

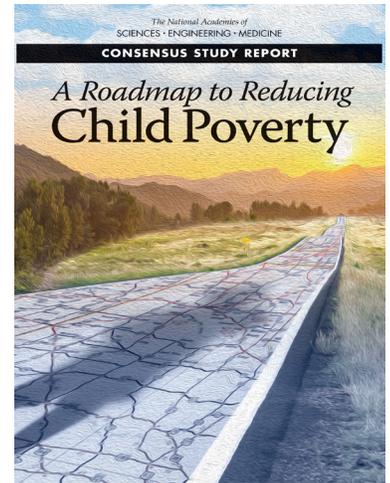


### A Roadmap to Reducing Child Poverty

Millions of American children live in families with incomes below the poverty line. A robust body of evidence suggests that a lack of adequate family economic resources compromises children’s ability to grow and achieve success in adulthood, hurting them and the broader society as well.

Recognizing this challenge to America’s future, congress asked the National Academies of Sciences, Engineering, and Medicine to conduct a comprehensive study of the cost of child poverty in the United States, and to identify evidence-based programs and policies for reducing the number of children living in poverty by half within 10 years. The National Academies appointed a committee with expertise in economics, psychology, cognitive science, public policy, education, sociology, and pediatrics to conduct the study and issue a report.

**The committee’s report, *A Roadmap to Reducing Child Poverty*, identifies two packages of policies and programs that could reduce child poverty in the United States by half within 10 years, at a cost far lower than the costs the nation currently bears as the result of child poverty.**



#### CHILD POVERTY IN THE UNITED STATES

In 2015, the latest year for which the committee was able to generate estimates, more than 9.6 million U.S. children—13 percent of all U.S. children—lived in families with annual incomes below a poverty line defined by the Supplemental Poverty Measure. Of these, 2.1 million children—2.9 percent of all U.S. children—lived in “deep poverty,” in families with incomes less than half of the poverty line.

Research shows that childhood poverty leads to poor outcomes later on, including lower-educational attainment; difficulty obtaining steady, well-paying employment in adulthood; and a greater likelihood of risky behaviors, delinquency, and criminal behavior in adolescence and adulthood. Studies also have estimated child poverty’s costs for the nation, indicating that it costs the U.S. between \$800 billion and \$1.1 trillion annually in terms of lost adult productivity, the increased costs of crime, and increased health expenditures.

The U.S. historical record shows that reducing child poverty is an achievable policy goal. Child poverty fell by nearly half between 1970 and 2016, and government programs such as the Earned Income Tax Credit (EITC) and Supplemental Nutrition Assistance Program (SNAP) played important roles in achieving this drop. Rates of deep child poverty declined as well over that period. The experience of “peer” countries—such as the United Kingdom, which enacted policies that reduced its child poverty rate by half in a little less than a decade—also demonstrate that this goal is achievable.

#### POLICY PACKAGES THAT REDUCE CHILD POVERTY BY 50 PERCENT

The committee evaluated 20 different single-policy and program options—for example, expanding the EITC, raising the federal minimum wage, or introducing a universal child allowance—to see if any of them could achieve the goal of reducing child poverty by 50 percent; none could.

The committee then developed four “packages” of policies and programs and evaluated them to see which, if any, could meet the 50 poverty percent reduction goal. Two of the packages did.

The **means-tested supports and work package** achieves a 50 percent poverty reduction by expanding four existing programs—changes that could be implemented rapidly and begin to yield reductions in child poverty rates soon after implementation. This package entails the following:

- Increasing payments under the EITC along the phase-in and flat portions of the EITC schedule.
- Converting the Child and Dependent Care Tax Credit (CDCTC) to a fully refundable tax credit and concentrate its benefits on families with the lowest incomes and with children under the age of 5.

- Increasing SNAP benefits by 35 percent and increasing benefits for older children.
- Increasing the number of housing vouchers directed to families with children so that 70 percent of eligible families that are not currently receiving subsidized housing would use them.

This package of programs would reduce both poverty and deep poverty by half, at an estimated cost of \$90.7 billion per year. The package could be expected to expand the workforce, because the incentives to work associated with the two tax credits outweigh the disincentives associated with the income support programs; the package is estimated to add about 400,000 workers and generate \$2.2 billion in additional earnings.

The **universal supports and work package** would achieve a 52.3 percent reduction in child poverty and a 55 percent reduction in deep poverty by combining incentives to work, economic security, and social inclusion, using some existing programs and two new programs. This package entails the following:

- Increasing the EITC payments by 40 percent across the entire tax schedule, keeping the current range of the phase-out region.
- Converting the CDCTC to a fully refundable tax credit and concentrating its benefits on families with the lowest incomes and with children under the age of five.
- Raising the current \$7.25 per hour federal minimum wage to \$10.25 and index it to inflation after it is implemented.
- Restoring eligibility for SNAP, TANF, Medicaid, SSI and other means-tested federal programs for legal immigrants.
- Instituting a new child allowance that pays a monthly benefit of \$225 per month (\$2,700 per year) to families of all children under age 17. This child allowance would also be paid to currently nonqualified legal immigrants.
- Instituting a child support assurance policy to provide a backup source of income if a parent does not pay child support and setting guaranteed minimum child support of \$100 per month per child.

This package is estimated to cost \$108.8 billion per year, if calculations are based on the federal income tax provisions prevailing before 2018. The net effect of this full package is to increase employment by more than 600,000 jobs and earnings by \$13.4 billion.

Another package evaluated by the committee combined expansions of two tax credits (the EITC and CDCTC) with a \$2,000 child allowance designed to replace the Child Tax Credit. This package reduces child poverty by an estimated 35.6 percent, falling short of the goal. At a cost of \$44.5 billion per year, however, and with increases in employment and earnings of 568,000 jobs and \$10 billion, it offers a potentially appealing approach to meeting policy goals that are often in competition with one another.

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## COMMITTEE ON BUILDING AN AGENDA TO REDUCE THE NUMBER OF CHILDREN IN POVERTY BY HALF IN 10 YEARS

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**For More Information . . .** This Consensus Study Report Highlights was prepared by the Board on Children, Youth, and Families and the Committee on National Statistics based on the Consensus Study Report *A Roadmap to Reducing Child Poverty* (2019). The study was sponsored by the Doris Duke Charitable Foundation, Inc.; the Foundation for Child Development; the Joyce Foundation; the Russell Sage Foundation; the W. K. Kellogg Foundation; the William T. Grant Foundation; and the U.S. Department of Health and Human Services. Any opinions, findings, conclusions, or recommendations expressed in this publication do not necessarily reflect the views of any organization or agency that provided support for the project. Copies of the Consensus Study Report are available from the National Academies Press, (800) 624-6242; <http://www.nas.edu/reducing-child-poverty>.

Division of Behavioral and Social Sciences and Education

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