

# ENDING CHILD POVERTY NOW



## IT'S TIME TO END CHILD POVERTY

**G**rowing up poor can have lifelong consequences. Poverty decreases a child's chances of graduating from high school and increases her chances of becoming a poor adult. It increases the likelihood she will suffer illnesses and get caught in the criminal justice system.

Nearly 13 million children in America live in poverty and face these harsh realities every day. Their suffering is not an inevitability, it is a direct result of the moral, economic and political choices we make as a nation. We are failing these children. It's time for us to choose a new path, one that gives every child the chance to grow up free from poverty.

We can do better—it's easier and more affordable than you think.

### INVESTING IN PROVEN POLICIES AND PROGRAMS CAN CUT CHILD POVERTY 57 PERCENT

We can lift **5.5 million children out of poverty** and improve the well-being of tens of millions more by investing in programs and policies already proven to work. The Children's Defense Fund (CDF) contracted with the Urban Institute to study the impact of expanding and investing in proven approaches to increase employment, make work pay and meet children's basic needs. For more detail on these policies, see the back of this brief.

Together, CDF's proposed policy improvements would:

- Reduce child poverty **57.1 percent**, lifting 5.5 million children above the poverty line.
- Cut extreme child poverty **57.9 percent**, lifting 1.3 million children above half the poverty line.
- Raise family incomes for **95 percent of poor children** and improve economic circumstances for 57 percent of all children in America—42.3 million children in total.
- Cost **\$52 billion**—just 1.4 percent of the federal budget and a fraction of the \$1.9 trillion total cost of the tax cut Congress gave to the nation's wealthiest individuals and corporations in 2017.
- Direct **100 percent** of the new government spending for these improvements to families with children below 150 percent of the poverty line.

We can easily afford these investments, which would improve the odds for millions of children and help recover much of the nearly \$700 billion our national economy loses each year due to child poverty's effects on productivity, public health and crime.

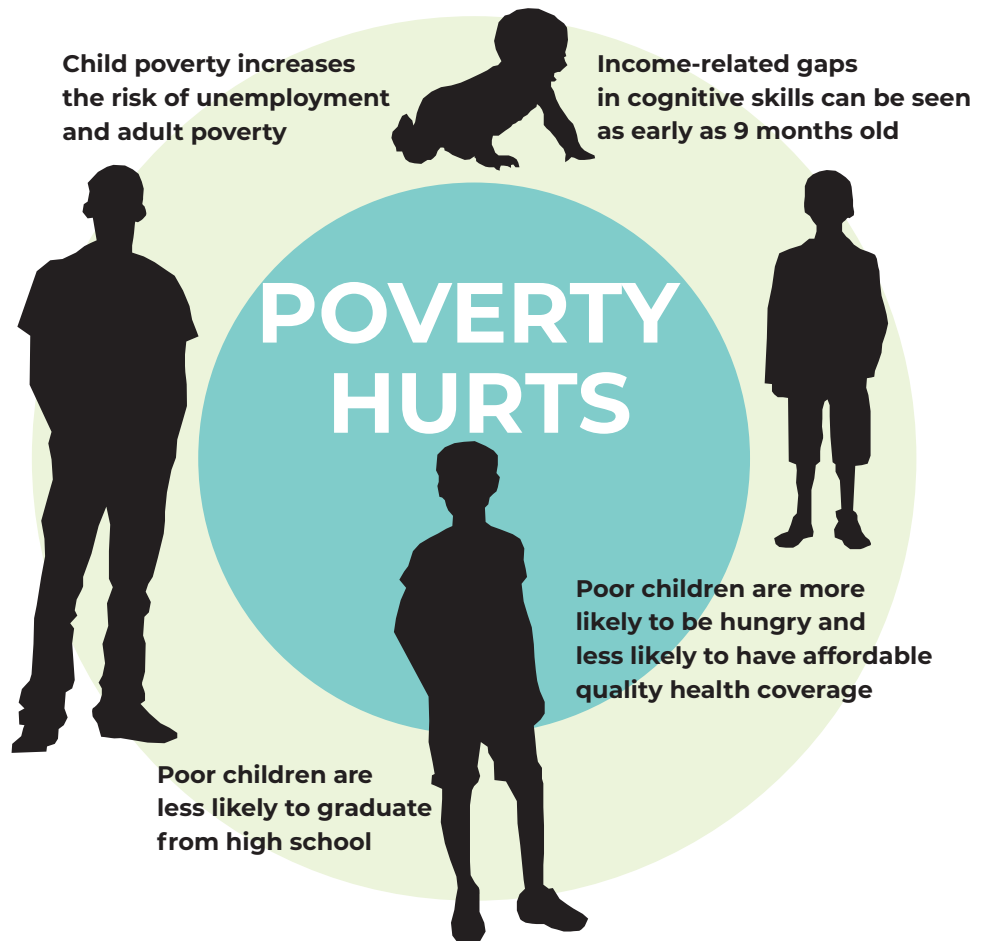


# We are failing America's children.

A baby sleeping in a car alongside his mom and 5-year-old brother after their landlord evicted them. A 6-year-old enrolling in her fourth school in a year because she's had to move from one relative's couch to another. A 10-year-old going hungry on weekends because school breakfast and lunch aren't available. A 14-year-old sitting out the football season because the lack of nutritious food options in his neighborhood left him unable to play due to high blood pressure. A 16-year-old dropping out of high school because he has to work and support his mother and siblings. These are the faces of child poverty. These are the children we are failing every day across our country.

## THE HARMS OF POVERTY CAN LAST A LIFETIME

Experiencing poverty in childhood can have lifelong consequences. Poverty places children at risk of hunger and homelessness. It can impair cognitive, emotional, social and physical development from the earliest years. It increases the risk of developmental delays, poor school performance and behavioral issues. Poor children often are less likely to graduate from high school and more likely to be unemployed, earn less as adults and become involved in the criminal justice system. Poverty also can compromise children's physical health, increasing risk for asthma, obesity, diabetes and a host of other health complications.



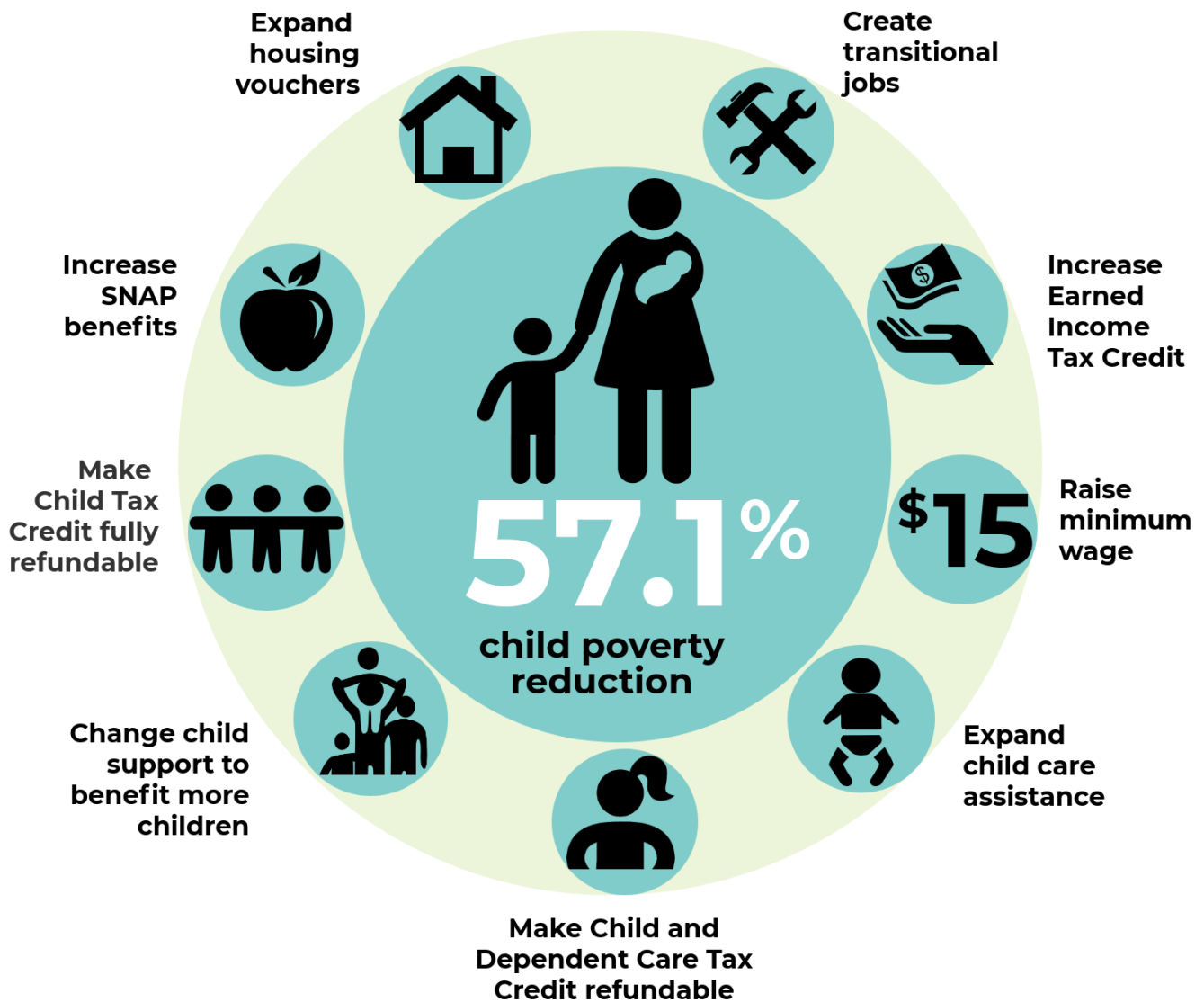
## AMERICA PROSPERS WHEN CHILDREN THRIVE

We all benefit when children have what they need to learn and grow and we all hurt when children hurt. Investments in supports like the Earned Income Tax Credit and the Supplemental Nutrition Assistance Program improve birth outcomes, health, test scores, graduation rates, college attendance and adult earnings. Child poverty also hurts our economic stability and costs nearly \$700 billion a year in lost productivity and extra health and crime costs. Every dollar invested in reducing child poverty will return at least seven dollars to our economy. We know what works to lift children out of poverty. We can't afford to wait.

# Lifting 5.5 million children out of poverty is within our reach.

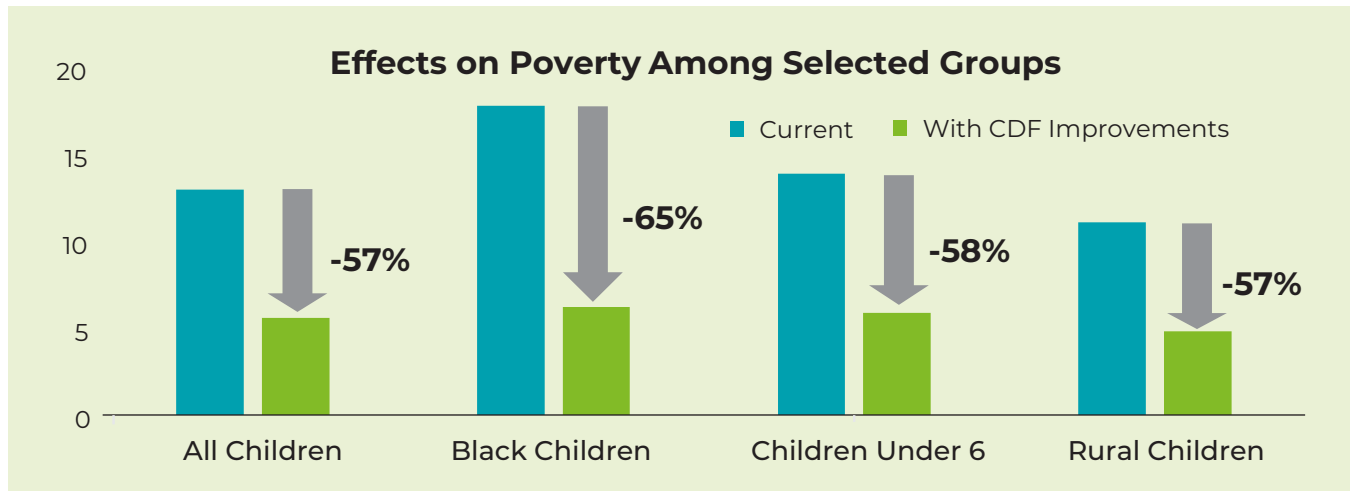
If our nation invested an additional 1.4 percent of the federal budget in policies proven to boost employment, make work pay and meet children's basic needs, **we could cut child poverty now at least 57 percent, lifting 5.5 million children above the poverty line and helping 95 percent of poor children.**

## HOW TO LIFT MILLIONS OF CHILDREN OUT OF POVERTY NOW



# The youngest children and children of color would benefit the most.

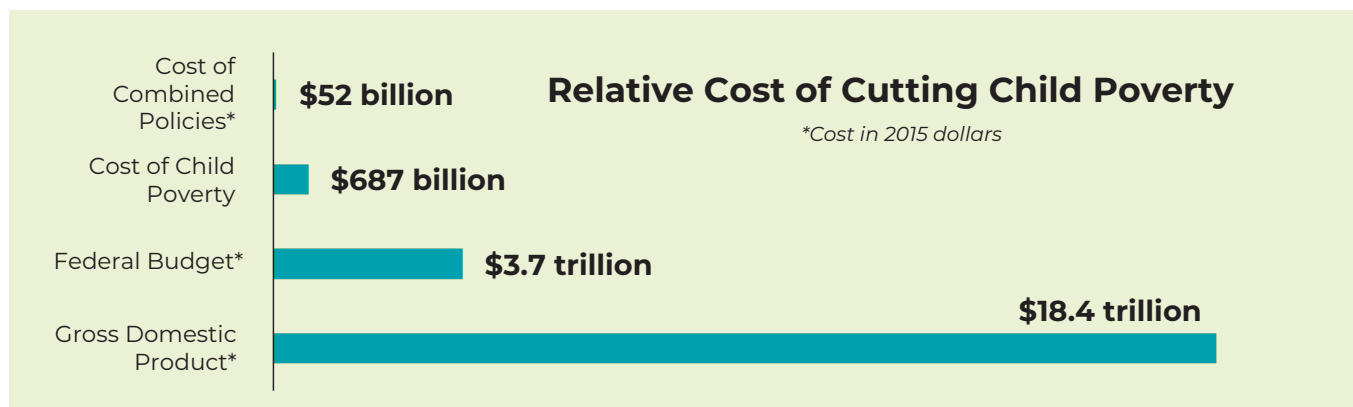
In 2017, nearly 1 in 5 children in America were poor and the youngest children were the poorest. More than 2 in 3 poor children were children of color. These policy improvements would reach these children, reducing young child poverty nearly 60 percent, Black child poverty 65 percent and Hispanic child poverty 59 percent.



## We can easily afford this investment.

These combined policy changes would cost \$52.3 billion for one year. To pay for this investment we could:

- Unwind part of the 2017 tax bill that gives almost \$2 trillion over the next decade to the country’s wealthiest individuals and corporations by restoring the top individual tax rate to 39.6 percent and increasing the corporate tax rate to 25 percent, saving **\$50 billion**.
- Fight income inequality by taxing the net worth of the super-wealthy at a rate of 0.1 percent and closing the “trust-fund loophole” that forgives taxes on inherited investments. Together these changes would raise about **\$60 billion** per year.
- Scale back American militarism by cutting military spending by 10 percent to save about **\$52 billion** annually.

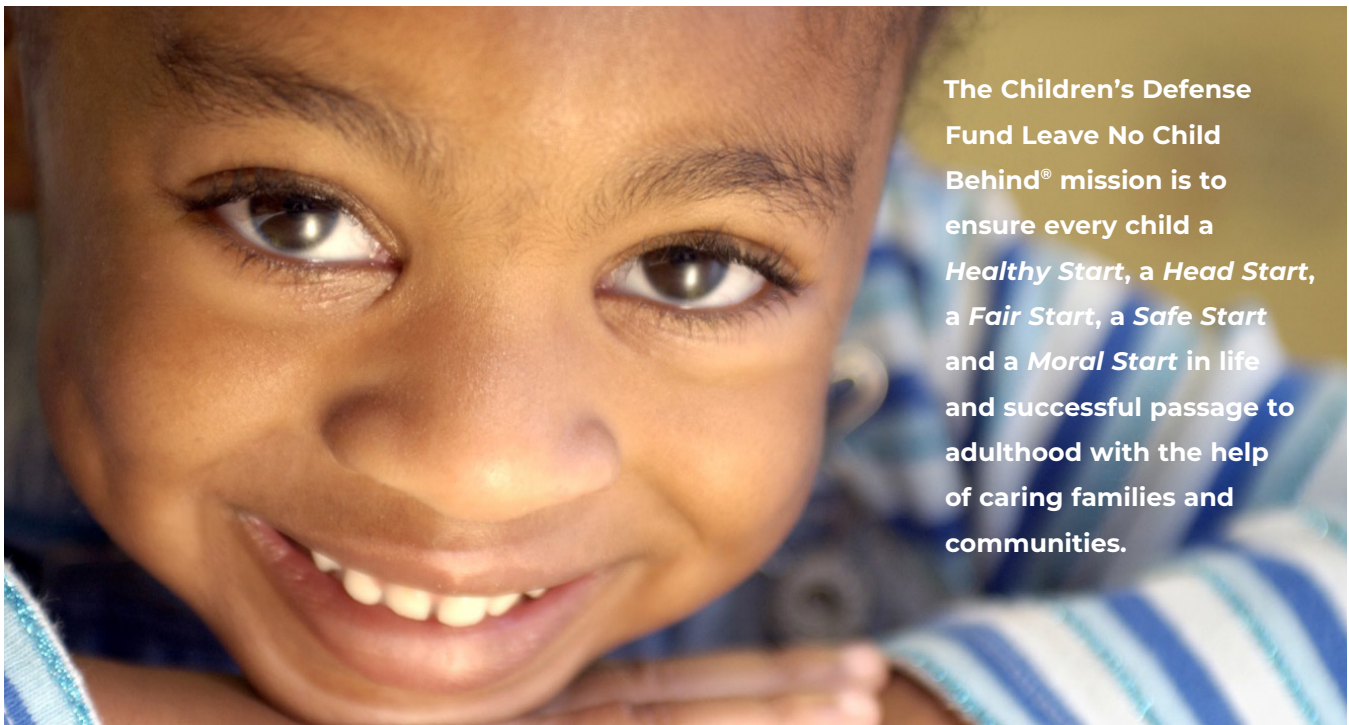


# We need your voice.

Congress can and must immediately advance this package of policies to help millions of today's children escape poverty. For our lawmakers to act, they need to hear from parents and grandparents, advocates, students, teachers and child care workers, doctors and nurses, faith leaders and everyone in America who understands we cannot wait to chart a path out of poverty for our children.

## Join the movement to end child poverty now.

- **Read more.** Go to [www.childrensdefense.org/ending-child-poverty-now](http://www.childrensdefense.org/ending-child-poverty-now) to read CDF's full *Ending Child Poverty Now* report and familiarize yourself with the facts.
- **Spread the word.** The evidence is clear. We already know how to reduce child poverty—put more people to work, make work pay and meet children's basic needs. We now need to build the will and demand that elected leaders strategically invest more in what already works.
- **Urge elected leaders in Washington, D.C. and at all levels of government to make the changes proposed to cut child poverty 57 percent.** Don't forget state and local officials. A number of these policies and programs have state and local counterparts. For more details on your state policies, see Appendix 1 of CDF's full report.
- **Don't let others tell you the country can't afford to end child poverty.** Closing tax loopholes for the rich would pay for these improvements without raising the deficit. Investing in these improvements would also reduce the nearly \$700 billion dollars we lose each year because of child poverty. Not only can we afford to end child poverty, we can't afford *not* to end child poverty.



The Children's Defense Fund Leave No Child Behind® mission is to ensure every child a *Healthy Start, a Head Start, a Fair Start, a Safe Start* and a *Moral Start* in life and successful passage to adulthood with the help of caring families and communities.

# Together, these policy changes can cut child poverty 57 percent now.

## ***Increasing Employment and Making Work Pay***

The best antidote to poverty is a good job that pays enough to support a family. We must increase employment among families with children and raise incomes so they can work their way out of poverty.

- **Provide transitional jobs for families with children** – Publicly funded transitional jobs are effective for providing income and building skills among the unemployed and underemployed. We propose extending 30-week job opportunities to people aged 16-64 in families with children who are currently unemployed or underemployed.
- **Raise the hourly minimum wage to \$15.00 by 2024** – A parent with two children working full time at the current federal minimum wage (\$7.25 an hour) earns \$4,669 below the poverty level. More than a third of poor children in America live with an adult who works full-time year-round. No family working full time at the minimum wage should live in poverty. We would raise the minimum wage to \$15 an hour.
- **Increase the EITC for the lowest income families with children** – The Earned Income Tax Credit (EITC), a refundable tax credit that rewards work for low-income working families, is one of the nation's most effective tools for reducing child poverty, keeping about 3 million children out of poverty in 2016. We would boost the credit by about 30 percent.
- **Make the CTC fully refundable and increase its value for those with young children** – The Child Tax Credit (CTC) as amended in 2017 provides families up to \$2,000 for each child under 17 to help offset the costs of raising a child. However, because the credit is not fully refundable, the poorest families who need it most cannot receive the full amount of the credit. We would make the credit fully refundable with the first dollar of earnings, and increase the phase-in rate for young children.
- **Expand child care assistance to all families below 150 percent of poverty with no copays** – To work, parents need access to affordable high-quality child care. To assist low-income families with child care costs, the federal government and states provide child care subsidies to families with children under age 13. Because of limited funding, fewer than 1 in 5 eligible children benefit from child care subsidies.
- **Make the Child and Dependent Care Tax Credit refundable and increase its value** – The Child and Dependent Care Tax Credit (CDCTC) is a nonrefundable tax credit that reimburses families for a portion of their child or dependent care expenses. Making it refundable will help families with low earnings and no tax liability benefit from it.

## ***Meeting Children's Basic Needs***

Child poverty can harm children for life. We must strengthen existing programs and policies that help meet children's basic needs when families fall on hard times.

- **Increase SNAP benefits by about 31 percent** – The Supplemental Nutrition Assistance Program (SNAP) helped combat hunger among 19.2 million children in fiscal year 2016—over a quarter of all children in the nation—and kept 1.5 million children out of poverty in 2017. However, at \$1.40 per person per meal, SNAP benefits can't ensure children don't go hungry. Using the Low Cost Food Plan, not the Thrifty Food Plan, as the basis for benefits will help more families put food on the table.
- **Expand housing vouchers for severely rent-burdened families below 150 percent of poverty** – Housing is the single largest expense for most families and is growing increasingly out of reach. Due to funding limitations, fewer than 1 in 4 eligible families with children receives federal housing assistance.
- **Change treatment of child support to benefit more families receiving TANF and SNAP** – For families who receive Temporary Assistance for Needy Families (TANF), the state collects child support from non-custodial parents and uses most of it to reimburse the cost of assistance. Passing-through to families all child support collected by families receiving TANF, not counting that child support income in the calculation of TANF benefits, and not counting up to \$100 of it for SNAP benefit calculations will help reduce child poverty.