

The Effects of Child Poverty Reductions on Child Protective Services Involvement and Placement into Out-of-Home Care

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Overview

The National Academy of Sciences (NAS) recently released a "[roadmap](#)" to reduce child poverty by as much as half through the implementation of a series of social policy packages. The aim of this study was to simulate the reductions in Child Protective Services (CPS) involvement and foster care placements that are likely to result from implementation of three of the NAS policy packages. In addition to the introduction of a child allowance, the proposed policy packages include reforms to the EITC, SNAP, and the federal minimum wage, among others.

We first simulated the household-level effect on income of each of the NAS-proposed policy packages for children and their families observed in the 2013-2017 Current Population Survey (CPS-ASEC), following the NAS methodology. For each child observed in the CPS-ASEC, we then computed the probability of experiencing a CPS investigation, substantiation, and placement into out-of-home care (OHC) using National Child Abuse and Neglect Data System (NCANDS) administrative records aggregated to the state, year, race/ethnicity, and child age group. We then applied bounded estimates of the causal effect of income on CPS involvement from two prior rigorous studies to simulate the reduction in CPS involvement based on the simulated change in household income under each policy package.

Reduction in CPS Investigations

Depending on the policy package and simulation specifications modeled, we find that the child poverty reductions expected under the NAS recommendations have the potential to reduce CPS investigations by 11.3% (Package 2, low threshold) to 36.4% (Package 4, high threshold) -- constituting approximately **386,000 to 1.2 million fewer CPS investigations per year**. Moreover, we find particularly large reductions in CPS involvement that would reduce racial disproportionality substantially. We estimate an 18.7 to 42.8 percent reduction in investigations for Black children and 13.3 to 47.6 percent for Hispanic children, compared to 6.7 to 27.9 percent for white children.

Reduction in Out-Of-Home Care Placements

Our simulated effects on CPS involvement imply that **16,000 to 23,000 fewer children would be removed from their home** and placed in out-of-home care each year.

Reference: Pac, J., Collyer, S., Berger, L.M., O'Brien, K., Parker, E., Pecora, P.J., Rostad, W., Waldfogel, J. & Wimer, C. (2023). The effects of child poverty reductions on child protective services involvement and placement into out-of-home care. *Social Services Review*, 97(1), 43-91.

APPENDIX

Table 1. Policies Included in Each of the [National Academy of Sciences Packages](#)

Policy/Program	Description	Policies Included in Each of the Four NAS Packages			
		I. Work-Based	II. Work-Based & Universal Supports	III. Means-Tested Supports & Work Package	IV. Universal Supports & Work Package
Child Allowance Policy #1	Pay a monthly benefit of \$166 per month (\$2,000 per year) per child to the families of all children under age 17 who were born in the United States or are naturalized citizens.		√		
Child Allowance Policy #2	Pay a monthly benefit of \$225 per month (\$2,700 per year) per child to the families of all children under age 17.				√
Child Care Policy	Convert the Child and Dependent Care Tax Credit (CDCTC) to a fully refundable tax credit and concentrate its benefits on families with the lowest incomes and with children under the age of five.	√	√	√	√
Earned Income Tax Credit (EITC) #1	Increase payments along the phase-in and flat portions of the EITC schedule.	√	√	√	
Earned Income Tax Credit (EITC) #2	Increase payments by 40 percent across the entire schedule, keeping the current range of the phase-out region.				√
Housing Voucher Policy	Increase the number of vouchers directed to families with children so that 70 percent of eligible families that are not currently receiving subsidized housing would use them.			√	
Immigration Policy	Restore program eligibility for non-qualified legal immigrants. This option would eliminate eligibility restrictions for non-qualified parents and children in the SNAP, TANF, Medicaid, SSI, and other means-tested federal programs.				√
Minimum Wage	Raise the current \$7.25 per hour federal minimum wage to \$10.25 and index it to inflation after it is implemented.	√			√
Snap Policy	Increases Supplemental Nutrition Assistance Program (SNAP) benefits by 35 percent as well as increasing benefits for older children.			√	
Work Advance	All male heads of families with children and income below 200 percent of the poverty line would be eligible for Work Advance programming. Training slots would be created for 30 percent of eligible men.	√			
Estimated reduction in poverty	Percent reduction in the number of poor children	-18.8%	-35.6%	-50.7%	-52.3%
	Percent reduction in the number of children in deep poverty	-19.3%	-41.3%	-51.7%	-55.1%
Estimated change in workforce	Change in number of low-income workers	+1,003,000	+568,000	+404,000	+611,000
Cost of Package	Annual cost (in billions)	\$8.7	\$44.5	\$90.7	\$108.8