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Reducing Child Poverty in the U.S.

Children disproportionately experience poverty in the U.S. compared to other age groups. They make up 23.1 percent of the U.S. population, but account for 33.6 percent of the population living in poverty. Overall, children are 69 percent more likely to live in poverty than adults. It is both tragic and unacceptable that one in five children in this country live in poverty.

Profound racial disparities also exist. Children of color suffer from even higher rates of poverty, with black and Hispanic children experiencing poverty rates nearly three times that of white children. Therefore, it is critically important that efforts to reduce child poverty in this country also confront, reduce and seek to eliminate racial disparities. This will require some attention to how policies impact the one in four children in this country that live in immigrant households.

Poverty is a particularly serious problem for children, who suffer negative effects for the rest of their lives after living in poverty for even a short time. Adverse Childhood Experiences (ACEs) is a study and a tool that can be used to measure adverse childhood experiences that can include physical, emotional, or sexual abuse, parental divorce or the incarceration of a parent or guardian.ⁱ

Negative ACEs can have a tremendous impact on a child's overall health and well-being and have been linked to future risky health behaviors, disparately poor outcomes in education and employment, chronic health conditions, and even early death. Young children in poverty face multiple barriers and when this is compounded by a lack of access to opportunity and disinvestment in communities early in life, it sets a foundation for disparately poor outcomes throughout their lives.

Beyond the negative consequences of poverty for individual children are the costs that the entire nation pays when children grow up poor – from increased expenditures on criminal justice and healthcare to lost revenue and lower economic output when our nation's youngest citizens lack the support they need. Recent studies show that child poverty costs the U.S. \$672 billion a year or 3.8 percent of GDP.ⁱⁱ

The U.S. spends much less of its GDP on benefits for families – less than one percent - compared to other middle- and high-income countries. In comparison to 21 other countries, the U.S. ranks second-to-last in its spending on families.ⁱⁱⁱ Each year, First Focus publishes an analysis on federal spending on children in the federal budget and in 2016, we found that the federal government spent less than eight percent of federal spending on kids, despite the fact children make up 25 percent of the nation's population.^{iv}

Currently, there are effective anti-poverty programs operating in the U.S. that provide critical assistance to families struggling to make ends meet. The Supplemental Nutrition Assistance Program (SNAP) lifts five million children out of poverty annually^v, while in 2015 the Earned Income Tax Credit (EITC) and the Child Tax Credit (CTC) together also lifted five million children out of poverty.^{vi}

Yet the persistently high level of child poverty in the U.S. indicates that we are not doing enough to ensure that every child has a fair shot at succeeding, and there is no long-term national strategy to address child poverty and the negative outcomes associated with it.

Taking Lessons from the UK

To address the stubbornly high rate of child poverty in the U.S., First Focus established the U.S. Child Poverty Action Group,^{vii} a broad-based coalition of non-profit, child-focused organizations dedicated to setting the goal of cutting the child poverty rate in half within ten years. The mission of this group is to elevate the issue of child poverty in the U.S. through information sharing, policy education and messaging and direct advocacy.

The creation of the U.S. Child Poverty Action Group was inspired by actions in the United Kingdom. Due to the strong advocacy from child-focused organizations such as the UK Child Poverty Action Group, in 1999 Prime Minister Tony Blair declared a national child poverty target, which was supported by both the Conservative and Labour parties.

Measured in U.S. terms, the UK's Child Poverty Target and resulting policy changes successfully cut the UK's absolute child poverty rate by 50 percent during the effort's first decade.^{viii} The UK successfully raised incomes, promoted work, and improved child well-being while U.S. progress in these areas stagnated. Whereas the UK child poverty rate was higher than the U.S. rate in 1999, due to the focus of attention, the UK rate has dropped well below and remains below the U.S. rate today.

Building on the success of the UK model, the U.S. should establish such a goal and take the steps necessary to cut child poverty in our country. A national target provides a tool for advocates, the media, and the public to hold the government accountable to implement policies that reduce child poverty.

There is already national legislation in both the House and Senate to establish a national child poverty target in the U.S.^{ix} In addition, several states have established child poverty targets, including Vermont^x and Connecticut.^{xi} In California, currently there is momentum around state legislation that would not only set a target to reduce child poverty, but would hold the state legislature accountable to implementing comprehensive framework of research-backed solutions to reach this target.^{xii}

Increasing Family Income

Lessons learned from the UK and other countries show that one way we can make significant progress to cut child poverty in half within a decade is to implement policies that increase a family's income.

Research^{xiii} that shows that money matters for child development and academic achievement, yet just under 25 percent of all poor families that are eligible for cash assistance receive it.^{xiv}

A 1999 study out of Britain found that low-income families who received additional cash through the UK's child allowance prioritized this additional cash to purchase items for their children such as books and toys that would improve their development.^{xv} A 2012 study shows that an additional \$1,000 of annual income can raise children's test scores by 6 percent in the short term.^{xvi} Studies out of North Carolina found that children in

American Indian families who received additional income through casino profits experienced improved educational and mental health outcomes.^{xvii}

The Temporary Assistance for Needy Families (TANF) program is the only federal program that provides cash assistance to low-income families. Yet most TANF funds no longer actually go towards cash assistance. In fact, states overwhelmingly use TANF funds for a number of other important priorities other than its original intent: reducing child poverty and getting families back to work.

In 1996, TANF could provide assistance to 68 percent of families in poverty; however now that number has dropped to just 23 percent.^{xviii} Due to its nature as a fixed block grant to the states, it is not responsive to increased need during economic downturns and has not kept pace with inflation, so for the few families that still receive cash assistance, the monthly amount is not enough to lift children out of poverty.

The funding formula by which federal TANF dollars are distributed to states can also be viewed as exacerbating inequality and large differences in outcomes on measures of child well-being based on geography.^{xix,xx}

We need policies that ensure that every child lives in a household with an income sufficient to meet their basic needs and support their healthy development. This amount should ensure that every child is lifted out of poverty and not subject to the whim of economic downturns or parental labor participation. Strengthening tax credits is one way to do this. Despite the fact that the EITC and CTC lift millions of children out of poverty each year, there are improvements that can be made to increase their effectiveness at reducing child poverty in the U.S., especially in reducing deep child poverty and better supporting families in their pursuit of economic mobility.

In March, the U.S. Child Poverty Action Group issued *Family Tax Policy: A Path Forward to Lifting Children out of Poverty*, which provides a blueprint for using the tax code to improve the standard of living for children in the U.S. and recommendations to build upon the successes of the EITC, CTC and other credits, exemptions and exclusions.^{xxi}

These recommendations include the establishment of a universal child allowance, which research shows would have the biggest impact in reducing child poverty in the U.S.^{xxii} All other Anglo-American countries (Canada, UK, Ireland, Australia) provide some form of universal child or family benefit,^{xxiii} and all have lower child poverty rates than the U.S.^{xxiv}

Addressing Racial Disparities

In addition to increasing family income, in order to make any real headway in reducing child poverty we also need to address the large disparities in poverty rates for children of color.

We have tragically high rates of poverty among Native Americans and Hispanics that must be addressed. Fortunately, there is a new Alyce Spotted Bear and Walter Soboleff Commission on Native Children that will focus on the unique needs of Native American children.^{xxv} As for Hispanic children, special attention must also be made to address their needs, including an understanding of how specific policy solutions may or may not negatively impact children living in immigrant households.

Compounding high rates of poverty among black children is the growing trend in communities of concentrated poverty.^{xxvi} Black children tend to live in communities of concentrated poverty, defined as neighborhoods or tracts where 40 percent or more of its residents fall below the federal poverty level.

Being poor and living among other poor residents in neighborhoods of concentrated disadvantage compounds the problems of poverty and often results in poor physical and mental health, high levels of stress, inadequate housing, low academic achievement from school systems lacking resources and qualified educators and administrators, food insecurity, significantly higher rates of crime and violence and fewer employment and economic opportunities handed down to future generations.^{xxvii}

Therefore, we need community-based policies to address concentrated poverty, such as increases and greater equity to per-pupil education spending investments. Research shows that increases in per-pupil spending, including increases mandated by school finance reforms, lead to significant increases in the likelihood of high school graduation and educational attainment for poor children, which in turn leads to reductions in the achievement and wealth gap between affluent and poor families. Moreover, the educational gains resulting from increased per-pupil go above and beyond benefits of other social programs aimed at reducing poverty.^{xxviii}

Quality public education has long served as a pathway for millions of children of color to achieve economic and social mobility. However, educational funding for schools with large populations of students of color is often significantly less than more affluent communities, resulting in large differences in per-pupil spending across wealthy and poorer school districts and white and minority students. That must change, as all children deserve an equal opportunity to a full potential. We need to target funds to public schools in areas of concentrated poverty through Title I, Part A program grants to ensure that struggling schools and schools serving students who need more support receive the resources necessary to help students succeed.

The nation must also make increased investments in affordable housing and address specific barriers to assistance for children and families. Due to the recession and our long history of housing discrimination, many low-income families and families of color lack access to affordable, adequate and stable housing, which is necessary for children to grow and thrive.

Housing continues to be one of the biggest expenses for families and the lack of affordable and adequate housing in many communities is one of the largest barriers to financial stability for families with children. The high rate of evictions for families with children also results in high rates of mobility and unstable living environments that result in negative consequences for their education, physical health, mental health, and interpersonal relationships. Racial bias has also created barriers for families of color to access adequate housing in many communities.

For low-income families and families of color to access housing, we need reforms that increase the supply of affordable housing, including changes to the tax code that promote homeownership and support renters. In addition, we need further investment in civil legal services for families facing eviction and other housing disputes.^{xxix} Finally, we need policies to ensure communities take steps to identify racial bias in their housing patterns and create plans to reduce barriers to affordable and adequate housing.

As noted above, for immigrant children and families, currently many anti-poverty programs limit access based on immigration status. Even in situations where children and families are eligible for these programs, they may hold back from accessing these critical benefits out of concern that receiving them could affect their naturalization process or even get them deported. We need protections that ensure that regardless of where a child was born, they get equal access to healthcare, education, proper nutrition and the support they need to have a fair chance to succeed.

Conclusion

In order to significantly reduce child poverty in the U.S., we must look to lessons learned from other countries, address racial disparities and build on what works. We appreciate the Committee's consideration of this input

and your deliberations in establishing recommendations to cut the U.S. child poverty rate in half within a decade.

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