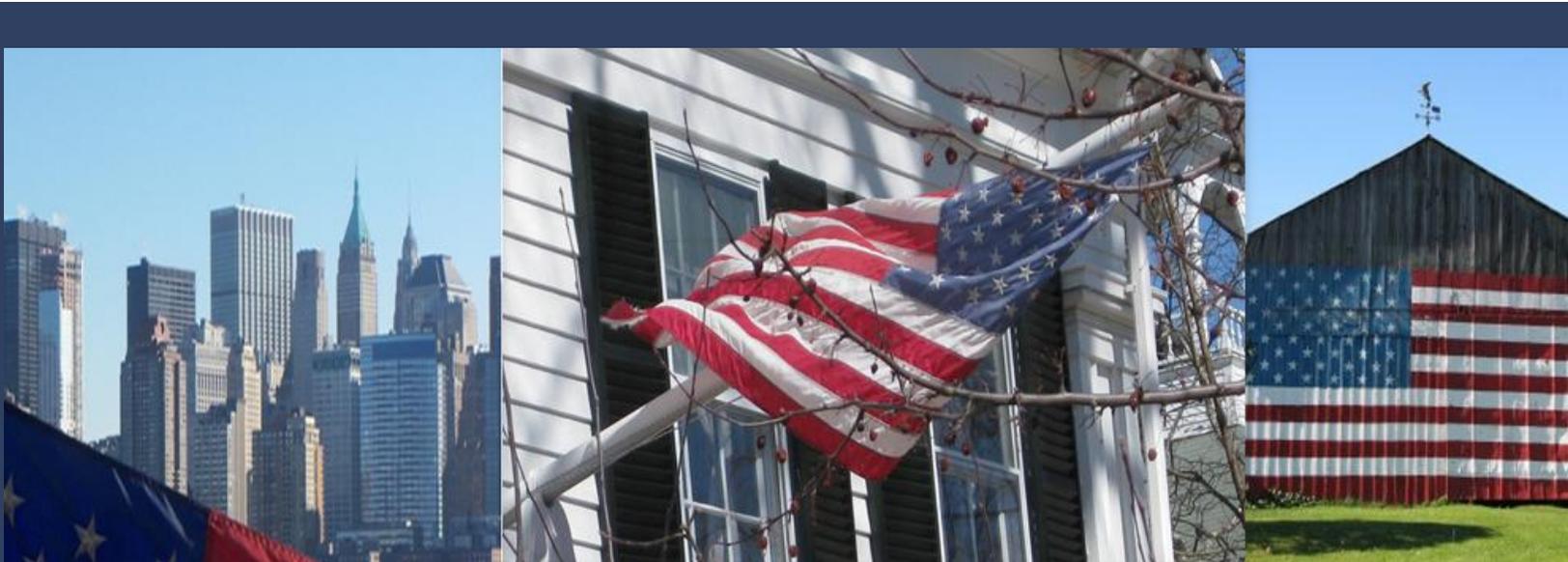




COMING UP SHORT: WAGES, PUBLIC ASSISTANCE AND ECONOMIC SECURITY ACROSS AMERICA



The US economy has been growing since mid-2009. And yet, unemployment remains high, wages remain stagnant, and the Great Recession continues for millions of American families. Federal public debt is at an all time high, and states with budget shortfalls must balance their budgets.

Within this context of economic uncertainty and dwindling government resources, support policies and programs for low- and moderate-income families who are at risk of long-term insecurity are essential. *Coming Up Short* seeks to answer the following:

- What is economic security? How should it be defined and measured?
- How close to economic security are low- and moderate-income workers around the country? How does a family's location change its income needs?
- What public assistance programs are available to help working families as they move toward economic security—and how effective are those programs?
- How might federal and state budget cuts and policy changes affect families' economic security?

MEASURING SECURITY: THE BASIC ECONOMIC SECURITY TABLES (BEST)TM INDEX

To assess worker and family economic security, Wider Opportunities for Women (WOW) and the Center for Social Development (CSD) at Washington University developed the Basic Economic Security Tables (BEST)TM Index—a measure of the basic needs and assets workers require for economic security throughout a lifetime and across generations.

The BEST reflects a modern economy and contemporary understanding of how families achieve financial stability. The core BEST Index is a budget containing basic items essential to all workers' health and safety: housing, utilities, food and essential personal and household items such as clothing, household products and a landline telephone.

The BEST assumes that single heads of household and both adults in a two-adult household work outside of the home. All BEST workers therefore incur transportation costs, and all parents with children must pay child care costs. Workers also pay federal and state taxes, net of tax credits, on the income needed to pay for their basic needs.

Meeting basic needs is not enough to ensure stability, so the BEST includes assets in its definition of security to address workers' future needs, expected and unexpected, and to add those needs to a discussion of income adequacy measures. Emergency and retirement savings are critical to preventing corroded economic security, weakened families and impoverishment. Such saving is necessary for all workers over the course of a work life, and is therefore included in the core BEST Index. Education and homeownership savings, foundations of the American dream, are also included in the

BEST. However, while education and homeownership can clearly improve a family's economic security, they are options. As a result, education and homeownership savings are presented as addenda to the core BEST Index.

The BEST Index is both a starting point and a destination for workers who want to achieve financial stability, and for the policymakers, advocates, researchers and service providers who help workers build security in their states, counties and local communities. The BEST provides income targets that define economic security incomes and help define good jobs. BEST Indexes can be used as benchmarks to determine how working families are faring, across both family types and geographies. Because it contains all of the pieces of basic economic security, the BEST budget should be the context for a wide range of personal finance, workforce and policy discussions.

Table 1 below presents the BEST budgets for selected family types, across the United States. Expenses and savings values are nationwide averages.

More information on the BEST and economic security in America can be found in *The Basic Economic Security Tables for The United States* and BEST state reports available at www.wowonline.org. For more detailed information on the BEST methodology, or for supplementary economic security data, see *The Basic Economic Security Tables: United States Methodology and Supplemental Data*, also available at www.wowonline.org.

BEST Features

- Calculated for The United States, states (as a whole), each county in a state and selected cities
- Calculated for over 400 different family types consisting of one or two workers and up to six children
- Reflects costs by age of children, which is particularly important in relation to child care, food and health care costs
- Includes the benefits of tax credits, such as the Earned Income Tax Credit, the Child Tax Credit and the child and dependent care tax credit
- Calculates separate security income needs of workers with and without employment-based benefits—employer-sponsored health insurance and retirement plans, and access to unemployment insurance

Table 1: Basic Economic Security Tables, 2010

(Workers with Employment-based Benefits)

US, Selected Family Types

Monthly Expenses	1 Worker, 1 Infant		1 Worker, 1 Preschooler, 1 Schoolchild		2 Workers, 1 Preschooler, 1 Schoolchild	
	1 Worker	1 Worker, 1 Infant	1 Worker, 1 Preschooler, 1 Schoolchild	2 Workers	2 Workers, 1 Preschooler, 1 Schoolchild	2 Workers, 1 Preschooler, 1 Schoolchild
Housing	\$688	\$821	\$821	\$688	\$821	\$821
Utilities	\$149	\$178	\$178	\$149	\$178	\$178
Food	\$244	\$351	\$529	\$447	\$707	\$707
Transportation	\$495	\$536	\$536	\$977	\$1,019	\$1,019
Child Care	\$0	\$610	\$1,080	\$0	\$1,080	\$1,080
Personal & Household Items	\$291	\$364	\$412	\$346	\$460	\$460
Health Care	\$136	\$267	\$384	\$307	\$443	\$443
Emergency Savings	\$75	\$116	\$152	\$106	\$170	\$170
Retirement Savings	\$73	\$73	\$73	\$56	\$56	\$56
Taxes	\$384	\$720	\$948	\$533	\$1,060	\$1,060
Tax Credits	-\$34	-\$172	-\$300	-\$67	-\$334	-\$334
Monthly Total (per Worker)	\$2,501	\$3,864	\$4,813	\$1,771	\$2,830	\$2,830
Annual Total	\$30,012	\$46,368	\$57,756	\$42,504	\$67,920	\$67,920
Hourly Wage (per Worker)	\$14.21	\$21.95	\$27.35	\$10.06	\$16.08	\$16.08
Additional Asset Building Savings						
Children's Higher Education	\$0	\$43	\$86	\$0	\$86	\$86
Homeownership	\$111	\$130	\$130	\$111	\$130	\$130

Note: "Benefits" include unemployment insurance and employment-based health insurance and retirement plans.

COMING UP SHORT: BASIC EXPENSES VS. WAGES

Coming Up Short compares economic security needs to common wages and the public assistance available to fill gaps between needs and income. By doing so it is possible to estimate how far from economic security American families are living, and how effectively assistance programs stabilize families while they attempt to move toward economic security. By comparing a family's BEST income needs to common incomes and assistance available in six states and Washington, DC, *Coming Up Short* provides a nationwide snapshot of workers trying to make ends meet.

Coming Up Short compares common wages to the needs of a sample family composed of a single working parent, one preschooler and one schoolchild. As noted in Table 1 and demonstrated below, single parents—who are predominantly women—have the greatest income needs, regardless of where they live, and are most vulnerable to gaps between income and economic security. As a result, some public assistance programs have been designed with vulnerable women and children in mind. Some of these same programs—SNAP, WIC, child care subsidies—are under threat of budget cuts, if not out-right defunding. Using the single parent, 3-person family allows a clear-eyed assessment of assistance programs' ability to effectively stabilize families.

The report:

- Examines the adequacy of wages alone, at four different wage levels, in relation to the BEST Index for the sample family;
- Examines the impact of public assistance programs at these four wage levels;
- Discusses current threats to assistance programs and explores what cuts to support programs might mean for the economic security of low- and middle-income families;
- Offers recommendations for strengthening and supporting families' movement toward economic stability.

The analysis of wage adequacy looks at four distinct wages for positions that don't require a 4-year degree:

- State minimum wage
- Average wage for a food service employee (a typical low-wage job)
- Average wage for a construction laborer (a typical middle-wage job)
- Average wage for a registered nurse (a typical high-wage job)

Wage levels are state minimum wage or average hourly wages in each state studied, as reported by the US Bureau of Labor Statistics. As a result, state-specific earnings can be compared to state-specific BEST expenses.¹ Expenses vary greatly across states, but are invariably high, across the country, for a 3-person family with young children. This is largely due to the rising cost of child care, which is expensive throughout the nation and the largest BEST expense for families with two children. For example, an economically secure family of 1 worker, 1 preschooler and 1 schoolchild needs \$42,348 per year (\$20.05/hr) in Mississippi, the least expensive state, and \$85,680 per year (\$40.57/hr) in Washington, DC, the most expensive area studied herein.

The report analyzes six assistance programs to determine their *potential* impacts. The programs modeled—SNAP, WIC, SCHIP, Medicaid, child care subsidies and housing assistance—represent the major components of the national safety net. The analysis also includes the effect of federal and state tax credits. *Coming Up Short* uses program eligibility limits, benefit formulas and other program rules to calculate the value of benefits a single parent and two children would receive in each state studied if they were able to participate in all programs modeled. See Appendix A for the broad range of income eligibility limits across states.

FINDINGS: HOW CLOSE ARE WORKING FAMILIES TO ECONOMIC SECURITY?

Minimum Wage and Low Wages

In none of the seven locations studied is full-time minimum or low-wage work sufficient to achieve economic security.

- Due to the federally established minimum wage, a minimum wage income allows greater security in states with lower costs of living than in states with higher costs of living. A minimum wage income provides up to 70% of an economic security wage for a single adult without children living in less expensive areas of the country. However, for a single parent with two young children, minimum wage provides a high of 39% economic security, in Mississippi, and as little as 25% of an economic security wage, in Washington, DC—despite DC’s boasting the highest minimum wage of the states studied, \$8.25 per hour.
- In each of the states studied, minimum wage work allows the family of three less than 50% of earnings needed to be economically secure.² As shown in Table 2 and Figure 1, the average food service worker earns slightly more than the minimum wage, but still falls well short of security wages. Despite widely ranging BEST expenses across the country, the average food service worker achieves approximately 30-45% of a security wage nationwide.

BEST States Studied

Delaware	Kentucky
Massachusetts	Michigan
Mississippi	New Mexico
Washington, DC	

Public Assistance Programs Modeled

Medicaid & SCHIP

Medicaid provides means-tested health care for low-income adults and families. SCHIP provides health care for children whose parents’ earnings are over the Medicaid limit, but below state-specified thresholds.

Child Care Subsidies

Child care subsidies provided through the Child Care and Development Fund Block Grant

Housing Assistance

Housing Choice Voucher Program (HCVP, formerly Section 8) subsidies or public housing. HCVP provides vouchers for low-income individuals to rent safe, affordable housing in the marketplace.

Tax Credits

Federal and state Earned Income Tax Credits and the Making Work Pay Credit (expiring after 2010 tax year)

SNAP (formerly Food Stamps)

Nutrition assistance for low-income adults and families. SNAP provides a cash-equivalent for purchasing food.

WIC (Women, Infants and Children)

Nutrition assistance for mothers and children. WIC provides food assistance to pregnant and nursing women and young children.

For more information on these and other public assistance programs, see <http://www.govbenefits.gov> or <http://www.DCMASSC.org>.

- Low-wage jobs are unlikely to provide employment-based benefits, which leaves low-wage workers even farther from security. On average, a single American worker who supports two children and lacks access to employer-sponsored health care, retirement plans, or unemployment insurance must earn an additional \$2.54 per hour—more than \$5,000 per year—to pay for insurance, out-of-pocket health care costs, retirement savings and emergency savings.
- The inadequacy of minimum wage is of particular concern to women, as women over age 25 are twice as likely as men to work at or below the minimum wage.³

Middle Wages

- The average construction worker in America earns a “middle wage.” A construction worker earning a local average wage attains as little as 48% of an economic security wage, in Washington, DC, but 74% of an economic security wage in Michigan. In all locations but Washington, DC, work as a construction laborer allows a 3-person family at least 50% of the economic security threshold.

It is important to note that construction work is historically a nontraditional occupation for women and people of color. Gaining access to such middle-wage jobs often proves difficult for many working mothers.⁴

High Wages

- The local average hourly earnings for a full-time registered nurse allow the sample 3-person family to attain, and in most states surpass, an economic security income. However, in a high-cost city such as Washington, DC, even a registered nurse falls short of full security for his or her family, attaining 91% of the local BEST Index.
- In every other location studied, a registered nurse’s average earnings easily move the sample family past the BEST benchmark. The national average hourly wage for an RN allows him or her to achieve 120% of the US BEST Index.

Labor market projections suggest workers—especially single parents—will face obstacles to earning security wages. Fewer than 13% of jobs projected to be created 2010-2018 and

available to workers without 4-year degrees will provide economic security to a single parent raising two or more children.⁵ A small majority of new jobs are expected to pay economic security wages for single workers without children. Approximately 43% of the new jobs will pay economic security wages for 2 workers raising a preschooler and a schoolchild.

FINDINGS: THE IMPACT OF PUBLIC ASSISTANCE FOR MINIMUM WAGE WORKERS

Families who are economically secure by definition do not require public assistance. For low- and middle-wage workers, however, access to public assistance programs can close much of the gap between low- and middle-wage work and economic security thresholds as families work toward greater stability. Cost of living, assistance program eligibility requirements and the benefits program participants receive vary greatly. This variation is reflected in states’ success—or lack of success—in stabilizing families and communities.

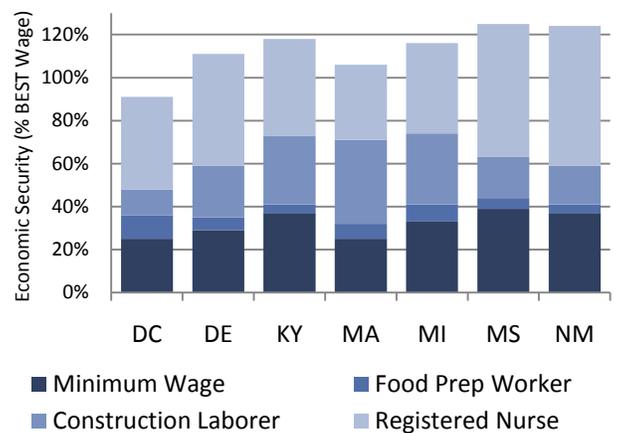
- Relying on a basic assistance package leaves a 3-person family’s minimum wage income short of 50% economic security in almost every state. Basic assistance includes SNAP, WIC and Medicaid/SCHIP—programs that are supposed to be available to all who qualify. The programs fill critical health needs, and help many families avoid abject poverty. However, without access to scarce housing and child care assistance, the family reaches as little as 31% economic security, in DC, and a high of 53% of the BEST Index for Mississippi.
- For minimum wage earners, the impact of the basic assistance package ranges from a 5 point increase of security in DC to a 14 point increase in Mississippi.

Table 2: Basic Economic Security Wages for a 3-Person Family and Hourly 2009 Average Wages of Selected Occupations, by State

	BEST Index (with Benefits)	State Minimum Wage	Food Prep Worker	Construction Laborer	Registered Nurse
Delaware	\$30.12	\$7.25	\$8.80	\$15.11	\$35.07
Kentucky	\$22.40	\$7.25	\$8.04	\$14.71	\$28.55
Massachusetts	\$30.40	\$8.00	\$9.83	\$22.94	\$40.10
Michigan	\$24.55	\$7.40	\$9.10	\$17.01	\$31.28
Mississippi	\$20.05	\$7.25	\$8.26	\$11.64	\$28.30
New Mexico	\$22.31	\$7.50	\$8.33	\$11.82	\$30.94
Washington, DC	\$40.86	\$8.25	\$11.65	\$15.95	\$36.48
United States	\$27.35	\$7.25	\$8.93	\$16.36	\$32.79

Sources: US Department of Labor, Bureau of Labor Statistics
 Notes: BEST wage is for 1 worker, 1 preschooler, 1 schoolchild. "Benefits" include unemployment insurance and employment-based health insurance and retirement plans. Wage and state BEST Index values inflated to 2010 using the Consumer Price Index.

Figure 1: Percent Economic Security Average 2009 Wages Allow a 3-Person Family, by State and Occupation



Source: US Department of Labor, Bureau of Labor and Statistics
 Notes: BEST wage is for 1 worker, 1 preschooler, 1 schoolchild. Assumes receipt of employment-based benefits. Wages and BEST values inflated to 2010 using the Consumer Price Index.

- In only two locations studied—Washington, DC and New Mexico—do public assistance programs lift the family working full-time at the minimum wage to full economic security.
- In locations with lower costs of living, such as New Mexico and Mississippi, the initial gap between minimum wage work and economic security is smaller than in a high-cost location such as Washington, DC. However, assistance programs are, overall, less impactful in a state such as Mississippi than in high-cost states such as Massachusetts and Washington, DC. As a result, minimum wage leaves a 3-person family well short of economic security in Mississippi, even when it participates in all programs available. In contrast, public assistance programs have the potential to decrease DC residents' expenses to a point where minimum wage incomes allow temporary stability.
- As shown in Table 3, in the majority of locations studied (5), receiving all supports for which the family is income eligible still leaves them short of security. All states, however, have programs that maintain the potential to bridge much of the gap between expenses and earnings.
- The EITC and Making Work Pay tax credits contribute 4% of the sample family's economic security income in Washington, DC, but 12% in Mississippi.
- The impact of the EITC (state and federal combined) on improving the minimum wage worker's security ranges from 3-6%; for the low wage worker, the impact is also 3-6%.
- In Kentucky, Mississippi and New Mexico, even a parent earning minimum wage may not be afforded 'high priority' housing assistance status in some cities and counties. The large majority of new housing assistance recipients are required by law to earn less than 30% of area median

income. In these states, earning the minimum wage makes it possible that a family will languish on assistance waiting lists.

- Child care assistance makes the largest impact of any single program, regardless of location; it decreases the family's needed economic security wage by an average of 29%, across states. Unfortunately, this vital support is unavailable to many low-income families due to waiting lists.

FINDINGS: THE IMPACT OF PUBLIC ASSISTANCE FOR MIDDLE-WAGE WORKERS

- A middle-wage worker raising two children and earning an average construction laborer wage is eligible for SNAP, WIC, and/or Medicaid in all states. In Massachusetts, Michigan and Washington, DC, the family is eligible for some, but not all, of the supports. The children are likely to be eligible for SCHIP, however.
- Higher wages lead to greater security, but a worker earning a middle wage may be little closer to economic security than a minimum wage or low-wage earner. Due to ineligibility for assistance programs (benefit cliffs), middle-incomes may not go farther than minimum wage incomes. *In New Mexico, a 3-person family with a middle wage is only 11 economic security points closer to its BEST wage than if it earned minimum wage and received all public assistance it is eligible for. In Kentucky, the same 3-person family with a middle wage and assistance is only 2 economic security points closer to its BEST wage than if it earned minimum wage and received all public assistance.*
- Unlike a low-wage worker, the average construction laborer in America is either ineligible for housing assistance or is a low-priority applicant who is unlikely to receive assistance—in any state.

Figure 2: Percent Economic Security Attained, with Receipt of Public Supports and Tax Credits, by 1 Worker, 1 Preschooler and 1 Schoolchild Living on Minimum Wage in Mississippi, 2010

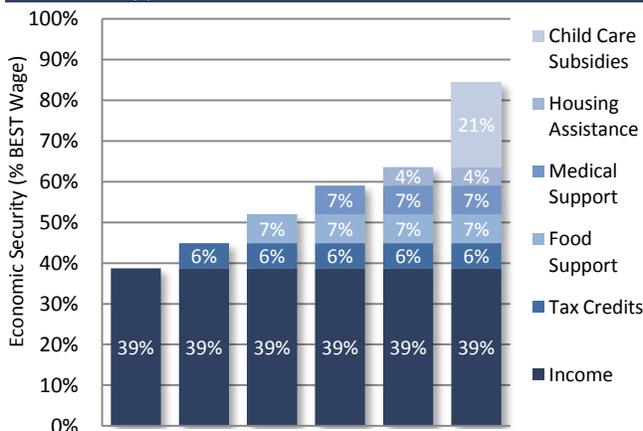
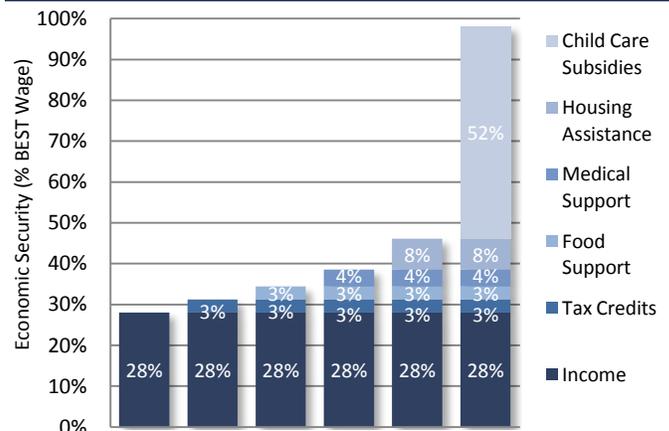


Figure 3: Percent Economic Security Attained, with Receipt of Public Supports and Tax Credits, by 1 Worker, 1 Preschooler and 1 Schoolchild Living on Minimum Wage in Massachusetts, 2010



- In four states studied—Kentucky, Massachusetts, Michigan and Mississippi—a typical construction laborer wage makes her or his family ineligible for child care assistance.
- In two locations studied—Massachusetts and Michigan—the family’s security decreases when moving from minimum wage to middle-wage work. As shown in Table 4, In Massachusetts, security falls by a full 17% of the BEST wage, despite increased earnings. These declines are the result of exceeding the eligibility limits for, and losing access to, housing and child care assistance.

CAVEAT: PUBLIC ASSISTANCE AVAILABILITY

Coming Up Short demonstrates the impacts of public assistance programs under the assumption that the sample family is able to gain access to those programs and receives the maximum benefit for which they are eligible. In reality, many families, even those with incomes and liquid asset holdings low enough to qualify for assistance, do not receive public assistance at the levels modeled in this brief. Potential participants don’t receive public benefits for several reasons:

- *Waiting lists.* Some programs offering critical assistance—notably housing and child care subsidy programs—typically have long waiting lists. As noted above, the programs have a dramatic effect on the income families require to approach their BEST Indexes. Due to the large benefits they confer, federal and state funding for such programs is not distributed widely, but rather granted to the patient and the “lucky.” As an example, only 17% of the nation’s eligible children

Table 4: Percent Economic Security for 1 Worker, 1 Preschooler and 1 Schoolchild at Selected Wage Levels, with Public Assistance and Tax Credits, 2010

State	Minimum Wage	Low Wage (Food Prep Worker)	Middle Wage (Construction Laborer)	High Wage (Registered Nurse)
Delaware	86%	93%	96%	111%
Kentucky	92%	96%	94%	118%
Massachusetts	98%	103%	81%	114%
Michigan	91%	97%	83%	116%
Mississippi	84%	90%	90%	125%
New Mexico	104%	108%	115%	125%
Washington, DC	103%	108%	106%	95%

Notes: Assistance modeled includes WIC, SNAP, Medicaid or SCHIP, Housing Choice Vouchers, and child care subsidies. Tax credits include federal and state EITC and Making Work Pay credit. Families receive only the supports for which they are eligible, as determined by state regulations, FY 2011. Wage levels are the average wages in each state in 2009 for the occupations listed. Wages are inflated to 2010 using the Consumer Price Index.

Table 3: Percent Economic Security for 1 Worker, 1 Preschooler and 1 Schoolchild at Selected Wage Levels, with Basic Public Assistance, 2010

State	Minimum Wage	Low Wage (Food Prep Worker)	Middle Wage (Construction Laborer)
Delaware	36%	44%	71%
Kentucky	48%	53%	87%
Massachusetts	35%	43%	80%
Michigan	41%	51%	80%
Mississippi	53%	60%	79%
New Mexico	49%	55%	78%
Washington, DC	31%	44%	58%

Notes: Basic public assistance includes SCHIP and those programs with relatively low income eligibility limits, WIC, SNAP, and Medicaid. Wage levels are the average wages in each state in 2009 for the occupation listed. Wages are inflated to 2010 using the Consumer Price Index.

received child care assistance in 2006.⁶

- *Lack of program staff.* As state budgets shrink, assistance programs find themselves attempting to distribute information and counseling to more people, and processing more applications with fewer staff members.
- *Low income or asset eligibility limits.* Eligibility for basic assistance, such as SNAP, is limited to those with no more than \$2,000 in liquid assets. In 25 states Medicaid also has stringent asset limits. And as shown in Appendix A, income eligibility limits vary widely across the country, and are only loosely correlated with local incomes.
- *Lack of knowledge.* Many potential program participants are unaware of available supports, or carry misconceptions about programs. This may be why in 2009, 7.5 million US children went without health insurance even though many were eligible for SCHIP.⁷
 - *Stigma associated with accepting “charity.”* Stigma and complexity of application have been blamed for modest participation rates. Only 67% of eligible individuals received SNAP benefits in 2008.⁸

THREATS TO PUBLIC ASSISTANCE

Many states have already implemented deep budget cuts to critical support programs that were in some cases already underfunded and understaffed. Proposed federal budget cuts will further chip away at the options available to working families as the economy recovers. At least 47 states (including DC) have implemented cuts to support services.⁹ These cuts threaten US families' economic security across a range of necessary expenses and over a lifetime and across generations.

- Public health: 31 states
- Services for the elderly and disabled: 30 states
- K-12 and early education: 35 states
- Higher education: 45 states
- State workforce: 45 states

Currently proposed federal budget cuts include:

- Head Start
- K-12 education
- Pell Grants
- Vocational and adult education
- Employment and training services
- WIC
- LIHEAP
- Weatherization Assistance Program (WAP)
- Community Development Block Grant¹⁰

Cuts to education assistance, in particular, decrease long-term and intergenerational economic stability. Children from low-income families are offered fewer opportunities for academic achievement at the same time that their working parents have fewer resources available to pursue additional education. In an economy that increasingly requires some post-secondary education in order to earn wages that guarantee economic security, decreased quality of K-12 education and reduced access to post-secondary education is a significant impediment for many working adults and their families.

The American Recovery and Reinvestment Act

The Recovery Act included temporary funding provisions for many public assistance programs to help states meet increased need for services. The Center on Budget and Policy Priorities estimates that an additional 4.5 million individuals were kept out of poverty in 2009 as a result of The Recovery Act's implementation and expansion of tax credits, expanded unemployment coverage, and increased SNAP benefits alone.¹ As the following Recovery Act temporary funds and tax credits expire, improvements to program efficacy are in jeopardy, and struggling families have fewer resources available to them. Recently expired provisions include:

Medicaid

- Increased the share of funding contributed by the federal government, reducing state financial burdens
- Prevented states from imposing eligibility limits more restrictive than their 2008 rules
- Contributed directly to increased enrollment and targeted improvements in state programs²

Child Care

- Allocated \$2 billion to increase state block grants
- Included targeted funds for quality improvement

SNAP

- Created an 18-month suspension of 3-month benefit limit imposed on most childless adults

TANF

- Created a \$5 billion Emergency Fund to help states fund basic assistance, emergency benefits, and subsidized employment programs

Workforce Development

- Allocated \$3.95 billion for training and employment services

Tax Credits

- Expanded access to the Child Tax and Earned Income Tax Credits; creation of the Making Work Pay credit

Unemployment Insurance

- Increased weekly benefit amounts
- Extended receipt time limits through Emergency benefits

¹ "Despite Deep Recession and High Unemployment, Government Efforts—Including the Recovery Act—Prevented Poverty from Rising in 2009, New Census Data Show." Arloc Sherman. Center on Budget and Policy Priorities. Washington, DC. January, 2011. <http://www.cbpp.org/cms/index.cfm?fa=view&id=3361>.

² "Holding Steady, Looking Ahead: Annual Findings of a 50-State Survey of Eligibility Rules, Enrollment, and Renewal Procedures, and Cost Sharing Practices in Medicaid and CHIP, 2010-2011." Martha Heberlein, Tricia Brooks, and Jocelyn Guyer, Georgetown University Center for Children and Families; Samantha Artiga and Jessica Stephens, Kaiser Commission on Medicaid and the Uninsured. Kaiser Family Foundation. January 2011.

POLICY RECOMMENDATIONS

- Support programs for low- and middle-income families cannot be the first items on state or federal budget chopping blocks.
- Funding for public assistance programs must not be cut below current levels, which for some programs are already inadequate to the task of helping all of those eligible.
- The federal government must support states and local communities as need for locally administered services remains high through the recession recovery period.
- Tax cuts designed to provide relief to US families must be evaluated on the degree to which breaks are targeted to low- and moderate-income families.
- Cash and transfer benefit programs are effective economic stimulus: low-income families are most likely to spend extra dollars, rather than save them. For example, \$1.00 in SNAP benefits has been shown to create an estimated \$1.73 in economic stimulus.¹¹
- Discussions of economic success and security should be shaped by specific, targeted measures of what US families need to achieve long-term, intergenerational economic security.
 - The BEST provides specific earnings targets for 420 family types in cities, counties and states throughout the US. The BEST should be used to benchmark changes in economic security.
 - Specific, tailored income targets can provide guidance as policymakers set income and benefit thresholds for support programs.
 - Well-developed earnings benchmarks can improve economic forecasts and help workers adjust to upcoming changes in the US job market.
- Increase the minimum wage, and index the wage to inflation.
- Expand access to education and training programs to prepare workers for jobs that pay a large proportion of local economic security wages.
- Increase availability of child care subsidies and decrease program waiting lists. Subsidize care at the 75th percentile of the market rate to promote the availability of quality care.
- Promote private development of affordable housing. Promote housing preservation trusts.
- Reduce barriers that prevent families from receiving assistance for which they are eligible.
- Increase education and outreach efforts.
- Modernize application and recertification systems.
- Increase asset eligibility limits for basic public assistance programs, such as SNAP.
- Increase support for single working mothers. Single working mothers are particularly vulnerable and likely to be caring for families with incomes that fall significantly below BEST thresholds.
 - Increase access to and availability of child care subsidies.
 - Promote child support collection and payment through incentives such as noncustodial parent EITCs.
- Re-tool federal-level programs to offer states incentives to provide comprehensive services to low- and middle-income residents as they pursue economic security.
- Ensure that tax reforms do not burden or fail to help low- and middle-income working families.
 - Reconsider the newly created federal Payroll Tax Holiday. The recently implemented Payroll Tax Holiday will offer relief similar to that afforded by the expiring Making Work Pay Credit. The tax holiday may offer slightly less relief for low-income families. *Coming Up Short* modeling shows that due to the tax change, the 3-person sample family sees a slight negative effect on their economic security in five of the states modeled when making minimum wage; in three of the states modeled, the new Payroll Tax Holiday offers less to low-wages workers earning more than minimum wage.
 - Do not damage Social Security with improperly designed tax cuts. While many families will not notice an immediate difference between the expired Making Work Pay Credit and the new Payroll Tax Holiday, the tax holiday is using money that would otherwise be going into the Social Security Trust Fund. If the Trust Fund deficit is not funded by general revenues, the tax holiday increases the projected Social Security deficit,¹² especially if the 'holiday' becomes permanent. In effect, the payroll tax holiday is making low-income people, those most likely to rely on Social Security, trade more economic security now for less later.¹³
- Promote post-secondary education and training. Access to education and training will prove critical in families' capacity to earn secure wages: of the 30 occupations the US Bureau of Labor Statistics projects to experience the most growth between 2008 and 2018, over half

require post-secondary education, significant on the job training, or work experience in a related occupation.

- Through 2018, nearly one-third of growth in jobs not requiring a 4-year degree will be in care-related occupations (e.g., nurses, health aides, and child care providers). A significant shift in workforce development must occur.
- Promote employment-based benefits. Receipt of employment-based benefits can make the difference for many workers. Receipt of employment-based benefits—health insurance, a retirement plan and access to unemployment insurance—can decrease a family of three’s economic security income requirement by over \$5,000 per year.

CONCLUSION

Workers with minimum wage, low-wage and middle-wage jobs faced stagnant wages and rising prices before the Great Recession. Now that the American economy has resumed growth, the cost of living continues to increase, and workers face an even greater threat—unemployment and soft labor markets in industries that employ millions of workers without 4-year degrees—construction, manufacturing, hospitality and others. Job projections suggest that approximately half of workers without 4-year degrees who are able to fill jobs created in coming years will not earn economic security wages. The majority of those who secure the new jobs will require high school diplomas and post-secondary education.

As demonstrated in *Coming Up Short*, minimum wage and low-wage jobs allow only a small portion of economic security. With middle-skill, middle-wage jobs, workers and their families can earn more than 50% of, or draw close to, their local economic security wages. But wages and expenses are local phenomena, and the degree of stability middle-skill jobs provide varies significantly from state-to-state.

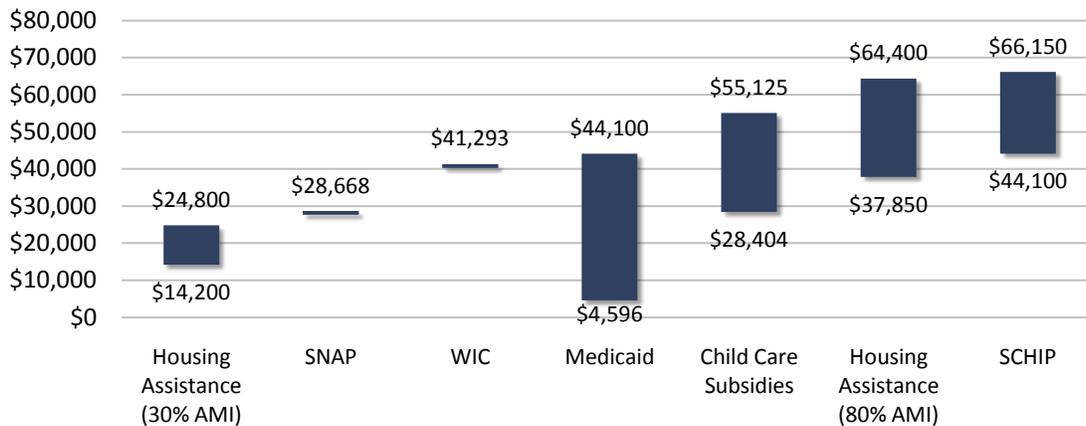
Single parents, predominantly women, and their children will continue to face the greatest financial challenges. As demonstrated by the Basic Economic Security Tables, the cost of raising children places a substantial burden on the typical single parent—large child care costs and increased food, housing, health care, transportation, and miscellaneous expenses. In large part due to rising child care costs, a single parent raising a preschooler and schoolchild requires an economic security income that is on average over 90% greater than the economic security income of a single worker without children.¹⁴ As a result, only 13% of projected new jobs that don’t require a 4-year degree are expected to pay economic security wages for a single parent of two young children.

Public assistance programs and tax credits must be available to workers as they move their families toward greater stability. In lower cost states, existing tax credits and basic public assistance—SNAP, WIC, Medicaid and SCHIP—can halve a 3-person family’s gap between wages and economic security. In more expensive areas, such as Delaware, Massachusetts and Washington, DC, basic public supports do less to move families toward security, but are still essential to basic stability. Assistance programs for which there are normally waiting lists or simply a lack of funding and benefits—housing assistance and child care subsidies—are critical to stability in such high-cost areas, particularly in cities where housing and other basic needs are most expensive. These programs are the keys to reducing or eliminating economic security gaps and intergenerational poverty.

It is incumbent upon government at all levels to preserve stability by keeping families out of poverty and ensuring workers can work and raise children. At the same time, government should not neglect working families living a safe distance from poverty but too far from economic security. Assistance should remain in place to assure that the rising costs of living and instability in the greater economy do not create marked decreases in security that cannot be reversed.

APPENDIX A

Figure 4: Maximum and Minimum Public Assistance Income Eligibility Limits Among *Coming Up Short* States, Family of 4, 2010



Note: *Coming Up Short* study states are Delaware, Kentucky, Massachusetts, Michigan, Mississippi, New Mexico and Washington, DC. Some eligibility limits are net income limits (after allowed deductions such as child care expenses or minimal earned income). SNAP and WIC are federal nutrition programs with standardized eligibility limits for working families. While federal housing assistance programs' income limits are 80% of area median income (AMI), applicants with incomes below 30% area median income are afforded priority, and make up the majority of assistance recipients.

¹ Average hourly wages taken from US Bureau of Labor Statistics: May 2009 State Occupational Employment and Wage Estimates (http://www.bls.gov/oes/current/oes_nat.htm). Wages inflated to September, 2010 values using the Consumer Price Index.

² Local minimum wages compared to the state BEST Index for workers without access to employment-based benefits.

³ US Bureau of Labor Statistics. "44. Wage and salary workers paid hourly rates with earnings at or below the prevailing federal minimum wage by selected characteristics." *Current Population Survey*. <http://www.bls.gov/cps/cpsaat44.pdf> (accessed March 2011).

⁴ Women's Bureau. "Nontraditional Occupations for Women in 2009." *United States Department of Labor*. April 2010. <http://www.dol.gov/wb/factsheets/nontra2009.htm> (accessed March 2011).

⁵ US Bureau of Labor Statistics. "Occupational Employment and job openings data and worker characteristics." *Employment Projections*. December 9, 2010. http://www.bls.gov/emp/ep_table_106.htm (accessed February 2011).

⁶ US Department of Health and Human Services. "Estimates of Child Care Eligibility and Receipt for Fiscal Year 2006." *APSE Issue Brief*. April 2010. <http://aspe.hhs.gov/hsp/10/cc-eligibility/ib.shtml> (accessed March 2011)

⁷ Kaiser Family Foundation. *The Uninsured: A Primer*. Washington, DC: Kaiser Family Foundation, 2010.

⁸ Food and Nutrition Service, Office of Research and Analysis. *Trends in Supplemental Nutrition Assistance Program Participation Rates: 2001-2008*. Washington, DC: US Department of Agriculture, 2010.

⁹ Center on Budget and Policy Priorities. "An Update on State Budget Cuts," Center on Budget and Policy Priorities, February 9, 2011, <http://www.cbpp.org/cms/index.cfm?fa=view&id=1214> (accessed March 2011).

¹⁰ Center on Budget and Policy Priorities. "House Bill Means Fewer Children in Head Start, Less Help for Students to Attend College, Less Job Training, and Less Funding for Clean Water," Center on Budget and Policy Priorities, March 1, 2011 (<http://www.cbpp.org/cms/index.cfm?fa=view&id=3405>)

¹¹ Zandi, Mark. *The Economic Impact of the American Recovery and Reinvestment Act*. West Chester, PA: Moody's Analytics, 2009, p. 9.

¹² Social Security Works. "President Obama's Payroll Tax Holiday Could Unravel Social Security." *Strengthen Social Security*. <http://www.strengthensocialsecurity.org/media/blog/2010/president-obamas-payroll-tax-holiday-could-unravel-social-security> (accessed March 2011).

¹³ Bartlett, Bruce. "Don't Cut the Payroll Tax." *Forbes*. October 16, 2009. <http://www.forbes.com/2009/10/15/payroll-tax-social-security-opinions-columnists-bruce-bartlett.html> (accessed March 2011).

¹⁴ Wider Opportunities for Women. *The Basic Economic Security Tables for the United States*. Washington, DC: Wider Opportunities for Women, 2010.



Wider Opportunities for Women

Wider Opportunities for Women (WOW) works nationally and in its home community of Washington, DC to achieve economic independence and equality of opportunity for women and their families at all stages of life. For over 45 years, WOW has been a leader in the areas of nontraditional employment, job training and education, welfare-to-work and workforce development policy. Since 1995, WOW has been devoted to the self-sufficiency of women and their families through the national Family Economic Security (FES) Project. Through FES, WOW has reframed the national debate on social policies and programs from one that focuses on poverty to one that focuses on what it takes families to make ends meet. Building on FES, WOW has expanded to meet its intergenerational mission of economic independence for women at all stages of life with the Elder Economic Security Initiative. For more information, visit www.wowonline.org.