

Secure Parental Employment

DEFINITION

Secure parental employment is the percentage of children living with at least one parent who has full-time, year-round employment.

SIGNIFICANCE

Secure parental employment can have positive impacts on child well-being that go beyond reducing poverty and increasing median household income. Children with parents who have steady employment are more likely to have access to health care. Secure parental employment is also likely to improve family functioning by reducing the stress brought on by unemployment and underemployment of parents.¹

Rhode Island's seasonally adjusted unemployment rate fluctuated during 2007, starting in January at 4.7% and ending the year at 5.2% in December. The U.S. seasonally adjusted unemployment rate ranged between 4.4% and 5.0% during 2007.^{2,3} Local unemployment rates in Rhode Island vary greatly by city and town.⁴

In Rhode Island in 2006, 63% of children under age 6 had all parents in the labor force, comparable to the national rate of 62%. In Rhode Island in 2006, 74% of children ages 6-17 had all parents in their family in the labor force, compared with 70% of children ages 6-17 in the U.S.⁵

Even when families include adults with secure parental employment, low wages cause many families to remain in poverty.⁶ According to the Poverty Institute's *2006 Rhode Island Standard of Need*, a single parent with two children who works full-time year-round at a minimum wage job and who receives all public benefits for which the family is eligible (food stamp benefits, EITC, child care subsidies and health insurance), will still be \$325 short of affording basic expenses each month.⁷

Low-income workers are less likely to have benefits, such as paid time off, to address the needs of sick children and flexible work schedules. In the United States, almost 4 in 10 low-income workers and more than half of working parents with below-poverty incomes lack paid leave.⁸

| Children Living in Families Where At Least One Parent Has Full-Time, Year-Round Employment | | |
|--|------|-------------|
| | 2000 | 2006 |
| RI | 66% | 68% |
| US | 68% | 67% |
| National Rank* | | 28th |
| New England Rank** | | 5th |

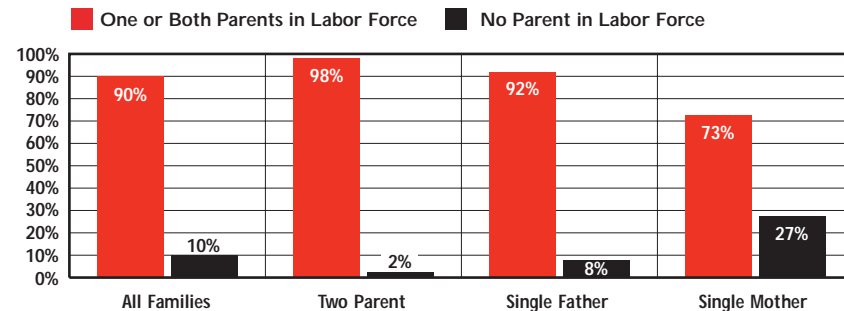
*1st is best; 50th is worst

**1st is best; 6th is worst

Source: The Annie E. Casey Foundation. (2006). KIDS COUNT Data Center. Analysis of U.S. Bureau of the Census, Supplementary Survey, 2000 & 2001 and American Community Survey, 2006.



Employment Status of Parents by Family Type, Rhode Island, 2006



Source: U.S. Bureau of the Census, American Community Survey, 2006. Table B23008.

◆ The majority of children living in Rhode Island in 2006 had one or both parents in the labor force. Children living with a single mother were thirteen times more likely than children living in a two-parent family to have no parents in the labor force. Of children in two-parent families, 67% had both parents in the labor force.⁹

◆ In 2006, there were 21,517 children in families with no parent in the labor force in Rhode Island. Children in families with a single mother represented 81% of families with no employed parents.¹⁰

◆ In Rhode Island in 2006, there were 2,594 families with incomes below the federal poverty threshold with at least one adult with full-time, year-round employment.¹¹ Between 1994 and 2006 in Rhode Island, the percentage of children living in low-income families (below 200% of the federal poverty) with no employed parents fell from 35% to 26%.^{12,13}

◆ The differences in weekly wages between men and women can leave families headed by single mothers with fewer resources. Nationally, single mothers' median weekly earnings in 2006 were \$506 compared to \$664 for single fathers.¹⁴



Secure Employment and Child Care

- ◆ Research shows a link between adequate child care availability and sustained labor force participation by mothers.¹⁵ A comprehensive system of work supports that includes subsidized child care enables more low-income parents to work regularly and benefit from sustained employment.¹⁶
- ◆ Low-income parents are less likely to use paid child care than higher-income parents. When they do pay for child care, they spend five times more of their income than higher-income parents. Child care is generally the second or third greatest expense for working families.¹⁷ One national study found that child care costs for infants are higher than the cost of public college tuition in every state.¹⁸
- ◆ Child care availability is particularly problematic for parents working non-standard hours.¹⁹ Weekend and evening care is rarely offered by child care centers in Rhode Island, although approximately 16% to 33% of home-based child care providers in Rhode Island accept children during these times.²⁰
- ◆ In Rhode Island, eligibility expansions for child care subsidies and welfare reform more than tripled the probability that a single mother currently or formerly on welfare would work 20 or more hours a week, from 7% in 1996 to 22% in 2000.²¹
- ◆ In September 2007, 1,463 Rhode Island children under age 13 lost access to state-subsidized child care as a result of reductions in eligibility from 225% to 180% of the federal poverty level. A total of 280 youth ages 13-15 also lost access to child care subsidies for after school programs as a result of the roll back in age eligibility from age 15 to age 12. These changes were enacted during the 2007 legislative session.²²

References

¹ U.S. Federal Interagency Forum on Child and Family Statistics. *America's children: Key national indicators of well-being, 2007*. Retrieved January 10, 2008 from www.childstats.gov/ameicaschildren/

² Rhode Island Department of Labor and Training, Labor Market Information Division. *Local area unemployment statistics: Rhode Island labor force statistics, seasonally adjusted 1978-present*. Retrieved January 10, 2008 from www.dlt.ri.gov/lmi

³ Rhode Island Department of Labor and Training, Labor Market Information Division. *Local area unemployment statistics: United States labor force statistics, seasonally adjusted 1978-present*. Retrieved January 12, 2008 from www.dlt.ri.gov/lmi

⁴ Rhode Island Department of Labor and Training, Labor Market Information Division, *Local area unemployment statistics: Rhode Island city/town 2007 labor force statistics, not seasonally adjusted*. Retrieved February 1, 2008 from www.dlt.ri.gov/lmi

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Rhode Island Earned Income Tax Credit (EITC)

- ◆ Earned Income Tax Credits (EITCs) provide tax reductions and wage supplements for low- and moderate-income working families. EITCs reduce child poverty, cut taxes and increase work incentives for families struggling to make ends meet. The federal EITC is the nation's most effective antipoverty program for working families, lifting 4 million people – roughly half of whom are children – out of poverty each year. State EITCs can supplement the federal EITC to further support working families.²³
- ◆ Welfare reform focused on transitioning welfare recipients to work, yet when these individuals enter the workforce they earn low wages, typically from \$8,000 to \$12,000 per year. Income at this level is well below the poverty threshold for a family of three. Supplementing this income with funds from the federal and state EITCs closes the poverty gap for low-income and moderate-income working families.²⁴
- ◆ Currently, Rhode Island offers a state EITC equal to 25% of the federal EITC, with 3.75% being refundable. Of the 22 states offering state EITCs, 18 offer credits that are fully refundable, meaning taxpayers receive back the entire tax credit even if it exceeds their income tax liability. Three states have EITC programs but do not offer a refundable credit. Rhode Island is the only state with a partially refundable credit.²⁵ Credits that are non-refundable assist fewer working-poor families with children than refundable credits.²⁶
- ◆ In the other states offering refundable EITCs in 2007, taxpayers get back between 3.5% and 43% of the amount assigned to them through the federal EITC.²⁷ Increasing the EITC refundable amount in Rhode Island from the current 3.75% (a maximum refund of \$157.50) to 5% of the federal EITC refund would allow low-income Rhode Islanders to receive a refund of up to \$210.²⁸

- ◆ In 2007, 67,892 Rhode Island working families and individuals received tax credits from the federal EITC for tax year 2006, up from 61,911 who received tax credits in 2004 for tax year 2003. This was an increase of 10%. The aggregate dollar amount Rhode Island families and individuals received through the federal EITC for tax year 2006 was over \$123 million.^{29,30}