REDUCING CHILD POVERTY

Statement of

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by Half in 10 Years

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Good morning Madam Chairwoman DeLauro, Ranking Member Cole and members of the Committee. Thank you for the opportunity to testify today.

My name is Dr. Dolores Acevedo-Garcia. I am the Samuel F. and Rose B. Gingold Professor of Human Development and Social Policy at Brandeis University. I am also the Director of the Institute for Child, Youth and Family Policy in the Heller School for Social Policy and Management at Brandeis University. I served as a member of the Committee on Building an Agenda to Reduce the Number of Children in Poverty by Half in 10 Years. The committee was formed in March, 2017 and the committee's final report was released a year ago in February, 2019. The National Academy of Sciences was chartered by Congress in 1863 to advise the government on matters of Science and technology and later expanded to include the National Academies of Engineering and Medicine.

The omnibus appropriations bill signed into law in December 2015 included a provision directing the National Academies of Sciences, Engineering, and Medicine (the National Academies) to conduct a comprehensive study of child poverty in the United States. I thank Representative Lee and Representative Roybal-Allard for their critical role in creating the National Academies' Committee. Funds were appropriated to the Office of the Assistant Secretary for Planning and Evaluation, U.S. Department of Health and Human Services. In addition, the study was sponsored by the Doris Duke Charitable Foundation; the Foundation for Child Development; the Joyce Foundation; the Russell Sage Foundation; the William T. Grant Foundation; and the W.K. Kellogg Foundation.

I have been asked to summarize the findings, conclusions, and recommendations from our 2019 National Academies report *A Roadmap to Reducing Child Poverty* and its implications for policy.

Child poverty is a serious problem for the United States: its negative effects and costs affect children in poverty and all of us. Child poverty compromises the health, learning and development of our children and their future employment opportunities and well-being. Child poverty costs the United States between $800 billion and $1.1 trillion annually. These are the costs attached to a reduction in adult productivity, increased health expenditures, and increased costs of crime that are associated with children growing up in poor families.

Thirteen percent of U.S. children—9.6 million in all—live in families with incomes below the poverty line, and 2.9 percent—2.1 million—live in deep poverty. In 2017, the poverty threshold using the Supplemental Poverty Measure (SPM) was about $25,000 for a family of four; and the deep poverty threshold was half of that.

Child poverty and its harmful consequences throughout the life course are difficult for any child that experiences them, but some groups of children are more likely to grow up in poverty. The highest poverty rates are found among Hispanic (21.7 percent) and black (17.8 percent) children. Poverty rates are also high among American Indian/Alaska Native children. However, precise rates were unavailable. White children have a poverty rate of 7.9 percent. The deep poverty rate is also highest among Hispanic children (4 percent) followed by black children (3.7 percent). White children have a deep poverty rate of 2.1 percent. In addition, more than half of Hispanic (54.6 percent) and black (50.6 percent) children and 22.9 percent of white children live in near poverty (<150 percent SPM). Taken together, nearly 26.4 million children—more than a third (35.6 percent) of all U.S. children—live at or near poverty.

The statement of task for the Committee directed us to review the research evidence on linkages between child poverty and child well-being. The committee concluded that **the weight of the causal evidence indicates that income poverty causes negative child outcomes,**

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especially when poverty begins early in childhood and/or persists throughout a large portion of childhood. Children who grow up in poverty experience worse outcomes than children who grow up in higher-income families on every dimension of well-being—physical and mental health, education, labor market success, engagement in risky behaviors, and delinquency.

Another key element of the statement of task was to provide an analysis of the poverty-reducing effects of the existing major assistance programs directed at children and families in the United States. The statement of task directed us to use the Supplemental Poverty Measure (SPM) of income poverty, which we adjusted for underreporting of some types of income in the survey data. Importantly, the SPM takes account of taxes and tax credits, in-kind benefits, and nondiscretionary expenses (e.g., child support payments) and so is suited for the kinds of policy analysis that we were charged to undertake.

The committee concluded that child poverty would be much higher without our current anti-poverty policies and programs. **The Earned Income Tax Credit (EITC), the Child Tax Credit (CTC), the Supplemental Nutrition Assistance Program (SNAP), and to a lesser extent Social Security are the most important programs for reducing poverty** (<100 percent Supplemental Poverty Measure (SPM)-based child poverty). For example, without the EITC and the CTC, the child poverty rate would be 18.9 percent instead of 13 percent. Without SNAP the poverty rate would be 18.2 percent instead of 13 percent. SNAP and Social Security are the most important existing programs for reducing deep poverty among children. Without SNAP, the deep poverty rate would be 5.7 percent instead of 2.9 percent. Tax credits are the most important way of keeping children above near poverty (<150 percent of SPM).

Many programs that alleviate poverty directly, through providing income transfers, or indirectly, by providing food, housing, or medical care, have also been shown to improve child

health and well-being. For instance, rigorous research evidence shows that SNAP participation during pregnancy reduces the incidence of low birthweight, and that SNAP participation at ages 0 to 4 leads to a reduction in poor health in later childhood (Almond, Hoynes, & Schanzenbach, 2011; Hoynes, Schanzenbach, & Almond, 2016).

Despite the important poverty reduction effects of existing programs, 13 percent of U.S. children are living in families with incomes below the poverty line, and 2.9 percent are living in deep poverty. The core of our committee's charge was to "identify policies and programs with the potential to help reduce child poverty and deep poverty (measured using the Supplemental Poverty Measure or SPM) by 50 percent within 10 years of the implementation of the policy approach." Thus, our task was to identify programs and policies to reduce poverty to 6.5 percent and deep poverty to 1.5 percent.

Child poverty is not an intractable problem. It is possible for wealthy nations to reduce child poverty by 50 percent. The United States did so over a 36-year period from 1970-2016. The United Kingdom did so in under a decade, from 2001 to 2008, and Canada appears to be on course to achieve this goal even more quickly, after introducing its new child benefit in 2016. The Canada Child Benefit is tax-free, and the amount is determined by the age of the child or children in the family and the net family income.

The committee developed 20 individual policy proposals, none of which was estimated to reduce child poverty in the United States by 50 percent over a 10-year period on its own. Nevertheless, across all of our committee's criteria, including poverty reduction, cost, impacts on work, social inclusion, and evidence of positive impacts on child well-being, several policy and program proposals did stand out:

- A 40 percent increase in Earned Income Tax Credit benefits would decrease child

poverty from 13 percent to 10.9 percent but would have only modest impacts on deep poverty. It would strongly encourage work and cost $20 billion annually.

- A $2,000 per year child allowance paid monthly would strongly reduce child poverty from 13 percent to 9.6 percent and deep poverty—from 2.9 to 1.8 percent. It would lead to modest reductions in employment and earnings with an annual cost of $33 billion.

Because none of the individual policies/programs reduced child poverty by 50 percent, the committee also considered four **policy packages**, i.e., combinations of policies and programs. As with the individual policies and programs considered, package components were selected based on the strength of the evidence that they may reduce child poverty, effects on employment/earnings, cost, and social inclusion. The components and effects of these packages are summarized in the table below.

	Work-oriented package (1)	Work-based and universal support package (2)	Means-tested supports and work package (3)	Universal supports and work package (4)
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 immigrant eligibility restrictions for safety net programs				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 of the *packages* (3 and 4) were estimated to achieve a 50 percent reduction in child poverty. Package 3, the "Means-Tested Supports and Work Package," combines

expansions of the two tax credits with expansions of two existing income support programs: SNAP and housing voucher programs. The cornerstone of Package 4, the "Universal Supports and Work Package," is a $2,700 per child per year child allowance. Package 4 also includes an expansion of the EITC and CDCTC, an increase in the minimum wage, a new child support assurance program, and elimination of the immigrant restrictions imposed by the 1996 welfare reform. The costs of these two packages are substantial ($90 to $110 billion a year) but small compared with the aggregate costs of child poverty to the nation, which are estimated to range between $800 billion and $1.1 trillion per year. Because these two packages combined policies that increased work and pay among low-income parents with policies that strengthened the safety net, they not only cut child poverty in half but also increased employment and earnings. A promising smaller program package (2) was estimated to reduce child poverty by a third, not a half, while at the same time increasing employment and earnings, at a cost of about $44 billion per year.

While increased employment and stable two-parent households have the potential to lower poverty rates, we lack rigorous evidence that mandatory work requirements or marriage promotion programs would achieve the goal of reducing child poverty. Therefore, these policy approaches were not included in the simulations.

In addition to program eligibility and benefits, a number of important contextual factors can greatly influence the impact and success of anti-poverty programs and policies. These factors include income stability and predictability, equitable access to programs, simple versus cumbersome enrollment procedures, bias and discrimination in employment, housing and criminal justice, neighborhood conditions, and physical and mental health. Although the committee was not able to incorporate these contextual factors in the policy simulations, it

carefully examined the evidence on how these factors can enhance or hinder the effectiveness of anti-poverty programs. Importantly, these contextual factors, which limit the effectiveness of antipoverty programs, tend to affect minority families disproportionately.

To illustrate how contextual factors may affect policy effectiveness and disproportionately affect minority families, I will use the example of the Section 8 voucher program. Inequities by race and ethnicity in the neighborhood environment that poor children experience limit the effectiveness of this anti-poverty program. Changes to the design and implementation of the Section 8 housing voucher program could reduce these inequities and improve the program's power to reduce child poverty. These observations draw from the *Roadmap to Reducing Child Poverty* report but also include additional data and my thoughts based on my own expertise and research. Therefore, these observations are not the product of the Committee on Building an Agenda to Reduce the Number of Children in Poverty by Half in 10 Years, nor have they been vetted by the peer review process of the National Academies.

 Beyond family factors, neighborhood environment matters for children. Living in areas of concentrated poverty may make it more difficult for parents to lift themselves and their children out of poverty. There is evidence that children who were young when their families received Section 8 housing benefits enabling them to move to low-poverty neighborhoods had improved educational attainment and better adult outcomes (Chetty, Hendren, & Katz, 2016).

If we use a measure of the quality of children's neighborhood environment, for example, the Child Opportunity Index 2.0, and examine the distribution of poor children across five levels of neighborhood opportunity (very low- low-, moderate-, high-and very high-opportunity), in the 100 largest metro areas, we observe that poor white children live relatively evenly across the five levels of neighborhood opportunity. In stark contrast, poor black and poor Hispanic children are

heavily concentrated in very low-opportunity neighborhoods: 65.7 percent of poor black children and 49.7 percent of Hispanic children live in very low-opportunity neighborhoods compared to 19.0 percent of poor white children.[1] In very low-opportunity neighborhoods, families in poverty have fewer resources for their children, e.g., lower availability of early education centers, good schools, green space, and access to healthy food outlets, to name a few. This makes the experience of growing up in poverty even harder for these children. For example, poor white families live in neighborhoods with better performing schools than poor Hispanic and black families (Horn, Ellen, & Schwartz, 2014).

These inequities are reproduced among families in the Housing Choice Voucher program (most commonly known as Section 8) and limit its effectiveness. Section 8 provides housing subsidies to low-income families. Its effectiveness depends on families' ability to find and rent the best housing unit possible in the best neighborhood environment for their children, which is often hindered by housing discrimination and other barriers. In addition, the program is not equally effective for all groups because it operates in a context of high residential segregation and inequities in neighborhood opportunity. Low-income white families who hold a Section 8 voucher live in neighborhoods with better performing schools than low-income black and Hispanic families with Section 8 vouchers. For example, the percentile rank in Math and English Language Arts proficiency of the neighborhood schools of white families on Section 8 is 39 compared to only 27 for Hispanic families and 22 for black families on Section 8 (Horn et al., 2014).

Because the Section 8 program operates in a context of constrained neighborhood choices, especially for minority families, its effectiveness could be improved for all families with even

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[1] Author's calculations using the Child Opportunity Index 2.0. (Acevedo-Garcia, Noelke, & Mcardle, 2020; Noelke et al., 2020)

stronger effects on black and Hispanic families if the design and implementation included providing housing counseling to families to maximize their chances of finding rental housing units in higher opportunity neighborhoods. There are several housing mobility programs around the country aimed at enhancing the Section 8 program with housing search counseling. Some of them are coupled with a rigorous evaluation of program effectiveness that will provide information on how to better implement housing mobility programs within Section 8.

In housing and other sectors, a new generation of research is needed to inform the future of anti-poverty programs and policies. Rigorous tests of innovative and promising ideas to reduce child poverty are essential. New research should examine not only average effects but poverty reductions among sub-groups, especially those with the highest poverty rates. Research and policy demonstrations should also examine how contextual factors such as administrative burden, concentrated neighborhood disadvantage and discrimination limit the effectiveness of anti-poverty programs.

An important reason we need innovations in program design and rigorous evaluation is that our most important anti-poverty programs were designed and put in place when our child population looked very different. Consequently, when we think about improving anti-poverty programs today, we must take into account a landscape of diversity and persistent racial/ethnic inequities in child poverty.

Our population is changing. It is becoming much more racially and ethnically diverse, and the child population is even more diverse than the total population. While in 1990 about 70 percent of children were non-Hispanic white, today only about half of children are white. Another important change in our child population has been the increase in the Hispanic child population: from 12 percent of the child population in 1990 to 25 percent today.

These changes in our child population coupled with higher poverty rates for Hispanic and black children have resulted in a significant change in the composition of children in poverty. Who are our children in poverty today? Hispanic children are the largest group of children in poverty. They surpassed white children as the largest group of children in poverty around 2002.

In 2015, Hispanic children were 41 percent of the population of children in poverty (<100 percent SPM) (more than 3.9 million), up from 12 percent in 1970. In the same year, white children were 31 percent of the population of children in poverty (nearly 3 million), down from 55 percent in 1970. White children still constitute the largest group of children in deep poverty followed closely by Hispanic children.

An important policy and research question is whether we can design and implement effective social policy if we ignore these wide racial and ethnic inequities in child poverty. My opinion is that we will achieve the goal of poverty reduction faster if we are more intentional about policy design so that the benefits of anti-poverty programs include all children, and programs help us reduce inequities in poverty.

Why? Program design (for example, eligibility), access (for example, administrative burden), poverty reducing effects, and the context in which families experience poverty and try to overcome poverty are not equal across racial and ethnic groups. Therefore, enhancing the effectiveness and reach of anti-poverty programs requires that we are able to serve an increasingly diverse child population, and that we identify and address sources of differential treatment and outcomes in anti-poverty programs.

Thank you for the opportunity to testify. I would be happy to address any questions that you might have.

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