



THE SOUTH DAKOTA FAMILY ECONOMIC SELF-SUFFICIENCY PROJECT

**“Working Together to Achieve
Self-Sufficiency for All of
South Dakota’s Families”**

PREFACE

The South Dakota Family Economic Self-Sufficiency Project

“Working Together to Achieve Self-Sufficiency for all South Dakota Families”

South Dakota is one of twelve states participating in the State Organizing Project of Family Economic Self-Sufficiency sponsored nationally by Wider Opportunities for Women, the Corporation for Enterprise Development, the Ms. Foundation for Women, and the National Economic Development and Law Center. The national project is supported by the Ford Foundation and the Annie E. Casey Foundation.

In South Dakota, the South Dakota Family Economic Self-Sufficiency Standard Project is a collaborative effort of *South Dakota Women Work!, South Dakota Community Concepts with funding from the Northwest Area Foundation, the South Dakota Advocacy Network for Women, and the South Dakota American Association of University Women (AAUW).

Many thanks to the American Association of University Women Educational Foundation which provided a Community Action Grant to compile this workbook and provide training across the state on its use.

Thanks to **Dr. Diana Pearce, University of Washington School of Social Work and author of the Standard; Kim Pate and Jennifer Brooks, Wider Opportunities for Women; Diana Melvin, Growing Up Together and South Dakota Women Work!; Carol Robertson, South Dakota Community Concepts; Connie Hermann, South Dakota Women Work!; and Cheryl Chapman, South Dakota Advocacy Network for Women, for their contributions to this workbook.

Gloria Smith-Rockhold
Editor

*SD Women Work! members have more than 100 years of combined experience working with low-income families, education and training programs, and economic self-sufficiency issues. South Dakota Women Work! members, in conjunction with South Dakota AAUW, will conduct training sessions on using and implementing the Self-Sufficiency Standard.

**Diana Pearce, Ph.D., a professor at the University of Washington, Seattle School of Social Work. Dr. Pearce is the founder and director of the Women and Poverty Project, Wider Opportunities for Women, Inc. in Washington, D.C. Recognized for coining the phrase “the feminization of poverty,” Dr. Pearce has written and spoken widely on women’s poverty and economic inequality and has testified before Congress and the President’s Working Group on Welfare Reform. Dr. Pearce conceived and developed the methodology for the Self-Sufficiency Standard which has been prepared or is in development for fourteen states, the Washington DC metropolitan area and New York City. Her areas of expertise include low-wage and part-time employment, unemployment insurance, homelessness, and welfare reform as they impact on women. Dr. Diana Pearce has helped found and lead several coalitions, including the *Women, Work and Welfare Coalition* and the *Women and Job-Training Coalition*. She received her Ph.D. degree in Sociology from the University of Michigan.

**SOUTH DAKOTA WOMEN WORK! LOCAL COMMUNITY CONTACTS
FOR SOUTH DAKOTA SELF-SUFFICIENCY STANDARD**

DIANA MELVIN, President

Growing Up Together
809 E. Dakota
Pierre, SD 57501-3332
Phone: 224-3189 Fax: 224-8339
E-mail: gut1@dakota2k.net

SHERIDAN SWEE

Beresford School District
305 W. Oak
Beresford, SD 57004-2137
Phone: 763-2094 Fax: 763-2705
E-mail: comed@bmtc.net

DIANN KOTHE, Vice-President

Southeast Technical Institute
2301 Career Place
Sioux Falls, SD 57107-1301
Phone: 1-800-247-0789 Fax: 367-4372
E-mail: kothedie@sti.tec.sd.us

CONNIE HERMANN

Information and Training Specialist
Parent Resource Network
17958 105th St.
Lemmon, SD 57638-6209
Phone: 374-5207, 374-3918 Fax: 374-3918
E-mail: conniehermann@hotmail.com

CAMY FREDERICKSEN, Secretary

Mitchell Technical Institute
821 N. Capital
Mitchell, SD 57301-2060
Phone: 1-800-952-0042 Fax: 995-3299
E-mail: fredericksenc@mti.tec.sd.us

GLORIA PLUIMER

Career Learning Center
730 East Watertown
Rapid City, SD 57701-1300
Phone: 394-5120 Fax: 394-6083
E-mail: gpluimer@clc.tie.net

JOLLEEN LAVERDURE, Treasurer

Lower Brule Community College
PO Box 230
Lower Brule, SD 57548-0230
Phone: 473-9232 Fax: 473-5462
E-mail: jolleen@hotmail.com

ANNETTE VICKERMAN

Young Women's Unity Assoc. of the Black Hills
PO Box 9606
Rapid City, SD 57709-9606
Phone: 348-9278
E-mail: adhvick@juno.com

BETTY WILLIAMS TWISS

George Mickelson Alternative School
PO Box 560
Redfield, SD 57469-0560
Phone: 472-0560 Fax: 472-2316
E-mail: betty.twiss@k12.sd.us

CAROL ROBERTSON

South Dakota Community Concepts
515 N. Highland
Pierre, SD 57501-2120
Phone: 224-8081 Fax: 224-5810
E-Mail: coteriesd@aol.com

JENNIFER GROSS

2009 Buena Vista
Rapid City, SD 57702
Phone: 399-9541
E-mail: jgross@rushmore.com

LESLIE ANDERSON

Western Dakota Technical Institute
800 Mickelson Drive
Rapid City, SD 57703-4018
Phone: 1-800-544-8765 Fax: 394-1789
E-mail: landers@wdti.tec.sd.us

Brookings CLC

1310 S. Main Ave.
Brookings, SD 57006-3841
Phone: 688-4370 Fax: 688-6083
E-mail: jane.kono@state.sd.us

GLORIA SMITH-ROCKHOLD

DWCP
700 Governors Drive
Pierre, SD 57501-2291
Office Phone: 773-4747 Fax: 773-4236
E-mail: gloria.smith-rockhold@state.sd.us

National Contacts: Jennifer Brooks, Wider Opportunities for Women, (202) 638-3143;
JBrooks@wowonline.org Dr. Diana Pearce, U. of Washington, (206) 616-2850,
pearce@u.washington.edu

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I. INTRODUCTION

How much income do families need to cover their costs? How do we know if public policies help or hurt families' chances of meeting their basic needs? Which jobs pay high enough wages to cover work-related expenses such as child care, transportation and taxes, along with other basic needs?

These critical questions can be answered by using an innovative tool called the **Self-Sufficiency Standard**. The Standard measures how much income is needed for a family of a given composition, in a given place, to meet its basic needs adequately—without public or private supports. The Self-Sufficiency Standard can be used as a benchmark to measure welfare and workforce development policy outcomes. Using the Standard, advocates can demonstrate the impact of public policy alternatives, challenge the “work first” philosophy of the 1996 welfare law, and fight for education and training for their clients. It can be used to target higher-wage sectors of the economy. And it can be used to change the way frontline welfare and workforce development caseworkers counsel clients regarding careers. Working together, businesses, communities, and family advocates can develop policies and strategies that benefit the economic status of all types of families.

II. THE SELF-SUFFICIENCY STANDARD

A. *What Is It?*

The Self-Sufficiency Standard answers the question: How much does it take for a family to live and work without public or private supports? It adds up costs of living and working for different family types in different places within a state to come up with the income (presented as an hourly wage) families need to cover their costs.

The Standard defines the amount of income necessary to meet basic needs (including paying taxes) in the regular “marketplace” without public supports (such as public housing, food stamps, Medicaid, or child care) or private or informal supports (such as free babysitting by a relative or friend, food provided by churches or local food banks, or shared housing).

Unlike the federal poverty standard, the Self-Sufficiency Standard accounts for the costs of living and working as they vary by family size and composition and by geographic location. In each jurisdiction the Self-Sufficiency Standard is calculated for 70 different family types—all one-adult and two-adult families, ranging from a single adult with no children, to one adult with one infant, one adult with one preschooler, and so forth, up to two-adult families with three teenagers. The Self-Sufficiency Standard includes the following cost categories:

- housing,
- child care,
- food,
- transportation,
- health care,
- miscellaneous expenses,
- taxes,
- the earned income tax credit,
- the child care tax credit, and
- the child tax credit.

B. How Is the Self-Sufficiency Standard Calculated?

In order to make the Self-Sufficiency Standard as consistent and accurate as possible, yet reflect geographic and age variations, the Standard requires that several different criteria be met. Given data limitations, to the extent possible, the figures used to determine the Self-Sufficiency Standard are:

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

Thus, costs with little or no regional variation (such as food) are usually standardized, while costs such as housing and child care, which vary substantially, are calculated at the most geographically specific level available. See next page for Rapid City/Pennington County data.

C. How Can the Self-Sufficiency Standard Be Used?

The Self-Sufficiency Standard can be used:

- as a benchmark to measure welfare and workforce development policy outcomes,
- as a benchmark to determine the economic status of various types of families,
- to demonstrate the impact of public policy alternatives,
- to provide businesses with information to develop workplace environments that address family needs,
- to target higher-wage sectors of the economy,
- to develop training opportunities that meet the needs of employers, and
- to change the way frontline welfare and workforce development caseworkers give career counseling.

The Governor's Wage Study released in November 1999 contains information on wages currently paid to employees in South Dakota, the kinds of benefits provided, and average and median wages across the state. Along with this study, the Self-sufficiency Standard can provide a sound basis for developing policies affecting South Dakota's families.

1. Using the Standard to Measure Effects of Programs and Policies

Public policy choices made at the federal, state, and local levels have a substantial effect on whether low-income workers and their families can make ends meet. Welfare and workforce development policies, in particular, affect whether families will bounce around the bottom of the labor market or find paths out of poverty and to economic security.

Understanding what level of income is necessary to meet a family's needs is critical to any evaluation of the success of these policies. Unfortunately, most evaluations look only at statistics such as the drop in the welfare rolls or the number of individuals placed in a job—any job—to determine program or policy success or failure. Little assessment is done to determine whether, for example, the jobs individuals enter enable them to cover their families' basic needs.

With the Self-Sufficiency Standard, however, we can assess how much families need, and how many are how far from having the resources to meet their need—a very good starting point for evaluating all other aspects of welfare reform.

Example: In Massachusetts the Standard has been used to evaluate whether families are making ends meet. The Massachusetts Family Economic Self-Sufficiency Project—the Massachusetts arm of the State Organizing Project for Family Economic Self-Sufficiency led by the Women’s Educational and Industrial Union—recently released a new report on how families are faring in relation to the Self-Sufficiency Standard.¹ The report estimates the number of families who have incomes above and below the Self-Sufficiency Standard in each of Massachusetts’ 351 cities and towns. The baseline estimates were made by comparing 1990 Census data on household incomes in each community to the standard and adjusting for inflation and for the area in which the community is located.

By supplying a clearer picture of who is making it and who is not, the report broadens the discussion about whether welfare reform in Massachusetts is really working. Nearly three-quarters of Massachusetts’ families had incomes above the Self-Sufficiency Standard. This suggested encouraging economic circumstances for these families. For the other one-quarter who had incomes below the standard, however, the picture was not so bright. These families were working hard and yet still struggling to get by. The report showed that single-parent families had the most difficulty making ends meet. These families were about twice as likely to have incomes below the standard as two-parent families.

In the workforce development arena, states and localities are currently engaged in processes to create new systems to evaluate the effectiveness of job training and preparation services. The Workforce Investment Act of 1998 (WIA) consolidates and coordinates employment, training, literacy, and vocational rehabilitation programs.² It was the first major bill to reform the nation’s job training system in over 15 years and was designed to give states more flexibility in job training programs by offering them block grants with few restrictions. WIA consolidates about 60 federal job programs into three block grants to the states.³

This new flexibility means that states will, by and large, decide how success will be defined. Although states are required to negotiate the level of performance with the U.S. Department of Labor, the legislation (and thus the department) is more concerned with improvement over the five-year authorization period rather than with an objective assessment of whether program participants are finding jobs that will allow them to cover their basic needs. States will have to report basic statistics on individuals who go through the workforce development system, such as job placement and retention and earnings six months after placement. Yet the earnings level may have little relation to what is necessary to make ends meet in a given state or area.

The Standard can be used to evaluate outcomes for a range of programs that result in employment—from short-term job search and placement programs, to programs providing extensive education or job training or both. By evaluating outcomes in terms of self-sufficiency, programs are using a measure of true effectiveness. For each participant, we ask how close the wages achieved are to the family’s Self-Sufficiency Wage and thus how the program affects the ability of these adults to meet their families’ needs adequately. Such evaluations can help redirect resources to the types of approaches that result in improved outcomes for participants.

The Self-Sufficiency Standard can be used as an additional benchmark in Workforce Investment Act state plans submitted to the Labor Department and in local plans that intrastate service delivery areas are submitting to state governors.

Example: In the District of Columbia, Wider Opportunities for Women (WOW) and other job training

¹ JEAN BACON ET AL., THE SELF-SUFFICIENCY STANDARD: WHERE MASSACHUSETTS FAMILIES STAND (Jan. 2000) (available from Women’s Education and Industrial Union, 617.536.5651 ext. 140).

² The Workforce Investment Act of 1998, Public Law No. 105-220, 112 Stat. 936.

³ Greg Bass, *Adult and Dislocated Worker Job Training Provisions of Title I of the Workforce Investment Act of 1998: Part 1—Federal, State, and Local Work-Force Investment System*, 33 CLEARINGHOUSE REV. 524 (Jan.–Feb. 2000); *Part 2—Delivery of Services*, *id.* 649 (Mar.–Apr. 2000).

advocates pushed for implementing legislation that would lay the groundwork for measuring job training outcomes in terms of *The Self-Sufficiency Standard for the Washington, DC Metropolitan Area*. It uses the Self-Sufficiency Standard to define eligibility for under-employed workers. In addition, because “self-sufficiency” is defined in this legislation, it sets the stage for using the Standard as a local performance benchmark in the future.⁴

2. Using the Standard to Demonstrate the Impact of Public Policy Alternatives

The Self-Sufficiency Standard can be used to evaluate the impact of current policies and proposed policy changes. For example, with the Standard, we can model what happens to a family’s income as the family moves from welfare to work and its transitional benefits run out. The consequences of income-disregard policies, and eligibility rules for food stamps, housing, child care, or other supports and tax credits, can be quantitatively represented.

In addition to showing the impact of current policies, the Standard can be used proactively to advocate for alternative policies that support families and to demonstrate the tangible negative impact of punitive policies. For example, it can be used to evaluate the impact of restructuring subsidy programs, changing co-payment schedules, or implementing various kinds of tax reforms. It can similarly be used to look at the impact of changing program rules—such as requiring parents to enter employment when their youngest child reaches the age of three months instead of twelve months—on both individual families’ and state budgets. **The standard can show the direct impact on family incomes by demonstrating the interactive effects of taxes, tax credits, and, where applicable, private and public supports. (See Table 5 on the next page for an example.)**

Example: The Pennsylvania Family Economic Self-Sufficiency Project—the Pennsylvania arm of the State Organizing Project for Family Economic Self-Sufficiency led by the Women’s Association for Women’s Alternatives—used the standard to assess how increasing child care co-payment rates changes a family’s ability to cover its costs. The project’s report, released in September 1999, assessed the impact of proposed changes in parents’ co-payments for subsidized child care on families’ ability to cover their costs.⁵ The report modeled not only the existing and proposed co-payments but also the interactive effects of other potential income supports, such as food stamps and Medicaid, for a low-income family in the Philadelphia area.

The report demonstrated that at each income level the proposed changes in child care supports would increase parental co-payments. Especially for families with incomes above the federal poverty line, yet below the Self-Sufficiency Standard, the proposed changes would have a substantial impact on a family’s wage adequacy—the ability of a particular wage to cover a family’s costs.

⁴ District of Columbia Bill 13-552, Workforce Investment Implementation Act of 2000.

⁵ DIANA M. PEARCE, WHEN WAGES AREN’T ENOUGH II: HOW THE CHILD CARE WORKS PROGRAM IMPACTS FAMILY SELF-SUFFICIENCY (1999) www.womensassoc.org/programs/whenwages.pdf.

3. How Temporary Public and Private Supports Assist Families in Moving Toward Self-Sufficiency

Table 5 of the Standard, which follows, is referred to as the “modeling table”. It is used to model the impact that supports have on monthly costs and the wage required for a family to be self-sufficient. An explanation of each column of Table 5 follows, using the example of a single parent with one infant and one preschool-age child living in Sioux Falls.

Table 5
Impact of Supports on Monthly costs and the Self-Sufficiency Wage

	#1	<i>SUBSIDIES</i>						
		#2	#3	#4	#5	#6	#7	#8
Monthly Costs:	Self-Sufficiency Standard	Child Support	Transportation	Child Care	Child Care, Food Stamps & Health Care (Medicaid)	Child Care, Food Stamps & Health Care (CHIP)	Child Care, Food Stamps, Transportation & Health Care (CHIP)	Housing, Child Care & Food Stamps
Housing	\$602	\$602	\$602	\$602	\$602	\$602	\$602	\$340
Child Care	\$826	\$826	\$826	\$395	\$0	\$10	\$0	\$0
Food	\$325	\$325	\$325	\$325	\$137	\$192	\$137	\$226
Transportation	\$150	\$150	\$66	\$150	\$150	\$150	\$66	\$150
Health Care	\$237	\$237	\$237	\$237	\$0	\$85	\$85	\$237
Miscellaneous	\$214	\$205	\$205	\$205	\$205	\$205	\$205	\$205
Taxes	\$439	\$294	\$399	\$287	\$100	\$116	\$100	\$109
Earned Income Tax Credit (Advanced)	\$0	-\$116	-\$26	-\$116	-\$116	-\$116	-\$116	-\$116
Childcare Tax Credit (-)	-\$80	-\$88	-\$80	-\$91	\$0	-\$1	\$0	\$0
Child Tax Credit (-)	-\$83	-\$28	-\$83	-\$20	\$0	\$0	\$0	\$0
Child Support	\$0	-\$277	\$0	\$0	\$0	\$0	\$0	\$0
Self-Sufficiency Wage – Monthly	\$2,631	\$2,132	\$2,470	\$1,975	\$1,078	\$1,243	\$1,078	\$1,152
Hourly	\$14.95	\$12.11	\$14.04	\$11.22	\$6.13	\$7.06	\$6.13	\$6.55
Annual Wage	\$31,569	\$25,583	\$29,643	\$23,697	\$12,942	\$14,913	\$12,940	\$13,824
Additional Federal EITC (annual)	\$0	\$94	\$0	\$178	\$2,443	\$2,028	\$2,443	\$2,257

TREATMENT OF TAX CREDITS: Although the Earned Income Tax Credit (EITC) is included in the calculation of the Self-Sufficiency Standard, the model shows only income that is actually available to families each month to meet their needs. By law, a family can receive only part of the federal EITC to which they are entitled on a monthly basis. The maximum advance payment is \$116 per month (regardless of family size). The great majority of families receive the EITC as a lump sum payment the following year when they file their tax returns. Table 5 shows the federal EITC as if received monthly, up to the allowed maximum of \$116 per month, and then shows, at the bottom of the table, any additional amount of EITC for which this family would qualify when they file their taxes the following year, if they worked at this wage for the entire year. (See the bottom line of Table 5).

COLUMN #1, The Self-Sufficiency Standard: Column 1 shows the Self-Sufficiency Standard wage providing the full amount of the single parent's expenses, including taxes, without any supports to reduce these costs (except tax credits where applicable). That wage is **\$14.95 per hour**.

PRIVATE SUPPORTS:

COLUMN #2, Child Support: Private child support is added in this column. The (negative) amount of \$277 for child support is the average monthly child support payment per family in South Dakota as of March 2000, as reported by the state. Receipt of child support reduces the amount that must be earned each month by this single parent to meet expenses. Because child support income is not taxable, it has a stronger impact on the family's income than additional earned income, as it is not reduced by taxes. This reduces the amount this single parent must earn to meet the family's needs by almost three dollars, from \$14.95 to **\$12.11** per hour in Sioux Falls. (Compare Columns 1 and 2.)

The addition of child support not only changes taxes but has other impacts as well. The "Earned Income Tax Credit (Advanced)" line now shows a negative amount of \$116 in Column 2, the maximum amount that may be received monthly. Note that taxes decrease from \$439 in Column 1 – when all income is earned, to \$294 in Column 2 – when some income is received as child support. (The Child Care Tax Credit increases because the Child Care Tax Credit Rate is higher at this lower income, while the Child Tax Credit decreases because federal taxes have also decreased, and it can only be taken as a credit against taxes.)

PUBLIC SUPPORTS:

COLUMN #3, Transportation: This column shows the effect of a transportation support. In Sioux Falls, "Wheels to Work," the only program like it in the state, helps with acquiring a car but not the operating costs. Although the dollar effect of the transportation support on the family budget shown here is not large, it provides a crucial resource for getting to and from work, and thus maintaining employment. It also reduces the required wage by about one dollar an hour, to **\$14.04** per hour.

COLUMN #4, Child Care: This column shows the effect of a public support for child care costs. In South Dakota, parents receiving this support pay nothing if their incomes are below the official poverty level, and then pay an income-contingent fee if their incomes are above poverty, up to 150% of poverty (185% of poverty if they have a child with special needs). This support of \$430 substantially reduces child care costs for this family from \$826 to \$395 per month. This support in turn reduces the Self-Sufficiency Wage by well over one-fourth, from \$14.95 to **\$11.22** per hour (Compare Columns 1 and 4.) As with child support and other supports to be considered below, this impact comes in two ways: each support directly reduces the cost of meeting a specific need, such as child care, but it also – by lowering the amount of income that must be earned – reduces taxes and/or increases tax credits such as the EITC.

COLUMN #5, Child Care, Food Stamps & Health Care [Medicaid]: For adults who are moving from welfare to work, there is usually available a set of “welfare-to-work” supports to help with that transition. In Column 5, this single parent is receiving a typical “package” of benefits available to those making the welfare-to-work transition. This package usually includes child care, Medicaid, and Food Stamps. (Note that to be eligible for Food Stamps, a family’s total income – including earnings, child support, etc. – must be less than 130% of the federal poverty level for this family size – and to receive Medicaid, income must be less than 185% of poverty.) These supports greatly reduce a family’s costs for these three basic needs. In this example, the child care costs are fully supported at this income level, reducing the monthly child care costs from \$826 to zero. Medicaid reduces health care costs to zero, while partial Food Stamps benefit of \$188 reduces food costs by about two-thirds to just \$137 per month. Although this family would no longer receive either the Child Care Tax Credit or the Child Tax Credit, this is more than made up by the supports. By substantially lowering the income that must be earned to pay for child care, food, and health care, these three supports decrease the taxes owed by more than the lost tax credits. Altogether, these supports lower the wages required to meet basic needs to **\$6.13** per hour, about one-third of the full Self-Sufficiency Wage. (Please note that the EITC to which this family is entitled is nearly the maximum at this level, and if all of it were received monthly, this would further lower the required wage and/or reduce the number of hours the individual had to work.)

COLUMN #6, Child Care, Food Stamps & Health Care [CHIP]: After one year, the parent making the transition from welfare to work loses Medicaid coverage for the whole family, although he/she is eligible for the Child Health Insurance Program (CHIP) for health insurance coverage for the children (if family income remains below 200% of poverty). Also, this is the situation facing low-wage parents who have never received welfare. In Column 6, this situation is modeled by assuming that only the children’s health care costs (including both insurance and out-of-pocket costs) are covered by CHIP. Since the parent’s cost is not covered, the parent must pay his/her share of the health insurance premium available through the employer, as well as out-of-pocket costs for him/herself. This additional expense of \$85 per month, to cover the parent’s health care costs, does not seem great, but if the parent’s earnings are high enough to cover that cost, that increases the child care co-payment, as well as decreases the Food Stamps benefit, thus increasing food costs. In summary, without Medicaid coverage for the parent as well as the children, the parent must increase earnings by almost another dollar an hour to **\$7.06** per hour, just to be able to meet the family’s needs at the same level as when Medicaid covered all of the family’s health care costs.

COLUMN #7, Child Care, Food Stamps, Transportation, & Health Care [CHIP]: Column 7 assumes that the parent receives a transportation support as well as the other supports available to working poor families, and those who have been off welfare for more than one year. These supports reduce what the parent needs to earn sufficiently that he/she qualifies for increased child care supports and Food Stamps benefits as well. Again, taxes are reduced more than the loss in tax credits. Altogether, the addition of a transportation support, combined with the other increased supports, reduces what he/she must earn by almost \$1600 per month, reducing the Self-Sufficiency Wage to **\$6.13** per hour. (This amount is almost exactly the same as the “welfare-to-work” set of supports shown in Column 5 because the increase in health care costs that occurs when Medicaid is replaced by CHIP is offset almost exactly by the decrease in transportation costs modeled in Column 7).

COLUMN #8, Housing, Child Care & Food Stamps: Column 8 models the combination of child care, Food Stamps, and housing supports. Since housing supports typically reduce the cost of housing so that families pay only 30% of their income for housing and utilities, this support reduces housing costs by almost one-half, from \$602 per month to just \$340. However, because the housing support reduces housing costs by such a large amount, it decreases the Food Stamps benefit (which takes into account other costs such as housing and child care), thus raising food costs. The combination, however, still reduces the wage required to meet the family’s needs to **\$6.55** per hour. Unfortunately, these housing supports are not available to all who need them. Nationwide, only about 12% of eligible families receive housing supports or live in public housing (U.S. Department of Housing and Urban Development, *Assisted Housing*, 1999). In South Dakota, while some communities have housing assistance or public

housing available, others have waiting lists as long as four years or more. (South Dakota Housing Development Authority)

4. Using the Standard to Target Higher-Wage Sectors of the Economy

The Standard is a key component in Wider Opportunities for Women’s targeted jobs strategy (also known as sectoral employment interventions). This strategy identifies well-paying jobs in sectors that are experiencing growth and have an insufficient number of trained workers.

The Standard is used as a benchmark against which the wages of various jobs, occupations, and sectors are compared to determine whether they will provide workers enough income to cover their costs. The Standard is used together with analysis of the local labor market supply and demand to determine jobs with expanding but unfilled openings.

Along with assessment of available job training and education and evaluation of the skills and location of current or potential workers, this analysis makes it possible to assess which jobs and sectors to target with training, education, and counseling resources. Because this approach looks at labor market issues from both supply and demand perspectives, it helps communities cultivate growth in their local economies, while reinvesting in families and neighborhoods.

Example: A project outside Philadelphia, Pennsylvania, shows how the Standard can be used in deciding where to direct job training resources. There, as part of the Pennsylvania Family Economic Self-Sufficiency Project, the Women’s Association for Women’s Alternatives, in partnership with the Delaware County Legal Assistance Association and the Delaware County Office of Employment and Training, is involved in a project to target employment-related resources in a way that will better connect low-income job seekers to good jobs. The goal of this project is to connect low-income residents to employment opportunities by redirecting training and education resources and by facilitating linkages to employers in targeted regional industries.

Example: In both Massachusetts and the District of Columbia, the State Organizing Project for Family Economic Self-Sufficiency partners are pursuing legislative approaches to this same end: to produce positive outcomes for low-income workers by institutionalizing a process for collecting labor market data under the Workforce Investment Act. The Massachusetts Family Economic Self-Sufficiency Project is advocating a targeted jobs bill in its state legislature. This bill promotes the development of regional sector strategies through analyses that help target investments in education, employment, and training to prepare low-income workers for jobs and career ladders.⁶ The Massachusetts Joint Committee on Commerce and Labor has incorporated language from the targeted jobs bill into related legislation.⁷

In the District of Columbia, Wider Opportunities for Women is working to include language in the District’s Workforce Investment Act implementing legislation that would require the workforce investment board to go beyond its present approach to labor market analysis. Currently analysis focuses on only the employer side—the jobs that are “in demand.” This legislation would require analysis also to include an assessment of how well jobs meet residents’ needs.⁸

All of these projects use the Self-Sufficiency Standard as the measure of how much income is necessary for families to cover their costs and as a gauge against which wages will be measured.

⁶ Mass. H.B. 2287, Massachusetts Targeted Jobs Bill

⁷ Mass. S.B. 1963.

⁸ District of Columbia Bill 13-552, Workforce Investment Implementation Act of 2000.

5. Using the Standard to Change How Welfare and Workforce Development Caseworkers Counsel Clients

The Standard can be used as a counseling tool to help participants in work and training programs make choices among various occupations and jobs. With the help of the Standard, frontline welfare and workforce development caseworkers can inform clients about making career choices. We know from experience that if these frontline workers and clients are not informed about how much income is needed to cover clients' costs, clients are unlikely to move into higher-wage jobs and develop long-term career plans that will result in job mobility and economic self-sufficiency.

Giving caseworkers, counselors, and clients concrete information about income needs helps them work together to create income packages of wages and supports in the short term and focuses their work on self-sufficiency outcomes.

To facilitate this use of the Standard, Dr. Diana Pearce and the Women's Association for Women's Alternatives have developed the *Self-Sufficiency Standard Budgeting Worksheet*.⁹ The worksheet is a tool that counselors and clients can use to "test" the ability of various wages to meet a family's self-sufficiency needs. **With figures from the Standard, clients can make informed decisions about what kinds of training would most likely lead to self-sufficiency wages or which jobs would best provide the resources they need or both. Alternatively the Standard can help participants determine in what ways microenterprise development or individual development account strategies may, alone or together with paid employment, lead a path to self-sufficiency for themselves and their families.**

Example: The Pennsylvania Family Economic Self-Sufficiency Project released the first Self-Sufficiency Standard budgeting worksheet last fall for the state of Pennsylvania. This innovative work sheet starts with the figures in the Self-Sufficiency Standard and then lets individuals plug in their actual costs and see if different wages will allow them to meet their needs. It also incorporates various forms of supports, depending on eligibility, which reduce costs and make a given wage more adequate for meeting a family's needs. The worksheet, initially developed as a "paper and pencil" tool, is now an interactive computer-based program for frontline welfare and workforce development caseworkers to use as a career counseling tool.¹⁰

The worksheet informs both counselors and clients about available supports. It integrates in one place a range of possibilities not usually brought together, even though clients often must coordinate these various programs in their lives.

6. Other Uses of the Standard

State and local policymakers have used the Standard to evaluate economic development proposals. By using the standard to determine if the wages paid by new businesses seeking tax breaks and other government supports are at or above self-sufficiency, they can determine if these proposed projects will require supports to the workers as well. Thus, they can evaluate such proposals as to their net positive or negative effect on the local economy as well as on the well-being of the potential workers and their families. The Standard, for example, was used in testimony to support a "corporate citizenship" bill pending in the Maryland legislature. This bill would require businesses to disclose in applications for economic development supports information about the quality of jobs they would create.¹¹

⁹ For more information or a copy of the work sheet, contact Women's Association for Women's Alternatives, 610.543.5022.

¹⁰ To access the computer-based work sheet, go to www.womensassoc.org/worksheet/worksheet.htm. For more information, contact Women's Association for Women's Alternatives, 610.543.5022.

¹¹ Maryland H.B. 972, Business and Economic Development—Financing Programs Consolidation Act of 2000.

The Standard has also been used as a guideline for wage setting. By determining the wages needed to meet basic needs, the standard yields information for setting minimum wage standards. It was used precisely this way by the Center for the Child Care Workforce, which developed specific child care workers' salary guidelines for each county or school district in California. Private agencies, such as community action agencies, have used it to evaluate the adequacy of their own salary schedules.

The Standard has been used in litigation to document the minimum amount families need to meet their needs and their ability to pay (or not pay) additional amounts for nonessentials.¹² The Standard thus offers a specific benchmark that demonstrates the problematic nature of requiring additional payments (such as housing refinancing or loan repayments) on the ability of the family to meet its basic needs—without sacrificing nutrition, living in substandard or overcrowded housing, or using inadequate child care.

III. RESPONSES TO FREQUENTLY ASKED QUESTIONS

Below are some questions that are frequently asked about the Self-Sufficiency Standard and basic responses to those questions.

Q: How is the Self-Sufficiency Standard different from the official Federal Poverty Measure?

A: First, while the poverty standard is based on the cost of a nutritionally adequate diet, the Self-Sufficiency Standard is based on the costs of all basic needs—food, but also housing, child care, health care, transportation and miscellaneous costs. Moreover, allowance is also made for taxes—state and federal—and tax credits. Unlike the poverty standard's one-size-fits-all model, these costs are varied not just by the size of the family and number of children, as with the poverty standard, but also by the age of the children—some costs, particularly child care, differ dramatically by age. Finally, the Self-Sufficiency Standard also varies by the geographic location. Costs vary, not just by region and state, but also *within* the state—they often differ by county, particularly housing and child care.

Q: How did you decide which costs to include?

A: Over the years, the Bureau of Labor Statistics produced various “family budgets” for the urban worker, based on the prices of various items such as food, clothing, and housing. More recently, experts with the National Academy of Sciences proposed a new poverty measure that included a list of costs based on a more comprehensive set of needs than just food. A number of academics, such as Trudi Renwick and Barbara Bergmann (“The Basic Needs Budget”), and Patricia Ruggles (*Drawing the Line*) have also proposed various alternative approaches. These proposals and budgets, reflecting changing family composition and increased employment of mothers, add to the basics—food, housing and clothing—such needs as child care, medical care, transportation and taxes.

Q: Where did you get the data for each category?

A: In general, for each category, data was sought from a single, credible, national source, or a standardized methodology was used. Data is updated annually; is age-specific (where relevant); and is as geographically specific as possible. Here are the specific sources:

Housing: U.S. Department of Housing and Urban Development's “Fair Market Rents,” which include utility costs, for each metropolitan area and non-metropolitan county in the United States.

Child Care: The state's survey of child care costs, for various ages and care settings, updated with the Consumer Price Index (CPI).

Food: U.S. Department of Agriculture's “Low-Cost Food Plan,” which is about 25% higher than the “Thrifty Food Plan.”

¹² Newton v. United Cos. Lending, 24 Fed. Supp. 2d 444 (E.D. Pa. 1998).

Transportation: The cost of an average car for each working adult, from the National Personal Transportation Survey, American Automobile Manufacturers Association and the Consumer Expenditure Survey.

Health Care: The National Medical Expenditure Survey, updated with the Medical CPI, and Families USA's survey of state-level costs, *Skyrocketing Health Inflation 1980 – 1993 – 2000*.

Q: What is in the miscellaneous category, and how is it calculated?

A: This item includes clothing, telephone, cleaning products and other household items, nonprescription medicines, and personal hygiene items. It is calculated as 10% of all other costs. Other income measures, such as the National Academy of Sciences, set this number at 15%.

Q: How is the Self-Sufficiency Standard calculated?

A: There are three steps to calculating the Standard. First, the basic costs, which have been determined using the above sources, for each type of family (depending on the number of adults and children, and the age of the children, in the geographical area in which they live) are added up, adding 10% of this total for miscellaneous costs. Second, taxes and tax credits are calculated using formulas that are specific with regard to income and state sales tax. Finally, the total income is checked for certain assumptions—such as whether the proper Child Care Tax Credit rate has been used—and adjusted as necessary.

Q: Aren't the self-sufficiency wages "too high"?

A: The Self-Sufficiency Standard tells us what a certain family, with children of certain ages, needs to meet each of its basic needs adequately, without public or private supports, such as family help. Obviously, many families lack this income. However, when a family's income falls below their Standard, it tells us that they are meeting their needs with formal or informal help, and/or they are skimping on one or more needs—using less desirable child care, doubling-up or living in substandard housing, obtaining free food or doing without, or not obtaining needed medical care.

Q: Isn't the Self-Sufficiency Standard unrealistic for most welfare recipients entering employment?

A: There are several ways—separately or in combination—that welfare recipients can achieve self-sufficiency. First, they can receive temporary supports until either their wages increase, or as is the case for child care, their needs decrease. (By definition, preschool children will age out of need for full-time care in just a few years.) Second, they can obtain training and/or education that will prepare them for high-wage jobs. Third, they can combine low-wage jobs with self-employment initiatives.

Q: What about people relying on family networks, neighbors, and friends? Isn't this desirable?

A: Yes. Self-sufficiency does not imply that families should be completely self-reliant and independent. Indeed, it is through interdependence among families and community institutions such as schools and churches, as well as informal networks of friends, family, and neighbors, that many families are able to meet their non-economic needs as well as economic necessities.

Q: Does the Self-Sufficiency Standard expect businesses to close the gap between the Standard and employee wages?

A: No. The initiative supports a multi-faceted approach to increasing family economic security: a human investment agenda to increase people's earning potential, supports to help families not yet earning enough, and raising incomes for low-wage workers. Government, business, and the non-profit sector must work together to assure that all South Dakota residents have the economic capacity to support their families. *Public policy choices can have a substantial impact on the ability of families to become self-sufficient.*

Q: How is the Standard different from welfare-to-work? What about people who can't work?

A: The Standard applies equally to working families and to families moving from welfare-to-work. All families need access to ongoing education and training if they are to get ahead, let alone keep their jobs in today's changing economy. It is also clear that not everyone can work enough to support themselves (if at all), e. g. people escaping domestic abuse, those with serious learning or physical disabilities, or those with mental health or substance abuse problems. Welfare used to provide a safety net for children of single parents facing such problems; now, they face serious deprivation if their parents cannot work.

Q: How can the Self-Sufficiency Standard be used?

A: Program providers working with welfare recipients can use the Self-Sufficiency Standard as a counseling tool—helping clients determine their needed wages, and how short-term assistance and longer-term strategies such as job training and Individual Development Accounts (IDAs) can be used to achieve self-sufficiency. Policymakers can use the Standard to model the impact of various public policy proposals such as child care, transportation and health care supports on the level of wages needed for self-sufficiency. Public officials can use the Standard as a tool to evaluate program outcomes, such as placement wages for graduates of job search and training/education programs.

IV. SIX STRATEGIES FOR SELF-SUFFICIENCY

Wider Opportunities for Women proposes “Six Strategies for Self-Sufficiency.

- A. THE SELF-SUFFICIENCY STANDARD:** The Standard calculates how much money working adults need to meet their basic needs without supports of any kind. Unlike the federal poverty standard, the Self-Sufficiency Standard accounts for the costs of living and working as they vary by family size and composition and by geographic location. The Standard provides important guidance to policymakers and program providers regarding how to target their education, job training, workforce development, and welfare-to-work resources. It helps individuals choose among occupations for work experience and educational training. It also shows policymakers how subsidizing child care, transportation or health care impacts the wages necessary for working families to make ends meet.
- B. TARGETING HIGH-WAGE JOBS:** This strategy identifies well-paying jobs in growth sectors that lack trained workers, determines the wage needed by a worker to sustain her/his family (using the Self-Sufficiency Standard) and analyzes the job training and support services infrastructure necessary to move individuals into these jobs. Key components include engaging industry representatives, targeting training for specific jobs, and developing sensible outcome standards. Because this approach looks at the labor market issues from both supply and demand perspectives, it helps communities strengthen their local economies while reinvesting in families and neighborhoods.
- C. INDIVIDUAL DEVELOPMENT ACCOUNTS:** Individual Development Accounts (IDAs) are matched savings accounts dedicated to purchasing a first home, education and job training expenses or for capitalizing a small business. IDAs are managed by community organizations and are held at local financial institutions. This innovative strategy is based on a fundamental truth that long-term economic security is achieved through savings and asset accumulation. Supporting IDA legislation transforms welfare policy from one that is based on spending, consumption and subsistence to one that is premised on increasing low-income families' ability to invest in their futures and achieve long-term economic independence.

- D. NONTRADITIONAL EMPLOYMENT:** Nontraditional jobs are those in which fewer than 25 percent of the workforce is of one gender. Increasing access to nontraditional jobs, especially for women, is a compelling strategy for family economic self-sufficiency for several reasons. Compared to jobs that are traditional for women, nontraditional jobs can provide better pay and benefits, more established career ladders, higher job satisfaction and positive results for employers. Ensuring that nontraditional occupations are presented as an option for new workers and ensuring that training is available to prepare people for these jobs is critical, given the “work first” climate in which women, in particular, may be steered into the first available job – often a low-wage, traditionally female occupation.
- E. MICROENTERPRISE DEVELOPMENT:** Microenterprise development is an income-generating strategy that helps low-income people start or expand very small businesses. Generally, the business is owned and operated by one person or family, has fewer than five employees and can start up with a loan of less than \$25,000. Microenterprise is an attractive option for low-income women who may have lacked opportunity but who are highly motivated and have skills in a particular craft or service. Even in the current booming economy, pockets of unemployment and underemployment remain. The lack of quality employment options – especially for low-income, low-skilled women – make microenterprise development a critical strategy for moving families out of poverty.
- F. FUNCTIONAL CONTEXT EDUCATION:** Functional Context Education (FCE) is an instructional strategy that combines literacy skills with motivational content. The FCE model moves learners more successfully and quickly toward their educational and employment goals than traditional programs that teach basic skills and job skills in sequence. This strategy promotes better retention, encourages lifelong learning and supports the intergenerational transfer of knowledge. Given welfare time limits and restrictions on education and training, it is more important than ever that individuals master basic and job-specific skills as quickly and efficiently as possible.

V. EDUCATING THE PUBLIC ABOUT THE SELF-SUFFICIENCY STANDARD

A. Conducting a Community Focus Group, Community Roundtable, or Deliberative Forum

A community “focus group” is a planned, focused discussion involving a diverse group of people and facilitated by a leader. Focus groups are one way of collecting essential information about the opinions and interests of a community. The group should be a cross-section of the community to assure that all parties –families on assistance, agency members, organizational volunteers, elected officials, and others – are represented at the table. These focus groups can uncover valuable insights on the community’s present and future needs. The information in **Appendix A** provides a format for conducting a focus group.

In a “community roundtable,” persons considered experts in a certain area, such as the Self-Sufficiency Standard, community members, and others meet in a public setting to discuss a particular issue.

A “deliberative forum” provides an opportunity for open but structured public discussion by outlining an issue and presenting several “choices” that address the issue. Led by a trained moderator, the deliberative forum provides an opportunity for diverse individuals or groups to think about what they value as individuals, to identify areas of agreement within the group, and to move the community forward together in advocating for responsible public policy decisions.

B. Meeting with the Media/Briefings with Decision-makers

The local media links you to your community, providing a base of understanding for all citizens about the challenges families face in their struggle for self-sufficiency. Their reporting will be as effective as your education efforts with them.

Start by identifying all the local media outlets. Include radio, TV and newspaper. Contact each to find out which reporters are most likely to cover stories on families and self-sufficiency.

Put together a media kit, which may include information on the number of families and children in poverty in your community. Work with local welfare officials to find out this information and other facts and figures on children in child care, child care availability, transportation and health care. Also include basic information on the self-sufficiency standard and why it is such an important measure for the health of families.

Suggest a series of articles or stories on families. Offer to help find individuals willing to talk to the press about their situation in living a self-sufficient lifestyle.

Finally, use press releases to convey basic information to the media on a regular basis. As new developments occur on issues of self-sufficiency, get the information into the hands of the reporters you have met and urge them to use the release or develop additional story information. As in any relationship, your on-going support and honesty will be valued by the reporters, and they will look to you as an expert on self-sufficiency and other related issues affecting families.

Additional material in **Appendix B** outlines a “grassroots advocacy” approach to providing information and influencing policy decisions.

C. Building Local Support

Contact your local branch of the American Association of University Women, the South Dakota Advocacy Network for Women, or South Dakota Women Work! member. These groups have an existing statewide network that will help you introduce the standard in your community and provide information on how to use the standard to improve the lives of families. South Dakota Women Work members are listed in the preface of this manual. For state contact information, go to the South Dakota Advocacy for Women website: www.sdwomen.org/member_organizations.htm Click on “Take Me There” at the top of the page. The second page of the Self-Sufficiency Standard document contains the contact information.

In addition, the Wider Opportunities for Women website holds a great deal of information on family issues from a national perspective: <http://www.wowonline.org/>

D. Choosing a Strategy for Action

What Is Available for Families? What Is Needed?

In order for community groups to prioritize needed changes and strategies, the following steps need to occur:

- A. Take an inventory of existing community services and private and public supports for families.
- B. Take an inventory of existing public supports available to families.
- C. Evaluate Gaps where families are “falling through the cracks” of attaining self-sufficiency.
- D. Determine if these gaps are policy-based or program-based.

E. Policy Gap Analysis

Complete the **Policy Gap Analysis** to determine where the gaps exist in supporting families’ efforts toward attaining economic self-sufficiency. The following "matrix" helps identify where the policy gaps are "located," to better target efforts to effect change.

		POLICY LEVEL:		
POLICY GAP LOCATION:		Federal	State	Local/Program
Law				
Policy/regulations				
Program/Implementation				

We start the analysis with two questions:

#1. Is this policy gap, in terms of where the law/policy/regulations are made, primarily a federal, state, or local/program policy?

- Example of federal: Food stamps
- Example of state: Rule regarding welfare clients and higher education
- Example of local: Barriers or non-payment of child care subsidies, which one is entitled to under state and/or federal laws and policy

#2: Is this policy gap primarily a problem of law, policy or regulations, or program (implementation)? (This question asks where the "buck stops," who gets to make the decision, who has the discretion to decide).

- Example of law: Time limits (lifetime, also amount of time in training/education)-- can be state or federal
- Example of policy: What kinds of child care providers may be reimbursed/paid using child care subsidies
- Example of program/implementation: Whether individuals are told about available subsidies, opportunities to get education, or what is required to get Earned Income Tax Credit (EITC).

It should be noted that it is hard to generalize. In some states, or even within states, a policy that is dealt with in law might be policy or regulations in another place, or even be up to the local social worker.

F. Estimating the Self-Sufficiency Wage for Individual Families

It is possible to develop an estimate of the Self-Sufficiency Wage for different family types and for different geographical locations. The sample worksheet that follows will determine the self-sufficiency wage for two types of households: a single person, and a single parent with two children, one of whom is school age (8 years old), and one of whom is a four-year-old. Assume that both persons are working full-time, so they need to cover the costs of working—transportation, taxes, child care (if applicable). (Assume full-time child-care for the 4-year-old in a child care center, and part-time -before and/or after school care for the school-age child.)

Now, develop a budget, based on the reasonable costs of each basic need. Please estimate the costs for your area (where you live now, or your hometown), for each of the following needs. Please estimate for the month. Be as realistic as possible, using real numbers, either your own, or rental ads, persons you know with children this age, etc. Please fill in the following numbers on the chart on the next page:

- **Housing:** Assume that the single person needs a one-bedroom unit, and the single parent needs a 2-bedroom unit. Housing costs should also include utilities not included in the rent, such as heat, gas, electric, water, sewer, etc., except telephone.
- **Transportation:** Do you assume public transportation or a car? If car, include car payments, registration and taxes, insurance, gas and oil; if public transportation, bus/train/etc., as applicable.
- **Food:** Does not include pre-prepared, fast food, take-out or restaurant food.
- **Health care:** Assume that the adults have health insurance through their employer, and they pay whatever premium is required, plus out of pocket costs.
- **Miscellaneous** includes: Clothing, telephone, disposable diapers, personal items, household supplies (cleaning, paper products, stamps, etc.), entertainment, etc.
- Next, figure **taxes and tax credits**.
- Try to be as realistic as possible. Either check out the housing, or ask neighbors and friends what they pay for these size units. Likewise with child care. Try to determine the cost of “*minimally adequate*,” for your community, of these costs for each household type.

Estimated Self-Sufficiency Wage for _____ in _____ County

Monthly Costs:	Single Person:	Single Parent w/ Preschooler & School- age child:
EXPENSES:		
1. Housing (incl. Utilities)		
2. Child Care		
3. Food		
4. Transportation		
5. Health Care		
6. Subtotal #1: Add Lines 1 through 5		
7. Miscellaneous: Multiply line #6 by 0.1, and enter here		
Taxes:		
8. Estimate needed hourly wage and enter here:		
9. Multiply Line 8 by 176 hours & enter		
10. Payroll taxes: Multiply Line 9 by .0765 & enter here		
11. Federal exemptions & deductions	579	1196
12. Line 9 minus Line 11 (if <0, enter 0)		
13. Federal Income Tax: Multiply line 12 by 0.15 & enter here		
14. TOTAL, TAXES AND EXPENSES: Add Lines 6, 7, 10, & 13 & enter here		
TAX CREDITS		
15. EITC		
16. Multiply Line 2 (child care) by 0.2	XXX	
17. Enter Line 16 or \$40, whichever is less	XXX	
18. CCTC: Enter Line 17 or Line 13, whichever is less	XXX	
19. Line 13 minus Line 18 (if <0, enter 0)	XXX	
20. CTC: Enter Line 19 or \$83, whichever is less	XXX	
21. Total Tax Credits: Add Lines 15, 18 & 20:		
22. TOTAL: Line 14 minus Line 21		
Wage:		

G. Developing and Implementing Plans of Action in Your Community

Make sure that your educational efforts lead to positive societal change! Ask for volunteers at the conclusion of the community focus groups/roundtables to serve on an on-going taskforce to examine issues of self-sufficiency.

Use the worksheet in this workbook on page 17 to examine various “what if” scenarios. For example, if the wage of one adult with one preschooler is minimum wage, how could health care and housing supports help that family? How big would the supports need to be?

Take this newly found information and start developing policy scenarios to assist families. Are fewer taxes the answer? Should there be additional tax credits? How can the Children’s Health Insurance Program help families?

Decide what actions can be accomplished locally, state-wide and federally. Join your efforts with others at the state and national level to advocate for change for families and children in poverty.

Organizations need to keep the following goals in mind as they develop plans to bring the Standard to their local communities.

- 1. Increase the use, understanding, and credibility of the Self-Sufficiency Standard.** The Standard should be used to measure outcomes in welfare reform. Caseworkers need to be taught to use it in counseling low-income clients.
- 2. Increase access to education and training.** Improve access to postsecondary education and training for welfare recipients and low wage workers. Create better access to literacy, adult basic education, and General Education Development (GED) courses. Provide stipends, child care, or work study money for low income people enrolled in such programs.
- 3. Improve the outcomes of education and training by targeting higher wage jobs.** Work with local agencies to set requirements for public job training programs that they target higher wage jobs. Push for evaluations of training programs that get them to work toward higher wage outcomes. Give incentives to programs that achieve higher wage jobs for participants.
- 4. Increase income enhancements for low-wage workers.** Work to increase eligibility for subsidized child or health care, additional tax relief or tax credits, allowing those in the welfare-to-work transition to keep a larger share of benefits while they work at low wages.

An Action Agenda might include the following uses of the Self-Sufficiency Standard:

- 1. Use the Standard as a benchmark for policy.**
 - Expand access to affordable housing, child care, health care and transportation.
 - Develop and assess policies and programs that enable families to support themselves through education and training, workforce development, and welfare-to-work.
 - Improve wages and benefits for lower-wage workers.

2. Develop paths to higher-wage jobs in each region of South Dakota.

- Target, by region, high-demand employment skills and growth industries.
- Advance collaborative efforts which build career ladders through education and training, career exploration, and work-based learning.
- Broaden nontraditional employment opportunities for women and minorities.

3. Promote education and economic independence for all families.

- Increase the use and quality of contextual education, which integrates literacy with employment skills.
- Expand access to Adult Basic Education, English for speakers of other languages, job training programs, and increase the capacity of postsecondary institutions.
- Provide funding, incentives, supportive services, and policies aimed at encouraging residents, government, business, and the non-profit sector to invest in education and training.

The action planning worksheets in **Appendix C** will provide your group with ideas for developing your Self-Sufficiency action plan for your community.

Involving local communities is the key to ensuring responsible public policy decision-making. Educating the public concerning the use of the Self-Sufficiency Standard increases the likelihood that the Standard will be used throughout the state to develop and implement policies and programs that support South Dakota families in their efforts to achieve economic self-sufficiency. Your willingness to bring the Self-Sufficiency Project to your community is greatly appreciated. Thank You!

