

Discussion Papers

State Policies That Affect
Working Families

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Assessing
the New
Federalism

*An Urban Institute
Program to Assess
Changing Social
Policies*

Assessing the New Federalism is a multiyear Urban Institute project designed to analyze the devolution of responsibility for social programs from the federal government to the states, focusing primarily on health care, income security, employment and training programs, and social services. Researchers monitor program changes and fiscal developments. Olivia A. Golden is the project director. In collaboration with Child Trends, the project studies changes in family well-being. The project aims to provide timely, nonpartisan information to inform public debate and to help state and local decisionmakers carry out their new responsibilities more effectively.

Key components of the project include a household survey and studies of policies in 13 states, available at the Urban Institute's web site, <http://www.urban.org>. This paper is one in a series of discussion papers analyzing information from these and other sources.

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Abstract

States make many decisions that affect working parents. This paper compiles policy data that cover four types of state decisions: job-protected family care policies; child care subsidies; early childhood education and elementary school schedules; and tax policy. The collection of policies provides a summary of key information in each of the four areas that should be useful for future research. Each section of the report discusses how employers and employees can benefit from the relevant type of family policy, summarizes the federal role in the policy area, and highlights state policymaking. Detailed tables outline specific state policy provisions.

State Policies That Affect Working Families

We've split [working mothers] in two, but haven't put them back together. We need to find a way to reorganize and give them back some of their life.

T. Berry Brazelton (as quoted in Jennifer Huget, "The Good Disciplinarian," *Washington Post* May 12, 2003.)

Project Background and Goals

Recently, employees and employers have struggled to develop working conditions that help parents manage their market and caregiving responsibilities. As the number of employed parents with young children has increased, so has the need for benefits such as family leave, child care, and workplace flexibility. Family policies have benefits and costs to both parties. For example, policies that give workers flexibility to tend to their families' needs often result in wage loss. And although these flexible policies enable employers to retain valued employees, the retention often results in temporary productivity losses.

Government can play an important mediating role in the work/family tensions faced by many employers and employees. Public policy determines, to some extent, what family policies an employer offers its workers. The federal government has enacted laws aimed at stabilizing parents' employment and reducing the costs of going to work for families with caregiving responsibilities. The Family and Medical Leave Act allows some workers to take job-protected leave to attend to certain family needs, and the Child Care Development Fund provides child care subsidies for families with young and disabled children. Some tax benefits help parents offset some of the costs associated with working.

The difficulties associated with balancing work and family responsibilities may be more pronounced for low-income families. On average, these families have less flexible jobs and positions with fewer benefits (Heymann 2000). They also have less income to purchase needed services such as child care. While some national family policies are targeted at helping low-

income working parents (e.g., the Earned Income Tax Credit and the Child Care Development Fund) others tend to reach predominantly higher income families (e.g., the Family and Medical Leave Act and flexible spending accounts).

Many states have developed family policy programs that fill some of the provision gaps created by private and national policies. This report is a compilation of state policies that support working parents, particularly those from low-income families. The state-level policy data is arrayed along four dimensions:

- *Job-protected family care policies* provide some job security to working caregivers.
- *Child care subsidies* can reduce the costs of child care and may enable recipients to purchase higher quality care.
- The availability of *early childhood education and elementary school schedules* can influence the work schedules of parents with young children.
- *Tax credits*, including state-level earned income tax credits and dependent care tax credits, help offset the costs of going to work for caregivers and may increase economic well-being. *Tax incentives* for employers to provide or subsidize child care can both increase the availability and reduce the cost of care.

The compilation of state level policies is not comprehensive. Rather, it provides a summary of key policies in each of the four areas that should be useful for future research endeavors.¹ I identified policies for inclusion in this report based on four criteria: (1) theory and/or empirical research suggests a positive relationship between the policy and employment or

¹ I would like to thank Elen Galinsky and Jody Heymann for their suggestions about the policies to include in this report. The final selection of the policies rests with the author and does not necessarily reflect Drs. Galinsky and Heymann's preferences.

economic well-being;² (2) states vary significantly in their policy provisions; (3) information about the policy is readily available from secondary data sources; and (4) the policy is easily measured and converted to an indicator or indicators. As a result, some key policy areas are not included in this report. For example, although *public health insurance* programs are critical for many low-income families, data about state health insurance programs are not included owing to policy complexity and an unclear relationship with employment.³

The conclusion discusses possible avenues for future state policymaking. For example, *job flexibility* provisions that allow parents to have more control over their work schedule continue to be debated at the state level, but legislation continues to be targeted at small segments of the working population. The remainder of the report is divided into four sections and a conclusion. Each section begins with a discussion of the benefits of the policy type for both employees and employers. Next, any federal role in the policy area is highlighted, as are any special state innovations. Detailed tables outlining specific state policy provisions follow a brief description of each policy cataloged.

While this report does not analyze state legislation, the tables and summaries draw attention to many facets of the policies. State family policies vary along a number of dimensions, including the extent to which the policies target certain populations (e.g., low-income families); how much the policies redistribute resources and to whom (e.g., from non-parents to parents, from higher- to lower-income families, from smaller to larger families); the size of the population that the policies reach and whether they have eligibility criteria or are universal; the

² Policies designed to mitigate the tension between work and family responsibilities are not necessarily child-friendly. For example, providing emergency child care for sick children helps working parents maintain their employment, but an unfamiliar child care provider and setting may not be the best option when viewed from the sick child's perspective.

³ The Kaiser Family Foundation publishes detailed compendiums of state Medicaid policies and State Child Health Insurance Programs.

value of the benefit the policies provide; the degree to which the policies restrict employer or employee choices; whether the policies promote gender equity; and the policies' administrative methods. Future work will analyze some of this variation and link it to measurable outcomes, such as access to leave.

Family Care

Some federal and state policies allow workers time to take care of their families' serious health needs and to bond with young children entering their families. By maintaining an employment relationship while a worker provides family care, these policies directly confront the conflict between workplace practices and family life. Public policies for family care range from maternity leave that applies only to mothers for the period immediately following childbirth to broad "family leave" that provides leave for mothers and fathers to bond with newborns or newly adopted children, to care for seriously ill relatives, and to tend to their own serious health conditions.⁴ Other family care policies permit leave-taking to attend school meetings, to care for sick (but not seriously ill) children, or to provide primary care for very young children.

Job security is the main benefit that employees derive from family care policies. During a time of personal stress caused by family illness or childbirth, family care policies allow workers to concentrate on their families' needs while maintaining formal ties with their employers. Similarly, employers benefit from family care policies through the retention of employees. Many public family care policies are only available to workers who have at least a year of service with their employer. Training new workers to replace tenured employees can be costly. The benefits to both workers and employers, however, are limited by the reach of the policies. The majority of federal and state family leave policies are unpaid. And although state policies typically have fewer eligibility restrictions than federal policies, family leave policies at both governmental levels rarely apply to the entire workforce. The remainder of this section summarizes federal and state family care legislation.

⁴This report does not look at state policies that provide leave only for a worker's illness. No states have enacted legislation requiring private employers to provide paid sick leave (National Partnership for Women and Families 2004).

Federal Legislation: The Family and Medical Leave Act of 1993

The Family and Medical Leave Act of 1993 provides eligible employees with up to 12 unpaid workweeks of job-protected leave during any 12-month period for the birth or adoption of a child; the foster care of a child; to care for a seriously ill child, spouse, or parent; or for an employee's own serious illness. Leave mandated by the FMLA is job-protected but unpaid.⁵ After an FMLA leave the employer must allow a leave-taker to return either to the same position held before the leave or to a position with equivalent pay, benefits, terms of employment, and seniority.⁶

FMLA leave is available to an employee who (1) has at least 12 months of tenure with the employer from whom she will take leave; (2) has worked at least 1,250 hours during the 12 months preceding the leave period for the employer; and (3) works for an employer who employs at least 50 people within a 75-mile radius of the employee's worksite. The FMLA applies to private establishments, federal, state, and local governments and Congress.⁷

An employer may require its employees to use accrued vacation or sick leave as a portion of FMLA leave. An employee can use paid vacation or annual leave for any portion of FMLA leave and will usually be permitted to use paid, accrued sick leave as well.⁸ The total amount of FMLA leave, however, cannot exceed 12 weeks within a 12-month period. For example, if an

⁵ At the end of the Clinton administration, Department of Labor rules allowed states to use unemployment compensation to provide partial wage replacement during FMLA leaves. No state has enacted legislation that takes advantage of this ruling and, in October 2003, the Bush administration repealed the ruling.

⁶ An employer may deny reinstatement to an employee who is among the highest paid 10 percent of the employer's workforce if reinstatement would cause "substantial and grievous economic injury" to the business. Further, if the employee would have been laid off, terminated, or downgraded had she not taken leave, then her job will not be protected during her leave.

⁷ A Supreme Court ruling (*Nevada Department of Human Resources v. Hibbs, May 27, 2003*) affirms the application of FMLA to state employees.

⁸ Many workers, however, do not have access to paid sick leave. Among private sector employees, only 60 percent of full-time workers and 16 percent of part-time workers have access to paid sick leave (Lowell 2004). Furthermore, many workers, particularly low-income workers, do not have access to any paid leave, including vacation, sick, and personal leave (Ross Phillips 2004).

employee uses two paid vacation weeks for FMLA reasons, then she is only entitled to 10 unpaid weeks.

The use of FMLA leave cannot result in the loss of any employment benefit earned before the leave, although benefits need not accrue during the leave. Under the FMLA, an employer must maintain health insurance coverage during the leave period in the same manner as when the employee was working. If the employee fails to return to work after the specified leave period, an employer can stop paying for health insurance and recover premiums paid to maintain the health insurance during the leave period. If the employee cannot return to work because of a continued health condition or a reason beyond the employee's control, however, the employer cannot recover health insurance premiums paid during the leave period.

State Legislation

Many states have family care legislation that is more generous than the FMLA, either by reaching more workers, providing longer leaves, or providing some wage replacement during the leave. The provisions of these laws are summarized in table A.1. In addition, some states have extended the reasons for leave. Many of these programs are highlighted below and in the table. Before summarizing these policies, temporary disability insurance programs deserve special attention because they have served as models for state policymakers interested in providing paid leave.

State Temporary Disability Insurance (TDI) programs

Under the Pregnancy Discrimination Act of 1978 (PDA), any covered employer that offers leave for non-job-related temporary disabilities or illnesses must provide the same leave for pregnancy and recovery from childbirth. In 1978, California, Hawaii, New Jersey, New York, Puerto Rico, and Rhode Island had state-mandated TDI programs that provide private employees with some

fraction of their wages during a short-term, non–job-related disability. Employees and/or their employers contribute a percentage of the employee’s salary to an insurance fund that is used to cover a portion of lost wages during TDI leaves. As a result of the PDA, the state-level TDI programs expanded to include disabilities arising from pregnancy and childbirth. Interestingly, no additional states have enacted TDI legislation since passage of the PDA.

TDI leaves are typically not job-protected, and eligibility criteria for TDI programs can limit their reach. Further, the entire period of maternity leave may not be covered by TDI. To receive benefits, a new mother must have a doctor’s note certifying her disability status. For a normal childbirth most doctors write notes for six weeks of disability; eight weeks is the standard time for a delivery that requires a caesarian section. The payment provisions of the five state TDI programs are summarized below:

**Temporary Disability Insurance Payments
for Pregnancy, Disability, and Maternity Leave**

California	55%–60% of highest quarterly earnings during a 12-month base period up to \$602 (2003).
Hawaii	58% of average weekly wages up to \$408 (2003).
New Jersey	67% of average weekly wages up to \$450 (2003).
New York	50% of weekly wages up to \$170.
Rhode Island	4.62% of quarterly earnings per week up to \$543, plus a dependent benefit equal to the greater of \$10 or 7% of the weekly benefit per child (for a maximum of 5 children) (2003).

Sources: California Employment Development Department web site (<http://www.edd.ca.gov/direp/difaq2.htm>), Hawaii Department of Labor and Industrial Relations web site (<http://dlir.state.hi.us/rule/12-11.pdf> and <http://dlir.state.hi.us/dcd/WC%20weekly%20wage%20base.pdf>), New Jersey Department of Labor web site (<http://www.nj.gov/labor/tdi/calcbenf.html>), New York State Worker’s Compensation Board web site (<http://www.wcb.state.ny.us/content/main/offthejob/wc03018.htm>), and Rhode Island Department of Labor and Training web site (<http://www.dlt.state.ri.us/webdev/tdi/tdifaq.htm>).

As of July 1, 2004 most private employees in the state of California became eligible for six weeks of paid *family leave* through the state’s TDI program. In addition to leave for pregnancy and childbirth, covered male and female Californians are eligible for paid leaves to care for a seriously ill child, spouse, parent, or domestic partner, or for the birth, adoption, or foster care placement of a child. Employee-only disability insurance tax contributions fund the

expanded program. Workers can receive as much as 55 percent of their wages, up to a maximum of \$727 a week, for family leaves.

State Family Leave Laws

The table below summarizes state family care legislation that exceeds FMLA standards either by applying to more people or offering longer leaves. If a state's leave law is essentially the same as the federal FMLA, but might apply to a handful of other workers, it is not included. For example, Wisconsin provides fewer weeks of leave but extends that leave to persons who work at least 1,000 hours, rather than 1,250 hours, over a one-year period. Since the leave length is shorter and the eligibility criteria is only marginally less stringent, Wisconsin's law is not included in the table. The leaves summarized in the table are defined as follows:

Maternity: Leave for mothers after childbirth. Maternity leave does not include leave for adoption or foster care unless noted.

Paternity: Leave for fathers after childbirth. Paternity leave does not include leave for adoption or foster care unless noted.

Adoption: Employers that offer benefits for the birth of a child must offer equivalent benefits for the adoption of a child.⁹

Parental: Leave for mothers and fathers after the birth or adoption of a child. Frequently these provisions also apply to the placement of a foster child.

Family: Parental leave and leave to care for seriously ill family members.

Medical: Leave for the serious illness of the employee. (Some states have additional disability and medical benefits for employees. "Medical" leaves are only included here if they are part of a family leave package.)

State Family Care Law Highlights

- Seventeen states and the District of Columbia have leaves that are potentially more generous than the federal FMLA by offering longer leaves, leaves for expanded reasons, or leave to more employees. These states are Alaska, California, Connecticut, Florida, Maine, Massachusetts, Minnesota, Montana, North Carolina, North Dakota, Ohio, Oregon, Rhode Island, Tennessee, Vermont, Washington, and West Virginia.

⁹ All public parental and family leaves apply to adoptive parents. Adoption policies extend to adoptive parents the same benefits privately provided to birth parents. For example, if a company in a covered state provides paid maternity leave, it must make that paid leave available to adoptive parents as well.

- Some workers in nine states—Alaska, Connecticut, Florida, North Dakota, Oregon, Rhode Island, Tennessee, Vermont, and West Virginia—and the District of Columbia have access to longer family care leaves.¹⁰
 - In Alaska, Connecticut, the District of Columbia, North Dakota, Oregon, and Vermont, covered workers have separate allotments of leave for parental/family leave and medical leave. Total potential leaves in these states range from 17 weeks in North Dakota to 48 weeks in Connecticut (for state employees only).
 - In two of these nine states—Connecticut and Florida—the expanded leave applies to fewer workers than the FMLA.
- More workers are covered for some portion of family care leave in nine states and the District of Columbia. In Alaska, the District of Columbia, Maine, Massachusetts, Minnesota, Montana, Ohio, Oregon, Rhode Island, and Vermont the eligibility restrictions are more lenient than the FMLA’s eligibility restrictions.
 - In five of these nine states—Maine, Massachusetts, Minnesota, Montana, and Ohio—the additional workers are eligible for **less** expansive leave than the FMLA.
- In seven states and the District of Columbia—California, Massachusetts, Minnesota, North Carolina, Oregon, Vermont, and Washington—workers are allowed to take family leave for reasons not covered under the FMLA.
 - Parents in Oregon can use family leave to care for a child who requires home care regardless of the severity of the child’s illness.
 - Four states and the District of Columbia mandate that employers provide leave for parents to attend or participate in **school-related events**, such as parent-teacher meetings. The District of Columbia, Massachusetts, and Vermont permit up to 24 hours a year for school-related activities. Minnesota provides 16 hours and North Carolina provides 4 hours a year.
 - California, Minnesota, and Washington have laws that permit private employees to **use accrued sick leave to cover absences when their children are ill**. California and Washington also allow employees to use their paid sick leave to care for an ill spouse or parent. Vermont’s short-term family leave legislation that covers school-related events also provides for leave to take children and elderly relatives to medical appointments.
- Under state policy, some women receive income during maternity or postpartum leave in eight states: California, Hawaii, Minnesota, Montana, New Jersey, New York, Ohio, and Rhode Island.

¹⁰ Many of the longer leave lengths are over of 24- rather than a 12-month period. (Table A.1 indicates when a longer period applies). In any given year, workers in these states could take a leave longer than 12 weeks. What happens in the subsequent year, however, is unclear. For example, in the District of Columbia covered workers are entitled to 16 weeks of family leave over a two-year period and, under the FMLA, these workers are entitled 12 weeks annually. If a parent takes 16 weeks in year one, by federal law she should have access to 12 weeks in year two for a total of 24 weeks over a two-year period.

- The **Temporary Disability Insurance (TDI)** programs in California, Hawaii, New Jersey, New York, and Rhode Island provide payments for “disability” leaves during pregnancy and childbirth. TDI programs are discussed above in the text.
- State workers in Ohio are granted four weeks of paid parental leave.
- **At-Home Infant Child Care (AHIC)** programs in Montana and Minnesota allow low-income mothers to receive child care subsidies to stay home with their children. In essence, the AHIC programs pay for mothers to provide care for their own children. The program in Montana is open to families who qualify for child care subsidies. Participants are eligible to receive 90 percent of the available subsidy minus their required copayment for 12 months. Families in Montana with incomes below 150 percent of the poverty level can receive 100 percent of the child care subsidy rate for 24 months. Legislatures in Illinois and Iowa have introduced similar bills.¹¹

¹¹ Participation in these programs is complicated by interaction effects with welfare programs. Anecdotal evidence suggests that in states where the TANF benefits are lower than the net child care subsidies available to AHIC participants (MT), program participation is high, but in states with TANF benefits that are higher than net subsidies, participation is low (MN). Mothers who stay at home in a high benefit/low subsidy state will receive more income by going on welfare than by participating in AHIC.

Table A.1 Family Leave Laws

	Private employees	State employees	Eligibility restrictions	Other related leaves
Nationwide <i>FMLA leave</i>	Family and medical: 12 weeks	Family and medical: 12 weeks	50 or more employees; 12 months of employment and 1,250 hours of work over past 12 months	
Alabama				
Alaska	Parental: 18 weeks Family and medical: 18 weeks in a 24- month period	Parental: 18 weeks Family and medical: 18 weeks in a 24-month period	21 or more employees for private employers; Employed for 35 or more weekly hours for 6 consecutive months OR 17.5 or more weekly hours for 12 consecutive months	
Arizona				
Arkansas				
California				TDI leave: 6 weeks for all family leave purposes as of 7/1/2004; currently for pregnancy and childbirth only. Use of paid sick leave to care for sick children
Colorado	Adoption	Adoption		
Connecticut	Family and medical: 16 weeks in a 24- month period	Family: 24 weeks in a 24-month period Medical: 24 weeks in a 24-month period	75 or more employees for private employers; 12 months of employment and 1,000 hours of work over past 12 months	
Delaware				
District of Columbia	Family: 16 weeks Medical: 16 weeks	Family: 16 weeks Medical: 16 weeks	20 or more employees for private employers; 12 months of employment and 1,000 hours of work over past 12 months	24 hours of leave to participate in children's school activities
Florida		Family and medical: no more than 6 months (approximately 26 weeks)	Career service employees	
Georgia				
Hawaii				TDI leave
Idaho				
Illinois				
Indiana				
Iowa				
Kansas				
Kentucky				
Louisiana				

Table A.1 Family Leave Laws

	Private employees	State employees	Eligibility restrictions	Other related leaves
Maine	Family and medical: 10 consecutive weeks in a 24-month period	Family and medical: 10 consecutive weeks in a 24-month period	15 or more employees for private employers; 25 or more employees for city, town, or municipal agencies; 12 consecutive months of employment	
Maryland	Adoption			
Massachusetts	Maternity: 8 weeks <i>also extends leave to adoptive mothers</i>	Maternity: 8 weeks <i>also extends leave to adoptive mothers</i>	6 or more employees; Pass probationary period or employed full-time for at least 3 months	24 hours of leave to participate in children's school activities
Michigan				
Minnesota	Parental: 6 weeks	Parental: 6 weeks	21 or more employees for private employers; 12 consecutive months of employment preceding the leave and an average number of hours per week equal to one-half the full- time equivalent position in the employee's job classification over the 12 months	16 hours of leave to participate in children's school activities Use of paid sick leave to care for sick children AHIC
Mississippi				
Missouri				
Montana	Parental: "reasonable leave of absence"; can use sick leave	Paternity and adoption*: 3 weeks (15 days) of sick leave <i>also extends leave to adoptive parents</i>		AHIC
Nebraska		Adoption		
Nevada				
New Hampshire				
New Jersey				TDI leave
New Mexico				
New York				TDI leave
North Carolina				4 hours of leave to participate in children's school activities
North Dakota		Family: 4 months (16 weeks) plus up to an additional 40 hours of accrued sick leave to care for a sick family member <i>leave is pro-rated for part-time employees</i>	12 months of continuous employment; average of 20 hours of work a week	
Ohio		Parental: 4 paid weeks (70%) 2 unpaid weeks <i>leave is pro-rated for part-time employees</i>	Average of 30 hours or more a week	
Oklahoma				

Table A.1 Family Leave Laws

	Private employees	State employees	Eligibility restrictions	Other related leaves
Oregon	Family and medical: 12 weeks <i>* Parents are entitled to take 12 weeks of parental leave followed by 12 weeks of leave to care for a sick child during the year that parental leave is taken</i> 24 weeks <i>* Parents can use family leave to care for a child who requires home care regardless of the severity of the illness</i>	Family and medical: 12 weeks <i>* Parents are entitled to take 12 weeks of parental leave followed by 12 weeks of leave to care for a sick child during the year that parental leave is taken</i> 24 weeks <i>* Parents can use family leave to care for a child who requires home care regardless of the severity of the illness</i>	25 or more employees for private employers; Employed for 180 days immediately preceding leave; For leave not related to the birth or adoption of a child, the employee must also work for an average of 25 hours a week or more	
Pennsylvania				
Rhode Island	Family and medical: 13 weeks in a 24-month period	Family and medical: 13 weeks in a 24-month period	50 or more employees for private employers; 30 or more employees for public employers; 12 months of employment before the leave	TDI leave
South Carolina				
South Dakota				
Tennessee	Maternity: 16 weeks	Maternity: 4 months (16 weeks)	100 or more employees; 12 months of employment before the leave	
Texas				
Utah				
Vermont	Family and medical: 12 weeks	Parental: 16 weeks Medical for family and self: 12 weeks	10 or more employees for parental leave; 15 or more employees for medical for family and self; 12 months of continuous employment; average of 30 hours of work a week	24 hours of leave to participate in children's school activities Use of paid sick leave to take children to medical appointments
Virginia				
Washington				Use of paid sick leave to care for sick children
West Virginia		Family: 12 weeks following the exhaustion of annual and paid leave		
Wisconsin				
Wyoming				

Source: National Conference of State Legislatures, *State Family and Medical Leave Laws*, May 2002, (<http://www.ncsl.org/programs/employ/fmlachart.htm>) and specific statutes.

Child Care Subsidies

Every state provides some low-income families with child care assistance through subsidy programs. Child care subsidies are financed through a combination of state funds and federal block grants, primarily the Child Care Development Fund (CCDF) and Temporary Assistance for Needy Families (TANF).

Child care subsidies directly benefit low-income working parents by helping to offset some of their child care costs. Subsidies may provide parents with the ability to purchase more or better quality market child care than they could otherwise afford. Employers benefit from child care subsidies to the extent that their employees use subsidies to purchase formal and more stable forms of child care. Child care stability can reduce absenteeism among working parents. The remainder of this section summarizes federal and state child care subsidy legislation, focusing on the CCDF.

Federal Legislation

The CCDF helps low-income families, families receiving temporary public assistance, and those transitioning from public assistance purchase child care so they can work or attend school or training. Although other child care subsidies are paid for by federal TANF funds and by state, local, and private monies, the CCDF is the single largest source of funding for child care subsidies in many states (Collins et al. 2000).

The welfare reform legislation of 1996 created the CCDF by consolidating four separate federally funded child care programs: the Child Care and Development Block Grant, AFDC child care, Transitional Child Care, and At-Risk Child Care. The block grant provides states with two pools of CCDF funds. The first pool of funds is available unconditionally to states. The

second pool of available funds requires states to match spending and meet maintenance of effort requirements. Thus to receive its entire federal allocation, a state must spend its own money on the CCDF program. The majority of states spend sufficient state funds to receive their entire federal CCDF allocation (Collins et al. 2000). Additionally, a state can transfer up to 30 percent of its TANF block grant funds to the CCDF program. During fiscal year 2001, the federal government made \$4.6 billion of CCDF grants to the states. When state CCDF spending and TANF dollars transferred to CCDF programs or spent directly on child care are included, the funding amount increases to \$11 billion for fiscal year 2001 (Child Care Bureau 2003).¹²

With the exception of broad eligibility and financing guidelines, the administration of the CCDF subsidy program is left to the states. Federal law permits states to use CCDF funds to subsidize parents who are working or in education or training and who have a child under the age of 13.¹³ States can set a minimum hours requirement when defining “working parent.” Income eligibility limits are set by the state, but they cannot exceed 85 percent of the state’s median income for a family of the same size. According to the federal guidelines, states must give special needs and very low income children priority for receiving subsidies. States, however, define “special needs” and “very low-income.” If they desire, states can also give priority to other populations, such as TANF recipients. States also set copayment rates for participants and payment rates for providers.

State Legislation

Table B.1 summarizes a number of program parameters from the state CCDF programs. Data for income limits and copayments are for fiscal year 2001, while data about recertification time

¹² TANF funds used for child care that are not transferred to CCDF are targeted to TANF recipients, recent TANF leavers, or families at risk of entering TANF. The rules for these programs are beyond the scope of this paper.

periods are for fiscal year 2000. Income thresholds suggest the possible reach of CCDF subsidies. However, many states have waiting lists for child care subsidies (Child Care Bureau 2003). In these states, lower-income families, children with special needs, and families participating in other programs are often given priority for subsidies. Copayment data provide a measure of the impact of the subsidies on the affordability of child care for families that receive subsidies. The information about recertification procedures is important for working parents. Longer recertification time frames and procedures that do not require in person recertification will be easier for working families.

Income Eligibility

- There is substantial variation among state income eligibility thresholds. In fiscal year 2001 these thresholds ranged from a low of \$1,482 per month for a family of three in Missouri to a high of \$3,966 per month in Connecticut.
- Ten states set their income eligibility thresholds for a family of three at or below 1.5 times the federal poverty level.¹⁴ These states are Alabama (1.3), Idaho (1.4), Illinois (1.5), Indiana (1.4), Missouri (1.2), Montana (1.5), South Carolina (1.5), South Dakota (1.5), Texas (1.5), and Wyoming (1.5).
- Fifteen states and the District of Columbia set their income eligibility thresholds for a family of three above twice the federal poverty level. These states are Alaska (2.1), California (2.4), Connecticut (3.3), District of Columbia (2.4), Georgia (2.1), Hawaii (2.2), Maine (2.5), Minnesota (2.9), Mississippi (2.1), Nevada (2.6), New Hampshire (2.2), North Carolina (2.3), Rhode Island (2.3), Vermont (2.1), and Washington (2.3).

Copayment

- The majority of states have a \$0 copayment for some child care subsidy recipients. All participating families in Hawaii pay nothing for their subsidized care, while less than 2 percent of families in eight states—Florida, Idaho, Illinois, Montana, North Dakota, Ohio, Wisconsin, and Wyoming—have a \$0 copayment.
- Among families who must pay something for their subsidized care, the average size of their copayment relative to income ranges from a low of 0.1 percent in New Hampshire to 12.7 percent in North Dakota.

¹³ Children under the care of child protective services are also covered under the CCDF, regardless of their parents' work activities. Disabled children under the age of 19 are potentially eligible for CCDF subsidies if their parents are working or in education or training.

¹⁴ The monthly 2001 federal poverty level for a family of three is \$1,219 for the 48 contiguous states and the District of Columbia, \$1,403 for Hawaii, and \$1,524 for Alaska.

Recertification

- Most states have a six-month recertification time frame.¹⁵ Four states have shorter periods during which low-income families must recertify their eligibility for child care subsidies. They are Alaska (four months), Nevada (three months), North Dakota (one month), and Utah (three months).
- Fifteen states have an annual recertification time frame. These states are California, Hawaii, Iowa, Kansas, Kentucky, Maryland, Missouri, Nebraska, New Jersey, New York, North Carolina, Ohio, Oklahoma, South Carolina, and Virginia. Texas allows up to a 12-month recertification time frame, but the actual limit is left to the discretion of local authorities.
- Seven states and the District of Columbia require in-person recertification. These states are Alabama, Arkansas, California, District of Columbia, Indiana, New Hampshire, Virginia, and Wisconsin.

¹⁵ Many states have different recertification time periods for special populations, such as TANF recipients. These highlights refer to the procedures for low-income families. Differences are noted in table B.1.

Table B.1 Child Care Development Fund Provisions

	Monthly income limit for initial eligibility ^a	Percent of families with \$0 copayment ^a	Mean copayment/ income (excluding \$0 copayment) ^a	Recertification time frame (months) ^b	Recertification method ^b
Alabama	\$1,585	7.1	7.3	6	in person
Alaska	\$3,244	7.9	6.5	4 for low-income 1 for TANF recipients	by mail (except for low-income recipients in areas with local administrators)
Arizona	\$2,013	12.8	4.9	6	by phone or mail
Arkansas	\$1,960	78.8	7.2	6 for low-income 12 for transitioning Not required for TANF recipients	one of the 2 required yearly must be in person, other can be by mail
California	\$2,925	79.6	3.0	12 for low-income 1 for TANF recipients	in person for low-income can be through mail for TANF recipients
Colorado	\$2,255	8.5	8.7	6 for low-income 1 for TANF recipients	by phone or mail
Connecticut	\$3,966	21.7	5.1	6	by phone or mail
Delaware	\$2,440	21.2	8.7	6	by phone or mail
District of Columbia	\$2,892	26.3	3.6	6 for low-income 2 for TANF recipients 12 for Head Start participants	in person for low-income through caseworker for TANF recipients
Florida	\$2,358	1.1	6.0	6	by phone or mail
Georgia	\$2,561	10.8	4.6	6	by phone or mail
Hawaii	\$3,069	100.0		12	by mail
Idaho	\$1,706	0.6	5.1	6	by phone or mail
Illinois	\$1,818	1.6	6.0	6 for low-income 1 or 3 for TANF recipients 12 for Head Start participants	by phone or mail
Indiana	\$1,743	61.9	2.6	6	mostly in person, by mail for some rural areas
Iowa	\$1,890	62.8	6.5	12	by phone or mail
Kansas	\$2,255	17.4	6.9	12	by phone or mail
Kentucky	\$2,012	32.3	7.2	12	by phone or mail
Louisiana	\$2,077	50.8	6.6	6 months for low-income (12 if family meets certain 'stringent' criteria) 12 for TANF recipients (their caseworkers see them more often and can verify they still need assistance)	by phone or mail for low-income in person for TANF recipients
Maine	\$3,038	Not available	Not available	6 for low-income 3 for TANF recipients	by phone or mail for low-income (or through their providers in certain situations) in person at least once a year for TANF recipients
Maryland	\$2,095	18.2	6.9	12 (localities can extend for families in Head Start to match the HS school year)	by phone or mail

Table B.1 Child Care Development Fund Provisions

	Monthly income limit for initial eligibility ^a	Percent of families with \$0 copayment ^a	Mean copayment/ income (excluding \$0 copayment) ^a	Recertification time frame (months) ^b	Recertification method ^b
Massachusetts	\$2,414	21.7	7.8	6	by phone or mail (or through their providers in certain situations)
Michigan	\$2,172	18.6	3.1	6 for low-income 12 for TANF recipients (their caseworkers see them more often and can verify they still need assistance)	by phone or mail
Minnesota	\$3,501	20.9	4.1	6	by phone or mail
Mississippi	\$2,513	14.1	2.3	6 for low-income 1 for TANF recipients	by phone or mail (or through their providers in certain situations)
Missouri	\$1,482	40.6	3.6	12	by phone or mail
Montana	\$1,829	0.0	3.3	6 for low-income 12 for TANF (their caseworkers see them more often and can verify they still need assistance)	by phone or mail
Nebraska	\$2,104	56.0	9.9	12	by phone or mail
Nevada	\$3,123	13.3	12.0	3 Redetermination not required for Head Start and Early Head Start participants	by phone or mail
New Hampshire	\$2,648	54.3	0.1	6	in person (certain providers serving children with subsidies can also determine eligibility) By phone or mail for low-income
New Jersey	\$2,438	18.3	8.0	12 for low-income 6 for TANF recipients	in person for TANF recipients
New Mexico	\$2,438	14.6	6.5	6 for low-income and TANF recipients 12 for families transitioning off TANF	by phone or mail
New York	\$2,438	30.0	5.5	12 for low-income 6 for TANF recipients	by phone or mail
North Carolina	\$2,852	10.9	7.8	12	by phone or mail
North Dakota	\$2,463	1.5	12.7	1	by phone or mail
Ohio	\$2,255	1.6	4.9	12 Head Start enrollees are eligible for 12 months regardless of changes in family's income	by phone or mail (part of the process can be completed online)
Oklahoma	\$1,936	49.9	6.8	12	by phone or mail
Oregon	\$2,255	5.3	8.0	6 months for low-income (more often if their income is unstable) 12 for TANF recipients and Head Start participants	by phone or mail
Pennsylvania	\$2,438	6.6	7.7	6	by phone or mail for low-income in person for TANF

Table B.1 Child Care Development Fund Provisions

	Monthly income limit for initial eligibility ^a	Percent of families with \$0 copayment ^a	Mean copayment/ income (excluding \$0 copayment) ^a	Recertification time frame (months) ^b	Recertification method ^b
Rhode Island	\$2,743	42.9	4.8	6 for low-income 12 for TANF (their caseworkers see them more often and can verify they still need assistance)	by phone or mail
South Carolina	\$1,829	46.0	3.1	12	by phone or mail
South Dakota	\$1,829	69.6	8.4	6	by phone or mail
Tennessee	\$2,027	62.3	1.7	6	by phone or mail
Texas	\$1,829	7.2	8.7	up to local boards, most of whom have periods of 12 or less (Head Start can match HS school year)	by phone or mail
Utah	\$2,244	26.4	5.3	3	by phone or mail
Vermont	\$2,586	39.7	4.9	6 children in Head Start/Pre-K collaboratives remain eligible for the grant year, up to 12 months	by phone or mail
Virginia	\$2,255	26.8	9.5	12	in person for low-income ('direct contact' with their caseworker) TANF families are automatically eligible if working
Washington	\$2,743	75.0	5.2	6	by phone or mail
West Virginia	\$2,358	33.1	3.3	6	by phone or mail
Wisconsin	\$2,255	1.4	7.1	6	in person
Wyoming	\$1,829	0.8	5.6	6	by phone or mail

Sources: The Urban Institute, *TRIM3* program rules; Child Care Bureau, *Child Care Development Fund (CCDF): Report to Congress* (Washington, DC: U.S. Department of Health and Human Services, Administration for Children and Families, 2003); Children's Defense Fund, *A Fragile Foundation: State Child Care Assistance Programs* (Washington, DC: The Children's Defense Fund, 2000).

Notes for table B.1

^a Data are for fiscal year 2001.

^b Data are for fiscal year 2000.

Public Early Childhood Education

School attendance policies may influence how parents shape their employment. Public schools provide a form of child care for parents of young school-age children. The hours that children are in school are hours that working parents do not need to purchase child care. When school hours do not coincide with working hours, however, parents must find substitute care arrangements. Acquiring before- and after-school care and transporting children to that care can be difficult hurdles for working parents. A mismatch between school and work schedules can cause work disruptions that hinder productivity, a potential problem for both employers and employees.

After a brief discussion of the federal Head Start program, the remainder of this section outlines state preschool, kindergarten, and elementary school legislation. Although the federal government and many states provide funding for some before- and after-school programs, the administration of these programs is too local for inclusion in this report.¹⁶ Nevertheless, these programs are very important for low-income working parents.¹⁷

Federal Legislation

The federal government helps finance education. School administration is left to state and local governments. For young children, the federal government spends the majority of its education funds on the Head Start and Early Head Start programs. For fiscal year 2001, the federal government spent \$6.0 billion on these programs. More than 905,000 children enrolled in Head Start and Early Head Start programs in fiscal year 2001; 89 percent of these children were 3 or 4 years old (Head Start Bureau 2002).

¹⁶ The National Council of State Legislatures is tracking state before- and after-school programs. See their After School Project web site for more information (<http://www.ncsl.org/programs/cyf/after.htm>).

¹⁷ Approximately 37 percent of students in kindergarten through eighth grade who are in nonparental after-school care attend either school- or center-based care (author's tabulation of data in National Council of Education Statistics 2003).

The goal of Head Start and Early Head Start programs is to improve school readiness among low-income children. The programs are financed through federal grants to local authorities. Although all Head Start and Early Head Start programs must adhere to federal performance standards, the administration of the programs is left to each grantee. In fiscal year 2001, there were 1,545 Head Start grantees. While many states supplement federal Head Start funding (see table C.1), the states play little role in the administration of the programs. As a result, other than funding supplements, there are no indicators for either of the Head Start programs that are reliable on a statewide basis.

State Legislation

Although the majority of school policies are made at a local level, most states legislate guidelines for school schedules and the age at which children must attend school. The tables at the end of this section summarize key state kindergarten and elementary school statutes. Highlights from the tables are summarized below along with additional information from the Education Week special report *Quality Counts 2002: Building Blocks for Success*.

Prekindergarten

- Twenty-one states and the District of Columbia supplement federal funding for Head Start.
- The District of Columbia and 39 states finance prekindergarten programs for 3- to 5-year-olds. Annual spending for these programs exceeds \$1.9 billion to serve more than 765,000 children (Education Week 2002).
- In states that offer public prekindergarten programs, these programs serve from approximately less than 1 percent (Alabama) to 13 percent (District of Columbia and Minnesota) of the under-5 population.
 - The District of Columbia and three states—Georgia, Minnesota, and Oklahoma—enroll 10 percent or more of the under-5 population in public prekindergarten programs.
 - Among the states that provide public prekindergarten, 12 states enroll 1 percent or less of their children under 5 years old. These states are Alabama, Arizona,

Louisiana, Maine, Nebraska, Nevada, New Mexico, North Carolina, Ohio, Pennsylvania, Tennessee, and Virginia.

- When Head Start is counted as a public prekindergarten program, the share of the under-5 population served ranges from a low of 2 percent (New Hampshire) to a high of 23 percent (District of Columbia).
- Twenty-six states target their prekindergarten programs toward low-income children. Of these 26 states, 15 also consider other risk factors such as being the child of a teen parent.
- Nine states leave the targeting of preschool programs to local districts.
- Three states—Georgia, New York, and Oklahoma—and the District of Columbia are moving toward universal prekindergarten for all 4-year-olds (Education Week 2002).

Kindergarten

- Every state helps finance kindergarten in at least some districts (Education Week 2002.)
- Forty states and the District of Columbia require school districts to provide kindergarten. The 10 states that do not require the provision of kindergarten are Alaska, Colorado, Idaho, Michigan, New Hampshire, New Jersey, New York, North Dakota, Pennsylvania, and South Dakota.
- In only 11 states and the District of Columbia, however, are children required to attend kindergarten. These states are Arkansas, Delaware, Louisiana, Maryland, New Mexico, Oklahoma, Rhode Island, South Carolina, Tennessee, Virginia, and West Virginia. In many of these states, however, parents can request a waiver for their children.
- Minimum school hours for kindergarteners vary throughout the states that require districts to provide kindergarten, from a low of two hours a day (Arizona, Illinois, and Montana) to a high of six hours a day (Alabama, Arkansas, Hawaii, Louisiana, and South Carolina).
 - Eighteen states have minimums set below three hours a day. North Dakota also has a minimum school day of less than a hours, but the state does not require districts to provide kindergarten.
 - Four states have a minimum set at three hours a day. Another five states require “half-day” kindergarten, where the number of hours that constitutes a half-day is unknown.
 - Seven states have minimums set above three hours a day. Another state and the District of Columbia require “full-day” kindergarten, where the number of hours that constitutes a full day is unknown.
 - Four states have annual hours requirements that do not easily translate into per day hours and one state leaves the minimum school hours up to local authorities.

Elementary School

- Most states (23) require school attendance at the age of 6. However, seven states and the District of Columbia require all 5-year-olds to attend, 17 states require 7-year-olds, and

two states do not compel children to attend school until they are 8 years old. Colorado leaves the mandatory attendance age up to the discretion of local school districts

- The typical school year lasts 180 days (28 states). Nine states have school years that are shorter, while five states and the District of Columbia have longer school years. Of the remaining eight states, seven have an annual hours requirement rather than a days requirement and one leaves the length of the school year up to local districts.
- Elementary school days range from three to seven hours long.

Table C.1 Early Childhood Education Programs

	Supplements Head Start	Finances prekindergarten program	Public prekindergarten eligibility test	Share of under-5 Population Served by ^a	
				Public pre-K	Head Start and public pre-K
Alabama		Yes	Income ^b	< 1%	6%
Alaska	Yes				3%
Arizona		Yes	Income	1%	4%
Arkansas		Yes	Income and risk factors	6%	11%
California		Yes	Income	5%	8%
Colorado		Yes	Risk factors (determined locally)	3%	6%
Connecticut	Yes	Yes	Income	3%	6%
Delaware		Yes	Income	2%	6%
District of Columbia	Yes	Yes	Age 4	13%	23%
Florida		Yes	Income and risk factors	2%	5%
Georgia	Yes	Yes	Age 4	11%	14%
Hawaii	Yes				4%
Idaho	Yes				2%
Illinois		Yes	Risk factors (determined locally)	6%	11%
Indiana					3%
Iowa		Yes	Income and risk factors	2%	6%
Kansas	Yes	Yes	Income and risk factors	2%	6%
Kentucky		Yes	Income	6%	12%
Louisiana		Yes	Income and risk factors	1%	8%
Maine	Yes	Yes	Age 4	1%	6%
Maryland	Yes	Yes	Income and risk factors	3%	6%
Massachusetts	Yes	Yes	Income and risk factors (determined locally)	5%	9%
Michigan		Yes	Income and risk factors	4%	9%
Minnesota	Yes	Yes	Income (all are eligible, but priority is given to low-income)	13%	16%
Mississippi					12%
Missouri		Yes	Risk factors	2%	6%
Montana					5%
Nebraska		Yes	Income and risk factors	< 1%	4%
Nevada		Yes	Determined locally	1%	3%
New Hampshire	Yes				2%
New Jersey	Yes	Yes	Income	5% ^c	8%
New Mexico	Yes	Yes	Risk factors (determined locally)	1%	7%
New York		Yes	Age 4 and income	6%	10%
North Carolina	Yes	Yes	Income and risk factors	< 1%	4%
North Dakota	Yes				5%
Ohio	Yes	Yes	Income	1%	6%
Oklahoma	Yes	Yes	Age 4	10%	15%
Oregon		Yes	Income	2%	4%
Pennsylvania		Yes	Age 4	< 1%	4%

Table C.1 Early Childhood Education Programs

	Supplements Head Start	Finances prekindergarten program	Public prekindergarten eligibility test	Share of under-5 Population Served by ^a	
				Public pre-K	Head Start and public pre-K
Rhode Island	Yes	Yes	Risk factors (determined locally)	NA	NA
South Carolina		Yes	Income and risk factors (determined locally)	6%	10%
South Dakota					5%
Tennessee		Yes	Income and risk factors	1%	5%
Texas	Yes	Yes	Income and risk factors	9%	13%
Utah					2%
Vermont		Yes	Income and risk factors	3%	7%
Virginia		Yes	Risk factors (determined locally)	1%	4%
Washington	Yes	Yes	Income and risk factors	2%	4%
West Virginia		Yes	Determined locally	5%	12%
Wisconsin	Yes	Yes	Age 4	4%	7%
Wyoming					5%

Source: Education Week, "Quality Counts 2002: Building Blocks for Success," *Education Week* 21(17), 2002.
NA = not applicable

Notes for table C.1

^a Percentages are calculated from data in *Quality Counts 2002: Building Blocks for Success*. The under-5 population is from the 2000 Census. Public prekindergarten enrollment figures are from school years 1999–00 through 2001–02 depending on the state. Head Start enrollment figures are for fiscal year 2000.

^b The Alabama prekindergarten program is targeted at low-income districts, but all children in those districts are eligible to attend.

^c New Jersey's prekindergarten enrollment figure only includes children in the state's 30 poorest school districts, known as the Abbott districts.

Table C.2 Kindergarten School Policies, 2002

	Districts are required to provide?	Children are required to attend?	Minimum length of day (hours) ^a	Age 5 cutoff date
Alabama	Yes		Full day [6]	1-Sep
Alaska				15-Aug
Arizona	Yes		2	1-Sep
Arkansas	Yes	Yes	Full day [6]	15-Sep
California	Yes		3	2-Dec
Colorado				
Connecticut	Yes	^b	2.5 ^c	1-Jan
Delaware	Yes	Yes	2.5	31-Aug
District of Columbia	Yes	Yes	Full day	31-Dec
Florida	Yes	^d	3	1-Sep
Georgia	Yes		4.5	1-Sep
Hawaii	Yes		Full day [6]	31-Dec
Idaho			2.5	1-Sep
Illinois	Yes		2	1-Sep
Indiana	Yes		Half day [2.5]	1-Jul
Iowa	Yes		Half day	15-Sep
Kansas	Yes		2.5	31-Aug
Kentucky	Yes		Half day	1-Oct
Louisiana	Yes	Yes ^e	6	30-Sep
Maine	Yes		Half day [2.5]	15-Oct
Maryland	Yes	Yes	Half day	31-Dec
Massachusetts	Yes		425 a year	Determined locally
Michigan				1-Dec
Minnesota	Yes		425 a year	1-Sep
Mississippi	Yes		Full day [5.5]	1-Sep
Missouri	Yes		3	1-Aug
Montana	Yes		2	10-Sep
Nebraska	Yes		400 a year	15-Oct
Nevada	Yes	^f	2	30-Sep
New Hampshire				
New Jersey	^g			
New Mexico	Yes	Yes	2.5	1-Sep
New York	^h			
North Carolina	Yes		Full day [1,000 a year]	16-Oct
North Dakota			2.8	1-Sep
Ohio	Yes	ⁱ	2.5	30-Sep
Oklahoma	Yes	Yes	2.5 ^j	1-Sep
Oregon	Yes		Half day [405 a year]	1-Sep
Pennsylvania			2.5	Determined locally
Rhode Island	Yes	Yes	Half day [2.5]	31-Dec
South Carolina	Yes	Yes ^k	6	1-Sep
South Dakota				1-Sep
Tennessee	Yes	Yes	4	30-Sep
Texas	Yes		Half day	1-Sep

Table C.2 Kindergarten School Policies, 2002

	Districts are required to provide?	Children are required to attend?	Minimum length of day (hours) ^a	Age 5 cutoff date
Utah	Yes		Half day [2]	2-Sep
Vermont	Yes		Local policy	1-Jan
Virginia	Yes	Yes	3	30-Sep
Washington	Yes		2.5	31-Aug
West Virginia	Yes	Yes	Full day [5.25]	1-Sep
Wisconsin	Yes		437 per year ^l	1-Sep
Wyoming	Yes		Half day [2.5]	15-Sep

Sources: Education Commission of the States, *State Statute Regarding Kindergarten*. ECS State Notes (Denver, CO: Education Commission of the States 2003); State Kindergarten Statutes Database (<http://www.ecs.org>); Abigail Potts, Rolf K. Blank, and Andra Williams, *Key State Education Policies on PK-12 Education: 2002* (Washington, DC: Council of Chief State School Officers, 2003); Education Week, "Quality Counts 2002: Building Blocks for Success," *Education Week* 21(17), 2002.

Notes for table C.2

^a The Education Commission of the States *State Statutes Regarding Kindergarten* is the primary source for length of school day. When a state statute does not specify a minimum length of day for kindergarten, hours, if available, are from Potts, Blank, and Williams (2003). Data from the secondary source are enclosed in brackets [].

^b In Connecticut, a parent with a 5-year old child can opt not to send that child to school by appearing at the school district office and signing a form.

^c "Priority" districts in Connecticut are required to provide full-day kindergarten and children are required to attend.

^d Floridians are not required to attend school until they are 6 years old. However, a 6-year old who did not attend kindergarten at age 5 will be required to attend kindergarten when she starts school.

^e Children in Louisiana are required to either attend kindergarten or pass a school-readiness test before entering first grade (Louisiana Revised Statute 17:151.3).

^f Nevada children who do not attend kindergarten at age 5 must either attend kindergarten if they enter school at age 6 or pass a readiness test if they enter school at age 7.

^g In New Jersey, high-poverty districts are required to provide full-day kindergarten.

^h Although New York districts are not required to provide kindergarten, all children over the age of 5 are entitled to attend public school within their school district.

ⁱ Children who do not complete kindergarten must demonstrate that they are socially, emotionally, and cognitively ready to attend first grade.

^j As of 2005, all Oklahoma school districts must provide full-day kindergarten. Parents will be able to choose either half- or full-day programs.

^k In South Carolina, parents of 6-year olds can keep them out of kindergarten by filing a document with their school district.

^l Districts are required to provide full-day kindergarten to low-income families.

Table C.3 Elementary School Policies, 2002

	Minimum hours a day	Minimum school days a year	Age of required attendance
Alabama	6	175	7
Alaska	4 (grade 1–3) 5 (grade 4–6)	180	7
Arizona	4 to 5	175	6
Arkansas	6	178	5
California	4.7 (grade 1–3) 5 (grade 4–6)	180	6
Colorado ^{a,b}	968 annual hours	--	--
Connecticut ^a	900 annual hours	180	7
Delaware ^{a,b}	1,060 annual hours	--	5
District of Columbia	6.5	183	5
Florida ^a	720 annual hours (g 1–3) 900 annual hours (g 4–6)	180	6
Georgia	4.5 (grade 1–3) 5 (grade 4–5)	180	6
Hawaii	6	183	6
Idaho ^{a,b}	810 annual hours (g 1–3) 900 annual hours (g 4–5)	--	7
Illinois	5	185	7
Indiana	5	180	7
Iowa	5.5	180	6
Kansas	6	186	7
Kentucky	1,050 annual hours	--	6
Louisiana	6	175	7
Maine	5	175	7
Maryland	6	180	5
Massachusetts ^a	990 annual hours	180	6
Michigan ^a	1,110 annual hours	185	6
Minnesota	Local policy	Local policy	7
Mississippi	5.5	180	6
Missouri	3 to 7	174	7
Montana ^a	720 annual hours (grade 1–3) 1,080 annual hours (grade 4–6)	180	7
Nebraska ^{a,b}	1,032 annual hours	--	7
Nevada	5	180	7
New Hampshire	6	180	6
New Jersey	6	180	6
New Mexico	5.5	180	5
New York	5	180	6
North Carolina ^a	1,000 annual hours	180	7
North Dakota	5.5	173	7
Ohio	5	182	6
Oklahoma	6	180	5
Oregon ^{a,b}	810 annual hours (g 1–3) 900 annual hours (g 4–6)	--	7
Pennsylvania	5	180	8
Rhode Island	5	180	6

Table C.3 Elementary School Policies, 2002

	Minimum hours a day	Minimum school days a year	Age of required attendance
South Carolina	6	180	5
South Dakota ^a	875 annual hours (g 1–3) 962.5 annual hours (g 4–6)	--	6
Tennessee	6.5	180	6
Texas	7	180	6
Utah	4	180	6
Vermont	4 (grade 1–2) 5.5 (grade 3–6)	175	6
Virginia	5.5	180	5
Washington ^a	1,000 annual hours	180	8
West Virginia	5.25 (grade 1–4) 5.5 (grade 5–6)	180	6
Wisconsin ^a	1,050 annual hours	180	6
Wyoming	5	175	6

Source: Abigail Potts, Rolf K. Blank, and Andra Williams, *Key State Education Policies on PK-12 Education: 2002* (Washington, DC: Council of Chief State School Officers, 2003).

Notes for table C.3

^a These states do not have a minimum daily hours requirement. Each of them, however, has a minimum annual hours requirement, as indicated on the table.

^b These states do not have a statewide, minimum number of days requirement.

Taxes

Governments use tax systems not only to raise revenue, but also to redistribute income and encourage certain behaviors. Tax credits and deductions can serve both these additional functions. By targeting tax benefits to low-income families, the tax system can shift resources from higher-income to lower-income families. It can also shift resources from childless families to families with children. By making some tax benefits available only to workers, the tax system explicitly rewards work.

The federal government and many states have a number of tax benefits available to working parents. Typically, states use federal tax legislation as a basis for their tax benefit policies. Some tax benefits offset a portion of the costs of working, such as payroll taxes and child care expenses. Others encourage businesses to provide child care services to their employees. The reduction in working expenses directly benefits working parents. For example, the additional income from tax benefits can help families purchase more or better quality child care. Further, employers that provide child care assistance can benefit from a corporate child care tax credit that reduces the cost of providing such assistance. Employers may pass some of their savings onto their employees in the form of reduced child care costs. Additionally, employers benefit from tax benefits that reduce employee taxable income. By reducing the portion of salaries that are subject to personal income taxes, tax benefits also reduce employer's payroll and unemployment taxes.

Deductions, refundable credits, and nonrefundable credits all reduce a working family's tax liability. Deductions are subtracted from income to compute the tax base. Deductions reduce tax liability by the amount of the deduction times the taxpayer's marginal tax rate.¹⁸ For

¹⁸ The value of a deduction is worth less for people facing lower marginal tax rates.

example, a \$2,000 deduction in a 15 percent tax bracket will reduce taxable income by \$2,000 for a net tax liability reduction of \$300. On the other hand, tax credits are subtracted from total tax liability. As a result, credits can reduce tax liability dollar for dollar. The total amount of credit realized depends on whether the credit is refundable. The table below expands on the \$2,000 deduction example to demonstrate how the value of a tax benefit varies if the benefit is a deduction, nonrefundable credit, or refundable credit.

Deductions versus Credits				
	A	B	C	D
	No deduction or credit	\$2,000 deduction	Nonrefundable \$2,000 credit	Refundable \$2,000 credit
Taxable income before credit/deduction	\$10,000	\$10,000	\$10,000	\$10,000
<i>Deduction</i>	- 0	- 2,000	- 0	- 0
Net taxable income	10,000	8,000	10,000	10,000
Tax liability (15%)	1,500	1,200	1,500	1,500
<i>Credit</i>	- 0	- 0	- 1,500	- 2,000
Net tax liability	1,500	1,200	0	- 500
Value of credit or deduction	0	\$300	\$1,500	\$2,000

Each family in the table has \$10,000 in taxable income before any credits or deductions. They are all taxed at a rate of 15 percent. Family A receives no credits or deductions and owes \$1,500 in taxes. Family B claims a \$2,000 deduction. As explained above, the \$2,000 deduction is subtracted from Family B's taxable income. This family's net tax liability is \$1,200 [(\$10,000 - \$2,000) * 0.15]. The value of the deduction is \$300 (\$1,500 - \$1,200).

Families C and D benefit from \$2,000 tax credits. Both families have an initial tax liability of \$1,500 before receiving tax credits. Family C's tax credit is nonrefundable. As a result, the family can only realize \$1,500 of the \$2,000 credit for which it is eligible. Family D's

tax credit is refundable; \$1,500 of the credit is used to offset the family's tax liability and the remaining \$500 is paid out to the family in the form of a tax refund.

Federal Legislation

Because most states model their tax benefits after benefits in the federal tax codes, this section of the paper includes more detail about federal programs than earlier sections. The federal government has two tax credits targeted to working parents.¹⁹ The Earned Income Tax Credit (EITC) is available to low-income workers and was initially designed to offset payroll taxes. The Child and Dependent Care Tax Credit (CDCTC) enables workers with children or disabled adult dependents to recover some of the cost of purchasing care for their dependents while the workers are on the job or looking for work. Higher credit rates apply at lower incomes. The federal tax system also provides credits for corporations to provide child care or child care assistance to their workers (as of tax year 2002) and a mechanism for employers to administer tax-preferred savings accounts for their employees' dependent care expenses.

The details of these federal tax credits and tax-preferred savings accounts are described below. The primary information is for tax year 2001, although we point out some of the major federal changes that occurred for families with children as a result of the Economic Growth and Tax Relief Reconciliation Act (EGTRRA).²⁰

Earned Income Tax Credit

The EITC is a refundable federal tax credit for low-income workers. The EITC program began in 1975 and was originally designed to help offset the Social Security payroll taxes paid by low-income working parents and to encourage parents to work. Since its inception, the EITC has

¹⁹ A third credit, the Child Tax Credit (CTC), is available to most parents without regard to their employment status.

²⁰ Passed by Congress in 2001, EGTRRA increases the value of many of the federal tax credits. Information about the effects of EGTRRA on each credit is briefly discussed in the text.

experienced both a large increase in benefits and expanded eligibility. The EITC is one of the United States' most effective poverty reduction programs (Porter et al. 1998).

The EITC is available only to low-income tax filers with earnings. The size of the EITC depends on the number of children and income. The EITC initially rises by as much as 40 cents for each additional dollar of earnings. After this "phase-in" range, the EITC plateaus and becomes a flat credit. Tax filers in the "plateau range" receive the maximum EITC. At the end of the plateau range, the EITC diminishes by up to 21 cents with each additional dollar earned. The maximum credit for a working family with two children in 2001 is \$4,008. Families with two children and incomes between \$10,020 and \$13,090 can claim this maximum credit and families with two children and incomes up to \$32,121 are eligible for some EITC benefit. Families with one child and incomes between \$7,140 and \$13,090 can claim a maximum credit of \$2,428. One-child families with income up to \$28,281 are eligible for some EITC benefit (see table D.1 for more details).

The EITC is a refundable tax credit, and the majority of families who claim the EITC receive some portion of the credit in the form of a tax refund. For tax year 2001, 19.6 million tax filers claimed the EITC for a total of \$33.4 billion. Of that, 16.6 million filers received refunds totaling \$29.0 billion (Internal Revenue Service 2004). The 2001 tax law, EGTRRA, introduces a new formula for calculating the EITC that delays the beginning of the phase-out range for married families.

Child and Dependent Care Tax Credit

Working parents have been able to use the CDCTC to subtract a portion of child care expenses from their federal tax liability since 1976 (Donahue and Campbell 2002).²¹ The CDCTC is not refundable so, at most, the credit can reduce the amount of federal taxes that working parents owe. For tax year 2001, 6.2 million tax filers claimed \$2.7 billion in CDCTCs (Internal Revenue Service 2004).

The maximum annual CDCTC for tax year 2001 is 30 percent of allowable expenses. As income increases the credit rate decreases to 20 percent. Allowable expenses are capped at \$2,400 for one child—with a maximum credit value of \$720—and \$4,800 for two or more children—with a maximum credit value of \$1,440.²² Allowable child care expenses are also limited by earnings. A taxpayer cannot claim expenses that exceed either her earnings or those of her spouse. Further, workers who participate in employer tax-preferred savings plans for child care must exclude from allowable expenses any child care costs paid from money in their flexible spending accounts. Because the maximum CDCTC is relatively low, for many workers participating in flexible spending accounts through their employers is more beneficial than claiming the CDCTC. (Flexible spending accounts are described in more detail below.)

The 2001 tax law, EGTRRA, increases the size of the federal CDCTC credit. For tax years 2003 and beyond, the maximum credit rate increases from 30 percent to 35 percent and the maximum amount of eligible expenses rises to \$3,000 for one child and \$6,000 for two or more.

²¹ Eligibility for the child portion of the CDCTC is restricted to families with children under the age of 13 with allowable child care expenses.

²² The CDCTC is available for adult dependent care as well. The family maximum is \$4,800 for child and adult dependent care combined.

Most families with income low enough to qualify for the maximum rate, however, do not owe tax (Maag 2003).²³ As a result, these families do not fully benefit from the CDCTC.

Flexible Spending Accounts

Flexible spending accounts are individual pre-tax benefits that are administered by employers.²⁴

Contributions to flexible spending accounts are deducted from an employee's salary on a pre-tax basis, and withdrawals from the account are used to pay for qualified expenses. An employee may set aside up to \$5,000 a year (per working family) for child care expenses in dependent care flexible savings accounts. Family benefits from flexible spending accounts are determined by the amount of money saved and the family's marginal tax rate. For taxpaying families that save the maximum amount, tax year 2001 savings vary from \$500 (10 percent tax bracket) to \$1,955 (39.1 percent tax bracket).

Contributions to flexible savings account are not counted as income for either employees' or employers' federal income, Social Security and Medicare, or unemployment taxes. Workers must be careful not to set aside more income than they will need in a one-year period. Unclaimed savings revert to employer general revenue accounts rather than back to employees. Child care expenses reimbursed through flexible spending accounts cannot be used to calculate child and dependent care tax credits (CDCTC). As mentioned above, however, for many higher-income families, the tax savings from the flexible spending account exceed the benefits they derive from CDCTCs.

²³ Further, low-income families on average spend less than the maximum allowable expenses on child care (Giannarelli, Adelman, and Schmidt 2003).

²⁴ Flexible spending accounts are often called section 125 plans after the relevant section of the IRS Code.

Corporate Child Care Tax Credit

The 2001 tax law, EGTRRA, includes a corporate child care tax credit effective for tax year 2002. Under this law, employers can receive a tax credit for expenditures on child care assistance for their employees. The credit equals 25 percent of qualified expenses for the provision of child care and 10 percent of qualified expenses for child care resource and referral services. Qualified expenses include the costs of constructing and operating child care facilities as well as contracting with child care providers. The credit is capped at \$150,000 a year.

It is possible that corporations will not claim this credit. A report by the National Women's Law Center analyzes the take-up rate in 20 of the 28 states that have had corporate child tax credits (Fitzpatrick and Campbell 2002).²⁵ Although the specific details of the state policies vary, they are similar in structure to the federal law. Five or fewer companies claimed the corporate child tax credit in 80 percent of the states studied. The report offers many plausible explanations for the low utilization of the credits, including a relatively small benefit for a large expense, lack of information about the credit, and limited state tax liability. Because the state corporate tax credits are not widely claimed, the details of the credits are not summarized in this section. Complete information about most of the credits is available in the National Women's Law Center report (Fitzpatrick and Campbell 2002).

State Legislation

This report examines only state tax credits or deductions specifically for working parents. States may provide other tax benefits for parents regardless of their work status (for example, the

²⁵ The states in the study are Arizona, Arkansas, California, Connecticut, Florida, Georgia, Illinois, Kansas, Maine, Maryland, Mississippi, Montana, New Mexico, Ohio, Oklahoma, Oregon, Rhode Island, South Carolina, Tennessee, and Virginia. The eight other states that have enacted a corporate child care tax credit are Colorado, Michigan, Nebraska, Nevada, New Jersey, Pennsylvania, Texas, and Wisconsin. Of these twenty-eight states, three—Arizona, Michigan, and Wisconsin—have repealed their corporate child tax credit.

Colorado Child Tax Credit). These benefits are beyond the scope of this report.²⁶ Tables D.1 and D.2 summarize details of state earned income and child and dependent care tax credits.

Highlights from the tables are summarized below. Tax benefits for working parents are not relevant in the seven states that do not have an income tax (Alaska, Florida, Nevada, South Dakota, Texas, Washington, and Wyoming) and the two states that tax only certain nonwage personal income (New Hampshire and Tennessee) (Donahue and Campbell 2002).

Earned Income Tax Credits

- Fourteen states and the District of Columbia have earned income tax credits. Twenty-seven states do not provide a credit for earned income and the remaining nine states do not tax wages.
- In nine states the earned income credit is **refundable**. These states are Colorado, Kansas, Maryland, Massachusetts, Minnesota, New Jersey, New York, Vermont, and Wisconsin. The earned income credit in the District of Columbia is also refundable.
 - The value of the refundable earned income credit in eight of these states is determined as a percentage of the federal credit. Minnesota's credit is not directly modeled after the federal program, but benefits range from 15 to 45 percent of the federal credit.
 - In seven of the states, all families receive the same portion of their federal credit, ranging from 10 percent in Colorado and Kansas to 32 percent in Vermont.
 - The size of the credit available for families in Wisconsin increases with family size, ranging from 4 percent of the federal credit for a family with one child to 43 percent of the federal credit for a family with three or more children.
 - New Jersey restricts participation in its earned income credit program to families with incomes below \$20,000.
 - Colorado residents can only receive an earned income credit when the state experiences a surplus. As a result, the earned income credit is unavailable for tax years 2002 and 2003 (Colorado Department of Revenue 2003).
- Families in six states can benefit from a **nonrefundable** earned income credit. These states are Illinois, Iowa, Maine, Maryland, Oregon, and Rhode Island.
 - In all these states, the credit is constructed as a percentage of the federal credit, ranging from a low of 5 percent in Illinois, Maine, and Oregon to a high of 50 percent in Maryland.

²⁶ Also beyond the scope of this report are tax benefits from local governments. For example, Montgomery County, Maryland, and Denver, Colorado, both have earned income credits for their residents.

- Families in Maryland can choose between a refundable credit equal to 16 percent of the federal EITC or a nonrefundable credit equal to 50 percent of the federal EITC.

Child and Dependent Care Tax Credits

- Twenty-six states and the District of Columbia have a dependent care tax credit or deduction. Fifteen states do not allow working parents to either take a credit for or deduct their dependent care expenses. The remaining nine states do not tax wages.
- Families in 10 states can benefit from **refundable credits** for child care expenses. These states are Arkansas, California, Colorado, Hawaii, Iowa, Maine, Minnesota, Nebraska, New Mexico, and New York.²⁷
 - Seven of these states have income eligibility restrictions that limit which families can claim the credit. The income limits range from \$21,424 in New Mexico to \$100,000 in California.
 - Arkansas limits the refundable portion of its dependent care credit to families with children under the age of 6 who are enrolled in developmentally appropriate programs.
 - All but two of the states with refundable credits base their credits on the amount of a family's federal CDCTC. The two states are Hawaii and New Mexico. The share of the federal CDCTC in the remaining eight states ranges from 20 percent to 110 percent.
 - For tax year 2001, state nonrefundable credits for child care expenses range from \$144 for one child in Arkansas to \$1,584 for two or more children in New York.
- Families in 13 states and the District of Columbia can benefit from **nonrefundable credits** for child care expenses. In addition to the District of Columbia, the states are Arkansas, Delaware, Kansas, Kentucky, Louisiana, Maryland, North Carolina, Ohio, Oklahoma, Oregon, Rhode Island, South Carolina, and Vermont.
 - Four of these states have income eligibility restrictions that limit which families can claim the credit. The income limits range from \$40,000 in North Carolina and Ohio to \$50,000 in Maryland. Maryland also has a child care expense deduction that is available to all working families with allowable dependent care expenses.
 - All but two of the states with refundable credits base their credits on the amount of a family's federal CDCTC. The share of the federal CDCTC in the remaining 10 states ranges from 20 percent to 110 percent. The two states that do not base their credit amounts on the federal CDCTC, North Carolina and Oregon, base the amount on child care *expenses* allowed under the federal CDCTC
 - For tax year 2001, state refundable credits for child care expenses range from \$144 for one child in Arkansas, Kentucky, and Oklahoma to \$1,440 for two or more children in Ohio and Oregon.

²⁷ Louisiana and Vermont have refundable child care credits for tax year 2002.

- Absent any change in state legislation, the planned increase in the federal CDCTC, effective for tax year 2003, will increase state dependent care tax benefits in the 22 states that base their credit amounts on the federal CDCTC.
- Five states—Idaho, Maryland, Massachusetts, Montana, and Virginia—provide a tax **deduction** for child care expenses.
 - Because state tax rates are quite low, the value of these deductions is also low relative to the potential value of most credits. For tax year 2001, the maximum value of these deductions ranged from \$115 for one child in Maryland to \$403 for two or more children in Massachusetts.

Table D.1 State Earned Income Tax Credits, Tax Year 2001

	Type	Amount (as percent of federal credit)	Notes
Federal	Refundable	Families with one child: 34% of first \$7,140 maximum benefit = \$2,428 Families with two or more children: 40% of first \$10,020 maximum benefit = \$4,008	The federal EITC phases out at a rate of 15.98% for families with one child and 21.06% for families with two or more children. The maximum income level for receiving the federal EITC in 2001 was \$28,281 for families with one child and \$32,121 for families with two or more children.
Alabama			
Alaska	NA		
Arizona			
Arkansas			
California			
Colorado	Refundable	10%	Automatically suspended in a year when state revenues fall below a certain level.
Connecticut			
Delaware			
District of Columbia	Refundable	25%	
Florida	NA		
Georgia			
Hawaii			
Idaho			
Illinois	Nonrefundable	5%	
Indiana			Has a refundable tax credit for working poor families with children that is unavailable to a large number of families that receive the federal credit.
Iowa	Nonrefundable	6.5%	
Kansas	Refundable	10%	
Kentucky			
Louisiana			
Maine	Nonrefundable	5%	
Maryland	Refundable	16%	Also offers a non-refundable EITC at 50% of federal credit; taxpayers may claim either credit but not both. Increases to 20% by 2003.
Massachusetts	Refundable	15%	
Michigan			
Minnesota	Refundable	25% to 45%, depending on income level	
Mississippi			
Missouri			
Montana			
Nebraska			
Nevada	NA		
New Hampshire	NA		
New Jersey	Refundable	15%	Available only to families with incomes below \$20,000. Increases to 20% by 2003.
New Mexico			

Table D.1 State Earned Income Tax Credits, Tax Year 2001

	Type	Amount (as percent of federal credit)	Notes
New York	Refundable	25%	Automatically reduced to 20% if the federal government ever reduces New York's share of TANF block grant. Increases to 30% by 2003
North Carolina			
North Dakota			
Ohio			
Oklahoma			Has a 5% refundable credit taking effect in 2002.
Oregon	Nonrefundable	5%	
Pennsylvania			
Rhode Island	Nonrefundable	25.5%	Phasing down to 25% over next five years.
South Carolina			
South Dakota	NA		
Tennessee	NA		
Texas	NA		
Utah			
Vermont	Refundable	32%	
Virginia			
Washington			
West Virginia			
Wisconsin	Refundable	4% one child 14% two children 43% three children	
Wyoming	NA		

Source: Nicholas Johnson, *A Hand Up: How State Earned Income Tax Credits Help Working Families Escape Poverty in 2001* (Washington, DC: Center on Budget and Policy Priorities, 2001).

NA = the state does not have a personal income tax or taxes only certain nonwage income.

Table D.2 State Child and Dependent Tax Credits, Tax Year 2002

	Type	Amount	Income cut-off	Max \$ (one child)	Max \$ (two or more children)
Federal	Nonrefundable credit	20%–30% of qualifying child and dependent care expenses up to \$2,400 a child or dependent or \$4,800 for a family with two or more dependents	None	720	1,440
Alabama	None				
Alaska	NA				
Arizona	None				
Arkansas	Refundable credit for children under 6 in “appropriate” programs; nonrefundable otherwise	20% of allowable federal CDCTC credit	None	\$144	\$288
California	Refundable credit	42%–63% of allowable federal CDCTC credit based on AGI ^a	\$100,000	\$454	\$907
Colorado	Refundable credit	10%–50% of federal CDCTC for child care expenses claimed ^b	\$60,000	\$504	\$1,008
Connecticut	None				
Delaware	Nonrefundable credit	50% of allowable federal CDCTC credit	None	\$360	\$720
District of Columbia	Nonrefundable credit	32% of allowed federal CDCTC credit	None	\$230	\$461
Florida	NA				
Georgia	None				
Hawaii	Refundable credit	15%–25% of eligible expenses based on AGI	\$40,000	\$600	\$1,200
Idaho	Deduction	amount of expenses eligible for federal CDCTC credit	None	\$187	\$374
Illinois	None				
Indiana	None				
Iowa	Refundable credit	40%–75% of provided federal CDCTC credit based on net income	\$40,000	\$540	\$1,080
Kansas	Nonrefundable credit	25% of allowed federal CDCTC credit	None	\$180	\$360
Kentucky	Nonrefundable credit	20% of allowed federal CDCTC credit	None	\$144	\$288
Louisiana	Nonrefundable credit^c	10% of federal CDCTC credit for child care, 100% of federal CDCTC credit for dependents “physically or mentally incapable of self-care”	None	\$25 for child care \$720 for dependent care	\$25 for child care \$1,440 for dependent care
Maine	Refundable credit up to \$500	25% of allowable federal CDCTC credit, 50% for “quality child care”	None	\$360	\$720
Maryland	Deduction	Amount of expenses allowed under federal CDCTC credit based on AGI	None	\$115	\$230
	Nonrefundable credit	3.25%–32.5% of federal CDCTC credit “properly claimed” based on AGI	\$50,000	\$234	\$468

Table D.2 State Child and Dependent Tax Credits, Tax Year 2002

	Type	Amount	Income cut-off	Max \$ (one child)	Max \$ (two or more children)
Massachusetts	Deduction	Amount of expenses eligible for federal CDCTC credit, no more than \$3,600 for one child or dependent and \$7,000 for two or more	None	\$202	\$403
Michigan	None			\$720	\$1,440
Minnesota	Refundable credit	3%–100% of federal CDCTC credit based on income	\$32,250	(reduced by \$18 for every \$350 of income over \$18,600)	(reduced by \$36 for every \$350 of income over \$18,600)
Mississippi	None				
Missouri	None				
Montana	Deduction	Amount of eligible expenses limited to \$2,400 for one child, spouse, or dependent, \$3,600 for two, and \$4,800 for three or more; reduced by one-half of the amount of income over \$18,000 if applicable	\$22,800 for one child or dependent, \$25,200 for two children or dependents, \$27,600 for three or more children or dependents	\$120	\$180 for two \$192 for three or more
Nebraska	Refundable credit for taxpayers with AGI of \$29,000 or less	25%–100% of allowed federal CDCTC credit based on AGI	None	\$720	\$1,440
Nevada	NA				
New Hampshire	NA				
New Jersey	None				
New Mexico	Refundable credit	40% of eligible child care expenses, reduced by the amount of federal CDCTC credit used to reduce federal tax liability	\$21,424	\$480	\$960 for two \$1,200 for three or more
New York	Refundable credit	20%–110% of allowable federal CDCTC credit based on AGI	None	\$792	\$1,584
North Carolina	Nonrefundable credit	10%–13% of allowable federal CDCTC expenses. Percentage is based on AGI for those with children under 7 and other qualifying dependents; 7%–9% for those with children 7 and over.	\$40,000	\$312	\$624
North Dakota	None				
Ohio	Nonrefundable credit	25%–100% of eligible federal CDCTC based on AGI	\$40,000	\$720	\$1,440
Oklahoma	Nonrefundable credit	20% of allowed federal CDCTC credit	None	\$144	\$288
Oregon	Nonrefundable credit	4%–30% of allowable federal CDCTC expenses based on federal taxable income	\$45,000	\$720	\$1,440
	"working family child care" nonrefundable credit	8%–40% of eligible expenses based on AGI as a percent of poverty level	250% of poverty level, \$2,450 of investment income, or federal earned income less than \$6,550	None	None
Pennsylvania	None				

Table D.2 State Child and Dependent Tax Credits, Tax Year 2002

	Type	Amount	Income cut-off	Max \$ (one child)	Max \$ (two or more children)
Rhode Island	Nonrefundable credit	25.5% of federal CDCTC credit	None	\$184	\$367
South Carolina	Nonrefundable credit	7% of federal CDCTC credit	None	\$168	\$336
South Dakota	NA				
Tennessee	NA				
Texas	NA				
Utah	None				
Vermont	Nonrefundable credit^d	24% of federal CDCTC credit	None	\$173	\$346
Virginia	Deduction	Amount of expenses eligible for the federal CDCTC credit	None	\$138	\$276
Washington	NA				
West Virginia	None				
Wisconsin	None				
Wyoming	NA				

Sources: Elizabeth Hirschhorn Donahue and Nancy Duff Campbell, *Making Care Less Taxing: Improving State Child and Dependent Care Tax Credits* (Washington, DC: National Women's Law Center, 2002); National Women's Law Center, *Changes in State and Child Dependent Care Tax Credits in 2002*.

NA = the state does not have a personal income tax or taxes only certain nonwage income.

Notes for table D.2

^a For tax year 2002, California decreased the size of the credit. The new credit ranges from 34 to 50 percent of the federal CDCTC with a maximum of \$360 for one child and \$720 for two or more children

^b In Colorado, the percentage of the federal credit that taxpayers are allowed to claim is determined by the state's revenue during the preceding fiscal year. In years where the percentage increases because state revenue exceeds the predetermined threshold, taxpayers must reduce their child tax credit by the amount claimed for their child and dependent care credit.

^c Louisiana taxpayers are permitted to carry forward unused amounts of the dependent care credit to offset tax liability in the subsequent year. For tax year 2002, Louisiana introduced a refundable child credit for families with incomes below \$25,000. It also increased the credit amount so it now varies by income and ranges from 10 to 50 percent of the federal CDCTC. The one-child maximum increases to \$360, while the multiple-child maximum credit increases to \$720.

^d For tax year 2002, Vermont has a refundable credit for low-income families. This credit equals 50 percent of the federal CDCTC. Single families with incomes below \$30,000 and married families with incomes below \$50,000 are eligible for the new refundable credit. The maximum credit increases to \$360 for one child and \$720 for multiple children.

Conclusion

This report highlights the role of states in helping parents combine their employment and family caregiving responsibilities. It focuses on four specific areas: family care policies, child care subsidies, early childhood education and elementary school schedules, and tax policy. Although the federal government plays a substantial role in each area, many states have legislation that supplements or supersedes federal law.

Although the report is quite detailed, it is far from comprehensive. Potentially important policy areas for low-income families are not included because their impact on employment is unclear (e.g., minimum and living wage legislation); states have yet to enact comprehensive legislation despite legislative activity (e.g., part-time parity and other flexibility laws); they do not reach many people (e.g., breastfeeding legislation); or their policies are too complex (e.g., public health insurance).²⁸

The goal of this project is to provide a resource for future research. The state policy parameters can provide background information for research that examines the employment decisions of parents with young children as well as the impact of work on child and family well-being. Further, the policies themselves deserve analyses: Are some states more active across all of the family policy areas? Are there trade-offs among policy areas? Do states target certain families types—those with children of specific ages or at certain income levels? The family policies should also be examined within a wider policy environment. For example, both TANF

²⁸ The U.S. Department of Labor posts information about state minimum wage laws on its web site, <http://www.dol.gov/esa/minwage/america.htm>. Information about living wage legislation is collected by the National Conference of State Legislatures (http://www.ncsl.org/programs/employ/Living_Wage_03.htm) and the Economic Policy Institute (http://www.epinet.org/content.cfm/issueguides_livingwage_livingwage). A number of organizations, such as the Program on Gender, Work and Family at the American University Washington College of Law, National Employment Law Project, and the AFL-CIO, are tracking part-time parity legislation and the impact of flexible work schedules on workers. The La Leche League collects information about state breastfeeding

and child care subsidy policies affect participation in the At-Home Infant Care Program. Finally, this report should be useful to state lawmakers as they debate future family policymaking.

legislation (<http://www.lalecheleague.org/LawBills.html>). The Kaiser Family Foundation publishes detailed compendiums of state Medicaid policies and State Child Health Insurance Programs.

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