The Self-Sufficiency Standard for Tennessee

How much money does it take for families to live and work without public or private assistance or subsidies?

Introduction

An uncertain economy and major changes in welfare and workforce development policy have given new urgency to the question of self-sufficiency. As many parents leave welfare and enter the labor market, they join a growing number of families who are unable to stretch their wages to meet the costs of basic necessities. Even though many of these families are not poor according to the official poverty measure, their incomes are inadequate. But what is *adequate* income—and how does this amount vary among different family types and different places? To answer that question we have an alternative measure of income adequacy, the Self-Sufficiency Standard.

*The Self-Sufficiency Standard measures how much income is needed for a family of a given composition in a given place to adequately meet its basic needs—**without public or private assistance**.* Below we will explain the origin of the Standard; how it differs from the official poverty standard; how it is calculated; what it looks like for Tennessee families; and how various public work supports, public policies, child support and other available resources can help families move toward self-sufficiency. We conclude this report with a discussion of the varied ways that the Standard can be used as a tool for policy analysis, counseling, performance evaluation, and research.

Measuring Income Adequacy: Problems with the Poverty Line

How much is enough for families to meet their needs on their own? Although we may have trouble coming up with an exact dollar figure, most of us know what adequacy looks like when we see it. As one participant in a training program put it when asked to define her progress towards economic self-sufficiency:

> I wouldn't say I'm economically self-sufficient yet. When it comes to a point where I don't have to worry about the health care needs of my family, when I don't have to worry about the light bill, when the light man isn't knocking on the door saying "your bill is due." Not that you have a lot of money, but you're not worried about how your kid is going to get that next pair of shoes …. Just the simple things, that may not be all that simple because we don't have them yet.[1]

Obviously, we cannot interview *every* person for his or her own assessment of income adequacy, as quoted above. Thus, there is a need for a standard that is consistent in the assumptions made and as objective as possible. Most often we turn to the federal poverty measure to determine that a family is "poor" if their income is below the appropriate threshold, and "not poor" if it is above that threshold. The poverty measure, however, has become increasingly problematic as a measure of income adequacy. Indeed, the Census Bureau itself states that "the official poverty measure should be interpreted as a statistical yardstick rather than a complete description of what people and families need to live."[2]

The most significant shortcoming of the federal poverty measure is that for most families, in most places, it is simply not high enough. That is, there are many families with incomes above the federal poverty line who nonetheless lack sufficient resources to adequately meet their basic needs. As a result, many assistance programs use a multiple of the poverty standard to measure need. For example, in Tennessee child care assistance is extended to families with incomes that are less than 200% of federal poverty threshold, depending on family composition and the age of the parent.

Not only government, but the general public also considers the poverty line to be too low. A number of studies have shown that the public would set a minimum income 25-50% above the federal poverty standard, depending upon the family's composition and where the family lives.[3]

The most significant shortcoming of the federal poverty measure is that, for most families, in most places, it is simply not high enough.

However, the official poverty measure has additional problems inherent in its structure. Simply raising the poverty line, or using a multiple of the threshold cannot solve these problems.

There are two basic methodological problems with the federal poverty measure. The first is that the federal poverty measure is based on the cost of a single item, food, not on a market basket of basic needs. At the time that it was developed, over four decades ago, families spent about one-third of their income on food. The food budget was then multiplied by three. Since the official poverty measure was first developed and implemented in the early 1960s it has only been updated to reflect inflation, and has not and cannot incorporate new needs.

In addition, the implicit demographic model (the two-parent family with a stay-at-home wife) has also changed significantly since the measure's inception. Particularly for families in which all adults are working—of whom there are many more today than in the 1960s—there are new needs associated with employment, such as transportation, taxes, and if they have young children, child care.

The federal poverty measure is also the same whether one lives in Mississippi or Manhattan. That is, the poverty measure does not vary by geographic location. Although there was some geographic variation in costs three decades ago, differences in the cost of living between areas have increased substantially since then, particularly in the area of housing. Indeed, housing in the most expensive areas of the country costs about five times as much as the same size units in the least expensive areas.[4]

Finally, the poverty measure does not distinguish between those families in which the adults are employed, and those in which the adults are not employed. At the time that the poverty measure was first developed, there was probably not a large difference between families in these situations: for example, taxes were very low for low-income families with earned income, and transportation was inexpensive. Most important, because the poverty measure assumed that two-parent families with children had only one worker and that single parent families had no workers, no child care costs were incorporated. Today, for both one and two-parent families, child care costs are often a necessary expense and many families do not have unpaid child care available. Also, taxes today even for low-income families can be substantial and transportation can be costly.

For these and other reasons, many researchers and analysts have proposed revising the poverty standard. Suggested changes would reflect new needs as well as incorporate geographically-based differences in costs, and would build in more responsiveness to changes over time.[5] Others have gone further, creating new measures of income adequacy, such as "Basic Needs Budgets" or Living Wages.[6]

Public programs have also recognized the failure of the one-size-fits-all poverty measure to capture differences in need. Thus, instead of using the poverty measure, federal housing programs assess need using local area median income as a way to take into account the significant differences in cost of living between localities. However, the Food Stamp program takes into account housing and child care costs and the variations between different localities, when calculating benefits.

The Self-Sufficiency Standard–And How It Differs from the Federal Poverty Measure

While drawing on the critiques and analysis of the poverty measure cited above, the Self-Sufficiency Standard takes a somewhat different approach to measuring income adequacy. As one observer put it: "*Ask not where poverty ends, but where economic independence begins.*"[7] That is, at what point does a family have sufficient income and resources (such as health benefits) to meet their needs adequately, without public or private assistance?

As a standard of income adequacy, the Self-Sufficiency Standard defines the amount of income

Self-Sufficiency means maintaining a decent standard of living and not having to choose between basic necessities—whether to meet one's need for child care but not for nutrition, or housing but not health care. Self-Sufficiency Wages are family sustaining wages.

required to meet basic needs (including paying taxes) in the regular "marketplace" without public or private/ informal subsidies. By providing a measure that is customized to each family's circumstances, i.e., taking account of where they live and how old their children are, the Self-Sufficiency Standard makes it possible to determine if families' incomes are enough to meet their basic needs.

While both the Self-Sufficiency Standard and the official poverty measure assess income adequacy, the Standard differs from the official poverty measure in several important ways:

- The Standard does not try to combine, or average together, the very different circumstances of families in which adults work, compared to those in which they do not. Rather, for the most part, *the Self-Sufficiency Standard assumes that all adults (whether married or single) work full-time, or forty hours per week,*[8] *and therefore, includes costs associated with employment*, specifically, transportation, taxes, and for families with young children, child care.

- *The Standard takes into account that many costs differ not only by family size and composition* (as does the official poverty measure), *but also by the age of children*. While food and health care costs are slightly lower for younger children, child care costs are much higher—particularly for children not yet in school—and are a substantial budget item not included in the official poverty measure.

- *The Standard incorporates regional and local variations in costs.* This is particularly important for housing, although regional variation also occurs for child care, health care and transportation. Unlike some approaches suggested for a revised poverty standard, however, the Standard does not assume a fixed ratio of urban to rural costs, but uses actual costs. Although rural areas and small towns usually have lower costs than the metropolitan areas in a given state, cost ratios vary and there are exceptions. For example, living costs in rural areas that have become desirable tourist or second-home destinations are often as high or higher than in a state's urban areas. Availability of housing in rural and urban areas can also increase costs. In addition, the lack of public transportation in rural areas, and the long distances some travel to places of employment, may mean higher transportation costs as a percent of the family budget.

- *The Standard includes the net effect of taxes and tax credits*. It provides for state sales taxes, as well as payroll (Social Security and Medicare) taxes, and federal income taxes. Three federal credits available to workers and their families are "credited" against the income needed to meet basic needs: the Child Care Tax Credit, the Earned Income Tax Credit, and the Child Tax Credit.

- While the poverty standard is based on the cost of a single item, food, and assumes a fixed ratio between food and nonfood items, *the Standard is based on the costs of each basic need, determined independently*, which allows each cost to increase at its own rate. Thus, the Standard does not assume that food is always 33% of a family's budget, or constrain housing to 30%.

As a result, the Self-Sufficiency Standard is set at a level that is, on the one hand, not luxurious or even comfortable, and on the other, not so low that it fails to adequately provide for a family. Rather, the Standard includes income sufficient to meet minimum nutrition standards, for example, and to obtain housing that would be neither substandard nor overcrowded.

The Standard does not, however, allow for saving for longer-term needs, such as retirement, college tuition, purchase of major items such as a car, or major emergency expenses. Self-sufficiency means maintaining a decent standard of living and not having to choose between basic necessities—whether to meet one's need for child care but not for nutrition, or housing but not health care. Self-Sufficiency Wages are family-sustaining wages.

What the Self-Sufficiency Standard Is … and Is Not

Using the Self-Sufficiency Standard, a given family's income is deemed inadequate if it falls below the appropriate threshold (family type and location). However, we emphasize that, as with any measure or threshold, the exact amount is essentially arbitrary, i.e., if a family's income falls a dollar above or below the monthly Self-Sufficiency Wage, it should not be interpreted in absolute terms as having, or not having, adequate income. Rather, we urge users of the Standard to think in relative terms of "wage adequacy," that is, one should ask how close is a given wage to the Standard?

Thus, for example, if the Standard for a given family is $10.00 per hour, but the adult supporting the family only earns $5.15 per hour, then the latter wage has a "wage adequacy" level of only 51.5%. At the same time, a penny above or below $10.00 is not a meaningful distinction.

The use of income thresholds should not be taken to mean that economic self-sufficiency can be achieved with just wages alone, or even wages combined with benefits. True self-sufficiency involves not just a job with a certain wage and benefits, but rather income security for a family over time. Thus, the Self-Sufficiency Wage represents a larger goal toward which one is striving, and is a process that one is engaged in, not a onetime achievement. As one person put it, "Self-sufficiency is a road I'm on."[9]

Central to these efforts are access to education and training, access to jobs that provide real potential for skill development, and career advancement over the long-term. For some, this may mean entering jobs that are nontraditional for women, and for others it may mean developing their own small businesses as their sole or an adjunct source of income. For many if not most, however, self-sufficiency is not achieved through stopgap measures or short-term solutions. Most individuals moving from welfare to work cannot achieve a Self-Sufficiency Wage in a single step, but require the needed assistance, guidance, transitional work supports and the time necessary to become self-sufficient.

The argument for education and training may not have the same urgency as do basic needs such as food and shelter; however, true long-term self-sufficiency increasingly requires investments that enhance skills and adaptability. Without technologically sophisticated and broad-based education—which provides the flexibility to move into new jobs and careers—self-sufficiency is not likely to be sustainable.

Finally, the Self-Sufficiency Standard is not meant to imply that public work supports are not appropriate for Tennessee families. Indeed, given the large number of families who have not yet achieved wage adequacy, assistance in meeting the costs of such high-price items as child care, health care, and housing is frequently the only viable means for these families to have the necessary resources to secure their basic needs.

Community, societal and governmental response to families struggling to achieve family sustaining wages should be encouraged as supportive of the goal of self-sufficiency.

Likewise, it is important to recognize that self-sufficiency does not imply that *any* family at *any* income should be completely self-reliant and independent of one another, or the community at large. Indeed, it is through interdependence between families, and community institutions such as schools or religious institutions, as well as informal networks of friends, family, and neighbors, that many are able to meet their noneconomic needs as well as economic necessities. Such support and help is essential to our well-being, psychologically as well as materially, and should be supported.

Nothing about the Self-Sufficiency Standard should be taken to mean that such efforts to help each other should be discouraged. Nor should the Standard be understood as endorsing an ideal of self-dependence in complete isolation—we are not advocating a "Lone Ranger" model for families. The Standard is a measure of income adequacy, not of family functioning. Likewise, community, societal, and governmental response to families struggling to achieve family sustaining wages should be encouraged as supportive of the goal of self-sufficiency.

How the Self-Sufficiency Standard is Calculated

The goal of making the Standard as standardized and accurate as possible, yet varied geographically and by age, requires meeting several different criteria. As much as possible, the figures used here:

- are collected or calculated using standardized or equivalent methodology,
- come from scholarly or credible sources such as the U.S. Bureau of the Census,
- are updated at least annually, and
- are age- and/or geographically specific (where appropriate).

Thus, costs that rarely have regional variation (such as food) are usually standardized, while costs such as housing and child care, which vary substantially, are calculated at the most geographically specific level available.

For each county in Tennessee, the Self-Sufficiency Standard is calculated for 70 different family types—all one-adult and two-adult families, ranging from a single adult with no children, to one adult with one infant, one adult with one preschooler, and so forth, up to two-adult families with three teenagers. We have included the costs of each basic need and the Self-Sufficiency Wages for eight selected family types for each county in Tennessee in the Appendix to this report. (The costs of each basic need and the Self-Sufficiency Wages for all 70 family types for all geographic areas are available from the Tennessee Network for Community Economic Development and the Tennessee Alliance for Progress).

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

Housing: Housing calculations are based on the Fiscal Year 2002 Fair Market Rents, which are calculated annually by the U.S. Department of Housing and Urban Development for every metropolitan housing market and non-metropolitan county (totaling over 400 housing market areas). Fair Market Rents (FMRs) are based on data from the decennial census, the annual American Housing Survey, and telephone surveys.[10] The FMRs (which include utilities except telephone and cable) are intended to reflect the cost of housing that meets minimum standards of decency, but is not luxurious. They reflect the cost of a given size unit at the 40th percentile level. (At the 40th percentile level, 40% of the housing in a given area would be less expensive than the FMR, while 60% would cost more than the FMR.)

To reflect differences in housing costs within a housing market, HUD rules permit local housing authorities to increase or decrease FMRs for part or all of the area covered by the FMR. Each PHA has the authority to vary their payment standards by a range of 90-110% of the FMR, based on the local market, and may do so in specific areas and even by the size of unit. Two-thirds of Tennessee's 95 counties have set payment standards at 110% or more of the HUD FMR. These increases are reflected in the housing costs used here.

The Self-Sufficiency Standard assumes that parents and children do not share the same bedroom and that there are not more than two children per bedroom. Therefore, the Standard assumes that single persons and couples without children have one-bedroom units;[11] families with one or two children require two bedrooms, and families with three children, three bedrooms.

Child Care: The Standard uses the most accurate information available that is recent, geographically-specific, and age- and setting- specific. In most states, this is the survey of child care costs originally mandated by the Family Support Act, which provides the cost of child care at the 75th percentile, by age of child and setting (family day care home, day care center, etc.).[12] For Tennessee, the Standard uses data from a February 2002 Statewide Market Rate Survey of Full Time Child Care Rates for Infants, Toddlers, 2 Year Olds, 3 Year Olds, 4 Year Olds and 5 Year Olds and a Market Rate Survey of Before, After and Before and After School Rates for School Aged Children of Tennessee, provided by the Child Care Services section of the State of

Tennessee Department of Human Services. The rates given are averages specified by age, for each county in Tennessee. Data from Tennessee's Department of Human Services most recent Child Care Assistance Program Market Rate Survey and Child Care Provider Reimbursement Rates were applied to this report to create a ratio for approximating rates given for the 75th percentile.

Because it is more common for very young children to be in day care homes rather than day care centers,[13] the Standard assumes that children two years of age and less (infants, toddlers and two-year olds, called "infants" here) receive full-time care in day care homes. Preschoolers (three, four and five year olds), in contrast, are assumed to go to day care centers full-time. Schoolage children (ages 6 to 12) are assumed to received part-time care in before and after-school programs. Ratios were created from the state's Child Care Assistance Market Rate Survey to differentiate rates for home child care and child care in centers.

The Self-Sufficiency Standard is calculated using scholarly or credible sources from data that are collected at least annually, are age- and geographically- specific (where appropriate), and are collected or calculated using standardized or equivalent methodology.

Food: Although the Thrifty Food Plan and its successor have been used as the basis of both the poverty thresholds and the Food Stamps allotments, the Standard uses the Low-Cost Food Plan for food costs.[14] While both of these USDA diets meet minimum nutritional standards, the Thrifty Food Plan was meant for emergency use only, while the Low-Cost Food Plan is based on more realistic assumptions about food preparation time and consumption patterns. Although the Low-Cost Food Plan amounts are about 25% higher than the Thrifty Food Plan, they are nevertheless conservative estimates of the level of food expenditures required to meet nutritional standards. *The Low-Cost Food Plan does not allow for any takeout, fast-food, or restaurant meals, even though, according to the Consumer Expenditure Survey, average American families spend about 42% of their food budget on food eaten away from home*.[15] Again, the choice to use this food budget reflects what it costs to adequately meet nutritional needs, not consumer behavior.

The food costs in the Standard are varied according to the number and age of children and the number and gender of adults. Since there is little regional variation in the cost of food overall, the Standard uses the national average throughout the state of Tennessee.

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 population to get to work. According to one study, if about 7% of the total public uses public transportation, that "translates" to about 30% of the low- and moderate- income population.[16] Since only 2.9% of Nashville's population and 4.7% of the Memphis population use public transportation it is assumed that employed adults throughout Tennessee require a car.[17] If there are two adults in the family, we assume they need two cars. (It is unlikely that two adults with two jobs would be traveling to and from the same place of work at exactly the same time).

Private transportation costs are based on the costs of owning and operating an average car (or two cars, if there are two adults). The costs include the fixed costs of owning a car (including a small car payment, fire and theft insurance, property damage and liability, license, registration, taxes, repairs, and finance charges), as well as monthly variable costs (e.g., gas, oil, tires, and maintenance), but do not include the initial cost of purchasing a car.

To estimate fixed costs, except insurance, we use the Consumer Expenditure Survey amounts for families in the second quintile (those whose incomes are between the 20th and 40th percentile) of income, by region. For auto insurance, we use the average cost for Tennessee from a survey conducted by the National Association of Insurance Commissioners. To account for regional differences in auto insurance costs within the state, we created a ratio by using auto insurance quotes from two top auto insurance companies, offering rates in twelve different regions of the state. For variable costs, we used the *AAA Your Driving Costs 2000* survey for per-mile costs. The Standard assumes that the car(s) will be used to commute to and from work five days per week, plus one shopping and errands trip per week. (The commuting distance is computed using the statewide average from the National Personal Transportation Survey). 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.

Health Care: Health care costs in the Standard include both the employee’s share of insurance premiums plus additional out-of-pocket expenses, such as co-payments, uncovered expenses (e.g., dental care and prescriptions), and insurance deductibles.

Tennessee is unique in that is has a state-sponsored health care system available to all state residents, regardless of income. At this time, almost 25% of the population in Tennessee uses TennCare.[18] However, 73% of Tennesseans use employer-sponsored health insurance.[19] For the purposes of this report, instead of using TennCare rates, the Standard assumes families are paying for employer-sponsored health insurance. The costs of health insurance are based on the average premiums paid by Tennessee residents, according to the Medical Expenditure Panel Survey, and adjusted for inflation using the Medical Consumer Price Index (Medical CPI).[20] According to this study, Tennesseans who have employer-sponsored health insurance pay 21% of the premium for coverage for themselves only, or 26% of the premium for family coverage. These percentages are higher than the proportions for the national average share of premium costs for the individual (18% of employee-only coverage) and family (24% of family coverage). To capture the within-state variation in insurance costs, we varied the health insurance premiums using the differences in costs by county which were available from two on-line insurance agencies.

Data for out-of-pocket health care costs (by age) were also obtained from the Medical Expenditure Panel Survey.

It should be noted that healthcare expenses can vary dramatically, depending on whether or not a family has long-term healthcare needs, requires expensive prescriptions or has an unforeseen accident. Employer premiums can vary also, and health care costs can change depending on what part of the state one lives.

Miscellaneous: This expense category includes all other essentials such as clothing, shoes, paper products, diapers, nonprescription medicines, cleaning products and household items, personal hygiene items, and telephone. It does not allow for recreation, entertainment, or savings. 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 usually use 15%.[21]

Taxes: Taxes include state sales tax, federal income taxes, and payroll taxes. Tennessee retail sales and grocery tax varies from 7.5 to 9%, by county. For the purposes of this report, we have separately calculated sales tax for each county, but have not included the local city sales taxes (often an additional tax rate of 1.75 to 2.75% in cities throughout Tennessee). Sales tax is calculated on the cost of miscellaneous and food items. Taxes on gasoline and automobiles are included as a cost of owning and running a car.

Although the federal income tax rate is higher than the payroll tax rate—15% for most family types —federal exemptions and deductions are substantial. As a result, while the payroll tax is paid on every dollar earned, families do not pay federal income tax on the first $10,000 to $12,000 or more, thus lowering the effective federal tax rate to 7% to 10% for most family types.

Payroll taxes for Social Security and Medicare are calculated at 7.65% of each dollar earned.

Earned Income Tax Credit (EITC): The EITC is a federal tax refund intended to offset the loss of income from payroll taxes owed by working-poor and near-poor families. The EITC is a “refundable” tax credit; that is, working adults may receive the tax credit whether or not they owe any federal taxes.

Child Care Tax Credit (CCTC): The CCTC is a federal tax credit that allows working parents to offset a percentage of their child care costs against their federal income tax liability. Like the EITC, the CCTC reduces the total amount of money a family needs to be self-sufficient. Unlike the EITC, the federal CCTC is not a “refundable” tax credit. A family may only receive the CCTC as a credit against federal income taxes owed. Therefore, families who owe very little or nothing to the federal government in income taxes, receive little or no CCTC.

Child Tax Credit (CTC): The CTC is a partially refundable federal tax credit that provides parents a deduction of up to $600 (for children less than 17 years old). A family that earns more than $10,000 in 2001 is able to receive a refund of 10% of their taxable earnings above $10,000 up to the maximum CTC benefit ($600 per child). This $10,000 threshold will be adjusted annually with inflation.

How Much is Enough in Tennessee?

Because the Self-Sufficiency Standard varies by family type and location, the amount of money that a family needs to be economically self-sufficient depends upon family size and composition, the age of children, and where they live. In this section we present the cost of living for six different counties in Tennessee: Knox, Shelby, Davidson, Cocke, Montgomery and Hardeman. These areas represent different geographic locations, different costs and a range of population densities in the state of Tennessee.

Knox County is home to the historic city of Knoxville and is located in the eastern portion of Tennessee. Costs in Knox County are typical of Tennessee's medium-sized urban areas (see Table 1). A single person with no children living in Knox County needs to

Table 1
The Self-Sufficiency Standard for Selected Family Types
Knoxville, TN MSA, 2002
Knox County *
Monthly Expenses and Shares of Total Budgets

	One Adult		**One Adult, One Preschooler**		**One Adult, One Preschooler, One Schoolage**		**Two Adults, One Preschooler, One Schoolage**	
Monthly Costs	**Costs**	**% of total**	**Costs**	**% of total**	**Costs**	**% of total**	**Costs**	**% of total**
Housing	$431	36	$542	28	$542	23	$542	18
Child Care	$0	0	$392	20	$649	27	$649	22
Food	$176	15	$266	14	$396	17	$544	18
Transportation	$219	18	$222	12	$222	9	$426	14
Health Care	$85	7	$190	10	$210	9	$252	8
Miscellaneous	$91	8	$161	8	$202	9	$241	8
Taxes**	$201	17	$316	16	$395	17	$498	17
Earned Income Tax Credit (-)	$0	0	-$69	-4	-$63	-3	$0	0
Child Care Tax Credit (-)	$0	0	-$46	-2	-$80	-3	-$80	-3
Child Tax Credit (-)	$0	0	-$50	-3	-$100	-4	-$100	-3
Total Percent	—	100	—	100	—	100	—	100
Self-Sufficiency Wage - Hourly* **	**$6.84**		**$10.94**		**$13.49**		**$8.45**	**per adult**
Monthly	**$1,204**		**$1,925**		**$2,375**		**$2,974**	
Annual	**$14,442**		**$23,096**		**$28,497**		**$35,685**	

* The Standard is calculated by adding expenses and taxes and subtracting tax credits.
** Taxes include federal and state income taxes, payroll taxes and sales taxes.
*** The hourly wage is calculated by dividing the monthly wage by 176 hours (8 hours per day times 22 days per month).
Note: Totals may not add exactly due to rounding.

Table 2

The Self-Sufficiency Standard for Selected Family Types
Memphis, TN MSA, 2002
Shelby County *

Monthly Expenses and Shares of Total Budgets

	One Adult		One Adult, One Preschooler		One Adult, One Preschooler, One Schoolage		Two Adults, One Preschooler, One Schoolage	
Monthly Costs	**Costs**	**% of total**	**Costs**	**% of total**	**Costs**	**% of total**	**Costs**	**% of total**
Housing	$517	38	$607	29	$607	23	$607	19
Child Care	$0	0	$415	20	$717	27	$717	22
Food	$176	13	$266	13	$396	15	$544	17
Transportation	$239	18	$242	11	$242	9	$468	15
Health Care	$84	6	$186	9	$206	8	$248	8
Miscellaneous	$102	8	$172	8	$217	8	$258	8
Taxes**	$236	17	$360	17	$462	17	$555	17
Earned Income Tax Credit (-)	$0	0	-$39	-2	-$2	0	$0	0
Child Care Tax Credit (-)	$0	0	-$44	-2	-$80	-3	-$80	-2
Child Tax Credit (-)	$0	0	-$50	-2	-$100	-4	-$100	-3
Total Percent	—	100	—	100	—	100	—	100
Self-Sufficiency Wage - Hourly*	**$7.69**		**$12.02**		**$15.15**		**$9.14**	**per adult**
Monthly	**$1,354**		**$2,115**		**$2,666**		**$3,217**	
Annual	**$16,246**		**$25,381**		**$31,989**		**$38,601**	

* The Standard is calculated by adding expenses and taxes and subtracting tax credits.
** Taxes include federal and state income taxes, payroll taxes and sales taxes.
*** The hourly wage is calculated by dividing the monthly wage by 176 hours (8 hours per day times 22 days per month).
Note: Totals may not add exactly due to rounding.

earn **$6.84** per hour to be able to meet her/his basic needs, as can be seen in the first column of Table 1. A single adult with a preschool age child (column two) needs a two-bedroom housing unit and child care, in addition to other expenses. Therefore, meeting all of her family's basic needs requires an increase in wages of over $4.00 per hour from the single adult: she needs to earn **$10.94** per hour to meet her family's needs.[22] If she has two children, a preschooler and a schoolage child, she must earn almost twice as much as the single person with no children, **$13.49** per hour to meet her family's needs. If there are two working adults supporting two children, a preschooler and a schoolage child, costs are increased slightly for additional food, health care, and miscellaneous costs, but the major costs of housing and child care stay the same. As a result, the amount *each* adult would need to earn is **$8.45** per hour.

Shelby County (see Table 2), located in western Tennessee, is home to the state's largest city, Memphis. Costs in Shelby County are significantly higher than those in Knox County. A single adult's Self-Sufficiency Wage is **$7.69** per hour in Shelby. This is almost a dollar more per hour than the single person's wage in Knox County. A single parent with one preschooler must earn **$12.02** per hour to be self-sufficient in

Table 3

The Self-Sufficiency Standard for Selected Family Types
Nashville, TN MSA, 2002
Davidson County *

Monthly Expenses and Shares of Total Budgets

	One Adult		One Adult, One Preschooler		One Adult, One Preschooler, One Schoolage		Two Adults, One Preschooler, One Schoolage	
Monthly Costs	**Costs**	**% of total**	**Costs**	**% of total**	**Costs**	**% of total**	**Costs**	**% of total**
Housing	$535	40	$660	30	$660	25	$660	21
Child Care	$0	0	$431	20	$678	26	$678	22
Food	$176	13	$266	12	$396	15	$544	17
Transportation	$201	15	$205	9	$205	8	$393	13
Health Care	$86	6	$193	9	$213	8	$255	8
Miscellaneous	$100	8	$176	8	$215	8	$253	8
Taxes**	$230	17	$377	17	$455	17	$537	17
Earned Income Tax Credit (-)	$0	0	-$27	-1	-$9	0	$0	0
Child Care Tax Credit (-)	$0	0	-$42	-2	-$80	-3	-$80	-3
Child Tax Credit (-)	$0	0	-$50	-2	-$100	-4	-$100	-3
Total Percent	—	100	—	100	—	100	—	100
Self-Sufficiency Wage - Hourly***	**$7.55**		**$12.44**		**$14.96**		**$8.92**	**per adult**
Monthly	**$1,328**		**$2,189**		**$2,633**		**$3,139**	
Annual	**$15,936**		**$26,264**		**$31,591**		**$37,670**	

* The Standard is calculated by adding expenses and taxes and subtracting tax credits.
** Taxes include federal and state income taxes, payroll taxes and sales taxes.
*** The hourly wage is calculated by dividing the monthly wage by 176 hours (8 hours per day times 22 days per month).
Note: Totals may not add exactly due to rounding.

Shelby County. The single parent with two children in Shelby County would need to earn **$15.15** per hour to meet her family's needs. In a two-parent family in which both parents support a preschooler and schoolage child, each adult needs to earn **$9.14** per hour to be self-sufficient in Shelby County.

The costs of meeting one's basic needs for a single adult in Davidson county, which includes Nashville, the state capitol, are similar to the costs in Shelby County. In Davidson County a single person with no children has a self-sufficiency wage of **$7.55** per hour (see Table 3), which is slightly less than in Shelby County and somewhat more than in Knox County. A single parent with one preschooler needs to earn **$12.44** per hour in Davidson County to meet the basic needs of her family. This wage is higher than the one needed for the same family type in Shelby and Knox Counties. If she has two children, one preschooler and one schoolage child, she would need **$14.96** per hour to meet her family's needs in Davidson County. These costs are lower than in Shelby County and higher than in Knox County. In the two-parent family with a preschooler

Table 4

The Self-Sufficiency Standard for Selected Family Types

Cocke County, TN, 2002 *

Monthly Expenses and Shares of Total Budgets

	One Adult		One Adult, One Preschooler		One Adult, One Preschooler, One Schoolage		Two Adults, One Preschooler, One Schoolage	
Monthly Costs	**Costs**	**% of total**	**Costs**	**% of total**	**Costs**	**% of total**	**Costs**	**% of total**
Housing	$289	29	$364	24	$364	19	$364	14
Child Care	$0	0	$341	22	$593	31	$593	22
Food	$176	18	$266	17	$396	21	$544	21
Transportation	$214	21	$217	14	$217	11	$415	16
Health Care	$91	9	$210	14	$230	12	$272	10
Miscellaneous	$77	8	$140	9	$180	9	$219	8
Taxes**	$156	16	$227	15	$294	15	$426	16
Earned Income Tax Credit (-)	$0	0	-$132	-9	-$158	-8	-$6	0
Child Care Tax Credit (-)	$0	0	-$50	-3	-$92	-5	-$80	-3
Child Tax Credit (-)	$0	0	-$50	-3	-$100	-5	-$100	-4
Total Percent	—	100	—	100	—	100	—	100
Self-Sufficiency Wage - Hourly*	**$5.70**		**$8.71**		**$10.93**		**$7.52**	**per adult**
Monthly	**$1,003**		**$1,533**		**$1,924**		**$2,647**	
Annual	**$12,031**		**$18,401**		**$23,091**		**$31,768**	

** The Standard is calculated by adding expenses and taxes and subtracting tax credits.*

*** Taxes include federal and state income taxes, payroll taxes and sales taxes.*

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

Note: Totals may not add exactly due to rounding.

and schoolage child, each adult needs to earn **$8.92** per hour in Davidson County to attain self-sufficiency. These wages are slightly less than the self-sufficiency wages for Shelby County and more than the wages needed in Knox County.

Costs in Cocke County, located in eastern Tennessee, near the Great Smoky Mountains National Park are typical of most non-metro counties, that is, they are less than Tennessee's urban areas. However, they are slightly more expensive than many of Tennessee's other non-metro counties, in part perhaps because Cocke County is a popular tourist destination. A single adult in Cocke County must earn **$5.70** per hour to be self-sufficient. A single parent with a preschooler must earn two-thirds more per hour to meet costs, **$8.71** per hour. An adult with a preschooler and schoolage child must earn **$10.93** per hour to be self-sufficient in Cocke County. Two adults with a preschooler and schoolage child must each earn **$7.52** per hour in Cocke County to be self-sufficient.

In Montgomery County—in northern Tennessee, on the Cumberland River—costs are very similar to Knox County. A single adult must earn **$6.89** per hour to be self-sufficient (see Table 5) in Montgomery County.

Table 5

The Self-Sufficiency Standard for Selected Family Types
Clarksville-Hopkinsville, TN-KY MSA, 2002
Montgomery County *

Monthly Expenses and Shares of Total Budgets

	One Adult		***One Adult, One Preschooler***		***One Adult, One Preschooler, One Schoolage***		***Two Adults, One Preschooler, One Schoolage***	
Monthly Costs	***Costs***	***% of total***	***Costs***	***% of total***	***Costs***	***% of total***	***Costs***	***% of total***
Housing	*$437*	*36*	*$514*	*28*	*$514*	*23*	*$514*	*18*
Child Care	*$0*	*0*	*$355*	*20*	*$586*	*27*	*$586*	*21*
Food	*$176*	*15*	*$266*	*15*	*$396*	*18*	*$544*	*19*
Transportation	*$219*	*18*	*$222*	*12*	*$222*	*10*	*$426*	*15*
Health Care	*$85*	*7*	*$190*	*11*	*$210*	*10*	*$252*	*9*
Miscellaneous	*$92*	*8*	*$155*	*9*	*$193*	*9*	*$232*	*8*
*Taxes***	*$204*	*17*	*$289*	*16*	*$354*	*16*	*$470*	*17*
Earned Income Tax Credit (-)	*$0*	*0*	*-$88*	*-5*	*-$103*	*-5*	*$0*	*0*
Child Care Tax Credit (-)	*$0*	*0*	*-$48*	*-3*	*-$84*	*-4*	*-$80*	*-3*
Child Tax Credit (-)	*$0*	*0*	*-$50*	*-3*	*-$100*	*-5*	*-$100*	*-4*
Total Percent	—	*100*	—	*100*	—	*100*	—	*100*
Self-Sufficiency Wage - Hourly***	***$6.89***		***$10.26***		***$12.44***		***$8.08***	***per adult***
Monthly	***$1,212***		***$1,805***		***$2,189***		***$2,844***	
Annual	***$14,547***		***$21,661***		***$26,263***		***$34,128***	

** The Standard is calculated by adding expenses and taxes and subtracting tax credits.*
*** Taxes include federal and state income taxes, payroll taxes and sales taxes.*
**** The hourly wage is calculated by dividing the monthly wage by 176 hours (8 hours per day times 22 days per month).*
Note: Totals may not add exactly due to rounding.

This is slightly more than a single person needs to be self-sufficient in Knox County. A single parent with a preschooler must earn **$10.26** per hour in Montgomery County to be self-sufficient, slightly less than in Knox County. An adult with two children, a preschooler and schoolage child, must earn **$12.44** per hour to meet costs—almost twice the amount of the single adult. In a two parent family with a preschooler and schoolage child, each adult must earn **$8.08** per hour to be self-sufficient. These self-sufficiency wages are less than in Knox County, but more than in Cocke County.

Hardeman County (see Table 6), is a non-metro county located in southwest Tennessee, east of Memphis. A single adult in Hardeman County must earn **$5.84** per hour to be self-sufficient. This is more than what is needed in Cocke County, less than in the remaining counties. A single parent with one preschool age child living in Hardeman County must earn **$8.48** per hour to be self-sufficient. This is less than what is needed for the same family types in the other counties analyzed here. An adult with a preschooler and schoolage child to support must earn **$10.25** per hour

Table 6

The Self-Sufficiency Standard for Selected Family Types

Hardeman County, TN, 2002 *

Monthly Expenses and Shares of Total Budgets

	One Adult		One Adult, One Preschooler		One Adult, One Preschooler, One Schoolage		Two Adults, One Preschooler, One Schoolage	
Monthly Costs	**Costs**	**% of total**	**Costs**	**% of total**	**Costs**	**% of total**	**Costs**	**% of total**
Housing	$318	31	$400	27	$400	22	$400	16
Child Care	$0	0	$317	21	$516	29	$516	21
Food	$176	17	$266	18	$396	22	$544	22
Transportation	$214	21	$217	15	$217	12	$415	17
Health Care	$82	8	$179	12	$199	11	$241	10
Miscellaneous	$79	8	$138	9	$173	10	$212	8
Taxes**	$160	16	$215	14	$263	15	$386	15
Earned Income Tax Credit (-)	$0	0	-$138	-9	-$183	-10	-$38	-2
Child Care Tax Credit (-)	$0	0	-$52	-3	-$79	-4	-$80	-3
Child Tax Credit (-)	$0	0	-$50	-3	-$97	-5	-$100	-4
Total Percent	—	100	—	100	—	100	—	100
Self-Sufficiency Wage - Hourly***	**$5.84**		**$8.48**		**$10.25**		**$7.09**	**per adult**
Monthly	**$1,028**		**$1,492**		**$1,805**		**$2,497**	
Annual	**$12,333**		**$17,906**		**$21,657**		**$29,962**	

* The Standard is calculated by adding expenses and taxes and subtracting tax credits.

** Taxes include federal and state income taxes, payroll taxes and sales taxes.

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

Note: Totals may not add exactly due to rounding.

in Hardeman County to meet costs. This hourly wage is also less than self-sufficiency wages for the same family type in the other counties analyzed here. In a two parent family with a preschooler and schoolage child each adult must earn **$7.09** per hour to be self-sufficient in Hardeman County. This self-sufficiency wage for this family type is also less than what is needed for the other counties analyzed here.

In comparing self-sufficiency wages to other Tennessee wages, note that the federal minimum-wage pays $5.15 per hour. This wage does not meet the needs of any family type, even a single adult, in any of the six areas analyzed here. The average hourly wage for low-wage workers (20th percentile) in Tennessee is $7.06 per hour.[23] Though higher than the minimum wage, this wage meets the needs of only one family type–a single person with no children– in four of the six counties analyzed here: Cocke, Hardeman, Montgomery and Knox. This wage does not allow for self-sufficiency for any family type in Shelby or Davidson counties. With both parents working, $7.06 per hour is enough to support a family with two children only in Hardeman County–the least expensive county analyzed here.

The hourly wage rate for median-wage workers in Tennessee (50th percentile) is $10.33.[24] In Montgomery, Hardeman and Cocke Counties, this is enough for a single adult with one preschool age child to meet her family's needs. It is enough for a single adult with no children to be self-sufficient in all the counties analyzed here. A wage of $10.33 per hour allows two parents to support two children in all the counties analyzed, if both parents work. It is enough wages for a single person to support two children only in Hardeman County–the least expensive county analyzed here.

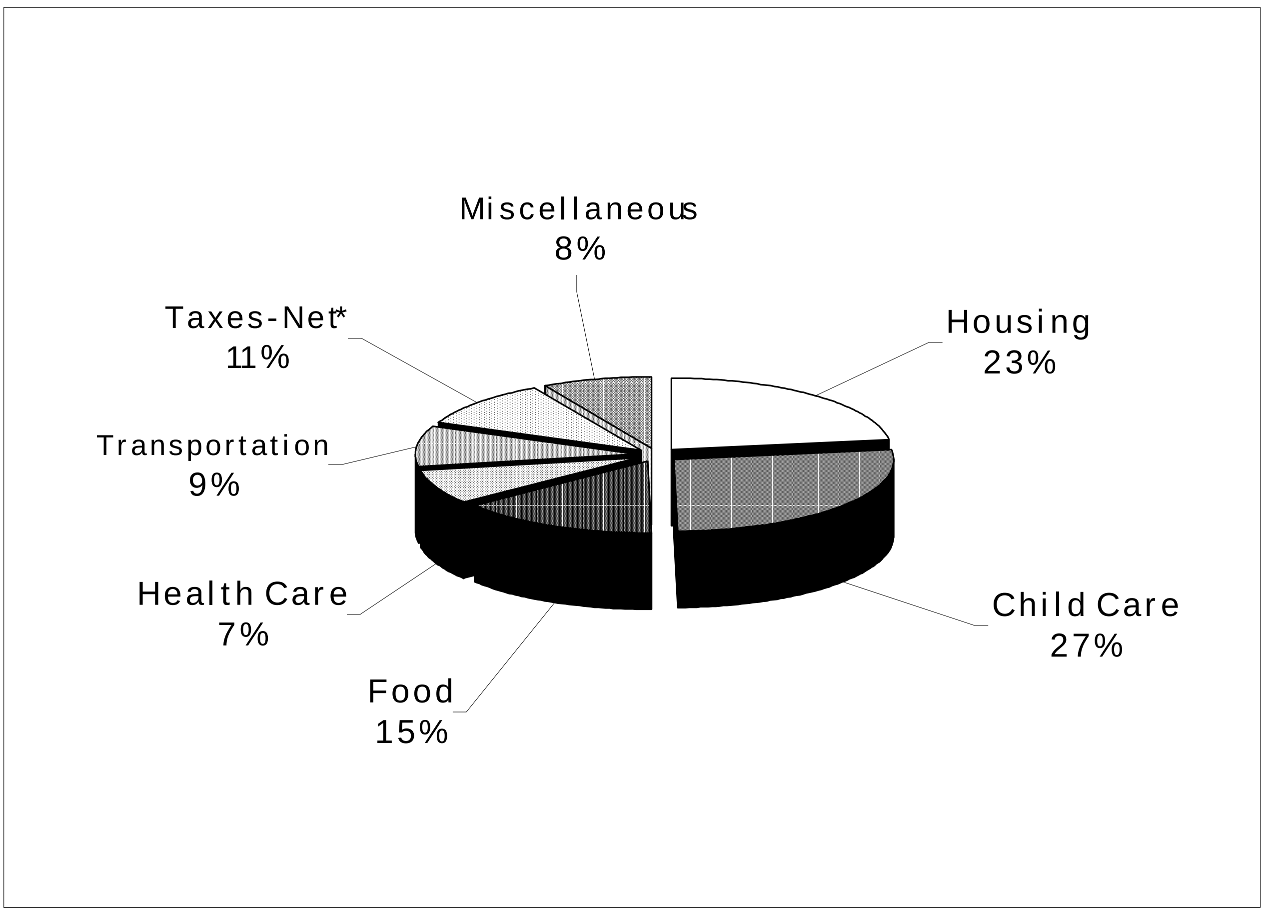
For Tennessee families with children, child care and housing account for almost half the family budget in households where both parents are working. Among families with one child, child care costs in Tennessee average about 20% to 22% of the total budget, while housing costs average 24% to 30% of the family budget.

For working families with two children, child care costs exceed housing costs in many of the locations, with child care costing from 27% to 31% of the family budget for one adult families with two children and 21% to 22% of the family budget for two adult families with two children. Housing costs for one adult families with two children account for 19-

Figure 1

Percentage of Income Needed to Meet Basic Needs, 2002

Based on the Self-Sufficiency Standard for a Family with One Parent, One Preschooler and One Schoolage Child in Shelby County, TN



**Note: Percentages include the net effect of taxes and tax credits. Thus, the percentage of income needed for taxes is actually 17%, but with tax credits, the amount owed in taxes is reduced to 11%.*

25% of the family budget. Housing costs for two-adult families with two children in these counties account for 14-19% of the family budget.

The rent for a two-bedroom housing unit varies from a low of **$364** per month (Cocke County) to a high of **$660** per month (Davidson County). The differential in child care costs in Tennessee is also large. For example, the cost of child care for two children, a preschooler full-time and a schoolage child part-time, ranges from **$516** in Hardeman County to **$717** in Shelby County.

In Figure 1 on the preceding page, we have shown the proportion of income spent on each basic need for a single parent family with one preschooler and one schoolage child in Shelby County.

Housing and child care are by far the greatest expenses for working families with children. Families with two children, one of whom is under schoolage, generally spend almost half their incomes on these two expenses alone. For this family in Shelby County, 50% of the budget goes towards housing and child care.

The next largest expenses are food and taxes, accounting for 15% and 11% of the total costs respectively. (It should be noted, however, that the actual month-to-month tax burden for this family is higher–17% of the budget. The percentage shown is lowered with the addition of federal tax credits, which may or may not be received on a month-to-month basis). Transportation, healthcare and miscellaneous expenses each account for 7 to 9% of this family's budget. Transportation costs include car maintenance, oil and gas, insurance and car payment.

Comparing the Standard to Other Benchmarks of Income

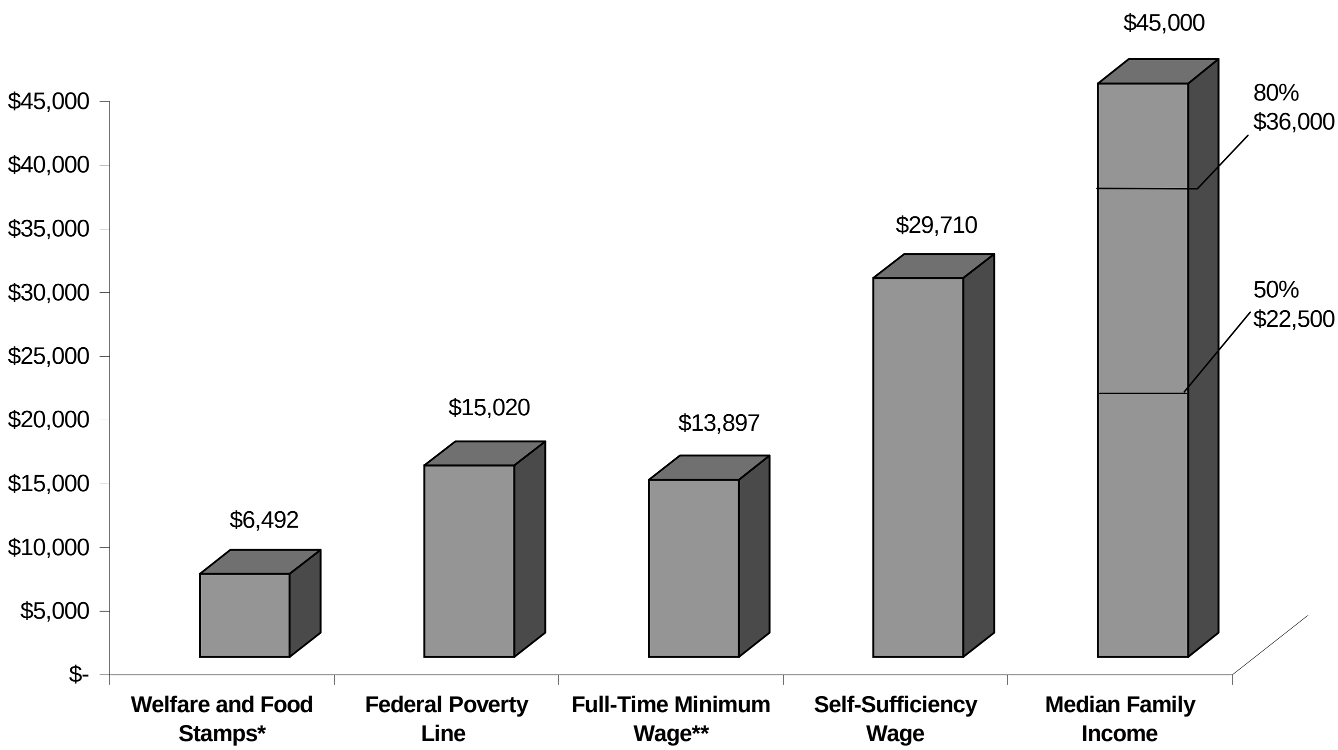
To put the Standard in context, it is useful to compare it to other commonly used measures of income adequacy. In Figure 2 below, we have compared the Standard for Chattanooga's Hamilton County to four other benchmarks: the combined welfare cash assistance and food stamps benefit, the federal poverty measure, the federal minimum wage, and the median income. This set of benchmarks is not meant to show *how* a family would move from welfare or poverty to self-sufficiency, rather the concept of self-sufficiency assumes a gradual progression, one that takes place over time. (Please see the next two sections for a more detailed discussion of how Tennessee families can achieve Self-Sufficiency Wages.)

For purposes of comparison, we use the Standard for a three-person family consisting of one adult, one preschooler, and one schoolage child living in Hamilton County, in the Chattanooga metro area. The Self-Sufficiency Standard for this family type in Hamilton County is **$29,710.** (The other benchmarks presented are not as specific as the Standard in terms of age and number of children.)

Figure 2

The Self-Sufficiency Standard Compared to Other Benchmarks, 2002

Based on the Self-Sufficiency Standard for a Familiy with One Parent, one Preschoooler and One Schoolage Child in Hamilton County, TN



** Welfare and Food Stamps includes the maximum grant for a 3 person family in Tennessee. Cash assistance is $185 per month, Food Stamps $335 per month.*

***Full-time minimum wage is the year 2002 federal minimum wage of $5.15 per hour, and includes the net effect of the addition of the Earned Income Tax Credit and the subtraction of taxes.*

The Welfare (TANF) Grant and Food Stamps: Including the cash value of Food Stamps as well as the TANF cash grant, assuming no other wage or income, the maximum possible "cash" assistance package for a family of three in Tennessee is **$541** per month in Hamilton County or **$6,492** per year, assuming no wage or other income. This amount is just over one-fifth **(21.9%)** of the Self-Sufficiency Standard for a three-person family in Hamilton County.

Federal Poverty Level: Not surprisingly, the Standard is quite a bit higher than the official poverty level for a family of three. A family consisting of one adult and two children would be considered "poor," according to federal guidelines, if this family had a monthly income of **$1,252** (**$15,020** annually) or less—regardless of where they live, or the age of their children. Thus, the official poverty level for a three-person family is just over one-half (**50.6%)** of the Self-Sufficiency Wage actually needed for a three-person family (with one adult, one preschooler and one schoolage child). Even in the least expensive jurisdictions in Tennessee, such as Clay County, the official poverty guideline is only about 65% of the amount needed to meet family needs according to the Standard.

Minimum Wage: A full-time worker at the federal minimum wage of **$5.15** per hour earns about **$893** per month or **$10,712** per year. Subtracting taxes—payroll (Social Security), and federal income taxes—and adding tax credits—the Child and Earned Income Tax Credits—this worker would have a cash income of **$1,158** per month, or **$13,897** per year. This amount is more than her earnings alone because the federal EITC benefit for which she qualifies is the maximum and she also receives a small child tax credit. Together these are more than the taxes she owes. (At this income level, this worker only has to pay sales and payroll taxes—her income is below the threshold for paying federal income taxes. Nevertheless, because she does not pay federal income taxes, she is ineligible for the Child Care Tax Credit).

Even with the help of the federal EITC, however, a full-time job with the minimum wage provides just about one-half (**46.8%**) of the amount needed to be self-sufficient. If we assume that she pays taxes, but does not receive the EITC or the CTC payments on a monthly basis—as is true of most workers—she will only receive **$9,892** during the year, which is one-third of the Self-Sufficiency Standard (**33.3%**).

Median Family Income: Median family income is defined as the income level at which half of an area's families have incomes above this amount and half have incomes below this amount. The median income for a three-person family in Hamilton County is **$45,000**. The Self-Sufficiency Standard for a single-parent family with one preschooler and one schoolage child is thus **66%** of the median family income for Hamilton County.

The U.S. Department of Housing and Urban Development (HUD) uses area median family income as a standard to assess families' needs for housing assistance. Those with incomes below 50% of the median area income are considered "Very Low Income," while those with incomes below 80% of the median are considered "Low Income." (Almost all assistance is limited to the "Very Low Income" category, and even then, only about one-fourth of those eligible families receive housing assistance). Thus, the Self-Sufficiency Standard for a Hamilton County family, at 66% of the median family income, falls between 50% and 80% of area median income. It is therefore between the "Low Income" and "Very Low Income" standards used by HUD, which suggests that the Standard is set at a level that is neither too high, nor too low.

Comparing the Standard for Nashville & Memphis to Other Major Cities

The Self-Sufficiency Standard has now been completed for 25 states or cities. Because the Self-Sufficiency Standard uses the same methodology across states, the cost of meeting basic needs for a given family type can be directly compared. However, since the Standard has been done in different years in the various places, all numbers have been updated to the year 2002. While over a long period of time costs are likely to increase at different rates, for our purposes here it is acceptable to use the overall Consumer Price Index (CPI) to update the Standards to make them comparable. As can be seen in Table 7, we have chosen to compare the Standard for Nashville and Memphis to seventeen other cities.

For a single adult with a preschooler, the costs in Nashville require a Self-Sufficiency Wage of $12.44 per hour; in Memphis, the same family's Self-Sufficiency Wage is $12.02 per hour. Nashville's is the *third lowest* wage in this comparison higher than Billings and Memphis, lower than the remaining cities. Memphis's Self-Sufficiency Wage for this family type is the lowest wage in this comparison.

The Self-Sufficiency Wage for a single-parent, two-child family in Memphis and Nashville are *third and second lowest* respectively in this comparison. This is more than the wages for the same family type in Billings, but less than the cost of living in the remaining cities.

For two-parent families with two children, the Self-Sufficiency Wages in Nashville and Memphis are lower than all the other cities in this comparison.

Although an urban Tennessee family's expenses fall in the lower portion of the country for all family types, it still requires substantial resources for families to achieve self-sufficiency in Tennessee. Tennessee's median income is lower than the national average; its poverty rate is higher than the national average and Tennessee has a larger share of jobs that pay poverty-level wages than in the nation as a whole.[25] Therefore, despite their relative low costs, in comparison to other American cities, for many families in Memphis and Nashville, achieving self-sufficiency presents a considerable challenge.

Table 7

The Self-Sufficiency Standard for Nashville and Memphis as Compared to Other American Cities, 2002*

Single Adult, Preschooler		Single Adult, Preschooler, Schoolage		Two Adults, Preschooler, Schoolage	
San Francisco, CA***	$21.84	San Francisco, CA***	$25.89	San Francisco, CA***	$13.66**
New York City (Queens), NY***	$18.35	Washington, DC***	$24.71	Washington, DC***	$13.59**
Washington, DC***	$17.49	New York City (Queens), NY***	$22.95	New York City (Queens), NY***	$12.56**
Boston, MA***	$16.82	Los Angeles, CA	$21.06	Milwaukee, WI	$11.87**
Milwaukee, WI	$16.37	Boston, MA ***	$20.41	Los Angeles, CA	$11.74**
Los Angeles, CA	$16.20	Milwaukee, WI	$20.24	Boston, MA ***	$11.09**
Phoenix, AZ	$15.13	Denver, CO	$18.90	Phoenix, AZ	$10.78**
Philadelphia, PA***	$15.13	Phoenix, AZ	$18.09	Denver, CO	$10.72**
Denver, CO	$14.76	Philadelphia, PA***	$17.93	Salt Lake City, UT	$10.58**
Salt Lake City, UT	$14.63	Salt Lake City, UT	$17.76	Louisville, KY	$10.23**
Seattle, WA***	$14.22	Seattle, WA***	$17.59	Philadelphia, PA***	$10.13**
Louisville, KY	$14.21	Louisville, KY	$17.18	Oklahoma City, OK	$9.99**
Las Vegas, NV	$13.78	Oklahoma City, OK	$16.66	Seattle, WA***	$9.60**
Chicago, IL***	$13.74	Chicago, IL***	$16.32	Las Vegas, NV	$9.48**
Oklahoma City, OK	$13.46	Las Vegas, NV	$15.78	Charleston, WV	$9.31**
Charleston, WV	$12.51	Charleston, WV	$15.27	Chicago, IL ***	$9.28**
Nashville, TN	**$12.44**	**Memphis, TN**	**$15.15**	Billings, MT	$9.17**
Billings, MT	$12.16	**Nashville, TN**	**$14.96**	**Memphis, TN**	**$9.14****
Memphis, TN	**$12.02**	Billings, MT	$14.68	**Nashville, TN**	**$8.92****

**all wages updated using Consumer Price Index* ***wages shown are per adult*

****wage calculated assumes family uses public transportation*

Closing the Gap Between Incomes and the Self-Sufficiency Standard

Of course, many families do not earn Self-Sufficiency Wages, particularly if they have recently entered (or reentered) the workforce, live in high-cost areas, or live in low wage areas. They therefore cannot afford their housing *and* food *and* child care—much less their other basic needs. They must choose between needs, or accept substandard or inadequate child care, insufficient food, or substandard housing.

This wage gap presents states and localities with the challenge of how to aid families who are striving for self-sufficiency, especially families whose incomes may be above the "poverty" level and/or assistance eligibility levels, yet fall below what is needed for self-sufficiency. While many have benefited from the opportunities produced by an expanding economy during the late 1990s helping families achieve self-sufficiency presents a greater challenge during economic downturns. In addition, dwindling time remains in which many families can receive cash assistance from TANF.

The two basic approaches for individuals to close this income gap are to: (1) reduce costs through supports—public or private, in cash or "in kind", and (2) raise incomes. The first approach, that of reducing costs, can be accomplished through various subsidies and supports, such as child support, Food Stamps, and child care assistance. This approach will be discussed in more detail in the next section, "Modeling the Impact of Supports on Wages Required to Meet Basic Needs."

The other approach, raising incomes, can be done at either the 'micro" or individual level, or at the "macro" level. "Micro" strategies, to raise individuals' incomes include training and education, context literacy, nontraditional employment for women, micro-enterprise, and individual development accounts. "Macro" strategies address labor market structures, and include labor market reforms, removing artificial barriers to employment for women and/or persons of color, and sectoral employment initiatives. Below we will discuss each of these strategies in more detail.

These two approaches–reducing costs and raising income–are not mutually exclusive, but in fact can and should be used sequentially or in tandem, as appropriate. Thus, some parents may receive education and training, followed by jobs that are supplemented by supports (if necessary) until their wages reach the self-sufficiency level. Alternatively, individual parents may combine work and study from the outset. Whatever choices they make, parents should be able to choose the path to self-sufficiency that best safeguards their family's well-being and allows them to balance work, education and family responsibilities.

Raising Incomes: Micro Approaches

Targeting Higher-Wage Employment: Increasing Access to Higher Education: Adults who have language difficulties, inadequate education, or who lack job skills or experience cannot achieve Self-Sufficiency Wages without first addressing access to training and education. Training and education are often key to entering occupations and workplaces that will eventually, if not immediately, pay Self-Sufficiency Wages (see chart on page 22). For some, this may mean skills training, or ESL (English as a Second Language), ABE (Adult Basic Education) and/or the GED (General Educational Development) programs. For others, this may mean earning two- or four-year degrees at accredited colleges and universities.

Education has always been a key to economic independence. Yet by promoting rapid attachment to employment or "WorkFirst", the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 restricted low-income parents' access to higher education. Instead of devoting attention to attaining their degrees, students enrolled in college who are receiving aid must meet the strict work requirements of the welfare reform law and take approved courses that qualify as "vocational education training." Currently, states can count only twelve months of vocational education as a work activity for TANF recipients. Needless to say, most higher wage jobs require more than twelve months of training; in fact, many require at least a four-year degree.

Effectively increasing access to higher education requires relaxing current restrictions, as well as providing supports for low-income parents in college, including child care, tuition waivers and transportation assistance. In addition, in some states policy changes at the local as well as federal levels will be necessary in order for TANF recipients to have access to higher education.

In the past decade, Tennessee in particular has seen growth in managerial, technical and professional occupations. However, for Tennessee to continue to develop economically, it is crucial that investments be made in public schools and higher education. Failure to meet this challenge could lead to a competitive disadvantage for the state in terms of business recruitment and retention. Economic development for Tennessee–and indeed for many states–hinges of the state's ability to provide a supply of workers with skills necessary for higher tech and service oriented businesses.[26] Worker education is also something in which businesses can invest. Expanding incumbent worker training results in increased productivity and increased efficiency, which benefits the employer, and higher wages, which benefit the employee.

Functional Context Education: Functional Context Education (FCE) is an instructional strategy that integrates the teaching of literacy skills and job content to move learners more successfully and quickly toward their educational and employment goals. Programs that use the FCE model are more effective than traditional programs that teach basic skills and job skills in sequence because this innovative approach teaches literacy and basic skills in the context in which the learner will use them. Clients see clearly the role literacy skills play in moving them toward their goals. For adults who have already experienced school failure, enrollment in programs that use traditional approaches to teaching often reproduce that failure. Functional Context Education programs address this problem by using content related to adult goals to teach basic skills. This strategy promotes better retention, encourages lifelong learning and supports the intergenerational transfer of knowledge.

Most adults cannot spend years in basic education programs learning skills that may seem, at best, distantly related to their economic goals. Given welfare time limits and restrictions on education and training, it is more important than ever that individuals master basic and job-specific skills as quickly and efficiently as possible.

Nontraditional Employment for Women: For many women, nontraditional jobs (such as construction, copy machine repair, X-ray technician, or computer-aided drafting) require relatively little post-secondary training, yet provide wages at self-sufficiency levels. Nontraditional employment for women is one high-wage option that can enable families to move out of poverty. Nontraditional Occupations (NTOs) are jobs that are often thought of as "men's jobs." According to the U.S. Department of Labor, they include any occupation in which less than 25 percent of the workforce is female.

Increasing women's access to nontraditional jobs is a compelling strategy for family economic self-sufficiency for several reasons. Most importantly, compared to jobs that are traditional for women, nontraditional jobs can provide better wages and benefits than the traditionally "female" jobs (such as service or retail jobs). Enhancing women's access to these jobs—or training leading to these jobs—requires addressing a range of barriers that prevent women from entering and remaining in nontraditional occupations. Unfortunately, most female job training participants and welfare clients are steered towards traditionally "female"occupations. Many of these occupations offer low wages and little room for advancement and subsequent pay raises.

The additional earnings associated with NTOs significantly improve the ability of women to take care of their families. Nontraditional jobs also frequently have greater career and training opportunities, and many women find greater job satisfaction that can result in longer-term employment. In addition, hiring women in nontraditional jobs is good for business and produces positive results for employers.

Recognizing the significant benefits of nontraditional employment for low-income women and their families, many women's community-based organizations began to offer nontraditional training 20 years ago. Their efforts were assisted by affirmative action guidelines for employers and apprenticeship programs that opened the construction trades, in particular, to women. While most community-based nontraditional employment programs were successful, few of the strategies used to train and place women in higher-wage, nontraditional jobs were institutionalized into the mainstream job training and vocational education systems. Institutionalizing nontraditional employment in the workforce development and welfare systems is key to this becoming a successful strategy for moving families out of poverty.

Targeting Higher-Wage Employment: Microenterprise Training and Development: Microenterprise development is an income-generating strategy that helps low-income people start or expand small businesses. Generally, the business is owned and operated by one person or family, has fewer than five employees and can start up with a loan of less than $25,000. Microenterprise is an attractive option for low-income women who may have skills in a particular craft or service. The lack of quality employment options especially for low-income, low-skilled women makes microenterprise development a critical strategy for moving families out of poverty. Low-income women entrepreneurs, especially those living in rural or inner-city communities isolated from the economic mainstream, often lack the contacts and networks needed for business success. Peer networks (such as lending circles and program alumnae groups) help women learn to earn from each other, build self-esteem and organize around policy advocacy. Linkages between microentrepreneurs and more established women business owners provide program participants with role models, facilitate an on-going transfer of skills, and expand networks.

Individual Development Accounts: For many low-income families, the barriers to self-sufficiency are accentuated by a near or total absence of savings. According to one report, a family with a household income between $10,000 and $25,000, had net financial assets of $1,000, while a family with a household income of less than $10,000 had net financial assets of $10.[27] For these families with no savings, the slightest setback—a car needing repairs, an unexpected hospital bill, a reduction in work hours—can trigger a major financial crisis. These families can be forced to take out small loans at exorbitant interest prices just to make it to the next paycheck, often resulting in spiraling debt. Too often, public policies work against the promotion of savings by actively penalizing families that manage to put some money aside.

Recent policy changes have begun to promote and encourage asset development for low-income workers. One major development has been the Individual Development Account (IDA). Individual Development Accounts (IDAs) are dedicated savings accounts earmarked for purchasing a first home, for education and job training expenses or for capitalizing a small business. In may states, contributions from eligible low-income participants are matched, using both private and public sources. IDAs are managed by community-based organizations and are held at local financial institutions. While less common than income supports, these "wealth supports" can be an important tool in helping families towards self-sufficiency.

Macro Approaches to Closing the Wage Gap

Labor Market Reforms: As can be seen in Tables 1 through 6, even two parents working full-time must earn well above the federal minimum wage to meet their family's basic needs. Raising the minimum wage, particularly in high cost areas, is essential because it raises the "floor" for wages, and therefore affects many workers' earnings. Ten states have a minimum wage that is above the federal minimum wage, with the highest being Washington State at $6.90 per hour. In all, 20% of the U.S. residents live in states and localities with a minimum wage higher than the federal minimum wage.[28] (There is no state minimum wage in Tennessee). Higher wages can have a positive impact on both workers and their employers by reducing turnover and saving on training and recruitment costs for both workers and employers.

Another approach to raising wages of workers are the Living Wage laws that mandate that city contractors and employers receiving public subsidies pay a "living wage." These policies would impact private sector workers' wages as well as public sector workers. Union representation of workers also leads to higher wages as well as better benefits, moving workers closer to the Self-Sufficiency Standard.[29]

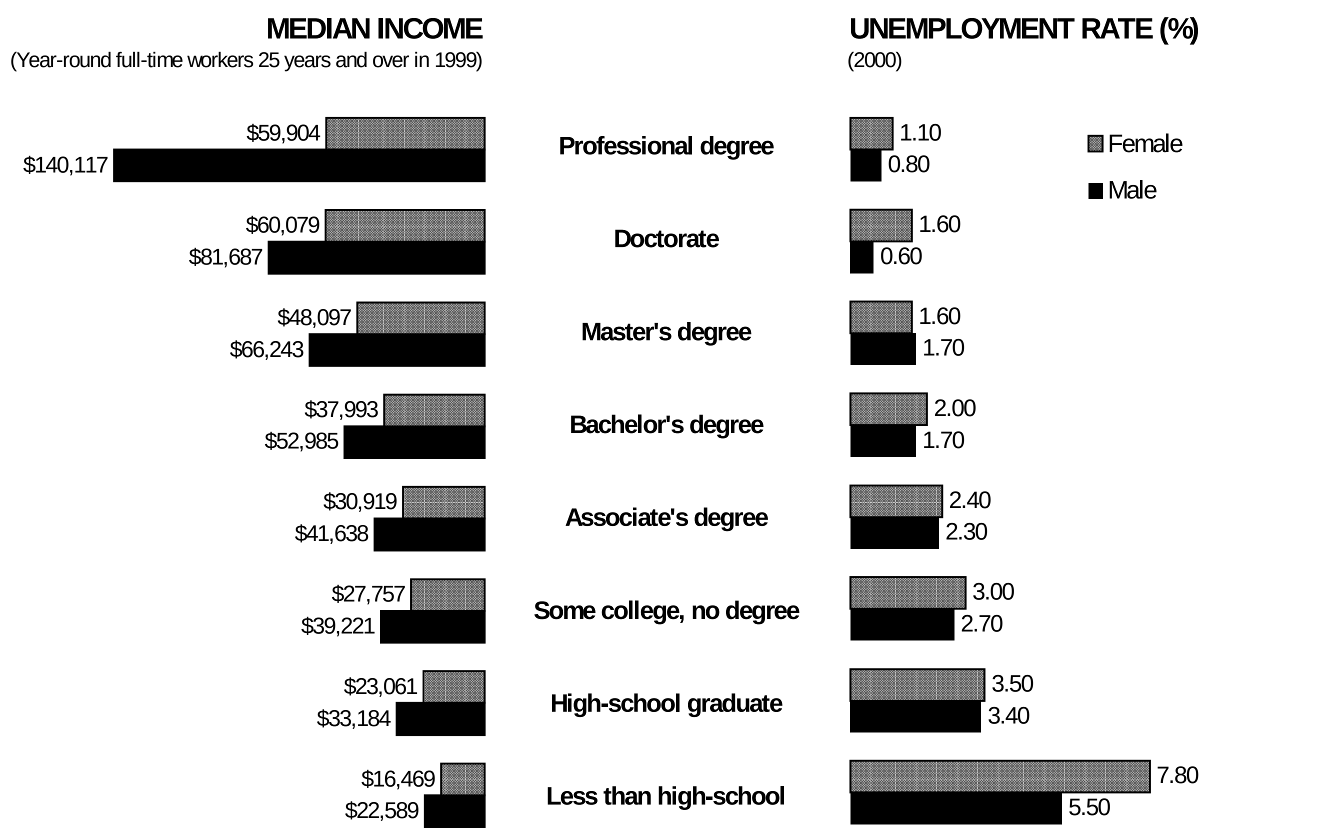
Reducing Gender and Race-Based Wage Disparities: It is important to recognize that not all barriers to self-sufficiency lie in the individual persons and/or families seeking self-sufficiency. Women and/or people of color all too often face artificial barriers to employment not addressed by public policy or training/education strategies. As Figure 3 on the following page illustrates, women are consistently paid less than men, even when they have equal education. Figure 3 also shows women are more likely to be unemployed than men, regardless of their qualifications. Pay Equity laws would raise the wages of women and people of color who are subject to race and gender-based discrimination.

For some, discrimination on the basis of gender and/or race is a key issue. At the same time, this does not necessarily mean that individuals or institutions are engaging in deliberate racism and sexism. Addressing the more subtle, yet substantial, barriers effectively requires all stakeholders—employers, unions, advocates, training providers and educators, welfare officials and program participants—to partner together to address the various difficulties, myths and misunderstandings that arise as more and more people seek to enter a workforce environment that is not always welcoming.[30]

Sectoral Employment Intervention: A targeting high-wage job strategy, Sectoral Employment Intervention determines the wage needed by a worker to sustain her/his family (using the Self-Sufficiency Standard), identifies well-paying jobs in growth sectors that lack trained workers, and analyzes the job training and support services infrastructure necessary to move these individuals into these jobs. Key components include engaging industry representatives, workforce development boards establishing occupational information systems based on local- and regional-labor-market-specific data, targeting training for specific jobs, and developing sensible outcome standards. Because this approach looks at labor market issues from both supply and demand perspectives, it helps communities strengthen their local economies while reinvesting in families and neighborhoods. Targeted training is necessary to help low-income clients access high-demand, high-wage jobs. By responding to business' specific labor needs, a high-wage job targeting strategy will improve a region's ability to attract and keep industries and to support a thriving business climate.

Figure 3

Impacts of Education on Unemployment and Earnings by Gender in the United States



Source: Bureau of Labor Statistics, Current Population Survey, unpublished data & Bureau of the Census

Modeling the Impact of Supports on Wages Required to Meet Basic Needs

Reducing Costs and Meeting Basic Needs Through Supports

There are a number of ways to reduce the amount of income required to meet family needs, thus helping low-income families achieve self-sufficiency. Below we discuss health care coverage, child support and work supports as means to assit families reaching for self-sufficiency. We then model the effects of these resources on a family's wages in Table 8.

- ***Health Care Coverage:*** Affordable health care coverage is essential to families working towards self-sufficiency. The Standard assumes that a Self-Sufficiency Wage includes employer-provided (and partially financed) health insurance. When families have affordable health care coverage, health care expenses are a relatively small cost item on their budgets (less than 10% for most family types). However, it should be noted that many families cannot afford the health-care coverage available through their employers. Some employers do not offer health care benefits at all. When health care benefits are not available or affordable, parents have to make difficult choices in order to meet their families' needs. Without health care coverage, an illness or injury in a family can have serious financial consequences. For example, families may need to risk eviction by using income budgeted for housing in order to pay for needed healthcare.

However, with the with the implementation of TennCare, Tennessee's state-sponsored healthcare program, many families now have the option of covering their children's healthcare needs when their employer does not offer family coverage. Families who enter the workforce from welfare are eligible for continued coverage by Medicaid for themselves and their children for up to eighteen months. After that, and for those families not transitioning from welfare, children and some eligible adults can be covered by TennCare, depending upon the family's size and income.[31]

- ***Child Support:*** While not an option for all families, whenever possible child support from absent, non-custodial parents should be sought. Higher unemployment rates and lower wages among some groups may result in lesser amounts of child support. Nevertheless, whatever the amount, child support payments reduce the amount required for a family to meet their needs, while providing the support of both parents to meet children's needs.

- ***Work Supports:*** In addition to assistance with health care coverage, there are other work supports to further assist families meet their basic needs. While the Self-Sufficiency Standard gives the amount of income that families need to meet their basic needs, without public or private assistance, many families cannot achieve self-sufficiency immediately. Work supports or aid such as cash assistance (TANF), housing (including Section 8 vouchers and public housing), child care, health care (Medicaid or other plan), and/or transportation subsidies all aid families as they struggle to become economically independent. At the crucial point in their lives of entering employment, such work supports can help a family achieve stability without scrimping on nutrition, living in overcrowded or substandard housing, or using inadequate child care. This stability can help a family maintain employment, which is a necessary condition for improving wages.

However, work supports are limited. They are not available to all families whose incomes are insuffiecienct to meet their needs and often work support benefits are low. In addition, though many families do not have income adequate to meet their needs, their incomes are too high to meet eligibility guidelines for work supports that would help them reach self sufficiency.

Table 8

Impact of Work Supports on Monthly Costs and the Self-Sufficiency Wage

of a Single Parent with One Infant and One Preschooler

Nashville, TN MSA, 2002, Davidson County

	#1	WORK SUPPORTS						
		#2	#3	#4	#5	#6	#7	#8
Monthly Costs:	Self-Sufficiency Standard	Child Support	Child Care & Child Support	Welfare-to-Work Package: Child Care & Health Care [Medicaid]	Post-Transition/ Working Poor: Child Care Health Care [TennCare]*	Child Care, Food Stamps, Health Care [TennCare]* & Child Support	Housing, Child Care, Food Stamps, & Health Care [TennCare] (no premium)	Tax Relief (Rochelle-Head Plan)
Housing	$660	$660	$660	$660	$660	$660	**$465**	$660
Child Care	$849	$849	**$174**	**$200**	**$243**	**$69**	**$143**	$849
Food	$345	$345	$345	$345	$345	**$135**	**$278**	$345
Transportation	$206	$206	$206	$206	$206	$206	$206	$206
Health Care - TN	$202	$202	$202	**$0**	**$126**	**$126**	**$86**	$202
Miscellaneous	$220	$220	$220	$220	$220	$220	$220	$220
Taxes	$486	$394	$228	$264	$305	$120	$200	**$413**
Earned Income Tax Credit (-)	$0	#	#	#	#	#	#	#
Child Care Tax Credit (-)	-$80	-$80	-$44	-$48	-$56	$0	-$36	-$80
Child Tax Credit (-)	-$100	-$87	-$13	-$32	-$52	$0	-$6	-$100
Child Support		**-$320**	**-$320**	$0	$0	**-$320**	$0	$0
Self-Sufficiency Wage:								
-Hourly	**$15.84**	**$13.58**	**$9.43**	**$10.31**	**$11.35**	**$6.91**	**$8.84**	**$15.43**
-Monthly	**$2,789**	**$2,389**	**$1,659**	**$1,815**	**$1,998**	**$1,216**	**$1,556**	**$2,715**
-Annual	**$33,463**	**$28,673**	**$19,907**	**$21,778**	**$23,974**	**$14,596**	**$18,674**	**$32,580**
Annual EITC (federal)	**$0**	**$723**	**$2,569**	**$2,175**	**$1,713**	**$3,688**	**$2,829**	**$0**
Annual Refundable CTC (federal)	**$0**	**$162**	**$829**	**$790**	**$577**	**$460**	**$798**	**$0**

** Includes $40 per family premium*

 # In the modeling columns, refundable credits are shown as they are usually received, as an annual lump sum when taxes are filed early the next year. The child tax credit is split, with the part that is a credit against taxes owed received monthly, and the refundable portion shown as received annually. EITC is not received as a credit against taxes, so it is shown only annually.

Modeling the Impact of Supports

In Table 8, we examine the effect of adding work supports for a family consisting of a single parent and two children, an infant and a preschooler, living in Davidson County. These tables illustrate the impact of work supports in different combinations and under different cost of living conditions. The basis for these numbers can be found in the section entitled "How the Standard is Calculated," starting on page 5.

Treatment of Tax Credits: Although we include the Earned Income Tax Credit and/or the Child Tax Credit (when the family qualifies) in the calculation of the Self-Sufficiency Standard, in this model we want to show only income that is in fact likely to be available to families each month to meet their needs. Although by law a family can receive part of the federal EITC and/or the CTC to which they are entitled on a monthly basis, the great majority (approximately 99%) of families receive the EITC and the CTC as a lump sum payment the following year when they file their tax returns.[32]

While this money is frequently used, according to research, to meet important family needs such as a security deposit for housing, to buy a car, to settle debts, to pay tuition, or to start a savings account, it is not available to meet daily or monthly needs.[33] Moreover, because of fluctuating hours and wages over the year, many workers find it difficult to gauge how much EITC or CTC they will be receiving when they file their taxes at the beginning of the next year.

We show the federal EITC and the refundable CTC as the annual amount, for which this family would qualify when they file their taxes the following year—if they worked at this wage for the entire year. (See the two shaded lines, at the bottom of Table 8). Note that because these amounts are not received during the month or year shown here, they are not included in the calculation of the wages shown.

Table 8 - The Impact of Work Supports

The Self-Sufficiency Standard (Column #1): In the first column of Table 8, the Standard provides the full amount of each of the family's expenses, including taxes, without any work or other supports to reduce these costs (except tax credits where applicable). With child care expenses of $849 per month and housing costs of $660 per month, it is not surprising that for this single parent the Self-Sufficiency Wage is **$15.84** per hour in Davidson County.

Private Support:

Child Support (Column #2): In the second column of Table 8, the private "subsidy" of child support is added. The amount of $320 shown is the average child support payment per family per month in Tennessee (for families receiving support), as reported by the state.[34] Unlike additional earned income, child support is not reduced by taxes, and therefore it has a stronger impact on helping families meet their needs.

Not only does child support reduce the amount that must be earned, but it changes taxes and tax credits as well. Taxes decrease from $486 in Davidson County–in Column #1, when all income is earned– to $394—when some income is received as child support. Note that altogether, these changes reduce the amount this single parent must earn to meet her family's needs from $15.84 to **$13.58** per hour. Because of the reduction in needed wages, this worker also now qualifies for a federal EITC and refundable CTC tax credits.

Public Work Supports:

Child Support & Child Care (Column #3): In the third column, we show the effect of a child care work support or subsidy available to some low-income families in Tennessee. Child care assistance for a family of three is available from Tennessee's Department of Human Services on a sliding scale, depending on family size and income. In Table 8, we have modeled the current child care subsidy available for her income level, along with the same child support payment as modeled in Column #2. (If this parent were meeting her family's needs without the assistance of child support, she would not qualify for child care assistance in the state of Tennessee). With this assistance, her monthly child care payment is reduced from $849 to $**174**. Her monthly income now needs to be **$9.43** per hour to meet her basic needs. The amount of taxes she pays is reduced–from $486 per month, when she only received child support–to **$228** per month, with the addition of child care assistance. She also now qualifies to receive both the federal EITC and CTC.

"Welfare-to-Work": Child Care and Health Care [Medicaid] (Column #4): For adults who are moving from welfare to work, there is available a set of supports to help with that transition. A typical "package" of benefits available to those making the welfare-to-work transition usually includes child care, Food Stamps, Medicaid and cash assistance. However, under Tennessee eligibilty rules, any worker who qualifies for this much assistance could not also adequately meet her family's needs. *If her wages are low enough to qualify for full assistance, they are too low to allow for adequate housing, child care, transportation, healthcare, food and supplies.* Thus, we have modeled only the work supports in Tennessee she can qualify for and still maintain a decent standard of living. These supports include Medicaid and child care assistance.

With this assistance package, child care costs are reduced to **$200** per month. Medicaid reduces health care costs to zero. In reducing her wage, the monthly tax burden is also reduced; with this assistance she pays only **$264** per month in taxes. Altogether this lowers the income that must be earned from $15.84 to **$10.31** per hour. She also receives a substantial EITC and small CTC at the end of the year.

"Post Transition Welfare-to-Work": Child Care and Health Care [TennCare] (Column #5): After one year, the parent making the transition from welfare to work loses Medicaid coverage for her whole family, although her children remain eligible for TennCare. In the sixth column of Table 8, we model this change by assuming that the children's health care costs are covered by TennCare, which requires a monthly premium of $40.00 for the children. The parent's cost is not covered at all, so the parent must pay for her share of the health insurance premium that is available through her employer, and out-of-pocket costs for herself. Thus her health care expenses rise to **$126** per month.

Although this amount is not large, the loss of Medicaid coverage for herself means that she must increase her earnings to pay for her health care costs, which in turn means that she loses a portion of her child care assistance. Her child care copayment increases to **$243** per month. The increased income needed to meet these expenditures also causes her taxes to increase. Altogether, she must now earn **$11.35**–over a dollar more per hour–just to be able to meet her needs at the same level as when Medicaid covered all of her family's health care costs.

Child Care, Food Stamps, Health Care [TennCare] and Child Support (Column #6): Column #6 shows the profound effect a child support payment can have on this family's income during the Post-Transition stage of their Welfare-to-Work strategy. In the previous columns, with the assistance she qualified for, it was necessary for this worker to have a job paying between $10-12.00 per hour in order to meet her family's needs after leaving welfare. However, if this same worker receives a child support payment of $320 per month during this transition time, her family qualifies for both Food Stamps and child care assistance. With her child care co-payment lowered to **$69** and her food expenses lowered from $345 to **$135**, as well as child support, her self-sufficiency wage becomes **$6.91** per hour in Davidson County.

Housing, Child Care, Food Stamps and Health Care [TennCare] (Column #7): In the seventh column of Table 8 we have modeled the combination of housing assistance, child care, Food Stamps and health care [TennCare]. For families who qualify, and who are able to get it, housing assistance typically reduces the cost of housing so that families pay only 30% of their income for housing and utilities. This aid reduces housing costs by just under $200 per month in Davidson County, from $660 per month to $465 per month. With lowered housing expenses, and the resultant lower income needed for housing, the family qualifies for both child care assistance and Food Stamp assistance. The reduced income needed for these expenses also allows this family to qualify for TennCare without having to a pay a monthly premium of $40, reducing the monthly healthcare payment to $86, which is the amount needed for the adult's employer-sponsored insurance and out-of-pocket costs. Altogether, with these work supports, the income needed to meet this family's needs is reduced to **$8.84** per hour.

It should be noted, however that very few families actually receive all of these supports modeled in Column #7. Due to long waiting lists, and a scarcity of space, in many areas housing assistance in particular can be hard to obtain in Tennessee. And while child care assistance is provided for Welfare-to-Work and Post Transition parents in Tennessee, the waiting list for low-income parents who are not part of these programs can be months, or even years long.

Tax Relief [Rochelle-Head Plan] (Column #8): In column 8 of Table 8, we model the effect of tax relief on a working family's wages in Davidson County. The Rochelle-Head tax plan proposes a tax reform which eliminates state taxes on food, clothing and non-prescription drugs, sets a uniform sales tax at 7% for all Tennessee counties and establishes a graduated income tax which is deductible from the federal income tax.

At this income, the family modelled here is exempt from the graduated state income tax. Tax relief on food and clothing purchases reduces their monthly tax burden from $486 per month to **$413**. Altogether, the Rochelle-Head tax plan lowers the hourly wage needed for self-sufficiency for this family type in Davidson County from $15.84 per hour to **$15.43**. Annual savings for this family type amounts to some $880.

Availability of Work Supports in Tennessee

By temporarily aiding families with a variety of work supports until they are able to earn Self-Sufficiency Wages, families are able to meet their needs adequately as they enter or re-enter the workforce. Meeting their basic needs means that they are more likely to be able to achieve stability in their housing, child care, diet, and health care. This in turn helps support their ability to achieve stable employment, depending on the state of the economy. Thus, carefully targeted programs and tax policies can play an important role in helping families become fully self-sufficient.

Unfortunately, the various work supports modeled here are not available to all who need them:

- Nationwide, only about 12% of eligible families receive housing aid or live in public housing.[35] In January, 2002, there were over 7,500 families on the waiting list for housing subsidies in Tennessee.[36]
- Between 1996 and 2000, the number of people receiving Food Stamps dropped by 8.6 million, according to the U.S. Department of Agriculture. Although some of this decline was due to the improving economy, a GAO report concluded that the decline was greater than would be expected according to economic indicators. The Urban Institute reported that about two-thirds of those who left the Food Stamps program as they left welfare remained eligible.[37] Over 6% of households in Tennessee are at risk for hunger: they have lower quality diets or must resort to seeking emergency food assistance because they cannot always afford the food they need.[38]
- Only 10% of about 15 million eligible children are receiving child care assistance nationwide.[39] As of Mach, 2002, there were over 7,000 families on the waiting list for child care subsidies in Tennessee. [40]
- Tennessee's state healthcare system, TennCare, insures many of the state's low-income, uninsured, Medicaid-eligible and uninsurable populations. This innovative program remains unique, as other states do not currently offer easy-access, affordable healthcare services.
- Although 58% of custodial parents had child support awards, only 34% received at least part of the child support payment owed to them, and less than 20% received the full amount owed. Not surprisingly, the average monthly child support payment of $312 represents just 17% of a single mother's, and 11% of a single father's income.[41] In Tennessee, the average monthly child support payment is $160 (for those families actually receiving support), although most families receive two such payments per month..[42]

How the Self-Sufficiency Standard Can Be Used

The Self-Sufficiency Standard is relevant to a range of issues and arenas, providing crucial information about wage adequacy to help design strategies for self-sufficiency. The Standard can be used in a variety of settings: from welfare clients choosing the best route out of poverty for themselves and their families, to organizations weighing investment in various education and training opportunities, to state-level policymakers facing critical policy choices on TANF reauthorization, tax policy, work supports, welfare-to-work programs, economic development plans, education and training.

At a time when many policy and programmatic decisions are being made at the state and local levels, the Standard provides a tool and a means to evaluate many different options. The discussion below should be seen as a partial list of options, as new uses and applications of the Standard continue to emerge.

The Self-Sufficiency Standard can be used in a variety of settings: to assist welfare clients choosing the best route out of poverty, to help organizations better target their education and training resources, or to aid policymakers analyzing proposals on tax policy programs and economic development.

The Self-Sufficiency Standard as a Policy Tool to Target Job Training and Education Resources

The Self-Sufficiency Standard has a number of uses in the development and evaluation of policy in different areas. The Standard is a key component, for example, in the ***Targeted Jobs Strategy***. This strategy uses the Standard to target resources to better match job seekers with jobs paying self-sufficiency wages. First, the Standard is used to determine which jobs in the local market pay self-sufficiency wages, and local labor market supply and demand (to determine which of these jobs have expanding but unfilled openings). Next, it makes an assessment of the available job training and education infrastructure, and finally it makes an evaluation of the skills and location of current/potential workers. Through such an analysis, it is possible to determine the jobs and sectors on which to target training and counseling resources. The Self - Sufficiency Standard has been used in this way in a number of places including California, Pennsylvania, and Washington, DC. In the District of Columbia, for example, the Self-Sufficiency Standard was used in formatting their FY 2000 Workforce Investment Act. This law requires that the Workforce Investment Board not only look at “high growth” occupations to target job training dollars, but also at the quality of the jobs in terms of their ability to meet the wage and supportive service needs of job seekers.

The Standard can be used to ***target education and job training investments.*** Given the Self-Sufficiency Wages for most family types, the Standard can help demonstrate the payoff for investing in various types of post-secondary education and training, including training for occupations that are nontraditional for women and people of color. Such training and education provide access to a wide range of jobs paying Self-Sufficiency Wages. In California’s Santa Clara County, for example, the Self-Sufficiency Standard was used in a sectoral employment intervention analysis that focused on the availability of nontraditional jobs, the geographical spread of those jobs, the availability of training resources and wage rates. The analysis led to a curriculum and counselor training package that targets transportation jobs and $140,000 to the community college system to explore how to strengthen preparation for jobs in the transportation sector. The Self-Sufficiency Standard was also used in Pennsylvania’s Delaware County to design and implement a sector employment intervention strategy that will identify, recruit, hire, train, retain and provide upward mobility to low-income residents.

The Self-Sufficiency Standard as a Tool to Evaluate Economic Development and Other Policies

The Standard has also been used to ***evaluate economic development proposals***. By using the Standard to determine if the wages paid by new businesses seeking tax breaks and other government subsidies are at or above self-sufficiency, it can be determined if these proposed enterprises will require states to supply additional supports to the low-wage workers (thus providing essentially a "double subsidy"). Such proposals can be evaluated as to their net positive or negative effect on the local economy as well as the well-being of the potential workers and their families. In Pennsylvania, the Standard was used to create a report, "The Road to Self-Sufficiency," which explores the impact of public subsidies on full and part-time low-wage workers and assesses wage adequacy in Philadelphia.

> ***The Self-Sufficiency Standard shows that, for most families, earnings that are above the official poverty level — or are high enough to disqualify them from welfare — are nevertheless far below what they need to meet their families' basic needs.***

The Standard has also been used to ***evaluate the impact of proposed policy changes***. As shown in this report (see Table 8), the Standard can be used to evaluate the impact of work support programs as well as other policy options such as child care co-payment schedules, or implementing tax reforms. With the Standard it is possible not only to show the direct impact on family incomes, but to model the effects of the interaction of taxes, tax credits, and, where applicable, work supports. For example, the Self-Sufficiency Standard was instrumental in helping persuade the Indiana Housing Finance Authority that increases in housing assistance subsidies would have a powerful impact on helping low-income families achieve self-sufficiency. As a result, IHFA dedicated an additional $2.5 million for acquisition, rehabilitation, construction and operation of emergency, transitional and supportive housing.

The Self-Sufficiency Standard as a Guideline for Determining Eligibility and Need For Services

The Standard can and has been used to determine where individuals are most in need of services, including career counseling, job training and various support services. For example, the Connecticut Legislature enacted a state statute which identifies "the under employed worker" as an individual without the skills necessary to earn a wage equal to the Self-Sufficiency Measure. The statute directs statewide workforce planning boards to recommend funding to assist such workers.

The Self-Sufficiency Standard as a Guideline for Wage-Setting

By determining the wages necessary to meet basic needs, the Standard provides information for setting minimum wage standards. It was used precisely this way by the Center for the Child Care Workforce, which developed specific guidelines for each county/school district in California for child care workers' salaries. The Standard can and has been used in Illinois and Washington state to advocate for higher wages through Living Wage ordinances and in negotiating labor union agreements.

The Self-Sufficiency Standard as a Benchmark for Evaluation and Program Improvement

The Standard can be used to evaluate outcomes for a wide range of programs that result in employment, from short-term job search and placement programs, to programs providing extensive education or job training. By evaluating outcomes in terms of self-sufficiency, programs are using a measure of true effectiveness. That is, for each participant, the question asked is how close the wages achieved are to the family's Self-Sufficiency Wage and thus how the program impacts on the ability of these adults to meet their families' needs adequately. Such evaluations can help redirect resources to the types of approaches that result in improved outcomes for participants.

The first county in the country to adopt the Standard as its formal measure of self-sufficiency and benchmark for measuring success of welfare-to-work programs was Sonoma County, California. In Connecticut, the Self-Sufficiency Standard has been adopted at the state level. It is not only used as a performance measure for planning state-supported job training, placement and employment retention programs, but the law also requires that the Standard be distributed to all state agencies that counsel individuals who are seeking education, training or employment and that the Standard be used in initial client assessment. Under its Workforce Investment Act, the Chicago Workforce Investment Board adopted the Self-Sufficiency Standard as its self-sufficiency benchmark. In addition, the Illinois Department of Human Services uses the Standard as a tool for setting goals in their local offices statewide. The California Department of Human Services uses the Standard as a benchmark on its state website. The Philadelphia Workforce Investment Board also adopted the Standard as its local benchmark for economic self-sufficiency as it relates to the City's workforce investment system. The Seattle Workforce Development Council has adopted the Self-Sufficiency Standard as its official measure of self-sufficiency. In Massachusetts, the Standard was used to analyze the extent to which Massachusetts workforce development programs funded by the Department of Labor were enabling clients to move towards or maintain self-sufficiency.

The Self-Sufficiency Standard as a Counseling Tool

The Standard can and has been used as a counseling tool, to help participants in work and training programs make choices among various occupations and jobs. The Standard has also been used to develop the Self-Sufficiency Standard Budget Worksheet, a tool that counselors and clients can use to "test" the ability of various wages to meet a family's self-sufficiency needs. With the information provided by the Standard, clients can make informed decisions about what kinds of training would most likely lead to Self-Sufficiency Wages and/or which jobs would best provide the resources they need. Alternatively, the Standard can help participants determine in what ways micro-enterprise or Individual Development Account strategies may, alone or together with paid employment, provide a path to self-sufficiency for themselves and their families.

The Standard has been used as a career counseling tool in Texas for low-income individuals enrolled in job training programs at Houston READ Commission, the Women's Center of Tarrant County and Project Quest in San Antonio. Computer- based Self-Sufficiency Budget Calculators, for use by counselors and clients, have been developed for Illinois, New York and Washington state. These computer-based tools, as well as paper-and-pencil Budget Worksheets developed in Pennsylvania, allow both counselors and clients to evaluate possible wages and compare information on available programs and work supports to their own costs and needs. These tools integrate in one place a wide range of data not usually brought together—even though clients often must coordinate these various programs, supports, costs and wages in their own lives.

The Self-Sufficiency Standard as a Public Education Tool

The Standard is an important public education tool. In 2001, the Self-Sufficiency Standard was presented in over three hundred workshops to the public nationwide. It is also being used in classrooms across the country. It helps the public at large understand what is involved in making the transition to self-sufficiency. For employers, it shows the importance of providing benefits, especially health care, that help families meet their needs and protect against health crises becoming economic crises. For providers, both public and private, such as child care providers, community organizations and education and training organizations, it demonstrates how the various components fit together, thus helping to facilitate the coordination of various services and supports.

The Self-Sufficiency Standard in Research

Because the Self-Sufficiency Standard provides an accurate and specific (both geographically, and in terms of the age of children) measure of income adequacy, it is finding increasing use in research on income adequacy and poverty. Since it has long been known that living costs differ greatly between different localities, the Self-Sufficiency Standard provides a means of estimating the true level of "poverty," or income inadequacy, and how this differs from place to place, and among different family types. In addition, the Standard provides a means to measure the adequacy of various work supports, such as child support or child care assistance—given a family's income, place of residence, and composition. The Standard has been used in researching the impact of work supports on wage adequacy in Pennsylvania and Massachusetts, child care subsidies in California, and healthcare costs in Washington state. More detailed information about these various applications of the Standard and links to reports and calculators can be found at the website www.sixstrategies.org and/or by contacting the specific states' lead organization.

Conclusion

With the current debate on the reauthorization of the TANF welfare reform legislation, particularly the possible introduction of increased work requirements without increased resources for child care and job training/education, the challenge continues to be how to help low-income households become self-sufficient. The uncertain economy, lack of available jobs paying sufficient wages, the time limits becoming an issue for many add further to the problems faced by parents seeking self-sufficiency. The Self-Sufficiency Standard strives to inform this debate by documenting the cost of living that families must meet to live independently, without public or private assistance. The Self-Sufficiency Standard shows that, for most parents, earnings that are well above the official poverty level are nevertheless far below what they need to meet their families' basic needs.

The Standard is currently being used to better understand issues of income adequacy, to analyze policy and to help individuals striving for self-sufficiency. Community organizations, academic researchers, policy institutes, legal advocates, training providers, community action agencies, and state and local officials, among others, are using the Standard.

The Standard has been calculated for a number of other states, including Arizona, California, Colorado, Connecticut, Illinois, Indiana, Iowa, Kentucky, Maryland, Massachusetts, Montana, Oklahoma, Nevada, New Jersey, New York, North Carolina, Pennsylvania, South Dakota, Texas, Utah, West Virginia, Wisconsin, Washington state and the Washington, DC metropolitan area.

For further information about the Standard, or to learn about how to have the Standard developed for your community or state, contact Jennifer Brooks at Wider Opportunities for Women at (202) 638-3143 or Dr. Diana Pearce at pearce@u.washington.edu or (206) 616-2850, or go to www.sixstrategies.org.

For further implications of the Self-Sufficiency Standard for Tennessee, to order this publication or the Standard for a particular county, or to find out more about the Tennessee Network for Community Economic Development contact Michele Flynn, (615) 226-8868, tnced@aol.com, or for information about the Tennessee Alliance for Progress, please contact Nell Levin at (615) 226-8070, info@tennesseeallianceforprogress.org.

Endnotes

[1] Anonymous quote in Gowdy, E.A. and S.R. Pearlmutter (1994). Economic Self-Sufficiency is a Road I'm On: The Results of Focus Group Research with Low-Income Women. In Liane V. Davis (Ed.) *Building on Women's Strengths: A Social Work Agenda for the Twenty-First Century.* New York: The Haworth Press.

[2] See Dalaker, J. (2001) *Poverty in the United States: 2000 (* U.S. Census Bureau, Current Population Reports, Series P-60-214) Washington, DC: U.S. Government Printing Office.

[3] See for example, O'Hare, W., Mann, T., Porter, K. and Greenstein, R. (1990) *Real Life Poverty in America: Where the American Public Would Set the Poverty Line.* Center on Budget and Policy Priorities.

[4] Using the Fair Market Rents for two-bedroom units, which is the cost of housing including utilities at the 40th percentile (see below for further explanation) two-bedroom housing in the most expensive place, Marin County, CA, part of the San Francisco metropolitan area, costs $1,747. This is almost five times as much as the least expensive housing, found in rural Alabama, such as Barbour County, where a two-bedroom unit costs $359 per month.

[5] One of the first was Patricia Ruggles, author of *Drawing the Line*. Ruggles' work and the analyses of many others are summarized in Citro and Michael (1995). Citro, C and Michael, R (Eds.) *Measuring Poverty: A New Approach.* Washington, DC: National Academy Press.

[6] Living Wage campaigns exist in many states and/or cities, with many of them developing an estimate of the minimum wage for several family types in their area or state. The Basic Needs Budget was developed by Trudi Renwick and Barbara Bergmann. See Bergmann, B. and Renwick, T. A Budget-Based Definition of Poverty: With an Application to Single-Parent Families *The Journal of Human Resources*, 28(1), 1-24.

[7] See "New light on the cost of living." (1998, September 25). *Boston Globe*.

[8] While the majority of employed women with children under 18 years of age work full-time (about 70% of married mothers, and 80% of single mothers), working part-time is clearly the desirable option under many circumstances—such as when the children are very young, or in need of special care, or affordable/appropriate child care is not available. For many low-income mothers it is equally clear that economic necessity, as well as the new requirements under TANF, preclude this option.

[9] Quoted in Gowdy and Pearlmutter, *op.cit.*, p. 91.

[10] These costs are based on a survey of units that have been on the market within the last two years, and exclude both new housing (two years old or less), and substandard and public housing.

[11] Because of the lack of availability of efficiencies in some areas, and their very uneven quality, it was decided to use one-bedroom units for the single adult and childless couple.

[12] Under the 1988 Family Support Act (which was superceded by the Personal Responsibility and Work Opportunity Reconciliation Act, passed in 1996), states were required to fund or reimburse child care needed by those on welfare (or leaving welfare) at market rate, which was defined as the 75th percentile, for the age of child, setting, and location. Most states conducted surveys of costs, or commissioned child care referral networks or researchers to do these studies.

[13] Child care centers are more frequently used for older children (two to four years old) than for infants (J.R. Veum and P.M. Gleason. October 1991. "Child Care Arrangements and Costs" Monthly Labor Review. p 10-17). However, particularly for younger children and lower-income parents, relative care (other than the parent) accounts for significant amounts of child care for children under three (27% compared to 17% in family day care and 22% in child care centers). It should be noted that relative care is usually, but not always, in the relative's home, and is usually, although not always, paid; thus it more closely resembles day care homes rather than day care centers. For children three years and older, the predominant child care arrangement is the child care center, accounting for 45% of the care (compared to 14% in family child care and 17% in relative child care). See J. Capizzano, G. Adams, and F. Sonenstein. March 2000. Child Care Arrangements for Children Under Five: Variation across states. Washington, DC: The Urban Instituite

[14] Because the USDA does not produce annual averages for food costs, the Standard follows the Food Stamp program and uses the costs for June as an annual average.

[15] See the U.S. Department of Labor, Bureau of Labor Statistics (n.d.) *Consumer Expenditure Survey* (2000 Standard Table 4. Size of consumer unit: Average annual expenditures and characteristics). Retrieved March 20, 2002 from http://www.bls.gov/cex/2000/Standard/cusize.pdf.

[16] See Porter, C and Deakin, E. (1995). *Socioeconomic and Journey-to-Work Data: A Compendium for the 35 Largest U.S. Metropolitan Areas.* Berkeley, CA: Institute of Urban and Regional Development, University of California at Berkeley.

[17] *Travel to Work Characteristics for the 50 Largest Metropolitan Areas by Population in the U.S.* 1990 Census, www.census.gov, or ftp.fischer.lib.virginia.edu/pub/ccdb.47948/tableD.html

[18] Bureau of TennCare "statewide Enrollment by MCO 02/26/02", www.state.tn.us/tenncare/enrolmco.html

[19] U.S. Census Bureau, Current Population Survey, Spetember 2001. http://www.census.gov/hhes/hlthins/historic/hihisstt4.html.

[20] See Agency for Healthcare research and Quality, Center for Cost & Financing Studies. (n.d.) *1999 Employer-sponsored health insurance data. Private sector data by firm size and state*. Retrieved March 29, 2002 from Medical Expenditure Panel Survey (MEPS) http://www.meps.ahrq.gov/MEPSDATA/ic/1999/Index299.htm.

[21] See Citro and Michael (1995), *op.cit*.

[22] In the report, single parents are referred to as "she" because over 90% of single parents are women.

[23] Mishel, L, et al. (2001). *The State of Working America 2000-2001*. Ithaca, New York: ILR Press, an imprint of Cornell University Press

[24] Mishel, Lawrence et al (2001) *op cit.*

[25] Dowell, Paula *General Economic Characteristics in Tennessee: Examining Changes in the Labor Market Conditions and Income Levels, 1900-2000*. Center for Business and Economic Research, University of Tennessee, Knoxville. http://cber.bus.utk.edu

[26] Dowell, Paula (2000) *op cit.*

[27] Montalto, C.P. (2001, February) *Wealth of American Households: Evidence From the Survey of Consumer Finances*, Report to the Consumer Federation of America.

[28] See the United States Department of Labor. (2002, January). *Minimum wage and overtimes premium pay standard applicable to non-supervisory nonfarm private sector employment under state and federal laws January 1, 2002.* Retrieved April 2, 2002 from http://www.dol.gov/dol/esa/public/minwage/america.htm.

[29] "Among union employees–53% with medical benefits had fully paid single coverage as compared with 30% of non-union employees." See the U.S. Department of Labor, Bureau of Labor Statistics, (2001, December). *Employee benefits in private industry.* Retrieved April 2, 2002 from http://www.bls.gov/news.release/ebs2.nr0.htm. Union representation also leads to higher wages as well as better benefits. "In March 1999 wages and salaries for private industry workers averaged $16.21 per hour, as compared with $13.54 for non-union workers." *Compensation and Working Conditions On-line*. Union-Nonunion wage difference, 1997. Retrieved April 2, 2002 from http://www.bls.gov/opub/cwc/2000/spring/brief2.htm.

[30] See State Action (n.d.) Equal Pay. Retrieved April 1, 2002, from http://www.stateaction.org/issues/workcompensation/equalpay/index.cfm.

[31] TennCare remains open to people who are Medicaid-eligible or who are uninsurable, as determined by an insurance company (for medical reasons) as well as children under the age of 19 without access to health insurance whose family incomes are 200% or below the federal poverty level.

[32] Of returns filed in 1999, only 183,859 taxpayers reported having received advanced EIC payments out of more than 15 million families with children receiving the EITC. (Numbers cited by Rosa Castaneda of the Center on Budget and Policy Priorities, based on data reported in the IRS income Tax Section is "Monthly Operational Review of Earned Income Credit.")

[33] Although some workers may be unaware of the advanced payment option, and others have employers who do not participate, there is strong evidence that receiving the EITC as a "lump sum" is the preferred option, and indeed families make financial decisions based on its receipt (together with tax refunds) when they file their taxes early in the following year. See Romich, J.L. and Weisner, T. (1999). *How Families View and Use the EITC: The Case for Lump-sum Delivery.* Paper delivered at Northwestern University, Joint Center for Poverty Research Conference on The Earned Income Tax Credit: Early Evidence.

[34] Personal Communication, Richard Paige,Tennessee Office of Child Support Enforcement, April 2002.

[35] U.S. Department of Housing and Urban Development, *Assisted Housing 1999.*

[36.] *"Families on Waiting List By County"* January, 2002. Tennessee Housing Development Agency, www.state.tn.us/thda/Programs/Section8/section8ovr.html

[37] See Food Research Action Center. (2000, June 5) " 8.6 Million Fewer Food Stamp Participants in March 2000 than March 1996, Yet Studies Show Persistent Need", retrieved from http://www.frac.org/html/news/fsmar00nos.html. Also see Zedlewski, S.R. and Brauner, S. (1999) *Are the Steep Declines in Food Stamp Participation Linked to Falling Welfare Caseloads?* Washinton, DC: The Urban Institute. Assessing the New Federalism, National survey of America's Families (NSAF). Series B, No. B-3.

[38] Bread For the World Fact Sheet for the Volunteer State, http://www.bread.org/issues/working_from_poverty_to_promise/state01/30/02.

[39] "According to new state-reported statistics for fiscal year 1999, 1.8 million children in low-income families are receiving federal child-care subsidies on an average monthly basis. This is a slight increase from the 1.5 million children served in 1998." See US Department of Health and Human Services. (2000, Dec. 6). New statistics show only small percentage of eligible families receive child care help. [Press release]. Retrieved from http://www.hhs.gov/news/press/2000pres/20001206.html.

[40] Personal Communication, L. Rudolph, State of Tennessee Department of Human Services, Child Care Services, April 2002.

[41] Scoon-Rogers, L. (1999) *Child Support for Custodial Mothers and Fathers: 1995.* (U.S. Bureau of the Census, Current Population Reports Series P60-196). Washington, DC: U.S. Government Printing Office.

[42] Personal Communication, Richard Paige, Tennessee Office of Child Support Enforcement, April. 2001.

Data Sources		
Data Type	**Source**	**Assumptions**
Child Care	February 2002 Statewide Market Rate Survey of Full Time Child Care Rates for Infants, Toddlers, 2 Year Olds, 3 Year Olds, 4 Year olds and 5 Year Olds and a Market Rate Survey of Before, After and Before and After School rates for School Aged Children of Tennessee, provided by the Child Care Services Section of the State of Tennessee Department of Human Services.	Infants: Full-Time, (0-2 years) in child care homes Preschoolers: Full-Time, (3-5 years) and Schoolage: Before and After School, (6-12) in child care centers. Tennessee's Department of Human Services most recent Child Care Assistance Program Market Rate Survey and Child Care Provider Reimbursement Rates were used to calculate 75th percentile rates for homes and centers.
Food	USDA Low-Cost Food Plan, June 2001.	USDA plan used for all counties. Assumed single adult families headed by female.
Health Insurance	Medical Expenditure Panel Survey for Tennessee Employer Sponsored Healthcare, http://www.statehealthfacts.kff.org Out of Pocket Costs: *Household Component Analytical Tool* (MEPSnet/HC)*. December 2001.* Agency for Healthcare Research and Quality, Rockville, MD. hhtp://www.meps.ahrq.gov/mepsnet/HC/MEPSnetHC.asp	MEPS provides a statewide average for both single and family coverage in 1999. Updated with Medical Consumer Price Index. Out of pocket costs are by age and region, and are updated with the Medical CPI. To account for geographic differences in the cost of healthcare, using an on-line insurance agency in TN, a ratio was created using quotes for zip codes in each county.
Housing	Department of Housing and Urban Development; *Fair Market Rents for the Section 8 Housing Assistance Payments Program - Fiscal Year 2002* . (10/01/01). (www.huduser.org). Approved Plans from Public and Indian Housing Authorities	Fair Market Rents vary by individual PHA payment standards, which reflect sub-MSA and county or sub-county cost variations and range from 90-120% of FMR or 50th percentile. Housing Authorities throughout TN were called for each county's payment standards.
Taxes	Tennessee Department of Revenue www.state.tn.us/revenue/	Taxes included state sales tax, federal income taxes, and payroll taxes. Standard deduction and all income from wages. Sales taxes are calculated only on "miscellaneous" and food items.
Transportation	Public: "Travel to Work Characteristics for the 50 Largest Metropolitan Areas by Population in the US: 1990 Census" (www.census.gov) or ftp.fischer.lib.virginia.edu/pub/ccdb.47948/tableD.html *State Averages Expenditures & Premiums for Personal Automobile Insurance in 1998,* April 1998. National Association of Insurance Commissioners (www.naic.org).	Private transportation figures used in all counties. To account for regional differences in the cost of auto insurance, a ratio was created using quotes from the two top market share insurance companies, for various zip codes throughout the state.
Miscellaneous	Miscellaneous expenses are 10% of all other costs.	Includes all other essentials: clothing, shoes, paper products, diapers, nonprescription medicines, cleaning products and household items, personal hygiene items and telephone.

About the Authors

Diana M. Pearce, Ph.D. teaches at the School of Social Work, University of Washington in Seattle, Washington. Recognized for coining the phrase "the feminization of poverty," Dr. Pearce founded and directed the Women and Poverty Project at Wider Opportunities for Women. 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 on 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 Ph.D. degree in Sociology and Social Work from the University of Michigan.

Jennifer Brooks is the Director of Self-Sufficiency Programs and Policy for Wider Opportunities for Women (WOW). In this role, she plans and oversees the development and implementation of the Self-Sufficiency Standard in the states; oversees WOW's local, state and federal legislative involvement; works with the Executive Director to formulate WOW's policy positions; works to build coalitions of advocates at the state and national levels; represents WOW in national coalitions; and provides technical assistance to WOW's state and local partners on issues related to women, work and poverty. Ms. Brooks has testified before Congress and speaks widely on issues of women, work, education and training and poverty. Ms. Brooks received a Master's Degree in Public Policy with a Concentration in Women's Studies from The George Washington University, Washington, DC, where she was awarded the Women's Studies Graduate Prize for Feminist Scholarship. Ms. Brooks also holds a Bachelor of Fine Arts from Tufts University, Medford, MA and The School Museum of Fine Arts, Boston, MA.

List of Tennessee Metropolitan Areas and Non-Metropolitan Counties

Metropolitan Areas

Chattanooga, TN-GA MSA

- Hamilton County
- Marion County

Clarksville-Hopkinsville, TN-KY MSA

- Montgomery County

Jackson, TN MSA

- Chester County
- Madison County

Johnson City-Kingsport-Bristol, TN-VA MSA

- Carter County
- Hawkins County
- Sullivan County
- Unicoi County
- Washington County

Knoxville, TN MSA

- Anderson County
- Blount County
- Knox County
- Loudon County
- Sevier County
- Union County

Memphis, TN-AR-MS MSA

- Fayette County
- ShelbyCounty
- TiptonCounty

Nashville, TN MSA

- CheathamCounty
- Davidson County
- Dickson County
- Robertson County
- Rutherford County
- Sumner County
- Williamson County
- Wilson County

Non-Metropolitan Counties

Bedford County

Benton County

Bledsoe County

Bradley County

Campbell County

Cannon County

Carroll County

Claiborne County

Clay County

Cocke County

Coffee County

Crockett County

Cumberland County

Decatur County

Dekalb County

Dyer County

Fentress County

Franklin County

Gibson County

Giles County

Grainger County

Greene County

Grundy County

Hamblen County
Hancock County
Hardeman County
Hardin County
Haywood County
Henderson County
Henry County
Hickman County
Houston County
Humphreys County
Jackson County
Jefferson County
Johnson County
Lake County
Lauderdale County
Lawrence County
Lewis County
Lincoln County
Macon County
Marshall County
Maury County
McMinn County
McNairy County
Meigs County
Monroe County
Moore County
Morgan County
Obion County
Overton County
Perry County
Pickett County
Polk County
Putnam County
Rhea County
Roane County
Scott County
Sequatchie County
Smith County
Stewart County
Trousdale County
Van Buren County
Warren County
Wayne County
Weakley County
White County

Map of Tennessee Counties

Appendix:
The Self-Sufficiency Standard for Selected Family Types, Tennessee