



THE SOCIAL SAFETY NET FOR FAMILIES WITH CHILDREN

A Russell Sage Foundation Policy Brief

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Introduction

During and since the Great Recession, millions of American families have relied on government social safety net programs to cope with poverty and unemployment. In 2012, for example, more than 45 million Americans used Food Stamps and roughly 5 million received unemployment insurance. Most of these programs were expanded or created during the War on Poverty roughly 50 years ago, and many remain controversial. Policymakers disagree regarding two crucial questions: Are these programs worth their high costs? And do they alleviate poverty and material hardship and improve the lives of the poor and unemployed?

In her chapter in *Legacies of the War on Poverty*, Jane Waldfogel reviews research on the impact of the War on Poverty's effort to strengthen the safety net for low-income families. She considers programs in three areas: food and nutrition, cash assistance, and income support programs tied to employment.

Food and Nutrition Programs

The 1964 Food Stamp Act and the 1966 Child Nutrition Act overhauled the country's food and nutrition programs. For the most part, these programs either did not exist before the War on Poverty or existed in only small-scale or pilot programs.

Overall, the Food Stamp program must be judged a success in reducing poverty, combating hunger and food insecurity, and improving nutrition and related outcomes for low-income children and families:

- The role of Food Stamps, recently re-named the Supplemental Nutrition Assistance Program (SNAP), in reducing poverty is demonstrated with the Census Bureau's new Supplemental Poverty Measure (SPM), which takes into account near-cash benefits such as Food Stamps and the Earned Income Tax Credit. According to the SPM, the child poverty rate in 2010 would have been three percentage points higher, 21.2 percent instead of 18.2 percent, if Food Stamps were not counted as income.
- An extensive body of research shows that Food Stamps contribute to reduced food insecurity and improved nutrition, as well as other aspects of child health and development. Compelling evidence comes from recent studies of the War on Poverty Food Stamp expansions. Hilary Hoynes and Diane Schanzenbach show that as counties across the country introduced Food Stamps, families reduced their out-of-pocket spending on food while increasing food expenditures.
- There is, however, room for improvement. The program still does not reach all eligible families because administrative barriers, lack of coordination, and stigma deter some eligible recipients from applying

The school breakfast and lunch programs provide free or reduced-cost meals for low-income children in schools and child-care settings. They offset food costs for families and may also have direct effects on children's food security and nutrition, as

well as their school attendance and achievement.

- The school nutrition programs play a small but significant role in reducing poverty. Using the Supplemental Poverty Measure, the child poverty rate in 2010 would have been about 1 percentage point higher—19.0 percent versus 18.2 percent—if school lunches were not counted as income.
- School breakfast programs increase children's attendance and test scores

The special supplemental nutrition program for women, infants, and children (WIC) provides vouchers that low-income pregnant women and women with infants and toddlers can use to purchase nutritious food.

Because grant levels are modest, the program has little impact on the child poverty rate. The primary purpose of the program, however, is to improve the health and nutrition of women, infants, and children, and there the program seems to be a resounding success:

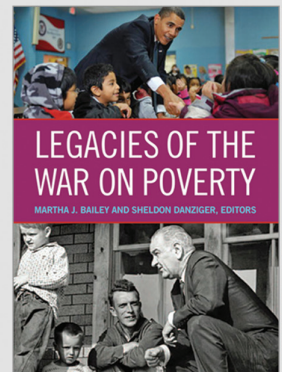
- Recent studies that have used rigorous research methods confirm that WIC is associated with higher birth weight. Historical analyses reach the same conclusion.

LEGACIES OF THE WAR ON POVERTY

A new book from the Russell Sage Foundation
Edited by Martha Bailey & Sheldon Danziger

Many believe that the War on Poverty, launched by President Johnson in 1964, ended in failure. Historical and contemporary accounts often portray the War on Poverty as a costly experiment that left doubts about the ability of public policies to address complex social problems. Featuring a multidisciplinary team of renowned scholars, *Legacies of the War on Poverty* challenges and contests this conventional wisdom as too simplistic. The volume examines the empirical evidence accumulated over the past 50 years and offers a balanced and broad assessment of the long-term impacts of the War on Poverty.

(Available September 2013; visit russellsage.org/publications for more information)



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Cash Assistance Programs

It is difficult to assess how effective the major cash welfare programs, Aid to Families with Dependent Children (AFDC) and its successor Temporary Assistance for Needy Families (TANF), have been in reducing poverty. Child poverty fell by nearly half from 1959 to 1969, from 27 percent to about 14 percent, with substantial reductions for the most disadvantaged groups, including African Americans and single-mother families. But we cannot attribute all of this reduction to the effects of AFDC.

- Robert Plotnick and Felicity Skidmore estimate that 5.5 percent of poor households were moved out of poverty by cash welfare programs in 1972, an increase over the 2.9 percent moved out of poverty by such programs in 1965, but nevertheless a small share.
- We can be more confident that the availability of cash assistance reduced the depth of poverty and material hardship among the poor. However, because of the changes brought about by the 1996 welfare reforms, TANF plays a less important role in protecting families from poverty today than in the past.

The Supplemental Security Income (SSI) program, established in 1972, provides a guaranteed annual income for poor families with a disabled child or adult and for the poor elderly.

SSI has a larger effect than AFDC-TANF on reducing the depth of poverty for recipients because benefit levels are higher:

- Mark Duggan and Melissa Kearney find that a child becoming eligible for SSI reduces the risk of the family being in poverty by 11 percentage points.

Income Support Programs for Working Families

The Earned Income Tax Credit (EITC), established in 1975, is now the single largest income support program for low-income families with children. The EITC provides families who have earnings up to about 150 percent of the poverty line in the previous year with a refundable tax credit.

The EITC plays an important role in reducing poverty among working families.

- Using the Supplemental Poverty Measure, in 2010 the child poverty rate would have been 4 percentage points higher, 22.4 percent instead of 18.2 percent, if the EITC was not counted as income.
- The EITC also has positive effects on other child and family outcomes. William Evans and Craig Garthwaite examine the effects of the 1993 EITC expansion and find that increased EITC benefits are associated with fewer bad mental health days and a greater likelihood of being in excellent or very good health. Higher benefits are also linked to a lower number of risky biomarkers, in particular, those indicative of stress.

The first provisions for helping welfare recipients with child-care costs date from the 1964 Economic Opportunity Act. Those provisions laid the groundwork for the introduction of transitional child care—for women leaving welfare for work—in the Family Support Act of 1988, which in turn set the stage for today's child-care subsidy program for low-income workers, the Child Care and Development Fund (CCDF), established in 1996.

- In contrast to the large body of research showing the benefits of high-quality early childhood education and care, research on child-care subsidies tends to find either negative or neutral effects on child health and development. These results likely reflect the poor quality of child care that children with subsidies receive.

Conclusions and Recommendations

Fifty years after the War on Poverty, many low-income families with children have something like a guaranteed minimum income, in the form of SNAP (food stamps), plus SSI for those who are disabled, and the EITC and possibly child-care subsidies for those who are working. Despite these successes, Waldfogel recommends the following improvements to further alleviate poverty among poor families:

- While work-based incentives like the EITC have undeniably played a role in reducing poverty rates, Waldfogel points out that such measures do not take into account high unemployment rates and competitive job markets, problems exacerbated by the 2008 economic collapse. Waldfogel argues for a true guaranteed minimum income regardless of family structure, disability, or employment status. As her research shows, higher benefits in the form of cash disbursements or larger tax refunds have repeatedly been shown to improve life outcomes for low-income families and raise them out of the depths of poverty.
- A true guaranteed minimum income (which has long been the standard in other advanced industrialized nations) for families with children would require some form of universal child or family allowance, providing a minimum monthly cash payment to all families with children regardless of family structure, disability, or employment status. We have come closer to that vision with the Child Tax Credit (CTC), which Waldfogel argues should be more generous and fully refundable if it is to provide the income floor that the War on Poverty planners hoped to create.

The information in this policy brief comes from the chapter "The War on Poverty and the Safety Net for Families with Children" in *Legacies of the War on Poverty*. Russell Sage Foundation, September 2013

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