

Policy Options for Reducing Child Poverty: A Blended Approach

Presentation to
Nation Academy of Sciences
Committee on Building an Agenda to
Reduce the Number of Children Living in
Poverty by Half in 10 Years

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CDF Proposals Are a Good Starting Point

- Rent subsidies (21% poverty reduction, \$23.5B cost)
- SNAP maximum (16%, \$23B)
- Child Tax Credit fully refundable (12%, \$12B)
- Transitional jobs (11%, \$23B)
- Expanded EITC (9%, \$8B)
- Minimum wage \$10.10 in 2010\$ (4% [\$15B savings])
- Child care subsidies (3%, \$5B)
- And smaller proposals

(CDF 2015)

Cutting Poverty in Half

- Goal is feasible
- No single attainable policy is likely to get there
 - Biggest ideas (vouchers, SNAP) cut 16-21%
 - Most-attainable policies have smaller effects

Another Reason to Mix Multiple Policies: Families' Varying Ability to Work

- Most low-income families prefer to work
- Voters want them to work
- Poor families' SPM resources are mostly from work
- But families' barriers to work vary greatly

Worth Considering: Evidence-Based Training

In high-demand fields, with strong ties to local employers

Sectoral training for adults (MDRC 2017)

- Earnings: +14% in four-city pilot (*Work Advance*)
- Certification in high-demand fields (e.g., IT, health care, environmental remediation)

CBPP simulation: +14% earnings → 18% less poverty

Career Academies in high school (MDRC 2008)

- Earnings: +17% eight years after expected graduation
- 56% of participants were parents by year eight
- Marriage +4pp

Help for Parents with Disabilities and Other Severe Work Barriers

In TANF: widespread disability and trauma among those hitting time limits (Pavetti and Kauff 2006)

Partial solution for hardest to serve on TANF

- Building Nebraska Families (Meckstroth et al 2008):
 - Very intensive in-the-home goal-setting, life skills training.
 - Poverty: -12pp for most-disadvantaged participants (60% vs 72%)

Partial solution for those with mental health barriers

- “Individualized Placement and Support” (ipsworks.org)
 - Multidisciplinary team (psych., job placement, voc rehab, etc)
 - Focus on “consumers” own goals; fidelity to intensive model
 - Earnings: +270% (\$3,704 vs \$1,002 over 18mo in 2010\$)

Help for Parents with Disabilities and Other Severe Work Barriers (cont'd)

Useful to say: work-based solutions here will be limited

Effective programs cannot be casually replicated:

- Costly (IPS \$3,200-\$7,300 in 2014\$; BNF \$7,400 in 2010\$)
- Fidelity to intensive model is crucial

Even they don't meet TANF's rigid activity requirements:

- Only 50% in BNF were working, 30% fulltime (Meckstroth et al 2008)
- Only 42% in IPS ever worked 20+ hrs/week during 18 mo study (Bond,Campbell,Drake 2012)

Help for Parents with Disabilities and Other Severe Work Barriers (cont'd)

TANF should add:

- Disability exemptions from activity requirements and time limits
- More flexible activities and hours
- ALSO: National minimum benefit standards
- ALSO: Incentives for states to serve poor families and create positive employment outcomes (vs reduce caseload and maximize full-time participation in activities)

Help for Parents with Disabilities and Other Severe Work Barriers (cont'd)

CBPP rough simulation with baseline TRIM, SPM file:

- Disability access/exemptions/outreach: 200,000 children lifted
- TANF broadly: 800,00 children lifted

Additional Slides for Q&A

Help for Parents with Disabilities and Other Severe Work Barriers (cont'd)

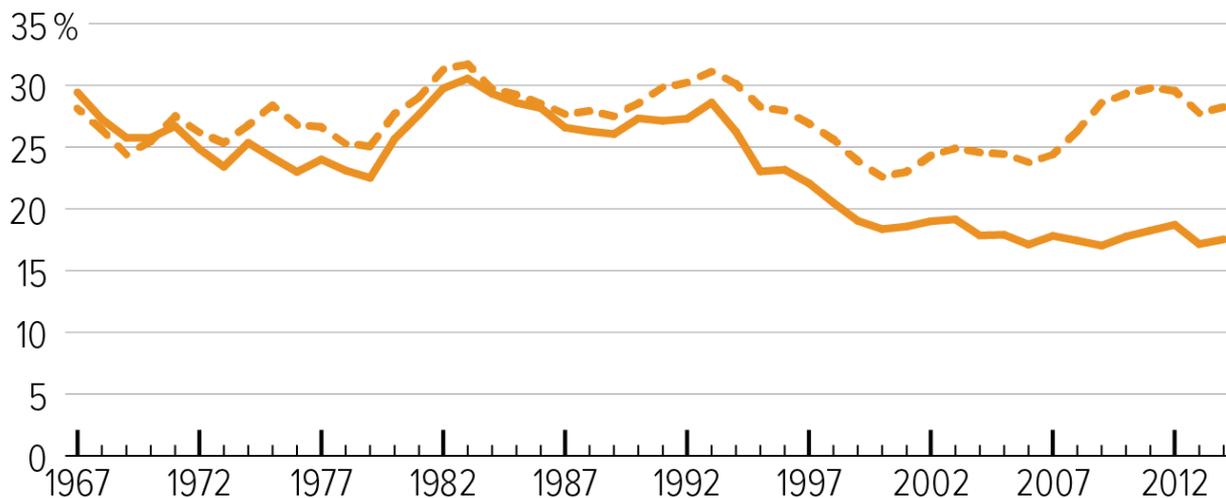
SSI should:

- Update earnings and unearned income disregards since 1972 (OK)?
- Index maximum SSI benefit going forward not by CPI but by wages like OASDI (+19% over coming decade)
- Treat SSDI income as earned income (disregard 50%)

Counting safety net, SPM child poverty rate fell from 29% in 1967 to 18% in 2014

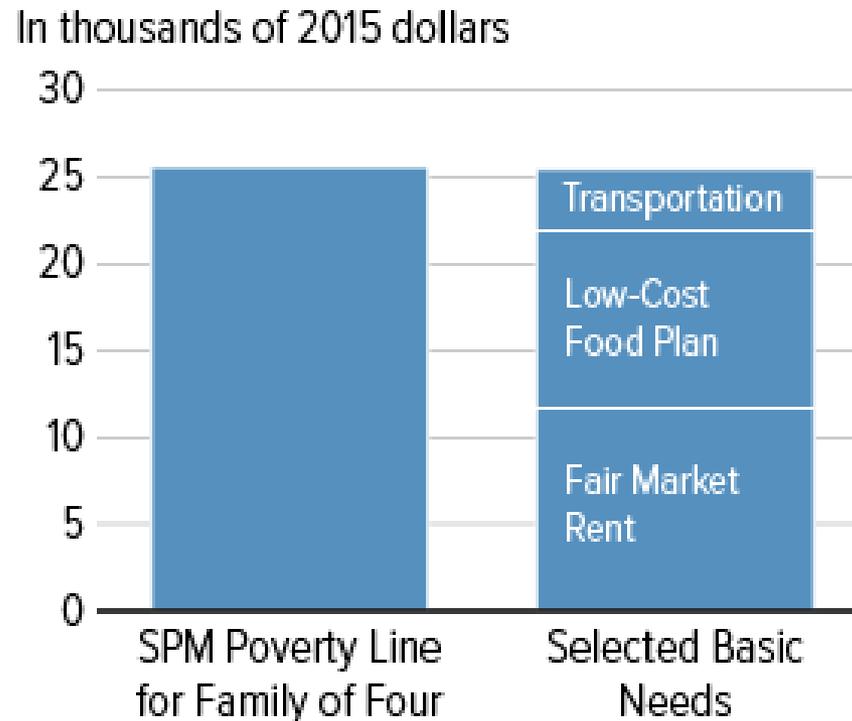
Percent of children younger than 18 living in poverty

— Anchored SPM - - - Anchored SPM not counting benefits or taxes



Wimer et al, updated by CBPP

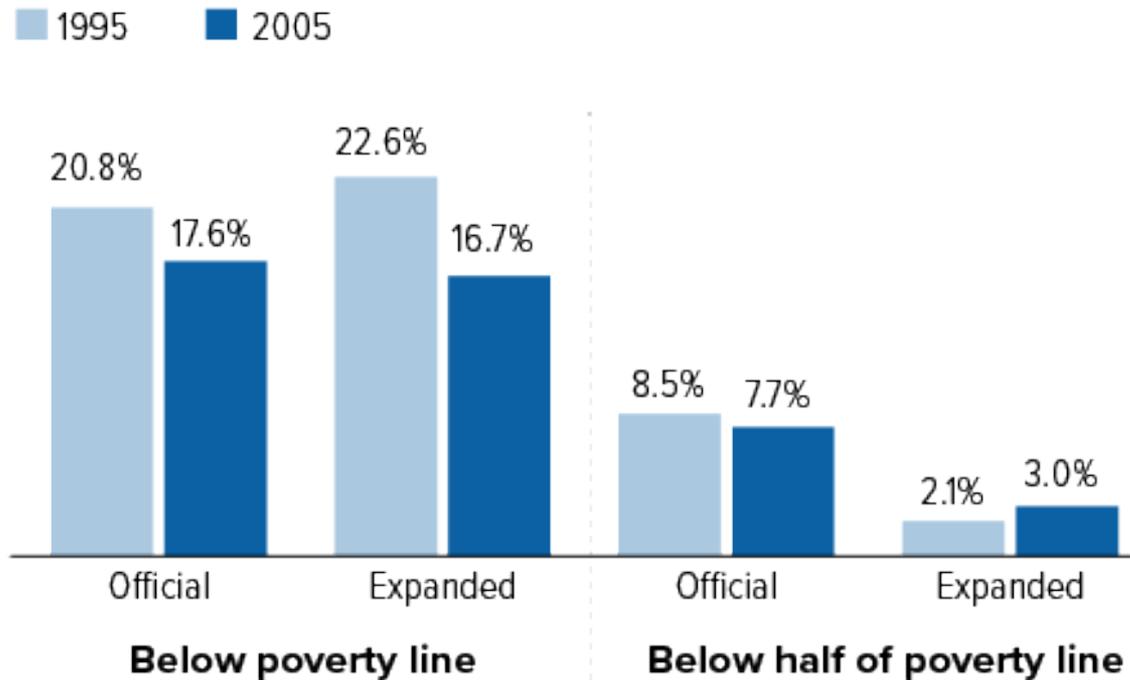
Difficult to Cover Basic Needs With Income Below the Poverty Line



Source: Census Bureau, Department of Housing and Urban Development, Department of Agriculture, Bureau of Labor Statistics

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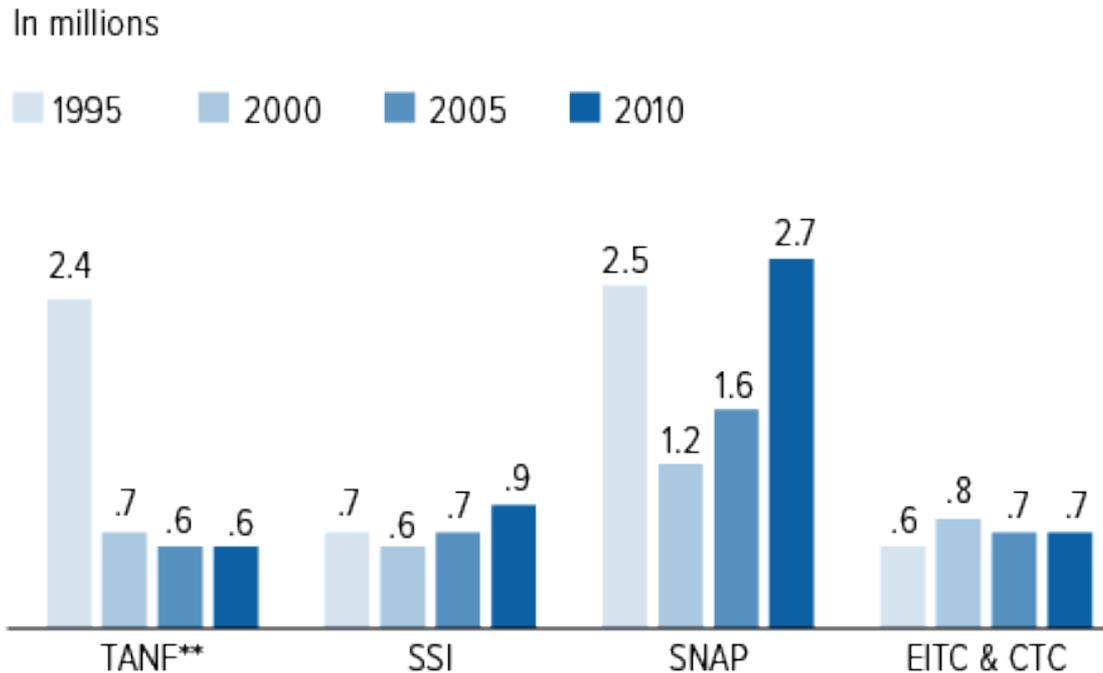
Percent of Children in Poverty and Deep Poverty Under Official and Expanded Poverty Measures



Source: CBPP analysis of March Current Population Survey; corrections for underreporting from Department of Health and Human Services/Urban Institute TRIM model.

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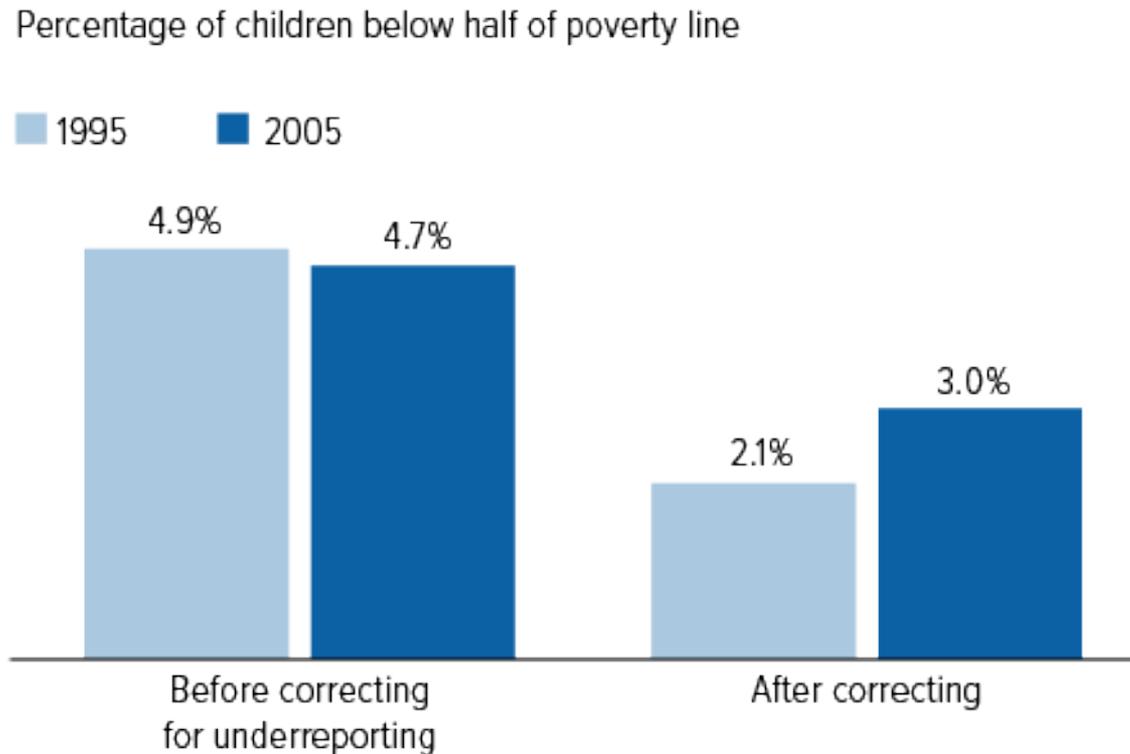
Children Lifted Above Half of Poverty Line By Major Means-Tested Benefits Using Expanded Poverty Definition



Source: CBPP analysis of March Current Population Survey; additional data from Department of Health and Human Services/Urban Institute TRIM model.

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Correcting for Underreporting Exposes Rise in Children's Deep Poverty Rate



Source: CBPP analysis of March Current Population Survey; additional data from Department of Health and Human Services' TRIM model.

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