



Using CDF-MN's Economic Stability Indicator to Analyze Effects of \$15 wage on Economic Stability



ESI is a web-based project of CDF-MN to analyze the interaction between wages, work support program benefits, and tax credits and liabilities

May 18, 2018



Children's Defense Fund-MN

a strong, effective, independent voice for *all* children



Legislative Advocacy:

- Early Childhood
- Health Care
- Child Care
- Child Well-Being
- Economic Security



Research & Education:

- Issue Research
- KIDS COUNT Data Book



Outreach & Organizing:

- Bridge to Benefits®
- Voices & Choices for Children Coalition

Youth Leadership:

- Freedom Schools®
- Beat the Odds®



Bridge to Benefits (B2B)

Multi-state project by CDF-MN to improve the well-being of families and children by linking them to public work support programs and tax credits

- Health Care Programs (Medical Assistance, MinnesotaCare and Advanced Premium Tax Credits)
- Supplemental Nutrition Assistance Program (SNAP)
- School Meal Program
- Energy Assistance Program
- Child Care Assistance Program
- WIC Program
- Tax Credits (EITC and WFC)

Relies on a website that includes an online eligibility screening tool at www.bridgetobenefits.org



Economic Stability Indicator (ESI)

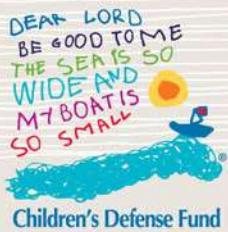
- Demonstrate the interactions between wages, work support programs, tax credits and tax liability and how they can and can't fill the gap between low-wages and basic expenses and make work pay.
- Educate policymakers and legislators on how current and proposed legislation and tax policies create “cliff effects” and other unintended consequences.
- Illustrate the difficult decisions low-income families must make to make ends meet and stress the importance of fully funding programs.
- Educate families about wage and program interaction so they can make informed choices about employment and program use.



Programs on ESI

- Supplemental Nutrition Assistance Program (SNAP)
- Medical Assistance, MinnesotaCare and APTCs
- School Meal
- Child Care Assistance
- Energy Assistance
- WIC
- Earned Income Tax Credit
- Working Family Credit
- Child Tax Credit*
- Federal and State Child Care Tax Credits*
- MFIP*
- Section 8 Housing*

*Not included on Bridge to Benefits website



Expenses on ESI

To demonstrate the effects of public programs on a family's bottom line, a basic needs budget was calculated to reflect the spending habits of low-income families.

Expenses Included in a Basic Needs Budget:

- Rent and Energy (HUD Fair Market Rent)
- Food (USDA Low-cost Food Budget)
- Health Care (Medical Expenditure Panel Survey)
- Child Care (Kids COUNT Data Book by county)
- Transportation (National Travel Household Survey)
- Other Necessities (Consumer Expenditure Survey)

*Can use default expenses or enter family's actual expenses



Expenses That Are Not Included

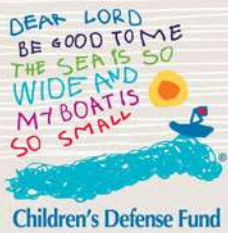
Does Not Include Expenses for:

- Utilities besides electricity such as cell phone, water, trash, internet, cable
- Diapers and formula
- Entertainment expenses
- Vacations and other non-essential travel
- Debt payments
- School expenses outside of meals
- Child care for school-age children



ESI Functionalities

- Flexibility to input individual scenarios
- Available to anyone to use (additional analysis can be done by CDF-MN upon request)
- Incorporates programs from across agencies
- Shows intersection of income/benefits/expense
- Illustrates program interactions
- Ability to customize specific costs/expenses
- Illustrates exit points
- Identifies incentives and disincentives
- Can turn programs on and off



Key Takeaways from ESI Analysis on \$15 Min. Wage

- **Interactions between wages, work support benefits and tax liability are complicated and vary by family composition and situations.**
 - Cash in a family's wallet is more flexible and goes further than benefits like SNAP and Energy Assistance that have to be spent on specific expenses.
 - For many families, access to health care, housing and child care are invaluable based on the tremendous immediate and long-term impact on families and children.



Key Takeaways from ESI Analysis on \$15 Min. Wage

- **Single adults without children are always better off with an increase to \$15**
 - One thing to consider with this population is the importance of MinnesotaCare, a program that currently is in jeopardy of losing funding.
- **Overall families are better off, meaning they have more leftover each month after expenses**
 - However, with phase-ins, there will likely be some wages on the path to \$15 that make certain families worse off.



Key Takeaways from ESI Analysis on \$15 Min. Wage

- **Families with children fare better but their margin of improvement is lower and additional factors should be considered with these families:**
 - Loss of access to MFIP at higher wages could affect their access to Child Care Assistance at higher wages because Basic Sliding Fee is not fully funded
 - Job and wage instability is rampant in the types of work that pay at or near minimum wage. Supporting stable, affordable housing, child care and health care that is not tied to employment is critical for these workers on their often windy path to economic stability.



ESI Demonstration



www.economicstabilityindicatormn.org