



# HOW MUCH IS ENOUGH IN YOUR COUNTY? THE SELF-SUFFICIENCY STANDARD FOR ARIZONA 2012

Prepared for the Women's Foundation of Southern Arizona



## WOMEN'S FOUNDATION OF SOUTHERN ARIZONA

The Women's Foundation of Southern Arizona fosters equity and opportunity through grant-making, advocacy and research. To help women and girls overcome economic, political, gender and social barriers, we encourage reform in the social climate, promote change in conventional attitudes and invest in organizations that strive for positive long-term changes. As one of more than a hundred women's funds globally, the Foundation promotes women's leadership and philanthropy by raising, managing and granting money to meet the needs of women and girls.

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## 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; and
- 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 [www.selfsufficiencystandard.org](http://www.selfsufficiencystandard.org).

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By Diana M. Pearce, PhD • May 2012

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

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PREPARED FOR

THE WOMEN'S FOUNDATION OF SOUTHERN ARIZONA

*The Self-Sufficiency Standard for Arizona 2012*

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# Preface

The 2012 Self-Sufficiency Standard for Arizona 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 economic self-sufficiency for working families.

*The Self-Sufficiency Standard for Arizona 2012* is the second calculation of this data. The first time the Standard was done for Arizona was in 2002. As with all Self-Sufficiency Standard reports, this one was authored by Dr. Diana M. Pearce and produced by the Center for Women's Welfare at the University of Washington. This report, plus tables providing county specific information for 70 family types, is available online at [www.selfsufficiencystandard.org](http://www.selfsufficiencystandard.org) and at [www.womengiving.org](http://www.womengiving.org).

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 Project, now known as the Family Economic Security (FES) Program, in 1996. For more information about the FES Project, visit the website: [www.wowonline.org/ourprograms/fess](http://www.wowonline.org/ourprograms/fess) or contact the Family Economic Security Project at (202) 464-1596.

Besides Arizona, over the past 15 years, the Standard has been calculated in 36 other states as well as the District of Columbia and New York City. Its use has revolutionized the way policies and programs for low-income workers are structured and what it means to have inadequate income to meet one's basic needs in the United States. For further information about any of the other states with the Standard, including the latest reports, the Standard data itself, and related reports such as demographic reports (which analyze how many and which households are above and below the Standard), please see [www.selfsufficiencystandard.org](http://www.selfsufficiencystandard.org). A list of Self-Sufficiency Standard state partners is also available at this website, or contact Lisa Manzer with the Center at (206) 685-5264/[lmanzer@uw.edu](mailto:lmanzer@uw.edu), or the report author and Center Director, Dr. Diana Pearce, at (206) 616-2850/[pearce@uw.edu](mailto:pearce@uw.edu).

# Acknowledgements

*The Self-Sufficiency Standard for Arizona 2012* has been prepared collaboratively by Sarah Lowry and Lisa Manzer at the University of Washington Center for Women's Welfare, and Judy Gans, Laura Penny, and Allison Vaillancourt of the Women's Foundation of Southern Arizona.

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 past 16 years. Jennifer Brooks, Maureen Golga, and Kate Farrar, former Directors of Self-Sufficiency Programs and Policies at WOW, were key to the early development of initiatives that promoted the concept of self-sufficiency and the use of the Standard, and were instrumental in facilitating and nurturing 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 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 Arizona 2012* describes how much income families of various sizes and compositions need to make ends meet without public or private assistance in each county of Arizona. The Self-Sufficiency Standard is a measure of income adequacy that is based on the costs of the 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.

*The Self-Sufficiency Standard for Arizona 2012* defines the income needed to realistically support a family, without public or private assistance. For most workers throughout Arizona, 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.

The Women's Foundation of Southern Arizona publishes the Self-Sufficiency Standard for Arizona in an effort to ensure the best tools are available to help Arizona families and individuals make progress toward real economic security. The result is a comprehensive, credible, and user-friendly tool. 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. As Arizona recovers from the Great Recession, long-term economic prosperity will require responsible planning that puts all Arizonans on the path to self-sufficiency.

*The Self-Sufficiency Standard for Arizona 2012* report begins with an explanation of how the Self-Sufficiency Standard is a unique and important measure of income adequacy. The report leads readers through a description of what a self-sufficient wage is for Arizona families and how it differs depending on family type and geographic area. The report compares Arizona to other places in the United States, demonstrates how the Standard has changed in Arizona over time, and compares the Arizona Standard to other commonly used benchmarks of income. For families without adequate income, the 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.

The appendices include a detailed explanation of the methodology used to calculate the Arizona Standard and a discussion of how the Self-Sufficiency Standard can be used in Arizona as a tool to improve research on poverty and income adequacy, evaluate program performance, inform policy making, and, counsel clients. Appendix D provides detailed tables

of the costs of meeting basic needs and the Self-Sufficiency Wages for eight selected family types in every county of Arizona. The data from these tables—for 70 family types in every county of Arizona—is available at [www.selfsufficiencystandard.org/pubs.html](http://www.selfsufficiencystandard.org/pubs.html).

**SELECTED FINDINGS FROM *THE SELF-SUFFICIENCY STANDARD FOR ARIZONA 2012***

- **In Arizona, the amount needed to be economically self-sufficient varies considerably by geographic location.** For instance, the amount needed to make ends meet for one adult, one preschooler, and one school-age child varies from \$18.29 per hour (\$38,624 annually) in La Paz County to \$24.20 per hour (\$51,115 annually) in Maricopa County, or from 202% of the Federal Poverty Level to 268% of the Federal Poverty Level. (Page 52)
- **The Standard also varies by family type, such as how many adults and children are in a family and the age of each child.** One adult living in Pima County needs an hourly wage of \$9.41 (\$19,878 annually) to meet basic needs. For families with children, the amount needed to cover basic needs increases considerably. If the adult has a preschooler and a school-age child, the amount necessary to be economically secure more than doubles, increasing to \$22.17 per hour (\$46,813 annually) in order to cover the cost of child care, a larger housing unit, and increased food and health care costs. For families with young children, the cost of housing and child care combined typically make up about 50% of the family’s budget. For example, for this family type in Pima County, child care is 30% of the family’s budget while housing is 22%. Food costs take up 13% and health care is 10% of the family’s budget. (Pages 5-6)
- **The Federal Poverty Level for three-person families (\$19,090 annually) is about one-half of the Standard for one adult, one preschooler, and one school-age child in Cochise County (\$18.82 per hour and \$39,743 annually).** A full-time worker earning the state minimum wage and living in Cochise County would be able to cover only 56% of her

**The Self-Sufficiency Standard for Select Arizona Counties and Families, 2012**

	ADULT	ADULT + PRESCHOOLER	ADULT + PRESCHOOLER SCHOOL-AGE	2 ADULTS* + PRESCHOOLER SCHOOL-AGE
COCHISE COUNTY	\$8.44	\$15.35	\$18.82	\$11.12
COCONINO COUNTY	\$10.60	\$18.37	\$21.55	\$12.48
MARICOPA COUNTY	\$10.19	\$19.99	\$24.20	\$13.92
MOHAVE COUNTY	\$9.61	\$16.61	\$20.15	\$11.82
NAVAJO COUNTY	\$8.43	\$16.42	\$19.74	\$11.60
PIMA COUNTY	\$9.41	\$18.32	\$22.17	\$12.77
PINAL COUNTY	\$9.92	\$19.94	\$23.60	\$13.58
YAVAPAI COUNTY	\$9.19	\$17.34	\$20.44	\$11.86
YUMA COUNTY	\$9.21	\$15.84	\$19.48	\$11.57

\*The hourly Self-Sufficiency Standard for two adult families is per adult. Each adult must earn the hourly wage to meet the family’s total basic needs.

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## THE COST OF MEETING BASIC NEEDS CONTINUES TO INCREASE IN MOST OF ARIZONA DESPITE STAGNATING WAGES AND DIFFICULT ECONOMIC TIMES.

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family's basic needs (with her take-home pay after accounting for taxes) if she had one preschooler and one school-age child. (Page 10)

- **The amount needed to meet the costs of basic needs increased between 2002 and 2012 in all Arizona counties, despite the financial crisis.** For a family with two adults, one preschooler, and one school-age child, the largest change in the Standard occurred in Gila County, increasing from \$36,799 in 2002 to \$55,128 in 2012. Over the past decade, costs for Arizona families at this minimally adequate level increased on average by 31%. (Pages 12-14)
- **The 2012 Self-Sufficiency Standard for one adult with one preschooler and one school-age child in Phoenix (\$24.20 per hour) is comparable to Portland, OR (\$23.87 per hour) and Chicago, IL (\$24.83 per hour).** The Self-Sufficiency Standard for the same family type in Tucson (\$22.17 per hour) is comparable to Salt Lake City, UT (\$22.31 per hour) and Louisville, KY (\$22.15 per hour). (Page 9)
- **Of the top ten most common occupations in Arizona (measured by the number of workers), only two—nurses and managers—have median wages above the Standard for a family of three in Pinal County.** The “top ten” occupations account for 21% of all Arizona workers. However, with the exception of registered nurses and general managers, the median wages of each of the top ten most common occupation groups are all below the Self-Sufficiency Standard for one adult, one preschooler, and one school-age child in Pinal County, which is \$23.60 per hour (\$49,839 annually). (Pages 15-16)
- **With the help of child support, child care assistance, food assistance (SNAP and WIC), and Arizona Health Care Cost Containment System (AHCCCS/Medicaid), a single adult supporting one preschooler and one school-age child and living in Pima County who is transitioning from welfare to work would be able to meet her family's needs with a wage of \$9.35 per hour, significantly less than the full Self-Sufficiency Wage of \$22.17 per hour.** As the family transitions from AHCCCS, they would typically be eligible for KidsCare, Arizona's Children's Health Insurance Program, in which case the adult would need to earn \$10.78 per hour to cover basic needs (including her own health care costs). However due to a lack of program funding KidsCare has suspended enrollment, and new applicants are put on a waiting list. This wage is still only about half of the amount she would need to earn (\$22.17 per hour) to cover the family's total costs without work supports in Pima County. (Pages 17-22)

Clearly, the cost of meeting basic needs continues to increase in most of Arizona despite stagnating wages and difficult economic times. Further, what it takes to become self-sufficient in Arizona depends on where a family lives, how many people are in the family and the number and ages of children.

## WHAT THE SELF-SUFFICIENCY STANDARD MEANS FOR ARIZONA

Closing the wage gap between current wages and the Self-Sufficiency Standard requires both reducing costs and raising incomes.

**REDUCING COSTS** means ensuring families that are struggling to retain employment and cover basic costs have access to work supports—such as child care assistance, food benefits, and the Earned Income Tax Credit—that offer stability and resources while they become self-sufficient. Most individuals cannot achieve self-sufficiency through stopgap measures or in a single step, but require transitional work supports and the removal of barriers and/or guidance to help meet monthly expenses as families work towards self-sufficiency over time.

**RAISING INCOMES** means enhancing skills as well as improving access to jobs that pay self-sufficient wages and have career potential. A strong economy will mean good jobs that pay self-sufficient wages and a workforce with the skills necessary to fill those jobs. Key to raising incomes is access to education, training, and jobs that provide real potential for skill and career advancement over the long term.

The Self-Sufficiency Standard can be used as a tool to:

- Evaluate proposed policy changes,
- Target resources towards job training for fields that pay self-sufficient wages,
- Evaluate outcomes for clients in employment programs, and
- Serve as a counseling tool in work training programs.

The Self-Sufficiency Standard is currently used to better understand issues of income adequacy, analyze policy, and help individuals striving to be self-sufficient. 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.

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# Introduction

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

To properly describe the growing gap between sluggish wages and ever increasing expenses requires an accurate measure of income adequacy, one that is consistent over time and across space. The Self-Sufficiency Standard 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 Arizona 2012* defines the amount of income necessary to meet the basic needs of Arizona families, differentiated by family type and where they live. The Standard calculates the costs of six basic needs plus taxes and tax credits. It assumes the full cost of each need, without help from public subsidies (e.g., public housing, Medicaid, or child care assistance) or private/informal assistance (e.g., unpaid babysitting by a relative or friend, food from food banks, or shared housing).

The 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.***

This report presents the Standard and what it means for Arizona families. Below is a summary of the sections included in this report:

- The introduction explains the unique features of the Self-Sufficiency Standard and how it is calculated.
- The main body details what a self-sufficient income is for Arizona families, describes how the Standard varies by family type and county, and compares the Arizona Standard to other places across the United States.

- Additional sections track how the Arizona Standard has changed over the past 10 years, and how the Standard compares to other common benchmarks of income.
- The next section discusses how work supports can help families move toward self-sufficiency as well as strategies for closing the gap between prevailing wages and the Self-Sufficiency Standard. Once the resources needed to meet basic needs have been secured, the final section discusses what it takes to move towards economic security over a longer term basis, including assets, savings, and investments to achieve that goal.

This report also has several appendices:

- Appendix A provides a detailed description of the data and sources used to calculate the Standard.
- Appendix B explains the various ways of using the Standard to inform policy making, counsel clients, evaluate programs, and improve poverty research.
- Appendix C explains federal approaches to measuring poverty and shows the Arizona Self-Sufficiency Standard for select family types as a percentage of the Federal Poverty Level.
- Appendix D provides detailed tables of the Self-Sufficiency Standard for eight select family types in each Arizona county.
- 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, comprehensive, and detailed approach to determine what it takes for today’s families to make ends meet. The key elements of the Standard that distinguish it from other measures of income adequacy or poverty are the following:

**A FOCUS ON MODERN FAMILIES WITH WORKING ADULTS.** Because paid employment is the norm for the majority of families today in the United States,<sup>2</sup> the Standard assumes all adults work to support their families, and thus includes the costs of work-related expenses such as child care, taxes, and transportation.

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

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

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

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

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

Altogether, the above elements of the Standard make it a more detailed, modern, accurate, and comprehensive measure of income adequacy than the Federal Poverty Level. Appendix C provides a more detailed explanation of the federal approaches to measuring poverty, including the Federal Poverty Level and Supplemental Poverty Measure, and how the Standard contrasts with each approach.

## How is the Arizona Standard Calculated?

The goal for creating the Self-Sufficiency Standard is to calculate the amount needed to meet each basic need at a minimally adequate level, without public or private assistance, and to do so in a way that makes the Standard as consistent and accurate as possible, yet varied by geography and family composition. In selecting data sources, to the maximum extent possible, the data used in the Self-Sufficiency Standard meet the following criteria:

- collected or calculated using standardized or equivalent methodology nationwide;
- obtained from scholarly or credible sources such as the U.S. Census Bureau;
- calculated to meet a given need at a minimally adequate level, usually by or for a government aid agency;
- updated regularly; and,
- geographically- and/or age-specific, as appropriate.

The Self-Sufficiency Standard is calculated for 70 different family types for all Arizona counties. 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.

The Self-Sufficiency Standard assumes adult household members work full-time *and therefore includes all major costs associated with employment for adult household members* (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 (more detailed information is included in *Appendix A: Methodology, Assumptions, and Sources*). Note that these data elements and assumptions are standard for all states unless otherwise noted.

**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 non-metropolitan areas. FMRs include utilities (except telephone and cable) and reflect the cost of housing that meets basic standards of decency. FMRs are generally set at the 40th percentile, meaning that 40% of the housing in a given area is less expensive than the FMR. However, in Arizona, Maricopa and Pinal counties are set at the 50th percentile.<sup>3</sup>

HUD calculates only one set of FMRs for each metropolitan area. In multiple county metropolitan areas the Standard uses median gross rent data from the U.S. Census Bureau’s American Community Survey (ACS) to vary the FMR housing costs by individual counties within the metropolitan area. In Arizona this applies to the Phoenix-Mesa-Glendale MSA (Maricopa and Pinal counties).

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

The Arizona Standard assumes infants receive child care in family day care. Preschoolers are assumed to receive care in a child care center. Costs for school-age children assume they receive care before and after school (part-time) in a child care center.

**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 patterns. 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—nor for coffee, tea, or soda drinks.

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

**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. In Arizona there is no county that meets this criterion; therefore private transportation is assumed for all Arizona counties.

Private transportation costs are based on the average costs of owning and operating a car. One car is assumed for households with one adult, and two cars are assumed for households with two adults. Per-mile costs (e.g., gas, oil, tires, and maintenance) are calculated from the American Automobile Association. Commuting distance is computed from the National Household Travel Survey.

Auto insurance premiums are the average premium cost for a given state, calculated by the National Association of Insurance Commissioners. Within-state variation in auto insurance premiums is calculated using sample premiums for the automobile insurance companies with the largest market shares in the state.

To estimate the fixed costs of car ownership (e.g., license, registration, repairs, monthly payments) the Standard uses Consumer Expenditure Survey amounts for families with incomes between the 20th and 40th percentile. The initial cost of purchasing a car is not included.

**HEALTH CARE.** The Standard assumes that an integral part of a Self-Sufficiency Wage is employer-sponsored health insurance for workers and their families. Health care premiums are the statewide average paid by workers for single adults and for families, from the national Medical Expenditure Panel Survey (MEPS), which is 30% of the premium for family coverage in Arizona.<sup>4</sup> Premiums are varied by county using sample insurance rates for the top market share companies in the state. 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. For Arizona families without employer-sponsored health insurance, the cost of health care would likely be higher, causing an increase in the total income needed to be self-sufficient.

**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 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 Arizona Standard include: the federal Child and Dependent Care Tax Credit (referred to in the Standard as the Child Care Tax Credit or CCTC); the federal Earned Income Tax Credit (EITC); and the federal Child Tax Credit (CTC). Note that property taxes are assumed to be included in the cost of housing, as are gasoline taxes in the cost of transportation.

Table 1. Items Included in the Standard

COST	WHAT IS INCLUDED IN EACH BUDGET ITEM?
HOUSING	YES: Rent and Utilities NO: Cable or telephone
CHILD CARE	YES: Full-time family day care for infants, full-time center care for preschoolers, and before and after school care for school-age children NO: After school programs for teenagers, extracurricular activities, babysitting when not at work
FOOD	YES: Food for home preparation NO: Take-out, fast-food, or restaurant meals or drinks
TRANSPORTATION	YES: The cost of owning a car (per adult)—insurance, gas, oil, registration, repairs, monthly payments, etc.—or public transportation when adequate. The car or public transit is used only for commuting to and from work and day care plus a weekly shopping trip NO: Non-essential travel, vacations, etc.
HEALTH CARE	YES: Employer-sponsored health insurance & out-of-pocket costs NO: Health savings account, gym memberships, individual health insurance
TAXES	YES: Federal and state income tax and tax credits, payroll taxes, and state and local sales taxes NO: Itemized deductions, tax preparation fees or other taxes (property taxes are included in housing costs and gasoline taxes in transportation)
MISCELLANEOUS	YES: Clothing, shoes, paper products, diapers, nonprescription medicines, cleaning products, household items, personal items, and telephone service NO: Recreation, entertainment, savings, emergencies, debt repayment, pets, education/training, gifts, broadband/internet, student loan repayment

Detailed information on the methodology of the Self-Sufficiency Standard and the Arizona specific data sources, are included in Appendix A: Methodology, Assumptions, and Sources.

## How Much is the Minimum in Arizona?

The amount of money families need to be economically self-sufficient varies substantially depending on family size and the geographic region of residence. For example, **Table 2** shows that in Pima County the Self-Sufficiency Standard varies significantly depending on family type:

- A single adult needs to earn \$9.41 per hour working full-time to be able to meet his or her basic needs. In comparison, Arizona’s minimum wage is \$7.65 per hour.<sup>5</sup>
- One parent caring for a preschool-aged child needs to earn \$18.32 per hour to be self-sufficient.
- One parent with two children—a preschooler and school-age child—needs \$22.17 per hour to meet her family’s basic needs. This family requires, at a minimum, the equivalent of over two full-time and one half-time minimum wage jobs in Arizona.

- Two parents with one preschooler and one school-age child *each* need to earn \$12.77 per hour working full-time to meet their family’s basic needs.

In addition to varying by family composition, the Self-Sufficiency Standard also varies by geographic location. The map in **Figure 1** visually displays the geographic variation in the cost of meeting basic needs across Arizona’s counties for families with one adult and one preschooler. In Figure 1 counties are grouped into four Self-Sufficiency Wage ranges.

The 2012 Arizona Self-Sufficiency Standard for a single adult with one preschooler ranges from \$31,604 to \$42,214 annually depending on the county. Maricopa and Pinal counties have the highest Self-Sufficiency Standards in the

**Table 2. The Self-Sufficiency Standard for Select Family Types\***  
*Monthly Expenses and Shares of Total Budgets*  
 Pima County, AZ 2012

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	\$670	40	\$860	27	\$860	22	\$860	19
Child Care	\$0	0	\$750	23	\$1,181	30	\$1,181	26
Food	\$230	14	\$349	11	\$523	13	\$718	16
Transportation	\$280	17	\$288	9	\$288	7	\$548	12
Health Care	\$122	7	\$372	12	\$395	10	\$450	10
Miscellaneous	\$130	8	\$262	8	\$325	8	\$376	8
Taxes	\$225	14	\$484	15	\$596	15	\$627	14
Earned Income Tax Credit (-)	\$0	0	\$0	0	\$0	0	\$0	0
Child Care Tax Credit (-)	\$0	0	(\$58)	-2	(\$100)	-3	(\$100)	-2
Child Tax Credit (-)	\$0	0	(\$83)	-3	(\$167)	-4	(\$167)	-4
<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>\$9.41</b>		<b>\$18.32</b>		<b>\$22.17</b>		<b>\$12.77</b>	
<b>MONTHLY</b>	<b>\$1,657</b>		<b>\$3,224</b>		<b>\$3,901</b>		<b>\$4,494</b>	
<b>ANNUAL</b>	<b>\$19,878</b>		<b>\$38,688</b>		<b>\$46,813</b>		<b>\$53,928</b>	

\* The Standard is calculated by adding expenses and taxes and subtracting tax credits. The “Taxes” row includes federal and state income taxes (including federal income taxes) and payroll taxes.

\*\* 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.

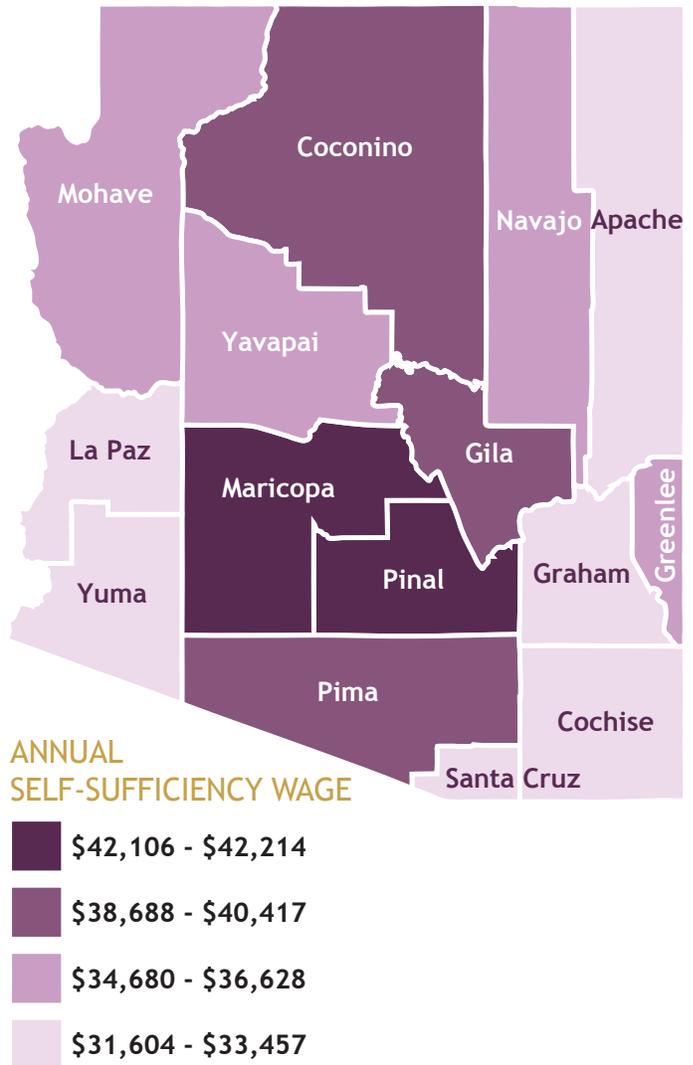
state at \$42,214 (Maricopa) and \$42,106 (Pinal) annually for one adult with one preschool-aged child. Comprised of Phoenix and surrounding cities and suburbs, Maricopa is the most populous county in the state and Pinal is the third most populous county in the state.

The second most expensive areas in Arizona with annual Self-Sufficiency Wages between \$38,688 and \$40,417 include Pima County, which is the second most populous county in Arizona because of Tucson. Coconino County, with the city of Flagstaff, and Gila County are also in the group of counties with the second highest Standards in the state.

The third most expensive areas in Arizona are Greenlee, Mohave, Navajo, and Yavapai counties with annual Self-Sufficiency Wages between \$34,680 and \$36,628.

The least expensive group of counties in Arizona for an adult and a preschooler are Apache, Cochise, Graham, La Paz, Santa Cruz, and Yuma counties with Self-Sufficiency Wages between \$31,604 and \$33,457 annually. The lesser expensive counties in the state are spread along Arizona’s Eastern and Western borders and are some of the least populated counties in the state.

Figure 1. Map of Counties by Level of Annual Self-Sufficiency Wage One Adult and One Preschooler, AZ 2012



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THE AMOUNT OF MONEY FAMILIES NEED TO BE ECONOMICALLY SELF-SUFFICIENT VARIES SUBSTANTIALLY DEPENDING ON FAMILY SIZE AND THE GEOGRAPHIC REGION OF RESIDENCE.

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# How do Family Budgets Change As Families Grow?

To illustrate how the proportions allotted to the different basic needs change as family composition changes, **Figure 2** shows the amount of income necessary to meet each of the basic needs for a family in Coconino County as the family changes composition. In Figure 2, each column shows the monthly expenses, with the percentage of the total budget indicated for each expense.

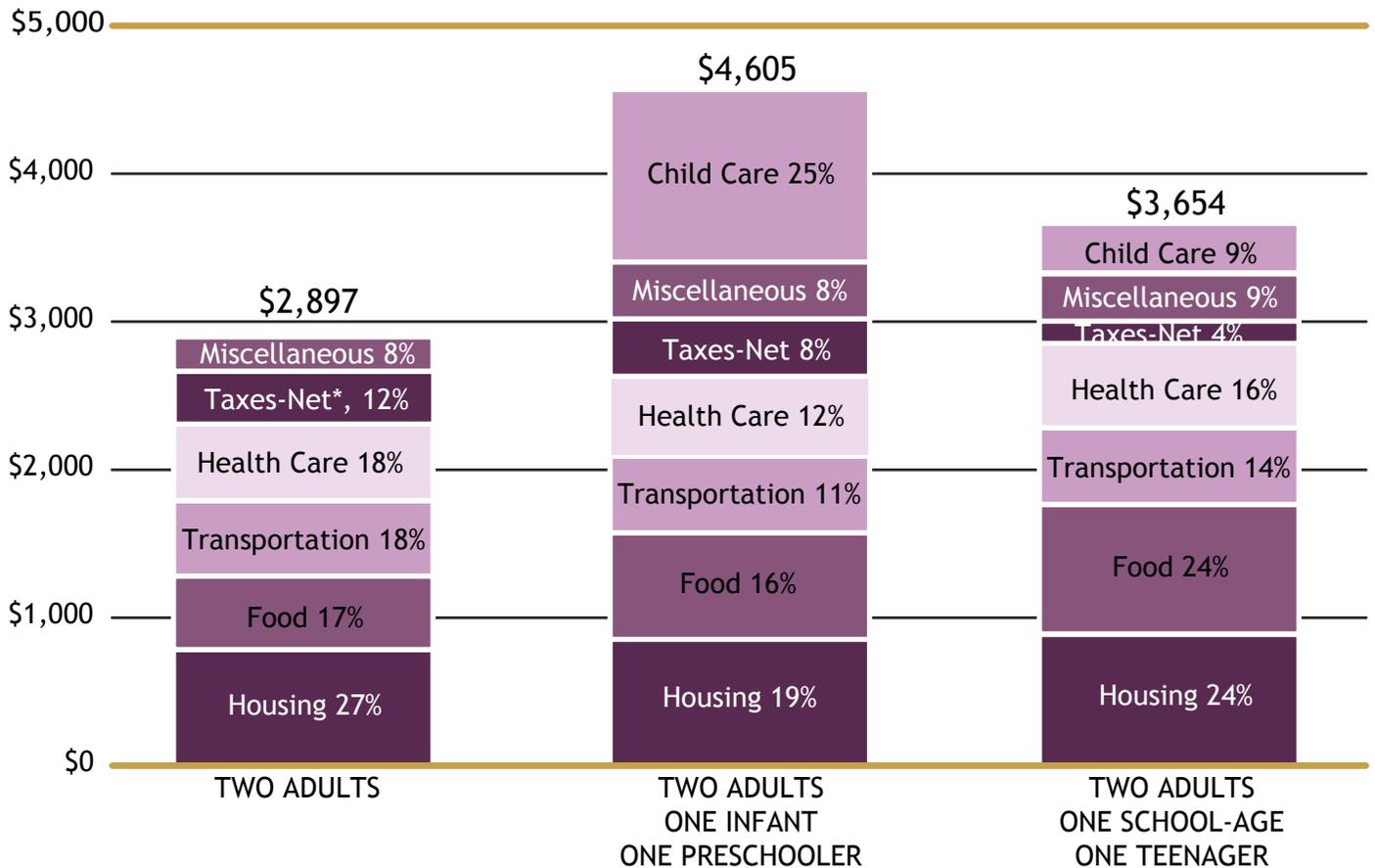
The first bar in Figure 2 shows the monthly budget when there are just two adults. Together they need to earn a total of \$2,897 per month to make ends meet. For two adults with no children in Coconino County, over one-quarter of the

Self-Sufficiency Standard goes towards housing while food, transportation, and health care each account for just under one-fifth of the household expenses. Net taxes account for 12% of the budget. Since this childless family does not qualify for either of the child-related tax credits, nor for the income-contingent EITC, gross and net taxes are the same.

The second bar in Figure 2 shows what happens when the family has expanded to include two young children (one infant and one preschooler). Note that both the total budget and proportions spent on each basic need change, with the total cost of basic needs increasing to \$4,605 per month, and

Figure 2. Percentage of Budget Needed to Meet Basic Needs for Three Family Types  
Coconino County, AZ 2012

## MONTHLY SELF-SUFFICIENCY STANDARD



\* The two adult family is not eligible for any tax credits and therefore the Taxes-Net is the same as gross taxes owed. The actual percentage of income needed for taxes without the inclusion of tax credits is 13% for the two adults with one infant and one preschooler and 11% for two adults with one school-age child and one teenager. However, with tax credits included, as in the Standard, both families receive money back, and the amount owed in taxes is reduced to 8% for the two adult, one infant and one preschooler family and to 4% for the two adult one school-age and one teenager family. Please see *Appendix A: Methodology, Assumptions, and Sources* for an explanation of the treatment of tax credits in the Standard.

the proportion of income allotted shifting with the addition of child care. Indeed, child care alone accounts for a quarter of the family's budget and 44% goes towards child care and housing combined. This is quite common: families with two children (when at least one is under school-age) generally need to budget roughly half their income for housing and child care expenses alone.

Food costs are 16% of total income, much 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 2010.<sup>6</sup>

Health care accounts for 12% of the family budget, including both the employee's share of the health care premium and out of pocket costs.<sup>7</sup>

Net taxes for the family now reflect a tax burden that is reduced to 8% with the offsetting effects of the child care

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**FAMILIES WITH TWO CHILDREN (WHEN ONE IS UNDER SCHOOL-AGE) GENERALLY NEED TO BUDGET HALF THEIR INCOME ON HOUSING AND CHILD CARE EXPENSES ALONE.**

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and child tax credits. Note that tax credits are treated as if they were received monthly in the Standard, although credits are not received until the following year when taxes are filed. If it were assumed that tax credits are received annually in a lump sum, then the monthly tax burden would be 13% of the total costs for this family.

As the children grow older and no longer need as much child care, the family's budget shifts again. The third bar in Figure 2 shows the proportion of income spent on each basic need for a family with a school-age child and a teenager in Coconino County. The total cost of basic needs drops to \$3,654 per month; the decreased amount for child care for the school-age child accounts for just 9% of this minimum budget for this family type, a much smaller proportion than was necessary when the children were younger. In contrast, food accounts for a larger proportion of the budget, at 24%, in part due to increased food costs for the teenager.

Net taxes are shown as 4% of the family's budget. If it were assumed, as suggested above, that tax credits are received annually in a lump sum, then the monthly tax burden would be 11% of the total costs for two adults with one school-age child and one teenager.

## How does Arizona Compare to Other States?

The cost of living varies geographically not only within Arizona but geographically across the United States. In **Figure 3**, the Self-Sufficiency Standard for families with one parent, one preschooler, and one school-age child in Phoenix and Tucson is compared to the Standard for several other places: Baltimore City, MD; Boston, MA; Chicago, IL; Denver, CO; Las Vegas, NV; Louisville, KY; Oklahoma City, OK; Portland, OR; Salt Lake City, UT; and Seattle, WA.<sup>8</sup>

The differences in the Self-Sufficiency Wages represent the variation in the costs of meeting basic needs across urban areas in the United States. Housing costs in particular vary drastically—for example, a two bedroom unit in Tucson is \$860 per month compared to \$1,369 per month in Boston.

- The places compared in Figure 3 require full-time year-round wages between \$17.62 and \$31.07 per hour for this family type to be self-sufficient.
- Phoenix, where the adult needs to earn \$24.20 per hour to be self-sufficient, is the fourth most expensive place in this comparison, where the cost of living falls between that of Chicago, IL and Portland, OR.
- In Tucson, the adult must earn a wage of \$22.17 per hour to be self-sufficient. The cost of meeting basic needs in Tucson is most comparable to Louisville, KY and Salt Lake City, UT. Tucson is the fourth least expensive place in this comparison.

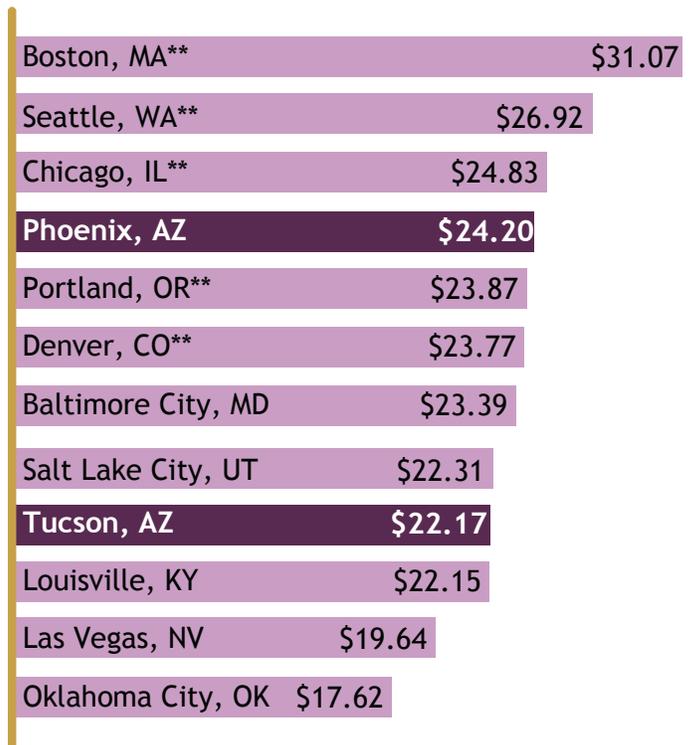
Note that the Self-Sufficiency Standard for some of the places shown in this comparison is calculated assuming families use public transportation instead of owning their own vehicles. Public transportation costs are significantly less than the cost of owning and operating a car. In areas

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**FAMILIES WITH ONE ADULT, ONE PRESCHOOLER, AND ONE SCHOOL-AGE CHILD LIVING IN PHOENIX OR TUCSON REQUIRE HOURLY WAGES THAT ARE OVER OR NEARLY THREE TIMES THE ARIZONA MINIMUM WAGE OF \$7.65 PER HOUR TO MEET THEIR BASIC NEEDS.**

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**Figure 3. The Self-Sufficiency Wage for Phoenix and Tucson Compared to Other U.S. Cities, 2012\* One Adult, One Preschooler, & One School-age Child**



### HOURLY SELF-SUFFICIENCY WAGE

\*Data for each city is the Self-Sufficiency Standard for the county in which the city is located, with the exception of Baltimore City, Chicago (South side of Chicago) and Seattle. Wages for cities other than in Arizona and Baltimore City are updated using the Consumer Price Index.

\*\*Wage calculated assuming family uses public transportation.

where private transportation costs are assumed, the Self-Sufficiency Wage reflects higher transportation expenses. Residents of those cities who use public transit instead of the assumed private transportation may find their cost of living is lower than that reflected in the Self-Sufficiency Standard.

While Phoenix and Tucson are both less expensive than some other places with which they are compared in Figure 3, families with one adult, one preschooler, and one school-age child living in Phoenix or Tucson require hourly wages that are approximately three times the Arizona minimum wage of \$7.65 per hour to meet their basic needs.

## How Does the Self-Sufficiency Standard Compare 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 Cochise County Self-Sufficiency Standard for one adult, one preschooler, and one school-age child and the following income benchmarks for three-person families:

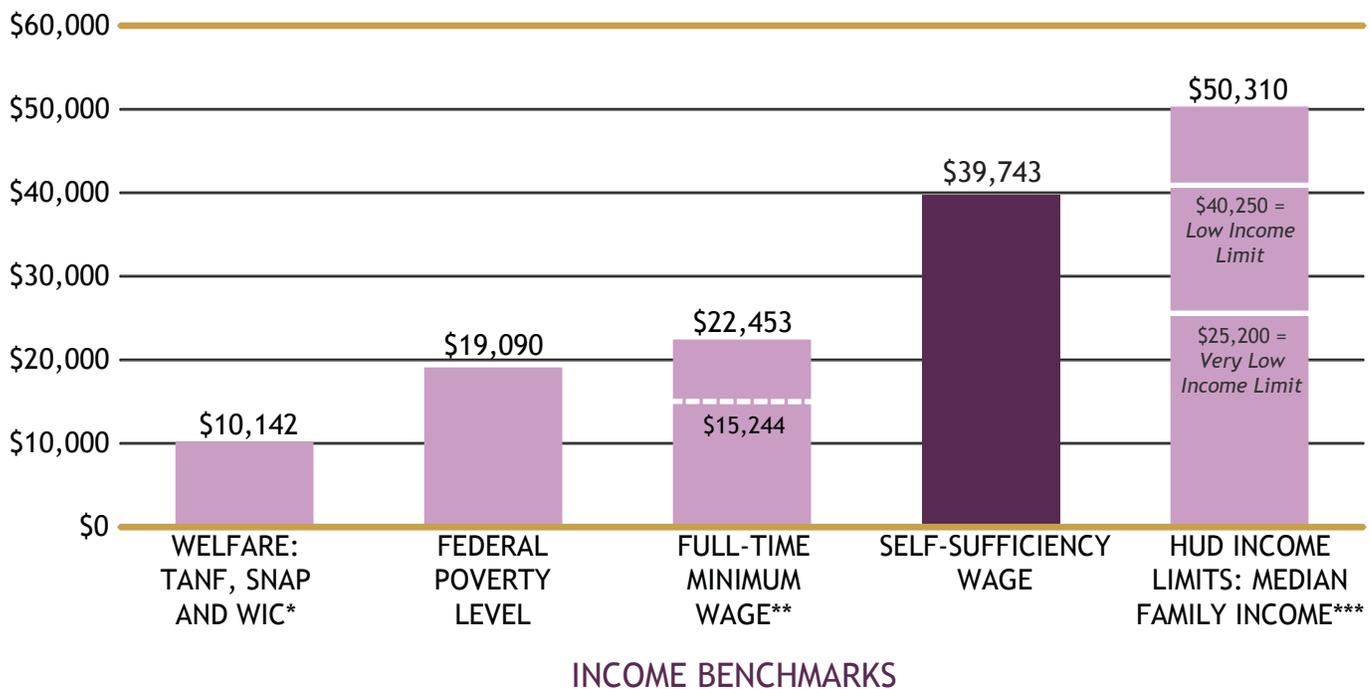
- Temporary Assistance for Needy Families (TANF), Supplemental Nutrition Assistance Program (SNAP, formerly the Food Stamp Program), and WIC (Women, Infants and Children);
- the Federal Poverty Level (FPL) for a family of three;

- the Arizona minimum wage of \$7.65 per hour; and
- the U.S. Department of Housing and Urban Development (HUD) median family income limits for a family of three in Cochise County.

However, none of the benchmarks are as specific as the Self-Sufficiency Standard in terms of age and number of children and 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 fourth bar from the left in Figure

**Figure 4. The Self-Sufficiency Standard Compared to Other Benchmarks, 2012**  
*One Adult, One Preschooler, and One School-age Child*  
 Cochise County, AZ 2012

### ANNUAL INCOME



\* The TANF benefit amount is \$3,324 annually or \$277 per month (2011), the SNAP benefit amount is \$6,312 annually or \$526 per month (2012), and the WIC benefit amount is \$506 annually or \$42.17 per month (2011) for a family of three in Arizona.

\*\*The Arizona minimum wage is \$7.65 per hour. This amounts to \$16,157 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, \$22,453 as shown. The dashed line shows the annual income received after accounting for taxes (\$15,244) but without the addition of tax credits, which are received as a yearly lump sum after filing taxes the following year.

\*\*\*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. The HUD median family income limits shown here are FY 2012 for Cochise County, Arizona.

4, the Self-Sufficiency Wage for this family type in Cochise County is \$39,743 per year.

**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 food stamps), WIC, and TANF, and assuming no other income. The total public assistance package amounts to \$10,142 per year for three-person families in Arizona. This public assistance package is just 26% of the Self-Sufficiency Standard for a three-person family in Cochise County and is 53% of the 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 \$19,090 annually or less in 2012—regardless of where they live, or the age of their children. The FPL for three-person families is just 48% of the Self-Sufficiency Standard for families with one adult, one preschooler, and one school-age child living in Cochise County.

Statewide, the Self-Sufficiency Standard for a family with one adult, one preschooler, and one school-age child ranges from 202% of the FPL in La Paz County to 268% of the FPL in Maricopa County. Table C-1 (*in Appendix C: Federal Approaches to Measuring Poverty*) details the percentage of the FPL needed to meet basic needs by county and for several family types.

**MINIMUM WAGE.** Arizona’s minimum wage is \$7.65 per hour. A full-time minimum wage worker earns \$16,157 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 \$22,453 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 minimum wage provides 56% of the amount needed to be self-sufficient for this family type in Cochise County if the family receives all of the tax credits for which they might be eligible. However, if it is assumed

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**THE FPL FOR THREE-PERSON FAMILIES IS JUST 48% OF THE SELF-SUFFICIENCY STANDARD FOR FAMILIES WITH ONE ADULT, ONE PRESCHOOLER, AND ONE SCHOOL-AGE CHILD LIVING IN COCHISE COUNTY.**

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that the worker pays taxes monthly through withholdings, but does not receive tax credits on a monthly basis (as is true of most credits), her take-home income would be \$15,244 during the year, shown by the dashed line on the third bar. Without including the impact of tax credits in either the minimum wage or Self-Sufficiency Standard income (but still accounting for payment of taxes), a minimum wage job amounts to just 38% of the Self-Sufficiency Standard for this family type in Cochise County. According to the Internal Revenue Service, four out of five eligible filers claim the Earned Income Tax Credit; and, in Arizona this amounted to 532,981 claimants receiving the EITC for the 2010 tax year.

**MEDIAN FAMILY INCOME LIMITS.** 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 to calculate income limits to assess families’ needs for housing assistance. The Fiscal Year 2012 HUD median income for a three-person family in Cochise County is \$50,310 annually.<sup>9</sup> HUD income limits define “low income” three-person families in Cochise County as those with incomes between \$25,200 and \$40,250, while those considered “very low income” have incomes between \$15,100 and \$25,200, and those with incomes below \$15,100 are considered “extremely low income.”<sup>10</sup> The Self-Sufficiency Standard of \$39,743 for this family type in Cochise County is below the HUD “low income” limit, demonstrating that the Standard is a conservative measure of the minimum required to be self-sufficient in Cochise County.

## How has the Standard Changed Over Time in Arizona?

How have costs increased over time across Arizona?

**CHANGE BETWEEN 2002 AND 2012.** Figure 5 illustrates changes in the cost of living over time by comparing the 2002 and 2012 Arizona Self-Sufficiency Wages for two adults, one preschooler, and one school-age child by county.

Figure 5 shows that the Self-Sufficiency Standard has increased in all Arizona counties over the past decade for this four-person family (two adults, one preschooler, and one school-age child) by an average of **31%**, or an average of 3.1% per year. The largest increase (50%) occurred in Gila County where the Standard increased from \$36,799 in 2002 to \$55,128 in 2012 for a family with two adults, one preschooler, and one school-age child. The Standard for Greenlee and Pinal counties increased by 40% and 41% over the past decade. Counties in the second group of increases, with costs increasing 31% and 32% over the past decade, are Navajo, Pima, and Yavapai counties. Several counties in Arizona had Standards that increased between 27% and 29%, including Apache, Cochise, Graham, La Paz, Maricopa, Santa Cruz, and Yuma counties. Coconino and Mohave counties had the lowest rate of increase in the Standard, with total expenses increasing 19% in Coconino and 22% in Mohave since 2002.

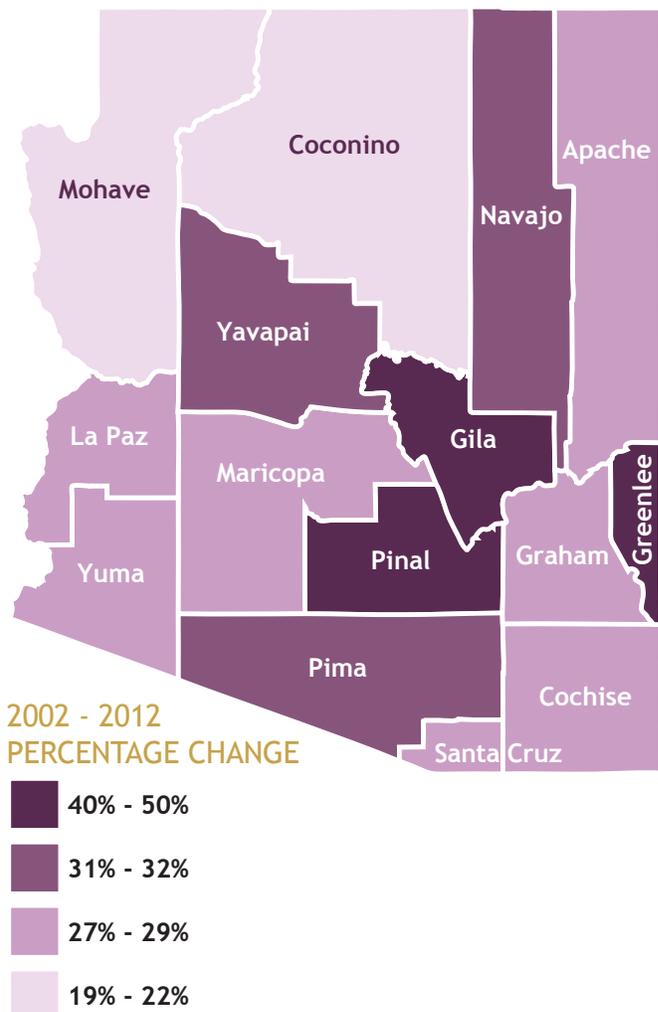
Not only is there variation in the rate by which the Standard increased in Arizona, but there is also considerable variation in how much each cost increased as well as variation in how much a specific cost increased in each county. The cost of some basic needs calculated in the Standard increased more rapidly than others over the past 10 years.

Statewide, the greatest percentage increase was in the cost of health care, which rose on average 53% for this family type, ranging from increases of 39% (Maricopa and Pima) to 69% (Coconino and Mohave) across the state.

In contrast, while housing costs increased somewhat less rapidly on average (29%), there was much more variation between counties, from actually decreasing by 2% in Mohave County to a 62% increase in Greenlee County. Housing costs increased by 15% in Maricopa County

and by 33% in Pima County. It should be noted that the methodology for calculating housing costs has changed somewhat since the 2002 Arizona Standard. Variation in the cost of housing within metropolitan areas with multiple counties are now calculated using median rent data from the American Community Survey, while in 2002 variation was calculated using Public Housing Authority payment standards. This change is applicable to Coconino, Maricopa, and Pinal counties, each of which had multiple tables for the 2002 Standard with housing costs varied by Public Housing Authority data.

**Figure 5. Percentage Change in the Self-Sufficiency Standard for Arizona between 2002 and 2012**  
*Two Adults, One Preschooler, and One School-age Child*  
AZ 2012



Child care costs increased on average 48%, but also with considerable variability across counties, ranging from 34% in northern Arizona counties to 88% in Gila and Pinal counties. Child care costs in Maricopa and Pima counties increased 59% and 56% respectively.

Transportation costs increased 19% on average across the state, with less variability between counties than other costs. In most counties transportation increased 17% to 21%.

Over the past decade food costs increased on average 39% across the state. There was also less variation in the rates of increase in the cost of food between counties, ranging from a 29% increase in Yavapai County to 47% in Maricopa and Pinal counties. For most counties food costs increased by 37% to 45%. Note that food costs were not varied by county in the 2002 Standard.

On average, the taxes owed for this family type increased at a rate of 6% across the state since 2002. Changes in the amount of taxes owed varied from a 10% decrease up to a 34% increase depending on county. The general rise in taxes owed is primarily due to increased costs pushing families into higher tax brackets. However, some of the tax increase was offset by policy changes that expanded tax credits, by an average increase of 49% since 2012. In particular, both the Child Care Tax Credit and the Child Tax Credit increased substantially for this family type (with the amount dependent on total income needed for all expenses).

**Table 3** provides an example of how the actual amount of costs have changed for each basic need since 2002 for two adults, one preschooler, and one school-age child in Yavapai County. As can be seen, the total increase in the Yavapai Standard for this family type of 31%—from \$38,242 to \$50,107 annually— is the same as the average increase for this family type across all counties. However, the cost of each basic need in Yavapai County increased at rates that are different from the average increase across all counties for that basic need. For example, housing costs increased from \$557 per month to \$798 per month, a 43% increase, while the average increase in housing across all counties is 29%. Health care costs also increased at a higher rate in Yavapai County (63%) than the average across Arizona (53%). In contrast, the cost of child care for a preschooler and a school-age child in Yavapai County increased by 34%

**Table 3. Percent Change in the Self-Sufficiency Standard Over Time, 2002-2012**  
 Yavapai County, AZ  
 Two Adults, One Preschooler, and One School-age Child

COSTS	2002	2012	PERCENT CHANGE 2002-2012	STATEWIDE PERCENT CHANGE 2002-2012
Housing	557	798	43%	29%
Child Care	704	946	34%	48%
Food	544	704	29%	39%
Transportation	437	529	21%	19%
Health Care	336	548	63%	53%
Miscellaneous	258	352	37%	37%
Taxes	531	565	6%	6%
Total Tax Credits*	(180)	(267)	48%	49%
<b>SELF-SUFFICIENCY WAGE</b>				
MONTHLY	\$3,187	\$4,176	31%	31%
ANNUAL	\$38,242	\$50,107		
MEDIAN EARNINGS**	\$44,567	\$58,049	30%	19%

\* Total Tax Credits is the sum of the monthly federal Earned Income Tax Credit, the federal Child Care Tax Credit, and the federal Child Tax Credit.  
 \*\* Yavapai County and Arizona statewide Median Earnings: U.S. Census Bureau, American Community Survey (ACS) 2008-2010 3-Year Estimates, S1903, "Median Earnings in the Past 12 Months, Yavapai County and Arizona," <http://factfinder.census.gov> (accessed February 21, 2012). U.S. Census Bureau, 2000 Summary File 3, DP-3, "Profile of Selected Economic Characteristics: 2000," <http://factfinder.census.gov> (accessed February 21, 2012). 2012 earnings are based on 2010 data and 2002 earnings based on 2000 data updated using the Consumer Price Index. U.S. Department of Labor, Bureau of Labor Statistics, (2012), Consumer Price Index, "West Region All Items, 1982-1984=100-CUUR-0400SA0," <http://data.bls.gov/cgi-bin/survey/most?cu> (accessed February 21, 2012).

(from \$704 to \$946 per month), a lower rate than on average across the state (48%).

Overall, the Self-Sufficiency Standard in Yavapai County for two adults, one preschooler, and one school-age child increased over the past decade by nearly a third. Median earnings among families in Yavapai County increased by 30% (from \$44,567 in 2002 to \$58,049 in 2012), almost as much as costs, keeping workers' incomes abreast of cost increases in Yavapai County. However, statewide median earnings have not kept up with the increase in the Standard. While the Standard increased on average by 31% across the state as well, median earnings of families across Arizona increased 19% in the last decade. On average across Arizona costs grew at a higher rate than median earnings.<sup>11</sup>

## COMPARING THE STANDARD WITH THE CONSUMER PRICE INDEX

Basic costs for families earning self-sufficient wages have clearly increased over the past decade in Arizona. However, how does this compare with official inflation rates? We examine this question in **Figure 6** by comparing the changes in the Self-Sufficiency Standard in Maricopa and Yuma counties for two adults, 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) over the past decade. The CPI is a measure of the average changes in the prices paid by urban consumers for goods and services. Since the CPI does not incorporate taxes or tax credits, for comparison purposes these items have been taken out of the Standard.

When the 2002 Self-Sufficiency Standard for Maricopa County (\$39,238 per year when adjusted to exclude taxes and tax credits) is inflated using the West Region Consumer Price Index, the amount estimated to meet basic needs in 2012 is \$48,830 per year.<sup>12</sup> Using the CPI results in a 24% change in the cost of basic needs since 2002, an annual average rate of 2.4%. However, the actual 2012 Maricopa County Standard (adjusted to exclude taxes/tax credits) is \$53,100 per year for this family type, a 35% increase over the last decade or an annual average rate of 3.5%. In Yuma County, when the adjusted 2002 Standard (\$34,217 per year without taxes/tax credits) is inflated to 2012 using the CPI, the estimated cost of meeting basic needs is \$42,582. However, the actual Standard for 2012 (excluding taxes/tax credits) is \$45,583 in Yuma County, an increase of 33%, or 3.3% annually on average.

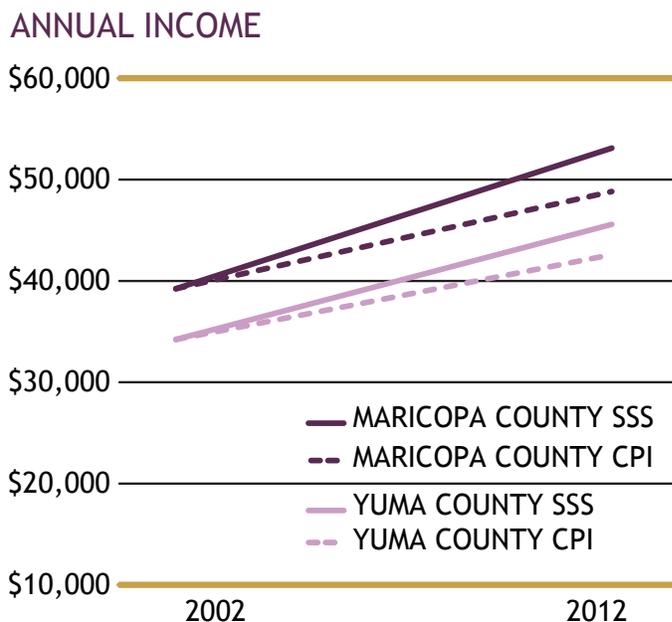
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**TRACKING COSTS USING THE CPI UNDERESTIMATES THE REAL INCREASES IN COSTS FACED BY ARIZONA FAMILIES AT THIS LEVEL, LEAVING THEM THOUSANDS OF DOLLARS SHORT OF WHAT THEY NEED TO BE SELF-SUFFICIENT.**

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**Figure 6. CPI\*-Measured Inflation Underestimates Real Cost of Living Increases: A Comparison of the Self-Sufficiency Standard and the Consumer Price Index, 2002-2012**

Maricopa and Yuma Counties, AZ  
Two Adults, One Preschooler, and One School-age Child



\* U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index, “West Region All Items, 1982-84=100-CUURA101SAO,” <http://data.bls.gov/cgi-bin/surveymost> (accessed February 21, 2012).  
\*\* Since the CPI does not incorporate taxes or tax credits, these items have been taken out of the Self-Sufficiency Standard for the comparison figure.

In sum, Figure 6 demonstrates that the rate of inflation as measured by the CPI significantly underestimates the rising costs of basic needs; instead of rising by the CPI average annual rate of 2.4%, costs actually rose by annual average rates of 3.5% in Maricopa County and 3.3% in Yuma County. Indeed, for this family type in Maricopa County, when the Standard is updated using the CPI, the official measure of inflation underestimates the increase in costs for this family type by over \$4,200 since 2002. That is, tracking costs using the CPI underestimates the real increases in costs faced by Arizona families at this level, leaving them thousands of dollars short of what they need to be self-sufficient.

## The Wage Gap: Which Arizona Occupations Support Self-Sufficiency?

Given how much is needed to meet basic needs for Arizona families, how many Arizona jobs provide a self-sufficiency level income?

**Table 4** below compares the median wages of Arizona's ten most common occupations (by number of employees) to the Self-Sufficiency Standard in Pinal County.<sup>13</sup> The top ten most common occupations in Arizona represent 21% of all Arizona workers. The Standard used for comparison in Table 4 is for one parent, one preschooler, and one school-age child in Pinal County, which is \$23.60 per hour and \$49,839 per year.

The median wage of eight of the state's top ten occupations, representing 17% of all Arizona workers, are below the Self-Sufficiency Standard for this family type in Pinal County. Six of Arizona's top ten occupations have median earnings that are less than half of the Standard for a Pinal County family with one adult, one preschooler, and one school-age child.

Retail salespersons is the most common Arizona occupation and accounts for 3.5% of all Arizona workers. With median hourly earnings of \$10.16 per hour (median annual earnings of \$21,116), the top occupation in Arizona provides workers with earnings that are only 42% of the Standard for this family type in Pinal County. In fact, two adults working full time at this wage would still not be able to earn the minimum needed to support a preschooler and a school-age child in Pinal County, as the Self-Sufficiency Standard for two adults with one preschooler and one school-age child requires *each* adult to earn at least \$13.58 (a total of \$57,373 annually) per hour working full time.

The second most common occupation—customer service representatives—yields median earnings of \$14.72 per hour (\$30,617 per year) and represents 2.5% of Arizona workers. The median wage for Arizona's second most common occupation provides 61% of the Standard, falling short of self-sufficiency by over \$19,000 annually for this Pinal County family of three.

**Table 4. Wages of Arizona's Ten Largest Occupations, 2012**

OCCUPATION TITLE	NUMBER OF EMPLOYEES	Hourly Median Wage	Annual Median Wage*	Percent of Standard <sup>1</sup>
<b>TOTAL, ALL OCCUPATIONS</b>	2,380,200	\$16.51	\$34,331	69%
Retail Salespersons	82,870	\$10.16	\$21,116	42%
Customer Service Representatives	60,350	\$14.72	\$30,617	61%
Cashiers	53,660	\$9.62	\$20,019	40%
Office Clerks General	49,530	\$13.55	\$28,171	57%
Waiters and Waitresses	48,980	\$8.81	\$18,328	37%
Combined Food Preparation & Serving Workers	45,400	\$8.78	\$18,257	37%
Registered Nurses	44,710	\$34.64	\$72,053	145%
General & Operations Managers	42,860	\$41.29	\$85,872	172%
Secretaries & Administrative Assistants*	35,790	\$15.41	\$32,046	64%
Stock Clerks & Order Fillers	35,210	\$10.95	\$22,776	46%
<b><sup>1</sup> SELF-SUFFICIENCY STANDARD FOR ONE ADULT, ONE PRESCHOOLER, AND ONE SCHOOL-AGE CHILD PINAL COUNTY</b>		<b>\$23.60</b>	<b>\$49,839</b>	<b>100%</b>

\* Except Legal, Medical, and Executive assistants.

\*\* Wages adjusted for inflation using the West region Consumer Price Index from the Bureau of Labor Statistics.

Source: US Department of Labor, "May 2011 State Occupational Employment and Wage Estimates," Databases and Tables, Occupational Employment Statistics, <http://www.bls.gov/oes/data.htm> (accessed April 4, 2012).

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**ONLY TWO OF ARIZONA’S TEN MOST COMMON OCCUPATIONS HAVE MEDIAN WAGES THAT ARE ABOVE THE MINIMUM LEVEL OF SELF-SUFFICIENCY FOR A FAMILY WITH ONE ADULT, ONE PRESCHOOLER, AND ONE SCHOOL-AGE CHILD IN ALL ARIZONA COUNTIES.**

.....

Only two of the state’s top occupations, general and operations managers and registered nurses, yield earnings that are above the minimum required to meet basic needs in any of Arizona’s counties for a three-person family with one adult, one preschooler, and one school-age child. For example, registered nurses in Arizona have a median income of \$72,053 per year, which is 145% of the Self-Sufficiency Standard for this family type in Pinal County. General and operations managers earn a median income of \$85,872 annually, or 172% of the Standard in Pinal County for this three-person family. However, these two occupations each make up only 1.5% of all Arizona workers.

Waiters and waitresses and combined food preparation and serving workers (including fast food) have the two lowest median wages of the top ten occupations. At \$8.81 and \$8.78 per hour (\$18,328 and \$18,257 annually) the median wages of these two occupations are both about 37% of the Standard for this family type in Pinal County. In fact, workers earnings the median wage for either of these two food service occupations lack enough income to support even a single adult in Pinal County.

Thus, only two of Arizona’s ten most common occupations have wages that are above the minimum level of self-sufficiency for a family with one adult, one preschooler, and one school-age child in all Arizona counties. In addition, while job losses of the Great Recession were concentrated disproportionately in higher-wage industries, as the economy recovers the job gains have been disproportionately in lower-wage industries.<sup>14</sup> Workers that have lost their jobs or are working in low-wage industries often cannot afford their housing, food and child care, much less other expenses, and are forced to choose between basic needs. This analysis of the wages of the most common Arizona occupations demonstrates that the economic insecurity faced by so many workers is not a reflection of a lack of work effort but simply that wages are too low in many Arizona occupations.

There are two basic approaches to close the income gap between low-wage work and what it really takes to make ends meet: reduce costs or raise incomes. The next two sections will discuss strategies used in each of these approaches. The first approach relies on short-term strategies to reduce costs temporarily through work supports (subsidies), such as food and child care assistance. Strategies for the second approach, raising incomes, include longer-term approaches such as increasing education levels, incumbent worker programs, and nontraditional job tracks. Reducing costs and raising incomes are not necessarily mutually exclusive, but can occur sequentially or in tandem. For example, some parents may receive education and training that leads to a new job yet continue to supplement their incomes by work supports until their wages reach the self-sufficiency level.

## Closing the Wage Gap: Reducing Costs

While the Self-Sufficiency Standard provides the amount of income that meets families’ basic needs without public or private assistance, many families cannot achieve self-sufficiency immediately. “Work supports” can help working 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 can also offer stability to help a family retain employment, a necessary condition for improving wages. This section models how work supports temporarily reduce family expenses until they are able to earn Self-Sufficiency Wages, thus closing the gap between actual wages and what it really takes to make ends meet.

Work supports include programs such as:

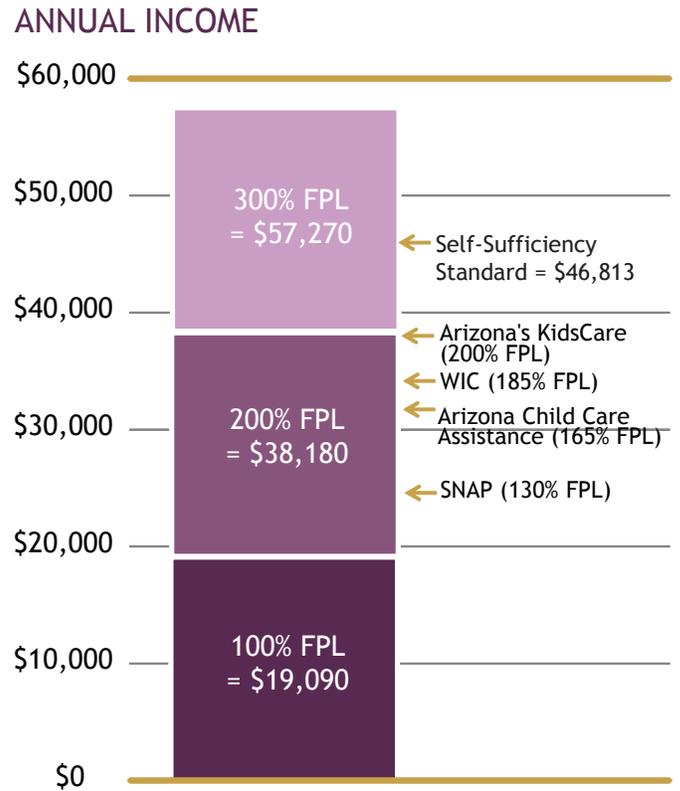
- child care assistance (Arizona Department of Economic Security Child Care)
- health care (Arizona Health Care Cost Containment System [AHCCCS] or Medicaid, and Arizona’s Children’s Health Insurance Program [KidsCare]),
- food assistance (SNAP, which in Arizona is called the Nutritional Assistance, and the Women, Infants and Children [WIC] Program),
- housing assistance (including Section 8 vouchers and public housing).

Although not a work support per se, child support is also modeled as it assists families in meeting basic needs.

**Figure 7** shows the income eligibility levels for work supports compared to the Self-Sufficiency Standard for a family of one adult, one preschooler, and one school-age child in Pima County. Note that the eligibility levels for all work support programs modeled in this section are below the Self-Sufficiency Standard for this family type in Pima County, some considerably below.

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**WORK SUPPORTS CAN HELP WORKING FAMILIES ACHIEVE STABILITY WITHOUT NEEDING TO CHOOSE BETWEEN BASIC NEEDS**  
 .....

**Figure 7. Eligibility Levels for Arizona Work Supports Compared to the Standard**  
*One Adult, One Preschooler, and One School-age Child*  
 Pima County, AZ, 2012



### THE IMPACT OF WORK SUPPORTS AND CHILD SUPPORT ON COSTS

**This section examines how work supports and child support can reduce costs and help families secure their basic needs.** Table 5 provides a summary of the work supports, child support, and tax credits modeled here. Table 6 contrasts the income needed to meet basic needs for one parent with one preschooler and one school-age child living in Pima County without any work supports, i.e., the full Self-Sufficiency Standard (see Column #1), compared to how this parent can meet her family’s basic needs with the help of work supports, depending on the supports received, reducing the wage required. In Columns #2-#6 of Table 6, the work supports modeled are listed in the column headings; in addition, monthly costs that have been reduced by work supports are indicated with bold font in the table.

Table 5. Summary of Arizona Work Supports, Child Support, and Tax Credits

WORK SUPPORT PROGRAM	BENEFIT	INCOME ELIGIBILITY
CHILD CARE ASSISTANCE (ARIZONA DES CHILD CARE ASSISTANCE)	Child care costs are reduced to a monthly co-payment which is dependent on income level and number of children in care.	Eligibility for Arizona's DES Child Care Assistance is 165% of the FPL. Using the 2012 FPL, this amounts to \$31,499 annually for a family of three. However, due to limited funding new applicants are placed on a waiting list. As of March 30, 2012 there were 7,604 children on the waiting list.
HOUSING ASSISTANCE (SECTION 8 HOUSING VOUCHERS AND PUBLIC HOUSING)	Housing costs are typically set at 30% of adjusted gross income.	Households 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 (ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM [AHCCCS])	Health care benefits are fully subsidized.	Adult parents: income up to 100% FPL. Pregnant and post-partem women: income up to 185% FPL. Children under 5: income up to 133% FPL. Children 6-18: income up to 100% FPL.
CHILDREN'S HEALTH INSURANCE PROGRAM (ARIZONA KIDSCARE)	Health care benefits for children under 19 years of age and pregnant women. No copayments for children. There are monthly premiums up to \$70 per month dependent on income level and number of children.	Families are eligible with income at or below 200% of the FPL, or \$38,180 for a family of three using the 2012 FPL. However, due to limited funding KidsCare enrollment has been frozen since 2010. New applicants are put on a waiting list.
SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM (SNAP), FORMERLY FOOD STAMP PROGRAM (ARIZONA NUTRITION ASSISTANCE)	Maximum benefit for a family of 3: \$526 per month. Maximum benefit for a family of 4: \$668 per month. Average SNAP benefit per household in Arizona is \$295.25 per month.	Families must earn gross income less than 130% of the FPL to be eligible and must also meet net income (gross income minus allowable deductions) guidelines.
SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS, AND CHILDREN (WIC) (ARIZONA WOMEN, INFANTS, AND CHILDREN PROGRAM)	Average monthly benefit of \$42.17 in Arizona for purchasing supplemental nutritious foods. Also includes breastfeeding support and health education.	Pregnant and postpartum women and children up to age 5: at or below 185% FPL.
CHILD SUPPORT	Average payment is \$227.13 per month in Arizona.	No income limit.
<b>FEDERAL TAX CREDITS</b>		
FEDERAL EARNED INCOME TAX CREDIT (EITC)	Max benefit for families with 1 child: \$3,169 per year. Max benefit for families with 2 children: \$5,236 per year. Max benefit for families with 3+ children: \$5,891 per year.	1 parent family with 1 child: up to \$36,920. 1 parent family with 2 children: up to \$41,952. 1 parent family with 3+ children: up to \$45,060.
FEDERAL CHILD AND DEPENDENT CARE TAX CREDIT (CCTC)	Credit is 20%-35% of child care costs depending on income level with maximum amount of child care costs of \$3,000 for one child and up to \$6,000 for two or more children. Credit is nonrefundable.	No income limit.
FEDERAL CHILD TAX CREDIT (CTC)	Up to \$1,000 annual tax credit per child.	Married filing jointly: up to \$110,000. Head of Household: up to \$55,000. All others: up to \$75,000. Refundable limited to earnings over \$3,000.
<b>STATE TAX CREDITS</b>		
ARIZONA FAMILY TAX CREDIT	The Arizona Family Tax Credit is a non-refundable credit that is \$40 for each household member for whom a personal or dependent exemption is allowed. Total credit cannot exceed \$240 for married couples filing joint returns and \$120 for single and head of household filing status.	Arizona has a state Family Tax Credit. Eligibility depends on income level and number of dependents claimed for AZ state income tax. Families with two dependents are eligible with income up to \$23,600 annually.

Note: Eligibility and benefits for work supports and tax credits change routinely—typically yearly. The information reported in Table 5 represents eligibility and benefit guidelines for 2011-2012. The 2012 Federal Poverty Level for a family of three is \$19,090 annual income. See <http://aspe.hhs.gov/poverty/12poverty.shtml>.

### TREATMENT OF TAX CREDITS IN THE MODELING OF WORK SUPPORTS

The Standard shows *refundable* and *nonrefundable* tax credits monthly, as with all other costs. However, refundable tax credits are not received monthly, but are instead received annually when taxes are filed the following year. Therefore, to more realistically model the impact of work supports in Table 6 (Columns #2-#6), the refundable tax credits are shown as received annually; these include the federal Earned Income Tax Credit (EITC) and the “additional” refundable portion of the Child Tax Credit (CTC). However, because 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, it is included as received monthly in Table 6. (A more detailed explanation of how and why the taxes and tax credits are treated differently when modeling work supports is provided in *Appendix A: Methodology, Assumptions, and Sources.*)

**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: Pima County, AZ 2012*

*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.*

	#1	#2	#3	#4	#5	#6
	NO WORK SUPPORTS	CHILD SUPPORT	CHILD SUPPORT & [CHILD CARE]*	CHILD SUPPORT, CHILD CARE, SNAP/ WIC** & AHCCCS MEDICAID	CHILD SUPPORT, CHILD CARE, SNAP/WIC, & AZ KIDSCARE	CHILD SUPPORT, CHILD CARE, SNAP/WIC, AZ KIDSCARE, & HOUSING
<b>MONTHLY EXPENSES:</b>						
Housing	\$860	\$860	\$860	\$860	\$860	\$345
Child Care	\$1,181	\$1,181	\$1,181	\$99	\$99	\$33
Food	\$523	\$523	\$523	\$178	\$269	\$180
Transportation	\$288	\$288	\$288	\$288	\$288	\$288
Health Care	\$395	\$395	\$395	\$0	\$137	\$137
Miscellaneous	\$325	\$325	\$325	\$325	\$325	\$325
Taxes	\$596	\$534	\$534	\$123	\$169	\$86
<b>TOTAL MONTHLY EXPENSES (Net of Work Supports)</b>	<b>\$4,168</b>	<b>\$4,106</b>	<b>\$4,106</b>	<b>\$1,873</b>	<b>\$2,147</b>	<b>\$1,394</b>
<b>ADDITIONAL MONTHLY RESOURCES:</b>						
Total Tax Credits**	(267)	(242)	(242)	0	(22)	0
Child Support		(227)	(227)	(227)	(227)	(227)
<b>TOTAL ADDITIONAL MONTHLY RESOURCES</b>	<b>(267)</b>	<b>(470)</b>	<b>(470)</b>	<b>(227)</b>	<b>(249)</b>	<b>(227)</b>
<b>SELF SUFFICIENCY WAGE:</b> (Total Monthly Expenses Minus Total Additional Monthly Resources)						
HOURLY	\$22.17	\$20.66	\$20.66	\$9.35	\$10.78	\$6.63
MONTHLY	\$3,901	\$3,636	\$3,636	\$1,646	\$1,898	\$1,167
ANNUAL	\$46,813	\$43,633	\$43,633	\$19,749	\$22,776	\$14,006
<b>ANNUAL REFUNDABLE TAX CREDITS***:</b>						
Total Federal EITC	\$0	\$0	\$0	\$4,676	\$4,039	\$5,236
Total Federal CTC	\$0	\$290	\$290	\$2,000	\$2,000	\$1,651

\* Although DES Child Care Assistance is modeled in Column #3, the family's income is too high to qualify and the wage remains the same as in Column #2.

\*\* WIC is the Special Supplemental Nutrition Program for Women, Infants and Children (WIC). Assumes average monthly value of WIC benefit \$42.17 (FY 2011) in Arizona. 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 annual tax credits. The nonrefundable portions of the Child Tax Credit (which is a credit against federal taxes) is shown as available to offset monthly costs, and the refundable portions are shown in the bottom shaded rows of the table. See discussion at the beginning of this section titled *The Treatment of Tax Credits in the Modeling Table and Figure*.

**NO WORK SUPPORTS (COLUMN #1).** Column #1 of Table 6 shows the Self-Sufficiency Standard for families with one adult, one preschooler, and one school-age child living in Pima County. Without the assistance of any work (or other) supports to reduce costs, this family type has monthly child care expenses of \$1,181 and monthly housing costs of \$860. The adult in this family must earn a Self-Sufficiency Wage of \$3,901 per month or \$22.17 per hour working full-time to meet the family's basic needs without the help of public or private assistance.

**CHILD SUPPORT (COLUMN #2).** The average amount received by families participating in the Child Support Enforcement Program in Arizona is \$227 per month.<sup>15</sup> Adding child support reduces the wage needed to meet basic needs to \$3,636 per month and \$20.66 per hour. Note that child support reduces the wage needed by more than the amount of child support alone because it also reduces taxes. Child support payments from absent, non-custodial parents can be a valuable addition to family budgets, even when the non-custodial parent's income is relatively low.

**CHILD CARE & CHILD SUPPORT (COLUMN #3).** Since child care is one of the major expenses for families with children, the addition of a child care subsidy often provides the greatest financial relief of any single work support. Families of three with incomes up to 165% of the FPL are eligible for Arizona’s DES Child Care. However, due to funding limitations new eligible program applicants are wait listed and as of March 2012 there were 7,604 children on the child care assistance waiting list.<sup>16</sup> In Column #3, child care assistance is modeled, however the family’s income is beyond the eligibility level and the family does not qualify for child care assistance.

**CHILD SUPPORT, CHILD CARE, SNAP/WIC, & AHCCCS (MEDICAID) (COLUMN #4).** For adults moving from welfare to work, child care assistance, food assistance, and Arizona’s Medicaid or Arizona Health Care Cost Containment System (AHCCCS), comprise the typical “package” of benefits. Assuming transitional AHCCCS covers all of the family’s health care expenses, health care costs are reduced from \$395 per month to zero in Column #4.<sup>17</sup> Food costs are reduced from \$523 to \$178 per month with the additional resources provided by the SNAP and WIC benefits.<sup>18</sup> The Arizona DES Child Care assistance reduces the family’s child care copayment to \$99 per month in Column #4. The combined effect of AHCCCS, nutrition assistance (SNAP/WIC), and child care assistance reduce the wage required to meet basic needs to \$1,646 per month. With the help of these crucial work supports, this Pima County family making the transition from public assistance (TANF) to self-sufficiency would be able to meet the family’s basic needs at a starting wage of \$9.35 per hour, still \$1.70 more per hour than Arizona’s minimum wage.

**CHILD SUPPORT, CHILD CARE, SNAP/WIC, & KIDSCARE (COLUMN #5).** When employers do not offer family health coverage and if the family is ineligible for Medicaid, children in families with income up to 200% of the FPL are eligible for health insurance with low-cost premiums through Arizona’s Children’s Health Program (KidsCare).<sup>19</sup> Column #5 shows the same work support package as Column #4, except that instead of Medicaid for the whole family, KidsCare has been substituted for the children. The adult in this family type still pays for the cost of her own health care (the premium of her employer-provided health insurance and her out-of-pocket costs).

### KIDSCARE II

The Arizona Health Care Cost Containment System recently received funding to temporarily cover about one-fifth of the children on the KidsCare waiting list. The new program, KidsCare II, will contain the same benefits and premium requirements as KidsCare. However, the income eligibility threshold for KidsCare II is 175% of the FPL instead of 200% of FPL under KidsCare. Overall, KidsCare II will provide health insurance coverage to 21,700 children on the KidsCare waiting list through December 31, 2013. See <http://www.azahcccs.gov/applicants/KidsCareII.aspx>.

As a result, the family’s total monthly cost of health care in Column #5 is equal to the adult’s premium (plus her out of pocket costs) of \$137 per month. The cost of food is \$269 per month and the child care co-payment is \$99 per month. With the help of child care, nutrition (SNAP/WIC), and Arizona’s KidsCare, the parent needs to earn \$1,898 per month to meet basic needs. However, as noted in Table 6, enrollment in Arizona KidsCare has been frozen since January 1, 2010 due to lack of funding.

**HOUSING, CHILD SUPPORT, CHILD CARE, SNAP/WIC, & KIDSCARE (COLUMN #6).** Comparing Column #5 to Column #6 shows how much housing assistance can help families with limited income meet basic needs. By reducing the cost of housing to 30% of income, housing costs drop from \$860 to \$345 per month.<sup>20</sup> With the full benefit package, a parent with one preschooler and one school-age child living in Pima County can meet basic needs with an income of \$1,167 per month or \$6.63 per hour working full time. This is the equivalent of working a minimum wage job at about 90% time, or 36 hours a week.

Assuming the family receives refundable tax credits annually (instead of monthly as shown in the Standard) and the adult works full-time at these wages throughout the year, the annual amounts of the refundable tax credits are shown in the shaded rows at the bottom of the table. Without any work supports, and earning enough to meet the family’s basic needs, shown in Column #1, the family’s income is too high to qualify for EITC or an annual child tax credit. In Column #6 in which the most extensive work

support package is modeled, the parent is eligible for nearly \$7,000 in annual refundable tax credits.

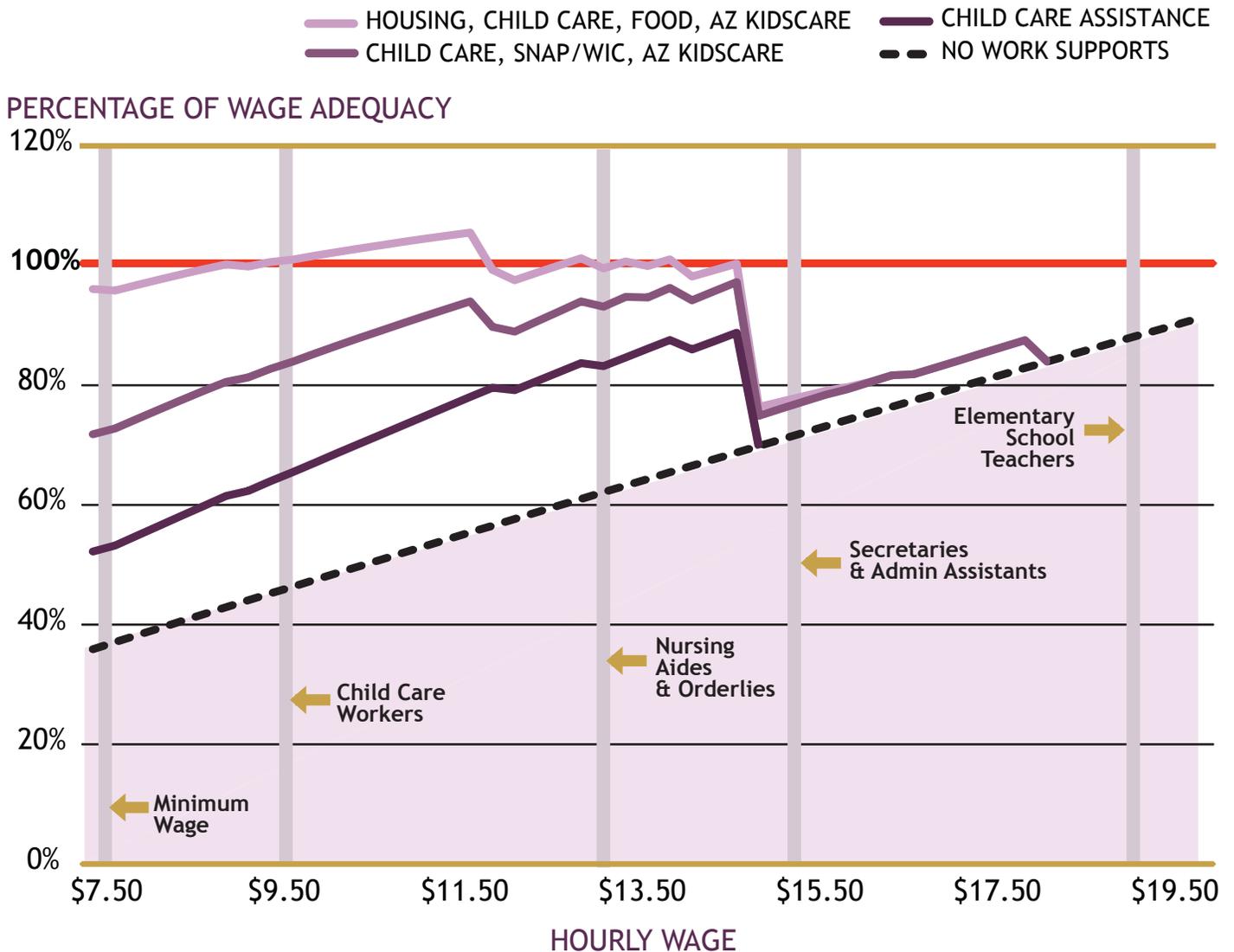
### USING WORK SUPPORTS TO INCREASE WAGE ADEQUACY

While Table 6 shows how child support and work supports reduce the wage needed, **Figure 8** starts with specific wages and asks “How adequate are these wages in meeting a family’s needs, with and without various combinations of work supports?” **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. 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, wage adequacy can also be achieved by reducing the costs of basic needs through the help of work supports (subsidies).

As a parent transitions from a low-wage job to a job paying self-sufficient wages, work supports help close the gap

**Figure 8. Impact of Work Supports on Wage Adequacy**  
*One Adult, One Preschooler, and One School-Age Child*  
 Pima County, AZ 2012



Note: Wage levels for occupations represent median hourly wages in Tucson, Arizona. US Department of Labor, “May 2011 Occupational Employment and Wage Estimates, Tucson, AZ,” Databases and Tables, Occupational Employment Statistics, <http://www.bls.gov/oes/data.htm> (accessed April 3, 2012).

between actual wages and how much it takes to meet basic needs. Modeling the same family as Table 6 (one parent with one preschooler and one school-age child in Pima County), Figure 8 shows the impact of work supports on wage adequacy as the parent’s income increases, starting with a minimum wage job. The dashed line provides a “baseline,” demonstrating the adequacy of wage levels without work supports (wages only). Each solid line represents a different work support package, and shows how much wage adequacy increases above the dashed baseline as a result of each combination of work supports. For further information, see *Appendix E: Modeling the Impact of Work Supports on Wage Adequacy* for a detailed table of the exact amounts of each work support modeled in the figure.

**ARIZONA MINIMUM WAGE.** Starting at the Arizona minimum wage of \$7.65 per hour, a single parent with one preschooler and one school-age child living in Pima County and working full-time earns about 37% of the income needed to meet her family’s basic needs if she is not receiving any work supports (see the dashed line on Figure 8).<sup>21</sup> However, if the parent receives child care assistance through Arizona DES Child Care Assistance, shown as the first solid line from the bottom of Figure 8, the monthly cost of child care decreases from \$1,181 to just \$33, and wage adequacy increases to 53%—still only covering about half of the monthly expenses. If the family also receives assistance with food (Supplemental Nutrition Assistance Program [SNAP] and Women Infant and Children program [WIC]) and health care (Arizona’s KidsCare) the cost of food decreases to \$100 per month and health insurance to \$137 per month, increasing wage adequacy to 73% (shown in the second solid line from the bottom of Figure 8). With the addition of housing assistance combined with the other work supports, housing costs are reduced to 30% of the family’s income and wage adequacy reaches 97% (see the top solid line of Figure 8).

**CHILD CARE WORKERS.** In Tucson, the median wage of child care workers is \$9.54 per hour. At this wage a single parent with a preschooler and school-age child in Pima County would be able to cover only 45% of her family’s basic needs without any work supports. With child care assistance her wage adequacy would increase to 64%. If she also receives food assistance and KidsCare, wage adequacy

reaches 83% and the full work support package brings her to 100% of Wage Adequacy.

**NURSING AIDES, ORDERLIES, AND ATTENDANTS.** An adult earning the median wage of nursing aides, orderlies, and attendants in Tucson earns \$13.21 per hour. At this wage a single parent with a preschooler and school-age child in Pima County would be able to cover only 62% of her family’s basic needs without any work supports. With child care assistance through the DES Child Care program her wage adequacy would increase to 83%. If she also receives food assistance and KidsCare, wage adequacy reaches 93% and the full work support package including housing assistance brings her to 99% of Wage Adequacy.

**SECRETARIES AND ADMINISTRATIVE ASSISTANTS EXCEPT LEGAL, MEDICAL, AND EXECUTIVE.** If this parent’s wage is equivalent to the median wage of secretaries and administrative assistants in Tucson, or \$15.34 per hour, she is able to meet 71% of the income needs of this family without any assistance. At this wage level, she is no longer eligible for child care assistance or SNAP (food stamps). However she is eligible for WIC and KidsCare, bringing her wage adequacy to 76%. At a wage of \$15.34 per hour, the parent qualifies for a very modest assistance with housing, which enables her to meet 78% of her family’s basic needs when combined with WIC and KidsCare, as demonstrated by the top solid line on Figure 9.

**ELEMENTARY SCHOOL TEACHERS EXCEPT SPECIAL EDUCATION.** If this parent’s wage is equivalent to the median wage of elementary school teachers (except special education) in Tucson, or \$18.95 per hour, she is able to meet 87% of the income needs of this family without any assistance. At this wage level, she is no longer eligible for any of the work supports modeled in Figure 9, and her wage adequacy remains at 87%. Adults earning the median wage for elementary school teachers in Tucson earn too much to qualify for any work support assistance, yet still fall short by over \$400 per month of earning enough to cover all of the basic needs for this family type in Pima County.

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

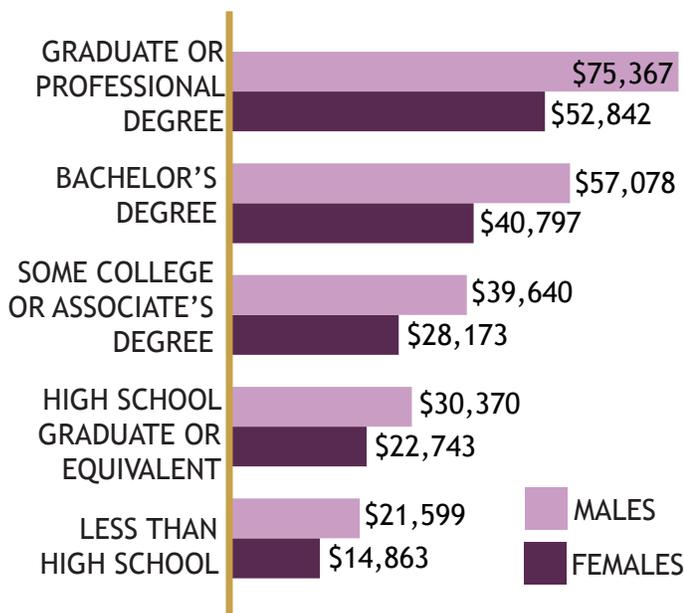
## Closing the Wage Gap: Raising Incomes

For families who have not yet achieved “wage adequacy,” work supports for high-cost necessities such as child care, health care, and housing are frequently the only means to adequately meet basic needs. However, true long-term self-sufficiency means the ability of families to meet basic needs without any public or private assistance. Fully closing Arizona’s wage gap will require increasing the skills of low-wage workers, recognizing the importance of asset building, and public policies that make work pay.

### INCREASE SKILLS

**POST-SECONDARY EDUCATION/TRAINING.** Increasing the skills of low-wage workers provides paths to self-sufficiency and strengthens local economies. 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>22</sup> As shown in **Figure 10**, the median earnings of male and female workers in Arizona grow as education levels increase.<sup>23</sup> While increased education is important for both men and women, the gender wage gap

Figure 10. Impact of Education on Median Earnings by Gender in Arizona, 2012



Source: U.S. Census Bureau, American Factfinder, “B20004. Median Earnings by Sex by Educational Attainment for the Population 25 Years and Over,” 2010 American Community Survey, Detailed Tables, <http://factfinder2.census.gov/> (accessed February 7, 2012). Data is updated using the West Region Consumer Price Index from the Bureau of Labor Statistics.

at every level continues to present additional challenges for women workers.

**BASIC ADULT EDUCATION.** For many workers with inadequate education, language difficulties, or insufficient job skills and/or work experience, basic adult education programs are an important first step. Due to welfare time limits and restrictions on education and training, short-term, high quality programs that teach basic skills and job skills together in a work-related context are particularly important.

**NONTRADITIONAL OCCUPATIONS.** For women, many “nontraditional” occupations (NTOs), such as in manufacturing, technology, and construction, require relatively little post-secondary training, yet can provide wages at self-sufficiency levels. In particular, there is an anticipated demand for workers in the “green economy” and investing in NTO training programs for women will broaden the pool of skilled workers available to employers and create a more diverse workforce that is reflective of the community.<sup>24</sup>

**INCUMBENT WORKER TRAINING.** For low-income workers who are already in an industry that offers adequate wages to medium or high-skilled workers, incumbent worker training creates a career ladder to self-sufficiency. Training incumbent workers allows employers to retain their employees while giving employees an opportunity to become self-sufficient. Retraining and training current employees is a “win-win” (for both employer and employee) strategy in many industries, particularly those which rely on skills and technology unique to a given company or industry subset.

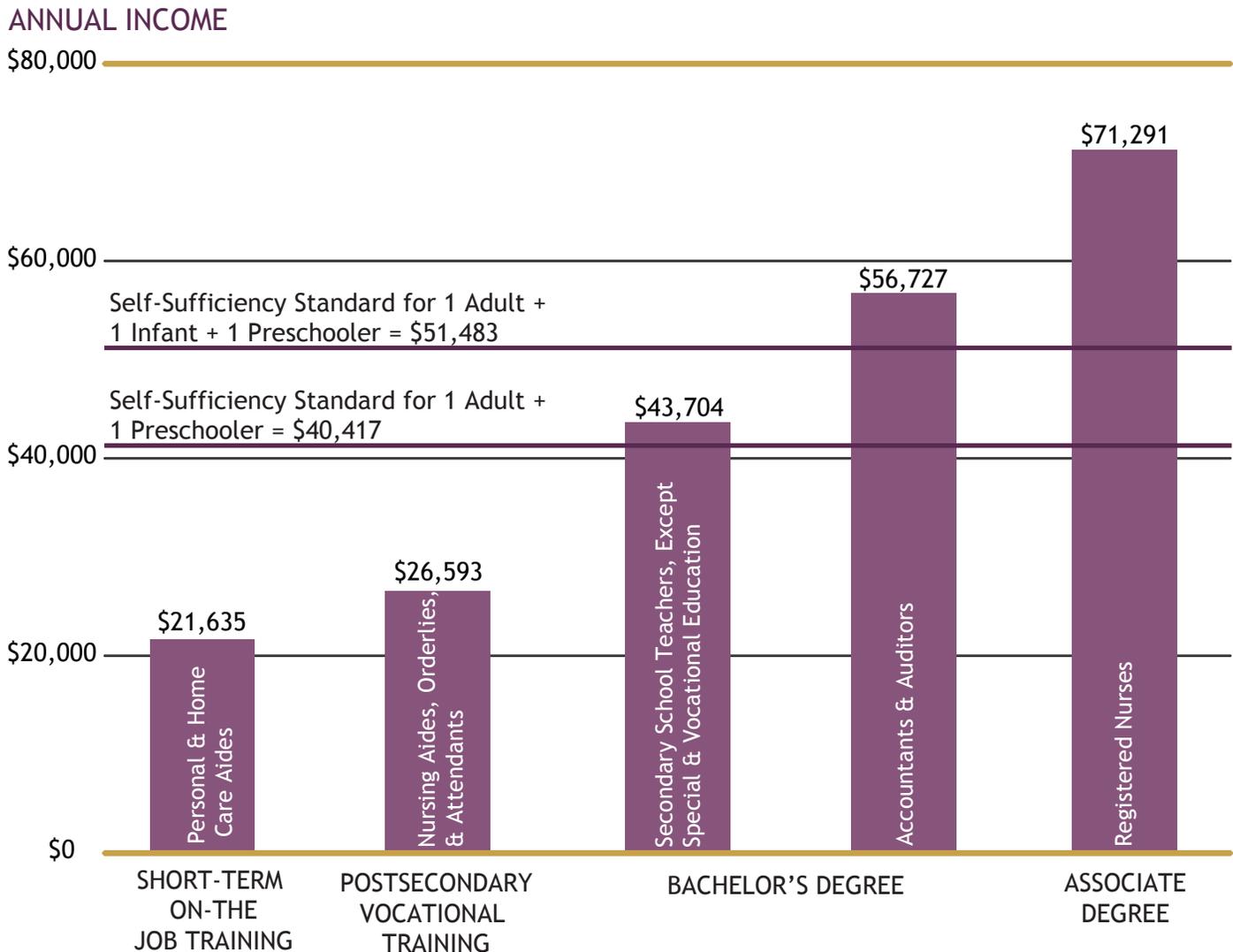
**TARGETED JOBS/SECTOR STRATEGIES.** Aligning training and postsecondary education programs with the workforce needs of the local labor market increases the potential income of low-wage workers and helps communities strengthen their local economies by responding to businesses’ specific labor needs. Targeting job training programs towards occupations with both high growth projections and self-sufficient wages is one way to respond to workforce needs. For example, over the next six years, the occupation with the most job openings is that

of registered nurses.<sup>25</sup> The expected job growth for nurses is due to an increased emphasis on preventative care, an aging population creating higher demand for care, and technological advancements that allow for more health issues to be treated, according to the BLS Occupational Outlook Handbook.<sup>26</sup> As stated earlier, registered nurses have the second highest median wage among Arizona’s top occupations. Job training and incumbent worker programs that put students on career pathways to becoming registered nurses connects specific labor market needs with a self-sufficiency wage occupation. **Figure 11** shows median earnings as well as education/training needs for select high

growth occupations in Arizona (obtained from the Arizona Office of Employment and Population Statistics) compared to the Standard for two family types in Gila County.

**CAREER COUNSELING.** Opportunities to increase the skills of low-wage workers requires balancing work requirements and access to training, as well as providing income supports for low-income employed parents in college or training. Helping low-wage workers balance work, family, and financial responsibilities through career counseling, child care assistance, transportation assistance, or flexible scheduling can increase success.

Figure 11. Wages of Select High Growth Occupations in Arizona Compared to the Self-Sufficiency Standard for Gila County, 2012



Source: Arizona Department of Administration, Office of Employment and Population Statistics, “Training and Education Resource Model (TERM),” Economic Analysis, Employment Forecasts, <http://www.workforce.az.gov/employment-forecasts.aspx> (accessed February 7, 2012). US Department of Labor, “May 2010 State Occupational Employment and Wage Estimates, Arizona” Occupational Employment Statistics, <http://www.bls.gov/oes/data.htm> (accessed February 7, 2012). Wages adjusted for inflation using the West region Consumer Price Index from the Bureau of Labor Statistics.

## INCREASE ASSETS

**INDIVIDUAL DEVELOPMENT ACCOUNTS.** A necessary aspect of long-term economic security is the accumulation of assets. For families with no savings, the slightest setback—an unexpected hospital bill or a reduction in work hours—can trigger a major financial crisis. One method that encourages asset building for low-wage workers are Individual Development Account (IDA) programs. IDAs are savings accounts where families make regular contributions which are then matched by contributions from a public or private entity and managed by community-based organizations. The savings can only be used for certain objectives, ones that enhance long-term economic security, such as the down payment for a house, payment for higher education, or start-up costs for a small business. (Please see the next section, *Moving Towards Economic Security*, for an expanded discussion of savings, asset accumulation, and investments to achieve greater economic security beyond meeting daily basic needs.)

## RAISE WAGES

**LIVING WAGES.** As demonstrated in this report, even two adults working full-time must each earn well beyond a minimum wage to meet their family’s basic needs. Higher wages can have a positive impact not only for workers but

also for their employers by decreasing turnover, increasing work experience, and reducing training and recruitment costs. One method to increase salaries of low-wage workers is to increase and index the minimum wage, thus providing a floor under wages for all workers. Localized Living Wage laws are another approach to raising wages of workers. These laws mandate that public employers as well as contractors and employers receiving public subsidies pay a “living wage,” thus impacting private sector as well as public sector wages. Additionally, according to the Bureau of Labor Statistics and the U.S. Department of Labor, union representation of workers also leads to higher wages and better benefits.<sup>27</sup>

**PAY EQUITY LAWS.** 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/ethnicity of the job’s occupants.<sup>28</sup> Women and people of color all too often face artificial barriers to employment—barriers not addressed by tax credits or training and education strategies. It is important to recognize that not all barriers to self-sufficiency lie in the individual persons and/or families seeking self-sufficiency.

## How Has the Self-Sufficiency Standard Been Used?

While the Self-Sufficiency Standard is an alternative measure of income adequacy that is more accurate, up-to-date, and geographically specific, it is more than an improved measure. The Standard is also a tool that can be used across a wide array of settings to benchmark, evaluate, educate, and illuminate. Below we briefly outline some of these uses. For more detail and examples, the reader is referred to **Appendix B**, which includes many more examples of the ways in which programs and persons have applied the Self-Sufficiency Standard in their work. In addition, references and websites are provided for those who wish to further explore these applications.

**POLICY ANALYSIS.** The Self-Sufficiency Standard has been used as a tool to evaluate the impact of current and proposed policy changes. As shown in the previous section, *Closing the Wage Gap: Reducing Costs*, 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 a family’s budget.

**ECONOMIC DEVELOPMENT.** 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 not, employees may need public work supports to be able to meet their basic needs, essentially providing a “double subsidy” for businesses. Communities can use the Standard to evaluate economic development proposals and their net positive or negative effect on the local economy, as well as the impact on the well-being of potential workers and their families.

**EMPLOYMENT PROGRAMS.** The Self-Sufficiency Standard has been used in employment programs to determine which individuals are eligible and/or most in need of specific support or training services, to determine training and counseling needs, and to measure the effectiveness of employment programs.

For example, 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 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.

Additionally, as a **counseling tool** the Self-Sufficiency Standard helps 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. 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 economic self-sufficiency.

Finally, 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.

### CASE HIGHLIGHT

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 and counseling tool shifting their focus from job placement alone to long-term economic self-sufficiency.

## Moving Towards Economic Security

Attaining income at the Self-Sufficiency Standard level means being able to meet one’s basic needs and not having to choose between basic necessities (such as child care versus food, or housing versus health care). At the same time, the Standard is admittedly a *conservative measure*. It is a “bare bones” budget with costs set at minimally adequate levels, not the average, with no extras. For example, the food budget has no take-out or restaurant food, not even a pizza or a cup of coffee.

The Standard is conservative not only in the sense that it calculates the bare minimum, but also because it does not include any savings and investments that are necessary to move beyond a basic needs level over the long run. Below we discuss four different types of future-oriented spending/savings that move families toward increased economic security: saving for emergencies, meeting the cost of big-ticket items, investing in post-secondary education/training, and saving for retirement.

Note that we do not prescribe what choices families should make, as each family must make their own choices regarding how best to balance current needs against the future. Once a family has secured the income to meet their basic needs, then they must decide what will, for their particular circumstances, best set them on the road to long-term economic security. For some families, this might be precautionary savings, both to meet immediate unforeseeable costs (such as a car breakdown), and long term foreseeable costs such as retirement. For others, paying off debts may be the first priority. For still others, having a bit extra beyond the basic minimum may enable the family to move, leaving an abusive partner or a problematic neighborhood, thus taking a first and crucial step towards long-term economic security. The choices families make depend on personal characteristics such as age of the adults, family composition changes (marriage, divorce, birth of a child), educational achievement levels, or neighborhood/community context and economy. Thus for example, for young adults, investing in education may have a higher priority, while for older adults, retirement savings may be of primary importance.

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**ONCE A FAMILY HAS SECURED THE INCOME TO MEET THEIR BASIC NEEDS, THEN THEY MUST DECIDE WHAT WILL, FOR THEIR PARTICULAR CIRCUMSTANCES, BEST SET THEM ON THE ROAD TO LONG-TERM ECONOMIC SECURITY.**  
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**SAVING FOR EMERGENCIES.** For all families, having savings to meet unexpected emergencies is an important step towards economic security. Whether it is an accident, unemployment, an unexpected loss of a family member (through divorce, disease, desertion, or death), the unforeseen happens, and is likely to have a greater financial impact on low income families.<sup>29</sup> This has long been recognized as crucial by many anti-poverty organizations, as evidenced by the many programs that encourage liquid savings on a regular basis, even at very low levels.<sup>30</sup>

**MEETING THE COST OF “BIG TICKET” ITEMS.** The Standard covers the ongoing cost of meeting day to day expenses, but does not address “lump sum” needs, for example, to purchase a car or replace a refrigerator. Unless public transportation is adequate, the Standard assumes that adults will use a car to get to and from work, and for shopping; it covers the cost of maintaining, insuring, and running a car, but not the initial purchase. Likewise, major appliances are presumed to be functioning, so the costs of electricity and fuel are covered, but not the cost of purchasing such appliances.

The single biggest purchase, “big ticket” item, for most families is the purchase of a home. Again, the Standard presumes that all households are renters, and even then, only includes the cost of monthly rent and utilities, but not deposits (such as “first and last month rent” or damage deposits) sometimes required to rent an apartment or house. Although acquiring sufficient means to buy rather than rent may take considerable resources, owning a home has been considered part of the “American Dream”, and an investment that can provide security. It may also, depending on the particular local housing market, cost less to own than rent when income tax impacts such as the mortgage

deduction are taken into consideration. Home ownership may provide more security, particularly if families are able to secure long term fixed mortgage payments, thus not being subject to rent increases.

At the same time, for those living in areas with faltering economies and declining job opportunities, such long term investments may hinder flexibility to respond to changing labor market conditions and opportunities. Whether to aim for home ownership as a means to increased economic security is a choice each family must make, depending on their own circumstances as well as the local economy and housing market.

**INVESTING IN POST-SECONDARY EDUCATION AND/OR TRAINING.** Investment in what economists call “human capital”, that is, education and job skills, is probably the most crucial for achieving true economic security. 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 maintain and move beyond 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. This means that a high school degree or G.E.D., while essential, is increasingly not enough, even with skill-imparting high school level vocational education.

Given this, human capital investment requires attending post-secondary vocational training in specialized institutions, community college which provides two-year Associate Degrees or certificates in specialized fields, or a four-year college or university. Almost all post-secondary education or training require resources for tuition, and thus require monetary investment. At the same time, the individual “owns” the investment in the sense that it cannot be taken away, and it will generally not lose value, as can happen with some kinds of investments (such as housing or pension plans). Altogether, investment in education and training provides the most flexibility for adaptation to an economy where job requirements are shifting ever more rapidly.

Just as it is for the adults, securing advanced education and training for the next generation is an important investment

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## TRUE LONG-TERM SELF-SUFFICIENCY INCREASINGLY REQUIRES HUMAN CAPITAL INVESTMENTS THAT ENHANCE SKILLS AS WELL AS IMPROVE ACCESS TO JOBS WITH CAREER POTENTIAL.

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for the future, with children and young adults even less able to access the resources to make these crucial investments.

**SAVING FOR RETIREMENT.** Savings for retirement are the longest term savings, and may seem like the least important, particularly for younger workers. Yet substantial data suggests that even without any changes in the future, Social Security currently does not provide adequate income for most individuals during retirement. Although it is the largest source of income for both men and women over 65, more than earnings, pensions, and assets combined, most elders find themselves just barely above official poverty.<sup>31</sup> In addition, although Medicare was originally intended to meet elders’ medical needs once they were no longer covered by employer-provided health benefits, increasingly Medicare does not cover all such costs, such that elders are spending an increasingly higher proportion of their income on health care costs.<sup>32</sup> Indeed, recent research using the Supplemental Poverty Measure, which takes into account the impact of “necessary expenditures”, finds that health expenditures by the elderly push many below the official poverty level, substantially increasing the proportion of the elderly deemed “poor” by this poverty measure.<sup>33</sup> Thus saving for retirement is crucial for achieving economic security beyond the working years.

## ACHIEVING ECONOMIC SECURITY: STAKEHOLDER SUPPORTS FOR FAMILIES

Each individual and family must make the decisions how best to save and/or invest to move towards economic security in the future for themselves and their families. But this task is not one that they must do alone, and in fact, there is a wide range of supports and institutions that will amplify, support, and enhance such individual efforts. Just as achieving Self-Sufficiency Wages involves a range

of stakeholders, as described above, the same is true for economic security.

**EMPLOYERS.** First is the role of the employer. Several key components of economic security are employment-based, including health insurance, Social Security and Medicare, and unemployment insurance. As stated above, the Standard already incorporates the employee share of employer-provided health insurance, thus defining a Self-Sufficiency Standard job as including health insurance. Likewise, it is assumed that both the employer and employee pay Social Security and Medicare taxes. That is, Self-Sufficiency Standard wages are not “cash” or under-the-table wages, with no deductions for Social Security and Medicare, but rather incorporate as a given that employers not only pay their share of Social Security and Medicare taxes, but also required unemployment and workers compensation contributions. With such coverage, workers are assured that if they become disabled at any age, or when they reach retirement age, they will then be entitled to the income support and health care coverage that they have paid into over their working lives. Finally, although it does not show as a cost in the Standard, it is also assumed that a Standard job includes unemployment insurance coverage (unemployment insurance is paid for by employers through a payroll tax on their payrolls). That is, it is assumed that a Standard level wage should include such coverage against job loss, just as health insurance and Social Security/Medicare insure against income loss due to health care costs, disability or old age.

**GOVERNMENT.** Second is the role of the government. Already discussed are such insurance programs as Social Security and Medicare for retirement/disability, which provide a “floor” in terms of income and universal health care for the elderly, respectively. A second major source of government support for economic security is the tax system, operating through deductions and tax credits. Although not widely recognized, mortgage deductions in the income tax provide substantial amounts of “matching” funds for savings for housing investment. Depending on the tax bracket, this deduction alone “saves” American taxpayers \$104.5 billion and thus supports investment in home ownership.<sup>34</sup> As with most tax deductions and credits, however, this is highly skewed to higher-income families. At the same time, FHA and other programs have enabled

low-income families to become homeowners with lower down payments and favorable terms.<sup>35</sup>

A key source of government support for savings for low-income families are tax credits, particularly the EITC and Child Tax Credit. Because they are now received as lump sum payments when families file their income taxes, they act as forced savings. Indeed, studies have shown that families often see these tax refunds as savings.<sup>36</sup> While they may be used to either pay down debt (often medical debt) or make major purchases, interest has increased among service providers to capitalize on this opportunity to use these credit payments to set up savings programs, such as the IDAs (Individual Development Accounts) described above.

A third source of support for future investments are government support of higher education through educational loans and particularly for low-income families, Pell grants. The latter provide resources for tuition and books, and make it possible for millions of students, both adult learners returning to school and the next generation, to continue their education beyond high school.

**COMMUNITY.** The third type of stakeholder providing support is the local community, including public and/or private community organizations and programs. A good example is IDA programs, described above, which encourage savings through matching programs underwritten by foundations and/or state governments. Other sources are local scholarship funds (e.g., Kiwanis) and entrepreneurship programs, such as Junior Achievement. Some local programs address specific needs, such as programs like Habitat for Humanity that help families become homeowners, or programs that help secure cars or carpooling to increase access to jobs, particularly in areas with limited public transportation.

## THE FUTURE AND ECONOMIC SECURITY

As we look to the future, the trends for those striving to achieve economic security are mixed at best. On the one hand, there has been recognition of the importance of savings, investment, and particularly education and training as key to achieving economic security, so that low income programs have relaxed restrictions on assets or savings accounts.

Likewise, if changes under the Patient Protection and Affordable Care Act (PPACA) are put into place, it will broaden coverage and regulate provision of services under health insurance, thus extending health insurance to more people.<sup>37</sup> Finally, reforms included in the 2009 American Recovery and Reinvestment Act (ARRA) extended unemployment insurance to more workers in many states, such as broadening eligibility for part-time workers or expanding the number of weeks of unemployment benefits for workers who require training to improve their job skills.<sup>38</sup>

At the same time, a broader trend is the shifting of risk from corporations and government to individuals. For example, employers have cut or eliminated health insurance coverage, reduced or eliminated pensions, and structured jobs as temporary or contract work so as not to incur unemployment insurance coverage when layoffs occur. This decline in employer-provided health insurance could accelerate under the expanded coverage under the Affordable Care Act, forcing families into the individual market and the health exchanges (with unknown but highly variable state by state effects on the costs to families in premiums, which though subsidized, may still be greater than through employment).

Furthermore, a direct effect of the Great Recession, and the housing/foreclosure crisis, is to greatly limit the access of low income families to lower-cost home mortgages. Not only income requirements but also down payment, credit rating, and other requirements have been severely tightened, making it much more difficult for families to become home owners in the foreseeable future. And in general, the Great Recession has led to cutbacks in many programs, particularly at the state level. For example, in Arizona the state CHIP program (Arizona KidsCare), suspended new program participants as of 2010 and Arizona's child care assistance program has instituted a waiting list for new applicants since 2009; both cutbacks are due to reduced program funding.<sup>39</sup> Looking to the future, public policy proposals to restrict access to, and/or decrease benefits in a wide range of federal programs from Social Security to food stamps, suggest that achieving economic security will continue to be a challenge. At the same time, it is also clear that this is not a challenge that individuals must face alone, but one where employers, the government, and the community can and do contribute towards achieving economic security.

## Conclusion

As Arizona recovers from the Great Recession, long-term economic prosperity will require responsible action at the state and community level that puts all Arizonans on the path to self-sufficiency. A strong economy means good jobs that pay Self-Sufficiency Standard wages and a workforce with the skills necessary to fill those jobs. *The Self-Sufficiency Standard for Arizona 2012* defines the income needed to realistically support a family, without public or private assistance in Arizona. For most workers, the Self-Sufficiency Standard shows that earnings above the official Federal Poverty Level are nevertheless far below what is needed to meet families' basic needs.

Although the Self-Sufficiency Standard determines an adequate wage level without public benefits, it does not imply that public work supports are inappropriate or unnecessary for Arizona families. For workers with wages below the Self-Sufficiency Standard, public subsidies for high-cost necessities such as child care, health care, and housing are critical to meeting basic needs, retaining jobs and advancing in the workforce. By utilizing the Self-Sufficiency Standard, Arizona has the opportunity to lay the foundation to achieve a strong workforce and thriving communities.

The Self-Sufficiency Standard is currently being used to better understand issues of income adequacy, to analyze policy, and to help individuals striving to be self-sufficient. 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 Arizona, the Standard has been calculated for Alabama, California, Colorado, Connecticut, Delaware, Florida, Georgia, Hawaii, Illinois, Indiana, Iowa, Kentucky, Louisiana, Maryland, Massachusetts, Mississippi, Missouri, Montana, Nebraska, Nevada, New Jersey, New York, North Carolina, Oklahoma, Ohio, Oregon, Pennsylvania, South Dakota, Tennessee, Texas, Utah, Virginia, Washington, 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 [www.selfsufficiencystandard.org](http://www.selfsufficiencystandard.org).

For more information on *The Self-Sufficiency Standard for Arizona 2012*, or to find out more about the programs at the Women's Foundation of Southern Arizona, contact (520) 622-8886, or visit <http://www.womengiving.org/>.

## Endnotes

1. Jared Bernstein, *Crunch: Why Do I Feel so Squeezed (and other Unsolved Economic Mysteries)* (San Francisco, CA: Berrett-Koehler Publishers, Inc., 2008).
2. According to the U.S. Bureau of Labor Statistics, both parents were employed in 58% of two-parent families with children in 2010. Likewise, 67% of single mothers with children were employed in 2010 and 76% of single fathers with children were employed in 2010. Although about 74% of employed women with children under 18 years of age worked full-time in 2010, working part-time is clearly the desirable option under many circumstances such as when the children are very young or in need of special care, or when affordable/appropriate child care is not available. For many low-income mothers it is equally clear that economic necessity, as well as the TANF requirements that limit benefits and stipulate that recipients participate in job searches, preclude this option. U.S. Department of Labor, Bureau of Labor Statistics, “Employment Characteristics of Families in 2010,” Economic News Releases, Employment and Unemployment, <http://www.bls.gov/news.release/pdf/famee.pdf> (accessed June 1, 2011).
3. Eligibility criteria for areas to be assigned 50th percentile FMRs were established by a rule published on October 2, 2000. The objective was to give Public Housing Authorities (PHAs) a tool to assist them in de-concentrating voucher program use patterns. The three FMR area eligibility criteria were: 1) the FMR area had to have at least 100 census tracts. 2) 70 percent or fewer of the tracts with at least 10 two-bedroom units had at least 30 percent of these units with gross rents at or below the 40th percentile two-bedroom FMR; and, 3) 25 percent or more of the tenant-based rental program participants in the FMR area resided in the 5 percent of census tracts with the largest number of program participants. (See 24 CFR 888.113.) U.S. Housing and Urban Development, “Fair Market Rents for the Section 8 Housing Assistance Payments Program,” Data Sets, Fair Market Rents: Overview (2007), [http://www.huduser.org/datasets/fmr/fmrover\\_071707R2.doc](http://www.huduser.org/datasets/fmr/fmrover_071707R2.doc) (accessed August 17, 2010).
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7. Health care premiums are the statewide average paid by workers for single adults and for families, from the national Medical Expenditure Panel Survey (MEPS), which is 30% of the premium for family coverage and 18% of the premium for individual coverage in Arizona. U.S. Department of Health and Human Services, Agency for Healthcare Research and Quality, Center for Financing, Access, and Cost Trends, “Tables II.C.3 and II.D.3: Percent of total premiums contributed by employees enrolled in single (family) coverage at private-sector establishments that offer health insurance by firm size and State: Arizona, 2010,” Medical Expenditure Panel Survey-Insurance Component, [http://www.meps.ahrq.gov/mepsweb/data\\_stats/quick\\_tables\\_results.jsp?component=2&subcomponent=2&year=2010&tableSeries=2&tableSubSeries=CDE&searchText=&searchMethod=1&Action=Search](http://www.meps.ahrq.gov/mepsweb/data_stats/quick_tables_results.jsp?component=2&subcomponent=2&year=2010&tableSeries=2&tableSubSeries=CDE&searchText=&searchMethod=1&Action=Search) (accessed January 31, 2012).
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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 in the Self-Sufficiency Standard are:

- collected or calculated using standardized or equivalent methodology nationwide;
- obtained from scholarly or credible sources such as the U.S. Census Bureau;
- updated regularly; and,
- geographically- and/or age-specific, as appropriate.

Costs that vary substantially by place, such as housing and child care, are calculated at the most geographically specific level for which data 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 county in Arizona. The 70 different 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. The Self-Sufficiency Standard can also be calculated for larger and multi-generational families. The cost of each basic need and the Self-Sufficiency Wages for eight selected family types for each county in Arizona are included in Appendix D of this report.

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 multiplying by 12 months per year to obtain the annual wage.

The components of *The Self-Sufficiency Standard for Arizona 2012* and the assumptions included in the calculations are described below.

### HOUSING

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), to calculate housing costs for each state's metropolitan and non-metropolitan areas. Section 8(c)(1) of the United States 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. On October 1, 2011, HUD published final FMRs for fiscal year 2012. Housing costs in the 2012 Arizona Self-Sufficiency Standard are calculated using the FY 2012 HUD Fair Market Rents.

The FMRs are calculated for Metropolitan Statistical Areas (MSAs), HUD Metro FMR Areas (HMFAs), and non-metropolitan counties. The term MSA is used for all metropolitan areas. They are also known as Core-Based Statistical Areas (CBSAs), and if they are particularly large (with a population core of at least 2.5 million), they may be divided into "Metropolitan Divisions" (i.e., HMFAs).

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 American Community 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 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> In Arizona, all FMRs are set at the 40th percentile, with the exception of Maricopa and Pinal counties, for which the FMRs are set at the 50th percentile.

HUD calculates one set of FMRs for an entire metropolitan area. In Arizona the Phoenix-Mesa-Glendale MSA includes Maricopa and Pinal counties which share the same FMRs. In order to differentiate the cost of housing between these two counties, the Standard uses median gross rent ratios for each county calculated from the U.S. Census Bureau's 2008-2010 American Community Survey (ACS) 3-Year Estimates.

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.

## DATA SOURCES

**Housing Costs.** U.S. Department of Housing and Urban Development, "Schedule B: FY 2012 Final Fair Market Rents for Existing Housing," Data Sets, Fair Market Rents, <http://www.huduser.org/portal/datasets/fmr.html> (accessed January 24, 2012).

**County-Level Housing Costs.** U.S. Census Bureau, "American Factfinder, B25064 Median Gross Rent," 2008-2010 American Community Survey 3-Year Estimates, Detailed Tables, <http://factfinder.census.gov/> (accessed January 25, 2012).

**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 Arizona, have continued to conduct or commission the surveys on a regular basis. Data for Arizona child care costs is from the Arizona Department of Economic Security Child Care Administration's *Child Care Market Rate Survey 2010*.

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>c</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.<sup>d</sup> 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.<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 Arizona 2012 Standard, infant rates (defined by the Standard as birth up to 3 years of age) are calculated using the average of the 75th percentile cost of licensed *Home* care rates for children under one and children 1 or 2 years old. The 75th percentile licensed *Center* care rates for children 3, 4, and 5 years old are used to calculate child care costs for

preschoolers (defined as 3 to 5 years of age by the Standard). Costs for school-age children are based on the average of part-time 75th percentile licensed *Home* and *Center* care rates for school-age children (defined as 6 to 12 years by the Standard).

## DATA SOURCES

**Child Care Costs.** Arizona Department of Economic Security, Division of Employment and Rehabilitation Services, Child Care Administration, “Child Care Market Rate Survey 2010,” Maricopa County Office of Research and Reporting, [www.azdes.gov/appreports.aspx?category=136&ekfxmen\\_noscript=1&ekfxmensele=e25f5f35\\_26\\_38](http://www.azdes.gov/appreports.aspx?category=136&ekfxmen_noscript=1&ekfxmensele=e25f5f35_26_38) (accessed January 24, 2012).

## 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>5</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 41% 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. The 2012 Arizona Standard uses data from June 2011.

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 Low-Cost Food Plan differentiates food costs by age and gender using data from the National Health and Nutrition

Examination Survey, which tracked dietary intakes for individuals by age and gender.<sup>i</sup> The Standard assumes that in a one adult household the adult is female and a two-adult household is assumed to include one adult female and one adult male.

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

The ACCRA grocery index is standardized to price grocery items regardless of the shopper’s socio-economic status. The ACCRA 2010 annual average cost of groceries index is applied to the following seven metropolitan areas in Arizona (accounting for eight counties): Flagstaff (Coconino), Lake Havasu City-Kingman (Mohave), Phoenix-Mesa-Scottsdale (Maricopa and Pinal), Prescott (Yavapai), Sierra Vista-Douglas (Cochise), Tucson (Pima), and Yuma (Yuma).

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

## DATA SOURCES

**Food Costs.** U.S. Department of Agriculture, Center for Nutrition Policy and Promotion, “Official USDA Food Plans: Cost of Food at Home at Four Levels, U.S. Average, June 2011,” <http://www.cnpp.usda.gov/Publications/FoodPlans/2011/CostofFoodJun11.pdf> (accessed July 27, 2011).

**ACCRA County-Level Food Cost Ratio.** Council for Community and Economic Research, ACCRA, “ACCRA Cost of Living Index: 2010 Annual Average Section 2 Index,” <http://www.c2er.org> (accessed May 31, 2011).

**USDA County-Level Food Cost Ratio.** “Thrifty Food Plan by Market Group,” U.S. Department of Agriculture,

Economic Research Service, Personal Communication with Christian Gregory, Research Economist, cgregory@ers.usda.gov (received May 24, 2011). Jessica Todd, Lisa Mancino, Ephraim Leibtag, & Christina Tripodo, “Methodology Behind the Quarterly Food-at-Home Price Database,” Technical Bulletin No. 1926, U.S. Department of Agriculture, Economic Research Service, April 2010, <http://www.ers.usda.gov/Publications/TB1926/> (accessed August 3, 2011).

## TRANSPORTATION

**PUBLIC TRANSPORTATION.** If there is an “adequate” public transportation system in a given area, it is assumed that workers use public transportation to get to and from work. A public transportation system is considered “adequate” if it is used by a substantial percentage of the working population to commute to work. According to a study by the Institute of Urban and Regional Development, University of California, if about 7% of the total public uses public transportation to commute to work that “translates” to approximately 30% of the low- and moderate-income population.<sup>1</sup> The Standard assumes private transportation (a car) where public transportation use to commute to work is less than 7%. In Arizona, private transportation is assumed for all counties because there is not adequate public transportation available based on commuting data from the American Community Survey 2006-2010 5-Year Estimates.

**PRIVATE TRANSPORTATION.** For private transportation, the Standard assumes that adults need a car to get to and from work. Private transportation costs are based on the average costs of owning and operating a car. One car is assumed for households with one adult and two cars are assumed for households with two adults. It is understood that the car(s) will be used to commute to and from work five days per week, plus one trip per week for shopping and errands. In addition, one parent in each household with young children is assumed to have a slightly longer weekday trip to allow for “linking” trips to a day care site. Per-mile driving costs (e.g., gas, oil, tires, and maintenance) are from the American Automobile Association. The commuting distance is computed from the 2009 National Household Travel Survey (NHTS).

The auto insurance premium is the average premium cost for a given state from the National Association of Insurance

Commissioners (NAIC) 2009 State Averages Expenditures and Premiums for Personal Automobile Insurance. To account for regional variation in auto insurance premiums, ratios are created using sample premiums from the top market share companies in Arizona. Data for sample premiums are from the Arizona Department of Insurance’s *2011 Premium Comparison and Complaint Ratios for Automobile Insurance*.

The fixed costs of car ownership such as fire, theft, property damage and liability insurance, license, registration, taxes, repairs, monthly payments, and finance charges are also included in the cost of private transportation for the Standard. However, the initial cost of purchasing a car is not. Fixed costs are from the 2010 Consumer Expenditure Survey data for families with incomes between the 20th and 40th percentile living in the Census West region of the U.S. Auto insurance premiums and fixed auto costs are adjusted for inflation using the most recent and area-specific Consumer Price Index.

## DATA SOURCES

**Public Transportation Use.** U.S. Census Bureau, American Community Survey 2006-2010 5-Year Estimates, “B08101: Means of Transportation to Work by Age - Universe: Workers 16 years and over,” Geography: County, <http://www.factfinder2.census.gov/> (accessed January 25, 2012).

**Auto Insurance Premium.** National Association of Insurance Commissioners, “Average Expenditures for Auto Insurance by State, 2009,” Insurance Information Institute, <http://www.iii.org/media/facts/statsbyissue/auto> (accessed February 7, 2012).

**County-Level Insurance Premium and Market Share.** Arizona Department of Insurance, “2011 Premium Comparison and Complaint Ratios for Automobile Insurance,” Consumers, <http://www.id.state.az.us/autopremium.html> (accessed January 24, 2012).

**Distance to Work.** U.S. Department of Transportation, 2009 National Household Transportation Survey, “Average Person Trip Length (Trip Purpose: to/from Work),” Online Analysis Tools, <http://www.nhts.ornl.gov> (accessed September 23, 2011).

**Fixed Auto Costs.** Calculated for quintiles of income and region of residence, and adjusted for regional inflation using Bureau of Labor Statistics data query for the Consumer Expenditure Survey. U.S. Department of Labor, Bureau of Labor Statistics, “Other Vehicle Expenses,” Consumer Expenditure Survey 2010, CE Databases, <http://www.bls.gov/data/> (accessed February 7, 2012).

**Per Mile Costs.** American Automobile Association, “Your Driving Costs,” 2011 Edition, AAA Association Communication, <http://www.aaexchange.com/Assets/Files/201145734460.DrivingCosts2011.pdf> (accessed April 15, 2011).

**Inflation.** U.S. Department of Labor, Bureau of Labor Statistics, “Consumer Price Index – All Urban Consumers, U.S. city average,” Consumer Price Index, CPI Databases, <http://www.bls.gov/cpi/home.htm> (accessed February 17, 2012).

## HEALTH CARE

The Standard assumes that an integral part of a Self-Sufficiency Wage is employer-sponsored health insurance for workers and their families. In Arizona, 63% of non-elderly individuals in households with at least one full-time worker have employer-sponsored health insurance (nationally 68% have employer sponsored health insurance).<sup>k</sup> The full-time worker’s employer pays an average of 82% of the insurance premium for the employee and 70% for the family in Arizona. Nationally, the employer pays 80% of the insurance premium for the employee and 73% of the insurance premium for the family.<sup>l</sup>

The cost of health care premiums are obtained from the 2010 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 Arizona the 2010 average monthly premium paid by the employee is \$74 for a single adult and \$344 for a family. The premium costs are then adjusted for inflation using the Medical Care Services Consumer Price Index.

To vary premium costs by county or regions within the state, the Standard uses average premiums from the health

care insurance companies with the largest market shares or with the widest coverage. For the 2012 Arizona Standard variation across the state in the cost of health insurance was calculated using sample premiums by county from two of the top three market share companies operating in the state: Blue Cross Blue Shield (top market share company) and United HealthCare (third top market share). The second top market share company, Pacificare, was not used because they do not offer plans in all areas of the state.

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

Note that although the Standard assumes employer-sponsored health coverage, not all workers have access to affordable health insurance coverage through their employers. 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. However, depending on the results of the Supreme Court ruling, in 2014 the Patient Protection and Affordable Care Act will require individuals who can afford it to either obtain minimal health insurance or contribute a fee towards the costs of uninsured Americans.<sup>m</sup> By 2014 the Affordable Care Act will also prohibit all discrimination against pre-existing conditions; and, in the meantime, states can opt to participate in a Pre-Existing Condition Insurance Plan, which provides coverage options for people who have been without health insurance for six months due to a pre-existing condition.<sup>n</sup>

## DATA SOURCES

**Out-of-Pocket Costs.** U.S. Department of Health and Human Services, Agency for Healthcare Research and Quality, Center for Financing, Access, and Cost Trends, Medical Expenditure Panel Survey-Household Component Analytical Tool, “Total Amount Paid by Self/Family, all

## TREATMENT OF TAX CREDITS IN MODELING TABLE AND FIGURE

The Standard shows refundable and nonrefundable tax credits as if they are received monthly. However, for the work supports modeled in Table 6 (Columns # 2-#6), the refundable federal Earned Income Tax Credit (EITC), and the “additional” refundable portion of the Child Tax Credit (CTC), are shown as received annually. 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 shown as a monthly credit against federal taxes in both the Self-Sufficiency Standard and in the modeling columns of Table 6.

The tax credits are calculated this way in Table 6 in order to be as realistic as possible. Until recently, a family could receive part of their EITC on a monthly basis (called Advance EITC), but many workers preferred to receive it annually as a lump sum. In fact, nearly all families received the EITC as a single payment the following year when they filed their tax returns.<sup>a</sup> Many families preferred 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>b</sup> Therefore, in Columns #2-#6 of Table 6, the total amount of the refundable federal EITC the family would receive annually (when they file their taxes) are shown in the shaded rows at the bottom of the table instead of being shown monthly as in the Self-Sufficiency Standard column. This is based on the assumption that the adult works at this same wage, full-time, for the year.

Like the EITC, the federal CTC is shown as received monthly in the Self-Sufficiency Standard. However, for the modeled work support columns, the 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, while the “additional” refundable portion of the CTC is shown as a lump sum received annually in the shaded rows at the bottom of Table 6.

a. Some workers may have been unaware of the advance payment option, and others may had employers who did not participate. Also, research has shown that families make financial decisions based on receipt of the EITC (together with tax refunds) when they file their taxes early in the following year. Jennifer Romich and Thomas Weisner, “How Families View and Use the EITC: The Case for Lump-Sum Delivery,” *National Tax Journal*, 53(4) (part 2) (2000): 1107-1134; hereafter cited as *How Families View and Use the EITC*.

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## MISCELLANEOUS

This expense category consists of all other essentials including clothing, shoes, paper products, diapers, nonprescription medicines, cleaning products, household items, personal hygiene items, and telephone service.

Miscellaneous expenses are calculated by taking 10% of all other costs. This percentage is a conservative estimate in comparison to estimates in other basic needs budgets, which commonly use 15% and account for other costs such as recreation, entertainment, savings, or debt repayment.<sup>o</sup>

## 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. (Note that there is a temporary payroll tax decrease to 5.6% in 2012.) 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. When applicable, income tax calculations for the Standard include state and local income tax. In Arizona, state income taxes vary between 2.59% and 4.54% depending on income.

Indirect taxes (e.g., property taxes paid by the landlord on housing) are assumed to be included in the price of housing passed on by the landlord to the tenant. Taxes on gasoline and automobiles are included in the calculated cost of owning and running a car.

Arizona has state, county, and local Transaction Privilege Taxes (TPT), which are a tax on businesses. However, the TPT is normally passed on to the consumer and is therefore effectively treated as a sales tax. There are several TPT rates for different types of businesses, however the overall TPT typically applies to retail sales of goods. For the Standard the overall TPT rate or the retail sales TPT rate (if different from the overall rate) is calculated as a sales tax. The state-

wide TPT is 6.6%, inclusive of a 1% 3-yr temporary rate increase in place until 2013. Each county also has a county-wide TPT rate, which vary between .25% to 1.5% depending on county. Several cities also have varying local TPT rates. In order to account for local city TPT rates in the Standard, the TPT rate for the city with the largest population in a county is applied to the county table calculations in the Standard. Population data is obtained from the 2010 Census. In most counties, the largest population city in a county makes up the majority of the county's population.

In addition to retail sales TPT, several cities also have a TPT rate applied to the sale of groceries (food for home consumption). If the most populous city in a county does have a TPT rate on groceries, then the Standard applies that rate to the cost of food for the appropriate county. If the most populous city does not have a TPT rate on groceries, the Standard does not tax groceries in that county. Four counties (Coconino, La Paz, Mohave, and Pima) have no grocery tax while in the remainder of counties the TPT rate applied to groceries varies from 1.7% up to 3% depending on county.

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## TAX CREDITS

The Standard includes federal tax credits (the Earned Income Tax Credit, the Child Care Tax Credit, and the Child Tax Credit) and applicable state tax credits. Tax credits are shown as received monthly in the Standard.

**The Earned Income Tax Credit (EITC)**, or as it is also called, the Earned Income Credit, is a federal tax refund intended to offset the loss of income from payroll taxes owed by low-income working families. The EITC is a “refundable” tax credit, meaning working adults may receive the tax credit whether or not they owe any federal taxes. Arizona does not have a state 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 2011, 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. Arizona does not have a state CCTC.

**The Child Tax Credit (CTC)** is like the EITC in that it is a refundable federal tax credit. In 2011, 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. Arizona does not have a state CTC.

**The Arizona Family Tax Credit** is a state non-refundable credit against taxes owed for low-income Arizona families. The Family Tax Credit provides a \$40 credit towards taxes owed per dependent in qualifying households, not to exceed \$240 for married filing jointly and head of households or \$120 for single filers.

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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 that you 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 [www.liveworkthrive.org/research\\_and\\_tools/reports\\_and\\_publications/The\\_Massachusetts\\_Working\\_Poor\\_Families\\_Project\\_Report](http://www.liveworkthrive.org/research_and_tools/reports_and_publications/The_Massachusetts_Working_Poor_Families_Project_Report)).
- 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. 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://dola.colorado.gov/cdh/researchers/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 [www.acy.org](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 [www.hscdade.org](http://www.hscdade.org).
- In Pennsylvania, many groups, including PathWays PA, have used the Standard to model the impact of a state Earned Income Tax Credit on the ability of a family to reach self-sufficient wages (see [www.pathwayspa.org](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 [www.captc.org](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 [www.neappleseed.org](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 [www.does.dc.gov/does/cwp/view,a,1233,q,538387.asp](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 Standard 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 Workforce Development Council of Seattle-King County, see [www.seakingwdc.org](http://www.seakingwdc.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 [www.cityofchicago.org](http://www.cityofchicago.org).
- The Colorado Center on Law and Policy successfully lobbied the Eastern Regional Workforce Board in Fort Morgan, Colorado to officially adopt the Self-Sufficiency Standard to determine eligibility for intensive and/or training services (see [www.yourworkforcecenter.com/other/ruralconsortium/other/WIA%205%20YR%20Plan.htm](http://www.yourworkforcecenter.com/other/ruralconsortium/other/WIA%205%20YR%20Plan.htm)).

## 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 [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 [www.insightcced.org](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 [www.liveworkthrive.org/research\\_and\\_tools/hot\\_jobs](http://www.liveworkthrive.org/research_and_tools/hot_jobs)).
- 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://ctpcsw.com/>).
- In New York, the Standard has been used in modeling 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 or to address changing family dynamics. 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 [www.vakids.org/work/fes.htm](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 [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 Illinois, New York, Oregon, Pennsylvania, Washington State, the Bay Area in California, Colorado and Washington, D.C. 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 Washington State, a statewide Self-Sufficiency Calculator is used across workforce councils as a counseling tool and can be viewed at [www.thecalculator.org](http://www.thecalculator.org). Additionally, the Snohomish County 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 [www.worksourceonline.com/js/documents/Instructions.pdf](http://www.worksourceonline.com/js/documents/Instructions.pdf).
- PathWays PA offers *The Pennsylvania 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 [www.pathwayspa.org](http://www.pathwayspa.org).
- The Oregon *Prosperity Planner*, a calculator based on the 2011 Oregon Self-Sufficiency Standard can be found at [www.prosperityplanner.org](http://www.prosperityplanner.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 toward 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 [www.coloradoselfsufficiencystandardcalculator.org/ColoradoCalculator/Home.aspx](http://www.coloradoselfsufficiencystandardcalculator.org/ColoradoCalculator/Home.aspx).
- Virginia Kids developed *The Self-Sufficiency Standard for Virginia – Budget Worksheet Exercise* as a counseling tool (see [http://www.vakids.org/pubs/FES/budget\\_worksheet\\_exercise.htm](http://www.vakids.org/pubs/FES/budget_worksheet_exercise.htm)).
- 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 [www.wowonline.org](http://www.wowonline.org)). Additionally, the Washington, D.C. Metro Area Self-Sufficiency Calculator can be found at [www.dcmassc.org](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 [www.wceca.org/index.html](http://www.wceca.org/index.html).
- The Social Impact Research Center at the Heartland Alliance for Human Needs and Human Rights hosts *The Illinois Self-Sufficiency Calculator* at [www.ilcalculator.org/](http://www.ilcalculator.org/).
- The California Bay Area Self-Sufficiency Calculator, *The Calculator*, can be found at [www.insightcced.org/index.php/insight-communities/cfess/calculator](http://www.insightcced.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. For employers the Standard can be used to demonstrate the importance of providing benefits, especially health care, which help families meet

their needs. As an education tool for service providers, the Standard can show how the various components of social services fit together, helping to facilitate the coordination of a range of services and supports. For policy makers and legislators, the Standard as an education tool shows both the need for and the 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 [www.utahchildren.org](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 [www.liveworkthrive.org](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 [www.wiwomensnetwork.org](http://www.wiwomensnetwork.org).

## CREATE 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, Illinois, New York, New Jersey, Hawaii, Nebraska, South Dakota, Tennessee, Virginia, and Washington State to advocate for higher wages through Living Wage ordinances and in negotiating labor union agreements (see [www.ncsl.org/default.aspx?tabid=13394](http://www.ncsl.org/default.aspx?tabid=13394)).
- 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 [www.ccw.org/data.html](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 [www.acy.org](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 [www.insightcced.org](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.

## SUPPORT 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.

- PathWays PA cites the Self-Sufficiency Standard frequently in its publications, including *Investing in Pennsylvania's Families: Economic Opportunities for All*, a policy publication looking at the needs of working families in Pennsylvania earning less than 200% of the Federal Poverty Level (see [www.pathwayspa.org/InvestingPAFamily\\_Aug\\_2\\_2007.pdf](http://www.pathwayspa.org/InvestingPAFamily_Aug_2_2007.pdf)). PathWays PA also uses the Standard as a measure against which to base tax credits, healthcare 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 the characteristics of those above and below the Standard, such as race, ethnicity, family type, education, and employment. These demographic reports have been published by the Center for Women's Welfare for seven states, such as the report *Overlooked and Undercounted 2009: Struggling to Make Ends Meet in California* (see [www.selfsufficiencystandard.org/pubs.html#addpubs](http://www.selfsufficiencystandard.org/pubs.html#addpubs)).
- 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 [www.wowonline.org/ourprograms/fess/state-resources/documents/MAHealthEconomicSelf-SufficiencyStandard.pdf](http://www.wowonline.org/ourprograms/fess/state-resources/documents/MAHealthEconomicSelf-SufficiencyStandard.pdf)).

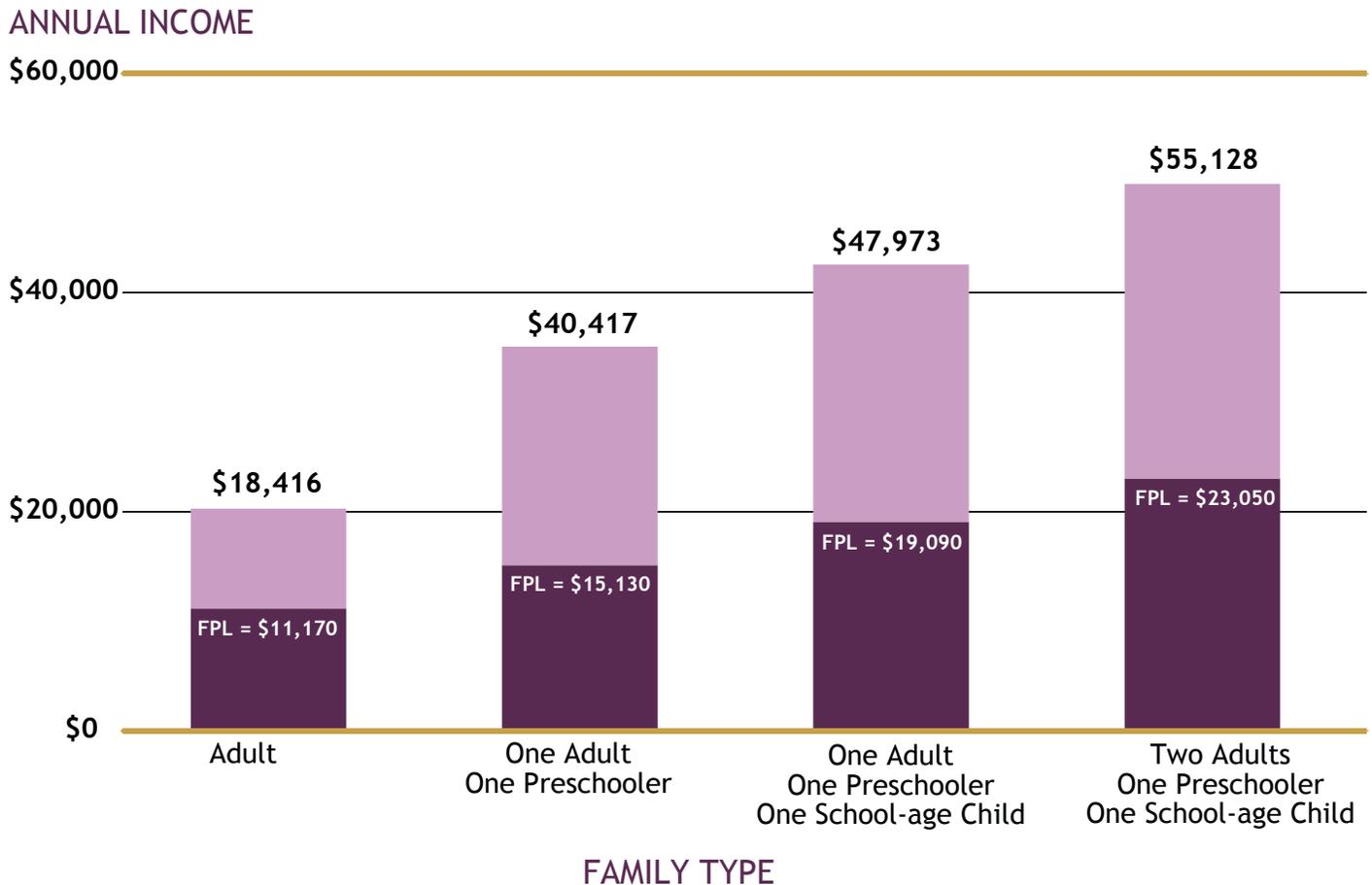
## Appendix C: Federal Approaches to Measuring Poverty

The official federal poverty measure, often known as the Federal Poverty Level (FPL), was developed over four decades ago and today has become increasingly problematic and outdated as a measure of income adequacy.<sup>a</sup> 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*. **Figure C-1, The Self-Sufficiency Standard and Federal Poverty Level for Select Family Types**, demonstrates that for various family types in Mohave County the income needed to meet basic needs is far above the FPL.

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

While the Standard changes by family type to account for the increase in costs specific to the type of family member—whether this person is an adult or child, and for children, by age—the FPL increases by a constant \$3,960 per year for each additional family member and therefore does not adequately account for the real costs of meeting basic needs. **Table C-1, The Self-Sufficiency Standard as a Percentage of the Federal Poverty Level**, demonstrates that across all of Arizona’s counties the income needed to meet

Figure C-1. The Self-Sufficiency Standard and Federal Poverty Level for Select Family Types  
Mohave County, AZ 2012



basic needs is far above the FPL, indicating that families across Arizona 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, child care assistance with low-cost co-payments is available through Arizona's Department of Economic Security for families with incomes up to 165% of the FPL.<sup>c</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 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>d</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>e</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 58% of two-parent families with children in 2010. Likewise, 67% of single mothers with children were employed in 2010 and 76% of single fathers with children were employed in 2010.<sup>f</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 and child care for families with young children was not common.<sup>g</sup> 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>h</sup> Even within states, costs vary considerably: in Arizona, the cost of a four-bedroom housing rental in Maricopa County is nearly \$1,500 per month, while in Graham County a four-bedroom unit is \$975 per month.

*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>i</sup>

Table C-1. The Self-Sufficiency Standard as a Percentage of the Federal Poverty Level, 2012  
Three Family Types, All Arizona Counties

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)
Apache	\$33,112	219%	\$39,907	209%	\$47,814	207%
Cochise	\$32,416	214%	\$39,743	208%	\$46,956	204%
Coconino	\$38,787	256%	\$45,524	238%	\$52,708	229%
Gila	\$40,417	267%	\$47,973	251%	\$55,128	239%
Graham	\$31,683	209%	\$39,173	205%	\$46,870	203%
Greenlee	\$36,313	240%	\$43,714	229%	\$50,901	221%
La Paz	\$31,604	209%	\$38,624	202%	\$46,871	203%
Maricopa	\$42,214	279%	\$51,115	268%	\$58,798	255%
Mohave	\$35,084	232%	\$42,556	223%	\$49,925	217%
Navajo	\$34,680	229%	\$41,685	218%	\$48,984	213%
Pima	\$38,688	256%	\$46,813	245%	\$53,928	234%
Pinal	\$42,106	278%	\$49,839	261%	\$57,373	249%
Santa Cruz	\$32,244	213%	\$39,770	208%	\$47,742	207%
Yavapai	\$36,628	242%	\$43,163	226%	\$50,107	217%
Yuma	\$33,457	221%	\$41,151	216%	\$48,851	212%

The 2012 FPL is: \$15,130 for a family of two, \$19,090 for a family of three, and \$23,050 for a family of four. See <http://aspe.hhs.gov/poverty/12poverty.shtml>.

## THE SUPPLEMENTAL POVERTY MEASURE

Besides the Self-Sufficiency Standard, the other major proposed alternative to the federal poverty measure is a measure based on recommendations from the National Academy of Sciences (NAS).<sup>j</sup> The new Supplemental Poverty Measure (SPM) developed by the Obama Administration, for which data was released November 7, 2011, is based on the NAS methodology, with some revisions.<sup>k</sup> The Census Bureau has produced poverty estimates based on various combinations of the NAS recommendations, designating them as experimental poverty measures.<sup>l</sup>

Designed primarily to track poverty trends over time, the Supplemental Poverty Measure provides a new and improved 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 on the extent of poverty and the impact of public policies. 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 C 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, which varies by the number of adults and the number of children in the household, and by age for one and two adult households. 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 2012 FPL for a family of three is \$19,090. 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/12poverty.shtml>.

b. Carmen DeNavas-Walt, Bernadette Proctor, and Cheryl Hill-Lee, "Income, Poverty, and Health Insurance Coverage in the U.S.: 2004," U.S. Census Bureau, Current Population Reports, Series P60-229, Washington, D.C. (U.S. Government Printing Office), <http://www.census.gov/prod/2005pubs/p60-229.pdf> (accessed September 14, 2005).

c. Arizona Department of Economic Security, “Income and Eligibility Chart,” DES Child Care, Description of Services, <https://www.azdes.gov/main.aspx?menu=128&id=2670> (February 3, 2012).

d. U.S. Department of Health and Human Services, “Frequently Asked Questions Related to the Poverty Guidelines and Poverty,” <http://aspe.hhs.gov/poverty/faq.shtml> (accessed February 28, 2012).

e. In 2010 the average consumer expenditure on food was \$6,129 per year or 12.7% of total expenditures. U.S. Department of Labor, Bureau of Labor Statistics, “Consumer Expenditures in 2010,” <http://www.bls.gov/news.release/cesan.nr0.htm> (accessed November 10, 2011).

f. U.S. Department of Labor, U.S. Bureau of Labor Statistics, “Employment Characteristics of Families-2010,” <http://www.bls.gov/news.release/pdf/famee.pdf> (accessed June 1, 2011).

g. At the time the federal poverty measure was developed child care was a negligible component of consumer expenditures (pg 27) and the tax burden on the low-income population was relatively low at an effective 1% in 1966 (pg 29). Constance Citro and Robert Michael, Eds., “Measuring Poverty: A New Approach,” Washington, D.C.: National Academy Press, <http://www.census.gov/hhes/www/povmeas/toc.html> (accessed November 10, 2010); hereafter cited as *Measuring Poverty*.

h. Using the 2012 Fair Market Rents, the cost of housing (including utilities) at the 40th percentile, for a two-bedroom unit in the most expensive place—the San Francisco metropolitan area—is \$1,905

per month. This is nearly four times as much as the least expensive housing in the country, found in several counties in Kentucky, where two-bedroom units cost \$491 per month. U.S. Housing and Urban Development Department, “Fair Market Rents,” <http://www.huduser.org/datasets/fmr.html> (accessed November 10, 2011).

i. 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 *Measuring Poverty: A New Approach*. *Measuring Poverty*.

j. *Measuring Poverty*.

k. U.S. Department of Commerce, U.S. Census Bureau, “Observations from the Interagency Technical Working Group on Developing a Supplemental Poverty Measure,” *Poverty Measurement Studies and Alternative Measures*, <http://www.census.gov/hhes/www/povmeas/povmeas.html> (accessed March 15, 2010). U.S. Department of Commerce, U.S. Census Bureau, “Webinar: Supplemental Poverty Measure Research,” [http://www.census.gov/newsroom/releases/archives/news\\_conferences/2011-11-04\\_spm\\_webinar.html](http://www.census.gov/newsroom/releases/archives/news_conferences/2011-11-04_spm_webinar.html) (accessed November 10, 2011).

l. Kathleen Short and Teresa Garner, “Creating a Consistent Poverty Measure Over Time Using NAS Procedures: 1996-2005,” U.S. Census Bureau, Working Paper Series, *Poverty Thresholds*, [http://www.census.gov/hhes/www/povmeas/papers/experimental\\_measures\\_96\\_05v7.pdf](http://www.census.gov/hhes/www/povmeas/papers/experimental_measures_96_05v7.pdf) (accessed March 30, 2010).



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Appendix D:  
The Self-Sufficiency Standard for  
Select Family Types in Arizona

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Table 1  
The Self-Sufficiency Standard for Apache County, AZ 2012

MONTHLY COSTS	Adult	Adult + Preschooler	Adult + Infant Preschooler	Adult + Preschooler School-age	Adult + School-age Teenager	2 Adults + Infant	2 Adults+ Infant Preschooler	2 Adults + Preschooler School-age
Housing	\$519	\$614	\$614	\$614	\$614	\$614	\$614	\$614
Child Care	\$0	\$611	\$1,169	\$946	\$335	\$558	\$1,169	\$946
Food	\$239	\$363	\$476	\$544	\$629	\$580	\$683	\$747
Transportation	\$271	\$279	\$279	\$279	\$279	\$529	\$529	\$529
Health Care	\$143	\$470	\$484	\$493	\$515	\$529	\$540	\$548
Miscellaneous	\$117	\$234	\$302	\$287	\$237	\$281	\$353	\$338
Taxes	\$194	\$386	\$540	\$476	\$279	\$425	\$580	\$529
Earned Income Tax Credit (-)	\$0	-\$51	\$0	-\$36	-\$225	-\$25	\$0	\$0
Child Care Tax Credit (-)	\$0	-\$63	-\$100	-\$110	-\$68	-\$55	-\$100	-\$100
Child Tax Credit (-)	\$0	-\$83	-\$167	-\$167	-\$167	-\$83	-\$167	-\$167
SELF-SUFFICIENCY WAGE								
HOURLY	\$8.42	\$15.68	\$20.43	\$18.90	\$13.80	\$9.52 per adult	\$11.93 per adult	\$11.32 per adult
MONTHLY	\$1,482	\$2,759	\$3,597	\$3,326	\$2,429	\$3,352	\$4,200	\$3,985
ANNUAL	\$17,784	\$33,112	\$43,158	\$39,907	\$29,154	\$40,219	\$50,402	\$47,814

Table 2  
The Self-Sufficiency Standard for Cochise County, AZ 2012

MONTHLY COSTS	Adult	Adult + Preschooler	Adult + Infant Preschooler	Adult + Preschooler School-age	Adult + School-age Teenager	2 Adults + Infant	2 Adults+ Infant Preschooler	2 Adults + Preschooler School-age
Housing	\$561	\$704	\$704	\$704	\$704	\$704	\$704	\$704
Child Care	\$0	\$598	\$1,156	\$966	\$368	\$558	\$1,156	\$966
Food	\$228	\$346	\$455	\$519	\$601	\$554	\$652	\$714
Transportation	\$263	\$271	\$271	\$271	\$271	\$513	\$513	\$513
Health Care	\$127	\$394	\$408	\$417	\$439	\$453	\$464	\$472
Miscellaneous	\$118	\$231	\$299	\$288	\$238	\$278	\$349	\$337
Taxes	\$190	\$365	\$515	\$462	\$268	\$401	\$546	\$477
Earned Income Tax Credit (-)	\$0	-\$60	\$0	-\$39	-\$224	-\$36	\$0	-\$4
Child Care Tax Credit (-)	\$0	-\$65	-\$105	-\$110	-\$68	-\$55	-\$100	-\$100
Child Tax Credit (-)	\$0	-\$83	-\$167	-\$167	-\$167	-\$83	-\$167	-\$167
SELF-SUFFICIENCY WAGE								
HOURLY	\$8.44	\$15.35	\$20.10	\$18.82	\$13.82	\$9.34 per adult	\$11.70 per adult	\$11.12 per adult
MONTHLY	\$1,486	\$2,701	\$3,537	\$3,312	\$2,432	\$3,288	\$4,118	\$3,913
ANNUAL	\$17,834	\$32,416	\$42,441	\$39,743	\$29,188	\$39,461	\$49,416	\$46,956

Table 3  
The Self-Sufficiency Standard for Coconino County, AZ 2012

MONTHLY COSTS	Adult	Adult + Preschooler	Adult + Infant Preschooler	Adult + Preschooler School-age	Adult + School-age Teenager	2 Adults + Infant	2 Adults+ Infant Preschooler	2 Adults + Preschooler School-age
Housing	\$785	\$887	\$887	\$887	\$887	\$887	\$887	\$887
Child Care	\$0	\$611	\$1,169	\$946	\$335	\$558	\$1,169	\$946
Food	\$252	\$383	\$503	\$574	\$665	\$612	\$721	\$788
Transportation	\$265	\$273	\$273	\$273	\$273	\$517	\$517	\$517
Health Care	\$143	\$470	\$484	\$493	\$515	\$529	\$540	\$548
Miscellaneous	\$144	\$262	\$332	\$317	\$267	\$310	\$383	\$369
Taxes	\$276	\$487	\$621	\$571	\$376	\$509	\$655	\$604
Earned Income Tax Credit (-)	\$0	\$0	\$0	\$0	-\$108	\$0	\$0	\$0
Child Care Tax Credit (-)	\$0	-\$58	-\$100	-\$100	-\$60	-\$50	-\$100	-\$100
Child Tax Credit (-)	\$0	-\$83	-\$167	-\$167	-\$167	-\$83	-\$167	-\$167
<b>SELF-SUFFICIENCY WAGE</b>								
HOURLY	\$10.60	\$18.37	\$22.74	\$21.55	\$16.95	\$10.77 per adult	\$13.08 per adult	\$12.48 per adult
MONTHLY	\$1,865	\$3,232	\$4,002	\$3,794	\$2,984	\$3,790	\$4,605	\$4,392
ANNUAL	\$22,380	\$38,787	\$48,019	\$45,524	\$35,803	\$45,482	\$55,262	\$52,708

Table 4  
The Self-Sufficiency Standard for Gila County, AZ 2012

MONTHLY COSTS	Adult	Adult + Preschooler	Adult + Infant Preschooler	Adult + Preschooler School-age	Adult + School-age Teenager	2 Adults + Infant	2 Adults+ Infant Preschooler	2 Adults + Preschooler School-age
Housing	\$570	\$750	\$750	\$750	\$750	\$750	\$750	\$750
Child Care	\$0	\$893	\$1,562	\$1,283	\$391	\$669	\$1,562	\$1,283
Food	\$239	\$363	\$476	\$544	\$629	\$580	\$683	\$747
Transportation	\$271	\$279	\$279	\$279	\$279	\$529	\$529	\$529
Health Care	\$133	\$424	\$437	\$446	\$469	\$483	\$493	\$502
Miscellaneous	\$121	\$271	\$350	\$330	\$252	\$301	\$402	\$381
Taxes	\$201	\$528	\$702	\$633	\$321	\$494	\$740	\$669
Earned Income Tax Credit (-)	\$0	\$0	\$0	\$0	-\$170	\$0	\$0	\$0
Child Care Tax Credit (-)	\$0	-\$55	-\$100	-\$100	-\$65	-\$50	-\$100	-\$100
Child Tax Credit (-)	\$0	-\$83	-\$167	-\$167	-\$167	-\$83	-\$167	-\$167
<b>SELF-SUFFICIENCY WAGE</b>								
HOURLY	\$8.72	\$19.14	\$24.38	\$22.71	\$15.28	\$10.43 per adult	\$13.90 per adult	\$13.05 per adult
MONTHLY	\$1,535	\$3,368	\$4,290	\$3,998	\$2,688	\$3,672	\$4,891	\$4,594
ANNUAL	\$18,416	\$40,417	\$51,483	\$47,973	\$32,262	\$44,069	\$58,695	\$55,128

Table 5  
The Self-Sufficiency Standard for Graham County, AZ 2012

MONTHLY COSTS	Adult	Adult + Preschooler	Adult + Infant Preschooler	Adult + Preschooler School-age	Adult + School-age Teenager	2 Adults + Infant	2 Adults+ Infant Preschooler	2 Adults + Preschooler School-age
Housing	\$547	\$613	\$613	\$613	\$613	\$613	\$613	\$613
Child Care	\$0	\$598	\$1,156	\$966	\$368	\$558	\$1,156	\$966
Food	\$239	\$363	\$476	\$544	\$629	\$580	\$683	\$747
Transportation	\$271	\$279	\$279	\$279	\$279	\$529	\$529	\$529
Health Care	\$133	\$424	\$437	\$446	\$469	\$483	\$493	\$502
Miscellaneous	\$119	\$228	\$296	\$285	\$236	\$276	\$347	\$336
Taxes	\$196	\$355	\$512	\$458	\$268	\$404	\$552	\$485
Earned Income Tax Credit (-)	\$0	-\$70	\$0	-\$49	-\$232	-\$39	\$0	-\$5
Child Care Tax Credit (-)	\$0	-\$65	-\$105	-\$110	-\$70	-\$55	-\$100	-\$100
Child Tax Credit (-)	\$0	-\$83	-\$167	-\$167	-\$167	-\$83	-\$167	-\$167
SELF-SUFFICIENCY WAGE								
HOURLY	\$8.55	\$15.00	\$19.87	\$18.55	\$13.59	\$9.27 per adult	\$11.66 per adult	\$11.10 per adult
MONTHLY	\$1,504	\$2,640	\$3,497	\$3,264	\$2,392	\$3,264	\$4,106	\$3,906
ANNUAL	\$18,051	\$31,683	\$41,969	\$39,173	\$28,709	\$39,173	\$49,271	\$46,870

Table 6  
The Self-Sufficiency Standard for Greenlee County, AZ 2012

MONTHLY COSTS	Adult	Adult + Preschooler	Adult + Infant Preschooler	Adult + Preschooler School-age	Adult + School-age Teenager	2 Adults + Infant	2 Adults+ Infant Preschooler	2 Adults + Preschooler School-age
Housing	\$651	\$817	\$817	\$817	\$817	\$817	\$817	\$817
Child Care	\$0	\$598	\$1,156	\$966	\$368	\$558	\$1,156	\$966
Food	\$239	\$363	\$476	\$544	\$629	\$580	\$683	\$747
Transportation	\$271	\$279	\$279	\$279	\$279	\$529	\$529	\$529
Health Care	\$133	\$424	\$437	\$446	\$469	\$483	\$493	\$502
Miscellaneous	\$129	\$248	\$317	\$305	\$256	\$297	\$368	\$356
Taxes	\$233	\$450	\$590	\$553	\$351	\$486	\$630	\$592
Earned Income Tax Credit (-)	\$0	-\$8	\$0	\$0	-\$148	\$0	\$0	\$0
Child Care Tax Credit (-)	\$0	-\$60	-\$100	-\$100	-\$63	-\$50	-\$100	-\$100
Child Tax Credit (-)	\$0	-\$83	-\$167	-\$167	-\$167	-\$83	-\$167	-\$167
SELF-SUFFICIENCY WAGE								
HOURLY	\$9.41	\$17.19	\$21.62	\$20.70	\$15.86	\$10.27 per adult	\$12.52 per adult	\$12.05 per adult
MONTHLY	\$1,655	\$3,026	\$3,805	\$3,643	\$2,792	\$3,616	\$4,409	\$4,242
ANNUAL	\$19,865	\$36,313	\$45,662	\$43,714	\$33,503	\$43,391	\$52,905	\$50,901

Table 7  
The Self-Sufficiency Standard for La Paz County, AZ 2012

MONTHLY COSTS	Adult	Adult + Preschooler	Adult + Infant Preschooler	Adult + Preschooler School-age	Adult + School-age Teenager	2 Adults + Infant	2 Adults+ Infant Preschooler	2 Adults + Preschooler School-age
Housing	\$565	\$678	\$678	\$678	\$678	\$678	\$678	\$678
Child Care	\$0	\$536	\$1,012	\$893	\$357	\$476	\$1,012	\$893
Food	\$239	\$363	\$476	\$544	\$629	\$580	\$683	\$747
Transportation	\$271	\$279	\$279	\$279	\$279	\$529	\$529	\$529
Health Care	\$133	\$424	\$437	\$446	\$469	\$483	\$493	\$502
Miscellaneous	\$121	\$228	\$288	\$284	\$241	\$275	\$339	\$335
Taxes	\$195	\$346	\$459	\$436	\$270	\$382	\$506	\$495
Earned Income Tax Credit (-)	\$0	-\$71	-\$38	-\$58	-\$215	-\$47	\$0	-\$5
Child Care Tax Credit (-)	\$0	-\$65	-\$110	-\$115	-\$68	-\$58	-\$100	-\$100
Child Tax Credit (-)	\$0	-\$83	-\$167	-\$167	-\$167	-\$83	-\$167	-\$167
SELF-SUFFICIENCY WAGE								
HOURLY	\$8.65	\$14.96	\$18.83	\$18.29	\$14.05	\$9.13 per adult	\$11.29 per adult	\$11.10 per adult
MONTHLY	\$1,523	\$2,634	\$3,314	\$3,219	\$2,473	\$3,214	\$3,973	\$3,906
ANNUAL	\$18,275	\$31,604	\$39,765	\$38,624	\$29,677	\$38,570	\$47,675	\$46,871

Table 8  
The Self-Sufficiency Standard for Maricopa County, AZ 2012

MONTHLY COSTS	Adult	Adult + Preschooler	Adult + Infant Preschooler	Adult + Preschooler School-age	Adult + School-age Teenager	2 Adults + Infant	2 Adults+ Infant Preschooler	2 Adults + Preschooler School-age
Housing	\$722	\$871	\$871	\$871	\$871	\$871	\$871	\$871
Child Care	\$0	\$861	\$1,419	\$1,319	\$457	\$558	\$1,419	\$1,319
Food	\$255	\$388	\$510	\$582	\$674	\$620	\$731	\$799
Transportation	\$287	\$295	\$295	\$295	\$295	\$561	\$561	\$561
Health Care	\$127	\$394	\$408	\$417	\$439	\$453	\$464	\$472
Miscellaneous	\$139	\$281	\$350	\$348	\$274	\$306	\$405	\$402
Taxes	\$263	\$563	\$700	\$695	\$425	\$511	\$748	\$742
Earned Income Tax Credit (-)	\$0	\$0	\$0	\$0	-\$76	\$0	\$0	\$0
Child Care Tax Credit (-)	\$0	-\$53	-\$100	-\$100	-\$58	-\$50	-\$100	-\$100
Child Tax Credit (-)	\$0	-\$83	-\$167	-\$167	-\$167	-\$83	-\$167	-\$167
SELF-SUFFICIENCY WAGE								
HOURLY	\$10.19	\$19.99	\$24.35	\$24.20	\$17.81	\$10.65 per adult	\$14.01 per adult	\$13.92 per adult
MONTHLY	\$1,793	\$3,518	\$4,286	\$4,260	\$3,135	\$3,748	\$4,931	\$4,900
ANNUAL	\$21,512	\$42,214	\$51,434	\$51,115	\$37,614	\$44,976	\$59,178	\$58,798

Table 9  
The Self-Sufficiency Standard for Mohave County, AZ 2012

MONTHLY COSTS	Adult	Adult + Preschooler	Adult + Infant Preschooler	Adult + Preschooler School-age	Adult + School-age Teenager	2 Adults + Infant	2 Adults+ Infant Preschooler	2 Adults + Preschooler School-age
Housing	\$659	\$768	\$768	\$768	\$768	\$768	\$768	\$768
Child Care	\$0	\$536	\$1,012	\$893	\$357	\$476	\$1,012	\$893
Food	\$253	\$384	\$505	\$576	\$667	\$614	\$723	\$791
Transportation	\$271	\$279	\$279	\$279	\$279	\$529	\$529	\$529
Health Care	\$143	\$470	\$484	\$493	\$515	\$529	\$540	\$548
Miscellaneous	\$133	\$244	\$305	\$301	\$259	\$292	\$357	\$353
Taxes	\$233	\$411	\$525	\$510	\$331	\$441	\$560	\$545
Earned Income Tax Credit (-)	\$0	-\$24	\$0	\$0	-\$147	\$0	\$0	\$0
Child Care Tax Credit (-)	\$0	-\$60	-\$100	-\$105	-\$63	-\$53	-\$100	-\$100
Child Tax Credit (-)	\$0	-\$83	-\$167	-\$167	-\$167	-\$83	-\$167	-\$167
SELF-SUFFICIENCY WAGE								
HOURLY	\$9.61	\$16.61	\$20.51	\$20.15	\$15.91	\$9.98 per adult	\$11.99 per adult	\$11.82 per adult
MONTHLY	\$1,691	\$2,924	\$3,609	\$3,546	\$2,799	\$3,513	\$4,222	\$4,160
ANNUAL	\$20,287	\$35,084	\$43,313	\$42,556	\$33,593	\$42,151	\$50,662	\$49,925

Table 10  
The Self-Sufficiency Standard for Navajo County, AZ 2012

MONTHLY COSTS	Adult	Adult + Preschooler	Adult + Infant Preschooler	Adult + Preschooler School-age	Adult + School-age Teenager	2 Adults + Infant	2 Adults+ Infant Preschooler	2 Adults + Preschooler School-age
Housing	\$524	\$691	\$691	\$691	\$691	\$691	\$691	\$691
Child Care	\$0	\$611	\$1,169	\$946	\$335	\$558	\$1,169	\$946
Food	\$239	\$363	\$476	\$544	\$629	\$580	\$683	\$747
Transportation	\$271	\$279	\$279	\$279	\$279	\$529	\$529	\$529
Health Care	\$143	\$470	\$484	\$493	\$515	\$529	\$540	\$548
Miscellaneous	\$118	\$241	\$310	\$295	\$245	\$289	\$361	\$346
Taxes	\$191	\$411	\$556	\$504	\$294	\$445	\$593	\$542
Earned Income Tax Credit (-)	\$0	-\$30	\$0	-\$5	-\$198	-\$5	\$0	\$0
Child Care Tax Credit (-)	\$0	-\$63	-\$100	-\$105	-\$68	-\$53	-\$100	-\$100
Child Tax Credit (-)	\$0	-\$83	-\$167	-\$167	-\$167	-\$83	-\$167	-\$167
SELF-SUFFICIENCY WAGE								
HOURLY	\$8.43	\$16.42	\$21.01	\$19.74	\$14.52	\$9.88 per adult	\$12.21 per adult	\$11.60 per adult
MONTHLY	\$1,484	\$2,890	\$3,698	\$3,474	\$2,556	\$3,479	\$4,298	\$4,082
ANNUAL	\$17,813	\$34,680	\$44,376	\$41,685	\$30,671	\$41,752	\$51,579	\$48,984

Table 11  
The Self-Sufficiency Standard for Pima County, AZ 2012

MONTHLY COSTS	Adult	Adult + Preschooler	Adult + Infant Preschooler	Adult + Preschooler School-age	Adult + School-age Teenager	2 Adults + Infant	2 Adults+ Infant Preschooler	2 Adults + Preschooler School-age
Housing	\$670	\$860	\$860	\$860	\$860	\$860	\$860	\$860
Child Care	\$0	\$750	\$1,308	\$1,181	\$432	\$558	\$1,308	\$1,181
Food	\$230	\$349	\$458	\$523	\$605	\$558	\$657	\$718
Transportation	\$280	\$288	\$288	\$288	\$288	\$548	\$548	\$548
Health Care	\$122	\$372	\$386	\$395	\$417	\$431	\$441	\$450
Miscellaneous	\$130	\$262	\$330	\$325	\$260	\$295	\$381	\$376
Taxes	\$225	\$484	\$615	\$596	\$340	\$455	\$646	\$627
Earned Income Tax Credit (-)	\$0	\$0	\$0	\$0	-\$139	\$0	\$0	\$0
Child Care Tax Credit (-)	\$0	-\$58	-\$100	-\$100	-\$63	-\$53	-\$100	-\$100
Child Tax Credit (-)	\$0	-\$83	-\$167	-\$167	-\$167	-\$83	-\$167	-\$167
<b>SELF-SUFFICIENCY WAGE</b>								
HOURLY	\$9.41	\$18.32	\$22.60	\$22.17	\$16.10	\$10.14 per adult	\$13.00 per adult	\$12.77 per adult
MONTHLY	\$1,657	\$3,224	\$3,978	\$3,901	\$2,834	\$3,569	\$4,575	\$4,494
ANNUAL	\$19,878	\$38,688	\$47,731	\$46,813	\$34,008	\$42,833	\$54,900	\$53,928

Table 12  
The Self-Sufficiency Standard for Pinal County, AZ 2012

MONTHLY COSTS	Adult	Adult + Preschooler	Adult + Infant Preschooler	Adult + Preschooler School-age	Adult + School-age Teenager	2 Adults + Infant	2 Adults+ Infant Preschooler	2 Adults + Preschooler School-age
Housing	\$697	\$842	\$842	\$842	\$842	\$842	\$842	\$842
Child Care	\$0	\$893	\$1,562	\$1,283	\$391	\$669	\$1,562	\$1,283
Food	\$255	\$388	\$510	\$582	\$674	\$620	\$731	\$799
Transportation	\$279	\$286	\$286	\$286	\$286	\$545	\$545	\$545
Health Care	\$127	\$394	\$408	\$417	\$439	\$453	\$464	\$472
Miscellaneous	\$136	\$280	\$361	\$341	\$263	\$313	\$414	\$394
Taxes	\$252	\$561	\$737	\$669	\$373	\$534	\$782	\$713
Earned Income Tax Credit (-)	\$0	\$0	\$0	\$0	-\$122	\$0	\$0	\$0
Child Care Tax Credit (-)	\$0	-\$53	-\$100	-\$100	-\$63	-\$50	-\$100	-\$100
Child Tax Credit (-)	\$0	-\$83	-\$167	-\$167	-\$167	-\$83	-\$167	-\$167
<b>SELF-SUFFICIENCY WAGE</b>								
HOURLY	\$9.92	\$19.94	\$25.22	\$23.60	\$16.57	\$10.92 per adult	\$14.41 per adult	\$13.58 per adult
MONTHLY	\$1,745	\$3,509	\$4,439	\$4,153	\$2,916	\$3,843	\$5,072	\$4,781
ANNUAL	\$20,943	\$42,106	\$53,269	\$49,839	\$34,997	\$46,115	\$60,864	\$57,373

Table 13  
The Self-Sufficiency Standard for Santa Cruz County, AZ 2012

MONTHLY COSTS	Adult	Adult + Preschooler	Adult + Infant Preschooler	Adult + Preschooler School-age	Adult + School-age Teenager	2 Adults + Infant	2 Adults+ Infant Preschooler	2 Adults + Preschooler School-age
Housing	\$525	\$666	\$666	\$666	\$666	\$666	\$666	\$666
Child Care	\$0	\$598	\$1,156	\$966	\$368	\$558	\$1,156	\$966
Food	\$239	\$363	\$476	\$544	\$629	\$580	\$683	\$747
Transportation	\$274	\$282	\$282	\$282	\$282	\$536	\$536	\$536
Health Care	\$127	\$394	\$408	\$417	\$439	\$453	\$464	\$472
Miscellaneous	\$116	\$230	\$299	\$287	\$239	\$279	\$350	\$339
Taxes	\$188	\$364	\$518	\$467	\$274	\$410	\$558	\$519
Earned Income Tax Credit (-)	\$0	-\$62	\$0	-\$38	-\$222	-\$32	\$0	\$0
Child Care Tax Credit (-)	\$0	-\$65	-\$105	-\$110	-\$68	-\$55	-\$100	-\$100
Child Tax Credit (-)	\$0	-\$83	-\$167	-\$167	-\$167	-\$83	-\$167	-\$167
SELF-SUFFICIENCY WAGE								
HOURLY	\$8.35	\$15.27	\$20.08	\$18.83	\$13.87	\$9.41 per adult	\$11.78 per adult	\$11.30 per adult
MONTHLY	\$1,469	\$2,687	\$3,534	\$3,314	\$2,441	\$3,312	\$4,146	\$3,979
ANNUAL	\$17,630	\$32,244	\$42,406	\$39,770	\$29,295	\$39,749	\$49,756	\$47,742

Table 14  
The Self-Sufficiency Standard for Yavapai County, AZ 2012

MONTHLY COSTS	Adult	Adult + Preschooler	Adult + Infant Preschooler	Adult + Preschooler School-age	Adult + School-age Teenager	2 Adults + Infant	2 Adults+ Infant Preschooler	2 Adults + Preschooler School-age
Housing	\$632	\$798	\$798	\$798	\$798	\$798	\$798	\$798
Child Care	\$0	\$611	\$1,169	\$946	\$335	\$558	\$1,169	\$946
Food	\$225	\$342	\$449	\$513	\$594	\$547	\$644	\$704
Transportation	\$271	\$279	\$279	\$279	\$279	\$529	\$529	\$529
Health Care	\$143	\$470	\$484	\$493	\$515	\$529	\$540	\$548
Miscellaneous	\$127	\$250	\$318	\$303	\$252	\$296	\$368	\$352
Taxes	\$220	\$450	\$585	\$533	\$319	\$473	\$617	\$565
Earned Income Tax Credit (-)	\$0	-\$4	\$0	\$0	-\$170	\$0	\$0	\$0
Child Care Tax Credit (-)	\$0	-\$60	-\$100	-\$100	-\$65	-\$50	-\$100	-\$100
Child Tax Credit (-)	\$0	-\$83	-\$167	-\$167	-\$167	-\$83	-\$167	-\$167
SELF-SUFFICIENCY WAGE								
HOURLY	\$9.19	\$17.34	\$21.67	\$20.44	\$15.28	\$10.22 per adult	\$12.49 per adult	\$11.86 per adult
MONTHLY	\$1,618	\$3,052	\$3,814	\$3,597	\$2,690	\$3,597	\$4,397	\$4,176
ANNUAL	\$19,415	\$36,628	\$45,770	\$43,163	\$32,279	\$43,160	\$52,767	\$50,107

Table 15  
The Self-Sufficiency Standard for Yuma County, AZ 2012

MONTHLY COSTS	Adult	Adult + Preschooler	Adult + Infant Preschooler	Adult + Preschooler School-age	Adult + School-age Teenager	2 Adults + Infant	2 Adults+ Infant Preschooler	2 Adults + Preschooler School-age
Housing	\$613	\$732	\$732	\$732	\$732	\$732	\$732	\$732
Child Care	\$0	\$536	\$1,012	\$893	\$357	\$476	\$1,012	\$893
Food	\$254	\$386	\$507	\$578	\$669	\$616	\$726	\$794
Transportation	\$273	\$280	\$280	\$280	\$280	\$533	\$533	\$533
Health Care	\$133	\$424	\$437	\$446	\$469	\$483	\$493	\$502
Miscellaneous	\$127	\$236	\$297	\$293	\$251	\$284	\$350	\$345
Taxes	\$221	\$387	\$509	\$493	\$314	\$423	\$552	\$539
Earned Income Tax Credit (-)	\$0	-\$46	\$0	-\$14	-\$175	-\$19	\$0	\$0
Child Care Tax Credit (-)	\$0	-\$63	-\$105	-\$105	-\$65	-\$55	-\$100	-\$100
Child Tax Credit (-)	\$0	-\$83	-\$167	-\$167	-\$167	-\$83	-\$167	-\$167
<b>SELF-SUFFICIENCY WAGE</b>								
HOURLY	\$9.21	\$15.84	\$19.90	\$19.48	\$15.15	\$9.63 per adult	\$11.73 per adult	\$11.57 per adult
MONTHLY	\$1,620	\$2,788	\$3,502	\$3,429	\$2,666	\$3,389	\$4,130	\$4,071
ANNUAL	\$19,441	\$33,457	\$42,026	\$41,151	\$31,995	\$40,670	\$49,565	\$48,851



# Appendix E: Impact of Work Supports on Wage Adequacy

## Appendix E. Impact of Work Supports on Wage Adequacy One Adult, One Preschooler, and One School-age Child Pima County, AZ 2012

	#1	#2	#3	#4	#5
	Arizona 2012 Minimum Wage	Median Hourly Wage of Top Tucson Occupations			
		Child Care Workers	Nursing Aides Orderlies & Attendants	Secretaries & Administrative Assistants Except Legal Medical & Executive	Elementary School Teachers Except Special Education
<b>HOURLY WAGE:</b>	\$7.65	\$9.54	\$13.21	\$15.34	\$18.95
<b>TOTAL MONTHLY INCOME:</b>	\$1,346	\$1,679	\$2,325	\$2,700	\$3,335
<b>PANEL A: NO WORK SUPPORTS</b>					
<b>MONTHLY COSTS:</b>					
Housing	\$860	\$860	\$860	\$860	\$860
Child Care	\$1,181	\$1,181	\$1,181	\$1,181	\$1,181
Food	\$523	\$523	\$523	\$523	\$523
Transportation	\$288	\$288	\$288	\$288	\$288
Health Care	\$395	\$395	\$395	\$395	\$395
Miscellaneous	\$325	\$325	\$325	\$325	\$325
Taxes	\$106	\$129	\$247	\$315	\$463
Tax Credits (-) *	\$0	(\$0)	(\$65)	(\$102)	(\$197)
<b>TOTAL MONTHLY EXPENSES</b>	\$3,677	\$3,700	\$3,754	\$3,784	\$3,837
<b>SHORTFALL (-) OR SURPLUS</b>	(\$2,331)	(\$2,021)	(\$1,429)	(\$1,085)	(\$502)
<b>WAGE ADEQUACY Total Income/Total Expenses</b>	<b>37%</b>	<b>45%</b>	<b>62%</b>	<b>71%</b>	<b>87%</b>
<b>PANEL B: CHILD CARE ASSISTANCE</b>					
<b>MONTHLY COSTS:</b>					
Housing	\$860	\$860	\$860	\$860	\$860
Child Care	\$33	\$99	\$231	\$1,181	\$1,181
Food	\$523	\$523	\$523	\$523	\$523
Transportation	\$288	\$288	\$288	\$288	\$288
Health Care	\$395	\$395	\$395	\$395	\$395
Miscellaneous	\$325	\$325	\$325	\$325	\$325
Taxes	\$106	\$129	\$247	\$315	\$463
Tax Credits (-) *	\$0	(\$0)	(\$65)	(\$102)	(\$197)
<b>TOTAL MONTHLY EXPENSES</b>	\$2,529	\$2,618	\$2,803	\$3,784	\$3,837
<b>SHORTFALL (-) OR SURPLUS</b>	(\$1,182)	(\$939)	(\$478)	(\$1,085)	(\$502)
<b>WAGE ADEQUACY Total Income/Total Expenses</b>	<b>53%</b>	<b>64%</b>	<b>83%</b>	<b>71%</b>	<b>87%</b>
<b>ANNUAL REFUNDABLE TAX CREDITS*:</b>					
Annual Federal EITC	\$5,236	\$4,592	\$2,960	\$2,012	\$406
Annual Federal CTC	\$1,974	\$2,000	\$2,000	\$2,000	\$952

\* The Standard shows all 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 portion of the Child Tax Credit (which is a credit against federal taxes) is shown as available to offset monthly costs, and the refundable portion is 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.  
Sources: U.S. Department of Labor, Bureau of Labor Statistics, "May 2011 Occupational Employment and Wage Estimates: Tucson, AZ," Occupational Employment Statistics, <http://www.bls.gov/oes/> (accessed April 3, 2012). U.S. Department of Labor, Bureau of Labor Statistics, "West Region All Items, 1982-84=100 - CUURA101SA0," Consumer Price Index, <http://data.bls.gov/cgi-bin/surveymost?cu> (accessed April 3, 2012).

Table E-1 *Continued* . Impact of Work Supports on Wage Adequacy  
 One Adult, One Preschooler, and One School-age Child  
 Pima County, AZ 2012

	#1	#2	#3	#4	#5
	Arizona 2012 Minimum Wage	Median Hourly Wage of Top Tucson Occupations			
		Child Care Workers	Nursing Aides Orderlies & Attendants	Secretaries & Administrative Assistants Except Legal Medical & Executive	Elementary School Teachers Except Special Education
HOURLY WAGE:	\$7.65	\$9.54	\$13.21	\$15.34	\$18.95
TOTAL MONTHLY INCOME:	\$1,346	\$1,679	\$2,325	\$2,700	\$3,335
<b>PANEL C: CHILD CARE, SNAP/ WIC*, &amp; KIDSCARE (CHIP)</b>					
MONTHLY COSTS:					
Housing	\$860	\$860	\$860	\$860	\$860
Child Care	\$33	\$99	\$231	\$1,181	\$1,181
Food	\$100	\$190	\$481	\$481	\$523
Transportation	\$288	\$288	\$288	\$288	\$288
Health Care	\$137	\$137	\$137	\$182	\$395
Miscellaneous	\$325	\$325	\$325	\$325	\$325
Taxes	\$106	\$129	\$247	\$315	\$463
Tax Credits (-) *	\$0	(\$0)	(\$65)	(\$102)	(\$197)
TOTAL MONTHLY EXPENSES	\$1,849	\$2,028	\$2,503	\$3,530	\$3,837
SHORTFALL (-) OR SURPLUS	(\$502)	(\$349)	(\$178)	(\$830)	(\$502)
WAGE ADEQUACY Total Income/Total Expenses	73%	83%	93%	76%	87%
<b>PANEL D: HOUSING, CHILD CARE, SNAP/ WIC*, &amp; KIDSCARE (CHIP)</b>					
MONTHLY COSTS:					
Housing	\$404	\$504	\$697	\$810	\$860
Child Care	\$33	\$99	\$231	\$1,181	\$1,181
Food	\$100	\$190	\$481	\$481	\$523
Transportation	\$288	\$288	\$288	\$288	\$288
Health Care	\$137	\$137	\$137	\$182	\$395
Miscellaneous	\$325	\$325	\$325	\$325	\$325
Taxes	\$106	\$129	\$247	\$315	\$463
Tax Credits (-) *	\$0	(\$0)	(\$65)	(\$102)	(\$197)
TOTAL MONTHLY EXPENSES	\$1,393	\$1,672	\$2,341	\$3,480	\$3,837
SHORTFALL (-) OR SURPLUS	(\$46)	\$8	(\$16)	(\$780)	(\$502)
WAGE ADEQUACY Total Income/Total Expenses	97%	100%	99%	78%	87%
<b>ANNUAL REFUNDABLE TAX CREDITS*:</b>					
Annual Federal EITC	\$5,236	\$4,592	\$2,960	\$2,012	\$406
Annual Federal CTC	\$1,974	\$2,000	\$2,000	\$2,000	\$952

\* The Standard shows all 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 portion of the Child Tax Credit (which is a credit against federal taxes) is shown as available to offset monthly costs, and the refundable portion is 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.

Sources: U.S. Department of Labor, Bureau of Labor Statistics, "May 2011 Occupational Employment and Wage Estimates: Tucson, AZ," Occupational Employment Statistics, <http://www.bls.gov/oes/> (accessed April 3, 2012). U.S. Department of Labor, Bureau of Labor Statistics, "West Region All Items, 1982-84=100 - CUJRA101SA0," Consumer Price Index, <http://data.bls.gov/cgi-bin/surveymost?cu> (accessed April 3, 2012).

## 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.

