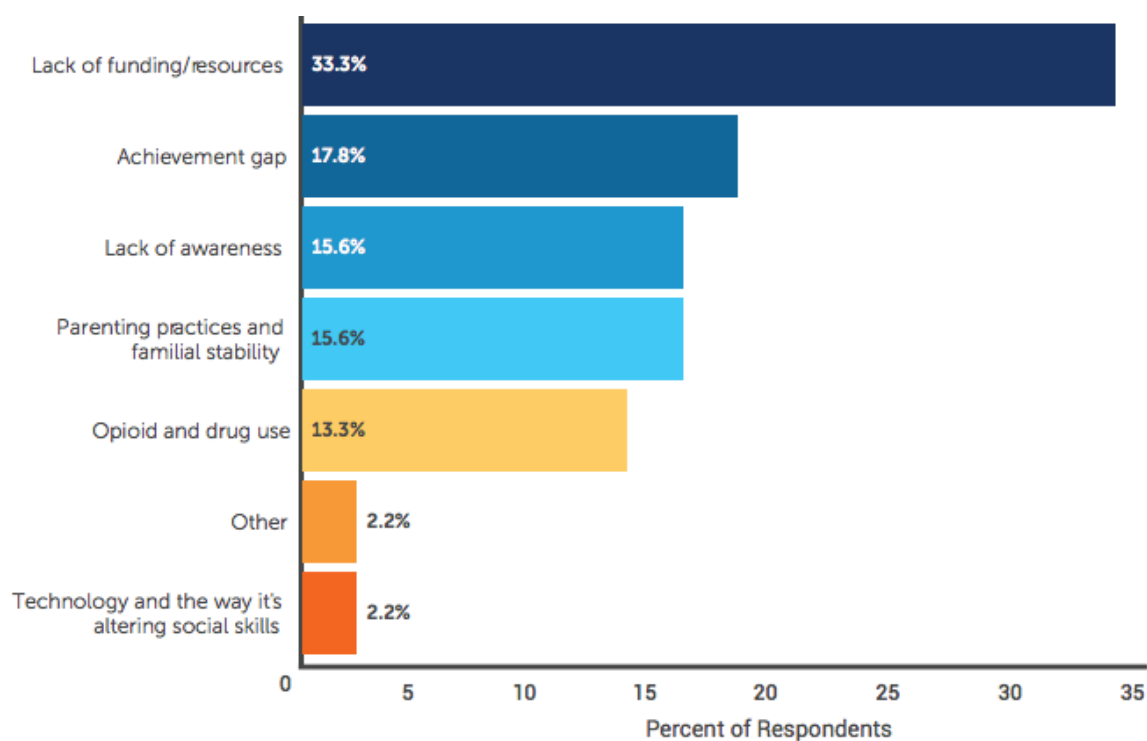
The delivery of ECD services by counties varies both across and within states. In some cases, counties are responsible for designing, delivering, and administering these services on their own. For example, Los Angeles County, California, established the Steps to Excellence Project (STEP), a childcare quality rating and improvement system, in 2007. As part of STEP, parents receive information on the quality of child development programs within the county. Additionally, childcare facilities that serve children younger than five are provided with workshops and fiscal incentives to improve the quality of the services they provide.<sup>10</sup>

Counties also partner with other governments, nonprofits, philanthropic groups, or private-sector companies to deliver ECD services. The Read with Me program in Hamilton County, Tennessee, is an example of this type of partnership. The program aims to improve literacy rates for young children by promoting reading. The county operates the Readmobile, a van that travels to locations throughout the county to engage children in read-aloud sessions.<sup>11</sup> The county also partners with the local school district and area day care centers to offer incentives and rewards that encourage young children to read and prepare for kindergarten.<sup>12</sup>

Some counties are the delivery arms of federal programs focused on ECD. For example, counties in at least 33 states administer food and nutrition assistance through the federally funded Special Supplemental Nutrition Program for Women, Infants, and Children (WIC).<sup>13</sup> This program offers benefits, such as supplemental food and nutrition screenings, to low-income populations. Counties in 10 states administer benefits through the Temporary Assistance to Needy Families (TANF) program, which provides cash assistance to needy families so that parents can better care for their children and maintain stable two-parent family structures.<sup>14</sup> Other examples of federal

programs that counties administer range from the Supplemental Nutrition Assistance Program (SNAP), which provides nutritional assistance to millions of low-income individuals and families, to Child Care Development Block Grants (CCDBGs), which help low-income families receive childcare services. Because of their proximity to the communities and families these federal programs serve, county governments are the most effective delivery arm for these programs on the ground.

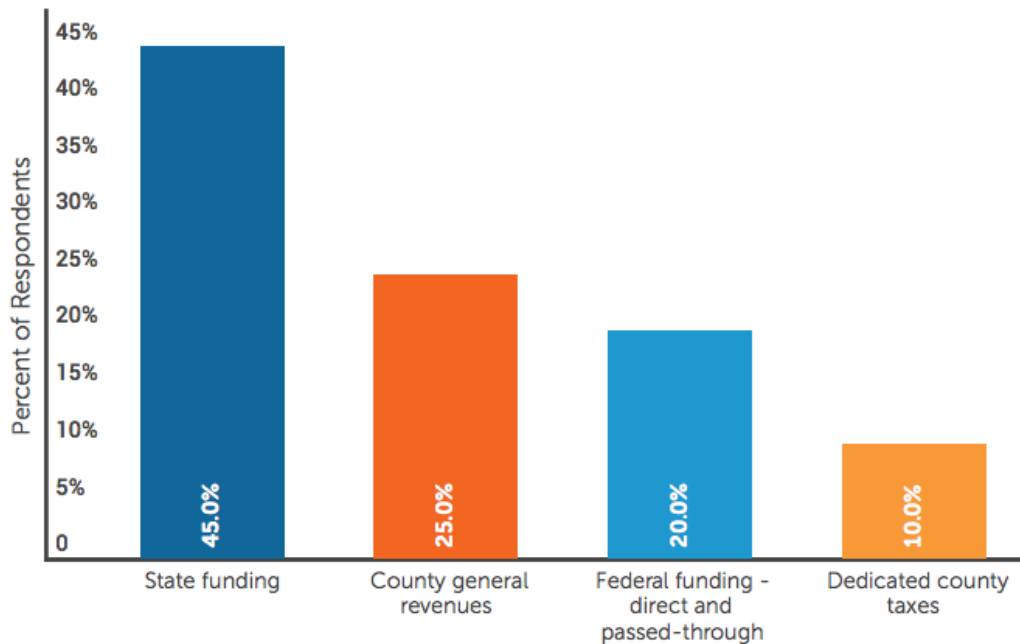
FIGURE 2: MAJOR CHALLENGES FOR ECD SERVICES



Source: NACo poll of state associations of counties, August 2017

Despite the prevalence of ECD programs, significant challenges exist for counties in delivering ECD services. The number one challenge facing county ECD programs is a lack of funding, according to the NACo survey (see Figure 2).<sup>15</sup> Most often, the main source of funding for county ECD services is the state (see Figure 3).<sup>16</sup> State funding, however, is not sufficient. For example, Wisconsin has not increased its “children and family aids” allocation in nearly a decade, despite an increased need for child and family services.<sup>17</sup> Some counties fund ECD programs with general fund money or through dedicated taxes. The caps that states place on counties’ ability to raise revenue, however, make the general funding option increasingly difficult.<sup>18</sup>

FIGURE 3: FUNDING SOURCES FOR COUNTY ECD SERVICES



Source: NACo poll of state associations of counties, August 2017

Some counties have created special districts that fund and deliver ECD services. Nearly one-third of state associations responding to the NACo survey said that counties in their state use children's services councils.<sup>19</sup> For instance, Palm Beach County, Florida, put on the ballot in 1986 a proposal to create an independent special district dedicated to children's services, which would fund early intervention programs for young children ranging from parenting classes and maternal nutrition support to childcare and early childhood screenings.<sup>20</sup> The Children's Services Council of Palm Beach County, currently funded by a 0.6833-mill property tax, was approved by voters in 1986 and last reauthorized in 2014. In fiscal year 2015–2016, the council served nearly 27,000 children and families through its Healthy Beginnings maternal/child health programs, over 38,000 through childcare and after-school programs, and nearly 72,000 through special initiatives and other outreach efforts.<sup>21</sup>

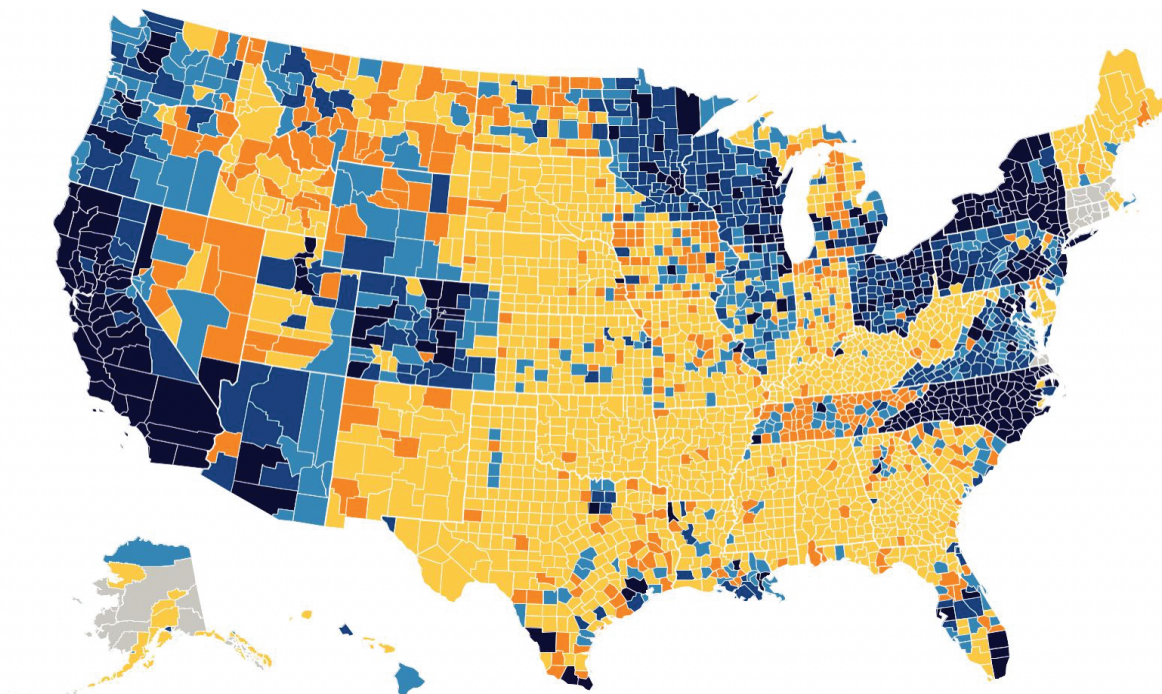
With lack of funding as the number one challenge for county ECD services, strengthening the funding partnership between the federal government, states, and counties is crucial.

Federal funding plays an important role in the ECD services provided by counties.



Between 2013 and 2015, more than 1,500 counties invested over \$129 billion of federal funding in services that affect young children and their families.<sup>22</sup> This amount represents only a portion of federal funding for county ECD services; it includes only counties that used more than \$500,000 in total federal dollars during any year between 2013 and 2015. Nearly 50 federal grants fund programs for young children, varying from grants such as CCDBGs—which include funds for childcare subsidies for lower-income families—to programs that impact their family well-being, such as Section 8 housing choice vouchers.<sup>23</sup> One-third of the federal grants that affect infants, toddlers, and their families are also programs for low-income populations.<sup>24</sup> Most often (in 91 percent of cases), counties receive this funding through the state, which makes it difficult to differentiate between state and federal dollars for county ECD services.

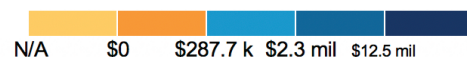
## MAP 1: FEDERAL ECD FUNDING FOR COUNTIES



Source: NACo analysis of Federal Audit Clearinghouse Data, 2013-2015.

Notes: This analysis reflects only county governments that invested more than \$500,000 in federal funds annually for at least one year between 2013 and 2015. Counties marked in yellow reflect county governments that did not file a single audit report between 2013 and 2015. Amounts as reported by the county government in the Single Audit report submitted to the U.S. Office of Management and Budget (OMB).

2013-2015 Federal Funding for Early Childhood (ECD) Total ECD Federal Funding





The top three county-level programs funded by the federal government for ECD services—Medicaid, TANF, and the Title IV-E Foster Care Program—are classified as health and human services programs. Medicaid serves several demographics, including low-income children, and is the largest federal grant program that targets ECD, with more than \$85 billion distributed to 1,000 counties between 2013 and 2015.<sup>25</sup> Over 870 counties reported benefiting from more than \$17 billion in TANF during that same period.<sup>26</sup> TANF gives needy families assistance to pay for food, utilities, and other nonmedical expenses.<sup>27</sup> Between 2013 and 2015, more than 900 counties reported benefiting from \$6.5 billion for the Title IV-E Foster Care Program.<sup>28</sup> Title IV-E provides care for children in the foster system before they are reunited with their family, adopted, or otherwise placed with other agencies.<sup>29</sup> In total, these three grants represent 85 percent of the federal funding for ECD to the more than 1,500 counties that reported spending federal dollars on ECD.<sup>30</sup>

Counties provide ECD services that are critical for low-income families and children to break the cycle of poverty. However, state limitations on counties' ability to raise revenue—coupled with federal and state mandates—make it a challenge for counties to generate adequate funding for their ECD programs. Funding from federal programs and state revenues are insufficient to meet the growing needs of these programs. By sharing the provision of early childhood services, counties can increase efficiencies and decrease costs while maintaining the high level of quality services families and children need.

*This is a shortened version of Counties Care: County Service Sharing for Early Childhood Development. To get the full version, please visit NACo's website: <http://www.naco.org/featured-resources/counties-care>.*

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## ABOUT NACO

The National Association of Counties (NACo) unites America's 3,069 county governments. Founded in 1935, NACo brings county officials together to advocate with a collective voice on national policy, exchange ideas and build new leadership skills, pursue transformational county solutions, enrich the public's understanding of county government, and exercise exemplary leadership in public service.

## ABOUT THE COUNTIES FUTURES LAB

The NACo Counties Futures Lab brings together leading national experts to examine and forecast the trends, innovations, and promises of county government with an eye toward positioning America's county leaders for success. Focusing primarily on pressing county governance and management issues—and grounded in analytics, data, and knowledge sharing—the lab delivers research studies, reports, and other actionable intelligence to a variety of venues in collaboration with corporate, academic, and philanthropic thought leaders to promote the county government of the future.

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# HELPING NEW YORKERS SAVE FOR COLLEGE TO ULTIMATELY ESCAPE POVERTY

**Stephanie Gendell**

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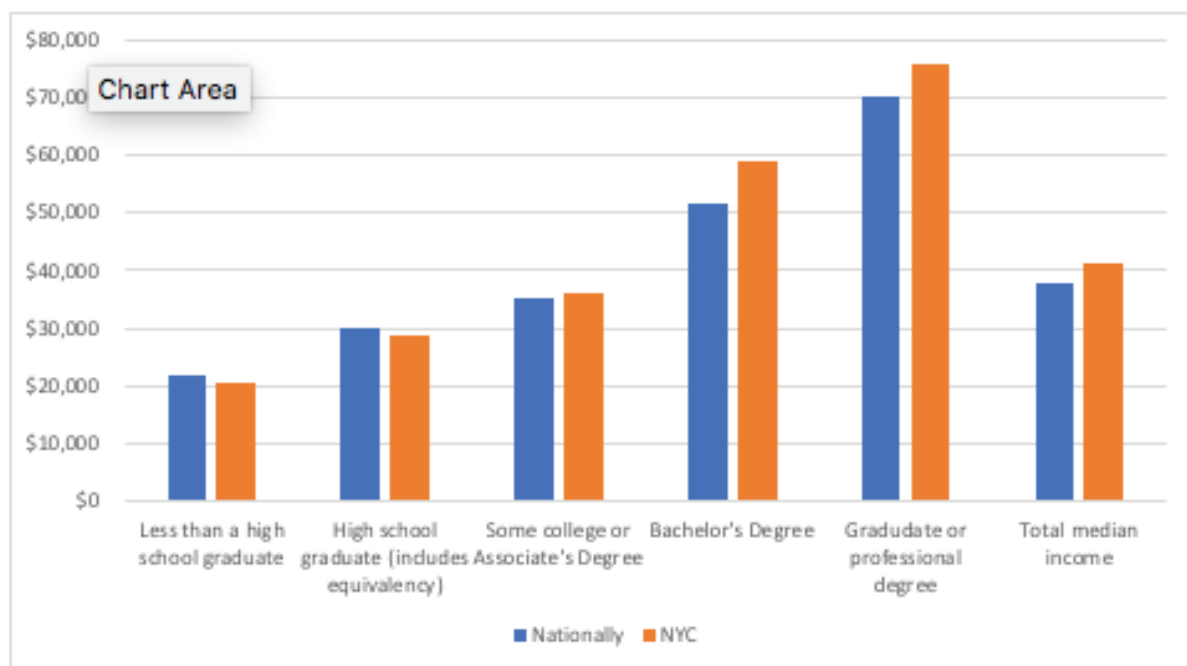
Citizens' Committee for Children of New York

With 12.7 percent of Americans—40.6 million—living in poverty, of whom 13.2 million are children, it is critical for states to create low-cost, easy-to-implement mechanisms to lift families out of poverty. One of the proven game changers in addressing poverty is increasing people's level of educational attainment.

This is what the Citizens' Committee for Children was thinking in New York as we were successfully convincing the state legislature to pass and the governor to sign a new law to allow families to (1) split their state tax refund and (2) direct a portion of the refund into a 529 college savings account, at the time they are filing their taxes.<sup>1</sup>

Figure 1 clearly shows that both nationally and in New York City, a college degree boosts earning power. For many children, earning a higher education degree may be the key to escaping poverty and building wealth and assets.

FIGURE 1: MEDIAN INCOME BY EDUCATION LEVEL (2016 CENSUS)



Ensuring that children have a college identity—that is, see themselves as college bound—is easier than one might think!

According to a study by the Center for Social Development, low- and moderate-income children with just a little savings designated for school are more likely to attend and graduate from college. Specifically, they found that a low- or moderate-

income child with savings of \$1 to \$499 prior to reaching college age is three times more likely to enroll in college and four times more likely to graduate than a child without savings.<sup>2</sup> Essentially this means that saving less than \$500 for college has the potential to nearly double one's median income later in life.

The paramount importance of a college degree for future income, along with the idea that a small amount of savings fosters a college identity, inspired us at Citizens' Committee for Children of New York, Inc., along with our colleagues at The Financial Clinic, to brainstorm how we could make it easier for families, particularly low- and moderate-income families, to save even a small amount of money for their children's college education.

We developed a proposal that would create a mechanism to permit New York State tax filers to split their state income tax refund and direct a portion of it into New York's 529 college savings program. At the time of our advocacy, the ability to split a tax refund and direct a portion into a 529 savings account was possible only at the federal level and in six other states (Arkansas, California, Hawaii, Maryland, Ohio, and Oregon).<sup>3</sup>

As a child advocacy organization, we partnered with The Financial Clinic, an organization of experts in helping families and individuals achieve financial security. We then created the New York Asset Development Coalition, comprising advocates and providers with diverse expertise, to champion the legislation. We first tried to pitch the proposed law change to the Governor's Office and the Department of Taxation and Finance. Although they expressed interest in our proposal, we ultimately needed to take it to the legislature. There we found a great deal of support and actually saw two similar pieces of legislation advance through the two chambers of the legislature.

The law we helped to craft and then successfully advanced in New York will have the potential to transform the annual tax filing process into a meaningful step toward college for thousands of children in households concerned about the high cost of postsecondary education. Reducing barriers to college attendance is a critical strategy to help New Yorkers, and all Americans, meet the challenges of tomorrow's labor market and to build a robust workforce.

While this law advances a universal approach to help all New York households save at tax time and bring college education within reach, it will have a particularly beneficial impact on the lowest-income households in our state. For many families, tax time may be one of the only, or the only, time when they have funds available to deposit into a 529 college savings account. This is particularly true for low-income families, whose tax-time earned income tax credit refunds often make up as much as 40 percent of their incomes.

The bill, which passed unanimously through both houses of New York's legislature, was signed into law in November 2016, and its provisions will be available to New Yorkers for the first time when they file their 2017 taxes. Notably, there is essentially no cost to the state for implementing this law, aside from making revisions to the tax forms, a process that happens every year anyway.

Here in New York, our next steps are to ensure that New Yorkers know they can split their refund, understand the importance of saving for college, and have access to tax filers who can assist them in this process. From here, we will be advocating to exempt 529 college savings plans from the asset limit test used to calculate eligibility for public assistance programs, so that we can remove any disincentive for low-income New Yorkers to save for college.

We hope our successful advocacy in New York can be a model for other states looking for new ways to give their children a college identity. Though the details of 529 plans differ from state to state, their underlying purpose is the same: to help families save money so their children can go to college. The money contributed to a 529 college savings plan can be used at eligible two- or four-year colleges for tuition, certain room and board expenses, books, and other supplies. Savings in these plans also offer federal and state tax benefits.

We look forward to seeing more states enable families to split their tax refunds and deposit a portion directly into a college savings account, because saving for college—even a small amount—is one of the most important actions a family can take to put their children on a trajectory toward achieving financial security.



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# **MAKING EDUCATION WORK FOR THE POOR: THE POTENTIAL OF CHILDREN'S SAVINGS ACCOUNTS**

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## INTRODUCTION: EDUCATION, A PATH TO THE AMERICAN DREAM

In its simplest form, the ideal of the American Dream is the belief that success should be determined by one's effort, not one's starting point in life. This is the promise on which most Americans base their hopes for their own futures, and it is the calculus that is supposed to govern our institutions. Specifically, in the modern U.S. economy, the path to prosperity is understood to hinge on the products of a particular institution: the education system. The connection between educational attainment and well-being—including financial well-being—is deeply entrenched in the concept of the American Dream. Americans believe—and children are told—that individuals should have an equitable chance to climb the economic ladder through exertion of their innate talents. While certainly there are few ways for children to exit poverty without educational attainment,<sup>1</sup> there is mounting evidence that leaving poverty through education is far from guaranteed.

There is a more than 30 percent gap in college graduation rates by family income.<sup>2</sup> Additionally, those high school students from low-income families who manage to enroll in college, after winding through underperforming schools ill equipped to prepare them for success, often find themselves in the lower tiers of the stratified American higher education system. There, they realize outcomes that lag behind those of their wealthier peers.<sup>3</sup>

Even when low-income students push through the accumulating layers of disadvantage to graduate from elite universities that position them well for the labor market, they usually do so saddled with debt.<sup>4</sup> And it does not end there—this debt continues to grow once students leave college. Of high-balance borrowers, 22 percent have student loan balances higher in 2014 than they did in 2009, even without ever falling into severe delinquency or default.<sup>5</sup> As college grows increasingly expensive, and costs shift from public responsibility to the shoulders of students and parents,<sup>6</sup> wealth matters more than it used to for determining who can leverage education for a future payoff.<sup>7</sup> For too many graduates, the price of educational attainment is diversion of their incomes to debt repayment, and they struggle to ever accumulate an asset base on par with privileged graduates.<sup>8</sup> If education is to be the great equalizer in society, we must find a way to strengthen the returns on a degree for all children, particularly those with low incomes and students of color.

- College graduates from poor families earn 91 percent more over their careers than high school graduates from the same income group, but college graduates from wealthy families earn 162 percent more over their careers than people from the same background with just a high school diploma.<sup>9</sup>
- Black students who graduate with a bachelor's degree are five times more likely to default on their student loans than white graduates.<sup>10</sup>
- Black college graduates (with a median \$52,147 income and a median \$32,780 net worth) receive less benefit from having obtained a postsecondary degree than their white counterparts (median income \$94,351 and median net worth \$359,928).<sup>11</sup>
- Among families headed by someone with a college degree, the typical white household has \$180,500 in wealth, while the typical black household has \$23,400.<sup>12</sup>
- Black families whose head has earned a college degree have 33 percent less wealth than white families headed by a high school dropout.<sup>13</sup>

## TOWARD A NEW PARADIGM: BUILDING WEALTH AND STRENGTHENING THE RETURN ON A DEGREE

Only by addressing wealth inequality itself can education be an escape route from poverty, rather than merely a way for the privileged to ensure that their children stay on top.<sup>14</sup> While salvaging the American Dream does not likely require closing the wealth gap entirely, ensuring that education can be a true ladder of equitable opportunity requires reducing wealth disparities that start at birth. That, of course, will require a wealth transfer. Children's savings accounts (CSAs)<sup>15</sup> are innovative solutions that engage government, philanthropy, and communities to help all families, including and especially those with low incomes, accumulate assets for their children's education.<sup>16</sup> In their ideal form, CSAs seed accounts with initial deposits, automatically enroll children, progressively match families' contributions, and reward families for taking actions that support educational attainment.<sup>17</sup> At the end of 2016, there were nearly 313,000 children with a CSA in 42 programs in 29 states.<sup>18</sup> CSAs have also shown promise at influencing children's outcomes along what can be referred to as the opportunity pipeline, thereby improving their chances of success within and their outcomes from the education system. Further, research suggests that cultivating a college saver identity creates expectations that students will go to college and makes them more likely to craft a plan to do so and to persist.<sup>19</sup> Several studies have demonstrated the positive effects of CSAs and asset accumulation early in childhood,

including specifically for children who are economically disadvantaged.<sup>20</sup>

- Infants randomly assigned to receive a CSA demonstrated significantly higher social-emotional skills at age four than their counterparts without CSAs.<sup>21</sup>
- Ownership of a CSA mitigates about 50 percent of the negative association between material hardship and children's social and emotional development.<sup>22</sup>
- Early children's assets, such as those transmitted through CSAs, increase parents' expectations for their children's educational attainment.
- Children with dedicated school savings had significantly higher reading and math scores than their peers who lacked education-designated savings,<sup>23</sup> had greater expectations for college, and were more likely to enroll in and graduate from college.<sup>24</sup>

CSAs show promise to make substantial inroads toward creating a fairer path out of poverty. Though CSAs cannot change all the underlying conditions that challenge children and families, they may disrupt the processes by which these factors affect how well positioned children are to move successfully through the opportunity pipeline. Asset effects have the ability to alter how people see themselves and their futures. Further, evidence suggests that CSAs are a gateway to higher earnings, a more diversified asset portfolio, and more wealth accumulation as a college graduate.<sup>25</sup> In part by pivoting away from loans, CSAs might help to counter student debt's corrosive effects on the returns on a degree.<sup>26</sup>

Children's savings accounts have demonstrated tremendous potential to improve children's lives, equip them for achievement, and close gaps. At the same time, making the opportunity pipeline equitable requires that all children have the propulsion of wealth, yet CSAs, as currently designed, may not shrink wealth gaps enough to place the American Dream within reach. Policy should build on the CSA evidence base to move toward opportunity investment accounts (OIAs). OIAs would provide an asset-building account for every child, automatically, at birth. Low-wealth children would receive an initial deposit of \$10,500, with incremental reductions that take the deposit down to \$1,000 for the highest-wealth families. Families would be required to make some modest contribution. In total, the funds in an OIA would allow even the most disadvantaged children to turn 18 with approximately \$40,000 in savings. Researchers find that such a universal, progressive children's asset-building intervention could *close the Latino-white wealth gap by 28 percent and the black-white wealth gap by 23 percent.*<sup>27</sup>

## PAYING FOR A WEALTH TRANSFER

Financing OIAs at this level would cost an estimated \$42 billion per year, less than the subsidies involved in income-driven repayment plans (\$74 billion in fiscal year 2017) and less than total expenditures in other forms of financial aid.<sup>28</sup> Several financing options exist:

- **Repurposing financial aid:** The College Board has recommended putting a portion of Pell Grant funds into savings accounts as early as fifth grade.<sup>29</sup>
- **Taxes:** Tax expenditures could be repurposed for equitable investments in real opportunity.
- **Funds from company or government purchasing card spending:** Cities are also converting their spending into saving by negotiating rebates of up to 7 percent on purchases made with city purchasing cards. In Long Beach, California, this approach is estimated to raise \$15 million annually. The money is placed into a general education fund for city residents.<sup>30</sup>

## CONCLUSION

CSA experimentation has built a strong evidence base on which OIAs can stand. There can be little doubt that endowing families with assets from which to finance children's future education makes a difference—in how parents engage with their children and with institutions, in how children come to see themselves, and in how communities and educators come to see children. This is technically an easy fix, requiring only the political will to make the American education system's actual performance match the aspirations we have for it—as an equalizer in society, a ticket out of poverty, and a truly fair chance at the American Dream.

## ACKNOWLEDGMENT

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# WHEN POVERTY COMES TO SCHOOL

**American Federation of Teachers**

Poverty climbs the steps of the school bus in the morning, when a child comes in from the cold with no jacket. Paraprofessionals and school-related personnel (PSRPs) see it again at the end of the day when there is no one to meet that bus—in an unsavory part of town—because parents are busy working too many hours at low wages. We see it at lunch, when children ask for second helpings because they are not getting enough to eat at home.

Teaching assistants see it in children unable to focus on fractions and percentages because they are afraid they'll have no food over the weekend, when no school meals are available—or because they are sick and there is no money for medical care. It's on the playground and in the school halls, where custodians sweep around children sitting outside the classroom as punishment for acting out in class, mimicking the negative behaviors they witness in their neighborhoods. And we see it in the school office, where the administrative staff can't record a student's permanent address because the child lives at the local homeless shelter.

Besides these heart-wrenching consequences, poverty also affects academic progress, the very heart of a school's mission. Research shows that the distractions of poverty, including poor nutrition, lack of sleep, and stress, are clearly linked to brain development, working memory, and attentional control.

## POVERTY BY THE NUMBERS

According to the National Center for Children in Poverty, one in five children in the United States lives in poverty. Approximately 31 million children are enrolled in the federal free and reduced-price lunch program, indicating that their families needed help providing nutritious food. But schools feel the impact far beyond the cafeteria.

By the time children living in poverty are four years old, they lag 18 months behind what is “normal” cognitive development for their age group. By third grade, their vocabulary is one-third that of their middle-income peers: about 4,000 words to their peers' 12,000. Poor parents are typically less educated and often too stressed by making ends meet to engage their kids in challenging verbal exchanges.

Children from low-income, poverty-stricken neighborhoods are behind from the start, with less preparation and more risk for developmental delays and learning disabilities.

Because of environmental factors like lead poisoning—which has been related to poor working memory, difficulty linking cause and effect, and health-related issues such as untreated ear infections that limit hearing and asthma triggered by poorly ventilated buildings—attention, reasoning, learning, and memory can be diminished.

## SEEING BEYOND THE NUMBERS

Sandy Thompson, an administrative assistant at a Title I school and the vice president of the TOTEM Association of Educational Support Personnel, the American Federation of Teachers (AFT) local in Anchorage, Alaska, describes what poverty looks like at Creekside Park Elementary School: A child as young as seven wakes up alone, because her single mother has already gone to work at one of her several jobs. The girl must get out of bed on time, wash herself, get dressed, remember her homework, and walk nearly a mile to school—maybe with an older child, maybe not. If she arrives at school early enough, she'll get breakfast; if not, she'll be hungry until lunch.

“We have those students who are tardy frequently, and a lot of times it is because their parents have worked late into the night,” says Thompson. Kids rely on cell phones as alarm clocks, and often the phones are not charged. “We’ve gone out and purchased alarm clocks and snow pants and winter gear,” says Thompson, noting that yes, even in Alaska, some children come to school without a winter coat. School employees sponsor a winter gear swap and keep extra boots, gloves, snow pants, and coats on hand.

In Syracuse, New York, Syracuse Teachers Association PSRP leader Bernard Washington, who works in the cafeteria, notices the details of poverty: Poor kids keep their heads down, he says. They come to school with their hair uncombed, in pants that are too short and with shoelaces that don't reach the tops of their shoes. They ask for more food (“I’m really hungry,” they’ll say, and Washington might slip them money for an extra piece of pizza). Last year, one boy regularly stuffed milk and fruit other children left behind into his backpack. Washington learned the child was homeless.

In McDowell County, West Virginia, coal mines are shutting down and there's not much employment beyond the local grocery store, says Margaret Beavers, who was a prekindergarten instructional assistant there before her recent retirement. Many

parents are drug addicted or imprisoned, and their children come to school dirty and unfed. Beavers was moved by one particularly troubling case: A six-year-old girl came to school with makeup meant to hide bruises from physical abuse. The father was a drug dealer, and his girlfriend, arrested for severely beating the child, later committed suicide. “Some of what these children live through, it’s heartbreaking,” says Beavers. Recently elected to the school board, she hopes to continue to serve them, their teachers, and other support staff.

Just getting to school can be a challenge in rural Harney County, Oregon, where Monica McCanna is a paraprofessional in a life skills class. Some families must drive 10 miles to reach the bus stop, and if the car breaks down, the child may simply skip school. With no free breakfast for the upper grades, one 16-year-old student “is too busy asking, ‘What’s for lunch today, when is lunch, how long is it to lunch?’” to concentrate on his work, says McCanna. Another boy couldn’t participate in gym class because the only shoes he had were donated, were the wrong size, and made blisters on his feet. “I know some people in town who are working four and five jobs just to keep food on the table and the kids in clothes,” she says. That leaves little time to help them with homework.

Other families face exposure to toxins, illnesses, and injuries from unsafe living conditions and play areas; tardiness caused by staying back to get younger siblings to school; and stress over violence in the family or neighborhood (that gang-related murder might have taken place right outside your student’s door). Homelessness presents a host of issues, from sleepless nights and dangerous shelters to keeping it all a secret from schoolmates. In an interview with National Public Radio, a 14-year-old Los Angeles boy living with his mother and three siblings in a station wagon described brushing his teeth at a McDonald’s before heading off to school; his friends wondered why he wore the same shirt every day, and his 9-year-old sister complained that her homework was sloppy because she wrote it on the back of the car seat.

## WHAT WE CAN DO

While the statistics may feel overwhelming, addressing poverty is something many AFT PSRPs do every day. In Anchorage, TOTEM holds a food drive every Labor Day; collects soaps and other personal hygiene items at its holiday social; and participates in Graze to Raise, earning money for charities during a 5K walk with donated restaurant

tastings along the way.

In New York, Cincinnati, and Massachusetts, community schools provide crucial services, including tutoring, after-school programming, and school-based health clinics. Vision tests at one New York community school showed that more than 40 percent of the children needed glasses right away, and the school was able to deliver them, free, without parents' having to take time off work, or children's having to be pulled from class. Community schools are "a commonsense approach for the common good, and one that I truly believe will reduce the barriers to education," says Karen Alford, a United Federation of Teachers (UFT) vice president.

Alford heads the UFT's Community Schools Learning Initiative in New York City, which is modeled after Cincinnati's success. In Cincinnati, every school is a community school, and services range from psychiatry to dental care, healthcare, food assistance, tutoring, nutrition, mentoring, peer mediation, and vocational guidance for older students. There are groceries for families who need them over the weekend and day care connections for high school girls ready to drop out because they've just become young mothers.

## THINKING BIG, CHANGING POLICY

Duplicating these sorts of programs and policies could make all the difference for individual families struggling with poverty. But addressing broader policy issues is also essential to bridge the deep economic divide between the haves and the have-nots. We will work to bolster systems that support our most vulnerable families and elect officials who understand the urgency of taking care of this population, not only because it is the humane thing to do, but because it will help us build a country of strong, smart, prosperous people who can take care of themselves and their families and who are able to contribute their talents—and their tax money—to the common good.

# OPIOIDS, POVERTY, AND THE CHILD WELFARE SYSTEM

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First Focus



The opioid crisis is wreaking havoc in communities across the United States. The rate of overdose deaths has sharply increased in just the past 10 years, and treatment and early interventions are not keeping up with the tremendous need. One aspect of the opioid crisis that is not often explored in mainstream discussions is the impact this crisis is having on family and child well-being. Over 2 million individuals are currently addicted to opioids in the United States, and workforce participation is declining, causing more family economic instability. Children of addicted parents are also increasingly living with relatives or other caregivers and entering the child welfare system at higher rates. Solutions for addressing the opioid crisis must address the family as a whole, as the well-being of future generations hangs in the balance.

The term *opioids* encompasses legally prescribed medications such as oxycodone, hydrocodone, codeine, and morphine, as well as heroin and the synthetic drug fentanyl.<sup>1</sup> There has been a sharp increase in the use of opioids since just 2010. In 2016, the U.S. Centers for Disease Control and Prevention (CDC) estimated more than 64,000 deaths related to drug overdose.<sup>2</sup> An analysis from Blue Cross Blue Shield (BCBS) of its members found that from 2010 to 2016, the number of people diagnosed with an addiction to opioids increased by 493 percent.<sup>3</sup> In 2010, there were just 1.4 instances of opioid use disorder among every 1,000 BCBS members. By 2016, that rate had climbed to 8.3 instances for every 1,000 members. Yet at the same time, there was only a 65 percent increase in the number of people getting medication-assisted treatment to manage their addiction.<sup>4</sup>

While the opioid crisis has taken a toll on populations in both urban and rural areas, and affected people of all incomes, lower-income populations may suffer more due to having fewer resources available to access treatment, including not just medication but also mental health and substance use therapies. This phenomenon also has a significant effect on the labor force, as more workers are unable to report for work due to substance use issues. Alan B. Krueger, an economist at Princeton University, recently found that opioids could account for about 20 percent of the decline in men's labor force participation and 25 percent of women's from 1999 to 2015.<sup>5</sup> Overall, it is estimated that in 2011, an individual with a substance use disorder experienced an excess work-loss cost of \$1,244 and an excess healthcare cost of \$10,627, over a person without such a disorder.<sup>6</sup> These costs can have a significant impact on family finances, particularly for low-income individuals, who may not have significant savings or any healthcare coverage. Furthermore, according to a study conducted by the Brookings

Institution, counties with higher rates of poverty have experienced higher levels of opioid deaths.<sup>7</sup>

These issues stemming from the opioid crisis have certainly affected children in a myriad of ways. Children are entering the child welfare system at accelerated rates due to opioid deaths and addiction issues. Nationally, the most recent data show that in 2016, children entering the foster care system because of drug use by a parent represented 34 percent of all those entering foster care, with the overall number of children increasing steadily each year. In 2016, 437,465 children entered foster care, up by more than 10,000 from fiscal year 2015.<sup>8</sup> Reports and local data indicate that this number is likely to be higher in the coming years. According to the Pew Charitable Trusts, Alaska, Kansas, and Ohio have issued emergency pleas asking more people to become foster parents and take neglected children. The same study found that in Ohio, more than 9,900 children are in foster care, and nearly half of those taken into custody in the year prior to the study had a parent using drugs.<sup>9</sup> Other states are also seeing high numbers of children entering foster care, with the number of children having increased by 27 percent in North Dakota, 45 percent in Maine, and 19 percent in Massachusetts between 2011 and 2015. In addition, caseworkers are having a hard time placing children with relatives because many of the adults in these children's extended families are also addicted to opioids.<sup>10</sup> Where grandparents and relatives are able to take children in, their own finances and economic stability are threatened by having to support another individual. One in five of these grandparents is living below the poverty line already.<sup>11</sup>

In addition, more babies are born addicted to substances and require special care. Between 1999 and 2013, the number of babies born with neonatal abstinence syndrome (NAS) tripled.<sup>12</sup> These babies are often born addicted to opioids themselves and are at a higher risk for long-term behavioral health issues and learning disabilities. Oftentimes, NAS babies are removed from their mothers due to parental drug use, further straining the child welfare system. In the Comprehensive Addiction and Recovery Act of 2016, Congress directed states to ensure that safe care plans be developed to address the health and substance use treatment needs of the infant as well as the affected family and caregiver, so that families are not unnecessarily separated.<sup>13</sup> Children who are born substance-exposed or live with a parent with substance use disorder may suffer from physical and mental trauma and exhibit dysfunctional traits, when compared with peers who did not live in such an environment. These children

have a higher rate of cognitive impairments and executive function deficits, and are also more likely to suffer from substance use disorders themselves.<sup>14</sup> Recently, David Cox, superintendent of Allegany Schools in Maryland, testified before the U.S. House Education and Workforce Committee about the increases in school absenteeism due to parents' not being able to take their children to school because of drug use. The long-lasting effects on children exposed to parental substance use are far-reaching and consequential, and must be considered in addressing the opioid crisis.

## RECOMMENDATIONS

**Protection for Medicaid coverage.** In the context of our current debate on healthcare, the opioid crisis is an extremely important issue. Many parents seeking substance use treatment rely on Medicaid. Imposing work requirements or converting Medicaid's funding structure into a per capita cap model would be devastating in the fight against this epidemic. Medicaid funding cuts through caps or block grants would have a significant impact on the mental health and physical health services that children in foster care need to promote their healthy development. Per capita caps would not be responsive to a public health crisis such as the spike in the number of preterm births or of parents and adolescents needing opioid addiction treatment. In addition, states would not be able to provide adequate funding for the hundreds of infants born exposed to opioids who need neonatal intensive care. Medicaid covers only 80 percent of treatment for babies born with NAS.<sup>15</sup>

**Funding and support for kinship navigator programs.** Many children who have parents dealing with addiction issues end up living with grandparents or other relatives. It is vital that kinship caregivers have access to services and resources while taking care of children so that their households are not significantly burdened and destabilized. Kinship navigator programs connect kinship caregivers with the supports they need during this difficult time. Funding is needed for states to develop and enhance evidence-based kinship navigation services.

**Utilization and expansion of the Maternal, Infant, and Early Childhood Home Visiting (MIECHV) program.** Many programs funded through MIECHV provide supports for parents struggling with substance addiction, including opioid addictions. Programs such as Nurse-Family Partnership, Early Head Start, Parents as Teachers, and Prevent Child Abuse America serve families who face significant stress resulting from

economic challenges and adversity, including substance abuse. While home visitors do not provide direct substance abuse treatment, they do promote treatment readiness<sup>16</sup> and make connections to treatment service providers within the community. MIECHV was recently reauthorized for five years at level funding. Organizations including the National Home Visiting Coalition<sup>17</sup> advocated for an increase in funding because at current levels, MIECHV is able to serve only a fraction of the children and families in need nationwide. An expansion of MIECHV would serve hundreds of thousands of children and families, enabling them to lead healthier, more prosperous lives.

**Implementation of the recently passed Family First Prevention Services Act.** The Family First Prevention Services Act was signed into law on February 9, 2018.<sup>18</sup> This act allows Title IV-E dollars to be used for services for families at risk of entering the child welfare system, including in-home parenting training, substance use services, and mental health services. Investing in these issues before a child enters foster care mitigates the monetary cost of a child's entering care and also reduces the trauma that both children and families experience when separated. In addition, the Family First Act has provisions that allow Title IV-E reimbursements for children who are living with parents in residential treatment programs to help them overcome their addiction. This bill also reauthorizes regional partnership grants, which support interagency collaborations and the integration of programs, services, and activities designed to increase the well-being, improve the permanency, and enhance the safety of children who are in or at risk of out-of-home placement as a result of a parent's or caregiver's substance use. Beginning October 1, 2019, states have the option to seek reimbursement for treatment services for children and families for up to 12 months. States should collaborate with the U.S. Department of Health and Human Services to determine which evidence-based programs and services will be the most effective for families at risk of entering the child welfare system.

**Prioritizing children and families in opioid-related funding.** The Bipartisan Budget Act of 2018 includes \$6 billion in additional funding—\$3 billion for fiscal year 2018 and \$3 billion for fiscal year 2019—for combating the opioid substance abuse epidemic, which has threatened the health and welfare of children across the nation.<sup>19</sup> The federal government should ensure that these funds work toward a comprehensive approach to address the well-being of children affected by this crisis. For families involved in the child welfare system due to opioid substance abuse, the National

Child Abuse Coalition recommends the following: (1) Increase Title I child abuse, prevention, and treatment (CAPTA) state grant funding to the full authorized level. (2) Fund evidence-based substance abuse and mental health prevention and treatment for children and families impacted by the crisis who cannot wait for Title IV-E funds in 2019. (3) Appropriate grants to develop kinship navigator programs in each state. (4) Expand family treatment courts.<sup>20</sup>

### **Allocation of resources to CAPTA programs for robust plans of safe care.**

Additional funds to implement changes made to CAPTA by the Comprehensive Addiction and Recovery Act of 2016 would assist healthcare providers in developing plans of safe care for infants identified at birth as being affected by substance abuse, as well as ensure that their mothers receive appropriate treatment services. The increase in adults, children, and families being served by human services agencies has increased the need for child welfare providers, healthcare providers, treatment providers, and the courts to collaborate and provide a cross-sector approach to ensure the safety of the youngest victims of this epidemic.

## CONCLUSION

The opioid crisis is having a devastating effect on families and children. Individuals suffering from substance use disorder should have access to treatment and resources to care for their families while they are getting help, and more community supports should be made available, especially in rural areas. All children, no matter their family income or exposure to parental drug use, should have the right to grow up and thrive in a healthy environment.

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# INSURING OUR NATION'S CHILDREN IS KEY TO FIGHTING POVERTY

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Poverty is one of the greatest threats to child health and one of the strongest drivers of poor lifelong health.<sup>1</sup> The stakes are high—children experience the highest rates of poverty of any age group in the United States. In 2016, more than 13.2 million children were living in poverty;<sup>2</sup> while children represent only 23 percent of the total population, they make up 33 percent of the population living in poverty.<sup>3</sup> Poverty is associated with increased infant mortality and lower birth weight, more frequent and severe chronic diseases such as asthma, increased obesity and its complications, poorer nutrition and growth, lower immunization rates, and less access to quality healthcare. The stress of being poor has adverse effects on physical and mental health that reach into adulthood.

While research documents a relationship between poverty and poor health, studies also suggest that comprehensive health coverage can combat the negative effects of poverty and improve the future economic status of children. Children with insurance are generally healthier and more likely to receive necessary treatment when sick or injured, in addition to the preventive care so important to their health and well-being.<sup>4</sup> Moreover, investments in early healthcare that supports brain and child development show large near-term returns in the form of increased school readiness, reduced special education, and reduced costs for grade retention and English language learning.<sup>5</sup> Health coverage during childhood also generates long-term returns through higher graduation rates, greater employment, and increased lifetime job earnings.<sup>6</sup>

Due in large part to Medicaid and the Children's Health Insurance Program (CHIP),<sup>7</sup> child uninsurance rates have fallen dramatically since 2013, the year before the Affordable Care Act (ACA) was fully implemented. The United States had its lowest child uninsurance rates on record in 2016, with nearly all children in America—95.5 percent—covered by health insurance.<sup>8</sup> Although racial disparities persist, uninsurance rates have been improving for all children, with the greatest decline coming among Hispanics, who had the highest rate of coverage in 2013.<sup>9</sup> Medicaid and CHIP collectively cover 45 percent of children age five and younger,<sup>10</sup> and these programs cover more than half of all black, Hispanic, and American Indian and Alaska Native children.<sup>11</sup>

Insurance makes a difference in children's health outcomes in part due to requirements that plans include robust benefits. Medicaid and CHIP are required to provide certain mandatory healthcare services, such as the early and periodic screening, diagnostic,

and treatment benefit, a set of preventive healthcare services to ensure that children's health and development are monitored regularly and that problems are identified and addressed early.<sup>12</sup> Additionally, the ACA requires all qualified health insurance plans to offer a minimum set of benefits known as essential health benefits, which include preventive care, prenatal and newborn care, mental health services, pediatric services, and habilitative therapies.<sup>13</sup> These requirements ensure that all insured children have access to the healthcare they need to grow and thrive, regardless of their family's income.

Children have a much better chance at thriving if their parents also have affordable, comprehensive health insurance. Parents need to be emotionally and physically healthy—and by extension, they need meaningful access to treatment for physical and mental health needs—in order to effectively support their children as they learn and grow.<sup>14</sup> In addition, there are important spillover effects of children's both accessing health insurance<sup>15</sup> and receiving preventive care services when their parents are insured. For instance, after 31 states and Washington, D.C., opted into the ACA's Medicaid expansion, providing insurance to many parents for the first time,<sup>16</sup> there was a well-documented secondary effect of increasing children's enrollment in healthcare coverage.<sup>17</sup> In a study of more than 50,000 pairs of low-income parents and children between 2001 and 2013, children whose mothers and fathers were enrolled in Medicaid were 29 percent more likely to receive at least one well-child visit.<sup>18</sup>

Conversely, parents' inability to obtain necessary physical and mental health services can have long-term, dire consequences for both themselves and their children. Children's and mothers' access to health insurance during pregnancy and in the first months of life can mean the difference between life and death, as coverage is linked to significant reductions in infant mortality, childhood deaths, and the incidence of low birth weight.<sup>19</sup> A mother's untreated depression can place her child's safety, development, and learning at risk,<sup>20</sup> and well-baby checks and routine screenings catch problems before they worsen and become more difficult and costly to treat.

Federal policy decisions that would reduce childhood poverty and improve the health of our nation's children include the following:

**Fully fund CHIP and preserve Medicaid.** CHIP covers an estimated nine million low- and moderate-income children nationwide, and about one-quarter of federal Medicaid funds, roughly \$89 billion, are spent on children under the age of 19.<sup>21</sup>

Recent congressional inaction on CHIP has caused instability and worry among children and parents in states all around the country, while attempts to slash funding for Medicaid through block grants and per capita caps have jeopardized the coverage of millions of low-income families.

**Protect the ACA.** Since passage of the ACA, the uninsured rate declined in all states for adults and all but one state for children. The repeal of the ACA's individual mandate in recent tax reform legislation is projected to increase the number of uninsured by 13 million by 2027.<sup>22</sup> It will jeopardize the coverage gains from the ACA and increase economic insecurity for families who will no longer be able to manage their healthcare costs. Further erosion of the ACA will disproportionately harm low-income families, exacerbating already difficult financial pressures, aggravating health issues, and hurting parents' ability to provide for their children.

**Advocate for family-centered immigration policies that emphasize children's well-being.** The current climate of immigration enforcement is putting children's health at risk, with particular impact on the five million children in the United States with undocumented immigrant parents. High levels of toxic stress in immigrant communities and the serious threat of parent-child separation pose profound health consequences. Moreover, immigrant families are forgoing applying for or renewing health insurance, as well as forgoing healthcare from providers until there is a life-threatening illness, because of fear that contact with the health system will intersect with immigration enforcement contact.<sup>23</sup>

**Invest in comprehensive, integrated, community-based systems that use a population health lens.** By focusing on social determinants of health and working to build networks among medical-legal partnerships, oral health providers, mental health providers, food banks, and other organizations that take a holistic view of child health, we can create systems that care for all aspects of children's well-being and ensure a healthy foundation for children regardless of their socioeconomic circumstances.

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# MEETING THE NEEDS OF LOW-INCOME CHILDREN WITH SPECIAL HEALTHCARE NEEDS

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First Focus



Children with special healthcare needs (CSHCN) are defined by the U.S. Department of Health and Human Services (HHS) as children who “have or are at increased risk for chronic physical, developmental, behavioral, or emotional conditions and also require health and related services of a type or amount beyond that required by children generally.”<sup>1</sup> These children have multiple conditions, including autism spectrum disorder, Down syndrome, complex medical needs, rare diseases, cerebral palsy, and many other medical, developmental, and emotional conditions. Children with special healthcare needs may also have conditions that can potentially be less life limiting, such as asthma or attention deficit disorder.

This paper provides a very brief overview of CSHCN, the challenges they and their families face, types of health insurance coverage they have in the United States, the importance of Medicaid and Children’s Health Insurance Program (CHIP) to such children, and finally, the need for a far more coordinated and streamlined system of care for the current array of programs and requirements, which are exceedingly difficult and confounding for families to navigate, and thus limit their access to necessary care for CSHCN.

CSHCN are especially vulnerable, and this vulnerability is amplified by poverty. They have comprehensive needs and typically receive services from multiple systems of care—health, mental health, education, and social services, to name just a few. Thus, their families must coordinate and navigate multiple providers and subspecialty providers of healthcare, as well as other systems, particularly as children get older.

As policy improvements are considered for CSHCN, the need for care coordination and care integration is primary and cannot be separated from an emphasis upon accountability and improvements in healthcare delivery and costs, particularly since passage of the Patient Protection and Affordable Care Act (ACA) in 2010. Nor can care coordination and integration be separated from corresponding alternative payment models (APMs), not traditionally found under fee-for-service insurance models, that may cover the cost of care coordination and management with families. These include Medicaid managed care models, which have been adopted by a majority of states and vary significantly across states. Multiple APMs are being utilized and evaluated across the country, and a full description is beyond the scope of this paper, but it is critical to note that poverty, as a factor in health, “has an adverse impact on a family’s ability to coordinate care across systems.”<sup>2</sup>

Moreover, when developing policy improvements for children with special healthcare needs, the line between low- and middle- (and sometimes higher-) income families is often not very distinct. Children in families that qualify for Medicaid or CHIP often have more robust benefits, and typically lower cost-sharing, than private plans provide. Many middle-income families who do not qualify for Medicaid/CHIP face bankruptcy, losing their homes, and other serious financial hardships due to private underinsurance (uncovered expenses for general healthcare, mental health, prescriptions, therapies, equipment, etc.) for their children, effectively reducing them to the income status of lower-income families. The stress of poverty, or poverty resulting from medical expenses, can be overwhelming for families caring for their children with special healthcare needs.

Creating a streamlined and coordinated system of care for children and their families is a goal currently being researched and piloted but requiring much more work and prioritization to effectively operationalize.<sup>3</sup> The intersection of federal and state programs and services, and the variability between states, is enormous. This goal goes beyond current challenges of services, eligibility, and costs, and addresses multiple ways in which the overall system of care can be made more streamlined and user-friendly. Currently, eligibility for various state and federal services is disjointed at best.

As noted by Edward M. Schor, senior vice president for programs and partnerships at the Lucile Packard Foundation for Children's Health, attention needs to focus on the current shortcomings of our healthcare system, particularly their impact on vulnerable populations such as children, especially children with complex medical needs. Addressing this need, the Lucile Packard Foundation sponsored a March 2018 supplement of the journal *Pediatrics*, titled *Building Systems That Work for Children with Complex Health Care Needs*.<sup>4</sup> While children with complex medical needs are a subset of CSHCN, the recommendations and findings in these articles from policymakers, parents, researchers, and healthcare providers provide meaningful input into the critical and ongoing development of genuine systems of care to facilitate better, more accessible and coordinated, and higher-quality health and ancillary care for children with special healthcare needs.



## AN ARRAY OF DEFINITIONS AND ELIGIBILITY REQUIREMENTS

Definitions and eligibility requirements abound around children with special needs. As only one example, children with disabilities are a subset within the scope of CSHCN, but specific disabilities provide eligibility for specific federal and state benefits, including the federal Supplemental Security Income (SSI) benefit. Although eligibility for SSI automatically qualifies a child for Medicaid in some states, that is not universally true.<sup>5</sup> Some states have a separate eligibility process for Medicaid.

The definition of eligibility for SSI benefits is more limited than the HHS definition of CSHCN. To qualify for SSI, a child must have a medically diagnosed physical or mental disorder that

- results in marked or severe functional limitations; and
- can be expected to result in death, or
- has lasted and can be expected to last a continuous period of not less than 12 months.<sup>6</sup>

Under this definition, children under 18 can qualify as early as birth; for example, certain children with low birth weight (under 2 lb., 10 oz.) may qualify.

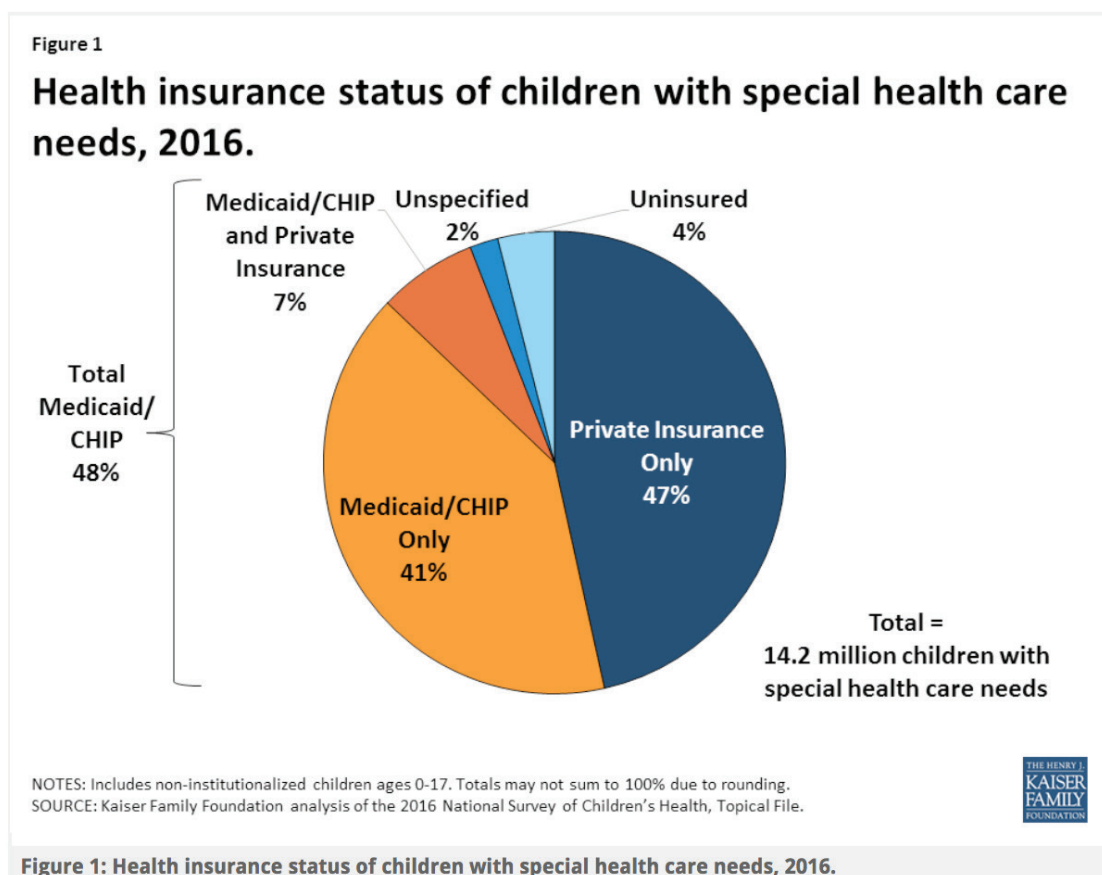
Medicaid and CHIP, but Medicaid in particular, are critical to a large percentage (nearly half, see below) of CSHCN. All states, the District of Columbia, and five U.S. territories<sup>7</sup> operate Medicaid, CHIP, or Medicaid-expanded CHIP programs. Each of these has its own application and eligibility levels (32 states and the District of Columbia have expanded Medicaid pursuant to the ACA) for these healthcare programs.

The CHIP Reauthorization Act of 2009 (CHIPRA) and the ACA's increased funding for streamlining technology provided incentives for states to streamline enrollment for Medicaid and CHIP with other means-tested programs such as the Supplemental Nutrition Assistance Program (SNAP) and the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC). This "Express Lane Eligibility" provision of CHIPRA was extended for 10 years when the Bipartisan Budget Act of 2018 was signed on February 8, 2018.

Another key funding source for children with special healthcare needs is Title V Maternal and Child Health Block Grants. While other programs serve children with special healthcare needs, this is the only one with specific responsibility for this group of children. As compared with Medicaid and CHIP, federal funding for Title V programs is relatively low, but it is matched by state and local funding and is a significant investment. Currently, however, more coordination with Medicaid and CHIP is needed.

## WHO ARE CHILDREN WITH SPECIAL HEALTHCARE NEEDS?

The most recent data show that approximately 14.2 million children, or nearly 20 percent of all children in the United States, have disabilities or special healthcare needs. Nearly half (48 percent) of these 14.2 million children qualify for Medicaid or CHIP. Figure 1 depicts the health insurance status of U.S. children with special healthcare needs.<sup>8</sup>



Of this 48 percent of children with special healthcare needs who qualify for Medicaid or CHIP, the majority, approximately 80 percent, qualify on the basis of their family's income, while the remainder become eligible on the basis of their disability.<sup>9</sup>

Given the high expenditures incurred by families of children with special needs, most states opt to provide Medicaid coverage based on a child's disability, disregarding parental income.

One state plan option is the Katie Beckett waiver, also known as TEFRA because it was passed in the Tax Equity and Financial Responsibility Act of 1982. This state option allows states to disregard parental income for children with disabilities under the age of 19 who meet certain functional eligibility requirements as set by states, allowing children to access Medicaid and remain at home with their families.<sup>10</sup> Because it is part of the state's Medicaid plan, there are no waiting lists for this option.

Some states have variations on the Katie Beckett waiver or utilize home- and community-based services Medicaid waivers so that children with disabilities can remain at home. States may also provide assistance to families who adopt children with special healthcare needs. These programs provide options but are subject to caps on the number of people funded, as well as waiting lists and other limitations.

The Family Opportunity Act (FOA), passed in 2006, provides another option, allowing states to offer families the option to "buy in" to Medicaid, subject to certain minimal premium requirements. As of 2015, five states utilize the FOA option.<sup>11</sup>

## WHY IS MEDICAID SO CRITICAL FOR CHILDREN WITH SPECIAL HEALTHCARE NEEDS?

While low-income children with special healthcare needs are especially at risk, those who qualify for Medicaid have access to what is considered the best pediatric standard of care in the United States: EPSDT, or early and periodic screening, diagnosis, and treatment. The EPSDT benefit is currently guaranteed to children who qualify for Medicaid (although some states are seeking waivers to exclude 19- and 20-year olds from EPSDT) and covers comprehensive and preventive healthcare services, including appropriate preventive, dental, mental health, developmental, and specialty services. Medicaid defines EPSDT in the following way:

- **Early:** Assessing and identifying problems early
- **Periodic:** Checking children's health at periodic, age-appropriate intervals
- **Screening:** Providing physical, mental, developmental, dental, hearing, vision, and other screening tests to detect potential problems
- **Diagnostic:** Performing diagnostic tests to follow up when a risk is identified
- **Treatment:** Controlling, correcting, or reducing health problems found<sup>12</sup>

Provided that families are aware of their eligibility for state Medicaid programs and can access Medicaid providers, EPSDT coverage is of the highest quality for children with special healthcare needs.

In light of the complexities and variations described above regarding eligibility, requirements, definitions, and so on in the array of federal and state programs available to children with special healthcare needs, as well as funding and provider payment challenges in Medicaid, the ability to access and navigate care is absolutely critical to children receiving that care.

In 2014, the Association of Maternal and Child Health Programs released a white paper, *Developing Structure and Process Standards for Systems of Care Serving Children and Youth with Special Health Care Needs*.<sup>13</sup> The paper included a literature review, key stakeholder interviews, state case studies, and a proposed set of system standards developed and reviewed by a national working group comprising experts from around the country in healthcare for children with special healthcare needs.

The National Conference of State Legislatures has also focused on the need for improving systems of care for children with special healthcare needs. In a 2017 report, the conference provided recommendations, noting the difficulties faced by families, including these:

- More than 21 percent of families of children with special healthcare needs reported financial problems due to their child's health conditions.
- Approximately 35 percent of minority children with special healthcare needs were reported to have one or more periods without insurance during the previous year.
- Twenty-five percent of children with special healthcare needs lived in families in which a family member cut back on or stopped working altogether to care for a

child with health needs.<sup>14</sup>

In view of the challenges facing Medicaid and the overwhelming need for integrated and coordinated systems of care for children with special healthcare needs and their families, the following are recommendations for action and improvements.

## PROTECTIVE PROPOSALS

**First and foremost, any cuts to the Medicaid program, including block grants or the imposition of per capita caps, will fall disproportionately on children with special healthcare needs.** Multiple legislative attempts to block grant and restructure Medicaid, which would have resulted in the effective dismantling of Medicaid services for these vulnerable children, were defeated in 2017. The president's 2019 budget resurrects these legislative proposals, and they are being discussed in Congress. Advocates and families must continue to strongly oppose all such efforts.

**Attacks on the Medicaid program have proceeded at the administrative level, with states seeking Medicaid waivers that will result in decreased access to care for vulnerable Medicaid beneficiaries.** Medicaid waivers, particularly those sought under Section 1115 demonstration project waivers, are intended to encourage innovations in access and payments, not denials of care and a distortion of the principles upon which Medicaid is founded. Advocates and families must continue to oppose all such efforts.

## PROACTIVE PROPOSALS

### **Simplify Medicaid/CHIP enrollment and eligibility policies:**

- As noted above, many states have utilized Express Lane Eligibility options to streamline and simplify enrollment in Medicaid and CHIP vis-à-vis qualification for other means-tested programs such as SNAP and WIC. States should be incentivized to expand and strengthen these efforts, increasing access to care and saving costs that are incurred when regular and preventive healthcare is not available.
- At least 20 states utilize “presumptive eligibility” for Medicaid and CHIP children, authorizing certain qualified providers to “presume” eligibility and allow care to proceed without waiting for the full application process. All states should utilize

presumptive eligibility.

- Thirty-five states provide “continuous eligibility,” meaning Medicaid and CHIP families have 12 months of continuous eligibility, regardless of family income changes, allowing care to proceed with no interruptions. All states should utilize continuous eligibility.
- Children with special healthcare needs who have been diagnosed with lifelong conditions—for example, cerebral palsy, certain rare diseases, complex medical conditions, developmental disorders—should have “permanent eligibility” in accordance with age requirements for Medicaid and CHIP. They should *not* be subject to yearly renewals of eligibility when their conditions are not changing. This approach will maintain continuity of care and save states unnecessary bureaucratic costs.

### **Improve Medicaid EPSDT**

- Incentivize partnerships and collaboration between Title V Maternal and Child Health grantees and state Medicaid agencies.
- Provide information and education about the availability of EPSDT services in Medicaid through other early childhood programs such as the Maternal, Infant, and Early Childhood Home Visiting Program and WIC.

### **Encourage innovation in Medicaid provider payments:**

- Include bonuses for EPSDT visits for CSHCN.
- Increase incentives and reimbursements for care integration and care coordination for CSHCN.
- Increase reimbursement rates for well-child visits for children with special healthcare needs as an acknowledgment of the time and complexities involved.

### **Continue significant work at the federal and state levels for developing and improving systems of care, emphasizing care coordination for CSHCN, including parents and community-based organizations, such as the approach currently supported by the Lucile Packard Foundation for Children’s Health:**

- Create a national vehicle for dissemination of promising practices and technical assistance for states that have developed or would like to develop more coordinated systems of care for CSHCN.

- Utilize a national working group of experts and families to identify effective care coordination, medical and/or health homes, and other developing improvements and innovations for CSHCN across public health and other public assistance programs.



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# WHAT TO DO TO IMPROVE CHILDREN'S PUBLIC HEALTH COVERAGE

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First Focus

Nineteen percent of all U.S. children live below the federal poverty threshold, and 41 percent of children live in low-income families.<sup>1</sup> These children live with their parents, or a parent, their grandparents, or grandparent, their aunt or uncle, or another family member. Maybe they live with foster parents or in a residential care facility. Maybe they live in a neonatal intensive care unit or a juvenile detention facility. Maybe they live with siblings, cousins, foster siblings, or other patients. Maybe they are homeless. Maybe they live in a detention facility for unaccompanied minors. No matter where they live, or with whom, their need for healthcare coverage and access to continuous, accessible, appropriate, and affordable care doesn't vary.

With 10 years of Children's Health Insurance Program (CHIP) funding secured by Congress and the president on February 9, 2018, health coverage is guaranteed for millions of children and pregnant women through 2027.<sup>2</sup> CHIP covers almost nine million children and pregnant women. Medicaid covers 36 million children from birth through age 21. "As of January 2017, 49 states cover children with incomes up to at least 200 percent of the federal poverty level (FPL) through Medicaid and CHIP. This count includes 19 states that cover children with incomes at or above 300 percent FPL. Only two states (Idaho and North Dakota) limit children's eligibility to below 200 percent FPL."<sup>3</sup> With the funding and policies in place, state CHIP directors, Medicaid officers, governors, members of Congress, and child health advocates can think about new and innovative policies to cover the remaining uninsured infants, children, and youth.

Coverage for children from birth to 18 remains strong, with just under 5 percent uninsured, thanks to Medicaid, CHIP, the Affordable Care Act (ACA), and employer-sponsored coverage. However, even with long-term extensions of CHIP and the permanency of Medicaid, children may roll on and off coverage, going weeks or months without coverage if their renewal is slowed by a change of address, a change in living situations, or a form's being lost in the mail. Children's coverage and access to affordable healthcare should not be risked due to an array of steps potentially fraught with human error that could imperil their health and their families' budgets.

Strategies and policies could be implemented within the public programs in place to enroll and retain the children who are uninsured. When we think of young children, infants from birth through age five, we think of brain development and the tremendous amount that infant and toddler brains and bodies grow. We think of their

fragility as well as their strength and abilities. When children begin school and as they enter the world as young adults, we think of them as strong, but susceptible to illness or injury. We think of them as vulnerable and in need of protection and safety. We should think about policies and procedures that best protect them and their families from poverty and harm.

## POLICY IDEAS TO KEEP CHILDREN COVERED

### **Auto-Enrollment in Coverage from Birth**

Over several sessions of Congress, bills<sup>4</sup> were introduced to establish auto-enrollment procedures for children before they leave the hospital at birth. With around four million babies<sup>5</sup> born each year in hospitals, that policy should be established and supported throughout the country. Parents schedule their first doctor's appointment for their newborns just a few days after leaving the hospital, so their health coverage should be started or in process by the time the infant leaves the hospital. Language from the Start Healthy Act of 2013 was very clear: "a child that a state reasonably believes is a qualified newborn ... on the date of such child's birth shall be deemed to have applied for medical assistance and to have been found eligible for such assistance under such plan on the date of such birth and to remain eligible for such assistance until such child is one year of age, unless a State determines that a child is not eligible for such medical assistance through a redetermination. ..."<sup>6</sup> Establishing a child's health coverage immediately would reduce unpaid bills, parental stress, missed appointments, and paperwork at the medical practice.

### **Continuous Coverage from Birth through Age Five**

Once children get health coverage at birth, be it through private insurance or a public program such as CHIP or Medicaid, coverage should be continuous through age five. During those first five years of life, children's brains are developing, and they cultivate fine and gross motor skills, acquire language, and build their social and emotional competencies. Additionally, immunizations are recommended beginning at birth and throughout early childhood,<sup>7</sup> and are typically required for school entry and admittance to childcare.<sup>8</sup>

Early childhood, from birth until the start of school, encompasses one of the most

significant periods for brain development. The only organ not fully developed at birth is the brain, and 90 percent of the child's brain develops by the age of five. The child's brain doubles in size in the first year of life and keeps growing to about 80 percent by age three and 90 percent by age five. During a child's first five years, the neurons create connections.<sup>9</sup> At least one million neural connections are created during early childhood, far more than at any other time in an individual's life.<sup>10</sup> Lack of access to healthcare can negatively impact a child's early development and, subsequently, his or her long-term success. Long before most children step into a classroom, their neurons are constructing networks, cognition is exploding, language is increasing, and the foundations are being laid for a lifetime of learning.

The American Academy of Pediatrics recommends that babies get checkups at birth, three to five days after birth, and then at 1, 2, 4, 6, 9, 12, 15, 18, and 24 months.<sup>11</sup> Babies may receive referrals for additional assessment and treatment during or between any of these appointments. It is essential that parents and medical providers be aware of the child's primary care and that any referrals be covered during this significant time in a child's development. Parents should know, when they take their child to a medical appointment during those early years, that the care is covered. Medical providers should trust that their services will be reimbursed and that any tests they order or referrals to specialists they make will be covered as well.

A critical aspect of well-child exams during the first five years is that they include developmental, behavioral, and psychosocial screenings. If these screenings are missed or interrupted due to lack of coverage, needed screenings and necessary early interventions can be delayed. If a child with a developmental delay or suspected delay is not identified in an early well-child check-up, he or she will have to wait until someone identifies it in school.<sup>12</sup> A child not identified until school age could have significant delays and may have lost many opportunities for early interventions, causing undue harm to the child and family, and increased costs later. Continuous coverage during the first five years of life would help to ensure that children see medical providers regularly and receive appropriate care and referrals on time.

### **Twelve-Month Continuous Eligibility from Age 6 through Age 21**

From the time children enter school, their coverage should be continuous for 12 months at a time, up through age 21. During the grade school years, children begin

to get involved in team sports, participate in after-school activities, play outside, and engage with groups of friends. Their medical appointments, though less frequent than during early childhood, are still essential and could reveal a need for further care with a specialist. As stated so clearly by the Centers for Medicare and Medicaid Services (CMS), “Children who have health insurance continuously throughout the year are more likely to be in better health. Guaranteeing ongoing coverage ensures that children can receive appropriate preventive and primary care as well as treatment for any health issues that arise. Stable coverage also enables doctors to develop relationships with children and their parents and to track their health and development. Additionally, eliminating the cycling on and off of coverage during the year reduces state time and money wasted on unnecessary paperwork and preventable care needs.”<sup>13</sup>

As children enter middle school and high school, athletic activities get more intense; they begin driving; and they face many factors associated with adolescence, such as exposure to drugs, alcohol, and sexual activity. Keeping them covered without gaps in insurance will help protect their health and their parents’ finances. Twelve-month continuous coverage allows them to grow and develop through their adolescence with the coverage and access to care they need.

Providing continuous eligibility through CHIP and Medicaid can save state administrative dollars by eliminating ongoing reporting. States redetermine eligibility every 12 months, and enrollees must report changes during that time. Children will lose coverage if these changes, such as a stated increase in income, make them ineligible. But states could make children eligible for 12 months continuously by simply disregarding changes in income until renewal. Twelve-month continuous eligibility promotes retention and decreases the number of children churning on and off of coverage due to minor changes in family income. Twelve-month continuous eligibility not only benefits children and families, but it lowers administrative costs to the state. It also improves states’ ability to monitor the quality of care, because many quality measures require at least a year of continuous enrollment.<sup>14</sup>

Additionally, at beneficiaries’ annual CHIP or Medicaid renewal date, states should utilize the auto-renewal procedures Louisiana created and other states now utilize, including prepopulated forms and matching of parent incomes and addresses to data already held by the state, in order to decrease churn and children’s losing coverage.

In Louisiana, “Medicaid/CHIP renewal is completed through multiple strategies, including data matching. More than three in four (76 percent) of Medicaid/CHIP children’s renewals are based on data; nearly all children (95.4 percent) have eligibility continue at renewal; < 1 percent lose coverage for procedural reasons.”<sup>15</sup> All states could utilize these practices and others from Louisiana, such as “ex parte” renewal for CHIP and Medicaid.

## **CHIP Coverage through Age 21**

Upon turning 19 years old, instead of losing their CHIP coverage, children should remain eligible through age 21. The uninsured rate for ages 19–25 spikes to 13.1 percent.<sup>16</sup> This is a critical transition period for young adults as they finish high school, enter the workforce, start college, or do both. If they are employed, they are more likely to have jobs that do not offer private coverage. “As young adults transition into the job market, they often have entry-level jobs, part-time jobs, or jobs in small businesses, and other employment that typically comes without employer-sponsored health insurance. Additionally, young people need health insurance: one in six young adults has a chronic illness like cancer, diabetes, or asthma. Nearly half of uninsured young adults report problems paying medical bills.”<sup>17</sup>

Keeping young adults covered as they work part time and/or attend college or learn a trade would assist in keeping their health protected as well as their finances.

## **Express Lane Eligibility for CHIP and Medicaid**

In order to enroll more eligible children and youth into Medicaid and CHIP, states should adopt the Express Lane Eligibility (ELE) option allowed under federal law. ELE permits states to enroll children and renew their coverage by using already proven eligibility for certain other programs. Enrollment and renewal processes for children are simplified because states can rely on findings from designated ELE programs. When programs such as school lunch, SNAP, Temporary Assistance for Needy Families (TANF), Head Start, and the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) share their enrollment data about income and household size, states can easily identify families with children who are eligible but unenrolled in health coverage. ELE is used in nine states now.<sup>18</sup> With a 10-year CHIP extension, states should take advantage of this technological option and use it to reduce their uninsured rates even further.

In South Carolina, through ELE, “Children receive or renew Medicaid based on SNAP or TANF receipt unless parents opt out. Medicaid was provided to more than 92,000 uninsured children, increasing total enrollment by 15 percent. More than 276,000 children renewed through ELE. Net administrative savings of \$1.6 million per year.”<sup>19</sup>

### **Adoption of the Immigrant Children’s Health Insurance Act by All States**

The Immigrant Children’s Health Insurance Act (ICHIA) was included in the CHIPRA legislation that passed in 2009. In the Personal Responsibility and Work Opportunity Reconciliation Act that Congress passed in 1996, new restrictions were implemented that barred most lawfully residing immigrants from receiving benefits from federal programs for the first five years they were in the United States. One of those public programs was Medicaid; CHIP was added upon its creation in 1997. ICHIA restored eligibility for Medicaid and CHIP to lawfully residing children and pregnant women.

The ICHIA option available under federal law allows states to waive the five-year bar for lawfully residing immigrant children and/or pregnant women.<sup>20</sup> If children and pregnant women in a state that has taken the ICHIA option are otherwise financially eligible for CHIP or Medicaid and have the necessary documentation, they are enrolled in CHIP or Medicaid. In July 2010, CMS released guidance to states on implementation of this provision.<sup>21</sup> The need for health coverage for these two populations cannot be overstated. Babies, children, young adults, and pregnant women, especially, cannot wait five years for medical exams, needed referrals, and treatment. As of March 2018, 31 states have waived the five-year bar for children and 33 states have waived it for pregnant women. All states should also waive this bar.

## **CONCLUSION**

Children who experience gaps in health coverage due to enrollment barriers may not receive needed medical care, may go without refilling prescriptions, and may miss preventive doctor visits. Gaps in health coverage are particularly harmful for children with chronic health conditions who require frequent doctor visits and expensive medicine. From birth through early childhood, during the school years, and upon transitioning to young adulthood, coverage should be automatic, continuous, and easy to maintain. Access to affordable, appropriate medical care should be a part of

childhood as much as playing with friends and going to school. Protecting children and youth from preventable illness, treating diseases and injuries, shielding their parents from high medical costs by reducing financial liability, and providing simple access to coverage are goals we can meet through innovative policy steps.

By reducing the financial burden and risk of medical spending, public health insurance has the potential to reduce the extent to which families live in poverty, as defined using the Supplemental Poverty Measure.<sup>22</sup> Enrolling infants at birth, keeping them covered through childhood, and making sure all coverage options are adopted in all states are the right steps to safeguard good health outcomes and to prevent low-income families from facing financial hardships due to their child's health status.



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CHILD POVERTY REMAINS HIGH IN THE U.S., WITH NEARLY 1 IN 5 CHILDREN LIVING IN HOUSEHOLDS BELOW THE POVERTY LINE.

CHILDREN EXPERIENCE POVERTY AT A RATE THAT IS 62 PERCENT HIGHER THAN ADULTS. POVERTY IS A PARTICULARLY SERIOUS PROBLEM FOR CHILDREN, WHO SUFFER NEGATIVE EFFECTS FOR THE REST OF THEIR LIVES AFTER LIVING IN POVERTY FOR EVEN A SHORT TIME.

THE U.S. CHILD POVERTY ACTION GROUP IS A PARTNERSHIP OF CHILD-FOCUSED ORGANIZATIONS DEDICATED TO CUTTING CHILD POVERTY IN HALF WITHIN A DECADE.

RECOGNIZING THE NEED FOR A NATIONAL STRATEGY TO ADDRESS CHILD POVERTY, MEMBERS OF THE U.S. CHILD POVERTY ACTION GROUP DRAFTED OUR KIDS, OUR FUTURE, A COMPENDIUM OF CROSS-SECTOR SOLUTIONS TO SIGNIFICANTLY REDUCE CHILD POVERTY IN THE U.S.

