

The Self-Sufficiency Standard for Colorado

Presented by

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The Standard for Colorado 2018

- The Self-Sufficiency Standard: a Refresher
- Results #1: What is the Standard for 2018, how does it Vary Across Colorado, change over time, and how Work Supports help achieve self-sufficiency
- Results #2: Getting to Self-Sufficiency Using Three Economic Security Pathways (ESPs), Education, Stable Housing, Retirement
- Results #3: How many Coloradans fall below the Self-Sufficiency Standard, and their characteristics - a demographic analysis

The Self-Sufficiency Standard: A Refresher

The Standard is an alternative measure of income adequacy to the official poverty measure - which has become out of date and suffers from several problems:

- It is too low
- It does not vary by place or age of child
- It does not reflect the realities facing families today.

The Self-Sufficiency Standard Is based on a basic needs budget, with amounts for each item set by what the government has determined is adequate for those receiving assistance. There are six basic items:

- Housing
- Child Care
- Food
- Health Care
- Transportation
- Miscellaneous (clothing, toiletries, etc.)

Note: We also include Taxes/Tax Credits

Each Budget Item is Varied by :

Family Composition

- Varies by number of adults and age of children, for a total of 719 family types.



Place

Costs vary by where one lives: Manhattan, KA vs. Manhattan, NYC



Budget Exercise for Denver

MONTHLY COST	1 ADULT + 1 PRESCHOOLER + 1 SCHOOLAGE
Housing	
Child Care	
Food	
Transportation	
Health Care	
Miscellaneous	
Taxes and Tax Credits	
TOTAL	
Monthly Income	
Annual Wage	
Hourly Wage	

*Assumes the net effect of taxes and tax credits. Tax Credits include the Earned Income Tax Credit, the Child Care Tax Credit, the Child Tax Credit. All tax credits are assumed to be received monthly.

Budget Exercise for Denver

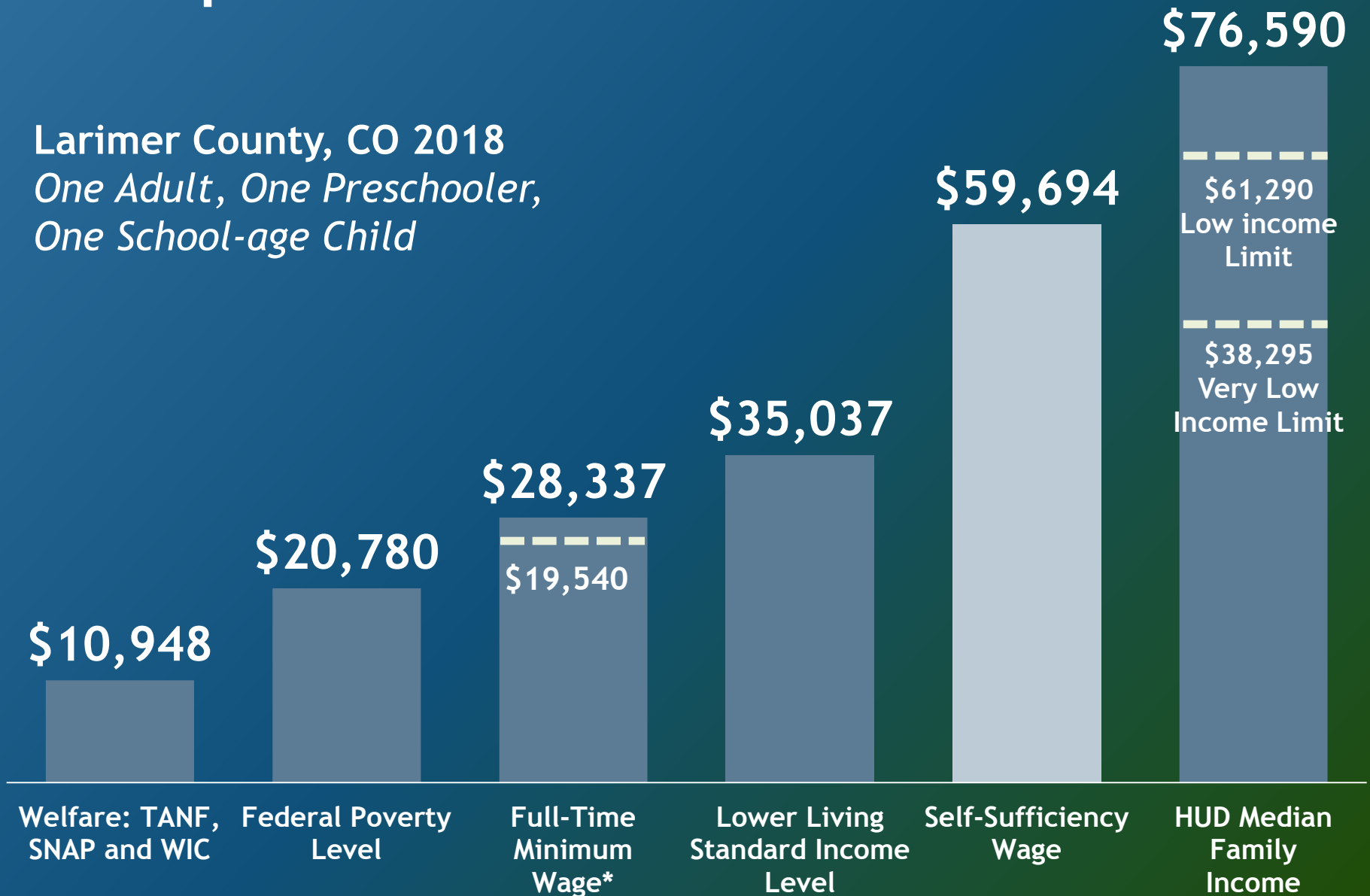
MONTHLY COST	1 ADULT +
	1 PRESCHOOLER + 1 SCHOOLAGE
Housing	\$1,346
Child Care	\$1,833
Food	\$642
Transportation	\$171
Health Care	\$399
Miscellaneous	\$439
Taxes and Tax Credits	\$647
TOTAL	
Monthly Income	\$5,477
Annual Wage	\$65,727
Hourly Wage	\$31.12

*Assumes the net effect of taxes and tax credits. Tax Credits include the Earned Income Tax Credit, the Child Care Tax Credit, the Child Tax Credit. All tax credits are assumed to be received monthly.

The Self-Sufficiency Standard for Colorado 2018

How Does the Self-Sufficiency Standard Compare to Other Benchmarks?

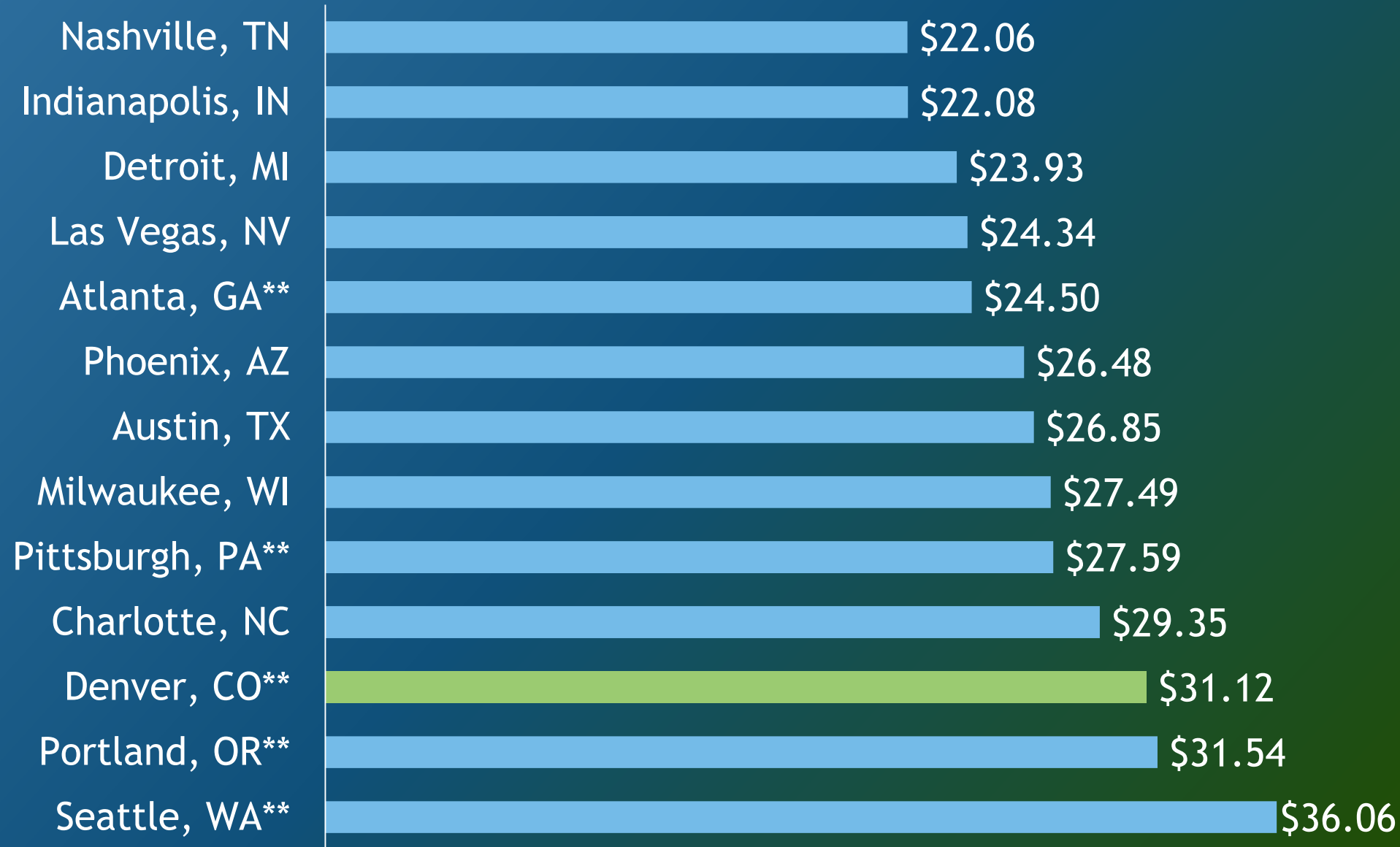
Larimer County, CO 2018
*One Adult, One Preschooler,
One School-age Child*



How Do Costs in Colorado Compare?

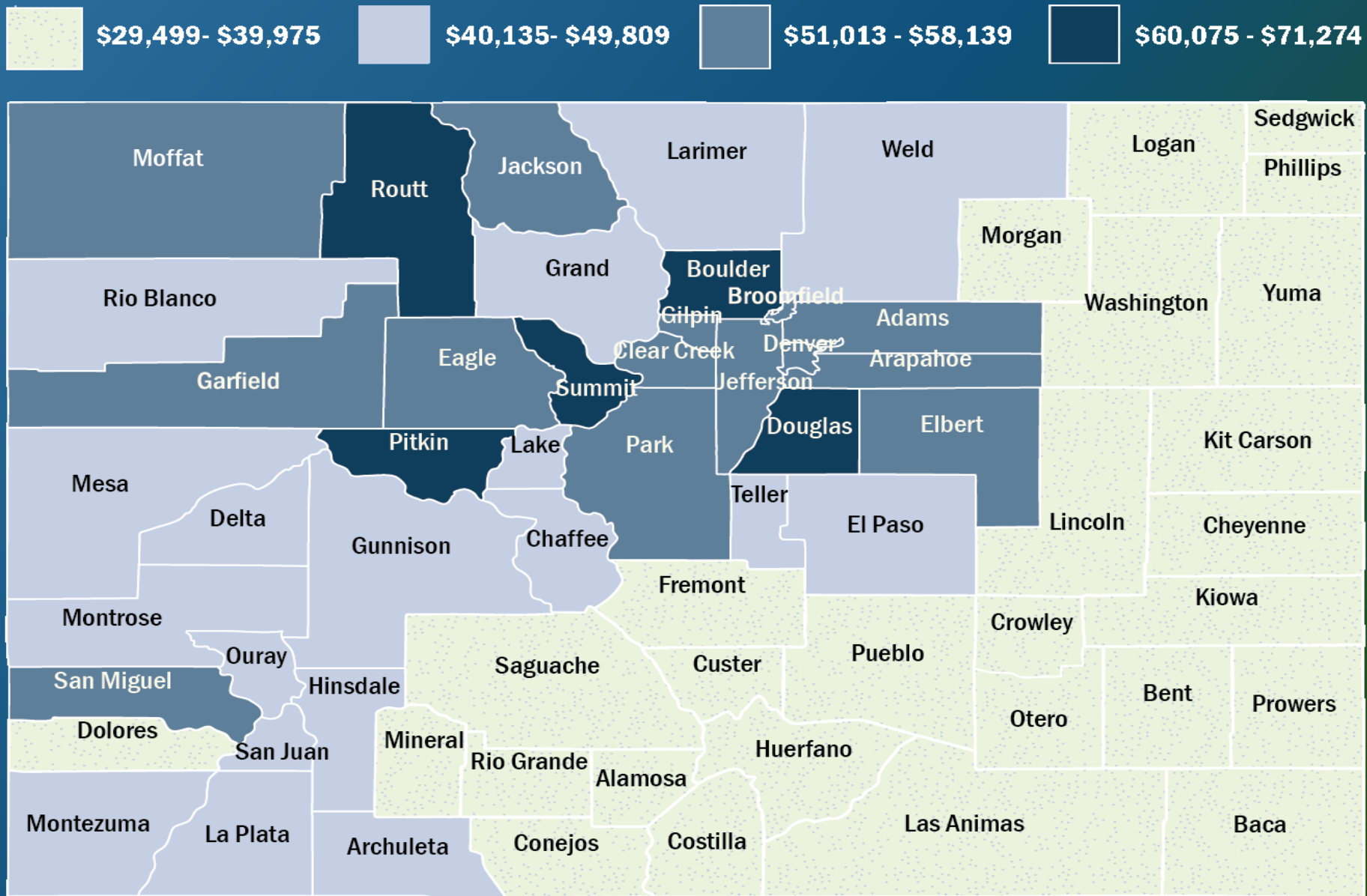
Denver Compared to Other U.S. Cities, 2018

One Adult, One Preschooler, One School-age Child

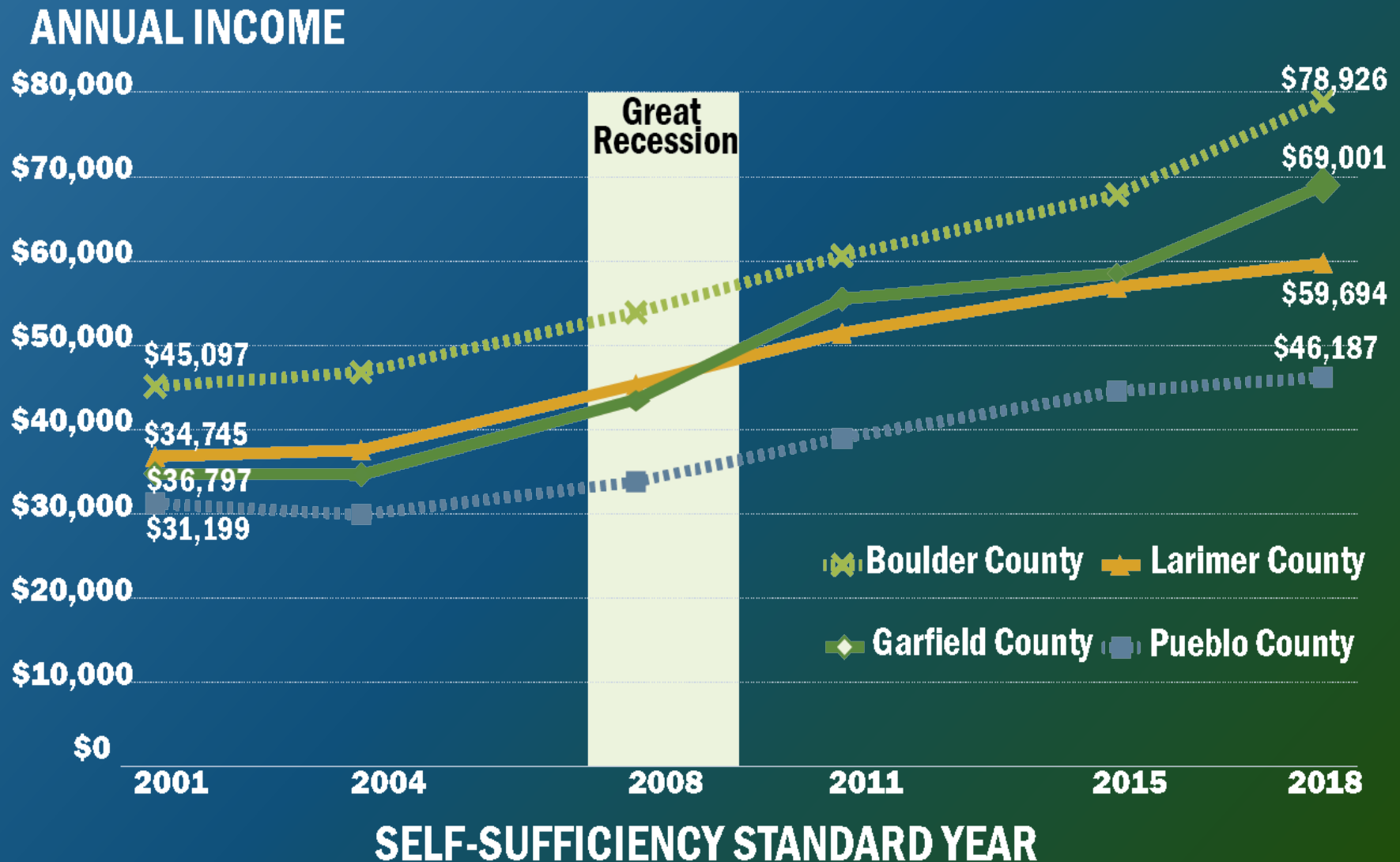


How Does The SSS Vary Across Colorado?

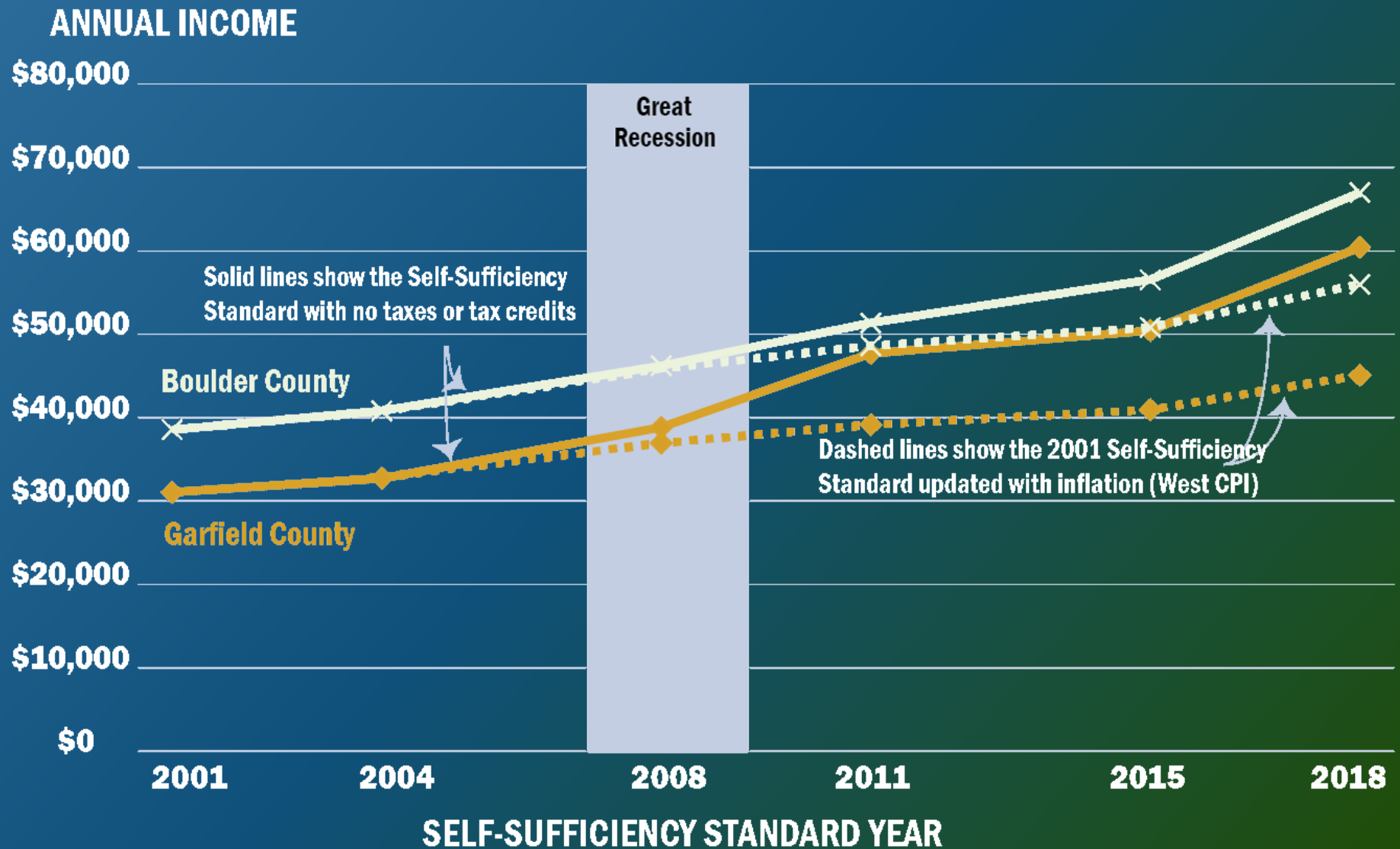
The Self-Sufficiency Standard For One Adult And One Preschooler, 2018



The SSS Increases Throughout Colorado 2001-2018 ...Even Through The Great Recession

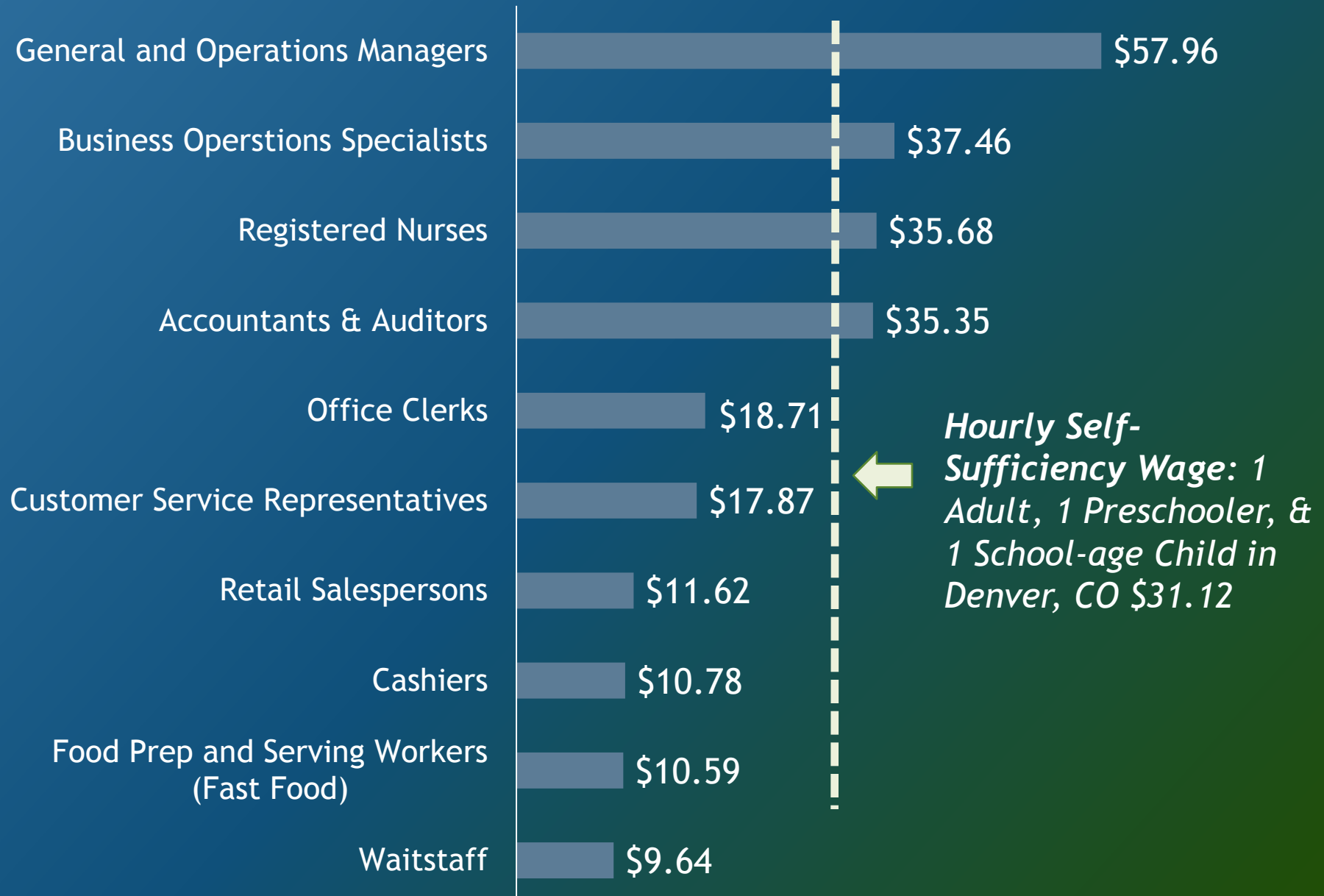


Official CPI Inflation Underestimates the Real Rise in Cost of Living



How Do Colorado's Top 10 Jobs Compare?

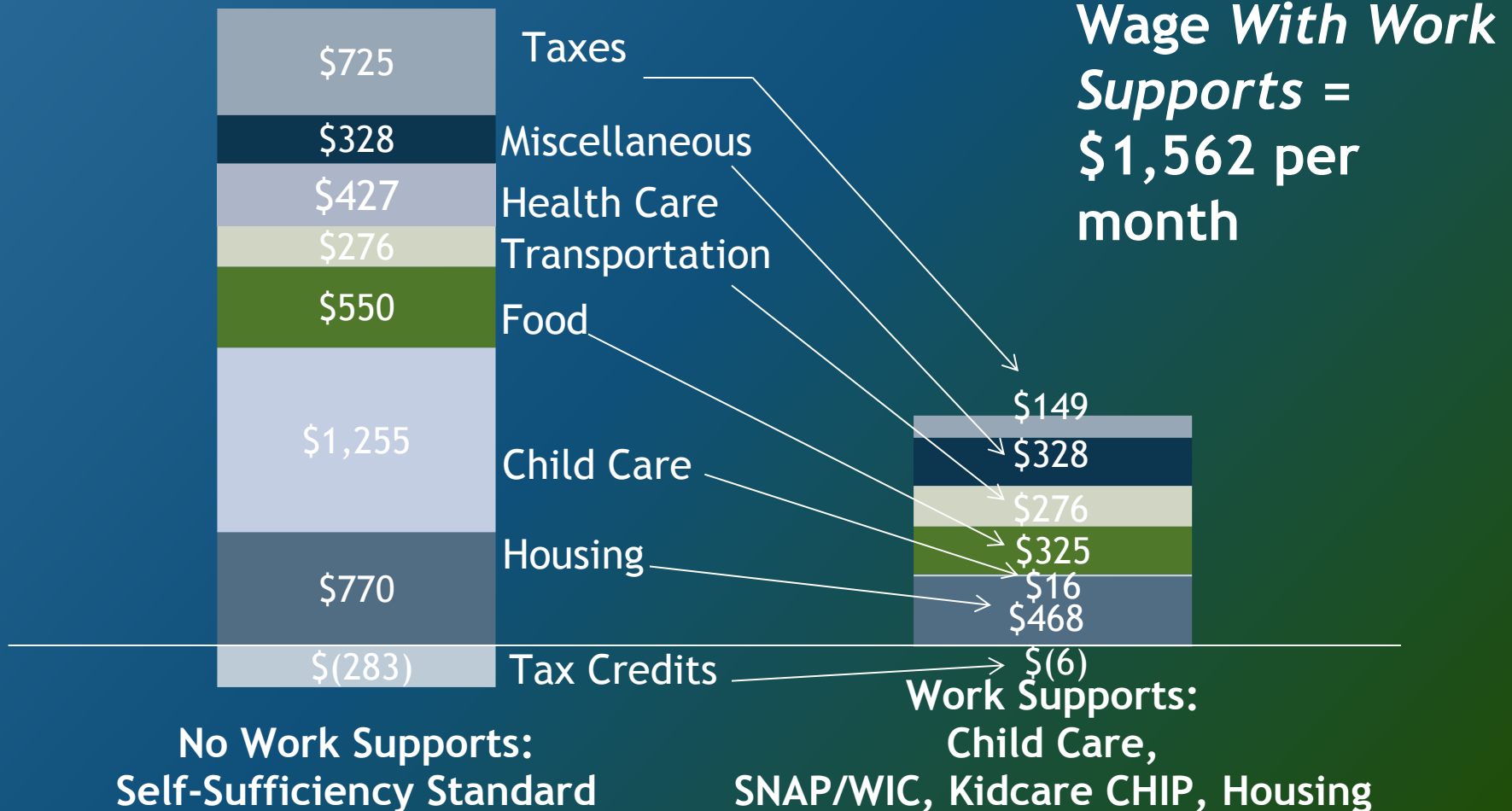
The Standard Compared to Median Wages of Colorado's Ten Largest Occupations



The Impact of Work Supports

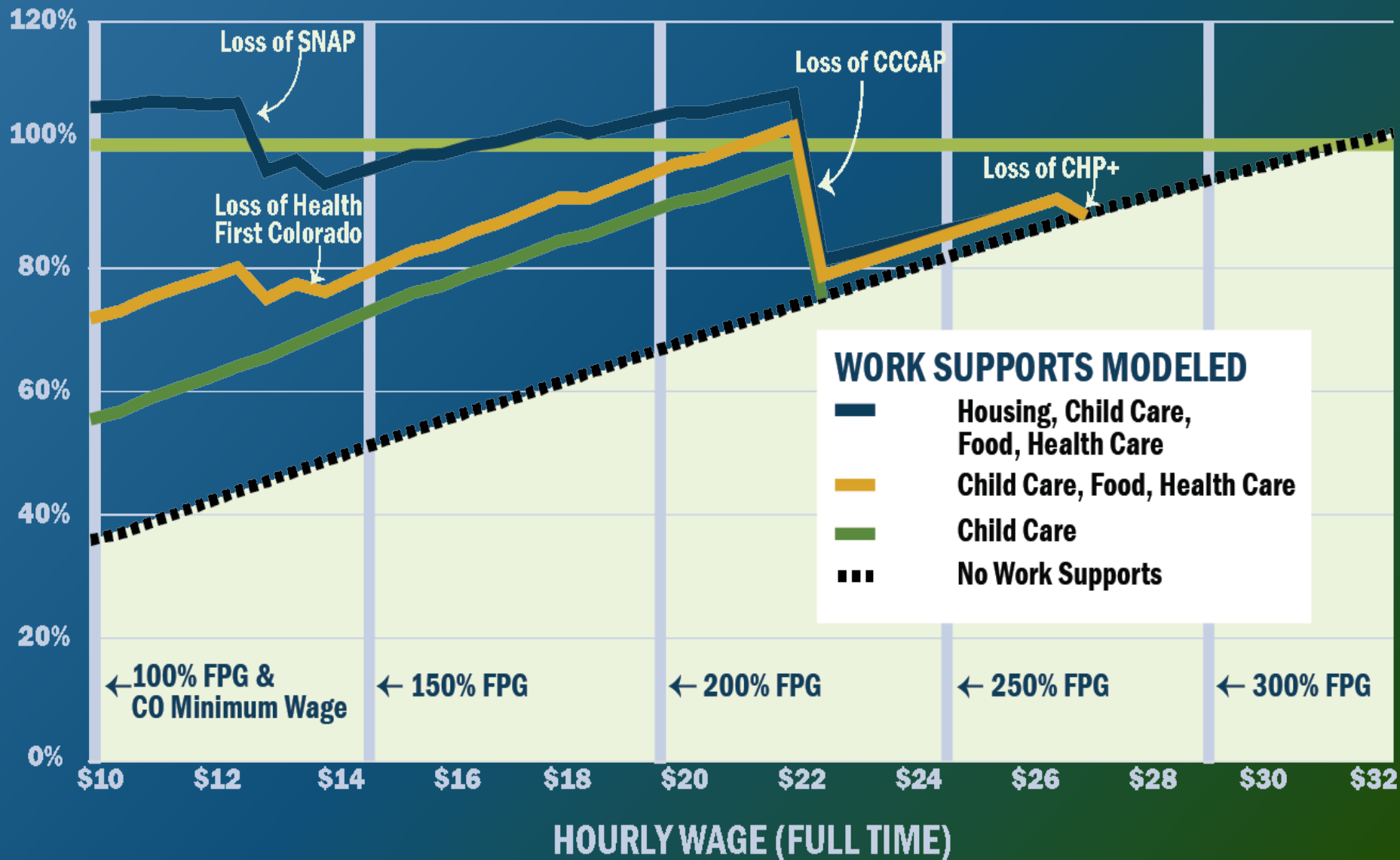
*Pueblo County, CO 2018: One Adult, One Preschooler,
One School-age Child*

**Wage Without Work Supports
= \$4,331 per month**



How Work Supports Impact Wage Adequacy

PERCENTAGE OF WAGE ADEQUACY



Economic Security Pathways

THE ROAD TO ECONOMIC SECURITY



STEP 1: SECURE BASIC NEEDS



STEP 2: CREATE AN EMERGENCY SAVINGS FUND



STEP 3: CHOOSE AN ECONOMIC SECURITY PATHWAY



LONG-TERM
ECONOMIC
SECURITY

Once The Basics Are Secured, The Next Steps:

Everyone:

- Emergency Savings

Select Appropriate Economic Security
Pathway(s) (ESPs)

- #1- Education
- #2 - Alternative Housing
- #3 - Retirement

Emergency Savings Fund



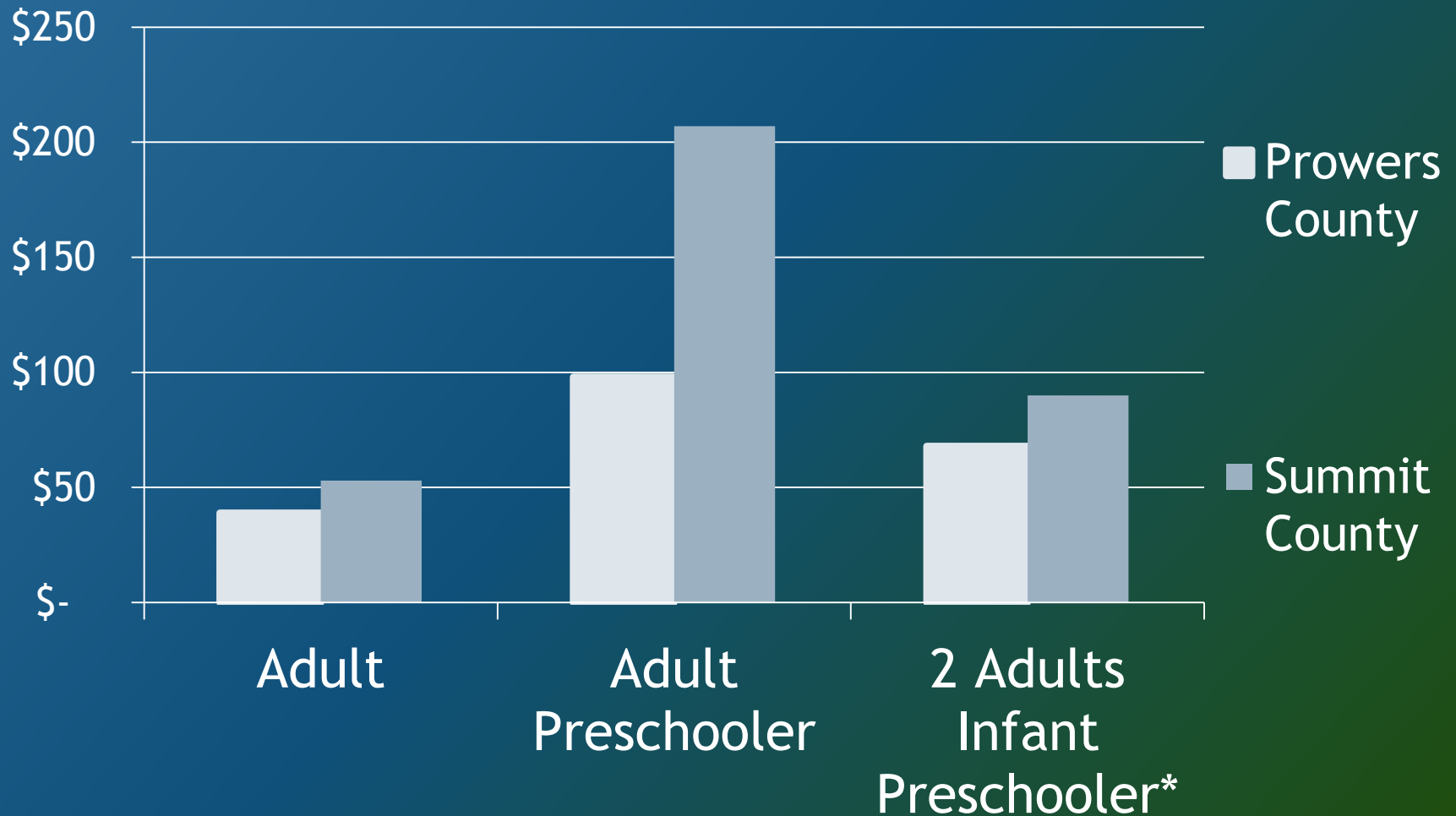
Calculating How Much to Save Against Emergency of Job loss

- Step 1: Multiple average length of job loss = 3.4 months by Household SSS
- Step 2: Assume Receives Unemployment Insurance, so subtract that from total; add interest on savings to get Net
- Step 3: Since average job tenure is 4 years, divide net savings by 48 months to get monthly amount, and add a little for additional taxes

Health Insurance - covered under spouse or under health exchange at approximately same cost

Emergency Savings Fund:

Monthly Contributions Vary By Location And Family Type



ESP #1: Postsecondary education

Estimated costs includes tuition, fees, books & supplies, inflation

- Wide variation in certificate programs, time & cost
 - 1 term to 2 years
 - \$1,200 - \$18,000+
 - Example: CC of Denver Paralegal Certificate, cost of about \$7,000
- Average 2 year degree cost:
 - \$13,133 when attending full-time
 - \$13,750 when attending part-time
- Average 4 year degree cost:
 - \$96,815
 - 4-year degree includes room & board for residential degrees

ESP #1: Postsecondary education Scenario

*Single Mother, one Preschooler, Pueblo County, CO
Wage of \$11.73/hour, child support of \$234/month*

- Combine part-time work with full-time school OR full-time school and part-time work.
- Use a combination of public work supports, private help from family, and scholarships.
- Together, public and private supports reduce need by \$749-\$1,822, allowing her to cover educational costs of \$297-\$541 per month.

ESP #2: Alternative Housing



- For a single mother with two kids, the amount needed to move to alternative housing ranges from \$1,447 to \$3,144 across Colorado

ESP #2: Alternative Housing Scenario

*Single Mother, one Infant, one Preschooler, Alamosa County
Wage of \$17.70/hour, \$3115 per month*

- Since this is only 75% of her SSS, she gets by with doubled-up housing, child care assistance, and CHIP healthcare for the children.
- With these aids, she has a surplus of \$348 per month. If she saves half, she will have enough to move into her own apartment in 12 months.

ESP #2 Homeownership



Down
Payment



Closing
Costs



Moving
Costs



Home
Owner

ESP #2: Homeownership: Scenario

- Two adults with a preschooler and a school-age child in Denver work as a customer service rep and a manufacturing sales rep.
- They make 129% of their Standard. If they save half their surplus for four years, they will have enough to make a down payment on a starter home in Denver



ESP #3: Retirement

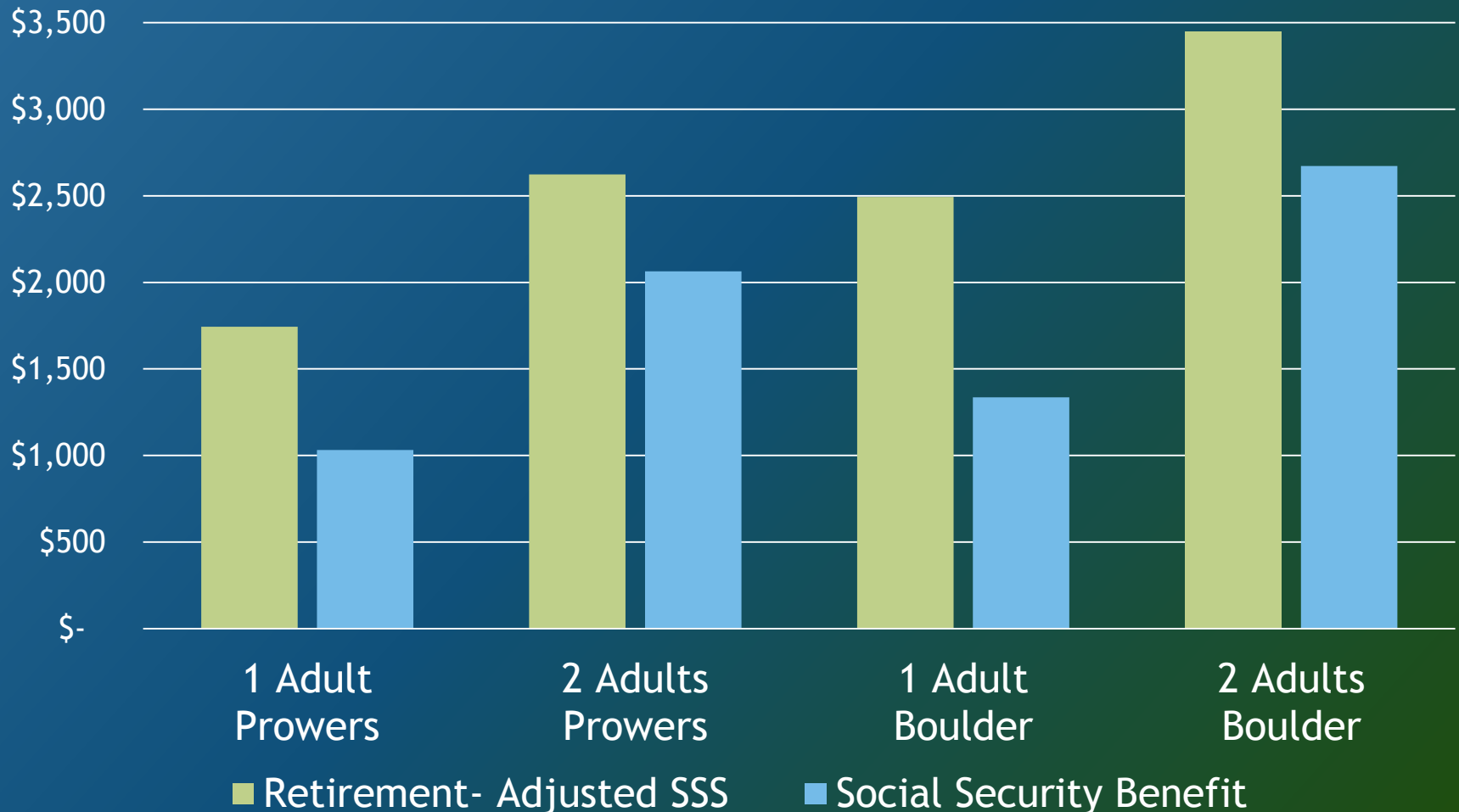
Calculate how much Savings are needed to Retire at Self-Sufficiency Level, assuming will receive Social Security (but no other pensions or income).

- First, calculate a Retirement Adjusted Standard (less taxes; increased health care costs); total for about 20 years post retirement.
- Second, calculate amount of Social Security expected.
- Third, Calculate Net Savings needed. Note: all amounts are adjusted for inflation (expenses and benefits), and interest on savings.
- Fourth, divide by months to retirement to get Monthly Amount, depending on age at start of saving: 25, 40 or 55 years.

ESP #3: Retirement

Prowers and Boulder Counties, Colorado 2018

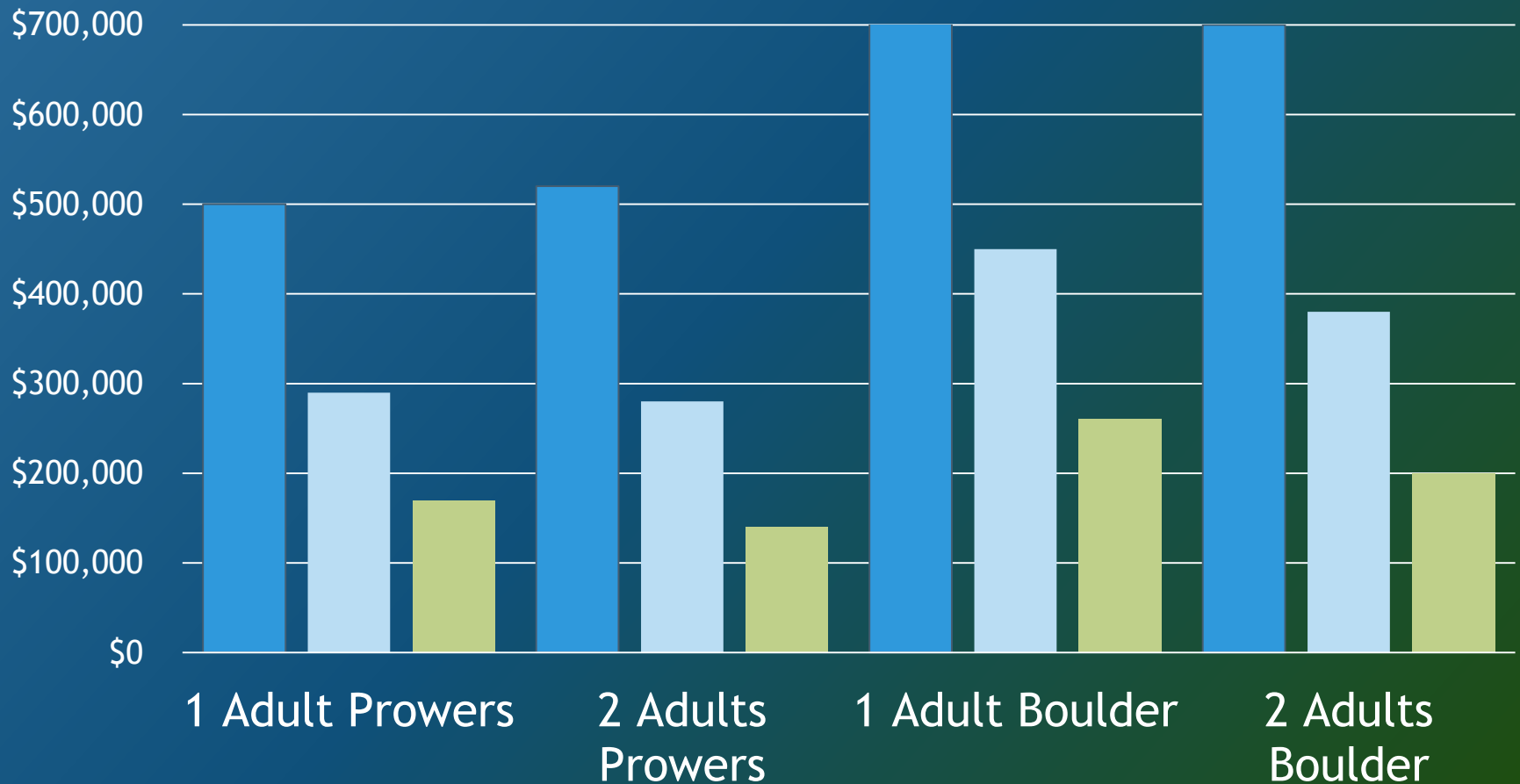
THE GAP: Monthly RA Standard Vs. Anticipated
Social Security Benefit



ESP #3: Net Savings Needed at Retirement: More for Those Who are Younger Now, But...

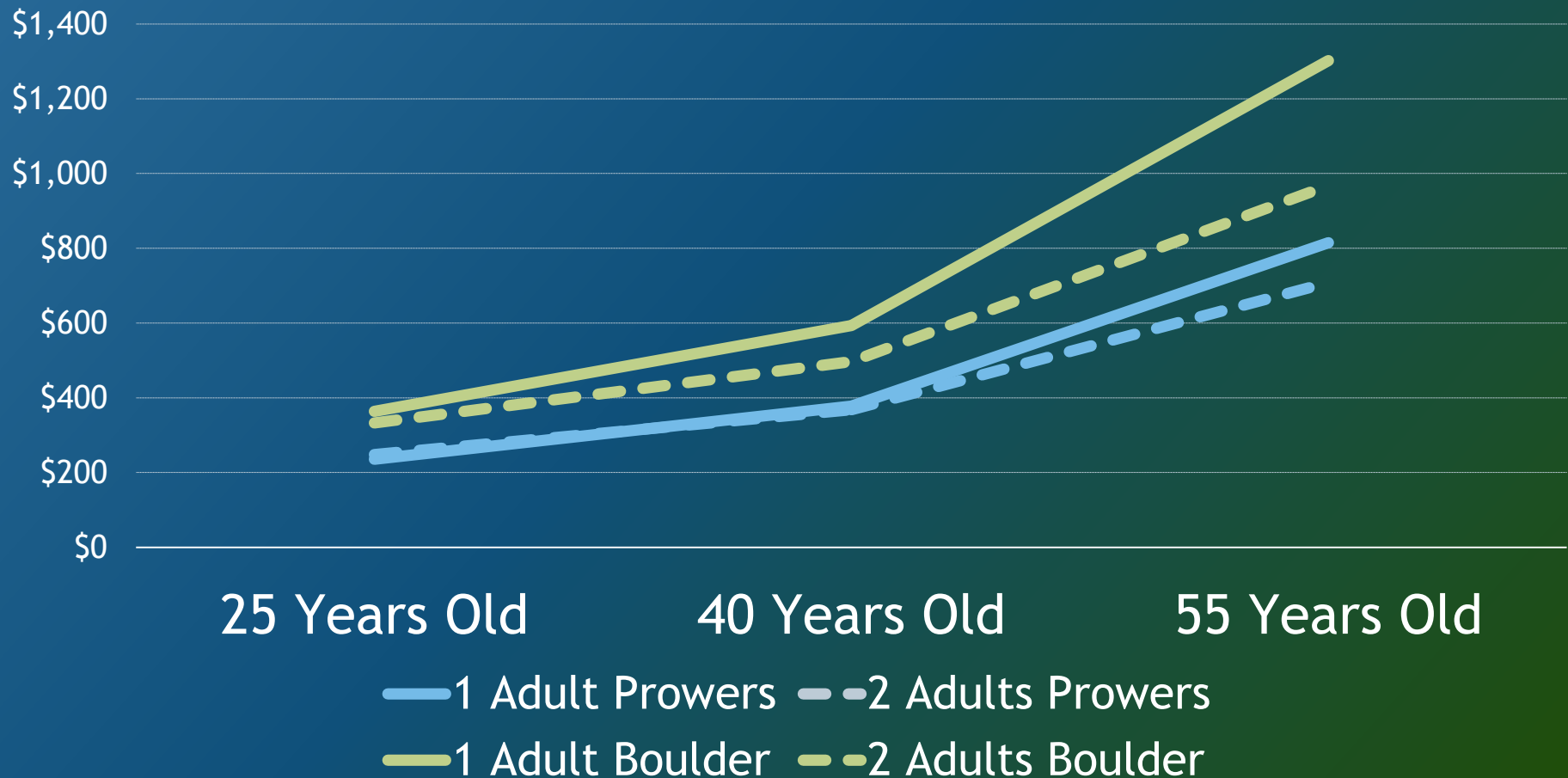
Age At Beginning Savings:

■ 25 ■ 40 ■ 55



ESP #3: Retirement : ...but less per month for those starting to save at a younger age...

Monthly Retirement Savings,
Prowers and Boulder Counties, Colorado 2018



Who is Below Versus Above the Standard?: A Demographic Analysis

Methodology Overview

- **Dataset** = 2010-2014 American Community Survey (ACS) Public Use Microdata Sample (PUMS)
- **Sample** = Households with working-age adults < 65 and without work-limiting disability
- Determine **Self-Sufficiency Standard Status**:
 - If Household Income > SSS = Above SSS/
Adequate Income
 - If Household Income < SSS = Below SSS/
Inadequate Income

Overlooked and Undercounted: How many Coloradans lacks adequate income?

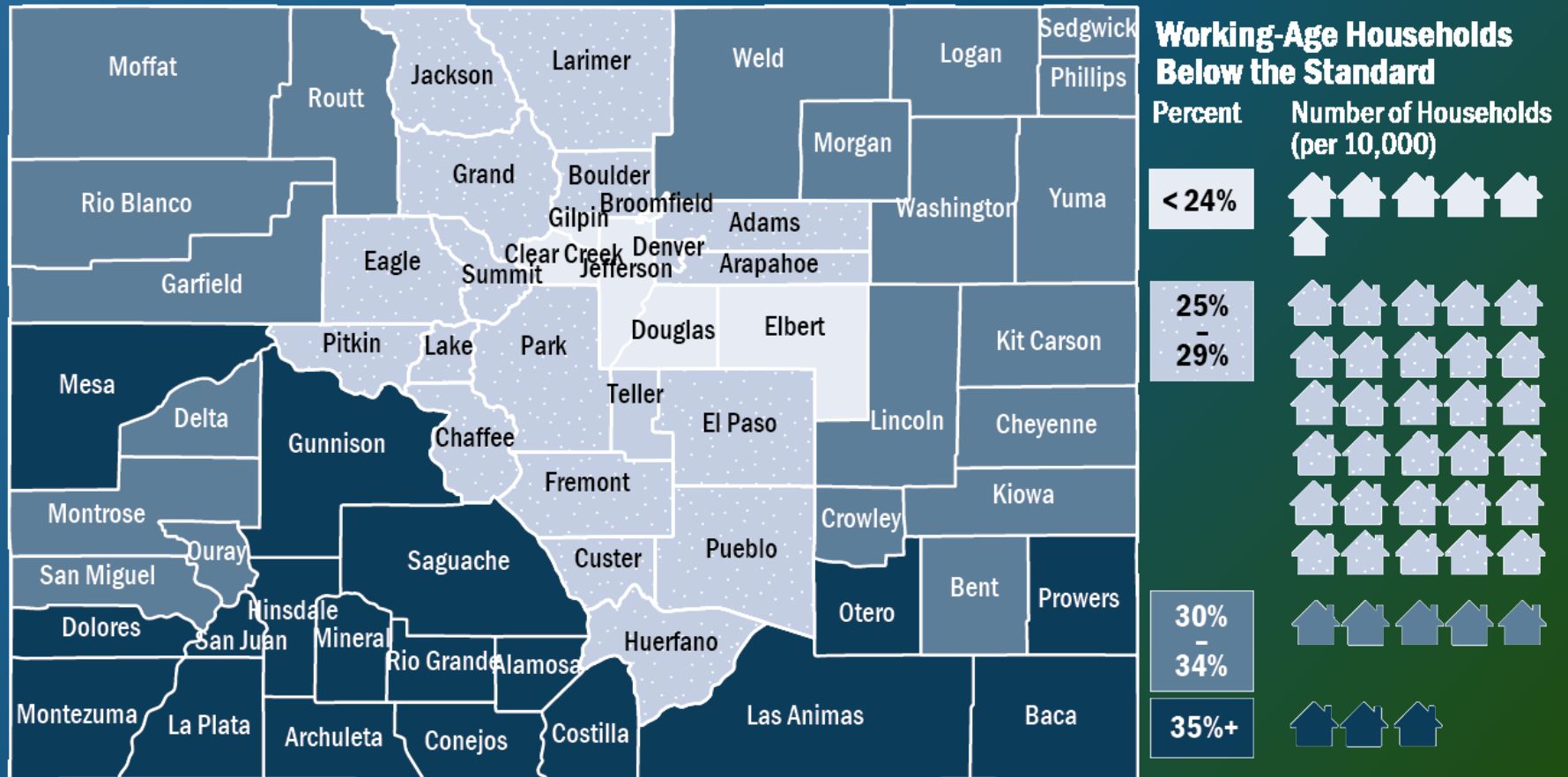
8% of working-age households in Colorado live below the official poverty threshold



27% of working-age households in Colorado live below the Self-Sufficiency Standard

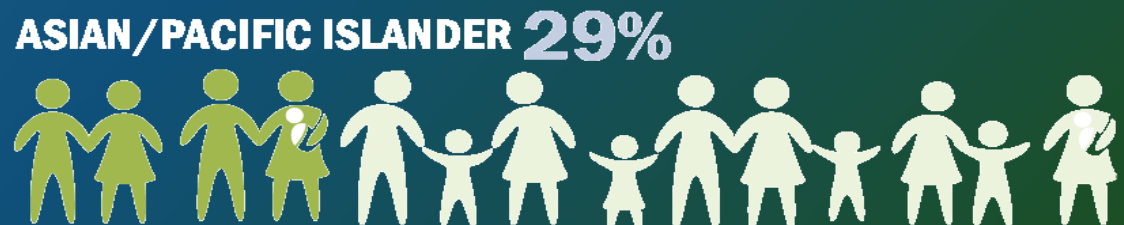
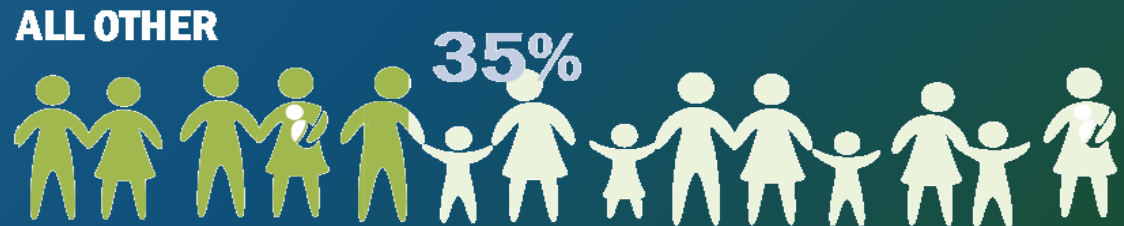
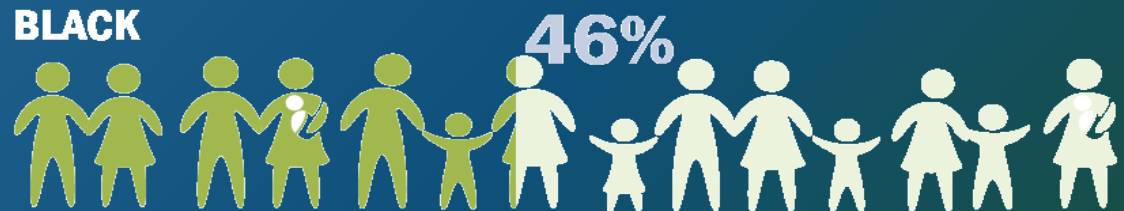
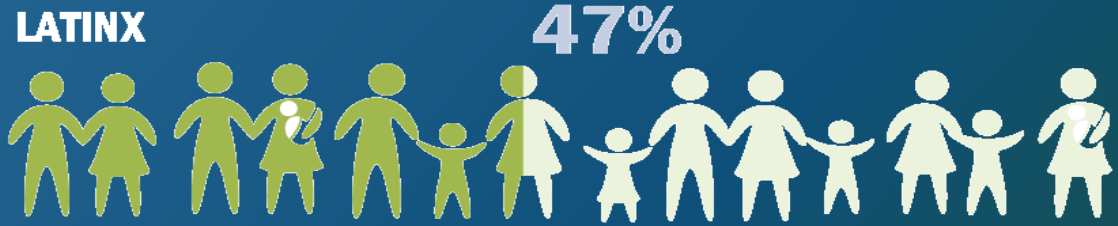


Where are Coloradan Households with Inadequate Income Found?



Who Lacks Adequate Income?

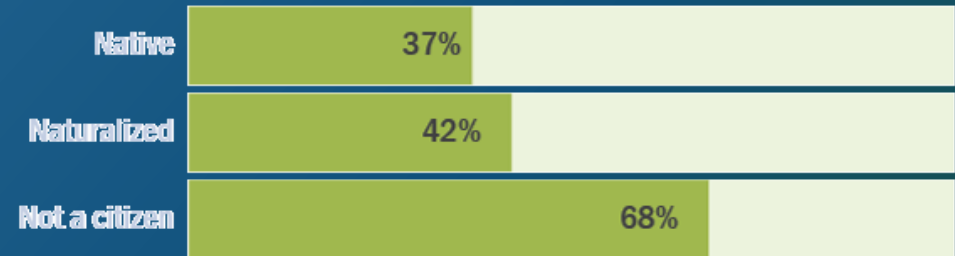
#1: Race/Ethnicity



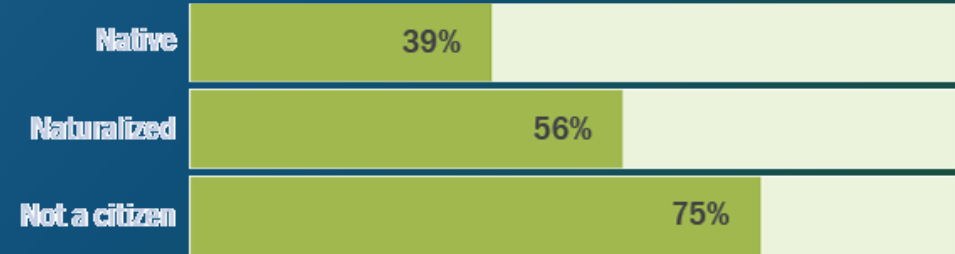
Who Lacks Adequate Income?

#2 - Nativity & Citizenship Status

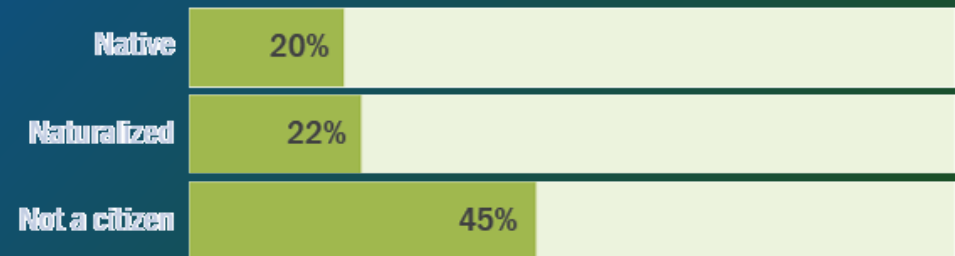
LATINX



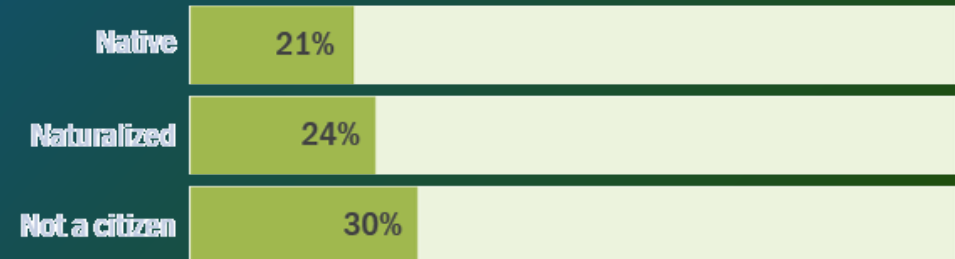
BLACK



ASIAN AND PACIFIC ISLANDER



WHITE



ENGLISH

English Only

24%



SPANISH

Not Linguistically Isolated

45%



Linguistically Isolated

66%



OTHER INDO-EUROPEAN LANGUAGE

Not Linguistically Isolated

21%



Linguistically Isolated

54%



ASIAN OR PACIFIC ISLAND LANGUAGE

Not Linguistically Isolated

26%



Linguistically Isolated

48%



OTHER LANGUAGE

Not Linguistically Isolated

52%



Linguistically Isolated

69%



Who Lacks
Adequate
Income?
#3 -
Language &
Linguistic
Isolation

HOUSEHOLDS WITH NO CHILDREN **21%**



HOUSEHOLDS WITH CHILDREN **38%**



HOUSEHOLDS WITH YOUNG CHILDREN **50%**



HOUSEHOLDS WITH OLDER CHILDREN **29%**



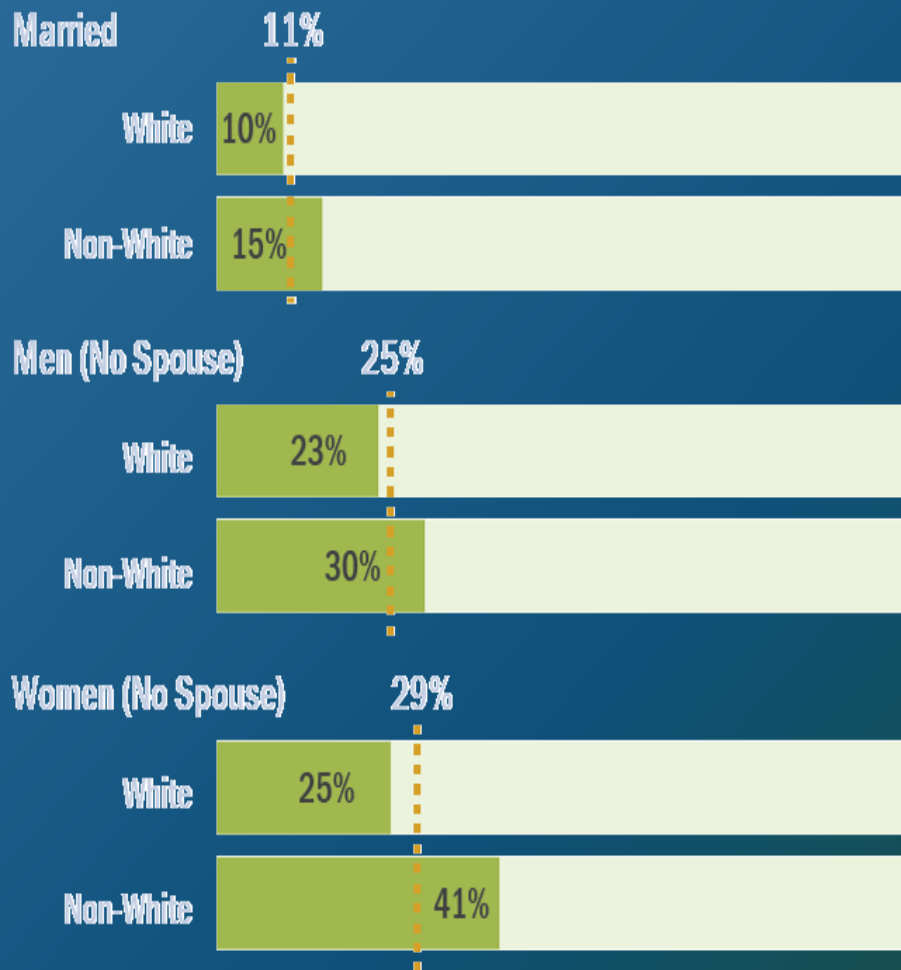
Who Lacks
Adequate
Income?
#4 -
Presence of
Children

Who Lacks Adequate Income?

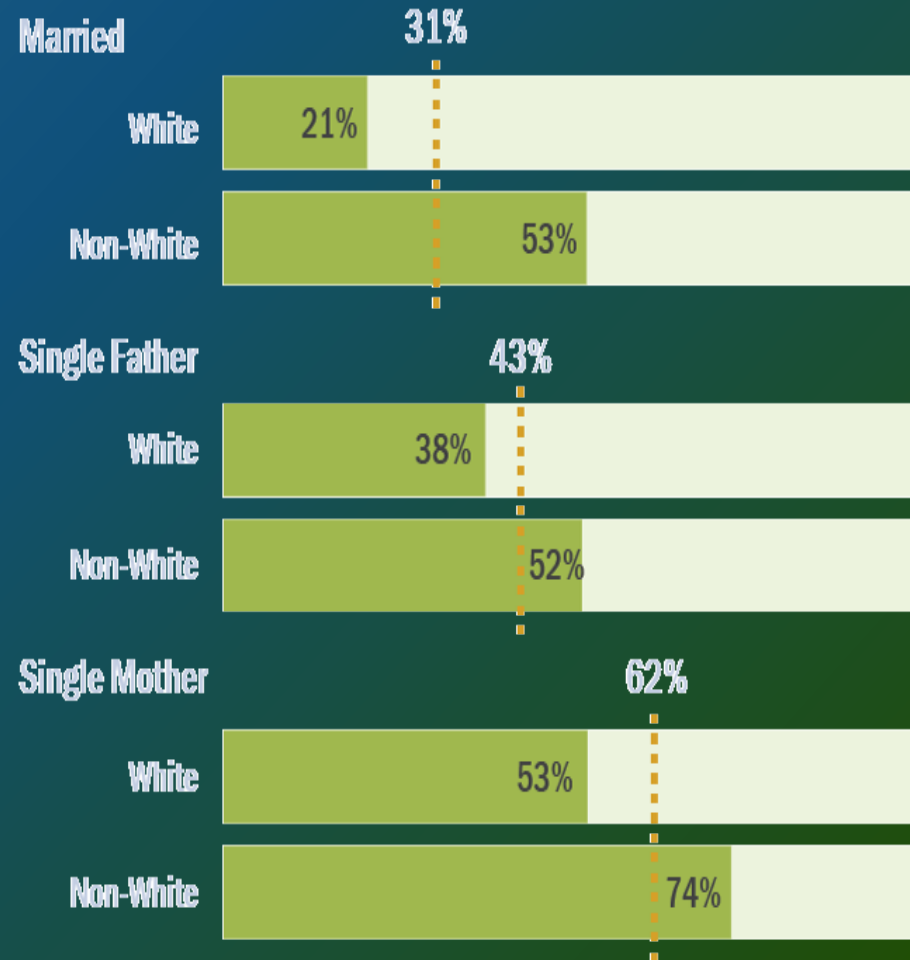
#5 - Race/Ethnicity & Household Type

..... All households

No Children

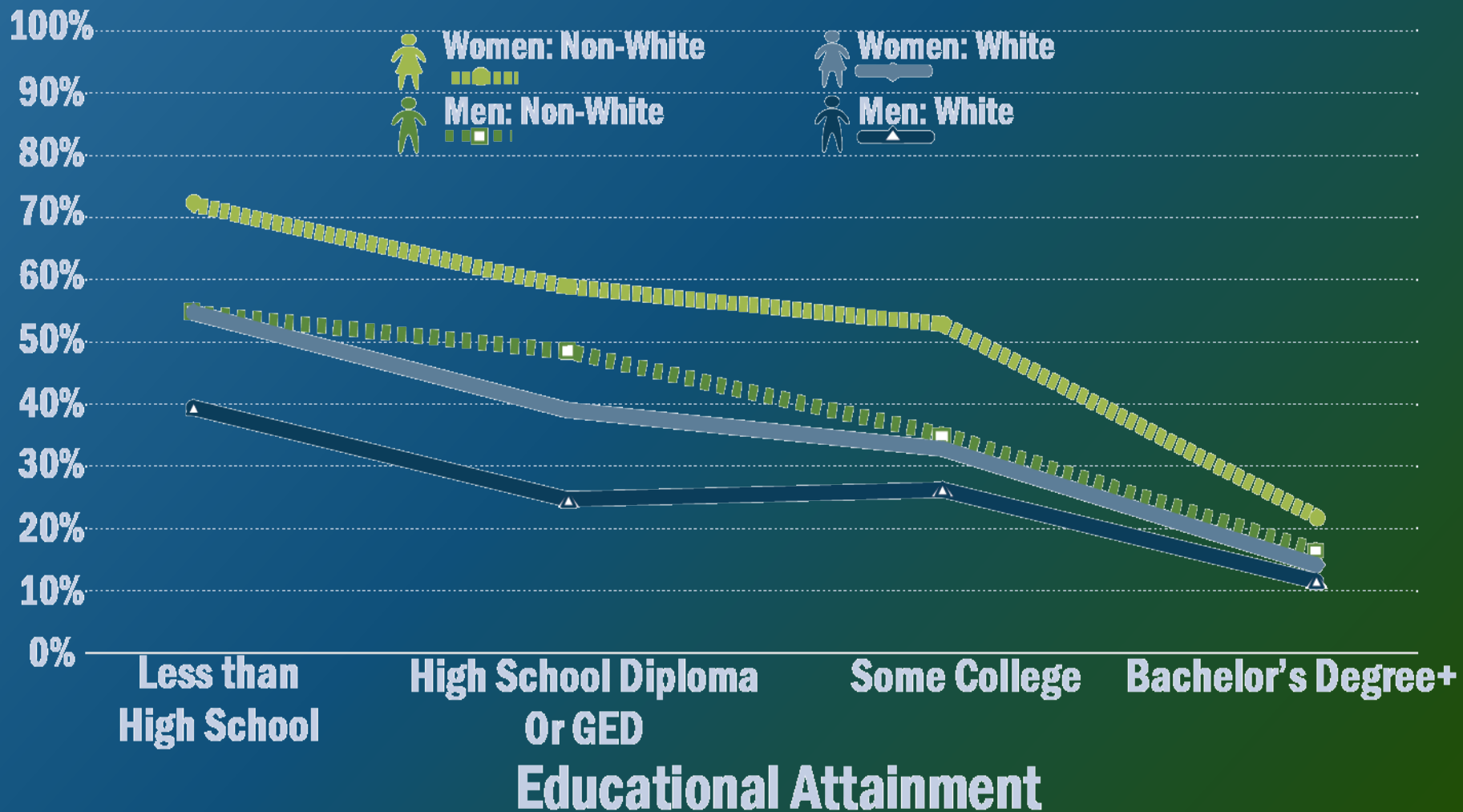


Children Present



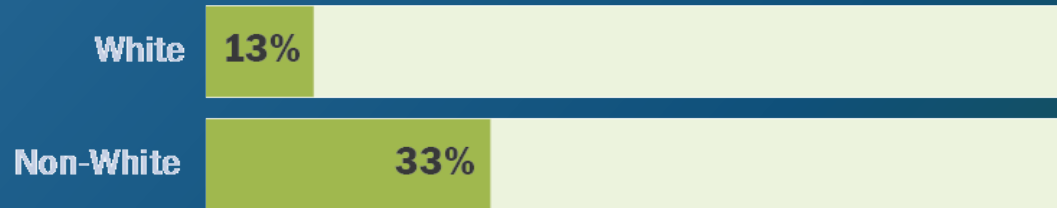
What is the Impact of Education on Income Inadequacy, by Gender, and Race/Ethnicity?

Income Inadequacy Rate

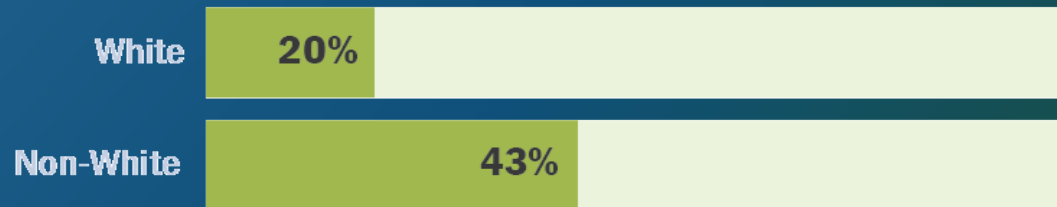


What is the Impact on Income Inadequacy of the Number of Workers, by Race?

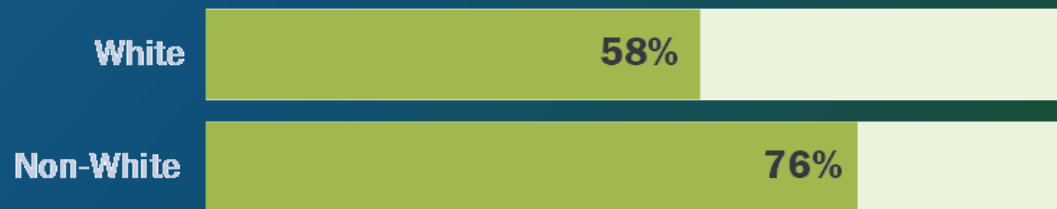
TWO OR MORE WORKERS



ONE WORKER: FULL TIME, YEAR ROUND



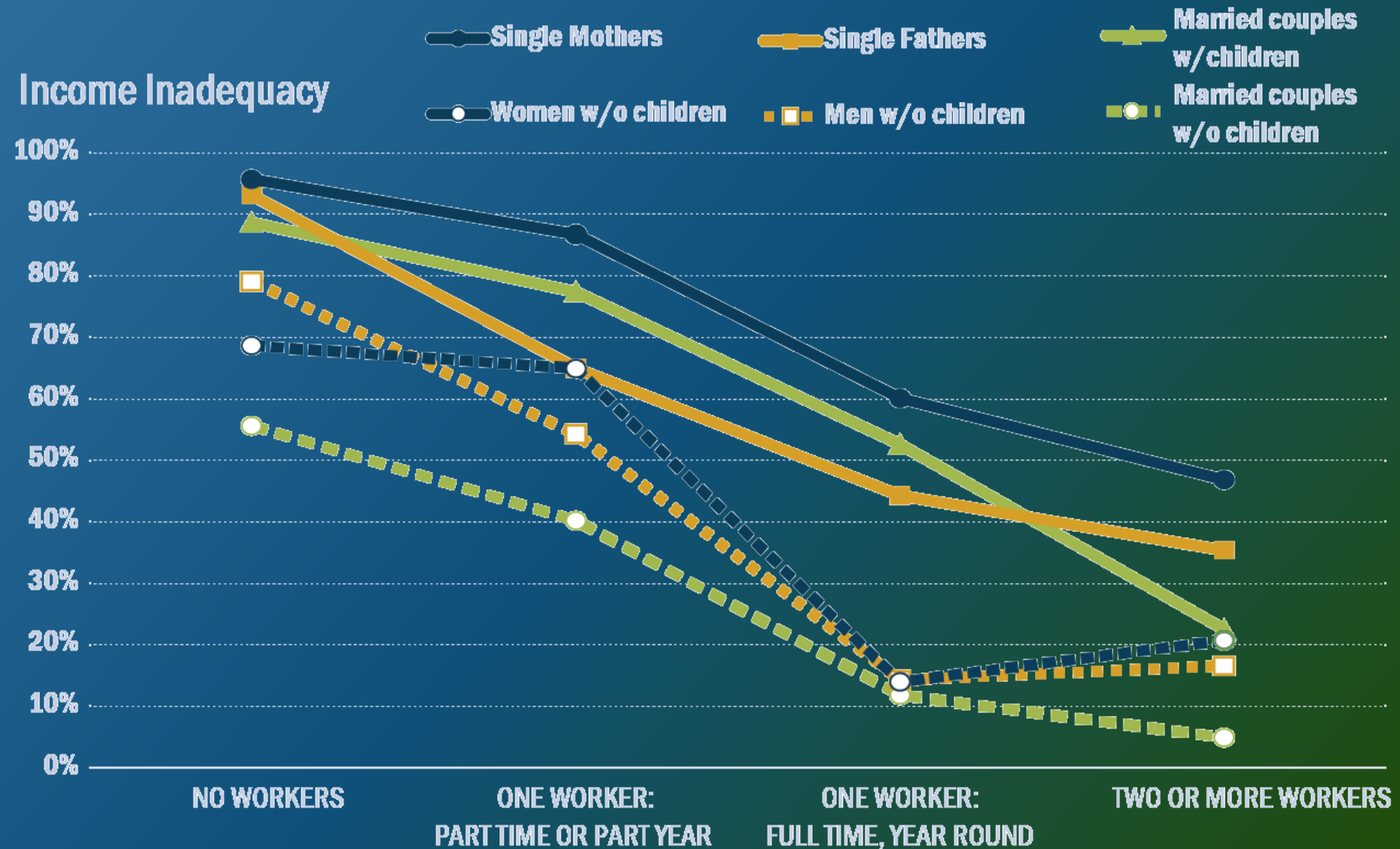
ONE WORKER: PART TIME OR PART YEAR



NO WORKERS



What is the Impact on Income Inadequacy of the Number of Workers/Work Status of Adults?





Center for Women's Welfare



*...advancing economic justice through research
and the Self-Sufficiency Standard*

For more information, see

www.selfsufficiencystandard.org

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Example Appendix Table

	A		B		C		D		E	
	TOTAL	PERCENT OF HOUSEHOLDS	BELOW SELF-SUFFICIENCY STANDARD						ABOVE SELF-SUFFICIENCY STANDARD	
			Below Standard & Below Poverty		Below Standard & Above Poverty		Total Below Standard			
			Number	Percent of Total	Number	Percent of Total	Number	Percent of Total	Number	Percent of Total
Total Households	1,570,929	100.0%	131,435	8.4%	298,715	19.0%	430,150	27.4%	1,140,779	72.6%
SEX OF HOUSEHOLDER										
Men	807,755	51.4%	50,101	6.2%	144,709	17.9%	194,810	24.1%	612,945	75.9%
Women	763,174	48.6%	81,334	10.7%	154,006	20.2%	235,340	30.8%	527,834	69.2%