



Making Work Pay in Delaware

Current Policies and Recommendations for Reform



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NCCP
National Center for Children in Poverty
Mailman School of Public Health
Columbia University



Who We Are

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



Overview of Presentation

- ◆ The Making Work Supports *Work* Initiative
- ◆ How Effective are Delaware's Work Support Policies?
- ◆ Recommendations for Policy Reform



The Making Work Supports *Work Initiative*



NCCP's Making Work Supports *Work* Initiative

- ◆ NCCP works with state partners to identify and promote policy improvements to make work pay for low-wage workers and their families.
- ◆ Funding is provided by the Annie E. Casey Foundation, with additional state and regional support.



Many Full-time Workers Can't Make Ends Meet

◆ What does it take to make ends meet?

- To cover the cost of basic daily necessities, a family of three needs about \$30,000 - \$60,000 a year. That's the equivalent of a full-time job at \$14 - \$29 an hour.

◆ What can be done to help those who work for low wages?

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



A Comprehensive Work Support System Should:

- ◆ **Provide adequate family resources.** If parents work full time, their earnings combined with public benefits should be sufficient to cover basic family expenses.
- ◆ **Reward progress in the workforce.** When parents increase their earnings, their families should always be better off.



NCCP's Family Resource Simulator

- ◆ The **Family Resource Simulator** is an online policy tool designed to assess the effectiveness of work support policies.
- ◆ The Simulator illustrates how:
 - Federal and state work supports can fill the gap between low wages and the high cost of family expenses.
 - Work supports often fall short as earnings increase.
 - Policy improvements can help to make work pay.



Putting Research to Work
for Children and Families

Home > Data Tools >
Family Resource Simulator

step 1	step 2	step 3	step 4	step 5	step 6	step 7	step 8
City & State	Family	Income & Assets	Work Supports	Child Care	Health Insurance	Other Expenses	Results

also of interest

- ▶ Making "Work Supports" Work
- ▶ Use the Basic Needs Budget Calculator
- ▶ Low-Wage Work

1 Select state and city (or county).



Delaware 2009

Select a Location

- Select a Location
- Kent County
- New Castle County
- Sussex County

What is the Family Resource Simulator?

The Family Resource Simulator illustrates the impact of "work supports"—such as earned income tax credits and child care assistance—on the budget of a hypothetical family. Based on the answers provided on steps 1 through 7, the Simulator generates graphs that show how family resources and expenses change as earnings increase. Create your own scenario by clicking on the arrow above or see [sample results](#).

Contact

For more information about the Family Resource Simulator, please contact:

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How Effective are Delaware's Work Support Policies?



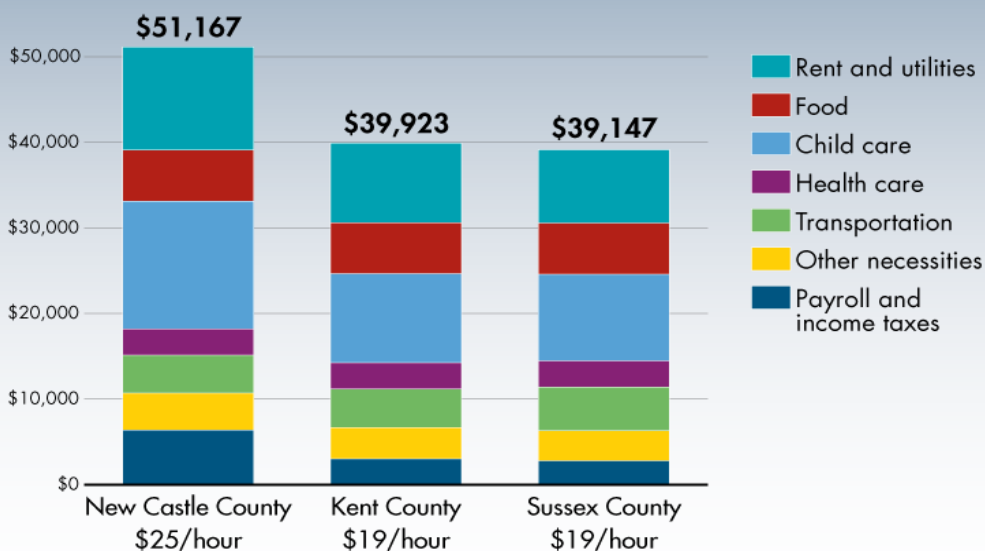
What does it take to make ends meet without work supports?

Basic Needs Budgets: Delaware

Single parent with two children, ages 3 and 6

Total budget

\$60,000



- ◆ In New Castle County, a single parent with two children needs \$51,000 a year to afford basic necessities.
- ◆ That's a full-time job paying \$25 an hour.
- ◆ The same family in Kent or Sussex County needs about \$40,000 a year.

Source: NCCP's Basic Needs Budget Calculator, Delaware 2009 <www.nccp.org/tools/budget>.



What's the impact of work supports on a family's budget?

Work Supports in Delaware

- Federal and state Earned Income Tax Credits (EITCs)
- Federal and state child care tax credits
- Federal Child Tax Credit
- Food stamps/SNAP
- Child care subsidies
- Public health insurance (Medicaid, SCHIP)



Impact of Work Supports: New Castle and Sussex Counties

Single parent with two children, ages 3 and 6 (assumes full-time employment at \$9/hour)

	New Castle County		Sussex County	
	Employment alone (no benefits; no tax credits)	Employment <i>plus</i> work supports	Employment alone (no benefits; no tax credits)	Employment <i>plus</i> work supports
Annual Resources				
Earnings	\$18,720	\$18,720	\$18,720	\$18,720
Food stamps/SNAP	\$0	\$4,535	\$0	\$4,535
Federal EITC	\$0	\$4,196	\$0	\$4,196
Federal Child Tax Credit	\$0	\$1,533	\$0	\$1,533
Federal Child Care Tax Credit	\$0	\$22	\$0	\$22
State EITC	\$0	\$194	\$0	\$194
State child care tax credit	\$0	\$0	\$0	\$0
Total Resources	\$18,720	\$29,200	\$18,720	\$29,200
Annual Expenses				
Rent and utilities	\$12,060	\$12,060	\$8,568	\$8,568
Food	\$5,977	\$5,977	\$5,977	\$5,977
Child care	\$14,927	\$8,302	\$10,139	\$5,756
Health care	\$2,522	\$0	\$2,522	\$0
Transportation	\$4,427	\$4,427	\$5,095	\$5,095
Other necessities	\$4,329	\$4,329	\$3,491	\$3,491
Payroll taxes	\$1,432	\$1,432	\$1,432	\$1,432
Income taxes (excluding credits)	\$216	\$216	\$216	\$216
Total Expenses	\$45,890	\$36,743	\$37,440	\$30,535
Net Resources (resources - expenses)	-\$27,170	-\$7,543	-\$18,720	-\$1,335

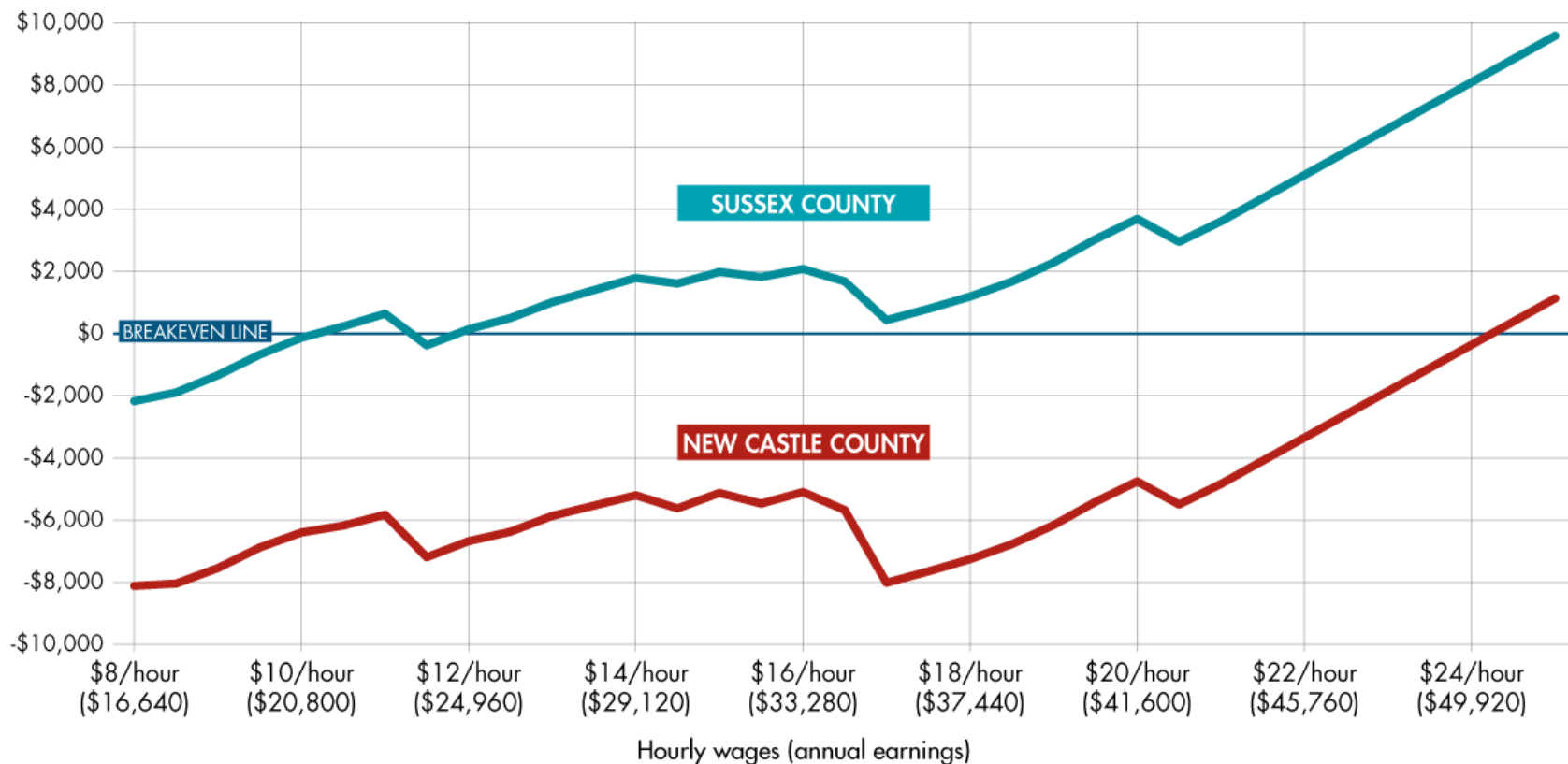
Source: National Center for Children in Poverty's Family Resource Simulator, Delaware 2009 <www.nccp.org/frs/tools>.



Net Family Resources as Earnings Increase: New Castle and Sussex Counties, DE

Single parent with two children, ages 3 and 6

Resources minus expenses (annual)



Source: National Center for Children in Poverty's Family Resource Simulator, Delaware 2009 <www.nccp.org/tools/frs>. When eligible, the family receives state and federal tax credits, food stamps, public health insurance, and a child care subsidy.



What's the impact of work supports on a family's budget? (cont.)

- ◆ Work supports can significantly narrow - and in some cases *close* - the gap between low wages and the cost of basic expenses.
 - But few families receive multiple benefits.
- ◆ Families with multiple supports still struggle to make ends meet.
 - One of the largest expenses families face is child care. Even with a child care subsidy, the cost to the family can be high.



What's the impact of work supports on a family's budget? (cont.)

- ◆ As income rises, multiple benefit losses keep families from getting ahead.
- ◆ In some cases, benefit losses cause “cliffs.”
- ◆ From 100-225% FPL, the family loses:
 - Food stamps
 - Child care subsidy
 - Public health insurance for parent and children
 - Federal and state EITCs



Recommendations for Policy Reform



Recommendations for Reform

- ◆ Make state income tax credits *refundable* to reach low-income families.

For a single parent with two children working full-time at \$9 an hour:

- Under existing policy
 - State EITC: **\$194 a year**
 - State child care tax credit: **\$0**
- With refundable credits
 - State EITC: **\$839 a year**
 - State child care tax credit: up to **\$990 a year**



Recommendations for Reform (cont.)

- ◆ Increase investments in child care subsidies.
 - Raise the value of subsidies (i.e., bring state rates for providers up to market rates).
 - Serve a greater number of families.
- ◆ Expand access to public health insurance for parents and children.



For More Information

Visit NCCP's website:

www.nccp.org

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