

KEEPING THE GOAL IN SIGHT

IDEAS FOR USING A SELF-SUFFICIENCY INDEX AND ONLINE CALCULATOR TO HELP FAMILIES MOVE OUT OF POVERTY

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NATIONAL ECONOMIC DEVELOPMENT AND LAW CENTER



BACKGROUND

NATIONAL ECONOMIC DEVELOPMENT AND LAW CENTER

The National Economic Development and Law Center, established in 1969, is a non-profit public interest law and planning organization that specializes in community economic development. It works in collaboration with community organizations, private foundations, corporations and government agencies to build the human, social, and economic capacities of low-income communities and their residents. NEDLC helps to create both strong, sustainable community institutions that can act as "change agents," and an effective local infrastructure for their support.

This report was produced as part of the Californians for Family Economic Self-Sufficiency (CFESS) project, a statewide coalition managed by NEDLC. CFESS focuses on program and policy change that helps families move from poverty to economic self-sufficiency. The CFESS coalition is made up of human services organizations, public agencies, microenterprise organizations, grassroots groups, job training and educational institutions, and many others. Through CFESS, NEDLC publishes the California Self-Sufficiency Standard, and promotes the adoption of the Standard by nonprofit organizations, public agencies and foundations.

CFESS is also part of a National Family Economic Self-Sufficiency Project, a network of similar coalitions around the country that promote the Self-Sufficiency Standard. NEDLC was a co-founder of this national effort, and continues to serve in an advisory capacity on the national level.

For more information about the CFESS state coalition or the California Self-Sufficiency Standard, please contact 510-251-2600 ext. 127 or email cfess@nedlc.org.

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THE PROBLEM: CALIFORNIA FAMILIES STRUGGLING TO MAKE ENDS MEET

How much does it really cost to live and work in California?

- A single parent raising two young children in most Bay Area counties would need to hold down ***three full-time minimum wage jobs*** just to make ends meet.
- A single person with no children living in Los Angeles needs to earn almost \$10 an hour to pay for basic household expenses. The state minimum wage is \$6.75 per hour.¹

How much does income does it take to get out of poverty? For the past forty years, most government agencies and nonprofits have used the Federal Poverty Line to answer this question. The Poverty Line has served as a basic benchmark of what it means to have too little in America, and a point of action for developing programs to serve low-income families. The Federal Poverty Line is the basic determinant of family eligibility for many public programs, and also serves as the basis for state distribution of funds to serve low-income people. However, experts are identifying a need to revise the Federal Poverty Line, because it is vastly inadequate to describe the real, most basic costs of raising a family today. The Poverty Line is calculated only using the cost of food times three, and does not vary according to where one lives, or the ages of children in the household.

Self-Sufficiency Index: A New Measure of Family Costs: Because of the inadequacy of the official poverty measure, self-sufficiency indexes have been developed across the country, detailing the basic costs of food, housing, child care, health care, transportation, and taxes. One of these, the Self-Sufficiency Standard, is a calculation of basic costs required for working parents to support their families, on a county-by-county basis. It is calculated for 70 different family types, ranging from a single person with no children to single parents and two-parent families with 1, 2 and 3 children of varying ages (infant, preschool, schoolage and teenager).

A few recent research publications utilizing a self-sufficiency index or alternative poverty line include:

- U.S. General Accounting Office report on welfare reform, “More Information Needed to Assess Promising Strategies to Increase Parents’ Income” (2005)
- CSU Faculty Research Fellows, “Poverty Measures & Their Impact on Federal Formula Grant Funding in California” (2005)
- Sierra Economic Development District, “Comprehensive Economic Development Strategy Five Year Plan,” (2002)
- New Economy/Working Solutions report, “The Limits of Prosperity: Growth, Inequality and Poverty in the North Bay,” (2005)
- Child Care Law Center, “Initial Response to January 2005 Proposed [State] Budget” (2005)

How can a self-sufficiency index be used to help families move out of poverty?

Self-sufficiency indexes are used all kinds of ways by nonprofits, public agencies, foundations, labor unions, community organizations and educational institutions. In California, the Standard is being used:

- as a **counseling and educational tool**;
- as a **benchmarking and evaluation tool**;
- as a **policymaking tool for public agencies**;
- as a **persuasive tool**;
- and as a **data tool**.

SAMPLE SELF-SUFFICIENCY STANDARD

SELF-SUFFICIENCY STANDARD ALAMEDA COUNTY, CA 2003								
				<i>Adult +</i>				
				<i>Adult +</i>	<i>infant +</i>			<i>2 Adults + preschooler +</i>
		<i>Adult +</i>	<i>preschooler +</i>	<i>schoolage +</i>		<i>2 Adults +</i>	<i>infant +</i>	<i>preschooler +</i>
<i>Monthly Costs</i>	<i>Adult</i>	<i>infant</i>	<i>Schoolage</i>	<i>teenager</i>	<i>2 Adults</i>	<i>schoolage</i>	<i>preschooler</i>	<i>teenager</i>
<i>Housing</i>	1132	1420	1420	1947	1132	1420	1420	1947
<i>Child Care</i>		0	758	1319	1158	0	400	1677
<i>Food</i>		182	266	411	541	358	490	515
<i>Transportation</i>		60	60	60	60	120	120	120
<i>Health Care</i>		67	182	212	239	212	231	239
<i>Miscellaneous</i>		144	269	342	394	182	266	397
<i>Taxes</i>		352	579	745	937	294	432	843
<i>Earned Income Tax Credit (-)</i>		0	0	0	0	0	0	0
<i>Child Care Tax Credit (-)</i>		0	(55)	(100)	(100)	0	(58)	(100)
<i>Child Tax Credit (-)</i>		0	(83)	(167)	(250)	0	(83)	(167)
<i>Self-Sufficiency Wage -Hourly</i>		\$11.00	\$19.29	\$24.10	\$27.99	\$6.53	\$9.14	\$14.05
						<i>per adult</i>	<i>per adult</i>	<i>per adult</i>
<i>-Monthly</i>		\$1,937	\$3,395	\$4,242	\$4,926	\$2,298	\$3,218	\$4,944
<i>-Annual</i>		\$23,240	\$40,736	\$50,907	\$59,114	\$27,581	\$38,611	\$59,328
								\$73,918

Full Self-Sufficiency Standards for each county of California can be found at www.nedlc.org/cfess

How many households have incomes too low to support a family?

- **One-third** of all California households have incomes too low to pay for basic needs.²
- **One-quarter** of Bay Area households have incomes too low to pay for basic needs.³

Which families are struggling to make ends meet?

- **THE WORKING POOR:** Of families who earn too little to make ends meet, over half have at least one worker working full-time, year round.
- **LATINOS & AFRICAN AMERICANS:** More than half of Latino households and more than one-third of African American households have incomes too low to pay for basic needs.
- **FAMILIES WITH YOUNG CHILDREN:** More than half (52%) of households with a child under age six have inadequate income.⁴

What are the structural factors contributing to this situation? For families who are trying to make ends meet, many public benefits drop off before the family reaches true self-sufficiency. This “benefit cliff” often makes it more difficult to families to actually move out of poverty.

Here’s an example: for a single parent with an infant and a preschooler, the Self-Sufficiency Standard for Alameda County is \$4744 per month (\$26.96 per hour), which is the income required just to pay for her family’s basic needs without any public benefits. Take an example where she starts out at a full time job, \$10/hour where she’ll earn just over \$1700 per month, far below her self-sufficiency standard, but she can continue to receive child care subsidies. The issue is this: if she gets a higher-paying job that brings home \$3200 per month (about \$18 per hour), she will become ineligible for her child care subsidy. The maximum amount she can earn and receive a child care subsidy is \$2925 per month. However, even at \$3200 per month she is not yet earning enough to pay for child care AND all the rest of her household expenses (housing, food, health care, transportation, and taxes). To pay for all these things and child care out of her own pocket, she will be over \$1500 short each month.

But what about other public benefits that could help close the gap between her \$3000 wage and \$4744 self-sufficiency income? This is where the “benefit cliff” takes shape. At \$3200 per month, she earns too much money to receive not only subsidized child care but also: CalWORKs (welfare cash aid), Food Stamps, HEAP (utility discount), WIC (Women Infants & Children), School Lunch and Lifeline (telephone discount). She also earns too much money to receive the Earned Income Tax Credit or Child Care Tax Credit. Where does that leave her? With a huge gap between her actual income and a self-sufficiency income, with little to help her move up.

At \$3200 per month, she is only eligible to receive Healthy Families (low-cost health insurance) and public housing (even though waiting lists are decades long in some places). Assuming she applied for and received those two benefits, she is still over \$1200 short of paying for her family’s most basic needs, even though she is working full time at an \$18/hour job.

GETTING TO SELF-SUFFICIENCY: EDUCATION & JOB TRAINING

One of the challenges of helping families move out of poverty and to true economic self-sufficiency is access to education and training that lead to high-wage jobs. There is no doubt that this strategy can be effective not only for families but also for the local community:

- For individuals with some education beyond high school – even just one or two years of college but not a degree – **three out of four** have incomes that are at or above economic self-sufficiency.⁵
- When CalWORKs recipients are able to earn an associate's degree, their median annual earnings rise by **over 400%.**⁶
- When CalWORKs participants have access to education, there is **a positive return to the local economy**. For example, if 50% of Los Angeles County CalWORKs parents received education, their earnings would have a 1.44 multiplier effect on the local economy, increasing output by \$1.2 billion. 4.8% of the additional output would come to local government as tax revenue, and 10,000 new jobs would be created by 2005 in the county.⁷

The Self-Sufficiency Standard can be used in a number of different ways with educational and training programs:

- As a counseling tool to help individuals focus on high-wage job training or education.
- As an eligibility criteria, typically to allow low-wage workers access to training benefits.
- As a data tool, to identify high-wage, high demand occupations for workforce sector strategies and as a way to measure effectiveness of various program strategies.

COUNSELING ON EDUCATION & TRAINING: Organizations all over California are using a self-sufficiency index as a way to help clients access and remain in education and training. Typically, counseling and education with a self-sufficiency index occurs in two ways:

- In a group educational setting, staff members use the Self-Sufficiency Standard to raise awareness about the high cost of living, in conjunction with information about career/educational pathways that lead to self-sufficiency wage jobs.
- In a one-on-one individual counseling setting, staff members use the Self-Sufficiency Standard to provide a long-term income goal for clients who are engaged in or considering job training, micro enterprise training or higher education. The Standard may be presented to clients, or it may be used only by counselors as a staff resource to guide client options. Counselors may choose the latter option if they believe that the income levels in the Standard might discourage the client.



Nonprofits using the Self-Sufficiency Standard for counseling include:

The Workforce Collaborative uses the Standard in case management career planning with their clients. Within the first 2 months, counselors work with clients to develop a self sufficiency plan, and they use the Self-Sufficiency Standard as starting point for a discussion.

Women in Nontraditional Employment Roles (WINTER) in Los Angeles used the Self-Sufficiency Standard as a counseling tool to illustrate to low-income women why employment in the construction trades might better serve the income needs of their families.

Women At Work in Pasadena found the Standard to be so useful that they enlarged their county Self-Sufficiency Standard chart and put it up in the lobby for clients to see when they walk in. Staff members find that using the Self-Sufficiency Standard helps clients understand that “it’s not their fault” when it’s difficult to make ends meet – that part of the issue is simply that household costs are very high.

Counselors at **Asian Perinatal Advocates (APA)** in San Francisco use the Self-Sufficiency Standard as a resource to help clients make decisions, although the staff members sometimes do not present the income numbers to clients who are in financial crisis and who might feel demoralized by the high income goals of the Standard.

Public Agencies using the Self-Sufficiency Standard for counseling include:

Santa Clara County CalWORKs uses the Self-Sufficiency Standard as a teaching tool for clients, contractors and staff. The agency has embraced the self-sufficiency concept and uses the Standard as a goal to work towards. The agency uses the Standard to in tandem with vocational testing to help clients identify career areas that are both matched to the client’s skill level and his/her family income requirements.

Cuesta College CalWORKs program in San Luis Obispo uses the Self-Sufficiency Standard with their students to inform them of the type of education they will need to get a self-sufficiency wage job. College staff uses the Standard in a classroom setting, as part of a handout in student workshops.

Santa Cruz County Human Resources Agency/CalWORKs program uses the Self-Sufficiency Standard as a budget-planning tool in Job Search Workshops to help participants understand how to plan a household budget. When participants choose an occupational goal, the Standard is used to discuss potential earnings, and copies of the Self-Sufficiency Standard are available in their three Career Center Libraries.

SETTING ELIGIBILITY STANDARDS: The Standard can be used as a **policymaking tool**, in order to increase access to job training and other services to include the working poor, and those whose incomes are above the poverty level but below self-sufficiency. Most of the entities using the Self-Sufficiency Standard for eligibility purposes are Workforce Investment Boards (WIBs). However, some nonprofits also use the Standard to set eligibility for services. For example, **Women at Work** in Pasadena uses the Self-Sufficiency Standard to determine eligibility for some of their special programs, so that people who are working at low-wage jobs can access them.

Workforce Investment Boards

According to a recent national survey of over 100 workforce boards around the country, nearly half (46%) defined self-sufficiency higher than the federal default measure (the Lower Living Standard Income Level, or LLSIL). Of those, more than one-third (36%) were using the Self-Sufficiency Standard.⁸

Under the federal Workforce Investment Act (WIA), state and local workforce boards are required to use WIA funds to adhere to particular eligibility criteria, overarching goals, performance measures and selection of service providers. However, boards are also allowed some flexibility to accommodate a regions' workforce and labor market needs, which is where many utilize the Self-Sufficiency Standard.

Most workforce boards who utilize a self-sufficiency index do so under the authority of the section of WIA defining eligibility for “intensive services.” Intensive services generally involves case management, identification of barriers and resources for the client, as a way to determine whether more training is appropriate. The WIA law states that eligibility for intensive services includes those “who are employed, but who are determined by a one-stop operator to be in need of such intensive services in order to obtain or retain employment that allows for self-sufficiency.”

Sacramento Employment and Training Agency (SETA)

- SETA adopted income levels close to the Self-Sufficiency Standard as its **eligibility criteria** for intensive and training services, which makes those who are working at less than \$10 an hour eligible for training.
- SETA identified a **special population of the “working poor”** as a group that would receive services on a priority basis.
- SETA plans to use the Self-Sufficiency Standard in their **client financial assessments**. SETA uses the Self-Sufficiency Standard as one of the factors to **define success**. They ask, “Did the training we provided help the client get closer to self-sufficiency?” SETA looks at job retention, upgrade and career ladder movement to see if their working poor clients are moving towards economic self-sufficiency.
- One of the SETA One-Stop Centers uses self-sufficiency as criteria in selecting **on-the-job training** placements, and has been successful in maintaining an average wage of \$10/hour or more for enrolled clients.
- SETA also uses the Self-Sufficiency Standard to conduct **labor market analysis**, to determine which industries with good wages are growing in the Sacramento area.

The **Santa Cruz County Workforce Investment Board** adopted the following definition of “self-sufficiency”, which closely resembles the Self-Sufficiency Standard:

The amount of income necessary to meet basic needs (including paying taxes) in the regular ‘marketplace’ without public subsidies, such as public housing, food stamps, medical, child care or private or informal subsidies, such as free babysitting by a relative or friend, food provided by churches or local food banks, or share housing. Self-sufficiency estimates the level of income necessary for a given family type – whether working or in transition to work – to be independent of welfare and/or other public and private subsidies.

To substantiate this policy with a dollar amount, the local one-stop adopted the Self-Sufficiency Standard.



The **Foothill Workforce Investment Board** adopted a policy requiring the use of the Los Angeles Self-Sufficiency Standard to determine eligibility for both adult and dislocated worker intensive services. The WIB uses the Standard to help prioritize services for low income clients. The **Oakland Workforce Investment Board** has used the self-sufficiency template to develop eligibility criteria for customized training programs (training which is partially funded by employers).

The **City of Long Beach Workforce Development Bureau** created a formula using the Self-Sufficiency Standard and the Lower Living Standard Income Level (LLSIL)¹ to determine eligibility for intensive and training services. The agency uses a blend of the data sources primarily because the Standard is not updated annually, but the LLSIL is.

The **San Francisco Workforce Investment Board** adopted the Self-Sufficiency Standard as an eligibility criterion in two creative ways. First, the San Francisco WIB carved out 10% of Adult Workforce Investment Act dollars to be used for clients whose incomes are between 70% of the LLSIL and 75% of the Self-Sufficiency Standard – in other words, the working poor. The Board decided that funding would be available only if it was not needed for the lower-income clients. To date, this allocation has not actually been funded, only because the need to serve lower-income clients has outstripped available funds.

Second, the San Francisco WIB utilized the Self-Sufficiency Standard in developing eligibility criteria for their customized training program. Customized training is a San Francisco WIB program that is occupation-specific, on-the-job training, funded in part by employers. The WIB adopted a single income eligibility level for customized training contracts. Employees whose incomes fall below this level are eligible for training. The eligibility wage they chose was taken from the Self-Sufficiency Standard, and they selected a single family type based on analysis of the San Francisco population.

The **Workforce Investment Network of Silicon Valley** has begun to examine the question of eligibility criteria for their customized training program (i.e., the wage level under which employed workers would be eligible to participate in job training). WIB staff recommended that the Board choose a wage from the Self-Sufficiency Standard at \$24.79/hour, the 2003 Standard for a single adult and an infant.

The staff's reasoning for recommending a self-sufficiency wage as an eligibility criterion was based on the importance of accountability for public workforce investments. They decided to use the Standard to distinguish between those low-wage jobs that offer little opportunity for advancement and those that may begin at low wages but offer clear pathways to high-skill, high-wage positions.

Verdugo Workforce Investment Board Under the federal Workforce Investment Act (WIA), local WIBs are required to prioritize low-income adults and those receiving public benefits to receive services before others. WIA defines "low income" to mean an individual whose income is lower than the poverty line or 70% of the Lower Living Standard Income Level. However, a number of WIBs in California have used the Self-Sufficiency Standard to define what "low-income" means.

In their Dislocated Worker program, the **City of Long Beach Workforce Development Bureau** created an exception to their wage limitation (85% of client's pre-dislocation wage) if the participant has "earnings below the defined self-sufficiency level for an adult and does not have health benefits."

¹ See page 14 for a chart outlining the differences between the LLSIL and other income benchmarks.

USING THE STANDARD AS A DATA TOOL: Sector intervention strategies have used a self-sufficiency index to identify high wage occupations and accompanying career tracks, which are then integrated with specific employer needs for skilled workers and local training programs. The result is a “win-win” partnership between the public workforce sector, local employers, and otherwise underemployed or low-wage workers in the community. Here is an example:

NEDLC used the Self-Sufficiency Standard to guide the labor market analysis for our sector research on Visitacion Valley, an area of San Francisco. One of the goals of the analysis was to find out which industries with self-sufficiency wage jobs would be growing in the coming years, in order to design training programs. Researchers used \$11.81 per hour as a minimum wage floor, which is a self-sufficiency wage for a two-parent family with two school-age children (a common family type). Using this wage, we identified that Business Services and Health Services provided the best opportunities for local residents to earn enough to make ends meet. Using this kind of information (along with employer interest and a skills analysis), job training and economic development agencies can begin to strategically develop training programs that truly benefit the community.



GETTING TO SELF-SUFFICIENCY: REDUCING COSTS WITH PUBLIC BENEFITS

Despite the benefits gap, the system of public subsidies can help families remain in training or make ends meet at low-wage jobs. NEDLC has developed a Self-Sufficiency Calculator that allows the user to find out which of 14 different public benefits and tax credits s/he is eligible for and how to get the benefit, including office phone numbers/addresses/hours of operation. Additionally, the Self-Sufficiency Calculator measures a family's income against a self-sufficiency index, and allows an agency to track the family's progress as they move towards their target income.

The Self-Sufficiency Calculator is available at www.makeendsmeet.org or www.nedlc.org. Currently, it can be used by organizations in the 9 Bay Area counties, and will soon be online for Sacramento, San Bernardino, Mendocino, Orange and Riverside Counties. For more information about your county's Self-Sufficiency Calculator, contact NEDLC at 510-251-2600.

Who is using the Self-Sufficiency Calculator and how is it helping clients move out of poverty?

Despite benefit cliffs, many organizations use the Calculator to help clients stay in jobs, stay in training and stay alive by accessing benefits they didn't know they could get. Since March 2005, over 700 counselors and students have been trained to use the Calculator, at almost 40 organizations and agencies.

GET ACCESS TO BENEFITS:

- **OPTIC** uses the Self-Sufficiency Calculator with in-coming students to determine their proximity to self-sufficiency and to determine what public benefits or tax credits they are eligible for that may help them meet their financial needs as they go through the training program. Because all students are required to be screened with the Calculator upon entering the program, they are also able to receive supports at an early and critical point in their training. OPTIC has found that the Calculator is particularly successful with their limited English proficiency students who find it empowering to determine their eligibility in an unthreatening and supportive environment.
- **Chabot College**, a community college in Hayward, California, has been using the Self-Sufficiency Calculator with students for the past year. The majority of users are CalWORKs recipients who use the self-sufficiency index component of the Calculator to guide their academic and career choices. However, there are a number of student users who are on the brink of timing-out of CalWORKs and use the Calculator to determine what additional benefits they can receive to assist the transition off of welfare. To date, over one hundred and twenty students have been trained and used the Calculator to assist them during their education.
- **The Bill Wilson Center** of Santa Clara County runs a 24 hour hotline called Contact Cares which has been using the Calculator with clients in a unique way. Because of the nature of the hotline, counselors are not able to go through the entire Calculator with clients over the phone. Instead, clients fill out a screening questionnaire and send in to the Center. When it is received, the counselor runs the information through the Calculator, determines benefit eligibility and

then communicates the results to the client over the phone in a pre-arranged meeting. This process allows the Center to guide numerous clients to public benefits and services in Santa Clara County.

- **The Housing Authority of the City of Napa** also includes the Self-Sufficiency Standard as part of their clients' "Self-Sufficiency Plans." The intake form for the county has a space for the client's expenses and compares those expenses to the Self-Sufficiency Standard for Napa County. The Housing Authority also uses the Standard to help clients identify areas of their family budgets where they could cut back, and to develop goals to meet their budget. In addition, the Housing Authority has introduced a number of community based organizations in Napa County to the Self-Sufficiency Calculator.
- **Building Opportunities for Self-Sufficiency/Workforce Collaborative.** During a week-long workforce life skills class, all the students go through the Calculator in a classroom setting. Staff say that although some participants did learn about benefits that can reduce their cost of living (utility and phone, for example) the Calculator experience is not so much about how to get benefits, since all participants are already receiving CalWORKs. Staff remarked that the budget portion of the Calculator is a helpful wake-up call for clients to see where they are in the real world, and how much income it takes to live without welfare.
- The **Santa Clara County CalWORKs** program is using the Self-Sufficiency Calculator with Second Harvest Food Bank and the Jobkeeper Hotline to help working poor families access benefits that can keep them in the workforce and make ends meet.



GETTING TO SELF-SUFFICIENCY: INCREASING WAGES

- Contrary to the myth that the minimum wage is a “training wage” for young people, most minimum wage workers are adults working full time – only 16% of minimum wage workers are teenagers.⁹
- If wages were increased to \$8 per hour, the state of California would save \$2.7 billion dollars that it currently spends on public welfare programs.¹⁰

The wage gap in California is massive. Our lowest and highest wage sectors are moving even further apart from one another, to a degree unparalleled in the rest of the nation.¹¹ With a few exceptions, the effect of this widening wage gap is that opportunities for low-wage workers to move up become few and far between, unless workers have access to extraordinary training opportunities, free child care, and/or alternative means of support while they are in education or training.

The minimum wage for the state of California is an abysmally low \$6.75 per hour (except for the City of San Francisco, where the minimum wage is currently \$8.82 per hour). Many workers in California (even some unionized ones) earn wages so low that they qualify for many welfare benefits. However, past increases in the minimum wage do not appear to result in job loss for industries employing large shares of low-wage workers.¹²

Clearly, one of the simplest ways to help families move to a self-sufficiency income is to directly increase wages legislatively, either through a state or local minimum wage increase, or a living wage ordinance. All over California, advocates have utilized a self-sufficiency index to push for higher wages at the state level, and at the bargaining table.

- The American Federation of State, County and Municipal Employees (AFSCME) won a higher wage floor in contract negotiations after NEDLC released a report comparing the Self-Sufficiency Standard to the low wages offered by UC Berkeley to service workers.
- Living wage and minimum wage advocates have used a self-sufficiency index to highlight the gap between what workers are paid, and what they need to make ends meet.

NEDLC has published a handbook for labor leaders about using the Self-Sufficiency Standard in bargaining, public policy and organizing campaigns, entitled “Changing the Debate” (available at www.nedlc.org).



KEEPING THE GOAL IN SIGHT: BENCHMARKING PROGRESS OUT OF POVERTY

The Standard, and by extension the Calculator, can be used as a **benchmarking and evaluation tool** in public agencies, community-based organizations and foundations to track the families' movement toward economic self-sufficiency.

How does the Standard compare to other benchmarks of income? We begin this discussion with an explanation of other commonly-used income benchmarks. Each income benchmark described below arises out of a particular historical context, and each is based on a different set of assumptions about what is a minimally adequate amount of income. Here are some highlights from comparable measures:

MEASURE	ANNUAL INCOME: 1 PARENT, 2 CHILDREN	ASSUMPTIONS & METHODOLOGY	DATA COLLECTION & UPDATES	LEVEL OF SPECIFICITY
California Self Sufficiency Standard	\$56,932 (Alameda County, infant + preschooler)	All adults are working full-time; driving to and from work (in most counties); very frugal food plan and minimal miscellaneous costs.	Uses publicly available data, updated every 3-4 years with newly-collected data on costs of food, housing, child care, health care, transportation, taxes/credits	County-by-county, 70 family types according to age of child and number of adults in household.
Federal Poverty Line	\$16,600	Implicit model of stay-at-home spouse taking care of children; includes only the cost of food times three & no other costs	Every year	One-size-fits all for entire country (except Alaska and Hawaii); only changes according to number of people in household, regardless of age. Family size does not indicate adult vs. children.
Lower Living Standard Income Level (LLSIL)	\$26,860	Based on 1981 formula, updated for regional & family size differences, using Consumer Price Index.	Every year	According to DOL, this number is "the minimum figure States must set for determining whether employment leads to self-sufficiency under WIA programs." Divides U.S. into four regions, subdivides into metro and non-metro areas. Family size does not indicate adult vs. children.
California Minimum Wage	\$17,105	Does not take actual household needs into account.	Not indexed to inflation. Political climate controls update.	Statewide, except in San Francisco (\$8.82 per hour)

Why use self-sufficiency as a benchmark? Tracking client progress towards self-sufficiency allows organizations to see how well their services are helping clients move out of poverty, and what types of services are more or less effective. Here are some examples:

Women's Initiative for Self-Employment in San Francisco uses the Standard to measure outcomes as clients complete their microenterprise training program. The organization found the Standard a useful tool to answer the question of whether they were meeting their mission of building the capacity of women to overcome social and economic barriers and achieve self-sufficiency. Women's Initiative assesses each client's Self-Sufficiency Standard when she comes to the program, and then follows up with a representative cohort of program graduates every year for 5 years after the program. On the follow-up interview, Women's Initiative uses the Self-Sufficiency Standard that applies to the woman's *current* situation, accounting for any change in family size or move to another county.

Over the past several years, other organizations have used the Self-Sufficiency Standard to track outcomes of their programs, including:

- Women at Work (Pasadena)
- Housing Authority of the City of Napa
- ACCION San Diego
- Jefferson Economic Development Institute
- United Way of the Bay Area (100 Families grantees)

Using the Self-Sufficiency Standard tables alone have been a little cumbersome, which led NEDLC to develop an online tool that will allow users to track client progress automatically, and in a way that accounts for wage gain as well as reduction in costs from public benefits. The Self-Sufficiency Calculator (www.makeendsmeet.org or www.nedlc.org) allows a counselor to see a client's percentage of self-sufficiency, which the counselor can track over time as the client participates in programs or training.

- **Opportunities for Technology Information Careers** has been using the Calculator with its When students begin taking classes at OPTIC, they go through an initial screening with the Calculator to connect them with any applicable services or benefits and to gauge their proximity to self-sufficiency at "day one". To benchmark progress towards self-sufficiency, counselors go through the Calculator with students again after they begin the second phase of the OPTIC program, a paid internship. Upon completing the paid internship, students are given the option to run through the Calculator a third time to monitor any additional movement towards self-sufficiency. Counselors guide students towards particular occupations based upon their self-sufficiency need and by observing their progress over time, the counselors are also better able to focus their efforts on the particular needs of students.

The following organizations have begun to use the Self-Sufficiency Calculator to benchmark progress of their clients:



- **STEP/SF Labor Council:** This Vocational ESL program uses the Calculator to keep track of how their students move towards economic self-sufficiency.
- **Solano County Children's Network:** This group of family resource centers is planning to use the Calculator to collect data about the correlations between family economic health and family emotional well-being.
- **Asian Perinatal Advocates:** This organization uses the Calculator to evaluate their clients' eligibility for critical public benefits, to benchmark client progress towards self-sufficiency as they move through programs, and to push for policy changes that would empower their clients.
- **Metropolitan Adult Education:** This organization recently received a contract from Santa Clara County's CalWORKs agency to increase the "employability" of recipients. As part of their overall program, Metro Ed uses the Calculator to teach basic financial literacy and budgeting to students. In addition, they will soon begin to use the Calculator to measure their clients' progress out of poverty, thereby determining the success of their programs.
- **Novato Human Needs Center**, based in Marin County, has been using the Self-Sufficiency Calculator for the past four months to determine eligibility for their services, to help their clients receive needed public benefits and to track client progress out of poverty.

RESOURCES & ENDNOTES

At www.nedlc.org/cfess you can:

- get a copy of the Self-Sufficiency Standard for your county;
- download other reports about the working poor, and how many Californians have incomes below self-sufficiency;
- use the Self-Sufficiency Calculator;
- sign up for the listserve of Californians for Family Economic Self-Sufficiency (CFESS), a statewide coalition that promotes policies helping families get out of poverty.

For more information, please contact NEDLC at 510-251-2600 or visit our website at www.nedlc.org/cfess.

¹ *The Self-Sufficiency Standard for California*, National Economic Development & Law Center with University of Washington and Wider Opportunities for Women (2003).

² *Overlooked and Undercounted: A New Perspective on the Struggle to Make Ends Meet in California*, National Economic Development & Law Center with University of Washington and Wider Opportunities for Women (2003).

³ *The Bottom Line: Setting the Real Standard for Bay Area Working Families*, United Way of the Bay Area (2004)/

⁴ *Overlooked and Undercounted: A New Perspective on the Struggle to Make Ends Meet in California*, National Economic Development & Law Center with University of Washington and Wider Opportunities for Women (2003).

⁵ *Overlooked and Undercounted: A New Perspective on the Struggle to Make Ends Meet in California*, NEDLC with University of Washington and Wider Opportunities for Women (2003).

⁶ *From Jobs to Careers: How California Community College Credentials Pay Off for Welfare Participants*, Center for Law and Social Policy (2004).

⁷ *Prisoners of Hope: Welfare to Work in Los Angeles*; The Economic Roundtable (2003)

⁸ *Reality Check: Promoting Self-Sufficiency in the Public Workforce System – A Promising Practices Guide for Workforce Boards*, Wider Opportunities for Women (2006)

⁹ Ibid.

¹⁰ *The Hidden Public Costs of Low-Wage Jobs in California*, UC Berkeley Center for Labor Research and Education with NEDLC (2004).

¹¹ *A Growing Divide: The State of Working California 2005*, California Budget Project (2005).

¹² *Minimum Wage Increases Boost the Earnings of Low-Wage California Workers*, California Budget Project (2006).

