The Lab Report

A magazine of the Public Policy Lab at Temple University

2022

Child Poverty in America

Where do we go from here?

College of Liberal Arts
Public Policy Lab

Public Policy Lab

The Public Policy Lab (PPL) is an intellectual home for researchers who study public policies and the social processes relevant to their development and consequences. Housed in the College of Liberal Arts, the non-partisan lab provides an interdisciplinary forum for discussion of contemporary policy issues, research support for faculty and student scholarship and a mechanism to disseminate participants' research findings.

PPL's colloquia series, conferences, fellowships, and study groups bring together the varied perspectives of scholars from a range of disciplines. Through rigorous research, these scholars address critical policy challenges at the local, state and national levels.

SIGN UP NOW!
Join PPL's mailing list to stay up to date with news, events, and publications.

Sign up at
cla.temple.edu/ppl

Editor: Judith A. Levine
Managing Editor: Colin J. Hammar

Cover Design: Kathy Mueller

Temple University College of Liberal Arts | Public Policy Lab

Contents

Contributors

Bob Casey is the senior United States Senator from Pennsylvania.

Megan A. Curran, PhD, is the Policy Director of the Center on Poverty and Social Policy at Columbia University.

Lisa A. Gennetian is the Pritzker Professor of Early Learning Policy Studies in the Sanford School of Public Policy at Duke University.

Colin J. Hammar, PhD, is Associate Director of the Public Policy Lab at Temple University.

Kathy Hirsh-Pasek is the Stanley and Debra Lefkowitz Distinguished Faculty Fellow and Professor of Psychology at Temple University.

Christine James-Brown is the President and CEO of the Child Welfare League of America.

Judith A. Levine is Director of the Public Policy Lab and Associate Professor of Sociology at Temple University.

From the Editors

Only within the last one hundred years has the US turned its attention to poverty reduction at the national level, and the US welfare state remains incomplete. While New Deal programs and the War on Poverty did lead to significant declines in poverty, especially for America's seniors, one group that has continued to experience high and unabating poverty has been America's children. Today, nearly one out of every six American children live below the poverty line, and the poverty rate for America's children has for nearly half a century been consistently higher than the rates for any other age group. Further, Black, Brown, and Indigenous children experience dramatically higher rates of poverty than white children.

For too long, our policy responses to these issues have been inadequate. Programs targeting child poverty are too often underfunded, limited in their scope, or allowed to expire. We know children are particularly vulnerable to the effects of poverty, experiencing dramatic cognitive, psychological, and developmental effects, which persist into adulthood. In national debates about poverty reduction programs, much is said about the deservedness of those receiving government benefits. But children are often seen as a sympathetic population worthy of our protection and investment. So why have we failed to act?

In this second issue of *The Lab Report*, we bring together policymakers, advocates, and academics to explore the issue of child poverty in America. By presenting these diverse perspectives together, we hope to draw new connections and inform better policy. While each of the authors approaches the topic from their unique perspective, one point is clear: we must do more to protect and invest in our nation's children.

Senator Bob Casey offers his vision for securing children's futures. Inspired by FDR, Senator Casey presents his *Five Freedoms for America's Children*: freedom to be healthy, freedom to be economically secure, freedom to learn, freedom from hunger, and freedom to be safe from harm. For each, Senator Casey proposes the policy responses he feels would secure these freedoms. As he notes in the essay, "Preparing our children for the future, giving them the freedom to develop into the people they aspire to be, requires a deep and continuous commitment on the part of our country and our policymakers."

A longtime advocate for children's welfare, Christine James-Brown highlights the far reach of poverty and its disparate impacts on Black, Brown, and Indigenous communities. A co-author of the influential *Roadmap to Reducing Child Poverty* report, she notes the importance of combining research evidence with the lived experiences of those in poverty.

Kathy Hirsh-Pasek calls for a greater commitment to our social infrastructure through investments in children and families. Noting the large gap in poverty rates and policy responses between the US and our peer nations, she makes the case that supporting children and families through cash allowances, universal pre-K, and paid family leave is of national importance. An expert on early learning, she argues that the quality and type of instruction in pre-K programs is imperative to ensuring positive outcomes.

Megan A. Curran explores the effects of the expanded Child Tax Credit, a provision of the *American Rescue Plan*. Her research shows that the since-expired expansion dramatically, but temporarily, reduced the number of children living in poverty. In addition, she demonstrates that many fears about cash-based programs such as their creating a disincentive for parents to work for pay or parents spending the money on non-essentials are not borne out by the evidence.

As Lisa A. Gennetian points out, poverty and income instability have real and significant cognitive and developmental effects on children and families. Where social supports exist, often administrative burdens prevent eligible families from accessing resources, with significant disparities based on race and ethnicity. Preliminary data from the Baby's First Years study, of which she is a core principal investigator, suggest that infants in families with access to increased resources show higher brain activity, which is associated with improved thinking and learning.

That we have the tools to significantly reduce, if not eliminate, child poverty is a common thread across all the essays in this issue. What is missing, so far, is the political will to act. The failure to support our nation's children has enduring effects long into the future. Investing in the policies and programs known to lift children and families out of poverty today will ensure a safe and prosperous future for all.

Judith A. Levine
Colin J. Hammar

FIVE FREEDOMS FOR AMERICA'S CHILDREN

Senator Bob Casey

Throughout America, children lack health care, economic security, education, adequate nutrition, and safety. Recent years have been some of the worst for children in decades. Despite low unemployment and overall economic growth from 2018–2020, children were too often left out and left behind. The COVID-19 pandemic has exacerbated some of these challenges, while creating new ones stemming from the health, economic, educational, and psychological fallout of COVID-19.

The National Academies of Sciences, Engineering, and Medicine (NASEM) concluded in its 2019 seminal *Roadmap to Reducing Child Poverty* that poverty itself, especially when it occurs in early childhood or is persistent over time, is damaging to children in ways that last a lifetime. NASEM further estimated that the results of this poverty cost the United States between $800 billion and $1.1 trillion annually.

Children deserve better. In the twenty-first century, every child in America should have the freedom to reach their full potential. As Americans, it is our solemn obligation to help families ensure every child has the support they need, yet we have failed them time and again. The promise of opportunity and freedom for America's children must be an urgent societal and governmental priority, addressing children's needs across the five domains of health, economic security, education, nutrition, and safety. As Former Governor Bob Casey of Pennsylvania wrote,

> Only government, when all else fails, can safeguard the vulnerable and powerless. When it [reneges] on that obligation, freedom becomes a hollow word. A hard-working person unable to find work and support his or her family is not free. A person for whom sickness means financial ruin, with no health insurance to soften the blow, is not free. A malnourished child, an uneducated child, a child trapped in foster care—these children are not free. And without a few breaks along the way from government, such children in most cases will never be truly free.[1]

In 1941, President Franklin D. Roosevelt articulated this expansive vision of freedom in his "Four Freedoms" speech. Roosevelt's four freedoms are no less relevant in today's international order than they were as the world sought to respond to the totalitarian horrors of the 1930s and 1940s. President Roosevelt also recognized that children have specific needs and requirements that compel a policy response that is appropriate to those needs.

The COVID-19 pandemic has disrupted children's lives, educations, social connectivity, mental health, and access to usual sources of support (including child care, schools, community services, and extended family). More children fell into poverty, fell behind at school, experienced hunger, or missed preventive health care visits, and over 175,000 children are estimated to have lost a parent or grandparent to COVID-19. Such stress during childhood can adversely affect brain development, socio-emotional growth, mental health, and academic achievement. The *Five Freedoms for America's Children* would reverse these trends and ensure childhoods that are safe, healthy, and enriching so that our children have the opportunity to thrive.

With the passage of the *American Rescue Plan* in March 2021, the United States laid the groundwork for future investments in the well-being of American children and their families. The *American Rescue Plan* included historic expansions of three critical, poverty-alleviating tax credits: the Child Tax Credit, the Child and Dependent Care Tax Credit, and the Earned Income Tax Credit. These measures helped millions of Pennsylvanians, including ninety percent of Pennsylvania children, made critical

1. Casey, R. P. (1996). *Fighting for Life: The Story of a Courageous Pro-Life Democrat Whose Own Brush with Death Made Medical History.* Word Publishing.

investments in our economy, and lifted half of America's children out of poverty. Overall, the *American Rescue Plan* represented a critical and long-overdue down payment on meeting our obligations to our children, but it is not enough.

Preparing our children for the future, giving them the freedom to develop into the people they aspire to be, requires a deep and continuous commitment on the part of our country and our policymakers. It requires policies and investments that are commensurate with our commitment. To that end, the *Five Freedoms for America's Children* sets forth a detailed plan to secure the blessings of freedom for the children of today and tomorrow. This plan identifies five basic freedoms that our society must guarantee to our nation's children and recommends the following policy changes to ensure those freedoms for all children:

Freedom to Be Healthy: Every child in America should have quality, affordable health care. This proposal would make all children through age eighteen eligible for coverage under Medicaid. Children would be automatically enrolled at birth and would retain that eligibility until the age of eighteen with no redetermination requirement. Children with interruptions in health insurance coverage are more likely to experience delayed care, unmet medical needs, and unfilled prescriptions, yet only twenty-three states provide a full year of Medicaid eligibility for children. Medicaid provides children with a benefit known as Early and Periodic Screening, Diagnostic and Treatment, which covers a broad range of preventive and treatment services for children and should be considered the gold standard of children's benefits.

Freedom to Be Economically Secure: Every child in America should have the opportunity for economic security and to earn a living wage when they reach adulthood. The *American Rescue Plan* provided support to families struggling in the wake of the pandemic, including a one-year expansion of the Child Tax Credit. This proposal recommends permanently expanding the Child Tax Credit, reinstating the policy that allowed parents to claim it monthly, and creating children's saving accounts that are seeded annually with $500 in government contributions that children can later use in pursuit of a post-secondary education, home ownership, or a business enterprise.

Freedom to Learn: Every family in America should have access to quality, affordable child care and early learning programs. This proposal recommends an additional annual investment of $7 billion to expand affordable child care and early learning programs; an additional investment of $18 billion annually to ensure that Head Start can cover all eligible three to five year old children; and a permanent expansion of the Child and Dependent Care Tax Credit (which was expanded for one year by the *American Rescue Plan*) to help working families cover the cost of child care.

Freedom from Hunger: No child in America should go to bed hungry or worried about their next meal. This proposal recommends enhancing automatic certification of more children for school meal programs, expanding universal school lunch and breakfast, and increasing retroactive reimbursement of school meals for eligible children who were not initially certified for school meals. Broadly, these policies will result in many more children participating in school breakfast and lunch with less administrative burden for school districts.

Freedom to be Safe from Harm: Every state in the nation should have the resources necessary to strengthen families, prevent child abuse and neglect, and investigate and prosecute crimes against children.

This proposal recommends the following investments: $250 million per year in community-based child abuse prevention; $250 million per year for child protective services; and $250 million per year to state Attorneys General offices to prioritize the investigation and prosecution of crimes against children.

The policies outlined here, working in conjunction with one another, will have a substantial and positive impact on the well-being of children—all children. However, no proposal or document can reasonably cover all of the determinants of child well-being nor propose policies related to each of them. Thus, the goal of the *Five Freedoms for America's Children* is to reimagine our approach to public policy that affects children and to create a framework to talk about those policies and how they address the needs of children in America.

Senator Bob Casey is the senior United States Senator from Pennsylvania and serves as the Chairman of both the Senate Special Committee on Aging and the Senate Committee on Health, Education, Labor and Pensions Subcommittee on Children and Families.

IN RESPONSE TO CHILD POVERTY

Christine James-Brown

Experiences over the last several years have deepened my understanding of poverty and its impact on children and the contextual factors, most notably race and ethnicity, that must be addressed to ensure that all children—children of all races and ethnicities; rich and poor; urban and rural—are able to reach their full potential. The significance of political will and the importance of evidence also have been reinforced.

I served for almost three years as a member of the National Academies of Sciences, Engineering, and Medicine study committee that produced *A Roadmap to Reducing Child Poverty* in 2019. The charge to the committee was to demonstrate the link between poverty and negative child outcomes, provide an objective analysis of the poverty-reducing effects of major programs, and provide policy and program recommendations to reduce the number of children living in poverty by fifty percent over the next ten years. My experience on the committee was powerful in that it required an evidence-based approach to demonstrating what my life and work experiences have shown me: that child poverty is a critical issue in one of the richest countries in the world; that poverty rates are higher for those who are Black and Hispanic than those who are white; and that poverty itself causes great harm to children, especially if they experience it at a young age or for an extended period.

The study committee was able to provide evidence that many of the programs with which we are familiar—such as the Supplemental Nutrition Assistance Program, Earned Income Tax Credit, medical insurance, and housing programs—have buffered the negative impacts of poverty on child outcomes and that child poverty rates would be higher if these programs did not exist. The study committee stepped a bit beyond its charge and identified contextual factors that support the success of poverty-focused 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 of individuals and families. However, while the identification of these contextual factors turned out to be one of the most important aspects of the report, there is limited rigorous and empirical research showing the effects that addressing these factors would have on poverty reduction.

Some of the key recommendations of the report addressed this concern: closing research gaps, including research about the contextual factors and the poverty-reducing effects of other programs and policies, and the need for better data collection and measurement. Of special interest is the need for data to be disaggregated to understand the differential impact of poverty, contextual factors, and poverty-reducing programs on different populations. The report showed evidence that child poverty could indeed be reduced by fifty percent in ten years—not with a silver bullet but with the right combination of programs and services—and noted that the United Kingdom, Canada, and the United States (between 1967 and 2016) had significantly reduced their child poverty rates. Of course, the committee recognized that, although there would be great savings derived from reducing child poverty and that the positive impact on the lives of children would be immeasurable, implementing the recommendations of the report would take a tremendous amount of public will.

As the major work of the study committee was wrapping up, the world changed. The COVID-19 pandemic and the calls for racial justice that followed the high-profile murders of Black citizens by police spread across the country and the world making a huge impact on the field of child welfare and other fields that serve large numbers of children who are poor, Black, Brown, Indigenous, or are experiencing the greatest weight of these crises.

The pandemic shined a new spotlight on the impacts of poverty. Black, Brown, and

Indigenous people were contracting and dying from COVID-19 in disproportionate numbers, often because of their already vulnerable health and housing conditions or because they had public-facing jobs that could not be done from home. One report on child poverty during the pandemic found that almost twenty-five percent of African American and Native American families did not have enough to eat during the pandemic in comparison to ten percent of white families. The same study also found that Native Americans and African Americans reported higher rates of fear and anxiety about losing their homes than white Americans. The fact that the pandemic also impacted large numbers of people from every race, ethnicity, and income level and had a devastating impact on the entire economy meant it could not be ignored and seemed to be the impetus for people to understand the importance of government assistance.

The *Roadmap to Reducing Child Poverty* study members celebrated when the expanded Child Tax Credit was implemented after a long battle in Congress. Our report showed that the changes in the Child Tax Credit would be a major contributor to reducing child poverty, and we hoped the report played some role in building support for the program. Research by Columbia University's Center on Poverty and Social Policy reported in *The Guardian* and other news outlets showed that the child poverty rate decreased from fourteen percent in 2018 to less than 5.6 percent in 2021 due primarily to the Child Tax Credit expansion and special funding for food, housing, and other supports but that the rate was expected to increase if the programs were eliminated. A February 17, 2022, article in the *Washington Post* by Jeff Stein carried the depressing title "Child poverty spiked by forty-one percent in January after Biden benefit program expired, study finds." Without a renewal of the Child Tax Credit expansion, we are likely to see this elevated child poverty rate continue. (See Megan A. Curran's essay in this issue.)

Calls for racial justice have been directed at almost every institution, including child welfare. There have been efforts to reduce the disproportionate representation of people of color among those in need of child welfare services for years, and some progress had been made—but not enough. Until recently, most of the efforts have been inwardly focused; they have not taken into enough consideration child and family poverty, the contextual factors that influence child welfare involvement, and the political and funding environment that impacts the system.

Child welfare receives most of its money to address abuse or serious neglect, and there are limited resources in this and other systems to address the types of factors that drive families into the child welfare system. There has not been significant funding in this country for prevention services, perhaps because there has not been enough research conducted to demonstrate that these services result in better child and family outcomes.

There are several ongoing efforts designed to improve outcomes for children involved with or at risk of being involved with the child welfare system. Public and private efforts are underway to increase the availability and use of evidence in child welfare. For instance, the Annie E. Casey Foundation, Casey Family Programs, and the William T. Grant Foundation, in partnership with researchers, child welfare organizations, and individuals with lived experience, have developed a national research agenda for child welfare. There is work being done to better understand poverty and racism as it relates to child welfare involvement and burgeoning efforts to examine the relationship between the social determinants of health and child welfare involvement. Social determinants of health align with the contextual issues identified in *A Roadmap to Reducing Child Poverty*, so there is an opportunity for shared learning as new research is produced.

Child welfare also is placing a major focus on a broader view of evidence and is looking to people with lived experience to inform our work. This includes youth, families, and community members and workers with an emphasis placed on participatory research. Determining how these two types of evidence can reinforce each other and be equally valued will be important. There is no question that bias exists in child welfare. People bring their own perceptions to their work. Investing in research that produces evidence about what works, as was done in *A Roadmap to Reducing Child Poverty*, will minimize the impact of biased views.

It is also clear from the work on the poverty committee that efforts move forward more rapidly when they are supported by strong evidence. The programs and policies that were included in the report were the ones that had the strongest evidence. This evidence is the foundation for building public confidence and support. In child welfare and in many other fields, there is a constant hunt for a simple solution that people can rally behind. Just like it will take a number of programs and policies to reduce child poverty, it also will take an array of programs and policies to reduce child welfare involvement, and having sound evidence is especially critical. Poverty and racism usually go hand in hand and must be addressed along with the other factors that influence how well programs and services work for individuals who are Black, Brown, and Indigenous.

Reducing child poverty is a critical issue in this country. Poverty has an impact on almost every system that serves children and families, and the impacts of poverty on children and families themselves cannot be ignored. The work required to improve outcomes for children must be intentional, reaching individuals based on their race, ethnicity, and living situations. Every field that impacts children must have a clear understanding of poverty and its effects and must have the research it needs to implement what works best to improve outcomes for all children.

Christine James-Brown is the President and CEO of the Child Welfare League of America.

THE WAY OUT OF POVERTY: GOVERNMENTS MUST INVEST IN FAMILIES AND CHILDREN

Kathy Hirsh-Pasek

American families are struggling. At the end of December 2021, the expansion of the Child Tax Credit, which kept about 3.7 million children out of poverty, expired. Families which had been helped by the expanded policy are likely once again experiencing financial turmoil. A recent Organisation for Economic Co-operation and Development (OECD) policy report shows that the United States has among the worst child poverty rates in the industrialized world. The facts are stark. Twenty percent of American children are growing up in poverty compared to thirteen percent on average for our peer OECD countries. Infant mortality rates are also higher in the US compared to the OECD average (5.8 per 1,000 vs. 3.9 per 1,000), and US teens are less likely to live in environments that support educational attainment. A 2021 report on the State of America's Children found that seventy-one percent of US children in poverty were children of color.

There is a reason that America's children are suffering disproportionately. The US does not consider families and children a priority. In 2017, for example, the US ranked thirtieth out of thirty-three OECD member nations in public spending on families and children, which includes policies such as child payments and allowances, parental leave benefits, and child care support. A 2019 study by the Pew Research Center noted that, of the forty-one industrial countries surveyed, only the US did not have a policy around paid parental leave.

The good news is that social infrastructure is now on the national agenda. The originally proposed $3.5 trillion spending bill would have gone a long way toward bringing the US into alignment with other industrialized nations around the globe. In its original form, this bill offered a universal pre-K program for three- and four-year-olds; enhanced child care for working families; twelve weeks of guaranteed paid parental, family, and personal leave; and a child tax credit totaling $3,600 for each child under six and $3,000 for each child age six through seventeen. We will see if future discussions materialize in a way that can support the next generation through any of these initiatives. At the time of this writing, progress on these proposed programs is stalled.

Recent findings in the science of learning suggest that many of the programs that are being proposed have tremendous return on investment for the government and for society. Cash allowances, universal Pre-K, and paid leave are among the programs that have strong support among the population and from the scientific literature.

Cash Allowances

In January 2022 the first data from the Baby's First Years study were published in the prestigious *Proceedings of the National Academy of Science*. In this randomized control study, one thousand parents from under-resourced environments were assigned to either a high- ($333.00 per month) or low-cash ($20.00 per month) condition. Parents could spend the funds any way that they chose. Twelve months into the study, the researchers were already seeing results in brain activity such that babies of mothers in the high-cash group had more brain activity in areas associated with later thinking and learning than did matched babies in the low-cash group. The scientists reasoned that an additional $4,000.00 per year changed infants' experiences in ways that supported child development outcomes. The study will continue until the children are four years of age. (See Lisa A. Gennetian's essay in this issue.)

In a related study, Daphna Bassok and her colleagues at the University of Virginia investigated the impact of giving early childhood education teachers across Virginia a cash increase of $1,500.00 per year. Given that the average earnings for these teachers is just $12.00 per hour, they questioned whether a small bonus might impact teacher retention in childcare. The findings? After just eight months, teacher turnover was reduced by half. In a Brookings blog, my coauthors and I suggested that a little cash—both in payments to families and in investments in early education—can go a long way in the life of a child, literally changing the environment in ways that support a stronger trajectory through life.

Universal Pre-K

Universal Pre-K is another subject of tremendous interest to parents and policy makers. In 2016 it was one of the few policies that enjoyed bipartisan support. Results from the scientific community vary by whether the program being offered is of high quality. The highly-touted Abecedarian and Perry Preschool studies were of well-resourced programs offered to under-resourced families. Nobel Laureate James Heckman from the University of Chicago projected that the high-quality programs of the sort evaluated in these studies were a superb societal investment that earned $13.00 for every dollar invested.

Other studies demonstrate that the impacts of early child care and pre-K can be long lasting. For example, a study published in October 2021 in the journal *Child Development* showed that children from low-income backgrounds who had access to twenty-four months or more of high-quality early childhood education in their first five years were more likely to graduate from college and had higher salaries at age twenty-six. Further, an analysis by Brookings authors Martha Bailey, Shuqiao Sun, and Brenden Timpe penned in February 2022 reported that, compared to children who were age six (and less likely to benefit) when Head Start arrived, children ages three to five who were in the program saw a substantial increase in the likelihood of earning a four-year college degree.

Importantly, the outcomes noted in the studies above were not of the types that breed the most controversy. Early reading and math scores for children attending preschool do not tend to hold long term as children beginning formal schooling are known to catch up to those who attend preschool. In fact, a recent randomized control study of the universal Pre-K program in Tennessee reported that by sixth grade students who had attended pre-K did worse on standard reading and math scores than did those who did not attend. There are two possible conjectures for why the Tennessee program did not fare well. In a blog I co-authored about the study in February 2022, one of the architects of the study, Dale Farran of Vanderbilt University, conjectures that young children were sitting passively in class for much of the day—a behavior antithetical to how children learn—and that the children were trying to master a first or second grade reading and math curricula prematurely. The authors argue for a more play-based pedagogy that would support a broader range of skills that could prepare children for life. In short, the argument is that we are measuring the wrong things when we talk about quality. Supporting children in preschool is important, but it must be done right.

Family Paid Leave

Finally, several studies indicate that paid family leave (PFL) improves the infant's health and early development, maternal well-being, and longer-term maternal employment. A series of studies using rigorous, quasi-experimental designs and representative national samples indicated that infants enjoyed better cognitive and behavioral development when mothers spent their first six to twelve months at home with them before returning to the workforce. Quasi-experimental research of California's PFL policy found improvements in the infants' overall health, showed reductions in asthma, and better parental coping and engagement. These findings do not suggest that women should leave the workforce, only that they (and fathers) should have the opportunity to take a paid break after their children are born—a break that supports both parents and their babies. Indeed, the likelihood that skilled women returned and stayed in the workforce was higher for parents that had paid family leave after the birth of their child.

The bottom line is that there is a way out of poverty. Investing in social infrastructure is key to not only pulling families from the pressure of poverty but to setting children on a trajectory for success in school and beyond. When children succeed so too does the nation and the future workforce. There is no question that we can go a long way to alleviate poverty. Our nation simply needs the will to invest in families in a way that goes beyond lip service and turns the will into action.

Kathy Hirsh-Pasek is the Stanley and Debra Lefkowitz Distinguished Faculty Fellow and Professor of Psychology at Temple University.

REIMAGINING POVERTY AND POLICY POST-PANDEMIC

Megan A. Curran

The COVID-19 pandemic has been a devastating health and economic crisis. Yet an unexpected piece of positive news emerged by the end of 2020: US poverty hit a historic low. And poverty in 2021—to be confirmed by the Census Bureau in fall 2022—is likely to be lower still.[1] Early on, experts feared the opposite: absent a sufficient government response, high levels of pandemic-induced unemployment could see poverty reach a fifty-year high. But the size and scope of a series of pandemic economic relief measures—including stimulus checks, expanded unemployment benefits, and an expanded monthly Child Tax Credit—staved off the worst-case scenario for families. These relief measures also offer important lessons for how we might exit the pandemic with a stronger social safety net than we entered: one with fewer gaps, more adequate benefits, and the ability to offer families more flexibility and dignity in meeting their needs. Recent improvements, however, have been temporary. Without further action, poverty in early 2022—especially among children—has spiked sharply once again. The threat of this progress lost demonstrates more clearly than ever that poverty in the US today is, in effect, a "policy choice." So, what have we learned from this most recent experience and where do we go from here?

Pre-Pandemic Poverty and Policy in the US

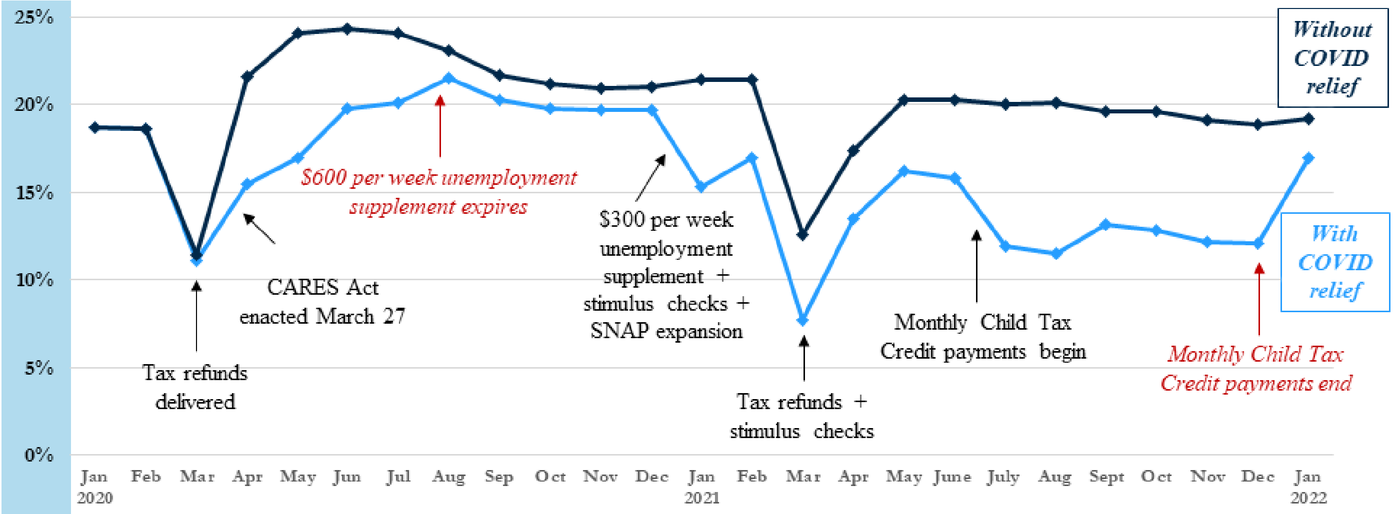
The early days of the crisis saw aspects of poverty and hardship become very visible, very quickly. Families lining up by foot or by car at food banks dominated the news. But what was perhaps less obvious was the precarity families faced before the crisis hit. Reporters seized on statistics that close to forty percent of families did not have the cash reserves to cover a $400 emergency. The reality for families with children, however, was starker. Seventy-five percent did not have enough liquidity to cover three months' worth of expenses. Close to ten million children lived below the poverty line—in practice, less than approximately $28,000 for a family of four in an average-cost city—and close to thirty-three million children, forty-five percent of all children, lived in families with incomes less than twice that amount. In effect, just under half the children in the US were economically insecure before the pandemic hit.

Existing cash and near-cash supports keep millions from poverty and hardship. But severe variations in access and adequacy across state lines and across racial and ethnic groups and an over-reliance on means-testing and eligibility determined by employment status and earnings meant that even pre-pandemic our safety net failed to serve all children in need. COVID-19 economic shutdowns quickly demonstrated the folly of conditioning access to health insurance, housing, food, child care, and emergency cash assistance on a family's employment and income levels or the state in which they live.

To its credit, Congress acted quickly and fairly boldly in response. A series of large-scale relief packages temporarily shelved the "status quo" approach to the US social safety net to establish: free virus testing, regardless of insurance status; national paid sick and family leave; flexibility to waive work requirements, expand access, and simplify food, housing,

1. Poverty rates in this essay are based on the Supplemental Poverty Measure (SPM). The SPM provides a fuller accounting of the resources available to households than the official poverty measure because it includes government transfers (including cash and near-cash benefits such as tax credits, food assistance, housing assistance, school lunches, and more); necessary expenses such as taxes, child care, child support, commuting, medical, and more; and adjusts for geographic differences in the cost of living. By contrast, the official poverty measure accounts for only pre-tax cash income. It should be noted that the national poverty rate rose by one percentage point in 2020 under the official poverty measure. However, the official poverty measure did not account for regular taxes and transfers nor much of the COVID-19 relief introduced that year (e.g., stimulus checks, expanded food assistance, and more). According to the US Census Bureau: "[t]he SPM permits the examination of the effects of government transfers on poverty estimates." For that reason, many poverty scholars prefer to rely on the SPM.

Figure 1. Monthly Child Poverty during COVID-19 (January 2020 to January 2022)



Based on: Parolin, Curran, Matsudaira, Waldfogel, & Wimer (2021) Estimating Monthly Poverty Rates in the United States; full monthly dataset available from the Columbia University Center on Poverty and Social Policy.

and child care applications; unemployment benefits coverage for those historically left out (part-time, gig, and lower-income workers) and a national weekly supplement to increase the adequacy of benefits; meaningful amounts of flexible cash assistance for unrestricted use; and the adaptation of a policy tool long in place in other countries—a child allowance—through an expanded Child Tax Credit. Results quickly followed. Poverty rates in 2020, including poverty among children, fell by close to twenty-five percent from 2019 levels, making poverty in the first year of the pandemic the lowest on record. And 2021 poverty rates, due to the American Rescue Plan, are likely to be lower still.[2]

Poverty Drops but Volatility Continues

While these are impressive results, they are just part of the story. Poverty is traditionally measured annually, reflecting total resources available over the year. But an annual picture can mask huge intra-year volatility. Pandemic economic relief efforts have all been temporary, with numerous stops and starts. Family incomes—and family poverty rates—have risen and fallen accordingly: a look at monthly poverty revealed eight million more people below the poverty line in September 2020 than in May 2020 due to the expiration of pandemic cash relief.

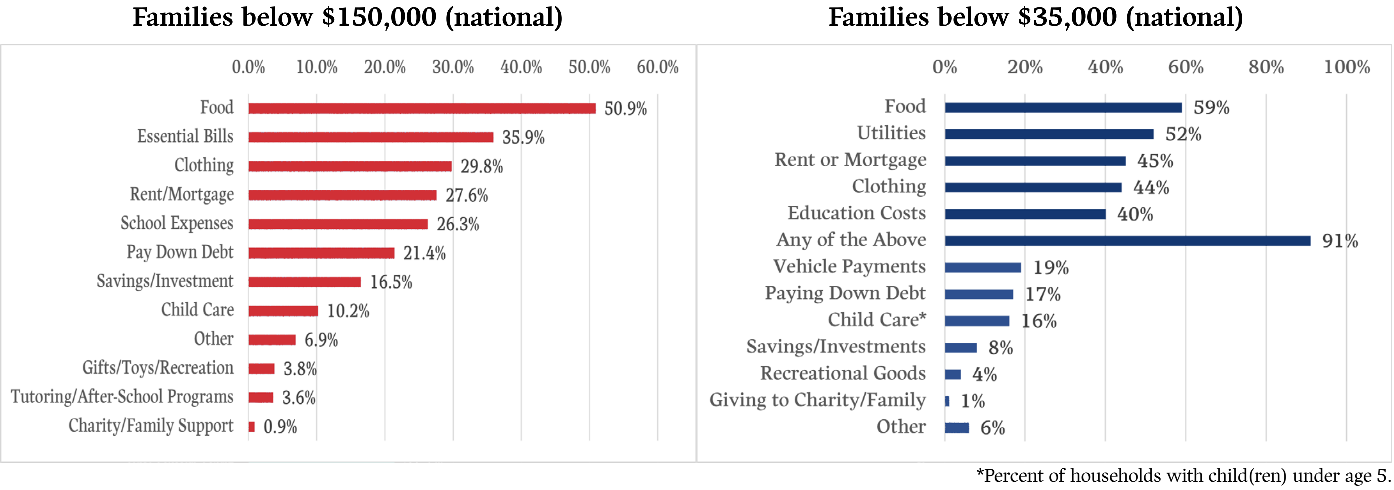
The American Rescue Plan continued unemployment benefits, food assistance, and stimulus checks in early 2021. It also made three important changes to the Child Tax Credit: (1) increased benefit levels to an annual maximum of $3,000 per child aged six to seventeen and $3,600 per child under six; (2) full availability to families with low and moderate incomes previously left out; and (3) delivery of the credit in monthly installments of up to $250 per older child and $300 per young child for six months, rather than the entirety of the credit in a lump-sum at tax time.[3]

Figure 1 charts monthly poverty rates for children through the pandemic. The expanded Child Tax Credit quickly emerged as a powerful anti-poverty tool, keeping three million children from poverty in July 2021 through the first payment alone and keeping 3.7 million children from poverty by December 2021.

2. See also Parolin, Z. et al. (2021). The Potential Poverty Reduction Effect of the American Rescue Plan and Wheaton, L. et al. (2021). 2021 Poverty Projections: Assessing the Impact of Benefits and Stimulus Measures.

3. Because the payments began mid-year, monthly payments are currently available from July 2021 through December 2021 with the balance of the credit to be paid to families at tax time in spring 2022.

Figure 2. Most Common Ways Families Used the Child Tax Credit Monthly Payments



Left panel reproduced with permission from Roll et al. (2021), p.1; based on Social Policy Institute at Washington University in St. Louis and Appalachian State University analysis of US Census Household Pulse data from July 21 to August 16, 2021, of Child Tax Credit-eligible parents with annual incomes of $150,000 or less. **Right panel** reproduced with permission from Zippel (2021); based on Center on Budget and Policy Priorities analysis of US Census Household Pulse data (survey weeks 34–38) of households who report receiving a Child Tax Credit payment in the last 30 days in data collected July 21 to September 27, 2021.

What Policy Lessons Have We Learned?

In addition to these immediate anti-poverty gains, the weight of the evidence is clear: in its first six months, the expanded Child Tax Credit bolstered family finances, meaningfully increased families' ability to meet their basic needs, reduced child poverty and hunger, eased stress and other hardships, and did not disrupt work (which has been a concern expressed by some over the policy).

By September 2021 families with low incomes saw checking account balances seventy percent (approximately $1,000) higher than 2019. Families spent the monthly Child Tax Credit payments on basic household needs and children's essentials such as clothing, school, and child care costs. Analyses of survey data, as seen in Figure 2, of families with up to $150,000 in annual income and of families with incomes below $35,000 reveal strikingly similar results across income levels: the most common item purchased with Child Tax Credit funds was food. Food insufficiency—a measure of whether a household has had enough to eat in the last week or two—dropped by twenty-five percent. Families with children also saw reductions in material hardship—in particular, the ability to keep up with their bills—while families without children (and therefore ineligible for the Child Tax Credit) saw hardship rise.

These gains would have been impossible without the pandemic-era expansions to the policy. Prior to 2021 the Child Tax Credit operated with similar gaps and exclusions as other parts of the social safety net. A complex eligibility formula comprised of earnings requirements, a benefit phase-in, and partial refundability (i.e., a restriction on the maximum benefit for lower income families) excluded one-third of all children in the US, including one out of every two Black and Latino children, from the full Child Tax Credit because their parents did not earn enough to qualify, despite the vast majority of them being employed. The American Rescue Plan closed this gap, extending eligibility to over ninety percent of children. Importantly, data demonstrate that the expansion did not negatively impact parental employment. Conditioning access to the credit upon parental employment and earnings (i.e., instating some form of "work requirements") would severely undercut its anti-poverty effects and threaten the future of a monthly payment delivery system without realizing meaningful employment gains—more than ninety-five percent of families who newly benefited are either already working (often at low wage jobs) or looking for work, have serious health limitations, are elderly, or care for a child under age two.

Where To from Here?

The expanded Child Tax Credit offers a powerful example of how we might support children and families moving forward. Its recent progress, though, may be short-lived. The monthly expanded Child Tax Credit concluded with the December 2021 payment. Predictably, child poverty spiked in January 2022 (with 3.7 million more children below the poverty line in early 2022 compared to the end of 2021) and remained high in February. The delivery of the second half of the Child Tax Credit and other tax credits and refunds will see substantial, but temporary, dips in monthly child poverty rates for children around tax time in 2022. But absent further action, monthly child poverty rates are likely to be persistently high moving forward. Should food and energy prices also continue to rise, even families above the poverty line are likely to experience hunger, an inability to pay bills, increased stress, and other hardships.

So where to go from here? Our recent success in reducing poverty—to historic lows amidst a pandemic—and improving family economic security across the income distribution shows us what works: more access, rather than less, to cash and near-cash supports; removing barriers to application and receipt; and predictable amounts, delivered regularly, for families to use as they see fit to meet their needs. These principles can inform our approach to the social safety net post-pandemic. It is now not a question of evidence but of commitment. Eradicating poverty, particularly for children, is an achievable feat if we have the will to do so.

Megan A. Curran, PhD, is the Policy Director of the Center on Poverty and Social Policy at Columbia University.

WHAT WE KNOW ABOUT POVERTY'S EFFECTS: THE IMPETUS FOR THE BABY'S FIRST YEARS STUDY

Lisa A. Gennetian

All US families, income rich to income poor, are increasingly facing economic uncertainty. As one example, my colleagues and I show that, over a twenty-five-year period prior to the pandemic (from 1984 to 2011), households with children experienced more income instability, or fluctuations of income month to month, over time with much of this being driven by sources of unearned income. Portraits of households from the U.S. Financial Diaries study tell the same story: working, income-poor families are persistently juggling their financial resources—whether balancing funds from public programs, earnings from informal jobs, or more formal work—on a weekly and monthly basis to meet day to day expenses such as food and housing. The growing reliance on shift work (e.g., unpredictable or just-in-time scheduling) coupled with low wage growth has further magnified economic uncertainty for workers, especially among sectors such as retail, healthcare, service, food, and hospitality that are hit the hardest during economic and health crises. In best case scenarios, such economic uncertainty will be short lived with manageable consequences for families and their children. However, for the one out of five children in the US who are growing up in income poverty and the additional one out of three children growing up in net worth poverty (i.e., whether a household has a stock of assets sufficient to meet its basic needs, as defined by the poverty line, for three months), economic uncertainty coupled with the shock of public health disasters such as COVID-19 might be difficult to recover from, if at all.

In this essay, I offer a brief overview of what we know about the prevalence of economic precarity among households with children, the effects of poverty and income instability on children, inequalities in these effects, and how the pandemic highlighted these concerns. I will then discuss Baby's First Years, a randomized control study designed to test the causal impacts of predictable monthly cash transfers to families with young children residing in poverty. The essay concludes with implications for future policymaking.

The Prevalence of Economic Precarity Pre-Pandemic

Prior to the pandemic, many families with children experienced economic precarity—broadly conceived as income poverty, financial instability, and/or low wealth or savings. In 2019 roughly 10.5 million children, or fourteen percent, under the age of eighteen were residing in poverty (according to the official poverty level), down from twenty-two percent in 2010. Moreover, reductions in child poverty were occurring uniformly across racial and ethnic groups. The news felt even more optimistic upon the 2019 release of a National Academies of Sciences, Engineering, and Medicine consensus report proposing a number of policy approaches that could move the US toward a fifty percent reduction in child poverty.

Nevertheless, disparities in child poverty persisted between Black, Brown, and Indigenous children and white children. Policy analyses of poverty-reduction strategies (i.e., flows of cash or related economic resources) neglected to incorporate elements of uncertainty, unpredictability, and general availability of funds to meet daily consumption needs like food. The focus on income poverty alone also does not address the lack of insurance against catastrophic events or the unavailability of savings or assets that could act as cushions in the immediate term (and prevent resorting to potentially predatory lending). Along these fronts, while in 2019 one out of every three households with children were classified as "net worth poor," over fifty percent of Black households with children were classified as net worth poor compared to only twenty-two percent for white households with children.

The Effects of Poverty and Income Instability on Families with Children

The stress of financial instability and uncertainty has long been felt by families with children residing in poverty with negative consequences on well-being, and the COVID-19 pandemic has only magnified the experience of financial uncertainty and unpredictability.[1] For those families with low income or wealth, financial instability due to the uncertainty and unpredictability of income from jobs, government assistance, or informal networks can amplify financial and psychological stress in the household. This type of financial instability can affect daily consumption needs such as food, paying rent, and keeping the lights on.

Research shows wide or frequent fluctuations in income increase family stress, drain parents' mental bandwidth, disrupt family routines, and redirect parent time and attention away from parenting and toward the demands of juggling day-to-day basic needs. Stress generated from low and unstable resources can chip away at parents' sleep, work productivity, and existing capacities to be responsive and warm with their children, even among those who typically practice these types of skills. The compounding factors of the pandemic coupled with low and unstable economic resources are especially damaging when occurring during the first three years of a child's life—a time when strong caregiver attachments form a foundation for a child's learning and social trajectories throughout life and when negative stressors can have the greatest enduring negative impacts.

Existing Policy Responses and Pandemic Supports

Existing income supports in the US have been effective in reducing child poverty; however, addressing income stability, predictability, and equitably reaching all families with children remains a challenge. Safety net programs such as the Supplemental Nutrition Assistance Program (SNAP) and the Earned Income Tax Credit have large anti-poverty effects among families with children. SNAP in particular protected children from increased poverty over the course of the Great Recession. Even though benefits like SNAP are distributed monthly, benefit cliffs, recertification requirements, and related steps disrupt stable receipt. Large lump-sum income transfers such as the Earned Income Tax Credit are effective in meeting expenses but also require mental demands for budgeting. Temporary policy supports throughout the pandemic—including stimulus checks, expanded unemployment insurance benefits, rent moratoriums, and expanded food programs—have helped stem financial losses and protect children. The expansion of the Child Tax Credit in 2021 (that has since expired) was shown to reduce child poverty overall, reduce racial/ethnic disparities in poverty rates, and was associated with improvements in reported food security among households with children.[2]

Unfortunately, the US lacks universal eligibility and delivery systems for government supports, and not everyone who is eligible for COVID-19 income support benefits has received them. Burdensome distribution mechanisms along with documentation and related eligibility requirements can have "chilling effects" (i.e., fear of deportation) and reduce

1. See also Gassman-Pines, A. & Gennetian L. A. (2020). COVID-19 Job and Income Loss Jeopardize Child Well-Being: Income Support Policies Can Help, Ananat, E. O., et al. (2020). Working Families' Experiences of the Enduring COVID Crisis: Snapshot from Midsummer, and Bokun, A. et al. (2020). The Unequal Impact of COVID-19 on Children's Economic Vulnerability.

2. See also Hardy, B. L. (2022). Child Tax Credit Has a Critical Role in Helping Families Maintain Economic Stability and Parolin, Z. et al. (2022). Sixth Child Tax Credit Payment Kept 3.7 Million Children Out of Poverty in December.

program participation. Nearly nine million eligible people did not receive the CARES Act stimulus check, with fewer Black and Hispanic families reporting any or on-time receipt.

The Baby's First Years Study

Given all the indications from prior research of the deleterious impacts of poverty and financial instability on children's well-being and open questions about the causal impacts of poverty reduction during the earliest years of child development, colleagues and I launched the Baby's First Years (BFY) study. From July 2018 to June 2019, one thousand parents were recruited shortly after giving birth at one of several maternity wards in hospitals across four metro areas (New Orleans, New York City, the Twin Cities, and the greater Omaha area). After consenting to participate in a child development research study, birthing parents were informed about the opportunity to participate in a cash-gift lottery. Among consenting parents, forty percent were subsequently randomly assigned to receive an unconditional monthly gift of $333 ($3,996/year), and sixty percent were randomly assigned to receive a $20 unconditional monthly gift ($240/year).[3] At the time of study consent, the parents were promised the cash gift for the first forty months of their child's life. Because the pandemic disrupted planned in-person data collection of children's developmental outcomes at a thirty-six-month follow-up, funds were raised to extend the cash gift such that families will receive it until the child is fifty-two months old with the capstone child development data to be collected at child age four or at approximately a forty-eight month follow-up.

Distributed through a debit card activated at the time of childbirth, the cash gift has features of universal and scalable reach that does not require proof of identity such as a social security number, prior work history, or residential status of current household members. As of February 2022, over $5 million has been disbursed to the BFY study families. We stay in contact with families and seek consent to collect data from them about their and their children's well-being once a year at about the time of their child's birthday. Two theoretical pathways undergird the data collection and our understanding of how reducing poverty and increasing income affects family well-being and, in turn, the development of young children. First, families with higher income may be better able to purchase or produce important inputs into their young children's development. This investment pathway results in young children experiencing more materially enriching early environments. Second, to the extent that economic disadvantage and uncertainty translate to more parenting stress and cognitive drain, reductions in poverty and access to stable, predictable cash income may improve the quality of family relationships and parenting and may also reduce financial and psychological stress. As such, the current and planned data collection includes a wealth of information based on maternal reports about work, breastfeeding, child care, household composition, and parenting stress; assessments of maternal-child interactions through video recordings;

3. The cash gift treatment is equivalent to increasing the annual income of a family of three residing at the poverty line ($21,330 in 2019) by approximately nineteen percent. The annual cash gift is similar in magnitude (in today's dollars) to income supplements experienced by families in prior welfare-to-work experiments in the US, which produced improvements of 0.15 to 0.20 standard deviations on the achievement of preschool and school-aged children. The BFY gift amount is also comparable to the average $3,200 lump-sum income transfers to families with children that come through the Earned Income Tax Credit, shown to have similarly-sized impacts on children's cognitive outcomes. As feasible, agreements were secured with state and local officials to minimize risk of the cash gift interfering with eligibility for public benefits, including Temporary Assistance for Needy Families (TANF), Supplemental Nutrition Assistance Program (SNAP), Medicaid, childcare subsidies, and Head Start. In two of the four sites, we secured state legislation to ensure this. Other sites relied on administrative strategies in collaboration with the study investigators. The parents were informed of any risk to their income eligibility for other programs prior to consenting to receive the cash gift.

stress measured through hair samples; and measures of children's development including brain activity and functioning. Analyses of outcomes such as spending on household and child-specific goods, participation in work, and mother's emotional health informed by these pathways are underway.

One of the many novel things we were able to do is measure infant brain activity. Survey interviewers were trained to use portable EEG machines in the field. Early findings for the subsample of families for whom we were able to complete in person visits prior to the pandemic show higher brain activity among infants of the families which received the high versus the low cash gift. This type of higher brain activity has been associated with children's improved thinking and learning (based on other's research). Looking forward, the cash gifts' cumulative impacts over early childhood will be informed by the in-depth, child-focused, in-person data collection planned to start this summer (July 2022) that incorporates a broad swath of child development measures including brain development and cognitive, socio-emotional, and physical health.

Implications for Policy

The US stands apart from its peer nations in not having a universal child benefit. Poverty is draining and increases demands on families. Economic uncertainty only exacerbates the financial and psychological stresses of poverty. But the right universal, income-based policy supports can help. The Baby's First Years and companion studies examining how cash allowances or benefits—including the 2021 expanded Child Tax Credit—impact poverty and the stability of economic resources are beginning to demonstrate the benefits of these programs, including benefits to children's development (e.g., brain activity and functioning) and reductions in parental stress. A permanent expansion of the Child Tax Credit or an equivalent, implemented universally, for families with children would be a substantial step toward reducing child poverty and economic uncertainty and ameliorating disparities in child poverty rates by race, ethnicity, and the immigration status of parents.

Lisa A. Gennetian is the Pritzker Professor of Early Learning Policy Studies in the Sanford School of Public Policy at Duke University.

Public Policy Lab Leadership

Director: Judith A. Levine
Associate Director: Colin J. Hammar
Administrator: TJ Cusack

Advisory Committee: Jamie Fader, Kathy Hirsh-Pasek, David Nickerson, Caterina Roman, and Christina Rosan

2021-2022 Research Fellows

Carm R. Almonor, Courtney Berne, Nicole Cochran, Nyron N. Crawford, Cheryl A. Hyde, Johanna Jarcho, Rhiannon Jerch, Kevin Loughran, Ajima Olaghere, Laura A. Orrico, Ewa Protasiuk, Viviane Sanfelice, Bohui Wang.

PPL is funded by the College of Liberal Arts at Temple University. Our thanks to Dean Richard Deeg, Senior Associate Deans Hiram Aldarondo and Sandra Suárez, and Senior Vice Dean Kevin Glass.