

Economic Insecurity among Rhode Islanders

- Twelve percent (12%) of all Rhode Islanders lives in poverty and the rate is higher for children at eighteen percent (18%).
- It costs \$50,000 to raise a family with two children in Rhode Island, according to the 2006 RI Standard of Need. A family would need gross earnings of \$60,000 to meet their basic expenses without work support programs like the Earned Income Tax Credit, RIte Care Health Insurance and Child Care Assistance. With these work supports, a single parent with two children can make ends meet with \$30,000 a year.
- The wage required to meet basic expenses when a single parent with two children is receiving child care assistance and RIte Care health insurance is \$14.76 an hour. The median wage in Rhode Island in 2005 was \$14.89/hour. Rhode Island is the only state in New England that has not seen an increase in the median wage since 2000.
- A single parent with two children relying on cash assistance has a gap between income and expenses of more than \$900/month. More than 20,000 children in the state rely on cash assistance because their parent is unable to work, preparing for work, or working at very low wages. These families survive on incomes that are 60% below the federal poverty level. Cash benefits have not been increased in almost twenty years.
- A 2003 study showed parents who participated in education and training had higher earnings when leaving FIP (\$11.37/hour) than those who did not (\$8.66/hour).

One RI Proposals:

Increase the Refundable Earned Income Tax Credit

Increase Rhode Island's Refundable EITC from 3.75% to 5% of the federal refundable amount. At 5% of the federal refundable EITC, the maximum benefit would be \$210 for 42,000 very low income Rhode Islanders. Every other state that offers a refundable EITC has implemented a rate of at least 5% of the federal EITC.

Increase income and work opportunities through the Family Independence Program

Allow parents who are working to retain a FIP supplemental payment to bring total income up to 100% FPL. Increase the amount of the child-support pass through that children on FIP receive from non-custodial parents from \$50 to \$100 per month.

Increase the number of parents on FIP who move toward jobs that pay a family sustaining wage by expanding access to education and training and by working intensely with new parents.