

# ***The Self-Sufficiency Standard***

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## ***Frequently Asked Questions and Answers***

### ***Q: What is the Self-Sufficiency Standard?***

**A:** The *Self-Sufficiency Standard* calculates the income working families need to meet their most basic expenses, without public or private assistance of any kind. The Standard includes costs for housing, child care, food, transportation, health care, miscellaneous expenses (clothing, telephone, household items) and taxes. The Self-Sufficiency Standard is calculated on a county-by-county basis for 70 different family types in a state. Currently, 35 states and the District of Columbia have developed Self-Sufficiency Standard reports.

### ***Q: How is the Self-Sufficiency Standard Different from the Official Federal Poverty Measure?***

**A:** The Self-Sufficiency Standard is based on all of the costs a working family faces on a daily basis—housing, child care, food, health care, transportation, miscellaneous costs and taxes—and varies depending on where one lives and who is in one’s family. The Standard accounts for differences not just by the size of the family and number of children, but also by the age of the children. This is because some costs faced by working families, particularly child care, differ dramatically by age. The Standard also varies geographically on the county level within a state to capture the cost differences between rural and urban locations, and regional variations in cost.

In contrast, the federal poverty level (FPL) is a 4-decades-old, one-size-fits-all calculation based solely on the cost of food and is the same no matter if a family lives and works in New York City, Tulsa, OK or Mobile, AL. The FPL assumes that food is one-third of a family’s budget, and varies based only on the size and number of children in the family. The FPL is indexed for inflation every year while the Standard can be updated yearly allowing the cost of each basic need to increase at its own rate.

### ***Q: Where Does the Data Come From?***

**A:** For each basic cost category, data are collected or calculated using standardized or equivalent methodology; come from scholarly or credible sources, such as the U.S. Bureau of the Census; are updated at least annually; and are age- and/or geographically-specific (where appropriate).

### ***Q: How is the Self-Sufficiency Standard Calculated?***

**A:** First, the basic costs for each family type (which vary by number and age of children, and by number of adults) are added in each county or metropolitan statistical area. Ten percent of this total is added to account for miscellaneous costs. Second, taxes and tax credits are calculated using formulas that are specific with regard to state income and sales tax. Finally, the total income is checked for certain assumptions in the model—such as whether the proper Child Care Tax Credit rate has been used—and adjusted as appropriate.

### ***Q: Aren’t the Self-Sufficiency Wages “too high”?***

**A:** No. Because the Self-Sufficiency Standard is calculated using the real costs of goods and services purchased in the regular marketplace, it reflects the real expenses consumers face. The Standard is a no-frills budget that does not allow for entertainment, carry out or fast food (not even a pizza), savings, credit card debt or emergency expenses such as car repairs.

### ***Q: Many families do not earn the wages indicated by the Self-Sufficiency Standard. How are they getting by?***

**A:** Obviously, many families lack a Self-Sufficiency level income and manage to survive. If they do, it may mean that they are getting help meeting their needs with public or private subsidies. Receiving a child care subsidy from the state or a Section 8 voucher can dramatically lower the wage a worker needs to make ends meet and provide for her family. Unfortunately, however, many working families are simply foregoing one or more need to get by—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 an Unrealistic Benchmark for Most Working Families?***

**A:** No, the Self-Sufficiency Standard sets a goal for working families and helps them plan a path to reach that goal. Achieving self-sufficiency is a process that involves not just finding a job with certain wages and benefits, but achieving income security over time. There are several ways—separately or in combination—that low-wage workers can achieve self-sufficiency. First, they can receive temporary subsidies 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: Do You Expect Employers to Pay Workers These Wages?***

**A:** Not entirely. Employers are only one of several stakeholders that have a role in ensuring that families have incomes sufficient to cover their costs. The government has a role in ensuring that job training and education, as well as work supports like child care, are affordable and accessible to families. Individuals are responsible for taking advantage of opportunities to invest in themselves and their potential. And finally, employers are responsible for paying decent wages and providing benefits, such as health insurance, transportation assistance, and benefits to their workers.

***Q: What is the difference between a “living wage” and the Self-Sufficiency Standard?***

**A:** The Self-Sufficiency Standard calculates the amount of income a working families needs to cover all of their basic needs without public or private supports. Decent wages are essential to moving families to self-sufficiency incomes. Employers have a responsibility to pay their workers fairly, provide benefits, such as health care coverage, and make career ladders visible to entry-level workers. In some cases, however, wages alone may not be enough for families to reach self-sufficiency incomes. Work supports--like child care and transportation assistance--can play a critical role in helping families make ends meet while they gain experience and skills to move to better paying jobs.

Living wage ordinances require private businesses that benefit from public money to pay their employees a “living wage.” Across the country, “living wages” have ranged anywhere from \$6.25 to \$12.00 an hour, with many requiring businesses to pay a higher wage if health insurance is not provided to the employee. The Self-Sufficiency Standard can serve as a strong data source for living wage campaigns as evidence of the real cost of living in a community. It can be used to persuade government officials, business owners and community members about the necessity for living wage ordinances in their community.

***Q: Who Produced the Report?***

**A:** *The Self-Sufficiency Standard* is produced through a partnership of Wider Opportunities for Women (WOW), Dr. Diana Pearce at the University of Washington, and state-level advocacy and governmental organizations.

This development of the Self-Sufficiency Standard is part of the national Family Economic Self-Sufficiency project, convened by WOW, to provide state-level advocates and governments with tools to help them strengthen government investments in low-income families.

***Q: Is There a Self-Sufficiency Standard in my State?***

**A:** WOW and the University of Washington have worked with state-level groups in a total of 35 states and the District of Columbia to develop Self-Sufficiency Standards. These states are: IA, CA, DC, TX, NC, PA, IL, MA, IN, NY, NJ, CT, SD, WI, CO, WA, UT, KY, MD, MT, OK, NV, AZ, WV, TN, GA, VA, FL, NE, MO, DE, AL, MS, LA, WY and HI. Across the country, state-level coalitions have used the Standard to change policies and programs to help families move out of poverty and to economic self-sufficiency.

