The Colorado Family Resource Simulator: A Tool for Policy Modeling

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- Collaboration between NCCP and Colorado Center on Law and Policy

- Update the CO Family Resource Simulator and Basic Needs Budget Calculator web-based policy modeling tools for Alamosa, Denver, Eagle, El Paso, Mesa, Morgan and Pueblo counties

- Model 3 policy reforms to improve outcomes for low-income families in CO
Family Resource Simulator

♦ Interactive web-based tool estimates changes in net resources (Earnings + Work Supports – Basic Family Expenses) as earnings rise

♦ Includes TANF, SNAP, LIHEAP, CC subsidies, tax credits, Section 8, Medicaid/CHIP, ACA subsidies

♦ Can be used to model the effects of policy reforms on family net resources

♦ Available for 26 states and more than 100 localities; updates for CO, FL, and OH in 2015

http://www.nccp.org/tools/frs/
Basic Needs Budget Calculator

- Estimates basic expenses for a family of a given composition in a given location
- Includes rent & utilities, food, child care, health care, transportation, other necessities, and taxes net of credits
- Allows NCCP estimates or customized user input for all expenses

I. Colorado Child Tax Credit and Earned Income Tax Credit

- CTC is a refundable credit of up to 30% of the federal CTC, or $300 for each child under six years old. Larger for families with lower incomes.

- EITC is a refundable credit of 10% of the federal credit, or about $600 maximum.

- Both credits signed into law but not yet implemented.
Modeling Scenario and Findings

- Two-parent family with two children ages 2 and 5 in Alamosa County

- When eligible, family receives federal tax credits, the CO child care tax credit, a federal housing subsidy, SNAP/food stamps, public health insurance, LEAP and telephone cost assistance

- Results: family benefits significantly, especially at lower levels of earnings

- With both parents working full time at $8.23, the family receives EITC of $330 and CTC of $600
Net Resources without tax credits (purple line), with EITC only (blue line), and with EITC and CTC together (green line)

Loss of SNAP

Increase in child care costs as work hours rise

Loss of Medicaid

Breakeven Line

Annual Net Resources

Hourly Wages (Annual Earnings)

-$6,000

-$4,000

-$2,000

-$0

$0

$2,000

$4,000

$6,000

$8,000

$10,000

$8/hour ($16,640/year)

$10/hour ($20,800/year)

$12/hour ($24,960/year)

$14/hour ($29,120/year)

$16/hour ($33,280/year)

$18/hour ($37,440/year)

$20/hour ($41,600/year)

$22/hour ($45,760/year)

$24/hour ($49,920/year)

$26/hour ($54,080/year)
2. Universal, Full-Day Kindergarten

- Research shows children attending full-day K are better prepared for 1st grade than those attending half day

- An additional benefit of free, public K for low-income, working parents: savings in child care costs

- About 74% of CO kindergarteners attend full-day, higher than the Western state average, but state only fully funds half-day programs

- HB 15-1020 would provide state-paid, universal K
Modeling Scenario and Findings

- Two-parent family with two children ages 5 and 7 in Eagle County

- When eligible, family receives federal tax credits, the CO child care tax credit, a federal housing subsidy, SNAP/food stamps, public health insurance, energy and telephone cost assistance

- Default scenario is half-day kindergarten

- Results: family saves substantially in child care costs when both parents are working full time. Working full time at $8.23/hour, the family saves $2,173 in child care expenses
Graph showing the impact of different hourly wages on net resources with full-day and half-day kindergarten, as well as the reduction in CO child care tax credit, loss of SNAP, and loss of Medicaid.
3. Universal, Free Prekindergarten

- Research shows high-quality pre-k programs help children’s cognitive and social skills, especially children from low-income families.

- An added benefit of free, public pre-k for low-income, working parents: savings in child care costs.

- Eligibility for state-funded pre-k for 4-year-olds now limited to those with risk factors, including low income; about 22% of all CO 4-year-olds enrolled.

- HB 15-1024 would fund small number of new seats.
Modeling Scenario and Findings: Half-Day Pre-K

- Single-parent family with two children ages 4 and 8 in Denver County
- When eligible, family receives federal tax credits, the CO child care tax credit, a federal housing subsidy, SNAP/food stamps, public health insurance, energy and telephone cost assistance
- Results: significant savings in child care expenses. The family saves about $4,000 in expenses for center-based care when the parent works full time at $16/hour ($33,280 in annual earnings)
Net Resources with Half-Day Pre-K (top line) and Net Resources without Half-Day Pre-K (bottom line)

Reduction in CO child care
Loss of SNAP
Loss of Medicaid
Breakeven Line

Annual Net Resources

Hourly Wages (Annual Earnings)

$0/hour ($16,000/year) $10/hour ($20,000/year) $12/hour ($24,000/year) $14/hour ($28,000/year) $16/hour ($32,000/year) $18/hour ($36,000/year) $20/hour ($40,000/year) $22/hour ($44,000/year) $24/hour ($48,000/year)

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Modeling Scenario and Findings: Full-Day Pre-K

- Same family composition and work supports as the half-day pre-k scenario
- As with half-day pre-k, the default scenario is full-day, center-based child care for the 4-year-old and after-school, center-based care for the 8-year-old
- Results: large savings in child care expenses. The family saves more than $5,000 in expenses for center-based care when the parent works full time at $16/hour ($33,280 in annual earnings)
Net Resources with Full-Day Pre-K (top line)

- Loss of SNAP
- Reduction in state child care tax credit
- Loss of Medicaid

Breakeven Line

Hourly Wages (Annual Earnings)

$8/hour ($16,640/year)
$10/hour ($20,800/year)
$12/hour ($24,960/year)
$14/hour ($29,120/year)
$16/hour ($33,280/year)
$18/hour ($37,440/year)
$20/hour ($41,600/year)
$22/hour ($45,760/year)
$24/hour ($49,920/year)
$26/hour ($54,080/year)
FOR MORE INFORMATION

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