



# Making Work Pay



## Challenges Facing Today's Families



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**NCCP**

National Center for Children in Poverty  
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## Who We Are

- ◆ NCCP is the nation's 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.



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

- ◆ A single parent with two children needs about \$30,000 to \$60,000 a year to afford basic family necessities (depending on local cost of living).
- ◆ That's the equivalent of a full-time, year-round job paying about \$14 to \$29 an hour.
- ◆ The federal minimum wage is just \$6.55 an hour; the highest state minimum wage is \$8.07.



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

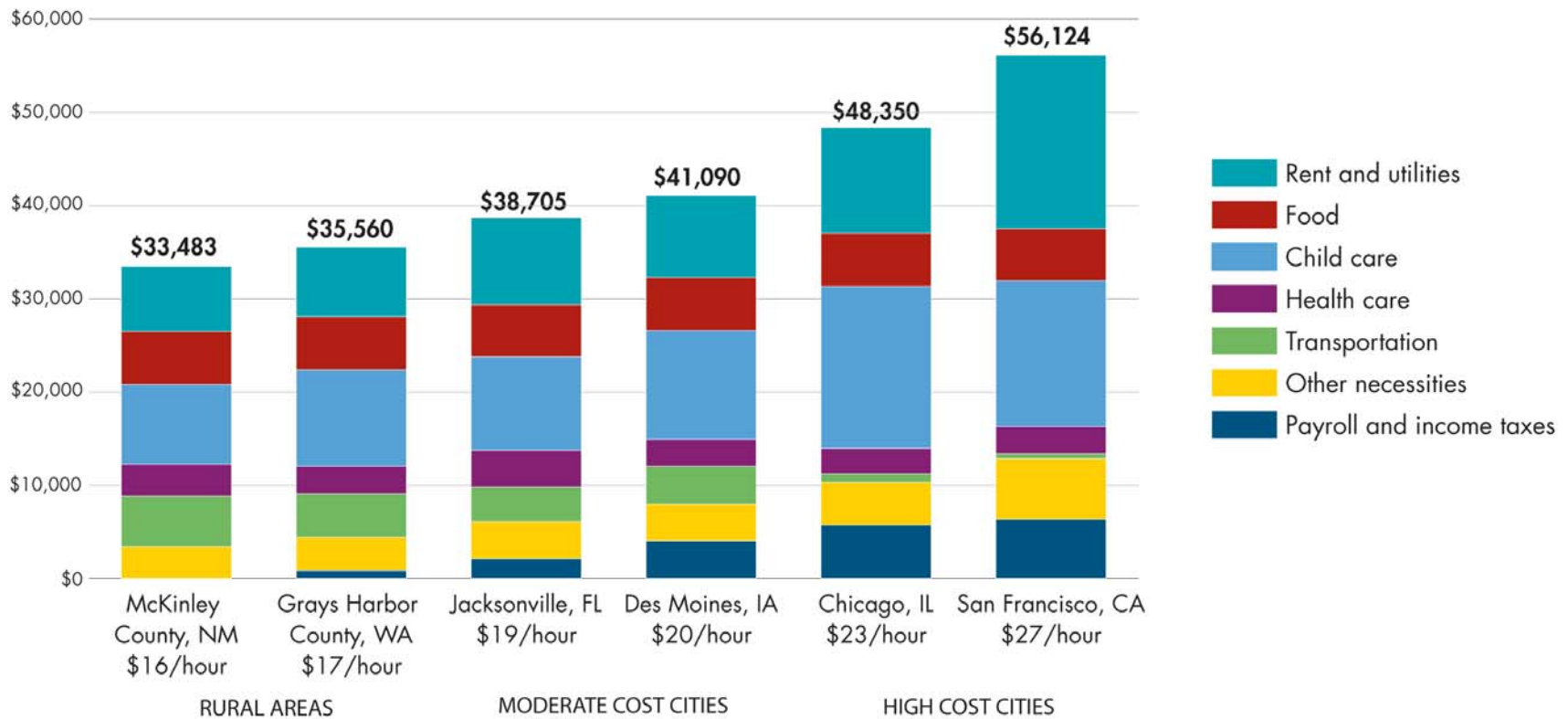
- ◆ We're talking about a bare-bones budget that includes only the most basic daily living expenses.
- ◆ It does *not* include:
  - Debt payments
  - Savings for a home, children's education or retirement
  - Financial cushion in case of illness or other family crisis



## Basic Needs Budgets: Six Localities

Single parent with two children, ages 3 and 6 (assumes full-time employment)

Total budget



Source: National Center for Children in Poverty's Basic Needs Budget Calculator <[www.nccp.org/tools/budget](http://www.nccp.org/tools/budget)>.



## Work Supports Can Help Close the Gap

- ◆ “Work supports” include earned income tax credits, child care assistance, public health insurance, food stamps, housing vouchers, and energy assistance.
- ◆ Work supports help low-wage workers make ends meet and increase employment stability.
- ◆ The impact of work supports on family budgets varies:
  - Local cost of living
  - Availability and generosity of state and federal benefits



## For Many, Work Supports Fall Short

- ◆ Participation barriers keep many eligible families from receiving assistance.
- ◆ Even with benefits, many working parents cannot afford basic family expenses.
- ◆ Most work supports are means-tested so as parents advance in the workforce, benefits are lost - often before families are able to make ends meet.



## For Many, Work Supports Fall Short (cont)

- ◆ The loss of certain benefits leads to “cliffs” that leave families worse off than they were before, despite increased earnings.
- ◆ There are significant policy differences across the states, but our analysis typically reveals similar patterns.

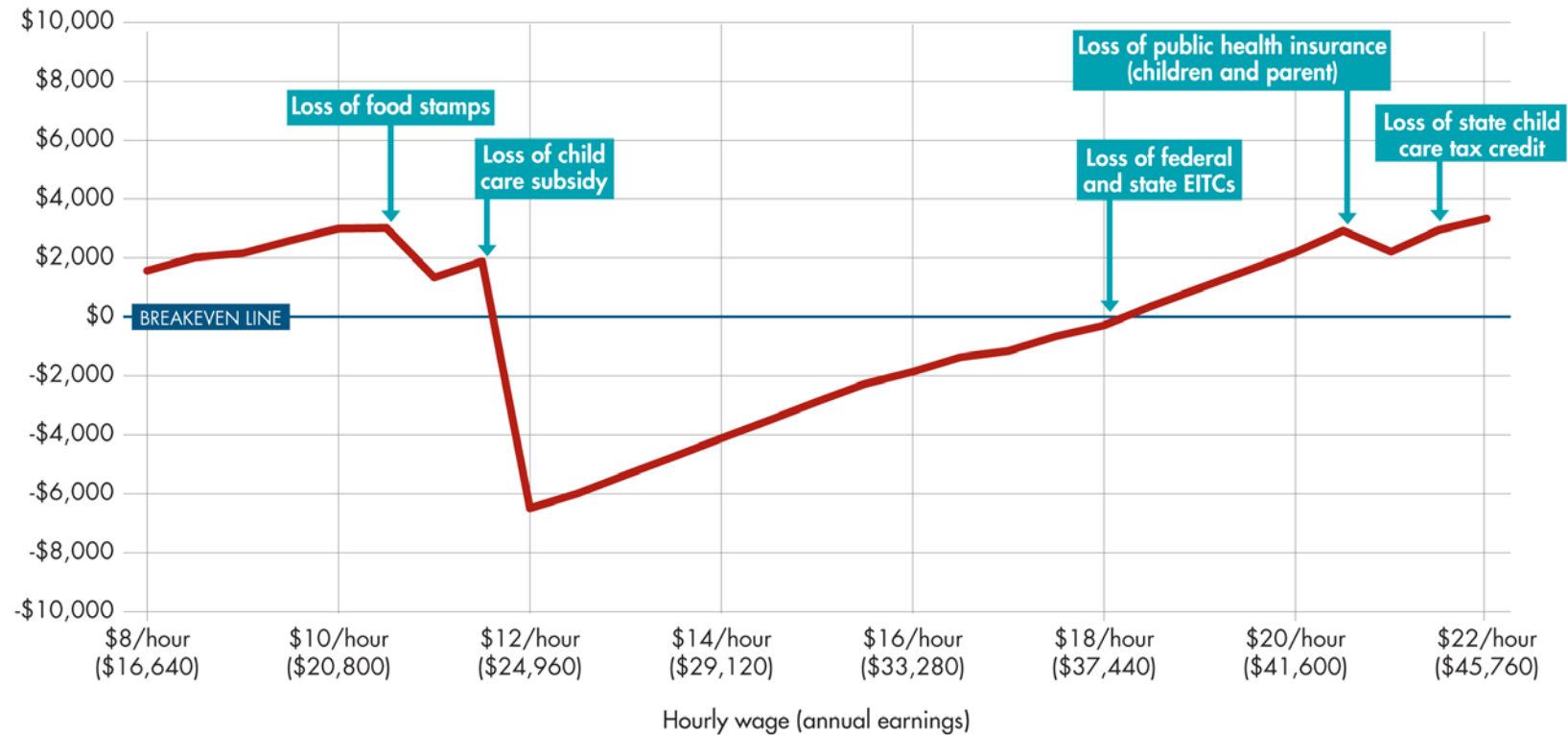




## Net Family Resources as Earnings Increase: Des Moines, IA

Single parent with two children, ages 3 and 6 (assumes full-time employment)

Resources minus expenses (annual)



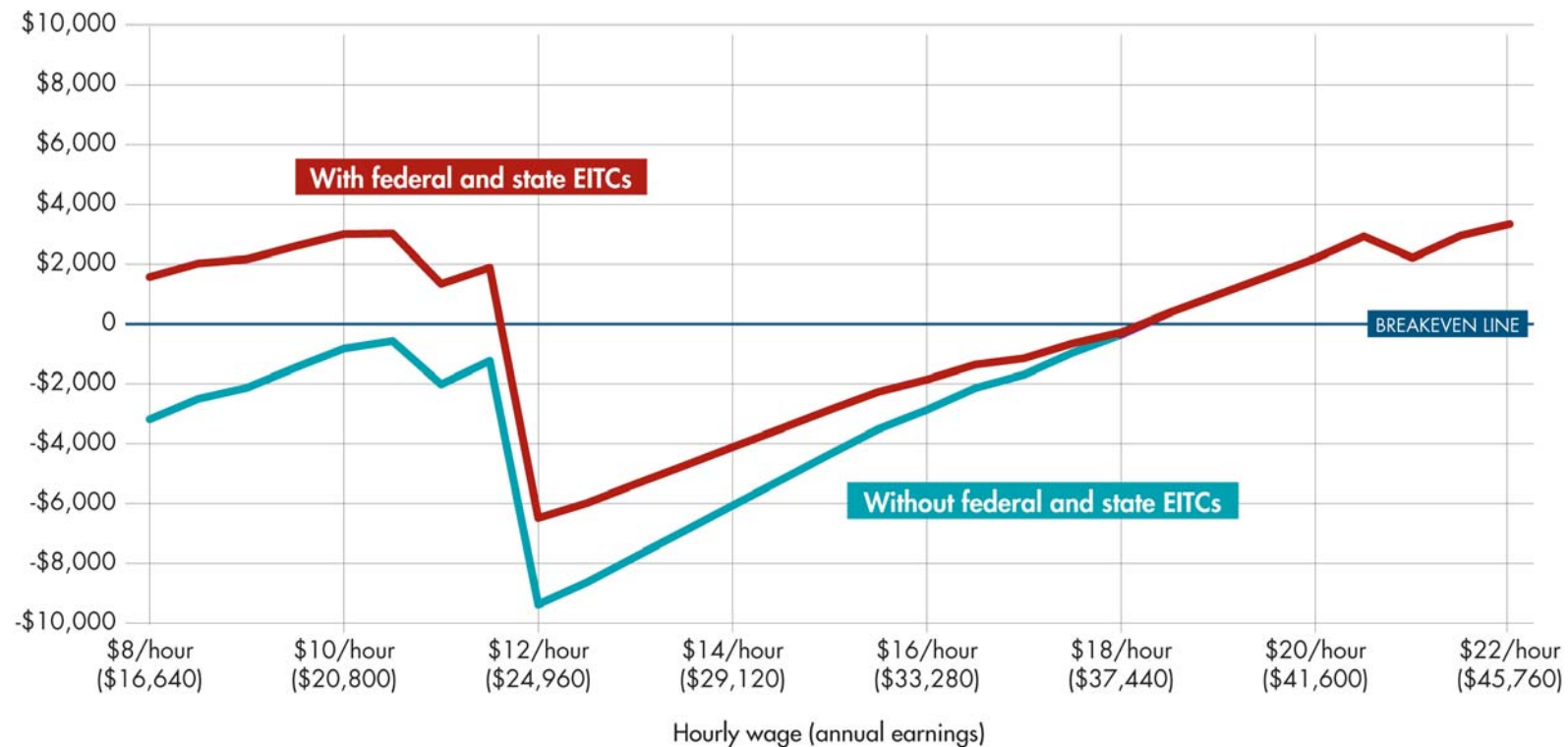
**Source:** National Center for Children in Poverty's Family Resource Simulator, Iowa 2008 <[www.nccp.org/tools/frs](http://www.nccp.org/tools/frs)>. When eligible, the family receives the following work supports: federal and state tax credits, food stamps, public health insurance and a child care subsidy.



## Net Family Resources *Without* EITCs: Des Moines, IA

Single parent with two children, ages 3 and 6 (assumes full-time employment)

Resources minus expenses (annual)

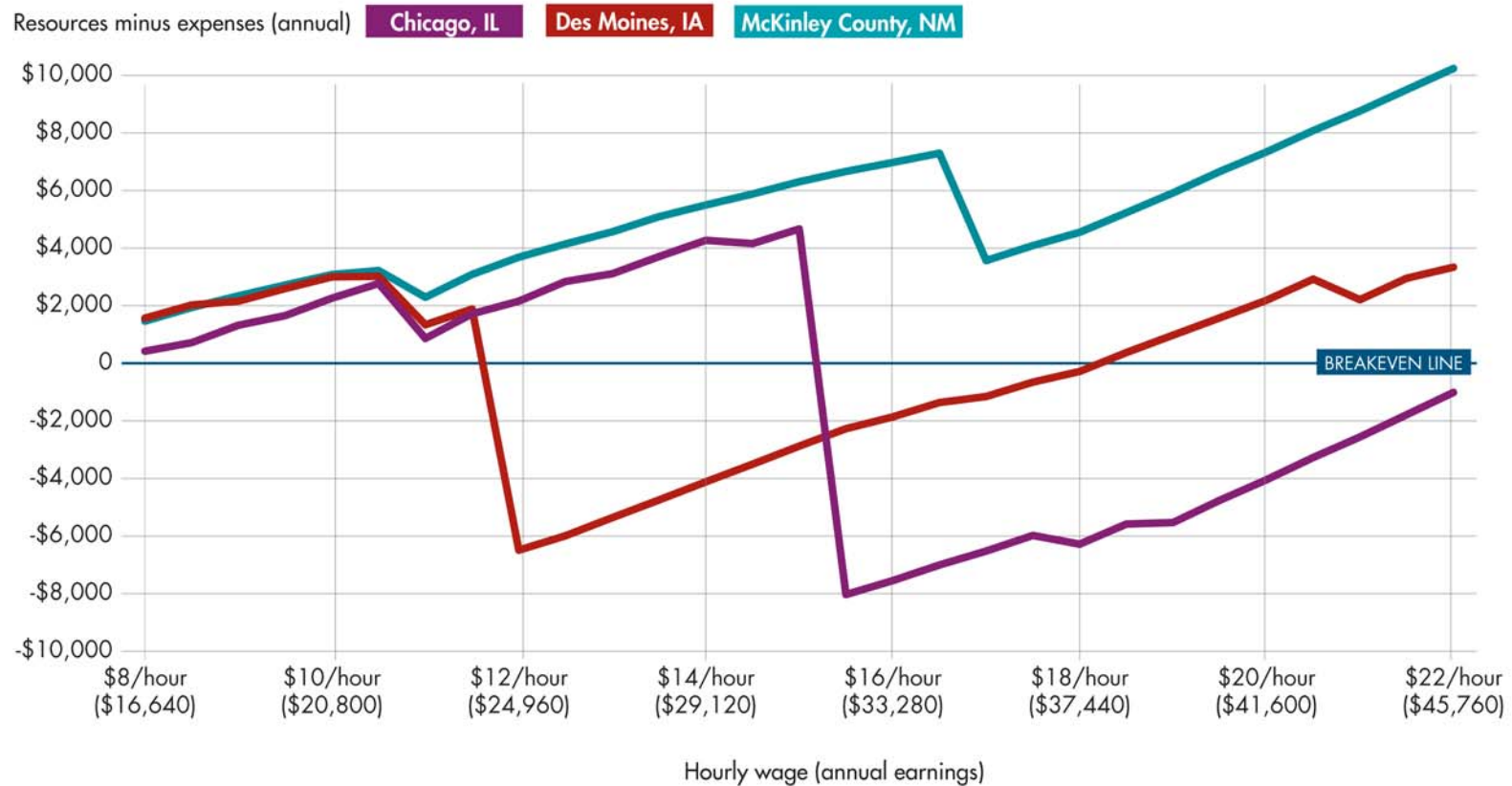


**Source:** National Center for Children in Poverty's Family Resource Simulator, Iowa 2008 <[www.nccp.org/tools/frs](http://www.nccp.org/tools/frs)>. When eligible, the family receives the following work supports: federal and state tax credits, food stamps, public health insurance, and a child care subsidy.



## Net Family Resources: Three Localities

Single parent with two children, ages 3 and 6 (assumes full-time employment)



**Source:** National Center for Children in Poverty's Family Resource Simulator, Illinois 2008, Iowa 2008, and New Mexico 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, TANF cash assistance, food stamps, public health insurance, and a child care subsidy.



## For More Information

Visit NCCP's website:

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

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