

# **Congressional Briefing**

## **Protecting Children in Tough Economic Times: What Can the United States Learn from Britain?**

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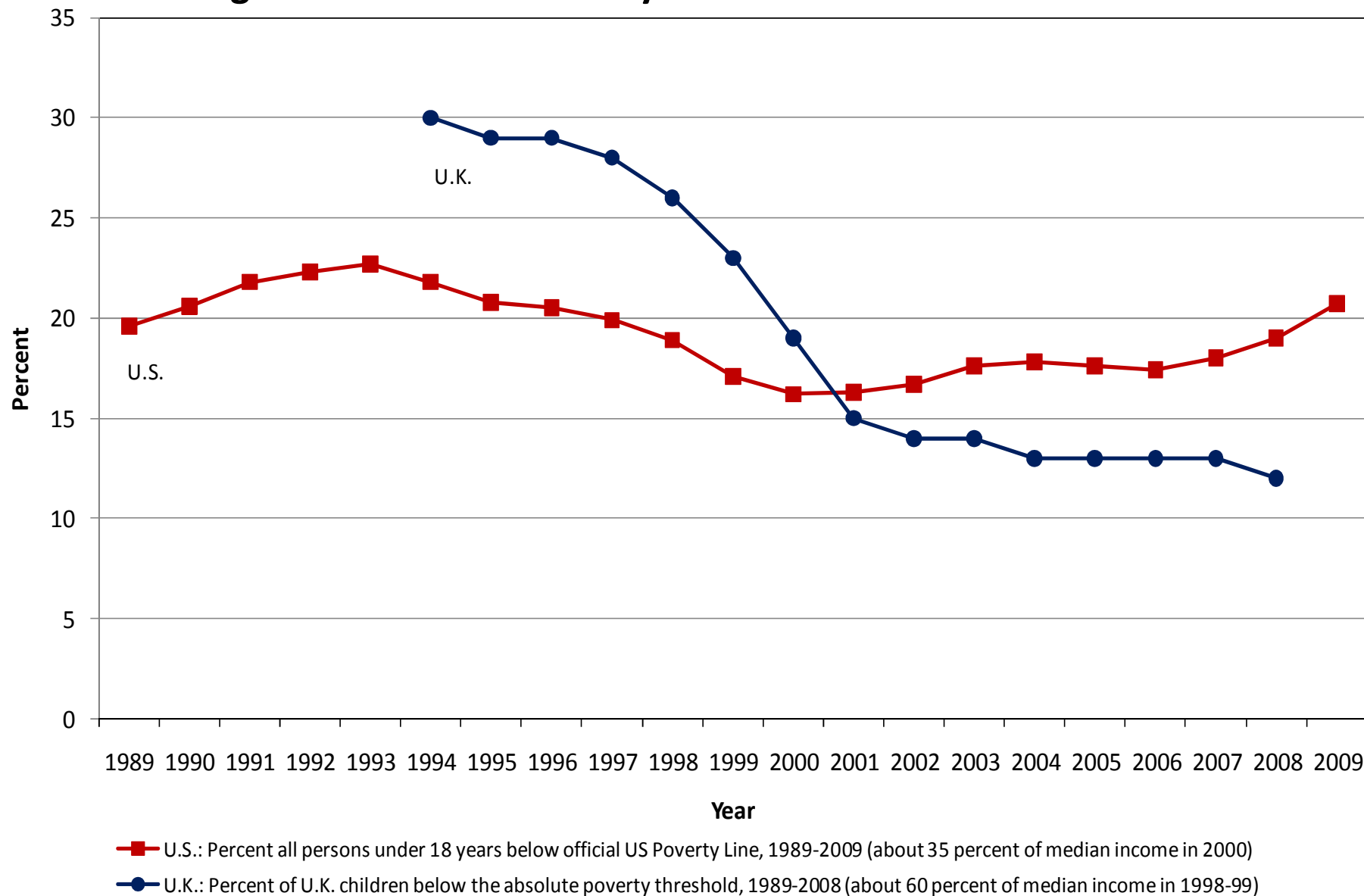
## The question

- Child poverty in the United States stands at its highest level in twenty years, with more than one in five children in poverty. Moreover, on many indicators of well-being, U.S. children are not faring well.
- But the U.S. also faces record-high deficits, at the state and federal levels.
- As budgets are pared back to reduce deficits, do children inevitably have to suffer, or is it possible to prioritize programs for children?

## Learning from Britain

- In a prior paper for First Focus and in *Britain's War on Poverty* (Russell Sage Foundation, 2010), I chronicled the Labour government's remarkable success in reducing child poverty -- through welfare to work reforms, tax credits and benefits for low-income families, and investments in programs for children, including early childhood education.
- Between 1999 and 2010, they succeeded in cutting child poverty in half, measured in absolute terms as it is in the U.S., as well as in improving school achievement and other child outcomes.

**Figure 1: Absolute Poverty in the U.S. & U.K. 1989–2009**



Source: U.S. Census Bureau (2010); U.K. Department of Work and Pensions (2010); HBAI, 81.

Smeeding & Waldfogel, 2010

## The new government

- In May 2010, a new government, led by the Conservative Party in partnership with the Liberal Democrats, came into office.
- The new coalition government is committed to reducing government deficits, and in fact has implemented deep cuts in public spending, with more to come.
- Remarkably, the new government has also expressed its commitment to combat child poverty and promote social mobility, and has taken concrete steps to do so.
- As the U.S. makes our own difficult decisions about reducing deficits, the approach taken by the British coalition government offers some useful lessons.

## How Britain is cutting spending in tough economic times

- The British cuts are the most extensive the country has ever seen.
- Government departments not exempt from cuts are experiencing reductions of 25-30% or more.
- 500,000 government positions are being eliminated.
- Many observers worry that such deep cuts will erode the ability of the government to deliver key public services and will harm children and other vulnerable groups in the long-run.
- Many also worry that such deep cuts risk harming the economy and putting the country back into recession.

## In the midst of these cuts, the British government has made two commitments

- ***To reduce child poverty*** -- repeatedly expressed by Prime Minister David Cameron and Chancellor George Osborne (head of the Treasury), and backed up by increased spending on anti-poverty programs
- ***To invest in education, including early childhood education*** -- also repeatedly expressed and backed up by increased spending.
- Protecting these core areas has meant making difficult decisions about cuts in other areas:
  - Defense spending has been cut by 8%
  - The sales tax has been raised from 17.5% to 20%

## The commitment to reduce child poverty

- All three parties supported the 2010 Child Poverty Act, committing future governments to tackle child poverty.
- Since coming into office, the Conservative-Liberal Democrat coalition government has stressed its commitment to ending child poverty.
- On the night he took office, Prime Minister David Cameron emphasized his commitment to help the most vulnerable in society. Echoing former Prime Minister Tony Blair, who pledged “*work for those who can, security for those who cannot,*” Cameron said he would expect that “*those who can should and those who can't we will always help.*”



## Protecting children from poverty

- The government has raised tax credits to ensure that child poverty will not increase even in the face of cuts to other programs:

*“We will provide additional support to families in poverty. These are among the most vulnerable people in our society and they need our help. I have decided to increase the child element of the child tax credit by £150 [\$240] above indexation next year. This is a £2 billion [\$3.2 billion] a year commitment to low income families. ... The policies in this Budget, taken together, will not increase measured child poverty over the next two years.*

## Investments in education

- While making deep cuts in other areas, the government has pledged to expand funding for schools, maintain the Sure Start program for low-income infants and toddlers, maintain universal preschool for 3 and 4 year olds, and expand preschool for disadvantaged 2 year olds.
- As Chancellor George Osborne explained:  
*“The most important ingredient a twenty-first century economy needs is well educated children, who believe in themselves and aspire to a better life whatever their background or disadvantages.”*

## In summary

- While public spending has been significantly curbed, Britain's commitment to tackling child poverty has not been abandoned. The government seems committed to the goal that child poverty should not increase on their watch.
- The government is allocating additional funding to programs for low-income families, to ensure that they are not adversely affected by other cuts.
- And, they have maintained or increased investments in education, including preschool, which they see as essential to reduce poverty in future.

## Policymakers in the US, like those in Britain, face tough choices

- There is widespread agreement that public spending must be cut, and by a large amount.
- The challenge is to decide how those cuts should be made and what values and principles should inform them.
- In my paper for First Focus, I argue that Congress should make protecting children a priority and should therefore prioritize funding for programs to reduce child poverty as well as funding for education, including early childhood education.

## Programs to reduce child poverty

- The U.S. has an extensive set of income support programs that help low-income families with children, and several of these (e.g. CTC, EITC, SNAP, TANF, UE) received expanded funding under the ARRA stimulus bill and related initiatives.
- Research at the national, state, and city levels has documented how important these income support programs are in protecting children from poverty.
- This evidence is persuasive that continuing the expanded funding for these vital income support programs would protect the most vulnerable children.

## What specific steps would help protect children from poverty?

- In addition to maintaining work-based supports (such as the EITC), Congress should
  - maintain SNAP benefits which are highly used by poor families with children,
  - continue to prioritize the needs of families with children when considering changes to the tax system (as has been done with EITC and CTC),
  - reform unemployment benefits to make them more available to parents who combine work with parenting
  - seek ways to support families who may be falling through the cracks of the work-based safety net.

## Investments in education, including early education

- Education funding is critical if the U.S. is to retain our global competitiveness in the 21<sup>st</sup> century, and succeed in providing opportunity to all our young people.
- In line with this, the single largest item in ARRA was funding for education. This enabled schools to avoid drastic cuts. But with those funds depleted, states and localities are struggling to make ends meet. The federal government can't walk away from this challenge.
- But education does not just start with elementary school. Good-quality preschool programs help prepare children for school and also help close gaps between disadvantaged children and more advantaged children.

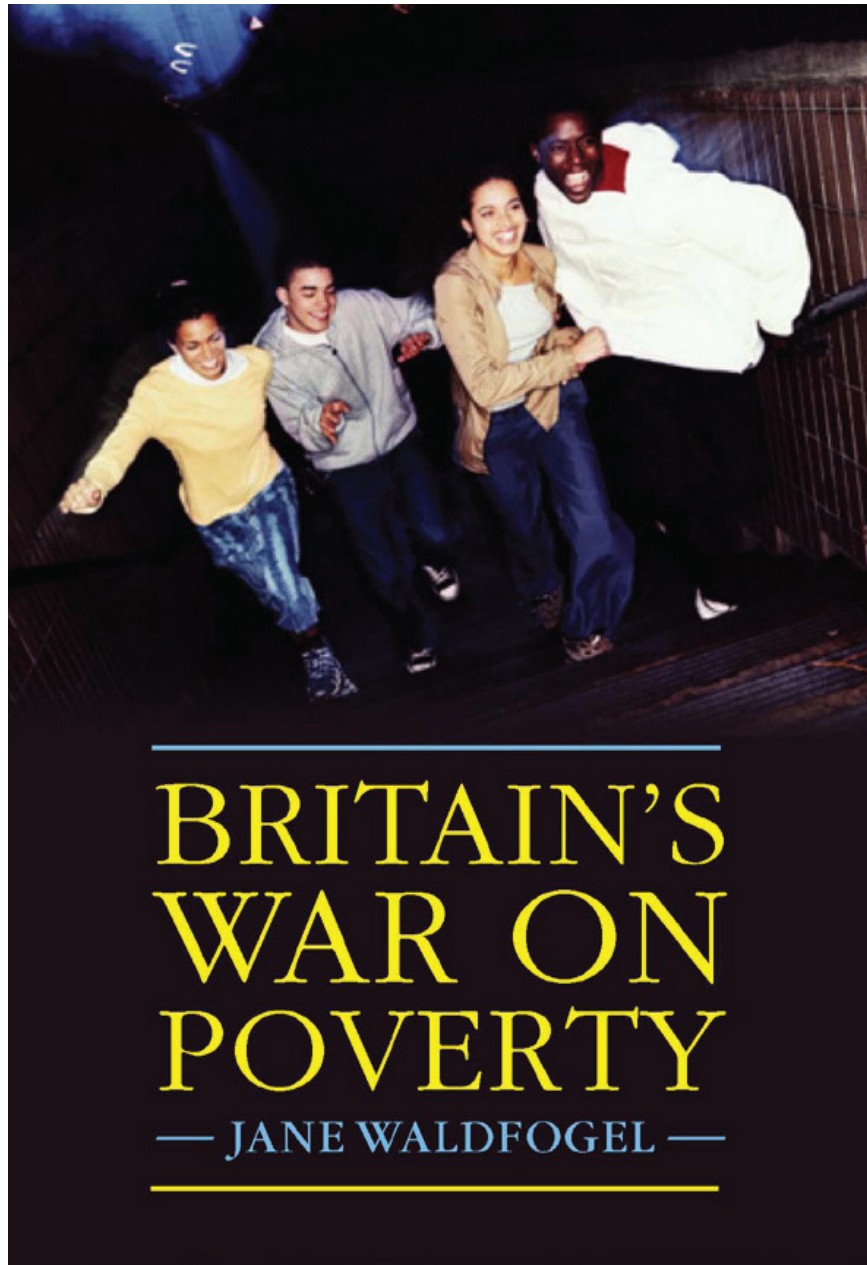
# The importance of preschool education

- The U.S. has a host of evidence about the benefits of preschool education, but these programs are now under threat.
- States facing strained budgets have little ability to expand prekindergarten, and there are proposals in Congress to reduce Head Start funding. This would be a disaster for children and families, as well as very short-sighted in economic terms.
- Instead, Congress should be allocating additional funding for Early Head Start and Head Start programs for low-income preschoolers, as well as for child care subsidies for low-income working families.



## Concluding thoughts

- Strained public finances raise serious questions about the ability of both Britain and the U.S. to fund programs to protect children. The politics are also challenging.
- At the same time, the downturn in the economy means the need for such programs is greater than ever. These investments not only provide a safety net for children and help prepare our future workforce, they also help stimulate the economy and create jobs.
- Tough economic times should not mean abandoning our efforts to reduce poverty and promote opportunity. One of the smartest things we can do economically, even in tough economic times, is to invest in our youngest and most vulnerable children.



For more information, see:

Jane Waldfogel,  
*Britain's War on Poverty*,  
NY: Russell Sage Foundation, 2010

<http://www.russellsage.org/publications/britains-war-poverty>