FOUNDATION FOR CHILD DEVELOPMENT

2012
STATE Child and Youth Well-Being Index (CWI)

Investing in Public Programs Matters: How State Policies Impact Children's Lives

Embargoed Until
January 18, 2012

Based on the full report
Analyzing State Differences in Child Well-Being by
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Overview of Foundation for Child Development's Child Well-Being Index (CWI) and KIDS COUNT

The FCD Child Well-Being Index (CWI) is a national, research-based composite measure, updated annually, that describes how young people in the United States have fared since 1975. The CWI is the nation's most comprehensive measure of trends in the quality-of-life of children and youth. It combines national data from 28 indicators across seven domains into a single number that reflects overall child well-being.

The CWI is used as a tool (similar to the Consumer Price Index) to inform policymakers and the public on how well children are doing. The CWI was created to provide a broader measure of children's quality of life by capturing features of life not covered by the GDP, which measures economic growth alone.

Published every year since 1990, the KIDS COUNT Data Book has achieved widespread visibility and credibility among key audiences such as state legislators and their staffs. The KIDS COUNT report relies on a set of indicators that are widely accepted as good benchmarks for describing the well-being of children, but the dearth of consistent, timely, state-level data on child well-being means that measures available for constructing state-level indices have been limited.

This study presents results for 2007, because this is the most recent year for which data are available from the National Survey of Children's Health (NSCH), the only state-level source for several key indicators of child well-being. The relationships linking state tax rates, policies and CWI values, which have been calculated and presented for the first time in this report, are consistent with earlier studies involving more specific analyses and are likely to be quite stable from year to year.

This report was funded by the Foundation for Child Development and the Annie E. Casey Foundation.

The STATE Child Well-Being Index (CWI)

Americans believe in supporting children and their families. But the gap between public opinion and public investments in children remains large.

This report shows that a strong relationship exists between children's well-being and state policies that drive investments in children. Public investments from federal, state, and local governments matter.

As states face challenging budgetary constraints and slowly recover from the recession, policymakers must be courageous and take firm steps to sustain, if not increase, public investments in children's health and education, as well as in workforce training and skills for their parents. A dual-generation strategy — supporting children and their families — is required.

The STATE Child Well-Being Index (CWI)

This report focuses on the results of the STATE CWI — a comprehensive state-level index of child well-being modeled after the Foundation for Child Development's (FCD) NATIONAL Child Well-Being Index. FCD's NATIONAL CWI has been released every year since 2004, but, until now, has not focused on child well-being in each state.

The STATE CWI draws from the most comprehensive set of data used to form a state index of child well-being. With these data, the STATE CWI ranks children's well-being in seven different domains for each state and compares them across states. In addition to state rankings, this report includes new findings about the strength of relationships between state policies and selected economic and demographic factors indicative of child well-being.

The STATE CWI is based on 25 indicators clustered into seven different domains of child well-being. These are the same seven domains used annually in the construction of FCD's NATIONAL CWI. The seven domains are:

- Family Economic Well-Being
- Health
- Safe/Risky Behavior
- Educational Attainment
- Community Engagement
- Social Relationships
- Emotional/Spiritual Well-Being

The full list of indicators, grouped by domain, can be found in Appendix A of this report.

Key Findings

The key findings from this study are:

- **Higher State Income Taxes Are Better for Children.** States that have higher tax rates generate higher revenues and have higher CWI values than states with lower tax rates.
- **Public Investments in Children Matter.** The amount of public investments in programs is strongly related to CWI values among states. Specifically, higher per-pupil spending on education, higher Medicaid child-eligibility thresholds, and higher levels of Temporary Assistance for Needy Families (TANF) benefits show a substantial correlation with child well-being across states.

- **A Child's Well-Being Is Strongly Related to the State Where He or She Lives.** Child well-being varies tremendously from state to state, ranging from a 0.85 index value for New Jersey, the highest ranked state, to a negative 0.96 index value for New Mexico, the lowest-ranked state.

  The five states that had the highest CWI values were New Jersey, Massachusetts, New Hampshire, Utah, and Connecticut. On the other end of the spectrum, Nevada, Arkansas, Louisiana, Mississippi, and New Mexico were found to have the lowest index values.

How Policies Relate to Child Well-Being

Studying the effects of public policies and their benefits to children is important, because governments at all levels can enact or change policies if they so choose.

Table 1 shows the correlations between the composite Child Well-Being Index and twelve public policies. Five of these twelve public policies —state and local tax rates, annual TANF benefit per child, Medicaid eligibility as a percentage of federal poverty level, charging a premium for child health coverage programs, and education spending per pupil — showed a statistically significant correlation with overall child well-being; four of the five were statistically significant at the highest level.

Table 1. Correlation Between Overall Child Well-Being Index and Selected Public Policies: 2007[1]

State Policy	Correlation Coefficient	Level of Statistical Significance
Income tax threshold for a two-parent family of four	0.17	
State and local tax rates	0.50	***
States with personal income tax	0.18	
States with refundable EITC	0.20	
States where part-time workers are eligible for unemployment insurance	0.20	
Annual TANF benefit per child	0.40	***
Food stamp participation rate	-0.17	
Medicaid child eligibility as a percentage of federal poverty level	0.46	***
Medicaid working parent eligibility cutoff as a percent of poverty level	0.11	
Education spending per four-year-old in Pre-K	-0.03	
Charging a premium for child health coverage programs	0.35	**
Education spending per pupil	0.47	***

*** Significant at the .01 level

** Significant at the .05 level

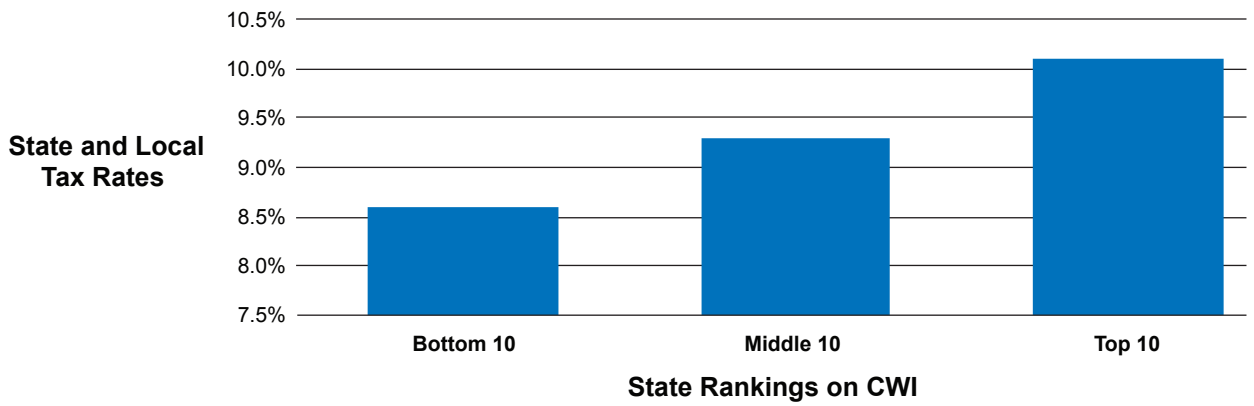
Higher State Taxes Are Better for Children

Table 2 shows that the public policy in a state most strongly correlated with the STATE CWI is state and local tax rate (r = +0.50).

Higher tax rates produce more state revenue, which allows states to have more comprehensive, and better-funded, public programs for children, particularly children in low-income families. States that tax themselves at lower rates do not have the revenue needed to make adequate investments in children.

- Have higher per-pupil spending in elementary and secondary schools, which supports greater pay for teachers and greater access to state-of-the-art instructional resources.
- Have less restrictive eligibility rules for participation in Medicaid, which allows greater numbers of children to enroll.
- Pay higher TANF benefits, which increase the economic resources available to children's families.

Table 2—Relationship Between State and Local Tax Rates and CWI Rankings



This key finding is supported by other analyses. After examining a number of key measures of child well-being such as child mortality, elementary school test scores, and adolescent behavioral outcomes, researchers conclude, "States that spend more on children have better outcomes, even after taking into account potential confounding influences."[2]

Our study also finds a significant correlation between state/local tax rates and a number of policies that support children, reflecting how the greater availability of resources in a state can translate into greater investments in children. Our analysis shows that states with higher tax rates:

- Invest more money into public PreKindergarten and Full-Day Kindergarten, which expands by years the amount of time children have to learn the basics required to succeed in higher grades of school.

Public Investments in Children Matter

Now more than ever, the well-being of children lies in the hands of state policymakers. Only four percent of the $24,800 per capita expenditures that federal, state, and local governments spent on the elderly in 2008 came from the state and local government, while 67 percent of the $11,232 per capita expenditures by federal, state, and local governments on children came from state and local sources.[3]

The bottom line: children now receive relatively little federal government support and what support they do get is highly influenced by the state and local districts in which they live. Consider the following investments:

Education spending per pupil

The amount spent per pupil for elementary and secondary schools is strongly correlated with higher CWI values (r = +0.47). States are the primary funders of public education. Since education is one of the biggest budget items for states, it is a frequent target for budget cuts. A recent report by the Center on Budget and Policy Priorities shows that real (inflation-adjusted) per-pupil expenditures have declined enormously in many states.[4] The center identifies ten states where per-pupil expenditures in FY 2012 are at least 10 percent lower than in FY 2008. Cutbacks, specifically on PreK and Kindergarten spending in recent years,[5] are also troubling. Despite clear evidence that a greater amount of quality instructional time matters, nearly 300 school districts across the country have gone to a four-day school week to cut costs.[6]

Medicaid eligibility

Children's eligibility for Medicaid is also associated with higher CWI values (r = +0.46).

Higher Medicaid child eligibility thresholds mean more children in the state are likely to be eligible for public-supported health insurance, making it easier for children to obtain the health care that leads to better child outcomes. Higher Medicaid child eligibility thresholds also provide broader access to health care for children. The correlation between levels of children's eligibility and percentage of children with health insurance coverage is +0.30.

TANF benefits

There is a strong relationship between higher Temporary Assistance for Needy Families benefits and child well-being (r = +0.40). In addition to the greater economic resources this provides to children in low-income families, higher welfare benefits may be indicative of a stronger state commitment to a more comprehensive package of programs for supporting children and families.

A Child's Well-Being Is Strongly Related to the State Where He or She Lives

Table 3 shows the state rankings based on the overall Child Well-Being Index. The corresponding map shows the results geographically. New Jersey, Massachusetts, Utah, and Connecticut ranked the highest on the State CWI, while Arkansas, Louisiana, Mississippi, and New Mexico had the lowest rankings.

These results are consistent with the general pattern in the annual KIDS COUNT reports over the past 20 years. The consistency of these results, despite the use of a different set of indicators, underscores the strength of the findings.

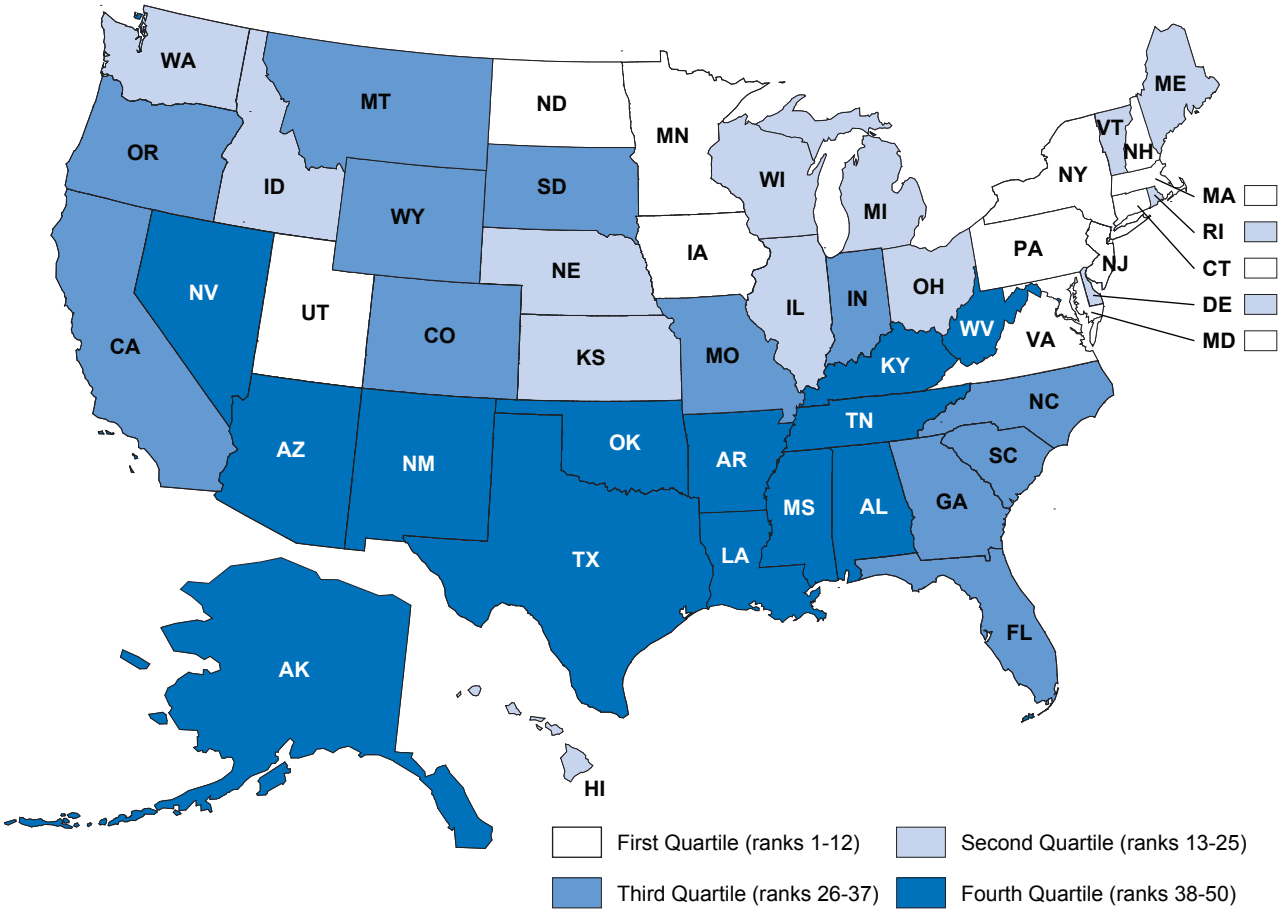
Table 3: State Rankings on Overall Child Well-Being: 2007

Rank*	State	Index Value
1	New Jersey	0.85
2	Massachusetts	0.84
3	New Hampshire	0.77
4	Utah	0.75
5	Connecticut	0.74
6	Minnesota	0.73
7	Iowa	0.59
8	North Dakota	0.56
9	Maryland	0.53
10	New York	0.46
11	Pennsylvania	0.43
12	Virginia	0.40
13	Vermont	0.35
14	Wisconsin	0.29
15	Nebraska	0.26
16	Illinois	0.26
17	Maine	0.20

Rank*	State	Index Value
18	Rhode Island	0.19
19	Hawaii	0.19
20	Kansas	0.17
21	Delaware	0.13
22	Washington	0.09
23	Michigan	0.09
24	Idaho	0.07
25	Ohio	0.04
26	Colorado	0.02
27	South Dakota	0.01
28	Indiana	-0.01
29	Missouri	-0.04
30	California	-0.07
31	Oregon	-0.08
32	North Carolina	-0.11
33	Montana	-0.13
34	Florida	-0.15
35	Georgia	-0.18
36	South Carolina	-0.20
37	Wyoming	-0.23
38	West Virginia	-0.27
39	Texas	-0.34
40	Tennessee	-0.45
41	Kentucky	-0.47
42	Alaska	-0.47
43	Oklahoma	-0.56
44	Alabama	-0.59
45	Arizona	-0.68
46	Nevada	-0.74
47	Arkansas	-0.77
48	Louisiana	-0.80
49	Mississippi	-0.92
50	New Mexico	-0.96

*Ranking based on unrounded index values. For example, Rhode Island and Hawaii are listed here with a ranking of 18 and 19 respectively, and both with a value of 0.19. The unrounded numbers are 0.193 for Rhode Island and 0.191 for Hawaii; hence, Rhode Island's higher ranking.

Map 1—Child Well-Being in the 50 States



The large impact that state investments have on children is clear from the striking variation in child well-being across states. Overall Child Well-Being Index values range from 0.85 for the highest-rated state to -0.96 for the lowest-ranked state. Where a child lives matters.

This wide variation is also seen across states in the values of the specific indicators that make up the overall CWI. The child poverty rate in Mississippi (35 percent), for example, is three times that of Vermont (8 percent) and the rate of children without health insurance in Texas (20 percent) is five times higher than in Massachusetts (5 percent). Three indicators that demonstrate the enormous variation between states are discussed in further detail below: the percentage of Fourth Graders reading at or above the proficient level, the percentage of persons who have received a bachelor's degree, and the percentage of children with health insurance coverage.

The percentage of Fourth Graders reading at or above the proficient level, as measured by the National Assessment of Educational Progress, which is also known as "The Nation's Report Card," varies widely from state to state. The percentages range from 51 percent of children reading at or above the proficient level in the highest-achieving state to only 21 percent of children reading at or above the proficient level for the state with the lowest score.

Of the eight states with the highest average reading scores (combining Fourth Grade and Eighth Grade scores), five are also among the top eight states in the level of child well-being (Massachusetts, New Jersey, New Hampshire, North Dakota, and Connecticut). In addition, six of the eight states with the lowest average reading scores are ranked among the seven states with the lowest CWI values (Alabama, Arizona, Nevada, New Mexico, Louisiana, and Mississippi).

For the percentage of persons ages 25–29 who have received a bachelor's degree, the range extends from 58.7 percent to 18 percent. The eight states with the highest proportions graduating from college are among the top twelve states ranked according to child well-being (Massachusetts, North Dakota, Connecticut, Maryland, New Jersey, New York, New Hampshire, and Virginia). The eight states with the lowest proportions graduating from college are ranked among the fourteen states with the lowest CWI values.

A third example is the indicator, percentage of children with health insurance coverage. Of the eight states with the highest proportions covered by health insurance, 4 to 6 percent of children are left uncovered, compared to up to 20 percent not covered for the state with the lowest rate of health insurance coverage. Of the eight states with the highest coverage rates, four also have CWI values in the top seven (Massachusetts, Iowa, Connecticut, and New Hampshire). Of the eight states with the lowest coverage rates, five are among the six states with the lowest CWI values (Louisiana, Mississippi, Arizona, New Mexico, and Nevada).

Tables 4, 5, and 6 show the eight states with highest and lowest values on three key indicators.

Table 4: Percentage of Fourth Graders Reading at Proficient Levels by State[7]

States with Highest Reading Scores	Percentage of Children Reading at or Above the Proficient Level
Massachusetts	51%
Vermont	41%
New Jersey	44%
New Hampshire	44%
Montana	35%
Maine	33%
North Dakota	36%
Connecticut	42%

States with Lowest Reading Scores	Percentage of Children Reading at or Above the Proficient Level
Alabama	31%
Hawaii	27%
Arizona	26%
Nevada	25%
New Mexico	20%
Louisiana	22%
California	24%
Mississippi	21%

Table 5: Percentage of Persons with Bachelor's Degree, Ages 25–29[8]

Highest States	Percentage
Massachusetts	43.9%
North Dakota	39.0%
Connecticut	36.5%
Maryland	36.0%
New Jersey	35.6%
New York	35.6%
New Hampshire	33.5%
Virginia	32.9%

Lowest States	Percentage
Arizona	21.8%
West Virginia	21.7%
Alaska	21.4%
Louisiana	21.3%
Mississippi	19.7%
Nevada	18.4%
New Mexico	18.2%
Wyoming	17.0%

Table 6: Percentage of Children with Health Insurance Coverage[9]

States with Highest Coverage Rate	Percentage Covered
Massachusetts	95.5%
Michigan	94.8%
Iowa	94.6%
Wisconsin	94.5%
Hawaii	94.5%
Connecticut	94.5%
New Hampshire	94.2%
Maine	94.2%

States with Lowest Coverage Rate	Percentage Covered
Louisiana	86.8%
Colorado	86.7%
Mississippi	85.2%
Arizona	84.4%
New Mexico	83.5%
Nevada	82.6%
Florida	81.7%
Texas	79.8%

Recommendations

- Although states are currently revenue-starved, this is exactly the **wrong time to reduce taxes**. The revenues generated by taxes should be used to invest in policies and programs that meet the basic needs for children to flourish and become contributing members of our nation.
- States must also **increase their investments in education**, especially in quality early learning programs that are well-connected to Grades K-12. Creating a PreK-12 public education system should be a high priority.
- The wide variation in child well-being among the states makes it clear that the traditional role of the federal government in targeting its support to the most vulnerable groups of children and families remains critical. To address these growing inequalities, the **federal contribution must be increased**. Rather than reducing the declining and small public investments in children's programs and in family economic security, legislators must move in the opposite direction. And, when entitlement reform is debated, careful attention must be paid to the effects on children and their families.
- The federal government should **ensure that funding for Head Start, Special Education, and Title I require that early learning programs are well-aligned with the K-12 grades** to sustain the benefits of early learning programs.
- States and the federal government must renew their efforts to **ensure that every child has access to health care**, especially services that prevent more serious, chronic conditions.
- States and the federal government must **consider children when focusing on cuts to entitlements** such as Medicaid and the Supplemental Assistance Nutrition Program.
- Due to extensive evidence documenting both the detrimental effects of poverty on children's school achievement and the link between higher parental educational attainment to stronger educational outcomes for children, states and the federal government should **launch dual-generation programs** that offer both high-quality education for children and high-quality workforce development for their parents.
- States and the federal government should **reward work by increasing the Earned Income Tax Credit**.
- The federal government should **develop a Children's Budget**—a description of what is allocated, how state and federal investments interact, and how investments relate to results and outcomes for children.

Conclusion

As states prepare their 2013 budgets, state policymakers must recognize that the costs of shortchanging children today is too high a price to pay in the future. Public disinvestments in children have real consequences for generating future tax revenues and for bearing the costs of supporting unhealthy and poorly educated adults.

When states invest in programs that benefit children and families and contribute to their well-being, children and families are better off. When states cut or neglect investing in these programs, the nation is worse off.

For more information, please visit the FCD web site (www.fcd-us.org) for full report, *Analyzing State Differences in Child Well-Being*.

Appendix A:

Indicators Used in the State CWI

Family Economic Well-Being Domain

1. Families with Children In Poverty, 2007
2. Children without Secure Parental Employment, 2007
3 Median Income for Families with Children, 2007
4. Children without Health Insurance Coverage, 2007

Health Domain

5. Infant Mortality Rate, 2007
6. Low Birthweight Babies, 2007
7. Mortality Rate, Ages 1–19, 2007
8. Children Not In Very Good or Excellent Health, 2007
9. Children with Functional Limitations, 2007
10. Children and Teens Who Are Overweight or Obese, 2007

Safe/Risky Behavior Domain

11. Teen Birth Rate, 2007
12. Cigarette Use In the Past Month, Ages 12–17, 2006–2008
13. Binge Alcohol Drinking Among Youths, Ages 12–17, 2006–2008
14. Illicit Drug Use Other Than Marijuana, Ages 12–17, 2006–2008

Educational Attainment Domain

15. Average Reading Scores For Fourth and Eighth Graders, 2007
16. Average Math Scores For Fourth and Eighth Graders, 2007

Community Engagement Domain

17. Young Adults Who Have Not Received a High School Diploma, 2007
18. Teens Not In School and Not Working, 2007
19. Percentage Of Children, Ages 3–4 Not Enrolled In School, 2007
20. Young Adults Who Have Not Received a B.A. Degree, 2007
21. Young Adults Who Did Not Vote In Election, 2007

Social Relationships Domain

22. Children In Single Parent Families, 2007
23. Children Who Have Moved within the Last Year, 2007

Emotional/Spiritual Well-Being Domain

24. Suicide Rate, Ages 10–19, 2007
25. Children without Weekly Religious Attendance, Ages 0–17, 2007

Appendix B

Sources for the State Child Well-Being Index

Indicator	Source
Families with children under age 18 in poverty, 2007	Population Reference Bureau, analysis of 2007 ACS data.
Secure parental employment rate, 2007	Population Reference Bureau, analysis of 2007 ACS data.
Median annual income all families with children, 2007	Population Reference Bureau, analysis of 2007 ACS data.
Rate of children in families headed by a single parent, 2007	Population Reference Bureau, analysis of 2007 ACS data.
Rate of children with health insurance coverage, 2007	Population Reference Bureau and the University of Louisville, analysis of the 2007 CPS data, March Supplement.
Rate of children who have moved within the last year, 2007	Population Reference Bureau, analysis of 2007 ACS data.
Infant mortality rate, 2007	Centers for Disease Control and Prevention, National Center for Health Statistics.
Low birth weight rate, 2007	Child Trends analysis of National Center for Health Statistics data.
Mortality rate, ages 1–19, 2007	Population Reference Bureau, analysis of National Center for Health Statistics data.
Rate of children with very good or excellent health (as reported by their parents), 2007	National Survey of Children's Health, http://nschdata.org
Rate of children with functional limitations (as reported by their parents), 2007	National Survey of Children's Health, http://nschdata.org
Children and teens who are overweight or obese, 2007	National Survey of Children's Health, http://nschdata.org
Teenage birth rate, ages 15–19, 2007	Population Reference Bureau and Child Trends analysis of NCHS data.
Rate of cigarette use in the past month, ages 12–17, 2006–2007	Department of Health and Human Services, www.oas.samhsa.gov/.
Rate of binge alcohol use, ages 12–17, 2006–2007	Department of Health and Human Services, www.oas.samhsa.gov/.
Rate of illicit drug use other than marijuana, ages 12–17, 2006–2007	Department of Health and Human Services, www.oas.samhsa.gov/.
Fourth and Eighth Grade math scores, 2007	U.S. Department of Education, http://nces.ed.gov/nationsreportcard/

Indicator	Source
Fourth and Eighth Grade reading scores, 2007	U.S. Department of Education, http://nces.ed.gov/nationsreportcard/
Rate of school enrollment, ages 3–4, 2007	Population Reference Bureau, analysis of 2007 ACS data.
Rate of persons who have received a high school diploma, ages 18–24, 2007	Population Reference Bureau, analysis of 2007 ACS data.
Rate of youths not working and not in school, ages 16–19, 2007	Population Reference Bureau, analysis of 2007 ACS data.
Rate of persons who have received a bachelor's degree, ages 25–29, 2007	Population Reference Bureau, analysis of 2007 ACS data.
Rate of voting in presidential election, ages 18–24, 2008	Population Reference Bureau, analysis of 2008 CPS, November Supplement
Suicide rate, ages 10–19, 2007	CDC, National Center for Injury Prevention and Control, http://webappa.cdc.gov/
Rate of weekly religious attendance, ages 0–17, 2007	National Survey of Children's Health, http://nschdata.org
Percentage who report religion as being very important, Grade Twelve	Not available at the state level
Rate of violent crime victimization, ages 12–17	Not available at the state level
Rate of violent crime offenders, ages 12–17	Not available at the state level

Endnotes

[1] This study uses data from 2007 as 2007 was the most recent year the National Survey of Children's Health (NSCH) data are available. The NSCH is the only state-level source of data for several key indicators of child well-being.

[2] Harknett, K., Garfinkel, I., Bainbridge, J., Smeeding, T., Folbre, N., & McLanahan, S. 2003. "Do Public Expenditures Improve Child Outcomes in the U.S.: A Comparison Across the Fifty States," Center for Research on Child Well-Being, Princeton, University, Working paper #03-02, Princeton NJ.

[3] Isaacs, J., Hahn, H., Rennane, S., Steuerle, C.E., & Verickers, T. 2011. *Kids' Share: Report on Federal Expenditures on Children Through 2010*. The Brookings Institution and the Urban Institute, Washington, DC. Figure 5, page 14.

[4] Oliff, P., & Leachman, M. 2011. "New School Year Brings Cuts in State Funding for Schools," Center for Budget and Policy Priorities, Washington, DC. Available at http://www.cbpp.org/cms/index.cfm?fa=view&id=3569

[5] *USA Today*, "States cut preschool from budgets," *USA Today*, August 8, 2010.

[6] Layton, L. 2011, "In trimming school budgets, more officials turn to a four-day week," *Washington Post*, October 28.

[7] National Center for Education Statistics. 2011. *The Nation's Report Card: Reading 2011*. National Center for Education Statistics, Washington, DC. Figure 14, page 23. Available at http://nces.ed.gov/nationsreportcard/pubs/main2011/2012457.asp

[8] Population Reference Bureau, analysis of 2007 ACS data.

[9] Population Reference Bureau and the University of Louisville, analysis of the 2007 CPS data, March Supplement.

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