

1. Overview of the cash and near cash social safety net for low income Americans
2. Income support response to COVID-19
3. Long run effects of income support programs on children

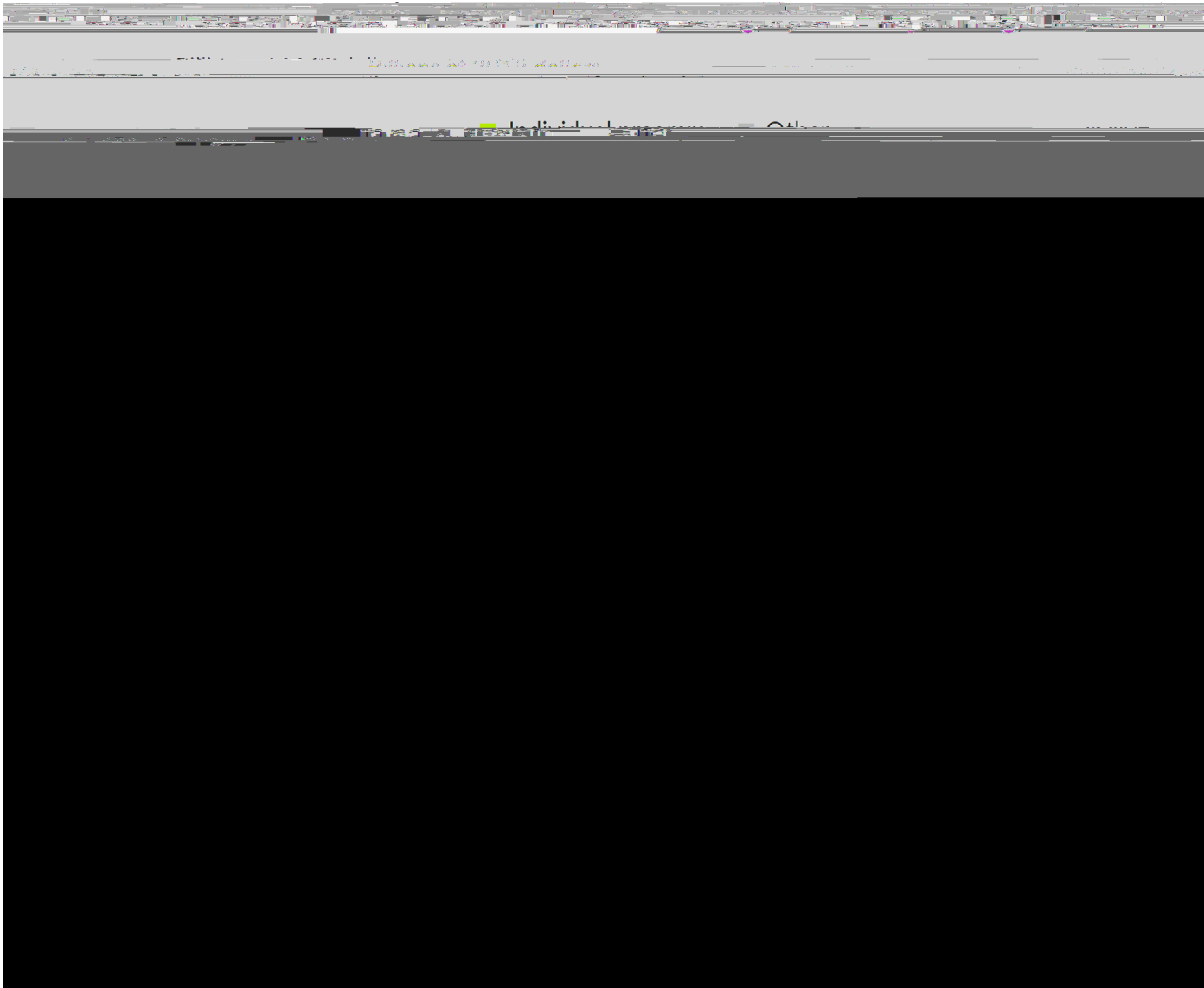
- *Not universal* – targeted at elderly, disabled and families with children (prime age adults without children, undocumented immigrants left out)
- *Little in cash* – tax credits, food and nutrition programs
- *Heavy use of conditionality* – increasingly linked to work
- *Funding levels not high* – compared to other countries

Expenditures in 2018 for Low-Income Programs Other Than Health Programs



FIGURE 2

2023



associated with

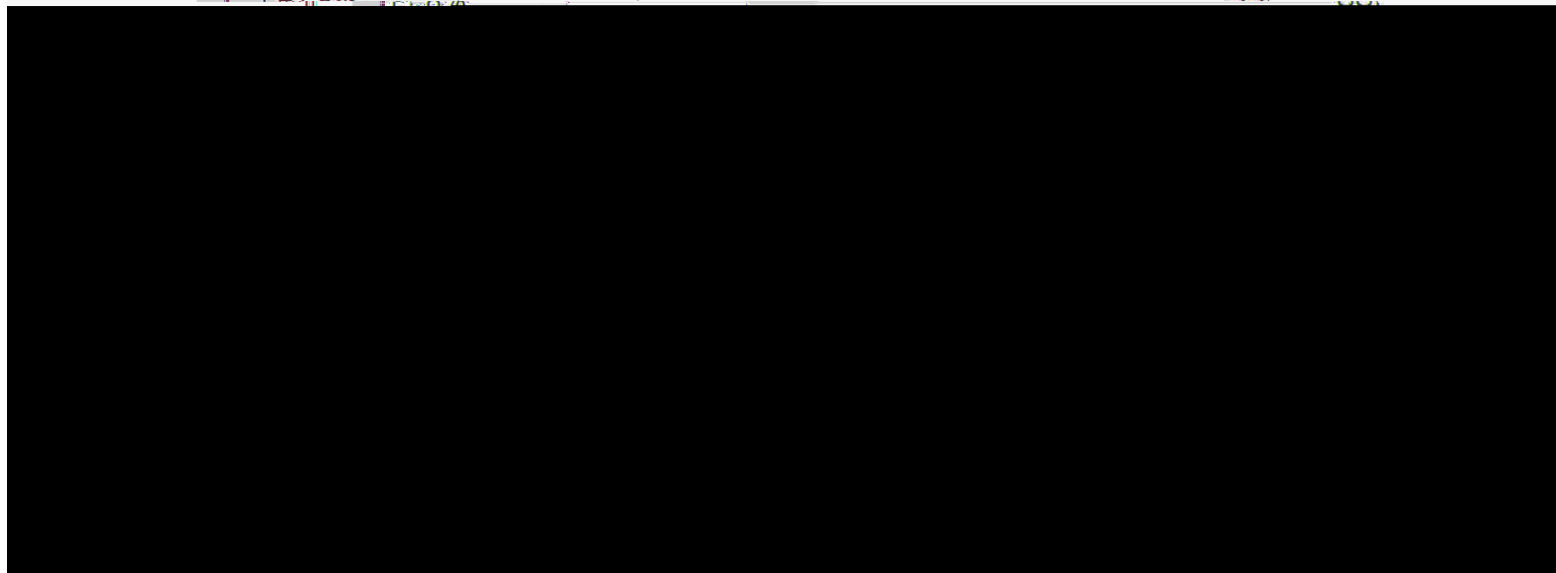
current programs are

1.2%

All programs

45.2%

50.4%



- [Mid-1990s and beyond] Welfare reform and the rise of the Earned Income Tax Credit
- [Current administration] Expanding work requirements to other programs
 - SNAP and Medicaid
 - Lose benefits in any month don't work at least 20 hours/week for ABAWDS

Safety net largely *topping up work* but providing little protection out of work.

Evidence from Great Recession shows *greater volatility* at lower incomes, consistent with these changes

Unemployment insurance (UI)

- \$600 weekly top-up to regular UI
- Expanded eligibility (self-employed/gig workers)

Emergency Impact Payment (EIP)

- \$1200 per adult + \$500 / child, *one time only* (phased out starting at \$75K for singles, \$150K for marrieds)

SNAP

- Increase SNAP benefits to maximum benefit for the 60% not receiving maximum benefits, worth about \$160/month

Pandemic-EBT

- Convert value of lost school meals to direct payment to families, worth about \$120/month/child (context: 30 million students lost daily access to free/reduced price school meals when schools closed)

- A common framework for evaluating preschool and other human capital programs is as an investment: Resources are invested upfront that generate returns over the longer run (education, labor market, health).
- Paradoxically, we don't apply this thinking to the social safety net
- Does investing when children are young lead to private and public benefits in the longer run?
- There is new and growing evidence that more resources in childhood lead to improvements in economic and health outcomes in adulthood.

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(See Hoynes and Schanzenbach 2018 for review)

