Income Interventions and Child Health

*California’s Vulnerable Children*
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Plan for my comments

1. Overview of the cash and near cash social safety net for low income families with children

2. What do we know about how these programs affect child health and wellbeing in the short and long run

3. California policies for reducing child poverty – Challenges and opportunities
(1) The US Social Safety Net For Children
FIGURE 2
Federal Expenditures on Children by Category and Major Programs, 2018

Billions of 2018 dollars

- Individual programs
- Two or more programs

Tax provisions:
- CTC
- EITC
- ESI

Health:
- Medicaid
- CHIP

Nutrition:
- SNAP

Income security:
- TANF
- SSI

Education:
- Title I

Early care and education

Social services

Housing

Training

How do these cash and near cash programs affect child poverty?

**FIGURE 4-9** “What-if” Child Poverty Rates With the Elimination of Selected Federal Programs.


*Other benefits* include TANF, means-tested veterans benefits, means-tested education assistance, LIHEAP, the National School Lunch Program, and WIC.
And *deep* child poverty (<50% poverty)?

**FIGURE 4-10** “What-if” Child Deep Poverty Rates With the Elimination of Selected Federal

Overtime, greater share of child expenditures are going to earners, those above poverty

(a) Share of total spending, by earning status

(b) Share of total spending, by income

Sources: Various administrative sources (see the online appendix); authors’ calculations.

a. Programs include SNAP, AFDC/TANF, EITC, and CTC.

(2) Evidence on the effects of income on child health and well being

Sources of Evidence:
- Earned Income Tax Credit
- Food Stamps (CalFresh)
- Other Income Interventions

Short Run Effects:
- Infant health (at birth)
- Child health
- Food Insecurity
- Human capital

Long Run Effects:
- Adult health
- Mortality
- Human capital and income
EITC: Summary of Research Findings

• MATERNAL AND CHILD HEALTH:
  – Reduction in risky biomarkers and mental health of mothers (Evans and Garthwaite 2014).
  – Improves infant health, including birthweight (Strully et al. 2010) and low birth weight (Baker 2008, Hoynes, Miller and Simon 2015).
  – Lowers non-drug suicides (Dow, Godoy, Lowenstein and Reich 2019)

• CHILD HUMAN CAPITAL:
  – Increase in student test scores (Dahl and Lochner 2012, Chetty, Friedman, and Rockoff 2011)
  – Improves longer run outcomes such as completed education, employment and earnings (Bastian and Michelmore 2018, Manoli and Turner 2018)
Food Stamps: Summary of Research Findings

• MATERNAL AND CHILD HEALTH:
  – Reduction in food insecurity
  – Improves infant health, including birthweight and low birth weight (Currie and Morretti 2008, Almond, Hoynes and Schanzenbach 2011).
  – Improves self reported health, school attendance and increases regular doctor’s visits (East 2020, Bronchetti, Christensen and Hoynes 2019)

• CHILDHOOD EXPOSURE AND ADULT OUTCOMES:
  – Increase in metabolic health (Hoynes, Schanzenbach and Almond 2015)
  – Increases completed education and earnings, reduces adult poverty and (for nonwhite men) reduces incarceration (Bitler and Figinski 2018, Bailey, Hoynes, Rossin-Slater and Walker 2020)
  – Reduces adult mortality (Bailey, Hoynes, Rossin-Slater and Walker 2020)
Evidence from other income interventions

- **Negative Income Tax experiments**: found achievement gains for elementary school children (but not adolescents) and increases in enrollment and completed education (Maynard and Murnane, 1979; Maynard, 1977; Venti, 1984)

- **Conditional Cash Transfer experiments** (U.S.): found minimal improvements in children’s health and educational outcomes (Aber et al. 2016, Riccio et al. 2013, Riccio and Miller 2016, Miller et al., 2016)

- **Tribal government UBI**: led to improvement in mental health, reduction in substance abuse, crime, and increase in educational attainment (Akee et al. 2010, 2018; Costello et al., 2010).
(3) California policies for reducing child poverty – Opportunities and Challenges

California Has the Highest Poverty Rate of the 50 States Under the Supplemental Poverty Measure
State Poverty Rate Under the Supplemental Poverty Measure, 2016-2018

Source: US Census Bureau, Current Population Survey
CalEITC – new state supplement to federal EITC, targeted at lowest earners

The CalEITC equals 85% of the federal EITC for the very lowest-income tax filers.

Note: Federal and typical state EITC is for head-of-household filers with two children. CalEITC is for head-of-household and married filing-joint filers with two children.
Young Child Tax Credit, $1000 if earnings are >$1

CalEITC-Eligible Families With at Least One Child Under Age 6 Can Qualify for the Young Child Tax Credit (YCTC)

YCTC, Parents With at Least One Qualifying Child Under Age 6, Tax Year 2019

Critical need to increase out of work assistance

Similar to Child Allowances used in Canada and other countries, shown in NAS report to be effective in reducing child poverty

Note: The Young Child Tax Credit is available to claim for the first time in tax year 2019, for which people file in 2020.
Source: Budget Center analysis of Section 17052 of California’s Revenue and Taxation Code
Challenges: For CalEITC & YCTC

- Federal EITC take-up is high (80-85%); BUT many eligible for CalEITC are not tax filers (low earnings) → need to file taxes to get CalEITC and young child credit
- RCT of text message interventions found no impact on tax filing or CalEITC claiming (Linos et al 2020)
Challenges: Federal Assault on SNAP/CalFresh

- **Work Requirements (finalized):** Lose benefits in any month don’t work at least 20 hours/week for ABAWDS
- **End broad based categorical eligibility (proposed):** eliminates policy allowing states to raise SNAP income eligibility limits to address costly housing or child care expenses and adjust asset limits
- **Cut SNAP benefits (proposed):** through reducing state flexibility in estimating household utility costs
- **Public Charge Rule (finalized):** Potential for “chilling effect” and families disenrolling from programs they are eligible for
Summary

- Increasing income and resources to low income families while children are young generates substantial benefits in the short and longer run.
- Public investment in income supplements today will yield benefits for families, and the general public.
- Research quantifying the health and human capital benefits is still quite recent and we have a lot left to learn.