Supporting Work in Illinois
The Challenges Ahead

Kinsey Alden Dinan ▪ Nancy K. Cauthen | March 2007

NCCP National Center for Children in Poverty
Columbia University
MAILMAN SCHOOL OF PUBLIC HEALTH

Supporting Work in Illinois: The Challenges Ahead

by Kinsey Alden Dinan and Nancy K. Cauthen

Using results from NCCP's Family Resource Simulator, a policy simulation tool, this report analyzes the effectiveness of Illinois' "work support" policies—benefits such as earned income tax credits, health insurance coverage, child care assistance, and food stamps. We find that when families receive the benefits for which they are eligible, Illinois' policies are generally successful in helping families close the gap between low earnings and basic expenses. Rewarding progress in the workforce, however, remains a challenge. Small increases in family income can trigger sharp reductions in benefits, leaving families no better off—or even worse off—than before.

AUTHORS

Kinsey Alden Dinan, M.A., is a Research Associate at NCCP, where her research focuses on employment and income supports. Her areas of expertise also include U.S. immigration policy and issues related to immigrant families.

Nancy K. Cauthen, Ph.D., is Deputy Director at NCCP, where she directs the Center's research on family economic security. She has written extensively on low-wage work and child poverty in the United States, the inadequacies of the federal poverty measure, and current policy debates affecting low-income children and families.

ACKNOWLEDGMENTS

This publication was made possible by the generous support of the Annie E. Casey Foundation. The authors gratefully acknowledge NCCP's partners in the *Making "Work Supports" Work in Illinois* initiative—the Center for Law and Social Policy, the Sargent Shriver National Center on Poverty Law, and Voices for Illinois Children—and would like to thank John Bouman, Dan Lesser, Elizabeth Lower-Basch, and NCCP's Sarah Fass for their thoughtful comments and suggestions; the authors alone are responsible for the final content. The authors thank Jessica Purmort of NCCP for her considerable assistance.

Supporting Work in Illinois: The Challenges Ahead

Kinsey Alden Dinan ▪ Nancy K. Cauthen | March 2007

In Illinois, as in other states across the country, even a worker employed full-time does not always earn enough to support a family. More than a third of Illinois' children—1.2 million—live in low-income families, yet half have parents who work full-time; another 30 percent of these children have parents who work part-time.[1] Millions of parents who work for low wages cannot make ends meet without the help of public "work supports"—benefits such as earned income tax credits, health insurance coverage, child care assistance, and food stamps. This report analyzes the effectiveness of work support policies in Illinois.

To encourage employment as the primary path to financial security for all who can work, a comprehensive work support system should accomplish two goals:

1. **Provide adequate family resources.** If parents work full-time, their earnings, combined with public benefits, should provide the resources necessary to cover basic family expenses.
2. **Reward progress in the workforce.** When parents' earnings increase, their families should always be better off.

Using results from the Family Resource Simulator, a tool developed by the National Center for Children in Poverty (see box), we find that Illinois' policies are generally successful in meeting the goal of providing adequate family resources. Rewarding progress in the workforce, however, remains a challenge. Small increases in family income can trigger sharp reductions in benefits, leaving families no better off—or even worse off—than before.[2]

The Family Resource Simulator shows that full-time, low-wage workers in Illinois cannot afford basic family necessities—including housing, food, health care, child care, and transportation—without the help of public work supports. This finding is consistent with earlier research, which suggests that on average families in the United States need an income of about twice the official poverty level to cover basic expenses.[3] Families with income below this level—$41,300 a year for a family of four in 2007—are referred to as "low income."

NCCP's Family Resource Simulator— A Tool for Assessing Work Support Policies

The Family Resource Simulator is an innovative policy analysis tool that simulates the impact of federal and state work support benefits on the budgets of low- to moderate-income families. The results illustrate how a hypothetical family's resources and expenses change as earnings increase, taking public benefits into account. The Family Resource Simulator makes it easy to assess how effective a state's policies are at encouraging and rewarding work.

Developed by the National Center for Children in Poverty (NCCP), the Family Resource Simulator is currently available for Alabama, Colorado, Connecticut, Delaware, Georgia, Illinois, Maryland, Massachusetts, Michigan, New York, Pennsylvania, Texas, and the District of Columbia. Each state Simulator can profile families in up to seven localities. To use the Family Resource Simulator, see NCCP's web site at www.nccp.org.

Illinois has been a leader among the states in enacting work support policies to assist low-income children and families. In 2006, Illinois became the first state in the country to eliminate income eligibility limits in its public health insurance program for children. The state is the largest without a waiting list for child care subsidies; all eligible applicants are served. Most recently, Illinois raised its minimum wage, which is scheduled to increase to $7.50 an hour in July 2007 and to $8.25 an hour in 2010. As the Family Resource Simulator shows, such policies offer vital support to parents who are struggling to provide for their families while working for low wages.

However, the Family Resource Simulator also reveals that through the interaction of earnings, benefits, and expenses, Illinois' system of work supports can have unintended consequences for low-wage workers. At key points, increases in earnings result in the loss of benefits, meaning that despite earning more, workers may end up with fewer total resources for their families.

Low-Wage Workers Face an Earnings Gap

In Chicago, a single-parent family of three needs about $36,000 a year to cover basic expenses (see Table 1).[4] That's more than double the poverty level and the equivalent of full-time earnings at about $17 an hour. In a two-parent family of four in which both parents work full-time, each parent needs to earn more than $9 an hour just to cover necessities. (For basic needs budgets for other localities and two-parent families, see Appendix A, Tables 1a and 1b; for information about how the Family Resource Simulator calculates expenses, see Appendix B.)

These findings are based on a bare-bones budget that includes only the most essential daily living expenses. For example, it does not include out-of-pocket health expenses such as premiums, copayments, and deductibles, which can be quite costly, particularly for families with extensive health care needs. The basic needs budget provides no cushion, such as money to purchase life or disability insurance or to create a rainy-day fund that would provide financial stability in a crisis. It does not allow for investments in a family's future financial success, such as savings to buy a home or for a child's education. Nor does the budget allow for expenses that improve a family's quality of life, such as enrichment activities (for example, music lessons, going to museums), entertainment (for example, movies and other family outings), and after-school activities (for example, sports, clubs). Families living on this budget are hard-pressed to survive, much less thrive.

Table 1. Basic Needs Budget for a Single-Parent Family of Three in Chicago[5]

Rent and Utilities	$10,812
Food	$5,302
Child Care	$9,924
Health Insurance	$2,212
Transportation	$900
Other Necessities*	$4,351
Payroll and Income Taxes	$2,445
TOTAL	**$35,946**
Hourly wage (40 hours/week, 52 weeks/year):	$17/hour

*Examples of "other necessities" include clothing, school supplies, household items, and personal care expenses.

Source: Derived from NCCP's Family Resource Simulator. Results based on the following assumptions: family has one preschool-aged child and one school-aged child; children are in center-based care settings while their parent(s) work (the older child is in after-school care); family members have access to employer-based health insurance when not enrolled in public coverage.

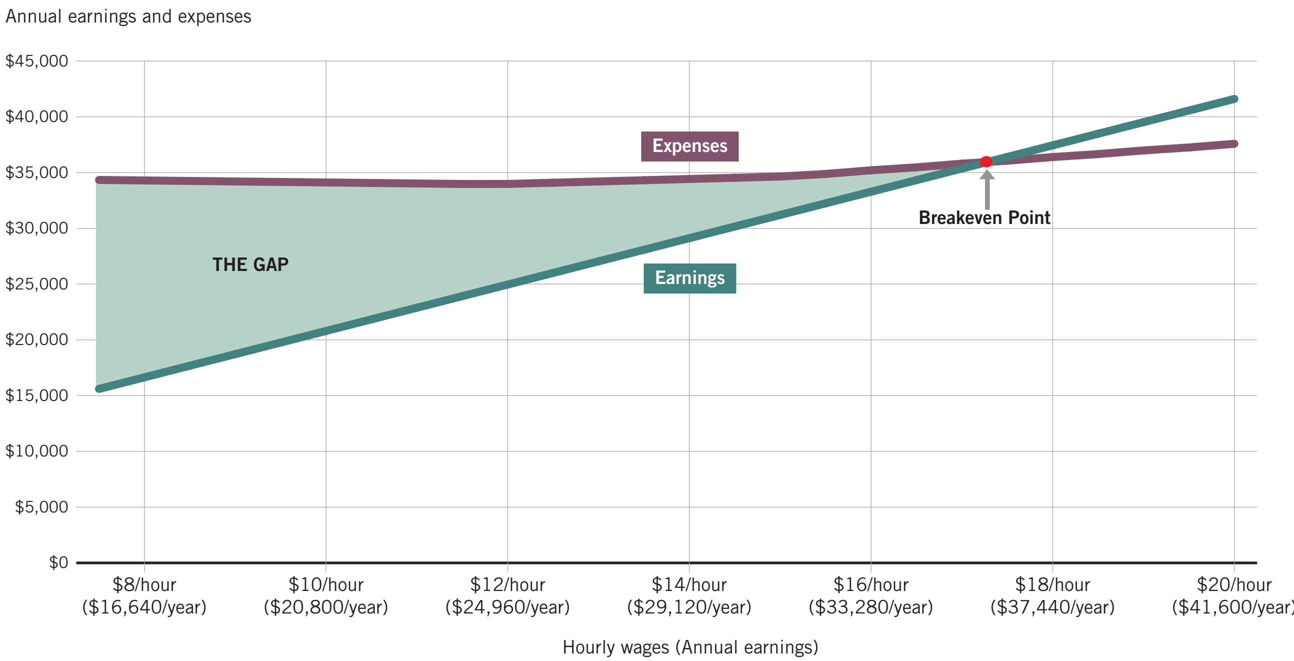
Low-wage workers—even those earning significantly above the minimum wage—face a large gap between their earnings and the cost of basic expenses. For example, even working full-time at $10 an hour, a single parent with two children in Chicago who receives no work supports faces a large shortfall; with an annual salary of $20,800 and expenses of about $34,000, the gap is more than $13,000 a year (see Figure 1). Faced with such a gap, working parents have tough choices. Should they seek cheaper, but potentially unreliable or unsafe care for their children? Double up with another family or live in an unsafe neighborhood to reduce the rent? Allow their family to go hungry at the end of the month? Or go without health insurance and hope that no one gets sick or injured?

Work Supports Can Close the Gap

To help low-wage workers provide for their families, Illinois provides a number of important work support benefits. All Kids offers health insurance to children at all income levels, with premiums and copayments that increase with family income. This program, which went into effect in July 2006, is the first of its kind in the country. Public coverage for parents in Illinois is still subject to income limits, but these limits have increased substantially over the past several years. The governor's proposed budget for fiscal year 2008 would make affordable health care available to all Illinois residents through the Illinois Covered program.

Notably, Illinois is the largest state in the country that provides child care subsidies to all eligible applicants, although its income eligibility limits are below the national average.[6] Other state work support policies include a small but refundable state earned income tax credit (EITC). And Illinois recently approved a substantial increase in its minimum wage. In addition to state policies, federal work support programs that assist low-income families include the federal EITC, food stamps, and Section 8 Housing Choice Vouchers. See box for details.

Figure 1: Gap Between Earnings and Expenses for Single-Parent Family of Three in Chicago[7]



Breakeven point: Point where family resources are exactly equal to the cost of basic expenses.

Annual earnings: Assuming full-time work (40 hours/week, 52 weeks/year).

Source: NCCP analysis of raw data derived from the Family Resource Simulator. Results based on the following assumptions: family has one preschool-aged child and one school-aged child; children are in center-based care settings while their parent(s) work (the older child is in after-school care); family members have access to employer-based health insurance when not enrolled in public coverage.

Work Support Policies in Illinois (as of July 2006)

Work support program	Benefit	Income eligibility limits	Limits set at national or state level	All eligible applicants served?
Federal Earned Income Tax Credit (EITC)	Tax refund (up to $2,662/year for 1 child; up to $4,400/year for 2 or more children)	$31,030-$37,263/year, depending on family structure and number of children	National	Yes
State EITC	Tax refund (up to $133/year for 1 child; up to $220/year for 2 or more children)	$31,030-$37,263/year, depending on family structure and number of children	State	Yes
Food Stamps	Food subsidies (at point of purchase) (up to $399/month for family of 3; up to $506/month for family of 4)	130% FPL* *before* subtracting deductions from income 100% FPL* *after* subtracting deductions from income	National, with some state options	Yes
FamilyCare	Subsidized health insurance for parents	185% FPL* *after* subtracting deductions from income	State	Yes
All Kids	Subsidized health insurance for children	No income limit (premiums and copayments increase with income)	State	Yes
Child Care Assistance Program (CCAP)	Child care subsidy	50% of state median income*	State	Yes
Section 8 Housing Choice Vouchers	Rental assistance	50% of area median income	National	No

Illinois also has a **state minimum wage** of $6.50/hour (as compared to the federal minimum of $5.15/hour), increasing to $7.50 in July 2007 and to $8.25 in 2010.

*FPL: Federal poverty level in 2006 was $16,600 for a family of 3; $20,000 for a family of 4; state median income in 2006 was $60,789 for a family of 3; $72,368 for a family of 4

These policies can make a tremendous difference in the lives of Illinois' low-income families. Consider, for example, Angela, a single parent living in Chicago with two children, one preschool-aged and one school-aged. Angela has a full-time job, working 40 hours a week, 52 weeks a year. She earns $8 an hour, for annual earnings of close to $17,000—approximately the poverty level for a family of three. While she works, her children are cared for in a center-based setting; the preschooler is in care all day, while the older child is in care after school.[8]

With the help of multiple work supports, Angela can make ends meet. If she receives all the benefits discussed above—EITCs, food stamps, public health insurance, a child care subsidy, and a housing voucher—her family has about $6,600 left at the end of the year after basic expenses are paid (see the first column of Table 2). This money could be saved to provide a cushion in the event of a job loss or other family crisis, used to pay off a credit card or other debt, or invested in the family's future. Few families, however, receive all of the benefits for which they are eligible.[9] In particular, funding limitations make housing vouchers inaccessible to most low-income families in Chicago. The waiting list has been closed since 1997, and it has been three years since anyone on the waiting list was given assistance.[10]

Assuming that Angela receives all benefits except housing assistance, she is just able to cover her family's annual expenses, with a small surplus of about $900 over her annual budget. On a monthly basis, however, Angela faces a shortfall. Without the state and federal EITCs—which she won't receive until after she files her taxes[11]—Angela must cover a deficit of almost $300 each month. And if she borrows money to make ends meet, she will have to add interest payments to her family's budget.

Without a child care subsidy, Angela would be more than $7,000 short on annual expenses—even with the help of tax credits, food stamps, and public health insurance. Without any work support benefits, Angela's family would face a staggering annual deficit of close to $18,000.

Table 2. Angela's Resources and Expenses with Full-time Employment at $8/hour[12]

	Employment *plus* • EITCs • food stamps • public health insurance • child care subsidy • housing voucher	Employment *plus* • EITCs • food stamps • public health insurance • child care subsidy	Employment *plus* • EITCs • food stamps • public health insurance	Employment *plus* • EITCs	Employment alone (no work supports)
Annual Resources					
Earnings	$16,640	$16,640	$16,640	$16,640	$16,640
Federal EITC	$4,158	$4,158	$4,158	$4,158	$0
State EITC	$208	$208	$208	$208	$0
Food Stamps	$2,355	$3,005	$3,977	$0	$0
Total Resources	**$23,361**	**$24,011**	**$24,983**	**$21,006**	**$16,640**
Annual Expenses					
Rent and Utilities*	$4,415	$10,812	$10,812	$10,812	$10,812
Food	$5,302	$5,302	$5,302	$5,302	$5,302
Child Care*	$962	$962	$9,924	$9,924	$9,924
Health Insurance*	$0	$0	$0	$2,212	$2,212
Transportation	$900	$900	$900	$900	$900
Other Necessities	$4,351	$4,351	$4,351	$4,351	$4,351
Payroll and Income Taxes	$791	$791	$791	$791	$791
Total Expenses	**$16,721**	**$23,118**	**$32,080**	**$34,292**	**$34,292**
Net Resources *(Resources minus Expenses)*	**$6,640**	**$893**	**-$7,097**	**-$13,286**	**-$17,652**

*This chart shows income and expenses from the perspective of the family. Because health insurance, child care, and housing benefits are paid directly to the provider, families experience them as reduced expenses rather than increased income.

Source: NCCP analysis of raw data derived from the Family Resource Simulator.

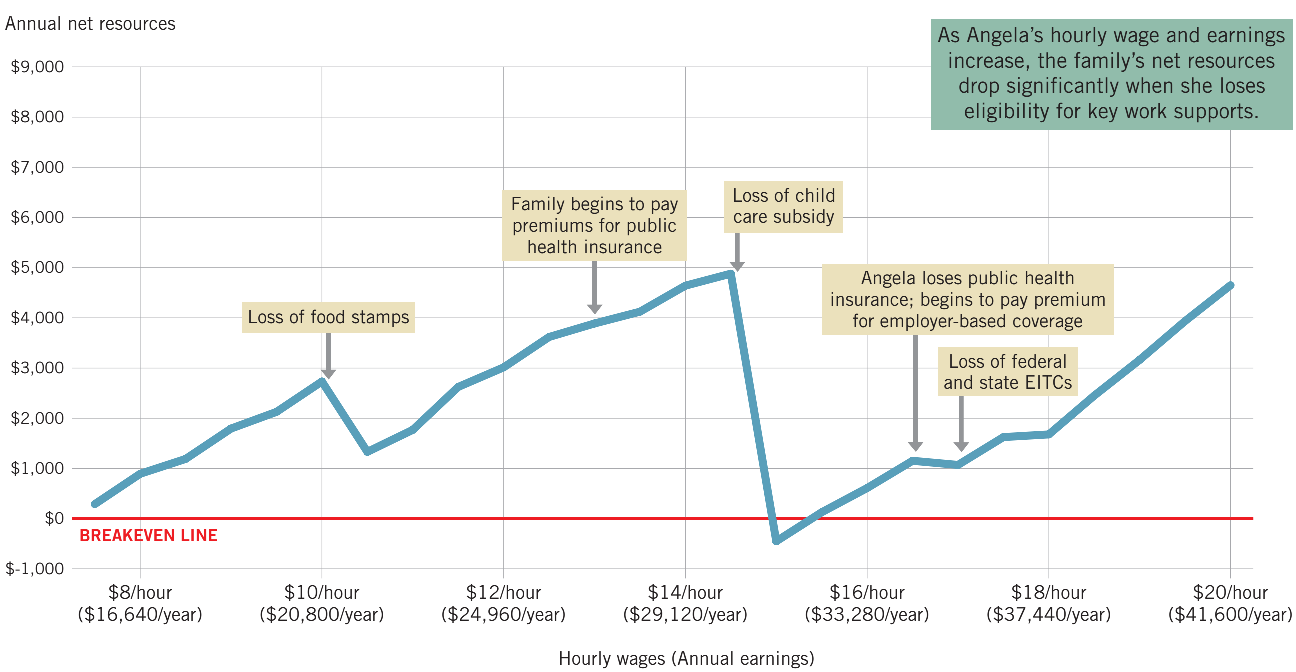
As Earnings Increase, Family Resources Fluctuate

Eligibility for work support programs is typically based on income, so as families make progress in the workforce—and particularly as their earnings rise above the official poverty level—they begin to lose eligibility for benefits. In some cases, eligibility rules mean that even a small raise can lead to a substantial benefit loss, which is often referred to as a "cliff." As a result, parents can work and earn more with no financial benefit for their families. Indeed, as parents' earnings rise, their families may actually be worse off. For families receiving multiple benefits, the result of earning a higher income can be repeated financial setbacks.[13]

For example, under federal rules, when a family's total income exceeds 130 percent of the official poverty level, the family loses its entire food stamp benefit. For many families, this results in a substantial loss and leaves the family with fewer total resources, despite increased earnings. The Family Resource Simulator also shows that when a worker's income rises enough to make the family ineligible for a child care subsidy, the family loses several thousand dollars worth of benefits. Thus an increase in earnings causes a loss in "net resources," meaning the family's resources after paying for basic expenses.

Returning to the example of Angela, Figure 2 shows how increases in her earnings would affect the net resources available to her family. As we saw in Table 2, Angela is able to make ends meet by combining full-time earnings at $8 an hour with all work supports except for a housing voucher—that is, tax credits, food stamps, public health insurance, and a child care subsidy. Assuming her family receives these benefits when financially eligible, Figure 2 illustrates what happens as Angela's wages increase beyond $8 an hour.

Figure 2: Angela's Net Resources as Earnings Increase[14]



Annual net resources: Annual resources minus annual expenses.

Annual earnings: Assuming full-time work (40 hours/week, 52 weeks/year).

Breakeven line: The point where the family's resources, including earnings and benefits, equal the family's basic expenses. When net resources are above this line, the family has resources left over after basic expenses are paid; when net resources are below this line, the family faces a deficit.

Source: NCCP analysis of raw data derived from the Family Resource Simulator. Results based on receipt of the following work supports: EITCs, food stamps, public health insurance, and child care subsidy; housing subsidy is *not* included.

Angela faces two significant benefit "cliffs"—the loss of food stamps when her wage hits $10.50 an hour and the loss of child care assistance when her wage reaches $15 an hour. The loss of child care assistance causes Angela's net resources to drop below zero—that is, the "Breakeven Line"—the point at which total resources equal basic expenses. Thus at $15 an hour, Angela's family faces a deficit of about $500.

To make matters worse, an additional increase in Angela's hourly wage from $15 to $16.50 puts her over the income eligibility limit for public health insurance. Although her children remain eligible for public coverage, she must pay a premium for employer-based health coverage for herself. Moreover, while this example assumes that Angela's employer offers health insurance, in reality, only a minority of employers provide this benefit to low-wage workers, even if they work full-time. Without employer-based health insurance, Angela would likely become uninsured, as she would be unable to afford coverage on the open market.

The most striking part of this scenario is that as Angela's earnings double from $8 to $16 an hour, her family actually loses ground. Only when Angela's earnings exceed $18 an hour—the equivalent of about $37,000 annually—do further wage increases lead to steady improvements in her family's bottom line. Put another way, as Angela's wages rise, losses in benefits lead to a high "marginal tax rate" (see box), so that Angela's family experiences little net gain even as her earnings increase substantially.

High "Marginal Tax Rates" Penalize Those Who Earn More

Although not actually a tax, the term "marginal tax rate" is used here to refer to the "value" of additional earnings after subtracting benefit losses (and additional expenses if applicable). For example, if a $1 increase in earnings results in a $.90 loss in benefits, this is the equivalent of a 90 percent "marginal tax rate."*

In Angela's case, a raise from $10 to $12 an hour means an increase of $4,160 in annual earnings. But with this increase, Angela's family experiences reductions in several benefits (see the last column in Table 3). These include reductions in federal and state EITC benefits and the loss of food stamps. In addition, while the family remains eligible for a child care subsidy, the family's copayment increases. (Note that the family's tax liability—not including the EITCs—actually decreases as earnings increase. This is a result of increases in the value of the Child Tax Credit.) Altogether, Angela's net resources increase by only $282—just 7 percent of her $4,160 raise. Put another way, Angela's family experiences a marginal tax rate of 93 percent.

When Angela's earnings increase from $14 an hour to $16 an hour, she loses more in benefits than she gains in additional income. Her marginal tax rate is nearly 200 percent—her family loses $2 for every additional dollar earned.

Table 3. Marginal Tax Rate as Angela's Hourly Wage Increases from $10 to $12

	$10 an hour	$12 an hour	Change
Annual Resources			
Earnings	$20,800	$24,960	**$4,160**
Federal EITC	$3,280	$2,403	-$878
State EITC	$164	$120	-$44
Food Stamps	$2,257	$0	-$2,257
Total Resources	**$26,501**	**$27,483**	**$982**
Annual Expenses			
Rent and Utilities	$10,812	$10,812	$0
Food	$5,302	$5,302	$0
Child Care	$1,794	$2,626	$832
Health Insurance	$0	$0	$0
Transportation	$900	$900	$0
Other Necessities	$4,351	$4,351	$0
Payroll and Income Taxes	$610	$478	-$132
Total Expenses	**$23,769**	**$24,469**	**$700**
Net Resources *(Resources minus Expenses)*	**$2,732**	**$3,014**	**▲ $282**
			Marginal Tax Rate:* 93%

Source: NCCP analysis of raw data derived from the Family Resource Simulator.

*While different from economists' use of the term in personal income tax analyses, "marginal tax rate" is used here to convey a similar concept—that of reducing the net value of additional earnings. It refers to the percent of additional earnings that is canceled out by reductions in benefits, and it is calculated as: 1 – [(change in net resources) / (change in earnings)].

The inability to gain financial ground through hard work and higher earnings can have serious consequences for low-income families. Workers are forced to choose between their long-term success in the workforce and their family's immediate financial stability. If workers feel compelled to turn down small raises or additional hours of work to retain their health insurance or child care benefits, they lose future opportunities for promotion. They have little incentive to work harder or to invest in training and education that would, in the short run, have little net payoff. In this way, our current work support system—not only in Illinois but throughout the country—betrays the promise of the American dream.

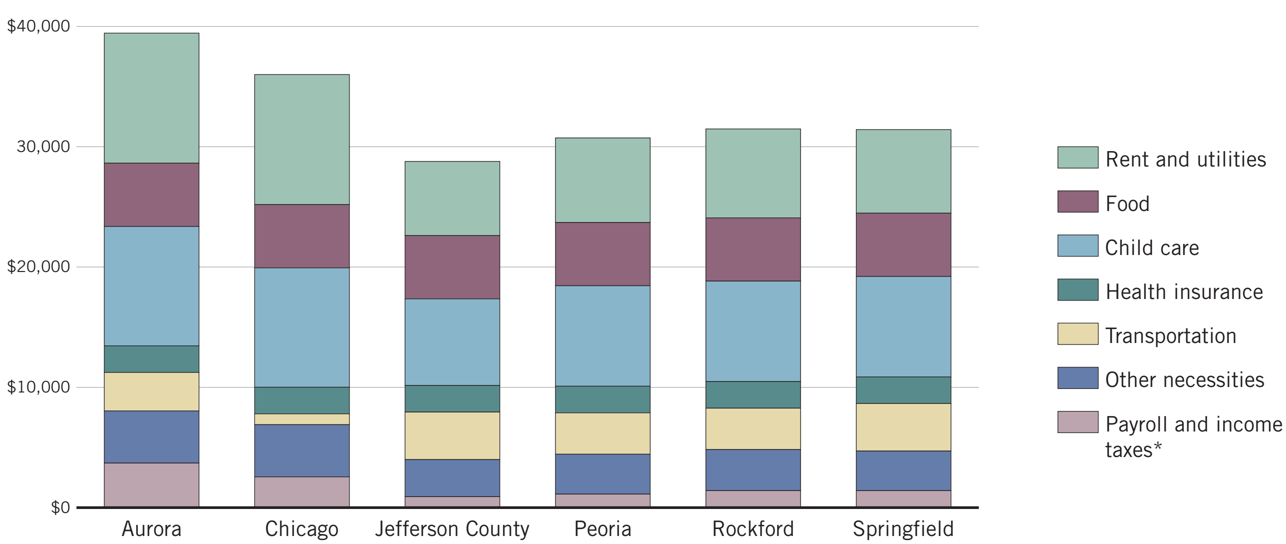
Similar Patterns Found Throughout the State

While the cost of living varies throughout the state of Illinois, the same basic findings hold. In the six localities analyzed for this report—Aurora, Chicago, Peoria, Rockford, Springfield, and Jefferson County—it takes far more than full-time employment at poverty-level wages for a single parent to provide for a family of three. (For simplicity, all results discussed here are based on families with two children, one preschool-aged and one school-aged. Varying the number and ages of children yields different results but similar patterns.)

In rural Jefferson County, for example, a single parent with two children must earn roughly $29,000 a year—the equivalent of a full-time job at $14 an hour—to cover basic needs without the help of work supports (see Figure 3). This is less than the $17 an hour needed in Chicago, in large part due to lower housing costs. However, it is still well above the state's minimum wage. The cost of living in Springfield falls somewhere in between: a single-parent family of three needs about $31,000 a year to afford basic necessities. In the Chicago suburb of Aurora, on the other hand, a single parent without work supports needs to work full-time, year-round at $19 an hour—earning about $39,000 a year—just to make ends meet. (For more details, see Appendix A, Table 1a.)

In all six localities, making ends meet with an $8 an hour job is not possible without tax credits, food stamps, public health insurance, and child care assistance (see Appendix A, Table 2a). In Aurora, even these supports do not entirely close the gap between low wages and family needs. A Section 8 Housing Voucher would make up the difference, but as in Chicago, the waiting list for vouchers is closed in Aurora—as well as in Peoria, Rockford, and Jefferson County. Springfield is accepting applications but also has a waiting list.[15]

Figure 3: Basic Needs Budget for a Single-Parent Family of Three in Illinois Localities[16]



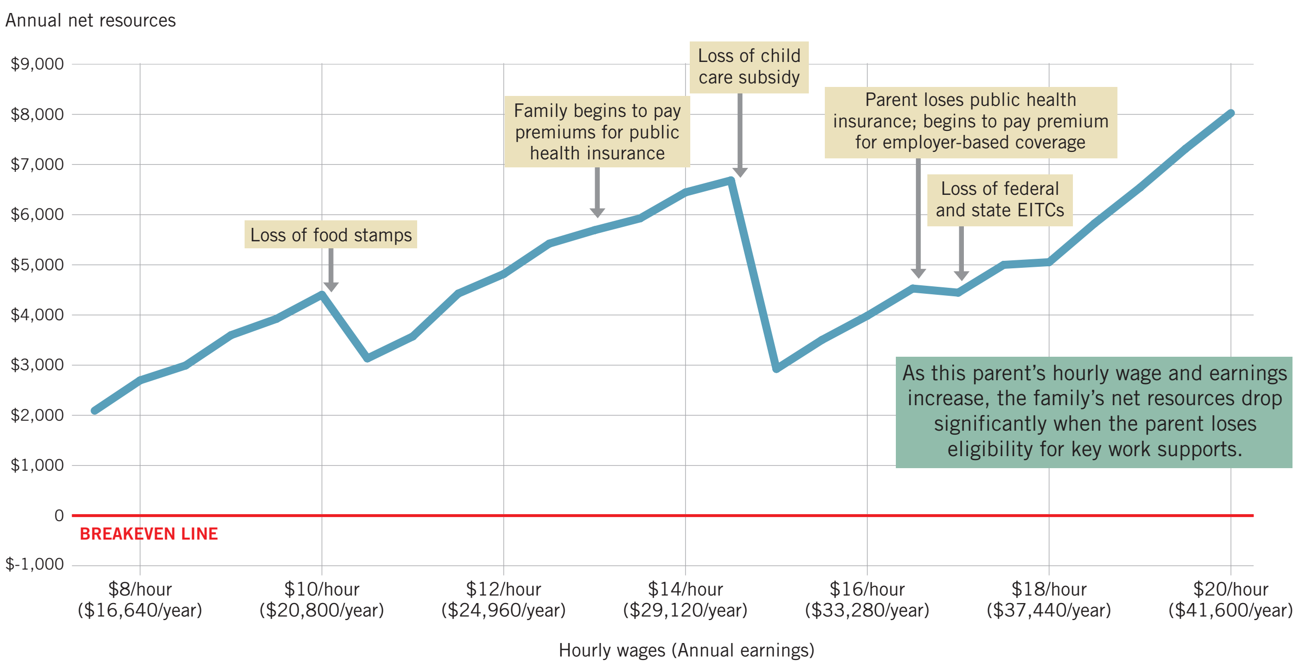
*These taxes take into account the Child Tax Credit and the Child and Dependent Care Tax Credit but not federal and state Earned Income Tax Credits.
Source: NCCP analysis of raw data derived from the Family Resource Simulator.

Finally, since the structure of Illinois' work support programs is the same throughout the state, families in all areas face significant cliffs and high marginal tax rates as earnings increase. Figure 4 shows what happens to a single-parent family of three living in Rockford, as the parent's earnings increase to $20 an hour. As with Angela's family in Chicago, the family from Rockford receives tax credits, food stamps, public health insurance, and a child care subsidy when financially eligible.

The cost of living in Rockford is lower than in Chicago, so the family has more discretionary income at each wage rate. With work supports (other than housing assistance) and a full-time job at $8 an hour, the family has close to $3,000 left at the end of the year after basic expenses (compared to about $900 for Angela's family). But with a wage increase to $16 an hour, the family's net resources are only slightly higher. As in Chicago, the family hits two significant benefit cliffs—first from the loss of food stamps and then from the loss of child care assistance. The impact of other benefits losses, while less dramatic, adds to the family's difficulties as it tries to get ahead by earning more.

In Angela's case, the family's net resources actually declined as wages doubled from $8 to $16 an hour. In Rockford, the family is not worse off, but the net gain is small. A raise from $8 to $16 an hour means an additional $16,640 in annual earnings, but it also leads to $15,352 in reduced benefits and increased taxes. Thus the family experiences an annual net gain of only $1,288—just 8 percent of the $16,640 increase in earnings. That's the equivalent of a marginal tax rate of 92 percent. Results for families living in Peoria and Springfield are similar (see Appendix A, Table 3b). (For more about marginal tax rates, see box on page 6.)

Figure 4: Rockford Family's Net Resources as Earnings Increase[17]



Annual net resources: Annual resources minus annual expenses.

Annual earnings: Assuming full-time work (40 hours/week, 52 weeks/year).

Breakeven line: The point where the family's resources, including earnings and benefits, equal the family's basic expenses. When net resources are above this line, the family has resources left over after basic expenses are paid; when net resources are below this line, the family faces a deficit.

Source: NCCP analysis of raw data derived from the Family Resource Simulator. Results based on receipt of the following work supports: EITCs, food stamps, public health insurance, and child care subsidy; housing voucher is *not* included.

Two-Parent Families Face Similar Challenges

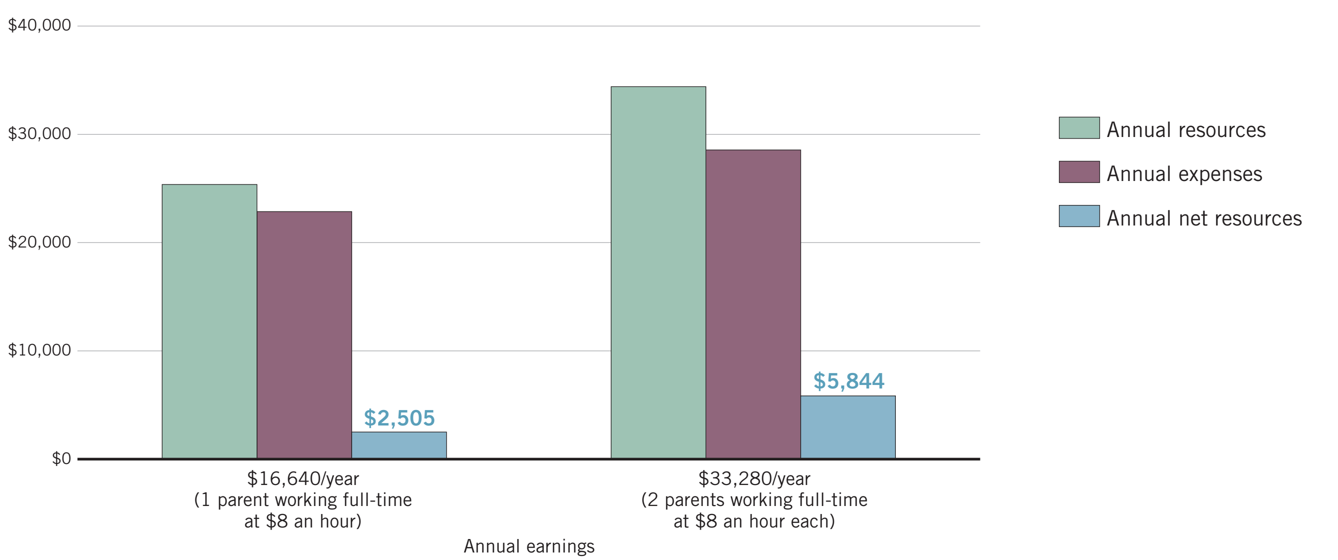
Two-parent families potentially have more flexibility in dividing up responsibilities for work and child care. If one parent stays home to care for the children, for example, the family can save on work-related expenses, especially child care. However, to afford basic necessities, the employed parent needs full-time work at $11 to $14 an hour, depending on where the family lives (see Appendix A, Table 1b). If both parents are employed, it takes two full-time jobs paying at least $8 to $10 an hour to cover expenses (see Appendix A, Table 1c).

Again, work support benefits can help. A family of four with tax credits, food stamps, and public health insurance can generally cover expenses on an annual basis with one parent working at $8 an hour and one parent staying home with the children (Aurora is an exception; see Appendix A, Table 2b). Importantly though, the family would face a monthly shortfall in all six localities. The annual calculations presented here include earned income tax credits, which are not readily available to families on a monthly basis.

Moreover, as for single-parent families, it is difficult for two-parent families to get ahead by working and earning more. For example, consider the family of Rita and Jason, a two-parent family of four in Springfield that receives tax credits, food stamps, and public health insurance. If Jason works full-time for $8 an hour, the family can cover basic expenses, with about $2,500 left at the end of the year. But the addition of a second income at low wages yields only a small benefit. For instance, if Rita also works full-time at $8 an hour, the family's annual discretionary income will increase from $2,505 to $5,844 (see Figure 5). But that means the family gains only about $3,339 a year even though earnings have doubled from $16,640 to $33,280. This represents a marginal tax rate of 80 percent (see Appendix A, Table 3c for results in other localities).

Rita and Jason's family would be somewhat better off financially if they were able to double their earnings with just one parent employed so that the other parent could be home to care for the children. In this scenario, a $16,640 increase in annual earnings would yield roughly $7,000 in additional net resources, after taking into account about $9,600 in lost benefits and increased taxes. But even these results amount to a marginal tax rate of 58 percent (see Appendix A, Table 3d).

Figure 5: Resources and Expenses for Rita and Jason in Springfield as Earnings Double[18]



Work supports: EITCs, food stamps, public health insurance, and—when both parents are working—child care subsidy.

Annual net resources: Annual resources minus annual expenses.

Source: NCCP analysis of raw data derived from the Family Resource Simulator.

Moving Policies Forward

Illinois' work support policies help parents who work for low wages provide for their families. However, more needs to be done to ensure that these policies also encourage and reward progress in the workforce.

States can implement a number of policy reforms to ensure that families get ahead when they work and earn more. In Illinois, as in most other states, the largest benefit cliff that families face is the loss of child care subsidies. To address this cliff, Illinois could raise the income eligibility limit for subsidies and adjust the copayment schedule, or it could create a refundable child care tax credit to offset the high cost of unsubsidized care. For families with preschool-aged children, state-funded prekindergarten is another way to ease the child care benefit cliff, although part-day programs solve only part of the problem for working parents. Last year, Illinois announced expanded investments in public prekindergarten with the goal of eventually serving all of the state's 3- and 4-year-olds.[19]

States can also explore options in federal programs, such as food stamps, that might better meet the needs of low-wage workers. For example, Illinois could take advantage of the federal food stamp option that allows states to extend food stamps to working families with income somewhat above 130 percent of the poverty level, with benefits phasing out gradually as income rises. This would reduce the size of the food stamp cliff for some families, without additional cost to the state.[20]

Illinois policymakers have made low-wage workers and their families a priority. As stated above, a comprehensive work support system should:

1. **Provide adequate family resources.** If parents work full-time, their earnings combined with public benefits should provide the resources necessary to cover basic family expenses.
2. **Reward progress in the workforce.** When parents' earnings increase, their families should always be better off.

Making "Work Supports" Work

As part of its Making "Work Supports" Work initiative, NCCP is researching the following strategies for improving the effectiveness of work support policies:

1. **Phase benefits out gradually to avoid steep cliffs.** The federal EITC provides an example: it phases out gradually so that by the time the family loses eligibility, the benefit loss is small.
2. **Raise eligibility limits.** In the absence of higher wages, expanded eligibility levels that are well beyond the federal poverty level are one way to help low-wage workers make ends meet.
3. **Serve a greater share of eligible families.** Some benefits, such as housing vouchers, reach only a fraction of eligible families.
4. **Coordinate program interactions.** Coordinating eligibility rules and phase-outs across programs can help ensure that families receiving multiple benefits don't lose them simultaneously because of small increases in earnings.

Implementing these strategies can help ensure that work support policies reward hard work and better meet the needs of low-income families.

For more information on NCCP's Making "Work Supports" Work initiative, see <www.nccp.org>.

Illinois has largely succeeded in meeting the first goal. The challenge now is ensuring that progress in the workforce yields clear and consistent benefits. Illinois has already taken an important step in this direction by implementing a public health insurance program for all children that includes premiums that rise with income. Policies like these can create a work support system designed to truly make work pay.

Endnotes

1. These statistics refer to the employment level of the parent in the household who maintained the highest level of employment in the previous year, with "full-time" defined as working at least 50 weeks and for at least 35 hours during the majority of those weeks. "Part-time" is defined as working less than that. Source: NCCP analysis based on the U.S. Current Population Survey, Annual Social and Economic Supplements, March 2004, 2005, and 2006, representing information from 2003, 2004, and 2005.

2. Note that the Illinois Family Resource Simulator applies federal and state tax and benefit rules that were in effect as of July 2006.

3. Boushey, H.; Brocht, C.; Gundersen, B.; & Bernstein, J. (2001). *Hardships in America: The real story of working families*. Washington, DC: Economic Policy Institute <www.epinet.org/books/hardships_intro.pdf>.

4. The results presented in this report are based on analysis of data from NCCP's Family Resource Simulator <www.nccp.org/modeler/modeler.cgi>. Results reflect policy rules in effect as of July 2006. "Payroll and income taxes" take into account the Child Tax Credit and the Child and Dependent Care Tax Credit but not federal and state earned income tax credits. EITCs are considered work supports and when the family receives such benefits (as indicated in the text), they are included in family resources. For more information about how the Family Resource Simulator estimates the cost of family expenses, see Appendix B.

5. See Endnote 4.

6. Shulman, K. & Blank, H. (2006). *State child care assistance policies in 2006: Gaps remain, with new challenges ahead*. Washington, DC: National Women's Law Center <www.nwlc.org/pdf/StateChildCareAssistancePoliciesReport2006web.pdf>.

7. See Endnote 4.

8. Preliminary data for fiscal year 2005 indicate that among children with child care subsidies in Illinois, 28 percent were cared for in licensed center-based settings, making it the most common type of regulated care subsidized. Another 18 percent of children were in licensed family care. Most of the remaining children were cared for in license-exempt, home-based settings. Source: U.S. Child Care Bureau. (2006). Table 6-Child Care and Development Fund Preliminary Estimates: Average Monthly Percentages of Children Served in All Types of Care (FFY 2005) <www.acf.hhs.gov/programs/ccb/data/ccdf_data/05acf800/table6.htm>. Accessed March 6, 2007.

9. Benefit participation barriers include lack of information, cumbersome application procedures, and, in some cases, limited funding. In addition, families who are *income* eligible for benefits can be barred by other eligibility requirements related to assets, citizenship status, or other criteria.

10. Personal e-mail communication with staff at CHAC, Inc., November 16-17, 2006. CHAC, Inc. administers the Chicago Housing Choice Voucher Program under contract with the Chicago Housing Authority.

11. A portion of a family's estimated federal EITC benefit can be claimed in advance on a monthly basis, but in practice, over 99 percent of claimants receive their benefits in a lump sum after filing their taxes at the end of the year. See Smeeding, T. M.; Phillips, K. R.; & O'Connor, M. (2000). The EITC: Expectation, knowledge, use, and economic and social mobility. *National Tax Journal, 53*(4), part 2, pp. 1187–1209.

12. See Endnote 4.

13. For more on these issues, see Cauthen, N. K. (2006). *When work doesn't pay: What every policymaker should know*. New York, NY: National Center for Children in Poverty, Columbia University Mailman School of Public Health <www.nccp.org/pub_wdp06.html>.

14. See Endnote 4.

15. Personal e-mail and telephone communication with staff at the Aurora, Jefferson County, Peoria, Rockford, and Springfield Housing Authorities, November 21, 2006.

16. See Endnote 4.

17. See Endnote 4.

18. See Endnote 4.

19. National Association of Elementary School Principles. (2006). *Universal pre-k in Illinois: 'Preschool for all.'* Alexandria, VA: National Association of Elementary School Principles <www.naesp.org/ContentLoad.do?contentId=2032>. Accessed March 6, 2007.

20. Food stamps are available to families whose "gross" income is below 130 percent of the federal poverty level if their "net" income (i.e., after subtracting deductions for certain necessities, such as housing and child care) is below poverty. Families experience a "cliff" when their gross income exceeds 130 percent of poverty before their net income reaches the poverty level. A federal option allows states the ability to waive the gross income limit under certain circumstances.

Appendix A

Table 1a. Basic Needs Budget for Single-Parent Family of Three

	Aurora	Chicago	Jefferson County	Peoria	Rockford	Springfield
Rent and Utilities	$10,812	$10,812	$6,168	$7,032	$7,392	$6,948
Food	$5,302	$5,302	$5,302	$5,302	$5,302	$5,302
Child Care	$9,924	$9,924	$7,200	$8,352	$8,352	$8,352
Health Insurance	$2,212	$2,212	$2,212	$2,212	$2,212	$2,212
Transportation	$3,197	$900	$3,949	$3,440	$3,440	$3,949
Other Necessities	$4,351	$4,351	$3,097	$3,330	$3,427	$3,308
Payroll and Income Taxes	$3,399	$2,445	$889	$1,096	$1,151	$1,144
TOTAL	**$39,197**	**$35,946**	**$28,817**	**$30,765**	**$31,276**	**$31,215**
Hourly wage (40 hours/week, 52 weeks/year)	$19/hour	$17/hour	$14/hour	$15/hour	$15/hour	$15/hour

Table 1b. Basic Needs Budget for Two-Parent Family of Four, One Parent Employed and One Parent At Home

	Aurora	Chicago	Jefferson County	Peoria	Rockford	Springfield
Rent and Utilities	$10,812	$10,812	$6,168	$7,032	$7,392	$6,948
Food	$7,370	$7,370	$7,370	$7,370	$7,370	$7,370
Child Care	$0	$0	$0	$0	$0	$0
Health Insurance	$2,212	$2,212	$2,212	$2,212	$2,212	$2,212
Transportation	$3,197	$900	$3,949	$3,440	$3,440	$3,949
Other Necessities	$4,909	$4,909	$3,655	$3,889	$3,986	$3,866
Payroll and Income Taxes	$1,633	$1,035	$421	$446	$565	$551
TOTAL	**$30,133**	**$27,238**	**$23,775**	**$24,389**	**$24,965**	**$24,896**
Hourly wage (40 hours/week, 52 weeks/year)	$14/hour	$13/hour	$11/hour	$12/hour	$12/hour	$12/hour

Table 1c. Basic Needs Budget for Two-Parent Family of Four, Both Parents Employed

	Aurora	Chicago	Jefferson County	Peoria	Rockford	Springfield
Rent and Utilities	$10,812	$10,812	$6,168	$7,032	$7,392	$6,948
Food	$7,370	$7,370	$7,370	$7,370	$7,370	$7,370
Child Care	$9,924	$9,924	$7,200	$8,352	$8,352	$8,352
Health Insurance	$2,212	$2,212	$2,212	$2,212	$2,212	$2,212
Transportation	$4,618	$1,800	$5,391	$4,651	$4,651	$5,391
Other Necessities	$4,909	$4,909	$3,655	$3,889	$3,986	$3,866
Payroll and Income Taxes	$3,363	$2,229	$1,307	$1,487	$1,541	$1,562
TOTAL	**$43,208**	**$39,256**	**$33,303**	**$34,993**	**$35,504**	**$35,701**
Hourly wage (40 hours/week, 52 weeks/year per parent)	$10/hour	$9/hour	$8/hour	$8/hour	$9/hour	$9/hour

Source: NCCP analysis of raw data derived from the Family Resource Simulator. Results assume the family has one preschool-aged child and one school-aged child. For more information about how the Simulator estimates the cost of family expenses, see Appendix B.

Table 2a. Net Family Resources for Single-Parent Family of Three and Full-time Employment at $8/hour

	Employment *plus* • EITCs • food stamps • public health insurance • child care subsidy • housing voucher	Employment *plus* • EITCs • food stamps • public health insurance • child care subsidy	Employment *plus* • EITCs • food stamps • public health insurance	Employment *plus* • EITCs	Employment alone (no work supports)
Aurora					
Resources	$23,361	$24,011	$24,983	$21,006	$16,640
Expenses	$19,018	$25,415	$34,377	$36,589	$36,589
Net Resources	**$4,343**	**-$1,404**	**-$9,394**	**-$15,583**	**-$19,949**
Chicago					
Resources	$23,361	$24,011	$24,983	$21,006	$16,640
Expenses	$16,721	$23,118	$32,080	$34,292	$34,292
Net Resources	**$6,640**	**$893**	**-$7,097**	**-$13,286**	**-$17,652**
Jefferson County					
Resources	$23,361	$23,887	$24,983	$21,006	$16,640
Expenses	$18,516	$20,269	$26,507	$28,719	$28,719
Net Resources	**$4,845**	**$3,618**	**-$1,524**	**-$7,713**	**-$12,079**
Peoria					
Resources	$23,361	$24,011	$24,983	$21,006	$16,640
Expenses	$18,241	$20,857	$28,247	$30,459	$30,459
Net Resources	**$5,120**	**$3,154**	**-$3,264**	**-$9,453**	**-$13,819**
Rockford					
Resources	$23,361	$24,011	$24,983	$21,006	$16,640
Expenses	$18,338	$21,315	$28,705	$30,917	$30,917
Net Resources	**$5,023**	**$2,697**	**-$3,722**	**-$9,910**	**-$14,277**
Springfield					
Resources	$23,361	$24,011	$24,983	$21,006	$16,640
Expenses	$18,727	$21,259	$28,649	$30,861	$30,861
Net Resources	**$4,634**	**$2,752**	**-$3,667**	**-$9,855**	**-$14,221**

Net resources: Annual resources minus annual expenses.

Source: NCCP analysis of raw data derived from the Family Resource Simulator. Results assume the family has one preschool-aged child and one school-aged child. For more information about how the Simulator estimates the cost of family expenses, see Appendix B.

Table 2b. Net Family Resources for Two-Parent Family of Four, One Parent Employed Full-time at $8/hour

	Employment *plus* • EITCs • food stamps • public health insurance • housing voucher	Employment *plus* • EITCs • food stamps • public health insurance	Employment *plus* • EITCs	Employment alone (no work supports)
Aurora				
Resources	$24,696	$25,404	$21,403	$16,640
Expenses	$20,912	$27,020	$29,232	$29,232
Net Resources	**$3,784**	**-$1,616**	**-$7,829**	**-$12,592**
Chicago				
Resources	$24,696	$25,404	$21,403	$16,640
Expenses	$18,615	$24,723	$26,935	$26,935
Net Resources	**$6,081**	**$681**	**-$5,532**	**-$10,295**
Jefferson County				
Resources	$24,696	$25,135	$21,403	$16,640
Expenses	$20,410	$21,874	$24,086	$24,086
Net Resources	**$4,286**	**$3,261**	**-$2,683**	**-$7,446**
Peoria				
Resources	$24,696	$25,394	$21,403	$16,640
Expenses	$20,134	$22,462	$24,674	$24,674
Net Resources	**$4,561**	**$2,932**	**-$3,271**	**-$8,034**
Rockford				
Resources	$24,696	$25,404	$21,403	$16,640
Expenses	$20,231	$22,919	$25,131	$25,131
Net Resources	**$4,464**	**$2,484**	**-$3,729**	**-$8,491**
Springfield				
Resources	$24,696	$25,369	$21,403	$16,640
Expenses	$20,620	$22,864	$25,076	$25,076
Net Resources	**$4,075**	**$2,505**	**-$3,673**	**-$8,436**

Note: Child care assistance is not included in this analysis. When only one parent is employed, the family is not eligible for a child care subsidy because the other parent is available to care for the children.

Net resources: Annual resources minus annual expenses.

Source: NCCP analysis of raw data derived from the Family Resource Simulator. Results assume the family has one preschool-aged child and one school-aged child. For more information about how the Simulator estimates the cost of family expenses, see Appendix B.

Table 2c. Net Family Resources for Two-Parent Family of Four, Both Parents Employed Full-time at $8/hour

	Employment *plus* • EITCs • food stamps • public health insurance • child care subsidy • housing voucher	Employment *plus* • EITCs • food stamps • public health insurance • child care subsidy	Employment *plus* • EITCs • food stamps • public health insurance	Employment *plus* • EITCs	Employment alone (no work supports)
Aurora					
Resources	$34,403	$34,403	$34,403	$34,403	$33,280
Expenses	$30,665	$32,693	$38,938	$41,150	$41,150
Net Resources	**$3,738**	**$1,709**	**-$4,535**	**-$6,747**	**-$7,870**
Chicago					
Resources	$34,403	$34,403	$34,403	$34,403	$33,280
Expenses	$27,847	$29,875	$36,120	$38,332	$38,332
Net Resources	**$6,556**	**$4,527**	**-$1,717**	**-$3,929**	**-$5,052**
Jefferson County					
Resources	$34,403	$34,403	$34,403	$34,403	$33,280
Expenses	$27,568	$27,568	$31,089	$33,301	$33,301
Net Resources	**$6,834**	**$6,834**	**$3,314**	**$1,102**	**-$21**
Peoria					
Resources	$34,403	$34,403	$34,403	$34,403	$33,280
Expenses	$27,926	$27,926	$32,598	$34,810	$34,810
Net Resources	**$6,477**	**$6,477**	**$1,804**	**-$408**	**-$1,530**
Rockford					
Resources	$34,403	$34,403	$34,403	$34,403	$33,280
Expenses	$28,383	$28,383	$33,056	$35,268	$35,268
Net Resources	**$6,019**	**$6,019**	**$1,347**	**-$865**	**-$1,988**
Springfield					
Resources	$34,403	$34,403	$34,403	$34,403	$33,280
Expenses	$28,559	$28,559	$33,231	$35,443	$35,443
Net Resources	**$5,844**	**$5,844**	**$1,171**	**-$1,041**	**-$2,163**

Net resources: Annual resources minus annual expenses.

Source: NCCP analysis of raw data derived from the Family Resource Simulator. Results assume the family has one preschool-aged child and one school-aged child. For more information about how the Simulator estimates the cost of family expenses, see Appendix B.

Table 3a. Marginal Tax Rate for Single-Parent Family of Three, as Hourly Wage Increases from $10 to $12

	Net resources with parent working full-time at $10 an hour (Annual Earnings: $20,800)	Net resources with parent working full-time at $12 an hour (Annual Earnings: $24,960)	Change in net resources as annual earnings increase by $4,160	Marginal tax rate
Aurora	$435	$717	**$282**	**93%**
Chicago	$2,732	$3,014	**$282**	**93%**
Jefferson County	$5,082	$5,863	**$781**	**81%**
Peoria	$4,753	$5,274	**$521**	**87%**
Rockford	$4,404	$4,817	**$413**	**90%**
Springfield	$4,326	$4,872	**$547**	**87%**

Table 3b. Marginal Tax Rate for Single-Parent Family of Three, as Hourly Wage Increases from $8 to $16

	Net resources with parent working full-time at $8 an hour (Annual Earnings: $16,640)	Net resources with parent working full-time at $16 an hour (Annual Earnings: $33,280)	Change in net resources as annual earnings increase by $16,640	Marginal tax rate
Aurora	-$1,404	-$1,688	**-$284**	**102%**
Chicago	$893	$609	**-$284**	**102%**
Jefferson County	$3,618	$6,183	**$2,565**	**85%**
Peoria	$3,154	$4,442	**$1,288**	**92%**
Rockford	$2,697	$3,985	**$1,288**	**92%**
Springfield	$2,752	$4,040	**$1,288**	**92%**

Work supports (when eligible): Tax credits, food stamps, public health insurance, child care subsidy

Net resources: Annual resources minus annual expenses

Marginal tax rate: While different from economists' use of the term in personal income tax analyses, "marginal tax rate" is used here to convey a similar concept—that of reducing the net value of additional earnings. It refers to the percent of additional earnings that is canceled out by reductions in benefits and increases in taxes, and it is calculated as: 1 – [(change in net resources) / (change in earnings)].

Source: NCCP analysis of raw data derived from the Family Resource Simulator. Results assume the family has one preschool-aged child and one school-aged child. For more information about how the Simulator estimates the cost of family expenses, see Appendix B.

Table 3c. Marginal Tax Rate for Two-Parent Family of Four, as Second Parent Enters Workforce (Hourly Wage of $8)

	Net resources with one parent working full-time at $8 an hour (Annual Earnings: $16,640)	Net resources with both parents working full-time at $8 an hour (Annual Earnings: $33,280)	Change in net resources as annual earnings increase by $16,640	Marginal tax rate
Aurora	-$1,616	$1,709	**$3,325**	**80%**
Chicago	$681	$4,527	**$3,846**	**77%**
Jefferson County	$3,261	$6,834	**$3,573**	**79%**
Peoria	$2,932	$6,477	**$3,545**	**79%**
Rockford	$2,484	$6,019	**$3,535**	**79%**
Springfield	$2,505	$5,844	**$3,339**	**80%**

Table 3d. Marginal Tax Rate for Two-Parent Family of Four with One Parent Employed, as Hourly Wage Increases from $8 to $16

	Net resources with one parent working full-time at $8 an hour (Annual Earnings: $16,640)	Net resources with one parent working full-time at $16 an hour (Annual Earnings: $33,280)	Change in net resources as annual earnings increase by $16,640	Marginal tax rate
Aurora	-$1,616	$5,412	**$7,028**	**58%**
Chicago	$681	$7,709	**$7,028**	**58%**
Jefferson County	$3,261	$10,558	**$7,297**	**56%**
Peoria	$2,932	$9,969	**$7,037**	**58%**
Rockford	$2,484	$9,512	**$7,028**	**58%**
Springfield	$2,505	$9,567	**$7,063**	**58%**

Note: Child care assistance is only included in this analysis when both parents are employed. When only one parent is employed, the family is not eligible for a child care subsidy because the other parent is available to care for the children.

Work supports (when eligible): Tax credits, food stamps, public health insurance, child care subsidy

Net resources: Annual resources minus annual expenses

Marginal tax rate: While different from economists' use of the term in personal income tax analyses, "marginal tax rate" is used here to convey a similar concept—that of reducing the net value of additional earnings. It refers to the percent of additional earnings that is canceled out by reductions in benefits and increases in taxes, and it is calculated as: 1 – [(change in net resources) / (change in earnings)].

Source: NCCP analysis of raw data derived from the Family Resource Simulator. Results assume the family has one preschool-aged child and one school-aged child. For more information about how the Simulator estimates the cost of family expenses, see Appendix B.

Appendix B: Methodology for Calculating Expense Estimates

NCCP's Family Resource Simulator is a web-based tool that allows users flexibility in determining the cost of basic family expenses. The Simulator provides cost estimates for housing, food, child care, transportation, health insurance, and other necessities. These estimates are calculated based on a methodology that draws on the Self-Sufficiency Standards developed by Diana Pearce for Wider Opportunities for Women and the Economic Policy Institute's Basic Family Budgets. Users of the Simulator may also enter their own cost estimates.

For the analyses in this report, the Simulator's default estimates were used. These estimates were calculated following the methodology described below, except where costs were offset by in-kind benefits—housing vouchers, child care subsidies, or public health insurance. In those cases, expenses were calculated based on program rules. For example, the cost of child care for a family with a subsidy reflects the copayment the family would pay in Illinois' child care assistance program.

Rent and Utilities	The cost of rent and utilities is estimated based on the Fair Market Rent (for a two-bedroom unit) determined by the U.S. Department of Housing and Urban Development.
Food	The cost of food is estimated based on the Low-Cost Food Plan developed by the U.S. Department of Agriculture.
Child Care	The cost of child care is estimated based on the provider payment rates for center-based care in Illinois' child care assistance program. The Family Resource Simulator assumes that a preschool-aged child needs full-time care while the parent(s) work, and a school-aged child needs part-time (e.g., after-school) care.
Transportation	In Chicago, the Family Resource Simulator assumes that the family uses public transportation; the cost is based on one monthly pass per employed parent (children under age 7 ride for free). In the other five localities—Aurora, Jefferson County, Peoria, Rockford, and Springfield—the Simulator assumes that the family uses private transportation. Cost estimates are calculated based on the Economic Policy Institute's Basic Family Budget methodology, which relies on data from the 2001 National Travel Household Survey, the 1990 Nationwide Personal Transportation Survey, and the IRS cost-per-mile rate (for more information, see www.epinet.org/datazone/fambud/fam_bud_calc_tech_doc.pdf).
Health Insurance	The cost of health insurance is estimated based on the average employee contribution for employer-based coverage in Illinois' private sector, according to the Medical Expenditure Panel Survey (MEPS) conducted by the federal Agency for Healthcare Research and Quality (for more information, see www.meps.ahrq.gov/mepsweb/data_stats/quick_tables.jsp). Estimates reflect state averages for "family coverage" for a family plan, "single coverage" for a single parent, and "employee-plus-one coverage" for two parents.
Other Necessities	The cost of other necessities is estimated based on the Economic Policy Institute's Basic Family Budget methodology, which relies on data from the Consumer Expenditure Survey (for more information, see www.epinet.org/datazone/fambud/fam_bud_calc_tech_doc.pdf). It equals 27 percent of the sum of the family's (unsubsidized) housing and food costs.
Payroll and Income Taxes	The cost of payroll and income taxes is calculated following federal and state tax regulations. Income tax calculations take into account the Child Tax Credit and the Child and Dependent Care Tax Credit but not federal and state earned income tax credits. EITCs are considered work supports, and when the family receives such benefits (as indicated in the text), they are included in family resources.