

The Self-Sufficiency Standard for North Carolina 2020

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Preface

The United Way of North Carolina is publishing *The Self-Sufficiency Standard for North Carolina 2020* in an effort to ensure that the best data and analyses are available to enable North Carolina'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 North Carolina 2020*. 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.

As with all Self-Sufficiency Standard publications, *The Self-Sufficiency Standard for North Carolina 2020* was authored by Dr. Diana M. Pearce and produced by the Center for Women's Welfare at the University of Washington. This brief, plus tables providing county-specific information for over 700 family types, is available at unitedwaync.org/selfsufficiencystandard.

Dr. Diana Pearce developed the Self-Sufficiency Standard while she was the Director of the Women and Poverty Project at Wider Opportunities for Women (WOW). The Ford Foundation provided funding for the Standard's original development.

Over the past 23 years the Standard has been calculated for 41 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.

For further information about any of the other states with the Standard, including the latest reports, the Standard data itself, and related publications such as demographic reports (which analyze how many and which households are above and below the Standard), please see www.selfsufficiencystandard.org.

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Introduction

Across America today, many families are struggling to stretch their wages to meet the costs of basic necessities. 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 ever-increasing expenses, clearly illuminating the economic “crunch” experienced by so many families today.¹ Moreover, the availability of Self-Sufficiency Standard data going back over two decades and across 41 states enables comparisons of geographic differences as well as documentation of historical trends.

The Self-Sufficiency Standard for North Carolina 2020 defines the amount of income necessary to meet the basic needs of North Carolina families, differentiated by family type and location. The Standard calculates the costs of six basic needs plus 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 banks, or shared housing). This brief presents the Self-Sufficiency Standard and what it means for North Carolina families.

A Real-World Approach to Measuring Need

The official poverty measure (OPM) was developed five decades ago and today has become increasingly problematic and outdated as a measure of income adequacy.² 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 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. Moreover, 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. In contrast, the Standard differs by family type to account for the variation in costs specific to the number and age (for children) of each family member.

However, simply raising the level of the official poverty measure, or using a multiple of the poverty guidelines, cannot solve the structural problems inherent in the official poverty measure. The OPM is calculated on just one cost (food costs, multiplied by three), is the same no matter where one lives, and is based on the demographic model of a two-parent family with a “stay-at-home” mom which no longer reflects the majority of families today. A real-world approach to measuring need is necessary.

The Self-Sufficiency Standard measures how much income a family of a certain composition in a given place needs to adequately meet their basic needs—without public or private assistance.

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 North Carolina counties. The data components and assumptions included in the calculations are briefly described below. For more details and the specific data sources for North Carolina see the Appendix.



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. Sub-county areas are adjusted using American Community Survey data.



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. If 7% or more of workers use public transportation to get to and from work within a county, the Standard assumes a worker pays only public transportation costs. 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 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.

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/measuring-poverty

Self-Sufficiency Standard Results for North Carolina 2020

What it Takes to Make Ends Meet in North Carolina

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 Forsyth County.

- A single adult needs to earn \$9.47 per hour working full time to be able to meet his or her basic needs, which is over two dollars more per hour than the North Carolina minimum wage rate (\$7.25 per hour in 2020).
- Adding a child almost doubles this amount; one parent caring for one preschool-aged child needs to earn \$18.42 per hour to be self-sufficient.
- Adding a second child further increases the needed wages: one parent with two children—a preschooler and school-age child—needs \$23.58 per hour to meet their family’s basic needs. This is the equivalent of more than three full-time minimum wage jobs in North Carolina.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 \$13.52 per hour to meet their family’s basic needs.

**Table 1. The Self-Sufficiency Standard for Select Family Types*
Forsyth County, NC 2020**

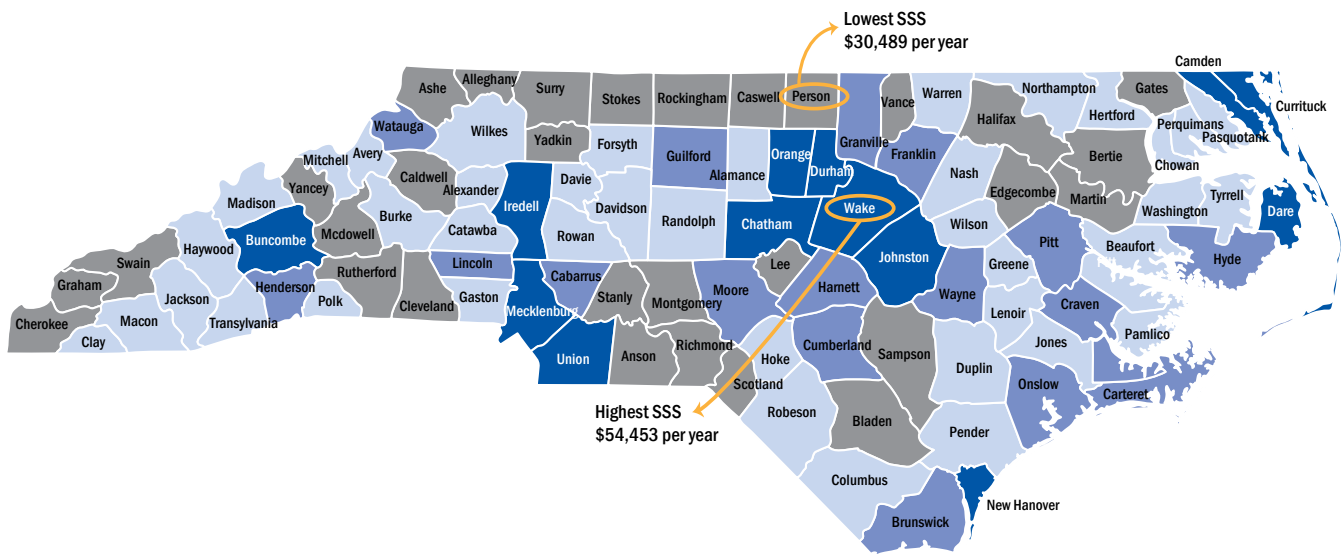
	1 ADULT	1 ADULT 1 PRESCHOOLER	1 ADULT 1 PRESCHOOLER 1 SCHOOL-AGE	2 ADULTS 1 PRESCHOOLER 1 SCHOOL-AGE
MONTHLY COSTS				
Housing	\$622	\$775	\$775	\$775
Child Care	\$0	\$736	\$1,303	\$1,303
Food	\$246	\$374	\$564	\$758
Transportation	\$267	\$276	\$276	\$525
Health Care	\$154	\$529	\$547	\$599
Miscellaneous	\$129	\$269	\$346	\$396
Taxes	\$249	\$546	\$773	\$838
Earned Income Tax Credit (-)	\$0	(\$38)	\$0	\$0
Child Care Tax Credit (-)	\$0	(\$58)	(\$100)	(\$100)
Child Tax Credit (-)	\$0	(\$167)	(\$333)	(\$333)
SELF-SUFFICIENCY WAGE				
Hourly (per adult)	\$9.47	\$18.42	\$23.58	\$13.52
Monthly	\$1,668	\$3,242	\$4,151	\$4,760
Annual	\$20,011	\$38,909	\$49,806	\$57,122
Emergency Savings Fund	\$157	\$397	\$632	\$271

* 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.

Figure A. Map of Counties by Level of Annual Self-Sufficiency Wage One Adult and One Preschooler, NC 2020



In addition to varying by family composition, the Self-Sufficiency Standard also varies by geographic location. The map in **Figure A** displays the geographic variation in the cost of meeting basic needs across North Carolina for families with **one adult and one preschooler**. The 2020 Self-Sufficiency Standard for a single adult with one preschooler ranges from \$30,489 in Person County to \$54,453 in Wake County, depending on the county, or 180% of the federal poverty guidelines to 322% of the federal poverty guidelines for a family of two.

The most affordable areas in North Carolina are distributed throughout the state, occurring more frequently along the northern border of the state, the western tip of the state, and south-central border. These counties require between \$30,489 and \$34,919 per year at a full-time job for a family with one adult and one preschooler.

- The second-most affordable county group requires between \$35,192 and \$39,904 per year for a family with one adult and one preschooler. Counties in this group are located throughout the state. This group includes Beaufort and Nash County, which at \$37,046 and \$37,103 per year respectively, represent the median Self-Sufficiency Wage for this family type in North Carolina.
- The second-highest cost group requires wages between \$40,187 and \$44,104 per year, working full time, to meet basic needs.
- The most expensive counties require wages between \$44,485 and \$54,453 per year for this single parent to make ends meet. These counties are concentrated in the more populated areas in the North Central Region, as well as scattered throughout the state in the Southwest, Southeast, Northeast, and Western Regions which include the cities of Charlotte, Carolina Beach, and Asheville.

The amount of money families need to be economically self-sufficient varies dramatically depending on family size and the county of residence.

List of Counties by Annual Self-Sufficiency Wage for One Adult and One Preschooler, NC 2020

\$30,489 - \$34,919		\$35,192 - \$39,904		\$40,187- \$44,104	
Person	\$30,489	Duplin	\$35,192	Franklin	\$40,187
Caswell	\$31,191	Alexander	\$35,236	Harnett	\$41,069
Cleveland	\$31,860	Greene	\$35,385	Carteret	\$41,361
Lee	\$32,485	Jones	\$35,420	Hyde	\$41,378
Bladen	\$32,576	Davidson	\$35,515	Lincoln	\$41,909
Anson	\$32,829	Warren	\$35,723	Pitt	\$42,037
Yadkin	\$33,106	Robeson	\$35,747	Wayne	\$42,300
Stanly	\$33,229	Columbus	\$35,783	Cumberland	\$42,349
Montgomery	\$33,213	Washington	\$35,972	Brunswick	\$42,606
Rutherford	\$33,356	Rowan	\$36,137	Granville	\$42,711
Bertie	\$33,367	Mitchell	\$36,164	Craven	\$43,061
McDowell	\$33,444	Randolph	\$36,172	Henderson	\$43,187
Richmond	\$33,480	Chowan	\$36,368	Watauga	\$43,221
Yancey	\$33,636	Lenoir	\$36,471	Cabarrus	\$43,458
Halifax	\$33,745	Wilson	\$36,593	Moore	\$43,693
Stokes	\$33,941	Avery	\$36,670	Guilford	\$44,081
Surry	\$34,051	Pamlico	\$36,706	Onslow	\$44,104
Cherokee	\$34,264	Jackson	\$36,900	\$44,485 - \$54,453	
Gates	\$34,276	Pasquotank	\$37,001		
Ashe	\$34,306	Beaufort	\$37,046	Camden	\$44,485
Edgecombe	\$34,483	Nash	\$37,103	Currituck	\$45,102
Rockingham	\$34,557	Tyrrell	\$37,277	Johnston	\$45,692
Vance	\$34,577	Hoke	\$37,535	Dare	\$45,776
Swain	\$34,645	Hertford	\$37,536	Buncombe	\$46,890
Scotland	\$34,686	Wilkes	\$37,615	New Hanover	\$47,444
Graham	\$34,762	Macon	\$37,693	Iredell	\$47,457
Caldwell	\$34,787	Polk	\$37,720	Chatham	\$49,556
Sampson	\$34,821	Transylvania	\$37,767	Orange	\$50,269
Martin	\$34,885	Northampton	\$37,973	Durham	\$50,722
Alleghany	\$34,919	Alamance	\$38,027	Mecklenburg	\$51,458
		Burke	\$38,279	Union	\$52,949
		Gaston	\$38,435	Wake	\$54,453
		Davie	\$38,553		
		Perquimans	\$38,668		
		Clay	\$38,806		
		Forsyth	\$38,909		
		Madison	\$39,167		
		Catawba	\$39,282		
		Pender	\$39,701		
		Haywood	\$39,904		

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 Guilford 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 is just **one adult**, they need to earn a total of \$1,891 per month to make ends meet, plus a small monthly amount of savings for emergencies. For a household with one adult and no children in Guilford County:

- At 40%, housing is by far the largest percentage of the Self-Sufficiency Standard budget.
- Food takes up 13% of the budget.
- Transportation is 15% of the budget.
- Health care accounts for 9% of the total household budget.
- Taxes account for 16% of household expenses when there are no tax credits.

If there are **two adults** in the household and no children, the family needs \$3,074 per month to meet basic needs.

- Since the cost of housing does not change between one and two adults, the amount for housing decreases to 24% of the budget.
- Food is 15% of the budget.
- Transportation is 17% of the budget.
- Health care accounts for 21% of the total household budget.

- Taxes account for 14% of household expenses when there are no tax credits.

When a family expands to include two young children (one infant and one preschooler), the

total budget increases significantly to \$5,509 per month. At the same time, with the addition of child care, the proportions spent on each basic need change:

- Child care alone accounts for nearly a third of the family's budget; when one adds housing, together, these two items account for 47% of expenses. This is quite common: 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 used for housing and child care expenses alone.
- Food costs are 13% of total income. This is the same as 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 The federal poverty measure does not include varying and increasing costs of housing, child care, health care, and transportation. Therefore, the 33% assumed food cost does not accurately reflect the true expense of supporting a family.
- Health care accounts for 12% of the family budget, including both the employees' share of the health care premium (\$535 per month) and out-of-pocket



In North Carolina, child care alone accounts for nearly a third of the family's budget; when one adds housing, together, these two items account for 47% of expenses.



Explore Online

To find the Self-Sufficiency Standard, and all the basic needs' costs, for a particular family type, in a particular place, please visit www.selfsufficiencystandard.org/north-carolina to download an Excel spreadsheet with 700+ family types for each county in North Carolina.

costs (\$124 per month).⁷ If neither adult had employer sponsored health insurance, and they got a Silver health care plan through the health care marketplace, the premium amount would be about \$468 per month after estimated tax credits.⁸

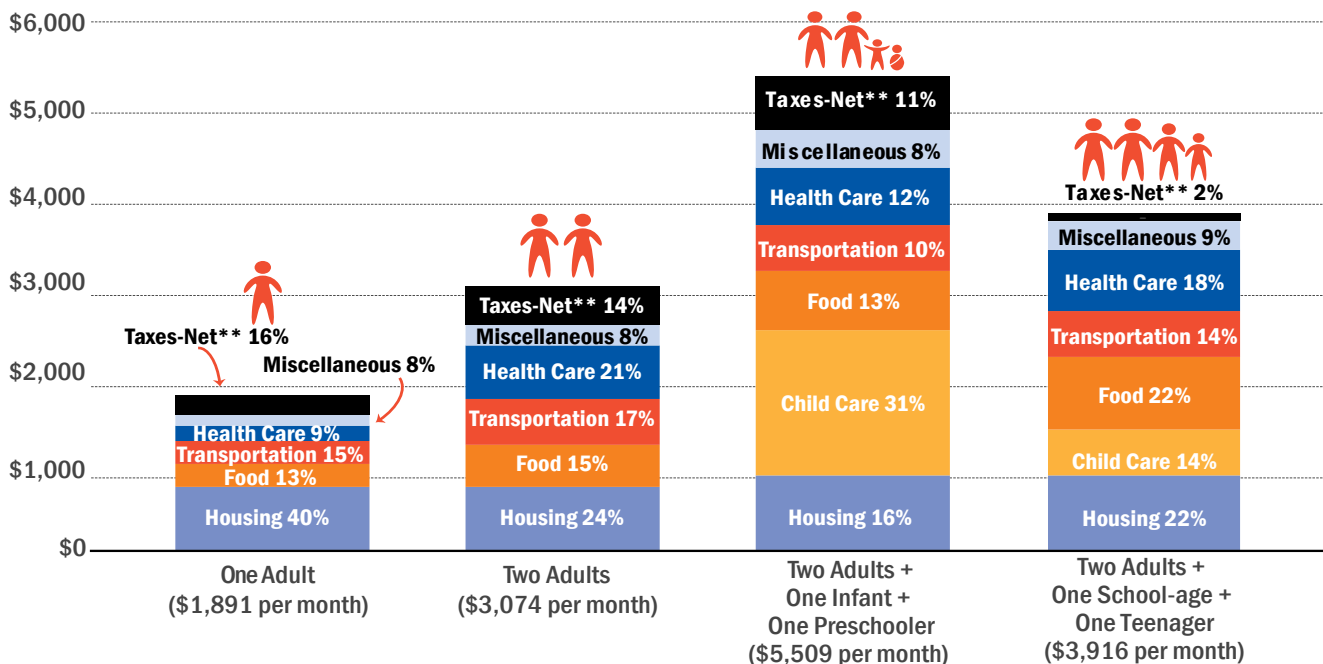
- Net taxes for the family now reflect a tax burden that is about 11%, due to the offsetting effects of tax credits. Note that tax credits are treated as if they were received monthly in the Standard, although most credits are not received until the following year when taxes are filed. If it were assumed that tax credits are not received monthly, but instead annually in a lump sum, then the monthly tax burden would be 16% of total expenses for this family.

The fourth bar in **Figure B** shows the shift in the budget as the children get older, and are now a **school-age child and a teenager**, and no longer need as much child care. The total cost of basic needs drops to \$3,916 per month and without the large amount for child care, the proportions for the other budget items all increase.

- Housing costs are now 22% of the family budget.
- 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 for this family type, a much smaller proportion than was necessary when the children were younger.
- The larger proportion of the budget for food, at 22%, is due in part to increased food costs for the teenager.
- Transportation is 14% of the total family budget.
- Health care accounts for 18% of the family budget.
- Net taxes have decreased to 2% 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 14% of the total costs for two adults with one school-age child and one teenager.

Figure B. Percentage of the Self-Sufficiency Standard Needed to Meet Basic Needs for Four Family Types* Guilford County, NC 2020

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 or slightly more or less because of rounding.

** 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 13% for two adults with one infant and one preschooler and 10% 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.

How has the Cost of Living Changed Over Time in North Carolina?

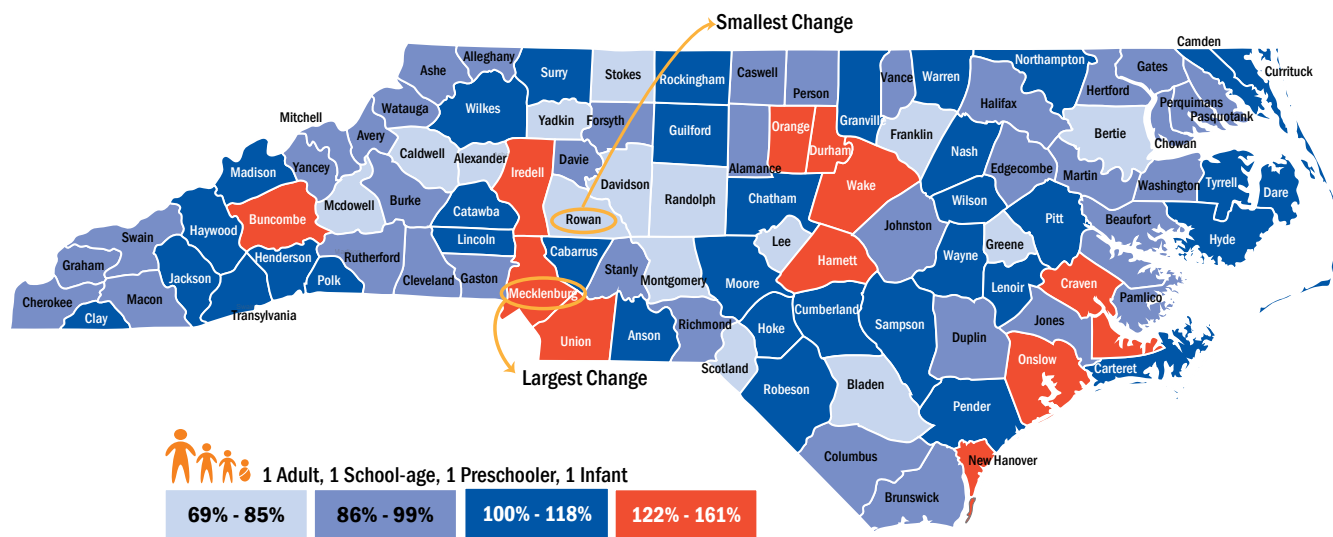
This is the third time the Self-Sufficiency Standard has been calculated for North Carolina. This section examines how the 2020 Self-Sufficiency Standard and cost components compare to the results in 1996. This section models multiple family types to represent the change in costs over time.

The map in **Figure C** depicts the changes in the cost of living (as measured by the Self-Sufficiency Standard) for one family type—**one adult, one infant, one preschooler, and one school-age child**—by county. This map highlights the overall change in the Standard since the first calculation in 1996 to 2020.

Over the last 24 years, the Self-Sufficiency Standard for this four-person family increased on average across all North Carolina counties by 101%, or an annual average of 4.2% per year. However, there is considerable variation by county, ranging from 69% in Rowan County to 161% in Mecklenburg County.

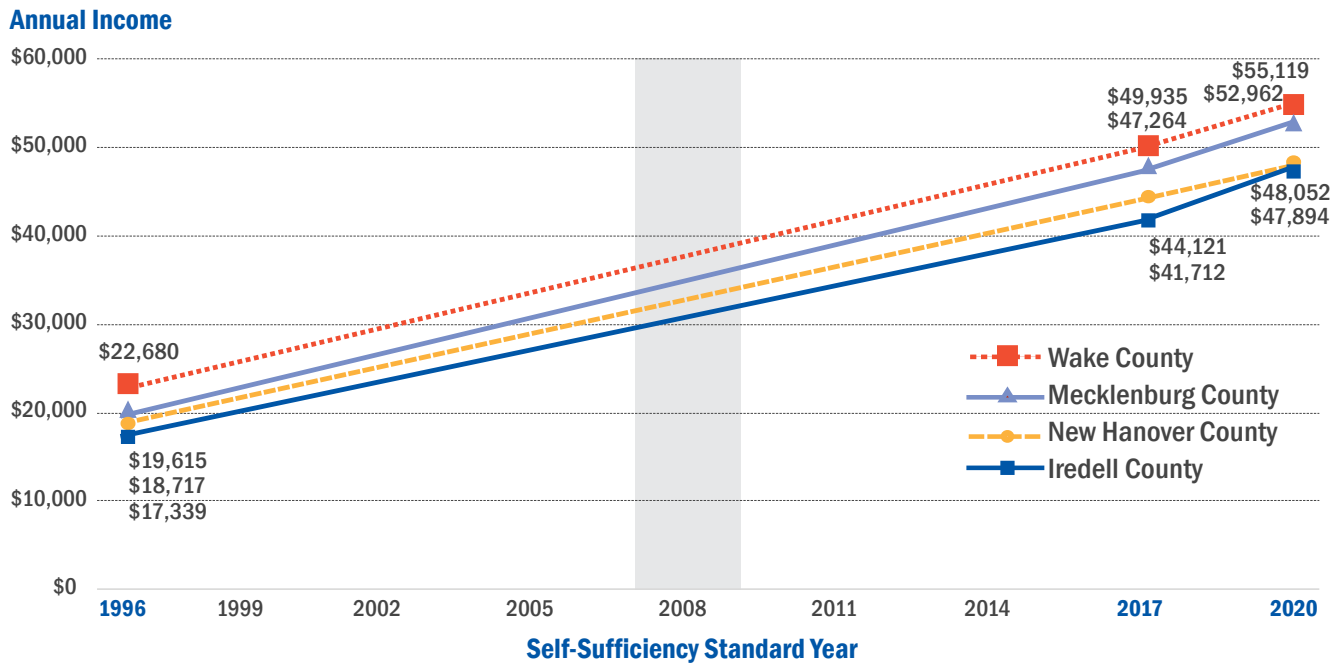
- The costs of basic needs in Wake County increased by 139% since 1996, which is significantly higher than the statewide average. In 1996, this four-person family in Wake County needed about \$40,006 per year to meet their basic needs. By 2020, that amount has increased to \$95,623 per year, \$55,617 more than 1996.
- In contrast, Stokes County costs, at a basic needs level, increased at a somewhat lower rate of 79%, which is below the statewide average of 101%.
- The largest percentage increase in the Standard since 1996 occurred in Mecklenburg County, where the cost of living increased 161%. Mecklenburg County’s increase was primarily driven by large increases in housing and child care costs. The Self-Sufficiency Standard for this one-adult family with one infant, one preschooler, and one school-age child increased from \$35,706 in 1996 to \$93,142 in 2020, or nearly \$2,500 per year on average.

Figure C. Percentage Change in the Self-Sufficiency Standard for North Carolina: 1996*-2020
One Adult, One Infant, One Preschooler, and One School-Age Child



* In 1996, the North Carolina Self-Sufficiency Standard was calculated by metropolitan area, as opposed to by county

Figure D. The Self-Sufficiency Standard for North Carolina by Year for Select Counties, NC 1996–2020
One Adult and One Infant: 1996, 2017, 2020



Tracing the changes in the Standard for a family of two with **one adult and one infant** in four select counties illustrates a few trends as shown in **Figure D**.

- First, the Standard for all counties increased over the last 24 years, and did so relatively consistently across the four counties.
- Second, costs have increased at a higher rate over the last three years. Costs increased the most dramatically in Iredell County between 2017 and 2020.

The following section analyzes costs for a four-person family (**two adults, one preschooler, and one school-age child**). Although overall the Standard increased somewhat steadily throughout North Carolina over the last three years, how much each cost increased varies between counties. **Table 2** on the following page shows the actual cost and percentage of change for each basic need since 2017 in Mecklenburg County, as well as statewide:

- Health care increases remained mostly unchanged in Mecklenburg County, in contrast to the statewide average increase of 8%.

- The cost of a two-bedroom housing unit increased from \$954 to \$1,135 per month in Mecklenburg County which is a 19% change since 2017 and higher than the statewide average of 10%.
- Child care costs increased by 10% for this four person family in Mecklenburg County since 2017, higher than the statewide average of 5%. In Mecklenburg County, child care incurred a \$152 per month increase in cost for this family type since 2017.
- Transportation costs have gone up by 30% in Mecklenburg County and 20% on average across the state. In dollar terms, the monthly cost of transportation has increased by \$131 in Mecklenburg County since 2017.
- Food costs increased by 2% in Mecklenburg County, above the statewide average. The USDA low cost food plan has remained relatively unchanged over the past three years. However, on average Feeding America county data for North Carolina is indicating a very slight decrease in grocery costs compared to the national average.

Table 2. Percent Change in the Self-Sufficiency Standard Over Time, 2017–2020
Mecklenburg County, NC: Two Adults, One Preschooler, and One School-Age Child

COSTS	2017	2020	PERCENT CHANGE 2017-2020	
			Mecklenburg County	Statewide
Housing	\$954	\$1,135	19%	10%
Child Care	\$1,563	\$1,715	10%	5%
Food	\$815	\$835	2%	-2%
Transportation	\$442	\$573	30%	20%
Health Care	\$548	\$550	0%	8%
Miscellaneous	\$432	\$481	11%	8%
Taxes	\$1,110	\$1,173	6%	3%
Tax Credits*	(\$267)	(\$433)	62%	95%
SELF-SUFFICIENCY WAGE				
Monthly	\$5,597	\$6,029	8%	4%
Annual	\$67,168	\$72,352		
MEDIAN EARNINGS**				
Mecklenburg County	\$35,410	\$37,962	7%	
Statewide	\$30,326	\$32,193		6%

* Total Tax Credits is the sum of the monthly EITC, CCTC, and CTC.

**U.S. Census Bureau, 2018 American Community Survey, "B20002: Median Earnings in the Past 12 Months by Sex for the Population 16 Years and Over with Earnings in the Past 12 Months, North Carolina and Mecklenburg County", <http://data.census.gov> (accessed November 8, 2019). Median earnings from 2009 and 2019 updated 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 November 8, 2019).

Cost of Living Increases versus Earnings Increases. While the Self-Sufficiency Standard for this four-person family in Mecklenburg County increased by 8% over the past three years, workers' estimated median earnings increased by 7% (from \$35,410 to \$37,962) in Mecklenburg County over the same period. Statewide, in contrast, the Self-Sufficiency Standard increased 4.3% on average, while estimated median earnings statewide have increased by 6% since 2017. However, when taxes and tax credits are excluded, basic

expenses increased 8.3% statewide between 2017 and 2020. The 2020 Self-Sufficiency Standard reflects substantial decreases in taxes over this time period, including 2018 federal tax changes and a decrease in the state income tax rate. In other words, while costs of basic needs have increased over 8%, federal and state tax policy changes between 2017 and 2020 reduced costs, resulting in a net overall change in the family budget of 4.25%.

While median earnings across the state have increased at a minimally higher rate than costs, in Mecklenburg County and many other North Carolina counties, including Onslow, Rutherford, Lincoln, Union, and Burke, cost increases have outstripped wage increases putting mounting pressure on family budgets.

DOCUMENTING CHANGES IN LIVING COSTS WITH THE STANDARD VERSUS THE CONSUMER PRICE INDEX

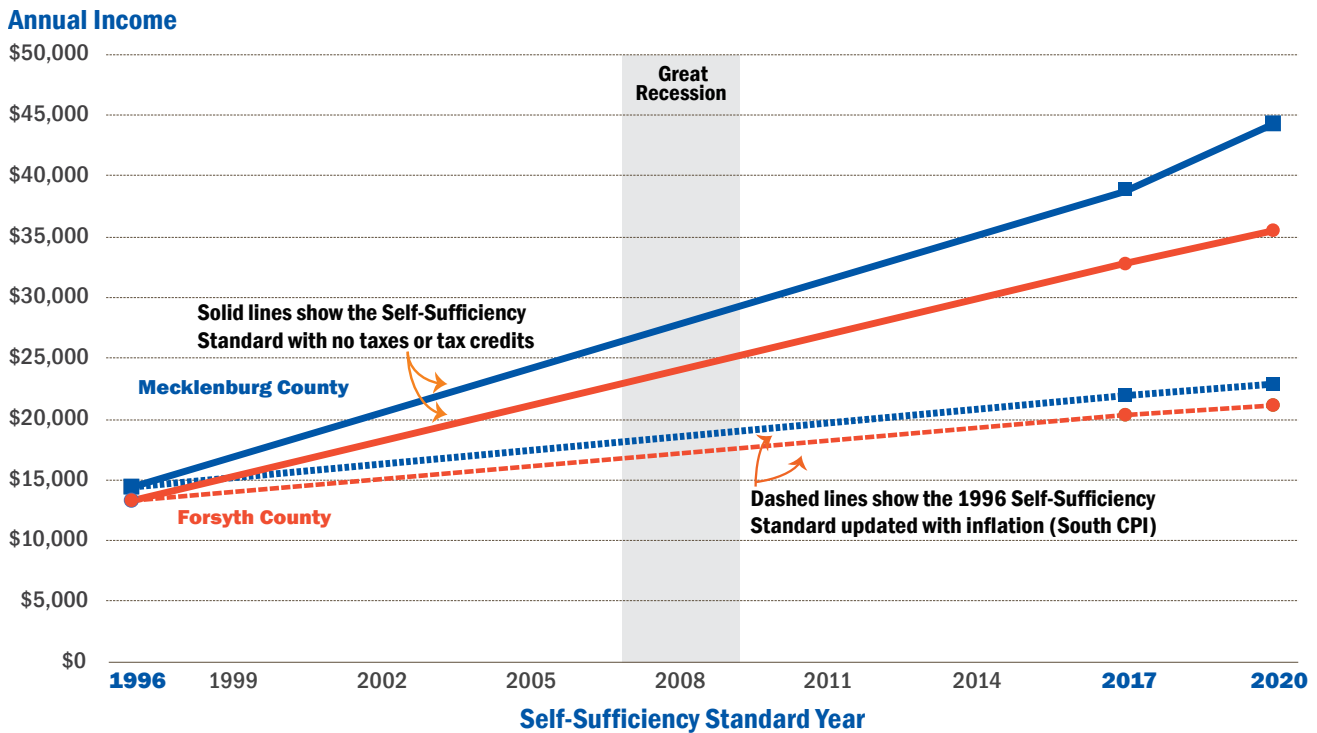
Nationally, the official measure of inflation is the U.S. Department of Labor's Consumer Price Index (CPI). The CPI is a measure of the average changes in the prices paid by urban consumers for all goods and services. Since the Standard measures the costs of only basic needs, the question is how the increases in costs documented here compare to official inflation rates for all goods and services. We examine this question in **Figure E** by comparing the actual increase in the Self-Sufficiency Standard to what the numbers would be if we had just updated the 1996 Standard with the CPI. Since the CPI does not incorporate taxes or tax credits, these items have been removed from the Standard shown in **Figure E**. Using a family consisting of one adult and one preschooler, this comparison was done for two places in North Carolina: Mecklenburg County and Forsyth County.

The South Region Consumer Price Index (CPI) increased 61% between 1996 to the current CPI.

- If the 1996 Self-Sufficiency Standard for Mecklenburg County (\$14,371 per year without

Over the last 24 years, the Self-Sufficiency Standard for a family of one adult, one infant, one preschooler, and one school-aged child has increased on average across all North Carolina counties by 101%.

Figure E. CPI*-Measured Inflation Underestimates Real Cost of Living Increases: A Comparison of the Self-Sufficiency Standard and the Consumer Price Index, 1996–2020 Mecklenburg and Forsyth Counties, NC: One Adult and One Preschooler



taxes/tax credits), was increased by this amount, the CPI-adjusted cost of basic needs in 2020 would be estimated to be \$23,145 per year.¹⁰ However, the *actual* 2020 Standard (without taxes or tax credits) for Mecklenburg County, is considerably higher: \$44,298 per year for this family type, a 208% increase over the last 24 years.

- Similarly, when the CPI inflation rate of 61% is applied to the 1996 Standard for Forsyth County (\$13,288 without taxes in 1996), the CPI adjusted estimate for 2020 would be \$21,401. However, the actual 2020 Self-Sufficiency Standard amount for Forsyth County (without taxes or tax credits) is \$35,501, 167% higher than in 1996.

In sum, **Figure E** demonstrates that the rate of inflation as measured by the CPI substantially underestimates the rising costs of basic needs; instead of increasing 61%, costs rose by 208% in Mecklenburg County

and 167% in Forsyth County. Indeed, using the CPI for a family of **one adult and one preschooler** in Mecklenburg County results in a 2020 estimate of costs that is \$21,153 less than the actual costs in the 2020 Standard. That is, estimating the increase in costs using the CPI drastically underestimates the real increases in the cost of basic needs faced by North Carolina families, leaving them thousands of dollars short.

This analysis also suggests that assuming that the CPI reflects the experience of households equally across the income spectrum conceals the lived experience of those at the lower end. For lower-income families, not only have wages stagnated, but the cost of basic needs are rising faster than overall inflation measures indicate, aggravating the real but hidden economic crunch that they are experiencing.

Estimating the increase in costs using the CPI drastically underestimates the real increases in the cost of basic needs faced by North Carolina 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 Guilford County Self-Sufficiency Standard for **one adult, one preschooler, and one school-age child** to the following income benchmarks for three-person families:

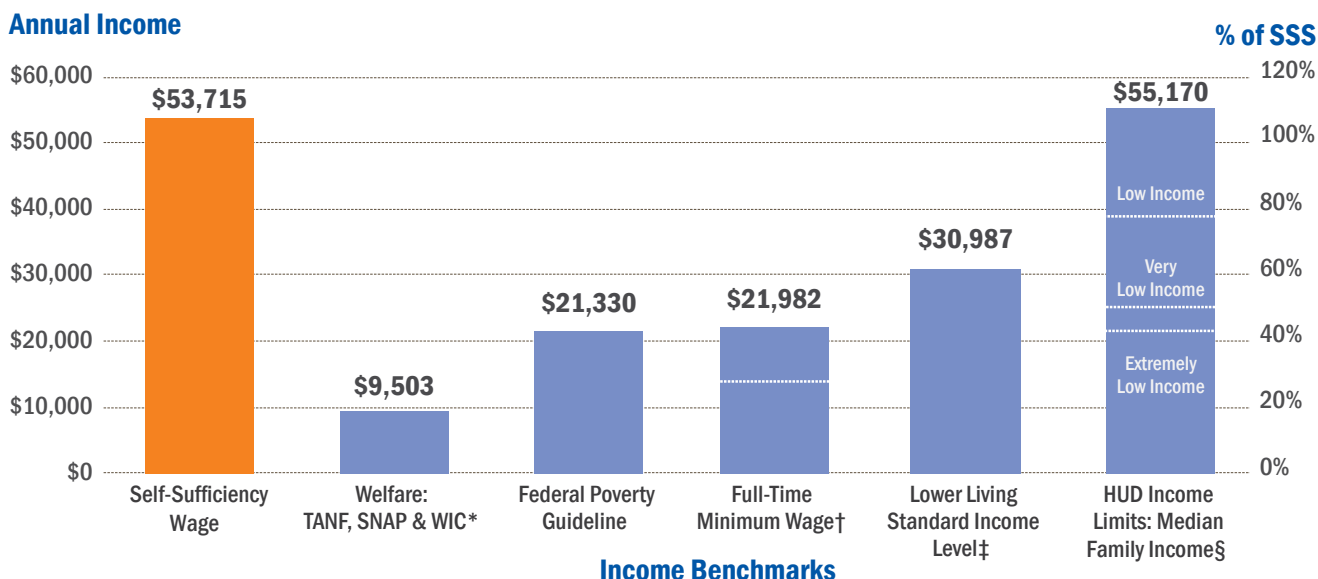
- Temporary Assistance for Needy Families (TANF), the Supplemental Nutrition Assistance Program (SNAP, formerly the Food Stamps Program), and WIC (Women, Infants and Children)
- The U.S. Department of Health and Human Service's federal poverty guidelines (FPG, also called federal poverty level)
- The federal minimum wage of \$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 Self-Sufficiency Wage for this family type in Guilford County is \$53,715 per year.

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 \$9,503 per year for three-person families in North Carolina, which is 20% of the Standard for this three-person family in Guilford County.

Federal Poverty Guidelines. According to the 2019 federal poverty guidelines, a three-person family, regardless of composition or where they live, would be considered "poor" with an income of \$21,330 annually or less. The FPG for three-person families is just 40% of the Self-Sufficiency Standard for this Guilford County family.

Figure F. The Self-Sufficiency Standard Compared to Other Benchmarks
One Adult, One Preschooler, and One School-Age Child: Guilford County, NC 2020



* The maximum TANF benefit amount is \$3,264 annually, the SNAP benefit amount is \$5,730 annually, and the WIC benefit amount is \$509 annually for a family of three in North Carolina.

† The 2020 Federal 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, \$21,982 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 2019 adjusted Metropolitan South 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 2019.

This comparison is for just one family type. For other family types in Guilford County with lower Self-Sufficiency Standard budgets, such as a household with one adult and two teenagers, the FPG is 73% of the Self-Sufficiency Standard, but for a household with a higher budget, such as a household consisting of one adult with two infants the FPG is only 36% of the Self-Sufficiency Standard.

There is also considerable variation by place. **Table 3** compares the percentage of the FPG needed to meet basic needs for **one adult, one preschooler, and one school-age child** across North Carolina, and finds that the Self-Sufficiency Standard for this family type ranges from 184% of the FPG in Bladen County to 312% of the FPG in Wake County.

Minimum Wage. North Carolina's minimum wage is equivalent to the current Federal minimum wage of \$7.25 per hour—\$15,312 annually working full time. Since this is earned income, taxes are subtracted and eligible tax credits are added. Because the tax credits the family qualifies for are more than the taxes owed, the net total income of \$21,982 is more than the worker's earnings alone.

A full-time minimum wage job in Guilford County provides 41% of the amount needed to be self-sufficient for a **family of one adult, one preschooler, and one school-age child**. 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 either the minimum wage or Self-Sufficiency Standard income (but still accounting for payment of taxes), a minimum wage job amounts to just 26% of the Self-Sufficiency Standard for this family type in Guilford County.

Put another way, including the value of tax credits, at the minimum wage this parent would need to work 98 hours per week to meet the family's basic costs of living. If tax credits are excluded from current income (as they are received the next year at tax filing), this parent would need to work 152 hours per week at the minimum wage to meet the family's basic costs.

Lower Living Standard Income Level. The LLSIL was originally calculated 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 by the Bureau of Labor Statistics and has only been updated for inflation since then. 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 higher of the FPG or 70% of the LLSIL.¹¹ The LLSIL for a three-person family in the metropolitan South is \$30,987 and 70% of the LLSIL is \$21,691, which is \$361 above the FPG for this family size.¹²

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 Guilford County is \$55,170 annually.¹³ For a three-person family in Guilford County, HUD income limits are as follows:

- **Low income.** Income between \$27,585 and \$44,145.
- **Very low income.** Income between \$27,585 and \$23,175.
- **Extremely Low Income.** Income less than \$23,175.¹⁴

The Self-Sufficiency Standard of \$53,715 for this family type in Guilford 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 Guilford 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, 2020
Two Family Types, All North Carolina Counties**

COUNTY	SELF-SUFFICIENCY STANDARD FOR ONE ADULT + ONE PRESCHOOLER + ONE SCHOOL-AGE				SELF-SUFFICIENCY STANDARD FOR TWO ADULTS + ONE PRESCHOOLER + ONE SCHOOL-AGE			
	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
Alamance	\$50,734	238%	331%	92%	\$57,969	225%	379%	94%
Alexander	\$43,569	204%	285%	88%	\$51,828	201%	338%	94%
Alleghany	\$43,607	204%	285%	101%	\$51,764	201%	338%	108%
Anson	\$42,349	199%	277%	104%	\$51,212	199%	334%	113%
Ashe	\$41,140	193%	269%	91%	\$48,630	189%	318%	96%
Avery	\$46,407	218%	303%	104%	\$53,528	208%	350%	108%
Beaufort	\$46,539	218%	304%	94%	\$53,860	209%	352%	98%
Bertie	\$41,543	195%	271%	104%	\$49,331	192%	322%	111%
Bladen	\$39,288	184%	257%	100%	\$47,156	183%	308%	108%
Brunswick	\$53,958	253%	352%	90%	\$62,071	241%	405%	94%
Buncombe	\$57,483	269%	375%	96%	\$64,838	252%	423%	98%
Burke	\$47,189	221%	308%	95%	\$54,187	210%	354%	98%
Cabarrus	\$52,746	247%	344%	74%	\$60,451	235%	395%	77%
Caldwell	\$40,665	191%	266%	82%	\$48,092	187%	314%	87%
Camden	\$52,744	247%	344%	78%	\$60,265	234%	394%	80%
Carteret	\$51,224	240%	335%	85%	\$58,972	229%	385%	88%
Caswell	\$40,466	190%	264%	88%	\$48,000	186%	313%	94%
Catawba	\$48,278	226%	315%	97%	\$55,544	216%	363%	101%
Chatham	\$58,989	277%	385%	77%	\$66,880	260%	437%	79%
Cherokee	\$42,189	198%	276%	98%	\$50,980	198%	333%	106%
Chowan	\$46,034	216%	301%	101%	\$53,278	207%	348%	105%
Clay	\$47,629	223%	311%	108%	\$54,810	213%	358%	112%
Cleveland	\$40,704	191%	266%	91%	\$48,158	187%	315%	97%
Columbus	\$43,008	202%	281%	96%	\$51,442	200%	336%	103%
Craven	\$52,757	247%	345%	91%	\$60,470	235%	395%	94%
Cumberland	\$52,190	245%	341%	106%	\$60,015	233%	392%	109%
Currituck	\$54,821	257%	358%	77%	\$62,931	244%	411%	79%
Dare	\$57,140	268%	373%	94%	\$65,400	254%	427%	97%
Davidson	\$46,367	217%	303%	85%	\$53,358	207%	348%	88%
Davie	\$48,632	228%	318%	87%	\$55,990	217%	366%	90%
Duplin	\$43,681	205%	285%	107%	\$51,866	201%	339%	114%
Durham	\$63,340	297%	414%	83%	\$71,156	276%	465%	84%
Edgecombe	\$41,033	192%	268%	83%	\$48,731	189%	318%	89%
Forsyth	\$49,806	234%	325%	89%	\$57,122	222%	373%	92%

Definitions: The federal poverty guidelines for family of three = \$21,330 and for a family of four = \$25,750. Annual minimum wage is the gross amount of full-time, year-round work at an hourly wage of \$7.25 per hour, the North Carolina minimum wage. Median family income varies by and calculated from HUD's FY2019 Income Limits.

Table 3. The Self-Sufficiency Standard as a Percentage of Other Benchmarks of Income, 2020
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COUNTY	SELF-SUFFICIENCY STANDARD FOR ONE ADULT + ONE PRESCHOOLER + ONE SCHOOL-AGE				SELF-SUFFICIENCY STANDARD FOR TWO ADULTS + ONE PRESCHOOLER + ONE SCHOOL-AGE			
	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
Franklin	\$50,509	237%	330%	60%	\$57,739	224%	377%	62%
Gaston	\$49,309	231%	322%	69%	\$56,738	220%	371%	72%
Gates	\$46,173	216%	302%	79%	\$53,428	207%	349%	83%
Graham	\$42,112	197%	275%	93%	\$50,983	198%	333%	102%
Granville	\$52,550	246%	343%	92%	\$60,114	233%	393%	95%
Greene	\$43,034	202%	281%	88%	\$51,605	200%	337%	95%
Guilford	\$53,715	252%	351%	97%	\$61,415	239%	401%	100%
Halifax	\$40,827	191%	267%	102%	\$48,403	188%	316%	109%
Harnett	\$49,773	233%	325%	85%	\$57,379	223%	375%	88%
Haywood	\$48,175	226%	315%	91%	\$55,366	215%	362%	94%
Henderson	\$52,237	245%	341%	87%	\$59,302	230%	387%	89%
Hertford	\$44,399	208%	290%	105%	\$52,289	203%	341%	111%
Hoke	\$47,112	221%	308%	98%	\$54,643	212%	357%	102%
Hyde	\$50,758	238%	331%	113%	\$58,280	226%	381%	117%
Iredell	\$57,228	268%	374%	90%	\$64,893	252%	424%	92%
Jackson	\$46,569	218%	304%	92%	\$53,738	209%	351%	96%
Johnston	\$55,741	261%	364%	67%	\$63,627	247%	416%	68%
Jones	\$43,358	203%	283%	100%	\$51,825	201%	338%	107%
Lee	\$41,485	194%	271%	76%	\$49,345	192%	322%	81%
Lenoir	\$45,465	213%	297%	101%	\$52,350	203%	342%	104%
Lincoln	\$52,555	246%	343%	91%	\$59,666	232%	390%	93%
McDowell	\$44,247	207%	289%	102%	\$49,819	193%	325%	103%
Macon	\$47,506	223%	310%	102%	\$52,289	203%	341%	102%
Madison	\$43,227	203%	282%	72%	\$54,733	213%	357%	82%
Martin	\$42,072	197%	275%	98%	\$51,486	200%	336%	107%
Mecklenburg	\$64,124	301%	419%	90%	\$72,352	281%	473%	92%
Mitchell	\$43,882	206%	287%	89%	\$52,174	203%	341%	96%
Montgomery	\$39,918	187%	261%	87%	\$47,004	183%	307%	92%
Moore	\$52,791	247%	345%	75%	\$60,626	235%	396%	77%
Nash	\$46,936	220%	307%	95%	\$53,946	209%	352%	99%
New Hanover	\$57,708	271%	377%	88%	\$65,658	255%	429%	90%
Northampton	\$48,478	227%	317%	131%	\$55,919	217%	365%	136%
Onslow	\$53,751	252%	351%	104%	\$61,304	238%	400%	106%
Orange	\$61,303	287%	400%	80%	\$69,825	271%	456%	82%

Definitions: The federal poverty guidelines for family of three = \$21,330 and for a family of four = \$25,750. Annual minimum wage is the gross amount of full-time, year-round work at an hourly wage of \$7.25 per hour, the North Carolina minimum wage. Median family income varies by and calculated from HUD's FY2019 Income Limits.

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COUNTY	SELF-SUFFICIENCY STANDARD FOR ONE ADULT + ONE PRESCHOOLER + ONE SCHOOL-AGE				SELF-SUFFICIENCY STANDARD FOR TWO ADULTS + ONE PRESCHOOLER + ONE SCHOOL-AGE			
	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
Pamlico	\$42,246	198%	276%	79%	\$51,379	200%	336%	87%
Pasquotank	\$44,505	209%	291%	84%	\$52,501	204%	343%	89%
Pender	\$48,681	228%	318%	87%	\$56,645	220%	370%	92%
Perquimans	\$45,974	216%	300%	93%	\$53,218	207%	348%	97%
Person	\$40,088	188%	262%	80%	\$47,607	185%	311%	85%
Pitt	\$52,738	247%	344%	87%	\$60,254	234%	394%	90%
Polk	\$47,701	224%	312%	90%	\$55,203	214%	361%	93%
Randolph	\$45,827	215%	299%	83%	\$52,839	205%	345%	86%
Richmond	\$41,275	194%	270%	108%	\$48,752	189%	318%	115%
Robeson	\$41,939	197%	274%	106%	\$49,669	193%	324%	113%
Rockingham	\$45,817	215%	299%	95%	\$52,886	205%	345%	99%
Rowan	\$43,181	202%	282%	80%	\$51,543	200%	337%	86%
Rutherford	\$44,055	207%	288%	91%	\$51,707	201%	338%	96%
Sampson	\$43,325	203%	283%	99%	\$51,565	200%	337%	106%
Scotland	\$40,767	191%	266%	114%	\$48,638	189%	318%	122%
Stanly	\$41,874	196%	273%	79%	\$49,475	192%	323%	84%
Stokes	\$46,121	216%	301%	83%	\$53,446	208%	349%	86%
Surry	\$41,854	196%	273%	89%	\$49,645	193%	324%	95%
Swain	\$43,634	205%	285%	103%	\$51,939	202%	339%	110%
Transylvania	\$47,792	224%	312%	95%	\$55,295	215%	361%	99%
Tyrrell	\$47,112	221%	308%	133%	\$54,773	213%	358%	139%
Union	\$64,531	303%	421%	91%	\$72,391	281%	473%	92%
Vance	\$43,207	203%	282%	106%	\$51,419	200%	336%	114%
Wake	\$66,488	312%	434%	79%	\$74,425	289%	486%	80%
Warren	\$45,696	214%	298%	103%	\$52,976	206%	346%	107%
Washington	\$44,454	208%	290%	108%	\$52,432	204%	342%	115%
Watauga	\$52,500	246%	343%	89%	\$60,653	236%	396%	93%
Wayne	\$50,492	237%	330%	96%	\$57,660	224%	377%	99%
Wilkes	\$48,140	226%	314%	96%	\$55,307	215%	361%	99%
Wilson	\$46,270	217%	302%	91%	\$53,342	207%	348%	94%
Yadkin	\$43,704	205%	285%	78%	\$52,080	202%	340%	84%
Yancey	\$42,092	197%	275%	92%	\$49,965	194%	326%	98%
Minimum (Bladen)	\$39,288	184%	257%	60%	\$47,004	183%	307%	62%
Maximum (Wake)	\$66,488	312%	434%	133%	\$74,425	289%	486%	139%

Definitions: The federal poverty guidelines for family of three = \$21,330 and for a family of four = \$25,750. Annual minimum wage is the gross amount of full-time, year-round work at an hourly wage of \$7.25 per hour, the North Carolina minimum wage. Median family income varies by and calculated from HUD's FY2019 Income Limits.

How do North Carolina's Most Common Occupations Compare to the Self-Sufficiency Standard?

Now that the cost of meeting basic needs in North Carolina has been detailed, the next question is how families can secure the resources necessary to meet their needs. *Since almost all working-age families meet their income needs with employment, a crucial question is whether the jobs available provide sufficient wages.* To answer this question, the median wages of the ten occupations with the highest number of employees in North Carolina are compared to the Self-Sufficiency Standard for a **family with one adult, one preschooler, and one school-age child** in **Forsyth** and **Wake Counties**, where the Self-Sufficiency Standard is \$23.58 and \$31.48 per hour respectively.¹⁵

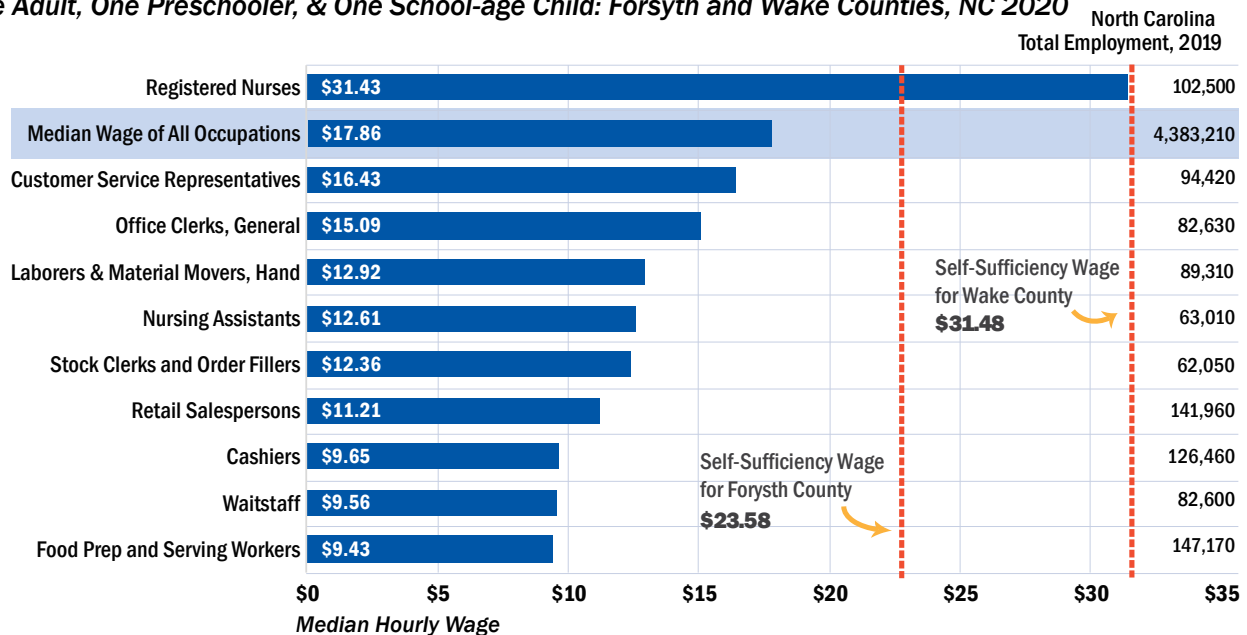
Close to a fourth of North Carolina's 4.38 million workers work in the ten most common occupations shown below in **Figure G**. However, only one of North Carolina's ten most common occupations—registered nurses—have median wages that are above the Self-Sufficiency Standard for this three person family

in Forsyth County. While **none** of the top ten most common occupations in North Carolina meet the Self-Sufficiency wage needed for the same family in Wake County.

On the other hand, four of North Carolina's top ten occupations have median earnings that are less than half of the Standard for this family type in Forsyth County and eight of the top ten occupations have median earnings that are less than half of the Standard needed for this family type in Wake County.

The most common occupation in North Carolina is combined food preparation and serving workers (including fast food), which accounts for 3.4% of all North Carolina-area workers. With median hourly earnings of \$9.43 per hour (adjusted for inflation) in North Carolina, the most common occupation provides workers with earnings that are only 40% of the Standard for this family type in Forsyth County and only 30% of the Standard for the same family type in Wake County.

Figure G. Hourly Wages of North Carolina's Ten Largest Occupations Compared to the Standard One Adult, One Preschooler, & One School-age Child: Forsyth and Wake Counties, NC 2020



Source: U.S. Department of Labor, "May 2018 State Occupational Employment and Wage Estimates," Databases and Tables, Occupational Employment Statistics, <http://www.bls.gov/oes/data.htm> (accessed June 4, 2019). Wages adjusted for inflation using the Employer Cost Index from the Bureau of Labor Statistics.

Definition note: A median wage is the middle point of the distribution of wages from low to high. That is, four types of workers in an occupation earn less than this wage and six types earn more. Average wages are skewed by a small number of high earners so the median is a more realistic measure of a typical worker's earnings.

A single parent would have to work more than two full-time jobs in Forsyth County and more than three full-time jobs in Wake County to yield enough income to meet the family's basic needs.

In addition, low-wage jobs frequently lack full-time hours and benefits such as health insurance. The median wages of this occupation are above the 2020 North Carolina minimum wage yet are not enough for a single adult to even support themselves in Forsyth or Wake Counties.

The median wages for seven of the top ten occupations are such that even two adults working full time at this wage in Forsyth County would still not be able to earn the minimum needed to support a preschooler and a school-age child. In Wake County, the median wages for nine of the top ten occupations would not be sufficient with a double income at this rate. That is, the Self-Sufficiency Standard for two adults with one preschooler and one school-age child requires each parent to earn \$13.52 per hour in Forsyth County and \$17.62 per hour in Wake County to meet basic needs of the family.

Wages are low enough that even two adults working full time in most of these occupations cannot earn enough to meet their families' basic needs at a minimally adequate level.

These numbers reflect the shift towards an increased number of low-wage jobs in the recovery from the Great Recession. That is, while job losses of the Great Recession were concentrated disproportionately in mid-wage occupations, as the economy recovers the job gains have been disproportionately in lower-wage occupations. At the same time the income gains have been to those at the very top, driving the increased income inequality that underlies North Carolina's high levels of socioeconomic inequality.¹⁶

This growing job gap has consequences in increased economic distress, as increasing numbers of workers struggle to make ends meet at wages well below the minimum required to meet their needs. At the same time, this analysis of the wages of the state's most common occupations demonstrates that the economic insecurity faced by so many of North Carolina's workers does not reflect a lack of work effort or lack of skills.

Rather, it is simply that 2020 wages are too low in many common North Carolina occupations to support a family at minimally adequate levels, even with two workers.

Given this state of affairs, there are two basic approaches to closing the income gap: *reduce costs* or *raise incomes*.

The first approach relies on strategies to reduce costs, often temporarily, through work supports (subsidies), such as food and child care assistance. Strategies for the second approach, raising incomes, are often broader, such as increasing incomes through increasing education levels, incumbent worker programs, raising the minimum wage, and nontraditional job training. Reducing costs and raising incomes are not necessarily mutually exclusive, but can occur sequentially or in tandem, at the individual level or at the community, state or national level. For example, some adults or individuals may seek education and training that leads to a new job, yet continue to supplement their incomes with work supports until their wages reach the self-sufficiency level.



**United Way
of North Carolina**

To assist individuals and families feeling the financial crunch, *United Way of North Carolina* offers the **Our Money Needs Calculator**. The calculator is a simple tool that reveals the amount of money it takes to make ends meet, without private or public assistance, for every county in North Carolina representing more than 700 family types. The online tool, available at unitedwaync.org also points to resources about how to increase income through work supports and connection to available jobs with higher earning potential, ideas to reduce expenses, and facts on the cost of additional education. Being acquainted with the real-world cost of living is often the first step in building a plan that leads to a financially secure future. For immediate needs with housing, food, utility assistance and much more, North Carolina residents can dial 2-1-1 and talk with a trained specialist who can connect them to local resources 24/7/365.

Wages are low enough that even two adults working full time in the majority of the top ten occupations cannot earn enough to meet their families' basic needs at a minimally adequate level.

Conclusion

The Self-Sufficiency Standard for North Carolina 2020 defines the minimum income needed to realistically support a family without public or private assistance in North Carolina. 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.

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 North Carolina 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, North Carolina has the opportunity to lay the foundation to achieve a strong workforce and thriving communities.

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

For More Information About the Standard

In addition to North Carolina, the Standard has been calculated for Alabama, 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, Oklahoma, Ohio, Oregon, Pennsylvania, South Carolina, South Dakota, Tennessee, Texas, Utah, Virginia, Washington State, West Virginia, Wisconsin, 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 Dr. Diana Pearce at pearce@uw.edu or the Center for Women's Welfare staff at (206) 685-5264, or visit www.selfsufficiencystandard.org.

For more information on *The Self-Sufficiency Standard for North Carolina*, this publication, the Standard wage tables for North Carolina counties, or to find out more about United Way of North Carolina, visit <https://www.unitedwaync.org/>.

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 2019 FPG for a family of three is \$21,330. 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 63% of two-parent families with children in 2018. Likewise, 74% of single mothers and 84% of single fathers were employed in 2018. Although about 78% of employed women with children under 18 years of age worked full time in 2018, working part time is clearly the desirable option under many circumstances such as when the children are very young or in need of special care, or when affordable/appropriate child care is not available. For many low-income mothers it is equally clear that 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 2018,” Economic News Releases, Employment and Unemployment, <https://www.bls.gov/news.release/pdf/famee.pdf> (accessed October 29, 2019).
5. The Federal minimum wage equals \$7.25 per hour. United States Department of Labor, “Consolidated State Minimum Wage Update Table (Effective 07/01/2019),” <https://www.dol.gov/whd/minwage/mw-consolidated.htm> (accessed December 8, 2019).
6. In 2018 the average consumer expenditure on food was \$7,923 per year or 12.9% of total expenditures. U.S. Department of Labor, Bureau of Labor Statistics, “Consumer Expenditures in 2018,” <http://www.bls.gov/news.release/cesan.nr0.htm> (accessed October 29, 2019).
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). 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: North Carolina 2018,” Medical Expenditure Panel Survey-Insurance Component, (accessed November 1, 2019).
8. The second-lowest cost Silver plan for a family with two adults (age 30) living in Guilford County with a four-year old and one-year old is \$1,394 per month before the premium tax credit. U.S. Centers for Medicare & Medicaid Services, “2019 health insurance plans & prices,” <https://www.healthcare.gov/see-plans/> (accessed December 6, 2019).
9. 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 - CUURA101SA0,” Consumer Price Index, <http://data.bls.gov/cgi-bin/surveymost?cu> (accessed November 23, 2019).
10. U.S. Department of Labor, Bureau of Labor Statistics, “Metropolitan South Region All Items, 1982-84=100 - CUURA101SA0,” Consumer Price Index, <http://data.bls.gov/cgi-bin/surveymost?cu> (accessed December 06, 2019).
11. Workforce Innovation and Opportunity Act, HR 803, 113th Congress, 2nd Session, 2014, <https://www.congress.gov/113/bills/hr803/BILLS-113hr803enr.pdf> (accessed July 28, 2016).
12. Department of Labor Employee Benefits Security Administration, “Workforce Innovation and Opportunity Act (WIOA) 2019 Lower Living Standard Income Level (LLSIL),” <https://www.doleta.gov/lisil/> (accessed December 06, 2019).
13. U.S. Department of Housing and Urban Development, “FY 2019 Income Limits Summary, Mecklenburg County,” Data Sets, Income Limits, FY 2019 Income Limits Documentation System, https://www.huduser.gov/portal/datasets/il/il2018/2018summary.odn?year=2018&states=37.0&data=2018&inputname=METRO16740M16740*3711999999%2BMec klenburg+County&stname=North+Carolina&statefp=37&select ion_type=county (accessed December 15, 2019).
14. Although these income limits are based on 80%, 50%, and 30% of the median family income (MFI), 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 MFI. Additionally, if 30% of MFI is less than the federal poverty guidelines, then the “Extremely 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, “U.S. Department of Housing and Urban Development, “FY 2019 Income Limits Summary, Catawba County,” Data Sets, Income Limits, FY 2019 Income Limits Documentation System, <https://www.huduser.gov/portal/datasets/il/il2019/2019summary.odn> (accessed November 28, 2019).

Appendix A: Methodology and Data Sources for the North Carolina 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 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.

The Standard assumes adults work eight hours per day for 22 days per month and 12 months per year. 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 2020 edition of the North Carolina 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 North Carolina 2020*, 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 Assistant Secretary for Policy Development and Research 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 2020 North Carolina Self-Sufficiency Standard are calculated using the FY 2020 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 All of North Carolina's FMRs are set at the 40th percentile.

The FMRs are calculated for Metropolitan Statistical Areas (MSAs), HUD Metro FMR Areas (HMFAs), and non-metropolitan counties. The term MSA is used for all metropolitan areas. HUD calculates one set of FMRs for an entire metropolitan area. In North Carolina there are seven MSAs with more than one county sharing the same FMR: Asheville, NC HUD Metro FMR Area; the Charlotte-Concord-Gastonia, NC-SC HUD Metro FMR Area; the Durham-Chapel Hill, NC HUD Metro FMR Area; the Greensboro-High Point, NC HUD Metro FMR Area; the Hickory-Lenoir-Morganton, NC MSA; the Raleigh, NC MSA; and the Winston-Salem, NC HUD Metro FMR Area. Because HUD only calculates one set of FMRs for each metropolitan area, 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 Cost. U.S. Department of Housing and Urban Development, "County Level Data," Fair Market Rents, Data, 2020 Data, https://www.huduser.gov/portal/datasets/fmr/fmr2020/FY20_4050_FMRs.xlsx (accessed September 19, 2019).

County-Level Housing Costs. U.S. Department of Housing and Urban Development, "FY2020 Small Area FMRs," Datasets, Fair Market Rents, https://www.huduser.gov/portal/datasets/fmr/fmr2020/fy2020_safmrs.xlsx (accessed November 23, 2019).

Population weights. U.S. Census Bureau, "2010 ZCTA to County Relationship File," Geography, Maps and Data, https://www.census.gov/geo/maps-data/data/zcta_rel_download.html (accessed March 17, 2016).

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 2020 North Carolina Standard have been calculated using 75th percentile data from the North Carolina Department of Health and Human Services. Rates are updated for inflation from the data collection period using the Consumer Price Index. North Carolina child care costs are updated for inflation from September 2017.

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. The Center for Urban Affairs and Community Services, “North Carolina Child Care Market rate Study: Final Report June 2018” Division of Child Development and early Education, NC Department of Health and Human Services. https://ncchildcare.ncdhhs.gov/Portals/0/documents/pdf/F/FINAL_Child_Care_Market_Rate_Study_REPORT082718.pdf?ver=2018-08-28-084340-920 (Accessed October 15, 2019)

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. For instance, the Low-Cost Food Plan also does not allow for any take-out, fast-food, or restaurant meals, even though, according to the Consumer Expenditure Survey, the average American family spends about 41% of their food budget on food prepared away from home.⁷

The USDA Low-Cost Food Plan costs vary by month and the USDA does not give an annual average food cost; therefore, the Standard follows the SNAP protocol of using June data of the current year to represent the annual average.

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 a single-person household is one adult male, while the single-parent household is one adult female. A two-adult household is assumed to include one adult male and one adult female. Additional adults (greater than two) are calculated using an average of the cost for an adult male and an adult female.

Geographic differences in food costs within North Carolina 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, in low-population counties this could result in an inaccurate representation of the cost of food. 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.

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 2019,” <https://fns-prod.azureedge.net/sites/default/files/media/file/CostofFoodJun2019.pdf> (accessed September 19, 2019).

County Index. C., A. Dewey, M. Kato, A. Crumbaugh & M. Strayer. Map the Meal Gap 2019: A Report on County and Congressional District Food Insecurity and County Food Cost in the United States in 2017. Feeding America, 2019, received from research@feedingamerica.org (September 23, 2019).

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.⁹ The Standard assumes private transportation (a car) in counties where less than 7% of workers commute by public transportation.

The 2019 Standard uses the 2013-2017 American Community Survey 5-Year Estimates to calculate the percentage of the county population that commutes by public transportation. In North Carolina, Orange County has a rate above 7%, but due to limited/nonexistent service on weekends, it would not be practical for all workers. Thus, no counties are assumed to use public transportation.

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). The

North Carolina statewide average round trip commute to work distance is 22 miles.

In North Carolina, the average expenditure for auto insurance was \$58 per month in 2016 based on data from the National Association of Insurance Commissioners (NAIC). An average of the two most recent transportation indexes was used to calculate a county index to vary the statewide premium from the National Association of Insurance Commissioners by county ratio.

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 2017 Consumer Expenditure Survey data for families with incomes between the 20th and 40th percentile living in the Census South 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.

Data Sources

Public Transportation Use. U.S. Census Bureau, “Table B08101: Means of Transportation to Work,” 2013-2017 American Community Survey 5-Year Estimates, Detailed Tables, <http://www.factfinder.census.gov> (accessed September 15, 2019).

Auto Insurance Premium. National Association of Insurance Commissioners, “Average Expenditures for Auto Insurance by State, 2012-2016,” Insurance Information Institute, <http://www.iii.org/fact-statistic/auto-insurance> (accessed September 19, 2019).

County index. North Carolina Rate Bureau, Circular Letters, Automobile Circulars, 2016, A-16-5, “Circular letter to all member companies Re: Revised Private Passenger Auto Territory Definitions,” April 12, 2016, <http://www.ncrb.org/Portals/0/ncrb/circular%20letters/automobile/2016/A-16-5%20Revised%20Private%20Passenger%20Auto%20Territory%20Definitions.pdf> (accessed November 18, 2019). North Carolina Rate Bureau, Private Passenger Automobile Rate Filings, “Private Passenger Revised Rates Effective 10/1/19,” <http://www.ncrb.org/Portals/0/ncrb/personal%20lines%20services/Rate%20Filings/Private%20Passenger%20Auto%20Revised%20>

Rates%20Effective%2010-1-19.xls (accessed November 18, 2019).

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 2017, CE Databases, <http://data.bls.gov/pdq/querytool.jsp?survey=cx> (accessed September 20, 2019).

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, <http://data.bls.gov/cgi-bin/surveymost?cu> (accessed September 19, 2019).

Per-Mile Costs. American Automobile Association, “Your Driving Costs: How Much are you Really Paying to Drive?” 2019 Edition, AAA Association Communication, <https://www.aaa.com/AAA/common/AAR/files/AAA-Your-Driving-Costs.pdf> (accessed September 19, 2019).

Health Care

The Standard assumes that an integral part of a Self-Sufficiency Wage is employer-sponsored health insurance for workers and their families. In North Carolina, 64% of non-elderly individuals in households with at least one full-time worker have employer-sponsored health insurance (nationally 65% have employer sponsored health insurance).¹⁰ The full-time worker’s employer pays an average of 78% of the insurance premium for the employee and 67% for the family in North Carolina. Nationally, the employer pays 78% of the insurance premium for the employee and 77% of the insurance premium for the family.¹¹

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.

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

county groupings.¹² To vary the state premium by the rating areas, the Standard uses rates for the second lowest cost Silver plan (excluding HSAs) available through the state or 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

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 19, 2019).

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, Medical Expenditure Panel Survey-Household Component Analytical Tool, “Total Amount Paid by Self/Family, all Types of Service, 2015” MEPSnetHC, http://www.meps.ahrq.gov/mepsweb/data_stats/MEPSnetHC.jsp (accessed September 19, 2019).

Premiums. U.S. Department of Health and Human Services, Agency for Healthcare Research and Quality, Center for Financing, Access, and Cost Trends, “Tables II.C.2 and II.D.2: Average Total Employee Contribution (in Dollars) per Enrolled Employee for Single/Family Coverage at Private-Sector Establishments that Offer Health Insurance by Firm Size and State, United States, 2018,” Medical Expenditure Panel Survey-Insurance Component, http://meps.ahrq.gov/mepswebdata_stats/quick_tables.jsp (accessed September 19, 2019).

County Index. Healthcare.gov, RESOURCES: For Researchers, 2019 plan data: Health plan data, download (ZIP file) “Individual Market Medical,” <https://data.healthcare.gov/dataset/QHP-Landscape-Individual-Market-Medical/b8in-sz6k> (accessed September 19, 2019).

Miscellaneous

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.

Miscellaneous expenses are calculated by taking 10% of all other costs. This percentage is a conservative estimate in comparison to estimates in other basic needs budgets, which commonly use 15% and account for other costs such as recreation, entertainment, savings, or debt repayment.¹³

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 additional (adult) tax exemptions.

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 federal tax credit; that is, a family may only receive the CCTC as a credit against federal income taxes owed. Therefore, families who owe very little or 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 for each child under 17 years old and up to \$1,400 as a refundable credit. For the Standard, the CTC is shown as received monthly.

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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.

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Emergency Savings Fund

The Self-Sufficiency Standards are basic needs, no-frills budgets created for all family types in each county 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. Since the median length of job tenure among North Carolina workers is two years, it is assumed that workers save for job loss over the course of two years.

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.¹⁴ 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.¹⁵ 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.¹⁶

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About the Author

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The conclusions and opinions contained within this document do not necessarily reflect the opinions of those listed above. Any mistakes are the author's responsibility.

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, including online calculators, to assess and establish income adequacy and benefit eligibility;
- develop programs and policies that strengthen public investment in low-income women and families.

For more information about the Center's programs, or work related to the Self-Sufficiency Standard, call (206) 685-5264. This report and more can be viewed at www.selfsufficiencystandard.org.



United Way of North Carolina

United Way of North Carolina (UWNC) supports a network of 53 local, independent United Way organizations working to: provide educational opportunities; build services and supports that increase financial stability for families and individuals; and improve the health of their communities. UWNC offers the Self-Sufficiency Standard Report for local United Ways to build a case for collaborative strategies that will meet community challenges and create lasting change.

