

ADVANCING INTERGENERATIONAL MOBILITY THROUGH EARLY CHILDHOOD ECONOMIC SECURITY

EXAMINING THE EVIDENCE



CONTENTS

3

KEY TAKEAWAYS

4






BACKGROUND

6

APPROACH

8

EXISTING POLICIES TO PROTECT & ENHANCE

 Medicaid	8
 Food and Nutrition Supports	9
 Housing Supports	11
 Early Care and Education	12
 Cash Assistance for Families	13

16

POLICIES TO ESTABLISH

 Tax Credits for Families	16
 Paid Family and Medical Leave	17
 Minimum Wage Increases	19

20

EMERGING STRATEGIES

 Predictive Scheduling Policies	20
 Diaper Assistance	21

22

CONCLUSION

The categorization of the policy areas that we review is based on the opportunities for state action in Pennsylvania.



KEY TAKEAWAYS

- State policymakers in Pennsylvania and across the country have the opportunity to enhance children's economic security, promote intergenerational economic mobility, and make their states better places for families to live and work.
- Economic hardship peaks during pregnancy and infancy. Almost half of American children experience poverty before they enter kindergarten. Experiences in this early period can have lifelong consequences.
- This brief reviews the evidence behind ten economic security policy areas that state policymakers could leverage to support families: Medicaid, food and nutrition supports, housing supports, early care and education, cash assistance for families, tax credits for families, paid family and medical leave, minimum wage increases, predictive scheduling policies, and diaper assistance.
- We examine each policy's impact on children's health, educational, and economic outcomes, with a focus on outcomes later in life. Where evidence on longer-term outcomes is not available, we focus on outcomes earlier in a child's life and caregiver outcomes, because these are known predictors of children's long-term health and well-being.
- Together, these interventions comprise an actionable economic security agenda for supporting pregnant people, young children, and families.



BACKGROUND

Families require economic security to meet basic household needs and weather crises. Yet today, almost half of all American children experience poverty before they enter kindergarten. American Indian or Alaska Native, Black, Hispanic, and multiracial children all have much higher poverty rates than their white peers. Three out of five children in the U.S. live in families experiencing economic insecurity.

Children who experience poverty face a higher risk of adverse cognitive, academic, social, health and economic outcomes throughout their lives. Impacts are especially severe for children who experience poverty in their earliest years. Children whose families earn below-poverty wages during their earliest years go on to finish fewer years of schooling, work fewer hours annually, earn less than half as much income, and are more likely to report poor health as adults.

While measures of economic security are critical for understanding a family's current state, intergenerational economic mobility—or children's opportunity to have a higher standard of living than their parents—is an important marker of whether children and families are thriving. Yet economic mobility eludes today's families. Only 50% of children born in the 1980s—today's parents of young children—outearn their parents, compared to 90% of children born in the 1940s. States have the opportunity to shape policies that support families and help them thrive from conception through childhood, and for generations to come.

This brief discusses the evidence behind policies that promote economic security among children and families, particularly during pregnancy and early childhood. It has a special focus on policies that are relevant and actionable in Pennsylvania.



Wealth Inequality in the U.S.

Wealth inequality in the U.S. increased substantially over the past half century. It surpasses that of nearly all other high-income countries. The U.S. also has a profound racial wealth gap that is the result of generations of policies and practices that helped white families accumulate wealth while preventing families of color from building wealth. On average, white families have six times more wealth than Black and Hispanic families. Disparities in lifetime earnings among people of different racial and ethnic identities can expand these wealth gaps. Wealth inequality in the U.S. is also intergenerational. For instance, white families are approximately four times more likely to receive inherited wealth than Black families, and five times more likely to receive it than Hispanic families.

WHY FOCUS ON PREGNANCY AND EARLY CHILDHOOD?

Economic hardship peaks during pregnancy and infancy, which are vital periods for child development. In the months surrounding childbirth, parents in the U.S. often face financial challenges, [including](#) loss of income due to decreased workforce participation and increased expenses related to pregnancy, childbirth and infant care.

Mothers' poverty rates [begin](#) to climb in the two months prior to birth and peak in the first three months after birth. About [four](#) in ten Black and Hispanic mothers and one in five white mothers are living in poverty when they give birth. Baby-related expenses—such as cribs, diapers, and child care—amount to [more than \\$20,000](#) on average in the first year of a child's life. Caregivers tend to face these expenses early in their careers, before their earning potential grows. As compared to older children, a [greater](#) proportion of children under age 5 live in poverty.

Economic insecurity in pregnancy and early childhood can [interfere](#) with children's healthy brain development and jeopardize their long-term [health](#). Experiences in the prenatal and early childhood period can have [lifelong](#) consequences. Therefore, the earlier we invest in families, the [greater](#) the potential impact on childhood development. Estimates of returns on early childhood programs [range](#) from \$4 to \$12 per \$1 invested.

Only 50% of children born in the 1980s—today's parents of young children—outearn their parents, compared to 90% of children born in the 1940s.



Investing in Families Means Investing in Pennsylvania's Workforce

Pennsylvania's [ten-year economic development strategy](#) aims to enhance its economic competitiveness. However, there is currently a stagnant or declining population in much of the Commonwealth, and a substantial labor shortage is [projected](#) by 2032.

Many of the policies in this evidence review are associated with greater educational attainment, labor force participation, earnings and tax payments. In addition to the other benefits articulated in this report, improving families' economic security is important for making Pennsylvania a more attractive state for families to live, investing in its future workforce, and enhancing its economic competitiveness.



APPROACH

This report builds on recent efforts to collate and review effective policies that support economic security for families in the United States.¹

We selected policies for inclusion based on three guiding principles:

- Relevance to pregnant people and families with young children;
- Evidence of impact—or potential for impact—on intergenerational economic mobility; and
- Relevance for state-level action in Pennsylvania.

¹ This includes work by the *Prenatal-to-3 Policy Impact Center*, *Chapin Hall*, the *Urban Institute*, the *National Academies of Sciences, Engineering, and Medicine*, and *ZERO TO THREE*.

All selected policies, programs, and interventions are pertinent to the prenatal and early childhood population. Some are specifically designed to support low-income children and families, such as the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC). Others, such as minimum wage increases, do not target pregnant people or families with young children specifically, but could have a significant impact on these populations.

All interventions in this review have the potential to impact intergenerational economic mobility or intermediary outcomes that can influence children's life trajectories. We focus on long-term outcomes of interventions that individuals were exposed to as young children, or that their parents were exposed to while pregnant, whenever evidence is available. Where evidence on longer-term outcomes is not available, we focus on outcomes earlier in a child's life, such as child health and development and caregiver health outcomes, because these are known predictors of [children's](#) long-term health and well-being.

This report is not a comprehensive review of all anti-poverty policies and programs, nor a systematic evidence review of the policies included. We selected the interventions that most closely adhered to our guiding principles, even though other interventions, such as job creation, may also affect pregnant people and families with young children. We provide an overview of the evidence by reviewing a selection of studies on outcomes that are relevant to economic security and intergenerational economic mobility. Study selection was determined by the authors in consultation with other subject matter experts at PolicyLab.

These policies are ripe for action in Pennsylvania. Some of these interventions already exist in Pennsylvania but could be protected and enhanced. Some do not yet exist here but could be established. And some with emerging evidence could be considered for piloting and evaluating. To help make this report user-friendly, we have organized the policy areas into these three categories. However, we recognize that some of these areas do not fit neatly into any one category, as they encapsulate a range of policies. As well, though we focus on Pennsylvania, these interventions could also be enhanced, established, or piloted to promote family and child health in other states.



EXISTING POLICIES TO PROTECT & ENHANCE

These policies and programs already exist in Pennsylvania. They could be protected and improved.



MEDICAID



FOOD AND NUTRITION SUPPORTS



HOUSING SUPPORTS



EARLY CARE AND EDUCATION



CASH ASSISTANCE FOR FAMILIES



MEDICAID

Medicaid provides comprehensive health care coverage for more than 70 million low-income Americans, including approximately 4 in 10 children, or 37 million,² and 4 in 10 births, or 1.5 million. Medicaid is jointly financed by federal and state governments and administered at the state level. States determine Medicaid income eligibility thresholds and other key program elements within federal guidelines.

Accordingly, Medicaid programs vary significantly across states. Researchers have leveraged variations in the timing and generosity of states' Medicaid eligibility expansions to examine the effects of extending Medicaid coverage to more low-income pregnant people and young children.



EVIDENCE SUMMARY:

A large body of research has found that Medicaid eligibility has positive impacts on children's long-term health, educational and economic outcomes. Medicaid eligibility in childhood is associated with better health when children reach adulthood, meaning that children who are eligible for Medicaid are more likely to be healthy as adults. Furthermore, prenatal Medicaid eligibility is associated with improved health across multiple generations. This means that infants born to parents who are eligible for Medicaid during pregnancy are likely to have better health, and so are their future children. Evidence links childhood Medicaid eligibility to lower rates of mortality, disability, hospitalizations and use of public assistance in adulthood. Childhood Medicaid eligibility is also associated with greater educational attainment, earnings, tax payments and labor force participation. Expanded Medicaid eligibility for low-income pregnant women is linked with greater economic mobility for their children.



CHILD HEALTH OUTCOMES

Numerous studies have demonstrated a relationship between Medicaid eligibility and improved health outcomes. Researchers have shown that children who were eligible for Medicaid in early childhood had lower rates of mortality and disability and less use of disability-related benefit programs up to 50 years later. Medicaid eligibility in early childhood was associated with decreases in mortality from almost all causes between 1980 and 2016.

² Inclusive of Medicaid and the related Children's Health Insurance Program, which was established in 1997 and provides coverage for children in families earning incomes just above the Medicaid eligibility threshold.

Studies have [shown](#) that each additional year that a child is eligible for Medicaid³ between birth and age 18 generates improved health in early adulthood. One study [found](#) that individuals whose mothers were eligible for Medicaid while pregnant or who were eligible themselves as infants had fewer chronic conditions and experienced fewer hospitalizations related to diabetes and obesity in adulthood. Another study [found](#) that exposure to Medicaid in the first six years of life was linked to decreased prevalence of high blood pressure in adulthood.

Critically, Medicaid eligibility is linked to improved health across generations. Researchers have [demonstrated](#) that parents' Medicaid eligibility improves infant birth outcomes. These infants grow up to give birth to healthier infants themselves.

CHILD EDUCATIONAL OUTCOMES

In addition to improved health outcomes, research has shown links between Medicaid eligibility and children's educational outcomes. One study [found](#) that as states expanded Medicaid to cover a greater proportion of children, eligible children were more likely to complete high school. Another [study](#) demonstrated that Medicaid eligibility early in life specifically boosted children's probability of graduating high school. A third has [shown](#) that children eligible for Medicaid are more likely to enroll in college by age 19.

CHILD ECONOMIC OUTCOMES

Researchers have also uncovered links between Medicaid eligibility and positive economic outcomes. One study [found](#) a link between Medicaid eligibility expansions for children and increased wages and higher tax payments as adults, generating an overall positive return on investment. Young women who were eligible for Medicaid for a greater number of years in childhood obtained higher wages as young adults, and young adults who were eligible for Medicaid as children paid more in taxes.

Another study [found](#) that adults who were eligible for Medicaid as young children between 1966 and 1970—the program's first years—worked more and received less public assistance over the course of their lives. Each year of Medicaid eligibility in early childhood increased the probability of labor force participation. Another study [found](#) that broadening Medicaid eligibility to include more low-income pregnant women and infants improved economic mobility for children.

FOOD AND NUTRITION SUPPORTS

The Supplemental Nutrition Assistance Program (SNAP) is one of the largest programs designed to tackle poverty in the U.S. It is a federally funded, state-administered program that helps low-income families purchase most foods sold at grocery stores. SNAP serves approximately [42 million](#) participants each month, [39%](#) of whom are children.

The Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) provides low-income pregnant, postpartum and breastfeeding parents, along with children under age 5, with nutrition education and funds to purchase nutritious foods. WIC [serves](#) nearly 7 million participants each month, including 41% of all U.S. infants.



Emerging Evidence on Later Medicaid Expansions

Most of the evidence reviewed in this report examined expansions to state Medicaid programs that occurred from the 1960s through the 1990s, as they reflect the strong evidence base on Medicaid's impact on children's long-term outcomes. There have been more recent Medicaid expansion efforts, such as the option to expand Medicaid income eligibility for adults earning up to 138% of the federal poverty level under the Patient Protection and Affordable Care Act (ACA), which states began to implement in the 2010s. Forty-one states, including Pennsylvania and Washington, D.C., have [undertaken](#) this expansion. A recent comprehensive review of this expansion [found](#) that it had positive impacts on health insurance coverage, access to perinatal care, families' finances, and child neglect rates.

3 In this case, inclusive of Medicaid and the Children's Health Insurance Program.

Exposure to SNAP before age 5 has been linked to an increase in life expectancy in adulthood.

🔑 EVIDENCE SUMMARY:

Many studies have found positive impacts of federal food and nutrition support programs on children's health, educational and economic outcomes. Both SNAP and WIC have been associated with improved birth outcomes. Researchers have demonstrated that both programs reduce the number of babies born with low birth weight, and that WIC lowers odds of infant mortality. Research evaluating the long-term implications of SNAP receipt during pregnancy and in early childhood has linked SNAP to longer life expectancy, greater labor force participation, higher income, decreased use of public assistance and decreased likelihood of living in poverty. Evidence also shows that SNAP and WIC together yield higher odds of food security in adulthood as compared to no benefits or SNAP benefits alone.

🔑 CHILD HEALTH OUTCOMES

Since SNAP's initial rollout in the 1960s and 1970s, [researchers](#) have found significant reductions in the incidence of low birth weight among SNAP beneficiaries. Exposure to SNAP before age 5 has been linked to an increase in [life expectancy](#) in adulthood. Among immigrant children whose mothers had a high school education or less, each additional year of parental SNAP eligibility in their first 5 years of life was [associated](#) with better caregiver-reported child health at ages 6 to 16. Researchers have also demonstrated that WIC participation has been associated with reduced odds of [preterm birth](#), [low birth weight](#) and [infant mortality](#). Other studies have shown that revisions to the WIC dietary guidelines in 2009, which were intended to improve the nutritional value of WIC-covered foods, were linked to [improved growth](#) for children at 12 months of age and improved cognitive development at 24 months.

🔑 CHILD EDUCATIONAL OUTCOMES

In addition to SNAP's positive impact on health, researchers have found links between SNAP and educational outcomes. [One study](#) showed that children who were born to a parent who received SNAP during pregnancy, and received SNAP benefits in early childhood, had a greater likelihood of staying in school, attending some college and completing four years of college or more.

For WIC, [one study](#) found that prenatal and early childhood exposure to these benefits was associated with improved cognitive development at age 2. And, the impact of WIC during pregnancy extends to children's reading scores. In families where only some children were exposed to WIC during their parent's pregnancy, the ones who were exposed did better on reading assessments in early childhood than those who were not.

🔑 CHILD ECONOMIC OUTCOMES

[Researchers](#) have also shown a link between receipt of SNAP benefits in the first five years of life and improvements in economic self-sufficiency in adulthood, specifically higher income, decreased likelihood of living in poverty, and increased likelihood of owning a home.

Participating in [both programs](#) can lead to greater economic impacts. One study showed that children who received both SNAP and WIC had more than quadruple the odds of improved food security in adulthood as compared to those who did not receive either benefit—and higher odds of improved food security as adults than those who participated in SNAP alone.

The U.S. has several federal housing assistance programs that support the development, quality, maintenance, and accessibility of affordable housing. Examples include the [Low-Income Housing Tax Credit \(LIHTC\)](#), which encourages private developers to build low-income rental housing, and remediation programs to address lead paint exposure. Most notably, the U.S. Department of Housing and Urban Development (HUD) manages both the [Public Housing Program](#), which directly supplies housing, and the [Housing Choice Voucher Program](#), which provides renters with subsidies to help them afford housing.

As affordable housing has largely been concentrated in underinvested areas, newer voucher models [help](#) low-income families better afford living in higher opportunity neighborhoods.

There is a broad spectrum of housing policy interventions. For this report, we focused on those with evidence of long-term outcomes and relevance for pregnant people and families with young children.

EVIDENCE SUMMARY:

Several studies provide evidence of the positive impacts of housing vouchers on children's long-term outcomes. Children whose families received vouchers had comparatively better health outcomes in the following years, including lower hospital admissions rates for asthma and mental health disorders up to 21 years later. Subsidized housing vouchers that come with a requirement to move to a higher opportunity area were shown to increase children's college attendance, earnings, employment and wealth in adulthood. Significantly, these benefits were sustained for the next generation. Other housing interventions such as LIHTC and renovations also show promise for child well-being.

CHILD HEALTH OUTCOMES

Three studies that we reviewed on housing supports examine [HUD's Moving to Opportunity \(MTO\) experiment](#), undertaken in five cities in the 1990s. Families living in high-poverty housing projects were randomly [assigned](#) to one of three options: a subsidized housing voucher alone, a subsidized housing voucher that came with a requirement to move to a low-poverty area, or continued access to public housing without a voucher.

Researchers [found](#) that children in both MTO voucher groups experienced lower hospitalization rates in the 11 to 21 years that followed, compared to their peers who did not receive a voucher. Another [study](#) demonstrated that among these children, hospital admissions rates for asthma and mental health disorders were lower up to 21 years later. Voucher recipients also utilized durable medical equipment and psychiatric, outpatient hospital, and clinic services less frequently than the control group. Several of these results were driven by children who were under age 13, indicating the importance of providing housing supports early in life.

In addition to location, the quality of housing is linked to child health. Several [studies](#) have [shown](#) that housing remediation reduces reported asthma symptoms. Notably, looking over a longer time period, [researchers](#) examined housing renovations in one under-resourced community and found that asthma prevalence was cut in half for 7-year-olds born after the renovations' completion.

Researchers are also beginning to examine LIHTC's effects on children. One [study](#) found that greater availability of LIHTC housing units was associated with lower rates of both child neglect and child physical abuse reports.

CHILD EDUCATIONAL OUTCOMES

Investigating the MTO experiment, researchers [demonstrated](#) that children under age 13 who received a subsidized housing voucher that came with a requirement to move to a low-poverty area had higher rates of college attendance and attended higher quality colleges. The benefits were smaller for children who were older at the time their family received the voucher, underscoring that every year a child lives in a low-poverty area has positive impacts.

CHILD ECONOMIC OUTCOMES

Housing supports have also been linked to improved economic outcomes. Children under age 13 in the MTO experiment who received vouchers with a moving requirement [had](#) higher incomes and paid more in taxes in young adulthood, and were more likely to live in neighborhoods with lower poverty rates as adults.

The largest effort to desegregate neighborhoods by race in U.S. history provided vouchers to

Children under age 13...who received [housing] vouchers with a moving requirement had higher incomes and paid more in taxes in young adulthood.

Black families in Chicago, enabling them to move to private rental housing in predominantly white, suburban neighborhoods. Researchers compared the effects of this desegregation with counterparts who moved to revitalizing Black neighborhoods. Children who relocated to predominantly white neighborhoods [earned](#) more money, were more likely to own a home in adulthood, and resided in neighborhoods with greater opportunity almost 40 years later, compared to their counterparts.

Echoing these findings, another [study](#) showed that Housing Choice Vouchers are linked with a lower likelihood of living in a high-poverty neighborhood for Black and Latino children, and specific to Latino children, a higher likelihood of living in a higher income neighborhood.

EARLY CARE AND EDUCATION

The early care and education (ECE) industry is predominantly made up of small businesses and is highly fragmented. Federal programs, state appropriations, private sector contributions and fees paid by families fund these services. Key federal funding streams include Head Start, Early Head Start and the Child Care and Development Block Grant (CCDBG). [Head Start](#) provides children ages 3 to 5 with free pre-kindergarten. [Early Head Start](#) serves infants, toddlers and their caregivers. Pennsylvania's [Head Start Supplemental Assistance Program](#) provides additional funding.

Pennsylvania's [Child Care Works](#) program is funded by [CCDBG funds](#) and the state. [Pre-K Counts](#) is another state program that enables access to early care and education.

EVIDENCE SUMMARY:

A considerable body of research has linked early care and education programs—especially Head Start—with positive long-term outcomes. Head Start is associated with improved health, including a lower likelihood of poor health in young adulthood. Early care and education programs are also associated with improved educational attainment from preschool through higher education. Furthermore, Head Start affects families across generations—the children of mothers who had access to Head Start are more likely to graduate from high school and enroll in college. Head Start participants are more likely to have higher economic self-sufficiency. Child care accessibility, affordability and quality positively influence caregivers' economic outcomes.

CHILD HEALTH OUTCOMES

Studies have found positive developmental and health outcomes for children with access to early care and education. One [study](#) exploring children's early cognitive and language outcomes found that access to child care was associated with improved school readiness, expressive language, and receptive language among lower-income children, with larger improvements seen among children in higher quality programs. Another [study](#) found that children who participated in Head Start were less likely to be diagnosed with a learning disability and to report poor health in young adulthood than their siblings who were not in the program.

[Research](#) has also shown that Early Head Start reduced child maltreatment among participating children and reduced their involvement in the child welfare system in their first 15 years of life. This is due to its effects on parenting behaviors, family well-being, and child developmental status.

CHILD EDUCATIONAL OUTCOMES

Researchers have also found that participation in early care and education programs improves children's educational outcomes from preschool through higher education. Among children who were involved in the child welfare system, researchers studying language development [found](#) that children enrolled in an early care and education program had improved Preschool Language Scale scores. A [study](#) that compared siblings who did and did not participate in Head Start found that the participant siblings had a higher likelihood of completing high school, an increase driven primarily by Black and male students.

Similarly, researchers have [found](#) that Head Start attendance is associated with a higher likelihood of completing high school and attending college among white students. Other researchers have [found](#) that Head Start participants are more likely to complete high school, enroll in college, graduate from college, and complete a professional or doctoral degree. Head Start also has intergenerational impacts—one study [demonstrated](#) that the children of mothers who had access to Head Start themselves were more likely to graduate from high school and enroll in college.

CHILD ECONOMIC OUTCOMES

[Researchers](#) evaluating the economic outcomes of Head Start participants between 1965 and 1980 found that they had higher levels of economic self-

sufficiency. Head Start participants were more likely to have worked in the past year, and worked more hours per week and more weeks per year. They were also less likely to live in poverty and receive public assistance as adults. Researchers comparing siblings who participated in Head Start with those who did not [found](#) that among white participants, Head Start attendance was associated with higher earnings in their early twenties.

[Researchers](#) have projected that among children whose grandmothers had not graduated from high school, those whose mothers had access to Head Start would increase their lifetime earnings by more than \$35,000 by age 50.

CAREGIVER ECONOMIC OUTCOMES

Research has shown that child care accessibility, affordability and quality positively shape caregivers' economic outcomes. One study [found](#) that single mothers in Michigan who received a child care subsidy were more likely to earn more and be employed for longer. Similarly, researchers [found](#) that low-income single parents who received a child care subsidy were less likely to experience a child care-related work disruption than those who did not.

In Massachusetts, researchers [found](#) that child care availability, child care quality, higher funding for vouchers and a higher probability of using a voucher were all associated with low-income single mothers transitioning from receiving government benefits to employment.

CASH ASSISTANCE FOR FAMILIES

Cash assistance programs provide monetary support to individuals or households. They can be universal or targeted to specific populations, including low-income families with young children. They can also be conditional—contingent on certain requirements—or unconditional.

Temporary Assistance for Needy Families (TANF), a federally funded, state-run program intended to support low-income children and families, can be used by states to provide these families with targeted cash assistance. While TANF requirements vary from [state to state](#), strict regulations around work requirements, program time limits and maximum monthly earnings

limit TANF eligibility. States have discretion in how they allocate TANF block funds as long as activities support an anti-poverty goal. In [fiscal year 2022](#), 34 states spent less than 20% of their TANF block funds on basic cash assistance for families.

The Supplemental Security Income (SSI) program is another federal cash assistance program, which supports children with special health care needs and limited access to resources. Not all children with special health care needs receive SSI due to the program's strict eligibility criteria. Geographic location, health, economic and other factors can impact the accessibility of SSI benefits.



Initiatives Providing Cash Assistance in Pregnancy and Early Childhood

[Rx Kids](#) is the first community-wide prenatal and infant cash assistance program in the U.S. It pays mothers \$1500 during pregnancy and \$500 monthly for 6 to 12 months after birth. Rx Kids is funded by public and private dollars, including TANF, in Michigan communities. Research to date has shown that program participation is associated with [increased prenatal care use](#), [improved economic stability](#), and [decreased rates of postpartum depression](#).

[The Bridge Project](#), implemented in seven areas across the U.S., provides unconditional cash assistance and connections to local resources to low-income mothers during pregnancy and early childhood. Research in New York City and state has found that participants report [improved](#) housing security, food security and ability to meet daily needs, and increased savings and access to child care.

At the state level, there are several unconditional cash assistance programs across the U.S. Two well-established, well-researched programs are the Alaska Permanent Fund Dividend ([APFD](#)) and per capita [casino payments](#) enabled by the Indian Gaming Regulatory Act. There are also several newer unconditional cash assistance pilot programs administered at the local level, many of which make targeted cash payments during the prenatal and early childhood period.

\$ EVIDENCE SUMMARY:

The research on cash assistance programs in the U.S. is mixed. TANF receipt is associated with reduced risk of child abuse or neglect, improved educational outcomes and increased length of stay in the hospital for children. There is limited research on SSI receipt and child health outcomes, with one recent study of preterm infants showing that SSI receipt in infancy was not associated with improvements in health and educational outcomes in adulthood. Some studies have linked other forms of cash assistance during the prenatal and early childhood period with improved birth outcomes, increased financial stability, increased quality time spent between parents and their children, increased direct investment in essential goods for children, and better caregiver mental health. Other studies have found no association between cash assistance in pregnancy or early childhood and subsequent child health outcomes.

\$ CHILD HEALTH OUTCOMES

[Researchers](#) found that a \$100 increase in the maximum allowable cash benefit for TANF recipients was associated with a decrease in mothers' self-reported child physical abuse. Researchers have also linked decreased access to TANF and reductions in its maximum allowable cash benefit to increases in self-reported abuse. However, TANF receipt has also been [associated](#) with a small increase in the number of nights children spent in the hospital.

For SSI, one [recent study](#) suggests that the level of support provided by these benefits may not be sufficient to improve long-term health or economic outcomes among children with special health care needs who live in poverty. Research comparing infants with birth weights just above and below the threshold for automatic SSI enrollment showed that receipt of SSI benefits was not associated with significant improvements in infant health outcomes, childhood educational attainment or economic self-sufficiency in early adulthood.

In studies of state and local cash assistance programs, some [researchers](#) have found that the APFD, a universal and unconditional cash assistance program which provides annual payments to nearly all Alaskans, was tied to a decrease in the incidence of low birth weight. These effects were greater for mothers with a high school education or less. However, another recent [study](#) of APFD payments during pregnancy found no significant change in children's birth outcomes

[Baby's First Years](#), a randomized controlled trial, examined the effects of unconditional cash assistance provided to racially and ethnically diverse mothers of young children in four U.S. cities. It yielded mixed results. Parents who received cash assistance [reported](#) spending more money on child-specific goods and services and spending more time with their infants and young children. However, there were [no observed differences](#) in children's body mass index or rates of developmental delays at age 4. Studies assessing longer-term health and developmental impacts of this cash assistance are ongoing.



Economic Supports Help Prevent Child Maltreatment

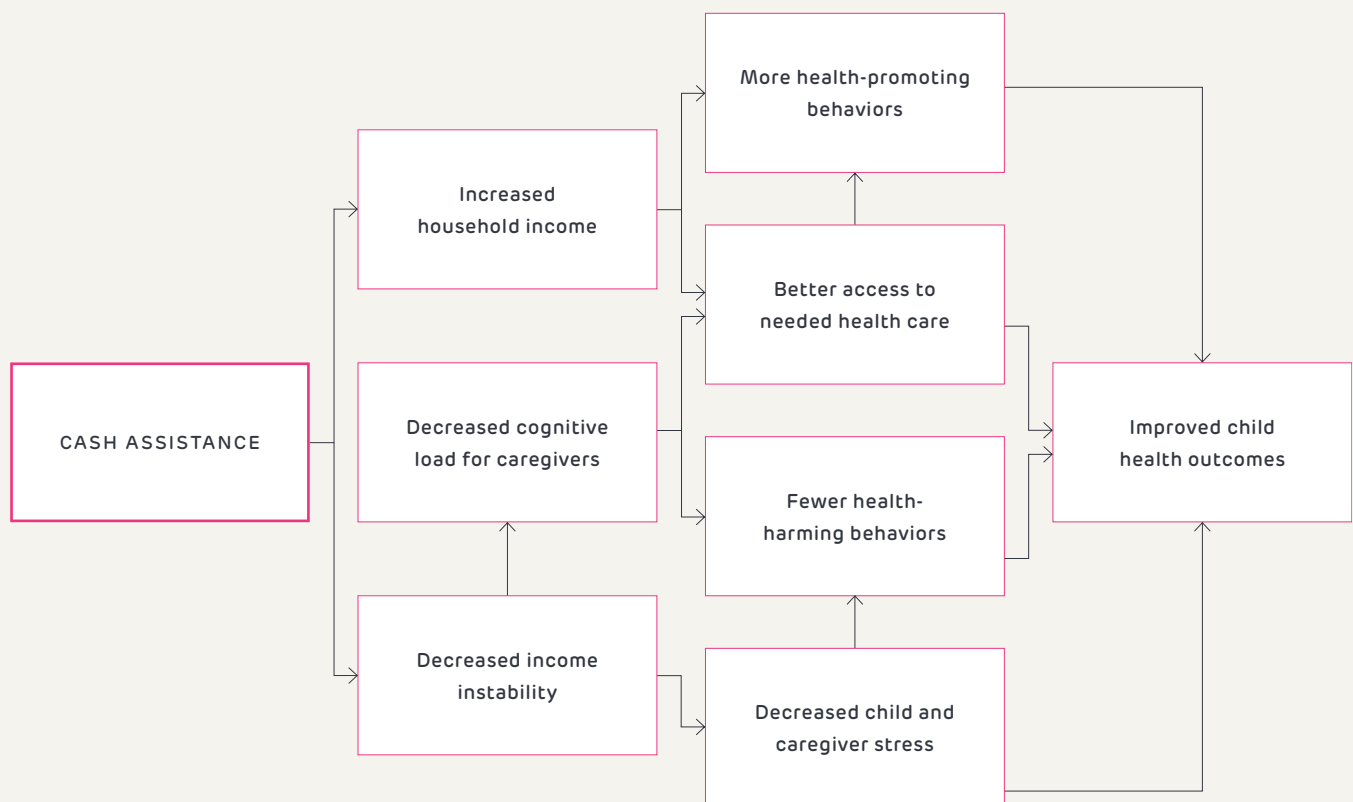
A recent [systematic review](#) examines the impacts of economic support policies and programs on child maltreatment and child welfare involvement. Looking across a broad array of economic support policies, it found that they reduced child maltreatment and entry into the child welfare system.

\$ CHILD EDUCATIONAL OUTCOMES

[One study](#) found that receipt of TANF was associated with a positive change in caregivers' confidence in their children's ability to pursue education beyond college. [Another study](#) demonstrated that children of single mothers with 12 years of schooling at most, who received TANF or its predecessor program, scored better on a preschool standardized math exam than children whose mothers did not.

Figure 1

POTENTIAL MECHANISMS LINKING CASH ASSISTANCE PROGRAMS TO IMPROVED CHILD HEALTH



This figure is adapted from a conceptual framework created by PolicyLab researchers and published in JAMA Pediatrics.

Flynn EF, Kenyon CC, Vasan A. Non-Directed Cash Transfer Programs to Improve Child Health: Elucidating Causal Pathways and Optimizing Program Design. JAMA Pediatr. 2023;177(7):661-662. doi:10.1001/jamapediatrics.2023.1181.

POLICIES TO ESTABLISH

These policies and programs do not yet exist in Pennsylvania, or there is room for growth. These are areas of opportunity for the state.



TAX CREDITS FOR FAMILIES



PAID FAMILY AND MEDICAL LEAVE



MINIMUM WAGE INCREASES



TAX CREDITS FOR FAMILIES

The federal Earned Income Tax Credit (EITC) and Child Tax Credit (CTC) help to offset the financial burden of raising children. These tax credits are offered annually to qualifying tax filers. [Thirty-one states, D.C., Guam and Puerto Rico](#) offer a supplemental state-level EITC and [17 states and D.C.](#) offer a state-level CTC. Starting in 2026, Pennsylvania will have a state-level EITC called the [Working Pennsylvanians Tax Credit](#), with a value of 10% of the federal credit. Pennsylvania does not have a state-level CTC.

These tax credits support low- and moderate-income working families, and federal and state EITCs encourage participation in the workforce. EITCs typically increase with earned income until reaching a maximum threshold that varies depending on the number of qualified children in a given household.

The federal CTC credits families for each dependent child up to the age of 17. During the COVID-19 pandemic, the federal government expanded the CTC for six months. This increased payments and made them monthly instead of annually. It also extended eligibility to families who made too little to file taxes. Much of the recent research on the CTC focuses on this expansion, which expired in 2022.



EVIDENCE SUMMARY:

Many studies show positive impacts of tax credits on short- and long-term child and caregiver outcomes. Researchers have found that receiving the EITC during pregnancy is associated with improved birth outcomes. EITC exposure in childhood is associated with better health in young adulthood and improved educational outcomes, including an increased probability of completing high school. EITC receipt in childhood is also associated with improved economic outcomes, including higher average annual earnings and lower rates of government benefit program receipt in adulthood, as well as improved economic mobility among Black individuals. Recent studies of the expanded CTC found that it was associated with a decrease in depression and anxiety symptoms among low-income parents, and with decreased rates of adverse birth outcomes among individuals who received payments during pregnancy.

CHILD HEALTH OUTCOMES

A [study](#) examining EITC expansions in the late 1980s and 1990s found that receipt of EITC payments was associated with decreased rates of low birth weight. These impacts were even greater for the subset of African American women included in the study. One [recent study](#) examining California data demonstrated that women who received the EITC during their third trimester had a decreased rate of preterm birth, relative to mothers who received the EITC before conceiving.

Researchers have also found that childhood EITC exposure has [long-term health benefits](#). For every additional \$100 per year in average annual EITC exposure from birth to age 18, they observed an increase in young adults' likelihood of reporting excellent or very good health and a decrease in their likelihood of obesity. These effects were stronger among children from single-parent households and those born to parents with 12 years of education or less. Research measuring the impact of the EITC and CTC on [child maltreatment](#) showed that reports of maltreatment decrease in the weeks immediately after tax credits are issued.

A recent [study](#) by PolicyLab researchers using Pennsylvania data found that receipt of expanded CTC payments during pregnancy was associated with decreased odds of preterm birth, low birthweight, and very low birthweight among infants of both Medicaid-insured and privately-insured pregnant people.

CHILD EDUCATIONAL OUTCOMES

Research examining the [long-term educational effects](#) of tax credits received during the first year of life has shown increases in math and reading test scores in grades 3 through 8. It also shows increased high school graduation rates among public school children whose families were eligible for the EITC when they were infants.

PAID FAMILY AND MEDICAL LEAVE

Caregivers often require time away from work to recover from an illness or to care for or bond with a child or other family member. However, the U.S. does not have a national paid family and medical leave program. 10 states including Washington, D.C. have [established](#) their own programs and four additional states will fully enact programs in 2026. Most state programs cover 12 weeks of family leave. Pennsylvania does not have a paid family and medical leave program.

CHILD ECONOMIC OUTCOMES

Researchers have also linked childhood eligibility for the federal EITC with [increased earnings](#) in adulthood. Among children whose caregivers were eligible in their first year of life, EITC eligibility was associated with a \$319 increase in average yearly earnings from ages 23 to 25 and a \$456 annual increase between ages 26 to 28. This persisted at least through age 34.

In addition, researchers found that [increased annual EITC](#) exposure between birth and age 15 was associated with a greater likelihood of having earnings above the poverty threshold and lower rates of government benefit program receipt in adulthood. Researchers have also found that the EITC improves economic mobility among Black individuals, with a \$1,000 annual increase in EITC receipt associated with an \$11,300 increase in annual income compared to their parents at the same age.

The first monthly payment of the expanded CTC was associated with a [decrease](#) in household food insufficiency. When the expanded CTC payments ended, low-income households with children saw [increased](#) rates of food insufficiency.

CAREGIVER HEALTH OUTCOMES

Tax credits have also been associated with improvements in caregivers' health. Two recent studies found that the expanded CTC was associated with decreased rates of [anxiety](#) and [depression](#) among low-income parents.

EVIDENCE SUMMARY:

A considerable body of research has documented the positive effects of paid family leave for parents following the birth of a child. It is associated with improved health outcomes for children early in life, including reductions in infant mortality and admission rates for abusive head trauma, and later in childhood, including decreased likelihood of being overweight and improved parent-reported child health. Paid family leave is also linked to improved mental and physical health for caregivers. Findings on caregiver and family economic outcomes are mostly positive. Several studies have shown that paid family leave is particularly beneficial for mothers and children from historically marginalized communities.

CHILD HEALTH OUTCOMES

Researchers at PolicyLab assessed infant outcomes in California, comparing them to two states that lacked paid family leave. They [found](#) that California's policy was associated with a reduction in infant mortality. Additional [research](#) found that access to California's paid family leave program was associated with a greater likelihood of breastfeeding exclusively for six months or more. Looking at New York, researchers [found](#) that paid family leave was associated with reduced emergency department visits and hospitalizations for respiratory tract infections—the most common reason for infants 8 weeks old or younger to end up in the hospital.

Other studies have examined the effects of paid family leave after infancy. For example, elementary school children in California had a lower [probability](#) of being overweight, having ADHD, and having hearing problems. Parents also [reported](#) that their children were healthier overall. In New York, researchers [found](#) large declines in the probability of delaying or foregoing needed health care among parents of children with chronic conditions. [Some](#) studies [found](#) that paid family leave policies are particularly beneficial for mothers and children from historically marginalized communities.

The benefits of paid family leave extend into child injury prevention. There is a noted [relationship](#) between economic hardship and child maltreatment. [Researchers](#) have demonstrated that California's paid family leave policy was associated with a decline in hospital admission rates for abusive head trauma among children under 2, compared to seven states without paid family leave policies. When other

[researchers](#) compared states with and without paid family leave, they found that these policies were associated with fewer infant maltreatment reports and fewer children removed from their homes.

CAREGIVER HEALTH OUTCOMES

Researchers have also linked paid family leave to improved caregiver health outcomes. Access to paid family leave in California has been associated with [improved](#) caregiver [physical](#) and [mental](#) health; [fewer](#) nights in the hospital and lower [likelihood](#) of taking daily prescription medications around the time of childbirth; lower [likelihood](#) of being overweight; and [decreased](#) alcohol consumption. Mental health [effects](#) are larger for single mothers and young mothers.

CAREGIVER AND FAMILY ECONOMIC OUTCOMES

Research has also shown that paid family leave has positive impacts on family economic outcomes. [Research](#) on mothers of 1-year-olds in California found that paid family leave was associated with a lower risk of poverty and higher household income in the prior year, especially for mothers who had at most a high school degree and single mothers. Other [studies](#) have demonstrated that California's paid family leave policy was connected to greater labor force participation one year after childbirth among low-income mothers. Access to paid family leave was also [associated with](#) a decrease in the gap in labor force participation between mothers of young children and other women.

[Research](#) has found that California's policy is associated with greater labor market participation in the year that a mother gave birth. This effect decreased over time but persisted for up to nine years. [Other studies](#) corroborate this, finding that paid family leave increased labor force participation for young mothers specifically. Yet these researchers have also found [unintended effects](#): the rate and duration of unemployment rose for young women as well.

MINIMUM WAGE INCREASES

The federal minimum wage has been \$7.25 per hour since 2009—the longest it has ever gone without a raise. Adjusting for inflation, it currently [holds](#) less value than at any time since 1956. A [living wage](#) by contrast is the minimum pay that one full-time worker must earn to provide for their family’s basic needs. This differs based on location.

Many local governments have enacted living wage ordinances, however, these generally apply to a smaller proportion of workers than minimum wage policies. Thirty states and Washington, D.C., have [established](#) state-level minimum wages that are higher than the federal minimum—but Pennsylvania has yet to establish one. The evidence on the favorable impacts of minimum wage increases has mostly [looked](#) at minimum wage amounts up to \$10.00 per hour, but the optimal minimum wage has not been determined.

EVIDENCE SUMMARY:

A growing literature on minimum wage increases has shown mixed results. Multiple studies have found favorable effects of higher state minimum wages on infant and child health outcomes such as birth weights and child maltreatment, though some have found no associations. Research on the effects of state minimum wage increases on employment and earnings offers a mixed picture, but studies find positive effects of higher minimum wages among parents with young children and in low-wage labor markets. For single women with children, a higher minimum wage strengthens the positive impacts of the EITC on employment and earnings.

CHILD HEALTH OUTCOMES

Minimum wage increases can be effective even when they are small: [researchers](#) have [found](#) that a \$1 boost was linked to healthier birth weights and lower infant mortality. Among households where caregivers obtained at most a high school degree, a [study](#) found that a higher minimum wage across childhood is associated with a higher probability of being in excellent health and a decrease in days out of school due to illness or injury for children ages 6 to 12.

In contrast, another [study](#) found no evidence that minimum wage increases improved the health of children of immigrants with a high school degree or less. Researchers have further [documented](#) that a \$1 increase in the minimum wage decreased child neglect reports to Child Protective Services among caregivers of children up to age 5, while another [study](#) found decreased rates of self-reported child neglect among mothers of 3-year-olds. Conversely, also using self-reports, [others](#) did not find significant evidence of a link between state minimum wages and child maltreatment.

CAREGIVER AND FAMILY ECONOMIC OUTCOMES

Evidence on the effect of state minimum wage increases on employment and earnings [offers](#) a mixed picture—increased pay for some and loss of work for others—however, there is [evidence](#) that single mothers of children from birth to age 5 saw a steep increase in employment rates after boosts to the minimum wage. Fewer mothers reported staying out of the labor force to care for children and family members. Researchers also found reduced poverty rates among these women and declines in families’ receipt of public assistance and the amount received following the increases.

Focusing on counties where a greater proportion of workers are paid close to the minimum wage, researchers have [found](#) that minimum wage increases are linked to drops in household and child poverty. They did not find adverse effects on employment outcomes.

For single women with children, a [study](#) found positive impacts of the EITC on employment and earnings, which was enhanced by a higher minimum wage. Effects were larger for Black or Hispanic women and women with a high school degree or less. Notably, a higher minimum wage combined with the EITC was linked to adverse effects for individuals *without* children.



EMERGING STRATEGIES

These policies and programs with emerging evidence could be considered for piloting and evaluating.



PREDICTIVE SCHEDULING POLICIES



DIAPER ASSISTANCE



PREDICTIVE SCHEDULING POLICIES

“Just-in-time” scheduling, a common practice in the service industry where employers create provisional work schedules but retain the authority to change them, can generate income instability for hourly workers. Women and people of color are [overrepresented](#) in hourly wage jobs. About [1 in 6](#) hourly workers has a young child.

In response, several state and local governments have passed [predictive scheduling legislation](#). Many of these laws include advance notice provisions, where employers must tell employees their schedules a certain amount of time in advance. Right to request laws, which provide employees the ability to request changes to their schedules without fear of retaliation, are another tool. [Philadelphia’s Fair Workweek Employment Standards Ordinance](#) includes these elements and others.

[Studies](#) have [found](#) associations between increased schedule volatility and poor worker and family well-being. Schedule instability can be particularly challenging for families with young children. A 2022 study found that it was associated with complicated and unstable [child care arrangements](#).

The [first study](#) to look at the impacts of predictive scheduling legislation on working parents and their families examined the effects of one city’s ordinance over a year. It found positive impacts on schedule unpredictability and worker sleep quality. Further evidence is needed on the impact of these policies on pregnant people and young children.

A 2021 survey [found](#) that 46% of caregivers with at least one child under age 4 reported that they could not afford sufficient diapers—also called diaper need. A monthly supply of diapers can [cost](#) between \$80 to \$100 or more per baby. Studies have linked diaper need with poor health outcomes such as more [frequent care-seeking](#) for diaper dermatitis and urinary tract infections, [worse](#) child sleep, [and](#) poor [maternal](#) mental [health](#).

Households with diaper need are more likely to [report](#) opting for less and lower-quality food to purchase diapers. Child care centers generally require parents to provide a supply of diapers, so not being able to provide them can make it [harder](#) for children to access early care and education and for their parents to work.

In 2024, the Centers for Medicare & Medicaid Services (CMS) [approved waivers](#) from Delaware and Tennessee allowing these states to provide diapers to young children through Medicaid—the first case where this has been approved for infants and toddlers who do not require diapers due to incontinence. That same year, New Jersey [passed](#) legislation to provide TANF participants with dependents under 3 years old \$30 per month for diapers.

Research to date has [largely](#) examined diaper need and its impacts on families, rather than programs providing diaper assistance. The [first study](#) to explore the impact of a community-based diaper bank found positive effects: 62% of recipients felt happier, 61% reported that they were able to cover other needs such as food, and 43% reported that their child felt happier. Just under one-third reported that their child was healthier, and that they were able to pay a non-medical bill because of this assistance. Further research on diaper assistance is needed to fully understand its effects.

46% of caregivers with at least one child under age 4 reported that they could not afford sufficient diapers.



CONCLUSION

This report shows the potential for state governments to play a critical role in supporting families and helping them thrive by enacting evidence-based policies that promote economic security and improve outcomes in the prenatal to early childhood period. It shows that economic security policies are effective and efficient tools to promote intergenerational mobility for children and families.

The studies reviewed here demonstrate the many opportunities for government to shape families' economic security. Echoing this, a [2020 international systematic review](#) emphasized that policies that boost household income are the “ultimate ‘multipurpose’ policy instrument” in that they can affect many outcomes simultaneously. The research highlighted here also underscores the importance of looking at longer-term outcomes for children and across generations, as well as shorter-term intermediary outcomes. **Overlooking the multigenerational impacts of these policies risks [underestimating their true value](#).**

Together, these interventions comprise an actionable economic security agenda for supporting children and families—particularly during pregnancy and early childhood. Many of the studies in this report isolate one policy to examine its effects. However, in reality, these policies do not work in isolation. One intervention may not be sufficient to move the needle. Rather, states could use a holistic approach to enhance economic security and promote intergenerational mobility. Each intervention explored here plays a crucial role for children and families. Together, they can change the course of children's lives.

More research could help advance this agenda. Potential areas to explore include:

1. The interaction of these policies and the implementation of complementary policies to maximize administrative efficiency and family impact
2. Targeting of these policies—including when, how, and to whom they should be targeted to maximize effectiveness
3. Variation in how policies and programs are administered, including administrative burdens related to accessing programs, and the impact of implementation on effectiveness
4. Short- and long-term effects of policies where there is positive or mixed evidence of short-term efficacy, such as paid family and medical leave, cash assistance programs, and minimum wage increases
5. Examining the impact of emerging but currently understudied strategies, such as predictive scheduling policies and diaper assistance

As federal policies change dramatically, and the child poverty rate [rebounds](#), state governments have a critical role to play in helping families thrive. The benefits of supporting economic security and intergenerational mobility are vast. Doing so in the prenatal and early childhood period offers an opportunity for great impact across the lifecycle and for generations to come.

ABOUT THIS REPORT

This report is the initial stage of a project led by Maternity Care Coalition, in partnership with PolicyLab at Children's Hospital of Philadelphia, Children First and Pennsylvania Partnerships for Children. This evidence review serves as grounding for policy recommendations on how to translate these findings into action.

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REFERENCES AND SUPPLEMENTAL MATERIALS



VISIT [HTTPS://BIT.LY/3MU5gGo](https://bit.ly/3MU5gGo)

for full reference list and to learn more about our research.

PolicyLab *Evidence to Action* briefs highlight PolicyLab research and propose evidence-based local and national policy solutions to advance child health and well-being.

The mission of PolicyLab at Children's Hospital of Philadelphia is to achieve optimal child health and well-being by informing program and policy changes through interdisciplinary research.

Founded in 2008, PolicyLab is a Center of Emphasis within the CHOP Research Institute, one of the largest pediatric research institutes in the country. At PolicyLab, our experience caring for children and families informs our “evidence to action” approach to improving children's health.

Maternity Care Coalition (MCC) is a community-based nonprofit organization serving Pennsylvania and Delaware with over four decades of commitment to improving maternal and child health and early care and education.

MCC's mission is to improve the health and well-being of pregnant women and parenting families and enhance school readiness for children 0–3. We achieve this through direct service, advocacy, and research, in collaboration with individuals, families, providers, and communities. We envision a future where parents impacted by racial and social inequities can birth with dignity, parent with autonomy, and raise babies who are healthy, growing, and thriving.



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