



## Building Self-Sufficient Families: Economic Development in the District of Columbia

The Washington, D.C. Metropolitan Area Self-Sufficiency Standard<sup>1</sup> measures how much income working adults in the District of Columbia and its surrounding suburbs need to meet their basic needs and those of their families. The Standard is calculated without subsidies of any kind and includes the costs of housing, food, transportation, child care, health care and taxes. The District of Columbia can utilize this information in strategies that create pathways to self-sufficiency for our families.

The D.C. Metro Area Self-Sufficiency Standard demonstrates that low-wage work is not enough for D.C. families to make ends meet. But, the current economic development in the city provides an opportunity for increasing family economic independence and creating thriving communities.

### Key Findings of the 2005 D.C. Metro Area Self-Sufficiency Standard

#### What it takes for families to live in Washington, D.C.

<i>Self-Sufficiency Wage</i>	<b>One Adult</b>	<b>One Adult, One Preschooler</b>	<b>One Adult, One Preschooler, One Schoolage</b>	<b>Two Adults, One Preschooler, One Schoolage</b>
<b>Hourly</b>	<b>\$10.05</b>	<b>\$19.44</b>	<b>\$22.35</b>	<b>\$12.72 per adult</b>
<b>Annual</b>	<b>\$21,224</b>	<b>\$41,063</b>	<b>\$47,213</b>	<b>\$53,727 combined</b>

### The Rise in Costs for District of Columbia Families

- Between 1999 and 2005, **overall living costs have increased between 21% and 27% for these four families in the District of Columbia**, from 32% to 51% in Montgomery County, Prince George’s County, Arlington County, and Alexandria City, and from 43% to 68% for these families in Fairfax County.
- **A family in Washington, D.C. with one adult, one preschooler, and one schoolage child requires over three times the D.C. minimum wage (\$6.60 per hour), or \$22.35 per hour, to meet basic family needs at a self-sufficient level.**
- **The rise in costs are primarily driven by housing and child care costs.** Housing costs have risen 21% for single adults and 18% for other selected families. Child care costs have increased between 20% and 38% (depending on the family type). Due to these growing costs, housing and child care comprise 55% of the total budget for families in the District of Columbia with two children (when one is a preschooler or younger).
- Although health care costs comprise 7% to 10% of all costs for families, **health care costs rose 70% since 1999 for a family of a single parent with one preschooler in Washington, D.C.**
- Depending upon the family type, **taxes have risen from 12% to 34%.** Tax credits have also increased, particularly the child tax credit, but not enough to offset the increased costs in the District.

<sup>1</sup> Pearce, Diana. *The Self-Sufficiency Standard for Washington, D.C. Metropolitan Area 2005.*

## Low-Wage Work Is Not Enough to Make Ends Meet

- With a minimum wage job in Washington, D.C., \$6.60 per hour, the wages only provides 31% of the income needed for a single parent with one infant and one preschooler to meet their basic needs.
- Work supports can act as a bridge to economic independence. For the same family, when they have access to child care assistance, this reduces their child care expenses by 84% and they are able to meet 52% of their basic needs.

## Economic Development in the District of Columbia

Washington, D.C. is currently undergoing a surge in development projects and community revitalization that can play a key role in increasing economic opportunities for residents and creating thriving communities. But, economic investment with public dollars must create jobs that lead to self-sufficiency for District residents.

- There are 790 development projects that are either planned, underway, or have occurred in the last few years in the city worth \$34.1 billion.<sup>2</sup>
- Large-scale development projects can bring with them a multitude of job opportunities of all levels through the construction projects as well as the businesses that enter D.C. as a result of the development. Many of these projects are occurring within a five-mile radius in the Southeast portion of the city where many low-income residents are living.
- Businesses that develop in the city will receive subsidies from the DC government, such as Tax-Increment Financing (TIF), tax abatements, loans, and other funds.
- Companies must meet select guidelines in order to receive these benefits, such as developing mixed-income housing or providing funds for job training. These businesses must also comply with the First Source law meaning they must hire at least 51 percent of employees who are DC residents.

## Building Self-Sufficient Families with Economic Development Opportunities

- **Educate the community** about the true costs of living in D.C. and the relationship among these costs for families to make ends meet.
- **Assess city economic development choices** based on a self-sufficiency standard framework.
  - Develop sector initiatives
    - Identify demand occupations; identify education and skills requirements; identify wages, benefits, and career ladders in those occupations relative to the Self-Sufficiency Standard.
  - Analyze economic development proposals
    - The wages paid by new businesses can be compared to the Standard to determine if they are at or above self-sufficiency and it can be determined if these proposed employees will require public work supports as well, which is essentially a “double subsidy”.
- **Enforce federal and local requirements** for developers to target D.C. residents, women, and minorities for contracts and employment.
- **Include wage, benefit, and job training requirements** in the city economic development programs. Consider additional employer incentives for paid leave to pursue education/training and on-the-job work supports such as child care.
- **Design community benefit agreements** to ensure that local residents share in the benefits of large development projects and give the community a voice in shaping the outcomes of the development.

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<sup>2</sup> Washington, D.C. Marketing Center