

THE 2022 RHODE ISLAND STANDARD OF NEED







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INTRODUCTION

Welcome to the 10th Edition of the Economic Progress Institute's Rhode Island Standard of Need (RISN). EPI publishes the RISN every other year to answer two fundamental questions about the economic security or insecurity of Rhode Islanders:

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?**

In this 2022 edition of the RISN, we pose three additional questions:

3. **What are the racial and ethnic inequities in the ability of Rhode Island families to meet their basic needs?**
4. **How have policy and program changes in 2021 and 2022 helped improve economic security for Rhode Islanders?**
5. **How can Rhode Island's policymakers sustain and build upon the progress of the last two years?**

Far too many Rhode Islanders live with economic insecurity, unable to afford their most basic needs: housing, food, transportation, healthcare, and (for those with children) child care.

The Rhode Island Standard of Need provides a more accurate measure of economic well-being than the commonly used Federal Poverty Level (FPL). The FPL was developed in the 1960s and measures economic security based solely on the cost of food, which at the time represented a third of a family's budget. Yet the FPL has never been revised to reflect today's realities. Housing and child care, necessary for parents to work, take up a larger share of a household budget than does food. 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 Rhode Island Standard of Need calculates a household budget for families with two young children and for single adults. This no-frills budget includes the costs of housing, food, transportation, health care, child care, and other necessities such as clothing, toiletries, and telephone service. The RISN also demonstrates how work supports like food assistance, subsidies for child care and health care, and tax credits help close the gap between income and expenses for basic needs. By taking all 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.

With scenic beaches, culinary and arts communities, higher education institutions, and a vibrant celebration of culture, Rhode Island can be a wonderful place to live and to raise a family. Yet many Rhode Islanders work at jobs with wages that pay too little to meet even the most basic living costs. They experience multiple barriers to feeding, clothing, and housing themselves and their children.

Black and Latino Rhode Islanders make up a disproportionate share of those with low income. For those families seeking to overcome financial barriers, work support programs can help narrow the gap between earnings and expenses. Since Black and Latino Rhode Islanders are overrepresented as a share of Rhode Island's low-wage workers, enhancing such programs and paying all workers a living wage would decrease disparities and increase economic security and opportunity.

Due to lack of adequate data, given the size of Rhode Island's population and population groups, most of the disparities captured in this report relate to Black and Latino Rhode Islanders. Furthermore, the data generally do not enable us to distinguish among population groups, for instance, between Rhode Islanders of South Asian and East Asian backgrounds. More data is urgently needed to better understand income disparities and other disparities, including data broken out to reflect a greater diversity of population groups.

This report uses the term Latino to identify people variously identified, by themselves or others, as Latino, Latina, Latinx, Hispanic, or by country or territory of family origin, e.g., Mexican, Puerto Rican, or Peruvian, among many others.

KEY FINDINGS

THE 2022 RISN: MEETING BASIC NEEDS IN RI			
	Single-Parent Family*	**Two-Parent Family***	**Single Adult**
Annual Expenses	$66,567	$73,822	$27,793
Annual Pre-Tax Earnings Required	$78,219	$85,914	$34,914

* Assumes two children (a toddler and a school-aged child) and that all parents are working.
Sources: Annual Expenses calculated by the Economic Progress Institute, and Annual Pre-Tax Earnings Required calculated by the Institute on Taxation and Economic Policy (ITEP) using their microsimulation model; for details of these calculations, see the RISN Methodology section.

TABLE 1

1. **Raising a family in Rhode Island is expensive; housing subsidies can make a crucial difference for Rhode Islanders seeking to meet their basic needs.** It costs a single-parent family $66,567 and a two-parent family $73,822 to raise a toddler and a school-aged child. A single adult has expenses of $27,793 annually to meet their most basic needs. Table 1 shows these amounts as well as what these households need, before taxes and credits, to have sufficient net income to meet their annual expenses. Many low-income Rhode Islanders find themselves cost burdened, paying more than 30 percent of their income toward housing, underscoring the need to provide more housing subsidies and to build additional affordable housing.

2. **Many Rhode Island households do not earn enough to make ends meet, a circumstance more commonly experienced by Latino and Black households than White households. Across racial and ethnic groups, women without children are much less likely to be able to make ends meet than men without children.** In Rhode Island, 75 percent of Latino adults without children earn less than the income required to meet basic needs, as do 72 percent of Black, 60 percent of Asian/Pacific Islander, and 59 percent of White single adults. However, all groups demonstrate gender gaps, with women less likely than men to have sufficient income to meet basic needs (overall, 66 percent of women compared with 55 percent of men).

   For single-parent families with two children, 59 percent of Whites earn less than needed to meet their basic needs, while 88 percent of Latino Rhode Island families fall short of that level of earnings. For two-parent households with two children, only 19 percent of White Rhode Island families earn less than what is needed to pay for basic expenses versus 51 percent of similar Latino families. Overall, Rhode Island households earning less than what is necessary to meet the RISN include:

   - 61 percent of individual adults without children
   - 70 percent of families with one parent and two children
   - 25 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 that documents the number of Americans living in poverty undercounts the number of families struggling to make ends meet. Working families with young children need more than double the income identified by the Federal Poverty Level to meet basic needs.

4. **Increasing the Rhode Island minimum wage – and phasing out the tipped minimum wage – would narrow the gap between earnings and basic expenses. These changes would improve the economic well-being of lower-wage workers, especially for women and for Black and Latino Rhode Islanders.** At the current RI minimum wage in 2022 ($12.25/hour), a single adult earns nearly $9,400 less than needed to meet basic expenses. To close this gap for a single adult, the minimum wage would need to be raised to $16.79/hour. Minimum wage earners who have expenses related to raising children would require a bigger increase to bridge the gap. Rhode Island is on the path to a $15/hour minimum wage but will reach this milestone 19 months after Connecticut and 24 months after Massachusetts. Phasing out the tipped minimum wage will reduce racial, ethnic, and gender income disparities.

5. **Rhode Islanders receiving cash assistance through RI Works (who are disproportionately Black and Latino) 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 and relying upon RI Works cash assistance have income (including SNAP and WIC) that is 26 percent below the Federal Poverty Level.

6. **Without subsidies from the Child Care Assistance Program (CCAP) and subsidies through HealthSource RI, working families – including frontline and essential workers – have a large gap between income and expenses for basic needs.** Working parents with income a penny above the CCAP entry income limit ($46,060 for a family of 3 and $55,500 for a family of 4) would need to pay $1,807 each month for licensed care for two children, one a toddler and one of school age. Even with valuable support provided by subsidized health care and federal and state tax credits, a family's monthly budget could be over $1,000 in the red, showing the need to expand and strengthen assistance and credits.

   Furthermore, 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" often are not paid wages sufficient to meet their families' basic needs. As is the case with low-wage workers in general, Black and Latino Rhode Islanders account for a disproportionate segment of the workers our society calls "essential." Expanding eligibility and benefits for CCAP and other programs, as well as increasing wages, would mean that we don't merely call such workers essential; we truly recognize how essential they are.

7. **Government-funded work support programs help narrow the gap between income and expenses for many low-wage families. Expanding these programs would decrease racial and ethnic disparities.** Child care subsidies, tax credits, and SNAP and WIC 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. Strengthening these programs would increase equity and economic opportunity in Rhode Island.

FAMILY EXPENSES

1. Raising a family in Rhode Island is expensive; housing subsidies can make a crucial difference for Rhode Islanders seeking to meet their basic needs.

Although there are many different family structures, the 2022 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.[1] A single adult has minimum expenses of $27,793 annually and needs to earn $34,914 before taxes to meet these expenses. It costs a single-parent family $66,567 and a two-parent family $73,822 to raise a toddler and a school-aged child in Rhode Island. These families need pre-tax earnings of $78,219 and $85,914, respectively, to meet their 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 include leisure or vacation expenses.

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

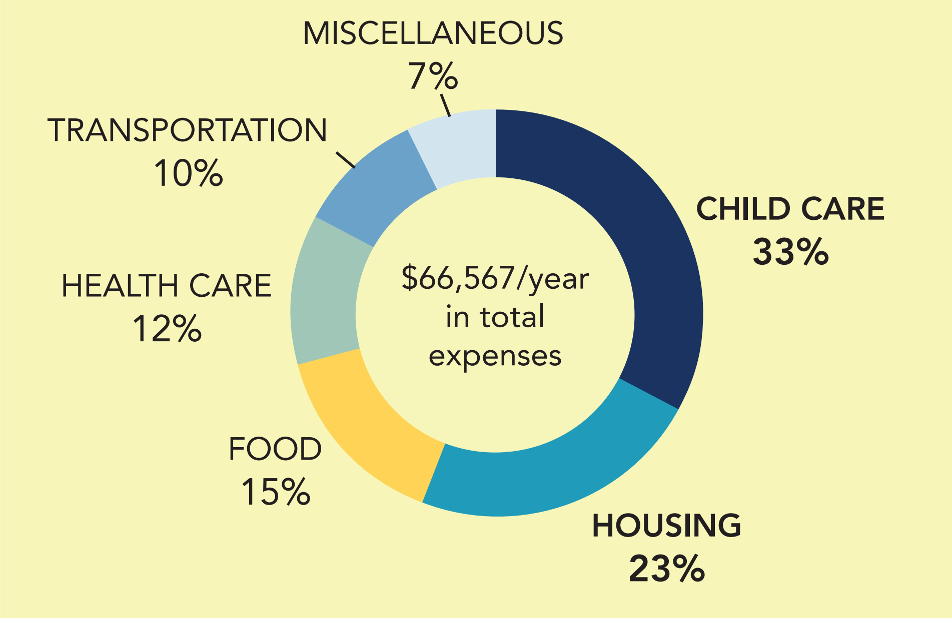


CHART 1

The RISN 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. These challenges highlight the need to close the digital divide that pre-dated the onset of the virus. Some federal pandemic aid has been directed to expanding broadband access in Rhode Island.

Housing costs count as one of six parts of the RISN calculation of basic expenses, but these RISN housing costs do not tell the whole story.[2] The RISN assumes people are renting. Data from HousingWorks RI show that a significant number of people are cost burdened (paying above 30 percent of salary or wage income on rent and utilities), making it exceedingly difficult to pay for all essential needs. Prior to the pandemic, of the 32,000 lowest-income Rhode Island renter households, 74 percent were cost burdened. More than half of these households were severely cost burdened (paying above 50 percent of salary or wage income on rent and utilities).[3]

The pandemic and changes in the real estate market have cast a harsh light on the housing and rental crisis, which has been worsening in Rhode Island and elsewhere. Recent double-digit percentage increases in rental costs may not be fully reflected in the RISN housing costs. Homelessness has been on the rise. Despite new efforts to create affordable housing for low-income Rhode Islanders, the supply falls short of the need. Waiting lists for housing vouchers, affordable housing units, and shelter beds continue to grow while new efforts to address the crisis will take time to implement.

With increases in the median sale price for homes, many families cannot afford home ownership, the primary mechanism for building wealth in America. Compounding this challenge is the legacy of systemic racism, which affects who can succeed in purchasing a home. Systemic racism includes such practices as redlining and gentrification. On average, White families have accumulated and continue to accumulate wealth in ways that Black, Asian, Latino, and other Rhode Island families of color cannot.[4] White home ownership in Rhode Island stood at 68 percent in 2019; the rate was 48 percent for Asian Rhode Islanders, 34 percent for Black Rhode Islanders, and 30 percent for Latino Rhode Islanders. Furthermore, racial and ethnic disparities in cost burden persist among homeowners; 26 percent of White and Asian homeowners and 40 percent of Latino and Black Rhode Island homeowners pay more than 30 percent of income toward their mortgages. An unprecedented increase in housing costs and economic instability due to the pandemic have worsened the persistent shortage of housing units and increased the barriers to homeownership. The current conditions have made it significantly more difficult for Rhode Island households to enter into homeownership and begin building family-sustaining generational wealth.[5]

RHODE ISLAND STANDARD OF NEED BUDGET

EXPENSES	**Single-Parent Family***	**Two-Parent Family***	**Single Adult**
Housing	$1,264	$1,264	$1,045
Food	$841	$1,161	$399
Transportation	$554	$681	$370
Child Care Costs	$1,807	$1,807	-
Health Care	$674	$678	$244
Miscellaneous	$407	$561	$258
Total Monthly Expenses	**$5,547**	**$6,152**	**$2,316**
Total Yearly Expenses	**$66,567**	**$73,822**	**$27,793**
MONTHLY TAXES AND TAX CREDITS			
Sales Tax	$111	$122	$70
State and Federal Payroll Taxes**	$1,318	$1,344	$524
Tax Credits	- $458	- $(458	-
Total Monthly Taxes	**$971**	**$1,008**	**$593**
Total Yearly Taxes	**$11,652**	**$12,092**	**$7,120**
PRE-TAX EARNINGS NEEDED TO MAKE ENDS MEET			
Monthly	**$6,518**	**$7,159**	**$2,909**
Yearly	**$78,219**	**$85,914**	**$34,914**
Hourly*	**$37.61**	**$41.30**	**$16.79**

* Assumes two children (a toddler and a school-aged child) and that all parents are working.
** Before tax credits; see the Methodology section for an explanation of taxes and tax credits.
*** Hourly wage needed assumes 52 weeks of work at 40 hours a week.
Sources: Annual Expenses calculated by the Economic Progress Institute, and Annual Pre-Tax Earnings Required calculated by the Institute on Taxation and Economic Policy (ITEP) using their microsimulation model; for details of these calculations, see the Methodology section

TABLE 2

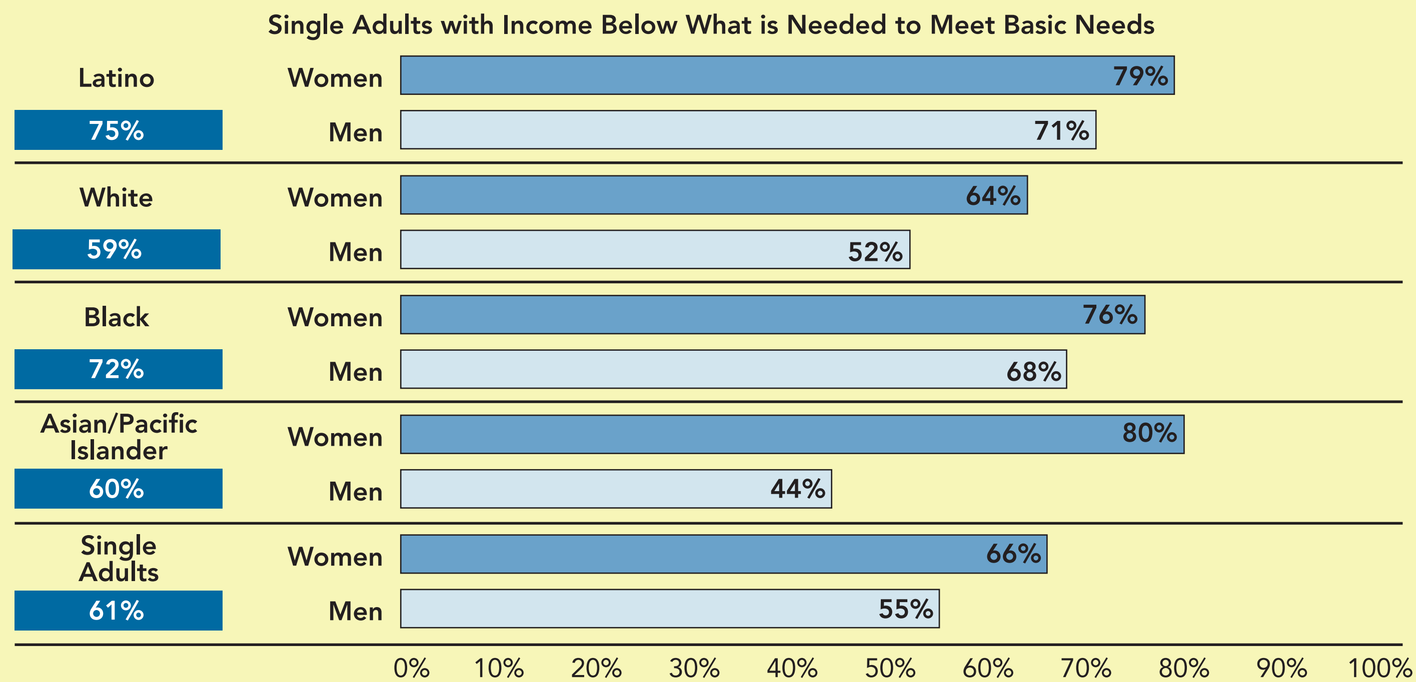
HOUSEHOLD EARNINGS

2. Many Rhode Island households do not earn enough to make ends meet, a circumstance more commonly experienced by Latino and Black households than White households. Across racial and ethnic groups, women without children are much less likely to be able to make ends meet than men without children.

Among Latino single adults without children, 3 out of 4 (75 percent) earn less than the $34,914 needed to meet their basic needs. While the rate for Latino men is just over 7 out 10 (71 percent), for Latino women the rate is almost 4 out of 5 (79 percent). For Black single adults in Rhode Island without children, the rates are comparable to Latino single adults: 72 percent overall, with 76 percent of women and 68 percent of men without sufficient wage or salary income to meet basic needs.[6]

Asian/Pacific Islander and White single adults in Rhode Island are less likely than Black and Latino single adults to fall short of income required to meet basic needs. While Asian/Pacific Islander single adults in Rhode Island have a similar overall rate (60 percent) to White single adults (59 percent), the rates by gender are strikingly different. For Asian/Pacific Islander women, 80 percent fall below what is needed to meet the RISN, while only 44 percent of men do so. White Rhode Islanders show a noticeable though smaller gap, 64 percent of women and 52 percent of men (See Chart 2).

SINGLE ADULT WOMEN ARE LESS LIKELY THAN MEN IN RHODE ISLAND, ACROSS RACIAL AND ETHNIC GROUPS, TO EARN ENOUGH TO MAKE ENDS MEET ($34,914 FOR SINGLE ADULTS).*



* Here and throughout the RISN, we use the term "Latino," however the U.S. Census, from which the data here and in a number of other places in the report come, use "Hispanic or Latino." In addition, the data in Chart 2 are overlapping, as the Latino category includes Latinos who identify with any race categories. The White, Black, Asian/Pacific Islander, and Other/Multiple Races categories include people identifying as Latino and people not identifying as Latino.

CHART 2

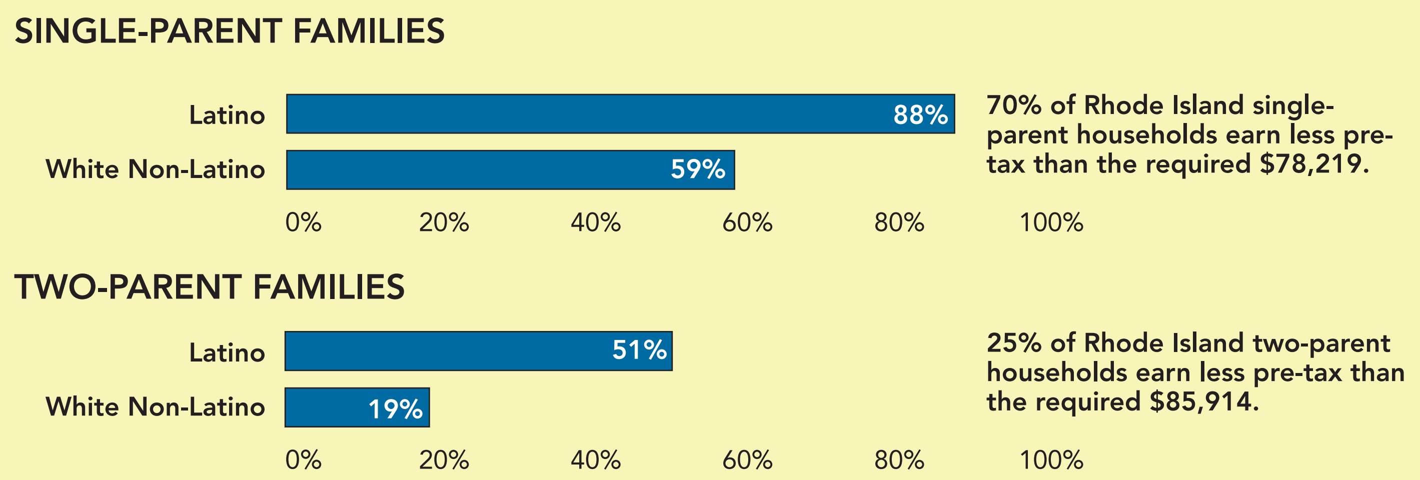
For both single-parent and two-parent families in Rhode Island, the sample sizes in the United States Census American Community Survey data are large enough to make comparisons by ethnicity, but not by race. For single-parent families, close to 9 out of 10 (88 percent) of Latino families with two children earn less in wages or salary than the $78,219 needed to meet their basic needs, while close to 6 out of 10 (59 percent) of Non-Latino White single-parent families with two children face the same challenge.

For two-parent families with two children, just over half (51 percent) of Latino households do not make the $85,914 needed to pay basic expenses, whereas fewer than 1 in 5 (19 percent) of similar Non-Latino White households fall below this level (See Chart 3).

For all RISN family types, the statewide numbers obscure ethnic and/or racial disparities. Furthermore, both the statewide rates and the rates for specific racial and ethnic groups obscure consistent disparities by gender, with women less likely than men to have adequate wage or salary income to meet their most basic needs and those of their families.

Policies that address the economic insecurity of low-income and modest-income families and individuals will help to decrease these disparities, whether by ethnicity, race, or gender. As demonstrated below by Key Findings 5, 6, and 7, various government supports (income, food assistance, child care, and health care) all help Rhode Islanders meet their basic needs when wages and salary fall short. When individuals and families have low income, yet do not qualify for these programs, they are unable to make ends meet. As Key Finding 4 shows, another way to help low-income Rhode Islanders is to increase their take-home pay by increasing the minimum wage.

SINGLE-PARENT & TWO-PARENT LATINO FAMILIES HAVE DIFFICULTIES MAKING ENDS MEET.



* Here and throughout the RISN, we use the term "Latino," however the U.S. Census, from which the data here and in a number of other places in the report come, use "Hispanic or Latino." In addition, the data in Chart 3 are overlapping, as the Latino category includes Latinos who identify as White as well as with other race categories. Notably, a large percentage of those identifying themselves in the Census as Latino also identify, in whole or in part, as Some Other Race. The sample sizes for Black and Asian Rhode Islanders are too small to report rates for single-parent and two-parent families for household income in comparison to the RISN.

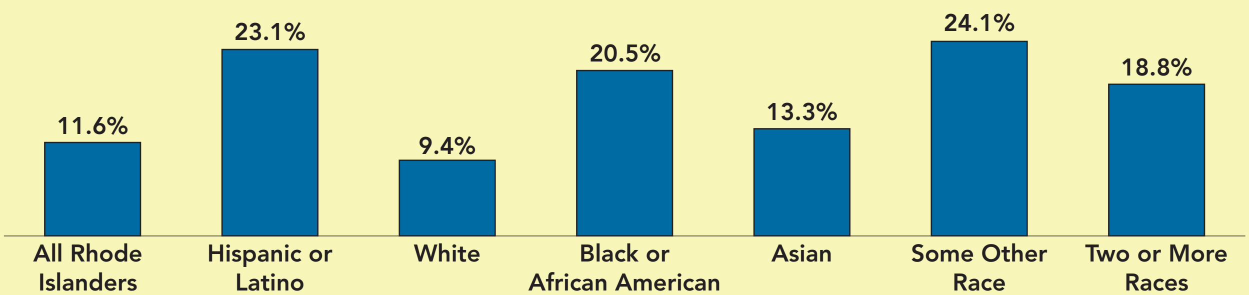
CHART 3

MEASURING ECONOMIC SECURITY

3. RISN calculations highlight the inadequacy of the Federal Poverty Level (FPL) as a measure of economic security.

Federal poverty data show that more than one in nine Rhode Islanders (11.6 percent) lives in poverty. The poverty rate for Black Rhode Islanders (20.5 percent) is more than twice as high as the rate for White Rhode Islanders (9.4 percent), and the rate for Latino Rhode Islanders (23.1 percent) is almost two and a half times as high as for White Rhode Islanders; the rate for Asian Rhode Islanders is 13.3 percent (See Chart 4).[7] Because the federal poverty measure is calculated by making inflation adjustments to an outdated expense methodology based solely on food costs, 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.[8] If one equates living in poverty with not being able to afford basic needs, the 2022 FPL numbers fall well below the 2022 RISN numbers and therefore clearly underestimate poverty in Rhode Island.

POVERTY RATES BY RACE & ETHNICITY IN RHODE ISLAND



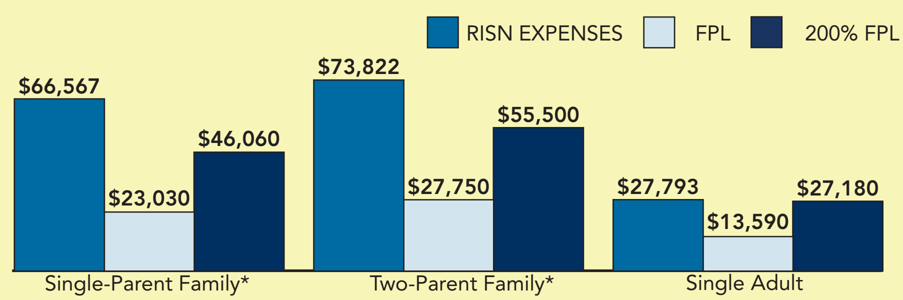
Note: Hispanic or Latino includes individuals from all race categories, and race categories include both Hispanic or Latino and Non-Hispanic/Non-Latino; Asian Americans are a diverse group, yet the available data rarely allow one to distinguish between, for example, residents of South Asian and East Asian descent.

Source: United States Census American Community Survey 5-Year Estimates 2016-2020, Tables B17001, B17001A, B17001B, B17001D, B17001F, B17001G, B17001I.

CHART 4

Single adults need income of almost twice the Federal Poverty Level to meet their basic needs according to the RISN methodology. Families with young children need income between two-and-a-half to three times the Federal Poverty Level to meet their basic needs (See Chart 5).

THE FEDERAL POVERTY LEVEL IS AN OUTDATED MEASURE OF ECONOMIC SECURITY.



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

CHART 5

A LIVING WAGE

4. Increasing the Rhode Island minimum wage – and phasing out the tipped minimum wage – would narrow the gap between earnings and basic expenses. These changes would improve economic well-being for lower-wage workers, especially for women and for Black and Latino Rhode Islanders.

Rhode Island's minimum wage in 2022 is $12.25/hour, scheduled to increase to $13.00/hour on January 1, 2023. At the current minimum wage, annual earnings of $25,480 are over $9,400 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 $16.79/hour (See Chart 6).

THE RISN IS **ALREADY** HIGHER THAN WHAT RHODE ISLAND'S MINIMUM WAGE WILL BE IN 2025 WHEN IT REACHES $15/HOUR - RAISING THE RHODE ISLAND MINIMUM WAGE FURTHER WOULD HELP WORKERS MEET BASIC NEEDS.*

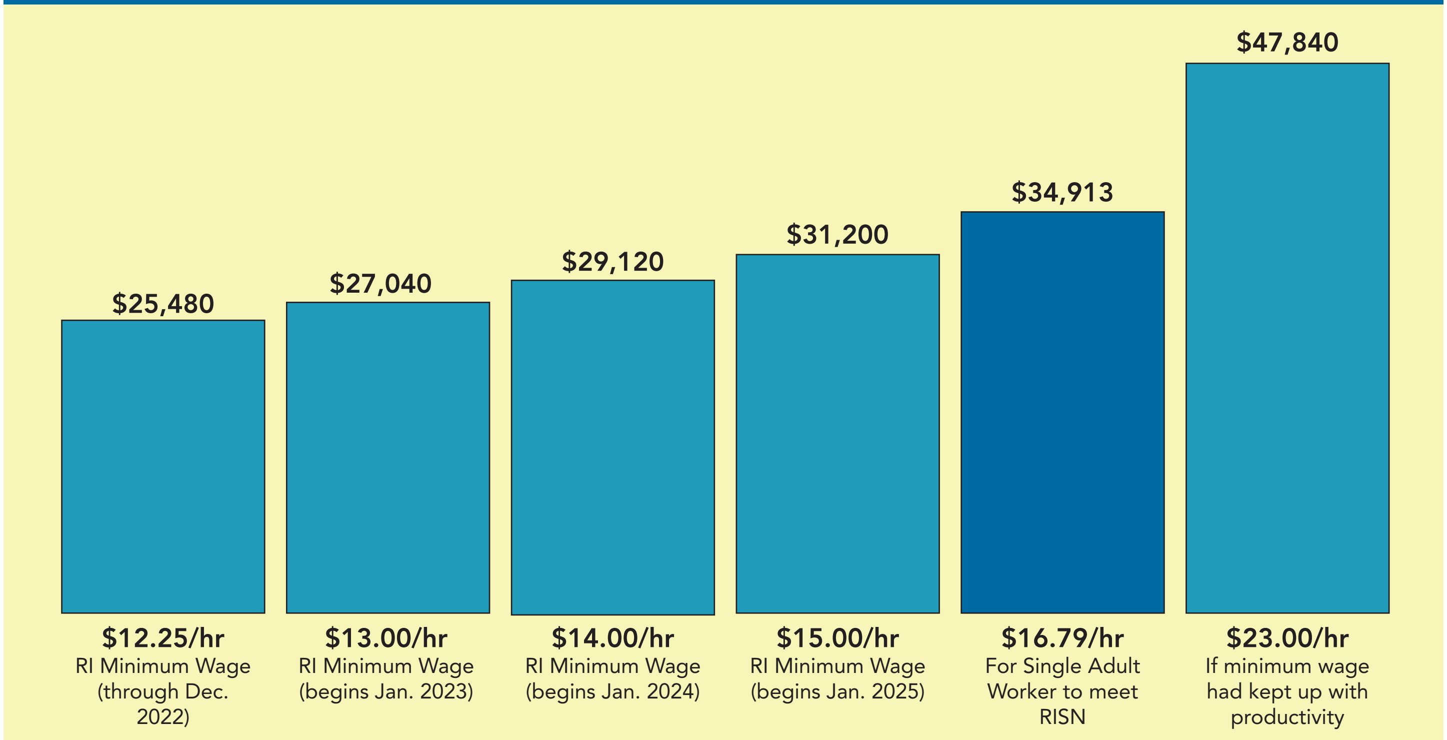


CHART 6

However, more than one in five Rhode Island minimum wage workers are parents. The minimum wage would need to be raised well beyond this amount to close the gap between income and expenses for families. For instance, a two-parent family in which both parents work in minimum wage jobs would have income of $50,960, not quite 60 percent of the RISN of $85,914.

In 2021, Rhode Island joined Massachusetts and Connecticut in stepping onto a path to raise the minimum wages to $15.00/hour. However, Rhode Island continues to trail its neighbors. Massachusetts will reach $15.00/hour two years before Rhode Island. Connecticut will do so 19 months earlier and will continue to increase annually with inflation (see Chart 7). The ongoing minimum wage gap means that Rhode Islanders working low-wage jobs can cross the border to earn more money. In 2023, for example, a Rhode Islander working full-time at a minimum wage fast food job in Pawtucket or Central Falls would earn $27,040, whereas the same individual working in a similar position just across the border in South Attleboro would earn $31,200, over $4,000 more, or $80 more each week.

RHODE ISLAND LAGS BEHIND ITS NEIGHBORS ON THE PATH TO THE $15/HOUR MINIMUM WAGE

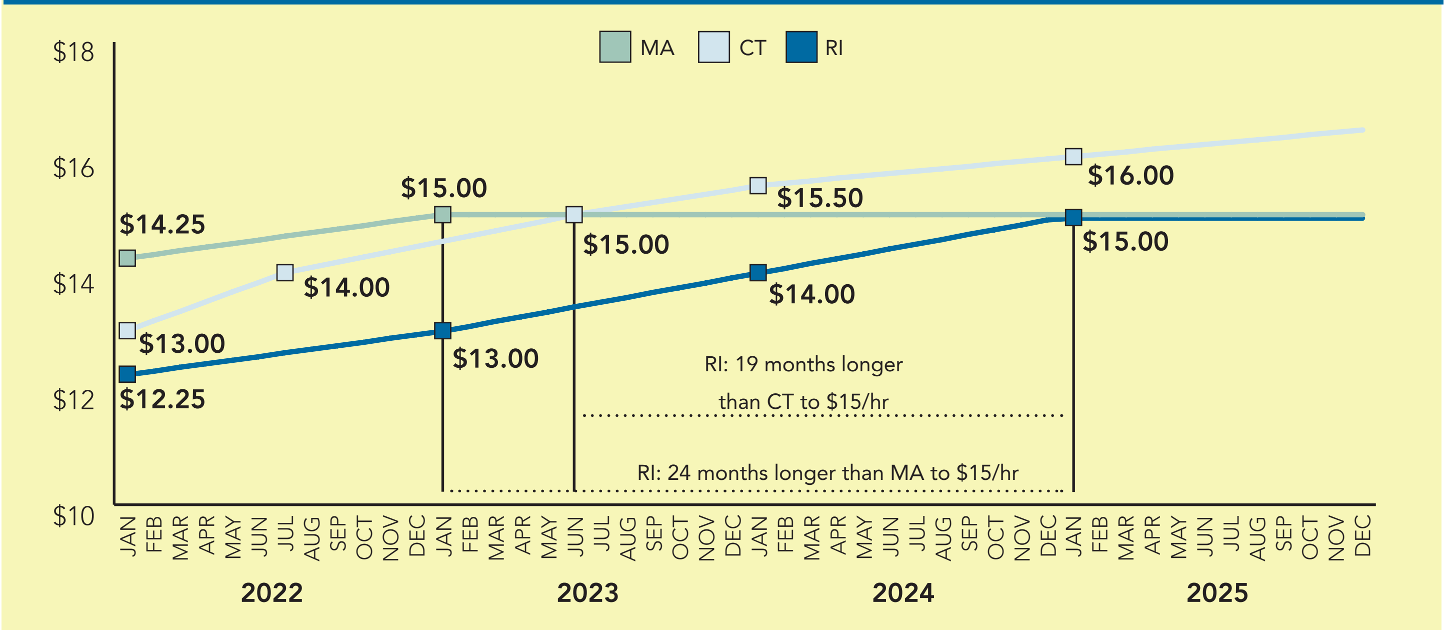


CHART 7

According to a January 2021 analysis from the Economic Policy Institute, raising Rhode Island's minimum wage to $15.00/hour by 2025 will directly help more than 75,000 workers and indirectly help an additional 37,000 low-wage workers currently earning slightly above the minimum wage. The increase will also help workers in some groups more than others, either directly or indirectly. The $15.00/hour minimum wage will make a difference for 35.2 percent of Latino workers, 29.4 percent of Black workers, and 17.7 percent of White workers. More than a quarter (26.5 percent) of working women would benefit compared with 16.8 percent of working men; women will account for six in ten low-wage workers who will benefit.[9] Raising the minimum wage would therefore weaken systemic income disparities based on gender, race, and ethnicity.

Getting onto the path to $15.00/hour was an important move, but this will still leave many workers behind compared to where they could be. Indeed, if the minimum wage had kept up with worker productivity over the last half-century, it would have already reached $23.00/hour, well above where we are now and where we are scheduled to be in 2025.[10]

Tipped workers often face even greater challenges than regular minimum wage workers. In Rhode Island, the "cash wage" or tipped minimum wage is $3.89/hour. Although employers are required to make up any shortfall if tips fail to bring a worker's wage to the level of the regular minimum wage, tipped workers remain under great pressure, their livelihoods dependent upon pleasing customers.[11]

Phasing out the tipped minimum wage also promises to decrease race and gender disparities. Black Americans working in the food industry are less likely than White workers to secure the higher-paying and higher-tipped positions in "fine-dining" establishments. Studies indicate that, among tipped restaurant workers, White workers are tipped at a higher rate than workers of color for similar levels of service.[12]

Tipped workers in states using the $2.13/hour federal minimum are much more likely to live in poverty (13.3 percent) than servers and bartenders in the seven states without a separate tipped minimum wage (7.7 percent). These "one-fair-wage" states have actually experienced greater restaurant and employment growth compared with the states holding to the federal minimum, indicating that ending the tipped minimum wage will benefit workers and businesses alike.[13]

LARGE GAP FOR CASH ASSISTANCE RECIPIENTS

5. Rhode Islanders receiving cash assistance through RI Works (who are disproportionately Black and Latino) 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. As of June 2022, 3,019 families participated in the program, which included 7,687 individuals, more than 70 percent of whom were children.[14] Data from Rhode Island's Department of Human Services clearly show that the percentages of participants who are Latino or Black are higher than their percentages in the overall population of the state.[15]

For close to 30 years, the maximum RI Works monthly benefit amount had not increased, despite the rise in the cost of living. In 2021, a one-time increase was applied, raising the monthly benefit for a family of 3 from $554 to $721 (from approximately 30 percent to 40 percent of the Federal Poverty Level). Taking food assistance into account, the annual income for a family of 3 ($17,086) is 74 percent of the Federal Poverty Level. This family has a gap between income and expenses of $1,563 each month (See Table 3).

The Supplemental Security Income Program (SSI) is the federal cash assistance program for low-income seniors and people with disabilities.[16] Some 31,216 individuals received SSI in Rhode Island in December 2021, the majority of whom (27,835) were younger people with disabilities. The maximum monthly benefit in 2022 for a single adult is $881 ($841 from the federal benefit and $39.92 from a state supplement). The federal portion adjusts annually for inflation but the state portion has not changed in the last 25 years. Annual income (cash & SNAP) is 91 percent of the Federal Poverty Level. An SSI recipient has a gap between income and expenses of close to $956 each month (See Table 4).

PARENT WITH TWO CHILDREN RECEIVING RHODE ISLAND WORKS (RI WORKS)	
Monthly Income from RI Works	$721
Income and Payroll Taxes	$0
Sales Tax	- $22
Net Monthly Income	**$699**
SNAP	$740
WIC	$64
TOTAL INCOME	**$1,503**
Housing	$1,264
Food	$841
Transportation	$554
Child Care	$0
Health Care	$0
Miscellaneous	$407
TOTAL EXPENSES	**$3,066**
Difference Between Income & Expenses	**- $1,563**

TABLE 3

INDIVIDUAL RECEIVING SUPPLEMENTAL SECURITY INCOME (SSI)	
Monthly Income from SSI	$881
Income and Payroll Taxes	$0
Sales Tax	- $27
Net Monthly Income	**$854**
SNAP	$262
WIC	$0
TOTAL INCOME	**$1,116**
Housing	$1,045
Food	$399
Transportation	$370
Child Care	$0
Health Care	$0
Miscellaneous	$258
TOTAL EXPENSES	**$2,072**
Difference Between Income & Expenses	**- $956**

TABLE 4

LACK OF WORK SUPPORTS LEAVES FAMILIES INSECURE

6. Without subsidies from the Child Care Assistance Program (CCAP) and subsidies through HealthSource RI, working families – including frontline and essential workers – 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, parents 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 200 percent of the Federal Poverty Level ($46,060 for a family of 3 and $55,500 for a family of 4). Eligibility is based on gross earned income, with no deductions for taxes or other work-related costs. If parents are eligible for CCAP, they can continue to participate until income rises to an "exit income limit" of 300 percent of the Federal Poverty Level ($69,090 for a family of 3 and $83,250 for a family of 4).[17] However, if parents have earnings slightly above the "entry income limit," they face a large monthly budget gap as the story of Janet and Craig illustrates.

Janet earns $15.00/hour, the minimum wage for direct care workers providing home-based services for children, a provision from the Fiscal Year 2023 Budget passed during the 2022 session of Rhode Island's General Assembly and then signed into law by the Governor. Craig, who works at a supermarket, makes Rhode Island's regular minimum wage, which rose to $12.25/hour on January 1, 2022. Together, the two of them earn $56,680, putting them at about 204 percent of the Federal Poverty Level for a family of 4 in 2022.

Because they earn above 200 percent of the Federal Poverty Level, the entry income limit, they are not eligible for any subsidy through the Child Care Assistance Program to help pay for child care for their children. A quality early learning program for four-year-old Michael and quality after-school care for seven-year-old Nate will cost $1,807 per month. The family also does not qualify for SNAP benefits, which would have helped offset the family's monthly food costs.

While their children do qualify for enrollment in RIte Care, Janet and Craig purchase coverage for themselves through HealthSource RI because they are ineligible for Medicaid. They are eligible for a tax credit of $605 which reduces the cost of the plan in which they enroll (the lowest cost silver plan) from $669 to $64 per month. Although such subsidies were available before the pandemic, they were increased, and then made permanent, by the 2022 federal Inflation Reduction Act (IRA).

Although federal and state Child and Dependent Care Tax Credits help in boosting their annual income, the income, payroll, and sales taxes they pay reduce their annual income to $52,687.[18] Without child care assistance, they find themselves $1,147 per month in the red (See Table 5).

If the CCAP entry income limit was returned to at least its 2006 level of 225 percent of the Federal Poverty Level, it would allow Janet and Craig and their family to qualify for CCAP and pay a maximum of 7 percent of gross earned income. They would be in the black. The entry income limit should be increased to 250 percent FPL and the exit income limit increased from 300 percent FPL to 350 percent FPL to help more families in need.

Janet and Craig are both frontline workers. Many people on the frontlines of the COVID-19 crisis have engaged in work identified as essential. These have included health care workers such as doctors and nurses, as well as 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. These workers – who are disproportionately Black, Latino, and women of all races and ethnicities – have not been paid in accordance with the necessity and value of their work. Their labor is essential to keep our shared community functioning, and they often worked in high-contact jobs during the pandemic.

ESSENTIAL WORKERS CANNOT MAKE ENDS MEET ON NON-ESSENTIAL SALARIES.

Janet and Craig, parents with two children and combined earnings of $56,680

EXPENSES	
Housing	$1,264
Food	$1,161
Transportation	$681
Child Care Costs	$1,807
Health Care	$64
Miscellaneous	$561
Total Monthly Expenses	$5,537
Total Yearly Expenses	**$66,449**
INCOME	
Pre-tax annual earnings	$56,680
Federal & State income, payroll, sales taxes	- $10,265
Federal & State child, dependent, EITC tax credits	$5,500
WIC*	$771
Net Annual Income	**$52,687**
Annual Difference Between Income and Expenses	**- $13,762**
Average Monthly Difference Between Income and Expenses**	**- $1,147**

* Although the family's income is too high to qualify for SNAP benefits and too high to qualify for WIC based upon income alone, because the children are enrolled in Medicaid, the younger child automatically qualifies for WIC benefits.

** Average Monthly Difference Between Income and Expenses does not necessarily 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 5

The story of Craig and Janet demonstrates the disconnect between the way society defines certain workers as essential, but doesn't consider them valuable enough to earn wages that allow them to meet their own basic needs.

Janet and Craig and people like them have faced obstacles to making ends meet during the ongoing coronavirus pandemic, and during "regular" times as well, when their work is no less important. Their story underscores the need to increase assistance for such families, whether in the form of tax credits or in the forms of child care, health care, food, or housing assistance.

Tax credits, such as the one-time $250 per child tax rebate in Rhode Island in 2022, do help.[19] In 2021, the American Rescue Plan Act increased the federal child tax credit and made it fully refundable. This boost in the credit lifted an estimated 3.7 million children out of poverty nationwide and reduced by 29 percent the monthly poverty rate, with greatest impacts for Black, Latino, and American Indian and Alaska Native people.[20] However, Congress failed to renew this federal credit, likely allowing millions of children to fall back into poverty. By expanding and strengthening such tax credits for low-income and modest-income families, including working families, the federal and state governments can increase economic security and opportunity.

WORK SUPPORTS CAN HELP ELIGIBLE FAMILIES

7. Government-funded work support programs help narrow the gap between income and expenses for many low-wage families. Expanding these programs would decrease racial and ethnic disparities.

A single parent with two young children needs to earn $37.61/hour before taxes to meet his or her family's basic needs. Approximately one-quarter of Rhode Island jobs[21] pay a median hourly wage above this amount; the overall median wage for all Rhode Island jobs in May 2021 was just $22.97/hour.[22] Child care and health care subsidies, tax credits, and food assistance make a significant and positive difference for families when wages aren't enough, as Alicia's story shows.

WORK SUPPORTS HELP FAMILIES WITH MODEST EARNINGS MAKE ENDS MEET.
Alicia, a single mom with two children and earnings of $32,472

	With Child Care & Health Care Subsidies	Without Child Care & Health Care Subsidies
Housing	$1,264	$1,264
Food	$841	$841
Transportation	$554	$554
Child Care	$135	$1,807
Health Care	$0	$674
Miscellaneous	$407	$407
Total Expenses	$3,201	$5,547
Total Income*	$3,438	$3,884
Difference	**$237**	**- $1,664**

* 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 6

Alicia is a single mom of nine-year-old Jennifer and three-year-old Caleb. Alicia works as an administrative assistant and has annual gross earnings of $32,472 (or $15.61/hour).

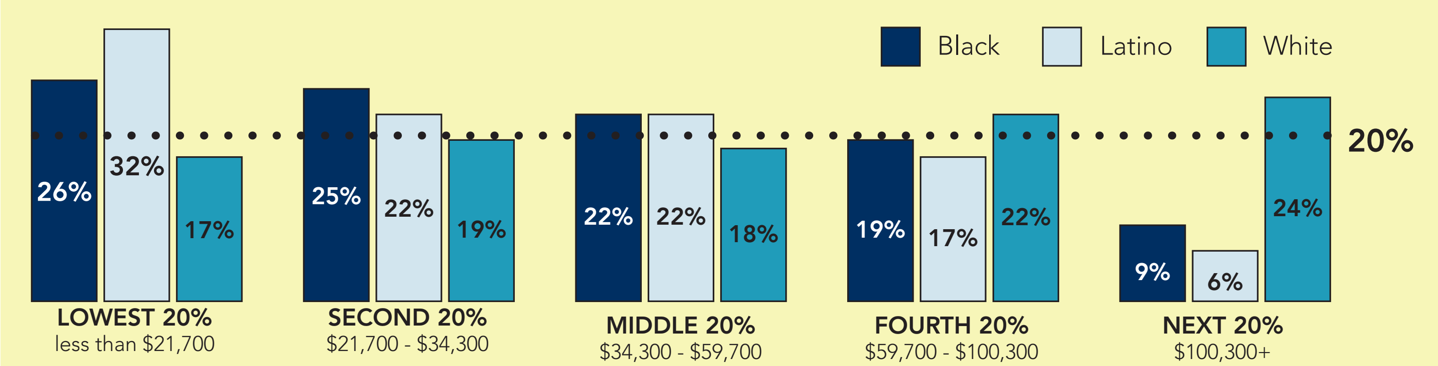
Alicia learned she was eligible to enroll her family, at no cost, in RIte Care health insurance, part of Rhode Island's Medicaid program. This was a big help.

She also qualifies for help paying for full-time daycare for Caleb and after-school care for Jennifer, which otherwise would cost her $1,807 per month. Based on her income (141 percent of the Federal Poverty Level), Alicia's co-pay through the Child Care Assistance Program is $135 per month.[23]

Without these child care and health care subsidies, Alicia's basic-needs budget would be in the red $1,664 every month. With these subsidies, Alicia can meet her family's basic expenses, with $237 per month left over for other needs (See Table 6). These subsidies make a real difference in the lives of many Rhode Islanders. These programs do more to help Black and Latino Rhode Islanders because they are overrepresented among those with lower and modest incomes (see Chart 8). Expanding these programs would reduce racial and ethnic disparities.

INCOME IS NOT DISTRIBUTED EQUALLY IN THE OCEAN STATE.

Black & Latino Rhode Islanders overrepresented in lower-income & underrepresented in higher-income groups.



Source: Institute on Taxation and Economic Policy, January 2021 update to Who Pays, 6th edition; includes non-elderly tax units in 2015.

CHART 8

CONCLUSION

At the outset, we posed the following five 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?
3. What are the racial and ethnic inequities in the ability of Rhode Island families to meet their basic needs?
4. How have policy and program changes in 2021 and 2022 helped improve economic security for Rhode Islanders?
5. How can Rhode Island's policymakers sustain and build upon the progress of the last two years?

The findings discussed in this report provide answers to each of these questions, as outlined below.

1. What is the cost of meeting basic needs for families and individuals in Rhode Island?

Through the Economic Progress Institute's analysis, the results of which are presented in **Key Finding 1** (and for which the underlying details and assumptions are provided in the Methodology section below), we have identified the costs to Rhode Islanders to meet their most basic needs: housing, food, health care, transportation, miscellaneous items (including clothing and household supplies), and (for those with children) child care. We have particularly emphasized the increasing rental and home-buying costs and challenges for low-income Rhode Islanders to secure affordable housing.

Key Finding 2 demonstrates that many Rhode Islanders do not earn enough in wages or salary to cover these most basic needs (a situation made worse by the affordable housing crisis). **Key Finding 3** shows that the Federal Poverty Level (FPL) does not adequately reflect the economic insecurity experienced by so many Rhode Islanders as characterized by the Rhode Island Standard of Need.

2. How do state and federal work supports help households meet the cost of basic needs?

Key Findings 6 & 7 answer the second question from slightly different angles. The latter shows how state and federal work supports – such as child care and health care subsidies – can make a crucial contribution towards bridging the gap between income and expenses, while the former shows how the lack of such supports can leave some low-income or modest-income Rhode Island families in the red, unable to bridge the income-expense gap to meet their most basic needs. **Key Finding 5** also addresses the second question by showing how government assistance – such as Rhode Island Works and SSI – do help yet are sometimes insufficient for those without income from wages or salary to make ends meet.

3. What are the racial and ethnic inequities in the ability of Rhode Island families to meet their basic needs?

Key Findings 2 & 3 provide income and poverty data to help answer the third question, revealing racial and ethnic disparities along with disparities based on gender. By considering data concerning the minimum wage, public assistance, and work support programs, **Key Findings 4 through 7** also address the third question about racial and ethnic disparities.

4. How have policy and program changes in 2021 and 2022 helped improve economic security for Rhode Islanders?

Key Findings 4 through 7 address the fourth question. Rhode Island Works, the state's cash assistance program, received in 2021 its first benefits increase in 30 years. In 2022, enacted legislation increased both the entry and exit income limits for the state's Child Care Assistance Program, meaning that more families will now qualify for crucial aid, and more families will be able to retain this aid even as their income increases. Although not discussed in detail here, Rhode Island's Medicaid program has been expanded recently to include children and pregnant women without citizenship status. For low-income and modest-income Rhode Islanders who do not qualify for Medicaid, generous premium subsidies through HealthSource RI (recently made permanent through the federal Inflation Reduction Act) means that tens of thousands of Rhode Islanders can afford quality health insurance. Rhode Island recently stepped onto the path to a $15/hour minimum wage.

5. How can Rhode Island's policymakers sustain and build upon the progress of the last two years?

Key Finding 4 shows that Rhode Island's progress on the path to a $15/hour minimum wage is too little and too late to guarantee economic security for Rhode Island individuals and families. This provides a partial answer to the fifth question which asks what Rhode Island's policymakers do in the years ahead to increase economic security further. They can phase out the tipped minimum wage and increase the regular minimum wage beyond $15/hour. If the federal minimum wage had kept up with worker productivity over the last 50 years, that wage would now be at $23/hour.

As for government supports, considered in **Key Findings 5 through 7**, beneficiaries of the Rhode Island Works program would be helped by an annual cost of living adjustment, so they won't need to wait another three decades for the next increase. The Child Care Assistance Program entry and exit income limits could be increased further. The increase of the entry income limit to 200 percent FPL is still short of the 225 percent limit that existed in 2006. Sensible reform would increase the entry limit to 250 percent FPL and the exit income limit to 350 percent FPL. Strengthening other policies not addressed here, such as Paid Family Leave, would also help decrease economic insecurity, especially if such programs are extended and made easier for lower-income workers to access and navigate.

Because of the income and wage disparities shown in **Key Findings 2 and 4**, and program participation rates noted in **Key Findings 5 through 7**, Black and Latino Rhode Islanders would benefit most from various government support programs as well as from increasing the minimum wage. By improving programs and policies that increase economic security, Rhode Island's policymakers have a great opportunity to reduce disparities, increase equity, and help Rhode Islanders meet their basic needs.

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. EPI understands that not all two-parent families fit this model. The single person is an adult of any gender.

For the sake of clarity and brevity, the RISN limits itself to these three family types. However, EPI recognizes that there are many other family types, including multigenerational families, households 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 Federal Fiscal Year 2022 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 2022 report: https://reports.nlihc.org/oor/rhode-island. FMRs include all utilities except telephone, cable/satellite television, and internet (for more information on Fair Market Rents, see https://www.huduser.gov/portal/sites/default/files/pdf/fmr-overview.pdf).

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 statewide average monthly rental cost for a two-bedroom apartment was $1,771 in 2021 & $1,391 for a one-bedroom apartment (https://www.rihousing.com/rent-survey/) These surveyed rates for 2021 are 40 percent higher than the 2022 NLIHC estimates for a two-bedroom apartment and 33 percent higher for a one-bedroom apartment. For other valuable information on housing in Rhode Island, see the 2022 Housing Fact Book published by HousingWorks RI: https://www.housingworksri.org/Portals/0/HWRI_HFB22.pdf?ver=glFO9fsTHHHAqMRy9r8-yw%3d%3d or more recent versions as they become available.

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 January 2022 there were only 9,100 of these 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 2022) for the nation (see 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 ($29,939 for a family of 3), but Rhode Island, like 40 other states, the District of Columbia, Guam, and the U.S. Virgin Islands, opts to use "broad-based categorical eligibility" and boosts the income limit (in Rhode Island) to 185 percent FPL ($42,606 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 must be less than 250 percent of the Federal Poverty Level ($57,575 for a family of 3), there is automatic eligibility for WIC. Otherwise, income must be less than 185 percent of the Federal Poverty Level ($42,606 for a family of 3). Where applicable, the RISN includes the value of the WIC monthly benefit for a toddler, $64.29 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 2020 through 2nd quarter 2021, 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 (the 2020-2021 midyear tables are available from the Bureau of Labor Statistics upon request; other tables can be found at https://www.bls.gov/cex/tables.htm). Gasoline costs have been adjusted using 2022 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 2020 through 2nd quarter 2021 (matching Table 1600) and then taking the average monthly cost for January through July of 2022 and creating a multiplier comparing the two averages. This multiplier (1.668) was then applied to the "Gasoline, other fuels, and motor oil" costs from Table 1600.

CHILD CARE

Child care costs are based on the 2021 Child Care Market Rate Survey Report, sponsored by the Rhode Island Department of Human Services (DHS) and conducted by Public Consulting Group LLC (https://dhs.ri.gov/programs-and-services/child-care/child-care-providers/market-rate-survey).

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, participating in a training program, or attending a post-secondary education institution in Rhode Island. Family income must be less than 200 percent of the Federal Poverty Level ($46,060 for a family of 3) to enter the program, and families remain eligible until income reaches 300 percent of the Federal Poverty Level ($69,090 for a family of 3). Families with income at or above 100 percent of the Federal Poverty Level pay a co-share based on a sliding scale of between 2 percent and 7 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 2021 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://meps.ahrq.gov/data_stats/summ_tables/insr/state/series_10/2021/ic21_xc_e.pdf). The average monthly cost of private-sector employer-based individual coverage in Rhode Island is $677, of which the employee pays $169.50, or 25.0 percent. For family coverage, the average monthly cost is $1,865, of which the employee pays $518, or 27.8 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 2020 through 2nd quarter 2021. The costs are based on the number of earners in the household, and include the categories "Medical services," "Drugs," and "Medical supplies." Monthly OOP costs are $74.49 for single adults, $146.01 for one-parent families of 3, and $150.41 for two-parent families of 4.

The Medicaid program provides comprehensive health insurance coverage for single adults ages 19-64 with income at or below 138 percent of the Federal Poverty Level ($18,754), for parents with income at or below 141 percent of the Federal Poverty Level ($32,472 for a family of 3), for children at or below 266 percent of the Federal Poverty Level ($61,260 for a family of 3), and for seniors and people with disabilities with income at or below 100 percent of the Federal Poverty Level ($13,590). People ineligible for Medicaid can purchase health insurance through HealthSource RI (HSRI). Although the income limit to qualify for a subsidy used to be 400 percent FPL, with the coronavirus pandemic Public Health Emergency and the Inflation Reduction Act of 2022 there has not been a strict cut-off to qualify for a credit to help offset the monthly premium cost. Applicants can enter their income and family information at the HSRI website (https://healthsourceri.com/) to find out how much of a tax credit they would receive.

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 2020 through 2nd quarter 2021, 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 & TAX CREDITS

Taxes include payroll taxes (FICA and TDI) and federal and state income taxes using 2022 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), which models all 50 state tax systems (for Rhode Island, see 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.

PERCENTAGES OF HOUSEHOLDS WITH INCOME BELOW WHAT IS NEEDED TO MEET THE RISN

For the RISN section on Household Earnings, where percentages are presented for different groups for falling below what is needed pre-tax to meet the cost of basic needs according to the RISN, these percentages were calculated by the Economic Progress Institute from the U.S. Census Bureau's American Community Survey, 5-year estimates, 2016-2020, using the IPUMS USA SDA 4.1.2 tool to analyze microdata (https://usa.ipums.org/usa/sda/). The 2022 RISN amounts were first adjusted for inflation to 2020 dollars, and the appropriate weighting was employed for analyzing the microdata.

COMPARING THE 2022 RISN WITH THE 2020 RISN

When comparing this report's RISN expenses and required income with those of the previous edition, The 2020 Rhode Island Standard of Need, it might seem that the situation for low-income and modest-income Rhode Islanders has become dramatically worse. Over the last two years, annual expenses have increase from $57,671 to $66,567 for a single-parent family, from $64,526 to $73,822 for a two-parent family, and from $24,513 to $27,793 for a single adult. Likewise, the pre-tax earnings required to afford these basic needs has increased from $66,057 to $78,219 for a single-parent family, from $73,646 to $85,914 for a two-parent family, and from $30,600 to $34,914 for a single adult. These increases of thousands of dollars range from 13.4 percent to 18.4 percent. However, these are changes in raw dollars. When one adjusts the 2020 RISN amounts for inflation (using the Consumer Price Index to compare August 2020 with August 2022), the changes are not nearly as large. For RISN expenses, there has been a 1.3 percent increase in costs for a single-parent family, a 0.4 percent increase for a two-parent family, and a 0.5 percent decrease for a single adult. Nevertheless, any increase in expenses for a low-income family can prove critical. Furthermore, the pre-tax earnings required have increased at a greater rate than expenses, making it that much more difficult to make ends meet: a 3.9 percent for a single-parent family, a 2.4 percent increase for a two-parent family, and a 0.1 percent increase for a single adult. While the differences between the 2020 RISN expenses and earnings should not be exaggerated, neither should they be minimized. Many low-income and modest-income Rhode Islanders live in economic insecurity, finding it difficult to make ends meet.

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.

In 2022, high inflation has become a concern for many people. Some of the data for the RISN are over one year old and may not reflect inflation. However, for two of the items of greatest concern, food and fuel, the RISN does provide more recent data. As noted above, for food costs, the data come from June 2022. For fuel costs, the midyear 2020 to midyear 2021 gasoline costs are modified by applying an inflation factor based upon gasoline prices in 2022. Housing prices have soared in 2021 and 2022, and for all practical purposes, rental costs may be higher than the RISN rental costs or even the RI Housing survey costs and may continue to grow even more.

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 the myriad racial and ethnic groups in the state. We know, for example, that neither the Asian nor Latino 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. Many Rhode Islanders claim multiple racial and ethnic backgrounds and identities. Nevertheless, this report hopes to provide valuable data in understanding racial and ethnic disparities among Rhode Islanders 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 For the RISN, "single adult" refers to household status, not relationship status.
2 RISN rental costs are based on the U.S. Department of Housing and Urban Development (HUD) Fair Market Rents (FMR) for Rhode Island. FMRs include all utilities except telephone, cable/satellite television, and internet. The RISN housing costs come from composite state rates calculated, using HUD FMR values, by the National Low Income Housing Coalition (NLIHC) for its *Out of Reach 2022* report. See the "Methodology" section at the end of *The 2022 Rhode Island Standard of Need* for additional details.
3 Data are from HousingWorks RI analysis of U.S. Census Bureau, American Community Survey (ACS), 5-Year Public Use Microdata Sample (PUMS), 2015-2019. See HousingWorks RI, *2021 Housing Fact Book*, pp. 6, 80. The federal government, along with housing and mortgage agencies, define 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."
4 Redlining is the practice, from the middle of the 20th century, of government officials using red ink to identify certain neighborhoods, particularly Black majority neighborhoods, as bad loan risks. This blocked the issuance of mortgages at the best rates to families in these neighborhoods and thus made it more difficult to build household wealth through home ownership.
5 HousingWorks RI, *2021 Housing Fact Book*, p. 7. While the cost burdens for home ownership have notable ethnic and racial disparities, the same is not the case for renters, where the percentages of people experience cost burden and severe cost burden remain fairly similar among Latino, White, and Black Rhode Islanders.
6 The data presented in this section were calculated by the Economic Progress Institute using microdata from the U.S. Census Bureau's American Community Survey. For more details, see "Percentages of Households with Income Below What is Needed to Meet the RISN" in the "Methodology" section above.
7 Economic Progress Institute calculations from the Census Bureau's American Community Survey data, 5-year estimates, 2016-2020.
8 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 and varies by the number of people in a household. Poverty rates are determined using the poverty threshold. The FPL and 100 percent FPL are the same amounts, whereas, for example, 200 percent FPL is twice the Federal Poverty Level for a family of a particular size. The numbers used in *The 2022 Rhode Island Standard of Need* for the Federal Poverty Level (FPL) are from the Department of Health and Human Services 2022 federal poverty guidelines: https://aspe.hhs.gov/poverty-guidelines.
9 Economic Policy Institute, "The impact of raising the minimum wage to $15 by 2025, by congressional district," (January 28, 2021), https://www.epi.org/publication/minimum-wage-to-15-by-2025-by-congressional-district/; state-level data provided to the Economic Progress Institute by the Economic Policy Institute from their Wage Simulation Model. See also Economic Policy Institute, "Why the U.S. needs a $15 minimum wage: How the Raise the Wage Act would benefit U.S. workers and their families," Fact Sheet (January 26, 2021), https://www.epi.org/publication/why-america-needs-a-15-minimum-wage/.
10 See Dean Baker, "The Productivity Adjusted Minimum Wage Would Be $21.50 in 2020 and $23 in 2021," Center for Economic and Policy Research, March 16, 2022, https://cepr.net/correction-the-productivity-adjusted-minimum-wage-would-be-21-50-in-2020-and-23-in-2021/.
11 The coronavirus pandemic era has brought about increased harassment of tipped workers. Emma Goldberg, "Is This the End of Tipping?" *The New York Times*, February 21, 2021, https://www.nytimes.com/2021/02/21/business/pandemic-restaurant-tipping.html?searchResultPosition=1. For more detail, including stories and data, see One Fair Wage's December 2020 report: "Take off your mask so I know how much to tip you: Service Workers' Experience of Health & Harassment During COVID-19," https://onefairwage.site/wp-content/uploads/2020/12/OFW_COVID_WorkerExp-1.pdf.
12 Restaurant Opportunities Centers United, *Ending Jim Crow in America's Restaurants: Racial and Gender Occupational Segregation in the Restaurant Industry*, 2015, https://laborcenter.berkeley.edu/pdf/2015/racial-gender-occupational-segregation.pdf.
13 Economic Policy Institute, "Why the U.S. needs a $15 minimum wage: How the Raise the Wage Act would benefit U.S. workers and their families," Fact Sheet (January 26, 2021), https://www.epi.org/publication/why-america-needs-a-15-minimum-wage/.

14 For additional information about RI Works families, see the *2022 Rhode Island Kids Count Factbook*, https://www.rikidscount.org/Portals/0/Uploads/Documents/Factbook%202022/Economic%20Well-being%20section.pdf?ver=2022-05-12-085913-727, pp. 40-43.
15 See page 2 of the DHS testimony submitted for the November 2022, 2021, and 2020 Caseload and Revenue Estimating Conferences: https://www.rilegislature.gov/Special/rcc/REC202211/DHS_CEC_Testimony_November_2022_FINAL.pdf, https://www.rilegislature.gov/Special/rcc/REC1121/DHS_CEC_Testimony_November_2021_FINAL.pdf, and https://www.rilegislature.gov/Special/rcc/REC%20Files/DHS_CEC_Testimony_November_2020_FINAL.pdf. The DHS data are based upon voluntary reporting, and for each of these three years, the percentage of participants for whom race or ethnicity is undetermined is above 40 percent. Based upon the data of those for whom race or ethnicity is known, the percentages are clearly higher than the 5.7 percent rate for Black Rhode Islanders and 16.6 percent for Latino Rhode Islanders, as reported in the Census Bureau's 2020 Decennial Census, and this is the case even without the large group for which race and ethnicity remain unknown. For these and other data, it would be valuable to have not only more data, but also more disaggregated data, allowing finer distinctions among broad race and ethnicity categories.
16 See Table 10 of the Social Security Administration's *SSI Annual Statistical Report, 2021*, September 2022, https://www.ssa.gov/policy/docs/statcomps/ssi_asr/2021/ssi_asr21.pdf, p. 31.
17 The "entry income limit" for CCAP was reduced from 225 percent of the FPL to 180 percent of FPL in 2007. but in 2022, it was raised to 200 percent of FPL. In 2013 the "exit income limit" of 225 percent of the FPL was enacted as a pilot and made permanent in 2017; in 2022, it was raised to 300 percent of FPL.
18 After taking the standard deduction of $25,900 from their gross income of $52,400, Janet and Craig owe $3,283 in federal income tax on the remaining $30,780. This entire amount is offset by a dependent care credit of $1,200 and a portion of the $4,000 child tax credit; they are eligible for a federal income tax refund of $1,917. However, over the year they paid $4,336 in non-refundable payroll taxes, meaning that on balance they have paid $2,419 in taxes to the federal government. After standard deductions and exemptions on their Rhode Island state taxes, they owe $776, offset in part by a $300 dependent care credit. In addition to the $476 in state income tax owed, over the year they paid $623 in payroll taxes and $1,247 in sales taxes, for a total of $2,346 of taxes on the state level. For their younger child, their income is supplemented over the year with $771 in WIC benefits.
19 Because these state and federal credits are not permanent credits and will not apply going forward, the tax calculations for the data in Table 5 and elsewhere in this report do not include them.
20 Bradley L. Hardy, "Child Tax Credit Has a Critical Role in Helping Families Maintain Economic Stability," Center on Budget & Policy Priorities, April 14, 2022, https://www.cbpp.org/sites/default/files/4-14-22tax.pdf.
21 "Jobs" as defined here refers to "Major Occupations" as categorized by the U. S. Bureau of Labor Statistics (BLS) Occupational Employment and Wage Statistics (OEWS) program and survey and used by the Rhode Island Department of Labor and Training (DLT). The OEWS survey does not include farm industries employment. See "Basic Concepts Related to the OEWS Program" at https://dlt.ri.gov/labor-market-information/data-center/occupational-employment-and-wage-statistics-oews.
22 Economic Progress Institute calculations from Rhode Island Department of Labor and Training (DLT), Labor Market Information (LMI) Division Occupational Employment and Wage Statistics (OEWS) Industry Specific Wage Reports, May 2021, found at https://dlt.ri.gov/labor-market-information/data-center/occupational-employment-and-wage-statistics-oews.
23 The Child Care Assistance Program (CCAP) 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.

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