



# Supporting Work in Vermont 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 center dedicated to 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, NCCP promotes family-oriented solutions at the state and national levels.
- ◆ Our ultimate goal: Improved outcomes for the next generation.



## Who We Are (cont.)

- ◆ NCCP has extensive experience analyzing supports for low-wage workers and their families, with a focus on state policy choices.
- ◆ Our work highlights the impact of public policies on family budgets and identifies policy reforms that would better support working families.



## Overview of Presentation

- ◆ The Effectiveness of Vermont's Work Supports
- ◆ Recommendations for Policy Reform

*Findings are drawn from a report commissioned by the Vermont Department for Children and Families on behalf of the Vermont Child Poverty Council.*



# The Effectiveness of Vermont's Work Supports



# Many Full-time Workers Can't Make Ends Meet

## ◆ What does it take to make ends meet?

- Across Vermont, a single parent with two children needs \$36,000 to \$50,000 a year (\$17 to \$24 an hour) just to afford basic daily necessities.

## ◆ 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, housing and energy 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.
  - ◆ **Incentivize work and reward progress in the workforce.** When parents increase their earnings, their families should always be better off.
- Do Vermont's policies achieve these goals?



## 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 - including a grant in 2008 from the Vermont Department for Children and Families.





## NCCP's Making Work Supports *Work* Initiative (cont.)

- ◆ The **Family Resource Simulator** is an online policy tool designed to assess existing work support policies and model potential reforms.
- ◆ 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.

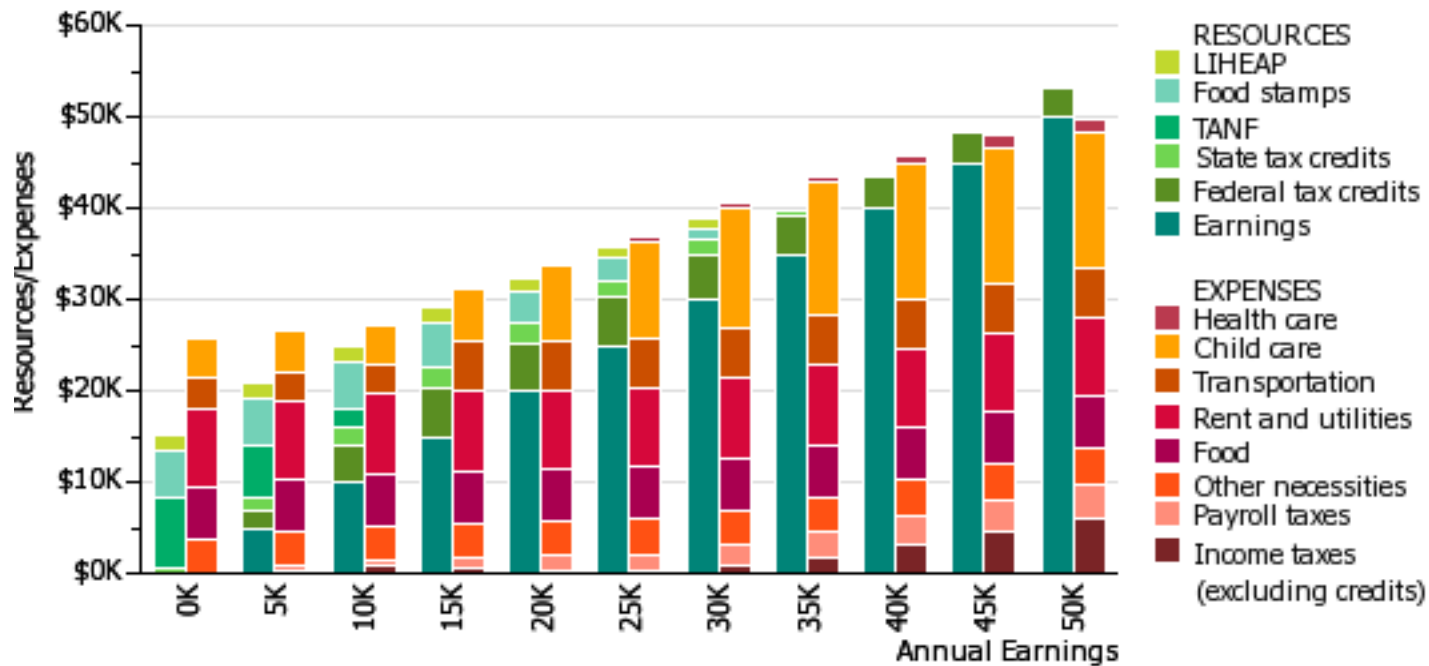


# Work Supports in Vermont

- ◆ Federal and state earned income tax credits
- ◆ Federal and state child care tax credits
- ◆ State Renter Rebate
- ◆ Public health insurance (Medicaid, SCHIP, state programs)
- ◆ Child care subsidies
- ◆ Food stamps
- ◆ TANF cash assistance
- ◆ LIHEAP
- ◆ Lifeline Telephone Service Credit



## Family Resources and Basic Expenses



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 Family Resource Simulator, Vermont 2008 (Results reflect user choices.)

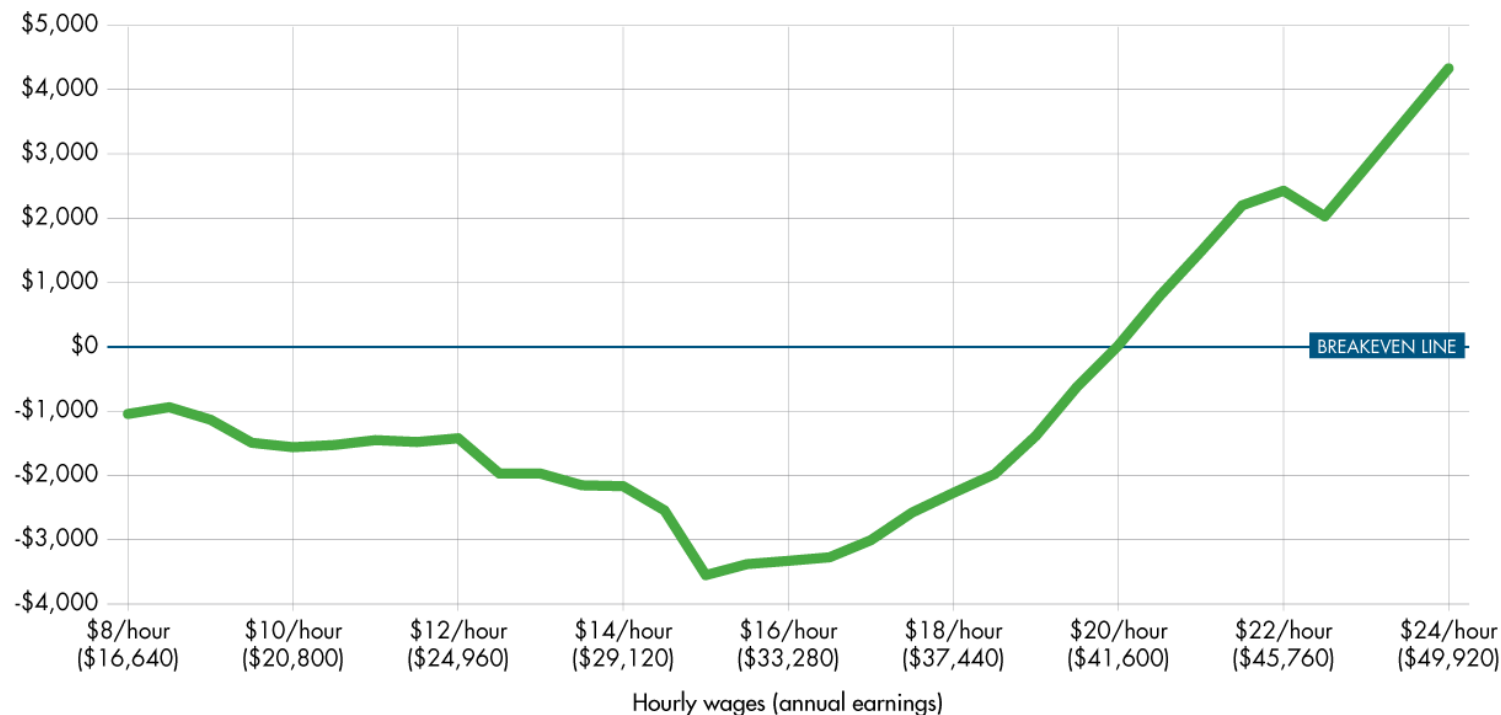
**Source:** National Center for Children in Poverty's Family Resource Simulator, Vermont 2008 <[www.nccp.org/tools/frs](http://www.nccp.org/tools/frs)>. Results based on a single parent with two children, ages 3 and 6, in Lamoille County where children are in center-based care while their parent works and family members have access to employer-based health coverage. When eligible, the family receives the following work supports: federal and state tax credits, food stamps, TANF cash assistance, LIHEAP, Lifeline Telephone Service Credit, public health insurance and a child care subsidy.



## Net Family Resources: Lamoille County, VT

Single parent with two children, ages 3 and 6

Resources minus expenses (annual)



**Source:** National Center for Children in Poverty's Family Resource Simulator, Vermont 2008 <[www.nccp.org/tools/frs](http://www.nccp.org/tools/frs)>. When eligible, the family receives the following work supports: federal and state tax credits, food stamps, LIHEAP, Lifeline Telephone Service Credit, public health insurance, and a child care subsidy.



## Findings re: Vermont's Work Supports

- ◆ Most families do not 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.



## Findings re: Vermont's Work Supports (cont.)

- ◆ As income rises, multiple benefit losses keep families from getting ahead.
- ◆ In some cases, benefit losses cause “cliffs.”
- ◆ From 100-200% FPL, the family loses:
  - Food stamps
  - Child care subsidy
  - Lifeline Telephone Service Credit
  - Most of the value of federal and state EITCs
  - Most of the value of the state's Renter Rebate



# Policy Recommendations



## Notable Policies in Vermont

- ◆ **Public health insurance:** Subsidized coverage available to parents and children with income up to 300% FPL.
- ◆ **Food Stamps/SNAP:** Expanded to reach working families with income somewhat above the official federal limit.
- ◆ **Tax credits:** Several state tax credits for low-income families (e.g., EITC, Renter Rebate, child care tax credits).
- ◆ **Minimum wage:** \$8.06 (federal: \$6.55).





# 1. Expand Child Care Assistance

- ◆ Child care subsidy program
  - Increase the value of the subsidies.
  - Serve a greater number of families.
  
- ◆ State child care tax credits
  - Change structure of both credits to ensure that low-income families are able to take advantage of them.



## 2. Improve Work Incentives Across Programs

- ◆ Transition from TANF cash assistance to employment
  - E.g., Increase TANF earned income disregard.
- ◆ Transition from low-wage work to economic self-sufficiency.
  - E.g., Restructure state benefits to provide more assistance while major federal benefits are phasing out.



### 3. Treatment of Child Support Income

- ◆ Maximize the impact of child support payments on children's financial security.

Child support can be a critical source of income, but it can also lead to significant reductions in families' benefits.

- E.g., Increase TANF program's child support disregard.



## For More Information

Visit NCCP's website:

[www.nccp.org](http://www.nccp.org)

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