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

Research for Action and Outcomes.

Ten Years, Hundreds of Policies, Millions of Families

Transforming the System of Care for the Earliest Years

SEPTEMBER 2026

A decade ago, in 2016, the state policy landscape to support families with young children was largely made up of targeted interventions and programs including home visiting, Early Intervention services, and child care. At the time, broad-based support was limited to Medicaid expansion in two-thirds of states and a state earned income tax credit in half of states.

Fast forward 10 years to today, in 2026, and the state policy landscape for families with young children reflects what the research has made clear—broad-based economic and family supports are the foundation of a system of care for families. Ensuring families have access to needed services, are able to work and provide care, and have sufficient household resources are key to the health and wellbeing of parents, caregivers, and children.

The investments states have made over the last decade have been transformative, totaling over **250 policy changes** to support families with young children.

+9
+50

9 additional states **expanded Medicaid.** All states but one have **extended Medicaid postpartum coverage** beyond 60 days; in 2016, no state did this.

+28

Over half of states (30) **cover and reimburse doula services** under Medicaid; in 2016, only 2 states were doing this.

+12

The number of states that have adopted a **statewide paid family and medical leave program** has increased from 3 to 15. More than two-thirds of states now offer paid parental leave to eligible state employees.

+27

The number of states with a **minimum wage of at least $10** increased from 3 to 30, and 19 states now have a minimum wage of at least $15; in 2016, no state had a minimum wage of $15.

+10
+16

10 additional states implemented a **refundable state earned income tax credit** of at least 10% of the federal credit and now 16 states offer a **child tax credit;** in 2016, families in only 2 states had access to a child tax credit.

+25
+40
+50

25 states made more families **eligible for child care subsidies,** 40 states **reduced out-of-pocket child care costs** for families, and all states but one have **increased provider reimbursement rates** to promote access to child care subsidies.

MILLIONS OF FAMILIES

The impact of state policy progress over the last decade is significant.

2.2 million

More than 2.2 million people across the nine states that expanded Medicaid since 2016 became eligible for health insurance who would not have been eligible under pre-expansion policies.

1 million

Nearly 1 million births are covered by Medicaid in the states that have implemented Medicaid coverage of doula services.

1 million

More than 1 million babies are born in the states that have fully implemented a paid family and medical leave program to date, representing nearly one-third of all births.

11 million

Nearly 11 million workers in the US benefited from an increase in their state's minimum wage. State-specific impacts ranged from more than 3 million workers benefiting from increases in California to nearly 1,100 workers benefiting in South Dakota.

12 million

More than 12 million families benefit from EITC in the states with a refundable EITC of any value.

What Are the Most Effective Policies to Support Children's Earliest Years?

The period from prenatal development to age 3 is the most rapid and sensitive period for the developing brain and body, and one that lays the foundation for all future learning, behavior, and health.[1,2] The science is clear that children need safe, stimulating, secure, and stable environments in their earliest years to promote life-long health and wellbeing.[3,4,5]

Stemming from long-standing racism and severe racial and ethnic inequality in opportunity,[6] children of color are disproportionately exposed to early adversity,[7] such as poverty, food insecurity, violence, and family separation. These disparities are reflected in poorer health, economic, and behavioral outcomes[8] across the life course, and are driven largely by state policy choices. State policy choices can influence whether children get off to a healthy start and thrive or whether they are exposed to chronic adversity and limited resources.

To date, based on systematic reviews of rigorous research,[9] the Policy Impact Center has identified 17 effective solutions including both broad-based economic and family supports and targeted interventions that combine to create a system of care for families:

Chid & Parent Health

- Expanded Income Eligibility for Health Insurance
- Comprehensive Screening and Connection Programs
- Group Prenatal Care
- Community-Based Doulas
- Early Intervention Services
- Perinatal Telehealth Services

Economic & Family Supports

- Paid Family and Medical Leave
- State Minimum Wage
- State Tax Credits
- Reduced Administrative Burden for SNAP
- Evidence-Based Home Visiting Programs
- Cash Transfers

Early Care & Learning

- Early Head Start
- Child Care Subsidies
- Shared Book Reading Programs
- Emergent Literacy Coaching Programs
- Child Care Workforce Retention Incentives

One Decade, Hundreds of Policies, and Millions of Families Later, How Did States Transform Their Systems of Care for the Earliest Years?

Over the last decade, states made substantial investments in policies to support child and parent health, economic security, and early care and learning. These investments have transformed states' systems of care from one that mostly targeted programs and services to particular families with identified needs, to one in which millions of families now also have access to broad-based economic and family supports.

Importantly, the impact of each policy change is cross-cutting. For example, expanding Medicaid coverage under the Affordable Care Act (ACA) is linked to improved health care access and outcomes, but also to improvements in economic outcomes (i.e., reduction in poverty). A refundable state earned income tax credit of at least 10% of the federal credit reduces poverty, and also increases birthweight, an important indicator of healthy births.

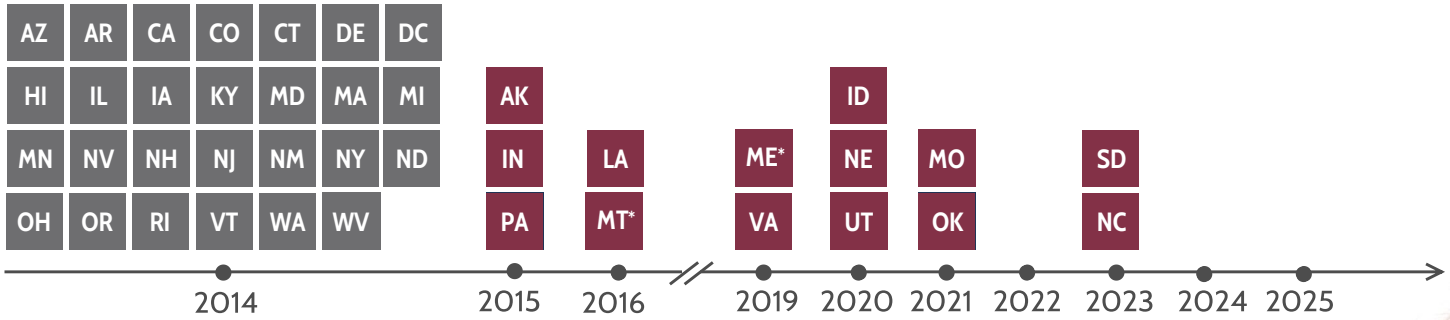
Below, we highlight how states transformed their systems of care over the last decade in the areas where transformation has been the most significant: Medicaid expansion and postpartum extension, community-based doulas, paid family and medical leave, state minimum wage, family tax credits, and child care subsidies.

Medicaid Expansion and Postpartum Coverage Extension

9 States Have Newly Expanded Medicaid Since 2016, Totaling 41 Expansion States

The Affordable Care Act (ACA) passed in 2010 and 26 states expanded income eligibility in 2014, the initial year of implementation. By October 2016, the count had risen to 32 states. Since then, nine additional states have implemented Medicaid expansion under the ACA, bringing the total number of expansion states (including the District of Columbia) to 41.

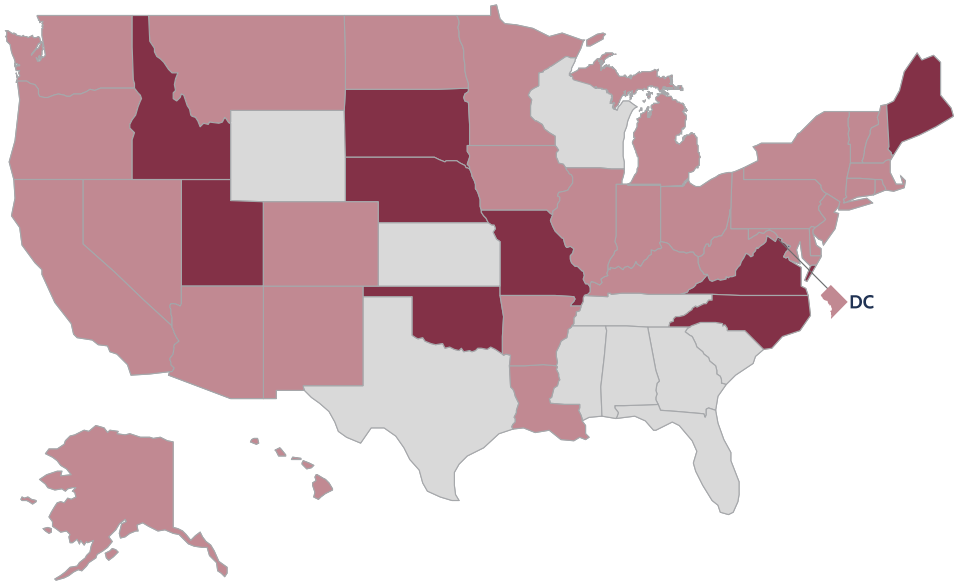
Over Half of States Had Already Implemented Medicaid Expansion Under the ACA by the End of 2016; Additional Progress Since Has Slowed



Notes: Several states expanded coverage for some low-income adults before 2014 through waiver-based or other limited approaches. This timeline shows when states fully implemented ACA Medicaid expansion, rather than earlier partial expansions. State timeline placement reflects full implementation of Medicaid expansion by October 1 of the given year. This report tracks expansion adoption since 2016; accordingly, it does not center states whose expansions took effect during 2016 itself, including Montana (January 2016) and Louisiana (July 2016). *Coverage in Montana was effective in January 2016 and reauthorized indefinitely in July 2025. Coverage in Maine was effective in January 2019, but retroactive to July 2018.

As the count of states expanding Medicaid increased from 32 to 41 over the last decade, Medicaid expansion has shifted from a regional policy divide to a broader national norm, although the cluster of nonexpansion states remains largest in the southeast.

The 9 New Medicaid Expansion States Since 2016 Are Geographically Diverse



Millions More Have Access to Health Insurance as a Result of Medicaid Expansion

More than 2.2 million people across the nine states that expanded Medicaid since 2016 became eligible who would not have been eligible under pre-expansion policies.[10] As a point-in-time count, this number is a broad underestimation of the cumulative number of people across every state that have received coverage since 2016 due to their state's adoption of Medicaid expansion.

Importantly, as states continue to implement the federal Medicaid changes to eligibility, enrollment, and financing enacted through the 2025 One Big Beautiful Bill Act (OBBBA), coverage losses in the millions are expected, even when parents and other adults remain eligible.[11]

In 2016, No States Extended Postpartum Coverage of Medicaid Beyond 60 Days; Now All but 1 State Does

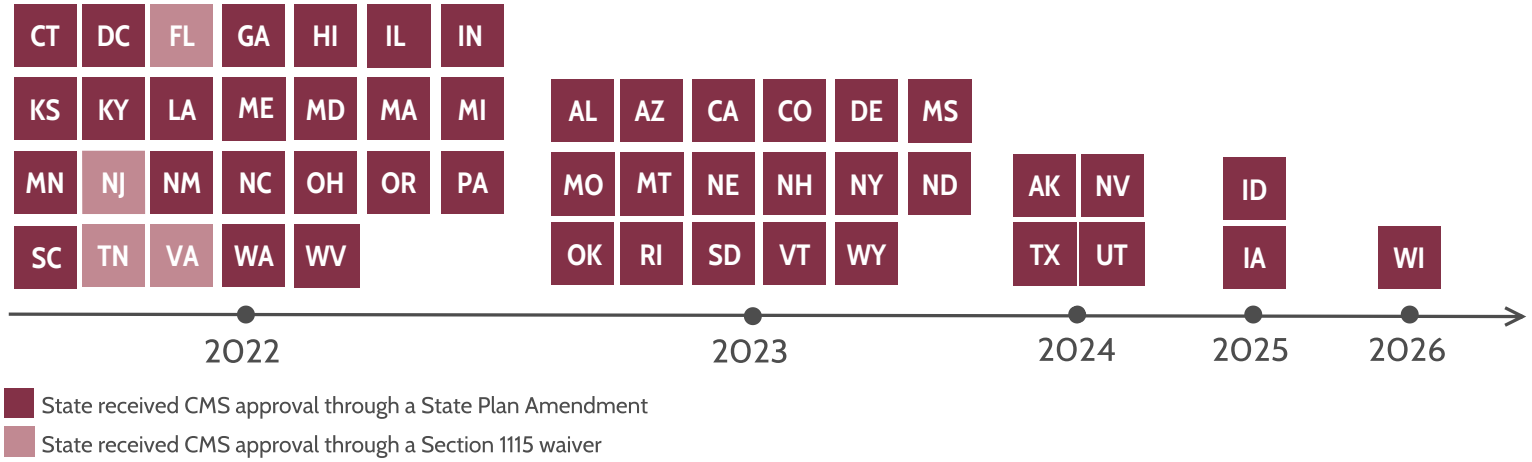
Beyond traditional Medicaid expansion, states have also made significant progress in supporting Medicaid access in the postpartum period in the last decade. As of April 2026, all but one state (Arkansas) has taken measures to implement a 12-month postpartum coverage extension.

Before passage of the American Rescue Plan Act (ARPA) in 2021, Medicaid coverage for pregnant individuals typically ended 60 days postpartum, at which time a person would need to switch to traditional parent Medicaid or use a subsidy to purchase health coverage on the Marketplace. This change in eligibility often led to a loss of coverage for many new parents.

Prior to the enactment of ARPA, only a few states extended coverage beyond the typical 60-day period, and these extensions were limited to a specific population or a more limited time span. ARPA created a temporary state option which allowed states to extend pregnancy-related Medicaid coverage to 12 months postpartum. This option was made permanent in 2023 under the Consolidated Appropriations Act.

Given states' broad and swift adoption of postpartum coverage extension, attention must now be turned to how to successfully implement this coverage. Successful implementation will require ensuring that parents remain knowledgeable about continued eligibility, and that care coordination between providers and enrollees supports access to needed services during this critical period.

All but 1 State Has Extended Postpartum Coverage of Medicaid Beyond 60 Days, and All Have Done So Since 2022



Medicaid Is a Vital Funding Source for Many Early Childhood Programs

Beyond providing insurance coverage, Medicaid is a critical funding source for effective programs and services that support families in the earliest years, and states' use of Medicaid to fund perinatal services increased throughout the decade, particularly for community-based doulas.

Currently, 26 states use Medicaid to fund universal comprehensive screening and connection programs like Family Connects or Healthy Steps; 11 states use it to fund group prenatal care services; 30 states use it to reimburse for community-based doula services; 19 states use it to fund evidence-based home visiting programs that support parenting; and numerous states rely on it for Early Intervention services.

Reductions in federal Medicaid spending under OBBBA may not only directly shape states' decisions about Medicaid expansion but may also affect states' ability to sustain or expand other Medicaid-funded services to support families in the prenatal-to-3 period. As OBBBA is implemented, it remains to be seen how widespread the funding impacts will be or which programs and services states will prioritize in the face of funding challenges.

EVIDENCE OF IMPACT

Medicaid Expansion Increases Access to Insurance; Promotes Health Care Access, Family Economic Security, and Positive Health Outcomes

Medicaid is a joint federal and state program that provides health insurance to low-income households, covering one in five Americans and 41% of all live births in the United States. Under the federal Patient Protection and Affordable Care Act, also known as the ACA, states can expand Medicaid eligibility for most adults with incomes at or below 138% of the federal poverty level (FPL).

Medicaid expansion increases insurance coverage and access to important perinatal care. In addition, Medicaid expansion reduces harmful health outcomes, including negative birth outcomes such as low birthweight, preterm birth, and Black maternal deaths, as well as child neglect. In addition to positive impacts on health, Medicaid expansion also bolsters economic security by reducing debt, poverty, and housing instability.[1]

Medicaid Coverage and Reimbursement for Community-Based Doula Services

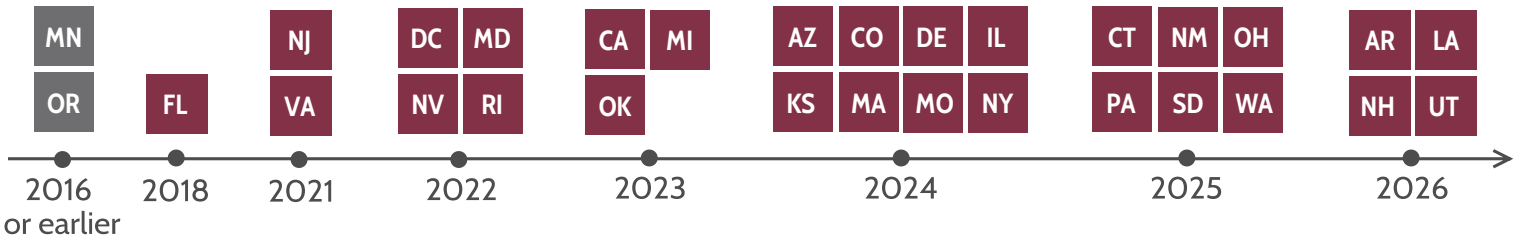
30 States Now Cover and Reimburse Doula Services Under Medicaid, Up From Just 2 States in 2016

Because Medicaid covers 41% of all live births in the US,[12] the inclusion of a range of services under Medicaid (e.g., doula services) can help many families better access needed care by reducing financial barriers. In 2016, only two states, Oregon and Minnesota, covered and reimbursed doula services under Medicaid, albeit with very low reimbursement rates.

As of September 2026, 30 states actively reimburse doula services under Medicaid, and five additional states are in the process of implementing benefits. Nearly 1 million births are covered by Medicaid in the states that have implemented Medicaid coverage of doula services as of 2026.

Though significant steps have already been taken, states continue to discuss policy options to further support community-based doulas and those without Medicaid coverage policies continue to introduce legislation to cover doula care under Medicaid.

States Have Begun Covering and Reimbursing Doula Services Through Medicaid With Increasing Momentum Since 2016



ME MT NE TN VT Implementation is in progress; coverage expected in future years.

8 States Have Increased Medicaid Reimbursement Rates for Doula Services in the Last Decade

Equitable reimbursement rates reflect the time devoted to patients and quality of individualized care delivered by doulas. Increasing reimbursement rates is one approach to sustain the existing doula workforce and incentivize doulas to enroll as Medicaid providers. As a result, several states have sought to increase their reimbursement rate for doula services.

For example, Minnesota started with a total reimbursement rate of up to $257 in 2014, increased to $770 in 2019, and increased again to $3,200 in 2024. The state has increased reimbursement rates for prenatal visits, postpartum visits, and attendance at labor and delivery, as well as increased the number of covered visits under Medicaid.

In total, eight states (California, the District of Columbia, Maryland, Michigan, Minnesota, Nevada, Oregon, and Virginia) have increased reimbursement rates for doula services in the last decade.

States that implemented doula coverage more recently have trended toward starting with higher reimbursement rates. For example, Washington enacted legislation in 2024 to implement Medicaid coverage of doula services with a reimbursement rate of up to $3,500.

EVIDENCE OF IMPACT

Community-Based Doulas Provide Broad Supports and Enhance Perinatal Wellbeing

Doulas are trained social service professionals who provide non-clinical emotional, physical, and informational support to expectant parents, starting during pregnancy and continuing throughout the postpartum period. Community-based doulas specialize in culturally competent care that reflects the values and lived experiences of their clients, working in tandem with doctors, nurses, and midwives to provide care throughout the perinatal period.

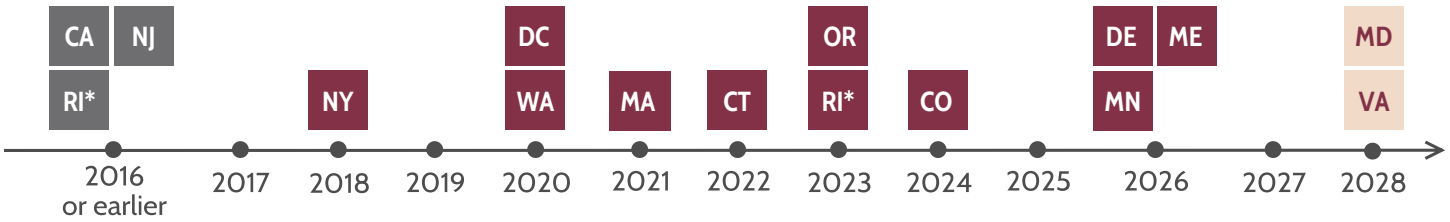
Rigorous research finds that community-based doulas increase attendance at medical appointments and childbirth education classes; improve birth outcomes, including preterm births, low birthweight, and NICU admissions; increase nurturing parenting behaviors and knowledge of safe sleep practices; and increase breastfeeding initiation rates.

Paid Family and Medical Leave

To Date, 15 States Have or Will Soon Implement a Paid Family and Medical Leave Program, Up From Just 3 States in 2016

Prior to 2016, only three states—California, New Jersey, and Rhode Island—had implemented a statewide PFML program and all three states have since made their programs more generous. Since 2016, 10 new states have fully implemented PFML programs, and two more states (Maryland and Virginia) will fully implement a program in 2028. The 12 states that have adopted PFML programs since 2016 all currently provide, or will provide upon implementation, up to 12 weeks of leave for all parents.

Since 2016, A Dozen New States Have or Will Soon Implement Statewide Paid Family and Medical Leave



State is expected to fully implement a statewide paid family leave policy at a future date

Notes: The first four states (California, New Jersey, Rhode Island, and New York) to adopt a paid family leave program, did so by amending pre-existing Temporary Disability Insurance laws, which provide paid medical leave. The dates listed on the timeline above indicate the year paid family leave benefits became available to families in those states. *Rhode Island is listed twice because family leave was initially only 4 weeks of leave and crossed the Roadmap threshold of 6 weeks in 2023.

1.1 Million Babies Are Born Each Year in States with Statewide Paid Family and Medical Leave Programs

Approximately 1.1 million babies are born each year in the 13 states that have fully implemented PFML programs as of September 2026, representing over 30% of births in the US.[13] Although not all parents work or meet program eligibility criteria, this large increase in the number of states offering the program represents a substantial change in access to paid leave for working parents.

When Maryland and Virginia implement programs, this total figure will increase to over 1.25 million babies born in the states with statewide PFML programs.

States Made Their Paid Family and Medical Leave Benefits More Generous

Since 2016, five states (California, the District of Columbia, New Jersey, New York, and Rhode Island) have increased the maximum duration of leave available to families in their PFML programs. The increase in duration of leave ranged from 2 weeks in California to 6 weeks in New Jersey.

In addition, in the last decade, four states (California, New Jersey, New York, and Rhode Island) have increased or have scheduled increases to the wage replacement rates of their PFML programs, meaning that families will take home a higher portion of their wages than under previous policy. These increases are especially helpful for families with lower levels of income who may be unable to afford to take the full duration of leave with lower levels of wage replacement.

New and More Generous PFML Programs Put Money Back in Families' Pockets

Statewide PFML programs provide economic support to families in a period that they would otherwise go without pay. PFML allows parents to afford groceries, bills, housing, and other necessities while recovering from childbirth and caring for a new child. Both new PFML programs and existing programs that are expanded increase total family resources for tens of thousands of families in a given state.

For a full-time worker earning the national median wage (about $61,440 per year in 2024), PFML programs protect a significant portion of wages and family resources. Wage protections from state PFML programs ranged from $6,068 per leave in Rhode Island to $12,589 per leave in Oregon. Even the smallest PFML benefit for a median-wage worker ($6,068 in Rhode Island) could provide the family with 10 months of groceries, or over 3 months of rent payments.

EVIDENCE OF IMPACT

Paid Family and Medical Leave Programs Protect Vital Earnings and Promote Labor Force Participation

States can implement social insurance policies to provide working parents with the time and financial security to stay home with a new child. Paid family leave policies allow employees to take time off work and receive a portion of their salary for qualifying reasons which include the birth, adoption, or fostering of a child or caring for a loved one with a serious medical condition. Paid medical leave policies allow employees to take paid time off to recover from one's own serious medical condition, which includes childbirth. Statewide paid family and medical leave (PFML) programs are designed to be self-sustaining, funded through small payroll contributions from workers, employers, or both.

The most rigorous research to date shows a state policy that provides at least 12 weeks of paid leave for parents who give birth and at least 6 weeks for all other parents with a new child leads to positive impacts in health and economic outcomes. Statewide paid family and medical leave programs increase access to leave, increase maternal labor force participation in the years following birth, bolster family economic security by reducing poverty and food insecurity, improve parents' mental and physical health, increase mothers' time spent with children, reduce postneonatal infant mortality, and reduce the likelihood of late vaccinations and hospital admissions for pediatric abusive head trauma.

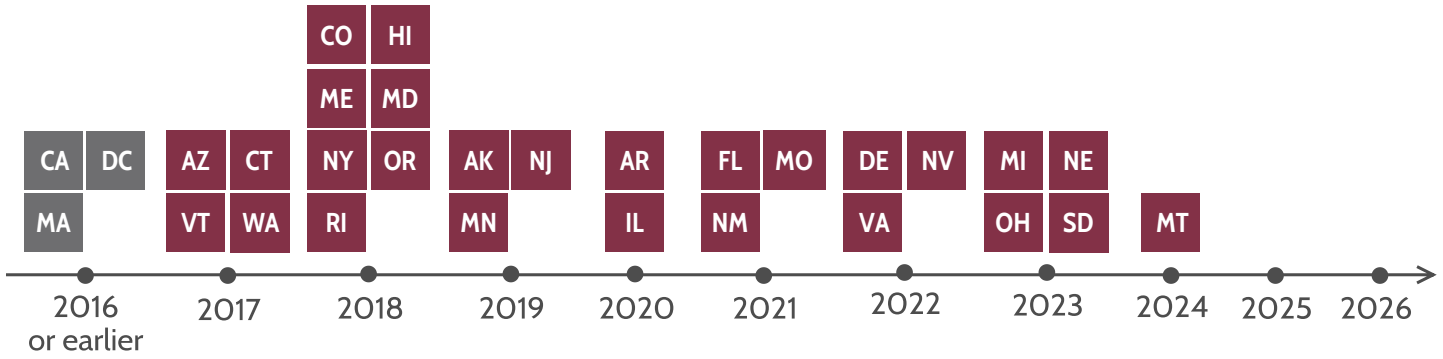
State Minimum Wage

30 States Now Set Their Minimum Wage at $10.00 or Greater, Up From 3 States in 2016

Prior to 2016, only three states (California, the District of Columbia, and Massachusetts) had minimum wages that were $10 per hour or greater. Since 2016, an additional 27 states have increased their minimum wage to at least $10.00 per hour through legislation, ballot referendums, or annual adjustments for inflation, bringing the total number of states with minimum wages of $10.00 per hour or greater in 2026 to 30.

Each of the states that remain below $10.00 per hour have not increased their state minimum wage in the last decade. Among these, only West Virginia remains above the federal minimum wage, as a result of an increase to $8.75 per hour in 2016.

The Number of States Setting Their Minimum Wage at $10.00 or Greater Has Increased Steadily From 3 States in 2016 to 30 States in 2026

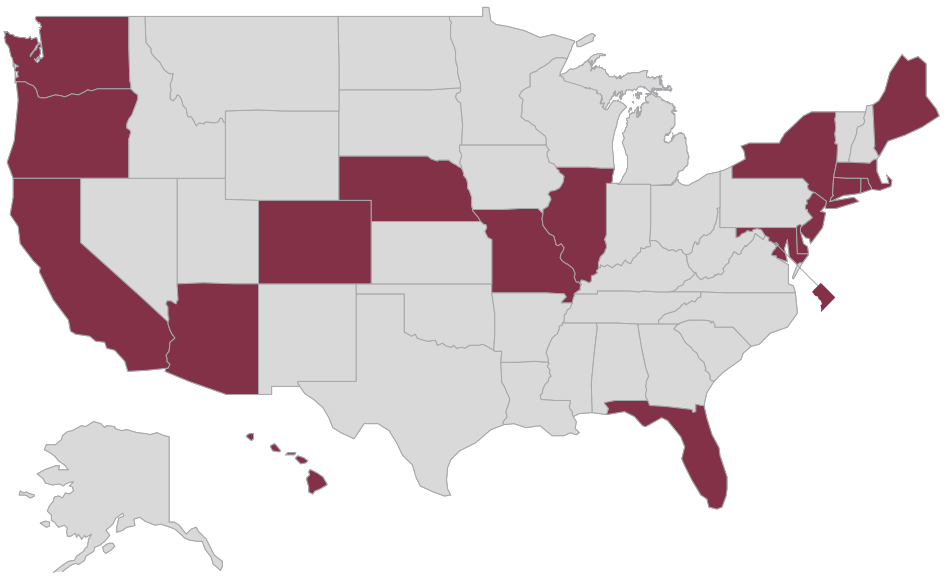


A Decade Ago, No State Set Its Minimum Wage at $15.00 or Greater, Now 19 States Do

States also continue to raise their minimum wage beyond the $10.00 threshold. Prior to 2016, no state had a minimum wage greater than $15.00 per hour. Since then, 19 states have increased their minimum wage to reach $15.00 or greater at some point in 2026, and at least four more states will in the next few years. As more states reach this higher threshold, additional research is needed to examine the impact of higher wages on child and family outcomes.

- Alaska and Michigan are scheduled to reach a minimum wage of $15.00 in 2027 and Virginia is scheduled to reach a minimum wage of $15.00 in 2028.
- The minimum wage in Vermont is adjusted annually for inflation and is currently $14.43 per hour, making passing the $15.00 threshold likely in the near future.
- Rhode Island and Hawaii are scheduled to increase further beyond $15.00 in 2027 and 2028, respectively, in addition to several states with annual cost-of-living adjustments.

In the Last Decade, 19 States Increased Their Minimum Wages to $15.00 or Greater



Total State Minimum Wage Increases Over the Decade Ranged From $1.91 to $7.66 Per Hour, Resulting in More Resources for Families

Since 2016, the minimum wage has increased in 30 states, ranging from an increase of $1.91 per hour in Minnesota to $7.66 per hour in Washington. The average increase was $5.72 per hour. More than half of the states that have increased their minimum wage have increased by at least $6.00 per hour since 2016 – which is more than $12,000 per year for a minimum-wage worker.

These increases can make a substantial difference in a family's budget. Even the smallest increase over this period—$1.91 per hour in Minnesota—provides $3,973 more in annual earnings for a full-time worker earning the minimum wage. For a single parent with two young children, this is enough to provide over 6 months of groceries.

Changes to the state minimum wage can have a big impact for many working families. Between 2016 and 2026, nearly 11 million workers in the US benefited from an increase in their state's minimum wage. State-specific impacts ranged from more than 3 million workers benefiting from increases in California to nearly 1,100 workers benefiting in South Dakota.

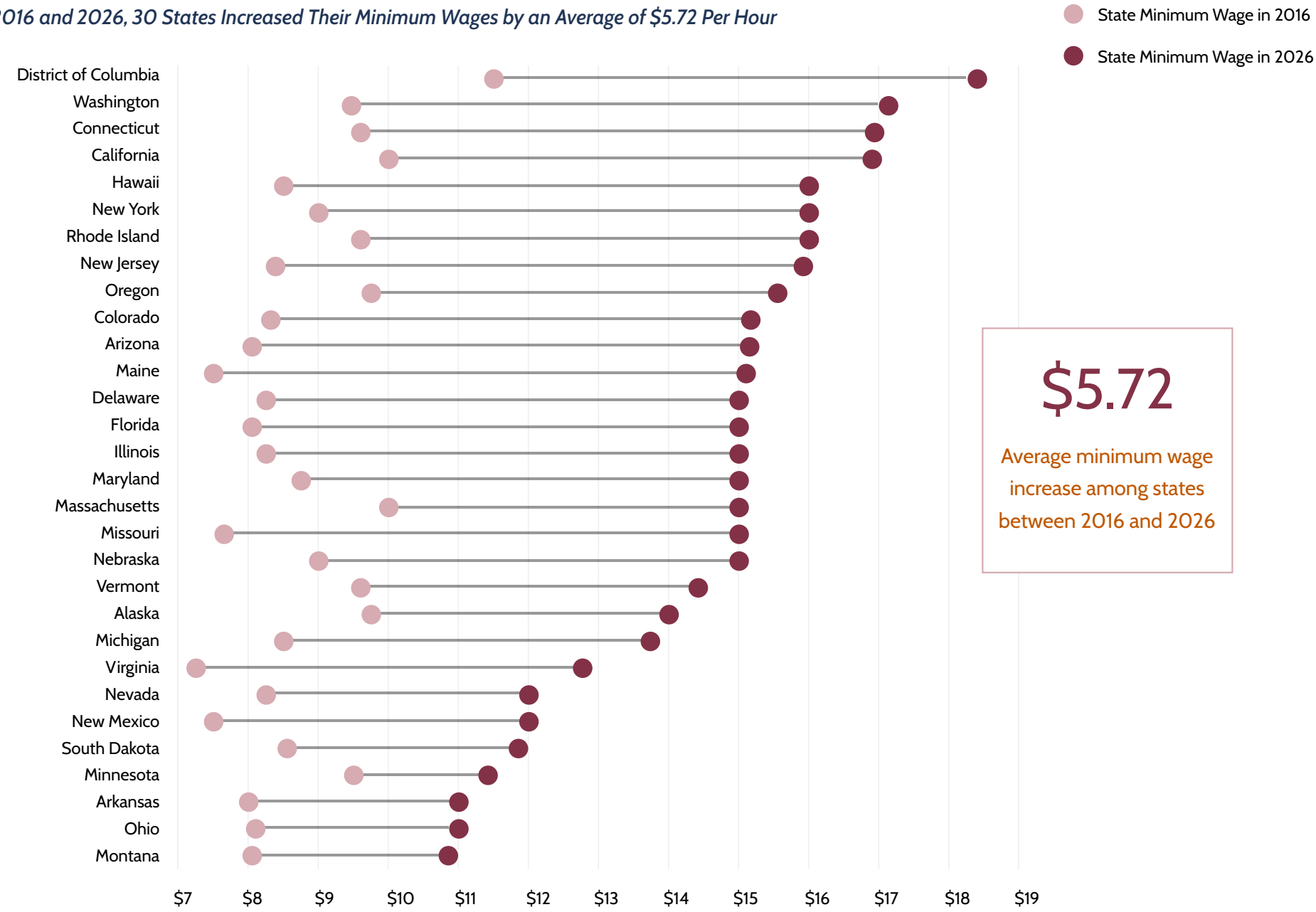
EVIDENCE OF IMPACT

State Minimum Wages Increase Earnings and Improve Child Wellbeing

State minimum wages are legislative mandates that set a floor for the hourly wage that employers must pay their workers. About 842,000 workers in the US earn at or below the federal minimum wage of $7.25, but states can individually establish higher minimum wages.

A state minimum wage of $10 per hour or greater leads to higher parental earnings, improved child health outcomes, as well reduced poverty and poverty-related stress, lower likelihood of negative birth outcomes, and reduced child neglect.

Between 2016 and 2026, 30 States Increased Their Minimum Wages by an Average of $5.72 Per Hour



$5.72

Average minimum wage increase among states between 2016 and 2026

States not shown have not increased the minimum wage since 2016. All of these states, except West Virginia ($8.75), have a minimum wage of $7.25 per hour in 2026.

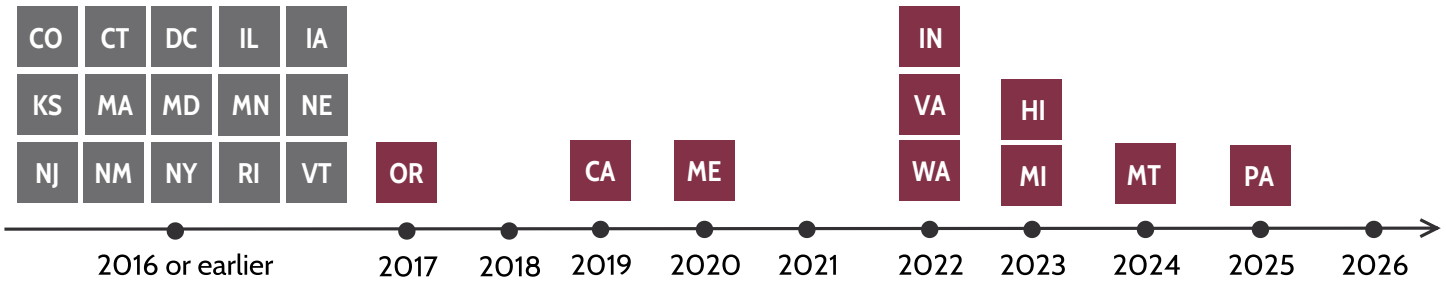
State Tax Credits

10 States Newly Implemented a Refundable EITC Worth at Least 10% of the Federal Credit Since 2016

Prior to 2016, 26 states had implemented a state EITC; among these, 15 were refundable credits of at least 10% of the federal credit. Since then, the number of states with an EITC has grown to 33 total, 24 of which meet the evidence-based threshold of at least 10% of the federal credit.

Since 2016, 10 states have implemented a refundable state EITC worth at least 10% of the federal credit.

10 States Implemented Refundable EITCs Worth 10% of the Federal Credit Since 2016, Representing Gradual Progress



Note: Minnesota previously implemented a state EITC of at least 10% of the federal credit. The credit was reduced to less than 10% of the federal credit in tax year 2023 as a part of broader reform to tax credits, including a substantial increase in the child tax credit.
Source: State income tax statutes. For additional details, please see Methods & Sources.

States have reached this threshold through a combination of the following policy changes:

IN ME MI OR

Increasing the value of an existing credit.

Four states (Indiana, Maine, Michigan, and Oregon) **enacted increases to their existing refundable state EITCs** to meet the threshold of at least 10% of the federal credit.

VA

Making an existing credit refundable.

Virginia implemented a **refundable option for the state EITC** in 2022 and subsequently made the credit fully refundable for families through 2030.

CA

Expanding income eligibility of an existing credit.

California's state EITC is structured differently than the federal credit and in tax year 2019, **income eligibility for the credit was expanded.**

HI MT PA WA

Enacting a new state EITC.

Four states (Hawaii, Montana, Pennsylvania, and Washington) have **enacted new refundable state EITCs of at least 10% of the federal credit** since 2016. Both Hawaii and Montana then increased the value of their credits after implementation. Washington is the only state without a state income tax to implement a state EITC and increased eligibility in 2026.

24 States Increased the Value of Their State EITCs, With Many Credits Doubling

Of the 33 states with a state EITC, 24 have increased the value of their credits as a percent of the federal credit in the past 10 years. These include existing credits that increased in value and new credits that increased in value after initial implementation.

Increases ranged from 1 percentage point in Indiana to 45 percentage points in the District of Columbia. In 2016, the typical state EITC was about 10% of the federal credit, but this figure has doubled in 2026.

Though nearly half of states increased the value of their state EITCs, Minnesota and Colorado decreased, and South Carolina capped, the value of their credits since 2016.

4 States Improved the Refundability of Their Credits

Of the 33 states with a state EITC, four states (Delaware, Hawaii, Oklahoma, and Virginia) have made their nonrefundable credits at least partially refundable in the last 10 years.

13 States Expanded Eligibility for Their Credits

Since 2016, 13 states have chosen to expand eligibility for state credits beyond that of the federal credit. Federal EITC eligibility rules require filers to have earned income, have a valid Social Security number (SSN), and to be 25 to 65 years of age. By broadening these eligibility requirements for state EITCs, more workers can benefit from the credits, including immigrant taxpayers, young parents, noncustodial parents, and survivors of domestic abuse who are married filing separately.

Nearly 12.3 Million Families Benefit From the EITC in States with a Refundable EITC

Each year, millions of families benefit from state EITCs. Because most state EITCs are based on the federal EITC, federal EITC receipt can be used as a proxy for state EITC receipt in states with a refundable credit. In states with nonrefundable credits, fewer families may receive the credit, due to no state tax income liability. In tax year 2024, nearly 12.3 million families claimed the federal EITC in the 29 states with a refundable state EITC (of any value).[15]

Additionally, the impact of state EITCs on family resources varies based on the generosity of the credit. Increasing the value of state EITCs puts more financial resources back into families' pockets. Between 2016 and 2026, the average maximum credit amount increased by $636 for a family with one child in states with a refundable EITC. This increase alone could provide enough additional funds for a family to purchase 6 months of diapers for an infant.

Over the Last Decade, States Have Begun to Implement State Child Tax Credits to Support Families

In the past 10 years, state child tax credits (CTCs) have become an increasingly common tool to address economic instability and poverty among families. Although research on effectiveness is quite promising, the research has lagged behind policy implementation. As states continue to implement and expand credits, further causal research is needed to establish the impact of state CTCs alone and in conjunction with other credits on families.

EVIDENCE OF IMPACT

State Earned Income Tax Credits Incentivize Work, Reduce Poverty, and Improve Birth Outcomes

The federal earned income tax credit (EITC) is a refundable tax credit for low-income workers designed to reduce poverty and incentivize labor force participation. States can supplement the federal EITC by providing state-level credits, which are typically set as a percentage of the federal credit. Nearly all recipients of the federal and state EITCs are parents with children.

Research shows that a refundable state EITC of at least 10% of the federal credit positively impacts maternal employment and household earnings, reduces poverty, and improves birth outcomes.[14]

Since 2016, 16 States Have or Will Soon Implement a State Child Tax Credit

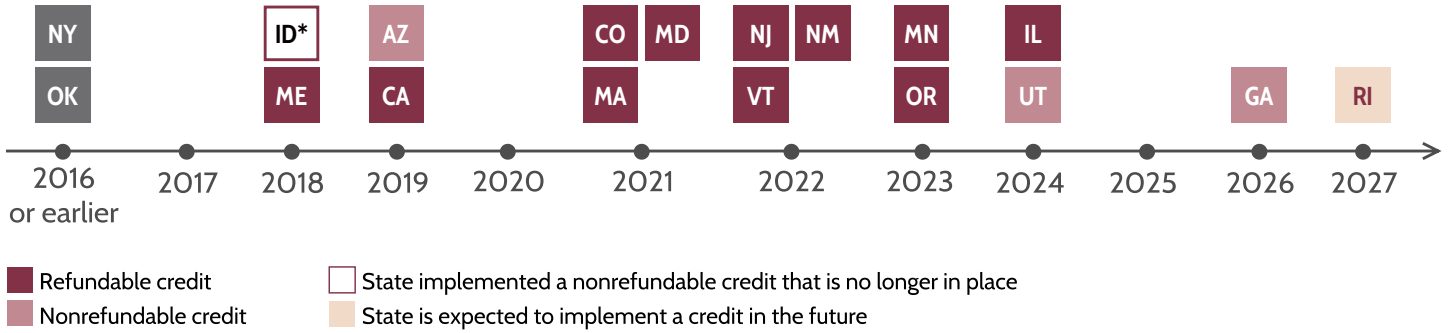
Prior to 2016, only two states—New York and Oklahoma—had implemented a state CTC, and the value of the credits was fairly small. Since 2016, 16 states have or will newly implement a state CTC, 12 of which are refundable and four of which are nonrefundable.

Furthermore, Colorado implemented a total of three tax credits in this period: a child tax credit (tax year 2021), Family Affordability Tax Credit (tax year 2024), and Family Affordability Credit (tax year 2027). Rhode Island's new refundable state CTC will be implemented in tax year 2027.

Idaho's state child tax credit from 2018 expired after tax year 2025, bringing the total count of states to date that have or will soon have a child tax credit to 17. For families with one child, maximum CTC values range from $110 in Oklahoma to $1,800 in Minnesota in tax year 2026.

Many states have also increased the value of their CTCs in the last decade, including Arizona, New Jersey, New Mexico, Massachusetts, and Maine. In addition to its state CTC, Colorado has two additional tax credits for low-to-moderate-income families with children: the Family Affordability Tax Credit (FATC) and the Family Affordability Credit (FAC). In 2025, the FATC provided families with up to $3,273 per child, nearly double the most generous state CTC. However, the FATC availability and value are dependent on state revenue projections and the credit is unavailable in tax year 2026.

In the Last Decade, 16 States Have or Will Soon Implement a Child Tax Credit



Notes: Years are tax years. New York and Rhode Island's CTC are refundable. Oklahoma's CTC is nonrefundable. Though not shown in the graphic, Colorado has or will implement two additional CTCs: the Family Affordability Tax Credit (tax year 2024) and the Family Affordability Credit (tax year 2027).

*Idaho's nonrefundable state child tax credit expired after tax year 2025.

Child Care Subsidies

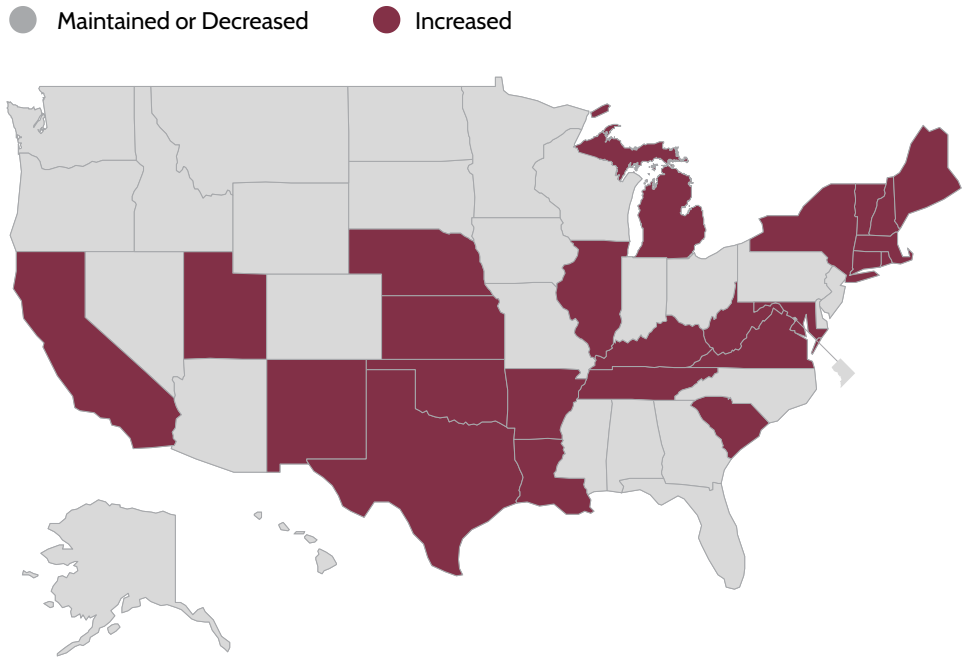
24 States Made More Families Eligible for Child Care Subsidies

Since 2016, many states have dedicated resources toward expanding eligibility for child care subsidies, often by increasing their initial income eligibility limits. As a result, the average initial income eligibility limit for subsidies across states, measured as a percentage of the state median income (SMI), increased from 56% in 2016 to 66% in 2026. Measured as a percentage of the Federal Poverty Level (FPL), which better facilitates cross-state comparisons, the average initial income eligibility limit increased from 179% in 2016 to 244% in 2026.

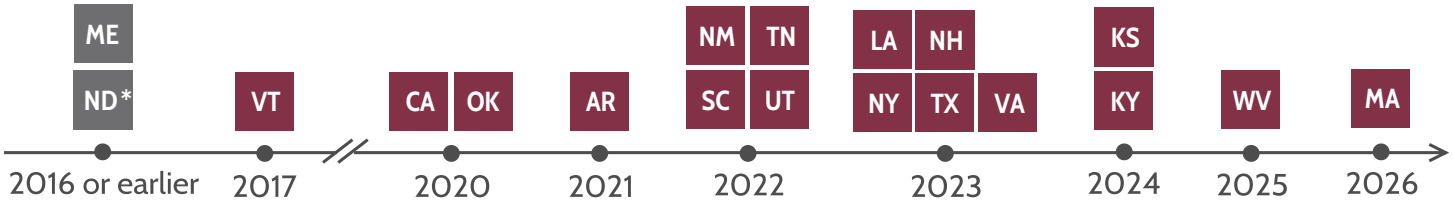
The highest income eligibility limit increase between 2016 and 2026 took place in New Mexico, which began at 79% of the SMI in 2016 and, in November 2025, the state fully removed its income eligibility limits, making the program universal.

Of the 24 states that increased their initial income eligibility limits, 15 states increased by 25 percentage points or more, and two states by 50 percentage points or more. In the same period, 18 states made no changes to income eligibility and nine states decreased initial income eligibility between 2016 and 2026.

Nearly Half of States Increased Initial Income Eligibility for Child Care Subsidies



Since 2016, 17 States Began Setting Initial Income Eligibility Limits at or Above 85% of the State Median Income



Note: *North Dakota previously set initial income eligibility at or above 85% of the State Median Income, however, this is no longer true as of 2016.

Federal requirements restrict states from setting income eligibility limits above 85% of the SMI, unless the state fully funds the program for families above this limit. In 2016, only two states—Maine and North Dakota—set their initial income eligibility limit at 85% of the SMI and no states set their initial income eligibility limit above this threshold. By 2026, the number of states setting their eligibility limit at or above 85% of the SMI increased to 18.

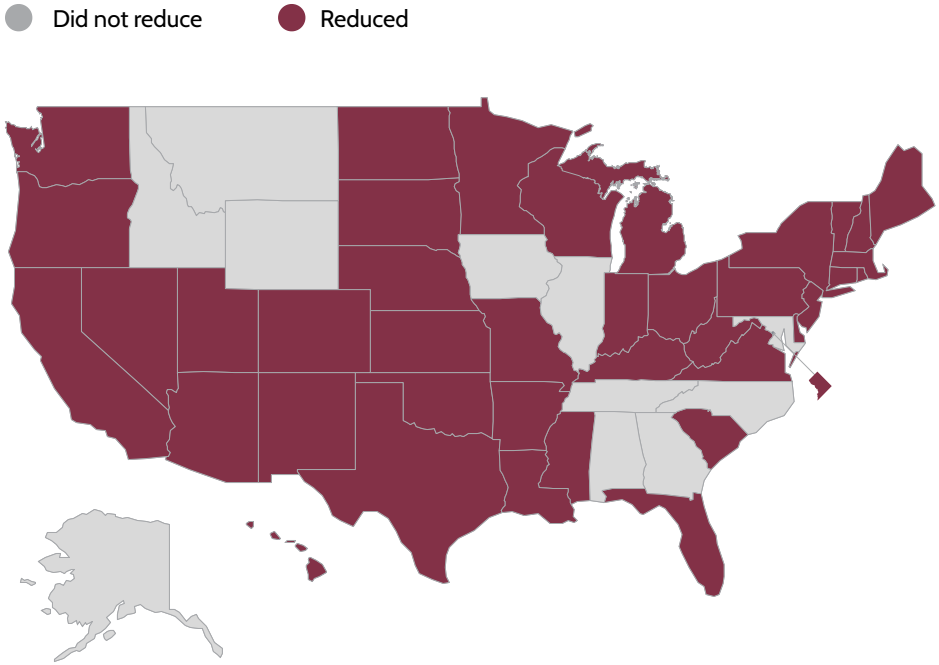
40 States Reduced Out-of-Pocket Costs for Families

A family's out-of-pocket costs for child care include both the required copayment and any additional fees charged by providers if reimbursement rates are below private pay rates. States can reduce out-of-pocket costs by either lowering the required copayment, raising reimbursement rates to better cover the price of care (thus lowering any additional fees families may owe), or removing providers' ability to charge additional fees to cover the difference between provider reimbursement rates and the price charged for private pay families (thus putting the burden on providers).

Out-of-pocket costs for a family of three at 150% of the federal poverty level (FPL; $2,520/month in 2016) with one child in care in 2016 ranged from 37% of family income in Missouri to 3% in South Carolina. In 2026, costs decreased for families, ranging between 22% of family income in North Carolina to no out-of-pocket costs in three states (Louisiana, New Mexico, and Vermont).

Between 2016 and 2026, a total of 40 states reduced out-of-pocket costs for a family of three at 150% of the FPL with one child in care. Among these states, 35 reduced family copayments and 25 states reduced additional fees by increasing provider reimbursement rates to be closer to the price of care.

40 States Reduced Out-of-Pocket Costs for Families Over the Last Decade



Nearly All States Increased Provider Reimbursement Rates

Over the last decade, all states except Oklahoma increased reimbursement rates for child care providers. In 2016, the average monthly reimbursement rate for infants in center-based care was $831, ranging from $375 in Mississippi to $1,429 in New York. By 2026, the median monthly reimbursement rate increased to $1,388, ranging from $477 in Oklahoma to $2,377 in Washington. Across this period, Washington made the biggest change, increasing monthly reimbursement rates for infants in center-based care from $885 to $2,829, an increase of $1,944 per month.

Integral to supporting provider reimbursement rates was the influx of federal relief funds during the COVID-19 pandemic. However, as the cost of child care continues to rise faster than reimbursement rates, the gap between what a family must pay and what the state contributes is widening. In 2016, the 75th percentile of the market rate survey for an infant in center-based care in the median state was $1,023, ranging from $520 in Mississippi to $1,829 in the District of Columbia. By 2026, the median increased to $1,429, ranging from $774 in Arkansas to $3,000 in Washington.

As of June 2026, of the 45 states that set rates based on market rate surveys, only 13 states set their base reimbursement rates at or above the 75th percentile (the federal target for equal access). The number of states meeting this benchmark varies year-over-year as new market rate surveys are published roughly every 3 years and states increase reimbursement rates sporadically. In the states in which reimbursement rates fail to increase at the same level as the market rate, families and providers are left to absorb those additional costs.

States Are Increasingly Considering Reimbursing Providers Based on the True Cost of Quality Care

States have also begun exploring alternative methodologies to set reimbursement rates, typically through cost estimation models (CEMs). Unlike market rate surveys, which provide a picture of what providers can charge families on the market, CEMs may provide states with a more accurate estimate of the costs of high-quality child care, including operating expenses and equitable wages for staff.

This approach may help states to establish rates that align more closely with the cost of building and sustaining high-quality programs. A CEM can also support reimbursement rates to better incentivize providers to accept subsidies, offer competitive wages, and remain financially viable—critical factors for the long-term stability of child care systems.

In 2016, only the District of Columbia used a CEM to set reimbursement rates. Now, Colorado, Massachusetts, Indiana, New Mexico, and Virginia are also taking this approach. California, Nevada, South Carolina, and Washington have also developed models, but have not yet used those models to set reimbursement rates and more states are currently in the process of developing and implementing their own models.

6 States Now Use a Cost Estimation Model to Set Reimbursement Rates, Up From 1 State in 2016

States Have Considered Additional Investments in Child Care

Following federal efforts to increase funding for child care subsidies, state leaders have begun to focus more closely on subsidy funding, particularly through the creation of dedicated funding streams. As opposed to allocations from a state general fund, which may change during any given session, dedicated funding streams have the potential to provide long-term stability and predictability. By pursuing these strategies, states can support transformative changes to their subsidy programs that address accessibility and affordability for families.

Five states stand out for developing dedicated funding streams for child care subsidies.

In 2020, **Louisiana** began dedicating revenue from taxes on hemp-derived CBD products, land-based casinos, fantasy sports betting, and sports betting to create matching funds for infant and toddler subsidized care.

In 2021, **Washington** enacted a 7% tax from capital gains on the sale of financial assets for profits exceeding $262,000. In 2026, the state also enacted a 9.9% tax on incomes above $1 million that will apply to income earned beginning in 2028.

In 2022, **Massachusetts** established a 4% tax on incomes above $1 million to increase reimbursement rates, expand eligibility, and provide supports for early educators.

In 2022, **New Mexico** began dedicating funds from oil and gas revenue to support significant overhauls to its subsidy program and the broader child care system.

In 2024, **Vermont** implemented a state payroll contribution of 0.44% and transformed its subsidy program into an entitlement program.

These states join Kansas and Missouri, which use funds from the Tobacco Settlement Agreement, as well as Alabama, which pulls from several tax sources, in having a dedicated funding stream for child care subsidies.

Several other states have also made strides toward investing in child care subsidies through general fund allocations. In just the last few years, at least Alabama, Delaware, Illinois, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, New York, North Dakota, Pennsylvania, Texas, Vermont, Virginia, and South Carolina significantly boosted funding for their programs.

Additional states, such as Connecticut and Montana, have created dedicated funding streams or trust funds that provide funding for the overall child care system. These funds can be used for child care subsidies but are also leveraged for other early learning programs and supply building efforts.

EVIDENCE OF IMPACT

Child Care Subsidies Provide Affordable Access to Child Care and Support Parents' Ability to Work

Child care subsidy programs provide financial assistance to help make child care more affordable for families with low incomes in which parents are working or enrolled in education or training programs.[16] Subsidy programs are also intended to promote parental choice of care arrangements, support the supply and enrollment of children in high-quality care, and enhance child development.

Rigorous research on child care subsidies demonstrates that child care subsidies are an effective policy to increase licensed child care availability and enrollment in formal care settings, increase parental career opportunities, and increase monthly household earnings.[17]

Conclusion

State policy choices matter. Millions of families with young children have benefited from the hundreds of investments states have made since 2016. The last decade saw a system of care for families transformed from a landscape characterized largely by targeted interventions to one that now includes broad-based economic and family supports.

Policy progress takes place within an ever-changing political and economic landscape. States that have made significant progress over the last decade will need to determine how to maintain their investments and equitably implement the policies they have adopted. States that have made relatively few investments will need to prioritize the goals they have for children and families and push toward adopting effective policies, though this may prove more challenging in the years ahead.

Moving forward, we will continue to monitor states' progress toward the adoption and implementation of effective policies and strategies that help all children thrive from the start.

Although state leaders have opportunities ahead for progress, they also face significant challenges. Most dominant is the role of federal policy change, including OBBBA, which fundamentally shifted the Medicaid and SNAP policy landscapes, with ripple effects for other policy areas. By reducing access to these programs and implementing new cost-share requirements and fiscal penalties for states, the federal government has placed enormous pressure on state budgets.

In addition, the federal government has implemented rule changes to the Child Care and Development Fund, which impacts access and affordability of care under state child care subsidy programs, and proposed rule changes to Head Start/Early Head Start have the potential to fundamentally reshape these programs. Beyond the limitations on states' ability to make policy progress, these changes may have detrimental impacts on families' wellbeing, including access to needed services health and care and learning programs, physical health, and food security.

To learn more about state variation across policy areas, explore the annual Prenatal-to-3 State Policy Roadmap. The annual Roadmap is a guide for each state to:

- **Assess the wellbeing** of its infants and toddlers and prioritize state PN-3 policy goals;
- **Identify the evidence-based policy solutions** proven to impact PN-3 policy goals;
- **Monitor states' adoption and implementation** of the effective Roadmap policies and strategies;
- **Track the impact** that policy changes have on improving the wellbeing of children and families and reducing disparities between racial and ethnic groups.

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Note on References

Beyond references in this report, a detailed methods and sources documentation can be found at https://pn3policy.org/wp-content/uploads/2026/09/PN3PIC_MethodsSources_TenYearsReport.pdf. The majority of data used in this report is sourced from prior Roadmaps; references for this content can be found at https://pn3policy.org/methods-and-sources.

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The Prenatal-to-3 Policy Impact Center aims to accelerate states' equitable implementation of evidence-based policies that help all children thrive from the start. Based in Vanderbilt University's Peabody College of Education and Human Development and led by Dr. Cynthia Osborne, Professor of Early Childhood Education and Policy, the Center's team of researchers and nonpartisan policy experts works with policymakers, practitioners, and advocates to navigate the evidence on solutions for effective child development in the earliest years.

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