

# Financial stability in the first years of life sets the foundation for a stronger future

## Introduction

A baby's first years have an enormous impact on the trajectory of their life. That's because children grow and develop more during the first 1,000 days of life than at any other time.<sup>1</sup> During this critical window, it is especially important that babies have what they need to grow: healthy food, a safe home, and present caregivers. While many things contribute to creating this healthy growing environment, financial stability is a major underpinning factor. Therefore, policies and programs that aim to improve child well-being should focus on increasing financial stability for families with infants and toddlers.

Research shows that providing unconditional cash assistance to pregnant people and families with babies can lead to many positive outcomes, including:

### Better health outcomes for parents

- ▶ Increased prenatal care<sup>2</sup>
- ▶ Smoking cessation during pregnancy<sup>3</sup>
- ▶ Decreased postpartum depression<sup>4</sup>

### Better health outcomes for babies

- ▶ Lower risk of low birth weight and preterm births<sup>5, 6, 7, 8</sup>
- ▶ Increased breastfeeding<sup>9</sup>
- ▶ Increased infant vaccinations<sup>10</sup>

### Better ability to provide for children

- ▶ Increased spending on goods for children, such as books, toys, and clothing<sup>11</sup>
- ▶ Increased time spent reading, telling stories, and playing with children<sup>12</sup>

### Better educational outcomes

- ▶ Greater likelihood for school readiness<sup>13</sup>
- ▶ Higher math and reading test scores<sup>14</sup>
- ▶ Greater likelihood of graduating high school and higher educational attainment<sup>15, 16</sup>

### Better long-term economic and health outcomes

- ▶ Greater earnings in adulthood<sup>17, 18</sup>
- ▶ Better self-reported health later in life<sup>19</sup>
- ▶ Longer lifespan<sup>20</sup>

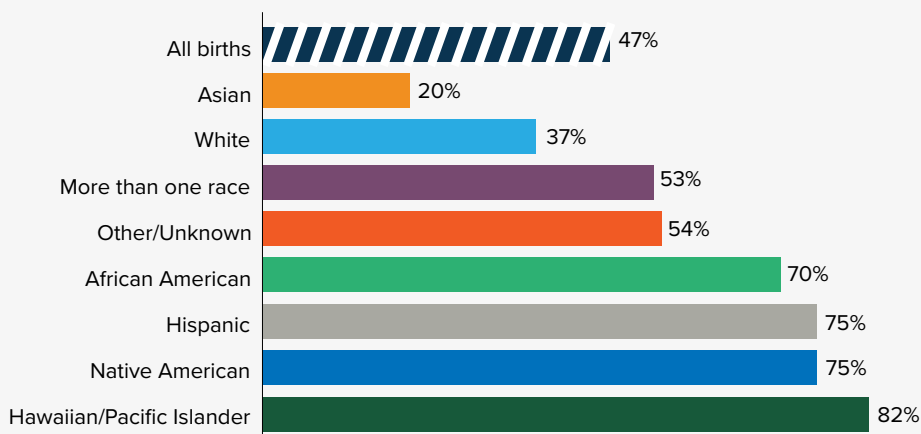


# Washington's kids need financial support for the best start in life

In Washington, nearly one in eight children under the age of 5 – or over 48,000 children – live in households below the poverty level.<sup>21</sup> Sadly, financial insecurity is even more common among households with a newborn. Nearly half of all births – or over 37,000 babies – in Washington are covered by Medicaid. In other words, half of all families welcoming a new baby into their home have very low incomes and would greatly benefit from direct cash assistance.<sup>22</sup> Due to systemic barriers to financial security, Latinx, Black, Hawaiian and Pacific Islander, and Indigenous families rely on Medicaid at much higher rates, meaning direct cash programs would make an even greater impact for these families.

## Medicaid covers almost half of all births in Washington state

Percent of individuals who gave birth who were covered by Medicaid, by race/ethnicity



Source: Characteristics of Washington State Individuals Who Gave Birth, Washington State Health Care Authority First Steps Database Team, March 2025, <https://www.hca.wa.gov/assets/program/characteristics-individuals-washington-state.pdf>

## With direct cash support, families who are welcoming a newborn can...



Buy the supplies they need to care for an infant, like diapers, formula, a car seat, and other essentials



Have the flexibility to bring in essential support services, like a doula, lactation consultant, or mental health support



Cover any loss of income from leaving work to care for their baby



Afford high quality child care so that parents can re-enter the workforce

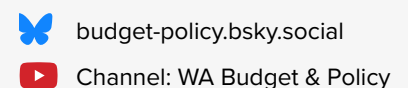
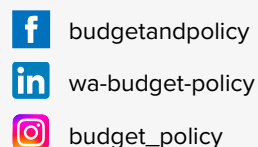


## Direct cash programs in the U.S focusing on babies and pregnant people

	Location	Duration	Number of participants	Monthly benefit amount	Funding
<a href="#">Baby's First Years</a>	New York City (NY), New Orleans (LA), Twin Cities (MN), Omaha (NB)	76 months	1,000	\$20 or \$333	National Institutes of Health and private funding
<a href="#">Abundant Birth Project</a>	San Francisco, CA	12-18 months	850	\$616-\$1,000	San Francisco Department of Public Health, state funding, private funding
<a href="#">The Bridge Project</a>	New York City, NY	36 months (last trimester to baby's 1,000 days)	1,360	\$500 or \$1,000	Private funding
<a href="#">Philly Joy Bank</a>	Philadelphia, PA	Second trimester to baby's 1st birthday	250	\$1,000	Private-public partnership
<a href="#">Rx Kids</a>	Flint, MI	12 months	3,668	\$500 (\$1,500 during pregnancy)	Temporary Assistance for Needy Families and private funding
<a href="#">The Nest</a>	King and Pierce counties and Tulalip Reservation (WA)	Enrollment until baby's 3rd birthday	150	\$1,250	Private funding

The Washington State Budget and Policy Center is a research and policy organization that works to advance economic justice for everyone in Washington

[budgetandpolicy.org](https://budgetandpolicy.org)



## Endnotes

1. Heather C. Hamner et al., “Improving Nutrition in the First 1000 Days in the United States: A Federal Perspective,” *American Journal of Public Health*, Vol. 112, No. S8, October 2022, <https://doi.org/10.2105/AJPH.2022.307028>.
2. Hilary Hoynes, Doug Miller, and David Simon, “Income, the earned income tax credit, and infant health,” *American Economic Journal: Economic Policy*, Vol. 7, No. 1, February 2015, [doi:10.1257/pol.20120179](https://doi.org/10.1257/pol.20120179).
3. Hilary Hoynes, Doug Miller, and David Simon.
4. Mona Hanna et al., “Hardship and Hope: The Relationship Between Unconditional Prenatal and Infant Cash Transfers, Economic Stability, and Maternal Mental Health and Well-Being,” *American Journal of Public Health* 0, e1\_e10, <https://doi.org/10.2105/AJPH.2025.308244>.
5. Hilary Hoynes, Doug Miller, and David Simon.
6. Marni D. Brownell et al., “Unconditional prenatal income supplement and birth outcomes,” *Pediatrics*, Vol. 137, No. 6, June 2016, <https://doi.org/10.1542/peds.2015-2992>.
7. Sara Markowitz et al., “Effects of state-level Earned Income Tax Credit laws in the U.S. on maternal health behaviors and infant health outcomes,” *Social Science & Medicine*, Vol. 194, December 2017, <https://doi.org/10.1016/j.socscimed.2017.10.016>.
8. Kelli A. Komro et al., “Effects of State-Level Earned Income Tax Credit Law on Birth Outcomes by Race and Ethnicity,” *Health Equity*, Vol. 3, No. 9, March 2019, <https://doi.org/10.1089/heq.2018.0061>.
9. Marni D. Brownell et al.
10. Jennifer E. Enns et al., “An unconditional prenatal income supplement is associated with improved birth and early childhood outcomes among First Nations children in Manitoba, Canada: a population-based cohort study,” *BMC Pregnancy Childbirth*, Vol. 21, No. 312, April 2021, <https://link.springer.com/article/10.1186/s12884-021-03782-w>.
11. Lisa Gennetian et al. “Effects of a monthly unconditional cash transfer starting at birth on family investments among US families with low income,” *Nature Human Behavior*, Vol 8, June 2024, doi: [10.1038/s41562-024-01915-7](https://doi.org/10.1038/s41562-024-01915-7).
12. Lisa Gennetian et al.
13. Jennifer E. Enns et al.
14. Andrew Barr, Jonathan Eggleston, and Alexander Smith, “Investing in infants: The lasting effects of cash transfers to new families,” *The Quarterly Journal of Economics*, Vol. 137, No. 4, November 2022, [doi:10.1093/qje/qjac023](https://doi.org/10.1093/qje/qjac023).
15. Anna Aizer et al., “The long-run impact of cash transfers to poor families,” *American Economic Review*, Vol. 106, No. 4, April 2016, [doi:10.1257/aer.20140529](https://doi.org/10.1257/aer.20140529).
16. Andrew Barr, Jonathan Eggleston, and Alexander Smith.
17. Andrew Barr, Jonathan Eggleston, and Alexander Smith.
18. Anna Aizer et al.
19. Breno Braga, Fredric Blavin, and Anuj Gangopadhyaya, “The long-term effects of childhood exposure to the earned income tax credit on health outcomes,” *Journal of Public Economics*, Vol. 190, October 2020, <https://doi.org/10.1016/j.jpubeco.2020.104249>.
20. Anna Aizer et al.
21. U.S. Census Bureau, American Community Survey, ACS 1-year Estimate Subject Tables, B17001: Poverty Status in the Past 12 Months by Sex by Age, 2024, <https://data.census.gov/table/ACSDT1Y2023.B17001?q=poverty+by+age&q=040XX00US53/>.
22. Characteristics of Washington State Individuals Who Gave Birth, Health Care Authority First Steps Database Team, March 2025, <https://www.hca.wa.gov/assets/program/characteristics-individuals-washington-state.pdf>.