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## State Policies to Reduce Disparities in Childhood Poverty: A Summary of the Evidence

Experiences of financial hardship during early childhood can disrupt healthy brain development and compromise the foundation for long-term learning, behavior, and health.<sup>1</sup> Because of overlapping systems of oppression—including discrimination in employment and education and unequal opportunities to build wealth—Black, Hispanic, and Native American families disproportionately experience insufficient household resources and material hardship.<sup>2</sup> The rate of poverty for Hispanic and Black children under the age of 3 (24.4% and 35.2%, respectively) is more than double and triple the poverty rate for White children of the same age (11.5%).<sup>3</sup>

### Policies with Proven Impacts on Economic Equity

The [Prenatal-to-3 State Policy Roadmap](#) identifies 12 effective policies that improve outcomes for children and their families during the prenatal-to-3 period. States have several evidence-based policy options to support the economic wellbeing of families during the prenatal-to-3 period and reduce disparities by race and ethnicity. Policies supported by rigorous research include:

- Raising the state minimum wage to increase earned income for workers earning low wages.
- Implementing a refundable state earned income tax credit (EITC) to supplement earned income for low- and middle-income families.
- Implementing a comprehensive, statewide paid family and medical leave benefit to replace lost wages while a new parent takes leave to bond with their child.

By implementing one or all of these evidence-based policies, states can reduce racial disparities in income and poverty and allow working families to start with more resources. Raising the state minimum wage works together with the other two policies by increasing the potential income of workers earning at or near the minimum wage. For these workers, higher wages lead to a larger tax refund from the EITC and increase benefits received through a state's paid family and medical leave policy.

#### Rigorous research finds that:



**A higher state minimum wage increases economic security for families with young children and reduces racial disparities in poverty.**

- A 10% increase in the state minimum wage reduced poverty by 9.7% for single mothers with no college degree and children under age 6.<sup>4</sup>
- State minimum wage increases reduced poverty to a greater degree for Black and Latino individuals and for workers with less education compared to the population overall.<sup>5</sup>



**A more generous state EITC increases earnings and reduces poverty.**

- A \$1,000 increase in average combined federal and state EITC benefits led to an increase of \$2,400 in the pretax earnings for households with infants and toddlers, reducing poverty by 5 percentage points and reducing extreme poverty by 9 percentage points, therefore narrowing income inequities.<sup>6</sup>



**A state paid family leave policy that provides at least 6 weeks of paid leave for all new parents<sup>ii</sup> reduces disparities in leave-taking, poverty, and psychological distress among mothers.<sup>7</sup> With access to state paid family leave:**

- New mothers increased the length and likelihood of leave-taking overall, with larger positive effects for Black and Hispanic mothers.<sup>8</sup>
- Families were 10.2% less likely to be in poverty, with the greatest effects for single mothers with low incomes and levels of education.<sup>9</sup>



**State policies can work together to reduce racial disparities in income.**

- A state EITC equal to 10% of the federal credit, coupled with a 10% increase in the state minimum wage, had a greater effect on Black and Hispanic mothers' earnings compared to the overall sample.<sup>10</sup>

## Emerging Evidence for a Broader Suite of Income Support Policies

Several additional policies are designed to support household income for families with and without earnings. A growing body of evidence suggests that income support policies, including cash transfer programs and child allowances or child tax credits, may lead to positive outcomes for young children and enhance economic equity without disincentivizing work, but further study is needed.

## State Policy Choices Matter

The current evidence highlights the important role states play in enacting policies to ensure families with very young children have sufficient household resources. By implementing evidence-based policies, state leaders can make significant progress toward improving outcomes for the individuals they serve.

More research analyzing data disaggregated by racial and ethnic groups is needed to fully assess the potential of policies to reduce systemic inequities and promote equitable outcomes. As states and localities experiment with emerging policies, conducting rigorous evaluations will be critical to building our collective understanding of what works.

**Find the Citations!**

