



***2008 SELF-SUFFICIENCY***

***ANALYSIS***

***LACKAWANNA COUNTY WORKFORCE INVESTMENT AREA***

## Introduction

The Self-Sufficiency Standard was developed by Dr. Diana Pearce, Ph.D., Director, Center for Women's Welfare, University of Washington School of Social Work, for Pathways PA, a non-profit organization providing residential services to women and children in Delaware and Philadelphia counties. The Ford Foundation provided funding for the Standard's original development. The 6<sup>th</sup> Edition, *The Self-Sufficiency Standard for Pennsylvania for 2008*, was used as the primary statistical source for development of this report.

According to Pathways PA, ***“the Self-Sufficiency Standard measures how much income a family of a certain composition in a given place needs to adequately meet its basic needs without public or private assistance.”*** The Self-Sufficiency standard can establish a family-sustaining wage, specific to most families throughout the U.S. by making real-world assumptions, varying data regionally and by family type, and including the net effect of taxes and tax credits. The 2008 edition of The Self-Sufficiency Standard for Pennsylvania is formatted to assist Workforce Investment Boards, Industry Partnerships, and Pennsylvania CareerLink Centers in training and counseling their customers.<sup>1</sup>

Acting Secretary of the PA Department of labor and Industry, Sandi Vito, writes, “The 2008 Self-Sufficiency Standard of Pennsylvania helps businesses and industry sectors to understand how their wage structures affect their employees, their retention efforts and their ability to compete for highly skilled workers by showing how much families need to earn to cover their basic expenses. One of the unique features of the Standard, especially compared to the federal poverty level (FPL), is that the Standard shows the needs of families based on real market costs in every county in the state. “

## Background

The FPL, or federal poverty measure, is the official measurement used by the federal government to determine income adequacy. Basically, families are categorized as “poor” if their income falls below the FPL and “not poor” if it is above the FPL. This poverty measure is used to determine eligibility for various poverty and work support programs.

According to Pathways PA, many problems exist with using the FPL as the measure of income adequacy. The most significant shortcoming is that the FPL is simply not high enough for most families in most places. Many families have incomes that exceed the FPL and yet lack sufficient resources to adequately meet their basic needs. Other methodological problems with the federal poverty measure include:

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<sup>1</sup> The Self-Sufficiency Standard for Pennsylvania 2008 – PathWays PA <http://www.pathwayspa.org>

- The poverty measure is based on food only, not a “market basket of basic needs which, in today’s economy, represents only one-tenth of a family’s income.<sup>2</sup>
- The demographic model of a two-parent family assumes a stay-at-home adult. In reality, additional costs are associated with families without a stay-at-home adult. According to the U.S. Bureau of Labor Statistics, both parents were employed in 62% of two-parent families in 2006.
- There is no distinction between families in which the adults are employed and families in which the adults are not employed.
- The poverty measure does not vary by geographic region.

To provide a realistic measurement of income needed for any given family to adequately address their needs without support from public or private venues, the Self Sufficiency Standard provides the following recommendations:

- The Standard is based on the individual cost of each basic need, while allowing the cost to increase at its own rate.
- The Standard must assume that all adults work fulltime, regardless of family composition, taking into consideration all major cost associated with employment (i.e., child care, transportation, taxes).
- Geographical variations must be considered in determination of costs.
- While the FPL does account for cost variations by family-size and composition, the Standard also accounts for the ages of children.
- The Standard includes the net effects of taxes and tax credits.

Making the Self-Sufficiency Standard methodologically consistent, accurate, and timely, requires that, to the extent possible, data be collected or calculated using standardized or equivalent methodology nationwide; obtained from scholarly or credible sources such as the U. S. Census Bureau; be updated regularly, preferably annually, and geographically and/or age-specific, as available.

The following components are used to calculate the Standards for each County and, most importantly for 2008, each identified Workforce Investment Area across the Commonwealth:

- Housing
- Child Care
- Food

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<sup>2</sup> U.S. Bureau of Labor Statistics (2007, October). *Consumer Expenditures in 2006*.

- Transportation
- Health Insurance
- Taxes & Tax Credits
- Miscellaneous (i.e., clothing, shoes, diapers, nonprescription medicines, household items, telephone)

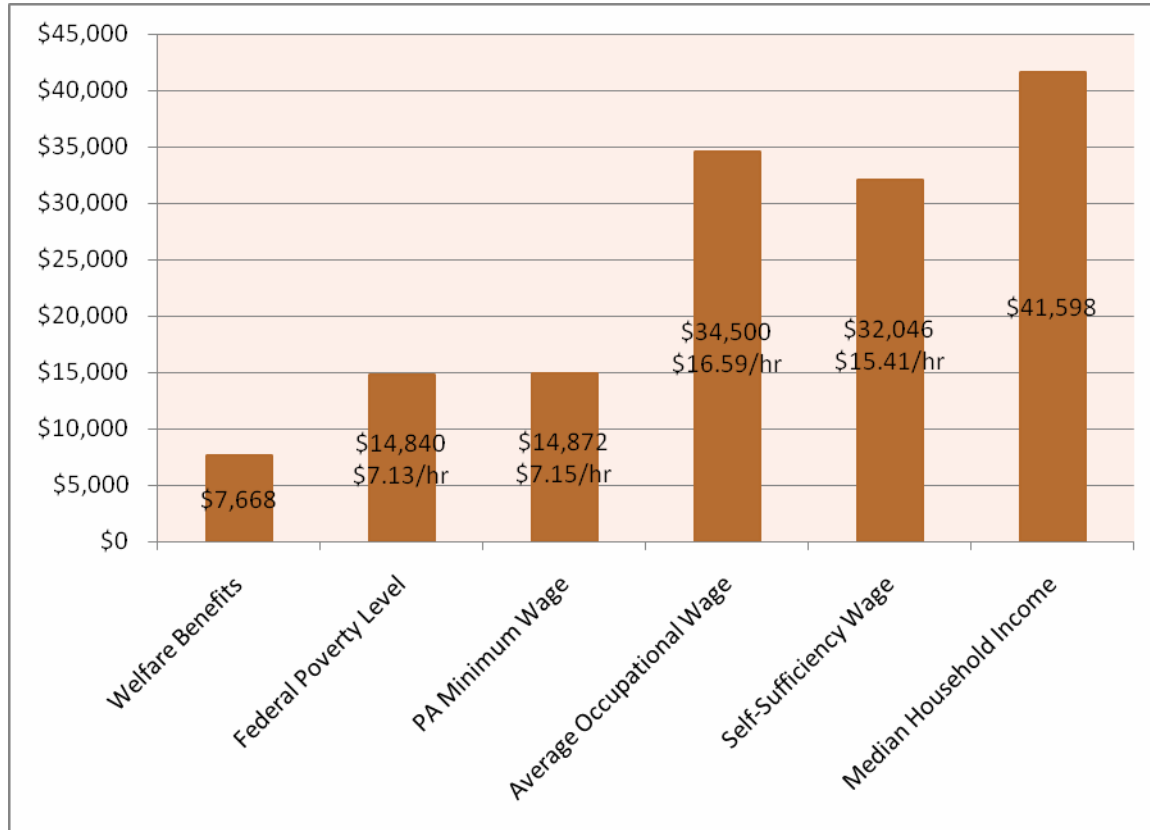
Central to attaining self-sufficiency are access to education, training and jobs that provide real potential for skill development and career advancement over the long-term. Most individuals moving from low-income jobs to self-sufficiency, whether through welfare to work, incumbent worker training, or the Industry Partnership Program, cannot achieve their goals in a single step. Instead, they require assistance, guidance, and transitional work supports to become self-sufficient over time. While meeting basic needs may be more urgent than access to education and training, true long-term self-sufficiency increasingly requires human capital investments that enhance skills and adaptability. Self Sufficiency is not likely to be sustainable without a technologically advanced and broad-based education, which can provide the flexibility to move into new, innovative, or non-traditional jobs and careers.<sup>3</sup>

Through use of these Standards, the Lackawanna County Workforce Investment Board will ensure that program development and dissemination of funds will reach those individuals most in need of education and training support. The following tables and charts provide a scan of the Self-Sufficiency Standard for the Lackawanna County Workforce Investment Area.

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<sup>3</sup> 2008 Self-Sufficiency Standards

# Lackawanna County Wage Comparisons



**Welfare Benefits:** defined as Cash Assistance and Food Stamp eligibility (2008 guidelines for a family of 2. This does not include other assistance such as housing, child care, etc.) Source: Department of Public Welfare.

**Federal Poverty Level:** 2008 poverty threshold for a family of two (one householder under age 65 and one child under age 18). Source: US Census Bureau.

**PA Minimum Wage:** \$7.15 per hour for 2008 (2,080 hour work year).

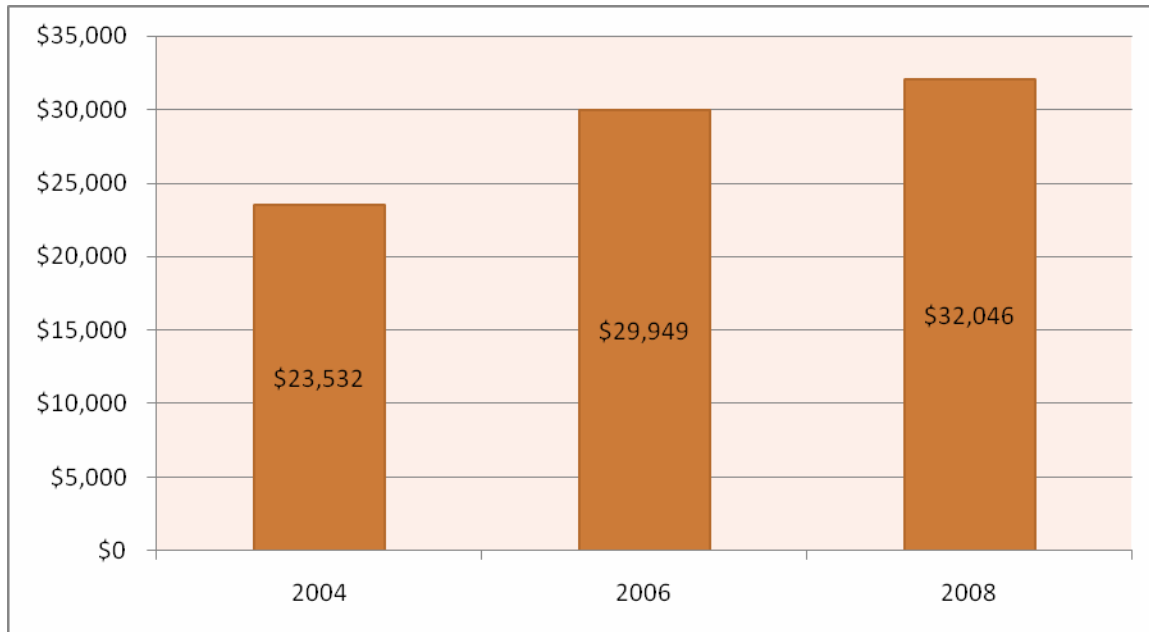
**Average Occupational Wage:** 2007 estimates (does not include benefits)(2,080 hour work year). Source: Center for Workforce Information & Analysis.

**Self-Sufficiency Wage:** 2008 estimates (one parent and one pre-school aged child)(2,080 hour work year). Source: The Self-Sufficiency Standard for Pennsylvania 2008, PathWays PA.

**Median Household Income:** Households can have more than one wage earner. Source: 2007 American Community Survey, US Census Bureau.

*Note: 41% (or 36,114) of Lackawanna County households earn less than \$34,999. Source: 2007 American Community Survey.*

## Lackawanna County Self-Sufficiency Comparisons (Family Size = 1 Adult & 1 Preschooler)



<b>MONTHLY COSTS</b>	<b>2004</b>	<b>2006</b>	<b>2008</b>
Housing	551	595	628
Child Care	436	548	629
Food	276	288	316
Transportation	216	239	241
Health Care	202	273	267
Miscellaneous	168	194	208
Taxes	352	524	555
EITC (-)	-82	-14	-26
Child Care Tax Credit (-)	-75	-68	-65
Child Tax Credit (-)	-83	-83	-38
Self-Sufficiency Wage			
Hourly	\$11.14	\$14.18	\$15.17
Monthly	\$1,961	\$2,496	\$2,671
Annual	\$23,532	\$29,949	\$32,046

Source: PathWays PA [www.pathwayspa.org](http://www.pathwayspa.org)