FIVE FREEDOMS FOR AMERICA’S CHILDREN

U.S. SENATOR BOB CASEY
# FIVE FREEDOMS
## FOR AMERICA’S CHILDREN

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INTRODUCTION

Throughout America, children lack the support and conditions—health care, economic security, education, adequate nutrition and safety—that they require to grow and flourish. In the 21st century, every child in America should have the freedom to reach their full potential.

As Americans, it is our solemn obligation to help families ensure every child has the support they need, yet we have failed them time and again. In our political system, the best interests of children are often invoked, but rarely provided for. Over time, corrupt forces have perverted the basic notion of freedom, while creating a government that works for corporate interests rather than our children’s best interests. Seeking a different framework, in his 2013 inaugural address, President Barack Obama spoke about our commitment to one another, saying:

We do not believe that in this country freedom is reserved for the lucky, or happiness for the few. We recognize that no matter how responsibly we live our lives, any one of us at any time may face a job loss, or a sudden illness, or a home swept away in a terrible storm. The commitments we make to each other through Medicare and Medicaid and Social Security, these things do not sap our initiative, they strengthen us. They do not make us a nation of takers; they free us to take the risks that make this country great.

President Obama’s reminder that freedom is not “reserved for the lucky” but rather is a “commitment[s] we make to each other” was not a new one. His words harkened back to a time when our public leaders understood that living freely required the affirmative work of government and was predicated upon not just the economic well-being of those at the top, but the prosperity and self-determination of all people. In 1941, President Franklin D. Roosevelt articulated this expansive vision of freedom in his “Four Freedoms” speech, in which he described his vision for a post-war world based on freedom of speech and expression, freedom of every person to worship God in his or her own way, freedom from want, and freedom from fear. Roosevelt’s four freedoms are no less relevant in today’s international order than they were as the world sought to respond to the totalitarian horrors of the 1930s and 1940s.

President Roosevelt’s vision of freedom is equally relevant as we consider our obligations to one another, especially to children. President Roosevelt recognized that children have specific needs and requirements that compel a policy response that is appropriate to those needs, saying, “We cannot always build the future for our youth, but we can build our youth for the future.” Preparing our children for the future, giving them the freedom to develop into the people they aspire to be, requires a renewed and deep commitment on the part of our country and our policymakers. It requires policies and investments that are commensurate with our commitment.

The promise of opportunity and freedom for America’s children must be an urgent societal and governmental priority. As former Governor Bob Casey of Pennsylvania wrote,

Only government, when all else fails, can safeguard the vulnerable and powerless. When it reneges [sic] on that obligation, freedom becomes a hollow word. A hard-working person unable to find work and support his or her family is not free. A person for whom sickness means financial ruin, with no health insurance to soften the blow, is not free. A malnourished child, an uneducated child, a child trapped in foster care—these children are not free. And without a few breaks along the way from government, such children in most cases will never be truly free.5

In the 21st century, it is time that we revive the true meaning of freedom for all people, and especially for our children to give them a fair shot to achieve the future they deserve. To that end, this document sets forth a detailed plan to secure the blessings of freedom for the children of today and tomorrow. This plan identifies five basic freedoms that our society must guarantee to our Nation’s children:

**Freedom to Be Healthy:** Every child in America should have quality, affordable health care. This proposal recommends automatic Medicaid eligibility at birth through age 18.

**Freedom to Be Economically Secure:** Every child in America should have the opportunity for economic security, and to earn a living wage when they reach adulthood. This proposal recommends expanding the Child Tax Credit and allowing parents to claim it monthly; and it proposes the creation of children’s saving accounts, seeded annually with $500 in government contributions, that children can later use in pursuit of a post-secondary education, home ownership or a business enterprise.

**Freedom to Learn:** Every family in America should have access to quality, affordable child care and early learning programs. This proposal recommends an additional annual investment of $7 billion to expand affordable child care and early learning programs; an additional investment of $18 billion annually to ensure that Head Start can cover all eligible 3–5 year old children; and a substantial expansion of the Child and Dependent Care Tax Credit to help working families cover the cost of child care.

**Freedom from Hunger:** No child in America should go to bed hungry or worried about their next meal. This proposal recommends enhancing automatic certification of more children for school meal programs, expanding universal school lunch and breakfast, and increasing retroactive reimbursement of school meals for eligible children who were not initially certified for school meals.

**Freedom to be Safe from Harm:** Every state in the Nation should have the resources necessary to strengthen families, prevent child abuse and neglect, and investigate and prosecute crimes against children. This proposal recommends the following investments: $250 million per year in community-based child abuse prevention; $250 million per year for child protective services; and $250 million per year to state Attorney General offices to prioritize investigation and prosecution of crimes against children.

While the policies outlined here, working in conjunction with one another, would have a substantial and positive impact on the well-being of children, no proposal or document can reasonably cover all of the

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determinants of child well-being, nor propose policies related to each of them. While this plan focuses on policies that are relatively specific to children themselves, policies related to the well-being and economic security of families are also critically important investments in children. Safe and affordable housing, wage policies such as the minimum wage, as well as paid parental leave, among many others, are directly important for children and for their families.6

THE STATE OF AMERICA’S CHILDREN TODAY

The last two years have been some of the worst for children in decades, due to actions taken by the Trump Administration that harm children substantially. Despite low unemployment and overall economic growth, children are being left out and left behind. According to the Census Bureau’s supplemental poverty measure, which takes into account many of the government programs designed to assist low-income families and individuals, childhood poverty worsened in 2017 for the first time since the Great Recession,7 leaving one out of every six children in difficult circumstances and with significant barriers to success.8 Almost half of young children in the United States lived in poverty or near poverty,9 with infants and toddlers at greatest risk.10

Poverty harms children both immediately and for a lifetime. The National Academies of Sciences, Engineering, and Medicine (NASEM) concluded in their 2019 seminal Roadmap to Reducing Child Poverty that poverty itself, especially when it occurs in early childhood or is persistent over time, is damaging to children in ways that last a lifetime.11 NASEM further estimates that the results of this

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poverty, in terms of lost adult productivity, increased health costs and increased expenses of crime, cost the United States between $800 billion and $1.1 trillion annually.

Children’s programs are already woefully underfunded, and each year this Administration proposes budgets that would make the situation dramatically worse. If the President’s Fiscal Year (FY) 2020 budget had been implemented, 44 programs serving children would have been eliminated and many others would have been crippled. Furthermore, recent trends in federal spending on children, as well as projections into the future, show declining federal investments in child well-being. Several studies have demonstrated the declining share of the federal budget dedicated to child well-being, which is now estimated to be between 7.21 percent and 9.2 percent.

Measured differently, as a share of gross domestic product (GDP), the same study found similar patterns, with federal spending on children as a percentage of GDP peaking at 2.5 percent in 2010, declining to 1.9 percent in 2018, and then projected to further decline to 1.7 percent in 2029. This decline is worsened by our Nation’s historically low support for children and families when compared with other industrialized countries. As noted in a study published in the journal *Academic Pediatrics*, “The takeaway is that the United States underinvests in its children and their families and in so doing this leads to high child poverty and poor health and educational outcomes.”

In fact, the United States ranks nearly dead last compared to other developed nations in terms of percent of GDP invested in early childhood education and care. In 2015, countries such as Iceland, France and Bulgaria spent one percent or more of GDP, while the United States spent less than a half percent. In a world where countries compete for talent and jobs, our country’s lack of investment in our future returns poorer outcomes than so many of our allies and competitors.

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13 Ibid
15 Ibid
Younger children are more likely to live in poverty and to suffer lifelong effects as a result. Therefore, actions to reduce poverty early in life are both crucially important and also sadly lacking in the United States. Quality early care and education, which have been shown to both lift children out of poverty and improve educational and life outcomes, are not affordable for most American families. For families with two or more preschool-age children, child care is the biggest annual household expense across most of the country—more than rent or mortgage payments. Child care costs more than college at a public university in 28 states and is unaffordable for 7 out of 10 American families. Due to years of underinvestment, just one in six children eligible for federal child care assistance receives it.

Children’s safety, especially early in life, is not being adequately addressed. An estimated one in seven children experienced child abuse or neglect in the last year, and children with disabilities are at increased risk. Seventeen hundred children died from abuse or neglect in 2017, with infants being by far the most at risk. Ninety percent of abuse or neglect is committed by parents or caretakers, especially when untreated substance use disorder is present. The opioid crisis and related abuse of other drugs and alcohol have resulted in thousands of children either entering the foster care system or being cared for by other family members. The number of infants entering the foster care system grew by nearly 10,000 each year between 2011 and 2017.

There is a strong consensus in the country that quality education is essential to a child’s ability to learn and be successful. However, education by itself in the absence of financial security and opportunity cannot fill the gap that disparities bring. Nick Hanauer, founder of the public policy incubator Civic Ventures, recently wrote,

"Like many rich Americans, I used to think educational investment could heal the country’s ills—but I was wrong…. We should do everything we can to improve our public schools. But our education system cannot compensate for the ways our economic system is failing Americans…. American workers are struggling in large part because they are underpaid—and they are underpaid because 40 years of trickle-down policies have rigged the economy in favor of wealthy people like me."
Recently, the Administration proposed changes to the definition of poverty\(^{28}\) that will negatively affect eligibility for health insurance, child care, nutrition and other federal programs. Over time, hundreds of thousands of children will lose food and health care.\(^{29}\) This is exactly the opposite approach our country should be taking. It is precisely these programs that help lift millions of children and families out of poverty and allow them to look forward to the future with hope.

Actions such as the Administration’s proposed changes to the “public charge” rules undercut children’s health and well-being in particularly cruel ways.\(^{30}\) Parents will fear that legally enrolling their children in nutrition, health and other programs will be used against them someday when they are applying for legal permanent residency or entry into the United States. As a result, many families are already dis-enrolling even when the rules do not apply to them.\(^{31}\) Looking in the near future, a recent study published in the *Journal of the American Medical Association (Pediatrics)* estimates that up to 1.9 million children with specific medical needs will lose health and nutrition benefits,\(^{32}\) which will result in more illness, more hunger and less success for our children.

Over the past two decades, wealthy Americans and profitable corporations have disproportionately benefited from tax cuts and fiscal policy. Half of American households earn less than $63,000 a year,\(^{33}\) yet since 2000, we have spent over $1.2 trillion on tax cuts to the top 1 percent.\(^{34}\) Since 1960, the effective tax rate for America’s 400 richest families has gone from 56 percent to 23 percent.\(^{35}\) The 2017 Republican tax bill\(^{36}\) is just the latest example of how spending priorities are completely upside-down, prioritizing corporate giveaways and tax cuts for the wealthy while ignoring priorities like investing in children and building the middle class. Driving growth of debt and deficit through tax cuts for the wealthy and large corporations makes it impossible to invest in our schools, to address child poverty and food insecurity, to tackle maternal mortality, to invest in our roads and bridges, to provide affordable and quality child care and to ensure Americans truly see the benefits from their labor.\(^{37}\)

There are ample reasons to conclude that the lives of American children are becoming harder every day. Poverty is up. Health care for children—a bipartisan priority for decades—is faltering. In 2018, children


\(^{36}\) An Act to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018, P.L. 115–97.

lost ground on health insurance for the first time in a decade,\(^{38}\) and more than 800,000 children no longer received Medicaid or the Children’s Health Insurance Program (CHIP) as of January 2019.\(^{39}\) The U.S. Department of Agriculture (USDA) reported that 11.8 million children lived in food insecure households in 2018.\(^{40}\) The Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) program, which safeguards the health of low-income women, infants, and children up to age five, suffered its largest single drop in enrollment ever in 2018.\(^{41}\) If the Affordable Care Act (ACA) is repealed or struck down, more than seventeen million children in the United States who have a preexisting condition will be imperiled, and those with serious illnesses or disabilities will once again be at risk of quickly exhausting their annual and lifetime coverage limits.\(^{42}\)

All of these losses are occurring while the economy is allegedly “strong,” but “strong” for whom? The Administration is advancing the household income of the wealthiest on the backs of our children, and in so doing, it is causing irreparable harm to children, families, communities and our Nation. This abject failure to invest in and protect our children is a colossal moral failing that damages our economic future and our national security.

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CHILDREN LIVING IN RURAL AREAS

Children growing up in rural America are more likely to grow up in poverty and rely on federal supports, and thus are more likely to benefit from increased investments and interventions to improve their well-being. According to the USDA, in 2017 more than one in four rural children under the age of six lived in poverty. Rural children as a whole (age 0–18) were 29 percent more likely than urban children to live in poverty. Forty-three counties in the United States had child poverty rates of 50 percent or higher, 40 of which were rural (93 percent). Eighty-five percent of counties experiencing persistent poverty—defined as 20 percent or more of the population living in poverty for at least 30 years—were rural. Elevated rates of poverty in rural regions are seen in all major race/ethnic group categories.

Families living in rural areas more commonly face reduced access to employment opportunities, limited public transportation, and inadequate educational, health care and child care options. Rural children are less likely to have health insurance, and infant mortality is substantially higher. Utilization of programs such as WIC and SNAP are higher in rural parts of the country. USDA also noted in 2019 that “concentrated poverty contributes to poor housing and health conditions, higher crime and school dropout rates, and employment dislocations,” and that the more time a child spends in poverty or living in a high-poverty area, the more likely they are to be poor as an adult.

Federal health insurance programs play an especially important role in supporting rural children. Families and children residing in rural areas are more likely to be covered by Medicaid than those residing in metropolitan areas. This is not surprising given that rural areas are characterized by lower rates of workforce participation, lower incomes and higher rates of disability. In 2014–2015, 45 percent of children living in rural areas and small towns received health insurance through Medicaid or CHIP, while a significantly smaller percentage, 38 percent, of children living in metropolitan areas did so. This pattern holds true in nearly all states. Similarly, in states that participate in Medicaid expansion under the ACA, small towns and rural areas saw significant benefits. The most dramatic decreases in the uninsured rate were in rural areas of expansion states, where the rate fell from 35 percent to 16 percent, compared to a drop from 38 percent to 32 percent in rural areas of non-expansion states.

THE FIVE FREEDOMS FOR OUR CHILDREN

The crisis of freedom facing our Nation’s children is not new or an accident. Over decades, far-right politicians have sought to redefine our Nation’s basic obligations to our children in pursuit of a corporate agenda. This corporate agenda has robbed resources from our schools and health care system in order to give obscene tax cuts to the super-rich and biggest corporations, as noted above—nearly $1.2 trillion to the top 1 percent in less than 20 years. The foundation of this corporate agenda is a political strategy that seeks to pit Americans against one another by race, religion and national origin. Instead of focusing on all of our Nation’s children, this diabolical strategy has sought to convince Americans that the success of their children is dependent on someone else’s child not having opportunities. While far-right politicians attempt to pit Americans against one another, the unprecedented giveaways to those at the very top keep growing. This corrupt agenda seeks to redefine freedom and opportunity to conform to a fraudulent “trickle down” economic model that has diminished the lives of millions of children. All of our Nation’s children deserve freedom and the opportunity that comes with being truly free. In the 21st century, the guarantee of freedom must be more than a goal; it must be a matter of national policy.

Our country’s neglect of our children is not a new phenomenon. For decades, we have underinvested in our children. However, the current Administration has moved beyond neglect and is instead pursuing a radical corporate agenda that is accelerating the decline in our children’s well-being. Whether it is the Administration’s push to gut Medicaid, disqualify children from food assistance, cage children at the border who are seeking a new life for themselves, or push the definition of poverty to reduce the number of individuals eligible for means-tested programs, this Administration’s agenda prevents children from being truly free. These policies are an insult to the idea of freedom upon which our Nation was founded.

A children’s strategy that reflects the value of our Nation’s youngest residents must move first away from harm, beyond neglect, to a proactive model which allocates resources to where they are most needed and which puts in place the conditions under which children can be truly free.

FREEDOM TO BE HEALTHY

All children deserve access to quality health care. Public policy should ensure that children benefit from both preventive health care and the dramatic advances in American medical care. Extensive research has documented both short- and long-term positive effects of health care for children. Children who can access Medicaid and CHIP for longer periods are less likely to drop out of high school and more likely to complete college. They are more likely to earn higher incomes and contribute more in taxes. As adults, they are less likely to be hospitalized, have high blood pressure or die prematurely.54 In addition,

their parents have reduced out-of-pocket expenses and thus more money for rent, food and utilities.\textsuperscript{55} However, children who do not have access to comprehensive health care will not have these advantages, and without affordable health care, a child’s serious illness can quickly bankrupt families and further reduce their chances of success.

Policy: Automatic Medicaid Enrollment for All Children at Birth

Background on Policy

As illustrated by the graph at right, 39 percent of all children in the United States received their health insurance through the Medicaid and CHIP programs in 2019. These programs cover 44 percent of children with special health care needs and 79 percent of children in or near poverty. States that expanded Medicaid as part of the ACA show decreased infant and maternal mortality.\textsuperscript{56} However, four million children remain uninsured, and new data show that we are losing ground for the first time in many years.\textsuperscript{57, 58, 59}

At the end of 2018, there was a 2.2 percent decline in the number of children enrolled in Medicaid and CHIP from the same time in 2017, which means over 800,000 children that were covered under Medicaid or CHIP at the end of 2017 were not covered by those programs at the end of 2018. This change is illustrated in the two graphs below. While some of these children may have transitioned to employer-sponsored coverage with their parents, many have lost access due to this Administration’s attacks on the program.\textsuperscript{60} In order to prevent a lapse in coverage for children, every child must be eligible for Medicaid. Losing ground on health care for children after years of progress is a moral blot on our Nation that undermines our national security.

\textsuperscript{55} National Academies of Sciences, Engineering, and Medicine, \textit{A Roadmap to Reducing Child Poverty} (The National Academies Press, 2019), \url{https://doi.org/10.17226/25246}.

\textsuperscript{56} Donna Cohen Ross et al, \textit{Medicaid Expansion Fills Gaps in Maternal Health Coverage Leading to Healthier Mothers and Babies} (Georgetown University Center on Children and Families, 2017), \url{https://ccf.georgetown.edu/2019/05/09/medicaid-expansion-fills-gaps-in-maternal-health-coverage-leading-to-healthier-mothers-and-babies/}.

\textsuperscript{57} Joan Alker and Olivia Pham, \textit{Nation’s Progress on Children’s Health Coverage Reverses Course} (Georgetown University Center on Children and Families, 2018), \url{https://ccf.georgetown.edu/wp-content/uploads/2018/11/UninsuredKids2018_Final_asof1128743pm.pdf}.

\textsuperscript{58} Elizabeth Chuck, “Kids are falling off: Why fewer children have health insurance now,” \textit{NBC News}, December 8, 2019, \url{https://www.nbcnews.com/news/us-news/kids-are-falling-why-fewer-children-have-health-insurance-now-n943561}.


Policy Description

This proposal would make all children through age 18 eligible for coverage under Medicaid. Children would be automatically enrolled at birth and would retain that eligibility until the age of 18, with no redetermination requirement. Parents could proactively opt their child out of Medicaid if they had another form of coverage, such as being eligible for CHIP, securing coverage through the marketplace or having coverage through their parent’s employer. The federal government would cover the cost of this Medicaid population with a 100 percent Federal Medical Assistance Percentage. CHIP is currently authorized through FY 2027, and the existing maintenance-of-effort requirement would keep CHIP as an option for families with incomes up to 300 percent of the federal poverty level who prefer CHIP to the new Medicaid benefit. This proposal assumes that CHIP continues to provide children with coverage beyond the current authorization.

Expected Impact of Policy

By guaranteeing that every child from birth through age 18 has access to health care under the Medicaid program, we increase the likelihood that they will receive the well visits and early interventions that they need to develop and grow. Together Medicaid and CHIP cover more than 35 million61 of the approximately 73 million children in the country.62 Children enrolled in Medicaid have access to the Early and Periodic Screening, Diagnostic and Treatment (EPSDT) program, which is the standard of pediatric care recommended by the American Academy of Pediatrics.63 EPSDT ensures that children have access to preventive care and early intervention when problems are discovered, and is often more comprehensive that what is offered in commercial plans. As studies have shown,64, 65 access to Medicaid, 61 “October 2019 Medicaid & CHIP Enrollment Data Highlights.” January 10, 2020, Medicaid.gov, https://www.medicaid.gov/medicaid/program-information/medicaid-and-chip-enrollment-data/report-highlights/index.html.
and especially to EPSDT, leads to positive education and economic outcomes over an individual's lifetime. By guaranteeing access to health care, this policy will create a better future for our children and our Nation.

FREEDOM TO BE ECONOMICALLY SECURE

Economic stability and security for children and their families are the best predictors of a child's well-being. Many programs that alleviate poverty have been shown to improve a child's birth, health and educational outcomes. In recent years, countries such as England and Canada have taken bold action to reduce child poverty, and organizations such as NASEM have put forth realistic plans to reduce child poverty in the United States by 50 percent in 10 years.66

Policy: Children’s Savings Accounts

Background on Policy

Parents across the country are struggling to meet monthly expenses like child care, rent and utility bills; afford the cost of college; and help their children have a strong start in life.

To that end, during consideration of the 2017 tax legislation (P.L. 115–97) by the Committee on Finance, Senator Casey authored an amendment directing $500 per year towards a college savings account for children in families earning under $100,000. Senator Casey secured a vote on his proposal, but despite the support of every Democrat on the committee, the amendment was not included in the final bill.

Several states and countries have adopted programs to establish and help fund children’s savings accounts, including Nevada, Rhode Island, Maine and Pennsylvania.67, 68 This proposal is more expansive and comprehensive than the existing state programs, and also expands the types of eligible expenditures.

Senator Casey believes that no child's future should be limited because their parents are not wealthy. Every child should have the opportunity to reach her or his potential and no child should be limited by poverty. This proposal is an investment in their future.

Policy Description

The proposal would establish a children’s savings account for every child whose parent(s) or guardian earns under $100,000 per year. Deposits of $500 per year will be made for qualifying children at tax time. Parents, friends and family members can make additional contributions at any time. Parents and guardians who qualify for the Earned Income Tax Credit (EITC) will be eligible to receive dollar-for-dollar matching contributions of up to an additional $250 per year. Through this program, parents will also have the ability to establish their own emergency savings account.

Up to half of the funds in a children's savings account can be used to pay for post-secondary education. After a person turns 26, or following graduation from a 2- or 4-year program or receipt of a professional credential, funds may be rolled over into an IRA account, used to start a business or buy a home in the


name of the account beneficiary. Funds from the savings account may be rolled over into an Achieving a Better Life Experience (ABLE) account for individuals with disabilities at any time.

The Department of the Treasury and the Internal Revenue Service will work in coordination with the Centers for Medicare and Medicaid Services to ensure youth in foster care have accounts established on their behalf, and that youth are informed that such accounts have been established in their name.

**Expected Impact of Policy**
In 2016, 48.3 million children lived in households earning less than $100,000 per year. Depending on years of eligibility, children could begin their adult lives with up to $9,000 in savings to help pay for post-secondary education, start a business, buy a home or save for long-term retirement. This is a down payment on the future of the children of our country.

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**Policy: Child Tax Credit/Children’s Allowance**

**Background on Policy**
The *Working Families Tax Relief Act* and the *American Family Act* would expand and improve the Child Tax Credit (CTC) for families and workers across the country. Both bills were introduced by Senator Sherrod Brown and Senator Michael Bennet and enjoy broad support from the Democratic Caucus.

**Policy Description**
The *American Family Act* (Bennet-Brown) creates an expanded Child Tax Credit for children under 6. The bill would create a new Young Child Tax Credit that would provide $300 per month ($3,600 per year) for parents with children under 6 years of age, compared to the current level of $2,000 per year under the CTC. It also increases the maximum CTC from $2,000 per year to $3,000 per year for children 6 years of age or older.

The *Working Families Tax Relief Act* (Brown-Bennet) expands both the EITC and the CTC, and like the *American Family Act*, establishes a child allowance. The bill makes the current $2,000 CTC fully refundable and creates a $3,000 younger children credit. The bill allows the CTC to be taken monthly rather than annually.

**Expected Impact of Policy**
According to the Center on Budget and Policy Priorities,69 4 million Pennsylvanians (1.6 million Pennsylvania families) would benefit from the Working Families Tax Relief Act, including 1.7 million children. The bill would lift 7 million people and 3 million children out of poverty nationally.70 The Columbia University Center on Poverty and Social Policy recently released a report71 that found the

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**American Family Act** would cut child poverty by 38 percent. The 2019 NASEM study recognized that a robust child tax credit coupled with an expanded child care tax credit that supports working parents, along with a larger EITC, would have a significant impact on reducing child poverty.

**FREEDOM TO LEARN**

Starting before birth and continuing through early childhood, a person’s brain architecture—the foundation for perception, learning, communication, movement and behavior—is built, with more than 1 million new neural connections formed every second in infancy. Research shows that high quality early care and education activities improve children’s capacity to learn and succeed in school, their emotional development and their ability to succeed in jobs and careers. Such early care and education narrows achievement gaps and allows parents to succeed at work or in training; an estimated 60 percent of employee turnover could be reduced with access to affordable child care.

**Policy: Increase Funding for the Child Care Entitlement to States and Head Start**

**Background on Policy**

On average, America's poorest children are unprepared for school when they first walk through the classroom door. Research has shown that at age four, children living below the poverty line are 18 months below the developmental norm for their age. In addition, these children score significantly lower on cognitive tests than children from the wealthiest families before entering kindergarten. Investing in early childhood education is a cost-effective strategy that will help improve economic growth in the long run. In fact, research has found the return on investment of high-quality early childhood programs to be up to $16 for every $1 invested.

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73 Implementing a Roadmap to Reducing Child Poverty (First Focus Campaign for Children, 2019), https://static1.squarespace.com/static/5783bb3f46c3c42c527e141/5e1c911b69f1cc5088359f9a8/1578930461192/FF_NASEM_AnalysisFINAL.pdf.


Head Start has a particularly strong track record of helping lift children and families out of poverty. A study of Head Start children in Harrisburg, Pennsylvania found that they had higher scores in the fifth grade than a control group on all academic and executive functioning outcomes. These benefits stay with the children into adulthood. Research shows Head Start children have a higher likelihood of graduating high school, attending college and receiving a post-secondary degree, license or certification. Moreover, children of Head Start graduates are significantly more likely to finish high school and enroll in college and they are significantly less likely to become teen parents or to be involved in the criminal justice system.

Unfortunately, high quality early childhood programs currently reach just a fraction of the children and families who stand to benefit. Only one in six eligible children receives federal child care assistance, and Head Start programs currently serve just 36 percent of eligible children ages 3-5. At the same time, the cost of child care has increased by 25 percent over the past decade. According to data from Child Care Aware, in Pennsylvania the average cost of full-time center-based daycare is $11,560 for an infant. This is about 12 percent of annual income for married couples, and nearly 44 percent of annual income for single parents.

Increasing mandatory funding for the Child Care and Development Fund (CCDF) would allow states to provide a child care subsidy to more families, giving more children access to critical early learning opportunities.

**Policy Description**

**Increase the Child Care Entitlement to States (CCES), the mandatory portion of the CCDF.** CCES funds are integrated, at the state level, with discretionary allotments from the Child Care and Development Block Grant (CCDBG) and the funds must be spent according to CCDBG Act rules. While historically, CCES funds were the largest portion of the CCDF, CCDBG funds now make up the largest share due to much needed significant increases in FY 2018 and FY 2019. Currently, annual CCES (mandatory) appropriations are about $2.9 billion, while CCDBG (discretionary) appropriations are around $5.2 billion. Increasing the CCES will help to keep pace with discretionary gains and ensure states continue their investments in child care. This would be a stepping-stone towards enacting Senator Patty Murray’s *Child Care for Working Families Act*.

**Increase Head Start funding by $18 billion annually.** Head Start received about $10 billion in FY 2019. The increased funds should be used to serve all eligible 3- and 4-year olds in full day, full year programs (1,020 hours per year).

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84 Ibid
Expected Impact of Policy

According to the Center for Law and Social Policy, if there were a $7.1 billion increase (for a total of $10 billion) in mandatory child care funding and the state match remained the same, an estimated 1.57 million additional children could be served with the federal mandatory and state match dollars annually. This estimate includes the cost of inflation to maintain the children who are currently served, and the current provider rates. This would more than double the number of children who are currently served through CCDBG. Increasing mandatory funding would also provide states with a more robust source of funding that would not be dependent on annual appropriations, providing more stability in the program.

Increasing Head Start funding would ensure all eligible 3- and 4-year olds could be served in high-quality programs for at least 1,020 hours per year. Approximately 1.56 million eligible 3–5 year olds would gain access to a Head Start program. The whole child, family-centered approach of Head Start has impacts that stretch beyond improving kindergarten readiness and health outcomes for children served. Head Start helps to lift families by providing parents with needed supports, such as opportunities to increase their advanced education and receive job training.

Policy: Child Care and Dependent Tax Credit Enhancement Act

Background on Policy

The cost of child care has increased by 25 percent over the past decade, creating significant financial strain for middle class families. In fact, child care is one of the largest expenses for parents, and especially for single parents. Parents should not be thrust into poverty for having a child. A robust Child Care and Dependent Care Tax Credit supports working parents, and increases labor force participation. This bill would provide significant support to help all working families cover the cost of child care.

The Child Care and Dependent Tax Credit Enhancement Act enjoys broad support from the Democratic Caucus.

Policy Description

The Child Care and Dependent Tax Credit Enhancement Act would:

- **Make the full Child Care Tax Credit available to most working families.** This bill would make the full credit available to families with income under $120,000. The current phase-down of the credit begins at $15,000 of income.

- **Put more money into a family’s pockets.** The bill would increase the maximum credit from $1,050 to $3,000 per child (age 0–13), up to $6,000 per family.

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89 Based on an analysis prepared by staff at the Center on Law and Social Policy, June 18, 2019.


• Ensure lower income families see a benefit. The bill would make the credit fully refundable to make sure those with the greatest need benefit.

• Retain the value over time. The bill would index benefits to inflation to ensure they keep up with ever-growing costs.

Expected Impact of Policy

According to the NASEM report,92 a Roadmap to Reducing Child Poverty, a robust Child and Dependent Care Tax Credit would:

• Raise 872,000 children out of poverty;
• Increase net employment by more than 500,000 jobs; and
• Raise aggregate earnings by more than $9 billion.

The NASEM study also found that a robust Child and Dependent Care Tax Credit would be particularly effective in reducing poverty for African Americans, single parents and mothers younger than 25.

FREEDOM FROM HUNGER

For children, adequate nutrition is crucial for good health and brain development in their formative years. Accordingly, food insecurity, defined as the “limited or uncertain availability of nutritionally adequate and safe foods,”93 can have significant long-term health effects on children. According to the USDA, 37.25 million people lived in food-insecure households in 2018, including 11.2 million children.94

Among these food insecure households, 540,000 children experienced very low food insecurity, meaning that “the food intake of household members was reduced and their normal eating patterns were disrupted because the household lacked money and other for food.”95

The negative consequences of hunger and food insecurity

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95 Ibid
among children are well-documented. Hunger is associated with a higher risk of chronic diseases, particularly asthma, and also with a range of behavioral, social and mental disorders. In addition, a lack of adequate nutrients, such as iron, zinc and vitamin A, impairs the ability of children to learn, undermining academic performance and achievement. Missing meals and experiencing hunger also impairs school performance and behavior at school. Hungry children earn lower grades, are more likely to repeat a grade and have higher rates of tardiness and absenteeism. On the other hand, children who participate in the School Breakfast Program (SBP) have increased academic performance, fewer behavior problems and better attendance records. Further, a recent paper from the Brookings Institution noted that students who ate healthy lunches at schools increased their end-of-year test scores. For students who qualified for free and reduced-priced lunch, test score increases were 40 percent larger than those observed for students who were not eligible for free and reduced price meals.

Federal nutrition assistance programs are critically important investments that support the long-term health and well-being of infants, children, mothers and families. Extensive research shows that WIC improves the nutrition and health of low-income families, resulting in safer pregnancies for the mother and child, healthier newborns and food-secure children. Similarly, SNAP not only lifts millions of people out of poverty each year, but also improves child health and development. Research has shown that SNAP participation is associated with an increased likelihood of completing high school and a decreased likelihood of a child becoming obese as an adult. Further, the National School Lunch and School Breakfast Programs have been proven to decrease food insecurity, improve dietary intake and reduce obesity. In 2015, USDA found that children receiving free or reduced-price lunches through the National School Lunch Program (NSLP) had increased consumption of milk, fruit and vegetables, as well as increased consumption of calcium, Vitamin A and zinc and lower consumption of empty calories.

97 Ibid
99 Ibid
105 Ibid
Policy: Direct Certification for School Meals

Background on Policy
The NSLP and SBP are the primary federal child nutrition programs. Schools participating in NSLP and SBP provide children nutritionally balanced meals in accordance with USDA dietary guidelines. Children who come from families with incomes of less than 130 percent of the federal poverty level receive free meals through NSLP and SBP, while those from families with incomes between 130 and 185 percent of the federal poverty level receive reduced price meals.

Policy Description
Congress has established direct certification for free school meals for certain categories of children whose families are most likely to struggle with hunger. Through direct certification, school districts match enrollment records with the names of children living in households that receive SNAP and other allowable programs. This match is then used to approve students for free school meals without the need for their families to complete a school meals application. A number of steps have already been put into the law to allow more children who are eligible for free meals to be directly certified. For example, in 2008, school systems were required to conduct data matches to directly certify children in households participating in SNAP. Starting in 2012, Congress began to allow states to use Medicaid participation to directly certify income-eligible children for free meals.

However, there is ample room to improve direct certification to ensure that eligible, low-income children can receive free meals through the NSLP and SBP. The following policies would expand this important simplification tool to more vulnerable children who are already eligible for free school meals and strengthen the process for those households that are already permitted to be directly certified but often miss out. Although many children are eligible for free or reduced-price meals based upon their families’ income, many families are unaware of their eligibility and thus do not receive the NSLP benefits to which they are entitled under the law.

- **Directly certify all low-income school-age children receiving Medicaid:** The Healthy, Hunger-Free Kids Act of 2010\textsuperscript{106} established a demonstration project that expanded direct certification to children enrolled in Medicaid and whose household income is below 133 percent of the federal poverty level. At present, only 19 states are operating the Medicaid direct certification demonstration project. This policy would expand this policy to all states, requiring all income-eligible children participating in Medicaid to be directly certified for free school meals.

- **Expansion of Mandatory Direct Certification:** Currently, school districts are required to directly certify students living in households participating in SNAP. Other vulnerable children, such as those receiving Temporary Assistance for Needy Families (TANF) cash assistance, children in foster care or Head Start and children who are homeless, runaway or migrant are automatically eligible for free meals. However, the decision to directly certify these children is left to the discretion of a school district. This policy would require school districts to utilize this important simplification tool to reach these children, in addition to those receiving SNAP benefits.

Policy: Strengthen the Community Eligibility Provision

Background on Policy

The Community Eligibility Provision (CEP) allows high poverty schools to offer school breakfast and lunch at no cost to all students. Any school district, group of schools in a district or individual school can participate in CEP if 40 percent or more of the students are categorically eligible for free meals (e.g. receive SNAP, TANF or other eligible programs). Referred to as “identified students,” these children represent the population of students who would qualify for free meals without an application.

CEP has transformed the school nutrition programs, allowing more students to experience the educational and health benefits linked to school breakfast and lunch participation, significantly reducing administrative work for schools and families and eliminating unpaid school meal debt. Equally as important, CEP allows all students to receive the same meals regardless of income level, eliminating stigma and increasing students’ access to healthy meals.

Since CEP was introduced, its benefits for families, schools and low-income communities have led to widespread adoption. More than 14,000 schools adopted CEP when it first became available nationwide in 2014. Since then, nearly 28,500 schools, representing approximately 65 percent of eligible schools, have adopted CEP. In the 2018-2019 school year, 13.6 million students attended schools that offered meals at no charge as a result of CEP.\(^\text{107}\)

Under current law, schools are reimbursed based on the share of “identified students,” or the percentage of children who are categorically eligible for free meals. The “identified student percentage” (ISP) is then multiplied by 1.6 to determine the percentage of meals that will be reimbursed at the free rate. For example, a school with an ISP of 50 percent would be reimbursed for 80 percent of meals at the free reimbursement rate (50 percent x 1.6 = 80 percent), and 20 percent at the paid rate.

Despite the expansion of CEP, opportunities remain to strengthen CEP to enable more eligible schools to offer universal meal access, allowing school districts to focus on providing nutritious food rather than processing unnecessary paperwork.

Description of Policy

**Increase the community eligibility reimbursement**: Schools are far more likely to adopt CEP if their ISP is above 60 percent. For schools with ISPs below 60 percent, the percentage of eligible schools adopting CEP drops from 80 percent to as low as 20 percent. This policy would increase the CEP reimbursement multiplier from 1.6 to 1.8. Increasing the reimbursement multiplier would make it easier for eligible schools to cover their costs while foregoing meal fees.

**Allow community eligibility school groupings across districts**: Under current law, school districts decide whether to adopt community eligibility for all or some of their schools. This policy would establish a demonstration project that would allow federal reimbursements for community eligibility to be determined across school districts, potentially even statewide. Giving local education agencies more flexibility to group similar schools together will increase and improve the ability of school districts to increase the number of schools that can directly certify low-income children, thus increasing the number of children who are able to participate.

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**Policy: Retroactive Reimbursement for School Meals**

**Background on Policy**

School lunch shaming and stigma are issues that have gained considerable attention in recent years. This shaming and stigma typically occurs when a student accrues some degree of unpaid school meal debt and a school district decides that a student may no longer receive school meals until the debt is paid. In the most extreme cases, parents of children with school meal debt have been threatened with court appearances and the possibility that their children might be put in foster care. While this is an extreme case, it is not unusual for children with unpaid debts to lose access to school meals. In such a case, children are often given an alternate meal, such as a peanut butter and jelly sandwich. Not only is this often insufficient to meet children’s nutritional needs, it also singles out such students and publicly reinforces their economic need relative to other students.

**Description of Policy**

Many of the students who accrue meal debt are eligible for free or reduced-priced meals but are not certified for such meals for a number of reasons, including language barriers, poor administrative processes or lack of robust direct certification procedures. Retroactive reimbursement for children who are eligible for free or reduced-price meals, but who are not certified until later in the year, would increase school meal participation, reduce school meal debt and eliminate the stigma associated with children being singled out as a result of their meal debt. Under current law, USDA allows local educational agencies to go back to when they received direct certification information or when the family submitted an application, but no earlier. This policy will expand the time period for retroactive reimbursement and allow for such reimbursement to go back to the beginning of the school year.

**Expected Impact of Policies**

Broadly, these policies will result in many more children participating in school breakfast and lunch with less administrative burden. Among other improvements, they will specifically result in the following:

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108 *Ibid*

• **More eligible children will be certified to receive free school meals.** Direct certification eliminates the barriers experienced by some families filling out a school meal application, such as literacy or language barriers.

• **Fewer students sitting in classrooms hungry.** Community eligibility eliminates the stigma often associated with participating in school breakfast and lunch, resulting in increased participation among low-income students. It also allows students who are eligible for reduced-price meals to receive free meals at school.

• **Less administrative work for schools.** School districts now spend a significant amount of time processing school meal applications. Direct certification reduces the number of school meal applications a district will have to process, saving the district time and money. Similarly, improved community eligibility means that instead of spending significant time processing school meal applications, schools can focus on providing healthier meals to more students.

• **Improved program impact.** Direct certification uses a child’s participation in federal means-tested programs or a child’s high-risk status (such as being homeless or in foster care), thus ensuring that the child is eligible for free school meals.

• **Reduced school meal debt and stigma.** Schools that adopt CEP do not need to collect meal fees or follow up with families who have accrued school meal debt. In addition, retroactive reimbursement for children will significantly reduce school meal debt, as well as the stigma attached to children who accrue school meal debt and, as a result, are no longer eligible to receive meals through the National School Lunch or School Breakfast Programs.

In addition to other benefits, including less administrative work and improved program integrity, the most important impact of expanding direct certification and community eligibility is that when combined, these changes move the National School Lunch and School Breakfast Programs much further in the direction of universal meal service, especially in schools with significant proportions of low- and moderate-income students. This, in turn, will move school meal programs away from income-dependent requirements in the direction of universal benefits for all children. In so doing, children will not only experience significantly greater freedom from hunger and poor nutrition, but schools will gain more capacity to focus on their core functions of teaching students, as well as being freer to attend to the complete array of children’s educational needs.
FREEDOM TO BE SAFE FROM HARM

Children deserve to grow up free from abuse and neglect, yet, all too often, children in America do not grow up in a safe environment. An estimated one in seven children experienced abuse or neglect in the last year.\textsuperscript{110} Children with disabilities are at higher risk,\textsuperscript{111} while at least 20 percent of girls suffer sexual abuse during childhood.\textsuperscript{112} These are not isolated issues. Our Nation has also seen the systemic failures of some of our most trusted institutions, from the Catholic Church to institutions of higher education, to protect children and young adults from abuse and criminal behavior.

Federal, state and local governments have an obligation to commit resources to ensure that children are protected from abuse and neglect, that families are stabilized where possible and that children are removed from unsafe environments when necessary. The federal government should act as a full partner with state and local governments by providing robust funding to strengthen families in order to prevent child abuse and neglect. It should also support caseworkers, child welfare organizations, law enforcement and non-profit organizations to help protect our Nation’s children and investigate potential wrongdoing perpetrated against them. Sadly, the federal government has historically underfunded these priorities.

One result of inadequate funding for our Nation’s child welfare system is that caseworkers are overwhelmed and far too many children fall through the cracks. A 2017 report from the Pennsylvania State Auditor General found that administrators, caseworkers and supervisors from 13 counties cited large caseloads as a major source of burnout for workers.\textsuperscript{113} Meanwhile, research from the Office of the Assistant Secretary for Planning and Evaluation at the U.S. Department of Health and Human Services suggests growing caseload rates nationwide as a direct result of the opioid epidemic and the increase in the number of parents struggling with substance use disorder. Cases associated with substance use disorder tend to be more severe and complex,\textsuperscript{114} which further strains the capacity of child welfare systems. It is clear we need a renewed federal commitment to ensuring that all children grow up safe and secure.

Policy: Expanding Investments in Child Abuse Prevention and Treatment

Background on Policy

The Child Abuse Prevention and Treatment Act (CAPTA) provides funding to states to improve child protective services and support community-based activities that prevent child abuse and neglect. This federal law helps to maintain the “front door” to services provided by child welfare agencies, as it requires states to have a system to receive and respond to reports of child abuse and neglect, and outlines policies that must be included as a response. Funding through CAPTA is mostly subject to the annual appropriations process, and, unfortunately, has historically been limited and uneven, with total funding for CAPTA split between several accounts. A larger, longer-term source of funding through CAPTA would help state and local governments to bolster their child welfare systems and child protection efforts, as well as to strengthen families and promote resiliency to prevent abuse in the neglect in the first place.

CAPTA consists of four major components, three of which are discretionary and one of which is funded through the federal Crime Victims Fund as described below.

State Grants to Improve Child Protective Services: Funded at $90 million in FY 2020 these formula grants are intended to improve local child protective services (CPS), including a system to receive and respond to reports of child abuse and neglect. Specifically, these grants provide support to states to improve intake, assessment, screening and investigation, risk and safety assessment protocols, CPS staff training, procedures for identifying and preventing child abuse and neglect, and the development and implementation of procedures for collaboration among CPS and other agencies, such as those focusing on domestic violence or assisting individuals with disabilities. In FY 2020, $60 million of this funding is designated to help states to implement “plans of safe care” for infants impacted by substance use disorder, while $30 million is going to state child protective services.

Discretionary Activities: Funded at $35 million in FY 2020 CAPTA’s discretionary funding provides competitive grants and contracts to organizations for research, demonstration, technical assistance and data collection on preventing, identifying, assessing and responding to child abuse and neglect.

Grants for Community-Based Child Abuse Prevention: Funded at $55.6 million in FY 2020 these formula grants to states support community-based services and activities to prevent child abuse and neglect. Among other things, funds can support voluntary home visiting programs, parenting programs, family resource centers, respite and crisis care and parent mutual support.

Children’s Justice Act Grants: These are formula grants to the states to improve their multi-disciplinary response to child abuse and neglect. They are not currently funded through the annual appropriations process, but rather through an annual set-aside from the federal Crime Victims Fund. Some of the activities funded through these grants include establishing or enhancing child advocacy centers, establishing and supporting state and local child fatality review teams and developing training for law enforcement, CPS and health care professionals. Funding for these grants is determined via a formula based on how much money came into the Crime Victims Fund the previous year, with this program receiving a maximum of $20 million per fiscal year.

Total appropriated CAPTA funding for FY 2020, not counting the set-aside through the Crime Victims Fund, is roughly $180 million.

Policy Description

This legislation will provide a significant expansion of resources, $5 billion over 10 years, for child abuse prevention and treatment, specifically by providing additional resources to states to improve child
protective services, and also by expanding investments in grants for community-based child abuse prevention. First, it will boost CAPTA funding to state grants for CPS by $2.5 billion over 10 years, or $250 million annually. Second, it will provide for a similar increase of funding for grants for community-based child abuse prevention, $250 million annually, or $2.5 billion over 10 years. All of this funding will be mandatory.

**Expected Impact of Policy**
Providing a long-term authorization for these provisions of CAPTA coupled with a significant funding boost for those programs, will allow state and local governments to expand their efforts to prevent and respond to child abuse and neglect. An immediate, large boost in funding will allow state and local child welfare agencies to make long delayed investments in their programs.

**Policy: Formula Grants for States’ Attorney General Offices**

**Background on Policy**
Over the past decade, widespread abuse has been uncovered at some of our most well-known institutions—from the Catholic Church to Penn State University and Michigan State University. These episodes have illustrated how easily a few perpetrators can take advantage of an institution’s systemic failure to report, respond to and protect children from abuse. Furthermore, they have illustrated the necessary role for timely government intervention and oversight.

Most child abuse allegations and investigations fall to local police, while state AGs primarily focus on large systemic investigations or internet crimes related to children. Furthermore, since many child abuse victims do not speak out until years after the alleged abuse occurred, many investigations run into issues related to the statute of limitations and an inability to prosecute certain crimes. These issues are highlighted by the Pennsylvania Attorney General’s recent investigation into the Catholic Church’s history of clergy abuse.

Many states have child advocacy offices which review individual complaints or monitor the effectiveness of child protection systems across state agencies, though additional resources would surely enhance their ability to establish more robust child protection services. Few resources, if any, are dedicated specifically to addressing large scale, systemic child abuse and neglect.

**Policy Description**
This proposal recommends the creation of a formula grant program to state Attorney General offices to strengthen their capacity to prevent, investigate and prosecute institutional child abuse and neglect. Though the funding will be provided specifically for activities related to child abuse and neglect, state Attorney General offices will have significant flexibility to use the funding in a manner that is best suited to child protection needs in their states provided that, among other activities, they specify a senior official in the office with responsibility over children’s issues and they dedicate resources specifically to recognizing, reporting and preventing institutional child abuse and neglect. Furthermore, since local law enforcement plays an integral role in preventing and responding to child abuse and neglect as well, a portion of the funds will be set aside to award a percentage of the formula grant funds to local agencies to implement preventive programming. This legislation provides $250 million annually, or $2.5 billion over 10 years. This is sufficient funding to ensure that all states who meet minimum requirements can receive a substantial grant, with additional funding allocated to states with larger populations.
Expected Impact of Policy

Providing state Attorney General offices with an influx of funding dedicated specifically to reporting and investigating systemic child abuse will allow state Attorneys General to prioritize the health and safety of children across the states. By increasing education about reporting and prioritizing these investigations, prosecutors may be more capable of pursuing charges before the statute of limitations expires on some of these criminal behaviors.

REFORMING OUR NATIONAL SPENDING PRIORITIES

Over the past two decades, wealthy Americans and profitable corporations have disproportionately benefited from federal tax cuts and fiscal policy. Half of American households make less than $63,000 a year, yet since 2000 we have spent over $1.2 trillion on tax cuts to the top 1 percent of earners. The 2017 Republican tax bill (P.L. 115–97) is just the latest example of how our spending priorities are completely upside-down, prioritizing corporate giveaways and tax cuts for the wealthy while ignoring priorities like investing in children and building the middle class. Driving growth of the debt and deficit through tax cuts for the wealthy undermines our ability to make necessary investments in our schools.

New Policies Are Responsible for a Significant Portion of the Existing Debt

Debt held by the public as a percent of the gross domestic product

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<th>Year</th>
<th>Debt without policies</th>
<th>Base defense increases</th>
<th>Wars</th>
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</tr>
<tr>
<td>2017</td>
<td>36.0%</td>
<td>26.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>2018</td>
<td>37.0%</td>
<td>27.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>2019</td>
<td>38.0%</td>
<td>28.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>2020</td>
<td>39.0%</td>
<td>29.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
</tbody>
</table>

Note: All figures include net debt service effects. Base defense increases are increases above the January 2001 baseline.

Source: Senate Budget Committee Democrats calculations from various CBO and JCT scores, various CBO baselines

SENATE BUDGET COMMITTEE MINORITY STAFF CALCULATIONS, 2019


measures to address child poverty and food insecurity, tackle maternal mortality, invest in our roads and bridges, provide affordable and quality child care and ensure Americans truly see the gains from their labor.

In 2019, the Trump tax cuts alone were already responsible for $290 billion of our deficit—a figure that will only grow in the coming years.\textsuperscript{117}

A recent report from the Institute for Taxation and Economic Policy found that since the year 2000, 22 percent of federal tax cuts have gone to the top 1 percent of Americans and 38 percent of tax cuts have gone to the top 5 percent. The cumulative cost of tax cuts for the top 1 percent is an extra $1.29 trillion added to our debt.\textsuperscript{118, 119} That is $3,942 borrowed against every man, woman and child in America in order to provide tax cuts for the top 1 percent.

\textbf{Ultra-wealthy take more of the pie}

\textit{Share of American wealth owned by top 1 percent versus bottom 90 percent}

\textbf{THE WASHINGTON POST, DATA FROM EDWARD N. WOLFF}


\textsuperscript{117}Minority Staff, If Not for Republican Policies, the Federal Government Would Be Running a Surplus But Deficit Worries Are Themselves Overblown (United States Senate Committee on the Budget, October 25, 2019), https://www.budget.senate.gov/imo/media/doc/GOP%20Policies%20Caused%20the%20Deficit%20REPORT%2010-25-19.pdf.

\textsuperscript{118}According to analysis by the Institute on Taxation and International Policy (ITEP), “from 2001 through 2018, significant federal tax changes have reduced revenue by $5.1 trillion, with nearly two-thirds of that flowing to the richest fifth of Americans, as illustrated in Figure 1. The cumulative impact on the deficit during this period is $5.9 trillion, including interest payments.” Steve Wamhoff and Matthew Gardner, Federal Tax Cuts in the Bush, Obama, and Trump Years (Institute on Taxation and International Policy, July 2018), https://itep.org/federal-tax-cuts-in-the-bush-obama-and-trump-years.

The 2017 Republican tax bill, P.L. 115–97, further cut taxes for the wealthiest Americans, cutting the top marginal rate by 2.6 percentage points for income earned over $600,000.120 121

In that same 2017 tax bill, corporations saw their tax rates reduced from 35 percent to 21 percent. The Joint Committee on Taxation estimates that each percentage point reduction in the corporate tax rate costs about $100 billion over ten years. (Conversely, each percentage point increase raises $96 billion.)122 Adding insult to injury, Republicans were able to make the corporate tax cut permanent by increasing costs and taxes on working families by hundreds of billions of dollars, through rollbacks to the ACA and changing the way inflation is calculated, resulting in a slower cost-of-living adjustment.

While corporate capital investments failed to materialize124, 125, 126 following enactment of the 2017 Republican tax bill, share buybacks—which benefits shareholders, who are disproportionately wealthy—surged to unprecedented levels.127 The Senate had an opportunity to vote on a measure authored by Senator Casey to ensure that firms increase worker wages at the same rate as raises to executives and stock buybacks. The proposal failed on a party-line vote.128

Instead, in 2018, corporations like Wells Fargo spent $20.96 billion on stock buybacks without any requirement that some of their tax windfall goes to workers. If Wells Fargo spent just one quarter of that $20.96 billion stock buybacks on worker raises, each of their 262,700 employees could have received an extra $19,946.129 The average bank teller makes $29,450 per year, or about $14 per hour.

The Republican tax bill of 2017 has begun to put close to $2.5 trillion on the national credit card while lavishing the vast majority of benefits on corporations and wealthy Americans. Unfortunately, this is not an isolated policy and follows similar unpaid-for tax cuts of the early 2000s, which also disproportionately benefitted wealthy Americans. Distorted fiscal policy such as this not only fails to directly benefit the middle class and working Americans, but it also precludes urgently needed investments in our children, in our economy and in federal investments crucial to the formation of human capital. Indeed, immediately after passing the 2017 tax cut at a cost of several trillion dollars, Congressional Republicans pivoted to the need to shrink Social Security and federal health programs in the name of deficit reduction.
There is ample room to reverse these upside-down tax policies and to reinvest funds where the need and impact are greater. Redirecting federal tax dollars provided in recent years from corporate and wealthy Americans to significant investments in the health, well-being, and opportunity for America’s children would correct the significant errors in tax policy made in recent years. Such a tax policy would provide an opportunity to invest in our children at a level commensurate with their needs and those of our Nation.

When it comes to our Nation’s children, you cannot put a price on their health and safety. However, there are a number of tax changes that could be enacted to make funds available to carry out the policies proposed here:

1. Increase the corporate tax rate to a reasonable level of 28 percent: $700 billion.\textsuperscript{130}
2. Take measurable steps to reduce the tax gap: $500 billion.\textsuperscript{131} Every year hundreds of billions of taxes owed go unpaid. Addressing the tax gap in a meaningful way could raise hundreds of billions of dollars.
3. Establish 15 percent corporate minimum tax: $400 billion.\textsuperscript{132}
4. Return the top tax marginal rate for individuals to its pre-2018 level of 39.6 percent: $90 billion.\textsuperscript{133}
5. Return the estate tax to its pre-2017 level ($11 million tax exemption): $80 billion.\textsuperscript{134}

The policy changes identified are provided not because they match up on a dollar-for-dollar basis with the policies proposed in this document, but to show that there are ample opportunities in the tax code to redirect revenue so that it can be used for commonsense investments in children.

\textsuperscript{133} Ibid
MONITORING AND EVALUATION

The 2019 report from NASEM on reducing child poverty described the success of 50 years of government policies in reducing child poverty and found that many programs that alleviate poverty—either directly, by providing income transfers, or indirectly, by providing food, housing or medical care—improve child well-being.\textsuperscript{135}

The policies proposed in this document will add to and maximize the effects of these programs so that the approximately 12.8 million children still living in poverty can thrive and succeed.\textsuperscript{136} Despite confidence in the proven effectiveness of many of our core programs designed to reduce poverty and promote child well-being, it is important to continuously monitor our investments in our children, both to ensure that they are achieving their intended goals, and also to improve and perfect their application and effect over time. Measuring progress will be an essential part of the overall set of activities, and will include outcomes of both well-being/health and cost/return on investment. All of the policies put forth in this proposal should be subjected to rigorous evaluation by their implementing agencies, as well as outside evaluators. Evaluation will include the following processes:

1. Evaluation of each policy’s implementation by the responsible agency using typical methodology, including reporting of intermediate results in order to identify barriers.

2. Evaluation of the effects of each policy by an external group, including short-term, medium-term and long-term outcomes.

3. Evaluation of the effects of all the policies as an integrated whole by an external group, including short-term, medium-term and long-term outcomes.

CONCLUSION

The goal of the Five Freedoms for America’s Children is to reimagine our approach to public policy that affects children, and to create a framework to talk about those policies and how they address the needs of children in America. These are commonsense yet forward-leaning policies to ensure that we are giving our children the best start in life. By meeting their needs with respect to health, economic security, nutrition, education and safety, we can set our children on a path to success, and our Nation on a path to prosperity.

These proposals are intended to invite a robust debate, with the hope of securing the support of those who want to ensure that the light inside of each and every child can shine brightly as that child grows.

