



The Self-Sufficiency Standard for Oklahoma: Executive Summary

An uncertain economy and major changes in welfare and workforce development policy have given new urgency to the question of self-sufficiency. 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? How does this amount vary among different family types and different places? What impact do work supports have on the wages families need to earn? To answer that question we have a new measure of income adequacy, the Self-Sufficiency Standard.

With the release of the *Self-Sufficiency Standard Report for Oklahoma*, for the first time we have county-specific data for each of Oklahoma's 77 counties on the actual costs of meeting families' basic needs. According to the federal poverty standard, a family of three anywhere in the mainland United States earning above \$15,020 is deemed to be "not poor". By contrast, the Self-Sufficiency Standard Report for Oklahoma reveals that a single-parent family living in Tulsa County with one pre-school and one school-age child requires \$33,234 to meet its basic needs – without public or private assistance or subsidies. For the state as a whole, the needs of a one-parent family with one pre-school and one school-age child ranges from a low of \$21,824 in Love County to a high of \$35,177 for Oklahoma County. The report also provides information about the way work supports, such as child care and housing assistance, lower costs so that families can make ends meet in the short-term while they gain skills and experience to advance to better-paying jobs.

The Self-Sufficiency Standard provides a measure that is customized to each family's circumstances, making it possible to determine if their incomes are adequate to meet their basic needs. The components of the Self-Sufficiency Standard for Oklahoma include the following basic costs: housing, child care, food, transportation, health care, miscellaneous (such as clothing, shoes, household items, telephone), and federal, state and local taxes. Tax credits for which low-income families are eligible are also considered in calculating the standard. The result is a measure set at a level that is neither luxurious—or even comfortable—nor so low that it is insufficient to adequately provide for a family.

Among the key findings of *The Self-Sufficiency Standard for Oklahoma* report are the following:

- Higher standards are typical of counties in the large metropolitan areas in and around Tulsa and Oklahoma City, due primarily to higher housing and child care costs.
- For families with children, housing and child care costs account for the major share of the budget. The proportions spent on each of these costs do not vary greatly from place to place across the state. In general, child care costs exceeded housing costs for families with two children. Health care and food make up the next largest expenses. The health care portion, however, was calculated assuming that a large portion of the health care premium is paid by the employer. If

there is no employer-based insurance, the health care costs may be even higher – and help account for the high rates of the uninsured.

- For most Oklahoma families, the income required for self-sufficiency greatly exceeds other common benchmarks of income. Using Cleveland County as an example, a single adult working full-time at the minimum wage would earn \$14,098 after adding tax credits. While this puts her just slightly below the federal poverty level, her income would be less than half the annual income needed to achieve self-sufficiency without subsidies or supports. The combination of welfare cash assistance and food stamps would amount to less than one-quarter of the self-sufficiency wage.
- In most Oklahoma counties, the self-sufficiency income is between 70% and 85% of median family income for families of the same size. The U.S. Department of Housing and Urban Development defines 80% of area median income as “low-income”. Unfortunately, we do not have precise enough data about income for all family types to know how many Oklahoma families fall above or below the Self-Sufficiency Standard.
- The Report spotlights the vital role that public and private supports play in narrowing the gap between actual income and self-sufficiency. Public supports such as Section 8 rental assistance, child care subsidies, food stamps, and public health insurance allow many families to satisfy basic needs on limited incomes. Taking the example of Rogers County, the Report illustrates how access to work supports lowers the wage needed to reach self-sufficiency. Without any assistance, a single parent in Rogers County with one infant and one pre-schooler needs to earn \$15.71 an hour or \$33,170 a year to cover all her family’s costs. However, with child care subsidies alone, her required hourly wage declines to \$11.98, and with Medicaid health insurance for herself and her children and some food stamps assistance, her Self-Sufficiency wage falls to \$9.08 an hour.
- While supports and subsidies provide vital assistance in managing expenditures, increasing earning potential must also be a policy priority in helping families move up the economic ladder. Training and education, access to nontraditional jobs, employment equity, and raising the minimum wage can all be vital components of a strategy that build off the successes of welfare reform in moving families off cash assistance into jobs that allow the promise of self-sufficiency. In addition, policies that promote and reward savings can help narrow the “wealth gap” that leaves too many families unable to move up the ladder.
- Finally, the Report outlines a range of possible uses for the Standard in Oklahoma in such areas as social welfare policy, workforce investment policy, career counseling, program evaluation and improvement, and public education and advocacy. The Self-Sufficiency Standard provides a realistic but ambitious target for policymakers, employers, advocates, and families to aspire to as we work to help lift working poor families towards income adequacy

The Self-Sufficiency Standard for Oklahoma was produced in partnership between Wider Opportunities for Women (WOW), Dr. Diana Pearce at the University of Washington, and the Community Action Project of Tulsa County (CAP). This work is part of the national Family Economic Self-Sufficiency project, convened by WOW, to provide state-level advocates and governments with tools to help them strengthen government investments in low-income families. **For more information, contact David Blatt of the Community Action Project at (918) 382-3228, dblatt@captc.org**