Technical Brief

The Family Needs Calculator for California 2021

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PREFACE

This technical brief outlines the methodology, assumptions, and data sources in The Self-Sufficiency Standard, known as the *Family Needs Calculator for California 2021*. This measure calculates how much income a family must earn to meet basic needs, with the amount varying by family composition and county. *The Family Needs Calculator for California 2021* is the ninth calculation of the Self-Sufficiency Standard data. The Standard for California has been previously published in 1996, 2000, 2003, 2008, 2011, 2014, 2018, and 2020. *The Family Needs Calculator for California 2021* is a tool that can be used in a variety of ways—by clients of workforce and training programs seeking paths to self-sufficiency, by program managers evaluating program effectiveness, and by policymakers and legislators seeking to ensure that basic needs are affordable for California families. Over the past 24 years the Standard has been calculated for 41 states as well as the District of Columbia and New York City. Its use has transformed the way policies and programs for low-income workers are structured and has contributed to a greater understanding of what it takes to have adequate income to meet one's basic needs in the United States.

The Self-Sufficiency Standard was originally developed by Dr. Diana Pearce while she was the Director of the Women and Poverty Project at Wider Opportunities for Women. Recognized for coining the phrase "the feminization of poverty," 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. The Ford Foundation provided funding for the Standard's original development.

This technical brief for *The Family Needs Calculator for California 2021* was produced by the Center for Women's Welfare at the University of Washington with the cooperation of staff at the Insight Center for Community Economic Development. This report, plus tables providing county-specific information for over 700 family types, is available at http://selfsufficiencystandard.org/california or https://insightcced.org/.

For further information about the Self-Sufficiency Standard project, including the latest reports, data, and related publications please visit www.selfsufficiencystandard.org or contact Self-Sufficiency Standard lead researcher, Annie Kucklick, at (206) 685-5264/akuckl@uw.edu.

METHODOLOGY AND DATA SOURCES FOR THE FAMILY NEEDS CALCULATOR

The Self-Sufficiency Standard for California 2021, known as the Family Needs Calculator in California, defines the amount of income necessary to meet the basic needs of California 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 Family Needs Calculator for California 2021*.

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 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 (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 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 Family Needs Calculator 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, or Family Needs Calculator, 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 Family Needs Calculator assumes adults work eight 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 to obtain the annual wage.

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 in the Standard are: (1) infants—0 to 2 years old (meaning 0 through 35 months), (2) preschoolers—3 to 5 years old, (3) school-age children—6 to 12 years old, and (4) teenagers—13 to 18 years old.

The 2021 edition of the California Family Needs Calculator 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. Additionally, 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.[1]

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.[2] 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 Family Needs Calculator for California 2021* and the assumptions included in the calculations are described below.

HOUSING

The Calculator 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 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 (FMRs) periodically, but not less than annually, to be effective on October 1 of each year. Housing costs in the California Self-Sufficiency Standard are calculated using the FY 2021 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 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.[3] All of California's FMRs are set at the 40th percentile except those in the San Diego-Carlsbad, CA MSA, which are set at the 50th percentile.

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. HUD calculates one set of FMRs for an entire metropolitan area. In California there are five MSAs with more than one county sharing the same FMR: Oakland-Fremont, CA HUD Metro FMR Area; Riverside-San Bernardino-Ontario, CA MSA; Sacramento-Roseville-Arden-Arcade, CA HUD Metro FMR Area; San Francisco, CA HUD Metro FMR Area; and the Yuba City, CA MSA. Because HUD only calculates one set of FMRs for each of these metropolitan areas, we used HUD's Small Area Fair Market Rents (SAFMR) 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.

To determine the number of bedrooms required for a family, the Standard, or Family Needs Calculator, 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.

New Rent and Utilities Estimate. For the first time, the housing costs in the Family Needs Calculator for California separate out the proportions applied to rent and utilities. As HUD calculates the FMR based on ***gross rents*** which include both the contract rent amount and any utilites paid, the rent and utility estimate was calculated by replicating HUD's definition of Standard Quality units in the American Community Survey Public Use Microdata Sample (PUMS).

"Standard Quality" units and rents are determined by limiting the full American Community Survey (ACS) sample to responses meeting the following criteria:

1. Occupied rental units paying cash rent
2. Specified renter – on 10 acres or less
3. With full plumbing
4. With full kitchen
5. Not constructed in the last 2 years from the survey date
6. Meals not included in rent
7. Above HUD's Public Housing Cut-Off Rent

After limiting the dataset to Standard Quality units, a county utility ratio was calculated by comparing contract rent to gross rent.

DATA SOURCES

Housing Cost. U.S. Department of Housing and Urban Development, "County Level Data", Dataset, Fair Market Rents, 2021 Data, http:/www.huduser.org/portal/datasets/fmr.html (accessed October 1, 2020).

County-Level Housing Costs. U.S. Department of Housing and Urban Development, "Small Area FMRs", Dataset, Fair Market Rents, 2021 Data, http:/www.huduser.org/portal/datasets/fmr.html (accessed October 1, 2020).

Population Weights. U.S. Census Bureau, "2010 ZCTA to County Relationship File," Geography, Maps and Data, https://www.census.gov/geographies/reference-files/time-series/geo/relationship-files.html (accessed October 1, 2020).

Rent and Utility Ratio. U.S. Census Bureau, 2014-2018 5-Year American Community Survey Public Use Microdata Sample, California Housing Record File.

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.[4] 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. In California, the state had historically set the market rate at the 85th percentile and the Standard has continued to use the 85th percentile in California. Data for California child care costs are from the California Department of Education.

Child care rates at the 85th percentile are provided in the 2018 data for both center and family child care by county. Rates were updated for inflation using the Consumer Price Index. For the 2021 California Family Needs Calculator, infant and preschooler costs were calculated assuming full-time care and costs for school-age children were calculated using part-time rates during the school year and full-time care during the summer. Costs were calculated based on a weighted average of family child care and center child care: 43% 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.[5]

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. Rates are updated for inflation from the data collection period using the Consumer Price Index.

DATA SOURCES

Child Care Rates. California Department of Education, "2018 Regional Market Rate Survey of California Child Care Providers," https://www.cde.ca.gov/fg/aa/cd/regionalmarketratesurvey.asp (accessed September 12, 2020).

Inflation. U.S. Department of Labor, Bureau of Labor Statistics, " Child care and nursery school in U.S. city average, all urban consumers, not seasonally adjusted," CUUR0000SEEB03, https://data.bls.gov/cgi-bin/srgate (accessed September 1, 2020).

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.[6]

The Low-Cost Food Plan costs 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. For instance, the Low-Cost Food Plan also 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.[7]

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.

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 California 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. Because not all stores are sampled, low-population counties could result in an inaccurate representation of the cost of food. For this reason, counties with a population less than 20,000 have their costs imputed by averaging them with those of the surrounding counties.[8]

A county index is calculated by comparing the county market basket price to the national average cost of food. The county index is applied to 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 2020," https://fns-prod.azureedge.net/sites/default/files/media/file/CostofFoodJun2020.pdf (accessed August 12, 2020).

County Index. C.A. Dewey, M. Kato, A. Crumbaugh & M. Strayer. Map the Meal Gap 2020: A Report on County and Congressional District Food Insecurity and County Food Cost in the United States in 2018. Feeding America, 2020, received from research@ feedingamerica.org (September 4, 2020).

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.[9] The Standard assumes private transportation (a car) in counties where less than 7% of workers commute within county by public transportation. For California, the Standard examined 2013-2017 American Community Survey 5-Year estimates to calculate the percentage of the county population that commutes within county by public transportation. While three counties have rates of use among commuters that meet the 7% threshold (Alameda, Mono, and San Francisco), only Alameda and San Francisco are calculated using public transportation costs in the Standard. In Mono County, the public transportation commuters represents around 800 workers, as it is a mountain resort county, and the bus service provides only a single stop in each town. Thus, private transportation is assumed for Mono County.

In Alameda County each adult is assumed to purchase a monthly unlimited Transbay pass, and in San Fransisco County, each adult is assumed to purchase a monthly Muni "A" pass providing unlimited rides on all Muni and BART services within San Francisco.

Private Transportation. For private transportation, the Standard assumes that adults need a car to get to 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 for commuting 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 2017 National Household Travel Survey (NHTS). The California statewide average round trip commute to work distance is 25 miles.

In California, the average expenditure for auto insurance was $80 per month in 2017 based on data from the National Association of Insurance Commissioners (NAIC). Regional variation in the cost of auto insurance for the California Standard is calculated using rates gleaned from personal communication with The Zebra, from The Zebra's State of Auto Insurance Report.

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 2018 Consumer Expenditure Survey data for families with incomes between the 20th and 40th percentile living in the Census West region of the United States. 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, "Table B08101: Means of Transportation to Work, "2013- 2017 American Community Survey 5-year estimates, Detailed Tables, http://www.data.census.gov (accessed September 15, 2020).

Public Transportation Costs. Alameda-Contra Costa Transit District, "Fares and Clipper," http://www.actransit.org/rider-info/fares-tickets-passes/ (accessed September 1, 2020). San Francisco Municipal Transportation Agency, "Monthly Passes," https://www.sfmta.com/getting-around/

transit/fares-passes/monthly-passes#aboutpasses (accessed September 1, 2020).

Auto Insurance Premium. National Association of Insurance Commissioners, "Average Expenditures for Auto insurance by State, 2013-2017," Insurance Information Institute, https://www.iii.org/fact-statistic/facts-statistics-auto-insurance (accessed September 22, 2020).

Fixed Auto Costs. Calculated 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 2018, CE Databases, http:/data.bls.gov/pdq/querytooljsp?survey=cx (accessed October 2, 2020).

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://data.bls.gov/cgi-bin/ surveymost?cu (accessed September 22, 2020).

Per-Mile Costs. American Automobile Association, "Your Driving Costs: How Much are you Really Paying to Drive?" 2019 edition, AAA Association Communication, https://www.aaa.com/AAA/common/AAr/files/ AAA-Your-Driving-Costs.pdf (accessed September 19, 2020).

County Index. Personal Communication, Nicole Beck, TheZebra.com, October 10, 2019.

HEALTH CARE

The Standard or Family Needs Calculator assumes that an integral part of a Self-Sufficiency wage is employer-sponsored health insurance for workers and their families. In California, 62% of non-elderly individuals in households with at least one full-time worker have employer-sponsored health insurance (nationally 64% have employer sponsored health insurance).[10] The full-time worker's employer pays an average of 81% of the insurance premium for the employee and 71% for the family in California. Nationally, the employer pays 78% of the insurance premium for the employee and 72% of the insurance premium for the family.[11]

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 insurance premiums are the statewide average employee-contribution 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. In California, there are 19 rating areas based on county groupings.[12] To vary the state premium by the California rating areas, the Standard uses rates for the second lowest cost Silver plan (excluding HSAs) available through the state marketplace. The state-level MEPS average premium is adjusted with the index created from the county-specific premium rates.

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

Although the Standard or Calculator 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. Medicaid programs in California, such as Children's Health Insurance Program (CHIP), have no cost sharing requirements.

DATA SOURCES

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, 2019," Medical Expenditure Panel Survey-Insurance Component, http://meps.ahrq.gov/mepsweb/data_stats/quick_tables.jsp (accessed September 28, 2020).

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, 2015" MePSnethC, http:/www.meps.ahrq.gov/mepsweb/data_stats/ MePSnethC.jsp (accessed September 19, 2020).

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 October 1, 2020).

County Index. Centers for Medicare and Medicaid Services, "California Geographic Rating Areas," https://www.cms.gov/CCIIO/Programs-and-Initiatives/Health-Insurance-Market-Reforms/ca-gra. Covered California, "Shop and Compare," https://apply.coveredca.com/lw-shopandcompare/ (accessed October 1, 2020).

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.[13]

FEDERAL TAXES

Federal taxes calculated in the Standard or Calculator include income tax and payroll taxes. 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), with additional adults counted as additional (adult) tax exemptions.

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.

The Calculator 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 Family Needs Calculator.

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.

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. Since 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 Tax Updates (2020). Internal Revenue Service, Revenue Procedure 2019-44, https://www.irs.gov/pub/irs-drop/rp-19-44.pdf. Bloomberg Tax & Accounting, "2021 Projected U.S. Tax Rates" https://assets.bbhub.io/bna/sites/9/2020/09/2021-Projected-Tax-Rates.pdf (accessed September 11, 2020).

Federal Income Tax. Internal Revenue Service, "1040 Instructions," http:/ www.irs. gov/pub/irs-pdf/i1040gi.pdf (accessed November 6, 2019).

Federal Child Tax Credit. Internal Revenue Service, "Publication 972. Child Tax Credit," http:/www.irs.gov/ pub/irs-pdf/p972.pdf (accessed November 6, 2019).

Federal Earned Income Tax Credit. Internal Revenue Service, "Publication 596. Earned Income Credit," http:/www.irs.gov/pub/irs-pdf/p596.pdf (accessed November 6, 2019).

STATE TAXES

State taxes calculated in the Standard include income tax, payroll taxes, and state and local sales tax where applicable.

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.

DATA SOURCES

Sales Tax. State of California Franchise Tax Board, "Personal Income Tax Booklet," https://www.ftb.ca.gov/forms/2019/2019-540-booklet.html#Instructions-for-Form-540 (accessed September 19, 2020).

EMERGENCY SAVINGS FUND

The Self-Sufficiency Standards are basic needs, no-frills budgets created for all family types in each county or town in a given state. As such, the Standard does not allow for anything extra beyond daily needs, such as saving for retirement, 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. Since the median length of job tenure among California workers is five years, it is assumed that workers save for job loss over the course of five years.

To determine the amount of resources needed, this estimate uses the average period of unemployment 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 Family Needs Calculator or Self-Sufficiency Standard.[14] 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 Calculator 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.[15] 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.[16]

DATA SOURCES

Job Tenure. U.S. Census Bureau, Current Population Survey, "California: Median years of tenure with current employer, all workers" http://data.census.gov/ (accessed September 12, 2020).

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 September 12, 2020).

Unemployment Insurance. California Employment Development Department, "Unemployment Insurance," https://edd.ca.gov/unemployment/ (accessed September 12, 2020).

Savings Rate. Federal Deposit Insurance Corporation. "Weekly National Rates," http://www.fdic.gov/regulations/resources/rates/previous.html (accessed April 19, 2018).

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).

2. Diana Pearce and Rachel Cassidy, "Overlooked and Undercounted: A New Perspective on the Struggle to Make Ends Meet in California," Seattle: University of Washington (2003), http://www.insightcced.org/past-archives/publication-registration/registration-page-summary-of-hightlights-overlooked-undercounted-a-perspective-on-the-struggle-to-make-ends-meet-in-california/ (accessed July 28, 2016).

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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 and related measures, calculations, and analysis. 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, including online calculators, to assess and establish income adequacy and benefit eligibility;
- develop programs and policies that strengthen public investment in low-income women and families.

Learn more about the Center and the Self-Sufficiency Standard research project at www.selfsufficiencystandard.org.

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Center for Women's Welfare
...advancing economic justice through research and the Self-Sufficiency Standard

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THE INSIGHT CENTER FOR COMMUNITY ECONOMIC DEVELOPMENT

Formerly NEDLC, located in Oakland, California, is a national research, consulting, and legal organization dedicated to building economic health and opportunity in low-income communities. The Insight Center was one of four organizations that launched the Family Economic Self-Sufficiency Project, an innovative, nation-wide effort to gain support for proven strategies to help low-income families reach economic self-sufficiency. The Self-Sufficiency Standard and the Elder Economic Security Standard Index, a county-and-family specific measure of the costs for retired adults 65+ years, are the primary organizing tools for these initiatives, which include over 400 advocates, service providers, public agencies, policymakers, funders, and grassroots groups committed to building economic security for families, seniors, and the communities in which they live. For more information, call (510) 251-2600 or visit www.insightcced.org.

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