NATIONAL ACADEMIES OF SCIENCES, ENGINEERING, AND MEDICINE BOARD ON CHILDREN YOUTH AND FAMILIES CONSENSUS STUDY REPORT
A ROADMAP TO REDUCING CHILD POVERTY

MARCH 2019

On February 28, 2019, the National Academies of Sciences, Engineering and Medicine released a consensus study, *A Roadmap to Reducing Child Poverty*,[1] which has been described as "the most important report on child poverty in years."[2]

Congress mandated the National Academies to analyze the negative developmental outcomes and economic consequences of child poverty, the effectiveness of current efforts to reduce child poverty, including both domestic and international efforts, and then come up with a set of policy and program packages to cut our child poverty rate in half within a decade.

TOP TAKEAWAYS

- **Cutting our national child poverty in half within a decade is doable if there is the political will to act.** The study committee puts forth two packages of program and policy reforms that if implemented and prioritized, would cut our rate in half within 10 years.

- **We have made progress before.** The U.S. made significant progress in reducing child poverty since the 1960s, but this progress has slowed in the last decade due to decreases in the share of federal spending on children.[3]

- **Other countries have made significant progress by setting national poverty targets.** Other peer countries show us that progress is possible in the short-term. The

[1]National Academies of Sciences, Engineering and Medicine, *A Roadmap to Reducing Child Poverty*, 2019, The National Academies Press, https://www.nap.edu/catalog/25246/a-roadmap-to-reducing-child-poverty.

[2] Dylan Matthews, Congress asked top experts for a plan to cut child poverty in half. Here it is. https://www.vox.com/future-perfect/2019/2/28/18243690/child-poverty-expert-study-child-allowance-national-academy

[3] Children's Budget 2018, First Focus, September 2018, https://firstfocus.org/wp-content/uploads/2018/09/FirstFocus_CB2018.pdf; Julia Isaacs, Cary Lou, Heather Hahn, Ashley Hong, Caleb Quakenbush, C. Eugene Steuerle, Kids Share 2018: Report on Federal Expenditures on Children through 2017 and Future Projections, Urban Institute, July 18, 2018, https://www.urban.org/research/publication/kids-share-2018-report-federal-expenditures-children-through-2017-and-future-projections.

United Kingdom cut their child poverty rate in half between 1999 and 2009[4] and Canada is on track to cut its child poverty rate in half in less than a decade after establishing an expanded child allowance in 2016.[5]

- **Money matters to reducing child poverty.** The United States spends less to support low-income families with children than peer countries do, and by most measures, it has much higher rates of child poverty.

- **Reducing child poverty is extremely cost-effective.** Child poverty costs our country upwards of $1 trillion a year due to reduced economic activity and output, while cutting our child poverty rate in half within a decade would cost less than $110 billion a year.

- **Investments in reducing child poverty also improve children's health, nutrition, and educational outcomes.** Income poverty causes negative outcomes to child well-being, yet when a poor household receives additional income, parents and guardians are enabled to provide resources that have long-term positive impacts on a child's health and economic contributions.

- **Work requirements don't work.** The study finds that "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."[6]

- **Income transfer policies have a much bigger impact on reducing child poverty than work-focused policies**. For example, the establishment of a $3,000 annual child allowance was found to have the biggest impact by far in reducing child poverty, and would cut our deep poverty rate in half within a decade.

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[4] Natalie Branosky and Jane Mansour, *A Look Back at the UK Child Poverty Target: Transferable Themes for the United States*, First Focus, April 7, 2015, https://firstfocus.org/resources/report/a-look-back-at-the-uk-child-poverty-target-transferable-themes-for-the-united-states.

[5] Stuart Thomson, "Big Decline in Poverty Rate Offers Good News to a Government that Desperately Needs Some" The National Post, February 26, 2019, https://nationalpost.com/news/politics/big-decline-in-poverty-rate-offers-good-news-to-a-government-that-desperately-needs-some.

[6] *Roadmap to Reducing Child Poverty*, p. S-12, https://www.nap.edu/catalog/25246/a-roadmap-to-reducing-child-poverty.

SUMMARY OF POLICY AND PROGRAM CHANGES

- Using an adjusted Supplemental Poverty Measure (SPM),[7] the following combinations of policies can cut our national child poverty rate in half within a decade:

Means-Tested Supports and Work Package

- Increase the Earned Income Tax Credit (EITC) along the phase-in and flat portions
- Convert the Child and Dependent Care Tax Credit (CDCTC) to a fully refundable tax credit and concentrate its benefits to families with children with the lowest incomes
- Increase the Supplemental Nutrition Assistance Program (SNAP) by 35 percent, including an increase of $360 per teenager per year, as well as $180 per child for Summer Electronic Benefits Program (EBT)
- Expand the supply of Section 8 Housing Choice Vouchers to supply affordable housing for 70 percent of eligible families

Universal Supports and Work Package

- Increase EITC by 40 percent
- Convert the CDCTC to a fully refundable tax credit and concentrate its benefits to families with children with the lowest incomes
- Replace the Child Tax Credit with a monthly child allowance of $225 per month ($2700 per year) per child
- Establish a new child support assurance program that provides a minimum payment of $100 per month per child
- Increase the federal minimum wage to $10.25 per hour by 2020 and index it to inflation
- Restore program eligibility for non-qualified legal immigrants (both parents and children) for Medicaid, SNAP, Temporary Assistance for Needy Families (TANF) program, Supplemental Security Income (SSI), and other benefits

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[7] The NASEM study committee uses an adjusted SPM to come up with their poverty reduction estimates. The U.S. Census Bureau has been calculating the SPM since 2011, using income threshold based on the cost of food, clothing, shelter and utilities, plus a small amount of other needs and adjusts this for family size and geographic differences in housing costs. The Census then takes into account cash income (including child support), non-cash benefits, minus taxes (or plus tax credits) work expenses, out-of-pocket medical expenses, and child support paid to another household. Liana Fox, The Supplemental Poverty Measure: 2017, U.S. Census Bureau, 2018, p. 2, https://www.census.gov/content/dam/Census/library/publications/2018/demo/p60-265.pdf. The NASEM study committee then further adjusts the SPM to account for underreporting of income from benefit programs and as a result, finds that that 13 million children (9.6 percent) were living in poverty in 2015.

- While not included in the two poverty packages found to cut child poverty in half within a decade, the study committee calculated the impact of variants of the above policy and program changes, as well as calculated poverty-reducing estimates for additional programs and policies such as the Child Care and Development Fund (CCDF), SSI, and the WorkAdvance program.

- Policy and program changes were evaluated for their impact in reducing deep SPM child poverty (below 50 percent of the poverty line), as well as near-poverty (150 percent of the poverty line). SNAP is found to be the most effective existing program at reducing deep child poverty. The committee also found that an expansion of the Child Tax Credit to a monthly $250 child allowance ($3,000 annually) would cut deep child poverty in half within a decade.

- In addition, policy and program changes were also simulated for their impact on various demographic factors including race, family structure, immigrant status, maternal education level, parental employment and more. Many of the policy and program changes were found to have a disproportionately large decrease in black child poverty, but Hispanic children would benefit relatively less in the overall analysis. Certain policies like a child allowance and eliminating barriers to benefits for immigrant families would disproportionately benefit both Hispanic children and the children of immigrants.

- Other policies and programs that were not included in the study committee's modeling for their poverty-reducing impact were still discussed and found to have a positive impact on improving child health as well as potentially reducing child poverty, including Medicaid and paid family and medical leave. Conversely, mandatory work policies, marriage incentive programs, and TANF were found to potentially increase or have an inconclusive impact on child poverty.

- Although the committee cited the potential long-term importance of investment in these programs, early childhood education, K-12 education, and child savings accounts were not discussed because any poverty-reducing impact would be outside of the 10-year evaluation window mandated by Congress.

- The study committee goes into significant length in the last chapter regarding the data that is needed to evaluate policies, programs, and other outside factors not included in this study.

ITEMS OF NOTE

- The study does not provide poverty reducing estimates for children in communities with some of the highest rates of poverty, including American Indians and Alaska Natives, Asians and Pacific Islanders and children in Puerto Rico and the other territories. We understand the limitations of the analysis tools that the committee had at its disposal but believe that future discussions must also include reliable poverty reduction estimates for children in these communities, many of whom experience high rates of poverty.

- There is no discussion of the full implications of current low supplies of quality child care for the recommended policies that aim to increase workforce participation. There is a need to estimate the scope of the needed expansion of early care and education programs and costs of this expansion, including increased payments to programs to ensure stability and quality

A *Roadmap to Reducing Child Poverty* confirms that we know how to reduce child poverty, so now is the time to act. *End Child Poverty U.S.* is a national campaign to establish a target to cut our child poverty rate in half within a decade and eliminate it within 20 years. Led by the U.S. Child Poverty Action Group, a partnership of over 20 of the leading anti-poverty organizations, this campaign is designed as a platform to elevate the voices of those working around the country to reduce child poverty.

For more information and to get involved, visit www.endchildpovertyus.org and follow us on Twitter at @CPAG_USA.