

The Self-Sufficiency Standard for Wisconsin 2023

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The Wisconsin Department of Workforce Development

The Wisconsin Department of Workforce Development (DWD) is a state agency charged with building and strengthening Wisconsin's workforce in the 21st century and beyond.

The Department's primary responsibilities include providing job services, training and employment assistance to people looking for work, at the same time as it works with employers on finding the necessary workers to fill current job openings.

Under the DWD umbrella, a wide variety of employment programs can be found which range from securing jobs for people with disabilities, promoting employment in the state through Wisconsin Job Centers, linking youth with jobs of tomorrow and apprenticeship programs, protecting and enforcing worker's rights, helping dislocated workers secure new employment, processing unemployment claims, and ensuring workers compensation claims are paid in accordance with the law.

Preface

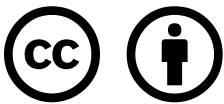
The Wisconsin Department of Workforce Development is publishing *The Self-Sufficiency Standard for Wisconsin 2023* to ensure the best data and analyses are available to enable Wisconsin's families and individuals to make progress toward real economic security. The result is a comprehensive, credible, and user-friendly tool. This brief presents *The Self-Sufficiency Standard for Wisconsin 2023*. This measure calculates how much income a family must earn to meet basic needs, with the amount varying by family composition and where they live.

The Standard presented here is a tool that can be used in a variety of ways—by clients of workforce and training programs seeking paths to self-sufficiency, by program managers to evaluate program effectiveness, and by policymakers and legislators seeking to create programs and pathways that lead to self-sufficiency for working families. Over the past 25 years the Standard has been calculated for 42 states as well as the District of Columbia and New York City. Its use has transformed the way policies and programs for low-income workers are structured and has contributed to a greater understanding of what it takes to have an adequate income to meet one's basic needs in the United States.

The Self-Sufficiency Standard was originally developed by Dr. Diana Pearce while she was the Director of the Women and Poverty Project at Wider Opportunities for Women. Recognized for coining the phrase “the feminization of poverty,” she has written and spoken widely on women's poverty and economic inequality, including testimony before Congress and the President's Working Group on Welfare Reform. The Ford Foundation provided funding for the Standard's original development.

The Self-Sufficiency Standard for Wisconsin 2023 was produced by the Center for Women's Welfare at the University of Washington with the cooperation of staff at the Wisconsin Department of Workforce Development. This report, plus tables providing county-specific information for over 700 family types, is available at www.selfsufficiencystandard.org/Wisconsin and dwd.wisconsin.gov.

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



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Introduction

Struggling families will continue to cope with the significant economic effect of the COVID-19 pandemic. Through the pandemic, millions of workers found themselves unemployed or underemployed, with health risks and income losses threatening them and their families. The last few years underscored how many Americans were already stretching their income to cover basic necessities as costs continued to grow faster than wages. Though often not deemed “poor” by the official poverty measure, these families lack enough income to meet the rising costs of essentials such as food, housing, transportation, and health care. The Self-Sufficiency Standard meets the need for a measure of income adequacy that more accurately tracks and measures the true cost of living that families face today.

The Self-Sufficiency Standard highlights the growing gap between sluggish wages and basic, costly expenses. Households with inadequate incomes are part of the mainstream workforce, yet despite working long hours, they are not recognized as having inadequate income by the official poverty measure, making them ineligible for work supports that are integral to offsetting the growing costs of basic needs.¹

The Self-Sufficiency Standard for Wisconsin 2023 defines the amount of income necessary to meet the basic needs of Wisconsin families, differentiated by family type and location. The Standard calculates the costs of six basic needs, and accounts for taxes and tax credits. It assumes the full cost of each need, without help from public subsidies (e.g., public housing, Medicaid, or child care assistance) or private/informal assistance (e.g., unpaid babysitting by a relative or friend, food from food pantries, or shared housing). This brief presents the Self-Sufficiency Standard and what it means for Wisconsin families.

A Real-World Approach to Measuring Need

The official poverty measure (OPM) was developed nearly six decades ago and has become increasingly problematic and outdated as a measure of income adequacy.² Simply raising the OPM, however, or using multiples of the poverty guidelines, cannot solve the structural problems inherent in the official poverty measure. The OPM is based only on the cost of food, is the same no matter where one lives, and the demographic model of a two-parent family with a “stay-at-home” mom no longer reflects the majority of families today. Indeed, the Census Bureau itself states, “the official poverty measure should be interpreted as a statistical yardstick rather than as a complete description of what people and families need to live.”³ Despite the many limitations of the OPM, it still defines the federal poverty guidelines which are used to set the eligibility levels for numerous poverty and work support programs, as well as the federal poverty thresholds used to estimate the number of Americans in poverty.

The most significant shortcoming of the OPM is that for most families, in most places, the threshold is simply too low. While the Standard changes by family type to account for the increase in costs specific to the type of family member—whether this person is an adult or child, and for children, by age—the OPM increases by a constant amount for each additional family member and therefore does not adequately account for the real costs of meeting basic needs. A real-world approach to measuring need is necessary.

How is the Self-Sufficiency Standard Calculated?

The Self-Sufficiency Standard is the amount needed to meet each basic need at a minimally adequate level, without public or private assistance. The Standard is calculated for over 700 family types for all Wisconsin counties. The data components and assumptions included in the calculations are briefly described below. For more details and the specific data sources for Wisconsin see the Appendix A: Methodology and Data Sources for the Wisconsin Self-Sufficiency Standard.



Housing. Housing costs are based on the U.S. Department of Housing and Urban Development Fair Market Rents (FMRs). FMRs include utilities, except telephone and cable, and reflect the cost of housing that meets basic standards of decency. FMRs are set at the 40th percentile, meaning that 40% of the decent rental housing in a given area is less expensive than the FMR and 60% is more expensive. FMRs within a multi-county metropolitan area are adjusted using Small Area FMRs.



Child Care. Child care includes the expense of full-time care for infants and preschoolers and part-time—before and after school—care for school-age children. The cost of child care is calculated from market-rate costs (defined as the 75th percentile) taken from a state-commissioned survey by facility type, age, and geographic location. It does not include extracurricular activities or babysitting when not at work.



Food. Food assumes the cost of nutritious food prepared at home based on the U.S. Department of Agriculture Low-Cost Food Plan. The Low-Cost Food Plan was designed to meet minimum nutritional standards using realistic assumptions about food preparation time and consumption patterns. The food costs do not allow for any take-out or restaurant meals. Food costs are varied by county using Feeding America's "Map the Meal Gap" data based on Nielsen scans of grocery receipts.



Transportation. Public transportation is assumed if 7% or more of workers use public transportation to get to and from work. Private transportation costs assume the expense of owning and operating a car. Per-mile costs are calculated from the American Automobile Association. Commuting distance is computed from the National Household Travel Survey. Auto insurance premiums are the average statewide premium cost from the National Association of Insurance Commissioners indexed by county using premiums from top market share automobile insurance companies. Fixed costs of car ownership are calculated using Consumer Expenditure Survey amounts for families with incomes between the 20th and 40th percentile. Travel is limited to commuting to work and day care plus one shopping trip per week.



Health Care. Health care costs assume the expenses of employer-sponsored health insurance. Health care premiums are the statewide average paid by workers, for single adults and for families, from the Medical Expenditure Panel Survey. A county index is calculated from rates for the second-lowest cost Silver plan via the insurance marketplace. Out-of-pocket costs are from the Medical Expenditure Panel Survey Insurance Component.



Miscellaneous. Miscellaneous expenses include the costs of cell phone and internet service. The additional expenses in this category are calculated by taking 10% of all other costs. This expense category consists of all other essentials including clothing, shoes, paper products, diapers, nonprescription medicines, cleaning products, household items, personal hygiene items, and telephone service.



Taxes And Tax Credits. Taxes include federal and state income tax, payroll taxes, and state and local sales taxes where applicable. Tax credits calculated in the Standard include: the federal Earned Income Tax Credit (EITC), Child and Dependent Care Tax Credit (CCTC), and the Child Tax Credit (CTC).



Emergency Savings. Emergency savings is the amount needed to cover living expenses when there is job loss net of the amount expected to be received in unemployment benefits. The amount calculated takes into account the average tenure on a job and the average length of unemployment of workers in the state. In two-adult households, the second adult is assumed to be employed so that the savings only need to cover half of the family's basic living expenses over the job loss period.

The Self-Sufficiency Standard is a unique measure of income adequacy that uses a modern, comprehensive, and detailed approach to determine what it takes for today's families to make ends meet. The key elements of the Standard that distinguish it from other measures of income adequacy or poverty are:

A Focus on Modern Families with Working Adults. Because paid employment is the norm for supporting families today in the United States,⁴ the Standard assumes all adults work to support their families, and thus includes the costs of work-related expenses such as child care (when needed), taxes, and transportation.

Geographic Variation in Costs. The Standard uses geographically specific costs that are calculated at the county level as data availability allows.

Variation by Family Composition. Because the costs of some basic needs vary substantially by the age of children, the Standard varies by both the number and age of children. While food and health care costs are slightly lower for younger children, child care costs are generally much higher—particularly for children not yet in school—and therefore become a substantial budget item for workers with young children.

Individual and Independent Pricing of Each Cost. Rather than assume that any one item is a fixed percentage of family budgets, the Standard calculates the real costs of meeting each of the major budget items families encounter independently. The costs—which include housing, child care, food, health care, transportation, miscellaneous items, and taxes—are set at a minimally adequate level, which is determined whenever possible by using what government sources have defined as minimally adequate for those receiving assistance, e.g., child care subsidy benefit levels.

Taxes and Tax Credits are Included as Budget Items.

Instead of calculating needs “pretax,” taxes and tax credits are included in the budget itself. Taxes include state and local sales tax, payroll (including Social Security and Medicare) taxes, federal and state income taxes, plus applicable state and federal tax credits.

Permits Modeling of the Impact of Subsidies. Because the Standard specifies the real cost of each major necessity, it is possible to model the impact of specific subsidies (such as the Supplemental Nutrition Assistance Program, child care assistance, or Medicaid) on reducing costs. Likewise, the adequacy of a given wage for a given family, with and without various subsidies, can be evaluated using the family's Standard as the benchmark.

Altogether, the above elements of the Standard make it a more detailed, modern, accurate, and comprehensive measure of economic well-being than the official poverty measure. Moreover, the availability of Self-Sufficiency Standard data, going back two decades and across 42 states, enables comparisons of geographic differences as well as documentation of historical trends, including the long term trend of increasing economic inequality. During the Great Recession, in state after state, we noted that the cost of basic needs as measured in the Standard remained the same or even increased, while families experienced plummeting or lost incomes. We are starting to see similar or even worse trends as a result of the pandemic.

Other Approaches to Poverty Measurement

For a more in-depth look at how the Standard compares to the official poverty measure (OPM or FPG) and the Supplemental Poverty Measure (SPM) please visit www.selfsufficiencystandard.org/the-standard/official-poverty-measure/



Findings from the 2023 Wisconsin Self-Sufficiency Standard



What it Takes to Make Ends Meet in Wisconsin

How much income families need to be economically self-sufficient depends both on family composition—the number of adults, the number of children, and the children’s ages—and where they live. **Table 1** illustrates how substantially the Standard varies by family type by showing the Standard for four different family configurations in Eau Claire County.

- A single adult needs to earn \$12.49 per hour working full time to meet their basic needs, which is more than five dollars higher than the state minimum wage in Wisconsin (\$7.25 per hour).
- Adding a child more than doubles the hourly wage needed. One parent caring for one preschooler needs to earn at least \$27.24 per hour to be self-sufficient, about twenty dollars higher than the state minimum wage.

- Adding a second child further increases the needed wages: one parent with two children—a preschooler and school-age child—needs \$34.40 per hour to meet their family’s basic needs. This is more than four and a half full-time minimum wage jobs in Wisconsin.⁵
- When there are two adults, the additional adult adds some costs, but splits the economic burden; nevertheless, two parents with one preschooler and one school-age child each needs to earn a minimum of \$19.57 per hour working full-time to meet their family’s basic needs.

In addition to varying by family composition, the Self-Sufficiency Standard varies by geographic location. The map in **Figure A** displays the geographic variation in the cost of meeting basic needs across Wisconsin for families with one adult and one preschooler. The

Table 1. The Self-Sufficiency Standard for Select Family Types*
Eau Claire County, WI 2023

	1 Adult	1 Adult 1 Preschooler	1 Adult 1 Preschooler 1 School-age	2 Adults 1 Preschooler 1 School-age
Monthly Costs				
Housing	\$645	\$845	\$845	\$845
Child Care	\$0	\$1,292	\$2,066	\$2,066
Food	\$338	\$499	\$741	\$987
Transportation	\$352	\$363	\$363	\$691
Health Care	\$265	\$631	\$662	\$750
Miscellaneous	\$274	\$477	\$582	\$691
Taxes	\$324	\$905	\$1,230	\$1,293
Earned Income Tax Credit (-)	\$0	\$0	\$0	\$0
Child Care Tax Credit (-)	\$0	(\$50)	(\$100)	(\$100)
Child Tax Credit (-)	\$0	(\$167)	(\$333)	(\$333)
Self-Sufficiency Wage				
Hourly (per adult)	\$12.49	\$27.24	\$34.40	\$19.57
Monthly	\$2,199	\$4,795	\$6,054	\$6,889
Annual	\$26,387	\$57,540	\$72,652	\$82,667
Emergency Savings Fund	\$72	\$246	\$406	\$139

* The Standard is calculated by adding expenses and taxes and subtracting tax credits. The “Taxes” row includes payroll and sales taxes plus federal income taxes.

** The hourly wage is calculated by dividing the monthly wage by 176 hours (8 hours per day times 22 days per month). The hourly wage for families with two adults represents the hourly wage that each adult would need to earn, while the monthly and annual wages represent both parents’ wages combined.

Note: Totals may not add exactly due to rounding.

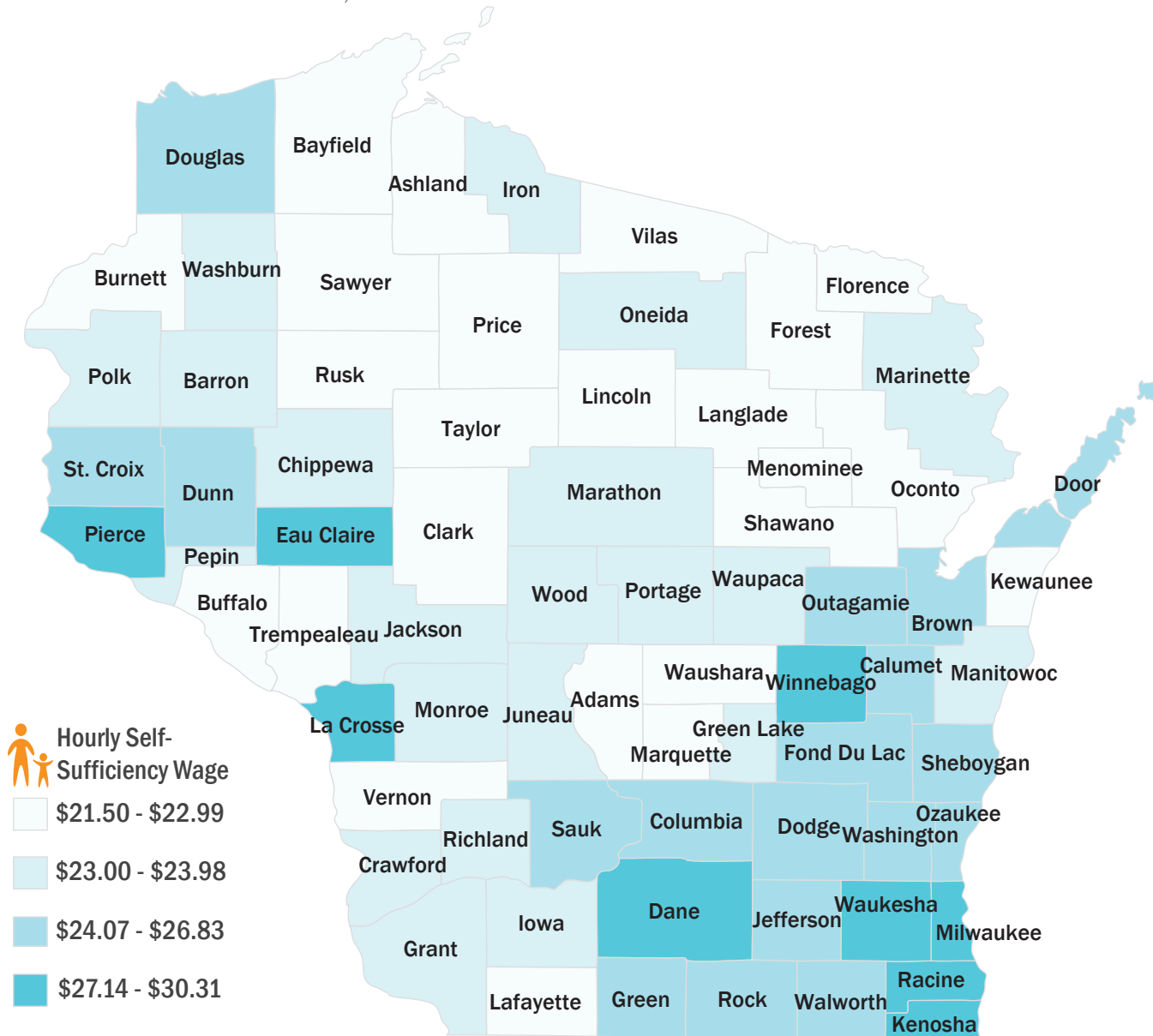
2023 Self-Sufficiency Standard for a single adult with one preschooler ranges from \$21.50 per hour in Menominee County, or 248% of the federal poverty guidelines for a family of two, to \$30.31 per hour in Dane County, 350% of the federal poverty guidelines.

- The most affordable areas in Wisconsin are primarily rural counties located in the central, northern part of the state. These counties require between \$21.50 and \$22.99 per hour at a full-time job for a family with one adult and one preschooler.
- The second-most affordable county group, located throughout the state, requires between \$23.00 and \$23.98 per hour working full-time, year round

for this family of two. Polk and Iron counties, which require hourly wages of \$23.56 and \$23.59 respectively, represent the median hourly wage for all counties (\$23.58 per hour).

- The second-highest cost group requires wages between \$24.07 and \$26.83 per hour, working full-time, to meet basic needs. This group includes several counties neighboring more urban counties.
- The most expensive counties require wages between \$27.14 and \$30.31 per hour for this single parent to make ends meet. These counties are concentrated in the more urban regions of Wisconsin.

Figure A. Map of Counties by Level of Hourly Self-Sufficiency Wage One Adult and One Preschooler, WI 2023



How do Family Budgets Change as Families Grow?

As a family grows and changes composition, the amounts they spend on basic expenses (such as food and shelter) change, and new costs are added, most notably child care. **Figure B** demonstrates these changes for a family in Waukesha County. Each bar shows the percentage of the total budget needed for each expense and how it differs as the family changes composition. The height of the bar indicates the total size of the budget.

When there are just two adults, they need to earn a total of \$3,836 per month to make ends meet, plus a small monthly amount of savings for emergencies. For this family of two:

- Housing makes up 24% of the Self-Sufficiency Standard budget.
- Food takes up 16% of the budget.

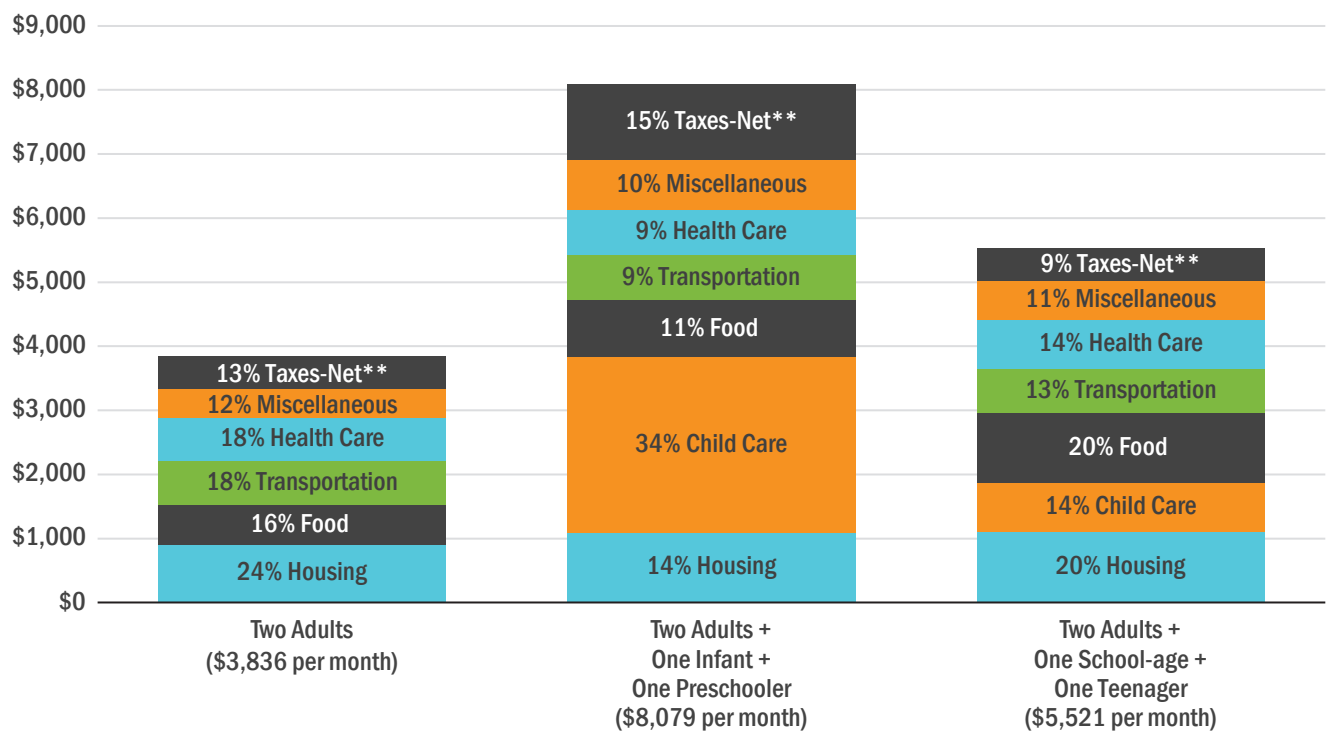
- Transportation is 18% of the budget assuming the cost of private transportation.
- Health care accounts for 18% of the total household budget.
- Taxes represent 13% of household expenses as this couple would not be eligible for tax credits.

If these two adults had two young children (one infant and one preschooler), the total budget more than doubles to \$8,079 per month. The high cost of child care impacts the percentages of the budget spent on each expense:

- Child care alone accounts for more than a third of the family's budget. The expenses for child care and housing alone comprise almost half of the family's budget (48%). Across the country, it is typical for Self-Sufficiency Standard budgets for families with

Figure B. Percentage of Standard Needed to Meet Basic Needs for Three Family Types*
Waukesha County, WI 2023

Monthly Expenses



* While the column heights are different to represent the different totals, the percentages for each cost add up to 100% for each column.

** The two-adult family is not eligible for any tax credits and therefore the taxes-net is the same as gross taxes owed. The actual percentage of income needed for taxes without the inclusion of tax credits is 20% for two adults with one infant and one preschooler and 17% for two adults with one school-age child and one teenager. However, as the Standard includes tax credits, the amount owed in taxes is reduced.

two children (when at least one is under school-age) to have roughly half the budget going for housing and child care expenses alone.

- Food costs are 11% of the total budget which is slightly lower than the national average expenditure on food of 13%, and much lower than the 33% assumed by the methodology of the federal official poverty measure.⁶
- Health care accounts for 9% of the family budget, including both the employees' share of the health care premium (\$502 per month) and out-of-pocket costs (\$216 per month).⁷ If neither adult had employer sponsored health insurance, and they purchased a Silver health care plan through the health care marketplace, the premium amount would be about \$585 per month after an estimated tax credit of almost \$700.⁸ With this plan, the family would also have a \$10,600 deductible, increasing the overall costs for health care. Moreso, without the American Rescue Plan Act (ARPA), which expanded subsidies under the Affordable Care Act, the premium would be more than \$1,200 per month for this family. Congress recently passed the Inflation Reduction Act to continue to ARPA premium tax credit changes for another three years.⁹
- Net taxes for the family reflect a tax burden of about 15%. In the Standard, tax credits are treated as if they were received monthly, though most credits are not received until the following year when taxes are filed. If it were assumed that tax credits are not

received monthly, but instead annually in a lump sum, then the monthly tax burden would be 20% of total expenses for this family.

The third bar in **Figure B** shows the shift in the budget as the children get older and no longer need as much child care. The total cost of basic needs for this family of two adults, one school-age child, and one teenager drops to \$5,521 per month. Without the large child care expenses, the proportions for the other budget items all increase.

- Housing costs are 20% of the family budget for a two-bedroom unit.
- With just one child in part-time child care (the school-age child), the amount for child care decreases to just 14% of the basic needs budget, less than half of what was required when both children were young.
- The proportion spent on food increases to 20%, in part due to increased food costs for the teenager.
- Transportation is 13% of the total family budget.
- Health care accounts for 14% of expenses.
- Net taxes have decreased to 9% of the family's budget. If it were assumed, as noted above, that tax credits are received annually in a lump sum, then the monthly tax burden without tax credits would be 17% of the total costs for two adults with one school-age child and one teenager.

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Across the country, it is typical for Self-Sufficiency Standard budgets for families with two children (when at least one is under school-age) to have roughly half the budget going for housing and child care expenses alone.

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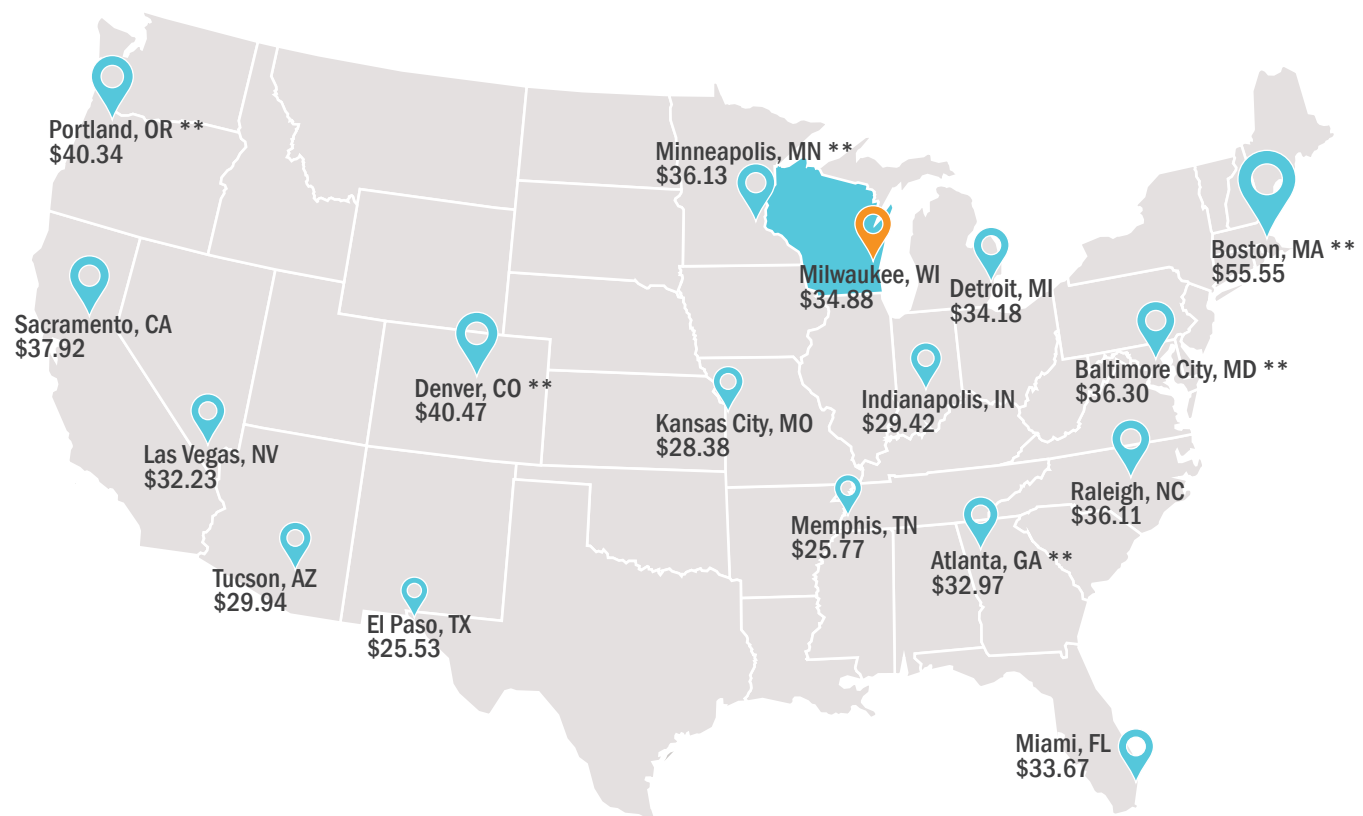
How Does the Standard for Milwaukee Compare to Other U.S. Cities?

The cost of living varies not only within Wisconsin but across the United States as well.

Milwaukee. In **Figure C**, the Self-Sufficiency Standard for a family with one parent, one preschooler, and one school-age child in Milwaukee is compared to the Standard for the same family type in 16 similarly sized, major U.S. cities: Atlanta, GA; Baltimore, MD; Boston, MA; Denver, CO; Detroit, MI; El Paso, TX; Indianapolis, IN; Kansas City, MO; Las Vegas, NV; Memphis, TN; Miami, FL; Minneapolis, MN; Portland, OR; Raleigh, NC; Sacramento, CA; and Tucson, AZ.¹⁰

- The wages required to meet the Self-Sufficiency Standard in these cities range from \$25.53 (El Paso, TX) to \$55.55 per hour (Boston, MA), or \$53,922 to \$117,327 annually, assuming full-time, year round employment.
- Milwaukee requires a Self-Sufficiency Wage of \$34.88 per hour for this family type and is most comparable to Detroit, MI. With the exception of Minneapolis, MN, Milwaukee is slightly more expensive than other cities in the Midwest region. Milwaukee, however, is less expensive than the cities on the east and west coasts.
- While all the budget items in the Standard vary geographically, housing and child care costs, in particular, vary considerably. A two-bedroom rental, for example, costs \$2,475 per month in Boston, MA, \$964 in Milwaukee, and \$888 per month in El Paso, TX. Likewise, monthly child care costs for a preschooler and school-age child are \$2,898 in Boston, MA, \$2,066 per month in Milwaukee, and \$1,199 monthly in El Paso, TX.

Figure C. The Self-Sufficiency Wage for Milwaukee Compared to Other U.S. Cities, 2023*
One Adult, One Preschooler, and One School-age Child



*The Self-Sufficiency Standard for each city represents the county in which the city is located. Wages are updated to the current month using the Consumer Price Index.

** Wage calculated assuming family uses public transportation.

Eau Claire. Figure D compares Eau Claire to other small cities through the country: Carlsbad, CA; Eagan, MN; Evanston, IL; Gastonia, NC; Kalamazoo, MI; New Britain, CT; Ogden, UT; Scranton, PA; Utica, NY; and Yakima, WA.

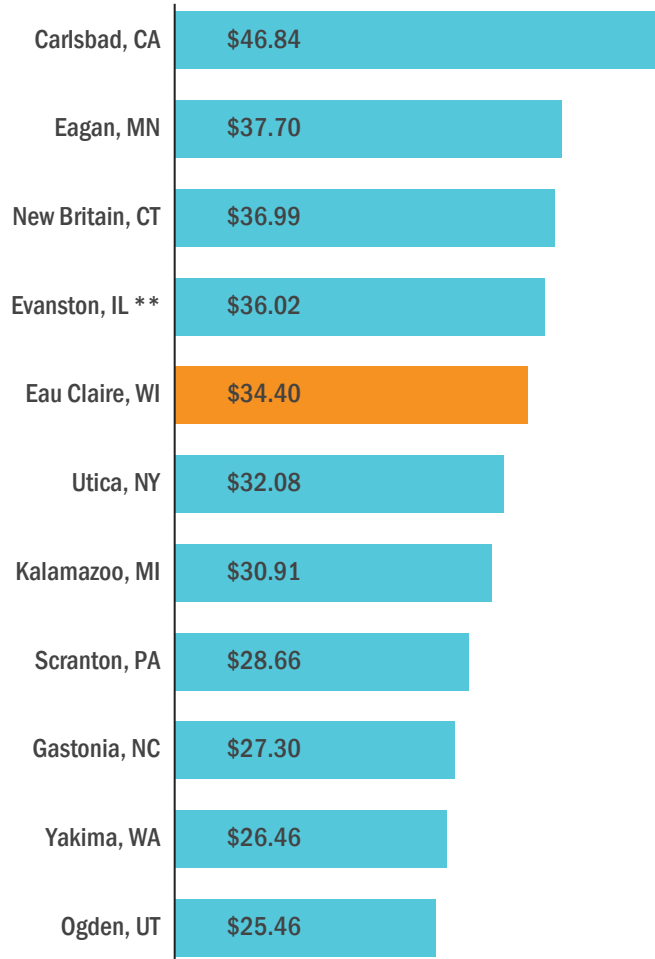
- The hourly wage needed for a single parent of one preschooler and one school-age child in Eau Claire is \$34.40. This wage is over four and a half times the amount of the hourly minimum wage in Wisconsin (\$7.25 per hour).
- The hourly Self-Sufficiency wage for these small cities ranges from of \$25.46 in Ogden, UT to \$46.84 in Carlsbad, CA.
- In every one of these counties, this single parent would need to work multiple minimum wage jobs to make ends meet. In Ogden, UT; Eagan, MN; Gastonia, NC; and Scranton, PA, this parent would need to work more than three and a half full-time minimum wage jobs. In Eau Claire, this parent would have to work 190 hours per week at minimum wage in order to cover all of their family’s expenses, 22 more hours than are available in a week.

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In Eau Claire, this parent with one preschooler and one school-age child would have to work 190 hours per week at minimum wage (\$7.25 per hour) to cover all of their family’s expenses.

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**Figure D. The Self-Sufficiency Wage for Eau Claire Compared to Other U.S. Cities, 2023*
One Adult, One Preschooler, and One School-age Child**



Hourly Self-Sufficiency Wage

*The Self-Sufficiency Standard for each city represents the county in which the city is located. Wages are updated to the current month using the Consumer Price Index.
 ** Wage calculated assuming family uses public transportation.

How has the Cost of Living Changed Over Time in Wisconsin?

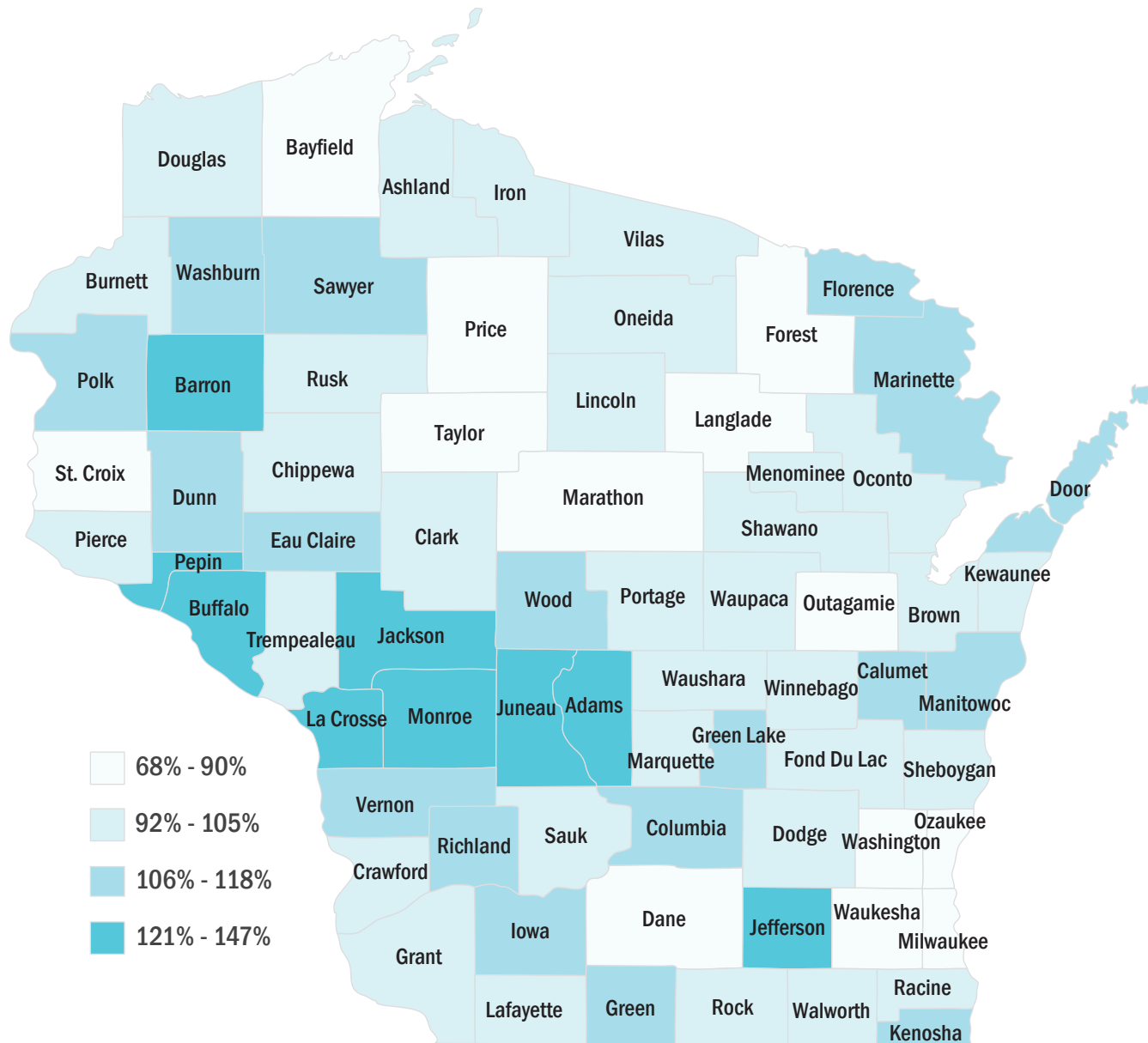
The Wisconsin Self-Sufficiency Standard was initially calculated in 2000. This section examines how the 2023 Standard update compares to historical Wisconsin Self-Sufficiency Standard data.

The map in **Figure D** depicts the changes in the cost of living (as measured by the Self-Sufficiency Standard) for one family type—two adults, one preschooler, and one school-age child—by county. This map highlights the overall change in the Standard since the first calculation in 2000 to 2023.

Over the last twenty three years, the Self-Sufficiency Standard for this four-person family increased by 103%, on average, for all Wisconsin counties, or an average annual increase of 4.5%. The increase since 2000 varied significantly by county, ranging from 68% to 147%.

- Similar to the average statewide increase, the costs of basic needs in Winnebago County increased by 103% since 2000. In 2000, this four-person family

Figure D. Percentage Change in the Self-Sufficiency Standard for Wisconsin: 2000 – 2023
Two Adults, One Preschooler, and One School-age Child



needed about \$40,498 per year in Winnebago County to meet their basic needs. In 2023, the same family needs \$72,046 per year.

- In contrast, Price County costs, at a basic needs level, increased by 68%. In 2000, a family with two adults, one preschooler, and one school-age child in this county needed \$39,368 per year. In 2023, they need \$65,996 per year.
- The largest percentage increase since 2000 occurred in Buffalo County, where the cost of living increased 147%. This high rate of growth was primarily driven by above average increases in the costs of child care and housing. The Self-Sufficiency Standard for a two-adult family with one preschooler and one school-age child increased from \$27,971 in 2000 to \$69,027 in 2023, close to a \$1,800 increase each year.

Tracing changes in the Standard for this four-person family in select counties, **Figure E** demonstrates cost of living increases in four counties. In this analysis, Dane

County has the highest cost of living in both 2000 and 2023 and underwent an 89% increase over the last 23 years. Ashland County, which remained the lowest cost county in this analysis experienced a 84% increase in the cost of living. The cost gap between the highest cost county (Dane) and lowest cost county (Ashland) grew from \$12,172 per year in 2000 to \$21,053 per year in 2023.

While the Standard increased somewhat steadily throughout Wisconsin over the past two decades, the degree of cost increases vary between counties and between expenses. Using a household composed of one adult, one preschooler, and one school-age child, **Table 2** shows the actual cost and percentage of change for each basic need since 2000 in La Crosse County, as well as statewide.

- Child care costs increased by 173% for this family type in La Crosse County since 2000. This is a more than a \$1,300 monthly increase. Child care was the most expensive category in both 2000 and 2023.

Figure E. The Self-Sufficiency Standard for Wisconsin by Year for Select Counties
Two Adults, One Preschooler, and One School-age Child: 2000, 2004, 2016, 2019, and 2023

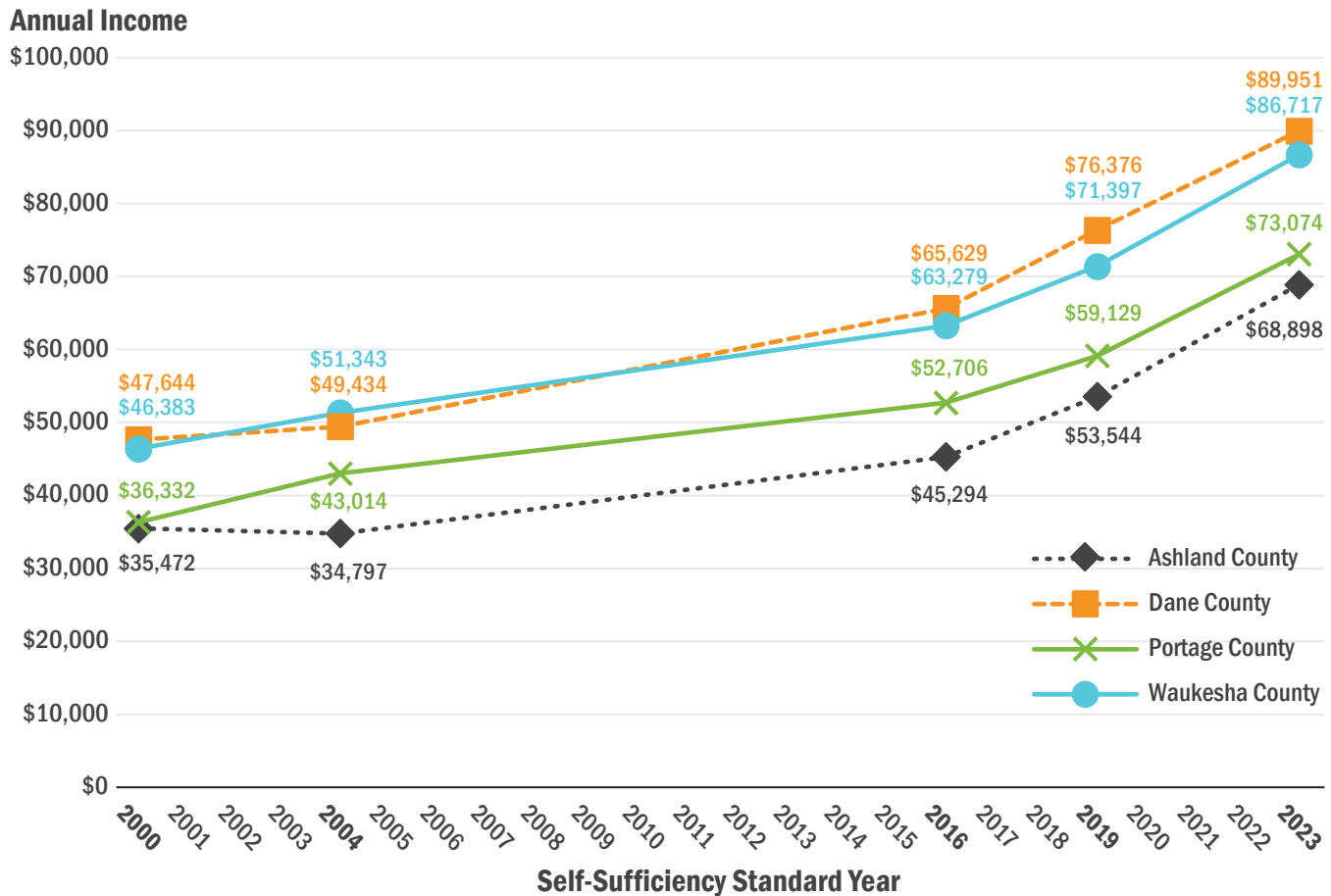


Table 2. Percent Change in the Self-Sufficiency Standard Over Time, 2000 – 2023
La Crosse County, WI: One Adult, One Preschooler, and One School-Age Child

Costs	2000	2023	Percent Change 2000-2023	
			La Crosse County	Statewide
Housing	\$467	\$945	102%	87%
Child Care	\$758	\$2,066	173%	106%
Food	\$372	\$743	100%	83%
Transportation	\$177	\$367	107%	110%
Health Care	\$227	\$653	188%	147%
Miscellaneous	\$200	\$592	196%	168%
Taxes	\$518	\$1,268	145%	100%
Tax Credits*	(\$176)	(\$433)	165%	165%
Self-Sufficiency Wage				
Monthly	\$2,543	\$6,201	144%	108%
Annual	\$30,518	\$74,413		
Regional Top Occupation Median Annual Wage**				
La Crosse, WI-MN MSA: Registered Nurses	\$39,570	\$78,292	98%	
Statewide: Retail Salesperson	\$16,320	\$30,106		84%

* Total Tax Credits is the sum of the monthly EITC, CCTC, and CTC.
 **U.S. Department of Labor, “May 2021 State Occupational Employment and Wage Estimates,” Databases and Tables, Occupational Employment Statistics, <http://www.bls.gov/oes/data.htm> (accessed November 14, 2022). The 2021 wages are adjusted for inflation using the Employment Cost Index (ECI). U.S. Department of Labor, Bureau of Labor Statistics, Employment Cost Index, Wages and salaries for All Civilian workers in All industries and occupations, Employment Cost Index Historical Listing, <http://www.bls.gov/ncs/ect/sp/econst.pdf>, and <http://data.bls.gov/cgi-bin/srgate>, Series CIS10200000000001 (accessed October 20, 2022).

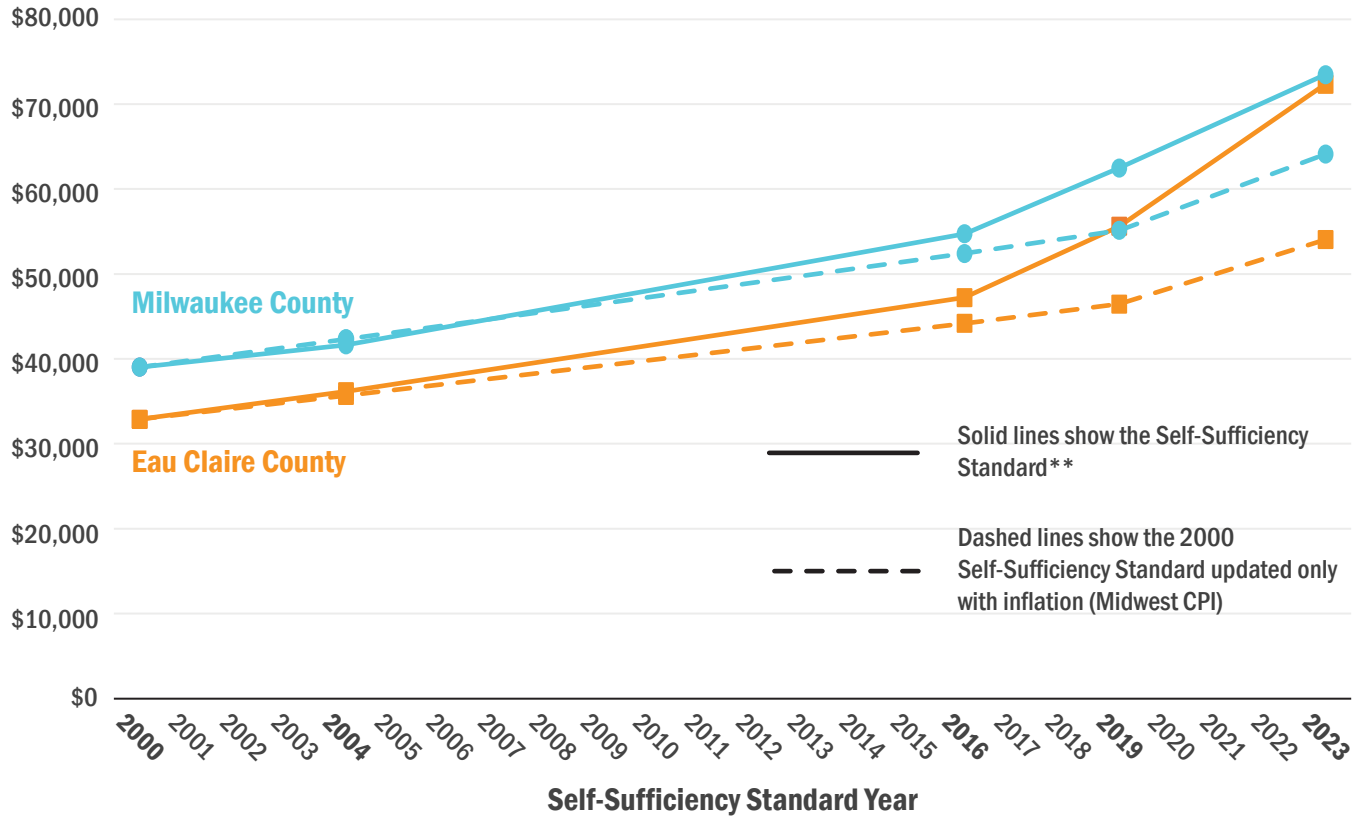
- Transportation costs in La Crosse County have gone up by 107%, or a monthly increase of \$190, which is slightly lower than the statewide average.
- Health care increased by 188% in La Crosse County.
- The cost of a two-bedroom housing unit increased from \$467 to \$945 per month in La Crosse County which is a 102% change since 2000. This increase is higher than the statewide increase of 87%.
- Food costs for this family increased by 100% in La Crosse County, which is above the statewide average of 83%.

Cost of Living Increases Versus Regional Top Occupation Wage Increases. The Self-Sufficiency Standard for this three-person family in La Crosse County increased by 144% over the past twenty-three years. The second portion of the table examines how much the median annual wage for the occupations with the most workers in the La Crosse WI-MN Metropolitan Statistical Area (MSA) and Wisconsin overall increased over the last 23 years. The most common occupation in the La Crosse, WI-MN MSA is registered nurses in both 2000 and 2023. The wage for registered nurses increased by 98% over the same period. While the median annual wage of a registered nurse meets the Self-Sufficiency Standard required for this family type currently, and in 2000, the cost increases outstripping wage increases indicate a worrisome trend that will continue to put pressure on family budgets. The median annual wage for a retail salesperson, the top occupation statewide, had an even lower increase since 2000 (from \$16,320 to \$30,106). This wage grew by only 84% over the last 23 years, a full 24% behind the growth in costs statewide. Additionally, in 2023 the wage of a retail salesperson is less than half of what is needed to support this family at a basic needs level.

Documenting Changes In Living Costs With The Standard Versus The Consumer Price Index. Nationally, the official measure of inflation is the U.S. Department of Labor’s Consumer Price Index (CPI). The CPI is a measure of the average changes in the prices paid by urban consumers for all goods and services. Since the Standard measures the costs of only basic needs, the question is how the increases in costs documented here compare to official inflation rates for all goods and services. We examine this question in **Figure F** by comparing the actual increase in the Self-Sufficiency Standard to what the numbers would be if we had just updated the 2000 Standard with the CPI. Since the CPI does not incorporate income taxes or tax credits, these items have been removed from the Standard shown in **Figure F**. Using a four-person family (two adults, one preschooler, and one school-age child), this comparison highlights Eau Claire County and Milwaukee County.

- The Midwest Region Consumer Price Index (CPI) increased 64% from 2000 to September 2022.
- If the 2000 Self-Sufficiency Standard for Eau Claire County (\$32,885 per year without taxes/tax credits), was increased by this amount, the CPI-adjusted cost of basic needs in 2023 would be \$54,036 per

Figure F. A Comparison of the Self-Sufficiency Standard and the Consumer Price Index, WI 2000 – 2023
Two Adults, One Preschooler, and One School-Age Child
Annual Income



year.¹¹ The actual 2023 Standard (without taxes or tax credits) for Eau Claire County, is considerably higher: \$72,352 per year for this family type, a 120% increase over the last twenty-three years.

- Similarly, when the CPI inflation rate is applied to the 2000 Standard for Milwaukee County (\$39,020 without taxes in 2000), the CPI adjusted estimate for 2023 would be \$64,117. The actual 2023 Self-Sufficiency Standard amount for Milwaukee County (without taxes or tax credits) is \$73,470 per year, 88% higher than in 2000.

Figure F demonstrates that the rate of inflation as measured by the CPI substantially underestimates the rising costs of basic needs; instead of increasing 64%, costs rose by 120% in Eau Claire County and 88% in Milwaukee County. In fact, using the CPI for this family type in Eau Claire County results in a 2023 estimate of costs that is \$28,631 less than the actual costs measured in the 2023 Standard. Estimating the increase in costs using the CPI drastically underestimates the real increases in the cost of basic needs faced by Wisconsin families, leaving them thousands of dollars short.

Recently, the country has experienced exceptionally high rates of inflation, sharpening the financial strain families have already been dealing with as costs rise and median earnings for low-wage jobs stay relatively constant. Previous Standard research indicates that the cost of basic needs rises faster than the general inflation measure reveal. This means that low-income families deal with even more burdensome increases than indicated by the “all items” CPI data (which shows an 8.1% increase for the CPI Midwest Region in September 2022). Low-income families in Wisconsin have been dealing with the cost of living rising faster than wages even before this period of high inflation. These rapid cost increases further aggravate the real but hidden economic crunch that these families are experiencing.

.....
Estimating cost increases using the CPI drastically underestimates the real increases in the cost of basic needs for Wisconsin families, leaving them thousands of dollars short.

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

As a measure of income adequacy, how does the Standard compare to other commonly used measures?

Figure F compares the Brown County Self-Sufficiency Standard for one adult, one preschooler, and one school-age child to the following income benchmarks for three-person families:

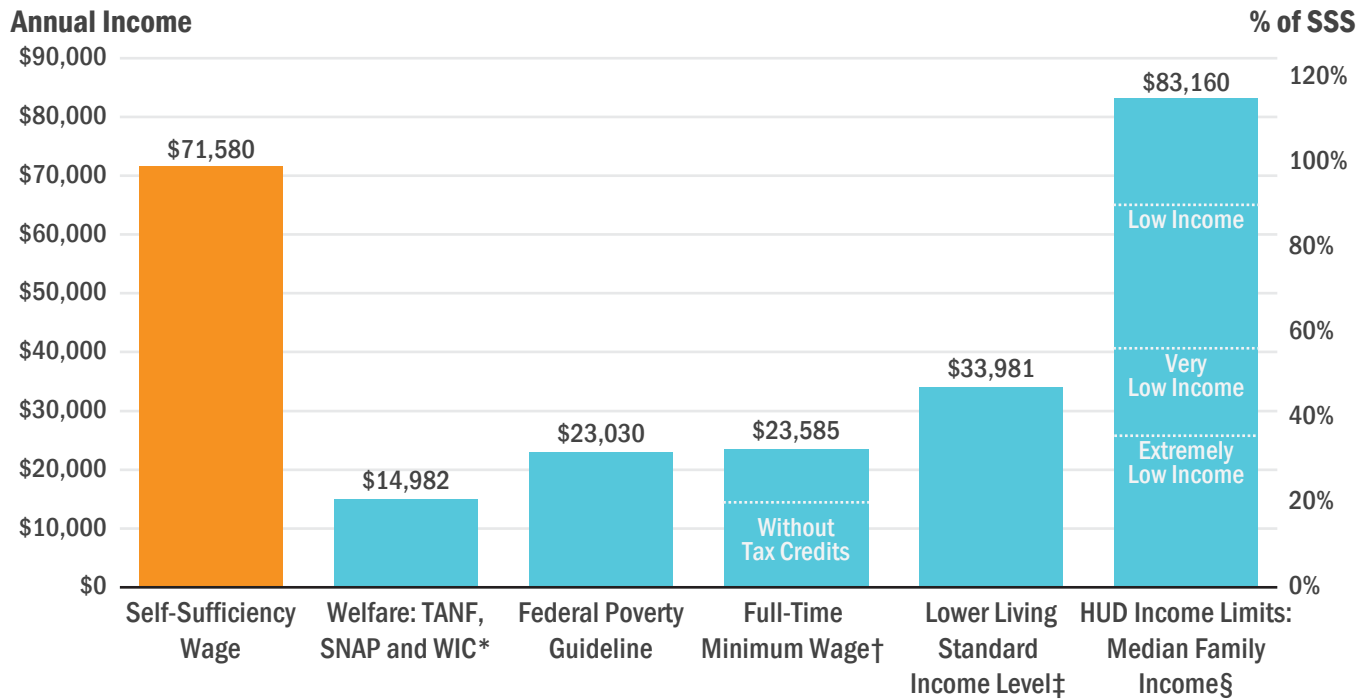
- Temporary Assistance for Needy Families (TANF), the Supplemental Nutrition Assistance Program (SNAP, formerly the Food Stamps Program), and WIC (Women, Infants and Children)
- The U.S. Department of Health and Human Service's federal poverty guidelines (FPG, also called the federal poverty level)
- The minimum wage in Wisconsin (\$7.25 per hour)

- The U.S. Department of Labor's Lower Living Standard Income Level (LLSIL)
- The U.S. Department of Housing and Urban Development's Median Family Income

As indicated in the first bar in **Figure F**, the Annual Self-Sufficiency Standard for this family type in Brown County is \$71,580.

TANF, SNAP and WIC. The second bar on the left in **Figure F** calculates the cash value of the basic public assistance package, assuming no other income, and includes the cash value of SNAP (formerly food stamps), WIC, and TANF. This public assistance package totals \$14,982 per year for three-person families in Wisconsin, which is about one fifth of the Standard for this family in Brown County.

Figure F. The Self-Sufficiency Standard Compared to Other Benchmarks One Adult, One Preschooler, and One School-age Child: Brown County, WI 2023



* The maximum TANF benefit amount is \$7,296 annually, the SNAP benefit amount is \$7,386 annually, and the WIC benefit amount is \$300 annually for a family of three in Wisconsin.

† The 2023 Wisconsin minimum wage is \$7.25 per hour. This amounts to \$15,312 per year; however, assuming this family pays federal and state taxes and receives tax credits, the net yearly income would be a larger amount, \$23,585 as shown. The dashed line shows the annual income received after accounting for taxes (\$14,141) but without the addition of tax credits, which are received as a yearly lump sum after filing taxes the following year.

‡ The U.S. Department of Labor, Employment and Training Administration used the Lower Living Standard Income Level (LLSIL) to define low income individuals for eligibility purposes. The LLSIL is the 2022 adjusted metropolitan Midwest region for a three-person family.

§ The U.S. Department of Housing and Urban Development (HUD) uses median family income as a standard to assess families' needs for housing assistance. The HUD median family income limits are for FY 2022.

Federal Poverty Guidelines. According to the 2022 federal poverty guidelines, a three-person family, regardless of composition or where they live, would be considered “poor” with an annual income of \$23,030 at most. The FPG for three-person families is about a third of the Self-Sufficiency Standard for this Brown County family.

For other family types in Brown County, such as a household with one adult and two teenagers with a lower Self-Sufficiency Standard budget, the FPG are 68% of the Self-Sufficiency Standard. For a household with a higher budget, such as a family of one adult with two infants, the FPG are only 27% of the Self-Sufficiency Standard.

The percentage of the Self-Sufficiency Standard represented by the FPG also varies by place as shown in **Table 3**. The Self-Sufficiency Standard for this family type ranges from 244% of the FPG in Menominee County to 345% of the FPG in Dane County.

Minimum Wage. Wisconsin’s minimum wage in 2022 is \$7.25 per hour or \$15,312 annually when working full-time. Because this is earned income, taxes are subtracted and eligible tax credits are added increasing the net total yearly income to \$23,585.

A full-time minimum wage job in Brown County provides just 33% of the amount needed to be self-sufficient for this family type. If a more realistic assumption is made that the worker pays taxes monthly through withholding, but receives tax credits annually (as is true of all workers), their take-home income would be \$14,141 over the year, shown by the dashed line on the fourth bar in **Figure F**. Without including the impact of tax credits in the minimum wage (but still accounting for payment of taxes), a minimum wage job amounts to just 20% of the Self-Sufficiency Standard for this family in Brown County.

Put another way, including the value of tax credits, this parent would need to work 121 hours per week at the minimum wage to meet the family’s basic costs of living. If tax credits are excluded from current income (as they are not received until early in the next year at tax filing), this parent would need to work 202 hours per week at the minimum wage to meet the family’s basic costs, 34 more hours than are available in a week.

Lower Living Standard Income Level. The LLSIL was originally calculated by the Bureau of Labor Statistics for metropolitan areas across the country to reflect the variation in the cost of living facing urban workers. However, it was last revised in 1981 and has only been updated for inflation since. Under the Workforce Innovation and Opportunity Act, a family is considered low-income, and thus has first priority for workforce training services, if family income does not exceed the FPG or 70% of the LLSIL, whichever is higher.¹² The LLSIL for a three-person family in the metropolitan Midwest is \$33,981 and 70% of the LLSIL is \$23,787, which is just \$757 above the FPG for this family size.¹³

Median Family Income Limits. The U.S. Department of Housing and Urban Development (HUD) uses percentages of median family incomes (by family size) to determine families’ eligibility for housing assistance on the assumption that median income is a rough measure of the local cost of living. The median is the midpoint, which means that half of families in the area have incomes above this amount, and half below. HUD defines three levels of need: (1) “Low Income,” which is between 50% and 80% of median income; (2) “Very Low Income,” which is between 30% and 50% of median income, and (3) “Extremely Low Income,” which is income less than 30% of median income.

The HUD median family income for a three-person family in Brown County is \$83,160 annually.¹⁴ For a three-person family in Brown County, HUD income limits are as follows:

- **Low Income.** Income between \$40,590 and \$64,935.
- **Very Low Income.** Income between \$24,975 and \$40,590.
- **Extremely Low Income.** Income less than \$24,975.¹⁵

The Self-Sufficiency Standard for this family type in Brown County is just above the HUD “Low Income” range, demonstrating that the Standard is a conservative measure of the minimum required to be self-sufficient in Brown County. (Due to limited resources, most federal housing assistance goes to families with incomes that are considered “Very Low Income” or “Extremely Low Income.”)

Table 3. The Self-Sufficiency Standard as a Percentage of Other Benchmarks of Income, 2023
Two Family Types, All Wisconsin Counties

County	Self-Sufficiency Standard for 1 Adult + 1 Preschooler + 1 School-age Child				Self-Sufficiency Standard for 2 Adults + 1 Preschooler + 1 School-age Child			
	Annual Self- Sufficiency Standard	As Percentage of:			Annual Self- Sufficiency Standard	As Percentage of:		
		Federal Poverty Guidelines	Minimum Wage	Median Family Income		Federal Poverty Guidelines	Minimum Wage	Median Family Income
Adams	\$58,598	254%	383%	101%	\$68,396	246%	447%	106%
Ashland	\$59,293	257%	387%	100%	\$68,898	248%	450%	104%
Barron	\$61,844	269%	404%	93%	\$71,833	259%	469%	97%
Bayfield	\$57,707	251%	377%	87%	\$67,342	243%	440%	91%
Brown	\$71,580	311%	467%	86%	\$81,262	293%	531%	88%
Buffalo	\$59,145	257%	386%	85%	\$69,028	249%	451%	90%
Burnett	\$58,385	254%	381%	94%	\$68,211	246%	445%	99%
Calumet	\$63,568	276%	415%	74%	\$73,165	264%	478%	76%
Chippewa	\$61,235	266%	400%	76%	\$70,746	255%	462%	79%
Clark	\$58,410	254%	381%	90%	\$68,477	247%	447%	95%
Columbia	\$63,133	274%	412%	76%	\$72,897	263%	476%	79%
Crawford	\$59,752	259%	390%	91%	\$69,400	250%	453%	95%
Dane	\$79,488	345%	519%	74%	\$89,951	324%	587%	76%
Dodge	\$62,364	271%	407%	86%	\$72,165	260%	471%	90%
Door	\$63,172	274%	413%	85%	\$73,349	264%	479%	89%
Douglas	\$64,098	278%	419%	80%	\$73,698	266%	481%	83%
Dunn	\$62,001	269%	405%	84%	\$71,783	259%	469%	87%
Eau Claire	\$72,652	315%	474%	90%	\$82,667	298%	540%	92%
Florence	\$57,829	251%	378%	90%	\$67,839	244%	443%	95%
Fond du Lac	\$64,148	279%	419%	73%	\$73,954	267%	483%	76%
Forest	\$56,934	247%	372%	104%	\$66,681	240%	435%	109%
Grant	\$59,640	259%	389%	86%	\$69,251	250%	452%	89%
Green	\$62,241	270%	406%	78%	\$71,860	259%	469%	81%
Green	\$59,896	260%	391%	86%	\$69,667	251%	455%	90%
Iowa	\$59,700	259%	390%	73%	\$69,763	251%	456%	77%
Iron	\$61,505	267%	402%	107%	\$71,798	259%	469%	113%
Jackson	\$59,841	260%	391%	86%	\$69,606	251%	455%	91%
Jefferson	\$66,316	288%	433%	76%	\$76,043	274%	497%	79%
Juneau	\$61,447	267%	401%	95%	\$72,380	261%	473%	101%
Kenosha	\$75,988	330%	496%	94%	\$86,031	310%	562%	96%
Kewaunee	\$58,294	253%	381%	70%	\$67,991	245%	444%	74%

Definitions: The federal poverty guidelines for a family of three = \$23,030 and for a family of four = \$27,750.
Annual minimum wage is the gross amount of full-time, year-round work at an hourly wage of \$7.25 per hour, the Wisconsin minimum wage.
Median family income varies by county and is calculated from HUD's FY2022 Income Limits.

Table 3. The Self-Sufficiency Standard as a Percentage of Other Benchmarks of Income, 2023
Two Family Types, All Wisconsin Counties

County	Self-Sufficiency Standard for 1 Adult + 1 Preschooler + 1 School-age Child				Self-Sufficiency Standard for 2 Adults + 1 Preschooler + 1 School-age Child			
	Annual Self- Sufficiency Standard	As Percentage of:			Annual Self- Sufficiency Standard	As Percentage of:		
		Federal Poverty Guidelines	Minimum Wage	Median Family Income		Federal Poverty Guidelines	Minimum Wage	Median Family Income
La Crosse	\$74,413	323%	486%	91%	\$84,529	305%	552%	93%
Lafayette	\$58,393	254%	381%	83%	\$68,386	246%	447%	87%
Langlade	\$59,692	259%	390%	96%	\$69,415	250%	453%	100%
Lincoln	\$58,359	253%	381%	80%	\$68,040	245%	444%	83%
Manitowoc	\$62,220	270%	406%	80%	\$71,890	259%	470%	83%
Marathon	\$62,037	269%	405%	79%	\$71,575	258%	467%	82%
Marinette	\$59,520	258%	389%	98%	\$69,699	251%	455%	103%
Marquette	\$57,965	252%	379%	90%	\$67,785	244%	443%	95%
Menominee	\$56,216	244%	367%	127%	\$65,622	236%	429%	133%
Milwaukee	\$73,667	320%	481%	85%	\$84,186	303%	550%	88%
Monroe	\$61,332	266%	401%	86%	\$70,953	256%	463%	89%
Oconto	\$57,343	249%	374%	79%	\$67,223	242%	439%	84%
Oneida	\$60,546	263%	395%	83%	\$70,175	253%	458%	87%
Outagamie	\$66,252	288%	433%	77%	\$77,258	278%	505%	81%
Ozaukee	\$68,012	295%	444%	79%	\$78,188	282%	511%	81%
Pepin	\$61,376	267%	401%	87%	\$72,322	261%	472%	92%
Pierce	\$70,521	306%	461%	66%	\$81,794	295%	534%	69%
Polk	\$60,834	264%	397%	85%	\$71,019	256%	464%	89%
Portage	\$63,132	274%	412%	78%	\$73,074	263%	477%	81%
Price	\$56,815	247%	371%	95%	\$65,996	238%	431%	99%
Racine	\$73,560	319%	480%	91%	\$83,558	301%	546%	93%
Richland	\$59,791	260%	390%	94%	\$69,558	251%	454%	98%
Rock	\$71,308	310%	466%	98%	\$81,047	292%	529%	100%
Rusk	\$58,178	253%	380%	100%	\$68,059	245%	444%	105%
St. Croix	\$67,826	295%	443%	89%	\$77,783	280%	508%	92%
Sauk	\$64,807	281%	423%	111%	\$74,567	269%	487%	115%
Sawyer	\$58,966	256%	385%	97%	\$68,996	249%	451%	102%
Shawano	\$56,296	244%	368%	82%	\$65,697	237%	429%	86%
Sheboygan	\$63,407	275%	414%	83%	\$73,148	264%	478%	86%
Taylor	\$57,158	248%	373%	87%	\$66,685	240%	436%	91%
Trempealeau	\$58,352	253%	381%	81%	\$68,211	246%	445%	85%

Definitions: The federal poverty guidelines for a family of three = \$23,030 and for a family of four = \$27,750.
Annual minimum wage is the gross amount of full-time, year-round work at an hourly wage of \$7.25 per hour, the Wisconsin minimum wage.
Median family income varies by county and is calculated from HUD's FY2022 Income Limits.

Table 3. The Self-Sufficiency Standard as a Percentage of Other Benchmarks of Income, 2023
Two Family Types, All Wisconsin Counties

County	Self-Sufficiency Standard for 1 Adult + 1 Preschooler + 1 School-age Child				Self-Sufficiency Standard for 2 Adults + 1 Preschooler + 1 School-age Child			
	Annual Self- Sufficiency Standard	As Percentage of:			Annual Self- Sufficiency Standard	As Percentage of:		
		Federal Poverty Guidelines	Minimum Wage	Median Family Income		Federal Poverty Guidelines	Minimum Wage	Median Family Income
Vernon	\$58,802	255%	384%	89%	\$68,974	249%	450%	94%
Vilas	\$59,217	257%	387%	100%	\$69,602	251%	455%	105%
Walworth	\$66,759	290%	436%	80%	\$76,588	276%	500%	83%
Washburn	\$59,568	259%	389%	91%	\$70,399	254%	460%	96%
Washington	\$66,428	288%	434%	77%	\$76,205	275%	498%	79%
Waukesha	\$76,660	333%	501%	89%	\$86,717	312%	566%	90%
Waupaca	\$60,066	261%	392%	82%	\$69,892	252%	456%	86%
Waushara	\$57,824	251%	378%	89%	\$67,872	245%	443%	94%
Winnebago	\$72,413	314%	473%	95%	\$82,251	296%	537%	97%
Wood	\$62,948	273%	411%	92%	\$72,822	262%	476%	96%
Minimum	\$56,216	244%	367%	66%	\$65,622	236%	429%	69%
Maximum	\$79,488	345%	519%	127%	\$89,951	324%	587%	133%

Definitions: The federal poverty guidelines for a family of three = \$23,030 and for a family of four = \$27,750.
Annual minimum wage is the gross amount of full-time, year-round work at an hourly wage of \$7.25 per hour, the Wisconsin minimum wage.
Median family income varies by county and is calculated from HUD's FY2022 Income Limits.

Conclusion

Wisconsin, along with the rest of the country, experienced rapid and substantial economic changes as a result of the COVID-19 pandemic. Many Wisconsin families struggle with costs that are rising faster than wages, year in and year out, with the gap steadily increasing.

This report highlights how difficult it is for far too many families in Wisconsin to meet their basic needs, without resorting to private strategies (such as doubling up) or public work supports (such as child care assistance). Although the Self-Sufficiency Standard determines an adequate wage level without public benefits, it does not imply that public work supports are inappropriate or unnecessary for Wisconsin families. For workers with wages below the Self-Sufficiency Standard, work supports

for such necessities as child care, health care, and housing are critical to meeting basic needs, retaining jobs, and advancing in the workforce. By utilizing the Self-Sufficiency Standard, Wisconsin has the opportunity to lay the foundation to achieve a strong workforce and thriving communities.

The Self-Sufficiency Standard for Wisconsin 2023 defines the minimum income needed to realistically support a family without public or private assistance in Wisconsin. For most workers, the Standard shows that earnings above the official poverty measure are nevertheless far below what is needed to meet families' basic needs. A strong economy means good jobs that pay Self-Sufficiency Standard wages and a workforce with the skills necessary to fill those jobs.

For More Information About the Standard

In addition to Wisconsin, the Standard has been calculated for Alabama, Arkansas, Arizona, California, Colorado, Connecticut, Delaware, Florida, Georgia, Hawaii, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Jersey, New York, New York City, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, South Carolina, South Dakota, Tennessee, Texas, Utah, Virginia, Washington State, West Virginia, Wyoming, and the Washington, DC metropolitan area.

For further information about the Standard, how it is calculated or used, or the findings reported here, as well as information about other states or localities, contact Annie Kucklick at akuckl@uw.edu or visit www.selfsufficiencystandard.org.

For more information on The Self-Sufficiency Standard for Wisconsin, this publication, the Standard wage tables for Wisconsin counties, or to find out more about the Wisconsin Department of Workforce Development visit <https://dwd.wisconsin.gov/>.

Endnotes

1. Jared Bernstein, *Crunch: Why Do I Feel so Squeezed (and other Unsolved Economic Mysteries)*, (San Francisco, CA: Berrett-Koehler Publishers, Inc., 2008).
2. There are two versions of the official poverty measure. A detailed matrix of poverty thresholds is calculated each year by the U.S. Census Bureau, which varies by the number of adults and the number of children in the household, and by age for one- and two-adult households. The threshold is used to calculate the number of people in poverty for the previous year. The other form of the poverty measure is called the “federal poverty guidelines” or the “federal poverty level” (FPG/FPL). The FPG is calculated by the U.S. Department of Health and Human Services in late January and is primarily used by federal and state programs to determine eligibility and/or calculate benefits, such as for SNAP (formerly the Food Stamps Program). The FPG only varies by family size, regardless of composition; the 2022 FPG for a family of three is \$23,030. As with the thresholds, the FPG/FPL does not vary geographically, except that the latter has a higher set of numbers for Hawaii and Alaska respectively. The Standard generally references the FPG in this report. For more information about the federal poverty measurements, see <http://aspe.hhs.gov/poverty/>.
3. Carmen DeNavas-Walt, Bernadette Proctor, and Jessica C. Smith, “Income, Poverty, and Health Insurance Coverage in the U.S.: 2012,” U.S. Census Bureau, Current Population Reports, Series P60-245, Washington, D.C. (U.S. Government Printing Office), <http://www.census.gov/prod/2013pubs/p60-245.pdf> (accessed June 24, 2014).
4. According to the U.S. Bureau of Labor Statistics, both parents were employed in 62% of two-parent families with children in 2021. Likewise, 71% of mother maintained households and 82% of father maintained households were employed in 2021. Although about 71% of employed women with children under 18 years of age worked full time in 2021, working part time may be the desirable option under many circumstances, such as when the children are very young or in need of special care, or when affordable/appropriate child care is not available. For many low-income mothers economic necessity, as well as the TANF requirements that limit benefits and stipulate that recipients participate in job searches, preclude this option. U.S. Department of Labor, Bureau of Labor Statistics, “Employment Characteristics of Families in 2021,” Economic News Releases, April 20, 2022, <https://www.bls.gov/news.release/famee.htm> (accessed June 17, 2022).
5. As of 2009, the Wisconsin minimum wage equals \$7.25 per hour, the federal minimum wage. Wisconsin Department of Workforce Development, “Wisconsin’s Current Minimum Wage Rates,” <https://dwd.wisconsin.gov/er/laborstandards/minimumwage.htm> (accessed October 21, 2022).
6. In 2021, the average consumer expenditure on food was \$8,289 per year or 12.4% of total expenditures. U.S. Department of Labor, Bureau of Labor Statistics, “Consumer Expenditures in 2021,” <https://www.bls.gov/news.release/pdf/cesan.pdf> (accessed October 21, 2022).
7. Health care premiums are the statewide average paid by workers for single adults and for families, from the national Medical Expenditure Panel Survey (MEPS), 21.8% and 24.3% respectively in Wisconsin. U.S. Department of Health and Human Services, Agency for Healthcare Research and Quality, Center for Financing, Access, and Cost Trends, “Tables II.C.3 and II.D.3: Percent of total premiums contributed by employees enrolled in single (family) coverage at private-sector establishments that offer health insurance by firm size and State: Wisconsin 2020,” Medical Expenditure Panel Survey-Insurance Component, https://meps.ahrq.gov/mepsweb/data_stats/state_tables.jsp?regionid=40&year=2021 (accessed October 21, 2022).
8. The second-lowest cost Silver plan for a family with two adults (age 30) living in Waukesha County with a four-year old and one-year old is \$1,279 per month before the premium tax credit. After tax credits, this family would pay \$586 per month. U.S. Centers for Medicare & Medicaid Services, “2022 Health Insurance Plans & Prices,” <https://www.healthcare.gov/see-plans/> (accessed October 21, 2022).
9. U.S. Department of the Treasury. “Inflation Reduction Act Letter to Congress.” <https://home.treasury.gov/system/files/136/Inflation-Reduction-Act-Letter-to-Congress-20220802.pdf> (accessed August 20, 2022).
10. The Self-Sufficiency Wage for each of these places has been updated to current dollars using the Consumer Price Index for the appropriate regions. U.S. Department of Labor, Bureau of Labor Statistics, “All Items, 1982-84=100 - CUURA101SAQ,” Consumer Price Index, <http://data.bls.gov/cgi-bin/surveymost?cu> (accessed October 10, 2022).

11. U.S. Department of Labor, Bureau of Labor Statistics, "Midwest Region All Items, 1982-84=100 - CUURA101SA0," Consumer Price Index, <http://data.bls.gov/cgi-bin/surveymost?cu> (accessed October 10, 2022).

12. U.S. Congress, House. Workforce Innovation and Opportunity Act, HR 803, 113th Congress, 2nd Session. Introduced in House 2014. <https://www.congress.gov/bill/113th-congress/house-bill/803> (accessed July 28, 2016).

13. U.S. Department of Labor, Employee and Training Administration, Federal Register Notices: Workforce Innovation and Opportunity Act (WIOA) 2022 Lower Living Standard Income Level (LLSIL), <https://www.dol.gov/agencies/eta/llsil> (accessed July 19, 2022).

14. U.S. Department of Housing and Urban Development, 2022 Data for Section 8 Income Limits. <https://www.huduser.gov/portal/datasets/il.html> (accessed June 20, 2022).

15. Although these income limits are based on 80%, 50%, and 30% of the median income, the final income limit benchmarks are calculated after various adjustments are accounted for, such as high or low housing cost adjustments. Therefore, the final income limits are not necessarily an exact percent of the original median income. Additionally, if 30% of median income is less than the federal poverty guidelines, then the low income limit is set at the federal poverty guidelines. Most housing assistance is limited to the "Very Low Income" category and in some instances to the "Extremely Low Income" category. U.S. Department of Housing and Urban Development, FY 2022 State 30%, 50% and 80% Income Limits, https://www.huduser.gov/portal/datasets/il.html#2022_data (accessed June 20, 2022).

Appendix A: Methodology and Data Sources for the Wisconsin Self-Sufficiency Standard

This appendix explains the methodology, assumptions, and sources used to calculate the Self-Sufficiency Standard. We begin with a discussion of our general approach, followed by the specifics of how each cost is calculated, ending with a list of data sources. Making the Standard as consistent and accurate as possible, yet varied by geography and the age of children, requires meeting several different criteria. To the extent possible, the data used in the Standard are:

- Collected or calculated using standardized or equivalent methodology nationwide
- Obtained from scholarly or credible sources such as the U.S. Census Bureau
- Updated regularly
- Geographically and age-specific (as appropriate)

Costs that vary substantially by place, such as housing and child care, are calculated at the most geographically specific level for which data are available. Other costs, such as health care, food, and transportation, are varied geographically to the extent there is variation and appropriate data available. In addition, as improved or standardized data sources become available, the methodology used by the Standard is refined accordingly, resulting in an improved Standard that is comparable across place as well as time.

The Self-Sufficiency Standard assumes adult household members work full time and therefore includes all major costs associated with employment for every adult household member (i.e., taxes, transportation, and child care for families with young children). The Standard assumes adults work eight hours per day for 22 days per month and 12 months per year.

The Self-Sufficiency Standard does not calculate costs for adults with disabilities or elderly household members who no longer work. It should be noted that for families with persons with disabilities or elderly family members there are costs that the Standard does not account for, such as increased transportation and health care costs.

Each cost component in the Standard is first calculated as a monthly cost. Hourly and annual Self-Sufficiency Wages are calculated based on the monthly Standard by dividing the monthly Self-Sufficiency Standard by 176 hours per month to obtain the hourly wage and multiplying by 12 months to obtain the annual wage.

The Self-Sufficiency Standard differentiates costs by the number of adults plus the number and age of children in a family. The four ages of children in the Standard are: (1) infants—0 to 2 years old (meaning 0 through 35 months), (2) preschoolers—3 to 5 years old, (3) school-age children—6 to 12 years old, and (4) teenagers—13 to 18 years old.

The 2023 edition of the Wisconsin Self-Sufficiency Standard is calculated for over 700 family types. The family types include all one, two, and three adult families with zero to six children and range from a single adult with no children, to one adult with one infant, one adult with one preschooler, and so forth, up to three-adult families with six teenagers. Additionally, Standards are calculated based on a weighted average cost per child for families with one, two, and three adults with seven to ten children and families with four to ten adults with zero to ten children.¹

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

The cost components of *The Self-Sufficiency Standard for Wisconsin 2023* and the assumptions included in the calculations are described below.

Housing

The Standard uses the most recent Fiscal Year (FY) Fair Market Rents (FMRs), calculated annually by the U.S. Department of Housing and Urban Development (HUD), to calculate housing costs for each state's metropolitan and non-metropolitan areas and are used to determine the level of rent for those receiving housing assistance through the Housing Choice Voucher Program. Section 8(c)(1) of the United States Housing Act of 1937 (USHA) requires the Secretary to publish Fair Market Rents (FMRs) periodically, but not less than annually, to be effective on October 1 of each year. Housing costs in the Wisconsin Self-Sufficiency Standard are calculated using the FY 2023 HUD Fair Market Rents.

The FMRs are based on data from the 1-year and 5-year American Community Survey and are updated for inflation using the Consumer Price Index. The survey sample includes renters who have rented their unit within the last two years, excluding new housing (two years old or less), substandard housing, and public housing. FMRs, which include utilities (except telephone and cable), are intended to reflect the cost of housing that meets minimum standards of decency. In most cases, FMRs are set at the 40th percentile; meaning 40% of the housing in a given area is less expensive than the FMR.³

The FMRs are calculated for Metropolitan Statistical Areas (MSAs) and non-metropolitan counties. HUD calculates one set of FMRs for an entire metropolitan area. In Wisconsin there are five MSA's where more than one county shares the same FMR: Appleton, WI MSA (Calumet and Outagamie counties), Eau Claire, WI MSA (Chippewa and Eau Claire counties), Green Bay, WI HUD Metro FMR Area (Brown and Kewaunee counties), Milwaukee-Waukesha-West Allis, WI MSA (Milwaukee, Ozaukee, Washington, and Waukesha counties), and Minneapolis-St. Paul-Bloomington, MN-WI HUD Metro FMR Area (Pierce and St. Croix counties). Because HUD only calculates one set of FMRs for each of these metropolitan areas, we used HUD's Small Area Fair Market Rents (SAFMR) to create county variation to adjust the metropolitan FMR. A Census zip code to county relationship file was used to weight SAFMR by county and by MSA.

To determine the number of bedrooms required for a family, the Standard assumes that parents and children do not share the same bedroom and no more

than two children share a bedroom. Therefore, the Standard assumes that single persons and couples without children have one-bedroom units, families with one or two children require two bedrooms, families with three or four children require three bedrooms, and families with five or six children require four bedrooms. Because there are few efficiencies (studio apartments) in some areas, and their quality is very uneven, the Self-Sufficiency Standard uses one-bedroom units for the single adult and childless couple.

Data Sources

Housing Costs. U.S. Department of Housing and Urban Development, "County Level Data," Fair Market Rents, 2023 Data, https://www.huduser.gov/portal/datasets/fmr.html#2023_data (accessed September 1, 2022).

County-Level Housing Costs. U.S. Department of Housing and Urban Development, "FY 2023 Small Area FMRs", Fair Market Rents, 2023 Data, https://www.huduser.gov/portal/datasets/fmr/fmr2023/fy2023_safmrs.xlsx (accessed September 1, 2022).

Population Weights. U.S. Census Bureau, "2010 ZCTA to County Relationship File," Geography, Maps and Data, <https://www.census.gov/geographies/reference-files/2010/geo/relationship-files.html> (accessed February 3, 2020).

Child Care

The Family Support Act, in effect from 1988 until welfare reform in 1996, required states to provide child care assistance at market rate for low-income families in employment or education and training. States were also required to conduct cost surveys biannually to determine the market rate (defined as the 75th percentile) by facility type, age, and geographical location or set a statewide rate.⁴ The Child Care and Development Block Grant (CCDBG) Act of 2014 reaffirms that the 75th percentile is an important benchmark for gauging equal access. The CCDBG Act requires states to conduct a market rate survey every three years for setting payment rates. Thus, the Standard assumes child care costs at the 75th percentile, unless the state sets a higher definition of market rate.

Child care costs for the Wisconsin Standard have been calculated using 75th percentile data from the Wisconsin Department of Children and Families Child Care Market Rate Survey. The survey provided rates for four different cost zones. Rates are updated to September 2022 from Spring 2022, the data collection period, using the Consumer Price Index.

Infant and preschooler costs are calculated assuming full-time care, and costs for school-age children are calculated using part-time rates during the school year and full-time care during the summer. Costs were calculated based on a weighted average of family child care and center child care: 43% of infants are in family child care and 57% are in child care centers. These proportions are 26% and 74% respectively, for preschoolers, and 46% and 54% for school-age children.⁵

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

Data Sources

Child Care Rates. Division of Early Care and Education, “2022 Child Care Market Rate Survey Results,” Wisconsin Department of Children and Families, <https://dcf.wisconsin.gov/files/wishares/ccdbg/2022-ccmarket-survey-results-report.pdf> (accessed September 1, 2022).

Inflation. U.S. Department of Labor, Bureau of Labor Statistics, “Child care and nursery school in U.S. city average, all urban consumers, not seasonally adjusted,” CUUR0000SEEB03, <https://data.bls.gov/cgi-bin/srgate> (accessed September 1, 2022).

Food

Although the Supplemental Nutrition Assistance Program (SNAP, formerly the Food Stamp Program) uses the U.S. Department of Agriculture (USDA) Thrifty Food Plan to calculate benefits, the Standard uses the Low-Cost Food Plan for food costs. While both of these USDA diets were designed to meet minimum nutritional standards, SNAP (which is based on the Thrifty Food Plan) is intended to be only a temporary safety net.⁶

The Low-Cost Food Plan costs 25% more than the Thrifty Food Plan and is based on more realistic assumptions about food preparation time and consumption patterns, while still being a very conservative estimate of food costs. Neither food plan allows for any take-out, fast-food, or restaurant meals, even though, according to the Consumer Expenditure Survey, the average American family spends about 37% of their food budget on food prepared away from home.⁷ Food costs in the Standard, effectively, cover groceries only.

The USDA Low-Cost Food Plan costs vary by month and the USDA does not give an annual average food cost. The Standard follows the SNAP protocol of using June data of the current year to represent the annual average. Hence, the Standard for 2023 uses data from June 2022 updated for inflation.

Both the Low-Cost Food Plan and the Standard’s budget calculations vary food costs by the number and ages of children and the number and gender of adults. The Standard assumes that the cost of food for all numbers of adults is the average between the male and female cost as designated by the USDA Low-Cost Food Plan.

Geographic differences in food costs within Wisconsin are varied using Map the Meal Gap data provided by Feeding America. To establish a relative price index that allows for comparability between counties, Nielsen assigns every sale of UPC-coded food items in a county to one of the 26 food categories in the USDA Thrifty Food Plan (TFP). The cost to purchase a market basket of these 26 categories is then calculated for each county. Because not all stores are sampled, this could result in an inaccurate representation of the cost of food in low-population counties. For this reason, counties with a population less than 20,000 have their costs imputed by averaging them with those of the surrounding counties.⁸

A county index is calculated by comparing the county market basket price to the national average cost of food. The county index is applied to the Low-Cost Food Plan to vary food costs geographically. For the 2023 Standard, due to the pervasive increase in food costs nationwide in late 2021 and throughout 2022, the researchers for the Standard added a food cost control which prevents the cost of food from decreasing in any given county.⁹

Data Sources

Food Costs. U.S. Department of Agriculture, Center for Nutrition Policy and Promotion, “Official USDA Food Plans: Cost of Food at Home at Four Levels, U.S. Average, June 2022,” <https://fns-prod.azureedge.us/sites/default/files/media/file/CostofFoodJun2022LowModLib.pdf> (accessed November 11, 2021).

County Index. Gundersen, C., Strayer, M., Dewey, A., Hake, M., & Engelhard, E. (2022). Map the Meal Gap 2022: An Analysis of County and Congressional District Food Insecurity and County Food Cost in the United States in 2020. Feeding America. received from research@feedingamerica.org (accessed August 14, 2022).

Transportation

Public Transportation. If there is an “adequate” public transportation system in a given area, it is assumed that workers use public transportation to get to and from work. A public transportation system is considered “adequate” if it is used by a substantial percentage of the working population to commute to work. According to a study by the Institute of Urban and Regional Development, University of California, if about 7% of the general public uses public transportation, then approximately 30% of the low- and moderate-income population use public transit.¹⁰ The Standard assumes private transportation (a car) in counties where less than 7% of workers commute by public transportation and in counties where rates over 7% are due to special circumstances, such as resort-focused areas where workers are bussed in due to limited parking.

For Wisconsin, the Standard uses the 2016-2020 American Community Survey 5-Year Estimates to calculate the percentage of the county population that commutes by public transportation. Wisconsin does not have any counties that utilize public transportation at a rate greater than 7%, so only private transportation costs were assumed in the calculation of the 2023 Standard.¹¹

Private Transportation. For private transportation, the Standard assumes that adults need a car to get to work. Private transportation costs are based on the

average costs of owning and operating a car. One car is assumed for households with one adult and two cars are assumed for households with two adults. It is understood that the car(s) will be used for commuting five days per week, plus one trip per week for shopping and errands. In addition, one parent in each household with young children is assumed to have a slightly longer weekday trip to allow for “linking” trips to a day care site.

Per-mile driving costs (e.g., gas, oil, tires, and maintenance) are from the American Automobile Association. The commuting distance is computed from the 2017 National Household Travel Survey (NHTS).

Regional variation in the cost of auto insurance for the Wisconsin Standard is calculated using rates gleaned from data collected for each county from TheZebra.com.

The fixed costs of car ownership such as fire, theft, property damage and liability insurance, license, registration, taxes, repairs, monthly payments, and finance charges are also included in the cost of private transportation for the Standard. However, the initial cost of purchasing a car is not. Fixed costs are from the 2021 Consumer Expenditure Survey data for families with incomes between the 20th and 40th percentile living in the Census Midwest region of the United States. Auto insurance premiums and fixed auto costs are adjusted for inflation using the most recent and area-specific Consumer Price Index.

The average expenditure for auto insurance in Wisconsin was \$78.84 per month in 2019 based on data from the National Association of Insurance Commissioners (NAIC). The average commute is about 22 miles.

Data Sources

Public Transportation Use. U.S. Census Bureau, “Table B08301: Means of Transportation to Work,” 2016- 2020 American Community Survey 5-year estimates, Detailed Tables, <https://data.census.gov/cedsci/table?q=B08301&tid=ACSDT5Y2020.B08301> (accessed August 15, 2022).

Auto Insurance Premium. National Association of Insurance Commissioners, “Average Expenditures for Auto insurance by State, 2015-2019,” insurance

Information Institute, <https://www.iii.org/table-archive/21247> (accessed July 5, 2022).

Fixed Auto Costs. Calculated and adjusted for regional inflation using Bureau of Labor Statistics data query for the Consumer Expenditure Survey. U.S. Department of Labor, Bureau of Labor Statistics, “Other Vehicle expenses,” Consumer expenditure Survey 2021, <https://data.bls.gov/cgi-bin/srgate> (accessed September 22, 2022).

Inflation. U.S. Department of Labor, Bureau of Labor Statistics, “Consumer Price Index–All Urban Consumers, U.S. City Average,” Consumer Price Index, CPI Databases, <https://www.bls.gov/news.release/cpi.t01.htm> (accessed October 5, 2022).

Per-Mile Costs. American Automobile Association, “Your Driving Costs: How Much Does It Really Cost to Own a New Car?” 2022 edition, AAA Association Communication, <https://newsroom.aaa.com/wp-content/uploads/2022/08/2022-YourDrivingCosts-FactSheet-7-1.pdf> (accessed September 5, 2022).

County Index. Personal Communication, Nicole Beck, [TheZebra.com](https://www.thezebra.com), September 15, 2022.

Health Care

The Standard assumes that an integral part of a Self-Sufficiency Wage is employer-sponsored health insurance for workers and their families. Nationally, the employer pays 78% of the insurance premium for the employee and 66% of the insurance premium for the family.¹²

Health care premiums are obtained from the Medical Expenditure Panel Survey (MEPS), Insurance Component produced by the Agency for Healthcare Research and Quality, Center for Financing, Access, and Cost Trends. The MEPS health insurance premiums are the statewide average employee-contribution paid by a state’s residents for a single adult and for a family. The premium costs are then adjusted for inflation using the Medical Care Services Consumer Price Index.¹³

As a result of the Affordable Care Act, companies can only set rates based on established rating areas. In Wisconsin, there are sixteen rating areas based on

county groupings.¹⁴ To vary the state premium by the Wisconsin rating areas, the Standard uses rates for the second lowest cost Silver plan (excluding HSAs) available through the federal marketplace. The state-level MEPS average premium is adjusted with the index created from the county-specific premium rates.

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

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

Data Sources

Premiums. U.S. Department of Health and Human Services, Agency for Healthcare Research and Quality, Center for Financing, Access, and Cost Trends, “Table X.C.1 (X.D.1) Employee contribution distributions (in dollars) for private-sector employees enrolled in single coverage at the 10th, 25th, 50th (median), 75th and 90th percentiles, private-sector by State: United States, 2021” Medical Expenditure Panel Survey-Insurance Component, https://meps.ahrq.gov/data_stats/summ_tables/insr/state/series_10/2021/ic21_xc_e.pdf (accessed September 22, 2022).

Out-of-Pocket Costs. U.S. Department of Health and Human Services, Agency for Healthcare Research and Quality, Center for Financing, Access, and Cost Trends, MEPS HC-224, 2020 Full Year Consolidated Data File,” August 2022, https://meps.ahrq.gov/mepsweb/data_stats/download_data_files_detail.jsp?cboPufNumber=HC-224 (accessed September 22, 2022).

Inflation. U.S. Department of Labor, Bureau of Labor Statistics, “Consumer Price Index – All Urban Consumers, U.S. City Average,” Medical Care Services

(for premiums) and Medical Services (for out-of-pocket costs), <http://www.bls.gov/cpi/> (accessed September 22, 2022).

County Index. Healthcare.gov, Resources: For researchers, 2022 plan data: health plan data, download (ZIP file) “Individual Market Medical,” https://data.healthcare.gov/datafile/py2022/individual_market_medical.zip (accessed December 19, 2021).

Miscellaneous

This category consists of broadband and cell phone expenses as well as all other essentials.

Other Necessities. The other necessities component of miscellaneous costs are calculated by taking 10% of the sum of the cost of housing, child care, food, transportation, and health care. Other necessities provides a minimum estimate to cover the cost of clothing, shoes, paper products, diapers, nonprescription medicines, cleaning products, household items, personal hygiene items, and telephone service. This percentage is a conservative estimate in comparison to estimates in other basic needs budgets, which commonly use 15% and account for other costs such as recreation, entertainment, savings, or debt repayment.¹⁵

Broadband. The Standard utilizes the annual Federal Communications Commission (FCC) Urban Rate Survey Data to calculate a monthly broadband cost. In order to calculate an average that represents minimally adequate broadband service for families, the Standard assumes a download bandwidth range of 12 - 100 Mbps and creates an average monthly cost from the total monthly charges from the range of internet service providers (ISP) in the surveyed area.¹⁶ Recognizing that families need to pay for equipment in order to establish connectivity in a household, the Standard also adds a monthly fee that includes the cost of a modem and router.

Cell Phone. The Standard assumes that each adult in a household needs access to a cell phone with up to 5 GB of data per month. Averaging the cost per gigabyte with nine United States cell phone plans having widespread coverage, the Standard assumes an average monthly service cost of \$24.52.¹⁷ Assuming that an adult will also need to purchase a cell phone,

Standard researchers found the average cost for five smartphones and then divided that total average cost by two years of monthly payments which is the typical amount of time that service providers finance cell phones. Local fees and taxes were added onto the monthly service fee charge and local sales tax was added to the cost of the phone.

Data Sources

Broadband Rate. Federal Communications Commission, “Urban Rate Survey Data & Resources: 2022,” <https://www.fcc.gov/economics-analytics/industry-analysis-division/urban-rate-survey-data-resources> (accessed July 5, 2022).

Federal Communications Commission. Federal Communications Commission, “Household Broadband Guide,” <https://www.fcc.gov/consumers/guides/household-broadband-guide> (accessed August 20, 2021).

Wireless Taxes. Mackey, S. and Boesen, U. “Wireless Tax Burden Remains High due to Federal Surcharge Increase,” <https://taxfoundation.org/wireless-taxes-cell-phone-tax-rates-by-state-2020/> (accessed August 21, 2021).

Federal Taxes

Federal taxes calculated in the Standard include income tax and payroll taxes. The first two adults in a family are assumed to be a married couple and taxes are calculated for the whole household together (i.e., as a family), with additional adults counted as adult dependents.

Indirect taxes (e.g., property taxes paid by the landlord on housing) are assumed to be included in the price of housing passed on by the landlord to the tenant. Taxes on gasoline and automobiles are included in the calculated cost of owning and running a car.

The Standard includes federal tax credits (the Earned Income Tax Credit, the Child Care Tax Credit, and the Child Tax Credit) and applicable state tax credits. Tax credits are shown as received monthly in the Standard.

The Earned Income Tax Credit (EITC), or as it is also called, the Earned Income Credit, is a federal tax refund intended to offset the loss of income from

payroll taxes owed by low-income working families. The EITC is a “refundable” tax credit, meaning working adults may receive the tax credit whether or not they owe any federal taxes.

The Child Care Tax Credit (CCTC), also known as the Child and Dependent Care Tax Credit, is a federal tax credit that allows working parents to deduct a percentage of their child care costs from the federal income taxes they owe. Like the EITC, the CCTC is deducted from the total amount of money a family needs to be self-sufficient. Unlike the EITC, the federal CCTC is not a refundable tax credit; that is, a family may only receive the CCTC as a credit against federal income taxes owed. Families who owe little to nothing in federal income taxes will receive little or no CCTC. Up to \$3,000 in child care costs are deductible for one qualifying child and up to \$6,000 for two or more qualifying children.

The Child Tax Credit (CTC) is like the EITC in that it is a refundable federal tax credit. Since 2018, the CTC provides parents with a nonrefundable credit up to \$2,000 per child under 17 (with up to \$1,400 refundable). For the Standard, the CTC is shown as being received monthly.¹⁸

Data Sources

Federal Tax Updates (2023). Bloomberg Tax, “2023 Projected U.S. Tax Rates, Special Reports,” <https://pro.bloombergtax.com/reports/2023-projected-u-s-tax-rates/> (accessed September 20, 2022).

Federal Income Tax. Internal Revenue Service, “1040 Instructions,” <https://www.irs.gov/pub/irs-pdf/i1040gi.pdf> (accessed December 21, 2021).

Federal Child Tax Credit. Internal Revenue Service, “Publication 972. Child Tax Credit,” <https://www.irs.gov/pub/irs-pdf/p972.pdf> (accessed January 11, 2021).

Federal Earned Income Tax Credit. Internal Revenue Service, “Publication 596. Earned Income Credit,” <https://www.irs.gov/pub/irs-pdf/p596.pdf> (accessed January 10, 2022).

State Taxes

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

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

Data Sources

State Income Tax. Wisconsin Income Tax 2021, Form 1 Instructions. <https://www.revenue.wi.gov/TaxForms2021/2021-Form1-Inst.pdf> (accessed December 29, 2021)

Sales Tax. Tax Foundation, Janelle Fritts, State and Local Sales Tax Rates, 2022, <https://taxfoundation.org/publications/state-and-local-sales-tax-rates/> (accessed July 5, 2022).

Grocery Tax. Tax Foundation, Jared Walczak, “The Surprising Regressivity of Grocery Tax Exemptions” <https://taxfoundation.org/sales-tax-grocery-tax-exemptions/> (accessed July 5, 2022), Center on Budget and Policy Priorities, Eric Figueroa and Juliette Legendre, “States that Still Impose Sales Taxes on Groceries Should Consider Reducing or Eliminating Them,” <https://www.cbpp.org/research/state-budget-and-tax/states-that-still-impose-sales-taxes-on-groceries-should-consider> (accessed April 13, 2021).

Emergency Savings Fund

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

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

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

The emergency savings calculation is based on all current expenses in the Self-Sufficiency Standard.¹⁹ The adult may not be commuting to work five days a week; however, the overall transportation expenses may not change significantly. A weekly shopping trip is still a necessity, as is driving young children to child care. Actively seeking employment requires being available for job interviews, attending job fairs, and engaging in networking opportunities, in addition to the time spent looking for and applying for positions. Therefore, saving enough to cover the cost of continuing child care if unemployed is important for supporting active job seeking as well as the benefit of keeping children in their normal routine during a time of crisis.

In addition to the income needed to cover the costs of housing, food, child care and transportation, families need health insurance. The Standard assumes that adults work full time and in jobs that provide employer-sponsored health insurance. In households with two adults, it is assumed that if one adult loses employment the spouse's health insurance will provide coverage for the entire family at no additional cost. In a one-adult household, it is assumed coverage will be provided through the state-operated Affordable Insurance Exchanges under the Patient Protection and Affordable Care Act, at approximately the same cost as when employed.²⁰ In some cases, children, or the whole family, may be covered under state Medicaid

or the Children Health Insurance Program, depending upon income, resources, and eligibility requirements in effect at the time, which would decrease health care costs below these estimates.²¹

Data Sources

Job Tenure. Sarah Flood, Miriam King, Renae Rodgers, Steven Ruggles, J. Robert Warren and Michael Westberry, Integrated Public Use Microdata Series, Current Population Survey: Version 9.0 [dataset] Minneapolis, MN: IPUMS, 2021, <https://doi.org/10.18128/D030.V9.0> (accessed January 3, 2022)

Unemployment Duration. U.S. Department of Labor, Employment and Training Administration, "Unemployment Insurance Data Summary," <https://ows.doleta.gov/unemploy/content/data.asp> (accessed January 4, 2022).

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Savings Rate. Federal Deposit Insurance Corporation. "Weekly National Rates," <http://www.fdic.gov/regulations/resources/rates/previous.html> (accessed January 28, 2022).

ENDNOTES FOR APPENDIX A

1. The Standard was originally designed to provide calculations for 70 family configurations, which includes all one- and two-adult families with zero to three children (in four different age groups).
2. Diana Pearce and Rachel Cassidy, "Overlooked and Undercounted: A New Perspective on the Struggle to Make Ends Meet in California," Seattle: University of Washington (2003), <http://www.insightcced.org/past-archives/publication-registration/registration-page-summary-of-highlights-overlooked-undercounted-a-perspective-on-the-struggle-to-make-ends-meet-in-california/> (accessed July 28, 2016).
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17. The Standard found the monthly cost for a 4 - 6 GB plan for U.S. Mobile, Tello, T-Mobile, Ting, AT&T Prepaid, Affinity Cellular, Verizon, Mint Mobile and UltraMobile and then created an average price per GB and multiplied that by 5 in order to come up with an average plan cost for 5 GB.

18. In 2021, the American Rescue Plan Act (ARPA) temporarily changed the Child Tax Credit (CTC) and Child and Dependent Tax Credit (CDCTC). The CTC increased to \$3,600 per child under six and \$3,000 per child six years and older and was fully refundable. The CDCTC increased from a maximum non-refundable benefit of \$1,050 for one child or \$2,100 for two or more children to a maximum refundable benefit of \$4,000 for one child or \$8,000 for two or more children. Because these temporary provisions were not extended, the 2022 federal taxes reflected in the Standard reverted to the previous legislation as stated in this section.

19. This amount excludes taxes and tax credits (which are in the Standard), as the family would be living on savings, on which taxes and tax credits have already been paid when earned, as described above.

20. Affordable Insurance Exchanges are required as of 2014, and health insurance tax credits are available to offset monthly premium costs for those enrolled in the Exchanges with income up to 400% FPL. Centers for Medicare & Medicaid Services, Fact Sheets, "Affordable Insurance Exchanges: Seamless Access to Affordable Coverage," <https://www.cms.gov/newsroom/fact-sheets/affordable-insurance-exchanges-simpleseamless-and-affordable-coverage> (accessed July 23, 2014).

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The Center for Women's Welfare

The Center for Women's Welfare at the University of Washington School of Social Work is devoted to furthering the goal of economic justice for women and their families. The main work of the Center focuses on the development of the Self-Sufficiency Standard and related measures, calculations, and analysis. Under the direction of Dr. Diana Pearce, the Center partners with a range of government, non-profit, women's, children's, and community-based groups to:

- research and evaluate public policy related to income adequacy;
- create tools to assess and establish income adequacy and benefit eligibility;
- develop policies that strengthen public investment in low-income women and families.

Learn more about the Center and Standard Project at www.selfsufficiencystandard.org.

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