



April 15, 2025

Effective State Policies to Strengthen the Early Years

2025 North Carolina State of the Child Summit

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Who We Are

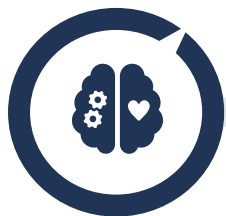
We are a nonpartisan
research center at
Vanderbilt University.

What We Do

We aim to accelerate states'
equitable implementation of
evidence-based policies that help
all children thrive from the start.



Importance of Optimal Brain Development and Health



Safe, stable, stimulating, nurturing interactions between an infant and a parent or caregiver promote optimal brain and body development



Our health and wellbeing prenatally and in the first 3 years of life affect all future learning, behavior, and health



The absence of a comprehensive system of support can compromise a child's ability to learn and grow throughout life

Prenatal-to-3 Policy Goals



Access to Needed Services



**Parental Health and
Emotional Wellbeing**



**Parents' Ability to Work
and Provide Care**



**Nurturing and Responsive
Child-Parent Relationships**



**Sufficient Household
Resources**



**Nurturing and Responsive
Child Care in Safe Settings**



**Healthy and Equitable
Births**



**Optimal Child Health and
Development**

State Policy Choices Shape Opportunities

State policy choices can empower parents and support children's healthy development.

We must care for the caregivers so that they can care for the children.

Systems of support require a combination of broad based economic and family supports and targeted interventions.

Variation in state policy choices leads to a patchwork of supports for families, depending on where they live.

prenatal-to-3 **policy** IMPACT CENTER

2024 STATE POLICY ROADMAP

Effective Roadmap Policies



Expanded Income Eligibility
for Health Insurance to 138%



Paid Family and Medical Leave
for Families with a New Child



State Minimum Wage of \$10.00
or Greater



Refundable State Earned Income
Tax Credit of at Least 10%

Effective Roadmap Strategies



Reduced Administrative
Burden for SNAP



Comprehensive Screening
and Connection Programs



Child Care Subsidies



Group Prenatal Care



Community-Based Doulas



Evidence-Based Home
Visiting Programs



Early Head Start

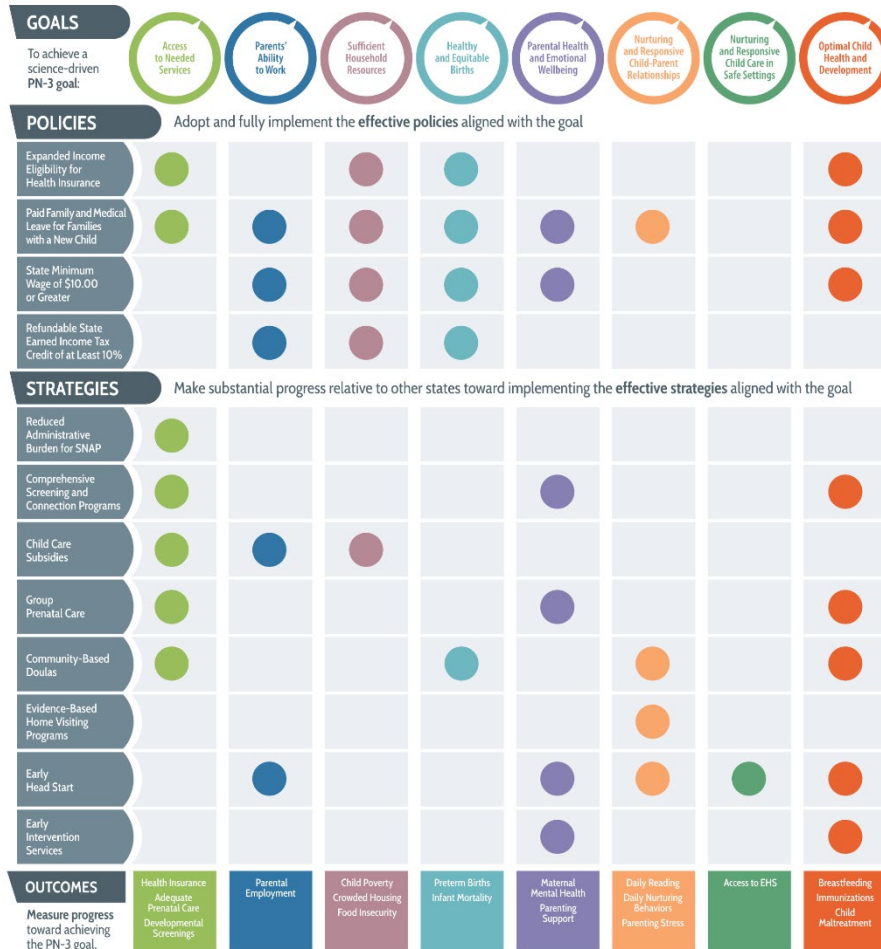


Early Intervention Services

Prenatal-to-3 State Policy Roadmap

pn3policy.org/roadmap

The alignment of policy goals, evidence-based policies and strategies, and outcomes that illustrate the wellbeing of children and families





NORTH
CAROLINA

The Prenatal-
to-3 System of
Care in
North Carolina

Policy and Strategy Snapshots for North Carolina

2024 North Carolina Roadmap Summary

Effective Roadmap Policy

2024 Policy Snapshot



**Expanded Income Eligibility
for Health Insurance to 138%**



138%
of the FPL

North Carolina expanded Medicaid eligibility under the Affordable Care Act in early 2023, and implemented the Medicaid expansion in December 2023; thus, parents earning up to 138% of the FPL are now eligible for Medicaid coverage in NC.

**Paid Family and Medical Leave
for Families with a New Child**



0
weeks

North Carolina does not have a statewide paid family and medical leave program, but it does have a paid family leave program for eligible state employees.

**State Minimum Wage
of \$10.00 or Greater**



\$7.25
per hour

North Carolina's statutes specify either a \$6.15 minimum wage or the federal minimum, whichever is higher. As a result, the current state minimum wage defaults to the federal minimum of \$7.25.

**Refundable State Earned Income
Tax Credit of at Least 10%**



No
EITC

North Carolina does not have a refundable state EITC.



State has adopted and fully implemented the policy



State has newly adopted and fully implemented the policy since October 1, 2023



NORTH
CAROLINA

The Prenatal- to-3 System of Care in North Carolina

Effective Roadmap Strategy

2024 Strategy Snapshot

Reduced Administrative
Burden for SNAP



12-Month
Certification Period



Simplified Income
Reporting



Online Case
Management



Comprehensive Screening
and Connection Programs



Statewide Goal



Medicaid Funding



State Funding

Child Care Subsidies



Income Eligibility
(85% SMI)



Limit Family
Copayments



Equitable
Reimbursement Rates

Group Prenatal Care



Enhanced Medicaid
Reimbursement Rate



State Funding

Community-Based Doulas



Medicaid Coverage



Fund Training and
Credentialing

Evidence-Based Home
Visiting Programs



Medicaid Funding

Early Head Start



State Support

Early Intervention Services



Very Low Birthweight
Qualification



At-Risk Qualification



Eliminate Family
Fees



State implemented all key policy levers



State has met criteria for the lever since October 1, 2023



State has met the criteria for the lever



State has not met the criteria for the lever

GOALS

To achieve a science-driven PN-3 goal:

Access
to Needed
Services

Parents'
Ability
to Work

Sufficient
Household
Resources

Healthy
and Equitable
Births

Parental Health
and Emotional
Wellbeing

Nurturing
and Responsive
Child-Parent
Relationships

Nurturing
and Responsive
Child Care in
Safe Settings

Optimal Child
Health and
Development

POLICIES

Adopt and fully implement the **effective** policies aligned with the goal

Expanded Income
Eligibility for
Health Insurance



Paid Family and Medical
Leave for Families
with a New Child



State Minimum
Wage of \$10.00
or Greater



Refundable State
Earned Income Tax
Credit of at Least 10%



Daily Reading
Daily Nurturing
Behaviors
Parenting Stress

Access to EHS



Breastfeeding
Immunizations
Child
Maltreatment

OUTCOMES

Measure progress
toward achieving
the PN-3 goal.

Health Insurance
Adequate
Prenatal Care
Developmental
Screenings

Parental
Employment

Child Poverty
Crowded Housing
Food Insecurity

Preterm Births
Infant Mortality

Maternal
Mental Health
Parenting
Support

Daily Reading
Daily Nurturing
Behaviors
Parenting Stress

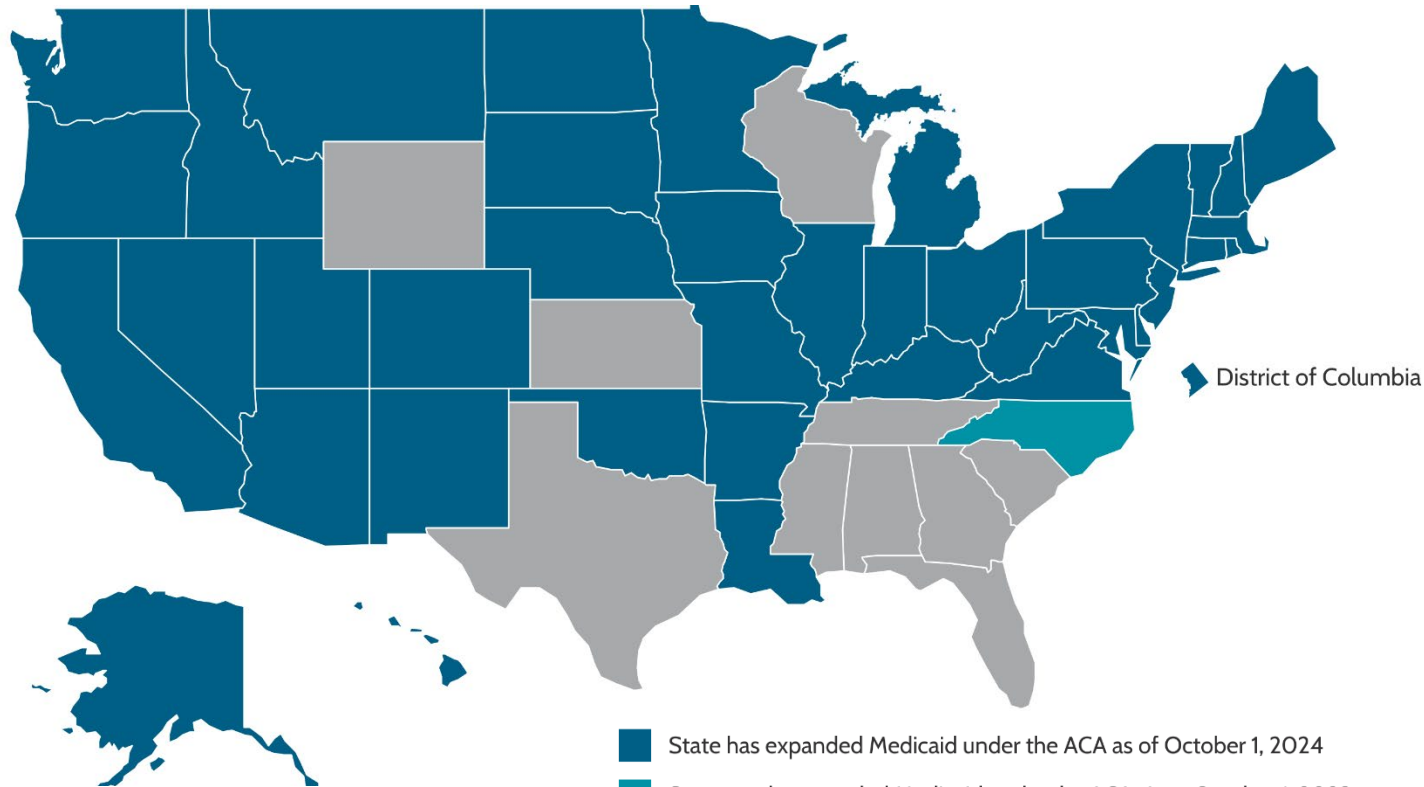
Access to EHS

Breastfeeding
Immunizations
Child
Maltreatment

Medicaid Expansion

41

Number of states that have implemented the Medicaid expansion under the Affordable Care Act (ACA)



Medicaid Expansion

How Does Medicaid Expansion Impact PN-3 Outcomes?



Increased preconception Medicaid coverage
Increased postpartum Medicaid coverage
Increased receipt of adequate prenatal care, especially among Hispanic women



Reduced poverty rate
Decreased likelihood of experiencing a catastrophic financial burden
Decreased financial difficulty and health care avoidance because of cost



Reduced infant deaths among Hispanic infants
Maternal deaths, especially among Black mothers

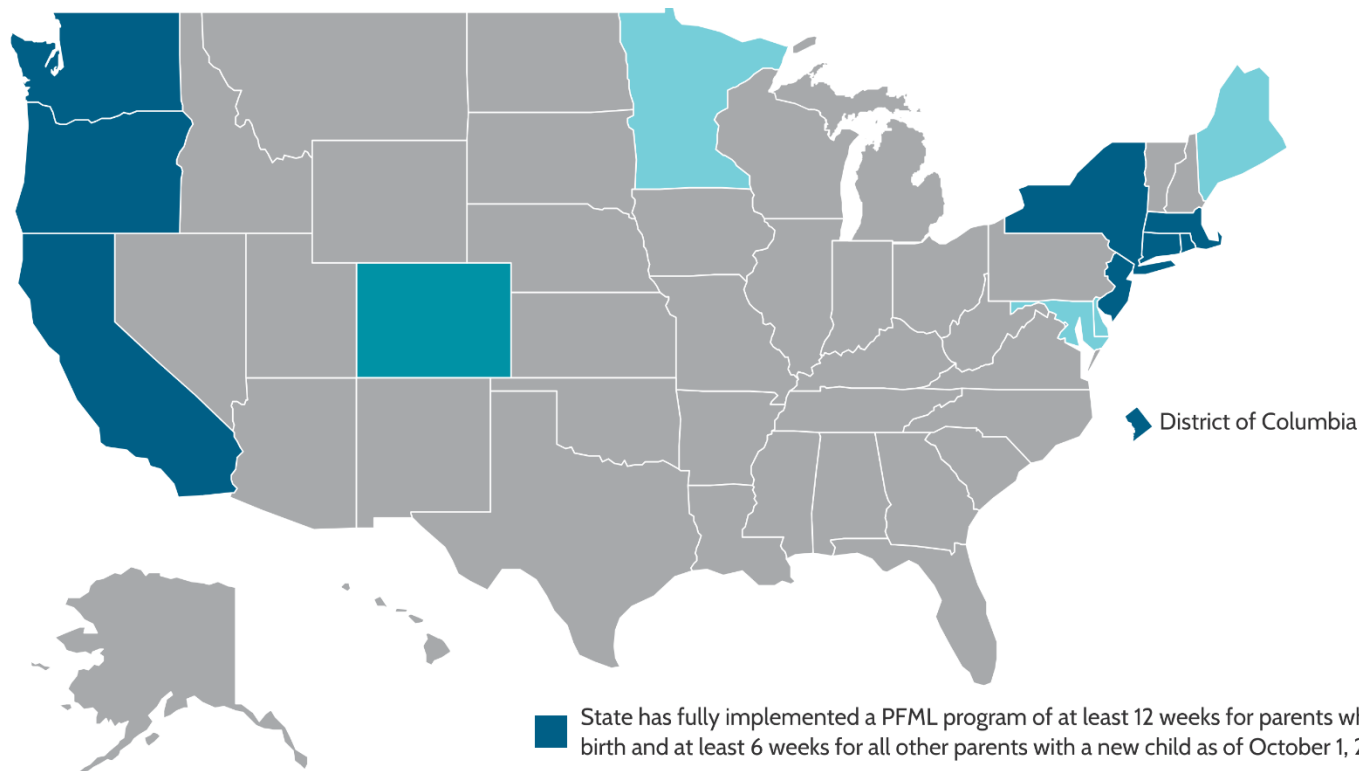


Reduced cases of neglect for children under 6
Reduced first-time neglect reports for children under 5

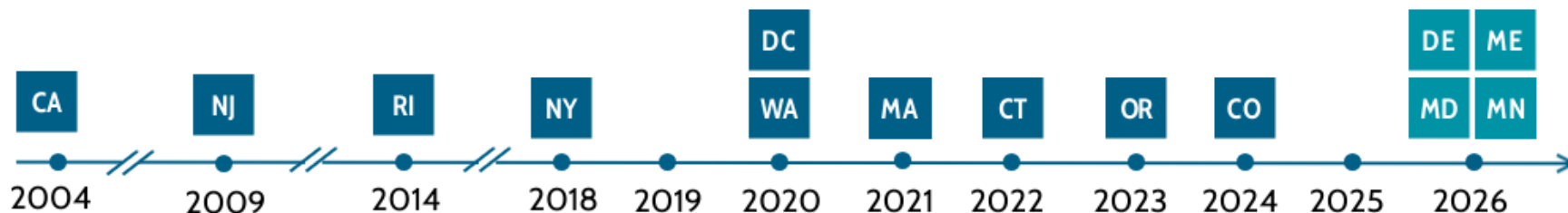
Paid Family and Medical Leave

10

Number of states that have implemented a paid family leave program of a minimum of 6 weeks



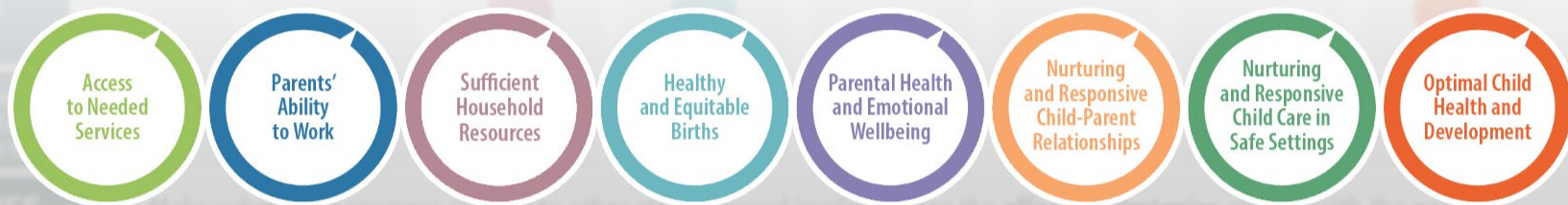
Implementation of Paid Family and Medical Leave



■ State has fully implemented a statewide paid family and medical leave policy by October 1 of a given year.

■ State is expected to fully implement a statewide paid family leave policy by October 1 of a given year.

CA, NJ, RI, and NY amended pre-existing temporary disability insurance (TDI) laws to include paid family leave. The dates displayed above indicate the year paid family leave became available.



Paid Family and Medical Leave for Families with a New Child



Health Insurance
Adequate Prenatal Care
Developmental Screenings

Parental Employment

Child Poverty
Crowded Housing
Food Insecurity

Preterm Births
Infant Mortality

Maternal Mental Health
Parenting Support

Daily Reading
Daily Nurturing Behaviors
Parenting Stress

Access to EHS

Breastfeeding
Immunizations
Child Maltreatment

Paid Family and Medical Leave

How Does Paid Family and Medical Leave Impact PN-3 Outcomes?



Increased receipt of postpartum care for women and leave-taking



Increased likelihood that mothers return to their prebirth employers



Reduction in family poverty rate and food insecurity



Reduction in postneonatal infant mortality



Increased parent report of coping well with the demands of parenting



Increased in mothers' time spent with children



Increased breastfeeding and immunizations; reduction in maltreatment

Paid Family and Medical Leave

Maximum Duration of Family Leave

7
Weeks

RI

8
Weeks

CA

12
Weeks

CO	CT	DE	DC	ME	MD
MA	MN	NJ	NY	OR	WA

Benefit as a Percentage of a Low-Wage Earner's Weekly Wages

60% to 100%

Maximum Dollar Value of Weekly Benefit

\$900 to \$1,681

Funding Mechanism (Who Covers the Cost)

Workers

CA

CT

RI

**Shared between
Workers and Employers**

CO

DE

ME

MD

MA

MN

NJ

NY

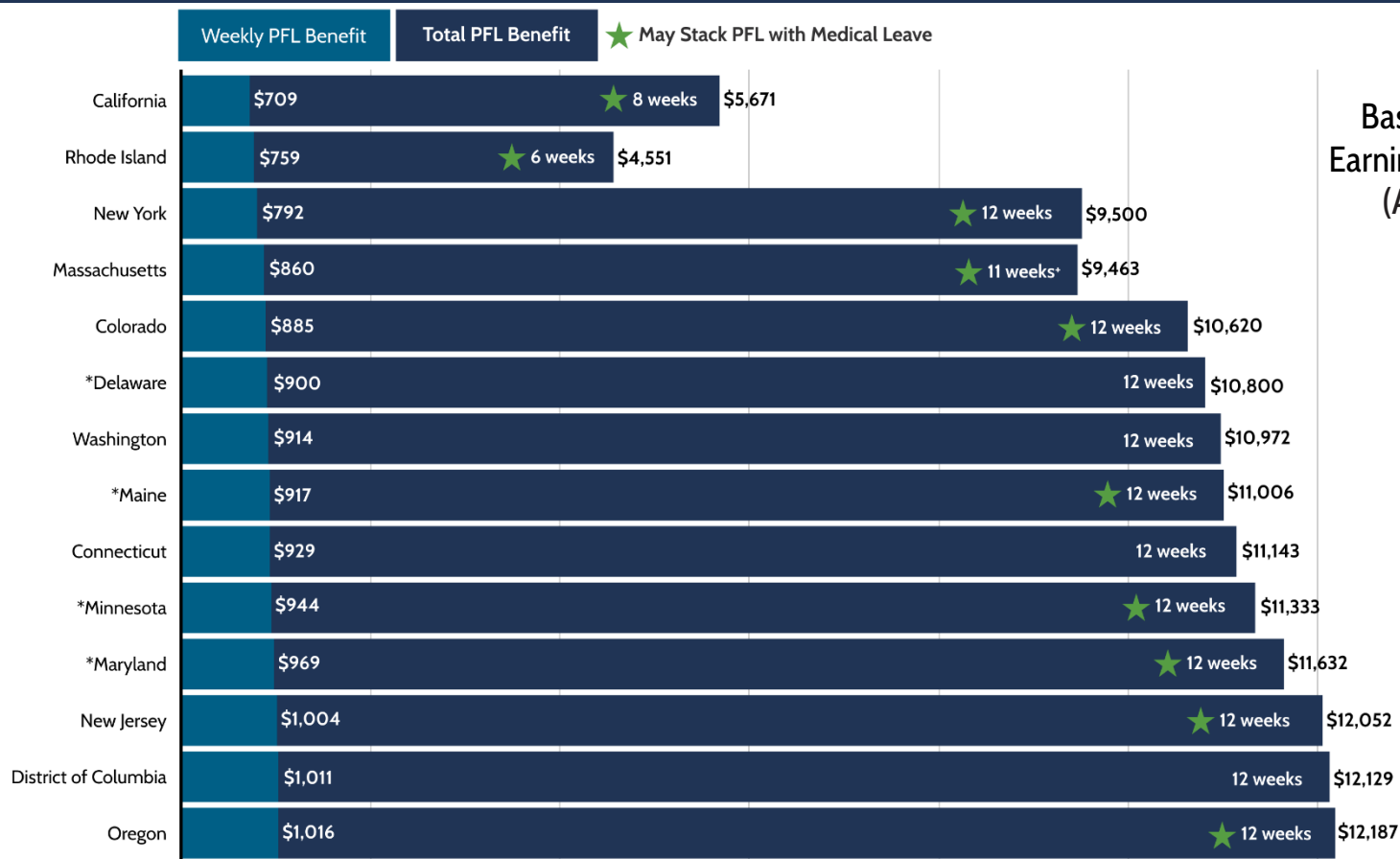
OR

WA

Employers

DC

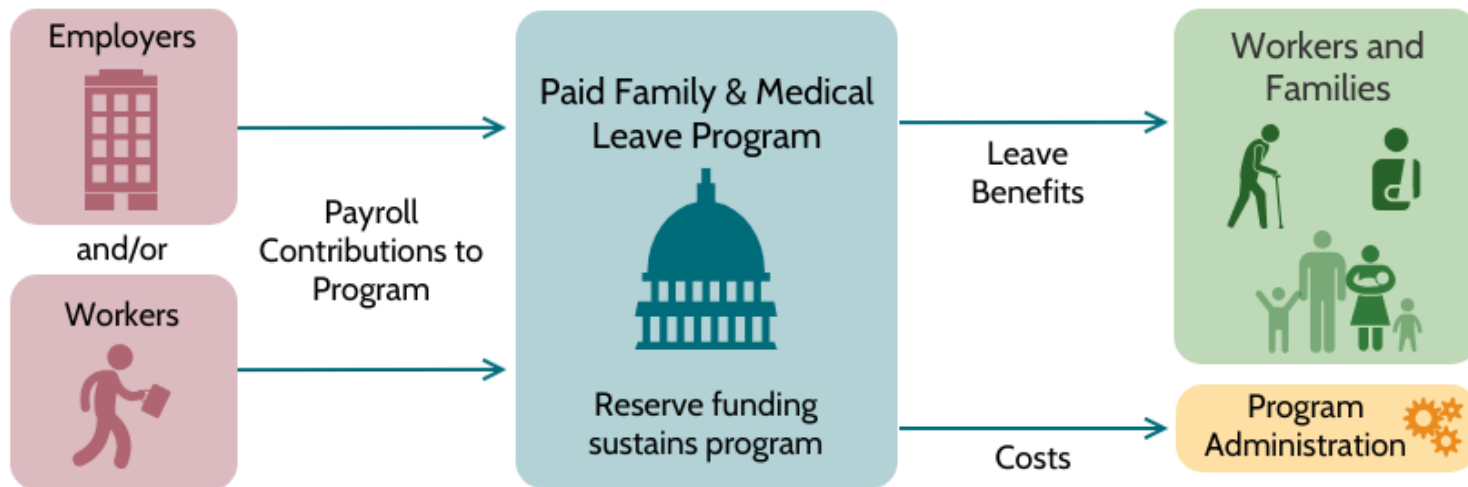
Projected Paid Family Bonding Leave Benefits



Based on National Median Earnings for Full-Time Workers (Approx. \$61,440/year)

*Estimated based on policy guidance; not yet implemented. +Massachusetts provides 12 weeks of leave but has a 1-week unpaid waiting period.

Paid family and medical leave is funded entirely by payroll contributions, at no additional cost to the state government.



The Business Case for Paid Leave

View the brief online: <https://pn3policy.org/a-business-case-for-paid-leave-policies/>



March 2024

A Business Case for Paid Leave Policies

Nearly all workers have needed or will need time away from work. At some point, we all need to care for a new child in the family, care for a family member with a medical condition, or recover from our own medical condition.

In the absence of a federal paid family and medical leave (PFML) policy, 14 states have enacted their own policies to ensure workers are financially secure while taking the leave that they need.

Concerns from the business community are often a major challenge to states' successful passage of these policies. Yet, strong evidence shows that PFML policies benefit employers in a variety of ways. Research has established that PFML policies increase maternal labor force participation and benefit the health and wellbeing of parents and that of their families, all of which contribute to an overall healthier workforce and benefits to society. States also have policy levers that can be used to alleviate common concerns from businesses related to workforce disruptions, costs, and regulations.

KEY TAKEAWAYS

- Paid family and medical leave policies improve the health and wellbeing of families and serve as an important tool when employees need time away from work, but can raise concerns for businesses.
- Research shows that state paid family and medical leave policies increase labor force participation and improve employee retention, which contribute to an overall healthier workforce and can benefit employers.
- Employee premiums for state PFML programs are typically small (less than 1% of wages total), and employer costs are often much lower than providing a private program.
- State PFML programs offer clear benefits to small businesses, which largely support

Example: Benefit-Cost Analysis of Paid Family & Medical Leave in Pennsylvania

RESEARCH BRIEF

prenatal-to-3
policy IMPACT CENTER

February 2024

Benefit-Cost Analysis of Pennsylvania H.B. 181

In 2023, Pennsylvania H.B. 181 was introduced to the General Assembly to create a new paid family and medical leave (PFML) program, offering 20 weeks of paid bonding leave following the birth of a child. The program would replace wages at 90% for low wage-earners, and 70% for average wage-earners.

Key Findings



1. Enacting H.B. 181 is budget neutral.



2. Each year, bonding leave would result in a net benefit of \$379 million to families, employers, and the PA government, outweighing costs by 18 to 1.



3. Employees receive double -- or more -- return on their investment by contributing to the PFML program.



4. Adopting H.B. 181 would improve PA's ranking from 49 to 37 by increasing the minimum resources available to working families.

The Prenatal-to-3 Policy Impact Center at Vanderbilt University partnered with Children First of Pennsylvania to assess the implications of adopting this program for beneficiaries, employers, and the commonwealth. The benefit-cost analysis is based on the most rigorous research on paid family leave outcomes*, which is largely based on states providing an additional 6 weeks of leave. Given that H.B. 181 proposes a 20-week leave, the results are conservative, and the benefit of H.B. 181 is likely larger. The benefit-cost analysis is contextualized by return-on-investment case studies and a microsimulation of Pennsylvania H.B. 181 using the Center's Policy Impact Calculator.

ABOUT US

Led by Dr. Cynthia Osborne, our team of more than 30 nonpartisan researchers, policy experts, data analysts, and communicators has deep policy expertise in early care and learning, child and parent health, and economic and family supports.

CONNECT WITH US

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Annual Impact of a Paid Bonding Leave Program in Pennsylvania



Commonwealth of Pennsylvania
Net Benefit = \$808 M

Benefit = \$1.202 B

\$1.166 B payroll contributions collected
\$12 M state-sponsored health care cost avoided
\$6 M decrease in spending on non-parental infant care
\$15 M sales tax
\$3 M income tax

Cost = \$394 M

\$22 M administrative cost of bonding leave program
\$372 M benefit payments to families in the program



Pennsylvania Working Families
with Infants
Net Benefit = \$683 M

Benefit = \$726 M

\$23 M lower health care cost
\$222 M lower child care cost
\$109 M increased employment and household income
\$372 M benefit payments from the program

Cost = \$43 M

\$25 M payroll contributions
\$3 M income tax
\$15 M sales tax

* For more information, see the full evidence review for paid family leave: <https://pn3policy.org/policy-clearinghouse/paid-family-leave/>.

Benefit-Cost Analyses of Paid Family & Medical Leave



HAWAII

Benefits would outweigh costs **14:1**



MICHIGAN

Benefits would outweigh costs **8:1**



PENNSYLVANIA

Benefits would outweigh costs **18:1**



VIRGINIA

Benefits would outweigh costs **22:1**

GOALS

To achieve a science-driven PN-3 goal:

Access to Needed Services

Parents' Ability to Work

Sufficient Household Resources

Healthy and Equitable Births

Parental Health and Emotional Wellbeing

Nurturing and Responsive Child-Parent Relationships

Nurturing and Responsive Child Care in Safe Settings

Optimal Child Health and Development

STRATEGIES

Make substantial progress relative to other states toward implementing the **effective strategies** aligned with the goal

Reduced Administrative Burden for SNAP



Comprehensive Screening and Connection Programs



Child Care Subsidies



Group Prenatal Care



OUTCOMES

Measure progress toward achieving the PN-3 goal.

Health Insurance
Adequate Prenatal Care
Developmental Screenings

Parental Employment

Child Poverty
Crowded Housing
Food Insecurity

Preterm Births
Infant Mortality

Maternal Mental Health
Parenting Support

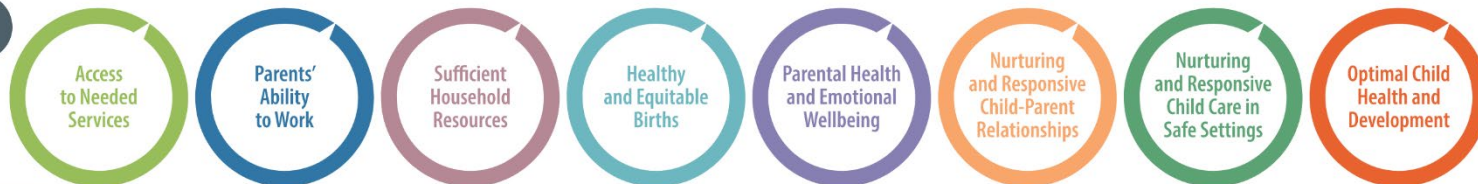
Daily Reading
Daily Nurturing Behaviors
Parenting Stress

Access to EHS

Breastfeeding
Immunizations
Child Maltreatment













GOALS

To achieve a science-driven PN-3 goal:



STRATEGIES

Make substantial progress relative to other states toward implementing the **effective strategies** aligned with the goal

Strategies	Access to Needed Services	Parents' Ability to Work	Sufficient Household Resources	Healthy and Equitable Births	Parental Health and Emotional Wellbeing	Nurturing and Responsive Child-Parent Relationships	Nurturing and Responsive Child Care in Safe Settings	Optimal Child Health and Development
Community-Based Doulas								
Evidence-Based Home Visiting Programs								
Early Head Start								
Early Intervention Services								

OUTCOMES

Measure progress toward achieving the PN-3 goal.

Health Insurance Adequate Prenatal Care Developmental Screenings	Parental Employment	Child Poverty Crowded Housing Food Insecurity	Preterm Births Infant Mortality	Maternal Mental Health Parenting Support	Daily Reading Daily Nurturing Behaviors Parenting Stress	Access to EHS	Breastfeeding Immunizations Child Maltreatment
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STRATEGY

CHILD CARE SUBSIDIES

16 states set **income eligibility** limits at or above 85% of the state median income (SMI)

AR	CA	KS	KY	LA	ME	NH
NM	NY	OK	SC	TN	TX	UT
VT	VA					

28 states **limit copayments** to 7% of family income or less for all families

AZ	AR	CA	DE	GA	ID	IL
IN	KS	MD	MI	MS	NE	NH
NJ	NM	NY	ND	OK	OR	RI
SC	SD	TN	TX	UT	VA	WA

17 states set **equitable** infant and toddler **reimbursement rates** at or above the 75th percentile of the market rate survey or set rates based on a cost estimation model

AR	CO	DC	IA	LA	MD	MN
MS	MO	NE	NM	NY	ND	OR
SC	VT	VA				

5 states have implemented all key policy levers for child care subsidies

AR	NM	NY
SC	VA	

State newly implemented key policy lever since October 1, 2023.

Sources: As of October 1, 2024. State child care websites, CCDF plans, and CCDF program staff. For additional information, please refer to [Methods and Sources](#).

Child Care Subsidies

How Do Child Care Subsidies Impact PN-3 Outcomes?



Higher odds of enrollment in one type of care, rather than multiple care arrangements



Increased likelihood of maternal employment



Increased monthly earnings

Child Care Subsidies

How does
child care
subsidy policy
vary across
states?

Variation in Initial Income Eligibility Limits Across States

\$103,280

400% FPL
162% SMI



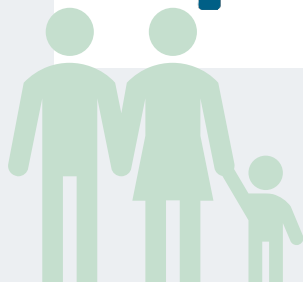
\$51,636

200% FPL
64% SMI

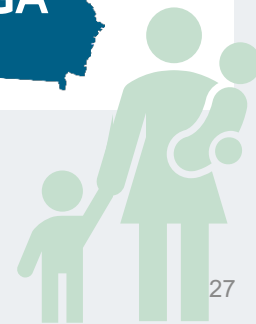


\$26,686

103% FPL
33% SMI



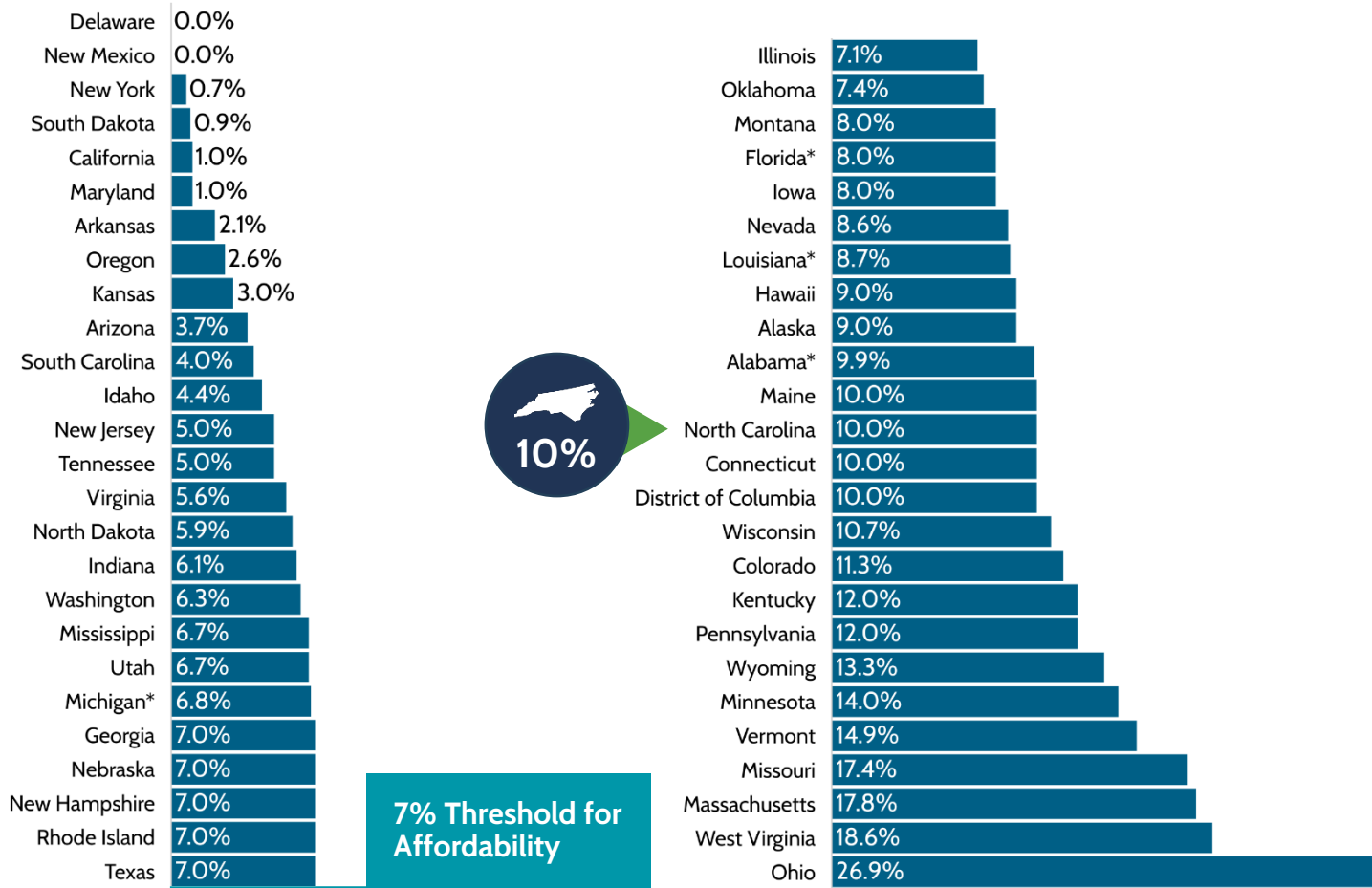
Income eligibility for a family of 3



Child Care Subsidies

Maximum Monthly Copayment Amount as a % of Family Income

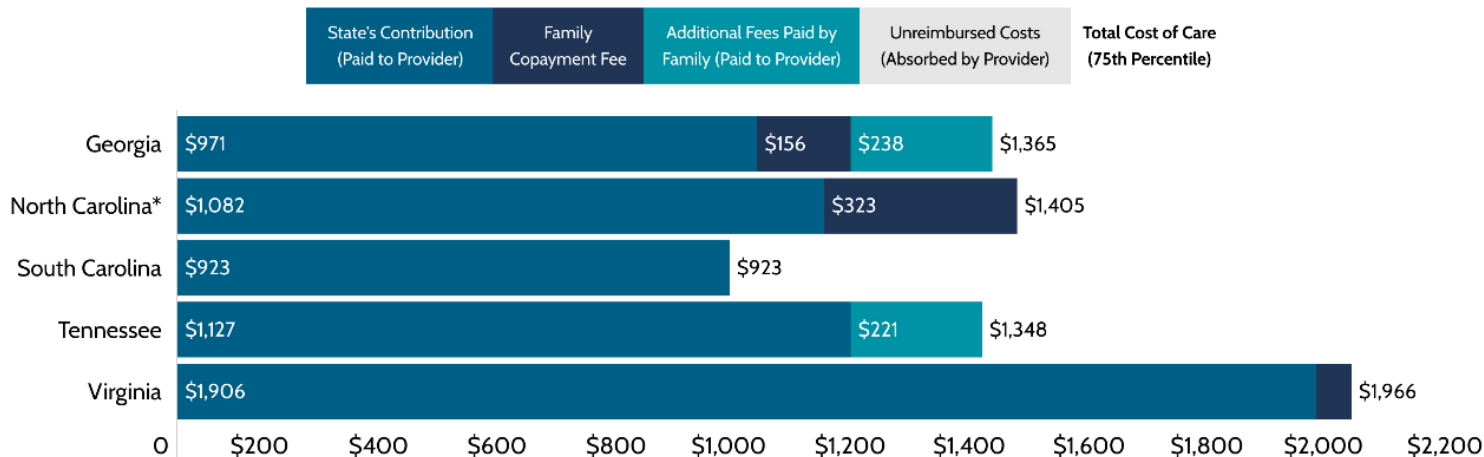
Sources: As of September 1, 2024. Personal communication with state CCDF Administrators and other staff overseeing the state's child care subsidy programs; state children and families department websites; state CCDF plans; and state copayment schedules.



Child Care Subsidies

How does
child care
subsidy policy
vary across
states?

Variation Across States in the Distribution of the Total Cost of Child Care



An "*" indicates this state's base reimbursement rate for an infant in center-based care exceeds the 75th percentile threshold; in these cases, the total cost of care is assumed to be the higher value of the base reimbursement rate. Colorado, the District of Columbia, New Mexico, and Virginia currently use a cost estimation model rather than a market rate survey and do not have values for the 75th percentile. In these four states, the reimbursement rate is used rather than the 75th percentile of the market rate. Georgia, Missouri, Nevada, Ohio, and West Virginia set initial income eligibility thresholds below 150% of the FPL. For these states, household income and subsequent copayment fees were based on the maximum household income allowed for subsidy receipt. For additional details on calculations, see [Methods and Sources](#).

States Increased Funding for Child Care Subsidies

At least **16 states** increased child care subsidy funding for Fiscal Year 2025

MD \$270 million increase for child care subsidies

OR \$99.2 million increase for child care subsidies

PA \$26.2 million increase for child care subsidies

VT \$125 million to implement Act 76 of 2023

VA \$169.8 million in total for child care subsidies

5 states introduced legislation to create a dedicated funding stream for child care, but none passed

GA Sports betting and casino gambling revenue

NY Payroll tax

RI Income tax

TN Car services taxes

WA Land trust

Examples of Child Care Proposals in North Carolina - 2025

- S. 483/H. 507 would:
 - Expand income eligibility to 85% of the SMI,
 - Remove copayments for families under 200% of the FPL,
 - Increase reimbursement rates to the 75th percentile of the most recent MRS,
 - Fund grants to cover start-up costs for facilities in rural or underserved areas,
 - Create the Child Care Facilities Investment Fund, and
 - Create an employer-provided child care tax credit
- S. 412 would:
 - Increase provider subsidy reimbursement rates to the 75th percentile of the 2023 Market Rate Survey (including additional rate increases for rural communities and infants/toddlers), and
 - Establish a pilot program for Councils of Government impacted by Hurricane Helene to build child care capacity
- S. 712 would
 - Provide subsidized child care services to child care workers



How do state policy choices impact family resources?



Policy Impact Calculator: Assumptions



Lina

- ▶ Single mother with an infant and toddler
- ▶ She works full time all year, and earns the state's minimum wage
- ▶ She receives the benefits she is eligible for and files her taxes
- ▶ She takes 12 weeks of leave following her infant's birth
- ▶ She sends her children to center-based care that charges the 75th percentile of the market rate

The Policy Impact Calculator



Earnings from the state minimum wage and paid family leave benefits



Out-of-pocket child care expenses after receiving a child care subsidy



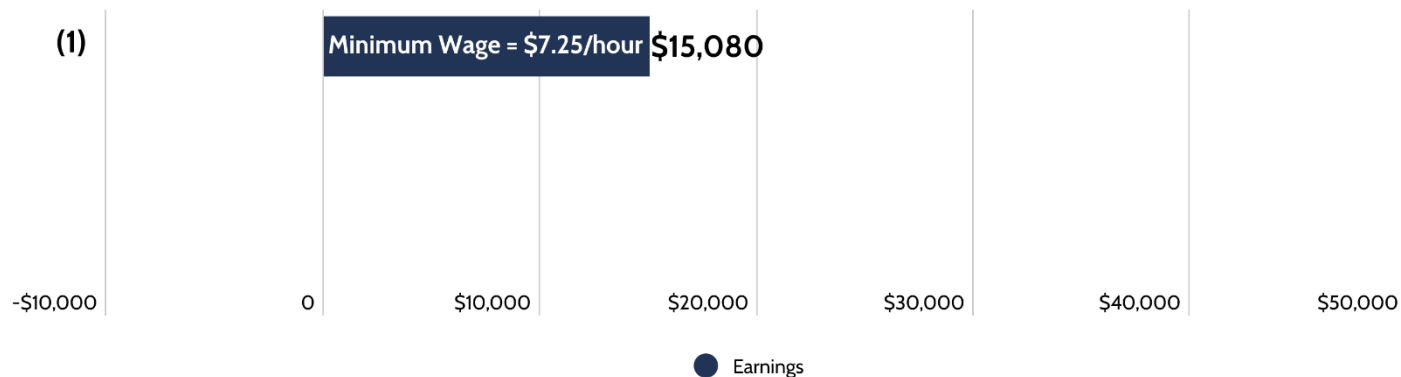
Nutrition benefits



Federal and state income taxes and credits

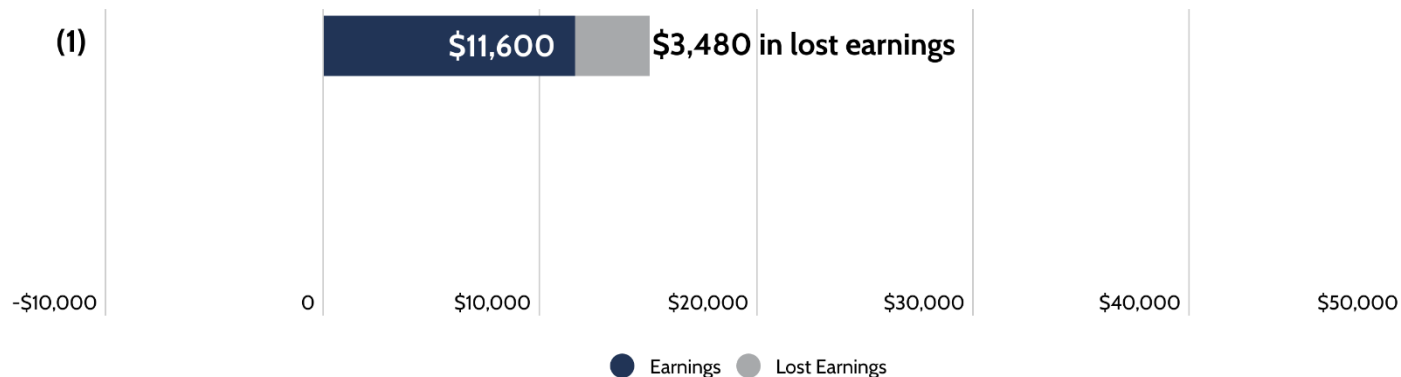
The Impact of State Policy Choices on Family Resources in North Carolina

(1) Annual Minimum Wage Earnings (52 weeks)



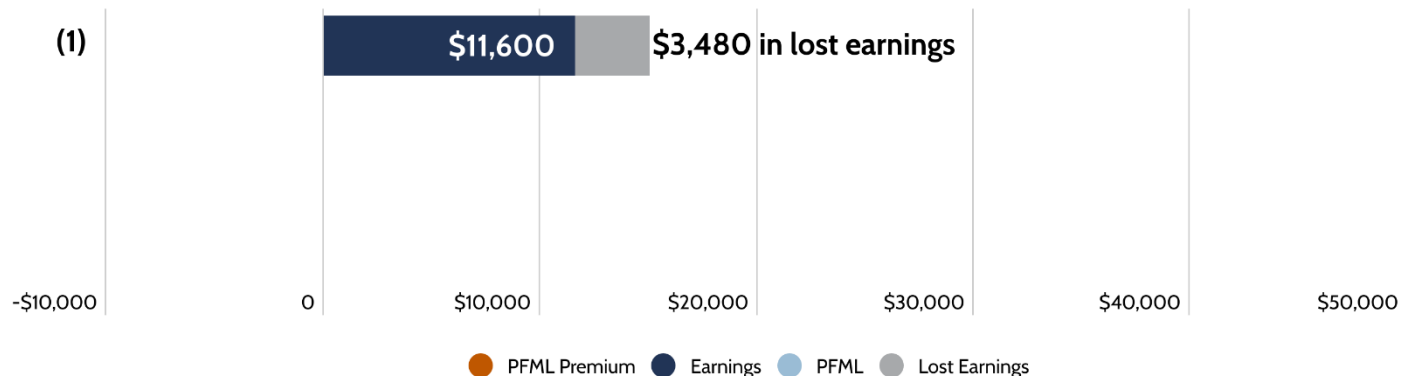
The Impact of State Policy Choices on Family Resources in North Carolina

(1) Annual Minimum Wage Earnings (40 weeks) + 12 weeks of FMLA leave



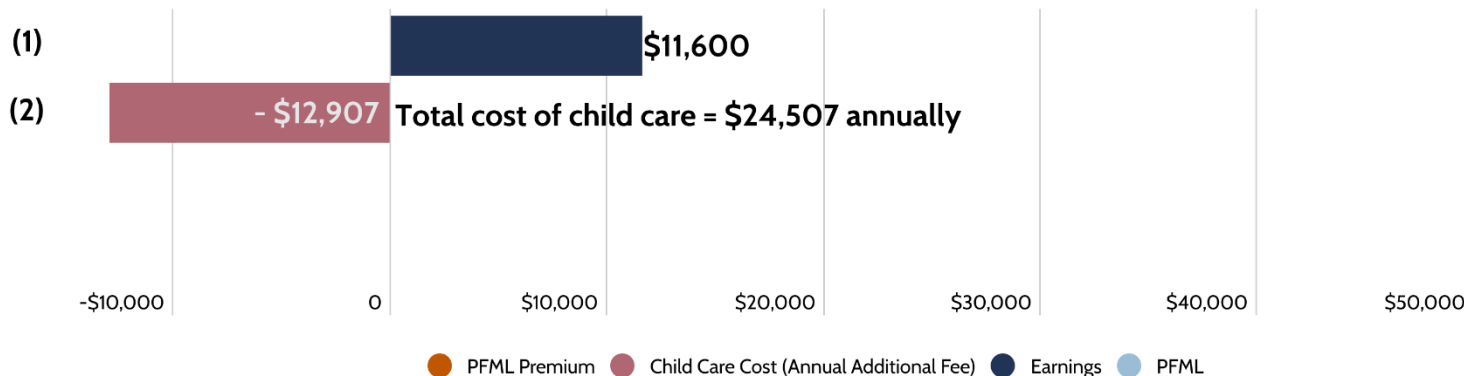
The Impact of State Policy Choices on Family Resources in North Carolina

(1) Annual Minimum Wage Earnings (40 weeks) + 12 weeks of Paid Family and Medical Leave (PFML)



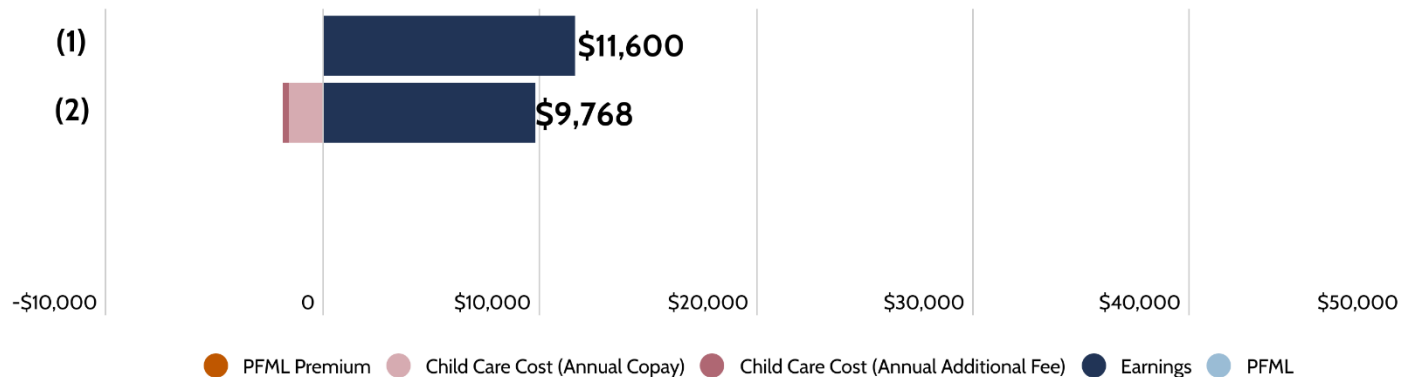
The Impact of State Policy Choices on Family Resources in North Carolina

(1) Annual Minimum Wage Earnings (40 weeks) + PMFL, (2) Minus Out-of-Pocket Child Care Expenses



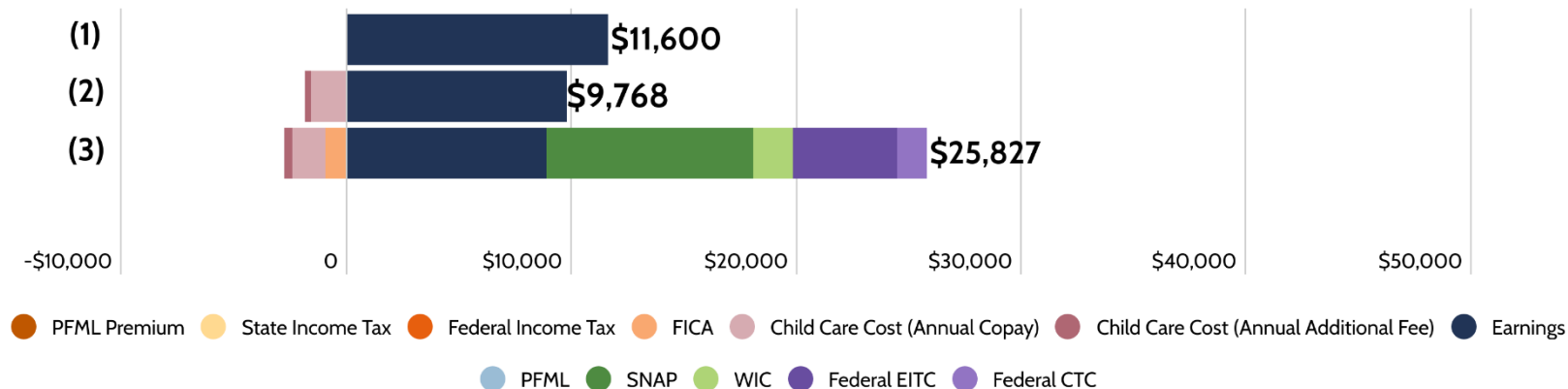
The Impact of State Policy Choices on Family Resources in North Carolina

(1) Annual Minimum Wage Earnings (40 weeks) + PFML, (2) Minus Out-of-Pocket Child Care Expenses w/ Subsidy



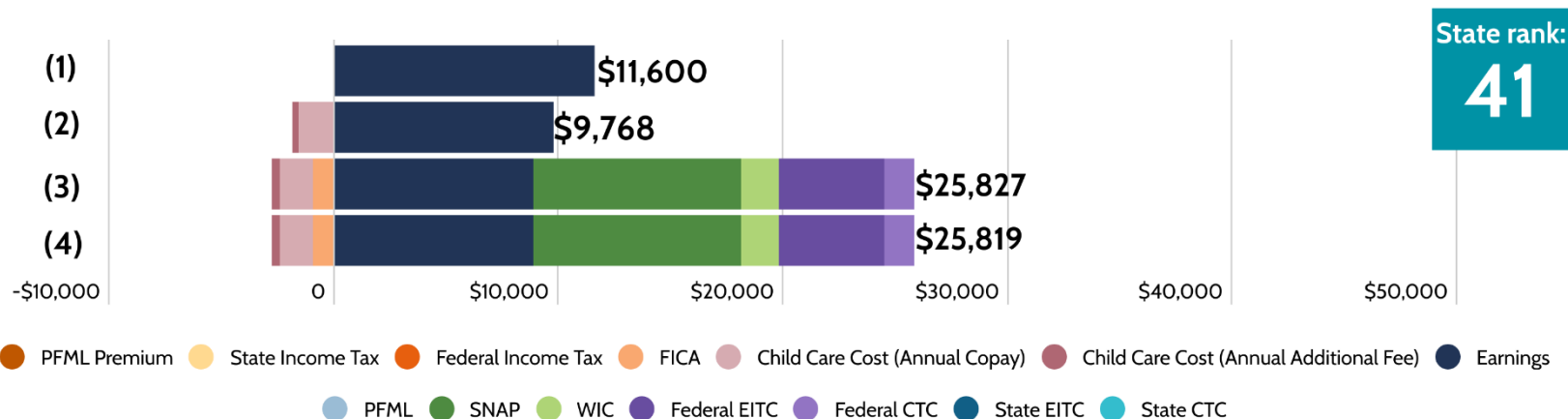
The Impact of State Policy Choices on Family Resources in North Carolina

(1) Annual Minimum Wage Earnings (40 weeks) + PFML, (2) Minus Out-of-Pocket Child Care Expenses, (3) Plus Net Federal Benefits

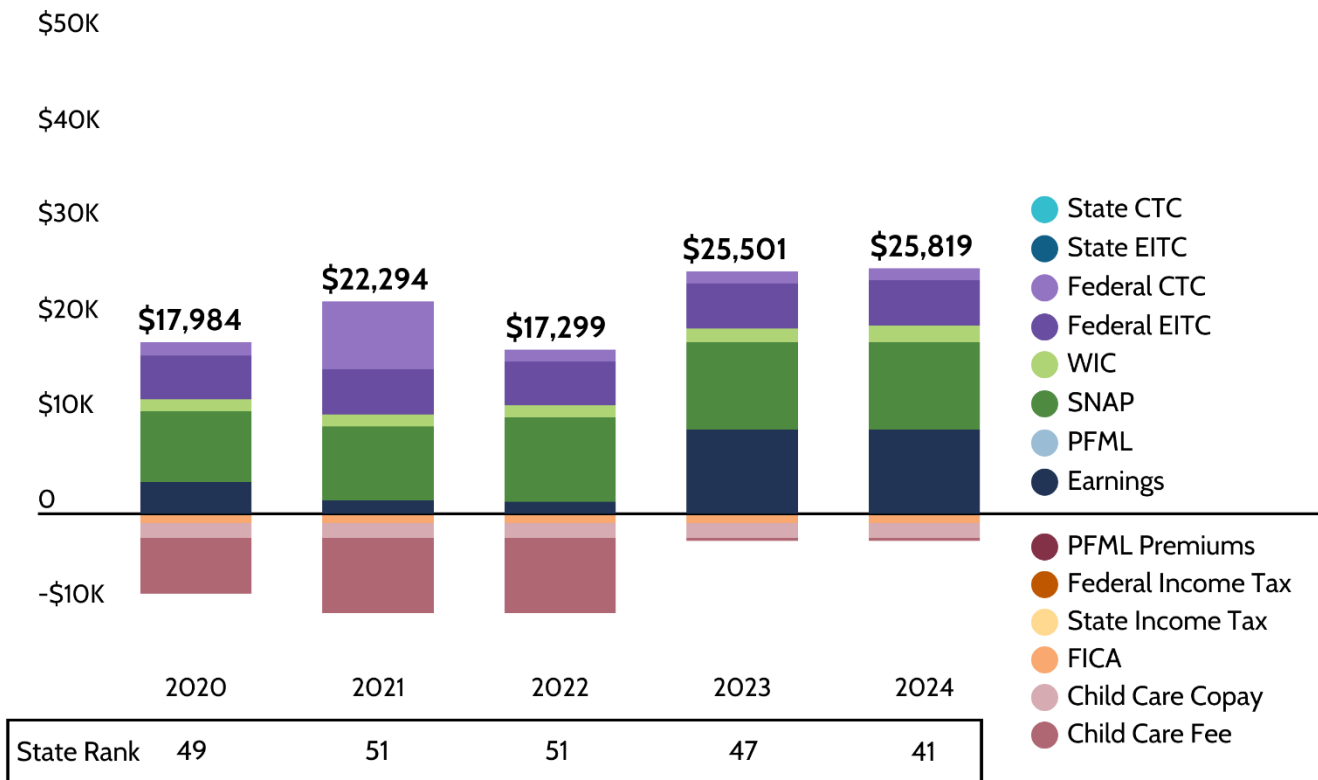


The Impact of State Policy Choices on Family Resources in North Carolina

(1) Annual Minimum Wage Earnings (40 weeks) + PFML, (2) Minus Out-of-Pocket Child Care Expenses, (3) Plus Net Federal Benefits, (4) Plus Net State Benefits

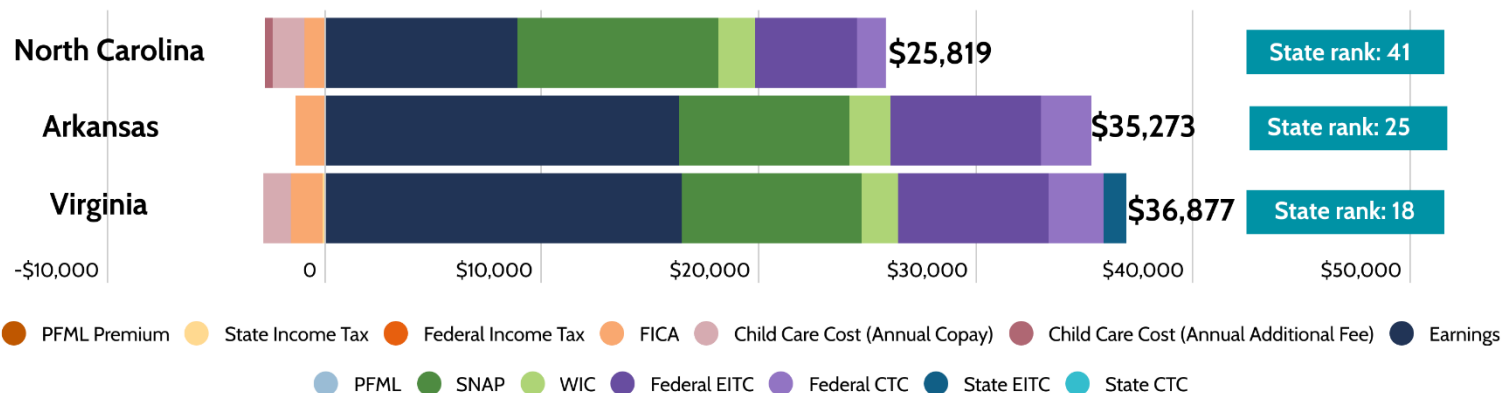


North Carolina's Policy Choices Impact Family Resources



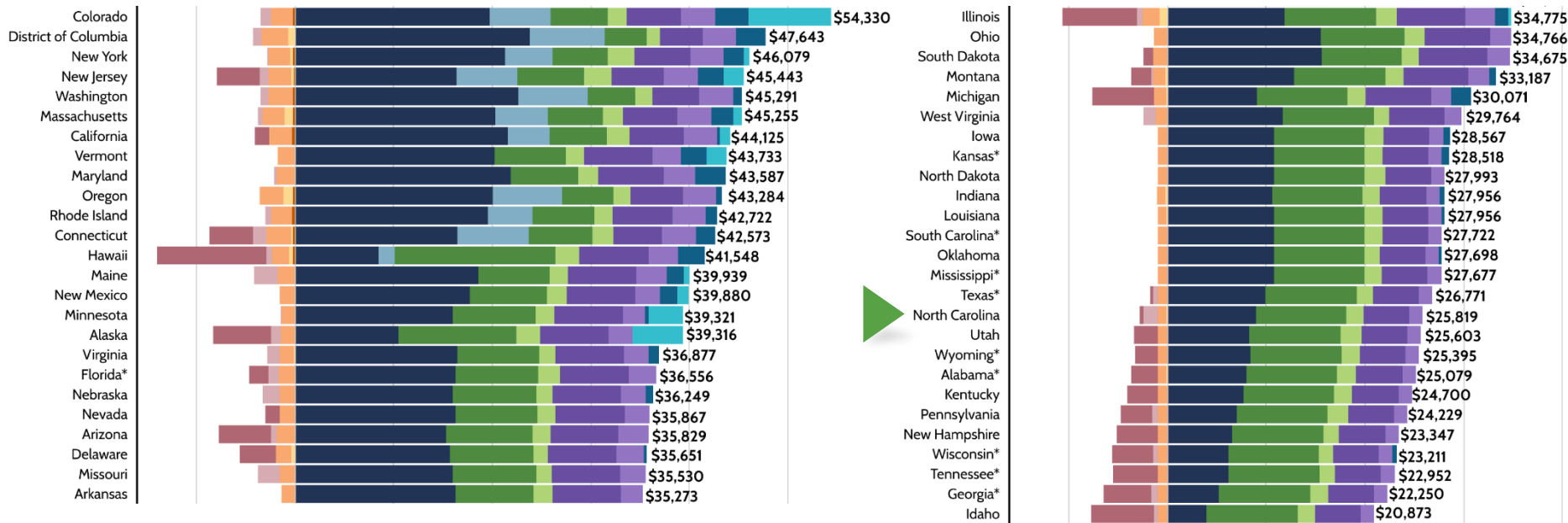
The Impact of State Policy Choices on Family Resources: Virginia, Arkansas, and North Carolina

(1) Annual Minimum Wage Earnings (40 weeks) + PFML, (2) Minus Out-of-Pocket Child Care Expenses, (3) Plus Net Federal Benefits, (4) Plus Net State Benefits



The Impact of State Policy Choices on Family Resources Across States

Total Annual Resources = Annual Minimum Wage Earnings + PFL + Net Federal and State Benefits - Out-of-Pocket Child Care Expenses



● PFML Premium
 ● State Income Tax
 ● FICA
 ● Child Care Cost (Annual Copay)
 ● Child Care Cost (Annual Additional Fee)
 ● Earnings
 ● PFML
 ● SNAP
 ● WIC
 ● Federal EITC
 ● Federal CTC
 ● State EITC
 ● State CTC

*State has not expanded eligibility for Medicaid under the ACA

Summary

- The prenatal-to-3 period of development sets the stage for lifelong health and wellbeing.
- Many children lack the opportunities and rights they deserve for a healthy start, and these children are disproportionately children of color.
- State policy choices can reduce family stressors and increase capacities, which have substantial impacts on health and wellbeing over the life course.

Check Out the 2024 State Policy Roadmap!



prenatal-to-3
policy IMPACT CENTER
RESEARCH FOR ACTION AND OUTCOMES



5 Years of Progress on the Prenatal-to-3 State Policy Roadmap



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RESEARCH FOR ACTION AND OUTCOMES



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