Webinar: New Child Poverty Census Data and the Current Policy Landscape

September 25, 2019
U.S. Child Poverty Action Group

MEMBERS

- First Focus on Children
- UnidosUS
- Save the Children Action Network
- Center for Native American Youth
- The Century Foundation
- Sargent Shriver National Center on Poverty Law
- MomsRising
- Child Welfare League of America
- American Federation of Teachers
- Prosperity Now
- National Center for Children in Poverty
- Partnership for America’s Children
- National Latino Children’s Institute
- Share our Strength
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- Alliance for Strong Families & Communities
- National Association for the Education of Young Children (NAEYC)
- Catholic Charities USA
- Center for the Study of Social Policy (CSSP)
- National Black Child Development Institute (NBBCDI)
- The National Prevention Science Coalition to Improve Lives
- National WIC Association
- National Diaper Bank Network
- Coalition for Community Schools
- Red Nose Day USA
- American Academy of Pediatrics
- ZERO TO THREE
- Children's Health Fund
- National Network for Youth

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Child Poverty: Current Numbers, Different Definitions, and What they Mean

Linda Giannarelli
Senior Fellow, Urban Institute
The latest official poverty data:
Percent of people with below-poverty income, 2018

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>All people</td>
<td>11.8</td>
</tr>
<tr>
<td>Age &lt;18</td>
<td>16.2</td>
</tr>
<tr>
<td>Age 18-64</td>
<td>10.7</td>
</tr>
<tr>
<td>Age 65+</td>
<td>9.7</td>
</tr>
</tbody>
</table>

Source: Bureau of the Census

* Statistically significant change
How Official Poverty is Calculated

• Look at all people who are living together and who are related by blood, marriage, or adoption
• Add up all their CASH income
• Compare that to a poverty “threshold”
  • Threshold varies by size of the family and number of children
  • No variation by where you live
• 2018 poverty threshold for a family with one adult and one child: $17,308
• 2018 poverty threshold for a family with two adults and two children: $25,465
Official poverty is down slightly from 2017

<table>
<thead>
<tr>
<th>Category</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>All people</td>
<td>12.3</td>
<td>11.8</td>
</tr>
<tr>
<td>Age &lt;18</td>
<td>17.4</td>
<td>16.2</td>
</tr>
<tr>
<td>Age 18-64</td>
<td>11.1</td>
<td>10.7</td>
</tr>
<tr>
<td>Age 65+</td>
<td>9.6</td>
<td>9.7</td>
</tr>
</tbody>
</table>

* Statistically significant change

Source: Bureau of the Census
Official child poverty rates by race and ethnicity, 2018

- All children: 16.2%
- White (no other race), not Hispanic: 8.9%
- Black (no other race): 29.5%
- Asian (no other race): 11.3%
- Hispanic (any race): 23.7%

Source: Bureau of the Census
Rates of “deep poverty” and “near poverty”, for children in 2018

- Total < 50% of poverty threshold: 6.9%
- Total < 100% poverty threshold: 16.2%
- Total < 150% poverty threshold: 27.3%
- Total < 200% poverty threshold: 37.6%

Source: Bureau of the Census
The official poverty definition

• Official poverty measure answers this question:
  How many people are in families with cash income that is less than a national-level measure of very-low income?

• Strengths:
  • Simple and easy to understand
  • Available back to mid-1960s

• Weaknesses:
  • Thresholds are arbitrary
  • Threshold don’t capture differences across the country in the cost of living
  • Cash income leaves out in-kind benefits, tax credits, and impact of expenses: taxes, child care, medical, transportation
A different way to measure poverty: the Supplemental Poverty Measure (SPM)

• Developed starting in the early 1990s, first estimates produced by the Census Bureau for 2009

• SPM poverty measure answers this question:
  How many people are in families with economic resources (including in-kind, minus taxes, minus several expenses) that are lower than what families pay for food, clothing, and shelter in their area, if the family pays more than 1/3 of families, and less than the other 2/3?
### Official and SPM poverty definitions, comparison

<table>
<thead>
<tr>
<th></th>
<th><strong>Official</strong></th>
<th><strong>SPM</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Thresholds</strong></td>
<td>Originally based on minimum food costs times 3</td>
<td>Based on spending on food, clothing, shelter at about the 33rd percentile, times 1.2</td>
</tr>
<tr>
<td><strong>Place-based variation?</strong></td>
<td>Same across the country</td>
<td>Adjusted based on housing costs in 300+ local areas</td>
</tr>
<tr>
<td><strong>Resources compared to threshold</strong></td>
<td>Before-tax cash income</td>
<td>Broad resource measure: cash plus near-cash minus necessary expenses</td>
</tr>
<tr>
<td><strong>Family unit</strong></td>
<td>Excludes cohabiting partners</td>
<td>Includes cohabiting partners</td>
</tr>
</tbody>
</table>
Children’s poverty by the two measures, 2018

- Official children’s poverty rate: 16.2%
- SPM children’s poverty rate: 14.5%

Source: Bureau of the Census

* This # subject to change
Key benefit of the SPM:
What would child poverty have been without various government benefits? (2017)

- SPM child poverty, 2017: 15.6
- If there was no SNAP: 17.6
- If there were no refundable tax credits: 21.7
- If there were no housing subsidies: 16.8

Source: Bureau of the Census
Another benefit of the SPM:
Assess hypothetical policy changes –
NAS child poverty project used SPM and TRIM3 model

Source: National Academy of Sciences
Other poverty estimates to be aware of

• Three-year estimates to provide state-level poverty rates

• Poverty measures from the American Community Survey (ACS)
  • Official poverty definition applied to ACS
  • Census Bureau plans to also start releasing estimates of the SPM definition applied to ACS
Sources

  Jessica Semega, Melissa Kollar, John Creamer, and Abinash Mohanty
  “Income and Poverty in the United States: 2018”
  September 10, 2019, Census Bureau report # P60-266
  https://www.census.gov/library/publications/2019/demo/p60-266.html

- 2017 SPM data from the Current Population Survey:
  Liana Fox
  “The Supplemental Poverty Measure: 2017”
  September 2018, Census Bureau report #P60-265

  https://sites.nationalacademies.org/DBASSE/BCYF/Reducing_Child_Poverty/index.htm
Additional slides
Official vs. SPM thresholds, comparison from 2015, for some sample locations, family with two adults and two children, renters

<table>
<thead>
<tr>
<th>Location</th>
<th>Official threshold</th>
<th>SPM threshold</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indiana, Fort Wayne</td>
<td>24,036</td>
<td>22,430</td>
</tr>
<tr>
<td>Indiana, rural</td>
<td>24,036</td>
<td>21,866</td>
</tr>
<tr>
<td>Texas, Houston</td>
<td>24,036</td>
<td>25,710</td>
</tr>
<tr>
<td>Texas, rural</td>
<td>24,036</td>
<td>22,064</td>
</tr>
<tr>
<td>California, Los Angeles</td>
<td>24,036</td>
<td>32,495</td>
</tr>
<tr>
<td>California, rural</td>
<td>24,036</td>
<td>25,400</td>
</tr>
</tbody>
</table>
More detail on what is in the SPM resource measure

Cash income

PLUS these amounts

• Value of housing subsidies, LIHEAP, SNAP, school lunch, WIC
• Value of refundable tax credits

MINUS these amounts

• Payroll taxes
• Federal income taxes (before refundable credits)
• State income taxes (before refundable credits)
• Medical out-of-pocket expenses
• Child care expenses for work
• Other work expenses (transportation)
• Amount of child support PAID to children in other households
Different definitions give different poverty rates: SPM and official poverty rates, 2017

Total people: SPM 13.9, Official 12.3

< 18: SPM 15.6, Official 17.5

18-64: SPM 13.2, Official 11.2

65+: SPM 14.1, Official 9.2

Source: Bureau of the Census
CURRENT ISSUES IN ADDRESSING CHILD POVERTY

BRIAN DITTMEIER, ESQ.
SENIOR PUBLIC POLICY COUNSEL
NATIONAL WIC ASSOCIATION
August 2019: DHS final rule adds Medicaid, SNAP, and housing subsidies to public charge review

Wide range of other negative factors: including being a child, low family income, health conditions, low English proficiency, etc.

Goes into effect October 15; six lawsuits challenging final rule

DOJ deportation rule is at OMB for review

January 2018: State Department guidance has broader implications for visa applicants
May 2019: OMB sought public comment on the inflation measures for the Official Poverty Measure

- Official Poverty Measure is not the HHS Federal Poverty Guidelines, which determines program eligibility

- Potential move toward Chained CPI-U could lead to slower inflation metrics in all poverty calculations
SNAP ACCESS

- February 2019: Time limits for able-bodied adults without dependents (ABAWDs)
  - Time limits increase food insecurity on prospective parents
- July 2019: Revisions to broad-based categorical eligibility
  - 3.1 million participants lose access to SNAP
  - 500,000 children lose access to school meals
FY 2020 FUNDING

- House passed a continuing resolution through November 21. Senate expected to take up the continuing resolution this week.
- Continuing resolution includes extenders – including funding for community health centers and a (limited) extension for TANF.
- Senate appropriations process mired in disputes over the 302(b) allocations – including a low figure for Labor-HHS. Further disputes about border wall, abortion policy riders.
Two hearings this spring to build enthusiasm for Child Nutrition Reauthorization ahead of Chairman Pat Roberts’s (R-KS) retirement

- Senate Agriculture Committee working on the bill over the summer
- Several marker bills introduced on summer meals, WIC, CACFP
- SNAP categorical eligibility rule’s effect on school meals could be a hurdle to the process moving forward
Tax Code As A Key Tool To Reduce Child Poverty

Michelle Dallafior
Senior Vice President, Budget and Tax
September 25, 2019
The 2018 Supplemental Poverty Measure (SPM) reports that 10.7 million children (under age 18) were living in poverty in 2018.

- Children of color continue to experience poverty at nearly three times the rate of white children.

- Living in poverty has negative consequences in both the short- and long-term for our children’s healthy development, academic performance, and financial outcomes in adulthood.

The Tax Code is Crucial for Reducing Child Poverty

- Each of the four policy packages, including the ones that reduce child poverty by half, lean heavily on the tax code to meet this goal
- Expanding the EITC and the CCTC are in every package
- The child allowance policy has the greatest impact in reducing child poverty

<p>| TABLE 5.1 Components of the Four Packages and Their Estimated Costs and Impact on Poverty Reduction and Employment Change |</p>
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<thead>
<tr>
<th>----------------------------------------------------------</th>
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<tbody>
<tr>
<td><strong>Work-oriented programs and policies</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expand EITC</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Expand Child Care Tax Credit</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Increase the minimum wage</td>
<td>X</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Roll out WorkAdvance</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td><strong>Income-support-oriented programs and policies</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Expand housing voucher program</td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Expand SNAP benefits</td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Begin a child allowance</td>
<td>X</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Begin child support assurance</td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Eliminate 1996 immigration eligibility restrictions</td>
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<td></td>
<td>X</td>
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<tr>
<td><strong>Percent Reduction in the number of poor children</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Percent Reduction in the number of children in deep poverty</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Change in number of low-income workers</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Annual cost, in billions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$8.7</td>
<td>$44.5</td>
<td>$90.7</td>
<td>$108.8</td>
</tr>
</tbody>
</table>
THE EITC AND CTC LIFTED MILLIONS MORE CHILDREN OUT OF POVERTY THAN ANY OTHER PROGRAM IN 2018

Economic Mobility Act (H.R.3300)

- Sponsor: Rep. Richard Neal (D-MA)
- Passed out of the House Ways and Means Committee in June
- Would strengthen the Earned Income Tax Credit for Individuals with No Qualifying Children – Expands the age of eligibility for childless workers who are not full-time students from ages 25-65 to ages 19-68
- Makes the Child Tax Credit (CTC) fully refundable up to $2,000
- Creates a temporary Young Child Tax Credit that would increase the CTC to $3,000 per child per year for qualifying children under the age of 4
- Makes the Child and Dependent Care Tax Credit (CDCTC) fully refundable, doubles the credit, increases the maximum credit rate to 50 percent, and temporarily indexes the credit for inflation
- As the bill moves to the floor later this year, it is slated to include provisions benefitting foster youth by allowing EITC eligibility for working foster and homeless youth ages 18 and older
- The package passed out of the subcommittee also includes a complementary bill – the Child Care Quality and Access Act (H.R.3298) – which would increase the mandatory child care funding by $1 billion over 10 years
American Family Act (H.R.1560/S.690)

- Sponsors: Sens. Michael Bennet (D-CO) & Sherrod Brown (D-OH) and Reps. Rosa DeLauro (D-CT) & Suzan DelBene (D-WA)
- Would create a new $300 per-child, per-month credit for children under 6 years of age, and a $250 per-child, per-month credit for children ages 6 to 17.
- Makes both credits fully refundable
- Phase-out levels are adjusted downward from current CTC
- Indexes the credit for inflation
- Sets up an advance payment on a monthly schedule, which will give families greater flexibility in spending their credit
Working Families Tax Relief Act
(H.R.3157/S.1138)

• Sponsors: Reps. Dan Kildee (D-MI) & Dwight Evans (D-PA) and Sens. Sherrod Brown (D-OH), Michael Bennet (D-CO), Ron Wyden (D-OR) & Richard Durbin (D-IL)

• Would expand the CTC – the 2017 tax law left out 26 million children from low- and moderate-income families who received less than the full $1,000 per-child CTC increase

• Makes the CTC fully refundable for the first time

• Includes an authorization for families to choose to receive monthly installments to help support children’s needs throughout the year instead of one lump sum at tax return time

• Creates a Young Child Tax Credit – an extra $1,000 for each child five years of age and younger and up to $3,000 per family

• Expands the EITC for childless workers and families with children

• Authorizes workers to draw a one-time, interest-free $500 advance on their EITC payment
Takeaways and Take Action

• Both the NASEM and the Census Data make clear that the tax code is a critical policy tool to reduce child poverty

• The NASEM study spotlights a child allowance program as yielding the largest reduction in child poverty – 5.3 percentage points over a decade at $3000/yr

• There is an opportunity this year to modify the tax code to benefit low-wage and working families and children

• Any tax legislation designed to extend a suite of temporary business tax breaks MUST include tax credit improvements for children and struggling families

• Urge the House of Representatives to pass the Ways and Means passed Economic Mobility Act and establish a temporary child allowance program and downpayment on other key tax code changes benefitting kids and working families!

• Endorse the American Family Act and the Working Families Tax Relief Act and establish a child allowance program!