prenatal-to-3 policy IMPACT CENTER | VANDERBILT Peabody College

How Do State Policy Choices Impact Family Resources?

Use the Policy Impact Calculator to Compare Neighboring States

The Policy Impact Calculator compares the level of resources available to a full-time working family across states. This interactive tool offers a self-guided tour of the substantial variation in state policy choices for working families across the country during the critical prenatal-to-3 period. Working families living in neighboring states may be left with vastly different financial circumstances due to the policy choices of the state they call home.

Meet Lina

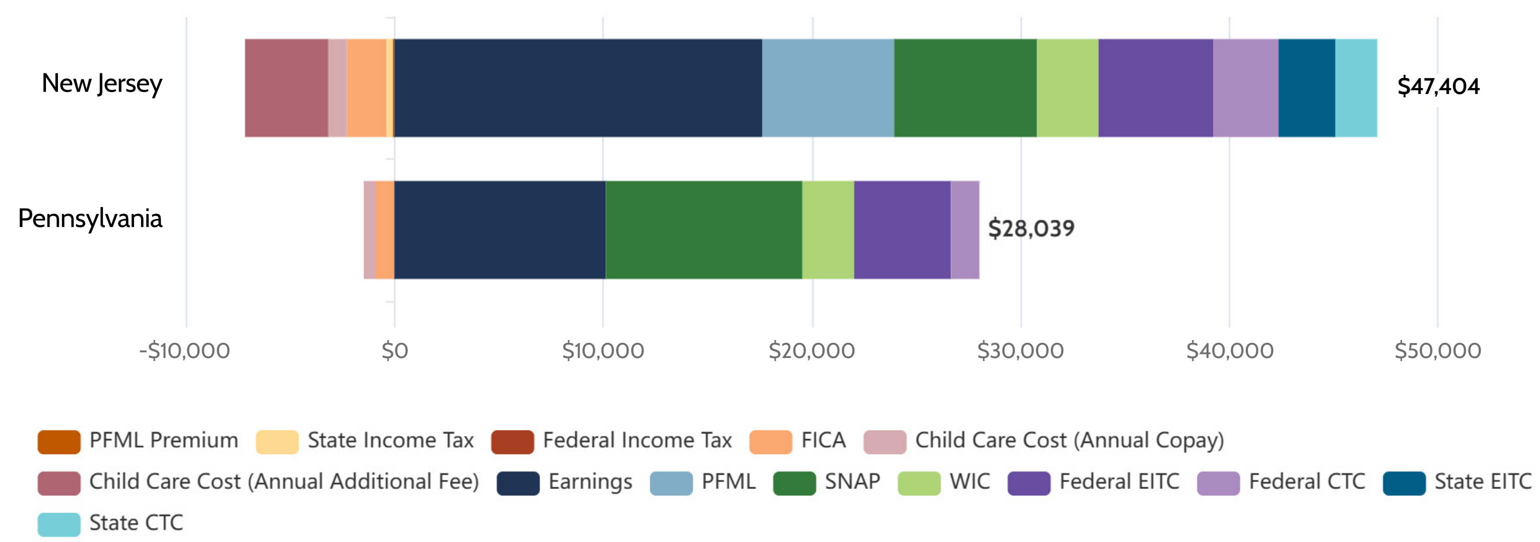
- Lina is a single mother raising an infant and toddler.
- She works full time, year round, earning her state's minimum wage.
- Luckily for Lina, she receives all the benefits she is eligible for and files taxes each year.
- This year, Lina gave birth and took 12 weeks of leave after her baby was born.
- While at work, Lina sends her children to center-based child care priced at the 75th percentile of the state's market rate.

The resources Lina has available to support herself and her family vary depending on which state she calls home. Take two neighboring states—New Jersey and Pennsylvania—as an example. These states have made distinct policy choices from each other, which leaves Lina and her family in different financial circumstances depending on whether they call New Jersey or Pennsylvania home. To understand the impact of state policy choices on Lina's family—let's walk through how Lina fares in each state using the Policy Impact Calculator.

Lina in **New Jersey**

In New Jersey, Lina's minimum wage job pays more than twice the federal minimum wage of $7.25 per hour. She earns $15.49 per hour—totaling over $32,200 annually before taxes and expenses, above the federal poverty level of $26,650 for a family of three. Although Lina isn't paid by her employer while on leave—New Jersey has a statewide paid family and medical leave (PFML) program that Lina has paid into. As a result, Lina has access to 12 weeks of paid family leave and receives a portion of her wages back during this time.

In addition to federal nutrition programs and tax credits, Lina also receives resources from the state earned income tax credit (EITC) and child tax credit (CTC). Although Lina receives a child care subsidy to reduce the out-of-pocket cost of child care, she still must pay nearly $4,900 annually in child care expenses. Lina's child care costs are driven largely by the high price of child care in the state—New Jersey does not reimburse providers at the market price of care, so families may be subject to large fees from providers to reach the price charged to families without a subsidy. **Overall, Lina is relatively well off compared to other families like hers; her total resources of $47,404 ranks 4th among all states.**



Lina in **Pennsylvania**

In contrast, Lina's financial wellbeing is worse if she lives next door in Pennsylvania. Lina's hourly wage is equivalent to the federal minimum wage of $7.25 or $15,080 annually—which puts her resources well below the federal poverty level for a family of three. Lina does not have access to PFML in Pennsylvania, so she must take unpaid leave to recover from childbirth and bond with her child.

Lina also does not have access to a refundable state EITC or CTC in Pennsylvania, Her child care costs, however, are much lower in Pennsylvania than in New Jersey due to policy choices Pennsylvania made to set reimbursement rates at the market price for care. **Overall, Lina doesn't fare as well in Pennsylvania—her total resources of $28,039 ranks 38th among all states. Even after accounting for the cost-of-living differences between New Jersey and Pennsylvania, Lina is left with over $19,000 more if she lives in New Jersey instead of across the state line in Pennsylvania.**

What If Pennsylvania Made Different Policy Choices?

We know that Lina is worse off financially in Pennsylvania than in New Jersey—but what if Pennsylvania made different policy choices to support families with young children? How would Lina's total resources change?

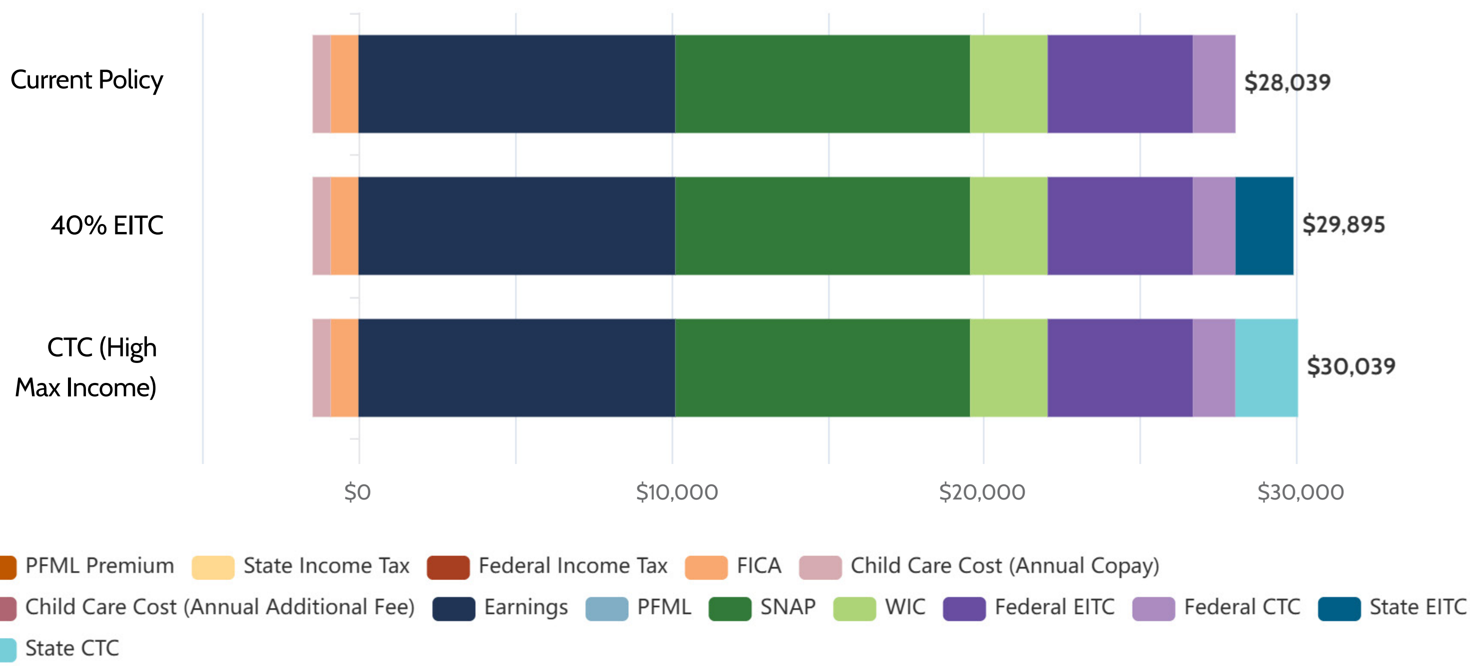
The simulations below demonstrate Lina's total resources if Pennsylvania made different policy choices. In the simulations, the largest impact on Lina's earnings results from higher wages and access to PFML. If the state implemented these policies in combination, Lina is likely to fare much better financially.

Increasing Wages Makes a Big Impact on Total Resources

If Lina's wages increased from $7.25 to $10 per hour (still lower than New Jersey), Lina's annual resources would **increase by nearly $6,000** due to increased earnings and federal tax credits.

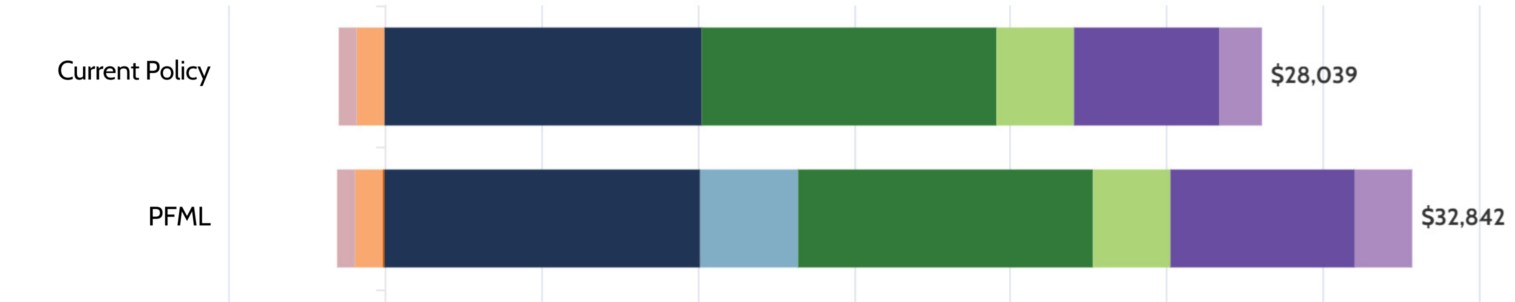
Tax Credits Provide Modest, but Meaningful Increases in Total Resources

If Lina received a 40% refundable state EITC, the same as in New Jersey, Lina's annual resources would **increase by nearly $1,900.** Instead, if Pennsylvania implemented a CTC modeled after New Jersey's CTC, Lina would receive an **additional $2,000** annually.



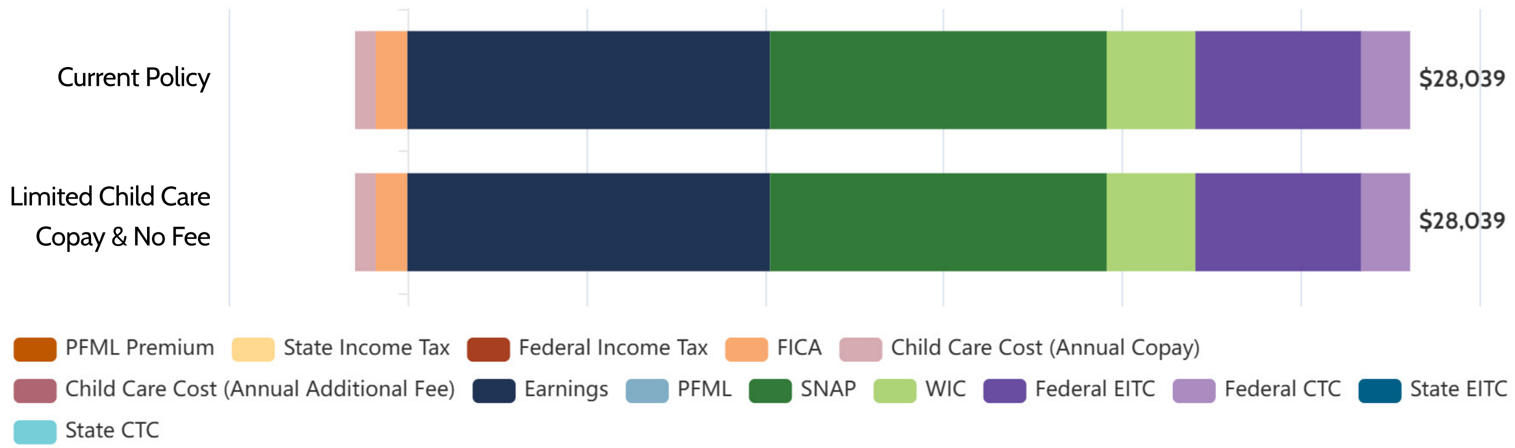
Access to Paid Family and Medical Leave Allows Lina to Recoup Lost Earnings While on Leave

If Pennsylvania implemented a statewide PFML program similar to Colorado's program, Lina would have access to 12 weeks of paid leave and receive a portion of what she would have earned working back over this period – **over $4,800 even after accounting for the premiums she pays into the program.**



Pennsylvania's Child Care Policies Help Protect Lina's Financial Resources

Because Lina's child care copay is less than 7% of her income and the state reimburses providers at the market price of care (therefore she doesn't have an additional fee), these policy changes do not impact Lina's total resources.



Explore The Full Functionality Of The Policy Impact Calculator and See How Your State Measures Up

You can use the calculator to dive deeper into the data and uncover how your state's policy choices would support a family like Lina's:

- **Explore how your state ranks** on the Policy Impact Calculator using annual data, starting in 2020.
- **Explore how federal and state policy choices interact** to reach Lina's total resources. See which policies have the biggest impact on family resources.
- **See comparisons over time and across states** and **simulate policy changes** to see their potential impact.

How Else Can We Support You?

Beyond this tool, our team partners with state leaders to inform data-driven policy-making for infants, toddlers, and their families, including data collection and analysis, benefit-cost analyses, and guidance on building data dashboards. Submit this form for more information.