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## **\$14,630; CAN A FAMILY OF THREE LIVE ON THAT? WITH SO MANY BENEFITS AT STAKE, THE SEARCH IS ON FOR A NEW WAY TO MEASURE JUST HOW MUCH MONEY IT TAKES TO GET BY.**

BYLINE: Shana Gruskin Staff Writer

Perched on the bleachers at her 7-year-old daughter's soccer practice, Carmina Ramirez is the paragon of suburban motherhood. She's got her two girls actively involved in the community, a cozy townhouse, a full-time job with health benefits and a growing retirement plan.

But underneath the peaceful veneer, Ramirez's mind is racing. How is she going to cover her mortgage this month -- which has swelled to \$1,900 because she owes money in arrears? How is she going to pay her utility bills before they're past due? How is she going to find the cash for her daughters' next pair of soccer shoes, for the makeshift, after-school child care arrangements, for life's other demands?

"Sometimes I say, 'When is it going to stop?'" the 35-year-old single mother laments. Then she takes a breath and, almost to herself, adds, "You have to be strong. And you need to cry sometimes."

According to the federal government, Ramirez is far from poor. To officially fall in that category, she'd have to earn \$14,630 a year or less for her family of three. She makes about \$7,000 more than that as a customer service representative for Affiliated Computer Services, which contracts with Palm Beach County's WorkForce Development Board to provide unemployment and job training services.

Yet she was seriously considering getting a second job to make ends meet, until a friend reminded her that she'd have even less time to spend with her daughters if she did. So for now, Ramirez scrapes by with help from her parents and siblings -- and swears to herself that within the year she'll get a new job as a junior computer network administrator, which will double

her salary and give her some much-needed financial breathing room.

Her struggle, and for those of millions like her, is the reason advocates across the nation are promoting a new concept in measuring economic health called the Self-Sufficiency Standard. The nation's recent recession and the constant push to keep people off welfare has only increased their passion.

Unlike the rigid federal poverty guidelines, the standard fluctuates to account for a family's size, age of children, geographic location and additional costs -- like child care and transportation.

Advocates say that kind of adjustable yardstick will go a long way in creating a new kind of financial literacy in the nation -- and eventually, an economic epiphany for policymakers and regular people alike.

When government officials and politicians realize how much it truly costs for people to live in their community, advocates say, they can make well-informed decisions on whether to increase taxes, build low-income housing or invest in more subsidized child care. They can offer job-training programs for positions that pay a substantial amount, because they'll realize that any old job isn't enough to cover most families' bills. And they can decide whether a livable wage ordinance makes sense for their constituents, which requires local governments -- and those who contract with them -- to pay workers a certain amount per hour above the minimum wage.

On an individual level, the Self-Sufficiency Standard opens people's eyes by showing them exactly how much they need to make to survive, says Jennifer Brooks, director of Self-Sufficiency Programs and Policy at Wider Opportunities for Women, a

Washington, D.C.-based advocacy group. And once they understand that, they'll be less likely to think they're failing and more likely to strive for better.

"It's a very empowering experience for individuals who are doing these budget exercises," Brooks says. "They can come to recognize it's not their fault, it's not that they are bad budgeters. In many parts of the country, costs are increasingly high. In order to meet your needs, you've got to have wages that are higher than minimum wage."

### **'Needs have changed'**

The federal poverty guidelines use the size of a family as the main variable in figuring out at what level a household is considered destitute. The sliding scale measurement was created in the 1960s by Mollie Orshansky of the

Social Security Administration, who determined that a typical family spent a third of its income on food. The guideline is recalculated every year using the consumer price index to adjust for inflation.

In 1963, a family of four was considered poor if the householder made less than \$3,128 a year. As of 2001, the federal guideline for the same size family was \$17,650. The 2002 guidelines are expected in late February or early March.

Today, the poverty guidelines are used by all sorts of governmental and social service agencies to determine a families' eligibility for certain programs like low-income health care, child care, housing or emergency financial assistance. Typically, those programs multiply the guideline by 1.5 or 1.85, so it's a more realistic measurement. Access to many of these programs cap at 200 percent of the federal poverty guidelines -- or about \$35,000 for a family of four.

"We use it because it's been independently derived," Ken Montgomery, executive director of WorkForce One in Palm Beach County, says of the federal poverty guidelines. "If I define what I perceive, I have to be able to defend that."

For example, he says, one person may consider getting her nails manicured as an essential cost of living while another may consider that a luxury. The federal guidelines take that guesswork and personal preference out of the issue and looks at hard numbers to determine who's poor and who's eligible for help.

Advocates of a Self-Sufficiency Standard say that although the federal guidelines are stretched and bent to meet all sorts of requirements, they still fall far

short in adjusting for real life scenarios -- like the rising cost of child care and transportation.

"Needs have changed and families have changed," Brooks says. "For example, the fact that the cost of housing has increased more quickly than the cost of food cannot be captured by the federal poverty measures."

In South Florida, for example, between 20 percent to 25 percent of renters spend 50 percent or more of their income on housing, according to the Census 2000 Supplemental Survey. About 14 percent to 20 percent of South Florida homeowners, depending on which county they live in, spent 50 percent of their income on their mortgages.

"Not only is the poverty limit inadequate, but it's outdated," says Daniella Levine, executive director of the Human Services Coalition in Miami. "It doesn't really tell us very much about what does it cost to live in our world."

### **Competing interests**

To find that out, Levine's organization has teamed up with Wider Opportunities for Women to undertake a six-month project that will determine the true cost of living for 70 different family types in the majority of Florida's counties.

So far, the national, seven-year-old project has already calculated self-sufficiency standards in 19 states.

In Connecticut, for example, a legislatively mandated study of the Self-Sufficiency Standard found that a parent of an infant and school-age child would need to make between \$15 and \$22 an hour to survive without help from the government or nonprofit social service agencies. Yet the minimum wage there is \$ 6.70 an hour.

That disparity has led to a statewide discussion about the impact of low-wage jobs, says Barbara Potopowitz, spokeswoman for the Permanent Commission on the Status of Women. It's also led to a push to encourage women to explore better-paying, non-traditional careers in fields like construction and computer science.

But while the self-sufficiency movement creeps across America, some are issuing quiet words of caution.

Philip Robins, an economics professor at the University of Miami who has studied poverty for the past 25 years, agrees that creating an updated cost-of-living measurement is admirable. But it's only half the battle.

"It would be nice to raise everybody's wages that are in the lower tier of our income distribution, but you have got to also think about -- in a competitive society -- what kind of implications that has for firms' profits," he says.

For example, child care workers are paid notoriously low salaries, Robins says. But child care costs remain a burden for many families. Higher pay for workers may mean higher costs for families. So how does society reconcile those competing interests?

"To give more to certain groups, that is to transfer income from one group to another, means you have to take away something from someone else," he says.

"And that's the tricky question. How do you determine how you do that -- and is it even desirable?"

In Massachusetts, advocates are trying to get the state to adopt the standard as an accurate measurement of cost of living. The goal, says Elizabeth Zarrella, who organizes the state's Family Economic Self-Sufficiency Project, isn't to demand businesses pay workers more just for the sake of it. Rather, it's to get everyone thinking about how those workers can boost their skills so they can earn higher wages.

"We're looking at people being moved off welfare," Zarrella says.

"They're at wages that are far below the wages necessary to sustain a family. We're hoping that information can guide investments around education and training."

Tim Bottcher, a spokesman for Florida's Department of Children & Families - which determines eligibility for welfare, food stamps and government-sponsored health care -- says officials are aware of the self-sufficiency movement but have yet to form an opinion about it. Nor has the agency heard from any legislators on the issue.

"We're just kind of taking a wait-and-see attitude," Bottcher says.

### **Struggling families**

While the policymakers, theorists and advocates wrestle over the self-sufficiency standards' philosophical implications, families continue to struggle.

In Florida, the median family income is \$44,562. Yet more than 2 million people make an annual income below the federal poverty level, according to government statistics. Of those, almost 300,000 families with children under 18 are considered poor.

About 63 percent of those families are headed by a single woman.

One of those women is Beverly Ranson, of Miami. Ranson, a mother of two children ages 12 and 14, was surviving on \$18,000 a year from full-time catering jobs. Then the recession hit and gutted her tourism-based industry.

Now she's working part-time, collecting unemployment and picking up odd jobs to fill in the gaps. Yet she's still making barely enough to cover her \$ 500-a-month rent.

"Now I get my bills, and it's like what is more important," she says. "I have to go to keeping a roof over my head, keeping food in my children's mouths, and I have to pay the bills that I can."

While Patricia Duncan no longer falls under the federal poverty guidelines, her situation also is a perfect example of the financial strain so many Florida families are under.

Duncan, 42, of Delray Beach, has three children ages 21, 15 and 3. She's been married and divorced, spent her early years on and off welfare, and now makes about \$23,000 a year as an intake worker in the same company as Ramirez.

Duncan says one of her \$700 biweekly checks goes directly to her mortgage. About \$350 a month goes to her car. While she gets a few hundred a month in child support, she sometimes finds it difficult to pay her power, telephone and water bills.

Recently, she had to borrow money from her youngest child's father. So like Ramirez, Duncan is also talking about taking a second job.

"But I don't want to leave my [teenage] daughter home alone, and I want to be able to come home and enjoy my house and sit in my yard," she says.

Duncan, a high school graduate, knows her only way out of the financial rut is a better education. But she says she's battled a learning disability her whole life, which has made college a scary endeavor.

She thinks the only way she's going to climb up the socioeconomic ladder is to start her own business. That, plus her fantasies of driving a Lexus and owning a big home in a fancy Boca Raton development, keep her going.

"I don't make money," she says. "I have dreams."

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