



**The Brookings Institution  
Recession Remedies Podcast**

**“How did economic policy affect children’s well-being during COVID-19?”  
June 28, 2022**

*Guests:*

ANNA AIZER  
Professor and Chair of Economics  
Population Studies and Training Center  
Brown University

CLAUDIA PERSICO  
Assistant Professor, Department of Public Administration and Policy  
School of Public Affairs  
American University

*Host:*

DAVID WESSEL  
Director, The Hutchins Center on Fiscal and Monetary Policy  
Senior Fellow, Economic Studies  
The Brookings Institution

*Episode Summary:*

Economic shocks can have outsized effects on children, interrupting their growth and development. How well did policy buffer households and children from the economic consequences of the COVID-19 downturn? How did changes in areas like child care, food and nutrition, and health insurance affect children’s well-being? On this episode, host David Wessel is joined by Anna Aizer, professor at Brown University and co-director of the National Bureau of Economic Research Program on Children, and Claudia Persico, assistant professor at American University.

**WESSEL:** Welcome to the Recession Remedies podcast, where we explore lessons learned from the economic policy response to the COVID-19 pandemic, lessons that we should remember when the next recession arrives. I'm David Wessel.

We know that economic shocks can have outsized effects on children, interrupting their growth and development. So we wondered how well did policy buffer households and children from the economic damage that the COVID-19 pandemic did? How did changes in policy on child care, food, nutrition, schools, health insurance affect families, particularly those with children? So, to talk about this today, I'm joined by Anna Aizer of Brown University and Claudia Persico of American University, who are coauthors of a chapter on children in our "Recession Remedies" book. You can read their chapter and indeed the whole book for free at Brookings dot edu slash Recession Remedies.

So, Anna, thanks for joining us today.

**AIZER:** Thanks very much for having me.

**WESSEL:** And Claudia, same to you.

**PERSICO:** Thanks for having me.

**WESSEL:** So, I think what I'd like to start with is making clear why we should pay particular attention to children when we have a recession, whether it's caused by a pandemic or something else. Do you want to start, Anna?

**AIZER:** Sure. Well, we know from existing evidence that during recessions, the environment of children can be very much negatively affected, and this can have very long term consequences in terms of their overall outcomes. We know that children who grow up during recessions, for example, earn less as adults. So these are the kinds of things that we really want to be mindful of when we think about a policy response to a recession.

**WESSEL:** Claudia, it would be helpful if you could talk a little bit about what were the policies that we implemented during the pandemic that had particular importance to families with children.

**PERSICO:** Certainly. So there were a variety of policies that specifically targeted children and then a variety of policies that affected children as a byproduct of supporting parents and families. And so largely, we found that cash and near cash transfers seemed to have helped the most. So, there were pandemic unemployment assistance programs in place which supplemented unemployment insurance. There were three rounds of economic impact payments. We extended more generous SNAP benefits, which is the Supplemental Nutrition Assistance Program, and Pandemic EBT to families with children. And all of those things reduced food insecurity among kids and seemed to have improved a variety of different types of outcomes.

In addition, we know that increased school funding likely helped. Unfortunately, school closures likely had a negative impact. But we funded schools very well through the Elementary and Secondary School Emergency Relief Fund. And in addition, the American Rescue Plan increased the child tax credit, which, along with the other economic impact payments, reduced child poverty to lower than pre-pandemic levels. And so all of these things

together and the mostly swift policy response seems to have had pretty good compensating effects in terms of reducing child poverty and hopefully improving long run outcomes.

**WESSEL:** It's pretty amazing. We have this pandemic, a very sharp although short recession, and the poverty rate among families with children actually falls. It's like striking. It's not something you usually see in a recession.

**PERSICO:** That's exactly right. Usually the poverty rate among children goes up. But I think one of the lessons to be learned is that that's not a great way of doing things. And so luckily, we did learn our lesson in this pandemic slash recession. We really did target a lot of aid to families with children, which at least in the short term seems to have helped. Although it's also worth noting that there were still some children experiencing food insecurity and food hardship. And it's worth investigating that more to understand more about what kids we missed.

**WESSEL:** Right. What do we know about kids who are not citizens, undocumented immigrants? Did they fall through the cracks in this in this thing?

**AIZER:** Yes, they certainly did. That is often the case. There were a couple of exceptions to that. The PEBT program, for example, that ...

**WESSEL:** ... what's that, that's the ...?

**AIZER:** ... the Pandemic EBT program ...

**WESSEL:** ... EBT meaning it's a form of food stamps.

**AIZER:** That's correct. And it was administered to sort of replace the missed meals through the closing of of schools. And so, of course, all children are eligible for free lunch and breakfast in U.S. schools, regardless of citizen status. And when the schools closed, that meant the loss of an important source of nutrition for many families included undocumented children. But the PEBT program compensated for that and it did include immigrant and undocumented children. And so that was one program that did serve all children.

**WESSEL:** So, one of the things I found most interesting in your chapter was your discussion about what we did for child care centers, both public and private. It's a bit of a frustrating read because as I understand it, the public child care centers, whose funding is not dependent on the number of kids they serve, did okay. The private ones, though, where they had fewer kids, they actually got in trouble. And by the time the federal government money arrived, it was too late, they already closed. So, not meaning to steal the plot, but maybe one of you could talk about what we learned about how to aid child care and why that's important.

**AIZER:** That's right. So, there's a number of different funding streams for child care in the U.S. There is of course things like public pre-K and Head Start and those are fully publicly funded, and the funding is based on enrollment, not on attendance. Then there's private child care, and that's funded through a variety of sources, both public and private. And there the funding depends on attendance. So if a child is not attending, that is a missed source of revenue for the child care center.

And one thing we learned during the pandemic is that child care centers are really operating on very thin margins, which means that they have about two weeks of reserves, and that's it. So, after two weeks of significantly reduced revenues, many child care centers were forced to close, which means that the pandemic assistance for child care, which was much larger than previous child care systems in, for example, the Great Recession, came a little bit too late, and it came after many centers had already closed. And once a center closes, it's very difficult to reopen.

So, one thing that we learned was that you have to provide assistance and you have to provide it immediately because the private child care centers cannot survive. That is not the case for Head Start and public pre-K, because those are programs where their funding is already secure and is not dependent on attendance.

**WESSEL:** Do you think, Anna, any of that had any effect on the willingness of parents to go back to work, or don't we know?

**AIZER:** Right. So, there is survey evidence that suggests a lack of child care is an issue for working families. I don't think we have specific numbers on exactly how many families were unable to return to the workforce because of lack of child care. But certainly survey evidence suggests that it is a major issue and continues to be an issue because it's still not the case that all of those child care centers have reopened. Some have still remained closed.

**WESSEL:** Right. Claudia, you mentioned earlier the child tax credit. Why is that important? And what did we lose when the expansion of the child tax credit expired at the end of last year?

**PERSICO:** So, the child tax credit was sort of similar to EITC, which is a program that essentially gives families with children a bigger bonus come tax time. And so, when we expanded the child tax credit, we gave families with children a bigger sort of refund check. And that in combination with a variety of the other supports to families, reduced child poverty by almost half, I believe. And unfortunately, we allowed that child tax credit to expire. And there were income provisions associated with that.

**WESSEL:** The child tax credit still exists, we just let expire the expansion of the child tax credit, including the part that gives cash to people who don't actually owe any taxes.

**PERSICO:** That's right. And so the program gives cash to people who don't owe any taxes. And we're going to let that expire at the end of this year, I believe. And so when that happens, unfortunately, you know, the child poverty rate is likely to go up again. That is what the estimates that I've seen suggest. And we know that being in poverty as a child is very detrimental to child growth and development and long run outcomes. And so, unfortunately, that would have negative effects.

**AIZER:** So, you know, the expansion basically ended December 15th and Columbia University has already sort of projected how many more children fell into poverty as a result. So they estimate that about almost 4 million children fell into poverty after the December 15th end of the expansion. So in January, the child poverty rate increased from about 12% to 17% as a result of the end of the child tax credit expansion.

**WESSEL:** And just to be clear on the dates, it expired in December 2021.

**AIZER:** That's correct.

**WESSEL:** So, that at the beginning of 2022, the Columbia researchers suggest there was a big increase in child poverty.

**AIZER:** That's correct.

**WESSEL:** What do we know about the effects of having long periods where in-person schooling was suspended and we had remote classes with varying degrees of success? Do we think this is something that's going to have lasting impacts on a whole cohort of kids, or is it something that we can recover from if we put our mind to it in the year and two ahead or don't we know?

**PERSICO:** So, I think that it's really unclear right now whether or not the funding that has been spent will be used in compensatory ways. So, it's a little bit too soon to tell. Initially, there wasn't a lot of federal guidance for how to spend the funds, and it's not clear how the money has been spent. But we know that the money was initially allocated on the basis of Title I funding, which is funding for low income children. So, high poverty districts saw larger increases in funding than lower poverty districts.

But unfortunately, this was based on sort of last year's poverty counts. And so and in addition, there might have been sort of lower poverty districts that actually were in need of additional funds and that had large numbers of low income children, but not large enough to receive as much of the compensatory funding.

And so right now there are estimates by Gordon and Reber suggesting that about 62% of districts might not have gotten sufficient funds that were that sort of lower poverty districts. And also there could have been movement because of the pandemic in and out of districts. And so it's a little bit unclear right now whether or not that funding was enough.

And it's also worth mentioning that sometimes governments are leery of standing up programs in a temporary capacity, for instance a tutoring program might be something that parents love and want to continue even after the pandemic, even after kids have caught up, so to speak. And so it's a little bit unclear how much tutoring and other types of compensatory programs are being implemented nationwide. I think some places are probably doing more than others, but I think we really don't know yet how it's all going to shake out. But we do know that test scores went down during the pandemic, and we don't yet know how much they will have rebounded.

**WESSEL:** The thing I noticed in your chapter and actually in some news reports I'd seen that I hadn't thought of before, and this goes to some points that you made about serving undocumented kids through the Pandemic EBT program, is that schools are a pretty good way to reach children, whether it's health care or food supplements, things beyond just teaching. And I wonder whether you think that will be a lasting lesson of this? Will we look more and more at schools as a way to deliver social services to kids who really need it? Or is that just too much my watching TV of all these heartwarming interviews with schoolteachers?

**PERSICO:** I really hope so. So I don't know for sure, but I do know that schools are being asked to do an increasing amount of sort of social outreach and social work. And so it's also my ardent hope that we decide to fund more social workers and things like this who can help implement these types of programs and reach hard to reach families.

I think there's already been a long legacy of schools implementing, for example, school breakfast and lunch programs in order to feed children who might not have gotten enough to eat, and administering medication, and addressing students with disabilities who have a variety of different types of health issues. And so I think there's a legacy of schools already doing this. But I think the pandemic brought into sharp relief how much schools can also help reach undocumented children, particularly with food and other types of things like that. And so, my hope is that we continue to expand the capacity for schools to be sources of relief within communities.

**WESSEL:** Anna, let's say that another recession arrives, and I do worry that it'll come sooner than we thought than when we began this project, and you're called by people in the administration or the Congress and they say, okay, what are two or three things that we learned during the pandemic that we should remember as we try to address another recession that presumably will not have something to do with the virus. What would you tell them? What would be on your list?

**AIZER:** I think swift action is really key. And swift action means using the mechanisms you already have in place to provide aid to families. So, some of the programs that were new that they developed, you know, the PEBT program, was ultimately successful, but it was a new program that took quite a bit of time to ramp up. What we do know is that early action is really important. So, I would stress using the mechanisms we already have to get relief into the hands of families with children. And in that respect, cash is king. It's quick, it's easy, and it can meet all kinds of needs. Those would be my two big takeaways.

**WESSEL:** Would you add anything to that, Claudia?

**PERSICO:** I would just add that schools are also an important vehicle for getting aid to families, which we discussed earlier. And just that I think it's important to think through closing schools in the future simply because there is evidence that it might have harmed children's academic and socio-emotional outcomes. And so maybe we could have reopened schools a little bit sooner. And we may need to think through other things that we can do, such as physical capital investments in schools that might enable schools to remain open if there is another pandemic or something like that. And so ventilation investments are potentially very good investments because they both improve the quality of the air—they reduce pollution—and they also reduce the number of viruses and bacteria floating around. So, they reduce the number of illnesses that kids might get, which would cause them to miss school.

**WESSEL:** Right. Those are really good points. So, I want to thank Anna Aizer of Brown and Claudia Persico of American University both for this conversation with putting up with all our edits on the *Recession Remedies* book, which we're very proud of and which, as I said earlier, you can read online at the Brookings website. So, with that, I'd like to thank you both and have a good and successful rest of the week.

**AIZER:** Thank you very much, David.

**PERSICO:** Yeah, thanks much, David.

**WESSEL:** I'm David Wessel, director of the Hutchins Center at Brookings. Recession Remedies is a joint project of the Hutchins Center and the Hamilton Project at Brookings and is a production of the Brookings Podcast Network. Learn more about our other podcasts at Brookings Dot Edu Slash Podcasts and follow us on Twitter at PolicyPodcasts. You can send feedback to us at Podcasts at Brookings Dot Edu.

My thanks to the team that makes this podcast possible, including Fred Dews, producer, Gaston Reboredo, audio engineer, with support from Este Griffith, Marie Wilkin and Caitlin Rowley of the Hamilton Project. The show's artwork was designed by Ann Fogarty, and promotional support comes from our colleagues in the Brookings Communications Department, and from the Hamilton Project and Hutchins Center staff.