

## **Women Hit by the Economic Downturn Need Quick and Targeted Assistance: Expanded Unemployment Insurance, Increased Food Stamps, & Fiscal Relief to Protect Medicaid, Child Support Enforcement and Other Vital Services**

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Women were already in a precarious economic position, and the economic downturn is hitting them hard. Although the stimulus plan agreed to by House leaders and the Administration includes tax benefits for millions of low-income families who would have been left out of the President's initial stimulus proposal, it omits measures that would provide more timely and targeted assistance to those most in need, especially low-income women and their families.

### **Women are particularly vulnerable in this economic downturn.**

- **Women's unemployment rate is equal to men's.**
  - The unemployment rate in December 2007 was equal for men and women ages 20 and over,<sup>1</sup> and the increase in the unemployment rate between the third and fourth quarter, and over the past year, was similar for both sexes.<sup>2</sup>
  - The unemployment rate for women maintaining a family is higher than for men and women generally, reaching 6.9% in December, up from 6.2% a year ago.<sup>3</sup>
- **Women need access to extended unemployment insurance and expanded eligibility to allow more to qualify for benefits.**
  - Less than half (about 37%) of all unemployed workers receive unemployment insurance (UI) benefits.<sup>4</sup> Jobless women are even less likely than men to receive UI benefits because of eligibility rules that disproportionately disqualify women.<sup>5</sup>
- **Women are over-represented in the subprime housing market.**
  - Women are 30% to 40% more likely than men to have a subprime mortgage loan, even though their credit scores are equal to (or slightly better than) men's.<sup>6</sup> This puts women at greater risk of rising and unaffordable mortgage payments and foreclosure.
- **Women's greater economic insecurity makes them more vulnerable to job loss and rising prices for food and energy, and cuts in Medicaid.**
  - More than 14.1 million women—about one in eight—are poor. Women are 40% more likely to live in poverty than men.<sup>7</sup>
  - Women working full time, year round, earn 23% less than their male counterparts.<sup>8</sup>
  - The median income of female-headed families with children is 57% less than the median income of all families with children.
  - Eight out of ten single-parent families are headed by women.<sup>9</sup>
  - Single mothers are especially vulnerable to job loss because they cannot fall back on a spouse's income.
  - Between December 2006 and December 2007, energy prices rose 17.4%. Food prices rose 4.9%, the largest rise in 18 years.<sup>10</sup>

- Rising costs for energy, food, and other necessities take a bigger bite out of women's more limited family budgets.
- Because women are poorer than men and are in lower-paying jobs that are less likely to come with employer-sponsored health coverage, they are much more likely than men to qualify for Medicaid. Seven out of ten adult Medicaid beneficiaries are women, and one-third of all low-income women, and four out of ten single mothers, receive health care coverage from Medicaid.<sup>11</sup> As states and local governments face tough budgets, cuts to Medicaid threatens vital healthcare for low-income women.

### **Low-income women and their families need well-targeted stimulus measures.**

The most effective economic stimulus quickly puts money in the hands of those most likely to spend it: low- and moderate-income people. Extended and expanded unemployment insurance payments and increased food stamps could quickly reach those most in need, including low-income women and families. An economic stimulus package also should help state and local governments avoid cuts to Medicaid, child support enforcement, child care assistance and other vital services that would counteract the effects of the stimulus and hurt vulnerable people.<sup>12</sup>

- **Unemployment insurance benefits should be extended and expanded to reach more jobless workers, especially women.**
  - Improving UI benefits – allowing unemployed workers to receive UI benefits for a longer period during a downturn and raising the amount of the benefit they receive – is a highly effective tool for stimulating the economy.<sup>13</sup>
  - To make UI a more effective economic stimulus and safety net, the stimulus package should help states to quickly implement reforms that will allow their UI programs to assist more unemployed workers, especially women. The needed reforms, included in the Unemployment Insurance Modernization Act (S. 1871), would provide incentives for states to:<sup>14</sup>
    - Take into account a worker's most recent quarter of earnings in determining eligibility for UI benefits. The failure of many states to count a worker's latest three to six months of wages in determining eligibility for UI benefits disqualifies many low-wage workers from UI benefits.<sup>15</sup> About six out of ten low-wage workers are women.<sup>16</sup>
    - Expand UI benefits to part-time workers, 70% of whom are women.<sup>17</sup>
    - Allow benefits to workers who left their job for compelling family reasons, such as domestic violence, illness or disability of a family member, or the need to relocate with a spouse. Women account for seven out of ten of those who leave work for domestic reasons.<sup>18</sup>
    - Offer dependent allowances for unemployed workers caring for dependent children. Dependent allowances are important for all families who lose the income of a breadwinner, but are especially important for single-parent – overwhelmingly single-mother – families with only one, now jobless, earner.

- **Food Stamp benefits should be increased.**
  - The Food Stamp program provides an ideal mechanism to quickly target relief to the most economically vulnerable families. In 2006, 87% of households receiving Food Stamps had income below the poverty level.<sup>19</sup> About half of all beneficiaries were children, and nearly seven out of ten adult beneficiaries were women.<sup>20</sup>
  - Increased Food Stamp benefits could be quickly added to electronic debit cards and provide an immediate boost to consumer spending while simultaneously improving health and nutrition. Both former Treasury Secretary Lawrence Summers<sup>21</sup> and conservative economist Martin Feldstein<sup>22</sup> have suggested that a temporary increase in Food Stamp benefits would be an effective stimulus measure.
  - An increase in Food Stamp benefits would provide needed assistance to poor elderly people with no wage income. They will receive no benefit from the proposed tax rebate but are hard hit by increases in food, energy and health care costs. Seven out of ten poor Americans 65 and older are women.<sup>23</sup>
  
- **Aid to states should protect services vital to low-income women and their families, including Medicaid, child support enforcement, and other supports.**
  - Revenue shortfalls may force states to cut essential services and place a further drag on employment and spending.<sup>24</sup> In mid-December, 19 states were already forecasting budget deficits for the coming fiscal year,<sup>25</sup> and the weakening economy will mean even greater revenue losses. Moreover, the business tax cuts included in the proposed House stimulus package will cost states \$4 billion or more in lost revenue, because of linkages between state and federal tax codes.<sup>26</sup>
  - An increase in the federal reimbursement rate for Medicaid, conditioned on states' maintaining Medicaid eligibility and passing on a portion of the enhanced match rate to localities required to contribute to state Medicaid costs, will relieve the pressure on state budgets and prevent low-income women and their families from losing health care at a time when they are particularly vulnerable.
  - Reversing federal funding cuts to state child support enforcement programs that are just starting to take effect will provide effective stimulus by preventing cuts to vital services and family budgets.<sup>27</sup> The cuts taking effect represent 17% of the funding<sup>28</sup> for a program that serves over 17 million children and collects about \$24 billion in child support annually.<sup>29</sup> The cuts will force state and county governments to lay off staff, cancel vendor contracts, and eliminate vital services. Restoring funding for child support enforcement will avert a loss of about \$1 billion a year in owed child support.<sup>30</sup> This means more money in the hands of hard-pressed single parents, overwhelmingly single mothers, who will quickly spend it to buy the food, clothing, and other items their children need. Restoring funding also will help states and counties maintain new initiatives that provide employment-related services to low-income noncustodial parents, mostly fathers, which are especially important during an economic downturn.<sup>31</sup>
  - Providing general fiscal relief to states and localities could avert cuts to other vital services, including education, health care, social services, and child care subsidies that help low-income women maintain employment.

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- <sup>1</sup> Bureau of Labor Statistics, U.S. Department of Labor. *Employment Status of the Civilian Population by Sex and Age and Employment Situation Summary, Table A.*
- <sup>2</sup> *Ibid.*
- <sup>3</sup> Bureau of Labor Statistics, U.S. Department of Labor. *Table A-7: Selected Unemployment Indicators, Seasonally Adjusted.*
- <sup>4</sup> Chad Stone, Robert Greenstein, Martha Coven, Center on Budget and Policy Priorities, Addressing Longstanding Gaps in Unemployment Insurance Coverage (August 2007).
- <sup>5</sup> Vicki Lovell, Institute for Women's Policy Research, Testimony before the House Ways and Means Committee, Subcommittee on Income Security and Family Support, The Unemployment Insurance Modernization Act: Improving UI Equity and Adequacy for Women (September 19, 2007).
- <sup>6</sup> Allen Fishbein and Patrick Woodall, Consumer Federation of America, Women are Prime Targets for Subprime Lending (December 2006).
- <sup>7</sup> NWLC calculations from the March Supplement to the 2007 Current Population Survey [hereafter "March 2007 CPS"].
- <sup>8</sup> *Ibid.*
- <sup>9</sup> U.S. Census Bureau, Families and Living Arrangements: 2006 (2007).
- <sup>10</sup> U.S. Bureau of Labor Statistics, Consumer Price Index: December 2007.
- <sup>11</sup> National Women's Law Center, Women and Medicaid Factsheet (August 2007).
- <sup>12</sup> Center on Budget and Policy Priorities, The Four Pieces of Effective Fiscal Stimulus: Unemployment Insurance, State Relief, Food Stamps, and Tax Refunds (January 14, 2008)[hereafter "CBPP, Four Pieces of Stimulus"]
- <sup>13</sup> *Ibid.*
- <sup>14</sup> Maurice Emsellem, Andrew Stettner, and Omar Semidey, National Employment Law Project, The New Congress Proposes \$7 Billion in Incentive Payments for States to Modernize the Unemployment Insurance Program (July 2007)[hereafter "NELP, Modernize UI"]
- <sup>15</sup> *Ibid.*
- <sup>16</sup> Larry Mishel, Jared Bernstein, and Sylvia Allegretto, Economic Policy Institute, The State of Working America 2006/2007 (2007).
- <sup>17</sup> U.S. Department of Labor, Bureau of Labor Statistics, <ftp://ftp.bls.gov/pub/special.requests/lf/aat8.txt>
- <sup>18</sup> NELP, Modernize UI, *supra* note 14.
- <sup>19</sup> U.S. Department of Agriculture, Food and Nutrition Services, Characteristics of Food Stamp Households: Fiscal Year 2006, p. 14.
- <sup>20</sup> *Id.* at Table A-23.
- <sup>21</sup> Lawrence H. Summers, Testimony before the Joint Economic Committee, What Should the Federal Government Do to Avoid a Recession (January 16, 2008).
- <sup>22</sup> Martin Feldstein, Testimony to the Senate Finance Committee, Strengthening America's Economy: Stimulus That Makes Sense (January 24, 2007).
- <sup>23</sup> March 2007 CPS, *supra* note 7.
- <sup>24</sup> CBPP, Four Pieces of Stimulus, *supra* note 12.
- <sup>25</sup> National Conference of State Legislatures, State Finances are Weakening (December 10, 2007)..
- <sup>26</sup> Robert Greenstein, Center on Budget and Policy Priorities, Reported Stimulus Package Would Provide Little Immediate Boost Due to Removal of Most Effective Provisions (January 24, 2008).
- <sup>27</sup> See Letter of Elaine Sorensen, The Urban Institute, and other economists to members of Congress dated January 23, 2008; National Conference of State Legislatures, NCSL Recommendations for an Economic Stimulus Package (January 17, 2008).
- <sup>28</sup> The Lewin Group, Anticipated Effects of the Deficit Reduction Act provisions on Child Support Program Financing and Performance (July 20, 2007).
- <sup>29</sup> U.S. Department of Health and Human Services, Office of Child Support Enforcement, FY 2006 Preliminary Report (2007).
- <sup>30</sup> Preliminary estimate by the Congressional Budget Office, 2007. This estimate assumes states will restore half of the lost federal funds. If they fail to do so, even more child support will go uncollected.
- <sup>31</sup> See letter of Henry Holzer, Georgetown University Public Policy Institute, Letter to members of Congress, January 24, 2008.