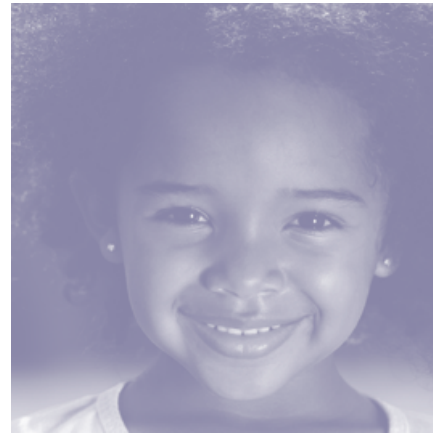


The Ohio Family Resource Simulator:

Part 2: A Demonstration



National Center for Children in Poverty

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Policy Matters Ohio

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Summary of this Demonstration

- We will demonstrate how the Family Resource Simulator (FRS) (at <http://nccp.org/tools/frs/>) can be used to model real-life scenarios for Ohio families and the financial choices they make.
- This PowerPoint presentation will mirror the scenarios that will be presented using the online FRS tool.

Scenario 1: No benefits, full costs

Assumptions

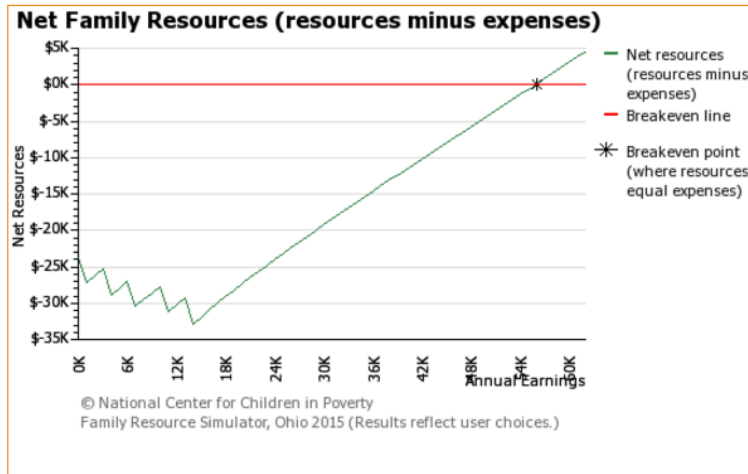
- Let's see how the FRS models cost for a representative family in Ohio, assuming the following:
 - Single parent
 - Starting wage at minimum wage, \$8.10/hour
 - Higher earnings levels reflect either more work hours (at starting wage) or higher wages once the parent starts working 40 hours per week
 - Two children: one 3-year-old and one 6-year-old
 - Child care is center-based, the more expensive of two options.
 - Family forgoes all public benefits

FRS Output Screen (Scenario 1)

Family Resource Simulator: Cleveland/Cuyahoga County, OH (2015)



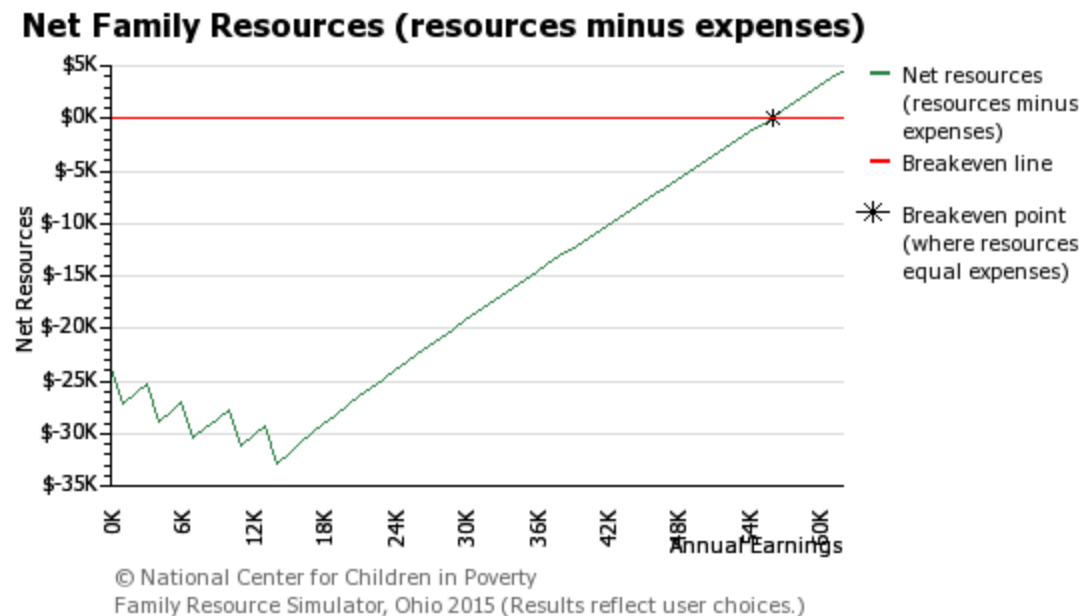
8 View results.



This graph displays net family resources as the family's earnings increase from \$0 to the state median income. The green line represents the net resources available to the family after subtracting basic expenses. The red horizontal line represents the "break even" line, where the family's total resources are equal to basic expenses; asterisks indicate where the family reaches this point. For more information about how resources and expenses are calculated, see [Calculating Family Resources](#) and [Calculating Family Expenses](#).

Scenario 1: Analysis

- One of the more helpful graphs generated in the output screen is the “Net Family Resources” graph.



- There is no way a family making less than middle-class earnings could afford the standard necessities modeled in this simulation without going deep into debt.
- Families at the lower end of the earnings spectrum would likely adjust their spending or make greater use of public benefits.

Scenario 2: Some Public Benefits

Assumptions:

- Same assumptions as in Scenario 1, but add in widely used or widely available benefits & tax credits:
 - Federal and state tax credits (including earned income credits, child tax credits, and child and dependent care tax credits)
 - SNAP
 - Medicaid
 - LIHEAP

step 1 City & State **step 2** Family **step 3** Income & Assets **step 4** Work Supports **step 5** Child Care **step 6** Health Insurance

4 Select work supports. ?

- Child Care and Development Fund (CCDF) Subsidies
- SNAP/Food Stamps
- Public Health Insurance (Medicaid, SCHIP) ?
- Section 8 Housing Vouchers
- TANF Cash Assistance
- Lifeline
- Home Energy Assistance Program (HEAP)

Federal Tax Credits

- Earned Income Tax Credit (EITC)
- Child Tax Credit
- Child and Dependent Care Tax Credit
- Premium Tax Credit

State Tax Credits

- Earned Income Tax Credit (EITC)
- Child and Dependent Care Tax Credit

[\[Select all\]](#) [\[Select none\]](#)

Scenario 2: Some Public Benefits

- Assumptions (continued):
 - A less expensive but still standard type of child care (family child care homes)

5 Make choices about child care.



Select setting or enter cost for child care.

Select child care setting: ?

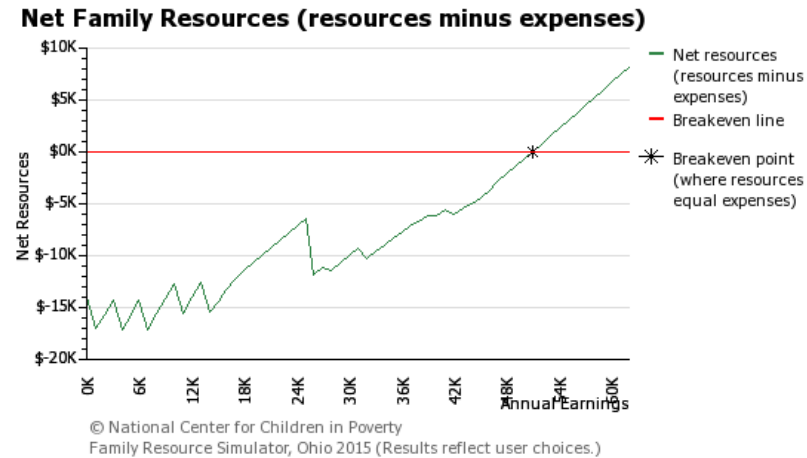
Child 1 (age 3)	Family child care home, certified. Type B homes, excludes limited agency/parent/provider inspected (\$823/month) ▼
Child 2 (age 6)	Center-based care, licensed (\$949/month)
	Family child care home, certified. Type B homes, excludes limited agency/parent/provider inspected (\$823/month)

Enter cost per child: ?

Child 1 (age 3) \$0 per month

Child 2 (age 6) \$0 per month

Scenario 2: Analysis

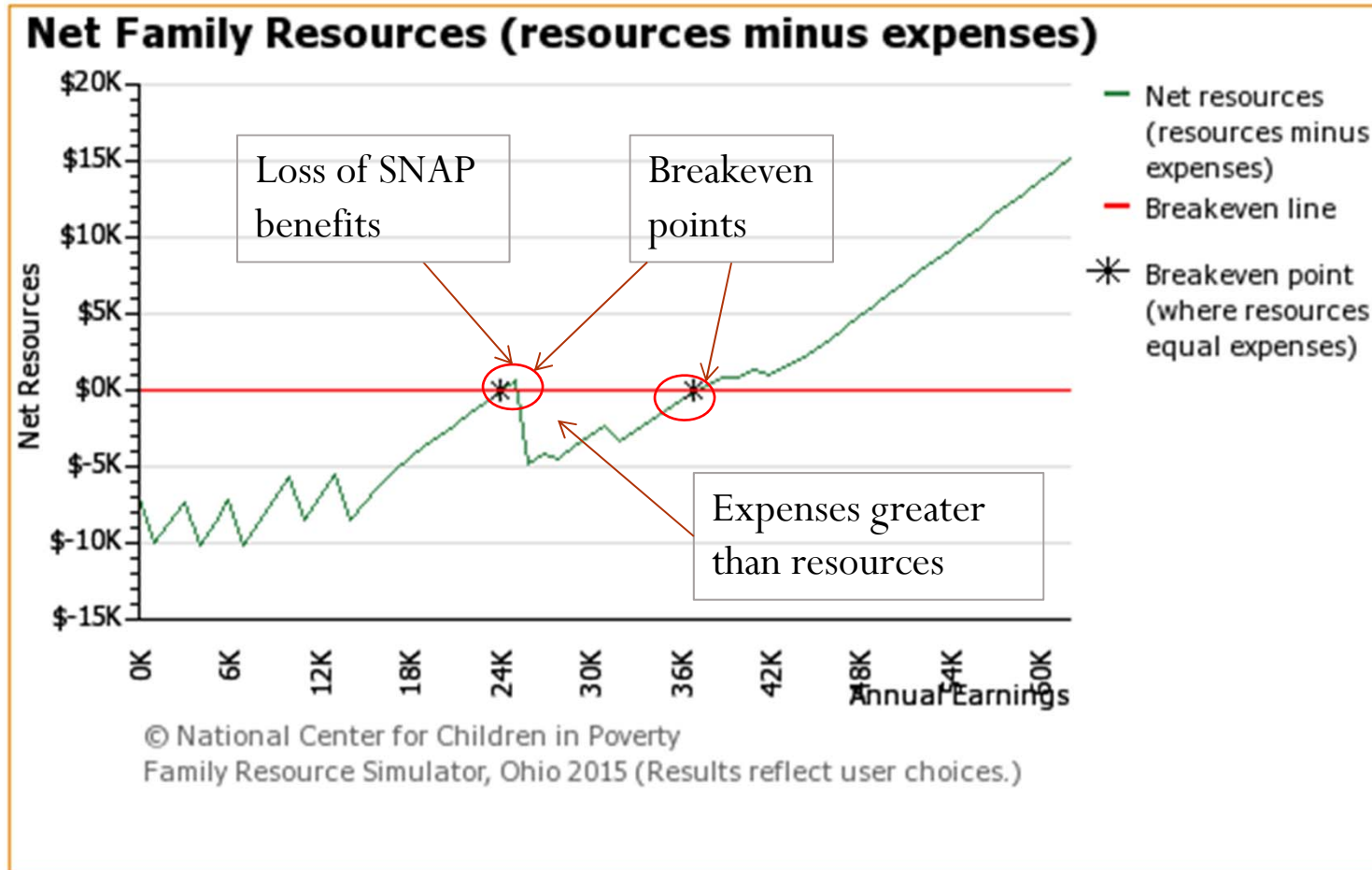


- The family gets closer to the breakeven line (\$0 in net resources), but is still well below it.
- Entitlements and widely used public benefits alone cannot bring a family of this structure above the breakeven line, as long as we use standard costs of housing, child care, and other necessities.
- How can a family avoid going deep into debt at lower earnings levels?

Scenario 3: “doubling up”

- In this scenario, let’s say a family moves in with friends or relatives, who charge them \$300 per month to help cover rent.
- Examples of this are widespread among the working poor, as recent quantitative and qualitative studies show.

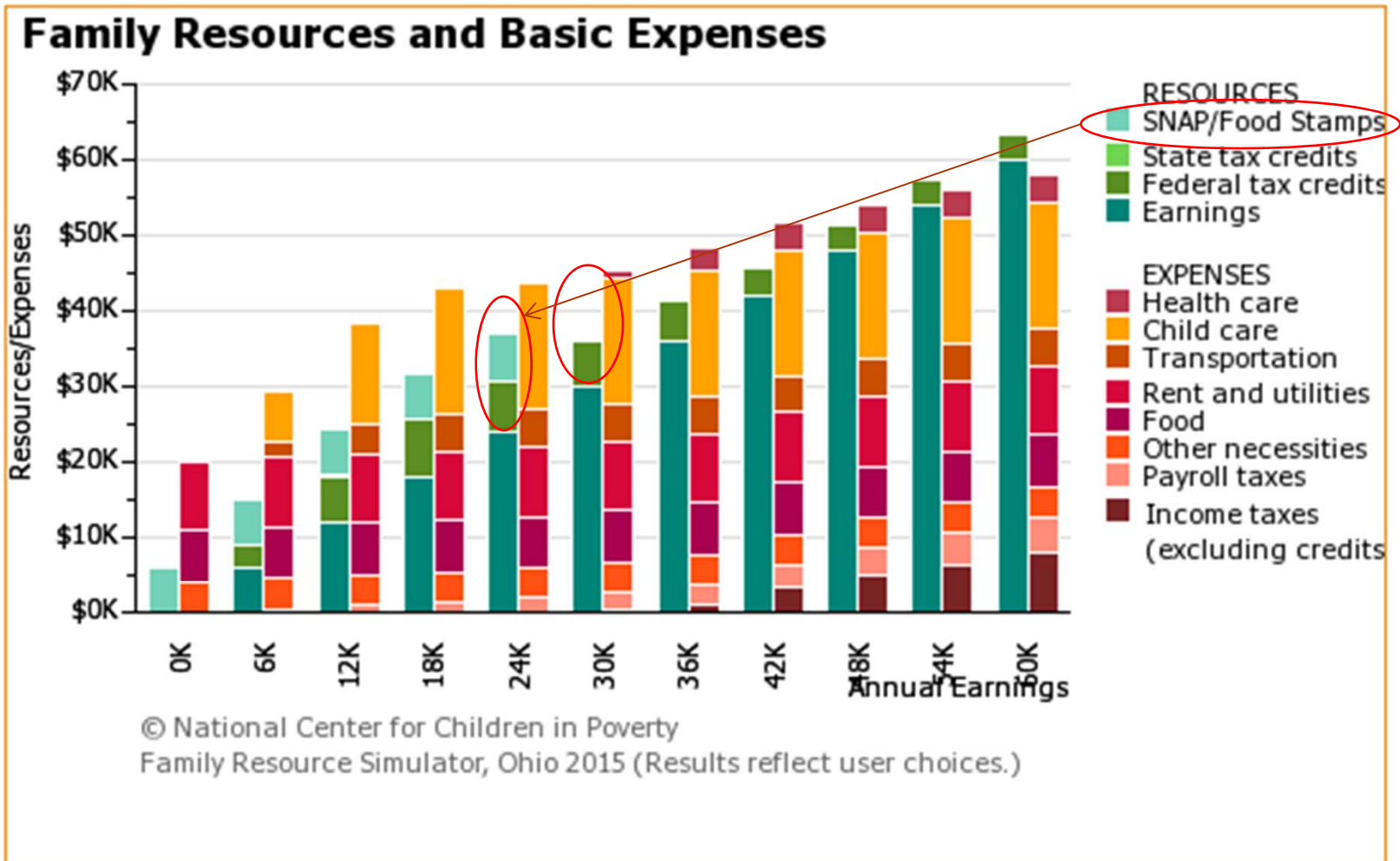
Scenario 3: Net Family Resources



Scenario 3: Analysis

- In this scenario, the family achieves some level of stability at a about \$24,000/year, but only a nominal gain in earnings above that point results in the loss of SNAP benefits, occurring when the family income exceeds SNAP's gross income eligibility limit (\$25,728).
- The increased rent leads to greater expenses than resources when SNAP benefits are lost.
- The SNAP benefit cliff can be seen graphically by clicking on another of the FRS graphs, "Resources and Expenses," as the next slide illustrates. The bar representing SNAP benefits, disappears between \$21,000 and \$28,000.

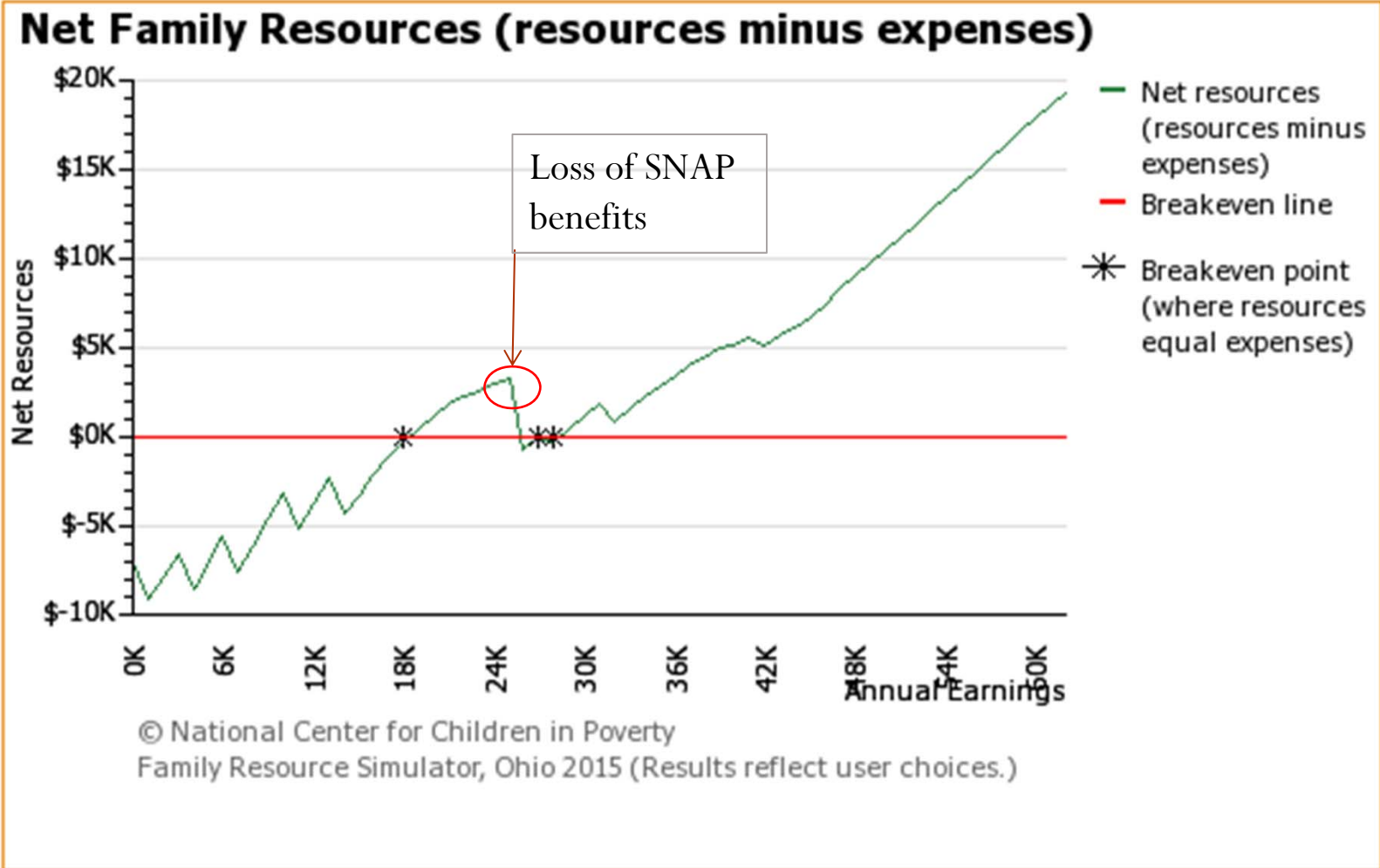
Scenario 3: Resources and Expenses



Scenario 4: “Doubling up” + Substandard Child Care

- How might a family in this situation adapt to the loss of SNAP benefits?
- One way they could do this is reducing the cost of child care even further.
- We have been assuming that families are using formal means of child care at the 75th-percentile rate of costs, per government standards, but we can revise this assumption by manually changing the cost of child. It seems plausible that a family making \$24,000-\$36,000/yr might enroll their children in lower-cost child care.
- The 40th-percentile rates of care for Family Centers in Cleveland was \$646/month for the 3-year-old, and \$397/month for the 6-year-old (lower since they will be in school). (Adjusted for inflation.)

Scenario 4: Net Family Resources



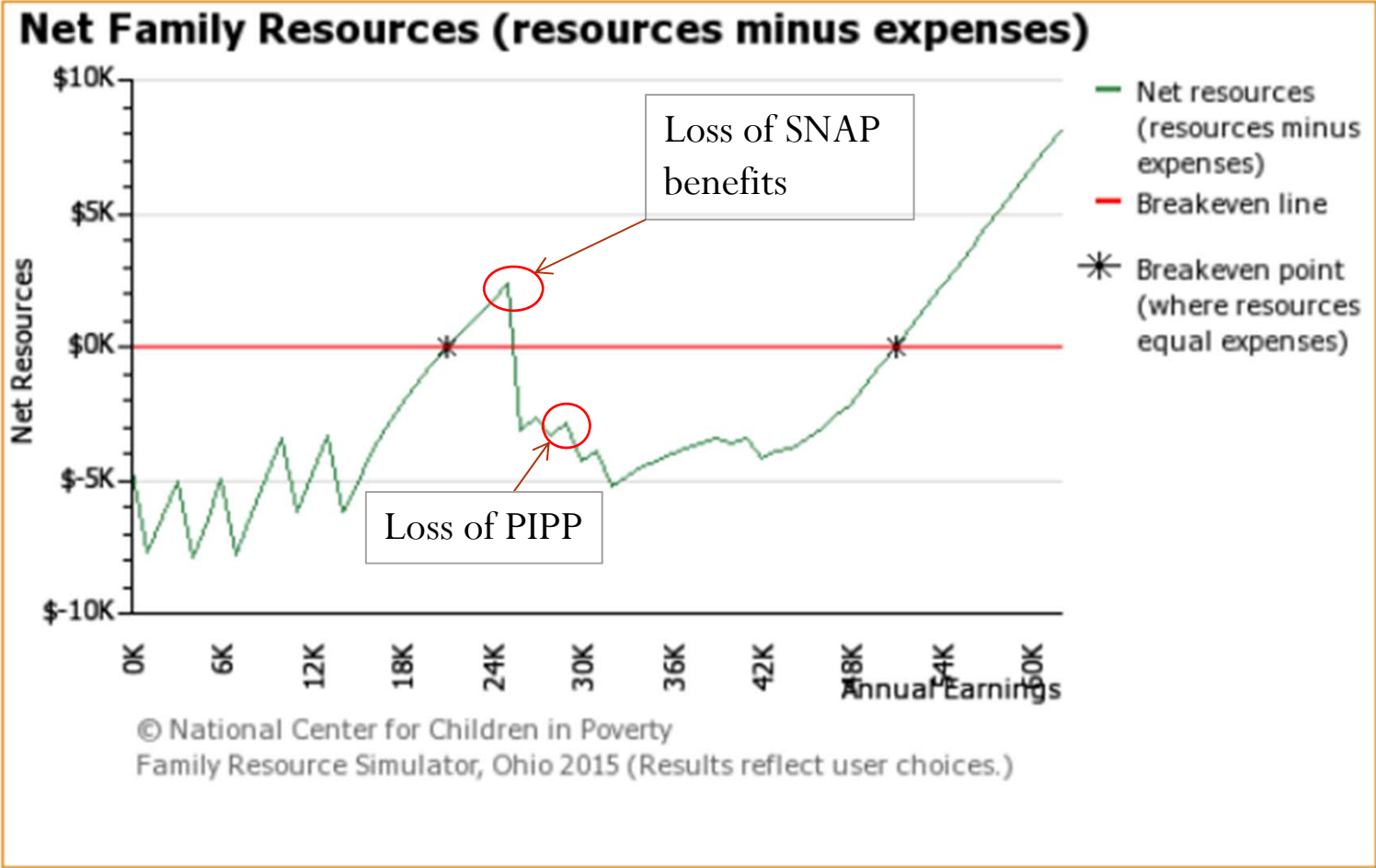
Scenario 4: Analysis

- The family achieves positive net resources over a broad range of income levels.
- The reliance on relatives can lead to overcrowded, unsafe housing conditions and a reliance on the individuals outside the initial family unit, which can lead to unsafe environments for children and their parents.
- Lower cost child care is often correlated with less quality; there are fewer resources to provide enriching activities for children.
- By spending less on child care, the children in this family will be less prepared for school, as substandard child care has been shown to curb the cognitive and emotional development of children.

Scenario 5: Benefits include Section 8 and LIHEAP

- Instead of relying on substandard housing conditions and substandard child care to make ends meet, some families are able to receive Section 8 housing vouchers and LIHEAP-funded energy assistance subsidies.
- Both programs are offered through block grants to states, meaning that eligibility does not confer enrollment in these programs.
- For example, in 2015, Cuyahoga Metropolitan Housing Authority anticipated ~67,000 applications to be submitted for just 10,000 places.
- Currently, CMHA is subsidizing ~15,000 families for the voucher.
- In Ohio, federal LIHEAP funds are used to support two important state programs:
 - HEAP provides energy assistance to eligible families. In fiscal year 2014, 420,000 families were served through this program (3.6% of total Ohio population).
 - PIPP allows eligible families to pay their gas/electric bills based on a percentage of their household income. As of June 2014, 390,526 households were active PIPP clients (3.4% of total Ohio population).

Scenario 5: Net Resources



Scenario 5: Analysis

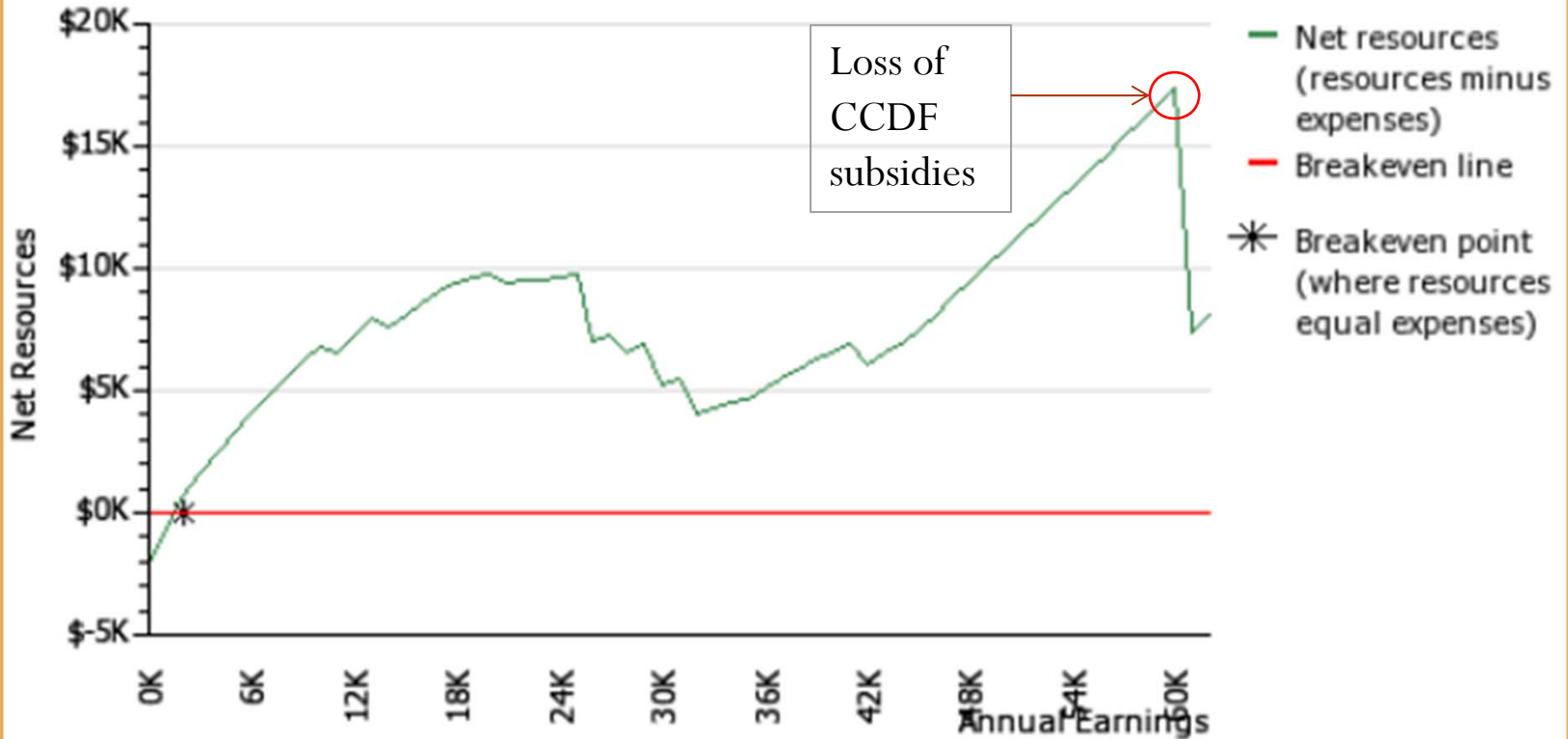
- With standard child care, the family still faces negative net resources over a broad range of income levels.
- Except for incomes in the range of \$22,000/year to \$25,000/year, this family will have negative net resources until the parent earns above \$50,000/year.

Scenario 6: Benefits include Section 8, LIHEAP, TANF and CCDF

- One way that a family could achieve positive net resources over a broader range of poverty-level or low-income salaries is through child care subsidies, provided through its federal Child Care and Development Fund (CCDF).
- Receipt of welfare (TANF, formerly AFDC) benefits can also boost family incomes at very low income levels.
- In FY 2015, OWF, Ohio's TANF program, served 114,913 people, ~1% of total population.
- While actual TANF cash benefits cannot alone bring a family above poverty level (the maximum for a family of three is \$5,676 annually), it confers categorical eligibility to families for CCDF enrollment.
- In FY 2015, CCDF served 48,500 children in Ohio (annually, 4% of Ohio's population under 18 years old).

Scenario 6: Net Resources

Net Family Resources (resources minus expenses)

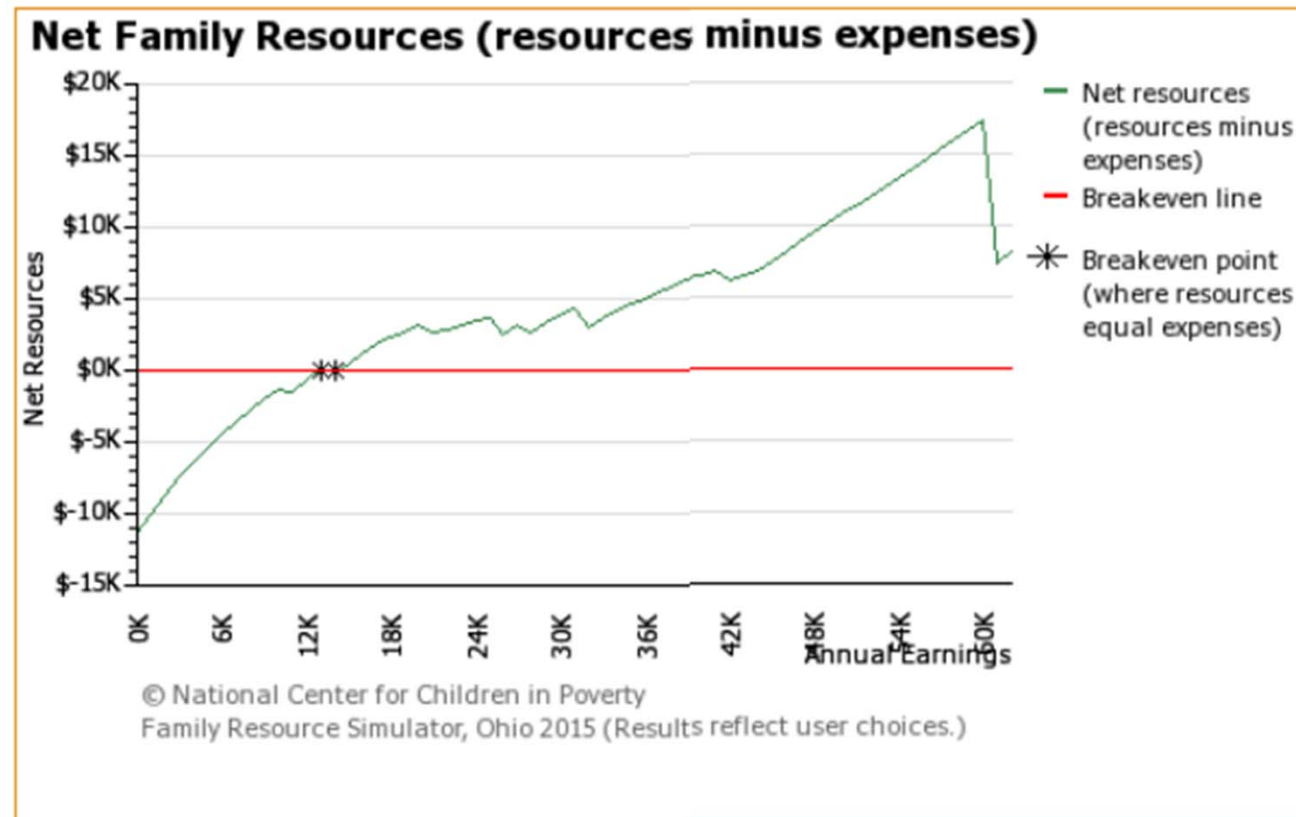


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Family Resource Simulator, Ohio 2015 (Results reflect user choices.)

Scenario 6: Analysis

- This scenario creates stable budgets with positive net resources (and then some) for a broad range of incomes above about \$2,000/year, but the incidence of receipt of this combination of benefits is likely very rare.
- To show a more likely scenario of the receipt of entitlements, credits, TANF, and CCDF without housing vouchers, we can simply deselect Section 8 from the list of work supports.

Scenario 7: Benefits include CCDF and TANF



- Without Section 8, the family needs more income to reach the breakeven point, but net resources still remain positive at larger incomes.

Conclusions

- We can see from the FRS that a family of this structure cannot survive by their own income alone at a broad range of income levels without incurring massive debt.
- Families can achieve financial stability either through substandard living situations or child care settings, or through “winning the lottery” via public benefit receipt.
- Are these the choices we want families to make as they try to achieve self-sufficiency, or do we want to pursue policy or budgetary reforms that allow family budgets to be more secure at lower levels of earnings?

Coda: Getting the data

- The FRS includes ready-made graphs, but users can also use the “Download Numeric Data” function to access the data that informs those graphs.
- The data can be downloaded as .csv files.
- The column “Net Resources” is the column used to create the line graphs we have been using to analyze the above scenarios.
- Any of the columns can be used to create custom-made graphs in MS Excel.

Custom-made graphs

0K 6K 12K 18K 24K 30K 36K 42K

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Family Resource Simulator, Ohio 2015 (Results reflect

This graph displays net family resources as the family's income. The green line represents the net resources av expenses. The red horizontal line represents the "break equal to basic expenses; asterisks indicate where the fa about how resources and expenses are calculated, see Family Expenses.

Methods

- ◆ Calculating Family Resources
- ◆ Calculating Family Expenses
- ◆ Assumptions for Determining Work Support Eligibility
- ◆ Estimating Family Child Care Needs

Also of

- ◆ Making "
- ◆ Basic Ne

Change Graph Settings

Maximum earnings Interval

62134

1000

REDRAW

State median income: \$62,134

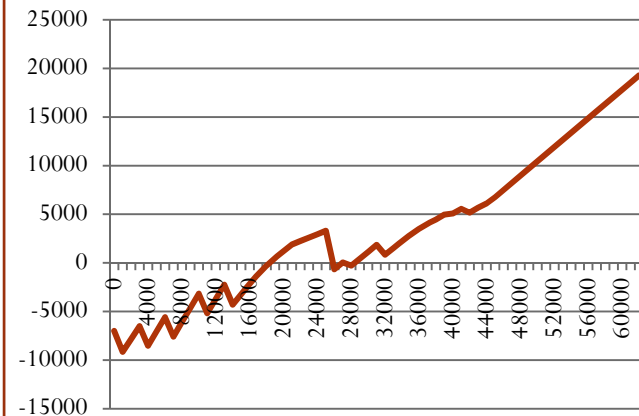
Downloads

 Download Numeric Data

NCCP's Family Resource Simulator: OH 2015 (nccp.org/t
Output Generated Fri Oct 30 17:46:34 2015. Results refle

Federal E	State Earn	State Child	Earnings	Net Resou	Chi
1	1	1	0	-6992.4	
1	1	1	1000	-9155.83	
1	1	1	2000	-7832.33	
1	1	1	3000	-6508.83	
1	1	1	4000	-8522.26	
1	1	1	5000	-7048.76	
1	1	1	6000	-5575.26	
1	1	1	7000	-7588.7	
1	1	1	8000	-6115.2	
1	1	1	9000	-4641.7	
1	1	1	10000	-3168.2	
1	1	1	11000	-5181.63	
1	1	1	12000	-3708.13	
1	1	1	13000	-2234.63	
1	1	1	14000	-4300.07	

Net Resources

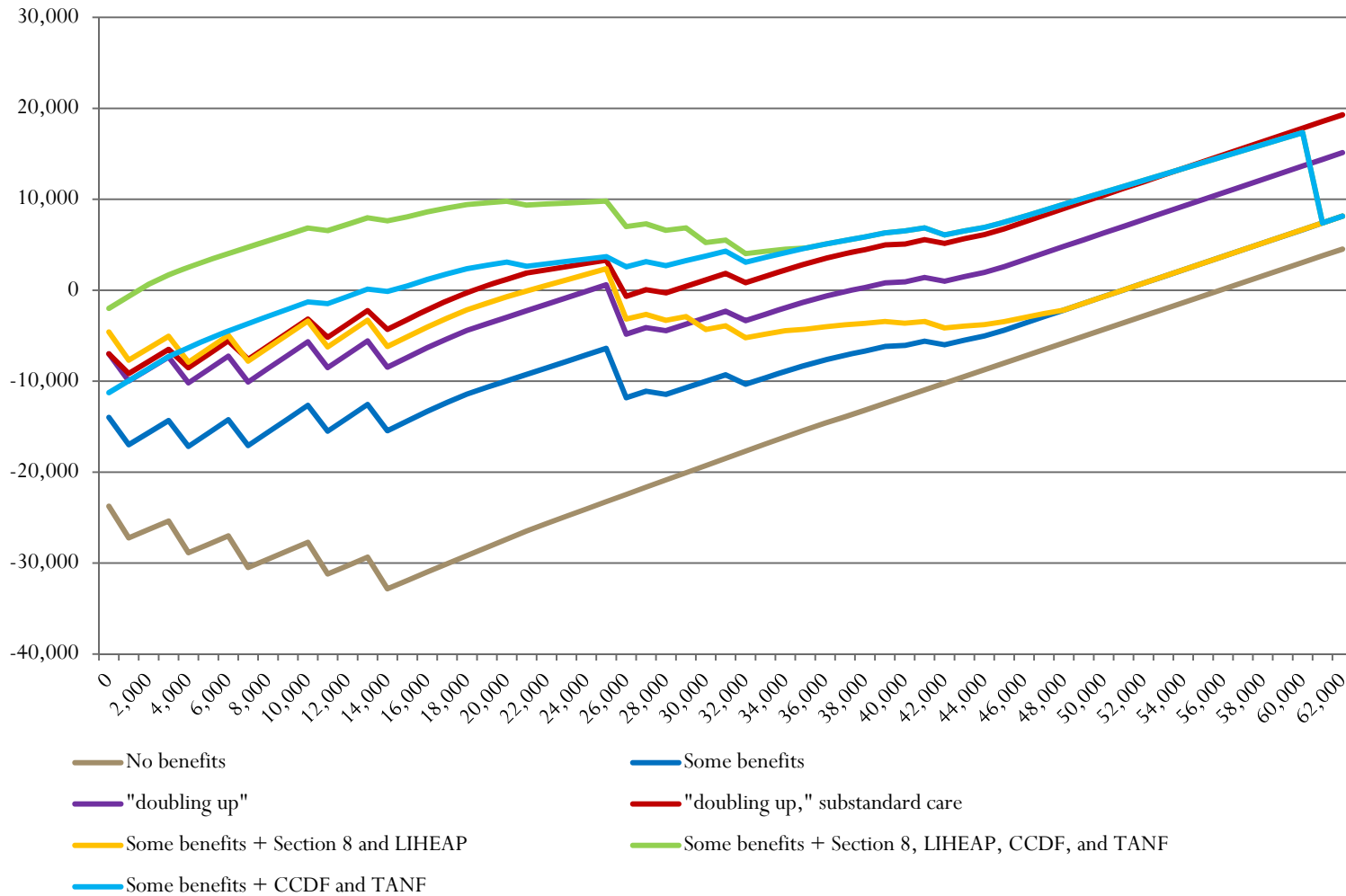


Comparing different scenarios

- The FRS is only currently able to generate graphs of one family scenario at a time.
- Through Excel or other software, users can compare different scenarios by downloading the .csv files of different scenarios.

Presenting Comparative Data

Comparison of Different Scenarios



Questions?

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