

Good afternoon Chairman Davis, Ranking Member Walorski, and Members of the Subcommittee. Thank you for the opportunity to testify today. My name is Ron Haskins. I am a Senior Fellow at the Brookings Institution and the Co-Director of the Brookings Center on Children and Families. 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.

I have been asked to summarize the findings from our 2019 National Academies report *A Roadmap to Reducing Child Poverty*. I'm substituting for my colleague from Brandeis, Dr. Delores Acevedo-Garcia, who is subject to travel restrictions because of the Coronavirus.

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, for example, to a reduction in adult productivity and increased health expenditures associated with children growing up in poor families.

Thirteen percent of U.S. children—9.6 million—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.

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. Hispanic (22 percent) and black (18 percent) children have the highest poverty rates. Poverty rates are also high among American Indian/Alaska Native children. However, precise rates were unavailable. White children have a poverty rate of about 8 percent.

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, especially when poverty begins early in childhood and/or persists throughout a large portion of childhood.

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. 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. Both tax credits and safety net programs are important for reducing 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.

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 by 50 percent within 10 years". Thus, our task was to identify programs and policies to reduce poverty to 6.5 percent and deep poverty to 1.5 percent. The Committee used several criteria, including the strength of the research and evaluation studies, the magnitude of reduction in child poverty and deep poverty, and program costs, in analyzing the programs and policies. The committee then developed 20 individual policies, none of which on its own reduced child poverty by 50 percent over a 10-year period.

Across all our committee's criteria described above, several policy and program proposals stood 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.

- The committee’s expansion of the Child and Dependent Care Tax Credit would generate \$9.3 billion more in annual earnings than cost to the budget (\$5.1 billion). Its ability to reduce child poverty and deep poverty is relatively modest.
- A child allowance of \$2,000 per child per year 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. Increases in work was one of the Committee’s criteria for selecting policies and programs. All four packages include policies that promote work (expansion of the EITC) and work supports (expansion of the Child and Dependent Care Tax Credit), as well as other policies/programs.

Two of the *packages* (3 and 4; see below) were estimated to achieve a 50 percent reduction in child poverty. Package 3, the “Means-Tested Supports and Work Package,” combines: expansions of the EITC and CDCTC 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.

While increased employment has the potential to lower poverty rates, we lack rigorous evidence that mandatory work requirements would achieve the goal of reducing child poverty. The committee concluded that “there is insufficient evidence to identify mandatory work policies that would reliably reduce child poverty, and it appears that work requirements are at least as likely to increase as to decrease poverty” (Conclusion 7-4). Therefore, work requirements were not included in the simulations.

In addition, our statement of task directed us to identify programs and policies that would reduce both poverty and deep poverty by half. Package #1 which has an exclusive focus on programs that benefit workers, does not achieve the goal of

reducing poverty or deep poverty by half—it reduces both by about 19 percent. Therefore, achieving the goal of reducing child poverty by half requires the use of income-support policies and programs such as SNAP and housing subsidies and/or universal supports such as a child allowance.

Finally, in addition to program eligibility and benefits, many important contextual factors can greatly influence the success of anti-poverty programs. Coupling work incentives with work supports like child care, job search assistance, and transportation assistance is often the key to success, because, as discussed in Chapter 8 of the report, low-income families face many barriers to work related to these factors.

Child poverty is not an intractable problem. It is possible for developed nations to reduce child poverty by 50 percent. The United States did so from 1970 to 2016. The United Kingdom did so in under a decade, from 2001 to 2008. The rigorous evidence and policy simulation results our Committee assembled suggest that we can do it again today and we know how to do it.

Thank you for the opportunity to testify. I would be happy to answer questions..

	Work-oriented package	Work-based and universal support package	Means-tested supports and work package	Universal supports and work package
	(1)	(2)	(3)	(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