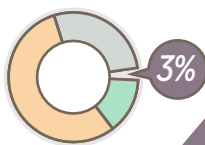


THE PROGRESS INDEX

MEASURING SHARED PROSPERITY
IN WASHINGTON STATE

ECONOMIC SECURITY





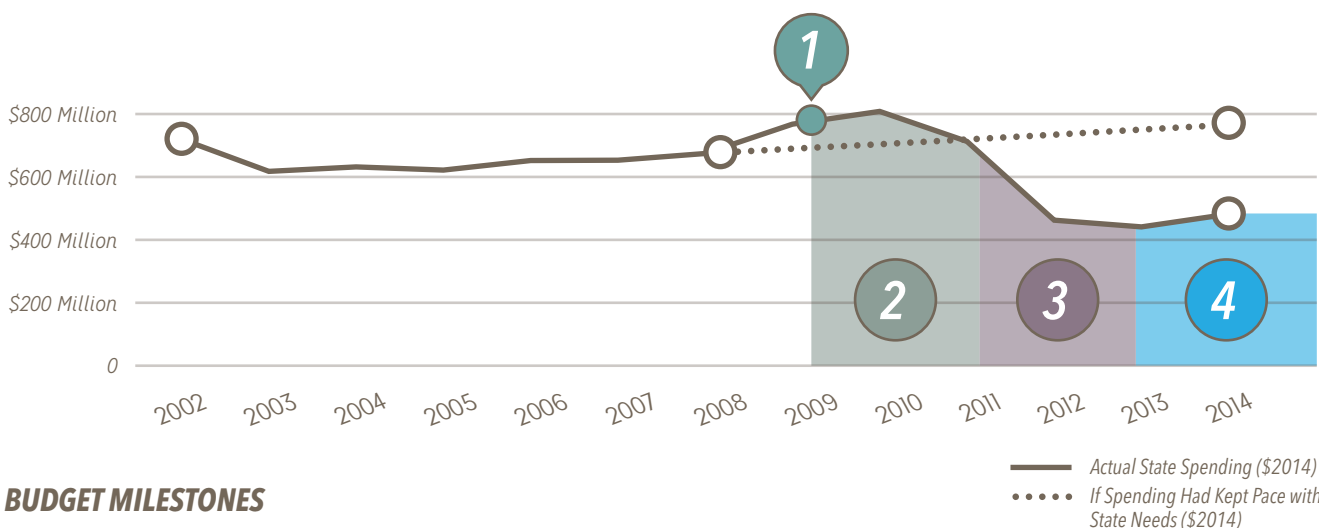
Washington state should have an economy in which all Washingtonians can meet their basic needs and have opportunities to remain stable during a personal crisis or economic downturn.

BUDGET SNAPSHOT

INVESTMENTS IN ECONOMIC SECURITY

Washington state invests 3 percent of its total operating revenue on services to help Washingtonians make ends meet, including food and housing assistance, child care, and help finding a job. Spending on economic security is far below 2002 levels (Figure 3), and it declined significantly during the recent recession (solid line). Had spending on economic security kept pace with pre-recession growth, it would be 58 percent (\$281 million) higher than it is currently (dotted line).

FIGURE 3:
STATE INVESTMENTS IN ECONOMIC SECURITY HAVE FALLEN BEHIND BY \$281 MILLION
State funding + federal stimulus funding, 2002-2014



BUDGET MILESTONES

- 1** 2009: The 2009 American Recovery and Reinvestment Act (ARRA) injects over \$200 million into economic security investments. If not for ARRA funding, cuts to economic security programs would be significantly worse during the recession, a time when Washingtonians need these investments the most.
- 2** 2009-2011: As federal funding phases out, the first set of significant cuts to social programs – such as TANF, child care, and food assistance – begin.
- 3** 2011-2013: Policy changes in the wake of budget cuts continue, reducing eligibility levels and making it harder for Washingtonians to access social programs. As a result of a declining caseload, resources are removed from social programs and swept into other areas of the general fund to balance the state budget.
- 4** 2013-2015: Caseloads continue to decline and resources continue to be swept out of social programs. By 2014, resources for social programs stabilize, but remain weak compared to pre-recession levels.

Source: Budget & Policy Center analysis of LEAP data

Notes: Spending adjusted for inflation in \$2014. Estimated spending calculated using a 3.6% growth rate. See full methodology for more information on estimated spending.

DO WASHINGTONIANS HAVE EQUAL OPPORTUNITY TO PROSPER?

All indicators of economic security suggest a substantial share of Washingtonians – particularly people of color – do not share equally in our state’s prosperity (Table 1). Income inequality remains historically high in Washington state, with nearly one quarter (23 percent) of all income being held by the richest 1 percent. For perspective, the richest 1 percent held no more than 11 percent of all income during the height of middle class prosperity from 1947 to 1979.^[3] And it is getting worse. Between 2009 and 2012, during the economic recovery from the Great Recession, all income gains went to the richest Washingtonians. The remaining 99 percent saw income decline.^[4]

An economy cannot sustain itself when such a small share of the population benefits from the economic activity that all Washingtonians work so hard to create. On most indicators of economic security, Washingtonians are going backwards:

- Median household income declined by \$4,000 between 2008 and 2013, from \$62,486 to \$58,405. Median income varies considerably by race and ethnicity (Figure 4), with most people of color having incomes lower than the state median.
- The share of low-income people who do not have enough income to meet basic needs has increased, now encompassing nearly one-third of all Washingtonians (31 percent). Many children of color experience rates of economic hardship much higher than the state average (Figure 5). (Low income is defined as having an income below 200 percent of the federal poverty line. The 2015 poverty line is \$20,090 for a family of three.^[5])
- The number of school children who were homeless increased from 20,780 to 32,494 between 2008 and 2013.
- A bigger share of Washingtonians (25 percent) lack enough resources to withstand a personal or economic crisis today than they have in the past.

TABLE 1:

SHARED PROSPERITY: KEY INDICATORS OF PROGRESS^[6]

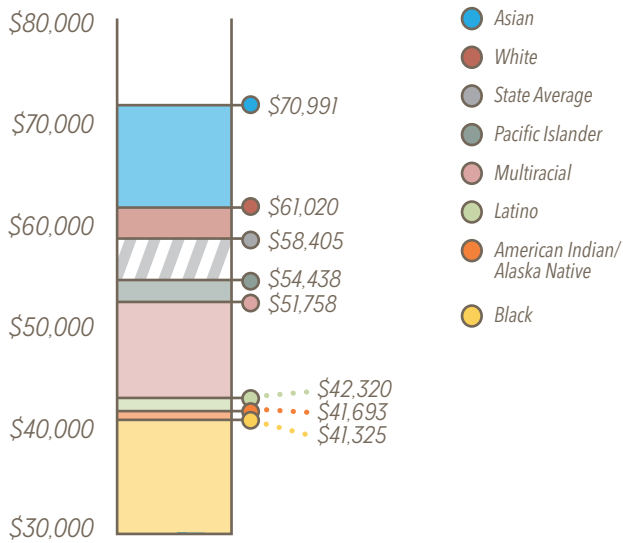
ARE WE MAKING PROGRESS?

	2000	2008	2013	Progress
Share of income held by top 1 percent	22% (2000)	21% (2008)	23% (2013)	✗
Median household income (2013)	\$61,205 (2000)	\$62,486 (2008)	\$58,405 (2013)	✗
Share of people with low incomes (below 200% of the federal poverty line)	26% (2000)	27% (2008)	31% (2013)	✗
Number of homeless children in public schools	*	20,780 (2008-09)	32,494 (2013-14)	✗
Share of households that do not possess enough assets to withstand a financial crisis	20% (2000)	23% (2008)	25% (2013)	✗

*Data not available or not comparable to subsequent years

FIGURE 4:
PEOPLE OF COLOR FACE GREATER BARRIERS TO ECONOMIC SECURITY

Median household income in the past 12 months by race/ethnicity, WA, 2013

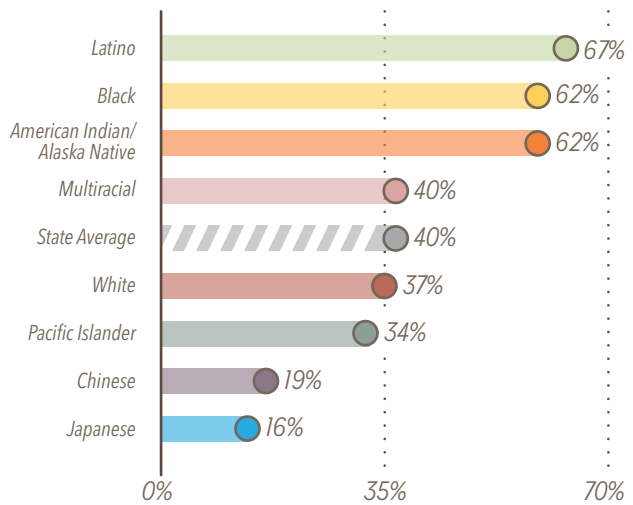


Source: B&PC analysis of 2009-2013 ACS 5-year estimates, table B19013

Note about data: Disaggregated data is presented to provide a preliminary understanding of disparities by race and ethnicity. On its own, this data tells a limited story about the populations it represents. We encourage users of this data to engage with communities of color to develop a more accurate and meaningful understanding than the data allow.

FIGURE 5:
MORE KIDS OF COLOR LIVE IN HOUSEHOLDS WITH LOW INCOMES

Percent of children living below 200% of the federal poverty line by race/ethnicity, WA, 2012



Source: B&PC analysis of 2008-2012 ACS Integrated Public-Use Microdata 5-year estimates

Note about data: Disaggregated data is presented to provide a preliminary understanding of disparities by race and ethnicity. On its own, this data tells a limited story about the populations it represents. We encourage users of this data to engage with communities of color to develop a more accurate and meaningful understanding than the data allow.

ARE SOCIAL PROGRAMS WORKING TO REDUCE THE IMPACT OF POVERTY?

Social programs and health and human services intended to keep children and families out of poverty are working. After factoring in benefits such as cash assistance and child care subsidies (WorkFirst and Working Connections Child Care), food assistance (Supplemental Nutrition Assistance Program), and unemployment insurance, 241,000 children were kept out of poverty. In Washington state (**Table 2**):

- The drop in poverty can largely be attributed to the expansion of the Supplemental Nutrition Assistance Program (SNAP) in 2008. SNAP responded well to rising rates of economic hardship among Washingtonians during the Great Recession and the slow recovery. The number of people served increased from 46 of every 100 Washingtonians in need of assistance in 2008 to 67 of every 100 in 2013. While a positive trend overall, changes to food assistance during the recession hurt people of color by reducing eligibility for the state Food Assistance Program.
- Unemployment insurance (UI) through the U.S. Department of Labor also modestly expanded during the recession in response to the increase in unemployment, which even in 2013 remained historically high in Washington state at 6.7 percent. UI helped 49 percent of unemployed Washingtonians make ends meet in 2013, compared to 40 percent in 2008.
- Programs that experienced significant budget cuts couldn't respond to the needs of Washingtonians as well as SNAP or UI. WorkFirst – Washington state's version of Temporary Assistance for Needy Families (TANF) – and Working Connections Child Care (WCCC) serve significantly fewer children today than they did in 2008, even though poverty remains high.

- Housing assistance is helping to move many Washingtonians into stable housing, although results differ depending on the program accessed and circumstances of the people served. Sixty-three percent of people receiving rapid re-housing exit into stable housing, as do 59 percent of people receiving transitional housing. People in emergency shelters are the least likely to exit into stable housing.

TABLE 2:

SOCIAL PROGRAMS: KEY INDICATORS OF PROGRESS^[7]

ARE WE MAKING PROGRESS?

Number of children kept out of poverty as a result of social programs	*	*	241,000 (2013)	Trend data not available
Share of unemployed people receiving unemployment insurance (UI)	49% (2000)	40% (2008)	49% (2013)	—
Number of children receiving Temporary Assistance for Needy Families (TANF) <i>(per 100 children living below 200% of the federal poverty line)</i>	47 (2000)	40 (2008)	28 (2013)	✗
Number of families receiving Working Connections Child Care (WCCC) <i>(per 100 children living below 200% of the federal poverty line)</i>	20 (2000)	21 (2008)	13 (2013)	✗
Number of people receiving Supplemental Nutrition Assistance Program (SNAP) benefits <i>(per 100 people living below 200% of the federal poverty line)</i>	32 (2000)	46 (2008)	67 (2013)	✓
Percent of people in stable housing following homelessness assistance <i>By type of assistance</i>	Rapid re-housing	*	63% (2013)	Trend data not available
	Transitional housing	*	59% (2013)	Trend data not available
	Emergency shelters	*	16% (2013)	Trend data not available

*Data not available or not comparable to subsequent years

LOOKING AHEAD

HOW WASHINGTON CAN MAKE PROGRESS ON ECONOMIC SECURITY

- Ensure more Washingtonians benefit from our growing economy by creating a more equitable tax system. People with the lowest incomes pay seven times more in taxes (17 percent of their income) than the richest 1 percent (3 percent of their income). *(See the Revenue section for more information on tax policy).*
- Rebuild social programs so they better meet the basic needs of entire families – parents and children – during periods of personal difficulty or economic downturns.
- Strengthen social programs by increasing opportunities for people with low incomes to get higher-education credentials and degrees as well as to participate in career training that leads to high-skill, high-wage work.