Thirteen percent of U.S. children lived in households with inadequate resources in 2015, based on the adjusted Supplemental Poverty Measure. The National Academies of Sciences, Engineering, and Medicine were tasked by Congress with conducting a comprehensive study of child poverty in the United States, and identifying evidence-based programs and policies for reducing the number of children living in poverty—including those living in deep poverty—by half within 10 years. The committee appointed by the National Academies to conduct this study produced a report, *A Roadmap to Reducing Child Poverty*, from which the three articles in this issue are drawn.

In this article, we provide policy and program alternatives for achieving these poverty-reduction goals.

Research questions:

- What effect do current programs have on child poverty?
- Which policy or program changes (alone or in combination) would achieve the goal of reducing child poverty and deep poverty by half in 10 years?
- What are the costs of these policy or program changes and what are their effects on the work effort of the poor?
- What other policy and program approaches could reduce child poverty?

How much do current programs in the United States reduce child poverty?

Before the committee began constructing policy alternatives for reducing child poverty, it first needed to understand the poverty-reducing impacts of the current set of federal assistance programs (see “current federal assistance programs” text box for a list). The committee looked at each major program and asked what the child poverty rate would be if that program was not...
implemented (Figure 1). It found that if all major programs were eliminated, the poverty rate would rise to 30.5 percent from its current value of 13.0 percent. It also found that the two refundable tax credits—the Earned Income Tax Credit (EITC) and the Additional Child Tax Credit (ACTC, the refundable portion of the Child Tax Credit)—are the most successful at alleviating child poverty. The elimination of these two tax credits would raise child poverty to 18.9 percent, an increase of 5.9 percentage points or 4.4 million children. The poverty-reducing benefits from the Supplemental Nutrition Assistance Program (SNAP, formerly known as Food Stamps) are the next largest; elimination of this program would increase child poverty by an estimated 5.2 percentage points. The other programs included in the figure have discernible, but smaller, effects.

Most of the demographic groups with the highest child poverty rates—African Americans and Hispanics, single-parent families, and families with low-educated parents—benefit disproportionately from both SNAP and refundable tax credits. The two exceptions are children in noncitizen families, who benefit less from both programs, and children in families with no workers, who do not benefit from tax-related benefit programs.

The committee also examined the effects of these assistance programs on deep poverty—the percentage of children in families with income below 50 percent of the poverty threshold. For children in these families, the elimination of all major programs would increase the poverty rate from 2.9 percent of all children to 16.0 percent. But the refundable tax credits have little effect. This is because most families in deep poverty have low levels of earned income, and these tax credits are based on earnings. For families in deep poverty, the most effective poverty-fighting federal program by far is SNAP; without this benefit, the committee estimated that the proportion of children in families with incomes below the deep poverty threshold would nearly double, from 2.9 percent to 5.7
percent. Social security is the next most important program—the deep poverty rate would rise from 2.9 to 4.4 percent. Although it is clear that current programs do greatly reduce child poverty, with 9.6 million children still living in poverty in 2015, including 2.1 million in deep poverty, there is more to be done.

**Reducing child poverty in the United States by half in 10 years**

The committee’s primary mandate was to identify policies and programs that have the potential to reduce child poverty and deep poverty in the United States by half within 10 years. The committee considered a large number of alternative programs, drawing on a set of recommendations suggested to it by experts in the field and drawing on the committee’s knowledge of programs that had been considered in the past and were known to have broad support. To narrow the list of possible policies and programs, the committee considered for each alternative program: (1) the strength of the research and evaluation evidence supporting its poverty-reducing effects; (2) the magnitude of its likely reductions in the number of poor children; (3) the extent to which it could reduce child poverty within the subgroups with the highest child poverty rates; (4) its cost; and (5) whether the policy or program in question had positive effects on work, marriage, opportunity, and social inclusion. Bearing in mind the 10-year timeline, the committee did not consider policies and programs that would take a longer period of time to reduce child poverty, such as early childhood education, child development savings accounts, and other programs for investments in children.

<table>
<thead>
<tr>
<th>Policy or Program</th>
<th>Option #1</th>
<th>Option #2</th>
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<tbody>
<tr>
<td><strong>EITC</strong></td>
<td>Increase payments along the phase-in and flat portions of the EITC schedule.</td>
<td>Increase payments by 40 percent across the entire schedule, keeping the current range of the phase-out region.</td>
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<tr>
<td><strong>Childcare</strong></td>
<td>Convert the Child and Dependent Care Tax Credit to a fully refundable tax credit and concentrate its benefits on families with the lowest incomes and with children under the age of 5.</td>
<td>Guarantee assistance from the Child Care and Development Fund for all eligible families with incomes below 150 percent of the poverty line.</td>
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<tr>
<td><strong>Minimum wage</strong></td>
<td>Raise the current $7.25 per hour federal minimum wage to $10.25 and index it to inflation after that.</td>
<td>Raise the federal minimum wage to $10.25 or the 10th percentile of the state's hourly wage distribution, whichever is lower, and index it to inflation after that.</td>
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<tr>
<td><strong>WorkAdvance</strong></td>
<td>Expand eligibility for WorkAdvance programming to all male heads of families with children and income below 200 percent of the poverty line, and create training slots for 10 percent of them.</td>
<td>Expand eligibility for WorkAdvance programming to all male heads of families with children and income below 200 percent of the poverty line, and create training slots for 30 percent of them.</td>
</tr>
<tr>
<td><strong>SNAP</strong></td>
<td>Increase SNAP benefits by 20 percent for families with children, make adjustments for the number of children age 12 and above in the home, and increase the Summer Electronic Benefit Transfer for Children.</td>
<td>Increase SNAP benefits by 30 percent, make adjustments for the number of children age 12 and above in the home, and increase the Summer Electronic Benefit Transfer for Children.</td>
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<tr>
<td><strong>Housing voucher</strong></td>
<td>Increase the number of vouchers directed to families with children so that 50 percent of eligible families not currently receiving subsidized housing would use them.</td>
<td>Increase the number of vouchers directed to families with children so that 70 percent of eligible families not currently receiving subsidized housing would use them.</td>
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<tr>
<td><strong>SSI</strong></td>
<td>Increase by one-third the maximum child SSI benefit.</td>
<td>Increase by two-thirds the maximum child SSI benefit.</td>
</tr>
<tr>
<td><strong>Child allowance</strong></td>
<td>Pay a monthly benefit of $166 per month per child to the families of all children under age 17 (born in the United States or naturalized citizens), replacing the Child Tax Credit, Additional Child Tax Credit, and the dependent exemption for children.</td>
<td>Pay a monthly benefit of $250 per month per child to the families of all children under age 18 (born in the United States or naturalized citizens), replacing the Child Tax Credit, Additional Child Tax Credit, and the dependent exemption for children. Phase out child allowance benefits between 300 percent and 400 percent of the poverty line.</td>
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<tr>
<td><strong>Child support assurance</strong></td>
<td>Set guaranteed minimum child support of $100 per month per child.</td>
<td>Set guaranteed minimum child support at $150 per month per child.</td>
</tr>
<tr>
<td><strong>Immigrant program eligibility</strong></td>
<td>Restore program eligibility for nonqualified legal immigrants. (This option eliminates eligibility restrictions for nonqualified parents and children in the SNAP, TANF, Medicaid, SSI, and other means-tested federal programs).</td>
<td>Expand program eligibility for all noncitizen children and parents. (This option eliminates eligibility restrictions for all noncitizen parents and children in the SNAP, TANF, Medicaid, SSI and other means-tested federal programs).</td>
</tr>
</tbody>
</table>
The committee reached consensus that a set of 10 policies and programs met one or more of the five criteria mentioned above and were worthy of detailed simulation. Within each of these 10, two levels of generosity were considered. The resulting 20 options chosen for simulation are shown in Table 1. The 10 policies and programs fall into two broad categories: work-oriented and income-support-oriented. The income-support-oriented policies extend benefits to both workers and nonworkers and the work-oriented programs benefit only working families. The committee simulated the poverty-reducing effects of each policy along with its cost and impacts on subgroups. The estimates also account for indirect effects on family resources that operate through changes in employment or in the number of hours worked as a result of program or policy changes. Such labor-market changes are an example of behavioral effects, or changes in household behavior in response to a change in policy. If the behavioral effect of a particular benefit expansion is a reduction in work and thus in family earnings, then that policy change will lead to a smaller decrease in poverty than would be expected from the dollar value of the benefit expansion alone. Conversely, if the behavioral effect is to increase work and earnings, then the poverty-reducing effects of that policy or program change will be amplified. The third article in this issue examines the estimated behavioral effects of all examined program and policy changes in more detail.

No single program or policy option of the 20 considered would meet the goal of reducing child poverty by half (equivalent to a 6.5 percentage point reduction).

The committee found that no single program or policy option of the 20 would meet the goal of reducing child poverty by half (equivalent to a 6.5 percentage point reduction). A $3,000 per child per year child allowance policy (a monthly cash payment to families for each child living in the home) would come the closest, reducing child poverty by an estimated 5.3 percentage points, and it would fully meet the goal of reducing deep poverty by half. Other program and policy options that were estimated to reduce child poverty substantially

<table>
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<th>Table 2. Four program and policy packages include various combinations of expanded work supports and income supports.</th>
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<tr>
<td>Work-oriented programs and policies</td>
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<tr>
<td>Expand EITC</td>
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<tr>
<td>Expand Child Tax Credit</td>
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<tr>
<td>Increase minimum wage</td>
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<tr>
<td>Roll out WorkAdvance</td>
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<td>Work-based &amp; universal support</td>
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<tr>
<td>Measured poverty</td>
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<tr>
<td>Income-support-oriented programs and policies</td>
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<tr>
<td>Expand housing voucher program</td>
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<tr>
<td>Expand SNAP benefits</td>
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<tr>
<td>Begin child allowance</td>
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<tr>
<td>Begin child support assurance</td>
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<tr>
<td>Eliminate 1996 immigration restrictions</td>
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</table>
include modifications to the EITC, SNAP, and subsidized housing. The committee also found that more effective policies generally cost more; on average, moving a million children out of poverty costs about $15 billion per year.

**Packages of policies and programs that reduce poverty and deep poverty among children**

Since none of the committee’s individual policy and program options met both of the 50 percent reduction goals—for both poverty and deep poverty—the committee developed four program and policy “packages,” and estimated their combined expected poverty-reducing effects and costs. Combining programs (rather than simply increasing the generosity of a single program to a level sufficient to achieve the poverty-reduction goals) makes it possible to balance the differing advantages of various programs and to therefore achieve multiple objectives simultaneously.

We found that expansions to income support programs such as SNAP or housing vouchers were relatively effective at reducing both deep poverty and overall poverty, but also reduced employment and earnings. Work-support programs such as the EITC and the Child and Dependent Care Tax Credit (CDCTC) reduced poverty while increasing work but did little for deep poverty and for those without work.

The combination of SNAP, housing vouchers, the EITC, and the CDCTC, is an example of a package that could achieve multiple objectives. In general, program and policy packages can better address multiple needs faced by poor families than a single program or policy. Details of each program and policy package are shown in text boxes, and Table 2 summarizes the components of each package. Figure 2 shows for each package the estimates for reductions in poverty and deep poverty and the annual cost.

In recent decades most of the growth in the safety net has been in work supports, primarily because of bipartisan support for the EITC and the CTC. For example, the sharp increase in single mothers’ employment meant that changes in employment, rather than changes in family structure, were the most important factor in explaining recent poverty trends.

**Figure 2. Packages that combine a work-based approach with either means-tested supports or universal supports can meet the goal of reducing child poverty by half at a cost of $91–$109 billion per year.**

**Notes:** As detailed in the third article in this issue, simulating the effects of packages of programs must model people’s movements into and out of the labor force as the result of policy changes. All four of our packages include expansions of both the EITC and the CDCTC, and each of these two policies might induce an individual to enter the labor force. But since an individual can only enter the labor market once in response to the package, both policies cannot be estimated to produce this effect. The committee sought reliable estimates of package impacts by adopting conservative assumptions about these kinds of duplications. While these assumptions might be expected to produce reasonable estimates of impacts, we caution against attaching too much weight to the precise numbers generated by the simulations.
But work alone is not enough, especially for single parents, so the packages aim to expand these programs but also expand benefits in the form of child allowances, or housing and food support that are available if one is out of work, or does not work enough to escape poverty.

A work-based package

The committee considered one package, our work-based package, that consists of four policies each tied to paid employment, combining expansions of two tax credits (the EITC and the CDCTC), with an increase in the minimum wage and national implementation of WorkAdvance, a promising sectoral training and employment program. But the package added no expanded income support programs. Although combining these four programs was estimated to add a million workers to the labor force, generate $18 billion in additional earnings, and cost only $8.7 billion, it would reduce poverty by less than 20 percent, falling far short of the poverty reduction goal.

A work-based and universal-support package

The second package builds on the work-based package by combining expansions of two tax credits (the EITC and the CDCTC) with a $2,000 child allowance designed to replace the Child Tax Credit. This package generates an estimated 36 percent reduction in child poverty and 41 percent reduction in child deep poverty, again short of the 50 percent reduction goal. However, at a cost of $44.5 billion per year, and with increases of employment and earnings amounting to 568,000 jobs and $10 billion, respectively, it offers a potentially appealing approach to meeting policy goals that are often in competition with one another. And it is less expensive than the universal supports and work package (below) because it only extends the current $2,000 Child Tax Credit down to cover the bottom third of children who do not fully benefit from the current credit.

A means-tested supports and work package

The third package combines expansions of the two tax credits in the work-oriented package with expansions of two existing income support programs: SNAP and the housing voucher program. As noted above, the largest poverty reductions associated with existing programs result from our modifications to the EITC, the CDCTC, housing vouchers, and SNAP. Since both of the tax credits condition families’ receipt of benefits on employment, both have positive impacts on employment and earnings, but at the same time both are relatively less effective in reducing deep poverty than means-tested programs like SNAP. While expanding the housing voucher and SNAP programs would generate disincentives for work, it would also boost the economic resources for children in families with incomes near the thresholds that define both poverty and deep poverty. The combination of the four program expansions included in this package are:

- Increase EITC payments for the lowest earners;
- Convert the Child and Dependent Care Tax Credit to a fully refundable tax credit and concentrate its benefits on families with the lowest incomes and with children under the age of 5;
- Raise the current $7.25 per hour federal minimum wage to $10.25 and index it to inflation so that it will continue to increase automatically; and
- Expand eligibility for WorkAdvance to all male heads of families with children and income below 200 percent of the poverty line, creating training slots for 30 percent of eligible men.

- Pay a monthly benefit of $166 per month ($2,000 per year) per child to the families of all children under age 17 who were born in the United States or are naturalized citizens.

- Increase SNAP benefits by 35 percent, make adjustments for the number of children age 12 and above in the home, and increase the Summer Electronic Benefit Transfer for Children; and
- Increase the number of housing vouchers directed to families with children so that 70 percent of eligible families not currently receiving subsidized housing would use them.
package provides balance by combining work-based and income-support program expansions. We estimate that this package of programs would meet the goal of reducing both poverty and deep poverty by half, at a cost of $90.7 billion per year. In addition, the work incentives associated with the two tax credits outweigh the disincentives arising from the income support programs; the package is estimated to add about 400,000 low-income workers and generate $2.2 billion in additional earnings.

A universal supports and work package

Finally, the fourth package was designed to meet the 50 percent poverty and deep poverty reduction goals by rewarding work, but also by adding a new form of income support, a child allowance, which expands the current Child Tax Credit and converts it to a monthly payment. As noted above, the introduction of a child allowance would produce the largest poverty-reducing effects for both poverty and deep poverty, but would also generate work disincentives, though smaller than in targeted benefits programs like SNAP and public housing because the child allowance benefits are not phased out until very high income levels. This package provides a child allowance that is similar in value to what most taxpayers now receive for their children through the Child Tax Credit, combined with three work-enhancing policies: an expanded EITC, a new CDCTC, and a higher federal minimum wage. We also include a Child Support Assurance policy, and a feature that promotes equity and social inclusion—an extension of benefits to include immigrant children, reversing immigrant eligibility restrictions that were imposed by the 1996 welfare reform. This package of programs, which reduces both child poverty and deep child poverty by over 50 percent, is estimated to cost $108.8 billion. The net effect of this full package of universal supports and work-promotion policies is to increase employment by more than 600,000 jobs and earnings by $13.4 billion.

Other policy and program approaches to child poverty reduction

Most of the program and policy ideas described above are modifications and combinations of decades-old social programs that have been studied extensively by academic researchers and policy analysts. The exception is the one new income support program, the child allowance. The research evidence makes it clear who uses these programs, how a given program interacts with other programs to affect child poverty, and how the work effort of parents changes in response to changes in the programs themselves. That knowledge has been incorporated into the Urban Institute TRIM3 microsimulation model, which was used to simulate the poverty reduction effects of changes to the programs and packages of programs discussed here.

There are additional evidence-based program and policy ideas that were considered by the committee but, for a variety of reasons, were not chosen for inclusion in the set of programs and policies.
for which we estimated poverty-reducing effects, either alone or combined in a package. For most of these additional ideas, research evidence was not sufficiently strong to support predictions of the size and, in some cases, even the direction of effects on child poverty rates. Note again that many evidence-based program areas such as home visiting and early education may generate benefits that fall outside of the specified 10-year window, and were thus not considered here. The full list of other programs and policies the committee considered is summarized in the “other program and policy ideas” text box.

Conclusion

Both the U.S. historical record (illustrated in the first article in this issue) and the experience of peer countries such as the United Kingdom and Canada show that reducing child poverty and child deep poverty by 50 percent over 10 years is an achievable policy goal. Indeed, the committee’s work has identified two program and policy packages that would enable the nation to meet the ambitious goal of reducing by half the number of poor children and children living in deep poverty. Both of the successful packages involve combinations of program enhancements, some of which encourage and reward paid employment, while others provide basic income support to help cover the expenses incurred when raising children. Both are also quite costly in an absolute sense. They would require an investment of between about $90 and $110 billion per year, although this cost is much lower than the estimated macroeconomic cost of child poverty, which, as described in the first article in this issue, is estimated to range from $800 billion to $1.1 trillion annually.

The other simulated packages would also help meet social goals and reduce child poverty but not by half. One package concentrates on work alone and reduces child poverty by less than 20 percent. Another package fell short of the full 50 percent poverty reduction goal but did reduce child poverty by 36 percent, and at $44.5 billion, cost considerably less. The advantages of combining work- and income-support-oriented policy and program enhancements into packages are clear. No single modification we considered met the 50 percent poverty reduction goals, and those that came close reduced paid work by modest amounts. And while work-oriented enhancements—such as expanding the EITC or making the CDCTC fully refundable—would reduce child poverty at a relatively low cost, they would be much less effective at reducing

Other program and policy ideas:

Family planning—Evidence suggests that increased awareness of and access to long-acting reversible contraceptive (LARC) devices reduces the incidence of unplanned births, which could in turn reduce child poverty. However, the evidence was not strong enough to support a calculation of the likely magnitude of this poverty-reduction effect for the nation as a whole.

Family composition (marriage promotion)—The poverty rate for children in single-parent families is about five times that of children in married-couple families. Although increasing the proportion of children living with married or cohabiting parents, rather than single parents, would almost certainly reduce child poverty, evidence on whether and how policy can achieve this goal is inconclusive.

Paid family and medical leave—Evidence suggests that paid family and medical leave increases parents’ ability to continue in employment and has positive impacts on children’s health, although it might also reduce employment among women potentially eligible for such leave. It is important to continue evaluating the labor market, health, and child-poverty impacts of states’ paid-leave laws.

Mandatory employment programs—Evidence was insufficient to identify mandatory work policies that would reliably reduce child poverty. It appears that work requirements are at least as likely to increase as to decrease poverty. The dearth of evidence on mandatory work policies also reflects an underinvestment over the past two decades in methodologically strong evaluations of the impacts of alternative work programs.

Block grants—Block grants give states considerable flexibility in allocating and spending federal funds. While block grants can in principle be a tool for reducing poverty, the evidence on this point is incomplete. Block grants also vary greatly on factors such as adequacy of funding and whether they are sustained over time; these factors likely affect their poverty-fighting effects.

The TANF program—The Temporary Assistance for Needy Families (TANF) program converted the Aid to Families with Dependent Children (AFDC) program from a matching grant to a block grant program, introduced work requirements and time limits, and imposed a large number of conditions on the states. Based on the available evidence, it is not possible to simulate changes in the many features of state TANF programs and the effects of these changes on the U.S. child poverty rate.

Health, health insurance, and measuring poverty—While investment in child health clearly has the potential to provide long-run benefits to society as a whole, medical care needs and benefits are currently captured only indirectly by current poverty measures. As described in the first article in this issue, we recommend creating a Health-Inclusive Poverty Measure with poverty thresholds that consider health insurance and measures of family resources that count medical expenses.

Policies toward American Indian and Alaska Native children—Evidence suggests that some federal and tribal programs designed to improve opportunities for educational attainment, boost employment, and increase income have the potential to reduce child poverty among American Indian and Alaska Native children, but small sample sizes make it difficult to measure poverty rates for this group and to assess the effectiveness of programs and policies that affect this population.
the number of children living in deep poverty. We found that it is possible to combine the two approaches in a way that would meet both the poverty and deep poverty reduction goals and, on balance, increase work and earnings among low-income families with children.

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12015 is the latest year for which we were able to generate estimates that took full account of benefits from federal tax credits and other safety net programs. For more detail on measuring poverty, see the first article in this issue.


3All poverty statistics cited in this article use the adjusted Supplemental Poverty Measure, as detailed in the first article in this issue.

4The refundable portion of the Child Tax Credit (CTC), known as the Additional Child Tax Credit (ACTC), is limited to 15 percent of earned income above $3,000.

5As described in the first article in this issue, child poverty rates are highest for: African American and Hispanic children; those whose parents dropped out of high school; children living with a single parent or with neither biological parent; those in households with no workers; those living in a household with noncitizens, particularly undocumented immigrants; and those living with a young parent.

6Peer English-speaking countries provide some interesting examples of efforts to reduce child poverty, most notably the United Kingdom, where the government pledged in 1999 to halve child poverty within a decade and to eradicate it completely within two decades; see J. Waldfogel, Britain’s War on Poverty (New York: Russell Sage Foundation, 2010). More recently, Canada enacted a very substantial child benefit for low-income families that is estimated to have reduced poverty among Canadian children by 5 to 6 percent within a year of its 2016 enactment; see A. Sherman, Canadian-Style Child Benefit Would Cut U.S. Child Poverty by More Than Half, Washington, DC: Center for Budget and Policy Priorities, June 4, 2018. Available at: https://www.cbpp.org/blog/canadian-style-child-benefit-would-cut-us-child-poverty-by-more-than-half.