REPORT

Staying Afloat in Tough Times

What States Are and Aren't Doing to Promote Family Economic Security

Sarah Fass | Jodie Briggs | Nancy K. Cauthen

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NCCP

National Center for Children in Poverty
Mailman School of Public Health
Columbia University

The National Center for Children in Poverty (NCCP) is the nation's leading public policy center dedicated to promoting the economic security, health, and well-being of America's low-income families and children. Using research to inform policy and practice, NCCP seeks to advance family-oriented solutions and the strategic use of public resources at the state and national levels to ensure positive outcomes for the next generation. Founded in 1989 as a division of the Mailman School of Public Health at Columbia University, NCCP is a nonpartisan, public interest research organization.

STAYING AFLOAT IN TOUGH TIMES:
What States Are and Aren't Doing to Promote Family Economic Security

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Staying Afloat in Tough Times tracks state-level policies that help families both avoid and cope with economic hardship. The report examines three categories of policies: work attachment and advancement, income adequacy, and asset development and protection. Although states have taken the lead over the last decade in policy efforts to help low-income families, this study demonstrates that assistance is extraordinarily uneven across the states. The authors conclude that America needs a national vision of family economic security – and the leadership to implement it.

AUTHORS

Sarah Fass, MPH, is a policy associate on the Family Economic Security team at NCCP. Her research focuses on child poverty and policies that promote the economic security and well-being of low-income families, including federal and state family and medical leave policies.

Jodie Briggs, MPP, is a policy analyst on the Family Economic Security team at NCCP, where her research focuses on state and federal work support policies.

Nancy K. Cauthen, PhD., is deputy director at NCCP, where she directs the Center's research and policy work on family economic security. She has written extensively on low-wage work, work supports, and child poverty in the United States. A major goal of her research is to illuminate the connections between family economic status and children's chances for success.

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Introduction

These are challenging economic times for America's families. Low- and moderate-income workers are seeing their wages stagnate or decline, while the cost of basic necessities continues to rise. The economy is losing jobs, unemployment rates are rising, families are losing their homes, and food and gas prices are skyrocketing.

Forgotten in the policy discussions about these new economic realities is the profound effect that economic hardship can have on children. Ongoing exposure to economic hardship, especially when children are young, can compromise their development – limiting their opportunities, academic achievement, and future health and productivity.[1] Research consistently shows that, on average, families need an income of about *twice the federal poverty level* to make ends meet. Currently, 39 percent of America's children are living in families with low incomes, that is, incomes under twice the federal poverty level, or roughly $42,000 for a family of four in 2008.[2] This kind of widespread economic hardship has the potential to hinder our nation's competitiveness in the global economy.

The good news is that policy can make a difference. *Staying Afloat in Tough Times* highlights some of the ways that state-level policy can help families both avoid and cope with economic hardship. It also identifies some of the limits on what states can do in the absence of stronger federal policies.

State Family Economic Security Profiles

This report is accompanied by a set of individual state profiles that highlight the policy choices each state has made, along with demographic data on how families are faring economically across the states. Each state profile also provides links to 50-state tables of all policy and demographic information that can be viewed and downloaded. Visit www.nccp.org/profiles/fes.html to see your state's family economic security profile.

The report tracks three categories of state policy choices that affect the ability of low-wage workers to achieve financial security:

- **Work Attachment and Advancement.** Employment is a critical component of family economic security. Work support policies such as child care assistance, public health insurance, and benefits for the unemployed promote employment and help parents stay in the labor force.
- **Income Adequacy.** Income is the most basic building block of family economic security. It provides the means through which families pay for their everyday needs, such as housing, food, transportation, and child care. Policies that promote income adequacy include those that boost and supplement low wages, reduce tax burdens, and provide access to paid leave.
- **Asset Development and Protection.** Savings and assets can help families survive a crisis, plan for the future, and improve living standards. State policies can help low-income families develop assets as well as protect assets that families have already accumulated.

This report focuses only on policies that benefit individual families (as opposed, for example, to broader job creation or economic development strategies) and only on those policies for which 50-state data sources are available.

Before presenting the report's findings, we begin with a discussion of why state policies to promote family economic security are especially pressing at this time – economic hardship threatens an increasing share of the nation's families, with implications for their children and for our nation's future.

Economic Hardship Threatens America's Families – and Our Future

The Economy is Leaving Many Families Behind

More than 40 million Americans – a third of the U.S. labor force – work in jobs that pay low wages and don't provide basic health and retirement benefits.[3] Over the past two decades, wages at the bottom and middle of the wage distribution have been stagnant or have grown only slightly while the wages at the top have increased significantly.

Low-wage jobs are all too often low-quality jobs. Nearly 80 percent of low-wage workers do not have paid sick days.[4] Low-income parents are less likely than higher income parents to have access to paid leave of any kind.[5] Low-wage jobs are also less likely than higher paying jobs to offer training or education that would help low-wage workers advance in the workforce.[6] Further, low-wage jobs are often unstable. The work is sometimes less than full-time, seasonal, or temporary, and the hours can be unpredictable.

For those without education, wealth, and personal connections, the possibilities for social mobility have declined.[7] Shifts in the economy from manufacturing to services – along with a huge decline in the percent of the workforce that is unionized – have made it virtually impossible for workers without a college degree to command a living wage. Yet, only 27 percent of workers in the United States have a college degree.

Wealth is an important component of families' efforts to achieve financial security, enabling families to pay for a home, college tuition, or save for retirement. Yet the gap in wealth distribution – family's net worth – is even greater than the income gap and appears to be growing.[8] The wealth gap between whites and African Americans is particularly staggering: black families have one-tenth the net worth of white families.[9] As low-wage workers cope with steep increases in what it costs to support a family, including the recent astronomical rise in the price of food and gas, the result is low levels of savings and mounting debt.

The bottom line is that low wages, few quality jobs with employer-provided benefits, limited routes to advancement, the increased costs of basic expenses, minimal savings, and increased debt have left large numbers of American workers and their families economically vulnerable. Many such families are merely one crisis – a serious illness, job loss, or divorce – away from financial devastation.

As Our Children Pay the Price, So Will the Nation

Family income matters for children's development. A large body of research documents the associations between too few financial resources and a host of negative results for children. Low family income can impede children's cognitive development and their ability to learn. It can contribute to behavioral, social, and emotional problems. Low family income can also contribute to poor health outcomes for children.[10] Children in low-income families face a greater risk of developing chronic health conditions than children in wealthier families.[11]

In addition to the harmful consequences for children, high rates of economic hardship exact a serious toll on the U.S. economy. Economists estimate that child poverty costs the U.S. $500 billion a year in spending on health care and the criminal justice system and in lost productivity in the labor force.[12]

Parents need financial resources as well as human and social capital (basic life skills, education, social networks) to provide the experiences, resources, and services that are essential for children to thrive and to grow into healthy, productive adults – high-quality health care, adequate housing, stimulating early learning programs, good schools, money for books, and other enriching activities. Parents who face chronic economic hardship are much more likely than their more affluent peers to experience severe stress and depression – both of which are linked to poor social and emotional outcomes for children.[13]

In short, the economic challenges faced by low-wage workers have consequences for their children, whose future prospects depend on the security their parents can provide for them *while they are children*. This requires paying attention to the inadequacies of low-wage work and what it means for families.

How Workers and Their Families are Faring Across the States[14]

Although families in every state are struggling to balance insufficient wages with the rising costs of necessities, conditions vary dramatically from state to state – and so too do the challenges facing policy-makers. Consider the variation among states:

Parental employment. Nationally, 56 percent of low-income children have at least one parent employed full time, year round.[15] Idaho has the highest rate (72 percent), and Rhode Island has the lowest (38 percent).

Health insurance. The percentage of children who lack health insurance ranges from a low of 4 percent in Rhode Island to a high of 21 percent in Texas. For adults, uninsurance rates also vary dramatically, from 11 percent in Hawaii to 30 percent in Texas. Nationally, 12 percent of children and 20 percent of adults lack health insurance.

Median income. The U.S. median household income is just over $70,000 for a family of four. Median income ranges in the states from a low of about $52,000 in New Mexico to a high of over $94,000 in New Jersey.

Union membership. Nationally, the percent of workers covered by a union has fallen from nearly 20 percent in 1987 to 13 percent in 2007.[16] New York currently has the highest percentage of union workers, with 26 percent. North Carolina has the lowest, with 4 percent of workers covered by a union.

Food insecurity. Eleven percent of households nationwide are "food insecure," meaning that they are either forced to reduce food intake, disrupt normal eating patterns, or go hungry because they lack the money or resources to obtain adequate food. In Mississippi, 18 percent of households are food insecure, while North Dakota has the fewest food insecure households with 6 percent.

Housing insecurity. Fifty percent of renting households nationwide are "housing insecure," which is defined as paying 30 percent or more of income on housing. Across the states, the percent of renting households that are housing insecure ranges from 34 percent in Wyoming to 56 percent in Florida.

Findings: State Policy Choices to Promote Family Economic Security[17]

Work Attachment and Advancement

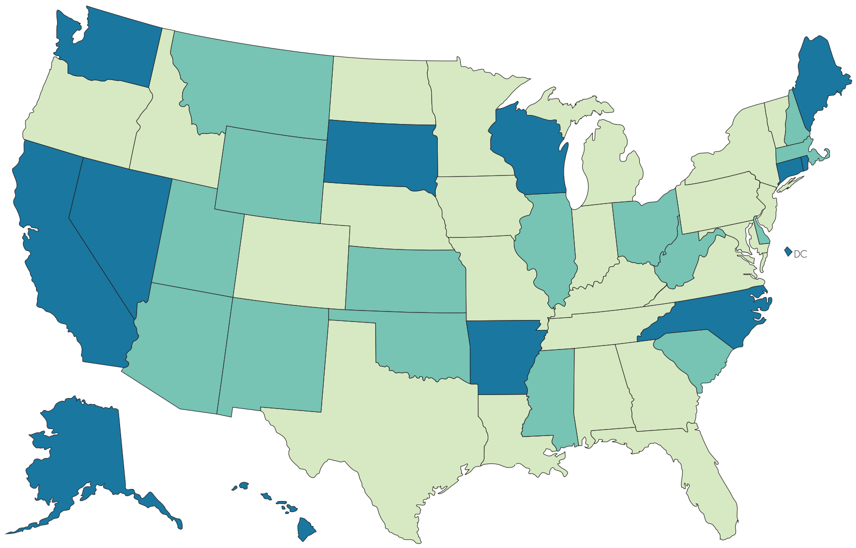
Employment is the linchpin of family economic well-being. This report examines three types of policies that make it possible for parents to join the workforce and that promote job stability and advancement:

1. Child care affordability and access. Parents need access to stable child care to be able to find and maintain employment, and high-quality child care is critical for children's healthy development. But good child care is expensive, and it is one of the biggest expenses working families face – in almost every state, child care fees for two children of any age exceed median rent costs.[18] State subsidies and tax credits make quality care more affordable.

2. Access to health insurance. Few low-wage workers receive health benefits through their employers. The availability of public health insurance for low-wage workers and their families facilitates the transition from cash assistance to work, ensuring that no one needs to become uninsured in the transition. Public coverage also increases job mobility by making it easier for workers to change jobs without fear of becoming uninsured. Having health insurance can protect families from financial devastation when they experience a serious or chronic illness. And policies that keep workers and their children healthier reduce absenteeism and increase productivity.

3. Access to benefits for the unemployed. Even short spells of unemployment can be devastating for low-income families living paycheck to paycheck. Unemployment insurance provides partial wage replacement to workers who are temporarily unemployed and seeking work, but states have wide discretion in determining which workers are eligible for benefits. Many common eligibility provisions exclude low-wage workers from coverage.

Figure 1: Child Care Subsidies, 2007



Child care subsidy criteria: income limit at least 200% FPL, affordable co-payments, adequate provider payment rates, serve all eligible applicants*

Meets 3 or more criteria

Meets 2 criteria

Meets 1 or no criteria

*"Affordable copayments" are defined as no more than 10% of income for a family of three at 150% FPL with one child in care, and "adequate provider payment rates" are defined as at least the 75th percentile of the market rate based on a recent survey.

Source: Schulman, Karen; Blank, Helen. 2007. *State Child Care Assistance Policies 2007: Some Steps Forward, More Progress Needed.* Washington, DC: National Women's Law Center.

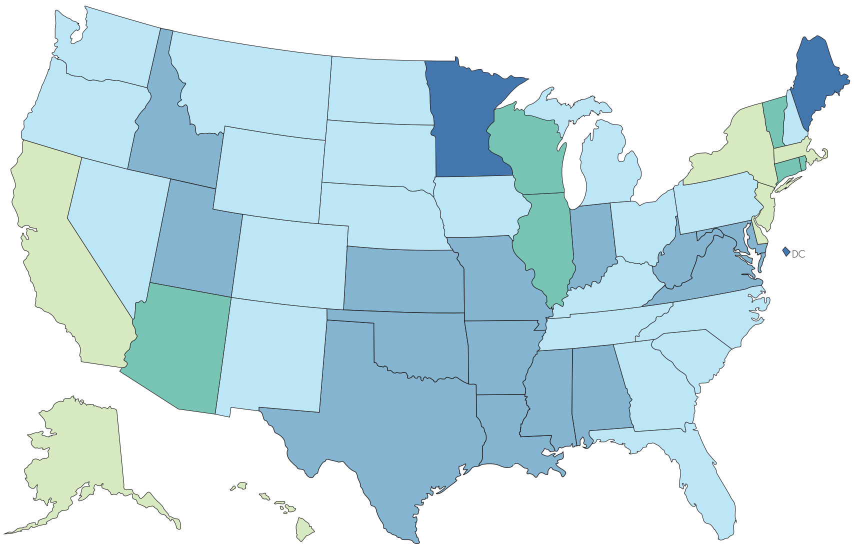
Few states provide access to child care subsidies for families with earnings at or above 200 percent of the federal poverty level. The federal government sets broad requirements for state child care subsidy programs, but states are free to set their own eligibility limits.[19] Only 15 states set eligibility for child care assistance at or above 200 percent of the federal poverty level (FPL) – about $35,000 a year for a family of three – though the high cost of care means that even families with moderate incomes struggle to afford high quality care. Across the states, income eligibility limits for a family of three range from about $18,000 a year in Missouri to about $47,000 a year in Maine. States also vary significantly in the co-payment burden imposed on participating families – at 150 percent FPL, family co-payments range from 1 percent to 27 percent of family income – and in the share of eligible families who actually receive assistance. In many states, funding limitations mean that eligible applicants face long waitlists for assistance (see Figure 1 and Appendix Table 3).

More than half of the states have a state child and dependent care tax credit (or deduction), but most of these provisions offer little or no benefit to low-income families. Most state child care provisions are modeled on the nonrefundable federal Child and Dependent Care Tax Credit. This credit subsidizes child care for some families, but since it is nonrefundable, it provides no benefits to families whose incomes are too low to owe federal income taxes. The majority of state credits are also nonrefundable and thus are limited by families' state income tax liability. While some states do have a refundable credit, its amount can be limited by how much the family owes in federal taxes. Thirteen states do have refundable tax credits, but even so, low-income families often do not benefit.[20]

In contrast to child care subsidies, 41 states set the income eligibility limit for public health insurance for children at or above 200 percent of the federal poverty level. Yet, four states still set income eligibility levels for children at or below 150 percent FPL (see Appendix Table 4). Children who lack continuous health insurance are 14 times less likely to have regular visits with a pediatrician.[21]

Income eligibility limits for public health insurance for parents are dramatically lower than those for children. Only five states have the same income limits for parents and children. Across the states, income limits for parents range from about $3,000 a year (for a family of three) in Arkansas to about $46,000 a year in Minnesota (see Figure 2 and Appendix Table 4). And yet many of these parents

Figure 2: Public Health Insurance for Parents, 2006



Income eligibility as a percent of the federal poverty level (FPL)

- Above 200% FPL
- 150-200% FPL
- 100-149% FPL
- 50-99% FPL
- Below 50% FPL

Source: Ross, Donna Cohen; Cox, Laura; Marks, Caryn. 2007. *Resuming the Path to Health Coverage for Children and Parents: A 50-State Update on Eligibility Rules, Enrollment and Renewal Procedures, and Cost-Sharing Practices in Medicaid and SCHIP in 2006.* Washington, DC: Kaiser Commission on Medicaid and the Uninsured.

work in jobs that do not provide health insurance benefits. Note that research shows that children are more likely to access health care when their parents are also insured.[22] In addition to income eligibility limits, there are other restrictions on eligibility for public health insurance. For example, many immigrants are barred from federally-funded insurance based on their immigration status, though some states use their own funds to provide coverage.

Few states define eligibility for unemployment insurance in ways that are broadly inclusive of low-wage workers. Only four states – Hawaii, Massachusetts, New York, and Rhode Island – consistently make inclusive choices about which groups of unemployed workers are eligible for unemployment insurance. These choices include making benefits available to workers seeking part-time work (many states provide benefits only to those looking for full-time jobs), workers who have recently entered or reentered the labor force, and workers who leave their jobs for "compelling circumstances," including child care conflicts, illness, or spousal relocation (these states have adopted what is known as a general "good cause" provision). Note that all four of these states have unionization rates that are above the national average (see Appendix Table 2).

Overall, state efforts to promote work attachment and advancement are mixed, suggesting that states often make trade-offs when it comes to their investment in work support policies. For instance, some of the states that have the highest income eligibility limits for public health insurance for children do not show comparable support for public health insurance for their parents. States make similar trade-offs in their child care subsidy programs, for example, some states that require only minimal co-payments from eligible families have low income eligibility cutoffs. States are also inconsistent in their choices about access to health insurance and child care assistance. While all of the states that extend eligibility for child care subsidies to families at or above 200 percent FPL have similarly high limits for children's public health insurance, the reverse is not true. Many states provide children's health insurance to families with income up to at least 200 percent FPL, but set far lower limits for access to child care subsidies.[23]

To see data for your state, visit:
www.nccp.org/profiles/fes.html.

Income Adequacy

Income is the most basic building block of family economic security. It provides the means through which families pay for their everyday needs, such as housing, food, transportation, and child care. This report examines state policies that promote income adequacy for low-wage workers by increasing and supplementing earnings, making income taxation progressive, and providing partial wage replacement for temporary absences from the labor force:

1. Higher wages and wage supplements. Two parents working full-time for the federal minimum wage of $6.55 an hour earn about $27,000 a year, just $6,000 above the poverty level for a family of four. State minimum wage laws and earned income tax credits can provide a needed income boost for low-wage workers.

2. Reduced tax burdens. Most states have a personal income tax, but its impact on low-wage workers varies widely. States set the income threshold at which families are exempt from the tax and many states opt to exempt families with poverty-level earnings. Reducing income tax liability prevents low-wage workers from facing another financial burden.

3. Access to paid leave. Very few low-wage jobs provide paid leave benefits of any kind. Paid family and medical leave policies enable workers to take paid time off to care for a new child, an ill family member, or themselves in the event of a serious illness. While there is no federal law providing for paid family leave, individual states can – and are – taking the step of enacting paid leave policies.

4. Adequate benefits for the under- and unemployed. The Temporary Assistance for Needy Families (TANF) cash assistance program provides monthly cash benefits to very low-income families based on eligibility standards set by the states. Although typically quite low, TANF benefits supply a means of support for parents who are under- or unemployed. Unemployment insurance benefits provide critical – and more generous – financial assistance to the unemployed.

States that have enacted a refundable state earned income tax credit

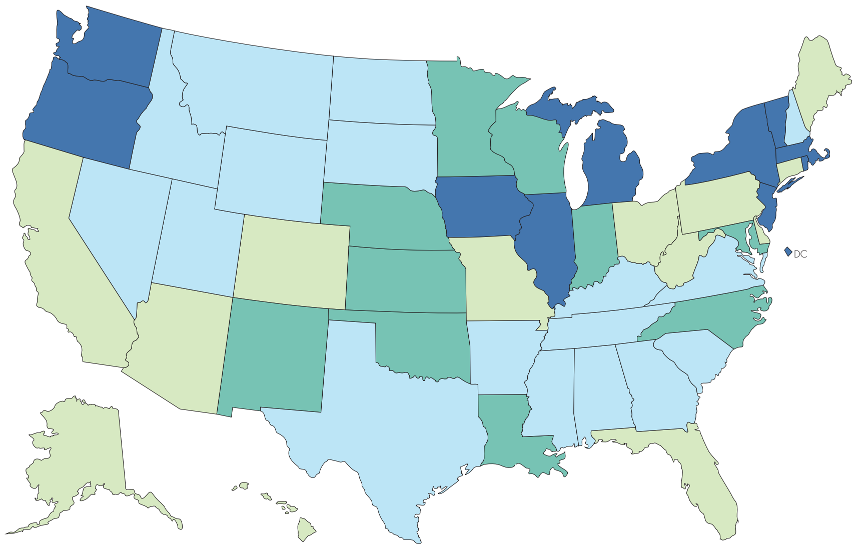
District of Columbia	New Jersey
Illinois	New Mexico
Indiana	New York
Iowa	North Carolina
Kansas	Oklahoma
Louisiana	Oregon
Maryland	Rhode Island
Massachusetts	Vermont
Michigan	Washington
Minnesota	Wisconsin
Nebraska	

About 40 percent of the states have enacted a refundable earned income tax credit. State earned income tax credits are based on the federal Earned Income Tax Credit (EITC). These credits reduce the state income tax burden of low-income working families and provide a cash supplement to some families. Like the federal credit, state earned income tax credits are designed to offset regressive payroll taxes and to increase work incentives. Twenty-one states, including the District of Columbia, have enacted a refundable credit (see Figure 3 and Appendix Table 5). There are also five states that offer credits that are based on the federal EITC but are nonrefundable. Nonrefundable credits offset the state income tax burden for some families but provide no benefits to families whose incomes are so low that they do not owe state income taxes.

Roughly half of the states have a minimum wage higher than the federal minimum wage, but fewer than half of these states index that wage to inflation. Federal law mandates that employers provide employees a wage of at least $6.55 per hour. Twenty-four states have taken the step of raising the state minimum wage standard above the federal (see Figure 3 and Appendix Table 5). Washington State has the highest minimum wage at over $8 per hour. Only 10 states with a minimum wage higher than the federal index that wage rate to inflation, which helps to ensure that the minimum wage will keep up with changes in the cost of living.

Half of the states exempt families whose income is below the official poverty level from state income taxes. Forty-two states have a personal income tax; and the impact of these taxes on low-income

Figure 3: States with Refundable Earned Income Tax Credits and Minimum Wage Higher than Federal, 2008



Both refundable EITC and minimum wage

Refundable EITC only

Minimum wage only

Neither refundable EITC nor minimum wage

Note: Washington's earned income tax credit will take effect in 2009.

Sources: U.S. Department of Labor, Employment Standards Administration Wage and Hour Division. 2008. *Minimum Wage Laws in the States*; additional information from: Economic Policy Institute. 2007. *Minimum Wage Issue Guide, Table 5*. State EITC Online Resource Center, http://www.stateeitc.com, accessed June 2, 2008; with additional information from NCCP.

families varies significantly. Twenty three states with a personal income tax do not impose a tax on families earning below the federal poverty level – roughly $21,000 per year for a family of four. In fact, California does not begin to tax families until their income reaches about $45,000 (for a two-parent family of four). At the other extreme is Alabama, whose tax threshold for a family of four is $4,600. Moreover, the overall tax burden (including, for example, sales and excise taxes) often falls most disproportionately on low-income families in the states without income taxes.

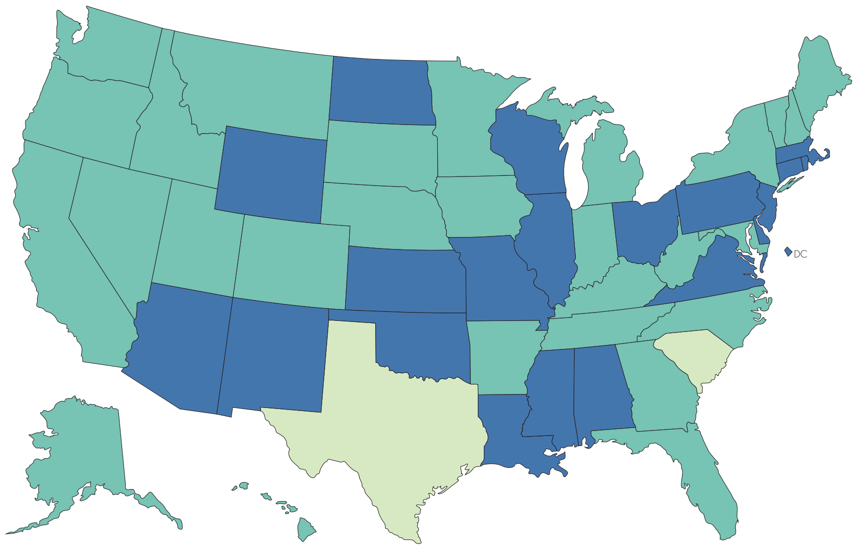
Few states have paid family or medical leave policies. The federal Family and Medical Leave Act (FMLA) entitles eligible workers to take 12 weeks of unpaid, job-protected leave to care for themselves or for ill family members, or to care for a new child. Coverage under federal law is far from universal, and even those covered often cannot afford to take time off without pay. Only six states – California, Hawaii, New Jersey, New York, Rhode Island, and Washington – have enacted policies that offer partial wage replacement for family and/or medical leave.[24]

States vary tremendously in their support of adequate benefits for the under- and unemployed. States determine eligibility standards for the TANF cash assistance program, which provides benefits to very low-income families. Benefit levels vary widely across the states, ranging from $11,000 per year in Alaska to just over $2,000 per year in Mississippi. Fewer than half of the states provide benefits greater than $5,000 per year. Unemployment Insurance (UI) benefits also vary widely among states – with average benefits varying from $184 per week in Alabama to $366 per week in Massachusetts, and only 13 states providing an additional allowance for dependents.

Overall, state efforts to promote income adequacy are largely consistent: states that are generous in one area of income adequacy tend to be more generous with other policies that promote income adequacy. For example, states with a minimum wage higher than the federal often have a state earned income tax credit and a higher income tax liability threshold. Many of the states that provide the largest TANF benefits also provide paid leave.

To see data for your state, visit:
www.nccp.org/profiles/fes.html.

Figure 4: States' Asset Eligibility Policies for Public Health Insurance



Assets disregarded for children and parents' eligibility

Assets disregarded for children's eligibility only

Asssets disregarded for neither children nor parents' eligibility

Source: Ross, Donna Cohen; Cox, Laura; Marks, Caryn. 2007. *Resuming the Path to Health Coverage for Children and Parents: A 50-State Update on Eligibility Rules, Enrollment and Renewal Procedures, and Cost-Sharing Practices in Medicaid and SCHIP in 2006.* Washington, DC: Kaiser Commission on Medicaid and the Uninsured.

Asset Development and Protection

Savings and assets can help families survive a crisis (for example, loss of a job, extended illness), plan for the future (education, retirement), improve living standards (by purchasing a home in a safe neighborhood), and indirectly increase family income or reduce expenses. Due to limited 50-state sources on asset policies, our assessment of state efforts to promote asset development and protection is only partial. This report examines two types of policies related to assets:

1. Asset development. Approximately one-fifth of Americans do not have enough liquid assets equal to three months of poverty level earnings to help them stay afloat if they lose their jobs. One policy that can help families to develop a solid asset base is a state-supported Individual Development Account (IDA) program – a matched savings account for low- to moderate-income families.

2. Asset protection. Many work support policies have asset eligibility provisions that place restrictions on the amount of liquid assets and/or the value of vehicles a family can own. These policies discourage families from accumulating assets or from accessing work support programs that can improve family economic security. Asset eligibility provisions that allow families to have a car and a modest amount of savings encourage families to develop assets while allowing them to access vital work supports.

Eighteen states offer state-supported Individual Development Accounts (IDAs). Although research indicates that IDA programs can encourage low-income families to save, the success of an IDA program depends in part on how stable program funding is and the amount of support offered to IDA participants.[25]

Most states disregard family assets in determining children's eligibility for public health insurance, but fewer than half of the states disregard family assets in determining parents' eligibility for public health insurance. In many states with asset eligibility restrictions for public health insurance for parents, asset limits are as low as $1,000, which means that parents with more than $1,000 in savings or other countable assets would be barred from eligibility for public health insurance (see Figure 4).

Thirty-two states exclude at least one vehicle from the asset eligibility test for TANF cash assistance. One of the main goals of the TANF cash assistance program is to transition very low-income families to employment. Since public transportation is not available in most regions of the country – only 5 percent of all workers use public transportation to commute to work – most families need a car.[26] States without vehicle restrictions in their TANF programs recognize that cars are critical for parents' employment. In addition, all but one state have chosen to make their asset eligibility rules for food stamps more generous than federal rules, generally by aligning their treatment of vehicles to a TANF-funded program.

Overall, as seen with income limits for public health insurance, state asset policies for public health insurance for children are more generous than asset policies for public health insurance for parents. IDAs are a promising approach to encouraging families to develop assets, but to be successful, these programs must be well-supported and widely available.

To see data for your state, visit:
www.nccp.org/profiles/fes.html.

Putting it All Together: States Making Progress Across Work Support Policies

While each state differs in its policy choices, economic conditions, and fiscal situation, certain states are making commendable efforts to strengthen their work support policies. Although all of the policy dimensions highlighted in the previous sections are important for improving family economic security, three policies are particularly critical for providing the most substantial help to low-income families:

- Public health insurance
- Child care assistance
- Tax policies

In this section, we highlight five states that have made progress across these policy areas. We also spotlight states that are trying innovative approaches to strengthening family economic security.

Illinois

In 2006 Illinois became the first state in the country to eliminate income eligibility limits for public health insurance for children. The All Kids program provides access to health insurance to all children in the state, with premiums and co-payments that rise with family income. Although the income eligibility limit for child care subsidies in Illinois is in the middle when compared to other states, Illinois is the largest state in the country to provide child care subsidies to all eligible applicants. In addition, Illinois has a refundable earned income tax credit (5 percent of the federal EITC) and a minimum wage higher than the federal, at $7.50 an hour.[27]

New York

New York offers several refundable tax credits for the state's low- and moderate- income families. The state provides a refundable child and dependent care credit that varies depending on family income, with a maximum of 110 percent of the federal credit. New York also has a refundable earned income tax credit of 30 percent of the federal EITC, as well as a refundable child tax credit. In addition, New York's minimum wage is higher than the federal, at $7.15 an hour.

Washington

Although Washington State has no personal income tax, it recently became the first such state to enact a state earned income tax credit. The Working Families Credit will be worth 5 percent of the federal EITC in 2009 and 2010, with its value increasing to 10 percent in 2011. Washington also has a public health insurance program that extends eligibility to 200 percent of the poverty level for parents, with premiums that rise with income. Washington State's minimum wage is the highest in the nation, at $8.07 an hour, and is indexed to inflation. Finally, Washington recently became only the second state in the nation to enact a paid family leave law.

Maryland

Maryland has one of the highest income eligibility limits for children's public health insurance in the nation at almost $50,000 for a family of three. The state also has a refundable earned income tax credit worth 25 percent of the federal credit as well as one of the highest income tax thresholds in the nation. In 2007, Maryland passed the first state living wage law in the nation, which requires state service contractors to provide a wage of $11.30 an hour in urban counties or $8.50 an hour in rural counties.

New Mexico

New Mexico has one of the highest income tax thresholds in the country despite being a relatively poor state, with median income well below the national average. Families of three earning up to $24,700, or just above 150 percent of the federal poverty level, are exempt from state income taxes. New Mexico also has a refundable state earned income tax credit, which provides 8 percent of the federal EITC, along with a refundable child and dependent care credit. While New Mexico limits parents' eligibility for public health insurance to extremely low-income parents, children are covered to 235 percent of the federal poverty level.

Recommendations

One of the key messages of this report is that state policy can make an important difference in the lives of low-income families. Indeed, over the last decade, the major policy innovations to assist low-wage workers and their families have been implemented at the state level. Other than the important expansions of the federal EITC in the early 1990s and the creation of the State Children's Health Insurance Program in 1997, the federal government has lagged behind the states in efforts to help working families.

Throughout this report, we have suggested specific state policy choices that can promote increased family economic security. Instead of repeating the specifics here, we conclude with a set of more general reflections about the important role that government plays in providing relief to struggling families.

1. The nation needs a vision of family economic security and the leadership to implement it.

There is no doubt that over the last decade, state policies have made important differences in the everyday lives of many families who struggle to make ends meet. States have provided leadership by:

- using state funds to increase access to child care subsidies and health insurance in the face of federal obstacles to expanding benefits;
- increasing their minimum wage levels and indexing them to inflation;
- implementing state earned income and child care tax credits;
- experimenting with policies to provide paid family and medical leave; and
- providing incentives for low-income families to save and accumulate assets.

All of these state actions are commendable, and states should continue to experiment with innovative policies. Their efforts offer models that can be adapted for the national level. But the fact is that as a nation, we've passed the point where states alone can be expected to make up for what America's workers have lost. If American families are to thrive – and their children are to succeed in a global economy – the federal government needs to step up.

2. Full-time work combined with public benefits should be sufficient to cover a family's basic expenses – and support healthy child development.

Having a strong work ethic and working hard to support one's family are widely shared values in this country, but the promise of hard work is belied by the growing percentage of workers who work full time and still cannot afford basic necessities – let alone save for emergencies, college, and retirement.

One-third of workers have jobs that don't offer three critical components of a "good job" – decent wages, health insurance, and retirement benefits.[28] The reasons are complex, but one important factor is the declining bargaining power of America's workers.[29] As a nation, we are in critical need of a reexamination of the mutual obligations between employers and employees – but we also need a national conversation about the obligations of government in helping families and individuals meet their basic needs.

Public work supports play an important role in closing the gap between jobs that pay low wages and offer few benefits and what it takes for families to get by.[30] Government policy is critical to ensuring that everyone has access to health care and to making it possible for all adults with children to be both good workers and good parents – which requires affordable high-quality early care and education, workplace flexibility, and paid time off.

3. Supports for struggling families need to be treated as a whole – not dealt with one at a time.

For too long, supports for working families have been treated as independent benefits, with little regard for their interactions. NCCP has been at the forefront of efforts to persuade policymakers that it is imperative to consider how programs interact at the level of individual families.[31] Too often, the lack of program coordination has meant unintended consequences for families – small increases in earnings can lead to reductions in benefits that exceed wage gains.[32]

The bottom line is that we all – policymakers, policy analysts, researchers, and advocates – need to begin with families and move to policy. Too often, we develop our policy proposals with too little information about how they will interact in the lives of the people we are trying to help.

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19. Federal guidelines dictate that using federal funds, child care subsidy income eligibility limits are not to exceed 85 percent of the state's median income (roughly $48,000 a year nationally for a family of three).

20. About a third of the refundable state credits are calculated based on a percent of the nonrefundable federal credit the family actually received. The Colorado child care credit, for example, is theoretically refundable – with the lowest income families eligible for 50 percent of the federal credit received. However, since these families typically have no federal income tax liability, they are unable to benefit from either the federal or state credit. Other states offer refundable child care credits based on the federal credit for which a family is potentially eligible, before the amount is limited by federal tax liability.

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32. NCCP's *Making "Work Supports" Work* project seeks to promote a work support system that enables full-time workers to provide for their families and ensures that earning more always improves a family's financial bottom line. Using a tool called the Family Resource Simulator (www.nccp.org/tools/frs/) we examine the complex interactions among earnings, benefits, and basic expenses – and we model alternative policies that better support low-wage workers and their families. To learn more, visit: http://nccp.org/projects/mwsw.html.

Appendix: 50-State Tables

Table 1. Children by income level, 2006

State	Children who are poor		Children who are low-income	
	Percent	Number	Percent	Number
NATIONAL	17%	12,723,022	39%	28,557,921
ALABAMA	23%	244,439	42%	457,281
ALASKA	12%	21,685	34%	62,223
ARIZONA	21%	332,403	47%	758,507
ARKANSAS	22%	151,218	50%	334,834
CALIFORNIA	18%	1,756,867	42%	4,003,362
COLORADO	13%	155,954	33%	387,489
CONNECTICUT	12%	95,846	25%	206,027
DELAWARE	13%	25,657	33%	65,308
DISTRICT OF COLUMBIA	33%	36,596	54%	60,990
FLORIDA	16%	629,582	39%	1,563,860
GEORGIA	20%	482,493	42%	1,001,785
HAWAII	10%	29,655	29%	84,722
IDAHO	13%	48,989	42%	162,003
ILLINOIS	16%	519,698	35%	1,135,740
INDIANA	17%	271,178	39%	616,342
IOWA	14%	93,519	34%	234,816
KANSAS	18%	121,235	38%	261,007
KENTUCKY	23%	223,925	44%	430,134
LOUISIANA	23%	250,682	47%	505,783
MAINE	14%	39,354	35%	96,405
MARYLAND	12%	162,573	28%	386,190
MASSACHUSETTS	12%	171,632	27%	391,059
MICHIGAN	18%	453,477	37%	924,253
MINNESOTA	10%	123,320	25%	306,815
MISSISSIPPI	29%	215,223	53%	395,165
MISSOURI	18%	245,266	39%	536,598
MONTANA	18%	37,255	43%	90,716
NEBRASKA	12%	51,389	34%	148,943
NEVADA	13%	83,608	38%	240,436
NEW HAMPSHIRE	6%	18,539	21%	61,464
NEW JERSEY	10%	207,387	24%	515,411
NEW MEXICO	24%	118,152	48%	240,998
NEW YORK	20%	914,243	41%	1,825,587
NORTH CAROLINA	19%	417,698	42%	914,586
NORTH DAKOTA	14%	19,475	35%	50,067
OHIO	18%	485,650	37%	1,016,541
OKLAHOMA	18%	158,524	46%	399,240
OREGON	16%	140,879	40%	345,573
PENNSYLVANIA	17%	471,517	36%	1,012,237
RHODE ISLAND	17%	42,537	34%	83,913
SOUTH CAROLINA	19%	188,404	44%	445,449
SOUTH DAKOTA	16%	30,101	38%	70,697
TENNESSEE	20%	286,187	42%	594,362
TEXAS	22%	1,422,499	47%	3,027,646
UTAH	12%	96,678	37%	289,168
VERMONT	9%	11,681	27%	35,723
VIRGINIA	12%	224,748	31%	560,174
WASHINGTON	14%	206,550	34%	513,297
WEST VIRGINIA	20%	78,074	46%	175,613
WISCONSIN	16%	203,462	34%	444,882
WYOMING	14%	15,868	33%	38,168

NOTES AND SOURCES

State data were calculated from the Annual Social and Economic Supplement (the March supplement) of the Current Population Survey from 2005, 2006, and 2007, representing information from calendar years 2004, 2005, and 2006. NCCP averaged three years of data because of small sample sizes in less populated states. The national data were calculated from the 2007 data, representing information from the previous calendar year.

DEFINITIONS

Poor: Families and children are defined as poor if family income is below the federal poverty threshold. The poverty threshold for a family of four with two children was $21,200 in 2008, $20,650 in 2007, and $20,000 in 2006.

Low Income: Families and children are defined as low-income if the family income is less than twice the federal poverty threshold.

Table 2. State Policy Context

State	State median income	Health insurance status by age		Unionization rate	Households facing hardships	
	Median annual income for family of 4 (2008)[1]	Percent of children without health insurance coverage (2006)[2]	Percent of adults without health insurance coverage (2006)[3]	Percent of workers covered by a union (2007)[4]	Percent of households that are "food insecure" (2006)[5]	Percent of renting households that are "housing insecure" (2006)[6]
NATIONAL	$70,354	12%	20%	13%	11%	50%
ALABAMA	$60,298	7%	21%	11%	12%	48%
ALASKA	$71,781	10%	21%	25%	13%	44%
ARIZONA	$65,050	17%	26%	10%	13%	49%
ARKANSAS	$52,185	9%	26%	7%	14%	49%
CALIFORNIA	$74,801	13%	24%	18%	11%	55%
COLORADO	$75,775	15%	21%	9%	12%	50%
CONNECTICUT	$93,821	6%	12%	17%	9%	50%
DELAWARE	$78,321	12%	15%	13%	8%	49%
DISTRICT OF COLUMBIA	$71,571	9%	14%	14%	13%	48%
FLORIDA	$65,024	19%	27%	7%	9%	56%
GEORGIA	$66,711	13%	22%	5%	13%	50%
HAWAII	$84,472	6%	11%	24%	8%	52%
IDAHO	$58,066	13%	20%	6%	13%	43%
ILLINOIS	$75,484	9%	18%	15%	10%	49%
INDIANA	$67,787	8%	15%	13%	11%	48%
IOWA	$67,792	6%	14%	13%	11%	44%
KANSAS	$67,897	7%	17%	9%	13%	45%
KENTUCKY	$60,202	10%	20%	11%	14%	46%
LOUISIANA	$60,161	16%	29%	7%	14%	51%
MAINE	$63,501	6%	12%	14%	13%	46%
MARYLAND	$94,017	10%	18%	15%	10%	46%
MASSACHUSETTS	$89,347	7%	14%	14%	8%	51%
MICHIGAN	$72,591	5%	15%	21%	12%	52%
MINNESOTA	$81,477	8%	11%	17%	8%	47%
MISSISSIPPI	$52,992	19%	25%	9%	18%	53%
MISSOURI	$63,274	9%	18%	12%	12%	46%
MONTANA	$60,576	15%	21%	16%	10%	46%
NEBRASKA	$68,917	10%	15%	10%	10%	43%
NEVADA	$66,095	19%	23%	18%	9%	50%
NEW HAMPSHIRE	$87,396	7%	15%	11%	7%	50%
NEW JERSEY	$94,441	13%	19%	21%	8%	50%
NEW MEXICO	$52,034	18%	30%	11%	16%	48%
NEW YORK	$75,513	8%	19%	26%	10%	51%
NORTH CAROLINA	$61,420	14%	23%	4%	13%	47%
NORTH DAKOTA	$67,560	10%	15%	8%	6%	41%
OHIO	$68,579	6%	14%	15%	13%	48%
OKLAHOMA	$55,031	12%	26%	9%	15%	47%
OREGON	$64,832	13%	23%	15%	12%	50%
PENNSYLVANIA	$74,072	7%	13%	17%	10%	47%
RHODE ISLAND	$78,189	4%	12%	16%	11%	47%
SOUTH CAROLINA	$59,663	11%	21%	6%	15%	47%
SOUTH DAKOTA	$63,508	9%	16%	8%	10%	39%
TENNESSEE	$60,143	6%	20%	6%	13%	48%
TEXAS	$59,808	21%	30%	6%	16%	49%
UTAH	$63,586	15%	21%	7%	15%	45%
VERMONT	$67,884	8%	13%	12%	10%	51%
VIRGINIA	$78,413	10%	16%	5%	8%	46%
WASHINGTON	$75,140	7%	15%	21%	10%	47%
WEST VIRGINIA	$55,920	9%	18%	15%	9%	48%
WISCONSIN	$72,495	5%	12%	15%	9%	46%
WYOMING	$71,559	8%	20%	9%	11%	34%

See next page for Notes and Sources...

NOTES AND SOURCES

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3. Figure reflects the percent of adults ages 18-64 who did not have health insurance coverage at any point during the year. Current Population Survey, 2007 Annual Social and Economic Supplement, "Health Insurance Coverage Status and Type of Coverage by State and Age for All People" http://pubdb3.census.gov/macro/032007/health/toc.htm (accessed Sept. 6, 2007).

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5. Figure reflects the percent of households forced to reduce food intake, disrupt normal eating patterns, or go hungry because they lack the money or resources to obtain adequate food. Mark Nord, Margaret Andrews, and Steven Carlson, Household Food Security in the United States, 2006, Economic Research Service, United States Department of Agriculture, 2007, http://www.ers.usda.gov/Publications/ERR49/ (accessed March 14, 2008).

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Table 3. Work Attachment and Advancement Policy Choices: Child Care Subsidies

State	Income eligibility limit for a single-parent family of 3 (2007)[1]	Co-payment as percent income, family of 3, 150% FPL, 1 child in care (2007)[13]	Provider payment rates at least 75th percentile of market rate (2007)[21]	All eligible families who applied were served (2007)[26]
ALABAMA	$20,916/year	10%	No[22]	No
ALASKA	$46,243/year	1%	No[23]	Yes
ARIZONA	$27,390/year	7%	No	Yes
ARKANSAS	$35,724/year[2]	5%	Yes	No
CALIFORNIA	$43,536/year	3%	Yes	No
COLORADO	$21,580-$37,356/year[3]	11%	No	Yes
CONNECTICUT	$37,514/year	6%	No	Yes
DELAWARE	$34,344/year	18%	No	Yes
DISTRICT OF COLUMBIA	$40,225/year	5%	No	Yes
FLORIDA	$24,900/year	8%[14]	No	No
GEORGIA	$26,560/year	9%	No	No
HAWAII	$47,124/year	2%	No	Yes
IDAHO	$20,472/year	Not eligible	No	Yes
ILLINOIS	$30,396/year	7%	No	Yes
INDIANA	$21,084/year	Not eligible	Yes	No
IOWA	$24,084/year[4]	Not eligible[15]	No	Yes
KANSAS	$30,708/year	10%	No	Yes
KENTUCKY	$24,900/year[5]	11%	No	Yes
LOUISIANA	$31,836/year	11%	No	Yes
MAINE	$47,200/year	10%	Yes	No
MARYLAND	$29,990/year	14%[16]	No	Yes
MASSACHUSETTS	$34,680/year	9%	No	No
MICHIGAN	$23,880/year	Not eligible	No	Yes
MINNESOTA	$29,050/year	5%	No	No
MISSISSIPPI	$34,999/year	6%	No	No
MISSOURI	$18,216/year	Not eligible	No	Yes
MONTANA	$24,900/year	Not eligible	Yes	Yes
NEBRASKA	$19,932/year[6]	Not eligible[17]	No	Yes
NEVADA	$38,124/year	10%	No	Yes
NEW HAMPSHIRE	$31,548/year	<1%	No	Yes
NEW JERSEY	$33,200/year	7%	No	No
NEW MEXICO	$25,730/year	6%	No[24]	Yes
NEW YORK	$33,200/year[7]	12%[18]	Yes	No
NORTH CAROLINA	$35,592/year	10%	Yes	No
NORTH DAKOTA	$29,556/year	15%	No	Yes
OHIO	$31,764/year	9%	No	Yes
OKLAHOMA	$29,100/year	8%	No	Yes
OREGON	$25,764/year	27%	No	Yes
PENNSYLVANIA	$33,200/year	8%	No	No
RHODE ISLAND	$37,350/year[8]	7%[19]	No	Yes
SOUTH CAROLINA	$24,900/year	3%	No	Yes
SOUTH DAKOTA	$34,575/year[9]	15%	Yes	Yes
TENNESSEE	$29,016/year	8%	No	No
TEXAS	$24,900-$40,347/year[3]	9-11%[20]	No	No
UTAH	$30,948/year[10]	7%	No	Yes
VERMONT	$31,032/year	15%	No[25]	Yes
VIRGINIA	$24,900-$41,508/year[3]	10%	No	No
WASHINGTON	$33,192/year[11]	7%	No	Yes
WEST VIRGINIA	$24,144/year	5%	No	Yes
WISCONSIN	$31,765/year	9%	Yes	Yes
WYOMING	$33,120/year[12]	2%	No[25]	Yes

See next page for Notes and Sources...

NOTES AND SOURCES

1. Karen Schulman and Helen Blank, State Child Care Assistance Policies 2007: Some Steps Forward, More Progress Needed, National Women's Law Center, September 2007.

2. Figure reflects $100 per month deduction for each working parent.

3. Limit varies by locality.

4. If using special needs care, the earnings limit for a one-parent family of three is $33,200 per year.

5. As of April 1, 2007, the income limit to qualify for assistance in 2007 was increased to $25,764 to adjust for the 2007 federal poverty level.

6. If transitioning off of TANF, the earnings limit for a one-parent family of three is $30,720 per year.

7. New York City has a higher income limit than the rest of the state.

8. In March 2007, the income limit was increased to $38,663 to adjust for the 2007 federal poverty level.

9. Figure reflects 4 percent disregard of earned income in determining eligibility. The state also increased its stated income limit to $34,344 as of March 1, 2007 to adjust for the 2007 federal poverty level.

10. Figure reflects monthly standard deduction of $100 ($1,200 a year) for each working parent, assuming there is one working parent in the family.

11. The state increased its income limit to $34,344 as of April 1, 2007 to adjust for the federal poverty level.

12. Figure reflects a standard deduction of $200 per month ($2,400 a year) for each working parent, assuming there is one working parent in the family. The state increased its stated income limit to qualify for assistance to $31,776, with a new exit eligibility of $34,344, as of April 1, 2007 to adjust for the 2007 federal poverty level.

13. If the state calculates co-payments based on the cost of care, figure reflects the co-payment for a 4-year-old in licensed, nonaccredited center care at the maximum state payment rate. Karen Schulman and Helen Blank, State Child Care Assistance Policies 2007: Some Steps Forward, More Progress Needed, National Women's Law Center, September 2007.

14. Co-payments vary by locality. This figure reflects the maximum amount permitted by the state.

15. If using special needs care, a family of three at 150 percent of poverty would be eligible, with a co-payment that is $198 per month, $2,376 per year, and 9 percent of their income.

16. Co-payments are based on the maximum state reimbursement rates in the region where the family lives. This figure reflects the copayments in the region of the state with the highest provider rates.

17. If transitioning off of TANF, a family of three at 150 percent of poverty would be eligible, with a co-payment that is $166 per month, $1,992 per year, and 8 percent of their income.

18. Co-payments vary by locality based on a state-specified range. This figure reflects the maximum amount possible within that range.

19. As of March 1, 2007, the monthly copayment was $85 per month, $1,020 per year, and 4 percent of income.

20. Co-payments are set by localities within state guidelines.

21. States were asked to report state reimbursement rates and the 75th percentile of market rates for their state's most populous city, country, or region. Data reflect basic provider payment rates (higher rates may be available for particular types of care). Rates are considered below the 75th percentile if they are based on an out-dated market rate survey (more than 2 years old). Karen Schulman and Helen Blank, State Child Care Assistance Policies 2007: Some Steps Forward, More Progress Needed, National Women's Law Center, September 2007.

22. Rates vary based on locality, but all areas set rates below the 75 percentile.

23. Rates vary based on locality and age of child. The percentile at which state rates are set ranges from the zero percentile to the 100th percentile.

24. Provider payment rates in New Mexico are not set as a percentile of market rates. However, comparison of the state rates to the market rates show that the majority of areas set rates below the 75th percentile.

25. The state planned to implement new rates effective July 2007.

26. Note that subsidy eligibility criteria and application policies and procedures vary significantly between states. Karen Schulman and Helen Blank, State Child Care Assistance Policies 2007: Some Steps Forward, More Progress Needed, National Women's Law Center, September 2007.

Table 4. Work Attachment and Advancement Policy Choices: Public Health Insurance

State	Public health insurance for parents		Public health insurance for children		
	Applicant earnings limit for single parent family of 3 (2006)[1]	Parents eligible up to same limit as children (2006)[9]	Medicaid income eligibility limit for children ages 1-5 in family of 3 (2006)[10]	Medicaid income eligibility limit for children ages 6-19 in family of 3 (2006)[10]	SCHIP (separate program) income eligibility for children in family of 3 (2006)[15]
ALABAMA	$4,391/year	No	$22,078/year	$16,600/year	$33,200/year
ALASKA	$16,812/year	No	$33,373/year[11]	$33,373/year[11]	No separate SCHIP
ARIZONA	$33,200/year	Yes	$22,078/year	$16,600/year	$33,200/year
ARKANSAS	$3,060/year	No	$33,200/year	$33,200/year	No separate SCHIP
CALIFORNIA	$17,680/year	No	$22,078/year	$16,600/year	$41,500/year
COLORADO	$11,040/year	No	$22,078/year	$16,600/year	$33,200/year
CONNECTICUT	$25,992/year	No	$30,710/year	$30,710/year	$49,800/year
DELAWARE	$17,680/year	No	$22,078/year	$16,600/year	$33,200/year
DISTRICT OF COLUMBIA	$34,400/year	Yes	$33,200/year	$33,200/year	No separate SCHIP
FLORIDA	$9,672/year	No	$22,078/year	$16,600/year	$33,200/year
GEORGIA	$9,068/year	No	$22,078/year	$16,600/year	$39,010/year
HAWAII	$19,090/year	No	$57,270/year[12]	$57,270/year	No separate SCHIP
IDAHO	$7,143/year	No	$22,078/year	$16,600/year	$30,710/year
ILLINOIS	$31,788/year	No	$22,078/year	$22,078/year	$33,200/year [16]
INDIANA	$4,536/year	No	$24,900/year	$24,900/year	$33,200/year
IOWA	$12,780/year[2]	No	$22,078/year	$22,078/year	$33,200/year
KANSAS	$5,916/year	No	$22,078/year	$16,600/year	$33,200/year
KENTUCKY	$10,903/year	No	$24,900/year	$24,900/year	$33,200/year
LOUISIANA	$3,360/year	No	$33,200/year	$33,200/year	No separate SCHIP
MAINE	$34,280/year	Yes	$24,900/year	$24,900/year	$33,200/year
MARYLAND	$6,288/year	No	$33,200/year	$33,200/year	$49,800/year
MASSACHUSETTS	$22,078/year	No	$24,900/year	$24,900/year	$49,800/year[17]
MICHIGAN	$10,181/year	No	$24,900/year	$24,900/year	$33,200/year
MINNESOTA	$45,672/year	Yes	$45,650/year[13]	$45,650/year[13]	No separate SCHIP
MISSISSIPPI	$5,496/year	No	$22,078/year	$16,600/year	$33,200/year
MISSOURI	$6,670/year	No	$49,800/year	$49,800/year	No separate SCHIP
MONTANA	$10,248/year	No	$22,078/year	$16,600/year	$24,900/year
NEBRASKA	$9,645/year	No	$30,710/year	$30,710/year	No separate SCHIP
NEVADA	$14,220/year	No	$22,078/year	$16,600/year	$33,200/year
NEW HAMPSHIRE	$9,375/year	No	$30,710/year	$30,710/year	$49,800/year
NEW JERSEY	$19,090/year	No	$22,078/year	$22,078/year	$58,100/year
NEW MEXICO	$10,836/year[3]	No	$39,010/year	$39,010/year	No separate SCHIP
NEW YORK	$24,900/year	No	$22,078/year	$16,600/year	$41,500/year
NORTH CAROLINA	$9,004/year	No	$33,200/year	$16,600/year	$33,200/year
NORTH DAKOTA	$10,849/year	No	$22,078/year	$16,600/year	$23,240/year
OHIO	$14,940/year	No	$33,200/year	$33,200/year	No separate SCHIP
OKLAHOMA	$7,092/year[4]	No	$30,710/year	$30,710/year	No separate SCHIP
OREGON	$16,600/year	No	$22,078/year	$16,600/year	$30,710/year
PENNSYLVANIA	$10,104/year[5]	No	$22,078/year	$16,600/year	$33,200/year[18]
RHODE ISLAND	$31,790/year	No	$41,500/year	$41,500/year	No separate SCHIP
SOUTH CAROLINA	$16,080/year	No	$24,900/year	$24,900/year	No separate SCHIP
SOUTH DAKOTA	$9,552/year	No	$23,240/year	$23,240/year	$33,200/year
TENNESSEE	$13,356/year	No	$22,078/year[14]	$16,600/year[14]	No separate SCHIP
TEXAS	$4,822/year	No	$22,078/year	$16,600/year	$33,200/year
UTAH	$8,076/year[6]	No	$22,078/year	$16,600/year	$33,200/year[19]
VERMONT	$31,790/year	No	$49,800/year	$49,800/year	$49,800/year
VIRGINIA	$5,124/year	No	$22,078/year	$22,078/year	$33,200/year
WASHINGTON	$13,104/year[7]	No	$33,200/year	$33,200/year	$41,500/year
WEST VIRGINIA	$5,992/year	No	$22,078/year	$16,600/year	$36,520/year
WISCONSIN	$31,790/year	Yes	$30,710/year	$30,710/year	No separate SCHIP
WYOMING	$9,480/year[8]	No	$22,078/year	$16,600/year	$33,200/year

See next page for Notes and Sources...

NOTES AND SOURCES

1. Figure reflects limit under Medicaid plan with highest income eligibility limit for parents, taking into account the value of earnings disregards (which may be time-limited in some cases). Donna Cohen Ross, Laura Cox and Caryn Marks, Resuming the Path to Health Coverage for Children and Parents: A 50-State Update on Eligibility Rules, Enrollment and Renewal Procedures, and Cost-Sharing Practices in Medicaid and SCHIP in 2006, Kaiser Commission on Medicaid and the Uninsured, January 2007 http://www.kff.org/medicaid/7608a.cfm (accessed January 30, 2007).

2. Iowa also has a waiver program with an eligibility limit of $41,500 per year, but it offers a limited benefit package with premiums and co-payments.

3. New Mexico also has a waiver program with an eligibility limit of $67,900 per year, but it offers a limited benefit package with premiums and co-payments.

4. Oklahoma also has a waiver program with an eligibility limit of $30,710 per year, but it offers a limited benefit package with premiums and co-payments.

5. Pennsylvania also has a state-funded program with an eligibility limit of $33,200 per year, but parents may only enroll during open enrollment periods.

6. Utah also has a waiver program for parents with an eligibility limit of $24,900 per year, but it offers a limited benefit package with enrollment fees and co-payments and is subject to an enrollment cap. Parents may only enroll during open enrollment periods.

7. Washington also has a state-funded program with an eligibility limit of $33,200 per year, but parents who are eligible must wait for space to become available before enrolling.

8. The earnings disregard in Wyoming is based on marital status and parental employment; this figure reflects the limit for unmarried parents with one parent employed.

9. Value reflects comparison of applicant earnings limit for a single parent with 2 children to the highest Medicaid or SCHIP program eligibility limit for children ages 6-19. Donna Cohen Ross, Laura Cox and Caryn Marks, Resuming the Path to Health Coverage for Children and Parents: A 50-State Update on Eligibility Rules, Enrollment and Renewal Procedures, and Cost-Sharing Practices in Medicaid and SCHIP in 2006, Kaiser Commission on Medicaid and the Uninsured, January 2007 http://www.kff.org/medicaid/7608a.cfm (accessed January 30, 2007).

10. Limit may refer to gross or net income depending on the state and includes SCHIP-funded Medicaid expansions, where applicable. Donna Cohen Ross, Laura Cox and Caryn Marks, Resuming the Path to Health Coverage for Children and Parents: A 50-State Update on Eligibility Rules, Enrollment and Renewal Procedures, and Cost-Sharing Practices in Medicaid and SCHIP in 2006, Kaiser Commission on Medicaid and the Uninsured, January 2007 http://www.kff.org/medicaid/7608a.cfm (accessed January 30, 2007).

11. Alaska's income limit is frozen at 175 percent of the 2003 poverty level.

12. Children who are enrolled in Medicaid but whose family's income rises above the income eligibility limit may continue to receive coverage until income reaches 300 percent of the poverty level ($57,270 per year for a family of three), but with higher monthly premiums.

13. Note that the limit in "regular" Medicaid is 150 percent of the poverty level ($24,900 per year for a family of three) for children aged 2 through 19. (Children under age 2 are covered up to $46,480 per year). Children up to 275 percent of the poverty level (or up to $50,000 per year in annual income, whichever is lower) are covered through a Section 1115 waiver program that is subject to cost-sharing and reduced benefits.

14. Tennessee also has a Medicaid waiver program, but enrollment is closed to all new applicants.

15. Limit may refer to gross or net income depending on the state and includes SCHIP-funded Medicaid expansions, where applicable. Donna Cohen Ross, Laura Cox and Caryn Marks, Resuming the Path to Health Coverage for Children and Parents: A 50-State Update on Eligibility Rules, Enrollment and Renewal Procedures, and Cost-Sharing Practices in Medicaid and SCHIP in 2006, Kaiser Commission on Medicaid and the Uninsured, January 2007 http://www.kff.org/medicaid/7608a.cfm (accessed January 30, 2007).

16. Illinois also provides state-funded coverage to all children regardless of family income.

17. Massachusetts also provides state-funded coverage to children in families with income up to 400 percent of the poverty level ($66,400 per year for a family of 3). In some cases, family income may exceed this limit.

18. Pennsylvania also provides state-funded coverage to children in families with income up to 235 percent of the poverty level ($39,010 per year for a family of 3).

19. Utah stopped enrolling eligibile children in its SCHIP program in September 2006.

Table 5. Income Adequacy Policy Choices

State	State minimum wage is above the federal rate (6.55) (2008)[1]	Refundable EITC (2008)[2]	Income tax threshold for single-parent family of 3 (2006)[3]
ALABAMA	No	No state credit	$4,600/year
ALASKA	Yes ($7.15)	No state credit	No state income tax
ARIZONA	Yes ($6.90)	No state credit	$20,100/year
ARKANSAS	No	No state credit	$13,400/year
CALIFORNIA	Yes ($8.00)	No state credit	$42,400/year
COLORADO	Yes ($7.02)	No state credit	$17,500/year
CONNECTICUT	Yes ($7.65)	No state credit	$19,100/year
DELAWARE	Yes ($7.15)	No	$24,800/year
DISTRICT OF COLUMBIA	Yes ($7.55)	Yes	$24,600/year
FLORIDA	Yes ($6.79)	No state credit	No state income tax
GEORGIA	No	No state credit	$12,700/year
HAWAII	Yes ($7.25)	No state credit	$9,800/year
IDAHO	No	No state credit	$17,500/year
ILLINOIS	Yes ($7.75)	Yes	$13,600/year
INDIANA	No	Yes	$14,000/year
IOWA	Yes ($7.25)	Yes	$18,100/year
KANSAS	No	Yes	$24,400/year
KENTUCKY	No	No state credit	$16,600/year
LOUISIANA	No	Yes	$12,300/year
MAINE	Yes ($7.00)	No	$23,000/year
MARYLAND	No	Yes	$28,900/year
MASSACHUSETTS	Yes ($8.00)	Yes	$24,300/year
MICHIGAN	Yes ($7.40)	Yes	$11,100/year
MINNESOTA	No	Yes	$29,900/year
MISSISSIPPI	No	No state credit	$14,400/year
MISSOURI	Yes ($6.65)	No state credit	$13,600/year
MONTANA	No	No state credit	$9,300/year
NEBRASKA	No	Yes	$23,600/year
NEVADA	No	No state credit	No state income tax
NEW HAMPSHIRE	No	No state credit	No state income tax
NEW JERSEY	Yes ($7.15)	Yes	$20,000/year
NEW MEXICO	No	Yes	$24,700/year
NEW YORK	Yes ($7.15)	Yes	$32,500/year
NORTH CAROLINA	No	Yes	$15,300/year
NORTH DAKOTA	No	No state credit	$17,900/year
OHIO	Yes ($7.00)	No state credit	$14,200/year
OKLAHOMA	No	Yes	$17,000/year
OREGON	Yes ($7.95)	Yes	$14,600/year
PENNSYLVANIA	Yes ($7.15)	No state credit	$25,500/year
RHODE ISLAND	Yes ($7.40)	15% refundable	$28,500/year
SOUTH CAROLINA	No	No state credit	$20,800/year
SOUTH DAKOTA	No	No state credit	No state income tax
TENNESSEE	No	No state credit	No state income tax
TEXAS	No	No state credit	No state income tax
UTAH	No	No state credit	$17,500/year
VERMONT	Yes ($7.68)	Yes	$29,800/year
VIRGINIA	No	No	$21,100/year
WASHINGTON	Yes ($8.07)	No state credit[4]	No state income tax
WEST VIRGINIA	Yes ($7.25)	No state credit	$10,000/year
WISCONSIN	No	Yes	$20,900/year
WYOMING	No	No state credit	No state income tax

NOTES AND SOURCES

1. This is the minimum wage rate that applies to non-supervisory, non-farm, private sector employment as of January 1, 2008.U.S. Department of Labor, Employment Standards Administration Wage and Hour Division, "Minimum Wage Laws in the States," 2008, http://www.dol.gov/esa/minwage/america.htm (accessed January 31, 2008); additional information from Economic Policy Institute, Minimum Wage Issue Guide, Table 5, 2007, (accessed July 19, 2007).

2. State EITC Online Resource Center, http://www.stateeitc.com (accessed June 2, 2008); with additional information from NCCP.

3. Calculations include income tax credits that are available to all low-income families in the state, such as state earned income tax credits. Jason A. Levitis, The Impact of State Income Taxes on Low-Income Families in 2006, Center on Budget and Policy Priorities, 2007.

4. Washington's Working Families Credit, equal to 5% of the federal EITC, will go into effect in 2009 (and increase to 10% of the federal EITC in 2011).

National Center for Children in Poverty
Mailman School of Public Health
Columbia University

215 West 125th Street, New York, NY 10027
TEL 646-284-9600 ■ FAX 646-284-9623
www.nccp.org