

# Implementing A Roadmap to Reducing Child Poverty



The National Academies of Sciences, Engineering and Medicine (NASEM) recently released a landmark study, *A Roadmap to Reducing Child Poverty*,<sup>1</sup> which confirms that child poverty is a solvable problem when there is the political will to address it. Written by a committee of the nation's leading experts on child poverty, this study puts forward an evidence-based policy agenda that, if prioritized and implemented by our nation's lawmakers, would cut our child poverty rate in half within a decade.

In 2015, First Focus Campaign for Children worked with the offices of Congresswomen Lucille Roybal-Allard (D-CA) and Barbara Lee (D-CA) to secure funding for this study in the 2016<sup>2</sup> and 2017<sup>3</sup> federal spending bills. Congress directed the National Academies to analyze child poverty in America, including its negative developmental outcomes and economic consequences, along with the effectiveness of current domestic and international efforts to reduce child poverty. They tasked the study committee to use that analysis to model a set of policies and program changes to cut our child poverty rate in half within a decade.

First Focus Campaign for Children put together this analysis of the nearly 600-page study to a) highlight the findings and policy options that we find most compelling, b) provide commentary on how its policy and program options line up with current legislative efforts and c) add contextual factors to consider for effective implementation of these policy options.

**The study's overwhelming conclusion is that it is feasible to cut our national child poverty rate in half within a decade.** Prioritizing child poverty and setting targets to reduce it has yielded progress in other countries. The United Kingdom cut its national child poverty rate in half between 1999 and 2009 and Canada, which introduced an expanded child allowance in 2016, has already reduced poverty by one-third in just two years. The country is on track to cut its child poverty rate in half in less than a decade.<sup>4</sup>

The United States has also made progress in the past. The U.S. reduced child poverty from 27.9 percent to 15.6 percent between 1967 and 2016, a total of 12.3 percentage points. But decreases in the share of federal spending on children have significantly slowed this progress in the last decade.<sup>5</sup>

While the study committee finds that no single policy or program change on its own can cut our national child poverty rate in

**Child poverty is a solvable problem when there is political will to address it.**

1 National Academies of Sciences, Engineering, and Medicine 2019. *A Roadmap to Reducing Child Poverty*, The National Academies Press, 2019, <https://doi.org/10.17226/25246>.

2 Public Law No. 114-113 <https://www.congress.gov/bill/114th-congress/house-bill/2029/>.

3 Public Law No. 115-31 <https://www.congress.gov/bill/115th-congress/house-bill/244>.

4 Stuart Thomson, "Big Decline in Poverty Rate Offers Good News to a Government that Desperately Needs Some" The National Post, February 26, 2019, <https://nationalpost.com/news/politics/big-decline-in-poverty-rate-offers-good-news-to-a-government-that-desperately-needs-some>.

5 Children's Budget 2018, First Focus, September 2018, [https://firstfocus.org/wp-content/uploads/2018/09/FirstFocus\\_CB2018.pdf](https://firstfocus.org/wp-content/uploads/2018/09/FirstFocus_CB2018.pdf); Julia Isaacs, Cary Lou, Heather Hahn, Ashley Hong, Caleb Quakenbush, C. Eugene Steuerle, Kids Share 2018: Report on Federal Expenditures on Children through 2017 and Future Projections, Urban Institute, July 18, 2018, <https://www.urban.org/research/publication/kids-share-2018-report-federal-expenditures-children-through-2017-and-future-projections>.

half within a decade, it measured the capacity of four policy and program packages to achieve this impact. It is important to note that the study uses an adjusted Supplemental Poverty Measure (SPM)<sup>6</sup> in its analysis, which finds that 9.6 million children (13 percent) were living in poverty in 2015 while 2.1 million children were living in deep poverty (2.9 percent).<sup>7</sup>

## Policy and Program Packages

### *Work-Oriented Package*

- Increase the Earned Income Tax Credit (EITC) along the phase-in and flat portions, which increases the credit for the lowest-income working families and the maximum possible credit a family can receive.
- Convert the Child and Dependent Care Tax Credit (CDCTC) to a fully refundable tax credit and concentrate its benefits on families with children who have the lowest incomes.
- Increase the federal minimum wage to \$10.25 per hour by 2020 and index it to inflation
- Make all male heads of families with children and incomes below 200 percent of the poverty line eligible for WorkAdvance programming, with training slots available for 30 percent of eligible men.

### *Work-Based and Universal Support Package*

- Increase the EITC along the phase-in and flat portions, which increases the credit for the lowest-income working families and the maximum possible credit a family can receive.
- Convert the CDCTC to a fully refundable tax credit and concentrate its benefits on families with children who have the lowest incomes.
- Replace the Child Tax Credit (CTC) with a monthly child allowance of \$166 per month (\$2,000 per year) per citizen child.

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6 The NASEM study committee uses an adjusted SPM to come up with their poverty reduction estimates. The U.S. Census Bureau calculates the SPM as an alternate measure to the Official Poverty Measure using income threshold based on the cost of food, clothing, shelter and utilities, plus a small amount of other needs and adjusts this for family size and geographic differences in housing costs. The Census then considers cash income (including child support), non-cash benefits minus taxes (or plus tax credits) work expenses, out-of-pocket medical expenses, and child support paid to another household. (Liana Fox, The Supplemental Poverty Measure: 2017, U.S. Census Bureau, 2018, p. 2, <https://www.census.gov/content/dam/Census/library/publications/2018/demo/p60-265.pdf>). The NASEM study committee then further adjusts the SPM to account for underreporting of income from benefit programs and as a result, finds that that 9.6 million children (13 percent) were living in poverty in 2015.

7 A child is living in deep poverty if he or she is living in a household that earns 50 percent or less of the federal poverty line.

### *Means-Tested Supports and Work Package*

- Increase the EITC along the phase-in and flat portions which increases the credit for the lowest-income working families and the maximum possible credit a family can receive..
- Convert the CDCTC to a fully refundable tax credit and concentrate its benefits on families with children who have the lowest incomes.
- Increase the Supplemental Nutrition Assistance Program (SNAP) by 35 percent, including an increase of \$360 per teenager per year and \$180 per child for Summer Electronic Benefits Program (EBT).
- Expand the supply of Section 8 Housing Choice Vouchers to supply affordable housing for 70 percent of eligible families.

### *Universal Supports and Work Package*

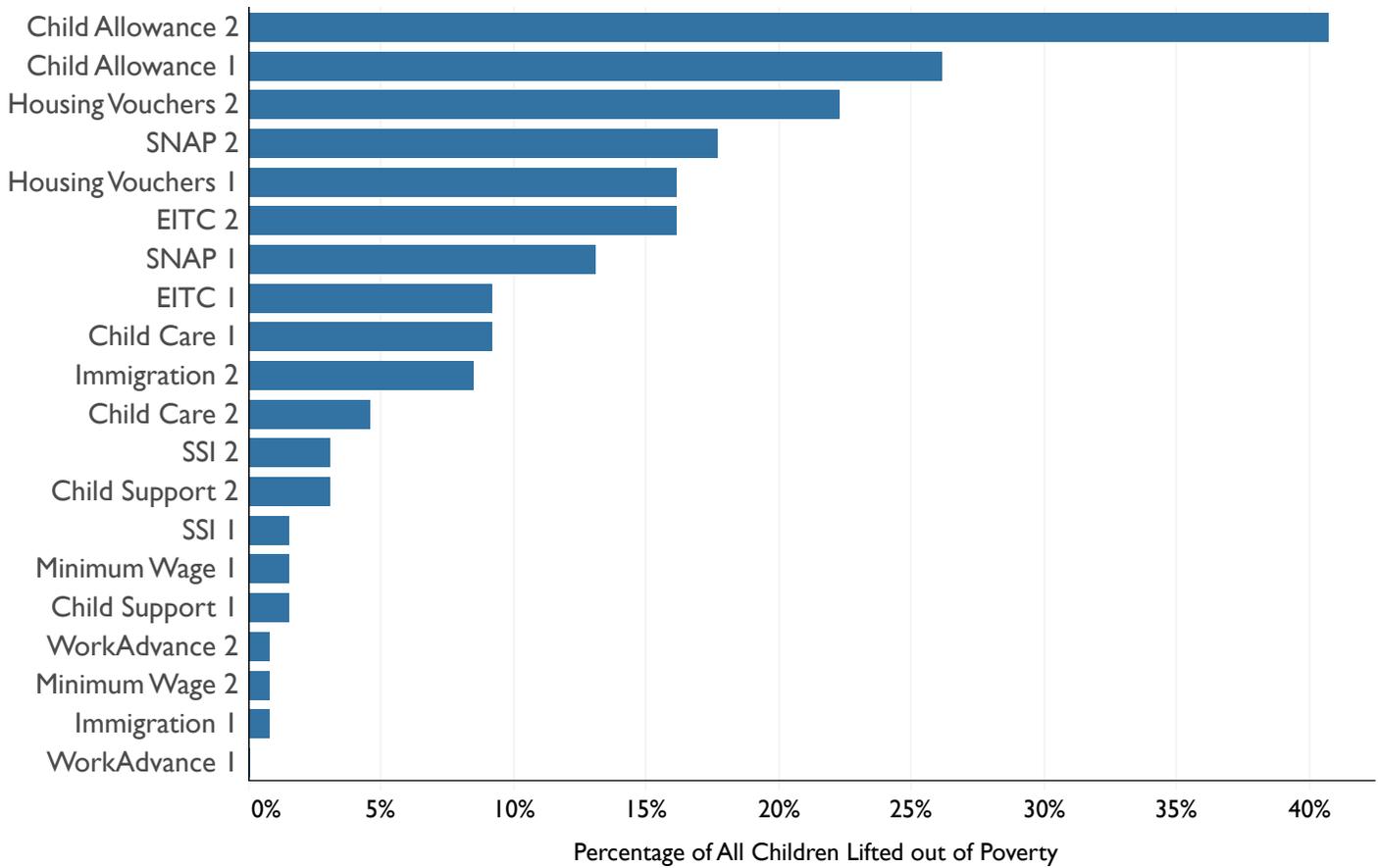
- Increase the EITC by 40 percent.
- Convert the CDCTC to a fully refundable tax credit and concentrate its benefits on families with children who have the lowest incomes.
- Replace the CTC with a monthly child allowance of \$225 per month (\$2,700 per year) per citizen child.
- Establish a new child support assurance program that provides a minimum payment of \$100 per month per child in households with child support orders.
- Increase the federal minimum wage to \$10.25 per hour by 2020 and index it to inflation
- Restore program eligibility for non-qualified legal immigrants (both parents and children) for Medicaid, SNAP, Temporary Assistance for Needy Families (TANF) program, Supplemental Security Income (SSI), and other means-tested benefits

The study committee finds that if the government were to prioritize and implement the last two policy packages, either could cut our child poverty rate in half within a decade. The Means-Tested Supports and Work Package would reduce child poverty by an estimated 50.7 percent and deep child poverty by 51.7 percent. The Universal Supports and Work Package would reduce child poverty by 52.3 percent and deep child poverty by 55.1 percent.<sup>8</sup>

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<sup>8</sup> Ibid 1. Page 11.

# WHICH POLICY CHANGES WOULD MOST REDUCE POVERTY FOR ALL CHILDREN?



Data: National Academies of Sciences, Engineering and Medicine, *A RoadMap to Reducing Child Poverty (2019)*, Appendix D, Table 5-4: Baseline and Post-Program Poverty Rates by Demographic Group. See [www.nap.edu/25246](http://www.nap.edu/25246). The baseline supplemental poverty rate for all children in the US is 13%.

In addition to halving child poverty, these two packages make smart economic sense and have positive impacts on employment and earnings. While the study finds that child poverty costs our country between \$800 billion and \$1 trillion a year, implementing either of these packages would cost less than \$120 billion a year.<sup>9</sup> Both packages would also result in a net increase in employment and earnings for those families that the policy changes affect.<sup>10</sup>

While no single policy would cut overall child poverty in half within ten years, the study committee finds that a monthly \$250 child allowance per child would cut deep child poverty in half within a decade. In addition, a minimum child support payment of \$100 a month for eligible households combined with a \$250 per month child allowance would essentially erase deep child poverty in the United States.<sup>11</sup>

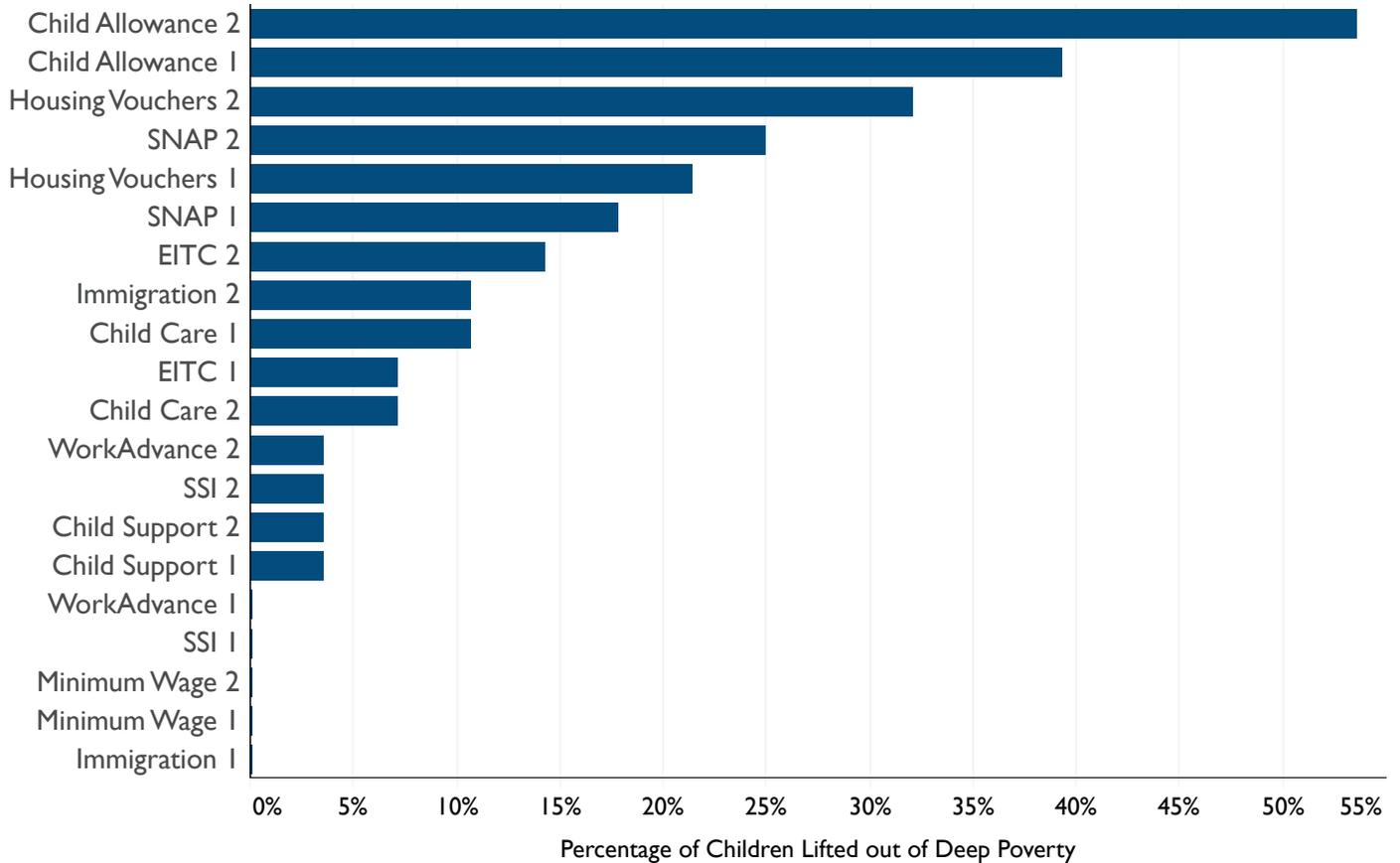
This finding is significant because young children disproportionately experience deep poverty, which has severe negative consequences for their healthy development and long-term outcomes. Yet despite their vulnerability, children living in deep child poverty often lack access to assistance. Many benefit programs are contingent on a household having some income, yet families in deep poverty have little to no earnings due to barriers such as disability, substance abuse, mental health or other complex and persistent issues that prevent them from working full time or at all.

<sup>9</sup> Ibid I. Pages 14, 176-177.

<sup>10</sup> Ibid I. Page 180.

<sup>11</sup> Ibid I. Page 169

## WHICH POLICY CHANGES WOULD MOST REDUCE DEEP CHILD POVERTY?



Data: National Academies of Sciences, Engineering and Medicine, *A RoadMap to Reducing Child Poverty (2019)*, Appendix D, Table 5-7: Values for Table 5-2. See [www.nap.edu/25246](http://www.nap.edu/25246). Children are considered to live in deep poverty if their family income is less than 50% of the federal poverty line. The baseline supplemental deep child poverty rate is 2.9%.

The study cites research confirming that the negative outcomes associated with child poverty directly result from a lack of income.<sup>12</sup> Boosting family income allows parents and guardians to provide resources for their children such as nutritious food, stable housing and educational supports that improve children’s healthy development. Increased income also relieves parental stress, giving parents increased time and mental energy for their children.

More resources in a household in the short-term also improves children’s outcomes for the long-term. Studies show that children in households that received an increase in income through programs such as EITC<sup>13</sup> or SNAP<sup>14</sup> were healthier and earned more as adults, thereby breaking the cycle of generational poverty.

### Impacts Across Demographic Subgroups

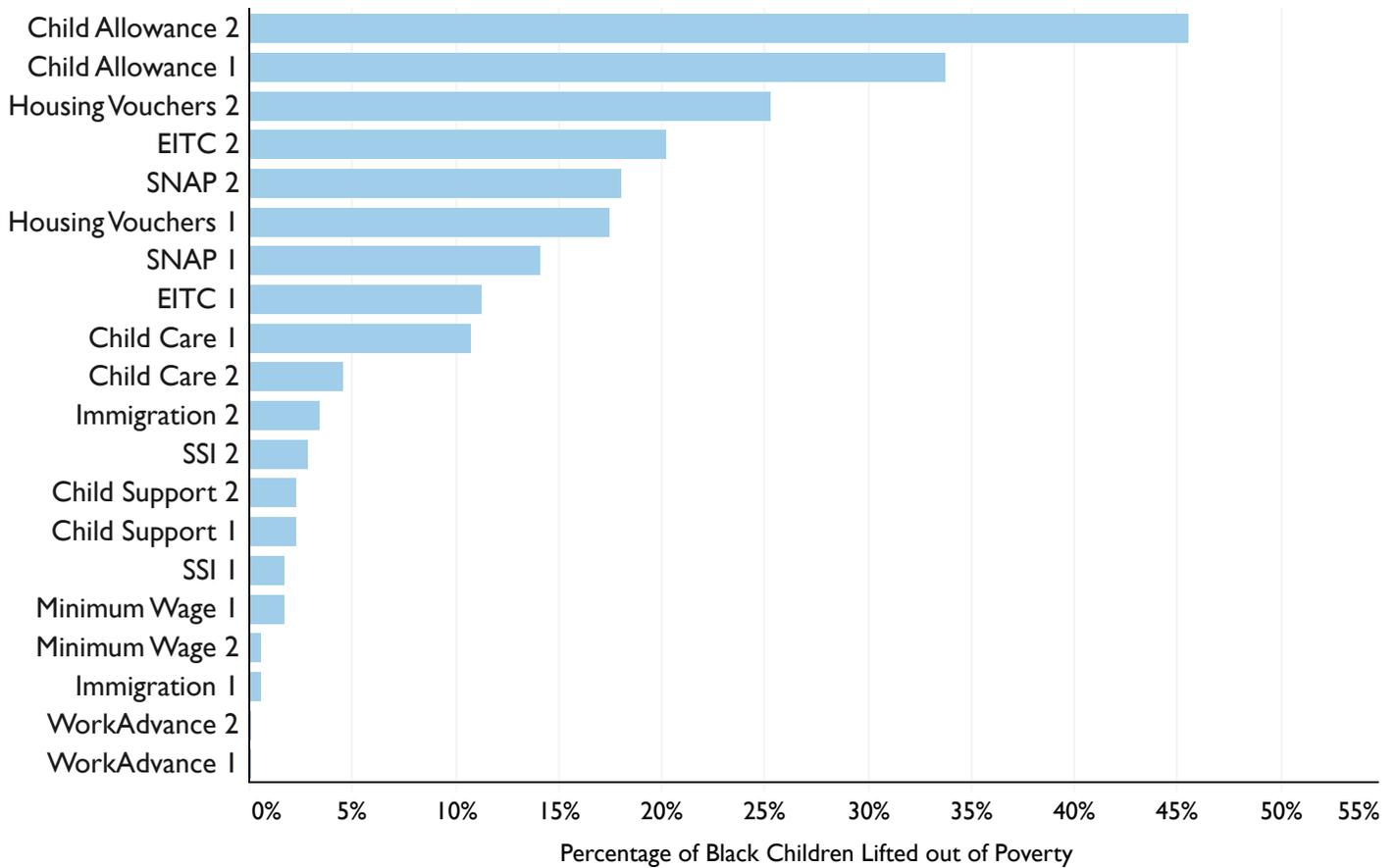
The study simulates the impact of policy and program changes across various demographic factors including race, family structure, immigrant status, maternal education level, parental employment and more. These simulations are valuable

<sup>12</sup> Ibid 1, pages 69-82.

<sup>13</sup> Raj Chetty, John N. Friedman, and Jonah Rockoff, “New Evidence on the Long-Term Impacts of Tax Credits,” November 2011, <https://www.irs.gov/pub/irs-soi/11/rp-chettyfriedmanrockoff.pdf>.

<sup>14</sup> Hilary W. Hoynes, Diane Whitmore Schanzenbach and Douglas Almond, “Long Run Impacts of Childhood Access to the Safety Net,” National Bureau of Economic Research, November 2012, <https://www.nber.org/papers/w18535>.

## WHICH POLICY CHANGES WOULD MOST REDUCE POVERTY FOR BLACK CHILDREN?



Data: National Academies of Sciences, Engineering and Medicine, *A RoadMap to Reducing Child Poverty (2019)*, Appendix D, Table 5-4: Baseline and Post-Program Poverty Rates by Demographic Group. See [www.nap.edu/25246](http://www.nap.edu/25246). The baseline supplemental poverty rate for Black children is 17.8%.

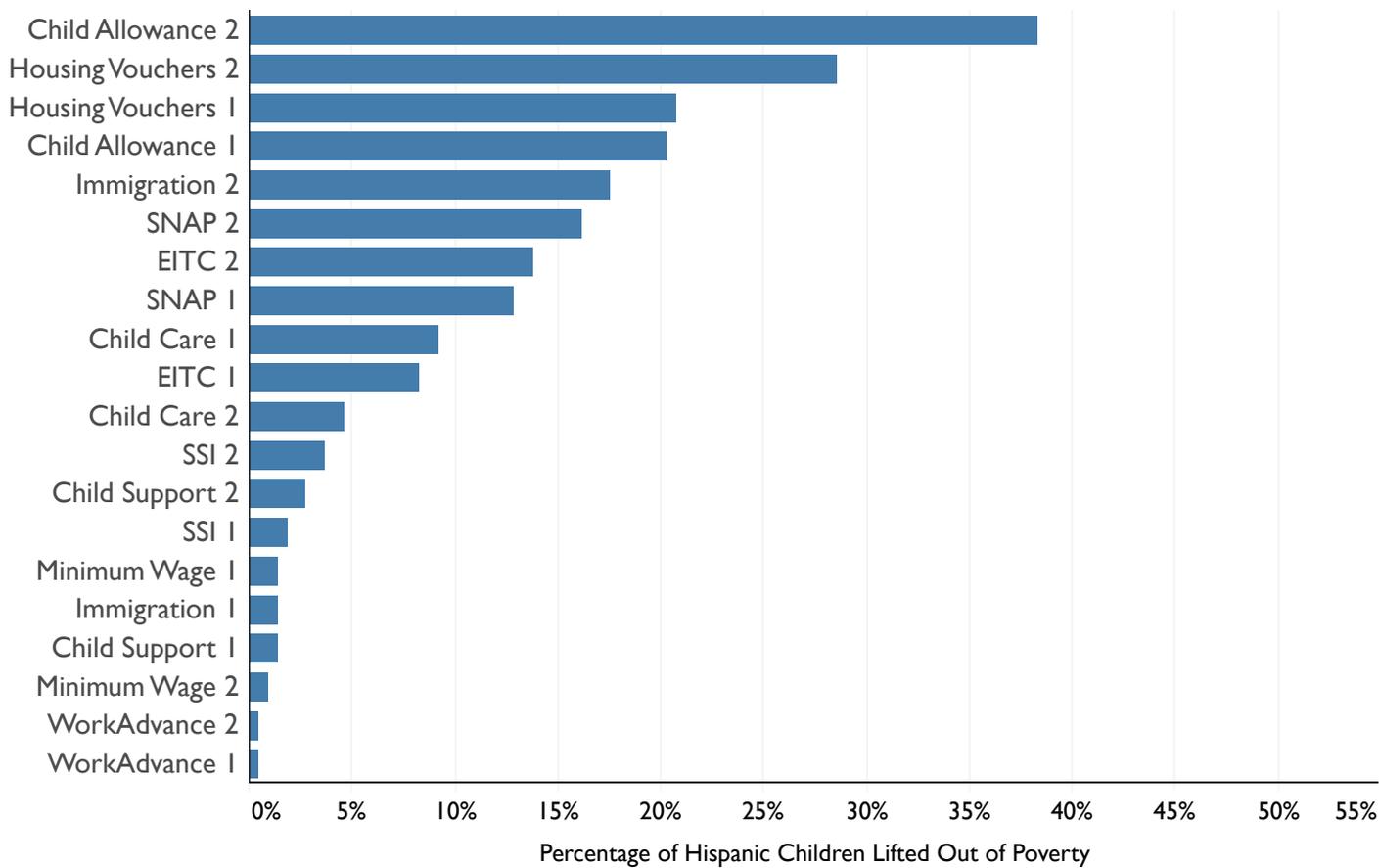
because estimates in the study show that, overall, the poverty rates for Black (17.8 percent) and Hispanic (21.7 percent) children are more than double those of non-Hispanic White (7.9 percent) children.<sup>15</sup>

Many of the policy and program changes are found to create a disproportionately large decrease in Black child poverty. Hispanic children would not benefit as substantially,<sup>16</sup> but certain policies, such as implementing a child allowance and eliminating barriers to benefits for immigrant families, would disproportionately benefit both Hispanic children and the children of immigrants.

<sup>15</sup> Ibid I. Page 40.

<sup>16</sup> Ibid I. Page 16.

## WHICH POLICY CHANGES WOULD MOST REDUCE POVERTY FOR HISPANIC CHILDREN?



Data: National Academies of Sciences, Engineering and Medicine, *A RoadMap to Reducing Child Poverty (2019)*, Appendix D, Table 5-4: Baseline and Post-Program Poverty Rates by Demographic Group. See [www.nap.edu/25246](http://www.nap.edu/25246). The baseline supplemental poverty rate for Hispanic children is 21.7%.

Note that the study does not provide poverty-reducing estimates for children in communities with some of the highest rates of child poverty, including American Indians and Alaska Natives, Asian and Pacific Islanders and children in Puerto Rico and the other territories.<sup>17</sup> While we understand that the committee faced barriers in its ability to analyze the impact of the policy options for children in these communities due to sample size and the limitations of the SPM, we believe strongly that any strategy to cut our national child poverty rate must include all children living in poverty. We urge Congress to support increased data collection and analysis of the impact of anti-poverty programs for children living in these communities.

### Persistent Poverty

Many poor children live in counties defined as “persistently poor,” meaning that the child poverty rate has been above 20 percent for over 30 years.<sup>18</sup> These children are likely to be living in households and communities with characteristics such as racial and income segregation, lower quality schools, and lack of infrastructure which perpetuate intergenerational poverty.<sup>19</sup> These characteristics compound the effects of poverty for children and families and make it much harder for them to escape poverty.

<sup>17</sup> Note that children and families living in Puerto Rico and the other territories are not included in SPM and therefore are included in population baseline used in this study.

<sup>18</sup> Ibid I. Page 313.

<sup>19</sup> Ibid I. Pages 223-224.

In 2015, 10 million children (13.9 percent) lived in counties with persistently high rates of child poverty.<sup>20</sup> Out of 3,141 counties in the United States, 708 are persistently poor and 1,858 had a child poverty rate above 20 percent. The majority of children living in persistently poor counties live in the South and Northeast – together, these two regions make up 81 percent of the 10.2 million children living in persistently poor counties.<sup>21</sup>

There are large racial and ethnic disparities for children living in persistently poor counties. While slightly more White children live in persistently poor counties, the rate of Black, Hispanic and American Indian and Native Alaskan children living in these counties is much higher. American Indian and Native Alaskan children experience the highest rates of living in persistent poverty,<sup>22</sup> and live within a geographically concentrated area. In fact, 60 percent of the Native American children living in persistently poor counties live in just four states: Arizona, New Mexico, North Carolina and Oklahoma.<sup>23</sup> Black children also experience high rates of persistent poverty and are concentrated in the South and Northeast, while 70 percent of Hispanic children living in persistently poor counties reside in California, New York and Texas. In 10 states and the District of Columbia, more than a quarter of children live in persistently poor counties.<sup>24</sup>

In order for the policy changes modeled in this study to be fully effective and reduce child poverty in the long-term, their implementation must account for the barriers associated with persistent poverty. For example, an increase in the supply of Housing Choice Vouchers must also include anti-discrimination protections so that families of color are able to use them across neighborhoods and communities.

In addition, we need policies beyond the ones modeled in this study to address intergenerational poverty. Such policies might include establishing child savings accounts and asset-building programs that reduce the racial wealth gap; greater investment in public education and equity in per-pupil spending; making high-quality early learning available to all children; increased development of public transportation; improving access to nutritious food by opening grocery stores or affordable farmer's markets and more.

## Issue-Specific Policy Analysis

### *Establish a National Child Poverty Target*

The study confirms that child poverty can be solved. What we need is the political will to do it. Establishing a national child poverty target — to cut our child poverty rate in half within a decade and eliminate child poverty within 20 years — offers the first step to building that political will and accountability.

The study details several examples from abroad that demonstrate the effectiveness of child poverty targets. In 1999, British Prime Minister Tony Blair declared these exact goals — to cut child poverty in half within a decade and eliminate it within 20 years — as a national target. This child poverty target and the resulting policy changes successfully cut the UK's absolute child poverty rate by 50 percent during

**Establishing a national child poverty reduction target offers a mechanism for advocates to hold lawmakers accountable.**

20 Ibid I. Page 313. The study defines persistently poor counties as those with a child poverty rate that has been above 20 percent through the 1980, 1990 and 2000 decennial censuses as well as through the American Community Survey's 5-year estimates for 2007-2011.

21 Ibid I. Page 319.

22 Ibid I. Page 315.

23 Ibid I. Page 320.

24 Ibid I. Page 319.

the effort's first decade.<sup>25</sup> The UK successfully raised incomes, promoted work, and improved child well-being while U.S. progress in these areas stagnated. Canada has also made significant progress toward its goal of cutting overall poverty in half by 2030 with the 2016 creation of a new child benefit that has increased incomes for families with children.<sup>26</sup>

In the U.S., the Child Poverty Reduction Act (S. 1630/H.R. 3381), led by Sens. Bob Casey (D-PA), Tammy Baldwin (D-WI) and Sherrod Brown (D-OH), and Reps. Danny Davis (D-IL), Barbara Lee (D-CA), Lucille Roybal-Allard (D-CA) and Gerry Connolly (D-VA) in the 115th Congress, would establish a national child poverty target to cut our rate in half within a decade and eliminate it within 20 years. Setting a national target helps create accountability, partly by requiring the federal government to issue annual reports documenting progress toward meeting the target. U.S. states and cities have already created momentum toward establishing a national target. California has a statewide task force and campaign to end child poverty.<sup>27</sup> Maine businesses and organizations have formed an action plan to cut child poverty in half.<sup>28</sup> In Wisconsin, a grassroots campaign is working to join children's advocates and the faith community to create a statewide target.<sup>29</sup> Cincinnati has set a goal to lift 10,000 children out of poverty within five years.<sup>30</sup> In Dallas, the Child Poverty Action Lab seeks to cut child poverty in half within a generation.<sup>31</sup>

Building on these efforts, the U.S. Child Poverty Action Group, led by First Focus on Children, launched the End Child Poverty US campaign,<sup>32</sup> with the goal to establish a national target to cut child poverty in half within a decade and eliminate it within 20 years.

### *Reform the Tax Code to More Effectively Reduce Child Poverty*

A Roadmap to Reducing Child Poverty proposes using the tax code and a child allowance program to successfully tackle child poverty and reduce deep child poverty in ten years. Taken together, the tax proposals offered in the study would also improve the academic, financial and health outcomes of children in poverty.

All four of the policy packages simulated in the study would modify the tax code. Without such policy changes, we cannot meet the child poverty reduction goals. The study highlights the success of the EITC and the refundable portion of the CTC in helping alleviate child poverty. Eliminating these tax credits, the committee notes, would increase child poverty by 5.9 percentage points from 13 percent to 18.9 percent.<sup>33</sup>

Notably, the study recognizes that a \$3,000 per child per year child allowance, operating as an extension of the child tax credit, would yield the largest reduction in child poverty: 5.3 percentage points over ten years. Such an allowance also would prove the single most effective policy for reducing deep child poverty.<sup>34</sup> A \$2,000 per

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25 Branosky, Natalie and Mansour, Jane, "A Look Back at the UK Child Poverty Target: Transferable Themes for the U.S.," First Focus, page 7, April 2015, <https://firstfocus.org/resources/report/a-look-back-at-the-uk-child-poverty-target-transferable-themes-for-the-united-states>.

26 Government of Canada, "Canada's first poverty reduction target met three years ahead of schedule," Statement, February 26, 2019, <https://www.canada.ca/en/employment-social-development/news/2019/02/canadas-first-poverty-reduction-target-met-three-years-ahead-of-schedule.html>.

27 End Child Poverty California, "The End Child Poverty Plan," last accessed April 3, 2019, <http://www.endchildpovertyca.org/#theplan>.

28 Taylor Cairns, "New Initiative aims to end child poverty in Maine," WGME, December 12, 2018, <https://wgme.com/news/local/maine-organizations-hope-to-reduce-childhood-poverty>.

29 "End Child Poverty Wisconsin," [www.endchildpovertywi.org](http://www.endchildpovertywi.org), last visited April 2, 2019.

30 "Child Poverty Collaborative," <http://www.childpovertycollaborative.org/>, last visited April 2, 2019.

31 "Child Poverty Action Lab," <https://childpovertyactionlab.org/>, last visited April 2, 2019.

32 End Child Poverty US, [www.endchildpovertyus.org](http://www.endchildpovertyus.org), last visited May 8, 2019.

33 Ibid I. Page 5.

34 Ibid I. Page 8.

child per year child allowance would reduce child poverty by 3.4 percentage points over ten years.<sup>35</sup> The monthly child allowance implemented in many other industrialized nations, such as Canada, Australia and nearly every European country, proves the success of cash-transfer programs to low-income families.<sup>36</sup>

Many children live in households where the parents, although working, are unable to maintain steady employment and experience unstable incomes. Families with volatile incomes can fall outside the earnings-based eligibility requirements for the current EITC and CTC. A child allowance that complements the work-based tax credits would allow these families to meet the immediate, basic needs of their children, such as food, clothing, school supplies and medicine.<sup>37</sup> A study of the impact that the UK's child allowance had on spending patterns confirms that parents prioritize necessities with the extra income, disproportionately spending it on clothing, footwear, and fruits and vegetables for their children, as well as on items designed to promote child development such as toys, books and computers.<sup>38</sup>

In the U.S., The American Family Act of 2019 (S.690/H.R.1560), introduced by Sens. Michael Bennet (D-CO) and Sherrod Brown (D-OH), and Reps. Rosa DeLauro (D-CT) and Suzan DelBene (D-WA), would create a child allowance in the U.S. by significantly extending the current CTC to reach the families who need it most. The bill would increase the benefit substantially, make it fully refundable, establish a larger tax credit for young children, authorize advance payments on a monthly basis and adjust the benefit for inflation.

Importantly, this legislation would change the current annual payment schedule of the CTC to establish a healthy, steady and monthly payment designed to better meet the daily and emergency needs of families throughout the year. The study committee finds that programs that provide regular income support, whether through tax credits, cash or vouchers, may be more helpful to families if they provide adequate benefits at well-timed intervals.<sup>39</sup> Replacing an annual, lump sum tax refund with a monthly sum would enable low-income families to provide a more consistent level of support for their children. Such consistency creates a less stressful environment, which fosters the development of positive parent-child interactions improving child development outcomes.<sup>40</sup>

Focusing on the two policy packages that lead to a 50 percent reduction in child poverty within ten years, the study demonstrates that significant changes to our tax code, along with the initiation of a child allowance, would drive down child poverty when matched with additional federal programs. A primary policy change to the current tax code targets expansion of the EITC. The study pursues two options towards achieving this outcome:

**Combining significant changes to our tax code with a child allowance and other federal programs would drive down child poverty.**

1. Increase payments along the phase-in and flat portions of the EITC schedule;
2. Increase payments by 40 percent across the entire schedule, keeping the current range of the phase-out portion.

The first approach would increase the maximum credit for families with children, ensure that the lowest income families eligible for the credit would receive a larger

35 Ibid I. Page 167.

36 Shafer, Luke H., Collyer, Sophie, Duncan, Greg, Edin, Kathryn, Garfin, Irwin, Harris, David, Smeeding, Timothy M, Waldfogel, Jane, Wimer, Christopher, Yoshikawa, Hirokazu. "A Universal Child Allowance: A Plan to Reduce Poverty and Income Instability among Children in the United States," The Russell Sage Foundation Journal of the Social Sciences, Vol 4, No.2, Anti-Poverty Policy Initiatives for the United States (February 2018), pp. 22-42. <https://www.jstor.org/stable/10.7758/rsf.2018.4.2.02>.

37 Ibid.

38 Gregg, Paul, Waldfogel, Jane and Washbrook, Elizabeth. "That's the Way the Money Goes: Expenditure patterns as Real Incomes Rise for the Poorest Families with Children," A More Equal Society, pages 251-277. Edited by Hills, John and Stewart, Kitty. The Policy Press, University of Bristol, UK, 2005.

39 Ibid I. Page 215.

40 Ibid I. Page 64.

benefit and reduce child poverty by approximately 9.2 percent. The second option would result in a higher maximum credit for all eligible recipients and would reduce child poverty by approximately 16.2 percent over ten years.<sup>41</sup> The Working Families Tax Relief Act (S. 1138), introduced by Sens. Sherrod Brown (D-OH), Michael Bennet (D-CO), Dick Durbin (D-IL) and Ron Wyden (D-OR), would boost the EITC by increasing the maximum credit and the phase-in rate, following policy options modeled in the study.

The study also simulates the conversion of the current non-refundable CDCTC to a fully refundable tax credit, concentrating its benefits on families with the lowest incomes and with children under the age of five as a way to support parents in the workforce. This adjustment would help reduce child poverty by 9.2 percent over ten years.<sup>42</sup> Several bills introduced in the 116th Congress would update the CDCTC and make it a refundable credit. The Promoting Affordable Childcare for Everyone Act of 2019 (PACE Act) (S. 749/H.R. 1696), reintroduced by Sens. Angus King (D-ME) and Richard Burr (R-NC) and Reps. Stephanie Murphy (D-FL) and Jason Smith (R-MO), and the Child and Dependent Care Tax Credit Enhancement Act of 2019 (S. 391/H.R. 1967), led by Sens. Bob Casey (D-PA) and Mazie Hirono (D-HI) and Rep. Danny Davis (D-IL), both would expand the credit, make it refundable and adjust it annually for inflation.

Both of the study's effective policy packages require improvements to the federal EITC and CDCTC to significantly reduce child poverty in the United States and meet the 50 percent child poverty reduction target over ten years. The NASEM roadmap concludes that "periodic increases in the generosity of the EITC program have improved children's educational and health outcomes."<sup>43</sup> For example, studies show that increased family income has positive effects on achievement both academically and financially, with higher test scores, higher graduation rates and higher earnings in adulthood.<sup>44</sup> Also, more generous EITC rates are associated with better health outcomes for both mothers and their children, including better infant health and maternal mental health.<sup>45</sup> The study also estimates that expanding the EITC and CDCTC will benefit the economy by increasing employment.<sup>46</sup>

The tax policy changes in the study would especially benefit children experiencing the highest poverty levels, including children of single parents and those in households with parents with a high school education. The country's legacy of structural racism and discrimination has made income instability and lack of savings more prevalent in Black and Hispanic families. Changes to tax policy therefore would disproportionately impact Black children in poverty, and Hispanic children to a lesser extent.

The study strongly signals to Congress that it should prioritize children when updating the tax code because it is an important tool for helping reduce child poverty and deep child poverty.

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41 Ibid. I. Page 426.

42 Ibid.

43 Ibid. I. Page 15.

44 Ibid. I. Page 71.

45 Ibid.

46 Ibid. I. Page 179.

## Impact of Programs on Child Poverty and Well-Being

Beyond the tax code, the NASEM study also highlights a number of programs that can contribute to cutting child poverty and improving child well-being.

### Increase SNAP benefit

With 20 million children relying on the program in 2016, the Supplemental Nutrition Assistance Program (SNAP) is the nation's largest federal food assistance program serving children and acts as the first line of defense against food insecurity among children.<sup>47</sup>

In addition to fighting hunger, SNAP significantly reduces child poverty and helps struggling families make ends meet. In 2017 alone, SNAP benefits lifted 1.5 million children out of poverty. The NASEM study notes that SNAP is “of central importance for reducing child poverty,” as well as improving child health, food security, and nutrition.<sup>48</sup> The study calls SNAP “by far the single most important tax and transfer program for reducing deep poverty,” and the committee’s simulations indicate that eliminating SNAP would nearly double the rate of children living in deep poverty from 2.9 percent to 5.7 percent.<sup>49</sup> At the same time, the report acknowledges three major shortcomings in the program that limit its impact on child poverty:

- SNAP benefit amounts are often inadequate for participating families, 57 percent of whom report food insecurity and many of whom exhaust their benefits before the end of the month.
- SNAP benefits for children do not currently expand as they age, even though teenagers have nearly the same dietary requirements as adults.
- SNAP does not address summer hunger, when children lose access to school meals and suffer increased rates of food insecurity as a result.

The study finds that modifying SNAP benefits to address these gaps would substantially reduce the rate of child poverty and would also decrease the percentage of children experiencing deep poverty. The study estimates that increasing benefit allotments for teenagers, increasing SNAP benefits for school-aged children in the summer, and increasing overall benefits for households with children by at least 20 percent would reduce the child poverty rate by 1.7 percentage points. A more generous 30 percent increase in overall household benefits would reduce the child poverty rate by 2.3 percentage points. The reductions in deep child poverty would be 0.5 percentage points and 0.7 percentage points, respectively.

The study strengthens the rationale for several ongoing legislative efforts to improve SNAP benefits for children. Sen. Kirsten Gillibrand (D-NY) in the 115th Congress introduced the SNAP for Kids Act of 2018 (S. 2723), which would increase SNAP benefits by 27 percent per school-aged child in a household. Also in the 115th Congress, Sen. Patty Murray (D-WA) and Rep. Susan Davis (D-CA) introduced the Stop Child Summer Hunger Act of 2018 (S. 3268/H.R. 6516), which would expand the Summer Electronic Benefit Transfer pilot program to provide \$150 in benefits for every child who qualifies for free and reduced-price lunches. In the 116th Congress, Rep. Alma Adams (D-NC) has introduced the Closing the Meal Gap Act of 2019 (H.R. 1368), which would increase SNAP benefits by a full 30 percent for all participants.

**In 2017 alone, SNAP benefits lifted 1.5 million children out of poverty. SNAP is the single most important tax and transfer program for reducing deep poverty.**

<sup>47</sup> “Characteristics of USDA Supplemental Nutrition Assistance Program Households: Fiscal Year 2016 (Summary),” United States Department of Agriculture, November 2017, <https://fns-prod.azureedge.net/sites/default/files/ops/Characteristics2016-Summary.pdf>.

<sup>48</sup> Ibid. I. Page 5-10.

<sup>49</sup> Ibid. I. Page 4-20.

It is important to note that the study did not model certain other policies that would reduce child food insecurity, such as expanding access to free and reduced-price meals via the National School Lunch and School Breakfast programs, improving access to meal sites within the Summer Food Service Program, and improvements to the Special Supplemental Nutrition Program for Women, Infants, and Children.

### **Improve Access to Housing Assistance**

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, meaning their household spends more than 30 percent of its monthly income on housing.<sup>50</sup>

Housing instability, which includes situations such as falling behind on rent and making multiple moves, is associated with an increased risk of poor child health, including hospitalizations, and of maternal depression.<sup>51</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.

Yet due to the limited supply of housing vouchers and subsidized units, only 25 percent of households eligible for housing assistance receive it.<sup>52</sup> Families with children do not receive priority and therefore make up a decreasing share of federal housing assistance beneficiaries<sup>53</sup> even though the majority of households on the waiting list for housing assistance (60 percent) are families with children.<sup>54</sup>

Research shows that housing assistance lifts children out of poverty: the U.S. Census Bureau reported that in 2017, housing subsidies lifted nearly one million children out of poverty. 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>55</sup>

The study committee examined two options for expanding access to affordable housing for families with children through the Housing Choice Voucher Program. The first would increase the number of vouchers directed to families with children so that 50 percent of eligible families not currently receiving subsidized housing would use them; the second would increase that number to 70 percent of eligible families.

These changes are modeled on findings that the take-up rate for families who receive vouchers maxes out at 70 percent.<sup>56</sup>

**One-third of U.S. children live in households that spend more than 30% of their income on housing.**

50 “Children Living in Households with a High Housing Cost Burden,” Annie E. Casey Foundation Kids Count Data Center, Population Reference Bureau, analysis of data from the U.S. Census Bureau, 2005 through 2016 American Community Survey, last visited March 22, 2019, <https://datacenter.kidscount.org/data/tables/7244-children-living-in-households-with-a-high-housing-cost-burden#detailed/1/any/false/870,573,869,36,868,867,133,38,35,18/any/14287,14288>.

51 Megan Sandel, Richard Sheward, Stephanie Ettinger de Cuba, Sharon M. Coleman, Deborah A. Frank, Mariana Chilton, Maureen Black, Timothy Heeren, Justin Pasquariello, Patrick Casey, Eduardo Ochoa, and Diana Cutts, “Unstable Housing and Caregiver and Child Health in Renter Families,” *Pediatrics*, published online January 2018, <https://pediatrics.aappublications.org/content/141/2/e20172199>.

52 “Federal Housing Assistance for Low-Income Households,” U.S. Congressional Budget Office, September 2015, <https://www.cbo.gov/sites/default/files/114th-congress-2015-2016/reports/50782-lowincomehousing-onecolumn.pdf>.

53 G. Thomas Kingsley, “Trends in Housing Problems and Federal Housing Assistance,” Urban Institute, October 2017, <https://www.urban.org/sites/default/files/publication/94146/trends-in-housing-problems-and-federal-housing-assistance.pdf>.

54 “The Long Wait for a Home,” National Low Income Housing Coalition, Housing Spotlight 6. no. 1, (Fall 2016), [https://nlihc.org/sites/default/files/HousingSpotlight\\_6-1\\_int.pdf](https://nlihc.org/sites/default/files/HousingSpotlight_6-1_int.pdf).

55 Fredrik Andersson, John C. Haltiwanger, Mark J. Kutzbach, Giordano E. Palloni, Henry O. Pollakowski, and Daniel H. Weinberg, “Childhood Housing and Adult Earnings: A Between Siblings Analysis of Housing Vouchers and Public Housing,” NBER Working Paper No. 22721 National Bureau of Economic Research, 2016, <http://www.nber.org/papers/w22721>.

56 Meryl Finkel and Larry Buron, “Study on Section 8 Voucher Success Rates,” Volume I, U.S. Department of Housing and Urban Development Office of Policy Development and Research, November 2001, <https://www.huduser.gov/publications/pdf/sec8success.pdf>.

The first policy option would reduce overall child poverty by 2 percentage points and deep child poverty by 0.6 percentage points. The second option would reduce overall child poverty by 3 percentage points and deep child poverty by 0.8 percentage points. Both options would have a disproportionately high impact on reducing poverty among Black and Hispanic children, as well as children in households where a mother is under 25 and/or lacks a high school degree.<sup>57</sup> However, due to limitations on eligibility for immigrant families, these changes would have a very low impact on non-citizen children and citizen children living with an undocumented parent.

Increasing access to vouchers has the clear potential to disproportionately reduce child poverty for children of color, but expansion of vouchers must coincide with legal protections that ensure that families with children are actually able to use them. The United States continues to have high levels of racial and ethnic residential segregation due to discriminatory practices that keep families of color living in areas of concentrated poverty with lower performing schools. For example, research documents that landlords show fewer units to households of color than to White families.<sup>58</sup> Therefore, we must enforce and strengthen federal fair housing protections to prevent practices that limit households of color from accessing housing even when they can afford it.

Expansion of vouchers must also include source-of-income protections that prohibit landlords from turning families away because they are using a voucher.<sup>59</sup> Currently, 15 states and the District of Columbia as well as more than 80 cities and counties have laws in place to protect tenants against source-of-income discrimination.<sup>60</sup> Several recent proposals from 2020 presidential candidates offer steps to strengthen anti-discrimination protections for various forms of housing, including source of income.<sup>61</sup>

Families receiving vouchers and other forms of housing assistance must also have access to civil legal services and eviction prevention programs. Nearly 30 percent of households living in a rented home have experienced a related civil legal problem in the past year, such as the threat of eviction.<sup>62</sup> Families with children are evicted at much higher rates, and 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>63</sup>

Civil legal services and eviction prevention programs help keep children and families in their homes, yet most low-income families lack access to these services. The Legal Services Corporation (LSC) provides grants to civil legal aid organizations, but funding remains limited and the LSC continues to be under threat from the current Administration. The Equal Opportunity for Residential Representation Act of 2017 (H.R. 1146 in the 115th Congress), led by former Rep. Keith Ellison (D-MN), would

**Families receiving housing assistance must also have access to civil legal services and eviction prevention programs.**

57 Ibid 1. Page 153.

58 Margery Austin Turner, Diane K. Levy, Doug Wissoker, Claudia L. Aranda, Rob Pitingolo, Rob Santos, "Housing Discrimination Against Racial and Ethnic Minorities 2012," Urban Institute prepared for the U.S. Department of Housing and Urban Development Office of Policy Development and Research, 2013, [https://www.huduser.gov/portal/publications/fairhsg/hsg\\_discrimination\\_2012.html](https://www.huduser.gov/portal/publications/fairhsg/hsg_discrimination_2012.html).

59 Source of Income Discrimination," National Housing Law Project, 17, November 2017, <https://www.nhlp.org/resources/source-of-income-discrimination-2/>.

60 "Expanding Choice: Practical Strategies for Building a Successful Housing Mobility Program, Appendix B: State, Local and Federal Laws Barring Source-of-Income Discrimination" Poverty & Race Research Action Council, January 2019, <https://www.prrac.org/pdf/AppendixB.pdf>.

61 "Warren and Colleagues Reintroduce Historic Legislation to Confront America's Housing Crisis, Office of Senator Elizabeth Warren, Press Release, March 13, 2019, <https://www.warren.senate.gov/newsroom/press-releases/warren-and-colleagues-reintroduce-historic-legislation-to-confront-americas-housing-crisis>;"Housing Opportunity, Mobility and Equity Act of 2018, S. 3342," Congress.gov, last visited April 16, 2019 <https://www.congress.gov/bill/115th-congress/senate-bill/3342/text?q=%7B%22search%22%3A%5B%22S.+3342%22%5D%7D&r=1&s=1>.

62 "The Justice Gap: Measuring the Unmet Civil Legal Needs of Low-Income Americans" Legal Services Corporation, 2017, <https://www.lsc.gov/media-center/publications/2017-justice-gap-report>.

63 Matthew Desmond, An Weihau, Richelle Winkler, and Thomas Ferriss, "Evicting Children," Social Forces 92, no. 1 (September 2013): 303–327, [https://scholar.harvard.edu/files/mdesmond/files/social\\_forces-2013-desmond-303-27.pdf](https://scholar.harvard.edu/files/mdesmond/files/social_forces-2013-desmond-303-27.pdf).

create 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 require equitable distribution between urban and rural areas, with at least 20 percent guaranteed for rural areas.<sup>64</sup> First Focus Campaign for Children is working to see this legislation reintroduced in the 116th Congress.

Finally, in order for rental assistance to effectively reduce child poverty and improve outcomes, it should coordinate with other systems serving these children. We urge the 116th Congress to take up the Affordable Housing for Educational Achievement Demonstration (AHEAD) Act (S. 1949 in the 115th Congress), led by Sen. Patty Murray (D-WA), which would incentivize partnerships between housing authorities and school districts to keep families permanently housed and improve educational outcomes for children.<sup>65</sup>

It is important to note that the NASEM study did not model other policies that would increase access to affordable housing, such as renters tax credits<sup>66</sup> and increases to the National Housing Trust Fund.

### ***Ensure Affordable, High-Quality Child Care for Working Families***

The NASEM study repeatedly acknowledges the importance of access to child care, which severely impacts families' ability to work. It models a policy that would guarantee assistance from the Child Care and Development Fund (CCDF) for all eligible families with incomes below 150 percent of the poverty line. Currently, only about 17 percent of eligible children receive assistance.<sup>67</sup> Part of the CCDF is comprised of discretionary money, the Child Care and Development Block Grant (CCDBG), so not all individuals who qualify for CCDF assistance receive it. States also have discretion to set the eligibility threshold, and a number of them have put it below 150 percent of poverty. (The study assumes that states with higher thresholds would maintain them.) The proposal would help reduce childhood poverty by a significant 0.6 percentage points, and would also increase the labor force participation for families, especially for low-income mothers.

The study does not, however, address the impact of limited access to high-quality child care, which has both short- and long-term effects on young children and their families. First Focus Campaign for Children has supported numerous efforts to improve both access to and quality of child care. These include a push for increased funding through the appropriations process for the CCDBG. Legislation such as the Child Care for Working Families Act (S. 568/H.R. 1364) introduced by Rep. Bobby Scott (D-VA) and Sen. Patty Murray (D-WA) would ensure affordable, high-quality child care for working families and would increase provider rates to help ensure quality. We also support a national apprenticeship program to create a career pathway for early care workers.

### ***Expand Benefit Eligibility for Immigrant Families***

Children of immigrants are the fastest-growing group of American children, with nearly one-in-four children (18 million) living in a family with at least one immigrant parent. Ten percent of children live in mixed-status families where at least one member of the household is not a citizen. While the majority of children in these households are themselves citizens, the fact that at least one member of their household is not authorized to work or has limited or no eligibility for public assistance based on their immigration status means they have higher rates of poverty than children in U.S.-born families.<sup>68</sup>

**Nearly  
one-in-four  
American  
children lives  
in a family  
with at least  
one immigrant  
parent.**

64 Cara Baldari, "Equal Opportunity for Residential Representation Act of 2017 (H.R. 1146)," First Focus Campaign for Children, Fact Sheet, March 2017, <https://campaignforchildren.org/resources/fact-sheet/equal-opportunity-for-residential-representation-act-of-2017-h-r-1146/>

65 "The Affordable Housing for Educational Achievement Demonstration (AHEAD) Act S. 1949", First Focus Campaign for Children, February 2018, <https://campaignforchildren.org/wp-content/uploads/sites/2/2018/09/AHEAD-ACT-Fact-Sheet-May-16.pdf>.

66 Dylan Matthews, Cory Booker and Kamala Harris's affordable housing plans, explained, Feb 2, 2019, Vox, <https://www.vox.com/future-perfect/2019/2/2/18205913/rent-kamala-harris-cory-booker-poverty>.

67 Ibid I. Page 217.

68 Ibid I. Page 140.

As a result, the study committee puts forth two policy options for expanding access to benefits for immigrant children and families.<sup>69</sup> The first policy proposal would restore program eligibility for non-qualified legal immigrant parents and children for SNAP, TANF, Medicaid, SSI, and other means-tested federal programs. The second proposal would eliminate eligibility restrictions for all non-citizen parents and children in SNAP, TANF, Medicaid, SSI, and other means-tested federal programs.

The first policy would reverse provisions in the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) that restrict program eligibility for both unauthorized and lawfully present immigrants and define the conditions under which some categories of immigrants may qualify to receive public benefit. Restricting eligibility in this way affects children who are eligible for anti-poverty programs, including U.S. citizen children, because program benefits may be calculated to exclude the non-eligible family member(s) and reduce the overall household benefit.

It is important to note that limits on the simulation of these provisions led the study to find that they would have a small impact on reducing child poverty. For instance, the simulations exclude Medicaid because, as previously noted, the program is not currently measured in the SPM. However, if we were to implement these policy options, thousands of uninsured immigrant children would potentially gain access to healthcare through Medicaid,<sup>70</sup> reducing child poverty for immigrant households by improving children's short- and long-term health outcomes and reducing out-of-pocket medical costs for families with children.

The study also does not model the effect of expanding eligibility for family tax credits to immigrant families with children. Currently, only members of a household with Social Security numbers (SSNs) are eligible for the EITC.<sup>71</sup> In addition, the Tax Cuts and Jobs Act of 2017 eliminated access to the CTC to children with Individual Taxpayer Identification Numbers (ITINs), limiting the credit to children with SSNs. As a result, an estimated one million children are now denied access to the credit.<sup>72</sup>

Despite the overall limited impact of these provisions in reducing overall child poverty, the study documents that these changes would have a disproportionately large impact on reducing poverty for Hispanic children and children of immigrants.<sup>73</sup> Child poverty rates among Hispanic children are 22 percent higher than rates for non-Hispanic White children. One-quarter of children live in immigrant households, and poverty rates for children in immigrant families are 21 percent higher than their non-immigrant counterparts. Expanding their eligibility for public benefits is important both for reducing poverty and promoting social inclusion and equity for Hispanic and immigrant children.

While the study references the current Administration's recently proposed "public charge" rule, it does not model its potential chilling effect on the take-up rate of immigrants accessing public benefit. This proposed rule, issued for public comment on October 10, 2018, would expand who may be deemed a public charge (i.e., burden on the public coffers) in consideration of an application for lawful permanent resident status and/or lawful admission to the United States. Government officials would now consider an applicant's use of benefits beyond the existing standards of cash assistance and long-term medical care to include Medicaid, SNAP and housing assistance, such as Section 8 Housing Choice Vouchers, Section 8 Project Based Rental Assistance and Public Housing.<sup>74</sup> While the rule had not been finalized at the

69 Ibid I, Page 416.

70 "Health Insurance Coverage of Children 0-18, The Henry J. Kaiser Family Foundation, 2017, <https://www.kff.org/other/state-indicator/children-0-18/?data-View=1&currentTimeframe=0&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D>; "Health Coverage for Immigrant Children," National Immigration Law Center, January 2018, <https://www.nilc.org/issues/health-care/healthcoveragemaps/>.

71 Social Security Number and Claiming EITC, last visited April 16, 2019, <https://www.irs.gov/credits-deductions/individuals/earned-income-tax-credit/social-security-number-and-claiming-eitc>

72 "A Tragic and Harmful Tax Bill – Whose Price Children Will Bear," First Focus Campaign for Children, Press Statement, December 2, 2017, <https://campaignforchildren.org/news/press-release/a-tragic-and-harmful-tax-bill-whose-price-children-will-bear/>; Jacob Leibenluft, "Tax Bill Ends Child Tax Credit for About 1 Million Children," Center on Budget and Policy Priorities, December 18, 2018, <https://www.cbpp.org/blog/tax-bill-ends-child-tax-credit-for-about-1-million-children>.

73 Ibid I, p. 153.

74 Inadmissibility on public charge grounds, 83 Fed. Reg. 51114 (proposed October 10, 2018) (to be codified at 8 CFR Parts 103, 212, 213, 214, 245 and 248) <https://www.federalregister.gov/documents/2018/10/10/2018-21106/inadmissibility-on-public-charge-grounds>; "The Public Charge Rule Harms Children," First Focus, Fact Sheet, October 10, 2018, <https://firstfocus.org/resources/fact-sheet/fact-sheet-the-public-charge-rule-harms-children>.

time of this of publication, the threat of the rule is already having a significant chilling effect on immigrant families accessing these benefits.<sup>75</sup> A recent study from the Urban Institute shows that one-in-six adults in immigrant families with children avoided using public benefit programs in 2018 due to concerns about future green card status.<sup>76</sup>

### **Raise the Federal Minimum Wage**

The majority of low-income households with children have at least one parent who works, but the combination of low wages, skyrocketing rents and the high cost of everyday goods, means parents still struggle to make ends meet.<sup>77</sup>

The federal minimum wage has not increased since 2007 and remains at \$7.25 an hour. The policy options simulated in the study would raise the minimum wage to \$10.25 over the next three years and index it to inflation after that. However, the second policy option includes an alternative route of raising the minimum wage to the 10th percentile of each state's hourly wage distribution or to \$10.25 an hour, whichever is lower.

Research suggests that increasing the federal minimum wage reduces child poverty by boosting the income of low-skilled workers, many of whom live in households with children. Analysis from the Economic Policy Institute finds that 41 million workers would benefit from increasing the minimum wage to \$15 an hour, and 28 percent of these workers have children. This increase would impact more than 11 million children.<sup>78</sup>

Note that the study simulates an increase up to \$10.25, which is relatively small compared to current legislative efforts. The Raise the Wage Act (S. 150/H.R. 582), led by Sen. Bernie Sanders (I-VT) and Rep. Bobby Scott (D-VA), proposes raising the federal minimum wage to \$15 an hour by 2024. In addition, several states and cities already have established minimum wages higher than \$10.25 an hour.<sup>79</sup> The study committee also assumes separate tipped minimum wages for tipped workers.

The study committee finds that the biggest impact of raising the minimum wage would be for children in households living in near poverty, or at 150 percent of the SPM poverty line (about \$35,000 for a family of four with two children). These are children whose parents work, but still live on the brink of poverty due to low wages. An increased minimum wage would provide these families with additional income that would help them remain above the poverty line and support their children's basic needs. But the biggest impact by far of any policy in the study would come from establishing a monthly \$250 child allowance.<sup>80</sup>

Of the four packages the committee considered, two included increasing the minimum wage (the Work-Oriented package and the Universal Supports and Work package). The Universal Supports and Work package is one of the two that successfully meets the 50 percent poverty reduction goals.

**An increased minimum wage would help families remain above the poverty line and would support their children's basic needs.**

75 Alfred Lubano, "More Moms and Children Withdrawing From Nutrition Assistance Because of Deportation Fears, Administrators Say," Philadelphia Inquirer, March 20, 2019, <https://www.philly.com/news/wic-trump-immigration-deportation-pregnant-women-infants-20190320.html>.

76 Hamutal Bernstein, Dulce Gonzalez, Michael Karpman, and Stephen Zuckerman, "With Public Charge Rule Looming, One in Seven Adults in Immigrant Families Reported Avoiding Public Benefit Programs in 2018," Urban Institute, May 21, 2019, <https://www.urban.org/urban-wire/public-charge-rule-looming-one-seven-adults-immigrant-families-reported-avoiding-public-benefit-programs-2018>.

77 Heather Koball and Yang Jiang, "Basic Facts about Low-Income Children," National Center for Children in Poverty, January 2018, [http://nccp.org/publications/pub\\_1194.html](http://nccp.org/publications/pub_1194.html).

78 "Why America Needs a \$15 Minimum Wage," Economic Policy Institute, Fact Sheet, February 5, 2019, <https://www.epi.org/publication/why-america-needs-a-15-minimum-wage/>.

79 "State Minimum Wages: 2019, National Council of State Legislatures, last updated January 7, 2019, <http://www.ncsl.org/research/labor-and-employment/state-minimum-wage-chart.aspx>; "Inventory of US City and County Minimum Wage Ordinances," UC Berkeley Labor Center, last updated March 6, 2019, <http://laborcenter.berkeley.edu/minimum-wage-living-wage-resources/inventory-of-us-city-and-county-minimum-wage-ordinances/>

80 Ibid 1, p. 144.

## Guarantee Minimum Child Support Payments

More than half of children in the United States will spend at least part of their childhood not living with two biological parents.<sup>81</sup> Children in single-parent households are more likely to live in poverty than children in two-parent households because there is only one potential earner.

Child support payments offer a critical source of income for single-parent families. For households living below the poverty line that receive child support, these payments account for more than half their income. In fact, child support payments lifted more than 500,000 children out of poverty in 2017.<sup>82</sup> Yet too many children living in poverty still fail to receive any child support payments — fewer than half of custodial parents who are owed child support receive full payments, and more than a quarter receive nothing.<sup>83</sup>

The Child Support Enforcement (CSE) Program was established in 1975 as a federal-state partnership to assist families in securing child support payments from non-custodial parents. The program provides many services for qualifying children and families, including the establishment and distribution of child support orders, paternity establishment and distribution of child support payments. In 2017, child support agencies collected \$32.4 billion, with 96 percent of this money going directly to families.<sup>84</sup>

However, many custodial parents still fail to receive child support payments because non-custodial parents lack the income to comply with child support orders. Most child support owed in the United States is by non-custodial parents with very low or no reported income. The country's high rate of incarceration compounds this problem, creating a large population of non-custodial parents who cannot meet child support orders due to current incarceration or criminal records that prevent them from obtaining employment.

Non-custodial parents who are trying to comply with child support orders but face barriers to doing so may rack up large arrears, hurting their credit score and ability to obtain employment and housing. Recent changes to the CSE program attempt to address this issue by basing child support orders on non-custodial parents' actual earnings and halting the accumulation of arrears while a non-custodial parent is incarcerated.<sup>85</sup>

To address gaps in child support orders, the study committee models two options for a federal child support assurance policy that would guarantee custodial parents receive regular support:

1. Guarantee minimum child support of \$100 per month per child
2. Guarantee minimum child support of \$150 per month per child

A child support assurance policy is not a new idea. Sweden has a publicly financed minimum child support benefit that has successfully reduced the poverty and

**A federal child support assurance policy combined with a \$250 monthly child allowance would virtually erase deep child poverty in the United States.**

81 Melissa Boteach and Shawn Fremstad "Valuing All Our Families," Center for American Progress, January 2015, <https://cdn.americanprogress.org/wp-content/uploads/2015/01/FamilyStructure-report.pdf>.

82 Liana Fox, The Supplemental Poverty Measure: 2017, U.S. Census Bureau, 2018, <https://www.census.gov/content/dam/Census/library/publications/2018/demo/p60-265.pdf>.

83 Timothy Grall, Custodial Mothers and Fathers and Their Child Support: 2015, U.S. Census Bureau, January 2018, <https://www.census.gov/content/dam/Census/library/publications/2018/demo/P60-262.pdf>.

84 "2017: Child Support: More Money for Families," Administration for Children and Families, Office of Child Support Enforcement, [https://www.acf.hhs.gov/sites/default/files/p\\_ograms/css/2017\\_infographic\\_national\\_updated\\_0821.pdf](https://www.acf.hhs.gov/sites/default/files/p_ograms/css/2017_infographic_national_updated_0821.pdf).

85 Flexibility, Efficiency and Modernization 42 CFR Part 433, 2016, <https://www.govinfo.gov/content/pkg/FR-2016-12-20/pdf/2016-29598.pdf>.

insecurity of single mothers and their children.<sup>86</sup> Wisconsin also modeled a minimum child support benefit in the 1980s.<sup>87</sup> Only households where a child support order is in place would be eligible for these payments, with the amount designed to equal the difference between the monthly child support income that is legally obligated and the child support assurance guarantee. These payments, combined with a \$250 per month child allowance, would virtually erase deep child poverty in the United States.<sup>88</sup>

## Other Policies of Note

### *Medicaid*

As previously noted, the study excludes Medicaid from the modeled policy options because it is not included in the SPM. Medicaid, however, does indeed benefit millions of families with children. A public health insurance program, Medicaid is operated as a partnership between the federal government and the states, providing health insurance coverage to very low-income children, people with disabilities, the elderly and some low-income adults who are uninsured.

Medicaid began as part of the Social Security Amendments of 1965 (P.L. 89-97), the same legislation that created Medicare. Prior to Medicaid's passage, health care services for children living in poverty were provided primarily through a patchwork of programs sponsored by state and local governments, charities and community hospitals. Medicaid provides health coverage with remarkable success to 74 million of our nation's most vulnerable citizens: primarily children in very low-income families, adults with significant disabilities and/or low incomes, and elderly individuals who are cared for in long-term care facilities.

Medicaid and the Children's Health Insurance Program (CHIP), which Congress created in 1997 for children who are not eligible for Medicaid but whose parents could not afford private insurance, have together reduced the uninsured rate for children to historic lows. Data shows that health insurance and access to health care through childhood lead to better education and employment outcomes and to better health status as adults. Program changes that limit access to coverage, such as parental work requirements and waiting periods for children, may reduce those positive outcomes as well as threaten family economic stability.

The study committee agreed on the significance of Medicaid in children's lives and its long-term results, concluding, "expansions of public health insurance for pregnant women, infants, and children have generated large improvements in child and adult health and in educational attainment, employment, and earnings."<sup>89</sup> Affordable health care due to Medicaid access also helps keep families out of deep poverty. In fact, without Medicaid, some families whose income keeps them above the poverty level would still be at risk of falling into deep poverty due to high out-of-pocket medical expenditures.<sup>90</sup>

First Focus Campaign for Children advocates for policies that would increase eligibility for Medicaid and CHIP and reduce family financial burden include: creating a system to insure all children continuously from birth through age five, and protecting Medicaid and CHIP from funding changes such as block grants and per capita caps.

### *Early Childhood Education and Parental Support Programs*

The NASEM study also excludes from its modeling early childhood education programs such as Head Start and Pre-K, as well as early childhood parenting and support programs, such as home visiting. The committee finds that the long-term benefit of these programs fall outside of the scope of the 10-year window of child poverty reduction they were charged

86 Irwin Garfinkel and Lenna Nepomnyaschy, "Assuring Child Support: A Reassessment in Honor of Alfred Kahn," From Child Welfare to Child Well-Being, Springer, pp. 231-253, [https://link.springer.com/chapter/10.1007%2F978-90-481-3377-2\\_14](https://link.springer.com/chapter/10.1007%2F978-90-481-3377-2_14).

87 Philip K. Robins, Irwin Garfinkel, Pat Wong and Daniel R. Meyer, "The Wisconsin Child Support Assurance System Estimated Effects on Poverty, Labor Supply, Caseloads and Costs," Journal of Human Resources, Vol. 25, No. 1, December 1990, [https://www.researchgate.net/publication/46552351\\_The\\_Wisconsin\\_Child\\_Support\\_Assurance\\_System\\_Estimated\\_Effects\\_on\\_Poverty\\_Labor\\_Supply\\_Caseloads\\_and\\_Costs](https://www.researchgate.net/publication/46552351_The_Wisconsin_Child_Support_Assurance_System_Estimated_Effects_on_Poverty_Labor_Supply_Caseloads_and_Costs).

88 Ibid I. Page 169

89 Ibid I. Page 15.

90 Ibid I. Page 277.

with reviewing. However, research shows that high-quality early learning programs can have positive long-term impacts on participants' lives, including increases and improvements in employment, health, and cognitive and socio-emotional skills, in addition to reductions in criminal activity. Evidence also shows that the positive impacts of high-quality early learning programs can extend to the second generation, the children of the original participants, who demonstrated improved education, health and employment.<sup>91</sup>

First Focus Campaign for Children knows that these important programs are vital to improving the lives and well-being of kids in both the short- and long-term. We urge Congress to increase funding for these and other high-quality early childhood and parental support programs that produce positive health, educational and economic impacts for children and families.

### ***Supplemental Security Income***

The study does model two options for increasing child benefit levels in the SSI program:

1. Expanding the maximum child benefit from \$733 to \$977 (a one-third increase)
2. Expanding the benefit from \$733 to \$1,222 (a two-thirds increase).

However, the study committee does not include either of these increases in any of the four policy packages.

The SSI program pays benefits to adults and children with disabilities who have limited income and resources, with the goal of offsetting the financial burden associated with disabilities. Families caring for children with special health care needs are more prone to economic hardship. Consider that the average cost of caring for a child with disabilities ranges from \$6,000 to \$20,000 a year.<sup>92</sup> Families also forfeit income when a parent or caregiver must stay home to care for a child. SSI's monthly income supplement is intended to offset some of these costs and can support a family's ability to raise a child at home rather than in an institution.

The SSI program lifted nearly 500,000 children out of poverty in 2017. Yet benefit levels remain low compared with the significant out-of-pocket costs for families caring for a child with a disability. Since these benefit increases would target only a limited number of households, they have a relatively modest impact on reducing the overall child poverty rate. Yet for those affected families, it would mean an additional \$250 to \$500 a year, increasing their ability to cover medical costs and care for children with disabilities in their homes.

**The positive impacts of high-quality early learning programs can extend to the second generation.**

91 James Heckman, "Intergenerational and Intragenerational Externalities of the Perry Preschool Project," May 2019, <https://hceconomics.uchicago.edu/research/working-paper/intergenerational-and-intragenerational-externalities-perry-preschool-project>.

92 Shawn Fremstad and Rebecca Vallas, "Supplemental Security Income for Children with Disabilities," National Academy of Social Insurance, 40, November 2012, <https://www.nasi.org/research/2012/supplemental-security-income-children-disabilities>.

## Mandatory Work Policies

The study analyzes mandatory work policies in benefit programs and finds that “evidence was insufficient to identify mandatory work policies that would reliably reduce child poverty.” Perhaps even more significant the committee determined “that work requirements are at least as likely to increase as to decrease poverty.”<sup>93</sup>

The study findings confirm what we know to be true — mandatory work policies can lead to an increase in child poverty and have negative implications for child well-being. Data shows that in most low-income households with children, at least one family member is already working.<sup>94</sup> Therefore, these requirements often do nothing more than add an extra layer of bureaucracy by requiring families to document their existing employment. For example, almost 90 percent of SNAP households with children work in the year before or after receiving SNAP, and more than 60 percent work while receiving SNAP benefits<sup>95</sup>

These employment documentation requirements are especially onerous for low-wage workers who often have no control of their schedules and are subject to volatile hours. This volatility combined with lack of affordable transportation and child care means these requirements deprive families of access to critical assistance. About 18,000 Medicaid recipients in Arkansas have already lost coverage<sup>96</sup> due to newly implemented work requirements in their state. Insufficient reporting practices, lack of information and other bureaucratic red tape have caused otherwise compliant recipients to lose their coverage. It is well-proven that when parents lose coverage, children’s coverage drops, even when those kids remain eligible for Medicaid or CHIP.

Despite these findings the current Administration, some Members of Congress and some Governors continue efforts to add work requirements to Medicaid or expand work requirements in SNAP. The federal government has approved, or is in the process of reviewing, Medicaid waivers in over 20 states that allow them to add work requirements, increase premiums and make other harmful changes to the program.<sup>97</sup>

In addition, a recent proposed rule from the U.S. Department of Agriculture would limit a state’s ability to receive time-limit waivers from SNAP work requirements for individuals deemed Able-Bodied Adults Without Dependents, a change that would deny food assistance to more than 750,000 individuals. While not aimed at children, this rule would severely affect children who rely on support from non-custodial parents or extended family members, as well young adults aging out of foster care and unaccompanied homeless young adults who would be subject to these rules.<sup>98</sup>

**Work requirements are at least as likely to increase as to decrease poverty.**

93 Ibid I. Page 12

94 Koball and Jiang, [http://nccp.org/publications/pub\\_1194.html](http://nccp.org/publications/pub_1194.html).

95 Dean, Stacy, Bolen, Ed, and Keith-Jennings, Brynne. “Making SNAP Work Requirements Harsher Will Not Improve Outcomes for Low-Income People,” Center on Budget and Policy Priorities. 1 March 2018. <https://www.cbpp.org/research/food-assistance/making-snap-work-requirements-harsher-will-not-improve-outcomes-for-low>. Accessed April 2019.

96 Benjamin Hardy, “Over 18,000 lost coverage in 2018 due to Medicaid work rule, but only a fraction have reapplied,” Arkansas Times, January 15, 2019, <https://www.arktimes.com/ArkansasBlog/archives/2019/01/15/over-18000-lost-coverage-in-2018-due-to-medicaid-work-rule-but-only-fraction-have-reapplied>.

97 “Waiver Strategy Center,” Families USA, last visited May 7, 2019, <https://familiesusa.org/state-waiver-resource-and-tracking-center>.

98 Supplemental Nutrition Assistance Program: Requirements for Able-Bodied Adults Without Dependents, 84 Fed. Reg. 980 (proposed February 1, 2019) (to be codified at 7 CFR part 273); Rachel Merker, “How the Proposed SNAP Time-Limit Rule Will Hurt Children,” Fact Sheet, First Focus, February 1, 2019, <https://firstfocus.org/resources/fact-sheet/fact-sheet-how-the-proposed-snap-time-limit-rule-will-harm-children>.

### ***Temporary Assistance for Needy Families (TANF) program***

The TANF program is currently the only federal program that provides cash assistance to families with very low incomes. Yet just under 25 percent of all poor families that are eligible for cash assistance receive it. In fact, states overwhelmingly use TANF funds for other important priorities that fall outside of the program's original intent of reducing child poverty and getting families back to work. In addition, due to its nature as a fixed block grant, TANF cannot effectively respond during times of increased need, and inflation has diminished its value by more than 30 percent since 1996. As a result, TANF continues to lose its impact on reducing child poverty.

Due to the fact that so little of TANF spending currently goes to cash assistance and states vary so greatly in how they spend these funds, the study committee was not able to model the poverty-reducing impact of TANF policy changes.

TANF requires significant reforms in order to increase its effectiveness at reducing child poverty. These include:

- Adding child poverty reduction as an explicit goal of TANF and measuring state performance according to how many children are lifted out of poverty in all TANF caseloads;
- Increasing funding for the block grant, including indexing it to inflation and improving upon TANF's ability to respond during times of increased need;
- Holding states accountable for helping parents exit TANF with quality employment that provides their family with a wage sufficient for long-term household economic security;
- Allowing parents to meet work requirements by pursuing higher education, skills training or vocational education, while simultaneously providing them with guaranteed child care assistance, transportation assistance and other supports.

As of this writing, the TANF program is set to expire on June 30, 2019. First Focus Campaign for Children is working to ensure that Congress extends funding before the deadline so no child loses access to this support.

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### *Paid Family and Medical Leave*

The NASEM study does not model the poverty-reducing impact of a national paid family and medical leave program, but the study committee acknowledges the important role that paid family and medical leave play in reducing child poverty. In particular, the panel cites several studies demonstrating the positive effect that California's establishment of a paid family leave program has had on child health and parental employment, making it more likely that mothers would return to work after childbirth.<sup>99</sup>

The United States is currently the only country in the Organisation for Economic Co-Operation and Development that does not provide paid maternity leave nationwide. First Focus Campaign for Children urges Congress to pass the Family and Medical Insurance Leave (FAMILY) Act (S. 463/H.R. 1185), led by Rep. Rosa DeLauro (D-CT) and Sen. Kirsten Gillibrand (D-NY) which would provide up to 12 weeks of leave with partial income after the birth or adoption of a child, or to care for the serious health condition of a child, parent, spouse or domestic partner. Workers would earn 66 percent of their wages, and all workers in companies of all sizes would be eligible, including those who are part-time and self-employed.

It is critical that the United States establish a national paid family and medical leave program to spare millions of workers from making the impossible choice between staying home to care for a child and losing necessary income.

**The United States is the only country in the Organisation for Economic Co-Operation and Development that does not provide paid maternity leave nationwide.**

<sup>99</sup> Charles L. Baum II and Christopher J. Ruhm, "The Effects of Paid Family Leave in California on Labor Market Outcomes," *Journal of Policy Analysis and Management*, February 2, 2016, <https://onlinelibrary.wiley.com/doi/abs/10.1002/pam.21894>; Maya Rossin-Slater, Christopher J. Ruhm and Jane Waldfogel, "The Effects of California's Paid Family Leave Program on Mothers' Leave-Taking and Subsequent Labor Market Outcomes," *Journal of Policy Analysis and Management*, December 17, 2012, <https://onlinelibrary.wiley.com/doi/abs/10.1002/pam.21676>; *Ibid* 1. Page 191-192.

## Top Takeaways

In closing, here are some larger conclusions from the study to consider:

- **Cutting our national child poverty in half within a decade is doable if there is the political will to act.** The study committee puts forth two packages of program and policy reforms that, if implemented and prioritized by Congress, would cut our child poverty rate in half within 10 years. The United States has made significant progress in reducing child poverty since the 1960s, but this progress has slowed in the last decade due to decreases in the share of federal spending on children.<sup>100</sup>
- **Other countries have made significant progress by setting national poverty targets.** Peer countries show us that progress is possible in the short-term. The United Kingdom cut its child poverty rate in half between 1999 and 2009<sup>101</sup> and Canada is on track to cut its child poverty rate in half in less than a decade after establishing an expanded child allowance in 2016.<sup>102</sup>
- **Money matters to reducing child poverty.** The United States spends less to support low-income families with children than peer countries, and by most measures, it has much higher rates of child poverty.
- **Reducing child poverty is extremely cost-effective.** Child poverty costs our country upwards of \$1 trillion a year due to reduced economic activity and output. By comparison, cutting our child poverty rate in half within a decade would cost less than \$110 billion a year.
- **Investments in reducing child poverty also improve children’s health, nutrition and educational outcomes.** Income poverty causes negative outcomes in child well-being. When a poor household receives additional income, parents and guardians are better able to provide resources that have long-term positive impacts on a child’s health and economic contributions.
- **Work requirements don’t work.** On this point, the study is very clear, saying: “Evidence was insufficient to identify mandatory work policies that would reliably reduce child poverty. It appears that work requirements are at least as likely to increase as to decrease poverty.”<sup>103</sup>
- **Income transfer policies have a much larger impact on reducing child poverty than work-focused policies.** For example, the establishment of a \$250 a month (\$3,000 annual) child allowance is found to have the biggest impact by far in reducing child poverty and would cut the country’s deep poverty rate in half within a decade.

**Child poverty costs the United States more than \$1 trillion a year. Cutting child poverty would cost roughly one-tenth that amount.**

As we approach the third decade of the twenty-first century, the inequality gap in the United States continues to grow—with children taking the biggest hit. Our children deserve better. We urge lawmakers to use this landmark study in making child poverty reduction a priority, so that all children have the chance to reach their full potential.

100 Children’s Budget 2018, First Focus, September 2018, [https://firstfocus.org/wp-content/uploads/2018/09/FirstFocus\\_CB2018.pdf](https://firstfocus.org/wp-content/uploads/2018/09/FirstFocus_CB2018.pdf); Julia Isaacs, Cary Lou, Heather Hahn, Ashley Hong, Caleb Quakenbush, C. Eugene Steuerle, Kids Share 2018: Report on Federal Expenditures on Children through 2017 and Future Projections, Urban Institute, July 18, 2018, <https://www.urban.org/research/publication/kids-share-2018-report-federal-expenditures-children-through-2017-and-future-projections>.

101 Natalie Branosky and Jane Mansour, A Look Back at the UK Child Poverty Target: Transferable Themes for the United States, First Focus, April 7, 2015, <https://firstfocus.org/resources/report/a-look-back-at-the-uk-child-poverty-target-transferable-themes-for-the-united-states>.

102 Government of Canada, “Canada’s first poverty reduction target met three years ahead of schedule,” Statement, February 26, 2019, <https://www.canada.ca/en/employment-social-development/news/2019/02/canadas-first-poverty-reduction-target-met-three-years-ahead-of-schedule.html>.

103 Ibid 1, Page S-12