

## Appendix E

### Increase in the Minimum Wage to \$12 on Eligibility/Savings for TANF, SNAP, MA and Child Care

The following summarizes the potential impact on individual eligibility the TANF, SNAP, Medical Assistance and subsidized child care programs of a proposed increase in the minimum wage to \$12 an hour. In order to estimate the impacts, each program was analyzed independently of each other. Also, it is noted that system limitations with income data, particularly with hourly rates, required some adjustments for estimating the impact of a minimum wage increase on eligibility. The effects on eligibility were estimated solely by comparing additional income to income eligibility limits assuming all other effects on eligibility were unchanged. In addition, the analysis shows the potential costs to DHS programs.

The table below summarizes the impact of an increase of the minimum wage to \$12 an hour.

#### Savings to DHS

Program	Number Ineligible	Fiscal Savings from Ineligibles	Number Receiving Reduced Benefits	Fiscal Savings from Reduced Benefits
TANF	3,800	\$1.8 million federal	NA	NA
SNAP	29,982	\$17.9 million federal	466,000	\$86.1 million federal
Medical Assistance	111,600 individuals	\$721.8 million total \$490.1 million federal \$231.7 million state	NA	NA
Child Care Subsidies (Family size two working more than 62 hours a week)	6,497 families	See text for Fiscal Impact	NA	NA
Child Care Subsidies (Family size three working more than 77 hours a week)	7,745 families	See text for fiscal impact	NA	NA

#### Potential Increase Costs to DHS

Program Area	Cost Impact	Explanation
Community Base Program for Persons with ID	NONE	The recently agreed upon ODP rate increases assumed a \$13 an hour wage.
Nursing Homes	MINIMAL	The primary impact would be in the food service and housekeeping areas where the average wage is \$10.50 per hour. However, these areas represent a small portion of the overall nursing facility cost.
Community Base Programs for Persons with Disabilities and Seniors (OLTL Waiver programs)	\$195.9 million total dollars \$96.0 million in state funds \$99.0 million in federal funds	<ul style="list-style-type: none"><li>Assumes that each waiver participant, on average, receives 5.2 hours of personal care services a day</li><li>Assumes 60,000 consumers in the waivers</li><li>Based upon L&amp;I data that has the current wage for these personal care workers at \$10.28</li></ul>

<b>Subsidized Child Care</b>	\$87.8 million (all state funds)	<ul style="list-style-type: none"> <li>Assumes a current average wage for child care workers at \$10.13</li> <li>Impact is based upon the looking at what percentage child on subsidy are of the overall number of children in child care. Assumes 40% of the children in child care receive a subsidy from the commonwealth.</li> </ul>
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The overall impact to DHS budget on an increase to the minimum wage is **\$47.9 million dollars savings in state funds.**

Notes on Savings:

1. Data runs shows that 124,000 individuals would become ineligible for Medicaid with a \$12 minimum wage. Because some individuals may become eligible in another category the number of ineligibles was reduced by 12,400 for a total of 111,600 individuals no longer on MA.
2. Because of the variability in savings for child care subsidy the potential savings on the child care side were not included in the overall savings number. However, the cost for increasing child care workers' wages to \$12 was included on the costs to DHS.
3. The MA savings assumed a \$539 per member, per month costs. Of this, it was assumed \$173 was the state share and \$366 was the federal share.