

MONEY MATTERS...\$...\$...\$

FOR KIDS, FOR COMMUNITIES, FOR KENTUCKY

“A MOUNTAIN OF NEW TROUBLE” FOR WOMEN AND CHILDREN

A Fiscal and Budget Policy
Research Brief

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Special points of interest:

- Most poor children come from single parent families and most single parent families are headed by women.
- Kentucky women in year-round, full-time jobs earn just 63 cents for every dollar earned by their male counterparts, ranking Kentucky 44th in the nation.
- Half of households headed by women in Kentucky have annual incomes of less than \$15,000.



KENTUCKY YOUTH ADVOCATES

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The purpose of this paper is to help the reader understand that helping women achieve economic self-sufficiency is a critical step toward eliminating child poverty.

Child poverty is once again on the rise in Kentucky. Nearly one in four children lives below the poverty line, up from one in five since the 2000 Census. ¹

Children living in poverty are more likely to die in infancy, be born at low birth weight, and have serious mental and physical disabilities. They are more likely to need special education services, fall behind their grade level, and drop out of high school.

Child poverty is a women's issue as well as a societal issue:

- Most poor children come from single parent families and most single parent families are headed by women.
- Kentucky women in year-round, full-time jobs earn just 63 cents for every dollar earned by their male counterparts, ranking Kentucky 44th in the nation.²
- 89% of Kentucky Transitional Assistance (KTAP) recipients are women.
- Single-parent families are twice as likely to rely on public assistance to meet all their expenses as two-parent families.

- Most welfare recipients who leave the program earn very low wages.
- Average hourly earnings for women in Kentucky are \$13.56 per hour as compared to \$20.26 per hour for Kentucky men and \$14.31 for U.S. women. ³
- Half of households headed by women in Kentucky have annual incomes of less than \$15,000.⁴

Programs to help children living in poverty must support women in their single-parent role. To do this legislators need to understand and address the real barriers to economic self-sufficiency for women.

Instead, what we currently find is that many programs designed to help working families meet the needs of their children are under attack. Last year Kentucky cut the eligibility level for child care subsidies for working parents. Pending funding shortfalls in 2003 to the child care assistance program placed 10,000 children in Kentucky on a waiting list. Parents were forced to either quit work to care for their children or leave children in tenuous care situations.

Due in part to the efforts of child advocates (KYA issued a report titled "Left in the Cold? Childcare Subsidy Enrollment Freeze," illustrating how families were affected by the waiting list), \$5 million dollars was added to the pro-



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Report, go to

[http://www.kyouth.org/
Publications/selfsufficiency.
pdf](http://www.kyouth.org/Publications/selfsufficiency.pdf)

gram at the close of FY 2003. There has even been legislative movement to expand the family co-pay scale so that all families are forced to make co-payments regardless of how little their incomes are.

Legislators continue to scale back supports for low-income families with children. The state now requires some low-income parents to pay a premium to access KCHIP health coverage for their children. Kentucky continues to have the dubious recognition of having one of the lowest tax thresholds in the nation, taxing families at just \$5,500 income and placing yet an additional burden on low-income working families with children.

Women are most hurt by the withdrawal of support to low-income families with children. One political columnist recently wrote:

*“Since women are disproportionately poorer than men, the constant erosion of programs that help poor people hurt women more than men. Child-care, early-learning, and after-school programs are particularly critical for women trying to get off welfare.”*⁵

*Meanwhile, the [Federal Government] want(s) to impose new work requirements on families who receive welfare. Add in cuts to housing subsidies, to prenatal and early childhood nutrition programs, to college grants, to career education, to domestic violence programs, and lower federal grants that result in cuts to public schools, and it all adds up to a mountain of new trouble for low- and moderate-income women and their families.”*⁵

Setting the Standard for Economic Self-Sufficiency

Part of the problem in understanding child poverty (or the lack of adequate public policies to alleviate it) has to do with how poverty is measured. The standards by which the federal government measures poverty are not a true reflection of what it takes to support a family without public assistance. The federal poverty standard does not take into account expenses such as health care and child

care, for example.

It is not an accurate measure, yet eligibility for many programs designed to assist low-income families are based on this standard.

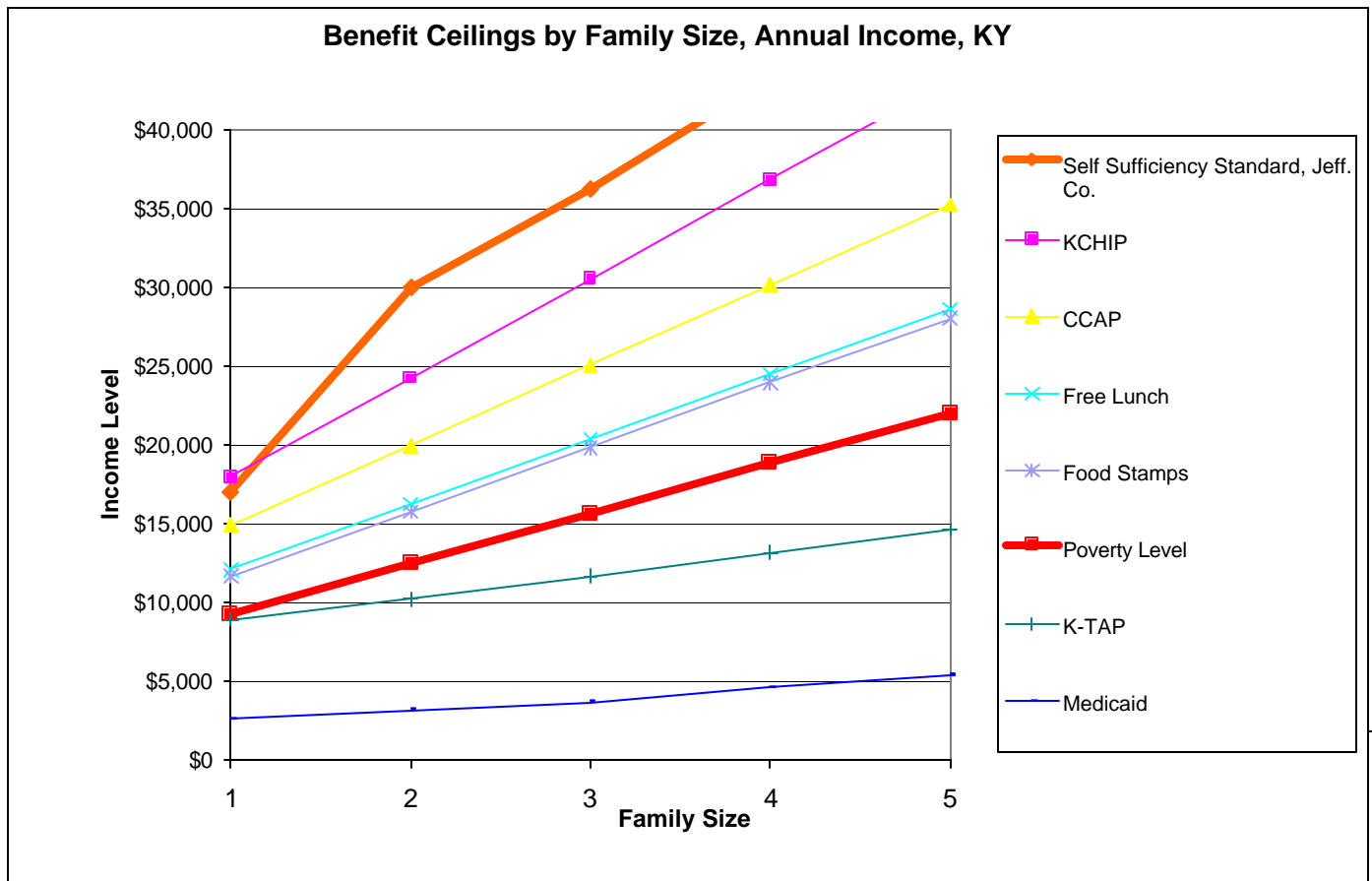
KYA, in conjunction with Wider Opportunities for Women (WOW), created a self-sufficiency standard in 2001 that gives a more accurate picture of what it takes to raise a family without subsidies of any kind. Unlike the federal poverty standard, the Self-Sufficiency Standard accounts for the costs of living and working as they vary by family size and composition and by geographic location.

The Self-Sufficiency Standard defines the amount of income necessary to meet basic needs (including paying taxes) in the regular “marketplace” without public subsidies—such as public housing, food stamps, Medicaid or child care—or private/informal subsidies—such as free babysitting by a relative or friend, food provided by churches or local food banks, or shared housing. The Self-Sufficiency Standard, therefore, estimates the level of income necessary for a given family type—whether working now or making the transition to work—to be independent of welfare and/or other public and private subsidies.⁶

The Self-Sufficiency Standard provides important guidance for policymakers and program providers when it comes to allocating education, job training, workforce development, and welfare-to-work resources to help bring about a real pathway out of poverty and true economic independence. It also shows policymakers how subsidizing child care, transportation or health care impacts the wages necessary for working families to make ends meet.

“Benefit Ceilings”

The following chart illustrates the income eligibility criteria for critical



support programs serving low-income working families with children.⁷ The highest orange line is the Self-Sufficiency Standard, or what a family needs to earn per year to be independent of public or private subsidies. The chart reveals several things:

Contrary to popular belief, cash assistance and Medicaid are reserved for only the “poorest of the poor.” A Jefferson County family of four earning \$13,153 per year, for example, would NOT be considered poor enough for cash assistance, even though they would have to make \$43,217 per year to be considered economically self-sufficient. Even if a family meets the income eligibility criteria for cash assistance, there are strict limits on the maximum amount that can be drawn as well as limits on assets. (The average monthly KTAP grant is only \$244. The average monthly food stamp benefit is \$197).

If a Jefferson County family of three earns \$30,523 or more, they are not eligible for any benefits whatsoever, but are still not considered economically self-sufficient, meaning they are not able to meet all of their needs without outside assistance. They would need to earn at least \$36,284 to do this, according to the Self-Sufficiency Standard.

Even though many income support programs are designed to alleviate poverty, they fall short in filling in the gap between what the federal government considers to be poverty and the Self-Sufficiency Standard. These supports help low-income working families meet their basic necessities, but they are currently under attack. If lost, families will then have to choose between paying medical bills or buying food, or quitting a job versus working to avoid the high cost of child care (frequently around 25% of a family’s budget).

A Jefferson County family of four earning \$13,153 per year would NOT be considered poor enough for cash assistance, even though they would have to make \$43,217 per year to be considered economically self-sufficient.

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POLICY OPTIONS

States are now responsible for welfare and workforce legislation and legislators need to learn about and adopt new and effective strategies to aid low-income families with children, especially female-headed households.

If Kentucky is serious about addressing child poverty, we must embark at once upon a strategy to help low-income women with children achieve economic self-sufficiency and independence. This includes:

- Adopting the Self-Sufficiency Standard as the official measure of what it takes to achieve true economic self-sufficiency and independence in Kentucky.
- Supporting the development of Individual Development Accounts (IDAs), special accounts provide a 2:1 match on deposits, allowing low-income families to develop assets. Supportive legislation to provide tax incentives for match contributions to these programs has been introduced in three consecutive legislative sessions in Frankfort, but never passed. Twenty-nine states that have already passed supportive IDA legislation.
- Adopting a state Earned Income Tax Credit to provide additional relief to low-income working women, and all low-income families, so that they can support their children.⁸
- Targeting higher wage employment in the development and design of education, employment and training programs and in the provision of career counseling.⁹
- Raising the minimum wage.

Endnotes

¹ Annual Community Survey, U.S. Census. Note: The CPS (Current Population Survey) poverty rate for children under 18 in Kentucky was 18.1% in 2003; however the ACS (American Community Survey) is considered to be a more reliable measurement of

poverty due to a much larger sample size. The ACS child poverty rate for 2003 was 23.7%.

² The Status of Women in Kentucky, *Fore-sight*, Vol. 3, No. 4, 1997.

³ Kentucky Long Term Policy Research Center and Northern Kentucky University. <http://www.nku.edu/~wms/status.html>

⁴ *ibid.*

⁵ Molly Ivans, "He Loves Us Not." *Mother Jones*, September/October 2004. http://www.motherjones.com/commentary/columns/2004/09/09_200.html

⁶ Wider Opportunities for Women. National "Six Strategies for Family Economic Self-Sufficiency," www.sixstrategies.org

⁷ Chart Data Sources:

- Commonwealth of Kentucky Cabinet for Families and Children, K.T.A.P. information page. <http://cfc.ky.gov/help/KTAP.asp#4>

- Commonwealth of Kentucky Cabinet for Families and Children, Temporary Assistance for Needy Families (TANF) Title IV-A State Plan, August 2003 http://cfc.ky.gov/reform/state_Plan_Final_August_03.asp

- Kentucky Data Book http://cfc.ky.gov/reform/data_book/Statewide%20Summary.pdf

- The Self-Sufficiency Standard for Kentucky: Real Budgets, Real Families. Diana Pearce and Jennifer Brooks, *Wider Opportunities for Women*, KYA, November 2001.

⁸ *Wider Opportunities for Women*, "Six Strategies for Family Economic Security."

⁹ *Ibid.*

"The test of our progress is not whether we add more to the abundance of those who have ; it is whether we provide enough for those who have too little."

Franklin D. Roosevelt