

# Protect the Shrinking Safety Net

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In the best of times, low-income working families still struggle to make ends meet. In tough economic times like these, it becomes even more challenging to put food on the table, keep the heat on, and stay current with the bills.

Today low-income families in the Ocean State face a double whammy: not only has the recession hit workers hard, but low-wage families were particularly impacted when the state reduced eligibility for child care assistance and RIte Care health insurance. RIte Care monthly premiums and child care co-payments were also increased, placing additional stress on household budgets.

The Poverty Institute's new *Rhode Island Standard of Need* report documents the deep impact that state budget cuts have had on working families. The bottom line is that because of the cuts, many more low-wage working families are unable to close the gap between their earnings and expenses.

Consider how the state's budget decisions have hurt a typical two-parent family that has two young children and has combined earnings of a little more than \$39,200 a year, or close to twice the federal poverty income level.

Two years ago, that family could meet its monthly expenses because it qualified for subsidized child care. Today, that family is no longer eligible for child care assistance and their expenses outpace their earnings by a staggering \$1,179 a month.

By comparison, the study shows that a two-parent family with two kids where both parents work full time and earn slightly less (\$37,100 annually) still has a gap between earnings and expenses of \$103 each month – even with help from state-subsidized child care and health insurance. Without that assistance, such a family would face a monthly budget deficit of \$1,114.

There is simply no good way for families to make up that monthly gap in the earnings they need to pay the bills. Instead, families find themselves facing difficult decisions: should they pay the rent or pay the heating bill? Should they forgo doctor's appointments or forego food that week?

The Poverty Institute has carefully analyzed the basic cost of living for these workers and their families. Unlike the federal poverty level, which grossly underestimates a family's basic budget requirements, the *Rhode Island Standard of Need* calculates a more realistic, no-frills, family budget of basic expenses, including housing, food, transportation, child care, health care, and some miscellaneous expenses such as clothing and telephone.

The study found that a Rhode Island single parent with two children needs \$47,352 to meet basic needs. The parent needs gross earnings of more than \$52,800, which is three times the federal poverty level, to meet this budget without government subsidies.

A two-parent family with two kids requires \$52,188 to meet basic needs. Without any government subsidies, such a family requires gross earnings of more than over \$58,300, which is 2.75 times the federal poverty level.

According to Census data, the state has more than 13,000 families that are earning less than these threshold amounts. These are families that typically rely on state-subsidized child care or health care to survive.

Rhode Island policymakers should avoid making new cuts to programs that provide critical support to working families, including child care and health coverage. The state's budget deficit will force many hard decisions but we must be smart and avoid cutting essential economic lifelines to hardworking families.

We've been down this road before – and low-income families are paying the price now for shortsighted decisions made in the past two years.

There will always be jobs that pay wages that don't allow hard working Rhode Islanders to support their families. These are people that work in our community in jobs such as data entry specialists and line cooks, school bus and ambulance drivers, dental assistants and bookkeepers.

We can't leave any member of our community behind. In these tough economic times, let's make it a priority to protect the work supports that keep low-wage workers adults working, their children safe and healthy, and make our economy strong.

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