

**THE BASIC
ECONOMIC
SECURITY
TABLES™**

**WASHINGTON, DC
METRO AREA
METHODOLOGY AND
SUPPLEMENTAL DATA**

**A PROJECT OF WIDER OPPORTUNITIES
FOR WOMEN'S FAMILY ECONOMIC
SECURITY PROGRAM**

2010

Wider Opportunities for Women (WOW)



Wider Opportunities for Women (WOW) works nationally and in its home community of Washington, DC to achieve economic independence and equality of opportunity for women and their families at all stages of life. For over 40 years, WOW has been a leader in the areas of nontraditional employment, job training and education, welfare-to-work and workforce development policy. Since 1995, WOW has been devoted to the self-sufficiency of women and their families through the national Family Economic Security (FES) Project. Through FES, WOW has reframed the national debate on social policies and programs from one that focuses on poverty to one that focuses on what it takes families to make ends meet. Building on FES, WOW has expanded to meet its intergenerational mission of economic independence for women at all stages of life with the Elder Economic Security Initiative.

Center for Social Development, Washington University-St. Louis



The Center for Social Development conducts research that informs how individuals, families, and communities increase capacity, formulate and reach life goals, and contribute to the economy and society. The Center for Social Development's principal focus is on families and communities at the bottom of society. Major areas of work include Asset Building and Civic Engagement & Service.

Development of The Basic Economic Security Tables Index is funded by the Washington Area Women's Foundation, the Ford Foundation and the Freddie Mac Foundation.

INTRODUCTION

The Basic Economic Security Tables: Washington, DC Metro Area Methodology and Supplemental Data is a companion report of *The Basic Economic Security Tables™ Index for the Washington, DC Metro Area*. This report contains:

1. Detailed explication of the BEST methodology
2. Supplementary data and figures for BEST expense and savings components, including cost time series data
3. Supplementary BEST values calculated under alternative assumptions
4. A BEST data sources table

The Basic Economic Security Tables™ Index (BEST) is a measure of the basic needs and assets workers require for economic security throughout a lifetime and across generations.

The BEST follows on a long history of research defining families' spending and income needs, but reflects a modern economy and contemporary understanding of how families achieve financial stability. The BEST captures the local variance in prices that determine how well incomes allow families to make ends meet. State and county of residence directly affect how much typical economically secure DC metro area residents spend on BEST expenses and how much they need to save. Housing expenses, for example—both rent values and homeownership requirements—vary widely among the counties and cities in the DC metro area. BEST expenses and savings requirements are therefore calculated for the City of Alexandria, Arlington County and Fairfax County in Virginia, for Montgomery and Prince George's County in Maryland, and for Washington, DC.

The BEST improves on the descriptive power of earlier budget standards by presenting the specific needs of more than 400 family types—all possible one- or two-adult families with up to six children.¹ BEST values for adults are not age-specific, and are applicable to any independent working adult.²

To further improve understanding of worker expenses and income needs, the BEST calculates separate income requirements for workers with and workers without access to employment-based benefits. Receipt of benefits—namely employer-sponsored health insurance and employment-based retirement plans—can be critical to short- and long-term economic security, and can prevent workers from suffering marked declines in stability, or even impoverishment. The Index also distinguishes between workers who are and are not covered by unemployment insurance.

The BEST Index is a starting point for workers who want to achieve financial stability, and for the policymakers, advocates, researchers and service providers who help workers build security in their state, counties and local communities. BEST users improve lives by:

- Benchmarking wages, worker welfare and local economic stability
- Evaluating economic development and economic development opportunities
- Identifying jobs and careers that provide the economic security wages that support stable communities
- Evaluating education and training needs
- Improving workers' and students' financial planning
- Evaluating and improving the efficacy of publicly funded programs
- Helping those working on policy issues across the life course to find common ground
- Promoting the saving that creates essential short- and long-term asset building and economic stability
- Identifying who is and is not participating fully in the Delaware economy
- Changing the public's understanding of economic security
- Creating far-sighted public policy

RENT AND UTILITIES

Table 1: Alexandria, VA* Monthly Rent and Utilities Expenses for Selected BEST Families, 2010

	1 Worker	1 Worker, 1 Preschooler, 1 Schoolchild	2 Workers, 1 Preschooler, 1 Schoolchild
Rent	\$1,154	\$1,313	\$1,313
Utilities	\$129	\$147	\$147
Total	\$1,283	\$1,460	\$1,460

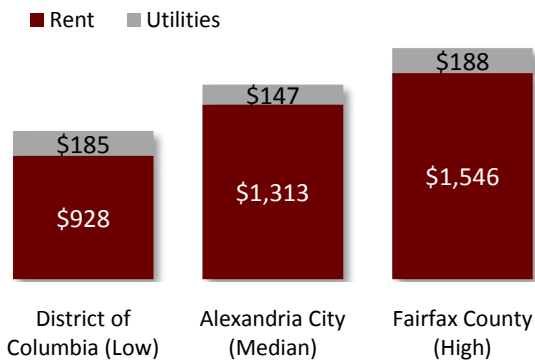
* Alexandria, VA data is used throughout *Methodology and Supplementary Data* for illustrative purposes because the city's BEST values approximate unweighted "average" values for DC metro area jurisdictions.

BEST rent expenses are adjusted US Department of Housing and Urban Development (HUD) Fair Market Rents. Fair Market Rents (FMRs), which are calculated annually by HUD, are comprised of rent and utilities. Rent and utilities are displayed separately within the BEST for homes with 1-4 bedrooms; home size is based on family size. The BEST assumes that an adult has his or her own bedroom, two adults share a bedroom, and no more than two children share a bedroom.

Fair Market Rents (FMRs) are rents at the 40th percentile of each DC metro area county's rents distribution.³

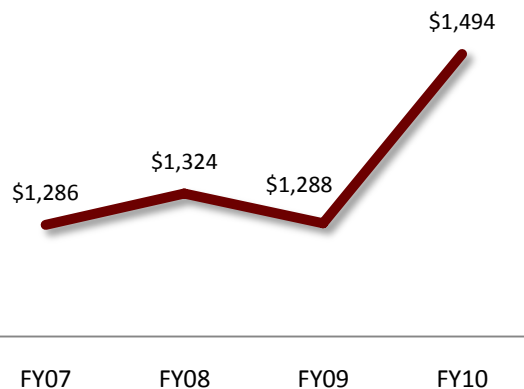
Since 2006, FMRs have increased across the DC metro area. Between the end of 2006 (FY07) and the end of 2009 (FY10), FMRs increased 16%. However, that growth has been sporadic: there was a 3% increase in FMRs between fiscal year 2007 and fiscal year 2008, followed by a 3% decrease the next year and then a sudden 16% increase between the end of 2008 (FY09) and the end of 2009 (FY10).

Figure 1: Selected DC Metro Area Rents and Utilities for 2-Bedroom Homes, 2010



Source: US Department of Housing and Urban Development. FY 2010 Fair Market Rents.

Figure 2: DC Metro Area Rent for a 2-Bedroom Unit, FY07-FY10



Source: US Department of Housing and Urban Development. FY 2010 Fair Market Rents.

Table 2: Alexandria, VA Monthly Food Expenses for Selected BEST families, 2010

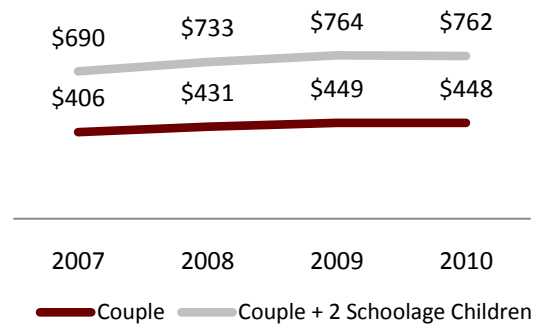
	1 Worker	1 Worker, 1 Preschooler, 1 Schoolchild	2 Workers, 1 Preschooler, 1 Schoolchild
Food	\$271	\$584	\$782

BEST food expenses are US Department of Agriculture Low-Cost Food Plan expenses by family type.

The US Department of Agriculture (USDA) Center for Nutrition Policy and Promotion (CNPP) produces four official Food Plans—Thrifty, Low-Cost, Moderate-Cost and Liberal—which reflect current dietary recommendations, food consumption patterns and food prices. Costs included in the Thrifty Food Plan reflect a short-term minimal standard of nutrition and are used by the Supplemental Nutrition Assistance Program (formerly Food Stamps) to calculate assistance levels. The Low-Cost Food Plan is slightly less austere than the Thrifty Food Plan, but still presents a no-frills diet consisting entirely of food prepared and eaten at home.

Since 2007, Low-Cost Food Plan expenses for an American family of four (2 workers with 2 schoolchildren) have increased 10.5%, an average of approximately 3.4% per year. Food prices increased steadily between 2007 and 2009, an average of 5.3% a year, but then fell 0.3% between 2009 and 2010 as global recession affected food prices.

Figure 3: Monthly USDA Low-Cost Food Plan Expenses, by Family Type, 2007-2010



Source: US Department of Agriculture. Official USDA Food Plans: Cost of Food at Home at Four Levels, US Average, March 2007-2010.

TRANSPORTATION

Table 3: Alexandria, VA Monthly Private Transportation Expense for Selected BEST Families, 2010

	1 Worker	1 Worker, 1 Preschooler, 1 Schoolchild	2 Workers, 1 Preschooler, 1 Schoolchild
Transportation	\$440	\$482	\$655

BEST private transportation expense includes the fuel, maintenance, license and registration, depreciation, finance charges and vehicle taxes associated with ownership and operation of a small sedan. Costs do not include a down payment. Costs are averaged over the first five years of the car's life.

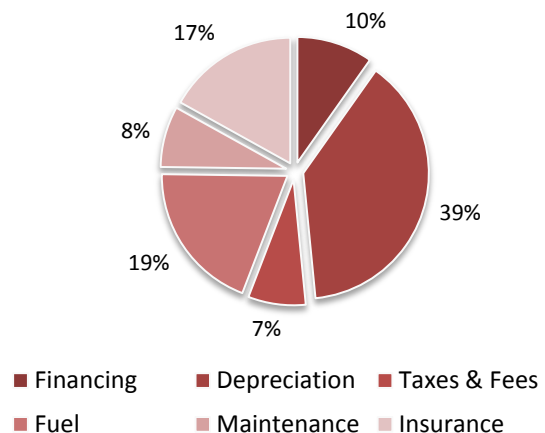
Public transportation can greatly reduce the cost of commuting and running essential errands. According to the region's Census Bureau Transportation Profiles, public transportation is widely available within Washington, DC, and used by a large minority of DC residents on a regular basis. Commuters who live outside of the District and commute into the city also often use public transit (US Department of Transportation 2000). However, transportation planning data show that the majority of workers outside of the District do not use public transportation on a regular basis, and public transportation does not completely relieve an economically secure family's need for a car. As a result, BEST transportation expenses are calculated assuming ownership of a small sedan for residents of the DC metro area in Virginia and Maryland. The BEST assumes that the majority of couples who are unable to rely completely on mass transit for commuting, shopping, etc. will be unable to share a car to get to work. Families with two working adults therefore bear the cost of owning two cars. Families in Washington, DC are assumed to use only mass transit.

Fuel, maintenance and depreciation expenses are based on the number of BEST miles driven by Maryland and Virginia residents in the DC metro area. Miles driven by one- and two-parent families include trips to and from work, transporting children to child

care, trips to purchase gasoline, one shopping trip per week and one medical-related trip per month. Trips to and from school for adult students are included only in calculations of education and training savings requirements found in the BEST. Within the District, workers purchase 7-day Metro bus and rail passes.

Automobile insurance quotes were obtained at the zip code level from the from Traveler's Auto Insurance, Erie Insurance and Geico. Insurance companies are those with the most market share (as determined by the local governments) and least cost for a comprehensive insurance policy. Quotes were obtained in April 2010. Automobiles carry a "standard" insurance policy consisting of: bodily injury (\$100,000/\$300,000); personal injury protection; uninsured motorist (\$100,000/\$300,000);

Figure 4: BEST Private Transportation Expense for 1 Worker, 2010



property damage (\$100,000); and collision and comprehensive (\$500 deductible).
 Per-gallon fuel expenses are average expenses in the Central- and Lower-Atlantic regions as of March 2010.

Transportation Costs with an Older Vehicle

More than 50% of transportation cost for owners of newer (less than 5 years old) private vehicles is

attributable to depreciation and financing costs. A fully paid-for and fully depreciated vehicle is less expensive to operate. Table 4 demonstrates the differences in transportation costs when driving a fully depreciated vehicle. (It must be noted that costs in Table 4 do not account for potential increased maintenance or repair costs for an older vehicle.)

Table 4: Alexandria, VA Monthly Private Transportation Expense, Newer Auto vs. Fully Depreciated Auto, for Selected BEST Families, 2010			
	1 Worker	1 Worker, 1 Preschooler, 1 Schoolchild	2 Workers, 1 Preschooler, 1 Schoolchild
Fully Depreciated Auto	\$205	\$246	\$419
Newer Auto	\$440	\$482	\$655

CHILD CARE

Table 5: Alexandria, VA Monthly Childcare Expense for Selected BEST Families, 2010

	1 Worker	1 Worker, 1 Preschooler, 1 Schoolchild	2 Workers, 1 Infant, 1 Preschooler, 1 Schoolchild
Child Care	\$0	\$2,009	\$2,871

BEST child care expenses are based on age-specific 75th percentile market rates taken from the most recent Child Care Market Rate Surveys in Washington, DC, Virginia and Maryland.

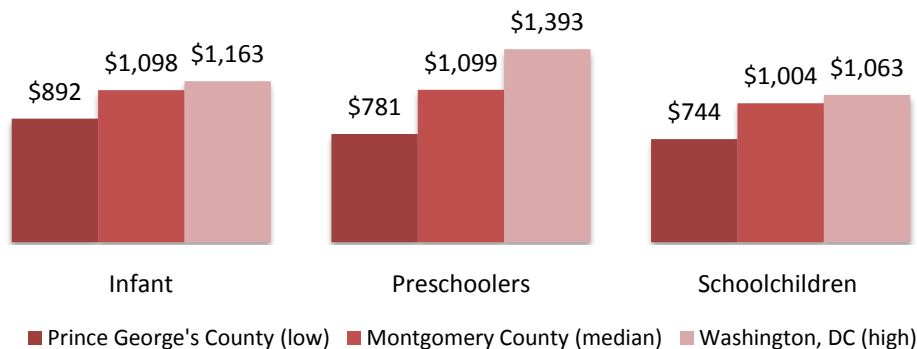
The US Administration for Children and Families suggests the 75th percentile as the provider payment rate for child care subsidy programs. To use a lower percentile, such as the 50th percentile, would reduce BEST annual incomes, but percentiles other than the 75th percentile are unobtainable in some states. A lower percentile would also suggest a higher risk of lower-quality child care, particularly in rural areas. In the DC metro area, care costs do not vary greatly: In the two Maryland regions closest to DC, for example, the difference between the 45th and 75th percentile

charges was on average, across child age categories, \$128 per month.

The three Child Care Market Rate Surveys present separate daily child care center and family child care (care provided in a private home) costs for infants, toddlers, preschoolers and schoolchildren. The BEST combines infant and toddler cost values to create a single weighted cost presented under the category “infant.”

Because the majority of infants in regular full-time care settings are found in family child care settings, the BEST uses a family child care rate for infants. Child care center rates are used for all other age categories.

Figure 5: BEST Monthly Child Care Expense for DC Area by Selected County and Child Age Category, 2010



Sources: Maryland Committee for Children. 2009 Maryland Child Care Market Rate Survey.
Virginia Department of Social Services. 2007-2008 Virginia Childcare Market Rate Survey
University of District of Columbia. 2008 District of Columbia Child Care Market Rates and Capacity Utilization.

PERSONAL AND HOUSEHOLD ITEMS

Table 6: Alexandria, VA Monthly Personal and Household Expenses for Selected BEST Families, 2010

	1 Worker	1 Worker, 1 Preschooler, 1 Schoolchild	2 Workers, 1 Preschooler, 1 Schoolchild
Personal and Household Items	\$419	\$551	\$605

BEST personal and household expenses are equal to 27% of a family’s housing, utilities and food expenses. The calculation of personal and household items expenses is based on the US Bureau of Labor Statistics’ Consumer Expenditure Survey, which records American consumers’ annual spending. The BEST uses average expenditures specific to renters, as the BEST assumes all working families rent. Renter expenditures recorded by the Consumer Expenditure Survey correspond strongly to expenditures of Americans in the bottom income quintile (20%).

BEST personal and household items expenses are a conservative measure of necessary spending on personal care and maintaining a household. The personal and household items category includes only necessities which contribute to basic

economic security—goods or service required for health, safety, employment or basic economic participation (e.g. bank fees). Personal and household items include clothing, housekeeping supplies, life insurance, miscellaneous fees and expenses (e.g. work expenses, bank fees), personal care products and telephone charges.

The category does not include items such as furniture, appliances, cable television or computers. Cell phones are not included, as: (1) the cost of land-line phones is sufficiently representative of cell phone costs; (2) Survey cell phone expense data is not reliable; (3) cell phones are often households’ second or third phones, and the BEST assumes more than one phone per household is not necessary for basic security.

HEALTH CARE

Table 7: Alexandria, VA Monthly Health Care Expenses for Selected BEST Families, by Insurance Type, 2010

	1 Worker	1 Worker, 1 Preschooler, 1 Schoolchild	2 Workers, 1 Preschooler, 1 Schoolchild
ESI	\$147	\$447	\$508
NESI	\$374	\$700	\$1,037

* ESI = Employer-sponsored health insurance
NESI = Non-employer-sponsored health insurance

BEST health care expense consists of insurance premium and out-of-pocket costs of DC metro area residents with either employer-sponsored insurance (ESI) or non-employer-sponsored insurance (NESI) purchased on the individual market. DC metro area premium data are adjusted by BEST age category and family size. NESI premium data is collected from the United Healthcare, Kaiser Permanente and BlueCross BlueShield websites for each zip code in the area and adjusted to create county and city values. Out-of-pocket expenses are for the Southern region of the United States.

Employer-Sponsored Health Insurance (ESI)

Nearly 96% of Washington, DC's full-time employees (over 90% of Maryland's full-time employees; nearly 94% of Virginia's full-time employees) worked at firms that offered health insurance, and 78% of those Washington, DC full-time employees (69% of those Maryland full-time employees; 70% of those Virginia full-time employees) participated in the insurance

plans their employers offered (US Department of Health and Human Services, "Table II" 2008).⁴ Among non-elderly adults with insurance, 71% were covered by employer-sponsored health insurance in Washington, DC (81% in Virginia; 84% in Maryland), 20% were covered by Medicaid or another public insurance program in Washington, DC (9% in Maryland; 12% in Virginia) and 9% were covered by non-employer-sponsored health insurance purchased independently on the individual market in Washington, DC (6% in Maryland; 7% in Virginia) (Kaiser Family Foundation 2008).

In 2008, Washington, DC employers paid on average 80% of total insurance premiums for single employees and 71% of total insurance premiums for families; Maryland employers paid on average 78% of total insurance premiums for single employees and 69% of total insurance premiums for families; and Virginia employers paid on average 76% of total insurance premiums for single employees and 68% of total insurance premiums for families (US Department of Health and Human Services, "Table XC"

Table 8: Workers with Employer Sponsored Health Insurance, 2008

	% Adults 18-64 Covered by ESI	% of Full-Time Employees Offered ESI	% of Full-Time Employees who participated in offered ESI
Maryland	84.5%	90.4%	69.0%
Virginia	81.0%	93.9%	69.8%
Washington, DC	71.4%	95.8%	77.9%

* Source: US Department of Health and Human Services. "Table II: [District of Columbia, Maryland, Virginia], Private Sector Data by Firm Size, 2008." Agency for Healthcare Research and Quality, Medical Expenditure Panel Survey. 2008. <http://www.meps.ahrq.gov/>

2008). Nationwide, employers paid on average 80% of total insurance premiums for single employees and 72% of total insurance premiums for families (US Department of Health and Human Services *Statistical Brief #251: Employer Sponsored Single* 2008).

Non-Employer-Sponsored Health Insurance (NESI)

Twenty-three percent of Washington, DC private-sector workers (30% of Maryland private-sector workers; 29% of Virginia private-sector workers) (including part-time employees) lack access to employer-sponsored insurance, and the BEST presents health care expenses faced by workers and families who lack employer-sponsored health insurance.

Underinsurance can be as great a threat to economic security as a lack of insurance. Research suggests that “catastrophic” health insurance – less expensive plans defined by high deductibles, higher out-of-pocket expenses (OOP) and, often, accompanying Health Savings Accounts (HSA) – can shift costs from premiums to out-of-pocket expenses, contribute to medical debt, reduce access to care and prevent some from seeking care. As a result, BEST NESI premiums are not catastrophic insurance plans which contribute to underinsurance. Instead, BEST NESI premiums are those of the least expensive NESI plans which approximate typical ESI plans (defined by plan coverage, deductible and copayments/ coinsurance).

Those families not covered by ESI purchase NESI from private health insurance plans found on the ehealthinsurance website, United Healthcare, Kaiser Permanente or BlueCross BlueShield. Health insurance plans were chosen to be similar to

insurance a worker would use if covered by employer-sponsored insurance, using the average deductibles and copayments in Maryland, Virginia and Washington, DC. Premium estimates are for 42-year-old workers, using the average of premium quotes for women and for men.

BEST expenses do not include the direct effects of public subsidies on average insurance premiums or out-of-pocket costs; as a result, BEST calculations do not include the expenses of Medicare participants or the non-elderly DC metro area workers enrolled in Medicaid or other public health insurance. The BEST includes insurance premiums and OOP costs for DC metro area residents in good health. As demonstrated by Table 8, total health care costs are dependent on health status, with those in excellent health incurring approximately half the average annual OOP costs of those in good health, and those in poor health incurring nearly three times the average annual OOP costs of those in good health.

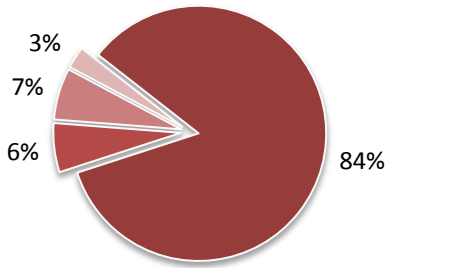
Employer-sponsored health insurance premiums and out-of-pocket expenses data are obtained from the US Department of Health and Human Services’ Medical Expenditure Panel Survey (MEPS). Non-employer-sponsored health insurance premiums are obtained from ehealthinsurance, BlueCross BlueShield, Kaiser Permanente and UnitedHealthOne.

Table 9: Average Annual Out-of-Pocket Health Care Costs for DC Metro Area Workers Participating in Private Health Insurance Plans, by Adult Health Status, 2010

	1 Worker	1 Worker, 1 Preschooler, 1 Schoolchild	2 Workers, 1 Preschooler, 1 Schoolchild
Excellent	\$484	\$1,266	\$1,750
Good	\$979	\$1,761	\$2,740
Poor	\$2,844	\$3,625	\$6,469

Source: US Department of Health and Human Services. Medical Expenditure Panel Survey (MEPS). Values inflated to 2010 using the Consumer Price Index.

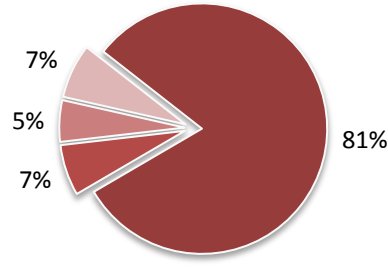
Figure 6: Type of Insurance Among Maryland Non-Elderly Adults with Insurance, 2008



■ Employer-Sponsored ■ Privately Purchased
■ Medicaid ■ Other Public Insurance

Source: Kaiser Family Foundation

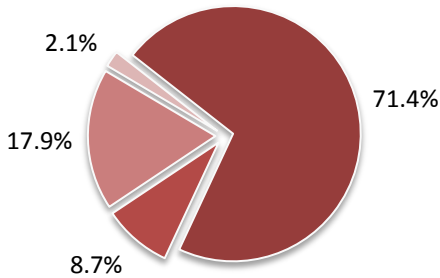
Figure 7: Type of Insurance Among Virginia Non-Elderly Adults with Insurance, 2008



■ Employer-Sponsored ■ Privately Purchased
■ Medicaid ■ Other Public Insurance

Source: Kaiser Family Foundation.

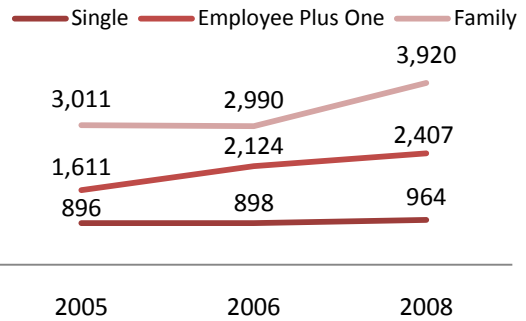
Figure 8: Type of Insurance Among Washington, DC Non-Elderly Adults with Insurance, 2008



■ Employer-Sponsored ■ Privately Purchased
■ Medicaid ■ Other Public Insurance

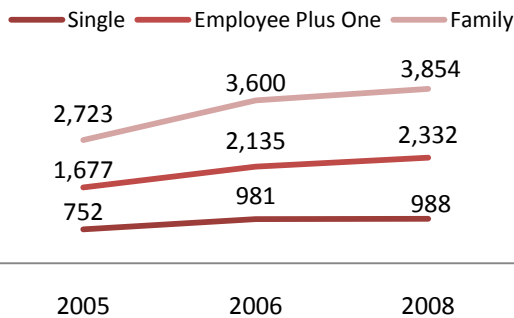
Source: Kaiser Family Foundation.

Figure 9: Average Annual Employer-Sponsored Health Insurance Premiums Paid by Maryland Workers, by Insurance Type, 2005-2008



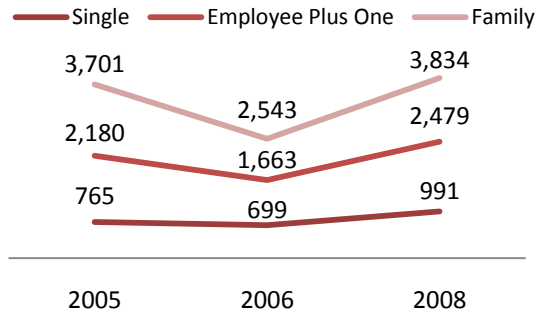
Source: US Department of Health and Human Services, Medical Expenditure Survey, 2009.

Figure 10: Average Annual Employer-Sponsored Health Insurance Premiums Paid by Virginia Workers, by Insurance Type, 2005-2008



Source: US Department of Health and Human Services, Medical Expenditure Survey, 2009.

Figure 11: Average Annual Employer-Sponsored Health Insurance Premiums Paid by Washington, DC Workers, by Insurance Type, 2005-2008



Source: US Department of Health and Human Services, Medical Expenditure Survey, 2009.

TAXES AND TAX CREDITS

Table 10: Alexandria, VA Monthly Tax Expense and Tax Credits for Selected BEST Families, 2010

	1 Worker	1 Worker, 1 Preschooler, 1 Schoolchild	2 Workers, 1 Preschooler, 1 Schoolchild
Taxes	\$709	\$1,784	\$1,717
EITC	\$0	\$0	\$0
CTC	\$0	-\$167	-\$167
CDCC	\$0	-\$100	-\$100
MWP	-\$34	-\$34	-\$67
Net Tax	\$675	\$1,483	\$1,383

BEST taxes expense consists of federal payroll taxes, federal and state income taxes and state sales taxes. BEST taxes are gross, pre-credit taxes. Tax credits, refundable and non-refundable, are presented separately, and include the federal earned income tax credit (EITC or EIC), federal child tax credit (CTC) and additional child tax credit (ACTC), federal child and dependent care credit (CDCC), federal Making Work Pay credit, state and county ETIC, dependent care credits and child care credits.⁵ While refundable credits—those such as the EITC which are paid to filers whose credits exceed their owed taxes—are normally received as lump sums in the spring, the BEST expresses credits as monthly amounts.

All BEST families earn income and pay taxes, and all family income is assumed to be earned income. Tax filers do not itemize deductions. Families who cannot participate in employment-based retirement plans (e.g. pensions or 401(k) plans) save through traditional Individual Retirement Accounts (IRAs), and contributions are tax-deductible.⁶ While many BEST families earn incomes subject to the 25% or 28% federal tax bracket, deductions and credits greatly reduce effective tax rates.

BEST Tax Credits

- The **Earned Income Tax Credit** (EITC or EIC) is a refundable federal income tax credit for low- and moderate-income

working individuals and families. Because the tax is refundable, tax filers needn't owe taxes to receive the EITC. Due to a temporary change in the American Recovery and Reinvestment Act, for the 2009 and 2010 tax years, and recently extended for the 2011 tax year, the maximum credit is \$5,657. The amount of the EITC refund is based on family size, filing status and household income. To receive the EITC, taxpayers must have earned income and must file a federal tax return. The EITC does not disqualify or qualify recipients for welfare benefits.

- The **Child and Dependent Care Expenses Credit** is a non-refundable federal income tax credit which allows families to deduct a percentage of child or dependent care costs from the federal income taxes they would otherwise have to pay. The credit can equal as much as 35% of care expenses, depending on household income. For the 2009 tax year, the maximum claimable expenses are \$3,000 for one child and \$6,000 for two children.
- The **Child Tax Credit** is a non-refundable federal tax reduction for those with dependent children. The credit is equal to \$1,000 per child. If the amount of the

Child Tax Credit is greater than the amount of income tax owed, families may be able to claim the refundable Additional Child Tax Credit.

The American Reinvestment and Recovery Act

- The American Reinvestment and Recovery Act created tax credit changes that likely benefit DC metro area families. The changes apply to 2009 and 2010 tax returns, to income earned in 2009, and are included in BEST tax calculations, which are based on the most recent tax rules available, those for the 2009 tax year.
- **Making Work Pay Tax Credit** – The Making Work Pay tax credit reduced federal income tax withheld from workers paychecks. For the typical taxpayer the tax credit is a maximum of \$400 for working individuals and \$800 for working married couples. The amount is reduced by special ARRA credits available to retirees.
- **Earned Income Tax Credit** –ARRA increased the maximum earned income tax credit (EITC) for families with three or more children to \$5,657. The ARRA also allows the credit to married couples and families with higher incomes regardless of the number of children.
- **Additional Child Tax Credit** –ARRA reduced the minimum earned income amount used to calculate the additional child tax credit to \$3,000. The change increases the number of families receiving refundable tax credits and the amounts of credits.
- The first \$2,400 of 2009 unemployment benefits, which are normally taxed, are tax-free.

EMERGENCY SAVINGS

Table 11: Alexandria, VA Monthly Emergency Savings for Selected BEST Families, 2010

	1 Worker	1 Worker, 1 Preschooler, 1 Schoolchild	2 Workers, 1 Preschooler, 1 Schoolchild
With UI	\$124	\$271	\$296
Without UI	\$180	\$367	\$412

BEST emergency savings is defined as the amount of savings needed for a family to meet basic needs during a time of job loss.⁷ Monthly emergency savings are calculated separately for workers with and without access to Unemployment Insurance.

Unemployment can be a considerable threat to economic security, whether or not workers are covered by Unemployment Insurance (UI). This is especially true for low-income families, as UI covers only a portion of monthly wages, and a substantial proportion of low-wage and part-time workers are not eligible for UI (US Government Accountability Office 2007). Furthermore, low-income workers usually have limited access to the debt market to finance their spending during unemployment (Sullivan 2008). About 30% of US families did not have enough liquid assets for financial emergencies in 2007, and this rate is even higher for families in the bottom income quintile (68%) (Ratcliffe & Vinopal 2009). Therefore, savings for unemployment is crucial for all workers who would maintain financial stability.

Emergency Saving Goal

BEST’s emergency savings goal is the amount sufficient to support a family’s basic needs during a “typical” period of unemployment. The median unemployment spell has been, on average, 8.9 weeks during the most recent business cycle (US Bureau of Labor Statistics 2008b), while median employee tenure has been, on average, 4.0 years during the same period (US Bureau of Labor Statistics 2008a).⁸ Accordingly, the BEST assumes that workers save in interest-earning accounts or short-term investments

while employed to prepare for 8.9 weeks of unemployment. Because the unemployment spell is notably longer during the current business cycle, the effect of a longer period of unemployment is explored in Table 11 below.

Monthly consumption/expenses during unemployment spells is equal to the BEST Index income. While families often conserve resources during the periods of unemployment, the needs captured by the BEST are already limited to basic needs. Major lifestyle changes, such as moving, selling an auto or dropping health insurance, are dramatic, destabilizing and difficult to accomplish in the short term. The BEST assumes that families do not reduce their income needs during the period of unemployment. Since the BEST assumes that families save over four years to meet future expenses, the current expenses are inflated into the future using a 3% inflation rate.

Emergency savings are assumed to be accumulated in conservative, liquid investments, and the annual rate of return to saving is assumed to be 2.5% based on historical returns to short term (4-week) Treasury bills.

Monthly Emergency Savings with and without UI

Unemployment insurance (UI) benefits play a significant role in supporting basic needs during unemployment. As shown in Figures 12 and 13, about 31% of unemployed workers in Washington, DC (59% in Maryland, and 43% in Virginia) were covered by UI in 2009, and those covered by UI in DC received

Figure 12: Coverage Rates of Unemployment Insurance in Maryland, Virginia and Washington, DC 2003-2009

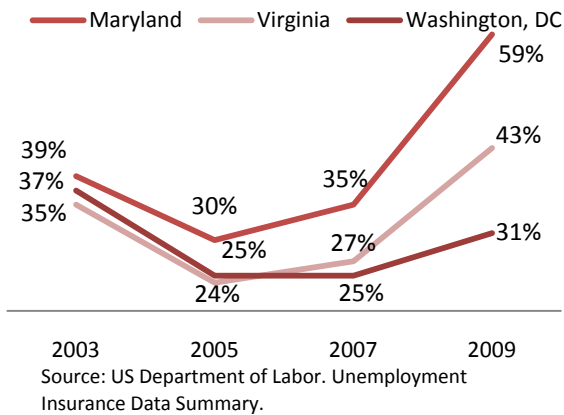
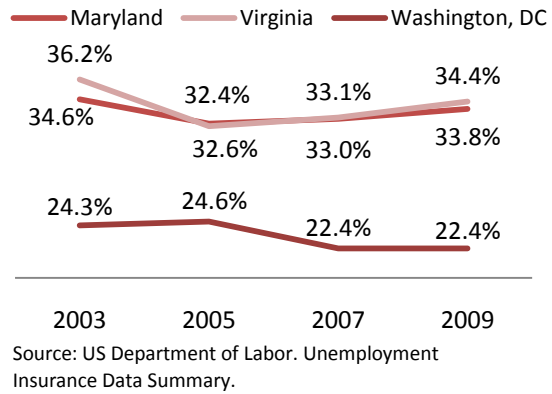


Figure 13: Replacement Rates of Unemployment Insurance Maryland, Virginia and Washington, DC, 2003-2009



approximately 22% of their pre-unemployment wages in benefits (34% in Maryland and Virginia), up to \$1,436 per month (\$1,520 in Maryland and \$1,512 in Virginia). The number of workers covered by unemployment insurance increased dramatically in 2009, those numbers represent both state and extended federal (EUC) unemployment benefits.

Monthly emergency savings amounts for those with UI are calculated in the same manner as amounts for those without UI, with the additional assumption that 22% to 34% of needs during unemployment are financed by UI benefits (up to the maximum benefit in each state), and that a worker saves for the remaining BEST expenses.

The Impact of the Recession on Needed Emergency Savings

Table 11 demonstrates what families in Montgomery County, MD would need to save every month to maintain economic security through the median unemployment spell in 2009, 15.1 weeks. It should be noted that few families would be willing and able to save for such a long period of unemployment. Families would also likely alter their expenses after it became clear that employment was not in the offing.

Table 12: Montgomery County, MD Monthly Emergency Savings for Selected Families, by Receipt of Unemployment Insurance and Period of Unemployment

		1 Worker	
		1 Worker	1 Preschooler 1 Schoolchild
15.1 Weeks	UI	\$243	\$601
	No UI	\$312	\$675
8.9 Weeks	UI	\$124	\$271
	No UI	\$180	\$367

RETIREMENT SAVINGS

Table 13: Alexandria, VA Monthly Retirement Savings for Selected BEST Families, 2010

	1 Worker	1 Worker, 1 Preschooler, 1 Schoolchild	2 Workers, 1 Preschooler, 1 Schoolchild
With Retirement Benefits	\$128	\$128	\$264
Without Retirement Benefits	\$213	\$213	\$439

BEST retirement savings is the amount of monthly savings sufficient to support retired elders’ basic economic security needs, as defined by The WOW-GI Elder Economic Security Standard™ Index (Elder Index).

The BEST retirement savings amount is estimated with three components: (1) income needs of elders based on the Elder Index; (2) available retirement income; and (3) life expectancy. Based on these three components, the BEST estimates the total amount of savings needed at the time of retirement to maintain economically secure lives, and then calculates the monthly savings amount needed to achieve this savings goal.

Retirement Saving Goal

The BEST’s retirement savings goal is the amount of savings (wealth) sufficient to support economic security needs throughout an elder’s retirement. BEST assumes that a worker saves the same amount of money each year for 40 years, which allows the worker to reach the retirement savings goal at the age of retirement (age 65).

In calculating post-retirement income needs, the BEST draws upon the Elder Economic Security Standard Index, a geographically-based measure of the income older retired adults (65 and older) need to make ends meet in their communities. The Elder Index is calculated at the state and county levels, and income needs vary according to housing and health status.

The DC metro area BEST assumes that elder households are renters. Like the Elder Index, the BEST assumes that elders stay in their communities, and do not receive care in an institutional setting (e.g., nursing homes or assisted living facilities) throughout their retirement years. The number of years lived after retirement is equivalent to the life expectancy at age 65 as projected by the Social Security Administration.⁹

In assessing economic resources among retirees, the BEST assumes that elder households have income from Social Security but not from an additional pension plan. In 2008, only 21% of private industry workers had access to an employment-based pension plan (US Bureau of Labor Statistics, *Table 2: Retirement* 2009). In contrast, Social Security income is received by 91% of elders and is a critical income source among elder households (He, Sengupta, Velkoff & DeBarros 2005).¹⁰ The annual Elder Index for Alexandria, VA renters is estimated at \$28,488 for a single elder and \$38,124 for elder couples.

Monthly Saving Amount without Employment-Based Retirement Benefits

The BEST estimates a monthly savings amount that enables a worker to reach the retirement goal at age 65 using the following assumptions: (1) a worker will save for 40 years (from age 25 to 64); (2) a real interest rate of 3% per year¹¹; (3) a worker’s family saves into an Individual Retirement Account (IRA) and

receives income tax benefits for their retirement savings.

Monthly Savings Amount with Employment-Based Retirement Benefit

BEST assumes that the employment-based retirement benefit is a defined-contribution plan (e.g., 401(k) plan), not a defined-benefit plan (e.g., pension). Defined contribution plan is the dominant form of retirement benefit for private industry workers, with 61% of private industry workers having access to an employment-based defined contribution plan while only 21% have access to a defined-benefit plan. In addition, the coverage rate for defined contribution plans has increased in the last decade (US Bureau of Labor Statistics, *Table 2: Retirement*

2009). On average, employers match 66.06 cents to every dollar contributed by an employee into a 401(k) plan (Dworak-Fisher 2007).

The Impact of the Age of the Worker on Retirement Savings

Savers who begin to accumulate retirement savings when older face much larger savings requirements. As Table 13 demonstrates, relaxing the BEST saving period assumption yields widely ranging monthly savings requirements for an elder who wishes to attain economic security in his or her retirement years.

Table 14: DC Metro Area BEST Monthly Retirement Savings Requirements for a Single Adult with Access to an Employment-Based Retirement Plan, Under Varied Savings Period Assumptions, 2010

	40 Years	30 Years	20 Years	10 Years
Alexandria, VA	\$128	\$204	\$363	\$853
Arlington County, VA	\$136	\$217	\$385	\$904
Fairfax County, VA	\$156	\$248	\$441	\$1,036
Montgomery County, MD	\$144	\$229	\$407	\$955
Prince George's County, MD	\$109	\$174	\$308	\$724
Washington, DC	\$87	\$138	\$246	\$577

EDUCATION SAVINGS

Table 15: BEST College Costs in Alexandria, VA, 2010

Total Net Community College Costs (2 Years)	Total Net Public University Costs (2 Years)	Total Net 4-Year College Costs less Student Earnings
\$12,161	\$29,993	\$11,600

BEST education savings is the monthly savings amount needed to finance a child’s post-secondary education without incurring debt. The BEST assumes that the child attains his post-secondary education degree in the most economical way: the child lives at home and attends community college for the first two years¹², and then transfers to a public (state) university for a bachelor’s degree. The student attends community college in the city or county of her residence; and the child attends the in-state public university, or a neighboring university in the case of DC, of her choice without geographic restrictions.

The child attends educational institutions as a full-time student and finishes college with a bachelor’s degree in four years. Full-time enrollment is assumed since part-time attendance is a risk factor for dropping out of college (Kazis 2002; Wei & Horn 2002).

College costs consist of: (1) tuition and required fees; (2) books and supplies; (3) transportation; and (4) room and board while attending a public university. Accordingly, college cost is calculated by summing these four items for four years of education.¹³ Since BEST assumes that a child attends community college in or near the county or city of residence, community college cost is calculated at the county or city level. BEST uses statewide average college cost for public and public-supported 4-year universities.

In addition to parents’ savings, financial aid and student earnings are important economic resources for financing college education (Choy & Berker 2003).

The BEST takes grants into account but does not include educational loans because young college graduates without educational loans would be in a better position to pursue their careers and other long-term goals, including saving essential to economic security (Nam, Huang & Sherraden 2008; Shapiro 2004).

While no other BEST expense or savings value includes direct supports or subsidies, an exception has been made due to the extent and effect of grants on the typical student’s education and finance options. About one-quarter of college costs are financed with grants (financial aid). College students’ earnings are also substantial, as many of them work long hours even during the school year: Full-time college students work an average of more than 20 hours per week while enrolled and almost 40 hours per week during the summer (Choy & Berker 2003).

The savings goal is calculated by subtracting total economic resources) from total college costs. The BEST assumes that parents save into College Saving Plan (529 Plan) accounts because earnings in these accounts are tax-free.

BEST assumes that parents save for 17 years prior to their children’s beginning post-secondary education. Since BEST assumes that college costs increase at the same rate as return on investment, the monthly education savings amount is estimated by dividing the savings goal by 204 months (12 months per year for 17 years). The monthly savings amount for one child in Alexandria, VA is \$56.

ADULT EDUCATION AND TRAINING

Table 16: Total Alexandria, VA BEST Community College Education Expense, Including Transportation and Childcare Costs, 2010

1 Worker	1 Worker, 1 Infant	1 Worker, 1 Infant, 1 Preschooler
\$9,603	\$14,718	\$21,569

Note: Assumes Alexandria, VA 75th percentile family child care rates for infants and preschoolers. Number of hours in care per week is equal to the parent student's number of class (credit) hours.

BEST education expense is the monthly amount needed by an independent adult to finance post-secondary education without incurring debt or depending on monetary gifts from friends or relatives. The cost of community college attendance consists of four components: (1) tuition and required fees; (2) books and supplies; and (3) transportation to and from school; and (4) parents' additional child care costs.

Community college provides adults with opportunities to improve their long-term economic outcomes. Community college degrees and certificates are increasingly necessary credentials for careers that pay economic security wages, and commonly boost earnings by 20% to 30% (Kazis 2002). A substantial proportion of community college students are returning students and adult learners, with 44% being older than 24. Many of these adult learners are independent adults with at least one child (Choy 2002).

Because delaying post-secondary education to save and starting college at an older age are risk factors for dropping out (Horn, Cataldi, & Sikora 2005; Wei & Horn 2002), and because the typical returning student is a working, part-time student, the BEST presents adult education expense figures as an expense rather than a savings requirement.

The BEST assumes that adults attend community college with the goal of attaining an associate's degree. The majority (68%) of delayed enrollees—returning students those who do not start their

college education upon high school graduation— attend community colleges with the goal of getting a certificate or associate degree (Horn, et al. 2005).

In calculating adult education expenses, BEST assumes that an adult works full-time while attending school. The majority of adult students 24 years old or older work full-time and identify themselves primarily as workers, not as students (Berker & Horn 2003; Goan & Cunningham 2007). Economic resources available for adults' community college education include financial aids (grants) and tax benefits.¹⁴

In calculating the first component of community college cost—tuition and required fees—BEST assumes that an adult attends community college in the county of her residency or in the nearest county if there is none in her own county. An adult would need 60 credits minimum to complete an associate's degree. Since an adult is expected to maintain her full-time job to support her family, BEST assumes that she attends community college as a part-time student for four years. Accordingly, an adult takes 15 credits a year to finish her community college education, paying \$2,246 per year in Alexandria, VA to a community college as tuition and fees. The cost for books and supplies is calculated as half the cost of these items for full-time students. As shown in Table 16, adult students who must find child care for two children while they are at school need to pay more than twice as much for their community college educations as those who do not.

Tax credits are also available to adult students. The Lifetime Learning Credit is a federal tax credit that aims to promote education and training among adult learners by providing a credit equivalent to 20% of paid tuition and required fees.

Economic resources available for adults' community college education include financial aid (grants, such as the federal Pell Grant) and tax benefits. Federal tax credits available to adult students who pay school-related expenses include the American Opportunity Credit and the Lifetime Learning Credit. The American Opportunity Credit modifies the existing Hope Credit under the American Recovery and Reinvestment Act (ARRA) for 2009 and 2010, raising income limits and the maximum amount of the credit. Programs in the DC

metro area include the Part Time Grant in Maryland and the Virginia Part Time Assistance Program. However, access to assistance is limited for many community college students, even when state and federal funding levels are adequate to meet demand: the Lifetime Learning Credit is non-refundable, and therefore not helpful to low-income students who do not earn enough to pay federal income tax (but still pay universal Social Security and Medicare taxes), and the partly-refundable American Opportunity Credit is available only to students who carry at least a half-time course load.

HOMEOWNER- SHIP SAVINGS

Table 17: Alexandria, VA Monthly Homeownership Savings for Selected BEST Families, with 20% Down Payment, 2010

1 Worker (1 BDR)	1 Worker, 1 Preschooler, 1 Schoolchild (2-BDR)	2 Workers, 1 Preschooler, 1 Schoolchild (2-BDR)
\$379	\$477	\$477

Homeownership savings in BEST is the amount of savings a family needs to put down a 20% down payment on a home. The BEST assumes that a worker saves 20% of the home price for down payment and closing costs, expressed as a percentage of the purchase price (1.7% in Maryland, 1.9% in Virginia and 1.8% in Washington, DC), over a 10-year period (Bankrate 2009). The annual rate of return on saving is 5.4% based on the annual rate of return on 10-year treasury bonds.

An adult saves for homeownership for 10 years (e.g., from age 26 to 35). The worker's age at the time of a home purchase is not directly relevant to the calculation of homeownership savings. However, the assumption that a house is purchased after 10 years is based on data from the Census Bureau's 2008 Housing Vacancy Survey. The national homeownership rate among 34 year olds is 54%. Additionally, approximately two-thirds of first-time home buyers are under age 35, with an average age of 33 (Eisenburg 2008).

Homeownership Savings Goal

Homeownership savings goals are lower quartile home values by number of bedrooms. A lower quartile home price is consistent with the asset-building literature, which suggests a lower quartile home price as a "starter" home (Nam, Huang & Sherraden 2008).

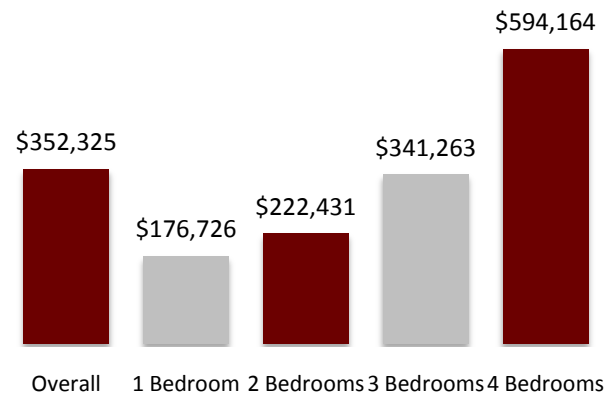
The Census Bureau provides lower quartile home prices for all homes for the Washington DC Metropolitan Statistical Area and the counties and cities in the DC metro area in American Community Survey summary data. Home prices are adjusted by family size under the assumption that one or two adults need a one-bedroom house and one additional bedroom is needed for every

two children in the family. Home prices are assumed to increase by 4.5% annually for the next 10 years in the DC suburbs and 6.9% annually in Washington, DC based on change in metro area Housing Price Indexes between 1991 and 2009.

The Impact of a Smaller Down Payment on Homeownership Savings

The BEST calculates monthly homeownership savings amounts for a 20% down payment and closing costs since the financial benefits of homeownership are substantially higher for those who make a higher down payment (Bostic and Lee 2009). However, saving up to 20% of a home price for a down payment, especially in areas with high home prices, is beyond the means of some would-be homeowners. Thus, the monthly savings

Figure 14: Alexandria, VA Lower Quartile (25th Percentile) Home Price by Number of Bedrooms, 2010



Source: 2008 American Community Survey (ACS) summary data; adjusted for bedroom size. 2008 prices adjusted to 2010 values using 2009-10 Housing Price Index (HPI) for Virginia.

amounts for 10% and 5% down payments are presented in Table 18. However, if buyers make down payments of less than 20%, risk increases, home equity is slow to accrue, and the *financial* benefits of homeownership may decrease.

Participation in a Homeownership Assistance Program

There are several homeownership assistance programs available to residents of the DC metro area. In Maryland, the Maryland Department of Housing and Community Development administers the Down Payment and Settlement Expense Loan Program (DSLEP). DSLEP offers low- and moderate-income home buyers a loan of up to \$5,000. The loan is secured against the house with a 0% interest rate, repayable when the purchaser pays off the original loan, refinances or sells the house (Maryland Department of Housing 2009).¹⁵ In Virginia, the Virginia Department of Housing and Community Development administers the HOMEownership Down Payment

Assistance Program for first-time homebuyers making less than 80% of the area median income (\$64,400 for a family of four in Northern Virginia). Priority is given to those in targeted areas of the state. The program offers up to 10% of the purchase price of a home toward the down payment on the home and up to \$2,500 for closing costs. Although this assistance is structured as a loan, it is forgiven after a predetermined period if the recipients remain in the home (Virginia Department of Housing 2010).¹⁶ In Washington, DC, the Department of Housing and Community Development administers the Home Purchase Assistance Program (HPAP). HPAP offers low- and moderate-income first time homebuyers a loan of up to \$40,000 for a down payment and an additional loan of up to \$4,000 for closing costs for the purchase of a home. Applicants must contribute \$500 or one-half of their liquid assets, whichever amount is greater. The HPAP loan is deferred for five years and then amortized for forty years. The loan is due in full if the recipient refinances, transfers the property or moves.¹⁷

Table 18: DC Metro Area Monthly Homeownership Savings, by Jurisdiction and Down Payment, for Selected Families, 2010

		1 Worker, 1 Worker	1 Worker, 1 Preschooler, 1 Schoolchild	2 Workers, 1 Preschooler, 1 Schoolchild
Alexandria, VA	10% Down Payment	\$205	\$258	\$258
	5% Down Payment	\$118	\$148	\$148
Arlington County, VA	10% Down Payment	\$242	\$305	\$305
	5% Down Payment	\$139	\$176	\$176
Fairfax County, VA	10% Down Payment	\$231	\$290	\$290
	5% Down Payment	\$133	\$167	\$167
Montgomery County, MD	10% Down Payment	\$188	\$236	\$236
	5% Down Payment	\$108	\$136	\$136
Prince George's County, MD	10% Down Payment	\$144	\$181	\$181
	5% Down Payment	\$83	\$104	\$104
Washington, DC	10% Down Payment	\$238	\$300	\$300
	5% Down Payment	\$137	\$173	\$173

SOURCE TABLE

DC Area BEST Data Sources

BEST Component	Expense/Savings Component	Data Date	Source
Housing	Rent	October 2009	US Department of Housing and Urban Development. "Final FY 2010 Fair Market Rent Documentation System." <i>Huduser</i> . October 2009. http://www.huduser.org/portal/datasets/fmr/fmrs/docsys.html&data=fmr10 (accessed February 1, 2010).
	Utilities	October 2009	US Department of Housing and Urban Development and the American Community Survey. <i>Utility Ratios (Unpublished)</i> . Washington, DC: Huduser, 2000.
Food	Low-Cost Food Plan	March 2010	US Department of Agriculture. <i>Official USDA Food Plans: Cost of Food at Home at Four Levels, US Average, March 2010</i> . Washington, DC: US Department of Agriculture, 2009.
	Geographical differences in Food Prices	2009	"Cost of Living Index." <i>ACCRA</i> . 2009. http://www.coli.org/ .
Transportation	Driving Costs	January 2010	American Automobile Association. "Your Driving Costs: 2010 Edition." 2010. http://www.aaaexchange.com/Assets/Files/200948913570.DrivingCosts2009.pdf (accessed April 2010).
	Gasoline Prices	March 2010	US Department of Energy. "US Retail Historical Gasoline Prices: [Central Atlantic, Lower-Atlantic]." <i>US Retail Historical Gasoline Prices</i> . 2010. http://www.eia.doe.gov/oil_gas/petroleum/data_publications/wrgp/mogas_history.html (accessed April 2010).
	Auto Insurance Costs in Maryland	April 2010	Erie Indemnity Company. <i>Erie Insurance</i> . 2010. http://www.erieinsurance.com/ (accessed April 2010).
	Auto Insurance Costs in Virginia	April 2010	Geico. <i>Geico</i> . 2010. http://www.geico.com/ (accessed April 2010).
	Auto Insurance Costs in Washington, DC	April 2010	The Traveler's Indemnity Company. <i>Travelers</i> . 2010. http://www.travelers.com/ (accessed April 2010).
	Miles Driven	2009	US Department of Transportation. "Online Table Designer." <i>National Housing Travel Survey</i> . 2009. http://nhts.ornl.gov/tables09/ae/TableDesigner.aspx (accessed February 2010).
	Vehicle Fees in Maryland	2010	Maryland Department of Transportation Motor Vehicle Administration. "Fees for Registration Plates." <i>Maryland Department of Transportation</i> . 2010. http://www.mva.maryland.gov/Vehicle-Services/REG/fees.htm (accessed August 23, 2010).
			Maryland Department of Transportation Motor Vehicle Administration. "MVA Fee Listing." <i>Maryland Department of Transportation</i> . June 6, 2010. http://www.mva.maryland.gov/About-MVA/FEE/default.htm#VehicleRegistration (accessed August

			23, 2010).
	Vehicle Fees in Virginia	2010	Virginia Department of Motor Vehicles. "DMV Fees." <i>Virginia.gov</i> . 2010. http://www.dmv.state.va.us/webdoc/citizen/fees.asp (accessed August 23, 2010).
	Personal Property Tax Rates and Relief in Alexandria, Virginia	2010	Alexandria Finance Department. "Personal Property Tax." <i>City of Alexandria Virginia</i> . 2010. http://alexandriava.gov/Cartax#calculation (accessed August 23, 2010).
	Personal Property Tax Rates and Relief in Arlington County, Virginia	2010	Arlington Commissioner of Revenue. "Arlington Continues Tax Incentive for Clean Fuel Vehicles." <i>Arlington Virginia</i> . 2010. http://www.arlingtonva.us/departments/ManagementAndFinance/budget/file76410.pdf (accessed August 23, 2010). Arlington Commissioner of Revenue. "Vehicle Personal Property Tax Information." <i>Arlington Virginia</i> . 2010. http://www.arlingtonva.us/Departments/CommissionerOfRevenue/CommissionerOfRevenueVTFAQsQA.aspx (accessed August 23, 2010).
	Personal Property Tax Rates and Relief in Fairfax County, Virginia	2010	Fairfax County. "Tax Rates." <i>Fairfax County Virginia</i> . 2010. http://www.fairfaxcounty.gov/dta/tax_rates.htm (accessed August 23, 2010). Fairfax County. "Tax Relief- Frequently Asked Questions." <i>Fairfax County Virginia</i> . 2010. http://www.fairfaxcounty.gov/dta/taxrelief_faq.htm#2 (accessed August 23, 2010).
	Vehicle Fees in Washington, DC	2010	District of Columbia Department of Motor Vehicles. "Vehicle Registration Fees." <i>District of Columbia Motor Vehicles</i> . 2010. http://dmv.dc.gov/info/feerequirementsVR1.shtm (accessed August 23, 2010).
	Public Transit Costs	2010	Washington Metropolitan Area Transit Authority. "Metro Pass and Farecard Options." <i>Metro</i> . 2010. http://www.wmata.com/fares/purchase/passes.cfm (accessed August 27, 2010).
Child Care	Child Care in Maryland	January 2009	Maryland Committee for Children. <i>2009 Maryland Childcare Market Rate Survey (Unpublished)</i> . Annapolis, MD: Maryland State Department of Education, Division of Early Childhood Development, 2009.
	Child Care in Virginia	April 2008	Virginia Department of Social Services, Division of Community and Volunteer Services, Office of Research and Planning. <i>2007-2008 Virginia Childcare Market Rate Survey (Unpublished)</i> . Richmond, VA: Virginia Department of Social Services, 2008.
	Child Care in Washington, DC	December 2008	University of the District of Columbia, Center for Applied Research and Urban Policy. <i>2008 District of Columbia Child Care Market Rates and Capacity Utilization: A Center of Family Home and Child Care Center Providers in the District of Columbia</i> . Washington, DC: Office of State Superintendent of Education, Office of Early Childhood Education, 2009.
Personal and Household Items	Personal and Household Items	December 2007	US Bureau of Labor Statistics. <i>Consumer Expenditure Survey</i> . 2007. http://www.bls.gov/cex/ .
Healthcare	Employer-Sponsored Health Insurance Premiums	December 2008	US Department of Health and Human Services. "Table II: [District of Columbia, Maryland, Virginia], Private Sector Data

			by Firm Size, 2008." <i>Agency for Healthcare Research and Quality, Medical Expenditure Panel Survey</i> . 2008. http://www.meps.ahrq.gov/mepsweb/data_stats/state_tables.jsp?regionid=18&year=2008 .
	Non-Employer-Sponsored Health Insurance Premiums in Maryland	April 2010	Carefirst BlueCross Blue Shield. <i>Carefirst BlueCross Blue Shield</i> . 2010. http://www.carefirst.com/main/html/HomePage.html (accessed April 2010). ehealthinsurance Services Inc. <i>ehealthinsurance</i> . 2010. http://www.ehealthinsurance.com/ . Golden Rule Insurance Company. <i>UnitedHealthOne</i> . 2010. http://www.uhc.com/?WT.mc_id=HLN_GoogleBABrandedBroad .
	Non-Employer-Sponsored Health Insurance Premiums in Virginia	April 2010	ehealthinsurance Services Inc. <i>ehealthinsurance</i> . 2010. http://www.ehealthinsurance.com/ . Golden Rule Insurance Company. <i>UnitedHealthOne</i> . 2010. http://www.uhc.com/?WT.mc_id=HLN_GoogleBABrandedBroad .
	Non-Employer-Sponsored Health Insurance Premiums in Washington, DC	April 2010	Carefirst BlueCross Blue Shield. <i>Carefirst BlueCross Blue Shield</i> . 2010. http://www.carefirst.com/main/html/HomePage.html (accessed April 2010). ehealthinsurance Services Inc. <i>ehealthinsurance</i> . 2010. http://www.ehealthinsurance.com/ . Kaiser Permanente. <i>Kaiser Permanente</i> . 2010. https://www.kaiserpermanente.org/ (accessed April 2010).
	Out of Pocket Expenses	December 2007	US Department of Health and Human Services. "Table 1: Total Health Services- Median and Mean Expenses Per Person with Expense and Distribution of Expenses by Source of Payment: United States, 2007." <i>Center for Financing, Access and Cost Trends, Agency for Healthcare Research and Quality: Medical Expenditure Panel Survey, 2007</i> . 2007. http://www.meps.ahrq.gov/mepsweb/data_stats/
Taxes and Tax Credits	Federal Taxes and Credits	2009	"2009 Form 1040 US Individual Income Tax Return." <i>Internal Revenue Services</i> . 2009. http://www.irs.gov/instructions/Index.html .
	Maryland Taxes and Tax Credits	2009	"2009 Form 502 Maryland Resident Income Tax Return." <i>Spotlight on Maryland Taxes</i> . 2009. http://individuals.marylandtaxes.com/taxforms/09forms.asp#resident (accessed August 2010).
	Virginia Taxes and Tax Credits	2009	"2009 Form 760 Virginia Resident Individual Income Tax Return." <i>Virginia Department of Taxation</i> . 2009. http://www.tax.virginia.gov/site.cfm?alias=indforms&selYear=2009&CFID=8616037&CFTOKEN=85326424 (accessed August 2010).
	Washington, DC Taxes and Tax Credits	2009	"2009 Form D-40 District of Columbia Individual Income Tax Return." <i>District of Columbia: Office of Tax and Revenue</i> . 2009. http://otr.cfo.dc.gov/otr/frames.asp?doc=/otr/lib/otr/edited_2010_fill_in_forms/2009_d-40_fill-in_v.4.pdf (accessed August 2010).

Emergency Savings	Median Unemployment Spell	2008	US Bureau of Labor Statistics. "Table 30: Unemployed Total and Full-Time Workers by Duration of Employment." <i>Current Population Survey</i> . 2008b. http://www.bls.gov/cps/cpsaat30.pdf (accessed August 30, 2009).
	Median Employee Tenure	2008	US Bureau of Labor Statistics. "Employee Tenure." <i>Current Population Survey</i> . September 26, 2008a. http://www.bls.gov/news.release/tenure.t01.htm (accessed August 30, 2009).
	UI replacement rates in, Maryland, Virginia and Washington, DC	2009	US Department of Labor. <i>Unemployment Insurance Data Summary</i> . Washington, DC: US Department of Labor, 2009.
	UI Maximum Benefits in Maryland, Virginia and Washington, DC	2009	US Department of Labor. <i>Comparison of State Unemployment Laws: Monetary Entitlement</i> . Washington, DC: US Department of Labor, 2009.
	Rate of Return for a 4-week Treasury Bill	2010	"Selected Interest Rates." <i>Federal Reserve Statistical Release</i> . 2010. http://www.federalreserve.gov/releases/h15/data.htm .
Retirement Savings	DC Metro Area Elder Index	2009	Adapted From: Conahan, Judith, Ellen A Bruce, Laura H Russell, and Wider Opportunities for Women. <i>The WOW-GI National Elder Economic Security Standard: A Methodology to Determine Economic Security for Elders</i> . Washington, DC: Wider Opportunities for Women, 2006.
	Life Expectancy	2005	Bell, Felicitie C., and Michael L. Miller. <i>Life Tables for the United States Social Security Area 1900-2100</i> . Washington, DC: US Social Security Administration, 2005.
	Employer-match for savings	2007	Dworak-Fisher, Keenan. "Employer generosity in employer-matched 401(k) plans, 2002-03." <i>Monthly Labor Review</i> , 2007: 11-19.
	Average Social Security Benefits	2010	US Social Security Administration. <i>Annual Statistical Supplement to the Social Security Bulletin, 2009</i> . Washington, DC: US Social Security Administration, 2010.
	Needed Future Amount	2009	<i>Present Value Tables for a Series of Future Payments</i> . http://www.docstoc.com/docs/6180/Present-value-tables-for-a-series-of-future-payments .
Education Savings	Two-year college tuition and fees in Montgomery County, MD	2010	Montgomery College. "Montgomery County Residents-Summer 2010: Tuition and Fees for Summer 2010." <i>Montgomery County, MD: Montgomery College</i> . 2010. http://cms.montgomerycollege.edu/EDU/Plain.aspx?id=10494 (accessed July 14, 2010).
	Two-year college tuition and fees in Northern Virginia	2010	Northern Virginia Community College. "Schedule of classes-Fall 2010: Tuition, Payment and Refund Information." <i>Northern Virginia Community College</i> . 2010. http://www.nvcc.edu/schedule/crs2104/tuition.htm (accessed July 14, 2010).
	Two-year college tuition and fees in Prince George's County, MD	2010	Prince George's Community College. "Prince George's Community College: Prospective Students." <i>Prince George's Community College</i> . 2010. http://www.pgcc.edu/prospective/payingForCollege/tuitionFees.aspx (accessed July 14, 2010).
	Two-year college tuition and fees in Washington, DC	2010	Community College of the District of Columbia. "2009-2010 Tuition & Fee Schedule." <i>Community College of the District of Columbia</i> . 2010. http://ccdc.usdc.edu/fees/index.htm (accessed April 27, 2010).

	4 year college tuition, fees, room, and board	December 2009	National Center for Education Statistics. <i>Digest of Education Statistics, 2009</i> . Washington, DC: US Department of Education, National Center for Education Statistics, 2009.
	Transportation and book costs	December 2009	College Board. <i>Trends in College Pricing, 2009</i> . Washington, DC: College Board, 2009.
	Grant Ratios	2003	Choy, Susan P., and Ali M. Berker. <i>How Families of Low and Middle-Income Undergraduates Pay for College: Full-Time Dependent Students in 1999-2000 (No. NCES 2003-162)</i> . Statistical Analysis Report, Washington, DC: US Department of Education, National Center for Education Statistics, 2003.
	529 Savings Plans	2005	Clancy, Margaret, Reid Cramer, and Leslie Parrish. <i>Section 529 Savings Plans, Access to Postsecondary Education, and Universal Asset Building</i> . Washington, DC: New America Foundation, 2005.
Adult Education	Two-year college tuition and fees in Montgomery County, MD	2010	Montgomery College. "Montgomery County Residents-Summer 2010: Tuition and Fees for Summer 2010." <i>Montgomery County, MD: Montgomery College</i> . 2010. http://cms.montgomerycollege.edu/EDU/Plain.aspx?id=10494 (accessed July 14, 2010).
	Two-year college tuition and fees in Northern Virginia	2010	Northern Virginia Community College. "Schedule of classes-Fall 2010: Tuition, Payment and Refund Information." <i>Northern Virginia Community College</i> . 2010. http://www.nvcc.edu/schedule/crs2104/tuition.htm (accessed July 14, 2010).
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	Two-year college tuition and fees in Washington, DC	2010	Community College of the District of Columbia. "2009-2010 Tuition & Fee Schedule." <i>Community College of the District of Columbia</i> . 2010. http://ccdc.usdc.edu/fees/index.htm (accessed April 27, 2010).
	Lifetime Learning Credit	2009	"2009 Form 1040 US Individual Income Tax Return." <i>Internal Revenue Services</i> . 2009. http://www.irs.gov/instructions/Index.html .
Homeownership Savings	Lower Quartile Home Prices	2008	US Census Bureau. "Detailed Tables: B25076 Lower Value Quartile (Dollars)- Universe: Owner- Occupied Housing Units." <i>American Community Survey, 1-year Estimates</i> . 2008. http://factfinder.census.gov/ .
	Lower Quartile home prices by bedroom ratios	2008	US Census Bureau. "American Community Survey: 1 year estimates." 2008. http://factfinder.census.gov/servlet/DTGeoSearchByListServlet?ds_name=ACS_2008_1YR_G00_&_lang=en&_ts=287075807522 (accessed March 2010).
	Maryland, Virginia and Washington, DC Housing Price Indexes	2009	Federal Housing Finance Agency. <i>House Price Indexes</i> . 2009. http://www.fhfa.gov/Default.aspx?Page=87 .
	Average Closing Costs	2009	Bankrate. <i>2010 State-by-State Closing Costs</i> . 2010. http://www.bankrate.com/finance/mortgages/state-by-state-closing-costs8-131404.aspx .
	Interest Rates	2010	"Selected Interest Rates." <i>Federal Reserve Statistical Release</i> . 2010. http://www.federalreserve.gov/releases/h15/data.htm .

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END NOTES

¹ Children younger than 19 are divided into four age categories: infant, preschooler, schoolchild and teenager (with toddlers included in the infant category).

² Many BEST expenses are applicable to working adults 65 and older. However, such older adults are likely to participate in Medicare, and to receive Social Security, which contradict BEST health care and income assumptions. For information on the income needs of fully retired elders, see Wider Opportunities for Women's Elder Economic Security Standard Index at www.wowonline.org.

³ According to HUD, the 40th percentile of rents allows a decent standard of shelter which is accessible to those with limited income, including participants in federal rental subsidy programs.

⁴ In 2008, 83.4% of Washington, DC *part-time* employees (77.5% of Maryland part-time employees; 79.4% of Virginia part-time employees) worked at firms that offered health insurance. Only 23.1% of Washington, DC part-time employees (32.2% of Maryland part-time employees; 21.8% of Virginia part-time employees) were eligible to participate in employer plans, and only 11.3% of Washington, DC part-time employees (17.2% of Maryland part-time employees; 13.6% of Virginia part-time employees) were enrolled in employer-sponsored insurance.

⁵ No income that allows economic security in the DC metro area is low enough to qualify for the low income credits available in Maryland, Virginia, or Washington, DC.

⁶ Although BEST families may save for higher education, DC metro area residents do not participate in tax-deductible education and training savings. Worker tax deductions do not include those for student loan interest deductions, tuition and fees deductions or education credits.

⁷ The need for emergency savings is difficult to operationalize, partly because emergency needs can be very diverse. The BEST operationalizes the emergency for which workers save as the average value of the median unemployment spell during the most recent business cycle. Other emergencies such as exceptional car repair costs are included within averages found in BEST private transportation expense. Similarly, very high medical expense is inherent within average out-of-pocket costs within the greater BEST health care expense. Most families are not likely to be able to cope with catastrophic health costs with their own savings, and families' economic security lies to some degree in the hands of the health care insurance system. The examination of unemployment accords with the BEST assumption that all adults are workers, and will allow subsequent use of BEST data in analyses and discussions of the nature and impact of unemployment.

⁸ The most recent business cycle includes a contraction from March 2001 to November 2001 and an expansion from November 2001 to December 2007 (NBER 2008). BEST uses the median employment tenure and median unemployment spell during the most recent complete business cycle, taking into account the

fluctuation in these figures across different phases of the business cycle.

⁹ The total amount of retirement savings is the amount of savings to fill the gap of the unmet consumption needs throughout retirement years. According to Bell and Miller (2005) life expectancy at age 65 is 16.73 years for a male and 19.49 years for a female. For the simplicity of calculation, the BEST assumes that an elder couple consists of a husband and wife of the same age who both retire at age 65. Therefore, an elder couple is expected to live together after retirement for 16.73 years and then the wife is assumed to live alone for an additional 2.76 years. Similarly, the BEST assumes that a single elder lives for 18.11 years after retirement (average life expectancy of a male and female).

¹⁰ BEST estimates the amount of social security income with an average social security benefit reported in Social Security Administration's (2009) *Annual statistical supplement to the Social Security Bulletin, 2008*. BEST uses the average family benefit amount of worker and spouse in estimating social security income for elder couples. Since females tend to live longer than males, BEST utilizes the average benefit amount of female-worker only families for social security income of the elder couple after the husband's death. For single-elder households, BEST uses the average benefit amount of female-worker only families and male-worker only families.

¹¹ The Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Fund's 2009 Annual Report assumes that the trust fund real interest rate is 2.9 % a year.

¹² More than 60% of community college students live with their parents (Choy & Berker 2003).

¹³ BEST assumes that college expenses increase at a rate equal to the rate of return on investment. Although college tuition increased almost twice as fast as the general inflation rate, the rate of increase is similar to increases in rates of return on 10-year Treasury bonds between 1998 and 2008.

¹⁴ Adult students receive grants from the federal and state governments and employers. According to Berker and Horn (2003), 31.9% of part-time adult students in community college received grants and, among those who did so, the average grant was \$668 in 1999-2000. Accordingly, the amount of grants available for an adult is estimated at \$326 (inflation-adjusted average grant amount for all students (0.319 * \$ 668)).

¹⁵ For more information on homeownership assistance programs available in Maryland, see the following link <http://www.mmprogram.org/downpayment.aspx>.

¹⁶ For more information on homeownership assistance program available in Virginia, see the following link http://www.dhcd.virginia.gov/HomelessnessToHomeownership/HOMEownership_Down_Payment_AssistanceProgram.htm

¹⁷ For more information on homeownership assistance programs available in Washington, DC, see the following link.
<http://dhcd.dc.gov/dhcd/cwp/view,a,1243,q,629884.asp#HPAP>