The Self Sufficiency Standard for New York
How Much Do We Deserve? A Theological Rationale

The Reverend Richard S, Gilbert
Chair, Interfaith Impact of New York State

In his play *A Masque of Reason* poet Robert Frost imagines a contemporary conversation between the biblical Job and God. At one point Job asks why he had to be singled out to establish the principle that there is no necessary connection between what we deserve and what we get. God responds that society can never think things out in the abstract, it has to see them "acted out by actors, devoted actors at a sacrifice." Similarly, economic justice is an abstract issue in many ways. However, we can begin to understand the concept of economic "dessert" in the United States and in New York State by noting the differing stories of just two actors who dramatize the problem.

In 1995 **AT&T CEO Robert Allen** made headlines after announcing layoffs of 40,000 employees (125,000 over the previous ten years). With questionable timing, his compensation package was revealed at the same time - $5.2 million in cash, plus stock options with a value of $11 million (a value that soared, along with AT&T stock prices, when the layoffs were announced). What was astonishing to many observers was that AT&T had made less than 1% profit that year. Even the redoubtable *Wall Street Journal* wondered about the justice of his compensation since in the last decade Allen "blew upward of $12 billion on losses and acquisitions" in an ill-fated attempt to enter the computer industry. His "long-term incentive" pay, close to $2 million, came as the company conveniently scrapped the formula of linking this compensation to prior profit rates. This combination of "lackluster performance and stellar pay" is not unusual in the business world. Graef Crystal, a researcher on executive pay, told the *New York Times* he had found no connection between CEO pay and corporate performance. "It's a table of random numbers," he commented, "like throwing darts against the wall."

Marion Wright Edelman, Executive Director of the Children's Defense Fund, writing in the *Unitarian Universalist World*, describes the death of a poor child. She claims that poverty is its root cause.

"Shamal died in New York City. He was eight months old. The cause of death was poverty complicated by low birthweight, poor nutrition, homelessness, and a viral infection. During his short life he had never slept in an apartment or house; his family was always homeless Ð he had been in shelters, hospitals, hotels and the welfare office. He and his mother sometimes rode the subway late at night. Robert Hayes of New York's Coalition for the Homeless said Shamal died because he didn't have the strength to resist the system's abuse.'"

What Are Our Just Deserts? Two people by accidents of fate living in two totally different worlds. Two people different in many ways, but most strikingly in the economic resources each possesses. Robert Allen lives in a superfluity of riches in the wealthiest nation the world has ever known, while former employees wonder about their next paycheck. Shamal, a child who began life without even the minimum requirements for entering that race, never had a chance.

The contrast raises perplexing questions: Did they get their "just desserts"? Does anyone? What are our rights, if any, in economic life? Is it possible to determine how much we deserve morally, or must we submit to the "value-free" invisible hand of the market place? These questions point to issues that are not merely academic, but that are played out around the world every day in the lives of five billion people, many of them poor, a very few of them rich. Getting our just deserts is a nearly intractable issue fraught with economic, religious, psychological, and social difficulties. However, its very complexity, and the controversy which it inherently arouses, should be no excuse for refusing to address it. How much do we deserve?

Organized Religion, the Predicament of the Prosperous and the Preferential Option for the Poor

Humanity's great religions have addressed this issue in many ways. **Hinduism**, despite the burden of its archaic caste system, raised the issue through the eloquence and life of Mahatma Gandhi who once said, "There is enough welath to meet everyone's need, but not everyone's greed." E. F. Schumacher summarized **Buddhist** economics when he defined "right livelihood" to obtain the maximum of well-being with the minimum of consumption." **Confucius** said, "To centralize wealth is to disperse the people; to distribute wealth is to collect the people." **Islam** proposes the principle of zakat, a minimum tax for the poor, which is only part of sadaqah, which is voluntary giving above that. The **Hebrew** prophets scolded the rich who would sell the needy for a pair of shoes. Judaism regards refusal to help the poor as not only unethical, but idolatrous. **Jesus** in the Christian Gospels says "inasmuch as you have done it to the least of these, you have done it unto me." The **Unitarian** senator Charles Sumner warned against a society in which there were "dinners without appetites at one end of the table and appetites without dinners at the other." The **Universalist** Church of America in 1917 advocated economic security for all and a civilizing surplus to be earned beyond that. There is an inherent tension between economic affluence and organized religion's preoccupation with justice. Each of humanity's great faiths has promoted economic justice Ð responding to the "predicament of the prosperous" with a "preferential option for the poor."

Have We Lost Our Capacity for Moral Outrage?

Interfaith Impact worries that comfortable Americans living in this culture of contentment may have lost the capacity for moral outrage. We constitute a **culture both of contentment and contradiction--**contented in the unparalleled prosperity at the beginning of the new millennium--and yet at a deeper level disturbed by the contradiction of **islands of poverty in an ocean of plenty**. Materialism and spirituality grapple within us at the deepest levels of our being. We who have taken pleasure in our prosperity are vaguely anxious that there persist in our midst millions who do not enjoy our bounty.

Are we the deserving and they the undeserving? Is the marketplace the measure of all things? How much inequality can a democracy experience and survive? In a competitive society, what do we do with the losers? How much is enough in this "winner take all" economy? Is economics guru Paul Samuelson right when he speaks of "the ruthless economy"? If they who wind up with the most toys win, what is it that they win? **Must people be cost effective?** Are those of us who have benefited from this affluence prepared to critique and transform the very economic structures and policies that have been so good to us? What do we owe each other? These are the questions that empty the room.

This feeling of moral and spiritual unease is not new. The prophet **Amos** warned the people of Israel about being "**at ease in Zion**," lying upon beds of ivory and stretching themselves on couches, chanting to the sound of the viol, drinking wine in bowls, but who are not grieved for the affliction of Israel (Amos 6).

In the words of words of a modern prophet, **Walt Kelley, in *Pogo***: "There is no need to sally forth, for it remains true that those things which make us human are, curiously enough, always close at hand. Resolve then, that on this very ground, with small flags waving and tinny blasts on tiny trumpets, we shall meet the enemy, and not only may he be ours, he may be us."

Background: The Self-Sufficiency Standard for New York

The Self-Sufficiency Standard is a new tool for organizing people and congregations around issues of economic justice. It builds on efforts to increase the minimum wage at the state level and on the "living wage" campaigns that have already been successful in Buffalo and Rochester. The Self-Sufficiency Standard was developed for Wider Opportunities for Women as part of the State Organizing Project for Family Economic Self-Sufficiency by Dr. Diana Pearce, who was at that time Director of the Women and Poverty Project at Wider Opportunities for Women. Funding for its original development was provided by the Ford Foundation.

Breaking down New York State by counties it examines what income would be required to sustain a family at more than a subsistence level, but what would be required to live a decently comfortable live in the 21st century for a family. This new measure of income adequacy takes seriously the emphasis of welfare reform on self-sufficiency and projects the kind of income that would require under varying situations--family size, locale, cost of living. The theme here is not the misleading reduction of welfare roles--which politicians hail as if that were the purpose of welfare reform--and presses for incomes which will reduce poverty and enable people to fully participate in the life of a modern community. To quote the *Self-Sufficiency Standard for New York*, "The Self-Sufficiency Standard measures how much income is needed for a family of a given composition in a give place to adequately meet it basic needs without public of private assistance."

The Self-Sufficiency Standard is different from the official poverty standard. It explains how various public subsidies, public policies, child support and other available resources can help families move toward self-sufficiency. It is also a tool for policy analysis, counseling, performance evaluation and research.

For example, the federal poverty line is simply too low to meet the self-sufficiency standard. That is recognized in Medicaid, for example, which is extended in some cases to families with incomes that are 150%, 185% or 200% of the official poverty thresholds. New York State's Child Health Plus and Family Health Plus are other examples. True self-sufficiency involves not just a job with a certain wage and benefits, but rather income security over time.

Real numbers are part of this Standard. Detailed charts for each of New York State's 64 counties are provided with such items ass cost of housing, child care, food, transportation, health care, miscellaneous, taxes, Earned Income Tax Credit factored in. In Monroe County, for instance, the self-sufficiency standard for a family with an adult and one infant is an income of $2,269 per month; in Chautauqua County it is $1,758; in Nassau County it is $3,576.

We believe use of the Self-Sufficiency Standard will provide new leverage and a new tool in critiquing the revisions to the 1996 welfare reform legislation when it comes up for review in 2002. It will provide a new paradigm by which to measure the success or failure of welfare reform and will point to the policies that are needed to actually enable people to move from the deprivations of poverty to the adequacies of a sufficient income.

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How much money does it take for families to live and work without public or private assistance or subsidies?

Introduction

Due to a robust economy combined with recent changes in welfare and workforce development policy, the question of self-sufficiency has taken on new urgency. As many parents leave welfare and enter the labor market, they join a growing number of families who are unable to stretch their wages to meet the costs of basic necessities. Even though many of these families are not poor according to the official poverty measure, their incomes are inadequate. But what is adequate income, and how does this amount vary among different family types and different places? To answer that question we have **a new measure of income adequacy, the Self-Sufficiency Standard**.

The Self-Sufficiency Standard measures how much income is needed, for a family of a given composition in a given place, to adequately meet its basic needs-without public or private assistance. Below we will explain the origin of the Standard; how it differs from the official poverty standard; how it is calculated; what it looks like for New York's families; and how various public subsidies, public policies, child support and other available resources can help families move towards self-sufficiency; We conclude this report with a discussion of the varied ways that the Standard can be used as a tool for policy analysis, counseling, performance evaluation, and research.

Measuring Income Adequacy: Problems with the Poverty Line

How much is enough for a family to meet their needs, on their own? Although we may have trouble coming up with an exact dollar figure, most of us know what adequacy looks like when we see it. As one participant in a training program put it, when asked to define her progress towards economic self-sufficiency:

"I wouldn't say I'm economically self-sufficient yet. When it comes to a point where I don't have to worry about the health care needs of my family, when I don't have to worry about the light bill, when the light man isn't knocking on the door saying our bill is due." Not that you have a lot of money; but you're not worried about how your kid is going to get that next pair of shoes .... Just the simple things, that may not be all that simple because we don't have them yet.1"

Obviously, however, we cannot interview every person for his or her own assessment of income adequacy, as quoted above. Besides, such assessments would be subjective and inconsistent. The need for an objective standard to assess income adequacy has thus led most of us to the official federal poverty measure. Using the federal poverty measure, we can determine that a family is "poor" if its income is below the appropriate threshold, and 'not poor" if it is above that threshold. The poverty measure, however, has become increasingly problematic as a measure of income adequacy.

The most significant shortcoming of the federal poverty measure is that it is plainly too low: for most families, in most places, it is simply not high enough. That is, there are many families with incomes above the federal poverty line who nonetheless lack sufficient resources to adequately meet their basic needs. As a result, many assistance programs use a multiple of the poverty standard to measure need: for example, Medicaid is extended to families with incomes that are 150%, 185%, or 200% of the official poverty thresh-olds.

Not only government, but the general public also considers the poverty line to be too low. A number of studies have shown that the public would set a minimum income 25-50% above the federal poverty standard,, depending upon the family's composition and where the family lives.2

True self-sufficiency involves not just a job with a certain wage and benefits,
but rather income security over time.

However, the official poverty measure has additional problems inherent in its structure. Simply raising the poverty line, or using a multiple of the threshold cannot solve these problems. Since the official poverty measure was first developed and implemented in the early 1960s, it has only been updated to reflect inflation, and has not and cannot incorporate new needs.

This inability to account for new or different needs results from two methodological problems. The first is that the federal poverty measure is based on the cost of a single item, food. The second is that it assumes a fixed ratio between food and all other needs (housing, clothing, etc). This fixed ratio does not allow for some costs to rise faster than food,, nor does it allow for the addition of new needs (such as child care). In fact, there is not even a way to increase the amount allotted for food to take into account new nutritional standards.

In addition to outdated nutritional standards on which the poverty measure was based and the limited basic needs package, the demographic model (the two- parent family with a stay-at-home wife) has also changed significantly since the measure's inception. Particularly for working parents--of whom there are many more today than in the 1960s-- there are new needs associated with employment, such as transportation, taxes, and if they have young children, child care.

Not only are the poverty thresholds too low and outdated,, they are also the same whether one lives in Mississippi or Manhattan. That is, the poverty measure does not vary by geographic location. Although there was some geographic variation in costs three decades ago, differences in the cost of living between areas have increased substantially since then, particularly in the area of housing. Indeed, housing in the most expensive areas of the country costs about four times as much as the same size units in the least expensive areas.3

Once again, public programs have recognized the failure of the one-size-fits-all poverty measure to capture differences in need. Thus, instead of using the poverty measure, federal housing programs assess need using local area median income as a way to take into account the significant differences in cost of living between localities. The Food Stamp program also takes into account variations in costs of housing and child care between different localities.

Finally, the poverty measure does not distinguish between those families in which the adults are employed,, and those in which the adults are not employed. At the time of the inception of the poverty measure, there was probably not a large difference between families in these situations: taxes were very low for low-income families with earned income and transportation was inexpensive. Most important, most workers with children had a non-working spouse who provided child care. Today, taxes even for low-income families are substantial, transportation can be costly, and many families do not have "free" child care available.

For these and other reasons, many researchers and analysts have proposed revising the poverty standard. Suggested changes would reflect new needs as well as incorporate geographically-based differences in costs, and would build in more responsiveness to changes over time.4 Others have gone further, creating new measures of income adequacy, such as "Basic Needs Budgets" or Living Wages.5

The Concept of the Self-Sufficiency Standard-And How It Differs from the Federal Poverty Measure

While drawing on the critiques and analysis of the poverty measure cited above, the Self-Sufficiency Standard takes a somewhat different approach to measuring income adequacy. As the editors of the *Boston Globe* put it: "**Ask not where poverty ends, but where economic independence begins**." That is, at what point does a family have sufficient income and resources (such as health benefits) to meet their needs adequately, without public or private assistance?

As a standard of income adequacy, the self-sufficiency Standard defines the amount of income required to meet basic needs (including paying taxes) in the regular "marketplace" without public or private informal subsidies. The Standard, therefore, deter-mines the level of income necessary for a given family-whether working now or making the transition to work-to be independent of welfare and/or other public or private subsidies. By providing a measure that is customized to each family's circumstances, i.e., taking account of where they live, and how old their children are, the Self-Sufficiency Standard makes it possible to determine if a family's income is enough to meet their basic needs.

While both the Self-Sufficiency Standard and the official poverty measure assess income adequacy, the Standard differs from the official poverty measure in several important ways:

- The Standard does not try to combine, or average together, the very different circumstances of families in which adults work, compared to those in which they do not Rather, the Self Sufficiency Standard assumes that all adults (whether married or single) work full-time,7 and therefore, includes costs associated with employment, specifically, transportation, taxes, and for families with young children, child care.

- The Standard takes into account that many costs differ not only by family size and composition (as does the official poverty measure), but also by the age of children. While food and health care costs are slightly lower for younger children, child care costs are much higher-particularly for children not yet in school-and are a substantial budget item not included in the official poverty measure.
- The Standard incorporates regional and local variations in costs. This is particularly important for housing although regional variation also occurs to a lesser extent for child care, health care and transportation.. Unlike some approaches suggested for a revised poverty standard,, however, the Standard does not assume a fixed ratio of urban to rural costs, but uses actual costs. Though, in general, rural areas and small towns have lower costs than the metropolitan areas in a given state, cost ratios vary and there are exceptions. For example, living costs in rural areas that have become desirable tourist or second-home destinations are often as high, or higher, than in a state's urban areas.
- The Standard includes the net effect of taxes and tax credits. It provides for state sales taxes, as well as payroll (Social Security and Medicare) taxes, and federal and state income taxes. Three credits available to workers and their families are "credited" against the income needed to meet basic needs: the Child Care Tax Credit, the Earned Income Tax Credit, and the Child Tax Credit.
- While the poverty standard is based on the cost of a single item, food, and assumes a fixed ratio between food and non-food, the Standard is based on the costs of each basic need, determined independently, which allows each cost to increase at its own rate. Thus, the Standard does not assume that food is always 33% of a family's budget, or constrain housing to 30%.

As a result, the Self-Sufficiency Standard is set at a level that is, on the one hand,, not luxurious or even comfortable, and on the other, is not so low that it fails to adequately provide for a family. Rather; the Standard provides income sufficient to meet minimum nutrition standards, for example, and to obtain housing that would be neither substandard nor overcrowded.

The Standard does not, however; allow for longer-term needs, such as retirement, purchase of major items such as a car, or emergency expenses (except possibly under the "miscellaneous" cost category). Self-sufficiency means maintaining a decent standard of living and not having to choose between basic necessities-whether to meet one's need for child care but not for nutrition, or housing but not health care. Self-Sufficiency Wages are family sustaining wages.

What the Self-Sufficiency Standard ... and Is Not

Using the Self-Sufficiency Standard,, a given family's income is deemed inadequate if it falls below the appropriate threshold (family type and location). However, we emphasize that, as with any measure or threshold,, the exact amount is essentially arbitrary; i.e., if a family's income falls a dollar above or below the monthly Self-Sufficiency Wage, it should not be interpreted in absolute terms as having, or not having, adequate income. Rather, we would urge users of the Standard to think in relative terms of "wage adequacy," that is, one should ask how adequate is a given wage? How close is it to the Standard?

Thus, for example, if the Standard for a given family is $10.00 per hour, but the adult supporting the family only earns $7.00 per hour, then the latter wage has a "wage adequacy" level of only 70%. At the same tune, a penny above or below $10.00 ($9.99 versus $l0~0l) is not a meaningful distinction.

Second, the use of income thresholds should not be taken to mean that economic self-sufficiency can be achieved with just wages alone, or even wages combined with benefits. True self-sufficiency involves not just a job with a certain wage and benefits, but rather income security for a family over time. Thus, for many, the Self-Sufficiency Wage represents a larger goal toward which they are striving, and is a process that they are engaged in, not a one-time achievement. As one person put it, "Self-sufficiency is a road I'm on."8

Central to these efforts are access to education and training, access to jobs that provide real potential for skill development, and career advancement over the long-term. For some, This may mean entering jobs that are nontraditional for women, and for others it may mean developing their own small businesses as their sole or an adjunct source of income. For many, if not most, however, self-sufficiency is not achieved through stopgap measures or short-term solutions. Individuals moving from welfare to work cannot achieve a Self-Sufficiency Wage in a single step, but require strategies that create ladders out of poverty by providing the needed assistance, guidance, and the time necessary for families to become self-sufficient

Although training and education do not have the same urgency as do basic needs such as food and shelter, true long-term self-sufficiency increasingly necessitates investments that enhance skills and adaptability Without technologically sophisticated and broad-based education-which provides the flexibility to move into new jobs and careers-self-sufficiency is in danger of being at best a fleeting accomplishment

Finally, it is important to recognize that self-sufficiency does not imply that families should be completely self-reliant and independent of one another, or the community at large. Indeed, it is through interdependence between families and community institutions such as schools or churches, as well as informal networks of friends, family, and neighbors, that many families are able to meet their non-economic needs as well as economic necessities. Such support and help is essential to our well being, psychologically as well as materially, and should be strengthened.

Nothing about the Self-Sufficiency Standard should be taken to mean that such efforts to help each other should be discouraged. Nor should the Standard be understood as endorsing an ideal of self-dependence in complete isolation-we are not advocating a "Lone Ranger" model for families. The Standard is a measure of income adequacy; not of family functioning. Likewise, community, societal, and governmental response to families struggling to achieve family sustaining wages should be encouraged as supportive of the goal of self-sufficiency.

The Minimum Wage, the Living Wage and the Self-Sufficiency Standard for New York State

The terms poverty and the living wage are familiar to most of us. The federal government has an official line, below which people are said to be living in poverty. That level for 1999 was $17,029 for a family of four, $13,290 for a family of three. The Living Wage Campaign has forwarded the proposition that instead of simply lifting people out of poverty, workers should be paid what St. Thomas Aquinas called a "just wage," which was not to be determined by the "higgling of the market," but by "a considered judgment that looked to the good of the worker and of society as a whole." In the Middle Ages, apparently, a worker's wages must be sufficient to keep a wage-earner and that person's family.

Outside New York City, for a single parent family with two preschool children, monthly self-sufficiency wage requirements range from $5,044 per month in Nassau and Suffolk Counties to $2,501 per month in Otsego County. If we assume full-time work, these translate into hourly wage requirements of $28.66 and $14.21 respectively.

For all jurisdictions in New York State, the self-sufficiency standard documents that families require incomes significantly higher than the federal poverty thresholds to meet basic needs. In Albany County, the annual income requirements for three-person single parent families calculated using the self-sufficiency standard range from $21,900 for a parent with two older children to $34,848 for a parent with two children using child care.

- While both the Self-Sufficiency Standard and the official poverty measure assess income adequacy, the Standard differs from the official poverty measure in several important ways:
- the Standard explicitly incorporates the costs of working: transportation and child care;
- the Standard takes into account that many costs differ not only by family size and composition, but also by the age of the children;
- the Standard incorporates regional and local variations in costs;
- the Standard includes the net effect of taxes and tax credits;
- the Standard is based on the costs of each basic need considered separately.

  The report also includes an analysis of the ways in which low-income families may be able to close the gap between basic needs and income, including child support, subsidized health care coverage and various other public subsidies. The report shows that the receipt of child care assistance, food stamps, and Medicaid can reduce the hourly self-sufficiency wage requirement for a single parent family with two pre-school children living in Albany County from $16.38 an hour to $5.18. The report illustrates the dramatic impact that these and other public supports can have on the ability of families to meet basic needs**.**

The Self Sufficiency Standard for New York State is being distributed by the New York State Self-Sufficiency Steering Committee. It contains information about all counties in the state, including New York City. A companion report, *The Self-Sufficiency Standard for the City of New York*, is being released by the The Women's Center for Education and Career Advancement and Wider Opportunities for Women. For copies of the New York City report call (212) 964-8934. For further information on the findings and implications of the *Self-Sufficiency Standard for New York State* contact: