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# Overlooked and Undercounted 2018

## Technical Brief

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# About Overlooked and Undercounted

To develop strategies to ensure New York City households reach economic security requires data that defines how much is enough and which households are struggling. This brief series reveals the “overlooked and undercounted” of New York City, describing which families are struggling to make ends meet. This analysis is based on the Self-Sufficiency Standard, a realistic, geographically specific, and family composition-specific measure of income adequacy, and thus a more accurate alternative to the official poverty measure. Over the last 22 years, calculation of the Self-Sufficiency Standard has documented the continuing increase in the real cost of living, illuminating the economic crunch experienced by so many families today.

The Self-Sufficiency Standard was first calculated in 1996 by Diana Pearce and was originally designed to measure progress of workforce program participants towards the goal of economic self-sufficiency. Since then, it has been used in a wide variety of settings, to evaluate programs, analyze policy impacts, guide clients’ career choices, provide expert testimony in court cases and legislative initiatives, and to document the nature and extent of true poverty. The Standard has now been calculated in 41 states plus the District of Columbia and is housed at the University of Washington’s Center for Women’s Welfare.

In 2000, Merble Reagon, Executive Director at the Women’s Center for Education and Career Advancement (Women’s Center), initiated the development of the first New York City Self-Sufficiency Standard report, after realizing that the thousands of women they had trained and placed in jobs, were not earning enough to sustain their families’ basic needs. To keep the issues and facts at the forefront of the public policy discussion, under Merble’s initiative, the Women’s Center arranged for the updates of The Self-Sufficiency Standard for New York City in 2004, 2010, and 2014. This series of briefs updates the 2014 report, *Overlooked and Undercounted: The Struggle to Make Ends Meet in New York City*.

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.

**Explore Online.** All briefs in this series are available online, along with interactive maps, dashboards, and a data file of tables by borough. Explore more at [www.unitedwaynyc.org/self-sufficiency-2018](http://www.unitedwaynyc.org/self-sufficiency-2018).

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## Technical Brief (Overlooked and Undercounted 2018 Series)

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# Assumptions and Data Sources for the 2018 New York City Standard

*The Self-Sufficiency Standard for 2018* defines the amount of income necessary to meet the basic needs of 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). This methodology report explains the assumptions and data sources used to calculate *The Self-Sufficiency Standard for 2018*.

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
- Geographically and age specific

Costs that vary substantially by place, such as housing and child care, are calculated at the most geographically specific level for which data are 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 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.

Each cost component in the Standard is first calculated as a monthly cost. Adults are assumed to work full time. 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 (eight hours per day for 22 days) to obtain the hourly wage and multiplying by 12 months per year to obtain the annual wage. These numbers are divided by two if there are two adults.

The Self-Sufficiency Standard differentiates costs by the number of adults plus the number and age of children in a family. The four ages of children typically in the Standard are: (1) infants—0 through 2 years old (meaning 0 through 35 months), (2) preschoolers—3 through 5 years old, (3) school-age children—6 through 12 years old, and (4) teenagers—13 through 17 years old. However, due to the new universal pre-kindergarten program in New York City, four- and five-year-olds have child care costs closer to school-age children. Thus, in New York City, preschoolers include just 3-year-olds while the definition of school-age starts at 4-years-old.

The 2018 edition of the Self-Sufficiency Standard is calculated for over 700 family types. The family types include all one, two, and three adult families

with zero to six children and range from a single adult with no children, to one adult with one infant, one adult with one preschooler, and so forth, up to three-adult families with six teenagers. Additional Standards are calculated based on a weighted average cost per child for families with one, two, and three adults with seven to ten children and families with four to ten adults with zero to ten children.<sup>1</sup>

All adults in one- and two-adult households are working full time. For households with more than two adults, it is assumed that all adults beyond two are non-working dependents of the first two working adults, as household composition analysis has shown that a substantial proportion of additional adults are under 25, often completing school, unemployed, or underemployed.<sup>2</sup> The main effect of this assumption is that the costs for these adults do not include transportation (but do include all other costs such as food, housing, health care, and miscellaneous).

The cost components of *The Self-Sufficiency Standard for New York City 2018* and the assumptions included in the calculations are described below.

## HOUSING

The Standard uses the most recent fiscal year Fair Market Rents (FMRs), calculated annually by the U.S. Department of Housing and Urban Development (HUD), to calculate housing costs for each state's metropolitan and non-metropolitan areas, and are used to determine the level of rent for those receiving housing assistance through the Housing Choice Voucher Program. Section 8(c)(1) of the United States Housing Act of 1937 (USHA) requires the Secretary to publish Fair Market Rents periodically, but not less than annually, to be effective on October 1 of each year. Housing costs in the 2018 Self-Sufficiency Standard are calculated using the FY2018 HUD Fair Market Rents.

The FMRs are based on data from the 1-year and 5-year American Community Survey, and are updated for inflation using the Consumer Price Index. The survey samples renters who have rented their unit within the last two years, excluding those in 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>3</sup>

The FMRs are calculated for Metropolitan Statistical Areas (MSAs), HUD Metro FMR Areas (HMFAs), and non-metropolitan counties. HUD now also calculates Small Area Fair Market Rents (SAFMRs) for zip codes, using five year data. The term MSA is used for all metropolitan areas. HUD calculates one set of FMRs for an entire metropolitan area. Because HUD only calculates one set of FMRs for each of these metropolitan areas, we used HUD's SAFMRs to create county variation to adjust the metropolitan FMR. A Census zip code to county relationship file was used to weight SAFMR by county and by MSA.

In addition, housing costs in Manhattan (New York County) and Brooklyn (Kings County) are further adjusted for substantial variation within these boroughs. The 2014 New York City Housing and Vacancy Survey median gross rents for sub-boroughs within Manhattan were used to adjust housing costs for what is referred to as "North Manhattan" and "South Manhattan" in this report. Note that these areas do not necessarily align with the commonly understood geographic boundaries of Lower and Upper Manhattan. The two areas were determined by grouping together sub-boroughs with similar housing costs. The traditional border of 14th Street for Lower Manhattan left out high housing cost areas such as Chelsea, Clinton, Turtle Bay, and the Upper East and Upper West Side.

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

- Northwest Brooklyn includes the following sub-boroughs: Williamsburg/Greenpoint, Brooklyn Heights/Fort Greene, and Park Slope/Carroll Gardens. The sub-boroughs included in the remainder of Brooklyn include: Brownsville/Ocean Hill, Bedford-Stuyvesant, East New York/Starrett City, Coney Island, North Crown Heights/Prospect Heights, Flatlands/Canarsie, East Flatbush, South Crown Heights, Sheepshead Bay/Gravesend, Bensonhurst, Bushwick, Bay Ridge, Sunset Park, Borough Park, and Flatbush.

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, families with three or four children require three bedrooms, and families with five or six children require four 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: FY2018 Fair Market Rents for Existing Housing," Data Sets, Fair Market Rents, <http://www.huduser.org/portal/datasets/fmr.html> (accessed September 19, 2017).

*County Index:* U.S. Department of Housing and Urban Development, "FY2018 Small Area FMRs (Based on Final FY2018 Metropolitan FMRs)," Datasets, Fair Market Rents, <https://www.huduser.gov/portal/datasets/fmr/smallarea/index.html> (accessed September 19, 2017).

*Population Weights:* U.S. Census Bureau, "2010 ZCTA to County Relationship File," Geography, Maps and Data, [https://www.census.gov/geo/maps-data/data/zcta\\_rel\\_download.html](https://www.census.gov/geo/maps-data/data/zcta_rel_download.html) (accessed March 17, 2016).

United States Census, "2014 New York City Housing and Vacancy Survey." <https://www.census.gov/programs-surveys/nychvs.html> (accessed September 19, 2017).

[gov/programs-surveys/nychvs.html](https://www.census.gov/programs-surveys/nychvs.html) (accessed September 19, 2017).

### 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 or education and training. States were also required to conduct cost surveys biannually to determine the market rate (defined as the 75th percentile) by facility type, age, and geographical location or set a statewide rate.<sup>4</sup> The Child Care and Development Block Grant (CCDBG) Act of 2014 reaffirms that the 75th percentile is an important benchmark for gauging equal access. The CCDBG Act requires states to conduct a market rate survey every three years for setting payment rates. Thus, the Standard assumes child care costs at the 75th percentile, unless the state sets a higher definition of market rate.

Rates are updated for inflation from the data collection period using the Consumer Price Index. Infant and preschooler costs are calculated assuming full-time care and costs for school-age children are calculated using part-time rates during the school year and full-time care during the summer. Costs were calculated based on the current weighted average of family child care and center child care for each age group. Forty-three percent of infants are in family child care and 57% are in child care centers. These proportions are 26% and 74% respectively, for preschoolers, and 46% and 54% for school-age children.<sup>5</sup>

Since one of the basic assumptions of the Standard is that it provides the cost of meeting needs without public or private subsidies, the "private subsidy" of free or low-cost child care provided by older children, relatives, and others is not assumed.

### Data Sources

*Inflation:* U.S. Department of Labor, Bureau of Labor Statistics, "Consumer Price Index—All Urban Consumers," Child care and nursery school in U.S. city average, Series ID CUUR0000SEEB03, <https://data.bls.gov/cgi-bin/srgate> (accessed December 4, 2017).

*Child Care Rates:* Craig Sunke, New York State Office of Child and Family Services, email response to Freedom of Information Law request, November 17, 2017.

## 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>6</sup>

The Low-Cost Food Plan costs approximately 25% more 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. That is, the Low-Cost Food Plan (as well as the Thrifty 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 44% of their food budget on food prepared away from home.<sup>7</sup> That is, it covers groceries only.

The USDA Low-Cost Food Plan costs vary by month and the USDA does not give an annual average food cost; therefore, the Standard follows the SNAP protocol of using June data of the current year to represent the annual average. The Standard for 2018 uses data for June 2017.

Both the Low-Cost Food Plan and the Standard's budget calculations vary food costs by the number and ages of children and the number and gender of adults. The Standard assumes that a single-person household is one adult male, while the single-parent household is one adult female. A two-adult household is assumed to include one adult male and one adult female. Additional adults (greater than two) are calculated using an average of the cost for an adult male and an adult female.

Geographic differences in food costs within states are varied using Map the Meal Gap data provided by Feeding America. To establish a relative price index that allows for comparability between counties, Nielsen assigns every sale of UPC-coded food items in a county to one of the 26 food categories in the USDA Thrifty Food Plan (TFP). The cost to purchase a market basket of these 26 categories is then calculated for each county. Due to a small sample size, counties with a population less than 20,000 have their costs imputed by averaging them with those of the surrounding counties.<sup>8</sup> A county index is calculated by comparing the county market basket price to the statewide average cost of food. The county index is used to geographically vary the Low-Cost Food Plan.

### 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 2017," <http://www.cnpp.usda.gov/sites/default/files/CostofFoodJun2017.pdf> (accessed August 2, 2017).

*County Index:* Craig Gundersen, Adam Dewey, Amy Crumbaugh, Michael Kato, and Emily Engelhard, Feeding America 2017, "Map the Meal Gap 2017: A Report on County and Congressional District Food Insecurity and County Food Cost in the United States in 2015," received from [research@feedingamerica.org](mailto:research@feedingamerica.org) (May 22, 2017).

## 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 general public uses public transportation, then approximately 30% of the low- and moderate-income population use public transit.<sup>9</sup> The Standard assumes private transportation (a car) in counties where less than 7% of workers commute within county by public transportation. In New York

City, more than 7% of the working population over 16 in all boroughs uses public transportation for commuting according to the American Community Survey.

For public transit users, the most appropriate local transit pass, usually a 30 day or monthly unlimited ride pass, is added for each working adult. The cost of public transportation is obtained from the Metropolitan Transit Authority and is calculated using the cost of a 30-day unlimited ride MetroCard.

#### Data Sources:

*Public Transportation Use:* U.S. Census Bureau, "Table B08101: Means of Transportation to Work," 2011-2015 American Community Survey 5-Year Estimates, Detailed Tables, <http://www.factfinder.census.gov> (accessed October 20, 2017).

*Public Transit Costs:* MTA, "Fares & MetroCard," <http://web.mta.info/metrocard/mcgtreng.htm#unlimited> (accessed November 1, 2017).

## HEALTH CARE

The Standard assumes that an integral part of a Self-Sufficiency Wage is employer-sponsored health insurance for workers and their families. Nationally 64% of the population have employer sponsored health insurance.<sup>10</sup> The full-time worker's employer pays an average of 78% of the insurance premium for the employee and 72% of the insurance premium for the family.<sup>11</sup>

Health care premiums are obtained from the 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. The premium costs are then adjusted for inflation using the Medical Care Services Consumer Price Index.

As a result of the Affordable Care Act, companies can only set rates based on established rating areas. To vary the state premium by county, the Standard creates county ratios using rates for the

second-lowest cost Silver plan (excluding health savings accounts) available through either the state health insurance marketplace or the federal marketplace.

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

Although the Standard assumes employer-sponsored health coverage, not all workers have access to affordable health insurance coverage through employers. Those who do not have access to affordable health insurance through their employers, and who are not eligible for the expanded Medicaid program, must purchase their own coverage individually or through the federal marketplace.

#### Data Sources

*Inflation:* U.S. Department of Labor, Bureau of Labor Statistics, "Consumer Price Index – All Urban Consumers, U.S. City Average," Medical Care Services (for premiums) and Medical Services (for out-of-pocket costs), <http://www.bls.gov/cpi/> (accessed December 4, 2017).

*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 Types of Service, 2014," MEPSnetHC, [http://www.meps.ahrq.gov/mepsweb/data\\_stats/MEPSnetHC.jsp](http://www.meps.ahrq.gov/mepsweb/data_stats/MEPSnetHC.jsp) (accessed December 11, 2017).

*Premiums:* U.S. Department of Health and Human Services, Agency for Healthcare Research and Quality, Center for Financing, Access, and Cost Trends, "Tables II.C.2 and II.D.2: Average Total Employee Contribution (in Dollars) per Enrolled Employee for Single/Family Coverage at Private-Sector Establishments that Offer Health Insurance

by Firm Size and State, United States, 2016," Medical Expenditure Panel Survey-Insurance Component, [http://meps.ahrq.gov/mepsweb/data\\_stats/quick\\_tables.jsp](http://meps.ahrq.gov/mepsweb/data_stats/quick_tables.jsp) (accessed October 28, 2017).

*County Index:* New York State Department of Health, "Health Marketplace," <https://nystateofhealth.ny.gov/individual> (accessed September 11, 2017).

## MISCELLANEOUS

This expense category consists of all other essentials including such items as clothing, shoes, paper products, diapers, nonprescription medicines, cleaning products, household items, personal hygiene items, and telephone, cable and internet 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>12</sup>

## FEDERAL TAXES AND TAX CREDITS

Taxes calculated in the Standard include federal and state income tax, payroll taxes, and state and local sales tax where applicable. Note that the 2018 Standard reflects the federal tax code changes signed into law December of 2017. The main implications for federal tax calculations in the Standard include the elimination of personal exemptions, the doubling of the standard deduction, and an increase in the Child Tax Credit.

The first two adults in a family are assumed to be a married couple and taxes are calculated for the whole household together (i.e., as a family).

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. For the Standard, the CTC is shown as received monthly.

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. Up to \$3,000 in child care costs are deductible for one qualifying child and up to \$6,000 for two or more qualifying children.

The Child Tax Credit (CTC) is like the EITC in that it is a refundable federal tax credit. Under the new tax bill for 2018, the CTC provides parents with a nonrefundable credit up \$2,000 for each child under 17 years old and up to \$1,400 as a refundable credit. For the Standard, the CTC is shown as received monthly.

### Data Sources

*Federal Income Tax:* Internal Revenue Service, "1040 Instructions," <http://www.irs.gov/pub/irs-pdf/i1040gi.pdf> (accessed January 31, 2017). Internal Revenue Service, Revenue Procedure 2017-58, <https://www.irs.gov/pub/irs-drop/rp-17-58.pdf> (accessed December 6, 2017). H.R.1, 115th Congress, "An Act to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018," <https://www.congress.gov/bill/115th-congress/house-bill/1/text> <https://www.congress.gov/bill/115th-congress/house-bill/1/text> (accessed December 22, 2017).

*Federal Child Care Tax Credit:* Internal Revenue Service, "Publication 503. Child and Dependent Care Expenses," <http://www.irs.gov/pub/irs-pdf/p503.pdf> (accessed January 31, 2017).

*Federal Child Tax Credit:* Internal Revenue Service, "Publication 972. Child Tax Credit," <http://www.irs.gov/pub/irs-pdf/p972.pdf> (accessed January 31, 2017). H.R.1, 115th Congress, "An Act to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018," <https://www.congress.gov/bill/115th-congress/house-bill/1/text> <https://www.congress.gov/bill/115th-congress/house-bill/1/text> (accessed December 22, 2017).

*Federal Earned Income Tax Credit:* Internal Revenue Service, "Publication 596. Earned Income Credit," <http://www.irs.gov/pub/irs-pdf/p596.pdf> (accessed January 31, 2017).

*Federal Tax Credits (General):* Internal Revenue Service, Revenue Procedure 2017-58, <https://www.irs.gov/pub/irs-drop/rp-17-58.pdf> (accessed December 6, 2017).

## STATE (AND LOCAL) TAXES AND TAX CREDITS

State taxes calculated in the Standard include income tax, payroll taxes, and state and local sales tax where applicable. State sales taxes are assumed to apply to the miscellaneous amount plus food where it is taxed.

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.

If the state has an EITC, child tax credit, child care tax credit, or similar family or low-income credit, it is included in the tax calculations. Renter's credits and other tax credits that would be applicable to the population as a whole are included as well.

In New York City income tax rates vary from 2.907% to 3.648% depending on income and filing status. New York State income tax rates range from 4% to 6.65% depending on income level and filing status. The total sales tax rate for New York is 8.49%. 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 as a cost of owning and running a car.

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

New York State has a state CCTC that is 20% to 35% of the federal CCTC, depending on income. New York City has a city CCTC that is up to 75% of the state CCTC, depending on income.

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

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

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

### Data Sources

New York State Department of Taxation and Finance, "Instructions for Form IT-201, Full Year Resident Income Tax Form Return," [https://www.tax.ny.gov/pdf/2017/inc/it201i\\_2017.pdf](https://www.tax.ny.gov/pdf/2017/inc/it201i_2017.pdf) (accessed January 19, 2018).

## EMERGENCY SAVINGS FUND

The Self-Sufficiency Standards are basic needs, no-frills budgets created for all family types in each county or equivalent in a given state. As such, the Standard does not allow for anything extra beyond daily needs, such as retirement savings, education expenses, or emergencies. Of course, without question families need more resources if they are to maintain economic security and be able to weather any unexpected income loss. Therefore, the Self-Sufficiency Standard now includes the calculation of the most universal of economic security needs after basic needs are met at the Self-Sufficiency Standard level—that of savings for emergencies.

The emergency savings amount is calculated to make up for the earnings of one adult becoming unemployed over the average job loss period, less the amount expected to be received in unemployment benefits. In two-adult households, it is assumed that the second adult continues to be employed, so that the savings only need to cover half of the family's basic living expenses over the job loss period.

To determine the amount of resources needed, this estimate uses the average period of unemployment in the state and assumes that the minimal cost of basic needs that must be met will stay the same, i.e., the family's Self-Sufficiency Standard. Since the monthly emergency savings contribution requires additional earnings, the estimate includes the calculation of taxes and tax credits of current earnings (at the Self-Sufficiency Standard level). Savings are assumed to have accumulated based on average savings account interest rates.

The emergency savings calculation is based on all current expenses in the Self-Sufficiency Standard.<sup>13</sup> The adult may not be commuting to work five days a week; however the overall transportation expenses may not change significantly. A weekly shopping trip is still a necessity, as is driving young children to child care. Actively seeking employment requires being available for job interviews, attending job fairs, and engaging in networking opportunities, in addition to the time spent looking for and applying for positions. Therefore, saving enough to cover the cost of continuing child care if unemployed is important for supporting active job seeking as well

as the benefit of keeping children in their normal routine during a time of crisis.

In addition to the income needed to cover the costs of housing, food, child care and transportation, families need health insurance. The Self-Sufficiency Standard assumes that adults work full time and in jobs that provide employer-sponsored health insurance. In households with two adults, it is assumed that if one adult loses employment the spouse's health insurance will provide coverage for the entire family at no additional cost. In a one-adult household, it is assumed coverage will be provided through the state-operated Affordable Insurance Exchanges under the Patient Protection and Affordable Care Act, at approximately the same cost as when employed.<sup>14</sup> In some cases, children, or the whole family, may be covered under state Medicaid or the Children Health Insurance Program, depending upon income, resources, and eligibility requirements in effect at the time, which would decrease health care costs below these estimates.<sup>15</sup>

#### Data Sources

*Job Tenure:* U.S. Census Bureau, Current Population Survey, "Median Years of Tenure with Current Employer, all workers," <http://dataferrett.census.gov/> (accessed November 6, 2017).

*Unemployment Duration:* U.S. Department of Labor, Employment and Training Administration, "Unemployment Insurance Data Summary," <http://www.workforcesecurity.doleta.gov/unemploy/content/data.asp> (accessed November 6, 2017).

*Savings Rate:* Federal Deposit Insurance Corporation. "Weekly National Rates" <http://www.fdic.gov/regulations/resources/rates/previous.html> (accessed November 6, 2017).

*Unemployment benefits:* New York State Department of Labor, "Unemployment Insurance: A Claimant Handbook," <https://labor.ny.gov/formsdocs/ui/TC318.3e.pdf> (accessed November 6, 2017).

# Demographic Methodology

## Data and Sample

This study uses data from the 2016 1-Year American Community Survey by the U.S. Census Bureau. The American Community Survey (ACS) replaced the long form in the 2010 Census. The ACS publishes social, housing, and economic characteristics for demographic groups covering a broad spectrum of geographic areas with populations of 65,000 or more in the United States and Puerto Rico.

The 2016 Public Use Microdata Sample (PUMS) is a set of data files that contains records of a one-percent sample of all housing units surveyed. For determining the PUMS sample size, the size of the housing unit universe is the ACS estimate of the total number of housing units. Nationally, the 2016 PUMS data set contains a one-percent sample size of 1,372,564 housing unit records; in New York, the 2016 ACS one-percent sample size is 82,317 housing units (representing a housing unit estimate of 8,232,039 New York state households).<sup>16</sup>

The most detailed geographic level in the ACS available to the public with records at the household and individual level is the Public Use Micro Data Sample Areas (PUMAs), which are special, non-overlapping areas that partition a state. Each PUMA, drawn using the 2010 Census population count, contains a population of about 100,000. New York City, which has five counties partitioned into 55 PUMAs, with 2016 ACS estimates reported for each.

Since the Self-Sufficiency Standard assumes that all adult household members work, the population sample in this report includes only those households in which there is at least one adult of age 18-64 without a work-limiting disability.

Adults are identified as having a work-limiting disability if they are disabled and receive Supplemental Security Income or Social Security income, or if they are disabled and are not in the labor force. Thus, although the ACS sample includes households that have disabled or elderly members, this report excludes elderly adults and adults with work-limiting disabilities and their income when determining household composition and income. Households defined as “group quarters” are also excluded from the analysis.

In total, 2,257,674 non-disabled, non-elderly households are included in this demographic study of New York City.

## Measures Used: Household Income, Census Poverty Threshold, and the Self-Sufficiency Standard

**Income.** Income is determined by calculating the total income of each person in the household, excluding seniors and disabled adults. Income includes money received during the preceding 12 months by non-disabled/non-elderly adult household members (or children) from: wages or salary; farm and non-farm self-employment; Social Security or railroad payments; interest on savings or bonds, dividends, income from estates or trusts, and net rental income; veterans’ payments or unemployment and worker’s compensation; public assistance or welfare payments; private pensions or government employee pensions; alimony and child support; regular contributions from people not living in the household; and other periodic income. It is assumed that all income in a household is equally available to pay all expenses.

Not included in income are: capital gains; money received from the sale of property; the value of in-kind income such as food stamps or public housing subsidies; tax refunds; money borrowed; or gifts or lump-sum inheritances. The Employment Cost Index from the United States Department of Labor Bureau of Labor Statistics is used to inflate 2016 income in the American Community Survey.

**The Poverty Threshold.** This study uses the 2017 U.S. Census Bureau poverty thresholds, which vary by family composition (number of adults and number of children) but not place, with each household coded with its appropriate poverty threshold.

**The Self-Sufficiency Standard.** The Self-Sufficiency Standard for New York City 2018 was used as the income benchmark for the Overlooked and Undercounted brief series.

Households are categorized by whether household income is (1) below the poverty threshold as well as below the Self-Sufficiency Standard, (2) above the poverty threshold but below the Standard, or (3) above the Standard. Households whose income is below the Self-Sufficiency Standard are designated as having “insufficient” or “inadequate” income.

## Overlooked and Undercounted 2018

The *Overlooked and Undercounted 2018* findings are explored through a series of research briefs. The series contains six briefs plus key findings, recommendations, and a technical brief, along with interactive maps, dashboards, and a data file of tables by borough. The following briefs, key findings, and more can be explored online at [www.unitedwaynyc.org/self-sufficiency-2018](http://www.unitedwaynyc.org/self-sufficiency-2018).

1. Defining Self-Sufficiency in New York City
2. A City Evolving: How Making Ends Meet has Changed in New York City
3. Race, Ethnicity, and Citizenship: The Impact on Making Ends Meet in New York City
4. Gender and Family Structure: The Impact on Making Ends Meet in New York City
5. Employment, Occupations, and Wages: The Impact on Making Ends Meet in New York City
6. Work Supports: The Impact on Making Ends Meet in New York City

# Endnotes

1. The Standard was originally designed to provide calculations for 70 family configurations, which includes all one- and two-adult families with zero to three children (in four different age groups).
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4. U.S. Government Printing Office, "Section 9. Child Care," 108th Congress 2004 House Ways and Means Committee Green Book, <http://www.gpo.gov/fdsys/pkg/GPO-CPRT-108WPRT108-6/pdf/GPO-CPRT-108WPRT108-6-2-9.pdf> (accessed June 7, 2014).
5. U.S. Census Bureau, Survey of Income and Program Participation (SIPP), 2008 Panel, Wave 8. "Who's Minding the Kids? Child Care Arrangements: Spring 2011," <http://www.census.gov/hhes/childcare/data/sipp/index.html> (accessed August 25, 2015).
6. 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 2017," <http://www.cnpp.usda.gov/sites/default/files/CostofFoodJun2017.pdf> (accessed August 2, 2017).
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8. Craig Gundersen, Adam Dewey, Amy Crumbaugh, Michael Kato, and Emily Engelhard, Feeding America 2017, "Map the Meal Gap 2017: A Report on County and Congressional District Food Insecurity and County Food Cost in the United States in 2015," received from [research@feedingamerica.org](mailto:research@feedingamerica.org) (May 22, 2017).
9. Chris Porter and Elizabeth Deakin, "Socioeconomic and Journey-to-Work Data: A Compendium for the 35 Largest U.S. Metropolitan Areas," (Berkeley: Institute of Urban and Regional Development, University of California, 1995).
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11. 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: United States, 2016," Medical Expenditure Panel Survey-Insurance Component, [http://www.meps.ahrq.gov/mepsweb/data\\_stats/quick\\_tables\\_results.jsp?component=2&subcomponent=2&year=2016&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=2016&tableSeries=2&tableSubSeries=CDE&searchText=&searchMethod=1&Action=Search) (accessed January 30, 2018).
12. Constance F. Citro and Robert T. Michael, eds., *Measuring Poverty: A New Approach* (Washington, DC: National Academy Press, 1995), <http://www.census.gov/hhes/povmeas/methodology/nas/report.html> (accessed June 7, 2014).
13. This amount excludes taxes and tax credits (which are in the Standard), as the family would be living on savings, on which taxes and tax credits have already been paid when earned, as described above.
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The conclusion and opinions contained within this brief do not necessarily reflect the opinion of those listed above, WCECA, or United Way of New York City. Any mistakes are the author's responsibility.

## About the Author

Diana M. Pearce, PhD is on faculty at the School of Social Work, University of Washington in Seattle, Washington, and is Director of the Center for Women's Welfare. Recognized for coining the phrase "the feminization of poverty," Dr. Pearce founded and directed the Women and Poverty Project at Wider Opportunities for Women (WOW). She has written and spoken widely on women's poverty and economic inequality, including testimony before Congress and the President's Working Group on Welfare Reform. While at WOW, Dr. Pearce conceived and developed the methodology for the Self-Sufficiency Standard and first published results in 1996 for Iowa and California. Her areas of expertise include low-wage and part-time employment, unemployment insurance, homelessness, and welfare reform as they impact women. Dr. Pearce has helped found and lead several coalitions, including the Women, Work and Welfare Coalition and the Women and Job Training Coalition. She received her PhD degree in Sociology and Social Work from the University of Michigan.

## About the Center for Women's Welfare

The Center for Women's Welfare at the University of Washington School of Social Work is devoted to furthering the goal of economic justice for women and their families. Under the direction of Dr. Diana Pearce, the Center focuses on the development of the Self-Sufficiency Standard and related measures, calculations, and analysis. For more information about the Center call (206) 685-5264. This report as well as all other state reports, and all Self-Sufficiency Standard datasets, can be found at [www.selfsufficiencystandard.org](http://www.selfsufficiencystandard.org).



Women's Center for Education  
and Career Advancement

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**UNITED WAY OF NEW YORK CITY** United Way of New York City (UWNYC) fights for the self-sufficiency of every low-income New Yorker by taking on the toughest challenges and creating new solutions to old problems. We win by helping families shift from barely surviving to thriving. We unite by mobilizing the best ideas, relevant data, internal and external experts, and resources—from money to manpower. UWNYC maximizes impact by coordinating and aligning organizations, companies, local government, and New Yorkers to help families eliminate tough choices and live better while making ends meet. To learn more, visit: [unitedwaynyc.org](http://unitedwaynyc.org).



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