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# THE IMPACT OF WORK SUPPORTS

The Self-Sufficiency Standard for Wyoming 2007

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

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PREPARED FOR  
THE STATE OF WYOMING, OFFICE OF THE GOVERNOR



## STATE OF WYOMING

In July 2004, Governor Dave and First Lady Nancy Freudenthal introduced the creation of Wyoming's Self-Sufficiency Standard. A Self-Sufficiency Advisory Committee was formed to oversee the compilation of the report and develop implementation strategies for Wyoming's Standard. The Committee is comprised of representatives from the Equality State Policy Center; Laramie County Community College Transitional Services; Our Families, Our Future; The Wyoming Business Council; The Wyoming Children's Action Alliance; the Wyoming Departments of Administration and Information, Corrections, Employment, Family Services, Health, and Workforce Services; the Wyoming Student Loan Corporation; and the Wyoming Women's Foundation. The advisory committee for the Wyoming Standard has recommended using this information in raising awareness about the costs to families and communities when wages are insufficient; developing Wyoming's high-wage jobs sector; encouraging public supports such as food stamps to be used as a step toward self-sufficiency; and providing access to job training and education programs for higher-paying jobs.

This report was prepared with financial assistance from the Wyoming Departments of: Corrections; Employment; Family Services; and Workforce Services; the Wyoming Business Council; and the Wyoming Governor's Office. For more information on the Wyoming Standard, please contact:

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## 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:

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The 2007 Wyoming Self-Sufficiency Standard has been prepared through the cooperative efforts of Liesl Eckert, Sarah Fickeisen, Karen Granberg, Katherine Hirst, Lisa Manzer, Kate Morgan, and Maureen Newby at the University of Washington, Center for Women's Welfare; Jeff White, at the Wyoming Department of Workforce Services; and Katie Hogarty and Rob Black at the State of Wyoming, Office of the Governor.

*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"—such as child care assistance, food stamps, and public health insurance— 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 (an infant and preschooler) in Laramie County, Wyoming. Table 1 shows the *Impact of the Addition of Child Support and Works Supports on the Monthly Costs and Self-Sufficiency Wage*. Table 2 shows the *Impact of Work Supports on Wage Adequacy*.

A second document, the *Methodological Appendix, Wyoming 2007*, outlines the assumptions used for calculating the 2007 Wyoming 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 Wyoming is \$189 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 (see discussion below).

**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> Nationally, the average WIC benefit is \$37.08 (FY 2006) per month. In Wyoming, the WIC benefit averages \$27.63 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

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

WORK SUPPORT PROGRAM	BENEFIT	INCOME ELIGIBILITY
CHILD SUPPORT	Payment of \$189 per month (WY average) <sup>a</sup>	No income limit
WY DEPARTMENT OF FAMILY SERVICES' CHILD CARE SUBSIDY PROGRAM	Subsidized child care amount varies by income level	185% of FPL with transitional assistance up to 200% of FPL <sup>b</sup>
SECTION 8 HOUSING CHOICE VOUCHERS	Sets housing costs to 30% of monthly adjusted gross income	50% of area median income. Up to 80% in some cases; 75% of new vouchers must go to families with incomes below 30% median income. <sup>c</sup>
MEDICAID	Free health benefits	57% of FPL for working parents; 43% of FPL for non-working parents; full family coverage for one year after leaving welfare. <sup>d</sup>
KIDCARE CHIP	Free health benefits for children	200% of FPL <sup>e</sup>
FOOD STAMPS	\$426 per month for a family of 3 (maximum) <sup>f</sup>	130% of FPL
SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS, AND CHILDREN (WIC)	\$27.63 per month to purchase supplemental nutritious foods <sup>g</sup>	185% of FPL for pregnant or parenting women with children up to age 5
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. (2007). *FY 2004 Annual statistical report to Congress* (Tables 11, 12 and 53). Retrieved from [http://www.acf.hhs.gov/programs/cse/pubs/2007/reports/annual\\_report/#40](http://www.acf.hhs.gov/programs/cse/pubs/2007/reports/annual_report/#40). 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>b</sup> Wyoming Department of Family Services. *Child Care Assistance: About Child Care Subsidy*. Retrieved from <http://dfswapps.state.wy.us/DFSDivEC/Parents/ParentsFA.asp>

<sup>c</sup> National Center for Children in Poverty. State Profiles. *Wyoming: Section 8 Housing Vouchers*. Retrieved from <http://www.nccp.org/profiles/>

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

<sup>e</sup> Wyoming Department of Health. *About KidCare CHIP: Eligibility*. Retrieved from <http://health.wyo.gov/healthcarefin/chip/about.html#eligibility>

<sup>f</sup> U.S. Department of Agriculture. Food and Nutrition Service. *Food Stamps Program*. Retrieved from <http://www.fns.usda.gov/pd/fsmonthly.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>g</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)

employer. Without health benefits, most people would find it difficult, and sometimes prohibitively expensive, to meet their families' health care needs.

In Wyoming, as 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). 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 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, but the family does not qualify for

Medicaid.<sup>7</sup> 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 Wyoming, where the state CHIP program is called KidCare CHIP, children in families with income below 200% of the FPL are eligible and do not pay a monthly premium.<sup>8</sup>

Because parents are not covered under Wyoming's Children's Health Program, when children are covered by KidCare CHIP the Standard assumes no costs for the children, but for the single parent, assumes the health care costs of a single adult.

**Housing Assistance:** Like the child care subsidy, housing assistance, such as HUD's Housing Choice (Section 8) Voucher Program, is a major support for families. However, despite their importance, housing subsidies are extremely limited nationwide. When it is available, housing assistance generally reduces housing costs to 30% of income.<sup>9</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 infant, and one preschooler living in Laramie County, Wyoming. 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 the 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.<sup>10</sup> 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.

The first column of Table 1 shows the Self-Sufficiency Standard for a Laramie County family consisting of a single parent with infant and one preschooler. 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 \$961 and monthly housing costs of \$658; therefore, this parent must earn a Self-Sufficiency Wage of **\$16.82** per hour.

The second column adds Wyoming’s average child support award of \$189 per month to the base Self-Sufficiency Standard. Unlike additional earned income, child support is not taxable and reduces what this parent needs to earn to **\$16.61**.

The third column models the impact of child care assistance. With the addition of the child care work

support, child care costs are reduced substantially from \$961 to \$174 per month. Even with the loss of the Earned Income and Child Tax Credit and a reduction in the Child Care Tax Credit, the impact of child care assistance reduces the family’s Self-Sufficiency Wage to just under **\$13.00** 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 \$273 per month to zero. This family is eligible for WIC and food stamp benefits, which reduces food costs from \$482 per month to \$321 per month. With the reduction of health care and food costs, the cost of child care is further reduced to \$69 per month due to an increase in child care assistance. This family now only needs to earn **\$9.61** per hour to be self-sufficient.

When Wyoming’s Children’s Health Insurance Program (KidCare CHIP) is substituted for Medicaid (in the fifth column), the parent must begin paying his or her own health insurance costs of \$118 per month, causing the Self-Sufficiency Wage to increase. Although food stamps are modeled, as the Self-Sufficiency Wage increases, this family becomes ineligible for food stamps. Food costs are increased to \$427 per month, still lower than the benchmark food cost of \$482 for this family type, because the family is still eligible for WIC benefits. The Self-Sufficiency Wage increases to **\$11.32** 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 from \$658 to \$580. This parent’s Self-Sufficiency Wage reduces to **\$10.84** per hour.

Even with the assistance of multiple work supports, the lowest Self-Sufficiency Wage of **\$9.61** per hour is still nearly \$3.75 more than the 2007 federal minimum wage of \$5.85 per hour.

Table 1  
Impact of the Addition of Child Support and Work Supports on Monthly Costs and Self-Sufficiency Wage  
Single Parent with One Infant and One Preschooler  
Laramie County, WY 2007

MONTHLY COSTS:	#1	CHILD SUPPORT AND WORK SUPPORTS				
	THE SELF-SUFFICIENCY STANDARD	#2	#3	#4	#5	#6
		Child Support	Child Care	Child Care, Food Stamps/ WIC* & Medicaid	Child Care, [Food Stamps]/ WIC & KidCare CHIP	Housing, Child Care, [Food Stamps]/ WIC & KidCare CHIP
Housing	\$658	\$658	\$658	\$658	\$658	<b>\$580</b>
Child Care	\$961	\$961	<b>\$174</b>	<b>\$69</b>	<b>\$122</b>	<b>\$122</b>
Food	\$482	\$482	\$482	<b>\$321</b>	<b>\$427</b>	<b>\$427</b>
Transportation	\$237	\$237	\$237	\$237	\$237	\$237
Health Care	\$273	\$273	\$273	<b>\$0</b>	<b>\$118</b>	<b>\$118</b>
Miscellaneous	\$261	\$261	\$261	\$261	\$261	\$261
Taxes	\$414	\$360	\$240	\$164	\$205	\$200
Earned Income Tax Credit	-\$40	**	**	**	**	**
Child Care Tax Credit (-)	-\$120	-\$120	-\$49	-\$19	-\$37	-\$38
Child Tax Credit (-)	-\$167	\$0	\$0	\$0	\$0	\$0
Child Support		<b>-\$189</b>				
<b>SELF-SUFFICIENCY WAGE:</b>						
Hourly	\$16.82	\$16.61	\$12.93	\$9.61	\$11.32	\$10.84
Monthly	\$2,960	\$2,924	\$2,276	\$1,692	\$1,991	\$1,907
Annual	\$35,515	\$35,090	\$27,318	\$20,301	\$23,897	\$22,884
Total Federal EITC (annually refundable)**		\$567	\$2,204	\$3,682	\$2,924	\$3,138
Total Federal CTC (annually refundable)**		\$1,444	\$1,658	\$1,283	\$1,677	\$1,641

\* WIC is the Special Supplemental Nutrition Program for Women, Infants and Children (WIC) in Wyoming. Assumes average monthly value of WIC benefit \$27.63 per child (FY 2006).

\*\* See discussion at the beginning of this section titled "Modeling the Impact of Supports of Wages Required to Meet Basic Needs".

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 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 infant and one preschooler) and the same location (Laramie County) as Table 1. 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 Infant and One Preschooler  
Laramie County, WY 2007

	#1	#2	#3	#4	#5	#6
	\$5.85 Fed. Min. Wage	\$6.39 Waiters/ Waitress*	\$7.12 Child Care Workers	\$8.67 Retail Sales	\$10.84 Nursing Aides	\$13.76 Truck Drivers
<b>TOTAL MONTHLY INCOME:</b>	\$1,030	\$1,125	\$1,253	\$1,526	\$1,908	\$2,422
<b>PANEL A: NO WORK SUPPORTS</b>						
<b>MONTHLY COSTS:</b>						
Housing	\$658	\$658	\$658	\$658	\$658	\$658
Child Care	\$961	\$961	\$961	\$961	\$961	\$961
Food	\$482	\$482	\$482	\$482	\$482	\$482
Transportation	\$237	\$237	\$237	\$237	\$237	\$237
Health Care	\$273	\$273	\$273	\$273	\$273	\$273
Miscellaneous	\$261	\$261	\$261	\$261	\$261	\$261
Taxes	\$94	\$102	\$112	\$135	\$202	\$293
Earned Income Tax Credit (-)	\$0	**	**	**	**	**
Child Care Tax Credit (-)	\$0	\$0	\$0	-\$2	-\$40	-\$92
Child Tax Credit (-)	\$0	\$0	\$0	\$0	\$0	\$0
<b>TOTAL MONTHLY EXPENSES</b>	\$2,967	\$2,974	\$2,984	\$3,005	\$3,034	\$3,073
<b>SHORTFALL (-) or SURPLUS</b>	<b>-\$1,937</b>	<b>-\$1,849</b>	<b>-\$1,731</b>	<b>-\$1,479</b>	<b>-\$1,126</b>	<b>-\$651</b>
<b>WAGE ADEQUACY Total Income/Total Expenses</b>	<b>35%</b>	<b>38%</b>	<b>42%</b>	<b>51%</b>	<b>63%</b>	<b>79%</b>
Total Federal EITC (annually refundable)**	\$4,716	\$4,716	\$4,716	\$4,101	\$3,136	\$1,837
Total Federal CTC (annually refundable)**	\$91	\$262	\$493	\$984	\$1,672	\$2,000
<b>PANEL B: CHILD CARE</b>						
Housing	\$658	\$658	\$658	\$658	\$658	\$658
Child Care	\$17	\$17	\$17	\$17	\$122	\$174
Food	\$482	\$482	\$482	\$482	\$482	\$482
Transportation	\$237	\$237	\$237	\$237	\$237	\$237
Health Care	\$273	\$273	\$273	\$273	\$273	\$273
Miscellaneous	\$261	\$261	\$261	\$261	\$261	\$261
Taxes	\$94	\$102	\$112	\$135	\$202	\$293
Earned Income Tax Credit (-)	\$0	**	**	**	**	**
Child Care Tax Credit (-)	\$0	\$0	\$0	-\$2	-\$40	-\$92
Child Tax Credit (-)	\$0	\$0	\$0	\$0	\$0	\$0
<b>TOTAL MONTHLY EXPENSES</b>	\$2,023	\$2,030	\$2,040	\$2,061	\$2,195	\$2,286
<b>SHORTFALL (-) or SURPLUS</b>	<b>-\$994</b>	<b>-\$906</b>	<b>-\$787</b>	<b>-\$535</b>	<b>-\$287</b>	<b>\$136</b>
<b>WAGE ADEQUACY Total Income/Total Expenses</b>	<b>51%</b>	<b>55%</b>	<b>61%</b>	<b>74%</b>	<b>87%</b>	<b>106%</b>
Total Federal EITC (annually refundable)**	\$4,716	\$4,716	\$4,716	\$4,101	\$3,136	\$1,837
Total Federal CTC (annually refundable)**	\$91	\$262	\$493	\$984	\$1,672	\$2,000

\* Median hourly wages for Laramie County, WY. Wyoming Occupational Employment and Wages May 2006. Retrieved from <http://doe.state.wy.us/LMI/200602ED5/TOC000.htm>

\*\* 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 Infant and One Preschooler  
 Laramie County, WY 2007

	#1	#2	#3	#4	#5	#6
	\$5.85 Fed. Min. Wage	\$6.39 Waiters/ Waitress*	\$7.12 Child Care Workers	\$8.67 Retail Sales	\$10.84 Nursing Aides	\$13.76 Truck Drivers
<b>TOTAL MONTHLY INCOME:</b>	\$1,030	\$1,125	\$1,253	\$1,526	\$1,908	\$2,422
<b>PANEL C: CHILD CARE, FOOD STAMPS/WIC, CHIP</b>						
<b>MONTHLY COSTS:</b>						
Housing	\$658	\$658	\$658	\$658	\$658	\$658
Child Care	\$17	\$17	\$17	\$17	\$122	\$174
Food	\$106	\$140	\$187	\$285	\$427	\$427
Transportation	\$237	\$237	\$237	\$237	\$237	\$237
Health Care	\$118	\$118	\$118	\$118	\$118	\$118
Miscellaneous	\$261	\$261	\$261	\$261	\$261	\$261
Taxes	\$94	\$102	\$112	\$135	\$202	\$293
Earned Income Tax Credit (-)	\$0	**	**	**	**	**
Child Care Tax Credit (-)	\$0	\$0	\$0	-\$2	-\$40	-\$92
Child Tax Credit (-)	\$0	\$0	\$0	\$0	\$0	\$0
<b>TOTAL MONTHLY EXPENSES</b>	\$1,492	\$1,534	\$1,590	\$1,709	\$1,984	\$2,076
<b>SHORTFALL (-) or SURPLUS</b>	<b>- \$462</b>	<b>- \$409</b>	<b>- \$337</b>	<b>- \$183</b>	<b>- \$76</b>	<b>\$346</b>
<b>WAGE ADEQUACY Total Income/Total Expenses</b>	<b>69%</b>	<b>73%</b>	<b>79%</b>	<b>89%</b>	<b>96%</b>	<b>117%</b>
Total Federal EITC (annually refundable)**	\$4,716	\$4,716	\$4,716	\$4,101	\$3,136	\$1,837
Total Federal CTC (annually refundable)**	\$91	\$262	\$493	\$984	\$1,672	\$2,000
<b>PANEL D: HOUSING, CHILD CARE, FOOD STAMPS/WIC, CHIP</b>						
<b>MONTHLY COSTS:</b>						
Housing	\$309	\$337	\$376	\$458	\$572	\$658
Child Care	\$17	\$17	\$17	\$17	\$122	\$174
Food	\$106	\$140	\$187	\$285	\$427	\$427
Transportation	\$237	\$237	\$237	\$237	\$237	\$237
Health Care	\$118	\$118	\$118	\$118	\$118	\$118
Miscellaneous	\$261	\$261	\$261	\$261	\$261	\$261
Taxes	\$94	\$102	\$112	\$135	\$202	\$293
Earned Income Tax Credit (-)	\$1	**	**	**	**	**
Child Care Tax Credit (-)	\$0	\$0	\$0	-\$2	-\$40	-\$92
Child Tax Credit (-)	\$0	\$0	\$0	\$0	\$0	\$0
<b>TOTAL MONTHLY EXPENSES</b>	\$1,143	\$1,213	\$1,308	\$1,508	\$1,899	\$2,076
<b>SHORTFALL (-) or SURPLUS</b>	<b>- \$113</b>	<b>- \$88</b>	<b>- \$54</b>	<b>\$17</b>	<b>\$9</b>	<b>\$346</b>
<b>WAGE ADEQUACY Total Income/Total Expenses</b>	<b>69%</b>	<b>93%</b>	<b>96%</b>	<b>101%</b>	<b>100%</b>	<b>117%</b>
Total Federal EITC (annually refundable)**	\$4,716	\$4,716	\$4,716	\$4,101	\$3,136	\$1,837
Total Federal CTC (annually refundable)**	\$91	\$262	\$493	\$984	\$1,672	\$2,000

\* Median hourly wages for Laramie County, WY. Wyoming Occupational Employment and Wages May 2006. Retrieved from <http://doe.state.wy.us/LMI/200602EDS/TOC000.htm>

\*\* 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).



In Table 2, we show the impact of work supports on wage adequacy at six wage levels (\$5.85, \$6.39, \$7.12, \$8.67, \$10.84, and \$13.76 per hour). Column 1, at the wage of \$5.85 per hour, represents the 2007 federal minimum wage<sup>11</sup> and Columns 2–6 represent median hourly wages in various occupations for Laramie County.<sup>12</sup>

In Table 2, **Panel A** models how “no work supports” (wages only) impacts the wage needed to achieve self-sufficiency. The next three illustrations of wage adequacy are modeled using the same six wage levels, but with work supports. **Panel B** models child care alone; **Panel C** models child care, food stamps/WIC, and Wyoming’s KidCare CHIP; 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 six wages modeled with no work supports (“wages only”). In Column 1, the parent earns the minimum wage, or **\$5.85** per hour, for a total monthly income of \$1,030. At this wage, there is a shortfall of \$1,937 and a wage adequacy of just **35%**. In other words, working full-time at the federal minimum wage, without any other support or resources, only provides about one-third of the income needed to meet this family’s needs in Laramie County. In Columns 2-6, as the modeled wages increase, wage adequacy increases from **38%** at **\$6.39** per hour to **79%** at **\$13.76** 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 the federal 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 **\$5.85** per hour, child care assistance alone decreases the cost of child care from \$961 to **\$17** per month, increasing wage adequacy from

35% with no work supports to 51% with child care assistance. As child care assistance is added to each wage level, the wage adequacy increases. At **\$10.84** per hour, the median wage for nursing aides in Laramie County, child care assistance increases wage adequacy from 63% with no work supports to **87%**.

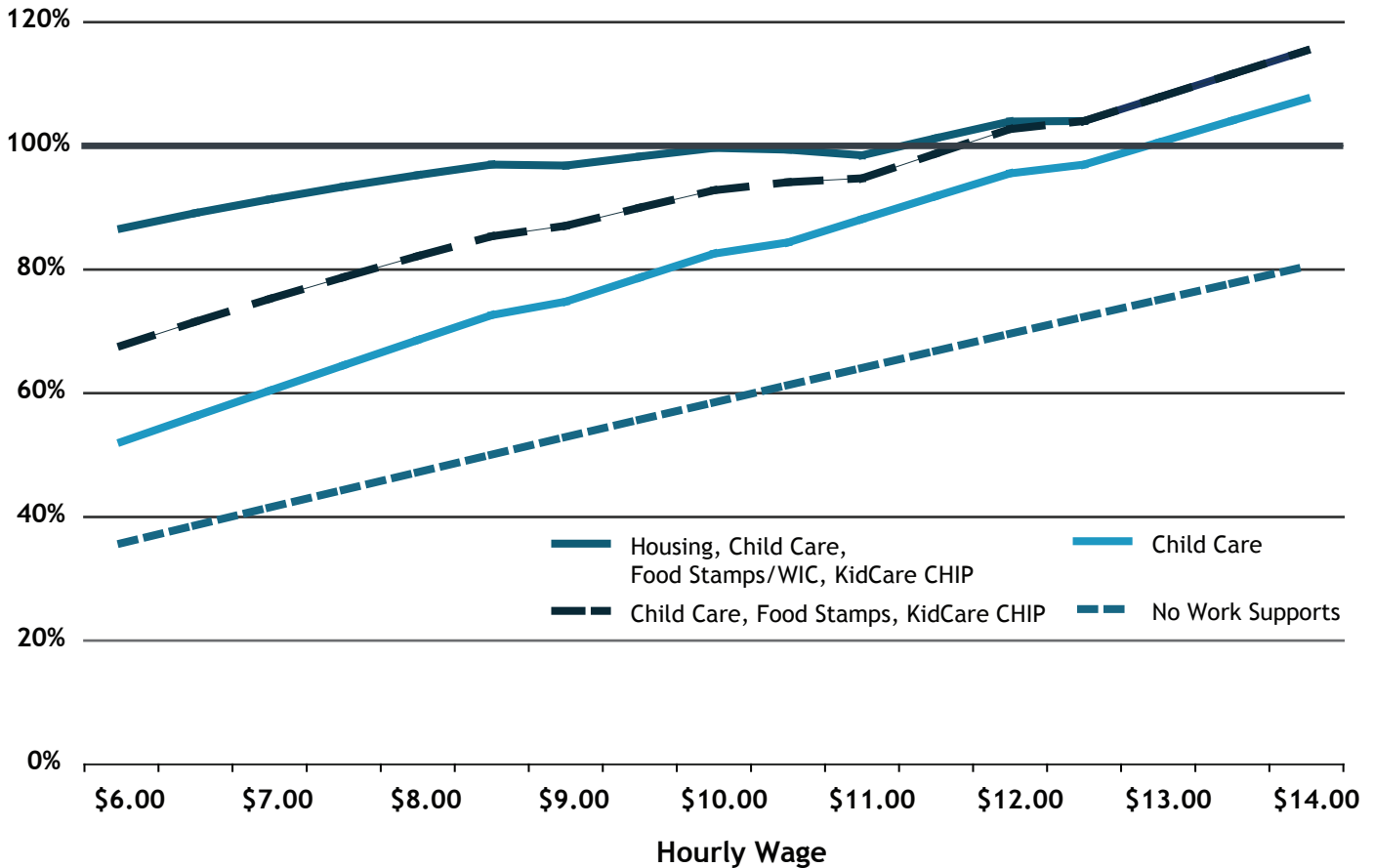
In **Panel C**, adding food stamps, WIC, and Wyoming’s KidCare CHIP to child care assistance increases wage adequacy to **69%** at **\$5.85** per hour and up to **117%** at **\$13.76** per hour. (Note that at a wage of **\$10.84** and **\$13.76** per hour this family is only receiving WIC as they are 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 **\$5.85** per hour has risen to **90%** and at **\$10.84** per hour increases to **100%**. (Note that at a wage of **\$13.76** per hour this family is not eligible for housing assistance).

**Figure 2** depicts the progression of wage adequacy as the same family type (single parent with one infant and one preschooler) in Laramie County moves from earning \$6.00 per hour to \$14.00 per hour. At **\$6.00** per hour, the family’s resources equal **36%** without any work supports. However, if the family receives the full work support package of housing, child care, food stamps, WIC, and KidCare CHIP, wage adequacy increases to **87%** at **\$6.00** per hour. When the parent’s income increases to **\$10.00** per hour, the family’s wage adequacy reaches **100%** with the full work support package compared to only **59%** without any work supports. If the parent’s income increases slightly from \$10.00 to **\$10.50** per hour, the family’s wage adequacy drops to **99%**. 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 or the parent’s share of the work support increases, the total net resources available to the family decrease, or increase only slightly. At **\$10.50** per hour, the small cliff depicted in Figure 2 is the result of the parent’s share of the cost of child care

Figure 2. Impact of Work Supports on Wage Adequacy Progression  
 Single Parent with One Infant and One Preschooler  
 Laramie County, WY, 2008

Percent Wage Adequacy



almost doubling. The family reaches **100%** of wage adequacy again at **\$11.50** per hour with the full work support package.

With all four work supports (housing, child care assistance, Food Stamps, WIC, and KidCare CHIP) this parent is able to meet the family's needs at wages as low as \$10.00 per hour. If the parent does not receive housing assistance, as is commonly the case, but receives

the other work supports, he or she is able to reach 100% wage adequacy at a \$12.00 per hour. Without any work supports, a family with one adult, one infant, and one preschooler living in Laramie County would not reach 100% wage adequacy until \$16.82 per hour (as shown in Table 1). Thus, the work supports shown here 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-sufficient 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.

**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>13</sup> 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 Wyoming is \$189 per month.<sup>14</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>15</sup> In Wyoming, approximately 4,600 children, or 2,900 families per month, received CCDF subsidies in fiscal year 2005.<sup>16</sup> Those children represent 11.5% of Wyoming’s 40,000 children under age 19 who lived in households with incomes at or below 200% of the Federal Poverty Level.<sup>17</sup>

**Food:** Nationally, enrollment in the Food Stamp Program has increased steadily since 2002, reaching 26.7 million people, or 11.6 million households, in 2006.<sup>18</sup> In Wyoming, participation in the Food Stamp Program rose from 23,530 participants in fiscal year

2002 to 24,236 in fiscal year 2006, a 3% increase.<sup>19</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>20</sup> Moreover, according to the Urban Institute, in 2002 nearly 30% of children under age six were children of immigrants.<sup>21</sup> Legally documented 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>22</sup>

**Health Insurance:** According to the Center on Budget and Policy Priorities, the percentage of children who lack health insurance has grown nationwide from 10.9% in 2005 to 11.7% in 2006.<sup>23</sup> 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 then recent economic recession.<sup>24</sup> 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>25</sup>

Wyoming’s Children’s Health Program served approximately 5,840 children in 2007,<sup>26</sup> representing

about 32% of children in 2005 under age 19 with family incomes at or below 200% of the FPL. Overall, 4.2% of children (5,000 children) in Wyoming families who earn wages at or below 200% of the FPL did not have health insurance in 2005.<sup>27</sup>

**Housing:** Nationally, almost 5 million households received federally assisted housing in 2005.<sup>28</sup> However, only about one in four households who are eligible for such programs received any assistance. Of the

households receiving federal housing assistance, 60% are households with children.<sup>29</sup> In Wyoming, around 6,398 households received federally assisted housing in 2005. However, the Center for Budget and Policy Priorities estimate that during the same year there were 17,932 low-income families in Wyoming with unaffordable housing. Approximately one-third of eligible households received assistance.

## Conclusion

The challenge facing Wyoming 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 Wyoming families become self-sufficient.<sup>30</sup>

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 order a copy of the 2007 Self-Sufficiency Standards for a specific county or the full state of Wyoming, or to find out more about the Office of the Governor-Wyoming, please call (307) 777-8571, or visit <http://governor.wy.gov/>.

## Endnotes

- <sup>1</sup> U.S. Department of Health and Human Services. Administration for Children & Families, Office of Child Support Enforcement. (2007). *FY 2004 Annual statistical report to Congress (Tables 11, 12 and 53)*. Retrieved from [http://www.acf.hhs.gov/programs/cse/pubs/2007/reports/annual\\_report/#40](http://www.acf.hhs.gov/programs/cse/pubs/2007/reports/annual_report/#40). 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. (2003). *Transitional food stamps: background and implementation issue*. 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/fsp/applicant\\_recipients/fs\\_Res\\_Ben\\_Elig.htm](http://www.fns.usda.gov/fsp/applicant_recipients/fs_Res_Ben_Elig.htm)
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- <sup>5</sup> U.S. General Accounting Office. (2002). *Medicaid transitional coverage can help families move from welfare to work*. Retrieved from <http://www.gao.gov/new.items/d02679t.pdf>
- <sup>6</sup> U.S. Department of Health and Human Services. Centers for Medicaid and Medicare Services. (2005). *Medicaid at-a-glance 2005*. A Medicaid Information Source. Retrieved December 8, 2007 from <http://www.cms.hhs.gov/Medicaid-GenInfo/Downloads/MedicaidAtAGlance2005.pdf>
- <sup>7</sup> Federal funding for SCHIP expired at the end of September 2007, causing the program to come before Congress for reauthorization. The President has vetoed legislation that would provide expanded federal funding for SCHIP for FY2008-2012. The President signed a continuing resolution that arranged for temporary SCHIP allotments for FY2008. The extension appropriates the same amount for FY2008 that was appropriated for FY2007. According to the Congressional Research Service, if the current FY2008 allotments were available through the end of the fiscal year, 21 states would use all available federal funds within the fiscal year, with some states experiencing shortfalls as early as March 2008. Peterson, C. (2007). *Provision of temporary FY2008 SCHIP allotments*. CRS report to Congress. Retrieved on December 11, 2007 from [http://www.ncsl.org/print/health/CRSReport\\_Provision\\_Temporary\\_FY2008\\_SCHIPAllotments.pdf](http://www.ncsl.org/print/health/CRSReport_Provision_Temporary_FY2008_SCHIPAllotments.pdf)
- <sup>8</sup> Wyoming Department of Health. (2007). *About KidCare CHIP*. Retrieved October 18, 2007 from <http://health.wyo.gov/healthcarefin/chip/about.html#co>
- <sup>9</sup> Most housing assistance is federally funded; both public housing and housing vouchers (Section 8) generally expect recipients to pay 30% of their income towards housing. U.S. Housing and Urban Development. (2007). *Housing choice vouchers fact sheet (Section 8)*. Retrieved November 8, 2007 from [http://www.hud.gov/offices/pih/programs/hcv/about/fact\\_sheet.cfm](http://www.hud.gov/offices/pih/programs/hcv/about/fact_sheet.cfm)
- <sup>10</sup> In fact, only a partial payment of advanced EITC can be received monthly and none of the refundable CTC can be received monthly.
- <sup>11</sup> The Wyoming minimum wage is \$5.15, however most employers are required to pay the higher federal minimum wage level.
- <sup>12</sup> Median hourly wages for Laramie County, WY. (2006). *Wyoming Occupational Employment and Wages May 2006*. Retrieved from <http://doe.state.wy.us/LMI/200602EDS/TOC000.htm>
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<sup>16</sup> U.S. Department of Health and Human Services, Administration for Children and Families. (2007). *Child care and development fund average monthly adjusted number of families and children served (average of 2004, 2005, and 2006)*. Retrieved December 5, 2007 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>17</sup> U.S. Census Bureau. (2006). *Number and percent of children under 19 at or below 200% of poverty by health insurance coverage and state: 2003, 2004, and 2005*. Retrieved December 13, 2007 from <http://www.census.gov/hhes/www/hlthins/liuc06.html>

<sup>18</sup> U.S. Department of Agriculture. Food and Nutrition Service. Program Data. (2007). *Food Stamp Program: Average Monthly Participation and Number of Households Participating*. (Data as of October 26, 2007). Retrieved November 4, 2007 from <http://www.fns.usda.gov/pd/15fsfypart.htm> and <http://www.fns.usda.gov/pd/30fslatehh.htm>

<sup>19</sup> U.S. Department of Agriculture. Food and Nutrition Service. Program Data. (2007). *Food stamp program: Average monthly participation (person)*. (Data as of October 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>20</sup> Center on Budget and Policy Priorities. (2003) *Transitional Food Stamps: Background and Implementation Issue*. Retrieved October 10, 2007, from <http://www.cbpp.org/11-10-03fa.htm>

<sup>21</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>22</sup> Capps et al. (2005). 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>23</sup> Center on Budget and Policy Priorities. (2007). *More Americans, including more children, now lack health insurance*. Retrieved September 4, 2007 from <http://www.cbpp.org/8-28-07health.htm>

<sup>24</sup> Families USA. (2004, September). *Health Care: Are you better off today than you were four years ago?* Retrieved September 14, 2005, 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>25</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 on September 4, 2007 from <http://www.cbpp.org/8-28-07health.htm>

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<sup>28</sup> Center on Budget and Policy Priorities. (2007). *Introduction to the housing voucher program*. Retrieved October 26, 2007 from <http://www.centeronbudget.org/5-15-03hou.pdf>

<sup>29</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 October 26, 2007 from <http://www.centeronbudget.org/2-1-07hou.pdf>

<sup>30</sup> Ibid. Rice, D. and Sard, B. (2007).