



To: Senate Committee on Finance  
From: Linda Katz, Policy Director  
Date: February 24, 2021  
Re: Support S-226. Improving the RI Works Program

The Economic Progress Institute writes in strong support of S-226, sponsored by Senator Melissa Murray. The proposed changes will provide short-term economic support to families that rely on the RI Works program when they have no other source of income. It will also improve long-term economic stability for families and help break the cycle of poverty by providing parents with an opportunity to gain the skills they need to secure a well-paying job and to support them as they enter the workforce.

The following are some key points in support of each of the 4 changes proposed in the bill. Additional information is included on page 3 of this document.

*Increase the monthly cash assistance payment from 30% to 50% of the federal poverty level, to move children out of deep poverty.*

- The benefit payment has not been changed in 30 years. Had it kept pace with inflation, the benefit for a family of 3 would be \$1,092, more than twice the “frozen” benefit of \$554.
- Raising the benefit to 50% FPL would increase the benefit for a family of 3 from \$554 to \$915.
- RI is the only New England state that has not increased its benefit since 1991 and has the lowest payment in the region. Massachusetts increased the benefit last year. Both New Hampshire and Maine have statutorily required yearly increases.

*Provide the yearly clothing allowance to all children in the family*

- Current law permits the \$100 yearly clothing allowance to be provided only to children age 4 and older and only if the child receives the RI Works payment.
- The statutory change would require the allowance to be provided to all children, including infants and toddlers, as well as children with disabilities who receive SSI benefits and do not receive the RI Works payment. The bill would also set the minimum yearly clothing allowance at \$100.

*Allow parents to attend CCRI for two years as the sole employment plan activity to increase opportunities for better-paying jobs*

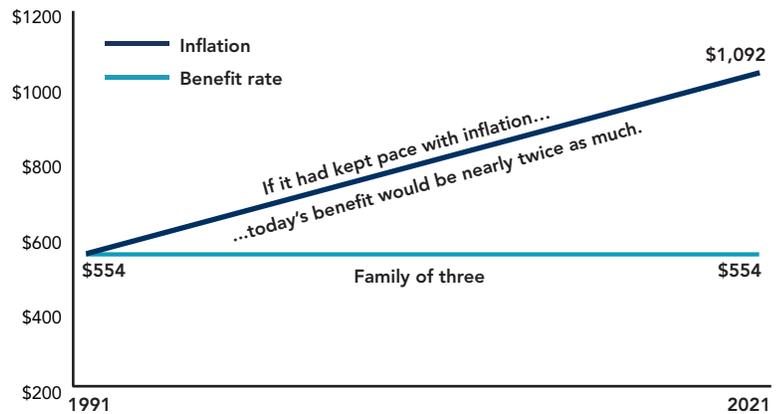
- RI Works provides parents with opportunities to gain skills for employment and most parents are required to have an active “employment plan” as a condition of receiving benefits.
- Current rules allow a parent to attend CCRI for one year as her only employment plan activity. In the second year, the parent must be working at least 20 hours/week if she wants to continue her education at CCRI.
- According to the U.S Bureau of Labor Statistics (BLS), in 2018 workers with an **associate degree** had median weekly **earnings** of \$862, compared with just \$730 for people with a high school diploma alone.

*Exclude income from earnings for up to 6 months when a parent starts a job*

- Under current law, when a parent starts a job, earnings are counted immediately. When a parent starts a job, even at minimum wage, the monthly earnings of \$1,743 results in the parent losing the cash benefit in the month after the job starts.
- The statutory change would allow a parent to continue to receive the cash benefit for 6 months unless she reaches the time limit or earns 185% FPL (\$3,385/month for a family of 3).
- When the parent is ineligible for cash assistance, she loses the transportation benefit and case management support. Figuring out child care and work schedules, transportation to work and to drop children at school or child care, new expenses related to work, etc. can be daunting as the parent transitions to employment. Maintaining the cash benefit and the other support can be crucial to job retention.

As noted on page 3, Rhode Island receives \$96 million in federal funds from the TANF block grant. Less than 20% of the federal funds are spent on cash assistance and other direct support for families. Rhode Island stopped investing its own funds to support RI Works families in 2010. It is not a question of whether our state has enough money to fund the changes proposed in this bill. We do. It is whether we have the political will to finally prioritize these families and show the children and their parents that we care about them.

**The cash assistance paid to 2,500 families receiving RI Works benefits has not been raised in 30 years and is 30% of the Federal Poverty Level (FPL).**



Source: CPI Inflation Calculator, Bureau of Labor and Statistics.

State	Mo. Benefit for Family of 3
New Hampshire	\$1,086
Vermont	\$699
Connecticut	\$698
Massachusetts	\$652*
Maine	\$610
<b>Rhode Island</b>	<b>\$554*</b>

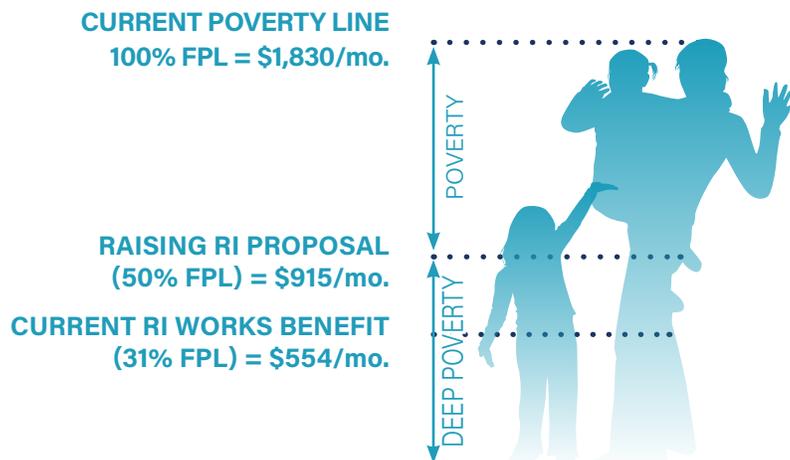
\*The benefit rate is \$50 lower for families living in public or subsidized housing.

**Rhode Island is the only state in New England that has not adjusted the benefit since 1991 and the payment is the lowest in the region.**

**Massachusetts recently increased the benefit by 10%.**

**New Hampshire and Maine adjust the benefit annually.**

### Rhode Island Works Families Are Living In Deep Poverty



**In 1996, the monthly benefit payment covered about 87% of HUD fair market rent.**



**In 2020, the payment covered only 50% of HUD fair market rent.**

**The RI Works benefit leaves families well below the Federal Poverty Line.**

**A family of 3 lives on \$6/person/day.**

\* All numbers are based on a family size of three in 2021.

(Fair market rent for a 2 bedroom apartment. Benefit payment for single parent with 2 children.).

## It's Time to Raise the Rhode Island Works Benefit



### For Our Children

- Just over  $\frac{3}{4}$  of RI Works recipients are children, 43% of whom are under age 6.
- Children experiencing poverty are more likely to enter school behind their peers, score lower on achievement tests, work less and earn less as adults, and have worse health outcomes over their lifetime.



### For Women

- 87% of adults enrolled in the RI Works program are women.
- Women with more employment and income are less vulnerable to abuse and better able to make choices concerning marriage.

## To Redress the Impact of Institutional Racism

- The poverty rate for Black Rhode Islanders (21.5%) is more than twice as high as the rate for White Rhode Islanders (9.0%). The rate for Latinx Rhode Islanders (27.1%) is three times as high and for Asian Rhode Islanders (15.9%) the rate is not quite twice as high compared to White residents.
- While White recipients are the single largest racial group (40.4%) of RI Works families, the majority of recipients (59.6%) are people of color, including 31.4% who identify as Latinx and 24.1% who identify as Black.

## To Show that Children are a Priority - Target TANF funds for Kids

RI Works is the state's cash assistance and work readiness program established under the federal Temporary Assistance to Needy Families (TANF) Block Grant. The state receives \$96 million each year in federal TANF funds to support low-income families with children under 18, especially to assist needy families so children can live with their parents or relatives. The state is required to spend at least \$64 million annually in general revenue on programs that serve this population.

In 2019, RI ranked 33rd among the states for the share of federal and state TANF spending on cash assistance for families. Here's how RI compared to national spending on cash assistance and selected other services:

**Federal and State TANF Spending**

	Rhode Island		National
	Millions of dollars	Share of spending	Share of spending
Cash assistance (for RI Works families)	\$24	13%	21%
Work activities (to prepare RI Works parents for jobs)	\$12	7%	10%
Child welfare (DCYF)	\$33	18%	8%
Child Care (for working families and RI Works families)	\$45	25%	16%
Tax Credits (share of state EITC paid to working families)	\$23	12%	9%

**RI has not spent any general revenue on cash assistance for families since 2010.**

**Estimating spending for cash assistance in 2022 is \$16.5M. This means that only 10% of federal and state TANF funds will support families and only 17% of the federal block grant will be used.**