Family Resource Simulator Policy Impact Case Studies

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Twenty-eight million working families and individuals rely on public benefits, such as childcare subsidies, SSI, Medicaid, SNAP, free school lunch, EITC, or free pre-K to make ends meet;[1] however, public benefit programs sometimes penalize families as they earn more. Program administrators and policymakers have the power to improve and streamline program rules, but they need up-to-date, comprehensive data tools that show how packages of benefits impact the budgets of working families. The Family Resource Simulator (FRS), a publicly available online data tool, puts power in the hands of low-income working families, advocates, and program administrators. The first of its kind when it was launched in 2003, the FRS allows users to assess the impact of the eligibility rules and support levels provided by comprehensive packages of benefits on family budgets that are tailored to specific family situations and geographic locations.

State administrators and advocates have utilized the FRS successfully to help make legislative and program rule changes that have improved the economic security of millions of people. This includes expanding the state EITC for close to half a million low-income households in Louisiana, increasing access to child care for over 100,000 children in Texas, and bolstering the SNAP program for nearly two million low-income people in Illinois. In other places, such as Washington D.C., Florida, Colorado, and Delaware, the FRS has influenced and continues to influence rules and policies that touch the lives of so many.

The FRS leads to change not only by creating better public policy, but also by empowering and informing families, program administrators, and policymakers. The FRS has led to policy changes that impact millions of families through legislative changes (e.g., Ohio, Delaware, Louisiana, Connecticut, Illinois), administrative rule changes (e.g., Colorado., Indiana, Texas, Illinois), ballot measures (e.g., Ohio), and occasionally pilot programs (e.g., Florida). While legislative changes could include expanding a state's Child Care and Development Fund (CCDF) grant, program changes could include increasing the income eligibility of the CCDF program to mitigate "benefit cliffs" (see glossary).

Partnerships have been and will continue to be critical to NCCP's success with FRS projects. NCCP has a history of building collaborations with advocacy organizations, state agencies, and program administrators—each with critical understandings of the diverse needs of stakeholders in unique local contexts. Based on the interest of state partners, NCCP plans to pilot a case manager-focused, FRS-based tool that can be used both for policy analysis and direct service. Since the pandemic, partners in even more states have reached out to NCCP with interest in updating the FRS to address pressing and emerging needs. NCCP's local partnerships give the FRS tool the versatility and relevance it needs to make a meaningful impact.

The cases documenting the impact of the FRS tool included in this report come from documents from NCCP's archives; ongoing conversations with former and current partners; the institutional knowledge of current and former NCCP staff; and Internet searches of FRS citations in legislation, state hearings, reports to state policymakers, advocacy reports, and government-issued requests for proposals. Additional research was conducted using online policy databases developed by federal agencies or with federal funds to analyze changes in rules that correspond to recommendations made by NCCP as part of FRS projects. Overall, this work focuses primarily at the state and local levels and gathers information about regulatory change, legislative change, change via ballot measures, and new programs resulting from FRS analysis.

1 Cooper, D. (2016). Balancing paychecks and public assistance. How higher wages would strengthen what government can do. Economic Policy Institute. Retrieved from https://www.epi.org/publication/wages-and-transfers/. This figure refers to an estimated 27,852,000 working, non-elderly families or individuals living in households in which an individual or a co-resident family member participate in EITC, CTC, SNAP, LIHEAP, WIC, housing assistance, TANF/cash assistance, and/or Medicaid.

Washington, D.C.

Year: 2017
Partner: District of Columbia Department of Human Services
Policy Changes: Income disregards and housing subsidy programs
Number of People Affected: 6,872 families each month on average who receive cash assistance[2]
Funded By: District of Columbia Department of Human Services

The District of Columbia Department of Human Services (DC DHS) contracted NCCP to develop a Family Resource Simulator (FRS) for D.C. in 2017. DC DHS staff have since integrated the FRS into their budget decisions to help streamline their decision making for Temporary Assistance for Needy Families (TANF) policies. DC DHS has modeled changes to the deductions and exemptions included in the TANF cash assistance formula (see glossary), which could improve supports for nearly 7,000 D.C. families each month who receive TANF. DC DHS has also used the FRS to evaluate adjustments to transitional housing programs, potentially affecting even more D.C. residents.

In 2017, in addition to using the tools for their own internal decision-making processes, DC DHS began exploring training case managers to use the FRS as a financial literacy tool with clients. NCCP is now working with DC DHS to expand the FRS in this way through a project funded by the US Department of Health and Human Services (HHS). This project should be completed in 2021, with additional sites in New Hampshire, Pennsylvania, and Maine. If case managers and families have a clearer understanding of how programs and eligibility interact with each other, they will be able to make more informed decisions that support their financial well-being.[3] DC DHS's support of the FRS demonstrates the versatility of a tool that can be used not only to empower policymakers, but also families and caseworkers.

Ohio

Years: 2015-2016
Partner: Policy Matters Ohio
Policy Changes: Expansion of Free Pre-K and State-Earned Income Tax Credit
Number of People Affected: Approximately 6,000 children in Cincinnati on average annually[4]—887,000 EITC claims received in 2019[5]
Funded By: Anonymous donations distributed by Wellspring Advisors

In 2015, NCCP partnered with Policy Matters Ohio (PMO), an Ohio policy research institute, to analyze the impact on low-income families of state policy reforms proposed by PMO, including a free and universal pre-K program for four year olds, increasing Ohio's Earned Income Tax Credit (EITC) and raising income eligibility limits for Child Care

2 U.S. Department of Health and Human Services. (2020). TANF: Total number of families, fiscal year 2019. Retrieved on August 10, 2020 from https://www.acf.hhs.gov/sites/default/files/ofa/fy2019_tanf_caseload_tfam.pdf.

3 U.S. Department of Health and Human Services. (2019). A model effective marginal tax rate calculator for families and caseworkers, solicitation # 75P00119Q00328. Retrieved on August 10, 2020 from https://drive.google.com/file/d/1oIopSQsU7E8da6j8LKjYR-MyaO3OQHT-F/view?usp=sharing.

4 Karoly, L., Whitaker, A., Kase C., McDaniel R., & Rademacher E. (2016). Options for investing in access to high-quality preschool in Cincinnati. Santa Monica, CA: RAND Corporation. Retrieved on August 10, 2020 from https://www.rand.org/pubs/research_reports/RR1615.html.

5 Internal Revenue Service. (2019). Statistics for tax returns with EITC. Retrieved from https://www.eitc.irs.gov/eitc-central/statistics-for-tax-returns-with-eitc/statistics-for-tax-returns-with-eitc.

and Development Fund (CCDF) subsidies that assist families with the cost of child care.[6] In 2016, PMO successfully used the FRS analysis in their advocacy efforts to demonstrate how free pre-K would help families break even financially. The FRS showed that free pre-K greatly reduced child care expenses for low-income working families and increased their economic security.[7] These findings were cited by PMO's successful advocacy campaign to pass a 2016 ballot measure moving toward full funding for pre-K in Cincinnati. This five-year levy will provide tuition reimbursements annually to approximately 6,000 three and four year olds from low-income families in Cincinnati.[8,9]

NCCP also analyzed the impact of the state EITC on low-income families' economic security. NCCP recommended that Ohio expand the credit from 10 percent to 30 percent of the federal EITC, make the credit refundable (see glossary), and remove a cap that limited the amount of the EITC to half a family's tax liability among families earning more than $20,000 a year in taxable income.[10] PMO's advocacy on these recommendations led Governor Mike DeWine to sign legislation to expand the EITC to 30 percent and remove the cap in April 2019. By removing this cap, a greater number of low-income families can benefit from the state EITC. Although PMO considers these changes important improvements, they continue to work as part of a coalition advocating for Ohio's working poor to pass the refundability measure to help Ohio's poorest families.[11]

Florida

Year: 2015-2016
Partner: Florida's Children's Council
Policy Changes to Date: Piloted four-county project that included gradual phase-out of child care subsidy copays, workforce development training, and integration of child care and workforce services
People Affected to Date: Up to approximately 8,800 families receiving cash assistance in Martin and St. Lucie counties[12]
Funded by: Anonymous donations distributed by Wellspring Advisors

Following the completion of the Florida FRS in 2016, NCCP helped staff from Florida Children's Council use the results of FRS analysis. This culminated in a report on improving two-generation policies for low-income families, including eliminating benefit cliffs (see glossary) in CCDF child care subsidies.[13]

NCCP's FRS analysis and the Florida Children Council's report led to the launch of a public-private demonstration project supported by foundation grants and county-level early learning councils. The program will reduce benefit cliffs by providing gradual phase-outs of co-payments (see glossary) for child care subsidies—as recommended in the aforementioned report informed by FRS analysis—and will provide workforce development training and whole

6 Skinner, C., Hartig, S., & Setty, S. (2015). Three policy reforms to help low-income children in Ohio. New York: National Center for Children in Poverty, Mailman School of Public Health, Columbia University.
7 Policy Matters Ohio. (2016). The promise of pre-K. Retrieved on August 10, 2020 from https://www.policymattersohio.org/research-policy/quality-ohio/education-training/k-12-education/the-promise-of-pre-k.
8 Preschool Promise, Cincinnati Public Schools and the United Way of Greater Cincinnati. (2017). Master agreement for preschool expansion services. Retrieved on August 10, 2020 from http://www.cincy-promise.org/wp-content/uploads/2017/12/Master-Agreement-for-Preschool-Expansion-Services-3-24-17-FINAL-1-2-2.pdf.
9 Karoly, L., Whitaker, A., Kase C., McDaniel R., & Rademacher E. (2016).
10 Skinner, C., Hartig, S., & Setty, S. (2015).
11 Williams, A. (April 15, 2019). Coalition calls for refundable state EITC. Policy Matters Ohio. Retrieved on August 10, 2020 from https://www.policymattersohio.org/press-room/2019/04/15/coalition-calls-for-refundable-state-eitc.
12 U.S. Census. (2018). American Community Survey, number of families receiving SSI or other cash assistance.
13 Florida Children's Council. (2018). Two generational approach: Focused policies for improved outcomes. Retrieved from http://flchildrenscouncil.org/wp-content/uploads/FCC_Report_Web_04_18.pdf.

family support. The project is currently being integrated into the workforce development systems in Martin and St. Lucie Counties, and includes an evaluation component with an eye toward potential replication across the state. Two larger Florida counties—Broward and Palm Beach—may also implement the program in the near future, after assessing the potential impacts of benefit cliffs on county residents. [14,15]

This Florida Children's Council report that relied on FRS analysis was cited in the Florida Early Childhood Strategic Plan for 2019-2022, published by Florida's State Advisory Council (SAC), on pre-K development.[16] This strategic plan included action steps that drew from the FRS-informed report, including recommendations for more research and analysis about eligibility requirements for children's health insurance and CCDF child care subsidies, and the development of more gradual phase-outs (see glossary) of public benefits to reduce benefit cliffs (see glossary), among other steps. Benefit cliffs occur when a small increase in wages leads to the loss of benefits sometimes worth thousands of dollars to families.

Dr. Brittany Birken, who was CEO of Florida Children's Council when the aforementioned report was published, later joined the Federal Reserve Bank of Atlanta to support their increasing focus on reducing benefit cliffs.[17] NCCP had been working with the Atlanta Fed on these issues, utilizing the FRS' unique ability to measure the impact of public benefit eligibility rules and benefit cliffs on family expenses, and has continued to do so after Dr. Birken started her position there.

NCCP's FRS analyses have also contributed to efforts to raise Florida's minimum wage, which have been led by many advocates and researchers within the state. In 2016, NCCP published a report, using FRS analysis, demonstrating that Florida's minimum wage is not sufficient for full-time working families to afford basic expenses;[18] The report received extensive press attention, and was featured in the *Miami Herald*,[19] *Politico*,[20] and a local NPR affiliate.[21] Florida is set to vote on an amendment to increase the state minimum wage in November 2020, which, if approved, would gradually increase the wage to fifteen dollars per hour and tie further increases to inflation thereafter. 200,000 low-income families would stand to benefit from the minimum wage increase if passed.[22]

14 Mosle, A., Sims, M., & White, R. (2018). States leading the way: Practical solutions that lift up children and families. Ascend. The Aspen Institute. Retrieved on August 10, 2020 from https://ascend.aspeninstitute.org/resources/states-leading-the-way-practical-solutions-that-lift-up-children-and-families/.

15 Correspondence with Dr. Brittany Birken

16 Florida's State Advisory Council (2019). Florida early childhood strategic plan. Office of Early Learning, Florida Department of Education. Retrieved on August 10, 2020 from http://www.floridaearlylearning.com/Content/Uploads/floridaearlylearning.com/images/Strategic_Plan_FINAL_FINAL_10.16.19.pdf.

17 Federal Reserve Bank of Atlanta. About us: Brittany Birken. Retrieved on August 10, 2020 from https://www.frbatlanta.org/community-development/about-us/staff/birken-brittany.

18 Skinner, C. & Hartig, S. (2016). The Florida minimum wage: How much can it really buy, and how high should it be? New York: National Center for Children in Poverty, Mailman School of Public Health, Columbia University. Retrieved on August 10, 2020 from http://www.nccp.org/publications/pub_1161.html.

19 Nehamas, N. (August 8, 2016). Working families can't get by on Florida's minimum wage, study says. Miami Herald. Retrieved on August 10, 2020 from https://www.miamiherald.com/news/business/article94443657.html.

20 Caputo, M. & Padró B. (August 9, 2016). Florida playbook. Politico. Retrieved on August 10, 2020 from https://www.politico.com/tipsheets/florida-playbook/2016/08/in-search-of-trumps-campaign-pulse-nightclub-shooters-dad-attends-hillary-rally-zika-wars-and-scotts-healthcare-cuts-rep-steube-does-his-firm-a-favor-215763.

21 Sayre, W. (August 18, 2016). Early voting is well underway in much of South Florida. WLRN. Retrieved on August 10, 2020 from https://soundcloud.com/wlrn/904am-early-voting-is-well-underway-in-much-of-south-florida?in=wlrn/sets/newscasts-thursday-august-18.

22 Florida for a Fair Wage. What does the fair wage amendment do? Retrieved on August 10, 2020 from https://floridafairwage.com/why-pass-it/.

Colorado

Year: 2015-2016
Partner: Colorado Center for Law and Policy
Policy Change: State administrators removed county option for determining co-pays for child care subsidies
Number of People Affected: 11,800 families and 20,400 children each month on average (CCDF)[23]
Funded By: Anonymous donation distributed by Wellspring Advisors

In 2015, NCCP began work with the Colorado Center for Law and Policy (CCLP), a policy research and advocacy organization, to use the FRS to analyze the impacts on families' budgets of their state policy agenda, including universal pre-K, universal full-day kindergarten, and implementation of a state EITC and state child tax credit (see glossary).[24] As part of this collaboration, NCCP worked with CCLP's network to check public benefit rules. Because Colorado's constitution provides its counties with significant authority to utilize "county options" that allow each of the 64 counties to administer human service programs in a way that fits local needs, this work also entailed confirming these county-based rules and checking for contradictions against state rules. This process revealed that one of these options within the CCDF program—allowing counties to require additional co-payments for childcare for families earning more than 130 percent of the federal poverty guideline (FPG)—led families' co-payment costs to spike substantially at 130 percent of the FPG. (See glossary for definitions of some of these terms.) This finding was passed on to state administrators, who found that the rule violated a 2014 Colorado law (HB-14-1317) requiring that CCDF co-payments never rise higher than any increases in family income. This county option was removed from official guidance in September 2016 because it was "not beneficial to families" in the CCDF program.[25]

Indiana

Year: 2011
Partner: Indiana Institute for Working Families
Policy Change: Increase eligibility limits for childcare subsidies
Number of People Affected: 14,500 families and 26,200 children each month on average (CCDF)[26]
Funded By: Annie E. Casey Foundation, Indiana Institute for Working Families

NCCP started working with the Indiana Institute for Working Families (IIWF) to develop a Family Resource Simulator in 2011. The FRS analysis demonstrated the many benefit cliffs within several state programs. Significant cliff effects occurred within Indiana's SNAP program and the state's EITC; however, the largest cause of benefit cliffs were the CCDF child care subsidies for low-income families.[27] IIWF used the research from NCCP to successfully advocate for changes in these policies, including an increase in the income eligibility limits for child care subsidies. In 2016, Indiana's monthly income eligibility requirements for a family of three increased by 51

23 U.S. Department of Health and Human Services. (2019). FY 2018 preliminary data table 1 - Average monthly adjusted number of families and children served. Retrieved on August 10, 2020 from https://www.acf.hhs.gov/occ/resource/fy-2018-preliminary-data-table-1.
24 Skinner, C., Hartig, S. & Setty, S. (2015). Three policy reforms to help low-income children in Colorado. New York: National Center for Children in Poverty, Mailman School of Public Health, Columbia University.
25 National Center for Children in Poverty. (2019). The Family Resource Simulator: Overview and applications. New York: National Center for Children in Poverty, Bank Street Graduate School of Education.
26 U.S. Department of Health and Human Services. (2019). FY 2018 preliminary data table 1 - average monthly adjusted number of families and children served. Retrieved on August 10, 2020 from https://www.acf.hhs.gov/occ/resource/fy-2018-preliminary-data-table-1.
27 Indiana Institute for Working Families. (2012). The cliff effect: One step forward, two steps back: Policy design as a disincentive for economic mobility. Retrieved on August 10, 2020 from http://www.incap.org/documents/iiwf/2012/Cliff%20Effect.pdf.

percent from $2,846 to $4,302.[28] While this corresponds with 2014 federal legislation that introduced new CCDF rules for states to follow, Indiana made these changes years before states were required to comply with the new guidelines,[29] indicating that the grassroots advocacy efforts led by IIWF and informed by NCCP's FRS, likely helped to lead to this programmatic change. By increasing the child care subsidy income eligibility limit and setting up gradual increases in the co-payment structure, thousands of families were able to exit assistance programs without facing benefit cliffs that can destabilize their family's financial well-being.

Illinois

Years: 2003, 2006, 2008, and 2011
Partners: Sargent Shriver National Center on Poverty Law, Voices for Illinois Children, and the Center for Law and Social Policy
Policy Change: Increase in state EITC
Number of People Affected: 922,000 EITC claims received in 2019[30]
1,929,163 persons in April 2020 (SNAP)[31]
23,100 families and 41,200 children each month on average (CCDF)[32]
10,800 families each month on average (TANF)[33]
Funded By: Annie E. Casey Foundation, Ford Foundation endowment support

NCCP developed the Illinois FRS and its updates for 2003, 2006, 2008, and 2011, working with Sargent Shriver National Center on Poverty Law, Voices for Illinois Children, and the Center for Law and Social Policy (CLASP) to assess state policy and model a wide range of potential policy reforms. NCCP worked with Governor Pat Quinn's office to provide technical assistance and analysis to inform his talking points about raising the value of the state EITC from 5percent to 10 percent of the federal EITC.[34,35] NCCP also delivered multiple presentations, produced a report, and co-authored journal articles based on the Illinois FRS. All four of the recommendations made in a 2009 presentation to Illinois policymakers and practitioners have since been adopted by Illinois:

- Based on FRS analysis, NCCP recommended expanding SNAP by using federal broad based categorical eligibility (BBCE, see glossary). Illinois consequently removed the SNAP asset limit (see glossary) in 2010. In 2016, the state updated BBCE to raise the income eligibility from 130 percent to 165 percent of the federal poverty guideline level.[36,37]

28 Urban Institute. (2019). CCDF policies database. Analysis by NCCP.
29 Administration for Children and Families. (2016). Child care and development fund final rule frequently asked questions. Retrieved on August 10, 2020 from https://www.acf.hhs.gov/occ/resource/ccdf-final-rule-faq.
30 Internal Revenue Service. (2019). Statistics for tax returns with EITC. Retrieved on August 10, 2020 from https://www.eitc.irs.gov/eitc-central/statistics-for-tax-returns-with-eitc/statistics-for-tax-returns-with-eitc.
31 U.S. Department of Agriculture. (2019). Supplemental nutrition assistance program: Number of persons participating. Retrieved on August 10, 2020 from https://fns-prod.azureedge.net/sites/default/files/resource-files/29SNAPcurrPP.pdf.
32 U.S. Department of Health and Human Services. (2019). FY 2018 preliminary data table 1 - Average monthly adjusted number of families and children served. Retrieved on August 10, 2020 from https://www.acf.hhs.gov/occ/resource/fy-2018-preliminary-data-table-1.
33 U.S. Department of Health and Human Services. (2020). TANF: Total number of families, fiscal year 2019. Retrieved on August 10, 2020 from https://www.acf.hhs.gov/sites/default/files/ofa/fy2019_tanf_caseload_tfam.pdf.
34 National Center for Children in Poverty. (2012). The Annie E. Casey Foundation final progress report.
35 Illinois General Assembly. Earned Income Tax Credit, ILCS, 5/212. Retrieved on August 10, 2020 from https://ilga.gov/legislation/ilcs/fulltext.asp?DocName=003500050K212
36 National Center for Children in Poverty. (2019). The Family Resource Simulator: Overview and applications
37 Economic Research Service (ERS), U.S. Department of Agriculture (USDA). SNAP Policy Database, SNAP policy data sets. Retrieved on August 10, 2020 from https://www.ers.usda.gov/data-products/snap-policy-data-sets/

- NCCP recommended that Illinois expand TANF eligibility by increasing the income disregard (see glossary) for the TANF program from two-thirds to three-fourths, which was also adopted by the state in 2010.[38]
- NCCP also recommended that Illinois increase their TANF payments 15 percent—an increase surpassed by a 2018 Illinois state law that increased the benefit by 30 percent.[39]
- Another NCCP recommendation was to increase the income eligibility for CCDF child care subsidies from 200 percent to 275 percent of the federal poverty guideline, which Illinois adopted in 2018, likely due in part to the timeline set by the 2014 CCDBG reauthorization and the legislation's final rule in 2016 (see glossary) for when states needed to meet key aspects of the revised law in order to remain in compliance.[40,41]

Altogether, these changes have impacted the lives of nearly 2 million low-income participants in Illinois.

Delaware

Year: 2009
Partner: Child Poverty Task Force to the Governor
Policy Change: Raise reimbursement rates for CCDF child care subsidies
Number of People Affected: 4,600 families and 7,300 children each month on average (CCDF)[42]
Funded By: Annie E. Casey Foundation, Ford Foundation endowment support

In 2003, NCCP worked with Delaware Kids Count to develop an FRS for Delaware and, in 2009, NCCP worked with the Delaware Child Poverty Task Force to Governor Jim Markell to update the FRS. NCCP presented at the Governor's Summit on Child Poverty and Economic Opportunity in April 2009 and the FRS findings were included in the task force's Analysis of Child Poverty and Economic Opportunity in Delaware report and executive summary.[43] One of NCCP's recommendations included in the report was to raise Delaware's reimbursement rate for child care providers through the CCDF child care subsidy program. The Markell administration subsequently passed a range of investments in the CCDF child care subsidy program in 2011, including—as recommended by NCCP based on the FRS analysis—increasing state reimbursement rates from as low as the 50th percentile market rate to the 65th percentile market rate. Because Delaware allows child care providers to charge families the difference between the child care subsidy reimbursement rates and their personal rates for non-subsidized care, increasing the reimbursement rates makes child care affordable for many more families. The child poverty task force also included NCCP's recommendation to make the state EITC refundable (see glossary). Subsequent efforts to do so have appeared promising in 2020, when bipartisan support to make Delaware's EITC partially refundable gained the support of the state's new governor.

38 Urban Institute. (2019). Welfare Rules Database. Analysis by NCCP.
39 Illinois Compiled Statutes, ILCS 5/12-4.11. Retrieved on August 10 from https://www.ilga.gov/legislation/ilcs/fulltext.asp?DocName=030500050K12-4.11.
40 Child Care and Development Block Grant Act of 2014. 42 USC 9801. (2014). Retrieved on August 10 from https://www.congress.gov/113/plaws/publ186/PLAW-113publ186.htm.
41 Administration for Children and Families. (2016). Child Care and Development Fund Final Rule frequently asked questions. Retrieved on August 10 from https://www.acf.hhs.gov/occ/resource/ccdf-final-rule-faq.
42 U.S. Department of Health and Human Services. (2019). FY 2018 preliminary data table 1 - Average monthly adjusted number of families and children served. Retrieved on August 10, 2020 from https://www.acf.hhs.gov/occ/resource/fy-2018-preliminary-data-table-1.
43 Briggs, J. & Dinan, K. (April 2009). Making work pay in Delaware: Current policies and recommendations for reform. Governor's Summit on Child Poverty and Economic Opportunity, Dover, Delaware. Retrieved on August 10, 2020 from http://www.nccp.org/projects/files/NCCP_DE_summit09.pdf.

Louisiana

Year: 2009
Partner: Picard Center for Child Development & Lifelong Learning, Louisiana Department of Social Services
Policy Change: Increase state EITC
Number of People Affected: 488,000 EITC claims in 2019[44]
Funded By: The Annie E. Casey Foundation, Ford Foundation endowment support

NCCP updated the Louisiana FRS in 2007 and 2009, working with the Picard Center for Child Development and Lifelong Learning and Louisiana Department of Social Services. NCCP presented findings to the Child Poverty Prevention Council, an entity created by the state legislature to develop a strategy to reduce child poverty.[45] The Council featured several NCCP recommendations in its implementation plan in 2009, as well as evidence provided by the FRS.[46] The Council's recommendations were cited broadly, including in the 2015 Platform for Children report published by a convening of leaders from child-serving organizations.[47] The Platform for Children document was distributed widely to policymakers. Notably, the transition team of Louisiana's Governor John Bel Edwards after his election in 2016 cited this document. Informed by these stakeholders, Louisiana implemented an EITC increase from 3.5 percent to 5 percent in June 2018, distributing an additional $20 million annually to lower income workers.[48] This expansion helped improve the financial security of close to half a million low-income tax filers with children in Louisiana in 2019.

Vermont

Year: 2008
Partner: Department for Children and Families
Policy Changes: Increase child care provider reimbursement rates and TANF earned income disregard
Number of People Affected: 2,400 families and 3,100 children each month on average (CCDF)[49]
2,242 families each month on average (TANF)[50]
Funded By: The Child Poverty Council

NCCP partnered with Vermont's Department for Children and Families to build an FRS in 2008. The Child Poverty Council, a committee of Vermont's General Assembly, commissioned NCCP to write a report based on the FRS findings that included recommendations for improving public benefits.[51] In addition to this 2008 report, NCCP delivered multiple presentations to the Child Poverty Council, as well as to the Governor's summit on

44 Internal Revenue Service. (2019). Statistics for tax returns with EITC. Retrieved on August 10, 2020 from https://www.eitc.irs.gov/eitc-central/statistics-for-tax-returns-with-eitc/statistics-for-tax-returns-with-eitc.
45 Briggs, J. & Dinan, K. (January 2009). Reducing child poverty and making work pay. Baton Rouge, Louisiana: Louisiana Child Poverty Prevention Council. Retrieved on August 10, 2020 from http://nccp.org/projects/files/NCCP_LA_presentation08.pdf.
46 Child Poverty Prevention Council for Louisiana, (February 2009). Retrieved on August 10, 2020 from implementation plan. https://www.clasp.org/sites/default/files/public/documents/CPPC-Implementation-Plan-2009.pdf.
47 Louisiana Partnership for Children and Families. (2015). Platform for children report, pp 25-27. Retrieved on August 10, 2020 from http://www.louisianapartnership.org/Resources/Documents/Platform%20for%20Children%20Full%20Report.pdf.
48 Internal Revenue Service. (2019). Statistics for Tax Returns with EITC. Retrieved from https://www.eitc.irs.gov/eitc-central/statistics-for-tax-returns-with-eitc/statistics-for-tax-returns-with-eitc.
49 U.S. Department of Health and Human Services. (2019). FY 2018 preliminary data table 1 - Average monthly adjusted number of families and children served. Retrieved on August 10, 2020 from https://www.acf.hhs.gov/occ/resource/fy-2018-preliminary-data-table-1.
50 U.S. Department of Health and Human Services. (2020). TANF: Total number of families, fiscal year 2019. Retrieved on August 10, 2020 from https://www.acf.hhs.gov/sites/default/files/ofa/fy2019_tanf_caseload_tfam.pdf.
51 Cauthen, N., Dinan, K.A., & Chau, M. (2008). Work supports in Vermont: An analysis of the effectiveness of state policies supporting work. New York: National Center for Children in Poverty, Mailman School of Public Health, Columbia University. Retrieved on August 10, 2020 from http://www.nccp.org/projects/mwsw_vermont.html.

Pathways to Economic Stability in April 2009.[52,53] Based on FRS analyses, NCCP made recommendations about improvements the state could make to support their low-income families striving for economic self-sufficiency. NCCP recommended that Vermont increase the value of CCDF subsidies that would help families access high-quality care. Within a year, as of January 2010, the rate of reimbursement increased, for example for a three year old-child, by 14 percent (from $114.14 to $129.60 each day).[54] NCCP also recommended that Vermont increase the earned income disregard (see glossary) for TANF recipients in the state. About five years later in 2015, the disregard increased to $250, from $200.[55] These programmatic changes help low-income families in Vermont have greater access to child care options and transition less abruptly from receiving cash assistance.

Washington

Year: 2008
Partners: Washington State Budget and Policy Center and Washington Kids Count
Policy Change: Increase CCDF eligibility
Number of People Affected: 22,300 families and 38,200 children (CCDF)[56]
Funded By: Annie E. Casey Foundation, Ford Foundation endowment support

NCCP partnered with the Washington State Budget and Policy Center and Washington KIDS COUNT for the 2008 FRS to assess existing and proposed state work support policies. Results of the analyses were featured in their 2009 State of Washington's Children Report.[57] One of the major recommendations in the report was to increase income eligibility for CCDF child care subsidies. Specifically, the report recommended increasing CCDF eligibility from 200 to 300 percent of the federal poverty guideline. Though there were no significant changes to income eligibility from 2009 to 2015, in 2016, Washington adopted the policy that families earning less than 85 percent of the state median income (SMI) would remain eligible for child care subsidies.[58] This change mirrors the recommendation made by NCCP, because 85 percent of SMI in Washington is more than 300 percent of the federal poverty guideline. Although this change cannot be linked directly to the NCCP's analysis, Washington made this change in advance of the timeline set for states to comply with changes in federal CCDF policy via the 2014 CCDBG Reauthorization (see glossary).[59]

52 Cauthen, N. (2009). Assessing Vermont's work supports. New York: National Center for Children in Poverty, Mailman School of Public Health, Columbia University. Retrieved from http://nccp.org/projects/files/Vermont_FINAL.pdf.
53 Chau, M. & Dinan, K. (2009). Supporting Work in Vermont: Current Policies and Recommendations for Reform. Retrieved on August 10, 2020 from http://nccp.org/projects/files/VT_Governors_Summit09.pdf.
54 Urban Institute. (2019). CCDF Database. Analysis by NCCP.
55 Urban Institute. (2019). Welfare Rules Database. Analysis by NCCP.
56 U.S. Department of Health and Human Services. (2019). FY 2018 preliminary data table 1 - average monthly adjusted number of families and children served. Retrieved from https://www.acf.hhs.gov/occ/resource/fy-2018-preliminary-data-table-1.
57 The Human Services Policy Center. (2009). The state of Washington's children 2008-2009: Poverty and the future of children and families in Washington State. Retrieved from http://www.nccp.org/downloads/SWC08_FINALCOPY.pdf.
58 Urban Institute. (2019). CCDF database. Analysis by NCCP.
59 Administration for Children and Families. (2016). Child Care and Development Fund Final Rule frequently asked questions. Retrieved from https://www.acf.hhs.gov/occ/resource/ccdf-final-rule-faq.

Iowa

Year: 2008
Partner: Iowa Fiscal Partnership
Policy Changes: Expand categorical eligibility for SNAP and increase CCDF income eligibility
Number of People Affected: 323,637 person in April 2020 (SNAP)[60]
10,100 families and 18,100 children each month on average (CCDF)[61]
Funded By: Annie E. Casey Foundation, Ford Foundation endowment support

In 2008, NCCP partnered with the Iowa Fiscal Partnership, a joint initiative of the Iowa Policy Project and Iowa's Child and Family Policy Center. NCCP presented FRS findings about benefit cliffs in the SNAP and child care subsidy programs at the annual retreat of the Iowa Department of Human Services' Family Development and Self-Sufficiency program in Dubuque, Iowa. Two of the suggested policy changes have been implemented in the state since the presentations in 2008. In 2011, Iowa expanded SNAP by adopting broad based categorical eligibility (see glossary) which eliminated the asset test (see glossary).[62] This allows families who would have previously been ineligible for SNAP due to their personal savings to have access to SNAP. In 2016, Iowa addressed the benefit cliff in their child care subsidy program by expanding the income eligibility to over 100 percent of the state median income. For a family of three, the eligibility jumped 90 percent from $3,433 to $6,516 monthly income.[63] This change allows families who have incomes above the initial eligibility limit to maintain their childcare subsidy for an additional year following redetermination (see glossary). Similar to the eligibility increase in Indiana, this rule change corresponds with federal legislation; however, the change was made years prior to the deadline states faced to comply with those new federal guidelines.[64]

New York

Years: 2004, 2008
Partner: Schuyler Center for Analysis and Advocacy
Policy Change: Passed the nation's first local child care tax credit
Number of People Affected: Over 50,000 claims (CCTC)[65]
Funded By: Annie E. Casey Foundation, Ford Foundation endowment support

NCCP worked with the Schuyler Center for Analysis and Advocacy in 2004 and 2008 to update the New York FRS. In 2006, NCCP presented the results of the 2004 FRS to New York City's Commission for Economic Opportunity to help develop their recommendations for work support policies. These recommendations included increasing the eligibility limit for child care subsidies; creating refundable tax credit (see glossary) for families with children, especially those with preschool aged children; and adopting universal pre-K (UPK).[66] The Commission highlighted

60 U.S. Department of Agriculture. (2019). Supplemental Nutrition Assistance Program: Number of persons participating. Retrieved from https://fns-prod.azureedge.net/sites/default/files/resource-files/29SNAPcurrPP.pdf.
61 U.S. Department of Health and Human Services. (2019). FY 2018 preliminary data table 1 - average monthly adjusted number of families and children served. Retrieved from https://www.acf.hhs.gov/occ/resource/fy-2018-preliminary-data-table-1.
62 Economic Research Service (ERS), U.S. Department of Agriculture (USDA). SNAP Policy Database, SNAP policy data sets. https://www.ers.usda.gov/data-products/snap-policy-data-sets/.
63 Urban Institute. (2019). CCDF database. Analysis by NCCP.
64 Administration for Children and Families. (2016). Child Care and Development Fund Final Rule frequently asked questions. Retrieved from https://www.acf.hhs.gov/occ/resource/ccdf-final-rule-faq.
65 New York City. (2009). Mayor Bloomberg announces major progress for New York City anti-poverty strategy under Center For Economic Opportunity. Retrieved from https://www1.nyc.gov/office-of-the-mayor/news/179-09/mayor-bloomberg-major-progress-new-york-city-a.
66 National Center for Children in Poverty. (2006). Preparation for conversation with NYC's Commission for Economic Opportunity.

this need for childcare relief in their recommendations to NYC Mayor Michael Bloomberg. New York City subsequently became the first city in the nation to pass a local child care tax credit.[67] The City's local tax benefit, which can be worth up to $1,733 annually, is designed to help low-income families pay for child care for their children under four years old.[68] In the first year of the tax credit program, more than 50,000 households received the tax credit, which helped distribute approximately $30 million to low-income families with children.[69]

Further, UPK became a central pillar in the successful campaign of then-Public Advocate Bill de Blasio to succeed Mayor Bloomberg. (Mr. de Blasio was a city councilman at the time of NCCP's recommendation for UPK). Partially due to the enthusiasm generated for this issue during that campaign, New York State implemented UPK statewide shortly thereafter. The de Blasio campaign's focus on UPK is also widely credited as galvanizing other states and municipalities to adopt UPK, and for a larger nationwide movement pushing for UPK.

Texas

Years: 2004, 2008
Partner: Center for Public Policy Priorities
Policy Change: Increase eligibility limit for CCDF families
Number of People Affected: 68,600 families and 115,000 children each month on average (CCDF)[70]
Funded By: Annie E. Casey Foundation, Ford Foundation endowment support

In 2004, NCCP partnered with Texas's Center for Public Policy Priorities, now known as Every Texan, to build an FRS. Following the development of the Texas FRS, NCCP presented the results and recommendations to state advocates in Austin and Houston. These recommendations primarily focused on raising the CCDF child care subsidies income eligibility limits to allow families to gradually exit CCDF rather than face a detrimental benefit cliff.[71] NCCP updated the Texas FRS again in 2008. In 2009, Texas implemented a new CCDF policy in the Gulf Coast Region, increasing initial monthly income eligibility limits for a family of three by 42% ($2,146 to $3,052) from the 2007 rate.[72] In the same time frame, the eligibility limit for a family of three to remain eligible to receive CCDF increased 23% (from $3,019 to $3,710 per month),[73] far outpacing inflation. These changes were similar to recommendations NCCP made to state advocates. Although not as demonstrably tied to NCCP's efforts as other states examined in this case study, this change has helped 68,600 low-income Texas families each month by allowing a smoother transition off of the CCDF program.

67 New York City. (2009).
68 New York City. (2019). Tax credit fast facts 2020. Retrieved from https://www1.nyc.gov/assets/dca/downloads/pdf/consumers/Tax-Credit-Fast-Facts.pdf.
69 City of New York. (2009). Mayor Bloomberg Announces More Than 50,000 New Yorkers Claimed City Child Care Tax Credits Totalling More Than $30 Million In The Program's First Year. Retrieved from https://www1.nyc.gov/office-of-the-mayor/news/112-09/mayor-bloomberg-more-50-000-new-yorkers-claimed-city-child-care-tax-credits.
70 U.S. Department of Health and Human Services. (2019). FY 2018 preliminary data table 1 - average monthly adjusted number of families and children served. Retrieved from https://www.acf.hhs.gov/occ/resource/fy-2018-preliminary-data-table-1
71 Briggs, J. and Dinan K. (2008). The challenge of child care, more help needed for Houston's families. Retrieved from http://nccp.org/publications/pub_854.html
72 Urban Institute. (2019). CCDF database. Analysis by NCCP.
73 Urban Institute. (2019). CCDF database. Analysis by NCCP.

Connecticut

Year: 2004

Partner: Connecticut Association for Human Services, Connecticut Voices for Children

Policy Change: Introduce state EITC

Number of People Affected: 216,000 EITC claims received in 2019[74]

Funded By: Annie E. Casey Foundation, Ford Foundation endowment support

In 2004, NCCP updated the Connecticut FRS in partnership with the Connecticut Association for Human Services and Connecticut Voices for Children and presented to the state legislature to inform the state's anti-poverty efforts. NCCP's report demonstrated the difficult situations low-income families encounter as they struggle to make ends meet.[75] NCCP's work showed the critical impact policies have on the resources and work incentives of low-income families. In 2011, Connecticut announced their first EITC. In their official announcement, the Connecticut Association for Human Services cited NCCP's work on the EITC. This refundable tax credit (see glossary) was one of the highest in the country at the time (23 percent) and has improved the financial security of 216,000 tax filers in the state in 2019 through distributing an estimated 122 million dollars to lower income families.[76]

74 Internal Revenue Service. (2019). Statistics for tax returns with EITC. Retrieved on August 10, 2020 from https://www.eitc.irs.gov/eitc-central/statistics-for-tax-returns-with-eitc/statistics-for-tax-returns-with-eitc.

75 Cauthen, N & Dinan, K. (2004). Low-income families in Connecticut: Results from the Family Resource Simulator. New York: National Center for Children in Poverty, Mailman School of Public Health, Columbia University. Retrieved on August 7, 2020 from http://nccp.org/publications/pdf/text_576.pdf.

76 Internal Revenue Service. (2019). Statistics for Tax Returns with EITC. Retrieved from https://www.eitc.irs.gov/eitc-central/statistics-for-tax-returns-with-eitc/statistics-for-tax-returns-with-eitc.

Glossary of Terms for Family Resource Simulator Impact Case Studies

Asset Limit / Asset Test–Some public benefit programs like **SNAP** and **TANF** can include an **asset test** that limits the amount of assets—like bank accounts or the cash value of vehicles—that a family can have while remaining eligible for program benefits. The maximum amount of assets a family can have while remaining eligible is called an **asset limit.** Federal regulations allow states to set or eliminate the asset test in the TANF and SNAP programs.

Benefit Cliff–A significant drop in a family's overall resources (earnings plus cash assistance minus expenses) because an increase in the family's earnings leads to a reduction in public benefit support. When families who receive public benefits earn more, they may lose eligibility for those benefits or experience a decline in benefit support because of their higher income. As a result, families are worse off because they earn more. One commonly cited benefit cliff occurs when a family earns too much to continue receiving CCDF child care subsidies. The impacts that benefit cliffs can have on family finances are called **cliff effects.**

Block Grant–A fixed amount of funding from the federal government provided to states for specific purposes. The amount of block grants given to states is often determined by federal formulas based on estimated relative need for the services covered by block grants. Both the **TANF** program and the **CCDF** program are administered by state governments using federal block grants. When a program is "block granted," this means that eligible recipients are no longer entitled to receive the program. Funds for the program are restricted by the amount of the block grant, even if there is a sharp rise in need in the state. Further, block grants provide states with greater discretion about how to spend the federal funds, leading to greater variation in programs across states.

Broad Based Categorical Eligibility (BBCE)–States use BBCE to expand eligibility for **SNAP** by increasing the program's income limits (the maximum earnings a family can make) and/or eliminating its **asset limits.** BBCE allows households to become eligible for SNAP by qualifying for non-cash services through **TANF** programs or other state-funded programs tied to states' TANF block grants.

Child Care Development Fund Subsidies (CCDF)–Also known as child care subsidies, this state-run program provides low-income families assistance with paying for child care. State CCDF programs vary in their eligibility requirements, **redetermination** policies (how often benefit recipients need to recertify eligibility), family co-payments, and regulatory policies for providers. CCDF funds are disbursed to states through **block grants.**

The Child Care and Development Fund Block Grant Act of 2014–This legislation was the first reauthorization of the CCDF Block Grant in nearly 20 years. The act changed and added goals to the program to focus it more on health and safety, licensing enforcement, and quality of care. A final rule published in 2016 clarified key features of the 2014 reauthorization, which included requiring states to have higher income limits for families that receive CCDF compared to families who are newly applying for CCDF. The rules also set a standard limit of 85 percent of **state median income** for families to continue receiving child care subsidies. In other words, if states follow federal recommendations, once families qualify for child care subsidies, they can remain on the program until their incomes reach 85 percent of the state median income.

Child Care Co-payments–see **Phase-In/Phase-Out**

Cliff Effect–see **Benefit Cliff**

Deductions–see **TANF Cash Assistance Formula**

Earned Income Tax Credit (EITC)–The EITC is a refundable federal tax credit; the amount depends on the filer's family structure and earnings. The tax credit increases gradually from $0 (a **phase-in** period) and declines gradually (a **phase-out** period) as family income rises. Many states have introduced a state EITC that reduces a tax filer's state tax burden by a percentage of the federal EITC.

Exemptions–see **TANF Cash Assistance Formula**

Federal Poverty Guideline–The U.S. Department of Health and Human Services (HHS) sets the federal poverty guidelines (FPG) annually, which varies based on family size. The FPG are derived from a 1963 estimate of the budget needed for families to afford basic expenses, adjusted for inflation. The federal poverty guidelines are used to assess eligibility for a range of public benefit programs.

Income disregard–see **TANF Cash Assistance Formula**

Phase-In/Phase-Out–These phrases mean a gradual decrease or increase in benefits as income increases. The **EITC** employs both a "phase-in" structure, referring to a gradual increase in the amount of the tax credit as income increases above $0, as well as a "phase-out" structure, referring to a gradual decrease in the tax credit as income rises above a certain income point. A family's **child care co-payments,** or what families pay out of pocket if they receive subsidized child care under CCDF, also phase in, or increase gradually as family income rises. State-level policies determine whether the value of a CCDF subsidy, minus a family's co-payments, phases out to $0 as earnings increase, or if families face a potential **benefit cliff** (see above) due to losing CCDF eligibility before co-payments combined with any additional charges (see **reimbursement rate** below) match unsubsidized child care costs. Lengthening "phase-out" periods is one policy alternative states have adopted to address benefit cliffs.

Redetermination–See **Child Care Development Fund Subsidies (CCDF)**

Refundability–This refers to whether a tax credit, like the **Earned Income Tax Credit (EITC),** can result in a refund to the tax filer that is greater than what they owe in taxes. In other words, the maximum amount of a refundable tax credit is not limited to what one owes in taxes, and it can effectively increase one's income beyond what one earns in wages. A nonrefundable tax credit can only reduce one's tax burden and is limited to the amount one owes in taxes after other tax credits are considered.

State Median Income (SMI)–This refers to the median income of families or households in a specific state in the U.S. The estimates of state median income, determined by census figures, are often used to determine eligibility for certain benefit programs, including child care subsidies.

Temporary Assistance for Needy Families (TANF)–TANF funds are disbursed to states through fixed funding streams called block grants. States have the option of using TANF for a variety of programs or services aimed at supporting low-income families, including workforce training, but services must include a program that provides cash assistance to some low-income families. States vary widely in the types and amount of support provided through TANF.

TANF Cash Assistance Formula–Formulas are used to determine eligibility for TANF cash assistance, as well as the amount of cash assistance families receive. Formulas usually include a number of allowable **exemptions,** or types of income or assets that are not counted as income, and **deductions,** or reductions in a family's income (such as child care costs or standard deductions based on family size), that help families qualify for TANF cash assistance or receive a higher cash assistance amount. Formulas may also include **income disregards** for TANF recipients that subtract some earned income from TANF calculations in order to incentivize work.

Reimbursement Rate (Child Care), or State Payment Rate–This is the amount states reimburse providers who provide subsidized child care to CCDF recipients. Reimbursement rates are set at the state level; states often adjust reimbursement rates based on child age, the quality of child care provided, or whether providers are serving children with special needs. Through the federal CCDF block grant, states have the option of allowing child care providers to charge families the difference between these reimbursement rates and the rates that providers would normally charge for services provided, above any child care co-payments families are paying. Most states allow for this practice, while a handful forbid providers from charging these additional costs. The reimbursement rate can also affect the supply and quality of child care. Generally speaking, increasing the reimbursement rate increases the number of providers willing or able to provide subsidized child care under CCDF, thereby increasing access to child care among low-income families.

Supplemental Nutrition Assistance Program (SNAP)–SNAP, formerly known as Food Stamps, is a federal program administered by the U.S. Department of Agriculture and distributed by state-level departments. Through this program, low-income families are provided direct funds to purchase certain foods. Most SNAP rules are set by federal rules, but the federal government allows states to adopt **BBCE** policies (described above) that expand access to the SNAP program by effectively increasing the program's income limits and/or increasing or eliminating its **asset limits.**

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