HOW IS THE SELF-SUFFICIENCY STANDARD CALCULATED?

The Self-Sufficiency Standard for California 2018 (or the Standard) defines the amount of income necessary to meet the basic needs of California families, differentiated by family type and where they live. The Standard calculates the costs of six basic needs, plus taxes and tax credits. It assumes the full cost of each need, without help from public subsidies (e.g., public housing, Medicaid, or child care assistance) or private/informal assistance (e.g., unpaid babysitting by a relative or friend, food from food banks, or shared housing). The Standard is calculated for over 700 family types for all 58 California counties.

HOUSING
The Standard uses the most recent fiscal year Fair Market Rents (FMRs), calculated annually by the U.S. Department of Housing and Urban Development (HUD). FMRs, which include utilities (except telephone and cable), are intended to reflect the cost of housing that meets minimum standards of decency. In most cases, FMRs are set at the 40th percentile; meaning 40% of the housing in a given area is less expensive than the FMR. All of California’s FMRs are set at the 40th percentile except those in the San Diego-Carlsbad, CA MSA, which are set at the 50th percentile.

CHILD CARE
Child care includes the expense of full-time care of infants and preschoolers, part-time care of school-age children during the school year, and full-time care during the summer. The cost of child care is calculated from market-rate costs (defined as the 75th percentile) taken from a state-commissioned survey. California has historically set the market rate at the 85th percentile. The child care rates at the 85th percentile are provided in the 2016 data for both center and family child care by county. Rates were updated for inflation using the Consumer Price Index.

FOOD
Food assumes the cost of nutritious food prepared at home based on the U.S. Department of Agriculture Low-Cost 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 does not account for any take-out, fast-food, or restaurant meals, even though, according to the Consumer Expenditure Survey, the average American family spends about 44% of their food budget on food prepared away from home. Geographic differences in food costs within California are varied using Map the Meal Gap data provided by Feeding America.
TRANSPORTATION
Public transportation is assumed if 7% or more of workers use public transportation to get to and from work. The Standard assumes private transportation (a car) in counties where less than 7% of workers commute within county by public transportation. Only three counties have rates of use among commuters that meet the 7% threshold (Alameda, Mono, and San Francisco); only Alameda and San Francisco are calculated using public transportation costs in the Standard. The 2014 California Standard assumed public transit for Contra Costa, Marin, and San Mateo counties, but due to recent shifts in commuting patterns, private transportation has been assumed. Private transportation costs are based on the average costs of owning and operating a car. It is understood that the car(s) will be used for commuting 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 daycare site.

HEALTH CARE
The Standard assumes that an integral part of a Self-Sufficiency Wage is employer-sponsored health insurance for workers and their families. In California, 59% of non-elderly individuals in households with at least one full-time worker have employer-sponsored health insurance. Health care premiums are obtained from the Medical Expenditure Panel Survey (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. In California, the average premium paid by the employee is $96 for a single adult and $402 for a family.

MISCELLANEOUS
This expense category consists of all other essentials including clothing, shoes, paper products, diapers, nonprescription medicines, cleaning products, household items, personal hygiene items, and telephone service. 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% and account for other costs such as recreation, entertainment, savings, or debt repayment.

TAXES AND TAX CREDITS
Taxes calculated in the Standard include federal and state income tax, payroll taxes, and state and local sales tax where applicable. Note that the 2018 Standard reflects the federal tax code changes signed into law in December 2017. The main implications for federal tax calculations in the Standard include the elimination of personal exemptions, the doubling of the standard deduction, and an increase in the Child Tax Credit. The Standard also includes federal tax credits (the Earned Income Tax Credit, the Child Care Tax Credit, and the Child Tax Credit) and applicable state tax credits.

EMERGENCY SAVINGS
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. However, families need more resources if they are to maintain economic security and be able to weather any unexpected income loss. Therefore, the Self-Sufficiency Standard now includes the calculation 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.