Both brain science and developmental research show that the quality of children’s earliest relationships and experiences set the stage for school success, health, and future workforce productivity. These experiences shape the hard wiring of the brain which, in turn, sets the stage for how children approach life, how they learn, how they manage emotions, and how they relate to others. As a result, these early experiences build the foundation for future development.

The National Center for Children in Poverty’s (NCCP) Improving the Odds for Young Children project shines a spotlight on state variation in the policy commitment to low-income young children and families. Increasingly, federal funding streams allow flexibility at the state level on how to implement policies, and state policies that promote health, education, and strong families can improve the odds for the healthy development and school readiness of America’s youngest citizens. This three-part framework reflects the multiple supports young children need to thrive, and serves as the organizing framework for this user guide and the state specific early childhood profiles.

The user guide describes the policy choices included in the state profiles, and presents the research behind why these policies are so important. The policy choices described below are not a complete list of options for policymakers. Rather, they are a baseline of choices that NCCP will continue to monitor over time in order to stimulate a dialogue about how to make more strategic, coherent investments in young children.

### HEALTH AND NUTRITION

Hunger, a vision or hearing impairment, or maternal depression can inhibit early childhood development, but most of these threats can be resolved with early identification and access to appropriate services. The American Academy of Pediatrics recommends healthy children visit the doctor 10 times before their second birthday, and most children will require additional visits as their immune systems develop. Poor and low-income children are less likely than their more affluent peers to visit a doctor or a dentist. In 41 states, more than one-third of all children ages 3 to 5 on Medicaid did not see their doctor for an annual check-up. A lack of preventive care means small problems go undiagnosed and untreated, and become big problems. State policies that promote access to high quality health care improve the odds that young children grow into healthy, productive adults.

**State Choices to Promote Access**

*Set the income eligibility limit for public health insurance (Medicaid/SCHIP) at or above 200 percent of the federal poverty level (FPL).*

Medicaid provides health coverage, primarily for low-income pregnant women, children, parents of dependent children, persons with disabilities, and the elderly. Federal Medicaid law requires states to provide coverage for pregnant women and children under age six when household income is at or below 133 percent of the...
poverty level. States set the income eligibility, and the federal government pays between 50 and 76 percent of the cost based on the distribution of poverty across the states.

The State Children’s Health Insurance Program (SCHIP) is another option for states to provide publicly subsidized health coverage. SCHIP extends coverage to low-income uninsured children, typically when their family income exceeds the Medicaid eligibility level and private coverage is not available. The federal government also pays a portion of these costs, between 65 and 86 percent of the total. In some states, Medicaid and SCHIP provide the same health insurance package, and in others the SCHIP program differs from Medicaid. When a state has two programs, the data reported in *Improving the Odds for Young Children* represents the highest income eligibility of the two programs.

**Provide temporary coverage to pregnant women and children under Medicaid or SCHIP until eligibility can be formally determined.**

The enrollment and eligibility process for Medicaid and SCHIP can be time consuming. Despite state efforts to streamline the process, there are times when eligible recipients need medical care before their application is approved. Some states have adopted “presumptive eligibility” policies that provide temporary coverage to pregnant women and children until a formal eligibility determination can be made.

**Include at-risk children in the definition of eligibility for IDEA Part C.**

Part C of the Individuals with Disabilities Education Act (IDEA) requires participating states and jurisdictions to provide early intervention services to eligible children from birth to age three who are experiencing developmental delays. States define who is eligible for early intervention services, screen children in order to identify those who meet the eligibility criteria, and provide appropriate services to those who are eligible. Each state defines eligibility with unique criteria (such as categories or degree of impairment), and children who have a developmental delay based on those criteria are entitled to services. While all states have the option to include children “at risk” for a developmental delay in their Part C eligibility definition, most do not because it will increase the number of children eligible for services, which leads to increased state costs.

**Supplement WIC funding.**

WIC is the Special Supplemental Nutrition Program for Women, Infants and Children. It provides nutritious food, nutrition education, and referrals to health and other social services to participants. Pregnant or postpartum women, and infants and children up to age 5 are eligible for WIC if a health professional determines they are at “nutrition risk,” and household income is at or below 185 percent of the poverty level. Multiple research studies show WIC improves birth outcomes, cognitive outcomes, and the health and development of young children. It is also cost-effective because the preventive care reduces future health care costs. WIC is a federally funded program, but resources are not sufficient to serve all eligible women and children. The U.S. Department of Health and Human Services estimates that more than 500,000 participants do not receive benefits due to limited funding. Some states supplement the WIC program so more women and children can be served.

**State Choices to Promote Quality**

**Achieve the national benchmark that 80 percent of children on Medicaid receive a health screening under EPSDT.**

The Early and Periodic Screening, Diagnosis and Treatment (EPSDT) program is Medicaid’s comprehensive child health benefits package. By law, Medicaid requires states to periodically screen children for good health, diagnose any illnesses or delays, and treat all diagnoses. For children, Medicaid must pay for virtually any medically necessary treatment or services. How the services are defined and who determines medical necessity varies from state to state. The 1989 amendments to the Medicaid law set a performance benchmark of 80 percent of children receiving at least one annual EPSDT comprehensive well-child examination. How state Medicaid programs promote outreach for EPSDT health screens can influence the number of children who receive preventive health services. *Improving the Odds for Young Children* reports the percentage of children, age 1 to 2 and 3 to 5, who received at least one health screen in the previous year.

**Require newborn screening for hearing deficiencies and for the 28 metabolic deficiencies/disorders recommended by the March of Dimes.**

Screening newborn babies for inherited disorders and conditions can lead to early intervention and reduce
or eliminate more severe health problems. State public health programs have offered “universal” newborn screening — testing every baby for certain conditions — for more than 30 years. Currently, each state determines the array of conditions in their newborn screening program, ranging from four to 40 or more. No federal standards exist. The March of Dimes is dedicated to improving the health of babies by preventing birth defects, premature birth, and infant mortality. It recommends states require that all newborns be screened for hearing deficiencies and 28 specific metabolic deficiencies and/or disorders. For more information on the 28 screens, go to <www.marchofdimes.com>.

Use DC: 0-3 to diagnose mental health and developmental disorders during infancy and early childhood when seeking Medicaid reimbursement.

Infants can show signs of depression as young as 4 months old; however, the symptoms of depression or other developmental problems are often different in very young children. As a result, diagnostic tools developed for adults will not always identify a problem. The Diagnostic Classification of Mental Health and Other Developmental Disorders in Infancy and Early Childhood (DC: 0-3) is a tool that allows for developmentally appropriate screening and assessments of mental health disorders for children from birth to age three. Some states have given health care providers clear guidance on how to claim Medicaid reimbursement when using DC: 0-3 to encourage the use of this tool.

### EARLY CARE AND EDUCATION

The gap in the educational achievement of children based on their socioeconomic status begins long before school starts, and continues unless there are intentional interventions. Evidence from two studies shows:

- The significant lag in language arts and math skills that low income children have before they enter kindergarten (as much as 1-2 years) are still present in both second and third grades.\(^4\)
- At age 3, children with professional parents have a recorded vocabulary of 1,116 words, compared to 525 words for children with parents receiving welfare, and 974 words for the welfare parents themselves. This vocabulary gap persists at age 10, and is strongly associated with reading comprehension scores in third grade.\(^5\)

More than 20 years of data on small and large-scale early intervention programs show that low-income young children attending high-quality early care and education programs are more likely to stay in school, more likely to go to college, and more likely to become successful, independent adults. They are less likely to need remediation, be arrested, or commit violent crimes.\(^6\) State policies that promote access to high-quality early care and education programs improve the odds that children enter kindergarten with the foundation they need to become successful adults.

### State Choices to Promote Access

**Set the income eligibility limit for child care subsidies at or above 200 percent of the federal poverty level.**

The Child Care and Development Fund (CCDF)\(^7\) is the primary source of public funding to make child care affordable for low-income, working families. Through vouchers to parents, or establishing contracts with child care providers, eligible families can receive care for free or with a copayment based on their income. States subsidize the cost of care for eligible families with a combination of state and federal funds. While the federal funds within the CCDF are limited to families earning below 85 percent of the state median income (SMI) level (or around 275 percent of poverty, on average), states choose where to set the income eligibility and have the flexibility to exceed 85 percent SMI using state funds. Research shows\(^8\) that it takes an income of about twice the poverty level to provide even basic necessities for a family, or approximately $40,000 a year for a family of four. The Improving the Odds database provides information on the income eligibility ceiling for a family of three.

**Increase the child care subsidy reimbursement rate within the last two years to be at or above the 75th percentile of the market rate.**

States can expand child care options for low-income families by setting reimbursement rates for child care subsidies at a level that is acceptable to child care providers. The federal government recommends states set the reimbursement rate high enough to purchase 75 percent of the care in the current market and that states conduct a market survey of rates every two years. However, many states do not update their market surveys and/or set their rates below the 75th percentile of the market. In effect, this limits access to care because providers are unwilling to accept the deflated reimburse-
ment rates when they can earn more from families who will pay the market rate.

Annually redetermine eligibility for child care subsidies that can promote consistent caregiving relationships.

Young children need stable, nurturing relationships in order to allow their brain to develop and to provide a strong foundation for learning, behavior, and health. Children can establish these relationships with child care providers when the programs are high-quality and the child has regular attendance. A five-state analysis of child care subsidy receipt showed that half of all subsidies last less than one year, while as many as 58 percent of children will return to the subsidy system within 12 months. The median length of subsidy spells ranged from three months in one state, to seven months in another. While programs like Head Start only require families to demonstrate their eligibility once each year, some states require some families to demonstrate their eligibility for child care every few months. Annually redetermining eligibility for child care subsidies can reduce barriers to maintaining the subsidy, which can promote consistent caregiving relationships.

Supplement Head Start with state or other federal funds.

The largest federal investment in early childhood development is the $6.8 billion Head Start program. Since 1964, Head Start has provided comprehensive educational and social services to families earning at or below 100 percent of the federal poverty level. The 2007 reauthorization of Head Start raises this income limit to 130 percent of poverty for 45 percent of the children in a program. Head Start programs receive their funding directly from the federal government, but less than half of income-eligible children attend Head Start, so some states choose to expand access to this program by supplementing it with additional funds.

Fund a state prekindergarten program.

Recognizing the value of early education, states are increasingly investing their own funds in prekindergarten programs. Each state pre-k program is unique. While some fund the entire program with state funds, others layer state funds on top of multiple federal and local funding streams. Some limit access to the public schools, but most allow community-based providers such as Head Start and child care programs that meet the state pre-k standards to provide services. In 2006, 38 states funded a prekindergarten program. State spending totaled $3.27 billion and served 20 percent of all 4-year-olds, and three percent of all 3-year-olds. Detailed information on state pre-k programs is available through the National Institute for Early Education Research.

State Choices to Promote Quality

Require child care centers to meet national standards for the ratio of adults to children and the maximum class size.

Two important standards of quality are the size of a group and the ratio of adults to children in a child care setting. In small classes with high adult-child ratios, children receive more attention from teachers. As a result, they are more likely to be emotionally secure with their teachers, socially competent with their peers, and utilize extensive and complex language. The American Academy of Pediatrics, American Public Health Association, National Research Center for Health and Safety in Child Care, National Research Council, and National Association for the Education of Young Children make different recommendations on ratios and class size, but they generally do not exceed one adult for every four 18-month-olds and a maximum class size of eight, and a ratio of one adult for every 10 4-year-olds and a maximum class size of 20. States that adopt these standards in their licensing or regulating of child care settings can raise the level of their quality. Most state standards for child care are lower than the standards for the state’s prekindergarten program.

Allocate state or federal funds for a network of infant/toddler specialists that provide assistance to child care providers.

States that fund infant/toddler specialist networks can improve the quality of infant and toddler care by connecting child care providers to the professionals who can support them in their work. Infant/toddler specialists are professionals from the health care, mental health, family support, and child development fields who specialize in infant and toddler care. Their responsibilities typically include offering professional development events, providing technical assistance, coordinating resources, and providing community education and support.

Adopt early learning standards or developmental guidelines for infants and toddlers.

Clear expectations about what young children should know and be able to do can guide early childhood
programs in developing their curricula. They can also highlight the importance of relationships in early learning and help caregivers understand their role in proving the proper stimulation.\textsuperscript{15} While almost every state has adopted standards for children ages 3 to 5, the development of infant and toddler standards is more recent.

**Create an infant/toddler credential.**

Just as states can improve the quality of the early care and education workforce by offering higher education scholarships, they can also support efforts for those institutions to develop credentials that reflect the needs of the workforce. Caring for infants and toddlers requires different skills and knowledge than prekindergarten children, just as teaching fourth grade is different than teaching first grade.

**Require (through regulation) that infants and toddlers in child care centers be assigned a consistent primary caregiver.**

Stable, nurturing relationships give children the security they need in order to explore and grow, and they are especially important during the early years when children establish the basic mental processes of learning.\textsuperscript{16} While parents often provide consistent, loving care, children in child care will also benefit from a consistent primary caregiver. Some states encourage consistency by requiring it in the licensing or regulating of child care settings.

**PARENTING AND ECONOMIC SUPPORTS**

Helping parents helps their children. Without support, low-income families cannot provide the basic necessities that their young children need to thrive. The official poverty level in 2007 is $17,170 for a family of three,\textsuperscript{17} but research shows that it takes 1.5 to 3.5 times this amount to provide basic necessities, depending on the locality.\textsuperscript{18} Nationally, 10 million children younger than age 6 (42\%) live in families earning twice the poverty level or less. The younger the children, the more likely they are to be in poverty, and poverty is directly related to poor health and education outcomes.\textsuperscript{19} State policies that support parenting and promote families economic security improve the odds that families have the resources they need to meet the basic needs of their children.

**State Choices to Support Effective Parenting**

**Provide paid medical/maternity leave.**

The initial months after the birth of a child are an important time for parents and caregivers to bond and establish a nurturing relationship, but many parents cannot afford to stay home with their children during this time. The United States is the only industrialized country without a paid family-leave policy. The federal Family and Medical Leave Act (FMLA) only entitles eligible employees to take up to 12 weeks of unpaid, job-protected family or medical leave; but some states now offer partial wage replacement for medical or family leave. Eligibility criteria for this benefit varies by state, and can include whether the employee works for the public or private sector, and the number of years or hours of service.

**Secure a Medicaid family planning waiver to extend coverage to low-income women to increase the interval between pregnancies.**

Women who have access to birth control and other family planning services can increase the interval between pregnancies. This is a health benefit for the mother, and reduces the risk if having the next birth too soon and the baby too small. States can extend eligibility for Medicaid coverage of family planning services by securing approval (officially known as a “waiver” of federal policy) from the Centers for Medicare and Medicaid Services. Such waivers can be used to extend Medicaid coverage for family planning and related services to women who would otherwise lose Medicaid coverage after the postpartum period, and/or to any low-income woman.

**Exempt single parents on TANF from work requirements until the youngest child reaches age one; and Reduce TANF work requirement for single parents with children under 6.**

The Temporary Assistance for Needy Families (TANF) program provides cash benefits to eligible low-income families. State TANF programs seek to transition recipients to paid employment by establishing minimum work requirements and time-limited cash benefits. States have some flexibility in establishing the hours of the work required and who is exempt from these requirements. Reducing or eliminating the work requirement for single parents with young children improves the odds that they can build the stable, nurturing
relationships that will promote the type of early brain development that builds a strong foundation for future learning, behavior, and health.20

**Allow parents in school to qualify for child care subsidies.**

Higher educational attainment is associated with higher earnings,21 and almost two-thirds (61%) of low-income children have parents with no college education.22 State policies can promote higher education, and by extension, higher earnings, by subsidizing child care costs for low-income parents who are enrolled in higher education programs. Increasing funds for child care subsidies and expanding eligibility criteria to include parents in school is a support to parents who need affordable child care arrangements.

**State Choices to Support Family Economic Security**

**Establish a state minimum wage that exceeds the federal minimum wage.**

A full-time worker earning the federal minimum wage, $5.85 per hour, can make $12,150 a year. This is below the federal poverty level, which in 2007 is $17,170 for a family of three, and well below what a family must earn to meet basic needs such as shelter, food, and child care. State minimum wage rates set above the federal minimum wage increase income, so workers are better able to provide the basic necessities for their families.

**Exempt from personal income tax a single-parent family of three below the poverty line.**

States can use the tax code to promote family economic security. States that tax personal income choose the income level to start taxing income as well as the tax rate. Exempting a family from paying state income tax, in effect, increases the income of these families. The income thresholds for taxing personal income vary from less than $5,000 a year to more than $40,000.

**Offer a refundable state earned income tax credit.**

States that tax personal income have the option to offer earned income tax credits (EITCs) to promote family economic security. An EITC reduces the taxes that low-income working families are required to pay, and the federal EITC is the nation’s largest cash assistance program directed at low-income families. A state EITC reduces state income taxes for low-income working families, and is generally structured as a percentage of the federal EITC. For families with income so low that they do not pay taxes, states have the option to make their EITC refundable (like the federal credit), thereby increasing family income. State policy choices include whether or not to offer a state EITC, what percentage of the federal EITC to credit, and whether or not to make it refundable to families that have no tax burden.

**Offer a Refundable State Dependent Care Tax Credit.**

The federal government provides a dependent care tax credit of 20 to 35 percent of allowable child care expenses, based on income, up to $3,000 for one child or $6,000 for two or more children. Some states offer similar tax benefits. Like the federal credit, the state dependent care tax credit is a dollar-for-dollar reduction in a family’s tax liability. States can also offer a dependent care tax deduction, which reduces taxable income, and as a result, reduces tax liability. In establishing a state dependent care tax benefit, states make choices about whether to establish a credit, a deduction, or both; where to set the income eligibility for the benefit; and whether to make the credit refundable. The Improving the Odds database captures whether a state provides a refundable state dependent care tax credit.

**Keep copayments for child care subsidies at or below 10 percent of family income for most families.**

The federal government provides a dependent care tax credit of 20 to 35 percent of allowable child care expenses, based on income, up to $3,000 for one child or $6,000 for two or more children. Some states offer similar tax benefits. Like the federal credit, the state dependent care tax credit is a dollar-for-dollar reduction in a family’s tax liability. States can also offer a dependent care tax deduction, which reduces taxable income, and as a result, reduces tax liability. In establishing a state dependent care tax benefit, states make choices about whether to establish a credit, a deduction, or both; where to set the income eligibility for the benefit; and whether to make the credit refundable. The Improving the Odds database captures whether a state provides a refundable state dependent care tax credit.

**Allow families on TANF to receive some or all of their child support payment without reducing TANF cash assistance.**

The Temporary Assistance for Needy Families (TANF) program provides cash benefits to eligible low-income families. The size of the cash benefit varies based on the
size of the family and the family income. States have the flexibility to disregard certain income to promote family economic security. States that choose to disregard child support payments as family income not only increase economic security, they also provide an incentive for absent parents to stay connected to their children by passing through the benefit to the family.

CONCLUSION

Public policies are an important tool in leveling the playing field so all young children have a chance to lead healthy, productive lives. How a state chooses to allocate funds, promote quality, and establish eligibility criteria influences who has access to essential supports and who does not. It can determine whether or not an infant can get treatment for an ear infection, whether or not a child care provider understands how to promote early language development, and whether or not parents have access to a local family resource center. For the overall health and productivity of the next generation, states and federal policymakers have a vested interest in partnering with low-income families to improve the odds that their children will succeed.

ENDNOTES

1. More information on the neuroscience of early childhood development is available through the National Scientific Council on the Developing Child at <www.developingchild.net>.


7. The Child Care and Development Fund was created by 1996 and 1997 amendments to the Child Care and Development Block Grant. The name “Child Care and Development Fund” does not appear in legislation and is the name adopted by the U.S. Department of Health and Human Services to refer to the consolidated funds.


17. These numbers are from the federal poverty guidelines issued annually by the U.S. Department of Health and Human Services. For more information, see <www.aspe.hhs.gov/poverty/07poverty.shtml>.


