



Wider Opportunities for Women

Handouts Presented at
For the Common Good: What Role for Social Insurance
NASI's 19th Annual Conference
Session II: Easing Insecurity for Working Families
February 1, 2007

Joan Kuriansky
Executive Director
Wider Opportunities for Women



Wider Opportunit

The National Elder Economic Security Initiative

The **Wider Opportunities for Women (WOW)** national Elder Economic Security Initiative (EESI) is a conceptual framework which includes concrete tools to shape public policies and programs to promote the economic well being of older adults, whether or not they have the capacity to be fully self-reliant or are in need of certain public supports to age in place with dignity. The EESI combines coalition building, research, education, and advocacy at the community, state, and national level. WOW has partnered with five states, **California, Illinois, Massachusetts, Pennsylvania, and Wisconsin**, to launch the national EESI.

Undergirding EESI is the Elder Economic Security Standard (Elder Standard) developed by the **Gerontology Institute at the University of Massachusetts Boston** with WOW. The Elder Standard is a new measure of income that older adults require to maintain their independence in the community and meet their daily costs of living, including affordable and appropriate housing and health care. The Elder Standard is calibrated to household size, geographic area, and life circumstances. The development and use of state specific Elder Standards promote a measure of income that respects the autonomy goals of older adults, rather than a measure of what we all struggle to avoid – abject poverty.

The Elder Economic Security Standard will:

- **Provide important new information to illustrate the basic costs seniors face and how their financial security is affected when their life circumstances change.** The Elder Standard will provide a precise and up-to-date measure of elders' economic well-being. It will be calculated by community and tailored for the goods and services that elders must have to meet the basic needs.
- **Serve as an educational tool for elders.** Seniors may use it to objectively determine their actual costs of living, assess their current economic status and future economic security, and make more informed financial and life choices.
- **Provide a foundation for developing a state policy agenda and a platform for engaging in national advocacy.**
- **Serve as an educational tool for adult children of elders.** Adult children may use it to objectively determine parents' actual costs of living, which will assist adult children as they make decisions about accessing benefits and/or making long-term arrangements for care.



ELDERS STRUGGLE TO MAKE ENDS MEET

Despite policy and program efforts over the past several years, elders still struggle to make basic ends meet. The most recent U.S. Census data shows that that poverty has remained at 3.6 million in 2005 – 10 percent of those aged 65 or older live in poverty (\$9,367).

Women are almost twice as likely to live in poverty in their senior years as men (7 percent of men and 12 percent of women live in poverty).

Poverty is hitting older women of color harder than older non-Hispanic whites:

- 8 percent of non-Hispanic whites live in poverty;
- 25 percent of African-Americans live in poverty;
- 22 percent of Hispanics live in poverty; and
- 45.9 percent of older Hispanic women who live alone live in poverty.

Continued...

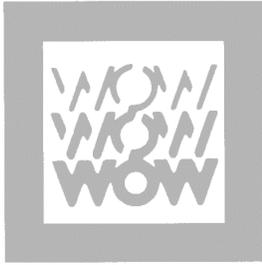
- **Provide a framework for analyzing impacts of local, state, and federal public policies and policy proposals in such areas as housing, retirement security, health, long-term care, and taxes.** By describing with specificity the interplay between seniors' expenses and income, it is expected that the Elder Standard will be instrumental in debates about proposed shifts in Social Security, Medicare, long-term care, pension, housing, fuel assistance, transportation, tax policy and other public programs and policies that affect seniors. It will also show the impact of public policies on different populations of seniors.
- **Serve as counseling tool for those working with elders in need of income supports and/or additional skill sets.** The Elder Standard will assist in objectively determining elders' actual costs of living, so they can assess their current economic status and future economic security, and make informed financial decisions regarding accessing financial supports and services including possible assistance when deciding to go back to school.
- **Serve as an educational tool for "boomers" and younger adults.** "Boomers" may use the Elder Standard to get a better understanding of what they will need to maintain their lifestyle in their retirement.

NEED FOR NEW MEASURE OF INCOME ADEQUACY

The U.S. Census poverty data are merely the tip of the iceberg. These figures represent use of an inadequate and out-of-date Federal poverty threshold as its baseline measure, thus failing to fully document hardship in our nation. The federal poverty threshold does not account for the rising costs of living seniors experience as they age – illness, loss of a spouse, or need to care for a disabled spouse, adult dependent child, or grandchildren. As a result, the federal poverty rates underestimate actual expenses necessary for even a bare-bones existence.

A reliable and realistic base-measure of a minimum economic security for seniors is increasingly necessary as national and state policy debates intensify and resources become scarcer over the next few years.

For more information on the national EESI or to register for the upcoming *free* conference calls, please contact Ramsey Alwin, Associate Director of National Programs & Policy, Elder Economic Security Initiative, by phone 202.464.1596 or email at ralwin@wowonline.org.



Wider Opportunities for Women

More Than Numbers

How The Self-Sufficiency Standard Is Changing Communities

In 1996 in response to the devolution of power and resources on issues related to low-income families from the federal to the state and local level Wider Opportunities for Women launched the Family Economic Self-Sufficiency Project (FESS). With the FESS Project in place in states and counties throughout the country, WOW and its partners have been able to both define who needs help and emphasize the importance of wages, work supports, and building prosperity for America's families.

Since the inception of FESS, WOW has established statewide FESS coalitions in 35 states and the District of Columbia. Today, more than 2,000 local and state agencies and organizations belong to WOW's national FESS network. FESS partners include women's commissions, community action agencies, child advocates, job training programs, welfare rights groups, and state fiscal policy organizations. The common link among these groups is the use of a common framework—economic self-sufficiency—to design, implement, and advocate for programs and policies that move low-income families toward economic independence.

A cornerstone of the FESS project is the development of the state specific Self-Sufficiency Standard (the Standard), a tool that calculates how much income a working family needs to meet their basic expenses of housing, child care, food, health care, transportation and taxes, depending on where they live and who is in their family¹. This tool enables individuals, policymakers, advocates, business leaders and service providers to plan, not just how to move families out of poverty, but how to move them forward on a path to true economic independence.

WOW supports the lead state partner organizations in bringing together a diverse coalition of groups that reflect the issues and needs of their respective communities. In state legislatures around the country, the Standard has been used to preserve a range of programs including Medicaid, childcare, children's mental health services and an indexed minimum wage. WOW's combination of national and local experience provides valuable resources and organizing skills to its partners and fosters replication of innovative state-level policies and programs. WOW helps partners meet with their Congressional offices, participate in federal regulatory processes, locate information and resources to meet their local needs, and publicize their accomplishments to help shift the public policy debate at both the local and the national levels.

¹ The Standard was developed by Dr. Diana Pearce who was at that time Director of the Women and Poverty project at WOW. It was created as a geographically specific, family-type specific model. It is calculated for 70 different family types in each county in a given state.

WOW's Leadership for Family Economic Self-Sufficiency

WOW's Family Economic Self-Sufficiency project works at a national level to leverage the combined experience and effort of its 36 state organizing projects to effect national systemic change as well as inform and bolster the program and policy work of each of the state projects. Below are areas where WOW's work has made an impact and some examples of that impact.

Policy

- The concept of self-sufficiency as defined by the WOW Standard or a similar measure was included in the Senate reauthorization language of the main federal workforce and vocational education legislation. Key provisions fully integrate the concept of self-sufficiency in the goals and outcomes that would result in more low income students and jobseekers having access to education and training than they would under a more narrow interpretation of federal law.
- More than one third of local workforce boards around the country use the Self-Sufficiency Standard or a similar measure to influence eligibility standards, direct training dollars and establish goals for local workforce boards.
- State Examples:
 - **Connecticut, West Virginia and Hawaii** adopted the Self-Sufficiency Standard in state legislation as the official measure of living costs.
 - **California, Massachusetts and Illinois** conducted analyses that showed how many families earn less than the benchmark established by the Self-Sufficiency Standard. The analysis was subsequently used to target education and training resources and supports to those who need them most.
 - **Pennsylvania - PathwaysPA**, as a part of the Philadelphia Raise the Minimum Wage Coalition, used the Self-Sufficiency Standard as support for the legislative proposal to raise Pennsylvania's minimum wage in two stages to \$7.15 an hour and guaranteeing an annual cost of living wage thereafter.
 - **California** - The California FESS Coalition, led by the **National Economic Development and Law Center** passed legislation for improving access to higher education for low-income individuals, foster care children, and those for who English is a second language utilizing the Self-Sufficiency Standard. The legislation also had intent language that included enabling students to reach self-sufficiency, building a Student Parent Scholar program in California, increasing access to higher education for foster care children and ensuring that programs operating with federal TANF funding promote education and training for jobs that pay self-sufficient wages.

Changing the Public Debate

- WOW coordinated numerous public messaging trainings in correlation with the releases of state-specific Self-Sufficiency Standards throughout the country. Utilizing the self-sufficiency standard in this manner resulted in a change in the public debate on social and economic policies from focusing on poverty to focusing on what it takes for families to make ends meet.
- More than 250 individuals were trained as spokespersons for the Self-Sufficiency Project including employers, opinion leaders, community based organizations, and government officials. These strategies have resulted in extensive press coverage, including news articles, editorials and/or op eds. in the New York Times, Washington Post, Boston Globe, Omaha World Herald, Tulsa World, Los Angeles Times, Nation and Center for American Progress magazines and hundreds of other publications.
- Through participation in national and state meetings WOW educated policy makers and community leaders on the goal of economic self-sufficiency. Meetings included the U.S. Conference of Mayors, The Workforce Alliance, the Coalition on Human Needs, the National Network of Sector Partners and the Working for America Institute, United Way of America, and Goodwill Industries International.
- State Examples:



- **Alabama** – “Reducing Pay Bad Idea, Group Says” in The Decatur Daily stating that the advocacy group **Alabama ARISE** was fighting against the decrease in teacher salaries that were far from the Self-Sufficiency Standard for that specific county.
- **Wyoming** – “Wyoming Women Face Income Challenges, First Lady Says”, in The Gillette News Record covering the **Wyoming First Lady’s** speech about the pay gap for women and the opportunity that the Self-Sufficiency Standard gives the state to plan for better education and workforce systems in the state.

Program and Direct Service Successes

- The Self-Sufficiency Standard is being used in developing budget worksheets and calculators for use by individuals and their case workers to assess income needs relative to a family’s self-sufficiency, to develop short and long term career plans, to understand their eligibility for public work supports and the impact of wages on access to work supports. Calculators are in place in Seattle and other Washington State counties, New York City, the Bay Area of California, Illinois, and Pennsylvania. Case managers in welfare, workforce, and Head Start systems have been trained on the self-sufficiency Standard and how it is a useful tool in their work to move clients to economic independence.
- WOW developed and implemented a curriculum to train caseworkers in the Seattle-King County, Washington workforce system on how to conduct financial planning, career counseling, and goal-setting in a self-sufficiency context with their clients with the goal to adapt a similar approach for caseworkers in public and private agencies in the country.
- An Election 2004 Toolkit was created and disseminated to FESS partners to assist in state voter education efforts.
- A two-year Workforce Development/Self-Sufficiency Initiative continues to improve the way workforce services are provided in California, Colorado, Connecticut, Washington, DC and Pennsylvania.
- State Examples:
 - **Colorado** – Instructors at **Sterling Correctional Facilities** in Colorado use the Self-Sufficiency Standard in their Transitional Youth Services training and counseling with youth offenders regarding life skills and income needs after Corrections. This is a part of their mission to provide meaningful work and self-improvement opportunities to assist offenders with community reintegration.
 - **New York City** – The **New York Work Alliance** utilizes the Self-Sufficiency Standard in setting program goals and in setting long term goals for the workforce development program participants. The Alliance prepares people from diverse backgrounds for viable employment that increases individual opportunities for self-sufficiency and economic stability.

Strengthening State and Local Capacity

- “*Setting the Standard for American Working Families,*” is a report that summarizes the history, goals, and successes of the FESS Project, and shows how each state is using the Standard to change public opinion, program practices, organizing strategies, and public policy. More than 1000 policymakers, advocates and service providers nationwide received a copy of the report.
- WOW promotes the sharing of strategies among state partners that link national and local efforts, provide them with new tools, and promote. We do this through regular conference calls, weekly electronic updates, individual in person and telephonic technical assistance, convenings and special demonstration projects.
- WOW hosting a national Self-Sufficiency Summit in Washington, D.C. that brought together more than 100 FESS state partners, policymakers, national and state advocates and grant-makers to discuss strategies for improving the status of America’s working families.
- The release of “*Coming Up Short: A Comparison of Wages and Work Supports in 10 American Communities*” provides a national snapshot of how much low-income working families need to make ends meet, the adequacy of different wage levels, and the impact of work supports



- A National FESS Advisory Board advises WOW on the application of the Self-Sufficiency Standard and its collateral projects provide input into the future direction of the FESS Project. The Advisory Board includes over 30 organizations representing national networks of programs addressing issues from health care and low income housing to economic development.
- WOW supports the development and release of updated Self-Sufficiency Standards in the 36 States where initial Standards have been created.

Wages, Work Supports, and Building Prosperity

The following are selected examples of how WOW's 36 state FESS partners and their coalitions have used the State specific Self-Sufficiency Standard to improve both policies and programs for their communities.

Wages

Good wages and benefits are the most basic foundation of helping a family reach economic self-sufficiency. By setting public wage policy, encouraging corporate responsibility, union bargaining, and other strategies, FESS state partners are working to improve access to employment with good wages and benefits or low-wage jobs with clear opportunities to advance into jobs with self-sufficiency wages and benefits.

- **Minimum Wage**

- **Hawaii - the Hawaii Commission on the Status of Women** used the Hawaii Standard to advocate for legislation that would raise the state minimum wage. This bill raised the minimum wage to \$6.75 on January 1, 2006 and \$7.25 on January 1, 2007. Terry Lau, political director for the Hawai'i State AFL-CIO, highlighted the Self-Sufficiency Standard in his arguments for a minimum wage increase: "Today, he said, a family of four would have needed a household income of at least \$43,000 to meet those needs. That amounts to about \$20.50 an hour in the case of a single wage earner. We're not even talking poverty wages at \$8 an hour."

- **Living Wage**

- **District of Columbia** - Georgetown University students utilized the help of **WOW** and Self-Sufficiency Standard in their successful campaign advocacy to improve wages for the low-paid, hard-working custodial, food service, and security workers who make their campus function. The current minimum will increase from \$11.33 to 13.00/per hour increase to \$14.00 by 2008, and will be adjusted annually after 2008 utilizing regional price index and labor market conditions.
- **Maryland** - the **Center for Poverty Solutions** and **Advocates for Children and Youth**, proposed state legislation that would require the Maryland Secretary of Budget and Management to consider a specified self-sufficiency standard when setting or amending a pay rate and require that a State employee whose pay rate is less than the self-sufficiency standard receive a specified pay increase.

- **Labor Unions**

- **California** - The **National Economic Development and Law Center** conducted a study of the adequacy of wages among service workers in the University of California (UC) system. At the request of AFSCME Local 3299, which represents service workers in the UC system—mostly immigrants and people of color who do the unglamorous but imperative work of keeping UC campuses and medical centers clean and functioning—NEDLC incorporated the CA Self Sufficiency Standard. The research gained local media attention in CA had a positive impact on contract bargaining.



- **Connecticut** - Thanks to the work of our Connecticut FESS partner, **the Connecticut Permanent Commission on the Status of Women**, when nursing home workers went on strike in 2001, the workers used the Standard to gain public support for their wage negotiations. Through wide media coverage they illustrated how the wages they were fighting for compared to the Standard.
- **Workforce Development**
 - **Colorado** - **The Colorado Center on Law and Policy** successfully got the Eastern Region Workforce Board in Fort Morgan, Colorado to officially adopt the Standard. The Eastern Region Workforce Board, which serves a 10 county region, will use the Self-Sufficiency Standard to determine eligibility for intensive and training services.
 - **Chicago** - **Women Employed** worked with the Chicago Workforce Board and then the state-wide Workforce Investment Board to developed goals to increase customers' ability to achieve self-sufficiency, including utilizing a self-sufficiency calculator based on the Standard,. One of the statewide workforce reporting benchmarks is the percentage of individuals and families at economic self sufficiency.

Work Supports

The Self-Sufficiency Standard calculates how much working adults need to meet their basic needs without subsidies of any kind. The reality for many workers is that they're earning far less than a self-sufficiency wage. It often takes multiple solutions to move families to economic self-sufficiency—wages, benefits, public work supports, opportunities for training and advancement, and a workforce ready to take advantage of employment and training opportunities. For too many working families, a job with good wages is hard to find, and public work supports are integral to helping them make ends meet. Without work supports workers would often have a difficult time retaining or advancing in their jobs.

- **Child Care**
 - **Indiana** - The **Indiana Coalition on Housing and Homelessness Issues** has successfully advocated increasing funding for childcare programs that help working families obtain economic self-sufficiency using public benefits. From the modeling of the childcare costs, the coalition demonstrated the childcare policies at work for lawmakers.
 - **Louisiana** - Child advocates in Louisiana, including our state partner, **Agenda for Children**, used the Self Sufficiency Standard to advocate a change in legislation where the child care tax credit 2002 implementation left out the very families in most need of child care assistance.
- **Housing**
 - **Colorado** - The **Colorado Center on Law and Policy** used the Colorado Standard to determine the impact of affordable housing on family stability and upward mobility. The Colorado Division of Housing draws on the Colorado Standard in its statewide report "Housing Colorado: The Challenge for a Growing State".
- **Health Care**
 - **Washington** - The **Washington Association of Churches** used the Washington Standard in its analysis of and discussions with state lawmakers about a detrimental state waiver proposal that would allow modification of Medicaid programs and restrict Medicaid eligibility.
 - **Massachusetts** - **The Women's Union** in Massachusetts developed a statewide Health Economic Self-Sufficiency Standard. Taking the concept of self-sufficiency, the HESS highlights



the high cost of health care, the impact of health policies, and the ways different population groups experience these. It can be used as a tool for formulating health policies that ease the burden of health care costs, ensure greater equity in health insurance, and address disparities in the availability of care.

- **Food**

- **Dade County** -The **Human Services Coalition of Dade County** has worked with businesses, state agencies, and policy-makers involved in the self-sufficiency debate to encourage them to do their part to ensure that food stamps benefits reach as many low-income Floridians as possible.

- **Unemployment Insurance**

- **Georgia**- the **Women's Policy Group** used the Georgia Standard to demonstrate the need for unemployment insurance reforms to benefit low-wage, part-time working women through research, public education, coalition-building.

- **Transportation**

- **Alabama** - **Alabama Arise** uses the cost estimates in the Alabama Standard to advocate for access to public transportation for low-income people. In Alabama, the lack of public transportation is cited as one of the most important barriers facing its low-income residents.

- **Welfare**

- **Nevada** - The **Progressive Leadership Alliance of Nevada** worked with the Director of Human Resources & Welfare for Nevada to incorporate the Nevada Self-Sufficiency Standard into its needs projections. Additionally, the Director of Welfare has indicated the Standard in his recommendations around caseloads.

Building Prosperity

The Self-Sufficiency Standard is often the key in developing longer-term strategies for moving communities and individuals towards economic self-sufficiency. FESS partners have developed asset development strategies, advocated for change in tax policy, and redirected public investment to employers offering jobs with better wages and benefits.

- **Tax Reform**

- **Maryland** - **The Center for Poverty Solutions** in Maryland advocated for the Baltimore Working Families Tax Credit. This city-based policy proposal was possible due to the localized data that the Standard provided as supportive evidence.
- **Kentucky** - **Kentucky Youth Advocates** and their coalition partners successfully advocated for the need of a progressive state tax system that provides justice for its low-income women and families. The tax plan exempts people making less than the federal poverty level from paying individual tax and links that exemption to the federal poverty line for future years.

- **Responsible Economic Development**

- **Nebraska** - **Nebraska Appleseed** developed a set of job quality standards that corporations should follow prior to receiving public funds. These job quality standards represent a pro-active way of holding corporations accountable for the public subsidies they receive.

- **Financial Lending**



- **Oklahoma** - The **Community Action Project of Tulsa County**, as a member of the Oklahoma Coalition of Consumer Advocates, advocated for legislation to protect low-income families from predatory lending practices.
- **Individual Development Accounts (IDAs)**
 - **Pennsylvania - PathWays PA** is using the Standard data in its efforts to expand access to individual development accounts (IDAs) for low-income residents of Pennsylvania. IDAs are matched savings accounts, usually tied to financial literacy training and commitments to invest saved assets in education, home-buying, etc.
- **Micro-enterprise Development**
 - **Delaware** - The **Metropolitan Wilmington Urban League** advocated for minority-owned businesses to increase employees' income levels so individuals and families will be self-sufficient. A key component of the Initiative will be to partner with economic development organizations, the City of Wilmington, New Castle County, State of Delaware and others to encourage minority entrepreneurship and job development in historically neglected and economically underserved urban areas in Wilmington and throughout New Castle County.
 - Did they do this or not, some is in present and some is in past tense. I am not sure what it is they are actually advocating for. Increased income seems general but there must be something more specific they are doing to get the employer engaged.
- **Sector Employment Intervention**
 - **Washington D.C. -Wider Opportunities for Women's D.C. Metro Area Program** assisted the public workforce board in securing federal funds to plan a sectoral initiative. The DC Standard was used to identify industry sectors with careers paths that could lead to economic self-sufficiency.
 - **Massachusetts** - Continuing their state coalition work with the Massachusetts Standard and workforce development, **The Women's Union** utilized the Standard to demonstrate high-demand jobs, many non-traditional jobs for women that meet or exceed the Standard. This report is intended to offer government and non-profit entities current information about jobs that are good paying and provide career pathways.





**WIDER
OPPORTUNITIES
FOR WOMEN**



Coming Up Short:

A Comparison of Wages and Work Supports in 10 American Communities

INTRODUCTION

Policymakers and the public at large are increasingly asking why so many American families come up short as they struggle to make ends meet. With the economy in flux and jobs disappearing overseas at a rapid rate, more questions are being raised about what strategies can help families be economically secure and stable. Achieving economic self-sufficiency is a goal woven into several key pieces of federal legislation designed to assist low-income workers. In fact, legislation on welfare reform, job training, and vocational education all refer to self-sufficiency as a goal. An important first step in crafting effective and responsive public policy is having a clear and precise understanding of what “self-sufficiency” truly means for working families across the United States today.

This year, Congress has begun the process of reauthorizing these key federal laws, states are dealing with budget shortfalls and tough choices to balance their budgets, and candidates at every level of government are outlining proposals to address the needs of working families. In this context of economic uncertainty and dwindling government resources, it is more important than ever that we identify and support policies that work for low-income families. To make the best policy choices, we need to know the answers to some key questions. How are low-wage workers faring today, across the country? What is the impact of federal and state policy choices on low-income working families? What public policy choices are available which, if enacted, would help low wage workers achieve self-sufficiency?

THE WORK AND WORK SUPPORTS STUDY

To help answer these questions, Wider Opportunities for Women (WOW) commissioned the *Work and Work Supports Study*.¹ This issue brief, *Coming Up Short*, reports key findings of the *Work and Work Supports Study* and makes policy recommendations drawn from those findings. The study uses the Self-Sufficiency Standard—a measure of how much income it takes for working families to meet their basic needs without public or private subsidies in specific locations—as

COMMUNITIES STUDIED

Yolo County, CA
Miami-Dade County, FL
Orleans Parish, LA
City of Boston, MA
St. Louis, MO
Yellowstone County, MT
Bronx, NY
Oklahoma County, OK
Philadelphia County, PA
Davidson County, TN

a benchmark to demonstrate how effective wages and the combination of wages and work supports are in moving working families toward economic independence. By using a sample family of a single working parent with an infant and preschool-age child in 10 different communities across the

United States, the study provides a nationwide snapshot of how well working families are able to make ends meet today.

The study examines three scenarios. First, it examines the adequacy of wages alone, at four different wage levels in relation to the Self-Sufficiency Standard for the sample family. Next, it examines the impact of work supports at these wage levels in helping families make ends meet. And finally, it explores a variety of policy and program options to close the gap between low-wage work and economic self-sufficiency for working families.

The four wage levels that the study examines are: (1) the minimum wage;² (2) the average welfare-leaver's monthly earnings;³ (3) \$10 per hour; and (4) \$12 per hour.⁴ By reviewing this range of incomes, the study illuminates the daily struggle for families of various economic circumstances, from those who have recently left welfare to those who are in the economic middle -- earning too much to be eligible for work supports but not enough to make ends meet.

Similarly, the study analyzes four different work supports packages, to determine the impact of wages combined with work supports on families' self-sufficiency. The four work support packages are:

- (1) **Child-care assistance**, which usually requires a co-payment from the parent, the size of which and eligibility for depend on state and local guidelines and typically vary according to household income and other factors such as child care costs and the number of children in a family.
- (2) A **“welfare-to-work” package**, available in most states to help welfare-leavers transition from relying on public assistance toward self-sufficiency, which typically includes child-care assistance, transitional Medicaid, and Food Stamps (if eligible⁵).
- (3) A **post-transition package**, which typically includes child-care assistance, State Child Health Insurance Program (S-CHIP) benefits or Medicaid and Food Stamps (if eligible⁶). This post-transition package assumes that the adult pays a health insurance premium and out-of-pocket costs for themselves for employer-provided coverage and sometimes an S-CHIP premium for their children.
- (4) The **full work-supports package**, which includes a combination of child care, S-CHIP, Food Stamps and housing subsidies (for which low-wage workers are in most cases required to pay a co-payment of 30% of their income).

Taking into account all these eligibility criteria and co-payments by state, county, household income, and size, the study used the actual co-payment schedules in each community to calculate the work supports available to our sample family.

STUDY LIMITATIONS

The study shows the success of wages and work supports in helping families make ends meet only to the extent that parents actually earn those wages and their families actually receive those work supports. Many low-wage workers cannot find or do not work a 40-hour-a-week job, nor are work supports available and accessible to all those who need them.

The lack of high-wage jobs plagues the U.S. economy today and will continue in the future. Projections from the U.S. Department of Labor to the year 2012 indicate that nine of the top 20 occupations which are expected to add the most jobs over the next 8 years currently pay \$19,600 per year, translating

In all parts of the country, low-wage work alone is not enough to make ends meet.

into monthly earnings of \$1,633 and an hourly wage of \$9.42 per hour. These lower-paying occupations are expected to grow by 24% on average, versus 15% for jobs overall.⁷

Even the lower-paying jobs are not always easy to get, especially in a sluggish or uncertain economy. Single working parents, especially recent welfare-leavers, may also face barriers to employment such as limited education, work experience, or English proficiency, that make it even harder for them to find jobs. And single parents may not be able to work 40 hours per week, because of their child-care responsibilities or their inability to get jobs that guarantee that many hours.

Moreover, nationwide, many working families find that work supports are unavailable or inaccessible despite earning wages that are too low to make ends meet. For example:

- Only 10-15 % of eligible children receive child-care assistance.⁸
- Only about 12% of eligible families receive housing aid or live in public housing.⁹
- Only 60% of those eligible for Food Stamps received benefits in 2000.¹⁰
- Meanwhile, the proportion of insured children nationwide has fallen steadily.¹¹ During 2002 and 2003, 36.7% of all children in the US went without health insurance.¹²
- 54.8 million adults aged 18–64 were without health insurance for all or part of the last two years.¹³

Thus, the study demonstrates essentially a best-case scenario for our sample family. Due to the rise of low-wage work and the inaccessibility of work supports, our working parent may not in fact receive the wages or work supports that the study assumes. In the “real world,” the sample family’s economic reality is likely to be much harsher, their distance from self-sufficiency much further.

THE SELF-SUFFICIENCY STANDARD

The *Self-Sufficiency Standard* (the Standard) used in the study calculates the amount of income it takes for working families to meet their basic needs in the regular marketplace, without public or private assistance of any kind. Developed by Dr. Diana Pearce in conjunction with WOW, the Self-Sufficiency Standard is a cornerstone of WOW’s Family Economic Self-Sufficiency Project. The Standard is calculated using actual costs of goods and services purchased in the regular marketplace and reflects

actual expenses consumers face. The Standard represents a bare-bones budget: it does not allow for entertainment, carry-out or fast food (not even a pizza), savings, credit-card debt, or emergency expenses such as car repairs. The Standard is calculated using official government data sources and a consistent, national methodology, providing an objective and comparable measure of the true cost of living on a minimally adequate budget, across states.

Table 1. The Self-Sufficiency Standard for Philadelphia, PA 2004

	Adult	Adult + infant preschooler	Adult + preschooler schoolage	2 Adults + infant preschooler
Monthly Costs				
Housing	639	791	791	791
Child Care	0	1078	977	1078
Food	182	358	411	515
Transportation	106	106	106	212
Health Care	90	217	225	259
Miscellaneous	102	255	251	285
Taxes	315	767	752	804
Earned Income				
Tax Credit (-)	0	0	0	0
Child Care				
Tax Credit (-)	0	-110	-115	-100
Child Tax Credit (-)	0	-167	-167	-167
Self-Sufficiency Wage				
-Hourly	\$8.14	\$18.71	\$18.35	\$10.45 per adult
-Monthly	\$1,433	\$3,294	\$3,230	\$3,677
-Annual	\$17,201	\$39,526	\$38,759	\$44,123

- The Standard varies geographically on a county-by-county basis; it has been calculated in 34 states and the District of Columbia.
- The Standard is calculated for 70 different family types in each county.
- The Standard incorporates all major budget items for a working family: housing, child care, food, health care, transportation, and taxes.
- The Standard reflects different costs by age of children, which is particularly important in relation to child-care costs, but also for food and health-care costs.
- The Standard includes the benefits of tax credits, such as the Earned Income Tax Credit (EITC), the Child Tax Credit and the Child and Dependent Care Tax Credit. The EITC and additional state EITCs provide an important hedge against poverty, helping to provide for “lump sum”

needs such as rent deposits, purchase of a car, tuition, and so forth for low- and moderate-income working families. In 2002, more than 21 million families and individuals filing federal income tax returns — nearly one of every six families who filed — claimed the federal EITC.¹⁴ However, because it is not received monthly, the work-supports packages modeled in the *Work and Work Supports* study do not include the EITC.¹⁵

KEY FINDINGS

1. In all parts of the country, low-wage work alone is not enough to make ends meet. The study found:

- Across the 10 communities, our sample family needs **\$27,660 per year** (or \$13.10 per hour) in the lowest-cost location (New Orleans) and **\$59,544 per year** (or \$28.19 per hour) in the highest-cost location (Boston) just to meet its basic needs.

As Table 2 shows, the cost of living at the Self-Sufficiency Standard level is quite high throughout the U.S. Few single working parents can command these types of wages, especially when they are young and just gaining the work experience they need to move up the pay scale. The gap between actual wages and self-sufficiency is even greater for parents moving from welfare to work, who face barriers to employment that result in even lower actual wages.

According to the study --

- Nowhere in the ten communities is a minimum-wage job sufficient to make ends meet for our sample family, and on average only covers 34% of the basic costs of living

- Our sample parent earning average welfare-leaver wages only covers, on average, 30% of her basic expenses.
- At \$10 per hour, full-time, our parent’s earnings still do not allow the family to be self-sufficient -- such earnings cover between 42% of basic needs (in Boston) and 73% of basic needs (in New Orleans).
- Even earning \$12 per hour, full-time, does not guarantee self-sufficiency; our working parent can meet on average only 72% of basic needs at this wage.

2. When work supports are available and accessible, they can serve as a helpful bridge toward economic independence for working families.

- When earning the minimum wage in combination with the welfare-to-work transition package, our sample parent can meet 70% of her family’s basic needs, on average across the 10 locations.
- In Miami, our sample parent receiving the welfare-to-work package needs to earn \$12.70 an hour, compared to \$18.49 without any work supports, to make ends meet.
- Earning \$12 per hour, our parent covers 88% of expenses, on average, when she receives child-care assistance alone.
- At \$12 an hour, our parent can be self-sufficient if she receives the full package of work supports in seven of the 10 communities studied.¹⁶
- Child care assistance makes a significant impact on a family’s ability to make ends meet. Alone, it can reduce

Table 2. Self-Sufficiency Standard for a Parent with an Infant and Preschooler by Community; Hourly, Monthly and Annual Rates

	Hourly	Monthly	Annually
Yolo County, CA (Davis) 2003	\$19.03	\$3350	\$40,196
Miami-Dade County, FL 2002	\$18.49	\$3254	\$39,053
Orleans Parish, LA 2003	\$13.10	\$2305	\$27,660
City of Boston, MA 2003	\$28.19	\$4962	\$59,544
St. Louis, MO 2002	\$15.23	\$2680	\$32,165
Yellowstone County, MT 2002	\$16.08	\$2830	\$33,956
Bronx, New York City 2000	\$20.80	\$3661	\$43,932
Oklahoma County, OK 2002	\$17.38	\$3058	\$36,697
Philadelphia County, PA 2004	\$18.71	\$3294	\$39,526
Davidson County, TN (Nashville) 2002	\$15.84	\$2788	\$33,463

Table 3. Percentage of Basic Expenses Covered For One Adult with One Infant and One Preschooler at Various Wage Levels Across 10 Communities (with no work supports)

	Welfare Leavers' Earnings	Minimum Wage	\$10 per hour	\$12 per hour
Yolo County, CA (Davis) 2003	35%	36%	54%	64%
Miami-Dade County, FL 2002	24%	31%	58%	69%
Orleans Parish, LA 2003	27%	38%	73%	88%
City of Boston, MA 2003	23%	29%	42%	50%
St. Louis, MO 2002	30%	37%	68%	81%
Yellowstone County, MT 2002	27%	38%	68%	79%
Bronx, New York City 2000	36%	29%	55%	65%
Oklahoma County, OK 2002	33%	34%	63%	74%
Philadelphia County, PA 2004	29%	31%	58%	69%
Davidson County, 2002 TN (Nashville)	38%	35%	66%	79%
Average	30%	34%	61%	72%

a family’s out-of-pocket expenses by as much as 35% (in Boston).¹⁷

3. Even when work supports are in place, many families still cannot make ends meet.

- With a full package of work supports in place, nowhere in our 10 communities do average welfare-leaver earnings allow the sample parent to make ends meet; her earnings plus a full work supports package cover on average only 83% of basic needs.
- Nowhere does a minimum-wage job combined with a post-transition package of work supports cover all the costs of basic needs, on average, our working parent can cover only 65% of her basic needs.
- Even combining earnings from a \$10-per-hour full-time job with the welfare-to-work package¹⁸ does not enable our sample parent to meet her needs completely (with an average of 92% of her costs covered).

4. Because of the complex interaction of living costs, federal program parameters, and state policy choices, the ultimate impact of work supports largely depends on where one lives. States have broad flexibility to design programs and set funding priorities for many work support programs, which results in wide variation of the impact of work supports on working families.

- A full work supports package can reduce the wage a family needs to cover basic costs by as much as 73% in the Bronx or as little as 4% in New Orleans.¹⁹
- The welfare-to-work package plus a full-time minimum

wage job allows our parent to earn between 58% (in Miami) and 77% (in Yolo County) of basic needs.²⁰

- Eligibility for child-care assistance ends, for our sample family, at about \$1400 per month (\$8.75 per hour) in Missouri, about \$1850 (\$10.50 per hour) in Montana , and about \$2500 (\$14.25 per hour) in Florida.²¹

POLICY RECOMMENDATIONS

This study shows the huge gaps between the income families need to meet their basic needs, the wages available to them, and the availability and accessibility of work supports. There are two basic approaches to address these gaps: raising the incomes of low-income families and reducing their costs through public or private assistance. The recommendations in this report focus on policies to raise families’ incomes and prepare working parents for quality jobs with wages that enable them to become self-sufficient.

Use a real measure of how much it costs for a family to become self-sufficient. States and the federal government should develop and adopt a measure like the Standard because, as this study shows, the Standard is a powerful tool for assessing families economic progress. While key federal laws, including the Workforce Investment Act, and the welfare-reform reauthorization bills refer to self-sufficiency, the term is not defined and in fact is interpreted differently within and among agencies. A common definition that reflects the actual costs of living as defined by a measure like the Standard will increase the likelihood that federal

Table 4. Impact of Work Supports on Wage Needed to Meet Basic Needs, by State

	Self-Sufficiency Standard	Child Care	“Welfare-to-work” Package	Post Transition Package	Full Work Supports Package
Yolo County, CA, 2003	\$19.03	\$13.05	\$10.44	\$11.38	\$8.82
Miami-Dade County, FL, 2002	\$18.49	\$18.49	\$12.70	\$13.91	\$11.39
Orleans Parish, LA, 2003	\$13.10	\$13.79	\$11.97	\$12.59	\$12.52
City of Boston, MA, 2003	\$28.19	\$18.24	\$15.95	\$17.96	\$7.60
St. Louis, MO, 2002	\$15.23	\$15.35	\$7.05	\$8.12	\$4.78
Yellowstone County, MT, 2002	\$16.08	\$16.08	\$10.24	\$14.68	\$10.73
Bronx, New York City, 2000	\$20.80	\$13.79	\$10.14	\$10.82	\$8.06
Oklahoma County, OK, 2002	\$17.38	\$12.39	\$10.28	\$10.94	\$10.48
Philadelphia County, PA 2004	\$18.71	\$12.98	\$11.02	\$11.75	\$8.17
Davidson County, TN, 2002	\$15.84	\$15.84	\$10.32	\$11.36	\$8.85

Table 5. Average Percentage of Basic Expenses Covered Through Combination of Wages and Work Supports

	No Work Supports	Child Care	“Welfare-to-work” Package	Post Transition Package	Full Work Supports Package
Welfare leavers’ earnings	30%	46%	65%	60%	83%
Minimum wage	34%	50%	70%	65%	87%
\$10 per hour	61%	80%	92%	87%	98%
\$12 per hour	72%	88%	99%	94%	101%

programs affecting low-income families will be structured to help individual families move toward economic security while building their communities' economic stability and tax bases.

The Standard can be used in a number of ways and by a range of policy makers and administrators:

- As a **benchmark** to assess the effect of public policies on low-income working families related to education, training, welfare, taxes and other policies.
- As a **litmus test for economic-development choices**. In this shifting economy, states should be encouraged to assess their regional labor markets to identify industries or occupations in demand; identify the entry-level education and skills requirements for those industries or occupations; and identify the wages, benefits, and career ladders in those industries or occupations relative to a measure like the Self-Sufficiency Standard. Using this information, local governments can make informed economic-development choices.
- As a **counseling tool** to help case managers and clients understand how much income families of different types will need to earn to achieve long-term self-sufficiency and the work supports necessary to make ends meet in the meantime.
- As an element in the **data collection and assessment process**. To inform and improve their decision-making, public agencies should create a profile of the characteristics of low-wage families which include their self-sufficiency income needs.

Indeed, local, state and federal policymakers have already embraced the Standard. States including West Virginia, Hawaii, Connecticut, and Illinois have mandated calculation of a Self-Sufficiency Standard by legislation or regulation.

Increase the federal minimum wage. A minimum wage job without any work supports covers only an average of 34% of the sample family's basic needs in the 10 communities we studied. This is a shocking indictment of the level to which the minimum wage has sunk in today's economy.

Raising the minimum wage would go a long way toward helping all low-income working families achieve self-sufficiency. Current proposals to increase the federal minimum wage to \$6.65 an hour would add over \$3,000

to the income of full-time, year-round workers at today's federal minimum wage of \$5.15 per hour.

Expand education and job training opportunities. Skills training and vocational, secondary and post-secondary education are crucial links to good jobs that lead to economic self-sufficiency. Education and training gives job seekers the skills necessary to succeed in jobs with career potential and upward mobility. Ensuring that job training and education are broadly available to low-wage earners is essential to the well-being of families and to the growth of our economy.²²

To increase education and training opportunities, Congress has begun the reauthorization of a number of federal laws that affect the ability of students and workers to meet the demands of today's economy. These laws include the Workforce Investment Act, the Carl D. Perkins Vocational and Applied Technology Education Act, the Higher Education Act, the Transportation Equity Act for the 21st Century and Temporary Assistance to Needy Families. When reauthorizing these bills, Congress should pass provisions that:

- Provide students, welfare leavers and all job seekers with access to education and training programs that will prepare them for jobs in high-growth sectors that provide or lead to self-sufficient wages.
- Increase women's access to high-skill, high-wage occupations, including those where women are underrepresented, like plumbing, information technology or construction.
- Make available and accessible work supports like child care, transportation, and health care to enable job seekers and adult students to take advantage of existing education and training opportunities.
- In welfare reform, allow states flexibility to count education and job training as part of the work requirements. The current law places a 12-month limit on vocational education, prohibits states from having more than 30% of their caseload in secondary school or vocational education programs, and prohibits states from counting higher education toward program participation rates. A number of states have recognized the important role of education and job training and offer these opportunities through state-sponsored and sometimes state-funded programs, such as Maine's Parents As Scholars program.

Make work supports accessible and available to working families to help them meet their basic costs of living. This study clearly demonstrates that wages alone are often insufficient for families to meet their basic needs. Work supports are necessary to help families meet their basic costs of living; low-income families need a package of supports including cash assistance, affordable child care, health insurance, transportation, and housing to help them begin climbing the ladder toward self-sufficiency.

National policy should ensure that these supports are available, accessible, and affordable for all families no matter where they live. Congress should:

- Increase the dollars available for child-care assistance. A recent amendment to the welfare-reauthorization bill by Senators Olympia Snowe (R-ME) and Christopher Dodd (D-CT) to add \$6 billion for child care assistance passed overwhelmingly in the Senate on March 30, 2004, but awaits passage as a part of the overall welfare reauthorization bill.
- Make Medicaid and S-CHIP available to all low-income families, including legal immigrants.

Create incentives to encourage States to develop programs that move clients into “opportunity” jobs. Rewards like high-performance bonuses encourage states to undertake strategies that result in clients moving toward economic security. Strategies that are rewarded could include: helping clients close the gap between earnings and the Self-Sufficiency Standard or placing low-income wage earners in higher-waged jobs.

CONCLUSION

This comparison of self-sufficiency needs to the resources available from work and work supports shows how well – and how poorly – work and work supports can function to help low-income families make ends meet. It also demonstrates the striking differences that result from public-policy choices at all levels of government.

What is clear from these examples is that policy choices have a profound impact on the ability of families to become self-sufficient. Work supports are a key strategy for providing a bridge to self-sufficiency for low-income families who are coming up short. These programs reduce the amount of income families need to meet the basic costs of everyday living and, when they are available and accessible, make a real difference in a family's ability to survive. However, in addition to work supports, government must also ensure better access to education and job training opportunities so that parents can advance in the workforce to higher-paying jobs.

Individuals and businesses have a role to play, as well. Employers need to pay decent wages and provide benefits such as paid leave and health insurance while giving employees opportunities to learn new skills and increase their wages. Individuals must seize on opportunities to invest in themselves through education, training, and moving up the career ladder.

No family should come up short while working full time. And yet that is exactly what is happening in America today. Many American families are fighting a losing battle to make ends meet with low-wage work and inadequate work supports.

ACKNOWLEDGEMENTS

Published as part of WOW's Family Economic Self-Sufficiency Project, *Coming Up Short* is drawn from a study conducted by Dr. Diana Pearce, Ph.D. of the Center for Women's Welfare, School of Social Work, University of Washington, which is available in its prepublication form from WOW on-line. We are grateful to Dr. Pearce both for conducting this research and for her original work developing the Self-Sufficiency Standard when she was Director of the Women and Poverty Project at WOW.

Coming Up Short was written by Donna R. Lenhoff and edited by WOW Executive Director Joan Kuriansky and WOW staff Maureen Golga and Cyndi Lucas.

We would also like to thank Maureen Thompson, Ed Hatcher, Sarah Samson, Nick Johnson, Debbie Weinstein, Mark Greenberg, David Blatt, Jane Eleey, and Shannon Johnson for their helpful review of drafts of the report before publication. Any errors are solely the responsibility of Wider Opportunities for Women.

- 1 The study was conducted by Dr. Diana Pearce of the School of Social Work of the University of Washington; it is available from WOW in prepublication form on our website at www.wowonline.org.
- 2 The study used the federal minimum wage of \$5.15 per hour or the state minimum wage in the two states in which it is higher (California and Massachusetts, both \$6.75/hour).
- 3 To determine the average welfare-leaver's wage, empirical studies of welfare leavers by state and academic researchers were reviewed; where more than one study was available, the one with the highest "average" earnings was used. Not surprisingly, wages earned by welfare leavers tended to be quite low, both relatively and absolutely: they ranged from a low of \$647 per month in Montana (roughly two-thirds of the full-time minimum wage) to \$1158 in California. While they may earn the minimum wage on an hourly basis, welfare leavers who earn less than the minimum wage on a monthly basis do so in general because they may work less than a 40-hour workweek, have breaks in employment, or work jobs with varying hours.
- 4 For the minimum wage and the \$10 and \$12 per hour wages, the study assumes a full-time workweek of 40 hours. For the average welfare-leaver's wage, as noted above, the study uses actual monthly earnings. Welfare leavers may not work 40 hours for a variety of reasons, including their child-care responsibilities and inability to get 40-hour-per-week jobs.
- 5 Food Stamps' national eligibility criteria limit their receipt to households with incomes below 130% of the federal poverty line.
- 6 Working adults may continue to be eligible for Medicaid if they meet the income guidelines, but children are typically eligible to receive health care coverage through S-CHIP or Medicaid.
- 7 AFL-CIO analysis of Bureau of Labor Statistics data, available at <http://www.bls.gov/emp/emptab4.htm>.
- 8 "According to new state-reported statistics for fiscal year 1999, 1.8 million children in low-income families are receiving federal child care subsidies on an average monthly basis. This is a slight increase from the 1.5 million children served in 1998." U.S. Department of Health and Human Services (December 6, 2000). *New statistics show only a small percentage of eligible families receives child care help*. [Press release]. Retrieved from <http://www.hhs.gov/news/press/2000pres/20001206.html>. Oliver, H., Phillips, K., Giannarelli, L., Chen, A. (June 2002). *Eligibility for CCDF-Funded Child Care Subsidies Under the October 1999 Program Rules: Results from the TRIM3 Microsimulation Model*. U.S. Department of Health and Human Services, Administration For Children and Families.
- 9 U.S. Department of Housing and Urban Development, *Assisted Housing 1999*.
- 10 "Trends in Food Stamp Program Participation Rates: 1994 to 2000" (USDA). The estimated Food Stamp Program participation rate among eligible persons fell from 74% in 1994 to 57% in 1999, before inching up to 59% in 2000. Food Stamps participation has been increasing since 2001, likely driven by improved access to the program in a growing number of states, and by the weakened economy, causing more households to apply.
- 11 From 13.9% in 1997 to 10.4% in 2002. Center for Disease Control, National Center for Health Statistics, Early Release of Selected Estimates Based on Data from the 2002 National Health Interview Survey. Released June 18, 2003, Klein, R. (2002). Families USA estimates that S-CHIP enrollment will drop by 900,000 between fiscal years 2003 and 2006. *Children losing health coverage, special report*. Washington, DC: Families USA Publication. See also U.S. Census Bureau, Current Population Survey, 2000, 2001, 2002 Annual Demographic Supplements. *Low income uninsured children by state: 1999, 2000, 2001*. Retrieved February 25, 2003, from <http://www.census.gov/hhes/hlthins/liuc01.html>.
- 12 Families USA. *One in Three: Non-Elderly Americans without Health Insurance, 2002-2003*. Available at: http://www.familiesusa.org/site/DocServer/82million_uninsured_report.pdf?docID=3641.
- 13 Families USA. *One in Three: Non-Elderly Americans without Health Insurance, 2002-2003*. Available at: http://www.familiesusa.org/site/DocServer/82million_uninsured_report.pdf?docID=3641.
AFL-CIO analysis of Bureau of Labor Statistics data available at: <http://www.bls.gov/emp/emptab4.htm>
- 14 Center on Budget and Policy Priorities. *A Hand Up*. By Joseph Llobrera and Bob Zahradnik, available at: <http://www.cbpp.org/5-14-04sfp.htm>.
- 15 EITC is not modeled because it is not received on a monthly basis; by one estimate, 99% of filers receive the EITC annually, when they file their income taxes (federal and/or state). In addition, by law, families may only receive up to about a third of the maximum benefit for a family with two or more children on a monthly basis. Thus the EITC is not available to meet monthly needs. Because not all needs are monthly, however, and because so many needs are not included in the Self-Sufficiency Standard's bare-bones budget, the exclusion of the EITC from the work supports modeled in this study does not result in a net overstatement of the gap between the sample family's needs and resources.
- 16 Consult the *Work and Work Supports Study* for state by state analysis of wage adequacy data available at: www.wowonline.org.
- 17 Consult the *Work and Work Supports Study* for state by state analysis of wage adequacy data available at: www.wowonline.org.
- 18 Earnings from a full-time \$10-per-hour job are about \$200 too high to qualify for Food Stamps for a three-person family, so Food Stamps is not included in this package.
- 19 Consult the *Work and Work Supports Study* for corresponding chart.
- 20 Consult the *Work and Work Supports Study* for corresponding chart.
- 21 Consult the *Work and Work Supports Study* for corresponding graph.
- 22 Research by The Workforce Alliance in "*Skills Training Works: Examining the Evidence*" documents the effectiveness of job training and education programs. According to this study, job training and education programs increase annual earnings, improve access to employer provided benefits, and increase longevity in the workforce. This report is available at: <http://www.workforcealliance.org/Skills%20Training%20Works%20Report.pdf>

