

# 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 family 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.<sup>1</sup> Among poor families, children with working parents are less likely to repeat a grade or be suspended or expelled from school and more likely to go to special classes for gifted students than children with non-working parents.<sup>2</sup>

The U.S. seasonally adjusted unemployment rate increased dramatically during 2008, starting the year at 4.9% in January and ending the year at 7.2% in December.<sup>3</sup> In Rhode Island, the 2008 unemployment rate increase was even more significant, starting in January at 6.3% and ending the year at 9.4% in December.<sup>4</sup> Local unemployment rates vary greatly by city and town.<sup>5</sup>

In 2007, 70% of children under age six and 73% of children ages 6-17 in Rhode Island had all parents in the labor force.<sup>6</sup> In comparison, nationally 62% of children under age six and 70% of children ages 6-17 had all parents in their family in the labor force.<sup>7</sup>

Even when families include adults with secure parental employment, low wages cause many families to remain in poverty. Nationally, one in four working families with children is low-income (9.6 million working families with a total of 21 million children).<sup>8</sup> 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.<sup>9</sup>

Children Living in Families Where At Least One Parent Has Full-Time, Year-Round Employment		
	2000	2007
RI	66%	66%
US	68%	67%
National Rank*		33rd
New England Rank**		6th

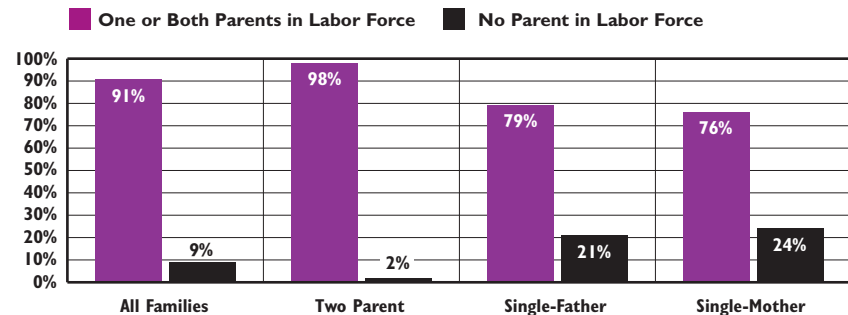
\*1st is best; 50th is worst

\*\*1st is best; 6th is worst

Source: The Annie E. Casey Foundation. (2009). KIDS COUNT Data Center. Analysis of U.S. Bureau of the Census, Supplementary Survey, 2000 & 2001 and American Community Survey, 2007.



Employment Status of Parents by Family Type, Rhode Island, 2007



Source: U.S. Bureau of the Census, American Community Survey, 2007. Table B23008.

- ◆ The majority of children living in Rhode Island in 2007 had one or both parents in the labor force. Children living with a single parent were ten 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, 69% had both parents in the labor force.<sup>10</sup>
- ◆ In 2007, there were 20,538 Rhode Island children in families with no parent in the labor force. Children in families with a single parent represented 83% of families with no employed parents.<sup>11</sup>
- ◆ In 2007, there were 2,844 Rhode Island families with incomes below the federal poverty threshold in which at least one adult had full-time, year-round employment.<sup>12</sup> Between 1997 and 2007, the percentage of Rhode Island children living in low-income families (below 200% of the federal poverty threshold) with no employed parents fell from 34% to 26%.<sup>13</sup>
- ◆ According to the Poverty Institute's *2008 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 (including food stamp benefits, the Earned Income Tax Credit (EITC), child care subsidies and health insurance), will still be \$373 short of affording basic expenses each month.<sup>14</sup>



## Barriers to Secure Employment for Low-Income Families

- ◆ There are many barriers to employment for those low-income parents leaving welfare for work. Research shows that welfare leavers who return to welfare after working are much more likely to be in poor health, to have low levels of education, and to have young children than those who remain employed.<sup>15</sup>
- ◆ Poor health or a disability may make it difficult for parents to secure or sustain employment. One national study found that 13% of low-income working mothers had some type of disability and that 6% had a severe disability. The same study found that 16% of low-income working mothers had a child with a disability and that 9% had a child with a severe disability. The rates for higher-income working mothers were significantly lower.<sup>16</sup>
- ◆ Low-income workers are less likely to have benefits such as paid time off and flexible work schedules that would allow them to address the needs of sick children. In the United States, almost four in ten low-income workers and more than half of working parents with below-poverty incomes lack paid leave.<sup>17</sup>
- ◆ Limited education can also be a barrier to sustained employment. In Rhode Island, 34% of low-income working families include a parent lacking a high school diploma or GED. Rhode Island ranks 44th in the U.S. on this measure.<sup>18</sup>
- ◆ Having access to work supports, such as health insurance, food stamp benefits/SNAP, and child care subsidies can facilitate steady employment over time. Welfare leavers who use these kinds of transitional support services are much less likely to return to welfare.<sup>19</sup>

### References

<sup>1</sup> Federal Interagency Forum on Child and Family Statistics. *America's children: Key national indicators of well-being, 2007*. Federal Interagency Forum on Child and Family Statistics, Washington, DC: U.S. Government Printing Office.

<sup>2</sup> Wertheimer, R., Moore, K. A., & Burkhauser, M. A. (2008). *The well-being of children in working poor and other families: 1997 and 2004*. (Child Trends Research Brief Publication #2008-33). Washington, DC: Child Trends.

<sup>3</sup> 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, 2009 from [www.dlt.ri.gov/lmi](http://www.dlt.ri.gov/lmi)

<sup>4</sup> Rhode Island Department of Labor and Training. Labor Market Information Division. *Local area unemployment statistics: Rhode Island labor force statistics, seasonally adjusted, 1976-present*. Retrieved March 3, 2009 from [www.dlt.ri.gov/lmi](http://www.dlt.ri.gov/lmi)

(continued on page 153)



## Secure Employment and Child Care

- ◆ Research shows a link between adequate child care availability and sustained maternal labor force participation.<sup>20</sup> Low-income working mothers who do not have regular child care arrangements for their preschool children have lower job retention than mothers with regular care arrangements.<sup>21</sup>
- ◆ 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. One national study found that child care costs for infants are higher than the cost of public college tuition in every state.<sup>22</sup>
- ◆ In Rhode Island, child care assistance is guaranteed to all income eligible working families. During the 2007 legislative session, eligibility for child care was rolled back from 225% to 180% of the federal poverty level (\$32,958 for a family of three in 2009).<sup>23</sup>



## 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 4.4 million people – roughly half of whom are children – out of poverty each year.<sup>24</sup>
- ◆ State EITCs can supplement the federal EITC to further support working families. Currently, Rhode Island offers a state EITC equal to 25% of the federal EITC, with 3.75% being refundable.
- ◆ Of the 24 states offering state EITCs, 20 offer credits that are fully refundable, meaning taxpayers receive back the entire tax credit even if it exceeds their income tax liability. Rhode Island is the only state with a partially refundable credit.<sup>25</sup> Credits that are non-refundable assist fewer working-poor families with children than refundable credits and are likely to be less effective as a work incentive.<sup>26</sup>