

Family-Friendly Policies: How Labor & Tax Policies Can Support Working Families

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spring
into action

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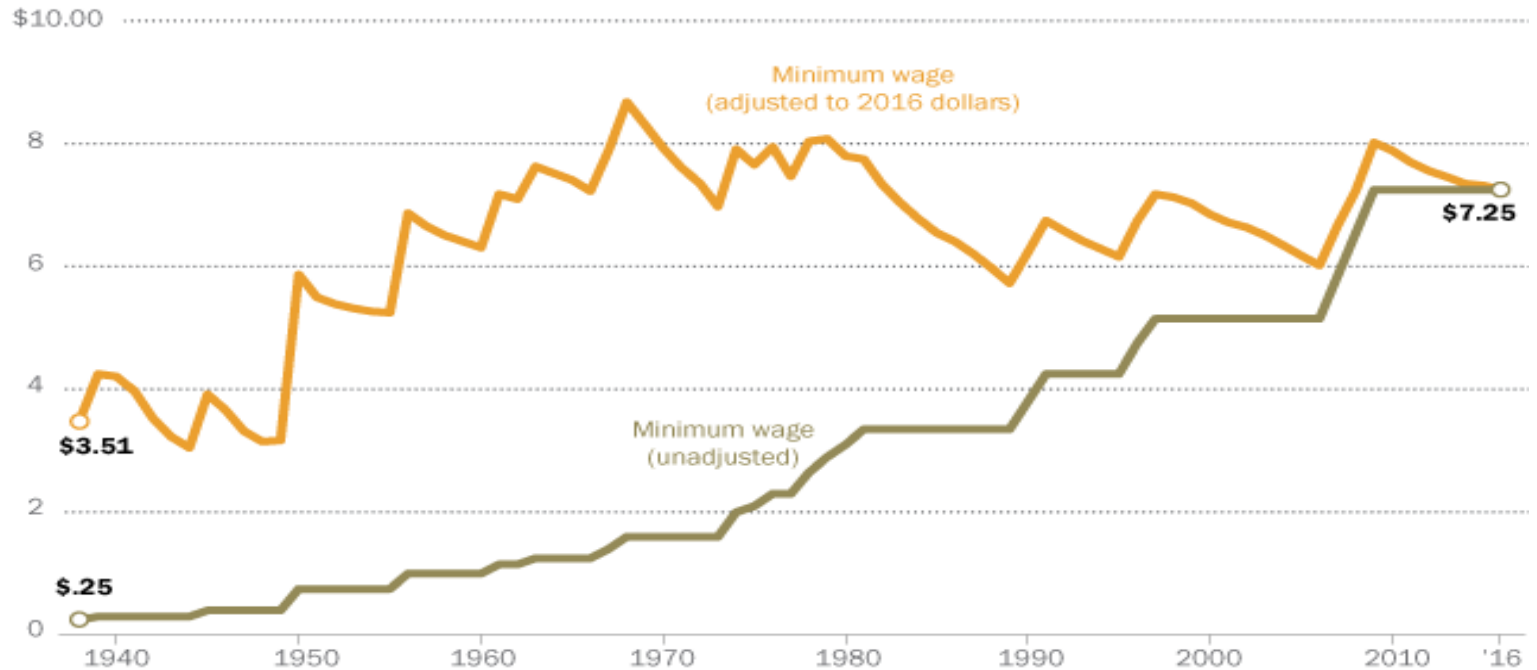
Part I

IMPROVING WORKPLACE STANDARDS

The Minimum Wage

Federal minimum wage, 1938-2016

Shown in nominal (not adjusted for inflation) dollars and 2016 (inflation-adjusted) dollars



Note: Wage rates adjusted for inflation using implicit price deflator for personal consumption expenditures.
Sources: Bureau of Labor Statistics, Bureau of Economic Analysis, Pew Research Center analysis.

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Why raise the minimum wage?

- 🍃 Cost of other goods →
- 🍃 Rising inequality
- 🍃 Shifting economy
- 🍃 Risk shifts from employer to employee

The \$15 Minimum Wage

- 🌿 Federal level policy: Raise the Wage Act
- 🌿 State level policy: California, New York, DC*
- 🌿 Local level policy: Seattle, Mountain View and Sunnyvale, CA
- 🌿 Number of state and local level increases but not to \$15 per hour

Improving Work Schedules: Principles

- 🌿 Provide greater employee input into work schedules.
- 🌿 Provide advance notice of work schedules.
- 🌿 Discourage last-minute changes to scheduled shifts.
- 🌿 Expand opportunities for part-time workers.

Improving Work Schedules: Legislation

- 🌿 Local ordinances – a few examples:
 - 📄 San Francisco Retail Workers' Bill of Rights (2014)
 - 📄 Seattle Secure Scheduling (2016)
 - 📄 San Jose Opportunity to Work (2016 ballot measure)
- 🌿 State law: Oregon Fair Work Week Act (2017)
- 🌿 Federal bill: Schedules That Work Act
- 🌿 Illinois: Fair Scheduling Act (HB 5046)

Providing Time to Care: Paid Family & Medical Leave

- 🍃 What PFML provides time off for:
 - 🍃 Own sickness
 - 🍃 Self, spouse, family members illness
 - 🍃 Bonding with an infant, adopted or foster child
- 🍃 Five states and DC with PMFL (CA, NJ, NY, RI, WA, DC)*
- 🍃 Why do we need it?

What does PMFL provide?

- 🌿 Wage replacement during sanctioned leaves
- 🌿 4 -12 weeks of paid leave, depending on state
- 🌿 Can be coupled with Temporary Disability Insurance (public and private)
- 🌿 Some state PMFL programs provide job protection

Differences in PMFL across States

	California	New Jersey	New York	Rhode Island
Earnings Requirement	\$300	\$8,500	hourly	\$12,120
Duration	6	6	8*	4
Wage Replacement	60-70%	66%	50%	60%
Minimum Benefit	\$50	None	None	\$89
Maximum Benefit	\$1,216	\$637	\$653	\$831

Providing Time to Care: Paid Sick Days

- 🍃 Helps workers balance work and family
- 🍃 Contributes to employee retention
- 🍃 65% of US employees had paid sick days from employer
- 🍃 Only 20% of workers in bottom 10% of wage earners had paid sick leave

What do paid sick days laws provide?

- 🍃 No federal law to provide paid sick days
- 🍃 9 states (AZ, CA, CT, MD, MA, OR, RI, VT, WA) + DC
- 🍃 29 cities and 2 counties also have paid sick leave laws
- 🍃 Varying requirement to qualify
- 🍃 5 to 9 days a year on average

Paid Sick Days in Illinois

	<u>CHICAGO PAID SICK LEAVE ORDINANCE</u>	<u>COOK COUNTY EARNED PAID SICK LEAVE ORDINANCE</u>	<u>ILLINOIS EMPLOYEE SICK LEAVE ACT</u>
Effective Date	July 1, 2017	July 1, 2017	January 1, 2017
Who is Covered	Employees that work 80 hours within a 120-day period	Employees that work 80 hours within a 120-day period	Illinois employees of employers that provide paid sick leave
When Employee May Begin Using Sick Leave	180 days after start of employment	180 days after start of employment	Employer policy governs
Required Rate of Accrual	One hour for every 40 hours worked	One hour for every 40 hours worked	Employer policy governs
Minimum Total Hours Accrued Annually	40 hours	40 hours	Employer policy governs
Required Carryover	20 hours	20 hours	Employers policy governs
Additional Carryover for <u>FMLA</u> Purposes	40 hours	40 hours	Not applicable
Advance Notice Requirement	7 days or as soon as practicable	7 days or as soon as practicable	Employer policy governs

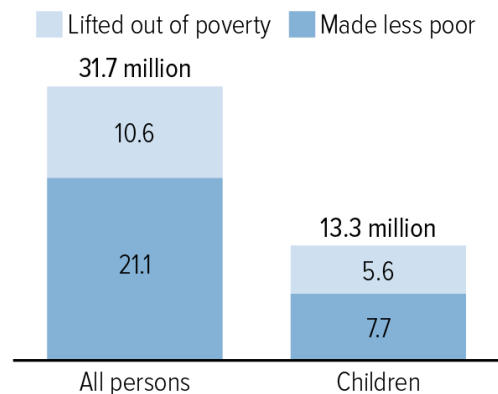
Part II

BOOSTING INCOMES THROUGH THE TAX CODE

Tax credits for working families make a (big!) difference.

Earned Income Tax Credit and Child Tax Credit Have Powerful Antipoverty Impact

Millions of persons lifted out of poverty or made less poor (using Supplemental Poverty Measure) by EITC and CTC, 2014



Note: Unlike the Census Bureau's official poverty measure, the SPM counts the effect of government benefit programs and tax credits.

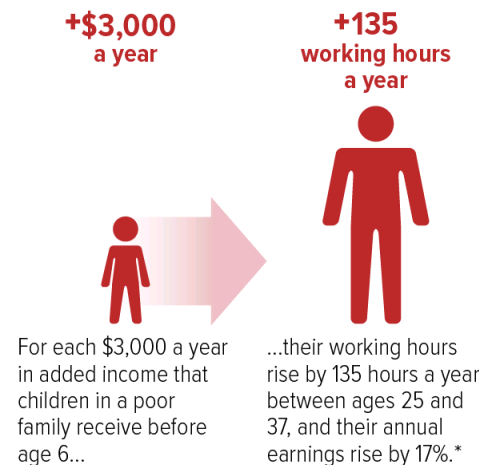
Source: CBPP analysis of Census Bureau's March 2015 Current Population Survey and 2014 SPM public use file.

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Source: CBPP, Chart Book: The Earned Income Tax Credit & Child Tax Credit (May 2016)

Higher Earned Income Tax Credit or Other Income for Poor Children Expected to Boost Work and Earnings Later in Life

\$3,000 annual increase in income to poor children before age 6 associated with increase in work hours when they become adults



* Note: The published paper uses a 19% figure, but the authors have indicated that this is a typographical error and 17 percent is correct.

Source: Greg J. Duncan, Kathleen M. Ziol-Guest, and Ariel Kalil, "Early-Childhood Poverty and Adult Attainment, Behavior, and Health," *Child Development*, January/February 2010, pp. 306-325

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The Child & Dependent Care Tax Credit helps, too (sort of).

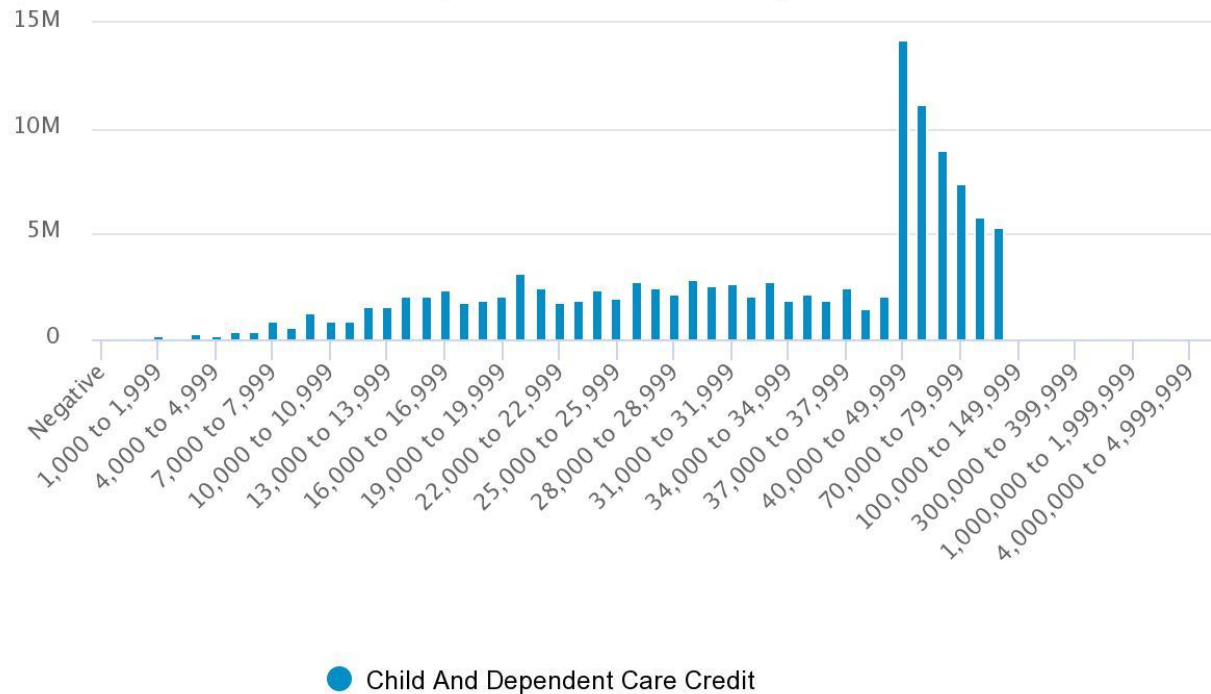
- 🍃 CDCTC allows parents to claim a percentage of care expenses as a credit against tax liability.
- 🍃 **Max credit** = 35% of up to \$3,000 of care expenses for one child (\$6,000 for 2+ children) for families with AGI of \$15,000 or less. Rate decreases as AGI increases until it reaches 20% for families with AGI of \$43,000+.
 - 🍃 **BUT the credit is not refundable.** A single mother of two with AGI of \$20,000 and child care expenses of \$6,000 is theoretically eligible for a CDCTC of **\$1,920**. But with no federal tax liability, her **CDCTC = \$0**.
 - 🍃 **Plus** – low expense limits, no inflation adjustments

Refundability Matters: Exhibit A

California CDCTC credit amount by income level, 2010 (refundable)

Adjusted Gross Income Class Comparison, All Filing Statuses 2010

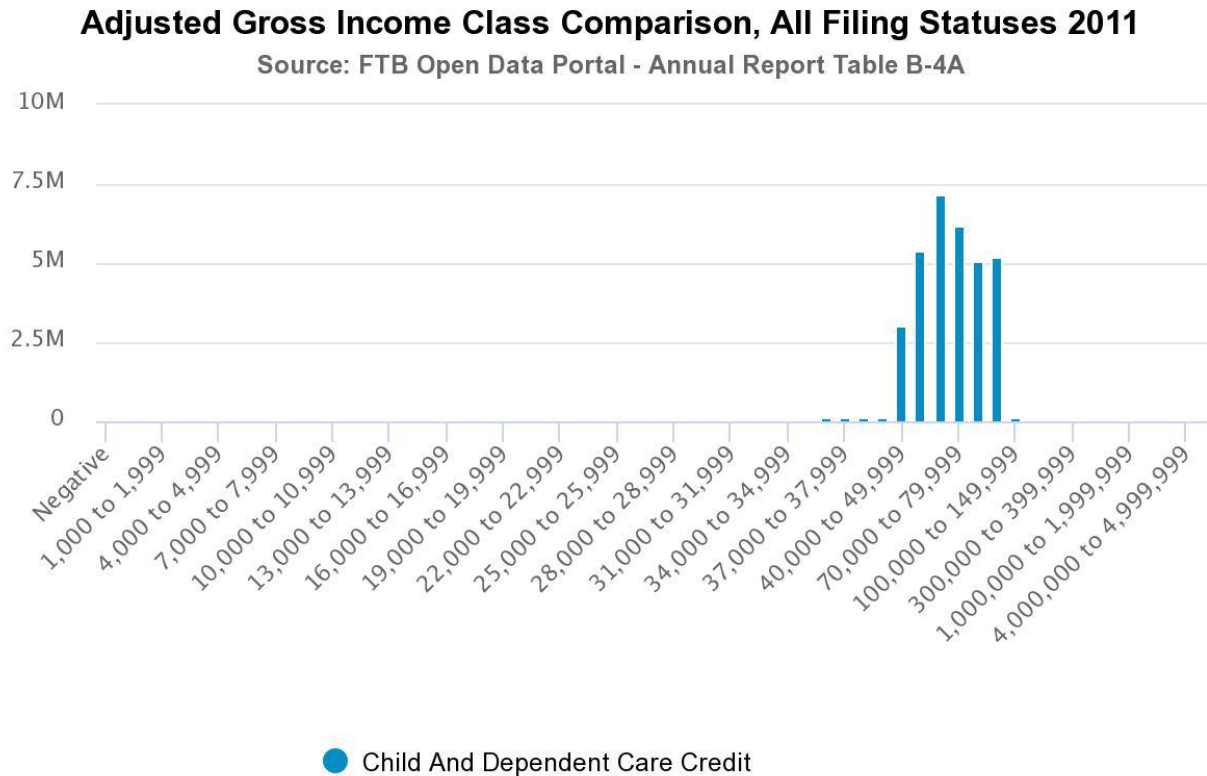
Source: FTB Open Data Portal - Annual Report Table B-4A



Source: California Franchise Tax Board Data Portal

Refundability Matters: Exhibit B



California CDCTC credit amount by income level, 2011 (non-refundable)



Source: California Franchise Tax Board Data Portal

Tax Credits for Illinois Families

State EITC

-  Increased from 10% of federal EITC to 14% in 2017; will rise to 18% in 2018
-  Fully refundable

No state CTC

No state CDCTC

Part III

QUESTIONS?

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