

The Social Safety Net in the U.S. and Short and Long Run Impacts on Health

Nutrition and Obesity Policy Research and Evaluation Network

State-of-the-Science Webinar

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Safety Net Investments in Children

- 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).
- Yet we don't apply this thinking to the social safety net
- With recent research we are learning about how and whether these programs affect the life trajectory of children.
- In this presentation I will summarize the evidence on the effects of the social safety net on short and long run health for families with children

Background on social safety net in the U.S.

The social safety net consists of social insurance and public assistance programs

Social Insurance:

Eligibility depends on work history, mandatory pay-in while working.

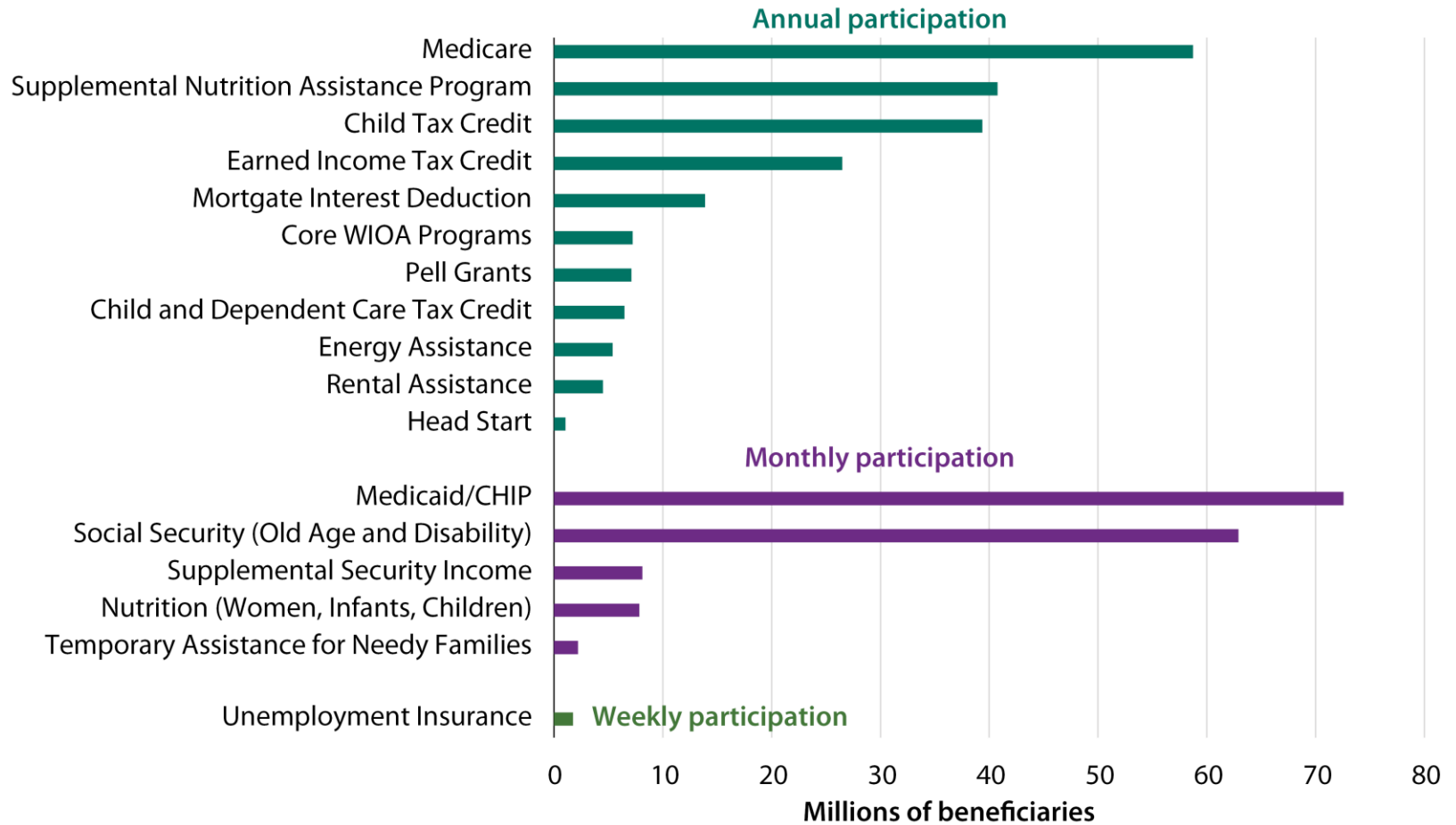
Eligibility does not depend on current needs (e.g. not income restricted)

Public Assistance:

Eligibility targeted at lower income groups. Benefits typically “phased out” as income increases

Some operate through the tax system, others don't. Benefits can be in cash, through tax refunds, or in kind (health insurance, housing vouchers)

The US Social Safety Net: Participation by Program



Source: See technical appendix.

Note: Enrollment data are for 2018 for all programs except energy assistance and renters assistance which are for 2017 and 2019, respectively. For more information on beneficiaries of social insurance programs, including more detail on the time period for which government agencies produced these numbers, please see the accompanying technical appendix.



BROOKINGS



In this talk, I narrow the scope to programs:

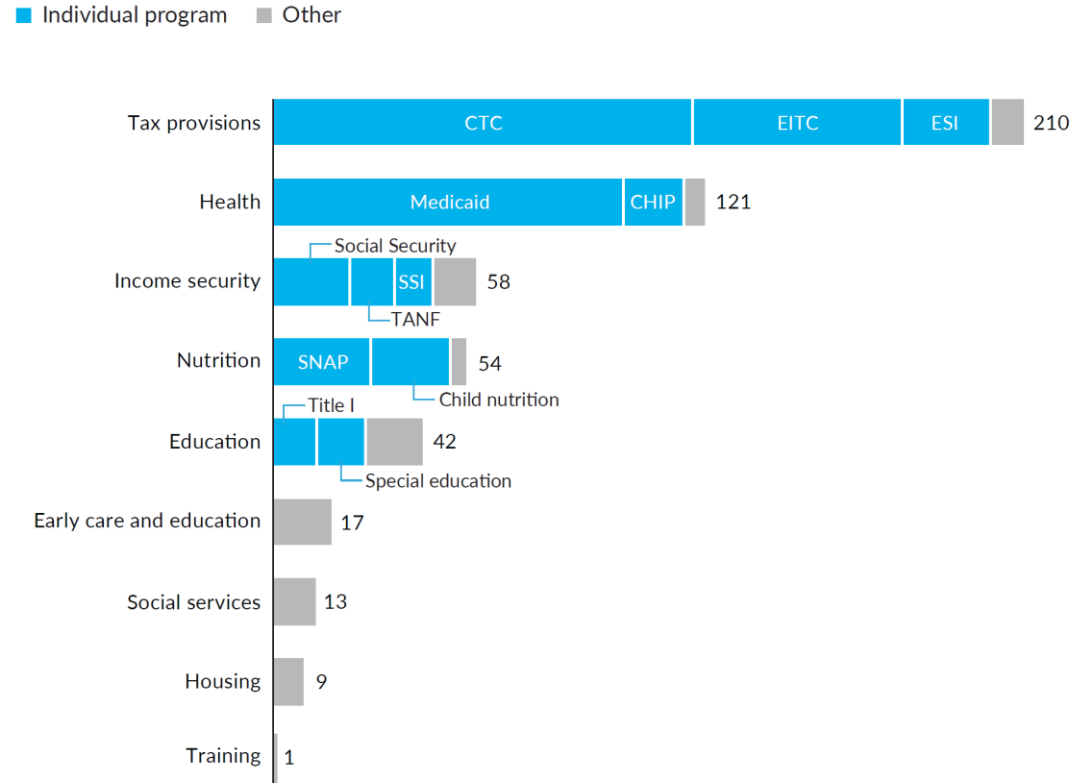
1. Aimed at children (and their families)
2. Primary attention to means tested programs (targeted at the disadvantaged)
3. [Research summary for U.S. programs]

What programs serve families with children?

FIGURE 2

Federal Expenditures on Children by Category and Major Programs, 2019

Billions of 2019 dollars



Source: Authors' estimates based primarily on Office of Management and Budget, *Budget of the United States Government, Fiscal Year 2021* (Washington, DC: US Government Printing Office, 2020), and past years. For more source information, see the appendix.

Notes: Programs spending less than \$10 billion are not shown separately but are included as part of "Other" and in the totals by category. CHIP = Children's Health Insurance Program; CTC = child tax credit; EITC = earned income tax credit; ESI = employer-sponsored health insurance; SNAP = Supplemental Nutrition Assistance Program; SSI = Supplemental Security Income; TANF = Temporary Assistance for Needy Families.

Important Features of U.S. Social Safety Net for Families with Children (pre-pandemic)

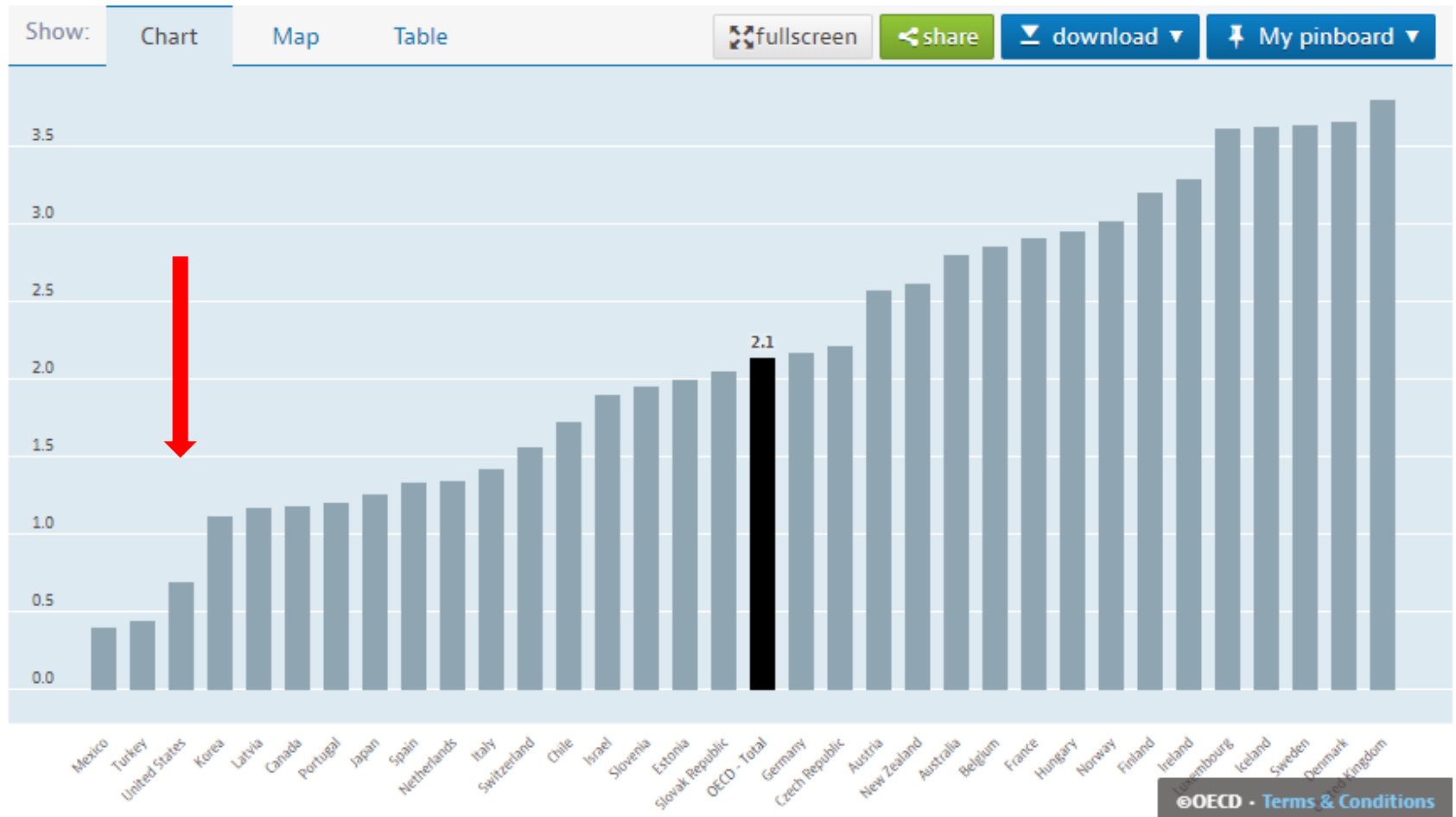
- Little in cash – heavy use of in-kind assistance (health insurance, food and nutrition, housing), and tax credits
- Heavy use of conditionality – increasingly programs limited to those in work
- Funding levels not high – compared to other countries
- Not universal – Unequal access based on documentation status

Funding levels not high

Example: U.S. spending on family benefits is low compared to other countries

Family benefits public spending Total, % of GDP, 2015 or latest available

Source: Social Expenditure: Aggregated data



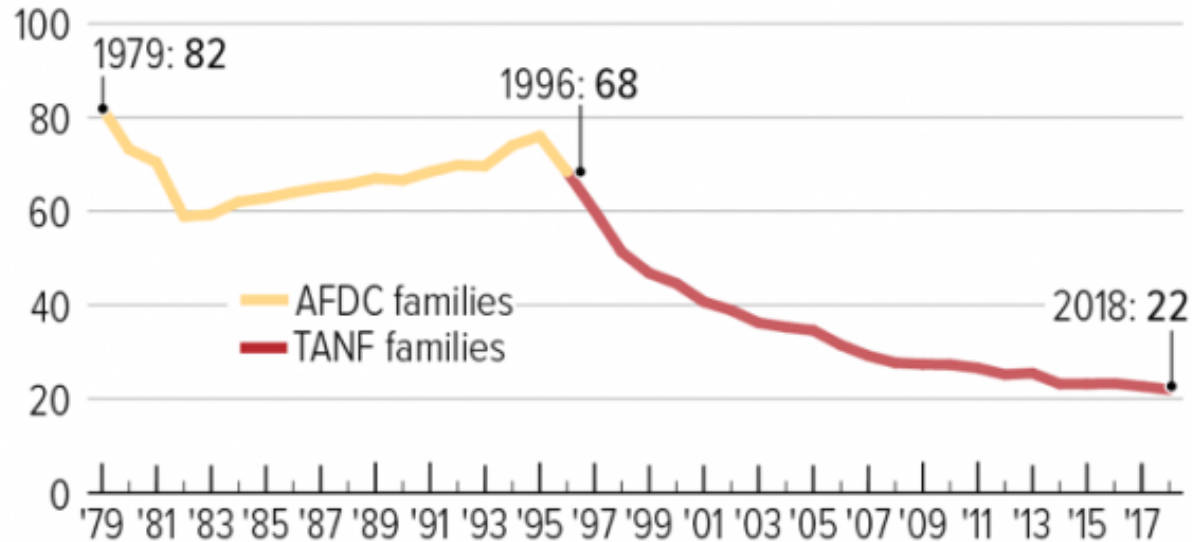
Growing Conditionality

- *Mid-1990s and beyond:* Welfare reform and the rise of the Earned Income Tax Credit
- *2010s:* Expanding work requirements to other programs
 - SNAP and Medicaid
- U.S. safety net largely *topping up work* but providing little protection out of work.

Consequence of these changes: Dramatic reduction in cash assistance for poor families with children

TANF's Reach Declined Significantly Over Time

Number of families receiving AFDC/TANF benefits for every 100 families with children in poverty

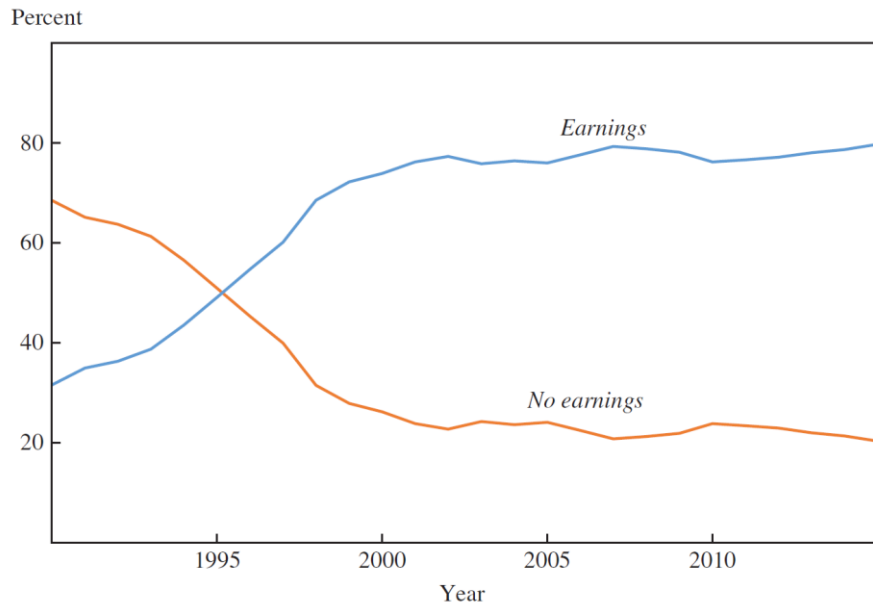


Note: TANF = Temporary Assistance for Needy Families, AFDC = Aid to Families with Dependent Children.

Source: CBPP analysis of poverty data from the Census' Current Population Survey and AFDC/TANF caseload data from Department of Health and Human Services and (since September 2006) caseload data collected by CBPP from state agencies.

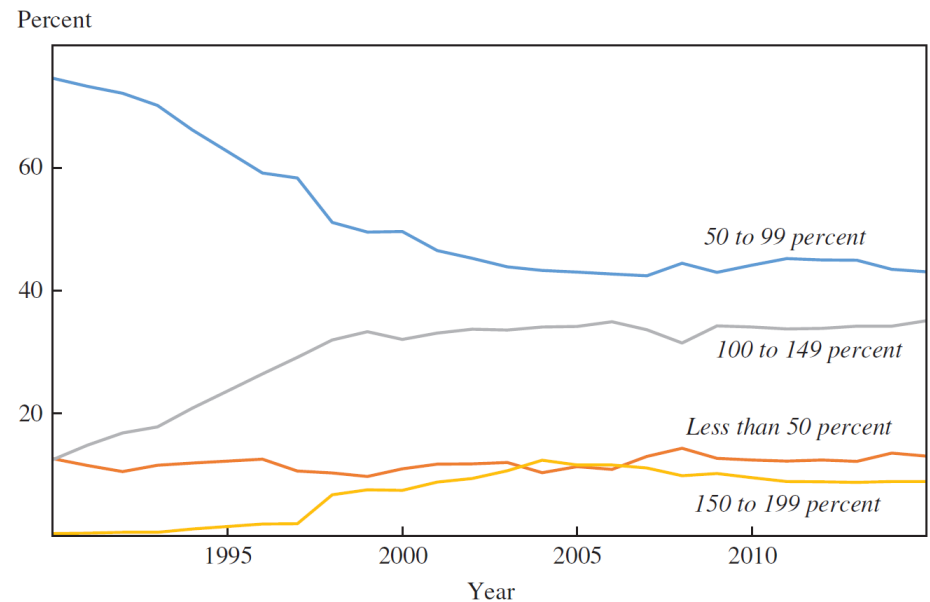
Consequence of these changes: Increasing share of child benefits going to *earners, those above poverty*

(a) Share of total spending, by earning status



Sources: Various administrative sources (see the online appendix); authors' calculations.
a. Programs include SNAP, AFDC/TANF, EITC, and CTC.

(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. The line captions denote family income as a percentage of the supplemental poverty measure.

Nonetheless the social safety net reduces child poverty

Pre-COVID;
Highlights
the major
role of tax
credits and
SNAP

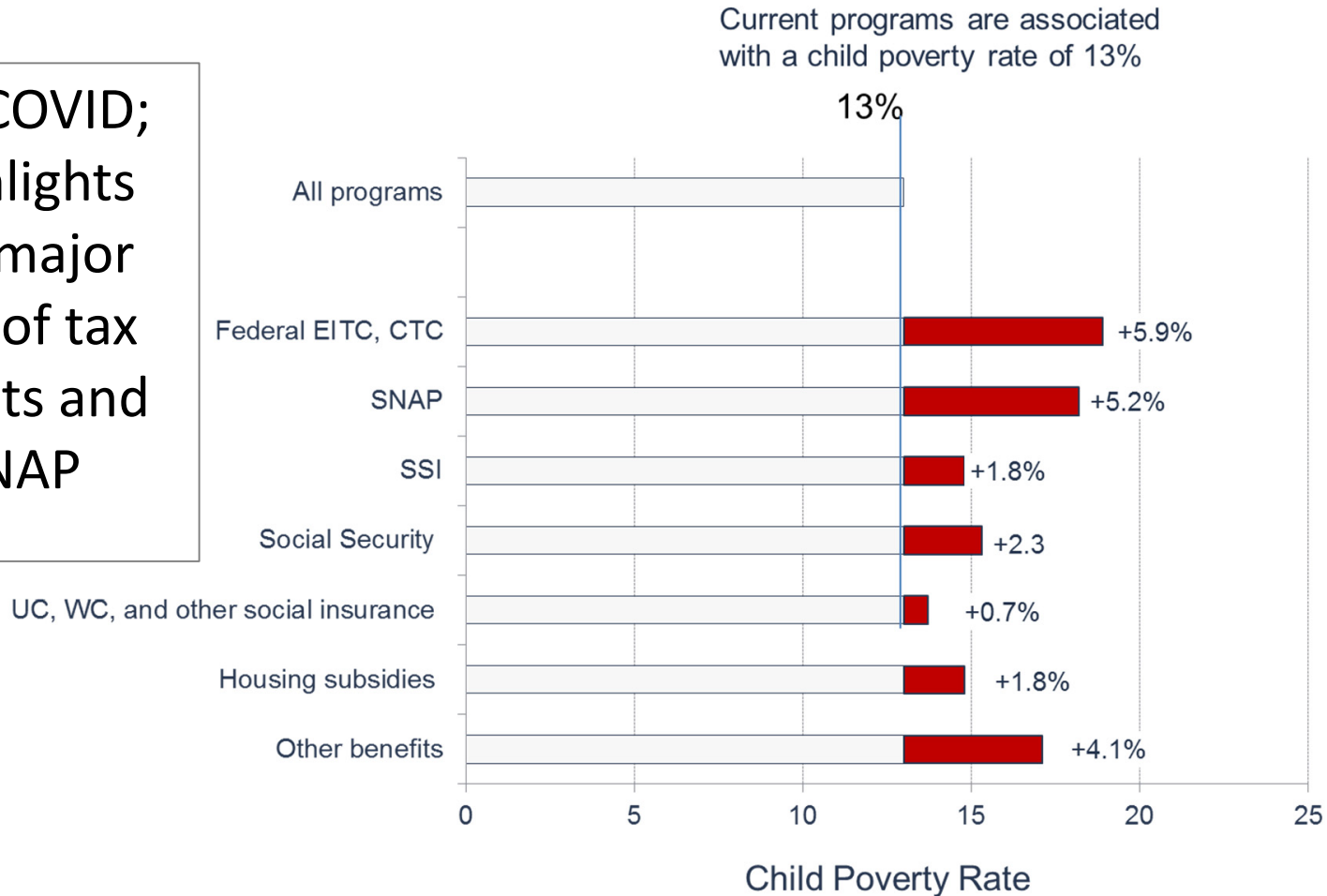


FIGURE 4-9 “What-if” Child Poverty Rates With the Elimination of Selected Federal Programs.

Source: *A Roadmap to Reducing Child Poverty*, National Academy of Sciences, 2019.

Research Summary: The effects of the Social Safety Net as an Investment in Children

Evidence on the effects of social safety net on child health and economic well being

Sources of Causal Evidence:

Earned Income Tax Credit

SNAP / Food Stamps

Early cash assistance programs
(early 20th c.)

Medicaid

Other income interventions

Short Run Effects:

Infant health (at birth)

Child health

Food Insecurity

Long Run Effects:

Adult health

Mortality

Education, Earnings and
income, Crime

Short Run effects of social safety net on health

- **SNAP:** Reduces food insecurity, increases spending on food (Hoynes and Schanzenbach 2009) though inadequate to last month (Shapiro 2006). Improvement in health at birth (Almond, Hoynes and Schanzenbach 2015). For school aged children fewer school absences and lower incidence of poor health (Bronchetti, Christiansen, Hoynes 2019, East 2019).
- **EITC:** Reduction in risky biomarkers in mothers (Evans and Garthwaite 2014). Improvement in health at birth (Hoynes, Miller and Simon 2015, Strully et al. 2010).
- **Tribal government UBI:** improvement in mental health, reduction in substance abuse (Akee et al. 2010, 2018; Costello et al., 2010)

Long Run effects of additional resources in childhood

- *Cash welfare*: early 20th century program leads to improvements in longevity, educational attainment, nutritional status (underweight, height), and income in adulthood (Aizer et al 2016)
- *SNAP*: Increases education, earnings, health in adulthood (Hoynes et al 2016, Bitler and Figinski 2018, Goodman-Bacon 2016, Bailey et al 2020)
- *EITC*: increases children's cognitive outcomes (Dahl and Lochner 2012, 2017, Chetty et al. 2011) increases educational attainment and employment in young adulthood (Bastian and Michelmore 2018)
- *Tribal government UBI*: improvement in mental health, reduction in substance abuse, crime, and increase in educational attainment (Akee et al. 2010, 2018; Costello et al., 2010)

Long Run effects of additional resources in childhood

- *Medicaid*: Increases in Medicaid in childhood lead to improvement in adult health: reduction in mortality (Wherry and Meyer 2015, Brown et al 2020), reductions in hospital admissions for chronic conditions (Wherry et al 2015), lower obesity and hospitalization (Miller and Wherry 2016), and improvement in birth outcomes for the next generation, mothers who had additional coverage in childhood (East et al 2017).
- Also improves economic outcomes in adulthood

Deeper dive into my work on the short and
long run effects of SNAP

IS THE SOCIAL SAFETY NET A LONG-TERM INVESTMENT? LARGE-SCALE
EVIDENCE FROM THE FOOD STAMPS PROGRAM

Martha J. Bailey
Hilary W. Hoynes
Maya Rossin-Slater
Reed Walker

Working Paper 26942
<http://www.nber.org/papers/w26942>

Journal of Health Economics 68 (2019) 102231



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Local food prices, SNAP purchasing power, and child health[☆]

Erin T. Bronchetti^{a,*}, Garret Christensen^b, Hilary W. Hoynes^c



American Economic Review 2016, 106(4): 903–934
<http://dx.doi.org/10.1257/aer.20130375>

Long-Run Impacts of Childhood Access to the Safety Net[†]

By HILARY HOYNES, DIANE WHITMORE SCHANZENBACH,
AND DOUGLAS ALMOND^{*}

The Review of Economics and Statistics

VOL. XCIII

MAY 2011

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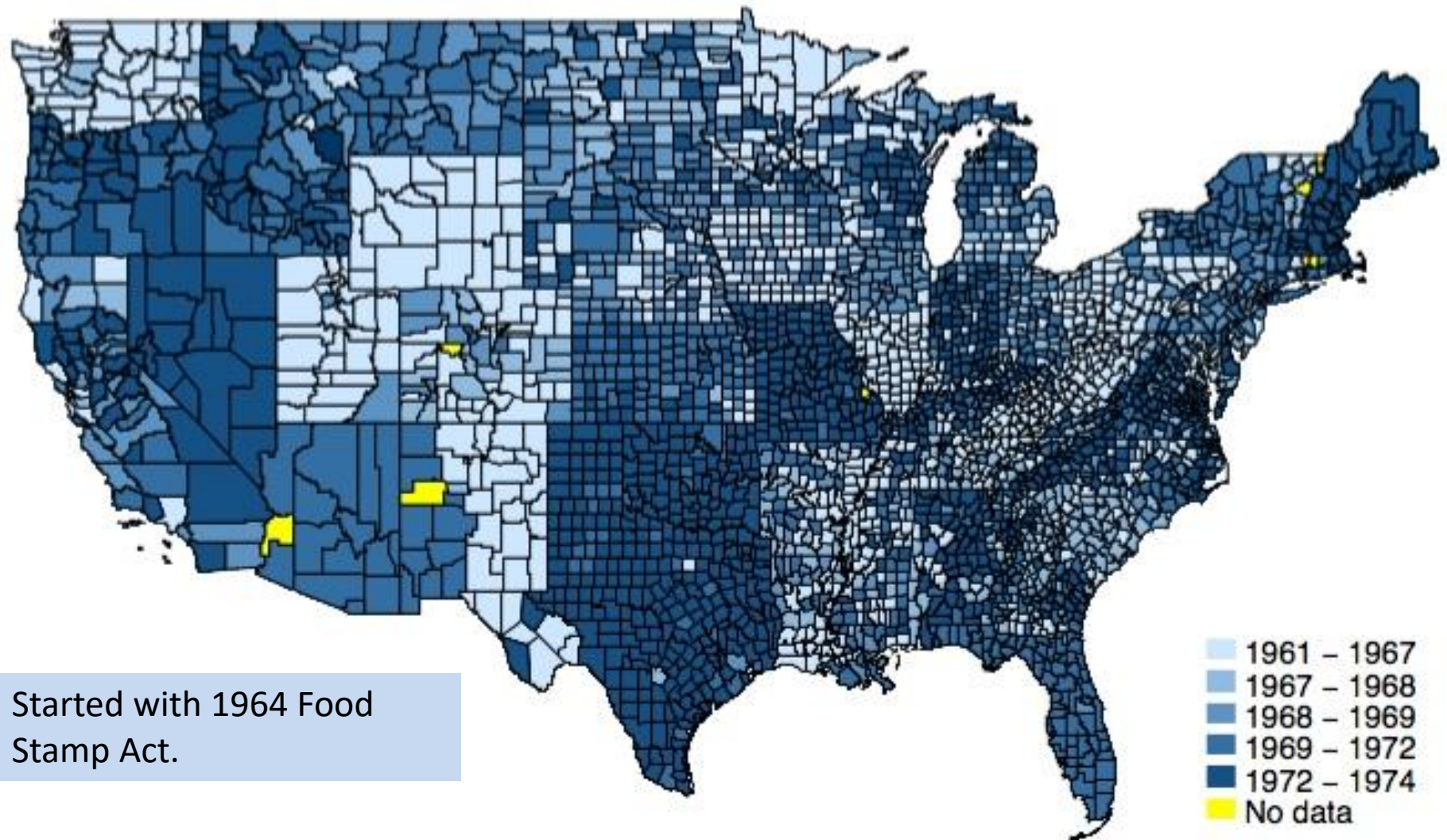
INSIDE THE WAR ON POVERTY: THE IMPACT OF FOOD STAMPS
ON BIRTH OUTCOMES

Douglas Almond, Hilary W. Hoynes, and Diane Whitmore Schanzenbach^{*}

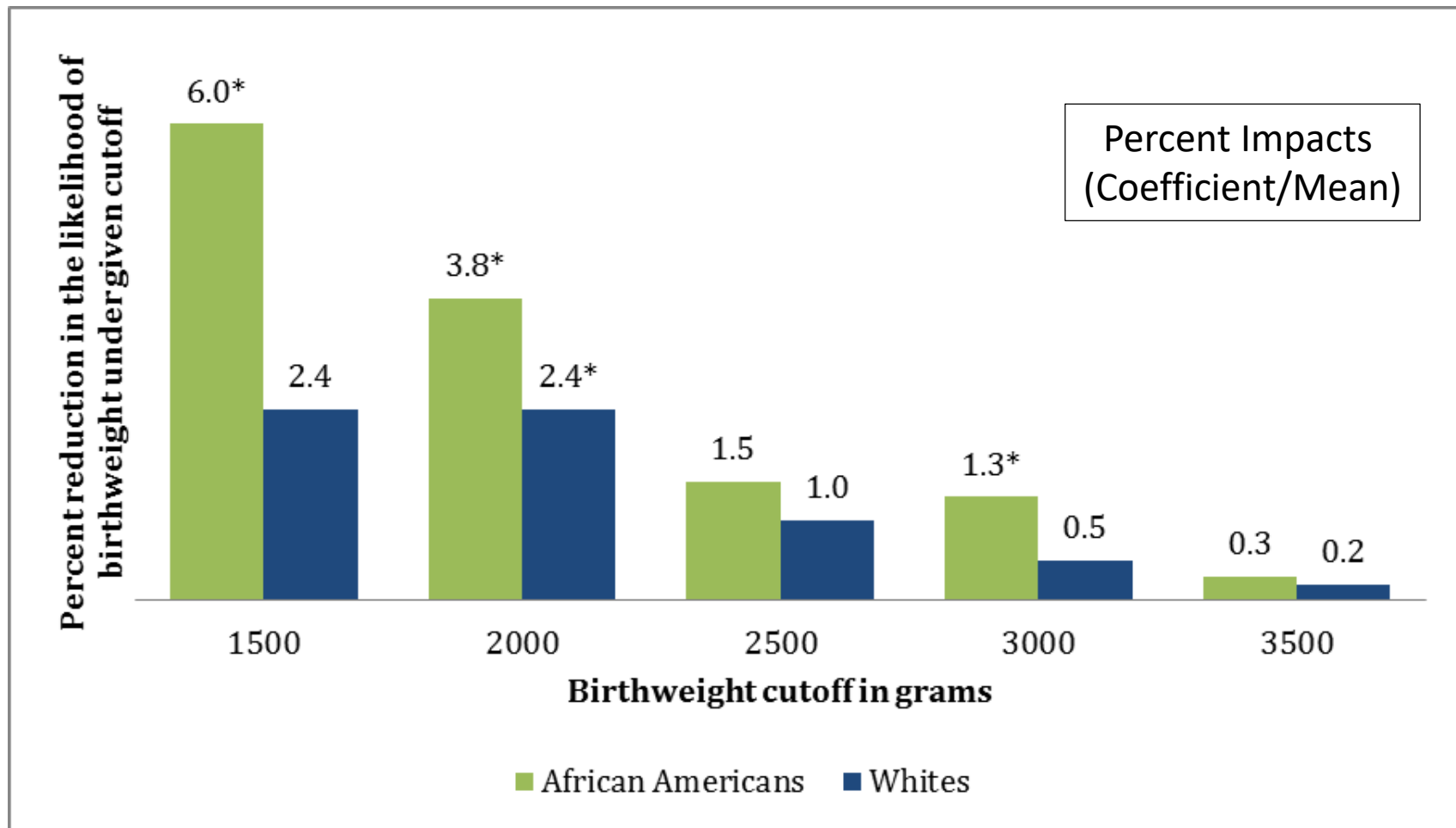
Supplemental Nutritional Assistance Program

- Previously known as Food Stamps
- Pre-COVID SNAP served 40.3 million people in 20 million households at a cost of \$65 billion dollars (increased >30% during COVID)
- Average monthly benefit \$252 per household, About \$4 per person per day
- Means tested: eligibility requires gross monthly income to be below 130 percent of poverty; phased out at 30%
- Benefits are vouchers that can be used at grocery stores
- Available nationally since 1975; federal program with little variation across local areas

To investigate the long run effects of Food Stamps, we leverage the **across county rollout** between 1961 and 1975



In Utero exposure to Food Stamps: Reduction in likelihood of birth weight below selected cutoffs



Source; Almond, Hoynes and Schanzenbach, *Review of Economics and Statistics* 2011.

* denotes the estimate is statistically significantly different from 0 at the 5% level.

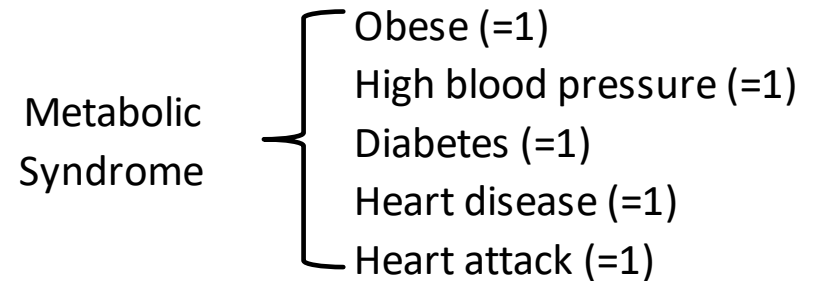
Effects of Childhood Exposure to Food Stamps on Adult Health and Economic Well-Being

Hoynes, Schanzenbach and Almond (AER, 2016)

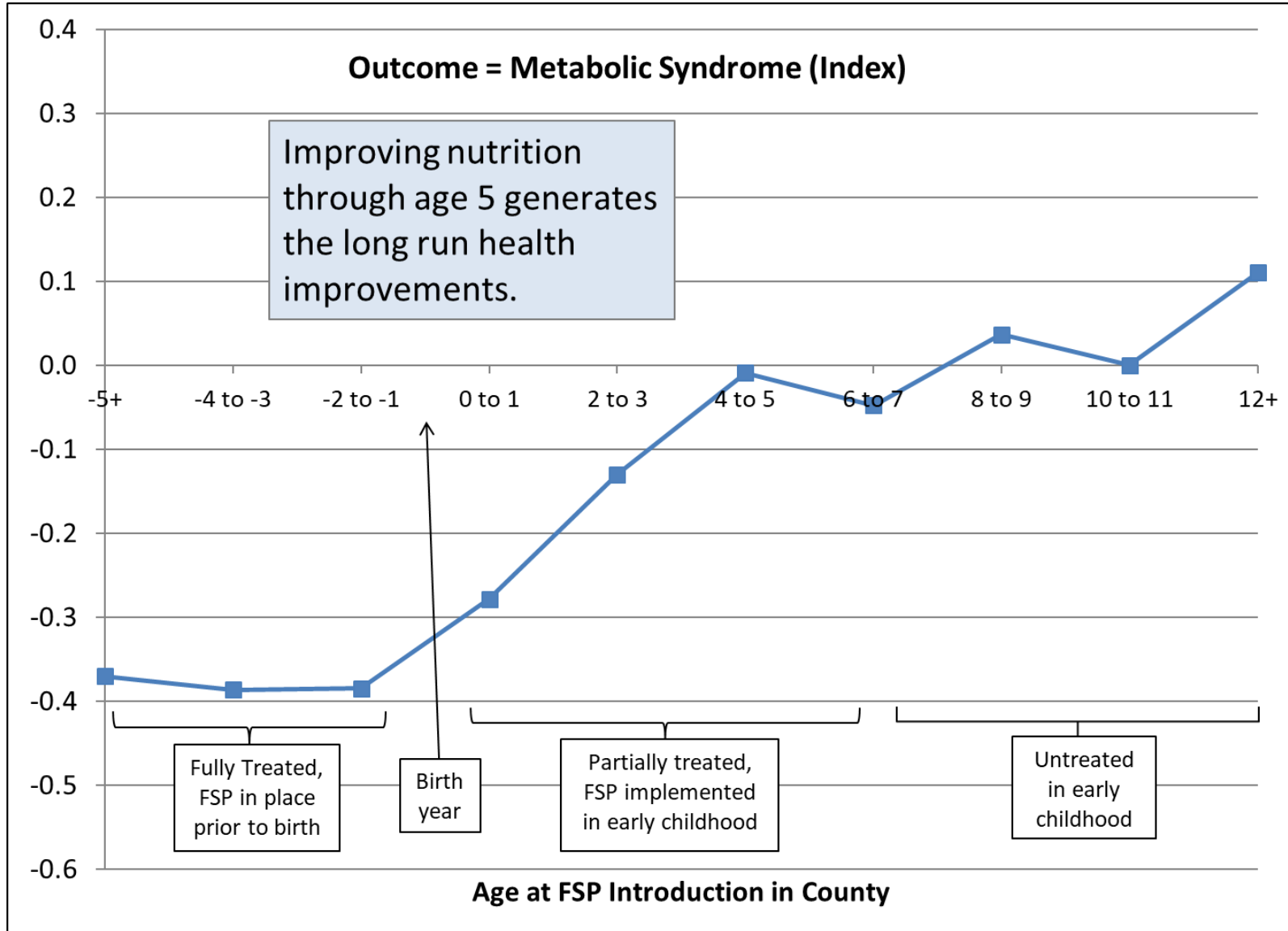
- Because food stamps was introduced 50 years ago, the individuals who were children when the program was introduced are now adults → we can use the food stamps rollout to estimate the effect of childhood exposure to food stamps on health and economic outcomes.
- We use event study and difference-in-difference models, comparing trends using county and year of birth
- Our design allows us to explore *when treatment matters*

Key health outcome: metabolic health

- Panel Study of Income Dynamics, longitudinal data links across multiple generations
- Use county and year-month of birth and family of origin characteristics (e.g. parent's education)
- **Caveat: these folks are still pretty young; we may be capturing a delay in onset**



Key result: Food Stamps in childhood and adult metabolic syndrome

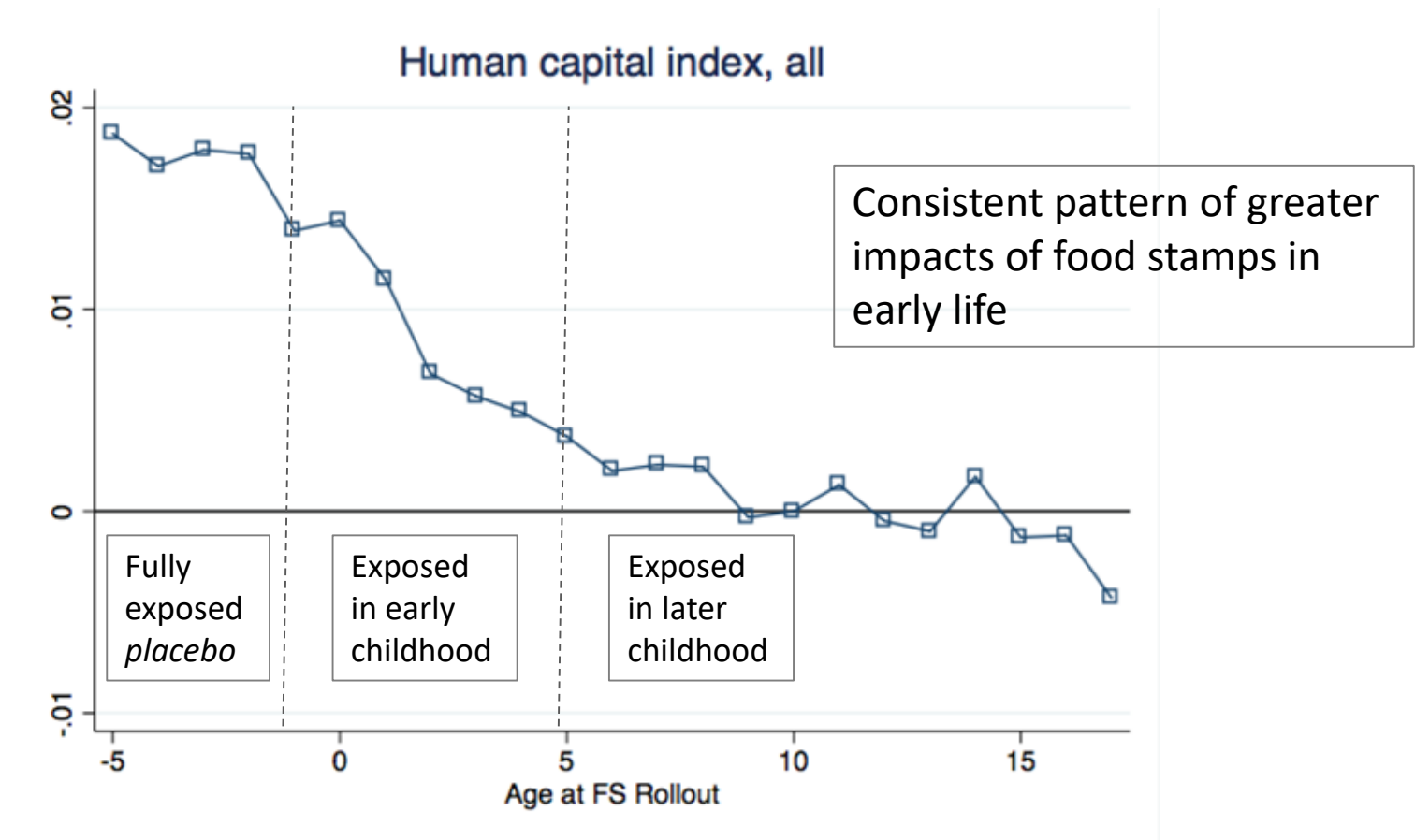


Most recent work on long run impacts of food stamps

Joint with Martha Bailey, Maya Rossin-Slater and Reed Walker

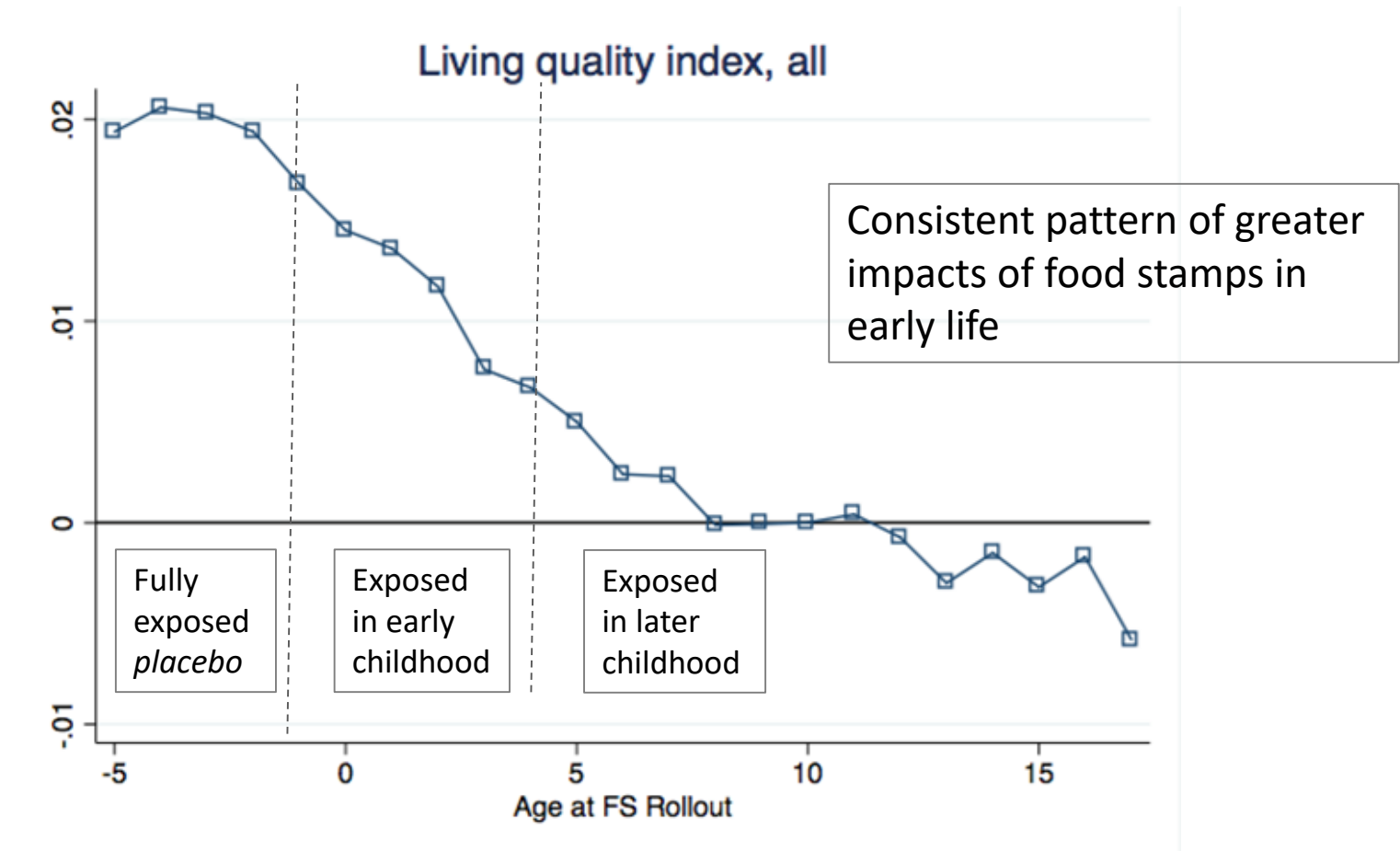
- We now have 20% Census 2000 (43 million obs.) linked to the Social Security Administration *NUMIDENT* file, which records detailed place of birth (from birth certificates) and death
- Estimating effects of childhood exposure to food stamps on adult human capital and labor market outcomes
 - Human capital, economic self sufficiency, living conditions, disability, mortality, incarceration

Food stamps in early childhood leads to improvement in human capital



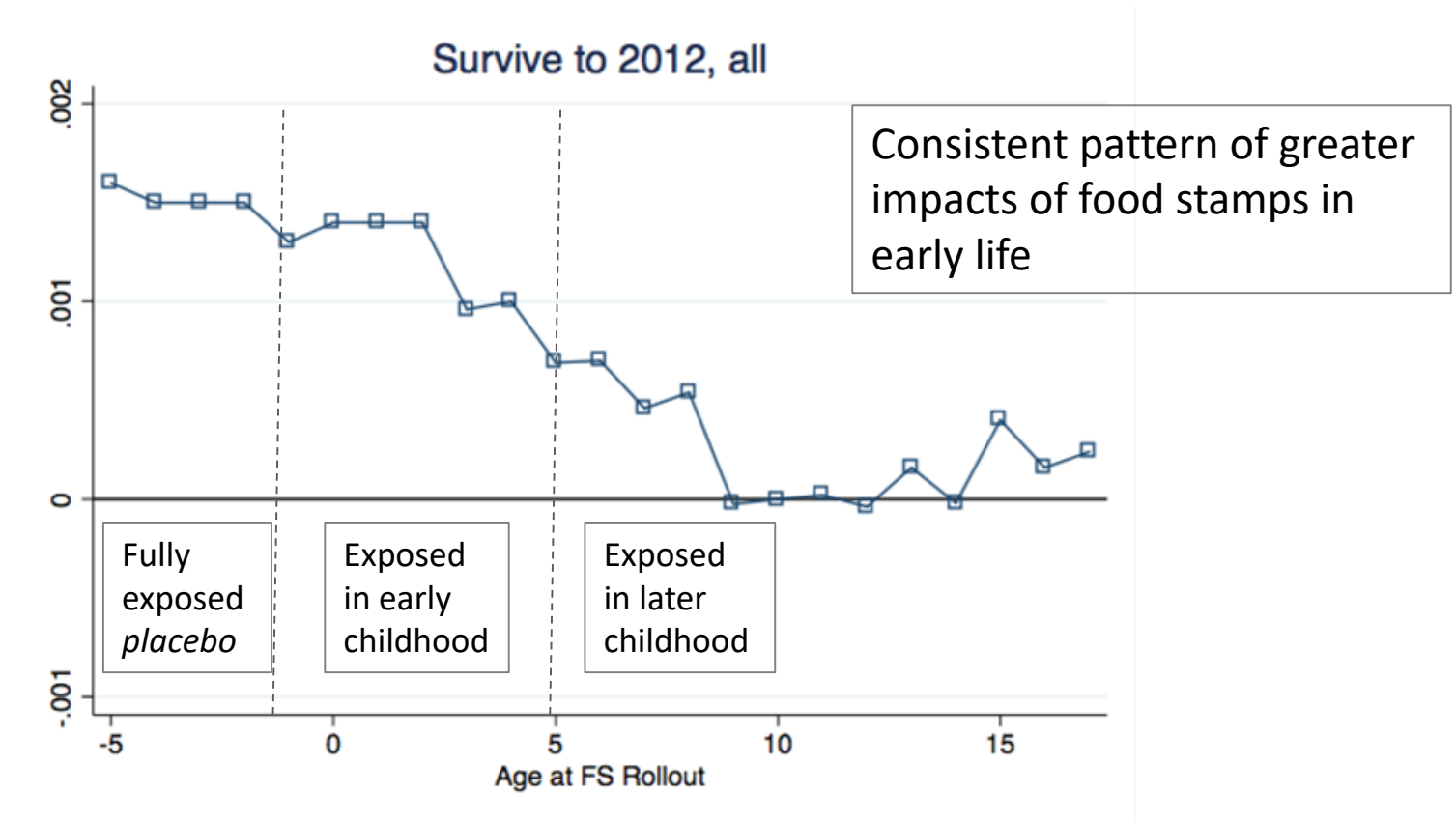
Human capital index: completed schooling, professional degree, professional occupation
In standard deviation units

Food stamps in early childhood leads to improvement in neighborhood quality



Neighborhood/Living quality index: home ownership (and value), single family residence, census tract characteristics (child poverty, teen pregnancy, share home owners, etc), county upward mobility (Chetty et al 2014)
In standard deviation units

Food stamps leads to a reduction in mortality



Note: Outcome is the share in the cell that survived to 2012 (mean=0.96).
In percentage point units

Gaps in our understanding

Gaps

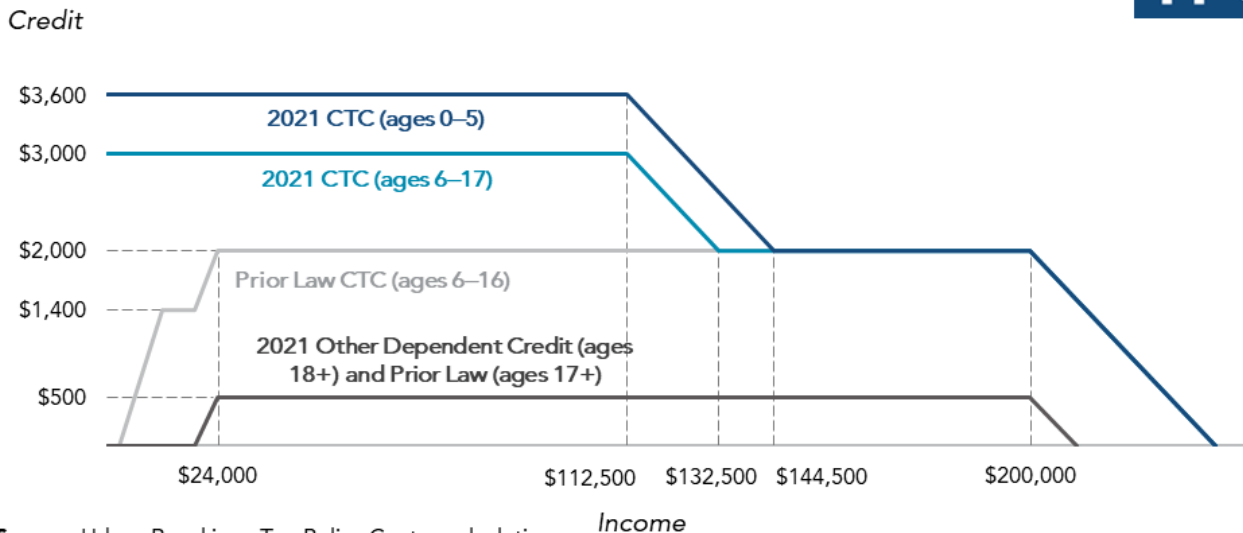
- Inside the black box
 - what is the mechanism for LR outcomes?
 - Are there short run outcomes that can help predict long run outcomes?
 - Interactions / complementarities - are programs more effective with another policy in place? (e.g. our SNAP paper no effects on HC for blacks, are good schools necessary to translate early life resources to LR outcomes)
- Does age of treatment matter? Mixed results across studies.
- Understanding the role of race
 - Policies - racism helped build the policies we have; we are just starting to understand the legacy of our past, legacy of this hurts us all (limited funding, block grants, administrative burdens)
 - Research should examine how policies close gaps as well as analyzing effects for a given group

What does this work tell us about the
promise of the expansions to the social
safety net

The Expanded Child Tax Credit

FIGURE 1

American Rescue Plan Act Expands 2021 Child Tax Credit



Source: Urban-Brookings Tax Policy Center calculations.

Note: CTC = Child Tax Credit. Proposal makes credit fully refundable; prior law limited the refundable portion to \$1,400. Illustration assumes all income comes from earnings, taxpayer is head of household, and child meets all tests to be a CTC-qualifying dependent. Credit for married couples begins first phase out at \$150,000 of income until credit reaches pre-2021 level; begins second phase out at \$400,000 of income. Under prior law, credit for other dependents applied to dependents ages 17 and up.

American Recue Plan included expansion to CTC for 2020

This policy is predicted to reduce child poverty by over 40 percent, more for children of color

If made permanent this would be the most important policy to reduce child poverty in US history.

2020 Child Tax Credit – excludes the poorest families with children (conditionality on work, not fully refundable)

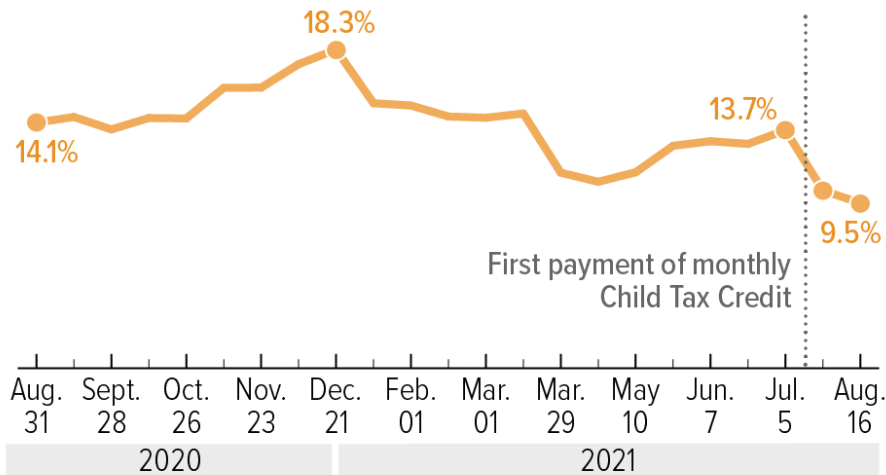
2% of children are in families with incomes too high to get full CTC

35% of children are in families with incomes too low to get the CTC

Early evidence shows that the expanded CTC reduces food insecurity (first checks July 15)

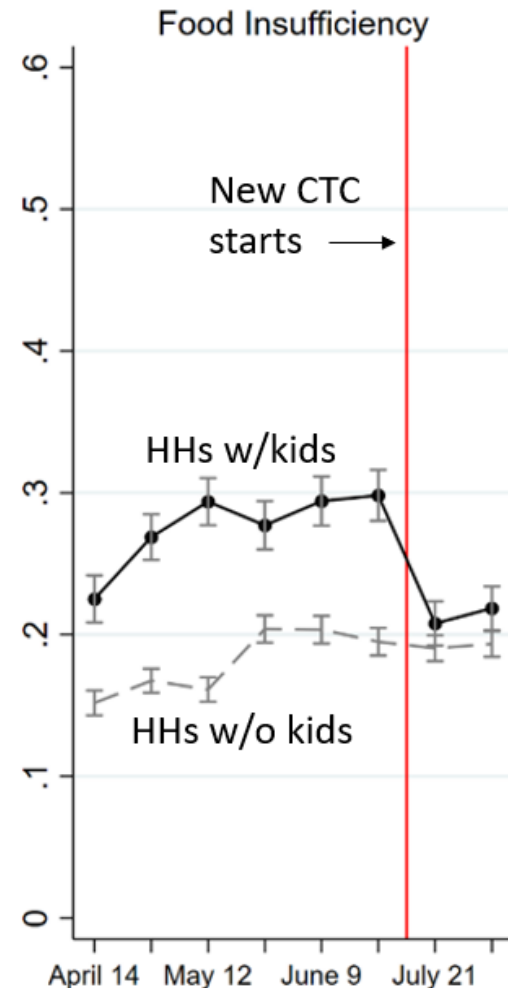
Fewer Families With Children Didn't Get Enough to Eat

Share of adults with children reporting that their household sometimes or often did not have enough to eat in last 7 days



Note: Dates shown are the last day of each Household Pulse Survey 13-day data collection period. Data collection was paused between December 21, 2020 and January 6, 2021, between March 29 and April 14, 2021, and between July 5 and July 21, 2021. Percentages exclude individuals who did not respond to the question.

Source: CBPP analysis of Census Bureau Household Pulse Survey tables



Conclusions

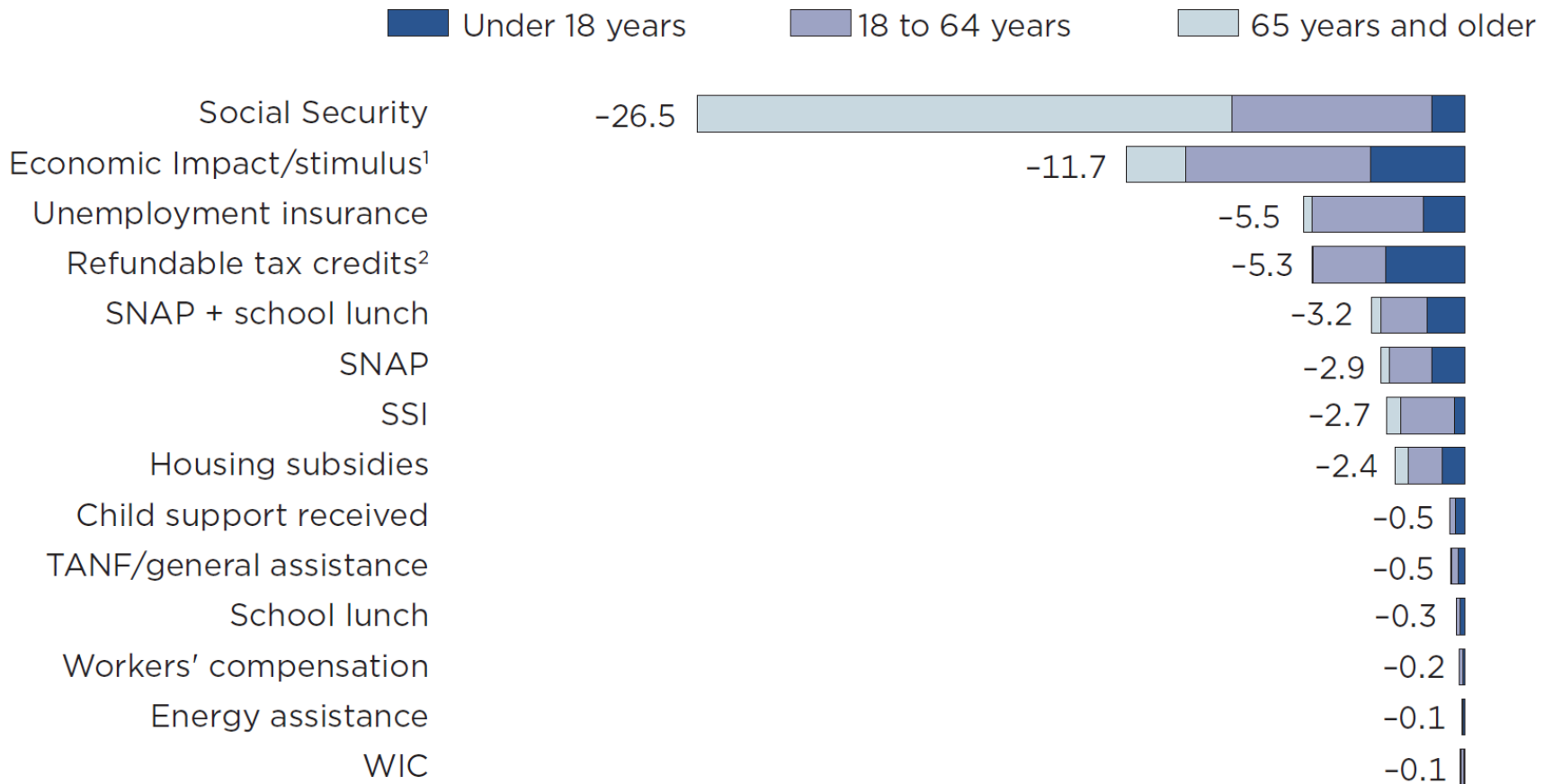
- Access to safety net programs during childhood improves health and economic wellbeing for children, society over long run
- Increasing incomes to families with young children not only reduces poverty today, but affects the life trajectory of children
- The U.S. underinvests in children relative to other developed countries
- The expansion of the Child Tax Credit would dramatically reduce poverty today – and lead to gains for children over the life course

EXTRA SLIDES

How does the social safety net affect poverty?

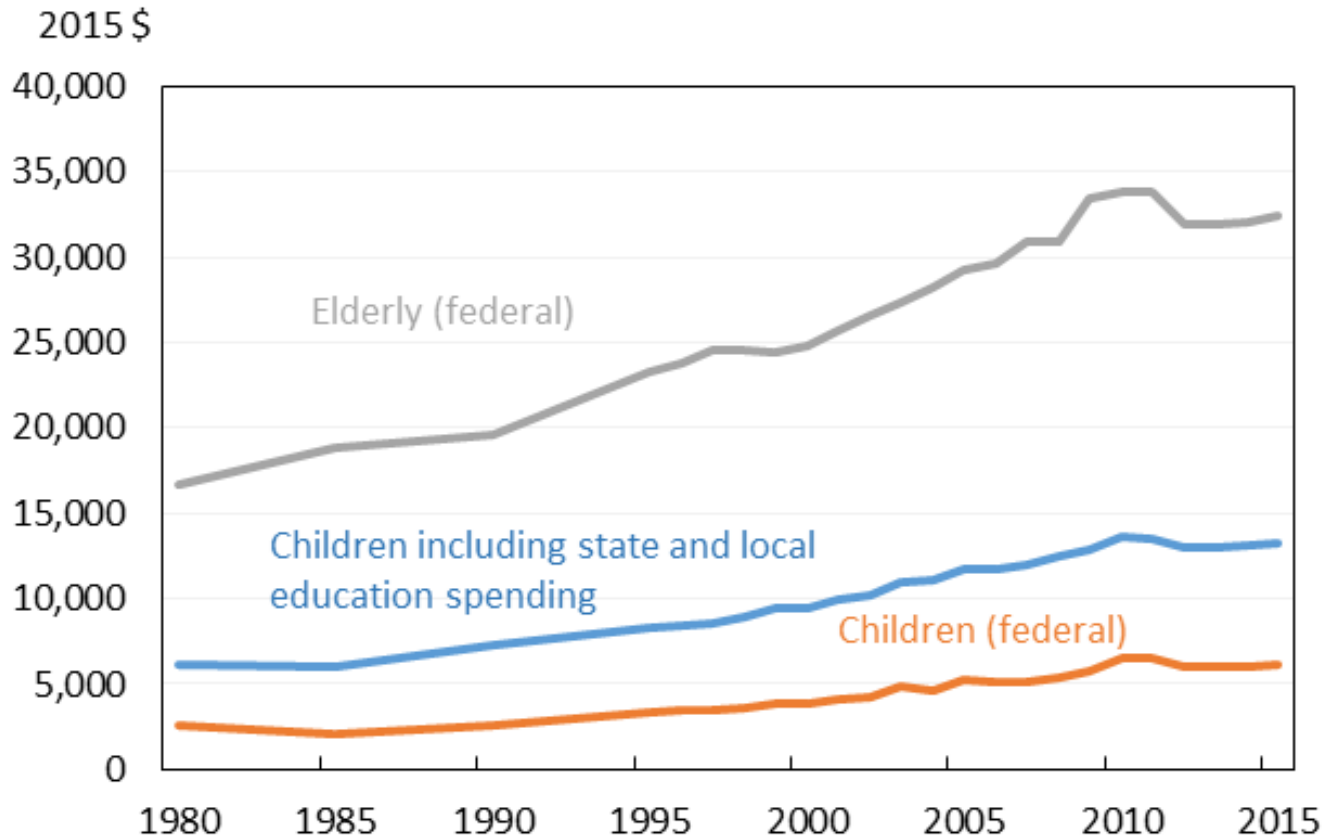
Change in Number of People in Poverty After Including Each Element: 2020

(In millions)



U.S. Spending on the elderly is in line with other countries, but child spending is low

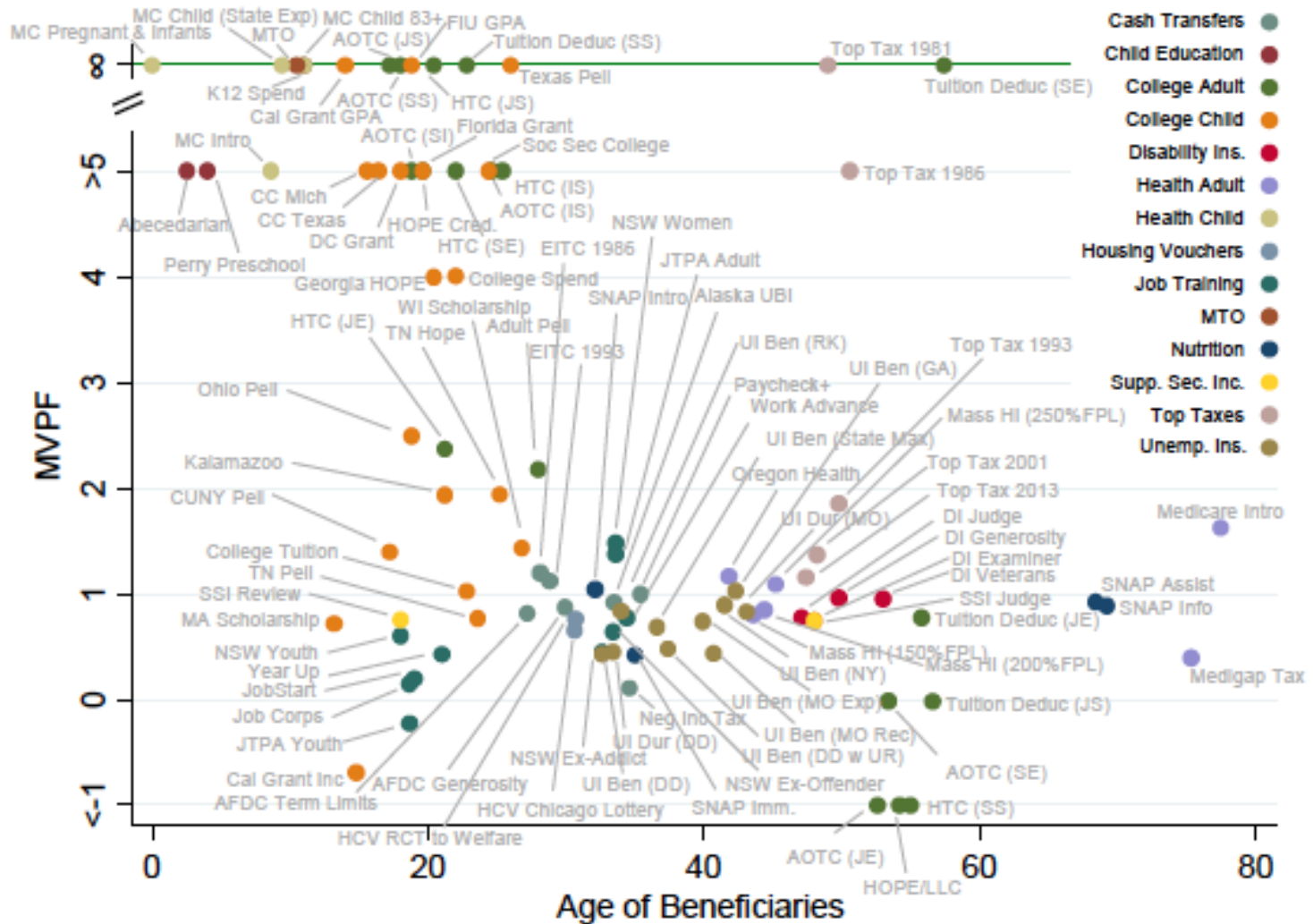
Per-capita spending on children and elderly



We spend much more, and spending has increased by more for the elderly (compared to children)

Comparing Benefits to Costs across 100+ policies

FIGURE III: MVPF Estimates by Age of Policy Beneficiary



Source: Hendren and Sprung-Keyser (2020)

The Food Stamp Program and Historical Rollout

- Use initial rollout of the Food Stamps, which took place across the approx. 3200 U.S. counties over 1961-1975
- Key markers in this history:
 - 1961: pilot programs launched by Pres. Kennedy
 - 1964: Food Stamp Act, voluntary adoption across counties (subject to funding)
 - 1975: universal coverage following the 1973 amendments
- This allows us to use a county quasi-experimental research design
- While this occurred during the War on Poverty, in practice the programs evolved quite independently from one another