

Child poverty rate could be cut in half in next decade following proposals in new expert report

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Credit: National Academies of Sciences, Engineering, and Medicine

In light of the significant costs generated by child poverty for the United States, a new report from the National Academies of Sciences, Engineering, and Medicine provides evidence-based policy and program packages that could cut the child poverty rate by as much as 50 percent while at the same time increasing employment and earnings among adults living in low-income families.

Two Princeton University faculty—Janet Currie and Eldar Shafir—were

on the committee that led the study. The committee was chaired by Greg Duncan, Distinguished Professor of Education at the University of California, Irvine.

Child [poverty](#) costs for the U.S. range between \$800 billion and \$1.1 trillion annually, based on the estimated value of reduced adult productivity, increased costs of crime, and health expenditures associated with children growing up in poor families.

The committee found that more than 9.6 million children lived in families with annual incomes below the poverty line in 2015, based on the Supplemental Poverty Measure (SPM). The 2015 poverty line for two-parent, two-[child](#) families was about \$26,000 for renters and homeowners with a mortgage. That same year, roughly 2.1 million children lived in "deep poverty," defined as having family resources below half of the poverty line. The highest rates of poverty and deep poverty were found among Hispanic, African American, and American Indian/Alaska Native families.

"This report shows that dramatic reductions in [child poverty](#) are within our grasp, if we can only summon the political will to seize them. Most Americans agree that children should not suffer the devastating effects of poverty. Now we need to agree to do something about it," said Currie, the Henry Putnam Professor of Economics and Public Affairs and co-director of the Center for Health and Wellbeing, based at the Woodrow Wilson School of Public and International Affairs.

"The work of this remarkable committee finds that good policy can significantly reduce childhood poverty, and that many good policies are not being implemented. What emerges from the report is a moral, social, economic and political obligation to do a lot more for poverty's most innocent victims," said Shafir, the Class of 1987 Professor in Behavioral Science and Public Policy and professor of psychology and [public affairs](#)

at the Woodrow Wilson School.

Poor children develop weaker language, memory and self-regulation skills than their peers. When they grow up, they have lower earnings and income, are more dependent on public assistance, have more health problems and are more likely to commit crimes.

Robust research evidence has shown that low income itself, rather than other conditions poor children face, is responsible for much of these negative impacts on children's 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 report confirms this supposition, finding that many programs that alleviate poverty—either directly by providing income transfers, or indirectly by providing food or medical care—have been shown to improve child well-being.

To generate estimates of poverty reduction from a range of program and policy changes, the committee commissioned research from the Urban Institute's Transfer Income Model, version 3 (TRIM3), a microsimulation model that applies the rules of benefit and tax programs to each of the households in a survey data file, one by one. The model can simulate the outcomes of either the actual rules of programs ("baseline" simulations) or potential alternative policies, showing whether a particular policy lifts a family's income above the [poverty line](#) and whether family members work more or less under an alternative policy than under baseline circumstances.

To explore whether program and policy changes could reach the goal of reducing child poverty and deep poverty in the United States by half within 10 years, the committee developed four policy packages.

Simulations by TRIM3 showed that two—a "means-tested supports and work package" and a "universal supports and work package"—could meet the 50 percent poverty reduction goal.

The means-tested supports and work package combines expansions of the EITC and the child dependent care tax credit (CDCTC) with expansions of two existing income support programs: the Supplemental Nutritional Assistance Program (SNAP) and housing voucher programs. The committee estimated that this package of programs would cost \$90.7 billion per year based on the 2015 tax law. The package is also estimated to add about 400,000 workers and generate \$2.2 billion in annual earnings.

The universal supports and work package is designed to enhance income security and stability while also 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 is estimated to cost \$108.8 billion per year based on the 2015 tax law. The net effect of this full package is to increase employment by more than 600,000 jobs and earnings by \$13.4 billion.

At a lower cost of about \$44 billion per year, a promising third program package combined expansions in the EITC and CDCTC with a child allowance, and was estimated to reduce child poverty by a third, rather than a half. It too increased employment and earnings substantially.

The report also identifies six major contextual factors that policymakers and program administrators should consider when designing and implementing anti-poverty programs: stability and predictability of income, equitable and ready access to programs, equitable treatment

across racial and ethnic groups, equitable treatment by the criminal justice system, positive neighborhood conditions, and health and well-being.

Assuming that Congress, federal and state agencies, and the public agree that further reduction of child poverty is a priority goal for U.S. [policy](#), the report recommends that a coordinating mechanism be put in place to ensure that well-considered decisions are made on new anti-poverty programs and policies. This mechanism would also ensure that the associated research and data needed for monitoring, evaluating and further improvement are supported as well. The report recommends that the White House Office of Management and Budget coordinate an assessment of the report's conclusions and put together an implementation plan.

More information: A Roadmap to Reducing Child Poverty.
[www.nap.edu/catalog/25246/a-ro ... ducing-child-poverty](http://www.nap.edu/catalog/25246/a-roadmap-to-reducing-child-poverty)

Provided by Princeton University

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