



# Assessing Vermont's Work Supports

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**NCCP** National Center for  
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Columbia University

MAILMAN SCHOOL OF PUBLIC HEALTH

# National Center for Children in Poverty

## *Who we are*

- NCCCP is the nation's leading public policy center dedicated to promoting the economic security, health, and well-being of America's low-income children and families.
- Part of Columbia University's Mailman School of Public Health, NCCCP promotes family-oriented solutions at the state and national levels.
- Our ultimate goal: Improved outcomes for the next generation.

# Assessing Vermont's Work Supports

## *Overview of today's presentation*

- Defining the challenge: low-wage work & work supports
- Demonstration of the Vermont Family Resource Simulator
- Preliminary findings
- Discussion of analysis and reporting

# Defining the Challenge

## *Not enough “good” jobs*

- Nationally, a third of all workers—46 million—hold low-wage jobs that provide few prospects for advancement and growth.
- Low-wage jobs typically lack benefits that higher-income workers take for granted: health insurance, paid sick leave, and retirement plans.
- In Vermont, 27% of children live low-income families, yet *half of them have a parent who works full time, year round.*

# Defining the Challenge

## *Many TANF leavers don't earn enough to support their families*

- Welfare leavers earn \$8-\$10 an hour on average.
- Even working full time, a parent earning \$9 an hour earns less than \$19,000 a year.
- That puts a family of 3 just over the official poverty level but provides far less income than it takes to make ends meet.

# Defining the Challenge

***“Work supports” help close the gap between low wages and basic expenses***

- Work supports include earned income tax credits, child care assistance, health insurance, food stamps, and housing and energy assistance.
- These benefits encourage, support, and reward employment.
- Work supports help low-wage workers make ends meet and increase employment stability.

# Defining the Challenge

## *But work supports present a paradox*

- Most benefits are means-tested so as earnings increase, families begin to lose eligibility even though earnings are not yet adequate.
- In some cases, just a small increase in earnings can trigger a sharp reduction in benefits.
- The result? Despite earning more, families may be no better off—or even worse off—than before.

# Defining the Challenge

## *Meet the James family*

- Carrie James is a single mother with two children, a 3-year-old and a 6-year-old.
- The James family lives in Burlington, where they rent an apartment.
- To meet her family's basic needs, Carrie needs to earn \$24 an hour working full-time.



# Basic Needs Budget

Single parent with 2 children (ages 3 and 6)

Burlington, VT

	Annual	Monthly
Rent and utilities	\$12,156	\$1,013
Food	\$5,691	\$474
Child care	\$13,749	\$1,146
Health insurance premiums	\$2,541	\$212
Out-of-pocket medical	\$456	\$38
Transportation	\$4,111	\$343
Other necessities	\$4,819	\$402
Payroll and income taxes	\$5,445	\$454
<b>TOTAL</b>	<b>\$48,968</b>	<b>\$4,081</b>
<b>Hourly wage needed = \$24 an hour, full time</b>		

Source: NCCP's Basic Needs Budget Calculator, Vermont 2008.

# Defining the Challenge

## *Key questions*

- What work supports are available in Vermont to families who don't earn enough to make ends meet?
- Can Vermont's work supports close the gap between low wages and the cost of basic family expenses?
- Do Vermont's work support policies incentivize work? That is, are families always better off if they work and earn more?
- NCCP's Family Resource Simulator can help answer these questions.

# Preliminary Findings

## *Key questions*

- What work supports are available in Vermont to families who don't earn enough to make ends meet?

### *Cash and in-kind benefits*

- ◆ TANF cash assistance
- ◆ Food stamps
- ◆ Child care subsidies
- ◆ Public health insurance coverage
- ◆ Section 8 Housing Choice Vouchers
- ◆ Low Income Home Energy Assistance Program (LIHEAP)
- ◆ Lifeline Telephone Service Credit

# Preliminary Findings

## *Key questions*

- What work supports are available in Vermont to families who don't earn enough to make ends meet?

### *Tax benefits*

- ◆ Federal Earned Income Tax Credit (refundable)
- ◆ Federal Child Tax Credit (partially refundable)
- ◆ Federal Child and Dependent Care Tax Credit (non-refundable)
- ◆ Vermont Earned Income Tax Credit (refundable)
- ◆ Vermont Child and Dependent Care Tax Credits (one refundable credit, one non-refundable credit)
- ◆ Renter Rebate

# Preliminary Findings

## *Key questions*

- Can Vermont's work supports close the gap between low wages and the cost of basic family expenses?

## Family Resources and Expenses, Single Parent with 2 Children, Burlington, VT, 2008

(Assumes full-time employment at \$9 an hour)

	Employment alone (no benefits)	Employment <i>plus</i> : - EITCs (federal & VT) - VT child care credit - VT renter rebate - VT phone credit - food stamps	Employment <i>plus</i> : - EITCs (federal & VT) - VT child care credit - VT renter rebate - VT phone credit - food stamps - public health insurance - child care subsidies
<b>Annual Resources</b>			
Earnings	\$18,720	\$18,720	\$18,720
Federal EITC	\$0	\$4,015	\$4,015
VT EITC	\$0	\$1,285	\$1,285
VT child/ dependent care tax credit	\$0	\$34	\$34
VT renter rebate	\$0	\$1,775	\$1,775
Food Stamps	\$0	\$3,913	\$3,206
<b>Total Resources</b>	<b>\$18,720</b>	<b>\$29,742</b>	<b>\$29,035</b>
<b>Annual Expenses</b>			
Rent and utilities	\$12,156	\$12,156	\$12,156
Food	\$5,691	\$5,691	\$5,691
Child care	\$13,749	\$13,749	\$1,841
Health insurance premiums	\$2,541	\$2,541	\$300
Out-of-pocket medical	\$456	\$456	\$0
Transportation	\$4,111	\$4,111	\$4,111
Other Necessities	\$4,819	\$4,657	\$4,657
Payroll and Income Taxes	\$411	\$411	\$411
<b>Total Expenses</b>	<b>\$43,934</b>	<b>\$43,772</b>	<b>\$29,167</b>
<b>Net Resources (resources - expenses)</b>	<b>-\$25,214</b>	<b>-\$14,030</b>	<b>-\$132</b>

Source: Analysis based on NCCP's Family Resource Simulator, Vermont 2008; single parent with two children, ages 3 and 6.

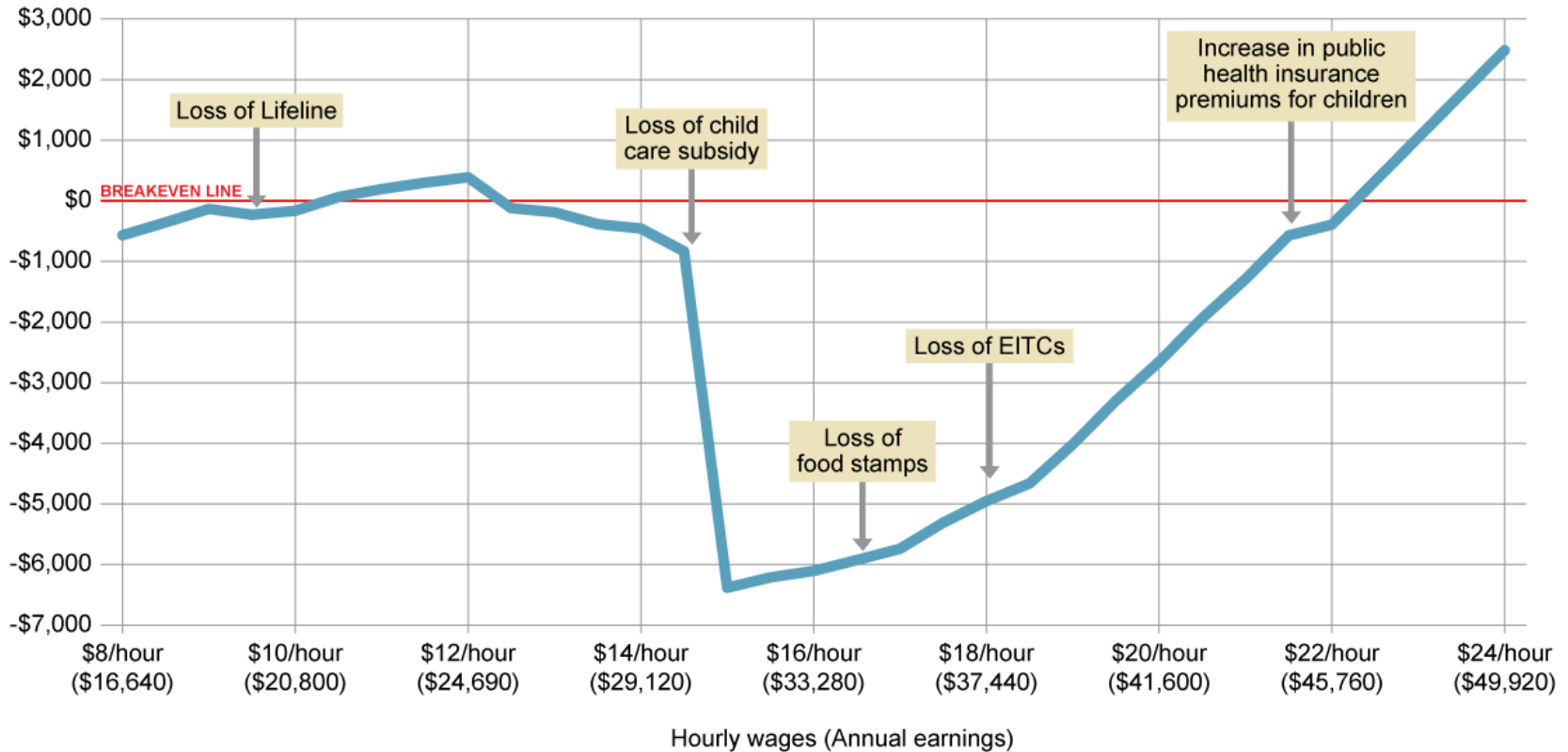
# Preliminary Findings

## *Key questions*

- Do Vermont's work support policies incentivize work? That is, are families always better off if they work and earn more?

# Net Family Resources for a Single Parent with Two Children Burlington, VT

Resources minus expenses (annual)

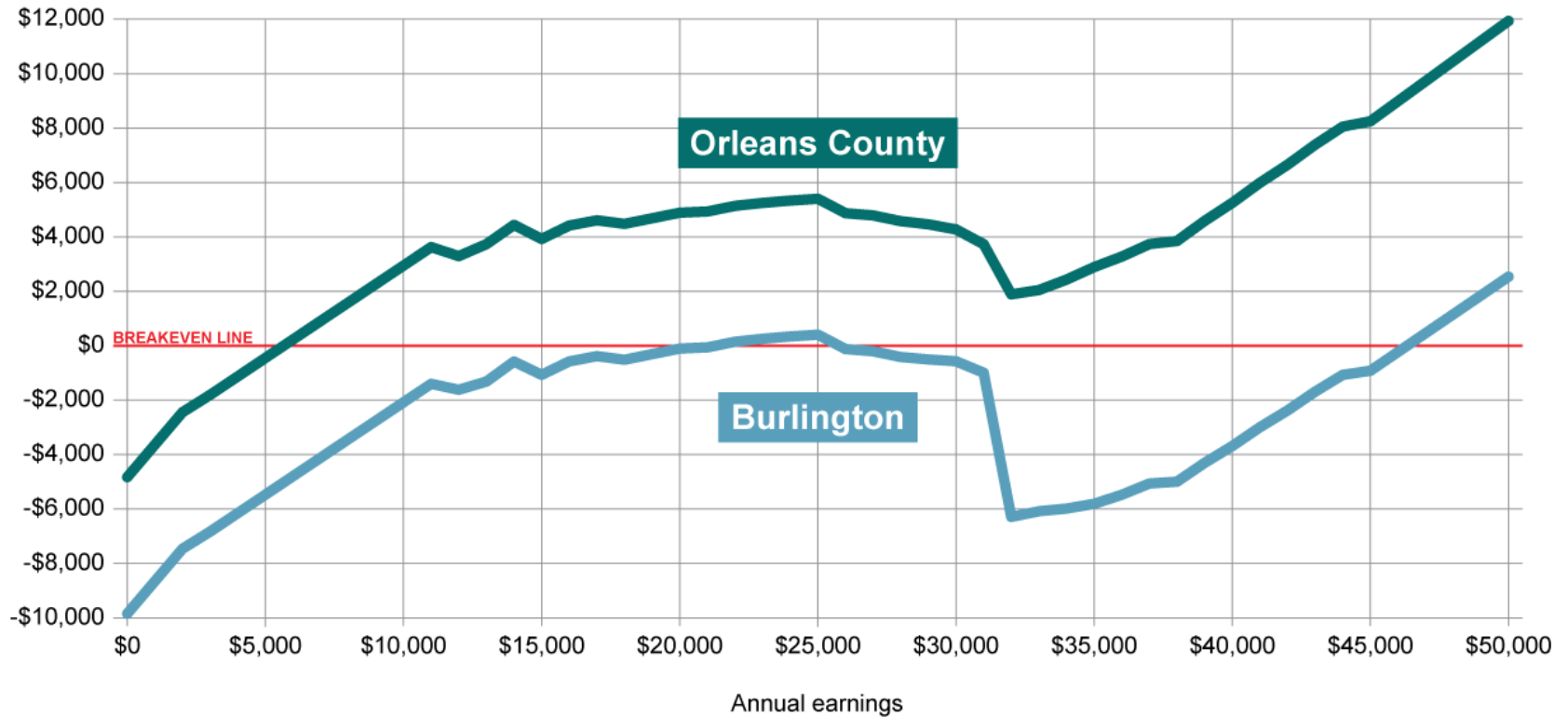


**Source:** Analysis based on NCCP's Family Resource Simulator, Vermont 2008; single parent with two children, ages 3 and 6. When eligible, the family receives the following work supports: federal and state tax credits, Lifeline Telephone Service Credit, food stamps, public health insurance, and a child care subsidy.



# Net Family Resources for a Single Parent with Two Children Burlington and Orleans County, VT

Resources minus expenses (annual)



**Source:** Analysis based on NCCP's Family Resource Simulator, Vermont 2008; single parent with two children, ages 3 and 6. When eligible, the family receives the following work supports: federal and state tax credits, Lifeline Telephone Service Credit, TANF cash assistance, food stamps, public health insurance, and a child care subsidy.

# For More Information

## Contact

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