THE SELF-SUFFICIENCY STANDARD:
AN INTRODUCTION TO A MULTI-USE TOOL AND MEASURE

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National Community Action Partnership Annual Meeting,
Philadelphia, PA - August 2017
MOLLIE ORSHANSKY DEVELOPED THE OFFICIAL POVERTY MEASURE IN THE 1960S

• But it has become out of date: Even the Census Bureau admits as much, saying:
  • “The official poverty measure should be interpreted as a statistical yardstick rather than a complete description of what people and families need to live”
THE FEDERAL POVERTY MEASURE IS NOW TOO LOW: WHY?

• Orshansky based the Federal Poverty Measure on one cost, food; in the 1960s food was 1/3 of the average family’s budgets, so it is one-third of the federal poverty budget.

• However, since then other costs have risen faster than food, with food now about 13% on average. The Federal Poverty Measure now underestimates the income necessary to meet basic needs.

• to meet basic needs.
THERE ARE OTHER ISSUES WITH THE OFFICIAL POVERTY MEASURE AS WELL...

1 – It has no variation by where one lives
2- It has no variation by family composition (age of children not just number of children & adults).
3 – No implicit or explicit inclusion of “new” costs facing 21st century families in which all adults work – including transportation, child care, taxes/tax credits and health care.
So This Is Why The Self-sufficiency Standard Was Developed, To Meet The Need For A New Standard Of Income Adequacy (One That Actually “Runs”)

![Rusted car frame](image-url)
WHAT IS THE SELF-SUFFICIENCY STANDARD?

Definition of Self-Sufficiency

The Self-Sufficiency Standard defines 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 IS..

• ...a bare-bones family budget, built from the ground up.
• Covers all major needs for modern families where all adults work.
EACH BUDGET ITEM IS VARIED BY:

...Family Composition

• Varies by number of adults and age of children.

...Place

• Costs vary by where one lives: Manhattan, KA vs. Manhattan, NYC
A MARKET BASKET OF GOODS

- Housing
- Child Care
- Food
- Health Care
- Transportation
- Taxes
HOW THE SELF-SUFFICIENCY STANDARD IS CALCULATED

• Wherever possible, the Standard uses government determined amounts that are enough to secure adequate housing, etc.
  • Fair Market Rents for housing & utilities
  • Low-cost food budget from USDA – groceries only, no takeout or restaurant food
  • Child care subsidy level
HOW THE SELF-SUFFICIENCY STANDARD IS CALCULATED (CONT’D)

• Otherwise, uses average expenditures of the second quintile, e.g., for transportation

• Market baskets costs are added, plus 10% for Miscellaneous (clothing, shoes, telephone, personal hygiene, etc.).

• Taxes and tax credits are calculated, using iterative formulas.
SELF-SUFFICIENCY STANDARD EXERCISE
HOW DOES THE SELF-SUFFICIENCY STANDARD COMPARE TO OTHER BENCHMARKS?

Kent County, MD 2016
One Adult, One Preschooler, One School-age Child

<table>
<thead>
<tr>
<th>Welfare: TANF, SNAP and WIC</th>
<th>Federal Poverty Level</th>
<th>Full-Time Minimum Wage*</th>
<th>Lower Living Standard Income Level</th>
<th>Self-Sufficiency Wage</th>
<th>HUD Median Family Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>$12,357</td>
<td>$20,160</td>
<td>$24,577</td>
<td>$18,480</td>
<td>$50,733</td>
<td>$66,870</td>
</tr>
</tbody>
</table>

$53,550 Low income Limit

$38,650 Very Low Income Limit
HOW THE STANDARD IS USED
“The Self-Sufficiency Standard has made poverty more understandable. As people see the real breakdown in costs, they can understand that people in poverty are often those who are working hard and still are not able to pay their own way. They being to see how unfair it is.”

• – Phillip Cole, Executive Director, Ohio Association of Community Action Agencies
FOR CLIENTS: A TOOL FOR COUNSELING & PLANNING

• To learn about local living costs and basic income needs
• To access benefits, by determining eligibility and copayments for benefits
• To strategize pathways to self-sufficiency
• To set long term goals

All of these can be done using online tools, such as the Self-Sufficiency calculator, www.thecalculator.org
“Self-sufficiency looks different for every family—it’s not arbitrary. That’s one reason this report is important for people in poverty, policymakers and employment programs such as ours.”

– Kris Stadelman, CEO of the Workforce Development Council Seattle-King County
“Working hard should move families out of poverty, not keep them poor. The State Self-Sufficiency Standard strategically outlines by county how much employees need to be making in order to break the cycle of dependency and find a path to self-sufficiency.”

— Estelle B. Richman, Secretary of the Pennsylvania Department of Public Welfare
“The Self-Sufficiency Standard illustrates in real terms that low-wage employment does not necessarily generate economic security.”

– Amanda Feinstein, Senior Program Officer, Walter and Elise Haas Fund
TOOL FOR ADVOCATES

“We use the Self-Sufficiency Standard to educate policymakers and the public about the needs of low-income households. It is a very useful and credible tool for examining and contrasting the impacts of budget and policy proposals.”

– Mike Herald, Legislative Advocate, Western Center on Law and Poverty

• To raise consciousness about the real cost of living
• To “make the case” for maintaining or improving safety net programs
• To make the case for living or minimum wage proposals
“We use the Self-Sufficiency Standard to educate policymakers and the public about the needs of low-income households. It is a very useful and credible tool for examining and contrasting the impacts of budget and policy proposals.”

– Mike Herald, Legislative Advocate, Western Center on Law and Poverty
TOOL FOR EVERYDAY USE

Grant Writing

Advocacy

Media

• “The Standard has proven to be an invaluable tool in the fight for social justice.”

– Connie M. Pascale, Legal Services of New Jersey
A TOOL FOR WORKING FAMILIES

“This is a true indicator of what it takes to survive.”

~Karlyn Jorosch, a single mother of three children
BEYOND BASIC NEEDS:
EMERGENCY SAVINGS AND ECONOMIC SECURITY PATHWAYS
THE ROAD TO ECONOMIC SECURITY

The Self-Sufficiency Standard approach to economic security consists of three elements: securing the costs of daily basic needs, creating an emergency savings fund, and choosing the appropriate asset-building Economic Security Pathway(s).

STEP 1: SECURE BASIC NEEDS

HOME + CAR + SHOPPING + TRANSPORT = SELF-SUFFICIENCY STANDARD

STEP 2: CREATE AN EMERGENCY SAVINGS FUND

[Living expenses] - [Unemployment benefit] × [Average job loss] = EMERGENCY SAVINGS FUND

STEP 3: CHOOSE AN ECONOMIC SECURITY PATHWAY

Postsecondary Education + Improved housing Homeownership + Savings for Retirement = LONG-TERM ECONOMIC SECURITY
Once The Basics Are Secured, The Next Steps:

Everyone:

• Emergency Savings

Select Appropriate Economic Security Pathway(s) (ESPs)

• #1 - Education
• #2 - Alternative Housing
• #3 - Retirement
EMERGENCY SAVINGS FUND

• Assumptions:
  • Save enough to cover average job loss length
  • Receive Unemployment Insurance
  • Save over average job tenure
  • Savings accrue interest
  • Health Insurance
Center for Women’s Welfare
...advancing economic justice through research and the Self-Sufficiency Standard

For more information, see

www.selfsufficiencystandard.org

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