Written Testimony by Jane Waldfogel to the Joint Economic Committee of the United States Congress Hearing on “Making it More Affordable to Raise a Family”

September 10, 2019

Chairman Lee, Vice Chairwoman Maloney, and other Members,

Good afternoon and thank you for inviting me to speak with you today.

I’ve spent the past 25 years studying policies to support families and promote child well-being. These policies are a pressing concern for our country because 11.5 million children (nearly 16% of all children) are poor, and another 27 million (37%) have incomes just above the poverty line. And of course, it’s not just poor and near-poor families that struggle to make ends meet.

Much of my recent work uses the Census Bureau’s new supplemental poverty measure, which allows us for the first time to gauge the effects of the full range of social policies Congress has enacted to support families and promote child well-being. That work makes it clear that two sets of policies are critically important in reducing poverty among families with children. Refundable tax credits – the Earned Income Tax Credit (EITC) and the Child Tax Credit (CTC) – moved 4.5 million children out of poverty (reducing child poverty by 6 percentage points) in 2017 (the most recent year for which we have data), and the Supplemental Nutrition Assistance Program (SNAP) and other food and nutrition programs (school lunch and WIC) moved 2.4 million children out of poverty (reducing child poverty by more than 3 percentage points). We also have good evidence that these policies reduce family stress and improve child health and development.


3 Liana Fox (2018). *The Supplemental Poverty Measure: 2017*. Washington, DC: U.S. Census Bureau,. Tables A-6 and A-7. In 2017, EITC and other refundable tax credits moved 8.3 million people out of poverty, of whom 4.5 million were children, while SNAP and other nutrition programs moved 5 million people out of poverty, of whom 2.4 million were children.

But income poverty is not the only challenge that families face. Since 2012, with the support of the Robin Hood foundation, our group at Columbia has been surveying New York City residents, tracking material hardship and ill health as well as poverty. Our findings reveal that poverty is just the tip of the iceberg – while 1.6 million New Yorkers (1 in 5) are poor, 4.4 million (more than half) face either poverty or material hardship or serious health challenges. So, it’s not just families below the poverty line who struggle to put food on the table and pay their bills and cope with ill health – and in a city with a large charitable and philanthropic sector, including Robin Hood which spends 100 million dollars a year fighting poverty.

So what can we do to better support American families? We need to start by recognizing that in the majority of American families, it is no longer commonplace for there to be a stay-at-home caregiver. This trend is not going to change – most two parent families need to have both parents in the labor market, and of course difficulties in balancing the competing needs of work and family are even more acute among low income and single parent families.

However, our public policies have not kept pace with this new demographic reality. The Family and Medical Leave Act still provides only unpaid leave, and to only about 60% of the workforce. Federal child care subsidies reach only about 15% of eligible low-income families who need them.

Employer policies address some of the gap but mostly for more advantaged employees. While 40% of employees have access to some paid leave they can use for maternity, paternity, or to care for a seriously ill family member, those who are low-income, part-time, or Hispanic are much less likely to be covered. Only a tiny share of employees – about 10% - receive any help from their employers in paying for child care.

---


Yet we know from a large body of research that these policies matter for the well-being of employees and their families. In addition to evidence from Canada, the United Kingdom, and Europe, we now have more than a decade of evidence from California whose first-in-the-nation paid family leave law came into effect in 2004. When employees have access to paid family leave, they are more likely to take leave to care for a family member or for themselves, and they are more likely to be employed and have higher earnings afterwards. Mothers who have access to paid leave are less likely to be depressed after a birth and also breastfeed for longer. When fathers take longer leaves, they are more likely to be engaged in caring for their children months later, and mothers are in better mental health. When more paid leave is available, rates of infant mortality and hospitalizations fall. At the other end of the lifecycle, so too do nursing home admissions.


Opinion surveys consistently show that Americans favor paid family and medical leave. They understand that the need is widespread and they appreciate the benefits. This is why 8 states to date – CA, RI, NJ, NY, WA, MA, CT, and OR – and the District of Columbia have enacted paid family and medical leave laws that provide a period of paid leave – to care for a newborn or a seriously ill child or family member, or when a family member is deployed or returning from in the military – with many more considering such legislation.

These policies are also endorsed by employers. My colleagues and I have been surveying employers in states with paid family and medical leave laws – focusing especially on small employers who are often missing from such surveys. In three states with paid leave laws – RI, NJ, and NY – we found that two-thirds of employers were supportive of the laws; another 15-20% were neutral.

The evidence on child care is also extensive and clear. Research from the landmark National Institute of Child Health and Human Development Study of Early Child Care, and many subsequent studies, have shown that high-quality child care improves children’s health, cognitive development, and social development, with especially beneficial effects for disadvantaged children. Yet too few Americans can afford quality child care, especially in early childhood when care is most expensive. When more child care subsidies are available, parents are more likely to be employed, reducing poverty and promoting family economic stability. Indeed, our estimates suggest that universal child care could move 630,000 children whose families pay for child care out of poverty (reducing poverty by more than a third among families with children under the age of 13 paying for child care). In addition, when more subsidies are available, more children receive child care and are in care of higher quality.

---


well-being because high quality care can play a crucial role in helping improve school readiness and in narrowing gaps in readiness.  

But we also need to look at what government can do to help families where a parent is not working, or not able to work enough hours. A spell of unemployment, or challenges in finding a job or enough hours, could befall any of us, and it is the role of the safety net to buffer that instability. Public programs such as SNAP and private charities such as food pantries play a crucial role – but families also need cash to buy their children clothing and school supplies, and to pay rent and utilities. For this reason, virtually all our peer countries have some form of universal child allowance or child benefit, paid monthly (or more frequently) to all families with children. Our Child Tax Credit is the closest policy the United States has to serving this role for many American families – but unfortunately leaves out the lowest income for whom it would have the biggest impact. Indeed, 23 million American children (1 in 3) live in families who earn too little to receive the full Child Tax Credit of $2,000 per child authorized under the recent Tax Cuts and Jobs Act (TCJA). This includes over half of Black and Hispanic children, the overwhelming majority (70%) of children in single parent households, 40% of young children under 6, and 42% of rural children. Extending the Child Tax Credit to include the poorest families would move about 2 million children out of poverty (reducing child poverty by more than a fifth) and would move about 1 million children out of deep child poverty (family income below half the poverty line) (reducing it by more than a third). This should be a high priority and it is encouraging that proposals to do so have received bipartisan support.


In summary, while there is ample evidence about the critical role of current safety net policies like the EITC and SNAP as well as the efforts of charitable and philanthropic groups like Robin Hood, it is also clear that we need to do more. It is high time we joined our peers in providing paid family and medical leave, quality affordable child care, and a universal child allowance. These are not just vital supports for family economic well-being. They are also essential for the health and development of our children.