

THE SELF-SUFFICIENCY STANDARD FOR NEBRASKA

Press Statement of Diana Pearce

FOR RELEASE: OCTOBER 2010

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The Self-Sufficiency Standard for Nebraska

This month we are releasing *The Self-Sufficiency Standard for Nebraska 2010*. A previous edition of the Nebraska Self-Sufficiency Standard was released in 2002. *The Self-Sufficiency Standard for Nebraska 2010* measures how much income a family of a certain composition in a given place in Nebraska must earn to meet their basic needs, without public or private subsidies. (For example, public subsidies include Medicaid and Section 8 Housing, while private subsidies include doubled-up housing or babysitting by relatives at little or no cost.) This press release briefly describes how the Self-Sufficiency Standard is calculated, how it differs from the federal poverty measure, and some of the findings for Nebraska. Data tables for the Nebraska Standard and a detailed Methodology Appendix are available at <http://www.selfsufficiencystandard.org>.

How is the Self-Sufficiency Standard Calculated?

The Self-Sufficiency Standard is varied by geography and by family composition. The data used in calculating the Standard are calculated using standardized methodology nationwide, obtained from scholarly or credible sources (such as the U.S. Census Bureau), and updated routinely.

The Standard is calculated for 152 different family types for all Nebraska counties, ranging from one adult with no children, to one adult with one infant, one adult with one preschooler, and so forth, up to multi-generational families with several children. The Standard assumes adult household members work full-time and therefore includes major costs associated with employment (taxes, transportation, and child care for families with young children). After the costs of six basic needs are totaled (child care, food, health care, housing, miscellaneous costs, and transportation), taxes and tax credits are calculated.

The result is a set of "bare-bones, no frills" budgets: the food budget has no take-out or restaurant food—not a pizza, Happy Meal, or latte. Likewise, housing costs (which include all utilities except telephone) are generally set at the 40th percentile (based on HUD Fair Market Rents); meaning that 60% of the housing in the area is more expensive and 40% is less expensive. The Standard is the economic equivalent of the minimum daily requirements we see on food packages—the Standard is the minimum needed to adequately meet a family's most basic needs.

How does the Self-Sufficiency Standard differ from the Federal Poverty Level?

While the Federal Poverty Level (FPL) was designed over four decades ago to measure poverty, it is now outdated and inadequate. The Self-Sufficiency Standard (SSS) is designed to measure income adequacy using

the most up-to-date methodology and data available, and to address the shortcomings of the poverty measure. Thus it contrasts sharply with the FPL in several ways:

- ***The SSS Measures the Costs of Families with Working Adults:*** The FPL is based on a demographic model developed in the 1960's, which implicitly assumes that one parent works in a two-parent family and no adults work in a one-parent family. In contrast, the Self-Sufficiency Standard assumes that *all adults work* in one- and two-adult families—both parents in a two-parent family and one parent in a one-parent family. This assumption reflects both the reality of a family's economic choices today as well as the reality of the “work-first” welfare system. This model also necessitates work-related costs such as child care, transportation, and taxes.
- ***The SSS is Built on the Costs of ALL of a Family's Basic Needs:*** The FPL is derived from multiplying the USDA emergency food budget by three (when the Federal Poverty Level was created, families spent an average of one-third of their budget on food). In contrast, the Self-Sufficiency Standard is *built from the ground up*, using costs for all of a family's major basic needs—housing, child care, food, health care, miscellaneous items, transportation, and taxes—to determine what a minimally adequate income is for a given family, in a given place.
- ***The SSS Varies Geographically:*** With the exception of Hawaii and Alaska, the FPL is the same everywhere in the country—the same number in New York City as in Lincoln, Nebraska. In contrast, the Standard *varies geographically*, not only by state, but also by *county*, reflecting the real variation in the cost of living in different places. The Self-Sufficiency Standard for Nebraska has been calculated for all 93 counties.
- ***The SSS Varies by the Age as well as Number of Children:*** The FPL assumes the same costs for all children, regardless of age. The Self-Sufficiency Standard varies costs based on the age of children, which is particularly important for child care, as well as health care and food costs. The Standard has four age categories for children: infants, preschoolers, school-age children, and teenagers.

How Much Does it Cost to Meet Basic Needs in Nebraska?

The Self-Sufficiency Standard varies by family type and location across Nebraska. For example, a single adult living in Holt or Boyd County, the two least expensive counties in Nebraska for single adults, requires \$6.68 per hour (\$14,111 annually) to meet his/her needs at a minimum level. However, in Sarpy County, the most expensive county in Nebraska, a single adult needs \$8.70 per hour (\$18,377 annually) to meet the same level of basic needs.

Families with children require substantially more resources. A single parent with a preschooler living in Holt or Boyd County requires a full-time wage of \$11.59 per hour (\$24,479 annually) to meet the total expenses of her family's basic needs. In Sarpy County a single adult with a preschooler requires a wage of \$17.26 per hour (\$36,459 annually). The Self-Sufficiency Wage for a two-parent working family with a preschooler and a school-age child is \$8.67 per hour for *each* parent (\$36,620 annually) in Boyd or Holt County, and is \$12.27 per hour for *each* parent (\$51,824 annually) in Sarpy County.

Conclusion

The Self-Sufficiency Standard documents the income required for families to live independently, without public or private assistance. The Self-Sufficiency Standard shows that, for most parents, earnings that are well above the official Federal Poverty Level are nevertheless far below what is needed to meet their

families' basic needs. The Standard tells us that families have a hard time meeting basic expenses not because they lack responsibility, work ethic, or budgeting skills, but because they lack enough income to cover the cost of basic needs. The rising costs of housing, child care, and health care; the lack of education and skills; welfare time limits; and restrictions on training and education all add to the problems faced by many parents seeking self-sufficiency.

Reaching Self-Sufficiency involves many stakeholders, not just parents working or employers paying adequate wages and benefits, but also policies and programs that help reduce costs and/or raise resources. The Self-Sufficiency Standard is currently being used to better understand issues of income adequacy, to analyze policy, and to help individuals striving for self-sufficiency. Community organizations, academic researchers, policy institutes, legal advocates, training providers, community action agencies, and state and local officials, among others, are using the Self-Sufficiency Standard.

***The Self-Sufficiency Standard for Nebraska 2010*, including specific information for 152 family types and for each county in Nebraska, is available at www.selfsufficiencystandard.org.**

For further information about how the Standard is calculated or the findings, please contact Dr. Diana Pearce, at 206-616-2850 (work), 206-852-3759 (cell), or at pearce@uw.edu or visit www.selfsufficiencystandard.org.