

---

# THE IMPACT OF WORK SUPPORTS

The Self-Sufficiency Standard for Maryland 2007

---

**By Diana M. Pearce, Ph.D. • November 2007**

DIRECTOR, CENTER FOR WOMEN'S WELFARE  
SCHOOL OF SOCIAL WORK, UNIVERSITY OF WASHINGTON



Prepared for



## ADVOCATES FOR CHILDREN AND YOUTH

Advocates for Children and Youth's mission is to identify problems, promote policies and programs that improve results for Maryland children in measurable and meaningful ways, and evaluate the effectiveness of programs and policies for the state's children and youth. The agency's goals include ensuring that children have access to: high quality, accessible health care at an affordable cost; quality educational programs that include supports necessary to learn; homes, schools and communities which are safe and provide opportunities for positive development; adequate economic assistance to meet basic needs; and supports to achieve economic independence. For more information contact:

Matthew H. Joseph, Executive Director  
Advocates for Children and Youth  
8 Market Place, Suite 500, Baltimore, MD 21202  
TEL 410-547-9200 FAX 410-547-8690  
EMAIL [mjoseph@acy.org](mailto:mjoseph@acy.org)

## CENTER FOR WOMEN'S WELFARE

The Center for Women's Welfare at the University of Washington is devoted to furthering the goal of economic justice for women and their families. Under the direction of Dr. Diana Pearce, the Center researches questions involving poverty measures, public policy, and programs that address income adequacy. The Center partners with a range of non-profit, women's, children's, and community-based groups to evaluate public policy, to devise tools for analyzing wage adequacy, and to help create programs to strengthen public investment in low-income women, children, and families. For more information contact:

Diana Pearce, Director  
Center for Women's Welfare  
School of Social Work, University of Washington  
4101 15th Avenue NE, Seattle, WA 98105  
TEL 206-616-3543 FAX 206-543-1228  
EMAIL [pearce@u.washington.edu](mailto:pearce@u.washington.edu)



**Center for Women's Welfare**  
University of Washington  
School of Social Work

## ACKNOWLEDGEMENTS

The Self-Sufficiency Standard was originally developed for Wider Opportunities for Women as part of the State Organizing Project for Family Economic Self-Sufficiency (FESS) by Dr. Diana Pearce, who was at that time Director of the Women and Poverty Project at WOW. The Ford Foundation provided funding for its original development.

The 2007 Maryland Self-Sufficiency Standard has been prepared through the cooperative efforts of Liesl Eckert, Sarah Fickeisen, Lisa Manzer, and Maureen Newby at the University of Washington, Center for Women's Welfare; Matthew Joseph, Ameerjill Whitlock, and David McNear at Advocates for Children and Youth.

*The conclusions and opinions contained within this document do not necessarily reflect the opinions of those who sponsored this report. Data published in this report is the author's responsibility.*

# Introduction

While the Self-Sufficiency Standard provides the amount of income that meets a family's basic needs without public or private assistance, many families cannot achieve self-sufficiency immediately. "Work supports" can help a working family achieve stability without scrimping on nutrition, living in overcrowded or substandard housing, or leaving children in unsafe and/or non-stimulating environments. The stability work supports offer also can help a family retain employment, which is a necessary condition for improving wages.

This document includes a brief discussion of the available work supports, summarized in Figure 1. Although not a "work support," child support can assist a family in meeting basic needs and is therefore included and modeled along with the other work supports discussed below.

This document contains two modeling tables. Both tables model a family with one parent and two children (a preschooler and schoolage child) in Maryland. Table 1 shows the *Impact of the Addition of Child Support and Work Supports on the Monthly Costs and Self-Sufficiency Wage* in Baltimore City. Table 2 shows the *Impact of Work Supports on Wage Adequacy* in Charles County.

A second document, the *Methodological Appendix, Maryland 2007*, outlines the assumptions used for calculating the 2007 Maryland Self-Sufficiency Standard, including taxes and tax credits.

## CHILD SUPPORT & WORK SUPPORTS: ASSUMPTIONS & SOURCES

**Child Support:** Child support payments from absent, non-custodial parents can be a valuable addition to some family budgets, even in cases where the non-custodial parent's income is relatively low. When both parents provide support to meet their children's needs, whatever the amount, children are likely to benefit. In 2007, the national average monthly child support for families who received payments with the assistance of state department of child support enforcement agencies was \$205. The average child support payment in Maryland is \$239 per month.<sup>1</sup>

**Child Care Assistance:** Since child care is one of the major expenses for families with children, a child care subsidy can substantially reduce this expense. For this reason, child care assistance is modeled separately as well as in combination with other work supports. The addition of a child care subsidy generally provides single parents the greatest financial relief of any work support.

**Food Stamp/Women, Infants, and Children:** The Food Stamp Program and the Special Supplemental

Nutrition Program for Women, Infants, and Children (WIC) are work supports used to reduce food costs. Food stamps are available to most households with a gross monthly income below 130% of the Federal Poverty Level (FPL).<sup>2</sup>

WIC is a federal supplemental food program that helps pay for specific nutrient-rich foods and nutrition counseling for pregnant or postpartum women, infants, and children up to age five if their income falls at or below 185% of the FPL.<sup>3</sup> In Maryland, the WIC benefit averages \$33.63 (FY 2006) per month, while the food stamp benefit varies by income and other costs.<sup>4</sup>

**Health Care:** While health care expenses are a relatively small cost item in the Standard (less than 10%), health care coverage is essential. The Standard assumes that a Self-Sufficiency Wage includes employer-sponsored health insurance for workers and their families, with the cost partially financed by the employer. Without health benefits, most people would find it difficult, and sometimes prohibitively expensive, to meet their family's health care needs.

FIGURE 1. SUMMARY OF MARYLAND CHILD SUPPORT &amp; WORK SUPPORTS

WORK SUPPORT PROGRAM	BENEFIT	INCOME ELIGIBILITY
CHILD SUPPORT	Payment of \$239 per month (MD average) <sup>a</sup>	No income limit
PURCHASE OF CARE SUBSIDY PROGRAM	Child care subsidy	\$29,990 for a family of three <sup>b</sup>
SECTION 8 HOUSING CHOICE VOUCHERS	Housing costs set at 30% of monthly adjusted gross income	Generally 50% of area median income, but can be up to 80% in some cases; 75% of new vouchers must go to families with incomes below 30% median income <sup>c</sup>
MEDICAID	Subsidized health benefits	38% of FPL for working parents; 31% of FPL for non-working parents; full family coverage for one year after leaving welfare <sup>d</sup>
MARYLAND CHILDREN'S HEALTH PROGRAM	Subsidized health benefits for children	Up to 200% of FPL zero cost; between 200% and 300% of FPL with \$45 or \$57 monthly premium <sup>e</sup>
FOOD STAMPS	Maximum benefit for a family of 3 is \$426 per month <sup>f</sup>	130% of FPL
NUTRITION PROGRAM FOR WOMEN, INFANTS, & CHILDREN (WIC)	\$33.63 per month benefit to purchase supplemental nutritious foods <sup>g</sup>	Pregnant or parenting women with children up to age 5 who are at or below 185% of FPL
THE 2007 FEDERAL POVERTY LEVEL (FPL) FOR A FAMILY OF THREE IS \$17,170 (ANNUAL INCOME)		

<sup>a</sup> U.S. Department of Health and Human Services. Administration for Children & Families, Office of Child Support Enforcement. 2002 Annual statistical report. (Tables 4, 10, 11 and 52). Available at [http://www.acf.hhs.gov/programs/cse/pubs/2003/reports/annual\\_statistical\\_report/tables.html](http://www.acf.hhs.gov/programs/cse/pubs/2003/reports/annual_statistical_report/tables.html). Average child support payment updated using the 2007 Consumer Price Index.

<sup>b</sup> Maryland State Department of Education. Purchase of Care Subsidy Program. Available at [http://www.marylandpublicschools.org/MSDE/divisions/child\\_care/purchase\\_of\\_care/pocsp.htm](http://www.marylandpublicschools.org/MSDE/divisions/child_care/purchase_of_care/pocsp.htm)

<sup>c</sup> National Center for Children in Poverty. *State Profiles*. Maryland: Section 8 Housing Vouchers. Available at [http://www.nccp.org/profiles/MD\\_profile\\_34.html](http://www.nccp.org/profiles/MD_profile_34.html)

<sup>d</sup> Kaiser Family Foundation. State Health Facts Online. *Maryland: Income eligibility for parents applying for Medicaid by annual income as a percent of federal poverty level, 2006*. Available at [www.statehealthfacts.org](http://www.statehealthfacts.org)

<sup>e</sup> Maryland Department of Health and Mental Hygiene. *MCHP income guidelines*. Available at <http://www.dhmm.state.md.us/mma/mchp/>

<sup>f</sup> U.S. Department of Agriculture. Food and Nutrition Service. Food Stamps Program. Available at [http://www.fns.usda.gov/fsp/applicant\\_recipients/fs\\_Res\\_Ben\\_Elig.htm](http://www.fns.usda.gov/fsp/applicant_recipients/fs_Res_Ben_Elig.htm)

<sup>g</sup> U.S. Department of Agriculture. Food and Nutrition Service. WIC Program: Average monthly benefit per person. 2006. Available at [http://www.fns.usda.gov/pd/25wifyavgfd\\$.htm](http://www.fns.usda.gov/pd/25wifyavgfd$.htm)

In Maryland, and in most other states, families who enter the workforce from welfare are eligible for continued coverage by Medicaid for themselves and their children for up to 12 months depending on the parent's income level and the availability of employer-sponsored health insurance.<sup>5</sup> When Medicaid is modeled as a work support, the Self-Sufficiency Standard assumes health care costs are zero for the adult(s) and child(ren). In some states, after one year of Medicaid transition, adults are covered only if family income is less than the state's Medicaid eligibility levels.<sup>6</sup>

With the expansion of the federal and state-supported Children's Health Insurance Program, or SCHIP, many working families have the option of covering their children's health care needs when their employer does not offer family coverage, and the family does not qualify for Medicaid. Children under 19 years of age in families who do not have private or employer-sponsored health insurance, may be eligible for state CHIP (or S-CHIP), a joint

federal-state program. In Maryland, where the state CHIP program is called Maryland's Children's Health Program (MCHP), families with incomes up to 200% of the FPL pay no monthly premium, and families with incomes between 200% and 300% of the FPL pay a \$45 or \$57 monthly premium for children's coverage.<sup>7</sup>

Because parents are not covered under Maryland's Children's Health Program, when children are covered by MCHP the Standard assumes no costs for the children beyond the monthly MCHP premium, but for the single parent, assumes the health care costs of a single adult (\$147 per month in Baltimore City and \$142 per month in Charles County).

**Housing Assistance:** Like the child care subsidy, housing assistance is a major support for families. However, despite their importance, housing subsidies are extremely limited nationwide. When available, housing assistance generally reduces housing costs to 30% of income.<sup>8</sup>

## Modeling the Impact of Child Support & Work Supports

In Table 1, the impact of adding child support and work supports is modeled for a family with one adult, one preschooler, and one schoolage child living in Baltimore City, Maryland. Costs reduced by work supports in this table are noted in bold. Brackets in the column headings indicate that the work support was attempted to be modeled, but could not be modeled. (Note that while TANF, or Temporary Assistance for Needy Families, is available for families with very low incomes, it is not modeled here because the income required for TANF eligibility is well below the self-sufficiency income baseline.)

Note that the shaded rows at the bottom of the table show how much is received in tax credits *annually* for all modeled columns. This is done in order to be as realistic as possible because the refundable Earned Income Tax Credit (EITC) and the refundable portion of the Child Tax Credit (CTC) are overwhelmingly received *annually* by those families who are eligible. The Child Care Tax Credit, which is not refundable, is only shown as a *monthly* credit against federal taxes in both the Self-Sufficiency Standard and modeling columns.

**Table 1**  
Impact of the Addition of Child Support and Work Supports on Monthly Costs and Self-Sufficiency Wage Single Parent with One Preschooler and Schoolage Baltimore City, MD 2007

MONTHLY COSTS:	CHILD SUPPORT AND WORK SUPPORTS					
	#1	#2	#3	#4	#5	#6
	SELF-SUFFICIENCY STANDARD	Child Support	Child Support & Child Care	Child Care, [Food Stamps]/ WIC* & Medicaid	Child Care, [Food Stamps]/ WIC & MCHP	Housing, Child Care, [Food Stamps]/ WIC & MCHP
Housing	\$806	\$806	\$806	\$806	\$806	\$650
Child Care	\$1,005	\$1,005	\$373	\$358	\$373	\$358
Food	\$519	\$519	\$519	\$485	\$485	\$485
Transportation	\$80	\$80	\$80	\$80	\$80	\$80
Health Care	\$384	\$384	\$384	\$0	\$147	\$147
Miscellaneous	\$279	\$279	\$279	\$279	\$279	\$279
Taxes	\$638	\$578	\$373	\$254	\$353	\$249
Earned Income Tax Credit	\$0	**	**	**	**	**
Child Care Tax Credit (-)	-\$105	-\$115	-\$99	-\$69	-\$93	-\$68
Child Tax Credit (-)	-\$167	-\$93	\$0	\$0	\$0	\$0
Child Support		-\$239	-\$239			
SELF-SUFFICIENCY WAGE:						
Hourly	\$19.55	\$18.21	\$14.07	\$12.46	\$13.81	\$12.39
Monthly	\$3,440	\$3,205	\$2,476	\$2,193	\$2,431	\$2,182
Annual	\$41,285	\$38,456	\$29,716	\$26,322	\$29,169	\$26,178
Total Federal EITC annually refundable**		\$0	\$1,699	\$2,414	\$1,814	\$2,444
Total State EITC annually refundable**		\$0	\$340	\$483	\$363	\$489
Total Federal CTC annually refundable**		\$879	\$2,000	\$2,000	\$2,000	\$2,000

\* WIC is the Special Supplemental Nutrition Program for Women, Infants and Children (WIC) in Maryland. Assumes average monthly value of WIC benefit \$33.63 (FY 2007).

\*\* See discussion on the treatment of tax credits in Methodological Assumptions and Sources for the 2007 Maryland Self-Sufficiency Standard.

Note: Work supports in brackets [ ] indicate that we attempted to model this work support; however, if the income was high enough to meet the family's needs, it was too high to qualify for the work support.

The first column of Table 1 shows the Self-Sufficiency Standard for a Baltimore City family consisting of a single parent with one preschooler and one schoolage child. Serving as the “benchmark,” the Self-Sufficiency Standard column shows this family’s expenses, including taxes, without any child support or work supports to reduce these costs (except tax credits where applicable). This family has monthly child care expenses of \$1,005 and monthly housing costs of \$806; therefore, this parent must earn a Self-Sufficiency Wage of **\$19.55** per hour.

The second column adds Maryland’s average child support award of \$239 per month to the base Self-Sufficiency Standard. Unlike additional earned income, child support is not taxable and reduces the amount this family needs to earn by \$1.60 per hour to **\$18.21**.

The third column models the impact of child support and child care assistance. With the addition of the child care work support, child care costs are reduced substantially from \$1,005 to \$373 per month. The impact of child care assistance is dramatic; the family’s Self-Sufficiency Wage reduces to just over **\$14.00** per hour.

For adults moving from welfare to work, child care assistance, food stamps, WIC, and Medicaid comprise the typical “package” of benefits. In the fourth column, it is assumed that Medicaid will cover all

of the family’s health care expenses, reducing health care costs from \$384 per month to zero. This family is eligible for WIC benefits, which reduces food costs from \$519 per month to \$485 per month (note that while food stamps are modeled, if the income is high enough to meet the total costs of the family’s needs, it is above the food stamp eligibility level). With the reduction of health care and food costs, the cost of child care assistance is also reduced to \$358 per month. This family now only needs to earn **\$12.46** per hour to be self-sufficient.

When Maryland’s Children’s Health Program is substituted for Medicaid (in the fifth column), the parent must begin paying his or her own health insurance costs, increasing the Self-Sufficiency Wage; therefore causing child care assistance to decrease. The Self-Sufficiency Wage is raised to **\$13.81** per hour.

Finally, housing assistance is added to the work support package modeled in Column 5. With the addition of a housing subsidy, housing costs are reduced substantially, from \$806 to \$650. This parent’s Self-Sufficiency Wage reduces to **\$12.39** per hour. Additionally, at this income level, the parent is eligible for over almost \$5,000 in annual refundable tax credits. However, even with the assistance of multiple work supports, the lowest Self-Sufficiency Wage of \$12.39 per hour is still over \$6.00 more than the 2007 Maryland minimum wage of \$6.15 per hour.

## The Impact of Work Supports on Wage Adequacy

While in Table 1 we examined how child support and work supports reduced the wage a parent needs to meet their needs, in Table 2 we reverse this analysis, asking the question “How adequate are various wages in meeting a family’s needs, without and with various work supports?” Wage adequacy is defined as the degree to which a given wage is adequate to meet basic needs, taking into account various work supports—or lack thereof. *If wage adequacy is at (or above) 100% that means the wage is enough (or more than enough) to meet 100% of the family’s basic needs.*

To model wage adequacy, Table 2 uses the same family type (a single parent with one preschooler and one schoolage child) as Table 1 but in Charles County. Costs that are reduced by work supports are noted in bold. As in Table 1, it is assumed that the “refundable” federal EITC and the “additional” refundable portion of the CTC are received annually; therefore these credits are not shown in Table 2 as available to reduce costs monthly, but again the annual credits are shown in shaded rows at the bottom of each panel.



Table 2  
Impact of Work Supports on Wage Adequacy  
Single Parent with One Preschooler and One Schoolage Child  
Charles County, MD 2007

	#1	#2	#3	#4	#5
	\$6.15/HOUR MD STATE MINIMUM WAGE	\$7.50/HOUR	\$8.50/HOUR MD LIVING WAGE*	\$10.00/HOUR	\$12.00/HOUR
<b>PANEL A: NO WORK SUPPORTS</b>					
<b>TOTAL MONTHLY INCOME:</b>	\$1,082	\$1,320	\$1,496	\$1,760	\$2,112
<b>MONTHLY COSTS:</b>					
Housing	\$1,404	\$1,404	\$1,404	\$1,404	\$1,404
Child Care	\$1,188	\$1,188	\$1,188	\$1,188	\$1,188
Food	\$545	\$545	\$545	\$545	\$545
Transportation	\$278	\$278	\$278	\$278	\$278
Health Care	\$366	\$366	\$366	\$366	\$366
Miscellaneous	\$378	\$378	\$378	\$378	\$378
Taxes	\$39	\$120	\$137	\$196	\$281
Earned Income Tax Credit (-)	\$0	**	**	**	**
Child Care Tax Credit (-)	\$0	\$0	\$0	(\$26)	(\$61)
Child Tax Credit (-)	\$0	\$0	\$0	\$0	\$0
<b>TOTAL MONTHLY EXPENSES</b>	\$4,199	\$4,279	\$4,297	\$4,330	\$4,379
<b>SHORTFALL (-) or SURPLUS</b>	<b>(\$3,116)</b>	<b>(\$2,959)</b>	<b>(\$2,801)</b>	<b>(\$2,570)</b>	<b>(\$2,267)</b>
<b>WAGE ADEQUACY Total Income/Total Expenses</b>	26%	31%	35%	41%	48%
Total Federal EITC (annually refundable)**	\$4,716	\$4,621	\$4,176	\$3,509	\$2,620
Total State EITC (annually refundable)**	\$943	\$924	\$835	\$702	\$524
Total Federal CTC (annually refundable)**	\$186	\$614	\$930	\$1,406	\$2,000
<b>PANEL B: CHILD CARE ASSISTANCE</b>					
<b>TOTAL MONTHLY INCOME:</b>	\$1,082	\$1,320	\$1,496	\$1,760	\$2,112
<b>MONTHLY COSTS:</b>					
Housing	\$1,404	\$1,404	\$1,404	\$1,404	\$1,404
Child Care	\$65	\$154	\$259	\$364	\$387
Food	\$545	\$545	\$545	\$545	\$545
Transportation	\$278	\$278	\$278	\$278	\$278
Health Care	\$366	\$366	\$366	\$366	\$366
Miscellaneous	\$378	\$378	\$378	\$378	\$378
Taxes	(\$113)	(\$62)	(\$39)	\$50	\$165
Earned Income Tax Credit (-)	\$0	**	**	**	**
Child Care Tax Credit (-)	\$0	\$0	\$0	(\$26)	(\$61)
Child Tax Credit (-)	\$0	\$0	\$0	\$0	\$0
<b>TOTAL MONTHLY EXPENSES</b>	\$3,075	\$3,245	\$3,367	\$3,506	\$3,578
<b>SHORTFALL (-) or SURPLUS</b>	<b>(\$1,993)</b>	<b>(\$1,925)</b>	<b>(\$1,871)</b>	<b>(\$1,746)</b>	<b>(\$1,466)</b>
<b>WAGE ADEQUACY Total Income/Total Expenses</b>	35%	41%	44%	50%	59%
Total Federal EITC (annually refundable)**	\$4,716	\$4,621	\$4,176	\$3,509	\$2,620
Total State EITC (annually refundable)**	\$943	\$924	\$835	\$702	\$524
Total Federal CTC (annually refundable)**	\$186	\$614	\$930	\$1,406	\$2,000

\* Required for government contractors in rural parts of Maryland, including Charles County. See [http://mlis.state.md.us/2007RS/chapters\\_noln/Ch\\_284\\_hb0430E.pdf](http://mlis.state.md.us/2007RS/chapters_noln/Ch_284_hb0430E.pdf).

\*\* EITC is not received as a credit against taxes, so it is not shown as a monthly tax credit; likewise, only the nonrefundable portion of the Child Tax Credit (which is a credit against federal taxes) is shown, if any (see text for explanation).

Table 2 (Continued)  
 Impact of Work Supports on Wage Adequacy  
 Single Parent with One Preschooler and One Schoolage Child  
 Charles County, MD 2007

	#1	#2	#3	#4	#5
	\$6.15/HOUR MD STATE MINIMUM WAGE	\$7.50/HOUR	\$8.50/HOUR MD LIVING WAGE	\$10.00/HOUR	\$12.00/HOUR
<b>PANEL C: CHILD CARE, FOOD STAMPS/WIC, MCHP</b>					
<b>TOTAL MONTHLY INCOME:</b>	\$1,082	\$1,320	\$1,496	\$1,760	\$2,112
<b>MONTHLY COSTS:</b>					
Housing	\$1,404	\$1,404	\$1,404	\$1,404	\$1,404
Child Care	\$65	\$154	\$259	\$364	\$387
Food	\$156	\$187	\$197	\$233	\$511 <sup>a</sup>
Transportation	\$278	\$278	\$278	\$278	\$278
Health Care	\$142	\$142	\$142	\$142	\$142
Miscellaneous	\$378	\$378	\$378	\$378	\$378
Taxes	\$39	\$120	\$137	\$196	\$281
Earned Income Tax Credit (-)	\$0	**	**	**	**
Child Care Tax Credit (-)	\$0	\$0	\$0	(\$26)	(\$61)
Child Tax Credit (-)	\$0	\$0	\$0	\$0	\$0
<b>TOTAL MONTHLY EXPENSES</b>	\$2,462	\$2,662	\$2,795	\$2,970	\$3,320
<b>SHORTFALL (-) or SURPLUS</b>	(\$1,380)	(\$1,342)	(\$1,299)	(\$1,210)	(\$1,208)
<b>WAGE ADEQUACY Total Income/Total Expenses</b>	<b>44%</b>	<b>50%</b>	<b>54%</b>	<b>59%</b>	<b>64%</b>
Total Federal EITC (annually refundable)**	\$4,716	\$4,621	\$4,176	\$3,509	\$2,620
Total State EITC (annually refundable)**	\$943	\$924	\$835	\$702	\$524
Total Federal CTC (annually refundable)**	\$186	\$614	\$930	\$1,406	\$2,000
<b>PANEL D: HOUSING, CHILD CARE, FOOD STAMPS/WIC, MCHP</b>					
<b>TOTAL MONTHLY INCOME:</b>	\$1,082	\$1,320	\$1,496	\$1,760	\$2,112
<b>MONTHLY COSTS:</b>					
Housing	\$325	\$396	\$449	\$528	\$634
Child Care	\$65	\$154	\$259	\$364	\$387
Food	\$156	\$187	\$197	\$233	\$511 <sup>a</sup>
Transportation	\$278	\$278	\$278	\$278	\$278
Health Care	\$142	\$142	\$142	\$142	\$142
Miscellaneous	\$378	\$378	\$378	\$378	\$378
Taxes	\$39	\$120	\$137	\$196	\$281
Earned Income Tax Credit (-)	\$0	**	**	**	**
Child Care Tax Credit (-)	\$0	\$0	\$0	(\$26)	(\$61)
Child Tax Credit (-)	\$0	\$0	\$0	\$0	\$0
<b>TOTAL MONTHLY EXPENSES</b>	\$1,383	\$1,654	\$1,840	\$2,093	\$2,550
<b>SHORTFALL (-) or SURPLUS</b>	(\$300)	(\$334)	(\$344)	(\$333)	(\$438)
<b>WAGE ADEQUACY Total Income/Total Expenses</b>	<b>78%</b>	<b>80%</b>	<b>81%</b>	<b>84%</b>	<b>83%</b>
Total Federal EITC (annually refundable)**	\$4,716	\$4,621	\$4,176	\$3,509	\$2,620
Total State EITC (annually refundable)**	\$943	\$924	\$835	\$702	\$524
Total Federal CTC (annually refundable)**	\$186	\$614	\$930	\$1,406	\$2,000

\* Required for government contractors in rural parts of Maryland, including Charles County. See [http://mlis.state.md.us/2007RS/ chapters\\_noln/ Ch\\_284\\_hb0430E.pdf](http://mlis.state.md.us/2007RS/chapters_noln/Ch_284_hb0430E.pdf).

\*\* EITC is not received as a credit against taxes, so it is not shown as a monthly tax credit; likewise, only the nonrefundable portion of the Child Tax Credit (which is a credit against federal taxes) is shown, if any (see text for explanation).

<sup>a</sup> This family is not income eligible for food stamps at this wage level.



In Table 2, we show the impact of work supports on wage adequacy at five wage levels (\$6.15, \$7.50, \$8.50, \$10.00, and \$12.00 per hour). Column 1, at the wage of \$6.15 per hour, represents the 2007 minimum wage for Maryland and Column 3 represents the living wage required for government contractors in rural parts of the State, including Charles County.<sup>9</sup> The other three wages then show the progression of wages versus the declining value, or loss of work supports at each of three wage levels.

In Table 2, **Panel A** models how “no work supports” (wages only) impacts the wage needed. The next three illustrations of wage adequacy are modeled using the same five wage levels, but with work supports. **Panel B** models child care alone; **Panel C** models child care, Food Stamps/WIC, and Maryland Children’s Health Program (MCHP); and **Panel D** adds a housing subsidy to the supports modeled in Panel C.

**Panel A** is the benchmark, showing the wage adequacy for each of the five wages modeled with no work supports (“wages only”). In Column 1, the parent earns the minimum wage or \$6.15 per hour, for a total monthly income of \$1,082. At this wage, there is a shortfall of \$3,116 and a wage adequacy of just **26%**. In other words, working full-time at the Maryland minimum wage, without any other support or resources, only provides 26% of the income needed to meet this family’s needs. In Columns 2-5, as the modeled incomes increase, wage adequacy increases from 31% at \$7.50 per hour to **48%** at \$12.00 per hour. The family’s monthly income at these wage levels is still far below what is needed to meet basic needs at a minimally adequate level. (Note that this family is eligible to receive federal and state EITC, and the federal Child Tax Credit, but these refundable credits are not available monthly to meet monthly expenses; see discussion above.)

When the family receives child care assistance, it reduces their expenses, and raises wage adequacy, as shown in **Panel B**. At \$6.15 per hour, child care assistance alone decreases the cost of child care

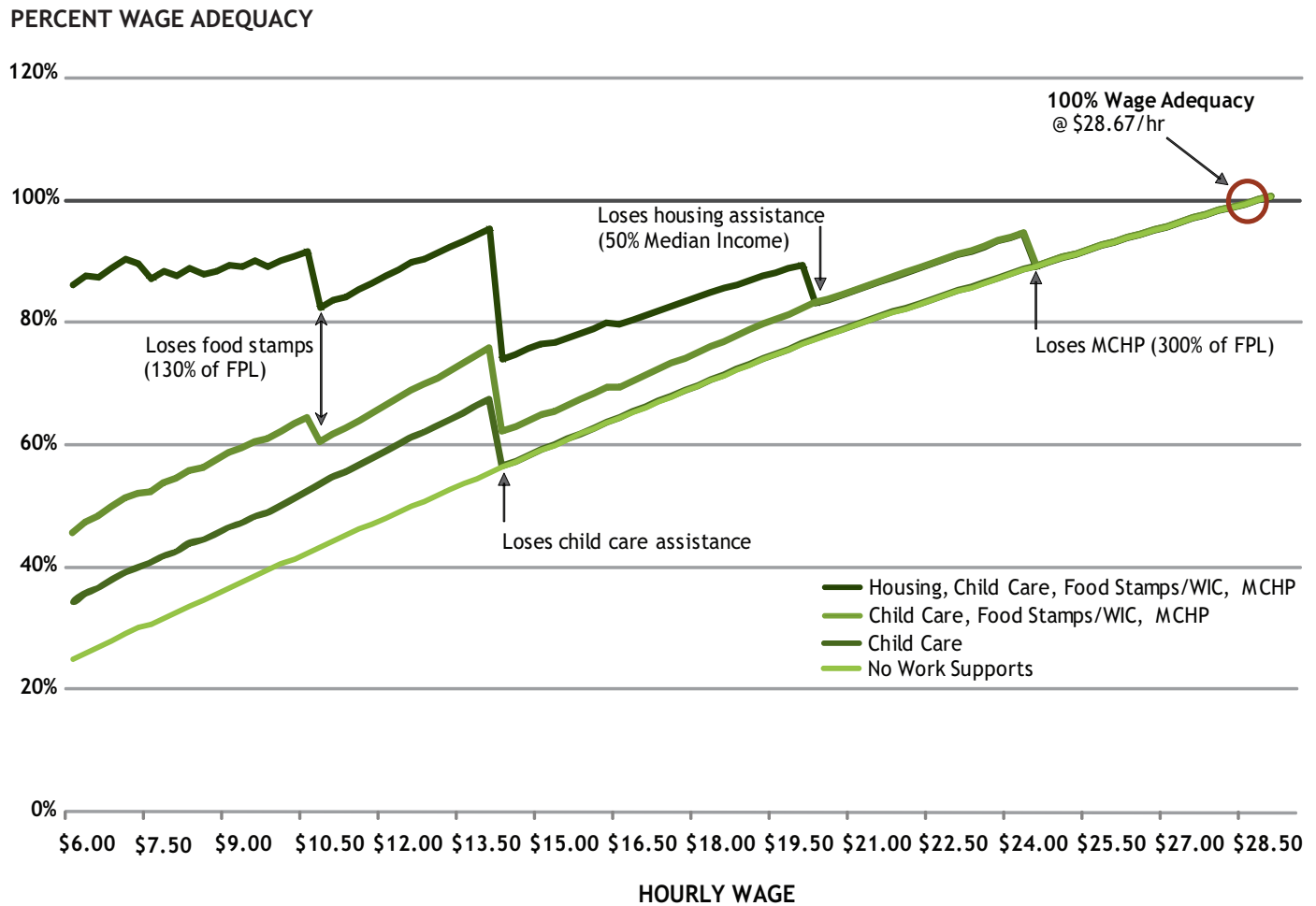
from \$1,188 to **\$65**, increasing wage adequacy from 26% with no work supports to **35%** with child care assistance. As child care assistance is added to each increased wage, the wage adequacy increases. At \$12.00 per hour, child care assistance increases wage adequacy from 48% with no work supports to **59%**.

In **Panel C**, adding food stamps, WIC, and Maryland’s Children’s Health Program to child care assistance increases wage adequacy to **44%** at \$6.15 per hour and up to **64%** at \$12.00 per hour. (Note that at a wage of \$12.00 per hour this family is only receiving WIC, and no longer eligible for food stamps.)

Finally, in **Panel D**, when housing assistance is added to the previous set of work supports, wage adequacy at \$6.15 per hour has risen to **78%** and at \$10.00 per hour increases to **84%**. Wage adequacy for a family earning a wage of \$12.00 per hour is slightly less than for a family earning \$10.00 per hour because at \$12.00 per hour the family is not eligible for food stamps. Thus, a small raise results in what is often called a “cliff”. That is, when the family’s income increases to the point where they are no longer eligible for a work support, the total net resources available to the family decreases, or increases only slightly.

**Figure 2** depicts the impact of work supports on wage adequacy as income moves from earning \$7.00 per hour to \$28.67 per hour (the Self-Sufficiency Wage), showing the “cliffs” when work supports are lost as family income exceeds the eligibility limit. As in Table 2, the same family type (one adult with one preschooler and one schoolage) in Charles County is modeled. At \$10.50 per hour, the family’s wage adequacy equals **92%** with the help of the full work support package of housing, child care, food stamps, WIC, and Maryland’s Children’s Health Program. However, if the parent’s hourly wage increases from \$10.50 to \$10.75, wage adequacy decreases from **92%** to **83%** due to the loss of food stamps. The family’s total resources do not reach **92%** again until the parent earns \$13.25 per hour.

Figure 2. Impact of Work Supports on Wage Adequacy (showing cliffs)  
 Single Parent with One Preschooler and One Schoolage Child  
 Charles County, MD, 2007



If the parent’s income increases slightly from \$14.00 to \$14.25 per hour another cliff occurs. At \$14.25 per hour, the parent’s income is above the income eligibility level for child care assistance and he or she is no longer eligible for child care. Thus, wage adequacy decreases from 95% to 74% as the cost of child care increases from \$402 per month with assistance to the full cost of child care at \$1,188 per month for one preschooler and one schoolage child in Charles County.

The family does not reach **100%** of wage adequacy until the parent earns the full Self-Sufficiency Wage of \$28.67 per hour. However, with all four work supports (child care assistance, Maryland’s Children’s Health Program, Food Stamps, and housing) he or she is almost able to meet his or her family’s needs at wages as low as \$10.50 per hour. These work supports are key for helping families as they move towards self-sufficiency.

## Importance and Availability of Work Supports

When assisted temporarily with work supports until they are able to earn Self-Sufficiency Wages, families are able to meet their basic needs as they enter or re-enter the workforce. In turn, re-entering the workforce means families can continue to meet basic needs. Thus, carefully targeted programs and tax policies can play a critical role in helping families break out of a poverty cycle. Unfortunately, the various work supports modeled here are not available to all who need them.

**Housing:** Nationally, almost 5 million households received federally assisted housing in 2005.<sup>10</sup>

However, only about one in four households eligible for such programs received any assistance, of which about 60% are families with children. In Maryland, around 92,000 households received federally assisted housing in 2005. However, the Center for Budget and Policy Priorities estimate that during the same year there were 278,922 low-income families in Maryland with unaffordable housing-cost burdens.<sup>11</sup>

**Food:** Nationally, enrollment in the Food Stamp Program has increased steadily since 2002, reaching 26.7 million people, or 11.7 million households, in 2006.<sup>12</sup> In Maryland, participation in the Food Stamp Program rose from 228,329 participants in fiscal year 2002 to 305,395 in fiscal year 2006, a 34% increase.<sup>13</sup> Even so, it is likely that many families who left TANF cash assistance programs to begin employment remained eligible for food stamps that they did not receive. The Center on Budget and Policy Priorities states,

Research by both the Department of Health and Human Services and the Urban Institute has shown that fewer than half of the individuals who leave TANF cash assistance continue to participate in the Food Stamp Program despite earning low wages and (in most cases) remaining eligible for food stamp benefits.<sup>14</sup>

Moreover, according to the Urban Institute, in 2002 nearly 30% of children under age six were children of immigrants.<sup>15</sup> Legal immigrants are excluded from federal benefits for five years after entry into the U.S., and undocumented immigrants are always ineligible for food stamps. Thus, a large number of low-income children do not receive food benefits because of their citizenship status. Although citizen children of non-citizen parents are eligible for benefits it is unlikely that non-citizen parents will apply for federal benefits, either due to perceived risk or lack of knowledge.<sup>16</sup>

**Child Care:** According to the U.S. Department of Health and Human Services,

Over eight million children were potentially eligible for child care subsidies in 2003, under the eligibility rules of the Child Care and Development Fund (CCDF). While we do not know how many of these children were in families that needed help paying for child care, 28% of the potentially eligible children received subsidized care through CCDF or related funding streams in fiscal year 2003.<sup>17</sup>

In Maryland, approximately 20,500 children, or 11,700 families per month, received CCDF subsidies in fiscal year 2004.<sup>18</sup> Those children represent 5% of Maryland's 401,000 children under age 19 who lived in households with incomes at or below 200% of the Federal Poverty Level.<sup>19</sup>

**Health Insurance:** According to the National Center for Health Statistics, the rate of uninsured children nationwide has steadily fallen from 13.9% in 1997 to 10.1% in 2003.<sup>20</sup> However, Families USA reports that “since 2001, low-income children’s access to health insurance coverage has been negatively affected by state budget cuts” resulting from fiscal pressures of the recent economic recession and that the

cumulative effect at the national level was that children’s enrollment in the SCHIP program declined during the second half of 2003, the first decrease since the program was implemented in 1997.<sup>21</sup>

In spite of the expansion of SCHIP, the number of uninsured children has continued to increase since 2004. According to the Center for Budget and Policy Priorities, “the main reason that both children and adults have been losing ground in health insurance coverage is the erosion of employer-sponsored insurance”.<sup>22</sup>

Maryland’s Children’s Health Program served approximately 120,316 children in 2005,<sup>23</sup>

representing about 30% of children in 2005 under age 19 with family incomes at or below 200% of the FPL. Overall, 5.2% of children (75,000 children) in Maryland families who earn wages at or below 200% of the FPL did not have health insurance in 2005.<sup>24</sup>

**Child Support:** Although 60% of custodial parents in the United States have child support awards, only 45% receive the full amount owed to them. Of the remaining 55%, only 31% receive a portion of the child support payment awarded, leaving 24% with no support at all.<sup>25</sup>

## Conclusion

The challenge facing Maryland is to determine how to make it possible for low-income households to become economically self-sufficient. The high costs of housing, child care and health care, the lack of education and skills, welfare time limits, and restrictions on training and education all add to the problems faced by many parents seeking self-sufficiency. This report is meant to provide a contribution towards establishing economic self-sufficiency by

showing that work supports help low-wage workers meet basic needs for their family. Meeting basic needs means they are more likely to achieve stability in housing, child care, diet, and health care, which subsequently helps support their ability to achieve stable employment. Thus, through carefully targeted programs and tax policies, work supports can play an important role in helping Maryland families become self-sufficient.

For further information about the Standard, how it is calculated or used, or the findings reported here, contact Dr. Diana Pearce at [pearce@u.washington.edu](mailto:pearce@u.washington.edu) or (206) 616-2850, or the Center for Women’s Welfare staff at (206) 685-5264.

To receive a copy of the 2007 Self-Sufficiency Standards for a specific county or the full state of Maryland, or to find out more about Advocates for Children and Youth, please call (410) 547-9200, or visit [www.acy.org](http://www.acy.org).

## Endnotes

- <sup>1</sup> U.S. Department of Health and Human Services. Administration for Children & Families, Office of Child Support Enforcement. *2002 Annual statistical report*. (Tables 4, 10, 11 and 52). Retrieved from [http://www.acf.hhs.gov/programs/cse/pubs/2003/reports/annual\\_statistical\\_report/tables.html](http://www.acf.hhs.gov/programs/cse/pubs/2003/reports/annual_statistical_report/tables.html). Bureau of Labor Statistics. Average child support payment updated using the 2007 Consumer Price Index. Retrieved from <http://www.bls.gov/cpi/home.htm>
- <sup>2</sup> Center on Budget and Policy Priorities. *Transitional food stamps: background and implementation issue*. (2003, November 10). Retrieved from <http://www.cbpp.org/11-10-03fa.htm>. U.S. Department of Agriculture. Food and Nutrition Service. Food Stamps Program. Retrieved from <http://www.fns.usda.gov/pd/fsmoonthly.htm> and [http://www.fns.usda.gov/fsp/applicant\\_recipients/fs\\_Res\\_Ben\\_Elig.htm](http://www.fns.usda.gov/fsp/applicant_recipients/fs_Res_Ben_Elig.htm)
- <sup>3</sup> U.S. Department of Agriculture. Food and Nutrition Service. *Women, infants, and children*. Retrieved from <http://www.fns.usda.gov/wic/>
- <sup>4</sup> U.S. Department of Agriculture. Food and Nutrition Service. *WIC Program: average monthly benefit per person 2006*. Retrieved from [http://www.fns.usda.gov/pd/25wifyavgfd\\$.htm](http://www.fns.usda.gov/pd/25wifyavgfd$.htm)
- <sup>5</sup> Maryland Department of Human Resources. Temporary Cash Assistance Manual. *Post-eligibility benefits*. Retrieved from [http://www.dhr.state.md.us/tca/manual/15\\_01.pdf](http://www.dhr.state.md.us/tca/manual/15_01.pdf)
- <sup>6</sup> U.S. Department of Health and Human Services. Centers for Medicaid and Medicare Services. *Medicaid at-a-glance* (2005). A Medicaid Information Source. Retrieved from <http://www.cms.hhs.gov/MedicaidGen-Info/Downloads/MedicaidAtAGlance2005.pdf>
- <sup>7</sup> Maryland Medical Programs. Maryland's Children's Health Program. Retrieved from <http://www.dhmf.state.md.us/mma/mchp/>
- <sup>8</sup> U.S. Housing and Urban Development. *Housing choice voucher program fact sheet (Section 8)*. Retrieved from <http://www.hud.gov/about/section8.cfm>
- <sup>9</sup> Maryland General Assembly. (2007). Chapter 284, House Bill 430, *State procurement contracts – Living wage*. Retrieved from [http://mlis.state.md.us/2007RS/chapters\\_noln/Ch\\_284\\_hb0430E.pdf](http://mlis.state.md.us/2007RS/chapters_noln/Ch_284_hb0430E.pdf)
- <sup>10</sup> Center on Budget and Policy Priorities. (2007). *Introduction to the housing voucher program*. Retrieved from <http://www.centeronbudget.org/5-15-03hou.pdf>
- <sup>11</sup> Rice, D. and Sard, B. (2007). *The effects of the federal budget squeeze on low-income housing assistance*. Center for Budget and Policy Priorities. Retrieved from <http://www.centeronbudget.org/2-1-07hou.pdf>
- <sup>12</sup> U.S. Department of Agriculture. Food and Nutrition Service. Program Data. *Average Monthly Participation and Number of Households Participating*. Retrieved from <http://www.fns.usda.gov/pd/15fsfypart.htm> and <http://www.fns.usda.gov/pd/30fslatehh.htm>
- <sup>13</sup> U.S. Department of Agriculture. Food and Nutrition Service. Program Data. *Food stamp program: average monthly participation (Person)*. (Data as of June 26, 2007). Retrieved from <http://www.fns.usda.gov/pd/15fsfypart.htm>. Note that this increase does not control for population change in Maryland, or any USDA methodological changes.
- <sup>14</sup> Center on Budget and Policy Priorities. *Transitional Food Stamps: Background and Implementation Issue*. (2003, November 10). Retrieved from <http://www.cbpp.org/11-10-03fa.htm>
- <sup>15</sup> Capps R., Fix M., Ost J., Reardon-Anderson J., and Passel J. (2005) *Immigrant families and workers: The health and well-being of young children and immigrants*. Facts and Perspectives Brief Number 5. Urban Institute Immigration Studies Program.



Retrieved July 2007 from [http://www.urban.org/UploadedPDF/311182\\_immigrant\\_families\\_5.pdf](http://www.urban.org/UploadedPDF/311182_immigrant_families_5.pdf)

<sup>16</sup> Capps et al. state that, “many eligible citizen children with noncitizen parents do not participate in these programs because the parents are unaware that their children are eligible. They may also be afraid of receiving benefits because of the consequences for retaining legal status or becoming a citizen.”

<sup>17</sup> U.S. Department of Health and Human Services. ASPE Issue Brief. *Child care eligibility and enrollment estimates for fiscal year 2003* (April 2005). Retrieved from <http://aspe.hhs.gov/hsp/05/cc-elig-est03/>

<sup>18</sup> U.S. Census Bureau. *Low income uninsured children by state: 2002, 2003, and 2004*. Retrieved from <http://www.census.gov/hhes/www/hlthins/liuc04.html>

<sup>19</sup> U.S. Department of Health and Human Services. Administration for Children and Families. Child Care Bureau. *Child care and development fund average monthly adjusted number of families and children served (FFY 2005)*. Retrieved from [http://www.acf.hhs.gov/programs/ccb/data/ccdf\\_data/05acf800/table1.htm](http://www.acf.hhs.gov/programs/ccb/data/ccdf_data/05acf800/table1.htm)

<sup>20</sup> Center for Disease Control. National Center for Health Statistics. (2003, June). *Health insurance coverage: Estimates from the National Health Interview Survey, 2003*. Retrieved from <http://www.cdc.gov/nchs/data/nhis/earlyrelease/insur200406.pdf>

<sup>21</sup> Families USA. (2004, September) *Health Care: Are you better off today than you were four years ago?* Retrieved from [http://www.familiesusa.org/site/docserver/Are\\_you\\_better\\_off\\_final.pdf](http://www.familiesusa.org/site/docserver/Are_you_better_off_final.pdf)

<sup>22</sup> The number of uninsured children has increased from 7.72 million in 2004 to 8.6 million in 2006. The percentage of people with employer-sponsored health insurance coverage has decreased from 63.2% in 2001 to 59.7% in 2006. Center on Budget and Policy Priorities (2007). *More Americans, including more children, now lack health insurance*. Retrieved from <http://www.cbpp.org/8-28-07health.htm>

<sup>23</sup> U.S. Department of Health and Human Services. Centers for Medicaid and Medicare Services. *FY 2006 Number of children ever enrolled by year-SCHIP by program type*. Retrieved from <http://www.cms.hhs.gov/NationalSCHIPPolicy/downloads/FY2006StateTotalTable.pdf>

<sup>24</sup> U.S. Department of Health and Human Services. Centers for Medicaid and Medicare Services. *FY 2006 number of children ever enrolled by year-SCHIP by program type*. Retrieved from <http://www.cms.hhs.gov/NationalSCHIPPolicy/downloads/FY2006StateTotalTable.pdf>

<sup>25</sup> Grall, T. (2006). *Custodial mothers and fathers and their child support: 2003*. (U.S. Census Bureau, Current Population Reports, Series P60-230). Washington, DC: U.S. Government Printing Office. Retrieved from <http://www.census.gov/prod/2006pubs/p60-230.pdf>