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Richard L. Revesz
Administrator
Office of Information and Regulatory Affairs

Re: Proposed Revisions to Circular A-4, Regulatory Analysis, and Circular A-94, Federal Spending (Docket Nos. OMB-2022-0014 & OMB-2023-0011)

Dear Administrator Revesz:

I am writing on behalf of First Focus on Children in support of the Office of Information and Regulatory Affairs' (OIRA) recent proposed revisions to Circular A-4.¹ First Focus is a bipartisan advocacy organization dedicated to making children and families the priority in federal policy and budget decisions. As an organization committed to the safety and well-being of all children, we advocate on a broad range of issues that impact children, including the federal budget, child welfare, child care, education, early childhood, family economics and poverty, health, housing, immigration, international child policy, juvenile justice, and tax policy. We have also long advocated for all government policies to be guided by the "best interests of the child" standard.

The application of Circular A-4 to proposed regulations and federal spending affects our mission. Though they are approximately a quarter of our country's population, children are often an afterthought in government policy. As our analysis of the federal budget shows, children do not get their fair share of government funds, despite clear evidence that investments in children's programs have benefits for their well-being and our economy.² As a result, children too often experience persistent adverse impacts on their well-being. Because of their age and dependence on adults, children are unable to make their needs and interests known in the same way that adults do, and therefore the government must proactively seek to implement policies that are in children's best interests, particularly for children from underserved communities. Given children's share of the overall population and their role in advancing our nation's future, ensuring that policies are "well-designed" or "increase net benefits for society as a whole," as the Preamble to this Circular states, requires analysis that accounts for children's health and well-being.

On his first full day in office, the President issued a memorandum entitled "Modernizing Regulatory Reform" that directed agencies to "provide concrete suggestions on how the regulatory review process can promote . . . the interests of future generations."³ The proposed revisions represent a much-needed

¹ See OMB, Request for Comments on Proposed OMB Circular No. A-4, "Regulatory Analysis," 88 Fed. Reg. 20,915 (Apr. 7, 2023), <https://www.federalregister.gov/documents/2023/04/07/2023-07364/request-for-comments-on-proposed-omb-circular-no-a-4-regulatory-analysis>. This comment addresses both the proposed revisions to Circular A-4 and its preamble.

² *Children's Budget 2022*, First Focus on Children (Oct. 6, 2022), <https://firstfocus.org/resources/report/childrens-budget-2022>.

³ The White House, *Modernizing Regulatory Reform: Memorandum for the Heads of Executive Departments and Agencies* (Jan. 20, 2021), <https://www.whitehouse.gov/briefing-room/presidential-actions/2021/01/20/modernizing-regulatory-review/>.

update to OIRA’s review process of proposed regulations and spending in line with the President’s mandate. The proposals bring modern economic analysis to this review and reflect the realities of how costs and benefits are experienced in the real world. Of particular importance are the clarifications on accounting for costs and benefits that cannot be monetized or quantified, the renewed focus on distributional effects, and the modernization of the discount rate used by OIRA—all of which point to ensuring better consideration of children in regulatory analysis.

First, we applaud OIRA’s recognition of an obvious truth: that some costs and benefits cannot be fully monetized or quantified. This is particularly true for children. Requiring agencies to consider the true benefit or cost their actions will have in the real world—beyond a mathematical formula—is common sense and good policy for children today and in the future. We recommend that OIRA include examples of unquantified and non-monetized effects specific to children so that agencies are made aware of how to assess such costs and benefits.

Second, we appreciate OIRA’s inclusion of income weighting to better reflect the economic benefits and costs for low-income populations. In the United States, children have historically experienced much higher rates of poverty than adults because we fail to sufficiently invest in our children.⁴ This dynamic changed in 2021 with the improvements to the Child Tax Credit in the American Rescue Plan Act that nearly cut child poverty in half, but following the expiration of those improvements, children are once again experiencing high rates of poverty.⁵ Therefore, income weighting will be particularly impactful for children, especially for children of color that often experience much higher rates of poverty than their white peers.

Third, we support OIRA’s emphasis that agencies should consider distributional effects in conducting their benefit-cost analyses in appropriate circumstances, and specifically for children.

Child well-being is vital to our nation. In fact, the federal government has stated that “the long-term success of a nation depends in large part on how well families and society care for their children.”⁶ However, our country is failing children. The United States performs lower than most similarly situated countries on various indicators of child well-being, including poverty, access to health care, nutrition, homelessness, separation from family, and more.⁷ As mentioned above, though children make up a quarter of the U.S. population, First Focus on Children’s analysis of the federal budget shows children do not get their fair share of government funds, despite evidence that investments in children’s programs have clear benefits for their well-being and our economy.⁸ The COVID-19 pandemic and the related economic recession further exacerbated long-standing disparities impacting children and their families, disrupting every aspect of their lives.⁹

Focusing on distributional effects, particularly related to age, is an important way of pressure-testing theoretical benefits and costs to make sure that in the real world, regulations do not fail to consider the

⁴ U.S. Census Bureau, *Income and Poverty in the United States: 2020* (September 14, 2021), <https://www.census.gov/library/publications/2021/demo/p60-273.html#:~:text=In%202020%2C%20there%20were%2037.2,non%2DHispanic%20Whites%20and%20Hispanics>.

⁵ Baldari, Cara, *U.S. Child Poverty in 2021*, First Focus on Children (September 21, 2022), <https://firstfocus.org/resources/fact-sheet/u-s-child-poverty-in-2021>.

⁶ U.S. Government Accountability Office, GAO-18-41SP, *Child Well-Being: Key Considerations for Policymakers Including the Need for a Federal Cross-Agency Priority Goal* [hereinafter *GAO Report on Child Wellbeing*] 2 (Nov. 2017), <https://www.gao.gov/assets/gao-18-41sp.pdf>.

⁷ *Worlds of Influence: Understanding What Shapes Child Well-being in Rich Countries*, UNICEF 10 (2020), <https://www.unicef-irc.org/publications/pdf/Report-Card-16-Worlds-of-Influence-child-wellbeing.pdf>.

⁸ *Children’s Budget 2022*, *supra* at 3.

⁹ Aubrey Edwards-Luce et al., *Key Stats on the Effect of COVID-19 on Children*, First Focus on Children (Nov. 19, 2020), <https://firstfocus.org/resources/key-stats-on-the-effect-of-covid-19-on-kids>.

impact on children and maximize benefits on their health and well-being. We particularly support that OIRA acknowledges that distributional analysis may examine how these groups overlap with each other, as children are the most diverse generation,¹⁰ and policies are likely to have disproportionate impacts on children from marginalized populations. Studies show that communities and states with a large racial generation gap often devote less support to children’s programs, such as education.¹¹ Areas where the population of children of color is growing the fastest – the Southwest, the Southeast, and Appalachia – are the same places that report the worst outcomes for children.¹²

The revised circular includes a list of possible groups to examine for distributional analysis, and in the preamble OIRA notes that it opted to not call for analysis of particular groups across all rules. We also recommend that OIRA provide additional guidance on how agencies should determine subgroups of interest for distributional analysis, particularly for children. While it may not be immediately obvious how a policy would impact children, further examination often finds that there are impacts on children that have been missed. Under existing family assessments, which is most analogous to an assessment of a regulation’s impact on children, agencies have repeatedly incorrectly stated that regulations would have no impact, and First Focus has had to encourage agencies to undertake more detailed analysis in our public comments.¹³ We urge OIRA to ensure agencies are encouraged to fully examine subgroups of interest, and are held accountable to having done that analysis by including their distributional findings in the executive summary for regulations. We further recommend that OIRA provide some definition on particular subgroups—for example, by specifically mentioning children or including a clause clarifying that “age” includes both younger and older age groups.

We support OIRA’s proposal to modernize the use of discount rates. Modern policy making should fully and accurately account for longer term benefits and costs, but these consequences have been artificially discounted by the existing review process. In particular, the proposals would empower OIRA to consider research showing the costs of certain policies to children, as well as the myriad of benefits when children have increased access to certain federal programs. Child development research shows that children earn more as adults when they benefit from resources at an earlier age.¹⁴ Research has found that greater Medicaid eligibility lowers mortality, increases college enrollment, increases earnings and the amount that individuals pay in taxes,¹⁵ and leads to better health as adults.¹⁶ Every dollar of Supplemental Nutrition Assistance Program (SNAP) benefits translates to \$1.70 of economic activity - a return on investment of 170 percent,¹⁷ and children who receive SNAP benefits have better health

¹⁰ Richard Fry and Kim Parker, *Early Benchmarks Show ‘Post-Millennials’ on Track to Be Most Diverse, Best-Educated Generation Yet*, Pew Research Center (Nov. 15, 2018), <https://www.pewresearch.org/social-trends/2018/11/15/early-benchmarks-show-post-millennials-on-track-to-be-most-diverse-best-educated-generation-yet/>.

¹¹ Lesley, Bruce. “The Racial Generation Gap and the Future for Our Children. First Focus on Children. January 2016. <https://firstfocus.org/wp-content/uploads/2016/05/The-Racial-Generation-Gap-and-the-Future-for-Our-Children.pdf>.

¹² Frey, William H. “The Generation Gap.” *Trend Magazine*. Pew Charitable Trusts. Winter 2018. <https://www.pewtrusts.org/fr/trend/archive/winter-2018/old-versus-young-the-cultural-generation-gap>.

¹³ See, e.g., First Focus on Children, *Comment on “Public Charge Ground of Inadmissibility”* 3 (April 25, 2022), <https://firstfocus.org/resources/letters-and-correspondence/comment-on-public-charge-ground-of-inadmissibility>.

¹⁴ Raj Chetty, John N. Friedman, and Jonah Rockoff, *New Evidence on the Long-Term Impacts of Tax Credits*, Internal Revenue Service (Nov. 2011), <https://www.irs.gov/pub/irs-soi/11rpchettyfriedmanrockoff.pdf>.

¹⁵ David W. Brown, Amanda E. Kowalski, & Ithai Z. Lurie, *Long-Term Impacts of Childhood Medicaid Expansions on Outcomes in Adulthood*, Yale University Department of Economics (June 2018), available at <http://www.econ.yale.edu/~ak669/medicaid.latest.draft.pdf>.

¹⁶ David W. Brown, Amanda E. Kowalski, & Ithai Z. Lurie, *Long-Term Impacts of Childhood Medicaid Expansions on Outcomes in Adulthood*, Yale University Department of Economics (June 2018), available at <http://www.econ.yale.edu/~ak669/medicaid.latest.draft.pdf>.

Laura Wherry et al., *Childhood Medicaid Coverage and Later Life Health Care Utilization*, National Bureau for Economic Research (February 2015), <http://www.nber.org/papers/w20929.pdf>.

Sarah Cohodes et al., *The Effect of Child Health Insurance Access on Schooling: Evidence from Public Insurance Expansions*, National Bureau for Economic Research (October 2014), <http://www.nber.org/papers/w20178.pdf>.

David Brown, Amanda Kowalski, & Ithai Lurie, *Medicaid as an Investment in Children: What is the Long-Term Impact on Tax Receipts?*, National Bureau for Economic Research (January 2015), <http://www.nber.org/papers/w20835.pdf>.

¹⁷ *The Struggle To Eat*, *The Economist* (July 14, 2011), <https://www.economist.com/united-states/2011/07/14/the-struggle-to-eat/>.

outcomes, with lower rates of obesity, heart disease and diabetes, resulting in reduced healthcare costs.¹⁸ Research by Michael McLaughlin and Mark Rank estimates that the rate of child poverty is costing the United States over 1 trillion dollars a year, representing 5.4 percent of our Gross Domestic Product,¹⁹ while a nonpartisan 2019 landmark study from the National Academy of Sciences confirmed that cash assistance not only reduces child poverty, but improves children’s long-term health, educational, and economic outcomes.²⁰ As these benefits can manifest far into the future, we support OIRA’s proposed time frame for the discount rates.

We note that the 2019 National Academy of Sciences study includes a literature review of studies related to implications of child poverty for both individual children and society, and we urge the agency to consider and reference this evidence for other federal agencies. We also note that the National Academy of Sciences will soon release a study on the intergenerational impacts of poverty—we similarly urge OIRA to examine that literature review once the study is released.²¹

Lastly, the draft circular includes existing regulatory analysis required by law, such as regulatory analysis of environmental health impacts for children pursuant to Executive Order 13045. We recommend adding to that list the family well-being assessment, which agencies are required to undertake pursuant to Section 654 of the Treasury and General Government Appropriations Act of 1999.²² Under the law, the agency must evaluate a regulatory action’s impact on the stability or safety of the family, on the family’s ability to perform its function, and on disposable income, poverty, or any other financial impact for families and children. While not exclusively focused on child well-being, this assessment is the closest to considering the comprehensive needs of children in existing regulatory analysis. Yet, agencies regularly fail to undertake this analysis.²³ We recommend that OIRA explicitly mention this assessment in the circular and provide further guidance to agencies to apply the various factors in the assessment in line with child well-being principles.²⁴

Thank you for taking the time to consider our views regarding the impact of these proposed revisions on children. Please do not hesitate to reach out with any questions.

Sincerely,



Bruce Lesley, President

¹⁸ Hilary Hoynes, Diane Whitmore Schanzenbach & Douglas Almond, *Long Run Impacts of Childhood Access to the Safety Net*, American Economic Review, Vol. 106, No. 4 (April 2016), available at <https://www.aeaweb.org/articles?id=10.1257/aer.20130375>.

¹⁹ Michael McLaughlin, & Mark R. Rank, *Estimating the Economic Cost of Childhood Poverty in the United States*, Social Work Research, 42(2) (June 2018), <https://doi.org/10.1093/swr/svy007>.

²⁰ National Academies of Sciences, Engineering, and Medicine, *A Roadmap to Reducing Child Poverty* (2019), <https://www.nap.edu/catalog/25246/a-roadmap-to-reducing-child-poverty>.

²¹ National Academy of Sciences, Engineering, and Medicine, “Policies and Programs to Reduce Intergenerational Poverty,” last visited Monday, June 5, 2023,

<https://www.nationalacademies.org/our-work/policies-and-programs-to-reduce-intergenerational-poverty>.

²² 5 U.S.C. Sec. 601, <https://www.govinfo.gov/content/pkg/PLAW-105publ277/pdf/PLAW-105publ277.pdf>.

²³ See, e.g., 87 Fed. Reg. 10667, where the Department of Homeland Security stated that its proposed rule on the public charge ground of inadmissibility did not affect family well-being.

²⁴ First Focus on Children, *Child Impact Statements*, (Sept. 25, 2021), <https://firstfocus.org/resources/fact-sheet/fact-sheet-child-impactstatements#:~:text=Child%20impact%20statements%20answer%20fundamental,and%20negative%20impacts%20on%20children>.