IMPLEMENTING A ROADMAP TO REDUCING CHILD POVERTY

325 RUSSELL SENATE OFFICE BUILDING
KENNEDY CAUCUS ROOM
APRIL 30, 2019
A Roadmap to Reducing Child Poverty
Senate Briefing
April 30, 2019

The National Academies of
SCIENCES • ENGINEERING • MEDICINE
Study Sponsors

- Doris Duke Charitable Foundation
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- The William T. Grant Foundation
- The U.S. Department of Health and Human Services
THANK YOU

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with bipartisan support
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Statement of Task

- Review research on linkages between child poverty and child well-being
- Analyze the poverty-reducing effects of existing major assistance programs directed at children and families
- Provide a list of alternative evidence-based policies and programs that could reduce child poverty and deep poverty by 50% within 10 years
Impacts of Poverty on Child Well-Being
Reviewed All Rigorous, High-Quality Research

• Growing up poor has negative effects on birthweight, brain development, and child physical and mental health

• Growing up poor leads to worse education and employment outcomes as adults

• Effects worse, the younger the child
A Dollar Figure on the Cost of Child Poverty

- $800 million to $1.1 trillion
- 4% of GDP
- Lost earnings, employment
- Increased costs of health care
- Costs of incarceration, assistance programs
Public Programs Can Help

• Rigorous research shows that SNAP, the EITC, and public health insurance improves child well-being in many dimensions
Poverty Reducing Effects of Major Existing Assistance Programs
Child Poverty in 2015

- Child Poverty: In a household whose income is below the government poverty line*
- 2015: 13% of U.S. children were in families with incomes below the poverty line
- 9.6 million children

*Supplemental Poverty Measure
Child Poverty Rates Would Be Higher Without Existing Programs

With all programs: 13%
Without all programs: 21.7%

Programs:
- Federal EITC, CTC
- SNAP
- SSI
- Social Security
- UC, WC, and other social insurance
- Housing subsidies
- Other benefits
Child Poverty Rates Would Be Higher Without Existing Programs

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

- Deep Child Poverty Rate: +8.0%
  - With all programs: 2.9%
  - Without all programs: +8.0%

- Programs:
  - Federal EITC, CTC
  - SNAP
  - SSI
  - Social Security
  - UC, WC, and other social insurance
  - Housing subsidies
  - Other benefits
Deep Child Poverty Rates Would Also Be Higher Without Existing Programs

With all programs: 2.9%
Without all programs: +8.0%

- Federal EITC, CTC: +0.8%
- SNAP: +2.8%
- SSI: +1.0%
- Social Security: +1.5%
- UC, WC, and other social insurance: +0.3%
- Housing subsidies: +0.4%
- Other benefits: +1.0%
Program and Policy Options for Child Poverty Reduction

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The Committee Developed

20 individual policy and program options

4 policy and program “packages”
Simulated Programs and Policies

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

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

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

Modifications to existing provisions relating to immigrants:
- Increasing immigrants’ access to safety net programs
Other programs considered but not simulated for lack of:

- Evidence on effectiveness:
  - LARC (Long Acting Reversible Contraceptives)
  - Mandatory Work Programs
  - Marriage Promotion
  - TANF
  - Paid Family and Medical Leave
  - Block Grants

- Data:
  - American Indian/Alaska Native

- Comprehensive poverty measurement:
  - Public Health care programs (1/3 of federal expenditures on children)
No Single Program or Policy Option Met the 50% Reduction Goal
More Effective Policies Generally Cost More

Program Cost (billions)

Children Lifted Above 100% TRIM3 SPM (millions)
Impacts on Employment

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

• Work-based enhancements (e.g., to EITC, CDCTC) increased employment by up to 550,000.
The Committee Developed

- 20 individual policy and program options
- 4 policy and program packages: Combinations of programs to meet different needs
The Idea of “Packages”

- Poor families have multiple needs
- Some need work support, some need housing support, some need food support, some just need cash assistance
- Many are in special situations
- Multiple programs ("packages") may be better than single programs
### Work-based Packages Failed to Meet the Goal

<table>
<thead>
<tr>
<th>Package</th>
<th>Work-oriented package</th>
<th>Work-Based and Universal Support Package</th>
<th>Means-tested supports and work package</th>
<th>Universal supports and work package</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expand EITC</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expand Child and Dependent Care Tax Credit</td>
<td>X</td>
<td></td>
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<td>Increase the minimum wage</td>
<td>X</td>
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<tr>
<td>Roll out WorkAdvance</td>
<td>X</td>
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<td>Percent Reduction in the number of poor children</td>
<td>-18.8%</td>
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<td>Percent Reduction in the number of children in deep poverty</td>
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<tr>
<td>Change in number of low-income workers</td>
<td>+1,003,000</td>
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<tr>
<td>Annual cost, in billions</td>
<td>$8.7</td>
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### Some Packages Met the Goal

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<td>Roll out WorkAdvance</td>
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<tr>
<td>Expand housing voucher program</td>
<td></td>
<td>X</td>
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<tr>
<td>Expand SNAP benefits</td>
<td></td>
<td></td>
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<td>X</td>
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<tr>
<td>Begin a child allowance</td>
<td></td>
<td>X</td>
<td>X</td>
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<tr>
<td>Begin child support assurance</td>
<td></td>
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<td>X</td>
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<tr>
<td>Eliminate 1996 immigration eligibility restrictions</td>
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<td>Percent Reduction in the number of poor children</td>
<td>-18.8%</td>
<td>-35.6%</td>
<td>-50.7%</td>
<td>-52.3%</td>
</tr>
<tr>
<td>Percent Reduction in the number of children in deep poverty</td>
<td>-19.3%</td>
<td>-41.3%</td>
<td>-51.7%</td>
<td>-55.1%</td>
</tr>
<tr>
<td>Change in number of low-income workers</td>
<td>+1,003,000</td>
<td>+568,000</td>
<td>+404,000</td>
<td>+611,000</td>
</tr>
<tr>
<td>Annual cost, in billions</td>
<td>$8.7</td>
<td>$44.5</td>
<td>$90.7</td>
<td>$108.8</td>
</tr>
</tbody>
</table>
Costs of the Packages

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

Studies have estimated the annual macro costs of child poverty to range from $800 billion to $1.1 trillion (4% of GDP).
Lessons From the Packages:

Individual policy and program changes are insufficient

Bundling work-oriented and income-support programs can reduce poverty AND increase employment
A 50% Reduction in Child Poverty is Achievable

• The U.K. cut its child poverty rate in half from 2001-2008

• Canada’s Child Benefit program is on course to cut child poverty in half

• The US nearly cut its child poverty rate in half between 1967 and 2016
Subgroups and Context
Poverty Rates by Race/Ethnicity

Poverty (<100% of SPM)
- Black, non-Hispanic: 17.8%
- Hispanic: 21.7%
- White, non-Hispanic: 7.9%

Deep poverty (<50% of SPM)
- Black, non-Hispanic: 3.7%
- Hispanic: 4.0%
- White, non-Hispanic: 2.1%
Poverty Shares by Race/Ethnicity

- **White, non-Hispanic**
  - Share of all children: 37%
  - Share of <100% SPM poor children: 31%
  - Share of <50% SPM "deep poor" children: 25%

- **Black, non-Hispanic**
  - Share of all children: 18%
  - Share of <100% SPM poor children: 14%
  - Share of <50% SPM "deep poor" children: 19%

- **Hispanic**
  - Share of all children: 51%
  - Share of <100% SPM poor children: 41%
  - Share of <50% SPM "deep poor" children: 34%
Contextual Factors

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

Context can greatly influence the impact and success of anti-poverty programs and policies.
Research Priorities and Next Steps
Research Priorities

State and local waivers to test new work-related programs, supported by federal funding

More research on contextual impediments

Improve federal data on and measurement of poverty
Next Steps

Establish a coordinating mechanism to ensure that well-considered decisions are made on priorities for programs and policies

Ensure that the associated research and data needed for monitoring, evaluating, and further improvement are supported
Learn More:
www.nap.edu/reducingchildpoverty

- ~220 page report
- Appendices
- Gigantic TRIM3 spreadsheet with demographic and state details for policy options
- Data Explorer Tool
- Report Highlights

#ChildPovertyInHalf
Thank you!

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