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COMMENTS BY: INDIANA STATE REP. PHIL HOY (D-EVANSVILLE)



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POLICY LEADERSHIP SERIES WORK-FAMILY INFORMATION FOR STATE LEGISLATORS

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STATE POLICYMAKERS: SUPPORTING LOW-INCOME WORKING FAMILIES

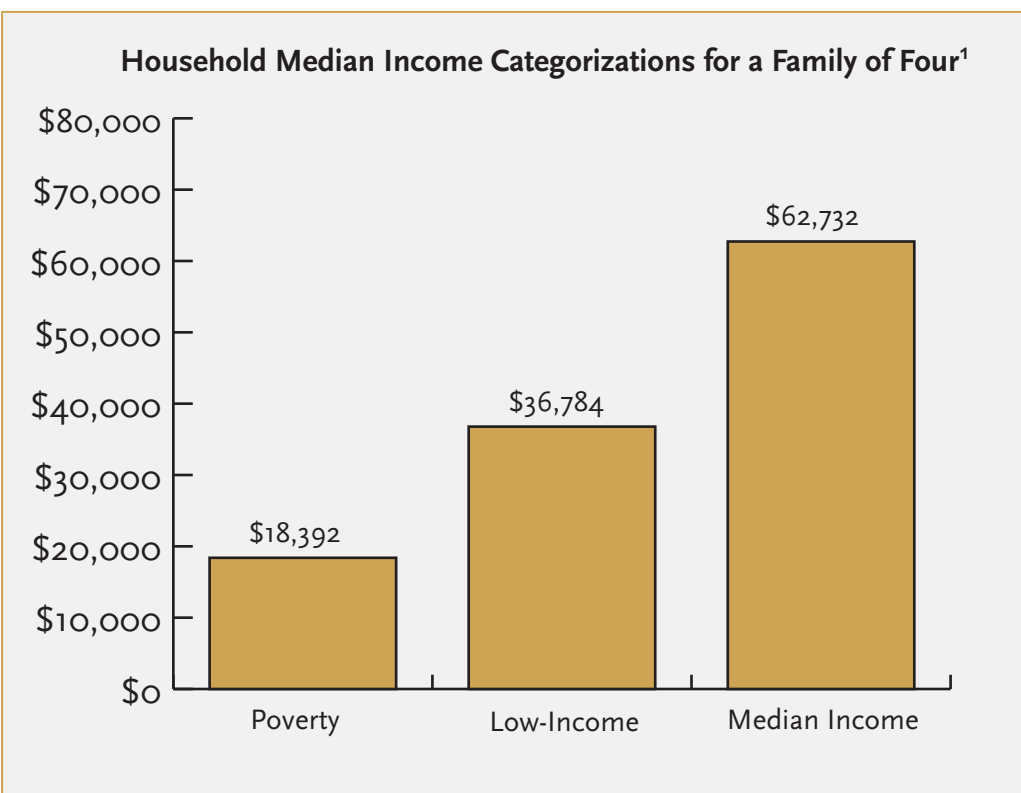
Over a quarter of the working families in the US are low-income working families. Because of the unique challenges faced by the 9.2 million low-income working families—and their 20 million children—many states have proposed legislation to support them. Policy leaders have shown that legislation supporting low-income working families can meet the state’s fiscal goals, encourage workforce participation and promote a healthy, productive workforce.¹

WHAT IS A LOW-INCOME WORKING FAMILY?

A family (a married couple with at least one child or a single parent with one or more children) working at least 39 full time weeks a year and earning less than 200% of the federal poverty level (FPL).¹

IS A LOW-INCOME FAMILY THE SAME AS A FAMILY LIVING IN POVERTY?

Not necessarily. A family of four earning less than \$18,392 is living in poverty; a working family earning less than \$36,784 is a low-income working family (less than 200% of the FPL). However, 27% of low-income working families can be classified as living in poverty.¹



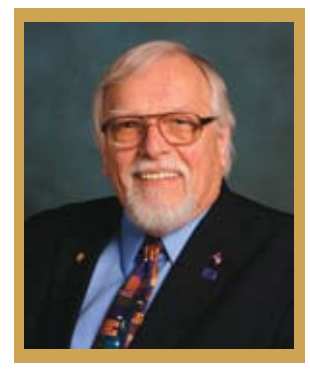
WHAT KINDS OF FAMILIES ARE LOW-INCOME WORKING FAMILIES?

Over 9 million US families are low-income working families. The demographic profiles of these families are similar to families earning higher wages.

- Low-income working families are hardworking families, working an average of 2,500 hours each year, the equivalent of 1.2 full-time jobs.¹
- More than half of all low-income working families are married couple families.¹
- In the majority of low-income working families, all parents are American born.¹
- In nearly half of all low-income working families all parents are white, in just over a quarter there is an Hispanic parent, and a fifth have an African American parent.¹

“IF WE ARE GOING TO CONVINCE THE PRIVATE SECTOR OF THE NEED AND VALUE OF PROVIDING A “LIVING WAGE” FOR ALL WORKERS, THEN WE, IN GOVERNMENT, MUST SET THE EXAMPLE. THE STATE SHOULD REQUIRE THOSE COMPANIES WITH WHOM WE DO BUSINESS TO PAY THEIR EMPLOYEES A “LIVING WAGE.” THE INDIANA GENERAL ASSEMBLY NEEDS TO GO BEYOND THE RHETORIC OF NEEDED ACTION TO THE IMPLEMENTATION OF A PROGRESSIVE POLICY. HOWEVER, A “LIVING WAGE” IS ONLY A STEP TOWARD A MORE JUST AND FAIR SOCIETY IN WHICH THE HUMAN DIGNITY OF ALL INDIVIDUALS IS RESPECTED. MANY OTHER ISSUES NEED TO BE ADDRESSED, INCLUDING COMPREHENSIVE HEALTH CARE COVERAGE, AFFORDABLE HOUSING, AVAILABILITY OF CHILD CARE, SAFE WORKING CONDITIONS, AND EDUCATIONAL OPPORTUNITIES FOR ALL. IT IS A LONG ROAD TO AN EQUITABLE SOCIETY AND IT IS ESSENTIAL THAT WE CONTINUE TO MOVE FORWARD.”

INDIANA STATE REP. PHIL HOY (D-EVANSVILLE)



WHAT CHALLENGES DO LOW-INCOME WORKING FAMILIES FACE?

Like all families, low-income working families struggle to balance work and family commitments. However, low-income working families also face additional challenges.

- *Health care Coverage.* 75% of the uninsured are from working families. Over 33% of low-income working families have at least one parent who does not have health care coverage¹ while 40% of low-income workers reported not getting necessary health care treatment due to cost.²
- *Housing.* Low-income working families spend a disproportionate amount of income on housing.¹ More than half are paying more than 1/3 of their income for housing.
- *Poverty.* Over 25% of all low-income working families live in poverty.¹
- *Inadequate Job Benefits.* In the majority of low-income working families, parents do not have any form of paid leave.³
- *Accessible and Affordable Child Care.* Low-income workers have significantly less access to child care resources, referral services and employer-provided financial assistance for purchasing child care.

PROVIDING RESOURCES TO LOW-INCOME WORKING FAMILIES BENEFITS BUSINESS AND THE STATE.

Initiatives designed to support low-income working families also advance the goals of business and the state.

- *Job Benefits.*
 - Providing low-wage workers with paid leave ensures that they can remain employed. Because low-income workers are significantly less likely to have any paid leave benefits than those earning higher wages, many low-income workers struggle to remain connected to the workforce when facing a personal or family illness or injury.
 - Offering benefits to workers is an effective employee retention strategy. Full-time workers whose jobs provide health insurance or paid vacations are significantly more likely to stay with their employer than full-time workers not receiving health care coverage.¹
- *Income Assistance.* The Earned Income Tax Credit (EITC) increases workforce participation, reduces poverty, and encourages asset building.
- *Education and Job Training.* Job training and education programs targeted at low-income workers can help businesses meet skill shortages, increase productivity, and retain workers while also increasing a state's attractiveness to business.
- *Child Care Assistance.* Low-income working families without child care assistance face greater work-family conflict. Those not receiving subsidies were also less amenable to schedule changes and reported higher levels of absenteeism.

WHAT STEPS HAVE STATES ALREADY TAKEN TO SUPPORT LOW-INCOME WORKING FAMILIES?




- *Expanding Health Care Coverage.* Many states have extended Medicare eligibility to include low-income working families.
- *Providing Access to Paid Leave Time.* California has established a Paid Family Leave Program and five other states offer paid maternity leave.¹
- *Reducing Poverty.*
 - *Increasing the Minimum Wage.* Thirty-six states have a minimum wage higher than the federal minimum wage.¹¹
 - *Establishing a State Earned Income Tax Credit (EITC).* Similar to the federal EITC, the state EITC is a refundable state income tax credit for low-income working families and individuals. Twenty-two states have established a state EITC.¹²
- *Subsidizing Dependent Care Expenses.* Twenty-six states and the District of Columbia provide dependent care tax assistance to families.¹³

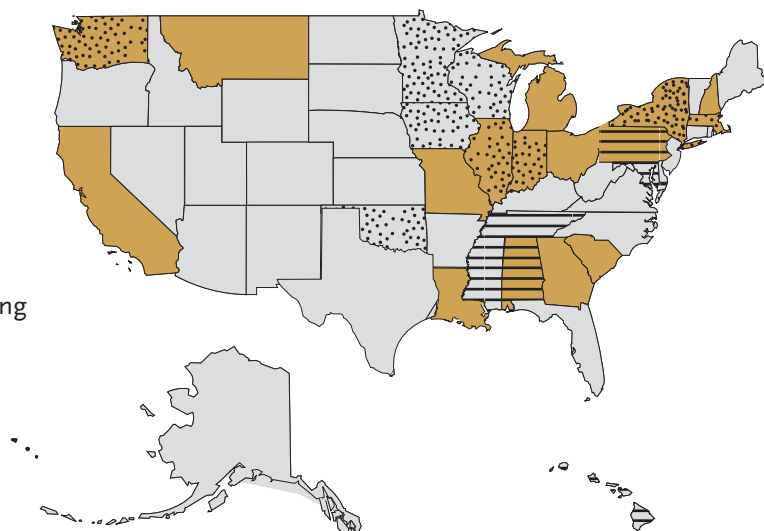
LEGISLATION SUPPORTING LOW-WAGE WORKING FAMILIES PROPOSED THIS SESSION.

- Supporting access to health care coverage (CA, CT, GA, LA, NY, PA, RI, WA)
- Investigating economic development subsidies impact on low-income working families (AL, MD, PA)
- Establishing fair wages or protections for low-income workers (HI, IL, IN, IA, MD, MA, MN, MS, NY, OK, RI, TN, WA, WI)
- Establishing or supporting the use of the Earned Income Tax Credit (CA, SC)
- Provides services or asset-building opportunities for low-income working families (IL, IN, MA, MI, MO, MT, NH, NY, OH, PA, WA)

LEGISLATION SUPPORTING LOW-WAGE WORKING FAMILIES PROPOSED THIS SESSION (CONT'D).

States Introducing:

-  Bills Supporting Access to Services or Providing Services
-  Bills Related to Economic Development Subsidies
-  Bills Related to Fair Wages and Protections for Low-income Working Families



For more bills and statutes, visit wfnetwork.bc.edu/bills.php

WHERE CAN I GET MORE INFORMATION?

The Urban Institute at <http://www.urban.org/index.cfm>

- The Urban Institute is a nonpartisan economic and social policy research organization with many resources on low-income working families. The Urban Institute has a policy center on low-income working families to track these families and better understand the risks these families face.

The National Governor's Association Center for Best Practices' Social, Economic & Workforce Programs Division at <http://www.nga.org/portal/site/nga>

- The NGA Center for Best Practices' Social, Economic & Workforce Programs Division focuses on best practices, policy options, and service delivery improvements across a range of current and emerging issues, including economic development, workforce development, employment services, criminal justice, prisoner reentry, and social services for children, youth, low-income families, and people with disabilities.

The Brookings Institution at <http://www.brookings.edu/index/about.htm>

- The Brookings Institution is a private nonprofit organization devoted to independent research and innovative policy solutions. Among their many areas of research, the Brookings Institute also provides research and information on how various economic and social policies impact low-income working families.

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The Sloan Work and Family Research Network can provide you with additional research-based information about working families. VISIT WWW.BC.EDU/WFNETWORK, EMAIL WFNETWORK@BC.EDU, OR CALL 617.552.1708.