



## **Building Self-Sufficient Families: Steps to Economic Independence 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 is a tool that can be used by policymakers, business leaders, service providers, educators, and the non-profit sector to develop strategies that move families to self-sufficiency. Reaching economic self-sufficiency is a community-based problem in which businesses, government, and the individual play a role in the collective effort.

### **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,<br/>One Preschooler</b> | <b>One Adult,<br/>One Preschooler,<br/>One Schoolage</b> | <b>Two Adults,<br/>One Preschooler,<br/>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 is 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).

### **D.C. Workers’ Need for Education and Training**

- **In D.C., 22 percent of adults have less than a high school diploma, 11 percent have no high school education at all.** Just over 60 percent do not have a college degree.<sup>2</sup> This education and skills gap has led to high unemployment in DC compared with the rest of the nation.
- **One in three adults in D.C. read at or below a third grade level.** Over a third (37%) of adults (age 16 and over) in the District are at the Level I Literacy proficiency.<sup>3</sup> Low literacy levels keep many DC residents out of contention for decent paying jobs and exclude them from participation in training programs that can lead to better paying jobs. While the job outlook continues to grow in D.C., the jobs that are being developed require higher literacy levels than what many D.C. residents have.

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

<sup>2</sup> U.S. Census, 2000.

<sup>3</sup> National Adult Literacy Survey.

## Living Wages as a Step to Self-Sufficiency

A living wage proposal is included in the D.C. City Council “Way to Work Act”. Living wages do not necessarily meet the wages necessary for a family’s self-sufficiency, but it raises the “floor” on to which they can continue to build their economic independence. The Self-Sufficiency Standard demonstrates the adequacy of these living wage proposals to meet D.C. families’ needs. “Wage adequacy” refers to the degree to which a given wage is adequate to meet basic needs.

- With a minimum wage job, \$6.60 per hour, wages alone only provides 31% of the income needed for a single parent with one infant and one preschooler to meet their basic needs.
- The “Way to Work Act” Living Wage proposal of \$9.25 per hour (with health benefits) provides for 42% of those basic needs for the same family.
- The Living Wage Coalition proposal of \$11.75 per hour still only reaches 53% of the basic needs of the family.

## Job Growth in the District of Columbia

The service sector has the greatest projected share of growth in the Washington D.C. Metro Area between 2000 and 2010. More than 58 percent of jobs are forecast in the service sector, which include janitors, maids, cleaners, police and security guards. Retail trade employment is second in expected job growth in the metropolitan area. The majority of the jobs in both the retail trade and service sector are typically lower wage employment.

- For the greatest growth occupations in the D.C. Metro Area between 2000 and 2010, six of the largest growth occupations are projected to earn incomes below self-sufficiency for the single parent with infant.
- Another six of the largest growth occupations, which are projected to be in the information technology field, will provide self-sufficient wages. These figures emphasize the importance of providing education and job training to those who hold low-wage jobs.

## Building Steps to Self-Sufficiency for D.C. Families

- **Educate the community** about the true costs of living in D.C. and the relationship among these costs for families to make ends meet.
- **Enact a living wage.** This wage should be set to at least \$11.75 as proposed by the “Living Wage Coalition”. This wage should be indexed to inflation and be applied to all businesses that have contracts or receive subsidies from the city.
- **Support paid leave** for D.C. workers to ensure their stable employment and productivity.
- **Create more comprehensive training opportunities** for D.C. residents to enhance their skills and prepare for high-wage jobs, including apprenticeship partnerships. Additionally, certain populations require targeted services to address specific barriers to receiving employment and training.
- **Support businesses** who want to ensure their workers can make ends meet through the combination of wages and benefits (medical, paid time off, vacation, etc.).
- **Provide access** to functional literacy, basic adult education, vocational education, and community college programs that can help prepare individuals for jobs and training.
- **Development of skill training** by employers and government that reflects local labor market and opportunities for high wage employment.
- **Make available and accessible work supports** like child care, transportation, and health care to enable job seekers and adult students to take advantage of existing educational and training opportunities.