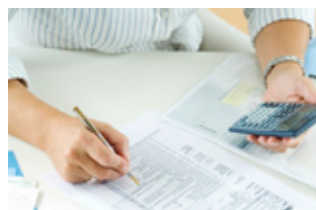




# THE SELF-SUFFICIENCY STANDARD FOR NEW YORK CITY 2010

Prepared for  
The Women's Center for Education and Career Advancement



## The Women's Center for Education and Career

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# THE SELF-SUFFICIENCY STANDARD FOR NEW YORK CITY 2010

By Diana M. Pearce, PhD • June 2010

DIRECTOR, CENTER FOR WOMEN'S WELFARE  
UNIVERSITY OF WASHINGTON SCHOOL OF SOCIAL WORK

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PREPARED FOR THE WOMEN'S CENTER FOR EDUCATION AND CAREER ADVANCEMENT

*The Self-Sufficiency Standard for New York City 2010*

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Wider Opportunities for Women

## 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.

## About the Center for Women's Welfare

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
- create tools to assess and establish income adequacy
- develop programs and policies that strengthen public investment in low-income women, children, and families.

For more information about the Center's programs, or work related to the Self-Sufficiency Standard, call (206) 685-5264. This report and more can be viewed at <http://www.selfsufficiencystandard.org>.

## Preface

*The Self-Sufficiency Standard for New York City 2010* measures how much income a family of a certain composition in a given place must earn to meet their basic needs. Employers, advocates, and legislators can use it to evaluate wages, provide career counseling, and create programs that lead to self-sufficiency for working families.

The 2010 New York City Self-Sufficiency Standard is the third edition for New York City. The Women's Center for Education and Career Advancement arranged for this and the previous editions of *The Self-Sufficiency Standard for New York City 2010*. The first version was published in 2000 and the second edition was published in 2004. As with all Self-Sufficiency Standard reports, this report was authored by Dr. Diana M. Pearce and produced by the Center for Women's Welfare at the University of Washington. This report, including county specific information for more than 70 family types, is available online at <http://www.selfsufficiencystandard.org> and at <http://www.wceca.org>. Hardcopies of this report may be ordered by calling the Women's Center for Education and Career Advancement at (212) 964-8934.

Dr. Diana Pearce developed the Self-Sufficiency Standard while she was the Director of the Women and Poverty Project at Wider Opportunities for Women (WOW). The Ford Foundation provided funding for the Standard's original development. WOW established the national Family Economic Self-Sufficiency (FESS) Project in 1996 in partnership with the Ms. Foundation for Women, the Corporation for Enterprise Development, and the National Economic Development and Law Center. Over 2,500 community- and state-based organizations and agencies, representing a broad range of sectors, are connected through the FESS Project network.

Over the past 14 years, the Standard has now been calculated in 37 states and the District of Columbia as well as this report on 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. At the national level, WOW has led work on the incorporation of the Self-Sufficiency Standard and the concept of self-sufficiency in federal law and policy, such as in workforce training and "green jobs" programs. For more information about the FESS Project, visit the website: <http://www.wowonline.org/ourprograms/fess> or by contacting the Family Economic Self-Sufficiency Project Director Donna Addikson at (202) 464-1596.

# Acknowledgements

*The Self-Sufficiency Standard for New York City 2010* has been prepared through the cooperative efforts of Liesl Eckert, Sarah Lowry, and Lisa Manzer at the University of Washington, Center for Women's Welfare and Merble Reagon of the Women's Center for Education and Career Advancement.

The Women's Center for Education and Career Advancement also would like to thank the following people and agencies for their assistance and support in the development of *The Self-Sufficiency Standard for New York City 2010*: Mimi Abramovitz, Hunter College School of Social Work; Juanita Ayala, United Way of New York City; Nancy Biberman, Women's Housing and Economic Development Corporation; Darwin Davis, Black Equity Alliance; Jacqueline Ebanks, New York Women's Foundation; Jack Krauskopf, Baruch College School of Public Affairs; Mark Levitan, New York City Center for Economic Opportunity; Nicole Mason, New York University, Wagner Graduate School of Public Service; Michele Mattingly, Fiscal Policy Institute; Ana Oliveira, New York Women's Foundation; Greg Richane, Federation of Protestant Welfare Agencies; and Patricia White, New York Community Trust.

A number of other people have also contributed to the development of the Standard, its calculation, and/or the writing of state reports over the last decade. Jennifer Brooks, Maureen Golga, and Kate Farrar, former Directors of Self-Sufficiency Programs and Policies at WOW, have been key to the development of initiatives that promote the concept of self-sufficiency and the use of the Standard, and were instrumental in facilitating and nurturing Family Economic Self-Sufficiency (FESS) state coalitions. Additional past contributors to the Standard have included Laura Henze Russell, Janice Hamilton Outtz, Roberta Spalter-Roth, Antonia Juhasz, Alice Gates, Alesha Durfee, Melanie Lavelle, Nina Dunning, Maureen Newby, and Seook Jeong.

The Self-Sufficiency Standard was originally developed by Dr. Diana Pearce, while serving as Director of the Women and Poverty Project at Wider Opportunities for Women (WOW). The Ford Foundation provided funding for the Standard's original development.

The conclusions and opinions contained within this document do not necessarily reflect the opinions of those listed above. Any mistakes are the author's responsibility.

## Executive Summary

*The Self-Sufficiency Standard for New York City 2010* provides a detailed measure of what it takes to make ends meet in New York City without public or private assistance. The Self-Sufficiency Standard is calculated based on the costs of six basic needs for working families: housing, child care, food, health care, transportation, and miscellaneous items as well as the cost of taxes and the impact of tax credits.

This report begins with an explanation of how the Self-Sufficiency Standard measures income inadequacy. The report leads readers through a description of what a self-sufficient wage is for New York City families, how the New York City Standard compares to other commonly used benchmarks of income, and how it compares to other cities in the United States. For families without an adequate income, this report models how public supports, such as child care assistance, can be a valuable resource to help families cover their basic needs as they move towards self-sufficiency. This report concludes with a discussion of how the Self-Sufficiency Standard can be used in New York City as a tool to aid with counseling clients, to evaluate program performance, to inform policy making, and to improve poverty research. Appendix C of this report provides detailed tables of the costs of meeting basic needs and the Self-Sufficiency Wages for eight selected family configurations for each New York City borough. The extended version of the same tables—for 70 different family configurations in every borough—is available at <http://www.wceca.org> and <http://www.selfsufficiencystandard.org/pubs.html>.

Below are several key findings from *The Self-Sufficiency Standard for New York City 2010*:

- Within New York City, the amount needed to be economically self-sufficient varies considerably by borough. A family with one adult, one preschooler, and one school-age child living in The Bronx needs to earn \$5,078 per month while in South Manhattan it takes \$7,629 per month to be self-sufficient.

### The Self-Sufficiency Standard for New York City, 2010 One Adult, One Preschooler, and One School-age Child, all Boroughs

	THE BRONX	BROOKLYN	NORTH MANHATTAN	SOUTH MANHATTAN	QUEENS	STATEN ISLAND
HOURLY	\$28.85	\$29.91	\$27.38	\$43.35	\$31.22	\$31.11
MONTHLY	\$5,078	\$5,264	\$4,819	\$7,629	\$5,495	\$5,475
ANNUAL	\$60,934	\$63,166	\$57,831	\$91,552	\$65,943	\$65,695

- The Standard also varies depending on how many adults and children are in a family and the age of each child. One adult with no children in Brooklyn needs to earn a monthly income of \$2,364 to meet basic needs. If the adult has a preschooler and a school-age child, the amount necessary to be economically secure increases to \$5,264 per month. For families with young children, the combined cost of housing and child care typically make up at least 50% of the family's budget.
- Over the past decade the cost of meeting basic needs in New York City has increased considerably while median earnings among New York City workers has increased at a much lower rate. Just one of New York City's ten most common occupations—registered nurses—pays median earnings that are above the Self-Sufficiency Standard for a one adult, one preschooler, and one school-age child family in Brooklyn.

As New York City recovers from the current recession, long-term economic prosperity will require responsible planning to put New York City workers on the path to self-sufficiency. A strong economy will mean good jobs that pay Self-Sufficiency Standard wages and a workforce with the skills necessary to fill those jobs. *The Self-Sufficiency Standard for New York City 2010* defines the income needed to realistically support a family, without public or private assistance. The Self-Sufficiency Standard shows that earnings well above the official Federal Poverty Level are nevertheless far below what is needed to meet families' basic needs in New York City. By publishing the Standard in New York City, the Women's Center for Education and Career Advancement demonstrates a commitment to utilizing the best tools to ensure New York City families and individuals achieve real self-sufficiency.

# Table of Contents

Introduction	•	1
How the Self-Sufficiency Standard is Calculated	•	4
How Much is Enough in New York City?	•	6
Comparing the Standard to Other Benchmarks of Income	•	10
Comparison of the Standard for NYC to Other U.S. Cities	•	12
The Self-Sufficiency Wage Over Time	•	13
Modeling the Impact of Work Supports	•	15
Closing the Gap Between Wages and the Standard	•	24
How the Self-Sufficiency Standard Has Been Used	•	29
Conclusion	•	32
Endnotes	•	33
Appendix A: Methodology, Assumptions and Sources	•	36
Appendix B: Examples of How the Standard Has Been Used	•	45
Appendix C: The Self-Sufficiency Standard for Select Family Types in New York City	•	51
Appendix D: Federal Approaches to Measuring Poverty	•	55
Appendix E: Impact of Work Supports on Wage Adequacy	•	59



## Introduction

Even before the current economic crisis, the American economy was in the third decade of stagnating wages and widening income inequality. As a result, millions of parents find that even with full-time jobs they are unable to stretch their wages to pay for basic necessities. Many of these families lack enough income to meet the rising costs of food, housing, transportation, health care, and other essentials.

To properly describe the growing gap between sluggish wages and ever increasing expenses requires an accurate measure of income adequacy. The Self-Sufficiency Standard represents such a measure. The Standard tracks and calculates the true cost of living facing American families, illuminating the economic “crunch” experienced by so many families today.<sup>1</sup>

*The Self-Sufficiency Standard for New York City 2010* defines the amount of income necessary to meet the basic needs of specific family types in each borough of New York City. The Standard calculates the costs of six basic needs and includes the impact of taxes and tax credits. It assumes the full costs 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 Self-Sufficiency Standard not only provides a measure of income adequacy, but it is also a versatile and useful tool in promoting family economic security. The Standard provides the means to analyze which costs are contributing most to family budget constraints, as well as which programs and policies are helping families make ends meet. The result is a comprehensive, credible, and user-friendly tool to measure income adequacy in New York City.

*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.*

It has been a decade since the first Self-Sufficiency Standard for New York City was calculated. First published in 2000 and then 2004, the 2010 report represents the third edition of the Self-Sufficiency Standard for New York City. This 2010 edition includes an updated and more user-friendly format; incorporates data improvements, such as the ability to delineate food costs on a more geographically specific basis than previously available; and provides an analysis of how the cost of basic needs have been trending over time. In addition to New York City, the Standard has now been calculated for 37 states and the District of Columbia, making the Standard an accessible tool for people to use across the country as well as comparable across places and time. Throughout the last decade, the cost of meeting basic needs remained higher in New York City than in most other areas of the country.

*The Self-Sufficiency Standard for New York City 2010* is one of the best tools available to help ensure New York City families and individuals achieve real economic security. The introduction of this report explains the unique features of the Self-Sufficiency Standard and how it is calculated. The main body of the report identifies self-sufficient income for New York City families, indicates how the Standard varies by family type and borough and compares it to other common benchmarks of well-being and to other places across the United

States. The report also shows how New York City Standards have changed over the past decade; and, how work supports can help families move toward self-sufficiency. The report concludes with a discussion of strategies for closing the gap between prevailing wages and the Self-Sufficiency Standard, as well as ways of using the Standard to inform policy making, counsel clients, evaluate programs, and improve poverty research.

This report also has several appendices. Appendix A provides a detailed description of the data and sources used to calculate the Standard. Appendix B expands upon the versatile uses of the Standard. Appendix C provides detailed tables of the Self-Sufficiency Standard for eight select family types in each borough in New York City. Appendix D explains federal approaches to measuring poverty and shows the New York City Self-Sufficiency Standard for select family types as a percentage of the Federal Poverty Level. Lastly, Appendix E shows the data behind the figure: *Impact of Work Supports on Wage Adequacy*.

## A REAL-WORLD APPROACH TO MEASURING NEED

The Self-Sufficiency Standard is a unique measure of income adequacy that uses a modern and comprehensive approach to determine what it takes for today’s families to make ends meet. The key elements of this method are:

**MARKET BASKET PRICING.** The Standard is calculated based on the real costs of ALL major budget items families encounter today: housing, child care, food, health care, transportation, miscellaneous items, and taxes.

**A STANDARD FOR WORKING FAMILIES.** 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. Paid employment is the norm for the majority of families today in the United States.<sup>2</sup>

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

**VARIATION BY FAMILY COMPOSITION.** The Standard varies not only by the number of children, but also by the age of children because costs of basic needs vary considerably depending on 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.

**INCLUSION OF TAXES AND TAX CREDITS.** The Standard includes the net effect of taxes and tax credits, 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 overall impact of taxes and tax credits (transfers) on income when evaluating the adequacy of a given wage for a given family.

## MORE THAN WAGES ALONE

Individuals or families who attain Self-Sufficiency Standard-level wages are on the road to economic independence and do not have to choose between basic necessities (such as child care versus nutritious food, or adequate housing versus health care). At the same time, the Standard is a *conservative measure*. That is, it only provides the minimum to meet daily needs, and does not include any allowance for long-term needs (such as savings or college tuition), credit card or other debt repayment, purchases of major items (such as a car or refrigerator), or emergency expenses. It is a “bare bones” budget that provides the minimum income, not the average, to meet each basic need. Costs are set at a minimally adequate level to be self-sufficient, with no extras. For example, the food budget has no take-out or restaurant food, not even a pizza. Using the Self-Sufficiency Standard, a given family’s income is deemed inadequate if it falls below the Standard for their family type and location. However, we urge users of the Standard to think in terms of “wage adequacy.” That is: *How close is a given wage to the Standard?* For example, if the Standard for a certain family type in a given place is \$20 per hour, but the adult supporting the family only earns \$10 per hour, then the latter wage has a “wage adequacy” level of only 50%.

Despite the Standard’s use of income thresholds, a family may not always achieve economic self-sufficiency with wages alone, or even with wages and benefits together.

INDIVIDUALS OR FAMILIES WHO ATTAIN SELF-SUFFICIENCY STANDARD-LEVEL WAGES ARE ON THE ROAD TO ECONOMIC INDEPENDENCE AND DO NOT HAVE TO CHOOSE BETWEEN BASIC NECESSITIES. . .

Self-sufficiency can require more than a job with a certain wage and benefits at one point in time. True self-sufficiency encompasses long-term economic security, making it a larger goal toward which to strive as well as a process in which to engage. As one person put it, “Self-sufficiency is a road I’m on.”<sup>3</sup>

Key to self-sufficiency is access to education, training, and jobs that provide real potential for skill development and career advancement over the long-term. Most individuals cannot achieve self-sufficiency through stopgap measures or in a single step, but require assistance, guidance, and/or transitional work supports to become self-sufficient over time. While meeting basic needs often seems more urgent than access to education and training, true long-term self-sufficiency increasingly requires human capital investments

that enhance skills as well as improve access to jobs with career potential. In today’s economy, one cannot easily sustain self-sufficiency without a technologically advanced and broad-based education, which can provide the flexibility to move into new, innovative, or nontraditional jobs and careers. Writ large, self-sufficiency also requires an economy that continues to expand and grow with new jobs that provide self-sufficiency wages and benefits as well as opportunities to advance.

Although the Self-Sufficiency Standard determines a wage that is adequate *without* public benefits, this does not imply that such work supports are inappropriate or unnecessary for New York City families. For families who have not yet achieved “wage adequacy,” public subsidies for high-cost necessities such as child care, health care, and housing are frequently the only means to adequately meet basic needs. Indeed, many families in New York City rely on these supports to fill the gap between wages and basic needs. Nor does the Self-Sufficiency Standard imply total independence or self reliance as goals for families at any income. Rather, interdependence with community institutions, informal networks of friends, extended family, and neighbors enable many families to meet both their non-economic and economic needs.

## How the Self-Sufficiency Standard is Calculated

Several different criteria are required to make the Standard as consistent and accurate as possible, yet varied by geography and family composition. 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
- calculated to be enough to meet the given need at a minimally adequate level, usually by or for a government aid agency
- updated routinely
- geographically- and/or age-specific, as appropriate

The Self-Sufficiency Standard is calculated for 70 different family types for all five boroughs within New York City. Family types range from one 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. While these families represent the majority of households, the Standard can also be calculated for larger and multi-generational families.

The Self-Sufficiency Standard assumes adult household members work full-time *and therefore includes all major costs associated with employment for every adult household member* (i.e., taxes, transportation, and child care for families with young children). The data components of the Standard and the assumptions included in the calculations are described below. For more detailed information on the methodology of the Self-Sufficiency Standard, assumptions included in the calculations, and New York City specific data sources, please see Appendix A: *Methodology, Assumptions and Sources*.

**HOUSING.** For housing costs, the Standard uses the most recent Fair Market Rents (FMRs), which are calculated annually by the U.S. Department of Housing and Urban Development (HUD) for each state’s metropolitan and nonmetropolitan areas. FMRs include utilities (except telephone and cable) and reflect the cost of housing that meets basic standards of decency. In most cases, FMRs are set at the 40th percentile, meaning that 40% of the housing in a given area is less expensive than the FMR.

Since HUD calculates only one set of FMRs for an entire metropolitan area, in multiple county metropolitan areas the Standard uses median gross rents from the U.S. Census Bureau’s American Community Survey (ACS) to calculate the housing costs of the individual counties. In addition, the Standard uses the 2008 New York City Housing and Vacancy Survey to vary housing costs for North Manhattan and South Manhattan (New York County).

**CHILD CARE.** To calculate the cost of child care, the Standard assumes market-rate costs (defined as the 75th percentile) by setting, age, and geographic location. Most states, including New York State, conduct or commission market-rate surveys for setting child care assistance reimbursement rates.

The Standard assumes infants (children 0 through 2 years old) receive child care in regulated family day care. Preschoolers (children 3 to 5 years old) are assumed to receive care in a child care center. Costs for school-age children (6 to 12 years old) assume they receive care before and after school (part-time).

**FOOD.** The Standard uses the U.S. Department of Agriculture (USDA) Low-Cost Food Plan for food costs. The Low-Cost Food Plan was designed to meet minimum nutritional standards using realistic assumptions about food preparation time and consumption. However, it is still a very conservative estimate of food costs. For instance, the Low-Cost Food Plan does not allow for any take-out, fast-food, or restaurant meals.

To vary costs within states, geographic differences in food costs are calculated using the ACCRA Cost of Living Index, published by the Council for Community and Economic Research.

**TRANSPORTATION.** If there is an “adequate” public transportation system in a given area, the Standard assumes workers use public transportation to get to and from work. A public transportation system is considered “adequate” if it is used by 7% or more of the working population in a given county. The cost of public transportation is calculated based on the price of a monthly adult pass. New York City has more than 7% public transportation use in all boroughs,

therefore all transportation costs in New York City are based on the cost of public transportation.

**HEALTH CARE.** The Standard assumes that an integral part of a Self-Sufficiency Wage is employer-sponsored health insurance for workers and their families. The average health care premiums paid by workers are from the national Medical Panel Survey (MEPS) and vary for single adults and for a family. To vary premium costs by regions, the Standard uses sample insurance rates from the New York State Department of Insurance. Health care costs also include regional out-of-pocket costs calculated for adults, infants, preschoolers, school-age children, and teenagers 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.

**MISCELLANEOUS.** Miscellaneous expenses are calculated by taking 10% of all other costs. 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. It does not allow for recreation, entertainment, savings, or debt repayment.

**TAXES.** Taxes include federal and state income tax, payroll taxes, and state and local sales taxes where applicable. Additionally, the Standard includes federal, state, and local tax credits. Tax credits calculated for the New York City Self-Sufficiency Standard include: the federal, state, and city Child and Dependent Care Tax Credit (referred to in the Standard as the Child Care Tax Credit or CCTC); the federal, state, and city Earned Income Tax Credit (EITC); the federal and state Child Tax Credit (CTC); the federal Making Work Pay Tax Credit (MWPTC); the state and city Household Credit; and the city School Tax Credit. Note that property taxes are assumed to be included in the cost of housing.

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**FOR MORE DETAILED INFORMATION ON THE METHODOLOGY OF THE SELF-SUFFICIENCY STANDARD, ASSUMPTIONS INCLUDED IN THE CALCULATIONS, AND NEW YORK CITY SPECIFIC DATA SOURCES, PLEASE SEE APPENDIX A: METHODOLOGY, ASSUMPTIONS AND SOURCES.**

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## How Much is Enough in New York City?

The Self-Sufficiency Standard varies by both family type and by geographic location because the amount of money families need to be economically self-sufficient depends on family size, composition, children’s ages, and the geographic region of residence. This section of the report uses examples from The Bronx (Bronx County), Brooklyn (Kings County), and Staten Island (Richmond County) to present an overview of how much is enough to be economically self-sufficient in New York City.

**THE STANDARD FOR SELECT FAMILY TYPES.** To illustrate how a Self-Sufficiency Standard is calculated, **Table 1** shows the monthly expenses and the Self-Sufficiency Wages in The Bronx for four family types: one adult, one adult with one preschooler, one adult with one preschooler and one school-age child, and two adults with one preschooler and one school-age child.

In The Bronx, a single adult needs to earn \$12.56 per hour to be able to meet her basic needs. With the addition of a preschooler, the amount needed to be self-sufficient nearly doubles to \$23.39 per hour. The additional earnings cover the cost of a larger housing unit (two bedrooms), the cost of full-time child care, as well as increases in other expenses. When a school-age child is added to families with one adult and one preschooler, the Self-Sufficiency Wage increases to \$28.85 per hour to cover increased child care, food, and health care costs (housing costs do not increase because the Standard assumes that up to two children or two adults share a bedroom). One adult with one preschooler and one school-age child living in The Bronx needs to earn wages that are four times the minimum wage of \$7.25 per hour.<sup>4</sup>

When a second adult is added to the household, creating a family type of two adults and two children—a preschooler

**Table 1. The Self-Sufficiency Standard for Select Family Types\***  
*Monthly Expenses and Shares of Total Budgets*  
The Bronx (Bronx County), NYC SSS\*\* 2010

MONTHLY COSTS	ONE ADULT		ONE ADULT, ONE PRESCHOOLER		ONE ADULT, ONE PRESCHOOLER, ONE SCHOOL-AGE		TWO ADULTS, ONE PRESCHOOLER, ONE SCHOOL-AGE	
	COSTS	%	COSTS	%	COSTS	%	COSTS	%
Housing	\$1,027	46	\$1,142	28	\$1,142	22	\$1,142	21
Child Care	\$0	0	\$933	23	\$1,428	28	\$1,428	26
Food	\$326	15	\$494	12	\$741	15	\$1,019	18
Transportation	\$89	4	\$89	2	\$89	2	\$178	3
Health Care	\$166	8	\$419	10	\$444	9	\$517	9
Miscellaneous	\$161	7	\$308	7	\$384	8	\$428	8
Taxes	\$476	22	\$899	22	\$1,150	23	\$1,144	21
Earned Income Tax Credit (-)	\$0	0	\$0	0	\$0	0	\$0	0
Child Care Tax Credit (-)	\$0	0	(\$50)	-1	(\$100)	-2	(\$100)	-2
Child Tax Credit (-)	\$0	0	(\$83)	-2	(\$167)	-3	(\$167)	-3
Making Work Pay Tax Credit (-)	(\$33)	-2	(\$33)	-1	(\$33)	-1	(\$67)	-1
<b>TOTAL PERCENT</b>		<b>100</b>		<b>100</b>		<b>100</b>		<b>100</b>
<b>SELF-SUFFICIENCY WAGE</b>								
<b>HOURLY***</b>	<b>\$12.56</b>		<b>\$23.39</b>		<b>\$28.85</b>		<b>\$15.69</b>	per adult****
<b>MONTHLY</b>	<b>\$2,211</b>		<b>\$4,117</b>		<b>\$5,078</b>		<b>\$5,522</b>	combined****
<b>ANNUAL</b>	<b>\$26,536</b>		<b>\$49,409</b>		<b>\$60,934</b>		<b>\$66,268</b>	combined****

\* The Standard is calculated by adding expenses and taxes and subtracting tax credits. The “Taxes” row includes federal and state income taxes, payroll taxes, state and local sales tax, and local area tax credits.

\*\* Self-Sufficiency Standard is abbreviated as SSS in some of the tables and figures in this report.

\*\*\* The hourly wage is calculated by dividing the monthly wage by 176 hours (8 hours per day times 22 days per month).

\*\*\*\* The hourly wage for families with two adults represents the hourly wage that each adult would need to earn, while the monthly and annual wages represent both parents’ wages combined.

Note: Totals may not add exactly due to rounding.

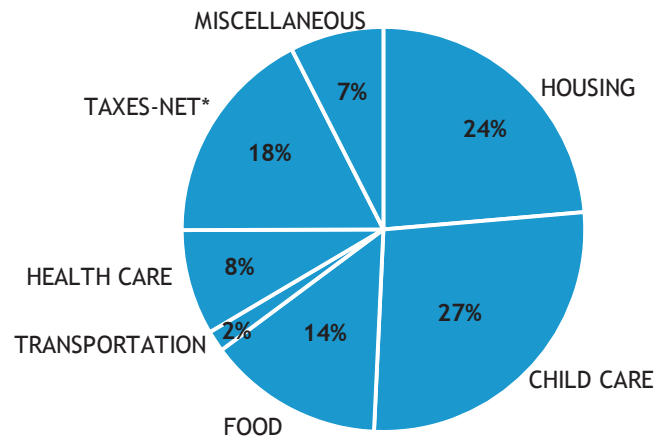
and a school-age child—the costs for basic needs such as food, transportation, and health care increase. However, because the Standard assumes both adults work full-time, each adult must earn \$15.69 per hour to meet the family’s needs.

In addition to the basic expenses such as housing and child care, the Self-Sufficiency Standard includes taxes and tax credits in the calculation of the Self-Sufficiency Wage. For example, in Table 1 families with one adult and one preschooler in The Bronx qualify for three federal tax credits: a Child Care Tax Credit of \$50 per month, a Child Tax Credit of \$83 per month, and a Making Work Pay Tax Credit of \$33 per month. These tax credits are subtracted from the other expenses and taxes to calculate the Self-Sufficiency Wage. (State and local tax credits are calculated and accounted for in the Taxes row of the tables.)

Appendix C of this report shows the monthly expenses, taxes, tax credits, and Self-Sufficiency Wages for eight different family types for each borough in New York City.

**PERCENTAGE OF THE STANDARD REQUIRED TO MEET EACH BASIC NEED.** Figure 1 shows the proportion of income necessary to meet each basic need for families with one adult, one preschooler, and one school-age child in Brooklyn. Each monthly expense is shown as a percentage of the total income necessary for this family type to be self-sufficient. Families with two children (when one is under school-age) generally spend about half their income on housing and child care expenses alone. For this family type in Brooklyn, housing accounts for 24% and child care accounts for 27% of the family’s monthly costs. Indeed, over half (51%) of this family type’s income is spent on child care and housing alone. Net taxes also account for a large proportion of this family’s monthly expenses, at 18%. Note that this tax percentage includes tax credits as if they were received monthly, although credits are generally not received until the following year when taxes are filed. If it were assumed, as is generally the case for most families, that tax credits are received annually in a lump sum, then the monthly tax burden for this family in Brooklyn would be slightly higher, at 22% of the total costs. The cost of food

**Figure 1. Percent of the Self-Sufficiency Standard Needed to Meet Basic Needs**  
*One Adult, One Preschooler, and One School-age Child*  
Brooklyn (Kings County), NYC SSS 2010



**TOTAL MONTHLY SELF-SUFFICIENCY WAGE = \$5,264**

\*Percentages include the net effect of taxes and tax credits. Thus, the percentage of income needed for taxes is actually 22%, but with tax credits, the amount owed in taxes is reduced to 18%. Please see the text for an explanation of the treatment of tax credits in the Modeling the Impact of Work Supports section.

is 14% of this family’s total income, which is lower than the 33% assumed by the methodology of the Federal Poverty Level, and similar to the national average expenditure on food, which was 13% in 2008.<sup>5</sup>

Other expenses account for smaller shares of the Standard:

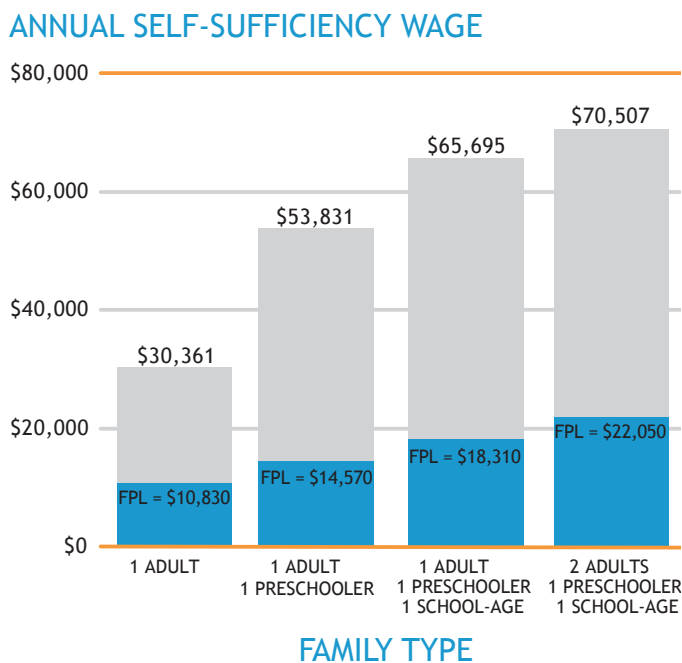
- **Health care** makes up 8% of this family type’s expenses. The calculation for health care assumes employers both provide health insurance for families and pay 78% of the premium (the average proportion paid by New York state employers for family coverage).<sup>6</sup> For New York families who do not have employer-sponsored health insurance, the total income needed to be self-sufficient would increase and health care costs would likely account for a greater proportion of the family budget than shown in Figure 1.
- **Transportation** costs account for just 2% of total monthly costs. The Standard for Brooklyn, as well as all other boroughs in New York City, is calculated assuming workers use public transportation to get to and from work, child care, and for other trips.
- **Miscellaneous** items (such as clothing and household items) make up 7% of household costs. Note that

miscellaneous expenses are calculated as 10% of basic costs before taxes and tax credits. As demonstrated in Figure 1, after including taxes and tax credits into the calculation of the Self-Sufficiency Wage, miscellaneous expenses make up a smaller proportion of the total budget needed.

**THE STANDARD FOR SELECT FAMILY TYPES COMPARED TO THE FEDERAL POVERTY LEVEL.**

Figure 2 uses Staten Island to provide another illustration of how the Self-Sufficiency Wage varies by family type as well as how the Standard compares to the Federal Poverty Level. The bar chart shows that single adults in Staten Island need an annual income of \$30,361 to be self-sufficient, while single adults with one preschooler must earn \$53,831 per year. The amount needed to be self-sufficient increases by over \$23,000 annually for a family with one adult and one preschooler. Families with one adult and two children—one preschooler and one school-age child—must earn \$65,695 per year to meet their basic needs. With the addition of a second adult—for a family type of two adults, one preschooler, and one school-age child—the total income necessary to meet their basic needs is \$70,507 per year in Staten Island.

Figure 2. The Self-Sufficiency Standard for Select Family Types Staten Island (Richmond County), NYC SSS 2010



For further explanation of how the Self-Sufficiency Standard compares to the Federal Poverty Level, see *Appendix D: Federal Approaches to Measuring Poverty.*

The Federal Poverty Level is considerably lower than the Self-Sufficiency Wage for each of these family types. The FPL starts at \$10,830 for one adult, which is about \$20,000 less than the Self-Sufficiency Wage for one adult in Staten Island. With the addition of each family member, the FPL increases by \$3,740 per year; however, the Standard varies by family composition and therefore does not increase by a constant factor for each additional family member, but rather varies by whether this person is an adult or child, and for children, by age. For instance, the Self-Sufficiency Standard for a single adult with a preschooler is nearly \$24,000 more per year than the Standard for a single adult, an amount that is more than six times the FPL increase of \$3,740 per additional family member. The much larger increase in the Self-Sufficiency Standard reflects the substantial cost of adding a young child to a household, including child care, housing, health care, and a subsequent increase in taxes reflecting the total higher monthly costs. The further addition of a school-age child to a family with one adult and one preschooler adds about \$12,000 annually to the Self-Sufficiency Wage. With the second child this family in Staten Island is eligible for higher tax credits, which partially offset the increase in costs for child care, health care, and food. Adding a second adult to the family type of one adult with one preschooler and one school-age child increases the Self-Sufficiency Wage by about \$5,000, similar to the increase accounted for in the FPL; however the FPL for a four-person family is about 31% of the Self-Sufficiency Standard for a family with two adults, a preschooler, and a school-age child.

**GEOGRAPHIC VARIATION IN THE STANDARD.**

In addition to varying by family composition, the Self-Sufficiency Standard also varies by geographic location. Table 2 shows the variation in the monthly cost of each basic need and the Self-Sufficiency Wage for one adult and one preschooler in each borough. The map in Figure 3 visually displays the geographic variation in the Standard across New York City’s boroughs for families with one adult and one preschooler.

**Table 2. The Self-Sufficiency Standard for New York City, NYC SSS 2010**  
*One Adult and One Preschooler, all Boroughs*  
 Monthly Expenses

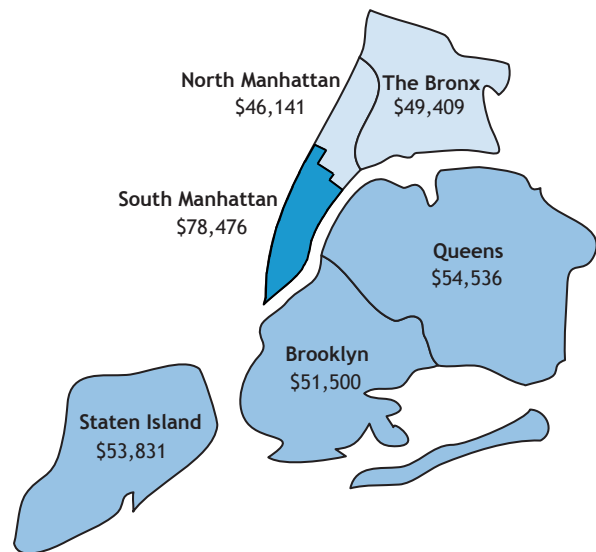
MONTHLY COSTS	THE BRONX	BROOKLYN	NORTH MANHATTAN*	SOUTH MANHATTAN*	QUEENS	STATEN ISLAND
Housing	\$1,142	\$1,244	\$931	\$2,391	\$1,435	\$1,355
Child Care	\$933	\$933	\$933	\$933	\$933	\$933
Food	\$494	\$494	\$541	\$541	\$448	\$494
Transportation	\$89	\$89	\$89	\$89	\$89	\$89
Health Care	\$419	\$419	\$419	\$419	\$419	\$419
Miscellaneous	\$308	\$318	\$291	\$437	\$332	\$329
Taxes	\$899	\$961	\$807	\$1,897	\$1,055	\$1,033
Earned Income Tax Credit (-)	\$0	\$0	\$0	\$0	\$0	\$0
Child Care Tax Credit (-)	(\$50)	(\$50)	(\$50)	(\$50)	(\$50)	(\$50)
Child Tax Credit (-)	(\$83)	(\$83)	(\$83)	(\$83)	(\$83)	(\$83)
Making Work Pay Tax Credit (-)	(\$33)	(\$33)	(\$33)	(\$33)	(\$33)	(\$33)
<b>SELF-SUFFICIENCY WAGE</b>						
HOURLY	<b>\$23.39</b>	<b>\$24.38</b>	<b>\$21.85</b>	<b>\$37.16</b>	<b>\$25.82</b>	<b>\$25.49</b>
MONTHLY	\$4,117	\$4,292	\$3,845	\$6,540	\$4,545	\$4,486
ANNUAL	\$49,409	\$51,500	\$46,141	\$78,476	\$54,536	\$53,831

\* North Manhattan includes the following sub-boroughs: Morningside Heights/Hamilton Heights, Central Harlem, East Harlem, and Washington Heights/Inwood. South Manhattan sub-boroughs: Greenwich Village/Financial District, Lower East Side/Chinatown, Chelsea/Clinton/Midtown, Stuyvesant Town/Turtle Bay, Upper West Side, and Upper East Side. See *Appendix A: Methodology, Assumptions and Sources* for more information on the delineation of North and South Manhattan for this report.

The New York City Self-Sufficiency Standard for a single adult with one preschooler ranges from \$46,141 to \$78,476 annually depending on the borough. South Manhattan has the highest Self-Sufficiency Standard for this family type, at \$78,476 a year. (Please see *Appendix A: Methodology, Assumptions and Sources* for a description of the North and South Manhattan geographic areas.) Table 2 demonstrates that South Manhattan’s housing costs are by far the most expensive in the city. The next most expensive places in New York City have annual Standards between \$51,000 and \$55,000 for one adult and one preschooler: \$54,536 in Queens, \$53,831 in Staten Island, and \$51,500 in Brooklyn.

The two least expensive places in this comparison have annual Self-Sufficiency Standards below \$50,000 for one adult and one preschooler: \$49,409 in The Bronx and \$46,141 in North Manhattan.

**Figure 3. Map of Boroughs by Level of Annual Self-Sufficiency Wage**  
*One Adult and One Preschooler, NYC SSS 2010*



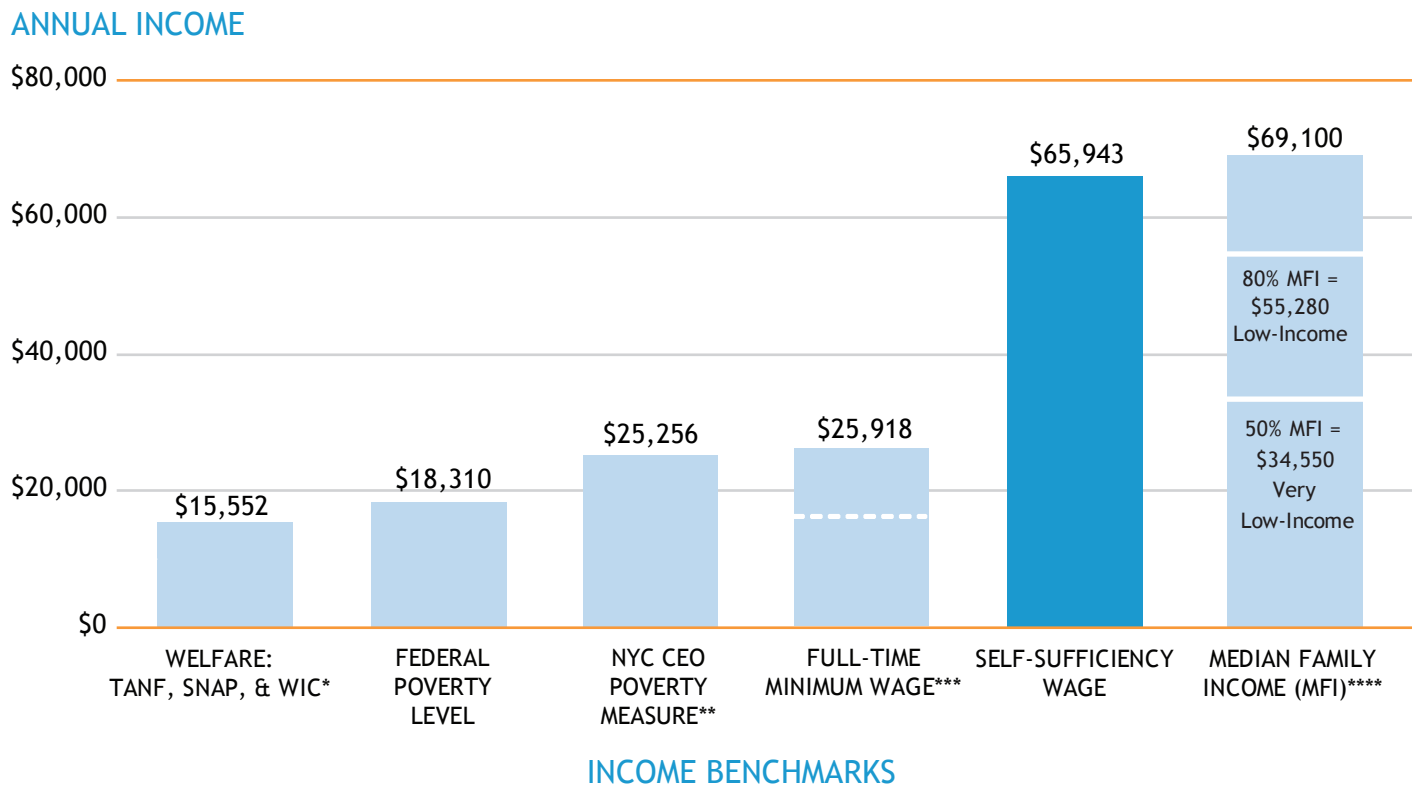
## Comparing the Standard to Other Benchmarks of Income

To put the Standard in context, it is useful to compare it to other commonly used measures of income adequacy. In **Figure 4**, a comparison is made between the Self-Sufficiency Standard and five other benchmarks of income:

- public assistance: Temporary Assistance for Needy Families (TANF), Supplemental Nutrition Assistance Program (SNAP, formerly the Food Stamp Program), and WIC (Women, Infants and Children)
- the Federal Poverty Level (FPL) for a family of three
- the New York City Center for Economic Opportunity (CEO) Poverty Measure
- the New York State minimum wage
- the median family income for a family of three in NYC

For this comparison, the Self-Sufficiency Standard for one adult, one preschooler, and one school-age child in Queens (Queens County) is compared to income benchmarks for three-person families. However, none of the benchmarks are as specific as the Standard in terms of age and number of children and/or geographic location. Note that this set of benchmarks is not meant to show how a family would move from a lower income to economic self-sufficiency. Rather, the concept of self-sufficiency assumes a progression that takes place over time. As indicated in the fifth bar from the left in Figure 4, the Self-Sufficiency Wage for this family type in Queens is \$65,943 per year.

**Figure 4. The Self-Sufficiency Standard Compared to Other Benchmarks**  
*One Adult, One Preschooler, and One School-age Child*  
 Queens (Queens County), NYC SSS 2010



\* The TANF benefit is \$8,652 annually, SNAP benefit is \$6,312 annually, and the WIC benefit is \$588 annually for a family of three in Queens, NYC.

\*\* The New York City (NYC) Center for Economic Opportunity (CEO) Poverty Measure threshold is based on 2006, 2007, and 2008 Consumer Expenditure Survey data. To determine whether a family’s income falls above or below the CEO Measure threshold of \$25,256 for one adult with two children, the family’s work-related expenses (child care, transportation, and medical out-of-pocket costs) are deducted from their income.

\*\*\* The New York minimum wage is \$7.25 per hour as of July 24, 2009. This amounts to \$15,312 per year; however, assuming this family pays federal, state, and city taxes and receives tax credits, the net yearly income would be a larger amount, \$25,918, as shown. The dashed line shows the annual income received after accounting for taxes (\$16,883) but without the addition of tax credits, which are often received as a yearly lump sum after filing taxes the following year.

\*\*\*\* Median Family Income is from the U.S. Department of Housing and Urban Development for three-person families in the NYC metropolitan area.

**TANF, SNAP AND WIC.** The first bar on the left in Figure 4 demonstrates the income of the basic public assistance package, including the cash value of SNAP (formerly the Food Stamp Program), WIC, and the TANF cash grant, and assuming no wage or other income. The total public assistance package amounts to \$15,552 per year for three-person families in New York City. This public assistance package is just 24% of the Self-Sufficiency Standard for a three-person family in Queens and is 85% of the Federal Poverty Level (FPL) for a three-person family.

**FEDERAL POVERTY LEVEL.** According to the Federal Poverty Level, a family consisting of one adult and two children would be considered “poor” with an income of \$18,310 annually or less—regardless of where they live, or the age of their children. The Federal Poverty Level for three-person families is just 28% of the Self-Sufficiency Standard for families with one adult, one preschooler, and one school-age child living in Queens.

Table D-1 in Appendix D demonstrates that the percentage of the Federal Poverty Level needed to meet basic needs varies greatly across boroughs and family types. For a family with one adult, one preschooler, and one school-age child the Standard ranges from 316% of the FPL in North Manhattan to 500% of the FPL in South Manhattan.

**NEW YORK CITY CENTER FOR ECONOMIC OPPORTUNITY POVERTY MEASURE.** New York City’s CEO Poverty Measure threshold for a family with one adult and two children is \$25,256 per year. The threshold includes expenditures on shelter (including utilities), food, and clothing. According to the NYC CEO Poverty Measure, a family of one adult and two children needs to earn at least \$25,256 per year to cover the costs of housing, food, and clothing. To determine whether a family would be considered poor using the CEO Poverty Measure, the family’s income spent on health care and work-related expenses is deducted from the family’s total earned income. The resulting income after accounting for health care and work-related expenses is compared to the threshold. For example, if a family earns \$29,000 per year and spends \$5,000 annually on health care and work-related costs, their income available for shelter, food, and clothing is \$24,000 per year—less than the CEO threshold—and the family would be considered poor using the CEO Poverty Measure.

**MINIMUM WAGE.** New York’s state minimum wage is \$7.25 per hour and is equal to the federal minimum wage. A full-time worker at \$7.25 per hour earns \$15,312 per year. After subtracting payroll taxes (Social Security and Medicare) and adding tax credits when eligible, a working parent with one preschooler and one school-age child would have a net cash income of \$25,918 per year. This amount is more than the worker’s earnings alone because the tax credits for which the family qualifies are more than the taxes owed.

A full-time job at the state minimum wage provides 39% of the amount needed to be self-sufficient for this family type in Queens. However, if it is assumed that the worker pays taxes monthly through withholding, but does not receive tax credits on a monthly basis (as is true of most workers), she will only receive \$16,883 during the year, shown by the dashed line on the fourth bar. Without including the impact of tax credits, a minimum wage job amounts to just 26% of the Self-Sufficiency Standard.

**MEDIAN FAMILY INCOME.** Median family income (half of an area’s families have incomes above this amount and half have incomes below this amount) is a rough measure of the relative cost of living in an area. The U.S. Department of Housing and Urban Development (HUD) uses area median family income as a standard to assess families’ needs for housing assistance. Those with incomes between 50% and 80% of the median area income are considered “Low Income” while those with incomes below 50% of the median income are considered “Very Low Income.”<sup>7</sup> The median income for a three-person family in the New York City metropolitan area is \$69,100 annually.<sup>8</sup> Therefore, a family of three living in Queens with an income between \$34,550 and \$55,280—between 50% and 80% of the median income—is considered “Low Income.” The Self-Sufficiency Standard of \$65,943 for this family type in Queens is close to the median family income for New York City. While this is relatively higher than in most places—the Standard generally tends to fall between 50% and 80% of median income—this suggests that roughly half the population has insufficient income to meet their basic needs, not unusual for a central city. Furthermore, income alone does not take account of non-cash benefits, in particular housing assistance, that helps some meet their basic needs but is not reflected in cash income.

## Comparison of the Standard for NYC to Other U.S. Cities

In addition to New York City, the Self-Sufficiency Standard has been completed for 37 states, plus Washington, D.C. Because the Self-Sufficiency Standard uses the same methodology across places, the cost of meeting basic needs for a given family type in different regions can be directly compared.

In **Figure 5**, the Self-Sufficiency Standard for Brooklyn (Kings County) and Staten Island (Richmond County) are compared to the Standard for counties that include the following places: Baltimore, MD; Boston, MA; Columbus, OH; Denver, CO; Los Angeles, CA; Middlesex County, NJ; North side of Chicago, IL; Philadelphia, PA; Phoenix, AZ; and San Francisco, CA.

Since the Self-Sufficiency Standards for these places were completed in different years, wages for places other than New York City and Philadelphia (which was recently released in 2010) have been updated to current dollars for the purpose of this analysis. While costs are likely to increase at varying rates in different places, for consistency the U.S. Bureau of Labor Statistics' Regional Consumer Price Index (CPI) is used to estimate inflation when updating other Standards for this analysis.<sup>9</sup>

The wages shown in Figure 5 are Self-Sufficiency Wages for families with one adult, one preschooler, and one school-age child. The New York City boroughs are the most expensive of all the places shown in Figure 5. In Staten Island, the adult must earn a wage of \$31.11 per hour to be self-sufficient, making Staten Island the most expensive among this group of places. Brooklyn is the second most expensive, with a Self-Sufficiency Standard of \$29.91 per hour. Boston has a very comparable Standard to Brooklyn, at \$29.53 per hour. Most of the places in Figure 5 require an income between \$20-\$30 per hour for families with one adult, one preschooler, and one school-age child to be self-sufficient. Denver is the least expensive place shown in Figure 5 with a Self-Sufficiency Wage of \$19.78 per hour.

The Self-Sufficiency Standard for Brooklyn and Staten Island are calculated assuming families use public transportation. Five other places in Figure 5 (Boston, Denver, Philadelphia, North side of Chicago, and San Francisco) also have Standards that are calculated using

**Figure 5. The Self-Sufficiency Wage for Brooklyn and Staten Island, New York City Compared to Other U.S. Cities, NYC SSS 2010\***

*One Adult, One Preschooler, and One School-age Child*

STATEN ISLAND, NYC**	\$31.11
BROOKLYN, NYC**	\$29.91
BOSTON, MA**	\$29.53
SAN FRANCISCO, CA**	\$27.47
NORTH SIDE OF CHICAGO, IL**	\$26.42
MIDDLESEX COUNTY, NJ	\$26.10
LOS ANGELES, CA	\$24.47
PHILADELPHIA, PA**	\$22.80
PHOENIX, AZ	\$21.62
COLUMBUS, OH	\$20.38
BALTIMORE, MD	\$20.08
DENVER, CO**	\$19.78

### HOURLY SELF-SUFFICIENCY WAGE

\* Wages for cities are usually the Self-Sufficiency Standards for the counties the cities are located in. Wages in Figure 5 (excluding New York City and Philadelphia) are updated using the Consumer Price Index for the region in which each city is located. United States Department of Labor, Bureau of Labor Statistics. *Consumer Price Index*. All Items August 2009, 1982-1984=100 - MUUR0100SA0 and CUURO100SA0, CUUSO100SA0. Retrieved from <http://www.bls.gov/cpi/home.htm>.

\*\* Wages are calculated assuming the family uses public transportation.

public transportation in place of private transportation. Public transportation costs are significantly less than the cost of owning and operating a car; thus, in areas where private transportation costs are assumed, the Self-Sufficiency Wage reflects higher transportation expenses. Residents of those cities who use public transit in place of private transportation may find their cost of living is lower than that reflected in the Standard.

Families with one adult, one preschooler, and one school-age child in Brooklyn or Staten Island require hourly wages that are higher than all of the cities and places shown in Figure 5, and need to earn the equivalent of four full-time minimum wage jobs to meet their basic needs.

## The Self-Sufficiency Wage Over Time

How have costs increased over time in New York City? In **Table 3** the 2000 and 2004 New York City Self-Sufficiency Wages for one adult, one preschooler, and one school-age child in each borough is compared to the current 2010 Self-Sufficiency Wage to illustrate changes in the cost of living over time. The median earnings for all New York City workers are also compared over the last decade in **Table 3** to show how median earnings have changed compared to the increase in the costs of basic needs. **Table 4** details how the cost of each specific basic need changed over time between 2000 and 2010 for the same family type in Staten Island.

Table 3 shows that the Self-Sufficiency Standard has risen since 2000 in all New York City boroughs for families with one adult, one preschooler, and one school-age child. The New York City Standard increased at higher rates between 2004 and 2010 than between 2000 and 2004. The percentage change in the Self-Sufficiency Standard since 2000 varies depending on borough, demonstrating that the cost of meeting basic needs increases at different rates depending on location. Over the last decade, the largest percentage increase in the cost of meeting basic needs occurred in Brooklyn, where the Standard increased by 42% from \$44,594 in 2000 to \$63,166 in 2010. North Manhattan had the smallest percentage increase in the city, where the Self-Sufficiency Standard increased by 20% since 2000. Although the overall cost to meet basic needs is much greater in South Manhattan than in any other borough in New York City, the percentage increase in the Self-Sufficiency Standard over the past decade was less than for most other boroughs,

with costs rising 23% (from \$74,231 in 2000 to \$91,552 in 2010). Meanwhile, median earnings among workers in New York City increased at a much smaller rate over the last decade. For the first half of the decade median earnings increased by just 5% from \$29,079 in 2000 to \$30,448 in 2004. Although earnings grew at a faster rate over the last half of the decade, overall New York City's median earnings increased by 16% since 2000.

The rise of the Self-Sufficiency Standard from 2000 to 2010 is due to an increase in the cost of each basic need. However, some costs grew at higher rates than others. **Table 4** shows the percentage change in the cost of each basic need calculated for the Standard plus taxes and tax credits for one adult, one preschooler, and one school-age child in Staten Island.

- For this family type, food had the highest increase of all the items in the Standard, rising by 69%, from \$439 in 2000 to \$741 in 2010. A similar pattern is evident in the other boroughs shown in **Table 3**, with each experiencing over a 50% increase in the cost of food. Changes in the cost of food reflect the incorporation of the Council for Community and Economic Research's ACCRA *Cost of Living Index* data into the calculation of food costs in the 2004 and 2010 reports, making estimates of food costs more accurate and geographically specific than was possible for earlier reports.
- The cost of housing had the second highest percentage increase over time for Staten Island during the last

**Table 3. The Self-Sufficiency Standard by Borough and New York City Median Earnings Over Time One Adult, One Preschooler, and One School-age Child, NYC SSS 2000, 2004, and 2010**

BOROUGH	2000	2004	% INCREASE: 2000 TO 2004	2010	% INCREASE: 2000 TO 2010
The Bronx	\$44,212	\$49,874	13%	\$60,934	38%
Brooklyn	\$44,594	\$51,567	16%	\$63,166	42%
North Manhattan	\$48,051	\$48,995	2%	\$57,831	20%
South Manhattan	\$74,231	\$77,957	5%	\$91,552	23%
Queens	\$46,840	\$54,961	17%	\$65,943	41%
Staten Island	\$46,734	\$53,874	15%	\$65,695	41%
NYC MEDIAN EARNINGS*	\$29,079	\$30,448	5%	\$33,809	16%

\* NYC Median Earnings: U.S. Census Bureau, American Community Survey (ACS). 2000, 2004, and 2008. Detailed Tables. B20002 and P112. *Median earnings in the past 12 months by sex for the population 16 years and over with earnings in the past 12 months, New York City*. Retrieved from <http://factfinder.census.gov>. 2010 median earnings is 2008 data (the latest available) updated using the Consumer Price Index. U.S. Department of Labor, Bureau of Labor Statistics. (2010). *Consumer Price Index*. NY MSA Region All Items August 2009, 1982-1984=100 -MUUR0100SA0 and CUURO100SA0, CUUSO100SA0. Retrieved from <http://www.bls.gov/cpi/home.htm>.

**Table 4. Percent Change in the Self-Sufficiency Standard Over Time, Staten Island, NYC SSS 2000-2010**  
*One Adult, One Preschooler, One School-age Child*

COSTS	2000	2010	PERCENT CHANGE 2000-2010"
Housing	\$883	\$1,355	53%
Child Care	\$1,234	\$1,428	16%
Food	\$439	\$741	69%
Transportation	\$63	\$89	41%
Health Care	\$297	\$444	49%
Miscellaneous	\$292	\$406	39%
Taxes	\$849	\$1,312	55%
Total Tax Credits*	-\$163	-\$300	84%
<b>SELF-SUFFICIENCY WAGE</b>			
HOURLY	\$22.13	\$31.11	41%
MONTHLY	\$3,894	\$5,475	
ANNUAL	\$46,734	\$65,695	

\* Total Tax Credits is the sum of the monthly Earned Income Tax Credit, Child Care Tax Credit, Child Tax Credit, and Making Work Pay Tax Credit.

decade, with the cost of a two-bedroom unit in Staten Island growing by 63% since 2000, from \$883 to \$1,355.

- Other costs also increased substantially in Staten Island: health care increased by 49%, transportation increased by 41%, and child care increased by 16% since 2000.
- While taxes increased by 55% over the decade (in part because rising costs push this family into a higher tax bracket), this was partially offset by an even greater increase in tax credits of 84%. Note that the tax credits calculated for the 2010 Standard include changes for the 2009 and 2010 tax years as a result of the American Recovery and Reinvestment Act of 2009.

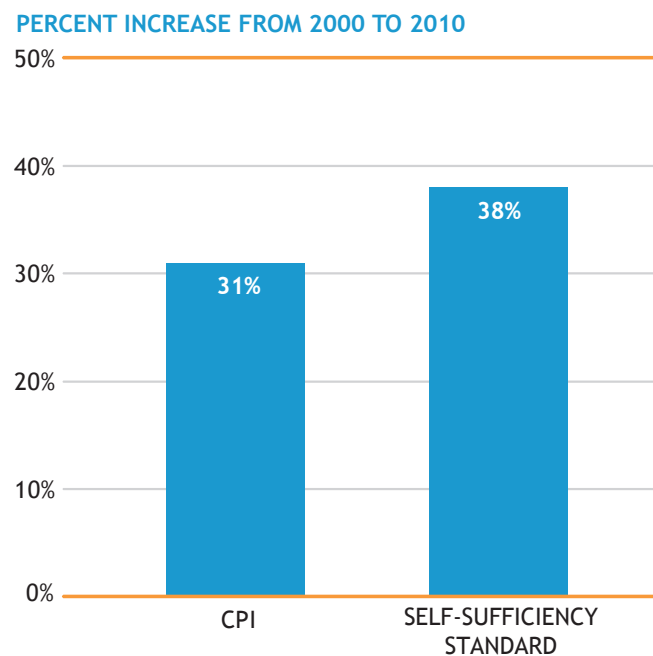
### COMPARING THE STANDARD WITH THE CONSUMER PRICE INDEX

Basic costs for families earning self-sufficient wages have clearly increased over the last decade. However, how does this compare with overall inflation rates? We examine this question in **Figure 6** by comparing the Self-Sufficiency Standard in Staten Island for one adult, one preschooler, and one school-age child to the rate of inflation as measured by the U.S. Department of Labor’s Consumer Price Index (CPI). The CPI is a measure of the average changes in the prices paid by urban consumers for a representative basket of goods and services. Since the CPI does not incorporate

taxes or tax credits, these items have been taken out of the Self-Sufficiency Wages in Figure 6 for comparison purposes.

When the 2000 Self-Sufficiency Standard for Staten Island (\$38,502 per year without taxes/tax credits) is inflated using the New York City Metropolitan Region CPI, the amount estimated to meet basic needs in current dollars is \$50,270 per year.<sup>10</sup> Using the CPI results in a 31% increase between 2000 and 2010 in the cost to meet basic needs. The 2010 Staten Island Standard, when calculated without the inclusion of taxes and tax credits, is \$53,147 per year for one adult, one preschooler, and one school-age child, resulting in a 38% increase over the last decade. The CPI-inflated Standard underestimates the actual amount needed to be self-sufficient by \$2,877 for a Staten Island family with one adult, one preschooler, and one school-age child. In sum, Figure 6 demonstrates that the rate of inflation as measured by the CPI underestimates the rising cost of basic needs.

**Figure 6. CPI\*-Measured Inflation Underestimates Real Cost of Living Increases: A Comparison of the Self-Sufficiency Standard and the Consumer Price Index, NYC SSS 2000-2010**  
*One Adult, One Preschooler, One School-age Child Staten Island, NYC*



\*Source: United States Department of Labor, Bureau of Labor Statistics. Consumer Price Index. NY MSA Region All Items August 2009, 1982-1984=100 - MUUR0100SA0 and CUURO100SA0, CUUSO100SA0. Retrieved from <http://www.bls.gov/cpi/home.htm>.

## Modeling the Impact of Work Supports

While the Self-Sufficiency Standard provides the amount of income that meets a family’s basic needs without public or private assistance, many families cannot achieve self-sufficiency immediately. Work supports are safety nets that can help families achieve stability without needing to choose between basic needs, such as scrimping on nutrition, living in overcrowded or substandard housing, or leaving children in unsafe and/or non-stimulating environments. Note that although these safety nets are referred to as “work supports” throughout this report, individuals do not need to be working to be eligible to receive most of these programs. Work supports can also offer stability to help a family retain employment, a necessary condition for improving wages. Work supports modeled in this section include:

- child care assistance
- health care assistance (Medicaid, Child Health Plus—New York State’s Children’s Health Insurance Program—and Family Health Plus—New York State’s health insurance for low-income single adults or parents)
- food assistance (the Supplemental Nutrition Assistance Program [SNAP], formerly known as the Food Stamp Program, and the Women, Infants and Children [WIC] Program)
- housing assistance (including Section 8 vouchers and public housing)

Child support, although not a work support per se, can assist a family in meeting basic needs and so is also modeled. This section models the impact that work supports can have on family income and expenses. Work supports can be a valuable addition to some family budgets, substantially reducing expenses for some basic needs and therefore freeing income for families to use on other needs. **Table 5** provides a summary of the work supports, child support, and tax credits modeled in this section. An explanation of how and why the taxes and tax credits are treated differently in the modeling section than in the Self-Sufficiency Standard is provided below.

### TREATMENT OF TAX CREDITS IN THE MODELING TABLE AND FIGURE

The Standard shows refundable and nonrefundable tax credits as if they are received monthly. However, for the

WORK SUPPORTS...CAN HELP FAMILIES ACHIEVE STABILITY WITHOUT NEEDING TO CHOOSE BETWEEN BASIC NEEDS, SUCH AS SCRIMPING ON NUTRITION, LIVING IN OVERCROWDED OR SUBSTANDARD HOUSING, OR LEAVING CHILDREN IN UNSAFE AND/OR NON-STIMULATING ENVIRONMENTS.

work supports modeled in **Table 6**, the refundable federal, state, and city Earned Income Tax Credit (EITC) and the “additional” refundable portion of the Child Tax Credit (CTC) and Making Work Pay Tax Credit (MWPTC) are shown as received annually in the bottom rows of Table 6. However, the Child Care Tax Credit (CCTC) is nonrefundable, meaning it can only be used to reduce taxes and does not contribute to a tax refund. Therefore it is included as a monthly credit against federal taxes in the “Total Tax Credits” row of Table 6. Other state and city tax credits are part of the state and/or city tax calculations and are thus included in the “Taxes” row of Table 6.

The tax credits are calculated this way in Table 6 in order to be as realistic as possible. Although by law a family can receive part of their EITC on a monthly basis (called Advance EITC), many workers prefer to receive it annually as a lump sum. In fact, nearly all families receive the EITC as a single payment the following year when they file their tax returns.<sup>11</sup> Many families prefer to use the EITC as “forced savings” to pay for larger items that are important family needs, such as paying the security deposit for housing, buying a car, or settling debts.<sup>12</sup> Therefore, in Table 6, the total amount of the refundable federal, state, and city EITC the family would receive annually (when they file their taxes) is shown in the first and second rows under “Annual Refundable Tax Credits” at the bottom of the table instead of being shown monthly as in the Self-Sufficiency Standard. This is based on the assumption that the adult works at this same wage, full-time, for the year.

Like the EITC, the federal and state CTC is shown as received monthly in the Self-Sufficiency Standard. However,

Table 5. Summary of Work Supports, Child Support, and Tax Credits in New York City, 2009/2010

WORK SUPPORT	BENEFIT	INCOME ELIGIBILITY
CHILD CARE ASSISTANCE	Child care costs are reduced to a co-payment which is 35% of the family's monthly income beyond the Federal Poverty Level (FPL) for their family size.	State law sets eligibility at 200% of the FPL. Counties may set a lower or higher eligibility standard depending on funding availability. In NYC, 3-person families are eligible with incomes up to 255% FPL.
HOUSING (SECTION 8 HOUSING VOUCHERS AND PUBLIC HOUSING)	Housing costs are typically set at 30% of adjusted gross income, but households who lease units with rents higher than the locally set "Payment Standard" (90% to 100% of the Fair Market Rent) can pay rents up to 40% of adjusted income.	Families may be eligible with incomes that are 80% of area median income. However, due to limited funding most new program participants must have income below 30% of area median income.
MEDICAID	Health care benefits are fully subsidized.	Adults receiving (and families transitioning from Temporary Assistance), children ages 19-20, caretakers, and adults over 65 or disabled: eligible with income up to 87% FPL. Children ages 6-18: family income up to 100% FPL. Children ages 1-5: family income up to 133% FPL. Pregnant women and children under 1 year: up to 200% FPL.
CHILDREN'S HEALTH INSURANCE PROGRAM (CHILD HEALTH PLUS)	Health care benefits for children under 18 years living in New York State are reduced to a monthly premium based on the number of children and income as a percent of the FPL.	Families are eligible for reduced premiums with incomes up to 400% FPL.
FAMILY HEALTH PLUS	Health care benefits for New York residents between 19 and 64 with income too high to qualify for Medicaid. No monthly premiums, however there are co-payments for some services.	Adults without children are eligible up to 100% FPL. Adults with children are eligible up to 150% FPL.
SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM (SNAP, FORMERLY FOOD STAMP PROGRAM)	Maximum benefit for a family of 3 is \$526 per month. Maximum benefit for a family of 4 is \$668 per month.	Families with dependent care expenses (or with an elderly or disabled member) may be eligible with incomes up to 200% FPL. Otherwise, eligibility is based on gross income up to 130% FPL.
SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS, AND CHILDREN (WIC)	Average monthly benefit of \$48.98 in New York for purchasing supplemental nutritious foods. Also includes breastfeeding support and health education.	Pregnant and postpartum women or parenting adults with children up to age 5: at or below 185% of FPL.
CHILD SUPPORT	Average payment is \$288.21 per month in New York.	No income limit.
<b>FEDERAL TAX CREDITS</b>		
FEDERAL EARNED INCOME TAX CREDIT (EITC)	Maximum benefit for families with 1 child: \$3,050 per year. Maximum benefit for families with 2 children: \$5,036 per year. Maximum benefit for families with 3 + children: \$5,666 per year.	1 parent family with one child: up to \$35,536. 1 parent family with two children: up to \$40,363. 1 parent family with three + children: up to \$43,352.
FEDERAL CHILD AND DEPENDENT CARE TAX CREDIT (CTDC)	\$3,000-\$6,000 annual tax deduction.	No income limit.
FEDERAL CHILD TAX CREDIT (CTC)	Up to \$1,000 annual tax credit per child.	Married filing jointly: up to \$110,000. Married filing separately: up to \$55,000. All others: up to \$75,000.
MAKING WORK PAY TAX CREDIT	Maximum benefit for single adults: \$400 per year. Maximum benefit for married couples: \$800 per year.	Single adults: \$75,000 per year. Married couples: \$150,000 per year.
<b>NEW YORK STATE AND CITY TAX CREDITS*</b>		
STATE AND NEW YORK CITY EITC	New York State EITC is 30% of the Federal EITC. New York City EITC is 5% of the Federal EITC.	Same as federal EITC for both state and city EITC.
STATE AND NEW YORK CITY CCTC	New York State CCTC benefit is 20% to 110% of federal CCTC, depending on income with a maximum benefit of \$2,310 for a family with 2 or more qualifying children. New York City CCTC benefit is up to 75% of the NY State CCTC.	New York State CCTC: same eligibility as federal CCTC. New York City CCTC: income up to \$30,000 per year.
EMPIRE STATE CHILD CREDIT (CTC)	The benefit is the greater of 33% of the federal CTC or \$100 multiplied by the number of qualifying children.	Same as federal CTC.
NEW YORK STATE HOUSEHOLD CREDIT	Credit up to \$75 for single taxpayers; or \$20 to \$90, plus \$5 to \$15 more per additional exemption claimed on federal return for married filing jointly, qualifying widow(er) with dependent child, or head of household with qualifying person.	Eligibility is based on federal adjusted gross income: single taxpayers up to \$28,000; married filing jointly, qualifying widow(er) with dependent child, or head of household with qualifying person up to \$32,000.
NEW YORK CITY HOUSEHOLD CREDIT	The benefit is up to \$15 for single taxpayers; married filing jointly, qualifying widow(er) with dependent child, or qualifying head of household up to \$10 to \$30, plus \$10 to \$30 more per additional exemption claimed on federal return.	Eligibility is based on federal adjusted gross income: single taxpayers up to \$12,500; married filing jointly, qualifying widow(er) with dependent child, or head of household with qualifying person up to \$22,500.
NEW YORK CITY SCHOOL TAX CREDIT	The benefit is a credit of up to \$290 for married filing jointly and qualifying widow(er) with a dependent child and up to \$145 for all other taxpayers.	New York City resident or part-year resident who cannot be claimed as a dependent on another taxpayer's federal income tax return.

\* The NY State and City Household Credit, CCTC, and CTC are accounted for in the "Taxes" row of the NYC Standard and modeling table. The NY State and City EITC are included with the federal tax credits shown at the bottom of the modeling table and wage adequacy appendix table. Note: Eligibility and benefits change routinely, often yearly. Table 5 represents 2009 and/or 2010 guidelines. The 2009 Federal Poverty Level (FPL) for a family of three is \$18,310 annually, and is in effect at least through May 31, 2010. See <http://aspe.hhs.gov/poverty/09poverty.shtml>.

in Table 6 the federal CTC is split into two amounts with only the portion that can be used to offset any remaining (after the CCTC) taxes owed shown monthly and included in the “Total Tax Credits” row, while the “additional” refundable portion of the CTC is shown as a lump sum received annually under “Annual Refundable Tax Credits” in the bottom rows of Table 6. Note that unlike the EITC, one cannot legally receive the “additional” refundable portion of the Child Tax Credit on a monthly basis. Likewise, the MWPTC is also separated into a monthly amount used to offset remaining federal taxes (after the CCTC and CTC) and the additional refundable amount shown annually.

## TABLE 6 - THE IMPACT OF WORK SUPPORTS AND CHILD SUPPORT ON MONTHLY INCOME

In Table 6, the impact of adding work supports and child support is modeled for a family with one adult, one preschooler, and one school-age child living in North Manhattan (New York County). Costs that have been reduced by these work supports are indicated with bold font in the table. Brackets surrounding column titles in the table show that a work support was modeled but the family was not eligible to receive it in that column.

**No Work Supports (Column #1).** The first column of Table 6 shows the Self-Sufficiency Wage needed to cover the total monthly expenses without any work (or other) supports to reduce costs (except tax credits where applicable) for families with one adult, one preschooler, and one school-age child living in North Manhattan. This family type has monthly child care expenses of \$1,428 and monthly housing costs of \$931. The adult in this family must earn a Self-Sufficiency Wage of \$4,819 per month or \$27.38 per hour working full-time.

**Child Support (Column #2).** Column #2 models the impact of receiving child support on a family’s budget. The child support payment of \$288 per month is the average amount received by families participating in the Child Support Enforcement Program in New York State.<sup>13</sup> Child support payments from absent, noncustodial parents can be a valuable addition to some family budgets, even in cases where the noncustodial parent’s income is relatively low. Unlike additional earned income, child support is

not taxable, and can reduce the amount families need to earn both directly and indirectly through reduced taxes, thus having a strong impact on helping families meet their needs. Overall, with child support the wage needed to meet basic needs is \$4,343 per month (\$24.68 per hour).

**Child Care (Column #3).** In Column #3, the first work support—child care—is added. Since child care is one of the major expenses for families with children, the addition of a child care subsidy generally provides the greatest financial relief of any work support. Eligibility for New York’s child care assistance program varies by family size, with three-person families eligible with incomes up to \$46,692 per year.<sup>14</sup> In Column #3, child care assistance reduces child care costs substantially from \$1,428 to a co-payment of \$818 per month. With the financial help of child care assistance, this family in North Manhattan needs to earn \$3,863 per month (\$21.95 per hour) to cover their total expenses.

As in all columns in Table 6, the annual refundable portion of tax credits are excluded from the monthly wage calculation, and are instead received as an annual lump sum (see *Treatment of Tax Credits in the Modeling Table and Figure* in the beginning of this section). In Column #3 this family is eligible for a \$136 annual MWPTC.

**Child Care, SNAP, WIC, and Medicaid (Column #4).** For adults moving from welfare to work, child care, SNAP, WIC, and Medicaid comprise the typical “package” of benefits. Column #4 adds Medicaid, SNAP, and WIC to the child care assistance modeled in Column #3. Families that enter the workforce from TANF are usually eligible for continued coverage by Medicaid for themselves and their children for up to 12 months through the Transitional Medicaid program.<sup>15</sup> In Column #4 it is assumed that Medicaid will cover all of the family’s health care expenses, reducing health care costs from \$444 per month to zero.

The Supplemental Nutrition Assistance Program (SNAP, formerly the Food Stamp Program) and Women, Infants and Children (WIC) Program, administered by individual states, provides crucial support to low-income households. For families transitioning from welfare in New York, SNAP benefits can be continued for five months through New York’s Transitional Food Stamps Benefits. Otherwise, New York families with dependent care expenses may be eligible for SNAP benefits with gross incomes up to 200% of the

**Table 6. Impact of the Addition of Child Support and Work Supports on Monthly Costs and Self-Sufficiency Wage**  
**One Adult, One Preschooler and One School-age Child**  
**North Manhattan (New York County), NYC SSS 2010**

Each column demonstrates how specific work supports can lower the cost of specific basic needs, and therefore lessen the income necessary to meet all of a family's basic needs. Costs that have been reduced by these supports are indicated with bold font in the table. Brackets surrounding column titles show that a work support was modeled but the family was not eligible to receive it in that column based on income eligibility.

	#1	#2	#3	#4	#5	#6
	No Work Supports	Child Support	Child Care	Child Care, SNAP/WIC* & Medicaid	Child Care, [SNAP/WIC*], Child Health Plus, & [Family Health Plus]	Housing, Child Care, SNAP/WIC*, Child Health Plus, & Family Health Plus
<b>MONTHLY EXPENSES:</b>						
Housing	\$931	\$931	\$931	\$931	\$931	<b>\$530</b>
Child Care	\$1,428	\$1,428	<b>\$818</b>	<b>\$435</b>	<b>\$621</b>	<b>\$94</b>
Food	\$810	\$810	\$810	<b>\$761</b>	\$810	<b>\$596</b>
Transportation	\$89	\$89	\$89	\$89	\$89	\$89
Health Care	\$444	\$444	\$444	<b>\$0</b>	<b>\$184</b>	<b>\$0</b>
Miscellaneous	\$370	\$370	\$370	\$370	\$370	\$370
Taxes	\$1,047	\$859	\$689	\$306	\$499	\$135
<b>TOTAL MONTHLY EXPENSES (Net of Work Supports)</b>	<b>\$5,119</b>	<b>\$5,119</b>	<b>\$4,152</b>	<b>\$2,893</b>	<b>\$3,505</b>	<b>\$1,814</b>
<b>ADDITIONAL MONTHLY RESOURCES:</b>						
Total Tax Credits**	\$300	\$300	\$288	\$124	\$204	\$19
Child Support		<b>(288)</b>				
<b>TOTAL ADDITIONAL MONTHLY RESOURCES</b>	<b>\$300</b>	<b>\$588</b>	<b>\$288</b>	<b>\$124</b>	<b>\$204</b>	<b>\$19</b>
<b>SELF-SUFFICIENCY WAGE:</b> (Total Monthly Expenses Minus Total Additional Monthly Resources)						
<b>MONTHLY</b>	<b>\$4,819</b>	<b>\$4,343</b>	<b>\$3,863</b>	<b>\$2,769</b>	<b>\$3,301</b>	<b>\$1,796</b>
<b>HOURLY</b>	\$27.38	\$24.68	\$21.95	\$15.73	\$18.76	\$10.20
<b>ANNUAL</b>	<b>\$57,831</b>	<b>\$52,117</b>	<b>\$46,360</b>	<b>\$33,224</b>	<b>\$39,614</b>	<b>\$21,546</b>
<b>ANNUAL REFUNDABLE TAX CREDITS**:</b>						
Total Federal EITC	\$0	\$0	\$0	<b>\$1,489</b>	<b>\$143</b>	<b>\$3,948</b>
Total State and City EITC	\$0	\$0	\$0	<b>\$521</b>	<b>\$50</b>	<b>\$1,382</b>
Total Federal CTC	\$0	\$0	\$0	<b>\$1,814</b>	<b>\$870</b>	<b>\$2,000</b>
Total Making Work Pay TC	\$0	\$0	<b>\$136</b>	<b>\$400</b>	<b>\$400</b>	<b>\$400</b>

\* WIC is the Special Supplemental Nutrition Program for Women, Infants and Children (WIC) in New York. Assumes average monthly value of WIC benefit \$48.98 (FY 2008). SNAP is the Supplemental Nutrition Assistance Program, formerly known as the Food Stamp Program.

\*\*The Standard shows refundable and nonrefundable tax credits as if they are received monthly. However, in order to be as realistic as possible, tax credits that are available as a refund on annual taxes are shown at the bottom of this table. EITC is shown only as an annual tax credit. The nonrefundable portions of the Child Tax Credit and Making Work Pay Tax Credit (which are credits against federal taxes) are shown as available to offset monthly costs, and the refundable portions are shown in the bottom of the table. The Child Care Tax Credit on the other hand is nonrefundable, and therefore is only shown as part of the monthly budget and does not appear in the bottom shaded rows of the table. See discussion at the beginning of this section titled *Modeling the Impact of Supports of Wages Required to Meet Basic Needs*.

FPL; and, New York's WIC program helps pay for specific nutrient-rich foods and nutrition counseling for pregnant or postpartum women, infants, and children up to age five if their income falls at or below 185% of the FPL.<sup>16</sup> In Column #4 the family qualifies for WIC benefits, reducing food expenses to \$761 per month, however the family's net income is too high to qualify for SNAP. The reduced health

care and food costs greatly decreases the wage needed to meet basic needs, further reducing the child care assistance co-payment to \$435 per month in Column #4. Together, with the help of child care assistance, SNAP, WIC, and Medicaid, the wage required to meet basic needs is reduced to \$2,769 per month (\$15.73 per hour).

**Child Care, SNAP, WIC, Child Health Plus, and Family Health Plus (Column #5).** After one year, families making the transition from welfare to work lose Medicaid coverage for the entire family. However, many working families have the option of covering their children’s health care needs through the State Children’s Health Insurance Program (CHIP) when their employer does not offer family coverage and the family no longer qualifies for Medicaid. In New York City, children are eligible for Child Health Plus (New York’s Children’s Health Insurance Program) as long as family income is at or below 400% of the FPL.<sup>17</sup> Child Health Plus sets monthly premiums based on income and number of children.<sup>18</sup> Likewise, Family Health Plus is health care that is available for adults with limited income in New York State who are no longer qualified for Medicaid. Adults without children are eligible for Family Health Plus with incomes up to 100% of the FPL; and, adults with children are eligible with incomes up to 150% of the FPL.<sup>19</sup>

Column #5 shows the same work support package as Column #4, except that instead of Medicaid for the whole family, Child Health Plus has been substituted for the children and Family Health Plus was modeled for the adult. However, the family’s income was too high in Column #5 for the adult to qualify for Family Health Plus. Under these circumstances, the adult would pay for the cost of her own health care, which is her share of the health insurance premium available through her employer and her out-of-pocket costs, and the monthly premium for Child Health Plus. As a result, the cost of health care in Column #5 is \$184 per month to cover the adult’s cost of health care (\$166 per month) and a small monthly premium for Child Health Plus. The family’s income is also too high to qualify for either SNAP or WIC and the cost of food is \$810 per month. The child care monthly co-payment is \$621 per month. The family now needs to earn \$3,301 per month (\$18.76 per hour) to meet basic needs.

**Housing, Child Care, SNAP, WIC, Child Health Plus, and Family Health Plus (Column #6).** In the final column, housing assistance is added to the work support package modeled in Column #5. Housing assistance generally reduces the cost of housing to 30% of income. In this case, housing assistance reduces housing costs from \$931 to \$530 per month. Column #6 models both Child

Health Plus and Family Health Plus, as in Column #5; however, in Column #6 the adult does qualify for Family Health Plus, therefore reducing health care costs to zero. With reduced housing, child care, and health care costs the family also qualifies for WIC and SNAP benefits, reducing food costs to \$596 per month. The decrease in the cost of housing, health care, and food lowers the family’s total income needed, therefore reducing the child care co-payment to just \$94 per month. With the full benefit package, the single parent with one preschooler and one school-age child in North Manhattan needs to earn \$1,796 per month (\$10.20 per hour) to meet her family’s basic needs. Additionally, at this wage level, this family type in North Manhattan is eligible for \$7,730 in annual refundable tax credits if the adult worked at this wage through the year.

## FIGURE 7 - THE IMPACT OF WORK SUPPORTS ON WAGE ADEQUACY

While Table 6 shows how child support and work supports reduce the wage needed, **Figure 7** starts with wages and asks “How adequate are various wages at meeting a family’s needs, with and without work supports?” In Figure 7, and throughout the Self-Sufficiency Standard, “wage adequacy” is defined as the degree to which a given wage is adequate to meet basic needs, taking into account various work supports—or lack thereof. If wage adequacy is at or above 100%, the wage is enough or more than enough to meet 100% of the family’s basic needs. In Figure 7, the wage adequacy percentage is calculated as the family’s total income at a specific wage divided by the family’s total expenses (with the inclusion of specific work supports).

To model wage adequacy, Figure 7 uses North Manhattan and the same family type (one adult, one preschooler, and one school-age child) as Table 6. As in Table 6, it is assumed that the “refundable” EITC and the “additional” refundable portion of the CTC and MWPTC are received annually. Therefore, these credits are not included in Figure 7 as available to increase wage adequacy.

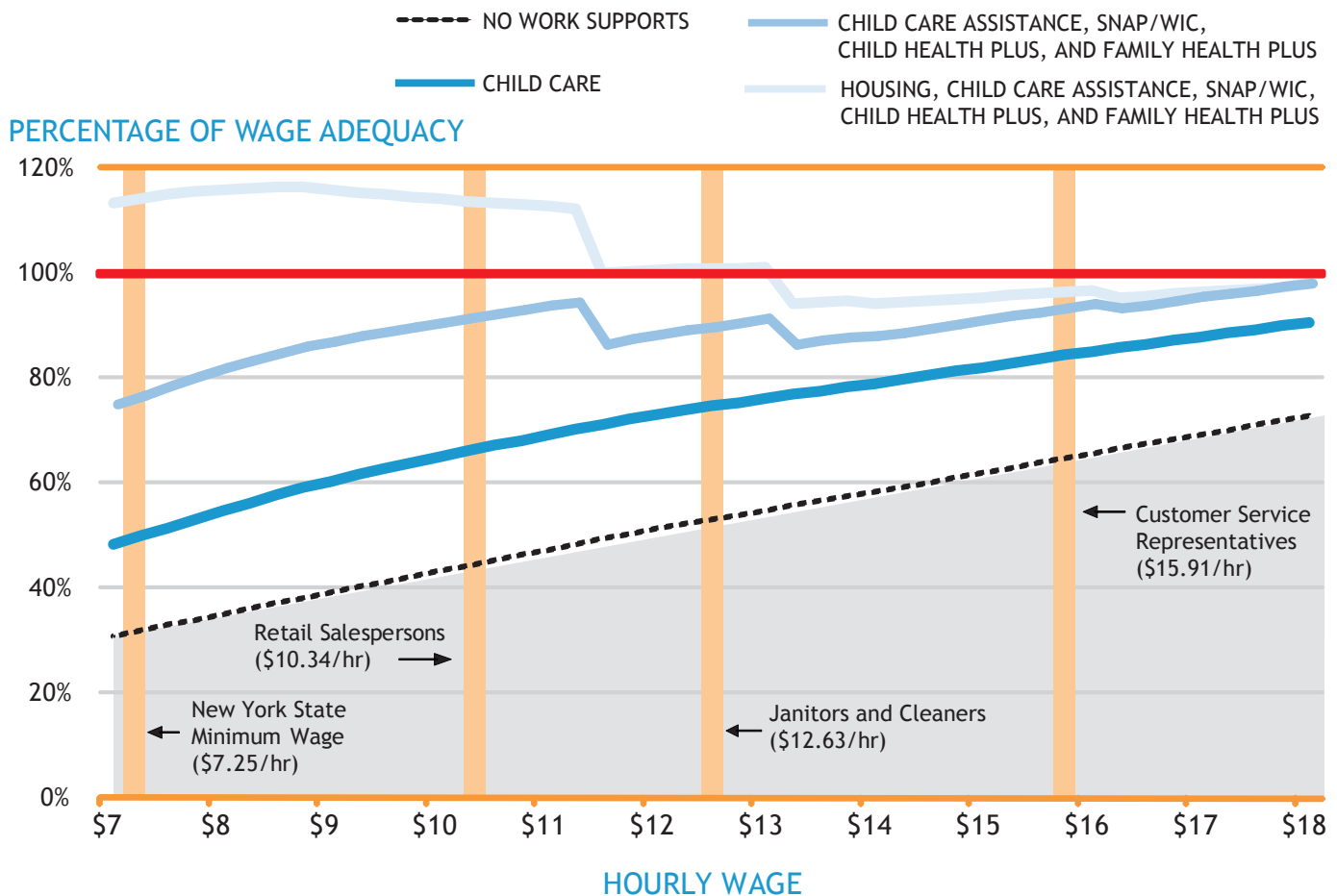
Appendix E shows the *Impact of Work Supports on Wage Adequacy* in a full table format, including detail of the impact on specific monthly expenses.

Figure 7 models the impact on wage adequacy of increasing hourly wages, for different combinations of work support packages that help reduce a family’s total expenses. The lowest line on Figure 8 provides a “baseline,” and demonstrates the adequacy of each wage when there are no “work supports” to help ease the family’s budget. The line represents the percentage of total expenses (without any work supports) a certain wage or income covers. The second line models the adequacy of each wage with the help of child care assistance to reduce the family’s total expenses. The third line models the impact of child care assistance, the Supplemental Nutrition Assistance Program (SNAP), the Women, Infants, and Children Program (WIC), Child Health Plus (New York State’s Children’s Health Insurance

Program), and Family Health Plus (New York State’s health insurance for low-income single adults or parents). In the fourth line (the highest line on the graph) housing assistance is added to the supports modeled in the third line and models the wage adequacy of a full public assistance package.

In addition, four wages are highlighted in Figure 7 with vertical shaded bars. The first is the New York minimum wage of \$7.25 per hour. The following three wages highlighted in Figure 7 are the median hourly wages of three specific New York City occupations: retail salespersons (\$10.34 per hour), janitors and cleaners (\$12.63 per hour), and customer service representatives (\$15.91 per hour)

**Figure 7. Impact of Work Supports on Wage Adequacy**  
*One Adult, One Preschooler, and One School-age Child*  
 North Manhattan (New York County), NYC SSS 2010



Source: New York State Department of Labor. *Occupational wages in New York City*. Data are from the Occupational Employment Statistics Survey, May 2008. Retrieved April 19, 2010, from <http://www.labor.ny.gov/stats/lswage2.asp>. Wages adjusted for inflation using the Employment Cost Index. U.S. Bureau of Labor Statistics. *Employment cost index historical listing*. Continuous occupational and industry series: September 1975 - December 2009, available at <http://www.bls.gov/web/ecicois.pdf>. Note: Appendix E: *Impact of Work Supports on Wage Adequacy* shows the data for Figure 7 in a table format, including detailed data showing the impact on specific monthly costs and total expenses.

hour).<sup>20</sup> The four wages are shown in Figure 7 as vertical shaded bars. The total monthly expenses for one adult, one preschooler and one school-age child in North Manhattan are around \$4,000 per month for each of the four wage levels (see Appendix E: *Modeling the Impact of Work Supports on Wage Adequacy*).

**No Work Supports (Wages Only).** The dotted line of Figure 7 models the wage adequacy of a family’s income based only on wages earned at each of the four wages demonstrated by the vertical bars. The adult working full-time at minimum wage, without any other support or resources to reduce expenses, provides only 32% of the income needed to meet the basic needs of a family with one adult, one preschooler, and one school-age child in North Manhattan. An adult earning the median wage for a retail salesperson in New York City (\$10.34 per hour) is 45% wage adequate. Wage adequacy is 54% for adults earning the median wage for janitors and cleaners, \$12.63 per hour. As the wage levels increase, wage adequacy also increases as the family’s income covers more of the family’s expenses. However, even with an hourly wage of \$15.91 per hour, the median wage for customer service representatives, this family in North Manhattan is still only able to meet 65% of their basic needs. With no work supports, this family in North Manhattan has a shortfall in income that ranges from over \$2,700 at minimum wage to over \$1,400 at \$15.91 per hour (see Appendix E: *Modeling the Impact of Work Supports on Wage Adequacy*).

**Child Care Assistance.** When the family receives child care assistance, it reduces their expenses and therefore raises wage adequacy, as shown in the second line of Figure 7. At \$7.25 per hour, with the help of child care assistance to decrease the family’s expenses, wage adequacy increases from 32% with no work supports to 50%. This is an improvement, but the family is still unable to cover half of their monthly expenses. At \$10.34 per hour, child care assistance decreases the cost of child care to \$103 per month and increases wage adequacy from 45% to 66%. At \$12.63 and \$15.91 per hour, child care assistance improves the wage adequacy of this family to 75% and 85% respectively.

**Child Care Assistance, SNAP, WIC, Child Health Plus, and Family Health Plus.** Receiving help with the cost of health care and food further reduces the family’s expenses and therefore increases wage adequacy, as

demonstrated in the third line from the bottom of Figure 7. The family is eligible for Child Health Plus at each of the four wages, and is eligible for Family Health Plus for the first three wages. The family is eligible for both SNAP and WIC benefits at the first three wage levels, and receives child care assistance at each wage level. With the help of SNAP, WIC, Child Health Plus, Family Health Plus, and child care assistance, wage adequacy at \$7.25, \$10.34, and \$12.63 per hour is increased to 76%, 91%, and 97% respectively. At \$15.91 per hour, with WIC, Child Health Plus, and child care assistance the family’s wage adequacy reaches 94%.

**Housing Assistance, Child Care Assistance, SNAP, WIC, Child Health Plus, and Family Health Plus.** The top line on Figure 7 adds housing assistance to the package of work supports shown in the previous line. Housing assistance reduces housing costs to 30% of the family’s income. This family in North Manhattan is eligible for housing assistance at each of the four wage levels, reducing the cost of housing from \$931 per month to between \$383 and \$840 depending on the wage. The full package of work supports modeled—housing assistance, child care assistance, SNAP, WIC, Child Health Plus, and Family Health Plus—increases wage adequacy to above 100% for workers earning the first three wages. However, the adult earning \$15.91 per hour no longer qualifies for Family Health Plus and the cost of health care again includes the adult’s premium and a small premium for Child Health Plus. The addition of housing assistance does improve the family’s wage adequacy from 94% to 96%, getting the family a little closer to 100% wage adequacy than with the previous package of work supports.

## AVAILABILITY AND ACCESSIBILITY OF WORK SUPPORTS

When assisted temporarily with work supports until they are able to earn Self-Sufficiency Wages, costs of essential items are reduced, and families are able to meet their basic needs as they enter or re-enter the workforce. Thus, work support programs, tax credits, and child support can play a critical role in helping families move towards economic self-sufficiency. However, the various work supports modeled here are not available or accessible to all who need them.

**Figure 8** compares maximum income eligibility levels of various work support programs in New York City to

the FPL and the Self-Sufficiency Standard for a family of three. A family with one adult, one preschooler, and one school-age child in North Manhattan needs to earn \$57,831 per year to be self-sufficient. The Federal Poverty Level for a family of three is \$18,310 per year. The eligibility levels for four of the five work supports shown in Figure 8 fall far below the Self-Sufficiency Standard for North Manhattan, leaving some families who are earning below self-sufficient wages in a policy gap. That is, families with incomes below the Standard may have incomes that are too low to meet their basic needs, yet too high to qualify for most work support programs.

**Child Support.** Despite the fact that 57% of all custodial parents in the United States have child support awards, less than half of those awarded child support actually receive the full amount owed to them, while one-quarter of custodial parents awarded child support receive no payment at all.<sup>21</sup> When families receive payments with the assistance of state child support enforcement agencies, the national average amount received is \$249 per family, and in New York State the average is \$288 per family.<sup>22</sup>

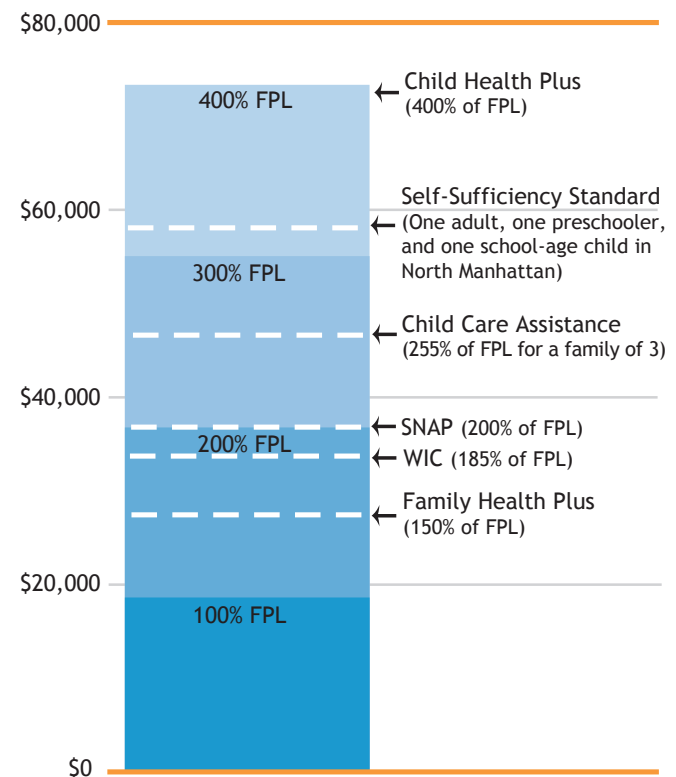
**Child Care Assistance.** Between 2008 and 2009, the child care assistance policies of most states have not improved and in some instances policies have moved backwards; indeed, the number of states that have developed wait lists or frozen new intakes for families seeking child care assistance climbed to 19 in 2009 (from 17 in 2008).<sup>23</sup> In New York State, 116,400 children received Child Care and Development Fund (CCDF) subsidies in fiscal year 2008.<sup>24</sup> This amounts to approximately 10% of New York State's potentially eligible children receiving child care subsidies in 2008.<sup>25</sup>

#### Supplemental Nutrition Assistance Program (SNAP) and Women, Infants, and Children Program (WIC).

Nationally, enrollment in SNAP has increased 19% between 2008 and 2009, reaching nearly 34 million participants in federal Fiscal Year (FY) 2009.<sup>26</sup> Likewise, national enrollment in WIC has increased 5% between 2008 and 2009, reaching over 9 million participants in federal FY 2009.<sup>27</sup> In New York State, participation in SNAP has also increased 19% (reaching over 2,300,000 participants in federal FY 2009) and participation in WIC has increased by 4% (reaching nearly 519,000 participants in 2009).<sup>28</sup> Despite increasing enrollment in SNAP the USDA reports that only

**Figure 8. New York City Work Support Income Eligibility Levels**

The bar below demonstrates the income eligibility levels of five work support programs and the Federal Poverty Level (FPL) for a family of three.



66% of eligible individuals in the United States and 61% of eligible individuals in New York State participated in the Food Stamp Program in 2007.<sup>29</sup> Social stigma has long been a barrier preventing eligible families from enrolling in SNAP; however, institutional or bureaucratic barriers also limit access, such as drug felony histories, language barriers, and immigration status.

In New York, working families with dependent care expenses are eligible for SNAP with gross incomes up to 200% of the FPL. However, families or individuals without dependent care expenses are only eligible with gross incomes up to 130% of the FPL, leaving a number of families in need without access to SNAP. Additionally, due to high housing costs in some areas of New York City coupled with a cap on the excess shelter deduction, many families are disadvantaged in SNAP eligibility.

**Medicaid and CHIP.** According to the U.S. Census Bureau, 15.4% of Americans lacked health insurance in 2008, nearly the same as in 2007; the percentage of uninsured children nationwide was 10% in 2008, a small

drop from 2007.<sup>30</sup> Child Health Plus served 517,256 children under 19 years of age in FY 2008.<sup>31</sup> According to U.S. Census Health Insurance data, 4.5% of New York State’s children in families with incomes at or below 200% of the Federal Poverty Level do not have health insurance.<sup>32</sup>

**Housing Assistance.** Although decades ago New York had a modest inventory of state and local housing programs, today low-income families primarily rely on federal housing programs.<sup>33</sup> The only major state housing program that continues is the Mitchell-Lama program, which includes 280 housing developments with a total of 120,000 units and typically serves households with somewhat higher incomes (except when combined with federal housing assistance).<sup>34</sup> Low-income households in New York are primarily served by four primary federal housing programs.

- The HUD Federal Public Housing Program, in which housing units are owned and operated by public housing authorities, started in 1937 and serves 212,739 households in New York (178,017 in New York City and 34,722 in the rest of New York State).<sup>35</sup>
- The HUD Multifamily Housing Program began after 1949 and provides financial assistance to privately owned developments in order to lower tenant costs and fund projects. There are 170,047 units in New York with HUD Multifamily rent subsidies, of which 97,894 are located in New York City and 72,153 are in the rest of the state.<sup>36</sup>
- The HUD Section 8 Housing Choice Voucher Program originated in 1974 and provides low-income households with funding vouchers to subsidize a portion of their rent payment, aiming to reduce a household’s rent to 30% of their income.<sup>37</sup> This program serves 227,975 households in New York (58% of which are in New York City, and 42% are in the rest of the state).<sup>38</sup>
- The Low-Income Housing Tax Credit Program (LIHTC), created in 1986, provides tax credits to housing development investors to offset costs and ensure affordable rents. There are 106,440 units in the LIHTC program in New York (63,934 are in New York City and 42,506 are in the rest of the state) that have “affordable” rents (set below 30% of income for households that are at least 50% to 60% of area median income).<sup>39</sup>

Families with incomes below 80% of HUD’s area median family income are considered low-income and are eligible for federal housing assistance. However, housing subsidies are limited due to funding availability and most new program participants must be families with extremely low incomes (defined by HUD as income below 30% of area median income limits).<sup>40</sup> Indeed, New York’s statewide 2009 extremely low-income limit is \$18,350; the 2008 median family incomes of families receiving federal assistance was between \$13,600 and \$15,900 for families in the Multifamily Housing Program, \$14,800 for families in the Voucher program, and \$19,800 for families in the Public Housing program.<sup>41</sup>

**Earned Income Tax Credit.** According to the Internal Revenue Service (IRS), approximately one in four eligible taxpayers do not claim the Earned Income Tax Credit. The IRS states that this is due to “complex eligibility requirements.” The IRS has found that language barriers, homelessness, and living in a rural area are some of the barriers that contribute to lower participation rates. Recognizing the importance of increasing awareness of eligibility, the Department of the Treasury, the IRS, and community partners across the United States are working to provide more outreach and information to eligible individuals through EITC awareness days.<sup>42</sup>

In sum, there is considerable variation in the reach of work supports, with approximately 95% of eligible children covered by health insurance, but only 10% receiving child care assistance; likewise, one-third of eligible families do not receive SNAP, and one-quarter do not claim the EITC for which they are eligible.

## Closing the Gap Between Wages and the Standard

Many families do not earn Self-Sufficiency Wages, particularly if they have recently entered (or re-entered) the workforce or live in high-cost or low-wage areas. Such families cannot afford their housing and food and child care, much less other expenses, and are forced to choose between basic needs. This section provides strategies to close the gap between wages earned and the cost of meeting all basic needs for working families.

**Table 7** below compares the median wages of New York City's ten most common occupations (by number of employees) to the Self-Sufficiency Standard. This comparison uses the Standard for families with one adult, one preschooler, and one school-age child in Brooklyn, which is \$63,166 per year (\$29.91 per hour). The median wage data come from the New York Department of Labor

**Table 7. Wages of New York City's Ten Largest Occupations**

OCCUPATION TITLE	NUMBER OF EMPLOYEES	Annual Median Income*	Percent of Standard**
Retail Salespersons	107,110	\$21,909	35%
Office Clerks, General	86,230	\$28,127	45%
Executive Secretaries and Administrative Assistants	81,460	\$51,071	81%
Janitors and Cleaners, Except Maids and Housekeeping Cleaners	80,690	\$28,881	46%
Home Health Aides	72,070	\$21,176	34%
Registered Nurses	70,050	\$82,764	131%
Secretaries, Except Legal, Medical, and Executive	69,740	\$33,210	53%
Security Guards	65,290	\$26,510	42%
Cashiers	64,660	\$17,610	28%
Personal and Home Care Aides	58,270	\$22,883	36%
THE ANNUAL SELF-SUFFICIENCY STANDARD FOR ONE ADULT IN BROOKLYN			\$28,367
**THE ANNUAL SELF-SUFFICIENCY STANDARD FOR ONE ADULT, ONE PRESCHOOLER, AND ONE SCHOOL-AGE CHILD IN BROOKLYN			\$63,166

\* Wages adjusted for inflation using the Employment Cost Index. U.S. Bureau of Labor Statistics. Employment cost index historical listing. *Continuous occupational and industry series: September 1975 - December 2009*. Retrieved April 19, 2010, from [www.bls.gov/web/ecicois.pdf](http://www.bls.gov/web/ecicois.pdf).

Source: New York State Department of Labor. *Occupational wages in New York City*. Data is from the Occupational Employment Statistics Survey, May 2008. Retrieved April 19, 2010, from <http://www.labor.ny.gov/stats/lswage2.asp>.

ALL BUT ONE OF THE NEW YORK CITY'S TEN MOST COMMON OCCUPATIONS HAVE MEDIAN WAGES THAT ARE BELOW THE MINIMUM LEVEL OF SELF-SUFFICIENCY.

Occupational Wages and is updated using the Employment Cost Index.<sup>43</sup> The top ten most common occupations represent 20% of New York City workers. With the single exception of registered nurses, the median wages of the top ten occupation groups are all below the Self-Sufficiency Standard for this family type in Brooklyn.

The most common New York City occupation—retail salespersons—accounts for 3% of New York City workers and has median earnings of \$21,909 per year, about one third of the Standard for a three-person family in Brooklyn, leaving an income shortfall of over \$40,000 annually. The second most common occupation—office clerks—yields earnings of \$28,127 per year, 45% of the minimum required to be self-sufficient in Brooklyn for this family type. Seven of the ten most common New York City occupations have median annual wages that are less than half of the Standard for one adult with one preschooler and one school-age child living in Brooklyn.

Only one occupation, registered nurses, yields earnings that are above the minimum required to meet basic needs in Brooklyn for one adult with one preschooler and one school-age child. Registered nurses have a median income of \$82,764 per year, which is 131% of the Self-Sufficiency Standard for this family type in Brooklyn. Executive secretaries and administrative assistants earn median wages that are 81% of the wage needed to be self-sufficient for this family type in Brooklyn.

All but one of New York City's ten most common occupations have median wages that are below the minimum level of self-sufficiency. The gap between wages and expenses presents a challenge for state and local agencies to seek strategies that will aid families striving to reach self-sufficiency.

## STRATEGIES TO CLOSE THE GAP

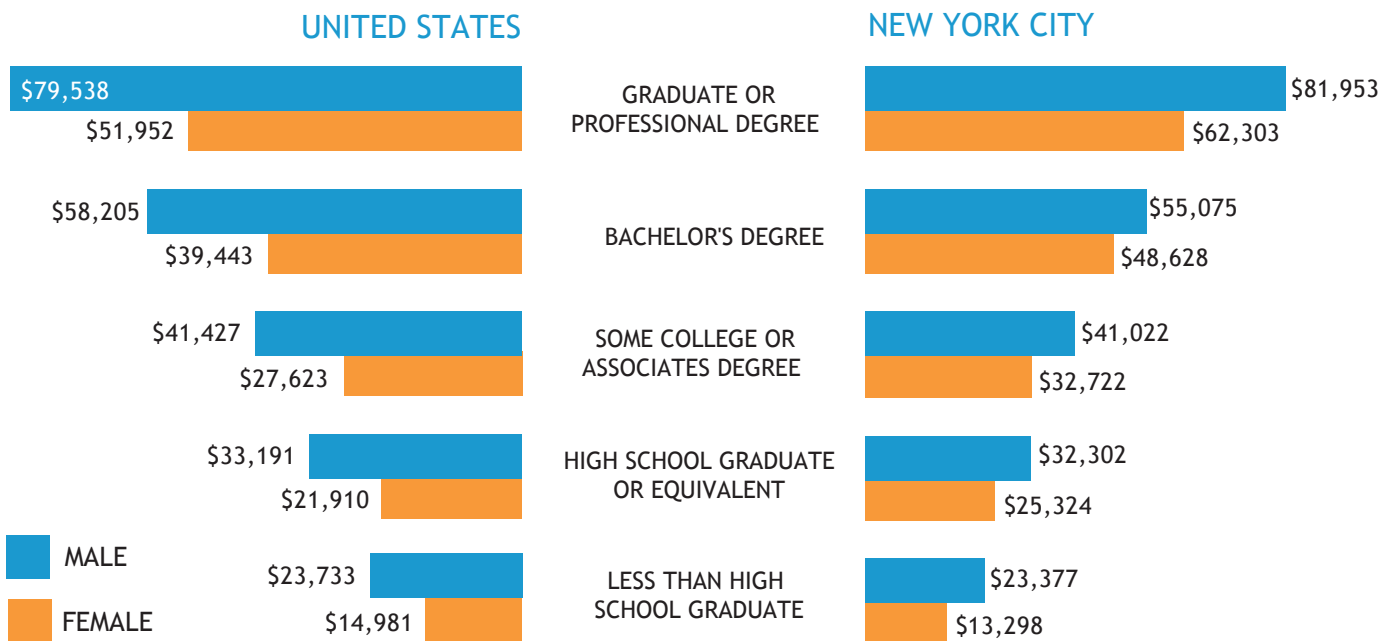
There are two basic approaches for individuals to close the income gap: reduce costs or raise incomes. The first approach, modeled and discussed in the previous section, reduces costs through subsidies and supports, such as child support, SNAP, and child care assistance. Strategies for the second approach, raising incomes, are detailed below. Note, however, that reducing costs and raising incomes are not mutually exclusive, but can and should be used sequentially or in tandem. Some parents may, for instance, receive education and training leading to new jobs yet continue to have their incomes supplemented by work supports until their wages reach the self-sufficiency level. Whatever choices they make, parents should be able to choose the path to self-sufficiency that best safeguards their families' well-being and allows them to balance work, education, and family responsibilities.

**ACCESS TO HIGHER EDUCATION.** Education is often the key to entering occupations and workplaces that eventually, if not immediately, pay Self-Sufficiency Wages. **Figure 9** clearly depicts the increases in annual median earnings as education levels increase for United States and New York

City metropolitan area workers.<sup>44</sup> It should be noted that while median earnings increase as educational attainment increases for both women and men, women's median wages are considerably lower than those of men at every level of educational attainment. Indeed, controlling for education, women's wages are between 69%-88% of men's wages in New York City and 63%-68% in the United States.

Education has always been a key to economic independence. Yet by promoting rapid attachment to employment or "work first," the federal Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996 substantially restricted welfare recipients' access to higher education. Because of federal and state rules, fewer recipients are now enrolled in post-secondary education programs or long-term training.<sup>45</sup> In particular, rules enacted under the Deficit Reduction Act, both via the provisions themselves and via the regulations issued by the Department of Health and Human Services implementing the provisions, have increased the proportion of welfare program participants who must be working, while also narrowing acceptable work activities. The result is a further restriction of access to education and skill training.

Figure 9. Impact of Education on Earnings by Gender in the United States and New York City



Sources: U.S. Census Bureau. American Factfinder. 2008 American Community Survey. Detailed Tables. B20004. *Median earnings by sex by educational attainment for the population 25 years and over.* Retrieved from <http://factfinder.census.gov>. Data is updated using the Consumer Price Index. United States Department of Labor, Bureau of Labor Statistics. *Consumer Price Index: NY MSA Region and U.S. All Items August 2009, 1982-1984=100* - MUUR0100SA0 and CUURO100SA0, CUUSO100SA0. Retrieved from <http://www.bls.gov/cpi/home.htm>.

Effectively coupling work and access to occupational skills training or higher education requires balancing work requirements and access to training, as well as providing income supports for low-income employed parents in college or training. Indeed, businesses realize the necessity of investing in education and training for their workers in order to take advantage of new technology and remain competitive in a global marketplace. Opportunities for low-income workers to obtain more education are therefore vital.

As businesses increasingly need workers with higher skill levels, a high school diploma or GED does not have the value that it once had in the job market.<sup>46</sup> Researchers have identified a “tipping point” where a worker’s educational attainment leads to a job that pays wages sufficient to support a family. Surprisingly, this “tipping point” can be reached before attaining a Bachelor’s degree. Many mid-level skills jobs pay family sustaining wages and are in high demand among employers. Mid-level skills jobs are jobs that require more than a high school diploma but less than a bachelor’s degree. Workers can gain a substantial increase in earnings by getting at least one year of college and a credential.<sup>47</sup> Thirty units (about one year of full-time enrollment) have been shown to increase wages and earnings substantially, up to 11.3% for men and 11.8% for women.<sup>48</sup>

### **TARGETED TRAINING FOR HIGHER-WAGE JOBS AND SECTORAL EMPLOYMENT INTERVENTION.**

As discussed earlier in this section, nine of the ten most common occupations in New York City have median wages below the Self-Sufficiency Wage for families with one adult, one preschooler, and one school-age child in Brooklyn. That leaves just one of the most common occupations in New York City as a potential sector that pays wages high enough to meet basic needs. Targeted training at those sectors that require less post-secondary education but pay higher wages can increase access to these positions and help low-wage workers move into careers with Self-Sufficiency Wages. Targeting training towards higher-wage jobs helps communities strengthen their local economies by responding to businesses’ specific labor needs and improving a region’s ability to attract and keep industries.

Sectoral employment intervention is one strategy for targeting training towards higher-wage jobs. This approach

to job training determines the wage needed by a worker to sustain her or his family using the Self-Sufficiency Standard, identifies well-paying jobs in sectors that lack trained workers, and analyzes the job training and support services infrastructure necessary to move individuals into these jobs. Key components to sectoral employment intervention include engaging industry representatives and workforce development boards, analyzing regional labor markets, targeting training for specific jobs, and developing realistic outcome standards.<sup>49</sup>

### **EXPANDED AND ENHANCED ADULT BASIC EDUCATION AND STUDENT SUPPORT SERVICES.**

Since adults with inadequate education, language difficulties, or insufficient job skills and experience usually cannot achieve Self-Sufficiency Wages; adult education is an important first step in a continuum that prepares adults for self-sufficiency.

Expansion and improvement of training programs aimed at these necessary work skills could assist adults struggling to enter the workforce. One component of an enhanced adult education program is Functional Context Education (FCE). FCE is an instructional strategy that teaches literacy and job skills within the context of the learners’ educational and employment goals.<sup>50</sup> Programs that use the FCE model are more effective than traditional programs that teach basic skills and job skills separately, because this innovative approach teaches literacy and basic skills in the context in which the learner will use them.

States can encourage student success by providing support services that help them balance their work, family, and financial responsibilities with their educational goals. Providing wrap-around services like career counseling in addition to traditional supports such as child care and transportation can increase students’ persistence and education completion.

Due to the welfare time limits and restrictions on education and training discussed above, it is now more important than ever for individuals to master basic and job-specific skills as quickly and efficiently as possible. Short-term, high quality adult education trainings can assist in accomplishing this goal. Expanded and enhanced adult education programs not only benefit workers but they also benefit employers. Expanding incumbent worker trainings

can result in increased productivity and increased efficiency benefiting the employer as well as the employee.

### **NONTRADITIONAL EMPLOYMENT FOR WOMEN.**

Entering “nontraditional” occupations (NTOs) is an underutilized but effective strategy by which women can access higher-wage jobs. According to the U.S. Department of Labor, NTOs include any occupation in which less than 25% of the workforce is female. Many nontraditional jobs, such as construction worker, banking officer, computer repairer, police officer, or truck driver, require relatively little post-secondary training, yet can provide wages at self-sufficiency levels.

Increasing women’s access to nontraditional jobs is a compelling strategy for family economic self-sufficiency for several reasons. In addition to the higher wages, NTOs frequently have greater career and training opportunities, which can lead to greater job satisfaction and result in longer-term employment. Moreover, hiring women in nontraditional jobs is good for business because it opens up a new pool of skilled workers to employers and creates a more diverse workforce that is reflective of the community.

Recognizing the significant benefits of nontraditional employment for low-income women and their families, many community-based women’s organizations began offering nontraditional training 25 years ago. Their efforts were assisted by affirmative action guidelines for employers and apprenticeship programs that opened the construction trades, in particular, to women. The 1992 Women in Apprenticeship and Nontraditional Occupations (WANTO) Act provided funds through the U.S.

Department of Labor Women’s Bureau and the Bureau of Apprenticeship and Training for such programs, providing grants for recruitment, training and retention of women in nontraditional occupations, as well as preventing sexual harassment in the workplace.<sup>51</sup> Nontraditional Employment for Women (NEW) in New York City is one such program, offering pre-apprenticeship training in the construction, utilities and transportation sectors since 1978. Graduates of the NEW program gain education and skills leading to economic self-sufficiency, with jobs paying as much as \$45 an hour.<sup>52</sup>

While most community-based nontraditional employment programs were successful, few of the strategies used to

train and place women in the nontraditional jobs have been institutionalized into mainstream job training and vocational education systems. For NTOs to become a successful strategy for moving families out of poverty, it is critical to address the range of economic, political, and social barriers that prevent workforce development and welfare systems from institutionalizing nontraditional employment for women.

### **MICROENTERPRISE TRAINING AND DEVELOPMENT.**

Microenterprise development is an income-generating strategy that helps low-income people start or expand very small businesses. Generally, the business is owned and operated by one person or family, has fewer than five employees and can start up with a loan of less than \$25,000. Microenterprise is an attractive option for low-income individuals who may have skills in a particular craft or service.

Low-income women entrepreneurs, especially those living in rural or inner-city communities isolated from the economic mainstream, often lack the contacts and networks needed for business success. Peer networks (such as lending circles and program alumni groups) can help women “learn to earn” from each other, build self-esteem, and organize around policy advocacy. Linkages between other microentrepreneurs and established women business owners can provide program participants with role models, facilitate an ongoing transfer of skills, and expand networks.

Microenterprise is also a local economic development strategy, since microbusinesses have the potential to grow into small businesses that respond to local demand, create jobs, and add to the local tax base.<sup>53</sup>

### **INDIVIDUAL DEVELOPMENT ACCOUNTS OR FAMILY SAVINGS ACCOUNTS.**

For many low-income families, the barriers to self-sufficiency are accentuated by a near or total absence of savings. According to a report on wealth-poor households in the United States, the average family with a household income between \$10,000 and \$25,000 had net financial assets of \$1,000, while the average family with a household income of less than \$10,000 had net financial assets of \$10.<sup>54</sup> For these families with no savings, the slightest setback—a car in need of repair, an unexpected hospital bill, a reduction in work hours—can trigger a

major financial crisis. These families can be forced to take out small loans at exorbitant interest rates (e.g., “payday loans”) just to make it to the next paycheck, often resulting in spiraling debt.

In addition, public policies often work against the promotion of savings by actively penalizing families that manage to put some money aside. In New York, the TANF asset limit is set at \$2,000 per family, meaning that families who have saved more than \$2,000 but still do not have enough to make ends meet must spend their savings before they qualify for assistance.<sup>55</sup>

Recent policy changes have also begun to promote and encourage asset development for low-income workers. One major development has been the Individual Development Account (IDA) or Family Savings Account (FSA) program. IDAs or FSAs are managed by community-based organizations and are held at local financial institutions. In this program, a public or private entity provides a matching contribution towards regular savings made by a family. The savings can be withdrawn if they are used for a specified objective, such as the down payment for a house, payment for higher education, or start-up costs for a small business.

Research from the American Dream Demonstration (ADD), a 14-site IDA (or FSA) program, indicates strong saving habits among low-income families supported through IDA programs. Financial literacy support and incentives of matched savings have led participants to save 50% of monthly savings targets, on average.<sup>56</sup> While less common than income supports, these “wealth supports” can be an important tool in helping families move towards self-sufficiency.

**MAKING WORK PAY THROUGH TAX REFORM.** As this report illustrates, a full-time job is not always enough to move a family toward self-sufficiency if wages are too low to provide for the family’s basic needs. For workers with incomes below the Self-Sufficiency Standard, public policy can help by “making work pay.” Specifically, tax credits could be expanded so that they are provided to all working families below the Self-Sufficiency Standard. The Federal Earned Income Tax Credit (EITC), the Child and Dependent Care Tax Credit (CCTC), and the Child Tax Credit all benefit working families with low wages, but can begin to phase out for some families who are below the

Standard. As incomes increase, these benefits decrease, well before families reach the Self-Sufficiency Standard. New York State and City also have an EITC and CCTC, and the state has a CTC.

**GENDER- AND RACE-BASED WAGE REFORM.** It is important to recognize that not all barriers to self-sufficiency lie in the individual persons and/or families seeking self-sufficiency. Women and people of color all too often face artificial barriers to employment—barriers not addressed by tax credits or training and education strategies. Discrimination on the basis of gender and/or race is a key issue. See Figure 9 for evidence of this in the discussion of education and earnings by gender.

At the same time, this does not necessarily mean that individuals or institutions are engaging in deliberate racism and sexism. Addressing the more subtle, yet substantial, barriers requires all stakeholders—employers, unions, advocates, training providers and educators, welfare officials, and program participants—to address the various difficulties, myths, and misunderstandings that arise as more and more people seek to enter a workforce environment that is not always welcoming. Pay equity laws require employers to assess and compensate jobs based on skills, effort, responsibility, and working conditions, and not based on the gender or race/ethnicities of the job’s occupants. These laws raise the wages of women and people of color who are subject to race and gender-based discrimination.<sup>57</sup>

## How the Self-Sufficiency Standard Has Been Used

While the Self-Sufficiency Standard is an alternative measure of income adequacy that is accurate, up-to-date, and geographically specific, it is more than an improved measure. The Standard is a tool that can be used across a wide array of settings to benchmark, evaluate, educate, and illuminate. Below we briefly describe some of these uses, and provide one example. In Appendix B, we provide more detail—with references and website addresses—so that readers can explore these uses as well as contact the particular programs and persons who have actually applied the Self-Sufficiency Standard in their work.

For more examples of how the Standard has been used please see **Appendix B** of this publication.

### ASSESSMENT OF PUBLIC POLICY OPTIONS

*The Self-Sufficiency Standard has been used as a tool to evaluate the impact of current and proposed policy changes.* As in the modeling tables in this report, the Standard can be used to evaluate the impact of a variety of work supports (the Food Stamp Program/SNAP, Medicaid) or policy options (child care co-payments, tax reform or tax credits) on family budgets. It can also be used to model changes in these programs. Work is central to a family’s ability to get ahead; but, as this report illustrates, it is not always enough. For workers with incomes below the Self-Sufficiency Standard, public policy can help by “making work pay.”

- **Example:** In Maryland, Advocates for Children and Youth used the Self-Sufficiency Standard in their *Maryland Can Do Better for Children* campaign, a three-year plan to address critical needs of children and their families by 2010. During the 2007 special session of the Maryland General Assembly, the campaign utilized the Standard for each of Maryland’s 24 jurisdictions to successfully advocate for expanded Refundable Earned Income Tax Credits for low-income families.

### EVALUATION OF ECONOMIC DEVELOPMENT PROPOSALS

*The Self-Sufficiency Standard has been used to evaluate state and local level economic development proposals.*

Using the Standard can help determine if businesses seeking tax breaks or other government subsidies will, or will not, create jobs that pay adequate wages. If the new jobs create pay wages that are below the Standard so that the employees will need public work supports to be able to meet their basic needs, the new business is essentially seeking a “double subsidy.” In this way, economic development proposals can be evaluated for their net positive or negative effect on the local economy, as well as on the well-being of the potential workers and their families.

- **Example:** The Delaware Economic Development Office has applied the Delaware Self-Sufficiency Standard to strategically fund grant applicants in order to focus resources on quality employment growth.

### CREATING GUIDELINES FOR WAGE-SETTING

*The Self-Sufficiency Standard has been used as a guideline for wage-setting.* By determining the wages necessary to meet basic needs, the Standard provides information for setting wage standards.

- **Example:** Vanderbilt University in Tennessee uses the Self-Sufficiency Standard to educate employees and administrators about the need to increase the take-home pay of service staff.

### TARGETING OF JOB TRAINING RESOURCES

*The Self-Sufficiency Standard has been used to target job training resources.* Using a targeted jobs strategy, the Standard helps to match job seekers with employment that pays Self-Sufficiency Wages. Sectoral Employment Intervention is one strategy for targeting training towards higher-wage jobs. This approach to job training determines the wage needed by a worker to sustain her or his family using the Self-Sufficiency Standard, identifies well-paying jobs in sectors that lack trained workers, and analyzes the job training and support services infrastructure necessary to move individuals into these jobs. Key components to Sectoral Employment Intervention include engaging industry representatives and workforce development boards, analyzing regional labor markets, targeting training for specific jobs, and developing realistic outcome standards. Through this analysis it is possible to determine

the jobs and sectors on which to target training and education resources.

- **Example:** The Sacramento Employment and Training Agency (SETA) uses the Self-Sufficiency Standard to determine self-sufficient wages in Sacramento County. With this information SETA is able to identify growth industries paying Self-Sufficiency Wages and to direct clients and public resources towards those industries.

## EVALUATION OF EMPLOYMENT PROGRAM OUTCOMES

*The Self-Sufficiency Standard can be used to evaluate outcomes for clients in a range of employment programs, from short-term job search and placement programs, to programs providing extensive education or job training. By evaluating wage outcomes in terms of the Standard, programs are using a measure of true effectiveness in reaching the goal of economic self-sufficiency. Such evaluations can help redirect resources to approaches that result in improved outcomes for participants.*

- **Example:** The Colorado Center on Law and Policy successfully lobbied the Eastern Region Workforce Board in Fort Morgan, Colorado to officially adopt the Self-Sufficiency Standard to determine eligibility for intensive training services.

## TARGETING EDUCATION RESOURCES

*The Self-Sufficiency Standard helps demonstrate the “pay off” for investing in various education resources such as post-secondary education and training, including training for occupations that are nontraditional for women and people of color.*

- **Example:** The Missouri Women’s Council of the Department of Economic Development used the Standard to begin a program to promote nontraditional career development among low-income women. The program encourages women and girls to explore nontraditional career options that will pay Self-Sufficiency Wages.

## DETERMINATION OF NEED FOR SERVICES

*The Self-Sufficiency Standard has been used to determine which individuals are eligible and/or most in need of specific support or training services.*

- **Example:** In Virginia, Voices for Virginia’s Children successfully advocated for the state’s TANF Authorization Committee to use the Virginia Self-Sufficiency Standard as a tool for setting eligibility guidelines.

## COUNSELING TOOL FOR PARTICIPANTS IN WORK & TRAINING PROGRAMS

*The Self-Sufficiency Standard has been used as a counseling tool to help participants in work and training programs access benefits and develop strategies to become self-sufficient.* Computer-based counseling tools allow users to evaluate possible wages, then compare information on available programs and work supports to their own costs and needs. Computer-based Self-Sufficiency Calculators, for use by counselors with clients and the public, have been developed for the Bay Area in California, Colorado, the District of Columbia, Illinois, New York City, Oregon, Pennsylvania, and Washington State. These tools integrate a wide variety of data not usually brought together, allowing clients to access information about the benefits of various programs and work supports that can move them towards self-sufficiency. Through online calculators, clients are empowered with information and tools that allow them to develop and test out their own strategies for achieving self-sufficient incomes.

- **Example:** In Washington State, a statewide Self-Sufficiency Calculator is used across workforce councils as a counseling tool and can be viewed at <http://www.thecalculator.org>.

## PUBLIC EDUCATION

*The Self-Sufficiency Standard has been used as a public education tool.* As an education tool, the Standard: helps the public at large understand what is involved in making the transition to self-sufficiency; shows employers the importance of providing benefits, especially health care; and, demonstrates to service providers how the various social service components fit together, facilitating the coordination of a range of services and supports. For policy makers and legislators, the Standard shows both the need for and impact of work support programs on low-wage workers’ family budgets.

- **Example:** Voices for Utah Children distributed copies of the Utah Self-Sufficiency Standard to state legislators and

candidates during the 2003 legislative session to frame a discussion about increasing funding for Utah’s Children’s Health Insurance Program.

## SUPPORTING RESEARCH

***Because the Self-Sufficiency Standard provides an accurate and specific measure of income adequacy, it is frequently used in research.*** The Standard provides a means of estimating how income adequacy differs from place to place and among different family types. The Standard also provides a means to measure the adequacy of various work supports, such as child support or child care assistance, given a family’s income, place of residence, and composition.

- In several states the Self-Sufficiency Standard has been used along with data from the U.S. Census Bureau to measure the number of families above and below the Self-Sufficiency Standard, as well as their characteristics (e.g., race, ethnicity, family type, education, employment). Findings from these studies can be found in the following reports and available online at <http://www.selfsufficiencystandard.org/pubs.html#addpubs>:
- California: *Overlooked and Undercounted 2009: Struggling to Make Ends Meet in California*
- Colorado: *Overlooked and Undercounted: Struggling to Make Ends Meet in Colorado*
- Connecticut: *Overlooked and Undercounted: Where Connecticut Stands*
- Mississippi: *Overlooked and Undercounted: Struggling to Make Ends Meet in Mississippi*
- New Jersey: *Not Enough to Live on: Characteristics of Households Below the Real Cost of Living in New Jersey*
- Pennsylvania: *Overlooked and Undercounted: Struggling to Make Ends Meet in Pennsylvania*
- Washington State: *Overlooked and Undercounted: Wages, Work and Poverty in Washington State*

## Conclusion

New York City is facing an important opportunity to make it possible for low-income households to become economically self-sufficient. 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. In addition, there are thousands of families in New York City who are trapped in low-wage jobs and struggling to make ends meet.

The Self-Sufficiency Standard documents the income required for families to live independently, without public or private assistance. The 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 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.

In addition to New York City, the Standard has been calculated for Alabama, Arizona, California, Colorado, Connecticut, Delaware, Florida, Georgia, Hawaii, Illinois, Indiana, Iowa, Kentucky, Louisiana, Maryland, Massachusetts, Mississippi, Missouri, Montana, Nebraska, Nevada, New Jersey, New York State, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, South Dakota, Tennessee, Texas, Utah, Virginia, Washington State, West Virginia, Wisconsin, Wyoming, and the Washington, D.C. metropolitan area. For further information about the Standard, how it is calculated or used, or the findings reported here, as well as information about other states or localities, contact Dr. Diana Pearce at [pearce@uw.edu](mailto:pearce@uw.edu) or (206) 616-2850, or the Center for Women's Welfare staff at (206) 685-5264, or visit <http://www.selfsufficiencystandard.org>.

For more information on *The Self-Sufficiency Standard for New York City 2010*, to order this publication or the Standard wage tables for any of New York City's boroughs, or to find out more about the programs at the Women's Center for Education and Career Advancement, contact (212) 964-8934 or visit <http://www.wceca.org>.

## Endnotes

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## Appendix A: Methodology, Assumptions and Sources

This Appendix explains the methodology, assumptions, and sources used to calculate the Standard. We begin with a discussion of our general approach, followed by the specifics of how each cost is calculated, ending with a list of Data Sources. Making the Standard as consistent and accurate as possible, yet varied by geography and the age of children, requires meeting several different criteria. To the extent possible, the data used to calculate the 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 routinely
- 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 is 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 Self-Sufficiency Standard is calculated for 70 different family types for each borough (county) in New York City, as well as separate tables for two areas of Manhattan (see <http://www.selfsufficiencystandard.org/pubs.html> or <http://www.wceca.org> to view the full data tables). As can be seen in Table A-1, the 70 family types 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. These 70 family types represent the majority of households. The Self-Sufficiency Standard can also be calculated for a wider range of family types, including larger and multigenerational families. The cost of each basic need and the Self-Sufficiency Wages for eight selected family types for each borough in New York City are included in Appendix C.

The Self-Sufficiency Standard assumes adult household members work full-time and *therefore includes all major costs associated with employment for every adult household*

*member* (i.e., taxes, transportation, and child care for families with young children). The Self-Sufficiency Standard does not calculate costs for adults with disabilities or elderly household members who no longer work. It should be noted that for families with persons with disabilities or elderly family members there are costs that the Standard does not account for, such as increased transportation and health care costs.

The Standard assumes adults work 8 hours per day for 22 days per month and 12 months per year. Each cost component in the Standard is first calculated as a monthly cost. Hourly and annual Self-Sufficiency Wages are calculated based on the monthly Standard by dividing the monthly Self-Sufficiency Standard by 176 hours per month to obtain the hourly wage and multiply by 12 months per year to obtain the annual wage. The Standard therefore assumes a full-time worker works a total of 2,112 hours per year.

The components of the *Self-Sufficiency Standard for New York City 2010* and the assumptions included in the calculations are described below.

**Housing.** For housing costs, the Standard uses the most recent Fiscal Year (FY) Fair Market Rents (FMRs), calculated annually by the U.S. Department of Housing and Urban Development (HUD) for each state's metropolitan and non-metropolitan areas. Section 8(c)(1) of the U.S. Housing Act of 1937 (USHA) requires the Secretary to publish Fair Market Rents (FMRs) periodically, but not less than annually, to be effective on October 1 of each year. Housing costs in the 2010 New York City Self-Sufficiency Standard are calculated using the FY 2010 HUD Fair Market Rents published on October 1, 2009.

Annual FMRs, used to determine the level of rent for those receiving housing assistance through Section 8 vouchers, are based on data from the 2000 decennial census, the biannual American Housing Survey, and random digit dialing telephone surveys, 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 housing. FMRs, which include utilities (except telephone and cable), are

Table A-1. List of all 70 Family Types Calculated in the Self-Sufficiency Standard for New York City, 2010  
 Full data tables for each county can be downloaded at <http://www.selfsufficiencystandard.org/pubs.html> or  
<http://www.wceca.org>

FAMILY SIZE	ONE ADULT FAMILY TYPES				FAMILY SIZE	TWO ADULT FAMILY TYPES			
1	Adult				2	2 Adults			
2	Adult	infant			3	2 Adults +	infant		
	Adult	preschooler				2 Adults +	preschooler		
	Adult	school-age				2 Adults +	school-age		
	Adult	teenager				2 Adults +	teenager		
3	Adult	infant	infant		4	2 Adults +	infant	infant	
	Adult	infant	preschooler			2 Adults +	infant	preschooler	
	Adult	infant	school-age			2 Adults +	infant	school-age	
	Adult	infant	teenager			2 Adults +	infant	teenager	
	Adult	preschooler	preschooler			2 Adults +	preschooler	preschooler	
	Adult	preschooler	school-age			2 Adults +	preschooler	school-age	
	Adult	preschooler	teenager			2 Adults +	preschooler	teenager	
	Adult	school-age	school-age			2 Adults +	school-age	school-age	
	Adult	school-age	teenager			2 Adults +	school-age	teenager	
Adult	teenager	teenager		2 Adults +	teenager	teenager			
4	Adult	infant	infant	infant	5	2 Adults +	infant	infant	infant
	Adult	infant	infant	preschooler		2 Adults +	infant	infant	preschooler
	Adult	infant	infant	school-age		2 Adults +	infant	infant	school-age
	Adult	infant	infant	teenager		2 Adults +	infant	infant	teenager
	Adult	infant	preschooler	preschooler		2 Adults +	infant	preschooler	preschooler
	Adult	infant	preschooler	school-age		2 Adults +	infant	preschooler	school-age
	Adult	infant	preschooler	teenager		2 Adults +	infant	preschooler	teenager
	Adult	infant	school-age	school-age		2 Adults +	infant	school-age	school-age
	Adult	infant	school-age	teenager		2 Adults +	infant	school-age	teenager
	Adult	infant	teenager	teenager		2 Adults +	infant	teenager	teenager
	Adult	preschooler	preschooler	preschooler		2 Adults +	preschooler	preschooler	preschooler
	Adult	preschooler	preschooler	school-age		2 Adults +	preschooler	preschooler	school-age
	Adult	preschooler	preschooler	teenager		2 Adults +	preschooler	preschooler	teenager
	Adult	preschooler	school-age	school-age		2 Adults +	preschooler	school-age	school-age
	Adult	preschooler	school-age	teenager		2 Adults +	preschooler	school-age	teenager
	Adult	preschooler	teenager	teenager		2 Adults +	preschooler	teenager	teenager
	Adult	school-age	school-age	school-age		2 Adults +	school-age	school-age	school-age
	Adult	school-age	school-age	teenager		2 Adults +	school-age	school-age	teenager
	Adult	school-age	teenager	teenager		2 Adults +	school-age	teenager	teenager
Adult	teenager	teenager	teenager	2 Adults +	teenager	teenager	teenager		

Note: These 70 family types represent the majority of households. The Self-Sufficiency Standard can also be calculated for a wider range of family types, including larger and multi-generational families.

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.<sup>a</sup> New York City's FMRs are set at the 40th percentile.

HUD calculates one set of FMRs for an entire metropolitan area. Each New York City borough is included in the New York City HUD metropolitan area, and therefore share one set of FMRs. In order to differentiate the cost of housing by borough, the Standard used median gross rent ratios by borough calculated from the U.S. Census Bureau's 2008 American Community Survey (ACS) 1-Year Estimates.

In addition, housing costs in Manhattan (New York County) are further adjusted for variation between two geographic areas of Manhattan. The 2008 New York City Housing and Vacancy Survey median gross rents for sub-boroughs within Manhattan were used to adjust housing costs for what is referred to as "North Manhattan" and "South Manhattan" in this report. Note that these areas do not necessarily align with the commonly understood geographic boundaries of Lower and Upper Manhattan. The two areas were determined by grouping together sub-boroughs with similar housing costs. The traditional border of 14th Street for Lower Manhattan left out high housing cost areas such as Chelsea, Clinton, Turtle Bay, and the Upper East and Upper West Side.

The geographic area of North Manhattan for the purposes of this report includes the following sub-boroughs: Morningside Heights/Hamilton Heights, Central Harlem, East Harlem, and Washington Heights/Inwood. The sub-boroughs included in the geographic area of South Manhattan are: Greenwich Village/Financial District, Lower East Side/Chinatown, Chelsea/Clinton/Midtown, Stuyvesant Town/Turtle Bay, Upper West Side, and Upper East Side.

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 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, and families with three children require three 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 the single adult and childless couple.

**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 and/or education and training. States were also required to conduct cost surveys biannually to determine the market-rate (defined as the 75th percentile) by setting, age, and geographical location or set a statewide rate.<sup>b</sup> Many states, including New York, have continued to conduct or commission the surveys as well as reimburse child care at or close to this level. Data for New York City child care costs are from the *New York Child Care and Development Fund Plan 2009 Child Care Market Rates*, prepared by the New York State Office of Children and Family Services.<sup>c</sup>

Care by family relatives accounts for the largest proportion of care for children less than three years of age (30% compared to 15% in family day care and 18% in child care centers).<sup>d</sup> However, 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.

Thus the question becomes, which *paid* setting is most used for infants (defined as children under three), family day care or center care? Some proportion of relative care is paid care, with estimates ranging from one-fourth to more than half. In addition, a substantial proportion of relative caregivers also provide care for non-relative children. As a result, relative care, when paid for, closely resembles the family day care home setting.

When even a minimal proportion of relative care is added to the paid family day care setting amount (e.g., it is assumed that just 20% of relative care is paid), then this combined grouping (family day care homes plus paid relative care) becomes the most common paid day care setting for infants. That is, 15% of children in family day care plus (at least) 6% who are in relative care (20% of the 30%) totals 21%, and thus is more than the 18% of infants who are in paid care in day care centers.<sup>e</sup>

For children three and four years old, however, clearly the most common child care arrangement is the child care

center, accounting for 42% of the care (compared to 12% in family child care and 23% in relative care).<sup>f</sup>

For the New York City 2010 Standard, the cost of child care for infants was calculated as the cost of full-time child care at regulated group family day care facilities and registered family day care facilities for children under three years of age. Note that the New York Child Care Market Rates calculate children under one and a half years of age as one age category and children from one and a half through two years of age as another category. For the Standard, these two age categories have been combined into one ‘infant’ category by averaging the rates for both age groups. The cost of child care for preschoolers was calculated as full-time care at day care centers for children ages three through five. To calculate the monthly cost of child care for infant and preschooler aged children, the weekly New York Child Care Market Rates were multiplied by 4.3 weeks per month. Costs for school-age children in the Standard were calculated as part-day care at school age child care facilities for children between the ages of six and 12. The part-day rates for school-age children in the New York Child Care Market Rates we reported as daily rates; the daily rates were multiplied by five days per week and 4.3 weeks per month to calculate the monthly rates.

The New York Child Care Market Rates are established in five geographic groupings of counties. The rates established for each group apply to all counties or districts in the group. The Group Five region includes all New York City boroughs, which share the same market rates. The New York Child Care Market Rates calculate the cost of child care at the 75th percentile for each group.

**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 safety net.<sup>g</sup>

The Low-Cost Food Plan is 25% higher than the Thrifty Food Plan, and 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 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.<sup>h</sup>

The USDA Low-Cost Food Plan varies by month and does not give an annual average food cost, so the Standard follows the SNAP protocol of using June data of the current year to represent the annual average.

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 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.

Geographic differences in food costs within New York City were varied using the ACCRA Cost of Living Index, published by the Council for Community and Economic Research. New York City food costs are between 31% and 58% higher than the national average cost of food. Note that although the ACCRA Cost of Living Index is generally intended for upper-middle income families, the ACCRA grocery index is standardized to price budget grocery items regardless of the shopper’s socio-economic status.

**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, University of California, if about 7% of the total public uses public transportation that “translates” to approximately 30% of the low- and moderate-income population.<sup>i</sup> The Standard assumes private transportation (a car) where public transportation use to commute to work is less than 7%. For New York City, the Standard uses 2008 American Community Survey data to calculate the percent of public transportation use to commute to work by borough. All boroughs in New York City have over 7% public transportation use to commute to work. The percent of workers using public transportation to commute to work in New York City varied from 30%

in Staten Island (Richmond County) to over 50% for the rest of the boroughs and above 60% in Brooklyn (Kings County).<sup>j</sup> Therefore, the Standard uses public transportation to calculate transportation costs for every borough in New York City. The cost of public transportation is obtained from the Metropolitan Transit Authority and is calculated using the cost of an unlimited ride MetroCard.

**Health Care.** The Standard assumes that an integral part of a Self-Sufficiency Wage is employer-sponsored health insurance for workers and their families. Nationally and in New York, 70% of non-elderly individuals in households with at least one full-time worker have employer-sponsored health insurance.<sup>k</sup> Nationally, the employer pays 81% of the insurance premium for the employee and 75% of the insurance premium for the family. In New York, the full-time worker's employer pays an average of 79% of the insurance premium for the employee and 78% for the family.<sup>l</sup>

Health care premiums are obtained from the 2006 Medical Expenditure Panel Survey (MEPS), Insurance Component 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. In New York the average premium paid by the employee is \$78.92 for a single adult and \$281.33 for a family.<sup>m</sup> These costs are then adjusted for inflation using the Medical Care Services Consumer Price Index.

To vary the state premium costs for New York City, the Standard uses data from the New York State Department of Insurance HMO rates by county. The Standard averaged the premium rates for each available company in New York City (availability was the same for every borough in New York City) and calculates a ratio to adjust the state level MEPS data.<sup>n</sup>

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.

Although the Standard assumes employer-sponsored health coverage, not all workers have access to affordable health insurance coverage through their employers, and there are some indicators of employee costs rising through increased premiums, increased deductibles and co-payments, and more limited coverage. In New York State, the worker's share of health care premiums nearly doubled over the past decade, increasing by 92% (from \$7,090 to \$13,632 per year) between 2000 and 2009 while the average worker's earnings increased by just 14% between 2000 and 2009.<sup>o</sup> Those who 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. Likewise, a serious health condition can make it extremely expensive to purchase individual coverage.

**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. 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%.<sup>p</sup> Note that after including taxes and tax credits, miscellaneous costs generally make up a smaller proportion of the total Self-Sufficiency Wage.

**Taxes.** Taxes calculated in the Standard include federal and state income tax, payroll taxes, and state and local sales 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. Income tax calculations for the Standard include state and local income tax. In New York City income tax rates vary from 2.907% to 3.648% depending on income and filing status. New York State income tax rates range from 4% to 6.85% depending on income level and filing status.<sup>q</sup>

Calculations for sales tax for New York City include both state and local sales tax. The total sales tax for New York City is 8.875% (including a 4.5% New York State sales tax, a 4.5% New York City sales tax and a 3/8% metro sales tax).<sup>f</sup>

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.

*The Self-Sufficiency Standard for New York City 2010* incorporates changes in federal tax credits resulting from the American Recovery and Reinvestment Act (ARRA). Tax credits calculated in the Standard that have been impacted by ARRA are: the Earned Income Tax Credit, the Child Tax Credit, and the Making Work Pay Tax Credit.<sup>g</sup> Note however that the ARRA changes to tax credits are currently only effective through the 2010 tax year. If using this edition of the Standard during or beyond 2011, the tax credits shown may be slightly lower.

**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.

New York State has a state EITC that is set at 30% of the federal EITC and New York City has a city EITC that is set at 5% of the federal EITC.

**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. In 2009, up to \$3,000 in child care costs was deductible for one qualifying child and up to \$6,000 for two or more qualifying children.

New York State has a state CCTC that is 20% to 110% of the federal CCTC, depending on income. New York City has a city CCTC that is up to 75% of the state CCTC, depending on income.

**The Child Tax Credit (CTC)** is a partially refundable federal tax credit. In 2009, the CTC provided parents with a deduction of \$1,000 for each child under 17 years old, or 15% of earned income over \$3,000, whichever was less. For the Standard, the CTC is shown as received monthly.

New York State has a state CTC, known as the Empire State Child Credit, that is the greater of 33% of the federal CTC or \$100 multiplied by the number of qualifying children.

**The Making Work Pay Tax Credit (MWPTC)**, passed in the 2009 American Recovery and Reinvestment Act, is a refundable federal tax credit up to \$400 per year for single adults and \$800 per year for married couples. The credit is available to working adults with incomes up to \$75,000 per year for single adults and \$150,000 per year for married couples. For the Standard, the Making Work Pay Tax Credit is shown monthly. The Making Work Pay Tax Credit is currently effective through the 2010 tax year.

**The New York State and City Household Credits** are non-refundable tax credits that can be used as credits against income taxes owed. The New York State Household Credit is up to a \$75 credit for single taxpayers and a \$20 to \$90 credit plus \$5 to \$15 more per exemption claimed on federal tax returns for married or head of household with qualifying dependent taxpayers. The New York City Household Credit is up to a \$15 credit for single taxpayers and a \$10 to \$30 credit plus \$10 to \$30 more per exemption claimed on federal tax returns for married or head of household with qualifying dependent taxpayers.

**The New York City School Tax Credit** is a refundable tax credit for New York City residents if the amount is more than the New York City income tax owed. The credit is up to \$290 for taxpayers who are married filing jointly or a qualifying widower with a dependent child and is up to \$145 for all other taxpayers.

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## Appendix B: Examples of How the Standard Has Been Used

The Standard is a tool that can be used across a wide array of settings to benchmark, evaluate, educate, and illuminate. Below we provide specific examples of some of these uses—with references and website addresses—so the readers can explore these uses as well as contact programs and persons who have applied the Self-Sufficiency Standard in their work.

### ASSESSMENT OF PUBLIC POLICY OPTIONS

***The Self-Sufficiency Standard has been used as a tool to evaluate the impact of current and proposed policy changes.*** As in the modeling tables in this report, the Standard can be used to evaluate the impact of a variety of work supports (SNAP/Food Stamp Program, Medicaid) or policy options (changes in child care co-payments, tax reform or tax credits) on family budgets.

- The Self-Sufficiency Standard for Massachusetts was used in the Crittenton Women’s Union 2007 report, *Unlocking the Doors to Higher Education and Training for Massachusetts’ Working Poor Families* to advocate for tuition-free community college education and other ways to address financial barriers to education in Massachusetts, citing the need for post-secondary education and training in order to acquire Self-Sufficiency Wage jobs (see [http://liveworkthrive.org/admin/Editor/assets/WPFR\\_Report\\_031108.pdf](http://liveworkthrive.org/admin/Editor/assets/WPFR_Report_031108.pdf)).
- In Colorado, the Colorado Center on Law and Policy used the Colorado Self-Sufficiency Standard to determine the impact of affordable housing on family stability and upward mobility (see <http://www.cclponline.org/pubs/SelfSufficiency10-05.pdf>). In addition, the Colorado Division of Housing used information from the Colorado Self-Sufficiency Standard in its 2002 statewide report *Housing Colorado: The Challenge for a Growing State* (see <http://www.dola.state.co.us/Doh/Documents/HousingColo02.pdf>).
- In Maryland, Advocates for Children and Youth used the Self-Sufficiency Standard in their *Maryland Can Do Better for Children* campaign, a three-year plan to address critical needs of children and their families by 2010. During the 2007 special session of the Maryland General

Assembly, the campaign utilized the Self-Sufficiency Standard for each of Maryland’s 24 jurisdictions to successfully advocate for expanded Refundable Earned Income Tax Credits for low-income families (see <http://www.acy.org>).

- In December 2005, the Human Services Coalition of Dade County in Florida issued a policy brief titled *Nonprofits, Government, and The New War on Poverty: Beating the Odds in a Global Economy*, which used the Standard to examine Florida’s human services sector from an economic and community perspective. For more information on the Human Services Coalition of Dade County, see <http://www.hscdade.org>.
- In Pennsylvania, many groups, including PathWays PA, have used the Self-Sufficiency Standard to model the impact of a state Earned Income Tax Credit on the ability of a family to reach self-sufficient wages (see <http://www.pathwayspa.org>).
- When the Oklahoma Department of Human Services proposed large increases in child care co-payments, the Oklahoma Community Action Project (CAP) of Tulsa County used analysis based on the Self-Sufficiency Standard in their report, *Increased Child Care Co-Payments Threaten Access to Care for Low Income Families*, resulting in the Department rescinding the proposed increases. For more information about the work of the Community Action Project of Tulsa County, see <http://www.captc.org>.

### EVALUATION OF ECONOMIC DEVELOPMENT PROPOSALS

***The Self-Sufficiency Standard has been used to evaluate state and local level economic development proposals.***

Using the Standard can help determine if businesses seeking tax breaks or other government subsidies will, or will not, create jobs that pay “living wages.” If the jobs to be created pay wages that are below the Standard so that the employees will need public work supports to be able to meet their basic needs, the new business is essentially seeking a “double subsidy.” Economic development proposals can be evaluated for their net positive or negative effect on the

local economy, as well as on the well-being of the potential workers and their families.

- Colorado’s Fort Carson is one of the first military bases to consider reviewing its vendor contracts using the Self-Sufficiency Standard. Their sustainability plan would seek vendors who pay “livable wages” to their employees, as defined by the Standard.
- In Nebraska, the Nebraska Appleseed Center has developed a set of job quality standards that corporations should follow prior to receiving public funds (see <http://www.neappleseed.org>).
- The Delaware Economic Development Office has used the Delaware Self-Sufficiency Standard to evaluate strategic fund grant applications in order to focus its resources on quality employment growth.

## TARGETING OF JOB TRAINING RESOURCES

*The Self-Sufficiency Standard has been used to target job training resources.* Using a “targeted jobs strategy,” the Standard helps to match job seekers with employment that pays Self-Sufficiency Wages. Through an evaluation of the local labor market and available job training and education infrastructure, the skills and geographic location of current or potential workers are evaluated and job seekers are matched to employment with family-sustaining wages. Through this analysis it is possible to determine the jobs and sectors on which to target training and education resources.

- In Washington, D.C., the Standard was used in the 2000 Workforce Investment Act statute, which requires that the Workforce Investment Board target job-training dollars in “high growth” occupations and assess the quality of the jobs in order to meet the wage and supportive service needs of job seekers. To see a more detailed description of the District of Columbia’s Workforce Investment Act go to <http://www.does.dc.gov/does/cwp/view,a,1233,q,538387.asp>.

## EVALUATION OF EMPLOYMENT PROGRAM OUTCOMES

*The Self-Sufficiency Standard can be used to evaluate outcomes for clients in a range of employment programs,* from short-term job search and placement programs to

programs providing extensive education or job training. By evaluating wage outcomes in terms of the Standard, programs are using a measure of true effectiveness. Such evaluations can help redirect resources to approaches that result in improved outcomes for participants.

- In Washington State, the Workforce Development Council of Seattle-King County adopted the Self-Sufficiency Standard as its official measure of self-sufficiency and uses the Standard as a program evaluation benchmark. Using data collected by caseworkers and the online Self-Sufficiency Calculator, the Council demonstrates the impact of its education and training programs on the achievement of self-sufficiency by its participants. For more information on the Seattle-King County Workforce Development Council, see <http://www.seekingwdc.org>.
- Under its Workforce Investment Act, the Chicago Workforce Investment Board adopted the Self-Sufficiency Standard as its self-sufficiency benchmark. For more information on Chicago’s Workforce Investment Act, see <http://www.cityofchicago.org>.
- The Colorado Center on Law and Policy successfully lobbied the Eastern Region Workforce Board in Fort Morgan, Colorado to officially adopt the Self-Sufficiency Standard to determine eligibility for intensive training services (see <http://www.cclponline.org/pubs/SelfSufficiency10-05.pdf>).

## TARGETING EDUCATION RESOURCES

*The Self-Sufficiency Standard helps demonstrate the “pay off” for investing in education and training* such as post-secondary education and training, including training for occupations that are nontraditional for women and people of color.

- For example, the Missouri Women’s Council of the Department of Economic Development used the Standard to begin a program for low-income women that promotes nontraditional career development, leading to jobs paying Self-Sufficiency Wages. For more information on the Missouri Women’s Council see [http://www.womenscouncil.org/about\\_WC.htm](http://www.womenscouncil.org/about_WC.htm).

- In California’s Santa Clara County, the Self-Sufficiency Standard was used in a sectoral employment intervention analysis that focused on the availability of nontraditional jobs, the geographical spread of those jobs, the availability of training resources, and wage rates. The analysis led to a curriculum and counselor training package that targeted transportation jobs and provided \$140,000 to the community college system to explore how to strengthen preparation for these jobs (see <http://www.insightcced.org>).
- Following the release of the Crittenton Women’s Union (CWU) 2005 report *Achieving Success in the New Economy: Which Jobs Help Women Reach Economic Self Sufficiency*, CWU has established an online Hot Jobs for Women guide. Using the Self-Sufficiency Standard for Massachusetts, the online guide assists women in identifying jobs in high demand that pay Self-Sufficiency Wages, yet require two years or less in full-time education or training (see <http://www.liveworkthrive.org/hotjobs.php>).
- In North Carolina, the Wilford County working group for the NC State project developed a *Targeting Higher-Wage Jobs Resource Guide* for social services caseworkers. The project presented legislative testimony and made presentations at conferences and trainings (see <http://www.sixstrategies.org/states/statewhatdone.cfm?strStateProject=NC>).
- In Connecticut, the Self-Sufficiency Standard has been adopted at the state level since 1998. It has been used in planning state-supported job training, placement and employment retention programs, and has been distributed to all state agencies that counsel individuals seeking education, training, or employment. Connecticut’s Permanent Commission on the Status of Women regularly uses the Self-Sufficiency Standard in legislative testimony (see <http://www.cga.ct.gov/PCSW>).
- In New York, the Standard has been used in developing services for young adults in career education to demonstrate how their future career choices and educational paths might impact their ability to support a future family. The Standard has also been used in New York for job readiness planning for women seeking skilled employment.
- In Delaware, the Standard was used to train people from the developmental disability community on how to retain their benefits when returning to the workforce.

## DETERMINATION OF NEED FOR SERVICES

*The Self-Sufficiency Standard has been used to determine which individuals are eligible and/or most in need of specific support or training services.*

- For example, in Virginia, Voices for Virginia’s Children successfully advocated for the state’s TANF Authorization Committee to use the Virginia Self-Sufficiency Standard as a tool for setting eligibility guidelines. For more information on the programs of Voices for Virginia’s Children go to <http://www.vakids.org/work/fes.htm>.
- The Connecticut Legislature enacted a state statute that identified “the under-employed worker” as an individual without the skills necessary to earn a wage equal to the Self-Sufficiency Standard. The statute directed statewide workforce planning boards to recommend funding to assist such workers (see [http://www.larcc.org/documents/mapping\\_change\\_2002.pdf](http://www.larcc.org/documents/mapping_change_2002.pdf)).
- The Director of Human Resources and Human Services for Nevada incorporated the Nevada Self-Sufficiency Standard into Nevada’s 2005 needs projections. Additionally, the Director used the Standard in the recommendations related to caseloads.

## COUNSELING TOOL FOR PARTICIPANTS IN WORK & TRAINING PROGRAMS

*The Self-Sufficiency Standard has been used as a counseling tool to help participants in work and training programs access benefits and develop strategies to become self-sufficient.* Computer-based counseling tools allow users to evaluate possible wages, then compare information on available programs and work supports to their own costs and needs. Computer-based Self-Sufficiency Calculators, for use by counselors with clients and the public, have been developed for the Bay Area in California, Colorado, the District of Columbia, Illinois, New York City, Oregon, Pennsylvania, and Washington State. These tools integrate a wide variety of data not usually brought together, allowing clients to access information about the benefits of various programs and work supports that can move them towards

self-sufficiency. Through online calculators, clients are empowered with information and tools that allow them to develop and test out their own strategies for achieving self-sufficient incomes.

- For example, in Pennsylvania, PathWays PA offers *The Online Training and Benefits Eligibility Tool*, an interactive career-counseling tool based on the 2010 Pennsylvania Self-Sufficiency Standard. The online counseling tool can be used by counselors and clients to “test” the ability of various wages to meet a family’s self-sufficiency needs, as well as what training programs they might be eligible for at their current wage. This tool also allows clients to apply for benefits immediately or for counselors to do so on a client’s behalf. *The Pennsylvania Online Training and Benefits Eligibility Tool* can be found at <http://www.pathwayspa.org>.
- The Denver County Office of Economic Development, Division of Workforce Development uses the Self-Sufficiency Standard as well as the Colorado Economic Self-Sufficiency Standard Calculator to inform participants about the career choices that will move them towards economic self-sufficiency. The Workplace Center at the Community College of Denver utilizes the Colorado Economic Self-Sufficiency Standard Calculator to counsel participants on career choices, real wage determination and avoiding potential obstacles to economic self-sufficiency such as the systemic “cliff effect” built in to many work support programs. The Colorado Center on Law and Policy hosts the Colorado Self-Sufficiency Calculator at <http://www.Coloradoselfsufficiencystandardcalculator.org>.
- In Washington State, a statewide Self-Sufficiency Calculator is used across workforce councils as a counseling tool and can be viewed at <http://www.thecalculator.org>. Additionally, the Snohomish Workforce Development Council in Washington has developed a self-sufficiency matrix that is used in case management. The self-sufficiency matrix can be used as a case management tool, a self-assessment tool, a measurement tool, and a communication tool. The matrix is composed of 25 key outcome scales (e.g., employment stability, education, English language skills, life skills, and child care). The scales are based on a continuum of “in crisis” to “thriving.” The case manager works with the customer to score the scales and monitor progress. To learn more about the matrix, please visit <http://www.worksourceonline.com/js/documents/Instructions.pdf>.
- Virginia Kids developed *The Self-Sufficiency Standard for Virginia – Budget Worksheet Exercise* as a counseling tool (see [http://www.vakids.org/Publications/budget\\_exercise.htm](http://www.vakids.org/Publications/budget_exercise.htm)).
- Women Work! (National Network for Women’s Employment) used the Standard as a career-counseling tool in South Dakota. For more information on Women Work!, see <http://www.womenwork.org>.
- In the D.C. Metropolitan Area, Wider Opportunities for Women developed and piloted a Teen Curriculum based on the Standard that educates adolescents about career choices, life decisions, and self-sufficiency (see <http://www.sixstrategies.org>). Additionally, the Washington, D.C. Metro Area Self-Sufficiency Calculator can be found at <http://www.dcmassc.org>.
- In New York the Women’s Center for Education and Career Advancement has used the Standard to train counselors to better communicate ideas about Self-Sufficiency and economic issues with their clients and assess benefit eligibility. The Women’s Center for Education and Career Advancement also hosts an online Self-Sufficiency Calculator for the City of New York. The Calculator for the City of New York can be accessed at <http://www.wceca.org/index.html>.
- The Oregon *Prosperity Planner*, a calculator based on the 2008 Oregon Self-Sufficiency Standard, can be found at <http://www.prosperityplanner.org>.
- The Chicago, Illinois Mayor’s Office of Workforce Development hosts the Illinois Self-Sufficiency Calculator at <http://www.ides.state.il.us/calculator/default.asp>.
- The Bay Area Self-Sufficiency Calculator in California can be found at <http://www.insightccd.org/index.php/insight-communities/cfess/calculator>.

## PUBLIC EDUCATION

*The Self-Sufficiency Standard has been used as a public education tool.* As an education tool, the Standard: helps

the public at large understand what is involved in making the transition to self-sufficiency; shows employers the importance of providing benefits, especially health care, which help families meet their needs; and, demonstrates to service providers how various social service components fit together, helping to facilitate the coordination of a range of services and supports. For policy makers and legislators, the Standard shows both the need for and impact of work support programs on low-wage workers' family budgets.

- For example, Voices for Utah Children distributed copies of the Utah Self-Sufficiency Standard to state legislators and candidates during the 2003 legislative session to frame a discussion about increasing funding for Utah's Children's Health Insurance Program. For more information on Voices for Utah Children go to <http://www.utahchildren.org>.
- In Seattle, bookmarks were distributed during the run of a play based on *Nickel and Dimed: On (Not) Getting By in America*, a book by Barbara Ehrenreich that explores the struggles confronted by low-wage workers. A computer with a mock website allowed participants to enter their incomes and compare them to the Standard and begin to understand the plight of working families.
- MassFESS (hosted by the Crittenton Women's Union) developed an Economic Self-Sufficiency Standard Curriculum that can be used by organizations to support their work in career development, education/training, economic literacy, living wage campaigns, and other types of community organizing, policymaking and advocacy efforts. For information on the Crittenton Women's Union, see <http://www.liveworkthrive.org>.
- In an initiative started at the University of Washington School of Social Work, policymakers participate in the "Walk-A-Mile" program, where they "walk" in the shoes of welfare recipients by living on a SNAP budget for one month. The Washington Standard was used to develop educational tools used by policymakers about the impact of benefits on family budgets.
- The Wisconsin Women's Network distributed the Wisconsin Self-Sufficiency Standard to its many and varied women's coalition members, many of whom continue to find a use for the Standard in their advocacy work. The Wisconsin Women's Network website can be accessed at <http://www.wiwomensnetwork.org>.

## CREATING GUIDELINES FOR WAGE-SETTING

***The Self-Sufficiency Standard has been used as a guideline for wage-setting.*** By determining the wages necessary to meet basic needs, the Standard provides information for setting wage standards.

- For example, Vanderbilt University in Tennessee uses the Standard to educate employees and administrators about the need to increase the take-home pay of service staff. For more information go to <http://studentorgs.vanderbilt.edu/students4livingwage/info.php>.
- Employers and educational institutions have used the Self-Sufficiency Standard to set organizational wage standards in Colorado. The introduction of the Self-Sufficiency Standard in Pitkin County, Colorado has encouraged county commissioners and directors to review current pay scales and work support policies.
- The Standard has been used in California, Hawaii, Illinois, Massachusetts, Nebraska, New Jersey, New York, South Dakota, Tennessee, Virginia, and Washington State to advocate for higher wages through Living Wage ordinances and in negotiating labor union agreements (see <http://www.ncsl.org/programs/employ/livingwage2005.htm>).
- At the request of the state of California, the Center for the Child Care Workforce used the Self-Sufficiency Standard in 2002 to develop specific salary guidelines by county (see <http://www.ccw.org/data.html>).
- In Maryland, the Center for Poverty Solutions and Advocates for Children and Youth (among other organizations) proposed state legislation that would require the Maryland Secretary of Budget and Management to consider a specified Self-Sufficiency Standard when setting or amending a pay rate and require that a state employee whose pay rate is less than the Self-Sufficiency Standard receive a specified pay increase. For more information on Advocates for Children and Youth, see <http://www.acy.org>.
- In California, the National Economic Development and Law Center (now the Insight Center for Community

Economic Development, or Insight CCED) used the Self-Sufficiency Standard in a wage analysis of University of California service workers, entitled *High Ideals, Low Pay*. The Standard was used to assess the degree to which University of California service workers' wages are sufficient to provide the basic needs for employees and their families. Insight CCED recommends the University of California consider using the Standard to determine and adopt living wage policies (see <http://www.insightcced.org>).

- The Self-Sufficiency Standard was an integral tool for increasing Hawaii's minimum wage to \$6.75 on January 1, 2006 and \$7.25 on January 1, 2007.
- Georgetown University students ended a nine day hunger strike when the University administration agreed to improve wages for the low-paid custodial, food service, and security workers. The student group utilized the Self-Sufficiency Standard for the District of Columbia in their campaign advocacy. The negotiated agreement included raising the minimum hourly wage to \$13 beginning July 2006 and annual wage adjustments based on the Consumer Price Index.

## SUPPORTING RESEARCH

***Because the Self-Sufficiency Standard provides an accurate and specific measure of income adequacy, it is frequently used in research.*** The Standard provides a means of estimating how poverty differs from place to place and among different family types. The Standard also provides a means to measure the adequacy of various work supports, such as child support or child care assistance, given a family's income, place of residence, and composition.

- For example, the Self-Sufficiency Standard has been used to examine the cost of health insurance in Washington and Massachusetts. *Income Adequacy and the Affordability of Health Insurance in Washington State* and the *Health Economic Sufficiency Standard for Massachusetts* used the Standard to examine the cost of health insurance for different family types, with varying health statuses and health care coverage, in different locations (see <http://www.ofm.wa.gov/healthcare/spg/affordability/default.asp> and <http://www.wowonline.org/ourprograms/fess/state-resources/documents/MAHealthEconomicSelf-SufficiencyStandard.pdf>).

- PathWays PA cites the Self-Sufficiency Standard frequently in its publications, including *Investing in Pennsylvania's Families: Economic Opportunities for All*, a recent policy publication looking at the needs of working families in Pennsylvania earning less than 200% of the Federal Poverty Level. PathWays PA also uses the Standard as a measure against which to base tax credits, health care reform, and other needs.
- In several states, the Self-Sufficiency Standard has been used along with data from the U.S. Census Bureau to measure the number of families above and below the Self-Sufficiency Standard, as well as their characteristics (e.g., race, ethnicity, family type, education, employment). Findings from these studies can be found in the following reports and available online at <http://www.selfsufficiencystandard.org/pubs.html#addpubs>:
  - » California: *Overlooked and Undercounted 2009: Struggling to Make Ends Meet in California*
  - » Colorado: *Overlooked and Undercounted: Struggling to Make Ends Meet in Colorado*
  - » Connecticut: *Overlooked and Undercounted: Where Connecticut Stands*
  - » Mississippi: *Overlooked and Undercounted: Struggling to Make Ends Meet in Mississippi*
  - » New Jersey: *Not Enough to Live on: Characteristics of Households Below the Real Cost of Living in New Jersey*
  - » Pennsylvania: *Overlooked and Undercounted: Struggling to Make Ends Meet in Pennsylvania*
  - » Washington State: *Overlooked and Undercounted: Wages, Work and Poverty in Washington State*

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## **Appendix C: The Self-Sufficiency Standard for Select Family Types in New York City**

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Table 1  
The Self-Sufficiency Standard for The Bronx (Bronx County), New York City, 2010

MONTHLY COSTS	Adult	Adult + Preschooler	Adult + Infant Preschooler	Adult + Preschooler School-age	Adult + School-age Teenager	Adult + Infant Preschooler School-age	2 Adults+ Infant Preschooler	2 Adults + Preschooler School-age
Housing	1027	1142	1142	1142	1142	1405	1142	1142
Child Care	0	933	1669	1428	495	2164	1669	1428
Food	326	494	648	741	860	873	930	1019
Transportation	89	89	89	89	89	89	178	178
Health Care	166	419	435	444	477	460	507	517
Miscellaneous	161	308	398	384	306	499	443	428
Taxes	476	899	1297	1150	727	1894	1265	1144
Earned Income Tax Credit (-)	0	0	0	0	0	0	0	0
Child Care Tax Credit (-)	0	-50	-100	-100	-50	-100	-100	-100
Child Tax Credit (-)	0	-83	-167	-167	-167	-250	-167	-167
Making Work Pay Tax Credit (-)	-33	-33	-33	-33	-33	-33	-67	-67
<b>SELF-SUFFICIENCY WAGE</b>								
HOURLY	\$12.56	\$23.39	\$30.56	\$28.85	\$21.85	\$39.77	\$16.48 per adult	\$15.69 per adult
MONTHLY	\$2,211	\$4,117	\$5,379	\$5,078	\$3,846	\$7,000	\$5,802	\$5,522
ANNUAL	\$26,536	\$49,409	\$64,544	\$60,934	\$46,155	\$84,005	\$69,622	\$66,268

Table 2  
The Self-Sufficiency Standard for Brooklyn (Kings County), New York City, 2010

MONTHLY COSTS	Adult	Adult + Preschooler	Adult + Infant Preschooler	Adult + Preschooler School-age	Adult + School-age Teenager	Adult + Infant Preschooler School-age	2 Adults+ Infant Preschooler	2 Adults + Preschooler School-age
Housing	1118	1244	1244	1244	1244	1530	1244	1244
Child Care	0	933	1669	1428	495	2164	1669	1428
Food	326	494	648	741	860	873	930	1019
Transportation	89	89	89	89	89	89	178	178
Health Care	166	419	435	444	477	460	507	517
Miscellaneous	170	318	408	395	316	512	453	438
Taxes	528	961	1384	1224	784	2000	1322	1201
Earned Income Tax Credit (-)	0	0	0	0	0	0	0	0
Child Care Tax Credit (-)	0	-50	-100	-100	-50	-100	-100	-100
Child Tax Credit (-)	0	-83	-167	-167	-167	-250	-167	-167
Making Work Pay Tax Credit (-)	-33	-33	-33	-33	-33	-33	-67	-67
<b>SELF-SUFFICIENCY WAGE</b>								
HOURLY	\$13.43	\$24.38	\$31.69	\$29.91	\$22.81	\$41.16	\$16.96 per adult	\$16.17 per adult
MONTHLY	\$2,364	\$4,292	\$5,577	\$5,264	\$4,015	\$7,244	\$5,970	\$5,691
ANNUAL	\$28,367	\$51,500	\$66,926	\$63,166	\$48,175	\$86,929	\$71,642	\$68,288

Table 3  
The Self-Sufficiency Standard for North Manhattan\* (New York County), New York City, 2010

MONTHLY COSTS	Adult	Adult + Preschooler	Adult + Infant Preschooler	Adult + Preschooler School-age	Adult + School-age Teenager	Adult + Infant Preschooler School-age	2 Adults+ Infant Preschooler	2 Adults + Preschooler School-age
Housing	837	931	931	931	931	1146	931	931
Child Care	0	933	1669	1428	495	2164	1669	1428
Food	357	541	709	810	941	955	1017	1114
Transportation	89	89	89	89	89	89	178	178
Health Care	166	419	435	444	477	460	507	517
Miscellaneous	145	291	383	370	293	481	430	417
Taxes	389	807	1188	1047	655	1743	1197	1071
Earned Income Tax Credit (-)	0	0	0	0	0	0	0	0
Child Care Tax Credit (-)	0	-50	-100	-100	-50	-100	-100	-100
Child Tax Credit (-)	0	-83	-167	-167	-167	-250	-167	-167
Making Work Pay Tax Credit (-)	-33	-33	-33	-33	-33	-33	-67	-67
<b>SELF-SUFFICIENCY WAGE</b>								
HOURLY	\$11.08	\$21.85	\$29.00	\$27.38	\$20.63	\$37.81	\$15.90 per adult	\$15.12 per adult
MONTHLY	\$1,950	\$3,845	\$5,104	\$4,819	\$3,631	\$6,655	\$5,597	\$5,323
ANNUAL	\$23,394	\$46,141	\$61,249	\$57,831	\$43,571	\$79,856	\$67,169	\$63,873

Table 4  
The Self-Sufficiency Standard for South Manhattan\* (New York County), New York City, 2010

MONTHLY COSTS	Adult	Adult + Preschooler	Adult + Infant Preschooler	Adult + Preschooler School-age	Adult + School-age Teenager	Adult + Infant Preschooler School-age	2 Adults+ Infant Preschooler	2 Adults + Preschooler School-age
Housing	2150	2391	2391	2391	2391	2941	2391	2391
Child Care	0	933	1669	1428	495	2164	1669	1428
Food	357	541	709	810	941	955	1017	1114
Transportation	89	89	89	89	89	89	178	178
Health Care	166	419	435	444	477	460	507	517
Miscellaneous	276	437	529	516	439	661	576	563
Taxes	1210	1897	2411	2252	1653	3270	2043	1893
Earned Income Tax Credit (-)	0	0	0	0	0	0	0	0
Child Care Tax Credit (-)	0	-50	-100	-100	-50	-100	-100	-100
Child Tax Credit (-)	0	-83	-167	-167	-167	-250	-167	-167
Making Work Pay Tax Credit (-)	-33	-33	-33	-33	-33	-33	-67	-67
<b>SELF-SUFFICIENCY WAGE</b>								
HOURLY	\$23.94	\$37.16	\$45.07	\$43.35	\$35.42	\$57.71	\$22.87 per adult	\$22.02 per adult
MONTHLY	\$4,214	\$6,540	\$7,933	\$7,629	\$6,234	\$10,157	\$8,049	\$7,750
ANNUAL	\$50,570	\$78,476	\$95,191	\$91,552	\$74,808	\$121,878	\$96,594	\$93,002

\* North Manhattan includes the following sub-boroughs: Morningside Heights/Hamilton Heights, Central Harlem, East Harlem, and Washington Heights/Inwood.  
South Manhattan sub-boroughs: Greenwich Village/Financial District, Lower East Side/Chinatown, Chelsea/Clinton/Midtown, Stuyvesant Town/Turtle Bay, Upper West Side, and Upper East Side.

Table 5  
The Self-Sufficiency Standard for Queens (Queens County), New York City, 2010

MONTHLY COSTS	Adult	Adult + Preschooler	Adult + Infant Preschooler	Adult + Preschooler School-age	Adult + School-age Teenager	Adult + Infant Preschooler School-age	2 Adults+ Infant Preschooler	2 Adults + Preschooler School-age
Housing	1291	1435	1435	1435	1435	1766	1435	1435
Child Care	0	933	1669	1428	495	2164	1669	1428
Food	295	448	587	671	779	791	843	923
Transportation	89	89	89	89	89	89	178	178
Health Care	166	419	435	444	477	460	507	517
Miscellaneous	184	332	422	407	328	527	463	448
Taxes	607	1055	1495	1321	847	2131	1380	1254
Earned Income Tax Credit (-)	0	0	0	0	0	0	0	0
Child Care Tax Credit (-)	0	-50	-100	-100	-50	-100	-100	-100
Child Tax Credit (-)	0	-83	-167	-167	-167	-250	-167	-167
Making Work Pay Tax Credit (-)	-33	-33	-33	-33	-33	-33	-67	-67
<b>SELF-SUFFICIENCY WAGE</b>								
HOURLY	\$14.77	\$25.82	\$33.14	\$31.22	\$23.86	\$42.86	\$17.45 per adult	\$16.62 per adult
MONTHLY	\$2,599	\$4,545	\$5,832	\$5,495	\$4,200	\$7,544	\$6,143	\$5,850
ANNUAL	\$31,185	\$54,536	\$69,987	\$65,943	\$50,401	\$90,531	\$73,717	\$70,198

Table 6  
The Self-Sufficiency Standard for Staten Island (Richmond County), New York City, 2010

MONTHLY COSTS	Adult	Adult + Preschooler	Adult + Infant Preschooler	Adult + Preschooler School-age	Adult + School-age Teenager	Adult + Infant Preschooler School-age	2 Adults+ Infant Preschooler	2 Adults + Preschooler School-age
Housing	1219	1355	1355	1355	1355	1667	1355	1355
Child Care	0	933	1669	1428	495	2164	1669	1428
Food	326	494	648	741	860	873	930	1019
Transportation	89	89	89	89	89	89	178	178
Health Care	166	419	435	444	477	460	507	517
Miscellaneous	180	329	420	406	328	525	464	450
Taxes	584	1033	1479	1312	848	2117	1384	1263
Earned Income Tax Credit (-)	0	0	0	0	0	0	0	0
Child Care Tax Credit (-)	0	-50	-100	-100	-50	-100	-100	-100
Child Tax Credit (-)	0	-83	-167	-167	-167	-250	-167	-167
Making Work Pay Tax Credit (-)	-33	-33	-33	-33	-33	-33	-67	-67
<b>SELF-SUFFICIENCY WAGE</b>								
HOURLY	\$14.38	\$25.49	\$32.92	\$31.11	\$23.87	\$42.68	\$17.49 per adult	\$16.69 per adult
MONTHLY	\$2,530	\$4,486	\$5,795	\$5,475	\$4,201	\$7,512	\$6,155	\$5,876
ANNUAL	\$30,361	\$53,831	\$69,535	\$65,695	\$50,414	\$90,142	\$73,861	\$70,507

# Appendix D: Federal Approaches to Measuring Poverty

## THE FEDERAL POVERTY LEVEL

The official federal poverty measure, often known as the Federal Poverty Level (FPL), was developed over four decades ago.<sup>a</sup> and today has become increasingly problematic and outdated as a measure of income adequacy. Indeed, the Census Bureau itself states, “the official poverty measure should be interpreted as a statistical yardstick rather than as a complete description of what people and families need to live.”<sup>b</sup> Despite the many limitations of the federal poverty measure, it is still used to calculate eligibility for a number of poverty and work support programs. The most significant shortcoming of the federal poverty measure is that for most families, in most places, *the poverty level is simply too low*. Table D-1, *The Self-Sufficiency Standard as a Percentage of the Federal Poverty Level*, demonstrates that across New York City’s boroughs and for various family types, the income needed to meet basic needs is far above the FPL, in some cases reaching four or five times the FPL. As Table D-1 indicates, families can have incomes above the federal poverty measure and yet lack sufficient resources to adequately meet their basic needs. For this reason, most assistance programs use a multiple of the federal poverty measure to determine need. For instance, New York State’s Children’s Health Insurance Program, Child Health Plus, is available for

families with incomes up to 400% of the FPL.<sup>c</sup> Likewise, the federal Supplemental Nutrition Assistance Program (SNAP, formerly the Food Stamp Program) typically has a gross income limit of 130% of the FPL, and WIC (Women’s, Infants and Children nutrition program) uses 185% of the FPL. In New York, families with dependents may be eligible for SNAP with gross income up to 200% of the FPL.<sup>d</sup>

Not only the government, but the general public also considers the poverty line as inadequate. More than three out of five Americans rated the threshold of being “poor” as higher than the Federal Poverty Level. Many Americans believe that the minimum amount a family of four needs to “get along” is around \$45,000 (about 60% of the median income or around 200% of the Federal Poverty Level).<sup>e</sup>

However, simply raising the poverty level, or using a multiple of the FPL, cannot solve the structural problems inherent in the official poverty measure. In addition to the fundamental problem of being too low, there are five basic methodological problems with the federal poverty measure.

*First, the measure is based on the cost of a single item—food—rather than a “market basket” of all basic needs. Over four decades ago, when the Federal Poverty Level was first developed by Mollie Orshansky, food was the only budget*

**Table D-1. The Self-Sufficiency Standard as a Percentage of the Federal Poverty Level, NYC SSS 2010**  
*Three Family Types, New York City Boroughs*

COUNTY	ONE ADULT, ONE PRESCHOOLER		ONE ADULT, ONE PRESCHOOLER, ONE SCHOOL-AGE		TWO ADULTS, ONE PRESCHOOLER, ONE SCHOOL-AGE	
	Annual Self-Sufficiency Standard	Self-Sufficiency Standard as Percentage of Federal Poverty Level (FPL)	Annual Self-Sufficiency Standard	Self-Sufficiency Standard as Percentage of Federal Poverty Level (FPL)	Annual Self-Sufficiency Standard	Self-Sufficiency Standard as Percentage of Federal Poverty Level (FPL)
The Bronx (Bronx County)	\$49,409	339%	\$60,934	333%	\$66,268	301%
Brooklyn (Kings County)	\$51,500	353%	\$63,166	345%	\$68,288	310%
North Manhattan (New York County)	\$46,141	317%	\$57,831	316%	\$63,873	290%
South Manhattan (New York County)	\$78,476	539%	\$91,552	500%	\$93,002	422%
Queens (Queens County)	\$54,536	374%	\$65,943	360%	\$70,198	318%
Staten Island (Richmond County)	\$53,831	369%	\$65,695	359%	\$70,507	320%

The 2009 FPL for a family of two is \$14,570, a family of three is \$18,310, and a family of four is \$22,050 and is effective at least through May 31, 2010. See <http://aspe.hhs.gov/poverty/09poverty.shtml>.

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## THE MOST SIGNIFICANT SHORTCOMING OF THE FEDERAL POVERTY MEASURE IS THAT FOR MOST FAMILIES, IN MOST PLACES, THE POVERTY LEVEL IS SIMPLY TOO LOW.

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item for which the cost of meeting a minimal standard, in this case nutrition, was known. (The Department of Agriculture had determined household food budgets based on nutritional standards.) Knowing that the average American family spent a third of their budget on food, Orshansky reasoned that multiplying the food budget by three would yield an estimate of the amount needed to meet other basic needs, and thus this became the basis of the FPL.<sup>f</sup>

*Second, the measure’s methodology is “frozen,” not allowing for changes in the relative cost of food or non-food items, nor the addition of new necessary costs.* Since it was developed, the poverty level has only been updated annually using the Consumer Price Index. As a result, the percentage of the household budget devoted to food has remained at one-third of the FPL even though American families now spend an average of only 13% of their income on food.<sup>g</sup> At the same time, other costs have risen much faster—such as health care, housing, and more recently food and energy—and new costs have arisen, such as child care and taxes. None of these changes are, or can be, reflected in the federal poverty measure based on a “frozen” methodology.

*Third, the federal poverty measure is dated, implicitly using the demographic model of a two-parent family with a “stay-at-home” wife, or if a single parent, implicitly assumes she is not employed.* This family demographic no longer reflects the reality of the majority of American families today. According to the U.S. Bureau of Labor Statistics, both parents were employed in 62% of two-parent families with children in 2008. Likewise, 71% of single mothers with children were employed in 2008 and 83% of single fathers with children were employed in 2008.<sup>h</sup> Thus, paid employment and its associated costs such as child care, transportation, and taxes is the norm for the majority of families today rather than the exception. Moreover, when the poverty measure was first developed, these employment-related items were not a significant expense

for most families: taxes were relatively low, transportation was inexpensive, and child care for families with young children was not common. However, today these expenses are substantial, and borne by most families, and thus these costs should be included in a modern poverty measure.

*Fourth, the poverty measure does not vary by geographic location.* That is, the federal poverty measure is the same whether one lives in Louisiana or in the San Francisco Bay Area of California (with Alaska and Hawaii the only exceptions to the rule). However, housing in the most expensive areas of the United States costs over three times as much as in the least expensive areas.<sup>i</sup> Even within states, costs vary considerably. In New York City, housing costs in South Manhattan are over twice the cost of housing in North Manhattan; the monthly cost of a two-bedroom unit in South Manhattan is \$2,391 compared to \$931 in North Manhattan. (See *Appendix A: Methodology, Assumptions and Sources* for a definition of the geographic areas that are referred to as North and South Manhattan for the purposes of this report.)

Finally, the federal poverty measure provides no information or means to track changes in specific costs (such as housing, child care, etc.), nor the impact of subsidies, taxes, and/or tax credits that reduce (or increase) these costs. The federal poverty measure does not allow for determining how specific costs rise or fall over time. Likewise, when assessing the impact of subsidies, taxes, and tax credits, poverty measures cannot trace the impact they have on net costs unless they are explicitly included in the measure itself.

For these and other reasons, many researchers and analysts have proposed revising the federal poverty measure. Suggested changes would reflect twenty-first century needs, incorporate geographically based differences in costs, and respond to changes over time.<sup>j</sup>

## THE SUPPLEMENTAL POVERTY MEASURE

Besides the Self-Sufficiency Standard, the other major proposed alternative to the federal poverty measure is a measure based on the National Academy of Sciences (NAS) recommendations.<sup>k</sup> The new Supplemental Poverty Measure (SPM) being developed by the Obama Administration for release in 2011 will be based on the NAS methodology, with

some revisions.<sup>l</sup> Meanwhile, the New York City Center for Economic Opportunity (CEO) pioneered the adaptation of the methodology proposed by the NAS into an alternative poverty measure at the local level.<sup>m</sup> The Census Bureau also has produced poverty estimates based on various combinations of the NAS recommendations, designating them as experimental poverty measures.<sup>n</sup>

Designed primarily to track poverty trends over time, the Supplemental Poverty Measure will provide a new and improved measure of how many people are living in poverty in the United States, as the CEO measure has done for New York City. The SPM will provide a new statistic to better understand the prevalence of poverty in the United States. The SPM is not intended to be a replacement for the FPL, but it will provide policymakers with additional data in accessing antipoverty programs and proposals. At the same time, the SPM will not replace the need for other benchmarks of income adequacy. The Standard will continue to be an essential tool for understanding what it takes to make ends meet at a minimally adequate level in today's economy.

## APPENDIX D ENDNOTES

- a. There are two federal measurements of poverty. A detailed matrix of poverty thresholds is calculated each year by the U.S. Census Bureau. The threshold is used to calculate the number of people in poverty for the previous year. The other form of the poverty measure is called the “federal poverty guidelines” or the “Federal Poverty Level” (FPG/FPL). The FPL is calculated by the U.S. Department of Health and Human Services each February and is primarily used by federal and state programs to determine eligibility and/or calculate benefits, such as for SNAP (formerly the Food Stamps Program). The FPL only varies by family size, regardless of composition; the 2009 FPL for a family of three is \$18,310. The Standard references the FPL in this report. For more information about the federal poverty measurements, see <http://aspe.hhs.gov/poverty/faq.shtml#thrifty> and <http://aspe.hhs.gov/poverty/09poverty.shtml>.
- b. DeNavas-Walt, C., Proctor, B. & Hill-Lee, C. (2004). U.S. Census Bureau, Current Population Reports, Series P60-229. *Income, poverty, and health insurance coverage in the U.S.: 2004*. Washington, D.C.: U.S. Government Printing Office. Retrieved September 14, 2005, from <http://www.census.gov/prod/2005pubs/p60-229.pdf>.
- c. New York State Department of Health. Child Health Plus. *Who is eligible?* Retrieved September 16, 2009, from [http://www.nyhealth.gov/nysdoh/chplus/who\\_is\\_eligible.htm](http://www.nyhealth.gov/nysdoh/chplus/who_is_eligible.htm).
- d. USDA Food and Nutrition Services. Supplemental Nutrition Assistance Program. *Fact sheet on resources, income, and benefits*. Retrieved October 21, 2009, from [http://www.fns.usda.gov/FSP/applicant\\_recipients/fs\\_Res\\_Ben\\_Elig.htm](http://www.fns.usda.gov/FSP/applicant_recipients/fs_Res_Ben_Elig.htm). New York State Office of Temporary and Disability Assistance. (2010). *Food stamp eligibility and Transitional food stamp benefits*. Retrieved April 30, 2010, from <http://www.otda.state.ny.us/main/foodstamps/#eligibility>.
- e. Fremstad, S. (2008). *Measuring poverty and economic inclusion: The current poverty measure, the NAS alternative, and the case for a truly new approach*. Retrieved March 24, 2009, from <http://www.cepr.net/documents/publications/2008-12-Measuring-Poverty-and-Economic-Inclusion.pdf>
- f. U.S. Department of Health and Human Services. *Frequently asked questions related to the poverty guidelines and poverty*. Retrieved March 25, 2008, from <http://aspe.hhs.gov/poverty/faq.shtml>.
- g. In 2008 consumer expenditure on food was \$6,133 per year or 12.8% of total expenditures. U.S. Bureau of Labor Statistics. (2008). *Consumer expenditures in 2008*. Retrieved October 21, 2009, from <http://www.bls.gov/news.release/cesan.nr0.htm>.
- h. U.S. Bureau of Labor Statistics. (2009). *Employment characteristics of families in 2008*. Retrieved June 4, 2009, from <http://www.bls.gov/news.release/pdf/famee.pdf>.
- i. Using the 2010 Fair Market Rents, the cost of housing (including utilities) at the 40th percentile, for a two-bedroom unit in the most expensive place—Fairfield County, Connecticut—is \$1,800. This is over three and a half times as much as the least expensive housing, found in several counties in Kentucky, where two-bedroom units cost \$507 per month. U.S. Housing and Urban Development Department. (2010). *Fair market rents*. Retrieved October 21, 2009, from <http://www.huduser.org/datasets/fmr.html>.
- j. One of the first persons to advocate implementing changes over time into the Federal Poverty Level was Patricia Ruggles, author of *Drawing the Line*. Ruggles' work and the analyses of many others are summarized in Citro, C. & Michael, R. Eds. (1995). *Measuring poverty: A new approach*. Washington, D.C.: National Academy Press. Retrieved October 17, 2008, from <http://www.census.gov/hhes/poverty/povmeas/toc.html>.
- k. Citro, C. & Michael, R. Eds. (1995). *Measuring poverty: A new approach*. Washington, D.C.: National Academy Press. Retrieved March 15, 2010, from <http://www.census.gov/hhes/poverty/povmeas/toc.html>.
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- m. New York City Center for Economic Opportunity. (2010). *The CEO Poverty Measure, 2005-2008: A working paper by the NYC Center for Economic Opportunity, March 2010*. Retrieved April 26, 2010, from <http://www.nyc.gov/html/ceo/html/home/home.shtml>.
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## Appendix E. Impact of Work Supports on Wage Adequacy

One Adult, One Preschooler, and One School-age Child, North Manhattan (New York County), NYC SSS 2010

	#1	#2	#3	#4
	New York State Minimum Wage	MEDIAN HOURLY WAGE OF SELECT NEW YORK CITY OCCUPATIONS*		
		Retail Salespersons	Janitors and Cleaners	Customer Service Representatives
HOURLY WAGE:	\$7.25	\$10.34	\$12.63	\$15.91
TOTAL MONTHLY INCOME:	\$1,276	\$1,820	\$2,223	\$2,800
<b>PANEL A: NO WORK SUPPORTS</b>				
<b>MONTHLY COSTS:</b>				
Housing	\$931	\$931	\$931	\$931
Child Care	\$1,428	\$1,428	\$1,428	\$1,428
Food	\$810	\$810	\$810	\$810
Transportation	\$89	\$89	\$89	\$89
Health Care	\$444	\$444	\$444	\$444
Miscellaneous	\$370	\$370	\$370	\$370
Taxes	(\$84)	\$16	\$136	\$341
Earned Income Tax Credit (-)	**	**	**	**
Child Care Tax Credit (-)	\$0	(\$21)	(\$61)	(\$125)
Child Tax Credit (-)	\$0	\$0	\$0	(\$4)
May Work Pay Tax Credit (-)	\$0	\$0	\$0	\$0
<b>TOTAL MONTHLY EXPENSES</b>	<b>\$3,988</b>	<b>\$4,067</b>	<b>\$4,147</b>	<b>\$4,284</b>
<b>SHORTFALL (-) OR SURPLUS</b>	<b>(\$2,712)</b>	<b>(\$2,248)</b>	<b>(\$1,924)</b>	<b>(\$1,484)</b>
<b>WAGE ADEQUACY Total Income/Total Expenses</b>	<b>32%</b>	<b>45%</b>	<b>54%</b>	<b>65%</b>
<b>PANEL B: CHILD CARE</b>				
<b>MONTHLY COSTS:</b>				
Housing	\$931	\$931	\$931	\$931
Child Care	\$4	\$103	\$244	\$446
Food	\$810	\$810	\$810	\$810
Transportation	\$89	\$89	\$89	\$89
Health Care	\$444	\$444	\$444	\$444
Miscellaneous	\$370	\$370	\$370	\$370
Taxes	(\$84)	\$16	\$136	\$341
Earned Income Tax Credit (-)	**	**	**	**
Child Care Tax Credit (-)	\$0	(\$21)	(\$61)	(\$125)
Child Tax Credit (-)	\$0	\$0	\$0	(\$4)
Making Work Pay Tax Credit (-)	\$0	\$0	\$0	\$0
<b>TOTAL MONTHLY EXPENSES</b>	<b>\$2,565</b>	<b>\$2,743</b>	<b>\$2,964</b>	<b>\$3,303</b>
<b>SHORTFALL (-) OR SURPLUS</b>	<b>(\$1,289)</b>	<b>(\$923)</b>	<b>(\$741)</b>	<b>(\$503)</b>
<b>WAGE ADEQUACY Total Income/Total Expenses</b>	<b>50%</b>	<b>66%</b>	<b>75%</b>	<b>85%</b>
<b>ANNUAL REFUNDABLE TAX CREDITS**:</b>				
Total Federal EITC	\$5,028	\$3,887	\$2,868	\$1,409
Total State and City EITC	\$1,760	\$1,360	\$1,004	\$493
Total Federal and State CTC	\$1,847	\$2,000	\$2,000	\$1,952
Total Making Work Pay Tax Credit	\$400	\$400	\$400	\$400

\* New York State Department of Labor. *Occupational Employment Statistics Survey, May 2008*. Retrieved April 19, 2010, from <http://www.labor.ny.gov/stats/lswage2.asp>. Wages are adjusted for inflation using the U.S. Bureau of Labor Statistics Employment Cost Index. U.S. Bureau of Labor Statistics. *Employment cost index historical listing*. Continuous occupational and industry series: September 1975 - December 2009, available at <http://www.bls.gov/web/ecicois.pdf>.

\*\* Tax credits that are available as a refund on annual taxes are shown at the bottom of the table. EITC is shown only as an annual tax credit. The nonrefundable portions of the Child Tax Credit and Making Work Pay Tax Credit (which are credits against federal taxes) are shown as available to offset monthly costs, and the refundable portions are shown in the bottom shaded rows of the table. The Child Care Tax Credit on the other hand is nonrefundable, and therefore is only shown as part of the monthly budget and does not appear in the bottom shaded rows of the table.

## Appendix E Continued. Impact of Work Supports on Wage Adequacy

One Adult, One Preschooler, and One School-age Child, North Manhattan (New York County), NYC SSS 2010

	#1	#2	#3	#4
	New York State Minimum Wage	MEDIAN HOURLY WAGE OF SELECT NEW YORK CITY OCCUPATIONS*		
		Retail Salespersons	Janitors and Cleaners	Customer Service Representatives
HOURLY WAGE:	\$7.25	\$10.34	\$12.63	\$15.91
TOTAL MONTHLY INCOME:	\$1,276	\$1,820	\$2,223	\$2,800
<b>PANEL C: CHILD CARE, SNAP/ WIC*, CHILD HEALTH PLUS, &amp; FAMILY HEALTH PLUS</b>				
<b>MONTHLY COSTS:</b>				
Housing	\$931	\$931	\$931	\$931
Child Care	\$4	\$103	\$244	\$446
Food	\$360	\$501	\$583	\$761
Transportation	\$89	\$89	\$89	\$89
Health Care	\$0	\$0	\$0	\$184
Miscellaneous	\$370	\$370	\$370	\$370
Taxes	(\$84)	\$16	\$136	\$341
Earned Income Tax Credit (-)	**	**	**	**
Child Care Tax Credit (-)	\$0	(\$21)	(\$61)	(\$125)
Child Tax Credit (-)	\$0	\$0	\$0	(\$4)
May Work Pay Tax Credit (-)	\$0	\$0	\$0	\$0
TOTAL MONTHLY EXPENSES	\$1,668	\$1,990	\$2,292	\$2,994
SHORTFALL (-) OR SURPLUS	(\$395)	(\$170)	(\$69)	(\$194)
WAGE ADEQUACY Total Income/Total Expenses	76%	91%	97%	94%
<b>PANEL D: HOUSING, CHILD CARE, SNAP/ WIC*, CHILD HEALTH PLUS, &amp; FAMILY HEALTH PLUS</b>				
<b>MONTHLY COSTS:</b>				
Housing	\$383	\$546	\$667	\$840
Child Care	\$4	\$103	\$244	\$446
Food	\$360	\$501	\$583	\$761
Transportation	\$89	\$89	\$89	\$89
Health Care	\$0	\$0	\$0	\$184
Miscellaneous	\$370	\$370	\$370	\$370
Taxes	(\$84)	\$16	\$136	\$341
Earned Income Tax Credit (-)	**	**	**	**
Child Care Tax Credit (-)	\$0	(\$21)	(\$61)	(\$125)
Child Tax Credit (-)	\$0	\$0	\$0	(\$4)
Making Work Pay Tax Credit (-)	\$0	\$0	\$0	\$0
TOTAL MONTHLY EXPENSES	\$1,119	\$1,604	\$2,028	\$2,903
SHORTFALL (-) OR SURPLUS	\$157	\$216	\$195	(\$102)
WAGE ADEQUACY Total Income/Total Expenses	114%	113%	110%	96%
<b>ANNUAL REFUNDABLE TAX CREDITS**:</b>				
Total Federal EITC	\$5,028	\$3,887	\$2,868	\$1,409
Total State and City EITC	\$1,760	\$1,360	\$1,004	\$493
Total Federal CTC	\$1,847	\$2,000	\$2,000	\$1,952
Total Making Work Pay Tax Credit	\$400	\$400	\$400	\$400

\* New York State Department of Labor. *Occupational Employment Statistics Survey, May 2008*. Retrieved April 19, 2010, from <http://www.labor.ny.gov/stats/lswage2.asp>. Wages are adjusted for inflation using the U.S. Bureau of Labor Statistics Employment Cost Index. U.S. Bureau of Labor Statistics. *Employment cost index historical listing*. Continuous occupational and industry series: September 1975 - December 2009, available at <http://www.bls.gov/web/eciccois.pdf>.

\*\* Tax credits that are available as a refund on annual taxes are shown at the bottom of the table. EITC is shown only as an annual tax credit. The nonrefundable portions of the Child Tax Credit and Making Work Pay Tax Credit (which are credits against federal taxes) are shown as available to offset monthly costs, and the refundable portions are shown in the bottom of the table. The Child Care Tax Credit on the other hand is nonrefundable, and therefore is only shown as part of the monthly budget and does not appear in the bottom shaded rows of the table.



