

# Does increased income reduce child maltreatment?

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Child maltreatment and child protective services (CPS) involvement are relatively common experiences; about 4.5 percent of children in the United States (6 million) are the subject of calls to CPS each year, and about 1 percent of all children have confirmed instances of child maltreatment annually. Over the course of childhood, about 13 percent of all children, and 21 percent of African American children, will have a confirmed child maltreatment report. Maltreatment is also an expensive public health problem; the federal government spends about \$8 billion annually on the child protective services system, and the annual cost of new incidents in the United States is estimated to be between \$1.25 billion and \$5.5 billion.<sup>1</sup> Child maltreatment is correlated with a variety of adverse outcomes throughout the life course, including intergenerational transmission of both child maltreatment and overall disadvantage. In this article, I describe a study that used evidence from the Earned Income Tax Credit (EITC) to assess whether increasing income for low-income families reduces the incidence of child maltreatment.<sup>2</sup>

## Child maltreatment and income

There is an extensive literature linking child maltreatment to low-income status. However, most prior studies had data or methodological limitations, and there is thus little evidence to indicate whether low-income status is a causal factor in child maltreatment. Child maltreatment studies often do not use population-based samples, making it difficult to generalize beyond a select group. From past work, we also have a limited understanding of the potential mechanisms that could explain a causal link. Higher income may mechanically lower a family's likelihood of maltreatment, particularly child neglect, by increasing the resources available to provide for all of a child's needs. Increased income could also result in better maternal and child health and decreased parental stress and depression, thus reducing parental behaviors that could lead to neglect or abuse.

There is a question about bias in these data; are low-income children just more likely to be picked up by the system, but not more likely to actually experience maltreatment? Based on current evidence, it appears that while this might happen to some extent, bias does not explain the majority of the connection between income and child maltreatment. Finally, there is a question about selection; are families that are low-

income at higher risk of child maltreatment because of other factors that are driving both characteristics?

The best evidence to date on the relationship between child maltreatment and income comes from two studies. First, David Fein and Wang Lee, using data from Delaware's randomized welfare reform experiment, found that assignment to a less generous, Temporary Assistance for Needy Families or TANF-like welfare program was associated with lower income and increased CPS involvement, particularly for child neglect, relative to assignment to the more generous Aid to Families with Dependent Children or AFDC-like program.<sup>3</sup> More recently, Maria Cancian, Mi-Youn Yang, and Kristen Slack, using data from a randomized control trial, found that an increase in the amount of child support received by welfare recipients led to reduced CPS involvement.<sup>4</sup> While these results are suggestive, they do not definitively establish a causal relationship between income and child maltreatment.

## The Earned Income Tax Credit

The EITC is a refundable federal tax credit designed for low-wage workers. The amount of the credit is based on earnings, and varies by marital status and number of children. In 2012, the amount of the credit ranged from just under \$500 to nearly \$6,000.<sup>5</sup> In addition to the federal credit, 24 states provide a supplement, usually calculated as some proportion of the federal amount. The EITC is a major component of the U.S. safety net; the gradual phase-in and phase-out structure provides a work incentive that lifts many families out of poverty. A growing literature links the EITC to health and well-being, with the largest effects found for single-mother and larger families (who also receive the largest benefits from the EITC). The study described in this article, conducted by myself, Sarah Font, Kristen Slack, and Jane Waldfogel, extends this body of research by using data from the Fragile Families and Child Well-Being Study to estimate causal effects of income on child maltreatment among unmarried families. We made use of variation between states and over time in the generosity of the total federal and state EITC potentially available to a family to examine whether differences in family income that resulted only from differences in EITC policy affected families' incidence of child maltreatment.

## Effects of higher EITC on child maltreatment

We examined three outcome measures: child abuse, child neglect, and CPS involvement. The first two measures were behaviorally approximated using mothers' responses to questions related to the frequency of physical violence and

emotional aggression (for child abuse) and about parental actions or inactions that placed a child at risk of harm (for child neglect), the third was mothers' self-reports of whether they had been investigated by CPS.

Using an instrumental variable approach, we found that an increase in EITC income is associated with reductions in behaviorally approximated child neglect and CPS involvement (but not behaviorally approximated child abuse), particularly among low-income single-mother families in which the mother was not cohabiting with a romantic partner. The results for single-mother families suggest statistically significant small to moderate decreases in behaviorally approximated neglect of 3 to 4 percent for a \$1,000 increase in income, and modestly large decreases in reported CPS involvement of 8 to 10 percent for the same income increase. These results are generally robust to different sample definitions and alternative outcome measures.

## Policy implications

In addition to being disproportionately low-income, families at risk of maltreatment are likely to be characterized by a variety of other risk factors, including domestic violence, substance abuse, and mental health. These other factors are difficult to ameliorate, and treatment, if available, is often prolonged and expensive, and take-up and compliance are low. If there is indeed a causal link between income and maltreatment, then economic support may be an additional tool for preventing child maltreatment. It may be easier, faster, and more efficient to increase income than to provide and deliver longer-term services to address other issues, particularly if those services are of questionable efficacy. Additional research should seek a more complete understanding of whether the links between income and child maltreatment are indeed causal, and the extent to which economic support policies could reduce child maltreatment and CPS involvement. ■

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<sup>1</sup>X. Fang, D. S. Brown, C. S. Florence, and J. A. Mercy, "The Economic Burden of Child Maltreatment in the United States and Implications for Prevention," *Child Abuse & Neglect* 36, No. 2 (2012): 156–165.

<sup>2</sup>The study is described at greater length in L. M. Berger, S. A. Font, K. S. Slack, and J. Waldfogel, "Income and Child Maltreatment in Unmarried Families: Evidence from the Earned Income Tax Credit," *Review of Economics of the Household* (2016): 1–28. doi:10.1007/s11150-016-9346-9

<sup>3</sup>D. J. Fein and W. S. Lee, "The Impacts of Welfare Reform on Child Maltreatment in Delaware," *Children and Youth Services Review* 25, No. 1–2 (2003): 83–111.

<sup>4</sup>M. Cancian, M.-Y. Yang, and K. S. Slack, "The Effect of Additional Child Support Income on the Risk of Child Maltreatment," *Social Service Review* 87, No. 3 (September 2013): 417–437.

<sup>5</sup>Center on Budget and Policy Priorities, Analysis of the Census Bureau's March 2012 Current Population Survey, Washington, DC: 2013.