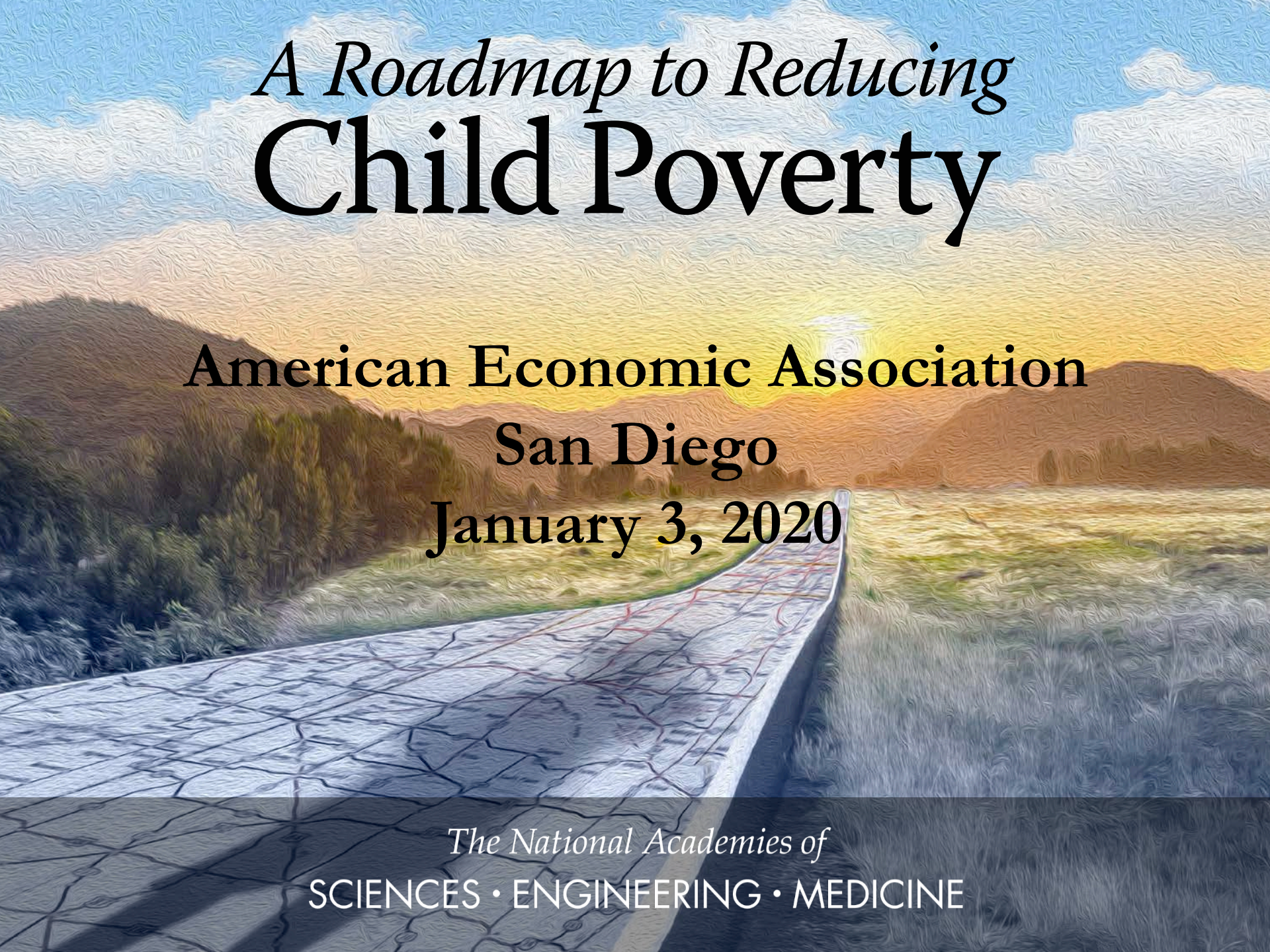

A Roadmap to Reducing
Child Poverty
American Economic Association
San Diego
January 3, 2020
The National Academies of
SCIENCES • ENGINEERING • MEDICINE

Background

- In 2015, the U.S. Congress voted and the President Obama signed a bill mandating the National Academies of Sciences, Engineering and Medicine to conduct a comprehensive study of child poverty in the United States.
- An interdisciplinary committee of 15 deliberated for ~2 years with final report in Feb. 2019.

Committee

GREG J. DUNCAN (*Chair*)
School of Education
University of California, Irvine

J. LAWRENCE ABER
Steinhardt School of Culture, Education and Human Development
New York University

DOLORES ACEVEDO-GARCIA
The Heller School for Social Policy and Management
Brandeis University

JANET CURRIE
Department of Economics
Princeton University

BENARD P. DREYER
New York University School of Medicine

IRWIN GARFINKEL
School of Social Work
Columbia University

RON HASKINS
Brookings Institution

HILARY HOYNES
Department of Economics and the Goldman School of Public Policy,
University of California, Berkeley

CHRISTINE JAMES-BROWN
Child Welfare League of America

VONNIE C. MCLOYD
Department of Psychology
University of Michigan

ROBERT MOFFITT
Department of Economics
Johns Hopkins University

CYNTHIA OSBORNE
Lyndon B. Johnson School of Public Affairs
University of Texas at Austin

ELDAR SHAFIR
Woodrow Wilson School of Public and International Affairs
Princeton University

TIMOTHY SMEEDING
Robert M. La Follette School of Public Affairs
University of Wisconsin-Madison

DON WINSTEAD JR.
Don Winstead Consulting, LLC

Target Audiences

- Members of Congress and their staff
- Federal- and state-level policymakers (e.g., HHS, Census, State legislatures, governors, etc.)
- National and state-level organizations and networks focused on child poverty reduction
- Researchers

3 Charges ("Statement of Task")

1. Review research on linkages between child poverty and child well-being
2. Analyze the poverty-reducing effects of existing major assistance programs directed at children and families
3. Provide a list of alternative evidence-based policies and programs that could reduce child poverty and deep poverty by 50% within 10 years, using the Supplemental Poverty Measure (SPM)

- Note that the focus on reducing poverty with 10 years rules out suggesting a range of programs that have been shown to have positive effects over the longer term.

o Rules out: early childhood education, K-12 education, many job training programs, almost all human capital policies, almost all programs that would make long-run investments in children.

5 Key Findings

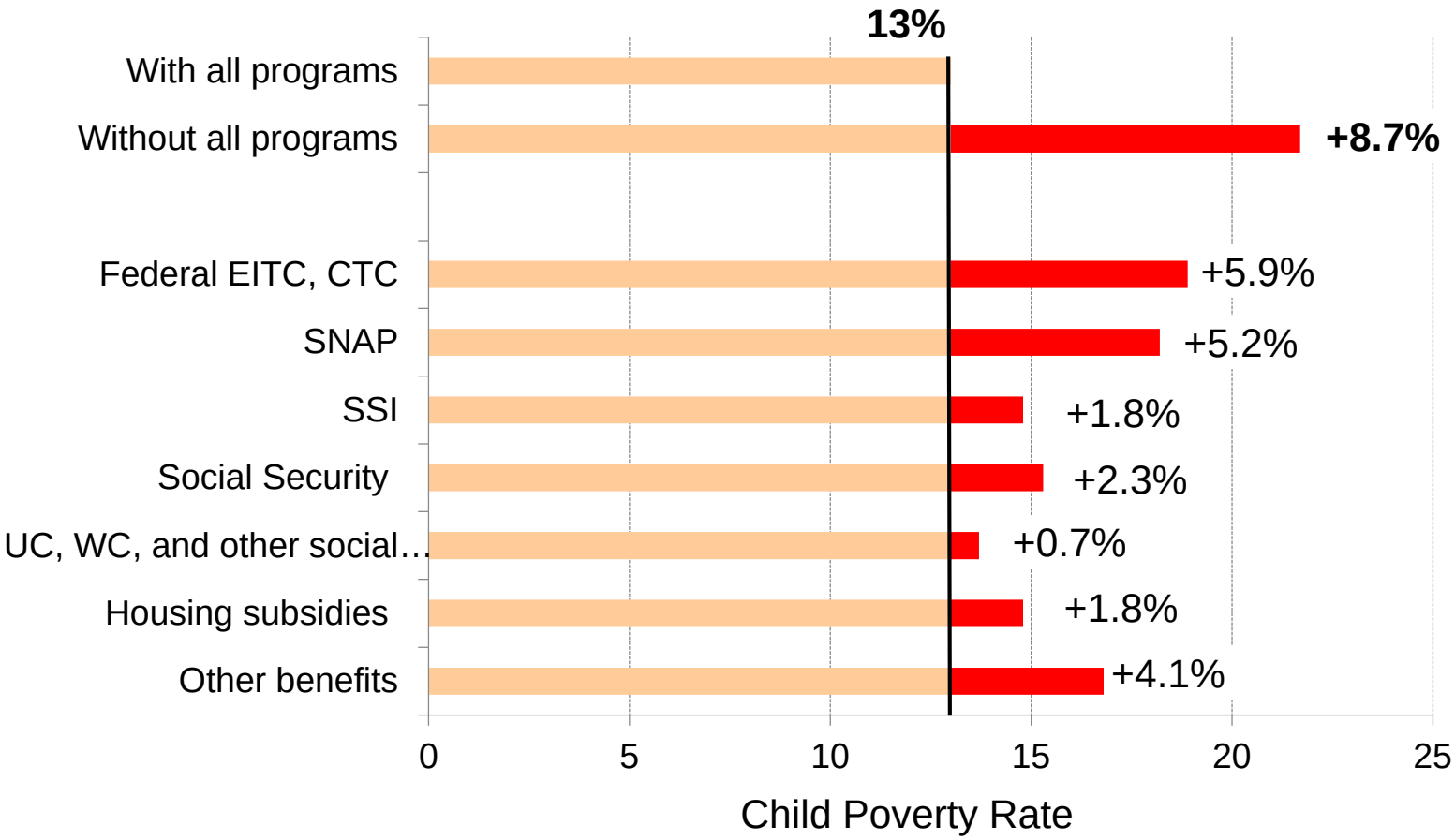
1. The weight of the evidence indicates that low income itself hurts children and worsens adult outcomes.
2. Strong evidence shows that SNAP, Medicaid, and the EITC help children.
3. The major current U.S. programs reduce the poverty rate of children by 2/3 (from 21% to 13%).

Child Poverty in 2015

- *Child Poverty:* Defined as living in a household whose after tax and transfer income is below the government poverty line.*
- *2015:* 13% of U.S. children were in families with incomes below the poverty line
- 9.6 million children

*Supplemental Poverty Measure

Child Poverty Rates Would Be Higher Without Existing Programs



5 Key Findings (continued)

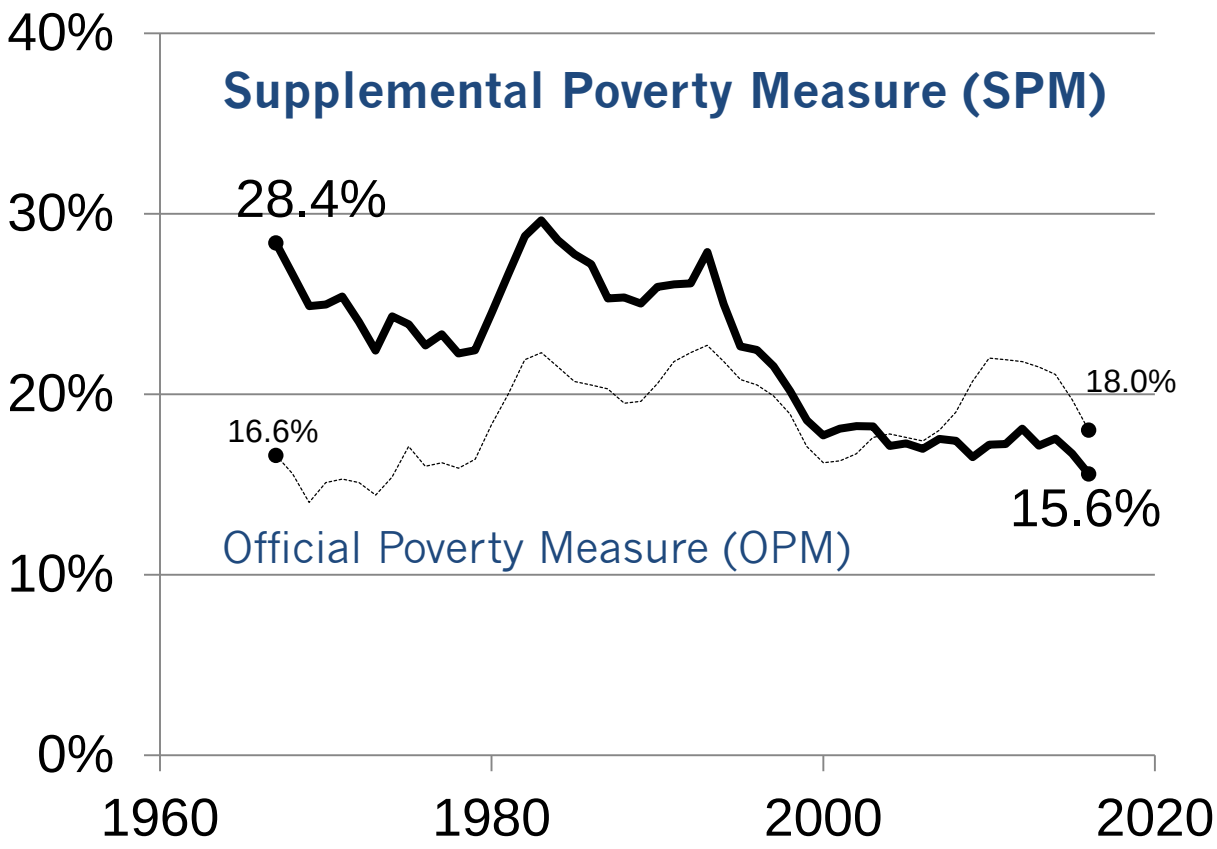
4. Major reductions in child poverty can be achieved using packages of programs which simultaneously increase work incentives.

- How? Combinations of programs can increase benefits and provide work incentives (so the standard tradeoff can be avoided).

5. The goal of 50% reduction in child poverty can be achieved.

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.**



Evidence on the Effects of Child Poverty Programs on Children

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Evidence on the Effects of Income Transfer Programs on Children

- Focused on studies with strong *causal* designs (RCTs or natural experiments)

1. NIT experiments of the 1970s: increased achievement gains for elementary school-age children
2. EITC: Increases math and reading scores of children
3. EITC: increases high school graduation rates

4. EITC during prenatal period: birthweights rise

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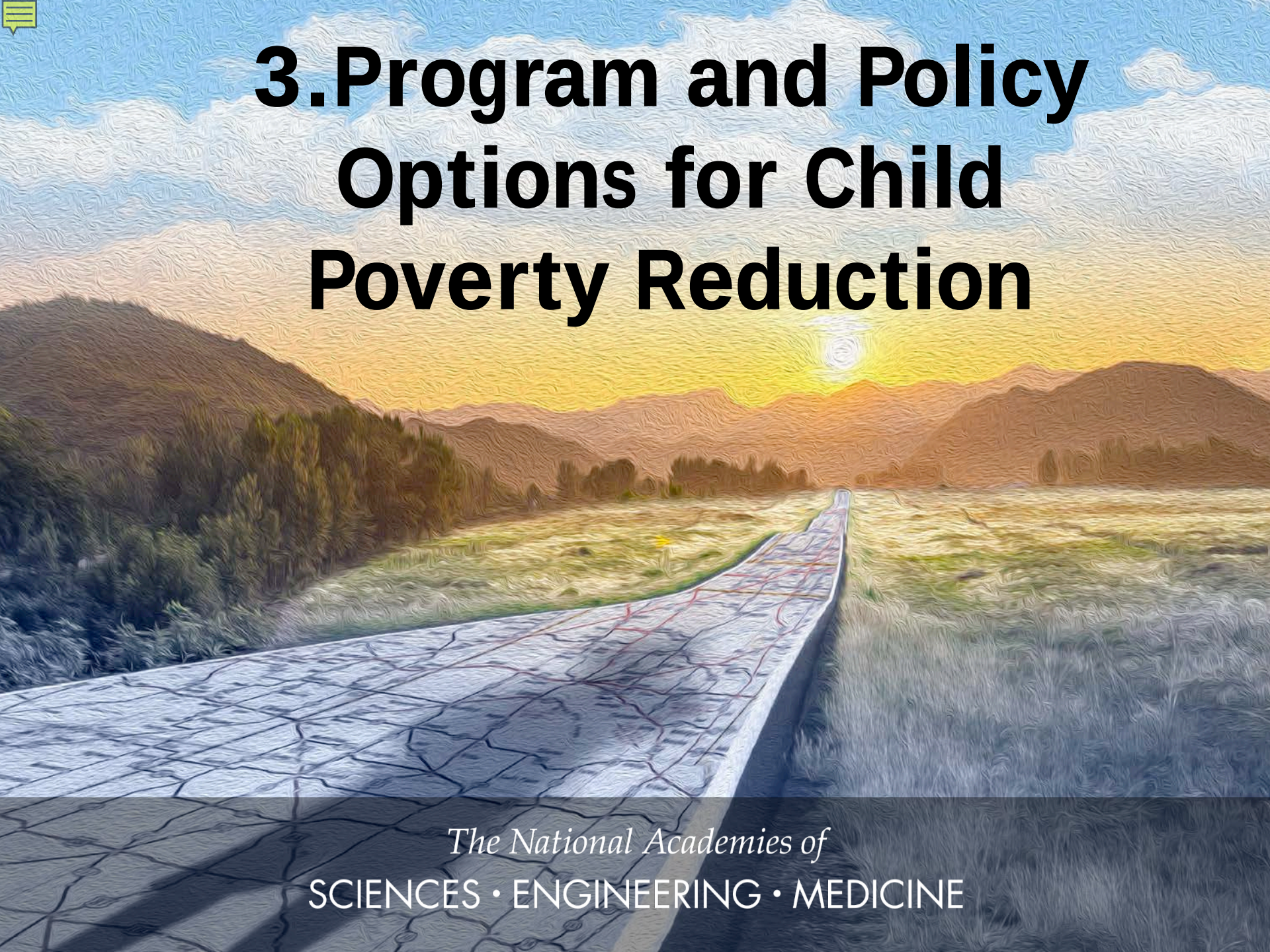
5. Canada child benefit: improves child test scores and child and maternal mental health

3. Program and Policy Options for Child Poverty Reduction



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The Committee Developed

1. 20 individual policy and program options….and:
2. 4 policy and program “packages”

Simulated Programs and Policies

Program and policy options tied to work:

- Expand the Earned Income Tax Credit (EITC)
- Expand child care subsidies
- Raise the federal minimum wage
- Implement a promising training and employment program called WorkAdvance

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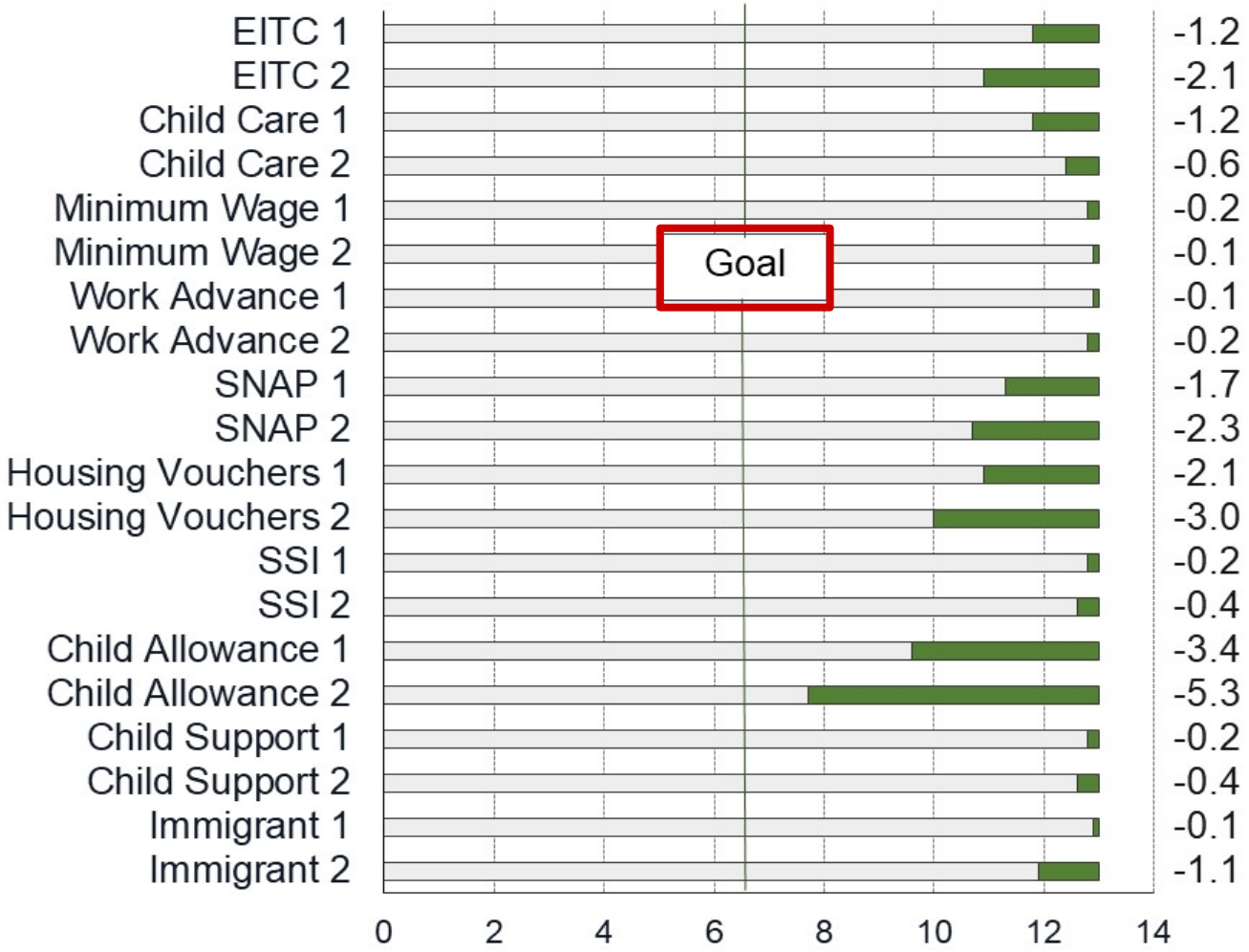
Policies used in other Countries:

- Replace Child Tax Credit with a nearly-universal child allowance
- Introduce a child support assurance program that sets guaranteed minimum child support amounts per child per month

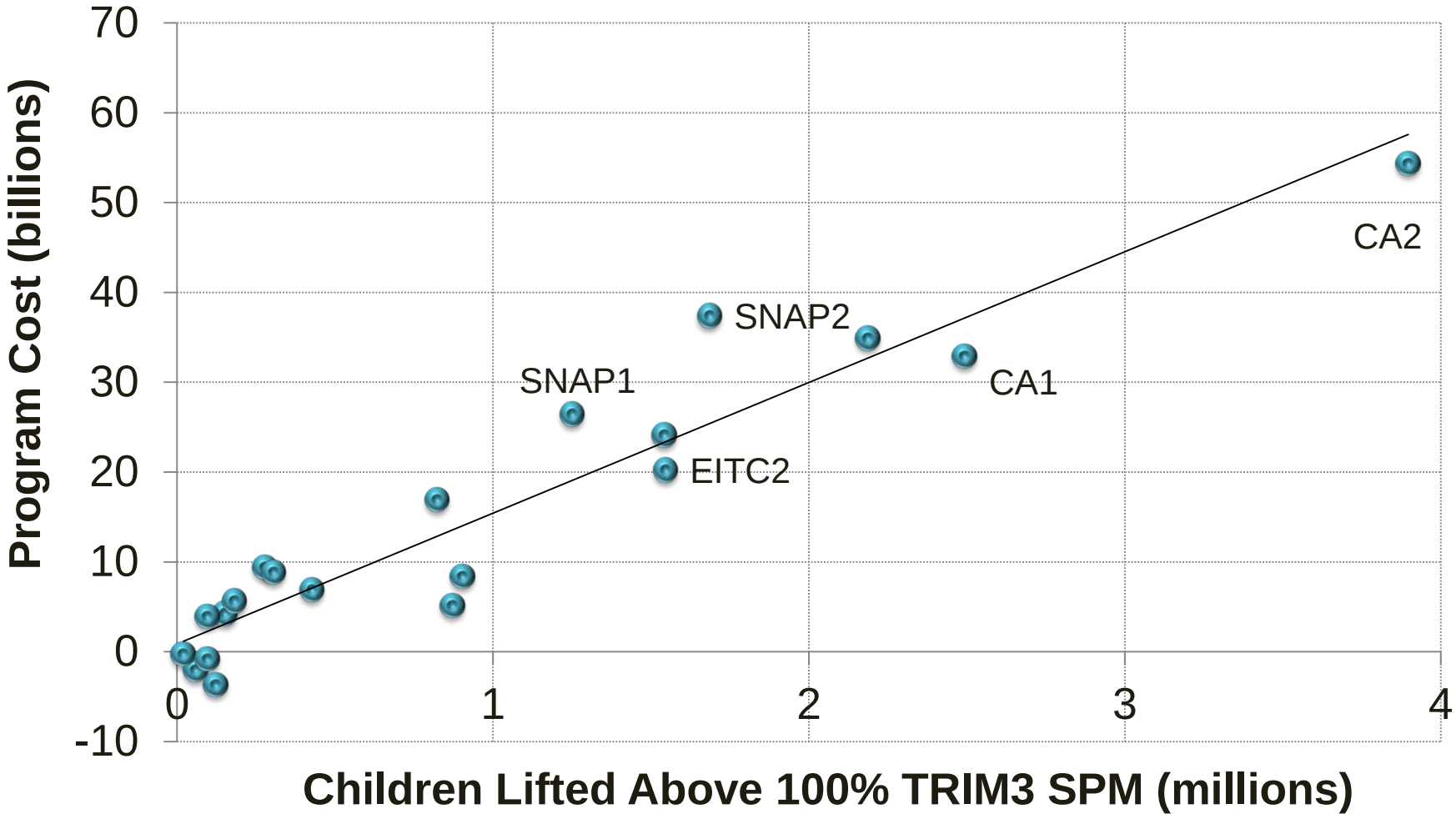
Simulating Work Disincentives:

- We use the strongest econometric evidence for each program.
- Some programs have non-trivial work disincentives, but others (EITC, child care subsidies) promote work.
- Simulation results showed that the work disincentives in some programs (SNAP, housing) could reduce their anti-poverty impact by about 0.5 percentage points.
- But the pro-work effects of some programs (EITC, child care subsidies) increased their impact on poverty by ~1 percentage point.

Results: No Single Program or Policy Option Met the 50% Reduction Goal



More Effective Policies Cost More



Impacts on Employment

- Increases in income support decrease employment by up to 160,000.
- Pro-work policies (e.g., increases in EITC, CDCTC) increase employment by up to 550,000.

The Committee Developed

20 individual policy and program options

2

4 policy and program packages: Combinations of programs to meet different needs

The Idea of "Packages"

- Poor families have multiple needs
- Some need work support, some need housing support, some need food support, some just need cash assistance
- Many are in special situations
- Multiple programs ("packages") may be better than single programs

Work-based-Only Package Reduced Child Poverty by 1/5 but did not meet the 50% Goal

	Work-oriented package	Work-Based and Universal Support Package	Means-tested supports and work package	Universal supports and work package
Expand EITC	X			
Expand Child and Dependent Care Tax Credit	X			
Increase the minimum wage	X			
Roll out WorkAdvance	X			
Percent Reduction in the number of poor children	-18.8%			
Percent Reduction in the number of children in deep poverty	-19.3%			
Change in number of low-income workers	+1,003,000			
Annual cost, in billions	$8.7			

Work-Based+Child Allowance did better

	Work-oriented package	Work-Based and Universal Support Package	Means-tested supports and work package	Universal supports and work package
Expand EITC	X	X	X	X
Expand Child and Dependent Care Tax Credit	X	X	X	X
Increase the minimum wage	X			X
Roll out WorkAdvance	X			
Expand housing voucher program			X	
Expand SNAP benefits			X	
Begin a child allowance		X		X
Begin child support assurance				X
Eliminate 1996 immigration eligibility restrictions				X
Percent Reduction in the number of poor children	-18.8%	-35.6%	-50.7%	-52.3%
Percent Reduction in the number of children in deep poverty	-19.3%	-41.3%	-51.7%	-55.1%
Change in number of low-income workers	+1,003,000	+568,000	+404,000	+611,000
Annual cost, in billions	$8.7	$44.5	$90.7	$108.8

Two Alternate Packages Met the Goal

	Work-oriented package	Work-Based and Universal Support Package	Means-tested supports and work package	Universal supports and work package
Expand EITC	X	X	X	X
Expand Child and Dependent Care Tax Credit	X	X	X	X
Increase the minimum wage	X			X
Roll out WorkAdvance	X			
Expand housing voucher program			X	
Expand SNAP benefits			X	
Begin a child allowance		X		X
Begin child support assurance				X
Eliminate 1996 immigration eligibility restrictions				X
Percent Reduction in the number of poor children	-18.8%	-35.6%	-50.7%	-52.3%
Percent Reduction in the number of children in deep poverty	-19.3%	-41.3%	-51.7%	-55.1%
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Costs of the Packages

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

Are These Costs Large or Small?

For purposes of comparison 2018 costs for some large U.S. anti-poverty programs were:

Earned Income Tax Credit:	$63 billion
Housing Assistance:	$52 billion
SNAP:	$68 billion
Medicaid:	$629 billion
Medicare:	$731 billion

Small Relative to Past Estimates of Cost of Child Poverty

- Up to $1 trillion, over 5% of GDP
- Lost earnings, employment
- Increased costs of health care
- Costs of incarceration, assistance programs

Lessons From the Packages:

- Individual policy and program changes are insufficient
- Bundling work-oriented and income-support programs can reduce poverty AND increase employment

Other Things in the Report

- Evidence on work requirements, block grants, and marriage or fertility programs does not suggest that they reduce child poverty (so not in packages).
- Medicaid is an important omission from government poverty calculations: Committee had a recommendation for changing this.
- "Contextual" issues on the ground important.
- Federal government should support high quality evaluations.

Report's Impact at a Glance

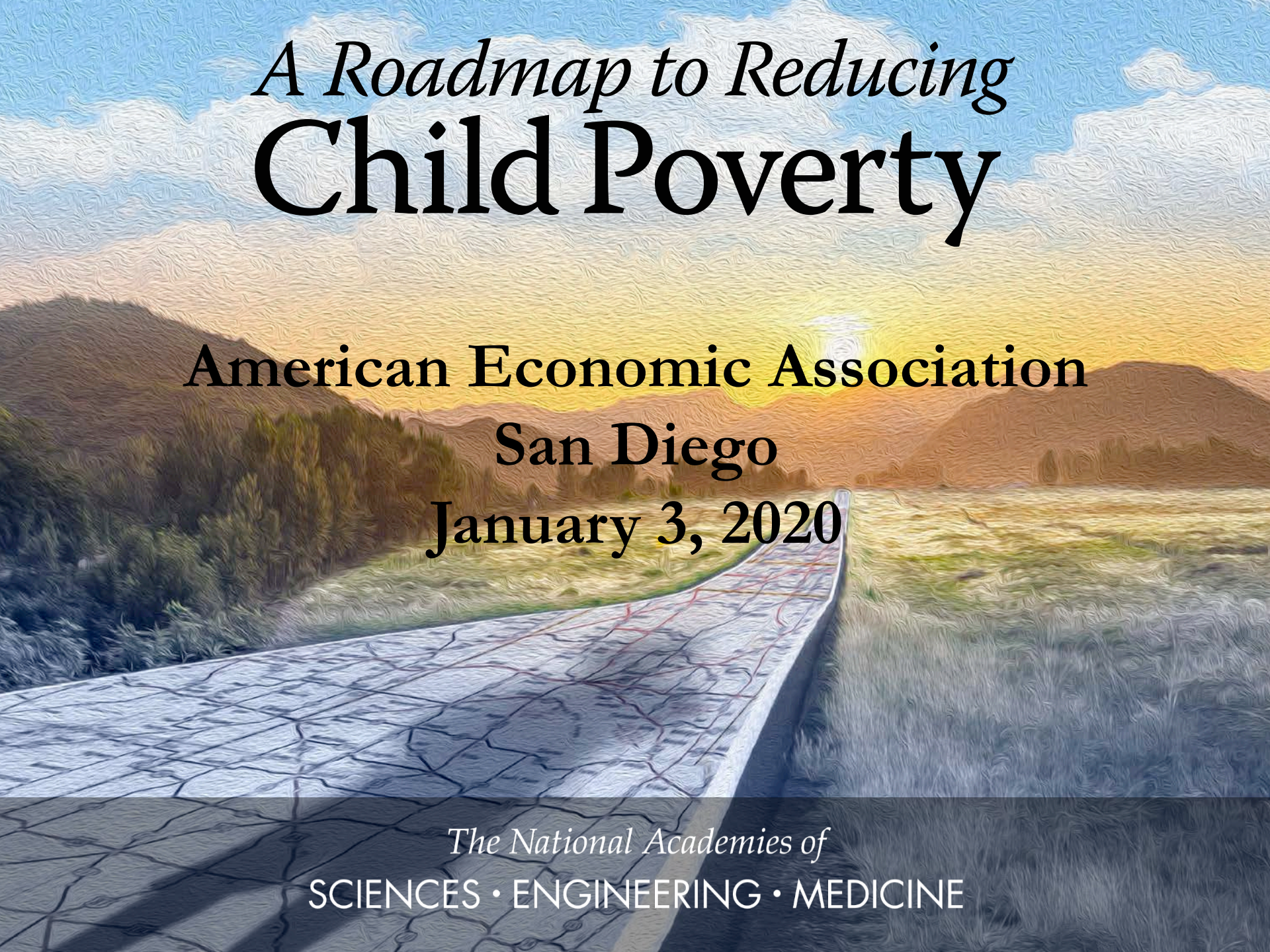
- Nearly 10,000 downloads
- Coverage by major news outlets–NPR
- Conducted 11 briefings in Congress for members of Congress and their staff
- Presented at more than 14 academic and practitioner conferences
- 5 regional stakeholder engagement meetings at Brookings

Final Report

- Full Report, Executive Summary, Appendices, etc.:

  www.nap.edu/reducingchildpoverty

- Short summary: Institute for Research on Poverty, Focus, https://www.irp.wisc.edu/resource/focus-focus-352-september-2019a-roadmap-to-reducing-child-poverty/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