

# 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 and stable, regular child care.<sup>1</sup> Secure parental employment is also likely to improve family functioning by reducing the stress brought on by unemployment and underemployment of parents.<sup>2</sup>

In 2003 the Rhode Island annual unemployment rate was 5.3%, lower than the national rate of 6.0%. Both the Rhode Island and U.S. unemployment rates have risen over the past five years, with the national unemployment rate rising slightly faster than that for Rhode Island.<sup>3</sup> Unemployment rates vary significantly across cities and towns in the state, from highs of 9.1% in New Shoreham and 8.2% in Central Falls to lows of 2.7% in Richmond and 3.0% in Barrington and Narragansett.<sup>4</sup>

Nationally in 2002, 78% of children had at least one parent with full-time, year-round employment, a rate not

statistically distinguishable from the 2001 rate, but below the peak of 80% in 2000.<sup>5</sup> In Rhode Island in 2000, there were 52,043 children with no parent working full-time, year-round, representing slightly less than one quarter of all children in the state.<sup>6</sup>

Even when families include adults with secure parental employment, low wages cause many to remain below the federal poverty threshold. The likelihood of having one parent with full-time, year-round employment and remaining poor has increased in recent years from 21% of poor children in 1993, to 32% of poor children in 2001.<sup>7</sup> Between 1990 and 2000 in Rhode Island, the number of children living in low-income working families (full-time work and income below 200% of the federal poverty line) increased 18%, from 28,000 children to 33,000 children. This is 15% of all Rhode Island children, lower than the national average of 19%.<sup>8</sup>

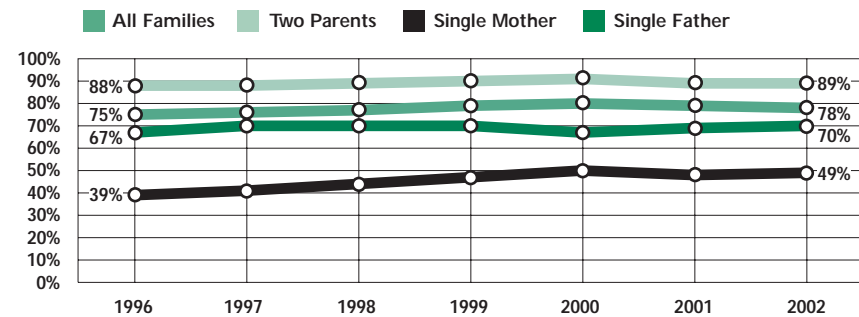
% of Children Living in Families Where Parent Has Full-Time, Year-Round Employment		
	1996	2001
RI	70%	75%
US	72%	75%
National Rank*		26th
New England Rank**		4th

\*1st is best; 50th is worst

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

Source: *KIDS COUNT data book: State profiles of child well-being 2004*. (2004). Baltimore, MD: The Annie E. Casey Foundation.

### Secure Parental Employment by Family Structure, United States, 1996-2002



Source: Federal Interagency Forum on Child and Family Statistics. (1997-2004). *America's children: Key national indicators of well-being*. Washington, DC: U.S. Government Printing Office. Secure parental employment is at least one parent working full-time, year-round.

◆ Much of the increase in secure parental employment during the 1990s was due to the increase in the percentage of children living with single mothers employed full-time, year-round, which increased from 39% in 1996 to 49% in 2002. Single mothers saw a rise in unemployment during the 2001 recession despite consistently high levels of labor force participation, indicating the group's strong desire to find work.<sup>9</sup>

◆ Single mothers consistently average both lower earnings and wages than single fathers. The differences in monthly earnings and hourly wages between men and women leaves a large number of families headed by working single mothers without adequate resources.<sup>10</sup>

◆ In Rhode Island in 2003, there were 2,705 families with incomes below the federal poverty threshold that had at least one adult with full-time, year-round employment. Fifty-six percent of these families were headed by married-couples, 32% were headed by single women and 12% were headed by single men.<sup>11</sup>

◆ In Rhode Island, the percentage of children living in families in which no parent has full-time, year-round employment decreased from 30% in 1996 to 23% in 2000, but rose in 2001 to 25%.<sup>12</sup>

## Secure Employment and Child Care

- ◆ Research shows a strong link between child care availability and sustained labor force participation by mothers. Nationally child care availability is particularly problematic for parents working nonstandard hours, as only between 12% and 35% of providers accept children beyond the nine-to-five work day.<sup>13</sup>
- ◆ Nationally, estimates show that providing full child care subsidies to mothers currently faced with paying child care expenses would increase the probability of work among poor mothers from 29% to 44% and among near-poor mothers from 43% to 57%.<sup>14</sup>
- ◆ Low-income parents are less likely to use paid child care, but when they do, they spend five times more of their income than higher-income parents. Child care is generally the second or third greatest expense for low-income, working families.<sup>15</sup>
- ◆ 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.<sup>16</sup>

### References for Indicator

<sup>1,2,7</sup> Federal Interagency Forum on Child and Family Statistics. (2003). *America's children: Key national indicators of well-being*. Washington, DC: U.S. Government Printing Office.

<sup>3</sup> Rhode Island Department of Labor and Training, Labor Market Information Division. Local Area Unemployment Statistics: New England Labor Force Statistics, Not Seasonally Adjusted 1978-Present. Retrieved February 4, 2005 at [www.dlt.state.ri.gov/lm](http://www.dlt.state.ri.gov/lm).

<sup>4</sup> Rhode Island Department of Labor and Training, Labor Market Information Division. Local Area Unemployment Statistics: Rhode Island City/Town 2003 Labor Force Statistics. Retrieved February 4, 2005 at [www.dlt.state.ri.gov/lm](http://www.dlt.state.ri.gov/lm).

<sup>5</sup> Federal Interagency Forum on Child and Family Statistics. (2004). *America's children in brief: Key national indicators of well-being, 2004*. Washington, DC: U.S. Government Printing Office.

<sup>6</sup> *KIDS COUNT data book: State profiles of child well-being 2003*. (2003). Baltimore, MD: The Annie E. Casey Foundation. Calculations done by Rhode Island KIDS COUNT.

<sup>8</sup> *Children at risk: State trends 1990 – 2000* (2002). Baltimore, MD: The Annie E. Casey Foundation.

<sup>9</sup> Sherman, A., Fremstad, S., & Parrott, S. (2004). *Employment rates for single mothers fell substantially during recent period of labor market weakness*. Washington, DC: Center on Budget and Policy Priorities.

<sup>10</sup> *Before and after welfare reform: The work and well-being of low-income single parent families*. (2003). Washington, DC: Institute for Women's Policy Research.

<sup>11</sup> U.S. Bureau of the Census, 2003 American Community Survey, Summary Tables. "Poverty Status in the Past 12 Months of Families by Family Type by Work Experience of Householder and Spouse."

<sup>12</sup> *KIDS COUNT data book: State profiles of child well-being 2004*. (2004). Baltimore, MD: The Annie E. Casey Foundation.

## Rhode Island Earned Income Tax Credit

- ◆ Welfare reform focuses 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 can close the poverty gap for low-income and moderate-income working families.<sup>17</sup>
- ◆ Currently, Rhode Island offers a state EITC equal to 25% of the federal EITC, with 1.5% being refundable. Of the 18 states offering state EITCs, 13 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 one of 5 states that does not offer a fully-refundable credit. Non-refundable credits, such as Rhode Island's, generally assist fewer working-poor families with children than refundable credits.<sup>18</sup>
- ◆ In all of the other states offering fully-refundable EITCs, taxpayers get back at least 5% and as much as 50% of the amount assigned to them through the federal EITC.<sup>19</sup> Increasing the EITC refundable amount from the current 1.5% to 5% of the federal EITC refund would provide a maximum benefit of \$210 to very low-income Rhode Islanders as opposed to the current maximum of \$50.<sup>20</sup>
- ◆ In 2004, 61,911 Rhode Island working families and individuals received tax credits from EITC up from 60,880 in 2003, for a 1.7% increase. The aggregate dollar amount Rhode Island families and individuals received through the EITC in 2004 was over \$100 million. While this represents a 2.3% increase from 2003, the increase was outpaced by inflation.<sup>21</sup>

<sup>13,14</sup> Henry, C., Werschkul, M., & Rao, M. C. (2003). *Child care subsidies promote mothers' employment and children's development*. Washington, DC: Institute for Women's Policy Research.

<sup>15</sup> Children fare better in low-income families with work supports. *The Forum*, 6(4), 1-2.

<sup>16</sup> Witte, A. D., & Queralt, M. (2003). *Impacts of eligibility and provider reimbursement rate increases on child care subsidy take-up rates, welfare use and work*. Cambridge, MA: National Bureau of Economic Research Working Paper 9693.

<sup>17,18,19</sup> Llobrera, J. & Zahradnik, B. (2004). *A HAND UP: How state earned income tax credits help working families escape poverty in 2004*. Washington, DC: Center on Budget and Policy Priorities.

<sup>20</sup> *One Rhode Island Platform*. (2004). Providence, RI: Rhode Island College School of Social Work, The Poverty Institute.

<sup>21</sup> *Facts about the earned income credit: Tax time can pay working families*. (2005). Washington, DC: Center on Budget and Policy Priorities.