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How Can We Reduce Child Poverty and Support Parental Employment?

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THE ARTICLES IN this supplement illuminate the many ways in which poverty undermines children's health and well-being. It is the status of parents that determines whether children are poor or not, and parents are undoubtedly the most important people in most children's lives. Moreover, there are many ways in which governments intervene in the labor market in order to support parental employment. These include (but aren't limited to) job training programs, income support, child care subsidies, parental leave, unemployment insurance, and workers' compensation. Hence, it is natural to ask which of these measures is most successful at helping poor children.

The United States has a long history of federally funded job training programs, often aimed at specific populations, such as individuals receiving social assistance or those involved in the justice system. There is an extensive literature evaluating training programs, and in fact this setting was one of the first in which randomized controlled trials were used in social science. To summarize the conclusions briefly: It typically takes a long time to effect real change in a parent's earnings, and even successful programs have only modest effects on earnings on average.¹ For example, some programs serving mothers on social assistance produce positive gains in earnings in a way that is cost-effective but that still leaves mothers poor enough to remain eligible for social assistance.^{1,2}

While this result may be discouraging, there are many other policies that are more promising. One of the most important is income support for working parents under the Earned Income Tax Credit, which has expanded greatly since 1990. The credit is refundable, which means that for the lowest-income parents, the credit first grows with earnings before plateauing and then starting to decline once a threshold level of income is reached. Because the credit does grow with earnings, it provides an incentive for low-income families to remain employed and build job experience. Although, as discussed elsewhere in this issue, these transfers are not counted when official poverty rates are measured (and thus by definition have no impact on the number of children in poverty) they have been shown to be tremendously effective in improving children's outcomes, including birth weight and test scores.^{3,4} It should not be surprising that income transfers for poor families are so effective. Earlier expansions of social security had a huge effect on poverty among the elderly.

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Between 1965 and 1990 poverty rates among the elderly fell from 35% to 10%, largely as a result of increases in the generosity of social security.⁵

Publicly supported quality child care is a second policy that can be a win-win because it both supports parents' employment and promotes child well-being. The catch is that much child care is of mediocre quality (or worse). For example, one recent study of low-income children attending public preschool programs in 11 states had trained evaluators rate the quality of 671 classrooms using standardized rating scales applied every 30 minutes for a full program day. Fifty-three percent of the programs were judged to be of low quality in terms of the emotional support provided to children, while 87% were judged to have low instructional quality.⁶ Moreover, child care provided in less formal settings (and often paid for by child care subsidies) is often subject to minimal restrictions covering, for example, maximum group sizes but ignoring the quality of interactions between caregivers and children.⁷

Hence, advocates for children should stress both the quality and quantity of child care. The federal government exerts control over the quality of Head Start programs, which must meet strict performance standards covering many dimensions of care such as the space, the staffing, the qualifications of the teachers and director, the educational content of the program, and facilitation of access to health services. Increasingly states have developed their own quality child care programs, making center-based child care of decent quality increasingly affordable to working families.

A third important set of policies to support working parents pertain to parental leave. The United States is singularly stingy when it comes to parental leave, with, for example, many mothers eligible for only the federally mandated 12 weeks of unpaid leave after childbirth. Short unpaid leaves have been shown to have positive effects among the mostly married and more educated US women who can afford to take them; being able to take leave is associated with higher birth weight and lower infant mortality.⁸ A longer-term study of the initiation of 4 months of paid leave in Norway in the late 1970s found that the affected children had lower high school dropout rates many years later.⁹

There is little evidence that the much longer leaves common in Canada and many European countries have additional positive effects on children. Long-term follow-up of children affected by extensions of paid leave (in Germany from 2 to 6 months in the late 1970s, and from 6 to 10 months in the mid-1980s; in Denmark from 14 to 20 weeks in the mid-1980s; in Sweden from 12 to 15 months in the late 1980s; in Austria from 12 to 24 months in 1990; and in Canada from 26 to 52 weeks in 2001) have shown little evidence of positive effects, except (in Austria and Sweden) for the children of well-educated mothers.¹⁰⁻¹⁴ These findings suggest that the emphasis should really be on assuring that all mothers are able to take at least a short paid leave for childbirth as well as for child illness.

Low-wage labor markets are increasingly characterized by instability, both in terms of shifts and hours of work, and in terms of layoff and unemployment risk. The rise of the "sharing economy" (eg, Uber) has both increased flexibility for some workers and reduced the stability of employment for others (eg, taxi drivers). This type of instability can be damaging

in itself. For example, children of parents who lost their jobs due to plant closings had lower incomes themselves as adults and were more likely to suffer unemployment.¹⁵ The economic distress caused by the Great Recession also affected parents, causing them to turn to alcohol, tobacco, and illegal drugs.¹⁶

These observations suggest that social insurance policies such as unemployment insurance and workers' compensation could be particularly beneficial for lower-wage workers. The purpose of insurance is to reduce instability by providing a safety net when workers lose their jobs or are injured on the job, and the evidence suggests that the programs are effective in achieving this goal for covered workers.¹⁷ Ironically, though, instability of employment can disqualify workers from eligibility for these programs. In order to be eligible, workers must have been continuously employed during a base period, which in most states is a year, before a claim is filed. Workers must also be unemployed through no fault of their own. Generally, a mother who did not show up to work because she was caring for a sick child (for example) would not meet this test. Turning to workers' compensation, although employers are required to purchase insurance to cover workers injured on the job in most states, some groups of low-income workers such as domestic workers as well as the self-employed generally remain uncovered. Thus, arguably the workers who most need the safety net provided by social insurance are the least likely to receive it.

Some important programs with tremendous benefits for child health have become largely independent of parent's employment experience in recent years. For example, all poor children are eligible for Medicaid coverage up until age 18, and in many states the income cutoffs for public health insurance coverage are set at 200% or 300% of the federal poverty threshold. This threshold depends on family size, but given the 2015 federal poverty guideline of \$24,250 for a family of 4, a family of this size would be eligible if earnings were less than \$48,500 to \$72,750, whereas the median income in the United States was \$53,657 in 2014. These expansions of Medicaid eligibility have been shown to have important effects on the health of children and young adults.^{18,19} The Supplemental Feeding Program for Women, Infants, and Children (WIC) has also been shown to have positive effects on infant health outcomes, which are expected to be sustained as these children grow.²⁰

To return, then, to the question I pose in my title, there is a lot that can be done to support both parental employment and child well-being. Income support has become increasingly important, and may become even more so given the recent federal budget. The spending bill took 2 measures that were due to expire in 2017 and made them permanent: a refundable child tax credit and Great Recession-era expansions to the Earned Income Tax Credit. In addition, there appears to be bipartisan support in Washington as well as in some state capitals for expanding family leave as well as child care and preschool programs. It will, however, be important to ensure that quality is maintained and improved in addition to addressing the cost and quantity of child care.

In April 2015, President Barack Obama signed into law a 2-year extension of the State Children's Health Insurance Program (SCHIP). SCHIP has enabled states to extend Medicaid and stand-alone public health insurance programs to many families, and it will be

important to maintain these gains when SCHIP next comes up for renewal. Notably the recent increase in tax cuts and social spending has occurred in the context of a run-up in deficits, which may leave discretionary spending on government programs vulnerable to future cuts. Moreover, the Child Nutrition Act, which covers school meals and the WIC program, is still awaiting reauthorization (for another 5 years after the current authorization expired in September 2015). Thus, while advocates for working families have won some recent battles, there may still be a long legislative slog ahead.

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