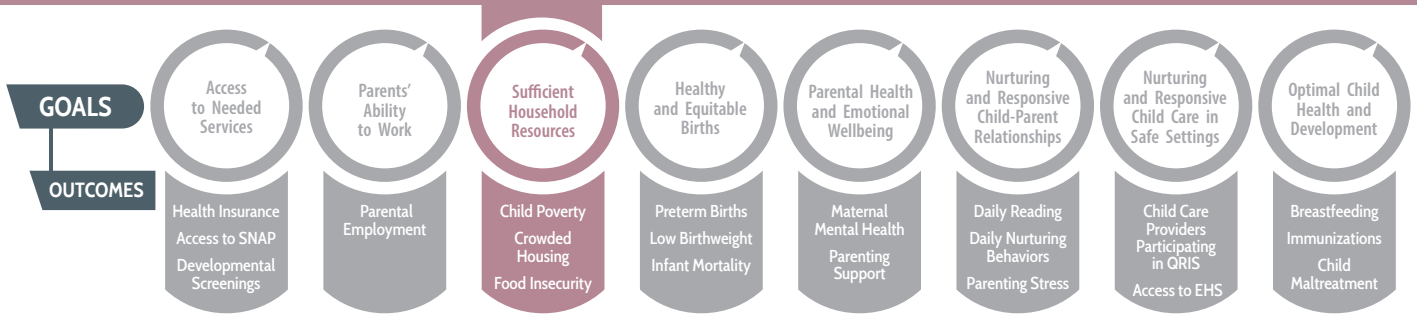
GOAL

Excerpt from the 2020 Prenatal-to-3 State Policy Roadmap

prenatal-to-3 policy IMPACT CENTER
The University of Texas at Austin
LBJ School of Public Affairs

SUFFICIENT HOUSEHOLD RESOURCES

Parents have the financial and material resources they need to provide for their families.



WHY ARE SUFFICIENT HOUSEHOLD RESOURCES AN IMPORTANT PRENATAL-TO-3 GOAL?

Experiences of financial hardship during early childhood can disrupt healthy brain development and compromise the foundation for long-term learning, behavior, and health.[1] Approximately 1 in 5 young children in the US, or roughly 19.5% of children under age 3, live in families with annual household incomes of less than 100% of the federal poverty level (FPL), or $24,300 per year for a family of four.[2] These families face great difficulties just with meeting basic needs and are likely to face challenges related to adequate shelter, nutrition, and medical care.[3] They also are more likely to experience stress, which can compromise parents' ability to engage in the warm, responsive interactions that are critical to infants' and toddlers' healthy development.[4,5]

The poverty rate varies considerably by race and ethnicity, and children of color are disproportionately likely to face challenges related to financial hardship.[6] Job losses stemming from the COVID-19 crisis have deepened economic instability while also perpetuating this racial disparity. A May 2020 survey by the Kaiser Family Foundation found that Black (48%) and Hispanic (46%) adults were more likely than White adults (23%) to report that, due to COVID-19, they were having trouble paying for food, housing, utilities, credit card bills, or health care expenses.[7] Financial hardship is a major predictor of food insecurity, which can lead to malnutrition and have negative impacts on children's health.[8,9,10] Moreover, families with low incomes are more likely to live in crowded housing, which increases the risk of housing instability or homelessness and is often associated with chaotic environments that do not promote healthy child development.[11]

To limit young children's exposure to these stressors, which can have serious and long-lasting consequences for health and wellbeing, states can pursue policies and strategies to ensure that parents have adequate financial and material resources. According to our comprehensive reviews of rigorous research, several solutions currently in place at the state level—including earned income tax credits and minimum wage policies—have proven effective at increasing household resources. Next we provide an overview of these and other solutions, as well as the outcomes states should track to measure their progress toward achieving this goal.

HOW ARE STATES CURRENTLY MEETING THIS PRENATAL-TO-3 GOAL?

Three outcome measures illustrate whether families with young children have sufficient household resources: (1) child poverty, (2) crowded housing, and (3) food insecurity. These outcomes vary considerably across states, as well as by race and ethnicity.

Sufficient Household Resources Outcome Measures

Child Poverty

% of children under age 3 whose family lives below 100% of the federal poverty level

Median state value: 18.2%

Crowded Housing

% of children under age 3 living in a household in which there is more than one person per room or there are more than two people per bedroom

Median state value: 15.3%

Food Insecurity

% of households with at least one child under age 3 who reported experiencing low or very low child food security

Median state value: 6.9%

All three outcome measures were calculated intentionally in the negative direction to demonstrate where states have room for improvement and to help states prioritize the PN-3 policy goals that are lagging. Out of 51 states, the worst state ranks 51st, and the best state ranks first. The median state indicates that half of states have outcomes that measure better than that state, whereas half of states have outcomes that are worse.

IMPACT OF COVID-19

The data presented here predate the COVID-19 pandemic, and it is highly likely that the outcomes for infants, toddlers, and their parents have worsened substantially due to the collapse of the economy and the unprecedented strains on our child care, health care, and social service systems. The health crisis has disproportionately had a negative impact on families of color, exacerbating the racial and ethnic inequities in the wellbeing of infants and toddlers and their parents.

OUTCOME

Child Poverty

% of children under age 3 whose family lives below 100% of the federal poverty level

Nearly 1 out of 5 US children under age 3 lives in poverty, which can lead to a host of negative health and developmental outcomes in the immediate and long term. Infants and toddlers who live in the five worst states are up to 3 times as likely to live in poverty as children under age 3 who live in the five best states. Black children are over 3 times as likely as White children to live in poverty, and Hispanic children have rates of child poverty that are more than twice the rate of White children.

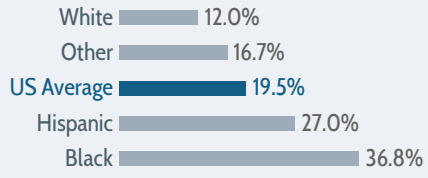
5 BEST STATES

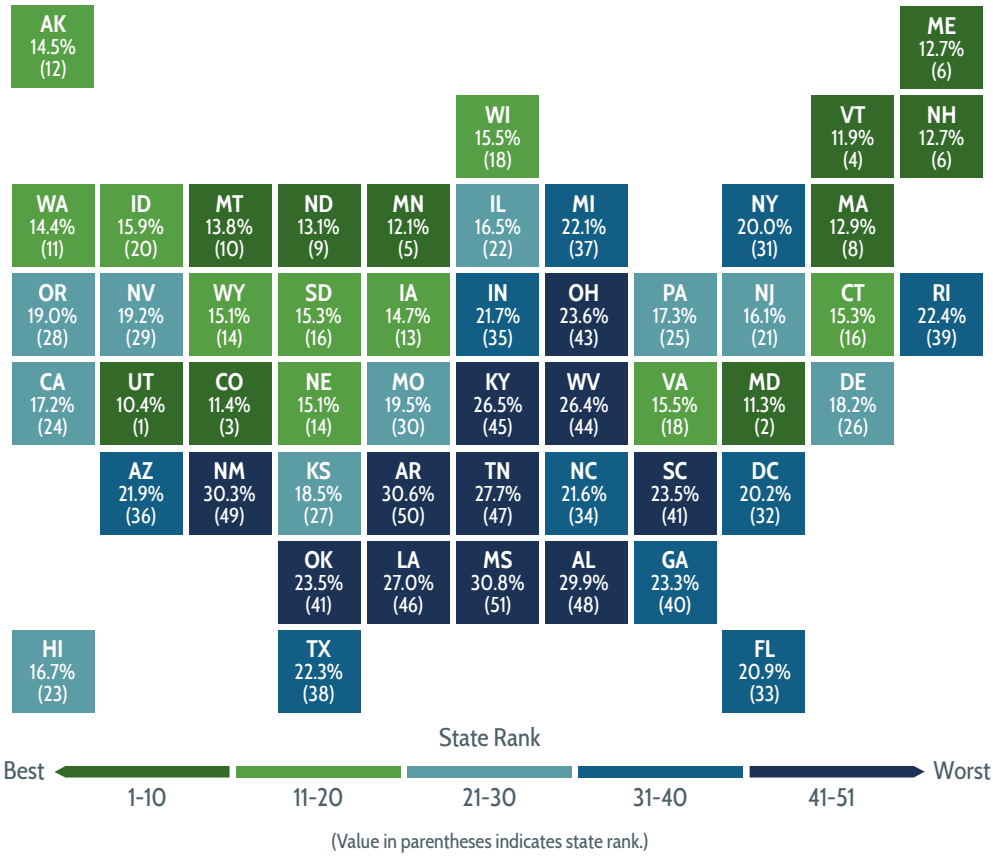
Rank	State	% Child Poverty
1	UT	10.4%
2	MD	11.3%
3	CO	11.4%
4	VT	11.9%
5	MN	12.1%

5 WORST STATES

Rank	State	% Child Poverty
51	MS	30.8%
50	AR	30.6%
49	NM	30.3%
48	AL	29.9%
47	TN	27.7%

VARIATION BY RACE & ETHNICITY IN THE US





(Value in parentheses indicates state rank.)

Source: 2018 American Community Survey (ACS) 1-Year Public Use Microdata Sample (PUMS). For additional information, please refer to the Methods and Sources section of pn3policy.org.

OUTCOME

Crowded Housing

% of children under age 3 living in a household in which there is more than one person per room or there are more than two people per bedroom

Crowded housing is linked to housing instability and chaotic environments that impede healthy child development. Children living in the five worst states are 3 to 4 times more likely to live in crowded housing compared to children living in the five best states. Rates vary considerably by race and ethnicity: More than one-third of Hispanic children under age 3 live in crowded housing, compared to nearly a quarter of Black children and 11.5% of White children.

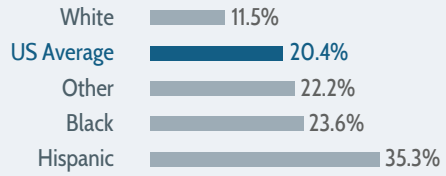
5 BEST STATES

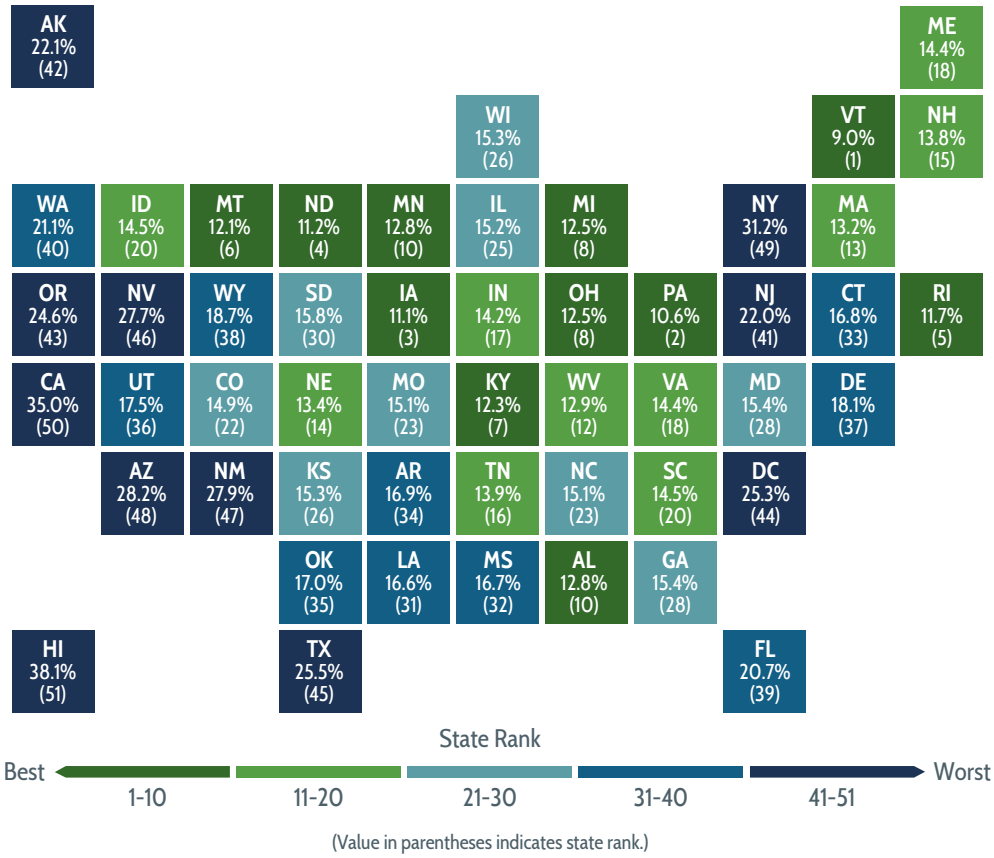
Rank	State	% Crowded Housing
1	VT	9.0%
2	PA	10.6%
3	IA	11.1%
4	ND	11.2%
5	RI	11.7%

5 WORST STATES

Rank	State	% Crowded Housing
51	HI	38.1%
50	CA	35.0%
49	NY	31.2%
48	AZ	28.2%
47	NM	27.9%

VARIATION BY RACE & ETHNICITY IN THE US





(Value in parentheses indicates state rank.)

Source: 2018 American Community Survey (ACS) 1-Year Public Use Microdata Sample (PUMS); for additional information, please refer to the Methods and Sources section of pn3policy.org.

OUTCOME

Food Insecurity

% of households with at least one child under age 3 who reported experiencing low or very low child food security

Adequate nutrition is essential to promoting healthy development in infants and toddlers. Approximately 7% of children under age 3 lack food security, leaving them vulnerable to malnutrition and long-term health problems. In the five worst states, more than 1 in 10 children is food insecure, and the rates vary considerably by race and ethnicity. Food insecurity among Black children under age 3 is 3 times greater than among White children, and Hispanic children are twice as likely as their White counterparts to be food insecure.

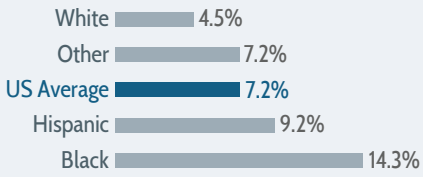
5 BEST STATES

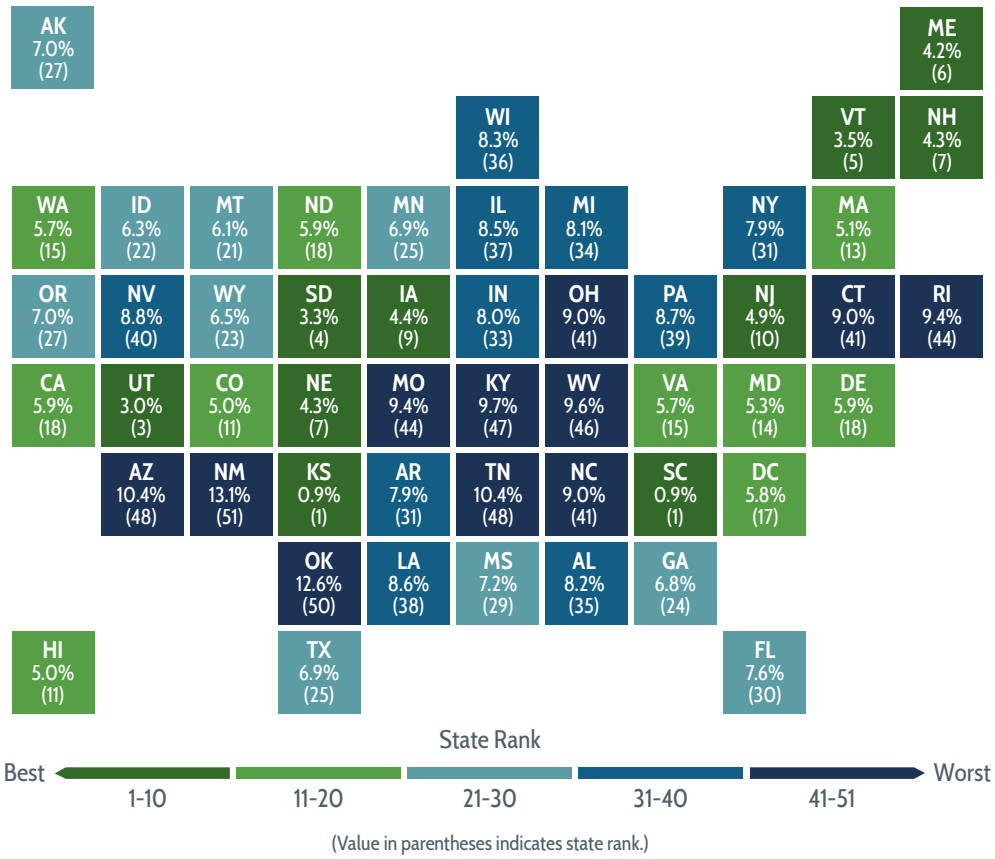
Rank	State	% Food Insecure
1	KS	0.9%
1	SC	0.9%
3	UT	3.0%
4	SD	3.3%
5	VT	3.5%

5 WORST STATES

Rank	State	% Food Insecure
51	NM	13.1%
50	OK	12.6%
48	TN	10.4%
48	AZ	10.4%
47	KY	9.7%

VARIATION BY RACE & ETHNICITY IN THE US



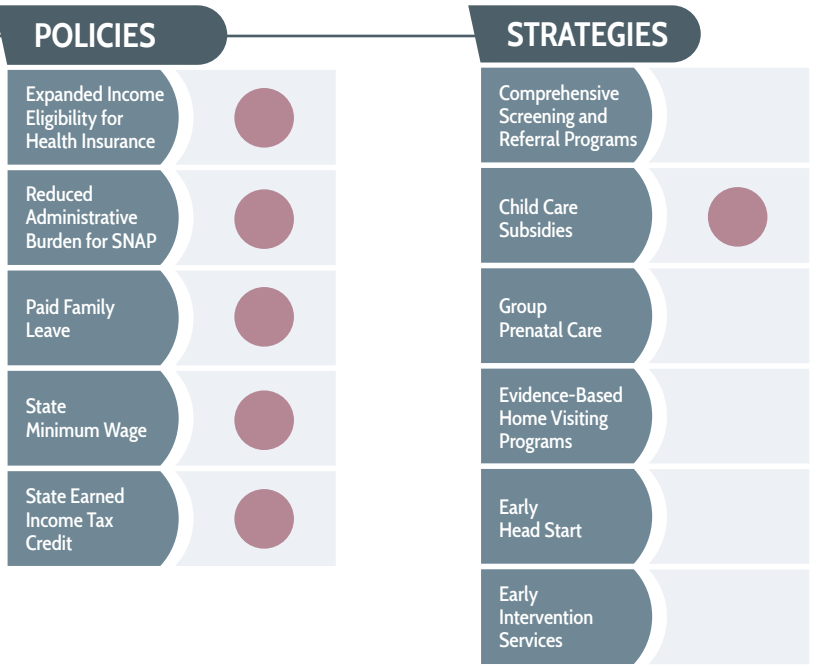


(Value in parentheses indicates state rank.)

Source: 2016-2018 Current Population Survey (CPS), Food Security Supplement Public Use Microdata Sample (PUMS); for additional information, please refer to the Methods and Sources section of pn3policy.org.

WHAT ARE THE MOST EFFECTIVE POLICIES AND STRATEGIES TO IMPACT SUFFICIENT HOUSEHOLD RESOURCES?

Five policies and one strategy impact this goal:



Examples of the impacts that each effective policy and strategy has on **Sufficient Household Resources** are summarized on the next page.

What Is the Difference Between Policies and Strategies?

Effective policies have a demonstrated positive impact on at least one prenatal-to-3 goal, and the research provides clear guidance on legislative or regulatory action that states can take to adopt and implement the policy.

By contrast, **effective strategies** have demonstrated positive impacts on prenatal-to-3 outcomes, but the research does not provide clear guidance to states on how to effectively implement the program or strategy at scale.

More extensive information on the details and impacts of each policy and strategy, and states' progress toward implementing them, can be found in the Prenatal-to-3 Policy Clearinghouse at pn3policy.org.

Examples of Impact

Effective state policies and strategies to impact **Sufficient Household Resources**

EFFECTIVE POLICIES

Expanded Income Eligibility for Health Insurance	• Medicaid expansion led to a 7.1 percentage point decrease in problems paying medical bills (K) • Medicaid expansion led to a 3.8 percentage point decrease in delaying health care because of cost (C)
Reduced Administrative Burden for SNAP	• Participation in SNAP reduced household food insecurity by up to 36% in households with children [12]
Paid Family Leave	• Access to paid family leave led to a $3,400 increase in household income (M) • Access to paid family leave led to a 2 percentage point reduction in the poverty rate, with the greatest effect for less-educated, low-income, single mothers (M)
State Minimum Wage	• A 10% minimum wage increase reduced poverty by 5.9% for children under age 18 with parents with no college degree and 9.6% for children under age 6 (Y) • A 10% minimum wage increase boosted earnings between 1.3% and 8.3%, depending on the study (A,K)
State Earned Income Tax Credit	• States with a refundable EITC had child poverty rates that were 40% lower overall than states without a refundable state credit (A) • State EITCs boosted mothers' annual wages by 32% (B) • A $1,000 increase in the state and federal credit amount led to a $2,000 increase in annual pretax family earnings during ages 0 to 5 (HH)

EFFECTIVE STRATEGIES

Child Care Subsidies	• Subsidy receipt led to an increase in monthly earnings by 105% (E)

Note: The letters in parentheses in the table above correspond to the findings from strong causal studies included in the comprehensive evidence reviews of the policies and strategies. Each strong causal study reviewed has been assigned a letter. A complete list of causal studies can be found in the Prenatal-to-3 Clearinghouse at pn3policy.org. Comprehensive evidence reviews of each policy and strategy, as well as more details about our standards of evidence and review method, can also be found at pn3policy.org.

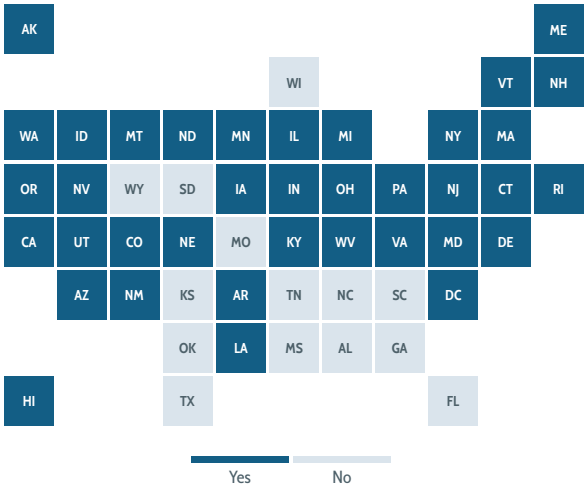
Policy Variation Across States

Have states adopted and fully implemented the effective policies to impact **Sufficient Household Resources?**

EFFECTIVE POLICIES

Expanded Income Eligibility for Health Insurance

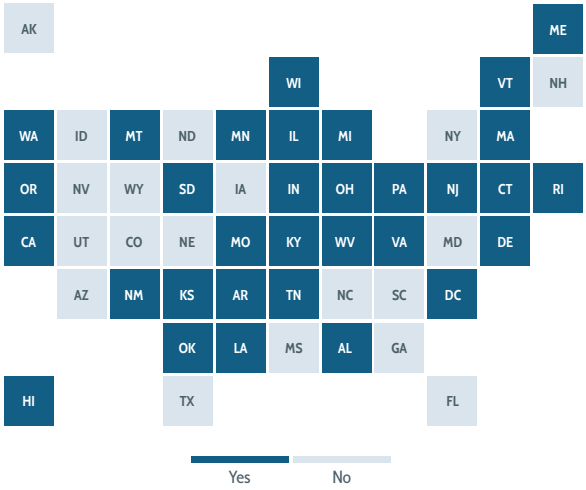
37 states have adopted and fully implemented the Medicaid expansion under the Affordable Care Act (ACA) that includes coverage for most adults with incomes up to 138% of the federal poverty level (FPL).



Sources: As of October 1, 2020. Medicaid state plan amendments (SPAs) and Section 1115 waivers.

Reduced Administrative Burden for SNAP

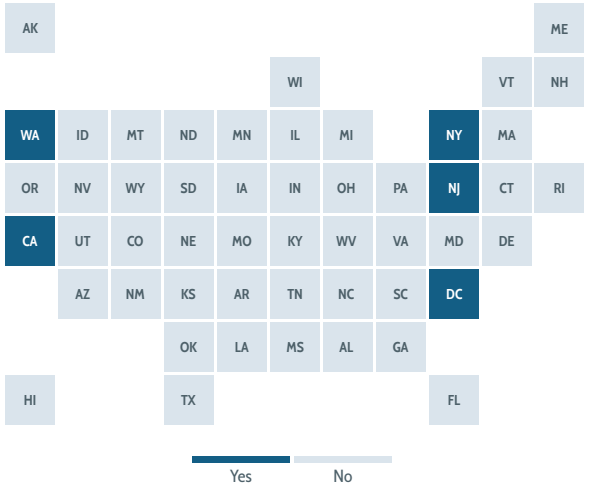
32 states have a median recertification interval that is 12 months or longer among households with SNAP-eligible children under age 18.



Sources: As of 2018. United States Department of Agriculture (USDA) Fiscal Year 2018 Supplemental Nutrition Assistance Program Quality Control Database and the QC Minimodel.

Paid Family Leave

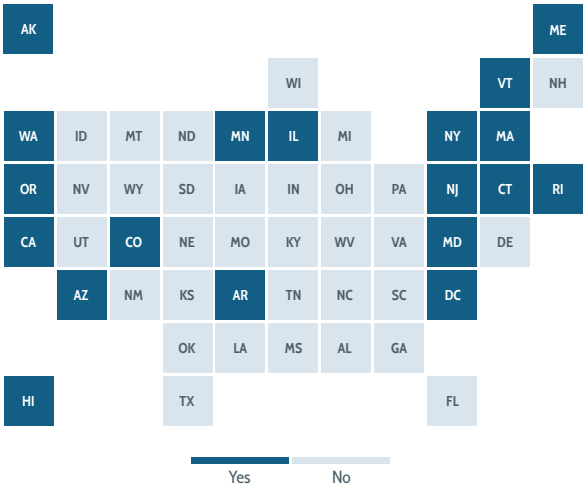
5 states have adopted and fully implemented a paid family leave program of a minimum of 6 weeks following the birth, adoption, or the placement of a child into foster care.



Sources: As of October 1, 2020. State statutes and legislation on paid family leave.

State Minimum Wage

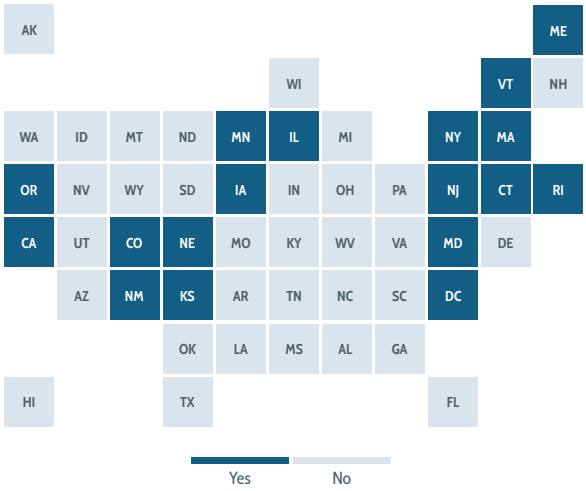
19 states have adopted and fully implemented a minimum wage of $10 or greater.



Sources: As of October 1, 2020. State labor statutes and state labor department websites.

State Earned Income Tax Credit

18 states have adopted and fully implemented a refundable EITC of at least 10% of the federal EITC for all eligible families with any children under age 3.



Sources: As of October 1, 2020. State income tax statutes.

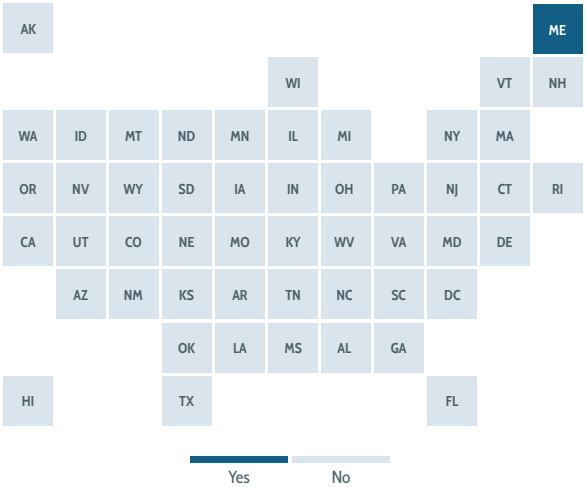
Strategy Variation Across States

Have states made substantial progress toward implementing the effective strategy to impact **Sufficient Household Resources?**

EFFECTIVE STRATEGIES

Child Care Subsidies

1 state's base reimbursement rates (for infants and toddlers in center-based care and family child care) meet the federally recommended 75th percentile using a recent market rate survey.



Sources: As of July, 1 2020. State children and families' department websites and state market rate surveys.

Note: Some states in the "no" category for Policy Variation Across States have adopted a policy, but they have not fully implemented it, or they do not provide the level of benefit, indicated by the evidence reviews, necessary to impact the PN-3 goal. Many states in the "no" category for Strategy Variation Across States have implemented aspects of the effective strategies, but states are assessed relative to one another on making substantial progress. For additional information see pn3policy.org.

WHAT OTHER SOLUTIONS ARE STATES PURSUING THAT CAN HELP BUILD THE EVIDENCE BASE?

Beyond the policies and strategies proven effective by the current research, states also are pursuing other approaches that hold promise for improving sufficient household resources; these approaches have not yet accumulated enough rigorous research to enable drawing conclusions on their effectiveness, or the Prenatal-to-3 Policy Impact Center has not yet conducted a comprehensive evidence review for the approach.

Child tax credits: The federal child tax credit (CTC) aims to increase household resources by providing families with a credit worth $2,000 per citizen child under age 17 to help offset tax liability or, if the value of the credit exceeds the tax liability, to provide a refund of up to $1,400 per child.[13] A smaller credit is also available for older children and dependents and for families with annual household incomes exceeding $200,000, but parents of young children typically receive the maximum credit.[14]

As of 2019, six states have chosen to implement their own CTC, the value of which can be, but is not always, a percentage of the federal credit.[15] Only two states, Colorado and New York, have made their CTCs refundable, which allows for a refund to boost household resources even in the absence of tax liability. Although state-level child tax credits have been estimated to have significant positive impacts on poverty,[16] no strong causal research to date has examined the unique impacts of these state credits on outcomes for young children and their families, especially as distinct from the impacts of other tax credits for families.

Child care tax credits: The federal Child and Dependent Care Tax Credit (CDCTC) helps to subsidize child care expenses by providing a nonrefundable credit for 20% to 35% of $3,000 in child care expenses per child to offset tax liability among families in which the adults are working or attending school.[17] The amount of the credit varies by household composition and income level, with families with adjusted gross annual incomes below $15,000 receiving the maximum credit ($1,050 for one child or $2,100 for two or more children).[18] States can choose to implement their own CDCTC, the value of which is often a percentage of the federal credit, and can determine their own eligibility requirements.[19] Further, states can choose to make their credit refundable, providing tax-filing families with a refund to increase household resources, even in the case of no tax liability.

As the table on the next page shows, as of March 2020, 24 states have adopted state-level CDCTCs, of which 11 are refundable. Most research to date examines the impact of the federal CDCTC; further research is needed to evaluate the impact of state-level CDCTCs, particularly refundable credits, on child and family outcomes.

Unconditional cash transfers: Research has shown that family resources in infancy can have lasting impacts on child development.[20,21] To experimentally test whether providing income supports to families with young children helps to support healthy development, researchers are conducting a randomized control trial of a monthly, unconditional cash payment program—called Baby's First Years—among a sample of low-income mothers in four sites across the country (New York City, New York; New Orleans, Louisiana; Omaha, Nebraska; and Twin Cities, Minnesota).[22] A cash gift of $333 or $20 per month, randomly assigned, will be provided to families for the first 40 months of a child's life. Researchers hypothesize that the cash gifts will increase household resources for goods and services to facilitate optimal development (e.g., better housing, nutrition, or child care), reduce parental stress, and improve parent-child interactions. Data are being collected through baseline interviews, home visits, lab assessments, and administrative records, and collection is expected to be complete in July 2022. Early qualitative and quantitative findings at child age 10 to 12 months are expected soon and will build the evidence base on how to effectively increase household resources to promote better outcomes for young children.

State Has a Child Tax Credit or Child Care Tax Credit

Refundable Child Tax Credit	Nonrefundable Child Tax Credit	Refundable Child Care Tax Credit	Nonrefundable Child Care Tax Credit
Colorado	California	Arkansas	California
New York	Idaho	Colorado	Delaware
	North Carolina	Hawaii	District of Columbia
	Oklahoma	Iowa	Georgia
		Louisiana	Kansas
		Maine	Kentucky
		Minnesota	Maryland
		Nebraska	New Jersey
		New Mexico	Ohio
		New York	Oklahoma
		Vermont	Oregon
			Rhode Island
			South Carolina
2 states	**4 states**	**11 states**	**13 states**

Source: As of March 2020; Tax Credits for Workers and Their Families. For additional information, please refer to the Methods and Sources section of pn3policy.org.

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[2] Calculations were done by the Prenatal-to-3 Policy Impact Center using the 2018 American Community Survey (ACS), 1-Year Public Use Microdata Sample (PUMS)

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[15] Tax Credits for Workers and Their Families. (2019). State Tax Credits. http://www.taxcreditsforworkersandfamilies.org/state-tax-credits/#1468434105770-44f9c6c5-52e0

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