

# Policies for Low-Income Families

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## **Framework for thinking about low-income policy:**

**From 30,000 Feet Up:**

**Get the most you can out of the market economy  
and fill in the gaps between what low-wage  
workers earn and what they need**

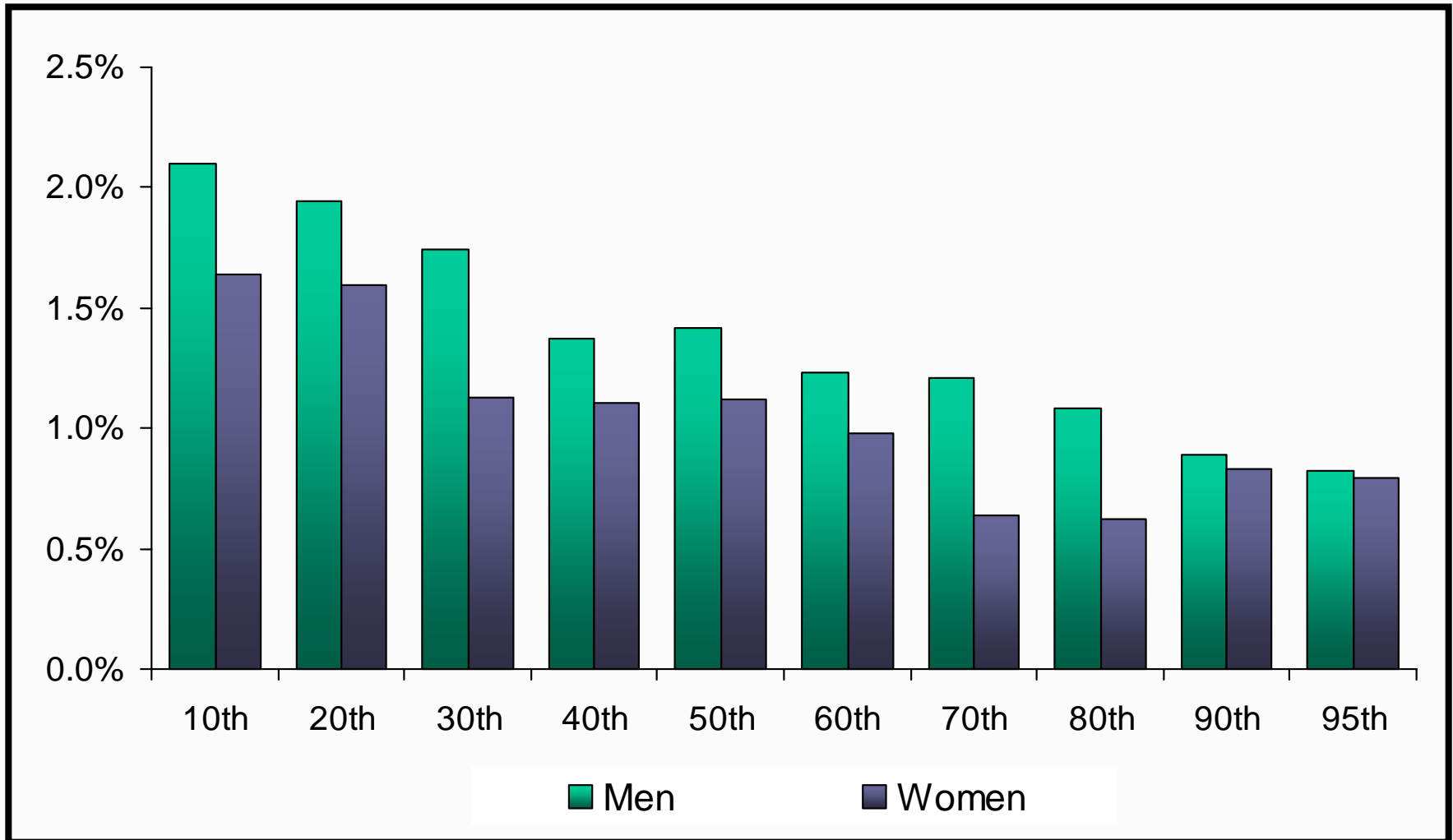
## 15,000 Feet: Three-legged stool

**Full Employment:** Best Social Program  
There Is For Reducing Working Poverty

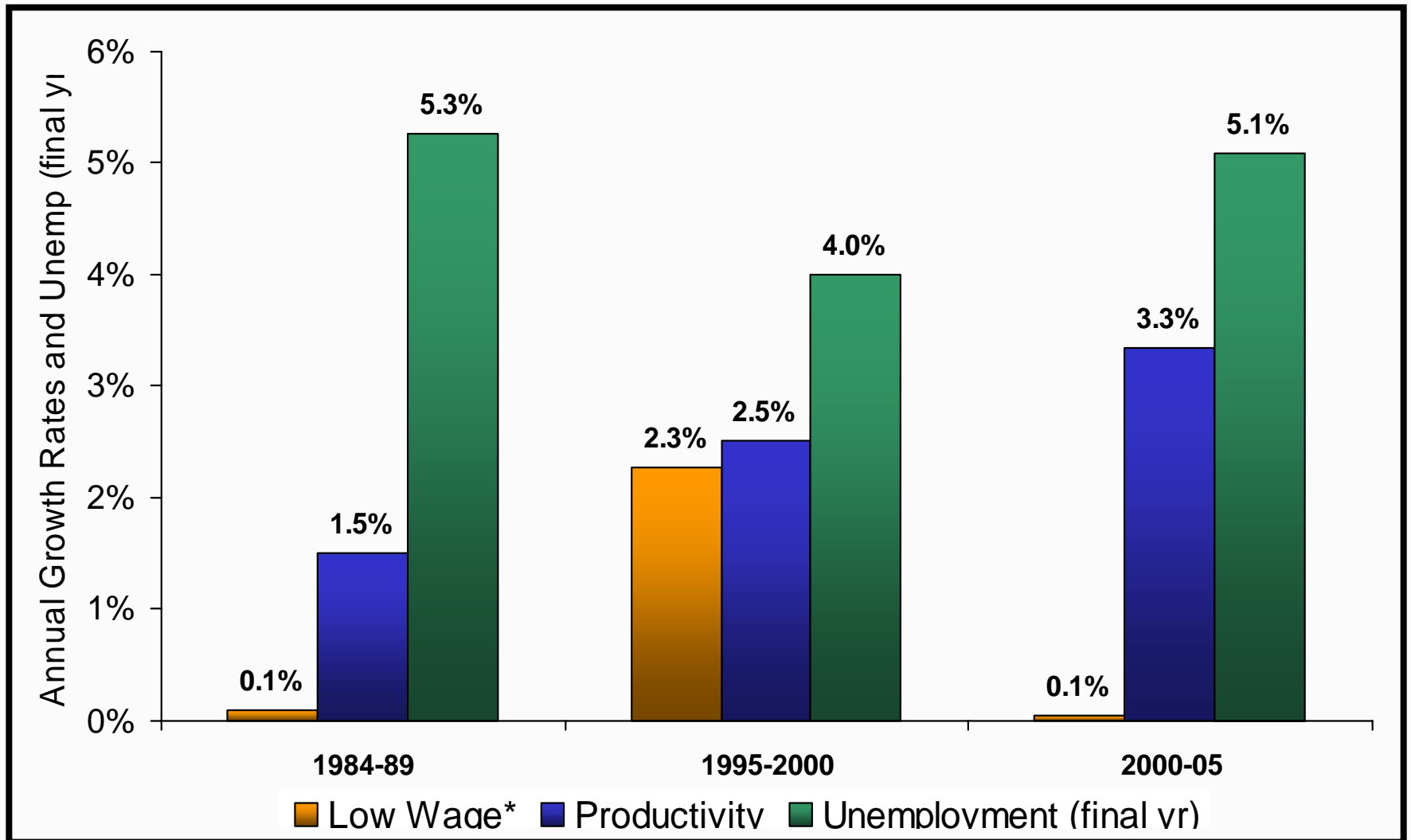
**Work Supports:** Where's the Steepest Part  
of the Marginal Benefits Curve?

**Safety Net:** How's it Functioning? Good, not  
Great.

# Phillips Curve Wage Regressions, Impact of One Point Lower Unemployment, 1973-2005, by Decile



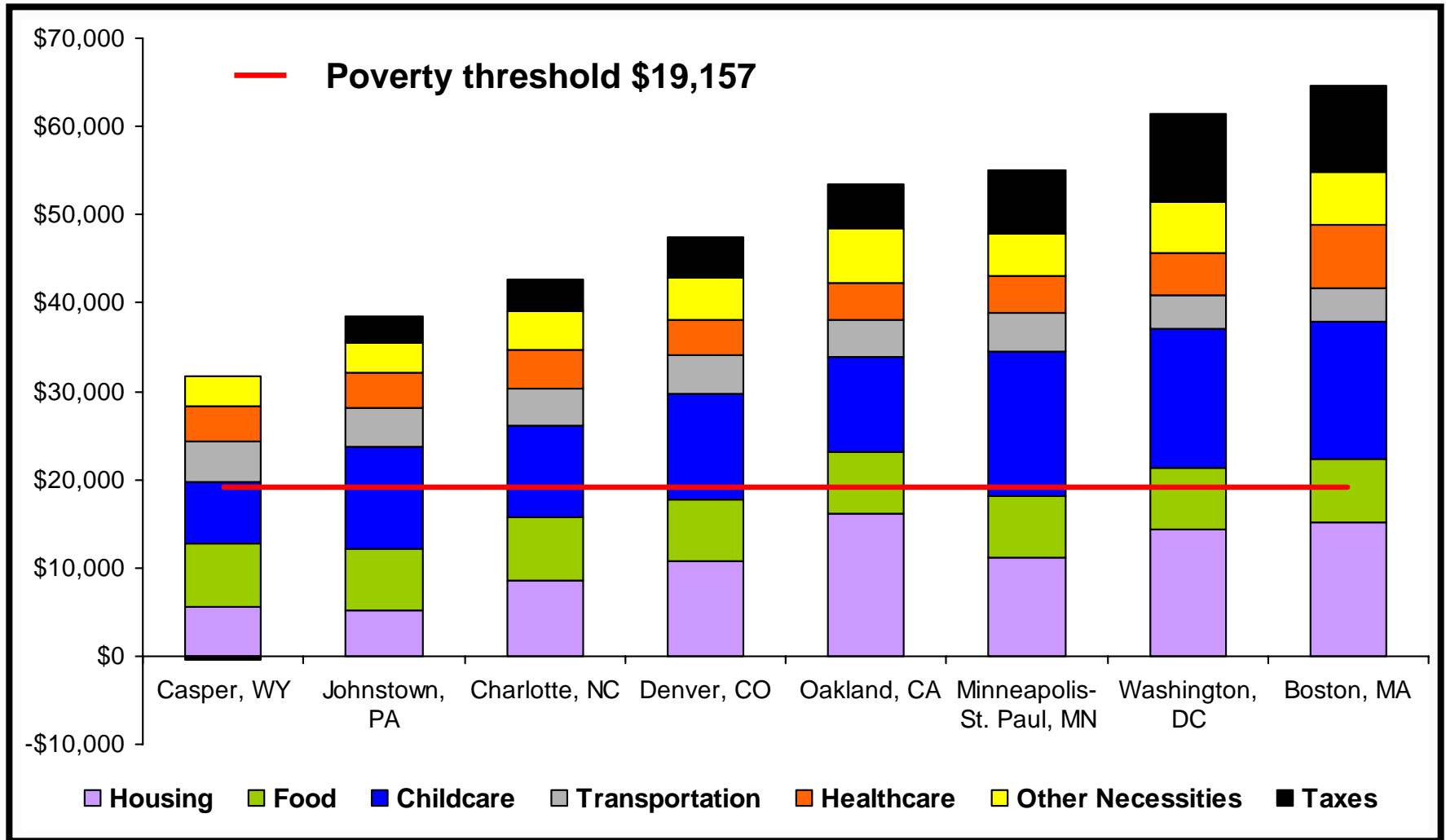
# The 4/2 Solution: Real Low Wage Growth, Productivity, and Unemployment: Three Five-Yr Periods



## **Work Supports:**

**Child Care, Tax Credits (EIC and CTC),  
Unemployment Insurance, Minimum Wage,  
Food Stamps**

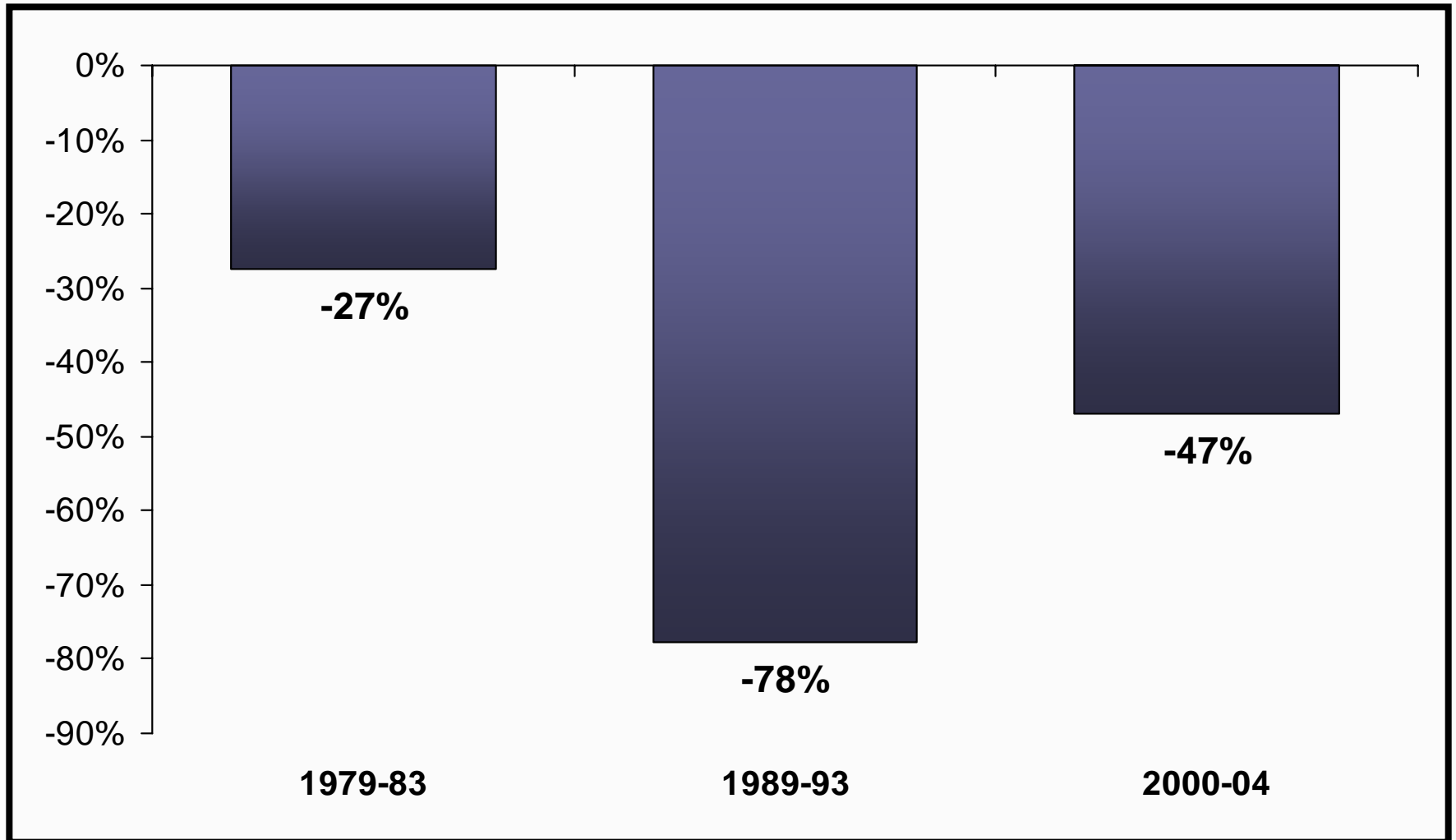
# Annual family budgets and their components for eight communities: two parents and two children



# Child Care: Forthcoming CLASP report

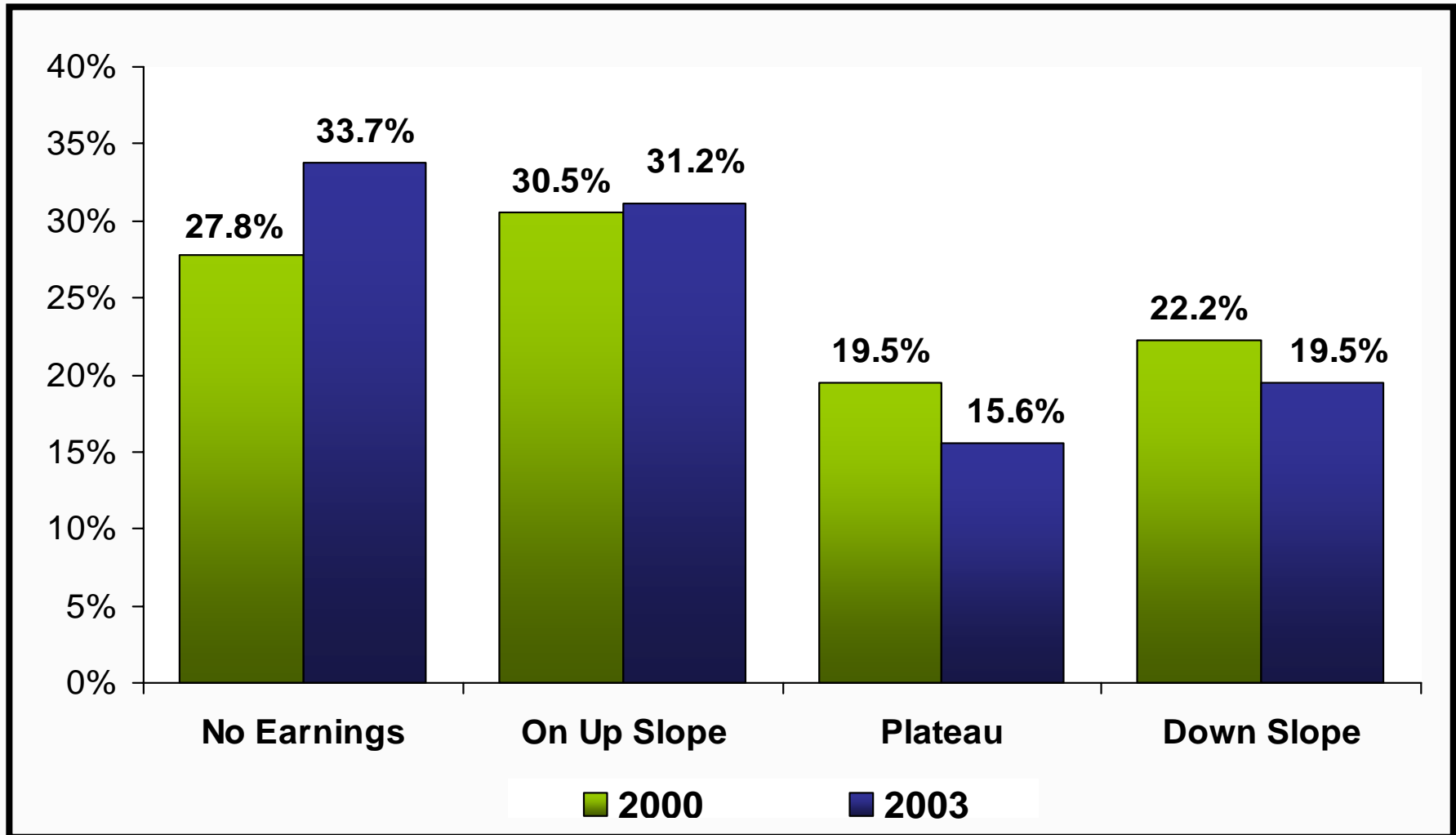
- **65% of poor, single, working mothers who paid for child care in 2001 paid at least 40% of their cash income for child care (Richard Wertheimer, Child Trends).**
- **Compared to mothers on waiting lists for child care assistance, mothers receiving subsidies were:**
  - more likely to be employed;**
  - spent half as much of their income on child care;**
  - children were more likely to be in a formal licensed child care center, have more stable care, and have mothers who were more satisfied with their child care arrangement.**

# Percent Reduction in Real Child Poverty Gap, Three Recoveries



Source: Wendell Primus analysis of March CPS

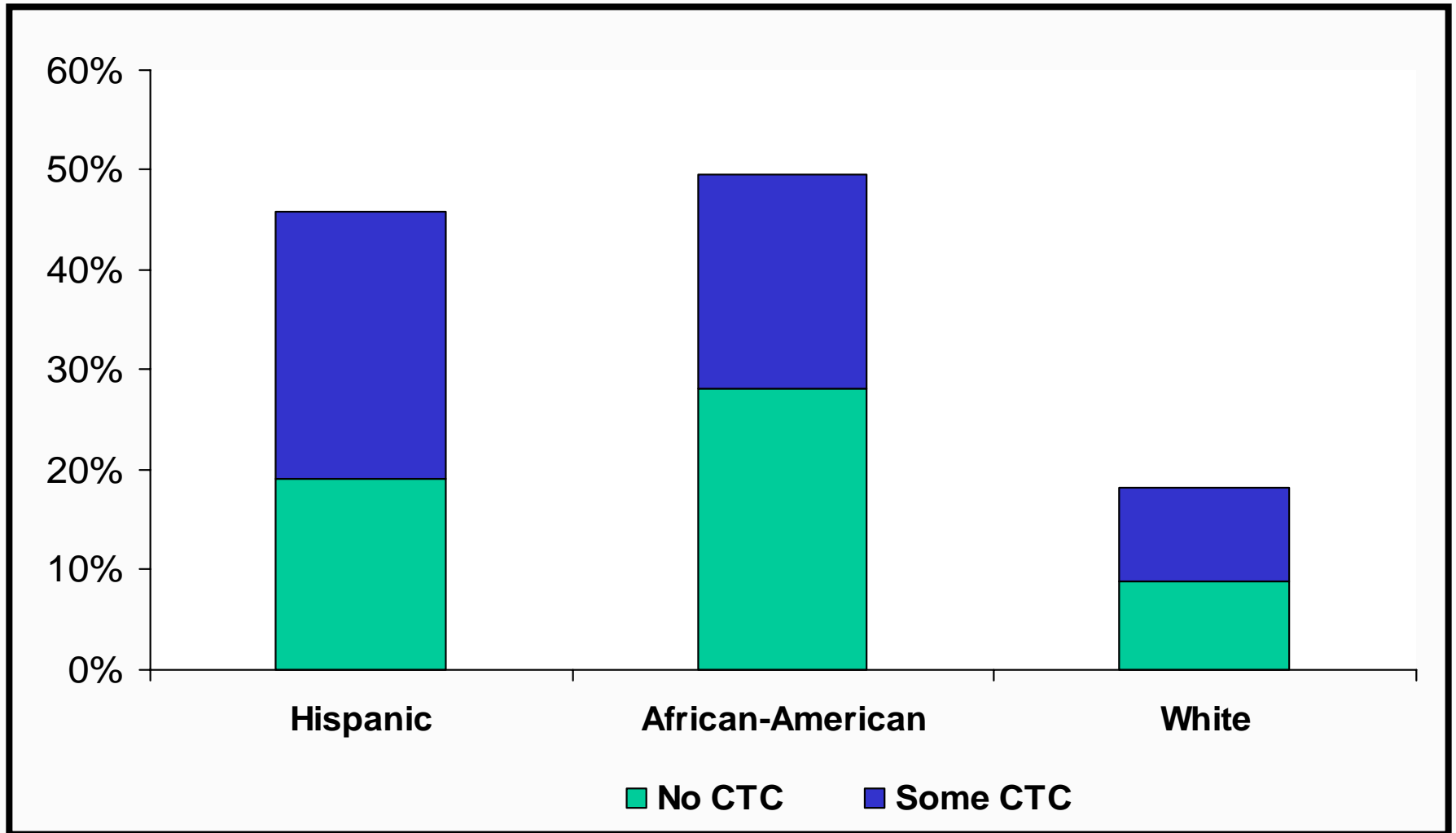
# Low-Income Single Moms: Where they Locate on EITC Schedule, 2000-03



## **CTC:**

**Start Refundable Credit at \$1; Lower Threshold from \$11K; Stop Indexing Threshold; Why Boost CTC not EIC?**

## Share of Children, by Race/Ethnicity, With No or Less Than Full CTC Due to Low Earnings



# Unemployment Insurance

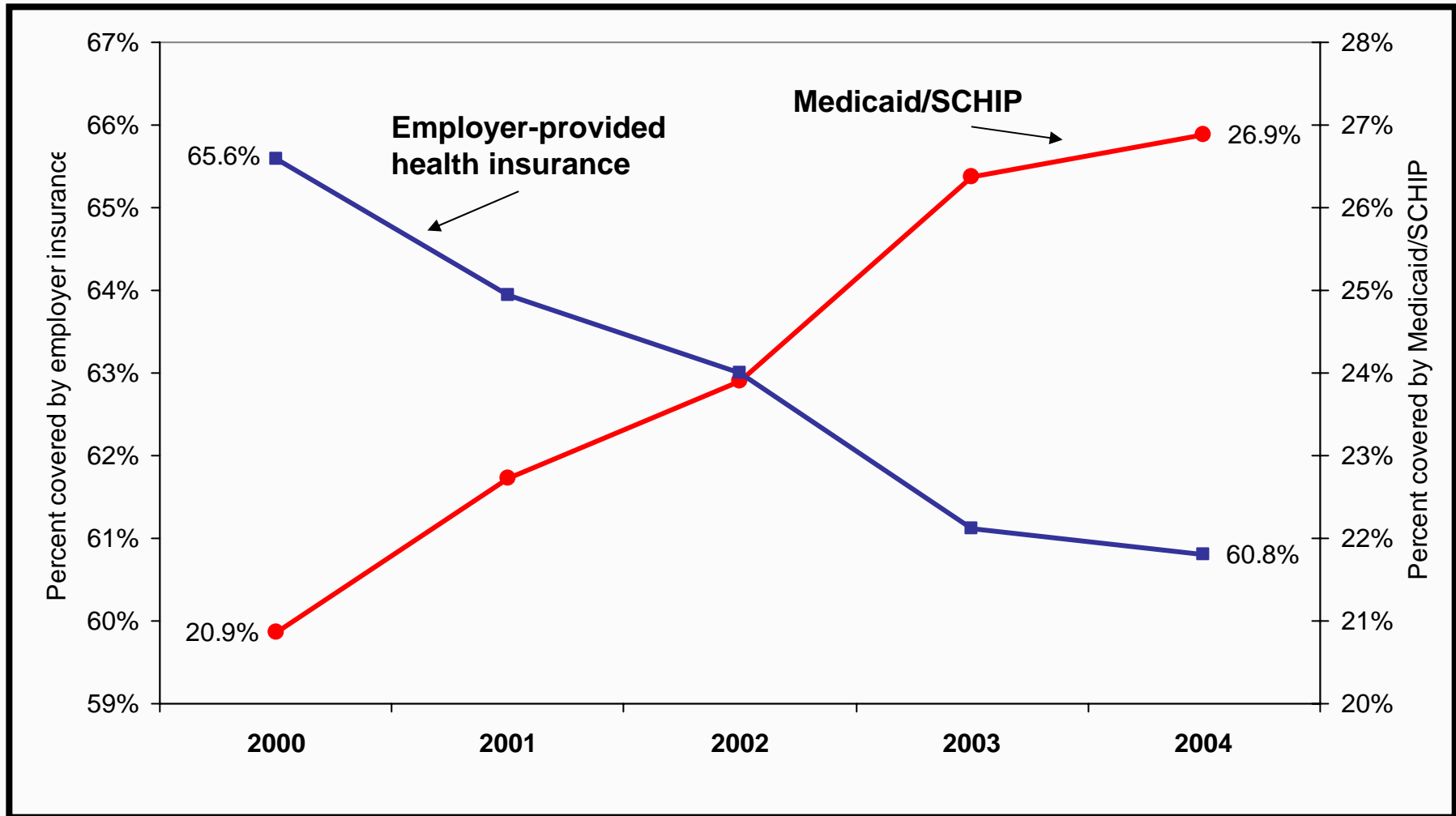
**In order for UI to keep up with recent changes in the labor market (the rise in part-time and temporary work, the increased role of women in the workforce, etc.):**

- **States should consider a worker's most recent earnings when determining UI eligibility (extend base period).**
- **States should extend eligibility to workers seeking part-time jobs.**
- **States should base their eligibility requirements on hours worked, not wages, to alleviate the inherent discrimination against low-wage workers.**
- **More flexible extension triggers to offset long-term unemployment**

**Finally:**

**Food Stamps, Min Wg (Immigration),  
Housing, Health Care (less employer-based  
coverage, more S-CHIP).**

# Employment-based health insurance and Medicaid/SCHIP, children under 18



Source: Elise Gould's analysis of the March CPS, 2001-05.