4101 15th Ave W | Box 354900 | Seattle, WA 98105-6299 | 206.685.5264 | www.selfsufficiencystandard.org

The Self-Sufficiency Standard
WHAT A DIFFERENCE A MEASURE MAKES

WHAT IS THE SELF-SUFFICIENCY STANDARD?

The Self-Sufficiency Standard defines the amount of income necessary to meet basic needs (including taxes) without public subsidies (e.g., public housing, food stamps, Medicaid or child care) and without private/informal assistance (e.g., free babysitting by a relative or friend, food provided by churches or local food banks, or shared housing). The family types for which a Standard is calculated range from one adult with no children, to one adult with one infant, one adult with one preschooler, and so forth, up to two-adult families with six teenagers.

WHY WAS THE SELF-SUFFICIENCY STANDARD DEVELOPED?

The Self-Sufficiency Standard was created in the mid-1990s by Dr. Diana Pearce, who at that time was Director of the Women and Poverty Project at Wider Opportunities for Women. The Standard was intended initially as a performance measure for the goal of "self-sufficiency" in federal job training programs (now known as WIA, the Workforce Investment Act program). It was a measure that provided realistic and detailed data on what clients individually needed to be self-sufficient. First calculated for Iowa in 1996, it experienced a major expansion with funding by the Ford Foundation in the early 2000s, and today, the Standard can be found in 41 states and the District of Columbia.

HOW DOES THE SELF-SUFFICIENCY STANDARD DIFFER FROM THE FEDERAL POVERTY MEASURE?

First conceived nearly five decades ago by Molly Orshansky, the official federal poverty level has now become out-of-date. The federal poverty level (FPL) is based on USDA food budgets that meet minimal nutritional standards. Because families in the 1950s spent an average of one-third of their income on food, it was assumed that multiplying the food budget by three would result in an amount that would be adequate to meet other basic needs as well. Since its creation, the FPL has only been updated for inflation. FPL thresholds reflect the number of adults and children, but they do not vary by age of children, nor by place.

THE FEDERAL POVERTY LEVEL
Food is assumed to be 1/3 of the budget.

THE SELF-SUFFICIENCY STANDARD
Based on the real cost of all basic needs.

FOR MORE INFORMATION

Information about the Self-Sufficiency Standard and related research and methodology can be found at www.selfsufficiencystandard.org or by contacting the Center for Women's Welfare at the University of Washington (206) 685-5264 or cwwsss@uw.edu.

HOW IS THE SELF-SUFFICIENCY STANDARD CALCULATED?

The Self-Sufficiency Standard is the amount needed to meet each basic need at a minimally adequate level, *without public or private assistance*. The Standard is calculated for over 700 family types for all counties in a state. The Self-Sufficiency Standard assumes adult household members work full time and therefore includes all major costs associated with employment for adult household members (i.e., taxes, transportation, and child care for families with young children). The basic data components and assumptions included in the calculations are briefly described below.

HOUSING. Housing costs are based on the U.S. Department of Housing and Urban Development Fair Market Rents (FMRs). FMRs include utilities, except telephone and cable, and reflect the cost of housing that meets basic standards of decency. FMRs are set at the 40th percentile, meaning that 40% of the decent rental housing in a given area is less expensive than the FMR and 60% is more expensive. FMRs within a multi-county metropolitan area are adjusted using median gross rents from the U.S. Census Bureau's American Community Survey.

CHILD CARE. Child care includes the expense of full-time care for infants and preschoolers and part-time—before and after school—care for school-age children. The cost of child care is calculated from market-rate costs (defined as the 75th percentile) taken from a state-commissioned survey by facility type, age, and geographic location. It does not include extracurricular activities or babysitting when not at work.

FOOD. Food assumes the cost of nutritious food prepared at home based on the U.S. Department of Agriculture Low-Cost Food Plan. The Low-Cost Food Plan was designed to meet minimum nutritional standards using realistic assumptions about food preparation time and consumption patterns. The food costs do not allow for any take-out or restaurant meals. Food costs are varied by county using Feeding America's *Map the Meal Gap* data based on Nielsen scans of grocery receipts.

TRANSPORTATION. Public transportation is assumed if 7% or more of workers use public transportation to get to and from work. Private transportation costs assume the expense of owning and operating a car. Per-mile costs are calculated from the American Automobile Association. Commuting distance is computed from the National Household Travel Survey. Auto insurance premiums are the average statewide premium cost from the National Association of Insurance Commissioners, indexed by county using premiums from top market share automobile insurance companies. Fixed costs of car ownership are calculated using Consumer Expenditure Survey amounts for families with incomes between the 20th and 40th percentile. Travel is limited to commuting to work and day care plus one shopping trip per week.

HEALTH CARE. Health care costs assume the expenses of employer-sponsored health insurance. Health care premiums are the statewide average paid by workers, for single adults and for families, from the Medical Expenditure Panel Survey. A county index is calculated from rates for the lowest cost 'silver' plan from the U.S. Centers for Medicare & Medicaid Services. Out-of-pocket costs are from the Medical Expenditure Panel Survey Insurance Component.

MISCELLANEOUS. Miscellaneous expenses are calculated by taking 10% of all other costs. This expense category consists of all other essentials including clothing, shoes, paper products, diapers, nonprescription medicines, cleaning products, household items, personal hygiene items, and telephone service.

TAXES AND TAX CREDITS. Taxes include federal income tax, payroll taxes, and state and local sales taxes where applicable. Tax credits calculated in the Standard include: the federal Earned Income Tax Credit (EITC), Child and Dependent Care Tax Credit (CCTC), and the Child Tax Credit (CTC).

EMERGENCY SAVINGS. Emergency savings is the amount needed to cover living expenses when there is job loss net of the amount expected to be received in unemployment benefits. The amount calculated takes into account the average tenure on a job and the average length of unemployment of workers. In two-adult households, the second adult is assumed to be employed so that the savings only need to cover half of the family's basic living expenses over the job loss period.

CENTER FOR WOMEN'S WELFARE
UNIVERSITY *of* WASHINGTON
School of Social Work