House Ways and Means Committee
Work & Welfare Subcommittee
"*Measuring Poverty: How the Biden Administration Plans to Redraw the Poverty Line and Rob Resources from Rural America*."
October 24, 2023

Chairman LaHood and Ranking Member Davis, thank you for this opportunity to submit testimony regarding the recent hearing, "*Measuring Poverty: How the Biden Administration Plans to Redraw the Poverty Line and Rob Resources from Rural America*."

First Focus Campaign for Children is a national, bipartisan children's advocacy organization dedicated to making children and families a priority in policy and budget decisions. We have a long history of working to address our nation's high rate of child poverty and providing analysis on the negative implications that poverty has for not only the individual lives of children, but for our society.

The Implications of Poverty for Children

All kids have the right to live full and joyful lives, yet we allow millions of children each year in the United States to experience poverty and material hardship that prevents them from thriving and reaching their full potential.

Poverty can have lifelong negative implications for children by causing children to experience hardship and deprivation at a time when their brains are undergoing critical stages of development. Poverty means less money for food, safe and stable shelter, diapers, and other necessities that children need to be healthy and focus in school. Science continues to emerge that poverty directly impacts child brain development. The early stages of a landmark study, Baby's First Years, shows so far that an increase in household income increases fast brain waves in babies, which are helpful to the brain development they need for learning.

The duration of poverty matters for children — the longer a child experiences poverty, the greater the likelihood they will experience poverty as an adult. Child poverty also has negative consequences for our economy, costing over $1 trillion a year in lost economic output.

We Know What Works to Reduce Child Poverty

Yet it doesn't have to be this way. Recent progress shows us that child poverty is a solvable problem when we have the political will to act.   Amid a global pandemic, we were still able to cut child poverty nearly in half in the U.S. due to assistance that gave money directly to families with children to use to meet their household's unique needs.

We know from numerous surveys (such as the Census Household Pulse Survey, Bureau of Labor Statistics, and RAPID survey) that parents and caretakers overwhelmingly used this money for household necessities such food, children's clothing, and rent, resources that support children's short- and long-term well-being and development. Parents and caretakers also used this money for gas and car repairs that helped them get to work, and for activities that enriched the lives of their children such as music or soccer lessons, educational materials, or trips to the movies. Adults in these households reported that these payments reduced stress in the household, giving them some breathing room from the constant worry of how to cover bills and pay household expenses, and allowing them more bandwidth for their children.

A 2019 landmark study from the National Academy of Sciences confirms that the negative outcomes associated with child poverty directly result from a lack of income, and that when families receive cash transfers, it not only reduces child poverty but also improves children's short-and long-term health, educational, and economic outcomes, both by increasing access to resources that support children's healthy development as well as reducing household stress.

When families stopped receiving the enhanced Child Tax Credit, we saw the largest one-year increase in child poverty in the U.S. on record, and this tracks with other sources that show an increase of material hardship since 2021. For example:

- Children's HealthWatch finds that food insufficiency (defined as sometimes or often not having enough to eat) increased among families with children by 25% from January 2022-July 2022 after the Child Tax Credit payments expired other food insecurity resources.

- The Urban Institute found that as of June 2022, nearly one in four (23.9%) adults who are parents or guardians of children under 19 living with them reported that their household was food insecure. This is a 5.6% increase from April 2021. 25.0% of households with children under 6 report food insecurity, which is a 7.7% increase from April 2021.

- The RAPID survey from the Stanford Center on Early Childhood reports that in January 2022, 26% of households with young children reported difficulty paying for basic needs. In December 2022, this rate increased to 47% of households with young children. This rate is the highest level they found since they began the survey in April 2020.

- In a survey from the Center for Law and Social Policy (CLASP) and other organizations in the summer 2022, 60% of parents who previously received the monthly payments stated it has been more difficult for their family to meet their expenses since the payments stopped. Parents also reported increased financial stress and increased difficulty affording other goods for their children and household.

Columbia's Center on Poverty & Social Policy found that if we continued the enhanced Child Tax Credit (CTC) in 2022, 3 million less children would have experienced poverty in 2022. The expiration of the enhanced CTC disproportionately harms many children of color and children in rural areas, who are now more likely to be left out of receiving the full or even partial credit because their household income is too low to be eligible.

Now, the Fiscal Year (FY) 2024 – (FY) 2033 budget blueprint in the House and annual spending bills aim to limit access to vital resources like food, housing, healthcare, childcare and early learning, education, and more disinvesting in our children's healthy development and well-being. Simultaneously, the Committee passed a tax package that disproportionately benefits large corporations and the wealthiest, eroding revenue and taking away security and stability from children and their families.

The national debt warrants attention, but we have an investment crisis for our children and their families and a responsible approach to reduce our deficit must center on revenue raising and not devastating programs that support and protect tens of millions of children when we know overwhelmingly those investments lift children out of poverty, prevent hardship for their families and ultimately paint a brighter future for our children, our communities, and our country.

Establishing a national child poverty reduction target, such as proposed in the recently reintroduced Child Poverty Reduction Act (H.R. 5629), led by Rep. Danny Davis, is an important step towards protecting and increasing investments in children as well as making the long-term policy changes needed to combat child poverty in the United States. Codifying a goal to cut child poverty in half within 5 years would help to build the bipartisan political will necessary for sustained progress.

Improving Poverty Measurement

During the hearing, there was a lot of discussion about the need to improve the way we measure poverty in the United States. We agree that there is room for improvement — for example, we know that current poverty statistics greatly underestimate the problem of material hardship in the U.S. The Economic Policy Institute's Family Budget Calculator finds that a family of four with two children needs a household annual income of at least $80,000 to have an adequate standard of living. This is an annual income of more than double the poverty thresholds of the Official Poverty Measure (OPM) and the Supplemental Poverty Measure (SPM).

The OPM and SPM could also stand to be more inclusive — for example, they do not include households in the U.S. territories, causing millions of U.S. citizens to be excluded from analysis and policy solutions to address poverty and material hardship and furthering inequality between families living in the U.S. territories and those in the 50 states and the District of Columbia. There is a way to make this fix legislatively — for example, the Child Poverty Reduction Act includes language directing the U.S. Census Bureau to attempt to report SPM figures on child poverty for Puerto Rico and the other territories and if they don't find this feasible, to tell Congress what resources are needed to make this happen.

There was a lot of discussion at the hearing around the implications of changing federal poverty guidelines. In response to some of the concerns expressed, I would like to point out that there are ways to improve federal poverty thresholds through legislation that would improve access to resources for families with children struggling with poverty and material hardship in higher cost areas while also doing no harm to poor families who are living in rural areas with a lower cost of living. I also want to note that the National Academy of Science's recent report, *Evaluations and Improvements to the Supplemental Poverty Measure*, does not even include any recommendations to use the SPM (or a renamed Principal Poverty Measure) to change federal poverty guidelines nor has the Biden Administration taken any actions to make these changes administratively.

We welcome further discussion on ways to improve upon poverty measurement to ensure that our poverty measures are accurately capturing the full extent of child poverty and hardship and that they are inclusive of all children in the U.S. This is critical to identifying and helping all households with children who are struggling, no matter where they live in the United States.

We also urge lawmakers to focus on the fact that children are experiencing increased material hardship following the expiration of improvements to the Child Tax Credit, Economic Impact Payments, and other assistance. It is critical that, without delay, we renew enhancements to the Child Tax Credit and make other investments that combat poverty and hardship so that all children in the United States have an equal chance to thrive.

Thank you again for the opportunity to submit this testimony and please don't hesitate to reach out to myself or Cara Baldari at carab@firstfocus.org with any questions.

Sincerely,

Bruce Lesley

Bruce Lesley
President, First Focus Campaign for Children