NELP NATIONAL EMPLOYMENT LAW PROJECT

Minimum Wage Basics

Raising the Minimum Wage Leads to Significant Gains for Workers, Not to 'Benefits Cliffs'

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NELP's Minimum Wage Basics series sheds light on key issues related to the minimum wage, drawing on the latest research and campaign developments.

Introduction and Key Findings

Recent action to raise the wage floor is beginning to reverse decades of growing pay inequality, delivering the first large raises in years to workers at the bottom of the pay scale. An analysis by the Economic Policy Institute (EPI) finds that 33 million workers in low-wage jobs would benefit from a raise in the federal minimum wage to $15 per hour.[1] A separate November 2018 analysis of the impact of the Fight for $15 by the National Employment Law Project (NELP) reveals that over the next several years, 22 million workers will collectively receive nearly $68 billion in raises as a result of state and local minimum wage legislation and the voluntary action of employers.[2] The NELP analysis does not include minimum wage legislation adopted in 2019 or later, nor does it estimate the effects of other ongoing efforts to raise the minimum wage at the federal, state, and local levels, raising the possibility that millions of additional workers will also benefit.

Where public benefits programs were once designed for those who were not able or expected to work, policymakers have increasingly made low-income working families, especially those with children, eligible for these programs. According to a 2015 study by University of California researchers, low-wage workers or their families account for significant shares (between 36 and 74 percent) of total enrollment in the nation's largest public benefits programs (Medicaid/CHIP, Temporary Assistance for Needy Families, the Earned Income Tax Credit, and the Supplemental Nutrition Assistance Program).[3] Thus, future action to raise the minimum wage may prompt questions about the interaction between higher wages and eligibility rules for various public benefits programs, and whether wage increases could push low-earning working families above maximum income thresholds, thereby leading to the loss of benefits, also known as a "benefits cliff."

As we discuss below, however, these concerns are misplaced, since many minimum wage earners unfortunately do not qualify for this assistance, or receive small amounts of assistance if they do qualify. (Although most minimum wage workers are single adults without children, a significant number—roughly one-quarter—are parents to dependent children. Furthermore, while "single adult" workers are not typically responsible for dependent children, some may have family members, such as aging relatives, who rely on their earnings for their basic needs). And most of those who do receive public benefits typically do not experience a benefits cliff but rather a gradual phase-out of their benefits as their earnings increase. The result is that most affected workers and their families experience an increase in their net income, after accounting for changes in earnings and benefits.

The key findings of this policy brief are as follows:

- **A majority of workers earning less than to slightly more than $15 per hour are single adults, and they are ineligible for most public benefits programs.** According to EPI's analysis of the impact of a federal $15 minimum wage, a majority (59 percent) of low-wage workers lifted by a higher wage floor are full-time earners.[4] Even at low hourly wages, full-time year-round workers without dependents typically earn too much to qualify for many of the nation's most significant public benefits programs, including the Earned Income Tax Credit (EITC), the Supplemental Nutrition Assistance Program (SNAP), and Medicaid.

- **Most major public benefits programs include phase-outs, not "cliffs."** The country's major public benefits programs generally incorporate gradual phase-outs, not "benefits cliffs," so that as earnings increase, benefits gradually decrease. Despite the reduction in benefits, these working families' net incomes remains higher—in many cases, significantly higher—than they were before a wage increase.

- **Child care assistance includes cliff-like features, but with recent federal changes they are less likely to affect workers with low incomes.** Child care assistance is one of the few major public benefits programs where some participants can experience a "benefits cliff." However, after recent changes to the Child Care and Development Block Grant (CCDBG), only a small fraction of those who do receive child care assistance are at risk of a benefits cliff.[5] Under the 2014 CCDBG reauthorization, states are now required to provide families with a graduated phase-out period if their incomes are above the state entry level for child care assistance, but below the federal cap of 85 percent of the state median income (SMI). During the graduated phase-out period, states may increase family copayments, reducing the potential for and size of a cliff.[6] To prevent a benefits cliff for child care assistance, and to expand the reach of the program,[7] Congress and the states should provide the additional funding needed to serve all eligible children, maintain affordable copayments throughout the phase-out, and increase exit-income thresholds to reflect the reality that nearly all families struggle to afford the high cost of child care.

- **A higher minimum wage could help workers in low-wage jobs and their families access medical coverage.** In states that have not expanded Medicaid, full-time workers without children generally do not qualify for Medicaid. In these states, even parents with very low earnings can face a benefits cliff with a small increase in wages. These workers may fall into a "coverage gap" with incomes too high for Medicaid and too low for subsidies to purchase private insurance through the Affordable Care Act (ACA) marketplace exchanges.

The adoption of Medicaid expansion can eliminate this cliff effect. In addition, research published in the *Journal of the American Medical Association Forum* shows that raising the minimum wage improves access to health benefits for workers by helping them afford employer-sponsored health insurance or by allowing them to access ACA subsidies.[8]

- **Whenever cliff-like scenarios occur, lawmakers should see it as an opportunity to review program eligibility criteria and phase-out schedules, making needed adjustments to ensure that workers and their families will continue to access public benefits.** Keeping minimum wages low to prevent a benefits cliff is harmful policy that makes life worse for workers in the short and long terms. Low wages can condemn workers to a lifetime of poverty, poor physical and mental health, early death, and family disruption; and can prevent them from retiring with some level of economic security in their old age. Given the potential for serious harm to workers, rather than keeping minimum wages low, lawmakers should raise wage floors *and* address cliff-like scenarios when they occur by adjusting eligibility criteria and phase-out schedules so that public benefits continue to be available to those who need them.

We expand on these points in the sections below.

Most workers who benefit from minimum wage increases are single adults without children. These workers are unfortunately ineligible for or have limited access to most public benefits programs, and therefore are unlikely to face a benefits cliff.

Public benefits programs—such as Medicaid, the Supplemental Nutrition Assistance Program (SNAP), the Earned Income Tax Credit (EITC), and child care and housing assistance—can help to create economic security for workers and their families throughout their lifespan. These public services and supports can play a critical role in helping to address income inequality, mitigate the economic effects of structural racism, advance gender equity, and build worker power. Robust investments in, and the expansion of, these public programs can strengthen our communities and help to realize economic security for all. Unfortunately, these programs are often underfunded and impose limits on low-income people without dependent children. These individuals face significant barriers to accessing public benefits programs—such as low-income thresholds, which often put them outside of eligibility even at low earnings, and arbitrary time limits—and they are eligible for only small benefits when they do qualify. For example, as we discuss below, the EITC provides a maximum refund of only $529 for single adults, and completely phases out when their earnings reach just $15,570. Without a minimum wage increase, workers in low-wage jobs face the dual challenge of not being able to afford basic necessities on their earnings alone, and having little access to public supports to make ends meet. If a minimum wage increase were paired with an expansion of public benefits programs for single adults, these workers' ability to make ends meet would increase substantially.

According to analysis by the Economic Policy Institute, the overwhelming majority (72 percent) of workers who would be affected by a federal $15 minimum wage increase are single or married adults without dependent children.[9] Most affected workers (59 percent) are employed full time, and another significant share (31 percent) work between 20 and 34 hours per week.[10] Nowhere in the country can a single worker make ends meet on the current minimum wage.[11] In fact, in some of the most expensive regions in the country, even a $15 minimum wage falls short of a living wage.[12]

Childless workers are categorically ineligible for the Child Tax Credit, while full-time workers without children generally earn too much to qualify for significant EITC or SNAP, particularly if their hourly earnings are above the federal rate of $7.25. And many are ineligible for Medicaid if they reside in states that have not expanded Medicaid under the Affordable Care Act. (Workers do not qualify for marketplace subsidies under the ACA until their incomes exceed 100 percent of the federal poverty level. In expansion states, workers are eligible until they reach 138 percent of the poverty line, which in 2019 was just $17,236 for a household of one.[13])

For instance, a single childless worker earning just $9 per hour and working 27 hours per week year-round, would earn a gross income of $12,636, which falls above the current woefully low federal poverty guideline limit for a household of one.[14, i] Thus, it is likely that most childless workers earning low wages and working less than full time would quickly exceed this income limit, even at low earnings.

The EITC, too, is less than generous with these workers. In 2019, the EITC imposed an adjusted gross income limit of just $15,570 for single workers without children,[15] which is the equivalent of an hourly wage of just $8.56 per hour for 35 hours of work per week. According to an EITC calculator by the Center on Budget and Policy Priorities,[16] the EITC begins phasing-in benefits after $1.00 of earnings, but for childless adults it quickly reaches a peak at just $6,920 of income. At $1.00 in income, the estimated EITC refund is just $2.00, and at $6,920, it reaches the maximum refund of $529. The EITC for single adults without children begins phasing out when earnings reach just $8,650, at which point the refund decreases to $527, and gradually ends when earnings reach $15,570, at which point the refund is zero.[17] The EITC could be an important support for single adults earning low wages

[i] The federal poverty guidelines are used to determine eligibility for federal programs, though typically, income limits are higher than the poverty line, such as 130 percent for SNAP (or higher in states with broad-based categorical eligibility), and 138 percent for Medicaid. While the poverty threshold—on which these guidelines are based—is adjusted each year to match inflation, the "food plan" component of the poverty guidelines was calculated only once, in 1963, and has never been revised to account for rising living standards, new necessities, and a changing economy. As a result, neither the poverty threshold nor the guidelines accurately reflect the cost of living and the needs of households. See the following from the U.S. Department of Health and Human Services, *Frequently Asked Questions Related to the Poverty Guidelines and Poverty*, https://aspe.hhs.gov/frequently-asked-questions-related-poverty-guidelines-and-poverty: "What Programs Use the Poverty Guidelines?," "How was the Poverty Line Developed?," and "Are the Poverty Thresholds Calculated Every Year by Multiplying the Cost of an Agriculture Department Food Plan by Three?" See also "Official Poverty Line Is Already Too Low" and "Updates of Official Poverty Line Should Fully Reflect the Costs of Meeting Basic Needs," in Arloc Sherman and Paul N. van de Water, *Reducing Cost-of-Living Adjustment Would Make Poverty Line a Less Accurate Measure of Basic Needs*, Center on Budget and Policy Priorities, June 11, 2019, https://www.cbpp.org/research/poverty-and-inequality/reducing-cost-of-living-adjustment-would-make-poverty-line-a-less.

if it were expanded to more generously benefit these workers. When expanded and paired with a minimum wage increase, the EITC could help more working single adults make ends meet.

The nation's major public benefits programs generally incorporate *gradual phase-outs*, not benefits cliffs. As workers' wages increase, their net incomes also increase.

The nation's broadest-based public benefits programs—the Earned Income Tax Credit, the Child Tax Credit, and the Supplemental Nutritional Assistance Program (SNAP)—in which the largest numbers of the nation's low-wage workers and their families participate, are designed to provide supports to lower-income households. Rather than abruptly ending when workers' incomes exceed a threshold, these programs gradually phase out as workers' earnings rise. For example, as the Center of Budget and Policy Priorities summarizes, "SNAP's benefit structure rewards earnings over unearned income, incentivizing participants … to seek greater income *through higher wages* or more hours…. As a result, the vast majority of SNAP workers will see an increase in their total income—that is, earnings plus SNAP—when their earnings increase, which gives them an *incentive to … work more or at a higher wage*."[18, ii] (Emphasis added.)

The EITC, too, has a phase-in and phase-out mechanism that incentivizes higher earnings, particularly for households with one or more children. For these families, in 2019, the phase-out ends when earnings reach $41,095 (for households with one child), $46,703 (for households with two children), or $50,162 (for households with three or more children).[19] These thresholds are well above the approximately $31,000 in *gross* earnings from full-time work at $15 per hour. Similarly, the Child Tax Credit (CTC) includes a phase-out mechanism that does not take effect until much higher income levels are reached. Currently, taxpayers with incomes up to $200,000 ($400,000 for married couples) can claim a non-refundable tax credit of up to $2,000 per child under the age of 17. Once households exceed this income threshold, the tax credit decreases by 5 percent of adjusted gross income.[20] The refundable portion of the tax credit—known as the Additional Child Tax Credit, or ACTC—allows families to receive up to $1,400 in refunds if the credit exceeds taxes owed. This refundable portion of the CTC is calculated as 15 percent of earnings over $2,500.[21]

The result of these built-in phase-out mechanisms in SNAP, the EITC, and the CTC is that as wages increase, affected workers' net incomes also increase, while they retain access to public supports as they transition to higher and higher earnings.

[ii] One of the tools that states have utilized to prevent a cliff effect under SNAP is Broad Based Categorical Eligibility (BBCE), which, as the Center for Law and Social Policy explains, "allows states to reflect cost of living, wages, and other local economic conditions by raising the gross income limit from the current standard of 130 percent of the federal poverty level (FPL)." However, BBCE is currently under threat by a Trump Administration proposed rule, which "effectively eliminates BBCE except for some households under very narrow conditions." The result would be a benefits cliff in states that had managed to avoid it. See Carrie Welton, *Proposed House Farm Bill Would Harm Workers, Bring Back "Cliff Effects,"* Center for Law and Social Policy, April 2018, https://www.clasp.org/publications/fact-sheet/proposed-house-farm-bill-would-harm-workers-bring-back-cliff-effects.

Appendix Table 1, drawn from the Urban Institute's Net Income Change Calculator (NICC),[22] shows the change in net monthly income for a typical worker (a childless adult working full time) in each state plus the District of Columbia as the minimum wage rises from $9 to $15 per hour. (We assume that the worker is currently eligible for SNAP only, since even at $9 per hour, this worker would have exceeded the maximum income threshold for the EITC.) The net income change reflects not only higher earnings but also higher total taxes (which consist of federal, state, and payroll taxes) and declining SNAP benefits. As the table shows, the difference in monthly income equals a net gain of $641 on average for all states.

For workers in low-wage jobs who have children, the size of the impact varies depending on the number of hours worked. A single worker with one dependent child who works full time will retain $421 on average in net income as the minimum wage increases to $15, as taxes increase with higher earnings, and as benefits are phased down (see **Appendix Table 2**). In contrast, a single worker with one child working part time (20 hours per week) will retain a bit more: $497 (see **Appendix Table 3**).

In truth, relatively few working households are at risk of facing cliff-like scenarios. As we discuss in the previous section, single adults without children (who constitute the majority of those affected by a minimum wage increase) are the least likely to face a benefits cliff, since they are typically ineligible for most public benefits programs or only receive meager benefits. According to the U.S. Department of Health and Human Services, less than 1 percent (0.2 million) of *childless* households with incomes below 200 percent of the poverty threshold face a benefits cliff.[23] The Department finds that *households with children* earning below 200 percent of poverty are most at risk of a benefits cliff, although even they account for a relatively small number (2.5 percent, or 0.6 million) of households.[24] Other analyses confirm this. According to the Center on Budget and Policy Priorities (CBPP), workers who are at most risk of facing a benefits cliff tend to be single parents raising two children in or near poverty (defined by CBPP as earnings below 150 percent of the federal poverty line), who receive EITC, SNAP, *and* either cash or housing assistance (or both). These cliff-affected families account for only 3 percent of *all* near-poor single-parent households with two children—and therefore make up just a fraction of the total share of workers receiving raises under a minimum wage increase.[25] But as we argue below, the predicament faced by these cliff-affected families cannot be faulted on policies such as a higher minimum wage—but rather, on program eligibility criteria that are set too low to allow working families with modest income increases to continue to access public benefits for as long as they need them.

In summary, under all scenarios above, workers in low-paying jobs who receive public supports will see significant net income boosts from a higher minimum wage—but the size of the increase will vary based on family composition and hours worked.

Child care assistance is one of few public benefits programs likely to incorporate a benefits cliff, where a small increase in earnings results in the loss of benefits.

There are few public benefits programs—most significantly, child care assistance—that can incorporate a benefits cliff, where a small increase in earnings can result in the complete loss of eligibility. Child care assistance—which is funded in full or in part through a federal block grant program called the Child Care and Development Block Grant (CCDBG) and administered locally at the state, U.S. territory, or tribal level—has a maximum income eligibility of 85 percent of state median income.[26] (Here, we limit the discussion to states and Washington, D.C. only.) States have the option of setting a threshold below 85 percent for *initial* eligibility, a higher income threshold for *continuing* eligibility (as long as the higher threshold does not exceed 85 percent of median income), or keeping both initial and continuing income eligibility the same.[27] In states where initial and continuing eligibility levels are the same, or where continuing eligibility is not much different from initial eligibility, families can quickly face a benefits cliff for receiving even a small pay increase—be it from receiving a promotion at work, from a simple raise by their employers, from additional hours worked, or from higher minimum wage rates. Under the 2014 CCDBG reauthorization, states are now required to provide families with a graduated phase-out period if their incomes are above the state entry level for child care assistance, but below the federal cap of 85 percent of the state median income (SMI). During the graduated phase-out period, states may increase family copayments, reducing the potential for and size of a cliff.[28]

Although child care assistance is an important support for families who receive it, unfortunately not enough workers in low-wage jobs receive child care assistance. Therefore, relatively few working families are at risk of facing a benefits cliff related to this program. The CCDBG, like other block grants, is not an entitlement program and therefore neither guarantees receipt of benefits to all who qualify, nor provides funding sufficient to meet the needs of families.[29] As a result, in every state, CCDBG serves a small fraction of eligible children,[30] and in some states there are waiting lists for child care benefits.

Not surprisingly, only 796,000 families (1.32 million children) received child care assistance on a monthly basis in 2017.[31] By comparison, the proposed federal minimum wage of $15 an hour would benefit 33.5 million workers, including 9.4 million parents with dependent children by the time the law is fully phased in in 2025.[32] And even among those who do receive child care assistance, only a small share face a cliff effect. The U.S. Department of Health and Human Services estimates that after a $2,000 earnings increase, just 3 percent of CCDBG households would lose their entire subsidy, and an additional 22 percent would lose a portion of their subsidy in the form of higher copayments. Even with a $10,000 earnings increase, less than half of such households would lose their entire subsidy.[33]

In general, even workers who participate in cliff-like public benefits programs are likely to see net income gains when the minimum wage increases to $15—just smaller ones. For example, in all but five states, a full-time working mother raising one young child receiving a *full range* of benefits—SNAP, child care subsidies, housing subsidies, Temporary Assistance for Needy Families (TANF), the Special Supplemental Nutrition Program for Women, Infants and Children (WIC), and Medicaid or CHIP—would see a net income gain of up to $434 (see **Appendix Table 4**). For households working part time, net incomes are positive in all states, and range from $49 to $264 (see **Appendix Table 5**). However, the share of families who receive *all* of these benefits is vanishingly small.[34]

Whenever cliff-like scenarios do occur, they should be understood as the result of poor policy design, not as the "inevitable" or "unintended" result of higher minimum wages. Public benefits programs provide important supports for families with low incomes. Given their potential to reduce hardship, these programs should be fully funded, and Congress and states should see fears of a benefits cliff as an opportunity to review phase-out designs and eligibility criteria, and make the needed adjustments to ensure that working families with continued need will retain their benefits.

(For a brief discussion of housing subsidies, TANF, and WIC, see the appendix section, "Description of Other Public Benefits Programs for Working Families".)

Raising the minimum wage improves access to health benefits by helping workers afford employer-based health insurance or coverage under the Affordable Care Act.

Medicaid is one of the nation's major public benefits programs for which most working people in states that have not expanded the program under the Affordable Care Act (ACA) do not qualify. According to the latest estimate by the Henry J. Kaiser Family Foundation, the "median income limit [for Medicaid] for parents in these [non-expansion] states is just 43% of poverty, or an annual income of $8,935 for a family of three in 2018, and in nearly all states not expanding, childless adults remain ineligible."[35]

The Kaiser Foundation notes that because the ACA was originally designed to provide low-income workers with access to health care through an expanded Medicaid program (and with subsidies for individuals earning above 138 percent of the poverty line, so they can purchase insurance through the marketplace), the ACA did not incorporate financial assistance for those earning below the poverty line. "As a result, in states that do not expand Medicaid, many adults, including all childless adults, fall into a 'coverage gap' of having incomes above Medicaid eligibility limits but below the lower limit for Marketplace premium tax credits."[36]

Research by Andrew Bindman, a health policy expert at the University of California-San Francisco, indicates that raising the minimum wage improves access to health benefits by helping workers afford employer-sponsored or private marketplace insurance under the Affordable Care Act.[37] Dr. Bindman estimates that raising the minimum wage from $7.25 to $15 would increase the likelihood that low-wage workers would accept employer-sponsored insurance from 37 percent to 77 percent—a highly significant increase in coverage. He further notes that a "higher minimum wage will also make it possible, depending on household size, for a greater number of individuals who are not offered employer-based coverage to earn enough to qualify for subsidies to purchase coverage through a marketplace…. This is particularly important in [states] that have not expanded Medicaid coverage."[38]

Rather than keeping wage floors low, legislators should revise eligibility criteria for public benefits, so that benefits phase out slowly as workers' earnings rise.

Benefits cliffs happen as a result of poor policy design with regard to eligibility and funding for public benefits programs, not as an "unintended consequence" of raising the wage floor. In fact, benefits cliffs happen independent of minimum wage policy.[39] Whenever working families face the possibility of a benefits cliff following a raise in the wage floor, lawmakers should see it as an opportunity to review and amend eligibility criteria for these programs, provide adequate funding, and revise phase-out schedules to ensure that families with continued need are not adversely affected.

Many states have taken steps to address concerns with benefits cliffs, even in the absence of a campaign to raise the minimum wage. For example, in 2015, **Illinois** Gov. Bruce Rauner approved legislation raising income limits for the Supplemental Nutritional Assistance Program (SNAP) to prevent SNAP cliff effects.[40] At the time, there was no statewide campaign for a higher minimum wage. In 2012, the **Colorado** legislature adopted a law to authorize the Colorado Cliff Effect Pilot Program, a currently ongoing pilot that seeks to expand child care assistance and mitigate related cliff effects.[41] This was at a time when the Fight for $15 was in its infancy and had not yet reached Colorado. In March 2017, **Maryland** Gov. Larry Hogan established a commission, the Two Generation Family Economic Security Commission and Pilot Program, which was tasked with identifying barriers to economic security and making policy recommendations to mitigate multi-generational poverty.[42] The Commission found that, "Perhaps most commonly cited as a barrier to family self-sufficiency is the 'benefits cliff.' … Consider the detriment to the entire family when [Temporary Cash Assistance (TCA)] eligibility is lost when a single parent of two works part time for $8.46 per hour."[43] At the time Gov. Hogan established the Commission, a statewide campaign for a $15 minimum wage had not yet been launched.

Even in cases where minimum wage campaigns have brought up concerns about potential cliff effects, states have opted for addressing eligibility criteria or funding, rather than keeping wages low. For example, in 2015, when **Oregon** was considering raising its wage floor to $15 per hour, some raised the possibility of a benefits cliff for some working families, including those receiving housing benefits. But instead of leaving the wage floor at a poverty rate of $9.25 per hour, the legislature passed a bill that raised income thresholds for ongoing eligibility from 60 percent of the median income, to a more generous 80 percent.[44] The next year, in 2016, Oregon adopted legislation gradually raising the minimum wage to $14.75 in Portland, $12.50 in rural regions, and $13.50 elsewhere in the state.[45] Similarly, in **Vermont**, a campaign for a higher minimum wage in the 2017-2018 legislative session led to concerns about a benefits cliff. A commission was established to look into the matter, which identified potential cliff effects for a minority of working families (2,000 in total) receiving child care assistance under the state's Child Care Financial Assistance Program (CCFAP).[46] Based on those findings, the original bill[47] was amended to include a provision that would adjust the sliding scale and the market rate benchmarks for CCFAP to reflect the increase in the minimum wage.[48] Although the minimum wage bill was vetoed in 2018, the following year legislators in the House and Senate introduced new $15 minimum wage bills with similar language on CCFAP.[49]

Leaving wage floors low to prevent benefits cliffs threatens real harm to workers in the short and long terms. We should aim to tackle both low pay and cliffs.

Leaving wage floors low in order to prevent cliff effects can lead to negative short- and long-term impacts for affected workers. The immediate harm of low pay is well known: Earnings from low minimum wages often do not allow families to make ends meet.[50] Other less commonly known consequences of low wages range from short- to long-term effects, impacting both the physical and mental health of workers and their families' well-being. These consequences include unmet medical needs;[51] chronic pain;[52] premature death;[53] depression;[54] unmet basic needs for children and its impact on parental stress, depression, substance abuse, and other barriers to family well-being;[55] and diminished educational opportunities for children in low-income households.[56]

Other additional consequences of low wages that can harm workers over the long term include hindering career advancement and lower retirement income.

According to research by the Urban Institute and the Georgetown Public Policy Institute, "[t]he likelihood of leaving low pay decreases dramatically as tenure in a low-paying job increases … [as] the characteristics associated with low-wage employment lead to greater rates of permanently low earnings."[57] Some of the mechanisms through which workers become trapped in low-wage occupations include: Inability to afford a personal car, limiting workers' ability to access higher paying jobs further away from home; [58] higher rates of turnover, either through firing or quitting, which is typical of low-wage occupations, and which over time reduces workers' chances of escaping low-wage occupations;[59] and restricted ability to afford the cost of post-secondary education or training,[60] or to "forego income from work in order to participate in education or training activities."[61]

The Urban Institute has also published research on the impact of low wages on retirement income. They point out that "[c]hanges in the distribution of wages shape workers' lifetime earnings and affect the distribution of retirement income. <u>People who experience high wage inequality during their working years are likely to experience high retirement income inequality</u>, because Social Security benefits are tied to lifetime earnings, and people's ability to save for retirement depends on how much they earn"[62] (emphasis added). The Urban Institute projects that unless wage inequality is curbed, lifetime earnings for low-wage workers (those at the bottom 20 percent of the income distribution) will decline between 2 percent and 9 percent over the next decades (depending on the year of retirement), and retirement incomes will decline between 3 percent and 13 percent.[63]

However, the Urban Institute also estimates that raising the federal minimum wage to $12 per hour and indexing it to inflation would significantly mitigate the erosion in retirement incomes: A $12 minimum wage would "offset nearly 60 percent of the retirement income lost by the bottom fifth of today's 25-year-olds, and nearly 40 percent lost by today's 5-year-olds."[64] (Although the Urban Institute does not project the impact of a $15 minimum wage, it is reasonable to expect that the higher increase would have an even greater impact on retirement incomes for today's lowest-paid workers.) Nari Rhee, an expert on retirement security, came to a similar conclusion when she analyzed the potential impact of a $15 minimum wage in California combined with the state's Secure Choice Retirement Savings Program. Rhee found that for young workers in the bottom 50 percent of the income distribution, the higher minimum wage and participation in Secure Choice could increase their retirement income by 55 percent.[65] The impact of a $15 minimum wage, when analyzed separate from Secure Choice, was smaller yet still very significant: A $15 minimum wage would boost Social Security benefits by 11 percent for a 25-year-old worker upon reaching retirement age, and by 4.5 percent for a 45-year-old today.[66]

In fact, a higher minimum wage would not only boost Social Security benefits, but also allow low-wage workers to save for retirement through contributions to private plans *and* claim a tax credit. The Retirement Savings Contributions Credit—most commonly known as Saver's Credit—is a non-refundable tax credit available to low-income workers who make contributions into retirement plans, such as 401(k) or IRA.[67] Workers can claim up to $1,000 in eligible contributions if filling individually, and $2,000 if married and filing jointly, lowering the taxes they owe by the equivalent of 10 percent to 50 percent of their retirement contributions for the year, depending on their adjusted gross income.[68] For example, if a single worker received a raise to $15 per hour *today*, worked full time and set aside $1,000 toward retirement for the year, she would be able to lower her taxable earnings from roughly $31,000 to $30,000, but would claim a tax credit of around $200 (20 percent of her $1,000 retirement savings).

Appendix: Description of Other Public Benefits Programs for Working Families

The Special Supplemental Nutrition Program for Women, Infants and Children (WIC) is a program that provides food assistance and other related services to low-income women who are pregnant, breastfeeding, or have just given birth, and to their infants and young children up to five years of age who may be at nutritional risk.[69] States set the income eligibility limits at between 100 and 185 percent of the federal poverty level, and people who receive other benefits such as Medicaid, SNAP, or TANF do not need to separately establish their income eligibility for WIC. This program does not have a benefits cliff. Eligible households receive a set amount of monthly benefits that do not change with wage or work-hour increases. Benefit amounts per household only change with pregnancy status, the number of eligible children in the household, and their ages. Participants must recertify their eligibility every 6 to 12 months.

Housing assistance is an umbrella term for a range of housing programs that aim to provide safe, quality, and affordable housing. These programs include housing vouchers, subsidies, public housing, and other housing-related public benefits.[70] Housing assistance programs currently serve an estimated 13.7 million individuals—a figure that includes children, seniors, and persons living with a disability, many of whom are unable to work.[71] Housing vouchers, specifically, have an initial eligibility threshold between 50 percent and 80 percent of median household income, depending on location.[72] Benefits phase out slowly "until 30 percent of a family's income (the required family contribution to rent under the program) equals or exceeds the allowable rental cost."[73] Although the intention of these programs is to cover the gap between housing need and means, housing assistance often falls short of this goal due to inadequate funding. As the Public and Affordable Housing Research Corporation (PAHRC) notes, only 30 percent of qualifying households actually receive rental assistance due to underfunding.[74] As PAHRC also notes, in 2018, these programs "served 1.75 million families who earn a majority of their income from wages."[75] Advocates recommend expanding these housing programs to meet the needs of all qualifying households, so that an estimated 29.7 million additional low-income individuals will receive the assistance they need.[76]

The Temporary Assistance for Needy Families (TANF) is a block grant program that provides cash assistance and other services to some low-income families.[77] As a block grant, TANF does not guarantee receipt of benefits to qualifying families; nor is it funded in response to increases in need or rising inflation. In fact, since its enactment, TANF has been funded at a steady $16.5 billion per year in federal dollars—which, due to inflation, has meant a real value decline of 40 percent.[78] TANF has also helped fewer families over the years. According to the U.S. Department of Health and Human Services, in 2019 TANF had a monthly caseload of 1.1 million families,[79] down from 4.4 million in 1996.[80] In addition to federal funds, TANF requires state contributions, known as Maintenance of Effort (MOE).[81] States have broad discretion over eligibility criteria and the use of funds.[82] The latter has meant that states are allowed to use TANF funds to provide services other than cash assistance, including child care programs, education and job training, transportation, and refundable tax credits.[83] While those other services are needed, funding them through TANF leaves fewer dollars to provide direct cash assistance to families. Nationally, only 21.4 percent of TANF funds are used to provide basic assistance.[84] Federal rules also require states to impose work requirements on benefitting households, although states have some discretion over who must participate in work activities and what must they do.[85] In nearly all states, if parents do not meet the work participation requirements and document their participation, the entire family will be denied benefits. Given the poor design of the program, today TANF serves fewer than 25 percent of families with children living in poverty.[86] Furthermore, the program's onerous work requirements are believed to have led to an increase in deep poverty;[87] and the broad discretion given to states with regards to eligibility criteria and the use of funds has had a disproportionate impact on Black families.[88]

Appendix: Tables

Appendix Table 1. Change in Net Monthly Income for a Single Childless Adult Working Full-Time						
	Hourly Wage Rate					Difference in Net Income ($9.00 - $15.00)
State	$9.00	$10.50	$12.00	$13.50	$15.00	
Alabama	$1,165	$1,342	$1,510	$1,676	$1,842	+ $677
Alaska	$1,386	$1,491	$1,576	$1,752	$1,928	+ $542
Arizona	$1,255	$1,388	$1,543	$1,713	$1,882	+ $627
Arkansas	$1,184	$1,361	$1,529	$1,693	$1,857	+ $673
California	$1,270	$1,405	$1,578	$1,731	$1,898	+ $628
Colorado	$1,187	$1,364	$1,531	$1,697	$1,862	+ $675
Connecticut	$1,274	$1,411	$1,566	$1,736	$1,898	+ $624
Delaware	$1,249	$1,378	$1,545	$1,693	$1,858	+ $609
Florida	$1,274	$1,414	$1,592	$1,752	$1,928	+ $654
Georgia	$1,170	$1,343	$1,507	$1,670	$1,832	+ $662
Hawaii	$1,425	$1,515	$1,595	$1,688	$1,820	+ $395
Idaho	$1,200	$1,372	$1,534	$1,693	$1,852	+ $652
Illinois	$1,230	$1,361	$1,514	$1,682	$1,849	+ $619
Indiana	$1,168	$1,348	$1,518	$1,687	$1,855	+ $687
Iowa	$1,242	$1,353	$1,519	$1,683	$1,847	+ $605
Kansas	$1,197	$1,378	$1,547	$1,713	$1,878	+ $681
Kentucky	$1,159	$1,333	$1,498	$1,661	$1,824	+ $665
Louisiana	$1,186	$1,365	$1,536	$1,704	$1,872	+ $686
Maine	$1,271	$1,397	$1,546	$1,709	$1,871	+ $600
Maryland	$1,235	$1,363	$1,530	$1,679	$1,845	+ $610
Massachusetts	$1,255	$1,371	$1,526	$1,674	$1,839	+ $584
Michigan	$1,231	$1,360	$1,529	$1,679	$1,845	+ $614

Appendix Table 1. Change in Net Monthly Income for a Single Childless Adult Working Full-Time						
	Hourly Wage Rate					Difference in Net Income ($9.00 - $15.00)
State	$9.00	$10.50	$12.00	$13.50	$15.00	
Minnesota	$1,248	$1,375	$1,525	$1,688	$1,852	+ $604
Mississippi	$1,188	$1,365	$1,532	$1,696	$1,861	+ $673
Missouri	$1,191	$1,368	$1,535	$1,700	$1,866	+ $675
Montana	$1,252	$1,382	$1,549	$1,696	$1,856	+ $604
Nebraska	$1,194	$1,374	$1,544	$1,712	$1,877	+ $683
Nevada	$1,274	$1,414	$1,592	$1,752	$1,928	+ $654
New Hampshire	$1,210	$1,398	$1,576	$1,752	$1,928	+ $718
New Jersey	$1,256	$1,393	$1,551	$1,723	$1,895	+ $639
New Mexico	$1,273	$1,406	$1,559	$1,724	$1,887	+ $614
New York	$1,186	$1,363	$1,529	$1,692	$1,853	+ $667
North Carolina	$1,235	$1,362	$1,527	$1,674	$1,836	+ $601
North Dakota	$1,269	$1,406	$1,581	$1,739	$1,912	+ $643
Ohio	$1,199	$1,382	$1,554	$1,724	$1,893	+ $694
Oklahoma	$1,192	$1,368	$1,531	$1,695	$1,860	+ $668
Oregon	$1,192	$1,313	$1,457	$1,616	$1,774	+ $582
Pennsylvania	$1,233	$1,349	$1,520	$1,689	$1,858	+ $625
Rhode Island	$1,264	$1,396	$1,551	$1,720	$1,889	+ $625
South Carolina	$1,202	$1,381	$1,547	$1,710	$1,870	+ $668
South Dakota	$1,210	$1,398	$1,576	$1,752	$1,928	+ $718
Tennessee	$1,210	$1,398	$1,576	$1,752	$1,928	+ $718
Texas	$1,274	$1,414	$1,576	$1,752	$1,928	+ $654
Utah	$1,186	$1,359	$1,523	$1,684	$1,846	+ $660
Vermont	$1,257	$1,388	$1,542	$1,710	$1,878	+ $621
Virginia	$1,169	$1,345	$1,511	$1,674	$1,837	+ $668

Appendix Table 1. Change in Net Monthly Income for a Single Childless Adult Working Full-Time						
State	Hourly Wage Rate					Difference in Net Income ($9.00 - $15.00)
	$9.00	$10.50	$12.00	$13.50	$15.00	
Washington	$1,274	$1,414	$1,592	$1,752	$1,928	+ $654
West Virginia	$1,171	$1,349	$1,518	$1,685	$1,852	+ $681
Wisconsin	$1,256	$1,385	$1,552	$1,697	$1,858	+ $602
Wyoming	$1,210	$1,398	$1,576	$1,752	$1,928	+ $718
Washington, D.C.	$1,243	$1,370	$1,534	$1,680	$1,843	+ $600
Average Monthly Additional Income for All States and Washington, D.C.						**+ $641**

Source: Urban Institute, *Net Income Change Calculator*, accessed August 12, 2020.
Assumes single adult without dependent children, working 35 hours per week, paying $1,000 rent, owning a $5,000 vehicle, receiving SNAP.

Appendix Table 2. Change in Net Monthly Income for a Single Adult Raising One Child, Working Full-Time

State	Hourly Wage Rate					Difference in Net Income ($9.00 - $15.00)
	$9.00	$10.50	$12.00	$13.50	$15.00	
Alabama	$1,170	$1,357	$1,158	$1,318	$1,464	+ $294
Alaska	$1,277	$1,475	$1,649	$1,822	$1,549	+ $272
Arizona	$1,203	$1,401	$1,559	$1,673	$1,769	+ $566
Arkansas	$1,199	$1,379	$1,178	$1,345	$1,496	+ $297
California	$1,199	$1,397	$1,566	$1,685	$1,792	+ $593
Colorado	$1,241	$1,432	$1,238	$1,401	$1,531	+ $290
Connecticut	$1,276	$1,471	$1,629	$1,735	$1,824	+ $548
Delaware	$1,199	$1,397	$1,566	$1,685	$1,792	+ $593
Florida	$1,199	$1,397	$1,566	$1,685	$1,792	+ $593
Georgia	$1,178	$1,368	$1,177	$1,344	$1,495	+ $317
Hawaii	$1,503	$1,688	$1,846	$2,001	$2,085	+ $582
Idaho	$1,213	$1,411	$1,228	$1,396	$1,549	+ $336
Illinois	$1,189	$1,378	$1,535	$1,642	$1,493	+ $304
Indiana	$1,199	$1,388	$1,194	$1,357	$1,508	+ $309
Iowa	$1,276	$1,454	$1,604	$1,704	$1,546	+ $270
Kansas	$1,264	$1,454	$1,259	$1,420	$1,565	+ $301
Kentucky	$1,199	$1,381	$1,152	$1,312	$1,459	+ $260
Louisiana	$1,192	$1,388	$1,205	$1,380	$1,522	+ $330
Maine	$1,213	$1,414	$1,587	$1,710	$1,809	+ $596
Maryland	$1,272	$1,467	$1,624	$1,723	$1,809	+ $537
Massachusetts	$1,253	$1,437	$1,588	$1,688	$1,797	+ $544
Michigan	$1,186	$1,374	$1,531	$1,639	$1,733	+ $547
Minnesota	$1,347	$1,538	$1,694	$1,787	$1,617	+ $270

Appendix Table 2. Change in Net Monthly Income for a Single Adult Raising One Child, Working Full-Time						
State	Hourly Wage Rate					Difference in Net Income ($9.00 - $15.00)
	$9.00	$10.50	$12.00	$13.50	$15.00	
Mississippi	$1,190	$1,380	$1,188	$1,351	$1,501	+ $311
Missouri	$1,195	$1,386	$1,193228	$1,354	$1,503	+ $308
Montana	$1,186	$1,375	$1,535	$1,644	$1,740	+ $554
Nebraska	$1,312	$1,502	$1,304	$1,442	$1,567	+ $255
Nevada	$1,199	$1,397	$1,566	$1,685	$1,792	+ $593
New Hampshire	$1,199	$1,397	$1,566	$1,685	$1,792	+ $593
New Jersey	$1,297	$1,491	$1,625	$1,728	$1,818	+ $521
New Mexico	$1,271	$1,452	$1,594	$1,704	$1,558	+ $287
New York	$1,390	$1,570	$1,717	$1,813	$1,892	+ $502
North Carolina	$1,194	$1,379	$1,535	$1,641	$1,735	+ $541
North Dakota	$1,199	$1,395	$1,562	$1,679	$1,783	+ $584
Ohio	$1,199	$1,397	$1,214	$1,387	$1,549	+ $350
Oklahoma	$1,220	$1,417	$1,232	$1,393	$1,540	+ $320
Oregon	$1,157	$1,338	$1,486	$1,582	$1,665	+ $508
Pennsylvania	$1,191	$1,348	$1,510	$1,623	$1,479	+ $288
Rhode Island	$1,234	$1,430	$1,595	$1,710	$1,812	+ $578
South Carolina	$1,199	$1,397	$1,214	$1,387	$1,544	+ $345
South Dakota	$1,199	$1,397	$1,214	$1,387	$1,549	+ $350
Tennessee	$1,199	$1,397	$1,214	$1,387	$1,549	+ $350
Texas	$1,199	$1,397	$1,566	$1,685	$1,549	+ $350
Utah	$1,199	$1,394	$1,198	$1,358	$1,505	+ $306
Vermont	$1,331	$1,518	$1,666	$1,765	$1,849	+ $518
Virginia	$1,199	$1,397	$1,213	$1,368	$1,509	+ $310

Appendix Table 2. Change in Net Monthly Income for a Single Adult Raising One Child, Working Full-Time

State	Hourly Wage Rate					Difference in Net Income ($9.00 - $15.00)
	$9.00	$10.50	$12.00	$13.50	$15.00	
Washington	$1,199	$1,397	$1,566	$1,685	$1,792	+ $593
West Virginia	$1,192	$1,355	$1,162	$1,327	$1,479	+ $287
Wisconsin	$1,210	$1,402	$1,559	$1,665	$1,758	+ $548
Wyoming	$1,199	$1,397	$1,214	$1,387	$1,549	+ $350
Washington, D.C.	$1,311	$1,504	$1,651	$1,741	$1,818	+ $507
Average Monthly Additional Income for All States and Washington, D.C.						**+ $421**

Source: Urban Institute, *Net Income Change Calculator*, accessed August 12, 2020.
Assumes single adult raising one child, working 35 hours per week, paying $1,000 rent and $783 in child care,[89] owning a $5,000 vehicle, and receiving SNAP.

Appendix Table 3. Change in Net Monthly Income for a Single Adult Raising One Child, Working Part-Time						
State	Hourly Wage Rate					Difference in Net Income ($9.00 - $15.00)
	$9.00	$10.50	$12.00	$13.50	$15.00	
Alabama	$974	$1,108	$1,222	$1,336	$1,450	+ $476
Alaska	$1,053	$1,193	$1,313	$1,433	$1,553	+ $500
Arizona	$979	$1,119	$1,239	$1,359	$1,479	+ $500
Arkansas	$975	$1,115	$1,235	$1,355	$1,475	+ $500
California	$988	$1,115	$1,235	$1,355	$1,475	+ $487
Colorado	$1,017	$1,156	$1,277	$1,397	$1,517	+ $500
Connecticut	$1,048	$1,192	$1,312	$1,432	$1,552	+ $504
Delaware	$975	$1,115	$1,235	$1,355	$1,475	+ $500
Florida	$975	$1,115	$1,235	$1,355	$1,475	+ $500
Georgia	$975	$1,112	$1,228	$1,344	$1,457	+ $482
Hawaii	$1,310	$1,443	$1,559	$1,672	$1,783	+ $473
Idaho	$989	$1,129	$1,245	$1,370	$1,489	+ $500
Illinois	$986	$1,122	$1,238	$1,353	$1,468	+ $482
Indiana	$993	$1,130	$1,246	$1,362	$1,477	+ $484
Iowa	$1,063	$1,205	$1,322	$1,445	$1,558	+ $495
Kansas	$1,041	$1,183	$1,303	$1,424	$1,542	+ $501
Kentucky	$975	$1,115	$1,235	$1,355	$1,475	+ $500
Louisiana	$984	$1,124	$1,241	$1,356	$1,471	+ $487
Maine	$988	$1,129	$1,249	$1,369	$1,489	+ $501
Maryland	$1,044	$1,188	$1,308	$1,428	$1,548	+ $504
Massachusetts	$1,036	$1,179	$1,299	$1,418	$1,532	+ $496
Michigan	$986	$1,121	$1,236	$1,350	$1,465	+ $479
Minnesota	$1,108	$1,260	$1,383	$1,503	$1,623	+ $515

Appendix Table 3. Change in Net Monthly Income for a Single Adult Raising One Child, Working Part-Time						
State	Hourly Wage Rate					Difference in Net Income ($9.00 - $15.00)
	$9.00	$10.50	$12.00	$13.50	$15.00	
Mississippi	$975	$1,115	$1,235	$1,352	$1,468	+ $493
Missouri	$975	$1,115	$1,235	$1,355	$1,473	+ $498
Montana	$974	$1,113	$1,231	$1,348	$1,464	+ $490
Nebraska	$1,089	$1,230	$1,350	$1,470	$1,588	+ $499
Nevada	$975	$1,115	$1,235	$1,355	$1,475	+ $500
New Hampshire	$975	$1,115	$1,235	$1,355	$1,475	+ $500
New Jersey	$1,068	$1,213	$1,333	$1,453	$1,573	+ $505
New Mexico	$1,009	$1,150	$1,308	$1,428	$1,548	+ $539
New York	$1,177	$1,323	$1,442	$1,557	$1,669	+ $492
North Carolina	$975	$1,115	$1,235	$1,355	$1,474	+ $499
North Dakota	$975	$1,115	$1,235	$1,355	$1,475	+ $500
Ohio	$975	$1,115	$1,235	$1,355	$1,475	+ $500
Oklahoma	$988	$1,136	$1,256	$1,376	$1,496	+ $508
Oregon	$972	$1,105	$1,216	$1,327	$1,438	+ $466
Pennsylvania	$975	$1,115	$1,235	$1,355	$1,475	+ $500
Rhode Island	$1,008	$1,150	$1,270	$1,390	$1,510	+ $502
South Carolina	$975	$1,115	$1,235	$1,355	$1,475	+ $500
South Dakota	$975	$1,115	$1,235	$1,355	$1,475	+ $500
Tennessee	$975	$1,115	$1,235	$1,355	$1,475	+ $500
Texas	$975	$1,115	$1,235	$1,355	$1,475	+ $500
Utah	$975	$1,115	$1,235	$1,355	$1,475	+ $500
Vermont	$1,104	$1,248	$1,369	$1,489	$1,607	+ $503
Virginia	$975	$1,115	$1,235	$1,355	$1,475	+ $500

Appendix Table 3. Change in Net Monthly Income for a Single Adult Raising One Child, Working Part-Time

State	Hourly Wage Rate					Difference in Net Income ($9.00 - $15.00)
	$9.00	$10.50	$12.00	$13.50	$15.00	
Washington	$975	$1,115	$1,235	$1,355	$1,475	+ $500
West Virginia	$975	$1,115	$1,235	$1,355	$1,475	+ $500
Wisconsin	$986	$1,126	$1,246	$1,366	$1,486	+ $500
Wyoming	$975	$1,115	$1,235	$1,355	$1,475	+ $500
Washington, D.C.	$1,081	$1,227	$1,347	$1,467	$1,587	+ $506
Average Monthly Additional Income for All States and Washington, D.C.						**+ $497**

Source: Urban Institute, *Net Income Change Calculator*, accessed August 12, 2020.
Assumes single adult raising one child, working 20 hours per week, paying $1,000 rent and $447 in child care,[90] owning a $5,000 vehicle, and receiving SNAP.

Appendix Table 4. Change in Net Monthly Income for a Single Adult Raising One Child, Working Full-Time, Receiving a Full Range of Benefits						
	Hourly Wage Rate					Difference in Net Income ($9.00 - $15.00)
State	$9.00	$10.50	$12.00	$13.50	$15.00	
Alabama	$1,958	$2,002	$1,999	$2,035	$2,111	+ $153
Alaska	$2,579	$2,618	$2,634	$2,633	$2,668	+ $89
Arizona	$1,974	$2,045	$2,085	$2,150	$2,202	+ $228
Arkansas	$1,897	$1,954	$1,938	$2,035	$2,113	+ $216
California	$2,344	$2,405	$2,466	$2,534	$2,605	+ $261
Colorado	$2,028	$2,081	$2,074	$2,151	$1,822	- $206
Connecticut	$2,350	$2,418	$2,466	$2,515	$2,572	+ $222
Delaware	$2,323	$2,367	$2,388	$2,329	$2,333	+ $10
Florida	$2,187	$2,249	$2,288	$2,332	$2,372	+ $185
Georgia	$2,033	$2,087	$2,053	$2,152	$2,234	+ $201
Hawaii	$2,646	$2,580	$2,584	$2,585	$2,576	- $70
Idaho	$1,884	$1,936	$1,908	$2,008	$2,092	+ $208
Illinois	$2,331	$2,358	$2,387	$2,412	$2,437	+ $106
Indiana	$1,960	$2,009	$2,038	$2,088	$2,097	+ $137
Iowa	$1,936	$1,963	$1,964	$1,980	$1,939	+ $3
Kansas	$2,054	$2,107	$2,084	$2,138	$2,201	+ $147
Kentucky	$1,832	$1,869	$1,715	$1,792	$1,704	- $128
Louisiana	$1,958	$2,003	$1,960	$2,066	$2,140	+ $182
Maine	$2,195	$2,266	$2,306	$2,387	$2,448	+ $253
Maryland	$2,324	$2,376	$2,401	$2,262	$2,272	- $52
Massachusetts	$2,354	$2,381	$2,404	$2,407	$2,508	+ $154

Appendix Table 4. Change in Net Monthly Income for a Single Adult Raising One Child, Working Full-Time, Receiving a Full Range of Benefits

State	Hourly Wage Rate					Difference in Net Income ($9.00 - $15.00)
	$9.00	$10.50	$12.00	$13.50	$15.00	
Michigan	$1,901	$1,964	$1,994	$2,061	$2,127	+ $226
Minnesota	$2,258	$2,307	$2,357	$2,412	$2,448	+ $190
Mississippi	$1,841	$1,895	$1,786	$1,861	$1,926	+ $85
Missouri	$1,836	$1,897	$1,842	$1,935	$2,015	+ $179
Montana	$1,837	$1,880	$1,886	$1,892	$1,934	+ $97
Nebraska	$2,060	$2,098	$2,132	$2,186	$2,235	+ $175
Nevada	$2,279	$2,395	$2,514	$2,613	$2,713	+ $434
New Hampshire	$2,231	$2,286	$2,315	$2,355	$2,411	+ $180
New Jersey	$2,471	$2,547	$2,608	$2,685	$2,747	+ $276
New Mexico	$2,135	$2,193	$2,234	$2,292	$2,322	+ $187
New York	$2,448	$2,506	$2,532	$2,584	$2,594	+ $146
North Carolina	$2,024	$2,077	$2,106	$2,175	$2,234	+ $210
North Dakota	$1,954	$2,076	$2,143	$2,262	$2,368	+ $414
Ohio	$1,906	$1,973	$1,986	$2,076	$2,146	+ $240
Oklahoma	$1,894	$1,944	$1,937	$2,016	$2,082	+ $188
Oregon	$2,243	$2,264	$2,269	$2,249	$2,237	- $6
Pennsylvania	$2,291	$2,319	$2,362	$2,426	$2,473	+ $182
Rhode Island	$2,135	$2,207	$2,230	$2,277	$2,352	+ $217
South Carolina	$1,922	$1,997	$2,040	$2,117	$2,221	+ $299
South Dakota	$1,873	$1,898	$1,796	$1,879	$1,949	+ $76
Tennessee	$1,900	$1,963	$1,920	$2,015	$2,099	+ $199
Texas	$2,042	$2,117	$2,098	$2,080	$2,112	+ $70
Utah	$2,019	$2,076	$2,055	$2,098	$2,164	+ $145

Appendix Table 4. Change in Net Monthly Income for a Single Adult Raising One Child, Working Full-Time, Receiving a Full Range of Benefits

State	Hourly Wage Rate					Difference in Net Income ($9.00 - $15.00)
	$9.00	$10.50	$12.00	$13.50	$15.00	
Vermont	$2,436	$2,488	$2,540	$2,583	$2,596	+ $160
Virginia	$2,308	$2,378	$2,386	$2,443	$2,494	+ $186
Washington	$2,317	$2,390	$2,454	$2,494	$2,516	+ $199
West Virginia	$1,861	$1,894	$1,871	$1,952	$2,017	+ $156
Wisconsin	$2,027	$2,085	$2,101	$2,143	$2,198	+ $171
Wyoming	$1,817	$1,879	$1,873	$1,965	$1,987	+ $170
Washington, DC	$2,425	$2,475	$2,516	$2,560	$2,601	+ $176
Average Monthly Additional Income for All States						**+ $155**

Source: Urban Institute, *Net Income Change Calculator*, accessed August 12, 2020.
Assumes a single mother raising a 4 year old child, working 35 hours per week, paying $1,000 rent and $783 in child care,[91] owning a $5,000 vehicle, and receiving SNAP, WIC, public or subsidized housing, child care subsidies, Medicaid or CHIP, and TANF (0 months of combined work and cash assistance).

Appendix Table 5. Change in Net Monthly Income for a Single Adult Raising One Child, Working Part-Time, Receiving a Full Range of Benefits

State	Hourly Wage Rate					Difference in Net Income ($9.00 - $15.00)
	$9.00	$10.50	$12.00	$13.50	$15.00	
Alabama	$1,836	$1,894	$1,934	$1,975	$2,016	+ $180
Alaska	$2,442	$2,491	$2,520	$2,550	$2,579	+ $137
Arizona	$1,808	$1,873	$1,919	$1,962	$2,012	+ $204
Arkansas	$1,559	$1,648	$1,694	$1,740	$1,786	+ $227
California	$2,230	$2,170	$2,220	$2,270	$2,320	+ $90
Colorado	$1,843	$1,894	$1,915	$1,961	$2,007	+ $164
Connecticut	$2,312	$2,385	$2,435	$2,515	$2,576	+ $264
Delaware	$2,168	$2,237	$2,273	$2,305	$2,338	+ $170
Florida	$2,051	$2,094	$2,137	$2,183	$2,229	+ $178
Georgia	$1,742	$1,832	$1,874	$1,916	$1,955	+ $213
Hawaii	$2,528	$2,572	$2,599	$2,623	$2,645	+ $117
Idaho	$1,703	$1,768	$1,810	$1,862	$1,909	+ $206
Illinois	$2,166	$2,219	$2,251	$2,278	$2,305	+ $139
Indiana	$1,778	$1,829	$1,873	$1,919	$1,964	+ $186
Iowa	$1,742	$1,795	$1,823	$1,868	$1,907	+ $165
Kansas	$1,801	$1,851	$1,880	$1,908	$1,940	+ $139
Kentucky	$1,721	$1,746	$1,785	$1,824	$1,862	+ $141
Louisiana	$1,760	$1,824	$1,867	$1,896	$1,893	+ $133
Maine	$2,046	$2,087	$2,095	$2,138	$2,183	+ $137
Maryland	$2,188	$2,237	$2,272	$2,311	$2,342	+ $154
Massachusetts	$2,242	$2,289	$2,272	$2,305	$2,349	+ $107
Michigan	$1,808	$1,847	$1,878	$1,897	$1,921	+ $113
Minnesota	$2,141	$2,208	$2,230	$2,246	$2,263	+ $122

Appendix Table 5. Change in Net Monthly Income for a Single Adult Raising One Child, Working Part-Time, Receiving a Full Range of Benefits

State	Hourly Wage Rate					Difference in Net Income ($9.00 - $15.00)
	$9.00	$10.50	$12.00	$13.50	$15.00	
Mississippi	$1,621	$1,712	$1,758	$1,801	$1,843	+ $222
Missouri	$1,748	$1,791	$1,815	$1,839	$1,866	+ $118
Montana	$1,668	$1,732	$1,776	$1,821	$1,856	+ $188
Nebraska	$1,900	$1,945	$1,969	$1,992	$2,016	+ $116
Nevada	$2,000	$2,069	$2,119	$2,169	$2,239	+ $239
New Hampshire	$2,104	$2,148	$2,172	$2,195	$2,220	+ $116
New Jersey	$2,162	$2,233	$2,279	$2,325	$2,374	+ $212
New Mexico	$1,902	$1,968	$2,013	$2,061	$2,110	+ $208
New York	$2,304	$2,354	$2,377	$2,381	$2,426	+ $122
North Carolina	$1,831	$1,894	$1,937	$1,982	$2,028	+ $197
North Dakota	$1,764	$1,821	$1,859	$1,897	$1,935	+ $171
Ohio	$1,751	$1,794	$1,821	$1,871	$1,921	+ $170
Oklahoma	$1,725	$1,787	$1,828	$1,863	$1,909	+ $184
Oregon	$2,091	$2,145	$2,174	$2,201	$2,225	+ $134
Pennsylvania	$2,090	$2,156	$2,193	$2,232	$2,281	+ $191
Rhode Island	$1,991	$2,036	$2,060	$2,101	$2,151	+ $160
South Carolina	$1,749	$1,810	$1,851	$1,892	$1,912	+ $163
South Dakota	$1,682	$1,748	$1,794	$1,840	$1,888	+ $206
Tennessee	$1,696	$1,762	$1,807	$1,837	$1,851	+ $155
Texas	$1,798	$1,864	$1,910	$1,956	$2,001	+ $203
Utah	$1,899	$1,897	$1,943	$1,989	$2,037	+ $138
Vermont	$2,252	$2,288	$2,312	$2,362	$2,411	+ $159
Virginia	$2,226	$2,296	$2,346	$2,396	$2,472	+ $246

Appendix Table 5. Change in Net Monthly Income for a Single Adult Raising One Child, Working Part-Time, Receiving a Full Range of Benefits

State	Hourly Wage Rate					Difference in Net Income ($9.00 - $15.00)
	$9.00	$10.50	$12.00	$13.50	$15.00	
Washington	$2,123	$2,173	$2,219	$2,248	$2,294	+ $171
West Virginia	$1,693	$1,753	$1,799	$1,844	$1,888	+ $195
Wisconsin	$1,826	$1,892	$1,934	$1,974	$2,013	+ $187
Wyoming	$1,793	$1,810	$1,811	$1,812	$1,842	+ $49
Washington, DC	$2,269	$2,326	$2,356	$2,383	$2,414	+ $145
Average Monthly Additional Income for All States						**+ $166**

Source: Urban Institute, *Net Income Change Calculator*, accessed August 12, 2020.
Assumes a single mother raising a 4 year old child, working 20 hours per week, paying $1,000 rent and $447 in child care,[92] owning a $5,000 vehicle, and receiving SNAP, WIC, public or subsidized housing, child care subsidies, Medicaid or CHIP, and TANF (0 months of combined work and cash assistance).

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90. Ibid. We calculate the cost of child care on a per-working-hour basis (the national average of $783 for full-time child care, divided by 35 hours), and use this figure to calculate the cost of child care for a 20-hour work week ($443).

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92. Ibid.

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