



# WOMEN IN GOVERNMENT

*Empowering all women state legislators to effect sound policy*

# Family Finance

*Strengthening the family through finance*

Family Finance

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## PROPERTY TAX BILLING LEGISLATION BRINGS FINANCIAL RELIEF TO HOMEOWNERS, LOCAL GOVERNMENTS

*Representative Shelli VanDenburgh, Indiana*



*Rep. Shelli VanDenburgh*

Like many other states, Indiana faces challenging budget problems at all levels of government. Too often lawmakers respond to these crises by passing quick-fix measures in an attempt to keep a finger in the leaking dike. The unfortunate result is that these band-aids can turn out to be short-sighted, causing even more problems and financial strain in the long run.

In Indiana, our property tax system has been under a tremendous amount of pressure as a result of recent legislative reforms and tax cuts.

Local officials tried to cope with state mandates, but were unable to perform basic functions, such as sending property tax bills out in a timely fashion.

Property taxes are a relatively small revenue item for state government, but they are vital to the operation of our local governments. This revenue cannot be generated without timely property tax billing.

When Indiana joined 48 other states by adopting a market-based assessment system, it helped shift most of the property tax burden from businesses to homeowners. In response, the Legislature passed sweeping property tax reforms that gave the state control of homestead credits, increased homestead deductions, and capped property tax rates.

The long-term benefits of these reforms are still being gauged, but one problem revealed itself immediately. Ninety of Indiana's 92 counties could not send out property tax bills on time, due to outdated computer software and inefficient billing procedures.

Delayed property tax bills leave local governments without a clear picture of the revenue that would be on hand for basic services, forcing them to take out loans with high interest rates. For example, over the past two years, Indiana schools alone have been forced to pay more than \$65 million in loan interest.

Our property tax overhaul, which was meant to save Hoosiers millions of dollars, soon became even more of a financial burden. Local governments struggled to pay tax anticipation warrants, and homeowners became frustrated because they were unable to work on family budgets with no idea of what they owed in property taxes.

Recognizing our property tax system was not designed to withstand these kinds of changes, I worked with state and local officials in the 2010 legislative session to create a billing cycle that would provide consistency for homeowners, no matter how many times lawmakers might tinker with property tax reforms.

Under the provisions of my legislation, Public Law 89, county treasurers will be required to issue provisional statements if the spring tax bills are expected to be behind schedule. In those counties, homeowners will receive provisional tax bills in which 50 percent of their previous year's total tax liability is due for their spring and fall installment.

If the county is able to reconcile in the fall, homeowners will receive a bill that would replace the 50 percent due in the fall. Additionally, the law penalizes county treasurers who fail to release early tax draws within 30 days as required by statute.

PL 89 will have a lasting impact. It puts an end to the late tax draws and loan interest that have plagued Indiana cities, towns, and school corporations. It also makes family budgeting easier. Given the budget challenges we face, legislators must continue to find simple, effective, and efficient solutions that make the most of each taxpayer dollar. ■

## LACK OF PAID SICK LEAVE HURTS FAMILIES, COMPANIES

*Cassandra Surber, Graduate Fellow*

"Everyone gets sick. Not everyone has time to get better."

The title of the National Partnership for Women and Families' new briefing book on paid sick days could not be more accurate. According to the book, 40 percent of private-sector workers and 80 percent of low-wage workers do not have a single paid sick day to recover from common, short-term illnesses, causing workers to choose between their health, or the health of a loved one, and their next paycheck.<sup>1</sup> For many Americans, the choice is simple: go to work sick.

This comes at a great cost to employers, coworkers, and customers. Not only is productivity lowered, but the chance of spreading the illness to others is increased. In 2008, a Chipotle worker in Kent, Ohio, had no choice but to come to work ill with a stomach virus. Due to this decision, more than 500 people became violently ill, resulting in between \$130,233 and \$305,337 in lost wages, tuition for classes not attended, taxpayer education subsidies, lost income tax revenues, and healthcare costs.<sup>2</sup> However, paid sick

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days, as arranged by the Ohio Healthy Families Act, would have only cost this establishment between \$12,601 and \$26,087 annually.<sup>3</sup>

In 2010, legislatures in 24 states from coast to coast introduced measures addressing this issue.<sup>4</sup> While most of the legislation did not advance out of committee, it is important to note that these proposals will likely return in the 2011 sessions. In Minnesota, one of the only states to advance legislation out of committee, H.F. 612, authored by 32 representatives, was voted out of the House Commerce and Labor Committee and placed on the General Register for full consideration by the House, but no further action was taken. Currently, no state has passed paid sick day legislation; however, policies exist in San Francisco, Milwaukee, and the District of Columbia.

1 National Partnership for Women and Families, Everyone Gets Sick. Not Everyone Has Time To Get Better. [http://www.nationalpartnership.org/site/DocServer/Paid\\_Sick\\_Days\\_Briefing\\_Book\\_4\\_25.pdf?docID=6441](http://www.nationalpartnership.org/site/DocServer/Paid_Sick_Days_Briefing_Book_4_25.pdf?docID=6441)

2 Policy Matters Ohio, Outbreak in Ohio: Cost of the 2008 Norovirus Incident in Kent, [www.policymattersohio.org/outbreakinohio2008.htm](http://www.policymattersohio.org/outbreakinohio2008.htm).

3 Policy Matters Ohio, Outbreak in Ohio: Cost of the 2008 Norovirus Incident in Kent, [www.policymattersohio.org/outbreakinohio2008.htm](http://www.policymattersohio.org/outbreakinohio2008.htm).

The majority of the proposed legislation relating to the topic would allow workers to accumulate paid sick leave at a rate of one hour of paid sick leave for every 30 to 40 hours worked. The different proposed policies also set a maximum accrual of sick time to between 26 and 72 hours per year. Different standards exist for small business or certain professions, such as restaurant wait staff, where salary largely depends on job performance.

This legislation also greatly impacts families, as it would allow working mothers and fathers to care for their sick children without a loss in wages or the risk of losing employment. Research has shown that children recover faster when cared for by a parent, yet 50 percent of working mothers and fathers do not have a single paid sick day to care for them.<sup>5</sup> Paid sick leave would allow these workers to be responsible both in their employment and in their personal life. ■

4 National Partnership for Women and Families, State and Local Action on Paid Sick Days as of June 2010, [http://www.nationalpartnership.org/site/DocServer/2009\\_PSDTracking\\_090309.pdf?docID=1922](http://www.nationalpartnership.org/site/DocServer/2009_PSDTracking_090309.pdf?docID=1922)

5 National Partnership for Women and Families, Everyone Get Sick. Not Everyone Has Time To Get Better. [http://www.nationalpartnership.org/site/DocServer/Paid\\_Sick\\_Days\\_Briefing\\_Book\\_4\\_25.pdf?docID=6441](http://www.nationalpartnership.org/site/DocServer/Paid_Sick_Days_Briefing_Book_4_25.pdf?docID=6441)

## STATE LEGISLATURES PUT ECONOMIC SUCCESS FIRST THIS LEGISLATIVE SESSION

Cassandra Surber, Graduate Fellow

With most state legislative sessions coming to a close, legislators have worked diligently to pass policies related to family economic success. Across the country, victories have been made in the areas of job training, education funding, and payday lending.

Nebraska passed several pieces of legislation to improve job creation and retention in the state. Senator Abbie Cornett's L.B.1081, the Teleworker Job Creation Act, allows businesses that hire teleworkers, employees who work from their residences through the use of telecommunication systems, to use funds from the Job Training Cash Fund.<sup>1</sup> This has the potential to create more jobs in Nebraska and to incentivize businesses to hire Nebraska residents.

Colorado took the 2010 legislative session as an opportunity to help constituents break free of payday loan debt. H.B. 1351 caps APR interest rates at 45 percent and requires that borrowers be given up to six months to pay back loans.<sup>2</sup> According to Representative Beth McCann, deciding how to vote on this bill was difficult, as there are many people in her district who use payday lenders and have been helped by the availability of a small amount of money for a short time. Representative McCann stated, "On the other hand, there are many others who get caught in the cycle of debt and can never get out of it. In the final analysis, I chose to vote for the bill because I felt the harm that is often caused by such practices outweighs the benefit. I am hopeful that banks or credit unions will pick up the issuance of small and short-term loans to fill the gap if payday lenders do leave the state."

Oklahoma improved the lives of children with disabilities by passing H.B. 3393. This bill, sponsored by Representatives Sally

1 Bill Text Report for L.B. 1081, Lexis Nexis, <https://web.lexis-nexis.com/stcapuniv>

Kern and Anastasia Pittman, allows students with disabilities who have an individualized education plan (IEP) to attend any public or private school that meets the accreditation requirements of the State Board of Education. This bill also expands the Self-Directed Private Care Program, giving families the ability to directly hire care staff at a lower rate.

South Dakota made strides in the area of post-secondary education financing, nearly unanimously overriding the Governor's veto of H.B. 1240, thereby creating a need-based grant fund for South Dakota students attending a post-secondary institution in the state. This bill improves the likelihood that students from low-income families will attend and graduate from a higher-education program.

As many 2010 legislative sessions are concluding, it is clear that legislators are making family economic success a priority. From education funding to job creation, state policymakers are working hard to ease the pain of the economic downturn and keep their citizens on their feet. ■



Rep. Beth McCann

2 Bill Text Report for H.B. 1351, Lexis Nexis, <https://web.lexis-nexis.com/stcapuniv>

# STRIKING A BALANCE: PAYDAY LENDING REFORM THAT PRESERVES AVENUES FOR CREDIT AND PROTECTS CONSUMERS

*Representative Joan Brady, South Carolina*



*Rep. Joan Brady*

If you ask any state legislator about the impact of the current economic climate on their constituents, I am certain they will tell you that many hardworking families continue to struggle with difficult financial decisions every day. They worry about how they will put food on the table, buy school supplies, and pay their bills – never mind covering an unexpected financial emergency. To help make ends meet, these families need reliable access to affordable credit; however, such credit is not always available to them.

In these cases, families may turn to short-term loans, such as payday loans, to meet their financial needs. Recently, payday lenders have been the focus of debates at the state and federal levels on how to effectively regulate the retail loan industry. As lawmakers, we have a responsibility to protect our constituents' personal financial interests. However, we must also be responsive to the marketplace and acknowledge that there is a continued demand for short-term credit options.

Otherwise, efforts that appear to ban the service essentially take choices away from consumers and further squeeze credit out of our economy. Overly restrictive regulations, in fact, may leave consumers with costlier or less regulated alternatives. In South Carolina, the legislature chose meaningful reform that strikes a balance between preserving access to payday loans and establishing additional consumer protections.

Since 1998, South Carolina state law has limited payday lenders to charging a \$15 fee per \$100 borrowed. Last June, the legislature

approved additional regulations that set the maximum loan amount at \$550. The law also established a series of other valuable consumer protections including a mandatory day-long cooling off period between loans, the option to cancel a transaction within 24 hours of signing a loan agreement, and requiring lenders to offer an extended payment plan for customers who have difficulty repaying their loans on time.

The core component of this legislation called for the creation of a new, statewide database that tracks each customer's loan information to enforce a one-loan limit. This database has been in effect since February 1 of this year; it has proven effective, blocking customers with outstanding loans from getting a new one. The State Board of Financial Institutions is responsible for reviewing the database annually and reporting to the Senate Banking and Insurance Committee and the House Labor, Commerce and Industry Committee. We anticipate that these reports will be an instructive way to monitor the impact of payday lending reform on consumers.

Overall, these regulations represent a compromise that benefits constituents and our state's economy. By enacting reasonable restrictions on payday loans that include strong consumer safeguards, we ensure that South Carolinians can continue to access short-term credit. By not banning these services outright, we also ensure that our state can continue to enjoy the contributions these businesses provide in terms of job creation and tax revenue.

I am proud of the work my colleagues and I have done to create a safe, fair, and competitive financial services environment in South Carolina. I hope our state's legislative framework may serve as a model for other states confronting similar regulatory challenges and seeking meaningful reform. ■

## GENDER WAGE GAP FAVORS MEN, REDUCES FAMILY EARNINGS

*Cassandra Surber, Graduate Fellow*

Even with the passage of the Equal Pay Act 47 years ago, a gender difference in pay is apparent. According to the National Partnership for Women and Families, a woman makes 77 cents to every dollar that a man earns, in similar occupations. The Institute for Women's Policy Research (IWPR) published data on the topic, which can be downloaded at the Family Economic Success Policy Resource Center at [www.womeningovernment.org/familysuccess](http://www.womeningovernment.org/familysuccess).

The United States Bureau of Labor Statistics (BLS) collects median weekly earnings data for over 500 occupations, with 108 of these occupations having enough data to reliably estimate weekly earnings for both genders. Of these, there are only four in which the median weekly earning is higher for women than men, and three of these four have median weekly earnings of less than \$500.<sup>1</sup>

Both the highest and lowest paying occupations pay men more than women. According to BLS data, male chief executives earn \$2,084 per week, while their female counterparts earn \$1,553. Female surgeons and physicians earn only 64.2 percent of men's wages, grossing \$1,228 per week compared to \$1,914. In the lowest paying occupations, the gap is not as large, but still present. Female cashiers earn 85.5 percent of men's weekly wages at \$361 and \$422, respectively.<sup>2</sup> This disparity accumulates over time, causing the

typical woman to earn \$431,000 less than the typical man over a 40-year period.<sup>3</sup>

The gap in wages has a detrimental impact on families. According to the Center for American Progress, more than 60 percent of families with children in 42 states depend on women to serve as breadwinners or co-breadwinners, bringing home at least one-quarter of the family's income.<sup>4</sup> Because of the pay gap, families have significantly lower income than they could. In Virginia, the wage gap between full-time working men and women is \$12,344 per year. With this money, families could afford 108 more weekly food bills, 14 more months of rent, or nearly 4,500 gallons of gas.<sup>5</sup> In Wyoming, the pay gap is \$17,351, which would allow families to afford 130 more weekly food bills, 27 more months of rent, or more than 6,000 gallons of gas.<sup>6</sup>

Occupational segregation has a role in pay disparity. According to IWPR, approximately four in ten workers hold jobs traditional to their gender. Traditionally male occupations typically pay more, which leads IWPR to the conclusion that ending occupational

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1 Institute for Women's Policy Research, The Gender Wage Gap by Occupation, <http://womeningovernment.org/files/file/fes/IWPR.pdf>

2 Institute for Women's Policy Research, The Gender Wage Gap by Occupation, <http://womeningovernment.org/files/file/fes/IWPR.pdf>

3 Center for American Progress, Families Can't Afford the Gender Wage Gap, [http://www.americanprogress.org/issues/2010/04/pdf/equal\\_pay\\_day.pdf](http://www.americanprogress.org/issues/2010/04/pdf/equal_pay_day.pdf)

4 Center for American Progress, Families Can't Afford the Gender Wage Gap, [http://www.americanprogress.org/issues/2010/04/pdf/equal\\_pay\\_day.pdf](http://www.americanprogress.org/issues/2010/04/pdf/equal_pay_day.pdf)

Wage Gap, cont'd from pg. 2

segregation plays into solving the gender wage gap.<sup>7</sup> Additionally, women tend to choose occupations that allow for a flexible work schedule, which often have lower wages. A flexible work schedule is needed for working mothers who may require time off to care for sick children or participate in school functions. Enactment of policies, such as paid time off, would address this issue.

With the research showing a large pay gap, state legislators could work to close this disparity and address the causes of the problem. As of early summer, Colorado, Delaware, Illinois, Michigan, and Pennsylvania passed resolutions through one or both chambers

5 National Partnership for Women and Families, Mother's Day News Bulletin: Wage Gap in Virginia Hurts Women & Families, <http://www.nationalpartnership.org/site/DocServer/wf.epd.factsheet.VA.pdf>

6 National Partnership for Women and Families, Mother's Day News Bulletin: Wage Gap in Wyoming Hurts Women & Families, <http://www.nationalpartnership.org/site/DocServer/wf.epd.factsheet.WY.pdf>

recognizing April 20, 2010 as Equal Pay Day, this legislative session. This day is significant because it marks the end of the period of a time a woman must work beginning January 1, 2009 to earn as much as a man earned from January 1, 2009 through December 31, 2009. Colorado went one step further by establishing an 11-member Equal Pay Commission. This Commission will be responsible for educating employers about issues relating to pay inequality as well as creating and maintaining an inventory of best practices for encouraging equal pay. ■

7 Institute for Women's Policy Research, The Gender Wage Gap by Occupation, <http://womeningovernment.org/files/file/fes/IWPR.pdf>

## JOB EVOLUTION CONFERENCE GIVES LEGISLATORS THE KNOWLEDGE TO EFFECT CHANGE

Sheila Willson, Undergraduate Intern

In May, Women In Government held a Jobs Evolution seminar on unemployment issues in the nation's changing labor market. Nine presentations on the issues ranged from the current state of the economy to green jobs, revitalization incentives, and education and training in new employment fields.

Richard Mattoon, senior economist and economic advisor at the Federal Reserve Bank of Chicago, addressed the state of the current economy. Unemployment is facing a 30-year high in the United States, further magnified by a shrinking budget and the coming end of stimulus money in 2011. Labor market recovery is expected to be slow due to businesses reducing their number of new employees and the difficulty in reversing unemployment in areas such as construction and manufacturing. However, this can be ameliorated with education, training, and the adaptation of existing skills to growing or emerging industries.

Similarly, green job incentives are crucial in helping the economy recover and creating more jobs. Elena Foshay, Apollo Alliance Research Associate, noted the importance of creating demand through clean energy policies and programs by investing in the state's manufacturing sector, energy efficiency and renewable energy, as well as investing in research, development, and commercialization. Investment in clean energy creates three times as many jobs as investments in coal, oil, and gas.

In her presentation on high-demand jobs, Marcia Black-Watson, Deputy Director of Employers at the Bureau of Workforce Transformation for the Michigan Department of Energy, Labor & Economic Growth, highlighted healthcare, information technology, advanced manufacturing, and energy as anticipated areas of high growth due to a shortage of trained workers. An innovative Michigan state program titled "No Worker Left Behind" aims to make learning affordable and accessible, while prioritizing adult education and putting employers at the center of the system. Approximately 75% of the workers who have completed this program have obtained or retained employment.

Overall, the Jobs Evolution conference was a tremendous success. As one attendee stated, "The conference provided a wealth of information on topics that are very timely and pertinent to these economic times." It is time to adapt policy and legislation to the changing economy and job market. ■

For more information on the Jobs Evolution conference and to download presentations, visit: <http://womeningovernment.org/2010jobsevolution>.

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