Supporting Work in Vermont
Current Policies and Recommendations for Reform

Kinsey Alden Dinan
Senior Policy Associate

Michelle Chau
Research Analyst

Vermont Governor’s Summit: Pathways to Economic Stability
Montpelier, VT | April 6, 2009
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
**Source:** National Center for Children in Poverty's Family Resource Simulator, Vermont 2008 (<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)

Hourly wages (annual earnings)

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

Source: National Center for Children in Poverty’s Family Resource Simulator, Vermont 2008 <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

Contact me:

Kinsey Dinan, Senior Policy Associate
646.284.9638
dinan@nccp.org