

The Self-Sufficiency Standard for Wisconsin

How much money does it take for families to live and work without public or private assistance or subsidies?

Introduction

An uncertain economy and major changes in welfare and workforce development policy have given new urgency to the question of self-sufficiency. As many parents leave welfare and enter the labor market, they join a growing number of families who are unable to stretch their wages to meet the costs of basic necessities. Even though many of these families are not poor according to the official poverty measure, their incomes are inadequate. But what is adequate income—and how does this amount vary among different family types and different places? To answer that question we have a new measure of income adequacy: the Self-Sufficiency Standard.

The Self-Sufficiency Standard measures how much income is needed for a family of a given composition in a given place to adequately meet their basic needs—without public or private assistance. Below we will explain the origin of the Standard; how it differs from the official poverty standard; how it is calculated; what it looks like for Wisconsin families; and how various public work supports, public policies, child support and other available resources can help families move toward self-sufficiency. We conclude this report with a discussion of the varied ways that the Standard can be used as a tool for policy analysis, counseling, performance evaluation and research.

Measuring Income Adequacy: Problems with the Poverty Line

How much is enough for families to meet their needs on their own? Although we may have trouble coming up with an exact dollar figure, most of us know

what adequacy looks like when we see it. As one participant in a training program put it when asked to define her progress towards economic self-sufficiency:

I wouldn't say I'm economically self-sufficient yet. When it comes to a point where I don't have to worry about the health care needs of my family, when I don't have to worry about the light bill, when the light man isn't knocking on the door saying "your bill is due." Not that you have a lot of money, but you're not worried about how your kid is going to get that next pair of shoes...Just the simple things, that may not be all that simple because we don't have them yet.¹

Obviously, we cannot interview *every* person for his or her own assessment of income or wage adequacy, as quoted above. Thus, there is a need for a standard that is consistent in the assumptions made and as objective as possible. Most often we turn to the federal poverty measure to determine that a family is "poor" if their income is below the appropriate threshold, and "not poor" if it is above that threshold. The poverty measure, however, has become increasingly problematic as a measure of income adequacy. Indeed, the Census Bureau itself states, "the official poverty measure should be interpreted as a statistical yardstick rather than a complete description of what people and families need to live."²

The most significant shortcoming of the federal poverty measure is that for most families, in most places, it is simply not high enough. That is, there are many families with incomes above the federal poverty

level who nonetheless lack sufficient resources to adequately meet their basic needs. As a result, many assistance programs use a multiple of the poverty level to measure need. For example, BadgerCare, the Children's Health Insurance Program (CHIP) in Wisconsin, is available for children in families earning up to 185% of the federal poverty guidelines.³

Not only the government, but the general public considers the poverty line to be too low. A number of studies have shown that the public would set a minimum income 25-50% above the federal poverty level, depending upon the family's composition and where the family lives.⁴ However, the official poverty measure has additional problems inherent in its structure. Simply raising the poverty level, or using a multiple of the threshold cannot solve these problems.

There are several basic methodological problems with the federal poverty measure. The first is that the

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federal poverty measure is based on the cost of a single item, food, not on a market basket of basic needs. At the time that it was developed, over four decades ago, families spent about one-third of their income on food. The food budget was then multiplied by three. Since the federal poverty measure was first developed and implemented in the early 1960s it has only been updated to reflect inflation, and has not and cannot incorporate new needs.

In addition, the implicit demographic model (the two-parent family with a stay-at-home wife) has also changed significantly since the measure's inception. Particularly for families in which all adults are working—of whom there are many more today than in the 1960s—there are new needs associated with employment, such as transportation, taxes, and if they have young children, child care.

The federal poverty measure is also the same whether one lives in Mississippi or Manhattan. That is, the poverty measure does not vary by geographic location. Although there was some geographical variation in costs three decades ago, differences in the cost of living between areas have increased

substantially since then, particularly in the area of housing. Indeed, housing in the most expensive areas of the country costs about five times as much as the same size units in the least expensive areas.⁵

Finally, the poverty measure does not distinguish between those families in which the adults are employed, and those in which the adults are not employed. At the time that the poverty measure was first developed, there was probably not a large difference between families in these situations: for example, taxes were very low for low-income families with earned income, and transportation was inexpensive. Most important, because the poverty measure assumed that two-parent families with children had only one worker and that single-parent families had no workers, no child care costs were incorporated. Today, for both one- and two-parent families, child care costs are often a necessary expense and many families do not have unpaid child care available. Also, taxes today even for low-income families are substantial and transportation can be costly.

For these and other reasons, many researchers and analysts have proposed revising the poverty measure. Suggested changes would reflect new needs as well as incorporate geographically-based differences in costs, and would build in more responsiveness to changes over time.⁶ Others have gone further, creating new measures of income adequacy, such as Basic Needs Budgets or Living Wages.⁷

Public programs have also recognized the failure of the one-size-fits-all poverty measure to capture differences in need. Thus, instead of using the poverty measure, federal housing programs assess need using local area median income as a way to take into account the significant differences in cost of living between localities. Likewise, the Food Stamps program takes into account housing and child care costs, and their variations between different localities, when calculating benefits.

The Self-Sufficiency Standard—And How It Differs from the Federal Poverty Measure

While drawing on the critiques and analyses of the federal poverty measure cited above, the Self-Sufficiency Standard takes a somewhat different approach to measuring income adequacy. As one observer put it: “Ask not where poverty ends, but where economic independence begins.”⁸ That is, at

what point does a family have sufficient income and resources (such as health benefits) to meet their needs adequately, without public or private assistance?

As a standard of income adequacy, the Self-Sufficiency Standard defines the amount of income required to meet basic needs (including paying taxes) in the regular “marketplace” without public or private/informal subsidies. By providing a measure that is customized to each family’s circumstances, e.g., taking account of where they live and how old their children are, the Self-Sufficiency Standard makes it possible to determine if families’ incomes are enough to meet their basic needs.

While both the Self-Sufficiency Standard and the official poverty measure assess income adequacy, the Standard differs from the official poverty measure in several important ways:

- The Standard does not try to combine, or average together, the very different circumstances of families in which adults work, compared to those in which they do not. Rather, *the Self-Sufficiency Standard assumes that all adults (whether married or single) work full-time,⁹ and therefore, includes costs associated with employment, specifically, transportation, taxes, and for families with young children, child care.*
- *The Standard takes into account that many costs differ not only by family size and composition (as does the official poverty measure), but also by the age of children.* While food and health care costs are slightly lower for younger children, child care costs are much higher—particularly for children not yet in school—and are a substantial budget item not included in the official poverty measure.
- *The Standard incorporates regional and local variations in costs.* This is particularly important for housing, although regional variation also occurs for child care, health care and transportation. Unlike some approaches suggested for a revised poverty measure, however, the Standard does not assume a fixed ratio of urban to rural costs, but uses actual costs. Although rural areas and small towns usually have lower costs than the metropolitan areas in a given state, cost ratios vary and there are exceptions. For example, living costs in rural areas that have become desirable tourist or second-home locations are

often as high or higher than in a state’s urban areas. Availability of housing in rural and urban areas can also affect costs.

- *The Standard includes the net effect of taxes and tax credits.* It provides for state sales taxes, as well as payroll (Social Security and Medicare)

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taxes, local occupational taxes, and federal and state income taxes. Three federal credits available to workers and their families are “credited” against the income needed to meet basic needs: the Child Care Tax Credit, the Earned Income Tax Credit, and the Child Tax Credit.

- While the poverty standard is based on the cost of a single item, food, and assumes a fixed ratio between food and nonfood, *the Standard is based on the costs of each basic need, determined independently, which allows each cost to increase at its own rate.* Thus, the Standard does not assume that food is always 33% of a family’s budget, or constrain housing to 30%.

As a result, the Self-Sufficiency Standard is set at a level that is, on the one hand, not luxurious or even comfortable, and on the other, not so low that it fails to adequately provide for a family. For example, the Standard includes income sufficient to meet minimum nutrition standards and to obtain housing that would be neither substandard nor overcrowded.

The Standard does not, however, allow for longer-term needs (such as retirement savings or college tuition), purchases of major items (such as a car), emergency expenses, or even items such as school supplies or birthday gifts, which are hardly luxuries. Self-sufficiency means maintaining a decent standard of living and not having to choose between basic necessities—whether to meet one’s need for child care but not for nutrition, or housing but not health care. Self-Sufficiency Wages are family-sustaining wages.

What the Self-Sufficiency Standard Is ... and Is Not

Using the Self-Sufficiency Standard, a given family's income is deemed inadequate if it falls below the appropriate threshold (family type and location). However, we emphasize that, as with any measure or threshold, the exact amount is essentially arbitrary, i.e., if a family's income falls a dollar above or below the monthly Self-Sufficiency Wage, it should not be interpreted in absolute terms as having, or not having, adequate income. Rather, we urge users of the Standard to think in relative terms of "wage adequacy," that is, one should ask how close is a given wage to the Standard?

Thus, for example, if the Standard for a given family is \$10.00 per hour, but the adult supporting the family only earns \$5.15 per hour, then the latter wage has a "wage adequacy" level of only 51.5%. At the same time, a penny above or below \$10.00 is not a meaningful distinction.

The use of income thresholds should not be taken to mean that economic self-sufficiency can be achieved with just wages alone, or even wages combined with benefits. True self-sufficiency involves not just a job with a certain wage and benefits, but rather income security for a family over time. Thus, the Self-Sufficiency Wage represents a larger goal toward which one is striving, and is a process that one is engaged in, not a one-time achievement. As one person put it, "Self-sufficiency is a road I'm on."¹⁰

Central to these efforts are access to education and training, access to jobs that provide real potential for skill development, and career advancement over the long-term. For some, this may mean entering jobs that are nontraditional for women, and for others it may mean developing their own small businesses as their sole or an adjunct source of income.

Generally, self-sufficiency is not achieved through stopgap measures or short-term solutions. Most individuals moving from welfare to work cannot achieve self-sufficiency in a single step, but require the needed assistance, guidance, transitional work supports and the time necessary to become self-sufficient.

The argument for education and training may not have the same urgency as do basic needs such as food

and shelter; however, true long-term self-sufficiency increasingly requires investments that enhance skills and adaptability. Without technologically sophisticated and broad-based education—which provides the flexibility to move into new jobs and careers—self-sufficiency is not likely to be sustainable.

Finally, the Standard is not meant to imply that public work supports are not appropriate for Wisconsin families. Indeed, given the large number of families who have not yet achieved wage adequacy, assistance in meeting the costs of such high-price necessities as child care, health care and housing is frequently the only viable means for these families to have the necessary resources to secure their basic needs.

Likewise, it is important to recognize that self-sufficiency does not imply that *any* family at *any* income should be completely self-reliant and independent of one another, or the community at large.

Community, societal and governmental response to families struggling to achieve family sustaining wages should be encouraged as supportive of the goal of self-sufficiency.

Indeed, it is through interdependence between families and community institutions such as schools or religious institutions—as well as informal networks of friends, family, and neighbors—that many are able to meet their non-economic needs as well as economic necessities. Such support and help is essential to our well-being, psychologically as well as materially, and should be supported.

Nothing about the Self-Sufficiency Standard should be taken to mean that such efforts to help each other should be discouraged. Nor should the Standard be understood as endorsing an ideal of self-dependence in complete isolation—we are not advocating a "Lone Ranger" model for families. The Standard is a measure of income adequacy, not of family functioning. Likewise, community, societal, and governmental response to families struggling to achieve family sustaining wages should be encouraged as supportive of the goal of self-sufficiency.

How the Self-Sufficiency Standard is Calculated

The goal of making the Standard as standardized and accurate as possible, yet varied geographically and by age, requires meeting several different criteria. As much as possible, the figures used here:

- are collected or calculated using standardized or equivalent methodology,
- come from scholarly or credible sources such as the U.S. Bureau of the Census,
- are updated at least annually, and
- are age- and/or geographically-specific (where appropriate).

Thus, costs that rarely have regional variation (such as food) are usually standardized, while costs such as housing and child care, which vary substantially, are calculated at the most geographically specific level available.

For each county and tribe in Wisconsin,¹¹ the Self-Sufficiency Standard is calculated for 70 different family types—all one-adult and two-adult families, ranging from a single adult with no children, to one adult with one infant, one adult with one preschooler, and so forth, up to two-adult families with three teenagers.¹² We have included the costs of each basic need and the Self-Sufficiency Wages for eight selected family types for each Wisconsin county and for the ten Wisconsin tribes in the Appendix to this report. (The costs of each basic need and the Self-Sufficiency Wages for all 70 family types for all Wisconsin counties and tribes are available from the Wisconsin Women’s Network at www.wiwomensnetwork.org.)

The components of the Self-Sufficiency Standard for Wisconsin and the assumptions included in the calculations are described below.

Housing: The Standard uses the Fiscal Year 2004 Fair Market Rents, which are calculated annually by the U.S. Department of Housing and Urban Development (HUD) for every metropolitan statistical area (MSA) and non-metropolitan county (totaling over

400 housing market areas). Fair Market Rents (FMRs) are based on data from the decennial census, the annual American Housing Survey, and telephone surveys.¹³ The FMRs (which include utilities except telephone and cable) are intended to reflect the cost of housing that meets minimum standards of decency, but is not luxurious, and in most cases, the FMR is set at the 40th percentile level. (At the 40th percentile level, 40% of the housing in a given area would be less expensive than the FMR, while 60% would cost more than the FMR.) In addition, housing costs within the four MSAs with multiple counties (Milwaukee, Minneapolis, Appleton and Eau Claire) have been varied, based on FMR raw data calculated by the National Low Income Housing Coalition. (See Data Sources for more information.)

The Self-Sufficiency Standard assumes that parents and children do not share the same bedroom and that there are not more than two children per bedroom. Therefore, the Standard assumes that single persons and couples without children have one-bedroom units;¹⁴ families with one or two children require two bedrooms, and families with three children, three bedrooms.

Child Care: The Standard uses the most accurate information available that is recent, geographically specific, and age- and setting- specific. Under the Family Support Act (in effect from 1988 until welfare reform in 1996), states were required to provide child care at “market rate” for those needing it for employment and/or education/training. Regulations defined “market rate” as the 75th percentile, and required that states conduct cost surveys to determine the 75th percentile by setting, age, and geographical location (or use a statewide rate). Many states have continued both to do the surveys and reimburse child care at this rate.¹⁵

For Wisconsin, the 2004 Maximum Child Care Rates Survey (set at the 75th percentile) was used. In the instances where tribal child care rates were unavailable, child care rates were either provided by the

tribal child care coordinator or taken from the primary county in which the tribe is located.

The Standard usually defines “infants” as children under three years old, “preschoolers” as children 3-5 years old, “schoolage children” as 6-12 years old, and “teenagers” as 13 years old and older. However, because in Wisconsin, the age range for child care costs is 0-2 years old for infants and 2-5 years old for preschoolers, child care cost data here uses the available age breakdown.

Because it is more common for very young children to be in family day care homes rather than

The Self-Sufficiency Standard is calculated using scholarly or credible sources from data that are collected at least annually, is age- and geographically- specific (where appropriate), and is collected or calculated using standardized or equivalent methodology.

centers,¹⁶ the Standard assumes that infants receive full-time care in day care homes. Preschoolers, in contrast, are assumed to go to day care centers full-time. Schoolage children are assumed to receive part-time care in before- and after-school programs. Of course, some parents may put siblings in the same type of facility, though they fall in different age groups. Teenagers are not assumed to require child care; therefore there are no child care costs associated with teenagers.

Food: Although the Thrifty Food Plan and its successor have been used as the basis of both the poverty threshold and the Food Stamp program, the Standard uses the Low-Cost Food Plan for food costs.¹⁷ While both of these U.S. Department of Agriculture (USDA) diets meet minimum nutritional standards, the Thrifty Food Plan was meant for emergency use only. The Low-Cost Food Plan is based on more realistic assumptions about food preparation time and consumption patterns, and these costs are about 25% higher than the Thrifty Food Plan. Even so, it is a conservative estimate of the level of food expenditures required to meet nutritional

standards. The Low-Cost Food Plan does not allow for any take-out, fast-food, or restaurant meals, even though, according to the Consumer Expenditure Survey, average American families spend about 42% of their food budget on food prepared away from home.¹⁸ Again, the choice to use this food budget reflects what it costs to adequately meet nutritional needs, not consumer behavior.

The food costs in the Standard are varied by the number and age of children and the number and gender of adults according to the USDA age/gender groups. Since there is little regional variation in the cost of food overall, the Standard uses the national average throughout Wisconsin.

Transportation: If there is an adequate public transportation system in a given area, it is assumed that workers use public transportation to get to and from work. A public transportation system is considered “adequate” if it is used by a substantial percentage of the population to get to work. According to one study, if about 7% of the total public uses public transportation, that “translates” to about 30% of the low- and moderate- income population. Throughout the State of Wisconsin, there is not a significant percentage of the population using public transportation to get to and from work, and therefore we assume that adults require a car. If there are two adults in the family, we assume the family needs two cars. (It is unlikely that two adults with two jobs would be traveling to and from the same place of work at exactly the same time.)

Private transportation costs are based on the costs of owning and operating an average car (or two cars, if there are two adults). The fixed costs of owning a car include fire, theft, property damage and liability insurance, license, registration, taxes, repairs, monthly payments, and finance charges. The monthly variable costs (e.g., gas, oil, tires, and maintenance) are also included, but the initial cost of purchasing a car is not.

To estimate fixed costs, we use the Consumer Expenditure Survey amounts for families in the second quintile (those whose incomes are between the 20th and 40th percentile) of income, by region. For auto insurance, we developed regional ratios based on 2002 premium rates and matched them to each of 18 county-based areas (see Data Sources for list of areas). The Standard assumes that the car(s) will be used to commute to and from work five days per week, plus

one trip per week for shopping and errands. (The commuting distance is computed using the statewide average of travel length from the 2001 National Household Travel Survey.)¹⁹ In addition, one parent in each household with young children is assumed to have a slightly longer weekday trip to allow for “linking” trips to a day care site.

Health Care: Health care costs in the Standard include both the employee’s share of insurance premiums plus additional out-of-pocket expenses, such as co-payments, uncovered expenses (e.g., dental care and prescriptions), and insurance deductibles.

Employer provided health insurance coverage is assumed in the Self-Sufficiency Standard as an ideal for full-time workers. In fact, nationally the majority (73%) of non-elderly individuals in households with at least one full-time worker have employer-sponsored health insurance coverage. (In Wisconsin, 79% of individuals in households with a full-time worker have employer-sponsored coverage.)²⁰ We also assume that the employer pays for a portion of the insurance coverage, as is the norm. While many workers do not have access to affordable health insurance coverage through their employers, and those who do not often “do without,” families cannot be truly self-sufficient without health insurance.

The costs of health insurance are based on the average premiums paid by Wisconsin residents, according to the national Medical Expenditure Panel Survey (MEPS). Regional ratios were created from premium rates for individual and family group health insurance rates and were matched to the same 18 county-based areas as were used for auto insurance (see Data Sources for list of areas).

Data for out-of-pocket health care costs (by age) were obtained from MEPS, adjusted by region, and adjusted for inflation using the Medical Consumer Price Index (CPI).

Miscellaneous: This expense category includes all other essentials such as clothing, shoes, paper products, diapers, nonprescription medicines, cleaning products, household items, personal hygiene items and telephone service. It does not allow for recreation, entertainment or savings. Miscellaneous expenses are calculated by taking 10% of all other costs. This percentage is a conservative estimate in comparison to estimates in other basic needs budgets, which usually use 15%.²¹

Taxes: Taxes include state sales tax, state and federal income taxes, and payroll taxes, where applicable. In Wisconsin there is a 5% State Sales and Use Tax. In addition, 57 counties have adopted a .5% county sales tax, and some counties have adopted an additional special sales tax. No county has a sales tax of less than 5% or more than 5.6%. Sales tax do not apply on the tribal reservations. Sales taxes are calculated on “miscellaneous” items, as one does not ordinarily pay tax on rent, child care, and so forth. Indirect taxes, e.g., property taxes paid by the landlord on housing, are assumed to be included in the price of housing passed on by the landlord to the tenant. Also, taxes on gasoline and automobiles are included as a cost of owning and running a car.

State income taxes are calculated using the tax forms and instructions from the Wisconsin Department of Revenue. The state income tax calculation includes state specific deductions, exemptions, and tax credits. Wisconsin state tax credits include a Wisconsin Earned Income Credit (EIC) and the Wisconsin Homestead Credit.²² The Homestead Credit is a tax benefit for renters and homeowners with low or moderate incomes. To qualify, a person must own or rent his or her residence, be at least 18 years of age, and have a household income of no more than \$24,500. The maximum credit available is \$1,160 and the maximum amount of property taxes recognized by the formula is \$1,450.

Payroll taxes for Social Security and Medicare are calculated at 7.65% of each dollar earned. Although the federal income tax rate (15% on most income for the majority of family types) is higher than the payroll tax rate, federal exemptions and deductions are substantial. As a result, while the payroll tax is paid on every dollar earned, families do not pay federal income tax on the first \$10,000 to \$12,000 or more, thus lowering the effective federal tax rate to 7% from 10% for most family types.

Earned Income Tax Credit (EITC): The EITC, or as it is sometimes called, the Earned Income Credit, is a federal tax refund intended to offset the loss of income from payroll taxes owed by low-income working families. The EITC is a “refundable” tax credit; that is, working adults may receive the tax credit whether or not they owe any federal taxes. In Wisconsin, the state EIC is a percentage of the federal amount (4% for families with one qualifying

child, 14% if there are two children, and 43% when there are three or more children).

Child Care Tax Credit (CCTC): The CCTC is a federal tax credit that allows working parents to deduct a percentage of their child care costs from the federal income taxes they owe. Like the EITC, the CCTC is deducted from the total amount of money a family needs to be self-sufficient. Unlike the EITC, the federal CCTC is not a “refundable” tax credit. A

family may only receive the CCTC as a credit against federal income taxes owed. Therefore, families who owe very little or nothing to the federal government in income taxes, receive little or no CCTC.

Child Tax Credit (CTC): The CTC is a refundable tax credit, like the EITC, that provides parents a deduction of up to \$1,000 for each child under 17, or 10% of earned income over \$10,500, whichever is less.

How Much is Enough in Wisconsin?

Because the Self-Sufficiency Standard varies by family type and location, the amount of money that a family needs to be economically self-sufficient depends upon family size and composition, the age of children, and where they live. In this section we present the cost of living in three different areas in Wisconsin: Milwaukee, Ashland, and Brown Counties.

In Milwaukee, a single adult with no children needs to earn **\$7.12** per hour to be able to meet her/his basic needs, as can be seen in the first column of Table 1. An adult with a preschooler (Column 2) needs a two-bedroom housing unit and child care, in addition to other expenses. Therefore, meeting all of her family's basic needs requires wages over \$8.00 per hour more than

Table 1
The Self-Sufficiency Standard for Selected Family Types*
Milwaukee County, WI, 2004
Monthly Expenses and Shares of Total Budgets

Monthly Costs	One Adult		One Adult, One Preschooler		One Adult, One Preschooler, One Schoolage		Two Adults, One Preschooler, One Schoolage	
	Costs	% of total	Costs	% of total	Costs	% of total	Costs	% of total
Housing	\$523	42	\$658	24	\$658	19	\$658	17
Child Care	\$0	0	\$751	27	\$1,212	35	\$1,212	31
Food	\$182	15	\$276	10	\$411	12	\$565	14
Transportation	\$214	17	\$219	8	\$219	6	\$422	11
Health Care	\$110	9	\$240	9	\$258	7	\$299	8
Miscellaneous	\$103	8	\$214	8	\$276	8	\$316	8
Taxes	\$121	10	\$554	20	\$747	21	\$768	19
Earned Income Tax Credit (-)	\$0	0	\$0	0	\$0	0	\$0	0
Child Care Tax Credit (-)	\$0	0	-\$63	-2	-\$105	-3	-\$100	-3
Child Tax Credit (-)	\$0	0	-\$83	-3	-\$167	-5	-\$167	-4
Total Percent Self-Sufficiency Wage - Hourly**	\$7.12	100	\$15.72	100	\$19.93	100	\$11.28 per adult***	100
Monthly	\$1,253		\$2,767		\$3,508		\$3,972	
Annual	\$15,035		\$33,209		\$42,102		\$47,667	

* The Standard is calculated by adding expenses and taxes and subtracting tax credits. Taxes include federal and state income taxes (including state tax credits except state EITC and CTC) and payroll taxes.

** The hourly wage is calculated by dividing the monthly wage by 176 hours (8 hours per day times 22 days per month).

*** The hourly wage for families with two adults represents the hourly wage that each adult would need to earn, while the monthly and annual wages represent both parents' wages combined.

Note: Totals may not add exactly due to rounding.

Table 2
The Self-Sufficiency Standard for Selected Family Types*
Ashland County, WI, 2004
Monthly Expenses and Shares of Total Budgets

	One Adult		One Adult, One Preschooler		One Adult, One Preschooler, One Schoolage		Two Adults, One Preschooler, One Schoolage	
Monthly Costs	Costs	% of total	Costs	% of total	Costs	% of total	Costs	% of total
Housing	\$356	36	\$437	25	\$437	19	\$437	15
Child Care	\$0	0	\$513	29	\$823	36	\$823	28
Food	\$182	18	\$276	16	\$411	18	\$565	19
Transportation	\$205	20	\$210	12	\$210	9	\$404	14
Health Care	\$89	9	\$183	10	\$201	9	\$242	8
Miscellaneous	\$83	8	\$162	9	\$208	9	\$247	9
Taxes	\$86	9	\$261	15	\$391	17	\$457	16
Earned Income Tax Credit (-)	\$0	0	-\$116	-7	-\$118	-5	\$0	0
Child Care Tax Credit (-)	\$0	0	-\$68	-4	-\$104	-4	-\$109	-4
Child Tax Credit (-)	\$0	0	-\$83	-5	-\$144	-6	-\$167	-6
Total Percent Self-Sufficiency Wage - Hourly**	—	100	—	100	—	100	—	100
Monthly	\$5.69		\$10.08		\$13.15		\$8.24	per adult***
Annual	\$1,001		\$1,775		\$2,315		\$2,900	
	\$12,014		\$21,299		\$27,779		\$34,797	

* The Standard is calculated by adding expenses and taxes and subtracting tax credits. Taxes include federal and state income taxes (including state tax credits except state EITC and CTC) and payroll taxes.

** The hourly wage is calculated by dividing the monthly wage by 176 hours (8 hours per day times 22 days per month).

*** The hourly wage for families with two adults represents the hourly wage that each adult would need to earn, while the monthly and annual wages represent both parents' wages combined.

Note: Totals may not add exactly due to rounding.

the single adult requires.²³ This single parent must earn **\$15.72** per hour to be economically self-sufficient. If she has two children, a preschooler and a schoolage child, she must earn more than twice as much as the single person with no children, **\$19.93** per hour to meet her family's needs. Finally, if there are two adults with two children—a preschooler and a schoolage child—the food, transportation, health care, and miscellaneous costs increase. As a result, *each* adult would need to earn **\$11.28** per hour.

Costs in Ashland County (see Table 2) are somewhat lower than those found in Milwaukee

County. A single adult's Self-Sufficiency Wage is **\$5.69** per hour. An adult with a preschooler must earn over \$4.00 per hour more than the adult with no children, or **\$10.08** per hour to be self-sufficient. The single parent with two children in Ashland County would need to earn **\$13.15** per hour to meet her family's needs. In the two-parent family, each adult would need to earn a Self-Sufficiency Wage of **\$8.24** per hour.

In Brown County, costs are also lower than in Milwaukee County, but a little higher than in Ashland County. Thus a single adult's Self-Sufficiency Wage is **\$6.29** (see Table 3). A single parent with a

preschooler needs to earn **\$12.34** per hour to meet the basic needs of her family. If she has two children, one preschooler and one schoolage child, she would need **\$15.89** per hour to meet her family's needs, which is more than twice the amount required of the single person with no children. In the two-parent family, each adult would need to earn a Self-Sufficiency Wage of **\$9.23** per hour in Brown County.

Child care and housing costs account for the largest percentage of budget costs for Wisconsin families with children. However, the proportions spent

on each cost do not vary significantly by location. For single parent families with one child, across these three counties in Wisconsin, child care costs range from 27% to 29% of family budgets, while housing costs range from 24% to 27% of family budgets.

For families with two children, child care costs typically make up a larger part of the family budget. Depending on the location, child care costs range from 34% to 36% of the family budget for one-adult families with two children, and from 28% to 31% of the family budget for two-adult families with two children.

Table 3
The Self-Sufficiency Standard for Selected Family Types*
Brown County, WI, 2004
Monthly Expenses and Shares of Total Budgets

Monthly Costs	One Adult		One Adult, One Preschooler		One Adult, One Preschooler, One Schoolage		Two Adults, One Preschooler, One Schoolage	
	Costs	% of total	Costs	% of total	Costs	% of total	Costs	% of total
Housing	\$448	40	\$576	27	\$576	21	\$576	18
Child Care	\$0	0	\$584	27	\$939	34	\$939	29
Food	\$182	16	\$276	13	\$411	15	\$565	17
Transportation	\$199	18	\$204	9	\$204	7	\$391	12
Health Care	\$89	8	\$183	8	\$201	7	\$242	7
Miscellaneous	\$92	8	\$182	8	\$233	8	\$271	8
Taxes	\$97	9	\$373	17	\$528	19	\$547	17
Earned Income Tax Credit (-)	\$0	0	-\$50	-2	-\$2	0	\$0	0
Child Care Tax Credit (-)	\$0	0	-\$73	-3	-\$125	-4	-\$115	-4
Child Tax Credit (-)	\$0	0	-\$83	-4	-\$167	-6	-\$167	-5
Total Percent	—	100	—	100	—	100	—	100
Self-Sufficiency Wage - Hourly**	\$6.29		\$12.34		\$15.89		\$9.23	per adult***
Monthly	\$1,107		\$2,172		\$2,797		\$3,249	
Annual	\$13,286		\$26,064		\$33,568		\$38,992	

* The Standard is calculated by adding expenses and taxes and subtracting tax credits. Taxes include federal and state income taxes (including state tax credits except state EITC and CTC) and payroll taxes.

** The hourly wage is calculated by dividing the monthly wage by 176 hours (8 hours per day times 22 days per month).

*** The hourly wage for families with two adults represents the hourly wage that each adult would need to earn, while the monthly and annual wages represent both parents' wages combined.

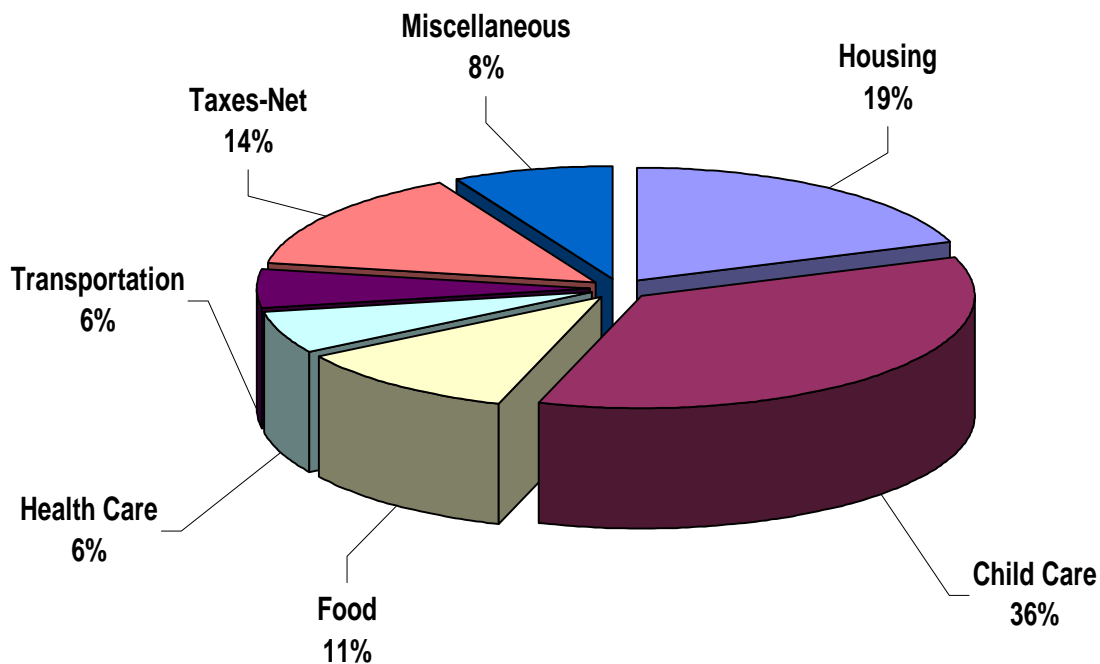
Note: Totals may not add exactly due to rounding.

The monthly cost of child care for two children, a preschooler (full-time) and a schoolage child (part-time), ranges from **\$823** in Ashland County to **\$1,212** in Milwaukee County. The differential in housing costs is also large, although not as large, with the rent for a two-bedroom housing unit varying from a low of **\$437** per month in Ashland County to a high of **\$658** per month in Milwaukee County.

In Figure 1 below, we have shown a single parent family with one preschooler and one schoolage child in Dane County (Madison). Child care and housing are by far the greatest expenses for working families with children—55% for this family in Dane County. Families with two children (when one is a preschooler or younger) generally spend almost half their incomes on these two expenses alone.

The next largest expense for this Wisconsin family is taxes, accounting for 14% of the total costs. Although taxes account ultimately for only 14% of this family’s budget, the tax burden month to month is actually 22%. The difference is due to tax credits, which reduce the tax burden. (However, note that some or all of these tax credits are usually received the next year when taxes are filed.) Health care is a relatively small share at 6%, but this calculation assumes that the employer both provides health insurance and pays a portion of the premium. For families in Wisconsin who do not have employer-provided health insurance, it is likely that health care costs account for even more of the family budget. While the cost of transportation also makes up just 6% of this family’s budget, the Standard does not include the initial cost of purchasing a car.

Figure 1
Percentage of Income Needed to Meet Basic Needs, 2004
Based on the Self-Sufficiency Standard for a Family with One Adult, Preschooler and One Schoolage Child in Dane County (Madison), WI



** Note: Percentages include the net effect of taxes and tax credits. Thus, the percentage of income needed for taxes is actually 22%, but with tax credits, the amount owed in taxes is reduced to 14%. Also, percentage total may not equal 100% due to rounding.*

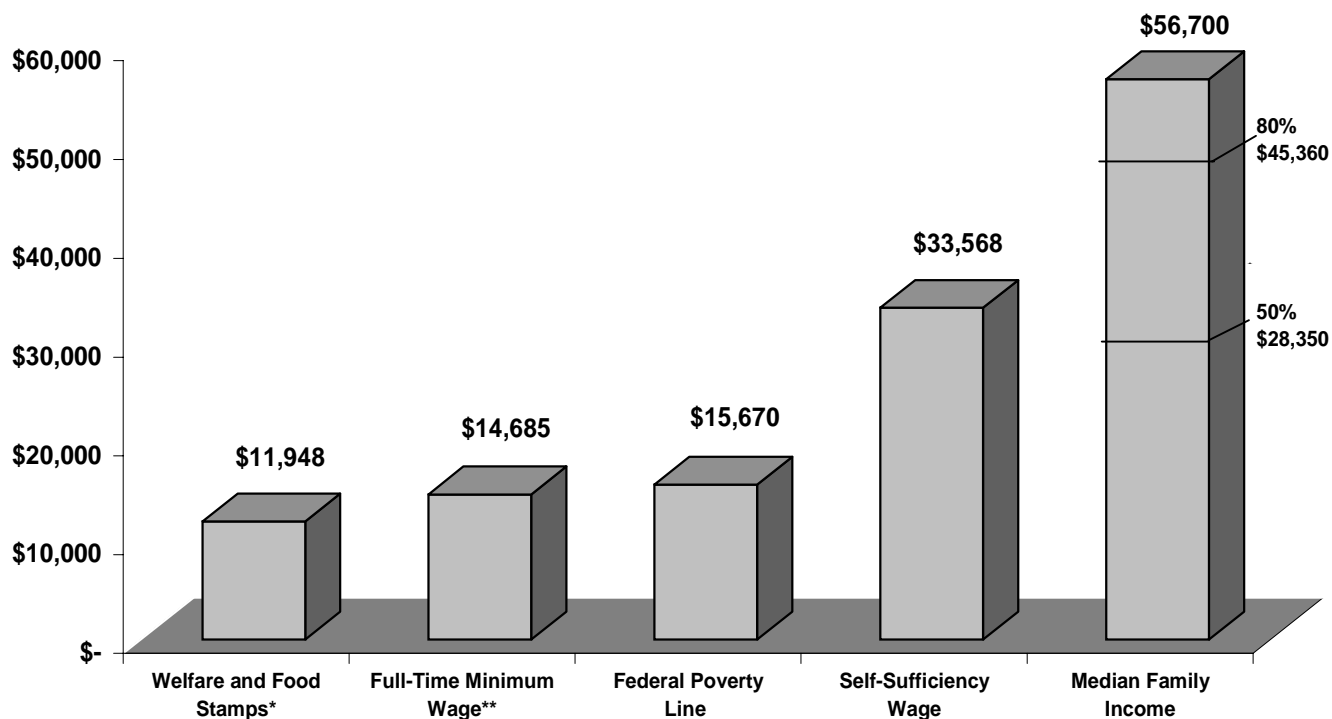
Comparing the Standard to Other Benchmarks of Income

To put the Standard in context, it is useful to compare it to other commonly used measures of income adequacy. In Figure 2, below, we have compared the Self-Sufficiency Standard for a family of three living in Brown County (Green Bay) to four other benchmarks: the welfare grant package, the minimum wage in Wisconsin, the federal poverty level, and the median family income. This set of benchmarks is not meant to show *how* a family would move from welfare or poverty to self-sufficiency. Rather, the concept of self-sufficiency assumes a gradual progression, one that takes place over time.

(Please see pages 17-27 for a more detailed discussion of how Wisconsin families can achieve Self-Sufficiency Wages.)

For purposes of comparison, we use the Standard for a three-person family consisting of one adult, one preschooler, and one schoolage child living in Brown County. (The other benchmarks presented are also for three-person families, where relevant. However, none is as specific as the Standard in terms of age and number of children and/or geographic location.) The Standard for this family is **\$33,568** per year.

Figure 2
The Self-Sufficiency Standard Compared to Other Benchmarks, 2004
 Based on the Self-Sufficiency Standard for a Family with One Adult, One Preschooler and One Schoolage Child in Brown County, WI



* The TANF benefit is \$8,076 annually (\$673 per month in Brown County) and the Food Stamps benefit is \$4,452 annually, or \$371 per month.

** Note: Full-time minimum wage in Wisconsin (as of March 2004) is \$5.15 per hour, and includes the net effect of the addition of the Earned Income Tax Credit and the subtraction of taxes.

Welfare—Temporary Assistance for Needy Families (TANF) and Food Stamps: Including the cash value of Food Stamps as well as the TANF cash grant, (assuming no wage or other income) the total basic “cash” assistance package is **\$996** per month in Brown County or **\$11,948** per year. This amount is well under one-half (**36%**) of the Self-Sufficiency Standard for a three-person family living in Brown County and 24% less than the Federal Poverty Level (FPL).

Minimum Wage: A full-time worker at the current Wisconsin minimum wage of **\$5.15** per hour earns about **\$893** per month or **\$10,712** per year. Subtracting payroll taxes (Social Security and Medicare), local sales taxes and state income taxes, and adding tax credits—the Child and Earned Income Tax Credits—this worker would have a net cash income of **\$1,224** per month, or **\$14,685** per year. This amount is more than her earnings alone because the federal EITC benefit for which she qualifies is near the maximum, and she also receives a small child tax credit. Together these are more than the taxes she owes. (At this income level, this worker does not pay federal income taxes since her income is below the threshold. Also, because she does not pay federal income taxes, she does not receive the Child Care Tax Credit.)

Even with the help of the federal EITC, a full-time job at the minimum wage provides under one-half (**44%**) of the amount needed to be self-sufficient. If we assume that she pays taxes, but does not receive the EITC or the CTC payments on a monthly basis as is true of most workers—she will only receive **\$9,893** during the year, which is less than one-third (**30%**) of the Self-Sufficiency Standard and only about 63% of the FPL.

Wisconsin’s minimum wage is likely to be increased to **\$6.50** per hour in 2005,²⁴ meaning a minimum wage worker will earn about **\$1,127** per month or **\$13,520** per year. Subtracting taxes and adding tax credits, this worker would have a net cash income of **\$1,440** per month, or **\$17,278** per year. Thus, even with the help of the federal EITC, a full-time job at \$6.50 per hour provides just over one-half (**52%**) of the amount needed to be self-sufficient. If we assume that a full-time worker pays taxes, but does not receive the EITC or the CTC payment on a monthly basis, she will receive **\$12,486** during the

year, or under one-half (**37%**) of the Self-Sufficiency Standard and only about 80% of the the FPL.²⁵

Federal Poverty Level (FPL): Not surprisingly, the Standard is quite a bit higher than the official poverty level for a family of three. A family consisting of one adult and two children would be considered “poor,” according to federal guidelines, if this family had a monthly income of **\$1,306** (**\$15,670** annually) or less—regardless of where they live, or the age of their children. Thus, the official poverty level for a three-person family is under one-half (**47%**) of the Self-Sufficiency Wage actually needed for a three-person family (with one adult, one preschooler and one schoolage child). Even in the least expensive areas in Wisconsin, such as Buffalo County, the official poverty line is only **77%** of the amount necessary to meet this family’s needs according to the Standard.

Median Family Income: Median family income (half of an area’s families have incomes above this amount and half have incomes below this amount) is a rough measure of the relative cost of living in an area. The median income for a three-person family in Brown County is **\$56,700**. The Self-Sufficiency Standard for a single-parent family with one preschooler and one schoolage child is thus **59%** of the median family income for Brown County.

The U.S. Department of Housing and Urban Development (HUD) uses area median family income as a standard to assess families’ needs for housing assistance. Those with incomes below 50% of the median area income are considered “Very Low Income,” while those with incomes between 50% and 80% of the median area income are considered “Low Income.” (Almost all assistance is limited to the “Very Low Income” category, and even then, only about one-fourth of those eligible families receive housing assistance.) Thus, the Self-Sufficiency Standard for Brown County family falls within the HUD definition of “Low Income.” As in most states and localities, the Self-Sufficiency Standard falls *between* 50% and 80% of area median income. That it is below the 80%-of-area-median-income/“Low Income” standard used by HUD suggests that a substantial portion of Wisconsin families lack adequate income to meet their needs. At the same time, it suggests that the Self-Sufficiency Standard is set at a level that is neither too high, nor too low.

Comparing the Standard for Milwaukee to Other U.S. Cities

The Self-Sufficiency Standard has been completed for 35 states, New York City and Washington, D.C. Because the Self-Sufficiency Standard uses the same methodology across states, the cost of meeting basic needs for a given family type in different states can be directly compared. However, since the Standards have been completed in different years, all numbers have been updated to 2004 for the purposes of this analysis. While over time costs are likely to increase at varying rates, for our purposes it is acceptable to use the U.S. Bureau of Labor Statistics' Consumer Price Index (CPI) to update the Standards to account for inflation.

In Table 4, we compare the Standard for Milwaukee to ten other cities: Baltimore, Boston, Denver, Indianapolis, Kansas City, Las Vegas, Nashville, Oklahoma City, Seattle, and Washington, DC.

In Milwaukee, costs for a single adult are \$7.12 per hour, ranking it the third lowest in this comparison. However, a single adult with one child requires a Self-Sufficiency Wage of **\$15.72** in Milwaukee, which is higher than six of the other cities shown.

For a single adult with two children, the Self-Sufficiency Wage is **\$19.93** in Milwaukee, placing it as the eighth most expensive city. In a two-parent family with a preschooler and schoolage child, each adult must earn **\$11.28** per hour in Milwaukee for the family to be self-sufficient.

Given its smaller size, compared to some of these cities, and its Midwest location (usually less expensive than East or West coast cities), Milwaukee's Self-Sufficiency Wages are relatively high.

Table 4
The Self-Sufficiency Standard for Milwaukee
Compared to Other U.S. Cities, 2004*

		Single Adult, Preschooler		Single Adult, Preschooler, Schoolage		Two Adults, Preschooler, Schoolage**	
Indianapolis, IN	\$6.57	Indianapolis, IN	\$11.21	Nashville, TN	\$15.37	Indianapolis, IN	\$8.43
Seattle, WA***	\$6.97	Nashville, TN	\$12.78	Las Vegas, NV	\$16.24	Nashville, TN	\$9.16
Milwaukee, WI	\$7.12	Kansas City, MO	\$13.02	Kansas City, MO	\$16.42	Kansas City, MO	\$9.71
Kansas City, MO	\$7.47	Oklahoma City, OK	\$14.03	Oklahoma City, OK	\$17.36	Las Vegas, NV	\$9.76
Nashville, TN	\$7.75	Las Vegas, NV	\$14.18	Seattle, WA***	\$17.99	Seattle, WA***	\$9.82
Oklahoma City, OK	\$7.84	Seattle, WA***	\$14.54	Indianapolis, IN	\$18.51	Oklahoma City, OK	\$10.41
Washington, DC***	\$8.89	Milwaukee, WI	\$15.72	Baltimore, MD	\$19.38	Milwaukee, WI	\$11.28
Las Vegas, NV	\$8.93	Baltimore, MD	\$16.11	Milwaukee, WI	\$19.93	Baltimore, MD	\$11.77
Denver, CO	\$9.93	Washington, DC***	\$17.88	Denver, CO	\$22.03	Denver, CO	\$12.74
Baltimore, MD	\$10.16	Denver, CO	\$18.57	Boston, MA***	\$24.95	Boston, MA***	\$13.29
Boston, MA***	\$10.39	Boston, MA***	\$21.43	Washington, DC***	\$25.26	Washington, DC***	\$13.89

*All wages are updated to January 2004 using the Consumer Price Index

**per adult

***Wage calculated assuming family uses public transportation

The Self-Sufficiency Wage Over Time

How much have the levels of Self-Sufficiency Wages changed in the last few years? Because this is the second Standard completed in Wisconsin, we can begin to answer that question. The first report calculating the Self-Sufficiency Wage was completed in early 2000. This report is based on data from 2004.

Table 5 indicates that the increase in the Standard between 2000 and 2004 ranges from 1% to 5%—not a significant increase. This was true of both the large urban and smaller rural counties in Wisconsin. In Ashland and Brown Counties costs have even decreased over the four years. Although changes over time are not shown for Waukesha and Washington Counties (near Milwaukee) or St. Croix County (near Minneapolis), it is worth noting that costs in these counties, which are rapidly growing suburban communities, have increased at a faster rate than the state average. For instance, costs for one adult and one preschooler have increased 15% and 19% in Waukesha and St. Croix Counties, respectively.

In addition to comparisons between annual wages, we examined trends in cost differences between 2000

and 2004. Since 2000, housing costs in the counties shown in Table 5 have increased between 6% and 7%. Elsewhere in Wisconsin, the most dramatic increase in housing costs were in Waukesha and St. Croix Counties where housing costs rose 39% and 44%, respectively. Transportation costs increased 15% to 19% in four of the counties below. In the urban county of Milwaukee, as well as the surrounding counties of Waukesha and Washington, transportation costs rose 24%. Child care costs increased 2% to 19% for every family type in each county.

However, other costs decreased substantially. Taxes decreased in most counties since 2000, reflecting recent federal tax cuts and credit changes. In the five counties below taxes for a single adult were reduced between 26% and 35%. For one adult, a preschooler and a schoolage child, the tax decrease was less, ranging from 4% to 24%. Tax credits stand out strikingly as well. The amount of the Child Care Tax Credit increased, and the Child Tax Credit doubled for most family types between 2000 and 2004.

Table 5
**The Wisconsin Self-Sufficiency Standard for Four Family Types
by County, by Year, 2000 and 2004**

	One Adult	One Adult, One Preschooler	One Adult, One Preschooler, One Schoolage	Two Adults, One Preschooler, One Schoolage
Ashland County				
-2000	\$11,592	\$22,392	\$30,372	\$35,472
-2004	\$12,014	\$21,299	\$27,779	\$34,797
Change, 2000-2004	+4%	-5%	-9%	-2%
Brown County				
-2000	\$13,056	\$27,060	\$34,848	\$39,660
-2004	\$13,286	\$26,064	\$33,568	\$38,992
Change, 2000-2004	+2%	-4%	-4%	-2%
Dane County				
-2000	\$15,396	\$33,024	\$42,780	\$47,640
-2004	\$15,633	\$34,787	\$44,237	\$49,434
Change, 2000-2004	+2%	+5%	+3%	+4%
La Crosse County				
-2000	\$12,168	\$23,100	\$30,516	\$35,568
-2004	\$12,601	\$23,489	\$28,841	\$35,595
Change, 2000-2004	+4%	+2%	-5%	+0%
Milwaukee County				
-2000	\$14,568	\$32,448	\$42,156	\$47,016
-2004	\$15,035	\$33,209	\$42,102	\$47,667
Change, 2000-2004	+3%	+2%	+0%	+1%

Modeling the Impact of Supports on Wages Required to Meet Basic Needs

The Impact of Supports on Reducing Costs and Meeting Basic Needs

There are a number of ways to reduce the amount of income required to meet family needs, thus helping low-income families achieve self-sufficiency. Below we discuss several of these alternatives. We then model their effects on wages for a single adult with one preschooler and a schoolage child. Using the Self-Sufficiency Wage as a benchmark, we show the impact of adding various public and private resources on the income needed to meet basic needs.

Child Support: While not an option for all families, whenever possible child support from absent, non-custodial parents should be sought. Even in cases where the non-custodial parent’s income is low, resulting in lesser amounts of child support payments, child support reduces the amount of income required from single, custodial parents to meet their families’ needs. By providing the support of both parents to meet children’s needs, whatever the amount, children are likely to benefit.

Work Supports: While the Self-Sufficiency Standard provides the amount of income that families need to meet their basic needs, without public or private assistance, many families cannot achieve self-sufficiency immediately. Work supports or aid—such as Temporary Assistance for Needy Families (TANF) cash assistance, Food Stamps, housing (including Section 8 vouchers and public housing), child care, health care (Medicaid or BadgerCare), and/or transportation subsidies—aid families as they struggle to become economically self-sufficient. At the crucial point in their lives of entering employment, such work supports can help a family achieve stability without scrimping on nutrition, living in overcrowded or substandard housing, or using inadequate child care. This stability can help a family maintain employment, which is a necessary condition for improving wages.

Health Care Coverage: While health care expenses are a relatively small cost item in the budgets for most family types (less than 10%), health care

coverage is essential. As stated on page 7, we assume that along with adequate income, self-sufficiency level wages include employer-provided health insurance for workers and their families, and the provided coverage is partially financed by the employer. Without health benefits, parents would find it difficult, and sometimes quite costly, to meet their families’ health care needs.

However, with the expansions of the federal and state-supported Children’s Health Insurance Program—known in Wisconsin as BadgerCare—many low-income families now have the option of covering their health care needs when their employer does not offer family coverage. Families who enter the workforce from welfare are eligible for continued coverage by Medicaid for themselves and their children for up to 12 months. After that, and for those families not transitioning off welfare, children and parents as well in Wisconsin, can be covered by Medicaid or BadgerCare,²⁶ depending upon family income and household size.

Modeling the Impact of Supports

In Table 6, we examine the impact of adding work supports for a family consisting of a single parent, an infant, and a preschool child living in Milwaukee County. The basis for these numbers can be found in the section entitled “How the Standard is Calculated,” starting on page 5.

Treatment of Tax Credits: Although we include the federal Earned Income Tax Credit (when a family qualifies) in the calculation of the Self-Sufficiency Standard, in this model we want to show only income that is in fact likely to be available to families each month to meet their needs. Although by law, a family can receive part of the federal EITC to which they are entitled on a monthly basis, the great majority (approximately 99%) of families receive the EITC as a lump sum payment the following year when they file their tax returns.²⁷

While research shows that this money is frequently used to meet important family needs, such as to pay the security deposit for housing, to buy a car, to settle debts,

to pay tuition, or to start a savings account, it is not available to meet daily or monthly needs.²⁸ Also, for many workers, it is difficult to gauge how much the EITC will total, because of fluctuating hours and wages, and sometimes job and/or wage changes throughout the year.

We show the federal EITC only in terms of the total amount of EITC for which this family would qualify when they file their taxes the following year, if they worked at this wage for the entire year. (See the first shaded line at the bottom of Table 6.) We also show the Wisconsin EIC in the same way in the third shaded line in Table 6 below.

Families that qualify for the refundable Child Tax Credit also receive the amount not used to reduce their federal income taxes (if they owe any taxes) as a

lump sum payment the next year, as with the EITC. Thus the amount of the annual *refundable* Child Tax Credit is also shown at the bottom of Table 6 (see the second line in the shaded section).

Table 6 - The Impact of Work Supports in Milwaukee County

The Self-Sufficiency Standard (Column #1): In the first column of Table 6, we show the Standard, which provides this family’s expenses, including taxes, without any work or other supports to reduce these costs (except tax credits where applicable). In Milwaukee County, where a family with an infant and a preschooler has monthly child care expenses of \$1,567 and housing costs of \$658 per month, it is not surprising that the Self-Sufficiency Wage is **\$22.62** per hour.

Table 6
Impact of Work Supports on Monthly Costs and the Self-Sufficiency Wage
of a Single Parent with One Infant and One Preschooler
Milwaukee County, WI, 2004

	#1	WORK SUPPORTS				
	Self-Sufficiency Standard	#2 Child Support	#3 Child Care & Child Support	#4 Child Care, [Food Stamps]* & Medicaid	#5 Child Care, [Food Stamps] & BadgerCare**	#6 Housing, Child Care, Food Stamps & BadgerCare
Monthly Costs:						
Housing	\$658	\$658	\$658	\$658	\$658	\$450
Child Care	\$1,567	\$1,567	\$243	\$234	\$256	\$143
Food	\$358	\$358	\$358	\$358	\$358	\$264
Transportation	\$219	\$219	\$219	\$219	\$219	\$219
Health Care	\$248	\$248	\$248	\$0	\$107	\$0
Miscellaneous	\$305	\$305	\$305	\$305	\$305	\$305
Taxes	\$893	\$803	\$311	\$289	\$325	\$141
Earned Income	\$0	#	#	#	#	#
Tax Credit						
Child Care Tax Credit (-)	-\$100	-\$100	-\$72	-\$65	-\$74	-\$16
Child Tax Credit (-)	-\$167	-\$167	\$0	\$0	-\$6	\$0
Child Support		-\$205	-\$205			
Self-Sufficiency Wage:						
Hourly	\$22.62	\$20.95	\$11.73	\$11.35	\$12.20	\$8.56
Monthly	\$3,981	\$3,686	\$2,065	\$1,998	\$2,148	\$1,506
Annual	\$47,777	\$44,237	\$24,780	\$23,977	\$25,775	\$18,076
Total Federal EITC (annual)		\$0	\$1,343	\$1,779	\$1,521	\$3,294
Total Federal CTC (annual) (refundable)		\$0	\$280	\$0	\$0	\$0
Total State EIC (annual)		\$0	\$263	\$286	\$233	\$460

*Work supports in brackets [] indicate that we attempted to model this work support, however, if the income was high enough to meet the family's needs, it was too high to qualify for the work support.

**Wisconsin's BadgerCare provides health care coverage for uninsured low income families with children. Families are eligible if income is below 185% of poverty level and pay a premium of 5% of income when income is above 150% of poverty level.

In the modeling columns, refundable credits are shown as they are usually received, as an annual lump sum when taxes are filed early the next year. The child tax credit is split, with the part that is a credit against taxes owed received monthly, and the refundable portion shown as received annually. EITC is not received as a credit against taxes, so it is shown only annually.

Private Support:

Child Support (Column #2): In the second column of Table 6, the private “subsidy” of child support is added. The amount of **\$205** shown in this column is the average child support payment per month for families who participated in the Wisconsin Department of Child Support Enforcement.²⁹ Unlike additional earned income, child support is not taxable income, and thus it can have a strong impact on helping families meet their needs. Overall, with child support and without monthly EITC and the Refundable CTC, the wage needed to meet basic needs is reduced to **\$20.95** per hour.

Public Work Supports:

Child Care and Child Support (Column #3): In the third column, we show the effect of the child care work support program available to low-income families in Wisconsin. Receiving child care assistance reduces child care costs from \$1,567 per month to \$243. If this parent were meeting her family’s needs without the assistance of child support, she would not qualify for child care assistance in Wisconsin. Thus, child care assistance together with child support reduces the income she needs to earn from \$20.95, without any work supports, to **\$11.73** per hour.

Child Care & Medicaid (Column #4): For adults who are moving from welfare to work, there is a set of supports available to help with that transition. In the fourth column of Table 6, we assume that this single parent family is receiving a typical “package” of benefits available to those making the welfare to work transition. This package usually includes child care, Food Stamps and Medicaid. We assume that Medicaid will cover all of the family’s health care expenses, reducing this cost from \$248 per month to zero. The reduction in health care costs reduces the wage needed to meet basic needs, therefore reducing the child care co-payment. With the addition of Medicaid, child care costs are decreased to \$234 per month. We also attempted to model Food Stamps; however, even with the help of child care assistance and Medicaid, her income is too high to qualify for Food Stamps. We did not include child support here because the majority of single parents leaving welfare do not receive child support. Altogether, child care assistance and Medicaid reduced the wages required to meet basic needs to **\$11.35** per hour in Milwaukee County, which is about one-half of the Self-Sufficiency Wage.

Child Care & BadgerCare (Column #5): After 12 months, the parent making the transition from welfare to work loses Medicaid coverage for her family. If her family income remains below 185% of FPL, her children are eligible for BadgerCare health insurance coverage. Wisconsin includes parents on BadgerCare as well as kids, without a time limit, but at incomes above 150% of poverty, there is a premium.

Because of the increase in the wages needed to cover additional health care costs, the child care co-payment increases slightly to \$256 per month. As in Column #4, if this parent makes enough money to cover basic needs for her family, she would earn too much to qualify for Food Stamps. Therefore, with child care assistance and BadgerCare, this family now requires a wage of **\$12.20** per hour, over eighty cents more per hour than when Medicaid covered health care costs for the entire family.

Housing, Child Care, Food Stamps & BadgerCare (Column #6): For the sixth and final column of Table 6, we added housing assistance to the package modeled in the previous column. Housing assistance generally reduces the cost of housing to 30% of income. In this case, housing assistance reduces housing costs from \$658 to \$450 per month, a 32% reduction. The reduction in housing costs decreases the wage needed to meet basic needs, thereby decreasing the child care co-payment from \$256 to \$143. The BadgerCare co-payment is now reduced to zero. With the decreases in the wage needed, this parent’s income is now low enough to qualify for Food Stamps. Overall, with housing, child care, Food Stamps, and health care assistance, this parent needs to earn just **\$8.56** per hour to meet her family’s basic needs, which is less than half the wage she would need to earn without any work supports.

Modeling the Impact of Work Supports on Wage Adequacy: Table 7

In Table 6, we began with a Self-Sufficiency Wage and modeled how various work supports, alone and in combination, could lower the wage needed for families to meet their basic needs. In Table 7, we *start* with wages, and show how adequately they meet expenses, with and without work supports.

In Table 7 we use the term “Wage Adequacy” to refer to the degree to which a given wage is adequate to meet basic needs, taking into account the availability of various work supports—or lack thereof. If Wage

Adequacy is at or above 100%, that means the wage is adequate, or more than adequate, to meet the family's needs. Costs reduced by work supports are noted in bold.

For the Wage Adequacy table we model these impacts for a single parent with two children, a preschooler and a schoolage child, in Milwaukee County, at four wage levels. In Panel A, we show how adequately this family's needs are met at the current (2004) minimum wage of \$5.15 per hour, with and without work supports. We then show Wage Adequacy at \$6.50, \$8.50 and \$10.50 per hour (full-time) for the same family in Milwaukee County in panels B, C and D, with and without work supports.

Wage Adequacy with No Work Supports: In the first column of Panel A, the parent earns \$5.15 per hour and is not receiving any work supports. In this scenario, the family's monthly expenses total \$3,034, while the parent's wages total just \$893. Thus, there is a shortfall of \$2,141 without work supports, and Wage Adequacy is just **29%**. In other words, these wages only provide 29% of the income needed to meet this

family's needs. In the first column of Panels B, C and D on the next two pages, we show the effect of increasing the parent's wages to \$6.50, \$8.50 and \$10.50 per hour. This increases Wage Adequacy to **37%**, **48%** and **58%**, respectively, still far below what is needed. Indeed, even at the highest wage illustrated (\$10.50 per hour), when the family's monthly income is \$1,848, it is still \$1,363 *less than* what is needed to be self-sufficient.

When a family's income is not adequate to meet their basic needs, parents must make difficult choices to try to address their most urgent needs. In other words, parents must "juggle" demands on their income to get by. For example, parents may need to alternate paying bills every other month, risking bad credit, utility cutoffs or eviction; forgo needed health care; move to overcrowded living conditions; compromise on the quality of child care; or skip meals so that their children will have adequate food. Having to make these choices is extremely stressful and leaves families without the resources to meet the basics, much less deal with unexpected crises.

Table 7
Impact of Work Supports on Wage Adequacy
Single Parent with One Preschooler and One Schoolage Child
Milwaukee County, WI, 2004

Panel A: Wage Adequacy at \$5.15 per hour

	WORK SUPPORTS			
	<i>No Work Supports</i>	<i>Child Care</i>	<i>Child Care, Food Stamps & Medicaid</i>	<i>Housing, Child Care, Food Stamps & BadgerCare</i>
TOTAL INCOME:	\$893	\$893	\$893	\$893
Monthly Costs:				
<i>Housing</i>	\$658	\$658	\$658	\$268
<i>Child Care</i>	\$1,212	\$43	\$43	\$43
<i>Food</i>	\$411	\$411	\$87	\$201
<i>Transportation</i>	\$219	\$219	\$219	\$219
<i>Health Care</i>	\$258	\$258	\$0	\$0
<i>Miscellaneous</i>	\$276	\$276	\$276	\$276
<i>Taxes</i>	\$0	\$0	\$0	\$54
<i>Earned Income Tax Credit (-)</i>	**	**	**	**
<i>Child Care Tax Credit (-)</i>	\$0	\$0	\$0	\$0
<i>Child Tax Credit (-)</i>	\$0	\$0	\$0	\$0
TOTAL LIVING EXPENSES	\$3,034	\$1,865	\$1,284	\$1,061
SHORTFALL (-) or SURPLUS	-\$2,141	-\$973	-\$391	-\$168
WAGE ADEQUACY (Total Income/Total Expenses)	29%	48%	70%	84%

Note: Families costs are reduced by work supports shown in column headings and the cost amount is shown in bold. If they are not income eligible, the work support is shown in quotes.

**EITC is not received as a credit against taxes, so it is not shown as a monthly tax credit; likewise, only the nonrefundable portion of the Child Tax Credit (which is a credit against federal taxes) is shown, if any (see text for explanation).

Table 7 Continued
Impact of Work Supports on Wage Adequacy
 Single Parent with One Preschooler and One Schoolage Child
 Milwaukee County, WI, 2004

Panel B: Wage Adequacy at \$6.50 per hour

	WORK SUPPORTS			
	No Work Supports	Child Care	Child Care, Food Stamps & Medicaid	Housing, Child Care, Food Stamps & BadgerCare
TOTAL INCOME:	\$1,144	\$1,144	\$1,144	\$1,144
Monthly Costs:				
Housing	\$658	\$658	\$658	\$343
Child Care	\$1,212	\$78	\$78	\$78
Food	\$411	\$411	\$159	\$251
Transportation	\$219	\$219	\$219	\$219
Health Care	\$258	\$258	\$0	\$0
Miscellaneous	\$276	\$276	\$276	\$276
Taxes	\$37	\$37	\$37	\$79
Earned Income Tax Credit (-)	**	**	**	**
Child Care Tax Credit (-)	\$0	\$0	\$0	\$0
Child Tax Credit (-)	\$0	\$0	\$0	\$0
TOTAL LIVING EXPENSES	\$3,071	\$1,937	\$1,427	\$1,246
SHORTFALL (-) or SURPLUS	-\$1,927	-\$793	-\$283	-\$102
WAGE ADEQUACY (Total Income/Total Expenses)	37%	59%	80%	92%

Panel C: Wage Adequacy at \$8.50 per hour

	WORK SUPPORTS			
	No Work Supports	Child Care	Child Care, Food Stamps & Medicaid	Housing, Child Care, Food Stamps & BadgerCare
TOTAL INCOME:	\$1,496	\$1,496	\$1,496	\$1,496
Monthly Costs:				
Housing	\$658	\$658	\$658	\$449
Child Care	\$1,212	\$143	\$143	\$143
Food	\$411	\$411	\$256	\$316
Transportation	\$219	\$219	\$219	\$219
Health Care	\$258	\$258	\$0	\$0
Miscellaneous	\$276	\$276	\$276	\$276
Taxes	\$104	\$104	\$104	\$129
Earned Income Tax Credit (-)	**	**	**	**
Child Care Tax Credit (-)	(\$15)	(\$15)	(\$15)	(\$15)
Child Tax Credit (-)	\$0	\$0	\$0	\$0
TOTAL LIVING EXPENSES	\$3,122	\$2,054	\$1,641	\$1,516
SHORTFALL (-) or SURPLUS	-\$1,626	-\$558	-\$145	-\$20
WAGE ADEQUACY (Total Income/Total Expenses)	48%	73%	91%	99%

Note: Families costs are reduced by work supports shown in column headings and the cost amount is shown in bold. If they are not income eligible, the work support is shown in brackets [].

**EITC is not received as a credit against taxes, so it is not shown as a monthly tax credit; likewise, only the nonrefundable portion of the Child Tax Credit (which is a credit against federal taxes) is shown, if any (see text for explanation).

Table 7 Continued
Impact of Work Supports on Wage Adequacy
 Single Parent with One Preschooler and One Schoolage Child
 Milwaukee County, WI, 2004

Panel D: Wage Adequacy at \$10.50 per hour				
	WORK SUPPORTS			
	No Work Supports	Child Care	Child Care, [Food Stamps] & Medicaid	Housing, Child Care, [Food Stamps] & BadgerCare
TOTAL INCOME:	\$1,848	\$1,848	\$1,848	\$1,848
Monthly Costs:				
Housing	\$658	\$658	\$658	\$554
Child Care	\$1,212	\$213	\$213	\$213
Food	\$411	\$411	\$411	\$411
Transportation	\$219	\$219	\$219	\$219
Health Care	\$258	\$258	\$0	\$0
Miscellaneous	\$276	\$276	\$276	\$276
Taxes	\$228	\$228	\$228	\$238
Earned Income Tax Credit (-)	**	**	**	**
Child Care Tax Credit (-)	(\$50)	(\$50)	(\$50)	(\$50)
Child Tax Credit (-)	\$0	\$0	\$0	\$0
TOTAL LIVING EXPENSES	\$3,211	\$2,212	\$1,955	\$1,861
SHORTFALL (-) or SURPLUS	-\$1,363	-\$364	-\$107	-\$13
WAGE ADEQUACY (Total Income/Total Expenses)	58%	84%	95%	99%

Note: Families costs are reduced by work supports shown in column headings and the cost amount is shown in bold. If they are not income eligible, the work support is shown in brackets [].

**EITC is not received as a credit against taxes, so it is not shown as a monthly tax credit; likewise, only the nonrefundable portion of the Child Tax Credit (which is a credit against federal taxes) is shown, if any (see text for explanation).

Wage Adequacy with Child Care: When the family receives the support of child care assistance, it reduces their expenses, raising Wage Adequacy, as shown in the second column of panels A, B, C and D. At \$5.15 per hour (Panel A), child care costs are decreased from \$1,212 to \$43, increasing Wage Adequacy from 29% to **48%**. In other words, with child care assistance, a wage of \$5.15 per hour meets 48% of this family's needs. At \$6.50 per hour, also with child care assistance, the family's Wage Adequacy increases to **59%**. At \$8.50 per hour, Wage Adequacy increases to **73%**, and at \$10.50 Wage Adequacy reaches **84%**. However, the family's income at each wage level, even with child care assistance, is still below 100% Wage Adequacy.

Wage Adequacy with Child Care, Food Stamps and Medicaid: The third column models the same family receiving child care assistance, Food Stamps and Medicaid. When earning \$5.15 per hour, the addition of Food Stamps and Medicaid increases Wage Adequacy

from 48% to **70%**. At \$6.50 per hour, the Wage Adequacy rises from 59% with child care assistance to **80%** with the work support package modeled, and at \$8.50 Wage Adequacy reaches **91%**. Wages of \$10.50 per hour are too high for the family to qualify for Food Stamps. However, with the addition of Medicaid along with child care assistance, Wage Adequacy at \$10.50 per hour is **95%**.

Wage Adequacy with Housing, Child Care, Food Stamps, and BadgerCare: With the addition of housing assistance, at wages of \$5.15, Wage Adequacy rises to **84%**. At wages of \$6.50 and \$8.50 per hour, the addition of housing assistance increases Wage Adequacy to **92%** and **99%**, respectively. At \$10.50 per hour, wages are too high to qualify for Food Stamps so Wage Adequacy is also **99%**.

Although it is important for families to be able to meet their basic needs at an adequate level, it is also important to remember that these are "bare bones"

budgets. For example, whether receiving Food Stamps or not, the food budget does not allow for any take-out or restaurant food. Therefore, families with Wage Adequacy above 100% should not be viewed as having extravagant incomes. Rather, additional income should be seen as a means to meet other essential expenses, such as the purchase of a car or a refrigerator or for deposits to secure housing.

Importance and Availability of the Work Supports Modeled Here: By temporarily aiding families with work supports until they are able to earn Self-Sufficiency Wages, families are able to meet their needs as they enter or re-enter the workforce. Meeting basic needs means that they are more likely to achieve stability in housing, child care, diet, and health care, which in turn helps support the ability to achieve stable employment. Thus, carefully targeted programs and tax policies can play an important role in helping families become self-sufficient.

Unfortunately, the various work supports modeled here are not available to all who need them:

- Nationwide, only about 12% of eligible families receive housing aid or live in public housing.³⁰ As of late 2001, Milwaukee County, which is funded to assist 1,942 households, had a waiting list of approximately 6,300 families for Section 8 housing.³¹
- Between 1996 and 2000, the number of people receiving Food Stamps dropped by 8.6 million, according to the U.S. Department of Agriculture. Also, the Urban Institute reported that about two-thirds of those who left the Food Stamps program as they left welfare remained eligible for Food Stamps.³²
- Nationally only 12% of about 15 million eligible children are receiving child care assistance.³³ Under Wisconsin Shares, Wisconsin's child care program, 64,207 children were served in the fourth quarter of 2003. According to the Wisconsin Department of Workforce Development all eligible families that apply receive assistance.³⁴
- According to the National Center for Health Statistics, the rate of uninsured children nationwide has steadily fallen from 13.9% in 1997 to 9.4% in June 2003. However, Families USA reported that SCHIP enrollment is estimated to drop by 900,000 between fiscal years 2003 and 2006.³⁵ As of February 2004 there were 37,370 children and 76,653 parents enrolled in BadgerCare.³⁶ Nonetheless, roughly one-half of Wisconsin's income-eligible children (below 200 of the FPL) lack public or private health insurance.³⁷
- Although 59% of custodial parents had child support awards, only 45% received the full amount owed to them. Of the remaining 55%, only 29% received a portion of the child support payment awarded, leaving 26% with no support at all. Not surprisingly, the average monthly child support payment represents 15% of a single mother's and 8% of a single father's income.³⁸ Of families who receive payments with the assistance of the State Departments of Child Support Enforcement, the national average is \$206 and in Wisconsin, the average is \$205 per month.³⁹

Closing the Gap Between Incomes and the Self-Sufficiency Standard

Of course, many families do not earn Self-Sufficiency Wages, particularly if they have recently entered (or reentered) the workforce, live in high-cost areas, or live in low wage areas. They therefore cannot afford their housing *and* food *and* child care, much less their other basic needs. They must choose between needs, or accept substandard or inadequate child care, insufficient food, or substandard housing.

This wage gap presents states and localities with the challenge of how to aid families who are striving for self-sufficiency, especially families whose incomes may be above the “poverty” level and/or assistance eligibility levels, yet fall below what is needed for self-sufficiency. While many areas of Wisconsin have benefited from the opportunities produced by an expanding economy during the late 1990s, helping families achieve self-sufficiency is an even greater challenge during economic downturns. Additionally, time limits for TANF cash assistance are limiting support available.

The two basic approaches for individuals to close this income gap are to reduce costs (through supports—public or private, in cash or “in kind”), and to raise incomes. The first approach, that of reducing costs, can be accomplished through various subsidies and supports, such as child support, Food Stamps, and child care assistance, as discussed in the previous section.

The other approach, raising incomes, can be done at either the “micro” or individual level, or at the “macro” level. “Micro” strategies that raise individuals’ incomes include training and education, context literacy, nontraditional employment for women, microenterprise, and individual development accounts. “Macro” strategies address labor market structures, and include labor market reforms, removing artificial barriers to employment for women and/or persons of color, and sectoral employment initiatives. Below we will discuss in more detail both types of “raising income” strategies.

These two approaches—reducing costs and raising incomes—are not mutually exclusive, but in fact can and should be used as appropriate, sequentially or in tandem. Thus, some parents may receive education and training, followed by jobs that are supplemented by supports (if necessary) until their wages reach the self-sufficiency level. Alternatively, individual parents may combine work and study from the outset. Whatever choices they make, parents should be able to choose the path to self-sufficiency that best safeguards their family’s well-being and allows them to balance work, education and family responsibilities.

Raising Incomes: Micro Approaches

Targeting Higher-Wage Employment:
Increasing Access to Higher Education: Adults with language difficulties, inadequate education, or who lack job skills or experience, usually cannot achieve Self-Sufficiency Wages without addressing access to training and education. Training and education are often key to entering occupations and workplaces that will eventually, if not immediately, pay Self-Sufficiency Wages (see chart on page 27). For some, this may mean skills training, GED (General Educational Development), ABE (Adult Basic Education), and/or ESL (English as a Second Language) programs. For others, this may mean two- or four-year college degrees.

Education has always been a key to economic independence. Yet by promoting rapid attachment to employment or “workfirst,” the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 restricted low-income women’s access to higher education. Thus, students enrolled in college must meet the strict work requirements of the welfare reform law and take approved courses that qualify as “vocational education training.” Currently, states can count only twelve months of vocational education as a work activity for TANF recipients. Effectively increasing access to higher education requires a

relaxing of such restrictions, as well as providing supports for low-income parents in college, including child care, tuition waivers, transportation, etc.

The development of an educated workforce is necessary for many employers to remain competitive. Indeed, businesses have long invested heavily in education and training for their skilled workers in order to take advantage of new technology. Expanding incumbent worker training results in increased productivity and increased efficiency benefiting the employer as well as the employee by increasing wages.

Functional Context Education: Functional Context Education (FCE) is an instructional strategy that integrates the teaching of literacy skills and job content to move learners more successfully and quickly toward their educational and employment goals. Programs that use the FCE model are more effective than traditional programs that teach basic skills and job skills in sequence because this innovative approach teaches literacy and basic skills in the context in which the learner will use them. Clients see clearly the role literacy skills play in moving them toward their goals. For adults who have already experienced school failure, enrollment in programs that use traditional approaches to teaching often reproduce that failure. Functional Context Education programs address this problem by using content related to adult goals to teach basic skills. This strategy promotes better retention, encourages lifelong learning and supports the intergenerational transfer of knowledge.

In addition, most adults do not have time to spend years in basic education programs learning skills that may seem, at best, distantly related to their economic goals. Given welfare time limits and restrictions on education and training, it is more important than ever that individuals master basic and job-specific skills as quickly through FCE and as efficiently as possible.

Nontraditional Employment for Women: For many women, nontraditional jobs (such as construction, copy machine repair, X-ray technician, or computer-aided drafting) require relatively little post-secondary training, yet provide wages at self-sufficiency levels. Nontraditional employment for women is one high-wage option that can enable families to move out of poverty. Nontraditional Occupations (NTOs) are jobs that are often thought of as “men’s jobs.” According to the U.S. Department of Labor, they include any occupation in which less than 25 percent of the workforce is female.

Increasing women’s access to nontraditional jobs is a compelling strategy for family economic self-sufficiency for several reasons. Most importantly, compared to jobs that are traditional for women, nontraditional jobs can provide better wages and benefits than the traditionally female jobs. Enhancing women’s access to these jobs—or training leading to these jobs—requires addressing a range of economic, political and social barriers that prevent women from entering and remaining in nontraditional occupations. Unfortunately, most female job training participants and welfare clients are steered towards traditionally female occupations. The additional earnings associated with NTOs significantly improve the ability of women to take care of their families. Nontraditional jobs also frequently have greater career and training opportunities, and many women find greater job satisfaction that can result in longer-term employment. In addition, hiring women in nontraditional jobs is good for business because it opens up a new pool of skilled workers to employers, and creates a more diverse workforce that is reflective of the community.

Recognizing the significant benefits to nontraditional employment for low-income women and their families, many women’s community-based organizations began to offer nontraditional training 20 years ago. Their efforts were assisted by affirmative action guidelines for employers and apprenticeship programs that opened the construction trades, in particular, to women. While most community-based nontraditional employment programs were successful, few of the strategies used to train and place women in higher-wage, nontraditional jobs were institutionalized into the mainstream job training and vocational education systems. Institutionalizing nontraditional employment in the workforce development and welfare systems is key to this becoming a successful strategy for moving families out of poverty.

Targeting Higher-Wage Employment — Microenterprise Training and Development: Microenterprise development is an income-generating strategy that helps low-income people start or expand very small businesses. Generally, the business is owned and operated by one person or family, has fewer than five employees and can start up with a loan of less than \$25,000. Microenterprise is an attractive option for low-income women who may have skills in a particular craft or service. The lack of quality employment options especially for low-income, low-skilled women—

makes microenterprise development a critical strategy for moving families out of poverty. Low-income women entrepreneurs, especially those living in rural or inner-city communities isolated from the economic mainstream, often lack the contacts and networks needed for business success. Peer networks (such as lending circles and program alumnae groups) help women learn to earn from each other, build self-esteem and organize around policy advocacy. Linkages between microentrepreneurs and more established women business owners provide program participants with role models, facilitate an ongoing transfer of skills, and expand networks. Microenterprise is also a local economic development strategy, since microbusinesses have the potential to grow into small businesses that respond to local demand, create jobs and add to the local tax base.

Individual Development Accounts: For many low-income families, the barriers to self-sufficiency are accentuated by a near or total absence of savings. According to one report, a family with a household income between \$10,000 and \$25,000, had net financial assets of \$1,000, while a family with a household income of less than \$10,000 had net financial assets of \$10.⁴⁰ For these families with no savings, the slightest setback—a car needing repairs, an unexpected hospital bill, a reduction in work hours—can trigger a major financial crisis. These families can be forced to take out small loans at exorbitant interest rates, like payday loans, just to make it to the next paycheck, often resulting in spiraling debt. Too often, public policies work against the promotion of savings by actively penalizing families that manage to put some money aside. For example, in Wisconsin, a parent with more than \$2,500 in countable assets (or applicants with car(s) valued at more than \$10,000) are ineligible for TANF cash assistance.⁴¹

Nonetheless, some recent policy changes have begun to promote and encourage asset development for low-income workers. One major development has been the Individual Development Account (IDA). Individual Development Accounts (IDAs) are dedicated savings accounts earmarked for purchasing a first home, for education and job training expenses or for capitalizing a small business. Contributions from eligible low-income participants are matched, using both private and public sources. IDAs are managed by community-based organizations and are held at local financial institutions. In this program, a public or private entity provides a matching contribution towards regular savings made by

a family. The match can be withdrawn if it is used for a specified objective, such as the down payment of a house, payment for higher education, or start-up costs for a small business. While less common than income supports, these “wealth supports” can be an important tool in helping families towards self-sufficiency.

Raising Incomes: Macro Approaches

Labor Market Reforms: As demonstrated in the previous section, even two parents working full-time must earn well above the federal minimum wage to meet their family’s basic needs. Raising the minimum wage, particularly in high cost areas, is essential because it raises the “floor” for wages, and therefore affects many workers’ earnings. Eleven states, for example, have a minimum wage that is above the federal minimum wage, with the highest being Washington at \$7.16 per hour then Alaska State at \$7.15 per hour. In all, 20% of the U.S. residents live in states and localities with a minimum wage higher than the federal minimum wage.⁴² Higher wages also have a positive impact on both workers and their employers by reducing turnover, increasing work experience, and saving on training and recruitment costs for both workers and employers.

Another approach to raising wages of workers are the Living Wage laws that mandate that city contractors and employers receiving public subsidies pay a “living wage.” These policies would impact private sector workers’ wages as well as public sector workers. Union representation of workers also leads to higher wages as well as better benefits, moving workers closer to the Self-Sufficiency Standard.⁴³

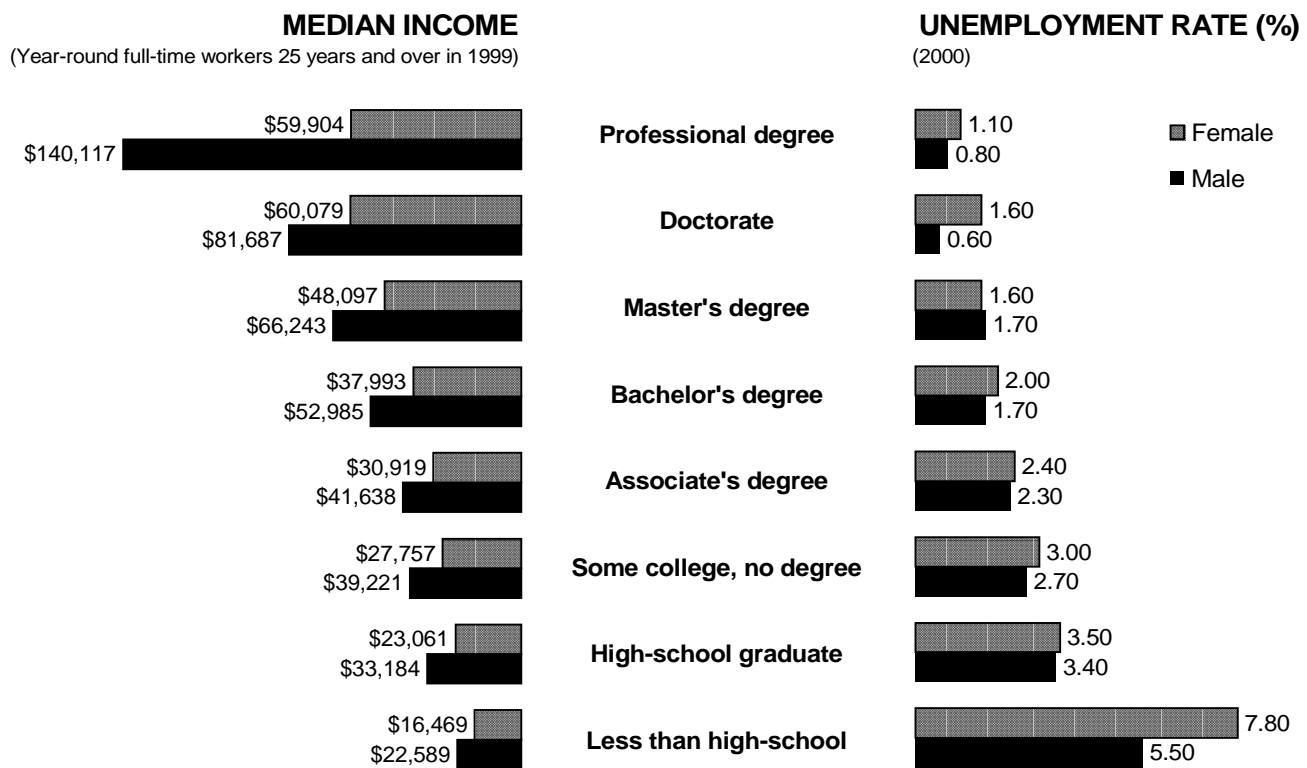
Reducing Gender and Race Based Wage Disparities: It is important to recognize that not all barriers to self-sufficiency lie in the individual persons and/or families seeking self-sufficiency. Women and/or people of color all too often face artificial barriers to employment not addressed by public policy or training/education strategies. For some, discrimination on the basis of gender and/or race is a key issue. At the same time, this does not necessarily mean that individuals or institutions are engaging in deliberate racism and sexism. Addressing the more subtle, yet substantial, barriers effectively requires all stakeholders—employers, unions, advocates, training providers and educators, welfare officials and program participants—to partner together to address the various difficulties, myths and misunderstandings that arise as more and more people

seek to enter a workforce environment that is not always welcoming. Pay Equity laws raise the wages of women and people of color who are subject to race- and gender-based discrimination.⁴⁴

Sectoral Employment Intervention: A strategy that targets high-wage jobs, Sectoral Employment Intervention, determines the wage needed by a worker to sustain her/his family (using the Self-Sufficiency Standard), identifies well-paying jobs in growth sectors that lack trained workers, and analyzes the job training and support services infrastructure necessary to move individuals into these jobs. Key components include engaging industry representatives, workforce

development boards, establishing occupational information systems based on local- and regional-labor-market-specific data, targeting training for specific jobs, and developing sensible outcome standards. Because this approach looks at labor market issues from both supply and demand perspectives, it helps communities strengthen their local economies while reinvesting in families and neighborhoods. Targeted training is necessary to help low-income clients access high-demand, high-wage jobs. By responding to business' specific labor needs, a high-wage job targeting strategy improves a region's ability to attract and keep industries and to support a healthier business climate.

Figure 3
Impacts of Education on Unemployment and Earnings by Gender in the United States



Source: Bureau of Labor Statistics, Current Population Survey, unpublished data & Bureau of the Census

How the Self-Sufficiency Standard Can Be Used

The Self-Sufficiency Standard is relevant to a range of issues and arenas, providing crucial information about wage adequacy to help design strategies for self-sufficiency. The Standard can be used in a variety of settings: from welfare recipients choosing the best route out of poverty for themselves and their families; to organizations weighing investment in various education and training opportunities; to state-level policymakers facing critical policy choices on TANF implementation, tax policy, work supports, child care co-payment scales, welfare-to-work programs, economic development plans, and education and training.

At a time when many policy and programmatic decisions are being made at the state and local levels, the Standard provides a tool and a means to evaluate many different options. The discussion below illustrates ways the Standard can be used followed by specific examples of such uses in bullets. This should be seen as a partial list of options, as new uses and applications of the Standard continue to emerge.

The Self-Sufficiency Standard as a Tool to Evaluate Policy

The Standard has also been used to *evaluate the impact of current and/or proposed policy changes*. As shown in this report (see Tables 6 and 7), the Standard can be used to evaluate the impact of work support programs as well as other policy options such as child care co-payment schedules or tax reforms of various kinds. With the Standard it is possible not only to show the direct impact on family incomes, but to model the effects of the interaction of taxes, tax credits, and, where applicable, work supports.

- In Pennsylvania, PathWays (formerly W.A.W.A., Women’s Association for Women’s Alternatives) commissioned the University of Washington’s Center for Women’s Welfare to use the Standard to analyze the impact of a proposal to raise child care co-payments, and to show the impact on the ability of low-income working parents to meet their basic needs. The resulting report, *When Wages Aren’t*

Enough, was instrumental in preventing the proposed increase in child care co-payments. *When Wages Aren’t Enough* is available at <http://www.womensassoc.org/programs/tools.html>.

- When the Oklahoma Department of Human Services proposed large increases in the child care co-payments, the Oklahoma Community Action Project of Tulsa County (CAP) incorporated analysis based on the Standard by the University of Washington in the report *Increased Child Care Co-Payments Threaten Access to Care for Low-Income Families*.
- A proposal to restrict Oklahoma Medicaid eligibility was withdrawn after the release of the CAP report *Cost-Sharing in Medicaid: Fostering Responsibility or Hindering Access?*. The report used the Standard to show why free health coverage is vital for low-income families. Both of the above Oklahoma reports can be found at <http://www.captc.org>.

The Self-Sufficiency Standard as a Tool to Evaluate Economic Development

The Standard has been used to *evaluate economic development proposals*. By using the Standard to determine if the wages paid by new businesses seeking tax breaks and other government subsidies are at or above self-sufficiency, it can be determined if these proposed enterprises will require supports to the workers as well, essentially a “double subsidy.” Thus, such proposals can be evaluated as to their net positive or negative effect on the local economy as well as the well-being of the potential workers and their families.

The Self-Sufficiency Standard as a Tool to Target Job Training and Education Resources

The Self-Sufficiency Standard has a number of uses related to the development and evaluation of job training and education policy. The Standard is a key component, for example, in the *Targeted Jobs Strategy*. This strategy uses the Standard to target resources to better match job seekers with jobs paying

Self-Sufficiency Wages. First, the Standard is used to determine which jobs in the local market pay Self-Sufficiency Wages. Second, it examines local labor market supply and demand (to find the jobs which have expanding but unfilled openings). Next, it makes an assessment of the available job training and education infrastructure, and finally, it makes an evaluation of the skills and location of current/potential workers. Through such an analysis, it is possible to determine the jobs and sectors on which to target training and counseling resources.

- In the District of Columbia, the Self-Sufficiency Standard was used in formatting the FY 2000 Workforce Investment Act. This law requires that the Workforce Investment Board not only look at “high growth” occupations to target job training dollars, but also at the quality of the jobs in terms of their ability to meet the wage and supportive service needs of job seekers.

The Standard can be used to *target education and job training investments*. Given the Self-Sufficiency Wages for most family types, the Standard can help demonstrate the “pay off” for investing in various types of post-secondary education and training, including training for occupations that are nontraditional for women and people of color. Such training and education provide access to a wide range of jobs paying Self-Sufficiency Wages.

- In California’s Santa Clara County, the Self-Sufficiency Standard was used in a sectoral employment intervention analysis that focused on the availability of nontraditional jobs, the geographical spread of those jobs, the availability of training resources and wage rates. The analysis led to a curriculum and counselor training package that targets transportation jobs and provides \$140,000 to the community college system to explore how to strengthen preparation for transportation jobs.
- The Self-Sufficiency Standard was also used in Pennsylvania’s Delaware County to design and implement a sector employment intervention strategy that will identify, recruit, hire, train, retain and provide upward mobility to low-income residents. Findings from the research and data collection stage of the Delaware County Sector Intervention Project can be found at <http://www.womensassoc.org/programs/tools.html>.
- In Texas, the Standard was instrumental in the passage of the Self-Sufficiency Fund legislation.

The fund provides resources for employers and training providers to deliver job training, education and supportive services for TANF recipients making the transition to work.

The Self-Sufficiency Standard as a Guideline for Determining Eligibility and Need for Services

The Standard can and has been used to determine which individuals are most in need of services, including career counseling, job training and various support services.

- The Connecticut Legislature enacted a state statute that identified “the under employed-worker” as an individual without the skills necessary to earn a wage equal to the Self-Sufficiency Standard. The statute directed state-wide workforce planning boards to recommend funding to assist such workers.
- In several localities, the Self-Sufficiency Standard has been used to prioritize access to legal services.

The Self-Sufficiency Standard as a Counseling Tool

The Standard can and has been used as a counseling tool to help participants in work and training programs make choices among various occupations and jobs. The Standard has also been used to develop the Self-Sufficiency Standard Budget Worksheet, which is a tool that counselors and clients can use to “test” the ability of various wages to meet a family’s self-sufficiency needs. With the information provided by the Standard, clients can make informed decisions about what kinds of training would most likely lead to Self-Sufficiency Wages and/or which jobs would best provide the resources they need. Alternatively, the Standard can help participants determine in what ways microenterprise or Individual Development Account strategies may, alone or together with paid employment, provide a path to self-sufficiency for themselves and their families.

- The Standard has been used as a career counseling tool in South Dakota by Women Work!
- The Houston READ Commission, the Women’s Center of Tarrant County and Project Quest in San Antonio in Texas, use the Standard with low-income individuals enrolled in job training programs.
- In Connecticut, the Self-Sufficiency Standard has been adopted at the state level. It is not only used

in planning state-supported job training, placement and employment retention programs, but the law also requires that the Standard be distributed to all state agencies that counsel individuals who are seeking education, training or employment and that the Standard be used in initial client assessment.

Online Calculators. Computer-based Self-Sufficiency Budget Calculators, for use by counselors and clients, have been developed for Illinois, New York, Pennsylvania, Washington State, and one is in progress for California. These computer-based tools, as well as paper-and-pencil Budget Worksheets developed in Pennsylvania, allow users to evaluate possible wages and compare information on available programs and work supports to their own costs and needs. These tools integrate a wide range of data not usually brought together—even though clients often must coordinate these various programs, supports, costs and wages in their own lives.

- The Pennsylvania Self-Sufficiency Budget Worksheet can be found at <http://www.womensassoc.org/worksheet/worksheet.htm>.
- The Illinois Department of Employment Security hosts the Illinois Self-Sufficiency Calculator at <http://www.ides.state.il.us/calculator>.
- The Self-Sufficiency Calculator for the City of New York can be accessed at <http://www.wceca.org/index.html#calculator>.
- The Workforce Development Council of Seattle King County Self-Sufficiency Calculator can be viewed at <http://www.seakingwdc.org>.

The Self-Sufficiency Standard as a Benchmark for Evaluation and Program Improvement

The Standard can be used to evaluate outcomes for a wide range of programs that result in employment, from short-term job search and placement programs, to programs providing extensive education or job training. By evaluating outcomes in terms of self-sufficiency, programs are using a measure of true effectiveness. That is, for each participant, the question asked is how close the wages achieved are to the family's Self-Sufficiency Wage and thus how the program impacts on the ability of adults to meet their families' needs. Such evaluations can help redirect resources to approaches that result in improved outcomes for participants.

- Sonoma County, California was the first county in the country to adopt the Standard as its formal

measure of self-sufficiency and benchmark for measuring success of welfare-to-work programs.

- Under its Workforce Investment Act, the Chicago Workforce Investment Board adopted the Self-Sufficiency Standard as its self-sufficiency benchmark. In addition, the Illinois Department of Human Services uses the Standard as a tool for setting goals in their local offices statewide.
- The California Department of Social Services issued a copy of the Self-Sufficiency Standard in a statewide notice to all county welfare departments.
- The San Francisco Workforce Investment Board adopted the Self-Sufficiency Standard, and uses it as an eligibility criteria for job training, which allows people who are working at low-wage jobs to access training that can help move them up the wage scale.
- The Philadelphia Workforce Investment Board adopted the Standard as its local benchmark for economic self-sufficiency as it relates to the city's workforce investment system.
- The Seattle-King County Workforce Development Council has adopted the Self-Sufficiency Standard as its official measure of self-sufficiency and uses the Standard as a program evaluation benchmark. The online calculator also includes an evaluation tool for tracking progress of clients and permitting data analysis for systemic program improvement (while preserving client confidentiality).

The Self-Sufficiency Standard as a Public Education Tool

The Standard is an important public education tool. In 2001, the Self-Sufficiency Standard was presented in over three hundred workshops to the public nationwide. It is also being used in classrooms across the country. It helps the public at large understand what is involved in making the transition to self-sufficiency. For employers, it shows the importance of providing benefits, especially health care, that help families meet their needs and protect against health crises becoming economic crises. For service providers, both public and private, such as child care providers, community organizations and education and training organizations, it demonstrates how the various components fit together, thus helping to facilitate the coordination of various services and supports.

- In Seattle, bookmarks were distributed during the run of a play based on Barbara Ehrenrich's book *Nickel and Dimed*, which explores the struggles confronted by low-wage workers. A computer with a mock-website allowed participants to enter their incomes and compare them to the Standard and begin to understand the plight of working families.
- MassFESS developed an Economic Self-Sufficiency Standard Curriculum that can be used by organizations to support their work in career development, education/training, economic literacy, living wage campaigns, and other types of community organizing, policymaking and advocacy efforts. Download the curriculum at http://www.weiu.org/pdf_files/MassFESSCurriculum.pdf.

The Self-Sufficiency Standard as a Guideline for Wage-Setting and Living Wage Campaigns

By determining the wages necessary to meet basic needs, the Standard provides information for setting minimum wage standards.

- At the request of the state of California, the Center for the Child Care Workforce used the Self-Sufficiency Standard to develop specific salary guidelines by county, for various levels.
- In Washington State the Standard was used successfully in legislative hearings and meetings with the Governor against a proposal to eliminate the indexing of the minimum wage for specific groups of workers, such as farm workers.

The Standard can and has been used in California, Illinois, New York, Nebraska, South Dakota, Tennessee, Virginia and Washington State to advocate for higher wages through Living Wage ordinances and in negotiating labor union agreements.

- At Vanderbilt University in Tennessee, the Standard has been used to educate the employees and administration about the need to increase the take-home pay of service staff.

The Self-Sufficiency Standard in Research

Because the Self-Sufficiency Standard provides an accurate and specific (both geographically and in terms of the age of children) measure of income adequacy, it is finding increasing use in research. The Standard provides a means of estimating how poverty differs from place to place, and among different family types.

In addition, the Standard provides a means to measure the adequacy of various work supports, such as child support or child care assistance—given a family's income, place of residence, and composition.

- In Pennsylvania, the Standard was used to create a report, *The Road to Self-Sufficiency*, which used individual vignettes to explore the impact of public subsidies on full- and part-time low-wage workers and assessed wage adequacy in Philadelphia. (Available at <http://www.womensassoc.org>.)
- Also in Pennsylvania, PathWays (formerly W.A.W.A.) teamed with the University of Washington to demonstrate how works supports impact family budgets as wages increase. The resulting report, *Making Wages Work: The Impact of Work Supports on Wage Adequacy for Pennsylvania Families* is available at <http://www.womensassoc.org>.
- The Self-Sufficiency Standard has been used to examine the cost of health insurance in Washington and Massachusetts. *Income Adequacy and the Affordability of Health Insurance in Washington State* and the *Health Economic Sufficiency Standard for Massachusetts* use the Standard to examine the cost of health insurance for different family types, with varying health statuses and health care coverage, in different locations. (See <http://www.ofm.wa.gov/accesshealth/research/33affordability.pdf> and http://www.weiu.org/HESS/HESS_11-11.pdf.)
- The Self-Sufficiency Standard has been used along with data from the U.S. Census Bureau Current Population Survey to measure the number of families above and below the Self-Sufficiency Standard in California, as well as their characteristics (race/ethnicity, family type, education, employment, and so forth). The report *Overlooked and Undercounted: A New Perspective on the Struggle to Make Ends Meet in California*, can be downloaded from the National Economic Development and Law Center website at <http://www.nedlc.org>.

More detailed information about these various applications and uses of the Standard can be found at the website <http://www.sixstrategies.org>, or by contacting the specific state lead organization, Wider Opportunities for Women, or the University of Washington's Center for Women's Welfare.

Conclusion

With the current debate on the reauthorization of the federal TANF welfare reform legislation, particularly the possible introduction of increased work requirements without increased resources for child care and job training or education, the challenge continues to present itself: how to help low-income households become self-sufficient. The uncertain economy, the lack of available jobs paying sufficient wages, and time limits becoming an issue for some add further to the problems faced by many parents seeking self-sufficiency. The Self-Sufficiency Standard strives to inform this debate by documenting the cost of living that families must meet to live independently, without public or private assistance. The Self-Sufficiency Standard shows that, for most parents, earnings that are well above the official poverty level are nevertheless far below what they need to meet their families' basic needs.

The Self-Sufficiency Standard is currently being used to better understand issues of income adequacy, to analyze policy and to help individuals striving for self-sufficiency. Community organizations, academic researchers, policy institutes, legal advocates, training providers, community action agencies, and state and local officials, among others, are using the Self-Sufficiency Standard.

The Standard has been calculated for a number of other states, including Alabama, Arizona, California, Colorado, Connecticut, Delaware, Florida, Georgia, Hawaii, Illinois, Indiana, Iowa, Kentucky, Louisiana, Maryland, Massachusetts, Mississippi, Missouri, Montana, Nebraska, Nevada, New Jersey, New York, North Carolina, Oklahoma, Pennsylvania, South Dakota, Tennessee, Texas, Utah, Virginia, West Virginia, Washington State and the Washington, DC metropolitan area.

For further information about the Standard, or to learn about how to have the Standard developed for your community or state, contact Maureen Golga at Wider Opportunities for Women at (202) 464-1596 or Dr. Diana Pearce at pearce@u.washington.edu or (206) 616-2850, or go to <http://www.sixstrategies.org>.

For further information on the Standard for Wisconsin, to order this publication or the Standard for a particular county, or to find out more about the Wisconsin Family Economic Self-Sufficiency Project, contact Wisconsin Women's Network at (608) 255-9809 or wiwomen@execpc.com, or go to <http://www.wiwomensnetwork.org>.

Endnotes

¹ Anonymous quote from Gowdy, E. A. & Pearlmutter, S. R. (1994). Economic self-sufficiency is a road I'm on: The results of focus group research with low-income women. In L. V. Davis (Ed.), *Building on women's strengths: A social work agenda for the twenty-first century* (pp.93). New York: The Haworth Press.

² See Dalaker, J. (2001). *Poverty in the United States: 2000* (U.S. Census Bureau, Current Population Reports, Series P60-214). Washington, DC: U.S. Government Printing Office.

³ Once eligible, families may remain on the program until their income exceeds 200% of poverty. Wisconsin Department of Health & Family Services, Wisconsin BadgerCare at a Glance, February 2004. Retrieved March 30, 2004 from <http://www.dhfs.state.wi.us/badgercare/html/glance-1.htm>.

⁴ See for example, O'Hare, W., Mann, T., Porter, K. & Greenstein, R. (1990). *Real life poverty in America: Where the American public would set the poverty line*. Center on Budget and Policy Priorities.

⁵ Using the 2003 Fair Market Rents (www.huduser.org) for two-bedroom units, which is the cost of housing including utilities at the 40th percentile, housing in the most expensive place, Marin County, CA, part of the San Francisco metropolitan area, cost \$1,940. This is more than five times as much as the least expensive housing, found in rural Alabama, such as Barbour County, where a two-bedroom unit costs \$370 per month.

⁶ One of the first was Patricia Ruggles, author of *Drawing the Line*. Ruggles' work and the analyses of many others are summarized in Citro and Michael (1995). Citro, C. & Michael, R. (Eds.). (1995). *Measuring poverty: A new approach*. Washington, DC: National Academy Press.

⁷ Living Wage campaigns exist in many states and/or cities, with many of them developing an estimate of the minimum wage for several family types in their area/state. The Basic Needs Budget was developed by Trudi Renwick and Barbara Bergmann. See Bergmann, B. & Renwick, T. (1993). A budget-based definition of poverty: With an application to single-parent families. *The Journal of Human Resources*, 28 (1), 1-24.

⁸ See New light on the cost of living. (1998, September 25). *Boston Globe*.

⁹ While the many employed women with children under 18 years of age work full-time (47% of married mothers, and 58% of single mothers), working part-time is clearly the desirable option under many circumstances—such as when

the children are very young, or in need of special care, or affordable/appropriate child care is not available. For many low-income mothers it is equally clear that economic necessity, as well as the new requirements under TANF, preclude this option. See United States Department of Labor, Bureau of Labor Statistics, Economic News Releases, *Employment Characteristics of Families in 2002*, released July 9, 2003, <http://www.bls.gov/news.release/pdf/famee.pdf>.

¹⁰ Quoted in Gowdy & Pearlmutter (1994), *op.cit.*, p. 91.

¹¹ Tribes are often dispersed across more than one county. For this report, tribes are designated a "primary" county, usually the county with the Tribal Headquarters and/or the largest population. With the exception of child care costs and sales taxes, costs for tribes are taken from their primary county. Correspondence Great Lakes Inter-Tribal Council, Inc. and the Ho-Chunk Nation, February 27, 2004.

¹² In this report, the Self-Sufficiency Standard has been calculated for 70 family types; however the Standard can be calculated for a wider range of family types, including larger and multi-generational families.

¹³ These costs are based on a survey of units that have been on the market within the last two years, excluding new housing (two years old or less), substandard housing, and public housing.

¹⁴ Because of the lack of availability of efficiencies (studio apartments) in some areas, and their very uneven quality, it was decided to use one-bedroom units for the single adult and childless couple.

¹⁵ Under the 1988 Family Support Act (which was superceded by the Personal Responsibility and Work Opportunity Reconciliation Act, passed in 1996), states were required to fund or reimburse child care needed by those on welfare (or leaving welfare) at market rate, which was defined as the 75th percentile for the age of child, setting, and location. Most states conducted surveys of costs or commissioned child care referral networks or researchers to do these studies.

¹⁶ Child care centers are more frequently used for older children (two to four years old) than for infants according to Veum and Gleason (1991). See Veum, J. R. & Gleason, P. M. (1991). Child care arrangements and costs. *Monthly Labor Review*, 114(10), 10-17. However, particularly for younger children and lower-income parents, relative care (other than the parent) accounts for significant amounts of child care for children under three (27% compared to 17% in family day care and 22% in child care centers). It should be noted that

relative day care is usually, but not always, in the relative's home, and is usually, though not always, paid; thus it more closely resembles (and may actually be) day care homes rather than day care centers. For children three years and older, the predominant child care arrangement is the child care center, accounting for 45% of the care (compared to 14% in family child care, and 17% in relative care). See Capizzano, J., Adams, G. & Sonenstein, F. (2000). Child care arrangements for children under five: Variation across states. *New Federalism: National Survey of America's Families*, Series B, No. B-7. Washington, DC: The Urban Institute.

¹⁷ Because the USDA does not produce annual averages for food costs, the Standard follows the Food Stamps Program and uses the costs for June as an annual average.

¹⁸ See the U.S. Department of Labor, Bureau of Labor Statistics. (n.d.) *Consumer expenditure survey* (2001 Standard Table 4. Size of consumer unit: Average annual expenditures and characteristics). Retrieved July 7, 2003 from <http://www.bls.gov/cex/2001/Standard/cusize.pdf>.

¹⁹ See *National Household Travel Survey*. (2001). The U.S. Department of Transportation. Retrieved February 24, 2004, from <http://nhits.ornl.gov/2001/index.shtml>.

²⁰ See Kaiser Family Foundation. (2001). Wisconsin: Rate of Nonelderly with Employer Coverage by Employment Status, state data 2001-2002, U.S. 2002. Retrieved March 11, 2004, from <http://www.statehealthfacts.kff.org>.

²¹ See Citro & Michale (1995), *op.cit.*

²² See *Tax Credits for Employees*. (2003). Wisconsin Department of Workforce Development. Retrieved March 15, 2004 from <http://www.dwd.state.wi.us/dws/bjs/taxcredit/othertaxcredits.htm>.

²³ In this report, single parents are referred to as "she" because 83% of one parent families are headed by females. Casper, L. & M. Fields, J. (2001). *America's families and living arrangements: 2000*. (U.S. Bureau of the Census, Current Population Reports, Series P20-537). Washington DC: U.S. Government Printing Office.

²⁴ As this goes to press, the governor's Minimum Wage Advisory Council has recommended an increase for adults to \$5.70 in October 2004 and \$6.50 the following year. Although the recommendation reflects a broad consensus among representatives of business, labor, and the public sector, some legislative opposition is expected as the proposal goes through the administrative rule-making process, with public hearings, and then legislative review. Correspondence from Carol Medaris, Wisconsin Council on Children & Families, March 25, 2004, and Mona Steele, Wisconsin Women's Network, March 29, 2004.

²⁵ Although in some Wisconsin counties, the Self-Sufficiency Standard hourly wage for a single adult is at or

near the proposed state minimum wage of \$6.50 per hour, this should not be evidence that the minimum wage is adequate for all Wisconsin households. Although approximately one out of four Wisconsin households are comprised of a householder living alone, costs for families with children require higher wages. Also, the Self-Sufficiency Standard assumes full-time, full-year work to reach an income that pays for all basic needs. A part-time or part-year worker receiving a Self-Sufficiency hourly wage will not reach self-sufficiency. In order to assess the adequacy of wages to meet monthly expenses, it is important to examine wages in proportion to monthly or annual Self-Sufficiency Wages.

²⁶ BadgerCare is a health insurance program for low-income working families with children. Low income uninsured families who are not eligible for Medicaid qualify for BadgerCare if family income is at or below 185% of the FPL. Families remain eligible for BadgerCare until their income exceeds 200% of the FPL. Families that currently have, or have had, insurance in the past three months, or who have had access to a group health insurance plan in which their employer pays at least 80% of the monthly premium, are not eligible. Families with an income at or above 150% of the FPL currently pay a premium equal to 5% of their income. See Wisconsin Department of Health & Family Services. *BadgerCare at a Glance*, February 2004. Retrieved March 15, 2004 from <http://www.dhfs.state.wi.us/badgercare/html/glance-1.htm>.

²⁷ Of returns filed in 2001, only 137,685 taxpayers reported having received advanced EIC payments out of more than 16 million families with children receiving the EITC. (Numbers cited by John Wanchek of the Center on Budget and Policy Priorities, based on data reported in the IRS income Tax Section "Monthly Operational Review of Earned Income Credit.")

²⁸ Although some workers may be unaware of the advanced payment option, and others have employers who do not participate, there is strong evidence that receiving the EITC as a "lump sum" is the preferred option, and indeed families make financial decisions based on its receipt (together with tax refunds) when they file their taxes early in the following year. See Romich, J. L. & Weisner, T. (2000). *How families view and use the EITC: The case for lump-sum delivery*. Paper delivered at Northwestern University, Joint Center for Poverty Research Conference.

²⁹ See US Department of Health and Human Services, Administration for Children and Families, Office of Child Support Enforcement, *2001 Statistical Report, Tables 4, 10, 11 and 52*. Retrieved February 24, 2004, from http://www.acf.dhhs.gov/programs/cse/pubs/2003/reports/statistical_report/. Note that this excludes families on assistance, as any child support collected on their behalf goes to the state.

³⁰ U.S. Department of Housing and Urban Development, *Assisted Housing 1999*.

³¹ Wisconsin Council on Children & Families (2002). *Welfare Reform and Housing: Living in the Intersection*. Retrieved March 16, 2004 from http://www.wccf.org/projects/housing_reform.html.

³² See Food Research and Action Center, (2000), Zedlewski, S.R., & Brauner, S (1999). See also Food Research and Action Center, *Food Stamp Program Participation Data* (2003). Food Stamps participation jumped in April 2003 to more than 21.2 million people, almost 2.1 million more people than April 2002 and almost 4.1 million more people than April of 2001. Increases in participation in 2001 and 2002 likely have been driven by improved access to the program in a growing number of states, and by the weakened economy, causing more households to apply. However, four out of ten of those eligible for the Food Stamp Program are not receiving benefits, according to the USDA's *Trends in Food Stamp Program Participation Rates: 1994 to 2000*. 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.

³³ "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." See U.S. Department of Health and Human Services. (2000, December 6). *New statistics show only small percentage of eligible families receive 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.

³⁴ Wisconsin Department of Workforce Development, Wisconsin Shares. Retrieved March 16, 2004 from <http://www.dwd.state.wi.us/dws/programs/childcare/wishares/scbag.htm>.

³⁵ Center for Disease Control, National Center for Health Statistics, *Early Release of Selected Estimates Based on Data from the January-June 2003 National Health Interview Survey*. Released December, 2003. Children losing health coverage, special report. Washington, DC: Families USA Publication.

³⁶ Wisconsin Department of Health & Family Services, Wisconsin BadgerCare Enrollment, February 2004. Retrieved March 15, 2004 from <http://dhfs.wisconsin.gov/badgercare/html/glance-2.htm>.

³⁷ See Cautley, E. (2001). *The Insured and Uninsured in Wisconsin*, Department of Health and Family Services.

Retrieved April 1, 2004 from <http://dhfs.wisconsin.gov/medicaid8/state-grant/index.htm>.

³⁸ Grall, T. (2002). *Custodial mothers and fathers and their child support: 1999* (U.S. Bureau of the Census, Current Population Reports, Series P60-217). Washington, DC: U.S. Government Printing Office.

³⁹ See US Department of Health and Human Services, Administration for Children and Families, Office of Child Support Enforcement, *2001 Statistical Report, Tables 4, 10, 11 and 52*. Retrieved March 16, 2004 from http://www.acf.dhhs.gov/programs/cse/pubs/2003/reports/statistical_report/. Note that this excludes families on assistance, as any child support collected on their behalf goes to the state.

⁴⁰ Montalto, C. P. (2001, February). *Wealth of American households: Evidence from the survey of consumer finances*, Report to the Consumer Federation of America.

⁴¹ See State Policy Documentation Project, *Financial Eligibility Rules for TANF Cash Assistance*. Retrieved March 15, 2004 from <http://www.spdp.org/compstates/wifinan.pdf>.

⁴² Those states are Washington, Oregon, California, Hawaii, Alaska, Delaware, Rhode Island, Connecticut, Vermont, Massachusetts and Maine. See the U.S. Department of Labor, Employment Standards Administration, wage and hour division at <http://www.dol.gov/esa/minwage/america.htm>. Assuming Wisconsin's minimum wage increases to \$6.50 in 2005, its minimum wage will also be greater than the federal minimum wage.

⁴³ "Among union employees—52% with medical care benefits had fully paid single coverage, compared with 30% of non-union employees." See the U.S. Department of Labor, Bureau of Labor Statistics. (2001, December). *Employee Benefits in Private Industry, 1999*. Retrieved April 2, 2002 from <http://www.bls.gov/news.release/ebs2.nr0.htm>. Union representation of workers also leads to higher wages as well as better benefits: "In March 1999, wages and salaries for private industry union workers averaged \$16.21 per hour, compared with \$13.54 per hour than for nonunion workers." This is 20% more per hour for union workers. See Foster, A. (Spring 2000). *Compensation and Working Conditions Online*. Union-nonunion wage differences, 1997. Retrieved April 1, 2002 from <http://www.bls.gov/opub/cwc/2000/spring/brief2.htm>.

⁴⁴ See State Action (n.d). *Equal Pay*. Retrieved April 1, 2002 from <http://www.stateaction.org/issues/workcompensation/equalpay/index.cfm>.

Data Sources

Data Type	Source	Assumptions
Child Care	Department of Workforce Development, <i>2004 Maximum Child Care Rates by County/Tribe</i> . Retrieved December 30, 2003 from http://www.dwd.state.wi.us . Personal communication with Tribal Child Care Coordinators, February 2004.	Infant: Under 2 years, Licensed Family Care Preschool: 2-5 years, Licensed Group Care Schoolage: 6-12 years, Licensed Group Care, Licensed Family Care, 4 hours per day.
Food	USDA Low-Cost Food Plan, June 2003.	Sales taxes vary by county. No sales tax on tribal reservations.
Health Insurance	Premiums: The Henry J. Kaiser Family Foundation, State Health Facts Online. Wisconsin: Employment-Based Premiums 2001. Retrieved January 20, 2004 from http://statehealthfacts.kff.org . Regional Ratios: Wisconsin Office of the Commissioner of Insurance. Retrieved November 22, 2003 from http://www.oci.wi.gov/pub_list/pi-206.pdf . Matched to areas taken from: http://www.dwd.state.wi.us/lmi/wages_oesmsa.htm . Out of Pocket Costs: Household Component Analytical Tool (MEPSnet/HC). December 2001. Agency for Healthcare Research and Quality, Rockville, MD. Retrieved January 20, 2004 from http://www.meps.ahrq.gov/mepsnet/HC/MEPSnetHC.asp .	Regional ratios were created from premium rates for individual and family group health insurance rates and matched to 18 county-based areas: 11 MSAs (Appleton, Eau Claire, Green Bay, Janesville, Kenosha, La Crosse, Madison, Milwaukee, Racine, Sheboygan, and Wausau); 5 Balance of States areas (Central WI, Northwest WI, South WI, West WI, and WI Peninsula); and 2 "Other" areas (Duluth-Superior and Minneapolis-St. Paul).
Housing	Department of Housing and Urban Development, Fair Market Rents for the Section 8 Housing Assistance Payments Program - Fiscal Year 2004. FMR, Federal Register, Vol. 68, No 190, Wednesday, October 1, 2003, pp. 56759-60. Retrieved January 20, 2004 from http://www.huduser.org . National Low Income Housing Coalition, Median Gross Rent by County, 2000. Retrieved February 25, 2004 from http://www.nlihc.org/research/lalihd/renterreport.pdf .	Ratios for FMRs were created for Metropolitan Statistical Areas using the median gross rent of each county.
Taxes	Income Tax: Wisconsin Department of Revenue. Retrieved December 18, 2003 from http://www.dor.state.wi.us . Sales Tax: Wisconsin Department of Revenue. Retrieved December 18, 2003 from http://www.dor.state.wi.us .	Sales taxes vary by county. No sales tax on tribal reservations.
Transportation	Insurance Premiums: State Averages Expenditures & Premiums for Personal Automobile Insurance in 2001. National Association of Insurance Commissioners, July 2003. Regional ratios: Wisconsin Office of the Commissioner of Insurance. Retrieved January 20, 2004 from http://oci.wi.gov/pub_list/pi-057.pdf . Fixed Costs: U.S. Department of Labor, Bureau of Labor Statistics. <i>Consumer Expenditure Survey 2001</i> . American Automobile Association, Your Driving Costs 2000. Mileage: National Household Travel Survey, 2001. Retrieved February 25, 2004 from http://nhts.ornl.gov/2001/index.shtml .	Regional ratios were created for two different types of policy holders for the top five market share companies in 2002 and applied to the state average premiums. The ratios were then matched to 18 areas; see list of areas in Health Insurance assumptions above.
Miscellaneous	Miscellaneous expenses are 10% of all other costs.	Includes all other essentials: clothing, shoes, paper products, diapers, nonprescription medicines, cleaning products, household items, personal hygiene items and telephone.

About the Authors

Diana M. Pearce, Ph.D. teaches at the School of Social Work, University of Washington in Seattle, Washington, and is Director of the Center for Women's Welfare. Recognized for coining the phrase "the feminization of poverty," she developed the concept and wrote early analyses while a visiting scholar at the University of Wisconsin's Institute for Research on Poverty in the late 1970's. Dr. Pearce also founded and directed the Women and Poverty Project at Wider Opportunities for Women. She has written and spoken widely on women's poverty and economic inequality, including testimony before Congress and the President's Working Group on Welfare Reform. While at WOW, Dr. Pearce conceived and developed the methodology for the Self-Sufficiency Standard and first published results in 1996 for Iowa and California. Her areas of expertise include low-wage and part-time employment, unemployment insurance, homelessness, and welfare reform as they impact on women. Dr. Pearce has helped found and lead several coalitions, including the Women, Work and Welfare Coalition and the Women and Job Training Coalition. She received her Ph.D. degree in Sociology and Social Work from the University of Michigan.

Jennifer Brooks was formerly the Director of Self-Sufficiency Programs and Policy for Wider Opportunities for Women (WOW). In this role, she planned and oversaw the development and implementation the Self-Sufficiency Standard in the states; oversaw WOW's local, state and federal legislative involvement; worked with the Executive Director to formulate WOW's policy positions; worked to build coalitions of advocates at the local, state and national levels; represented WOW in national coalitions; and provided technical assistance to WOW's state and local partners on issues related to women, work and poverty. Ms. Brooks has testified before Congress and speaks widely on the issues of women, work, education and training, and poverty. Ms. Brooks received a Master of Arts in Public Policy with a Concentration in Women's Studies from The George Washington University, Washington, DC, where she was awarded the Women's Studies Graduate Prize for Feminist Scholarship. Ms. Brooks also holds a Bachelor of Fine Arts from Tufts University, Medford, MA and The School of the Museum of Fine Arts, Boston, MA.

List of Wisconsin Counties

Metropolitan Areas

Appleton-Oshkosh-Neenah MSA

Calumet County
Outagamie County
Winnebago County

Duluth-Superior, MN-WI MSA

Douglas County

Eau Claire, WI MSA

Chippewa County
Eau Claire County

Green Bay, WI MSA

Brown County

Janesville-Beloit, WI MSA

Rock County

Kenosha, WI MSA

Kenosha County

La Crosse, WI-MN MSA

La Crosse County

Madison, WI MSA

Dane County

Milwaukee-Waukesha, WI PMSA

Milwaukee County
Ozaukee County
Washington County
Waukesha County

Minneapolis-St. Paul, MN-WI MSA

Pierce County
St. Croix County

Racine, WI MSA

Racine County

Sheboygan, WI MSA

Sheboygan County

Wausau, WI MSA

Marathon County

Non-Metropolitan Counties

Adams County

Ashland County

Barron County

Bayfield County

Buffalo County

Burnett County

Clark County

Columbia County

Crawford County

Dodge County

Door County

Dunn County

Florence County

Fond du Lac County

Forest County

Grant County

Green County

Green Lake County

Iowa County

Iron County

Jackson County

Jefferson County

Juneau County

Kewaunee County

Lafayette County

Langlade County

Lincoln County

Manitowoc County

Marinette County

Marquette County

Menominee County

Monroe County

Oconto County

Oneida County

Pepin County

Polk County

Portage County

Price County

Richland County

Rusk County

Sauk County

Sawyer County

Shawano County

Taylor County

Trempealeau County

Vernon County

Vilas County

Walworth County

Washburn County

Waupaca County

Waushara County

Wood County

List of Wisconsin Tribes

Bad River Band of Lake Superior Chippewa
(Primary County: Ashland County)

Forest County Potawatomi Indian Community
(Primary County: Forest County)

Ho-Chunk Nation
(Primary County: Jackson County)

*Lac Courtes Oreilles Band of Lake Superior
Chippewa*
(Primary County: Sawyer County)

*Lac du Flambeau Band of Lake Superior
Chippewa*
(Primary County: Vilas County)

Oneida Tribe
(Primary County: Brown County)

Red Cliff Band of Lake Superior Chippewa
(Primary County: Bayfield County)

St. Croix Chippewa
(Primary County: Burnett County)

Sokaogon Chippewa (Mole Lake) Community
(Primary County: Forest County)

Stockbridge Munsee Community
(Primary County: Shawano County)

Map of Wisconsin Counties

*List of Wisconsin Counties and Tribes by Level of Annual Self-Sufficiency Wage**

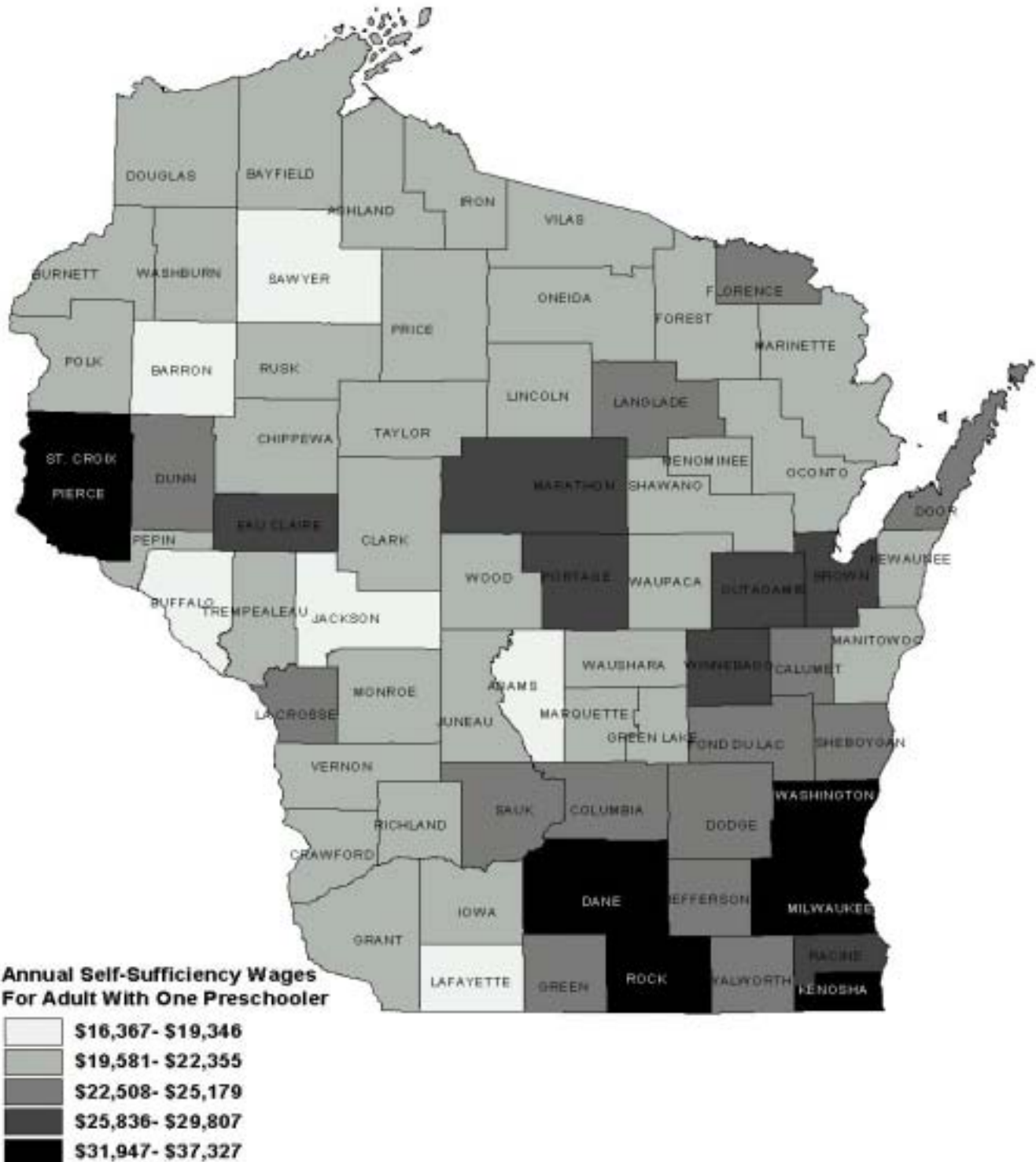
<p>1. \$16,367 - \$19,346 Buffalo, Adams, Lac Courtes Oreilles Band,** Sawyer, LaFayette, Ho-Chunk, Jackson, Barron.</p>	<p>4. \$25,836 - \$29,807 Oneida Tribe, Brown, Eau Claire, Winnebago, Marathon, Outagamie, Portage, Racine, Rock.</p>
<p>2. \$19,581 - \$22,355 St. Croix Chippewa, Burnett, Price, Rusk, Vernon, Monroe, Oconto, Lincoln, Marinette, Pepin, Trempealeau, Taylor, Forest, Forest County Potawatomi, Shawano, Iron, Juneau, Oneida, Kewaunee, Wood, Bad River Band, Lac du Flambeau Band, Crawford, Stockbridge Munsee Community, Menominee, Grant, Ashland, Bayfield, Vilas, Clark, Waushara, Polk, Washburn, Marquette, Iowa, Green Lake, Sokaogon Chippewa, Waupaca, Richland, Manitowoc, Red Cliff Band, Douglas.</p>	<p>5. \$31,947 - \$37,327 Kenosha, Washington, Milwaukee, Pierce, Dane, Ozaukee, Waukesha, St. Croix.</p>
<p>3. \$22,508 - \$25,179 Dunn, Langlade, Jefferson, Door, Columbia, La Crosse, Sauk, Green, Fond du Lac, Chippewa, Calumet, Florence, Sheboygan, Walworth, Dodge.</p>	

* The Annual Self-Sufficiency Wages used to determine these income groups and the corresponding groups on the map on the following page are based on the Self-Sufficiency Wages for a family with a single adult and a preschooler. Self-Sufficiency Wages for this family type for each county are located in the Appendix of this report beginning on page 51.

** Tribes are dispersed throughout the counties as follows:

- 1) Forest County Potawatomi Indian Community: Forest County
- 2) Lac Courtes Oreilles Band of Lake Superior Chippewa: Sawyer County
- 3) Red Cliff Band of Lake Superior Chippewa: Bayfield County
- 4) Sokaogon Chippewa (Mole Lake) Community: Forest County
- 5) Stockbridge Munsee Community: Shawano County.
- 6) Bad River Band of Lake Superior Chippewa: Ashland and Iron Counties
- 7) Lac du Flambeau Band of Lake Superior Chippewa: Vilas, Iron and Oneida Counties
- 8) Oneida Tribe: Brown and Outagamie Counties
- 9) St. Croix Chippewa Tribe: Barron, Burnett, and Polk Counties
- 10) Ho-Chunk Nation: Jackson, Sauk, Monroe, La Crosse, Wood, Clark, Shawano, Columbia, Juneau, Vernon, Eau Claire, Marathon, Adams, and Crawford Counties

Map of Wisconsin Counties by Level of Annual Self-Sufficiency Wage



Appendix:
The Self-Sufficiency Standard for
Selected Family Types, Wisconsin
