

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.¹ Secure parental employment is also likely to improve family functioning by reducing the stress brought on by unemployment and underemployment of parents.²

In Rhode Island in 2000, there were approximately 75,000 Rhode Island children with no parent working full time, year round.³ This is almost a third (31%) of all Rhode Island children, slightly higher than the national rate of 28%.⁴

In 2001 the Rhode Island unemployment rate was 4.7%, similar to the national average.⁵ Unemployment rates vary significantly across cities and towns in the state, from highs of 10.1% in New Shoreham and 8.5% in Central Falls to lows of 1.8% in Richmond and 2.4% in Narragansett.⁶

The Rhode Island unemployment rate increased to 5.1% in 2002 while the U.S. rate increased to 5.8%.^{7,8}

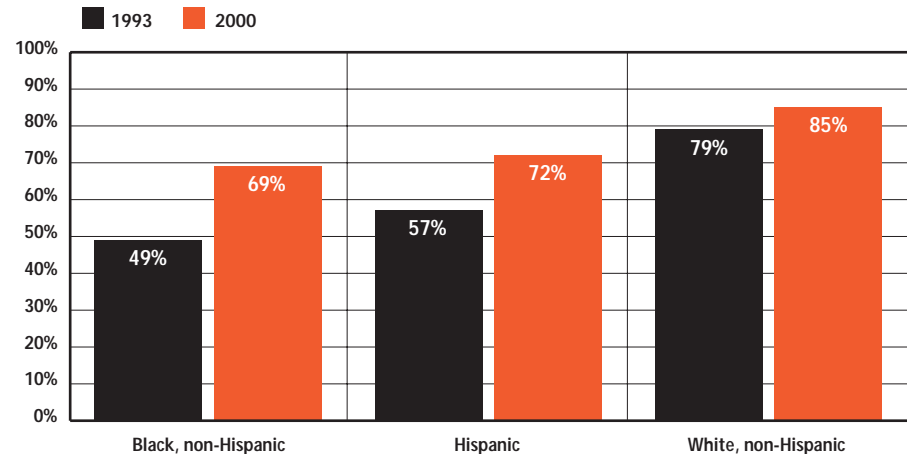
When families work in low-wage jobs, many remain below the poverty level and many more are low income.⁹ The likelihood of having one parent with full-time year-round employment and remaining poor has increased in recent years from 22% of poor children in 1990, to 35% of poor children in 2000.¹⁰ Between 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%.¹¹

Secure Parental Employment		
	1990	2000
RI	70%	69%
US	71%	72%
State Rank	37th	

1st is best; 50th is worst

Source: *Children At Risk: State Trends 1990-2000* (2002). Baltimore, MD: The Annie E. Casey Foundation.

Secure Parental Employment by Race and Ethnicity, United States, 1993 and 2000



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

- ◆ Secure parental employment increased for Black, Hispanic and White children between 1993 and 2000.
- ◆ Hispanic and Black children in the U.S. continue to be less likely than White, non-Hispanic children to live with at least one parent with full-time, year-round employment.
- ◆ Much of the increase in secure parental employment between 1993 and 2000 was due to the increase in the percentage of children living with single mothers who are employed full time year round, which increased from 33% in 1993 to 50% in 2000.
- ◆ During the past two decades, the percentage of children living in two-parent families in which both the mother and father worked full time all year has almost doubled, increasing from 17% to 33%.

Source: *America's Children: Key National Indicators of Well-Being* (2002). Washington, DC: Federal Interagency Forum on Child and Family Statistics.

Federal and State Tax Credits

- ◆ The Child Tax Credit (CTC) is a federal tax credit worth up to \$600 per child in 2002 for families with children under age 17. The CTC has been in effect since 1998, but recent Congressional changes now make the credit available to more working families and make it refundable, meaning that families can get the credit even if they owe no tax.¹²
- ◆ The federal Earned Income Tax Credit is a refundable credit on the federal income tax, available since 1975, to low-income and moderate-income working families with children. Five million people, about half of whom are children, were lifted above the poverty line as a result of the federal EITC.¹³ In 2001 in Rhode Island, 57,667 low-income working individuals and families received the federal EITC.¹⁴
- ◆ The state of Rhode Island is one of sixteen states that have established state EITC programs that can increase the income of low-wage workers to levels above the poverty line. Refundable EITC programs exist in 11 states and maximize economic benefits to the lowest-income families.¹⁵
- ◆ Rhode Island's EITC is non-refundable so that it provides no benefits to working families that have income too low to owe state income taxes.¹⁶ When a state EITC is refundable, the family receives a refund check if the size of its EITC exceeds its tax bill. In 2001, families in Rhode Island had no state income tax liability until they reached \$25,200.¹⁷
- ◆ A refundable state EITC would contribute an additional \$14 million to the budgets of low-income working families in the Providence area and \$4.7 million to the economy of the City of Providence.¹⁸

References

^{1,2,9,10} *America's Children: Key National Indicators of Well-Being* (2002). Washington, DC: Federal Interagency Forum on Child and Family Statistics.

^{3,4,11} *Children At Risk: State Trends 1990 – 2000* (2002). Baltimore, MD: The Annie E. Casey Foundation.

⁵ Rhode Island Department of Labor and Training, Labor Market Information Division, Unadjusted Unemployment Rates for States Ranked by Annual Average (March 2002). www.dlt.state.ri.us.

⁶ Rhode Island Department of Labor and Training, Labor Market Information Division, Rhode Island City/Town 2001 Annual Average Labor Force Statistics (February 2002). www.dlt.state.ri.us.

Increasing Earnings through Wage Laws

- ◆ In 2003, the Rhode Island minimum wage is \$6.15 per hour.¹⁹ A parent working 40 hours per week, 52 weeks per year at minimum wage in Rhode Island would be unable to earn enough to raise a family of three above the federal poverty level.²⁰
- ◆ Living wage proposals are proposals that are directed at a specific workforce and are set at rates higher than minimum wage laws. There are more than 70 jurisdictions in the U.S. including Boston, Los Angeles, Hartford, and New Haven that have passed living wage ordinances.²¹
- ◆ Providence is the only city in Rhode Island with a current living wage proposal. The proposed ordinance would require the City of Providence, city contractors with more than 25 employees or contracts over \$25,000 per year, and employers receiving substantial new tax breaks to pay a minimum of \$10.19 per hour and the equivalent of \$1.78 per hour for health insurance benefits.²²

References

⁷ Rhode Island Department of Labor and Training, Labor Market Information Division, Local Area Unemployment Statistics. Unemployment Rates for States, Annual Average Rankings, 1998-Present (March 2003). www.dlt.state.ri.us.

⁸ U.S. Department of Labor, Bureau of Labor Statistics, Labor Force Statistics from the Current Population Survey, Unemployment Rate Civilian Labor Force (January 2003). www.bls.gov.

¹² *Facts about the New Child Tax Credit: A Bigger Paycheck Boost for Many Families* (2003). Washington, DC: Center on Budget and Policy Priorities.

^{13,15,16} Johnson, N. (December 2001). *A Hand Up: How State Earned Income Tax Credits Help Working Families Escape Poverty in 2001*. Washington, DC: Center on Budget and Policy Priorities.

¹⁴ Center on Budget and Policy Priorities, EIC Participation for Tax Year 2001 by State (January 2003). www.cbpp.org/eic2003/participation.pdf.

¹⁷ Johnson, N. et al (February 2002). *State Income Tax Burdens on Low-Income Families in 2001*. Washington, DC: Center on Budget and Policy Priorities

¹⁸ *Rewarding Work: The Impact of the Earned Income Tax Credit in Greater Providence* (June 2001). Washington, DC: The Brookings Institute, Center on Urban and Metropolitan Policy.

¹⁹ U.S. Department of Labor, Minimum Wage Laws in the States (January 2003). www.dol.gov/dol/esa/public/minwage/america/htm.

²⁰ The 2002 Poverty Guidelines, U.S. Department of Health and Human Services (January 2003). <http://aspe.hhs.gov/poverty/02.htm>.

²¹ Economic Policy Institute, Living Wage Ordinances Currently in Place (January 2003). www.epinet.org.

²² Employment Policies Institute (January 2003). www.livingwage.com.