METHODOLOGY APPENDIX
The Self-Sufficiency Standard for California 2014

By Diana M. Pearce, PhD
DIRECTOR, CENTER FOR WOMEN’S WELFARE,
UNIVERSITY OF WASHINGTON SCHOOL OF SOCIAL WORK

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The Self-Sufficiency Standard was originally developed by Dr. Diana Pearce. The 2014 California Self-Sufficiency Standard has been prepared through the cooperative efforts of Lisa Manzer, at the University of Washington, Center for Women’s Welfare and Gabriela Sandoval of the Insight Center for Community Economic Development.


The Self-Sufficiency Standard was developed by Dr. Diana Pearce while she was the Director of the Women and Poverty Project at Wider Opportunities for Women (WOW), with funding from the Ford Foundation. Over the past 17 years, the Standard has been calculated in 37 states as well as the District of Columbia and New York City, and it has revolutionized the way policies and programs for low-income workers are structured and what it means to be in need in the United States.

For further information about any of the other states with the Standard, including the latest reports, the Standard data itself, and related reports such as demographic reports (which analyze how many and which households are above and below the Standard), please see www.selfsufficiencystandard.org. A list of Self-Sufficiency Standard state partners is also available at this website, or contact Lisa Manzer with the Center at (206) 685-5264/lmanzer@uw.edu, or the report author and Center Director, Dr. Diana Pearce, at (206) 616-2850/pearce@uw.edu.

The conclusions and opinions contained in this document do not necessarily reflect the opinions of those listed above. Any mistakes are the author’s responsibility.
Methodology Appendix: Assumptions and Sources

I. INTRODUCTION

Even without job loss or home foreclosure, the Great Recession has impacted the lives of American households across the economy in many ways. The United States entered the Great Recession with stagnating wages and widening income inequality, and these trends continue even as the economy recovers. As a result, millions find that even with full-time jobs they are unable to stretch their wages to pay for basic necessities. Indeed, in many places in California, the gap between income and expenses has continued to widen, as the costs of food, housing, transportation, health care, and other essentials have risen even during the Great Recession.

To properly describe the growing gap between sluggish wages and ever increasing expenses requires an accurate measure of income adequacy, one that is consistent over time and across space. The Self-Sufficiency Standard is such a measure. The Standard tracks and calculates the true cost of living facing American families, illuminating the economic “squeeze” experienced by so many families today.

The Self-Sufficiency Standard measures how much income a family of a certain composition in a given place needs to adequately meet their basic needs—without public or private assistance.

The Self-Sufficiency Standard calculates a family-sustaining wage that does not require choosing between basic necessities such as child care, nutritious food, adequate housing, or health care. At the same time, the Standard does not include longer-term needs such as retirement savings or college tuition, purchases of major items such as a car, emergency expenses, or extras such as gifts, video rentals, or soccer fees. The Standard therefore reflects a decent, though very modest, standard of living.

Economic self-sufficiency is not achieved by wages alone. For some families to meet the costs of high-price necessities such as health care, child care, and housing, public work supports (e.g., Medicaid, child care assistance, or housing assistance) are often necessary, even critical. Moreover, long-lasting self-sufficiency involves more than a job with a certain wage and benefits at one point in time. Central to attaining true self-sufficiency is access to education, job training, and jobs that provide real potential for skill development and career advancement over the long-term.

Being “self-sufficient”, in this context, is not intended to imply that any family at any income should be completely self-reliant and independent of one another or the community-at-large. Indeed, it is through interdependence among families and community institutions (such as schools or religious institutions), as well as informal networks of friends, extended family, and neighbors that many families are able to meet both their economic and non-economic needs.

This appendix explains the methodology, assumptions, and sources used to calculate the 2014 California Self-Sufficiency Standard. It begins with a discussion of how the Self-Sufficiency Standard differs from other measures of poverty, followed by the methodology and assumptions of how each cost is calculated in the Standard, ending with a list of data sources used to calculate The Self-Sufficiency Standard for California 2014.

A REAL WORLD APPROACH TO MEASURING NEED

The Self-Sufficiency Standard is a unique measure of income adequacy that uses a modern, comprehensive, and detailed approach to determine what it takes for today’s families to make ends meet. The key elements of the Standard that distinguish it from other measures of income adequacy or poverty are the following:

A FOCUS ON MODERN FAMILIES WITH WORKING ADULTS. Because paid employment is the norm for the majority of families today in the United States, the Standard assumes all adults work to support their families, and thus includes the costs of work-related expenses such as child care, taxes, and transportation.

GEOGRAPHIC VARIATION IN COSTS. The Standard uses geographically specific costs that are calculated at the county or sub-county level as data availability allows.

VARIATION BY FAMILY COMPOSITION. Because the costs of some basic needs vary substantially by the age
of children, the Standard varies by both the number of children and by the age of children. While food and health care costs are slightly lower for younger children, child care costs are generally much higher—particularly for children not yet in school—and therefore become a substantial budget item for workers with young children.

**INDIVIDUAL AND INDEPENDENT PRICING OF EACH COST.** Rather than assume that any one item is a fixed percentage of family budgets, the Standard calculates the real costs of meeting each of the major budget items families encounter, including housing, child care, food, health care, transportation, miscellaneous items, and taxes. The costs are set at a minimally adequate level, which is determined whenever possible by using what government sources have determined are minimally adequate for those receiving assistance, e.g., child care subsidy benefit levels.

**TAXES AND TAX CREDITS ARE INCLUDED AS BUDGET ITEMS.** Instead of calculating needs “pretax,” taxes (plus tax credits), are included as budget items, including state and local sales tax, payroll (including Social Security and Medicare) taxes, federal and state income taxes, and tax credits.

**PERMITS MODELING OF THE IMPACT OF SUBSIDIES, TAXES, AND TAX CREDITS.** Because the Standard specifies the real cost of each major necessity, it is possible to model the impact of specific subsidies (such as the Supplemental Nutrition Assistance Program, child care assistance, or Medicaid) as well as the impact of taxes and tax credits on reducing (or increasing) costs when evaluating the adequacy of a given wage for a given family.

**II. METHODOLOGY, ASSUMPTIONS, AND SOURCES**

Making the Self-Sufficiency Standard as consistent and accurate as possible, yet varied by geography and the ages of children, requires meeting several 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 regularly; and,
- geographically- and/or age-specific, as appropriate.

Costs that vary substantially by place, such as housing and child care, are calculated at the most geographically-specific level for which data are available. Other costs, such as health care, food, and transportation, are varied geographically to the extent 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, resulting in an improved Standard that is comparable across place as well as time.

The components of The Self-Sufficiency Standard for California 2014 and the assumptions included in the calculations are described below. The 2014 update of the Self-Sufficiency Standard includes two changes from previous versions. First, this update includes the calculation of an emergency saving fund. Second, child care costs are now calculated using a weighted average between family and center based care. More details are included below.

**EXTENDED FAMILY TYPES**

The 2014 edition of the California Self-Sufficiency Standard is calculated for 156 family types. The first 70 family types include all one and two adult families with zero to three children, and range 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 additional types include larger families, including multigenerational families and families with three or more adults and/or four or more children. Note that the four ages of children in the Standard are: (1) infants—0 to 2 years old (meaning 0 through 35 months), (2) preschoolers—3 to 5 years old, (3) school-age children—6 to 12 years old, and (4) teenagers—13 to 18 years old.

In order to remain consistent with the Standard’s methodology, it is assumed that all adults in one- and two-adult households are working full-time. The Self-Sufficiency Standard therefore includes all major costs associated with employment for adult household members (i.e., taxes, transportation, and child care for families with young children) up to two adults per household.

For households with more than two adults, it is assumed that all adults beyond two are non-working dependents of the first two working adults, as household composition analysis has shown that a substantial proportion of additional adults are under 25, often completing school and/
or unemployed or underemployed. The main effect of this assumption is that the costs for these adults do not include transportation (but do include all other costs such as food, housing, health care, and miscellaneous).

As in the original Standard calculations, it is assumed that adults and children do not share the same bedroom and that there are no more than two children or two adults per bedroom.

Food costs for additional adults (greater than two) are calculated using the assumption that the third adult is a female and the fourth adult is a male, with the applicable food costs added for each.

The first two adults are assumed to be a married couple and taxes are calculated for the whole household together (i.e., as a family), with additional adults counted as additional (adult) tax exemptions.

The Standard assumes that all non-teenage children are in paid child care, even in larger families. This is consistent with the principle that self-sufficiency means having enough to pay the full cost of each basic need without public or private subsidies. Some families in fact may choose to have older children or other non-employed adults in the family care for younger children; however, that is a form of private subsidy and thus would make these Standards inconsistent in methodology from those calculated for smaller size families.

**HOUSING**

For housing costs, the Standard uses the most recent Fiscal Year (FY) Fair Market Rents, which are calculated annually by the U.S. Department of Housing and Urban Development (HUD) for each state’s metropolitan and non-metropolitan areas, and are used to determine the level of rent for those receiving housing assistance through the Housing Choice Voucher Program.

Housing costs in the 2014 California Self-Sufficiency Standard are calculated using the FY 2014 HUD Fair Market Rents.

The FMRs are based on data from the 1-year and 5-year American Community Survey and random digit dialing telephone surveys, and are updated for inflation. The survey sample includes renters who have rented their unit within the last two years, excluding new housing (two years old or less), substandard housing, and public/subsidized housing. Thus FMRs, which include utilities (except telephone and cable), are intended to reflect the cost of housing in the current market that meets minimum standards of decency. FMRs are typically set at the 40th percentile, which means that 40% of the housing in a given area is less expensive than the FMR, and 60% is more expensive. All of California’s FMRs are set at the 40th percentile except the counties of El Dorado, Placer, Riverside, Sacramento, and San Bernardino, which are set at the 50th percentile.

HUD calculates one set of FMRs for an entire metropolitan area. In California there are five MSAs with more than one county sharing the same FMRs: the Oakland-Fremont, CA HUD Metro FMR Area; the Riverside-San Bernardino-Ontario, CA MSA; the Sacramento-Arden Arcade-Roseville, CA HUD Metro FMR Area; the San Francisco, CA HUD Metro FMR Area; and the Yuba City, CA MSA. In order to differentiate the cost of housing by county within these multi-county metropolitan areas, the Standard uses median gross rent ratios by county calculated from the U.S. Census Bureau’s American Community Survey (ACS) 3-Year Estimates. The Self-Sufficiency Standard’s housing costs for the remaining counties in California are calculated using HUD FMRs without adjustments.

To determine the number of bedrooms required for a family, the Standard assumes that parents and children do not share the same bedroom and no more than two adults or two children share a 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, families with three or four children require three bedrooms, and families with five or six children require four bedrooms. Because there are few efficiencies (studio apartments) in some areas, and their quality is very uneven, the Self-Sufficiency Standard uses one-bedroom units for single adult and childless couple households.

**DATA SOURCES**


CHILD CARE

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 in employment, education and/or training. States were also required to conduct cost surveys biannually to determine the market rate (defined as the 75th percentile) by setting, age, and geographic location or set a statewide rate.6 Many states, including California, have continued to conduct or commission the surveys as well as reimburse child care at or close to this level. In California, the Regional Market Rate (RMR) maximum reimbursement ceilings are calculated at the 85th percentile.7 The data is inflated to 2013 using the Bureau of Labor Statistics Consumer Price Index for the West region.

Child care costs for the Standard were calculated at the 85th percentile of child care costs from responses to the 2012 Regional Market Rate Survey for each type of care facility and age group. For the 2014 California Standard, infant and preschooler costs were calculated assuming full-time care and costs for school-age children were calculated using part-time rates. Costs were calculated based on a weighted average of family child care and center child care. Since one of the basic assumptions of the Standard is that it provides the costs of meeting needs without public or private subsidies, the “private subsidy” of free or low-cost child care provided by relatives and others is not assumed. For infants, family child care accounts for 43% of the care and center child care accounts for 57%. For preschoolers, family child care accounts for 26% of the care and center child care accounts for 74%. For school-age children, family child care accounts for 46% of the care and center child care accounts for 54%.8

Note that previous Standards did not assume a weighted average of family and center child care. Previously, infants were assumed to be cared for in family child care while preschool and school-age children were assumed to be cared for in child care centers.

DATA SOURCES


FOOD

Although the Supplemental Nutrition Assistance Program (SNAP, formerly the Food Stamp Program) uses the U.S. Department of Agriculture (USDA) Thrifty Food Plan to calculate benefits, the Standard uses the Low-Cost Food Plan for food costs. While both of these USDA diets were designed to meet minimum nutritional standards, SNAP (which is based on the Thrifty Food Plan) is intended to be only a temporary diet.9

Although about 25% more expensive than the Thrifty Food Plan, the Low-Cost Food Plan, is based on more realistic assumptions about food preparation time and consumption patterns, while still being a very conservative estimate of food costs. For instance, the Low-Cost Food Plan also 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 41% of their food budget on food prepared away from home.10

The USDA Low-Cost Food Plan costs vary by month and the USDA does not give an annual average food cost; therefore, the Standard follows the SNAP protocol of using June data of the current year to represent the annual average. The Self-Sufficiency Standard for California 2014 uses data for June 2013.

Both the Low-Cost Food Plan and the Standard’s budget calculations vary food costs by the number and ages of children and the number and gender of adults. The Standard assumes that in a one adult household the adult is female and a two-adult household is assumed to include one adult female and one adult male.

Within-state geographic differences in food costs for the California Standard are varied using the ACCRA Cost of Living Index, published by the Council for Community and Economic Research, and data from the U.S. Department
of Agriculture Economic Research Service based on the Quality Food-at-Home Price Database (QFAHPD).

The ACCRA grocery index is standardized to price grocery items regardless of the shopper’s socio-economic status.

The ACCRA 2012 annual average cost of groceries index is applied to 10 urban areas in California: Bakersfield, Fresno, Los Angeles-Long Beach, Oakland, Orange County, Riverside City, Sacramento, San Diego, San Francisco, and San Jose.

The QFAHPD prices 52 separate food groups in 35 market groups that cover all 48 contiguous States. Using the QFAHPD, the USDA Economic Research Service priced out the cost of the Thrifty Food Plan for a family of four in each of the 35 market groups from 2002-2006. Counties not included in the ACCRA urban areas listed above are applied a ratio based on this data from the Economic Research Service.

**DATA SOURCES**


**TRANSPORTATION**

**Public 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 a study done by the Institute of Urban and Regional Development at the University of California, if about 7% of workers use public transportation that “translates” to approximately 30% of the low- and moderate-income working population using the public transportation system. If 7% or more of the working population commutes to work by public transportation, the Standard assumes public transportation costs. In California, five counties have more than 7% of the working population over the age of 16 who use public transportation according to the American Community Survey: Alameda (11.4%), Contra Costa (8.9%), Marin (8.5%), San Francisco (32.7%), and San Mateo (8.3%). In these counties, all of which are in the San Francisco Bay Area, transportation costs are calculated as the cost of express and commuter monthly passes or ticket books available from local transit authorities. For all San Francisco Bay area counties (excluding San Francisco itself), public transportation costs assume inter-bay travel for commuting to work and local intra-county travel for errands and shopping.

**Private Transportation.** The Standard assumes private transportation (a car) where 7% or less of the working population uses public transportation use to commute to work. In California, this is all counties except for the Bay Area counties named above. For private transportation, the Standard assumes that adults need a car to get to and from work. Private transportation costs are based on the average costs of owning and operating a car. One car is assumed for households with one adult and two cars are assumed for households with two adults. It is understood that the car(s) will be used to commute to and from work five days per week, plus one trip per week for shopping and errands. In addition, one parent in each household with young children is assumed to have a slightly longer weekday trip to allow for “linking” trips to a day care site. For households with more than two adults, it is assumed that all adults
beyond two are non-working dependents of the first two working adults, and therefore the Standard does not include transportation costs for these adults.

The statewide average cost of auto insurance is calculated using the most recent data from the National Association of Insurance Commissioners (NAIC) 2011 State Averages Expenditures and Premiums for Personal Automobile Insurance. Within state variation in the cost of auto insurance premiums is calculated with sample premiums for three top market share companies in California—State Farm, Allstate, and Mercury—which are published by the California Department of Insurance.

The fixed costs of car ownership such as fire, theft, property damage and liability insurance, license, registration, taxes, repairs, monthly payments, and finance charges are included in the Standard’s account of transportation costs. To estimate private transportation fixed costs, the Standard uses 2012 Consumer Expenditure Survey data for families with incomes between the 20th and 40th percentile living in the U.S. Census West region. The monthly variable costs of owning a car (e.g., gas, oil, tires, and maintenance) are also included in the Standard, and are obtained from the American Automobile Association publication, Your Driving Costs: 2013. The commuting distance is computed from the National Household Travel Survey; and the California statewide average round trip distance for commuting to work is 25.34 miles. However, the cost of purchasing a car, including the loan cost, is not included in the Standard’s transportation costs.

Auto insurance premiums and fixed auto costs are adjusted for inflation using the most recent and area-specific Consumer Price Index.

**DATA SOURCES**


**HEALTH CARE**

The Self-Sufficiency Standard assumes that an integral part of a self-sufficiency wage is employer-sponsored health
insurance for workers and their families. Nationally, 67% of non-elderly individuals in households with at least one full-time worker have employer-sponsored health insurance coverage. In California, 62% of non-elderly individuals in households with at least one full-time worker have employer-sponsored health insurance coverage. Nationwide, employers pay 79% of the insurance premium for the employee and 73% of the insurance premium for the family on average. In California, the full-time worker’s employer pays an average of 82% of the insurance premium for the employee and 74% for the family.

Health care premiums are obtained from the Insurance Component of the 2012 Medical Expenditure Panel Survey (MEPS), produced by the Agency for Healthcare Research and Quality, Center for Financing, Access, and Cost Trends. The MEPS health care premiums are the average employment-based health premium paid by a state’s residents for a single adult and for a family. Health premium costs are adjusted for inflation using the Medical Care Services Consumer Price Index.

In order to calculate intra-state regional variation in health insurance premiums, sample quotes are used from Health Net’s most commonly purchased PPO plan for nine regions in California (see Table 1 for list of regions). A ratio is created between each of the nine regions and the statewide premium to reflect intra-state variation in premium costs.

Health care costs also include regional out-of-pocket costs calculated for adults, infants, preschoolers, school-age children, and teenagers. Data for out-of-pocket health care costs (by age) are also obtained from the MEPS, adjusted by Census region using the MEPS Household Component Analytical Tool, and adjusted for inflation using the Medical Care Consumer Price Index.

Note that while the Standard assumes employer-sponsored health coverage, not all workers have access to affordable health insurance coverage through their employers. Employers will be required to provide health insurance or pay a fine (a mandate that is now set to be in effect in 2015). Those who do not have access to affordable health insurance through their employers, and who are not eligible for the expanded Medicaid program, must purchase their own coverage through California’s Health Benefit Exchange or outside the exchange by March 31, 2014, or pay a fine.

### Table 1. California Counties by Health Net Regions

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<th>REGION 1</th>
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<td>Los Angeles*</td>
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<td>Kings</td>
<td>El Dorado*</td>
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*If a county is included in more than one region an average of the two regions is calculated and applied to that county.

### DATA SOURCES


**MISCELLANEOUS**

This expense category consists of other essential items including clothing, shoes, paper products, diapers, nonprescription medicines, cleaning products, household items, personal hygiene items, and landline telephone service. This does not include entertainment, recreation, savings, charitable contributions or debt repayment.

Miscellaneous expenses are calculated by taking 10% of all other costs except for taxes and tax credits. This percentage is a conservative estimate in comparison to estimates in other basic needs budgets, which commonly use 15%.17

**TAXES**

Taxes include federal and state income tax, payroll taxes, and state and local sales and use tax where applicable. Federal payroll taxes for Social Security and Medicare are calculated at 7.65% of each dollar earned. Although the federal income tax rate is higher than the payroll tax rate, federal exemptions and deductions are substantial. As a result, while payroll tax is paid on every dollar earned, most families will not owe federal income tax on the first $10,000 to $15,000 or more, thus lowering the effective federal tax rate to about 7% for some family types.

California state individual income tax and California state and local sales and use tax are calculated using the tax forms, instructions, and tax rate finders from the California Board of Equalization. California state income tax rates vary from 1.0% to 9.3% depending on the amount of taxable income. California also has local and district level sales taxes in some counties and localities. The total sales and use tax rate in a specific California location includes the sum of the state and local tax rate. Total sales tax in California including state, local, and district taxes vary from 7.5% to 9.0% depending on the county. Indirect taxes (e.g., property taxes paid by the landlord on housing) are assumed to be included in the price of housing passed on by the landlord to the tenant. Taxes on gasoline and automobiles are included as a cost of owning and running a car.

**DATA SOURCES**


**Tax Credits**

The Standard includes federal tax credits (the Earned Income Tax Credit, the Child Care Tax Credit, and the Child Tax Credit) and applicable state tax credits. Federal and state tax credits are shown as received monthly in the Standard.
The Earned Income Tax Credit (EITC), or as it is also 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, meaning working adults may receive the tax credit whether or not they owe any federal taxes. While California does not have a state or local EITC, the City of San Francisco does offer a $125 Working Families Credit (WFC) for qualified low-income families with working adults living in San Francisco. Due to budget cuts, the WFC is currently only available to families that have never received the WFC previously. The WFC program is not a local EITC; however it attempts to raise awareness of benefits available through the federal EITC.18

The Child Care Tax Credit (CCTC), also known as the Child and Dependent Care Tax Credit, is a federal 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 federal tax credit; that is, a family may only receive the CCTC as a credit against federal income taxes owed. Therefore, families who owe very little or nothing in federal income taxes will receive little or no CCTC. A percentage (which decreases as income increases) of up to $3,000 in child care costs is deductible for one qualifying child and up to $6,000 for two or more qualifying children. California has a state Child and Dependent Care Tax Credit that is up to 50% of the federal credit depending on income.

The Child Tax Credit (CTC) is a partially refundable federal tax credit. The CTC provides parents with a deduction of $1,000 for each child under 17 years old or 15% of earned income over $3,000, whichever is less. California does not have a state CTC.

California also has a Renter’s Credit. Single households with an adjusted gross income less than $36,955 are eligible for a $60 credit and married households or head of households with a California adjusted gross income less than $73,910 are eligible for a $120 credit.

DATA SOURCES


EMERGENCY SAVINGS FUND

The Self-Sufficiency Standards are basic needs, no-frills budgets created for all family types in each county in a given state. As such, the Standard does not allow for anything extra beyond daily needs, such as retirement savings, education expenses, or emergencies. Of course, without question families need more resources if they are to maintain economic security and be able to weather through any unexpected income loss. Therefore, new to this Self-Sufficiency Standard update is the calculation of the most universal of economic security needs after basic needs are met at the Self-Sufficiency Standard level—that of savings for emergencies.

The emergency savings amount is calculated to make up for the earnings of one adult becoming unemployed over the average job loss period, less the amount expected to be received in unemployment benefits. In two adult households, it is assumed that the second adult continues to
be employed, so that the savings only need to cover half of
the family’s basic living expenses over the job loss period.
Since the median length of job tenure among California
workers is five years, it is assumed that workers save for job
loss over a course of five years.

To determine the amount of resources needed, this estimate
uses the average period of unemployment and assumes
that the minimal cost of basic needs will stay the same, i.e.,
the family’s Self-Sufficiency Standard. Since the monthly
emergency savings contribution requires additional
earnings, the estimate includes the calculation of taxes
and tax credits of current earnings (at the Self-Sufficiency
Standard). Savings are assumed to have accumulated based
on average savings account interest rates.

The emergency savings calculation is based on all current
expenses in the Self-Sufficiency Standard.19 The adult
may not be commuting to and from work five days a
week; however the overall transportation expenses may
not change significantly. A weekly shopping trip is still a
necessity, as is driving young children to and from child
care. Actively seeking employment requires being available
for job interviews, attending job fairs, and engaging in
networking opportunities, in addition to the time spent
looking for and applying for positions. Therefore, saving
enough to cover the cost of continuing child care if
unemployed is important for supporting active job seeking
as well as the benefit of keeping children in their normal
routine during a time of crisis.

In addition to the income needed to cover the costs of
housing, food, child care and transportation, families
need health insurance. The Self-Sufficiency Standard
assumes that adults work full-time and in jobs that provide
employer-sponsored health insurance. In households with
two adults, it is assumed that if one adult loses employment
the spouse’s health insurance will provide coverage for the
entire family at no additional cost. In a one adult household,
it is assumed coverage will be provided through the state
operated Affordable Insurance Exchanges taking effect as
of 2014 under the Patient Protection and Affordable Care
Act, at approximately the same cost as when employed.20 In
some cases, children, or the whole family, may be covered
under state Medicaid and/or California’s Children Health
Insurance Program, depending upon income, resources,
and eligibility requirements in effect at the time, which
would decrease health care costs below these estimates.21

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IV. ENDNOTES

1. According to the U.S. Bureau of Labor Statistics, both
parents were employed in 59% of two-parent families with
children in 2012. Likewise, 67% of single mothers with
children were employed and 82% of single fathers with
children were employed in 2012. Although about 75% of
employed women with children under 18 years of age worked
full-time in 2012, working part-time is clearly the desirable
option under many circumstances such as when the children
are very young or in need of special care, or when affordable/
appropriate child care is not available. For many low-income
mothers it is equally clear that economic necessity, as well as
the TANF requirements that limit benefits and stipulate that
recipients participate in job searches, preclude this option. U.S.
Characteristics of Families in 2012,” Economic News Releases,

2. The Standard was originally designed to provide
calculations for 70 family configurations, which includes all
one- and two-adult families with from zero to three children
(with four different ages of children). In order to increase the
number of family configurations to encompass larger families,
that is, those with more than two adults and/or more than
three children, Dr. Pearce examined Census data to determine the most common sizes of larger families, and calculated Standards for these families. Once the addition of a particular family configuration added less than 1% to the number of households covered, Dr. Pearce created a “catchall” Standard to cover these remaining larger but relatively rare family types, e.g., one-adult families with six or more children, or families with four or more adults and three or more children.


7. While California reimburses child care providers at the 85th percentile instead of 75th percentile of costs, the state has not updated the reimbursement rates based on the market rate survey. Assembly Bill 1497, which was signed into law on June 27, 2012, maintains the Regional Market Rate ceilings at the 85th percentile of the 2005 Regional Market Rate Survey and the licensed-exempted child care providers ceilings at 60 percent of the Family Child Care Home ceilings effective July 1, 2012. While reimbursement levels have not increased in California, the cost of child care has continued to increase. Since 2008, infant costs increased on average by 60%. Preschool costs have increased by 19% and school-age costs by 25%. California Department of Education, “Reimbursement Ceilings for Subsidized Child Care” http://www3.cde.ca.gov/rcsc/c/ (accessed November 5, 2013).


19. This amount excludes taxes and tax credits (which are in the Standard), as the family would be living on savings, on which taxes/tax credits have already been paid when earned, as described above.


About the Author

Diana M. Pearce, PhD teaches at the School of Social Work, University of Washington in Seattle, Washington, and is Director of the Center for Women’s Welfare. Recognized for coining the phrase “the feminization of poverty,” Dr. Pearce founded and directed the Women and Poverty Project at Wider Opportunities for Women (WOW). She has written and spoken widely on women’s poverty and economic inequality, including testimony before Congress and the President’s Working Group on Welfare Reform. While at WOW, Dr. Pearce conceived and developed the methodology for the Self-Sufficiency Standard and first published results in 1996 for Iowa and California. Her areas of expertise include low-wage and part-time employment, unemployment insurance, homelessness, and welfare reform as they impact women. Dr. 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 PhD degree in Sociology and Social Work from the University of Michigan.
The Insight Center for Community Economic Development, formerly NEDLC, located in Oakland, California, is a national research, consulting, and legal organization dedicated to building economic health and opportunity in low-income communities. The Insight Center was one of four organizations that launched the Family Economic Self-Sufficiency Project, an innovative, nation-wide effort to gain support for proven strategies to help low-income families reach economic self-sufficiency. The Insight Center leads and/or supports economic security initiatives in California and Mississippi. The Self-Sufficiency Standard and the Elder Economic Security Standard Index, a county-and-family specific measure of the costs for retired adults 65+ years, are the primary organizing tools for these initiatives, which include over 400 advocates, service providers, public agencies, policymakers, funders, and grassroots groups committed to building economic security for families, seniors, and the communities in which they live. For more information, call (510) 251-2600 or visit www.insightcced.org.

The Center for Women’s Welfare at the University of Washington School of Social Work is devoted to furthering the goal of economic justice for women and their families. The main work of the Center focuses on the development of the Self-Sufficiency Standard. Under the direction of Dr. Diana Pearce, the Center partners with a range of government, non-profit, women’s, children’s, and community-based groups to research and evaluate public policy related to income adequacy; to create tools to assess and establish income adequacy, and to develop programs and policies that strengthen public investment in low-income women, children, and families. Initially through a partnership with WOW, and now independently, the Center has calculated the Self-Sufficiency Standard for 37 states, New York City, and the District of Columbia. Since 1996, through the reports, projects, and online tools, the Self-Sufficiency Standard has revolutionized the way policies and programs for low-income workers are structured and what it means to be in need in the United States. For more information and access to this data, call (206) 685-5264 or visit www.selfsufficiencystandard.org.