

Fact Sheet for IL Stakeholders

Economic Support Programs to Improve Maternal and Child Health Outcomes

-  **TANF - Temporary Assistance for Needy Families**
-  **CSA - Children's Savings Accounts**
-  **Baby Bonds**
-  **EITC - Earned Income Tax Credit**
-  **CTC - Child Tax Credit**
-  **Children's Allowances**
-  **ISP - Income Supplement Programs**

This fact sheet contains a brief overview of seven programs/policies that can be used to provide economic support to pregnant persons, children and families.

TANF Temporary Assistance for Needy Families



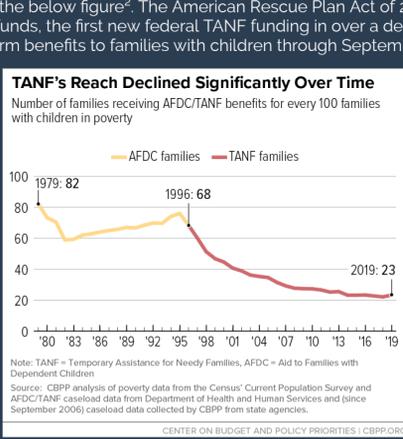
What is it? Time limited funding (no more than 5 years) to help very low-income families meet basic economic needs. Replaced AFDC cash assistance ("welfare") in 1996¹.

How is it funded? Source of funding: Federal government
TANF is a block grant that gives states the flexibility to disperse monthly cash assistance payments and to provide certain family services².

Who is eligible? TANF Block Grants are available in all 50 states, DC, the US territories and for federally recognized American Indian Tribes and Alaska Native organizations (through tribal TANF program). Each state has flexibility on family eligibility, the services provided, and criteria for participation².

Illinois: To qualify, a person must be pregnant or have a child under the age of 19 living with them, live in Illinois (with or without stable housing), be a U.S. citizen or meet certain immigration requirements, and develop a plan for self-sufficiency³. The IL program offers time-limited cash assistance for basic needs, transitional services to help families become independent, and screening services for substance abuse, mental health, and domestic violence. A person receiving TANF may also get medical assistance (Medicaid) and SNAP benefits³.

Is there current legislation? The TANF program currently provides \$16.5 billion to states annually (flat funded since 1996)⁴. Its reach has declined significantly over time as shown in the below figure⁵. The American Rescue Plan Act of 2021 included \$1 billion in Pandemic Emergency Assistance funds, the first new federal TANF funding in over a decade. This will allow the provision of non-recurrent short-term benefits to families with children through September 2022⁴.



CSA Children's Savings Accounts



What is it? Savings accounts opened in a child's name at birth typically used towards post-secondary education, and are accessible once the child turns 18. The goal of a CSA is to guarantee that children have access to a modest arsenal of resources and infrastructure for economic stability^{6,7}.

How is it funded? Source of funding: Varies; often state and local government funded.
Most CSAs are established with initial "seed" deposits from government or other sponsors. Families are encouraged to contribute to the CSA, but they are not obligated. Seed deposits can differ in scale based on family socioeconomic status⁸.

Who is eligible? Universal model: Any child regardless of family socioeconomic status⁶.
Progressive model: Children from families with lower income receive greater incentives to build savings (based on adult asset accounts model)⁶.

Is there current legislation? Various states and local government have versions of CSAs with different eligibility and guidelines⁹.

Examples: Maine: Harold Alfond College Challenge: Automatic enrollment for all children born in Maine with a \$500 seed deposit provided by a scholarship program to be used for postsecondary education⁷.

Connecticut: CHET Baby Scholars: All children born in Connecticut are eligible to open an account before the age of one. A seed deposit of \$100 is provided by the state government. If an additional \$150 is saved in the account by the age of four, the family is eligible to receive a matching additional \$150. CHET is used for postsecondary education⁷.

Illinois Status: HB2237, signed into law in 2019, created a statewide CSA program in Illinois. A seed deposit of \$50 is to be deposited into a 529 account (college savings plan) for every child born or adopted in the state. It is expected to launch in 2022 or 2023 depending on whether a funding mechanism is found⁸.

Baby Bonds



What is it? Under the most common universal models, Baby Bonds are trust accounts provided to every newborn and are accessible to the child at the age of 18⁹.

How is it funded? Source of funding: Federal or state government
In some proposals, federal or state government would add to the trust accounts every year, with varying contributions based on family income⁹.

Who is eligible? Every newborn⁹.

Is there current legislation? 2008: Hillary Clinton proposed a \$5000-at-birth bond during her presidential campaign⁹.

2018: Sen. Cory Booker (NJ) and Rep. Ayanna Presley (MA) proposed a \$1000 bond for every newborn child. Additional deposits up to \$2000 a year based on household income could result in up to \$50,000/child by the age of 18. Bill was first introduced in Senate in 2018 under the American Opportunity Accounts Act. Did not pass^{10,11}.

Examples: United Kingdom: Implementation of the Child Trust program in 2002: Invests £250 for every baby born, and up to £500 for children from low-income households. The program allows for unmatched private contributions to the account of £1,200 annually with no usage restrictions upon withdrawal at age 18. The program was dismantled in 2010⁹.

Illinois Status: No current program in the state.

EITC Earned Income Tax Credit



What is it? EITC is a both a federal and state tax credit for low- and moderate-income working people¹².

How is it funded? Source of funding: Federal government and state governments.
The amount of EITC is based on the taxpayer's income, marital status, and number of children. Designed to reward work and employment, the EITC grows with each additional dollar of earnings until the maximum value. Because the federal EITC is "refundable," if the amount exceeds a low-wage worker's income tax liability, the IRS will refund the balance. Not all state EITCs are refundable¹².

Who is eligible? Prior to 2021, the federal EITC could be claimed for working tax payers with low or moderate income with qualifying children¹³. Annual incomes for families with children below \$41,000 to \$56,000 (depending on marital status and number of dependent children) may be eligible¹².

Is there current legislation? Biden's 2021 American Rescue Plan expanded the EITC for qualifying families and low-income childless workers. The maximum credit for families with one child is \$3,618, with three or more children is \$6,728, and childless workers is \$1,502¹³.

Illinois Status: The Illinois EITC can be claimed if the person qualifies for it on their federal income tax return. Generally, if the individual qualifies for a federal EITC, they could also qualify for the IL EITC. The IL EITC is 18 percent of the individual's federal EITC and is refundable¹⁴.

CTC Child Tax Credit



What is it? The CTC is a federal tax credit available to taxpayers who have at least one qualifying child¹⁵.

How is it funded? Source of funding: Federal government.
The CTC is based on the taxpayer's income, marital status, and number of children. If the CTC value exceeds the amount of federal income tax a family owes, the family may receive part or all of the difference in the form of a refund check. Families can receive both the EITC and CTC¹⁵.

Who is eligible? Granted to American taxpayers for each qualifying dependent child. Children must be under the age of 19 at the end of the tax year and younger than the taxpayer or a full-time student under the age of 24 at the end of the year. Very poor families are not eligible¹⁵.

Is there current legislation? 2021: The American Rescue Plan expanded the CTC for one year from \$2000 to \$3600 for children 6 and under and to \$3000 for children older than six. It will be fully available and refundable to households with no income, unlike the Child Tax Credit's current design¹⁵.

Illinois Status: N/A; CTC is a current federal tax benefit

Children's Allowances



What is it? Periodic, per-child cash transfers to households. Children's Allowances are implemented in most developed nations^{17,18}.

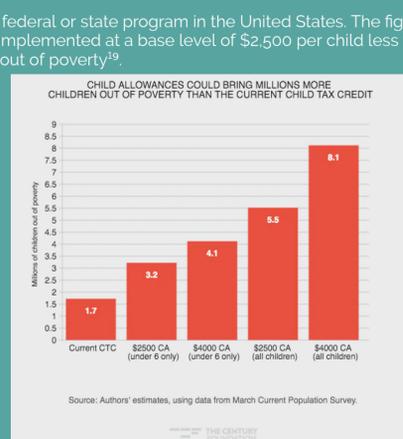
How is it funded? Source of funding: Federal government
Federal government provides transfers to families with children¹⁸.

Who is eligible? Could be differentially available by family income and age of child¹⁷.

Is there current legislation? 2021: American Rescue Plan of 2021 has a time limited expansion of the Child Tax Credit (see above) which if maintained can become a national Children's Allowance¹⁶.

Examples: Canada: The Canada Child Benefit, implemented in 2016, distributes an allowance of roughly \$4000 per child, per year and roughly \$4800 for the youngest children. The benefit phases out with income and the highest income families are ineligible. The benefit has been associated with significant reductions in the poverty rate, falling by 20% between 2015 and 2017¹⁷.

Illinois Status: N/A; there is no current equivalent federal or state program in the United States. The figure below suggests that if a national Children's Allowance was implemented at a base level of \$2,500 per child less than six years old, an estimated 5.5 million children would be lifted out of poverty¹⁹.



ISP Income Supplement Programs (targeting Prenatal and Postpartum persons)



What is it? Provision of recurring basic income payments during the prenatal and/or postpartum periods²⁰.

How is it funded? Source of funding: Government or private sources.

Who is eligible? Pregnant or postpartum persons

Is there current legislation? Studies have piloted versions of income supplement programs with different eligibility and guidelines, although not particularly focused on pregnant and postpartum persons^{20,21}.

Examples: California: The Abundant Birth Project in San Francisco is experimenting with unconditional income supplementation during pregnancy with 100 low-income Black and Pacific Islander women in San Francisco. The program is distributing a monthly income of \$1000-1500 per month for the duration of a woman's pregnancy and then for the first two months of the baby's life²¹.

Canada: In Manitoba, Canada, the Healthy Baby Prenatal Benefit (HBPB) is a government-funded unconditional prenatal income supplement program for pregnant persons. It ran from 2003-2010 and targeted low-income individuals. The supplement was based on income and ranged from \$10-\$81.41 per month until the due date. Findings indicated that the socioeconomic gap in birth outcomes between low-income and other women was significantly decreased after the income supplement program was introduced and found reductions of low birth weight and preterm birth by 21% and 17.5% respectively²⁰.

Illinois Status: No current program in the state.

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