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Contact: Juan Espinoza, Communications Assoc.
401-456-2752 (office)
813-526-3043 (cell)

Work support programs help Rhode Islanders make ends meet when wages aren’t enough

Providence, RI – For many Rhode Island working families, tax credits and other work supports help close the gap between earnings and basic living expenses, according to the Rhode Island Standard of Need (RISN), a report released by the Economic Progress Institute. Child care and health care subsidies are particularly vital for working families.

The Rhode Island Standard of Need (RISN) calculates a no-frills budget that includes the costs of housing, food, transportation, health care, child care and a number of other necessities. Nearly three quarters (72 percent) of single parent families, and more than one-quarter (26 percent) of two-parent families with two or more children, earn less than the amount required by the RISN. The same is true for more than one third (36 percent) of single adults.

A two-parent family with two children needs $68,098 in pre-tax earnings yearly to meet basic living expenses. This assumes the family has two breadwinners and needs full-time child care for a toddler and after-school care for a school-aged child. A single adult needs gross earnings of $25,751 to meet basic expenses.

“This report provides clear evidence that programs like Rite Care health insurance and child care assistance are economic lifelines for low and modest-income working families. Without them, many families have a significant gap between income and expenses,” said Rachel Flum, executive director of The Economic Progress Institute. “Now more than ever, we must protect and enhance these programs that have proven records of success.”
As “Jessica’s” story highlights, a worker earning about $15.00 an hour ($27,821/year) would be in the red almost $1,300 a month if required to pay the full cost of health insurance for her family and child care for her toddler and school aged child.

“Work supports like subsidized health care and child care are not only important for hard-working Rhode Islanders struggling but are also good for business,” said Flum. “Employees perform better when they are healthy and know their children are in safe and consistent care.”

The RISN also finds minimum wage earners fall short in meeting their monthly expenses. At the current minimum wage ($9.60/hr.) a single adult earns $5,783 less than the amount needed to meet basic expenses.

In order to improve the economic well-being of Rhode Islanders, the Institute recommends the following: ensure health coverage remains affordable for Rhode Islanders; increase both the Rhode Island Earned Income Tax Credit and the minimum wage; and expand access to subsidized child care assistance.

The Rhode Island Standard of Need is available on the Institute’s website at www.economicprogressri.org/RISN

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About The Economic Progress Institute
The Economic Progress Institute is a nonpartisan research and policy organization dedicated to improving the economic well-being of low- and modest-income Rhode Islanders. For more information visit www.economicprogressri.org.