A Roadmap to Reducing Child Poverty

SUMMARY

Committee on Building an Agenda to Reduce the
Number of Children in Poverty by Half in 10 Years

Greg Duncan and Suzanne Le Menestrel, *Editors*
Board on Children, Youth, and Families
and
Committee on National Statistics
Division of Behavioral and Social Sciences and Education

A Consensus Study Report of

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This Consensus Study Report was reviewed in draft form by individuals chosen for their diverse perspectives and technical expertise. The purpose of this independent review is to provide candid and critical comments that will assist the National Academies in making each published report as sound as possible and to ensure that it meets the institutional standards for quality, objectivity, evidence, and responsiveness to the study charge. The review comments and draft manuscript remain confidential to protect the integrity of the deliberative process.

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One of the pleasures of serving on a National Academies committee such as ours is that it provides opportunities to strike up friendships with

individuals with very different interests and viewpoints. It also allows us to share in the joys and sorrows of fellow committee members. We dedicate this report to the memory of Joseph Smeeding, a bright young doctoral student at the University of Arizona and son of committee member Timothy Smeeding. He died on January 12, 2018, after a 2-year battle with glioblastoma multiforme.

Greg Duncan, *Chair*
Committee on Building an Agenda to Reduce
the Number of Children in Poverty by Half in 10 Years

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Summary

The strengths and abilities children develop from infancy through adolescence are crucial for their physical, emotional, and cognitive growth. And that growth in turn enables them to achieve success in school and to become responsible, economically self-sufficient, and healthy adults. Capable, responsible, and healthy adults are the foundation of any well-functioning and prosperous society, yet in this regard the future of the United States is not as secure as it could be. This is because millions of American children live in families with incomes below the poverty line. A wealth 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 included in an omnibus appropriations bill that was signed into law in December 2015 a provision directing the National Academies of Sciences, Engineering, and Medicine to conduct a comprehensive study of child poverty in the United States. The heart of this congressional charge is to identify evidence-based programs and policies for reducing the number of children living in poverty in the United States by half within 10 years. This 10-year window meant that the National Academies' study would need to focus on policies that could affect poor parents' resources in the near term, rather than on investments such as improved education for poor children that might well reduce poverty for future generations. Specifically, Congress requested that the committee provide the following:

1. a review of research on linkages between child poverty and child well-being;
2. objective analyses of the poverty-reducing effects of major assistance programs directed at children and families; and
3. policy and program recommendations for reducing the number of children living in poverty—including those living in deep poverty (with family incomes below one-half the poverty line)—in the United States by half within 10 years.

After nearly 2 years of work, the Committee on Building an Agenda to Reduce the Number of Children in Poverty by Half in 10 Years (hereafter, the committee) has completed a review of the research literature and its own commissioned analyses to answer some of the most important questions surrounding child poverty and its eradication in the United States. Moreover, the committee was able to formulate two program and policy packages, described below, that meet the 50 percent poverty-reduction goals while at the same time increasing employment among low-income families.

WHY IS CHILD POVERTY SUCH A SERIOUS PROBLEM?

Although some children are resilient to the adverse impacts of economic poverty, many studies show significant associations between poverty and poor child outcomes, such as harmful childhood experiences, including maltreatment, material hardship, impaired physical health, low birthweight, structural changes in brain development, and mental health problems. Studies also show significant associations between child poverty and 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.

Because these correlations do not in themselves prove that low income is the active ingredient producing worse outcomes for children, the committee focused its attention on the literature addressing the *causal* impacts of childhood poverty on children. The committee concludes from this review that **the weight of the causal evidence does indeed indicate that income poverty itself causes negative child outcomes, especially when poverty occurs in early childhood or persists throughout a large portion of childhood.**[1] (The full text of this and other conclusions and recommendations included in the Summary are presented in Box S-1.)

The committee also reviewed the much less extensive evidence on the macroeconomic costs of child poverty to measure how much child poverty costs the nation overall. Studies in this area attempt to attach a monetary

[1] Conclusion 3-8, Chapter 3.

value to the reduction in adult productivity, increased costs of crime, and increased health expenditures associated with children growing up in poor families. Estimates of these costs range from 4.0 to 5.4 percent of the Gross Domestic Product—roughly between $800 billion and $1.1 trillion annually if measured in terms of the size of the U.S. economy in 2018.[2] As we demonstrate below, outlays for new programs that would reduce child poverty by 50 percent would cost the United States much less than these estimated costs of child poverty.

DO POVERTY-REDUCING PROGRAMS IN THE UNITED STATES PROMOTE CHILDREN'S HEALTHY DEVELOPMENT?

Given the evidence that poverty harms children's well-being, policies designed to reduce poverty by rewarding work or providing safety-net benefits might be expected to have the opposite effect. The committee examined research findings to assess whether that is the case. A number of researchers have studied the effects on children of changes in policies, such as the emerging availability of food stamps across the country in the 1960s and 1970s and expansions of the Earned Income Tax Credit (EITC) Program in the 1990s. Further expansions of some of these policies are obvious candidates for meeting the 50 percent poverty-reduction goal in the committee's statement of task, so it is particularly important to assess the evidence of their past impacts on children. **The committee finds that many programs that alleviate poverty—either directly, by providing income transfers, or indirectly, by providing food, housing, or medical care—have been shown to improve child well-being.**[3]

Specifically, we find that

- **periodic increases in the generosity of the Earned Income Tax Credit Program have improved child educational and health outcomes,**[4]
- **the Supplemental Nutrition Assistance Program (SNAP) has improved birth outcomes as well as many important child and adult health outcomes,**[5]
- **expansions of public health insurance for pregnant women, infants, and children have led to substantial improvements in child and adult health, educational attainment, employment, and earnings,**[6] **and**

[2] This is based on a Gross Domestic Product of $20.41 trillion in the second quarter of 2018. See Table 3, https://www.bea.gov/system/files/2018-09/gdp2q18_3rd_3.pdf.

[3] Conclusion 3-8, Chapter 3.

[4] Conclusion 3-3, Chapter 3.

[5] Conclusion 3-5, Chapter 3.

[6] Conclusion 3-7, Chapter 3.

BOX S-1
Conclusions and Recommendations Referenced in the Summary

CONCLUSION 3-3: Periodic increases in the generosity of the Earned Income Tax Credit Program have improved children's educational and health outcomes.

CONCLUSION 3-5: The Supplemental Nutrition Assistance Program has been shown to improve birth outcomes as well as many important child and adult health outcomes.

CONCLUSION 3-6: Evidence on the effects of housing assistance is mixed. Children who were young when their families received housing benefits enabling them to move to low-poverty neighborhoods had improved educational attainment and better adult outcomes.

CONCLUSION 3-7: Expansions of public health insurance for pregnant women, infants, and children have generated large improvements in child and adult health and in educational attainment, employment, and earnings.

CONCLUSION 3-8: The weight of the causal evidence indicates that income poverty itself causes negative child outcomes, especially when it begins in early childhood and/or persists throughout a large share of a child's life. Many programs that alleviate poverty either directly, by providing income transfers, or indirectly, by providing food, housing, or medical care have been shown to improve child well-being.

CONCLUSION 4-4: Government tax and transfer programs reduced the child poverty rate, defined by the Supplemental Poverty Measure (SPM), modestly between 1967 and 1993, but became increasingly important after 1993 because of increases in government benefits targeted at the poor and near poor. Between 1993 and 2016, SPM poverty fell by 12.3 percentage points, from 27.9 to 15.6 percent, more than twice as much as market-income-based poverty.

CONCLUSION 5-1: Using a threshold defined by 100 percent of the Supplemental Poverty Measure, no single program or policy option developed by the committee was estimated to meet the goal of 50 percent poverty reduction. The $3,000 per child per year child allowance policy comes closest, and it also meets the 50 percent reduction goal for deep poverty.

CONCLUSION 5-2: A number of other program and policy options lead to substantial reductions in poverty and deep poverty. Two involve existing programs—the Supplemental Nutrition Assistance Program and housing vouchers. The option of a 40 percent increase in Earned Income Tax Credit benefits would also reduce child poverty substantially.

CONCLUSION 5-3: Programs producing the largest reductions in child poverty are estimated to cost the most. Almost all of the committee-developed program options that lead to substantial poverty-reduction cost at least $20 billion annually.

CONCLUSION 5-4: Projected changes in earnings and employment in response to simulations of our program and policy options vary widely, but taken as a whole they reveal a tradeoff between the magnitude of poverty reduction and effects on earnings and employment. Work-based program expansions involving the Earned Income Tax Credit and the Child and Dependent Care Tax Credit were estimated to increase earnings by as much as $9 billion and employment by as many as half a million jobs. Programs such as the child allowances and expansions of the housing voucher program were estimated to reduce earnings by up to $6 billion and jobs by nearly 100,000. The bulk of the remaining program and policy proposals are estimated to evoke more modest behavioral responses.

CONCLUSION 5-5: The 20 program and policy options generate disparate impacts across population subgroups in our simulations. Although virtually all of them would reduce poverty across all of the subgroups we considered, disproportionately large decreases in child poverty occur only for Black children and children of mothers with low levels of education. Hispanic children and immigrant children would benefit relatively less.

CONCLUSION 6-1: Two program and policy packages developed by the committee met its mandated 50 percent reduction in both child poverty (defined by 100% of Supplemental Poverty Measure [SPM]) and deep poverty (defined by 50% of SPM). The first of these packages combines work-oriented policy expansions with increases in benefit levels in the housing voucher and Supplemental Nutrition Assistance Programs. The second package combines work-oriented expansions with a child allowance, a child support assurance program, and elimination of immigrant restrictions on benefits built into the 1996 welfare reforms. Both packages increase work and earnings, and both are estimated to cost between $90 and $111 billion per year.

CONCLUSION 6-2: The committee was unable to formulate an evidence-based employment-oriented package that would come close to meeting its mandate of reducing child poverty by 50 percent. The best employment-oriented package it could design combines expansions of the Earned Income Tax Credit, the Child and Dependent Care Tax Credit, a minimum wage increase, and a promising career development program. Although this package is estimated to add more than a million workers to the labor force, generate $18 billion in additional earnings, and cost the government only $8.6 to $9.3 billion annually, its estimated reductions in child poverty are less than half of what is needed to meet the goal.

continued

BOX S-1 Continued

CONCLUSION 7-1: Increasing both awareness of and access to effective, safe, and affordable long-acting reversible contraception (LARC) devices reduces the incidence of unplanned births, which could in turn reduce child poverty. In contrast, policies that reduce access to LARC by cutting Medicaid, Title X funding of family planning services, or mandated contraceptive coverage appear to increase the number of unintended births and thus also child poverty.

CONCLUSION 7-2: Although increasing the proportion of children living with married or cohabiting parents, as opposed to single parents, would almost certainly reduce child poverty, the impacts of existing social programs designed to promote such a change are uncertain. Evidence from these programs is inconclusive and points to neither strong positive nor negative effects. In the early 2000s, an ambitious attempt to develop programs that would improve couple-relationship skills, promote marriage, and improve child well-being failed to boost marriage rates and achieve most of their other longer-run goals.

CONCLUSION 7-4: 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. The dearth of evidence also reflects underinvestment over the past two decades in methodologically strong evaluations of the impacts of alternative work programs.

RECOMMENDATION 9-10: The U.S. Office of Management and Budget (OMB) should convene working groups of appropriate federal program, research, and statistical agencies to assess this report's conclusions about program packages that are capable of reducing child poverty by half within 10 years of adoption. OMB should also convene working groups charged with assessing the report's recommendations for research and data collection to fill important gaps in knowledge about effective anti-child-poverty programs. These working groups should be tasked to recommend action steps, and OMB should work with relevant agencies to draw up implementation plans and secure appropriate resources. The working groups should consult with relevant state agencies and outside experts, as appropriate, to inform their deliberations.

- **evidence on the effects of housing assistance is mixed, although children who were young when their families received housing benefits that allowed them to move to low-poverty neighborhoods had improved educational and adult outcomes.**[7]

HOW MUCH DO CURRENT PROGRAMS IN THE UNITED STATES REDUCE CHILD POVERTY?

Mindful of the evidence that links childhood poverty with problems in adulthood, as well as studies showing the benefits for children from some of the nation's anti-poverty programs, the committee sought to understand how child poverty has been affected by current programs and policies. In 2015, the latest year for which the committee was able to generate estimates that took full account of benefits from federal tax credits and other safety net programs, more than 9.6 million U.S. children (13.0%) lived in families with annual incomes below a poverty line defined by the Supplemental Poverty Measure (SPM).[8]

That same year, some 2.1 million children (2.9%) lived in "deep poverty," defined as having family resources below one-half of the poverty-based line. Child poverty rates were much higher for Black children (18%) and Hispanic children (22%) than for non-Hispanic White children (8%); for children in single-parent families (22%) than for those in two-parent families (9%); for children in immigrant families (21%) than for those in non-immigrant families (10%); and for children in families with no workers (62%) than for those in families with part-time workers (28%) or with full-time workers (7%). Poverty rates also appear to be much higher among American Indian children; however, precise rates are unavailable.

The committee examined the poverty-reducing impacts of the current set of major federal assistance programs by estimating how child poverty rates would have changed had each of these programs *not* been operating (see Figure S-1).[9] The two refundable tax credits—the EITC and the refundable portion of the Child Tax Credit—are the most successful at alleviating poverty, as shown in Figure S-1. We estimate that the elimination of these

[7] Conclusion 3-6, Chapter 3.

[8] The committee's child poverty estimates are lower than those in official statistics. Its estimates were produced by a widely used microsimulation model, TRIM3, which corrects for the underreporting of a number of important sources of income in household surveys. The 2015 SPM poverty lines for two-parent, two-child families were about $22,000 for those owning a home free and clear and about $26,000 for renters and homeowners with a mortgage.

[9] It is important to note that these estimates of the poverty-reducing impact of current programs do not account for the extent to which eliminating a given program might also affect work and other decisions that would in turn affect a family's market income.

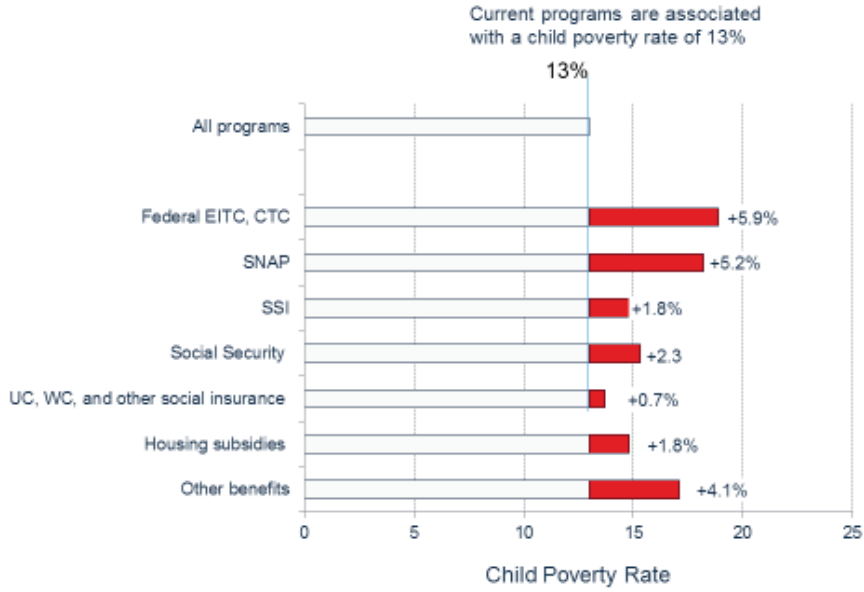

FIGURE S-1 Changes in child poverty rates if each current income support program were eliminated.
NOTE: CTC = Child Tax Credit, EITC = Earned Income Tax Credit, SNAP = Supplemental Nutrition Assistance Program, SSI = Supplemental Security Income, UC = Unemployment Compensation, WC = Workers' Compensation.
SOURCE: Estimates from TRIM3 commissioned by the committee, using the Supplemental Poverty Measure with the Current Population Survey Annual Social and Economic Supplement, with income corrected for underreporting.

tax credits would raise SPM child poverty to 18.9 percent, an increase of 5.9 percentage points or 4.4 million children.

The poverty-reducing benefits from the Supplemental Nutrition Assistance Program (SNAP) are the next largest: In the absence of SNAP benefits, the child poverty rate would have increased to 18.2 percent. In the absence of Social Security benefits, which go to many multigeneration households containing children, the child poverty rate would have been 15.3 percent. Without the Supplemental Security Income (SSI) Program, the child poverty rate would have increased to 14.8 percent.

In contrast to rates of child poverty defined by SPM thresholds, rates of deep poverty (50% of SPM thresholds) are affected very little by refundable tax credits. This is because most families in deep poverty have very low levels of earned income, and all three of the tax benefits are based on earnings. SNAP is by far the single most important federal program for reducing deep poverty; it is estimated that eliminating SNAP would nearly

double (from 2.9 to 5.7%) the fraction of children in families with incomes below the deep poverty threshold.

The demographic groups with the highest child poverty rates—Blacks and Hispanics, single-parent families, and families with poorly educated parents—benefit disproportionately from both SNAP and the tax benefit programs. The two exceptions are children in noncitizen families, who benefit less from both programs, and children in families with no workers, who do not benefit from tax-related benefit programs.

IS A GOAL OF 50 PERCENT REDUCTION IN CHILD POVERTY REALISTIC?

Both the U.S. historical record and the experience of peer countries show that reducing child poverty in the United States is an achievable policy goal. Child poverty fell by nearly one-half between 1967 and 2016 (see Figure S-2).[10] Rates of deep child poverty declined as well over that period, both overall and across subgroups of children defined by race and ethnicity.

Historically, macroeconomic growth has fueled growth in wages and employment, which in turn has led to corresponding reductions in poverty. However, during the past several decades economic growth has not been shared equally across the income distribution. Wages have stagnated or declined for lower-skilled male workers since the early 1970s, while the wages of lower-skilled women have stagnated since 2000. **During the 1967–2016 period, child poverty rates varied with both business cycles and changes in social benefit programs. Government tax and transfer programs reduced child poverty modestly between 1967 and 1993, but they became increasingly important after 1993 because of increases in government benefits (mainly the Earned Income Tax Credit) targeted at the poor and near poor. Between 1993 and 2016, SPM poverty fell by 12.3 percentage points, dropping from 27.9 to 15.6 percent.**[11]

The United States spends less to support low-income families with children than peer English-speaking countries do, and by most measures it has much higher rates of child poverty. Two decades ago, child poverty rates were similar in the United States and the United Kingdom. That began to change in March 1999, when Prime Minister Tony Blair pledged to end child poverty in a generation and to halve child poverty within 10 years. Emphasizing increased financial support for families, direct investments in children, and measures to promote work and increase take-home pay,

[10] As defined by the U.S. Census Bureau, an SPM-based poverty measure that counts cash income, tax credits, and near-cash benefits (e.g., SNAP benefits) in its measure of household resources.

[11] Conclusion 4-4, Chapter 4.

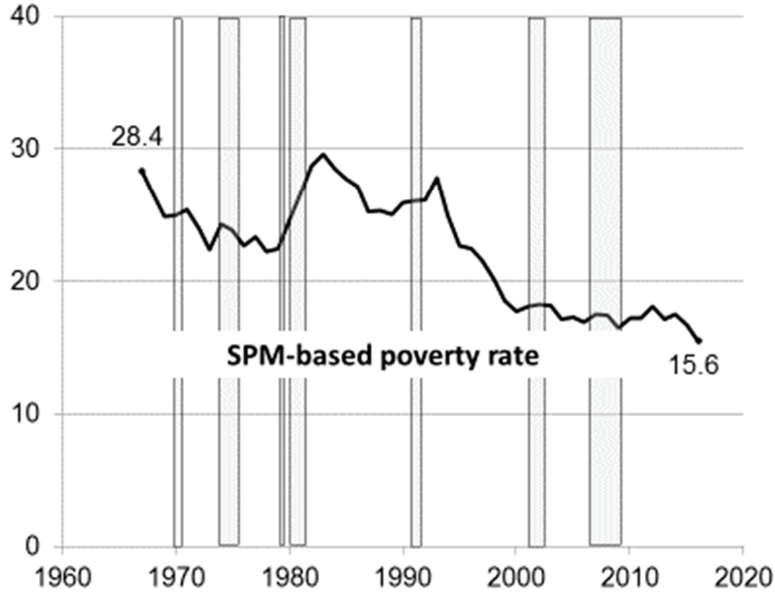

FIGURE S-2 Child poverty rates as measured by the Supplemental Poverty Measure (SPM), 1967–2016, using the Current Population Survey Annual Social and Economic Supplement (CPS ASEC).
NOTE: Shaded areas indicate recession years. Poverty estimates use the SPM with income that is not corrected for underreporting, as it is not feasible to correct income reporting in the CPS ASEC over the entire period shown. Corrections for underreporting account for the bulk of the 13.0% vs. 15.6% poverty rate differences shown in Figures S-1 and S-2.
SOURCE: Analyses commissioned by the committee and conducted by Christopher Wimer (2017).

the United Kingdom enacted a range of measures that made it possible to meet the 50 percent poverty-reduction goal by 2008—a year earlier than anticipated. More recently, the Canadian government introduced the Canada Child Benefit in its 2016 budget. According to that government's projections, the benefit will reduce the number of Canadian children living in poverty by nearly one-half.

REDUCING CHILD POVERTY IN THE UNITED STATES BY HALF IN 10 YEARS

The heart of the committee's charge is to identify policies and programs that have the potential to reduce child poverty and deep poverty in the United States by half within 10 years. With hundreds of local, state, federal,

and international anti-poverty program and policy models to choose from, the committee developed a set of criteria to guide its selection process. These included (1) the strength of the research and evaluation evidence; (2) likely reductions in the number of poor children; (3) the extent of child poverty reduction achievable within the subgroups with the highest child poverty rates; (4) cost; and (5) positive impacts on work, marriage, opportunity, and social inclusion.

The committee examined 10 program and policy options. Four of them are tied to work, three of them modify existing safety net programs, two come from other countries, and the final one modifies existing provisions relating to immigrants. It then formulated two variations for each of the 10 options, yielding 20 scenarios in all. The 10 options are as follows:

Program and policy options tied to work:

1. expanding the EITC;
2. expanding child care subsidies;
3. raising the federal minimum wage; and
4. implementing a promising training and employment program called WorkAdvance nationwide.

Modifications to existing safety net programs:

5. expanding SNAP;
6. expanding the Housing Choice Voucher Program; and
7. expanding the SSI program.

Options used in other countries:

8. introducing a universal child allowance (which, in the U.S. context, can also be thought of as an extension of the federal child tax credit delivered monthly instead of once a year); and
9. introducing a child support assurance program that sets guaranteed minimum child support amounts per child per month.

Modifications to existing provisions relating to immigrants:

10. increasing immigrants' access to safety net programs.

The committee's simulations showed that no single program or policy option that we considered could meet the goal of reducing child poverty by one-half. A $3,000 per child per year child allowance policy would produce the largest poverty reduction, and it would meet the goal of reducing deep poverty (50% of SPM poverty) by one-half.[12] A number of other program and policy options were also estimated to reduce child poverty substantially

[12] Conclusion 5-1, Chapter 5.

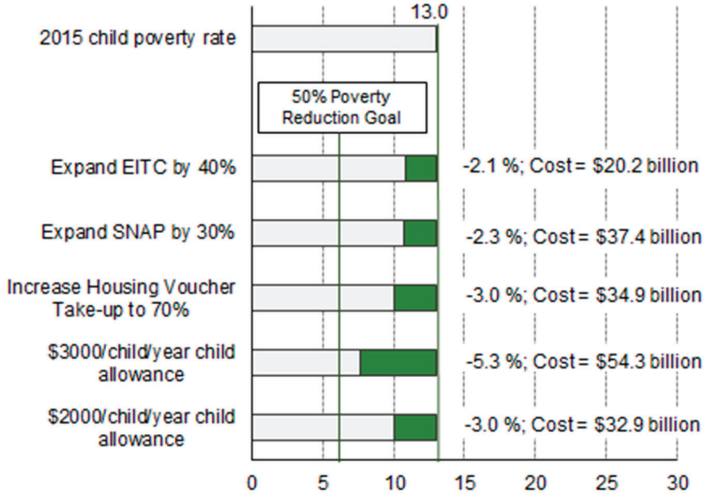

FIGURE S-3 Reductions in child poverty and cost of several policy and program options developed by the committee.
NOTES: Costs are based on provisions of the 2015 tax law applied to income for 2015. Incomes are corrected for underreporting. EITC = Earned Income Tax Credit, SNAP = Supplemental Nutrition Assistance Program.
SOURCE: Estimates from TRIM3 commissioned by the committee.

(see Figure S-3). Three of them involve modifications to existing programs: the EITC, SNAP, and subsidized housing.[13]

Policy makers may wish to balance poverty reduction against other policy goals, including boosting employment among low-income families as well as containing costs, keeping in mind the consequences of raising revenues to pay for the policies and programs that reduce the number of children raised in a poor family. As might be expected, **there is a strong positive relationship between cost and the number of children moved out of poverty. Almost all of the committee-developed program options that would lead to substantial poverty reductions were estimated to cost at least $20 billion annually.**[14]

The committee devoted significant effort to estimating how families might change their work effort in response to each of the policy and program options under consideration. It found considerable variation in the changes in employment and earnings resulting from the simulated implementation of the 20 program and policy options. **Work-based program**

[13] Conclusion 5-2, Chapter 5.
[14] Conclusion 5-3, Chapter 5.

expansions involving the Earned Income Tax Credit and the Child and Dependent Care Tax Credit were estimated to increase earnings by as much as $9 billion and employment by as many as half a million jobs. Programs such as child allowances and expansions of the housing voucher program were estimated to reduce earnings by up to $6 billion and jobs by nearly 100,000.[15]

The 20 program and policy options the committee examined generated different impacts in different subgroups of the population. **Although virtually all of these options reduced poverty across all of the subgroups considered, there were disproportionately large decreases in child poverty for Black children and children of mothers with low levels of education. Hispanic children and children in immigrant families benefited relatively less.**[16]

PACKAGES OF POLICIES AND PROGRAMS TO REDUCE CHILD POVERTY AND DEEP POVERTY

Since none of the committee's individual policy and program options met both of the 50 percent reduction goals—for both poverty and deep poverty—the committee developed the four program and policy "packages" shown in Table S-1 and assessed their expected impacts.

The *work-oriented package* attempted to capitalize on the fact that gains in steady employment and earnings are among the strongest correlates of escaping poverty. Accordingly, this package was focused exclusively on policies tied to paid employment by combining expansions of two tax credits (the EITC and Child and Dependent Care Tax Credit [CDCTC]) with an increase in the minimum wage and implementing the WorkAdvance Program nationwide. **Although combining these four programs was estimated to add a million workers to the labor force, generate $18 billion in additional earnings, and cost only $8.7 billion, the reduction in child poverty it was estimated to bring about was less than one-half of what is needed to meet the 50 percent poverty-reduction goal.**[17]

It was disappointing to conclude that this work-oriented package would be unable to achieve adequate reductions in child poverty, in light of the often-stated policy goal of moving low-income families from reliance on government assistance and toward greater participation in the labor force. Although states have been testing a number of new work-oriented programs, especially those including work requirements, most states have evaluated the new programs using weak methods that fall far short of the evidentiary standard set by the National Academies for its reports. Some of

[15] Conclusion 5-4, Chapter 5.
[16] Conclusion 5-5, Chapter 5.
[17] Conclusion 6-2, Chapter 6.

TABLE S-1 Components of the Four Packages and Their Estimated Costs and Impact on Poverty Reduction and Employment Change

		1. Work-oriented Package	2. Work-based and Universal Supports Package	3. Means-tested Supports and Work Package	4. Universal Supports and Work Package
Work-oriented Programs and Policies	Expand EITC	X	X	X	X
	Expand CDCTC	X	X	X	X
	Increase the Minimum Wage	X			X
	Roll Out WorkAdvance	X			
Income Support-oriented Programs and Policies	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
	Percentage Reduction in the Number of Poor Children	–18.8%	–35.6%	–50.7%	–52.3%
	Percentage 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

NOTE: CDCTC = Child and Dependent Care Tax Credit, EITC = Earned Income Tax Credit, SNAP = Supplemental Nutrition Assistance Program.

the committee's research recommendations address the need for building a more solid and reliable body of evidence on current programs.

Our second package, the *work-based and universal supports package,* builds on the work-based package by combining expansions of two tax credits (the EITC and CDCTC) with a $2,000 child allowance designed to replace the Child Tax Credit. **This package generates an estimated 36 percent reduction in poverty and 41 percent reduction in deep poverty, which**

also falls short of meeting the full 50 percent reduction goals. However, at a cost of $44.5 billion per year, and with increases of employment and earnings amounting to 568,000 jobs and $10 billion, respectively, it offers a potentially appealing approach to meeting policy goals that are often in competition with one another.

The *means-tested supports and work package* combined expansions of the two tax credits in the work-oriented package with expansions of two existing income support programs: SNAP (formerly known as food stamps) and housing voucher programs. **The committee estimates that this package of programs would in fact meet the goal of reducing both poverty and deep poverty by one-half, at a cost of $90.7 billion per year.** On balance, the work incentives associated with the two tax credits outweigh the disincentives arising from 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* was designed to meet the 50 percent poverty-reduction goals by enhancing income security and stability while at the same time rewarding work and promoting social inclusion. The cornerstone of this package is a child allowance, but the package also includes a new child support assurance program, an expansion of the EITC and CDCTC, an increase in the minimum wage, and elimination of the immigrant eligibility restrictions imposed by the 1996 welfare reform. **This package of programs, which also meets the 50 percent poverty-reduction goals, is estimated to cost $108.8 billion.** The net effect of this full package of universal supports and work promotion policies is to increase employment by more than 600,000 jobs and earnings by $13.4 billion.

What Other Policy and Program Approaches Should Be Considered?

The committee considered a number of other program and policy ideas. One involved family planning. **Research evidence suggests that increasing both awareness of and access to effective, safe, and affordable long-acting reversible contraception devices reduces the incidence of unplanned births, which could in turn reduce child poverty.**[18] At the same time, the evidence was not strong enough to support a calculation of the likely magnitude of this poverty-reduction effect for the nation as a whole.

We also examined marriage promotion policies. Although increasing the proportion of children living with married or cohabiting parents, rather than single parents, would almost certainly reduce child poverty, whether and how policy can achieve this goal remains uncertain. Evidence from existing social programs is inconclusive and points to neither strong positive

[18] Conclusion 7-1, Chapter 7.

nor negative effects. **In the early 2000s, an ambitious attempt to develop programs that would improve couple relationship skills, promote marriage, and improve child well-being failed to boost marriage rates and achieve most of their other longer-run goals.**[19]

Similarly, evidence was insufficient to identify mandatory work policies that would reliably reduce child poverty. It appears that work requirements are at least as likely to increase as to decrease poverty. The dearth of evidence on mandatory work policies also reflects an underinvestment over the past two decades in methodologically strong evaluations of the impacts of alternative work programs.[20]

WHICH CONTEXTUAL FACTORS PROMOTE OR IMPEDE ANTI-POVERTY POLICIES AND PROGRAMS?

Any policies aimed at reducing child poverty will necessarily be implemented in complex societal and individual contexts, and these contexts can influence the policies' success. The committee identified six major contextual factors that policy makers and program administrators should consider when designing and implementing anti-poverty programs:

1. *Stability and predictability of income:* Because unstable and unpredictable income makes it difficult for families to juggle their everyday challenges, programs that provide regular income support—whether through tax credits, cash, or vouchers—may be more helpful to families if they provide adequate benefits at well-timed intervals.
2. *Equitable and ready access to programs:* Unnecessarily burdensome administrative procedures can discourage families—especially the most needy families—from applying for the income assistance benefits they are eligible to receive, and thus prevent them from receiving them at all.
3. *Equitable treatment across racial/ethnic groups:* Discrimination in hiring and employment may undermine policies that aim to increase or subsidize wages as well as policies that require beneficiaries to work. Similarly, housing discrimination reduces racial/ethnic minority families' access to and benefits from housing programs.
4. *Equitable treatment by the criminal justice system:* Involvement of a parent or other relative in the criminal justice system harms

[19] Conclusion 7-2, Chapter 7.
[20] Conclusion 7-4, Chapter 7.

significant numbers of low-income children, particularly minority children, both economically and in other ways.

5. *Positive neighborhood conditions:* Living in areas of concentrated poverty makes it difficult for parents to lift themselves and their children out of poverty. Supportive, thriving social networks and neighborhood conditions enrich family life, personal connections, and access to opportunities, yet too frequently the poor live in urban areas of concentrated poverty or are widely dispersed in rural areas with limited transportation and little access to employment, poverty-reduction programs, or community resources.
6. *Health and well-being:* Because physical and mental ailments, substance abuse, and domestic violence can undermine parents' ability to make sound decisions, care for their children, gain education, obtain and keep work, and support their households, anti-poverty programs that require participants to be employed in order to maintain eligibility or that have cumbersome eligibility requirements may be less effective for families with these issues.

SUMMARY AND NEXT STEPS

The committee's work has identified two program and policy packages that would enable the nation to meet the ambitious goal of reducing by half the number of poor children and children living in deep poverty. Other packages are also conceivable. **Both of the committee's packages involve combinations of program enhancements, some of which encourage and reward paid employment, while others provide basic income support to help cover the expenses incurred when raising children. Both are also quite costly in an absolute sense. They would require an investment of between $90 and $110 billion per year, although this cost is much lower than the estimated annual macroeconomic cost of child poverty, which is estimated to range from $800 billion to $1.1 trillion.**[21] A third package fell short of the full 50 percent poverty-reduction goal but, at $44.5 billion, cost considerably less and increased work and earnings.

The virtues of bundling work- and supports-oriented policy and program enhancements into packages are clear from the committee's analyses. No single modification we considered met the 50 percent poverty-reduction goals, and those that came close led more people to leave than enter the labor force. And while work-oriented enhancements, such as expanding the EITC or making the CDCTC fully refundable, would reduce child poverty at a relatively low cost, they would be much less effective at reducing the number of children living in deep poverty. The committee found that it is

[21] Conclusion 6-1, Chapter 6.

possible to combine the two approaches in a way that would meet both the poverty and deep poverty-reduction goals and, on balance, increase work and earnings among low-income families with children.

Assuming that stakeholders—Congress, federal and state agencies, and the public—agree that further reduction of child poverty is a priority goal for U.S. policy, the committee recommends that a coordinating mechanism be put in place to ensure that its 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.[22]

In the view of the committee, the U.S. Office of Management and Budget (OMB) is the appropriate agency to coordinate the assessment of these conclusions and recommendations and to put together an action plan. It could do this by convening working groups of appropriate federal program, research, and statistical agencies to assess this report's conclusions regarding the program packages capable of reducing child poverty by half within 10 years of adoption. Further, the committee recommends that OMB convene working groups charged with assessing the report's recommendations for research and data collection to fill important gaps in knowledge about programs that are effective at reducing child poverty. A number of additional research recommendations embraced by the committee can be found in Chapter 9 of the report.

Acting on this report's conclusions and recommendations has the potential not only to reduce child poverty, but also to build a healthier and more prosperous nation.

[22] Recommendation 9-10, Chapter 9.

BOARD ON CHILDREN, YOUTH, AND FAMILIES

The Board on Children, Youth, and Families (BCYF) is a non-governmental, scientific body within the National Academies of Sciences, Engineering, and Medicine that advances the health, learning, development, resilience, and well-being of all children, youth, and families. The board convenes top experts from multiple disciplines to analyze the best available evidence on critical issues facing children, youth, and families. Our ability to evaluate research simultaneously from the perspectives of the biological, behavioral, health, and social sciences allows us to shed light on innovative and influential solutions to inform the nation. Our range of methods—from rapidly convened workshops to consensus reports and forum activities—allows us to respond with the timeliness and depth required to make the largest possible impact on the health and well-being of children, youth, and their families throughout the entire lifecycle. BCYF publications provide independent analyses of the science and go through a rigorous external peer-review process.

COMMITTEE ON NATIONAL STATISTICS

The Committee on National Statistics was established in 1972 at the National Academies of Sciences, Engineering, and Medicine to improve the statistical methods and information on which public policy decisions are based. The committee carries out studies, workshops, and other activities to foster better measures and fuller understanding of the economy, the environment, public health, crime, education, immigration, poverty, welfare, and other public policy issues. It also evaluates ongoing statistical programs and tracks the statistical policy and coordinating activities of the federal government, serving a unique role at the intersection of statistics and public policy. The committee's work is supported by a consortium of federal agencies through a National Science Foundation grant, a National Agricultural Statistics Service cooperative agreement, and several individual contracts.