



The Poverty Institute
at the Rhode Island College School of Social Work

The importance of welfare, child care and health care
to female-headed households in Rhode Island

Status of Female-headed Households in Rhode Island

- Forty-two percent (42%) live in poverty
- More than two-thirds (67%) live with incomes below 2X FPL (\$33,200/year for a family of 3)
- Earn 82% of men's wages
- More likely to work part-time and have child care responsibilities



Rhode Island Standard of Need



- Federal Poverty Level created in the 1960s and based on cost of food
- Housing, child care and health care have far outpaced cost of food
- RISN shows family of three needs \$49,900 for basic expenses vs. \$16,600 FPL

Rhode Island Standard of Need



Single parent **WITHOUT** subsidy

Housing	\$845
Food	\$523
Transportation	\$303
Child Care	\$1283
Medical	\$805
Miscellaneous/Sales.	\$402
Total expenses	\$4,161
Income (\$11.60/hour)	\$2193
Difference	-\$968

Single parent **WITH** subsidy

Housing	\$845
Food	\$523
Transportation	\$303
Child Care	\$80
Medical	\$0
Miscellaneous/Sales.	\$402
Ttotal expenses	\$2,416
Income \$11.60/hour.	\$2,193
Difference	+\$40

The Family Independence Program



- Cash assistance and work preparation for very poor families often in crisis
- Maximum benefit for a family of three is \$554/month (has not been increased in 17 years)
- Five year life time limit for adults
- For those who can work:
 - Prepares low-skilled parents for work; education and training allowed in first two years
 - Supplements very low wages
- Some parents cannot work including parents with disabilities or those caring for a disabled family member

The Family Independence Program

- Almost 50% of FIP households have only one child; 30% have two children
- Nationally it is estimated between 50-60% of recipients are victims of domestic violence
- More than 32% tested with 6th grade reading ability or less; 50% have less than high school education
- 34% of cases are child only
- 26% of heads of households have a permanent or temporary disability or are caring for a relative with a disability or an infant



Welfare: Reality versus Rhetoric

- Caseloads have declined by 36% since 1997
- State funding dropped from \$51 million to \$13 million (currently $\frac{1}{2}$ of 1% of state budget)
- Cases closing and leaving state far exceeds new cases
- RI among top ten states for job retention in 2005
- Ninety-percent (90%) required to work or prepare for work are fulfilling requirements

Proposed cuts to FIP, Rlte Care and Child Care



- Cash assistance (FIP) funding from \$13 million to \$7.5 million with several punitive changes adopted
(\$5.5 million in cuts)
- More than 10,000 people off Rlte Care and many more in the future who won't be able to afford program
(\$16.6 million in cuts to Rlte Care)
- Fewer families with access to child care assistance because of increased co-pays and provider cuts
- **(\$3.8 million in cuts)**

Single parent earning \$24,000 will lose Rlte care and pay \$720/year more for Rlte Care and child care



State Budget and Proposed Cuts

- Cuts to FIP, child care and Rlte Care total **\$25.9 million in state funds** and cause us to forfeit **\$13 million in federal matching funds**
- Represents 3.5 percent off state's total human service funding and 0.8 percent of total state general fund
- Compare \$5.5 million in cuts to FIP with \$5.3 lost revenue for "Sales Tax Holiday" proposed for August
- Compare \$9.1 million savings by removing 6,800 adults from Rlte Care to \$7.5 million in lost revenue to increase car tax exemption by \$500

Tax Expenditure Report

- Review state spending every year but don't review tax expenditures (tax breaks, incentives which cause state to lose revenue)
- Of 27 “tax expenditures” designed to lower business taxes, only 2 were estimated this year to determine cost to state and effectiveness in achieving goals
- One of two tax breaks estimated this year cost \$39 million, more than total cuts to FIP, Rlite Care and child care
- RI doing better job of incorporating accountability for job growth and wage standards in recent years