A Roadmap to Reducing Child Poverty

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Study Sponsors

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The U.S. Congress asked the National Academies to provide a non-partisan, evidence-based report that:

- Reviews research on linkages between child poverty and child well-being.
- Provides objective analyses of the poverty-reducing effects of major assistance programs directed at children and families.
- Provides policy and program recommendations for reducing the number of children living in poverty (and deep poverty) in the U.S. by half within 10 years.
Child Poverty Rates Would Be Higher Without Existing Programs

In the absence of current programs that provide income, food, housing, and medical care, child poverty rates would be much higher.

- Federal EITC, CTC
- SNAP
- SSI
- Social Security
- UC, WC, and other social insurance
- Housing subsidies
- Other benefits

Child Poverty Rate

0 10 20

All programs

13%

+5.9%
Child Poverty Rates Would Be Higher Without Existing Programs

In the absence of current programs that provide income, food, housing, and medical care, child poverty rates would be much higher.

<table>
<thead>
<tr>
<th>Program</th>
<th>Child Poverty Rate Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>All programs</td>
<td>13%</td>
</tr>
<tr>
<td>Federal EITC, CTC</td>
<td>+5.9%</td>
</tr>
<tr>
<td>SNAP</td>
<td>+5.2%</td>
</tr>
<tr>
<td>SSI</td>
<td>+1.8%</td>
</tr>
<tr>
<td>Social Security</td>
<td>+2.3%</td>
</tr>
<tr>
<td>UC, WC, and other social insurance</td>
<td>+0.7%</td>
</tr>
<tr>
<td>Housing subsidies</td>
<td>+1.8%</td>
</tr>
<tr>
<td>Other benefits</td>
<td>+4.1%</td>
</tr>
</tbody>
</table>
A 50% Reduction in Child Poverty is Achievable

- The U.K. cut its child poverty rate in half from 2001-2008
- Canada’s Child Benefit program is on course to cut child poverty in half
- The US nearly cut its child poverty rate in half between 1967 and 2016

Anchored U.S. SPM child poverty rate. SOURCE: Original analyses commissioned by the committee from Christopher Wimer (2017, October).
The Committee developed:

- 20 individual policy and program options
- 4 policy and program packages
Summary of Simulated Programs and Policies

**Program and policy options tied to work:**
- Expand EITC
- Expand child care subsidies
- Raise the federal minimum wage
- Implement a promising training and employment program called WorkAdvance

**Modifications to existing safety net programs:**
- Expand SNAP
- Expand the Housing Choice Voucher Program
- Expand SSI

**Policies used in other countries:**
- Replace Child Tax Credit with a universal child allowance
- Introduce a child support assurance program

**Modifications to existing provisions relating to immigrants:**
- Increasing immigrants’ access to safety net programs
No Single Program or Policy Option Met the 50% Reduction Goal
Impacts on Child Poverty

• No single programs reduced poverty by 50%
• Enhancements to SNAP and housing vouchers, and a child allowance, came closest
• Enhancements to the EITC and CDCTC also reduce poverty significantly
More Effective Policies Generally Cost More

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

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

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

- 20 individual policy and program options
- 4 policy and program packages
## Composition and Impacts of Program and Policy Packages

<table>
<thead>
<tr>
<th>Work-oriented package</th>
<th></th>
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<tbody>
<tr>
<td>Expand EITC</td>
<td>X</td>
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</tr>
<tr>
<td>Expand Child and Dependent Care Tax Credit</td>
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<td>Increase the minimum wage</td>
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<td>Roll out WorkAdvance</td>
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<td></td>
<td></td>
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<td>Expand housing voucher program</td>
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<td>Begin a child allowance</td>
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<tr>
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<td></td>
<td></td>
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<tr>
<td>Eliminate 1996 immigration eligibility restrictions</td>
<td></td>
<td></td>
<td></td>
</tr>
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<td><strong>Percent Reduction in the number of poor children</strong></td>
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<td></td>
<td></td>
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<td></td>
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<td><strong>Change in number of low-income workers</strong></td>
<td>+1,003,000</td>
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## Some Program and Policy Packages DID Meet the Goal

<table>
<thead>
<tr>
<th>Package</th>
<th>Work-oriented package</th>
<th>Work-Based and Universal Support Package</th>
<th>Means-tested supports and work package</th>
<th>Universal supports and work package</th>
</tr>
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<td>Expand EITC</td>
<td>X</td>
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<td>-18.8%</td>
<td>-35.6%</td>
<td>-50.7%</td>
<td>-52.3%</td>
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<tr>
<td><strong>Percent Reduction in the number of children in deep poverty</strong></td>
<td>-19.3%</td>
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<td>-55.1%</td>
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<td><strong>Change in number of low-income workers</strong></td>
<td>+1,003,000</td>
<td>+568,000</td>
<td>+404,000</td>
<td>+611,000</td>
</tr>
<tr>
<td><strong>Annual cost, in billions</strong></td>
<td>$8.7</td>
<td>$44.5</td>
<td>$90.7</td>
<td>$108.8</td>
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</table>
Costs of the Packages:

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

Studies have estimated the annual costs of child poverty to range from $800 billion to $1.1 trillion.
Lessons From the Packages:

Individual policy and program changes are insufficient

Bundling work-oriented and income-support programs can reduce poverty AND increase employment
Correlation and Causation:

Consistent correlations between poverty and a host of adverse childhood experiences and outcomes

The committee’s report focused on causal studies
Causal impacts of poverty

• The weight of the causal evidence indicates that poverty itself causes negative child outcomes, especially when poverty occurs in early childhood or persists throughout a large portion of childhood.

• Some programs that alleviate poverty—e.g., SNAP, EITC, medical insurance—have been shown to improve child health and educational outcomes.
Subgroups and Context
Poverty Rates by Race/Ethnicity

Poverty (<100% of SPM)

- Black, non-Hispanic: 7.9%
- Hispanic: 17.8%
- White, non-Hispanic: 21.7%

Deep poverty (<50% of SPM)

- Black, non-Hispanic: 3.7%
- Hispanic: 4.0%
- White, non-Hispanic: 2.1%
Poverty Shares by Race/Ethnicity

- **White, non-Hispanic**
  - Share of all children: 37%
  - Share of <100% SPM poor children: 31%
  - Share of <50% SPM "deep poor" children: 51%

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

- **Hispanic**
  - Share of all children: 41%
  - Share of <100% SPM poor children: 34%
  - Share of <50% SPM "deep poor" children: 25%
Contextual Factors

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

Context can greatly influence the impact and success of anti-poverty programs and policies.
Other program ideas
Other Programs Considered

- **Long-acting Reversible Contraception (LARC)**
  - LARC devices reduce the incidence of unplanned births, which could in turn reduce child poverty.

- **Mandatory Work Policies**
  - Evidence is insufficient to identify policies that would reliably reduce child poverty.

- **Marriage Promotion**
  - Likely to reduce child poverty, but no successful models of marriage promotion.
Other Programs Considered

**Public Health Insurance**
- Current poverty measures (SPM) do not incorporate health spending.

**Policies for Native Americans**
- Small sample sizes in population surveys make it difficult to simulate effects for this group.

**TANF**
- TANF had mixed effects on child poverty in the short run, and little effect on the long run.
Research Priorities and Next Steps
Research Priorities

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

More research on contextual impediments

Improve federal data on and measurement of poverty
Next Steps

Establish a coordinating mechanism to ensure that the report is followed up and that well-considered decisions are made on priorities for new and improved anti-poverty programs and policies.

This mechanism should also ensure that the associated research and data needed for monitoring, evaluating, and further improvement are supported as well.
Learn More:

www.nap.edu/reducingchildpoverty

- Appendices
- Data Explorer Tool
- Report Highlights

#ChildPovertyInHalf
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