

## **Increasing Rent Assistance Could Lift 2.3 Million Children Out of Poverty**

In a report entitled, *Ending Child Poverty Now*, released on January 28, the Children's Defense Fund (CDF) estimates the impact on child poverty if nine existing federal programs and policies changed. Currently there are 14.7 million children living at or below the poverty line; 6.5 million of these children are living below half of the poverty line. CDF found that child poverty could be reduced by 60%, lifting 6.6 million children out of poverty, if the U.S invests an additional 2% of the federal budget in the nine programs. Increasing the number of Housing Choice Vouchers would be the single most effective way of reducing child poverty, by lifting 2.3 million children out of poverty, resulting in a 20.8% reduction in child poverty.

The report presents proposals in two categories: ensuring that children's basic needs are met, and increasing employment. Expanding the Housing Choice Voucher program is in the first category.

Housing costs are the largest expense for the majority of poor families. Only one in four eligible families with children receive housing assistance. Expansion of the voucher program would be targeted to families that earn less than 150% of the official poverty guidelines and that spend at least 50% of their income on housing costs. To calculate the benefit of the proposed expansion, CDF assumes that 70% of eligible families who receive a voucher would successfully find a home with a landlord willing to accept a voucher at the local public housing agency's payment standard. The proposed expansion would increase the number of families receiving a voucher by 53% (2.6 million families). The average cost per voucher would be \$9,435, for a total cost of \$23.5 billion.

The investment in housing assistance would be particularly beneficial for black children, who would experience a 24.9% decrease in poverty, while white children would experience a 14.7% decrease. Children of color are more than two times as likely to grow up in poverty as white children.

Housing assistance is also important for children under the age of three, for whom poverty has the most detrimental effects. Birth to two years of age is a critical time for brain development. Expanding housing vouchers would result in a 23.7% decrease in poverty for children in this developmental stage.

Other policy changes relating to ensuring that children's basic needs are met include adding base Supplemental Nutritional Assistance Program benefits to the Low-Cost Food Plan for families with children, requiring Child Support to fully pass through to Temporary Assistance for Needy Families recipients, and making the Child Tax Credit fully refundable.

Proposals for increasing employment include boosting the Earned Income Tax Credit (EITC) for families with children (in 2013 the EITC kept 3.2 million children out of poverty), creating subsidized jobs, expanding child care subsidies, increasing the Child and Dependent Care Tax Credit, and raising the minimum wage from \$7.25 to \$10.10. Raising the minimum wage would

increase income by \$1,557 for 11.4 million families with children, lifting 900,000 people out of poverty, including 400,000 children.

Child poverty costs the U.S. an estimated \$500 billion a year (3.8% of Gross Domestic Product) in lost productivity and increased crime and health costs. If all nine CDF proposals were enacted it would cost \$77 billion, or 2% of federal spending. CDF emphasizes that no single policy will eradicate the problem. Ending child poverty needs to be a multi-pronged effort. If all nine proposals were realized, 97% of current impoverished children would be helped in some way.

The full report is at <http://www.childrensdefense.org/library/PovertyReport/2015-ending-child-poverty.html>