

# POLICY MATTERS

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2007 DATA UPDATE

## TWENTY STATE POLICIES

to Enhance States' Prosperity and  
Create Bright Futures for America's Children,  
Families and Communities

February 2007

Center  
for the  
Study  
of  
Social  
Policy

## **About the Center for the Study of Social Policy**

The Center for the Study of Social Policy (CSSP) is a non-profit public policy organization based in Washington, D.C. and New York City. CSSP's mission is to develop public policies and practices that strengthen families and communities to produce equal opportunities and a better future for children. For more information on the work of the Center for the Study of Social Policy, visit our website at [www.cssp.org](http://www.cssp.org) or call (202) 371-1565.

## **About the *Policy Matters* Project**

*Policy Matters* develops and disseminates information assessing the effectiveness of state policies affecting children, families, and communities. The project seeks to establish consensus among state leaders and policy experts regarding the mix of policies shown to improve child and family well-being.

The *Policy Matters* project is managed at CSSP by Noel Bravo, who co-authored this report with Minh Ta. This report's content is based on extensive policy research presented in six previously published volumes, each of which benefited from the knowledge and contribution of non-partisan working groups of policy experts in relevant fields.

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# Table of Contents

<b>Preface</b>	i
----------------	---

## Overview

An Integrated Strategy: The Two-Generation Approach.....	iii
A Proactive Strategy: Promoting Work and Opportunity .....	iii
A Broad Strategy: Multi-faceted Solutions for Multi-faceted Challenges.....	iv
The Context for Assessing Policy Changes .....	iv
Interpreting Policy Change .....	v
Summary of Policy Changes .....	v
Looking Ahead .....	viii
Next Steps for Policy Matters .....	viii

## 50-STATE POLICY OVERVIEW

### Income and Asset Growth Policies

<b>Policy 1:</b> Protection Against Predatory Lending.....	2
<b>Policy 2:</b> Targeted Tax Relief.....	6
<b>Policy 3:</b> State Minimum Wage.....	12

### Employment Policies

<b>Policy 4:</b> Child Care Subsidies.....	20
<b>Policy 5:</b> Income and Work Support .....	28
<b>Policy 6:</b> Food Security.....	32
<b>Policy 7:</b> Unemployment Insurance.....	36
<b>Policy 8:</b> Housing Location and Affordability .....	40

### Health Policies

<b>Policy 9:</b> Health Insurance Coverage .....	46
<b>Policy 10:</b> Health Care Benefits .....	52
<b>Policy 11:</b> School Health and Nutrition.....	56
<b>Policy 12:</b> Cigarette and Alcohol Taxes.....	60

### Education Policies

<b>Policy 13:</b> Prekindergarten .....	68
<b>Policy 14:</b> Kindergarten.....	74
<b>Policy 15:</b> Elementary and Secondary Education.....	78
<b>Policy 16:</b> Higher Education.....	84

### Family Relationships and Support Policies

<b>Policy 17:</b> Healthy Marriage and Relationship Education .....	92
<b>Policy 18:</b> Family and Medical Leave.....	96
<b>Policy 19:</b> Child Support.....	100
<b>Policy 20:</b> Child Welfare.....	106

<b>Endnotes</b> .....	113
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### State Index of Policy Changes

A separate index has been prepared for each state and the District of Columbia to summarize all of the policy changes reflected throughout the 2007 Update. Each state's index is available at [www.policymatters.us](http://www.policymatters.us)



# Policy Matters 2007 Update

## Assessing State Policy Changes Affecting Children and Families

The purpose of this report is to track changes in state policy areas that are critical to the well-being of children and families. In doing so, this report aims to help policymakers, advocates, and researchers:

- Identify selected policy improvements by state;
- Compare policy changes across states;
- Consider opportunities for additional policy change within states; and
- Examine trends by policy area.

This *2007 Update* is a supplement to the 2006 *Policy Matters* report that is available at [www.policymatters.us](http://www.policymatters.us). The 2006 report includes more detailed background information for each policy area, and provides the baseline policy data to which new data in the *2007 Update* are compared.

For the majority of policy measures included in this report the *2007 Update* includes updated policy data tables and descriptions of notable policy changes. In addition to this report, several supplemental briefs are available:

- **State Indexes.** A separate index has been prepared for each state and the District of Columbia to summarize all of the policy changes reflected throughout the *2007 Update*. Each state's index is available at [www.policymatters.us](http://www.policymatters.us).
- **Policy Briefs.** Six policy briefs that provide more extensive discussion of state policy approaches in the areas of health, school readiness, education, family relationships, youth transitions, and economic success for families are available at [www.policymatters.us](http://www.policymatters.us).

Staff members of the *Policy Matters* project are available to provide technical assistance to policymakers, advocates, and researchers using these materials. For more information on this work, please contact:

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# Overview

The central premise of the Policy Matters project is that policies promoting child and family well-being can not be viewed in isolation of each other, and instead must be pursued as part of an integrated, proactive, and broad policy strategy. The following overview presents the framework for this approach and explains how this framework translates into a focused set of policies that are tracked through this initiative.

## An Integrated Strategy: The Two-Generation Approach

Research shows that for children with limited opportunities, state policies can help level the playing field by investing in education, health care, and other critical supports. Research also shows that a critical determinant of a child’s well-being is the well-being of their parents, which includes parental education, income, and emotional health.<sup>1</sup> Parental well-being not only drives a child’s experience in the home, it also determines how effectively a child can access opportunities and services available outside of the home.

Given the critical influence of parents, policies promoting their well-being are an essential component of a strategy for improving opportunities for children. States and the federal government have enacted many such policies, yielding positive results for children and families. The following examples illustrate the effectiveness of this “two-generation” approach:

- The **Earned Income Tax Credit (EITC)** allows low-wage parents to retain a greater portion of their income, and is considered one of the most effective policies in history for lifting children out of poverty. Each year, the EITC lifts approximately 4 million people out of poverty, including approximately 2 million children.<sup>2</sup>
- **Medicaid** allows for coverage of low-wage parents as well as their children, and research shows that parental health insurance coverage is not only important for a parent’s own health, it is also a strong predictor of a child’s use of health services.<sup>3</sup>
- Policies supporting **paid parental leave** from work not only enhance parents’ ability to retain employment while effectively caring for children, they also result in increased parental bonds and better health outcomes for both mothers and infants.<sup>4</sup>

These examples illustrate how a strategy for enhancing child well-being becomes much more likely to succeed when it integrates policies that affect parents’ health, employment, and economic opportunity.

## A Proactive Strategy: Promoting Work and Opportunity

Despite the best intentions of policymakers, state policy can sometimes create barriers to a family’s ability to work, advance economically, and provide quality care for their children. The policies presented in this report share the quality of being *proactive*, meaning that these policies (a) promote families’ ability to work productively, (b) prevent temporary crises from becoming major setbacks, and (c) provide early investments, which research shows to be more effective and cost-efficient than reactive, remedial strategies. The following table further illustrates these distinctions:

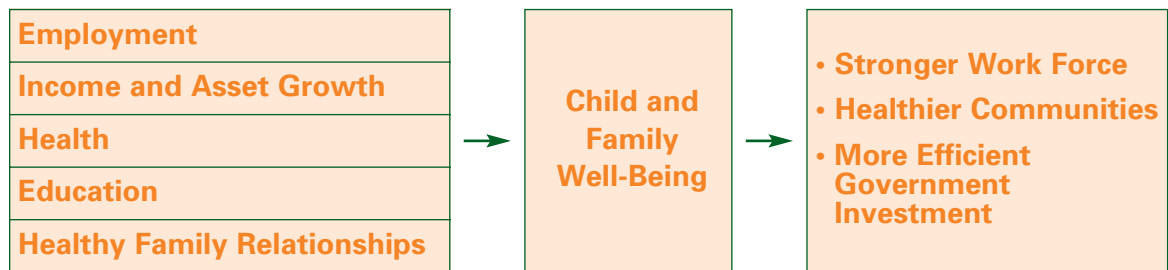
More effective policy	Less effective policy
Encourages work by allowing low-wage families to keep more of their earnings.	Discourages work through high taxation at low wages or the loss of benefits (like health insurance) when families increase their earnings.
Provides temporary assistance to families during crises to preserve financial stability.	Ignores temporary setbacks (such as job loss or illness), which may then become major challenges (like chronic unemployment or disability).
Takes an early investment approach through education and preventive health care, for example.	Relies on costly interventions to address challenges that could have been prevented through earlier, smaller investments.

### A Broad Strategy: Multi-faceted Solutions for Multi-faceted Challenges

A third element of the *Policy Matters* framework is the inclusion of a broad set of policies that address the multiple challenges faced by children and families. These policies address five key factors that are essential to the stability of families and the opportunities available to children: employment, income and asset growth, health, education, and healthy family relationships.

This framework also reflects the fact that child and family well-being is a desirable end in itself, and is also a means to other broad social goals, including a stronger work force, healthier communities, and more efficient investment of government resources. These connections, illustrated below, are defined in the policy descriptions in the main body of this report.

#### Effective State Policy Promoting:



Through these connections, state policymakers can enhance the well-being of children and families while at the same time enhancing the strength of the work force, communities, and state government.

### The Context for Assessing Policy Changes

In 2006, the Center for the Study of Social Policy published its first 50-state report presenting the status of selected state policies in the five areas highlighted above. This report summarized research demonstrating the effectiveness of specific policy measures, and presented 50-state data for each policy measure. While the policy measures and data presented were not intended to provide a comprehensive assessment of state policy in a given area, they were intended to provide an important framework and starting point for discussions of a state family-strengthening policy agenda.

Most of the data included in the initial report reflected the status of state policy in 2005, although limits on data availability, particularly in the area of education, required the use of some data collected prior to 2005. Since the release of the 2006 report, significant changes occurred in states, and these changes are the focus of this *2007 Data Update*. Before discussing these changes, however, this overview first examines the fiscal and political context in which these changes were made.

**Fiscal Context.** Between fiscal year (FY) 2001 and FY 2004, state policymakers faced an aggregate budget gap totaling \$235 billion,<sup>5</sup> the worst fiscal situation since the end of World War II. Since then, states experienced healthier revenues, but challenging budgetary imbalances remained. In crafting their budgets for FY 2005, two-thirds of states faced budget shortfalls.<sup>6</sup> The budget picture improved somewhat for FY 2006, but one-half of states still faced another round of gaps at that time.<sup>7</sup> In crafting their budgets for 2007, most states returned to a stable budget environment, and many began seeing surplus revenues available.<sup>8</sup>

**Political context.** In governors' offices and in state legislatures, this period was characterized by relative stability. After the 2004 elections, Democrats and Republicans equally divided state legislative seats nationally. Republicans controlled 20 legislative bodies; Democrats controlled 19; and 10 were split with each party controlling one house.<sup>9</sup> In governors' offices, elections yielded 12 new governors during 2005 and 2006.<sup>10</sup>

## Interpreting Policy Change

Within the context defined above, states made many policy changes affecting children and families. Before discussing these changes, however, several disclaimers must be made regarding the approach taken in this report to assessing policy change.

**Meaning of change.** Any attempt to highlight critical policy measures runs the risk of oversimplifying complex policy issues. *Policy Matters* selects measures strategically, explains why these measures were selected, and discusses limitations of these measures. For example, this report identifies changes made by states in eligibility for child care subsidies, but was not able to include data on funding levels for these subsidies. Therefore, some states may have increased eligibility, but may not have increased funding, which contributes to longer waiting lists for subsidies. This example illustrates that care must be taken in assessing the meaning of changes in any given policy area.

**Magnitude of change.** Some policy changes discussed in this report have great potential to have a significant impact on children and families, while others may be of relatively small scale. This report does not normatively comment on the magnitude of changes made, but does attempt to quantify these changes according to the measures selected, allowing the reader to interpret their significance.

**Method of change.** In addition to legislative and executive action, two other important drivers of policy change emerged through this analysis and are reflected in this report. First, *lack of action* on the part of policymakers can result in significant policy changes affecting low-wage families. For example, low-wage families sometimes experience small wage increases that may allow them to accommodate increases in the cost of living, but not advance economically. Accordingly, states often update earning thresholds that determine families' eligibility for work supports such as child care, health care, or tax credits. However, when states do not update earning thresholds enough to reflect the small cost-of-living increases that low-wage families may receive, these families can suddenly lose eligibility for work supports, although they may remain near the federal definition of poverty. Such examples illustrate how lack of action by state policymakers can result in a de facto policy change.

A second notable means of policy change encountered in this report is the use of state ballot initiatives. In 2006, six states raised their minimum wage and implemented an automatic method for future increases through voter referenda. Two states raised cigarette taxes through the same means.

## Summary of Policy Changes

The changes in the policy measures discussed in this report can be categorized in three groups: those where states expanded policies promoting opportunity, those where states diminished or reduced these policies, and those where states made no changes. The following discussion highlights selected policies in these groups. For those policy areas seeing a mixture of expansions and reductions, no summary is included here.

**Enhancement of policies promoting opportunity.** The following policy areas saw gains in policy protections and supports among states:

- **Protection against predatory mortgage lending** – In 2006, two states adopted new laws that provide significant protection against predatory mortgage lending. No states reduced this protection.

Enhanced	Ohio and R.I.
Reduced	-

- **Earned Income Tax Credit (EITC)** – Four states instituted a new state EITC – three of which became effective in 2006 and one of which will be effective in 2008. No states reduced this support, although Colorado continued its suspension of an existing EITC.

Enhanced	Neb., Va., Ore., Mich.
Reduced	Colo.

- **State minimum wage (SMW)** – Sixteen states and the District of Columbia increased their state minimum wage in 2006, seventeen additional increases were enacted for 2007, and six increases were adopted for 2008. No state reduced this wage.

Enhanced	Ariz., Ark., Calif., Colo., Conn., D.C., Del., Fla., Hawaii, Maine, Md., Mass., Mich., Mo., Mont., Nev., N.C., N.J., N.Y., Ohio, Ore., Pa., R.I., Vt., Wash., Wis., W.Va.
Reduced	-

- **SMW adjustment policy** – Eight states enacted new policies to adjust the state minimum wage automatically to offset inflation. No state reduced this policy support.

Enhanced	Ariz., Colo., Mo., Mont., Nev., Ohio, Vt., W.Va.
Reduced	-

- **Cigarette taxes** – Eight states increased their cigarette taxes in 2006. No state reduced this tax.

Enhanced	Alaska, Ariz., Hawaii, N.J., N.C., S.D., Texas, Vt.
Reduced	-

- **Prekindergarten for four-year-olds** – Between 2002-03 and 2004-05, 25 states increased prekindergarten funding for four-year olds, whereas 13 states reduced funding.

Enhanced	Ariz., Ark., Calif., Conn., Del., Fla., Ga., Ill., Iowa, Kan., Ky., La., Maine, Mich., Neb., Nev., N.J., N.Y., Okla., Ore., Texas, Vt., Va., W.Va., Wis.
Reduced	Ala., Colo., Hawaii, Md., Mass., Minn., Mo., N.M., N.C., Ohio, S.C., Tenn., Wash.

**Reductions in policies promoting opportunity.** The following policy areas saw significantly more state reductions than expansions of these policies:

- **Income tax thresholds.** In 2005 (the most recent year for which data is available) 11 states and the District of Columbia increased the threshold at which they begin levying taxes on lower-income families. This threshold is measured as a percentage of the federal poverty level (FPL), so although 19 other states raised this thresholds nominally, the increase did not outpace the increase in the FPL.

Enhanced	D.C., Kan., Ky., Md., Mass., Mont., N.Y., Ohio, R.I., S.C., Vt., Wis.
Reduced	All other states

- **Parent eligibility for Medicaid.** In 2006, seven states and the District of Columbia raised the eligibility threshold to help more low-wage parents access Medicaid. For all other states, this income threshold (when measured as a percentage of the federal poverty level) decreased.

Enhanced	Ala., Colo., D.C., Idaho, Maine, Mich., Nev., N.J.
Reduced	All other states

- **Education funding equity** – On this measure, 12 states produced increases in the degree of funding equity between school districts, while 33 states produced declines in this measure.

Enhanced	Ala., Ark., Calif., Ga., Ind., Mass., Mo., N.H., N.M., Pa., Tenn., Vt.
Reduced	Ark., Ariz., Colo., Conn., Del, Fla., Idaho, Ill., Iowa, Kan., La., Maine, Mich., Miss., Mont., Neb., Nev., N.J., N.Y., N.C., N.D., Ohio, Okla, Ore, R.I., S.C., S.D., Texas, Utah, Va., Wash., W.Va., Wyo.

- **Education funding adequacy** – Using the proportion of school district funding provided by the state as a proxy measure of funding adequacy, eight states increased funding adequacy while 40 states reduced it.

Enhanced	Colo., Ill., Miss., N.D., Ohio, Ore., S.D., Wyo. (Fla. remained constant)
Reduced	All other states

- **Tuition costs for higher education (four-year institutions)** – For four-year institutions of higher education, all but three states reduced accessibility to higher education by raising average tuition rates.

Reduced costs	Hawaii, Nev., Wyo.
Increased costs	All other states

- **Tuition costs for higher education (two-year institutions)** – For two-year institutions of higher education, all states reduced accessibility to higher education by raising average tuition rates.

Reduced costs	-
Increased costs	All states

**No Policy Changes.** The following policy areas saw no changes among states:

- **Unemployment insurance eligibility and extended benefits** – No state changed the use of an alternate base period or the eligibility of workers seeking only part-time work. Nor did any state adopt the extended benefits of a children's allowance, indexed benefit levels, or extended benefit triggers.
- **Health care benefit parity for mental health and substance abuse** – No state changed the requirement that private health insurers provide coverage for mental health and substance abuse treatment at a level comparable to coverage for physical ailments.
- **School health requirements for physical education** – No state changed requirements for the inclusion of physical education in school curriculum.
- **Alcohol taxes** – No state changed excise taxes for beer, wine, or liquor.
- **Family and medical leave** – No state changed job protections or wage replacement benefits for workers who need to leave work to care for family members.

Other policy issues tracked in this report either saw a combination of states expanding and reducing protections and supports, or had no data available for comparison. For all policy areas detailed 50-state data is included in the relevant sections of this report.

## Looking Ahead

As policymakers and advocates examine policies affecting families in 2007, they face a different financial and political environment than in recent years. Financially, states are in a much stronger financial position than in years past, due to a nationwide economic recovery restoring revenues to state coffers.<sup>11</sup> Politically, 11 states are beginning 2007 with new governors, and nine states have seen a change in party control of their state legislature.

According to the National Conference of State Legislatures survey of state legislative fiscal directors, three issue areas are expected to dominate many policy discussions in 2007:<sup>12</sup>

- **Education.** At least 29 states are expected to address a variety of K-12 issues, including funding equity and funding adequacy, school funding formulas, and teacher salaries. Several states also are expected to consider changes to funding for higher education and community colleges.
- **Health care and Medicaid.** At least 17 states are expected to focus on these issues, including the share of costs assumed by states and the federal government, issues of the uninsured, and the operation of the health care delivery system.
- **Tax policy.** At least 17 states will examine issues such as tax relief, revenue increases, and tax reform. Of note will be property tax rates, which increased in many areas due to rising property values, and have major policy significance because they have a direct relationship to, and impact on, school funding equity and adequacy.

Based on these emerging changes in financial and political environments, 2007 could be an active year for state policymakers focused on the well-being of children and families.

## Next Steps for Policy Matters

The *Policy Matters* project is committed to providing useful state policy data to policymakers and advocates who seek to enhance the lives of children and families. In 2007, this project's priorities are:

- **Refining data measures.** During 2007, *Policy Matters* will review and strengthen the body of policy measures included in the annual report, incorporating lessons learned for how new or different policy measures may provide a more robust and compelling framework.
- **Updating data.** Based on the refined data measures, annual data updates, and enhanced analysis of year-to-year trends, *Policy Matters* will be available to better illustrate the connections between state policy and outcomes for children and their families.

- **Presenting policy research in new priority areas.** *Policy Matters* will expand and enhance its policy framework by developing new syntheses of state policy in the areas of child welfare and the return of ex-offenders to communities and families.
- **Providing technical assistance.** As policymakers and advocates explore new policy areas within the *Policy Matters* framework, technical assistance in the form of supplemental policy information, on-site consultation, and networking with policy experts in specialized areas of interest will continue.

As *Policy Matters* continues aiming to serve as a useful tool for multiple audiences, this work must still be viewed in the context of several caveats. First, data and research limitations prohibited the inclusion of some key policy measures (e.g., waiting lists for child care subsidies and intensive child abuse prevention services), although the importance of these missing measures is noted and discussed in the corresponding policy descriptions. Second, this work recognizes that the adoption of policy is only the first step toward truly affecting families. The implementation of policies presents a host of additional challenges and considerations, which, for the sake of brevity, are not discussed here. At a minimum, however, the policies presented in this document offer a critical point of entry for discussions of state-level policy for promoting opportunities for children and families.

The next section of the report presents a research summary for each policy area, a detailed profile of each policy measure, data on each state’s corresponding policy status, and a description of policy changes that have occurred recently.

## INTRODUCTION–ENDNOTES

- <sup>1</sup> Lynn White, “Economic Circumstances and Family Outcomes: A Review of the 1990s,” *Journal of Marriage and Family* 62, no. 4 (2000): 1035-1051.
- <sup>2</sup> Ifie Okwuje and Nicholas Johnson, *A Rising Number of State Earned Income Tax Credits are Helping Working Families Escape Poverty* (Washington, D.C.: Center on Budget and Policy Priorities, October 20, 2006).
- <sup>3</sup> Institute of Medicine, *Health Insurance Is a Family Matter* (Washington, D.C.: National Academy Press, September 2002).
- <sup>4</sup> Jodi Grant, Taylor Hatcher, and Nirali Patel, *Expecting Better: A State-by-State Analysis of Parental Leave Programs* (Washington, D.C.: National Partnership for Women and Families, May 2005).
- <sup>5</sup> “State Budget Crisis Ebbs According to NCSL’s Latest Fiscal Survey,” *NCSL News*, (Denver, Co.: National Conference of State Legislatures, August 17, 2005).
- <sup>6</sup> National Conference of State Legislators, “State Budget Update: April 2005” (Denver, Co.: National Conference of State Legislators, April 2005) Available online at <http://www.ncsl.org/programs/fiscal/sbu200504.htm>.
- <sup>7</sup> Ibid.
- <sup>8</sup> National Conference of State Legislators, “State Budget Update: March 2006” (Denver, Co.: National Conference of State Legislators, March 2006). Available online at <http://www.ncsl.org/programs/fiscal/sbu200604.htm>
- <sup>9</sup> National Conference of State Legislators, “Perfect Parity in Nation’s State Legislatures,” *NCL News* (Denver, Co.: National Conference of State Legislators, November 3, 2004).
- <sup>10</sup> National Governors Association, *Governors Database*, Accessed December 2006.
- <sup>11</sup> National Governors Association and the National Association of State Budget Officers, *The Fiscal Survey of States* (Washington, D.C.: National Governors Association and the National Association of State Budget Officers, December 2006)
- <sup>12</sup> National Conference of State Legislators, “State Budget Update: March 2006” (Denver, Co.: National Conference of State Legislators, March 2006). Available online at <http://www.ncsl.org/programs/fiscal/sbu200604.htm>



50-STATE POLICY OVERVIEW

# INCOME AND ASSET GROWTH POLICIES

## POLICY 1:

# Protection Against Predatory Lending

**Why Protection Against Predatory Lending Matters.** States seeking to promote a more stable work force and financial opportunity for families can do so through policies that protect working families from abusive lending practices. Research shows that communities where residents have significant assets are more stable and community participation is more positive.<sup>1</sup> Two types of predatory lending dominate the market: predatory mortgage lending and “payday” lending.

Predatory mortgage lenders take advantage of uninformed borrowers or those with limited credit histories by using unfair lending practices such as negative amortization and prepayment penalties. These practices can strip a family’s hard-earned home equity, and also can lead to mortgage foreclosure. Every year, predatory mortgage lenders cost America’s families an estimated \$9.1 billion.<sup>2</sup>

Payday lending is the practice of providing short-term, often high-interest loans, typically secured by a check or authorization for automatic withdrawal from the borrower’s bank account. The fees range from 10 to 25 percent of the loan or check amount, which translate to annual interest rates ranging from 391 percent to 443 percent.<sup>3</sup> Commonly, a payday borrower pays an average of \$855 in interest and fees to borrow \$255.<sup>4</sup> Borrowers who cannot repay their loan are flipped into a series of repeat transactions to avoid bouncing the check securing the loan.<sup>5</sup> Most payday borrowers end up in a downward economic spiral from growing interest payments, making them less likely to qualify for conventional loans and more dependent on additional high-interest payday loans. One estimate is that payday lending costs low-wage families \$3.4 billion per year.<sup>6</sup>

**Key State Policy Measures.** To help hard-working, low-wage families retain their earnings and assets, states can enact the following regulations that ban unfair and abusive lending practices:

**1.1 Predatory mortgage lending prohibitions.** States can prohibit lending practices that result in the loss of home equity by unsuspecting consumers. These practices include negative amortization, prepayment penalties, credit insurance financing, home loan refinancing to the detriment of the consumer, high interest rates not justified by risk factors, and excessive foreclosures. Some states have enacted laws that provide families with only minimal protection beyond what is included in federal law. Other states have enacted no protection. The most effective state policies are those that include specific restrictions on unfair practices that supplement restrictions included in federal law.

**Changes in 2005-06:** The following policy changes occurred in 2005-06:

- **Ohio** now provides significant protection beyond that provided in federal law. Previously, Ohio’s protections only minimally exceeded those in federal law.
- **Rhode Island** now provides significant protection beyond that provided in federal law. Previously, Rhode Island provided no protections beyond those in federal law.

**1.2 Payday lending restrictions.** States can restrict the abuses of payday lenders through two primary means. First, states can prohibit payday loans through small-loan interest rate caps, anti-usury laws, or specific prohibitions on check cashing. Second, states can enact specific laws to prohibit local lenders from circumventing local restrictions.<sup>7</sup>

**Changes in 2005-06:**

- **Rhode Island** and **Michigan** enacted legislation that legally authorizes payday lending.
- **New York, North Carolina, and Pennsylvania**, — through enforcement actions and judicial rulings — established some prohibitions against partnering with out-of-state banks to avoid local restrictions.

## Protection Against Predatory Lending

### Measure 1.1: Predatory Mortgage Lending Prohibitions

Does state law include prohibitions against predatory mortgage lending that exceed basic protections in federal law?

State protection significantly exceeds federal law	Ark., Ga., Ill., Mass., N.J., N.M., N.Y., N.C., Ohio, R.I., S.C., W.Va.
State protection minimally exceeds federal law	Calif., Colo., Conn., D.C., Fla., Ind., Ky., Maine, Md., Mich., Minn., Nev., Okla., Pa., Texas, Utah, Wash., Wis.
No state laws	Ala., Alaska, Ariz., Del., Hawaii, Idaho, Iowa, Kan., La., Miss., Mo., Mont., Neb., N.H., N.D., Ore., S.D., Tenn., Vt., Va., Wyo.

### Measure 1.2: Payday Lending Restrictions

Does state law restrict payday lending and prohibit local lending companies from partnering with out-of-state banks to avoid local restrictions?

Yes, both	Ga., Md., Mass., N.Y.,* N.C.,* Pa.*
Restricts payday lending, but does not prohibit out-of-state partnering	Ark., Conn., Maine, N.J., Vt., W.Va.
No restrictions	N.M., Wis.
Allows payday lending under current law	Ala., Alaska, Ariz., Calif., Colo., Del., D.C., Fla., Hawaii, Idaho, Ill., Ind., Iowa, Kan., Ky., La., Mich., Minn., Miss., Mo., Mont., Neb., Nev., N.H., N.D., Ohio, Okla., Ore., R.I., S.C., S.D., Tenn., Texas, Utah, Va., Wash., Wyo.

\* New York, North Carolina, and Pennsylvania — through enforcement actions and judicial rulings — have established some prohibitions against partnering with out-of-state banks to avoid local restrictions.

## Selected State Policies on Protection Against Predatory Lending

STATE	1.1	1.2
	PREDATORY MORTGAGE LENDING PROTECTION BEYOND FEDERAL LAW	PAYDAY LENDING RESTRICTIONS
Alabama	-	Allows Payday Lending Under Current Law
Alaska	-	Allows Payday Lending Under Current Law
Arizona	-	Allows Payday Lending Under Current Law
Arkansas	Significant	Restricts Lending Only
California	Minimal	Allows Payday Lending Under Current Law [a]
Colorado	Minimal	Allows Payday Lending Under Current Law [a]
Connecticut	Minimal	Restricts Lending Only
Delaware	-	Allows Payday Lending Under Current Law
District of Columbia	Minimal	Allows Payday Lending Under Current Law
Florida	Minimal	Allows Payday Lending Under Current Law
Georgia	Significant	Restricts Lending and Prohibits Out-of-State Partnering
Hawaii	-	Allows Payday Lending Under Current Law
Idaho	-	Allows Payday Lending Under Current Law
Illinois	Significant	Allows Payday Lending Under Current Law
Indiana	Minimal	Allows Payday Lending Under Current Law [a]
Iowa	-	Allows Payday Lending Under Current Law
Kansas	-	Allows Payday Lending Under Current Law
Kentucky	Minimal	Allows Payday Lending Under Current Law
Louisiana	-	Allows Payday Lending Under Current Law [a]
Maine	Minimal	Restricts Lending Only
Maryland	Minimal	Restricts Lending and Prohibits Out-of-State Partnering
Massachusetts	Significant	Restricts Lending and Prohibits Out-of-State Partnering
Michigan	Minimal	↓ Allows Payday Lending Under Current Law
Minnesota	Minimal	Allows Payday Lending Under Current Law
Mississippi	-	Allows Payday Lending Under Current Law
Missouri	-	Allows Payday Lending Under Current Law
Montana	-	Allows Payday Lending Under Current Law [a]
Nebraska	-	Allows Payday Lending Under Current Law
Nevada	Minimal	Allows Payday Lending Under Current Law
New Hampshire	-	Allows Payday Lending Under Current Law
New Jersey	Significant	Restricts Lending Only
New Mexico	Significant	-
New York	Significant	↑ Restricts Lending Only [b]
North Carolina	Significant	↑ Restricts Lending Only [b]
North Dakota	-	Allows Payday Lending Under Current Law
Ohio	↑ Significant	Allows Payday Lending Under Current Law
Oklahoma	Minimal	Allows Payday Lending Under Current Law [a]
Oregon	-	Allows Payday Lending Under Current Law
Pennsylvania	Minimal	↑ Restricts Lending Only [b]
Rhode Island	↑ Significant	↓ Allows Payday Lending Under Current Law
South Carolina	Significant	Allows Payday Lending Under Current Law
South Dakota	-	Allows Payday Lending Under Current Law
Tennessee	-	Allows Payday Lending Under Current Law
Texas	Minimal	Allows Payday Lending Under Current Law
Utah	Minimal	Allows Payday Lending Under Current Law
Vermont	-	Restricts Lending Only
Virginia	-	Allows Payday Lending Under Current Law [a]
Washington	Minimal	Allows Payday Lending Under Current Law
West Virginia	Significant	Restricts Lending Only
Wisconsin	Minimal	-
Wyoming	-	Allows Payday Lending Under Current Law
<b>Year Data Collected</b>	<b>2006</b>	<b>2006</b>

**Data Source:**

The Corporation for Enterprise Development. “Predatory Lending Norms and Standards.” *Assets and Opportunity Scorecard*. Retrieved August 5, 2005. <http://www.cfed.org>. Updated through unpublished data from the Center for Responsible Lending, October 2006.

**Data Table Notes:**

- a. These states also prohibit partnerships with out-of-state banks to circumvent local law, but this provision provides negligible protection because local law authorizes payday lending.
- b. New York, North Carolina, and Pennsylvania — through enforcement actions and judicial rulings — have established some prohibitions against partnering with out-of-state banks to avoid local restrictions.

## POLICY 2:

# Targeted Tax Relief

**Why State Tax Policy Matters.** To access economic opportunity and provide a brighter future for their children, low-wage families need to retain more of their earnings. States can promote these outcomes through policies such as targeted tax relief, which encourages and rewards work. The advantages of family-friendly tax policy are especially important to low-wage workers who, under the tax structures of most states, pay a higher proportion of their income in taxes than wealthier families pay.<sup>8</sup> The ability of low-wage families to retain more of their income has major implications for their well-being as well as the prosperity of a state. Research demonstrates a strong connection between a family's economic advancement and their general quality of life, which includes marital happiness, fewer divorces and higher levels of child well-being. These studies show that an increase in family income is strongly related to their children's outcomes, including graduating from high school and avoiding teen pregnancy.<sup>9</sup>

**Key State Policy Measures.** States can help working families retain more of their earnings by enacting the following tax policies that reward, rather than discourage, work (all amounts cited are estimated for a two-parent family of four):

**2.1 Refundable Earned Income Tax Credit (EITC).** The EITC is considered the most effective tax policy in history for lifting working families out of poverty. In 2002, approximately 4.9 million people, including 2.7 million children, escaped poverty as a result of this credit.<sup>10</sup> States can provide a state EITC to supplement the federal EITC. States also can make the state tax credit refundable (like the federal EITC), thereby increasing tax refunds for low-wage working families.

**Changes in 2006:** During 2006, states made the following policy changes:

- **Colorado** renewed the suspension of its state EITC, which will now remain suspended through 2009.
- **Delaware** implemented a new, non-refundable EITC equal to 20 percent of the federal credit.
- **Nebraska** enacted a new EITC at a rate of 8 percent of the federal credit, effective in 2006.
- **Oregon** changed its non-refundable credit to a refundable credit equal to 5 percent of the federal credit, effective in 2006.
- **Michigan** enacted a refundable EITC that becomes effective in 2008 at a rate of 10 percent of the federal credit. This credit increases to 20 percent in 2009.
- **Virginia** implemented a new, non-refundable EITC, equal to 20 percent of the federal credit.

**2.2 Child and Dependent Care Tax Credits (CADC).** States can provide tax relief to low-wage families with expenses for child care or the care of other family members. Child care and dependent care expenses can take up a large share of families' income. A state tax credit can help ensure that children and other family members receive quality care, while reducing the financial burden for low-wage families.<sup>11</sup> As with the EITC, the impact of these credits is greater when states make them refundable.

**Changes in 2005:** During 2005, the following policy changes were made:

- **Colorado** reduced the maximum value of its CADC tax credit from \$1,470 (70 percent of the federal credit) to \$1,050 (50 percent of the federal credit).
- **Montana** increased the maximum value of its CADC tax deduction (it has no tax credit) from \$144 to \$180.

**2.3 Income tax threshold (ITT) at a higher level.** States seeking to ensure their tax structure encourages and rewards work can reduce the tax burden on families with incomes near the federal poverty level (FPL).<sup>12</sup> A key method for doing so is to raise the income threshold at which family income becomes subject to the state income tax. This policy also reduces the tax burden for other low-wage families by eliminating the tax liability for the portion of their income that falls below the income tax threshold.

Many states increase their income tax threshold on an annual basis to account for inflation and increases in the cost of living. These increases do not always keep pace with increases in the FPL, however, which also increases annually to reflect higher costs of living. As a result, a state can increase the dollar amount of its income tax threshold, but if this increase is less than the increase in the FPL, the threshold will actually decrease as a percentage of the FPL, meaning that more low-wage families will face a higher tax burden in that state.

**Changes in 2005:** For tax year 2005, the following states changed their income tax thresholds as follows:

**Threshold increased in dollar terms and as a percentage of the FPL.** The following states increased their income tax thresholds both in terms of dollar amounts and as a percentage of the federal poverty level, meaning that fewer low-wage families will be subject to the state income tax.

- **The District of Columbia** increased its ITT from 112.4 percent to 119.7 percent.
- **Kansas** increased its ITT from 127.9 percent to 128.2 percent.
- **Kentucky** increased its ITT from 29 percent to 97.1 percent.
- **Maryland** increased its ITT from 150.2 percent to 151.7 percent.
- **Massachusetts** increased its ITT from 125.8 percent to 127.2 percent.
- **Montana** increased its ITT from 53.9 percent to 54.1 percent.
- **New York** increased its ITT from 146.0 percent to 146.7 percent.
- **Ohio** increased its ITT from 68.4 percent to 77.1 percent.
- **Rhode Island** increased its ITT from 151.7 percent to 153.2 percent.
- **South Carolina** increased its ITT from 130.5 percent to 135.2 percent.
- **Vermont** increased its ITT from 159.5 percent to 161.2 percent.
- **Wisconsin** increased its ITT from 121.2 percent to 121.7 percent.

In addition, **Alabama** enacted an increase in its income tax threshold in 2006, raising it from \$4,600 to \$12,600, effective in 2007. The state also expanded its standard and dependent deductions for incomes under \$20,000, which will provide tax relief similar to that provided by a non-refundable EITC.

Also in 2006, **West Virginia** enacted an increase in its income tax threshold to equal the federal poverty level. This change will be partially implemented in 2007, and fully implemented in 2008.

**Threshold increased in dollar terms, but decreased as a percentage of the FPL.** These states increased their income tax thresholds in terms of dollar amounts, but the increase was not sufficient to offset the increase in the federal poverty level. As a result, more low-wage families will be subject to these states' income tax, despite the increase in the dollar amount of the threshold.

California	Louisiana	New Mexico
Colorado	Maine	North Dakota
Idaho	Michigan	Oklahoma
Illinois	Minnesota	Oregon
Indiana	Missouri	Utah
Iowa	Nebraska	Virginia

**Threshold remained the same in dollar terms, but decreased as a percentage of the FPL.** These states did not change the dollar amount of their threshold, and therefore saw a decrease in their threshold when measured as a percentage of the federal poverty level, due to the increase in the FPL. As a result, more low-wage families will be subject to these states' income tax.

Arkansas	Georgia	North Carolina
Arizona	Hawaii	Pennsylvania
Connecticut	Mississippi	West Virginia
Delaware	New Jersey	

## Targeted Tax Relief

### Measure 2.1: Earned Income Tax Credit

At what percentage of the federal Earned Income Tax Credit (EITC) does the state offer a refundable state EITC?

Above 20% of the federal EITC	D.C., Minn., N.Y., Vt.
11 to 20% of the federal EITC	Kan., Md., Mass., N.J., Wis.
Up to 10% of the federal EITC	Colo.,* Ill., Ind., Mich.,** Neb., Okla., Ore., R.I.
Non-refundable EITC only	Del., Iowa, Maine, Va.
No state EITC offered	Ala., Ariz., Ark., Calif., Conn., Ga., Hawaii, Idaho, Ky., La., Miss., Mo., Mont., N.M., N.C., N.D., Ohio, Pa., S.C., Utah, W.Va.
No state income tax	Alaska, Fla., Nev., N.H., S.D., Tenn., Texas, Wash., Wyo.

\* Colorado suspended its EITC through 2009.

\*\* Michigan enacted a new EITC effective in 2008.

### Measure 2.2: Child and Dependent Care Tax Credit

At what percentage of the federal Child and Dependent Care (CADC) Tax Credit does the state offer a refundable state CADC tax credit?

100% or more of the federal CADC credit	N.Y., Neb.
50 to 99% of the federal CADC credit	Calif., Colo., Hawaii, Iowa, La., Minn., Vt.
1 to 49% of the federal CADC credit	Ark., Maine, N.M.
Non to refundable CADC credit or deduction only	Del., D.C., Idaho, Kan., Ky., Md., Mass., Mont., N.C., Ohio, Okla., Ore., R.I., S.C., Va.
No CADC offered	Ala., Ariz., Conn., Ga., Ill., Ind., Mich., Miss., Mo., N.J., N.D., Pa., Utah, W.Va., Wis.
No state income tax	Alaska, Fla., Nev., N.H., S.D., Tenn., Texas, Wash., Wyo.

### Measure 2.3: Income Tax Thresholds

At what percentage of the federal poverty level does the state set its personal income tax threshold?

151% or more of the federal poverty level	Calif., Md., Minn., Pa., R.I., Vt.
101 to 150.9% of the federal poverty level	Ariz., Colo., Conn., Del., D.C., Idaho, Kan., Maine, Mass., Neb., N.M., N.Y., N.D., S.C., Utah, Wis.
51 to 100.9% of the federal poverty level	Ala.,* Ark., Ga., Hawaii, Ill., Ind., Iowa, Ky., La., Mich., Miss., Mo., Mont., N.C., N.J., Ohio, Okla., Ore., Va., W.Va.**
Up to 50.9% of the federal poverty level	
No state income tax	Alaska, Fla., Nev., N.H., S.D., Tenn., Texas, Wash., Wyo.

\* Alabama increased its threshold to \$12,600, effective in 2007.

\*\*West Virginia increased its threshold to equal the federal poverty level, partially effective in 2007 and fully effective in 2008.

**Selected State Income Tax Policies (for Two-Parent Family with Two Children)**

STATE	2.1		2.2		2.3	
	EITC AS A % OF FEDERAL CREDIT (NR = NON-REFUNDABLE)		MAXIMUM VALUE OF CHILD AND DEPENDENT CARE CREDIT (NR = NON-REFUNDABLE)		PERSONAL INCOME	
		Dollar Amount	As A % of Federal Credit**	Threshold	Threshold as A % of Federal Poverty Level	
Alabama	[k]	Not Offered	-	↓ \$12,600 [k]	↑ 63.1%	
Alaska	No state income tax	No state income tax	-	No state income tax		
Arizona	-	Not Offered	-	23,600	↓ 118.2%	
Arkansas	-	\$420 [m]	20%	↓ 15,900	↓ 79.6%	
California	-	\$1,050	50%	↓ 42,700	↓ 213.8%	
Colorado	↑ [a]	↑ \$1,050	↑ 50%	↓ 22,800	↓ 114.2%	
Connecticut	-	Not Offered	-	24,100	↓ 120.7%	
Delaware	20% NR	\$1,050 (NR)	-	20,300	↓ 101.6%	
District of Columbia	35%	\$672 (NR)	-	↓ 23,900	↑ 119.7%	
Florida	No state income tax	No state income tax	-	No state income tax		
Georgia	-	Not Offered	-	15,900	↓ 79.6%	
Hawaii	-	\$1,200	58%	11,500	↓ 57.6%	
Idaho	-	\$468 (deduction, NR)	-	↓ 22,800	↓ 114.2%	
Illinois	5%	Not Offered	-	↓ 15,349	↓ 76.9%	
Indiana	6% [l]	Not Offered	-	↓ 14,800	↓ 74.1%	
Iowa	6.5% NR	\$1,575	75%	↓ 18,200	↑ 91.1%	
Kansas	15%	\$525 (NR)	-	↓ 25,600	↑ 128.2%	
Kentucky	-	\$420 (NR)	-	↓ 19,400	↓ 97.1%	
Louisiana	-	\$1,050 child care [n], \$2,100 (NR) dependent care	50%	↓ 16,400	↓ 82.1%	
Maine	4.92% NR	\$903 (of which up to \$500 refundable)	24%	↓ 25,700	↓ 128.7%	
Maryland	20% (and 50% NR)	\$683 (credit, NR); \$285 (deduction, NR) [g]	-	↓ 30,300	↑ 151.7%	
Massachusetts	15%	\$509 (deduction, NR)	-	↓ 25,400	↑ 127.2%	
Michigan	↓ [j]	Not Offered	-	↓ 14,000	↓ 70.1%	
Minnesota	33% [b]	\$1,440	69%	↓ 31,800	↓ 159.2%	
Mississippi	-	Not Offered	-	19,600	↓ 98.1%	
Missouri	-	Not Offered	-	↓ 16,700	↓ 83.6%	
Montana	-	↓ \$180 (deduction, NR) [p]	-	↓ 10,800	↑ 54.1%	
Nebraska	↓ 8%	\$2,100 [o]	100%	↓ 22,800	↓ 114.2%	
Nevada	No state income tax	No state income tax	-	No state income tax		
New Hampshire	No state income tax	No state income tax	-	No state income tax		
New Jersey	20% [c]	Not Offered	-	20,000	↓ 100.1%	
New Mexico	-	\$960 [e]	46%	↓ 22,800	↓ 114.2%	
New York	30%	\$2,310	110%	↓ 29,300	↑ 146.7%	
North Carolina	-	\$624 (NR)	-	19,400	↓ 97.1%	
North Dakota	-	Not Offered	-	↓ 23,300	↓ 116.7%	
Ohio	-	\$2,100 (NR)	-	↓ 15,400	↑ 77.1%	
Oklahoma	5%	\$420 (NR)	-	↓ 17,200	↓ 86.1%	
Oregon	↓ 5% [d]	\$1,800 (NR) [h]	-	↓ 16,900	↓ 84.6%	
Pennsylvania	-	Not Offered	-	32,000	↓ 160.2%	
Rhode Island	10% (and 25% NR)	\$525 (NR)	-	↓ 30,600	↑ 153.2%	
South Carolina	-	\$420 (NR)	-	↓ 27,000	↑ 135.2%	
South Dakota	No state income tax	No state income tax	-	No state income tax		
Tennessee	No state income tax	No state income tax	-	No state income tax		
Texas	No state income tax	No state income tax	-	No state income tax		
Utah	-	Not Offered	-	↓ 22,800	↓ 114.2%	
Vermont	32%	\$1,050 [i]	50%	↓ 32,200	↑ 161.2%	
Virginia	↓ 20% NR	\$345 (deduction, NR)	-	↓ 19,400	↓ 97.1%	
Washington	No state income tax	No state income tax	-	No state income tax		
West Virginia	-	Not Offered	-	10,000	↓ 50.1%	
Wisconsin	14% [f]	Not Offered	-	↓ 24,300	↑ 121.7%	
Wyoming	No state income tax	No state income tax	-	No state income tax		
<b>Year Data Collected</b>	<b>2006</b>	<b>2005</b>	<b>2005</b>	<b>2005</b>		

\*The federal credit for two children or more is \$2,100. Percentages are calculated here for refundable credits only.

\*\* The 2005 federal poverty level for a family of four was \$19,971.

**Data Source:**

- 2.1 The Hatcher Group. "50 State Resource Map." *State EITC Online Resource Center*. Retrieved April 2005. Updated with unpublished data from the Center on Budget and Policy Priorities, October 2006.
- 2.2 Nancy Duff Campbell, Joan Entmacher, Amy K. Matsui, Cristina Martin Firvida, Christie Love. *Making Care Less Taxing: Improving State Child and Dependent Care Tax Provisions*. Washington, D.C.: National Women's Law Center, April 2006.
- 2.3 Source for income tax thresholds: Jason, A. Levitis and Nicholas Johnson. *The Impact of State Income Taxes on Low-Income Families in 2005*. Washington, D.C.: Center on Budget and Policy Priorities, February 22, 2006. Percentages of the federal poverty level computed by the Center for the Study of Social Policy

**Data Table Notes:**

- a. Colorado suspended its EITC in 2003 through a voter referendum. The EITC will remain suspended through 2009.
- b. The value of the EITC in Minnesota varies with earnings, but averages 33 percent.
- c. New Jersey restricts its EITC to families with annual income below \$20,000.
- d. Oregon will increase its EITC to 6 percent of the federal credit effective Jan. 2008, but this credit is set to expire at the end of 2011.
- e. New Mexico also offers a deduction of \$1,200 for three or more children.
- f. Wisconsin sets its EITC at 4 percent of the federal credit for a family with one child, 14 percent with two, and 43 percent with three or more.
- g. Maryland has both a credit and deduction for child care and dependent expenses, both of which are non-refundable.
- h. Oregon also offers a refundable working family child care credit.
- i. Vermont also offers another non-refundable credit that is 24 percent of the federal credit with a maximum of \$504.
- j. Michigan will make its EITC effective in 2008 at a rate of 10% and will increase it to 20% in 2009 and thereafter. This credit will be refundable.
- k. Alabama raised its income tax threshold to \$12,600 beginning in tax year 2007. In addition, the state will expand the dependent and standard deductions for incomes under \$20,000, which will provide tax relief similar to that provided by a non-refundable EITC.
- l. Indiana will sunset its EITC in tax year 2011.
- m. Arkansas makes its CADC tax credit refundable for children under age 6 in selected early childhood programs.
- n. Louisiana makes its CADC tax credit refundable for incomes of \$25,000 or less.
- o. Nebraska makes its CADC tax credit refundable for incomes of \$29,000 or less.
- p. Montana also offers a deduction of \$144 for three or more children.

## POLICY 3:

# State Minimum Wage

**Why Minimum Wage Policy Matters.** States seeking to improve economic opportunity for families can do so by increasing compensation for low-wage workers. Currently, the U.S. economy is losing high-wage jobs that do not require specialized training and skills. As a result, many parents can only obtain low-wage jobs,<sup>13</sup> making it difficult for them to support their families. For example, the cost of housing alone is estimated to exceed the income of two parents working full time earning the federal minimum wage.<sup>14</sup> Research indicates that moderate increases in the minimum wage have positive benefits for minimum wage earners and those just above the minimum wage, and can be enacted without significant job loss, even during economic downturns.<sup>15</sup>

**Key State Policy Measures.** States can improve the well-being of low-wage workers and their families by setting minimum wages above the federal minimum wage (FMW) of \$5.15 and by including automatic adjustments as the cost of living increases or as the federal minimum wage increases.

**3.1 State minimum wage (SMW) level.** States seeking to promote economic stability among families can encourage and reward work by increasing the state minimum wage above the federal minimum wage. *State changes in the SMW are presented below with changes in adjustment policies.*

**3.2 Adjustment policy.** As inflation rises and the cost of living increases, minimum wages fail to keep pace with inflation. States can prevent this erosion by establishing laws that automatically increase the state minimum wage to keep pace with increases in inflation, which is measured by the Consumer Price Index (CPI). Alternatively, states can index the state minimum wage to an amount incrementally higher than the federal minimum wage (e.g., \$1 above the federal minimum wage), or to the federal minimum wage itself, ensuring that the state minimum wage is not lower than the federal minimum wage.

**Changes in 2006 (and in 2007-08 where specified):** The following states increased their state minimum hourly wage in 2006 (and have enacted further changes for 2007-08 where specified):

- **Arkansas** increased its SMW from \$5.15 to \$6.25.
- **Connecticut** increased its SMW from \$7.10 to \$7.40 (and will increase it to \$7.65 in 2007).
- **District of Columbia** increased its SMW from \$6.60 to \$7.00.
- **Florida** increased its SMW from \$6.15 to \$6.40.
- **Hawaii** increased its SMW from \$6.25 to \$6.75 (and will increase it to \$7.25 in 2007).
- **Maine** increased its SMW from \$6.50 to \$6.75 (and will increase it to \$7.00 in 2007).
- **Maryland** increased its SMW from \$5.15 to \$6.15.
- **Michigan** increased its SMW from \$5.15 to \$6.95 (and will increase it to \$7.15 in 2007, and to \$7.40 in 2008).
- **New Jersey** increased its SMW from \$6.15 to \$7.15.
- **New York** increased its SMW from \$6.00 to \$6.75 (and will increase it to \$7.15 in 2007).
- **Ohio** increased its SMW from \$4.25 to \$5.15 (and will increase it to \$6.85 in 2007), and enacted a new policy to adjust the wage annually based on changes in inflation.
- **Oregon** increased its SMW from \$7.25 to \$7.50.
- **Rhode Island** increased its SMW from \$6.75 to \$7.10 (and will increase it to \$7.40 in 2007).
- **Vermont** increased its SMW from \$7.00 to \$7.25, and enacted a new adjustment policy to (a) automatically adopt the federal minimum wage if that wage is raised above the state minimum wage, and (b) adjust the state minimum wage annually for inflation and the cost of living.
- **Washington** increased its SMW from \$7.35 to \$7.63.

- **West Virginia** increased its SMW from \$5.15 to \$5.85 (and will increase it to \$6.55 in 2007, and to \$7.25 in 2008) although this state minimum wage is unique in that it applies to very few workers in comparison with other states. West Virginia also enacted a policy to increase the SMW to match the FMW if the FMW is raised above the SMW.
- **Wisconsin** increased its SMW from \$5.70 to \$6.50.

**Changes in 2007** (and in 2008 where specified), enacted changes in the state minimum wage and adjustment policies will take effect in the following states:

- **Arizona** enacted a SMW of \$6.75, and enacted a new policy to adjust the wage annually based on changes in the cost of living.
- **Colorado** increased its SMW from \$5.15 to \$6.85, and enacted a new policy to adjust the wage annually based on changes in inflation.
- **California** increased its SMW from \$6.75 to \$7.50 (and will increase it to \$8.00 in 2008).
- **Delaware** increased its SMW from \$6.15 to \$6.65 (and will increase it to \$7.15 in 2008).
- **Massachusetts** increased its SMW from \$6.75 to \$7.50 (and will increase it to \$8.00 in 2008).
- **Missouri** increased its SMW from \$5.15 to \$6.50, and enacted a new policy to adjust the wage annually based on changes in inflation.
- **Montana** increased its SMW from \$5.15 to \$6.15, and enacted a new policy to adjust the wage annually based on changes in inflation.
- **Nevada** enacted a new state minimum wage of \$6.15 where employers do not offer health benefits, and enacted a new adjustment policy to (a) automatically adopt the federal minimum wage if that wage is raised above the state minimum wage, and (b) adjust the state minimum wage annually for inflation using the CPI up to three percent per year.
- **North Carolina** increased its SMW from \$5.15 to \$6.15.
- **Pennsylvania** increased its SMW from \$5.15 to \$6.25 in January 2007 (and will increase it to \$7.15 in July 2007).

## State Minimum Wage Policy Measures

### Measure 3.1: State Minimum Wage Level

How does the state minimum wage compare to the federal minimum wage?

*Table reflects state status as of January 2007.*

Exceeds the federal minimum wage	Alaska, Ariz., Ark., Calif., Colo., Conn., Del., D.C., Fla., Hawaii, Ill., Maine, Md., Mass., Mich., Minn., Mo., Mont., N.C., N.J., N.Y., Ohio, Ore., Pa., R.I., Vt., Wash., Wis., W.Va.
Equals the federal minimum wage	Ga., Idaho, Ind., Iowa, Ky., Neb., Nev.,** N.H., N.M., N.D., Okla., S.D., Texas, Utah, Va., Wyo.
Below the federal minimum wage*	Kan.
No state minimum wage*	Ala., La., Miss., S.C., Tenn.

\*In these states, the vast majority of workers are covered by the federal minimum wage.

\*\*Nevada's state minimum wage exceeds the federal minimum wage where employers do not offer health benefits.

**Measure 3.2: Adjustment Policy**

What adjustment method does the state use to automatically update the state minimum wage (SMW)? *Table reflects status as of January 1, 2007.*

Index SMW to inflation and match federal minimum wage (FMW) if increased above SMW	Mo., Mont., Nev.*, Vt.
Index SMW to inflation	Ariz., Colo., Fla., Ohio, Ore., Wash
Index to some amount above the FMW	Conn., D.C., Mass.
Index to the FMW	Del., Iowa, Ky., Maine, Md., N.C., N.H., N.Y., Okla., Pa., Texas, Utah, Va., W.Va.
None	Alaska, Ark., Calif., Ga., Hawaii, Idaho, Ill., Ind., Kan., Mich., Minn., N.J., ** N.D., Neb., N.M., R.I., S.D., Wis., Wyo.
No state minimum wage	Ala., La., Miss., S.C., Tenn.

\* Nevada limits increases to no more than three percent per year.

\*\* New Jersey will establish a Minimum Wage Advisory Commission to advise on future updates.

## Selected State Minimum Wage Policies

STATE	3.1			3.2
	STATE MINIMUM WAGE (\$/HR.)			METHOD OF ADJUSTING MINIMUM WAGE**
Year Data Collected	2006	2007 Changes*	2008 Changes*	January, 2007
Alabama	No minimum			N/A
Alaska	\$7.15			No policy [c]
Arizona	No minimum	↑ \$6.75 [w]		↑ Adjusts annually to reflect cost of living. [w]
Arkansas [a]	↑ \$6.25			No policy
California	\$6.75	↑ \$7.50	↑ \$8.00	No policy
Colorado [b]	\$5.15	↑ \$6.85 [w]		↑ Adjusts annually for inflation. [w]
Connecticut	↑ \$7.40	↑ \$7.65		Automatically set at 0.5% above FMW
Delaware	\$6.15	↑ \$6.65	↑ \$7.15	Automatically replaced by FMW if FMW is raised above SMW
District of Columbia	↑ \$7.00			Automatically set at \$1 above FMW if FMW is raised above SMW
Florida	↑ \$6.40			Adjusts annually for inflation using CPI-W
Georgia [e]	\$5.15			No policy
Hawaii [f]	↑ \$6.75	↑ \$7.25		No policy
Idaho	\$5.15			No policy
Illinois [g]	\$6.50			No policy
Indiana [a,h]	\$5.15			No policy
Iowa	\$5.15			Automatically replaced by FMW if FMW is raised above SMW
Kansas [a]	\$2.65			No policy
Kentucky	\$5.15			Automatically adopts FMW
Louisiana	No minimum			N/A
Maine	↑ \$6.75	↑ \$7.00 [n]		Automatically replaced by FMW if FMW is raised no more than \$1 above SMW
Maryland	↑ \$6.15			Automatically adopts FMW
Massachusetts	\$6.75	↑ \$7.50	↑ \$8.00	Automatically set at \$0.10 above FMW if FMW is raised to or above SMW
Michigan [i]	↑ \$6.95	↑ \$7.15 [t]	↑ \$7.40 [u]	No policy
Minnesota [j]	\$6.15			No policy
Mississippi	No minimum			N/A
Missouri [a,k]	\$5.15	↑ \$6.50 [w]		↑ Automatically adopts FMW if FMW is raised above SMW, and adjusts annually for inflation using CPI. [w]
Montana [l]	\$5.15	↑ \$6.15 [w]		↑ Automatically adopts FMW if FMW is raised above SMW, and adjusts annually for inflation. [w]
Nebraska	\$5.15			No policy
Nevada	\$5.15	↑ \$5.15 [w,x]		↑ Automatically adopts FMW if FMW is raised above SMW, and adjusts annually for inflation using CPI up to 3 percent per year. [w]
New Hampshire	\$5.15			Automatically replaced by FMW if FMW is raised above SMW
New Jersey [m]	↑ \$7.15			Advisory committee will be established to review SMW annually
New Mexico	\$5.15			No policy
New York	↑ \$6.75	↑ \$7.15		Automatically replaced by FMW if FMW is raised above SMW
North Carolina [a]	\$5.15	↑ \$6.15		Automatically adopts FMW
North Dakota	\$5.15			No policy
Ohio [o]	↑ \$5.15	↑ \$6.85 [w]		↑ Adjusts annually for inflation using CPI [w]
Oklahoma [a,p]	\$5.15			Automatically adopts FMW
Oregon	↑ \$7.50			Adjusts annually for inflation using CPI-U
Pennsylvania [d]	\$5.15	↑ \$6.25	↑ \$7.15	Automatically adopts FMW
Rhode Island [y]	↑ \$7.10	↑ \$7.40		No policy
South Carolina	No minimum			N/A
South Dakota	\$5.15			No policy
Tennessee	No minimum			N/A
Texas [a]	\$5.15			Automatically adopts FMW
Utah [a]	\$5.15			Automatically adopts FMW
Vermont [a,q]	↑ \$7.25			↑ Automatically replaced by FMW if FMW is raised above SMW, and adjusts annually for inflation and cost of living. [v]
Virginia [r]	\$5.15			Automatically adopts FMW
Washington	↑ \$7.63			Adjusts annually for inflation using CPI-W
West Virginia [a]	↑ \$ 5.85 [s]	↑ \$6.55 [s]	↑ \$7.25 [s]	↑ Automatically adopts FMW if FMW is raised above SMW
Wisconsin	↑ \$6.50			No policy
Wyoming	\$5.15			No policy

\* All changes take effect January 1 unless otherwise noted.

\*\* FMW = Federal Minimum Wage; SMW = State Minimum Wage; CPI = Consumer Price Index

**Data Source:**

U.S. Department of Labor, Employment Standards Administration, Wage and Hours Division. *Minimum Wage Laws in the States*. As published on the Department of Labor's website (updated January 1, 2006). Updated through unpublished data from the Economic Policy Institute, October 2006. Also updated through the National Conference of State Legislators *NCSL Ballot Measures Database* at <http://www.ncsl.org/programs/legman/elect/dbintro.htm>

**Data Table Notes:**

- a. These states include all employees covered under the Fair Labor Standards Act (FLSA).
- b. Colorado law applies to retail and service, commercial support service, food and beverage, and health and medical industries.
- c. The 2006 *Policy Matters* report incorrectly identified Alaska as adjusting its SMW automatically to remain at least \$1 above the FMW.
- d. Pennsylvania law allows employers to pay employees under 20 years of age a training wage of \$5.15 per hour for the first sixty days of employment. For employers with 10 or fewer full-time employees, Pennsylvania has enacted a modified wage increase schedule. For these employers, the SMW will increase to \$5.65 on January 1, 2007, to \$6.65 on July 1, 2007, and to \$7.15 on July 1, 2008.
- e. Georgia law applies to employers to six or more employees, and excludes employees subject to FLSA when FMW is higher than SMW.
- f. Hawaii law exempts employees earning a guaranteed monthly income of \$2,000 or more, and excludes employment subject to FLSA when SMW is higher than FMW.
- g. Illinois law applies to employers of four or more employees, excluding family members.
- h. Indiana law applies to employers of two or more employees.
- i. Michigan law applies to employers of two or more employees, and excludes employment subject to FLSA unless the SMW is higher than the FMW.
- j. Minnesota sets its SMW at \$5.25 for small employers (annual receipts under \$500,000) and \$6.15 for all others.
- k. Missouri law excludes employers with gross annual sales or business of less than \$500,000.
- l. Montana law excludes employment subject to FLSA unless the SMW is higher than the FMW. For businesses whose annual gross sales are \$110,000 or less, the SMW is \$4.00 per hour.
- m. To advise on future updates, New Jersey will establish a Minimum Wage Advisory Commission.
- n. Maine will make this SMW effective October 1, 2007.
- o. Ohio sets SMW at \$2.80 for employers with gross annual sales (GAS) under \$150,000, at \$3.35 for GAS between \$150,000 and \$500,000, and \$4.25 for all others.
- p. Oklahoma sets SMW at \$5.15 for employers of 10 or more full-time employees at any one location and employers with annual gross sales of over \$100,000 irrespective of number of full-time employees.
- q. Vermont law applies to employers of two or more employees.
- r. Virginia law applies to employers of four or more employees.
- s. West Virginia increased its SMW from \$5.15 to \$5.85 effective July 1, 2006. Subsequent wage increases will take place on July 1st of the effective year. The SMW in West Virginia is limited to employers with 6 or more employees, gross annual income greater than \$500,000, and no engagement in interstate commerce, and therefore covers very few workers relative to other state minimum wages. (Data obtained through personal correspondence with the Economic Policy Institute and the West Virginia Department of Labor, December 2006.)
- t. Michigan will make this SMW effective July 1, 2007.
- u. Michigan will make this SMW effective July 1, 2008.
- v. Beginning on January 1, 2007, Vermont will begin adjusting the SMW according to inflation.
- w. These changes resulted from ballot initiatives in November 2006.
- x. Nevada sets its SMW at \$6.15 for employers that do not provide health benefits.



50-STATE POLICY OVERVIEW

# EMPLOYMENT POLICIES

## POLICY 4:

# Child Care Subsidies

**Why Child Care Policy Matters.** For states seeking to strengthen their current and future work force, child care subsidies can serve as an important tool. Research shows that access to high-quality, affordable child care improves the employment stability of workers.<sup>16</sup> Studies also show that low-wage families are much less likely to return to the welfare rolls if they have access to child care assistance.<sup>17</sup>

High-quality child care also can promote child development. The brain architecture of a child is developed most in the first years of life,<sup>18</sup> and research shows that quality child care can offer the important physical, language, social and cognitive training that helps develop this brain architecture effectively.<sup>19</sup> Research also shows that the positive effects of early development continue into regular schooling,<sup>20</sup> and that the benefits of early childhood education have been found to improve the education, employment and positive life outcomes of participants throughout life – providing far greater economic gains for society than the original cost of the investment.<sup>21</sup> Therefore, child care serves not only as a work support for parents, but also as part of a broad approach to child development aimed at helping children become healthy, eager to learn, and prepared to succeed as productive members of society.

**Key State Policy Measures.** States can achieve the benefits of child care assistance through the following policies that enhance access to – and the quality of – child care.

**4.1 Income eligibility levels.** The federal government allows states to determine the income level at which families are eligible to access child care subsidies, but sets a maximum eligibility level equal to 85 percent of a state's median income (SMI). States can expand access to child care by increasing eligibility up to that level. Raising the income eligibility level will not improve access to child care unless the state also provides adequate funding to ensure that all eligible families receive the assistance.

**Changes in 2006: States increasing eligibility levels in dollar terms and as a percentage of the SMI.** When states raise eligibility levels in dollar terms and as a percentage of SMI, families receiving subsidies are more likely to maintain their eligibility even as inflation and other factors cause wages to rise. Increasing eligibility as a percentage of SMI helps combat the “benefit cliff” effect, where low-wage families who see small wage increases may suddenly lose their child care subsidy because their wages have crossed the eligibility threshold. Raising the threshold relative to SMI does not eliminate this effect, but can reduce the number of low-wage workers who experience it. The following states increased their eligibility levels both in terms of dollar amounts and as a percentage of the state median income:

- **Alabama** increased eligibility from 44 percent to 45 percent of SMI.
- **Arkansas** increased eligibility from 61 percent to 64 percent of SMI.
- **District of Columbia** increased eligibility from 74 percent to 85 percent of SMI.
- **Florida** increased eligibility from 50 percent to 51 percent of SMI.
- **Hawaii** increased eligibility from 78 percent to 79 percent of SMI.
- **Kentucky** increased eligibility from 52 percent to 54 percent of SMI.
- **Louisiana** increased eligibility from 71 percent to 75 percent of SMI.
- **Mississippi** increased eligibility from 87 percent to 89 percent of SMI.
- **Montana** increased eligibility from 54 percent to 58 percent of SMI.
- **New Mexico** increased eligibility from 58 percent to 63 percent of SMI.
- **North Carolina** increased eligibility from 72 percent to 75 percent of SMI.
- **South Carolina** increased eligibility from 50 percent to 51 percent of SMI.
- **Utah** increased eligibility from 56 percent to 58 percent of SMI.
- **West Virginia** increased eligibility from 53 percent to 62 percent of SMI.
- **Wyoming** increased eligibility from 60 percent to 63 percent of SMI.

**States keeping eligibility levels constant in dollar terms, and seeing increases as a percentage of SMI.** Two states made no change to eligibility levels, but saw these levels increase when measured as a percentage of SMI, due to declining SMI.

- **Idaho** held its eligibility level constant in dollar terms, but when measured as a percentage of state median income, this level increased from 45 percent to 46 percent of SMI.
- **Oklahoma** held its eligibility level constant in dollar terms, but when measured as a percentage of state median income, this level increased from 67 percent to 69 percent of SMI.

**States increasing eligibility levels in dollar terms, with no change as a percentage of SMI.** The following states increased their eligibility in terms of dollar amounts, but the increase only kept pace with increases in SMI. As a result, low-wage workers with average wage growth in these states may continue to be eligible for child care subsidies.

- Arizona
- Illinois
- Indiana
- Iowa
- Maine
- Oregon
- Wisconsin

**States decreasing eligibility levels (or keeping them constant) in dollar terms, with no change as a percentage of SMI.**

- **North Dakota** made no change to the dollar threshold and saw no change in this level measured as a percentage of SMI.
- **Tennessee** reduced its dollar threshold, but saw no change in this level as a percentage of SMI, suggesting that incomes in this state declined commensurately.

**States increasing or keeping eligibility levels constant in dollar terms, and seeing decreases as a percentage of SMI.** These states did not change the dollar amount of their eligibility threshold, but due to rising income levels, saw these eligibility levels decline when measured as a percentage of SMI.

California	Michigan	New York
Connecticut	Minnesota	Ohio
Delaware	Missouri	Rhode Island
Georgia	Nebraska	South Dakota
Kansas	Nevada	Vermont
Maryland	New Hampshire	Washington
Massachusetts	New Jersey	

**States decreasing eligibility levels in dollar terms and as a percentage of SMI.**

- Alaska
- Pennsylvania

**States with local or regional variations in eligibility levels**

- Colorado
- Texas
- Virginia

**4.2 Reimbursement rates.** If child care reimbursement rates are not consistent with fees charged in the child care market, families using subsidies may not have access to high-quality care, and many will struggle to find a suitable provider. Federal guidelines recommend that states conduct a market rate survey of private child care providers every two years, and set reimbursement rates at the 75th percentile of the current market rate (or above).

**Changes in 2006:** During 2006, the following policy changes were made:

- **Wyoming** raised its reimbursement rate to a level that now meets the federal guideline, which is set at the 75th percentile of the current market rate (or above).
- **Colorado, Florida, Kentucky, Nevada, and North Dakota** *ceased* to meet the federal guideline set at the 75th percentile of the current market rate (or above).

**4.3 – 4.4 Co-payment requirements.** States often require low-wage families to share in the cost of child care by requiring co-payments, which can make it difficult for these families to afford child care and make ends meet.<sup>22</sup> States generally set co-payments as a percentage of a family’s income, and set different rates for families at 100 percent (\$16,600 in 2006) and 150 percent (\$24,900 in 2006) of the federal poverty level. In the United States, families with child care expenses on average pay seven percent of their earnings towards child care.<sup>23</sup>

**Changes in 2006:**

For families with earnings equal to 100 percent of the FPL, the following policy changes were made:

<b>Reduced Co-payments</b>	<b>No change</b>	<b>Increased Co-payments</b>
Arizona	Alaska	Alabama
District of Columbia	California	Arkansas
Florida	Connecticut	Colorado
Idaho	Hawaii	Delaware
Iowa	Illinois	Georgia
Louisiana	Kansas	Indiana
Minnesota	Kentucky	Maine
Ohio	Michigan	Maryland
Oklahoma	Mississippi	Massachusetts
Utah	Montana	Missouri
Vermont	Nebraska	Nevada
West Virginia	New Hampshire	New York
	New Jersey	Tennessee
	New Mexico	
		North Carolina
		North Dakota
		Oregon
		Pennsylvania
		Rhode Island
		South Carolina
		South Dakota
		Texas
		Virginia
		Washington
		Wisconsin
		Wyoming

For families with earnings equal to 150 percent of the FPL, the following policy changes were made:

<b>Reduced copays</b>	<b>No change</b>	<b>Increased copays</b>	<b>Eliminated eligibility</b>
Alabama	Alaska	California	Georgia
Arizona	Connecticut	Delaware	
Arkansas	Hawaii	Illinois	
Colorado	Kansas	Maine	
District of Columbia	Maryland	Ohio	
Florida	Massachusetts	Oregon	
Kentucky	Mississippi	Pennsylvania	
Louisiana	Nevada	Vermont	
Minnesota	New Hampshire	Wyoming	
North Dakota	New Jersey		
Oklahoma	New Mexico		
South Dakota	New York		
Utah	North Carolina		
West Virginia	Rhode Island		
Wisconsin	South Carolina		
	Tennessee		
	Texas		
	Virginia		
	Washington		

## Child Care Subsidies Policy Measures

### Measure 4.1: Income Eligibility Levels

At what percentage of the state’s median income does the state set eligibility levels for child care assistance?

75% of state median income or above	Alaska, D.C., Hawaii, La., Maine, Miss., N.C.
50 to 74% of state median income	Ariz., Ark., Calif., Conn., Del., Fla., Ill., Kan., Ky., Mont., Nev., N.M., N.Y., N.D., Ohio, Okla., Pa., R.I., S.C., S.D., Tenn., Texas*, Utah, Vt., Wash., W.Va., Wis., Wyo.
Below 50% of state median income	Ala., Colo.*, Ga., Idaho, Ind., Iowa, Md., Mass., Mich., Minn., Mo., Neb., N.H., N.J., Ore., Va.*

\*In Colorado, Texas and Virginia eligibility varies by county or region.

### Measure 4.2: Reimbursement Rates

In setting reimbursement rates for child care, does the state meet the federal guideline of the 75th percentile of a recent market rate survey or above?

Yes	Ark., Ind., Maine, Mont., N.Y., S.C., S.D., Wis., Wyo.
No	Ala., Alaska, Ariz., Calif., Colo., Conn., Del., D.C., Fla., Ga., Hawaii, Idaho, Ill., Iowa, Kan., Ky., La., Md., Mass., Mich., Minn., Miss., Mo., Neb., Nev., N.D., N.H., N.J., N.C., Ohio, Okla., Ore., Pa., R.I., Tenn., Utah, Vt., Va., Wash., W.Va.
Surveys are not used to set reimbursement rates	N.M., Texas

### Measure 4.3: Co-payments for Families at 100 Percent of the Federal Poverty Level

What percentage of families’ income does the state charge as a co-payment for families with earnings equal to 100 percent of the federal poverty level (\$16,600 for a two-parent family with one child)?

No co-payments	Calif., Hawaii, S.D., Vt
Less than 3.5% of earnings (i.e., less than half the national average for unsubsidized child care expenses)	Alaska, D.C., Iowa, Kan., Mich., Minn., N.H., N.Y., R.I., S.C., Utah, W.Va., Wyo.
3.5 to 7% of earnings	Ala., Ark., Ariz., Conn., Fla., Idaho, Ill., Ind., Ky., La., Mass., Miss., Mo., Mont., Neb., Nev., N.J., N.M., Ohio, Okla., Pa., Tenn., Wash., Wis.
Above 7% of earnings (i.e., more than the national average for unsubsidized child care expenses)	Colo., Del., Ga., Maine, Md., N.C., N.D., Ore., Texas, Va.

**Measure 4.4: Co-payments for Families at 150 Percent of the Federal Poverty Level**

What percentage of families’ income does the state charge as a co-payment for families with earnings equal to 150 percent of the federal poverty level (\$24,900 for a two-parent family with one child)?

Up to 7% of earnings (i.e., up to the national average for unsubsidized child care expenses)	Alaska, Ariz., Calif., Conn., D.C., Fla., Hawaii, Minn., Miss., N.H., N.M., R.I., S.C., Utah, Wash., W.Va., Wis., Wyo.
8 to 13% of earnings	Ala., Ark., Colo., Del., Ill., Kan., Ky., La., Maine, Mass., Nev., N.J., N.Y., N.C., N.D., Ohio, Okla., Pa., Tenn., Texas, Vt., Va.
14% or above (i.e., at or above twice the national average for unsubsidized child care expenses)	Md., Ore., S.D.
Families not eligible for subsidies at this income level	Ga., Idaho, Ind., Iowa, Mich., Mo., Mont., Neb.

### Selected State Child Care Policies (For a Two-Parent Family with One Child)

STATE	4.1		4.2		4.3		4.4	
	INCOME ELIGIBILITY (As a % of SMI*) <sup>(a)</sup>		REIMBURSEMENT RATE BASED ON CURRENT SURVEY <sup>(b)</sup>		% FAMILY INCOME PAID IN CO-PAYMENT (At 100% 2005 FPL) <sup>(c)</sup>		% FAMILY INCOME PAID IN CO-PAYMENT (150% of FPL) <sup>(c)</sup>	
Alabama	↑ 45%	[e]		↑ 6%		↓ 10%		
Alaska	↓ 76%	[f]		1%		2%		
Arizona	54%	-		↓ 5%		↓ 7%		
Arkansas	↑ 64%	Yes		↑ 6%		↓ 12%		
California	↓ 62%	-		0%		↑ 3%		
Colorado	↓ 35-60% [d]	↓ [g]		↑ 10%		↓ 11%		
Connecticut	↓ 50%	-		4%		6%		
Delaware	↓ 53%	-		↑ 8%		↑ 10%		
District of Columbia	↑ 85%	[h]		↓ 3%		↓ 5%		
Florida	↑ 51%	↓ [i]		↓ 6%		↓ 6%		
Georgia	↓ 47%	-		↑ 9%		↓ Not Eligible		
Hawaii	↑ 79%	-		0%		2%		
Idaho	↑ 46%	-		↓ 7%		Not Eligible		
Illinois	50%	[j]		5%		↑ 8%		
Indiana	37%	Yes		↑ 5%		Not Eligible		
Iowa	43%	-		↓ 1%		Not Eligible		
Kansas	↓ 55%	-		2%		9%		
Kentucky	↑ 54%	↓ -		7%		↓ 8%		
Louisiana	↑ 75%	-		↓ 7%		↓ 8%		
Maine	85%	Yes		↑ 8%		↑ 10%		
Maryland	↓ 43%	-		↑ 11%		14%		
Massachusetts	↓ 42%	[k]		↑ 7%		9%		
Michigan	↓ 41%	-		2%		Not Eligible		
Minnesota	↓ 44%	-		↓ 3%		↓ 4%		
Mississippi	↑ 89%	-		5%		6%		
Missouri	↓ 34%	-		↑ 6%		Not Eligible		
Montana	↑ 58%	Yes		4%		Not Eligible		
Nebraska	↓ 36%	-		4%		Not Eligible		
Nevada	↓ 71%	↓ [l]		↑ 4%		11%		
New Hampshire	↓ 46%	-		<1%		<1%		
New Jersey	↓ 44%	[m]		7%		8%		
New Mexico	↑ 63%	[n]		4%		6%		
New York	↓ 55%	Yes		↑ 1%		12%		
North Carolina	↑ 75%	[o]		10%		10%		
North Dakota	62%	↓ [p]		13%		↓ 13%		
Ohio	↑ 54% [w]	-		↓ 7%		↓ 9%		
Oklahoma	↑ 69%	[q]		↓ 7%		↓ 8%		
Oregon	48%	[r]		10%		↑ 25%		
Pennsylvania	↓ 56%	[s]		6%		↑ 8%		
Rhode Island	↓ 61%	-		1%		6%		
South Carolina	↑ 51%	Yes		3%		3%		
South Dakota	↓ 67%	Yes		0%		↓ 14%		
Tennessee	60%	[t]		↑ 6%		8%		
Texas	↑ 53-85% [d]	[u]		9-13%		9-13%		
Utah	↑ 58%	-		↓ 1%		↓ 7%		
Vermont	↓ 56%	-		↓ 0%		↑ 12%		
Virginia	↓ 40-67% [d]	-		10%		10%		
Washington	↓ 55%	[v]		4%		7%		
West Virginia	↑ 62%	-		↓ 3%		↓ 4%		
Wisconsin	53%	Yes		5%		↓ 6%		
Wyoming	↑ 63%	↑ Yes		1%		↑ 5%		
<b>Year Data Collected</b>	<b>2006</b>	<b>2006</b>		<b>2006</b>		<b>2006</b>		

\*SMI = State Median Income

### Data Source:

Karen Schulman and Helen Blank. *Child Care Assistance Policies 2006: Gaps Remain With New Challenges Ahead*. Washington, D.C.: National Women's Law Center, September 2006.

### Data Table Notes:

- a. Income eligibility limits shown in the table represent the maximum income a family can receive when they apply for child care assistance. Some states allow families, once receiving assistance, to continue receiving assistance up to a higher income level.
- b. For 2005 reimbursement rates, a survey conducted in 2003-2004 was considered current. For 2006 reimbursement rates, a survey conducted in 2004-2005 is considered current.
- c. Co-payments are calculated for a hypothetical family of three with one child in care at specific income levels. Some states shown to charge co-payments at 100 percent of FPL do not charge co-payment to families just under that income level. The 2006 Federal Poverty Level for a family of three is \$16,600. At 150 percent of the federal poverty level, a family of three earns \$24,900.
- d. Colorado, Texas and Virginia have local or regional variation in their income eligibility limits.
- e. Alabama allows for the percentile at which state reimbursement rates are set to vary by region.
- f. Alaska allows for state reimbursement rates to vary by region and child age.
- g. Colorado allows each county to determine its own rates.
- h. The District of Columbia sets tiered rates with three levels of quality ratings: Bronze, Silver, and Gold. The reimbursement rates shown in the table reflect the Bronze level rates.
- i. Florida allows updates of reimbursement rates to vary by local coalition, but most rates have not been updated since 2001.
- j. Illinois does not set its rates based on a market rate survey.
- k. Massachusetts allows the reimbursement rate to vary by type of care and region.
- l. Nevada allows rates to vary by region.
- m. New Jersey does not set reimbursement rates as a percentile of market rates. Instead, the state makes periodic adjustments to existing rates.
- n. New Mexico does not set its rates as a percentage of market rates. In recent years, the state has raised rates for certain categories of child care providers or providers with higher quality levels, rather than raising rates for all providers.
- o. In 2003, North Carolina used a 2000 market rate survey to adjust certain rates by 1 to 3 percent. Also note that the state has a tiered rate system with five levels. The rates reported in the table are for Three Star Centers, since the largest number of providers qualify for this rate.
- p. North Dakota allows reimbursement rates to vary by provider type.
- q. Oklahoma allows the reimbursement rate to vary by type of care, age of child, and region. The maximum state reimbursement rate is at the 85th percentile of market rates, but the majority of the reimbursement rates are below the 85th percentile. Also note that the state has a tiered rate system with three levels.
- r. Oregon allows the reimbursement rate to vary by type of care, age of child, and region.
- s. Pennsylvania allows the reimbursement rate to vary by type of care, age of child, and region.
- t. Tennessee allows the reimbursement rate to vary by type of care, age of child, and region.
- u. Texas allows localities flexibility in determining maximum reimbursement rates. In most localities, the rates are below the 75th percentile of current market rates.
- v. Washington allows the reimbursement rate to vary by region, age of child, and type of care.
- w. Ohio was incorrectly listed as having an eligibility threshold equal to 56 percent of SMI in the 2006 *Policy Matters* report. The correct level was 44 percent.

## POLICY 5:

# Income And Work Support

NO DATA UPDATE IS AVAILABLE FOR POLICY 5  
THIS SECTION IS REPRINTED FROM THE 2006 POLICY MATTERS REPORT

**Why Income and Work Support Policy Matters.** States seeking to expand their work force and effectively move families from public assistance to work can do so through effective income and work support policies. In the current economy, opportunities for earnings growth and advancement can be very limited for low-wage workers exiting public assistance, leaving them in a continuing struggle with job instability and stagnant wages.<sup>24</sup> A substantial body of research shows that state work force and public assistance policies that help increase family income can increase parents' employment stability and improve outcomes for their children.<sup>25</sup> In addition to temporary cash assistance, policies that connect families transitioning from public assistance with training opportunities are essential, especially when training focuses on good jobs in the local geographic area.<sup>26</sup>

**Key State Policy Measures.** States can strengthen their work force and promote family economic success through key state policies, which include the following:

- 5.1 Coordination of work force development and income support policies.** Research shows that job search and training support can effectively help adults transition from welfare to work, especially if work preparation activities are tied to sector-specific employment opportunities and strong partnerships with businesses.<sup>27</sup> States can coordinate these supports through various policies including strong partnerships between the Temporary Assistance for Needy Families (TANF) system and the Workforce Investment Act (WIA) system at both the state and local levels. Some states achieve full integration between these systems by merging them into the same department. Others keep the systems separate, but achieve strong collaboration. At the local level, collaboration includes the co-location of TANF and WIA services at “one-stop” employment centers. At the state level, collaboration includes the establishment of formal partnerships between TANF and WIA programs, appointing agency representatives from each agency to serve in a leadership role for the other, and using TANF funds for job training services.
- 5.2 Earned income disregards.** When families receiving cash assistance begin work and increase their earnings, they face steep reductions in cash assistance. This loss of assistance can discourage families during the difficult transition from public assistance to work. To help families succeed in this transition, states can disregard a percentage of families' earnings and allow them to continue receiving cash assistance. This policy can encourage recipients to find work, allow them to gradually replace benefits with earnings, and increase their financial well-being. States vary in their approach to an earning disregard, but for purposes of comparison, examining the percentage of earnings disregarded in the 12th month of work provides a useful measure of state policy in this area.
- 5.3 Transitional aid to legal immigrants.** States seeking to enhance work force stability can also assist legal immigrants in the transition to work. As part of the *Personal Responsibility and Work Opportunity Reconciliation Act*, the federal government withholds benefits from most legal immigrants for five years after the date of immigration, and studies have shown that this policy has resulted in significant economic hardship for these residents.<sup>28</sup> To help integrate legal immigrants into the work force, and achieve the associated benefits for the state economy and community, states can use state funds to make legal immigrants eligible for welfare-to-work assistance.<sup>29</sup>
- 5.4 Cash benefit level.** Research shows that state welfare policies that increase family income can produce increases in parental employment and positive behavioral effects on their children.<sup>30</sup> Therefore, states can promote the employment prospects of parents and enhance child well-being by increasing payments to families seeking employment.

## Income and Work Support Policy Measures

### Measure 5.1: Coordination of Work Force Development and TANF Policies

Does the state integrate the TANF and work force systems at the state and local levels?

Full integration at both levels	Fla., Texas, Utah, Wis.
Strong collaboration at both the state and local levels	Ark., Calif., Conn., Iowa, Mich., Mo., Mont., N.J., Okla., R.I., S.D., Vt., Wyo.
Strong collaboration at the local level only	Colo., Ga., La., Minn., Neb., N.H., N.C., N.D., Pa., Wash.
Limited collaboration	Ala., Alaska, Ariz., Del., D.C., Hawaii, Idaho, Ill., Ind., Kan., Ky., Maine, Md., Mass., Miss., Nev., N.M., N.Y., Ohio, Ore., S.C., Tenn., Va., W.Va.

### Measure 5.2: Earned Income Disregards

For parents working 20 hours per week at minimum wage, what percentage of earnings does the state disregard for TANF benefit calculations in the 12th month of work?

75% of earnings or above	Calif., Conn., D.C., Hawaii, Ind., Ohio
61 to 74% of earnings	Alaska, Ark., Colo., Fla., Ill., Maine, Mo., Mont., N.M., N.Y., Okla., R.I., Utah
50 to 60% of earnings	Ariz., Iowa, Kan., Mass., Mich., Nev., N.H., N.J., Ore., Pa., Vt., Wash., W.Va.
26 to 49% of earnings	Del., Idaho, Md., Minn., N.D., S.D., Va., Wyo.
0 to 25% of earnings	Neb., Wis.
No benefits if parent is working 20 hours per week at minimum wage	Ala., Ga., Ky., La., Miss., N.C., S.C., Tenn., Texas

### Measure 5.3: Transitional Aid to Legal Immigrants

Does the state provide TANF support to legal immigrants during the five year federal waiting period?

Yes	Calif., Conn., Hawaii, Ill., Iowa, Maine, Md., Minn., Neb., N.J., N.M., N.Y., Ore., Pa., R.I., Tenn., Utah, Vt., Wash., Wis., Wyo.
No	Ala., Alaska, Ariz., Ark., Colo., Del., D.C., Fla., Ga., Idaho, Ind., Kan., Ky., La., Mass., Mich., Miss., Mo., Mont., Nev., N.H., N.C., N.D., Ohio, Okla., S.C., S.D., Texas, Va., W.Va.

### Measure 5.4: Cash Benefit Level

At what percentage of the federal poverty level does the state set its TANF cash benefit levels?

40% or above	Alaska, Calif., Conn., Mass., N.H., N.Y., R.I., Vt., Wash., Wis.
30 to 39.9%	Hawaii, Iowa, Kan., Maine, Md., Mich., Minn., N.J., N.M., N.D., Ore., Pa., S.D., Utah, W.Va.
20 to 29.9%	Ariz., Colo., Del., D.C., Fla., Ga., Idaho, Ill., Ind., Mo., Mont., Neb., Nev., N.C., Ohio, Okla., Va., Wyo.
0 to 19.9%	Ala., Ark., Ky., La., Miss., S.C., Tenn., Texas

## Selected State Income and Work Support Policies

STATE	5.1		5.2		5.3	5.4
	COORDINATED WORK FORCE DEVELOPMENT	% Disregarded Working 20 hours per week at Minimum Wage	EARNINGS DISREGARD	MONTHLY TANF BENEFIT	LEGAL IMMIGRANT ELIGIBILITY	TANF BENEFIT LEVELS (e)
	Degree of State and Local Level Collaboration			Monthly TANF Benefit	Maximum Annual TANF Benefit	Maximum Benefit as a % of Poverty
Alabama	Limited [a]	No benefits	–	\$215	\$2,580	16.0%
Alaska	Limited	69%	–	923	11,076	55.1
Arizona	Limited	52%	–	347	4,164	25.9
Arkansas	Strong at Both Levels	68%	–	204	2,448	15.2
California	Strong at Both Levels	77%	Yes	723	8,676	53.9
Colorado	Strong at Local Level	67%	–	356	4,272	26.6
Connecticut	Strong at Both Levels [b]	100%	Yes	543	6,516	40.5
Delaware	Limited	29%	–	338	4,056	25.2
District of Columbia	Limited	80%	–	379	4,548	28.3
Florida	Fully Integrated	74%	–	303	3,636	22.6
Georgia	Strong at Local Level	No benefits	–	280	3,360	20.9
Hawaii	Limited [b]	80%	Yes	570	6,840	37.0
Idaho	Limited	40%	–	309 [d]	3,708	23.0
Illinois	Limited	67%	Yes	396	4,752	29.5
Indiana	Limited	75%	–	288	3,456	21.5
Iowa	Strong at Both Levels [b]	60%	Yes	426	5,112	31.8
Kansas	Limited [b]	53%	–	429	5,148	32.0
Kentucky	Limited	No benefits	–	262	3,144	19.5
Louisiana	Strong at Local Level	No benefits	–	240	2,880	17.9
Maine	Limited	63%	Yes	485	5,820	36.2
Maryland	Limited	40%	Yes	482	5,784	35.9
Massachusetts	Limited	53%	–	633	7,596	47.2
Michigan	Strong at Both Levels	59%	–	459	5,508	34.2
Minnesota	Strong at Local Level	38%	Yes	532	6,384	39.7
Mississippi	Limited	No benefits	–	170	2,040	12.7
Missouri	Strong at Both Levels	74%	–	292	3,504	21.8
Montana	Strong at Both Levels	61%	–	305	3,660	22.7
Nebraska	Strong at Local Level [b]	20%	Yes	364	4,368	27.1
Nevada	Limited	50%	–	348	4,176	26.0
New Hampshire	Strong at Local Level	50%	–	625	7,500	46.6
New Jersey	Strong at Both Levels	50%	Yes	424	5,088	31.6
New Mexico	Limited	68%	Yes	439	5,268	32.7
New York	Limited	62%	Yes	703	8,436	52.4
North Carolina	Strong at Local Level	No benefits	–	272	3,264	20.3
North Dakota	Strong at Local Level	44%	–	477	5,724	35.6
Ohio	Limited	80%	–	373	4,476	27.8
Oklahoma	Strong at Both Levels	65%	–	292	3,504	21.8
Oregon	Limited	50%	Yes	460	5,520	34.3
Pennsylvania	Strong at Local Level	50%	Yes	403	4,836	30.1
Rhode Island	Strong at Both Levels	71%	Yes	554	6,648	41.3
South Carolina	Limited [b]	No benefits	–	240	2,880	17.9
South Dakota	Strong at Both Levels [b]	37%	–	501	6,012	37.4
Tennessee	Limited	No benefits	Yes	185	2,220	13.8
Texas	Fully Integrated [c]	No benefits	–	217	2,604	16.2
Utah	Fully Integrated [c]	62%	Yes	474	5,688	35.4
Vermont	Strong at Both Levels	52%	Yes	709	8,508	52.9
Virginia	Limited	29%	–	320	3,840	23.9
Washington	Strong at Local Level	50%	Yes	546	6,552	40.7
West Virginia	Limited	50%	–	453	5,436	33.8
Wisconsin	Fully Integrated	0%	Yes	673 [d]	8,076	50.2
Wyoming	Strong at Both Levels	49%	Yes	340	4,080	25.4
<b>Year Data Collected</b>	<b>2005</b>	<b>2005</b>	<b>2004</b>	<b>2005</b>		

**Data Source:**

- 5.1 U.S. Department of Labor. “WIA Reauthorization–Policy Issuance and Documents.” *Employment and Training Administration*. 2002. Retrieved July 27, 2005. [www.doleta.gov/usworkforce/reauthorization/survey-text.htm](http://www.doleta.gov/usworkforce/reauthorization/survey-text.htm); Updated with unpublished data from the National Conference of State Legislatures, July 2005.
- 5.2 National Conference of State Legislatures. Unpublished data, July 2005.
- 5.3 *Guide to Immigrant Eligibility for Federal Programs*. 4th ed. Washington, D.C.: National Immigration Law Center, 2002; Excerpt published by the National Immigration Law Center. “State Funded TANF Replacement Programs” *Guide Updates*. Updated March 2004. Retrieved July 2005. [http://www.nilc.org/pubs/guideupdates/tbl8\\_state-tanf\\_0304\\_a.pdf](http://www.nilc.org/pubs/guideupdates/tbl8_state-tanf_0304_a.pdf).
- 5.4 National Conference of State Legislatures. Unpublished data, July 2005.

**Data Table Notes:**

- a. Alabama requires partnership, but services are not co-located.
- b. Services in Connecticut, Hawaii, Iowa, Kansas, Nebraska, South Carolina, and South Dakota have partnered, but there is no requirement for them to do so.
- c. In Texas and Utah, WIA & TANF employment and training services are administered by the same department.
- d. Idaho and Wisconsin have flat TANF grants for families regardless of the size of the family.
- e. All data are based on benefit calculations for a family of three. The maximum TANF benefits will not change for states that have a family cap policy—which means the cash benefit does not increase if a beneficiary has a child while receiving cash assistance. The following states have a family cap policy in place: Arizona, Arkansas, California, Connecticut, Delaware, Florida, Georgia, Indiana, Massachusetts, Minnesota, Mississippi, New Jersey, North Carolina, North Dakota, Oklahoma, South Carolina, Tennessee, Virginia, Wyoming.

## POLICY 6:

# Food Security

NO DATA UPDATE IS AVAILABLE FOR POLICY 6  
THIS SECTION IS REPRINTED FROM THE 2006 POLICY MATTERS REPORT

**Why Food Security Policy Matters.** A state can achieve a stronger work force by ensuring that low-wage families have enough to eat. Research shows that providing low-wage families with critical work support such as food subsidies, child care and health care assistance significantly reduces the likelihood that they will return to public assistance.<sup>31</sup> In 2002, nearly 35 million people in the United States were hungry or living on the edge of hunger,<sup>32</sup> and research estimates that more than one-half of those who struggled to pay for food lived in households where at least one person was employed.<sup>33</sup> State policies regarding food security, such as the provision of food stamps, can play a major role in reducing the number of low-wage families who go hungry.<sup>34</sup>

**Key State Policy Measures.** Key policy initiatives to promote the effectiveness of food security programs include the following:

- 6.1 Improved access to food stamps for working families.** States can improve access to food stamps for working families by adopting two of the federal *Farm Security Act* options: a) providing automatic transitional benefits for families leaving public assistance, and b) simplifying the application process for food stamps by using the same definitions for income and/or resources that are used for the Temporary Assistance for Needy Families (TANF) and Medicaid programs. This measure reduces the complexity of these applications, which often serve as a barrier for low-wage families to access food benefit assistance, and can reduce state administrative costs.
- 6.2 Food stamp replacement program for legal immigrants.** The 1996 public assistance reform act allows states to utilize state funds to aid legal immigrant families during the five-year period when they are not eligible for federal funds.<sup>35</sup> Research shows that without this assistance, immigrant families face an increased risk of hunger.<sup>36</sup>

## Food Security Policy Measures

### Measure 6.1: Improved Access to Food Stamps for Working Families

Does the state promote access to food stamps through a) transitional benefits for families leaving cash assistance or b) the use of simplified definitions of income and/or resources for eligibility?

Both transitional benefits and simplified definitions	Ariz., Md., Mass., Neb., N.Y., N.C., Pa., Va., Wis.,
Transitional benefits only	Calif., Colo., Minn., N.M., Ore.
Simplified definitions only	Ala., Ark., Fla., Ga., Hawaii, Idaho, Ill., Ind., Iowa, Kan., Ky., La., Mich., Mo., N.H., N.D., Ohio, Okla., S.C., S.D., Tenn., Wyo.
Neither	Alaska, Conn., Del., D.C., Maine, Miss., Mont., Nev., N.J., R.I., Texas, Utah, Vt., Wash., W.Va.

### Measure 6.2: Food Stamp Replacement Program for Legal Immigrants

Does the state operate a food stamp replacement program for legal immigrants?

Yes	Calif., Conn., Maine, Minn., Neb., Wash., Wis.
No	Ala., Alaska, Ariz., Ark., Colo., Del., D.C., Fla., Ga., Hawaii, Idaho, Ill., Ind., Iowa, Kan., Ky., La., Md., Mass., Mich., Miss., Mo., Mont., Nev., N.Y., N.H., N.J., N.M., N.C., N.D., Ohio, Okla., Ore., Pa., R.I., S.C., S.D., Tenn., Texas, Utah, Vt., Va., W.Va., Wyo.

## Selected State Food Security Policies

STATE	6.1		6.2
	STATE IMPROVES ACCESS TO FOOD STAMPS THROUGH:		FOOD STAMP REPLACEMENT PROGRAM FOR LEGAL IMMIGRANTS
	Simplified Definitions of Income and/or Resources in the Application Process	Transitional Benefits	
Alabama	Both	–	–
Alaska	–	–	–
Arizona	Both	Yes	–
Arkansas	Resources Only	–	–
California	–	Yes [a]	Yes
Colorado	–	Yes	–
Connecticut	–	–	Yes
Delaware	–	–	–
District of Columbia	–	–	–
Florida	Income Only	–	–
Georgia	Both	–	–
Hawaii	Income Only	–	–
Idaho	Income Only	–	–
Illinois	Both	–	–
Indiana	Both	–	–
Iowa	Both	–	–
Kansas	Income Only	–	–
Kentucky	Both	–	–
Louisiana	Resources Only	–	–
Maine	–	–	Yes
Maryland	Both	Yes [a]	–
Massachusetts	Both	Yes [a]	–
Michigan	Income Only	–	–
Minnesota	–	Yes [b]	Yes
Mississippi	–	–	–
Missouri	Both	–	–
Montana	–	–	–
Nebraska	Both	Yes	Yes
Nevada	–	–	–
New Hampshire	Both	–	–
New Jersey	–	–	–
New Mexico	–	Yes	–
New York	Both	Yes [a]	–
North Carolina	Both	Yes	–
North Dakota	Both	–	–
Ohio	Both	–	–
Oklahoma	Both	–	–
Oregon	–	Yes [a]	–
Pennsylvania	Both	Yes [a]	–
Rhode Island	–	–	–
South Carolina	Both	–	–
South Dakota	Both	–	–
Tennessee	Both	–	–
Texas	–	–	–
Utah	–	–	–
Vermont	–	–	–
Virginia	Both	Yes [a]	–
Washington	–	–	Yes
West Virginia	–	–	–
Wisconsin	Both	Yes	Yes
Wyoming	Both	–	–
<b>Year Data Collected</b>		<b>2005</b>	<b>2004</b>

**Data Source:**

- 6.1 U.S. Department of Agriculture. Food and Nutrition Service. *Food Stamp Program: State Options Report*. 4th ed. Washington, D.C., September 2004; Updated with unpublished data from the National Conference of State Legislatures, July 2005.
- 6.2 *Guide to Immigrant Eligibility for Federal Programs*. 4th ed. Washington, D.C.: National Immigration Law Center, 2002; Excerpt published by the National Immigration Law Center. “State Funded Food Programs” *Guide Updates*. Updated January 2004. Retrieved July 2005. [http://www.nilc.org/pubs/guideupdates/tbl8\\_state-tanf\\_0304\\_a.pdf](http://www.nilc.org/pubs/guideupdates/tbl8_state-tanf_0304_a.pdf).

**Data Table Notes:**

- a. States provide five-month transitional benefit to families leaving cash assistance but with stricter exclusions than the federal law.
- b. Minnesota combines both cash assistance and food stamps together in the TANF benefits provided to families on public assistance. This allows some TANF families to receive just the food benefit portion, which is similar to receiving transitional food stamp benefits.

## POLICY 7:

# Unemployment Insurance

**Why Unemployment Insurance Policy Matters.** States can promote a stronger work force and healthier families by enhancing the ability of families to withstand and recover from temporary periods of unemployment. Recent trends in the U.S. economy have shown that even in times of economic recovery, job growth can be very limited, leaving many families in a continuing struggle with unemployment.<sup>37</sup> Research shows that during periods of unemployment, laid-off workers experience much higher rates of physical and emotional health problems, including substance abuse.<sup>38</sup> These problems can be detrimental to families and communities.

State unemployment insurance (UI) policy can positively affect the well-being of families and communities. Some studies indicate that temporary UI assistance not only helps families obtain basic necessities, but that more effective UI policies can allow workers the time to find subsequent employment at higher wages, with better health insurance benefits, and with longer job duration.<sup>39</sup> Research also shows that unemployment insurance has a larger economic benefit by moderately increasing consumer spending during recessions.<sup>40</sup>

**Key State Policy Measures.** States can provide critical support to families struggling in an unstable labor market through the following key policies:

**7.1 Eligibility of part-time workers.** Many states exclude workers seeking part-time employment from eligibility for UI, although their wages are subject to UI taxes and their earnings may qualify them for benefits. These workers are for the most part parents, and primarily are women.<sup>41</sup> To expand the family and community benefits of unemployment insurance states can modify their UI eligibility policies to include part-time workers.

Changes in 2006: None.

**7.2 Consideration of applicant's most recent quarter of work.** Many unemployed workers have sufficient work history to qualify for benefits, but in states that do not recognize work completed in the most recent quarter of the year, these applicants cannot receive benefits. States can adjust their eligibility policies to create an "alternate base period," (ABP) which allows recent work history to be counted toward the requirement for receiving unemployment benefits. Research indicates that six to eight percent of all UI claimants would be affected by this policy.<sup>42</sup>

Changes in 2006: None.

**7.3 Benefit levels.** Once workers become eligible for benefits, assistance levels must be adequate to assist with the transition back to employment. There are several policies that can assist with this process:

- **Children's allowance.** Because families with children are more likely to be negatively affected by periods of unemployment, states can promote family well-being by enhancing UI payments to unemployed workers with children.
- **Indexed benefit levels.** States can ensure that benefit levels keep pace with inflation by indexing them to the growth of wages in the state.
- **Extended benefit triggers.** During protracted economic downturns, benefit payments sometimes expire before the economy begins to regain a sufficient number of jobs. To extend UI benefits during these times, states have an option of implementing a "trigger" policy that automatically extends unemployment benefits during periods of high unemployment, thereby providing greater access to federal funds. A key measure for extending unemployment insurance benefits is the use of a trigger that reflects the "total unemployment rate" (TUR), i.e., the rate of unemployment among the total population, as opposed to the "insured unemployment rate," which only measures unemployment among those eligible for unemployment insurance.<sup>43</sup>

Changes in 2006: None.

## Unemployment Insurance Policy Measures

### Measure 7.1: Eligibility of Part-time Workers

Does the state extend unemployment benefit eligibility to workers seeking part-time work?

Yes	Ark., Calif., Colo., Del., D.C., Fla., Hawaii, Ill., Iowa, Kan., La., Maine, Mass., Minn., Mont., Neb., Nev., N.H., N.J., N.M., N.Y., N.C., N.D., Okla., Ore., Pa., S.D., Utah, Vt.
No	Ala., Alaska, Ariz., Conn., Ga., Idaho, Ind., Ky., Md., Mich., Miss., Mo., Ohio, R.I., S.C., Tenn., Texas, Va., Wash., W.Va., Wis., Wyo.

### Measure 7.2: Consideration of Applicant’s Most Recent Quarter of Work

Does the state extend unemployment benefit eligibility to cover an alternate base period? *An alternate base period (ABP) allows recent work history to be counted toward the requirement for receiving unemployment benefits.*

Yes	Conn., D.C., Ga., Hawaii, Maine, Mass., Mich., N.H., N.J., N.M., N.Y., N.C., Ohio, Okla., R.I., Vt., Va., Wash., Wis.
No	Ala., Alaska, Ariz., Ark., Calif., Colo., Del., Fla., Idaho, Ill., Ind., Iowa, Kan., Ky., La., Md., Minn., Miss., Mo., Mont., Neb., Nev., N.D., Ore., Pa., S.C., S.D., Tenn., Texas, Utah, W.Va., Wyo.

### Measure 7.3: Benefit Levels

Does the state ensure that families with unemployed workers have adequate resources to assist with the transition from unemployment by: 1) providing a children’s allowance; 2) indexing benefit levels; and 3) adopting extended benefit triggers?

All 3 provisions	Conn., N.J., N.M., R.I.
2 of 3 provisions	Alaska, D.C., Ill., Iowa, Maine, Mass., N.C., Ohio, Ore., Pa., Vt., Wash.
1 of 3 provisions	Ark., Colo., Hawaii, Idaho, Kan., Ky., La., Md., Mich., Minn., Mont., Nev., N.H., N.D., Okla., S.C., S.D., Utah, W.Va., Wyo.
No provisions	Ala., Ariz., Calif., Del., Fla., Ga., Ind., Miss., Mo., Neb., N.Y., Tenn., Texas, Va., Wis.

## Selected State Unemployment Insurance Policies

STATE	7.1		7.2		7.3
	ELIGIBLE IF SEEKING ONLY PART-TIME WORK	ALTERNATE BASE PERIOD USED TO RECOGNIZE MOST RECENT QUARTER OF WORK	ELIGIBLE IF SEEKING ONLY PART-TIME WORK	ALTERNATE BASE PERIOD USED TO RECOGNIZE MOST RECENT QUARTER OF WORK	BENEFIT POLICY INCLUDES:
			Children's Allowance	Index for State Wage Growth	TUR Extended Benefit Trigger*
Alabama	-	-	-	-	-
Alaska	-	-	Yes	-	Yes
Arizona	-	-	-	-	-
Arkansas	Yes	-	-	Yes	-
California	Yes	-	-	-	-
Colorado	Yes	-	-	Yes	-
Connecticut	-	Yes	Yes	Yes	Yes
Delaware	Yes	-	-	-	-
District of Columbia	Yes	Yes	Yes	Yes	-
Florida	Yes	-	-	-	-
Georgia	-	Yes	-	-	-
Hawaii	Yes	Yes	-	Yes	-
Idaho	-	-	-	Yes	-
Illinois	Yes	[a]	Yes	Yes	-
Indiana	-	-	-	-	-
Iowa	Yes	-	Yes	Yes	-
Kansas	Yes	-	-	Yes	Yes [b]
Kentucky	-	-	-	Yes	-
Louisiana	Yes	-	-	Yes	-
Maine	Yes	Yes	Yes	Yes	-
Maryland	-	-	Yes	-	-
Massachusetts	Yes	Yes	Yes	Yes	-
Michigan	-	Yes	Yes	-	-
Minnesota	Yes	-	-	Yes	-
Mississippi	-	-	-	-	-
Missouri	-	-	-	-	-
Montana	Yes	-	-	Yes	-
Nebraska	Yes	-	-	-	-
Nevada	Yes [c]	-	-	Yes	-
New Hampshire	Yes	Yes	-	-	Yes
New Jersey	Yes	Yes	Yes	Yes	Yes
New Mexico	Yes	Yes	Yes	Yes	Yes
New York	Yes	Yes	-	-	-
North Carolina	Yes	Yes	-	Yes	Yes
North Dakota	Yes [c]	-	-	Yes	-
Ohio	Yes [c]	Yes	Yes	Yes	-
Oklahoma	Yes	Yes	-	Yes	-
Oregon	Yes [c]	-	-	Yes	Yes
Pennsylvania	Yes	[f]	Yes	Yes	-
Rhode Island	[d]	Yes	Yes	Yes	Yes
South Carolina	-	-	-	Yes	-
South Dakota	Yes	-	-	Yes	-
Tennessee	-	-	-	-	-
Texas	[d]	-	-	-	-
Utah	Yes [c]	-	-	Yes	-
Vermont	Yes	Yes	-	Yes	Yes
Virginia	-	Yes	-	-	-
Washington	[d]	Yes	-	Yes	Yes
West Virginia	-	-	-	Yes	-
Wisconsin	Yes [c,e]	Yes	-	-	-
Wyoming	Yes [e]	-	-	Yes	-
<b>Year Data Collected</b>	<b>2006</b>	<b>2006</b>			<b>2006</b>

\*TUR = Total Unemployment Rate

### Data Source:

- 7.1-2** U.S. Department of Labor, Employment and Training Administration, *Comparison of State Unemployment Insurance Laws, 2005*. Washington, D.C.: U.S. Department of Labor, 2005.  
Updated with unpublished data from the National Employment Law Project through personal correspondence, October 2006.
- 7.3** Andrew Stettner, Rebecca Smith, and Rick McHugh. *Changing Workforce, Changing Economy: State Unemployment Insurance Reforms for the 21st Century*. Washington, D.C.: National Employment Law Project, 2004.  
Updated with unpublished data from the National Employment Law Project through personal correspondence, October 2006.

### Data Table Notes:

- a. Illinois has enacted the ABP policy, but it will not become effective until 2008.
- b. The TUR trigger existed in Kansas in 2005, but was incorrectly omitted in the January 2006 *Policy Matters* report.
- c. Although the U.S. Department of Labor lists this state as providing benefits eligibility to workers seeking part-time work, alternative interpretations of state policies by the National Employment Law Center suggest that these states do not consider these workers eligible.
- d. According to the U.S. Department of Labor, these states do not consider workers seeking part-time work as eligible for unemployment insurance benefits. However, alternate interpretations of state policy by the National Employment Law Center indicate that these states offer some limited benefits to these workers: “In 2004, Texas adopted a limited part-time benefit for those workers who are unable to work full time due to disability. Washington pays benefits to a very limited number of workers who do not work full-time, although this standard is restrictive. Rhode Island pays benefits to part-timers with good cause, by a judicial decision.” (Personal correspondence with the National Employment Law Center, October 17, 2006)
- e. In 2005, the U.S. Department of Labor listed Wisconsin and Wyoming as considering workers seeking part-time work eligible for unemployment insurance benefits. This was not reflected in the January 2006 *Policy Matters* report.
- f. Pennsylvania does allow Individuals who do not meet wage and credit week requirements due to a work-related injury, to request a re-determination using an alternate base year. This alternate base year consists of the four completed calendar quarters immediately preceding the date of the work-related injury. For the alternate base-year rules to apply, the work-related injury must be compensable under the Pennsylvania Workers’ Compensation Act.

## POLICY 8:

# Housing Location and Affordability

NO DATA UPDATE IS AVAILABLE FOR POLICY 8  
THIS SECTION IS REPRINTED FROM THE 2006 POLICY MATTERS REPORT

**Why Housing Policy Matters.** States can enhance economic opportunity for their work force and improve the well-being of their communities by ensuring that families have access to housing that is affordable and near job markets. The location and affordability of housing not only enhance businesses' access to a quality work force, they also provide better opportunities for families' employment and financial success.<sup>44</sup>

**Key State Policy Measures.** State leaders can enhance economic opportunities for their work force through the policies listed below. Many of these policies leverage private markets and federal funds, thereby making the most effective use of state funding.

- 8.1 Prohibiting discrimination against the use of vouchers.** Portable vouchers are widely considered to be the most effective and low-cost approach to expanding affordable housing in desirable neighborhoods.<sup>45</sup> Unfortunately, the success of this policy is limited by landlord discrimination against families who use these vouchers.<sup>46</sup> States can better leverage this successful federal program by passing and enforcing antidiscrimination legislation.
- 8.2 State housing trust funds.** Voucher programs also are less effective for families when private markets fail to provide a sufficient affordable housing supply, such as multi-bedroom rental homes for large families. To assist families in managing this challenge, many states are choosing to fund affordable housing development directly through housing trust funds. These funds have been used to build or preserve tens of thousands of affordable homes across the country, and have the corollary benefit of creating thousands of jobs.<sup>47</sup> If targeted correctly, housing trust funds can play an important role in preserving mixed-income communities.<sup>48</sup> Research indicates that this type of policy, in concert with antidiscrimination legislation, plays an important role in state efforts to improve access to affordable housing.<sup>49</sup>
- 8.3 State tax incentives for developers.** States also can provide tax incentives at the state level for developers who construct low-wage housing. This policy creates incentives for private investment to encourage private markets to increase the supply of affordable housing.
- 8.4 Targeting federal tax credits to key populations.** States can establish a Qualified Allocation Plan (QAP) for the Low Income Housing Tax Credit, which would target federal tax credits toward the production of housing units for those populations who can best utilize them.

## Housing Location and Affordability Policy Measures

### Measure 8.1: Prohibiting Discrimination Against the Use of Vouchers

Does the state promote access to affordable housing through statutes prohibiting discrimination against voucher holders?

Yes	Calif., Conn., D.C., Maine, Mass., Minn., N.J., N.D., Okla., Utah, Vt., Wis.
No	Ala., Alaska, Ariz., Ark., Colo., Del., Fla., Ga., Hawaii, Idaho, Ill., Ind., Iowa, Kan., Ky., La., Md., Mich., Miss., Mo., Mont., Neb., Nev., N.H., N.M., N.Y., N.C., Ohio, Ore.*, Pa., R.I., S.C., S.D., Tenn., Texas, Va., Wash., W.Va., Wyo.

\*Although Oregon prohibits discrimination based on source of income, federal rent subsidies are excluded from the definition of source of income.

### Measure 8.2: State Housing Trust Funds

Does the state promote access to affordable housing by financing a state housing trust fund?

Yes	Ariz., Calif., Conn., Del., D.C., Fla., Ga., Hawaii, Ill., Ind., Iowa, Kan., Ky., La., Maine, Md., Mass., Mich., Minn., Mo., Mont., Neb., Nev., N.H., N.J., N.M., N.Y., N.C., Ohio, Okla., Ore., R.I., S.C., Texas, Utah, Vt., Wash., W.Va., Wis.
No	Ala., Alaska, Ark., Colo., Idaho, Miss., N.D., Pa., S.D., Tenn., Va., Wyo.

### Measure 8.3: State Tax Incentives for Developers

Does the state leverage private markets by providing developer tax credits for the production of affordable housing?

Yes	Ark., Calif., Conn., Ga., Hawaii, Ill., Iowa, Mass., Mich., Mo., N.Y., N.C., Ore., Utah, Vt., Va.
No	Ala., Alaska, Ariz., Colo., Del., D.C., Fla., Idaho, Ind., Kan., Ky., La., Maine, Md., Minn., Miss., Mont., Neb., Nev., N.H., N.J., N.M., N.D., Ohio, Okla., Pa., R.I., S.C., S.D., Tenn., Texas, Wash., W.Va., Wis., Wyo.

### Measure 8.4: Targeting Federal Credits to Key Populations

Does the state target federal tax credits to increase the supply of affordable housing for families with restricted access to private housing markets? This includes families who are/have: 1) special needs, 2) very low-wages (below 50 percent of area median income), 3) large families, 4) homeless, 5) at-risk, and 6) minorities.

All six preferences	R.I.
5 of 6 preferences	Kan., Minn., N.D., Utah, Wash., W.Va.
4 of 6	Ala., Ill., Ind., Iowa, Ky., La., Maine, Md., Mass., Mich., N.H., N.M., N.C., Ohio, S.D., Tenn., Va., Wis., Wyo.
3 of 6	Alaska, Ariz., Ark., Calif., Conn., Hawaii, Idaho, Mont., Nev., N.Y., Pa., S.C., Texas
2 of 6	Okla., N.J.
1 of 6	
None	Colo., Del., Fla., Ga., Miss., Mo., Neb., Ore., Vt.

The District of Columbia is excluded because the District's QAP was not included in the data source.

### Selected State Housing Policies

STATE	8.1			8.2		8.3	8.4			
	PROHIBITS VOUCHER DISCRIMINATION	HOUSING TRUST FUND	DEVELOPER TAX CREDIT	Special Needs	Very Low-Wage <sup>(d)</sup>	Large Families	Homeless Families	At-Risk Families	Minority Families	
Alabama	–	–	–	Yes	Yes	Yes	–	Yes	–	
Alaska	–	–	–	Yes	Yes	Yes	–	–	–	
Arizona	–	Yes	–	Yes	Yes	Yes	–	–	–	
Arkansas	–	–	Yes	Yes	–	Yes	Yes	–	–	
California	Yes	Yes	Yes	Yes	Yes	Yes	–	–	–	
Colorado	–	–	–	–	–	–	–	–	–	
Connecticut	Yes	Yes	Yes	Yes	Yes	Yes	–	–	–	
Delaware	–	Yes	–	–	–	–	–	–	–	
District of Columbia	Yes	Yes	–	N/A	N/A	N/A	N/A	N/A	N/A	
Florida	–	Yes	–	–	–	–	–	–	–	
Georgia	–	Yes	Yes	–	–	–	–	–	–	
Hawaii	–	Yes	Yes	Yes	Yes	Yes	–	–	–	
Idaho	–	<sup>(b)</sup>	–	Yes	–	Yes	–	Yes	–	
Illinois	–	Yes	Yes	Yes	Yes	Yes	Yes	–	–	
Indiana	–	Yes	–	Yes	Yes	–	Yes	Yes	–	
Iowa	–	Yes	Yes	Yes	Yes	Yes	–	Yes	–	
Kansas	–	Yes	–	Yes	Yes	Yes	Yes	Yes	–	
Kentucky	–	Yes	–	Yes	–	Yes	Yes	Yes	–	
Louisiana	–	Yes	–	Yes	Yes	Yes	Yes	–	–	
Maine	Yes	Yes	–	Yes	Yes	Yes	Yes	–	–	
Maryland	–	Yes	–	Yes	Yes	Yes	Yes	–	–	
Massachusetts	Yes	Yes	Yes	Yes	Yes	Yes	Yes	–	–	
Michigan	–	Yes	Yes	Yes	Yes	–	Yes	Yes	–	
Minnesota	Yes	Yes	–	Yes	Yes	Yes	Yes	Yes	–	
Mississippi	–	–	–	–	–	–	–	–	–	
Missouri	–	Yes	Yes	–	–	–	–	–	–	
Montana	–	Yes	–	Yes	Yes	Yes	–	–	–	
Nebraska	–	Yes	–	–	–	–	–	–	–	
Nevada	–	Yes	–	Yes	Yes	Yes	–	–	–	
New Hampshire	–	Yes	–	Yes	Yes	Yes	Yes	–	–	
New Jersey	Yes	Yes	–	–	–	Yes	Yes	–	–	
New Mexico	–	Yes	–	Yes	Yes	–	–	Yes	Yes	
New York	–	Yes	Yes	Yes	Yes	Yes	–	–	–	
North Carolina	–	Yes	Yes	Yes	Yes	–	Yes	Yes	–	
North Dakota	Yes	–	–	Yes	Yes	Yes	Yes	Yes	–	
Ohio	–	Yes	–	Yes	Yes	Yes	–	Yes	–	
Oklahoma	Yes	Yes	–	Yes	Yes	–	–	–	–	
Oregon	<sup>(a)</sup>	Yes	Yes	–	–	–	–	–	–	
Pennsylvania	–	<sup>(c)</sup>	–	Yes	Yes	Yes	–	–	–	
Rhode Island	–	Yes	–	Yes	Yes	Yes	Yes	Yes	Yes	
South Carolina	–	Yes	–	–	Yes	Yes	Yes	–	–	
South Dakota	–	–	–	Yes	Yes	Yes	Yes	–	–	
Tennessee	–	–	–	–	Yes	Yes	Yes	Yes	–	
Texas	–	Yes	–	Yes	–	Yes	Yes	–	–	
Utah	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	–	
Vermont	Yes	Yes	Yes	–	–	–	–	–	–	
Virginia	–	–	Yes	Yes	Yes	Yes	Yes	–	–	
Washington	–	Yes	–	Yes	Yes	Yes	Yes	Yes	–	
West Virginia	–	Yes	–	Yes	Yes	Yes	Yes	Yes	–	
Wisconsin	Yes	Yes	–	Yes	Yes	Yes	Yes	–	–	
Wyoming	–	–	–	Yes	Yes	Yes	Yes	–	–	
<b>Year Data Collected</b>	<b>2005</b>	<b>2005</b>	<b>2003</b>	<b>2001</b>						

**Data Source:**

- 8.1 National Housing Law Project. *Source of Income Protections in the U.S.: Statutes, Cases, Reference Materials*. National Housing Law Project. As published on the National Housing Law Project website (updated 2005):  
[http://www.nhlp.org/html/sec8/source\\_of\\_income/2005%20Source%20of%20Income%20Statutes%20%5B3.28.05%5D.pdf](http://www.nhlp.org/html/sec8/source_of_income/2005%20Source%20of%20Income%20Statutes%20%5B3.28.05%5D.pdf) (Accessed July 2005).
- 8.2 National Council of State Housing Agencies. *State HFA Fact Book: NCSHA 2003 Annual Survey Results*. Washington, D.C.: National Council of State Housing Agencies, 2004. Updated by Karen Shakira Kali, Center for Community Change, July 2005.
- 8.3 National Council of State Housing Agencies. *State HFA Fact Book: NCSHA 2003 Annual Survey Results*. Washington, D.C.: National Council of State Housing Agencies, 2004.
- 8.4 Gustafson, Jeremy and Walker, J. Christopher. *Analysis of the State QAP for the LIHTC Program*. Analysis prepared by the Urban Institute for the U.S. Department of Housing and Urban Development, May 2002.

**Data Table Notes:**

- a. Oregon prohibits discrimination in real estate transactions based on source of income, but specifically excludes federal rent subsidy payments under 42 U.S.C. § 1437f from its definition of source of income.
- b. Idaho technically has passed legislation authorizing the creation of a state housing trust fund. However, the state has never committed a revenue source, and has no current plans to dedicate revenue for the trust fund.
- c. Pennsylvania does not have a state housing trust fund, but it does have enabling legislation that allows county housing trust funds.
- d. Very low-income is defined as at or below 50 percent of the area median income.



50-STATE POLICY OVERVIEW

# HEALTH POLICIES

## POLICY 9:

# Health Insurance Coverage

**Why Health Insurance Coverage Policy Matters.** The productivity of a state's work force and the efficiency of a state's government can be enhanced by improving families' access to physical and mental health care. Research shows that America's families lose hundreds of billions of dollars in lost wages due to physical illness each year, and that these losses negatively affect their employers as well.<sup>50</sup> Studies also show that states that do not help families access preventive health care often pay much greater amounts for emergency rooms and hospitalization when a preventable ailment becomes a major disease.<sup>51</sup> Health insurance is a key determinant in a family's ability to access adequate health care.<sup>52</sup>

**Key State Policy Measures.** States can promote the stability of the work force and potentially reduce long-term costs to government by expanding access to health insurance. Three primary policies support this goal:

**9.1 Child eligibility for Medicaid coverage.** States determine the availability of government-funded medical insurance for children primarily through the income eligibility level that they adopt for their Medicaid program and State Children's Insurance Program (SCHIP). Research shows that without insurance, children are less likely to receive health services in a timely manner, and that their health and long-term development can be compromised.<sup>53</sup> As such, children's health insurance can be an important part of a broad strategy toward child development aimed at helping children stay healthy, eager to learn and prepared to succeed.

### Changes in 2006:

#### States expanding eligibility for children:

- The **District of Columbia** enacted plans to increase its eligibility level from 200 percent to 300 percent of the FPL.
- **Hawaii** increased its eligibility level from 200 percent to 300 percent of the FPL.
- **Illinois** began providing state-subsidized insurance coverage to children in families earning above the SCHIP eligibility level of 200 percent, with no limit on earning levels.
- **Massachusetts** increased its eligibility level from 200 percent to 300 percent of the FPL.
- **New Mexico** increased eligibility for children under age 6 by disregarding higher amounts of family earnings and child care expenses in eligibility calculations.
- **West Virginia** enacted plans to increase its eligibility level from 200 percent to 220 percent of the FPL, effective in January 2007.

#### States reducing eligibility for children:

- **Idaho** maintained eligibility for SCHIP coverage at 185 percent of the FPL, but reduced Medicaid eligibility levels for children from 150 percent to 100 percent of the FPL. For some children the new Medicaid eligibility level is 133 percent of the FPL, depending on their age.
- **Tennessee** has closed enrollment for services funded through the state's Medicaid waiver.
- **Utah** stopped enrolling eligible children in its SCHIP program in September 2006.

**9.2 Co-payments and premiums for children's health services.** States sometimes require cost-sharing by eligible families through premiums, co-payments and deductibles. States pursue cost-sharing to provide incentives against overuse of health care and to limit health care costs, but research shows that even small fees can reduce patient access to care.<sup>54</sup>

There are stringent rules for cost-sharing under the traditional Medicaid program, therefore the premiums and co-payments reflected in this report are charged generally to families of children who receive health care services through a separate SCHIP program or Medicaid expansion. In the data tables, copayments are reflected for families with earnings equal to 151 percent of the FPL or 200 percent of the FPL. These copayments apply to non-preventive physician visits, emergency room visits, and/or inpatient hospital visits. Premiums apply to families of three with earnings equal to 101 percent, 151 percent, or 200 percent of the FPL.

**Changes in 2006:**

- **Hawaii** began charging premiums, which apply to children in families with earnings equal to or greater than 251 percent of the FPL.
- **West Virginia** began charging premiums, which apply to children in families with earnings equal to or greater than 201 percent of the FPL.

**9.3 Parent eligibility for Medicaid.** Parental health insurance coverage is not only important for a parent's own health, research indicates that parental coverage is a strong predictor of a child's use of health services.<sup>55</sup> States determine the income eligibility level for parents separately from decisions about children's eligibility.

**Changes in 2006:** The majority of states increased the dollar amount parents may earn while still qualifying for Medicaid, however the size of these increases rarely matched the increase in the federal poverty level, which means that more parents near poverty are likely to no longer qualify for Medicaid. Only states that increased their eligibility levels when measured as a percentage of the FPL make more parents who are near poverty eligible for this service.

**States increasing eligibility levels for working parents, both in dollar terms and as a percentage of the FPL:**

- **Alabama** increased its parental eligibility level from 19 percent to 26 percent of the FPL.
- **Colorado** increased its parental eligibility level from 38 percent to 67 percent of the FPL.
- The **District of Columbia** increased its parental eligibility level from 200 percent to 207 percent of the FPL.
- **Idaho** increased its parental eligibility level from 30 percent to 43 percent of the FPL.
- **Maine** increased its parental eligibility level from 157 percent to 207 percent of the FPL.
- **Michigan** increased its parental eligibility level from 58 percent to 61 percent of the FPL.
- **Nevada** increased its parental eligibility level from 84 percent to 86 percent of the FPL.
- **New Jersey** increased its parental eligibility level from 100 percent to 115 percent of the FPL.

**States increasing eligibility levels for working parents in dollar terms, but seeing eligibility levels remain constant as a percentage of the FPL:**

Alaska	Illinois	Oregon
Arizona	Louisiana	Rhode Island
California	Massachusetts	South Carolina
Connecticut	Minnesota	Vermont
Delaware	New York	Virginia
Hawaii	Ohio	Wisconsin

**States increasing (or maintaining constant) eligibility levels for working parents in dollar terms, but seeing levels decrease as a percentage of the FPL:**

Arkansas	Mississippi	South Dakota
Florida	Nebraska	Tennessee
Georgia	New Hampshire	Texas
Indiana	New Mexico*	Utah*
Iowa*	North Carolina	Washington*
Kansas	North Dakota	West Virginia
Kentucky	Oklahoma*	Wyoming
Maryland	Pennsylvania*	

\* These states have one eligibility level for “regular” Medicaid, and a separate level for services provided through a waiver. Each of these states maintained the “regular” eligibility level constant in dollar terms (and saw it decrease as a percentage of the FPL), and increased the eligibility level for services provided through a waiver (and saw it remain constant as a percentage of the FPL).

**States reducing eligibility levels, both in dollar terms and as a percentage of the FPL:**

Missouri  
Montana

## Health Insurance Coverage Policy Measures

### Measure 9.1: Children’s Eligibility for Health Coverage

At what percentage of the federal poverty level (FPL) for family earnings does the state make children eligible for public health insurance?

251% of the federal poverty level (FPL) or above	Conn., D.C., Hawaii, Md., Minn., Mo., N.H., N.J., W.Va., Vt.
201% to 250% of the FPL	Calif., Ga., N.M., N.Y., R.I., Wash.
186% to 200% of the FPL	Ala., Ariz., Ark., Colo., Del., Fla., Ill., Ind., Iowa, Kan., Ky., La., Maine, Mass., Mich., Miss., Nev., N.C., Ohio, Pa., S.D., Texas, Utah, Va., Wyo.
151% to 185% of the FPL	Alaska, Idaho, Neb., Okla., Ore., Wis.
100% to 150% of the FPL	Mont., N.D., S.C., Tenn.

### Measure 9.2: Co-payments and Premiums for Children’s Health Services

Does the state use cost-sharing mechanisms for Medicaid and S-CHIP-eligible children?

No co-payments or premiums	D.C., La., Neb., Ohio, Okla., Ore., S.C., S.D.
Co-payments only	Alaska, Ark., Hawaii, Miss., Mont., N.M., N.D., Va., Wyo.
Premiums only	Ariz., Conn., Del., Ga., Idaho, Ind., Iowa, Kan., Maine, Md., Mass., Mich., Minn., Mo., Nev., N.Y., N.C., Pa., R.I., Vt., Wash., Wis.
Both co-payments and premiums	Ala., Calif., Colo., Fla., Ill., Ky., N.H., N.J., Tenn., Texas, Utah, W.Va.

### Measure 9.3: Parent Eligibility for Medicaid

At what percentage of the federal poverty level (for family earnings) does the state make parents and guardians eligible for public health insurance?

151% of the federal poverty level or above	Ariz., Conn., D.C., Ill., Iowa, Maine, Minn., N.M., Pa., R.I., Vt., Wash., Wis.
101% to 150% of the FPL	Calif., Del., Mass., N.J., N.Y., Utah
51% to 100% of the FPL	Alaska, Colo., Fla., Ga., Hawaii, Ky., Mich., Mont., Neb., Nev., N.H., N.C., N.D., Ohio, Ore., S.C., S.D., Tenn., Wyo.
Up to 50% of the FPL	Ala., Ark., Idaho, Ind., Kan., La., Md., Miss., Mo., Okla., Texas, Va., W.Va.

### Selected State Health Insurance Coverage Policies

STATE	Selected State Health Insurance Coverage Policies			
	9.1	9.2		9.3
	CHILD ELIGIBILITY LEVEL	COST-SHARING MECHANISM <sup>(a)</sup>		PARENT <sup>(b)</sup> ELIGIBILITY LEVEL
	As a % of Federal Poverty Level (FPL)	Co-payments Charged for Children's Health Insurance Services	Premiums Charged for Children's Health Insurance Services	As a % of Federal Poverty Level (FPL)
Alabama	200%	Yes [i]	Yes	↑ 26%
Alaska	175% [e]	Yes [i]	-	81%
Arizona	200%	-	Yes	200%
Arkansas	200%	Yes [i]	-	↓ 18%
California	250%	Yes	Yes	107%
Colorado	200%	Yes	Yes	↑ 67%
Connecticut	300%	Yes [k]	Yes	157%
Delaware	200%	-	Yes	107%
District of Columbia	↑ 300% [c]	-	-	↑ 207%
Florida	200%	Yes	Yes	↓ 58%
Georgia	235%	-	Yes	↓ 55%
Hawaii	↑ 300%	-	↓ Yes	100%
Idaho	↓ 185%	-	Yes	↑ 43%
Illinois	↑ 200% (No limit) [d]	Yes	Yes	192%
Indiana	200%	-	Yes	↓ 27%
Iowa	200%	-	Yes	↓ 77%/250% [l]
Kansas	200%	-	Yes	↓ 36%
Kentucky	200%	Yes [i]	Yes	↓ 66%
Louisiana	200%	-	-	20%
Maine	200%	-	Yes	↑ 207%
Maryland	300%	-	Yes	↓ 38%
Massachusetts	↑ 300% (400%+) [d]	-	Yes	133%
Michigan	200%	-	Yes	↑ 61%
Minnesota	275%	-	Yes	275%
Mississippi	200%	Yes	-	↓ 33%
Missouri	300%	-	Yes	↓ 40%
Montana	150%	[j]	-	↓ 62%
Nebraska	185%	-	-	↓ 58%
Nevada	200%	-	Yes	↑ 86%
New Hampshire	300%	Yes	Yes	↓ 56%
New Jersey	350%	Yes	Yes	↑ 115%
New Mexico	↑ 235%	Yes	-	↓ 65%/409% [l]
New York	250%	-	Yes	150%
North Carolina	200%	Yes [k]	Yes	↓ 54%
North Dakota	140%	[j]	-	↓ 65%
Ohio	200%	-	-	90%
Oklahoma	185%	-	-	↓ 43%/185% [l]
Oregon	185%	-	-	100%
Pennsylvania	200% (235%) [d]	-	Yes	↓ 61%/200% [l]
Rhode Island	250%	-	Yes	192%
South Carolina	150%	-	-	97%
South Dakota	200%	-	-	↓ 58%
Tennessee	↓ 100% [g]	Yes	Yes	↓ 80%
Texas	200%	Yes	Yes	↓ 29%
Utah	↓ 200% [h]	Yes	Yes	↓ 49%/150% [l]
Vermont	300%	-	Yes	192%
Virginia	200%	Yes	-	31%
Washington	250%	-	Yes	↓ 79%/200% [l]
West Virginia	↑ 220% [f]	Yes	↓ Yes	↓ 36%
Wisconsin	185%	-	Yes	192%
Wyoming	200%	Yes	-	↓ 57%
<b>Year Data Collected</b>	<b>2006</b>	<b>2006</b>		<b>2006</b>

**Data Source:**

Donna Cohen Ross and Laura Cox. *In a Time of Growing Need: State Choices Influence Health Coverage Access for Children and Families: A 50 State Update on Eligibility, Enrollment, Renewal and Cost-Sharing Practices in Medicaid and SCHIP for Children and Families*. Washington, D.C.: Kaiser Commission on Medicaid and the Uninsured and the Center on Budget and Policy Priorities, October 2005. Updated with unpublished data from the Center on Budget and Policy Priorities, January 2007.

**Data Table Notes:**

- a. The premiums and co-payments reflected in this report are charged generally to children who receive health care services through a separate SCHIP program or expanded Medicaid program because there are stringent rules for cost-sharing under the traditional Medicaid program. In the tables below, copayments are reflected for families with earnings equal to 151 percent of the FPL or 200 percent of the FPL. These copayments apply to non-preventive physician visits, emergency room visits, and/or inpatient hospital visits for families with earnings equal to 151 percent or 200 percent of the FPL. Premiums apply to families of three with earnings equal to 101 percent, 151 percent, or 200 percent of the FPL.
- b. Eligibility listed is for working adults, and takes earnings disregards into account when determining income thresholds.
- c. The District of Columbia plans to increase this eligibility level from 200 percent to 300 percent in early 2007.
- d. Illinois, Massachusetts, and Pennsylvania provide state-financed coverage to children with incomes above S-CHIP levels. Massachusetts provides coverage to families with income up to 400 percent of the FPL (and some above that level), Pennsylvania does so up to 235 percent, and Illinois places no limit on eligibility for this coverage.
- e. Alaska has frozen its income eligibility guideline for the SCHIP-funded Medicaid expansion at 175 percent of the 2003 FPL.
- f. West Virginia plans to implement this eligibility level in January 2007.
- g. Tennessee has closed enrollment under the state's waiver coverage.
- h. Utah stopped enrolling eligible children in its SCHIP program in September 2006.
- i. Alabama, Alaska, Arkansas and Kentucky treat 18-year-olds as adults and subject them to co-payments for various services.
- j. Montana and North Dakota were incorrectly identified as charging copayments in the 2006 Policy Matters report.
- k. Connecticut and North Carolina were incorrectly identified as charging no copayments in the 2006 Policy Matters report.
- l. In Iowa, New Mexico, Oklahoma, Pennsylvania, Utah, and Washington, the section 1931 Medicaid eligibility levels precede the state-funded eligibility levels. Limited benefits are provided according to the state waiver program's guidelines.

## POLICY 10:

# Health Care Benefits

**Why Health Care Benefits Policy Matters.** The productivity of a state's work force is heavily dependent on the physical and mental health of workers and their families. A key factor determining whether families receive needed health care is health insurance,<sup>56</sup> not only in terms of insurance coverage, but in terms of the benefits included under that coverage. Examples of key medical services that are often excluded from insurance coverage include mental health, family planning, substance abuse treatment and dental services. State policy can improve the availability of important benefits such as these in both public and private health insurance plans.

**Key State Policy Measures.** States can support the health and productivity of families by filling in the gaps left by conventional health coverage – in both private and public insurance plans. Three key options for improving benefit coverage are highlighted below:

**10.1 Mental health and substance abuse treatment.** To promote access to mental health and substance abuse treatment, states can enact policies that require private insurance providers to cover these services at a level comparable to coverage for physical ailments. Some states require *comprehensive* coverage for these services; some require *broad* coverage, but exclude some treatments; some require mental health and substance abuse treatment *for selected groups only*; and some require coverage for *some mental health services*, but not at parity with services required for physical ailments.

Changes in 2006: None

**10.2 Dental services for adults.** Whereas Medicaid requires dental services for children, states have discretion to provide benefits for adults. Benefit levels vary across states, ranging from comprehensive services to services provided only on an emergency basis.

No data update available

**10.3 Family planning and prescription contraception services.** In both private and public insurance plans, states can promote access to family planning and contraception services. Under the Medicaid program, states can receive a federal waiver to use federal funds to provide family planning services for individuals who otherwise do not qualify for Medicaid coverage. For private health insurance plans, states can set policy that requires insurers to provide benefit coverage for family planning services.

Changes in 2006:

- **Michigan, Montana, New Jersey, and West Virginia** began requiring all private insurers to include coverage for family planning services.
- **Iowa, Louisiana, and Michigan** obtained federal waivers to provide family planning services for individuals who otherwise could not access these services through Medicaid.

## Health Care Benefits Policy Measures

### Measure 10.1: Mental Health and Substance Abuse Treatment

What level of benefit coverage does the state require of private health insurance providers in the area of mental health and substance abuse treatment?

Comprehensive coverage of all mental health and substance abuse disorders	Conn., Md., Minn., Vt.
Broad coverage of all such disorders with some limitations and exemptions	Ind., Ky., Maine, N.M., Ore., R.I., Wash.
Coverage for select groups only, e.g., the severely mentally ill	Ariz., Ark., Calif., Colo., Del., Hawaii, Ill., Iowa, La., Mass., Mo., Mont., Neb., Nev., N.H., N.J., N.C., Okla., S.C., S.D., Tenn., Texas, Utah, Va., W.Va.
Coverage for some mental health disorders only, but not at parity with coverage of physical health needs	Ala., Alaska, D.C., Fla., Ga., Kan., Mich., Miss., N.Y., N.D., Ohio, Pa., Wis.
None	Idaho, Wyo.

### Measure 10.2: Dental Services for Adults

Does the state provide dental benefits to adults in the Medicaid program?

Comprehensive dental services, including preventive services	N.C., N.D., Ohio, Ore., S.D., Texas
Most services, with limits only on the frequency of preventive services	Mo., Neb., N.J.
Limitations on preventive, restorative and/or further treatment	Calif., Conn., Idaho, Ill., Ind., Iowa, Ky., La., Minn., Mont., N.M., N.Y., Pa., R.I., Utah, Vt., Wash., Wis.
Emergency dental services only	Alaska, Ariz., Ga., Hawaii, Kan., Maine, Md., Mass., Mich., Miss., Nev., N.H., Okla., S.C., Tenn., Va., W.Va., Wyo.
No adult dental services	Ala., Ark., Colo., Del., D.C., Fla.

Note: No data update is available for this policy measure. This table is reprinted from the 2006 Policy Matters Report.

### Measure 10.3: Family Planning and Prescription Contraception Services

Does the state (a) require coverage for family planning services from private health insurance providers and (b) provide coverage through a Medicaid waiver to individuals who otherwise do not qualify for Medicaid coverage?

Both Medicaid and private insurers	Ariz., Ark., Calif., Del., Ill., Iowa, Md., Mich., Minn., Mo., N.M., N.Y., N.C., Okla., R.I., Texas, Wash., Wis.
Private insurers, but not Medicaid	Colo., Conn., Ga., Hawaii, Ky., Maine, Mass., Mont., Nev., N.H., N.J., N.D., Ohio*, Vt., W.Va., Wyo.
Medicaid, but not private insurers	Ala., Fla., La., Miss., Ore., S.C., Va.
Neither Medicaid nor private insurers	Alaska, D.C., Idaho, Ind., Kan., Neb., Pa., S.D., Tenn., Utah

\*Ohio limits its mandate to "medically necessary" family planning services.

### Selected State Health Care Benefits Policies

STATE	Selected State Health Care Benefits Policies			
	10.1 COVERAGE REQUIREMENTS FOR PRIVATE INSURERS IN THE AREA OF MENTAL HEALTH AND SUBSTANCE ABUSE	10.2 DENTAL BENEFITS FOR ADULTS UNDER MEDICAID*	10.3 FAMILY PLANNING COVERAGE: Required of Private Insurers	
Alabama	Some Mental Health Only	-	-	Yes
Alaska	Some Mental Health Only	Emergency Only	-	-
Arizona	Select Groups Only	Emergency Only	Yes	Yes [c]
Arkansas	Select Groups Only	-	Yes	Yes
California	Select Groups Only	Limited Treatments	Yes	Yes [c]
Colorado	Select Groups Only	-	Small Insurers Only	-
Connecticut	Comprehensive	Limited Treatments	Yes	-
Delaware	Select Groups Only	-	Yes	Yes [c]
District of Columbia	Some Mental Health Only	-	-	-
Florida	Some Mental Health Only	-	-	Yes [c]
Georgia	Some Mental Health Only	Emergency Only	Yes	-
Hawaii	Select Groups Only	Emergency Only	Yes	-
Idaho	-	Limited Treatments	-	-
Illinois	Select Groups Only	Limited Treatments	Yes	Yes
Indiana	Broad	Limited Treatments	-	-
Iowa	Select Groups Only	Limited Treatments	Yes	↑ Yes
Kansas	Some Mental Health Only	Emergency Only	-	-
Kentucky	Broad	Limited Treatments	Small Insurers Only	-
Louisiana	Select Groups Only	Limited Treatments	-	↑ Yes
Maine	Broad	Emergency Only	Yes	-
Maryland	Comprehensive	Emergency Only	Yes	Yes
Massachusetts	Select Groups Only	Emergency Only	Yes	-
Michigan	Some Mental Health Only	Emergency Only	↑ Yes	↑ Yes
Minnesota	Comprehensive	Limited Treatments	HMOs Only	Yes
Mississippi	Some Mental Health Only	Emergency Only	-	Yes
Missouri	Select Groups Only	Limited Prevention	Yes	Yes
Montana	Select Groups Only	Limited Treatments	Yes	-
Nebraska	Select Groups Only	Limited Prevention	-	-
Nevada	Select Groups Only	Emergency Only	Yes	-
New Hampshire	Select Groups Only	Emergency Only	Yes	-
New Jersey	Select Groups Only	Limited Prevention	↑ Yes	-
New Mexico	Broad	Limited Treatments	Yes	Yes [c]
New York	Some Mental Health Only	Limited Treatments	Yes	Yes [c]
North Carolina	Select Groups Only	Comprehensive	Yes	Yes
North Dakota	Some Mental Health Only	Comprehensive	HMOs Only	-
Ohio	Some Mental Health Only	Comprehensive [b]	HMOs Only [b]	-
Oklahoma	Select Groups Only	Emergency Only	HMOs Only	Yes
Oregon	Broad [a]	Comprehensive	-	Yes [c]
Pennsylvania [d]	Some Mental Health Only	Limited Treatments	-	-
Rhode Island	Broad	Limited Treatments	Yes	Yes
South Carolina	Select Groups Only	Emergency Only	-	Yes
South Dakota	Select Groups Only	Comprehensive	-	-
Tennessee	Select Groups Only	Emergency Only	-	-
Texas	Select Groups Only	Comprehensive	-	-
Utah	Select Groups Only	Limited Treatments	-	-
Vermont	Comprehensive	Limited Treatments	Yes	-
Virginia	Select Groups Only	Emergency Only	-	Yes
Washington	Broad	Limited Treatments	Yes	Yes
West Virginia	Select Groups Only	Emergency Only	↑ Yes	-
Wisconsin	Some Mental Health Only	Limited Treatments	Yes	Yes
Wyoming	-	Emergency Only	HMOs Only	-
<b>Year Data Collected</b>	<b>2006</b>	<b>2004</b>	<b>2006</b>	

\* No data update is available for this policy measure. The data in this column is reprinted from the 2006 Policy Matters report.

**Data Source:**

- 10.1** National Mental Health Association. "What Have States Done to Ensure Mental Health Parity?" Retrieved October 2006. [http://www.nmha.org/state/parity/state\\_parity.cfm](http://www.nmha.org/state/parity/state_parity.cfm).
- 10.2** Kaiser Commission on Medicaid and the Uninsured. "Benefits by Service: Dental Services, 2004." *Medicaid Benefits: Online Database*. Updated October 2004. Retrieved August 22, 2005. <http://www.kff.org/medicaid/benefits>.
- 10.3** Alan Guttmacher Institute. "Insurance Coverage of Contraceptives." *State Policies in Brief*. Updated December 1, 2006 at <http://www.guttmacher.org/statecenter/spibs>.  
Alan Guttmacher Institute. "State Medicaid Family Planning Eligibility Expansions." *State Policies in Brief*. Updated September 1, 2006 at <http://www.guttmacher.org/statecenter/spibs>

**Data Table Notes:**

- a. Oregon laws defining parity law are effective January 1, 2007. Limitations of this definition have yet to be specified.
- b. Ohio limits its mandate to medically necessary family planning services.
- c. The Medicaid waivers for these states were set to expire during 2006.
- d. The January 2006 *Policy Matters* report incorrectly identified Pennsylvania as providing family planning coverage under a Medicaid waiver. Pennsylvania has submitted a waiver application and it is currently under review.

## POLICY 11:

# School Health and Nutrition

**Why School Health and Nutrition Policy Matters.** States seeking to promote healthy communities and brighter futures for children can do so by enhancing health education and nutrition in schools. Research shows that investments in school health education can improve health outcomes for children and teenagers.<sup>57</sup>

**Key State Policy Measures.** States seeking to promote healthy communities can do so through policies that include the following:

**11.1 Physical education requirements.** States can enact policies requiring physical education (PE) programs in public elementary and secondary schools to help reduce and prevent obesity. Some states require PE during high school only, equaling one to three years of coursework. Other states require PE for four to nine years (typically in kindergarten through grades five or six with some secondary school requirements). Still others require ten years or more of PE (typically in grades K-8 with some high school requirements) and of those, some allow students to substitute a non-exercise oriented class in place of PE.

**Changes in 2006:** None

**11.2 Nutritional standards for foods sold on school campuses.** States can promote good health among youth through nutritional standards that prohibit the sale of high fat and high sugar foods at school. At a minimum, all states must comply with U.S. Department of Agriculture (USDA) standards for subsidized meal programs. Some states take an extra step of limiting the sale of foods with minimal nutritional value until the last lunch period is over. Still others set nutritional standards for all foods available in school.

**No data update available**

**11.3 Sexual-health education.** Comprehensive sexual-health education programs promote abstinence as the most effective means of preventing sexually transmitted diseases (STDs) and pregnancy, and also provide medically accurate information about contraceptive use.<sup>58</sup> Studies show that teenagers who received comprehensive sexual-health education were both more knowledgeable about the consequences of risky behaviors and less likely to be engaged in them.<sup>59</sup> Some states require public schools to provide both sexual-health education and STD/HIV education, whereas others require only the latter. Still others offer courses on these topics, but do not make attendance mandatory.

**Changes in 2006:**

- **Montana** began requiring that public schools provide both sexual-health education and STD/HIV education.
- **Alaska, Illinois, and Wyoming** eliminated the requirements that public schools provide sexual-health education and STD/HIV education.
- **North Dakota** eliminated the requirement that public schools provide STD/HIV education (and currently does not require sexual-health education).
- **West Virginia** eliminated the requirement that public schools provide sexual-health education (and currently does not require STD/HIV education).

## School Health and Nutrition Policy Measures

### Measure 11.1: Physical Education Requirements

How many years of physical education does the state require in elementary and secondary school?

More than 10 years with no substitutions	Mo., Mont., N.Y., Tenn.
More than 10 years with substitutions permitted	Ala., Ark., Calif., Ga., Ill., Iowa, Ky., Maine, Md., Mass., Neb., N.H., N.M., N.C., N.D., Pa., Texas, Utah, Va., Wash.
4 to 9 years (typically K-5 or K-6 with some secondary school requirements)	Del., Fla., Kan., La., Okla., R.I., S.C., W.Va., Wyo.
Some high school only (1 to 3 years)	Alaska, Conn.*, Hawaii, Ind., Minn.*, Miss., Nev., Ore., S.D., Vt.*, Wis.
No specific grades are mandated	Ariz.*, Colo., Idaho*, Mich.*, N.J.*, Ohio

\* Ariz., Conn., Idaho, Mich., Minn., N.J., and Vt. mandate physical education as a general part of the state curriculum, but fail to specify any grades beyond limited high school graduation requirements.

### Measure 11.2: Nutritional Standards for Food Sold on School Campuses

What methods does the state require to promote healthy eating in public schools?

Sets nutritional standards for all foods sold in school	Ariz., Calif., Hawaii, Ky., La., Maine, N.J., N.C., Okla., S.C., Tenn., Va., W.Va.
Limits sale of low nutrition food until the last lunch period is over	Ala., Ark., Colo., Conn., Fla., Ga., Ill., Md., Miss., Neb., N.M., N.Y., Texas
Complies with basic USDA standards only	Alaska, Del., D.C., Idaho, Ind., Iowa, Kan., Mass., Mich., Minn., Mo., Mont., Nev., N.H., N.D., Ohio, Ore., Pa., R.I., S.D., Utah, Vt., Wash., Wis., Wyo.

### Measure 11.3: Sexual-Health Education

What type of sexual-health education courses are required by the state in public schools?

Both sexual-health and STD/HIV education	Del., D.C., Fla., Ga., Hawaii, Iowa, Kan., Ky., Maine, Md., Minn., Mont., Nev., N.J., N.C., R.I., S.C., Tenn., Utah, Vt.
STD/HIV education only	Ala., Calif., Conn., Ind., Mich., Mo., N.H., N.M., N.Y., Ohio, Okla., Ore., Pa., Wash., Wis., W.Va.
If taught, certain content required	Ariz., Ark., La., Miss., Texas, Va.
No course requirements	Alaska, Colo., Idaho, Ill., Mass., Neb., N.D., S.D., Wyo.

Selected State School Health and Nutrition Policies						
STATE	11.1 PHYSICAL EDUCATION (PE) REQUIREMENTS			11.2 NUTRITIONAL MEASURES BEYOND USDA COMPLIANCE		11.3 SEXUAL HEALTH EDUCATION REQUIREMENTS
	Years of PE Required	PE Substitutions Prohibited	Specific Grades With Mandated PE		General Sexual Health	HIV/STD Only
Alabama	10 or more	Yes	K-8, 1 HS*	Limits Non-nutritional Food	-	Yes
Alaska	1	Yes	1 HS	USDA Only	↓ -	↓ -
Arizona	Not Specified	-	Grades Not Specified	Nutrition Standards for All Food	-	-
Arkansas	10 or more	-	K-8, 1 HS	Limits Non-nutritional Food	-	-
California	10 or more	-	K-8, 2 HS	Nutrition Standards for All Food	-	Yes
Colorado	0	-	None	Limits Non-nutritional Food	-	-
Connecticut	1	-	1 HS	Limits Non-nutritional Food	-	Yes
Delaware	9	-	1-8, 1 HS	USDA Only	Yes	Yes
District of Columbia	Not Included	Not Studied	Not included	USDA Only	Yes	Yes
Florida	7	-	K-5, 1 HS	Limits Non-nutritional Food	Yes	Yes
Georgia	10 or more	-	K-8, 1 HS	Limits Non-nutritional Food	Yes	Yes
Hawaii	1	-	1 HS	Nutrition Standards for All Food	Yes	Yes
Idaho	Not Specified	-	Grades Not Specified	USDA Only	-	-
Illinois	10 or more	-	K-12	Limits Non-nutritional Food	↓ -	↓ -
Indiana	1	Yes	1 HS	USDA Only	-	Yes
Iowa	10 or more	-	K-8, 1 HS	USDA Only	Yes	Yes
Kansas	8	Yes	K-6, 1 HS	USDA Only	Yes	Yes
Kentucky	10 or more	-	K-8, 1 HS	Nutrition Standards for All Food	Yes	Yes
Louisiana	9	-	K-6, 2 HS	Nutrition Standards for All Food	-	-
Maine	10 or more	-	K-8, 2 HS	Nutrition Standards for All Food	Yes	Yes
Maryland	10 or more	-	K-12	Limits Non-nutritional Food	Yes	Yes
Massachusetts	10 or more	-	K-12	USDA Only	-	-
Michigan	Not Specified	-	Grades Not Specified	USDA Only	-	Yes
Minnesota	3	Yes	3 HS	USDA Only	Yes	Yes
Mississippi	1	-	1 HS	Limits Non-nutritional Food	-	-
Missouri	10 or more	Yes	K-8, 1 HS	USDA Only	-	Yes
Montana	10 or more	Yes	K-8, 1 HS	USDA Only	↑ Yes	↑ Yes
Nebraska	10 or more	-	K-8, 2 HS	Limits Non-nutritional Food	-	-
Nevada	2	-	2 HS [a]	USDA Only	Yes	Yes
New Hampshire	10 or more	-	K-8, 1 HS	USDA Only	-	Yes
New Jersey	Not Specified	-	Grades Not Specified	Nutrition Standards for All Food	Yes	Yes
New Mexico	10 or more	-	K-8, 1 HS	Limits Non-nutritional Food	-	Yes
New York	10 or more	Yes	K-8, 2 HS	Limits Non-nutritional Food	-	Yes
North Carolina	10 or more	-	K-8, 1 HS	Nutrition Standards for All Food	Yes	Yes
North Dakota	10 or more	-	K-8, 1 HS	USDA Only	-	↓ -
Ohio	0	Yes	None	USDA Only	-	Yes
Oklahoma	6	Yes	K-5	Nutrition Standards for All Food [c]	-	Yes
Oregon	1	-	1 HS	USDA Only	-	Yes
Pennsylvania	10 or more	-	K-8, 1 HS	USDA Only	-	Yes
Rhode Island	9	-	K-8	USDA Only	Yes	Yes
South Carolina	7	-	K-5, 1 HS	Nutrition Standards for All Food [d]	Yes	Yes
South Dakota	0	-	1 HS [b]	USDA Only	-	-
Tennessee	10 or more	Yes	K-8, 1 HS	Nutrition Standards for All Food	Yes	Yes
Texas	10 or more	-	K-8, 1 HS	Limits Non-nutritional Food	-	-
Utah	10 or more	-	K-6, 7 or 8, 2 HS	USDA Only	Yes	Yes
Vermont	1	-	1 HS	USDA Only	Yes	Yes
Virginia	10 or more	-	K-8, 2 HS	Nutrition Standards for All Food	-	-
Washington	10 or more	-	1-8, 2 HS	USDA Only	-	Yes
West Virginia	8	Yes	K-5, 6,7,or 8, 1 HS	Nutrition Standards for All Food	↓ -	Yes
Wisconsin	1	-	1 HS	USDA Only	-	Yes
Wyoming	9	-	K-8	USDA Only	↓ -	↓ -
<b>Year Data Collected</b>	<b>2006</b>			<b>2006</b>		<b>2006</b>

\*HS = The number of years of PE required in high school for graduation.

**Data Source:**

- 11.1 National Association of State Boards of Education. "State-by-State Physical Education." *The Safe and Healthy Schools Project Online Database*. Updated continuously. Retrieved December 2006. <http://www.nasbe.org/HealthySchools>.
- 11.2 U.S. Department of Agriculture. Food and Nutrition Service. "State Competitive Foods Policies." Updated September 2002. <http://www.fns.usda.gov/cnd/Lunch>.  
Winterfeld, Amy. "Childhood Obesity—2005 Update and Overview of Policy Options." National Conference of State Legislatures. Updated June 20, 2005. Retrieved July 15, 2005. <http://www.ncsl.org/programs/health/ChildhoodObesity-2005.htm>. Further unpublished data provided by Amy Winterfeld, National Conference of State Legislatures.
- 11.3 Alan Guttmacher Institute. "Sex and STD/HIV Education." *State Policies in Brief*. Updated December 1, 2006. <http://www.guttmacher.org/statecenter/spibs>

**Data Table Notes:**

- a. Nevada law dictates that K-8 physical education will be taught as "practicable."
- b. South Dakota enacted a new graduation requirement in August 2006 mandating that all students complete one half credit of either PE or health education. Prior to that point, South Dakota had no PE requirements. The 2006 *Policy Matters* report incorrectly identified this state as requiring one credit of PE for graduation.

## POLICY 12:

# Cigarette and Alcohol Taxes

**Why Cigarette and Alcohol Taxes Matter.** States can promote safe and healthy communities through effective cigarette and alcohol tax policy. Behaviors such as smoking and alcohol consumption are leading contributors to premature death and disability in the United States.<sup>60</sup> Not only do these behaviors endanger the health of the user, they lead to larger family, community and societal costs, whether through second-hand smoke, injuries from drunk driving, or domestic violence.<sup>61</sup>

Levying state taxes on tobacco and alcohol products is a useful tool for discouraging risky behavior related to drinking and tobacco use. Studies indicate that state taxes on tobacco and alcohol products significantly lower product use, especially among youth and low-wage consumers.<sup>62</sup> For example, research shows that a ten percent increase in the total price of cigarettes can reduce overall cigarette consumption by three to five percent, with much more dramatic reductions in target groups like youth and children.<sup>63</sup>

There is also substantial evidence that tobacco cessation and prevention programs work to reduce smoking. The Centers for Disease Control and Prevention (CDC) provide guidelines about how states can use tobacco tax revenue and settlement funds to help reduce smoking, and to counter investments by tobacco companies to market their products.<sup>64</sup>

**Key State Policy Measures.** To promote healthier families and decrease the costs associated with alcohol and cigarette use, states can levy taxes and invest a portion of earned revenue in treatment and prevention programs.

**12.1 Cigarette taxes.** States have discretion over setting excise taxes on cigarettes and other tobacco products. Every 10 percent increase in the price of cigarettes can provide substantial reductions in smoking, particularly among youth.<sup>65</sup>

### Changes in 2006:

- **Alaska** increased its cigarette tax from \$1.60 to \$1.80, effective July 1, 2006.
- **Arizona** increased its cigarette tax from \$1.18 to \$2.00 through a ballot initiative, effective May 1, 2006.
- **Hawaii** increased its cigarette tax from \$1.40 to \$1.60, effective September 30, 2006, as part of a six-stage increase taking place through 2011.
- **New Jersey** increased its cigarette tax from \$2.40 to \$2.58.
- **North Carolina** increased its cigarette tax from 30 cents to 35 cents, effective July 1, 2006.
- **South Dakota** increased its cigarette tax from 53 cents to \$1.53 through a ballot initiative, effective January 1, 2007.
- **Texas** increased its cigarette tax from 41 cents to \$1.41, effective January 1, 2007.
- **Vermont** increased its cigarette tax from \$1.19 to \$1.79, effective July 1, 2007.

**12.2 Programs to prevent and treat tobacco use.** To reduce preventable illness and tobacco-related health care costs, states can invest tobacco tax and settlement revenue in prevention and treatment programs. The Centers for Disease Control and Prevention issue guidelines for state investments in this area.

**Changes in 2005-06:** Between fiscal year 2004-05 and 2005-06, states made the following changes in funding for programs to prevent and treat tobacco use (measured as a percentage of spending guidelines issued by the Centers for Disease Control and Prevention).

Increased Funding	Decreased Funding	No Change
Alaska	Alabama	Arizona
California	Arkansas	District of Columbia
Colorado	Connecticut	Florida
Iowa	Delaware	Illinois
Kansas	Georgia	Indiana
Massachusetts	Hawaii	Kentucky
Minnesota	Idaho	Maine
Montana	Louisiana	Michigan
Nebraska	Maryland	Mississippi
New Jersey	Nevada	Missouri
New Mexico	Ohio	New Hampshire
New York	Oregon	North Carolina
Oklahoma	Pennsylvania	North Dakota
Utah	Rhode Island	South Carolina
Vermont	South Dakota	Tennessee
West Virginia	Texas	Washington
Wyoming	Virginia	Wisconsin

**12.3 Alcohol taxes.** States also can act to discourage excessive alcohol consumption through excise taxes on beer, wine and liquor.

**Changes in 2006:** None

## Cigarette and Alcohol Tax Policy Measures

### Measure 12.1: Cigarette Taxes

How much is the state cigarette tax?

\$1.01 or more per pack	Alaska, Ariz., Conn., Hawaii, Mass., Maine, Mich., Minn., Mont., N.J., N.Y., Ohio, Okla., Ore., Pa., R.I., S.D., Vt., Wash.
\$0.51 to \$1.00 per pack	Ark., Calif., Colo., Del., D.C., Idaho, Ill., Ind., Kan., Md., Neb., Nev., N.H., N.M., Utah, W.Va., Wis., Wyo.
\$0.01 to \$0.50 per pack	Ala., Fla., Ga., Iowa, Ky., La., Miss., Mo., N.C., N.D., S.C., Tenn., Texas, Va.

### Measure 12.2: Programs to Prevent and Treat Tobacco Use

How does the state's investment of its tobacco revenue and tobacco settlement funds into tobacco prevention and treatment compare to CDC guidelines?

100% or more of CDC guidelines	Colo., Del., Maine, Miss.
75 to 99% of CDC guidelines	Ark., Ariz., Minn., Ohio, Wash., Wyo.
50 to 74% of CDC guidelines	Alaska, Hawaii, Mont., Pa., Vt.
25 to 49% of CDC guidelines	Calif., Ind., Iowa, La., Md., Nev., N.M., N.J., N.Y., N.C., N.D., Okla., Utah, Va., Wis., W.Va.
Below 25% of CDC guidelines	Ala., Conn., D.C., Fla., Ga., Idaho, Ill., Kan., Ky., Mass., Mich., Mo., Neb., N.H., Ore., R.I., S.C., S.D., Tenn., Texas

### Measure 12.3: Alcohol Taxes

How much is the state tax on beer?

\$0.46 or more per gallon	Ala., Alaska, Fla., Ga., Hawaii, N.C., S.C.
\$0.31 to 0.45 per gallon	La., Maine, Miss., Neb., N.M., Okla., Utah
\$0.16 to \$0.30 per gallon	Ariz., Ark., Calif., Conn., Del., Ill., Iowa, Kan., Mich., Nev., N.D., N.H., Ohio, S.D., Texas, Vt., Va., Wash., W.Va.
Up to \$0.15 per gallon	D.C., Colo., Idaho, Ind., Ky., Md., Mass., Minn., Mo., Mont., N.J., N.Y., Ore., Pa., R.I., Tenn., Wis., Wyo.

How much is the state tax on liquor?

\$6.00 or more per gallon	Alaska, Fla., N.M., N.Y.
\$4.01 to \$6.00 per gallon	Conn., Hawaii, Ill., Mass., Minn., N.J., Okla., Tenn.
\$2.01 to \$4.00 per gallon	Ariz., Ark., Calif., Colo., Del., Ga., Ind., Kan., La., N.D., Neb., Nev., R.I., S.C., S.D., Texas, Wis.
Up to \$2.00 per gallon	D.C., Ky., Md., Mo.
Sales controlled by state liquor stores, revenues generated through assorted fees, taxes, and pricing	Ala., Idaho, Iowa, Maine, Mich., Miss., Mont., N.H., N.C., Ohio, Ore., Pa., Utah, Vt., Va., Wash., W.Va., Wyo.

How much is the state tax on wine?

\$2.01 or more per gallon	Alaska, Fla.
\$1.01 to \$2.00 per gallon	Ala., Ga., Hawaii, Iowa, Mont., N.M., Tenn., Va., Wash.
\$0.76 to \$1.00 per gallon	Ariz., Del., N.C., Neb., S.C., S.D., W.Va.
\$0.51 to \$0.75 per gallon	Ark., Conn., Ill., Mass., Maine, Mich., Nev., N.J., Okla., Ore., R.I., Vt.
Up to \$0.50 per gallon	Calif., Colo., D.C., Idaho, Ind., Kan., Ky., La., Md., Minn., Miss., Mo., N.Y., N.D., Ohio, Texas, Wis.
Sales controlled by state liquor stores, revenues generated through assorted fees, taxes, and pricing	N.H., Pa., Utah, Wyo.

## Selected State Cigarette and Alcohol Tax Policies

STATE	12.1		12.2		12.3	
	CIGARETTE TAX		TOBACCO PREVENTION/ TREATMENT FUNDING AS A % OF CDC GUIDELINES		ALCOHOL TAXES	
	\$/pack	%	Beer Tax \$/gallon	Liquor Tax \$/gallon	Wine Tax \$/gallon	
Alabama	\$0.425 [a]	↓ 1.2%	\$0.53	[h]	\$1.70	
Alaska	↑ \$1.80 [b]	↑ 70.5%	\$1.07	\$12.80	\$2.50	
Arizona	↑ \$2.00 [k]	83.1%	\$0.16	\$3.00	\$0.84	
Arkansas	\$0.59 [c]	↓ 97.7%	\$0.23	\$2.50	\$0.75	
California	\$0.87	↑ 48.3%	\$0.20	\$3.30	\$0.20	
Colorado	\$0.84	↑ 110%	\$0.08	\$2.28	\$0.32	
Connecticut	\$1.51	↓ 0.2%	\$0.19	\$4.50	\$0.60	
Delaware	\$0.55	↓ 106.6%	\$0.16	\$5.46	\$0.97	
District of Columbia	\$1.00	0.0%	\$0.09	\$1.50	\$0.30	
Florida	\$0.339	1.3%	\$0.48	\$6.50	\$2.25	
Georgia	\$0.37	↓ 7.3%	\$0.48	\$3.79	\$1.51	
Hawaii	↑ \$1.60 [d]	↓ 53.8%	\$0.93	\$5.98	\$1.38	
Idaho	\$0.57	↓ 4.9%	\$0.15	[h]	\$0.45	
Illinois	\$0.98 [a]	16.9%	\$0.19	\$4.50	\$0.73	
Indiana	\$0.555	31.1%	\$0.12	\$2.68	\$0.47	
Iowa	\$0.36	↑ 28.9%	\$0.19	[h]	\$1.75	
Kansas	\$0.79	↑ 5.5%	\$0.18	\$2.50	\$0.30	
Kentucky	\$0.30 [c]	10.8%	\$0.08	\$1.92	\$0.50	
Louisiana	\$0.36	↓ 29.5%	\$0.32	\$2.50	\$0.11	
Maine	\$2.00	126.9%	\$0.35	[h]	\$0.60	
Maryland	\$1.00	↓ 30.4%	\$0.09	\$1.50	\$0.40	
Massachusetts	\$1.51	↑ 12.1%	\$0.11	\$4.05	\$0.55	
Michigan	\$2.00	0.0%	\$0.20	[h]	\$0.51	
Minnesota	\$1.23 [e]	↑ 77.2%	\$0.15	\$5.03	\$0.30	
Mississippi	\$0.18	106.4%	\$0.43	[h]	\$0.35	
Missouri	\$0.17[a]	0.0%	\$0.06	\$2.00	\$0.30	
Montana	\$1.70	↑ 72.6%	\$0.14	[h]	\$1.06	
Nebraska	\$0.64	↑ 22.5%	\$0.31	\$3.75	\$0.95	
Nevada	\$0.80	↓ 31.2%	\$0.16	\$3.60	\$0.70	
New Hampshire	\$0.80	0.0%	\$0.30	[h]	[i]	
New Jersey	↑ \$2.58	↑ 25.5%	\$0.12	\$4.40	\$0.70	
New Mexico	\$0.91	↑ 43.8%	\$0.41	\$6.06	\$1.70	
New York	\$1.50 [a]	↑ 45.3%	\$0.11	\$6.44	\$0.19	
North Carolina	↑ \$0.35 [f]	35.2%	\$0.53	[h]	\$0.79	
North Dakota	\$0.44	38%	\$0.16	\$2.50	\$0.50	
Ohio	\$1.25	↓ 76.4%	\$0.18	[h]	\$0.30	
Oklahoma	\$1.03	↑ 40.8%	\$0.40	\$5.56	\$0.72	
Oregon	\$1.18	↓ 16.3%	\$0.08	[h]	\$0.67	
Pennsylvania	\$1.35	↓ 50.2%	\$0.08	[h,j]	[i,j]	
Rhode Island	\$2.46	↓ 21.2%	\$0.10	\$3.75	\$0.60	
South Carolina	\$0.07	0.0%	\$0.77	\$2.72	\$0.90	
South Dakota	↑ \$1.53 [l]	↓ 8.1%	\$0.28	\$3.93	\$0.93	
Tennessee	\$0.20 [a,c]	0.0%	\$0.14	\$4.40	\$1.21	
Texas	↑ \$1.41 [g]	↓ 6.8%	\$0.19	\$2.40	\$0.20	
Utah	\$0.695	↑ 47.3%	\$0.41	[h]	[i]	
Vermont	↑ \$1.79[m]	↑ 61.9%	\$0.27	[h]	\$0.55	
Virginia	\$0.30 [a]	↓ 32.9%	\$0.26	[h]	\$1.51	
Washington	\$2.025	81.6%	\$0.26	[h]	\$0.87	
West Virginia	\$0.55	↑ 41.7%	\$0.18	[h]	\$1.00	
Wisconsin	\$0.77	32.1%	\$0.06	\$3.25	\$0.25	
Wyoming	\$0.60	↑ 79.9%	\$0.02	[h]	[i]	
<b>Year Data Collected</b>	<b>Jan, 2007</b>	<b>2005-06</b>	<b>2006</b>	<b>2006</b>	<b>2006</b>	

### Data Source:

- 12.1** Katie McMahon. "State Cigarette Excise Tax Rates & Rankings." Washington, DC: Campaign for Tobacco-Free Kids. Updated September 1, 2006. Updated through the National Conference of State Legislators *NCSL Ballot Measures Database* at <http://www.ncsl.org/programs/legman/elect/dbintro.htm>
- 12.2** Campaign for Tobacco-Free Kids, *State Tobacco-Prevention Spending vs. State Tobacco Revenues*. December 7, 2005.
- 12.3** Federation of Tax Administrators. "State Beer Excise Tax Rates." *State Comparisons – State Excise Taxes*. Updated January 1, 2006. <http://www.taxadmin.org/fta/rate/beer.html>.  
Federation of Tax Administrators. "State Liquor Excise Tax Rates." *State Comparisons – State Excise Taxes*. Updated January 1, 2006. <http://www.taxadmin.org/fta/rate/liquor.html>.  
Federation of Tax Administrators. "State Wine Excise Tax Rates." *State Comparisons – State Excise Taxes*. Updated January 1, 2006. <http://www.taxadmin.org/fta/rate/wine.html>.

### Data Table Notes:

- a. In these states, counties and cities may impose an additional tax per pack of cigarettes as follows:
  - Alabama: \$0.01
  - Illinois: \$0.10 to \$0.15
  - Missouri: \$0.04 to \$0.07
  - New York: \$1.50
  - Tennessee: \$0.01
  - Virginia: \$0.02 to \$0.15
- b. Alaska increased its cigarette tax effective on July 1, 2006.
- c. In these states, dealers pay an additional enforcement and administrative fee as follows:
  - Arkansas: \$1.25 per 1,000 cigarettes
  - Kentucky: \$0.001 per pack
  - Tennessee: \$0.0005 per pack
- d. Hawaii increased its cigarette tax effective on September 30, 2006. This increase is one of six incremental increases taking effect through 2011.
- e. Minnesota adds an additional sales tax of \$0.263 to the wholesale price of a tax stamp, and adds a \$0.75 health impact fee.
- f. North Carolina increased its cigarette tax to this level effective July 1, 2006.
- g. Texas increased its cigarette tax to this level effective on January 1, 2007.
- h. In these states, the government directly controls the sales of distilled spirits. Revenue in these states is generated from various taxes, fees and net liquor profits.
- i. In these states, all wine sales are through state stores. Revenue in these states is generated from various taxes, fees and net profits.
- j. Pennsylvania imposes an 18 percent tax on the retail price of wine and liquor in addition to a 6 percent sales tax.
- k. Arizona voters passed a ballot initiative in 2006 raising this tax from \$1.18 to \$2.00 per pack, effective May 1, 2007.
- l. South Dakota voters passed a ballot initiative in 2006 raising this tax from \$0.53 to \$1.53 per pack.
- m. Vermont will raise this tax to \$1.99 on July 1, 2007



50-STATE POLICY OVERVIEW

# EDUCATION POLICIES

## POLICY 13:

# Prekindergarten Education

**Why Prekindergarten Policy Matters.** States can achieve a stronger work force, more efficient government spending, and healthier communities by expanding access to prekindergarten (pre-k) education. Research demonstrates that early-childhood education in a quality setting significantly improves the education, employment and positive life outcomes of participants.<sup>66</sup> This research also shows that funding for public prekindergarten produces economic benefits to society (such as higher employment rates and lower reliance on government services) that far exceed the initial investment.

**Key State Policy Measures.** The following key policies are important for promoting quality, broadly accessible prekindergarten:

**13.1 Access to pre-k for four-year-olds.** A key policy driver of access to pre-k is state funding, as measured by the annual funding amount per four-year-old resident of the state. This policy indicator reflects the level of access provided, and presents a standard metric of comparison across states. It differs from the measure of funding per four-year-old enrollee, which reflects the amount invested for each child enrolled in pre-k, as opposed to each child residing in the state. Some reports refer to spending-per-enrollee as an indicator of quality, on the assumption that greater per-child spending yields higher-quality programs. While there may be some correlation between spending levels and quality, a more precise method for assessing quality is presented by policy measure 13.2 below.

**Changes in 2004-05:** Between school year 2002-03 and 2004-05, states made the following changes in funding per four-year-old resident:<sup>67</sup>

### Increased Funding Per Four-year-old Resident

Arizona  
Arkansas  
California  
Connecticut  
Delaware  
Florida  
Georgia  
Illinois  
Iowa  
Kansas  
Kentucky  
Louisiana  
Maine  
Michigan  
Nebraska  
Nevada  
New Jersey  
New York  
Oklahoma  
Oregon  
Texas  
Vermont  
Virginia  
West Virginia  
Wisconsin

### Reduced Funding Per Four-year-old Resident

Alabama  
Colorado  
Hawaii  
Maryland  
Massachusetts  
Minnesota  
Missouri  
New Mexico  
North Carolina  
Ohio  
South Carolina  
Tennessee  
Washington

### No Pre-k Program for Four-year-olds

Alaska  
Idaho  
Indiana  
Mississippi  
Montana  
New Hampshire  
North Dakota  
Rhode Island  
South Dakota  
Utah  
Wyoming

Note: Comparison data is unavailable for Pennsylvania

**13.2 Quality of pre-k programs.** Research indicates that to achieve long-term social and economic benefits, the quality of pre-k programs is essential.<sup>68</sup> This research tends to focus on several key factors, which include a comprehensive curriculum, teachers with at least a Bachelor's degree, sufficient teacher compensation to attract qualified teachers, and a high degree of teacher-student interaction as measured by class sizes under 21 students and a staff-to-child ratio of 1:10 or better.

**Changes in 2004-05:** Between school year 2002-03 and 2003-04, state quality standards changed as indicated below:

- **Alabama, Connecticut, Delaware, Georgia, Kentucky, Missouri, Oregon, Tennessee, Vermont, West Virginia, and Wisconsin** added comprehensive curriculum standards.
- **Georgia** began requiring that teachers in public pre-k programs are paid on the public school salary scale.
- **Hawaii and New York** eliminated comprehensive curriculum standards.
- **West Virginia** eliminated the teacher education standard as part of a move toward universal pre-k, but added a requirement that the staff-to-child ratios must be 1:10 or better.

**13.3 Access to pre-k for three-year-olds.** States have typically focused their efforts on expanding pre-k for four-year-olds, seeking to establish broad access for that age group before expanding services to three-year-olds. Given the important brain development that occurs at younger ages, some states have targeted access to quality pre-k to three-year-old children as well.

**Changes in 2004-05:** Between school year 2002-03 and 2004-05, states made the following changes in funding per three-year-old resident:

**Increased Funding Per Three-year-old Resident**

Arkansas  
California  
Hawaii  
Illinois  
Iowa  
Missouri  
New Jersey  
New Mexico  
Oregon  
Vermont  
Wisconsin

**Reduced Funding Per Three-year-old Resident**

Colorado  
Connecticut  
Kentucky  
Maryland  
Massachusetts  
Minnesota  
Nebraska  
Nevada  
New York  
Ohio  
South Carolina  
Tennessee  
Texas  
Washington  
West Virginia

**No Pre-k Program for Three-year-olds**

Alabama  
Alaska  
Delaware  
Florida  
Georgia  
Idaho  
Indiana  
Kansas  
Louisiana  
Maine  
Michigan  
Mississippi  
Montana  
New Hampshire  
North Carolina  
North Dakota  
Oklahoma  
Rhode Island  
South Dakota  
Utah  
Virginia  
Wyoming

Note: Comparison data is unavailable for Pennsylvania

## Prekindergarten Policy Measures

### Measure 13.1: Access to Pre-k for Four-year-olds

How much does the state invest per four-year-old in the state to expand pre-k access? (The national average is \$698.)

Above \$900	Conn., Fla., Ga., N.J., N.Y., Okla., Texas, Vt., W.Va.
\$600 to \$899	Ill., Ky., La., Mich., Wis.
\$300 to \$599	Ark., Calif., Colo., Del., Mass., N.C.,* Ore., S.C., Va.
\$100 to \$299	Ariz., Hawaii, Iowa, Kan., Maine, Md., Minn., Ohio, Pa., Tenn., Wash.
\$1 to \$100	Ala., Mo., Neb., Nev., N.M.
\$0	Alaska, Idaho, Ind., Miss., Mont., N.H., N.D., R.I., S.D., Utah, Wyo.

\*Data source for spending figures do not include the Smart Start program.

### Measure 13.2: Quality of Pre-k Programs

How many of the four key pre-k quality measures does the state meet? These measures are: 1) comprehensive curriculum, 2) teachers with at least a Bachelor's degree, 3) sufficient teacher compensation to attract qualified teachers, 4) class sizes under 21, and 5) a staff-to-child ratio of 1:10 or better.

All 5 standards	Ala., Ark., Ill., Ky., La., Md., N.J., Okla., Tenn., Vt.
4 standards	Conn., Ga., Mass., Mo., Neb., N.Y., N.C., Ore., S.C., W.Va.
3 standards	Ariz., Del., Iowa, Minn., Texas, Va., Wis.
2 standards	Colo., Kan., Mich., Nev.
1 standard	Calif., Maine, Ohio, Penn., Wash.
No standards	Hawaii, N.M.
No pre-k program	Alaska, Idaho, Ind., Miss., Mont., N.H., N.D., R.I., S.D., Utah, Wyo.

Note: Florida was not included in the data source for this measure.

**Measure 13.3: Access to Pre-k for Three-year-olds**

How much does the state invest per three-year-old in the state to expand pre-k access? (The national average is \$111.)

Above \$350	Ark., Ill., N.J.
\$250-\$349	Ky., Mass., Vt.
\$150-\$249	Conn., Ohio, Ore., W.Va.
\$50 - \$149	Calif., Minn., Mo., Pa., Texas, Wash.
Below \$50	Colo., Hawaii, Iowa, Md., Neb., Nev., N.M., N.Y., S.C., Tenn., Wis.
\$0	Ala., Alaska, Ariz., Del., Fla., Ga., Idaho, Ind., Kan., La., Maine, Mich., Miss., Mont., N.H., N.C.,* N.D., Okla., R.I., S.D., Utah, Va., Wyo.

\*Data source for spending figures do not include the Smart Start program.

### Selected State Policies for Prekindergarten

STATE	13.1		13.2					13.3	
	PRE-K ACCESS FOR 4-YEAR-OLDS		PRE-K QUALITY STANDARDS:					PRE-K ACCESS FOR 3 YEAR-OLDS	
	Funding Per 4 year-old in State	Percent Enrolled in State Pre-K	Comprehensive Curriculum Standards	Teacher Required to have BA	Max. Class Size <21	Staff: Child Ratio of 1:10 or Better	Teachers Required to be Paid on Public School Salary Scale	Funding Per 3 Year-old in State	Percent Enrolled in State
Alabama	↓ \$56	1.7%	↑ Yes	Yes	Yes	Yes	Yes	\$0	N/A
Alaska	\$0	N/A	N/A	N/A	N/A	N/A	N/A	\$0	N/A
Arizona	↑ \$133	5.8%	Yes	-	Yes	Yes	-	\$0	N/A
Arkansas	↑ \$576	12.2%	Yes	Yes	Yes	Yes	Yes	↑ \$380	8.1%
California	↑ \$351	10.9%	-	-	-	Yes	-	↑ \$149	4.6%
Colorado	↓ \$330	10.7%	-	-	Yes	Yes	-	↓ \$39	1.3%
Connecticut	↑ \$970	14.6%	↑ Yes	-	Yes	Yes	Yes (public); No (nonpublic)	↓ \$163	2.4%
Delaware	↑ \$480	8.3%	↑ Yes	-	Yes	Yes	-	\$0	N/A
District of Columbia [a]	No Data	No Data	No Data	No Data	No Data	No Data	No Data	No Data	No Data
Florida [j]	↑ \$1,821	N/A	N/A	N/A	N/A	N/A	N/A	\$0	N/A
Georgia	↑ \$2,131	54.6%	↑ Yes	-	Yes	Yes	↑ Yes (public); No (nonpublic)	\$0	N/A
Hawaii	↓ \$179	5.1%	↓ -	-	-	-	-	↑ \$30	0.9%
Idaho	\$0	N/A	N/A	N/A	N/A	N/A	N/A	\$0	N/A
Illinois	↑ \$777	26.1%	Yes	Yes	Yes	Yes	Yes	↑ \$365	12.3%
Indiana	\$0	N/A	N/A	N/A	N/A	N/A	N/A	\$0	N/A
Iowa	↑ \$140	4.4%	-	-	Yes	Yes	Yes (public); No (nonpublic)	↑ \$42	1.3%
Kansas	↑ \$270	16.0%	-	Yes	-	-	Yes	\$0	N/A
Kentucky	↑ \$712	29.6%	↑ Yes	↑ Yes	Yes	Yes	Yes (public); No (nonpublic)	↓ \$257	10.7%
Louisiana [b]	↑ \$897	19.8%	Yes	Yes	Yes	Yes	Yes (public); No (nonpublic)	\$0	N/A
Maine	↑ \$284	14.2%	-	Yes	-	-	-	\$0	N/A
Maryland	↓ \$224	31.1%	Yes	Yes	Yes	Yes	Yes	↓ \$7	0.9%
Massachusetts	↓ \$404	8.3%	Yes	-	Yes	Yes	Yes (public); No (nonpublic)	↓ \$343	7.1%
Michigan	↑ \$637	18.9%	-	-	Yes	Yes	-	\$0	N/A
Minnesota [l]	↓ \$133	1.9%	Yes	-	Yes	Yes	-	↓ \$86	1.2%
Mississippi	\$0	N/A	N/A	N/A	N/A	N/A	N/A	\$0	N/A
Missouri	↓ \$92	4.1%	↑ Yes	-	Yes	Yes	Yes (public); No (nonpublic)	↑ \$54	2.4%
Montana	\$0	N/A	N/A	N/A	N/A	N/A	N/A	\$0	N/A
Nebraska	↑ \$54	2.8%	-	Yes	Yes	Yes	-	↓ \$23	1.2%
Nevada	↑ \$68	2.5%	-	Yes	-	-	Yes	↓ \$16	0.6%
New Hampshire	\$0	N/A	N/A	N/A	N/A	N/A	N/A	\$0	N/A
New Jersey [c]	↑ \$2,226	25.6%	Yes	Yes	Yes	Yes	Yes	↑ \$1,536	14.9%
New Mexico	↓ \$24	0.9%	-	-	-	-	-	↑ \$15	0.6%
New York [d]	↑ \$1,013	28.5%	↓ -	Yes	Yes	Yes	Yes	↓ \$17	0.5%
North Carolina [e]	↓ \$415	10.2%	-	Yes	Yes	Yes	Yes (public); No, unless teacher is licensed (nonpublic)	\$0	N/A
North Dakota	\$0	N/A	N/A	N/A	N/A	N/A	N/A	\$0	N/A
Ohio [f]	↓ \$296	5.2%	-	-	Yes	-	-	↓ \$166	2.1%
Oklahoma	↑ \$1,723	68.5%	Yes	Yes	Yes	Yes	Yes	\$0	N/A
Oregon	↑ \$385	5.1%	↑ Yes	-	Yes	Yes	Yes (public); No (nonpublic)	↑ \$199	2.6%
Pennsylvania [g]	↑ \$121	5.0%	-	Yes	-	-	Determined Locally	↑ \$50	1.0%
Rhode Island	\$0	N/A	N/A	N/A	N/A	N/A	N/A	\$0	N/A
South Carolina	↓ \$417	30.4%	-	Yes	Yes	Yes	Yes	↓ \$12	0.8%
South Dakota	\$0	N/A	N/A	N/A	N/A	N/A	N/A	\$0	N/A
Tennessee	↓ \$107	3.2%	↑ Yes	Yes	Yes	Yes	Yes (public); No (nonpublic)	↓ \$22	0.6%
Texas	↑ \$1,245	46.0%	Yes	Yes	-	-	Yes	↓ \$110	4.1%
Utah	\$0	N/A	N/A	N/A	N/A	N/A	N/A	\$0	N/A
Vermont [h]	↑ \$1,177	44.9%	↑ Yes	Yes	Yes	Yes	Yes (public); No (nonpublic)	↑ \$259	12.7%
Virginia	↑ \$363	10.6%	-	-	Yes	Yes	Yes (public); No (nonpublic)	\$0	N/A
Washington	↓ \$258	5.9%	-	-	-	Yes	-	↓ \$58	1.4%
West Virginia	↑ \$1,528	35.3%	↑ Yes	↓ [k]	Yes	↑ Yes	Yes (public); No (nonpublic)	↓ \$193	4.5%
Wisconsin [i]	↑ \$864	28.9%	↑ Yes	Yes	-	-	Yes (public); No (nonpublic)	↑ \$49	0.9%
Wyoming	\$0	N/A	N/A	N/A	N/A	N/A	N/A	\$0	N/A
National Average	\$698	17.3%						\$111	2.7%
Year Data Collected	2004-05		2003-04					2004-05	

### Data Source:

Steven Barnett, Jason T. Hustedt, Kenneth B. Robin, and Karen L. Schulman, *The State of Preschool: 2004 State Preschool Yearbook*. New Brunswick, N.J.: The National Institute for Early Education Research, 2005.

### Data Table Notes:

- a. The District of Columbia was not included in the data source for prekindergarten policies.
- b. Louisiana offers four pre-k programs: 8(g), a program funded by the Louisiana Education Quality Trust Fund; LA 4, a program for at-risk four-year-olds; Starting Points, a program funded through a TANF block grant; and Louisiana Nonpublic Schools Early Childhood Development Program (NSECD). Funding, enrollment, and quality data reflect all four programs, with the following exception: Some programs require payment of teachers on a public school salary scale and some do not.
- c. New Jersey operates three pre-k programs: the Abbott program serves three- and four-year-olds in the state's 31 highest poverty districts, Early Childhood Program Aid (ECPA) serving primarily four-year-olds in 102 additional districts, and the Early to Launch Initiative serving four-year-olds in all districts. Funding, enrollment, and quality data reflect all three programs, with the following exception: ECPA does not limit class size or staff-to-child ratios as specified.
- d. New York operates two programs: the Targeted Prekindergarten (TPK) and Universal Prekindergarten (UPK) programs. Funding, enrollment, and quality data reflect both programs, with the following exception: The UPK program does not require teachers to have a bachelor's degree.
- e. North Carolina also operates the Smart Start program, which is a locally controlled and state funded early childhood initiative. Funding for this initiative is not included in the calculation of pre-k spending for three- and four-year-olds. Data in this report reflects only the More at Four program.
- f. Ohio operates two programs: the Public School Preschool Program (PSP) and a state-funded supplement to Head Start called Head Start Plus (HSP). Funding, enrollment, and quality data reflect both programs, with the following exception: HSP does not limit class size or staff-to-child ratios as specified.
- g. Pennsylvania operates three programs: Kindergarten for four-year-olds (K4), the Education Accountability Block Grant (EABG), and a state-funded supplement for Head Start. Funding data do not reflect the K4 data. Enrollment, and quality data reflect both programs with the following exception: Only K4 requires that teachers have a bachelor's degree, and only the Head Start supplement limits class size and staff-to-child ratios.
- h. Vermont operates two programs: the Early Education Initiative serves three- and four-year-old children at risk, and the Average Daily Membership-funded program is available generally. Funding, enrollment, and quality data reflect both programs.
- i. Wisconsin operates two programs: the Four-Year-Old Kindergarten (4K) program, and a state-funded Head Start supplement. Funding, enrollment, and quality data reflect both programs with the following exceptions: the Head Start supplement does not require that teachers have a BA, but does limit class size and staff-to-child ratios.
- j. Florida operates two programs: the School Readiness Program (SRP) and the Voluntary Prekindergarten Program (VPK). The VPK program began in Fall 2005, and only estimated spending data for 2005-06 for this program are reflected here, due to limited data availability.
- k. West Virginia instituted universal pre-k in 2003, and as part of this transition, placed a new focus on teacher training in early childhood education. In order to expand the pool of pre-k teachers, West Virginia now allows teachers to hold a teaching permit, and requires early childhood certification.
- l. Minnesota provides state funds for Head Start and a School Readiness Program. Only Head Start funding is reflected in these data.

## POLICY 14:

# Kindergarten

NO DATA UPDATE IS AVAILABLE FOR POLICY 14  
THIS SECTION IS REPRINTED FROM THE 2006 POLICY MATTERS REPORT

**Why Kindergarten Policy Matters.** States can enhance opportunity for children by improving access to and the quality of kindergarten. Kindergarten is an important and often overlooked link between early childhood and elementary education. Research indicates that children who attend full-day kindergarten show significantly greater academic gains before first grade than those who attend half-day programs.<sup>69</sup> Studies also suggest that compared to children in half-day kindergarten, children who attend full-day kindergarten have higher academic achievement in later grades, show faster gains in literacy and language, display better behavior, and remain on grade going forward, thereby lowering the cost of retention and remediation.<sup>70</sup> Some states have invested in broad access to full-day kindergarten, yet in 2000, only 63 percent of kindergarteners attended a full-day program.<sup>71</sup>

**Key State Policy Measures.** State leaders can support the development of children into productive adults by ensuring that kindergarten serves as an effective transition from early childhood to elementary school. The following policies can play a key role in enhancing early education in this way:

**14.1 Financial incentives for full-day kindergarten.** State funding formulas can create incentives for local districts to provide full-day kindergarten by providing a funding amount to cover the full-day cost. Alternately, state formulas can create a disincentive for local districts to offer full-day programs by forcing local districts to supplement state money with local funds to cover the cost difference between full-day and half-day programs.<sup>72</sup>

**14.2 Statutory definition of “full-day.”** Many states have not defined the meaning of “full-day,” and thereby do not set a standard that may maximize the benefit of a child’s exposure to kindergarten programs.<sup>73</sup> Research indicates that a kindergarten day that is not consistent with pre-k and first grade days can disrupt the routine of young children.<sup>74</sup> States can therefore enhance the value of kindergarten programs by defining the length of the kindergarten day by statute in a manner consistent with pre-k and first grade activities.

## Kindergarten Policy Measures

### Measure 14.1: Financial Incentives for Full-day Kindergarten

Does the state funding formula provide an incentive or disincentive for local districts to offer full-day kindergarten?

Incentive	Alaska, Ga., Ill., Neb., N.M., N.Y., Wis.
Neutral	Ala., Ark., Calif., Conn., D.C., Fla., Iowa, La., Maine, Mass., Mich., Miss., Mo., N.C., S.C., S.D., Tenn., Texas, Vt., Va., Wash., W.Va.
Disincentive	Ariz., Colo., Del., Idaho, Ind., Kan., Ky., Md., Minn., Mont., Nev., N.H., N.J., N.D., Ohio, Okla., Ore., Utah, Wyo.
States do not use traditional formulas to determine kindergarten funding	Hawaii, Pa., R.I.

### Measure 14.2: Statutory Definition of “Full-day”

Does the state define in statute the length of a “full-day” kindergarten class in a manner consistent with a first grade class?

Yes	Conn., Fla., Ill., La., Minn., Miss., Neb., N.M., Ohio, Wis.
Statutorily defined but not aligned with first grade activities	Ala., Alaska, Calif., Colo., D.C., Ga., N.J., Okla., S.D., Va.
Not specified in statute	Ariz., Ark., Del., Hawaii, Idaho, Ind., Iowa, Kan., Ky., Maine, Md., Mass., Mich., Mo., Mont., Nev., N.H., N.Y., N.C., N.D., Ore., Pa., R.I., S.C., Tenn., Texas, Utah, Vt., Wash., W.Va., Wyo.

### Selected State Kindergarten Policies

STATE	14.1		14.2	
	Incentive Provided for Full-Day Kindergarten in State Funding Formula	Minimum Number of Hours in Full-Day Kindergarten	Statutorily Defined	Consistent with 1st Grade
Alabama	Neutral	Yes	–	6 hours/day
Alaska	Incentive	Yes	–	Minimum of 4 hours/day
Arizona	Disincentive	–	–	N/A
Arkansas	Neutral	–	–	N/A
California	Neutral	Yes	–	More than 4 hours, but not to exceed the length of the primary school day
Colorado	Disincentive	Yes	–	900 hours/year (Shorter than 1st grade)
Connecticut	Neutral	Yes	Yes	900 hours/year (5 hours/day) (Same as 1st grade)
Delaware	Disincentive	–	–	N/A
District of Columbia	Neutral	Yes	–	No Data
Florida	Neutral	Yes	Yes	720 hours/year (Same as 1st grade)
Georgia	Incentive	Yes	–	4.5 hours/day for 180 days/year
Hawaii	N/A [a]	–	–	N/A
Idaho	Disincentive	–	–	N/A
Illinois	Incentive	Yes	Yes	4 hours/day (Same as 1st grade)
Indiana	Disincentive	–	–	N/A
Iowa	Neutral	–	–	N/A
Kansas	Disincentive	–	–	N/A
Kentucky	Disincentive	–	–	N/A
Louisiana	Neutral	Yes	Yes	6 hours/day (Same as 1st grade)
Maine	Neutral	–	–	N/A
Maryland	Disincentive	–	–	N/A
Massachusetts	Neutral	–	–	N/A
Michigan	Neutral	–	–	N/A
Minnesota	Disincentive	Yes	Yes	935 hours/year (Same as 1st grade)
Mississippi	Neutral	Yes	Yes	Same length of school day as that of other elementary grades
Missouri	Neutral	–	–	N/A
Montana	Disincentive	–	–	N/A
Nebraska	Incentive	Yes	Yes	1,032 hours/year (Same as 1st grade)
Nevada	Disincentive	–	–	N/A
New Hampshire	Disincentive	–	–	N/A
New Jersey	Disincentive	Yes	–	Minimum of 4 hours/day
New Mexico	Incentive	Yes	Yes	5.5 hours/day or 990 hours/year (Same as 1st grade)
New York	Incentive	–	–	N/A
North Carolina	Neutral	–	–	N/A
North Dakota	Disincentive	–	–	N/A
Ohio	Disincentive	Yes	Yes	Same number of hours per day as grades 1–6
Oklahoma	Disincentive	Yes	–	6 hours/day
Oregon	Disincentive	–	–	N/A
Pennsylvania	N/A [b]	–	–	N/A
Rhode Island	N/A [c]	–	–	N/A
South Carolina	Neutral	–	–	N/A
South Dakota	Neutral	Yes	–	Determined by district
Tennessee	Neutral	–	–	N/A
Texas	Neutral	–	–	N/A
Utah	Disincentive	–	–	N/A
Vermont	Neutral	–	–	N/A
Virginia	Neutral	Yes	–	540 hours/year
Washington	Neutral	–	–	N/A
West Virginia	Neutral	–	–	N/A
Wisconsin	Incentive	Yes	Yes	Same length of school day as 1st grade
Wyoming	Disincentive	–	–	N/A
<b>Year Data Collected</b>	<b>2001-02</b>	<b>2001-02</b>		

**Data Source:**

- 14.1** Education Commission of the States. “How States Fund Full-day Kindergarten.” *State Notes*. Updated April 2005. Retrieved July 15, 2005. <http://www.ecs.org/clearinghouse/63/10/6310.htm>.
- 14.2** Kristie Kauerz, *Full-Day Kindergarten: A Study of State Policies in the United States*. Denver: Education Commission of the States, June 2005.

**Data Table Notes:**

- a. Hawaii operates as a single school district and, hence, there is no state formula for distribution of funds in the traditional sense.
- b. Pennsylvania state statute contains a formulaic incentive for providing full-day kindergarten, but this formula is not used for funding allocations in practice.
- c. Rhode Island school districts receive state funding based on the amount received in FY 1997-1998 with state mandated increases and adjustments for categorical funds. Because there is no “foundation formula,” there are no weights for various grades.

## POLICY 15:

# Elementary and Secondary Education

**Challenges for States.** States across the country face major challenges in improving the quality of public education. Historically, locally elected or appointed school boards have driven the management of public schools. However, the 2001 *No Child Left Behind Act* (NCLB) tied federal funding to new quality requirements, accountability measures, and student testing. NCLB requires governors and state legislators to play a greater role in driving educational improvements, and to focus on helping local schools meet the new accountability standards. To further complicate matters, since 2000, 36 states faced lawsuits concerning school finance equity.<sup>75</sup> Litigation over funding equity has dominated state discussions in recent years, but now states are moving toward a discussion of funding and education adequacy, i.e., whether funding levels, school practices and early education practices sufficiently support student achievement.<sup>76</sup>

**Key State Policy Measures.** States can begin improving the effectiveness and equality of K-12 public education by enhancing teacher quality, and by ensuring that resources are distributed equitably and adequately.

**15.1 Teacher quality standards.** In 2006, NCLB required each state to submit a plan for ensuring that all students are taught by a highly qualified teacher (HQT). These plans were required to define how states would analyze and track classes not being taught by a HQT, how states would provide technical assistance to local education agencies to ensure low-income / minority students are proportionately taught by HQTs, and how states would ensure that 100 percent of classes are taught by HQTs by the end of the 2006-07 school year. These plans also assess how states would reduce reliance on alternate standards for defining teacher qualifications for pre-NCLB teachers. Those alternate standards were the focus of the 2006 *Policy Matters* report. Given the evolution of state plans for promoting HQT over the past months, *Policy Matters* is reevaluating the appropriate measures of state policy to include in future reports.

**15.2 Funding equity among districts.** As recently as 2002, research shows that most states have a significant funding gap between students in high-income districts who receive more education funding than students in low-income districts.<sup>77</sup> Financial resources are essential to support the professional development of teachers, lower the pupil-teacher ratio, and support other education investments that research shows are essential for improving educational performance, particularly in low-wage and minority communities.<sup>78</sup> State policy determines the degree of funding equity among districts through the interaction of three major mechanisms: state funding formulas, categorical grants and limits on property taxes as a source of local income for school districts.<sup>79</sup> The interaction of these three factors determines the equity of a state's school finance system, which can be measured by an "equity index." This index measures the degree to which state policies perpetuate inequitable funding relative to a standard of equity and relative to other states. A higher equity index indicates greater funding equity between districts.

**Changes in 2003:** In 2003, the funding equity between school districts changed as follows:

### Increases

- **Alabama** increased its measure of school equity from 76 to 78.
- **Arkansas** increased its measure of school equity from 79 to 81.
- **California** increased its measure of school equity from 78 to 81.
- **Georgia** increased its measure of school equity from 73 to 75.
- **Indiana** increased its measure of school equity from 75 to 80.
- **Massachusetts** increased its measure of school equity from 70 to 72.

- **Missouri** increased its measure of school equity from 72 to 73.
- **New Hampshire** increased its measure of school equity from 62 to 63.
- **New Mexico** increased its measure of school equity from 83 to 88.
- **Pennsylvania** increased its measure of school equity from 71 to 72.
- **Tennessee** increased its measure of school equity from 72 to 73.
- **Vermont** increased its measure of school equity from 58 to 59.

**No Change**

Kentucky  
 Maryland  
 Minnesota  
 Wisconsin

**Decreases**

Alaska  
 Arizona  
 Colorado  
 Connecticut  
 Delaware  
 Florida  
 Idaho  
 Illinois  
 Iowa  
 Kansas  
 Louisiana  
 Maine  
 Michigan  
 Mississippi  
 Montana  
 Nebraska  
 Nevada  
 New Jersey  
 New York  
 North Carolina  
 North Dakota  
 Ohio  
 Oklahoma  
 Oregon  
 Rhode Island  
 South Carolina  
 South Dakota  
 Texas  
 Utah  
 Virginia  
 Washington  
 West Virginia  
 Wyoming

**15.3 Funding adequacy.** In addition to equity, the adequacy of funding is an essential consideration for states seeking to improve the effectiveness of public schools. Research suggests that a key element of promoting education adequacy is to determine a foundation level of funding necessary to achieve a performance standard specified by the state, and for the state to assume responsibility for providing that funding level.<sup>80</sup> In general, this approach requires that states provide a greater proportion of school funding, and localities provide a smaller portion.

**Changes in 2003-04:** From 2002-03 to 2003-04, the percentage of total school funding provided by the state declined for all states except the following nine:

- **Colorado** increased the state share of school funding from 43.1 to 43.3 percent.
- **Illinois** increased the state share of school funding from 33.0 to 33.3 percent.
- **Mississippi** increased the state share of school funding from 53.8 to 54.7 percent.
- **North Dakota** increased the state share of school funding from 36.8 to 38.1 percent.
- **Ohio** increased the state share of school funding from 44.8 to 44.9 percent.
- **Oregon** increased the state share of school funding from 50.9 to 51.9 percent.
- **South Dakota** increased the state share of school funding from 33.7 to 34.3 percent.
- **Wyoming** increased the state share of school funding from 50.9 to 52.2 percent.
- **Florida** maintained a constant state share of school funding at 43.6 percent.

**15.4 Funding equity for students in public charter schools.** Updated state policy data is unavailable for this measure.

## Elementary and Secondary Education Policy Measures

### Measure 15.1: Teacher Quality Standards

Updated state policy data is unavailable for this measure.

### Measure 15.2: Funding Equity Among Districts

To what extent do state school financing policies provide funding equity among school districts? (The index scores below measure the level of equity, with a higher score indicating a greater degree of equity.)\*

90 or above	Nev.
80 to 89	Ark., Calif., Del., Fla., Ind., Iowa, La., Minn., N.M., Okla., Utah, W.Va., Wis.
70 to 79	Ala., Colo., Conn., Ga., Kan., Ky., Maine, Md., Mass., Mich., Miss., Mo., Neb., N.J., N.C., N.Y., Ohio, Ore., Pa., S.C., S.D., Tenn., Texas, Wash., Wyo.
Below 70	Alaska, Ariz., Idaho, Ill., Mont., N.D., N.H., R.I., Va., Vt.

\*The District of Columbia does not have a state revenue source and therefore it does not receive a grade for this measure.  
The District of Columbia is a single-district jurisdiction.

\*Hawaii is a single-district state, and therefore it is not appropriate to measure district-level equity.

**Measure 15.3: Funding Adequacy**

What share of total funding for school districts is provided by the state?

Above 60%	Del., Mich., Minn., N.M., N.C., Vt., Wash., W.Va.
50 to 59.9%	Ala., Alaska, Ark., Calif., Idaho, Ind., Kan., Ky., Miss., Okla., Ore., Utah, Wis., Wyo.
40 to 49.9%	Ariz., Colo., Fla., Ga., Iowa, La., Maine, Mass., Mont., N.H., N.J., N.Y., Ohio, R.I., S.C., Tenn.
29 to 39.9%	Conn., Ill., Md., Mo., Neb., Nev., N.D., Pa., S.D., Texas, Va.

\*The District of Columbia does not have a state revenue source and therefore it does not receive a grade for this measure. The District of Columbia is a single-district jurisdiction.

**Measure 15.4: Funding Equity for Students in Public Charter Schools**

Updated state policy data is unavailable for this measure.

### Selected Elementary and Secondary Education Policies

STATE	15.1		15.2		15.3		15.4	
	MINIMUM STANDARD FOR CURRENT TEACHER QUALIFICATION <i>DATA UNDER REVIEW</i>		FUNDING EQUITY AMONG DISTRICTS INDEX SCORE		PERCENTAGE OF DISTRICT REVENUE PROVIDED BY STATE		FUNDING EQUITY FOR PUBLIC CHARTER SCHOOLS <i>DATA UNDER REVIEW</i>	
							(% Regular FTE)	
Alabama	76	↑ 78	57.6%	↓	55.5%			
Alaska	77	↓ 67	56.8%	↓	56.7%			
Arizona	75	↓ 69	48.4%	↓	47.7%			
Arkansas	79	↑ 81	55.2%	↓	53.2%			
California	78	↑ 81	58.9%	↓	55.5%			
Colorado	77	↓ 72	43.1%	↑	43.3%			
Connecticut	81	↓ 76	37.4%	↓	36.3%			
Delaware	83	↓ 81	63.4%	↓	61.9%			
District of Columbia	N/A [a]	N/A [a]	N/A [a]		N/A [a]			
Florida	83	↓ 81	43.6%		43.6%			
Georgia	73	↑ 75	48.2%	↓	45.9%			
Hawaii	N/A [b]	N/A [b]	90.1%	↓	86.5%			
Idaho	65	↓ 59	59.1%	↓	58%			
Illinois	70	↓ 68	33%	↑	33.3%			
Indiana	75	↑ 80	58.8%	↓	50.9%			
Iowa	90	↓ 89	46.6%	↓	45.8%			
Kansas	83	↓ 78	57.1%	↓	51%			
Kentucky	76	76	58.8%	↓	57.2%			
Louisiana	85	↓ 83	49.1%	↓	48.7%			
Maine	72	↓ 70	42.9%	↓	42.2%			
Maryland	72	72	38.3%	↓	38.1%			
Massachusetts	70	↑ 72	40.9%	↓	40.4%			
Michigan	72	↓ 71	63.3%	↓	61.8%			
Minnesota	83	83	73.8%	↓	69.5%			
Mississippi	73	↓ 72	53.8%	↑	54.7%			
Missouri	72	↑ 73	35.8%	↓	34.2%			
Montana	65	↓ 62	46.3%	↓	44.6%			
Nebraska	81	↓ 77	34.4%	↓	32.8%			
Nevada	93	↓ 92	30.2%	↓	29.5%			
New Hampshire	62	↑ 63	48.9%	↓	45.7%			
New Jersey	74	↓ 72	43.5%	↓	43.3%			
New Mexico	83	↑ 88	72.1%	↓	69.1%			
New York	83	↓ 74	45.6%	↓	43.2%			
North Carolina	78	↓ 71	63.7%	↓	62.8%			
North Dakota	71	↓ 62	36.8%	↑	38.1%			
Ohio	77	↓ 74	44.8%	↑	44.9%			
Oklahoma	82	↓ 80	54.7%	↓	54.3%			
Oregon	80	↓ 72	50.9%	↑	51.9%			
Pennsylvania	71	↑ 72	36.6%	↓	35.7%			
Rhode Island	77	↓ 66	42%	↓	41.1%			
South Carolina	80	↓ 76	48.1%	↓	46%			
South Dakota	84	↓ 78	33.7%	↑	34.3%			
Tennessee	72	↑ 73	43.8%	↓	42.8%			
Texas	75	↓ 72	40.9%	↓	38.6%			
Utah	91	↓ 87	56.4%	↓	55.6%			
Vermont	58	↑ 59	67.8%	↓	66.3%			
Virginia	70	↓ 67	39.6%	↓	38.8%			
Washington	76	↓ 74	61.8%	↓	61.2%			
West Virginia	86	↓ 85	61.4%	↓	60.6%			
Wisconsin	82	82	53.4%	↓	52.2%			
Wyoming	82	↓ 79	50.9%	↑	52.2%			
<b>Year Data Collected</b>	<b>2002</b>	<b>2003</b>	<b>2002-03</b>	<b>2003-04</b>				

**Data Source:**

**15.1** Data under review.

**15.2** Education Week. *Quality Counts at 10 – A Decade of Standards-Based Education*. Bethesda, MD: Editorial Projects in Education, January, 2006.

**15.3** Unpublished data from the U.S. Department of Education, National Center for Education Statistics, October, 2006.

**15.4** Data under review.

**Data Table Notes:**

- a. Because the District of Columbia does not have a state revenue source, it did not receive a grade for equity. The District of Columbia is a single-district jurisdiction.
- b. Because Hawaii is a single-district state, it is not appropriate to measure district-level equity.

## POLICY 16:

# Higher Education

**Why Higher Education Policy Matters.** A strong economy is driven in significant part by the level of education of the work force. On a national level, research suggests that one extra year of education for a population can improve economic growth by 5 to 15 percent.<sup>81</sup> At an individual level, research also shows that a two-year or four-year college degree is increasingly necessary for meaningful employment.<sup>82</sup>

Those who earn a community college degree make, on average, \$14,800 per year more than those with only a high school diploma, and college graduation adds \$28,800 in annual income.<sup>83</sup> Higher education also benefits communities because people with more formal education have greater opportunities to work without having to depend on public assistance. They are also more likely to pay taxes, vote, provide for their children, and be law-abiding members of society.<sup>84</sup> Therefore, states seeking to build a strong economy have a major interest in expanding access to higher education.

**Key State Policy Measures.** State leaders can improve access to higher education through a coordinated policy focused on controlling or reducing tuition costs while maintaining or enhancing need-based aid.

**16.1 Tuition at four-year colleges/universities.** In addition to expanding need-based financial aid, states can set tuition levels that minimize barriers for prospective students. One approach is to lower tuition while simultaneously increasing need-based aid. Another approach is to maintain tuition levels, and use the revenue generated by the higher tuition levels to expand need-based aid. This latter approach could be used to target financial aid to those students most in need, while minimizing the impact on state costs.<sup>85</sup>

**Need-based financial aid.** Research shows that expanding all financial aid expands college/university enrollment, but that the impact of need-based aid is significantly greater, given that this aid is focused on low-wage students for whom tuition levels present a greater barrier.<sup>86</sup> A recent study estimates that a \$1,000 increase in need-based aid can produce an 11.5 percent increase in college enrollment.<sup>87</sup> Therefore, need-based aid can be an effective tool for states to promote economic development and financial success for families. The measure of need-based financial aid used in this report computes the amount of state-funded aid as a percentage of federally funded aid. By doing so, it controls for variation in the number of low-wage students in each state, and therefore allows for comparison of funding levels across states. This measure of aid also applies to two-year colleges.

**Changes in 2005-06:** Between school year 2002-03 and 2005-06, states made the following changes affecting the affordability of public, four-year colleges and universities:

### Tuition for four-year colleges/universities

- Hawaii, Nevada and Wyoming reduced tuition costs on average.
- All other states increased tuition costs on average.

**Need-based financial aid** (applies to four-year and two-year institutions)

<b>Increased</b>	<b>Decreased</b>	<b>No Change</b>
Alaska	Arkansas	Alabama
California	Colorado	Arizona
Connecticut	Illinois	Georgia
Delaware	Indiana	Idaho
Florida	Iowa	Mississippi
Hawaii	Kansas	Nevada
Kentucky	Massachusetts	New Hampshire
Louisiana	Michigan	New Mexico
Maine	Minnesota	North Dakota
Maryland	Missouri	South Dakota
Montana	New York	
Nebraska	Ohio	
New Jersey	Pennsylvania	
North Carolina	Tennessee	
Oklahoma	Texas	
Oregon	Vermont	
Rhode Island	West Virginia	
South Carolina	Wyoming	
Utah		
Virginia		
Washington		
Wisconsin		

**16.2 Tuition at two-year colleges.** Two-year degree programs can provide critical training as part of a state’s work force development strategy, particularly when degree programs are integrated with high job-growth industries.<sup>88</sup> Currently, almost one-half of all undergraduate students are attending a community college, 54 percent of community college students are working full-time and 34 percent have children or other dependents.<sup>89</sup> Therefore, state leaders seeking to enhance the economy and the earnings of families in their state can do so through lower tuition and higher need-based aid.

**Changes in 2005-06:** All states increased average tuition costs between school years 2002-03 and 2005-06.

## Higher Education Policy Measures

### Measure 16.1: Tuition and Need-based Financial Aid at Four-year Colleges/Universities

In public *four-year* colleges/universities, does the combination of state-defined tuition levels and need-based aid result in greater or lower affordability of higher education?\*

Greater affordability (Tuition is <i>lower</i> than national median and aid is <i>equal</i> to or <i>higher</i> than national median)	Calif., Colo., N.C., Texas
Moderate affordability (Tuition is <i>higher</i> than national median but aid is <i>equal</i> to or <i>higher</i> than national median too)	Conn., Del., Ill., Ind., Iowa, Ky., Maine, Md., Mass., Mich., Minn., N.J., N.Y., Ohio, Pa., R.I., S.C., Vt., Va., Wash., Wis.
Moderate affordability (Tuition is <i>lower</i> than national median but aid is <i>lower</i> than national median too)	Ark., Ala., Alaska, Ariz., Fla., Ga., Hawaii, Idaho, Kan., La., Miss., Mont., Neb., Nev., N.M., Okla., S.D., Tenn., Utah, W.Va., Wyo.
Lower affordability (Tuition is <i>higher</i> than national median and aid is <i>lower</i> than national median)	Mo., N.D., N.H., Ore

\* The District of Columbia was not included in the data source.

**Measure 16.2: Tuition and Need-based Financial Aid at Two-year Colleges**

In public two-year colleges, does the combination of state-defined tuition levels and need-based aid result in greater or lower affordability of higher education?\*

Greater affordability (Tuition is <i>lower</i> than national median and aid is <i>equal</i> to or <i>higher</i> than national median)	Calif., Colo., Del., Ill., Mich., N.C., Okla., Texas, Va.
Moderate affordability (Tuition is <i>higher</i> than national median but aid is <i>equal</i> to or <i>higher</i> than national median too)	Conn., Ind., Iowa, Ky., Maine, Md., Mass., Minn., N.J., N.Y., Ohio, Pa., R.I., S.C., Vt., Wash., Wis., W.Va.
Moderate affordability (Tuition is <i>lower</i> than national median but aid is <i>lower</i> than national median too)	Ariz., Ark., Fla., Ga., Hawaii, Idaho, Kan., La., Miss., Mo., Neb., Nev., N.M., Tenn., Utah, Wyo.
Lower affordability (Tuition is <i>higher</i> than national median and aid is <i>lower</i> than national median)	Ala., Alaska, Mont., N.H., N.D., Ore., S.D.

\*The District of Columbia was not included in the data source.

### Selected State Higher Education Policies

STATE	16.1			16.2		
	FOUR-YEAR COLLEGES/UNIVERSITIES			TWO-YEAR COLLEGES		
	State Need-Based Financial Aid as a % of Federal Aid	Tuition	Relative Affordability	State Need-Based Financial Aid as a % of Federal Aid	Tuition	Relative Affordability
Alabama	1%	↑ \$4,586	Moderate (Low Aid)	1%	↑ \$2,763	Lower
Alaska	↑ 6%	↑ \$4,056	Moderate (Low Aid)	↑ 6%	↑ \$2,585	↓ Lower
Arizona	< 1%	↑ \$4,428	Moderate (Low Aid)	< 1%	↑ \$1,340	Moderate (Low Aid)
Arkansas	↓ 22%	↑ \$4,637	↓ Moderate (Low Aid)	↓ 22%	↑ \$1,768	↓ Moderate (Low Aid)
California	↑ 53%	↑ \$4,447	Greater	↑ 53%	↑ \$718	Greater
Colorado	↓ 34%	↑ \$4,468	Greater	↓ 34%	↑ \$1,990	Greater
Connecticut	↑ 48%	↑ \$6,710	Moderate (High Tuition)	↑ 48%	↑ \$2,536	Moderate (High Tuition)
Delaware	↑ 43%	↑ \$7,101	↑ Moderate (High Tuition)	↑ 43%	↑ \$2,240	↑ Greater
District of Columbia*	No Data	No Data	No Data	No Data	No Data	No Data
Florida	↑ 14%	↑ \$2,935	Moderate (Low Aid)	↑ 14%	↑ \$1,845	Moderate (Low Aid)
Georgia	< 1%	↑ \$3,652	Moderate (Low Aid)	< 1%	↑ \$1,645	Moderate (Low Aid)
Hawaii	↑ 3%	↓ \$3,235	Moderate (Low Aid)	↑ 3%	↑ \$1,225	Moderate (Low Aid)
Idaho	3%	↑ \$3,920	Moderate (Low Aid)	3%	↑ \$1,890	Moderate (Low Aid)
Illinois	↓ 73%	↑ \$7,166	Moderate (High Tuition)	↓ 73%	↑ \$2,113	Greater
Indiana	↓ 70%	↑ \$5,911	Moderate (High Tuition)	↓ 70%	↑ \$2,589	Moderate (High Tuition)
Iowa	↓ 33%	↑ \$5,619	Moderate (High Tuition)	↓ 33%	↑ \$3,040	Moderate (High Tuition)
Kansas	↓ 12%	↑ \$4,571	Moderate (Low Aid)	↓ 12%	↑ \$1,937	Moderate (Low Aid)
Kentucky	↑ 42%	↑ \$5,132	↓ Moderate (High Tuition)	↑ 42%	↑ \$2,407	Moderate (High Tuition)
Louisiana	↑ 1%	↑ \$3,684	Moderate (Low Aid)	↑ 1%	↑ \$1,513	Moderate (Low Aid)
Maine	↑ 32%	↑ \$6,030	Moderate (High Tuition)	↑ 32%	↑ \$3,048	Moderate (High Tuition)
Maryland	↑ 53%	↑ \$7,058	Moderate (High Tuition)	↑ 53%	↑ \$2,832	Moderate (High Tuition)
Massachusetts	↓ 51%	↑ \$7,307	Moderate (High Tuition)	↓ 51%	↑ \$2,927	Moderate (High Tuition)
Michigan	↓ 29%	↑ \$6,943	Moderate (High Tuition)	↓ 29%	↑ \$2,082	Greater
Minnesota	↓ 78%	↑ \$6,921	Moderate (High Tuition)	↓ 78%	↑ \$4,083	Moderate (High Tuition)
Mississippi	1%	↑ \$4,177	Moderate (Low Aid)	1%	↑ \$1,666	Moderate (Low Aid)
Missouri	↓ 10%	↑ \$5,835	Lower	↓ 10%	↑ \$2,249	Moderate (Low Aid)
Montana	↑ 9%	↑ \$4,951	Moderate (Low Aid)	↑ 9%	↑ \$2,702	Lower
Nebraska	↑ 15%	↑ \$4,875	↑ Moderate (Low Aid)	↑ 15%	↑ \$1,898	Moderate (Low Aid)
Nevada	0%	↓ \$2,718	Moderate (Low Aid)	0%	↑ \$1,635	Moderate (Low Aid)
New Hampshire	12%	↑ \$8,499	Lower	12%	↑ \$5,719	Lower
New Jersey	↑ 95%	↑ \$8,664	Moderate (High Tuition)	↑ 95%	↑ \$2,711	Moderate (High Tuition)
New Mexico	20%	↑ \$3,710	Moderate (Low Aid)	20%	↑ \$1,169	Moderate (Low Aid)
New York	↓ 89%	↑ \$4,995	Moderate (High Tuition)	↓ 89%	↑ \$3,180	Moderate (High Tuition)
North Carolina	↑ 39%	↑ \$3,645	Greater	↑ 39%	↑ \$1,295	Greater
North Dakota	4%	↑ \$5,047	↓ Lower	4%	↑ \$3,081	Lower
Ohio	↓ 29%	↑ \$8,489	Moderate (High Tuition)	↓ 29%	↑ \$3,123	Moderate (High Tuition)
Oklahoma	↑ 25%	↑ \$3,814	Moderate (Low Aid)	↑ 25%	↑ \$2,108	↑ Greater
Oregon	↑ 20%	↑ \$5,345	Lower	↑ 20%	↑ \$2,642	Lower
Pennsylvania	↓ 83%	↑ \$8,729	Moderate (High Tuition)	↓ 83%	↑ \$2,989	Moderate (High Tuition)
Rhode Island	↑ 27%	↑ \$6,343	↑ Moderate (High Tuition)	↑ 27%	↑ \$2,470	↑ Moderate (High Tuition)
South Carolina	↑ 25%	↑ \$7,350	Moderate (High Tuition)	↑ 25%	↑ \$2,931	Moderate (High Tuition)
South Dakota	0%	↑ \$4,900	↑ Moderate (Low Aid)	0%	↑ \$3,116	Lower
Tennessee	↓ 16%	↑ \$4,763	Moderate (Low Aid)	↓ 16%	↑ \$2,395	↑ Moderate (Low Aid)
Texas	↓ 34%	↑ \$4,694	Greater	↓ 34%	↑ \$1,282	Greater
Utah	↑ 6%	↑ \$3,442	Moderate (Low Aid)	↑ 6%	↑ \$2,225	Moderate (Low Aid)
Vermont	↓ 84%	↑ \$9,239	Moderate (High Tuition)	↓ 84%	↑ \$4,012	Moderate (High Tuition)
Virginia	↑ 38%	↑ \$5,930	Moderate (High Tuition)	↑ 38%	↑ \$2,051	Greater
Washington	↑ 86%	↑ \$5,254	Moderate (High Tuition)	↑ 86%	↑ \$2,553	Moderate (High Tuition)
West Virginia	↓ 25%	↑ \$3,807	↓ Moderate (Low Aid)	↓ 25%	↑ \$2,471	↓ Moderate (High Tuition)
Wisconsin	↑ 52%	↑ \$5,665	Moderate (High Tuition)	↑ 52%	↑ \$2,960	Moderate (High Tuition)
Wyoming	↓ 0%	↓ \$2,874	Moderate (Low Aid)	↓ 0%	↑ \$1,777	Moderate (Low Aid)
<b>Year Data Collected</b>	<b>2005-06</b>			<b>2005-06</b>		

\* The District of Columbia was not included in the data source for this table.

**Data Source:**

*Measuring Up 2006: The National Report Card on Higher Education.* San Jose, Calif.: The National Center for Public Policy and Higher Education, 2006.

**Data Table Notes:**

**2002-03**

The national median for state-funded need-based aid was 23.5 percent of federally funded aid.  
The national median for tuition at public four-year institutions was \$4,198.  
The national median for tuition at public two-year institutions was \$1,969.

**2005-06**

The national median for state-funded need-based aid was 25 percent of federally funded aid.  
The national median for tuition at public four-year institutions was \$4,973.  
The national median for tuition at public two-year institutions was \$2,401.



50-STATE POLICY OVERVIEW

# FAMILY RELATIONSHIPS AND SUPPORT POLICIES

## POLICY 17:

# Healthy Marriage and Relationship Education

NO DATA UPDATE IS AVAILABLE FOR POLICY 17  
THIS SECTION IS REPRINTED FROM THE 2006 POLICY MATTERS REPORT

**Why Healthy Marriage and Relationship Education Policy Matters.** States that seek to promote financial stability for families and brighter futures for children can do so by promoting healthy family relationships. Evidence indicates that healthy marriages are associated with significantly better outcomes for both children and parents. More specifically, research shows that the economic advantages of marriage 1) surpass those achieved by cohabitating couples, 2) can accrue to low-wage couples and 3) lower poverty among children and women.<sup>90</sup> Consequently, state policy to strengthen families could include supporting healthy marriages among adults who consider marriage an option. Research indicates that marriage preparation and marriage skills training can promote healthy marriages by enhancing communication, conflict management and satisfaction among couples.<sup>91</sup>

**Key State Policy Measures.** States can work to promote healthy marriages, and thereby strengthen families, through the following research-tested marriage and relationship education policies:

- 17.1 Couples and marriage education for adults.** Research indicates that couples education and marriage preparation can enhance couples' communication and conflict management skills.<sup>92</sup> These studies also provide evidence that couples participating in programs that address domestic violence demonstrate greater relationship satisfaction and fewer instances of spousal physical violence. To promote these positive outcomes, states can initiate or expand couples education and marriage preparation programs.
- 17.2 Relationship education for youth.** Research indicates that marriage education in high school can enhance the relationship skills of young people at a critical time when their behavior patterns are forming.<sup>93</sup> This research also suggests that certain education programs can reduce violence in dating relationships, and reduce factors that place youth at risk for adolescent pregnancy. To promote these benefits, states can initiate or expand relationship and marriage education programs in public high schools.

## Healthy Marriage and Relationship Education Policy Measures

### Measure 17.1: Couples and Marriage Education for Adults

Has the state begun offering relationship skill-building services for adult couples?

Yes	Ariz., Ark., Calif., D.C., Fla., Idaho, Ill., Iowa, Ky., La., Mass., Mich., Minn., Neb., N.M., Ohio, Okla., S.C., Texas, Tenn., Utah, Va.
No	Ala., Alaska, Colo., Conn., Del., Ga., Hawaii, Ind., Kan., Maine, Md., Miss., Mo., Mont., Nev., N.H., N.J., N.Y., N.C., N.D., Ore., Pa., R.I., S.D., Vt., Wash., W.Va., Wis., Wyo.

### Measure 17.2: Relationship Education for Youth

Has the state begun offering relationship skill-building services for high school students?

Yes	Fla., Okla., Pa., S.D., Tenn., Texas, Utah
No	Ala., Alaska, Ariz., Ark., Calif., Colo., Conn., Del., D.C., Ga., Hawaii, Idaho, Ill., Ind., Iowa, Kan., Ky., La., Maine, Md., Mass., Mich., Minn., Miss., Mo., Mont., Neb., Nev., N.H., N.J., N.M., N.Y., N.C., N.D., Ohio, Ore., R.I., S.C., Vt., Va., Wash., W.Va., Wis., Wyo.

## Selected State Policies on Healthy Marriage and Relationship Education

STATE	17.1	17.2
	RELATIONSHIP AND MARRIAGE EDUCATION FOR ADULT COUPLES	RELATIONSHIP EDUCATION FOR YOUTH
Alabama	Yes	—
Alaska	—	—
Arizona	Yes	—
Arkansas	Yes	—
California	Yes <sup>[a]</sup>	—
Colorado	—	—
Connecticut	—	—
Delaware	—	—
District of Columbia	Yes	—
Florida	Yes	Yes
Georgia	—	—
Hawaii	—	—
Idaho	Yes <sup>[b]</sup>	—
Illinois	Yes	—
Indiana	—	—
Iowa	Yes	—
Kansas	—	—
Kentucky	Yes	—
Louisiana	Yes	—
Maine	—	—
Maryland	—	—
Massachusetts	Yes <sup>[c]</sup>	—
Michigan	Yes <sup>[d]</sup>	—
Minnesota	Yes	—
Mississippi	—	—
Missouri	Yes	—
Montana	—	—
Nebraska	Yes	—
Nevada	—	—
New Hampshire	—	—
New Jersey	—	—
New Mexico	Yes	—
New York	—	—
North Carolina	—	—
North Dakota	—	—
Ohio	Yes	—
Oklahoma	Yes	Yes
Oregon	—	—
Pennsylvania	—	Yes
Rhode Island	—	—
South Carolina	Yes	—
South Dakota	—	Yes
Tennessee	Yes <sup>[e]</sup>	Yes <sup>[e]</sup>
Texas	Yes	Yes
Utah	Yes	Yes
Vermont	—	—
Virginia	Yes	—
Washington	—	—
West Virginia	—	—
Wisconsin	—	—
Wyoming	—	—
<b>Year Data Collected</b>	<b>2005</b>	<b>2005</b>

**Data Source:**

Theodora Ooms, Stacey Bouchet, and Mary Parke. *Beyond Marriage Licenses: Efforts in States to Strengthen Marriage and Two-Parent Families*. Washington, D.C., Center for Law and Social Policy, April 2004.

U.S. Department of Health and Human Services. Administration for Children and Families. *Healthy Marriage Initiative Activities and Accomplishments 2002-2004*. Washington, D.C., June 2005.

Updated with unpublished data from the National Conference of State Legislatures, July 2005.

**Data Table Notes:**

- a. California offers programs only in Orange County.
- b. Idaho offers programs only in the City of Nampa.
- c. Massachusetts offers programs only in Boston.
- d. Michigan is running a five county pilot program.
- e. Tennessee offers programs only in Shelby County (Memphis).

## POLICY 18:

# Family and Medical Leave

**Why Family and Medical Leave Policy Matters.** States can enhance opportunities for families, the stability of the work force, and the futures of children by advancing policies that promote job security and worker retention. Research shows that paid parental leave helps keep parents in the work force and significantly increases their likelihood of returning to the pre-birth workplace, thereby reducing company turnover and increasing staff retention.<sup>94</sup> These studies also show that parental leave policies result in better health outcomes for both mothers and infants, and increased parental bonds.

The 1993 federal *Family and Medical Leave Act* (FMLA) entitles employees to 12 weeks of unpaid leave from work in the event of childbirth, adoption or foster care placement, serious health conditions for immediate family members, or health conditions rendering the employee unable to work. The FMLA applies to businesses employing at least 50 employees. However, 45 percent of the work force in America work for employers with fewer than 50 employees, and therefore are not covered by FMLA. In addition, many employees are financially unable to take the leave for which they are eligible because the federal FMLA does not require or provide any wage replacement benefits to employees.

**Key State Policy Measures.** States can promote the economic and family benefits of FMLA by extending selected provisions through state law.

**18.1 Extended job protections.** States can extend the job protection coverage of FMLA by creating broader definitions for justified leave, extending leave periods, and expanding the definition of covered employees. State policies that incorporate key lessons from research include the following:

- a. extending job protection for new parents caring for infants to include parents working for employers with fewer than 50 employees;
- b. extending job protection for women with pregnancy-related disabilities (and/or who are recovering from childbirth);
- c. extending the duration of job protected leave for new parents beyond the 12-week minimum; and
- d. extending job protected leave to cover parental involvement in a child's school activities.

**Changes in 2006:** States made the following changes in 2006:

- **Connecticut** enacted a law allowing state employees to use up to four weeks of leave per year to care for a seriously ill foster child.
- **Tennessee** enacted a law allowing state employees to use leave to participate in their children's school activities.

**18.2 Wage replacement benefits.** Many working families are legally eligible for family or medical leave but cannot financially afford to take it. While there was no growth in the 17 percent of U.S. employees taking leave between 1995 and 2000, the percentage of workers who reported that they needed leave but did not take it because they could not afford to go without wages rose from 64 percent in 1995 to 77 percent in 2000.<sup>95</sup> Without wage replacement benefits, family leave policies are often impractical and fail to support low-wage families needing temporary time off to care for family members. In response, some states have begun to establish wage replacement funds.

**Changes in 2006:** None

## Family and Medical Leave Policy Measures

### Measure 18.1: Extended Job Protections

Which of the following four key expansions of federal FMLA policy has the state enacted:

1. expanded job protection for parents working for organizations with fewer than 50 employees;
2. expanded job protection for maternity-related medical leave;
3. extended length of family and medical leave; and
4. job protected leave for parental involvement in school activities?

All 4 job protections	D.C.
3 of the 4	Calif., La., Mass., Ore., Vt.
2 of the 4	Conn., Maine, Minn., R.I., Wash.
1 of the 4	Hawaii, Ill., Iowa, Mont., Nev., N.H., N.J., N.C., S.C., Tenn.,
None	Ala., Alaska, Ariz., Ark., Colo., Del., Fla., Ga., Idaho, Ind., Kan., Ky., Md., Mich., Miss., Mo., Neb., N.M., N.Y., N.D., Ohio, Okla., Pa., S.D., Texas, Utah, Va., W.Va., Wis., Wyo.

### Measure 18.2: Wage Replacement Benefits

Does the state fund a wage replacement benefit for families taking family and medical leave?

Yes	Calif., Hawaii, N.J., N.Y., R.I.
No	Ala., Alaska, Ariz., Ark., Colo., Conn., Del., D.C., Fla., Ga., Idaho, Ill., Ind., Iowa, Kan., Ky., La., Maine, Md., Mass., Mich., Minn., Miss., Mo., Mont., Neb., Nev., N.H., N.M., N.C., N.D., Ohio, Okla., Ore., Pa., S.C., S.D., Tenn., Texas, Utah, Vt., Va., Wash., W.Va., Wis., Wyo.

### Selected State Family and Medical Leave Policies

STATE	18.1				18.2
	Employees of Organizations With Fewer than 50 Employees	Pregnancy Related Disabilities	Leave Beyond the 12-Week Minimum for New Parents	Parental Involvement in School Activities	STATE FUNDS WAGE REPLACEMENT BENEFIT
Alabama	-	-	-	-	-
Alaska	-	-	-	-	-
Arizona	-	-	-	-	-
Arkansas	-	-	-	-	-
California	-	Yes	Yes	Yes	Yes
Colorado	-	-	-	-	-
Connecticut [a]	-	Yes	Yes	-	-
Delaware	-	-	-	-	-
District of Columbia	Yes	Yes	Yes	Yes	-
Florida	-	-	-	-	-
Georgia	-	-	-	-	-
Hawaii	-	Yes	-	-	Yes
Idaho	-	-	-	-	-
Illinois	Yes	-	-	Yes	-
Indiana	-	-	-	-	-
Iowa	-	Yes	-	-	-
Kansas	-	-	-	-	-
Kentucky	-	-	-	-	-
Louisiana	-	Yes	Yes	Yes	-
Maine	Yes	Yes	-	-	-
Maryland	-	-	-	-	-
Massachusetts	Yes	Yes	-	Yes	-
Michigan	-	-	-	-	-
Minnesota	Yes	-	-	Yes	-
Mississippi	-	-	-	-	-
Missouri	-	-	-	-	-
Montana	-	Yes	-	-	-
Nebraska	-	-	-	-	-
Nevada	Yes	-	-	Yes	-
New Hampshire	-	Yes	-	-	-
New Jersey	-	-	Yes	-	Yes
New Mexico	-	-	-	-	-
New York	-	-	-	-	Yes
North Carolina	-	-	-	Yes	-
North Dakota	-	-	-	-	-
Ohio	-	-	-	-	-
Oklahoma	-	-	-	-	-
Oregon	Yes	Yes	Yes	-	-
Pennsylvania	-	-	-	-	-
Rhode Island	-	-	Yes	Yes	Yes
South Carolina	-	Yes	-	-	-
South Dakota	-	-	-	-	-
Tennessee [b]	-	-	Yes	-	-
Texas	-	-	-	-	-
Utah	-	-	-	-	-
Vermont	Yes	Yes	-	Yes	-
Virginia	-	-	-	-	-
Washington	-	Yes	Yes	-	-
West Virginia	-	-	-	-	-
Wisconsin	-	-	-	-	-
Wyoming	-	-	-	-	-
<b>Year Data Collected</b>	<b>2006</b>				<b>2006</b>

**Data Source:**

**18.1** Jodi Grant, Taylor Hatcher, and Nirali Patel. *Expecting Better: A State-by-State Analysis of Parental Leave Programs*. Washington, D.C.: National Partnership for Women and Families, 2005.

National Partnership for Women and Families “Job-Protected Leave for Parental Involvement in School Activities.” *Legislative Update*. Washington, D.C.: National Partnership for Women and Families, June 2005.

Updated through unpublished data from the National Partnership for Women and Families, December 2006.

**18.2** Grant, Jodi, Hatcher, Taylor and Patel, Nirali. *Expecting Better: A State-by-State Analysis of Parental Leave Programs*. Washington, D.C.: National Partnership for Women and Families, 2005.

Updated through unpublished data from the National Partnership for Women and Families, December 2006.

**Data Table Notes:**

- a. Connecticut enacted a law in 2006 allowing state employees to use up to four weeks of leave per year to care for a seriously ill foster child.
- b. Tennessee enacted a law in 2006 allowing state employees to use leave to participate in their children’s school activities.

## POLICY 19:

# Child Support

NO DATA UPDATE IS AVAILABLE FOR POLICY 19  
THIS SECTION IS REPRINTED FROM THE 2006 POLICY MATTERS REPORT

**Why Child Support Policy Matters.** States can promote the academic achievement of youth and financial opportunity for families through policies that facilitate child support payments by non-custodial parents. Child support is an important source of income for families, representing an average of 26 percent of total family income among low-wage families.<sup>96</sup> In 2004, 15.9 million children were served by child support programs, which collected \$21.9 billion in private child support dollars.<sup>97</sup> Studies indicate that reliable child support improves children's academic achievement and helps reduce conflict between parents.<sup>98</sup> In addition, there is clear evidence that receipt of child support is especially important to families as they transition from public assistance. If child support payments are reliable, these low-wage families are less likely to return to the welfare rolls.<sup>99</sup> Depending on the choices made by state leaders, however, state policy can encourage or discourage non-custodial parents from making child-support payments.

**Key State Policy Measures.** States seeking to improve educational outcomes for children and financial opportunity for families can do so through the following policies:

- 19.1 Pass-through and disregard of child support payments.** By allowing parents to retain child support paid to them and disregard this amount in benefits calculation, states can promote family bonds and encourage greater economic opportunity for families. States may limit the amount of child support passed through to the custodial parent and disregarded for benefit determination. Some states set a cap at \$25, \$50, or higher. Other states provide a greater pass-through/disregard by setting the limit at the "standard of need," which is a standard defined by the state (at a level above the federal poverty line) that allows families to earn more (or receive more in child support) beyond their traditional benefits eligibility to better meet their basic needs.
- 19.2-3 Forgiveness or suspension of arrears and interest.** To encourage both work force participation and child support compliance among non-custodial parents, states could forgive or suspend arrears or interest accrual on child support within reasonable limits. This policy would allow non-custodial parents to avoid the trap of escalating and often uncollectible debt. These forgiveness or suspension policies are often contingent on positive behavior by non-custodial parents. For example, some states forgive or suspend arrears or interest accrual when child support payments are made regularly, and other states forgive arrears altogether if parents marry or reunite. Though there is growing interest in arrears forgiveness, most forgiveness policies have focused on the interest collected on arrears, so both policy options are presented.
- 19.4 Modification of child support for the incarcerated.** To assist ex-offenders as they reenter the work force and reassume the duties of family life, a number of states allow child support orders to be modified to ensure child support arrearages do not become insurmountable. For example, in some states inmates earn, on average, approximately \$1 or \$2 a day while their child support arrearages average several hundred dollars a month. These policies often create an overwhelming amount of child support debt for incarcerated non-custodial parents when they are released, and serve as a significant barrier to their successful community reentry.<sup>100</sup> States can implement policies to help ensure a more successful re-entry for incarcerated non-custodial parents and increased compliance with child support payments by allowing incarceration to be considered complete justification or one factor in decisions to suspend the child support arrearages of non-custodial parents.

## Child Support Policy Measures

### Measure 19.1: Pass-through and Disregard of Child Support Payments

What amount of child support does the state pass through to the custodial parent and disregard for the purpose of benefits eligibility?

Full amount of child support payment	Wis.
Any amount up to the state-defined "standard of need"	Del., Ga., Maine, S.C., Tenn.
Above \$50	D.C., Mont., Va.
Up to \$50	Alaska, Calif., Conn., Ill., Mass., Mich., N.J., N.M., N.Y., Pa., R.I., Texas
Up to \$25	W.Va.
No pass-through	Ala., Ariz., Ark., Colo., Fla., Hawaii, Idaho, Ind., Iowa, Kan., Ky., La., Md., Minn.* , Miss.** , Mo., Neb., Nev., N.H., N.C., N.D., Ohio, Okla., Ore., S.D., Utah, Vt., Wash., Wyo.

\*Minnesota does allow the full amount to pass through, but none of the payment is disregarded when determining TANF benefits.

\*\*Mississippi allows TANF recipients receiving child support to keep the difference between the child support payment and TANF cash assistance payment to family.

### Measure 19.2: Forgiveness or Suspension of Arrears and Interest

Which of the following three child support arrears forgiveness policies for low-wage custodial parents do states utilize:

- 1) arrears forgiveness;
- 2) forgiveness or suspension of interest; and
- 3) forgiveness or suspension of arrears when family reunites?

All 3	None
2 of the 3	Conn., Iowa, Mass., Mich., Minn., N.M., Ore., Texas, Wash., Wis.
1 of the 3	Alaska, Calif., Colo., La., Maine, N.Y., N.D., Okla., Pa., S.C., S.D., Tenn., Utah, Vt., Va., W.Va.
None	Ala., Ariz., Ark., Del., Fla., Ga., Hawaii, Idaho, Ill., Ind., Kan., Ky., Md., Miss., Mo., Mont., Neb., Nev., N.H., N.J., N.C., Ohio, R.I., Wyo.

**Measure 19.3: Interest Charges on Arrears and Retroactive Support**

Does the state charge interest on child support arrears, adjudicated arrears, and retroactive support?

No interest	Conn., D.C., Del., Hawaii, Idaho, La., Mont., Nev., N.H., N.J., N.C., Pa., S.C., Tenn.
Have provision but not enforced	Iowa, Maine, Mass., Mich., Miss., Ohio, Ore., S.D.
Charge interest only on adjudicated arrears	Ark., Ky., Md., N.Y., Utah, Vt.
Charge interest on all arrears, but not on retroactive support	Fla., Ga., Minn., N.M., N.D.
Charge interest on all arrears and retroactive support	Ala., Alaska, Ariz., Calif., Colo., Ill., Ind., Kan., Mo., Neb., Okla., R.I., Texas, Va., Wash., W.Va., Wis., Wyo.

**Measure 19.4: Modification of Child Support for the Incarcerated**

Does the state allow incarceration to be considered complete justification or one factor in decisions to suspend the child support arrearages of non-custodial parents?

Complete Justification	Calif., Conn., D.C., Idaho, Maine, Md., Mass., Mich., Minn., N.C., Ore., Tenn., Wash., Wyo.
One Factor	Ala., Alaska, Colo., Ill., Iowa, Mo., N.M., R.I., Texas, Wis.
No Justification	Ariz., Ark., Del., Fla., Ind., Kan., Ky., La., Mont., Neb., N.H., N.Y., N.D., Ohio, Okla., Pa., S.C., S.D., Utah, Va.
Data Not Available	Ga., Hawaii, Miss., Nev., N.J., Vt., W.Va.

### Selected State Child Support Policies

STATE	19.1		19.2			19.3			19.4				
	PASS-THROUGH AND DISREGARDS	FORGIVENESS PROGRAM	INTEREST SOUGHT BY STATE FOR UNPAID CHILD SUPPORT	EFFECT OF INCARCERATION ON CHILD SUPPORT SUSPENSION	Maximum Pass-Through Amount	Pass-Through Disregarded	Arrears Forgivenness	Forgiveness or Suspension of Interest	Forgiveness or Suspension of Arrears when Family Realities	No Interest Sought	Not Enforced	Adjudicated Arrears Only	Arrears but not Retrospective Support
Alabama	-	-	-	-	-	-	-	-	-	-	Yes	One Factor	
Alaska	Up to \$50	Yes	Yes	-	-	-	-	-	-	-	Yes	One Factor	
Arizona	-	-	-	-	-	-	-	-	-	-	Yes	No Justification	
Arkansas	-	-	-	-	-	-	-	-	Yes	-	-	No Justification	
California	Up to \$50	Yes	Yes	-	-	-	-	-	-	-	Yes	Complete Justification	
Colorado	-	-	-	Yes	-	-	-	-	-	-	Yes	One Factor	
Connecticut	Up to \$50	Yes	Yes	-	Yes <sup>[g]</sup>	Yes	-	-	-	-	-	Complete Justification	
Delaware	Up to Need <sup>[a]</sup>	Yes	-	-	-	Yes	-	-	-	-	-	No Justification	
District of Columbia	Limit Above \$50	Yes	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Complete Justification	
Florida	-	-	-	-	-	-	-	-	Yes	-	-	No Justification	
Georgia	Up to Need <sup>[a]</sup>	Yes	-	-	-	-	-	-	Yes	-	-	No Data	
Hawaii	-	-	-	-	-	Yes	-	-	-	-	-	No Data	
Idaho	-	-	-	-	-	Yes	-	-	-	-	-	Complete Justification	
Illinois	Up to \$50	Yes	-	-	-	-	-	-	-	-	Yes	One Factor	
Indiana	-	-	-	-	-	-	-	-	-	-	Yes <sup>[j]</sup>	No Justification	
Iowa	-	-	Yes	-	Yes	-	Yes	-	-	-	-	One Factor	
Kansas	-	-	-	-	-	-	-	-	-	-	Yes <sup>[j]</sup>	No Justification	
Kentucky	<sup>[b]</sup>	-	-	-	-	-	-	Yes	-	-	-	No Justification	
Louisiana	-	-	-	Yes	-	Yes	-	-	-	-	-	No Justification	
Maine	Up to Need <sup>[a]</sup>	Yes	-	-	Yes	-	Yes	-	-	-	-	Complete Justification	
Maryland	-	-	-	-	-	-	-	Yes	-	-	-	Complete Justification	
Massachusetts	Up to \$50 <sup>[c]</sup>	Yes	Yes	Yes	-	-	Yes	-	-	-	-	Complete Justification	
Michigan	Up to \$50	Yes	Yes	-	Yes	-	Yes	-	-	-	-	Complete Justification	
Minnesota	Full Amount	-	-	Yes	Yes	-	-	-	Yes	-	-	Complete Justification	
Mississippi	<sup>[d]</sup>	-	-	-	-	-	Yes	-	-	-	-	No Data	
Missouri	-	-	-	-	-	-	-	-	-	-	Yes <sup>[j]</sup>	One Factor	
Montana	Limit Above \$50	Yes	-	-	-	Yes	-	-	-	-	-	No Justification	
Nebraska	-	-	-	-	-	-	-	-	-	-	Yes	No Justification	
Nevada	-	-	-	-	-	Yes	-	-	-	-	-	No Data	
New Hampshire	-	-	-	-	-	Yes	-	-	-	-	-	No Justification <sup>[m]</sup>	
New Jersey	Up to \$50	Yes	-	-	-	Yes	-	-	-	-	-	No Data	
New Mexico	Up to \$50	Yes	Yes <sup>[h]</sup>	Yes	-	-	-	-	Yes	-	-	One Factor	
New York	Up to \$50	Yes	Yes <sup>[i]</sup>	-	-	-	-	Yes	-	-	-	No Justification	
North Carolina	-	-	-	-	-	Yes	-	-	-	-	-	Complete Justification	
North Dakota	-	-	-	-	Yes	-	-	-	Yes <sup>[k]</sup>	-	-	No Justification	
Ohio	-	-	-	-	-	-	Yes	-	-	-	-	No Justification	
Oklahoma	-	-	-	Yes	-	-	-	-	-	-	Yes	No Justification	
Oregon	-	-	Yes	-	Yes	-	Yes	-	-	-	-	Complete Justification	
Pennsylvania	Up to \$50	Yes	Yes <sup>[h]</sup>	-	-	Yes	-	-	-	-	-	No Justification	
Rhode Island	Up to \$50	Yes	-	-	-	-	-	-	-	-	Yes	One Factor	
South Carolina	Up to Need <sup>[a]</sup>	Yes	-	-	-	Yes	-	-	-	-	-	No Justification	
South Dakota	-	-	Yes	-	-	-	Yes	-	-	-	-	No Justification	
Tennessee	Up to Need <sup>[a]</sup>	Yes	-	-	Yes	Yes	-	-	-	-	-	Complete Justification	
Texas	Up to \$50 <sup>[e]</sup>	Yes	Yes	Yes	-	-	-	-	-	-	Yes	One Factor	
Utah	-	-	-	-	Yes	-	-	Yes	-	-	-	No Justification	
Vermont	-	-	Yes	-	-	-	-	Yes	-	-	-	No Data	
Virginia	Limit Above \$50 <sup>[f]</sup>	Yes	-	-	Yes	-	-	-	-	-	Yes	No Justification	
Washington	-	-	Yes	-	Yes	-	-	-	-	-	Yes	Complete Justification	
West Virginia	Up to \$25 <sup>[c]</sup>	Yes	-	Yes	-	-	-	-	-	-	Yes	No Data	
Wisconsin	Full Amount	Yes	Yes <sup>[h]</sup>	Yes	-	-	-	-	-	-	Yes	One Factor	
Wyoming	-	-	-	-	-	-	-	-	-	-	Yes <sup>[l]</sup>	Complete Justification	
Year Data Collected	2005	2005	2005	2005	2005	2004-05	2004-05	2004-05	2004-05	2004-05	2003	2003	

### Data Source:

- 19.1 Paula Roberts and Michelle Vinson. "State Policy Regarding Pass-Through and Disregard of Current Month's Child Support Collected for Families Receiving TANF-Funded Cash Assistance." *Center for Law and Social Policy*. Updated August 31, 2004. Retrieved April 2005. [http://www.clasp.org/publications/pass\\_thru3.pdf](http://www.clasp.org/publications/pass_thru3.pdf). Updated with unpublished data from the National Conference of State Legislatures, July 2005.
- 19.2 California Department of Child Support Services. *Arrears Forgiveness Programs in Other States*. Sacramento, August 2005. Updated with unpublished data from the National Conference of State Legislatures in consultation with the Center for Law and Social Policy, August 2005.
- 19.3 U.S. Department of Health and Human Services. Administration for Children and Families. "Intergovernmental Referral Guide (IRG)." *Office of Child Support Enforcement*. Updated various dates 2004-05. Retrieved August 2005. <http://ocse.acf.hhs.gov/ext/irg>.
- 19.4 Jessica Pearson. "Building Debt While Doing Time: Child Support and Incarceration" *Judges' Journal, American Bar Association* 43, no. 1 (Winter 2004): 5-12. American Bar Association, 2004.

### Data Table Notes:

- a. Delaware, Georgia, Maine, South Carolina, and Tennessee pass through some or all support for the purposes of "fill-the-gap" budgeting.
- b. Kentucky disregards the first \$50 in its gross income test for TANF eligibility. If the test is met, full amounts are disregarded for eligibility and benefits.
- c. Massachusetts disregards child support payments except when a child is excluded from TANF grant by a family cap, then \$90 is disregarded.
- d. Mississippi allows TANF recipients to receive the difference in child support payment if the child support is more than the cash assistance payment to the custodial family.
- e. Texas and West Virginia retain all support collected, but increase the family's TANF grant by the amounts shown.
- f. In addition to a disregard, Virginia TANF payments are increased by 85 percent of the child support retained.
- g. Connecticut allows for arrears liquidation if the obligor is living with the child.
- h. New Mexico, Pennsylvania and Wisconsin are operating pilot or trial programs in a few locations.
- i. New York caps arrears at \$500 for obligors with income below the poverty level.
- j. Indiana, Kansas, Missouri and Washington charge interest only on retroactive support and adjudicated arrears.
- k. North Dakota's IV-D agency does not calculate interest of retroactive support. However, it may be done through the court.
- l. Wyoming charges interest on retroactive support and adjudicated arrears. Interest on arrears is discretionary.
- m. New Hampshire pursues modification in public assistance cases and seeks impositions of statutory obligations of \$50 per month. In nonpublic assistance cases, the obligor would pursue a court modification.

## POLICY 20:

# Child Welfare

NO DATA UPDATE IS AVAILABLE FOR POLICY 20  
THIS SECTION IS REPRINTED FROM THE 2006 POLICY MATTERS REPORT

**Why Child Welfare Policy Matters.** Through effective child welfare policy, states can improve the futures of children who are abused or neglected. Research studies and agency reports have consistently reported negative outcomes from the abuse and neglect of children. These outcomes include short- and long-term negative consequences for children's physical and mental health, cognitive skills, educational attainment, and social and behavioral development.<sup>101</sup> As a result of these effects, children who experience abuse and neglect are at risk for a variety of adverse outcomes as they mature and develop into adolescents and adults.<sup>102</sup> Without timely, supportive interventions, maltreated children are more likely to be involved in the juvenile justice system, suffer from mental health problems, become homeless and either lag behind in school or experience school failure. These poor outcomes follow children into adulthood where long-term costs also occur, such as unemployment, poor health conditions, drug addiction, homelessness, and incarceration. One estimate is that the cost of these poor outcomes amounts to an additional \$10 billion annually beyond the costs to the child welfare system.<sup>103</sup> States can implement effective policies to help prevent these negative outcomes for these children, their families and the community at large.

**Key State Policy Measures.** Based on research, states can improve the outcomes of abused and neglected children, and help ensure that they grow up in loving homes, are healthy, and are prepared to make positive contributions to society, through the following policies:

- 20.1 Subsidized guardianship.** States can implement a subsidized guardianship program, which promotes more permanent placements for abused and neglected children than foster care. Legal guardianship provides an alternative option for permanency by allowing children to find a permanent placement with friends or relatives without severing legal parental ties. The termination of parental custody is required for adoption, and is a legally complicated measure that is sometimes opposed by older children and other family members. Research shows that the option of guardianship offers important advantages over foster care and is a good permanency option in addition to adoption. It eases separation trauma for the child, reduces legal liability for the state, reduces the costs of foster care casework, and maintains the responsibility of birth parents for child support payments.<sup>104</sup> Studies also show that in states with subsidized guardianship programs, placements tend to be more permanent.<sup>105</sup> Some states make this support available for all children in the foster care system up to age 18. Other states provide it only for children in a narrowly defined age range—often ages 12 to 18.
- 20.2 Subsidy level for guardianship.** States provide varying levels of subsidy payments to legal guardians. A key component of a successful subsidized guardianship is whether a state's subsidy levels are the same as foster care subsidies, ensuring no financial disadvantage for families choosing guardianship over foster care.
- 20.3 Public health insurance coverage for children in guardianship programs.** Not all children in subsidized guardianship programs have access to health insurance. States can establish a policy that automatically provides these children with eligibility for public health insurance.

**20.4 Continuing court jurisdiction over foster care youth.** There is a growing body of research showing that foster care youth who continue to receive services beyond age 18 have better outcomes than their counterparts who are cut off from services at a younger age. While continuing court jurisdiction over foster care youth does not guarantee that services will be provided, there is a higher likelihood that services will be provided to foster care youth if courts are still involved in their cases. This policy measure examines state statutes to see if they set an age limit for court jurisdiction for foster care youth. Some states continue court jurisdiction until age 19, 20 or 21. In these states, the juvenile or family court maintains oversight to help ensure that youth receive needed transitional services. Other states do not specify an age limit, leaving the termination of court jurisdiction up to agency precedent or regulatory measures.

**Prevention Is Key.** There is consensus among policy experts that the best child welfare policy is to help families and their children avoid involvement with the child welfare system in the first place. States have promoted a number of strategies to prevent child abuse and neglect, including home visitation services. These programs vary in scope, but their core mission is to promote the safety of children in vulnerable situations by connecting families in need to programs that help support their health and financial stability.

There are a number of national models of home visiting that have been replicated throughout the country, from Healthy Families America, which provides home visiting services to expectant and new families with children up to age five, to the Nurse-Family Pa in this report. Home visiting and other approaches to child abuse prevention are included to emphasize the need to focus on prevention in any discussion of child welfare policy.

## Child Welfare Policy Measures

### Measure 20.1: Subsidized Guardianship

For what age range of foster care children does the state provide a subsidized guardianship program?

Birth to 18 years	Ariz., Calif., Colo., Conn., Fla., Ga., Hawaii, Idaho, La., Md., Minn., Nev., N.J., N.M., N.C., Pa., W.Va., Wyo.
A more narrow age range (often age 12 to 18)	Alaska, Del., D.C., Ill., Ind., Kan., Ky., Mass., Mont., Neb., N.D., Okla., Ore., S.D., Utah
No subsidized guardianship program	Ala., Ark., Iowa, Maine, Mich., Mo., Miss., N.H., N.Y., Ohio, R.I., S.C., Tenn., Texas, Va., Vt., Wash., Wis.

### Measure 20.2: Subsidy Level for Guardianship

How do state guardianship subsidies compare to foster care payments?

Equal to or above foster care payments	Calif., Colo., Conn., Del., D.C., Idaho, Ill., Mass., Okla., Ore.
Below or equal to foster care payments depending on circumstances	Alaska, Hawaii, Neb., N.J., N.M., N.C., Pa., S.D., Utah, W.Va.
Less than foster care payments	Ariz., Fla., Ga., Ind.,* Kan., Ky., La., Md., Minn., Mont., Nev., N.D., Wyo.
No subsidized guardianship program	Ala., Ark., Iowa, Maine, Mich., Miss., Mo., N.H., N.Y., Ohio, R.I., S.C., Tenn., Texas, Vt., Va., Wash., Wis.

\*Indiana varies by county

### Measure 20.3: Public Health Insurance Coverage for Children in Guardianship Programs

Does the state extend public health insurance coverage to children in subsidized guardianship programs?

Yes	Calif., Colo., Conn., Del., D.C., Fla., Hawaii, Idaho, Ill., Kan., Ky., Md., Mass., Mont., Neb., Nev., N.M., N.C., N.D., Okla., Ore., Pa., R.I., Utah, W.Va.
No	Alaska, Ariz., Ga., Ind., La., Minn., N.J., S.D., Wyo.
No subsidized guardianship program	Ala., Ark., Iowa, Maine, Mich., Mo., Miss., N.H., N.Y., Ohio, S.C., Tenn., Texas, Vt., Va., Wash., Wis.

**Measure 20.4: Continuing Court Jurisdiction over Foster Care Youth**

Until what age are foster care youth statutorily authorized to remain under the oversight of juvenile courts?

Age 21	Ala., Ark., Calif., Colo., D.C., Ill., Ind., Kan., Md., Mo., Neb., N.H., N.Y., Ohio, Ore., Pa., S.D., Va.
Age 20	Alaska, Mich., Miss., N.D.
Age 19	Hawaii, Minn.
Age 18	Fla., Ga., Idaho, Iowa, Ky., N.M., N.C., Utah
Age not specified	Ariz., Conn., Del., La., Maine, Mass., Mont., Nev., N.J., Okla., R.I., S.C., Tenn., Texas, Vt., Wyo., W.Va. Wash., Wis.

## Selected State Child Welfare Policies

STATE	20.1	20.2	20.3	20.4
	AGE RANGE OF ELIGIBILITY FOR SUBSIDIZED GUARDIANSHIP PROGRAM	SUBSIDY AMOUNT RELATIVE TO FOSTER CARE PAYMENT (FCP)	CHILDREN UNDER GUARDIANSHIP ELIGIBLE FOR HEALTH INSURANCE	AGE AT WHICH YOUTH ARE NO LONGER AUTHORIZED TO REMAIN UNDER THE OVERSIGHT OF JUVENILE COURTS
Alabama	No Program	No Program	No Program	21
Alaska	10 and Older	Below or Equal To FCP	–	20 [e]
Arizona	0-18	Less Than FCP	–	Not Specified
Arkansas	No Program	No Program	No Program	21
California	0-18	Above FCP	Yes	21
Colorado	0-18	Above FCP	Yes	21
Connecticut	0-18	Above FCP	Yes	Not Specified
Delaware	12 and Older	Above FCP	Yes	Not Specified
District of Columbia	2 and Older	Above FCP	Yes	21
Florida	0-18	Less Than FCP	Yes	18
Georgia	0-18	Less Than FCP	–	18
Hawaii	0-18	Below or Equal To FCP	Yes	19
Idaho	0-18	Above FCP	Yes	18
Illinois	12 and Older	Above FCP	Yes	21
Indiana	13 and Older	Varies by County	–	21
Iowa	No Program [a]	No Program	No Program	18
Kansas	14 and Older	Less Than FCP	Yes	21
Kentucky	15 and Younger	Less Than FCP	Yes	18 [f]
Louisiana	0-18	Less Than FCP	–	Not Specified
Maine	No Program [a]	No Program	No Program	Not Specified
Maryland	0-18	Less Than FCP	Yes	21
Massachusetts	12 and Older	Above FCP	Yes	Not Specified
Michigan	No Program	No Program	No Program	20
Minnesota	0-18	Less Than FCP	–	19
Mississippi	No Program	No Program	No Program	20
Missouri	No Program [b]	No Program	No Program	21
Montana	12 and Older	Less Than FCP	Yes	Not Specified
Nebraska	12 and Older	Below or Equal To FCP	Yes	21
Nevada	0-18	Less Than FCP	Yes	Not Specified
New Hampshire	No Program	No Program	No Program	21
New Jersey	0-18	Below or Equal To FCP	–	Not Specified
New Mexico	0-18	Below or Equal To FCP	Yes	18 [g]
New York	No Program	No Program	No Program	21 [h]
North Carolina	0-18	Below or Equal To FCP	Yes	18
North Dakota	12 and Older	Less Than FCP	Yes	20
Ohio	No Program [c]	No Program [3]	No Program	21
Oklahoma	12 and Older	Above FCP	Yes	Not Specified
Oregon	12 and Older	Above FCP	Yes	21
Pennsylvania	0-18	Below or Equal To FCP	Yes	21 [e]
Rhode Island	No Program	No Program	Yes	Not Specified
South Carolina	No Program	No Program	No Program	Not Specified
South Dakota	12 and Older	Below or Equal To FCP	–	21 [i]
Tennessee	No Program [d]	No Program [4]	No Program	Not Specified
Texas	No Program	No Program	No Program	Not Specified
Utah	12 and Older	Below or Equal To FCP	Yes	18
Vermont	No Program	No Program	No Program	Not Specified
Virginia	No Program [a]	No Program	No Program	21
Washington	No Program	No Program	No Program	Not Specified
West Virginia	0-18	Below or Equal To FCP	Yes	Not Specified
Wisconsin	No Program	No Program	No Program	Not Specified
Wyoming	0-18	Less Than FCP	–	Not Specified
<b>Year Data Collected</b>	<b>2004</b>	<b>2004</b>	<b>2004</b>	<b>2004</b>

**Data Source:**

**20.1 – 20.3** Children's Defense Fund. *State's Subsidized Guardianship At A Glance*. Washington, D.C.: Children's Defense Fund, October, 2004.

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**Data Table Notes:**

- a. Iowa, Maine and Virginia have passed authorizing language for a subsidized guardianship program and are waiting for a federal IV-E waiver. No state funds have been appropriated.
- b. Missouri enacted legislation in 2005 eliminating subsidies for guardianship and limiting adoption subsidies to children eligible for IV-E.
- c. In 2005, Ohio established the Kinship Permanency Incentive Program, which will provide financial support for grandparents, relatives, or other kinship caregivers. Eligible families will receive an initial payment of \$1,000 per child, followed by \$500 per child every six months up to a \$3,500 limit.
- d. In 2005, Tennessee enacted legislation to establish a subsidized guardianship program and received a Title IV-E waiver to implement the program.
- e. Alaska and Pennsylvania require the foster care youth to request continued jurisdiction.
- f. Kentucky state statute allows a foster care youth to request continued court oversight up to age 21. However, the agency (Kentucky Cabinet) must agree to the continued role of the courts in the case. Therefore, ultimate control of continued jurisdiction past age 18 remains in the hands of the Cabinet.
- g. New Mexico allows continued eligibility for transitional services beyond age 18, although jurisdiction is not extended.
- h. New York requires the consent of the child for continued jurisdiction.
- i. South Dakota maintains jurisdiction for the purpose of termination of parental rights through final adoption.



50-STATE POLICY OVERVIEW

# ENDNOTES

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