

The American Families Plan Impact on Washington State Working Families' Ability to Meet Basic Needs

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Definitions

Self-Sufficiency Standard (SSS): a budget-based, living wage measure which has documented the real cost of living for working families in Washington State since 2001.

Working Families: at least one adult in the household is in the labor force and at least one child is present in the household.

American Families Plan (AFP): One prong of President Biden's Build Back Better Agenda, the AFP called for significant federal investment in the areas of child care, paid leave, increased tax credits, and free community college.



Self-Sufficiency Standard



Housing



Child Care



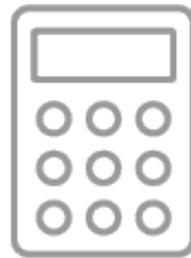
Health Care



Groceries



Miscellaneous



**Taxes and
Tax Credits**



**Emergency
Savings**



Transportation



Methods: Step One

Adjust the 2020 Self-Sufficiency Standards for Washington State:

- i. Increase the annual Child Tax Credit (CTC) to **\$3,600 per child under six years** and **\$3,000 per child six years and older**
- ii. Increase the Child and Dependent Care Tax Credit (CDCTC) to a maximum refundable benefit of **\$4,000 for one child or \$8,000 for two or more children**
- iii. Provide **free, universal preschool** for three- and four-year-olds
- iv. Reduce the **cost of child care** for children under age five to a max of **7% of income** for low- and middle-income families



Methods: Step Two

2019 American Community Survey 1-year Public Use Microdata
Sample: Washington State

i. Limit the sample

- i. Remove adults above the age of 64
- ii. Remove adults with work-limiting disabilities
- iii. Remove individuals living in group quarters
- iv. Select adults in labor force and at least one child present in household

ii. Sum earnings for each household member and adjust to 2020 dollars

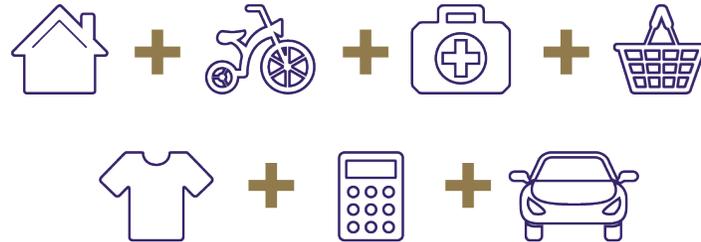


Methods: Step Three

Household Income



Self-Sufficiency Standard



Adequate Income
Household Income
> Self-Sufficiency Standard

OR

Inadequate Income
Household Income
< Self-Sufficiency Standard



Baseline

In 2019, **31%** of working families with children in Washington State were unable to make ends meet as measured by the Self-Sufficiency Standard

A family of one adult, one infant, and one preschooler living in King County (Seattle) needed **\$99,519 per year** to cover basic needs (including taxes and tax credits)



	Original Self-Sufficiency Standard	Increase Child Tax Credit	Increase Child and Dependent Care Tax Credit	Free, Universal Preschool	7% Cap on Child Care	Combined Impact of All Proposals
Housing	\$1,468	\$1,468	\$1,468	\$1,468	\$1,468	\$1,468
Child Care	\$2,359	\$2,359	\$2,359	\$1,261	\$0	\$0
Health Care	\$455	\$455	\$455	\$455	\$455	\$455
Food	\$515	\$515	\$515	\$515	\$515	\$515
Transportation	\$319	\$319	\$319	\$319	\$319	\$319
Miscellaneous	\$512	\$512	\$512	\$512	\$512	\$512
Taxes	\$1,101	\$1,002	\$954	\$799	\$480	\$392
Child Care Tax Credit (-)	(\$100)	(\$100)	(\$667)	(\$100)	\$0	\$0
Child Tax Credit (-)	(\$333)	(\$600)	(\$233)	(\$333)	(\$333)	(\$600)
Earned Income Tax Credit (-)	\$0	\$0	\$0	\$0	(\$143)	(\$238)
Self-Sufficiency Standard						
Hourly Wage	\$35.78	\$33.70	\$32.29	\$27.82	\$18.60	\$16.04
Monthly Wage	\$6,296	\$5,931	\$5,682	\$4,896	\$3,273	\$2,824
Annual Wage	\$75,558	\$71,176	\$68,189	\$58,757	\$39,282	\$33,884

Clark County, WA: One adult,
one infant, one preschooler

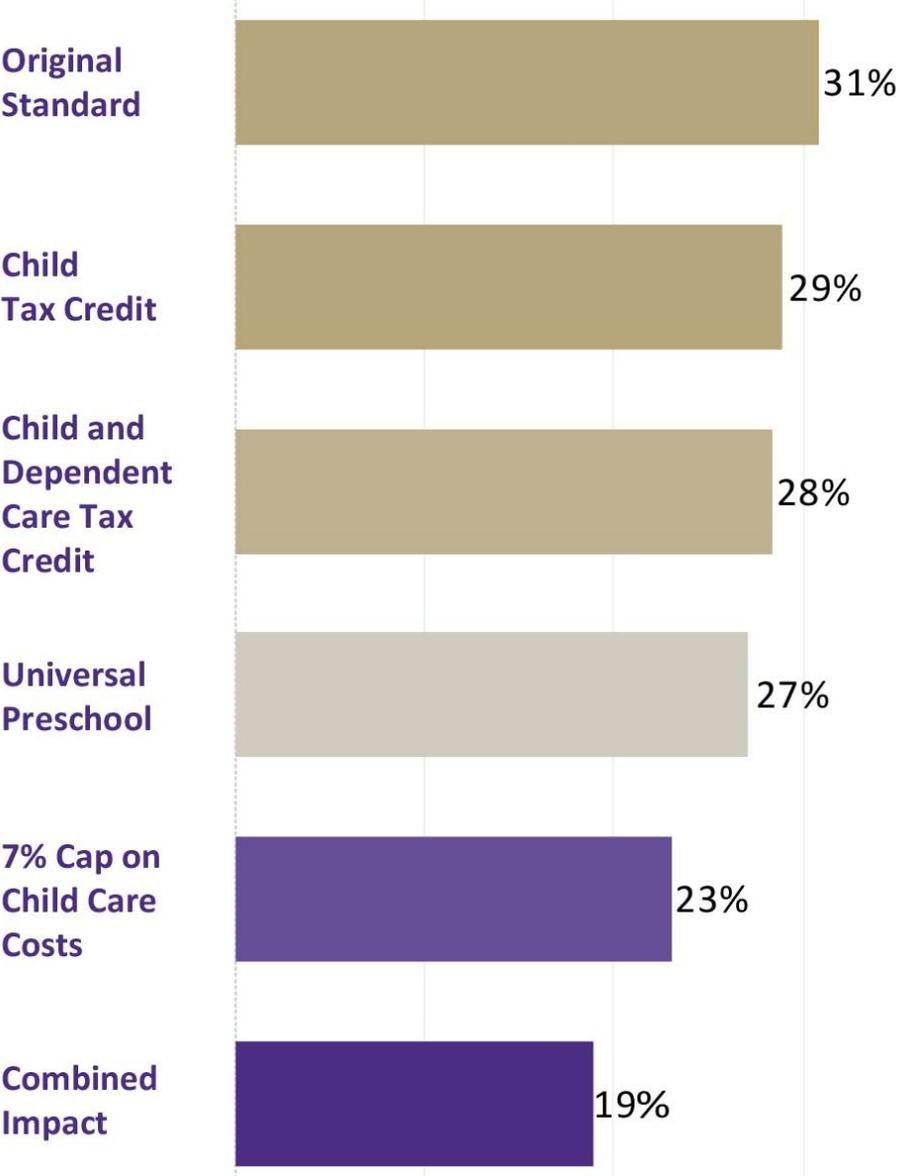


Results

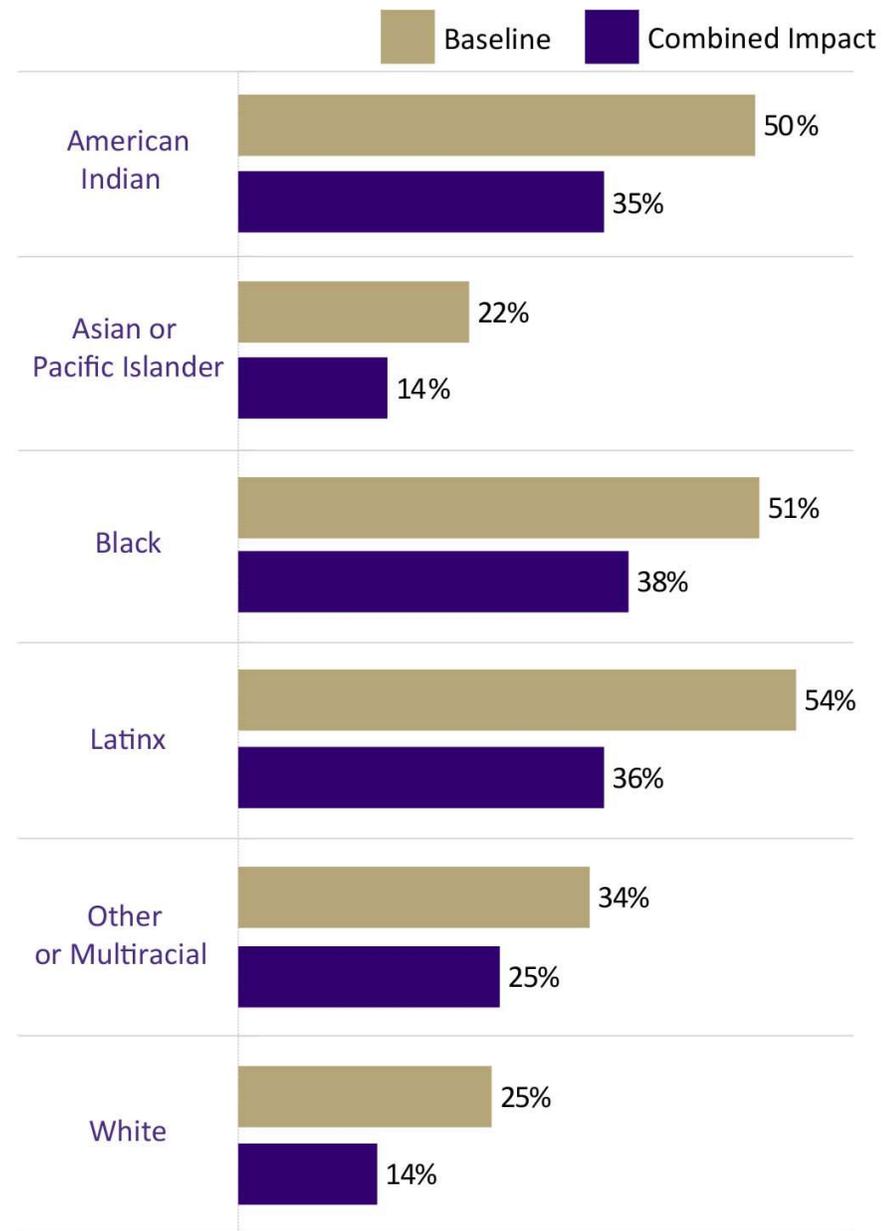
Enacting these measures which directly affect families with young children—including increased child tax credits, expanded child care, and universal preschool—will result in **11.9% or 94,885 more working parents in Washington State** having the ability to make ends meet for their families



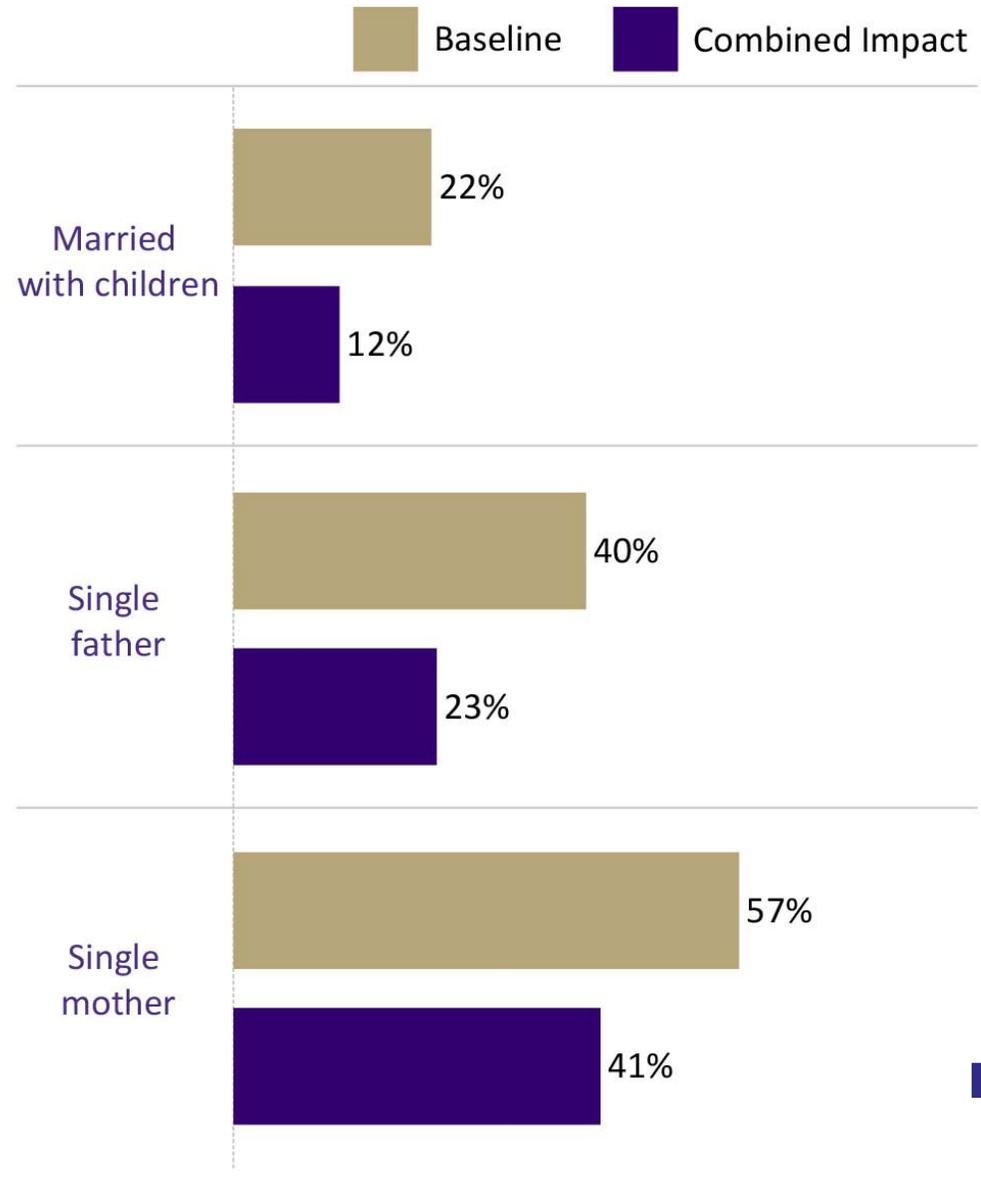
The American Families Plan could successfully reduce the number of working families with incomes below the Self-Sufficiency Standard by **over a third**



Income inadequacy rates would drop to **35%** for Native households, **36%** for Latinx households, **38%** for Black households, and **14%** for White households with children



16% of single mother households,
17% of single father households, and
10% of married couple households
would gain income adequacy



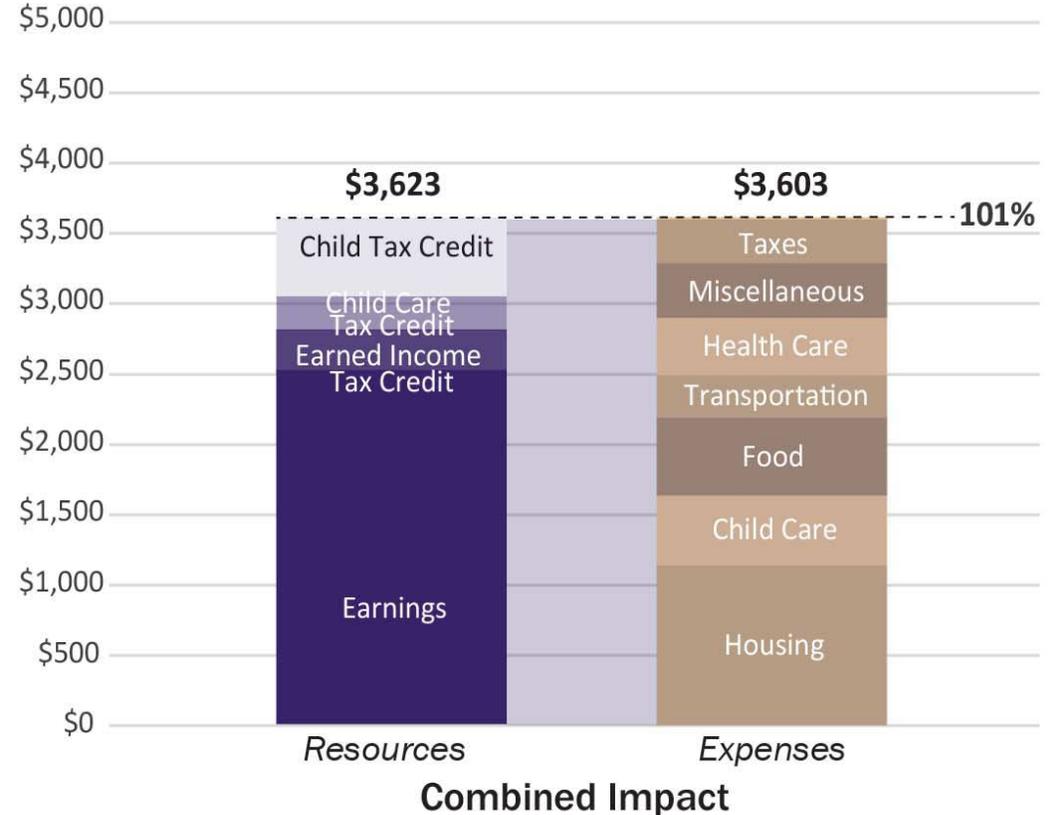
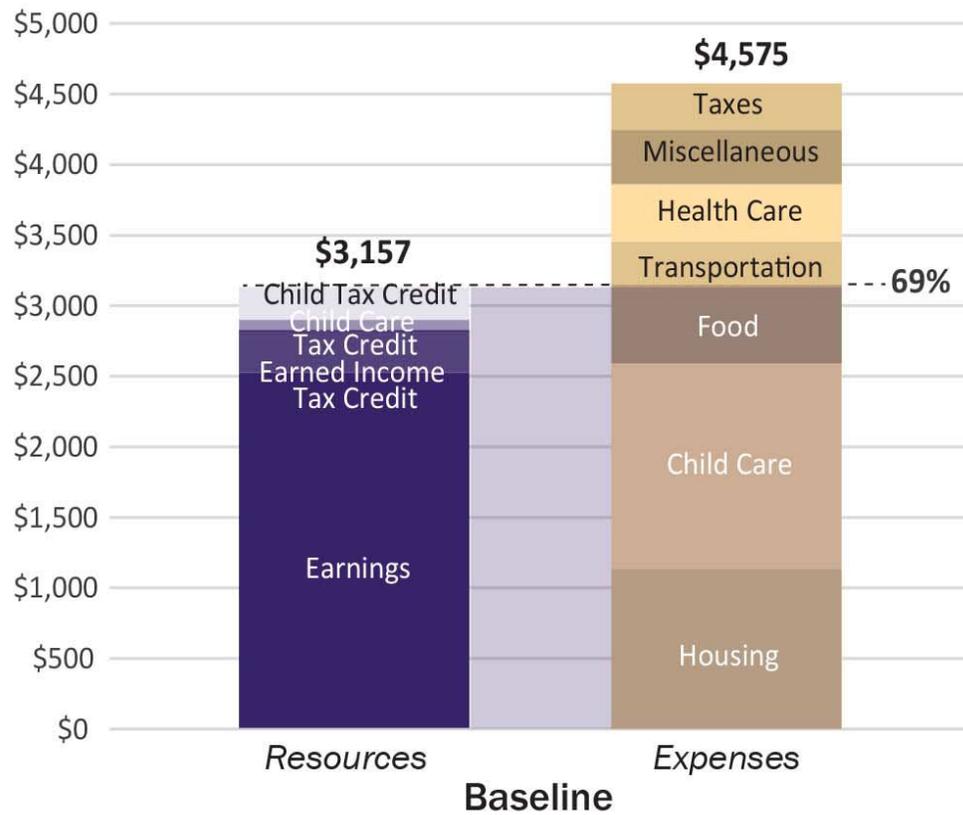
Questions?

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To interrupt the trend of increasing income inequalities exacerbated by the COVID-19 economic downturn, families need policies that provide **more than temporary relief.**

<http://www.selfsufficiencystandard.org/american-families-plan>





Seattle-Tacoma-Bellevue, WA MSA
Total Employment, 2020

