

THE 2020 RHODE ISLAND STANDARD OF NEED

COVID-19 Edition







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The Economic Progress Institute

www.economicprogressri.org

600 Mount Pleasant Avenue, Building 9, Providence, RI 02908

telephone (401) 456-8512 | fax (401) 456-9550 | info@economicprogressri.org

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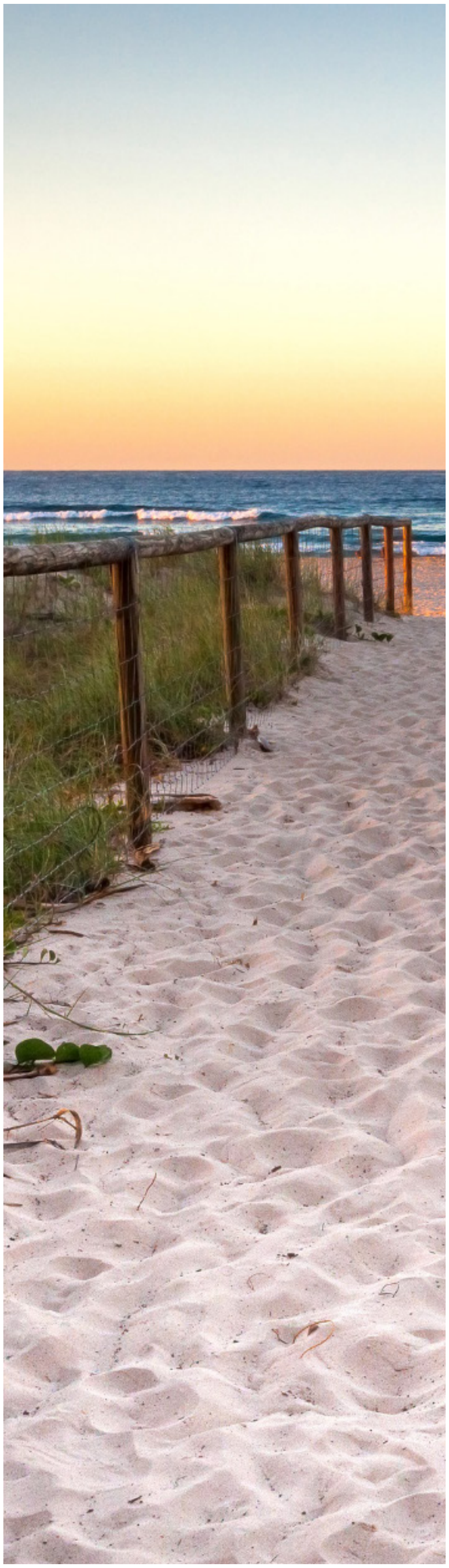
INTRODUCTION



With scenic beaches, culinary and arts communities, and higher education institutions, Rhode Island can be a wonderful place to live and to raise a family. Yet many Rhode Islanders — working at jobs that pay wages that are too low to meet even the most basic living costs — experience many barriers to feeding, clothing, and housing themselves and their children. Black and Latinx Rhode Islanders make up a dispropor-tionate share of those with low wages and income. For those families seeking to overcome barriers to get by, work support programs can help narrow the gap between earnings and expens-es. Since Black and Latinx Rhode Islanders are overrepresented as a share of Rhode Island's low-wage workers, enhancing such programs, as well as paying all workers a living wage, would serve to decrease disparities.

In alternating years, the Economic Progress Institute (EPI) has published the Rhode Island Standard of Need (RISN) to answer two fundamental questions:

1. **What is the cost of meeting basic needs for families and individuals in Rhode Island?**
2. **How do state and federal work supports help households meet the cost of basic needs?**

This year, in 2020, the RISN poses two more questions:

3. **What are the racial and ethnic inequities in the ability of Rhode Island families to meet their basic needs?**
4. **How has additional government support helped essential and other workers and their families during the COVID-19 pandemic?**

The Rhode Island Standard of Need provides a more accurate measure of economic well-being than the commonly used Federal Poverty Level (FPL). The federal poverty level was developed in the 1960s and measured economic security based on the cost of food, which at the time represented a third of a family's budget. Today, other expenses such as housing and child care, necessary for parents to work, take up a larger share of a household budget than does food. Yet the federal poverty level has not changed to reflect this new reality, or to reflect that expenses vary in different areas of the country. The federal poverty level also fails to take into account the value of work support programs and tax credits that can help working families meet their expenses.

The RISN calculates a household budget for families with two young children, and for single adults. The no-frills budget includes the costs of housing, food, transportation, health care, child care, and other necessities including clothing, toiletries, and telephone service. The RISN also demonstrates how work supports like food assistance, tax credits, and child care and health care subsidies help close the gap between income and expenses for basic needs. By taking all of these factors into account, the RISN provides a more realistic measure of the economic security — or, too often, insecurity — of Rhode Islanders than does the federal poverty level.

KEY FINDINGS

MEETING BASIC NEEDS	Single-Parent Family*	Two-Parent Family*	Single Adult
Annual Expenses	$57,671	$64,526	$24,513
Annual Pre-Tax Earnings Required	$66,057	$73,646	$30,600

* Assumes two children: a toddler and a school-aged child and that all parents are working.

TABLE 1

These nine findings provide a summary of the RISN. Details for each finding can be found starting at page 5.

1. **Raising a family in Rhode Island is expensive.** It costs a single-parent family $57,671 and a two-parent family $64,526 to raise a toddler and a school-aged child. A single adult has expenses of $24,513 annually to meet his or her most basic needs. The chart above also shows the income these households need to earn to have sufficient net income to meet their annual expenses.

2. **Many Rhode Island households do not earn enough to make ends meet, with Latinx and Black households less likely than White households to do so.** In Rhode Island, 72 percent of Latinx* adults without children earn less than the income required to meet basic needs, as do 59 percent of Black and 56 percent of Asian Rhode Islanders, while 49 percent of Whites do.** For single-parent families with two children, 63 percent of Whites earn less than needed to meet their basic needs, while an astounding 91 percent of Latinx Rhode Island families fall short of the that level of earnings. For two-parent households with two children, only 20 percent of White Rhode Island families take in less than what is needed to pay basic expenses, whereas 56 percent of similar Latinx families do. Overall, Rhode Island households earning less than necessary to meet the RISN include 52 percent of individual adults without children, 74 percent of families with one parent and two children, and 27 percent of families with two parents and two children.

3. **RISN calculations highlight the inadequacy of the Federal Poverty Level (FPL) as a measure of economic security.** The annual Census Bureau report documenting the number of Americans living in poverty undercounts the number of families struggling to make ends meet. Working families with young children need income more than double the federal poverty level to meet basic needs.

4. **Government-funded work support programs help narrow the gap between income and expenses for many low-wage families and expanding these programs would decrease racial and ethnic disparities.** Child care subsidies, tax credits, and SNAP benefits help families make ends meet when wages are not enough. Subsidized health insurance through Medicaid and HealthSource RI provide coverage for Rhode Islanders who are not covered through their employers.

* This report uses the term Latinx to refer to people often identified as Latino, Latina, and Hispanic.

** Unless stated otherwise, White, Black, and Asian Rhode Islanders in this report do not include those of Latinx ethnicity.

5. **Without subsidies from the Child Care Assistance Program (CCAP), working families have a large gap between income and expenses for basic needs.** A working parent with income a penny above the CCAP income limit ($39,096 for a family of 3) would need to pay $1,502 each month for regulated care for her children. Even with SNAP, WIC, and subsidized health care, the parent's monthly budget would be over $600 in the red.

6. **Increasing the Rhode Island minimum wage would help narrow the gap between earnings and RISN expenses, improving economic well-being, especially for women and for Black and Latinx Rhode Islanders.** At the current state minimum wage ($11.50/hour), a single adult earns nearly $6,500 less than needed to meet basic expenses. For minimum wage earners who are parents and have expenses for raising children, the gap is considerably larger.

7. **Rhode Islanders receiving cash assistance through RI Works, who are disproportionately Black and Latinx, or through SSI have significant gaps between income and basic living expenses.** Seniors and people with disabilities who receive SSI benefits have income (including SNAP) that is just below the federal poverty level. Families receiving RI Works cash assistance have income (including SNAP and WIC) that is 38 percent below the poverty level.

8. **COVID-19 has created challenges for Rhode Island's essential workers, among whom Latinx and Black workers are overrepresented.** The coronavirus pandemic has highlighted the importance of workers who provide critical services and do not have the luxury of working from home. Home health aides, CNAs, child care workers, cashiers, sanitation workers, and other 'essential workers' are often not paid wages sufficient to meet their families' basic needs. Because of restrictive eligibility rules for SNAP and the Child Care Assistance Program, many may not qualify for this assistance. As is the case with low-wage workers in general, Black and Latinx Rhode Islanders account for a disproportionate segment of the workers society deems essential.

9. **CARES Act support helped ease financial stress for many workers and their households during the coronavirus pandemic and highlights the need for increased pay, higher unemployment benefits, and additional SNAP assistance to help working families make ends meet all through the year.** Whereas in ordinary times a parent who lost a job with income not far above the poverty level would find themselves with unemployment income and other benefits leaving them below the poverty level, the expanded federal unemployment benefits and increased SNAP benefits kept such people and their families above the poverty level for a number of months during the pandemic.

FAMILY EXPENSES

1. **Raising a family in Rhode Island is expensive.** Although there are many sorts of family arrangements, the 2020 RISN focuses on and calculates the cost of living for three types of households: a single-parent family with two children; a two-parent family with two children; and a single adult. A single adult has minimum expenses of $24,513 annually, and needs to earn $30,600 before taxes to meet these expenses. It costs a single-parent family $57,671 and a two-parent family $64,526 to raise a toddler and a school-aged child in Rhode Island. These families need pre-tax earnings of $66,057 and $73,646, respectively to meet the most basic needs (See Table 2). The RISN calculates costs for child care, housing, food, health care, transportation and "miscellaneous items" including telephone, clothing and personal care items. (See Chart 1). The RISN does not included any leisure or vacation expenses.

The RISN also does *not* include internet service, although increasingly this has become a basic necessity of the modern world. The coronavirus pandemic has demonstrated the importance of internet service for countering the potentially harmful effects of social isolation, as well as for telehealth and remote learning for children and adults, highlighting the need to close the digital divide that pre-dated the onset of the virus.

HOUSING AND CHILD CARE ACCOUNT FOR MORE THAN HALF OF EXPENSES FOR A SINGLE-PARENT WORKING FAMILY

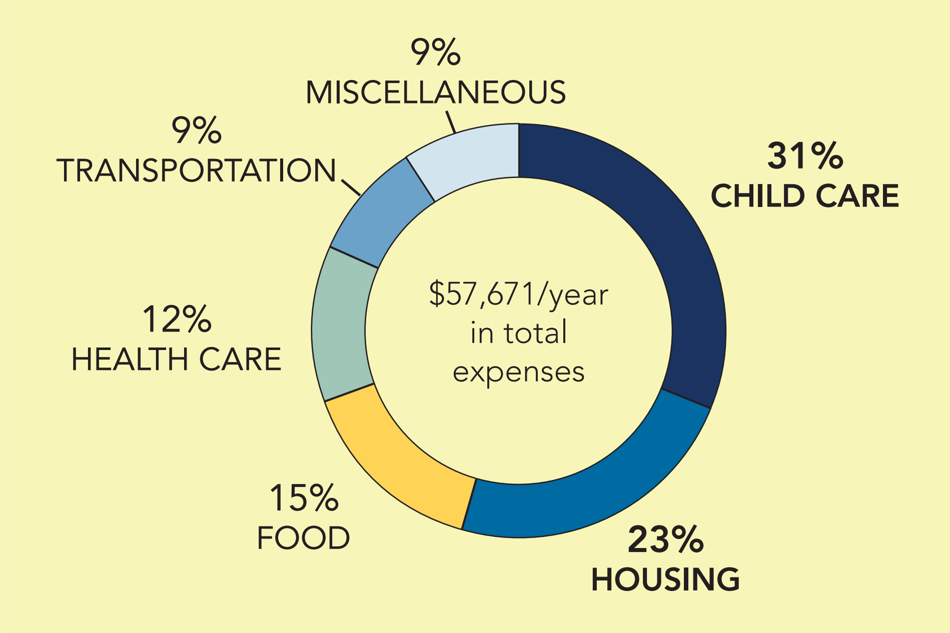


CHART 1

Housing costs figure as part of the RISN, but these numbers do not tell the whole story. The RISN assumes people are renting, and data from HousingWorks RI show that a significant number of people are cost burdened when it comes to paying rent, making it exceedingly difficult to pay for all essential needs.[1] In 2019, prior to the onset of COVID-19, of the 27,000 lowest-income Rhode Island renter households, 81 percent were cost burdened, and three-quarters of these renters were severely cost burdened. Excluding the 20 percent of renter households with the highest incomes, the rates of households with housing cost burdens increased, in only one year, from 5 percent to 28 percent.

With so many low-income families lacking budget flexibility, it comes as no surprise that many of these families cannot afford home ownership, the primary mechanism for building wealth in America. Systemic racism has meant that, on average, White families have and continue to accumulate wealth in ways that Black and Latinx and other Rhode Island families cannot. White home ownership in Rhode Island stood at 67 percent in 2019, while the rate was 47 percent for Asian Rhode Islanders, 33 percent for Black Rhode Islanders, and 29 percent for Latinx Rhode Islanders. Furthermore, racial and ethnic disparities in being cost burdened persist among homeowners — 28 percent of White, 32 percent of Asian, 41 percent of Latinx, and 43 percent of Black Rhode Island home-owners pay more than 30 percent of income toward their mortgages.[2]

RHODE ISLAND STANDARD OF NEED BUDGET

EXPENSES	Single-Parent Family*	Two-Parent Family*	Single Adult
Housing	$1,101	$1,101	$911
Food	$739	$1,020	$351
Transportation	$429	$561	$299
Child Care Costs	$1,502	$1,502	-
Health Care	$597	$597	$216
Miscellaneous	$438	$596	$266
Total Monthly Expenses	**$4,806**	**$5,377**	**$2,043**
Total Yearly Expenses	**$57,671**	**$64,526**	**$24,513**
MONTHLY TAXES AND TAX CREDITS			
Sales Tax	$94	$104	$61
State and Federal Payroll Taxes**	$1,064	$1,114	$446
Tax Credits	- $458	- $458	-
Total Monthly Taxes	**$699**	**$760**	**$507**
Total Yearly Taxes	**$8,385**	**$9,120**	**$6,087**
PRE-TAX EARNINGS NEEDED TO MAKE ENDS MEET			
Monthly	**$5,505**	**$6,137**	**$2,550**
Yearly	**$66,056**	**$73,646**	**$30,600**
Hourly* **	**$31.76**	**$35.41**	**$14.71**

* Assumes two children: a toddler and a school-aged child and that all parents are working.
** Before credits
*** Hourly wage needed assumes 52 weeks of work at 40 hours a week

TABLE 2

HOUSEHOLD EARNINGS

2. **Many Rhode Island households do not earn enough to make ends meet, with Latinx and Black households less likely than White households to do so.** Just over 7 out of 10 (72 percent) of Latinx single adults without children earn less than the $30,600 needed to meet their basic needs, as do 59 percent of Black, 56 percent of Asian, and 49 percent of White Rhode Islanders.

   In the case of single-parent families, over 9 out of 10 (91 percent) of Latinx families with two children earn less than the $66,057 needed to meet their basic needs, while more than 6 out of 10 (63 percent) of White single-parent families with two children face the same challenge.*

   For two-parent families with two children, 56 percent of Latinx households do not earn the $73,646 needed to pay basic expenses, whereas only 20 percent of similar White households fall below the RISN.

   Overall, Rhode Island households falling below the RISN include 52 percent of individual adults without children, 74 percent of families of one parent and two children, and 27 percent of families of two parents and two children. These percentages are far too high across the board, yet mask significant racial and ethnic inequities (see Chart 2). Consistently, White households of all RISN family types fare better on average than Latinx and Black households. Policies that address the economic insecurity of low-income and middle-income families and individuals will help to decrease these disparities.

MANY RHODE ISLAND HOUSEHOLDS, ESPECIALLY BLACK AND LATINX HOUSEHOLDS, DO NOT EARN ENOUGH TO MAKE ENDS MEET

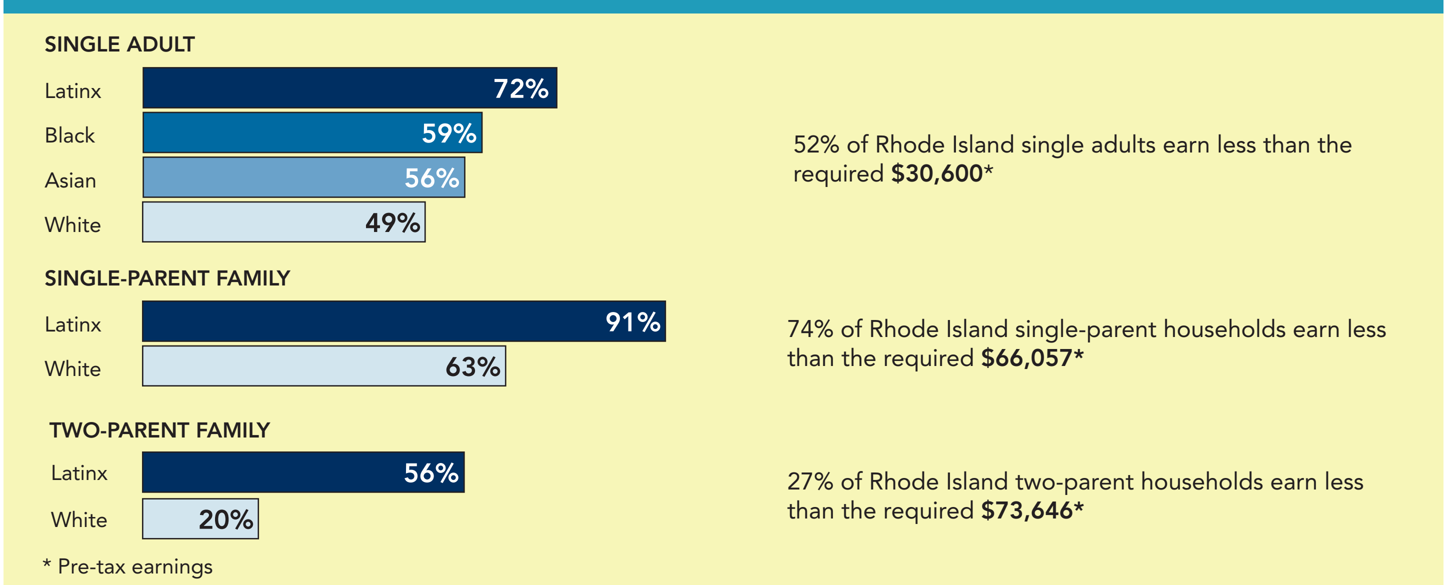


CHART 2

* For Black and Asian households of one or two parents, the sample sizes were inadequate to provide reliable rates.

MEASURING ECONOMIC SECURITY

3. **RISN calculations highlight the inadequacy of the Federal Poverty Level (FPL) as a measure of economic security.** Federal poverty data for the last five years show that about one in eight Rhode Islanders (13.1 percent) lives in poverty. The poverty rate for Black Rhode Islanders (21.5 percent) is more than twice as high as the rate for Whites (9.0 percent), and the rate for Latinx Rhode Islanders (27.1 percent) is three times as high; for Asian Rhode Islanders, the rate is not quite twice as high (15.9 percent).[3] Because the federal poverty measure is calculated by making inflation adjustments to an expense methodology based solely on food costs and dating from the 1960s, it no longer reflects the reality of most families' lives and is not an accurate measure of what it costs to make ends meet for families in the 21st century.[4] Indeed, the 2020 FPL numbers fall well below the 2020 RISN numbers and so clearly underestimate poverty in Rhode Island, if one equates living in poverty as not being able to afford basic needs.

THE FEDERAL POVERTY LEVEL IS AN OUTDATED MEASURE OF ECONOMIC SECURITY

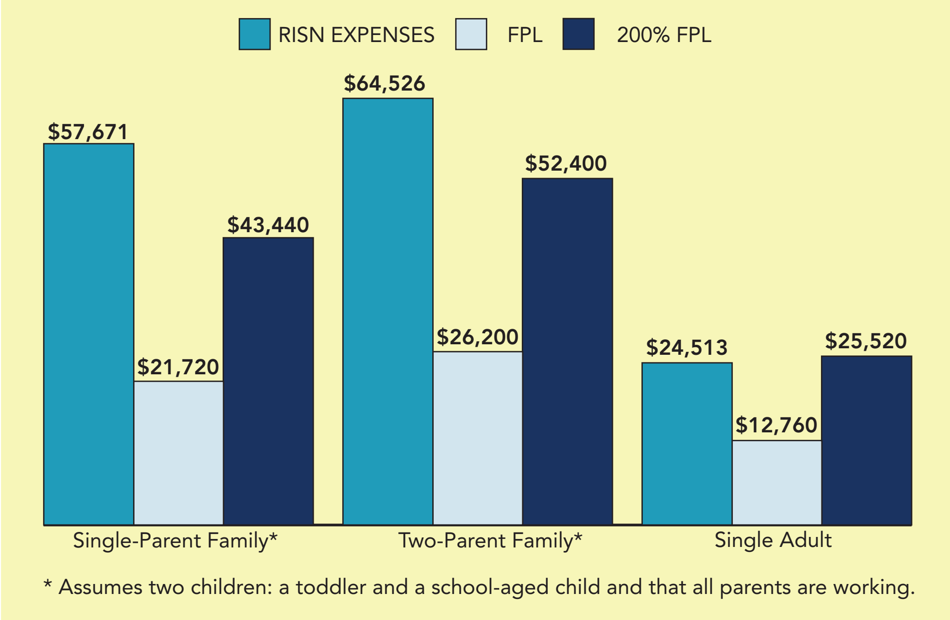


CHART 3

Single adults need income of almost twice the federal poverty level to meet their basic needs according to the RISN amount. Families with young children need income around two and a half times the federal poverty level to meet their basic needs (See Chart 3).

WORK SUPPORTS CAN HELP ELIGIBLE FAMILIES

4. **Government-funded work support programs help narrow the gap between income and expenses for many low-wage families and expanding these programs would decrease racial and ethnic disparities.** A single parent with two young children needs to earn $31.76 an hour to meet his or her family's basic needs. Around one-third of Rhode Island jobs* pay a median hourly wage above this amount, and the overall median wage for all Rhode Island jobs in May 2019 was just $21.24 per hour.[5] Child care and health care subsidies, tax credits, and food assistance make a significant difference for families when wages aren't enough, as Nicole's story shows.

Nicole is a single mom of nine-year-old Jacob and three-year-old Olivia. Nicole works as a customer service representative at a dental practice and has annual gross earnings of $30,625.

Because the health insurance offered through Nicole's employer is unaffordable for her, she has enrolled her family in RIte Care health insurance at no cost.

She also qualifies for help paying for full-time care for Olivia and after-school care for Jacob, which otherwise would cost her $1,502 per month. Based on her income — at 141 percent of the federal poverty level — Nicole's co-pay through the Child Care Assistance Program is $128 per month.[6]

WORK SUPPORTS HELP FAMILIES WITH MODEST EARNINGS MAKE ENDS MEET

Nicole, a single mom with two children and earnings of $30,625

	With Child Care & Health Care Subsidies	Without Child Care & Health Care Subsidies
Housing	$1,101	$1,101
Food	$739	$739
Transportation	$429	$429
Child Care	$128	$1,502
Health Care	$0	$597
Miscellaneous	$438	$438
Total Expenses	$2,835	$4,806
Total Income*	$3,098	$3,517
Difference	**$263**	**- $1,289**

* Income is net earnings plus food assistance (SNAP and WIC) and tax credits. Child care costs are counted in determining the amount of SNAP benefits, with higher out-of-pocket costs resulting in higher SNAP benefits for eligible families. This accounts for the higher income reported in the 'without subsidies' example.

TABLE 3

Without these child care and health care subsidies, Nicole's basic-needs budget would be in the red $1,289 every month. With these subsidies, Nicole can meet her basic expenses with $263 available for other needs (See Table 3).

* 'Jobs' as defined here refers to Rhode Island Department of Labor and Training's 'Major Occupations,' found at http://www.dlt.ri.gov/lmi/oes/majorocc.htm.

WORK SUPPORTS CAN HELP ELIGIBLE FAMILIES

5. **Without subsidies from the Child Care Assistance Program (CCAP), working families have a large gap between income and expenses for basic needs.** Rhode Island's CCAP provides subsidies to parents to help pay for early learning programs for their young children and for safe after-school care. To qualify, the parent must be working (or participating in a training program) for at least 20 hours per week and have income less than the 'entry income limit' of 180 percent of the federal poverty level ($39,096 for a family of 3). Eligibility is based on gross earned income, with no deductions for taxes or other work-related costs. If a parent is eligible for CCAP, she can continue to participate until income rises to an 'exit income limit' of 225 percent of the federal poverty level ($48,870 for a family of 3).*

However, if the parent has earnings just slightly above the 'entry income limit' and is therefore ineligible for CCAP, she faces a large gap in her monthly budget, as Daniella's story illustrates.

Daniella works as an automobile services technician earning $39,313 per year. She has two sons, Lucas, age 3, and Alex, age 9. Daniella is enrolled in the insurance plan offered by her employer, but cannot afford the family plan, and her sons are enrolled in RIte Care. An early learning program for Lucas and after-school care for Alex would cost $1,502 per month. If she were to pay this amount out-of-pocket so she could enroll her children in high-quality early learning and after-school care, her monthly budget would be over $600 in the red, despite Daniella's qualifying for SNAP and WIC to help offset her family's monthly food costs (See Table 4).

WITHOUT CHILD CARE ASSISTANCE LOW-INCOME FAMILIES CANNOT MAKE ENDS MEET

Daniella, a parent with two children earning $39,313.

EXPENSES	Without Child Care Subsidies
Housing	$1,101
Food	$739
Transportation	$429
Child Care	$1,502
Health Care	$216
Miscellaneous	$438
Total Expenses	**$4,425**
INCOME	
Net Earnings*	$3,322
SNAP	$425
WIC	$45
Total Income	$3,792
Difference	**- $632**

* Net earnings includes yearly earnings and tax credits shows as a monthly amount

TABLE 4

* The 'entry income limit' for CCAP was reduced from 225 percent of the FPL to 180 percent of FPL in 2007. In 2013 the 'exit income limit' of 225 percent of the FPL was enacted as a pilot and made permanent in 2017.

A LIVING WAGE

6. **Increasing the minimum wage would help narrow the gap between earnings and RISN expenses, improving economic well-being, especially for women and for Black and Latinx Rhode Islanders.** Rhode Island's current minimum wage is $11.50/hour, after a one-dollar increase went into effect on October 1, 2020. At the current minimum wage, annual earnings of $23,920 are $6,680 less than what an adult working full-time (40 hours per week) year-round needs to earn to make ends meet. To close the gap for a single adult, the minimum wage would need to be raised to $14.71/hour (See Chart 4).

RAISING THE RHODE ISLAND MINIMUM WAGE TO $15.00 WOULD HELP WORKERS MEET BASIC NEEDS

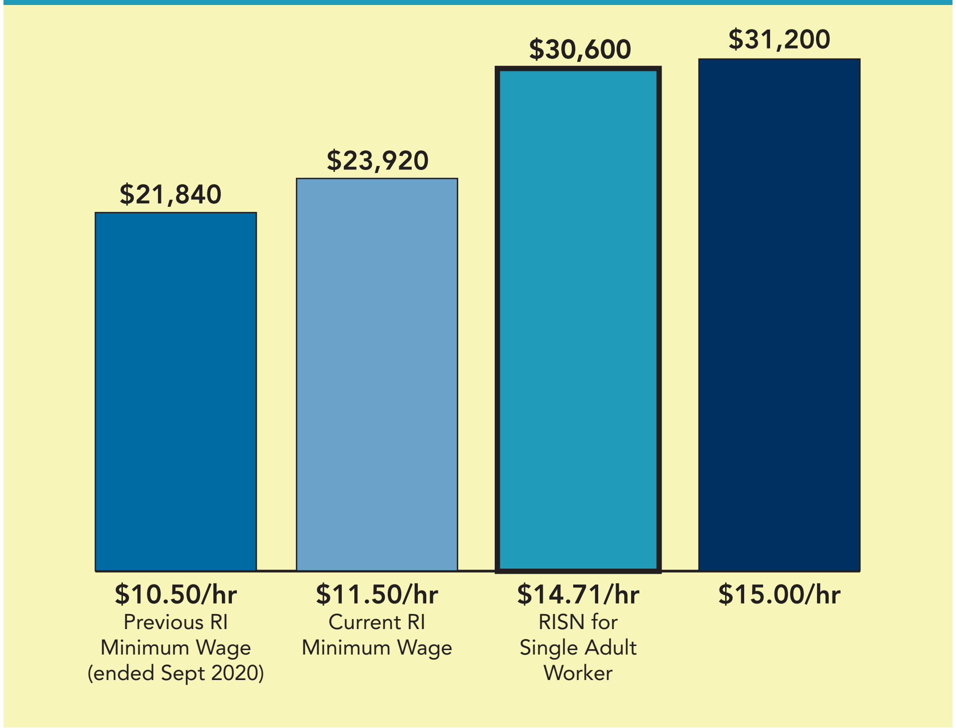


CHART 4

However, close to one in four minimum wage workers in Rhode Island are parents, and the minimum wage would need to be raised well beyond this amount to close the gap between income and expenses for families. For example, a two-parent family in which both parents work in minimum wage jobs would have income of $47,840, not quite two-thirds of the RISN of $73,646.

While Rhode Island's neighbors, Massachusetts and Connecticut, are both on a path to raise their minimum wages to $15.00/hour in 2023, Rhode Island has not yet stepped on to such a path.[7] Raising Rhode Island's minimum wage to $15.00/hour would help 131,000 low-wage workers and help workers in some groups more than others: 43 percent of Latinx, 34 percent of Black, 29 percent of Asian or other, and 21 percent of White Rhode Island workers, as well as 30 percent of female and 21 percent of male workers would benefit. Raising the minimum wage would therefore weaken systemic income disparities based on sex, race, and ethnicity.[8]

Raising the minimum wage would weaken systemic income disparities based on sex, race, and ethnicity.

LARGE GAP FOR CASH ASSISTANCE RECIPIENTS

7. **Rhode Islanders receiving cash assistance through RI Works, who are disproportionately Black and Latinx, or through SSI have significant gaps between income and basic living expenses.** The Rhode Island Works Program (RI Works) is the state's cash assistance and work-readiness program for families with children. In 2020, 2,791 families participated in the program, which included 9,050 individuals, more than four-fifths of whom were children.[9] For 2019, 38.9 percent of recipients were White, 32.1 percent were Latinx, and 24.9 percent were Black.[10]

   While the cost of living continues to rise, the maximum monthly benefit amount ($554 for a family of 3) has not increased in almost 30 years, and the benefit is 30 percent of the federal poverty level. Taking food assistance into account, the annual income for a family of 3 ($13,404) is 62 percent of the federal poverty level. This family has a gap between income and expenses of $1,590 a month (See Table 5).

   The Supplemental Security Income Program (SSI) is the federal cash assistance program for low-income seniors and people with disabilities. Some 33,983 individuals received SSI in Rhode Island in 2020, the majority of whom are younger people with disabilities. The maximum monthly benefit in 2020 for a single adult is $823 ($783 from the federal benefit and $39.92 from a state supplement). The federal portion is adjusted for inflation each year, but the state portion has not been adjusted in over 25 years. Annual income (cash and SNAP) is 94 percent of the federal poverty level. An SSI recipient has a gap between income and expenses of close to $825/month (See Table 6).

PARENT WITH TWO CHILDREN RECEIVING RHODE ISLAND WORKS (RI WORKS)	
Monthly Income from RI Works	$554
Income and Payroll Taxes	$0
Sales Tax	- $17
Net Monthly Income	**$537**
SNAP	$535
WIC	$45
TOTAL INCOME	**$1,117**
Housing	$1,101
Food	$739
Transportation	$429
Child Care	$0
Health Care	$0
Miscellaneous	$438
TOTAL EXPENSES	**$2,707**
Difference Between Income & Expenses	**- $1,590**

TABLE 5

INDIVIDUAL RECEIVING SUPPLEMENTAL SECURITY INCOME (SSI)	
Monthly Income from SSI	$823
Income and Payroll Taxes	$0
Sales Tax	- $26
Net Monthly Income	**$797**
SNAP	$204
WIC	$0
TOTAL INCOME	**$1,001**
Housing	$911
Food	$351
Transportation	$299
Child Care	$0
Health Care	$0
Miscellaneous	$266
TOTAL EXPENSES	**$1,827**
Difference Between Income & Expenses	**- $825**

TABLE 6

MANY ESSENTIAL WORKERS IN RHODE ISLAND OFTEN STRUGGLE TO MAKE ENDS MEET

8. **COVID-19 has created challenges for Rhode Island's essential workers, among whom Latinx and Black workers are overrepresented.** Many people on the frontlines of the COVID-19 crisis are doing work identified as essential. They include health care workers such as doctors and nurses, and also CNAs, sanitation staff at hospitals and congregate facilities, and home health aides. Other essential workers include child care workers, cashiers and stock clerks at supermarkets, and delivery drivers, who like many health care workers are paid low wages. These workers who are disproportionately Black, Latinx, and women of all races and ethnicities, are not paid in accord with the necessity and value of their work in keeping our shared community functioning, often in high-contact jobs during a pandemic. The story of Stacey and Pete demonstrates the dissonance between how society deems certain workers essential as they take care of everyone else and how we pay many these same workers wages too low for them to meet their own basic needs.

   Stacey earns $14.40 per hour as a direct care worker helping some of Rhode Island's older residents to remain in their homes, while her husband Pete stocks shelves at a supermarket and makes the minimum wage of $11.50 per hour. Taken together, their gross annual wages amount to $52,400, or 200 percent of the federal poverty level for a family of 4.

   Because they earn above 180 percent of the federal poverty level, they are not eligible for subsidies through the Child Care Assistance Program to help pay for child care for their children, four-year-old Sam and seven-year-old Chris. They also do not qualify for SNAP benefits. Health insurance from their employers is not affordable so they enroll their children in RIte Care and purchase coverage for themselves through HealthSource RI. They are eligible for a tax credit of $387 whichreduces the cost of the plan in which they enroll (the lowest cost silver plan) from $631 to $244 per month.

   Although federal and state Earned Income Tax Credits and Child and Dependent Care Tax Credits provide considerable help in boosting their annual income, in the end they pay

For many of the people we think of as essential workers — who are disproportionately Black, Latinx, and women of all races and ethnicities — we do not pay in accord with the necessity and value of their work in keeping our shared communities functioning, often in high-contact jobs during a pandemic.

$3,710 in taxes, reducing their annual income to $48,690 (See Table 7).[11]

Stacey and Pete and people like them have faced obstacles to making ends meet during the coronavirus pandemic — and during 'regular' times as well, when their work is no less important.

ESSENTIAL WORKERS CANNOT MAKE ENDS MEET ON NON-ESSENTIAL SALARIES

Stacey and Pete, parents with two children and combined earnings of $52,400

EXPENSES	
Housing	$1,101
Food	$1,020
Transportation	$561
Child Care Costs	$1,502
Health Care	$244
Miscellaneous	$596
Total Monthly Expenses	$5,024
Total Yearly Expenses	**$60,287**
INCOME	
Pre-tax annual earnings	$52,400
Federal & State income, payroll, sales taxes	- $9,435
Federal & State child, dependent, EITC tax credits	$5,724
Net Annual Income	**$48,690**
Annual Difference Between Income and Expenses	**- $11,597**
Average Monthly Difference Between Income and Expenses*	**- $966**

* Average Monthly Difference Between Income and Expenses does not reflect monthly take-home pay. Tax credits are generally received after the close of a tax year, with annual tax filings. The numbers in the table provide an overall annual perspective.

TABLE 7

HOW THE CARES ACT AND UNEMPLOYMENT INSURANCE MADE A CRITICAL DIFFERENCE FOR WORKERS WHO LOST THEIR JOBS

9. **CARES Act support helped ease financial stress for many workers and their households during the coronavirus pandemic and highlights the need for increased pay, higher unemployment benefits, and additional SNAP assistance to help working families make ends meet all through the year.** The Coronavirus Aid, Relief, and Economic Security (CARES) Act, signed into law on March 27, 2020, provided important benefits for many workers who became unemployed due to the pandemic. The law provided federal unemployment benefits for workers who would not qualify for state benefits, including independent contractors, self-employed individuals, and so-called "gig economy" workers. The Act also provided extended weeks of unemployment benefits and increases in the amount of benefits for certain periods of time.

   Individuals receiving federal or state unemployment benefits received an additional $600/week from March 29 through the end of July. This payment, called Pandemic Unemployment Compensation (PUC), was counted in determining SNAP eligibility, and most recipients thereby lost their SNAP assistance, but overall, their income situation improved. Importantly, the PUC was not counted for Medicaid eligibility, allowing unemployed individuals to keep their health insurance (or become eligible) during this critical time.

   After the PUC expired, the Federal Emergency Management Agency allowed states to provide Lost Wages Assistance (LWA) of $300 for 6 weeks (from the week ending August 1 through the week ending September 5). This payment did not impact SNAP eligibility or benefits. It also was not counted in determining Medicaid eligibility.

   The CARES Act also provided a one-time payment, commonly called the stimulus payment, of $1,200 for an adult and $500 for dependents under age 17.

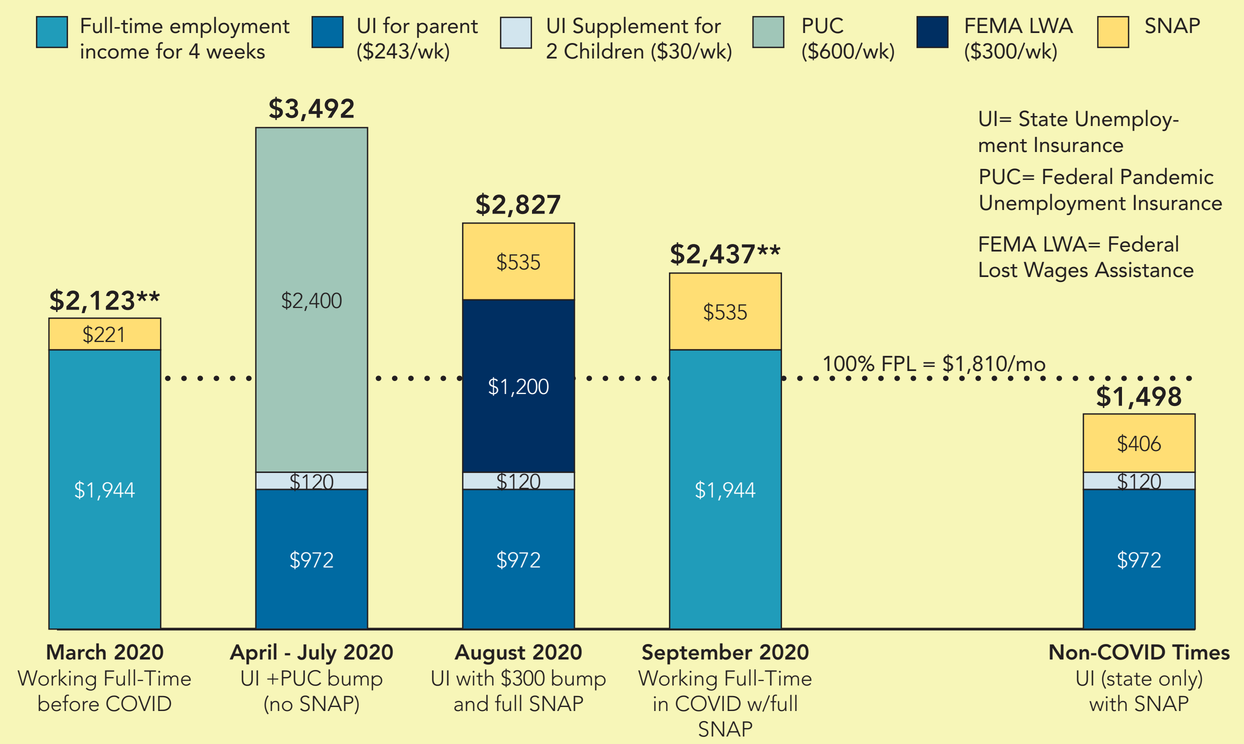
   Workers and residents — mostly Black, Latinx, and Asian — who did not have a social security number were left out of the relief provided through the CARES Act and were not eligible for unemployment benefits or for the one-time stimulus payment. This left a sizable gap in economic relief for undocumented Americans who, despite their status, pay a considerable amount in federal and state taxes.

   The CARES Act also allowed states to provide the full amount of SNAP benefits to recipient households whose benefits would otherwise have been reduced due to countable income.

   Paula's story shows how important the $600 PUA was in helping eligible Rhode Islanders have a measure of economic security when they lost their jobs. It also shows how full SNAP benefits helped families pay for food.

ENHANCED UNEMPLOYMENT AND SNAP BENEFITS HELPED FAMILIES MAKE ENDS MEET DURING THE COVID-19 PANDEMIC

*Paula, a child care worker with two children, earning $1,944/month before becoming unemployed**



* Gross Income is used here instead of Net Income, because we have not subtracted taxes from employment or UI income; these are deducted, at the discretion of the worker, either at time of payment or when filing taxes after the close of the tax year. Because UI benefits are paid out weekly, we have used a typical 4-week month here. In order to calculate % FPL, we annualized the monthly numbers to a 52-week year, comparing to $21,720, 100% FPL for a family of 3.

** Includes deduction of $42/month for childcare.

CHART 5

Chart 5 shows how Paula, a childcare worker earning $12.15/hour and a parent of 2 children, fared before and during 2020 and amidst the coronavirus pandemic. When at work in March, before the pandemic's effect on the economy was felt, her monthly gross income was $1,944 (for a 4-week month), and she received $221 in SNAP benefits. She paid $42/month for childcare.

Paula was laid off at the beginning of April and collected unemployment until she returned to work at the beginning of September. For the first four months, her income was boosted by the $600 from the PUC on top of her regular state UI ($243 for herself and a $30 supplement for her two children). During these months, she became ineligible for SNAP, though she still retained her RIte Care coverage.

For August, Paula received her state UI benefit plus an additional $300 in LWA. Because of the CARES Act provision allowing full SNAP benefits for all households, she received $535 in SNAP benefits. This was $129 more each month than she otherwise would have received based on her income, bringing her that much closer to being able to meet her family's basic needs. When Paula returned to work in September, she benefited from the full SNAP payment.

Following Paula through the months, one sees the significant value of unemployment insurance and the SNAP benefit (as well as the need for good wages). Ordinarily, Paula's income placed her family at 127 percent of the federal poverty level. If she had become unemployed in normal times and had to rely upon regular state unemployment insurance benefits, her family income would have dropped below the federal poverty level, at only 90 percent of that already inadequate amount, even with SNAP benefits. By contrast, the PUC payment pushed her family to just over 200 percent of the federal poverty level, giving Paula a better shot at meeting her family's basic needs. With the expiration of the PUC payments, the LWA payments in August and increased SNAP payment in September helped provide Paula and her kids with income of around one and a half times the federal poverty level, and such security can prove critical in being able to afford putting enough food on the table.

The additional unemployment benefits in 2020 aided not only Paula and her family, but the Rhode Island economy as well. More money in her pocket meant she spent more, to the benefit of local businesses.

METHODOLOGY

FAMILY COMPOSITION
The Rhode Island Standard of Need (RISN) assumes that adults are working and are non-elderly. The sample families include a toddler and an elementary school-aged child. Since the majority of single-parents are women, the RISN assumes a mother and her two children. For the two-parent family, the RISN assumes a mother and father since that represents the majority of two-parent families. The single person is an adult of either gender.

Although, for the sake of clarity and brevity, the RISN limits itself to these three family types, it must be noted that there are many other family types, including multigenerational families, ones with grandparents or other relatives raising children, and individuals or partners who do not have children, whether out of deliberate choice or otherwise. Often, our society and legal and tax codes define the family narrowly.

HOUSING
For housing, the RISN assumes that single adults rent one-bedroom apartments and that single-parent and two-parent families rent two-bedroom apartments. Rental costs are based on the FY2020 U.S. Department of Housing and Urban Development (HUD) Fair Market Rents (FMR) for Rhode Island. Using HUD FMR values for metro areas, composite state rates were calculated by the National Low Income Housing Coalition (NLIHC) for its Out of Reach 2020 report: https://reports.nlihc.org/oor/rhode-island. FMRs includes all utilities except telephone, cable/satellite television, and internet.

Although this report uses the FMRs for calculating the RISN, according to the annual Year-End Rent Survey compiled by RI Housing using CoStar proprietary data, the average statewide rent for a two-bedroom apartment was $1,651 in 2019 and $1,292 for a one-bedroom apartment. For the two-bedroom rate and other valuable information on housing in Rhode Island, see the 2020 Housing Fact Book published by HousingWorks RI: https://www.housingworksri.org/Portals/0/Uploads/Documents/HFB%202020%20.pdf?ver=rTG6SYyeSj0xHMLlmEq1TQ%3d%3d.

The RISN does not assume that families or individuals are eligible for housing assistance through either public/subsidized housing units or Housing Choice Vouchers, because their availability is so limited. According to the Center on Budget and Policy Priorities, as of December 2019 there were only 9,600 vouchers available for all of Rhode Island (https://www.cbpp.org/sites/default/files/atoms/files/12-10-19hous-factsheet-ri.pdf).

FOOD
Food costs are based on the U.S. Department of Agriculture's Moderate-Cost Food Plan (June 2020) for the nation (https://www.fns.usda.gov/cnpp/usda-food-plans-cost-food-reports-monthly-reports.

- For a two-parent household with two children, the RISN cost consists of: the cost of the plan for women ages 19-50; the cost for men ages 19-50; for the preschool-age child, the average of the costs for a 2-3 year old and for a 4-5 year old; and for a school-aged child, the average of the costs for a 6-8 year old and for a 9-11 year old.
- For a one-parent household with two children, the RISN cost consists of: the cost of the plan for women ages 19-50; for the preschool-age child, the average of the costs for a 2-3 year old and for a 4-5 year old; for a school-aged child, the average of the costs for a 6-8 year old and for a 9-11 year old; and a prescribed 5 percent adjustment for a family of 3.
- The cost for the single adult is the average of the costs for women ages 19-50 and men ages 19-50, with a 20 percent adjustment for a single-person household.

Food costs do not include the cost of any meals purchased outside the home.

The Supplemental Nutrition Assistance Program (SNAP) provides monthly benefits to households with limited income. The federal income limit is 130 percent of the federal poverty level ($28,236 for a family of 3), but Rhode Island, like 39 other states, opts to use 'categorical eligibility' which boosts the income limit to 185 percent FPL ($40,182 for a family of 3). The amount of benefits is based on household size and income. Benefits are provided on an Electronic Benefits Transfer Card (EBT) which can be used at supermarkets and other certified food sites to purchase food. SNAP cannot be used to buy prepared meals or non-food items. The RISN includes SNAP benefits as part of the income calculation in the examples provided.

The Supplemental Food Program for Women, Infants and Children (WIC) provides nutrition counseling and a monthly allowance to purchase nutritional food appropriate to the participant's age. Pregnant women, post-partum women who are breast feeding, infants, and children under age five are eligible for WIC if they have nutritional needs and meet the income requirements. If already qualifying for and receiving RIte Care, for which income is less than 250 percent of the federal poverty level ($54,300 for a family of 3), there is automatic eligibility for WIC. Otherwise, income must be less than 185 percent of the federal poverty level ($40,182 for a family of 3). Where applicable, the RISN includes the value of the WIC monthly benefit for a toddler, $45.21 per month.

TRANSPORTATION
Costs are based on Table 1600 of the Consumer Expenditure (CEX) Survey of the U.S. Department of Labor's Bureau of Labor Statistics (BLS), 3rd quarter 2018 through 2nd quarter 2019, and include the categories 'Other vehicle expenses' and 'Gasoline, other fuels, and motor oil.' The costs are based on the number of earners in the household and do not include the purchase of vehicles (https://www.bls.gov/cex/22019/midyear/earners.pdf). Gasoline costs have been adjusted using 2020 data from the Energy Information Administration's table "U.S. All Grades All Formulations Retail Gasoline Prices (Dollars per Gallon)" (https://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=EMM_EPM0_PTE_NUS_DPG&f=M). The adjustment was made by taking the average monthly cost for the 3rd quarter 2018 through 2nd quarter 2019 (matching Table 1600) and then taking the average monthly cost for January through August of 2020 and creating a multiplier comparing the two averages. This multiplier (0.827) was then applied to the gas and motor oil costs from Table 1600.

CHILD CARE
Child care costs are based on the Statewide Survey of Child Care Rates in Rhode Island, 2018, conducted at the Charles Schmidt Jr. Labor Research Center at the University of Rhode Island by Barbara E. Silver, Ph.D. (http://www.dhs.ri.gov/Documents%20Forms/2018RIChildCareMarketRateSurvey.pdf). The survey is jointly sponsored by the RI Department of Labor and Training (DLT) and the RI Department of Human Services (DHS).

The cost reflects the cost of care at a child care center at the 75th percentile of the market rate. The toddler is assumed to be in full-time daycare. The toddler cost is the average of the toddler/preschool market rate amount. The school-aged sibling is in after-school care, plus fourteen weeks of full-time care during school vacation and holidays.

The Child Care Assistance Program (CCAP) provides subsidies to enroll children under age 13 in child care provided by a licensed child care center, family child care provider, or certified relative to parents who are working at least 20 hours per week or participating in a training program. Family income must be less than 180 percent of the federal poverty level ($39,096 for a family of 3) to enter the program, and families remain eligible until income reaches 225 percent of the federal poverty level ($48,870 for a family of 3). Families with income above 100 percent of the federal poverty level pay a co-share based on a sliding scale of between 2 percent and 14 percent of gross income. In the examples in this report, the RISN shows the family co-share based on family size and income.

HEALTH CARE
The RISN health care costs include the employee's share of employer-sponsored insurance (ESI), as well as out-of-pocket expenses. The ESI is based on the Table X series of the 2019 Medical Expenditure Panel Survey (MEPS) of the U.S. Department of Health and Human Services' Agency for Healthcare Research and Quality (AHRQ) (see Tables X.C, X.C.1, X.D., and X.D.1 from https://www.meps.ahrq.gov/mepsweb/data_stats/quick_tables_results.jsp?component=2&subcomponent=2&year=2019&tableSeries=10&tableSubSeries=&searchText=&searchMethod=1&Action=Search). The average monthly cost of private-sector employer-based individual coverage in Rhode Island is $605, of which the employee pays $136, or 22.4 percent. For family coverage, the average monthly cost is $1,707, of which the employee pays $454, or 26.6 percent.

Out-of-pocket (OOP) costs are based on Table 1600 of the Consumer Expenditure (CEX) Survey of the U.S. Department of Labor's Bureau of Labor Statistics (BLS), 3rd quarter 2018 through 2nd quarter 2019. They are based on the number of earners in the household, and include the categories 'Medical services,' 'Drugs,' and 'Medical supplies.' Monthly OOP are $80.50 for single adults, $143.58 for one-parent families of 3, and $143.50 for two-parent families of 4.

The Medicaid program provides comprehensive health insurance coverage for individual adults ages 19-65 with income at or below 138 percent of the federal poverty level ($17,609), for parents with income at or below 141 percent of the federal poverty level ($30,625 for a family of 3), for children at or below 266 percent of the federal poverty level ($57,776 for a family of 3), and for seniors and people with disabilities with income at or below 100 percent of the federal poverty level ($12,760). People ineligible for Medicaid can purchase health insurance through HealthSource RI, and if income is less than 400 percent of the federal poverty level ($86,880 for a family of 3), one qualifies for tax credits to help offset the monthly premium cost.

MISCELLANEOUS
Miscellaneous costs for calculating the RISN are based on Table 1600 of the Consumer Expenditure (CEX) Survey of the U.S. Department of Labor's Bureau of Labor Statistics (BLS), 3rd quarter 2018 through 2nd quarter 2019. They are based on the number of earners in the household, and include the categories 'Telephone services,' 'Housekeeping supplies,' 'Personal care products and services,' 'Education,' and 'Apparel and services.' The RISN does not include vacation expenses or entertainment and other leisure activities.

TAXES
Taxes include payroll taxes (FICA and TDI) and federal and state income taxes using 2020 tax law. The sales tax is calculated based on Who Pays? 6th ed., a study produced by the Institute on Taxation and Economic Policy (ITEP) and that models all 50 state tax systems: http://www.itep.org/whopays/states/rhode_island.php. Tax calculations specific to the RISN report were undertaken by staff at ITEP using their microsimulation model.

Tax Credits include the federal and state Earned Income Tax Credits (EITC), the federal Dependent Care Credit, the state Child Care Tax Credit (CCTC), and the federal Child Tax Credit.

PERCENTAGE OF EARNERS WITH INCOME BELOW THE RISN

For the RISN section on Household Earnings, where percentages are presented for different groups for falling below the RISN in earnings, these percentages were calculated by the Economic Progress Institute from the U.S. Census Bureau's American Community Survey, 5-year estimates, 2014-2018, using the IPUMS USA SDA 4.1.2 tool to analyze microdata (https://usa.ipums.org/usa/sda/). The RISN amounts were first adjusted for inflation to 2018 dollars, and the appropriate weighting was employed for analyzing the micro-data.

ADDITIONAL NOTES

Because costs have been calculated using dollars and cents but mostly rounded to the nearest dollar for the RISN tables and charts, such rounding accounts for any cases where total amounts appear not to match the component parts, or where percentages do not add up to 100 percent.

Although every effort has been made to provide data broken out by race and ethnicity, few data sources provide adequate reliable data, especially given the size of Rhode Island's population, and especially for the myriad racial and ethnic groups in the state. We know, for example, that neither the Asian nor Latinx populations are monolithic, yet with most data collected from limited samples of the population, there are rarely sufficient data to differentiate between Rhode Islanders of East Asian and South Asian descent, or between Rhode Islanders of Mexican, Puerto Rican, Brazilian, and Peruvian descent, to name only a few of the many possibilities. The Black population is likewise much more diverse than the single descriptor would suggest, with Black Rhode Islanders coming from many places and identifying themselves in many different ways. And, of course, many Rhode Islanders can and do claims multiple racial and ethnic backgrounds and identities. Nevertheless, this report hopes to provide some valuable data in understanding racial and ethnic disparities among Rhode Islanders and in terms of the resources they possess to meet their basic needs as characterized by the Rhode Island Standard of Need (RISN).

Finally, the family examples in the RISN are used for illustration purposes only. Any matching of names and occupations to actual Rhode Island families is unintentional.

ENDNOTES

1 The federal government, along with housing and mortgage agencies, defines a household as “cost burdened” when more than 30 percent of annual income goes to rent or mortgage or other housing costs, including property taxes. Once housing costs exceed that amount, it becomes difficult for a household to pay for the other basic needs contained in the RISN. A household spending more than 50 percent of income on housing is considered “severely cost burdened.” See HousingWorks RI, 2020 Housing Fact Book, p. 6.

2 HousingWorks RI, 2020 Housing Fact Book, pp. 2,6,7.

3 Source: Economic Progress Institute calculations from the Census Bureau’s American Community Survey data, 5-year estimates, 2014-2018.

4 The federal poverty guidelines are annual estimates used to determine eligibility for various public benefits. The federal poverty threshold is calculated after the year is over, based on actual inflation during that year. Poverty rates are determined using the poverty threshold. The numbers used in this report for the federal poverty level are from the 2020 federal poverty guidelines: https://aspe.hhs.gov/poverty-guidelines.

5 Economic Progress Institute calculations from Rhode Island Department of Labor and Training, Labor Market Information Division Occupational Employment Statics (OES) Industry Specific Wage Reports, May 2019, found at https://dlt.ri.gov/lmi/datacenter/oes.php.

6 The Child Care Assistance Program determines out-of-pocket expenses on a sliding scale based on income. For those earning between 125 percent and 150 percent of the federal poverty level, the required co-pay is 5 percent of gross income.

7 As of January 1, 2020, the minimum wage in Massachusetts was $12.75/hour and will increase to $13.50/hour on January 1, 2021, $14.25/hour on January 1, 2022, and to $15.00/hour on January 1, 2023. Connecticut reached $12.00/hour on September 1, 2020, and will see increases to $13.00/hour on August 1, 2021, $14.00/hour on July 1, 2022, and $15.00/hour on June 1, 2023, with increases indexed to inflation thereafter.

8 Economic Policy Institute, “The impact of raising the minimum wage to $15 by 2025, by congressional district,” (July 25, 2019), https://www.epi.org/publication/minimum-wage-to-15-by-2025-by-congressional-district/.

9 Data from the Department of Human Services Caseload Estimating Conference Testimony, November 2020.

10 Of those recipients reporting race/ethnicity; see Characteristics and Financial Circumstances of TANF Recipients Fiscal Year (FY) 2019, Table 10, from the Office of Family Assistance of the Administration for Children and Families of the Department of Health and Human Services, https://www.acf.hhs.gov/sites/default/files/ofa/fy19_characteristics_final.pdf.

11 After taking the standard deduction of $24,800 from their gross income of $52,400, Stacey and Pete owe $2,917 in federal income tax on the remaining $27,600. This entire amount is offset by a dependent care credit of $1,200 and a portion of a $4,000 child tax credit; with the remainder of the tax credit and a small Earned Income Tax Credit (EITC) of $195, they are eligible for a federal income tax refund of $2,478. However, over the year they paid $4,009 in non-refundable payroll taxes, meaning that on balance they have paid $1,531 in taxes to the federal government. After standard deductions and exemptions on their Rhode Island state taxes, they owe $675, offset in part by a $300 dependent care credit and $29 in the state’s 15% match of the federal EITC. In addition to the $346 in state income tax owed, over the year they paid $629 in payroll taxes and $1,205 in sales taxes, for a total of $2,180 of taxes on the state level.

The Economic Progress Institute

600 Mount Pleasant Avenue, Building 9, Providence, RI 02908

telephone (401) 456-8512 | fax (401) 456-9550 | info@economicprogressri.org | www.economicprogressri.org

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