



## **Customized Economic Stability Indicator User Manual**

*Prepared for Dakota County Employment & Economic Assistance  
and Olmsted County Community Services*

*By Children's Defense Fund-Minnesota*

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**Dakota & Olmsted Counties Customized Economic Stability Indicator (ESI)  
User Manual  
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*The Economic Stability Indicator is custom, web-based software developed and owned by Children's Defense Fund-Minnesota. The tool is a companion tool to Bridge to Benefits, an online eligibility screening tool to connect families to work support programs and tax credits. The Children's Defense Fund Leave No Child Behind® mission is to ensure every child a Healthy Start, a Head Start, a Fair Start, a Safe Start and a Moral Start in life and successful passage to adulthood with the help of caring families and communities.*

## Getting started and logging in

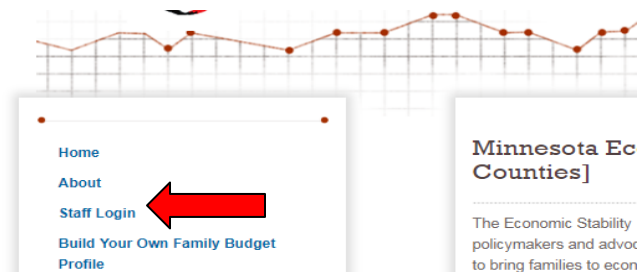
The web address for the site and tool is

<https://olmsteddakota.economicstabilityindicatormn.org>

In order to use the site, every user must have their own login that includes their e-mail address and password. The login serves several purposes:

- Ensures the site is not publicly accessible and only individuals with logins can access the tool.
- Allows users easy access to retrieve and edit saved family profiles.
- Identifies each user with the county to which they're affiliated and based on the county and their access level modifies their access to the family profiles and adapts the county-specific family profile builder.
- Tracks data on the inputs and outputs of the family profiles with the goal to eventually be able to be used to generate aggregate reports for various user levels, programs and family characteristics.

Before accessing the Family Profile Builder and the ESI tool, users must login. On the left sidebar, click on Staff Login. Enter your e-mail as your username and your password and click login. **If you need a login, please contact Stephanie Hogenson at [shogenson@childrensdefense.org](mailto:shogenson@childrensdefense.org).** You can retrieve your password on the login page of the site by clicking on the "retrieve it here" link below the password box.



Upon logging in, you will land on your user dashboard. This dashboard is dynamic in that it is based on the county for which you're affiliated and the saved family profiles for which you have access. When you're logged in there will always be the orange bar at the bottom of the page. On the orange bar you can click Dashboard to get back to the Dashboard page where you create a new family profile or enter a unique ID to retrieve a user profile. You can also click on Logout on the orange bar to logout of the system, which you should do once you're done using the tool. If you're working in a profile, you will also see the family profile unique ID on the dashboard and can click on it to get to that specific family profile landing page.

After a few minutes the tool will automatically log you out. If you haven't closed the browser, once you log in again it will bring you to the page you were last on when your session timed out.

### Picture of the Dashboard:



### Building a Family Profile

When first using ESI with a family you will need to build their family profile. To build a profile, start at the user dashboard, click on Create a New Family. This will bring you to an auto-generated Family Profile page for this family that includes a five digit number that serves as the unique identifier for this family. This is the unique ID that you will use to pull up this family profile once saved.

The family profile page saves all screens performed for that family and includes Notes staff have entered about the screens. **Remember: no information that could identify a family may be entered as a note.**

Once on the family profile page, to build the profile you must click on the green Screening Tool button. This will bring you to the family-profile building questions that will be used to estimate program eligibility, benefit and tax amounts, and expenses. Answer the questions based on the family's situation to the best of your knowledge and ability. Underneath most questions there are sentences in italics that will provide guidance to answering the question. The tool is a smart tool, meaning that the questions asked will adapt based on previous questions. For instance, if you select "Yes" to having children then questions about those children will come up. If you select "No" you don't have children, then the questions about children will not come up.

### Tips for answering the questions and producing the most accurate results:

- Answer the questions based on the family's current situation, even if it may change soon. The tool allows for you to modify the family profile to either model potential changes and modify to reflect changes that happen.
- All income should be entered as gross income, before taxes and deductions.
- When answering the income questions be as accurate as possible with your estimate, but you don't need to be spot on or request them to have a paystub or proof.
- When inputting the income amounts you can input them as an hourly wage, monthly amount or yearly amount. For the hourly wage, you will have to enter their wage and their monthly hours worked.
- When inputting the income amounts, do not use any decimals or commas and round to the nearest dollar.

- When inputting unearned income, be careful to put the amounts into the appropriate income source category listed.
- When asked about other people living in the household, only enter people who live in the household and share meals and expenses. These people can be related or unrelated to the other household members, but only enter them if the family shares meals and expenses with them and they are enrolled in or intend to enroll on the same case in benefits such as SNAP and WIC.
- When indicated that the person filling out the screening tool is married and living with spouse, all income questions will be combined income from each spouse.
- When indicated that the person filling out the screening tool is 'unmarried and living with the parent of one or more of their children,' this will prompt the longest version of the screening tool asking the user to fill in the income for each parent and indicate the children in common and from each of the partners' previous relationships (if applicable).

### ***Monthly Household Expenses Page***

Once you have answered all the questions, the Monthly Household Expenses page will appear. This page will estimate the default household expenses in several categories based on the information input in the screening tool. These expenses should be edited on this page whenever possible to reflect the family's actual monthly expenses. To update the expenses, simply delete the default expense in each box and enter the family's actual expense. Whenever possible, the default expenses are adapted based on household size and composition, county lived, age, and for what a lower income family would pay. The tool also estimates the Minnesota state, federal, and FICA (Social Security and Medicare payroll taxes) taxes owed based on the income and household composition input into the screening tool. See pages 13-14 for background on and sources for each Basic Needs Expense and what's not included in the estimated budget. When a family doesn't know or have their own expense in a category and wants an estimate for that expense in their area and for their family composition, you can use the default expense.

### ***Monthly Family Budget Page***

Once the expenses are all edited to the family and user's desire, click on Results and it will load the Monthly Family Budget. The monthly family budget chart includes "basic needs" budget items, expenses, family supports (the benefit amounts from public work support programs) and reduced expenses (expenses minus public work support benefits). The Summary at the bottom of the chart shows "What's Leftover" at the end of the month without public program benefits, with public program benefits that reduce expenses, and with tax credits divided over 12 months. Families typically receive tax credits in one lump sum when they file their taxes, so these are separated out to more accurately represent what the family has left over each month and how a family receives and uses tax refunds, which research shows is typically to catch up on past bills, pay down debt, or purchase needed items that have been put off such as clothing or car repairs. Note that the site doesn't currently compute the Minnesota Renter's Property Tax Refund that many lower income families who rent receive; however, CDF-MN is considering adding that to the tool to reflect the boost this provides families when they claim and receive this credit.

See the following page for an example of the Monthly Family Budget Summary Screen.

## Analyzing Results & Using Dynamic Functionalities

The results on the Summary Screen including family expenses, benefit amounts, income and program participation are all initially estimated based on the inputs into the screening tool and based on simplified factors to determine quick program eligibility and estimate benefits and expenses. Strategic and research-based assumptions (though relatively broad) were made to ensure the screening tool is quick and easy to use and the family profile generates quickly. In order to capture the nuances of family circumstances, program eligibility and benefit determination, and family budgets, the tool has functions that allow it to be more dynamic and outputs can be edited to more accurately reflect the family scenario. These editable functions can also be used to forecast and help the family plan for how the family's program benefits, taxes, budget and bottom line would change if their income or household composition changed.

Following is a summary of these Summary Screen functionalities and how and when to use them.

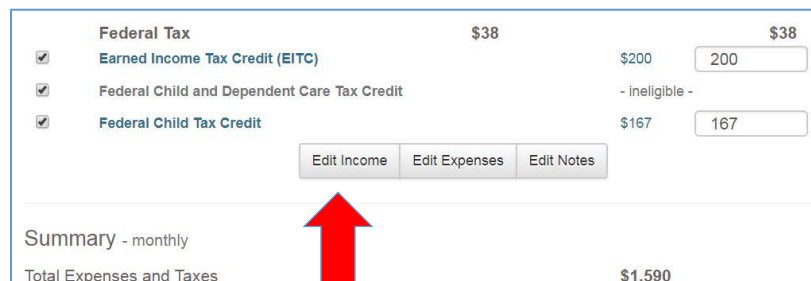
### Editing Income on the Summary Screen

When entering income into the screening tool when building a family profile, the user should always input the family's current gross income. From the Summary Screen, the user can edit the family's income to forecast how changes in earned and/or unearned income will affect the family's tax liabilities and credits, program benefits, and net resources (bottom line). When you edit income on the Summary Screen you will not only see the effect on the total income, federal poverty level and net resources, but also may see some of the estimated benefit amounts change. Not all program benefit calculations will change when you edit the income because some are solely based on income limits and incremental changes that fall below the income thresholds will not change the benefit amount. Some programs, like SNAP, Section 8 and MFIP almost always result in a benefit amount change when income changes.

#### ***Examples of reasons to edit income from Summary Screen to forecast effect on benefits eligibility and amounts and change in net resources:***

- If one or both of the parents/caregivers is getting a new job or wage increase or is considering a change in hours worked and wants to forecast how the income increase will affect the family's benefit amounts and net resources.
- If one or both of the parents/caregivers are planning or enrolled in school or a training program, users can edit the income to reflect their earning potential once they graduate and get a job in their field.
- If the family will start receiving Child Support payments, users can edit the Child Support Received amount to understand how that affects their benefit amounts and net resources.

To edit the family income, scroll to the bottom of the family budget and click on the Edit Income box that is located just above the Summary toward the bottom of the page:



The screenshot displays a summary of tax credits and a summary section. A red arrow points to the 'Edit Income' button.

Item	Amount	Input
Federal Tax	\$38	\$38
<input checked="" type="checkbox"/> Earned Income Tax Credit (EITC)	\$200	200
<input checked="" type="checkbox"/> Federal Child and Dependent Care Tax Credit	- ineligible -	
<input checked="" type="checkbox"/> Federal Child Tax Credit	\$167	167

Buttons: Edit Income, Edit Expenses, Edit Notes

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Summary - monthly

Total Expenses and Taxes	\$1,590
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### Edit Income Pop-Up Window:

Household Income

Primary Parents

**Earned** \$  -    
Enter the amount of money, before taxes and deductions, you make from work.

**Unearned** \$  -    
Unemployment, pensions, annuities, dividends or other taxable interest, alimony received, and/or rent or royalties.

**Unearned** \$  -    
Social Security, SSI, SSDI, RSDI, GA, worker's compensation, disability payments, veteran's benefits, tribal payments and/or retirement income.

**Unearned** \$  -    
Child support received

*The option to edit the Parents income will only come up if it was indicated in the screening tool that they lived with their parent(s).*

### Editing Expenses on the Summary Screen

The final page of the screening tool is the Monthly Household Expenses page where the Basic Needs Expenses are estimated and users should edit to reflect the family's current expenses in each category as directed on page 5 of this manual. However, expenses can be edited from the Summary Screen if needed. Users can edit the expenses from the Summary Screen to demonstrate how the changed expenses will affect the family's net resources and program benefits. Remember the tool's benefit amount calculations take into account the entered expense when estimating program benefits that are based on expenses, such as the effects of rent and child care costs on the SNAP benefit. So when you edit an expense from the Summary Screen you will not only see the effect on the total expenses and net resources, but also may see some of the estimated benefits amounts change.

To edit the expenses, scroll to the bottom of the family budget and click on the Edit Expenses box that is located just above the Summary toward the bottom of the page.

Federal Tax	\$38	\$38
<input checked="" type="checkbox"/> Earned Income Tax Credit (EITC)	\$200	<input type="text" value="200"/>
<input checked="" type="checkbox"/> Federal Child and Dependent Care Tax Credit	- Ineligible -	
<input checked="" type="checkbox"/> Federal Child Tax Credit	\$167	<input type="text" value="167"/>

Summary - monthly

Total Expenses and Taxes \$1,590

Once you click on Edit Expenses, a pop up window will appear with all the expenses listed and boxes where you can enter/edit the expense. Once you have edited all the desired expenses, click update (you may have to scroll down to see the Update button) and the Summary Screen page will refresh with the new expenses and calculations based on those expenses. There are additional editable expenses that come up in the pop-up window than on the Summary Screen because some of the expenses roll up into a general expense category (i.e. the food expense is comprised of the cost of school lunches for school age children, infant formula, and grocery budget for the entire household). Below is a list of the expense categories and all the expenses included in that expense total. Whenever possible estimated expenses are based on the county in which the family lives and the household composition and age of members. For more details on the research and data used to calculate the estimated basic needs expenses, visit the original ESI site at [economicstabilityindicator.mn.org](http://economicstabilityindicator.mn.org).

- Food
  - Low-cost grocery estimate
  - School lunch costs for school age children
  - Infant formula estimate based on WIC provisions
- Healthcare
  - Estimated monthly premium for household composition based on the purchase of a typical plan from MnSure
- Housing
  - Fair Market Rent, which includes cost of electric bill
  - Utilities entered in Utilities box (no estimate, but users can input their expense)
- Child Care
  - Estimates the cost of in-home child care for all children under age 5
- Transportation
  - Assumes a car is owned outright and includes cost of car insurance, maintenance and gas to travel to and from work, school and religious activities.
- Child Support
  - No estimate, users can input if they pay monthly amount for Child Support
- Other
  - An estimate based on what a low-income family with composition entered would pay for necessities for a safe standard of living such as clothing, toiletries, and household cleaning supplies.
  - Debt payments (no estimate, but users can input to reflect their expense)
  - Diapers estimate based on age of child in months, average diapers use and \$.20 cost per diaper.

***Examples of reasons to edit expenses from Summary Screen to forecast budget changes and effect on benefit amounts and net resources:***

- Family anticipates an increased or reduced expense, such as an increase to rent or purchasing a car.
- Family plans to move and will have different housing and/or utility costs.
- Younger parent wants to move out of their parents' house and will have to take on their own housing, food, utilities, and/or other expenses.
- Family wants to reduce the gap between wages and expenses by cutting out phone, cable, internet, credit card expenses, etc.



**Edit Expenses Pop-Up Window:**

Category	Amount
Food	\$ 223
Healthcare	\$ 0
Housing	\$ 0
Child Care	\$ 0
Transportation	\$ 0
Child Support	\$ 0
Infant Formula	\$ 0
Diapers	\$ 0
Debt	\$ 0
Utilities	\$ 0
Other	\$ 47

Update

**Turning programs off and on to reflect enrollment**

By default the programs included on the Summary Screen for which the family is determined potentially eligible are all “turned on” signifying that the family is enrolled and receiving the estimated benefit amount. The programs that are greyed out and don’t have an estimated benefit amount are programs for which the family is determined ineligible.

In order to reflect actual family participation in programs and the effects of lack of access to programs due to waiting lists or lack of funding, the tool allows users to “turn off” programs for which the family is determined eligible. To do this, simply uncheck the box next to the program desired to be turned off. Once unchecked the page will reload and show the program as unavailable and no benefit amount and recalculate the effect on any other program benefits (if applicable), the reduced expenses, and the net resources. If you want to turn off multiple programs do them one at a time and let the page reload each time before unchecking another program to ensure accuracy.

Click on the checked box next to the program you want to turn off to uncheck the box and reload the page without that program. Do this one program at a time to avoid loading issues.

<input type="checkbox"/>	<b>Housing</b>
<input type="checkbox"/>	<b>Section 8</b>
<input checked="" type="checkbox"/>	<b>Energy Assistance Program</b>
<input checked="" type="checkbox"/>	<b>MFIP Housing Allotment</b>

### Using the Net Resources Line Graph

The Net Resources Line Graph is a dynamic chart based on the family size input into the tool that demonstrates how the family’s net resources change based on their income from \$0 to about \$60,000 annually. This line graph visually shows the “cliff effects,” the points at which a family’s increase in income results in loss of program eligibility and/or benefits while gaining tax liability, often leaving them worse off. It is dynamic in that it calculates the net resources based on the programs turned off/on and the edited income and expenses on the Summary Screen. The link to generate the Net Resources Line Graph is toward the bottom of the Summary Screen under the Charts & Graphs section:

Summary - monthly			
Total Expenses and Taxes	\$270	Reduced Expenses	\$207
Income	\$0		\$0
What's Leftover?	(\$270)		(\$207)
Tax Credits - allotted over 12 months			
Total Tax Credits		\$0	
What's Leftover after adding Tax Credits		(\$207)	
Charts & Graphs			
<a href="#">Bar Graph</a>	This bar graph compares the family's monthly expenses, income and reduced expenses.		
<a href="#">Net Resources Line Graph</a>	This line graph tracks monthly net resources (what's leftover after subtracting reduced expenses from income) for the family configuration selected.		

The graph calculates the net resources at end of the month at random income intervals as household income increases for the family configuration selected. Net Resources are determined by subtracting the Monthly Reduced Expenses (basic needs expenses minus work support benefit amounts) from Monthly Income. The yellow line adds in the tax credits allotted over 12 months and the blue line shows the net resources without tax credits. Showing both scenarios is necessary because families receive the tax credits in a lump sum after filing their taxes, so they aren’t able to spread them out over 12 months. Instead tax credits are often used to catch up with expenses not included in the basic needs budget such as car repairs, debt payments, or medical bill or as an opportunity for the family to build savings and assets. This graph reflects the expenses, program benefit amounts, tax liability and income as reflected on the Summary Screen. To see the effects of different expenses or the availability of programs, return to the Summary Screen and edit expenses

or turn programs on and off and select "Net Resources" to view the graph to reflect the new scenario. When programs are turned off, that will be noted underneath the graph.

The graph also has two dynamic vertical lines, one red and one blue. The blue line is the family's current income as entered on the Summary Screen. The red line is the MIT Cost-of-Living Target, which is based on 253% of FPG and an estimation of a level of earnings this family needs to get closer to economic stability.

This graph can be used with a family to plan their pathway to economic stability and guide them in estimating where they may experience reductions in net resources even with increased income and how much they would need to earn to be economically stable and not enrolled in programs. The graph can pinpoint opportunities in which the family might have to save and build assets, as well as plan for how exiting programs will effect on their bottom line.

Currently\* the graph does not easily demonstrate the exact changes that happen to create the peaks and valleys on the net resources line graph. However, you can use the Income Standards Chart included in the appendix to help estimate which programs were lost at various income levels to help the family understand and prepare for how their changes in benefits affects their bottom line.

*\*As of December 2018 some additions to the dynamic features of this chart are still in development and this manual will be updated to reflect these changes when implemented.*

### **Retrieving and Editing a Saved Family Profile**

One of the most comprehensive and customized features of the tool is the feature that saves family profiles and allows users to revisit the profile with families to edit their circumstances to predict how changes will affect their bottom line and track their progress toward economic stability. Reviewing previous screens can help staff in different departments better understand where a family was at a particular point in time.

To retrieve a family profile that has already been built, you will need to have the five digit unique ID the system generated when the family profile was created. This is why it is imperative to save this ID (or the permalink, see paragraph below) into the client's file or client management system. From the dashboard, use the drop down labeled "Select a family" and input the unique ID. Once selected it will bring you to the Family Profile Page. The previous version(s) of the family's screens will be on the left side with a date and time stamp as well as a label that the user who created the profile entered to describe the profile. **Remember do not input personal information – these customizable labels must be generic and not include any identifying information.**

The most recent screen will appear at the top of the list and the first or bottom listing will be the initial profile. By clicking on one of the listings, a pop-up window with the data will appear, with the options to Print, View Only, or New Screen. By selecting Print a clean copy of the summary in the pop-up window will be available to print. By clicking View Only it will bring you to the results page so you will be directed to the summary screen and be able to view the results and the Net Resources Line Graph but not be able to edit anything. By clicking New Screen, it will take you directly to the Summary Screen generated from those results and resave it as a copy. You can rename the entry by clicking Edit Label at the top of the summary screen and make changes to the results by editing income or expenses, turning programs on and off, etc. The changes you make will be saved and a new entry will come up on the Family Profile Page.

If you want to edit the family situation including income, expenses or program participation, the user should complete a follow-up screen by clicking on the green Screening Tool button the family profile page. The system will automatically fill in the values from the family's most recent screen to help speed the screening tool input process. When editing the profile, make sure the ages of children are updated and any new income or family living situation are updated. Once all the questions are answered it will generate the Summary Screen and you can use the features to edit the results as you work with the family to discuss job opportunities, expense changes, or other circumstances. At the top of the Summary Screen you will see a editable box that says **Screen Label**. Here you can **name this updated scenario** for the family to help describe the change you are updating or modeling (i.e. "Rent increased to \$1,000" or "Increase in work hours" or "Get raise to \$15"). Do not enter any identifying information in the screen labels or any of the editable functions of the tool.

After playing around with the results to discuss different scenarios with clients when the user exits the Summary Screen, the profile will automatically save with the final results input (programs turned on/off, edits to income, expenses and benefits amounts). This follow-up screen will appear in the list of screens on the family profile page with the date and time stamp.

### ***Entering and Editing Notes***

Users can input a note to detail what was reviewed with the client, any changes in circumstances or other issues to track for themselves or other staff working with the client. Notes can be input from the summary screen or the family profile page. Notes can only be edited on the family profile page. **DO NOT enter any identifying information in the notes section.** The tool was not developed to protect identifiable client information.

### ***Family Profile Page:***

Family - 94420 Dakota County

The screenshot shows the Family Profile Page for Family - 94420 Dakota County. It features two main sections: 'Screening Tool Results' and 'Notes'. The 'Screening Tool Results' section contains a list of four items, each with a date and time stamp. The first item, 'Scenario if she moved out of parent's house', is highlighted in pink and has a green plus sign. The second item, 'Profile update after high school graduation', is white and has a red X. The third item, 'Initial Profile when Started MFIP (Copy)', is highlighted in pink and has a green plus sign. The fourth item, 'Initial Profile when Started MFIP', is white and has a red X. Below this list is a green 'Screening Tool' button. The 'Notes' section is currently empty, displaying 'No notes for this family.' and an 'Add Note' button.

The Family Profile Page will list all the saved profiles. Next to each one will be either a green + or a red X. When there is the green + sign and it's highlighted in pink this indicates that this was just a scenario profile and not a real update to the family situation. The pink highlighted screens also won't be included in the aggregate data reports.

### ***Linking Directly to a Family Profile Page***

The Olmsted/Dakota ESI system was designed as a tool to be used alongside the county's client management system. To more easily move from the client management system to ESI, we recommend staff include a link to each family's profile page in the client management system. If you create a new family in ESI, the URL in the browser will include the unique family ID -- for example <http://olmsteddakota.economicstabilityindicatormn.org/Family/55555>. Copy and paste the unique URL into the client management system and when you click on the link, you will be directed to the ESI login screen (and after logging in) directly to the family's profile page.

## **Data and Software Errors**

The Dakota and Olmsted ESI system is a custom built web application and is regularly being updated with new data and new code updates. The site is in BETA stage of development and staff can help continue to improve the site. If you encounter an error message, please copy the error message and paste it into an email along with the URL of the page you were on and a brief description of what you were doing at the time. Send the email to [shogenson@childrensdefense.org](mailto:shogenson@childrensdefense.org). Similarly, if you see program eligibility outcomes that are inaccurate, please also send the details of the family including the family ID along with the program in question to the same email.

## **Questions? Feedback?**

Please do not hesitate to contact Stephanie Hogenson at [shogenson@childrensdefense.org](mailto:shogenson@childrensdefense.org) or 651-855-1175 with any questions or feedback regarding the tool, this manual or the training. Thank you!

## **Attachments:**

Background on ESI

When to Use ESI With Clients

Explanation of Assumptions for Customized Economic Stability Indicator (ESI)

2018 Income Standards Chart



## **Economic Stability Indicator Background**

The Economic Stability Indicator (ESI) grew out of the Disincentives to Earn report, a project of the Minnesota Taxpayers Association that sought to shed light on how low-income families struggle to rise out of poverty because of cliff effects and other unintended consequences of earning more income. Cliff effects result as families begin to earn higher incomes while at the same time losing public program eligibility and experiencing increased tax liability. This often leaves families worse off at higher income levels than at lower ones, creating a disincentive to earn. Policymakers who work with public programs have long understood the impact cliff effects can have on families and how it can derail the pathway to self-sufficiency. However, what is less understood is when these cliff effects occur and the impact they have on a family's financial stability.

As part of its mission to serve and empower children, families and communities, CDF-MN has long focused advocacy and program efforts on public work support programs, which research has shown can be effective in helping low-income families meet their basic needs. Research also shows the strong link between economic stability and improved health, educational and behavioral outcomes for children. In 2007, CDF-MN launched Bridge to Benefits, a project to improve the wellbeing of families and children by linking them to public work support programs and tax credits. Many of the objectives of Bridge to Benefits matched those of the Disincentives to Earn project and CDF-MN and the Taxpayers Association began to work together to develop a web-based tool, similar to Bridge to Benefits, to illustrate the interaction between wages, public programs and tax liability on bringing or failing to bring low-income families to economic stability. CDF-MN took over the project and in 2012 introduced the Economic Stability Indicator (ESI) web tool.

## **ESI Goals and Objectives**

The ESI project shares its goal with Bridge to Benefits: to improve the economic stability of low-income families by linking them to public work support programs and tax credits. ESI does this by providing a web-based tool that can be used to demonstrate the gap that exists between low wages and a basic needs budget and the effect public programs and tax credits can play in filling that gap. The ESI tool was intended to be used by policymakers and legislators to evaluate proposed legislative changes to work support programs and by families to better understand how wages and public programs can improve their pathway to self-sufficiency. Specific objectives for ESI include:

- demonstrating how current and proposed work support legislation and tax policies create cliff effects and other unintended consequences that hinder low-income families path to self-sufficiency;
- illustrating how work support programs and tax credits can work together to fill the gap between low-wages and a basic needs budget to provide incentives for work force participation;
- illustrating the difficult decisions low-income families must make to meet a basic needs budget, especially when work support programs are not fully funded;
- educating families about wage and program interaction so they can make informed choices about employment and program use and also pinpoint savings opportunities to cushion cliff effects.

## Description of ESI

To accomplish its objectives, the ESI tool calculates both eligibility and benefit amounts for public programs based on income and a basic needs budget created on the spending habits of low-income families. The results of the calculations shows the gap between income and basic need expenses and then illustrates the effects public programs can have in filling that gap and making a family more stable. ESI looks at most public program benefits as expense reducers as opposed to income enhancers because most public programs are not equivalent to cash. Rather benefits must be applied to a basic needs expense such as SNAP benefits that can only be spent on food, or energy assistance that can only reduce heating costs and so on.

The work support programs and tax credits included on ESI are:

Medical Assistance	Working Family Credit
MinnesotaCare	SNAP
Advanced Premium Tax Credits	Federal and State Child Care Tax Credit
Child Care Assistance	MFIP
Energy Assistance	Section 8 Housing
WIC	School Meal Program
Child Tax Credit	Earned Income Tax Credit

The elements of the basic needs budget that are calculated on ESI include:

- State and federal tax liability
- Rent and energy assistance (based on HUD Fair Market Rent), including electricity
- Food (based on USDA Low-Cost Food Budget)
- Health Care Premium costs (based on the costs of Silver Level plans on MnSure)
- Transportation (based on the Nationaly Travel Household Survey)
- Other Necessities (based on Consumer Expenditure Survey for low-income households)
- Diapers (Based on cost of diapers at Walmart and average number needed by age in months)
- Infant Formula (Based on WIC data)

The calculations on ESI can be used to:

- compare different job opportunities at different wages or number of hours worked and how it affects the family's bottom line
- illustrate the advantages of enrolling in all public programs for which a family is eligible
- prepare families for when cliff effects affect the bottom line
- pinpoint saving opportunities to cushion cliff effects
- prepare families to manage their own budgets by illustrating the effects of changes in program eligibility, benefit levels or cliff effects

**Note:** ESI cannot capture all the data that goes into determining program eligibility or benefit calculations. A number of assumptions were made to make the tool work efficiently. See Attachment A for a complete list of assumptions and the principles used to make these assumptions.

## Customized ESI for Olmsted and Dakota Counties

In 2016 ESI was introduced to Olmsted and Dakota Counties to assist them in better understanding how to mitigate cliff effects and implement a flexible benefit set as part of their broader Pathways to Prosperity project. The Counties and CDF-MN engaged in a contract for CDF-MN to customize the tool to meet the needs of both counties as outlined in their updated practice models associated with the goals to improve service delivery and family outcomes through Pathways to Prosperity. The original ESI tool was customized as a collaborative effort between CDF-MN, county administrators and county staff over the course of 2018. Input was also provided by staff from the state Departments of Human Services, Employment and Economic Development, and Minnesota Management and Budget. In addition to the existing features of the tool that allow for inputting dynamic family composition and budget scenarios, added features include:

- Login and saving functions that provide users from each county with a customized dashboard allowing them to save and revisit family profiles, input non-identifying notes in family profiles, and generate a unique ID for each profile that protects client identity and allows the ability to refer the family profile to other users of the system.
- Additions of relevant family expenses including diapers and infant formula and additional program calculations
- Modifications to programs representative of client use and interaction with programs
- Ability to override the benefit amounts estimated by the tool by inputting the family's actual benefit amount. This feature will allow the ability for the county to demonstrate how a family might use a "flexible benefit set" that removes individual program constraints around which expenses can be paid for using each program benefit amount.
- Updated data collection and reporting features.
- Modified family profile-building questions that allow the tool to be more client oriented and tailor the screening tool to allow for improved and more accurate program benefit estimation based on client needs identified in each county.

In addition to customizing the tool, CDF-MN created this user manual and a training series for staff who will use the tool in each county to ensure they understand the purpose of the tool, its functionalities, and when and how to use it with clients. These trainings can be found on the customized website on the dashboard after a user logs in and should be viewed by all users prior to using the tool with clients. CDF-MN continues to own the software and rights to the tool and engages in a licensing agreement with the counties. CDF-MN also works with the counties to maintain site data including updating the site for annual program and basic needs expenses such as updates to the Federal Poverty Guidelines and federal and state changes to program and tax policies.

### **When to Use with Clients**

ESI is not an assessment tool or a tool that will be useful to use with all clients at any point in their lives on their pathway to economic stability. In fact, the tool has fairly specific instances when it is best to use with clients during specific points as their income and benefit use shifts. ESI can be used with clients in many ways including to help them understand their current and future work support program participation, budget to meet their expenses with all the resources available, plan for future changes in wages, work support benefits, and tax credits and liability, and identify potential opportunities for saving to build a cushion to weather unexpected expenses and "cliff effects." Keeping in mind the target population in the Pathways to Prosperity project in Olmsted and Dakota Counties are families with parents under 30 with children in the household, the following outlines ideal situations to use and not use ESI with these families.



***ESI is NOT ideal to use with clients when:***

- Having on urgent financial or housing need. ESI should be used as soon as time allows to ensure family accesses all programs and can use the tool functions to budget and plan.
- On a fixed income such as from Social Security or Disability and at this time are not working toward employment ; understand the tool does not estimate effects of work on Social Security and MA for people with disabilities.
- Strapped for time. Building a family profile and returning and reviewing the results will take at least 15 minutes
- Have no basis of eligibility for county administered work support programs such as having income above eligibility guidelines or disqualifying immigration or residency status.

***ESI is ideal to use with clients when they are:***

- **Working and earning income and are not urgently trying to address a significant financial crisis.** If a client is in front of you trying to figure out how they will fix their car so they can get to work tomorrow or pay the rent next week before they get evicted, or any urgent financial crisis, it is likely imperative that you address the crisis in front of them before putting them through ESI. However, the tool should be used as soon as possible once the crisis is under control (at least momentarily) to help them budget, access all programs for which they're eligible, and identify long-term financial and career goals including determining an ideal wage and earnings amount.
- **Enrolled in or considering a job training or education program in which they are working toward gaining the skills to get a higher paying job.** The tool can help them understand the potential their new job and career prospects have on their program participation and overall economic stability.
- **Anticipating a change in hours worked, pay, and/or job.** The tool can help them understand how the potential changes will affect their program participation and tax liability and determine if the change is beneficial to their bottom line and access to basic needs. It can also help them plan for "cliff effects" and other unintended consequences associated with their income changes.
- **Accessing MFIP and in the process of or planning to transition off the program.** The tool can help them understand how this transition will affect their bottom line. Specifically, the tool can demonstrate the interaction between MFIP participation and other public programs. For instance, the tool can help families nearing the exit level for MFIP to determine whether it would be more beneficial for them to exit MFIP and enroll in SNAP based on the benefit difference between MFIP Food and SNAP and other factors such as the MFIP Housing Allotment.
- **Working on goals associated with improving their financial stability and budgeting.** The tool can help these families make sure they're enrolled in all the programs for which they're eligible and leverage benefits to meet expenses, create a budget and identify opportunities to cut expenses and even to save, and understand how changes to their income will affect their net resources including expenses and changing program benefit amounts.
- **Preparing to move out of a parent, guardian or caretaker's house, or other household composition changes that results in significant changes to their program eligibility and/or expenses.** The tool can help them estimate and understand their new expenses and how their program eligibility will change based on living on their own and their increased expenses. It can help them understand if the move is economically feasible and

understand how much they will have to earn to meet their expenses after public program benefits.

- **Enrolling in the Unified Benefit set pilot and are able to use their benefit amounts in a flexible way to meet their individual family expenses.** The possibility of experimenting with administering a unified benefit set is something being studied by Olmsted and Dakota Counties. ESI was built with this possibility in mind and when/if the unified benefit set is available to families in each county, ESI would be necessary to identify how it would work with each family participating.

## **Understanding the Guidelines and Assumptions for the Tool's Calculations**

ESI's primary purpose is not to determine actual eligibility and benefit amounts, but to provide an overarching picture of a holistic picture of the family budget including the interactions between income, program benefits, and tax liability and credits. To ensure ease of use and limit the time needed to use the tool, the tool could not consider all eligibility factors for each of the programs included, so there were a variety of assumptions made to maximize the accuracy of the program eligibility and benefit calculations and the tool's efficiency. However, the dynamic features of the tool that allow users to turn programs on and off, edit benefit amounts, and input actual household expenses provide the ability to adjust the outputs to simulate the experience of family situations and override the limitations of the tool's program eligibility and benefit estimation.

To better understand how program eligibility is determined and the assumptions that are made in order to estimate eligibility Attachment A. Below are some of the overarching guidelines dictating program and expense assumptions that should be considered when using the tool. The tool:

- Assumes initially enrollment in all eligible programs, although the tool has a function to turn programs on and off to help users understand the effect of lack of access to certain program has on a family's bottom line.
- Calculates a "Basic Needs" budget, not based on average expenses but instead adjusted to be lower to better reflect what a low-income family might pay and make the budget as bare bones as possible while meeting a safe standard of living
- Has limited number of questions asked to develop scenarios to ensure the tool is user-friendly
- Allows for flexibility whenever (i.e. adjust expenses, turn programs on and off, edit benefit amounts)
- For programs with entrance and exit limits, calculates eligibility on the exit level, not the entrance level (i.e. CCAP will come up eligible up to the programs' regular exit level of 67% of the state median income, instead of the entrance level of 47% SMI)
- Does not consider a variety of factors when estimating eligibility including for people with disabilities, seniors, foster children, immigrants and children under age 18 not living with their parent/guardian. Other factors not considered also include work hours, hours of child care needed, asset limits, length of state residency and program time limits.

## **Using the Tool with Various Family Situations**

When CDF-MN developed the tool they did it with families with children in mind and this is reflected in the work support programs, tax credits, and basic needs expenses that are included in the tool's outputs. However, the tool can be used with single adults, people with disabilities and seniors. Single adults will only be eligible for a limited number of the programs. People with disabilities and seniors are eligible for Minnesota Health Care Programs, in particular Medical

Assistance, in different ways than eligibility is determined on the tool. The tool does not include Medicare. Health care program eligibility for seniors and people with disabilities should not be estimated using the tool.

When using the tool with households with members with a disability or age 65 or older, the user should recognize the health care program eligibility determination may be inaccurate and should edit the health care expenses to reflect what, if anything, the individual and family pays for in health care costs. Other programs included in the tool also have different eligibility factors that are not considered for seniors and people with disabilities, as well as other populations such as immigrants and students (The tool was modified so that the MFIP and SNAP calculation does consider most factors related to students in high school or postsecondary). CDF-MN understands that there is rarely a “typical” family accessing these programs and all circumstances are unique. That’s why the dynamic functions of the tool were developed to improve the site’s use in a variety of circumstances including with populations that have a variety of factors that may affect their program eligibility and benefit determination.

**Explanation of Assumptions for Customized Economic Stability Indicator (ESI)  
Children's Defense Fund-Minnesota and Olmsted and Dakota Counties**

*Updated: November 2018*

**Overarching Guidelines Dictating Program and Expense Assumptions:**

- Assumes initially enrollment in all eligible programs, although the tool has a function to turn programs on and off to help users understand the effect of lack of access to certain program has on a family's bottom line.
- Calculates a "Basic Needs" budget vs. An Average Expense budget to make the budget as bare bones as possible while meeting a safe standard of living. Expenses can be edited to accurately reflect the family's budget.
- Has limited number of questions asked to develop scenarios to ensure the tool is user-friendly
- Allows for flexibility whenever (i.e. adjust expenses, turn programs on and off, edit benefit amounts)
- For programs with entrance and exit limits, the tool calculates eligibility on the exit level, not the entrance level (i.e. CCAP will come up eligible up to the programs' regular exit level of 67% of the state median income, instead of the entrance level of 47% SMI).
- Does not consider a variety of factors when estimating eligibility including disability status, age over 65, foster children, immigration status, work hours, hours of child care needed, asset limits, and program time limits.

**SPECIFIC PROGRAM ASSUMPTIONS:**

**Energy Assistance:**

- To determine a benefit amount we use the back-up matrix in the EAP Manual and assume they live in an apartment and pay for electricity. Benefits are typically determined by energy source and consumption patterns, but the back-up matrix is used when consumption history is not available.
- 

**Advanced Premium Tax Credits**

- Doesn't ask questions to build a tax household. Instead we assume that married couple file jointly and parents claim all the children they enter as living in their household and no additional dependents.
- Doesn't look at access to employer insurance and its affordability standards according to the law.
- Doesn't incorporate possible deductions when determining income eligibility (health savings account and/or retirement account (IRA, 401K or 403B) and/or pay in student loan interest, education related tuition and fees, job-related moving expenses and/or alimony).

**WIC:**

- Assumes all households with children age 0-1 are purchasing infant formula and are not breastfeeding based on the fact that this is the reality for most of the families served in Olmsted and Dakota Counties. This can be adjusted by editing the expenses.

- Assumes participation up to 275% of federal poverty guidelines based on the presumptive eligibility criteria.

**Child & Dependent Care Tax Credit:**

- Because we collect income for married parents in the home combined, we assume they have a child care expense and both parents have income from work (requirement to receive credit). Child care expenses can be changed and this would then adjust the credit amount, too.

**MFIP:**

- Assume if eligible for benefit amount then enrolled in the program (We do not apply the eligibility test that has some different deductions and earned income disregards).
- Assume they stay on the program until their food benefit reaches \$0

**CCAP:**

- If have a school-aged child we assume they don't need care, and therefore eligibility for CCAP is not determined. However, expenses can be adjusted to reflect this expense and CCAP participation/copayment.
- Doesn't determine if they meet work requirements to be eligible.

**SNAP:**

- For adults without children, we do not consider the 3-months of eligibility based on work status.
- Uses the single utility standard deduction for all households (\$556).
- Doesn't include any medical deductions for eligible populations

**MinnesotaCare & Medical Assistance:**

- Doesn't consider age of adults or disability status when determining eligibility.
- Doesn't ask for American Indian status (MNCare premium exemption).

**EXPENSE ASSUMPTIONS:**

- All expenses are adjusted by county and for what a lower income family would pay whenever possible. We call it a Basic Needs Budget because nearly all expenses are not average but are based on assumptions around what a lower income family would afford. Expenses do not increase as income increases, however.
- Many expenses that a typical family has in their monthly budget are not included, i.e. debt payments (including car payments), cell phone bill, school-related expenses besides meals, utilities other than electricity (there is a line where users can input these but they're not estimated).

**Taxes:**

- If married we assume married filing jointly, if unmarried we assume filing head of household

**Child Care:**

- Assumes they use in-home child care providers because, on average, they're lower cost.
- Because of the way ages are captured in the system, child care prices are based on the infant average rate for children ages 0-2 and then we do an average of the toddler and preschooler rate for children 3-5. Assumes families do not need care for children ages 5 and up who would be in school.

### **Diapers**

- Uses the cost of \$.20 per diaper based on current prices at Walmart and assumes total number of diapers used per month based on the age in months of the child according to the following:
  - 0-1m months (320)
  - 1-5 months (240)
  - 6-12 months (240)
  - 12-30 months (152)
  - 30 months and above – assumes no longer in diapers

### **Infant Formula**

- Cost per unit and amount needed based on Minnesota Department of Health WIC Guidelines for children under 12 months.

### **Food Budget:**

- Uses the Low-Cost Food Plan by the USDA. The plan is based on ages and gender of children and adults. Since Doesn't collect information on gender, we use an average of the male and female costs to come up with an amount for each of the age ranges.

### **Health Insurance:**

- The premium estimates on ESI use the second lowest cost Silver Plan available on MnSure, which is also the plan used to determine tax subsidies. Since ESI does not ask for adult ages, the Kaiser premium calculations were averaged for adults aged 30 to 45.
- The cost estimate does not include out of pocket costs.

### **Housing:**

- Only includes utility amount estimated within Fair Market Rent and does not include utilities such as water, trash and heat if not included in the electric bill, nor does it include telephones, cable or satellite TV, and Internet.
- Assumes a one-bedroom unit for household size of two or fewer, two-bedroom unit for household size of four or fewer, and three-bedroom unit for household size of five or more. We do not take into account gender when determining room arrangements, as the Section 8 program does.

### **Other Necessities:**

- The calculation uses Consumer Expenditure Survey data on the average proportion of what families in the bottom 40 percent of the overall income distribution spent on the items listed above, which was 21% of food and housing costs, according to the most recent data.

### **Transportation:**

- These costs include traveling to and from work, school, religious activities and other necessary family and personal business. These costs do not include any social or recreational transportation costs a family may incur.
- Public transportation costs are not included in our estimate. Public transit costs are excluded because only 5 percent of work commutes and 1.9 percent of total yearly transportation is attributed to public transit use.