EXECUTIVE SUMMARY

While economic disparity has been exacerbated by the COVID-19 pandemic, Washington's working families struggled to make ends meet prior to the pandemic's impact. In this analysis, Manzer and Kucklick create a model using the Self-Sufficiency Standard, a realistic measure of income adequacy, to measure the impact that four key policy initiatives within the American Families Plan (AFP) could have had on Washington State residents. The AFP is federal legislation introduced by President Biden in April 2021. While the AFP and the measured policy initiatives have not come into effect, research findings indicate policy solutions focused on supporting and uplifting families are essential and overdue.

KEY TAKEAWAYS

• In 2019, 30.8% of working families with children in Washington State were unable to meet basic needs as measured by the Self-Sufficiency Standard.

• When all four initiatives are applied, the annual income needed for self-sufficiency decreases by approximately half.

• The four initiatives would have successfully reduced Washington working families with incomes below the Self-Sufficiency Standard by over 33%.

• Historical barriers and systematic racism have led to Black, Indigenous, and People of Color (BIPOC) experiencing the highest rates of income inadequacy prior to and during the pandemic — these four initiatives uplift BIPOC families and are not a catch-all.

THE FOUR AFP POLICY INITIATIVES INCLUDED IN THIS STUDY:

1. Increasing the annual Child Tax Credit (CTC) to $3,600 per child (children under the age of six), and $3,000 (children age six and older);

2. Increasing the Child and Dependent Care Tax Credit (CDCTC) to a maximum refundable benefit of $4,000 for one child or $8,000 for two or more children;

3. Reducing the cost of childcare for children under age five to a maximum of 7% of income for low-and-middle-income families;

4. Provide free, universal preschool for three and four-year-old children.

Figure A. Income Inadequacy Rate by Race/Ethnicity at Baseline with Combined Impact
ISSUES AND FINDINGS

Prior research utilizing the Self-Sufficiency Standard has shown that Black, Indigenous, and people of color (BIPOC) experience the highest rates of income inadequacy due to historical barriers and structural racism. This continued during the pandemic, with BIPOC experiencing a higher rate of wage and job loss, and experiencing more confirmed cases, hospitalizations, and deaths related to COVID-19. Policies addressing income inadequacy need to explicitly address existing racial inequities.

Other demographic information influencing the impact of the four initiatives include:

- **Household composition**: the application of the four policies improve all families’ statuses, however, single mothers experience the highest level of income inadequacy with 57% of single mothers unable to meet basic needs. After policy application, 41% experience income inadequacy. When including race and ethnicity, 51% of households led by mothers of color experience income inadequacy after policy application.

- **Housing burden**: households spending between 30% and 50% of their income on housing costs experience a significant decrease: 60% to 35% experiencing income inadequacy. Households paying more than 50% had a much smaller decrease: 91% - 81%, though the impact may be underestimated for this population.

- **Educational attainment**: households with working parents with more education experience lower rates of income inadequacy. 48% of households that do not have an adult with a bachelor’s degree experience income inadequacy, and this decreases to 31% after policy application.

- **Occupation**: Agricultural workers saw the largest decrease of families experiencing income inadequacy - and this occupation is ranked second in terms of the number of workers experiencing income inadequacy.

CONCLUSION

The 2021 AFP has not been passed into law, though this study demonstrates the need for targeted policy to support Washington's working families as the impacts of the COVID-19 pandemic continue. While legislation such as the AFP allows for benefits across identities, it’s imperative for policy solutions to address institutional and systemic racism. This research shows that AFP policies could benefit BIPOC communities, which due to historic barriers and systematic racism have often been excluded from positive policy implementation. However, these policies cannot alone remedy income inadequacy, they must be accompanied by additional changes such as increases to wages and more affordable health benefits.

Review this dashboard (selfsufficiencystandard.org/american-families-plan/) to model the impact of the four proposals based on family composition and county within Washington. For further information on the methodology utilized in this research, visit the methods tab within the dashboard, or the full report linked here (selfsufficiencystandard.org/wp-content/uploads/2022/06/AmericanFamiliesPlan.pdf).

Figure B. The Percentage of Households with Inadequacy by American Family Plan Policies
NOTES:

1. More information can be found at www.selfsufficiencystandard.org. The contact for Self-Sufficiency Standard is Annie Kucklick at (206) 685-5264 (phone), akuckl@uw.edu (email)

2. Regarding one adult with an infant and a preschooler in Clark County. Calculated through comparing household income in the 2019 U.S. Census Bureau's American Community Survey Public Use Microdata Sample (PUMS) with the Self-Sufficiency Standard for corresponding location and family type. For more information, see “Technical Appendix: Methodology and Assumptions in full report.

3. 31% to 19%, this 11.9% difference is the equivalency of 94,885 working parents in Washington State

4. As of 2019, 51% of Black working families and 50% of Native or Indigenous working families experienced inadequate earnings per the Self-Sufficiency Standard


6. Housing burden is defined as families paying more than 30% of their household income towards housing Households

7. With families' overall costs decreasing, the housing cost becomes a larger portion of their projected budget.
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