

2023 Prenatal-to-3 State Policy Roadmap

Methods and Sources

Policy Impact Calculator

The purpose of the Policy Impact Calculator is to compare the level of resources available to a family of three based on each state's actual policy choices using policies in the [Prenatal-to-3 State Policy Roadmap](#). This simulation demonstrates the substantial variation in available resources during the critical prenatal-to-age 3 period, based on state policy choices. A state's policy choices do not operate in isolation from one another. Instead, they interact to create a system of support of varying generosity for parents and children.

We simulate the level of resources available annually to a single parent with an infant and toddler, who works full time at a minimum wage job for 40 weeks, takes 12 weeks of leave provided for by the Family and Medical Leave Act (FMLA) following the birth of her infant on January 1st and receives paid family leave where available, and who uses a subsidy to leave their two children in center-based child care (9 months of care for the infant and 12 months of care for the 2-year old toddler). Our calculations begin with calculating earnings as the total annual earnings at the state minimum wage, assuming the mother works 40 hours per week for 40 weeks, plus any paid family leave the mother is eligible to receive during the period of 12 weeks of leave. We subtract the family's out-of-pocket costs for child care (child care that charges the equal access target rate, which is the 75th percentile of the state's market rate survey). The family's out-of-pocket costs include any required copayment, plus additional fees if the state's child care subsidy reimbursement rate is less than the price of care at the equal access target. We then add the resources a family would expect to receive from nutrition benefits (SNAP and WIC) and state and federal earned income, child, and child and dependent care tax credits, taking into account any federal or state tax liabilities. Additionally, we overlay the choices states make with regard to Medicaid expansion. States are ranked by the total resources available to our family of three, including showing total resources adjusted for cost of living.

Documentation for each component measure, including sources, assumptions, and data notes, is below. All data in the model released on October 12, 2023 are as close to current as possible (as of October 1, 2023). Note: for data shared prior to October 12, 2023, links to the Roadmap and methods and sources will link to 2022 materials; documentation for 2023 will be available on and after October 12.

Annual Minimum Wage Earnings

Definition: Total annual earnings from full-time, full-year work at the state minimum wage. Calculated by taking the current state minimum wage and multiplying it by 1,600 hours (40 hours per week for 40 weeks).

Source: For detailed source information, please see our [state minimum wage methods and sources documentation](#). See the sources for measure 1.

Note: In the graphics, earned income is shown as annual minimum wage earnings minus out-of-pocket child care expenses.

Paid Family Leave Benefits

Definition: In states with a paid family leave program, the benefit a minimum wage earner would receive is calculated based on their earnings and taking the maximum paid leave available in the state.

Source: Prenatal-to-3 Policy Impact Center’s Policy Evaluation Tracking System. For detailed information on our legislative tracking, please see our [paid family leave methods and sources documentation](#). Additional information available upon request.

Out-of-Pocket Child Care Expenses

Definition: Families’ out-of-pocket expenses include both copayments and additional fees. The following assumptions are made: the infant is enrolled in care for the 9 months following the mother’s leave, the toddler is enrolled in care for all 12 months, the price of care is equal to the price of care at the 75th percentile of the most recent market rate survey, and that the provider receives the base reimbursement rates available for each child in the state. Component parts of this calculation are defined below.

Total cost of care – state contribution = family copayment fee + additional fees (if allowable)

1. *Total Cost of Care:* The price of care for an infant in full-time center-based care at the 75th percentile of market rates (also referred to as the “market rate price”) in the most populous geographic area in the state. The distribution of this total cost of care is comprised of three components: the base subsidy reimbursement rate, which includes both the state contribution plus the family copayment fee, and any difference between the reimbursement rate and the total cost of care at the 75th percentile (either charged as an additional fee to the family or an unreimbursed cost to the provider).
2. *State Contribution:* The component of the base subsidy reimbursement paid by the state to the provider.
3. *Family Copayment Fee:* The component of the base subsidy reimbursement paid by the family to the provider.
4. *Additional Fees Paid by the Family:* The difference between the base subsidy reimbursement rate and the market rate price of care, assumed to be equal to the full price of care charged by the provider to private pay families. In states that allow providers to charge families this difference, this amount is paid by the family to the provider as an additional fee. If the state does not allow providers to charge additional fees, this cost to the family is assumed to be \$0 and the provider is assumed to experience this as an unreimbursed cost.

Source: For detailed source information, please see our [child care subsidies methods and sources documentation](#). The same sources as used in the Prenatal-to-3 State Policy Roadmap were used for this simulation, but under the assumption of different family income. See the sources for measures 3-6 and 8-10.

Notes:

1. The rates used are for the most populous geographic region in the state, as defined in state 2022-2024 Child Care and Development Fund (CCDF) plans.
2. Rates and copayment data are as of September 1, 2023. Several states planned changes to their subsidy rate and copayment policies as of October 2023, these changes will be reflected in subsequent updates of simulation data.
3. The District of Columbia, New Mexico, and Virginia all base reimbursement rates on cost estimation modeling and do not provide a 75th percentile market rate. In the District of Columbia and New Mexico, additional fees are not allowed, so the family has no additional out-of-pocket expense beyond copayments. In Virginia, additional fees are allowable, but the state does not provide cost estimation figures for comparison. In this simulation we have assumed \$0 in additional fees, though this may not be the case for all families.

Supplemental Nutrition Assistance Program (SNAP) Benefits

Definition: The maximum annual SNAP benefit available to the simulated family of three as of Fiscal Year 2024 (10/1/23-9/30/24). Estimated SNAP benefits are calculated based on the methodology described by the Center on Budget and Policy Priorities, calculated as maximum benefits less 30% of net income. Net income is calculated based on a number of deductions, including the standard deduction, earnings deduction, dependent care deduction, and an excess shelter deduction.

Sources:

1. Food and Nutrition Service, U.S. Department of Agriculture (2022). *SNAP – Fiscal year 2023 cost-of-living adjustments*. <https://www.fns.usda.gov/snap/fy-2024-cola>
2. Center on Budget and Policy Priorities (2023). *A quick guide to SNAP eligibility and benefits*. Retrieved August 9, 2023, from <https://www.cbpp.org/research/food-assistance/a-quick-guide-to-snap-eligibility-and-benefits>
3. Office of Policy Development and Research, Department of Housing and Urban Development (n.d.). *FY 2023 Fair Market Rent Documentation System* [Data set]. <https://www.huduser.gov/portal/datasets/fmr.html>

Notes:

1. For the three states (California, the District of Columbia, Washington) where family income is above the standard eligibility threshold for SNAP (130% of the federal poverty level), the family is eligible for SNAP benefits due to broad-based categorical eligibility (<https://www.fns.usda.gov/snap/broad-based-categorical-eligibility>).
2. The values for maximum monthly allotments, the standard deduction, and the maximum shelter deduction were pulled for families living in the 48 contiguous states and the District of Columbia, with the exception of Alaska (urban settings) and Hawaii. Figures in these two states differ due to higher cost of living.
3. The earnings deduction is defined as 20% of earnings.
4. The dependent care deduction accounts for monthly out-of-pocket child care expenses. These costs are estimated using the methodology described in the out-of-pocket child care expenses section of this documentation.
5. The excess shelter deduction is set at the amount by which the household's housing costs (including utilities) exceed half of its net income after all other deductions up to a set maximum. The household's housing costs are assumed to be equal to the 2-bedroom fair market rent in Fiscal Year 2023 according to HUD (the most recent data available at time of publication). The family is assumed to live in the same locality as the most populous geographic region as defined for child care calculations.
6. Child expense and medical deductions are assumed to be \$0.

Supplemental Nutrition Program for Women, Infants, and Children (WIC) Benefits

Definition: The estimated annual benefit based on the average monthly food cost per person for Fiscal Year 2022, the most recent data available at the time of publication. In this simulation, we assume the parent is a mother who is eligible due to the age of the infant.

Source: USDA Food and Nutrition Service (2023, September 8) WIC data tables. Average monthly food cost per person, FY2022. <https://www.fns.usda.gov/pd/wic-program>

Federal Income Tax

Definition: The federal tax owed (if any), assuming the mother files as head of household and takes the standard deduction.

Source: Durante A. (2022). *2023 tax brackets*. Tax Foundation. <https://taxfoundation.org/data/all/federal/2023-tax-brackets/>

Notes:

1. In all but 2 states (DC and Washington), the nonrefundable portions of the Child Tax and Child and Dependent Care Tax Credits bring the federal tax liability of the simulated household to zero.

Federal Earned Income Tax Credit

Definition: The value of the federal earned income tax credit (EITC) for tax year 2023 based on annual minimum wage earnings for the simulated family.

Sources:

1. Internal Revenue Service (2023) *Earned income and Earned Income Tax Credit (EITC) tables*. <https://www.irs.gov/credits-deductions/individuals/earned-income-tax-credit/earned-income-and-earned-income-tax-credit-eitc-tables>
2. Durante A. (2022). *2023 tax brackets*. Tax Foundation. <https://taxfoundation.org/data/all/federal/2023-tax-brackets/>
3. Tax Policy Center (2023). *EITC parameters*. <https://www.taxpolicycenter.org/statistics/eitc-parameters>

Notes:

1. The family is assumed to meet all qualifications to be eligible for the federal EITC.
2. Phase-in and phase-out rates were assumed to be consistent with tax year 2022 parameters.

Federal Child Tax Credit

Definition: The value of the federal child tax credit (CTC) for tax year 2023 based on annual earnings for the simulated family.

Source: Tax Foundation. (2023). *Lawmakers Envision Different Paths for the Child Tax Credit*. Retrieved September 15, 2023 from <https://taxfoundation.org/blog/child-tax-credit-reform-debate>

Notes:

1. The maximum child tax credit is \$2,000 per child, but only \$1,600 per child is fully refundable.
2. The value of the credit is calculated as the lesser of 15% of earnings above \$2,500 or the maximum refundable child tax credit value.

Federal Child & Dependent Care Tax Credit

Definition: The value of the federal child and dependent care tax credit (CDCTC) for tax year 2023 based on annual earnings and out of pocket child care costs for the simulated family.

Source: IRS. *Topic No. 602, Child and Dependent Care Credit*. Retrieved August 1, 2023 from <https://www.irs.gov/taxtopics/tc602>

State Income Tax

Definition: The state income tax owed (if any), assuming the mother files as head of household and takes the standard deduction is calculated using the Forbes' Income Tax Calculator, which relies on data from the Tax Foundation. The family's earnings, less any dependent exemptions, child deductions or child and dependent care deductions, are entered into the calculator to compute the state tax liability.

Source:

1. Forbes Income Tax Calculator. (2022 – 2023). Accessed on September 27, 2023 from <https://www.forbes.com/advisor/income-tax-calculator/>
2. McCabe, J. (2023). *The State of Our Families*. Niskanen Center. Retrieved August 1, 2023 from <https://www.niskanencenter.org/wp-content/uploads/2023/02/The-State-of-Our-Families.pdf>

Notes:

1. Child care expense deductions in Idaho, Montana, and Virginia are included in the simulation of state income tax.
2. North Carolina's child deduction is included in the simulation of state income tax.
3. Dependent exemptions reported in *The State of Our Families* report (McCabe, 2023) are included in the state income tax simulations.

State Earned Income Tax Credit

Definition: The value of the state's earned income tax credit (EITC) for tax year 2023 based on annual earnings for the simulated family.

Source: For detailed source information, please see our [state earned income tax credit methods and sources documentation](#). See the sources for the progress assessment methodology and measure 1.

Notes:

1. Most state tax credits are calculated as a percentage of the federal EITC.
2. California's EITC is based on a unique calculation, not a percentage of the federal EITC received by the same taxpayer. The value for this scenario was calculated using this tool: <https://www.ftb.ca.gov/file/personal/credits/EITC-Calculator/Home>.
3. In tax year 2023, Minnesota revised the structure of their EITC, including it as a portion of the Working Family Credit. The Family of 3 qualifies for the maximum credit of \$350.
4. Washington's tax credit is a flat rate based on the number of kids. This calculator was used to estimate the maximum credit for the simulated family: <https://survey.alchemer.com/s3/7027130/WFTC-Eligibility-Assistant>

State Child Tax Credit

Definition: The value of the state's child tax credit for tax year 2023 based on annual earnings for the simulated family.

Sources:

1. National Conference of State Legislators (2022). *Child tax credit enhancements*. <https://www.ncsl.org/research/human-services/child-tax-credit-enactments.aspx>
2. National Conference of State Legislators (2022). *Child tax credit overview*. <https://www.ncsl.org/research/human-services/child-tax-credit-overview.aspx>
3. Jirary, T., & Prestera, E. (2022). *State-level CTC reforms can strengthen American families*. Niskanen Center. <https://www.niskanencenter.org/state-level-ctc-reforms-can-strengthen-american-families/>

4. Tax Credits for Working Families (n.d.). *State tax credits*. Retrieved August 1, 2023, from <https://www.taxcreditsforworkersandfamilies.org/state-tax-credits/>
5. McCabe, J. (2023). *The State of Our Families*. Niskanen Center. Retrieved August 1, 2023 from <https://www.niskanencenter.org/wp-content/uploads/2023/02/The-State-of-Our-Families.pdf>

Notes:

1. Colorado's Child Tax Credit is only available for children 5 and younger. For single individuals with incomes between \$25,001 and \$50,000 (the income level of the simulated family in Colorado), the usual credit is 15% of the federal child tax credit. However, due to the expiration of the enhanced benefits in the American Rescue Plan Act, the credit is 30% of the federal child tax credit beginning in tax year 2022. Source: Colo. Rev. Stat. § 39-22-129 (2021). (Details also available the original bill text: <http://leg.colorado.gov/bills/hb21-1311>.)
2. For tax year 2023, New York expanded eligibility of its Empire State Child Credit to include children under 4 years of age.
3. In Massachusetts, families can use either a child tax credit or a child and dependent care tax credit, whichever is greater. In our simulation, we assume that the family claims the child tax credit, which is greater than their child and dependent care credit. (Additional sources: <https://www.mass.gov/service-details/view-child-and-dependent-related-credits>, <https://commonwealthmagazine.org/economy/child-tax-credit-proposal-would-strengthen-states-pro-family-standing/>)
4. In Oklahoma, filers may claim either 5% of the CTC or 20% of the CDCTC, whichever is greater. The CTC is more generous for this household and is included in the simulation.
5. In visualizations that summarize resources across all 51 states, Alaska's Permanent Fund Dividend (APFD) is included as a Child Tax Credit, although every individual in Alaska receives the APFD, regardless of age. Accordingly, we simulate all 3 family members as receiving the APFD. For more information on the APFD, see: <https://pfd.alaska.gov/>

State Child & Dependent Care Tax Credit

Definition: The value of the state's child and dependent care tax credit for tax year 2023 based on annual earnings and out of pocket child care costs for the simulated family.

Sources:

1. Tax Credits for Working Families (n.d.). *State tax credits*. Retrieved August 1, 2023, from <https://www.taxcreditsforworkersandfamilies.org/state-tax-credits/>
2. McCabe, J. (2023). *The State of Our Families*. Niskanen Center. Retrieved August 1, 2023 from <https://www.niskanencenter.org/wp-content/uploads/2023/02/The-State-of-Our-Families.pdf>

Notes:

1. In the District of Columbia, the simulated household is assumed to claim the refundable and more generous Keep Child Care Affordable Tax Credit.
2. Child care expense deductions in Idaho, Montana, and Virginia are included in the simulation of state income tax.
3. In Virginia, the filer claims the Low Income Child & Dependent Care Credit, which is more generous than the Credit for Child and Dependent Care.

Medicaid Expansion

Definition: A state is considered to have expanded Medicaid if it has adopted and fully implemented the Medicaid expansion under the Affordable Care Act that includes coverage for most adults with incomes up to 138% of the federal poverty level.

Source: For detailed source information, please see our [expanded income eligibility for health insurance methods and sources documentation](#). See the sources for the progress assessment methodology and measure 1.

Note: In all states that have expanded Medicaid, the parent in the simulation qualifies for coverage.

Total and Cost-of-Living Adjusted Resources

Definition: The total sum of resources available to a family is calculated as the sum of annual minimum wage earnings, benefits from PFL, SNAP, WIC, federal and state EITCs, federal and state CTCs, and federal and state CDCTC minus out-of-pocket child care expenses and federal and state income tax owed (if any).

Definition: Cost-of-living adjusted resources are calculated by applying the state's 2021 regional price parities index value for all items to the total resources calculated as described above.

Source: US Bureau of Economic Analysis. (December 2022). *Table SARPP Regional Price Parities by state from GDP and personal income* [Data set]. Retrieved on August 19, 2023, from <https://apps.bea.gov/iTable/?reqid=70&step=1&isuri=1&acrdn=8>

Notes:

1. Regional Price Parities (RPPs) measure the differences in price levels across states and metropolitan areas for a given year and are expressed as a percentage of the overall national price level. All items RPPs cover all consumption goods and services, including housing rents. Areas with high/low RPPs typically correspond to areas with high/low price levels for rents.
2. Cost-of-living adjustments were calculated following the methodology used by researchers with the Federal Reserve Bank of St. Louis.¹

¹ Gascon, C.S. (October 1, 2014). *District overview: Buying power of minimum wage varies across and within states*. Federal Reserve Bank of St. Louis. Retrieved on May 18, 2021 from <https://www.stlouisfed.org/publications/regional-economist/october-2014/buying-power-of-minimum-wage-varies-across-and-within-states#endnotes>