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Except from:

The Cost of Keeping Children Poor

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ST. LOUIS — ... The United States has the [weakest safety net](#) among the Western industrialized nations, devoting [far fewer resources as a percentage of gross domestic product](#) to welfare programs than do other wealthy countries.

Partly as a result, a [majority of Americans](#) will experience poverty [during their lives](#), and [America's rate of poverty](#) consistently ranks at or near the top in international comparisons. Rather than slashing anti-poverty programs, the fiscally prudent question to ask is: How much does this high rate of poverty cost our nation in dollars and cents?

Clearly, poverty extracts a heavy toll upon those who fall into its ranks, particularly children. Countless studies have demonstrated the physical and psychological health costs for children experiencing poverty.

Yet a more difficult question to answer is: What are the economic costs to society as a whole? [Over the past 40 years](#), there have been two attempts to answer this question, with the most recent analysis conducted more than 10 years ago. My colleague Michael McLaughlin and I recently decided it was time to revisit this question.

We relied on the latest government data and social science research in making our cost estimates. In particular, we examined the effect that childhood poverty has upon future economic productivity, health care and criminal justice costs, and increased expenses as a result of child homelessness and maltreatment.

In a study published in [Social Work Research](#), we determined that [childhood poverty](#) cost the nation \$1.03 trillion in 2015. This number represented [5.4 percent of the G.D.P.](#) Impoverished children grow up [possessing fewer skills](#) and are thus [less able to contribute to the productivity of the economy](#). They are also [more likely to experience frequent health care problems](#) and to [engage in crime](#). These costs are borne by the children themselves, but ultimately by the wider society as well.

An even clearer way of gauging the magnitude of these costs is to compare their total with the total amount of federal spending in 2015. [According to the Congressional Budget Office](#), the federal government spent \$3.7 trillion that year, meaning that the annual cost of childhood poverty represented 28 percent of the entire federal budget.

Equally important, we calculated what the cost savings would be for poverty reduction. Our analysis indicated that [for each dollar spent on reducing childhood poverty](#), the country would save at least \$7 with respect to the economic costs of poverty.