Increasing Economic Support for Low-Income Californian Families: During COVID-19 and Beyond

On December 10th, 2020 the California Initiative for Health Equity & Action (Cal-IHEA) convened a panel of experts to discuss key policies to move the needle on economic and labor supports for Californian families during the COVID-19 Pandemic. Our goal was to identify ways in which policies like the Earned Income Tax Credit and paid family leave can support Californian families that are struggling during the Pandemic. The webinar was co-sponsored by The Robert Wood Johnson Foundation’s Policies for Action Research Hub at The Institute for Women’s Policy Research (IWPR), The Office of Assemblywoman Buffy Wicks, and Blue Shield of California Foundation.

Dr. Michael Reich (UC Berkeley), Dr. Rita Hamad (UCSF), Jenna Gerry (Legal Aid At Work), and Bridget Shea (Paid Leave U.S.) presented on the topic of promoting and expanding economic policies to benefit the health and wellbeing of working families during the pandemic. Their presentations focusing on paid leave, the impact of labor market policies on mental health, and the Earned Income Tax Credit. Assemblywoman Buffy Wicks provided opening remarks, and the panel was moderated by Professor Will Dow from UC Berkeley’s School of Public Health.

“I get people asking me all the time when are we gonna go back to normal? And what I say to them is, I don’t want to go back to normal… normal wasn’t working for so many people to begin with.” - Asm. Buffy Wicks

Assemblywoman Wicks’ opening remarks focused on the disproportionate number of working women and especially women of color that have faced hardship and unemployment due to the economic crisis caused by COVID-19. Asm. Wicks noted that it is vital that policymakers come together to do more for working families during the pandemic, highlighting the exclusion of paid leave for working families from the current federal relief package in particular. The Assemblywoman encouraged community members and advocates to think through bold solutions that will support economic recovery for working families following the end of the pandemic. She also noted the importance of using a racial equity lens to analyze the economic disparities created by COVID in order to create targeted solutions.

“Suicides are affected by economic conditions, for example by the unemployment rate. We’re finding here that when you improve people’s lives by raising their minimum wage or giving them a higher EITC, that there are fewer suicides.” - Professor Michael Reich

Professor Michael Reich spoke on his research studying minimum wages and the earned income tax credit (EITC), more specifically how economic policies aimed at low income workers affect deaths from drug and suicides. Over the last 20 years, there’s been a dramatic increase amongst “deaths of despair,” casualties driven by drugs, suicide, and alcohol. In his recent work, Professor Reich studied state level...
policy variation and mortality shifts in response to more generous economic policies by comparing outcomes in states with policy changes and those without. Their research determined that a ten percent higher minimum wage resulted in 3.0 percent fewer non-drug suicides, and a ten percent higher EITC resulted in 4.8 percent fewer non-drug suicides - these effects become greater amongst women. Ultimately, while economic policies resulted in significant reductions in non-drug suicides, there was no evidence of effects on drug related deaths. Professor Reich noted a number of key lessons for the current moment:

- When in a public health crisis as well as an economic crisis, we should be cautious in making predictions.
- Initial Covid 19 policy response included significant income support policies for laid-off workers.
- Findings suggest such economic support policies may mitigate adverse mental health impacts.

“Providing a more steady stream of income is likely even more relevant during the COVID pandemic, when many families’ incomes are volatile due to periodic business closures, school closures, etc.” - Professor Rita Hamad

Professor Rita Hamad spoke about the EITC, the country’s largest poverty alleviation program for families that is disbursed as a lump-sum tax refund to low-income working families when they file their taxes. Over half of states have supplemented the federal EITC and in California, 1 in 5 state residents are EITC state recipients. The health effects of the EITC are mixed but generally positive, resulting in improved infant birthweight and development for children; improved food security, mental health, and reduced smoking for adults; and even larger improvements for black mothers despite unclear (and perhaps negative) effects on obesity and metabolic markers. However, there still exists the challenge of low take-up and lump-sum distribution. Low take-up means that only an estimated 70-80% of eligible families receive their benefits. These persisting challenges are likely even more amplified during the pandemic, when access to in-person tax support is lower, when outreach efforts may not be as vigorous, and when policies are changing at times rapidly. In Figure 1, the dotted line represents the required filing threshold. Those below the line aren’t required to file taxes because their incomes are low; however if they don’t file taxes, they don’t receive their EITC. Additionally, the lump-sum distribution of the EITC has shown to result in fluctuations in health. While an “Advance EITC” distributed funds throughout the year was shown to reduce debt and improve food security, there was low take-up potentially due to the logistical difficulties around signing up. In response to these EITC challenges, Professor Hamad suggests the following:

- Policy recommendation around low take-up
  - Targeted information nudges should not be sole strategy
  - Reduce administrative burdens of tax filing
  - Increase availability of free tax preparation services
- Policy recommendations around lump-sum distribution
  - Consider distributing EITC payments throughout the year
  - Evaluate ways to do this without excessive administrative burden
“And we know that women in particular... are shoulder a large caregiving burden and are leaving the workforce. Today there are nearly 2.6 million fewer women in the workforce or who are looking for work than in November of last year.” - Bridget Shea

Bridget Shea focused on the importance of expanding paid family medical leave during the pandemic. In particular, she highlighted the disparate impact of the pandemic on the job prospects and economic wellbeing of Black and Latina women. Bridget highlighted research by the Urban Institute that demonstrated that states that already offered paid family leave were able to quickly pivot before the Family First Coronavirus Response Act (FFCRA). Bridget touched on key factors that are vital for a proper paid leave program including:

- 6 Months of paid family and medical leave
- 100% paid for low-income working families
- Inclusion of all workers including gig economy workers
- Inclusion of parental, caregiving, and personal medical leave
- Usage of a social insurance model based on what works at the state level

“Research shows that paid leave has tremendous benefits for families health, wellbeing, and economic security. But before the pandemic, the U.S. was nearly alone in the world in having no federal paid leave policies.” - Jenna Gerry

Jenna Gerry highlighted how far the United States lags behind the rest of the world in regards to paid leave. She noted the major gaps that currently exist in the emergency paid sick leave policies that were passed in response to COVID-19 citing the fact that the extension expires at the end of the year and that it excludes leave to care for family members or deal with school closures. Further she highlighted the
insufficient amount of paid leave Californians are given under the current statute and the gaps that exist in the state’s paid family & medical leave program including insufficient wage replacement rates. Jenna proposed several key policies to strengthen economic supports for low-wage Californians including:

- Expanding job protection to newer and part-time workers
- Ensuring that policies support caregiving across the spectrum and not just parents
- Increasing the wage replacement rate, particularly for low-wage workers while also ensuring that employees do not bear the full costs.

Q&A

What are the barriers to further policy innovation in CA around paid family leave? And to what extent will it be important to work with stakeholders that haven’t traditionally been allies on this work, such as Chambers of Commerce, etc. in order to continue expanding such policy making?

Jenna Gerry noted that there exists this idea that it’s “employer vs employee” that stands as a central barrier we must overcome - both can’t function without the other. Studies have shown that policies like paid family leave benefit both employer and employee by increasing retention and productivity. This reformed narrative is starting to catch up with progress business groups partaking and promoting paid family leave. In CA there is currently a Paid Family Leave Task Force that includes business representatives from the Small Business Majority, the Bay Area Council, and Unite LA who have signed onto new recommendations. Their conversation was productive and grounded in a shared understanding that the system is broken, paid leave policies are necessary, but that there exist complications that make it difficult to implement economic support policies. The Task Force’s recommendations included paid family leave and job protection, as well as support for small businesses. Within these recommendations was a proposal to have grants for small businesses so that they can hire temporary workers. Ultimately, a reframing of an issue is required in order to ensure that policies are put in place that benefit both stakeholders.

Bridget Shea echoed Jenna’s comments and added that PL+US has also been seeing interest at the national level as well that’s helped drive conversation. Additionally, at the state level one must only turn to Colorado and their paid leave victory where voters made clear that they wanted a paid family and medical leave program. They are these victories that continue the momentum at the national policy level,

What policies can improve economic conditions for Latina and African American women, since these groups have had the largest sustained unemployment losses this year? What are the most important things that could be done to particularly target this vulnerable group?

Professor Reich noted that lowering the unemployment rate is a vital first step in improving economic conditions for the overall population. However, related economic recovery programs that would be put in place will disproportionately benefit those who have been most hurt, particularly women of color. In conjunction with these efforts, raising the minimum wage to $15 at the federal level would also support this demographic because they are often the lowest paid. Recent studies have shown that raising the minimum wage is a substantial way to reduce racial wage gaps for those who do have jobs.

Professor Hamad added that for individuals who are not employed, other policies like paid leave would allow people not to have to quit their jobs whenever they have to take extended time off. Additionally,
supporting working mothers through childcare related policies would also serve to be beneficial. Childcare, particularly during COVID, has resulted in women being more likely to quit their jobs or work fewer hours to ensure that their children are taken care of. Ultimately, there’s a network of policies that can be helpful in these situations to reduce these inequitable racial disparities.

About the Authors

Camille Cooley is a first-year MPH student in Health Policy and Management. She earned her bachelor’s degree at Northwestern University, where she studied Human Development and Psychological Services, with a minor in Global Health studies. Camille has experience conducting health services research focused on delivery system transformation. Prior to graduate school, Camille spent time at Northshore University Health Systems’ Research Institute where she focused on research aimed at optimizing disease diagnosis and care management. She later transitioned into a role at NORC at the University of Chicago where she spent two years working as a research analyst in their healthcare department, supporting federal and state evaluations for agencies like CMS and PCORI. Her interests include disability policy, particularly for adults and their aging caregivers, improving access to care for low-income populations and immigrant communities, accountable care organizations, alternative payment models, and Medicaid policy.

Denzel Tongue is an Oakland native and a first-year MPP student at the Goldman School of Public Policy. He graduated Cum Laude from Occidental College with a B.A. in Sociology and a minor in Public Health. Following graduation, he returned to his hometown to work on health equity initiatives in Alameda County. While serving as the Health Equity Fellow at The Greenlining Institute he led Greenlining’s workforce development and Boys and Men of Color portfolios. Following the completion of his fellowship, he transitioned into a role with The California Immigrant Policy center where he spent two years helping lead a statewide campaign focused on expanding Medi-Cal access to undocumented immigrants. Denzel is a dogged health equity advocate who aspires to improve health outcomes for BIPOC and low-income communities in the East Bay Area. He currently serves as an opinion columnist with The California Health Report. Denzel's interests include eliminating structural health inequities through health policy and racial equity initiatives.
References:


