PROVIDING FAMILY BENEFITS *in* WASHINGTON STATE

Matt Bruenig & Kamau Chege

PEOPLE'S POLICY PROJECT *with*
WASHINGTON COMMUNITY ALLIANCE

Contents

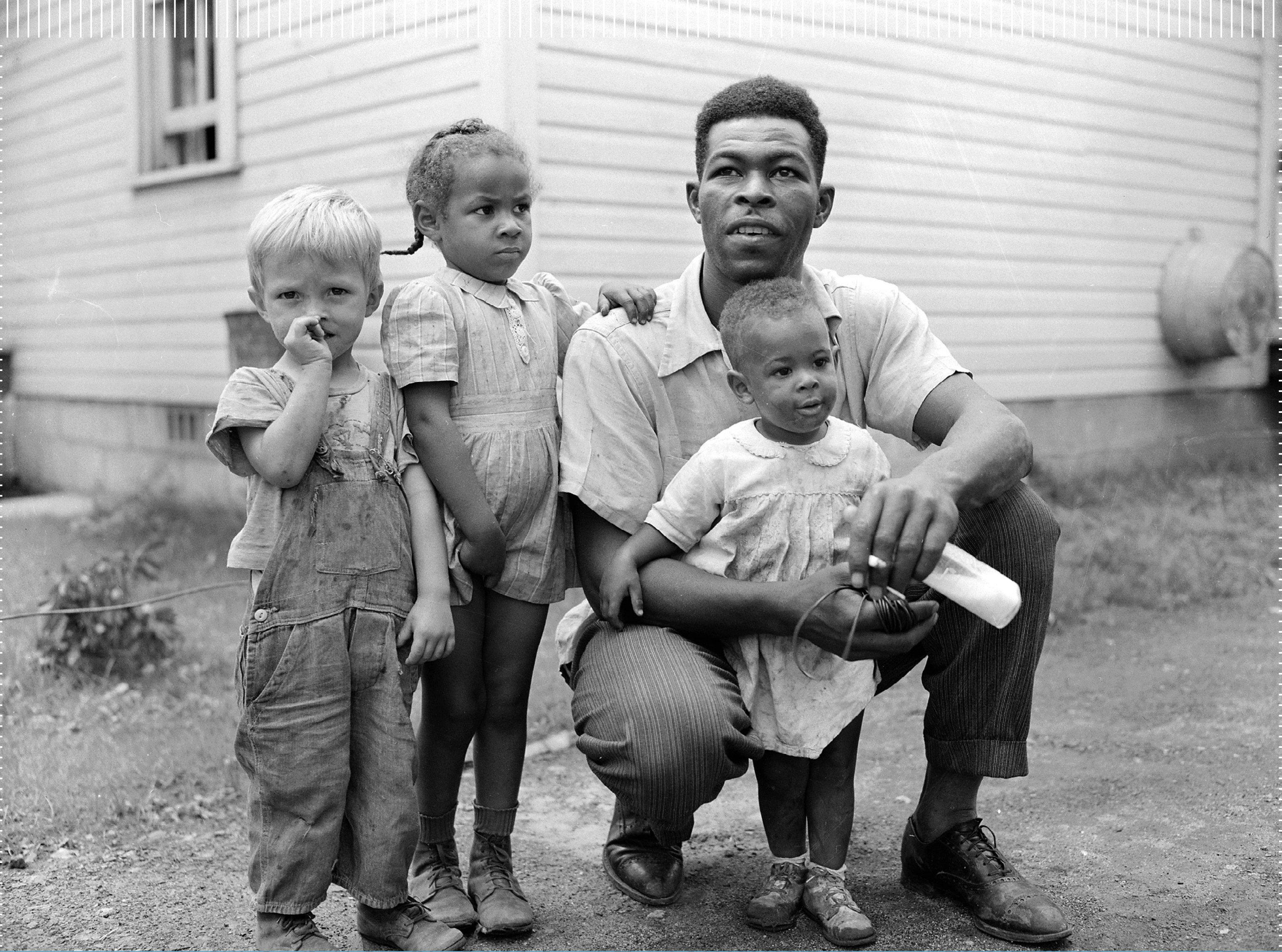
Preface

WASHINGTON STATE VOTERS HAVE become increasingly supportive of expanding pro-worker policies and public services over the past two decades, leading to legislative mandates to build a stronger foundation for working families. Legislators and voters have enacted multiple policy successes, including a $16.28 minimum wage, expanded eligibility for the food stamp program, and expanded eligibility for the Medicaid program.

Despite these successes, Washington still has a ways to go in fully enabling working families to be the engine that powers our economy. In this paper, we aim to address certain areas of Washington state family and economic policy, identifying where they fall short and how they could be improved.

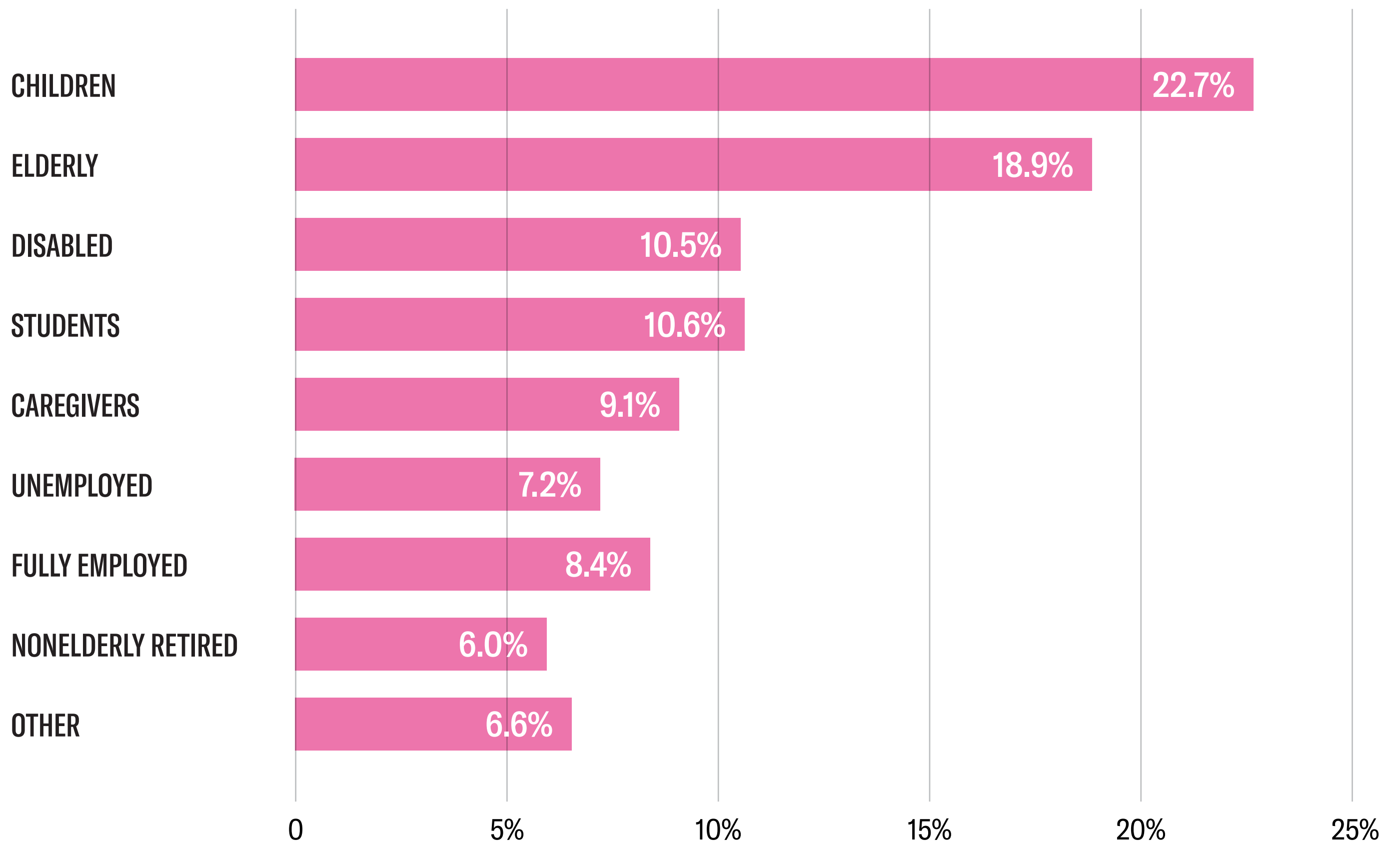
To begin, we analyze two important, relatively recent policies: the **Paid Family & Medical Leave** (PFML) program and the **Working Families Tax Credit** (WFTC). These watershed programs support hundreds of thousands of Washingtonians. However, they are also hindered by outdated, Reagan-era policy design that prevent them from achieving their stated goals and the ideals shared by advocates who fought hard for them. For example, our analysis shows that the WFTC program policy can reliably be expected to continuously exclude half of low-income children from the benefit, many of whom are from the most vulnerable Washington families, mainly as a result of inequitable policy design that exacerbates economic and racial disparities. We explain how the design of these programs can be improved by following best-practices and minimizing administrative burdens for the people most in need. Finally, we provide policy guidance for the urgent problem of unaffordable child care and pre-K.

Although this paper is explicitly focused on Washington, it is also a paper about state governance more generally. The policies discussed are non-partisan and would benefit communities of all backgrounds. The conservative think tank, American Compass, conducted polling in 2021 that found across all classes and regardless of parental status, 60–75% of Americans say that the government should do more to support families. Common sense policies such as family benefits are supported by both the Left, Right, and Center in many peer countries. Now is the time to bring our social safety net past Reagan and Clinton era design failures and into a thriving future where no one is left behind.



INTRODUCTION

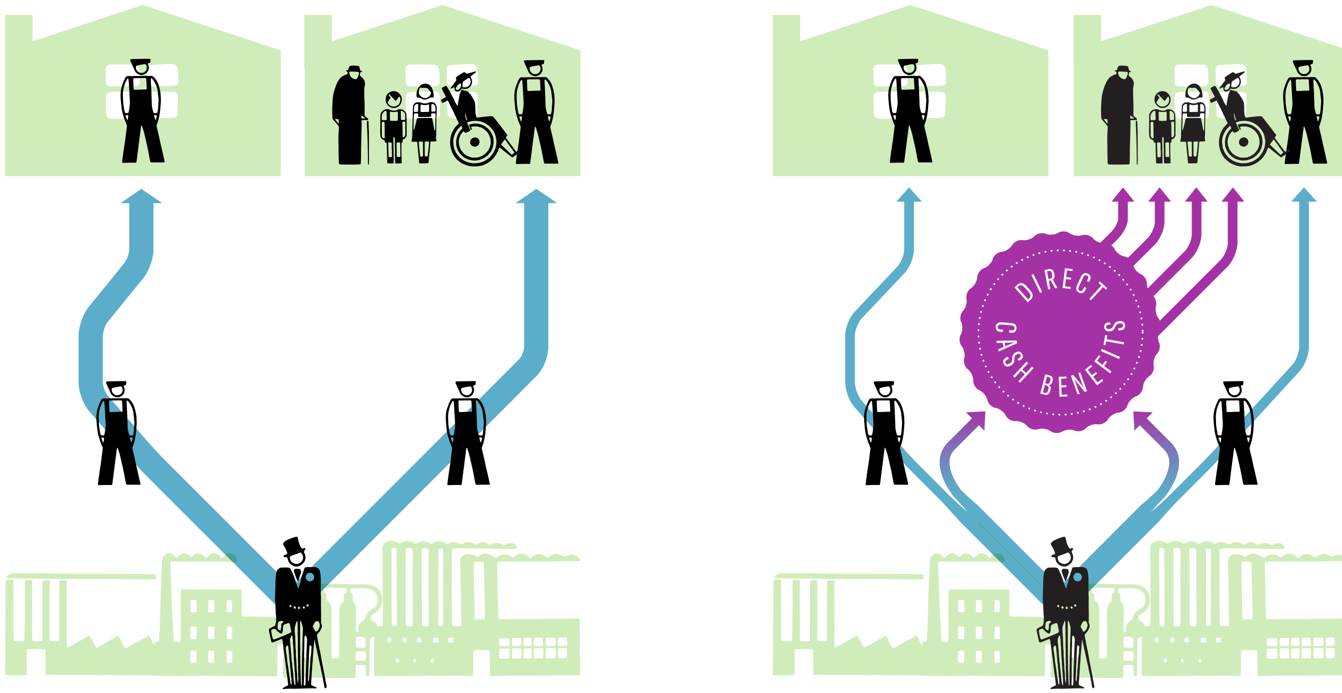
AN OVERVIEW OF POVERTY IN WASHINGTON
AND SOCIAL SAFETY NET DESIGN



WHO ARE THE WASHINGTON POOR? (SPM INCOME 2022)

Last year, we published research on which populations constitute the poor in Washington State, utilizing microdata files from the Census's **Annual Social and Economic Supplement of the Current Population Survey** (CPS ASEC).

Almost two-thirds of Washington's poor in 2022 are children, elderly, disabled, or students. These groups generally do not have access to labor income or passive investment income, and our inadequate safety net does not provide enough support to keep them out of poverty. In a wealthy state like Washington, it is deeply shameful that children make up the largest group in poverty.



A primary goal of social benefits is to ensure that these groups receive adequate income. The above graphic, which was initially produced in 1940s Switzerland, provides a useful visualization of why social benefits are necessary to achieve this purpose.

In the first panel of the graphic we see two identical workers who do equal work and receive equal pay. Let's assume they live in Yakima, WA. One worker lives alone and even if they have a minimum wage job, they'll earn $33,862 this year. They may not be able to afford a luxurious lifestyle, but they are well above the federal poverty measure of $15,060, and above the Self-Sufficiency Standard of $24,000, which accounts for local living costs such as housing, food, transportation, and healthcare. The other worker, however, lives with an elderly parent, a disabled spouse, and two kids. In this scenario, they'll earn $33,862 this year, but because the latter worker has to stretch his pay across five people, he falls below the federal poverty measure of $36,580 for a family of 5, and well below the Self-Sufficiency Standard of $60,000 for a household of that size in Yakima County.

Thus, we see that, despite having identical paychecks, the two workers have very unequal livelihoods.

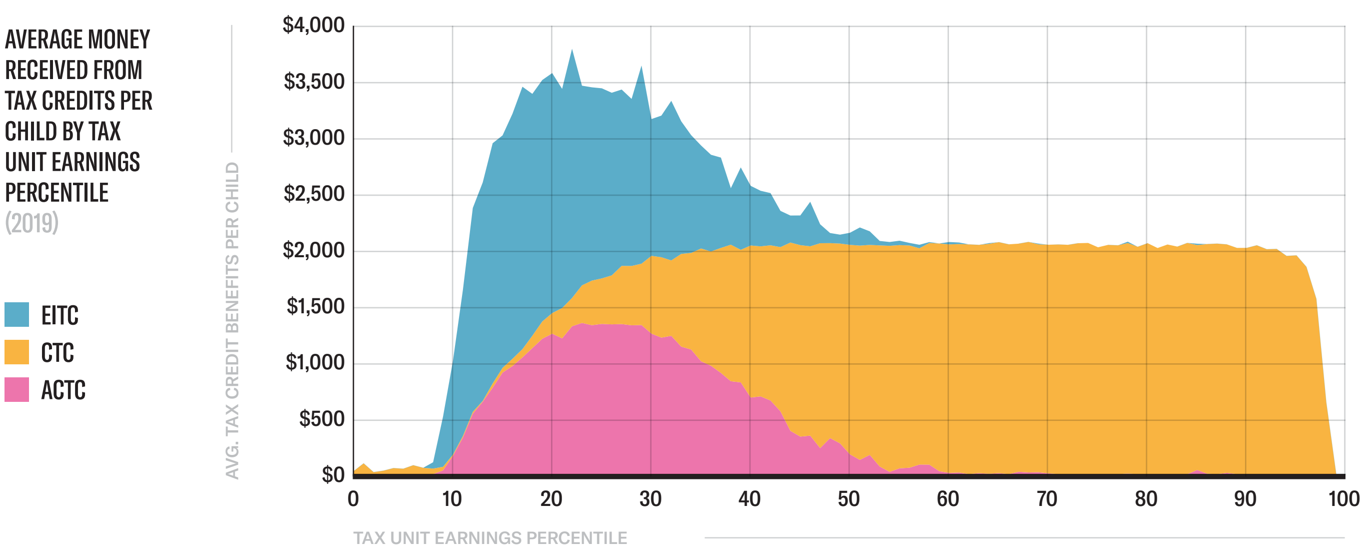
In the second panel, the social safety net comes in to fix this problem. Each worker pays taxes that in turn fund a social safety net that pays out cash benefits to the elderly parent (old-age benefits), the disabled spouse (disability benefits), and the children (child benefits). The social safety net thereby ensures that the two workers, earning the same wage, now enjoy fairly equal livelihoods.

Our federal and state governments offer Social Security and disability benefits (with room for improvement). However, the United States and Washington State are far behind most of the developed world when it comes to benefits for families with children.

The main cash benefits for children in the United States—federal Child Tax Credit and Earned Income Tax Credit—phase-in based on income, meaning that they are designed to intentionally exclude the poorest children.

To understand how these benefits are distributed, we produced a graph using the Annual Social and Economic Supplement of the Current Population Survey. The graph shows how much money families receive, per child, from these programs at every percentile of the earnings distribution.

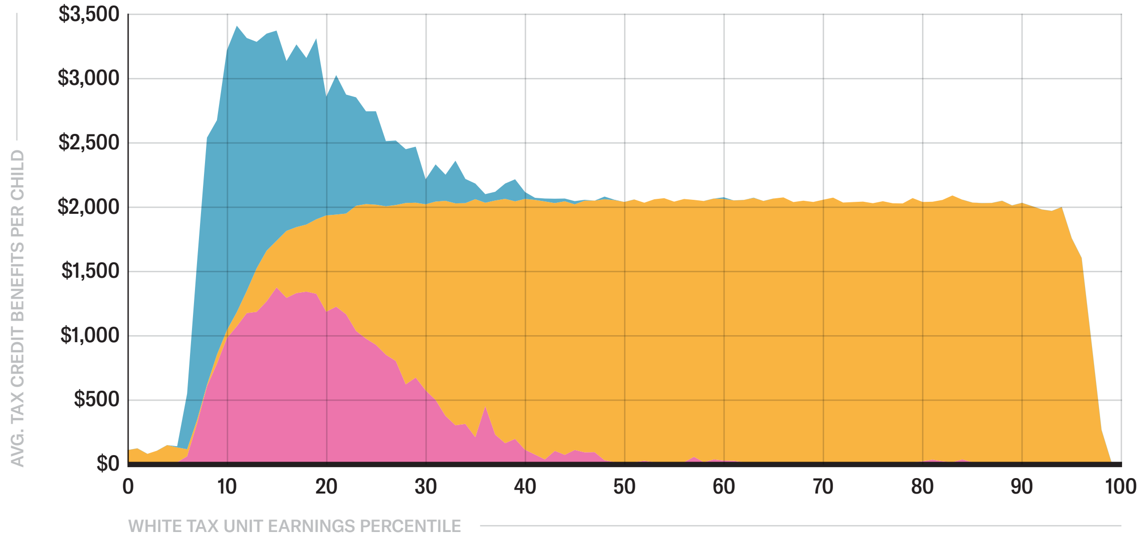
AVERAGE MONEY RECEIVED FROM TAX CREDITS PER CHILD BY TAX UNIT EARNINGS PERCENTILE (2019)



The poorest families, almost one in ten households, receive no benefits from the Child Tax Credit or Earned Income Tax Credit under this means-testing regime. We also carried out the same analysis, but this time for each racial group. Below, we show the graphs for White, Latino, and Black households.

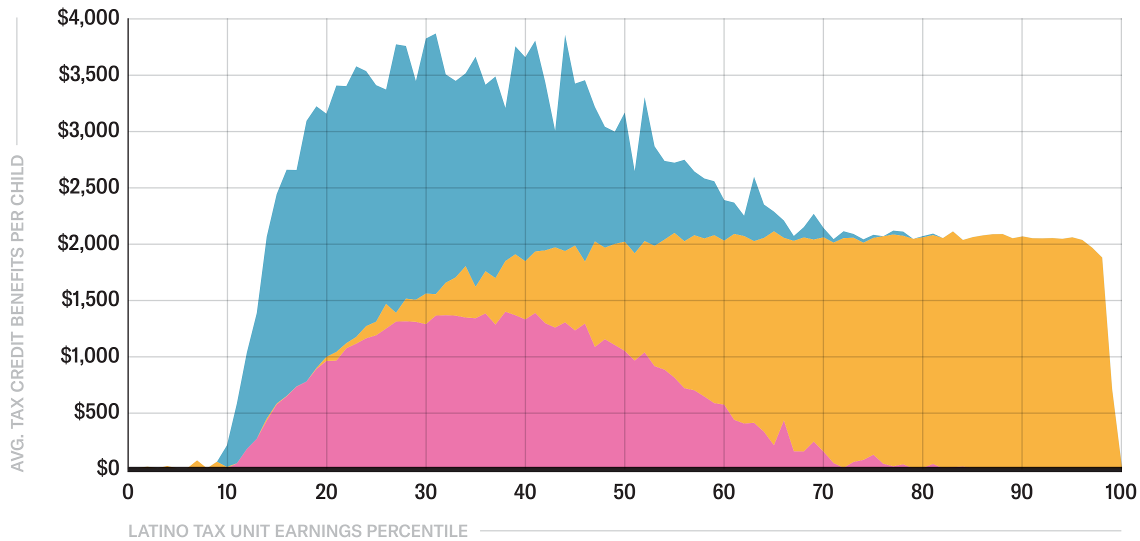
AVERAGE MONEY RECEIVED FROM TAX CREDITS PER CHILD BY **WHITE** TAX UNIT EARNINGS PERCENTILE (2019)

EITC
CTC
ACTC



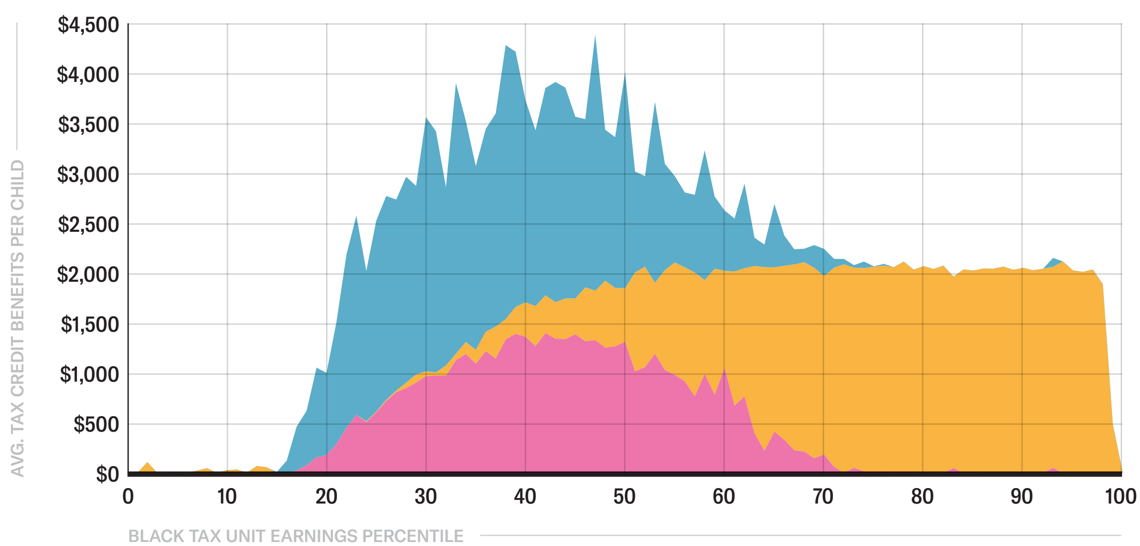
AVERAGE MONEY RECEIVED FROM TAX CREDITS PER CHILD BY **LATINO** TAX UNIT EARNINGS PERCENTILE (2019)

EITC
CTC
ACTC



AVERAGE MONEY RECEIVED FROM TAX CREDITS PER CHILD BY **BLACK** TAX UNIT EARNINGS PERCENTILE (2019)

EITC
CTC
ACTC



As you can see, the phased-in design of these tax credits create racial disparities: around 5 percent of White families are too poor to receive benefits compared to 15 percent of Black families. And yet, the amount of poor families excluded is even greater than the graphs above suggest. The numbers in those graphs assume that all eligible children receive the benefits that they are entitled to. But we know from IRS and Census data that this is not true.

According to the IRS, only 78 percent of eligible tax units receive the EITC benefits that they are entitled to because of administrative burdens. And, according to the Census, nonparticipation in the EITC is skewed towards lower-income families with children. It's time that legislators and fellow anti-poverty advocates take seriously what the data has been telling us for years: means-tested policy designs that are implemented through the tax filing system have become an unworkable mess that fails the very people we seek to support. In a 2020 report, The Century Foundation think tank explained the consequences succinctly:

> The main reason that the child poverty rate is higher in the United States than other wealthy nations is that other nations have much more robust social policies for children. Almost all wealthy nations other than the United States provide some form of child allowance to help with the costs of raising children. Child allowances are part of these countries' network of social policies, and many of these policies are highly effective at keeping children out of poverty.

The flaws of the federal Child Tax Credit are indicative of broader policy design failures in American policymaking. Means-testing became mainstream under Reagan, and this outdated framework persists to this day.

Fortunately, many of these design failures can be easily fixed. In the next section, we discuss Washington's approach to a variety of common family benefits and how that approach could be improved.

FAMILY BENEFIT 1

CASH BENEFITS FOR CHILDREN

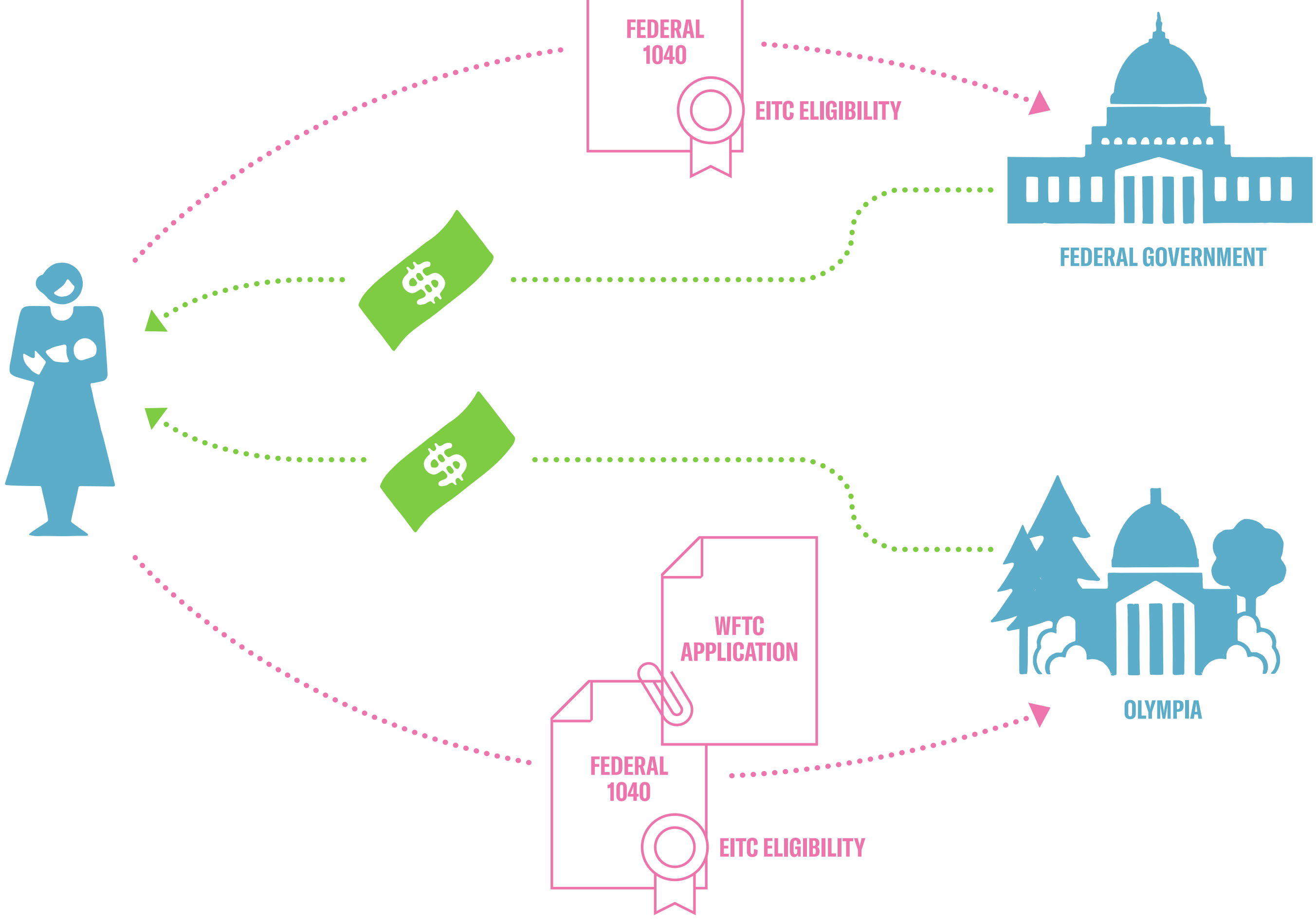
In most developed countries, families with children are entitled to a periodic cash payment to ensure that children, regardless of the income of the family they are born to, are not raised in poverty. The United States has two such benefits on the federal level—the Child Tax Credit and the Earned Income Tax Credit—but, as we've shown, the phased-in design of both programs deprive children born into lower-income households children of the full benefit and deprive the most poor child of any benefit at all.

In 2008, Washington State enacted a cash child benefit program called the **Working Families Tax Credit** (WA WFTC) but the state legislature failed to provide funding for it for fifteen years. The program recently became funded for the first time and started providing benefits in 2023.

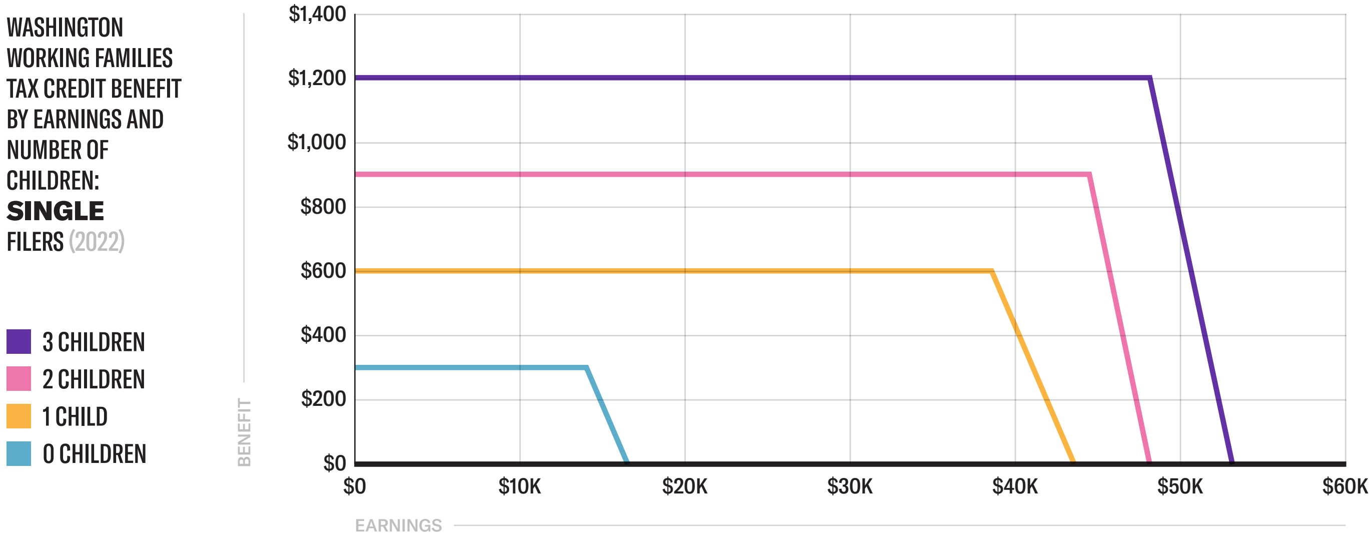
The policy was supported by a coalition of 46 diverse organizations, including many members of Washington Community Alliance, spanning from labor unions to domestic violence survivors' advocacy groups. The WFTC provides an important benefit for families that receive it.

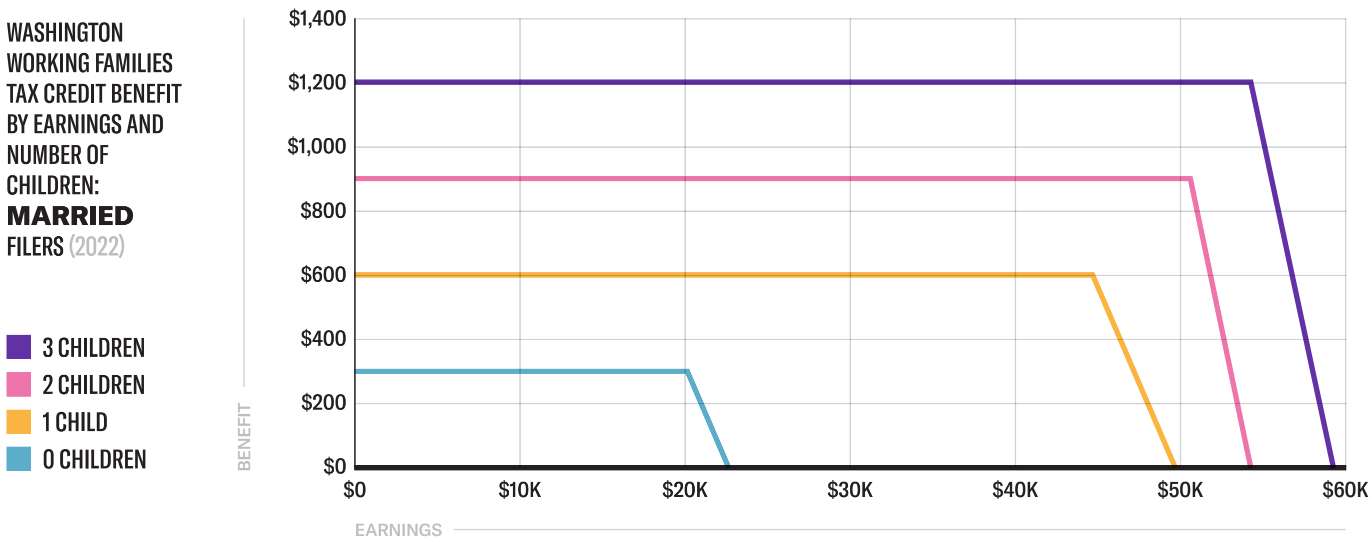
But as we demonstrate in the analysis below, the design of the program was largely adapted from the means-tested EITC and as a result excludes around half of low-income children from benefits.

Program Design



The Washington Working Families Tax Credit (statute, regulations) is based on the federal **Earned Income Tax Credit** (EITC). Under the rules of the WA WFTC program, Washington families that file a federal tax return and that are eligible for the federal EITC can claim up to $1,200 of benefits from the WA WFTC by separately filing an application to the Washington Department of Revenue with their federal tax return attached to that application.





The precise amount of the WA WFTC benefit varies by each family's tax-filing status, income, and number of children. The above two graphs neatly summarize these program parameters.

Like the federal EITC, the WA WFTC includes a tiny benefit for some childless adults between the ages of 25–64 (the blue line above), but it is primarily a benefit for children. For this reason, we will focus most of our analysis of the program on families with children.

Half of Low-Income Kids are Excluded

At first glance, the WA WFTC program appears to be designed to ensure that all Washingtonian children living in lower income families receive a few hundred dollars each year. But we can reasonably expect this will not happen for three reasons:

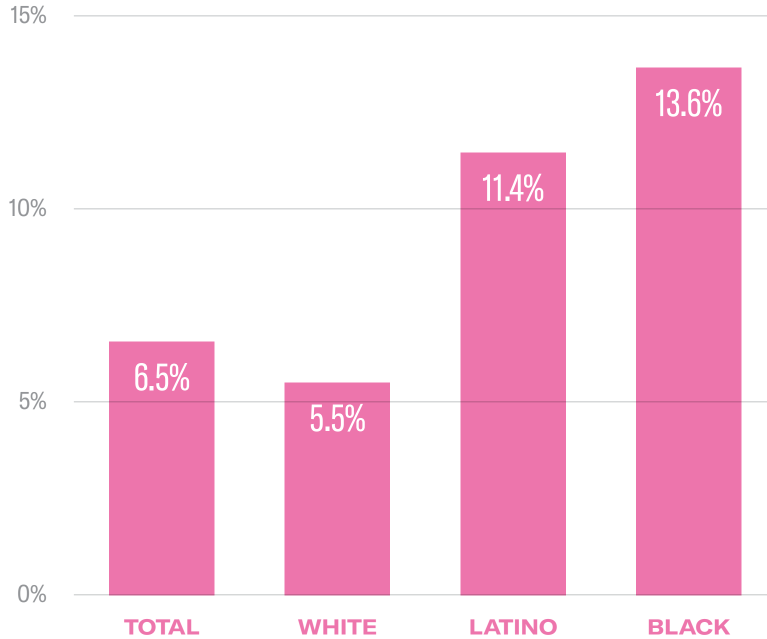
1. Children living in families with $0 of earnings are not eligible for the WA WFTC benefits.
2. Children living in families that do not file federal income tax returns are not eligible for WA WFTC benefits.
3. Children living in families that file a federal tax return but fail to separately apply for the WA WFTC will not receive WA WFTC benefits.

Using Census and IRS data, we can estimate what percent of Washingtonian kids will be excluded by reasons (1) and (2). We do not know yet how many will be excluded by reason (3), but it is likely to be substantial.

According to the **Annual Social and Economic Supplement of the Current Population Survey** (CPS ASEC), there were around 1,786,000 children in Washington in 2021. Around 117,000 (6.5 percent) of those children lived in tax units that had no earnings and were therefore ineligible for the federal EITC. The percentage of children living in tax units without earnings varies by race, as we can see in the following graph. ➤

These children are too poor to receive the EITC and, because WA WFTC eligibility is based on EITC eligibility, also too poor to receive the WA WFTC.

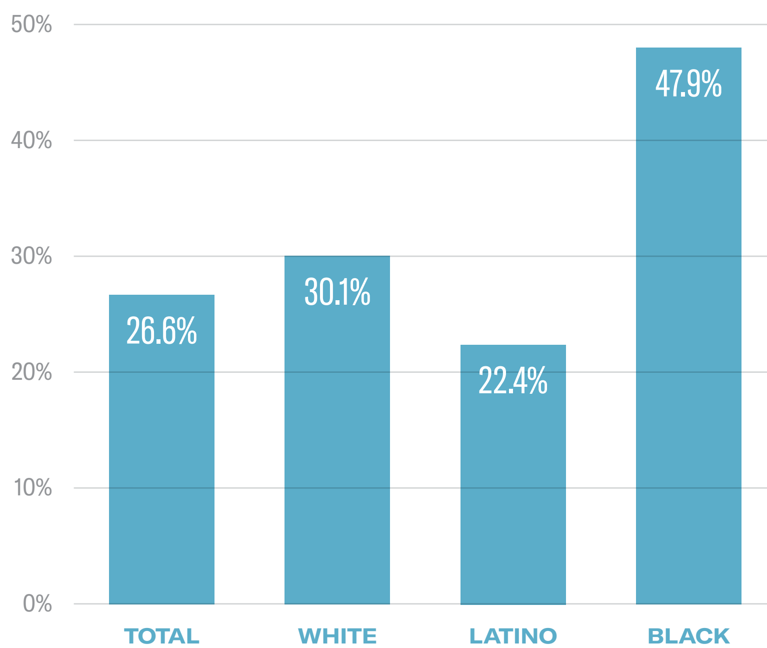
▶



PERCENT OF WASHINGTON CHILDREN LIVING IN TAX UNITS WITH NO EARNINGS BY RACE (2021) *

The above graph uses the entire child population for its denominator. But the WA WFTC is meant to be a benefit for low-income children. So in this next graph, we show what percent of low-income Washingtonian kids live in tax units without earnings. For these purposes, a kid is considered low-income if their family income makes them eligible for the EITC.

▶



PERCENT OF LOW-INCOME WASHINGTON CHILDREN LIVING IN TAX UNITS WITH NO EARNINGS BY RACE (2021) *

* *There was not enough data to analyze Asian American, Native Hawaiian, Pacific Islander, or Native American children.*

PASSENGERS ENJOY THE VIEW IN THE OBSERVATION CAR ABOARD EXPO '74 AS THE TRAIN PASSES THROUGH THE CASCADE RANGE EN ROUTE FROM SPOKANE TO SEATTLE

Overall more than one in four low-income Washingtonian kids live in families that had no earnings in 2021. For low-income Black kids, the number is nearly one in two.

Around 73.4 percent of low-income kids in Washington are eligible for the federal EITC. If all of them filed a federal tax return and subsequently filed a WA WFTC application, that is how many would receive WA WFTC benefits. But a 100% participation rate never materializes for programs like these.

According to the IRS, 25.6 percent of Washingtonian families that are eligible for the federal EITC do not apply for it, typically because they do not file federal tax returns. This indicates that, in addition to the 26.6 percent of low-income kids who are too poor to receive the WA WFTC, another 18.8 percent of low-income kids will be ineligible for the program because their family does not file federal income taxes. Combined, these two exclusions will keep 45.4 percent of low-income kids out of the WA WFTC program.

For the 54.6 percent of low-income kids whose parents have more than $1 in earnings and file federal taxes, there is one last obstacle to claiming WA WFTC benefits, which is that these parents will have to file a separate benefit application with the WA Department of Revenue with their federal tax return attached.

Unlike other state tax credit programs, this is not something that they will do as part of filing their state income taxes because Washington has no state income tax. So this will truly have to be a standalone application only for this benefit that is not part of any other administrative process.

It's hard to say for sure how many people will fail to jump through this hoop, but if the participation rates of other welfare programs are any indicator, the number will be substantial. If we assume very conservatively that only 10 percent of people will fail this hurdle, then that knocks another 5.5 percent of low-income kids out of the WA WFTC program, bringing the combined total to one in two low-income kids.

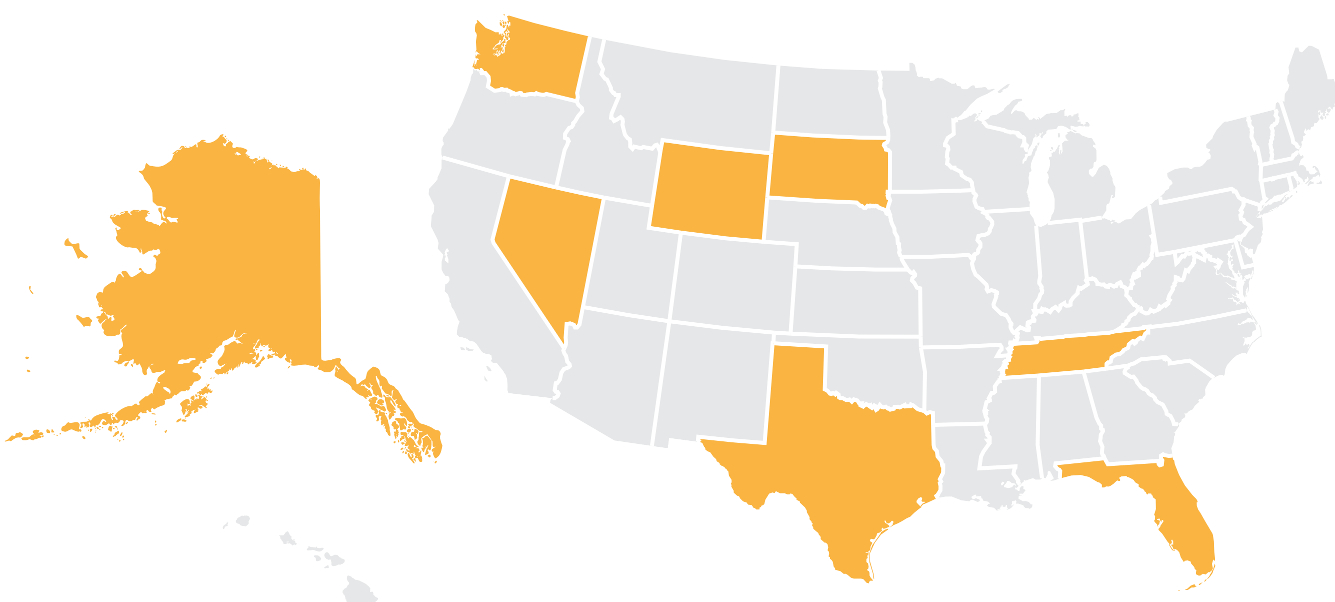
Recent data confirm this estimate. In 2023, just 190,417 applications for the WFTC were received, despite up to 400,000 individuals or families being eligible according to the Washington Department of Revenue. That is a gap that cannot be closed by more outreach, nor should community organizations bear the burden of overcoming flawed policy design by lawmakers.

Enact a Universal Child Benefit for Washington State

The WA WFTC cannot be easily fixed with a few tweaks. As we shared above, the policy's means-testing and administrative framework will result in far too many vulnerable families being excluded.

Proponents of tax credit policies suggest they are easily accessible because you just check a box on the tax forms you already have to file. This theory doesn't work well in practice, because many low-income families do not file taxes. In Washington, the downside to the tax credit approach goes beyond that because the state does not collect income taxes.

There are presently **eight states ▼** in the country that lack a state income tax. One of those states, Alaska, pays out an annual cash benefit to its residents called the [Alaska Permanent Fund Dividend](). Given Washington's similar administrative constraints, the Alaska PFD program is clearly a better model for a Washington child benefit program than state-level EITC programs in states that have income taxes.



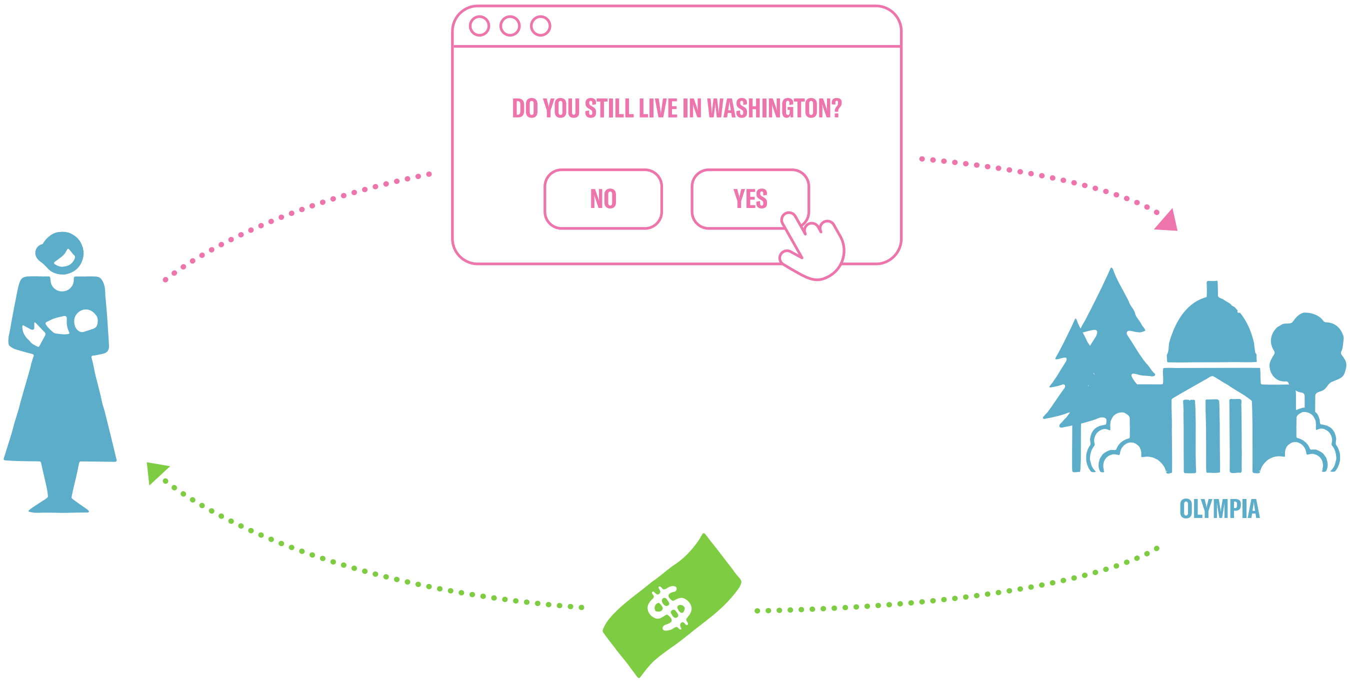
FOUR MEMBERS OF THE NAKAMURA FAMILY HOLD AMERICAN FLAGS AND STAND TOGETHER IN THE GARDEN CREATED BY MR. NAKAMURA AT 15TH AVENUE AND YESLER WAY.

A Washington Child Benefit program loosely modeled on the Alaska PFD would only really need two fiscal parameters:

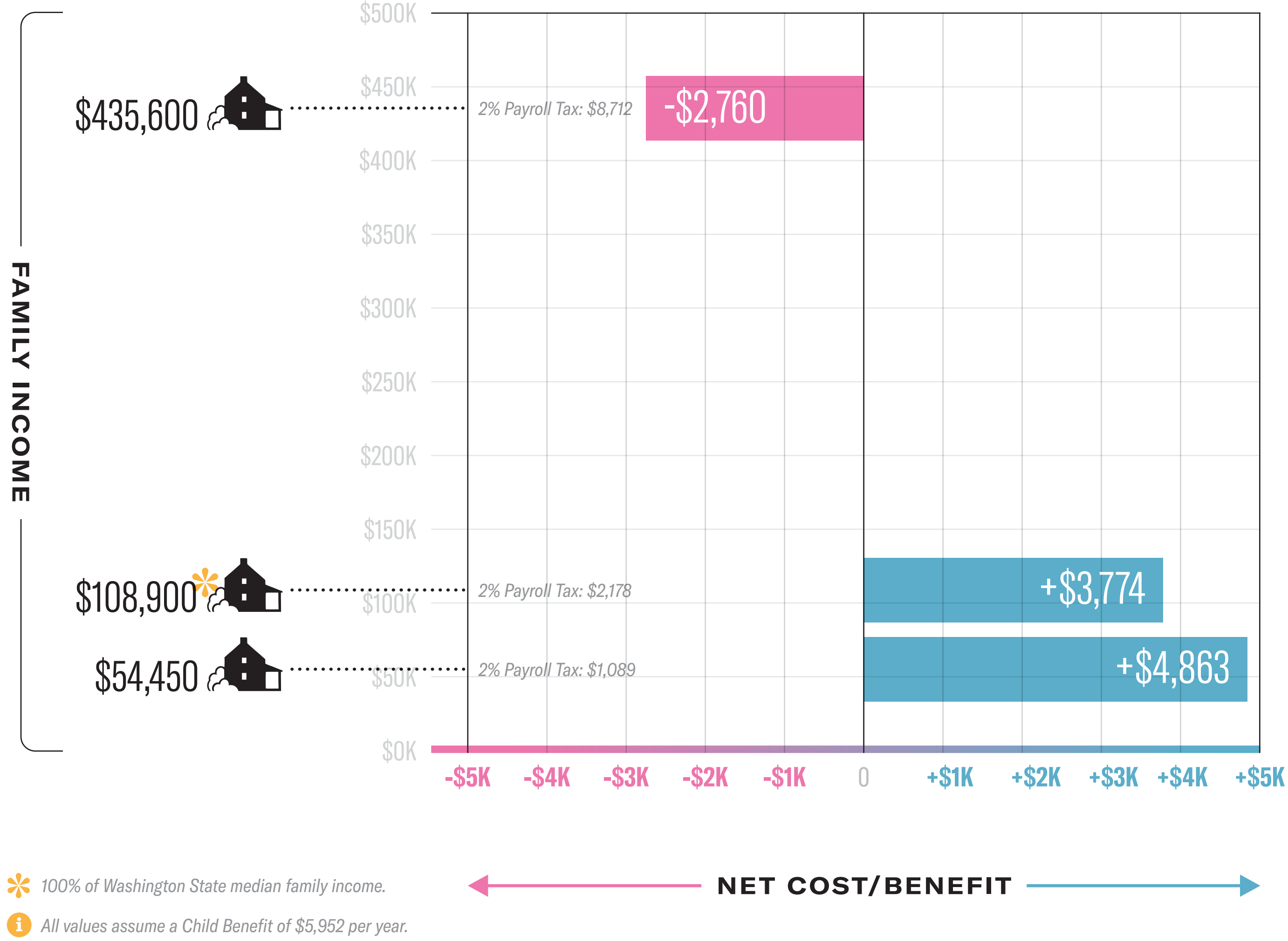
1. A dollar amount paid annually to every single child resident of the state.
2. A payroll tax that raises enough revenue to pay for (1).

Washington has no state income tax, but it currently has three payroll taxes: one that funds Workers Compensation, another that funds Unemployment Insurance, and a third that funds Paid Family and Medical Leave. As an administrative matter, it would be straightforward to add a fourth payroll tax to fund the Washington Child Benefit.

According to the CPS ASEC, Washingtonians earned around $285 billion in 2021. The **Quarterly Census of Employment and Wages** (QCEW) similarly reports total annual wages in Washington at $277 billion. A two percent payroll tax applied to the QCEW base would generate $5.54 billion of revenue, enough to provide $3,096 to all 1,785,000 children in the state. A one percent payroll tax would be enough to provide an annual universal child benefit of $1,548.



A Washington Child Benefit so designed would require an application process, but that process would be much simpler than the WA WFTC process. It would not require applicants to prove their income nor would it require them to file federal taxes. All that would be necessary is for them to certify their residency in the state. As with the Alaska PFD, after an individual has signed up once, subsequent years of benefits could be as simple as re-certifying on a website that your residency status and information is unchanged from the year before.



When people propose universal benefits like this, one common objection is that they waste too much money providing benefits to the affluent. But this is a mistaken understanding of how these benefits work. The amount someone would (net) benefit from the scheme described above is equal to the amount they receive from the child benefit minus the amount they pay in the payroll tax. The lowest income people will pay no payroll tax and thus receive the most (net) benefit. As you move up the earnings scale, the child benefit amount stays the same, but the payroll tax amount rises, driving the (net) benefit down. Thus, such a scheme actually provides (net) benefits that are directly proportional to income, with the bottom receiving the most, and the top receiving the least (indeed the top actually pays more in tax than they receive in child benefits).

LAST REMNANT OF AN INDIAN FISHING VILLAGE ON THE WASHINGTON SIDE OF THE COLUMBIA RIVER. THE SITE IS SOON TO BE TRANSFORMED INTO A MOTEL COMPLEX. 1973

In general, this kind of "universal" design is more efficient and equitable than the typical "means-tested" design that requires each person fill out paperwork to prove their income in order to determine what their benefit payment should be. But this is especially true in the case of Washington where the lack of a state income tax means that the state government simply does not have the administrative ability to cleanly execute a means-tested tax credit.

A recent analysis from the Urban Institute found cash-assistance to families results in higher birth weights, higher achievement in math and reading, and improved behavior. Policymakers should act urgently to enact a modern, universal benefit that will set up *all* our children and families for success.

FAMILY BENEFIT 2

PARENTAL LEAVE

HUCKLEBERRY PICKER,
COLUMBIA NATIONAL FOREST, 1933

The Washington Paid Family and Medical Leave (WA PFML) program was passed into law in 2017 but did not begin paying out benefits until January of 2020. The program has now been in full operation for four years and, in that time, it has produced useful administrative data about its operations (I, II). By combining this administrative data with CDC data about how many children are born in Washington and Census data about the families and work histories of Washingtonians, we can assess how effective the WA PFML program is at ensuring that parents receive cash benefits while they take care of their newborn children.

As discussed in detail below, this data reveals that the WA PFML program is underperforming relative to its goals.

Nearly four out of ten women between the ages of 18 and 45 are ineligible for benefits under the program because they do not satisfy its steep work history requirements. These work history requirements do not just disqualify nonworkers in the state. They also disqualify many workers, especially those with minimum wage or close to minimum wage jobs. These eligibility exclusions and low program participation in general has resulted in less than 40 percent of new parents receiving benefits from the WA PFML program.

Program Design

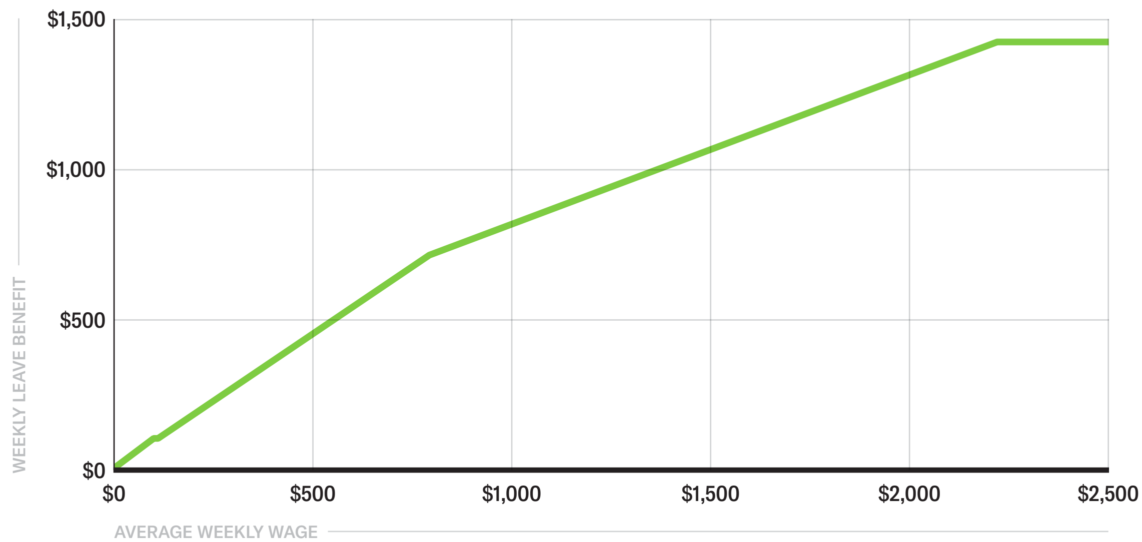
The WA PFML is funded by a flat employer-side and employee-side payroll tax assessed on all gross wages earned below the maximum taxable earnings cap of the Social Security program. The precise tax rate varies year to year based on solvency evaluations made by the program administrators. In 2023, the employer-side payroll tax was set at 0.22 percent, the employee-side payroll tax was set at 0.58 percent, and the maximum taxable earnings cap was set at $160,200. Businesses with fewer than 50 employees do not have to pay the 0.22 percent employer-side tax, but their employees are still covered by the program.

Individuals are eligible for parental leave under the program only if they have worked 820 hours in the first four of the last five completed calendar quarters or in the last four completed calendar quarters.

Eligible leave-takers receive a 12-week benefit with the weekly dollar amount set equal to a percentage of their average weekly wage. To determine someone's average weekly wage, the program administrators first add up the total amount of wages an individual received in their top two calendar quarters out of the last four (or five) calendar quarters and then divide that number by 26.

The income-replacement rate is set at 100 percent of average weekly wages below $100, then drops to 90 percent for average weekly wages beyond $111 but below half of the state average weekly wage (currently $793), then drops to 50 percent for average weekly wages beyond half of the state average weekly wage until an individual hits the maximum benefit, which is set equal to 90 percent of state average weekly wage (currently $1,427). In graphical form, the income-replacement formula in 2023 looked like this: ▼

WEEKLY PAID LEAVE BENEFIT BY PREVIOUS AVERAGE WEEKLY WAGE (WASHINGTON 2023)

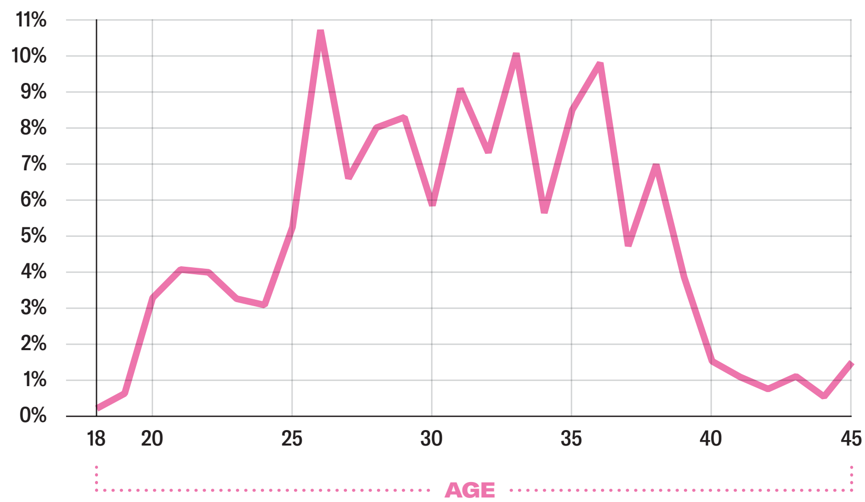


Individuals who participate in the paid leave program are legally entitled to return to their job only if they work for an employer who has 50 or more employees, worked for at least 1,250 hours in the year prior to taking leave, and are not in the top ten percent of salaried workers employed at their workplace.

This means that, although parental leave eligibility requires only 820 hours of work in the last year, job-protected parental leave eligibility requires 1,250 hours of work in the same period. It also means that small business owners, who employ around 20 percent of Washington's workers, neither have to pay the employer-side payroll tax nor have to follow the job-protection rules.

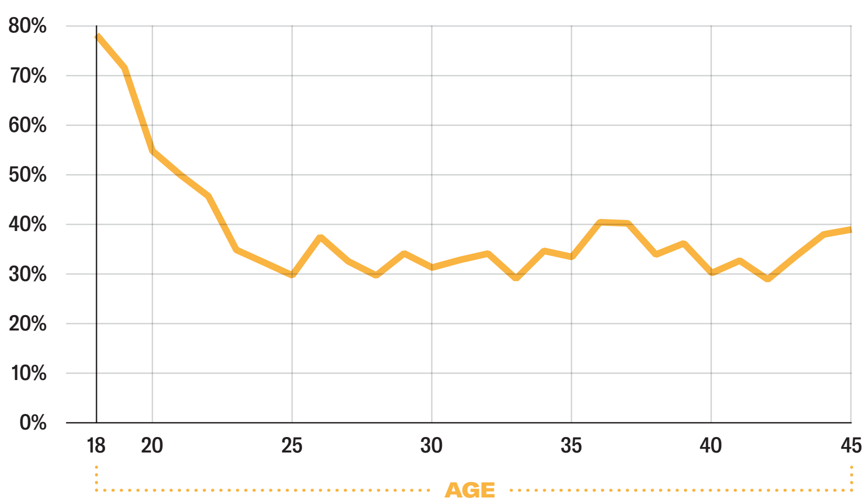
Nearly 40 Percent of Women Are Excluded From Eligibility

Washington women begin having children in significant numbers around age 18 and stop around age 45. ➤



PERCENT OF WOMEN WHO HAD A CHILD IN THE LAST YEAR BY AGE
(WASHINGTON 2021)

In this 18 to 45 age range, 38 percent of women have worked less than 820 hours in the prior year and are thus ineligible for parental leave benefits under the WA PFML program. The youngest women are especially unlikely to meet the work history requirement. ➤



PERCENT OF WOMEN WHO ARE INELIGIBLE FOR WASHINGTON PAID LEAVE DUE TO WORK HISTORY REQUIREMENTS BY AGE (2021)


MOUNT ST. HELENS ERUPTION, MAY 18, 1980

Many of the people who are ineligible for the program did not work at all in the prior year, either due to unemployment, disability, or caregiving responsibilities. But many others did work, just not enough. Workers who fail to meet the work history requirements of the program are overwhelmingly concentrated at the bottom of the wage scale. These workers pay into the program but cannot claim benefits from it.

According to the WA Employment Security Department, workers receiving less than $17 per hour make up 24 percent of the WA workforce, but only 15 percent of the workers who are eligible for the WA PFML program. On the other end of the scale, workers receiving more than $46 per hour make up 25 percent of the WA workforce and 30 percent of the workers who are eligible for the program.

When paid leave programs are pitched to state legislatures and the public generally, the benefits they provide to new parents are overwhelmingly emphasized. But the Washington administrative data shows that parental leave events only make up 37 percent of all leave events covered by the WA PFML program.

In the last reporting period, the WA PFML program paid out parental leave benefits to 65,720 individuals. Over this same period, there were 83,741 live births in the state. Each live birth creates approximately two parents of a newborn, meaning that parental leave benefits only made their way to approximately 39.7 percent of all new parents. Many of the remaining 60 percent were ineligible for benefits for the reasons described above. Others were eligible for benefits but chose not to claim them due to a lack of job protection. Still others were eligible but chose not to claim them for some other reason.

Fixing the Program

The most effective and equitable way to design a policy like this is to look at the best performing parental leave practices from around the world. When you take that approach, a few design principles stand out:

1. Every parent of a newborn or adopted child should be eligible for parental leave benefits regardless of their work history.
2. Parents should receive a benefit equal to a high percentage of their prior earnings up to some maximum amount or receive a flat minimum benefit, whichever is greater in their case.
3. Each parent of a new child should receive the same number of weeks of benefits by default, but should then be able to transfer some of those weeks to the other parent if they choose to do so.
4. Single parents should receive both sets of leave weeks.

Applying these principles to the parental leave benefit in the WA PFML program yields the following recommendations:

1. The WA parental leave program should establish a minimum weekly benefit for every new parent regardless of their prior work history or prior average weekly wage. The state's minimum wage, which is currently $629 for a 40-hour week, provides a logical basis for the minimum weekly benefit.
2. Of the 12 weeks of leave provided to each parent, up to 8 of those weeks should be transferable to the other parent.
3. Single parents should be eligible for all 24 weeks of leave.
4. The rule that workers employed by businesses with less than 50 workers are not eligible for job-protected leave should be eliminated.
5. The rule that workers who are in the top ten percent of salaried workers at their workplace are not eligible for job-protected leave should be eliminated.

In addition to these program structure reforms, Washington should also consider reforming some of the program's tax and benefit parameters:

1. The payroll tax should be applied to all gross wages, not just gross wages below the maximum taxable earnings cap of the Social Security program. This would allow the state to reduce the payroll tax rate while still generating the same revenue for the program.

2. Small businesses should be required to pay the employer-side payroll tax just as larger businesses do.

3. Self-employed individuals and independent contractors should be required to pay the payroll tax rather than being allowed to choose whether to participate in the program or not.

4. The maximum benefit should probably be set higher than 90 percent of the state average weekly wage. At minimum, it could be increased to the state average weekly wage so as to make leave slightly more viable for high-earning workers.

5. The benefit should be increased from 12 weeks. This is low by international standards. At minimum, policymakers should consider increasing it to 16 weeks.

MILDRED MAR CARRIES A CHILD OUT OF THE WATER DURING A SUNDAY OUTING AT SALTWATER STATE PARK ON PUGET SOUND NEAR DES MOINES.

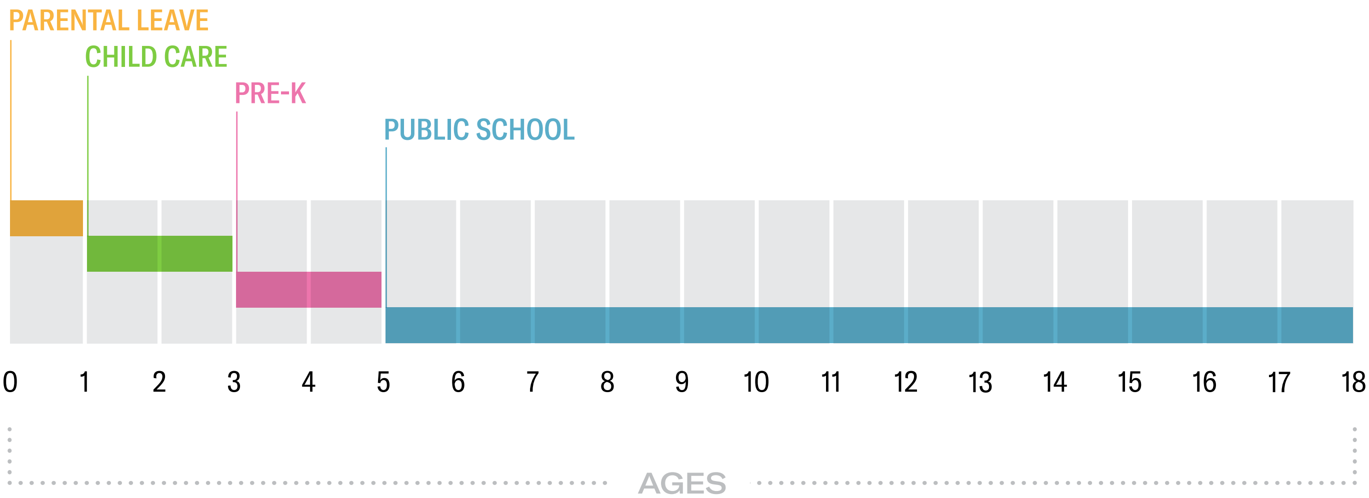
In closing, it's important to emphasize once again that the parameters of the parental leave program do not need to be identical to the parameters of other kinds of leave programs. So the changes discussed above do not need to be applied to every type of leave covered by the WA PFML program, only the parental leave program.

Other countries in the world do not use the same eligibility requirements and benefit amounts for parental leave as they do for all of their other leave benefits. This is because the kind of leave someone needs for a surgery is very different from the kind of leave someone needs to care for a newborn.

Creating a truly universal and generous parental leave program is neither especially difficult nor costly. The issues with these programs can be fixed by making a handful of smart reforms and they should be.

FAMILY BENEFIT 3

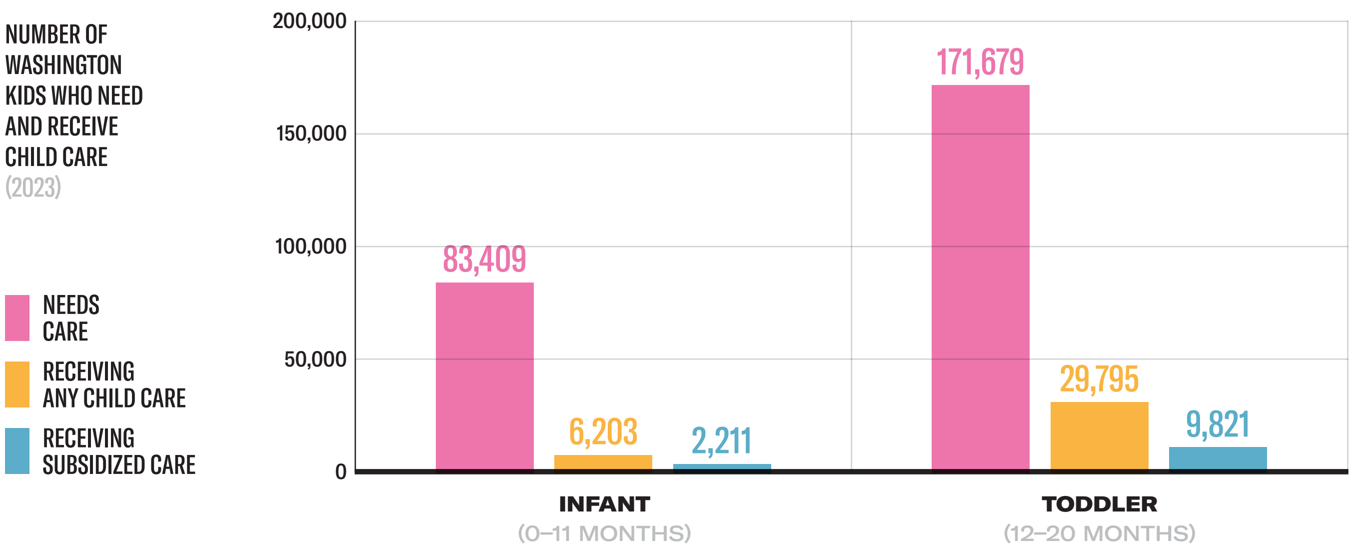
CHILD CARE AND PRE-K



Children require adult care, supervision, and guidance from birth to adulthood. In the period shortly after birth, care is typically provided by a parent and ideally funded through a universal parental leave program like the one described in the prior section. After the immediate postnatal period, children should receive child care from either a paid child care provider or from their parents or extended family. During ages three and four, children should be enrolled in pre-kindergarten. Children older than four should be enrolled in elementary, middle, and high school.

It is disheartening that, like most states in the country, Washington currently provides virtually no financial assistance to families during the child care and pre-kindergarten years. This means that Washington families must pay as much as $14,500 or more per year per kid so that their children can receive care during the day. This cost is especially difficult for families with young children because these families are frequently headed by younger adults who are working entry-level jobs and have not had much time to accumulate savings.

According to the Washington State Department of Children, Youth, and Families, of the approximately 83,000 children below the age of one who need care in households where all available parents in the home are working, only 7.4 percent receive care and only 2.9 percent receive subsidized care. For the 172,000 children between the ages of 12 months and 29 months who need care, only 17.4 percent receive care and only 6.9 percent receive subsidized care. ▼



According to the American Community Survey, of the approximately 188,000 Washington children between the ages of 3 and 4, only around 67,000, or 35 percent, are enrolled in a pre-kindergarten program.

CCC CAMP F-20, BUILDING A BOAT, OLYMPIC NATIONAL FOREST, 1933

In order to reach parity with its best developed-nation peers, Washington should create benefit programs that universally cover the care needs of preschool children, just as it already has a benefit program that universally covers the care and education needs of school-aged children.

For children between the ages of 3 and 4, the relevant benefit program is universal pre-kindergarten. Seven states and Washington DC currently offer a universal pre-K benefit of some sort and each state has organized their pre-K program somewhat differently. The easiest and most conceptually simple approach to organizing such a program would be to have the Washington school districts that are already responsible for providing K–12 education also be responsible for providing pre-K services for ages 3 and 4.

Financing this expansion would be relatively straightforward as the state government could simply allocate the necessary funding to the various school districts. Actually setting up the services would be a much more challenging undertaking and school districts could not be expected to build out the necessary infrastructure in a very short period of time. In states and municipalities that have expanded pre-K in this way, such as Oklahoma, West Virginia, and the District of Columbia, the typical approach has been to start by building out pre-K services for four-year-olds and then, once that is accomplished, moving down to three-year-olds.

Although liberal policy advisors have generally coalesced around the idea that pre-kindergarten services should be extended universally to all three-year-olds and four-year-olds, they have strangely taken a very different approach when it comes to benefits for one-year-olds and two-year-olds. For these ages, policy thinkers aligned with the Democratic Party typically propose providing sliding-scale, income-based subsidies for parents who enroll their children in private child care providers that have opted to participate in the subsidy program. This approach to the child care financing program is unnecessarily complicated, does little to actually build out the needed child care capacity, and completely excludes benefits from most children whose care is provided by their parents or family.

A better approach would be to publicly fund universal child care that is also publicly provided by the same school districts that currently provide K–12 education and that would, under a universal pre-K plan, provide pre-K services to three-year-olds and four-year-olds. If necessary or desired, the state could also allow private providers to participate in the universal child care program and receive public funding provided they commit to providing their services free of charge. Unlike the universal pre-K program, a universal child care program should include benefits for parents who opt to take care of their

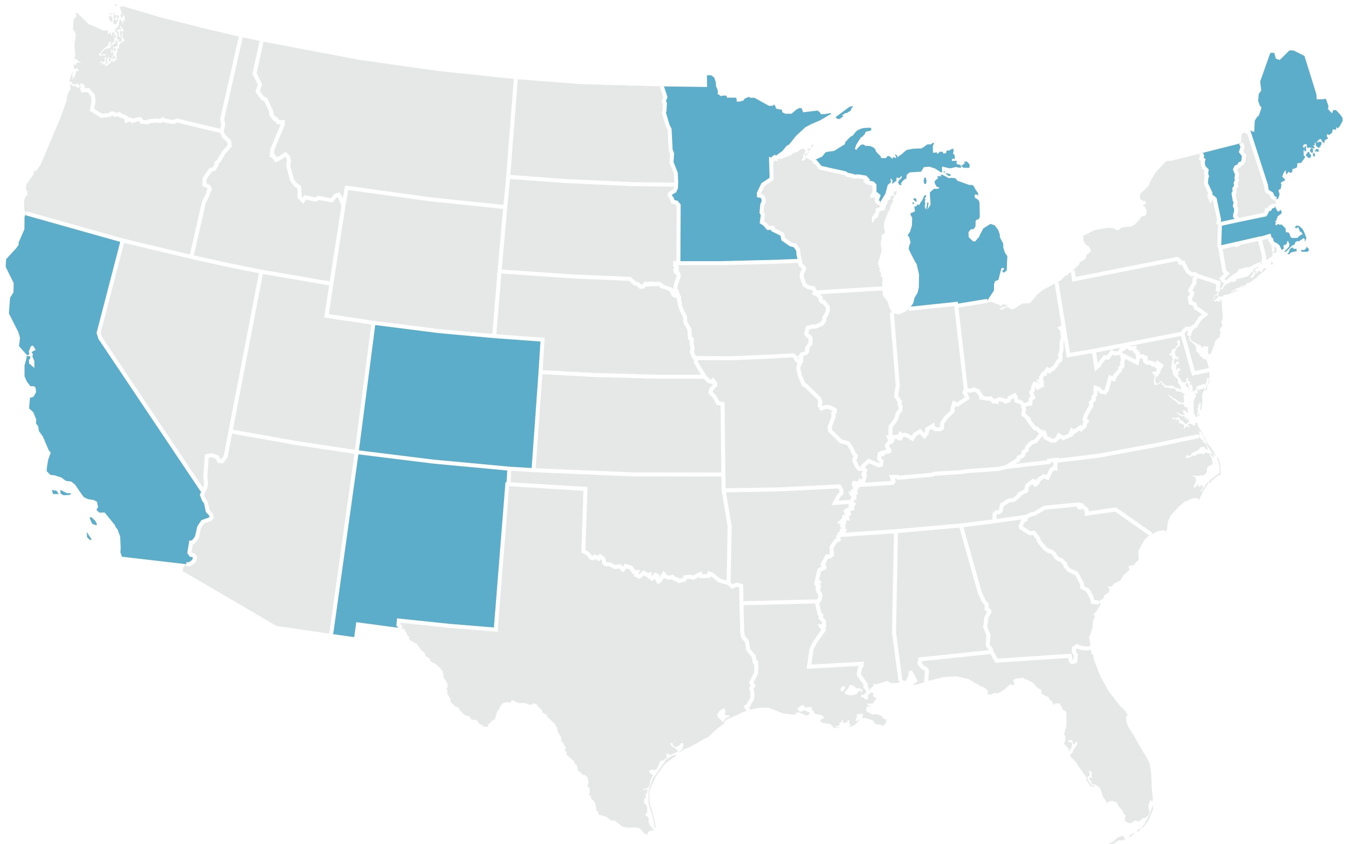
L.C. SMITH BUILDING, SEATTLE, 1914

one-year-olds and two-year-olds themselves rather than use a child care provider. A home child care benefit of this sort could be paid out monthly with the amount set equal to the labor costs the state saves by not having to provide child care services to the child. Home child care allowances ensure that all children are covered by the universal child care program and also take pressure off of the childcare system, which is especially important for rural families and for all families during the period when that system is being expanded to provide the capacity needed to cover all of the state's child care demand.

Once universal parental leave, child care, and pre-K is established in Washington, the state will finally have a system in place that ensures that children's care and education needs are completely covered from birth to adulthood.

FAMILY BENEFIT 4

FREE SCHOOL MEALS



Washington schools serve breakfast and lunch to their students. How much each student pays for the lunch depends on a variety of factors, including the income, size, and public benefit enrollment characteristics of their family, as well as the specific composition of these characteristics among the student body at their school or school district. The result of this complicated test is that each student is sorted into one of three categories: paid, reduced-price, or free.

Contrary to popular belief, students in all three categories receive some public subsidy for their school meals. In the most recent Census data, the federal subsidy for paid students was estimated at $1.09 per lunch while the subsidies for reduced-price and free students were $4.24 and $4.64 respectively.

During the COVID pandemic, the federal government briefly eliminated the three-category school meal copayment system and provided school meals to all children for free. When this policy was rolled back at the end of the pandemic, eight states—Minnesota, New Mexico, Colorado, Vermont, Michigan, and Massachusetts, California, and Maine—reenacted it on the state level.

Washington policymakers briefly indicated that they would follow in the footsteps of these eight states and make school meals

TACOMA DEPOT, JULY 1974

permanently free for all Washington children, but then abandoned that idea in favor of a bill that made school meals free for kids in elementary schools where at least 30 percent of kids are eligible for free or reduced-price lunch. Under federal law, schools where at least 40 percent of kids are eligible for free or reduced-price lunch are already eligible for universal free school meals under the **Community Eligibility Provision** (CEP), meaning that the Washington bill only extended free school meals to a narrow slice of kids in elementary schools with at least 30 percent but less than 40 percent of kids who are eligible for free or reduced-price lunch.

Washington policymakers were right to propose making school meals free for every kid in the state and wrong to narrow the proposal in the way that they did. According to the Washington Office of Superintendent of Public Instruction, providing universal school meals to all kids would only cost around $86 million per year.

CONCLUSION

OTTERS IN LA PUSH

Although the federal government has the most far-reaching power to move the economy in a multi-racial social democratic direction, states are not helpless in this regard. European countries that are smaller than Washington and that do not issue their own currency have constructed the most pro-worker economies in the world. Simply by copying successful programs from other countries and US states while patching up the programs the state already has, Washington could easily become America's first great multi-racial social democratic state—setting an example for the country as a whole.

Enacting all of these policies, or policies similar to them, will of course take time. But if Washington policymakers are serious about creating the kind of pro-family and pro-worker economy that politicians so often talk about, it has the legislative majorities and technical policy know-how to do so.

COLOPHON

MATT BRUENIG

is the founder of People's Policy Project.

People's Policy Project is a think tank founded in 2017. The primary mission of 3P is to publish ideas and analysis that assist in the development of an economic system that serves the many, not the few.

KAMAU CHEGE

is the Executive Director of the Washington Community Alliance and serves on the board of Northwest Immigrant Rights Project. The Washington Community Alliance is a statewide coalition of dozens of organizations of color building multi-racial social democracy in Washington State.

CONTACT

kamau@wacommunityalliance.org
(253) 632-6404

ACKNOWLEDGEMENTS

Special thanks to Galen Herz for his contributions to this report.

PHOTO SOURCES

CSA Images	1
U.S. National Archives	4, 16, 22, 23, 33, 40
Legislative Support Services	11
U.S. Forest Service	17, 24, 28, 36
University of Washington Libraries	37
U.S. Department of Agriculture	38, 41
MOHAI	10, 19, 32

Designed by Jon White in Seattle, Washington.