

An Uneven Path

State Investments in Women's
Economic Self Sufficiency



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Overview

The state budget is Rhode Island's single most important public policy document. State spending tells us a great deal about which public services, projects, programs and populations are considered a priority. Trends in spending can tell us how priorities shift over time.

One important use of public funds is to improve the economic well-being of residents. Like all states, Rhode Island has invested state funds in programs that help low- and modest-income working mothers and their families make ends meet. These programs include child care assistance, low-cost health insurance, cash assistance, and child support enforcement.

Over the past decade, state investments in these programs have been severely eroded. The state's weakened economy and growing budget shortfalls have resulted in significant spending cuts to the programs that are vital to helping families meet their basic needs. By 2010, as stagnant wages and record high unemployment levels left more Rhode Island families in need of help, less government assistance was available.

This paper discusses the importance of work and income support programs in the lives of low- and modest-income working mothers in Rhode Island. It documents how state investments in these programs have been significantly reduced over the course of the last decade and the impact these reductions have had on working mothers and their families.

Economic Realities Facing Rhode Island Women

Close to one in four working aged women (16-64) in Rhode Island is a working mother.¹ Women who are active in the labor force face real challenges to economic self-sufficiency.² Women earned 74.2 cents for every dollar earned by men in 2008, lower than the national average of 77.9 cents.³ Additionally, women are almost twice as likely to work part-time as men (38% compared to 22% of men).⁴ This is often due to child care or other family responsibilities limiting the number of hours available for work.

Women continue to be under-represented in the well-paid sectors of the labor market, such as construction, managerial, and financial occupations, and over-represented in relatively poorly-paid administrative and services occupations. In fact, more than half of all female workers in Rhode Island are employed in sales, service, or administrative positions.⁵

Part-time work, the wage gap, and occupational segregation often leave working mothers and their families at risk for economic insecurity. In 2008, poverty rates for Rhode Island women (12.1%) were higher than for men (9%). For single-mother families with children, the rates are even higher. One third of all single-mother families have incomes below the federal poverty level (in 2008, the federal poverty level for a family of three was \$17,600).⁶ The situation is even worse for women of color. Close to sixty percent of all Latina female-headed households live in poverty while forty-two percent of Black female-headed households had incomes below the poverty level.⁷

These economic realities result in far too many working mothers finding themselves unable to meet their family's basic needs without assistance from work and income support programs, such as the ones discussed in this paper. The Child Care Assistance Program, Rhode Island Works cash assistance, Rite Care health insurance and the Child Support program help level the unequal playing field for women and meet the daily needs of their children.



By way of background, it is important to note that three of these programs—child care, cash assistance and health insurance—were designed simultaneously and meant to work together, based on a clear understanding that they are basic ingredients in any recipe for economic self-sufficiency.

In 1996, in anticipation of federal welfare reform, Rhode Island enacted its own reforms through the Family Independence Act. This law, passed unanimously by the General Assembly, was hailed for its strong commitment to protecting children and promoting education and training for parents who would be required to move from welfare to work so that they would be able to get a good-paying job. As importantly, policymakers recognized the necessity of affordable health care and child care, not only for parents transitioning from welfare to work, but for all low-wage working families. Thus, the Family Independence Act provided subsidized health insurance and child care assistance for families already in the workforce as well as those leaving cash assistance.

HEATHER AND HER FAMILY: An example of how work supports help Rhode Island families

To understand the critical role that work supports such as Child Care Assistance and Rlite Care Health Insurance play in helping make ends meet, this example from the 2008 Rhode Island Standard of Need is useful.⁸

“Heather” is a 35 year old single mother with two children, ages 2 1/2 and 7. Working as an administrative assistant, she earns twice the minimum wage, or \$14.81/hour (\$30,800 annually or 175% of the federal poverty level). At this income, she is eligible for the Child Care Assistance Program and Rlite Care health insurance for herself and her children. With these subsidies, she has a gap between income and expenses of \$48/month. Without these subsidies, she would have a deficit of more than \$1,300 each month.

SUBSIDIES HELP FAMILIES WITH LOWER WAGES MAKE ENDS MEET BUT DO NOT CLOSE THE GAP BETWEEN EARNINGS AND EXPENSES

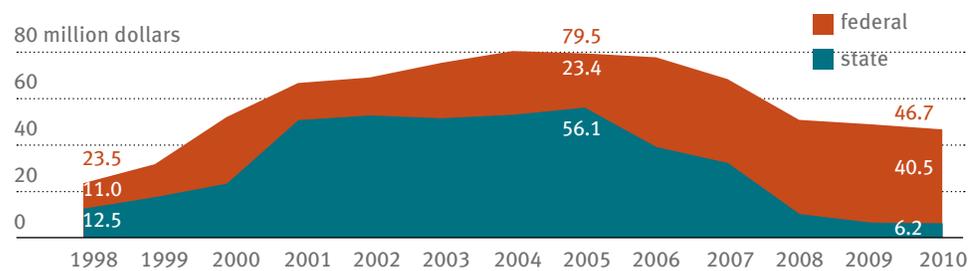
	WITH SUBSIDIES	WITHOUT SUBSIDIES
HOUSING	\$ 1,020	\$ 1,020
FOOD	594	594
TRANSPORTATION	386	386
CHILD CARE	205	1,314
HEALTH INSURANCE	85	251
MISC. & SALES TAX	381	381
TOTAL EXPENSES	2,671	3,946
NET INCOME	2,623	2,623
DIFFERENCE	-\$48	-\$1,323

Source: 2008 RISN, Poverty Institute.

Child Care Assistance

Sixty-eight percent of children under age 6 had both parents employed in 2008 – higher than US average of sixty-three percent.⁹ This means that these children spent at least some time in child care. To balance work and family obligations, working parents require access to quality child care – a safe place where children can learn and grow while their parents are on the job. The cost of child care, however, can be prohibitive. The average cost of care for an infant/toddler in a child care center in Rhode Island is \$13,078/year, almost double the cost of tuition at a public college (\$7,120/year).¹⁰ In the Heather example (page 3), cost of care for just the preschooler would consume one-third of Heather’s income of \$30,800. This is three times the amount the federal government says is a reasonable amount for a family to spend on child care.¹¹

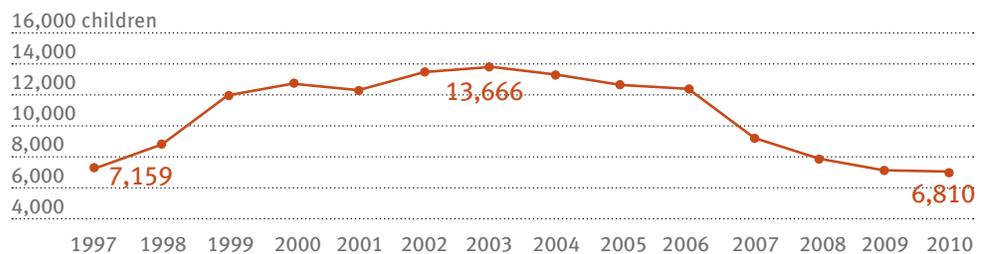
1 | State Investments in Child Care Drop Precipitously Over Last Decade (1998-2010)



Source: House Fiscal Advisory Staff, Rhode Island Budgets as Enacted. FY09 is final and FY2010 is budgeted as of Nov 2009 caseload estimating conference.

The Starting Right Child Care Assistance Program was created in 1997 to expand access to regulated, quality child care for low-wage working families. This was to be accomplished by (1) raising the income eligibility limit so more families would be eligible for a subsidy; (2) increasing the age limit for children from 12 to 15 so middle-school children could attend after school programs; and (3) increasing rates paid to providers so that more providers would accept children receiving child care assistance. While some progress was made, a decade later many of these goals are unrealized because the program has often been the target of budget cuts.

2 | Enrollment in Child Care Assistance Plummets with Spending Cuts (1997–2010)



* Yearly data cases on December 1 of each year, except for 2009 and 2010. 2009 data reflect FY2009 data from Nov 09 caseload estimating conference. 2010 data reflects projected caseloads for FY2010 caseload conference.

One of the most significant cuts was to restrict eligibility. Initially, the income eligibility limit for Starting Right was set at 185% of the federal poverty level (FPL) with a plan to gradually increase the income limit to 250% of the FPL, recognizing that families earning less than this amount required assistance to afford quality child care. Progress was made in 1999 when the income limit was increased to 225% of FPL, but in 2002 it was capped at this level. In September of 2007, the income limit was rolled back to 180% of the FPL as a budget savings measure, causing 1,600 children to lose their child care assistance.¹² Rhode Island now has the lowest eligibility limit for child care assistance in New England.¹³

State investments in child care assistance have fallen by almost 90% since 2005

State investments in child care assistance have fallen by almost 90% since 2005, as illustrated in Chart 1. In 2010, the state investment in the program is \$6.2 million, representing less than one percent (only .2%) of state general revenue. Total state and federal spending for child care assistance has dropped more than forty-one percent, from \$79.5 million in 2005 to \$46.7 million in 2010.

Spending cuts diminished access to the program in other ways. The age limit was rolled back from 15 to 12, monthly co-pays were increased, and an asset test was imposed. As a result of these programmatic changes, participation in the Child Care Assistance Program has followed the same downward trajectory as spending.

Having reached a peak of 13,666 children in 2003, by 2010 enrollment is projected to be 6,810 children, below the enrollment levels when the program began in 1997 (Chart 2). This means that far fewer children are able to access the quality, regulated child care that is so important for educational development.

MICHELLE AND HER FAMILY: An example of how child care cuts have hurt families

Michelle’s example shows how the cuts to the Child Care Assistance Program have had a real effect on working mothers’ budgets. Michelle, like Heather, has two children, one enrolled in a child care program, and a first grader in an after school program. She earns about \$15.65 per hour, 80 cents more per hour than Heather, with an annual income of \$32,560 (185% FPL). In 2006, when Michelle qualified for child care assistance, she was able to meet her monthly expenses. When the child care income limit was rolled back from 225% of FPL to 180% of FPL, Michelle became ineligible for child care assistance and would no longer be able to afford her children’s child care programs.

CHILD CARE CUTS CAUSE FAMILY BUDGETS TO GO FROM BLACK TO RED		
	2006	2008
HOUSING	\$ 965	\$ 1,020
FOOD	536	594
TRANSPORTATION	324	386
CHILD CARE	179	1,314
HEALTH INSURANCE**	61	199
MISC. & SALES TAX	385	381
TOTAL EXPENSES	2,450	3,894
NET INCOME	2,536	2,780
DIFFERENCE	\$86	-\$1,114

*Assumes Michelle has 2 children: 1 toddler and 1 school aged **In addition to Child Care changes, Rite Care eligibility also decreased so that while Michelle was eligible for Rite Care Health Insurance in 2006, she is not in 2008.

Cash Assistance

The Rhode Island Works Program is the state's welfare-to-work program. It is funded with both state dollars and federal Temporary Assistance to Needy Families (TANF) block grant funds. The TANF block grant replaced Aid to Families with Dependent Children (AFDC).

Rhode Island Works provides cash assistance to children under age 18 and their parents/caretaker relatives. The program also provides employment services, child care assistance, health insurance, and other supports necessary to help parents find a job and succeed in the workforce.

In Rhode Island, cash assistance recipients are overwhelmingly women. In 2008, ninety-five percent of households receiving cash assistance were headed by females.¹⁴ These families live in extreme poverty. The monthly cash payment, \$554 for a family of 3, is less than half of the poverty level. Unlike other public benefit programs, where annual adjustments are made to account for inflation, the benefit level for cash assistance in Rhode Island has not been raised in over 20 years.

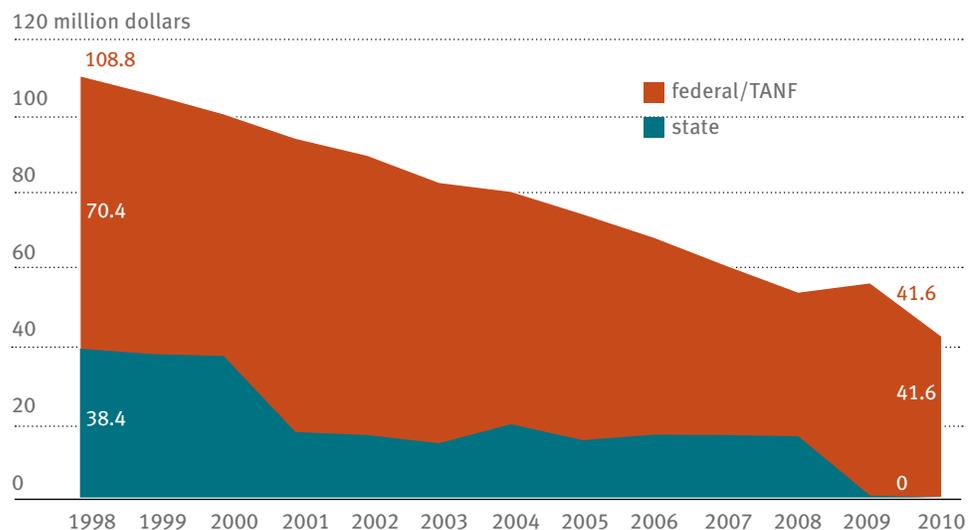
During economic downturns and times of high unemployment, cash assistance is extremely important for low-wage working mothers and especially single mothers.

During economic downturns and times of high unemployment, cash assistance is extremely important for low-wage working mothers and especially single mothers, who are more likely to find themselves unemployed than their male or married-mother counterparts.¹⁵ This form of financial assistance often serves as a substitute for unemployment insurance for working parents who do not qualify for unemployment benefits. As in most states, a large percentage of workers in Rhode Island are not eligible for unemployment benefits. Only half of laid off workers were eligible for such benefits in the Ocean State in June of 2009.¹⁶

Women are less likely than men to receive unemployment benefits. This is true for two reasons. First, eligibility is based on earnings, which can make low-wage and part-time workers ineligible. According to the Institute for Women's Policy Research, this can have a disproportionate impact on female workers.¹⁷ Second, in many states including Rhode Island, workers who are not able to apply for full-time work once they are unemployed are ineligible to receive unemployment insurance benefits, regardless of earnings. This leaves many women who are raising young children unable to collect unemployment benefits.

Perhaps no other program has been more targeted for spending cuts than Rhode Island's welfare program. This is evidenced by the fact that in FY 2010, no state dollars are being spent on cash assistance benefits. When the Family Independence Program was enacted in 1997, the state was investing \$38.4 million in such benefits.

3 | State Spending on Cash Assistance Benefits Eliminated by 2010



Source: House Fiscal Advisory Staff, Rhode Island Budgets as Enacted. FY09 is final and FY2010 is budgeted as of Nov 2009 case-load estimating conference.

In addition, the amount of the federal block grant that is allocated for cash assistance has been significantly reduced. In 2010, only \$41.6 million out of a total \$95 million in federal funds will be spent on cash assistance. The remaining sixty-six percent will go to other state programs such as the Department of Child Youth and Families (DCYF) and child care assistance. As Chart 3 shows, together, total state and federal spending on cash assistance has been cut by more than half between Fiscal Year 2002 and Fiscal Year 2010, from \$88.3 million to \$41.6 million

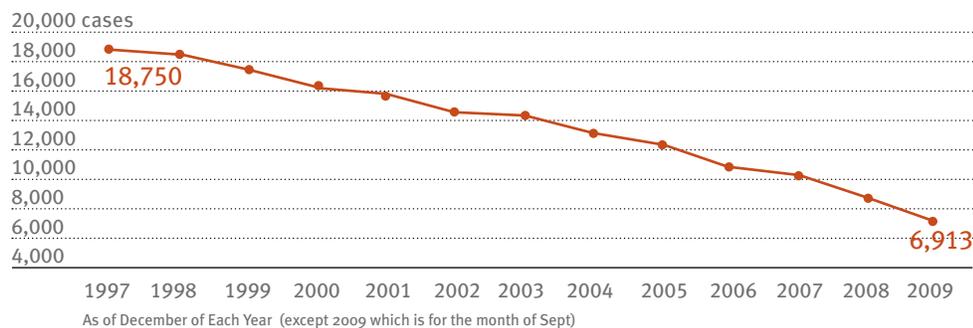
Cutbacks have been achieved through a series of programmatic changes that have eroded the original goals of the Family Independence Program to protect children and to help parents obtain family-supporting jobs. In 2008, the Family Independence Program was replaced by the RI Works Program. This new program ended the entitlement to benefits that served as a safety net for children and limited parents’ access to education and training. Most parents are required to participate in a month-long job search as a condition of enrolling in or remaining in the program. This “work first” reform came just as Rhode Island entered the recession and unemployment rates began to skyrocket, decreasing the likelihood that parents will be successful in finding a job.

Moreover, “work first” ignored the fact that the cash assistance caseload had been steadily declining, with parents who were able to find employment moving from welfare to work. Many of the parents who continue to rely on the program have disabilities or other barriers to employment. Fifty percent of parents report that they graduated high school. Of 2,200 parents tested for English literacy between 2008 and 2009, thirty percent had a reading level of 6th grade or lower.

The 2008 reforms also significantly limited access to the cash assistance program for women and their families. The time limits were shortened so that families can only receive benefits for 24 months in any 60 month period and there is a lifetime limit of 48 months. These time limits are now applied to children as well as parents, unless the parent is disabled or the child is living with a relative.¹⁸ These are among the most stringent time limits in the country, and stricter than the 60 month time limit allowed under federal law. By July of 2009, more than 2,200 families had closed to cash assistance due to these programmatic changes. It is expected that by July of 2010, another 1,500 will lose their cash assistance due to the new time limits.

Prior to Rhode Island Works, there was a steady caseload decline as many families left welfare for work. In the ten months following the implementation of Rhode Island Works, however, there was a precipitous decline of 3,000 families that saw their cases close solely because of the imposition of shorter time limits. In September 2009, 6,900 families remain on cash assistance. Of these families, approximately thirty-five percent are families in which only the children are receiving assistance, either because they are living with a parent who is receiving SSI disability benefits or because they are being raised by a relative.

4 | Cash Assistance Caseload Declines Dramatically



Government Funded Health Insurance

In less than a decade, the annual cost for a family health insurance premium in Rhode Island has more than doubled, rising from \$6,259 in 1999 to \$13,363 in 2008.¹⁹ Employers who continue to offer insurance are requiring employees to shoulder more of the cost through increased contributions.²⁰ Many families cannot afford the high cost of employer-sponsored coverage and an increasing number are not insured through their employers at all.²¹

Recognizing the value of affordable health insurance to good health care and health outcomes, Rhode Island has been a national leader in extending publicly-supported health insurance to vulnerable populations. The Rlte Care/Rlte Share²² program is Rhode Island's Medicaid-funded program that provides comprehensive health care to income eligible children, their parents and to pregnant women. Rlte Care/Rlte Share enrollees represent more than two-thirds (67%) of the Medicaid caseload yet they consumed just under a quarter (24%) of Medicaid costs in 2008.²³ While the majority of Rlte Care/Rlte Share members are children, as of December 31, 2008, parents made up almost 30% percent of enrollees.²⁴

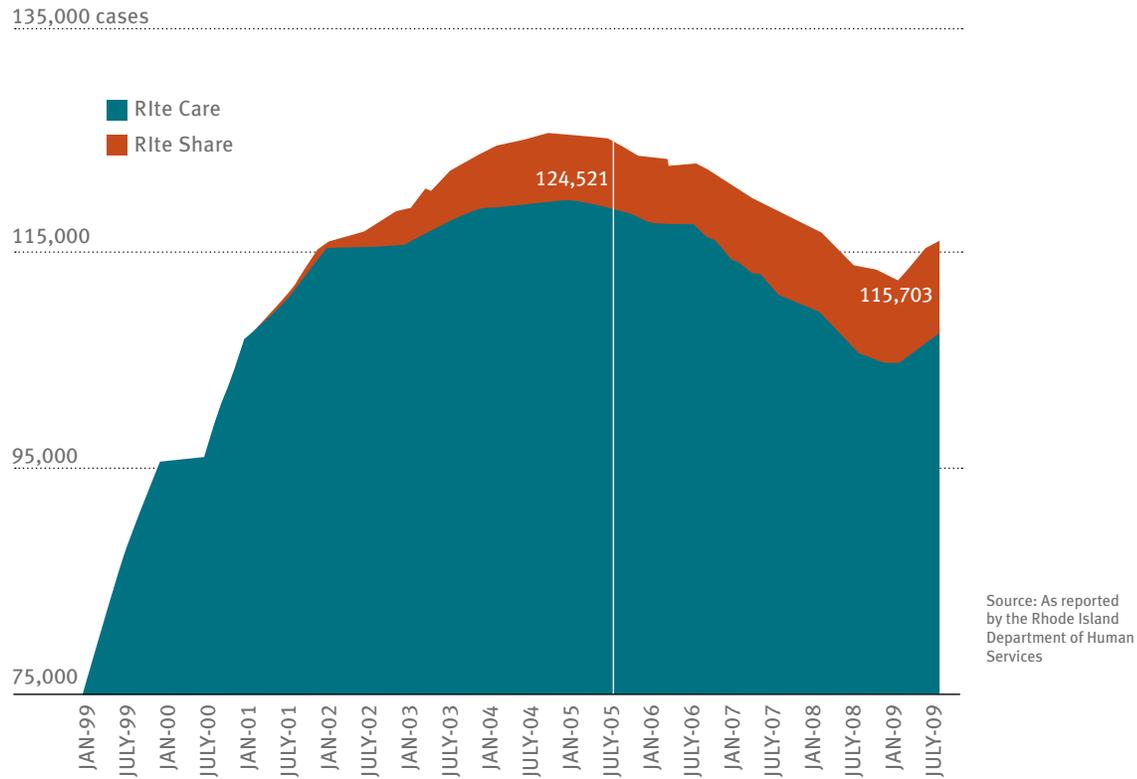
Changes to Rlte Care/Rlte Share enrollment and spending have not been as dramatic as those for child care and cash assistance largely because federal law requires the state to enroll certain populations. However, the program has not been spared from budget cuts. Over the past decade, a number of budget saving measures were enacted that have resulted in families losing coverage. A significant change in 2001 required families with income above 150% of the federal poverty level to pay a monthly premium. Families that fail to pay premiums for two months are ineligible for a four month penalty period. In 2008, an average of 134 families closed to Rlte Care/Rlte Share each month for failure to pay.

In less than a decade, the annual cost for a family health insurance premium in Rhode Island has more than doubled, rising from \$6,259 in 1999 to \$13,363 in 2008.

In 2008, the income limit for parents was rolled back from 185% to 175% of the federal poverty level resulting in loss of coverage for 1,000 parents. (The budget proposal that year was to roll back the income limit much further to 133% FPL). That same year, a new law was passed requiring families with lower incomes (between 133% and 150% FPL) to pay a monthly premium and they raised premiums across the board. However, these new premium requirements were suspended as a result of provisions included in the American Recovery and Reinvestment Act, known as the federal stimulus package.

As a result of these and other changes, the Rlte Care/Rlte Share program experienced a decline in enrollment of over 8,000 individuals (124,521 – 115,703) between July 2005 and July 2009. More recently, enrollment has started to increase as families continue to lose their jobs and their employer-sponsored health care and/or COBRA coverage.

5 | Rlte Care/Rlte Share Caseload (January 1999- July 2009)



When the income limit for parent eligibility was rolled back in 2008, 1,000 parents lost their Rlte Care/Rlte Share health coverage.

Child Support Enforcement

The Child Support program, operated by the Office of Child Support Support Services, is vitally important to tens of thousands of Rhode Island single parent families. The agency is responsible for 1) locating noncustodial parents, 2) establishing paternity, 3) establishing child support and medical support orders and 4) enforcing and collecting on these child and medical support orders.

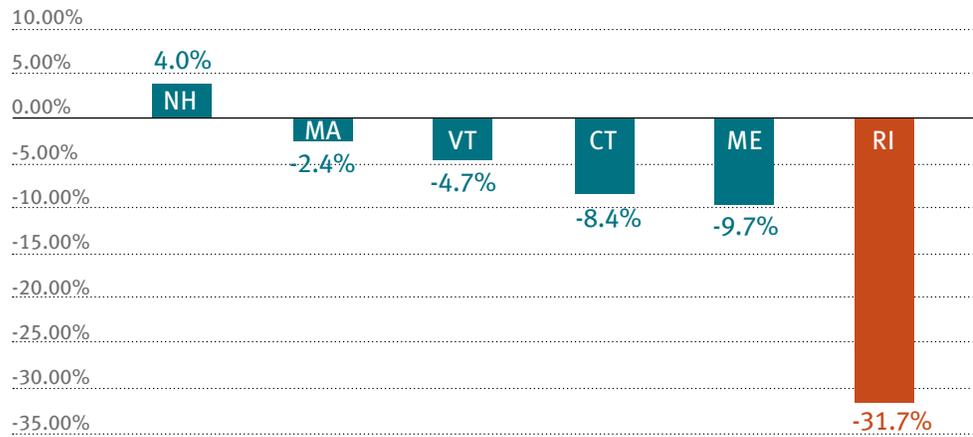
Child support supplements low earnings and helps families weather a job loss or other financial crisis. In addition, child support reduces welfare use. Studies have shown that parents receiving cash assistance who also receive regular child support payments are more likely to find work faster and to stay employed longer than those who do not.²⁵

State investments in the child support enforcement program are cost effective. For every dollar the state spends it collects \$5.65 in child support and “cash medical” to distribute to families or reimburse the state for public assistance received by the family. Moreover, the federal government reimburses sixty-six percent of the administrative costs of operating the program.

Rhode Island Child Support Enforcement lost close to one-third of its staff between 2006 and 2008.

As Chart 6 shows, reductions in staff and high caseloads weaken the ability of child support enforcement to establish orders and collect support for families. The chart below shows the percentage of child support staff changes in each of the New England states between 2006 and 2008. Rhode Island is clearly an outlier, losing close to one-third of its staff during this three year period. This loss was three times worse than Maine, which lost the next highest percentage of workers.

6 | Rhode Island Suffered Worst Child Support Staff Losses in New England (2006-2008)

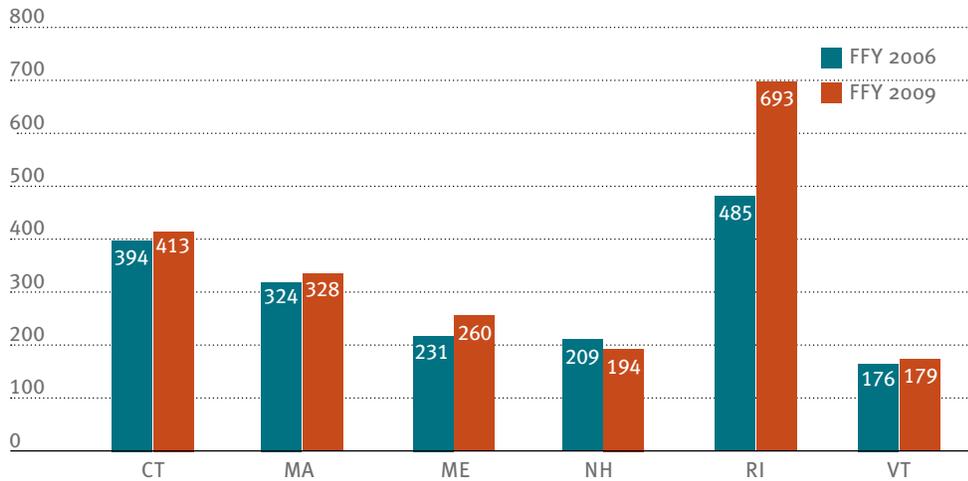


Percent Change in Full Time Equivalent Staff FY 2006 - FY 2008

Source: US Dept of Health and Human Services, Administration for Children and Families, Office of Child Support Enforcement, FY2008 and FY2006 Preliminary Reports, Poverty Institute calculations

As the child support agency suffered staff losses, caseloads per worker, soared as depicted in Chart 7. Rhode Island child support cases per full-time worker, at a ratio of 693:1, are by far the highest in New England.

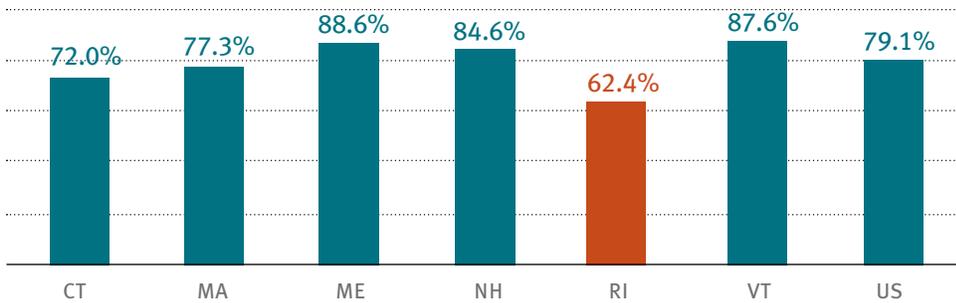
7 | Rhode Island's Case to Full Time Equivalent Staff Ratio is Highest in New England and Getting Worse



Source: US Dept of Health and Human Services, Administration for Children and Families, Office of Child Support Enforcement, FY2008 and FY2006 Preliminary Reports, Poverty Institute calculations

As a result, Rhode Island has the lowest percentage of cases with child support orders in New England. At sixty-two percent, this rate is well below the national average of seventy-nine percent (Chart 8).

8 | Rhode Island Has the Lowest Percentages of Cases with Child Support Orders in New England (Federal Fiscal Year 2008)



Source: US Dept of Health and Human Services, Administration for Children and Families, Office of Child Support Enforcement, FY2008 Preliminary Reports

Conclusion

In these difficult economic times, the state budget becomes an even more important measure of our collective priorities. As this paper highlights, trends in state spending over the last decade clearly illustrate that the state's commitment to helping low and modest-income working mothers care for their families has waned. It seems we have lost track of a fundamental fact—a women's economic well-being is essential to her family, our community, and the local economy. Our policy decisions should reflect the economic realities of families in Rhode Island and align public policy and state spending with the needs of the modern family, while recognizing the value of supporting working mothers as they move towards, and maintain, economic self-sufficiency.

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- 1 US Census Bureau, American Community Survey, 2008.
 - 2 Institute for Women's Policy Research: Women and Unemployment Insurance brief, Jan 2008, http://www.iwpr.org/pdf/A132_WomenandUI.pdf
 - 3 US Census Bureau, American Community Survey, 2008. Based on median yearly earnings (men: \$49,265 vs women: \$36,536)
 - 4 Economic Policy Institute analysis of Current Population Survey data, 2009. Reflecting 2008 data.
 - 5 US Census Bureau, American Community Survey, 2008.
 - 6 US Census Bureau, American Community Survey, 2006-2008, 3-year estimates (single mother family = families with female-headed household and no husband and children under 18)
 - 7 Note that Latina/Black numbers are for households, not families (so don't necessarily have children). US Census Bureau, American Community Survey, 2008.
 - 8 The RISN, which is published bi-annually by The Poverty Institute, documents what it costs to live and raise a family in Rhode Island and shows how government subsidies help families make ends meet.
 - 9 US Census, American Community Survey, 2006-2008, 3-year estimates.
 - 10 Child care rate is based on 75% percentile rate for infant and toddler in a child care center as cited in the Statewide Survey of Child Care Rates in Rhode Island. (2009) Bodah, M. M., University of Rhode Island. Tuition and fees for 4-year public college in Rhode Island for 2007-2008 averaged \$7,120 a year, based on statistics compiled by the National Center for Education Statistics, 2008.
 - 11 A "reasonable" amount to spend on child care is considered to be 10% of gross income. U.S. Department of Health and Human Services. (1998). Child Care and Development Fund: Final Rule. Federal Register, 63(142). Washington, DC: U.S. Department of Health and Human Services, Administration for Children and Families.
 - 12 In 2009, the Federal poverty level for a family of 3 at 225% was \$41,197 and 180% FPL for a family of 3 was \$32,958.
 - 13 National Women's Law Center, State Child Care Assistance Policies 2009, www.nwlc.org/pdf/nwlcstatechildcareassistancepolicies2009.pdf
 - 14 Rhode Island Department of Human Services calculation.
 - 15 IWPR fact sheet, "Unemployment Among Single Mother Families" Sept 2009 http://www.iwpr.org/pdf/SingleMotherUE_C369.pdf
 - 16 Rhode Island Department of Labor and Training. Unemployment Insurance Statistics <http://www.dlt.ri.gov/lmi/uiadmin.htm>
 - 17 IWPR fact sheet "Women and Unemployment Insurance: Outdated Rules Deny Benefits That Workers Need and Have Earned" January 2008. http://www.iwpr.org/pdf/A132_WomenandUI.pdf
 - 18 Previously, children had an entitlement to cash assistance and were not subject to sanctions or time limits.
 - 19 Agency for Healthcare Research and Quality, Center for Financing, Access and Cost Trends. 2008 Medical Expenditure Panel Survey-Insurance Component, Table II.C.1.
 - 20 Rhode Island Office of the Health Commissioner, 2005 Rhode Island Employer Health Insurance Survey, Preliminary findings.
 - 21 Id.
 - 22 The Rite Share program is a cost sharing program for employees whose employers offer an approved health plan. In these cases, the state pays a portion of the employees premium for participation in the employer sponsored health insurance plan.
 - 23 Rhode Island Annual Medicaid Expenditure Report, State Fiscal Year 2008. Executive Office of Health and Human Services.
 - 24 RI Kids Count Fact book, 2009. Children's Health Insurance Indicator.
 - 25 Vicki Turetsky, July 2007 Presentation: Child Support: Preserving and Expanding a Decade of Programs, CLASP. Citing Urban Institute analysis of the March 2006 Current Population Survey.



The Poverty Institute works to promote economic security for low- and moderate-income Rhode Islanders and equitable tax and budget policies through policy analysis, education and advocacy.

the Women's Fund OF RHODE ISLAND

The mission of the Women's Fund of Rhode Island is to advance equity and social justice for women and girls. The Fund champions fairness, impartiality, opportunity, shared power and responsibility in all spheres of personal and community life including economic, cultural, educational, social, and political.

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Our policy decisions should reflect the economic realities of families in Rhode Island and align public policy and state spending with the needs of the modern family.