



National Center for Children in Poverty  
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**REPORT: STATE POLICY CHANGES NEEDED  
TO MAKE WORK SUPPORTS *WORK* FOR IOWANS**  
*Benefits Dilemma – What Happens When Eligibility Vanishes  
Before Families Can Make Ends Meet?*

**New York City** – Almost a third of Iowa’s children live in low-income families struggling to make ends meet. Fifty-eight percent of those children have a parent who works full time, year-round – but even a worker employed full-time does not always earn enough to support a family.

A new report focusing specifically on the Hawkeye State, from the National Center for Children in Poverty (NCCCP), finds that Iowa’s work supports – benefits such as earned income tax credits, public health insurance coverage, child care assistance, and food stamps – can help families close the gap between low earnings and basic family expenses. But researchers at NCCCP, part of the Mailman School of Public Health at Columbia University, also found that small increases in family income can trigger sharp reductions in benefits, leaving families no better off – even worse off – than before.

“Iowa’s work supports can make a tremendous difference in the lives of low-income families, but benefit losses should not outweigh earnings increases,” said Dr. Nancy K. Cauthen, NCCP’s deputy director and report co-author. “The next policy challenge for Iowa should be to ensure that when parents earn more, their families are always better off.”

In Iowa, it takes far more than a low-wage job to pay for even the most basic necessities, such as rent, food, child care, and transportation. A single parent with two children living in Des Moines needs to earn over \$38,000 a year, or \$19 an hour at a full-time job, just to make ends meet. That’s more than double the state minimum wage and far more than the state median wage of \$13.77 an hour.

Eligibility for work support programs is typically based on income, so as earnings rise, families begin to lose eligibility for benefits. In some cases, even a small raise can lead to a substantial benefit loss. As a result, parents can work and earn more with no financial benefit for their families when they hit certain financial “cliffs,” for example:

- When a family of three has income exceeding \$23,000 a year (130 percent of the official poverty level), the family loses its entire food stamp benefit.
- When a family earns too much to keep their child care assistance, they lose several thousand dollars worth of benefits at once.

- When a parent’s earnings increase from \$9 to \$16 an hour, the family actually loses ground.

Recent policy decisions in Iowa – including expanding the state earned income tax credit and increasing the state minimum wage – reveal that the state’s policymakers are willing to invest in supports for low-income working families.

“To build on these efforts, one of the most important things that Iowa’s policymakers could do is increase access to child care assistance,” says Sarah Fass, lead author of the report. “Child care is one of the greatest expenses that families face and quality, reliable care helps parents work and children succeed.”

Iowa could also explore options in federal programs, say the researchers. For instance, Iowa could take advantage of the federal food stamp option that allows states to use categorical eligibility to expand access to food stamps for working families with income somewhat above the federal gross income limit. This would eliminate the food stamp cliff without additional cost to the state.

“When Iowa families face a gap between their resources and daily expenses, they are forced to make tough choices,” says Lily French, research associate at the Iowa Fiscal Partnership, which worked with NCCP to localize the study. “We don’t think families should have to choose between paying their rent and buying needed medicine.”

The full report, *Making Work Pay for Iowa’s Families*, can be accessed on the NCCP website at [http://www.nccp.org/publications/pub\\_841.html](http://www.nccp.org/publications/pub_841.html)

*The National Center for Children in Poverty (NCCP) is the nation’s leading public policy center dedicated to promoting the economic security, health and well-being of America’s low-income families and children. Part of Columbia University’s Mailman School of Public Health, NCCP uses research to inform policy and practice with the goal of ensuring positive outcomes for the next generation.*