

Data Sources

The goal of making the Standard as consistent and accurate as possible, yet varied by geography and age, requires meeting several different criteria. To the extent possible, the data used in the Self-Sufficiency Standard are:

- collected or calculated using standardized or equivalent methodology nationwide;
- obtained from scholarly or credible sources such as the U.S. Census Bureau;
- updated annually (or as soon as updates are available); and
- geographically- and/or age-specific (where appropriate).

Costs that vary substantially by place, such as housing and child care, are calculated at the most geographically specific level for which data is available. Other costs are varied regionally, to the extent to which there is variation and appropriate data available. In addition, as improved or standardized data sources become available, the methodology used by the Standard is refined accordingly. This results in an improved Standard that is comparable across place as well as time. The Self-Sufficiency Standard is calculated for 70 different family types for each county within each state. For the specific data sources for your state, please see your [State Self-Sufficiency Report](#). (link to state reports)

Housing: The Standard uses the most recent Fiscal Year [Fair Market Rents \(FMRs\)](#), which are calculated annually by the U.S. Department of Housing and Urban Development (HUD) for 354 [metropolitan areas](#) and 2,350 non metropolitan county areas. Annual FMRs are based on data from the 2000 decennial census, the biannual American Housing Survey, and random digit dialing telephone surveys. FMRs, which include utilities (except telephone and cable), are intended to reflect the cost of housing that meets minimum standards of decency, but is not luxurious.

The Self-Sufficiency Standard assumes that parents and children do not share the same bedroom and that there are not more than two children per bedroom. Therefore, the Standard assumes that single persons and couples without children have one-bedroom units, families with one or two children require two bedrooms, and families with three children have three bedrooms.

Child Care: The Standard uses the most accurate information available that is recent and specific to geography, age, and setting. The Family Support Act (in effect from 1988 until welfare reform in 1996) required states to provide child care assistance at “market rate” for low-income families needing it for employment and/or education and training. States were also required to conduct cost surveys to determine the “market rate” (defined as the 75th percentile) by setting, age, and geographical location (or use a statewide rate).

The Standard defines “infants” as children under three years old, “preschoolers” as children three to five years old, “schoolage” children as six to twelve years old, and “teenagers” as thirteen years old and older. Because it is more common for very young children to be in family day care homes rather than centers, the Standard assumes that infants receive full-time care in day care homes. Preschoolers, in contrast, are assumed to go to day care centers fulltime. Schoolage children are assumed to receive part-time care in before- and after-school programs. Teenagers are not assumed to require child care; therefore there are no child care costs.

Food: Although the U.S. Department of Agriculture (USDA) Thrifty Food Plan and its successor have been used as the basis of both the poverty threshold and the Food Stamp Program, the Standard uses the next higher USDA food budget, the [Low-Cost Food Plan](#) for food costs. While both of these USDA diets meet minimum nutritional standards, the Thrifty Food Plan was meant for emergency use only. Because it is based on more realistic assumptions about food

preparation time and consumption patterns, the Low-Cost Food Plan is 25% higher than the Thrifty Food Plan. Nevertheless, it is a very conservative estimate of food costs, as it does not allow for any take-out, fast-food, or restaurant meals, even though according to the [Consumer Expenditure Survey](#), the average American family spends about 42% of their food budget on food prepared away from home.

The Standard varies food costs by the number and ages of children and the number and gender of adults. Both the Low-Cost Food Plan and the Standard's budget calculations assume a single-*person* household is one adult male, while the single-*parent* household is one adult female. A two-parent household is assumed to include one adult male and one adult female.

Transportation: If there is an "adequate" public transportation system in a given area, it is assumed that workers use public transportation to get to and from work. A public transportation system is considered "adequate" if it is used by a substantial percentage of the working population. According to one study, if about 7% of the total public uses public transportation that "translates" to about 30% of the low- and moderate-income population. The Standard assumes private transportation (a car) where public transportation use is less than 7%. Private transportation costs are based on the costs of owning and operating an average car (or two cars if there are two adults). The fixed costs of owning a care include fire, theft, property damage and liability insurance, license, registration, taxes, repairs, monthly payments, and finance charges. The monthly variable costs (e.g., gas, oil, tires, maintenance) are also included, but the initial cost of purchasing a car is not.

Health Care: Since families cannot be truly self sufficient without health insurance, employer-sponsored health insurance coverage is assumed as the norm for full-time workers. Nationally, in 2003, 71% of nonelderly individuals in households with at least one full-time worker have employer-sponsored health insurance coverage. Thus, health care costs include the employee's share of insurance premiums, plus additional out-of-pocket expenses, such as the co-payment, uncovered expenses (e.g., dental care and prescriptions), and the insurance deductible. Note that although the Standard assumes employer-sponsored health coverage, many workers do not have access to affordable health insurance coverage through their employers, and there are some indicators of employee costs rising through increased premiums, increased deductibles/co-payments, and more limited coverage. Those who do not do not have access to affordable health insurance through their employers must either purchase their own coverage or do without health insurance. When an individual or a family cannot afford to purchase health coverage, an illness or injury can become a very serious financial crisis.

Miscellaneous: This expense category includes all other essentials including clothing, shoes, paper products, diapers, nonprescription medicines, cleaning products, household items, personal hygiene items, and telephone service. It does not allow for recreation, entertainment, savings, or debt repayment. Miscellaneous expenses are calculated by taking 10% of all other costs. This percentage is a conservative estimate in comparison to estimates in other basic needs budgets, which commonly use 15%.

Taxes: Taxes include state sales tax, federal and state income taxes, and payroll taxes where applicable.

Earned Income Tax Credit (EITC): The EITC, or as it is sometimes called, the Earned Income Credit, is a federal tax refund intended to offset the loss of income from payroll taxes owed by low-income working families. The EITC is a "refundable" tax credit; that is, working adults may receive the tax credit whether or not they owe any federal taxes.

Child Care Tax Credit (CCTC): The federal CCTC is a tax credit that allows working parents to deduct a percentage of their child care costs from the federal income taxes they owe. Like the EITC, the CCTC is deducted from the total amount of money a family needs to be self-sufficient. Unlike the EITC, the federal CCTC is not a “refundable” tax credit. A family may only receive the CCTC as a credit against federal income taxes owed. Therefore, families who owe very little or nothing to the federal government in income taxes receive little or no CCTC.

Child Tax Credit (CTC): Like the EITC, the CTC is a “refundable” federal tax credit. The CTC provides parents a deduction of \$1,000 for each child under 17 years old, or 15% of earned income over \$10,750, whichever is less.