

A photograph of a woman with dark dreadlocks and a young child with a red afro puff, both looking at each other at a playground. The woman is wearing a dark t-shirt and a necklace. The child is wearing a white t-shirt with a floral design and the text 'keep Growing'. The background shows green playground equipment and trees.

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Investing in Women & Children

Maternity Home Tax Credit Programs

Where is the Payoff?

St. Raymond's Society partners with new and expectant mothers to provide resources, coaching, and mentoring to empower women to build thriving futures for themselves and their families. For many women, especially those without a support network, pregnancy and child-rearing is an extraordinarily challenging time. Women endure physical changes including the discomfort and pain of pregnancy and childbirth, frustrations with breastfeeding, post-partum fatigue, pain, and the sleeplessness that accompanies caring for children. Women also struggle through emotional changes related to hormonal fluctuations, the fear and uncertainty of being a new parent, and body image concerns as they adjust to their new physique following pregnancy and childbirth. Along with physical and emotional challenges, women face financial struggles such as pregnancy's impact on employment and income and the costs of childcare and infant supplies. For those with pre-existing health conditions, all these concerns are amplified due to increased risks to personal health. St. Raymond's Society saves lives by empowering mothers by partnering with them to build a thriving future. With love and accountability, women create stability through vision, planning, freedom and purpose.

Tax Credit

Tax credit programs offer a unique opportunity to support organizations like St. Raymond's. In Missouri, the Maternity Home Tax Credit program provides donors with 70% tax credits for contributions to designated organizations, giving them an opportunity to reduce their state tax obligation. Essentially, for every \$100 contributed, the donor receives \$70 in tax credits to apply to their state income tax obligation, making their net out of pocket donation \$30. Moreover, these contributions are also eligible as an itemized deduction on the federal form 1040 if the organization is a 501(c)3 nonprofit.

Program Value

Why is this type of tax credit program valuable to the state? The short answer - it saves public resources over the long term. This savings comes in many forms, from costs avoided due to achieving a livable wage and accessing health care, to the economic benefits gained by communities as a result of mothers, families, and children thriving.

Poverty

Individuals may cycle in and out of poverty for many reasons such as divorce, loss of employment, pregnancy, fleeing domestic violence, accidents, or other health conditions. Pregnant women and new mothers are highly vulnerable to the financial impacts of these precarious circumstances. Early intervention to address poverty is important as studies show the longer one is in poverty, the less likely they are to exit poverty¹. By removing stressors and addressing barriers to care, pregnant women and new mothers can gain access to vital health care services such as prenatal and postpartum care. Involvement with organizations like St. Raymond's helps women move from poverty to prosperity.

The Maternity Home Tax Credit program creates significant opportunities to avoid poverty-related costs, including:

HOMELESSNESS

Homelessness is costly to social support systems. According to a 2017 study, a chronically homeless person will incur societal costs of approximately \$35,578 per year through the usage of shelters, food services, medical treatment, and other programs. However, the provision of supportive housing reduces this cost by 49.5%. Supportive housing averaged about \$12,800 per year in 2017, saving approximately \$4,800 per year per person receiving support.² Adjusting these monetary values to 2023 indicates a \$45,885 societal cost and a supportive housing savings adjustment to \$6,191 per person per year. Along with financial savings to society, individuals in supportive housing are less reliant on emergency departments for health care and are less likely to have justice system involvement.³ Maternity Homes provide housing and other supports to participants helping to reduce the social and financial burden of homelessness.

INADEQUATE PRENATAL CARE

Accessing prenatal care can be challenging for women for many reasons including poverty, lack of transportation, inability to take time off work or find childcare, as well as precarious domestic relationships or living environments. Those not receiving prenatal care are at higher risk for complications and adverse health outcomes including an increased risk for cesarean procedures. C-sections are major surgeries requiring increased recovery time, extended hospital stays and cost approximately 50% more than a vaginal delivery.^{4,5} Mothers with uncomplicated vaginal deliveries have an average hospital stay of 48 hours compared to 96 hours for those undergoing cesarean procedures.⁶ Women delivering vaginally spend on average \$2,655 out of pocket while women who deliver via c-section spend on average \$3,214 out of pocket.⁷

Women who do not get adequate prenatal care incur approximately \$1,000 more in hospital costs. Women who have complicated births have longer hospital stays costing approximately three times more than those who are free of complications.⁸ The risks of labor and delivery extend beyond the mother to the infant as well. Research has shown women who do not receive prenatal care are more likely to experience a preterm birth.⁹ The average hospital stay for a healthy full-term infant is two days, however, length of stay can be significantly longer for pre-term infants depending on how early the infant was delivered, dramatically increasing health care costs.¹⁰

According to a 2011 report from the March of Dimes, which commissioned an analysis by Truven Health Analytics, Inc., on the costs of prematurity to businesses, the average medical cost for a healthy, full-term baby from birth through the first year was \$6,911. For premature and/or low birth weight babies (less than 37 weeks gestation and/or less than 2500 grams), the average cost was \$75,279.¹¹ (*Amounts from the original 2011 report have been adjusted for inflation to 2023 dollars.*)

Racial disparities further exacerbate maternal and infant health outcomes. In 2018, maternal mortality rates in the United States for black non-Hispanic women were 37.1 deaths per 100,000 births compared to 14.7 for white mothers.¹² Racial and ethnic disparities also exist for preterm births, with a preterm birth rate among Black women in 2021 being 14.8%, 50% higher than the rate of preterm birth among white or Hispanic women (9.5% and 10.2% respectively).¹³

St. Raymond's provides the support necessary for women to access early and on-going prenatal care, as well as post-partum health care and pediatric care for their babies, significantly lowering the risk of complications and lowering costs to health care and social support systems.

STALLED EDUCATION

When women are faced with challenging seasons, education is often the last priority. St. Raymond's helps support young mothers to continue their education, improving employability and increasing lifetime earnings potential. According to the National Center for Education Statistics, higher educational attainment is associated with higher earnings.¹⁴

2021 Median Earning for Workers Aged 25-34 by Level of Educational Attainment

- **Less than high school:** \$32,500
- **High school diploma:** \$39,700
- **Some college, no degree:** \$41,000
- **Associate's Degree:** \$45,000
- **Bachelor's Degree:** \$61,600
- **Bachelor's (+) Degree:** \$65,000
- **Master's Degree (+):** \$74,600

Most St. Raymond's participants are successful in achieving at least an associate's degree, and many go on to obtain a bachelor's degree. Over a lifetime, increased earnings provide women the opportunity to save, to invest in their children and families, to maintain independence from

social support programs, and to have resources to spend in their community economies. Achieving an associate or bachelor degree amounts to increased earnings of \$12,500 to \$29,100 annually (over having less than a high school diploma). Over the span of an average 30-year career, this accumulates to between \$375,000 and \$875,000.

LACK OF ACCESS TO FOOD AND NUTRITION

The Supplemental Nutrition Assistance Program (SNAP) provides access to healthy foods for low-income individuals and families. In 2022, Missouri provided \$1.3 billion to SNAP participants. It is estimated that in 2023 the average SNAP benefit for each household member per month was \$185 or \$6.08 per day.¹⁵ By helping women increase their earning potential and teaching life skills such as budgeting, grocery shopping, and meal preparation, St. Raymond's can assist women in lifting themselves out of poverty, helping them reach financial independence, and eliminating their need for supplemental food programs including SNAP and WIC.

NEED FOR CHILDCARE SUBSIDY TO MAINTAIN EMPLOYMENT

State subsidized childcare averages between \$125 and \$300 per week per child depending on the location and child's age (annualized to \$6,500-\$15,600). When women exit the poverty cycle, they are able to provide the resources necessary for childcare-related expenses, saving the state the cost of subsidizing their care.

SUMMARY IMPACT

Direct annual benefit to society from supporting one (1) pregnant woman through the maternity home tax credit program:

- Prevent Homelessness: \$6,191
- Healthy Pregnancy Outcome: \$1,359
- Associate Degree Obtained: \$12,500
- Bachelor Degree Obtained: \$29,100
- Prevent Need for SNAP benefits: \$2,200
- Avoided Childcare Subsidy: \$6,500 - \$15,600

At a minimum, there is an annual societal savings or avoided cost of approximately **\$28,750 per person** receiving maternity home services. If the average program supports 20 women a year, the impact is **\$575,000 each year**.

Long-term avoided costs linked to the healthy birth of a child supported through the maternity home tax credit program:

- Prevent Homelessness: \$6,191
- Healthy Birth Outcome (term and not low birth weight): \$68,368 (one-time)
- Avoided Long-Term Expense Related to Prematurity: \$80,766

At a minimum, there is an annual societal savings or avoided cost of approximately **\$74,559 per infant** born to mothers receiving maternity home services. Within the child's first 10 years of life, the impact could be as much as **\$869,570 saved** due to preventing prematurity and homelessness.

For Example...

A Maternity Home serving 20 women with an annual budget of \$500,000, receives a total of \$500,000 in exchange for \$350,000 in state tax credits. The state is forgoing \$350,000 in direct tax obligation but is realizing a significant societal impact. The estimated year one cost avoidance for 20 participants is approximately \$2 million. With a programmatic cost of \$500,000, every \$1 contributed by a donor returns \$4 to society every year, equating to a 300% total return on investment. The return to the state would actually be a societal benefit of \$2 million for \$350,000 as that is what the state has forgone in income. For the state the return is \$5.71 for every \$1 (\$2MM divided by \$350,000). This makes the tax credit program a significant win not only for participants but also for the state and communities served.

¹ https://poverty.ucdavis.edu/sites/main/files/file-attachments/policy_brief_stevens_poverty_transitions_1.pdf?1445548951 | ² <https://endhomelessness.org/resource/ending-chronic-homelessness-saves-taxpayers-money-2/#:~:text=A%20chronically%20homeless%20person%20costs,average%20of%20%2435%2C578%20per%20year> (dollar figures from original report adjusted to reflect 2023 amounts) | ³ <https://www.cbpp.org/research/housing/supportive-housing-helps-vulnerable-people-live-and-thrive-in-the-community> | ⁴ The Cost of Having a Baby in the United States, Truven Health Analytics, January 2013, transform.childbirthconnection.org/wp-content/uploads/2013/01/Cost-of-Having-a-Baby-Executive-Summary.pdf | ⁵ <https://business.kaiserpermanente.org/insights/specialty-care/maternal-care-costs> | ⁶ <https://www.ncbi.nlm.nih.gov/books/NBK555484/> | ⁷ <https://www.kff.org/health-costs/press-release/women-who-give-birth-incur-nearly-19000-in-additional-health-costs-including-2854-more-that-they-pay-out-of-pocket/> | ⁸ <https://business.kaiserpermanente.org/insights/specialty-care/maternal-care-cost> | ⁹ Requejo J, Meriadi M, Althabe F, Keller M, Katz J, Menon R. Born too soon: care during pregnancy and childbirth to reduce preterm deliveries and improve health outcomes of the preterm baby. Reprod Health. 2013;10 Suppl 1(Suppl 1):S4. doi: 10.1186/1742-4755-10-S1-S4. Epub 2013 Nov 25. PMID: 24625215; PMCID: PMC3842748. | ¹⁰ <https://www.cdc.gov/pregnancy/opioids/data.html> | ¹¹ <https://www.marchofdimes.org/about/news/premature-babies-cost-employers-127-billion-annually#:~:text=According%20to%20the%20March%20of,according%20to%20the%20new%20data> | ¹² <https://www.commonwealthfund.org/publications/issue-briefs/2020/nov/maternal-mortality-maternity-care-us-compared-10-countries> | ¹³ <https://www.cdc.gov/reproductivehealth/maternalinfanthealth/pretermbirth.htm> | ¹⁴ <https://nces.ed.gov/programs/coe/indicator/cba/annual-earnings#:~:text=This%20pattern%20was%20consistent%20for,a%20bachelor's%20degree%20%2461%2C600> | ¹⁵ https://www.cbpp.org/sites/default/files/atoms/files/snap_factsheet_missouri.pdf