



\$15 MINIMUM WAGE: PUBLIC BENEFIT PROGRAMS IMPACT ANALYSIS



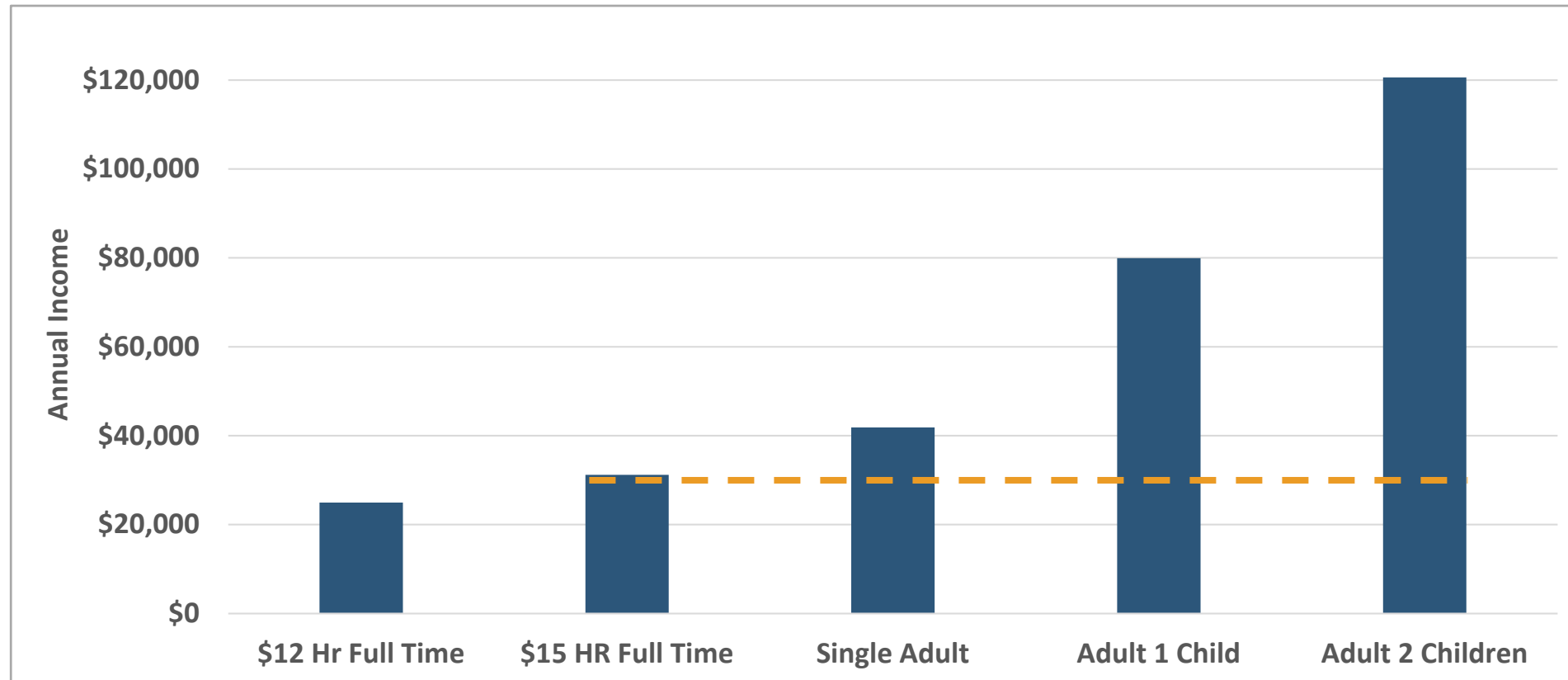
\$15 Minimum Wage: Public Benefit Programs Impact



1. What impact will the \$15 minimum wage have on households who receive support from public benefits?
2. Will these households face a “benefit cliff” due to the increased minimum wage?
3. Should the Social Services Agency anticipate a decline in caseload due to households’ increasing income?

SELF SUFFICIENCY STANDARD

Compared to \$15 Minimum Wage



WHAT IMPACT WILL THE \$15 MINIMUM WAGE HAVE ON HOUSEHOLDS WHO RECEIVE SUPPORT FROM PUBLIC BENEFITS?

Wage Earnings Increase

- All Workers Statewide: \$3,900
- SSA Sample: \$2,200*

- \$15/hr Full Time: \$31,200
- \$15/hr Half Time: \$15,600

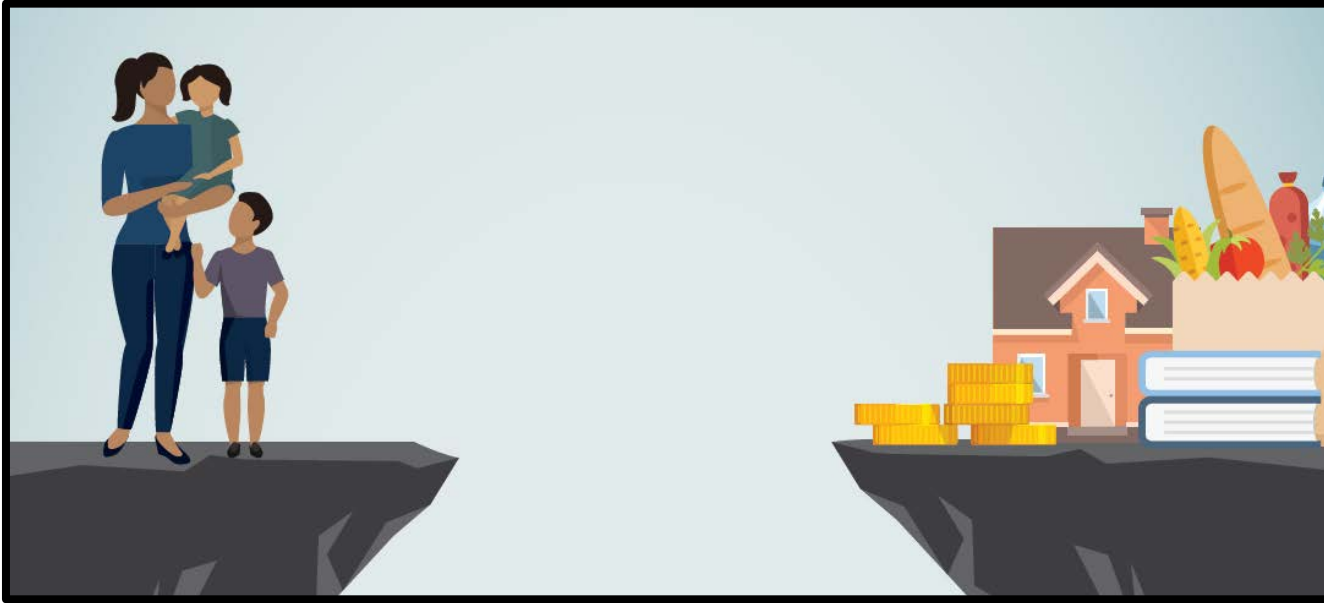
Alameda County Households:

- 100,300 earn less than \$35,000
- 41,640 earn less than \$15,000

SSA Sample Wage Increase*

- All Workers Earning Less than \$15
 - Monthly Increase \$183
 - Annual Increase \$2,200
- Lowest Wage Earners: \$10-\$11/hr
 - Monthly Increase \$396
 - Annual Increase \$4,752
- Higher Wage Earners \$14-\$15/hr
 - Monthly Increase \$59
 - Annual Increase \$708

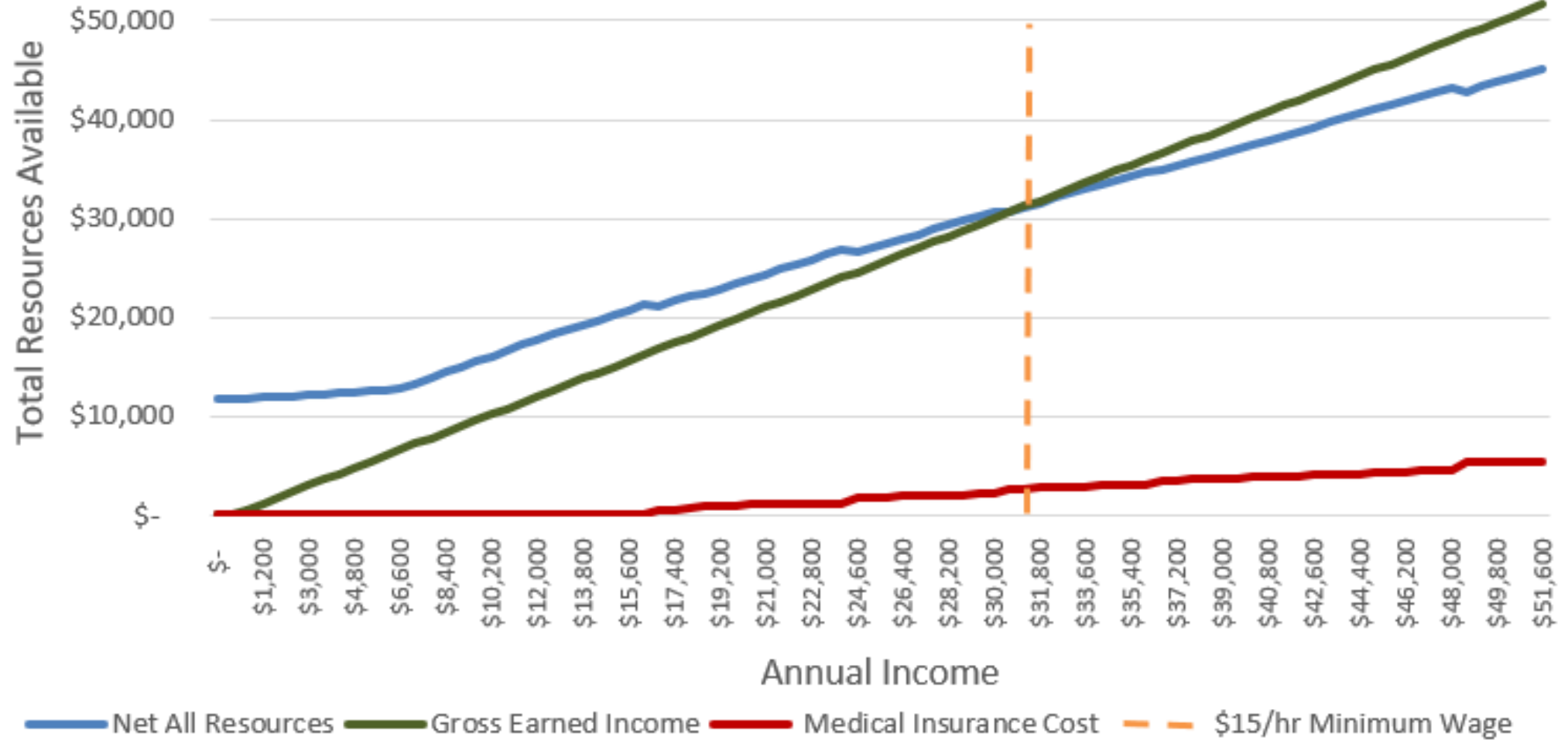
WILL THESE HOUSEHOLDS FACE A “BENEFIT CLIFF” DUE TO THE INCREASED MINIMUM WAGE?



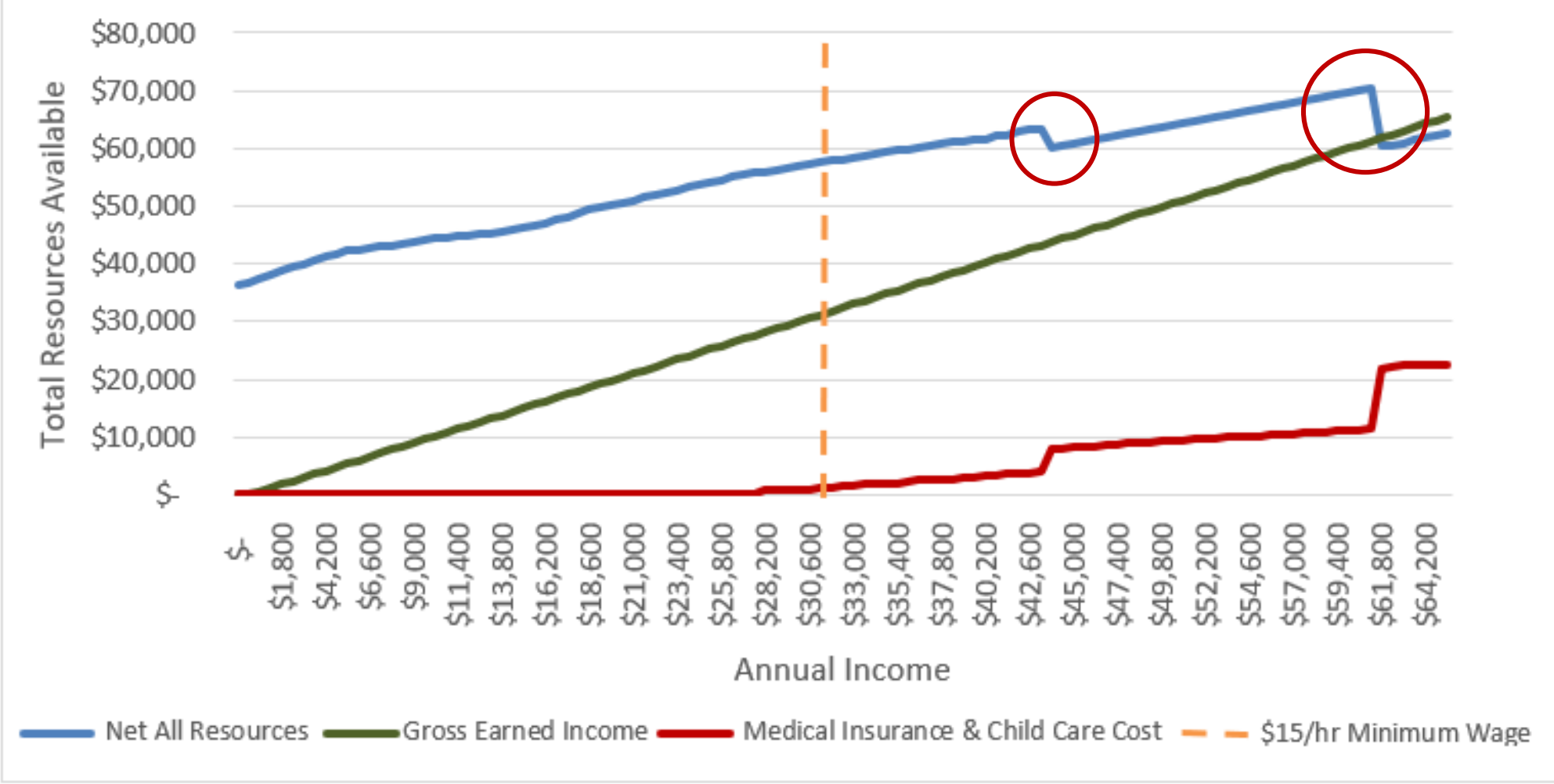
Benefits in Analysis

- Income Support [General Assistance & CalWORKs]
- Nutritional Support [CalFresh]
- Medical Support [Medi-Cal & Covered California]
- Child Care Subsidies: CalWORKs [Stages 1-3] & Alternative Payment Program [APP]
- Federal and State Earned Income Tax Credits [EITC]
- Federal Child Tax Credit [CTC]
- State Child Tax Exemptions
- Federal Child Care Deduction

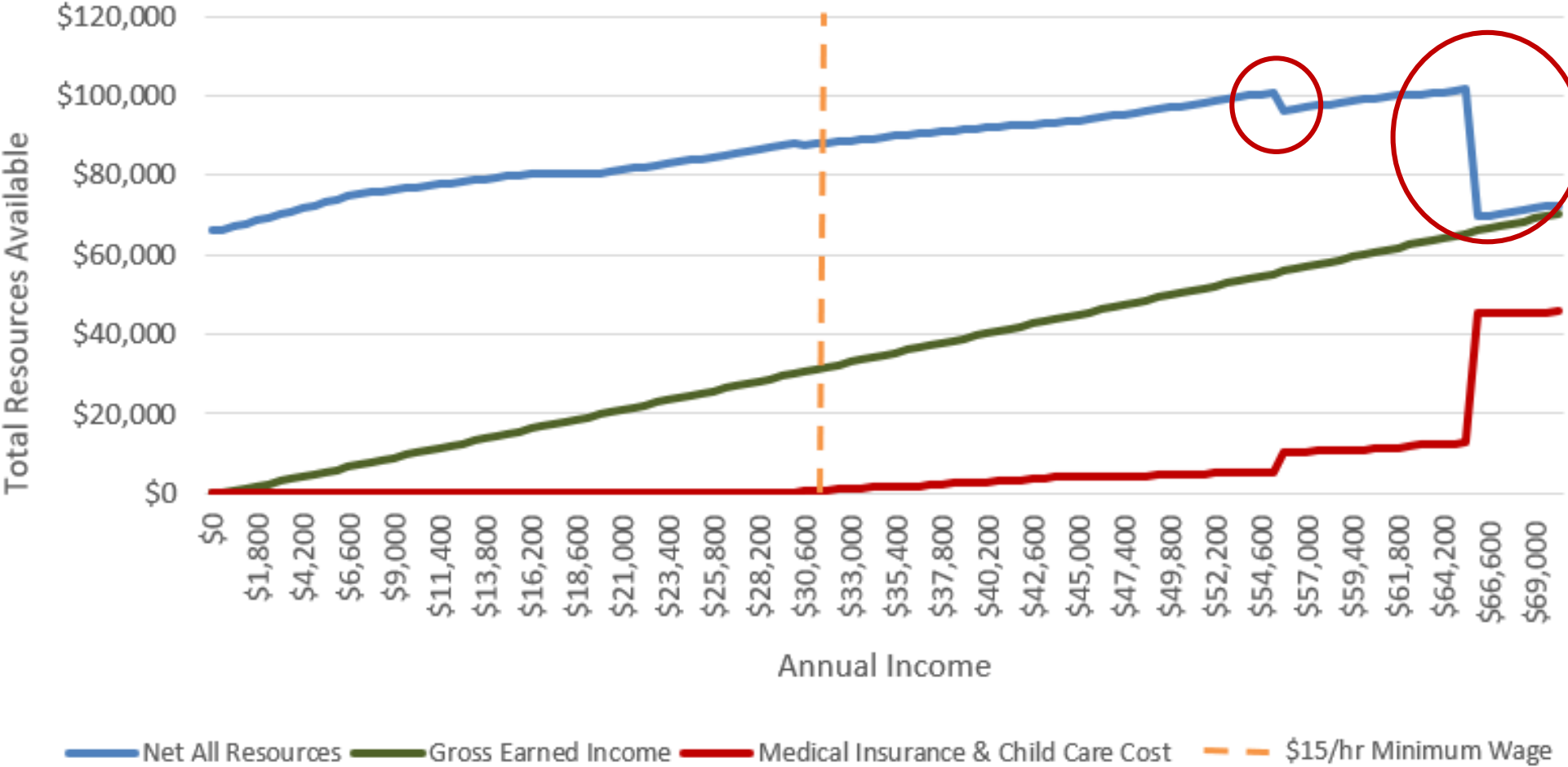
Individual Resources with Taxes, Benefits & Medical Cost vs. Gross Earned Income



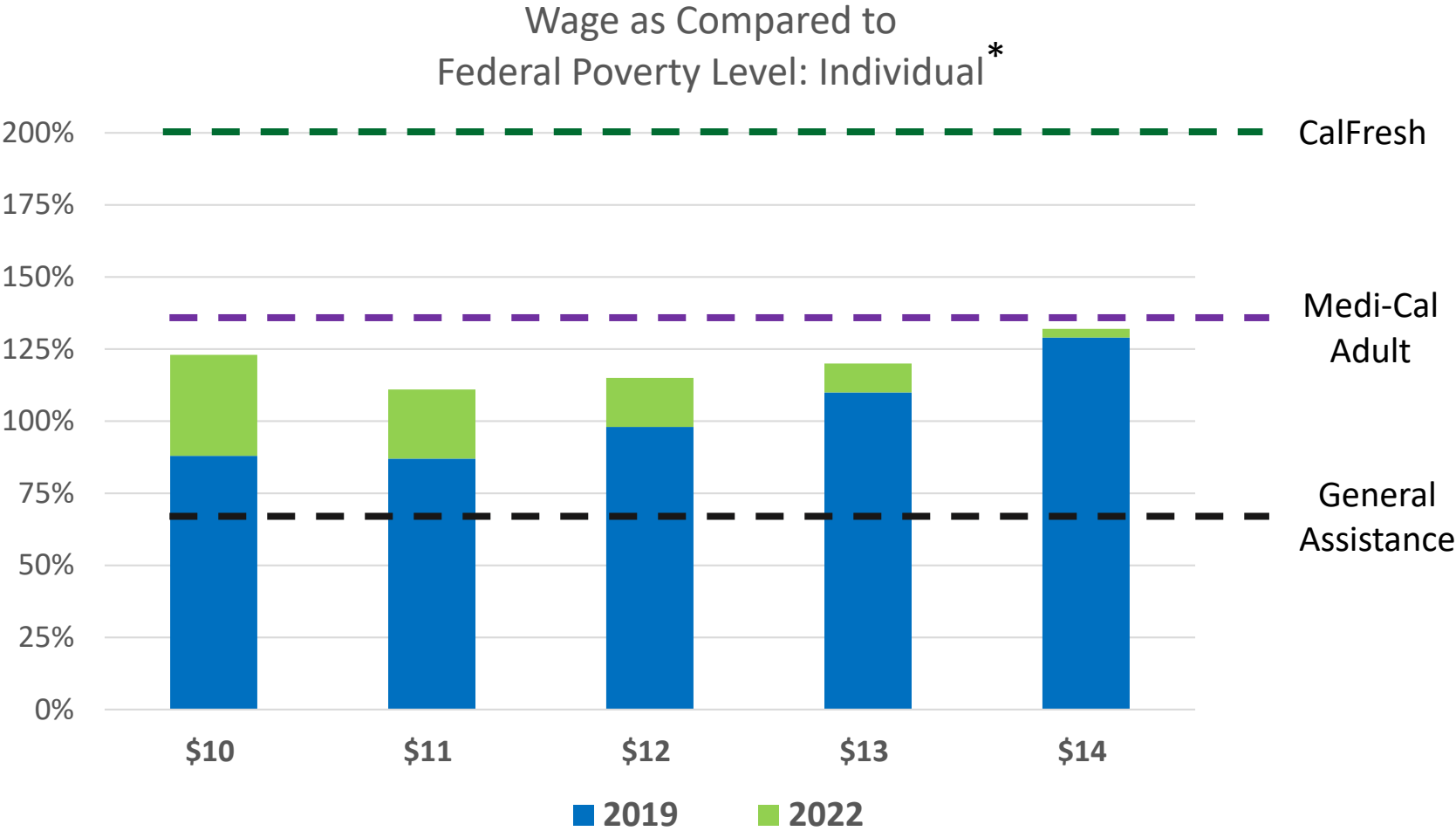
Single Parent with One Child Resources with Taxes, Benefits, Medical and Child Care Cost vs. Gross Earned Income



Single Parent with Two Children Resources with Taxes, Benefits, Medical and Child Care Cost vs. Gross Earned Income

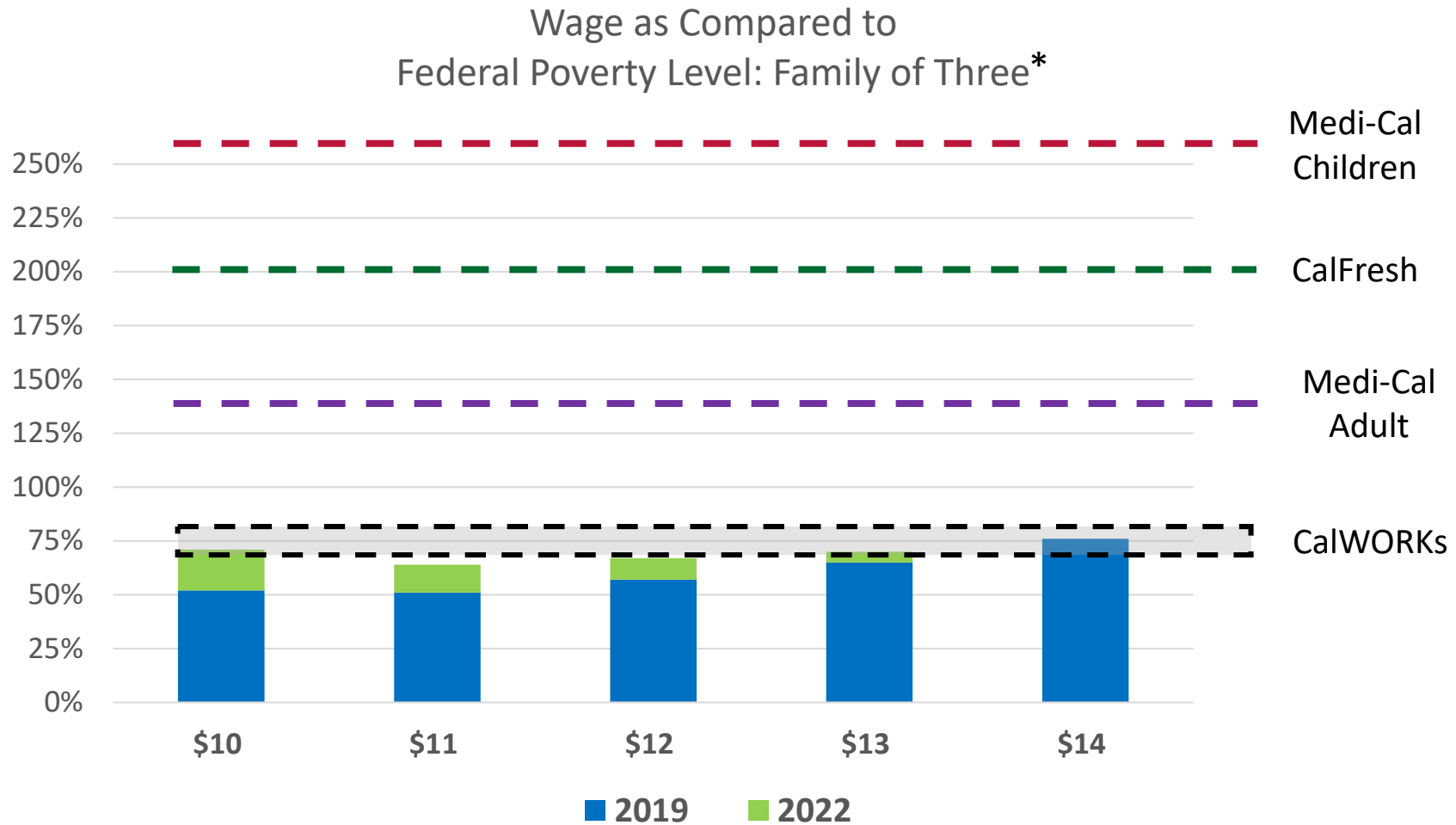


SHOULD THE SOCIAL SERVICES AGENCY ANTICIPATE A DECLINE IN CASELOAD DUE TO HOUSEHOLDS' INCREASING INCOME?



*Source: SSA Sample, Workforce and Benefits Administration Program Participant Data 2018
Majority of hours worked <40 per week

SHOULD THE SOCIAL SERVICES AGENCY ANTICIPATE A DECLINE IN CASELOAD DUE TO HOUSEHOLDS' INCREASING INCOME?



What impact will the \$15 minimum wage have on households who receive support from public benefits?

Households will benefit from increased incomes from wages, with an average of \$2,200 per year.

Will these households face a “benefit cliff” due to the increased minimum wage?

“Benefit cliffs” with a reduction of resources, rather than a slower growth of resources, occur at much higher incomes than a \$15 minimum wage.

Should the Social Services Agency anticipate a decline in caseload due to households’ increasing income?

There may be a caseload decline of General Assistance and CalWORKs, but individuals and families will likely still be eligible for CalFresh and Medi-Cal, so there is not expected to be a caseload decline due to the \$15 minimum wage.

RECOMMENDATIONS TO CONSIDER



- Explore Policies that Encourage Scheduling Regularity
- Protect the Earned Income Disregard for Public Benefit Programs

- Ease the Transition from Medi-Cal to Covered California
- Support Extending Child Care Subsidies with a Gradual Exit





THANK YOU

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Executive Summary

In 2022, California will be the first state to implement a \$15 an hour minimum wage statewide. With the fifth largest economy in the world, California is in a unique position in which to consider and analyze labor market impacts. Beyond those concerns are expectations that \$15 an hour is a “livable wage”: one that will reduce workers’ need to use public benefit programs to provide for their families. This report challenges those expectations through an analysis of “benefit cliffs” in state program design, and an examination of two samples of current public benefits recipients in Alameda County. It provides recommendations to enhance the opportunity for an increased minimum wage to reach a “livable wage,” and to reduce “benefit cliffs” as low-income workers gain additional resources through increased earned income.

Most low-income workers, especially individuals without dependent children, will be financially better off due to the increased minimum wage, even with the exit from some benefit programs. Programs that provide income support, such as CalWORKs and General Assistance, are most likely to see a caseload decline as workers’ wages increase. Importantly, the monetary value of the loss of these benefits is less than the value of the income gain through a wage increase. For low-income workers, household resources generally increase as the wage increases. Many of these workers will likely still be income eligible for other programs with higher program exit thresholds. An increase in the earned income disregard – a policy design that eases the exit from public benefits – would enhance these benefits as recipients increase their household resources and move closer to self-sufficiency.

The expectation that workers may no longer need benefits is, in part, predicated on the expectation that the increased minimum wage is earned at a full-time job. The type of work that typically pays at or near minimum wage is marked by significant scheduling instability, leaving many workers who want to work more or have predictable hours unable to do so. Even with the household resource increases anticipated from a \$15 an hour minimum wage, the workers in the sample analyzed could still be income eligible for a range of benefit programs if their hours worked per week are unreliable or do not increase. These benefits include nutritional support from CalFresh, medical assistance through Medi-Cal, and assistance paying for child care. As the sample indicates, some workers could still be eligible for income support and work assistance through CalWORKs.

Distinct from low-income individuals, moderate income workers in families with young children face a significant decline in household resources as their income increases beyond the eligibility limit for subsidized medical insurance and child care. In high-cost areas, such as Alameda County, the value of public benefits providing these services far outweigh the cost of purchasing them at market rate. Importantly, these “benefit cliffs” occur at an income more than twice that of a \$15 minimum wage worked full time. A decline in resources occurs when a family with children shifts from Medi-Cal to Covered California, even with cost support through Premium Assistance. An even more significant decline occurs when the same family is no longer income eligible for child care assistance, and must purchase care at market rate. While these cases highlight important factors for policy makers to consider in program exit design, they also illustrate the distance between a \$15 minimum wage and an annual income needed for self-sufficiency in California.

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Recommendations

While the conversation concerning the economic impact of a \$15 minimum wage often centers on businesses and consumer prices, it is frequently assumed that the increased wage is a “livable wage” for low-income workers. The following analysis provides evidence worth exploring that indicates a \$15 minimum wage on its own is insufficient to bring working families to “self-sufficiency,” as measured by the exit from public benefit programs. In high-cost areas, such as Alameda County, other measures must be in place to support low-income workers so that they can provide for themselves, and their families. The following recommendations are intended to encourage a conversation where the “fight for \$15” is only the beginning.

Explore Policies that Encourage Scheduling Regularity

In 2017, the City of Emeryville joined a small but growing group of jurisdictions that passed a predictive scheduling requirement, called the Fair Workweek Ordinance. Covering approximately 2,500 workers, the ordinance requires that employers provide new employees with an estimate of average weekly work hours, provide existing employees with two weeks’ notice of schedules, and compensate employees or provide them the right to decline changes the posted schedule. Additionally, before hiring new staff, employers must offer additional hours to existing employees. Similar laws and ordinances have been passed in San Jose, San Francisco, Seattle, New York City, and the State of Oregon. Limited “right to request” workweek statutes have also been passed in New Hampshire and Vermont. In California, AB 357, the Fair Scheduling Act of 2015, and SB 878 of 2016 would have extended predictive scheduling requirements to employers across the state. However, both bills faced considerable opposition from the business community and died in committee.

Predictive scheduling is a critical component to the success of the \$15 an hour minimum wage in providing adequate financial resources to working class individuals and families. With irregular hours, or retaliation with fewer hours scheduled due to missed work while caring for a child or family member, workers face unsteady incomes. This presents considerable challenges in providing for one’s family, receiving reliable supports from public benefit programs based on income, or meeting work requirements for these programs. Policies that encourage scheduling regularity will help workers make better informed decisions about their work, and could result in more households exiting public benefit programs due to increased work hours and higher incomes.

Increase and Protect the Earned Income Disregard for Public Benefits Programs

As a household’s income increases, the amount it receives in CalWORKs and CalFresh benefits decline at a rate slower than a dollar-for-dollar adjustment. These adjustments are known as “earned income disregards,” and function to encourage households to increase earned wages, as their total household resources will increase through the combination of earned income and public benefits. For CalWORKs, the first \$225 of earnings and 50% of the remainder are “disregarded” when calculating grant levels, and for CalFresh, a 20% gross earned income reduction is applied. Both function to support a gradual transition off public benefits. In the fiscal year 2019-2020 California State Budget, the earned income disregard for CalWORKs was increased for the first time since the program’s implementation in 1997, when the minimum wage was \$5 an hour. The new policy “disregards” the first \$500 of earnings and 50% of income, increasing annually until the disregard reaches \$600 of earnings¹. While this increase is worth celebrating

¹ This analysis was conducted prior to the enactment of the FY2019-20 State Budget; the benefits cliff discussion that follows includes calculations of the disregard and all other relevant policies that were in place in 2018.

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as an achievement that will permit workers earning an increased minimum wage to gradually exit the CalWORKs program with support, it is worth noting that the earned income disregard was reduced by half during the last recession. It is likely an economic downturn of some kind will occur in the coming years; as such, it is critical to keep in mind the importance of and impact due to the increased earned income disregard. As the State minimum wage increases, a relatively low disregard will cease to function as a mitigator from the “benefit cliff.” A sustained increase in the earned income disregard helps families transition more gradually off public benefits, and permits the CalWORKs program to support families in need as the minimum wage increases.

Ease the Transition from Medi-Cal to Covered California

In the analysis of benefit cliffs, the first noticeable decline in household resources despite an increasing income occurs when a family with a child, or children, transitions from medical coverage through Medi-Cal to Covered California (this assumes the family does not receive employer sponsored health care and must purchase insurance through the exchange). Though Premium Assistance provides support for these households in purchasing coverage, the cost is still higher than the value of the lost support through Medi-Cal. The cost of approximately \$3,000 - \$5,000 a year (or \$350 to \$417 a month) is considerable for a family earning \$43,000 - \$55,000 a year. In Alameda County, where the median family income is \$104,400, these households are considered very low income for various support programs. Premium Assistance is set by federal law, with assistance provided so that health insurance costs up to a certain percentage of a household’s income, which varies by income relative to the federal poverty level. The 2019-2020 State Budget increased subsidies only slightly for families earning 250% to 400% FPL, and increased the household income eligible for assistance, from the federally supported 400% of FPL to 600% FPL. The state-funded increased subsidies help ease the burden on families transitioning from Medi-Cal to Covered California, and reduce the impact of the benefit cliff while exiting the program. It is worth exploring an enhancement of the subsidies available for families in the 250% to 400% FPL income bracket.

Support Extending Child Care Subsidies with a Gradual Exit

In the analysis of benefit cliffs, the most significant decline in household resources occurs when a family with children exits from subsidized child care. While most families eligible for subsidized child care do not receive support (only 1 out of 9 children eligible for subsidized child care received full-day, full-year programming in 2017)ⁱ this benefit cliff is especially pertinent to agencies that provide or work with CalWORKs participants. In the CalWORKs program, clients are eligible for child care as a work support. Participation in Stages 1 and 2 of the CalWORKs child care program is permitted for up to two years after the family stops receiving a CalWORKs grant. Stage 3 CalWORKs child care is provided through Alternative Payment Programs (APPs). The APP family monthly fee schedule was applied to this benefit cliffs analysis. Under current law, families eligible for APP or other California Department of Education subsidized child care programs are certified for eligibility up to 12 months, and while initial eligibility is limited to 70% State Median Income (SMI), there is a graduated phase-out of eligibility up to 85% of SMI. Both the 12 month and graduated phase-out eligibility were improvements gained in 2017. As this analysis illustrates, however, increased income eligibility is still necessary to reduce the impact of the child care benefit cliff: the dramatic reduction of household resources that occurs after families are no longer income eligible for support, and must purchase child care at the market rate. Market-based approaches to reduce the cost of child care are beyond the scope of this analysis; however, child care affordability is of significant concern for all low and moderate income families, whether they have access to subsidies or not. One way to reduce the benefit cliff for those with subsidies could include increasing the eligibility phase-out limit, with a family fee that approaches the market rate as income increases, so families are better prepared to transition off the program.

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Low Wage Workers Will Benefit from Minimum Wage Increases

The minimum wage in California is scheduled to rise to \$15 an hour by 2022, with several localities setting their wage increase schedule at a higher pace. SB 3, passed in 2016, includes “off-ramps,” which permit the Governor to suspend increases in the event of an economic downturn. The table below notes current minimum wages and scheduled increases that will impact residents of Alameda County. All jurisdictions’ minimum wages are set to then continue with annual increases based on the Consumer Price Index (CPI).

Jurisdiction	2019 Minimum Wage	
Oakland	\$13.80/hour	
Berkeley	\$15/hour	
Emeryville	\$15/hour \$15.69/hour Large Businesses (56+ Employees)	
California	Businesses <25 Employees	Businesses >25 Employees
	2019: \$11/hour 2020: \$12/hour 2021: \$13/hour 2022: \$14/hour 2023: \$15/hour	2019: \$12/hour 2020: \$13/hour 2021: \$14/hour 2022: \$15/hour

The minimum wage increase impact on the regional and state economies depends on many factors and is uncertain. Research that factors in both automation and minimum wage increases find that though specific employment needs may change, **the resulting impact on employment is negligible, with an expected net change of 0.1%ⁱⁱ.**

The Center on Wage and Employment Dynamics at the University of California, Berkeley, estimates that increasing the minimum wage to \$15 an hour will increase earnings for 5.26 million workers, or 38% of California’s workforce. Of these, 3.95 million would receive increases because their pay would otherwise be below \$15 per hour when the increases would be fully implemented, and 1.32 million would receive pay increases because their pay would be only slightly more than \$15. **They also estimate that among those getting raises, annual pay would increase 25.4%, or about \$3,900 on average.**

For most businesses, prices would need to increase by only 0.6%, and for restaurants, prices would increase by 5.1% to cover payroll cost increases. For businesses outside the restaurant industry, the payroll increase is less than the expected annual inflation rate over the same time period. Economic research suggests that some of the increased labor costs that businesses face as a result of a higher minimum wage can be offset through lower turnoverⁱⁱⁱ.

Based on May 2017 data maintained by the Bureau of Labor Statistics, major occupational groups with an average hourly wage less than \$15 an hour in the Oakland-Hayward-Berkeley Metropolitan Division include: Food Preparation and Personal Care and Service, which includes Personal Care Workers, Childcare Workers, Skincare Specialists, Manicurists and Pedicurists, Ushers, Gaming Service Workers, Non-Farm Animal Caretakers, and Recreation Attendants.

Though Alameda County has a high median income of \$79,831 for individuals and \$97,145 for families, 9.5% of individuals earn less than \$15,000, and 16.7% of families earn less than \$35,000^{iv}. These individuals and families are most likely to obtain hourly wage increases with the minimum wage increase, but could still be potentially eligible for public benefit programs due to their low income.

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Income Eligibility for Benefit Programs Depends on Wages and Hours Worked

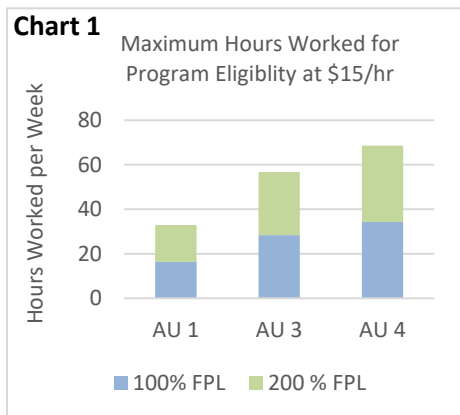
Eligibility for public benefit programs administered by the Alameda County Social Services Agency (SSA) is determined by the Federal Poverty Level (FPL) and household size (assistance unit, or AU). FPL does not account for the higher cost of living in the Bay Area, and will not keep pace with local and State minimum wage increases. The federal minimum wage is \$7.25 an hour, or \$15,080 a year for full time work. For reference, a \$15 an hour wage worked full time equates to an annual income of \$31,200. Current 2019 eligibility income limits for SSA programs are noted in the table below.

Program	FPL	Income Limit Individual (AU 1)	Income Limit Family of Three (AU 3)	Maximum Wage 40 hours (AU 3)	Maximum Wage 20 hours (AU 3)
General Assistance	~65%	\$8,064			
Medi-Cal Adult	138%	\$17,236			
CalWORKs	~68%-80%	\$8,232 ²	\$16,740	\$8.05	\$16.10
CalFresh	200%	\$24,980	\$42,660	\$20.51	\$41.02
Medi-Cal Children	266%	\$33,223	\$56,738	\$27.28	\$54.56

Hourly Wage vs. Annualized Income

While workers' hourly wages will increase with the increasing minimum wage, it is likely that for many workers, their actual annual income will not increase to the annualized income of \$31,200 for a \$15 an hour wage. Workers at industries that pay low wages are less likely to work full time, and to have input on their work hours per week. Scheduling difficulties are particularly acute for workers of color, and parents^v. Challenges include not being scheduled for hours expected at hiring, unpredictable schedules with less than two weeks' notice or "on-call" shifts, or retaliation with fewer hours scheduled by employers when an employee needs accommodation for school, medical appointments, or childcare. For workers in retail and food service jobs, nearly 90% report variable hours, while the vast majority report a desire to work for more regular hours^{vi}.

"The instability ratio among hourly workers overall is .37 indicating that in the course of a single month, workers' hours varied on average by 37 percent in comparison to what they considered their usual hours. Fully 83 percent of hourly part-time workers report fluctuations in weekly work hours during the prior month, with the magnitude of fluctuations averaging a daunting 87 percent."^v



Because most SSA program clients who work earn low wages or work in industries marked by scheduling instability, it is critical to include an analysis of hours worked (actual or projected) when analyzing wages and anticipated income increases. **It is insufficient to annualize an hourly wage and assume full time work for these populations.**

The appendix outlines the number of hours a worker can work at various wages as the minimum wage increases, and still potentially be eligible for public benefit programs at 100% FPL and 200% FPL. Chart 1 illustrates these hours at a wage of \$15 an hour.

² Adult individuals are not eligible for CalWORKs without a dependent child; an AU of 1 would occur in a household where only the child were assisted by the program, or if a single parent had an ineligible child (i.e., the child was a recipient of SSI).

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Once the State minimum wage reaches \$15 an hour in 2022, a worker in a household (AU) of 1 could work 16.4 hours a week and still be income eligible for programs at 100% FPL, or 32.9 hours a week and still be eligible for programs at 200% FPL. A worker in a household of three could work 28.4 hours a week and still be income eligible for programs at 100% FPL, or 56.7 hours a week – more than full time – and still be eligible for programs at 200% FPL. **This means that even at the \$15 an hour wage, a single mother with two children could still be income eligible for CalFresh and Medi-Cal if she worked full time.**

Benefit Cliffs for Low Income Households Occur at an Annualized Income Higher than \$15 an Hour

Benefit Cliffs

As wages and annual income increase, some current SSA program clients will no longer be eligible for the public benefit programs that currently support their households. When discussing the higher-income exit from benefit programs, one topic that frequently arises is the concern of “benefit cliffs.” **Benefit cliffs occur when an individual or household has fewer total resources available to them due to the loss of some public benefits following a minor increase in income.** Benefit cliffs are of potential concern with the scheduled minimum wage increases, but all resources available to the household must be considered beyond the reduction of one or more services.

The loss of benefits in a way that creates benefit cliffs are sometimes discussed as “marginal tax rates” for low income workers, as the worker loses potential income, or resources, through increased taxes and reduced benefits with an increased wage. In a hypothetical scenario, a working mother may earn \$0.50 more per hour with a promotion, but still make a very low wage. This slightly higher wage may be more than the eligibility limit of a program whose total annualized value is more than the \$0.50 per hour, so the working mother is “worse off” in terms of available resources by taking the promotion.

Research by the Congressional Budget Office (CBO) and the Center on Budget and Policy Priorities (CBPP) shows that **concerns about high marginal tax rates for very low-income households receiving benefits do not align with the data.** Critics of public benefit programs point to benefit cliffs or high “marginal tax rates” as creating a disincentive for work. However, the CBO and CBPP analyses show that marginal tax rates are often much lower than cited examples. Marginal tax rates are higher for earners at moderate and higher incomes, and are very low for the lowest income workers. They conclude that **“work pays,” and that workers are better off working and earning more than staying on limited public benefits^{vii}.**

The State of California has begun to address the benefit cliff issue in some public benefit programs. One method that encourages earning is an “earned income disregard,” which excludes a fraction of the household’s earnings when calculating the benefit grant amount. With the disregard, each dollar earned equates with a less than dollar reduction in benefit, so that recipients gradually exit the programs as their incomes increase. The effect of this strategy is shown in Chart 2 below. A family with an assistance unit (AU) of 2 – a single mother with a child – has her gross earned income shown in the diagonal blue line. The CalWORKs grant and CalFresh nutrition support provide her and her child with \$11,200 per year if she has no other income, as shown by the orange line at the axis³. As she gains and earns income, the value of her CalWORKs grant and CalFresh benefits decline, but not significantly enough that she is worse off (in terms of income support only in these two programs) by earning more income. The orange line continues to gain height due to her earned income, even as benefits decline. Until she earns enough to exit the program at \$16,200, her earned income is supplemented by the support programs, so that her total

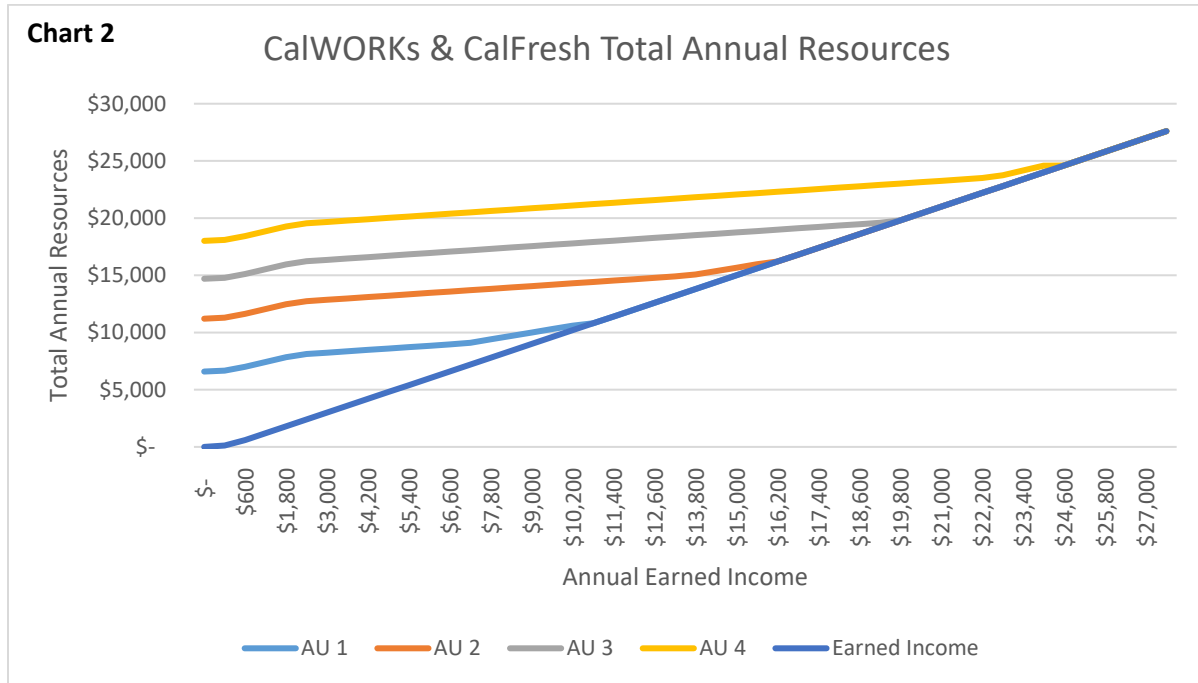
³ Cases presented in this analysis are for discussion purposes only, and are not necessarily reflective of benefits available to applicants. Each applicant and family is unique; benefits are determined on a myriad of household factors.

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resources increase as her income increases. An increase in the earned income disregard would enhance these benefits as recipients exit the programs.

For the purposes of this analysis, the discussion of expenses and self-sufficiency are framed by the work of the University of Washington’s Center for Women’s Welfare Self-Sufficiency Standard. Though the following analysis focuses on the changing level of household resources due to the exit from public benefit programs, it is helpful to keep in mind the high cost of expenses in Alameda County. According to the Family Needs Calculator, an individual must earn a wage of \$19.82 an hour (\$41,858 annually), a family of two must earn \$37.85 an hour (\$79,933 annually), and a family of three must earn \$57.10 an hour (\$120,604 annually) to afford basic needs in Alameda County.^{viii}



Beyond the two income support programs of CalWORKs and CalFresh, it can be helpful to consider all income support available across a broader spectrum of programs. This analysis considers the following^{4,5}:

- Federal and State Earned Income Tax Credits (EITC)
- Federal Child Tax Credit (CTC)
- State Child Tax Exemptions
- Federal Child Care Deduction
- Child Care Subsidies – CalWORKs (Stages 1-3) and Alternative Payment Program (APP)
- Income support (General Assistance and CalWORKs)
- Nutritional Support (CalFresh)
- Medical Support (Medi-Cal and Covered California Premium Assistance)

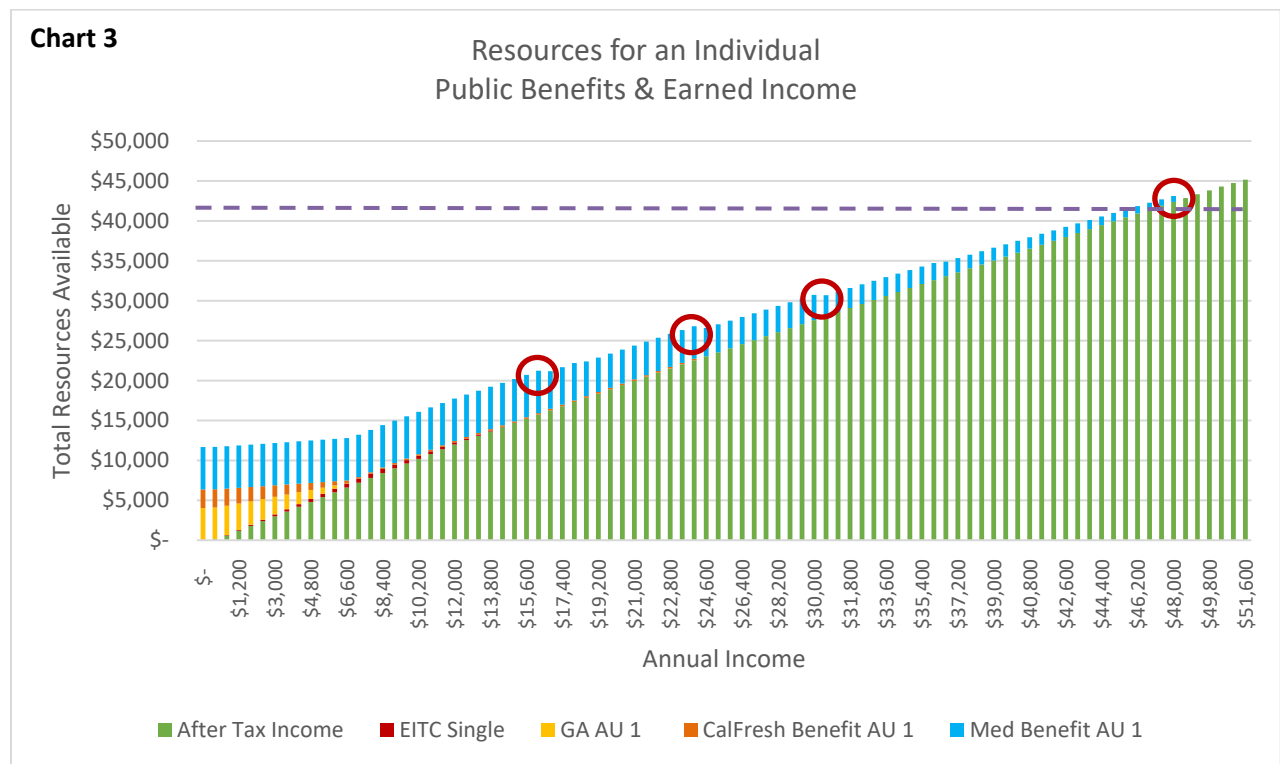
⁴ Housing assistance programs are not included in this analysis, as most families in need of housing support do not receive assistance. The programs included in this analysis are either tax benefit programs or entitlement programs where access to some level of service is available for any who are eligible. Not all families who are eligible for the APP child care program receive assistance; however, given recent investments and policy focus on child care, and the high market cost for participants exiting CalWORKs child care, APP is included for discussion purposes. Medical Support cost calculations are considered for the average cost for coverage under a silver plan on the exchange market, and do not factor in deductibles or other associated costs.

⁵ Please see Appendix for research methodology.

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These tax and public benefit programs are analyzed for an individual, and for families of two sizes: a single parent with one child (preschool aged), and a single parent with two children (infant and preschool aged). The charts included in the analysis layer net after-tax earned income with the monetized value of the support programs, if the recipient were to instead purchase the service (medical insurance and child care) on the market. This way, we see total household resources as a layering of income with public benefit resources potentially available to the household, with the assumption that the household claims and uses the maximum benefit possible. A “benefit cliff” could be defined as any reduction in total available resources as earned income increases and the value of public benefits decreases.

Chart 3 below illustrates the resources listed above available to an individual at an increasing after-tax income, from \$0 to approximately \$50,000, when Covered California Premium Assistance (PA) phases out. As the individual’s earned income increases, resources available generally gradually phase out, with only minor reductions circled in red. The purple line indicates the self-sufficiency standard for an individual of \$19.82 an hour (\$41,858 annually) for reference.



While calculating the total resources available can be one helpful way to consider public benefit program phasing, the analysis can obscure benefit cliffs that the household would feel as a negative impact. For example, the individual above could receive no-cost Medi-Cal up to an income of \$16,800. At this point, to maintain health insurance, s/he would purchase Covered California on the individual market at a cost of \$5,300 a year⁶ with Premium Assistance (PA) of \$4,718, for a total new cost of \$588 a year. Though the individual’s income and total resources (including PA) continue to increase with earned income, this new cost would need to be factored in the household’s budget. Another “cliff” would be experienced at an income of \$48,240, when PA would phase out and the Covered California annual cost increases from \$4,560 to \$5,305, with the loss of a PA benefit of \$746 at an income \$600 higher. Though the actual change

⁶ The average cost of the two silver co-pay insurance plans on the market in Alameda County for a 30-year-old individual.

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in the annual household resources is less than \$200, the difference between paying for a service and receiving the benefit can be acutely felt in a low- or moderate-income household’s tight budget. Other than these adjustments, Chart 3 illustrates the phrase “work works” for low income individuals: as the household’s income increases, the total resources available to the household also increase, despite the reduction of public benefit programs. This chart also illustrates the wide gap between the phase-out of most public benefit programs and the self-sufficiency standard. This distance indicates a potential need to increase benefits and services available to low income individuals who currently earn more than the maximum income permissible for various programs, but less than the self-sufficiency standard.

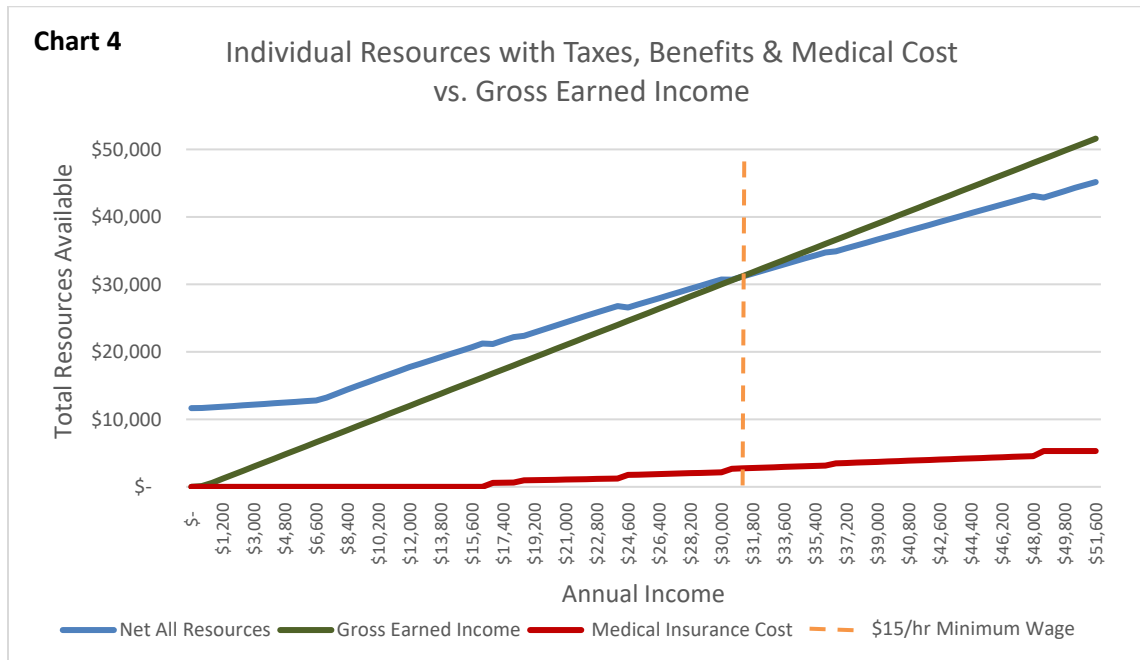


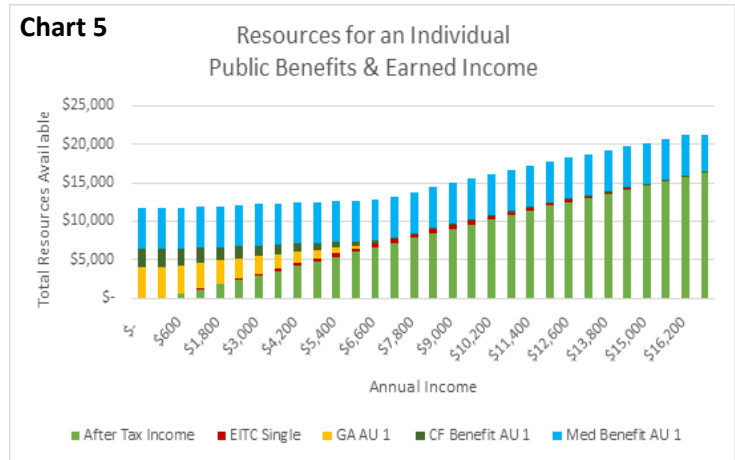
Chart 4 above simplifies Chart 3 to illustrate where the marginal tax rate, or benefit cliff of all benefits considered in this analysis, starts to decline in relation to an individual’s gross earned income and the increasing cost of the public benefit program (in this case Medi-Cal and Covered California) as the individual assumes higher financial participation. As in the discussion above, “Net All” includes federal and state taxes, EITC, income support through GA, nutritional support through CalFresh, and medical assistance through Medi-Cal and Covered California. At approximately a gross earned income of \$31,200, the phase out of public benefit programs and the increase in federal and state taxes reduces the total resources available to the individual below the gross earned income. Importantly, this occurs at approximately the same income as an individual would earn working full time at a \$15 an hour minimum wage. At the current state minimum wage of \$12 an hour, annualized at \$24,960, the individual would have approximately \$26,578 in total available resources – a “Net All” higher than the gross earned income. At the higher wage of \$15 an hour, the individual has more responsibility and share of cost for Covered California premiums, and higher taxes factored into their total resources. As Chart 3 illustrates above, the total resources available to the household still increase as income increases; however, this occurs at a slower rate than gross earned income due to reduced medical benefits and taxes. The area between “Net All” resources and “Medical Insurance Cost” indicates the resources available to the household after assuming a higher share of cost, and eventually exiting, subsidized health insurance. In the framing with self-sufficiency, it is important to recall that a housing needs cost of \$1,850 a month (\$22,200 annual) would absorb most of the available resources for this individual at or below the \$15 an hour minimum

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wage – this does not factor in the cost of basic needs such as food, transportation, or ancillary expenses related to employment.

A closer look at the lower income side of Chart 4 (highlighted in Chart 5) for an individual illustrates the very low incomes at which most public benefit programs phase out. A worker earning \$15 an hour who works part time at 20 hours a week has an annualized income of \$15,600. At this income, General Assistance, CalFresh, and the EITC have reduced to near zero or zero benefit. The worker is still eligible for Medi-Cal until s/he works an average of 21.5 hours per week. Returning to Chart 3, it is clear that a worker earning \$15 an hour who works full time has only medical benefits

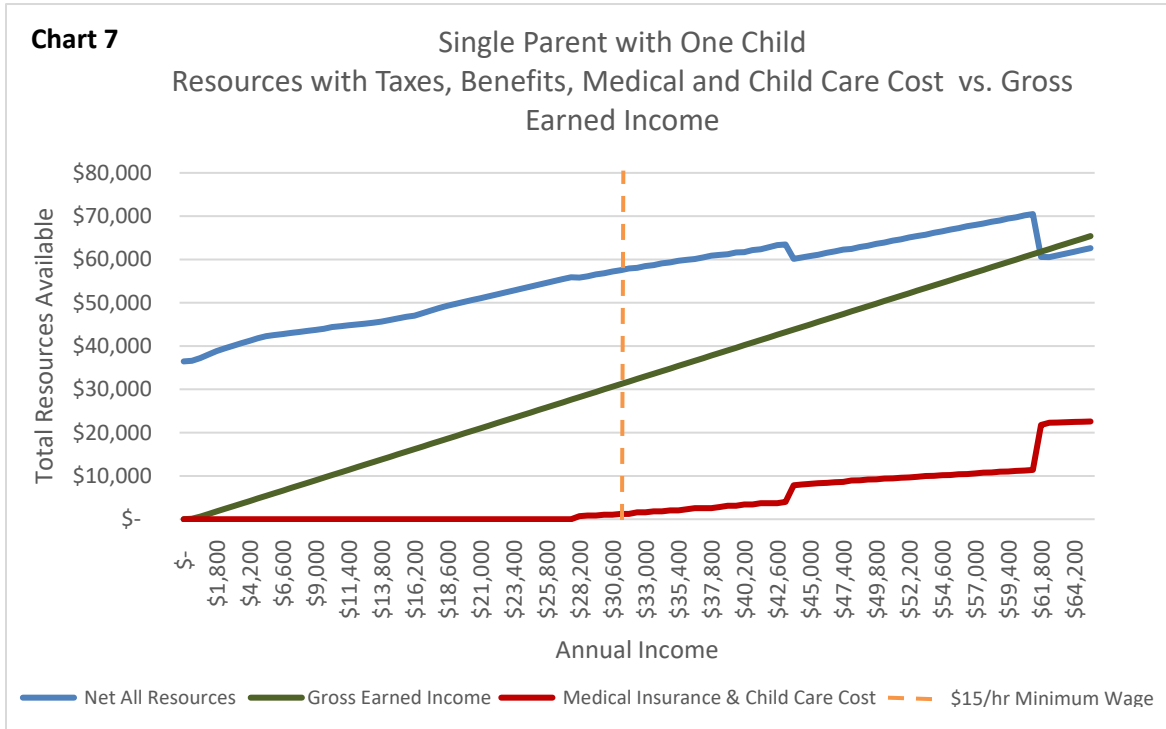
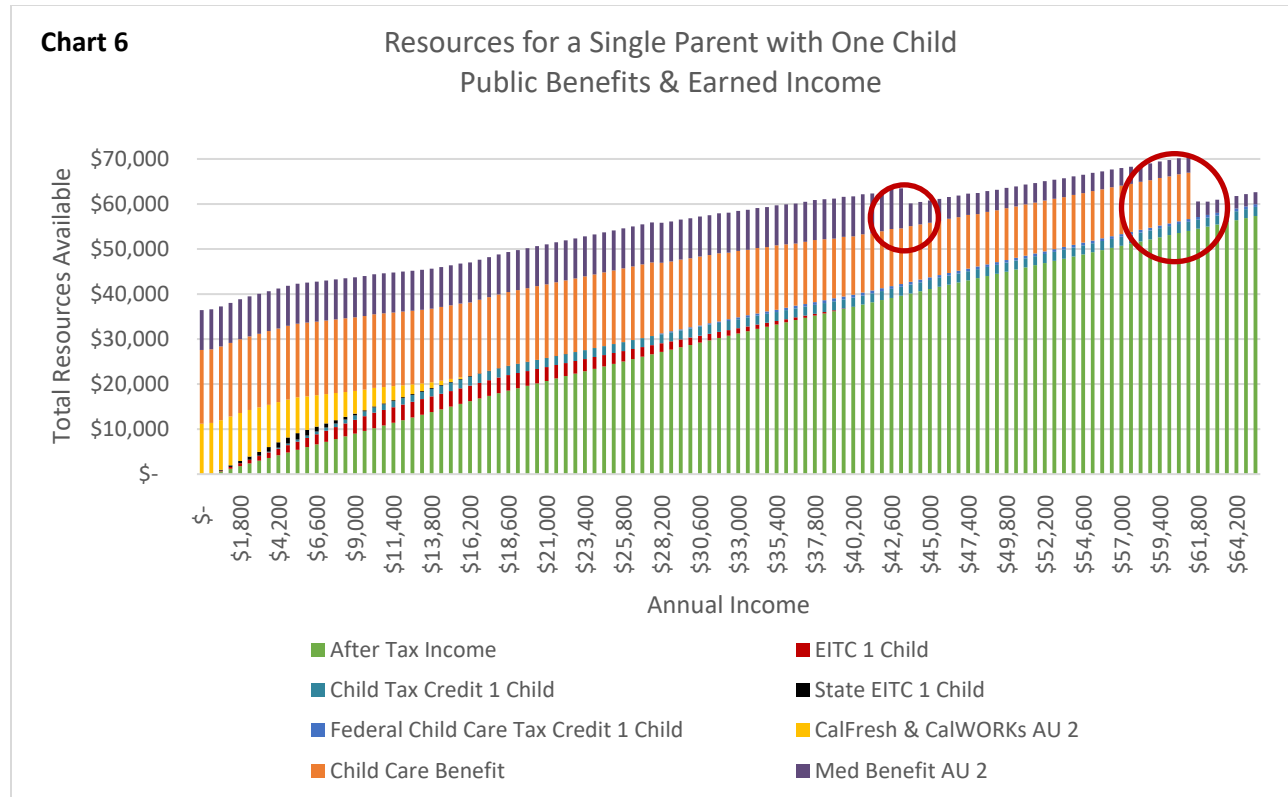


adding to their total household resources. As discussed above, these benefits of Premium Assistance for Covered California phase out at an income of \$48,240, or full-time work at a wage of \$23.19 an hour.

Low and Moderate Income Families Experience Substantial Benefit Cliffs When Exiting from Subsidized Health Care and Child Care

The discussion of benefit cliffs is more readily visible when considering the benefits available to **families** with low to moderate incomes, as opposed to the individual discussed above. The first cliff experienced for a single parent with one child, illustrated in Chart 6 below, occurs when the family shifts from Medi-Cal to Covered California. Though PA provides \$3,840 per year at an income of \$43,800, the cost of insurance would be a serious adjustment to the family’s budget, even though with assistance, the cost is lowered from \$8,880 to \$5,040. **The primary difference between individuals and families is the benefit of no or low-cost subsidized child care.** The Regional Market Rate for Alameda County child care is \$1,363 per month for a child 2-5 years old. A single parent with one child could be recertified for subsidized care up to 85% of the State Median Income (SMI), or \$60,808. After that point, the parent is responsible for covering the full market rate cost of child care. **An income gain of \$600 from \$60,600 to \$61,200 per year is felt, for this family, as a total household resource loss of \$9,916 per year.** It is important to recognize Chart 6 only identifies resources, and not the full cost of expenses in providing for the family. The self-sufficiency standard for this family in Alameda County is \$79,933 to minimally cover living expenses, including child care. The “after tax income” area in green is assumed to be available to partially meet these needs. The child care cliff is further amplified when the difference between the value of the benefit and the full cost of the regional market rate is factored in to the household expenses: the family earning \$60,600 could be paying \$6,024 a year for subsidized child care, while the family earning \$61,200 could pay \$16,359 for the same care on the market. This family would have felt resources of approximately \$44,200 after paying for child care. In the framing with self-sufficiency, it is important to recall that a housing needs cost of \$2,322 a month (\$27,864 annual) would absorb more than half of the available resources for this family – this does not factor in the cost of basic needs such as food, transportation, or ancillary expenses related to employment.

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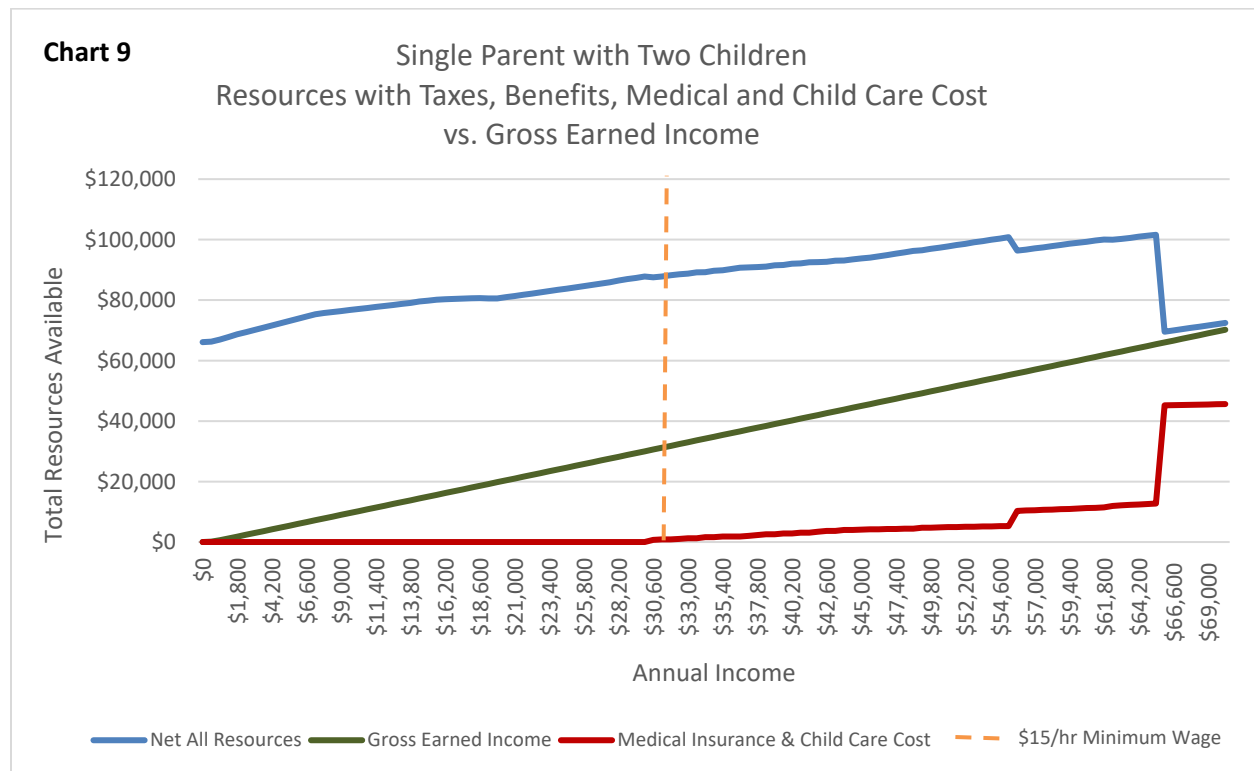
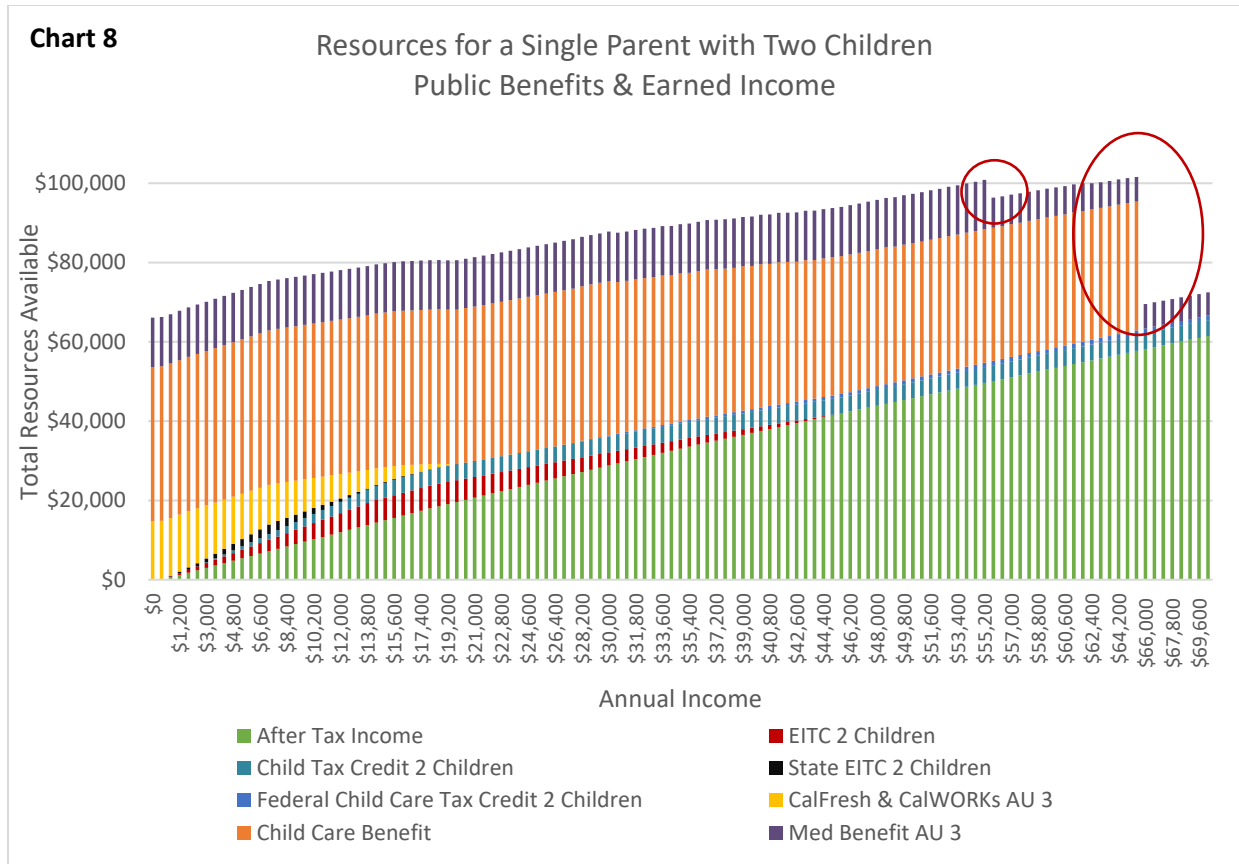
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Chart 7 above simplifies Chart 6 to illustrate where the marginal tax rate, or benefit cliff of all benefits considered in this analysis, starts to decline in relation to a single parent with one child's gross earned income and the increasing cost of the public benefit program (in this case Medi-Cal, Covered California, and child care) as the individual assumes higher financial participation. As in the discussion above, "Net All Resources" includes federal and state taxes, EITC, CTC, income support through CalWORKs, nutritional support through CalFresh, child care assistance, and medical assistance through Medi-Cal and Covered California. At approximately a gross earned income of \$61,800, the phase out of public benefit programs and the increase in federal and state taxes reduces the total resources available to this family below the gross earned income. At an annual income of \$31,200, earned working full time at \$15 an hour, the total resources available to the family could be worth \$57,520. At the current state minimum wage of \$12 an hour, annualized at \$24,960, the family could have approximately \$53,690 in total available resources.

This shows that **the increase in minimum wage for a single parent, one child family not only increases the total household gross earned income, but also the resources available to them, as the higher cost benefits of medical and child care assistance are still in a low period of phasing out.** As the household's income increases, the share of cost of health insurance and child care increases. The sharp increases in cost that correspond with the sharp decreases in public benefit support highlight the impact these policy decisions have on a family's household resources. The area between "Net All Resources" and "Medical Insurance & Child Care Cost" indicates the resources available to the household after assuming a higher share of cost, and eventually exiting, subsidized health insurance and child care.

The "child care cliff" seen for a family with one child is more acute the more children there are in the family. Chart 8 below illustrates the benefit cliffs experienced by a single parent with two children: one infant and one preschool aged child. A single parent with two children can be recertified for subsidized care up to an income of \$65,604, at which point s/he is responsible for the market rate cost of care. The cliff in the chart below is more pronounced with two children than one – at a total household resource loss of \$32,512 – as the parent must then pay market rate for an infant and young child, at a cost of \$3,246 per month. When the annual expense of market rate child care for these two children (\$38,938) is factored into the annual resources available, the family earning approximately \$66,000 has a felt resource availability of \$30,605. The self-sufficiency standard for this family in Alameda County is \$120,604 to minimally cover living expenses, including child care. The "after tax income" area in green is assumed to be available to partially meet these needs. Chart 8 illustrates the dramatic drop in resources available to a family once they transition off subsidized child care, and highlights how few resources ("after tax income") are available for these families – particularly in light of the fact that the self-sufficiency standard is nearly double the income at which the child care cliff occurs.

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Chart 9 above simplifies Chart 8 to illustrate where the marginal tax rate, or benefit cliff of all benefits considered in this analysis, starts to decline in relation to a single parent with two children's gross earned income and the increasing cost of the public benefit program (in this case Medi-Cal, Covered California, and child care) as the individual assumes higher financial participation. As in the discussion above, "Net All Resources" includes federal and state taxes, EITC, CTC, income support through CalWORKs, nutritional support through CalFresh, Child Care assistance, and medical assistance through Medi-Cal and Covered California. At an annual income of \$31,200, earned working full time at \$15 an hour, the total resources available to the family could be worth \$87,823. At the current state minimum wage of \$12 an hour, annualized at \$24,960, the family could have approximately \$83,800 in total available resources. **This shows that the increase in minimum wage for a single parent, two child family increases the total household gross earned income, and the resources available to them by \$4,023, even though the gross earned income increase is \$6,240.** The phase out of the CalWORKs grant occurs at a lower income level of \$19,800 – the reduction in this case is due to the phase out of the EITC, increasing family fees for subsidized child care, and increased state and federal taxes.

It is important to note the steep cliff that occurs at a gross earned income of \$66,000, or approximately \$31.73 an hour at full time work. To maintain full time child care for an infant and a preschool aged child, and to maintain the equivalent of a silver plan on the Covered California market, the "Net All" has a felt impact of total resource drop from \$101,592 to \$69,552 – a loss felt of \$32,039. The narrowing area between the "Net All Resources" and "Medical Insurance & Child Care Costs" highlights the reduction in household resources that occur after this family is no longer eligible for public benefits to support these expenses. The family at the end of the chart earning just over \$70,000 has \$26,843 in household resources remaining after buying child care and health insurance at full cost. In the framing with self-sufficiency, it is important to recall that a housing needs cost of \$1,850 a month (\$22,200 annual) would absorb most of the available resources for this family – this does not factor in the cost of basic needs such as food, transportation, or ancillary expenses related to employment.

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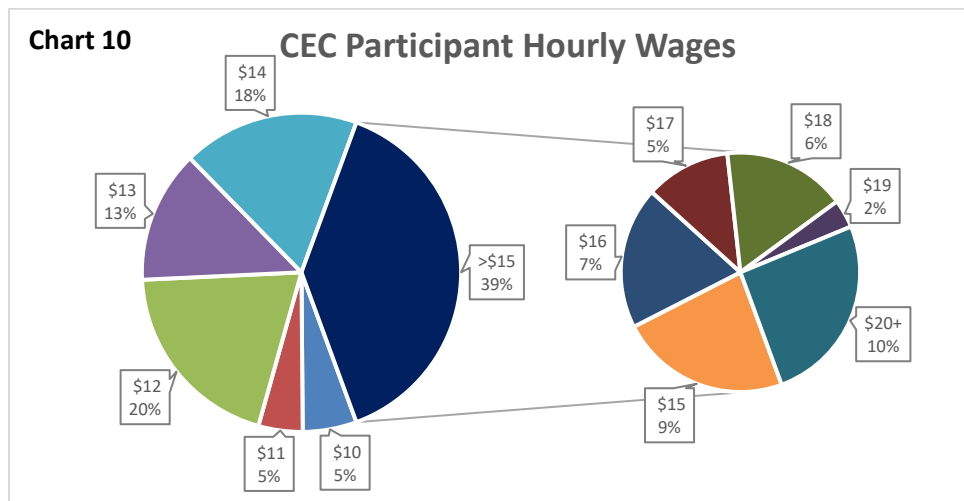
SSA Customer and Caseload Impact of an Increased Minimum Wage

To assess how the minimum wage increase may affect current clients of SSA programs, the Office of Policy, Evaluation and Planning (OPEP) decided to analyze two samples: participants in a Welfare to Work (WTW) program, and a broader sample of participants in SSA public benefit programs whose income and hour data met thresholds for analysis. Neither sample can be assumed to be representative of all SSA service recipients.

Career and Employment Center

The Career and Employment Centers (CEC) provide job search and job training opportunities for CalWORKs recipients required to participate in WTW, and General Assistance (GA) and CalFresh recipients on a voluntary basis. CEC programs are administered through two nonprofit community partners. CEC participants in the sample may differ from other SSA clients in that they do not have a job at the beginning of their receipt of services, hence the referral to CEC. Additionally, the jobs found through assistance may have higher pay or provide more regular scheduling than those that job seekers may find on the market on their own.

The CEC sample includes 201 participants, of whom 10 are GA/CalFresh volunteers, and the remaining 191 are CalWORKs recipients meeting their WTW requirements. All found jobs while participating in CEC programming. Employers range from large service and retail establishments, such as Macy’s, Starbucks, and Safeway, to smaller employers such as childcare centers and a car-towing business. Chart 2 outlines the wages earned by participants. Only 10% of the sample earn at or near the State Minimum Wage for 2017-18 of \$10 or \$11 an hour. A slight majority earn \$12-\$14 an hour, and 39% earn \$15 or more per hour. The 61% of the sample earning less than \$15 an hour would see their hourly wage increase with the minimum wage increase schedule. Those who earn slightly more than \$15 an hour may also see a salary increase as the minimum wage increases.



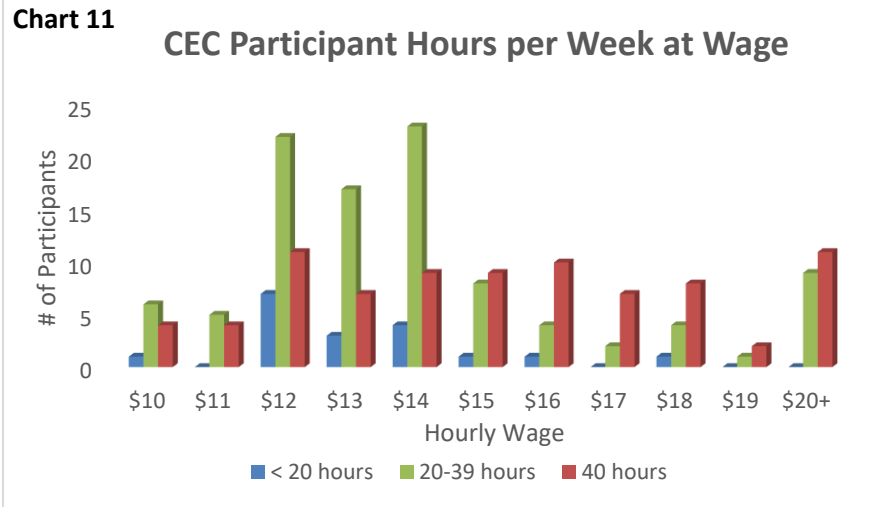
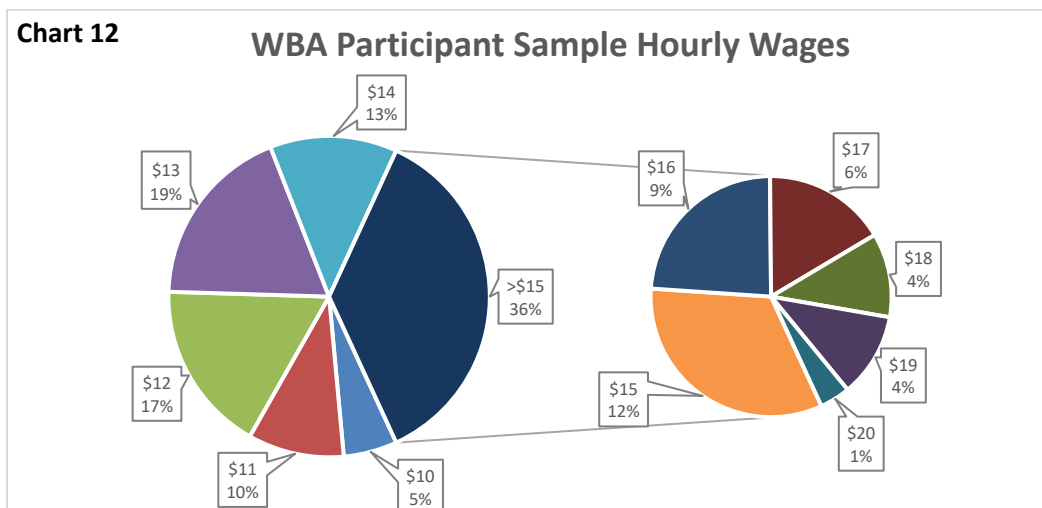


Chart 11 illustrates the hours worked at various wages. For the CEC participant sample, only 9% of workers are scheduled to work fewer than 20 hours per week. Precisely half (50%) are scheduled to work 20-39 hours per week, 72% of whom earn less than \$15 an hour. **For workers who earn higher wages, the likelihood that they would be scheduled to work 40 hours per week rises.** Only 3 workers earning more than \$15 an hour were scheduled to work fewer than 20 hours per week, and 60% were scheduled to work full time at 40 hours per week. For workers earning less than \$15 an hour, less than a third (28%) were scheduled to work full time at 40 hours per week, and 60% were scheduled to work 20-30 hours per week.

Hourly Wage	Median Hours Scheduled Per Week
\$10-\$14	30
\$15+	40

Workforce and Benefits Administration (WBA) Program Participants

The Workforce and Benefits Administration (WBA) within SSA provides eligibility and supportive services through the Medi-Cal, CalFresh, CalWORKs and General Assistance (GA) programs to nearly 1 in 4 Alameda County residents. To best analyze a sample of participants in the program, we created a clean data sample of 1,147 program participant households with bounded income data for 2018: 1,086 Medi-Cal and CalFresh recipients, 51 CalWORKs participants, and 10 GA recipients.



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To better analyze those program participants most likely to be impacted by the rising minimum wage, we bounded the data to include only those workers earning \$10.50 to \$20 an hour, and working 1 to 40 hours per week. Chart 4 outlines the wages earned by the sample. Only 15% of the sample earned at or near the State minimum wage for 2017-18 of \$10.50 or \$11 an hour. Nearly a majority earned \$12-\$14 an hour, and 36% earned \$15 or more per hour. The 64% of the sample earning less than \$15 an hour would see their hourly wage increase with the minimum wage increase schedule. Those who earn close to but more than \$15 an hour may also see a salary increase as the minimum wage increases. As predicted, workers in the sample of general WBA Program Participants have, overall, slightly lower wages than the sample of CEC workers discussed above.

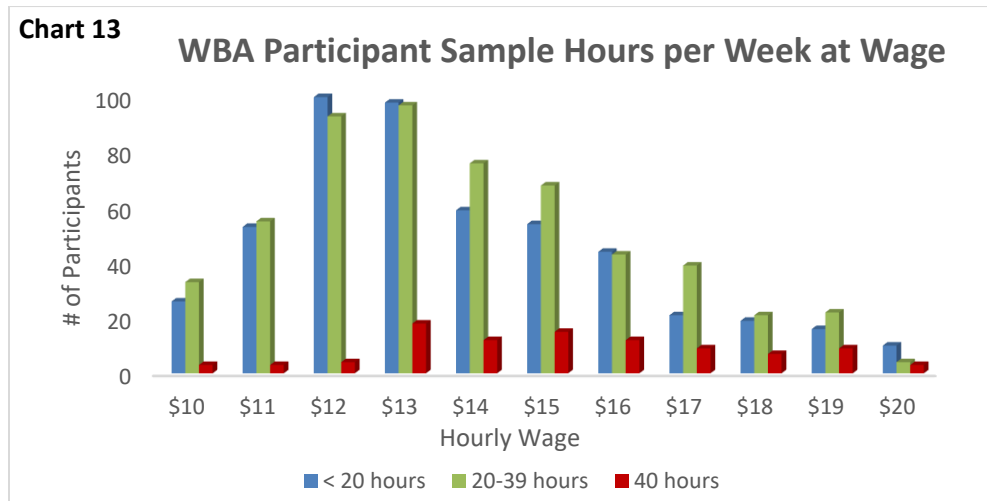


Chart 13 illustrates the hours worked at various wages. For the WBA Program Participant sample, 43% of workers are scheduled to work fewer than 20 hours per week, 67% of whom earn less than \$15 an hour. Nearly half (48%) are scheduled to work 20-39 hours per week, 64% of whom earn less than \$15 an hour. **For workers who earn higher wages, the likelihood that they would be scheduled to work 40 hours per week rises.** Only 6 workers earning at the current State minimum wage of \$10-\$11 an hour worked 40 hours a week, representing 0.5% of workers in the sample. The median hours worked per week for this sample are considerably lower than the median hours worked per week for the CEC sample. Because workers in the CEC sample have more targeted and robust assistance in finding jobs, it is likely that the jobs are better paying, with more hours per week, than the jobs found on the market by other low wage workers. The CEC Sample median hours were substantially higher, particularly for those earning \$15 an hour or more, than the WBA Program Participant sample. The WBA Program Participant sample wages and hours may be more representative of the larger population of public benefit program recipients.

Hourly Wage	CEC Median Hours Scheduled Per Week	WBA Median Hours Scheduled Per Week
\$10-\$14	30	20
\$15+	40	23.25

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Employed Public Benefit Recipients Earning Less than \$15 an Hour May Gain More Than \$2,000 Annually With Wage Increases

Career and Employment Centers

Assuming hours scheduled per week do not change for the sample, those who currently earn less than \$15 an hour stand to earn a range of \$3 to \$737 more a month at \$15 an hour, or \$36 to \$8,846 per year. The average monthly increase would be \$226, or \$2,713 annually. The table below outlines the average monthly and annual increases once the minimum wage reaches \$15 an hour for workers in the CEC sample, grouped by current wage. This assumes hours worked for each wage grouping would hold relatively stable.

Current Wage	# of Workers	Average Hours per Week	Average Monthly Earning Current	Monthly Earning at \$15/hour	Average Monthly Increase	Annual Increase
\$10-\$10.99	11	28.3	\$1,195	\$1,696	\$501	\$6,014
\$11-\$11.99	9	31.3	\$1,446	\$1,880	\$434	\$5,204
\$12-\$12.99	40	27.6	\$1,383	\$1,656	\$273	\$3,270
\$13-\$13.99	13	29.1	\$1,552	\$1,747	\$194	\$2,333
\$14-\$14.99	36	29.3	\$1,696	\$1,758	\$62	\$747

Workforce and Benefits Administration (WBA) Program Participants

Assuming hours scheduled per week do not change for the sample, those who currently earn less than \$15 an hour stand to earn a range of \$1 to \$800 more a month at \$15 an hour, or \$12 to \$9,600 per year. The average monthly increase would be \$183, or \$2,199 annually. The table above outlines the average monthly and annual increases once the minimum wage reaches \$15 an hour for workers in the WBA Program Participant sample, grouped by current wage. This assumes hours worked for each wage grouping would hold relatively stable.

Current Wage	# of Workers	Average Hours per Week	Average Monthly Earning Current	Monthly Earning at \$15/hour	Average Monthly Increase	Annual Increase
\$10-\$10.99	62	21.9	\$918	\$1,314	\$396	\$4,752
\$11-\$11.99	111	19.7	\$903	\$1,185	\$282	\$3,384
\$12-\$12.99	198	20.5	\$1,021	\$1,229	\$208	\$2,496
\$13-\$13.99	213	21.4	\$1,147	\$1,281	\$134	\$1,608
\$14-\$14.99	147	23.4	\$1,347	\$1,406	\$59	\$708

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The Minimum Wage Increase May Lower Caseloads Only Slightly

Using the data from the WBA Program Participant sample, we can estimate whether and how the increase in the State minimum wage will impact SSA clients to the degree that they are no longer income eligible to receive some or all public benefits. Using the Federal Poverty Level (FPL) thresholds of 100% FPL and 200% FPL for most public benefit programs, we can see in the tables below that though workers stand to gain more income from the wage increase to \$15 an hour, their average annualized earnings are well below the upper income limit for some programs. Table A annualizes their earnings based on average hours worked per week, and shows their FPL.

Table A

Current Wage	Average Hours per Week	Average Monthly Earning Current	Average Annual Earning Current	% FPL AU 1 2019	% FPL AU 3 2019
\$10-\$10.99	21.9	\$918	\$11,016	88%	52%
\$11-\$11.99	19.7	\$903	\$10,836	87%	51%
\$12-\$12.99	20.5	\$1,021	\$12,252	98%	57%
\$13-\$13.99	21.4	\$1,147	\$13,764	110%	65%
\$14-\$14.99	23.4	\$1,347	\$16,164	129%	76%

Table B shows monthly and annual earnings at a \$15 an hour wage, assuming the same work hours, and their corresponding estimated FPL in 2022, when the \$15 wage applies statewide. For this sample, even with the increased minimum wage, only the group of those who currently earn above \$14 an hour would see an increase in income nearing the CalWORKs income limit for a family assistance unit (AU) of 3, based on average hours worked per week. This family would still be income eligible for Medi-Cal and CalFresh. **Most workers who are working the hours worked seen in the WBA Program Participant sample with an AU of 3 would still be income eligible for CalWORKs, CalFresh, and Medi-Cal even with a \$15 an hour minimum wage.** Even for a household of one (AU 1), the increase to \$15 an hour would still place the worker below the upper eligibility limit for Medi-Cal, depending on the number of hours worked. This worker would also still be income eligible for some assistance through CalFresh.

Table B

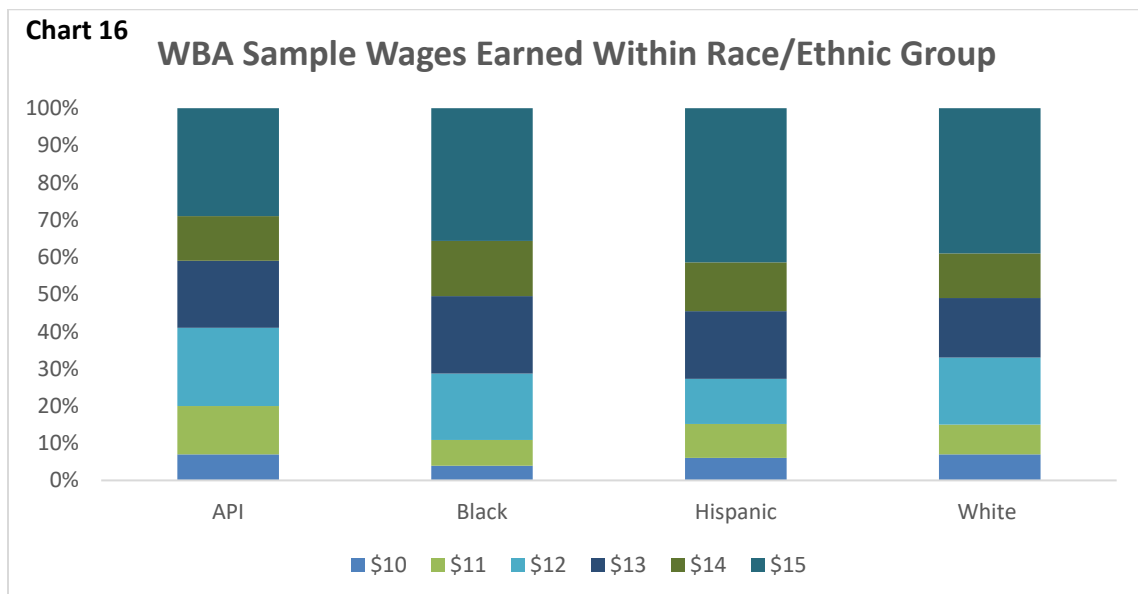
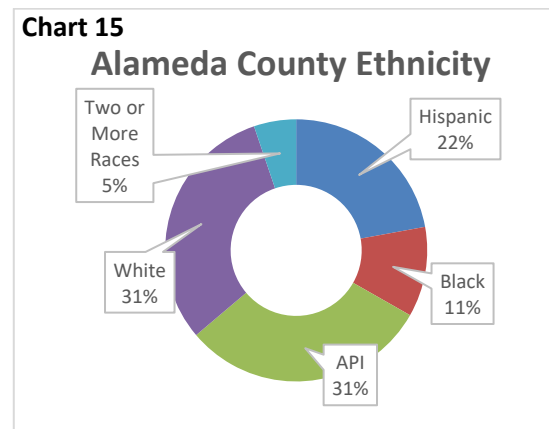
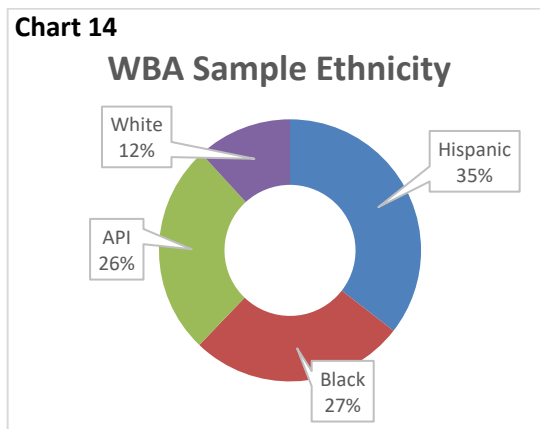
Current Wage	Average Hours per Week	Monthly Earning at \$15/hour	Average Annual Earning at \$15/hour	% FPL AU 1 2022	% FPL AU 3 2022
\$10-\$10.99	21.9	\$1,314	\$15,768	123%	71%
\$11-\$11.99	19.7	\$1,185	\$14,220	111%	64%
\$12-\$12.99	20.5	\$1,229	\$14,748	115%	67%
\$13-\$13.99	21.4	\$1,281	\$15,372	120%	70%
\$14-\$14.99	23.4	\$1,406	\$16,872	132%	76%

Based upon available data from this sample, if the WBA Program Participant sample is relatively representative of all WBA Public Benefit program clients, and hours worked for income earners remain constant when the minimum wage increases, **we would expect a slight decrease in the lower income eligibility programs of CalWORKs and GA. However, nearly all income earners in these brackets would still be income eligible for some CalFresh benefits, and for Medi-Cal coverage** – particularly those households with children, where the income eligibility threshold is 266% FPL.

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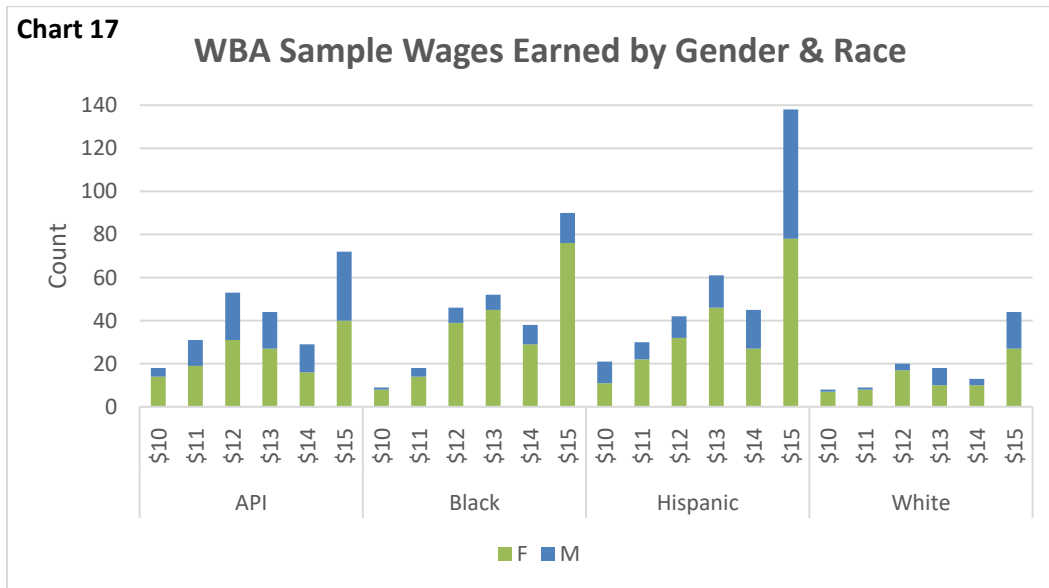
GARE Analysis: Low Wage Asian Pacific Islander and Black Women May Have the Most to Gain from Minimum Wage Increase

The Government Alliance on Race and Equity (GARE) is a national network of government entities working to achieve racial equity and advance opportunities for all. The GARE Racial Equity Toolkit acknowledges that “too often, policies and programs are developed and implemented without thoughtful consideration of racial equity. When racial equity is not explicitly brought into operations and decision-making, racial inequities are likely to be perpetuated.”^{ix} For this reason, this analysis includes a lens on race/ethnicity and gender for clients in the WBA Program Participant sample. In the sample, race/ethnicity was identified for 949 of the 1,147 client households. As illustrated in Charts 14 and 15, of these known race/ethnicities, 12% were White, 26% were Asian Pacific Islander (API), 27% were Black, and 35% were Hispanic. This sample differs from the 2017 Census American Community Survey estimates in that other races/ethnicities are not represented, and the groups of Hispanic and Black are over-represented in the WBA Sample, with White and API under-represented, when compared to the larger county demographics. However, the WBA Program Participant sample is by definition constrained by incomes no larger than 266% FPL (the upper limit for children’s eligibility in Medi-Cal), and was further bounded by wage earners earning no more than \$20 an hour, while the County’s race/ethnicity encompasses all income levels.



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As Chart 16 illustrates, for workers in the WBA Program Participant sample, a plurality of wage earners in each ethnic group earn a wage of \$15 or more per hour. API and Black workers were less likely than Hispanic and White workers to earn over \$15 an hour, meaning they have the most to gain from the increased minimum wage, if hours remain stable or increase. API workers were the most likely to earn on the lower end of the wage spectrum, being over-represented in the \$10, \$11, and \$12 an hour wage groups. When further separating the data by gender, as in Chart 17, it is clear that API, Black, and Hispanic women in the sample have the most to gain from the increased minimum wage, if hours remain stable or increase. Women account for 69% of the WBA sample, and men, 31%.



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Appendix

Methodology

Benefit Cliffs: Program income eligibility, benefit levels, and income at exit were analyzed in the Benefit Cliffs section for the following Federal and State programs:

- Federal and State Earned Income Tax Credits (EITC)
- Federal Child Tax Credit (CTC)
- State Child Tax Exemptions
- Federal Child Care Deduction
- Child Care Subsidies – CalWORKs (Stages 1-3) and Alternative Payment Program (APP)
- Income support (General Assistance and CalWORKs)
- Nutritional Support (CalFresh)
- Medical Support (Medi-Cal and Covered California Premium Assistance)

These tax and public benefit programs are analyzed for an individual, and for families of two sizes: a single parent with one child (preschool aged), and a single parent with two children (infant and preschool aged). The charts included in the analysis layer net after-tax earned income with the monetized value of the support programs, if the recipient were to instead purchase the service (medical and child care) on the market. The cost of medical care was estimated by averaging the cost of the two silver co-pay insurance plans on the exchange market in Alameda County for a 30-year-old individual. Additional medical costs including deductibles were not included. The cost of child care was estimated as the Regional Market Rate for full-time monthly care for an infant (birth to 24 months) and preschool aged child (2-5 years) in Alameda County.

SSA Customer and Caseload Impact: The Welfare to Work clients enrolled in the Career and Employment Center programs were analyzed for those participating January 1, 2017 through August 31, 2018. Data was analyzed for clients who had job starts during the time period with valid wage and hour data at the time of hire. The larger sample of Workforce and Benefits Administration (WBA) program participants was created by selecting the data for a sample of participants who had an active, approved case in one of the major WBA programs (CalWORKs, General Assistance, CalFresh, Medi-Cal) in September 2018. Data was bounded for clients in the WBA sample for those with valid income data with an hourly wage equal to or greater than \$10.50 an hour (the 2018 minimum wage for small businesses) and identified hours worked per week 1-40. This method rejected clients with wage and hour information captured differently than the data bounds; as such, data will differ from information represented in local and state program reports. For example, workers who had earnings in lump-sum or irregular payments that equated to less than the 2018 minimum wage were excluded.

Federal Poverty Level, Minimum Wage, and Benefit Eligibility

To estimate potential eligibility for public benefit programs, measured by the maximum number of hours worked at the scheduled minimum wage increases, it is also necessary to also estimate the increase of the FPL in coming years. The average rate of change for the FPL over the prior five years is as follows: household size of one: 1.39%; household size of three: 1.57%; household size of four: 1.61%.

The following hour limit estimates are based on one income worked at the noted wage in each column. If a worker could work more than 40 hours a week and still potentially be eligible for programs at 100% FPL or 200% FPL, these wages and corresponding hour limits are noted in red. If a worker could work more than 20 hours a week and still potentially be eligible, these wages and hours are noted in yellow. If a

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worker works fewer than 20 hours a week at the corresponding wage, their potential eligibility is highlighted in green with the maximum number of hours noted.

Hours Worked at Wage to Remain at 100% or 200% FPL

	100% FPL 2019	\$ 12.00	\$ 13.00	\$ 14.00	\$ 15.00
AU 1	\$ 12,490	20.0	18.5	17.2	16.0
AU 3	\$ 21,330	34.2	31.6	29.3	27.3
AU 4	\$ 25,750	41.3	38.1	35.4	33.0

	200% FPL 2019	\$ 12.00	\$ 13.00	\$ 14.00	\$ 15.00
AU 1	\$ 24,980	40.0	37.0	34.3	32.0
AU 3	\$ 42,660	68.4	63.1	58.6	54.7
AU 4	\$ 51,500	82.5	76.2	70.7	66.0

Example: A worker in an AU of 3 receives the wage increase from \$11 to \$12/hour in 2019. This worker could still potentially work 34.2 hours a week at the new wage and be eligible for programs with a limit of 100% FPL, and 68.4 hours a week and still be eligible for programs with a limit of 200% FPL.

	100% FPL 2020 Projected	\$ 13.00	\$ 14.00	\$ 15.00
AU 1	\$ 12,663	18.7	17.4	16.2
AU 3	\$ 21,664	32.0	29.8	27.8
AU 4	\$ 26,165	38.7	35.9	33.5

	200 % FPL 2020 Projected	\$ 13.00	\$ 14.00	\$ 15.00
AU 1	\$ 25,327	37.5	34.8	32.5
AU 3	\$ 43,329	64.1	59.5	55.5
AU 4	\$ 53,173	77.4	71.9	67.1

Example: The worker in an AU of 3 receives a wage increase from \$12 to \$13/hour in 2020. This worker could potentially work 32.0 hours per week at the new wage and be eligible for programs with a limit of 100% FPL, and 64.1 hours a week and still be eligible for programs with a limit of 200% FPL.

	100 % FPL 2021 Projected	\$ 14.00	\$ 15.00
AU 1	\$ 12,839	17.6	16.5
AU 3	\$ 22,004	30.2	28.2
AU 4	\$ 26,587	36.5	34.1

	200 % FPL 2021 Projected	\$ 14.00	\$ 15.00
AU 1	\$ 25,678	35.3	32.9
AU 3	\$ 44,008	60.4	56.4
AU 4	\$ 53,173	73.0	68.2

The Impact of \$15 Minimum Wage on Public Benefit Programs

Summer 2019

Example: The worker in an AU of 3 receives a wage increase from \$13 to \$14/hour in 2021. This worker could potentially work 30.2 hours per week at the new wage and be eligible for programs with a limit of 100% FPL, and 60.4 hours a week and still be eligible for programs with a limit of 200% FPL.

100% FPL 2022 Projected \$ 15.00

AU 1	\$ 13,017	16.7
AU 3	\$ 22,349	28.7
AU 4	\$ 27,015	34.6

200 % FPL 2022 Projected \$ 15.00

AU 1	\$ 26,034	33.4
AU 3	\$ 44,697	57.3
AU 4	\$ 54,030	69.3

Example: The worker in an AU of 3 receives a wage increase from \$14 to \$15/hour in 2022. This worker could potentially work 28.7 hours per week at the new wage and be eligible for programs with a limit of 100% FPL, and 57.3 hours a week and still be eligible for programs with a limit of 200% FPL.

Endnotes

ⁱ “Exploring the Unmet Need for Subsidized Child Care and Development Programs in California,” California Budget & Policy Center, February 25, 2019, https://calbudgetcenter.org/wp-content/uploads/2019/02/Kristin-Schumacher_ChildCare-Webinar_02.25.2019.pdf

ⁱⁱ Reich, Michael, Sylvia A. Allegretto, and Claire Montaloux. Effects of a \$15 Minimum Wage in California and Fresno, Center on Wage and Employment Dynamics, University of California, Berkeley Institute for Research on Labor and Employment, January 2017. <http://irl.berkeley.edu/files/2017/Effects-of-a-15-Minimum-Wage-in-California-and-Fresno.pdf>

ⁱⁱⁱ Ibid.

^{iv} U.S. Census Bureau, 2012-2016 American Community Survey, 5-Year Estimates

^v Lambert, Susan, Peter Fugiel, and Julia Henly. Schedule Unpredictability Among Early Career Workers in the US Labor Market. University of Chicago. EINet, July 17, 2014, https://ssascholars.uchicago.edu/sites/default/files/einet/files/lambert.fugiel.henly_executive_summary_b_0.pdf.

^{vi} National Women’s Law Center Fact Sheet, The Schedules that Work Act: Giving Workers the Tools They Need to Succeed, June 2017, <https://nwlc.org/wp-content/uploads/2015/06/Schedules-that-Work-Act-Giving-Workers-the-Tools.pdf>

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^{viii} Pearce, Diana. “The Self-Sufficiency Standard for California 2018,” Center for Women's Welfare, University of Washington. <http://www.selfsufficiencystandard.org/california>

^{ix} Nelson, Julie and Lisa Brooks. “Racial Equity Toolkit: An Opportunity to Operationalize Equity.” Haas Institute for a Fair and Inclusive Society, University of California, Berkeley, 2016, https://racialequityalliance.org/wp-content/uploads/2015/10/GARE-Racial_Equity_Toolkit.pdf