

THE 2024 RHODE ISLAND STANDARD OF NEED



Anniversary Edition



The Economic
Progress Institute

ACKNOWLEDGMENTS

Thank you to our donors and philanthropic partners who made this report possible:

Annie E. Casey Foundation
Blue Cross & Blue Shield of Rhode Island
Carter Family Charitable Trust
Papitto Opportunity Connection
The Rhode Island Foundation
Stoneman Family Foundation
United Way of Rhode Island

Special Thanks

The Economic Policy Institute for allowing use of the Family Budget Calculator (FBC) as a foundation for the data in this report

Zane Mokhiber, Elise Gould, Monique Morrissey, and Daniel Perez, Economic Policy Institute

Miles Trinidad, Dylan Grundman O’Neil, and Aidan Davis, Institute on Taxation and Economic Policy (ITEP)

Claire Zippel, Center on Budget and Policy Priorities (CBPP)

Michelle Murray, Living Wage for US

Ann Barone and the WIC team, Rhode Island Department of Health

Maureen Maigret, Senior Agenda Coalition of RI

Leanne Barrett and **Stephanie Geller**, Rhode Island KIDS COUNT

Linda Katz, Co-Founder and retired Policy Director, Economic Progress Institute

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We are proud to be a member of the following networks:



The cover photos are of EPI's cofounders Nancy Gewirtz (on the right) and Linda Katz (on the left, holding Nancy's granddaughter).



INTRODUCTION

In 2024 we celebrate the Economic Progress Institute's 25th year fighting against poverty and advocating for low-income and modest-income Rhode Islanders. A key tool of our research and advocacy has long been the Rhode Island Standard of Need (RISN), the publication EPI is most well-known for, a publication referenced by advocacy partners and legislators alike. 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 2024 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 2023 and 2024 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?**

This year, to commemorate EPI's quarter-century of research and advocacy, the RISN supplements the usual analyses by employing a long-term lens:

- We look at the Standard of Need and its relationship to the Federal Poverty Level over all of the editions of the RISN, since the first edition in 2001.
- We look at the state's Child Care Assistance Program (CCAP) over the last 25 years.
- We look at Rhode Island Works (RIW), the state's cash assistance program, over the last 34 years.

This year the RISN also breaks new ground with the data:

- **While using the same six basic categories to determine the cost of basic needs, the RISN uses data provided by EPI's national partner, the Economic Policy Institute.***
- Whereas the RISN has traditionally calculated the Standard of Need for three family types only (one parent with two children, two parents with two children, and a single adult), **this new data source allows the calculation of the Standard of Need for 10 family types!** These households contain one or two adults with zero, one, two, three, or four children.

*Although Rhode Island's Economic Progress Institute is part of the Economic Policy Institute's Economic Analysis and Research Network (EARN), the fact that both organizations can be abbreviated to EPI is a coincidence, and the organizations are separate ones.

- Whereas the RISN has traditionally presented state-level data only, this new data source provides **county-level data**, revealing geographic differences across Rhode Island.
- Whereas the RISN has traditionally existed only as a report, this new data source provides **an online Family Budget Calculator** (<https://www.epi.org/resources/budget/>), allowing readers of the RISN to go to the Economic Policy Institute's website to look at the numbers themselves. The Family Budget Calculator provides data for counties and metropolitan areas across the country, allowing users to make comparisons across state lines. It is important to note a few caveats concerning the online calculator:
 - It does not provide state-level data; we calculated state-level data by weighting the county-level data by population.
 - While the expense amounts in this report will match those of the online calculator, the taxes and pre-tax income will not match, even for county-level data.*
 - This report and the calculator will not match in 2025, because the calculator is updated annually, early in the calendar year.

Despite these qualifications, readers are encouraged to use and explore the calculator.

- Although the FBC uses the same six categories and many of the same underlying data sources the RISN has traditionally used, there are some important differences in what is included within the categories. A more thorough comparison can be found in the Methodology section at the end of this report, but here are a few of the biggest changes:
 - The FBC **includes the occasional and ongoing cost of purchasing cars, not just maintaining them.**
 - The FBC **includes healthcare co-pays and deductibles**, whereas the RISN has previously included only drugs, devices, and medical services, in addition to premiums.
 - The FBC **uses the USDA's Low-Cost food plan** instead of the Moderate-Cost plan used by the RISN previously.
 - The FBC **includes the cost of internet access**, something not previously included in the RISN but increasingly a basic need for Rhode Islanders.
 - The current FBC **uses 2023 dollars**, so although this is the 2024 edition of the RISN, the dollar amounts and analyses are generally presented in 2023 dollars; the online version of the calculator will be updated with 2024 data in early 2025.
- Using data from a different calculator, **the Elder Index from UMass Boston** (<https://elderindex.org/>), the RISN for the first time looks at senior Rhode Islanders and their challenges meeting basic needs.

Far too many Rhode Islanders live with economic insecurity, unable to afford their most basic needs. 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 larger shares 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 monthly and annual household budget for families. This no-frills budget includes the costs of housing, food, transportation, healthcare,

*The mismatch of tax and pre-tax income data is due to a recently identified formula error in the Family Budget Calculator. The Economic Policy Institute provided us with corrected data for this report.

child care, and other necessities such as clothing, toiletries, and telephone service. In calculating a truly no-frills budget, the RISN does not include vacations, other leisure expenses, or saving for the future.

The Rhode Island Standard of Need also demonstrates how work supports like food assistance, subsidies for child care and healthcare, 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 incomes. For all 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 as well as paying all workers a living wage would decrease disparities and increase economic security and opportunity.

This year we conclude the Rhode Island Standard of Need with an Epilogue looking beyond the Standard of Need. While we need to hold the line and make certain that the minimum wage, cash assistance, and child care and other supports do not lose ground against rising expenses, we wish to imagine a future that goes beyond merely meeting the most basic needs of Rhode Islanders. Beyond a Standard of Need, we must start thinking in terms of what one might call a Standard of Opportunity or even a Standard of Thriving — where families of all sorts have the resources to meet basic needs and also save for emergencies, save for higher education, save for retirement, save for vacations and other leisure expenses, build intergenerational wealth, and end the gender pay and racial wealth gaps. A Rhode Island where the state's residents have the resources to take advantage of opportunities and to thrive.

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, South East Asian, and East Asian descent. More data are 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, Columbian, or Bolivian, among many others; where the report uses the term Hispanic, this is because the United States Census Bureau uses the term.

KEY FINDINGS

THE 2024 RISN: MEETING BASIC NEEDS IN RHODE ISLAND			
	Single-Parent Family with two children*	Two-Parent Family with two children*	Single Adult
Annual Expenses	\$83,239	\$92,375	\$39,741
Annual Pre-Tax Earnings Required	\$99,418	\$107,126	\$48,824

*Assumes two children (a 4-year-old and an 8-year old) and that all parents are working.
Source: Family Budget Calculator produced by the Economic Policy Institute, state-level data calculated by the Economic Progress Institute by weighting county-level data by population.

TABLE 1

1. Raising a family in Rhode Island is expensive. It costs a single-parent family \$83,239 and a two-parent family \$92,375 to raise two children for a year. A single adult has annual expenses of \$39,741 to meet their most basic needs. Table 1 shows these amounts as well as what these households need, before taxes and tax credits, to have sufficient net income to meet their annual expenses.

2. The Rhode Island Standard of Need 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 — because the Federal Poverty Level is too low to cover basic expenses. Working families with young children need more than double the income identified by the Federal Poverty Level to meet basic needs.

3. 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. In Rhode Island, 83 percent of single Latino adults without children earn less than the income required to meet basic needs, as do 78 percent of Black, 67 percent of Asian/Pacific Islander, and 65 percent of White single adults. There are also significant gender gaps, with women less likely than men to have sufficient income to meet basic needs, with 73 percent of women compared with 64 percent of men earning less than what is needed to meet their basic needs in Rhode Island. For single-parent families with two children, 70 percent of White Rhode Islanders earn less than needed to meet their basic needs, while 91 percent of Latino Rhode Island families fall short of that level of earnings. For two-parent households with two children, only 26 percent of White Rhode Island families earn less than what is needed to pay for basic expenses versus 64 percent of similar Latino families.

4. The costs of basic expenses and pre-tax income needed to pay for them vary across Rhode Island. There are genuine geographical differences across Rhode Island in the cost of a basic needs budget, meaning that housing, food, and other Rhode Island Standard of Need costs differ depending upon where in the state one lives. For example, a basic needs budget costs 29 percent to 36 percent more in Newport County compared with Providence County. Although state-level data is valuable, understanding geographic diversity deepens our understanding of how Rhode Islanders make ends meet.

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 approximately 20 percent below the Federal Poverty Level.

6. Without subsidies from the Child Care Assistance Program (CCAP) and subsidies through RIte Care and HealthSource RI, working families — including care economy workers and micro business owners — would have a large gap between income and expenses for basic needs; these work supports increase economic security. Working parents with income a penny above the CCAP entry income limit would be ineligible for assistance and need to pay \$1,755 each month for licensed care for two children, one a 4-year-old and one of school age. Even with valuable support provided by subsidized healthcare and federal and state tax credits, a family's monthly budget could be hundreds of dollars in the red, showing the need to expand and strengthen assistance and credits.

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. Supplementing them with housing subsidies and a child tax credit would make the difference for many single parents in being able to make ends meet for their families. 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. However, sometimes these established benefits are not enough, especially for low-income and modest-income single parents seeking to provide for their families. Strengthening existing programs and providing additional support through other means would increase equity and economic opportunity in Rhode Island.

8. Rhode Island's Housing Wage is well above the state's minimum wage, meaning that the state's lowest-income workers face a challenge in paying housing costs. At Rhode Island's current \$14 per hour minimum wage, it would take working 2.4 full-time minimum wage jobs to afford a two-bedroom apartment. With next year's increase to \$15 per hour, it would still require working 2.2 minimum wage jobs. According to the National Low Income Housing Coalition, the average renter in Rhode Island earns \$18.04 per hour, above the minimum wage yet well below the two-bedroom "housing wage" of \$33.20.

9. Low-income workers who take the state's paid family leave benefit — which they pay into and are entitled to claim — risk not being able to make ends meet due to the low wage replacement rate. Because the wage replacement rate is only about 60 percent, lower-wage workers may not be able to afford taking advantage of the paid family leave benefit for which they are eligible. In order to take care of an ill parent or to welcome a new child, they might need to give up income that helps them pay for their basic needs — or they keep the income but then cannot take the time off to spend with their loved ones in need.

10. Some older Rhode Islanders do not have enough income to pay for basic needs. A third of Rhode Islanders ages 75 and above and more than one in five ages 65 to 74 live below twice the poverty level, and this amount of income is insufficient for renters or for homeowners with mortgages to cover basic needs. Many older Rhode Islanders live off of retirement income alone, and this is not always enough to make ends meet.

FAMILY EXPENSES

1. Raising a family in Rhode Island is expensive.

Although there are many different family structures, the RISN has traditionally focused on and calculated 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 For the 2024 RISN (calculated using 2023 dollars), a single adult has minimum expenses of \$39,741 annually and needs to earn \$48,824 before taxes to meet these expenses. It costs a single-parent family \$83,239 and a two-parent family \$92,375 to raise a toddler and a school-aged child in Rhode Island. These families need pre-tax earnings of \$99,418 and \$107,126, respectively, to meet their most basic needs (see Table 2).

The RISN calculates costs for child care, housing (including utilities), food, healthcare, transportation, and “Other Necessities” including telephone, clothing, and personal care items (see Chart 1). The RISN does not include any leisure costs, vacation expenses, or savings.

For the first time, the RISN includes internet service (part of Other Necessities), which has become a basic necessity of the modern world. The coronavirus pandemic demonstrated the importance of internet service for countering the potentially harmful effects of social isolation, as well as for remote work, 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.

The Economic Policy Institute’s Family Budget Calculator provides data for 10 different family types, well beyond the three family types highlighted in past editions of the Rhode Island Standard of Need (see Table 3).

RHODE ISLAND STANDARD OF NEED BUDGET			
Expenses	Single-Parent Family w/2 children*	Two-Parent Family w/2 children*	Single Adult
Housing	\$1,463	\$1,463	\$1,110
Food	\$845	\$1,131	\$392
Transportation	\$1,315	\$1,343	\$933
Healthcare	\$741	\$1,086	\$345
Child Care	\$1,755	\$1,755	\$0
Other Necessities	\$817	\$918	\$532
Total Monthly	\$6,937	\$7,697	\$3,311
Total Yearly	\$83,239	\$92,375	\$39,741
Taxes and Tax Credits			
Monthly	\$1,348	\$1,229	\$757
Yearly	\$16,179	\$14,752	\$9,083
Pre-Tax Earnings Needed to Make Ends Meet			
Monthly	\$8,285	\$8,927	\$4,068
Yearly	\$99,418	\$107,126	\$48,824
Hourly Wage**	\$47.80	\$25.75	\$23.47

* Assumes two children (a 4-year-old and an 8-year-old) and that all parents are working.
 ** Hourly wage needed assumes 52 weeks of work at 40 hours per week; for two-parent family, hourly wage is how much each parent would need to make, so for 52 weeks of work at 80 hours total worked per week.
 Source: Family Budget Calculator produced by the Economic Policy Institute; state-level data calculated by the Economic Progress Institute by weighting county-level data by population.

TABLE 2

**HOUSING AND CHILD CARE TOGETHER
ACCOUNT FOR CLOSE TO HALF OF EXPENSES FOR
A SINGLE-PARENT WORKING FAMILY**

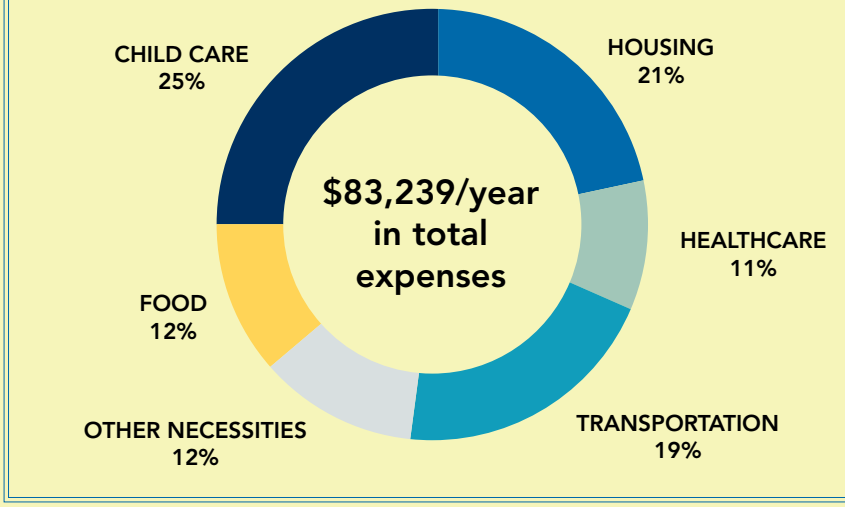


CHART 1

Readers of this report can visit the Family Budget Calculator (FBC) at <https://www.epi.org/resources/budget/>. The calculator provides data for all 10 family types for counties across the United States, allowing users to compare the cost of meeting basic needs in different places. However, readers should be aware that the FBC provides data only for counties and larger metro areas, such as Providence/Fall River. The FBC does not provide state-level data. For this report, the Economic Progress Institute has

calculated data for Rhode Island as a whole by taking the data for Rhode Island's five counties and weighting them by population. See Key Finding 4 for more on county-level data.

RHODE ISLAND STANDARD OF NEED BUDGET

Expenses	Single Adult	Single-Parent Family w/1 Child*	Single-Parent Family w/2 Children*	Single-Parent Family w/3 Children*	Single-Parent Family w/4 Children*	Two Adults	Two-Parent Family w/1 Child*	Two-Parent Family w/2 Children*	Two-Parent Family w/3 Children*	Two-Parent Family w/4 Children*
Housing	\$1,110	\$1,463	\$1,463	\$1,801	\$1,801	\$1,208	\$1,463	\$1,463	\$1,801	\$1,801
Food	\$392	\$578	\$845	\$1,128	\$1,381	\$718	\$894	\$1,131	\$1,382	\$1,692
Transportation	\$933	\$1,199	\$1,315	\$1,394	\$1,508	\$1,157	\$1,269	\$1,343	\$1,455	\$1,498
Healthcare	\$345	\$543	\$741	\$940	\$1,138	\$690	\$888	\$1,086	\$1,285	\$1,483
Child Care	\$0	\$1,068	\$1,755	\$1,966	\$1,966	\$0	\$1,068	\$1,755	\$1,966	\$1,966
Other Necessities	\$532	\$722	\$817	\$1,037	\$1,127	\$682	\$835	\$918	\$1,127	\$1,237
Total Monthly	\$3,311	\$5,574	\$6,937	\$8,267	\$8,922	\$4,456	\$6,417	\$7,697	\$9,017	\$9,677
Total Yearly	\$39,741	\$66,877	\$83,239	\$99,199	\$107,063	\$53,473	\$77,002	\$92,375	\$108,199	\$116,127
Taxes and Tax Credits										
Monthly	\$757	\$1,062	\$1,348	\$1,789	\$2,130	\$834	\$1,120	\$1,229	\$1,555	\$1,849
Yearly	\$9,083	\$12,744	\$16,179	\$21,462	\$25,562	\$10,011	\$13,442	\$14,752	\$18,655	\$22,191
Pre-Tax Earnings Needed to Make Ends Meet										
Monthly	\$4,068	\$6,636	\$8,285	\$10,055	\$11,052	\$5,290	\$7,537	\$8,927	\$10,571	\$11,527
Yearly	\$48,824	\$79,621	\$99,418	\$120,661	\$132,625	\$63,484	\$90,444	\$107,126	\$126,854	\$138,317
Hourly Wage**	\$23.47	\$38.28	\$47.80	\$58.01	\$63.76	\$15.26	\$21.74	\$25.75	\$30.49	\$33.25

* Assumes that all parents are working and that first child is a 4-year-old, second child is an 8-year-old, third child is a 12-year-old, and fourth child is an 16-year-old.
 ** Hourly wage needed assumes 52 weeks of work at 40 hours [er week; for two-parent family, hourly wage is how much each parent would need to make, so for 52 weeks of work at 80 hours total worked per week.
 Source: Family Budget Calculator produced by the Economic Policy Institute; state-level data calculated by the Economic Progress Institute by weighting county-level data by population.

TABLE 3

MEASURING ECONOMIC SECURITY

2. The Rhode Island Standard of Need calculations highlight the inadequacy of the Federal Poverty Level (FPL) as a measure of economic security.

Federal poverty data show that close to one in nine Rhode Islanders (11.2 percent) live in poverty. The poverty rate for Black Rhode Islanders (17.3 percent) is twice as high as the rate for White Rhode Islanders (8.7 percent), and the rate for Latino Rhode Islanders (22.6 percent) is over two and a half times as high as for White Rhode Islanders; the rate for Asian Rhode Islanders is 12.8 percent (see Chart 2).² 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.³ The original calculation of the Federal Poverty Level (FPL) assumed food costs figured as one-third of basic needs; that is, food costs were estimated and then tripled to get the Federal Poverty Level. By contrast, the 2024 RISN shows food costs making up only 12 percent of a basic needs budget (see Chart 1 in Key Finding 1); tripling that number would be inadequate to capture the costs of basic expenses.

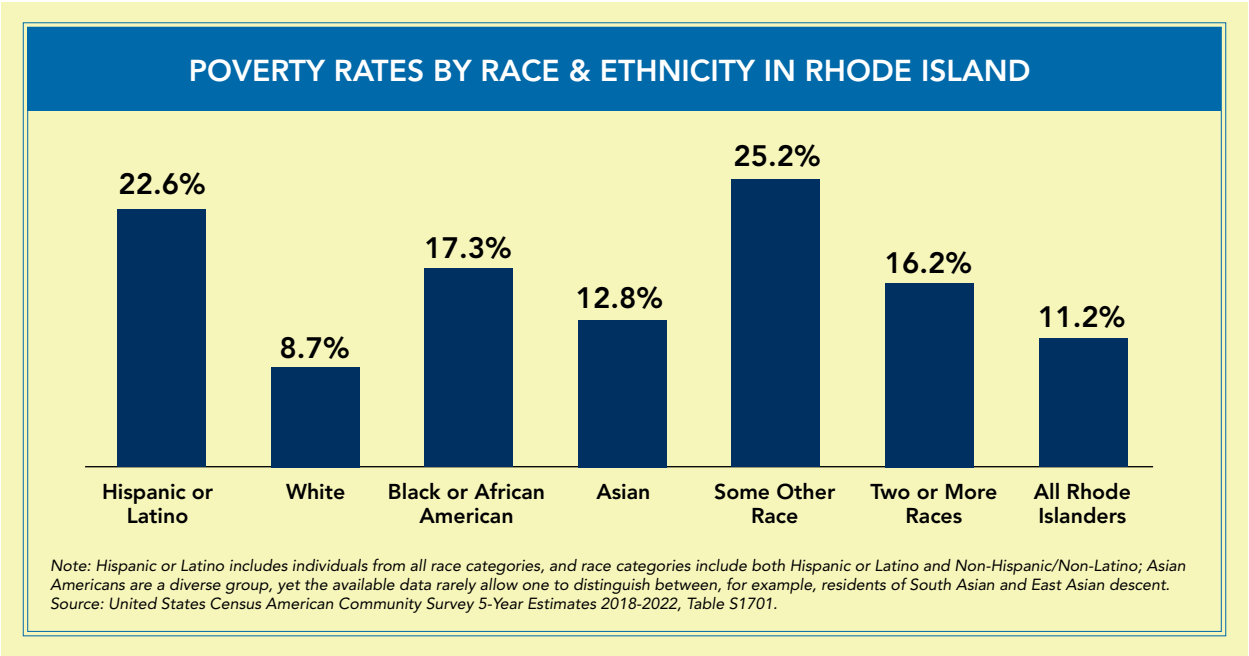


CHART 2

In our day, it takes much more than tripling food costs to pay for basic needs, yet the Federal Poverty Level remains based upon that original idea.⁴

General poverty rates for the state — and even poverty rates broken out by race and ethnicity — obscure the different experiences of women and men. Whether for the state as a whole or within each subgroup based on race and ethnicity, women are more likely than men to be living in poverty (see Chart 3).

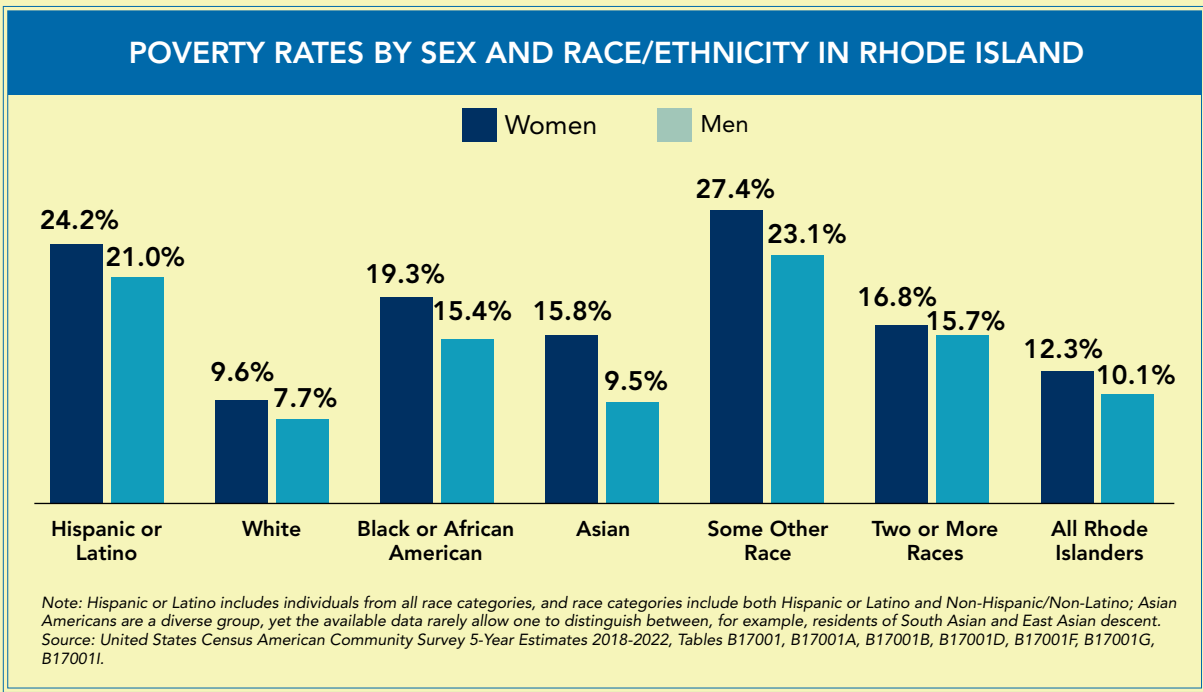


CHART 3

If one equates living in poverty with not being able to afford basic needs, the 2023 Federal Poverty Level numbers fall well below the 2024 RISN numbers (which are in 2023 dollars) and therefore clearly *underestimate* poverty in Rhode Island.

Single adults need income well above twice the Federal Poverty Level to meet their basic needs according to the RISN methodology. Families with young children need income over three times the Federal Poverty Level to meet their basic needs (see Chart 4).

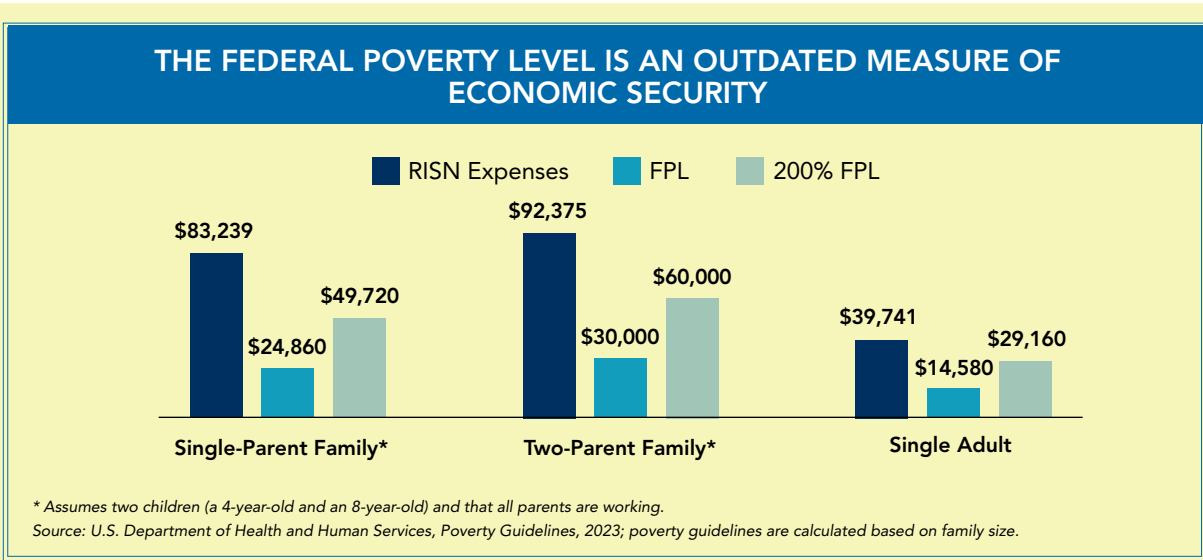


CHART 4

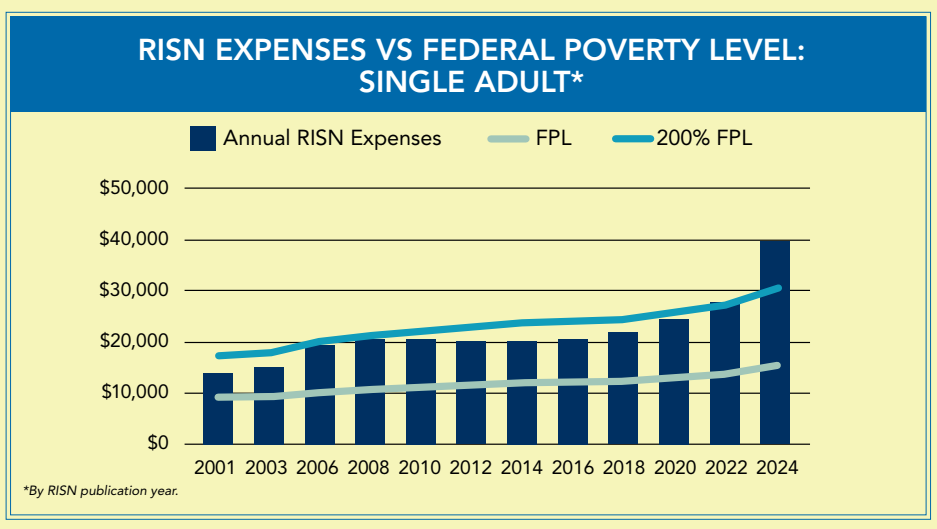


CHART 5

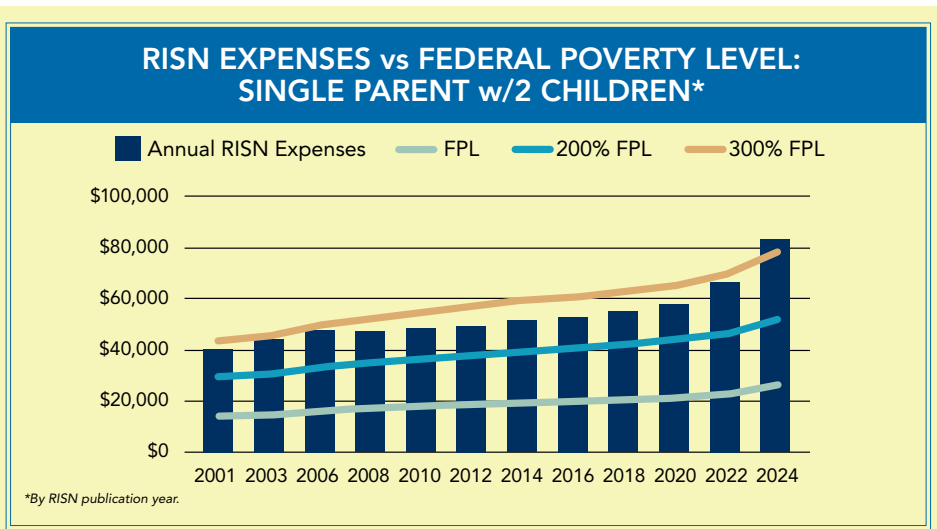


CHART 6

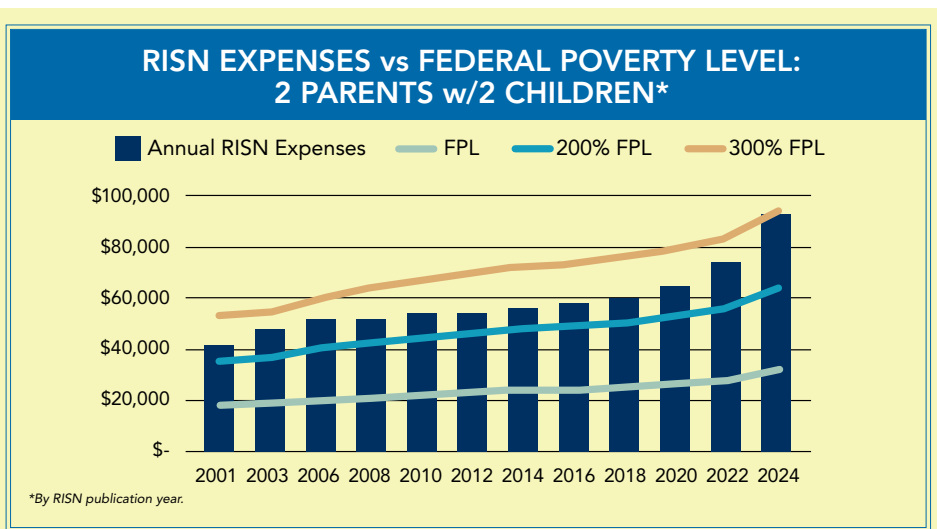


CHART 7

Over the many editions of the RISN, the data have demonstrated a consistent finding in the FPL being an inadequate measure of poverty and being able to meet a family's most basic needs. This finding has remained consistent despite some changes over the years in the calculation of the RISN.

The *columns* in Charts 5-7 are the RISN expenses, the total cost of basic needs for the different family types. The *lines* show how the costs compare to the Federal Poverty Level: the lower line equals the FPL; the line above equals twice the FPL, and, for Charts 6 and 7, the third and top line equals triple the FPL. This means that for most of the history of the RISN, a single adult needed to have income of twice the basic poverty level to make ends meet, and families with two children needed income approaching three times the basic poverty level. Over close to a quarter-century, the Economic Progress Institute's Rhode Island Standard of Need has clearly demonstrated the inadequacy of the Federal Poverty Level for describing what it takes for Rhode Islanders to meet their basic needs.

HOUSEHOLD EARNINGS

3. 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.

Among Latino single adults without children, more than 4 out of 5 (83 percent) earn less than the \$48,424 needed to meet their basic needs. For Black single adults in Rhode Island without children, the rates are slightly lower, at 78 percent overall. Of White single adults, 65 percent do not have enough income to cover basic needs, close to the 67 percent of Asian Rhode Island single adults. Among women, 73 percent of single adults without children have insufficient income to meet basic needs, while this is the case for 64 percent of men (see Chart 8).⁵

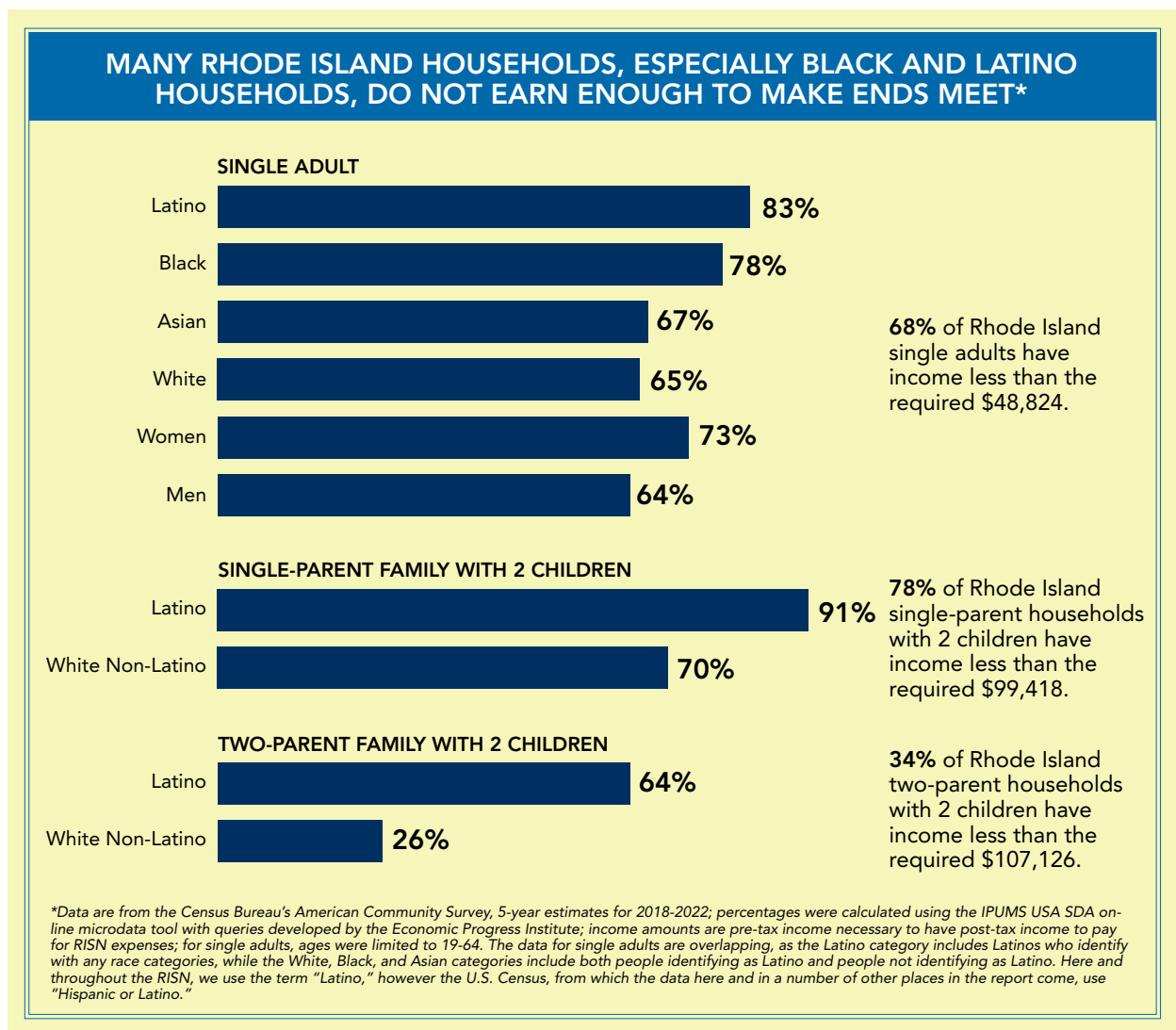


CHART 8

Although these rates may seem high, it is worth keeping in mind that many younger adults, at the outset of their working life and careers (and less likely than older adults to have children), frequently have lower incomes than many of their colleagues in the workforce; although this is

not surprising, it is nonetheless the case that these younger workers often do not make enough in wages or salary to make ends meet.

The numbers in Chart 8 likely mask important and interesting differences among these groups. Although we conducted further analyses of the data, including breaking out the race and ethnicity data by gender, we were left with questions about reporting the data. After all, except for the once-each-decade census of the entire population, the Census Bureau and other collectors of data survey only a small portion of the population. For Rhode Island, the sample sizes for Census Bureau and other surveys are usually too small to tease out important differences among subpopulations of larger groups. Therefore, given concerns about the reliability of percentages calculated from small sample sizes, we chose not to report all the data we found, though they do suggest, for example, that the income gaps between men and women vary by racial and ethnic group.

Regardless of the challenges of data collection and reporting, we should not simply take for granted income differences by race, ethnicity, and gender, because such differences are neither natural nor inevitable. And although ideally one would be able to explain all the differences, the truth is that the available data cannot answer all our questions. And sometimes the answers might be found not in data but in the lives of Rhode Islanders.

Turning to families with children, 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 (91 percent) of Latino families with two children earn less in wages or salary than the \$99,418 in pre-tax income needed to meet their basic needs, while 7 out of 10 (70 percent) of Non-Latino White single-parent families with two children face the same challenge. It is no surprise that so few single parents have enough income to cover basic needs for their families. These are single-income households, and most people, including single parents, do not earn six-figure salaries.

For two-parent families with two children, close to two-thirds (64 percent) of Latino households do not make the \$107,126 needed to pay for basic expenses, whereas approximately 1 in 4 (26 percent) of similar Non-Latino White households fall below this level. Taken together, these cases demonstrate how much more difficult it is for single parents to earn enough to meet their families' basic needs.

Policies that address the economic insecurity of low-income and modest-income families and individuals will help to decrease disparities, whether by ethnicity, race, or gender. As demonstrated elsewhere in this report, various government supports (including income, food, child care, and healthcare assistance) 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. One way to help the lowest-income Rhode Islanders is to increase their take-home pay by increasing the minimum wage beyond the \$15 per hour scheduled to take effect in Rhode Island in 2025.

GEOGRAPHICAL DIVERSITY

4. The costs of basic expenses and pre-tax income needed to pay for them vary across Rhode Island.

The Family Budget Calculator allows the RISN, for the first time, to drill down below the state level and thereby appreciate the geographical diversity of our small state. Although the calculator includes data for all 10 family types across Rhode Island’s five counties, here we provide the county-level data for the three family types traditionally featured in the RISN report (see Tables 4-6).

Although Providence County, with 60 percent of the state’s population, heavily weights the state-level RISN, it turns out the Kent County, with approximately 16 percent of the population, falls quite close to the state-level numbers. For example, for a single adult, the Kent County monthly RISN expense total is only \$7 different from the state amount. For a single parent with two children, the difference is only \$4. So, one might argue that residents of Kent County are representative of the state as a whole. Nevertheless, the county-level data in these tables show that individuals and families across the state face different challenges depending upon where they live — that although there might be an “average” Rhode Islander from the data, there

RHODE ISLAND STANDARD OF NEED BUDGET: SINGLE PARENT w/2 CHILDREN*						
Expenses	Providence County	Kent County	Bristol County	Washington County	Newport County	Rhode Island
Housing	\$1,351	\$1,461	\$1,451	\$1,492	\$2,312	\$1,463
Food	\$838	\$781	\$966	\$874	\$916	\$845
Transportation	\$1,244	\$1,380	\$1,365	\$1,527	\$1,381	\$1,315
Healthcare	\$741	\$741	\$741	\$741	\$741	\$741
Child Care	\$1,632	\$1,782	\$1,953	\$2,002	\$2,171	\$1,755
Other Necessities	\$775	\$794	\$856	\$838	\$1,143	\$817
Total Monthly	\$6,580	\$6,941	\$7,333	\$7,475	\$8,665	\$6,937
Total Yearly	\$78,961	\$83,288	\$87,990	\$89,696	\$103,983	\$83,239
Taxes and Tax Credits						
Monthly	\$1,156	\$1,343	\$1,549	\$1,629	\$2,319	\$1,348
Yearly	\$13,872	\$16,112	\$18,593	\$19,553	\$27,823	\$16,179
Pre-Tax Earnings Needed to Make Ends Meet						
Monthly	\$7,736	\$8,283	\$8,882	\$9,104	\$10,984	\$8,285
Yearly	\$92,833	\$99,400	\$106,583	\$109,249	\$131,807	\$99,418
Hourly Wage**	\$44.63	\$47.79	\$51.24	\$52.52	\$63.37	\$47.80

* Assumes two children (a 4-year-old and an 8-year-old) and that parent is working.
 ** Hourly wage needed assumes 52 weeks of work at 40 hours a week.
 Source : Family Budget Calculator produced by the Economic Policy Institute; state-level data calculated by the Economic Progress Institute by weighting county-level data by population.

TABLE 4

are many different experiences contributing to this average and that these experiences are, in part, shaped by geography.

The differences in RISN expenses vary considerably, from 29 percent to 36 percent higher in Newport County compared with Providence County, depending upon the family type. The relationship between living costs and poverty rates by county might not be a direct one. Despite having the lowest RISN costs, Providence County has by far the highest poverty rate in the state, with the other four counties grouped together between 7 percent and 8 percent (see Chart 9). Given the higher cost of living in Newport County, one might have expected a higher poverty rate in Newport. However, despite the relative wealth of many Newport residents, the city is home to many low-income Rhode Islanders.

If costs are higher in Newport — for Food and Other Necessities and especially for Housing — this could mean that those Newport County residents living in poverty might find it more challenging to afford basic needs than Rhode Islanders with the same income in other parts of the state. The geographical variation revealed by the 2024 RISN suggests that policymakers ought to pay attention to different challenges faced by Rhode Islanders living in different parts of the state.

RHODE ISLAND STANDARD OF NEED BUDGET: TWO PARENTS w/2 CHILDREN*						
Expenses	Providence County	Kent County	Bristol County	Washington County	Newport County	Rhode Island
Housing	\$ 1,351	\$1,461	\$1,451	\$1,492	\$2,312	\$1,463
Food	\$1,121	\$1,046	\$1,294	\$1,170	\$1,226	\$1,131
Transportation	\$1,273	\$1,408	\$1,394	\$1,553	\$1,411	\$1,343
Healthcare	\$1,086	\$1,086	\$1,086	\$1,086	\$1,086	\$1,086
Child Care	\$1,632	\$1,782	\$1,953	\$2,002	\$2,171	\$1,755
Other Necessities	\$875	\$888	\$972	\$943	\$1,253	\$918
Total Monthly	\$7,339	\$7,672	\$8,150	\$8,247	\$9,461	\$7,697
Total Yearly	\$88,062	\$92,066	\$97,801	\$98,960	\$113,527	\$92,375
Taxes and Tax Credits						
Monthly	\$1,074	\$1,204	\$1,411	\$1,455	\$2,046	\$1,229
Yearly	\$12,888	\$14,452	\$16,937	\$17,457	\$24,548	\$14,752
Pre-Tax Earnings Needed to Make Ends Meet						
Monthly	\$8,412	\$8,876	\$9,561	\$9,701	\$11,506	\$8,927
Yearly	\$100,950	\$106,518	\$114,737	\$116,417	\$138,075	\$107,126
Hourly Wage**	\$24.27	\$25.61	\$27.58	\$27.98	\$33.19	\$25.75

* Assumes two children (a 4-year-old and an 8-year-old) and that both parents are working.
 ** Hourly wage needed assumes, for two-parent family, how much each parent would need to make, so for 52 weeks of work at 80 hours total worked per week.
 Source: Family Budget Calculator produced by the Economic Policy Institute; state-level data calculated by the Economic Progress Institute by weighting county-level data by population.

TABLE 5

RHODE ISLAND STANDARD OF NEED BUDGET: SINGLE ADULT*

Expenses	Providence County	Kent County	Bristol County	Washington County	Newport County	Rhode Island
Housing	\$1,022	\$1,105	\$1,098	\$1,157	\$1,749	\$1,110
Food	\$388	\$362	\$448	\$405	\$425	\$392
Transportation	\$882	\$986	\$966	\$1,085	\$971	\$933
Healthcare	\$345	\$345	\$345	\$345	\$345	\$345
Child Care	\$0	\$0	\$0	\$0	\$0	\$0
Other Necessities	\$499	\$520	\$547	\$553	\$770	\$532
Total Monthly	\$3,137	\$3,318	\$3,404	\$3,546	\$4,260	\$3,311
Total Yearly	\$37,639	\$39,819	\$40,854	\$42,555	\$51,122	\$39,741
Taxes and Tax Credits						
Monthly	\$696	\$751	\$778	\$821	\$1,138	\$757
Yearly	\$8,348	\$9,016	\$9,333	\$9,854	\$13,660	\$9,083
Pre-Tax Earnings Needed to Make Ends Meet						
Monthly	\$3,832	\$4,070	\$4,182	\$4,367	\$5,399	\$4,068
Yearly	\$45,988	\$48,835	\$50,187	\$52,409	\$64,782	\$48,824
Hourly Wage**	\$22.11	\$23.48	\$24.13	\$25.20	\$31.15	\$23.47

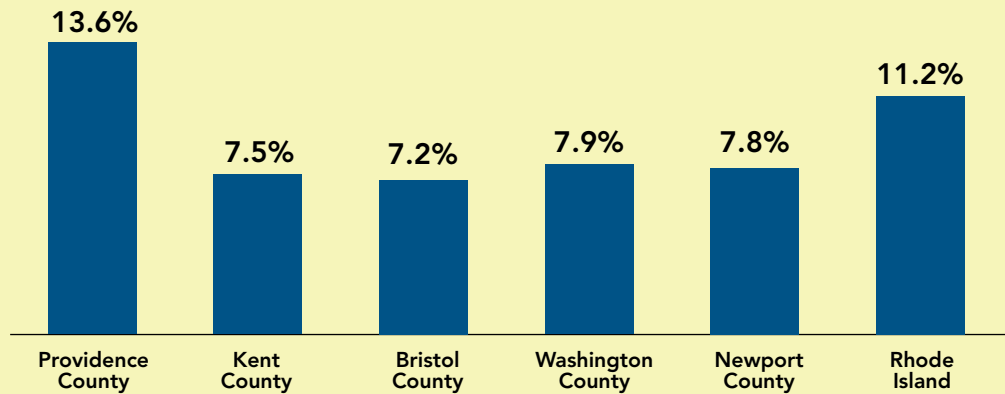
* Assumes that individual is working.

** Hourly wage needed assumes 52 weeks of work at 40 hours a week.

Source: Family Budget Calculator produced by the Economic Policy Institute; state-level data calculated by the Economic Progress Institute by weighting county-level data by population.

TABLE 6

POVERTY RATES BY COUNTY IN RHODE ISLAND



Source: United States Census American Community Survey 5-Year Estimates 2018-2022, Table S1701.

CHART 9

LARGE GAPS 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 Supplemental Security Income Program (SSI) is the federal cash assistance program for low-income seniors and people with disabilities. Some 30,592 individuals received SSI in Rhode Island in December 2022, the majority of whom, 27,188, were children or non-elderly adults with disabilities. The maximum monthly benefit in 2024 for a single adult is \$983 (\$943 from the federal benefit and \$39.92 from a state supplement).⁶ The federal portion adjusts annually for inflation, but the state portion has not changed in the last 15 years and

was actually higher, at \$57.35, from 2003 through 2008. Annual income (cash assistance & SNAP) was 102 percent of the Federal Poverty Level in 2023 and fell to 99 percent FPL in 2024. An SSI recipient has a gap between income and basic needs expenses of \$1,726 each month (see Table 7).

The Rhode Island Works Program (RI Works) is the state's cash assistance and work-readiness program for families with children. For March 2024, Rhode Island's Department

of Human Services (DHS) reported that 3,200 families participated in the program, which included 8,303 individuals, of whom 68.7 percent were children under age 18. The same data clearly show that the percentages of participants who are Latino or Black are higher than their percentages in the overall population of the state.⁷

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. Because the legislation failed to include an annual cost of living adjustment, the increased benefit immediately began losing its buying power. The Fiscal Year 2025 budget, enacted in June 2024, included another one-time increase, of about 20 percent, raising the monthly benefit for a family of three to \$865. Although this welcome increase brings the benefit back to 40 percent of the Federal Poverty Level (below 50 percent is considered "deep poverty"), once again the increase was not accompanied by

INDIVIDUAL RECEIVING SUPPLEMENTAL SECURITY INCOME (SSI)

Monthly Income from SSI	\$983
SNAP	\$257
WIC	\$0
Total Income	\$1,240
Housing	\$1,110
Food	\$392
Transportation	\$933
Healthcare	\$0
Child Care	\$0
Miscellaneous	\$532
Total Expenses	\$2,966
Difference Between Income and Expenses	-\$1,726

TABLE 7

an automatic, annual cost of living adjustment, meaning the value of the benefit will continue to fall further below the cut-off for deep poverty.

Using the new benefit level and taking food assistance into account, the annual income for a family of 3 receiving Rhode Island Works (\$20,541) would have been 82.6 percent of the Federal Poverty Level in 2023 and 79.6 percent in 2024. This family has a gap between income and expenses of \$2,728 each month (see Table 8).

PARENT w/2 CHILDREN RECEIVING RHODE ISLAND WORKS (RI WORKS)	
Monthly Income from RI Works	\$865
SNAP	\$766
WIC	\$81
Total Income	\$1,712
Housing	\$1,463
Food	\$845
Transportation	\$1,315
Healthcare	\$0
Child Care	\$0
Miscellaneous	\$817
Total Expenses	\$4,440
Difference Between Income and Expenses	-\$2,728

TABLE 8

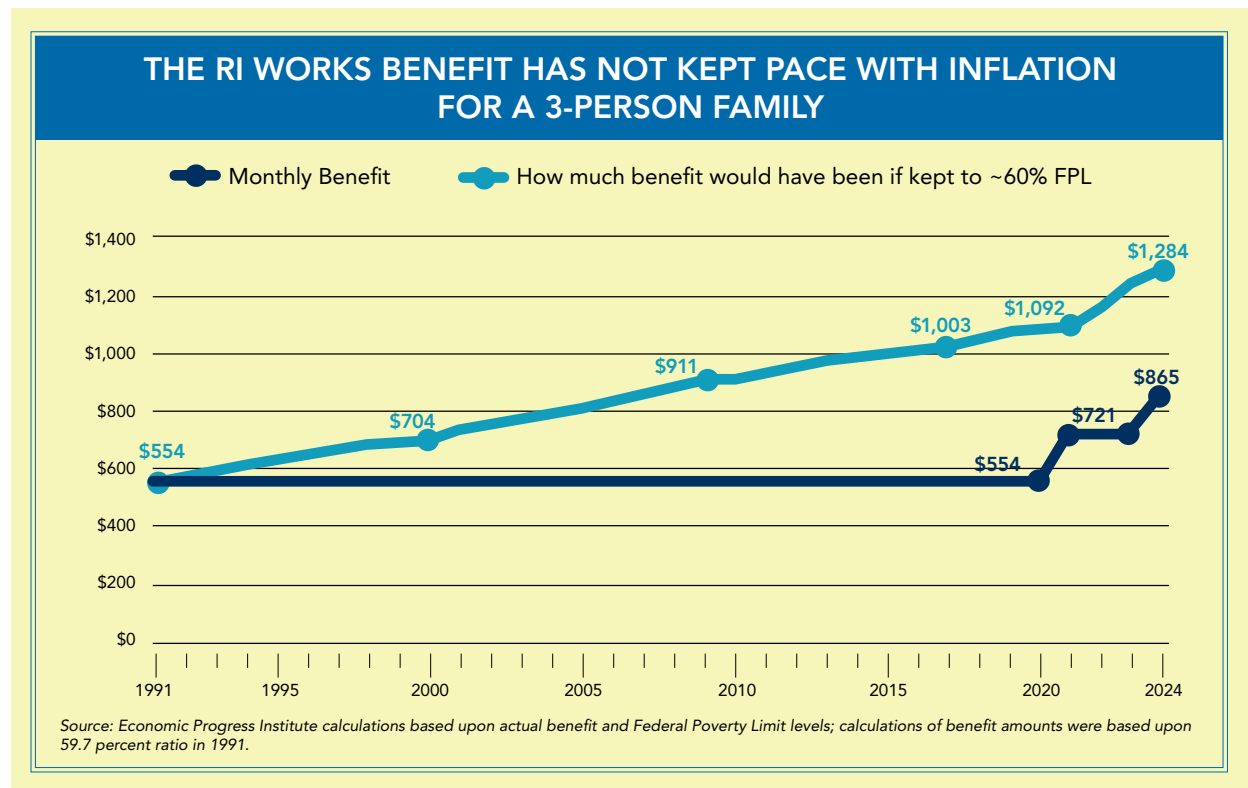


CHART 10

Chart 10 shows how the 3-person family RI Works benefit in absolute dollars over the last three and a half decades compares to what the benefit would have been had it been adjusted for inflation annually: \$1,284 in 2024.

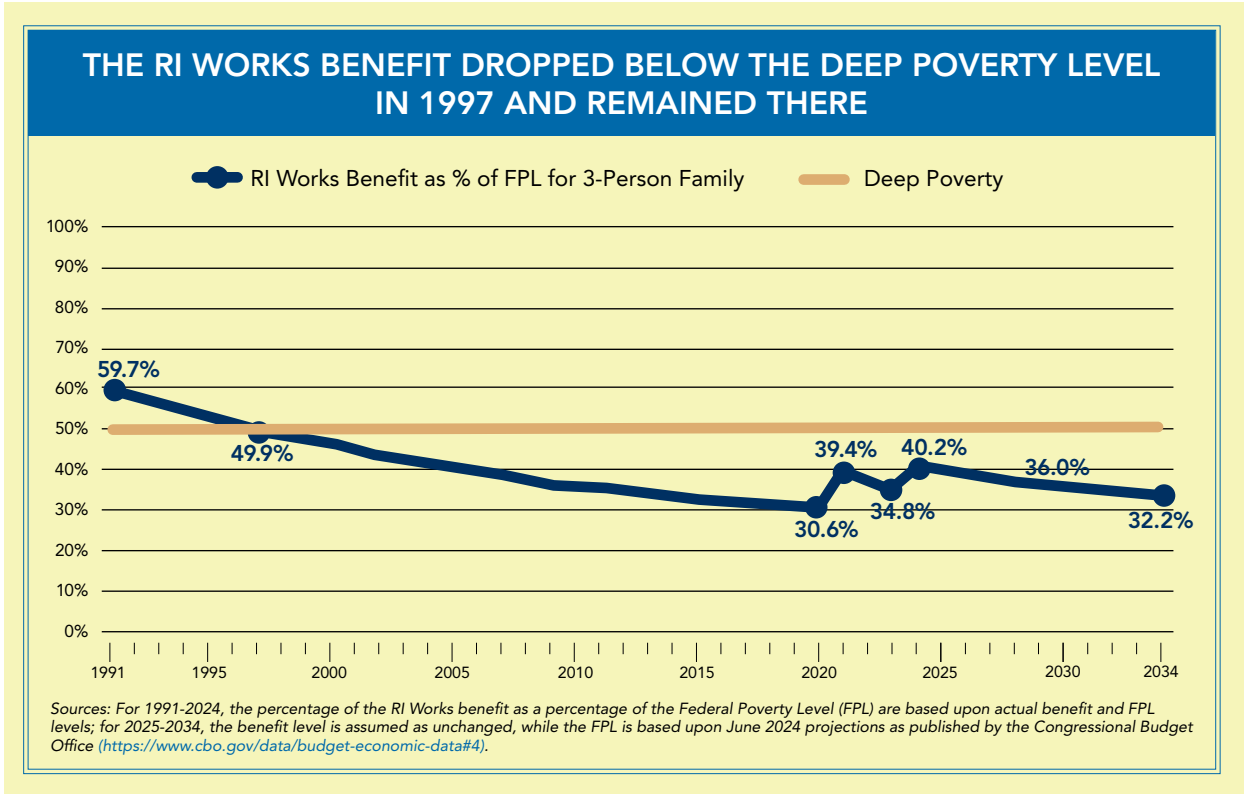


CHART 11

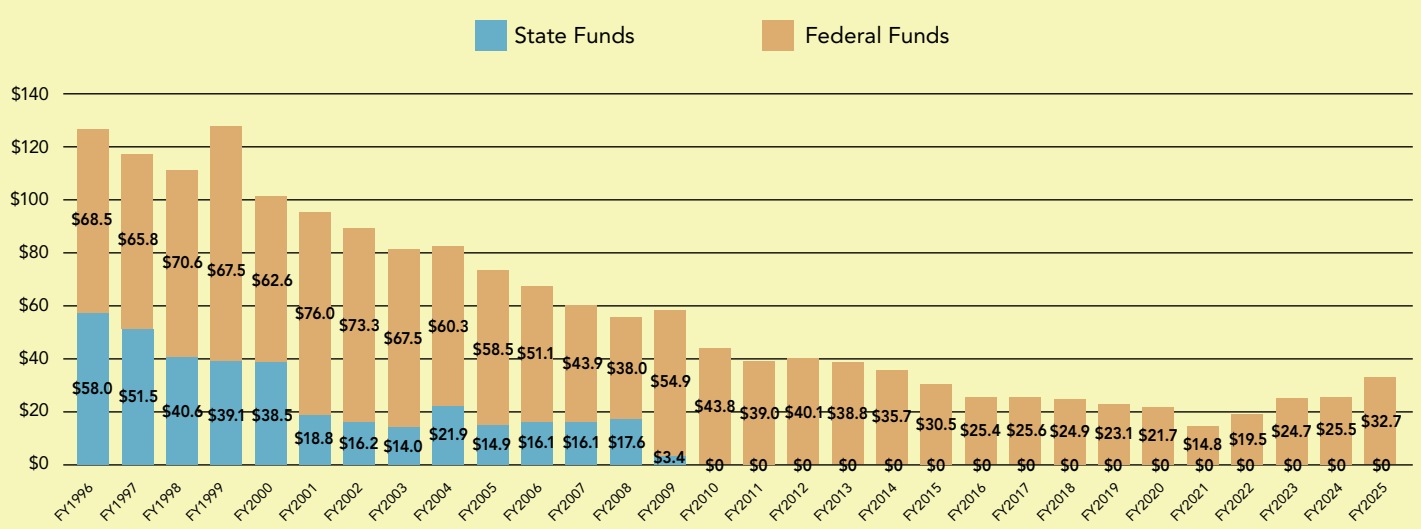
Chart 11 looks at the 3-person family RI Works benefit in comparison to the Federal Poverty Level. The flat line across the chart is 50 percent of the Federal Poverty Level, and anything below this line is considered “deep poverty.” While the RI Works benefit in the early 1990s was slightly above this level, it dropped into deep poverty in 1997 and has not reached above the line since.

In 2021 and again in 2024, the level was brought to 40 percent FPL, but the 2024 plea by advocates was to raise the level to 50 percent FPL, to the deep poverty line and then set in place an automatic, annual adjustment to keep the benefit at 50 percent FPL.

Advocates also point out that we could use federal dollars to accomplish this 50 percent FPL goal. To begin, the state receives \$94.7 million in Temporary Assistance for Needy Families (TANF) grant funds each year, and well under \$30 million of this is used each year for Rhode Island Works benefits — despite the fact that direct cash assistance for children and families is the central purpose of the TANF funding. Some of the funds are used instead for other, valuable programs, including child care, and some of the funds are set aside into a reserve account which now contains over \$100 million. Even recognizing the need to keep some funds in reserve to deal with future increased demand, keeping this large amount in reserve when children and families are currently struggling does not align with the original goals of TANF funding.

However, the story of Rhode Island Works neither ends nor begins here. Although there are federal funds available to improve the program, once upon a time the state actually used to supplement the federal funds with state revenue dollars — and used to serve many more

RHODE ISLAND WORKS CASH ASSISTANCE SPENDING (millions of dollars)



Sources: Rhode Island Department of Human Services. (2007). Family Independence Program 2007 annual report. For later years, data taken from annual analyses of the enacted state budgets, as produced by the House Fiscal Advisory Staff; data through FY2023 are for actual spending; for the FY2024, the amount is final (but not audited) as of the May 2024 Caseload Estimating Conference; the FY2025 amount is the enacted amount, which includes federal funds to cover the 20% benefit increase enacted. Thanks to Rhode Island KIDS COUNT for sharing data.

CHART 12

Rhode Islanders. As Chart 12 shows, Rhode Island used to provide substantial state funds for cash assistance. When the state replaced the Family Independence Program (FIP) with Rhode Island Works in 2008, the state general revenue investment was further reduced, and the number of beneficiaries declined. In 1997, the program helped 18,750 families, dropping to 8,424 in 2008, to 4,149 in 2018, and to 3,200 families in 2024.⁸

The use of state money is — or was — an *investment* in Rhode Islanders and in our poorest residents. This disinvestment has created an unfair competition for limited TANF funds, using a substantial amount for the worthy cause of child care assistance, but at the expense of cash assistance. In addition, only state dollars can be used for cash assistance for Legal Permanent Residents (children and parents) who have had their status for fewer than five years. It is long past time for Rhode Island’s policymakers to reject the now decade and a half old policy to spend zero dollars of general revenue on Rhode Island Works. Instead, it is time to revive and adopt a policy of state investment in our poorest residents. In the context of a multibillion-dollar annual budget, a budget that is a statement of our values as a state, we cannot afford not to invest at least a few million or tens of millions of dollars in those most in need.

WORK SUPPORTS PROVIDE ECONOMIC SECURITY TO FAMILIES

6. Without subsidies from the Child Care Assistance Program (CCAP) and subsidies through Rlte Care and HealthSource RI, working families — including care economy workers and micro business owners — would have a large gap between income and expenses for basic needs; these work supports increase economic security.

Rhode Island's CCAP provides subsidies to parents to help pay for early learning programs for their young children and for safe, quality after-school care. To qualify, parents must be working (or participating in a training or education program) for at least 20 hours per week and have income less than the "entry income limit," which was raised in 2024 — and takes effect in January 2025 — from 200 percent of the Federal Poverty Level (\$49,720 for a family of 3 and \$60,000 for a family of 4, in 2023) to 261 percent of the Federal Poverty Level (\$64,885 for a family of 3 and \$78,300 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 above an "exit income limit" of 300 percent of the Federal Poverty Level (\$74,580 for a family of 3 and \$90,000 for a family of 4, in 2023).⁹

If parents have earnings even one dollar above the "entry income limit," they face a large monthly budget gap, because they do not qualify for assistance. Once parents do qualify, they lose their assistance as soon as their income increases even one dollar above the "exit income limit," as the story of Samantha and Eric illustrates.*

As a home health aide, Samantha earns \$15 per hour, the minimum wage for direct care workers providing home-based services, 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. Although at the time this hourly minimum was above the regular minimum wage, it was not tied to inflation, and in January 2025, the statewide minimum wage will rise to \$15 per hour and match it. Samantha's annual pre-tax income is \$31,200. Eric is a micro business owner with a modest income of \$43,800 from designing, crafting, and selling pet accessories. Together, the two of them earn \$75,000, putting them at 250 percent of the Federal Poverty Level for a family of 4 in 2023.

Although in 2023 and 2024, their income at 250 percent of the Federal Poverty Level left them ineligible for any subsidy through the Child Care Assistance Program, the recent change increasing the entry limit to 261 percent means that they will be newly eligible in 2025. A quality early learning program for 4-year-old Gabriel and quality after-school care for 8-year-old Lily will cost them only \$438 per month (their 7 percent co-share according to program rules) instead of the full price of \$1,755 per month. The family's income is too high to qualify for SNAP benefits, which would have helped offset the family's monthly food costs.

While their children do qualify for enrollment in Rlte Care, part of Rhode Island's Medicaid program, Samantha and Eric purchase coverage for themselves through HealthSource RI because they are ineligible for Medicaid. They are eligible for a tax credit of \$507 which reduces the cost of the plan in which they enroll. Although such subsidies were available before the pandemic, they were increased and then incorporated into the 2022 federal Inflation Reduction Act (IRA). However, the premium tax credits, which benefit the majority

*Samantha and Eric are not part of a real household but are used for illustration purposes only, as is also the case for the examples shared in Key Findings 7 and 9.

of people purchasing plans from the healthcare marketplace, are set to expire after 2025, unless Congress renews them.¹⁰ 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 \$68,056.

With Rite Care for their children, healthcare subsidies through HealthSource RI, and their newly gained access to CCAP, Samantha and Eric find themselves \$195 in the black each month and can meet their most basic needs (see Table 9).

MANY WORKING FAMILIES CANNOT MAKE ENDS MEET WITHOUT CRITICAL SUPPORTS, ESPECIALLY CHILD CARE ASSISTANCE		
<i>Samantha and Eric, parents with two children and combined earnings of \$75,000 or \$90,300</i>		
Expenses	Two-Parent Family w/2 Children (250% FPL)*	Two-Parent Family w/2 Children (301% FPL)**
Housing	\$1,463	\$1,463
Food	\$1,131	\$1,131
Transportation	\$1,343	\$1,343
Healthcare	\$183	\$304
Child Care	\$438	\$1,755
Other Necessities	\$918	\$918
Total Monthly	\$5,476	\$6,915
Total Yearly	\$65,717	\$82,982
Income		
Pre-Tax Annual Earnings	\$75,000	\$90,300
Total Taxes and Tax Credits	-\$7,917	-\$11,417
Post-Tax Annual Earnings	\$67,083	\$78,883
WIC*	\$973	\$0
Net Annual Income	\$68,056	\$78,883
Annual Difference Between Income and Expenses	\$2,339	-\$4,100
Average Monthly Difference Between Income and Expenses***	\$195	-\$342

* 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; the parents' income is too high to qualify them for Medicaid, so they enroll with HealthSource RI and purchase a Bronze plan with a \$507 subsidy.
** The family's income is too high to qualify for SNAP, WIC, or Medicaid, even for the children; the Healthcare cost is the Family Budget Calculator estimate of a Bronze plan on the HealthSource RI marketplace, with a \$782 subsidy subtracted out.
*** 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 9

However, if Samantha receives a modest \$2 per hour raise to \$17 per hour and Eric starts scaling up his business and increases his income from just under \$44,000 to just under \$55,000, their combined income will rise to \$90,300, or 301 percent of the Federal Poverty Level. This will push them just beyond the CCAP exit limit, and they will lose their subsidy, meaning they will need to pay the full \$1,755 each month for child care. Their children will no longer qualify for Rite Care, meaning the whole family will need to purchase health insurance from the marketplace. Instead of being in the black, they will find themselves \$342 per month in the red (see Table 9).

If the exit limit were increased from 300 percent FPL to 350 percent FPL, Eric and Samantha would not lose their child care assistance. Even better, advocates have been pushing for a change in how Rhode Island measures CCAP eligibility altogether. They propose joining 10 other states in using 85 percent or higher of the state median family income for the entry limit; in Rhode Island, there has been an accompanying proposal to use 100 percent of the state median family income as an exit limit.¹¹ In Rhode Island in 2022, 85 percent of median family income was \$88,428, whereas 261 percent FPL was \$60,108 for a family of 3 and \$72,428 for a family of 4. Rhode Island state median family income provides a much more realistic standard than the Federal Poverty Level for assessing a family’s ability to afford child care costs, and its adoption would expand CCAP eligibility to hundreds or possibly thousands of children.¹²

Rhode Island’s Child Care Assistance Program has gone through many changes over the last quarter-century, with shifts in the entry income limit, the creation of the exit income limit, eligible ages, and reimbursement rates. Back in 1997 and 1998, with the launch of the Starting Right Child Care Assistance Program, the state committed to creating a strong child care program that would help low-income and modest-income working families and pay reasonable rates to child care providers. Over the years there have been many ups and downs in reaching towards this goal, and advocates have worked with dedication to improve the program, despite setbacks arising from the Great Recession and the COVID-19 pandemic.

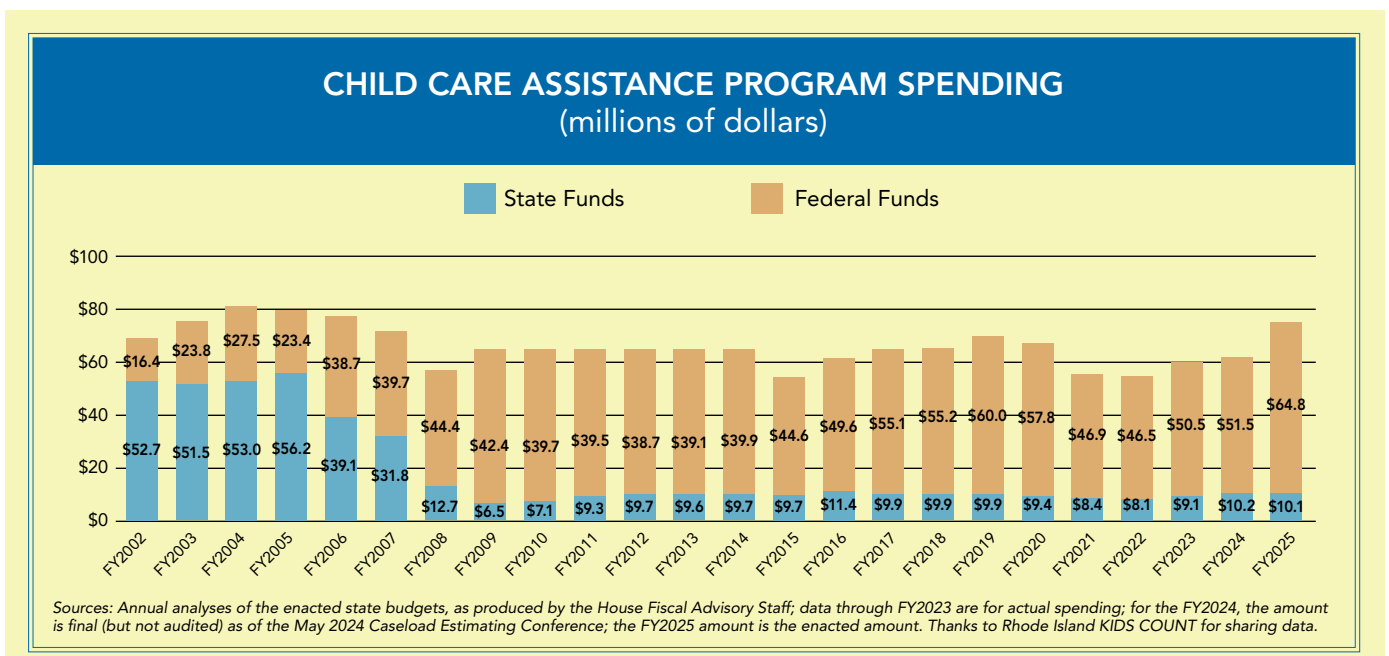


CHART 13

When policymakers set out to strengthen the program over a quarter-century ago, they dedicated considerable state revenue dollars to the effort, over \$50 million each year. Chart 13 shows how, like we saw earlier with the Rhode Island Works program, the state has disinvested in CCAP over the last two decades. Rhode Island continues to budget some state revenue each year for the program, but over \$45 million less each year compared with spending in 2005.

Here too, with child care assistance, it is long past time that Rhode Island’s policymakers return or exceed that level of state revenue investment in children, families, and child care

programs and businesses. Only a small fraction of the working families who cannot afford child care receive CCAP assistance. A greater investment of state revenue would expand access and help many more children and families. At the program's peak in 2003, there were over 14,000 subsidies, whereas in 2023 there were only 6,400.¹³

Investing in child care is critical for Rhode Island's small businesses and the state's economy, because affordable, quality child care enables many Rhode Islanders to go to work. Child care is part of the care economy, and Samantha works in the care economy. Although a lot of attention has been directed in recent years to the blue economy, high-tech jobs, and potentially high-wage opportunities, a large portion of the state's workforce continues to work in the care economy sector. Given both Rhode Island's aging population and the need to provide affordable, quality child care so younger adults can go to work, it is critical that we pay attention to care economy workers — many of whom are also frontline workers and were identified as essential workers during the coronavirus pandemic — that we not neglect this large and critical part of the state's economy. Care economy and frontline workers are disproportionately Black, Latino, and immigrants and women of all races and ethnicities — and they have never 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.

Women are not only care economy workers but also owners of care economy businesses. As the Economic Progress Institute's 2024 report *The State of Small and Micro Businesses in Rhode Island* demonstrates, there are more women-owned businesses in the care economy than in any other sector. More generally, businesses relating to healthcare, child care, and other social assistance work constitute the fifth-largest sector for all RI industries — nearly 2,200 firms in 2021 — and employ more workers than any other sector: 83,336 in 2021. The report also shows that the vast majority of business owners in the state are, like Eric, micro business owners — and that more support ought to be directed to such business owners who are seeking to grow their businesses.¹⁴



Photo courtesy Pexels

WORK SUPPORTS CAN HELP ELIGIBLE FAMILIES, YET MORE IS NEEDED, ESPECIALLY FOR SINGLE PARENTS

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. Supplementing them with housing subsidies and a child tax credit would make the difference for many single parents in being able to make ends meet for their families.

According to the Rhode Island Standard of Need, a single parent with two young children needs to earn \$47.80 per hour before taxes to meet their family’s basic needs. Only approximately 15 percent of Rhode Island jobs pay a median hourly wage above this amount; the overall median wage for all Rhode Island jobs in May 2023 was \$24.50/hour.¹⁵ Child care and healthcare subsidies, tax credits, and food assistance make a significant and positive difference for families when wages aren’t enough, as Danielle’s story shows. What Danielle’s story also shows, however, is that despite the positive difference made through existing programs, single parents face an especially difficult time making ends meet for their families. Few of them earn close to \$50 per hour or more.

Danielle is a single parent of 8-year-old Ava and 4-year-old Oliver. Danielle works in customer service and has annual gross earnings of \$35,053 (or \$16.85/hour). Although above Rhode Island’s minimum wage, this income places her family at only 141 percent of the Federal Poverty Level.

WORK SUPPORTS HELP BRING FAMILIES WITH MODEST EARNINGS CLOSER TO MAKING ENDS MEET, BUT MORE ASSISTANCE IS NEEDED FOR SINGLE PARENTS

Danielle, a single mom with two children and earnings of \$35,053

Monthly Expenses & Income	Without Child Care & Healthcare Subsidies	With Child Care & Healthcare Subsidies	Plus With Rental Subsidy*	Plus With \$1,000 State CTC and Restored Federal CTC
Housing	\$1,463	\$1,463	\$876	\$876
Food	\$845	\$845	\$845	\$845
Transportation	\$1,315	\$1,315	\$1,315	\$1,315
Healthcare	\$741	\$0	\$0	\$0
Child Care	\$1,755	\$146	\$146	\$146
Other Necessities	\$817	\$817	\$817	\$817
Total Expenses	\$6,937	\$4,586	\$4,000	\$4,000
Total Income**	\$4,139	\$3,650	\$3,650	\$4,033
Difference	-\$2,797	-\$936	-\$350	\$33

*Rental subsidy calculated by multiplying pre-tax income by 30 percent, the cut-off for being cost-burdened for housing and assuming subsidy to make up the difference between that amount and the \$1,463 monthly cost for renting a 2-bedroom apartment.
**Income is net income 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. Tax, tax credit, and post-tax income estimates provided by the Institute on Taxation and Economic Policy.

TABLE 10

As the first column of data in Table 10 shows, without any assistance, Danielle’s basic-needs budget would leave her in the red \$2,797 each month.

However, Danielle 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, reducing her family’s healthcare costs to zero.

She also qualifies for help paying for full-time daycare for Oliver and

after-school care for Ava, which otherwise would cost her \$1,755 per month. Based on her income at 141 percent of the Federal Poverty Level, Danielle’s co-pay through the Child Care Assistance Program is \$146 per month.¹⁶

The second column of data in Table 10 shows the significant difference the healthcare and child care assistance make. Yet even with these subsidies, Danielle still falls short, by \$936, of meeting her family’s basic expenses each month.

Despite these valuable forms of assistance for Danielle and her family, single parents working a full-time job above minimum wage need more help to make ends meet. The third column of data in Table 10 shows how Danielle’s situation would improve if she were provided with a subsidy that would limit her rental costs to 30 percent of pre-tax income, meaning she would not be cost-burdened by housing costs (see Key Finding 8 for more on housing). Still, her family would be \$350 in the red each month.

If Congress were to restore the enhanced COVID-era federal Child Tax Credit (CTC) and Rhode Island were to implement a fully refundable \$1,000 state Child Tax Credit, to supplement the federal one, as depicted in the fourth column of data in Table 10, then Danielle and her family would finally be in the black and be able to make ends meet with a little bit left over each month.

The healthcare and child care subsidies save Danielle over \$1,800 each month and 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 14). Expanding these programs would therefore reduce racial and ethnic disparities.

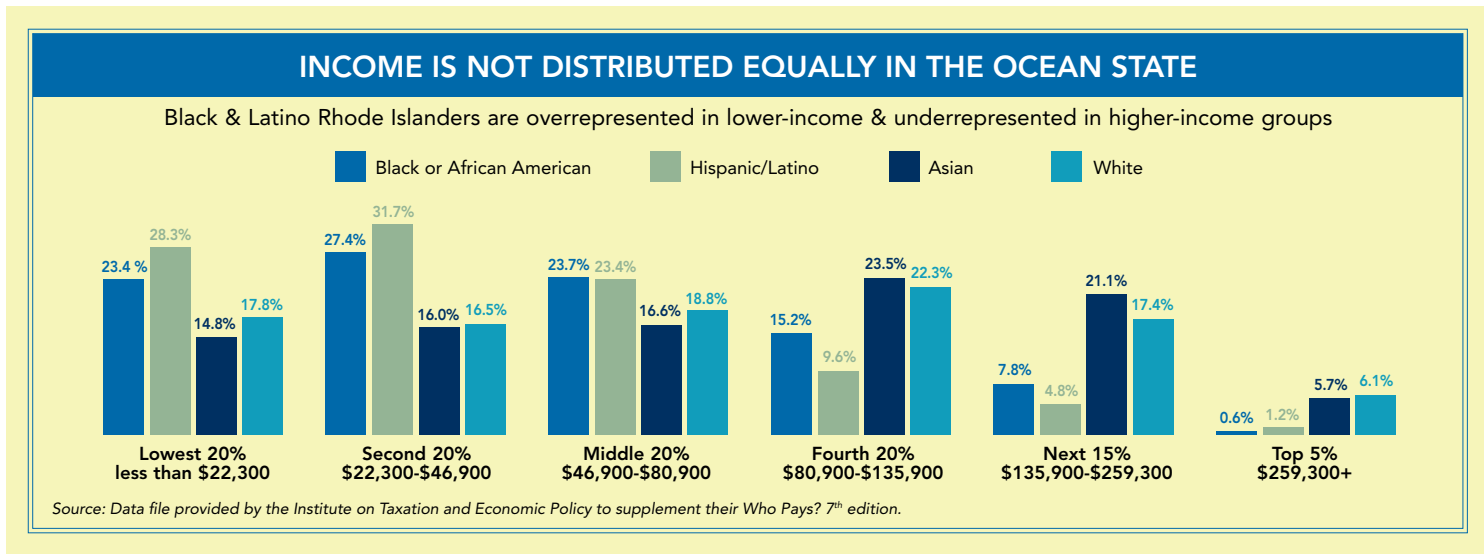


CHART 14

Housing subsidies and a state child tax credit would also benefit low-income families and decrease racial and ethnic disparities. Low-income families can be helped greatly through tax credits, such as the one-time \$250 per child tax rebate in Rhode Island in 2022. In 2021, the American Rescue Plan Act increased the value of the federal child tax credit and made it fully refundable. This boost in the credit lifted millions out of poverty. However, Congress failed to renew this federal credit, and the national childhood poverty rate increased from 5.2 percent in 2021 to 12.4 percent, well over double that amount, in 2022. Renewing the credit would have kept an estimated 3 million children out of poverty.¹⁷ 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.

The large majority of single parents with two children do not have income close to \$100,000 per year or above required to make ends meet (see Chart 10 in Key Finding 3). Rhode Island needs to supplement the state’s valuable healthcare and child care assistance programs and implement additional policies and programs to help more such families afford their most basic needs.

A HOUSING WAGE

8. Rhode Island's Housing Wage is well above the state's minimum wage, meaning that the state's lowest-income workers face a challenge in paying housing costs.

According to the Rhode Island Standard of Need data shared earlier in this report, a one-bedroom apartment costs \$1,110 and a two-bedroom apartment costs \$1,463. However, these numbers are based upon the Family Budget Calculator using 2023 data. As of the publication of this report, the FBC has not yet been updated with 2024 data released in June 2024 by the National Low Income Housing Coalition (NLIHC) in its annual *Out of Reach* report. According to NLIHC, a one-bedroom apartment at Fair Market Rent (FMR) is \$1,417 in 2024 and a two-bedroom apartment is \$1,726. Fair Market Rents are based upon data from the U.S. Department of Housing and Urban Development (HUD), and the rental amounts are set at the 40th percentile. This means that 40 percent of rental units cost this amount or less, while 60 percent of rental units have higher costs.

With double-digit percentage increases, the Rhode Island FMR increases from 2023 to 2024 were much greater than the overall low single-digit rate of inflation and therefore suggests that although the Rhode Island Standard of Need is already considerably higher in 2024 than 2022, it might still be underestimating housing costs for Rhode Islanders.

NLIHC reports that, for 2024, the hourly wage needed to afford a two-bedroom apartment in Rhode Island is \$33.20, meaning annual income of \$69,053. This means that it would take working 2.4 full-time minimum wage jobs at Rhode Island's current \$14 per hour minimum wage to afford this apartment. With next year's increase to \$15 per hour, it would still require working 2.2 minimum wage jobs. According to the National Low Income Housing Coalition, the average renter in Rhode Island earns \$18.04 per hour, above the minimum wage yet well below the two-bedroom housing wage.

Once housing costs, including utilities, exceed 30 percent of income, 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." Data from HousingWorks RI show that a significant number of Rhode Islander renters are cost burdened, making it exceedingly difficult to pay for all essential needs. Of the 32,000 lowest-income Rhode Island renter households, 68 percent were cost burdened and 50 percent severely cost burdened. Of the next 32,000 lowest-income households, 75 percent were cost burdened and 42 percent severely cost burdened.¹⁸

Even as we emerge from the COVID-19 pandemic, the state's real estate market has continued to make it challenging for so many to find housing they can afford. Despite new efforts to create affordable housing for low-income Rhode Islanders, the supply remains far short of the need. Furthermore, 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. Homelessness has been on the rise.

With increases in the median sale price for homes, many families cannot afford home ownership, the primary mechanism for building wealth in America. The cost of purchasing a home in Rhode Island has soared beyond the reach of the average Rhode Island household, with the median sale price approaching a half-million dollars in the summer of 2024. Compounding this challenge is the legacy of systemic racism, which affects who can succeed in purchasing a home. Systemic

racism includes redlining and gentrification, among other practices. The result: 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.¹⁹ Home ownership varies by race and ethnicity among Rhode Islanders as of 2020:

- 69 percent of White Rhode Islanders
- 51 percent of Asian Rhode Islanders
- 38 percent of Latino Rhode Islanders
- 37 percent of Black Rhode Islanders

Furthermore, racial and ethnic disparities in cost burden persist among homeowners, with different percentages of Rhode Islanders paying more than 30 percent of income toward their mortgages:

- 39 percent of Latino homeowners
- 37 percent of Black homeowners
- 26 percent of White homeowners
- 20 percent of Asian homeowners

The combination of an unprecedented increase in housing costs and economic instability due to the pandemic have made it significantly more difficult for Rhode Island households to enter into home ownership and begin building family-sustaining generational wealth.²⁰



Photo courtesy Pexels

TAKING PAID FAMILY LEAVE BENEFIT IS A DIFFICULT CHOICE FOR LOW-INCOME WORKERS

9. Low-income workers who take the state’s paid family leave benefit — which they pay into and are entitled to claim — risk not being able to make ends meet due to the low wage replacement rate.

Rhode Island’s Temporary Caregiver Insurance (TCI) program allows those who pay into the system to take job-protected, paid time off to care for a sick loved one or to welcome a new child. In 2024, the General Assembly passed, and the Governor signed into law an expansion of the benefit from 6 weeks to 8 weeks (to be phased in by 2026). This remains below the standard of 12 weeks already adopted by a number of states, but still provides a welcome and improved benefit for Rhode Island workers and their families. However, because the benefit replaces only about 60 percent of a worker’s regular wages, low-income workers already finding it challenging to make ends meet find themselves with a new challenge: whether they can afford to take the benefit to which they contribute and are entitled.

Louis works as a medical records specialist and wishes to take TCI for 8 weeks to care for a seriously ill parent. His pre-tax income of \$48,824 provides him with just enough, as a single adult without children, to meet his basic needs after taxes. As Table 11 demonstrates, if Louis

takes a 40 percent salary cut for those 8 weeks, his overall post-tax income will drop \$2,442 below what he needs to meet his basic needs for the year. This leaves him with an agonizing decision of whether to take the benefit.

If he takes the benefit, he will likely need to cut back on an important expense, perhaps food or utilities. Or he might skip going to the doctor to avoid having to make a co-pay or cover a deductible. Yet, if he does not take the benefit, he will lose the opportunity to care for an ailing parent.

Rhode Island’s policymakers could make Louis’s decision easier by increasing the replacement wage level to match that of Massachusetts or Connecticut. Whereas Rhode Island has a single wage replacement formula, both of our neighbors have in place tiered wage replacement systems that provide higher rates for lower-income workers: 95 percent is the top wage replacement level in Connecticut, and 80 percent the top level in Massachusetts.

PAID FAMILY LEAVE (TCI)		
<i>Louis, a single adult with earnings of \$48,824</i>		
Annual Expenses	Not Taking Paid Leave Benefits for which Eligible	Taking Paid Leave TCI Benefits for which Eligible
Housing	\$13,321	\$13,321
Food	\$4,698	\$4,698
Transportation	\$11,196	\$11,196
Healthcare	\$4,140	\$4,140
Child Care	\$0	\$0
Other Necessities	\$6,379	\$6,379
Total Yearly	\$39,741	\$39,741
Income & Taxes		
Pre-Tax Income: Wages	\$48,824	\$41,313
Pre-Tax Income: TCI	\$0	\$4,511
Total Pre-Tax Income	\$48,824	\$45,824
Taxes	-\$9,083	-\$8,525
Total Post-Tax Income	\$39,741	\$37,299
Annual Difference Between Income and Expenses	\$0	-\$2,442

TABLE 11

It is also worth noting that many low-income workers do not receive from their employers any paid time off for vacation or even for sick time, so someone living and just getting by at the RISN may fall below this standard of need if they have a few sick days and do not get paid for workdays they miss.



MANY SENIORS FACE CHALLENGES IN MEETING BASIC NEEDS

10. Some older Rhode Islanders do not have enough income to pay for basic needs.

The Rhode Island Standard of Need has traditionally focused on the state’s working age population, including families with young children. The data sources and choices have, in part, limited the RISN’s scope. For instance, the USDA food plans guiding the food expense category vary in cost by age group. And the tax modeling software used for the RISN by the Institute on Taxation and Economic Policy has focused on wage and salary income and has not included older Americans, whose income in good part comes from Social Security and other retirement sources.

Nonetheless, many older and retired Rhode Islanders face challenges in making ends meet, and for this edition of the RISN we turn to another data source to help characterize this. The Elder Index, produced by the Gerontology Institute at the University of Massachusetts Boston, measures how much it costs older adults to meet their core needs, using basically the same categories employed by the RISN: Housing, Food, Transportation, Healthcare, and Miscellaneous Essentials.²¹ The Elder Index provides state-level and county-level data for singles or couples, ages 65 and older, and users can also filter the data by housing status (rent, own with a mortgage, or own without a mortgage) and health status (excellent, good, or poor).

ELDER INDEX FOR RHODE ISLAND			
Expenses	Single Elder in Good Health - Homeowner without Mortgage	Single Elder in Good Health - Homeowner with Mortgage	Single Elder in Good Health - Renter
Housing	\$861	\$2,033	\$1,115
Food	\$320	\$320	\$320
Transportation	\$290	\$290	\$290
Healthcare	\$416	\$416	\$416
Child Care	\$0	\$0	\$0
Other Necessities	\$377	\$377	\$377
Total Monthly	\$2,264	\$3,436	\$2,518
Total Yearly	\$27,168	\$41,232	\$30,216
100% Federal Poverty Level (2023)	\$14,580	\$14,580	\$14,580
200% Federal Poverty Level (2023)	\$29,160	\$29,160	\$29,160
300% Federal Poverty Level (2023)	\$43,740	\$43,740	\$43,740

Source : Elder Index. (2023). The Elder Index™ [Public Dataset]. Boston, MA: Gerontology Institute, University of Massachusetts Boston. Retrieved from ElderIndex.org.

TABLE 12

Table 12 shows data for a single Rhode Island adult age 65 or above who is in good health. Healthcare costs are higher for those in poor health and lower for those in excellent health. Let’s imagine the case of someone who began working at age 22 and had maximum earnings

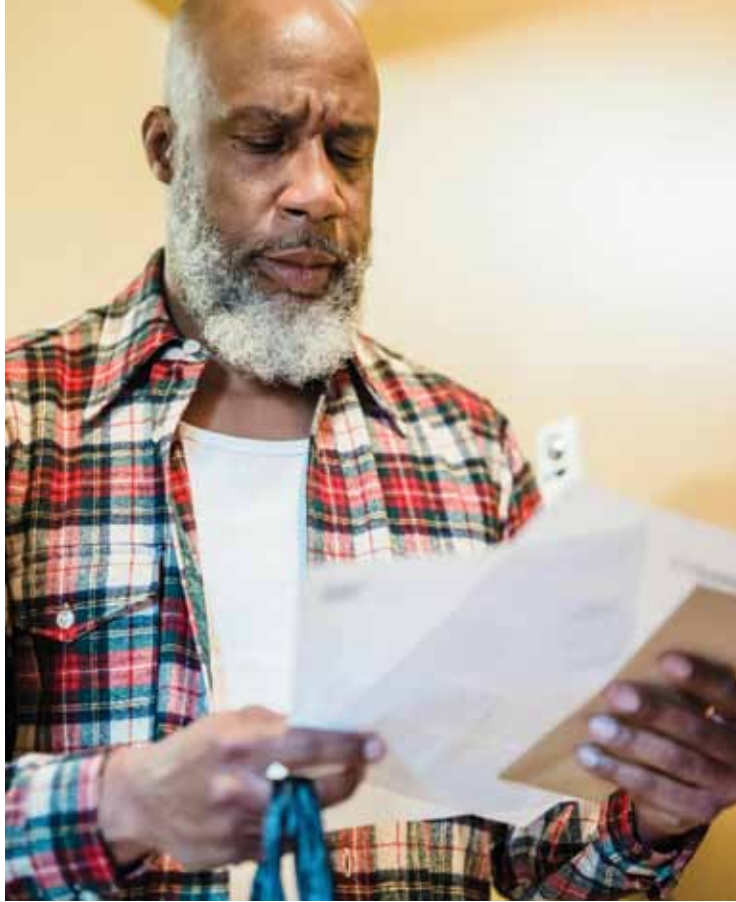


Photo courtesy Fexels

for Social Security calculations and retired at age 62 in 2020. Their monthly benefit at age 65 in 2023 would have been \$2,654, for annual Social Security income of \$31,848. If this were the only source of income, this individual in good health would have income a little above twice the poverty level and not have enough income to cover basic needs if still paying down a mortgage. While a homeowner whose mortgage has been paid off has expenses just below twice the Federal Poverty Level, a renter has basic expenses a little above this, and a homeowner still paying off a mortgage has basic expenses close to triple the Federal Poverty Level. According to the United States Census, 10.7 percent of Rhode Islanders ages 65 and older live in poverty, meaning below 100 percent of the Federal Poverty Level.

Breaking out the numbers by age group, Table 13 shows that Rhode Islanders who are 75 or older are more likely to be in poverty than younger seniors. Using the case above, of an elder in good health and still paying off a home mortgage, just over half of such Rhode Islanders are likely to have income below three times the Federal Poverty Level, barely making ends meet. Nevertheless, Social Security is responsible for keeping millions of Americans out of poverty, including 54,000 Rhode Islanders in 2022.²²

MANY SENIOR RHODE ISLANDERS LIVE BELOW THE POVERTY LEVEL OR TWICE OR TRIPLE THE LEVEL		
	Ages 65-74	Ages 75+
Living Below 100% FPL	9.2%	12.8%
Living Below 200% FPL	22.0%	33.5%
Living Below 300% FPL	35.2%	50.9%

Source: United States Census American Community Survey 5-Year Estimates 2018-2022, Table B17024.

TABLE 13

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 2023 and 2024 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, healthcare, transportation, miscellaneous items (including clothing and household supplies), and (for those with children) child care.

Key Finding 2 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.

Key Finding 3 demonstrates that many Rhode Islanders do not earn enough in wages or salary to cover these most basic needs.

Key Finding 4 reveals geographic diversity by showing the different basic needs costs experienced by Rhode Islanders across the state’s five counties.

Key Finding 8 emphasizes the challenges posed by high housing costs.

Key Finding 10 identifies the costs for senior Rhode Islanders to meet their basic needs.

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

Key Findings 5, 6, 7, and 9 answer the second question from slightly different angles. **Key Finding 6** shows how state and federal work supports — such as child care and healthcare subsidies — can make a crucial contribution towards bridging the gap between income and expenses, while **Key Finding 7** shows how such supports can sometimes make a large difference but still leave some low-income or modest-income Rhode Island families, especially single-parent families, in the red, unable to bridge the income-expense gap to meet their most

basic needs. In such cases, additional means, such as housing subsidies and a state child tax credit, could bring these families into the black. **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. **Key Finding 9** highlights the value of the state’s paid family leave benefit — when workers can afford to take it.

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

Key Findings 2 and **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 5, 6, 7, 8,** and **9** also address, explicitly or implicitly, the third question about racial and ethnic disparities.

4. How have policy and program changes in 2023 and 2024 helped improve economic security for Rhode Islanders?

Key Findings 5 and **6** address the fourth question. **Key Finding 5** explains that Rhode Island Works, the state’s cash assistance program, received a modest but important benefit increase in 2024, only its second increase in absolute dollars over the last 35 years.²³ The federal SSI benefit has increased, though only the federal portion of the benefit.

Key Finding 6 explains that recently enacted legislation will result in an entry income limit increase from 200 percent to 261 percent of the Federal Poverty Level for child care assistance eligibility. This means that more families will now qualify for crucial aid, and more families will be able to retain this aid even as their income increases.

In 2023 and 2024, Rhode Island continued along the path to a \$15 per hour minimum wage, reaching \$13 per hour last year and then \$14 per hour this year.²⁴

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

On January 1, 2025, Rhode Island will complete its travel on the path to a \$15 per hour minimum wage. **Key Findings 1, 2, 3, 4, 8,** and **9** all show that this amount remains 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 can do in the years ahead to increase economic security further. To start, they can increase the regular minimum wage beyond \$15 per hour and also index it to inflation so that it continues to rise with costs. If the federal minimum wage had kept up with worker productivity over the last 50 years, that wage would now be at least \$23 per hour.

The General Assembly and Governor could also increase the state’s Earned Income Tax Credit from 16 percent of the federal credit to 30 percent or more, to align Rhode Island with our New England neighbors: Maine is at 25 percent, Vermont at 38 percent, Massachusetts at 40 percent, and Connecticut at 40 percent.

As for government supports, with the state Child Care Assistance Program’s new entry income limit of 261 percent of the Federal Poverty Level and the existing exit income limit of 300 percent of the Federal Poverty Level, the eligibility window will be narrowed; an increase of the exit income limit to 350 percent of the Federal Poverty Level would prove sensible and prevent families newly eligible for assistance from losing the benefit from modest increases in income. Better yet, the state could revise its CCAP eligibility rules to depend upon state median income levels to set entry and exit limits. Doing so would follow the example of some other states, providing a more realistic standard and thereby expanding the program to more children and families.

The state’s Rhode Island Works cash assistance benefit needs to be strengthened with an automated annual inflation adjustment. Otherwise, as **Key Finding 5** clearly demonstrates, the benefit will continue to drop in value. The base benefit also needs to be increased further, as it currently leaves beneficiaries in deep poverty, below 50 percent of the Federal Poverty Level.

Key Finding 9 establishes the need to increase the wage replacement rate for the state’s TCI paid family leave program well above the current 60 percent, a level that makes it difficult for the lowest-wage workers to use this important benefit, despite the fact that they pay into the program and are eligible for it. And, although the General Assembly in 2024 scheduled extension of the benefit from 6 weeks per year to 7 and then 8 weeks, the standard across the country has become 12 weeks, and medical evidence for this length of time to bond with newborn children strengthens the argument for guaranteeing this length of time.

Because of the income and wage disparities shown in **Key Findings 2** and **3**, 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.



EPILOGUE: FROM A STANDARD OF NEED TO A STANDARD OF OPPORTUNITY AND THRIVING

For close to 25 years the Economic Progress Institute has been measuring and publicizing the Rhode Island Standard of Need (RISN) — a basic needs budget — the cost for individuals and families to pay for housing, food, transportation, healthcare, child care, and various other necessities, such as clothing and household supplies. We have employed the RISN to highlight the needs of Rhode Island families and the ways state and federal assistance help people afford their basic needs when wages fall short.

To be clear, the vision of the Economic Progress Institute has never been one in which we limit ourselves to championing policies and programs that keep Rhode Islanders on the edge, barely meeting a Standard of Need. And as we look to the next 25 years, we think about a new standard, about replacing a Standard of Need with a Standard of Opportunity or even a Standard of Thriving. We contemplate what it would take — in terms of income, policies, programs, and investments — for all Rhode Islanders to be able to thrive.

A next step would be to shift our standard from a *basic needs wage* to a *living wage*. Now, some would call the income required to meet the Rhode Island Standard of Need a living wage. And it is a living wage in the sense that it is just enough for people to live. Enough to get by. Though certainly not enough to live comfortably. Not even enough to save for an emergency, let alone a vacation or retirement. There is nothing in the RISN basic needs budget for taking one's family to the movies or to a ballgame or out to dinner.

Increasingly, people are imagining a different way to define a living wage.²⁵ Not to live extravagantly, but to be able to do more than tread water. To recognize that living with dignity requires a bit more income — to be able to save, to be able to enjoy some leisure, things so many of us take for granted.²⁶

Even a living wage would be only a step. As we celebrate the Economic Progress Institute's first 25 years and reflect upon that quarter century, we begin to imagine the next 25 years and what is possible once Rhode Islanders' basic needs are met and living wages are providing a bit more. A Standard of Opportunity and Thriving would go beyond saving for emergencies and taking the occasional vacation. A Standard of Opportunity and Thriving would mean more Rhode Islanders would have the resources to start and grow businesses or to become homeowners. Rhode Islanders, regardless of race or ethnicity, would be able to build intergenerational wealth, and we would close forever the gender pay and racial wealth gaps.

For now, the Rhode Island Standard of Need shows how we can at least hold the line and why we should protect the child care, healthcare, food, and cash assistance programs that can prove the difference between many Rhode Islanders and their families meeting and not meeting basic needs. We start with the RISN, but seek to rise above it. We look forward to shifting from a Standard of Need to a Standard of Opportunity and Thriving. Our vision is one in which we can do much more than hold the line. It is a future of genuine opportunity and a future of true thriving and prosperity.

METHODOLOGY

As noted in the Introduction, this edition of the Rhode Island Standard of Need report uses the same basic categories as in previous editions to calculate basic needs expenses, yet turns to a new source as a foundation for the report: the Family Budget Calculator produced by our national partner, the Economic Policy Institute. Before providing the details of the individual basic needs categories, this section will first identify and explain the major changes between the data for this report and the data used in the 2022 edition. This will be followed by an explanation of why the RISN totals in this 2024 edition are substantially higher than those from the 2022 report, above what inflation alone would suggest. After sharing the methodology of the Family Budget Calculator, this section will conclude with some additional methodological notes and points concerning other parts of the report and the report overall.

MAJOR DIFFERENCES BETWEEN THE 2024 AND 2022 EDITIONS OF THE RISN

Although the Economic Policy Institute's Family Budget Calculator (FBC) serves as a new foundation for the Rhode Island Standard of Need and uses the same six categories and many of the same underlying data sources, there are some important differences in what is included within the categories.

These are the most important differences:

- Whereas the RISN has traditionally identified the two children in a family as a toddler and a child of elementary school age, the FBC identifies, for a family with two children, a 4-year-old and a school-age child who is 8. Although people might generally think of toddlers as mostly being 2- or 3-years-old, the practical differences for food, child care, and other expenses are unlikely to be significant. The FBC does introduce to the RISN, for the first time, families with anywhere from one to four children. For the FBC, the first child is age 4, the second is age 8, the third age 12, and the fourth age 16; this is relevant for such things as food expenses.
- Whereas previous RISN reports have included gasoline costs and car ownership costs such as licenses, registration, insurance, and maintenance and repairs, the FBC also includes the cost of purchasing a car; although obviously not every family purchases a car each year, these costs are averaged annually. This has resulted in substantially higher Transportation costs in the 2024 report compared with the 2022 report. Given that approximately 9 out of 10 households in Rhode Island have access to at least one car, it is quite reasonable to include car purchase costs and not only maintenance as a basic expense.
- The FBC Healthcare category is based upon out-of-pocket expenses combined with the lowest-cost bronze healthcare coverage based upon family size and available through the Affordable Care Act (ACA) and the healthcare marketplace. By contrast, the 2022 and earlier RISN reports used the employee cost of employer-sponsored healthcare insurance. For the out-of-pocket expenses, the RISN has historically taken into account only prescription drugs, medical supplies, and medical services, whereas the FBC also takes into account co-pays and deductibles.
- Although both the FBC and past RISN reports have used the United States Department of Agriculture Food Plan tables, the FBC uses the Low-Cost plan whereas the RISN has traditionally used the Moderate-Cost plan. Although all plans are meant to provide nutritious diets, the Moderate-Cost plan costs approximately 20 percent to 25 percent more than the Low-Cost one. The USDA also provides data for a higher-cost "Liberal" plan and for a Thrifty plan, the lowest-cost plan, which is used for Supplemental Nutrition Assistance Plan (SNAP) benefit calculations.

EXPLANATION OF INCREASE IN RISN BASIC NEEDS EXPENSES

Regular readers of the Rhode Island Standard of Need report might notice that the cost of meeting basic needs appears to have increased notably since the 2022 edition, by approximately 25 percent for families with two children and by over 40 percent for single adults. Although recent inflation likely explains some of this increase, the FBC uses a lower cost food plan, and the FBC child care costs are slightly lower:

The following factors provide additional explanation:

- Because the new data source includes all costs of car ownership and not only repairs and gasoline, total Transportation costs more than doubled for single adults and for single parents with two children; the costs almost doubled for two parents with two children.
- Although Healthcare costs increased by only about 10 percent for a single parent with two children, they increased by 60 percent for two parents with two children and 41 percent for a single adult. While some of this increase could be due to inflation, the increased costs are likely mostly due to the new inclusion of copays and deductibles as out-of-pocket expenses.
- The FBC includes sales tax in the basic expenses rather than as something included with taxes and tax credits outside of basic expenses.
- The Miscellaneous or Other Necessities category doubled in costs for single adults and for single parents with two children, and increased by over 60 percent for two parents with two children. The difference in what was included might explain this, in addition to some inflation effects. Whereas both the 2022 RISN and the FBC include telephone services, housekeeping supplies, personal care products, and clothing, the FBC also includes furniture and equipment and household operations, including internet costs. However, the RISN has previously included a broad category of education expenses, whereas the FBC includes only school supplies, as well as reading materials.
- Although Food expenses are similar when comparing the FBC with the 2022 RISN, had the 2024 RISN used the Moderate-Cost plan instead of the Low-Cost one, these expenses would have increased.
- It is also important to note that although 2024 rental cost data for the Housing category was released as this report was being prepared, the FBC uses 2023 data, and it was not possible to update these numbers. The team at the Economic Policy Institute plans to update the FBC with these and other data in early 2025. This means that although the overall RISN numbers in the 2024 report appear considerably higher than the 2022 numbers, the 2024 RISN likely underestimates current rental costs.

FAMILY BUDGET CALCULATOR METHODOLOGY

The following explanations of the data sources and parameters of the Family Budget Calculator are taken verbatim from “The Economic Policy Institute’s Family Budget Calculator: Technical Documentation” by Zane Mokhiber, Elise Gould, and Katherine deCourcy (January 30, 2024) and available at <https://www.epi.org/publication/family-budget-calculator-documentation/>.*

EPI’s Family Budget Calculator measures the monthly income a family needs in order to attain a modest yet adequate standard of living. The budgets estimate community-specific costs for 10

*We have left out the last and highly-technical portion of the documentation dealing with the details and equations for calculating tax rates, but this is available online at this same website. Also, the full references for all of the parenthetical bibliographical citations can be found at the website.

family types (one or two adults with zero to four children). Compared with the federal poverty line and the Supplemental Poverty Measure, EPI's family budgets provide a more accurate and complete measure of economic security in America.

The budget calculator draws upon the most recent reliable data, which in many instances is data for 2023. If 2023 data were unavailable, we used data from the latest available year inflated to 2023 dollars with the budget-item-appropriate inflator. The calculator now includes data for all 3,143 U.S. counties and county equivalents and for all 613 HUD FMR metropolitan areas. Other specific changes to the methodology of individual components of the family budget calculator are noted within the description of each component.

Definitions of families

The size of a family dramatically affects the budget needed to maintain a modest yet adequate standard of living. We have constructed budgets for 10 different types of families in each area. These families include a single person with no children; a married couple with no children; single-parent families with one, two, three, or four children; and a married couple with one, two, three, or four children.

We make assumptions about each of the 10 family prototypes in order to generate specific cost estimates for each family type's tax liability, child care expenses, food costs, etc.

Our definition of a single person with no children assumes that he or she is employed and is the head of household for federal income tax purposes. Our definition of a married couple with no children assumes both are employed, live together, and jointly file federal income taxes. Our definition of single-parent families assumes that the head of household is employed, lives with his or her children, and files as the head of household for federal income tax purposes. Our definition of two-parent families assumes that both partners are employed, live together with their children, and jointly file federal income taxes.

Families with one child are assumed to have a 4-year-old. Families with two children are assumed to have a 4-year-old and an 8-year-old. Families with three children are assumed to have a 4-year-old, an 8-year-old, and a 12-year-old. Families with four children are assumed to have a 4-year-old, an 8-year-old, a 12-year-old, and a 16-year-old.

Definition of areas

The EPI Family Budget Calculator presents data for all 3,143 U.S. counties and county equivalents as of 2023 (some locations are not inside any county but are defined as county-equivalents by the federal government for administrative and statistical reasons). We have also constructed cost estimates for all 613 metropolitan areas ("metro areas") using both metro-level data and aggregations of county data.

Where possible, the family budget metropolitan areas correspond with the metropolitan statistical areas (MSAs) delineated by the Office of Management and Budget (OMB) for application to U.S. Census Bureau data. OMB defines MSAs as having at least one urbanized area of 50,000 or more people, plus adjacent territory that has a high degree of social and economic integration with the core, as measured by commuting ties (OMB 2023).

Our number of metro areas (613) exceeds the nearly 400 official MSAs because our housing costs are calculated using fair market rent (FMR) areas. FMR areas are defined by the U.S. Department of Housing and Urban Development (HUD 2023). These FMR areas are used to help determine the value of rent subsidies offered to families in the nation's low-income rental assistance programs. FMR areas are divided into metropolitan FMR areas and nonmetropolitan FMR areas. When we

refer to “metropolitan areas” or “metro areas,” we are referring collectively to the MSAs and HUD metropolitan FMR areas in our data.

Counties located in metropolitan areas will have cost estimates available at both the county and metropolitan area levels, while nonmetro counties will have cost estimates available only at the county level.

Child care costs and out-of-pocket medical costs depend on whether an area is designated as a metro area or a nonmetro (rural) area.

Components of the EPI family budgets

The EPI family budgets consist of seven individual components: housing, food, transportation, child care, healthcare, taxes, and “other necessities.” The following sections describe the methodology used to construct a monthly cost for each of these seven components across the 3,143 U.S. counties and 613 metro areas.

Housing

Data for rental costs come from the U.S. Department of Housing and Urban Development’s fiscal year 2023 fair market rents (FMRs) (HUD 2023). HUD releases estimated fair market rents (FMRs) for every fiscal year to establish cost information for certain federal housing assistance programs. For example, FMRs are used to determine landlord reimbursements for accepting rental housing vouchers in over 600 FMR areas, and thus help ensure a sufficient supply of housing for these programs. HUD calculates FMRs for each FMR area using five-year data from the American Community Survey (ACS) and relies on the Office of Management and Budget for definitions of metropolitan areas. All counties that are not in FMR areas are classified as nonmetro counties. Because FMRs within metro areas are calculated at the metropolitan level, counties within the same metro area all have the same FMRs, and nonmetro counties each have their own FMRs.

Fair market rent estimates are provided at the 40th percentile of rental costs—the dollar amount below which 40 percent of standard-quality rental units are rented.

For each county that crosses into multiple FMR/metro areas, weighted FMR averages are calculated based on the share of the population living in each metro area located in the county’s borders.

Finally, since FMRs within metro areas are provided at the metropolitan level only, counties within the same metro area all have the same FMR value. We adjust these numbers to create county-level variation using county-level ACS median gross rent data (Census ACS 2022). We create a metro-level population-weighted average rent, and then apply the ratio of ACS metro rent to ACS county-within-metro rent to each county FMR that is calculated at the metro level.

HUD makes rental rates available for studio apartments and one-bedroom through four-bedroom apartments. The EPI family budgets assume that a one-adult household occupies a studio and a two-adult household occupies a one-bedroom apartment. Families with one or two children occupy a two-bedroom unit. Families with three or four children occupy a three-bedroom unit. Rental costs include shelter plus all tenant-paid utilities, excluding telephone service, cable or satellite service, and Internet service. Those costs are included in “other necessities” within the family budgets.

Food

Data for food costs are taken from *Official USDA Food Plans: Cost of Food at Home at Four Levels*, a report published by the Department of Agriculture’s Center for Nutrition Policy and

Promotion (USDA 2023). Presented there are the official USDA costs for four types of food plans that serve as national standards for nutritious diets: the “Thrifty Plan,” “Low-Cost Plan,” “Moderate-Cost Plan,” and “Liberal Food Plan.” We use the USDA Low-Cost Plan, which assumes that almost all food is bought at a grocery store and then prepared at home. We use June 2023 data, which represents the 2023 average weekly cost (Carlson, Lino, and Fungwe 2007). New in this edition of the Family Budget Calculator is that we now provide county-level food costs by adjusting the national cost estimates from the USDA for county-level food cost variance using a multiplier generated from 2019 data from Feeding America’s Map the Meal Gap project (Feeding America 2021).

Family food costs are constructed from data for the categories child age 4–5 and child age 6–8 and from averages of male and female data at age 12–13, age 14–18, and age 19–50.

- For single-adult households, we use an average of the male age 19–50 data and the female age 19–50 data to represent the adult in the household. For married-couple households, we assume one male age 19–50 and one female age 19–50 are the two adults in the household. All costs in the USDA food plans table are for individuals in four-person families; for individuals in families of other sizes, USDA suggests making the following adjustments to account for differences in returns to scale:
 - One-person family: add 20%
 - Two-person family: add 10%
 - Three-person family: add 5%
 - Five-person family: subtract 5%
 - Six-person family: subtract 5%
- To calculate overall household food costs, we first adjust food costs for each person in the household and then sum the adjusted food costs.
- Example: For a one-parent, two-child household (a three-person family):
Food cost = [(average [female age 19–50, male age 19–50]) × 1.05] + [child age 4–5 × 1.05] + [child age 6–8 × 1.05]

As the USDA notes, the USDA food plans represent a nutritious diet at four different cost levels. The nutritional foundation of the plans is based on the 1997–2005 Dietary Reference Intakes, 2005 Dietary Guidelines for Americans, and 2005 MyPyramid food intake recommendations. In addition to cost, plans vary in terms of the specific foods and quantities of certain foods that make up the “market baskets” (week’s worth of groceries, based on age and gender) in each plan (USDA 2023, 2007). According to the USDA, all four food plans are “based on 2001–2002 data and updated to current dollars by using the Consumer Price Index for specific food items” (USDA 2023).

For all U.S. counties and county equivalents, Feeding America’s *Map the Meal Gap 2021* report provides average cost estimates for a meal consumed by a 19-to-50-year-old male under the USDA’s Thrifty Food Plan. These county-level meal cost estimates are derived from data provided by Nielsen PLC that measures the costs of Universal Product Code (UPC) barcoded food items in over 65,000 stores across the country. We generate county-level multipliers to gauge the relative cost of food per county by dividing county-level meal costs by average meal costs. These multipliers are then applied to the USDA estimates of average meal costs to generate food costs that are more reflective of local food price variation.

Metro-level food costs are derived by calculating population-weighted averages of the meal costs for the counties that constitute each metro area.

Child care

For the 2024 update of the Family Budget Calculator, we use three data sources to estimate child care costs in all counties. The majority of the child care data comes from the National Database of

Childcare Prices (NDCP) which is an initiative of the Women’s Bureau at the Department of Labor (DOL Women’s Bureau 2024). However the NDCP does not provide data for some states so we supplement with data from Child Care Aware of America’s (CCAoA), Child Care Data Center (CCAoA 2024), and CCAoA’s annual “price of care” reports (CCAoA 2022).

DOL

The NDCP provides data on the cost of child care at the county level for nearly all states in the US (New Mexico, Indiana, and the majority of counties in Alaska and Missouri). This data is collected from state Market Rate Surveys over a 10-year time period (2008-2018), and updated to 2023 dollars using the consumer price index (CPI) for child care and nursery school for all urban consumers (BLS 2024b, DOL Women’s Bureau 2020). Past versions of the family budget calculator relied solely on CCAoA state level data for our child care budgets, and we estimated the county level variation using the methodology described below. Now that the DOL provides county level data, it makes sense for the FBC to use the DOL’s NDCP where possible, and supplement with CCAoA data to fill in the gaps.

CCAoA

For the states and counties not covered by the NDCP, we use data from two sources from CCAoA. We turn first to CCAoA’s Child Care Data Center, which provides county level data for six states, including Missouri. We take the county level data where it exists from CCDC but not for NDCP, and adjust to 2023 dollars using the CPI for child care and nursery school for all urban consumers (BLS 2024b).

For the remaining missing counties and states (New Mexico, Indiana, and the majority of counties in Alaska), we use the CCAoA “price of care” reports, which report data at the state level for all 50 states and DC. Since there is some variation in quality and recency in certain states, we calculate the average reported state level costs from all of the “price of care” reports from 2014 to 2022. To adjust child care costs to the county level, we create a ratio of the county-level costs of rent for two-, three-, and four-bedroom apartments to the population-weighted state average of the same costs. We then adjust 50 percent of the child care costs using this ratio to estimate the variation in child care costs by county. We find this method to be theoretically sound because rental costs are a significant portion of the cost of running a child care operation (whether center-based or home-based), and variations in rents are also a reasonable proxy for variations in costs of living in general and therefore of wage differences within the state. Furthermore, on an empirical level, we find a similar range of estimated costs as well as a high correlation between our county-level estimates and those provided in the CCAoA report. If a metro area is in multiple states, we use a metro area population-weighted average of the counties within the metro area to come up with a single number for the metro area. All costs are inflated to 2023 dollars using the consumer price index (CPI) for child care and nursery school for all urban consumers (BLS 2024b).

Family Composition

We calculate our child care costs for our family types based on the following assumptions:

- One child = cost of 4-year-old care
- Two children = cost of 4-year-old care + cost of care for one school-age child
- Three children = cost of 4-year-old care + cost of care for one school-age child + cost of full-day summer care for one school-age child
- Four children = cost of 4-year-old care + cost of care for one school-age child + cost of full-day summer care for one school-age child

The following subsections explain these assumptions and cost estimates in greater detail.

Center-based care

We use cost estimates for center-based child care for counties that are within metro areas. We use

center-based care estimates because center-based care is more regulated than family care and because the costs of center-based care do not fluctuate as much as the costs of family child care.

Family child care

Family child care (also sometimes called “home-based care”) is defined by CCAoA as “child care offered in a caregiver’s own home”; family child care providers “may be licensed or exempt from licensing,” “depending on the state’s licensing regulations” (CCAoA 2020).

We use cost estimates for family child care for the nonmetro counties, operating under the assumption that family child care is more accessible than center-based care for those located in rural areas.

Infant care

The family budget child care costs do not include costs for infant or toddler care because we do not include an infant or toddler as part of any of our family types. It should be noted, however, that center-based infant and toddler care is significantly more expensive than center-based care for 4-year-olds, so the child care component of some families’ budgets may be underestimated.

Four-year-old care

Four-year-old care is full-time, year-round care. To approximate the costs of care in metro areas and nonmetro areas, we use center-based and family child care estimates, respectively, for all 4-year-olds.

School-age child care

In our calculations, we assume that school-age child care for an 8-year-old includes nine months of before- and after-school care and two months of full-time summer care. We assume that school-age child care for a 12-year-old includes only the two months of full-time summer care. For the 16-year-old, we assume child care is not necessary.

The State Child Care Resource and Referral Network survey for school-age care specifically represents the cost of nine months of before- and after-school care; it does not represent full-time care, nor does it include weekend care or full-day summer care. Both the full-time and part-time summer care data in the CCAoA “price of care” data contain many missing values. In order to include summer care costs in the “school-age child care costs” that we use for the 8-year-old child, we impute our own summer care costs by assuming that the cost of full-time summer care for a month is twice the cost of before- and after-school care for one month, and we assume 8-year-olds need two months of full-day summer care. To the extent that parents need their children to be in care for additional time in the summer, we are underestimating the total cost of care.

We assume that 12-year-olds need full-day care during the summer months only; thus, our two months of imputed summer costs are added to families with three and four children. For families with four children, we assume child care is not necessary for the fourth child, who is assumed to be 16 years old.

Transportation

We use data provided by the Center for Neighborhood Technology (CNT) and derived from CNT’s Housing and Transportation Affordability Index (CNT 2023). Transportation costs in the H+T index are estimated by adding up three major components of transportation costs: auto ownership, auto use, and transit use. These components were estimated by CNT using data from the Consumer Expenditure Survey, the 2019 National Transit Database, CNT’s AllTransit database, and the Illinois Department of Natural Resources (CNT 2023).

In the data provided to EPI, CNT modified these costs to account for the different family sizes in the Family Budget Calculator, as well as to account for assumptions made about trip purpose. Adults in all family types are assumed to be working and, for the purposes of CNT's cost model, are assumed to be commuters. At our request, CNT adjusted the miles traveled component of their equation to only include work and nonsocial trips for the first adult in a household, and only work trips for the second adult (in two-adult households). Using national data from the 2022 National Highway Transportation Survey, this comes to 75% of average total vehicle miles traveled for the first adult, and 42% of average total vehicle miles traveled for the second adult, if applicable.

This 2023 update inflates the transportation data to 2023 dollars using the regional transportation CPI (BLS 2024c).

Healthcare

Healthcare expenses have two components: Affordable Care Act (ACA) health insurance exchange premiums and out-of-pocket expenditures. The Family Budget Calculator assumes that families have purchased insurance through the health insurance exchanges created by the ACA.

Premiums

Premium costs are obtained through the Henry J. Kaiser Family Foundation's *2023 Health Insurance Marketplace Calculator* (KFF 2023), compiled from the U.S. Department of Health and Human Services (U.S. Dept. HHS 2021a). Premiums are based on the lowest-cost bronze plan in the rating area, adjusted for family size, age of user, and tobacco surcharge (KFF 2023). The family budgets assume all adults are 40-year-old nonsmokers.

Out-of-pocket costs

The method for calculating out-of-pocket costs for the current Family Budget Calculator follows the 2018 methodology and both differ slightly from the prior editions of the calculator because those relied on data from HHS's Medical Expenditure Panel Survey (MEPS), specifically the geocoded restricted-use MEPS files, which are not publicly available after the 2012 data year file. For the current Family Budget Calculator, we calculate out-of-pocket costs using three-year averages from the restricted-use geocoded version of the MEPS "Household Component (Full year Consolidated Files)" for 2019, 2020 and 2021, adjusted to 2021 dollars (U.S. Dept. HHS 2021b). The new data were provided by request, according to the specifications listed below, by the Agency for Healthcare Research and Quality onsite data center (AHRQ 2023).

We assume that everyone has private health insurance (defined by the variable PRIV12 in the public-use files). Out-of-pocket medical expenditures are calculated for adults and children separately by region and are differentiated between MSAs and non-MSAs for those covered by private insurance (U.S. Dept. HHS 2021b). Costs are estimated as follows:

- We use the regional breakdown of costs for both adults and children (with the regions defined as Northeast, Midwest, South, and West).
- The data are further divided within each region into MSA data and non-MSA data. For out-of-pocket costs, we use metro area data for counties in metro areas and we use nonmetro data for nonmetro counties (see the above section titled "Definition of areas" for more detail on the distinction).
- We classify a child (regardless of family size) as age 17 and under, and an adult as age 18–64 (using the variable AGE12X). We do not break down data for children into smaller age groups or by gender because the resulting sample sizes are too small.
- Adult out-of-pocket costs are the average costs (variable TOTSLF12) for adults ages 18–64 with private insurance in the region where the family resides (Northeast, Midwest, South, or West) and for the metropolitan classification of their location within that region.

- Child out-of-pocket costs are the mean costs for children ages 0–17 with private insurance for the region and for the metropolitan classification within that region.
- We compute total out-of-pocket costs (OOP) in the following way:

$[(\text{number of adults}) \times (\text{adult OOP})] + [(\text{number of children}) \times (\text{child OOP})]$

- The total out-of-pocket costs are adjusted for inflation to 2023 dollars using the regional breakdowns of the Consumer Price Index-All Urban Consumers for Medical Care (CPI-U-MC) from the Bureau of Labor Statistics (BLS 2024d).
- When computing the mean, we use a population weight (variable PERWT12F).

Total healthcare costs

We compute total healthcare costs in the following way:

$[\text{Total premium}] + [\text{Total out-of-pocket cost}]$

EPI's family budgets do not take into consideration the two types of health insurance subsidies available through the state and federal health insurance exchanges: the premium tax credit and the cost-sharing subsidy. Therefore, the healthcare budget may be overestimated for some families.

Other necessities

Our calculation of "other necessities" is derived from Bureau of Labor Statistics (BLS) Consumer Expenditure Survey (CEX) data (BLS 2024a). We define "other necessities" as items that do not fall into the aforementioned categories but that are necessary for a modest yet adequate standard of living. We include the following expenditures from the CEX in our "other necessities" calculation: apparel, personal care, household supplies (including furnishings and equipment, household operations, housekeeping supplies, and telephone services), reading materials, and school supplies. In editions of the Family Budget Calculator prior to the 2018 update, we also included the CEX expenditures "entertainment" and "other miscellaneous items" in our total for "other necessities," but for now we leave these two categories out of our calculations so that we can more narrowly assess what is the bare minimum income required to get by.

We use the CEX data for families in the second fifth from the bottom of the overall income distribution (those in the 20th- to 40th-percentile range). Using the 2022 CEX expenditure table "Quintiles of income before taxes," we sum the values of the categories mentioned above to create an "other necessities" aggregate number, and then divide this by CEX food and housing costs. In 2022, we determine this proportion to be 35.4 percent. Therefore, we estimate the cost of other necessities by applying this percent to each respective family budget's food and housing costs.

Taxes

The family budget components, without taxes, sum to the family's post-tax income. To calculate the family budget tax component, a pre-tax income level must be estimated using a tax rate and the post-tax income.

We use the National Bureau of Economic Research's TAXSIM, a microsimulation model of the U.S. federal and state income tax systems accessed online. We use Version 32 to calculate these tax rates (NBER 2022). The TAXSIM model accepts 32 input variables, including state, marital status, dependent exemptions, wage income, other incomes, rent paid, child care expenses, and capital gains and losses (Feenberg and Coutts 1993). We run the TAXSIM model for each family type across all county and metro areas. Although the TAXSIM Version 32 includes the Economic Impact Payments as part of the Coronavirus Aid, Relief, and Economic Security Act, we remove them to reflect a more evergreen and less idiosyncratic Family Budget Calculator.

PRE-TAX INCOME AND TAXES

As noted elsewhere, Rhode Island Standard of Need expenses come from the Economic Policy Institute's Family Budget Calculator (with the state-level expenses calculated from the county-level data). These expenses also serve as the post-tax income needed to pay for the expenses. With the appropriate tools, one can calculate the pre-tax income and taxes required to end up with the appropriate post-tax income. Also, in the weeks prior to the publication of this report, the Economic Policy Institute identified a formula error in these pre-tax income calculations for their calculator and provided us at the Economic Progress Institute with corrected numbers for all 10 family types for Rhode Island's five counties.

SCENARIOS

The scenarios presented in Key Findings 5, 6, and 9 require a reverse calculation of sorts. Beginning with known pre-tax income amounts, one must calculate the taxes and post-tax income amounts. This allows us to compare post-tax income with costs of basic needs expenses. The Institute on Taxation and Economic Policy calculated tax and pre-tax income amounts for these scenarios, and these calculations are in line with the corrected numbers provided by the Economic Policy Institute for taxes and pre-tax income.

HOURLY WAGES

With the 2024 RISN, we are reporting hourly wages differently for two-parent households, for example in Tables 2 and 3. In previous editions of the RISN, we simply converted the pre-tax income required into an hourly wage by dividing by 2,080 (52 weeks at 40 hours worked per week), and we still do this for single adults and single parents. In this report, for two-parent households, we instead divide the pre-tax income by 4,160, recognizing that both parents are working full-time. This means that the two parents in Table 2, in effect, each need to each earn \$25.75 (or need to average out their wages to that hourly wage). Using the previous approach, we would have reported the need to earn an hourly wage of \$51.50. And the two parents do need to earn this amount, but together, not each on their own. This only highlights the challenge faced by single parents. The single parent in Table 2 needs to earn an hourly wage of \$47.80, and although the two parents need to earn slightly more, they are a two-income family, so each parent needs to earn much less to meet their family's basic needs than does the single parent.

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

For the RISN section on Household Earnings (Key Finding 3), where percentages are presented for different groups for falling below what is needed in pre-tax income 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, 2018-2022, using the IPUMS USA SDA 4.1.4 tool to analyze microdata (<https://usa.ipums.org/usa/sda/>). The 2024 RISN amounts were first adjusted for inflation to 2022 dollars, and the appropriate individual and household weighting was employed for analyzing the microdata.

BASIC NEEDS EXPENSES FOR OLDER RHODE ISLANDERS

Key Finding 10 on the costs for Rhode Islanders age 65 and above does not use the data from the Family Budget Calculator, which is focused on people of working age. Instead, it uses data for similar categories from the Elder Index produced by the Gerontology Institute at the University of Massachusetts Boston. See Elder Index. (2023). The Elder Index™ [Public Dataset]. Boston, MA: Gerontology Institute, University of Massachusetts Boston, <https://elderindex.org/>.

DEFINING A LIVING WAGE

The Epilogue on how to define and measure a living wage uses data from Living Wage for US, which also uses the Economic Policy Institute's Family Budget Calculator but makes some

modifications to that. See the general website here: <https://livingwageforum.org/>. The homepage includes the following statement: “Living Wage For US believes that paying a living wage is achievable. We have developed an internationally comparable and locally specific living wage calculation based on real costs of living to demystify the living wage for each county across the U.S., taking in consideration attributes that are unique to the country, such as employer provided benefits, health insurance, and transit. Our certification program recognizes U.S. employers that are on a pathway to achieve or already have achieved living wage payment for their workers, and we engage workers, investors, policy makers, consumers, and civil society organizations to grow the living wage movement until we achieve a living wage for all.” To explore counties across the United States, go to the map here: <https://livingwageforum.org/tier-ii-certification/>. See the methodology here: <https://livingwageforum.org/portfolio-item/methodology-for-estimating-living-wage/>.

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.

Over the last few years, high inflation has become a concern for many people. Some of the data for the RISN is over one year old and may not reflect inflation. We try to address this, for instance, in Key Finding 8 on the idea and calculation of a Housing Wage. Indeed, the current edition of the Family Budget Calculator is in 2023 dollars and uses sources from 2023 and earlier, even though some of these sources have since been updated. We expect that the FBC will be updated for 2024 early in 2025, and we plan to note this at the RISN section of our website. Readers of the report should understand that, if anything, the RISN underestimates the cost of basic expenses — when the report is published and certainly a year later, before the publication of the next RISN report, currently published only in even-numbered years.

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, South East Asian, and South Asian descent, or between Rhode Islanders of Mexican, Puerto Rican, Brazilian, Peruvian, and Columbian 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.

Finally, the family examples in the RISN report are used for illustration purposes only. Any matching of names and occupations to actual Rhode Island families is coincidental and unintentional.

ENDNOTES

¹For the RISN, “single adult” refers to household status, not relationship status.

²Economic Progress Institute calculations from the Census Bureau’s American Community Survey data, 5-year estimates, 2018-2022.

³The 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 2024 Rhode Island Standard of Need* for the Federal Poverty Level (FPL) are from the Department of Health and Human Services 2023 federal poverty guidelines: <https://aspe.hhs.gov/poverty-guidelines>.

⁴Food costs are not actually re-estimated and tripled each year; instead, an inflation adjustment is applied annually.

⁵The 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 this report’s “Methodology” section above. The approach was adjusted slightly from that used for the 2022 edition of this report by limiting the age range for single adults to 19-64, in order to focus on the working age population; as the Family Budget Calculator is similarly focused and not focused on individuals with mostly retirement income, this change was made. In addition, some of the rates of Rhode Islanders falling below what they need to meet a basic needs budget likely increased compared with the 2022 RISN, as the basic needs budget increased due to some methodological changes, as described in the Methodology section.

⁶See Table 10 of the *Social Security Administration’s SSI Annual Statistical Report, 2022*, December 2023, https://www.ssa.gov/policy/docs/statcomps/ssi_asr/2022/ssi_asr22.pdf, p. 31.

⁷See pages 4-6 of the testimony submitted by DHS to the May 2024 Caseload Estimating Conference: https://www.rilegislature.gov/Special/rcc/REC202405/DHS_percent20-percent20CEC_Testimony_MAY_2024.pdf. The DHS data are based upon voluntary reporting, and the percentage of participants for whom race or ethnicity is undetermined is 20.3 percent. The DHS testimony reports that 19.4 percent of recipients are Black or African American (Non-Hispanic), and that 30.7 percent are Hispanic. Based upon the data of those for whom race or ethnicity is known, these percentages are clearly higher than the state’s overall population of 5.7 percent for Black Rhode Islanders and 16.6 percent for Latino Rhode Islanders, respectively, as reported in the Census Bureau’s 2020 Decennial Census; this is the case even without adding in from the 20.3 percent 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. For additional information about RI Works families, see the 2024 *Rhode Island KIDS COUNT Factbook*, https://rikidscount.org/wp-content/uploads/2024/05/factbook2024_final-2.pdf, pp. 42-45.

⁸See pages 7-10 of “The Uneven Path 2020: State Investments in Women’s Economic Security,” a report from the Women’s Fund of Rhode Island and produced with the assistance of the Economic Progress Institute, <https://wfri.org/assets/Uneven-Path-Report-FINAL-WEB.pdf>.

⁹As noted, because the Family Budget Calculator uses 2023 dollars, this report makes comparisons to 2023 Federal Poverty Level (FPL) data. However, the 2024 Federal Poverty Level data are available. For a family of 3, the 2024 FPL amounts relevant to this section are as follows: 100 percent FPL is \$25,820; 200 percent FPL is \$51,640; 250 percent FPL is \$64,550; 261 percent FPL is \$67,390; 300 percent FPL is \$77,460. For a family of 4, the 2024 FPL amounts relevant to this section are as follows: 100 percent FPL is \$31,200; 200 percent FPL is \$62,400; 250 percent FPL is \$78,000; 261 percent FPL is \$81,432; 300 percent FPL is \$93,600. Although we consider the 261 percent FPL case with 2023 data, the new policy will not go into effect until 2025.

¹⁰See Gideon Lukens, “Health Insurance Costs Will Rise Steeply if Premium Tax Credit Improvements Expire,” (June 4, 2024), Center on Budget and Policy Priorities, <https://www.cbpp.org/research/health/health-insurance-costs-will-rise-steeply-if-premium-tax-credit-improvements-expire>.

¹¹Prenatal-to-3 Policy Impact Center, “Child Care Subsidies,” <https://pn3policy.org/pn-3-state-policy-roadmap-2022/us/child-care-subsidies/>.

¹²According to a 2023 Fiscal Note on legislation proposing a switch to state median family income as an eligibility benchmark, the change would have resulted in an estimated 2,400 additional subsidies; see <https://www.rilegislature.gov/housefiscalreport/2020/2023-H%205193.PDF>. This estimate was made prior to the recently enacted increase in the entry income limit. The estimate also assumes a much larger increase in the numbers of families newly eligible, with experience suggesting that the large majority of eligible families do not make use of the subsidies.

¹³See p. 120 of the 2024 *Rhode Island KIDS COUNT Factbook*, <https://rikidscount.org/2024-factbook/>.

¹⁴See <https://nmd.nyc3.cdn.digitaloceanspaces.com/epi/documents/reports/State-of-Small-and-Micro-Businesses-in-RI-2024.pdf>.

¹⁵Economic Progress Institute calculations from Rhode Island Department of Labor and Training (DLT), Labor Market Information (LMI) Division Occupational Employment and Wage Statistics (OEWS) “Statewide and Industry Wages” interactive data file, May 2023. “Jobs” as defined here refers to “Detailed Occupations” (subcategories of

“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. For the data and more information, see “Basic Concepts Related to the OEWS Program” at <https://dlt.ri.gov/labor-market-information/data-center/occupational-employment-and-wage-statistics-oews>.

¹⁶The 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.

¹⁷Sharon Parrott, “Record Rise in Poverty Highlights Importance of Child Tax Credit; Health Coverage Marks a High Point Before Pandemic Safeguards Ended,” Center on Budget and Policy Priorities (September 12, 2023), <https://www.cbpp.org/press/statements/record-rise-in-poverty-highlights-importance-of-child-tax-credit-health-coverage>.

¹⁸Data are from HousingWorks RI analysis of U.S. Census Bureau, American Community Survey (ACS), 5-Year Public Use Microdata Sample (PUMS), 2017-2021. See HousingWorks RI, *2023 Housing Fact Book*, pp. 6, 79; <https://d337wih8hx5yft.cloudfront.net/documents/Housing-Fact-Books/2023HFB.pdf>.

¹⁹Redlining 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.

²⁰HousingWorks RI, *2023 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 experiencing cost burden and severe cost burden remain fairly similar among Latino, White, and Black Rhode Islanders.

²¹Elder Index. (2023). The Elder Index™ [Public Dataset]. Boston, MA: Gerontology Institute, University of Massachusetts Boston. Retrieved from ElderIndex.org on July 18, 2024.

²²Kathleen Romig, “Social Security Lifts More People Above the Poverty Line Than Any Other Program,” (January 31, 2024), Center on Budget and Policy Priorities, <https://www.cbpp.org/research/social-security/social-security-lifts-more-people-above-the-poverty-line-than-any-other>.

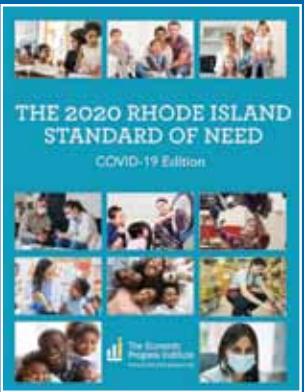
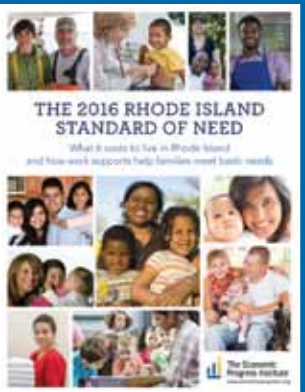
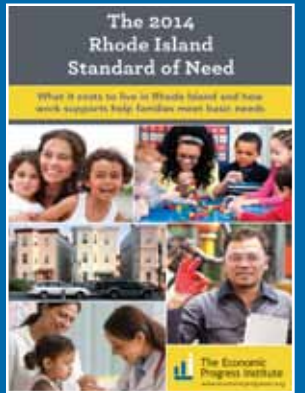
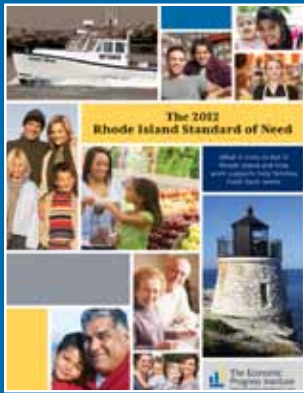
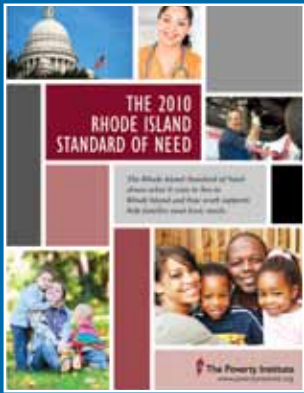
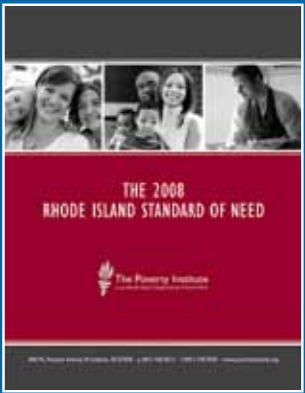
²³Although not part of the scenarios discussed in this report, the Rhode Island Works benefit was expanded in 2023 to begin at the onset of pregnancy instead of in the third trimester; this expansion has the potential to reduce racial disparities in childbirth-related mortality.

²⁴Other important recent policy changes not otherwise highlighted in this report include the following:

- The 2023 General Assembly session brought about equity in reproductive healthcare coverage, including for abortion care, by including such coverage for Rhode Islanders who receive coverage through Medicaid or through state employee benefits.
- The 2023 General Assembly session also passed legislation to limit out-of-pocket costs for specialty prescription medications to \$150 per month, once an individual reaches their deductible limit. Specialty prescription medications are “complex oral or injectable medications used to treat chronic conditions, such as cancer, hemophilia and arthritis. Most specialty medications are lifesaving prescriptions that patients must take regularly for years.” Without this legislation, which goes into effect in 2025, individuals would continue to pay as much as \$2,500 per month per medication.
- Finally, the enacted Fiscal Year 2024 budget included a very modest expansion of the state’s Earned Income Tax Credit from 15 percent to 16 percent of the federal credit. This credit benefits lower-income working families and can make a difference in helping them make ends meet.

²⁵The organization Living Wage for US has pioneered efforts in this regard, working with partners across the country and world. They work with businesses to certify that they are paying their employees living wages according to this new and still developing definition. They also encourage employers to provide employees with non-monetary benefits including at least two weeks of paid vacation, and monetary benefits such as child care assistance, which can provide tax advantages to employees and employers alike. Minimum wage workers in Rhode Island often do not receive these benefits. The Living Wage for US calculation of a living wage supplements a basic needs budget by including a small amount of retirement savings, savings for emergencies, and some leisure expenses. Beginning with the same Family Budget Calculator used in this Rhode Island Standard of Need report, they have run data for counties across the country, to quantify a living wage. Visit their website at <https://livingwageforus.org/>. The Living Wage for US budget is approximately 6 percent higher than the RISN basic needs budget. This is much more modest and achievable than a different approach, the 50/30/20 model: 50 percent of post-tax income for basic needs and obligations, 30 percent for wants and discretionary spending, and 20 percent for savings. To get to this, what one might call living comfortably, one would need to double the RISN expenses.

²⁶A February 2024 report produced by the International Labour Organization (ILO) provides a definition for a living wage: “the wage level that is necessary to afford a decent standard of living for workers and their families, taking into account the country circumstances and calculated for the work performed during the normal hours of work.” In characterizing a “decent standard of living”, the document refers to the Universal Declaration of Human Rights and “an existence worthy of human dignity.” See “Report of the Meeting of Experts on wage policies, including living wages (Geneva, 19–23 February 2024)”, <https://www.ilo.org/resource/gb/350/report-meeting-experts-wage-policies-including-living-wages>, pp. 6-7.



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