Closing the Retirement Gap:
Voluntary Retirement Accounts Offer Solution for Small Investors

Ted Boettner and Paul E. Miller • March 2009

west virginia
Center on
Budget & Policy

Executive Summary

Nearly half of American workers may be unable to maintain their current standard of living when they retire, according to the Center for Retirement Research. Among those who face the greatest retirement challenges are low- and moderate-wage workers, who are less likely to be offered company pensions or have the income required to save for the future. In addition, employees of small businesses are less likely to have access to retirement plans than are employees of larger companies.

Recent research by the West Virginia Center on Budget and Policy examined a promising approach for reducing the retirement gap among workers in the Mountain State. To address the lack of retirement savings and job-based pensions, the state could sponsor a program of Voluntary Retirement Accounts. The goal of the program would be to assure that all private-sector workers have a low-cost and simple way to save. The primary market for these accounts would be small businesses and their employees, self-employed persons, and other workers who don't have access to retirement plans where they work.

Key Findings

- **Lack of retirement savings is a cause for concern in West Virginia,** where less than half of private-sector workers have job-based retirement plans. The situation will become even more critical as the population ages. The elderly population is expected to increase from about 15 percent today to about 25 percent in 2025. Retirees without sufficient income to pay for housing, food and health care will need public programs to make ends meet.

- **Voluntary Retirement Accounts (VRAs) would boost access to retirement plans.** The program would help employees save for retirement and allow businesses – particularly small businesses – to improve their benefits. The program would provide payroll deductions, low fees, and a pre-screened set of investment options to simplify the process for both employers and employees.

- **Lower administrative costs would maximize earnings.** VRAs reduce administrative costs for small investors by taking advantage of the state's economy of scale. West Virginia's Retirement Plus Program (a 457 deferred compensation program for state employees) charges annual fees as low as 0.2 percent of held assets. This is significantly lower than the administrative costs that typical private-sector plans charge and results in thousands of additional dollars of savings at retirement.

- **VRAs would address an unmet need.** In theory, any worker can open an IRA, but in reality only a handful do. In addition, less than a third of small businesses sponsor retirement plans. Barriers include high fees for the small investor and an overwhelming array of investment options. The financial services industry typically doesn't market retirement plans to small businesses due to the small profit made from accounts that do not accumulate large balances.

- **There would be no expense to taxpayers.** It would cost $3 million over a three-year period to set up the program. The program would recoup these costs over time through ongoing fees paid by those who participate. The State would not be responsible in the event of a market crash or other unexpected developments. The state does not guarantee savings; it is only providing the bridge between workers and private-sector retirement plans.

- **The public supports government-sponsored retirement options.** A recent poll by the National Institute on Retirement Security found that 83 percent of Americans are worried about their ability to retire and that 71 percent feel it will be harder to retire today as compared to previous generations. Most (79 percent) said it is a good idea for government to sponsor pension plans that small employers or individuals can join.

- **The State Treasurer's Office has experience with two comparable programs –** the SMART 529 college savings program and the Retirement Plus 457 deferred compensation program for public employees. The Treasurer's Office could oversee the program and contract with a financial institution or eligible broker to administer it.

CHAPTER ONE

Retirement Prospects Bleak for Many Workers

Millions of Americans and thousands of West Virginians are approaching retirement without the resources they need to live independently, pay for health care, and continue to contribute to society. After a lifetime of work, many families could discover that it will be difficult or impossible to retire on the assets they've accumulated. A recent study by the Center for Retirement Research found that 45 percent of working-age households are at risk of being unable to maintain their standard of living in retirement.[1]

The retirement pinch tightens as wages decrease. Low-and moderate-wage workers have less discretionary income to save, and their employers are less likely to offer them retirement plans. In addition, small businesses are far less likely than large businesses to provide pensions to their employees. These financial woes are felt deeply in the Mountain State, where many people work at low- or moderate-wage jobs and nearly a third work for businesses that employ fewer than 25 workers.

The situation will become more critical as the population ages. With 15.4 percent of its population over the age of 65, West Virginia ranks third oldest in the nation, behind Florida and Pennsylvania.[2] By 2025, the U. S. Census Bureau projects that one in four state residents will be elderly.[3] Their financial security is a social, as well as personal concern, because retirees without sufficient income to pay for housing, food and health care will need public programs to make ends meet.

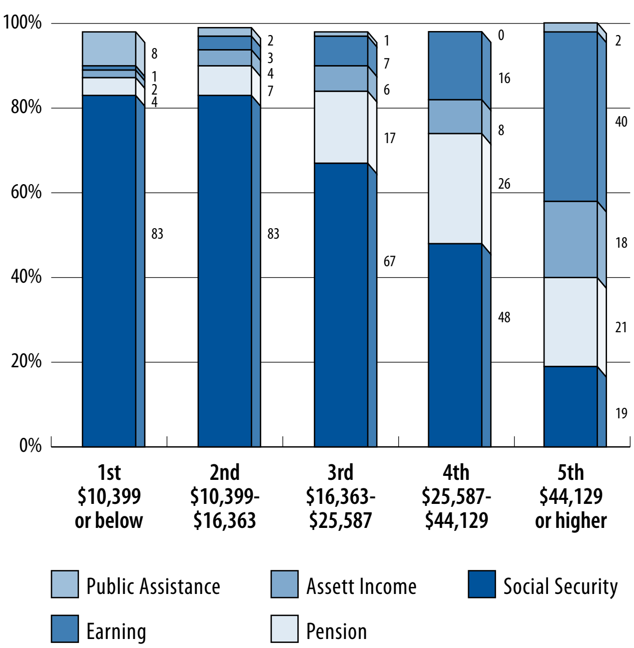
This paper examines one strategy that would help reduce the retirement gap among West Virginia workers. To address the lack of retirement savings and job-based pensions, the state could sponsor a system of Voluntary Retirement Accounts (VRAs), which would be available to all employers and employees who choose to participate. This would help employees save for retirement and allow businesses – particularly small businesses – to improve their benefits. The program would increase retirement security for West Virginia families and make the state a more attractive place to live, work, and do business.

Reliance on Social Security

Social Security is the largest single source of income for most seniors and the lifeline to retirement security for low- and moderate-income retirees. It also reduces retirement income disparities for racial minorities, women, and people without college degrees, who are more likely to have worked in lower-wage jobs without pensions.[4]

FIGURE 1

Sources of Senior Retirement Income, by Income Quintiles



Source: U.S. Social Security Administration, Office of Retirement and Disability Policy

Note: The universe is households aged 65 and up.

Figure 1 illustrates the sources of retirement income for seniors across income levels. As the total income of retirees decreases, the relative importance of Social Security grows from 19 percent to 83 percent. Social Security benefits lift nearly 13 million Americans aged 65 and older above the poverty line. In West Virginia, about 137,000 seniors are lifted above the poverty line.[5] Without Social Security, the poverty rate among senior West Virginians would rise to 58.1 percent.[6]

Diminishing Access to Job-Based Pensions

Despite its central importance, Social Security was not designed to be the sole income source of retirees, but rather a supplement to job-based retirement plans and personal savings. The historic role of employers in retirement security has been seriously eroded, however. Today, less than half of private-sector workers in West Virginia are covered by retirement plans at work.[7] Many of these workers will never able to accumulate pension assets. Most affected by the lack of retirement accounts are:

- **Low- and moderate-income workers:** Access to and participation in job-based retirement plans increase significantly as worker incomes rise. Workers earning $50,000 or more per year are four times more likely to be participating in a job-based retirement plan than are workers earning $15,000 to $19,000 per year. (See Figure 2.)

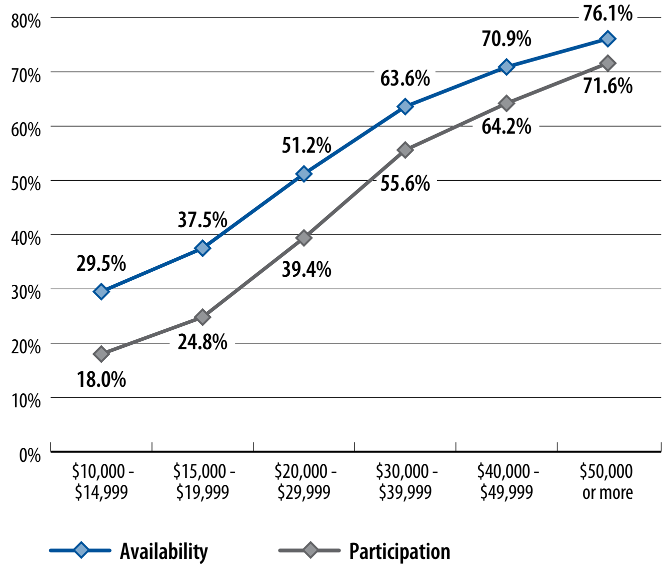
- **Workers in small businesses:** Administrative and cost hurdles prevent many small businesses from offering pension benefits.[8] Employees in businesses with 1,000 or more workers are more than three times as likely to participate in a job-based retirement plan than are employees of business with fewer than 25 workers. This presents a particular problem for West Virginia workers, since nearly a third of workers in West Virginia work in businesses with fewer than 25 employees or were sole proprietors.[9]

- **Part-time workers:** Approximately 80 percent of part-time and temporary workers lack retirement coverage.[10] Even if their company does have a retirement plan, many part-time and temporary workers do not qualify for coverage.

Shifting of Pension Risk to Employees

FIGURE 2

Pension Coverage and Availability of Job-Based Retirement Plans, by Income

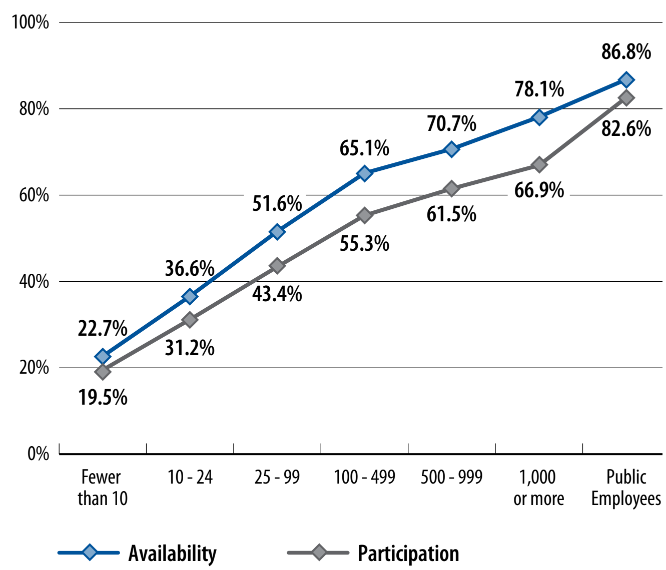


Source: Employee Benefits Research Institute, U.S. Census Bureau's March 2008 Current Population Survey

Note: The universe is full-time, full-year wage and salary workers ages 21-64

FIGURE 3

Pension Coverage and Availability of Job-Based Retirement Plans, by Employer Size



Source: Employee Benefits Research Institute, U.S. Census Bureau's March 2008 Current Population Survey

Note: The universe is full-time, full-year wage and salary workers ages 21-64

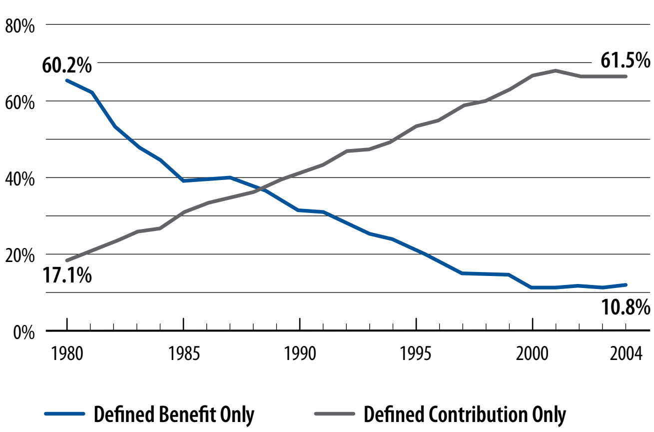
The quality of pensions plans – among those who still have them – has also declined. The traditional defined-benefit pensions have been largely replaced by defined-contribution plans. A defined-benefits plan usually guarantees participants a specified benefit at retirement, based on factors such as salary, age, and number of years worked. Contributions to the plan are made by the employer and can include employee contributions.

A defined-contribution plan is a personal savings option, with deductions made directly from the worker's paycheck. A 401(k) plan and SIMPLE IRA are two examples. (See Appendix A for a glossary of terms.) The employee decides how the money is invested and, in most cases, the employer also contributes. The value of the account is based on the performance of the investments and is not guaranteed. Another concern about defined-contribution plans is that the money accumulated in them is counted as an asset for determining eligibility in federal safety net programs.

Since 1980, coverage under defined-benefits plans has dropped by 82 percent, while coverage under defined-contribution plans has more than tripled. (See Figure 4.) Many of America's largest companies are terminating or freezing their defined-benefits plans in favor of less expensive defined-contribution plans, and the trend is expected to continue.[11]

FIGURE 4

Type of Coverage Among Private-Sector Workers with Retirement Plans



Source: U.S. Department of Labor

The Lack of Private Savings

In 2004, half of all U.S. households headed by adults near retirement age (55-59) had no more than $15,000 in a 401(k) type account or IRA.[12] Even more disturbing is that households that do have retirement assets have accumulated very little. The median balance among households with a retirement account was only about $73,000 in 2004. Retirement assets among modest-income households were remarkably lower than those with higher incomes. It's important to bear in mind that these figures were obtained before the recent plunge that wiped out, on average, 30 to 40 percent of retirement assets in late 2008.

One way to evaluate these assets is by looking at the lifetime annuity that could be purchased upon retirement. An annuity is a payment that lasts as long as the beneficiary and/or spouse are alive and is purchased on the open market. With $14,000, a 62-year-old man living in West Virginia could purchase an annuity of $94 per month. With $444,000, the same man could purchase an annuity of $2,991 per month.[13]

FIGURE 5

Median Retirement Assets Among Households, Aged 55-59

Income Percentile	All Households	Households with Account(s)
$18,900 and Below	$0	$6,500
$18,900-33,899	$7,000	$14,000
$33,900-53,599	$30,000	$56,500
$53,600-89,299	$52,000	$79,300
$89,300-129-399	$118,000	$161,600
$129,400 and Above	$391,000	$444,000
All Households	**$15,000**	**$73,000**

Source: Federal Reserve Board, 2004 Consumer Finance Survey and the Retirement Security Project

Note: "Assets" refer only to assets held in defined contribution plans or IRAs.

While Social Security remains the foundation of retirement income, the other key components – job-based pensions and personal savings – are rapidly disappearing for many workers. One promising strategy for strengthening retirement security without putting additional demands on the public sector is Voluntary Retirement Accounts, as described in the next chapter.

CHAPTER TWO

How Voluntary Retirement Accounts Work

To address the lack of retirement savings and job-based pensions in West Virginia, the state could sponsor a system of Voluntary Retirement Accounts (VRAs) that would be available to all employers and employees who chose to participate. The goal of the program would be to increase retirement savings among private-sector workers by providing a low-cost and simple way to save. The primary market for these accounts would be small businesses and their employees, self-employed persons, and other workers who don't have access to retirement plans at work.

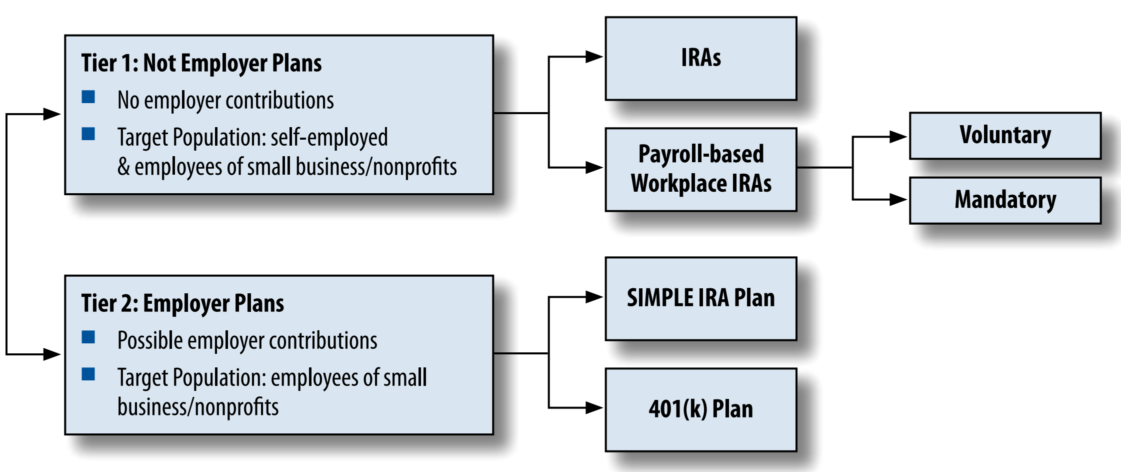
The State Treasurer's Office could oversee the program and contract with a financial institution or eligible broker to administer it. The Treasurer's Office has a strong track record with two comparable programs – the SMART 529 college savings program and the Retirement Plus 457 deferred compensation program for public employees.

Voluntary retirement account systems could be structured in two tiers, according to Mark Iwry of the Brookings Institute.[14] The first tier would target self-employed workers and employees of small businesses. Two retirement plan options would be offered: Individual Retirement Accounts (IRAs) and payroll deduction IRAs. Low-cost IRAs could be opened directly by workers. Workplace IRAs would be funded through payroll deductions. The state could either mandate that employers make IRA payroll deductions on behalf of participating employees or make employer involvement voluntary.

The second tier would be for small business owners who want to supplement their employees' retirement savings. The two primary plans offered would be the SIMPLE-IRA and 401(k) plan. The number of products offered would be limited in order to provide low fees and simple choices for small business employers and employees.

FIGURE 6

A Two-Tier System of Voluntary Retirement Accounts



Note: See Appendix A for glossary of terms.

Providing a pre-selected set of investment options enables small employers and their workers to feel confident about their investment decisions and reduces the amount of time and energy needed to make informed decisions about their investments. Increasing participation among small employers would help them retain workers who might pursue other jobs that offer more retirement security. Small businesses would also benefit from lower administrative costs provided by a statewide system.

The state could help facilitate plan administration and compliance by serving as a resource for small businesses. Similar to the Retirement Plus Program, a centralized website operated by the state could assist employers and workers in enrollment procedures, investment options, customer assistance, limits on contributions, transparency of investment performance and other questions they might have. The state could also use its outreach capacity to inform small businesses about the federal Credit for Small Employer Pension Plan Startup Costs. This credit allows small businesses to claim a tax credit of up to 50 percent (not to exceed $500 per year) for the costs of starting and administering new retirement plans. The credit can be claimed for up to three years.[15]

There would be no net cost to taxpayers for a West Virginia VRA program. It would cost $3 million over a three-year period to set up the program.[16] The program would recoup these costs over time through ongoing fees paid by those who participate. The State will not be responsible in the event of a market crash or other unexpected developments. The state does not guarantee savings; it is only providing the bridge between workers and private-sector retirement plans.

CHAPTER THREE

The Benefits of Voluntary Retirement Accounts

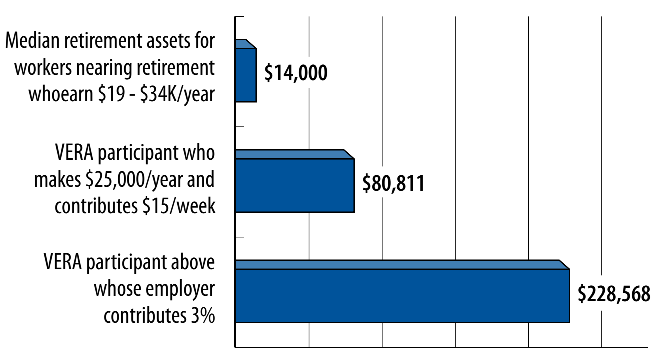
A West Virginia VRA program would offer numerous benefits for employees and employers, including the following:

1. **VRAs address an unmet need.** In theory, any worker can open an IRA, but in reality only a handful do. In addition, less than a third of small businesses sponsor retirement plans. Barriers include high fees for the small investor and an overwhelming array of investment options. The financial services industry typically doesn't market retirement plans to small businesses due to the small profit made from accounts that do not accumulate large balances. VRAs are an effective solution for the retirement account needs of small business employees, self-employed workers and others without access to a job-based pension.

2. **Modest investments can reap dramatic results at retirement.** As noted earlier, the median retirement assets of workers in their mid-fifties with low to moderate incomes are only $14,000, which translates into a monthly annuity of just $97. If, however, a 25-year-old worker making $25,000 a year began contributing $15 a week to a VRA, he would accumulate assets of more than $80,000 by age 62, with a monthly annuity of $561. With a 3 percent employer contribution, his assets and monthly annuity would nearly triple. (See Figure 7.)

FIGURE 7

Impact of Employee and Employer Contributions to VRA at Age 62



Source: Federal Reserve Board, 2004 Survey of Consumer Finances and the Economic Opportunity Institute

3. **Lower administrative costs maximize earnings.** VRAs reduce administrative costs by taking advantage of the state's economy of scale. West Virginia's Retirement Plus Program has an accumulated balance of $76 million with over 8,200 participants.[17] These assets give the state enormous leverage to pool together small businesses and offer them a very affordable investment through increased participation and lower fees. For example, West Virginia's Retirement Plus program charges annual fees as low as 0.2 percent of held assets, which is less than one-sixth of the 1.32 percent fee charged by typical private-sector plans.[18] This difference adds up to a lot over time. For example, a worker who contributes $1,000 for 35 years to a private plan with an annual fee of 1.32 percent will accumulate about $54,928 by the time she retires (based on an annual rate of return of 3.8 percent). If the same worker had contributed $1,000 annually for 35 years to a VRA system with an annual fee of 0.2 percent, she would have accumulated $66,674, or more 21 percent more.

4. **VRAs are small business friendly.** A VRA system would reduce complexity and trepidation among small employers who want to offer retirement plans but find it difficult to navigate the complex maze of plan options. The state would simplify this process by offering IRS pre-approved retirement plans, such as those offered in the Retirement Plus Program. VRAs would be easy for small businesses to administer, give them an option for contributing to employee savings, and provide a low-cost way to provide retirement benefits and retain workers.

5. **VRA participants realize immediate tax savings.** The federal Saver's Credit was enacted in 2001 to encourage low- and moderate-income workers to save. It provides a tax credit of 10 to 50 percent to eligible taxpayers who make salary-deferred contributions to retirement programs, such as IRAs, 401(k) plans, or governmental 457 plans like Retirement Plus.[19] By publicizing and calling to attention the benefits of the Saver's Credit

through the VRA program, the state could increase taxpayer participation. In addition, the state could also provide a tax credit modeled after the federal Saver's Credit to encourage low- and moderate-income workers to save.

6. **VRAs can follow the worker.** Depending on how the VRA program is set up, the state's ability to coordinate and manage the program has the potential to make the retirement accounts portable. An employee could take the VRA from job to job and avoid "cashing out" his or her plan. The only requirement of his or her employer would be to make payroll deductions for the employee.

7. **There is strong public support for government-sponsored voluntary retirement accounts.** The idea has attracted considerable support across the political spectrum. Polling in Washington State found approval in the 80 to 90 percent range, regardless of party affiliation.[20] A poll sponsored by the National Institute on Retirement Security found that 83 percent of Americans are worried about their ability to retire and that 71 percent feel it will be harder to retire today as compared to previous generations.[21] This same poll also revealed that 79 percent of Americans think it is a good idea for government to sponsor pension plans that small employers or individuals can join.

CHAPTER FOUR

Reinventing the Future

As the state and nation work to find solutions to our considerable economic problems, it is timely to revisit our notions about retirement security. Few people remember the time when the nation's elderly were left to fend for themselves financially, when those without company pensions and personal savings had to rely on family and charity to eke out an existence. The Social Security Act of 1935 changed that by providing retired workers a basic monthly income based on their contributions to the system.

But Social Security was never meant to be the sole income of retirees; it was intended, rather, to supplement their pensions and savings. Even with Social Security in place for more than 70 years, a quarter of senior West Virginians still live at or below 150 percent of the poverty level.

Part of the solution lies in finding practical ways to help people build their retirement assets, in addition to Social Security. A state-sponsored system of Voluntary Retirement Accounts has tremendous potential to help workers significantly improve their retirement savings, as well as enable employers to improve the benefits they offer. The system proposed in this paper would help close the "retirement gap" for low- and moderate-income workers, small business employees and the self-employed. The system would pay for itself through participant fees.

Legislation for voluntary retirement accounts has been introduced in at least eight states, including the border states of Pennsylvania, Maryland and Virginia. No state has a program up and running at this time. However, in 2007, California Governor Arnold Schwarzenegger endorsed proposed legislation to extend the state's Public Employees Retirement System to all private-sector businesses and workers. Last year, Washington State appropriated $250,000 for the Department of Retirement Systems to design and implement a VRA system. The plan will be submitted to the Washington State Legislature in 2009.

The West Virginia Voluntary Accounts Program, Senate Bill 159, was introduced by Senators Dan Foster, Brooks McCabe, and Robert Plymale in 2008. The legislation authorized the West Virginia State Treasurer's Office to design and implement a program to "provide every worker in the state with access to a voluntary retirement savings account through the state."[22] Although the bill didn't pass, efforts continue by concerned lawmakers and citizens to provide safe and affordable retirement savings options for all West Virginians.

APPENDIX A

Department of Labor Statistics Glossary

Defined Benefit Plan – This type of plan, also known as the traditional pension plan, promises the participant a specified monthly benefit at retirement. Often, the benefit is based on factors such as your salary, your age, and the number of years you worked for the employer.

Defined Contribution Plan – In a defined contribution plan, the employee and/or the employer contribute to the employee's individual account under the plan. The employee often decides how their accounts are invested. The amount in the account at distribution includes the contributions and investment gains or losses, minus any investment and administrative fees. The contributions and earnings are not taxed until distribution. The value of the account will change based on the value and performance of the investments.

Simplified Employee Pension Plan (SEP) – A plan in which the employer makes contributions on a tax-favored basis to individual retirement accounts (IRAs) owned by the employees. If certain conditions are met, the employer is not subject to the reporting and disclosure requirements of most retirement plans. Under a SEP, an IRA is set up by or for an employee to accept the employer's contributions.

Savings Incentive Match Plan for Employees of Small Employers (SIMPLE) – A plan in which a small business with 100 or fewer employees can offer retirement benefits through employee salary reductions and matching contributions (similar to those found in a 401(k) plan). It can be either a SIMPLE IRA or a SIMPLE 401(k). SIMPLE IRA plans impose few administrative burdens on employers because IRAs are owned by the employees and the bank or financial institution receiving the funds does most of the paperwork. While each has some different features, including contribution limits and the availability of loans, required employer contributions are immediately 100 percent vested in both.

Safe Harbor 401(k) – A safe harbor 401(k) is similar to a traditional 401(k) plan, but the employer is required to make contributions for each employee. The employer contributions in Safe Harbor 401(k) plans are immediately 100 percent vested. The Safe Harbor 401(k) eases administrative burdens on employers by eliminating some of the complex tax rules ordinarily applied to traditional 401(k) plans.

Individual Retirement Account (IRA) – An individual account set up with a financial institution, such as a bank or a mutual fund company. Under Federal law, individuals may set aside personal savings up to a certain amount, and the investments grow, tax deferred. In addition, defined contribution plan participants can transfer money from an employer retirement plan to an IRA when leaving an employer. IRAs also can be part of an employer plan.

401(k) Plan – In this type of defined contribution plan, the employee can make contributions from his or her paycheck before taxes are taken out. The contributions go into a 401(k) account, with the employee often choosing the investments based on options provided under the plan. In some plans, the employer also makes contributions, matching the employee's contributions up to a certain percentage. SIMPLE and Safe Harbor 401(k) plans have additional employer contribution and vesting requirements.

End Notes

1 Alicia H. Munnell, Anthony Webb, and Francesca Golub-Sass," Is There Really a Retirement Savings Crisis? An NRRI Analysis," *Center for Retirement Research at Boston College*, August 2007 Number 7-11

2 U.S. Census Bureau, American Community Survey, 2007

3 http://www.censusbureau.biz/population/projections/state/9525rank/wvprsrel.txt

4 Gorden B.T. Mermin, Sheila R. Zedlewki, and Desmond J. Toohey, "Diversity in Retirement Wealth Accumulation," *Urban Institute*, Brief Series No. 24 December 2008

5 Arloc Sherman and Isaac Shapiro, "Social Security Lifts 13 Million Seniors Above the Poverty Line: A State-By-State Analysis," *Center on Budget and Policy Priorities* February 5, 2005

6 Economic Policy Institute, "Social Security and the Income of the Elderly," Issue Brief #206; March 23, 2005. [http://www.epinet.org/content.cfm/ib206]

7 Ted Boettner, Rick Wilson, Dave Cormier, "The State of Working West Virginia," *West Virginia Center on Budget and Policy* December 2008, pg.19.
The universe for this data is private-sector wage and salary workers aged 18-64, who worked at least 20 hours per week and 26 weeks per year.

8 Jack VanDerhei, "Findings from the 2003 Small Business Employer Retirement Survey," Employee Benefit Research Institute, EBRI Notes, No.9, September 2003.

9 U.S. Census Bureau, Statistics of U.S. Businesses 2004: All Industries West Virginia, and Non-employer Statistics 2004: All Sectors West Virginia

10 Employee Benefit Research Institute Issue Brief No. 299, November 2006

11 Nicholas Braude, "Companies Kill More DB Plans," *Pensions & Investments* June 27, 2005 http://www.pionline.com/apps/pbcs.dll/article?AID=/20050627/PRINTSUB/506270722/1031/TOC

12 Brian Bucks, Arthur B. Kennickell, and Kevin B Moore, "Recent Changes in U.S. Family Finances: Evidence from the 2001 and 2004 Survey of Consumer Finances," *Federal Reserve Bulletin*, vol.92 (February 2006), p. A1-A38 (available at http://www.federalreserve.gov/PUBS/oss/oss2/2004/bull0206.pdf)

13 These numbers would be slightly less depending if the retiree defers payment to a surviving spouse upon death.

14 Iwry, J. Mark, "Growing Private Pensions: A Supporting Role for States," *Tax Management Compensation Journal*, December 2006,

15 See IRS Form 8881 for more details. It's available at www.irs.gov/pub/irs-pdf/f8881.pdf

16 Diana Stout," Voluntary Employee Retirement Accounts," Presentation to the Joint Pensions Committee of the WV Legislature, WV State Treasurer's Office January 12, 2009

17 Frank Picarelli, "State of West Virginia Retirement Plus Program: An analysis of Investment Performance Through September 2008," *Segal Advisors* November 2008

18 "Study of 401(K) Plan Fees and Expenses," Department of Labor, Pension and Welfare Benefits Administration, April 13, 1998

19 For more information about the Saver's Tax Credit see IRS Form 8880 http://www.wvsto.com/NR/rdonlyres/D2EAB9F5-F4DF-4686-B832-BEA0EBF188DF/0/457TaxCreditForm.pdf and this informational brochure from ING http://www.wvsto.com/NR/rdonlyres/C336C084-07A7-4BD5-83B9-483CC8CD1489/0/2008TaxSaversCredit.pdf

20 Economic Opportunity Institute, 2004. "Washington Voluntary Accounts and Public Opinion," Seattle, WA: Economic Opportunity Institute [http://www.eoionline.org/WVA/WVA-PublicOpinion2004.pdf].

21 National Institute on Retirement Security, "Pensions & Retirement Security: A Roadmap for Policy Makers, A Report on the American Public's Views on Pensions and Retirement Security, *Mathew Greenwald & Associates, Inc* January 14, 2009 Washington, D.C

22 Bill text is available through the WV Legislature website, http://www.legis.state.wv.us/Bill_Text_HTML/2008_SESSIONS/RS/Bills/sb159%20intr.htm

west virginia
Center on
Budget & Policy

723 Kanawha Blvd., Suite 300
Charleston, WV 25301
Tel 304-720-8682
Fax 304-720-9696
www.wvpolicy.org

The **West Virginia Center on Budget and Policy** is a policy research organization that is nonpartisan, nonprofit, and statewide. It focuses on how policy decisions affect all West Virginians, especially low- and moderate-income families. The Center is supported with funding from the Greater Kanawha Valley Foundation, W.K. Kellogg Foundation, Claude Worthington Benedum Foundation, Sisters of Saint Joseph Charitable Fund, Annie E. Casey Foundation, Center on Budget and Policy Priorities, Service Employees Union International 1199, and West Virginia Affiliated Construction Trades Foundation.

The contents of this report draw heavily from the work of Mark Iwry of the Brookings Institute, Dean Baker of the Center on Economic Policy Research, and several reports published by the Economic Opportunity Institute. We are very thankful for their efforts and assistance. Also, we would like to thank Julie Pratt of the CBP for her assistance, suggestions and helpful comments.