

## STOPPING THE EROSION

### Improving Child-Care Access Helps Workers Feed Families



We have seen moves at the state and federal levels to help Iowa's low-income families "make work pay." With implementation of both the increase in the state and federal minimum wage, and the expansion of Iowa's Earned Income Tax Credit, low-wage workers in Iowa will be better able to pay their bills.

**\$1 per meal ... and falling**

Stopping erosion is more than a land-conservation goal of the Farm Bill; it also is relevant to nutrition programs. Food Assistance — known as the Food Stamp Program — is an important work support for low-income families, but the benefit has been eroded by inflation as important deductions have been held artificially

low, overstating the income that families have available to determine their access to Food Stamps.

### ***WORKING BUT FALLING BEHIND, EVEN WITH FOOD STAMPS***

Although many families receiving Food Stamps have family members who hold jobs, the *standard deduction* families use to calculate their benefits has been frozen since 1996. That means there is no adjustment for inflation. As a result:

- 135,000 Iowans will lose benefits by FY2012 if the benefit cuts are not restored — \$78 million.
- The average benefit of \$1 per meal per person will continue to erode. In 2008, this would mean about \$37 per month less in Food Stamps than a typical single-parent family of three would have received without the cuts.

### ***CHILD CARE HELPS LOW-INCOME WORKERS KEEP JOBS***

Currently, families may deduct up to \$200 per child under 2 (\$175 for preschoolers) for monthly child-care costs in calculating their income to determine Food Stamp benefits. The *child-care deduction* recognizes money spent on child care is money a low-income family does not have to buy food. Whether recognized through the federal deduction, or provided directly from the state Child Care Assistance program, access to child care helps people hold jobs. Yet, while the child-care deduction for Food Stamps is inadequate, the state's child-care assistance doesn't reach enough families. In *Bridging the Gaps in Iowa*,<sup>1</sup> the Iowa Policy Project and others noted that the state benefit only reaches about one-third of the eligible population.

The House-passed Farm Bill would remove the cap on the child-care deduction — families would be able to deduct all child-care expenses. President Bush originally proposed this change, which would provide better access to food for families with higher out-of-pocket child-care costs. The Senate has not acted yet.

- This would be a \$300,000 benefit to Iowa.
- It would help more than 100,000 families nationally — about \$40 more per month, on average, in Food Stamp benefits.

<sup>1</sup> Elaine Ditsler, Peter Fisher and Kristi Lohmeier. *Bridging the Gaps in Iowa*, June 2007, the Iowa Policy Project.

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