

Child Poverty and Cash Transfers

ECE 210: Professor Diaz

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Statement of the Problem

The problem of childhood poverty affects millions of families in our country. In 2019, over 700,000 children in New York State lived below the poverty line. Among Black or African American and Hispanic or Latino children in the state, the percentage was even higher (28% and 25% respectively, compared with 18% overall). The negative effects poverty has on children has been shown repeatedly. “Parents' Incomes and Children's Outcomes,” a study on casino payments to Native Americans in North Carolina, cites multiple studies on the issue, saying “poor mothers are more likely to spank their children and are less responsive to child needs[,] . . . poverty decreases adult stability and decision making [and] can adversely affect mental health and depression among parents[, and] not having sufficient income produces stresses on individual parents” (Akee et al., 2008, p. 110). These problems contribute to educational gaps in children. This can be seen in a 1997 longitudinal study called “The Effects of Poverty on Children,” which showed that, when compared with non-poor children, children ages 5-17 years who spent significant time in poverty were at least twice as likely to repeat a grade, to be suspended or expelled, and to drop out of high school. Economic factors such as increased automation and rising college costs, as well as the poverty traps set up by the current welfare system contribute to the difficulty of ending poverty. Therefore, I believe that direct cash transfers are currently the best way to alleviate the negative effects of poverty on children.

A potential drawback could include misuse of funds by parents, but studies show that the benefits outweigh the risks. Some studies (which did not differentiate between parents and non-parents) have shown an increase in substance abuse immediately after receipt of cash transfers. However, a recent experiment with guaranteed income in Stockton, California, showed that

“[l]ess than 1% of tracked purchases were for tobacco and alcohol” (Piquemal, 2021, p. 11) and according to “Parents’ Incomes and Children’s Outcomes,” “mothers and fathers have a reduced probability of being arrested when they come from households with the casino payments[, which] indicate[s] that parents are engaging in less destructive behavior as a result of the increased income” (Akee et al., 2008, p. 110). In terms of how the money *is* spent by families with children, we can look to the recent expanded child tax credit (CTC) offered by the federal government. Surveys conducted by the Center for Law and Social Policy and the U.S. Census Bureau indicate families spent the money on things like paying off debt, housing and household bills, groceries, car repairs, child care, school expenses, and “after-school activities or lessons” (Center for Law, 2021, p. 4). These will all contribute to conditions that will undoubtedly increase parental involvement and quality of education and care, having positive effects on children’s ability to thrive academically, emotionally, and socially. The study “The Long-Run Impact of Cash Transfers to Poor Families” provides direct evidence for the positive effects of cash transfers, showing that children whose mothers received a pension “obtained one-third more years of schooling” (Aizer et al., 2016, p. 1) than children of mothers who applied and were rejected. “Parents’ Incomes and Children’s Outcomes” found similar improvements, which it credits to improved “parental quality and interaction with their children” (Akee et al., 2008, p. 112). In addition to the previously noted decrease in destructive parental choices, the study finds that there were increases in parental supervision of children and school attendance rates, and children reported “an improvement in child-parent interactions” (Akee et al., 2008, p.111).

In New York City, The Bridge Project is currently providing 600 pregnant people and mothers of young children with either \$500 or \$1,000/month, distributed on a bimonthly basis.

The purpose of the experiment is “to support low-income mothers in New York City during the first 1,000 days of their children’s lives by providing them with consistent, unconditional cash” (Fleischer, 2022). However, private sector experiments will not be sufficient to meet the needs of all children in poverty and the expanded CTC was not extended by the federal government. Therefore, the best course of action is for the City of New York to implement a permanent direct cash transfer to all families with young children in low-income neighborhoods. I will lobby my city council member to enact legislation to this effect.

Article Summaries

Article 1

The *Ms. Magazine* article “NYC’s First Guaranteed Income Program Is Fighting to Support Struggling Families,” by Katie Fleischer, is about The Bridge Project, which offers a guaranteed income for pregnant people and new mothers in Central Harlem, Inwood, and Washington Heights. The program is based on the idea that early intervention (first 1,000 days) is important, young mothers should be treated with dignity, allowed to spend money on their family’s needs, and allowed to save money, and includes testimony from mothers on the program’s benefits. This article shows how a guaranteed income not only helps caregivers’ financial situation but offers them peace of mind and a sense of dignity. It notes that while this program is helpful, privately funded projects like this are not sustainable, and government programs are needed.

This article shows the feasibility and the benefits of direct cash transfers. It discusses benefits of early intervention in childhood education, which is significant to this topic. Caregivers’ mental health has a profound effect on parent-child interactions and, in turn, children’s wellbeing. If something like this were implemented city-wide, more children would gain these benefits to their schooling and overall wellbeing.

Article 2

The study “The Effects of Poverty on Children,” by Jeanne Brooks-Gunn and Greg J. Duncan, is an analysis of several longitudinal studies, which attempts to isolate the effects of poverty from other confounding variables, to differentiate between the effects of long- and short-term poverty, and to study the effects of the timing of poverty in children’s lives. It examines

what childhood outcomes low family income influences (physical health, cognitive, school achievement, emotional and behavioral, and teenage out-of-wedlock childbearing), the “pathways through which poverty operates” (health and nutrition, home environment, parental interactions with children, parental mental health, and neighborhood conditions), and how much income itself affects child outcomes (noting that it is impossible to control for all confounding variables, some of which might be significant). The study showed a “general result that parental income appears more strongly linked with ability and achievement than with behavior” (Brooks-Gunn & Duncan, 1997, p. 64); that family income and the mechanism through which poverty affects children likely have a complex relationship with all childhood outcomes; and that when and for how long a child lives in poverty are significant factors.

The most significant finding of this study as it relates to the topic of guaranteed income and early childhood education is that poverty in early childhood has a profound effect on years of schooling completed, significantly more so than poverty in adolescence does. The article cites one study as saying that “if poverty were eliminated for all children, mean years of schooling for all children would increase by 0.3% (less than half a month)” (Brooks-Gunn & Duncan, 1997, p. 62). However, noting that many studies on school achievement only measure family income in adolescence, a couple paragraphs later it says that “[f]or low income children, a \$10,000 increase in mean family income *between birth and 5* was associated with nearly a full-year increase in completed schooling” (Brooks-Gunn & Duncan, 1997, p. 62) (emphasis mine). Towards the end of the article, it also notes that randomized trials “provid[ing] poor families with income” showed “substantial benefits . . . in some sites but not in others,” but that “the site with the largest effects for younger children was also the poorest” (Brooks-Gunn & Duncan, 1997, p. 67),

concluding that providing money for the poorest families may have the most effects (something noted in “Parents incomes and Children’s Outcomes” as well).

Article 3

The article “Child Poverty Can Be Reduced,” by Robert D. Plotnick, explores how child poverty can be reduced on a policy level. The three methods it discusses are prevention, which it states is difficult due to the need to fight against economic conditions; reducing the poverty level “by supplementing low market incomes with other sources of cash” (Plotnick, 1997, p. 72); and mitigating the effects of poverty through programs offering “noncash benefits to the poor” (Plotnick, 1997, p. 73). The article demonstrates this through the example of social security benefits and by comparing U.S. policies to those of other developed nations.

This article provides clear data and statistics on why cash transfers are the most effective way to reduce child poverty. It shows that jobs programs on their own have not worked to significantly reduce poverty because “[t]he success of programs to increase earnings depends on having a healthy economy with strong employment opportunities” (Plotnick, 1997, p. 77), which the U.S. economy increasingly does not have for people without a college degree. It shows that Social Security Insurance benefits (a form of direct cash transfers) do reduce poverty, because among families receiving payments, 46% are below the poverty threshold, whereas without the benefits, 63% would be. It also presents data that shows that the United States had a child poverty rate (21.5%) significantly above those of other developed nations (all of which were 14% or below), stating “[w]hat distinguishes the United States from the other nations is their more generous transfer and tax policies” (Plotnick, 1997, p. 84). A major factor cited in the study for the U.S.’s policy choices is a lack of public support for cash transfers.

Small Advocacy Action

To advocate for this issue, I will contact my city council member, explaining that I am an early childhood educator and resident of their district who is concerned about the effects of child poverty on children's education. Mentioning programs like The Bridge Project and SEED, and the benefits cash transfer programs have had, I will explain why I believe they are the best way to immediately alleviate the negative effects of poverty on children's education. Finally, I will suggest that they introduce legislation that would provide guaranteed income throughout the city.

Large Advocacy Action

Using The Bridge Project as a model, I would like to see a similar, expanded program introduced into legislation. Ideally, the city would provide a guaranteed income for all families with young children in low-income neighborhoods. The transfer should not be conditional on income, since losing benefits if your income increases keeps people in poverty. Restrictions on how the money is spent also limit families' ability to use it to best meet their individual needs. Aspects of the bill would include researching what areas have the most need, how much money will be effective in actually helping families, and of course, funding. Immediate funding for the full extent of the bill would be unrealistic. A key part of drafting this legislation would be figuring out where the money would come from and how to invest it, then creating a timeline for implementation.

In addition to directly lobbying legislators, I would request that community groups, colleagues, and parents support the proposed legislation. I will explain that better economic stability will increase parents' ability to engage with their children's schooling and support their

learning. Ways they can support the legislation would be to contact their own legislators and raise awareness about the legislation by talking with others and asking for their support as well.

Commentary

I chose this topic because I was raised by a parent who was under a lot of financial and emotional stress, and I saw the way this affected her parenting. If she had had fewer financial worries and the resources to get herself help for other issues, she would have been able to engage even more with my schooling and better recognize and get me assistance with the issues affecting my ability to excel in school, such as ADHD, which I wasn't diagnosed with until adulthood. As an early childhood educator, this topic affects me because parents with more financial stability will have more time and mental energy to engage in their children's education, by participating in the classroom and school activities and supporting their children's learning at home. I believe that almost all parents want what is best for their children and simply need the proper resources and support in achieving it. A guaranteed income will be a meaningful step towards that goal.

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