



MEDIA ADVISORY

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Poverty Institute study shows cost to raise a family in R.I. is \$50,000 a year

Bi-annual Standard of Needs report finds that child and health care subsidies help defray costs for lower-wage families. A forum on report findings to take place Tuesday, Jan 30 2:30 p.m. at the State House.

The cost to live and raise a family in Rhode Island is approximately \$50,000 a year, according to the latest Rhode Island Standard of Need report for 2006 released today by The Poverty Institute at Rhode Island College.

In 2006, a two-parent family with a toddler and a school-aged child had basic expenses of \$52,000 a year. A single parent with the same age children had expenses of nearly \$48,000 a year.

“The amount a family needs to earn to meet these expenses depends largely on whether the family is eligible to receive work supports including tax credits and subsidies for child care and health care,” said Kate Brewster, executive director of the Poverty Institute at RIC. “Families earning close to poverty level wages can’t make ends meet even with these supports.”

The report shows that without subsidies, both two-parent and single-parent families need gross earnings of close to \$60,000 a year to meet the cost of housing, food, transportation, child care, health insurance, and daily expenses. This is three times the Federal Poverty Level for a family of four.

Families with lower earnings, however, can take advantage of the Earned Income Tax Credit, RIte Care/RIte Share Health Insurance and the Child Care Assistance Program. Both single-parent and two-parent families earning slightly less than twice the Federal Poverty Level - \$30,710 for a family of three and \$37,000 for a family of four – are just able to meet their basic monthly expenses because of these work support programs.

In terms of hourly wages, a single parent receiving child care assistance and health insurance through RIte Care needs to earn \$14.76 an hour to pay monthly expenses. Without these government subsidies, the wage-earner in this family needs to earn almost \$28 an hour to meet expenses. The median wage in the state is \$14.39 an hour.

Social service providers, like Debbie Nigrelli, director of St. Mary’s–St. James Community Food Pantry located in Charlestown, sees first-hand the effects of inadequate family income and rising expenses.

“This year, we have been inundated with families who cannot afford to keep food on the table even though the parents are working,” Nigrelli said.

The Poverty Institute reports that families are sometimes forced to find creative solutions to unaffordable situations.

“We know that more than ever before, families are doubling and tripling up in housing situations, or turning to homeless shelters. Parents may have to decline insurance at work or default on their monthly premiums for RIte Care/RIte Share and we’ve seen a resulting rise in uninsured Rhode Islanders this past year,” said Brewster.

Business owners Nancy Kaufman of Tru-Kay Manufacturing Co. in Lincoln praise the RIte Care/RIte Share for the help it provides to workers. “As business owners, we understand the importance of RIte Share in our employees’ budgets. The cost of healthcare keeps getting higher each year and is difficult for many families to pay. This is a wonderful program that partners the state with businesses to help cover the whole family. Our employees take comfort in knowing that everyone in their family is covered,” said Kaufman.

The study also showed the value of the Child Care Assistance Program, which provides subsidies to working families. When families with higher earnings become ineligible for this assistance, they fall short of meeting monthly expenses by \$600. According to the Poverty Institute, child care costs can consume close to one-third of a family’s budget. Care for an infant costs more than tuition at a public college or university.

The study also finds that those earning poverty level wages or below, which includes minimum wage earners, suffer severe economic hardship. A single adult earning minimum wage has a gap between income and expenses of almost \$500 a month, demonstrating that despite recent increases, the minimum wage has not kept pace with the rising cost of living.

Families receiving cash assistance through the Family Independence Program (FIP) because the parent is unable to work or is preparing to work, are in severe financial jeopardy, falling short of meeting bare bone expenses by almost \$900 a month. FIP cash benefits have not been increased in almost 20 years.

The Poverty Institute will present policy implications and report findings at a forum in the Senate Lounge at the State House on Tuesday, January 30 at 2:30 p.m. The Women’s Fund of Rhode Island will also release an update of The Status of Women in Rhode Island – A Mid-Decade Report, at the forum.

The Poverty Institute is a non-partisan research and policy organization based in the School of Social Work at Rhode Island College. The Institute releases the Standard of Need report every two years.

Income comparison by municipalities:

It costs \$50,000 a year to raise a family in Rhode Island, which requires a gross income of \$60,000.

NEWPORT

The median family income in Newport is \$54,116

Subsidies for child care and health care mean that a two-parent family with two children can earn \$37,000 a year and make ends meet. In Newport, 1,096 non-FIP* children were enrolled in RIte Care and 235 non-FIP children were receiving child care subsidies in December 2005.

PAWTUCKET and CENTRAL FALLS

The median family income in Pawtucket is \$39,038 and in Central Falls is \$26,844.

Subsidies for child care and health care mean that a two-parent family with two children can earn \$37,000 a year and make ends meet. In Pawtucket and Central Falls combined, there were 8,896 non-FIP children enrolled in RIte Care and 1,516 non-FIP children receiving child care subsidies in December 2005.

WOONSOCKET

The median family income in Woonsocket is \$38,359.

Subsidies for child care and health care mean that a two-parent family with two children can earn \$37,000 a year and make ends meet. In Woonsocket, 3,196 non-FIP* children were enrolled in RIte Care and 499 non-FIP children were receiving child care subsidies in December 2005.

PROVIDENCE

The median family income in Providence is \$32,058.

Subsidies for child care and health care mean that a two-parent family with two children can earn \$37,000 a year and make ends meet. In Providence, 17,594 non-FIP children were enrolled in RIte Care and 4,253 non-FIP* children were receiving child care subsidies in December 2005.

WESTERLY and CHARLESTOWN

The median family income in Westerly is \$53,165 and in Charlestown is \$56,866.

Subsidies for child care and health care mean that a two-parent family with two children can earn \$37,000 a year and make ends meet.

In Westerly, 913 non-FIP* children were enrolled in RIte Care and 109 non-FIP children were receiving child care subsidies in December 2005. In Charlestown, 258 non-FIP children were enrolled in RIte Care and 27 non-FIP children were receiving child care subsidies.

WARWICK

The median family income in Warwick is \$56,225.

Subsidies for child care and health care mean that a two-parent family with two children can earn \$37,000 a year and make ends meet. In Warwick, 2,946 non-FIP* children were enrolled in RIte Care and 520 non-FIP children were receiving child care subsidies in December 2005.

KENT COUNTY

The median family income in Coventry is \$60,315, East Greenwich is \$90,221, and West Greenwich is \$71,332.

The median family incomes in Warwick and West Warwick are \$56,225 and \$47,674 respectively.

Subsidies for child care and health care mean that a two-parent family with two children can earn \$37,000 a year and make ends meet. In Kent County, 5,998 non-FIP* children were enrolled in RIte Care and 1,078 non-FIP children were receiving child care subsidies in December 2005.

* Non-FIP means these children are not enrolled in the Family Independence Program, Rhode Island's cash assistance or work readiness program.