

EL FORO



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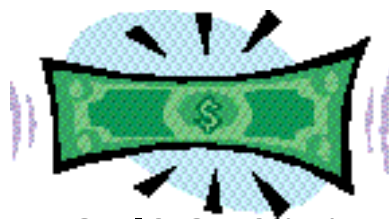
Beyond September 11th



I N S I D E

Best Practices

Making Ends Meet



The Self Sufficiency Standard

Welfare Watch

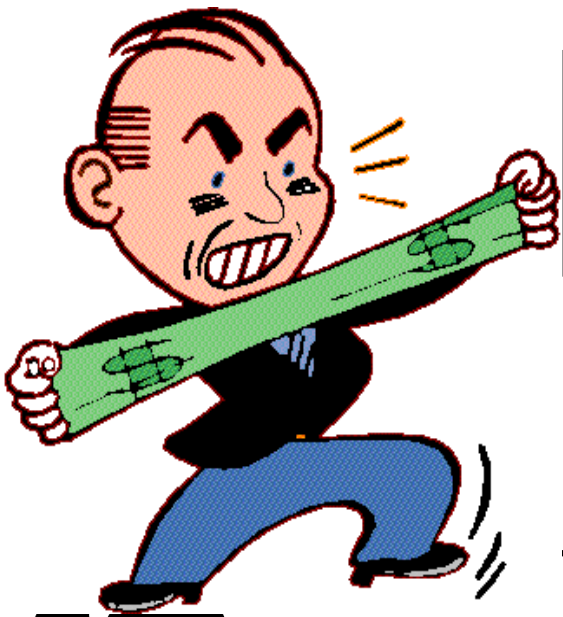
TANF Reauthorization



Childcare



Subsidies and Rights



BEST PRACTICES

MAKING

the Self - Sufficiency Standard

How much does a parent have to earn in order not to have to choose between feeding the family and paying the rent? When does a family no longer need Food Stamps or to have to rely on relatives for day care?

According to the Self-Sufficiency Standard for the City of New York, a single parent in Brooklyn, New York with one pre-schooler and one school-age child must earn a minimum of \$44,592 per year - without

any government or private support - to make it out of poverty.

That same family would need to earn \$44,208 in the Bronx, \$46,728 in Staten

Island, \$46,836 in Queens, \$48,048 in Upper Manhattan and \$74,232 in Lower Manhattan. By comparison, the federal poverty level for this family is \$14,650.

The Self-Sufficiency Standard Report - The report, issued in September 2000 by the Women's Center for Education and Career Advancement in partnership with United Way of New York City (UWNYC), Wider Opportunities for Women (WOW) and The New York Community Trust, was written by Dr. Diana Pearce of the University of Washington and Jennifer Brooks, of WOW.

"Unfortunately, many families do not earn self-sufficiency wages, particularly if they have recently entered the workforce," said Dr. Diana Pearce, the report's lead author. "They cannot afford their housing and food and child care, much less their other basic needs, forcing them to make painful choices between necessities, or to accept substandard or inadequate child care, insufficient food, or substandard housing."

The Self-Sufficiency Standard for the City of New York charts the actual cost of living and working in New York City. It measures how much a family must earn to pay for housing, food, child-care and other basic necessities - if they do not receive any help from friends, relatives or the government - based on the ages, as well as, number of children in each household, and where the family lives. The report also measures the impact of subsidies from employers and governmental agencies in the quest for families to sustain economic self-sufficiency.

The federal poverty line is the same for a family living in rural Alabama as it is for a family in San Francisco.

The Federal Poverty Standard - The Federal Poverty Standard, in contrast, was developed 40 years ago by Mollie Orshansky when families paid little for housing and taxes and nothing in child care, because women were not expected to work. Given these realities, the US Department of Agriculture estimated that moderate-income families spent one-third of their earnings on food. Orshansky then used the "economy" food budget

developed by the agency and multiplied it by three, establishing the thresholds we now use as the federal poverty line which are

only updated annually, averaging in increases in consumer prices. As it is a national average, the federal poverty line is the same for a family living in rural Alabama as it is for a family in San Francisco.

As everyone who has tried to raise a family in the last decade knows, food is no longer the biggest expense of a family's budget. Housing and child care alone count for more than fifty percent of a family's monthly budget (see Chart A). When geographic differences are calculated in, it is no wonder that the federal poverty line of \$17,029 for a family of four seems low. In a recent National Public Radio Poll, 64% of respondents say that a family of four with an income of \$20,000 is poor and 42% say a family of four earning \$25,000 is still poor. Mollie Orshansky recently stated, "They haven't changed it in all the time since it was mandated by Congress... Anyone who thinks we need to change it is perfectly right. I told them that then but they didn't do it."

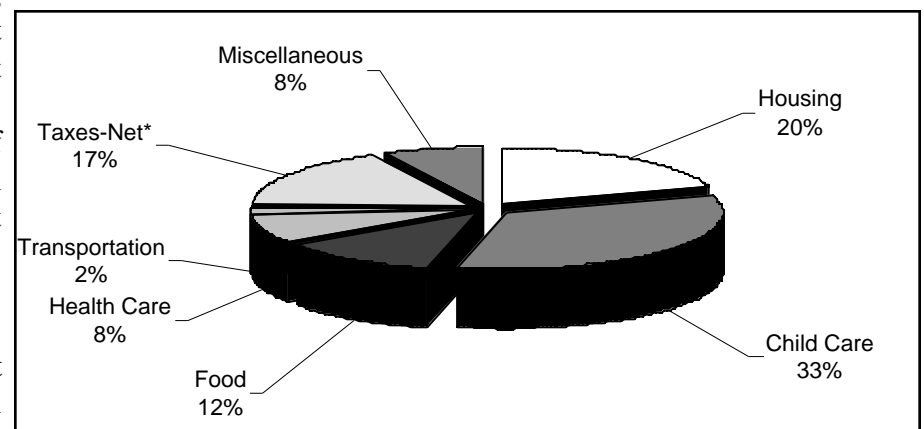


Chart A
Percentage of Income Needed to Meet Basic Needs
Based on Self-Sufficiency Standard for a Family with One Parent, One Preschool-age Child and One School-Age Child in Bronx County (The Bronx), NY, 2000

ENDS MEET

Or, The Realities of Supporting a Family

By Melanie Lavelle,
Women's Center for
Education and
Career Advancement

While the Self-Sufficiency Standard numbers seem high in comparison, the Standard is a very modest budget that does not take into account any recreation, restaurant food, cable television, vacations, new clothing, additional costs related to children with special needs, or savings for college or retirement. The Self-Sufficiency Wages documented in this report simply reflect at what point a parent does not have to choose between, for example, shelter or food.

The Standard Across the Country - The Self-Sufficiency Standard has been developed in 15 states and cities across the country including California, Connecticut, Illinois, Indiana, Iowa, Massachusetts, New Jersey, New York State, North Carolina, Pennsylvania, S. Dakota, Texas, Wisconsin, and Washington, DC. With support from the Ford Foundation, Wider Opportunities for Women anticipates completion of 21 more Standards by the end of 2002.

A single parent with a preschooler and a schoolage child in Queens, NY, must earn \$22.18/hr to be considered self-sufficient while that same family would have to earn \$24.64/hr in San Francisco and \$23.66 in Washington DC, as compared to \$15.93 in Chicago, or \$16.07 in Philadelphia. Only in San Francisco is the Self-Sufficiency Wage consistently higher across the four family types than in New York. Across the country the Standard has been used as a benchmark for evaluating economic development proposals, the impact of proposed policy changes, target education and job training investments, and as a counseling tool. The Standard has recently been adopted by the Philadelphia and Chicago Workforce Investment Boards to define "Self-Sufficiency." Legislators in both Connecticut and Massachusetts have adopted the Standard as an earnings benchmark. In many states the Standard is also being used by non-profit and government agencies to help counsel low-income families regarding long-term planning.

With the support of the United Way of New York City, the Women's Center for Education and Career Advancement has used the Standard as the basis for the development of an electronic "Self-Sufficiency Calculator" to be released this month. The calculator is a computer-based tool that will guide casework-

ers and clients through a process of entering their real or anticipated wage data, their real costs and family type. The Calculator will then estimate their eligibility and benefit amount for various public supports and tax credits and provide clients with useful information on how to access these supports. Unlike traditional budgeting tools, the calculator will take into account how all of these public subsidies and supports interact and determine the adequacy of a given income based on their real needs.

Strategies - In New York City, and across the country, many families are not earning Self-Sufficiency Wages. For those who live in expensive cities, and for many who have recently returned to or are entering the labor force for the first time, Self-Sufficiency is a goal not a reality. They may be forced to go without or to select inadequate food, shelter,

For many who have recently returned to or are entering the labor force for the first time, Self-Sufficiency is a goal not a reality.

or child care. These families often have the most tenuous foothold in the marketplace and frequently end up cycling in and out of public benefits and jobs as minor setbacks knock them out of the job market. For these families the Standard points to two strategies to bridge the income gap: (1) raise wages or (2) reduce costs through supports. These strategies are not mutually exclusive, but can and should be used simultaneously or sequentially.

There are a variety of strategies and innovative programs that have been designed to help raise wages. The Women's Center has focused primarily on increasing low-income families' access to training and education. Recent Bureau of Labor Statistic studies show that not only does education dramatically increase wages it also reduces the likelihood of unemployment. Across the country, states' interpretations of welfare laws have severely limited low-income families' access to education and training, and community colleges and training programs have seen drastic reductions in their rolls. Education and training for all low-income families must be a priority if families are to reach Self-Sufficiency Wages. Other strategies to increase wages include helping

low-income women access nontraditional jobs that often require little post-secondary training but offer high wages; designing labor market reforms such as "living wage" laws; and removing barriers to employment.

There are a number of ways in which communities can help reduce costs of low-income families, and help them attain self-sufficiency including, public subsidies, child support, and health care coverage. Targeted temporary public subsidies can have a tremendous impact on a family's Self-Sufficiency Wage. A single parent in Brooklyn with an infant and a preschool child receiving child care assistance, Food Stamps and Medicaid only has to earn \$8.04 per hour as compared to the Self-Sufficiency Wage of \$21.38 per hour. Reducing the high cost items such as child care, food and health care enable a parent to better support her family on lower wages. This family however is only eligible for these supports for a brief time.

After one year the parent is no longer eligible for transitional Medicaid (the child is eligible for Child Health Plus) and this increase in health care costs of \$128 per month necessitates the parent earning higher wages which, in turn, increases her child care co-payment and makes the parent ineligible for Food Stamps.

After a single parent is able to earn \$21.38 per hour

make up for the loss of the Medicaid subsidy. This

sents one of the "cliffs" that many low-income families face when they begin moving up the wage scale. These are points at which a family is not earning enough to make up for the loss of public benefits and therefore have them feeling as if they were better off on welfare, or other subsidies. The Standard points to gaps that often exist between wages that disqualify working parents from public subsidies and income they need to become economically self-sufficient.

