

# THE BASIC ECONOMIC SECURITY TABLES™

## FOR THE UNITED STATES

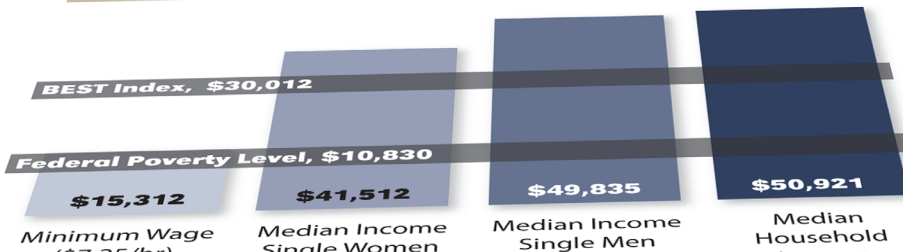
### HOW CLOSE ARE US WORKERS TO ECONOMIC SECURITY?

A well-defined standard of need such as the Basic Economic Security Tables can reveal gaps between typical incomes and economic security. These gaps suggest which workers are most likely to thrive and which live farthest from economic security. The distance typical workers find themselves from security incomes has great implications for all industries and economic sectors, at all levels of government and for all policy makers, policy advocates and social service providers. Workers able to both afford basic necessities and invest in themselves and their communities by saving are much more likely to enjoy lifelong economic security and begin a cycle of prosperity for future generations. Those who fall short of the Index are likely to remain vulnerable to future economic instability and pass that instability on to their children and tomorrow's workers.

#### Single Workers

As Figure 3 demonstrates, many single American workers without children earn incomes suggesting economic security. Median incomes for both single men and single women without children exceed the national single worker BEST Index (\$30,012). A typical single woman earns approximately \$11,500 more than her BEST Index;

Figure 3: US Basic Economic Security Tables for 1 Worker vs. US Benchmark Incomes, 2010



the typical single man earns approximately \$19,800 more than the BEST Index.

However, 50% of workers earn less than median income, and approximately 6% of US workers earn minimum wage or less.<sup>35</sup> The national BEST Index for a single worker without children is nearly twice the annual federal minimum wage (\$7.25 per hour; \$15,312 per year).

#### Single Workers Raising Children

Figure 4 demonstrates the challenges faced by a single parent raising a preschooler and a schoolchild. All BEST costs are higher for a parent than for a childless adult. Food costs are double, health care costs are nearly triple, and quality child care costed at BEST market rates will cost the parent more than \$1,000 per month. The national BEST Index for a single worker raising a preschooler and schoolchild (\$57,756) is 92% greater than the Index for a single worker without children (\$30,012). Yet, typical single parent incomes are much lower than the typical incomes of adults without children.

#### Single Women Raising Children

Single mothers in the US are disproportionately lower income, and struggle to attain the several components of security. In 2009, approximately one-half of US families living in poverty were headed by single mothers.<sup>36</sup>

Rising costs, rising unemployment and stagnant wages have all contributed to increasing gaps between incomes and economic security. The economic security gap suffered by single women raising children is further widened, however, by occupational segregation and caregiving. Nationwide, 49% of women work in services and low-level administrative positions, the largest employers of minimum and low-wage employees. In 2009, median annual women's wages in these occupations ranged from \$21,736 to \$31,304, well below BEST Indexes for single head-of-household families including even one child.<sup>37</sup>

Women in the US also suffer a wage gap. In the 2000s, women workers in the United States earned 77% of wages earned by men performing the same jobs.<sup>38</sup> Nationally in 2009, full-time women workers earned a median \$657 per week to full-time men's \$819 per week. African American and Hispanic women earned even less, \$582 per week and \$500 per week, respectively.<sup>39</sup> Additionally, women are more responsible for the care of children or ill, elderly family members, which often increases expenses and decreases earnings over a lifetime, and

A PROJECT OF WIDER OPPORTUNITIES FOR WOMEN'S FAMILY ECONOMIC SECURITY PROGRAM

2010



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**FOR  
THE UNITED STATES  
2010**

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The Basic Economic Security Tables (BEST) are tabulated by Wider Opportunities for Women (WOW) and the Center for Social Development (CSD) at Washington University in St. Louis as part of the national BEST Initiative led by WOW.

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### **Wider Opportunities for Women (WOW)**

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



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### **Center for Social Development, Washington University in St. Louis (CSD)**

The Center for Social Development conducts research that informs how individuals, families, and communities increase capacity, formulate and reach life goals, and contribute to the economy and society. The Center for Social Development's principal focus is on families and communities at the bottom of society. Major areas of work include Asset Building and Civic Engagement & Service.



### **School of Social Work—University at Buffalo, the State University of New York**

The University at Buffalo School of Social Work is a highly ranked, CSWE-accredited graduate school offering MSW and PhD degrees, as well as continuing professional education. The diverse community of scholars, educators, practitioners, and lifelong learners who make up UB's School of Social Work is unified by a vision of a better society achieved through the generation and transmission of knowledge, promotion of social justice, and service to humanity.

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Joan Kuriansky, Executive Director, and Donna Addkison, Family Economic Security Program Director at WOW, provide leadership and oversight for the Basic Economic Security Tables Initiative.

In addition to using the BEST Index, the BEST Initiative draws on the framework of the Self-Sufficiency Standard, developed in partnership with Dr. Diana Pearce at the University of Washington, and the WOW-GI Elder Economic Security Standard Index, developed in partnership with the Gerontology Institute at the University of Massachusetts Boston.

*The Basic Economic Security Tables for The United States* is funded by the Ford Foundation ([www.fordfoundation.org/](http://www.fordfoundation.org/)) and the W.K. Kellogg Foundation ([www.wkkf.org](http://www.wkkf.org)).



# INTRODUCTION

The Basic Economic Security Tables™ Index (BEST) is a measure of the basic needs and assets workers require for economic security throughout a lifetime and across generations.

The BEST follows on a long history of research defining families' spending and income needs, but reflects a modern economy and contemporary understanding of how families achieve financial stability. The BEST addresses the several pieces of the larger basic economic security picture—basic needs, savings and employment-based benefits—and allows a broad and complete view of worker needs and families' prospects for achieving the economic security so critical to their futures and to their communities.

BEST values have been calculated for the United States to assist policymakers, researchers, advocates and media who assess the status of the nation's workers, the needs of America's families, and the state of the nation—today and in coming years. The US BEST also serves as a benchmark for state and county BEST Indexes, and provides context for state and local policy discussions. BEST data increases awareness of the challenges faced by the typical American worker, and suggests the personal planning and policy

change that can help them overcome the obstacles to economic security.

The BEST improves on the descriptive power of earlier budget standards by presenting the specific needs of more than 400 family types—all possible 1- or 2-worker families with up to six children.<sup>1</sup> BEST values for adults are not age-specific, and are applicable to any independent working adult.<sup>2</sup>

To further improve understanding of worker expenses and income needs, the BEST calculates separate income requirements for workers with and without access to employment-based benefits. Receipt of benefits—namely employer-sponsored health insurance and employment-based retirement plans—can be critical to short- and long-term economic security, and can prevent workers from suffering marked declines in stability, or even impoverishment. The Index also distinguishes between workers who are and are not covered by unemployment insurance. Those without access to unemployment insurance require greater emergency savings to insulate them from instability, as they cannot count on unemployment insurance to replace lost income. By definition, “good jobs” provide access to each of these benefits; low-paying, part-time and temporary jobs commonly do not.

The BEST Index is a starting point for workers who want to achieve financial stability, and for the policymakers, advocates, researchers and service providers who help workers build security. BEST users improve lives by:

- Benchmarking wages, worker welfare and economic stability
  - Evaluating economic development and economic development opportunities
  - Identifying jobs and careers that provide the economic security wages that support stable communities
  - Evaluating education and training needs
  - Improving workers' and students' financial planning
  - Evaluating and improving the efficacy of publicly funded programs
- Helping those working on policy issues across the life course, from early childhood to aging, find common ground and a common language
  - Promoting the savings that creates essential short- and long-term asset building and economic stability
  - Identifying who is and is not participating fully in the economy
  - Changing the public's understanding of economic security
  - Creating far-sighted public policy

# FINDINGS

- The BEST provides income targets that define economic security incomes and help define good jobs.
- The BEST provides unique targets for savings which insulate families from poverty and contribute to long-term security.
- Because it contains all of the pieces of basic economic security, the BEST budget should be the context for a wide range of personal finance, workforce and policy discussions.

## Economic Security Expenses

- Families, the media and policymakers often focus their attention on volatile, rising expenses, such as food and fuel. While such expenses are important in day-to-day life, they are small parts of families' much larger economic security challenges. Expenses such as housing, transportation and child care receive less attention, but are much larger pieces of the economic security puzzle, and can be greatly influenced by policy.
- The largest expense for most BEST families is rent and utilities. Other large expenses include transportation, child care and taxes.
- Transportation is the largest or second largest expense for small or mid-size 2-worker families that maintain two cars.
- The high cost of quality child care is the greatest threat to many families' security, and in many places across the country, the cost of child care threatens a second parent's ability to work and increase family income. In most families with two or more young children, child care is the largest expense.
- A BEST family with two preschoolers pays \$1,280 per month for quality child care. Due to the high cost of child care, BEST income needs are nearly as high for a 1-worker family with two preschoolers as for a 1-worker family with five teenagers (who don't require care).
- For those families who are able to participate in employer-sponsored health insurance plans, health care expenses comprise 4-12% of economic security budgets. The average 2-adult, 2-child family which participates in an employer-sponsored health insurance plan pays a \$278 premium each month, and an additional \$177 out of pocket per month.

- The large majority of US employers still offer health insurance to their full-time workers. However, a large minority of all US workers, 46%, don't or can't participate in employer insurance plans. The average 2-adult, 2-child family which cannot or does not participate in an employer-sponsored health insurance plan pays \$224 more per month—\$2,687 per year—more than those who do participate in employer health plans.
- Tax credits are critical to many families, as they reduce large BEST families' taxes by nearly 50%. However, for BEST workers without children, tax credits only reduce tax burdens by 8-13%.

- Ultimately, each family with an income lower than the BEST Index decides which components are most important and how to allocate its spending, but the BEST suggests the trade-offs families face when incomes fall short of the BEST Index. Because the BEST is a conservative estimate of need, if families spend significantly less on an expense than the BEST suggests, they risk consuming at substandard levels or consuming goods and services (housing, food, child care, etc.) of substandard quality.

## Emergency Savings, Unemployment Insurance, and Retirement Savings

- To achieve intermediate- and long-term economic security, workers should save for emergencies and retirement, consistently and over long periods. Doing so makes the burden of saving manageable, allows families to save for several forms of stability, and promotes lifelong and intergenerational economic security.
- The smallest economic security needs are emergency and retirement savings. Retirement savings constitutes less than 3% of BEST budgets. Emergency savings constitutes 3-4% of most BEST budgets.
- Emergency and retirement savings are an economic security budget's "low-hanging fruit," family and community stability that can be obtained through livable incomes, access to employment-based benefits, and innovative policies which promote savings or reduce workers' basic expenses.
- A family of 1 worker and 2 children with access to unemployment insurance (UI) requires \$109-\$161 in BEST emergency savings per month.
- Approximately 18% of workers lack access to unemployment insurance (UI), which greatly increases

workers' emergency savings requirements. A BEST 1-worker, 3-person family without access to UI requires an additional \$79-\$89 more in monthly BEST emergency savings than the same family with access to unemployment benefits.

## Homeownership Savings

- Not all families require homeownership and (children's) college education savings to achieve economic security. Such savings can contribute to long-term and intergenerational economic security, however, when investments are careful and savers plan for the long term.
- Saving for a down payment can be a substantial burden for the average American family which employs a low-risk strategy to buy a home—for BEST families, 2-6% on top of a basic needs budget.
- Homeownership is more feasible for families which make relatively small down payments on homes, but those families increase investment risk. Low- and moderate-income families which participate in homeownership assistance programs reduce their down payments and greatly improve their chances of positive financial returns to homeownership.

## Retirement Savings

- According to the national WOW-GI Elder Economic Security Standard, on average, a fully-retired single elder who rents requires \$19,536 per year to cover basic expenses; an elder couple who rent require \$26,064.
- Average American workers who save \$73 per month consistently during their careers greatly increase their ability to age in their homes and enjoy basic economic security in retirement. If typical American couples save \$56 per month consistently during their careers, they greatly increase their ability to age in their homes and enjoy basic economic security in retirement.

## Economic Security and Benefits

- Employment-based benefits can make the difference for many workers. Receipt of employment-based benefits—health insurance, a 401(k) retirement plan and access to unemployment insurance—can decrease a family of four's economic security income requirement by \$1.23-\$2.65 per hour—more than \$5,000 per year.

## Economic Security, Jobs & Education

- Forty-seven percent of jobs created by 2018 will require at least some post-secondary education. Positions which do not require post-secondary education rarely pay economic security wages.
- An associate's degree can cost a working single parent twice as much if he or she must pay for extra child care and transportation to and from school. Some half-time community college students with children may pay average monthly college costs comparable to monthly health care and utility expenses.
- Through 2018, nearly one-third of growth in jobs not requiring a 4-year degree will be care-related (nurses, health aides, child care providers and others). Approximately one-third of these jobs, those of health care practitioners and technicians (e.g., nurses, x-ray technicians), will be well paying. The remaining two-thirds are currently low-paying jobs.
- A small majority of new jobs expected to be available to workers without 4-year degrees through 2018 will pay economic security wages for single workers without children. Approximately 43% of the new jobs will pay economic security wages for 2 workers raising a preschooler and a schoolchild. Fewer than 13% of these new jobs will provide economic security to a single parent raising two or more children.
- The economic security gap suffered by single women raising children is widened by occupational segregation. Nationwide, 49% of women work in services, sales and low-level administrative positions, the largest employers of minimum and low-wage employees. In 2009, median annual women's wages in these occupations ranged from \$21,736 to \$31,304, well below BEST Indexes for families including more than one child.
- The eight largest occupations among women are all traditional "women's jobs." Most pay low wages, and only 1 requires a bachelor's degree.
- The large number of workers and families who lack economic security incomes shows the need for federal, state and local policy to develop good jobs, promote post-secondary education and job training, promote increased supply of basic needs (such as rental housing and public transportation), and provide public assistance to families whose current financial instability threatens them with perpetual insecurity.

# WHAT IS A BASIC ECONOMIC SECURITY TABLE?

The core BEST Index contains basic budget items essential to all workers' health and safety: housing, utilities, food and essential personal and household items such as clothing, household products and a landline telephone. Because the BEST is an exploration of the minimum income families require to achieve security, it assumes that single heads of household and both adults in a 2-adult household work outside of the home; all BEST workers therefore incur transportation costs, and all parents with children must pay child care costs. Workers also pay federal, state and local taxes, net of tax credits, on the income needed to pay for their basic needs.

Basic needs are not enough to ensure financial stability. Workers who live below their family's BEST Index must ask themselves whether their incomes are enough to see them through the next emergency, such as a job loss or a health care crisis. What about next year, or their next stage of life? Will their incomes

allow them to develop the short- and long-term assets that defeat fear and insecurity? *The BEST includes assets in its definition of security to address workers' future needs, and to help move policy discussions from poverty and survival to stability.*

Emergency and retirement savings are critical to preventing corroded economic security, weakened families and impoverishment. Such saving is necessary for all workers over the course of a work life, and is therefore included in the core BEST Index. Education and homeownership savings, foundations of the American dream, are also included in the BEST. However, while education and homeownership can clearly improve a family's economic security—and some US residents currently reap the rewards of such investments—saving for a child's bachelor's degree and saving for a home purchase are options not essential to economic security, and whether or not home purchase leads to improved economic security is currently a subject of debate. As a result, education and homeownership savings are presented as addenda to the core BEST Index.

To demonstrate how the BEST is built, *The Basic Economic Security Tables™ Index for the United States* builds, below, the national BEST Index for a single worker with no children. For additional information on BEST expenses and savings and the BEST methodology, see *The Basic Economic Security Tables: United States Methodology and Supplemental Data*, available at [www.wowonline.org](http://www.wowonline.org).

## Housing and Utilities

Shelter and utilities are a worker's most basic needs, and often the most costly.

### Basic Economic Security Tables, 2010 (Workers with Employment-based Benefits)

#### United States

Monthly Expenses for: 1 Worker

Housing	\$688
Utilities	\$149

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

BEST housing expenses are adjusted US Department of Housing and Urban Development (HUD) Fair Market Rents (FMR). An FMR is the rent at the 40<sup>th</sup> percentile of the rent distribution within a city or county. According to HUD, the 40<sup>th</sup> percentile of rents allows a decent standard of shelter which is accessible to those with limited income, including federal rental subsidy program participants. The national value presented in

the tables is an average of all county FMRs for which utilities data is available, weighted by population.

Because rent and utility expenses have increased at different rates in recent years, they are displayed separately. FMRs are separated into rent and utilities values using expense ratios created by HUD during the annual FMR update process.

Rent expense is based on a home's number of bedrooms; the BEST assumes an adult worker does not share a bedroom with children, two adult workers share a bedroom and no more than two children share one bedroom.

## Food

The US Department of Agriculture's (USDA) Center for Nutrition Policy and Promotion (CNPP) produces four official food plans which price Americans' daily nutrition needs at the national level. The plans reflect current dietary recommendations, food consumption patterns and food prices.

BEST food costs are taken from the USDA Low-Cost Food Plan, which presents an age-specific, no-frills diet consisting entirely of foods prepared and eaten at home.

<b>Basic Economic Security Tables, 2010</b> (Workers with Employment-based Benefits)	
<b>United States</b>	
Monthly Expenses for: 1 Worker	
Housing	\$688
Utilities	\$149
Food	\$244

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

## Transportation

Public transportation systems in the nation's largest cities provide adequate transportation for millions of workers' commutes. Once one leaves major cities' limits, however, public transportation systems that allow working families to forgo car ownership are very rare. Fewer than 5% of the nation's commuters use public transportation to commute to work. Between 2000 and 2007, the number of households with 0, 1 or 2 cars decreased, while the number of households with 3 or more cars has increased.<sup>3</sup>

The public transportation systems of some large and mid-size cities, such as Boston, Chicago and Washington, DC, see more than 25% of their populations using public transportation. Other large and mid-size cities, particularly those who have not invested as much in public transportation, such as rail systems, see between 5% and 10% of their populations utilizing public transit. Boulder, Detroit, Houston, Miami and San Diego are examples of such cities.<sup>4</sup> Such systems are even less well suited for shopping or other trips, and do not relieve the need to own a car.

<b>Basic Economic Security Tables, 2010</b> (Workers with Employment-based Benefits)	
<b>United States</b>	
Monthly Expenses for: 1 Worker	
Housing	\$688
Utilities	\$149
Food	\$244
Transportation	\$495

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

As a result, BEST transportation expenses are calculated assuming ownership of a small sedan. The BEST further assumes that the majority of couples who are unable to rely completely on mass transit for commut-

ing, shopping, etc. will be unable to share a car to get to work. BEST families with two working adults therefore bear the cost of owning two cars.

Transportation costs for drivers include fuel, maintenance costs, insurance, finance charges (not down payment or purchase costs), license and registration fees and depreciation (the largest cost of car ownership).

Fuel, maintenance and depreciation expenses are based on the average number of miles driven by US residents. Miles driven by 1- and 2-parent families include trips to and from work, to purchase gasoline, to transport children to and from care, occasional medical visits and one shopping trip per week. Trips to and from school for students are included in calculations of education savings and adult education and training expenses.

Automobile insurance costs are the National Association of Insurance Commissioners' national average automobile insurance expenditures per car. NAIC assumes that automobiles carry liability insurance, but not necessarily collision and comprehensive insurance. Per-gallon fuel cost is the national average in December 2010.

## Child Care

Quality child care allows parents to work secure in the knowledge that their children are being well supervised and that their needs are being met throughout the workday or night.

<b>Basic Economic Security Tables, 2010</b> (Workers with Employment-based Benefits)	
<b>United States</b>	
Monthly Expenses for: 1 Worker	
Housing	\$688
Utilities	\$149
Food	\$244
Transportation	\$495
Child Care	\$0

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

BEST child care expenses are age-specific national weighted averages derived from the National Association of Child Care Resource and Referral Agency's (NACCRRA) annual survey of market rates. NACCRRA surveys their network of state partners. The report presents separate daily family child care (care provided in a private home) costs for infants (6 weeks to 18 months) and daily child care center rates for preschoolers (4 years old) and schoolchildren (5 years old and older).

## Personal and Household Items

Personal and household items are goods and services not enumerated in the BEST, but necessary for good health, safety, employment and a basic level of participation in the economy. Clothing, housekeeping supplies, personal care products, a landline telephone, minimal life insurance and bank fees are captured under this heading.

### Basic Economic Security Tables, 2010 (Workers with Employment-based Benefits)

#### United States

Monthly Expenses for: 1 Worker	
Housing	\$688
Utilities	\$149
Food	\$244
Transportation	\$495
Child Care	\$0
Personal & Household Items	\$291

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

BEST personal and household items expense is equal to 27% of a family's housing, utility and food expenses, based on renters' average expenditure data found in the US Bureau of Labor Statistics' Consumer Expenditure Survey, which records American consumers' annual spending patterns.

## Health Care

Rising health care costs have been a source of concern for many years, and lack of health insurance and sufficient care may be the greatest threat to a worker's security. BEST health care costs are health insurance premiums and out-of-pocket costs.

### Basic Economic Security Tables, 2010 (Workers with Employment-based Benefits)

#### United States

Monthly Expenses for: 1 Worker	
Housing	\$688
Utilities	\$149
Food	\$244
Transportation	\$495
Child Care	\$0
Personal & Household Items	\$291
Health Care	\$136

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

*Because approximately 46% of US private sector workers don't have access to or don't purchase health*

*insurance through their work, health care expense is calculated separately for workers with employer-sponsored insurance (ESI) and those with non-employer-sponsored insurance (NESI) purchased in the marketplace by individuals. Health care premiums for workers with ESI are national average premiums for individual, employee-plus-one or family coverage. Out-of-pocket expenses are average expenses by age group. Health care costs therefore reflect ages of household members and family size.*

## Employer-Sponsored Health Insurance

Employer-sponsored health insurance costs are obtained from the US Department of Health and Human Services 2009 Medical Expenditure Panel Survey (MEPS).

## Non-Employer-Sponsored Health Insurance

Research suggests that having "catastrophic" health insurance—those least expensive plans defined by high deductibles, limited hospitalization coverage and a potential need to utilize Healthcare Savings Plans—causes consumers to forgo desirable or even necessary care. As a result, BEST NESI premiums are those for the least expensive plans which approximate typical ESI plans. US BEST NESI premium costs are average private insurance premiums reported in the 2006 MEPS. Health insurance premiums and out-of-pocket cost values are inflated using the US Department of Labor's Consumer Price Index.

See Appendix C for information on how the Patient Protection and Affordable Care Act of 2010, passed in March 2010, is expected to affect health care insurance and costs.

## Taxes and Tax Credits

All BEST families earn income and pay taxes. BEST families pay federal payroll and income taxes, state income taxes and state sales tax. Tax filers do not itemize deductions.

Federal payroll taxes and federal income taxes are calculated using federal personal income tax forms for each BEST family type. State and local income taxes are calculated using nationwide average personal income taxes as a percentage of the family income of non-elderly taxpayers.<sup>5</sup> State and local income taxes are net of tax credits. State sales tax is calculated on goods purchased by BEST families, based on nationwide average state sales tax rates weighted by state

tax revenues.<sup>6</sup> Federal tax credits calculated include the: (1) EITC; (2) child tax credit; (3) child and dependent care credit; and (4) Making Work Pay credit.<sup>7</sup>

**Basic Economic Security Tables, 2010**

(Workers with Employment-based Benefits)

**United States**

Monthly Expenses for: 1 Worker

Housing	\$688
Utilities	\$149
Food	\$244
Transportation	\$495
Child Care	\$0
Personal & Household Items	\$291
Health Care	\$136
Taxes	\$384
Tax Credits	-\$34

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

Families who cannot participate in employment-based retirement plans (e.g., pensions or 401(k) plans) save through traditional IRAs and contributions are tax deductible.

*While many BEST families require incomes that place them in the 25% federal tax bracket, deductions and credits greatly reduce effective tax rates. The BEST displays total pre-credit income taxes, federal payroll taxes and sales taxes on the "Taxes" line. All tax credits, refundable and non-refundable, are presented together on the "Tax Credits" line. Refundable credits, such as the Earned Income Tax Credit (EITC), which are paid to filers whose credits exceed taxes owed, are normally received as lump sums following the April 15 filing deadline; however, the BEST measure expresses these credits as monthly amounts.*

# HOW IS SAVINGS RELATED TO ECONOMIC SECURITY?

Meeting basic monthly living expenses alone leaves a family short of genuine financial stability. Workers must develop assets to attain both short-term and lifelong economic security. The BEST therefore suggests how much workers should save to reach modest asset development goals. At a minimum, workers seeking security need to save for emergencies throughout their lives, and need to save, preferably early and consistently, for retirement.

BEST savings estimates are conservative. While the BEST Index is innovative, workers build their assets and security in the simplest and least expensive manner available to savers.<sup>8</sup> Aside from relevant tax credits, they develop assets without assistance from public policies designed to promote savings. (This allows the Index to be used for any number of future public policy analyses.) BEST assets are:

- Emergency savings that allow families to weather a typical period of unemployment
- Retirement savings that will allow seniors to make ends meet and age in their communities
- Education savings that will allow families to finance community college and a bachelor's degree without incurring debt
- Homeownership savings which allow workers to purchase a modest home

To arrive at minimum savings requirements, the BEST assumes that workers begin to save early, while in their 20s, and save for long periods. Workers save consistently, every month. Because the BEST budget suggests a comprehensive pathway to lifelong economic security, each savings type is important and reserved for its specific purpose. Retirement savings, for example, is not drawn upon as emergency savings.

The BEST Index is a measure of what a family needs, not what American families currently have and owe. There is no debt included within the Index. It was cre-

ated as a deliberate exploration of the income levels and savings that would allow families to avoid being forced into debt, whether by instability within the greater economy or by deteriorating personal finances. The Index includes only the basic expenses and savings required for fundamental economic security; if a family is able to attain the Index, members do not need to borrow to achieve basic security unless they experience exceptional expenses, such as catastrophic health conditions or uncommonly long periods of unemployment, not already included directly or indirectly in BEST expenses and savings amounts.

While families must save over time, the BEST Index does not suggest a “normal” saving pattern over a family’s life course. It does, however, present essential savings targets based in part on typical experiences—the most common ages for retirement, college attendance and home purchase, for example.

## Emergency Savings

An emergency may take the form of a sudden income loss, such as unemployment or family break-up, or may be an unexpected increase in expenses, such as medical expenses or automotive repair. Emergency savings, savings in bank accounts or other liquid assets reserved for unforeseen economic losses, are critical economic resources for families who must meet their basic needs when their incomes are insufficient.

### Basic Economic Security Tables, 2010 (Workers with Employment-based Benefits)

#### United States

Monthly Expenses for: 1 Worker

Housing	\$688
Utilities	\$149
Food	\$244
Transportation	\$495
Child Care	\$0
Personal & Household Items	\$291
Health Care	\$136
Emergency Savings	\$75
Taxes	\$384
Tax Credits	-\$34

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

Hardships stemming from emergencies, such as evictions, utility shut-offs or hunger, inhibit children’s healthy development and have negative impacts on adults’ physical and mental health.<sup>9</sup> In addition to supporting basic, immediate needs, emergency savings can prevent families from sacrificing long-term development goals for short-term economic gains (e.g.,



dropping out of school to earn or using retirement account savings) and slowing their progress toward genuine economic security. Approximately 30% of US families did not have enough liquid assets for financial emergencies in 2007 (based on traditional measures of saving adequacy). The rate is even higher (68%) for families with incomes in the bottom 20%.<sup>10</sup>

BEST emergency savings is the amount of savings needed to meet basic needs during a “typical” period of unemployment, defined as the median term of unemployment, 8.9 weeks, during the most recent complete business cycle (2001-2007). A family must save enough to replace their current BEST income.

While families often conserve resources during periods of unemployment, the needs captured by the BEST are already limited to basic needs. Major lifestyle changes, such as moving, selling an auto or dropping health insurance, are dramatic, destabilizing and difficult to accomplish in the short-term. An economically secure family will be able to weather an emergency without financial instability. The BEST therefore assumes that families do not reduce their income needs during the period of unemployment.

### Monthly Emergency Savings with and without Unemployment Insurance

According to the US Department of Labor, 82% of the US workforce was covered by unemployment insurance (UI) during the 12 months between the third quarter of 2009 and the third quarter of 2010. However, during that same period, only 32% of unemployed workers received UI benefits under regular state unemployment programs; 65% received UI benefits under the emergency UI programs created by the Recovery Act.<sup>11</sup>

*Monthly emergency savings are therefore calculated separately for workers with and without unemployment insurance.* The difference is particularly relevant to low-income families, as UI replaces only a portion of monthly wages, and many low-wage and part-time workers are not eligible for UI. (UI access rules vary by state; see the **US Department of Labor** website for more information). Furthermore, low-income workers commonly have limited access to the credit market, and are more likely to turn to predatory lending to finance their spending during unemployment, which threatens their ability to maintain even a modest degree of economic security.<sup>12</sup>

Monthly emergency savings amounts for workers with access to UI are calculated in the same manner as amounts for those without UI, with the additional as-

sumption that 34% of needs during unemployment are financed by UI benefits; during the 12 months between the third quarter of 2009 and the third quarter in 2010, US workers with access to UI received, on average, 34% of their pre-unemployment wages in benefits (up to the national median maximum UI benefit of \$1,688 per month). A worker with access to unemployment insurance saves for the remaining 66% of BEST monthly expenses. Workers without access save to replace their entire pre-unemployment BEST monthly income.

During the current economic downturn, many American families have suffered long periods of unemployment. The median term of unemployment was 21.4 weeks in 2010, approximately twice the median unemployment term during the prior business cycle.<sup>13</sup> Even families who save scrupulously will have trouble avoiding exceptional declines in security when faced with such a crisis. The BEST, therefore, does not include the current incomplete business cycle in its calculations. However, additional emergency savings scenarios, such as those for workers facing exceptional periods of unemployment, can be found in *The Basic Economic Security Tables: United States Methodology and Supplemental Data*.

### Retirement Savings

Workers who save early and consistently are more likely to achieve economic security in retirement. Traditional sources of retirement income include Social Security, employer-sponsored retirement plans, such as pensions or 401(k) plans, and savings. Social Security income alone does not meet current basic financial needs among elders, and pension income is increasingly uncommon. These trends are likely to continue.

#### Basic Economic Security Tables, 2010 (Workers with Employment-based Benefits)

##### United States

Monthly Expenses for: 1 Worker	
Housing	\$688
Utilities	\$149
Food	\$244
Transportation	\$495
Child Care	\$0
Personal & Household Items	\$291
Health Care	\$136
Emergency Savings	\$75
Retirement Savings	\$73
Taxes	\$384
Tax Credits	-\$34
<b>Monthly Total</b>	<b>\$2,501</b>
<b>Annual Total</b>	<b>\$30,012</b>
<b>Hourly Wage</b>	<b>\$14.21</b>

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

Assets are therefore critical retirement resources. Income from retirement savings and annuities contributes only 18.5% of total income for today's elders.<sup>14</sup> It is estimated that 43% of the US households are not prepared financially for retirement (Munnell 2006).

BEST retirement savings is the amount of savings, less average Social Security benefits, that workers need at time of retirement to remain economically secure throughout an average retirement period.

## Developing a Retirement Saving Goal

*To establish a goal for workers' retirement income, the BEST uses the WOW-GI Elder Economic Security Standard™ Index (Elder Index). The Elder Index is a geographically-based measure of the income retirees 65 and older require to make ends meet and remain in their homes and communities.<sup>15</sup> The Elder Index, a budget standard similar to the BEST, is a conservative estimate of housing, food, transportation, health care and miscellaneous needs specific to seniors, and is estimated for the nation as a whole. Together, the BEST and Elder Index measure economic security needs across a lifetime. More information on the Elder Index is found in *The WOW-GI National Elder Economic Security Standard: A Methodology to Determine Economic Security for Elders*, found at [www.wowonline.org](http://www.wowonline.org).*

In assessing economic resources among retirees, the BEST assumes that elder households will have income from Social Security, but not from a pension plan. In 2010, only 20% of private industry workers had access to employment-based pension plans<sup>16</sup> and the number has been decreasing. In contrast, Social Security income is received by 91% of elders and is a critical income source among elder households.<sup>17</sup>

The national BEST assumes that elder households are renters. Like the Elder Index, the BEST assumes elders stay in their home communities and do not receive care in an institutional setting (e.g., nursing homes or assisted living facilities). The number of years spent in retirement is based on life expectancy.

Additional retirement savings scenarios, such as those of workers who begin saving later in their careers, and additional information on the Elder Index can be found in *The Basic Economic Security Tables: United States Methodology and Supplemental Data*.

## Monthly Retirement Savings with and without Employment-Based Retirement Benefits

The BEST assumes that workers with employment-

based retirement benefits save into a defined contribution plan, such as a 401(k) plan, and that their employers match the national average of 66.06 cents for every dollar the worker contributes.<sup>18</sup> Workers without employment-based retirement savings are assumed to save into Individual Retirement Accounts and receive income tax benefits for their retirement savings.

## Additional Asset Building Savings

### Education Savings

Among the opportunities assets may offer, education and homeownership stand out due to their long-term and multiple impacts on individuals and families. Education, especially college education, is a key to social and economic success in the current economy. A college degree or certification is a required credential for most well-paying jobs; in today's economy, a high school diploma is rarely sufficient for a "good job," and the earnings gap between those with and without college degrees is widening.<sup>19</sup> Because of the high cost of college, income alone is rarely sufficient to meet the burden of tuition and associated costs, so increasing numbers of potential students—recent high school graduates and independent working adults who need to return to school to pursue security wages—are unable to afford college and face the widening earnings gap.

Under the heading "Additional Asset Building Savings", the BEST includes the monthly savings amount needed to finance a child's post-secondary education without incurring debt. (The cost of post-secondary education for an independent adult at local community colleges is calculated separately, outside of the basic table, and can be found in the BEST Focus below on page 15).

Because the BEST investigates least costly options, it assumes that parents save consistently for 17 years prior to their children's post-secondary education and that the child attains his post-secondary degree in the most economical way: the child lives at home and attends community college for the first two years, and then transfers to a public (state or state-subsidized) university for a bachelor's degree. The BEST assumes that parents save into College Saving Plan (529 Plan) accounts because earnings in these accounts are tax-free.

The child attends educational institutions as a full-time student and finishes college with a bachelor's degree in four years. Full-time enrollment is assumed, since part-time attendance is a risk factor for dropping out of college.<sup>20</sup>

College costs consist of: (1) tuition and required fees; (2) books and supplies; (3) transportation; and (4)

room and board. Accordingly, college cost is calculated by summing these four items for four years of education. The US BEST Index uses national average college costs for public and public-supported 4-year universities and public community colleges.

In addition to parents' savings, financial aid and student earnings are important economic resources for financing college education.<sup>21</sup> The BEST takes grants into account, but does not include educational loans because young college graduates without educational loans are in a better position to pursue their careers and other long-term goals, including savings essential to economic security.<sup>22</sup>

**Basic Economic Security Tables, 2010**  
(Workers with Employment-based Benefits)

**United States**

Monthly Expenses for: 1 Worker	
Housing	\$688
Utilities	\$149
Food	\$244
Transportation	\$495
Child Care	\$0
Personal & Household Items	\$291
Health Care	\$136
Emergency Savings	\$75
Retirement Savings	\$73
Taxes	\$384
Tax Credits	-\$34
<b>Monthly Total</b>	<b>\$2,501</b>
<b>Annual Total</b>	<b>\$30,012</b>
<b>Hourly Wage</b>	<b>\$14.21</b>
Additional Asset Building Savings	
Children's Higher Education	\$0

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

College students' earnings are also substantial, as many of them work long hours, even during the school year. The typical full-time college student in the US works an average of more than 20 hours per week while enrolled and almost 40 hours per week during summer breaks.<sup>23</sup> Although student employment is a benefit in several respects, excessive work may defer academic achievement and increase the risk of dropping out of college.<sup>24</sup>

## Homeownership Savings

Homeownership improves families' well-being in multiple ways. As a symbol of the "American Dream," homeownership is likely to provide residential stability, enhance social capital and civic engagement and boost self-esteem, while offering material benefits such as asset accumulation through home equity. The quality of public schools and public services tends to be higher in areas with higher homeownership rates

than those consisting mainly of renters.<sup>25</sup> Empirical evidence shows a connection between homeownership and children's outcomes; children of homeowners are more likely to do better in terms of cognitive skills, academic performance, emotional development and formal educational attainment than children of renters.<sup>26</sup>

## Developing a Homeownership Savings Goal

Homeownership savings in the BEST Index is defined as the amount of savings needed for a US family to buy a home. *Because smaller down payments may result in lower, or even negative, returns on investments in homes, the BEST assumes that a worker obtains a standard 30-year loan and saves over a 10-year period for a down payment of 20% of the home price.* Workers also save 1.9% of the home purchase price for closing costs. To improve the likelihood that a worker's house will retain its value or appreciate, home prices are national lower quartile (25<sup>th</sup> percentile) home values. Home prices are adjusted by family size under the assumption that one or two adults need a 1-bedroom house and an additional bedroom is needed by two children. Use of the 25<sup>th</sup> percentile is consistent with the asset building literature, which suggests a lower quartile home price as a "starter" home.<sup>27</sup>

**Basic Economic Security Tables, 2010**  
(Workers with Employment-based Benefits)

**United States**

Monthly Expenses for: 1 Worker	
Housing	\$688
Utilities	\$149
Food	\$244
Transportation	\$495
Child Care	\$0
Personal & Household Items	\$291
Health Care	\$136
Emergency Savings	\$75
Retirement Savings	\$73
Taxes	\$384
Tax Credits	-\$34
<b>Monthly Total</b>	<b>\$2,501</b>
<b>Annual Total</b>	<b>\$30,012</b>
<b>Hourly Wage</b>	<b>\$14.21</b>
Additional Asset Building Savings	
Children's Higher Education	\$0
Homeownership	\$111

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

More information on homeownership and additional homeownership savings scenarios—such as for workers whose down payments are less than 20%, or for

workers who participate in homeownership assistance programs—can be found in *The Basic Economic Secu-*

*rity Tables: United States Methodology and Supplemental Data.*

Despite assets' potential benefits, there have been few public policies aimed at asset building among low- and moderate-income families. Traditional asset-building policies are mostly tax-based (e.g., tax exemptions or tax credits). Examples include tax exemptions on mortgage interest, retirement savings (e.g., Individual Retirement Accounts and 401(k) plans) and college education accounts (529 College Saving Plans). Under these policies, middle-income and high-income families are more likely to benefit than low-income families. At the same time, low-income families have been discouraged from accumulating assets by restrictive asset eligibility tests in most public assistance programs; these tests force low-income families to maintain a very low level of asset ownership to remain eligible for public benefits.<sup>28</sup>

The past decade has witnessed the emergence of new social policies that embrace asset building among low-income families. These new policies aim to move beyond traditional income maintenance goals and promote long-term economic security. Federal and state governments have relaxed asset eligibility rules in public assistance programs while supporting programs that offer Individual Development Accounts (IDAs), matched saving programs for low- to moderate-income families.<sup>29</sup> The new focus on assets suggests that including assets and savings components as both core and ancillary components of measures of income adequacy will increasingly become the norm in benchmarking true economic security.

## Table 1: Basic Economic Security Tables, 2010

(Workers with Employment-based Benefits)

### US, Selected Family Types

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

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

# BEST FOCUS

## ECONOMIC SECURITY BUDGET ALLOCATION

Figures 1 and 2 break down the spending of workers living on the edge of economic security. A typical single US worker's greatest expense is housing (rent and utilities). Other large expenses include transportation and taxes. As family size grows, housing and utility costs increase, but decrease as a proportion of total spending—all other expenses also increase, and a family incurs large child care expenses.

BEST child care costs exceed typical rents and become a family's greatest expense once a family includes two young children. As the number of children in a family increases, child care costs grow dramatically, and while other expenses also increase, care costs dominate family budgets.

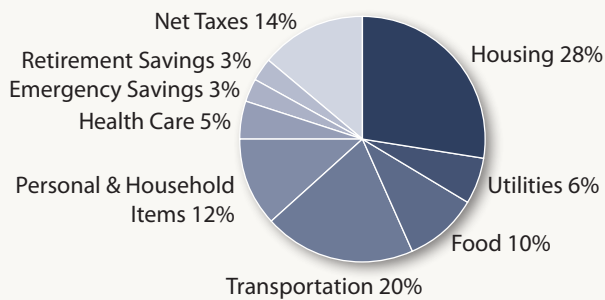
Figures 1 and 2 also speak to the impact of transportation costs, of workers' need to maintain cars for commuting, shopping and delivering children to child care. Although an owned automobile is an asset, maintaining an automobile that is leased or financed and consistently depreciating (depreciation accounts for approximately 40% of BEST automobile costs) is a sizeable liability, and one of a family's largest expenses, regardless of family size.

The smallest BEST expenses are emergency and retirement savings, and Figures 1 and 2 demonstrate the relative low

cost of intermediate- and long-term stability. Together, BEST retirement and emergency savings requirements comprise just 6% of the BEST budget for a single adult, and lower proportions for larger families. Such savings represents an economic security budget's "low-hanging fruit", family and community stability that can be purchased through livable incomes, reductions in other expenses, broadened access to employment-based benefits, and innovative policies promoting savings.

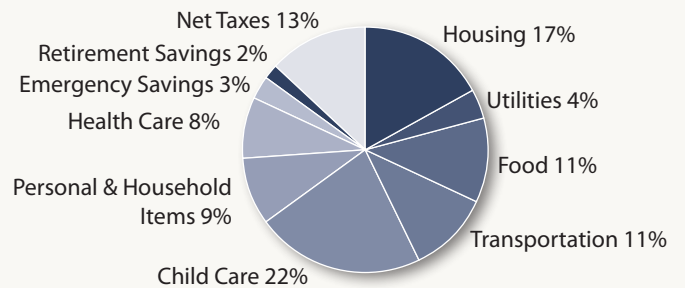
It should be noted that Figures 1 and 2 demonstrate only the relative sizes of BEST expenses. All BEST components are essential to security, regardless of their impact on a worker's budget. A family may spend slightly more or less on a specific expense than the BEST prescribes, but security will prove elusive if a family forgoes an expense. Similarly, because the BEST is a conservative estimate of need, if a family spends significantly less on an expense than the BEST suggests, then the family risks consuming at substandard levels or consuming goods and services (housing, food, child care, etc.) of substandard quality. Ultimately, each family with an income lower than the BEST Index decides which components are most important and how to allocate its spending, but Figures 1 and 2 suggest the trade-offs families face when incomes fall short of the BEST Index.

**Figure 1: US Basic Economic Security Tables Expenses for 1 Worker, 2010**



Note: BEST Index values are those for workers with benefits. "Benefits" include unemployment insurance and employment-based health insurance and retirement plans.

**Figure 2: US Basic Economic Security Tables Expenses for 1 Worker, 1 Preschooler and 1 Schoolchild, 2010**



Note: BEST Index values are those for workers with benefits. "Benefits" include unemployment insurance and employment-based health insurance and retirement plans.

## BEST FOCUS

# ADULT EDUCATION & TRAINING EXPENSES

Community college provides adults with opportunities to improve their long-term economic outcomes. Community college degrees and certificates are increasingly necessary credentials for careers that pay economic security wages, and commonly boost earnings by 20-30%.<sup>30</sup>

BEST adult education and training expense is an independent adult's cost of financing an education at a local community college—without incurring debt or depending on monetary gifts from friends or relatives. The cost of community college attendance consists of four components: (1) tuition and required fees; (2) books and supplies; (3) transportation to and from school; and (4) parents' additional child care costs.

The BEST assumes that adults attend community college with the goal of obtaining an associate's degree. The majority (68%) of delayed enrollees—returning students who do not start their college educations upon high school graduation—attend community colleges with the goal of earning a certificate or associate's degree.<sup>31</sup>

BEST workers who attend college work full-time while attending school half time. A large portion of community college students are returning students and adult learners, with 44% being older than 24, and many are independent adults with at least one child.<sup>32</sup> The majority of adult students 24 years old or older work full time and identify themselves primarily as workers, not as students.<sup>33</sup> Accordingly, an adult takes 15 credits a year to finish her community college education in four years.

Because both delaying post-secondary education to save and starting college at an older age are risk factors for dropping out,<sup>34</sup> and because the typical returning student is a working, part-time student, the BEST presents adult education expense figures as an expense, rather than as a savings requirement.

Economic resources available for adults' community college education include financial aid (grants, such as the federal Pell Grant) and tax benefits. Federal tax credits available to adult students who pay school-related expenses include the American Opportunity Credit and the Lifetime Learning Credit. The American Opportunity Credit modifies the existing Hope Credit under the American Recovery and Reinvestment Act (ARRA) for 2009 and 2010, raising income limits and the maximum amount of the credit.

However, access to assistance is limited for many community college students. The Lifetime Learning Credit is non-refundable, and therefore not helpful to independent low-income students who do not earn enough to pay federal income tax (but still pay universal Social Security and Medicare taxes), and the partly-refundable American Opportunity Credit is available only to students who carry at least a half-time course load.

Because a minority of workers pursue education and training at community colleges, the expense is presented as a separate supplement to the BEST tables. Table 3 breaks down average cost of an associate's degree earned in the US. While tuition and fees comprise the bulk of the cost for a student without children, an adult student who must pay additional transportation costs and pays BEST child care expense for one child will pay over 90% more for her education than students who do not pay for care. *The cost of attendance may triple for a single adult or couple who must pay for children's care while studying.* Increased incomes typically make community college degrees valuable over the long term; in the short-term, independent students will find themselves with an extra expense comparable to BEST health care expenses and much larger than monthly utilities expenses, emergency savings or retirement savings.

**Table 2: Basic Economic Security Tables, 2010**

US Average Community College Education Expenses for a Working Adult, 2010

	<b>1 Worker</b>	<b>1 Worker, 1 Infant</b>	<b>1 Worker, 1 Preschooler, 1 Schoolchild</b>
Tuition, Fees, Books and Supplies	\$1,378	\$1,378	\$1,378
Less Grants and Credits	-\$662	-\$662	-\$662
<b>Total Annual School Expense</b>	<b>\$716</b>	<b>\$716</b>	<b>\$716</b>
Extra Transportation & Child Care	\$192	\$1,024	\$1,918
<b>Total Annual Cost</b>	<b>\$908</b>	<b>\$1,740</b>	<b>\$2,634</b>
<b>Total Cost, 4 Years</b>	<b>\$3,631</b>	<b>\$6,960</b>	<b>\$10,535</b>

Note: Calculations are for single full-time workers who attend community college half-time and require paid care for their children.

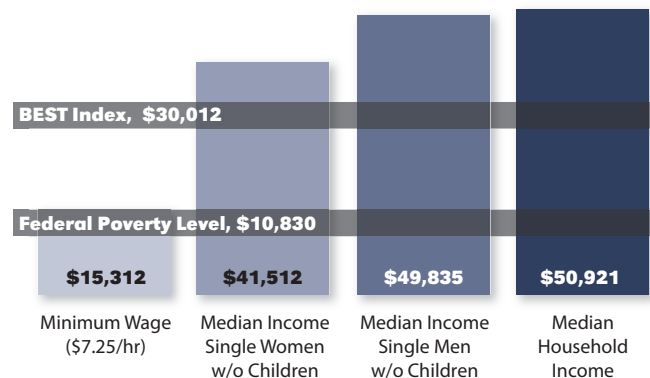
# HOW CLOSE ARE US WORKERS TO ECONOMIC SECURITY?

A well-defined standard of need such as the Basic Economic Security Tables can reveal gaps between typical incomes and economic security. These gaps suggest which workers are most likely to thrive and which live farthest from economic security. The distance typical workers find themselves from security incomes has great implications for all industries and economic sectors, at all levels of government and for all policymakers, policy advocates and social service providers. Workers able to both afford basic necessities and invest in themselves and their communities by saving are much more likely to enjoy lifelong economic security and begin a cycle of prosperity for future generations. *Those who fall short of the Index are likely to remain vulnerable to future economic instability and pass that instability on to their children and tomorrow's workers.*

## Single Workers

As Figure 3 demonstrates, many single American workers without children earn incomes suggesting economic security. Median incomes for both single men and single women without children exceed the national single worker BEST Index (\$30,012). A typical single woman earns approximately \$11,500 more than her BEST Index;

Figure 3: US Basic Economic Security Tables for 1 Worker vs. US Benchmark Incomes, 2010



Sources: US Census Bureau, 2009 American Community Survey; US Department of Health and Human Services, 2010 HHS Poverty Guidelines.

Note: Values inflated using the Consumer Price Index.

the typical single man earns approximately \$19,800 more than the BEST Index.

However, 50% of workers earn less than median income, and approximately 6% of US workers earn minimum wage or less.<sup>35</sup> *The national BEST Index for a single worker without children is nearly twice the annual federal minimum wage (\$7.25 per hour; \$15,312 per year).*

## Single Workers Raising Children

Figure 4 demonstrates the challenges faced by a single parent raising a preschooler and a schoolchild. All BEST costs are higher for a parent than for a childless adult: food costs are double, health care costs are nearly triple, and quality child care contracted at BEST market rates will cost the parent more than \$1,000 per month. *The national BEST Index for a single worker raising a preschooler and schoolchild (\$57,756) is 92% greater than the Index for a single worker without children (\$30,012).* Yet, typical single parent incomes are much lower than the typical incomes of adults without children.

## Single Women Raising Children

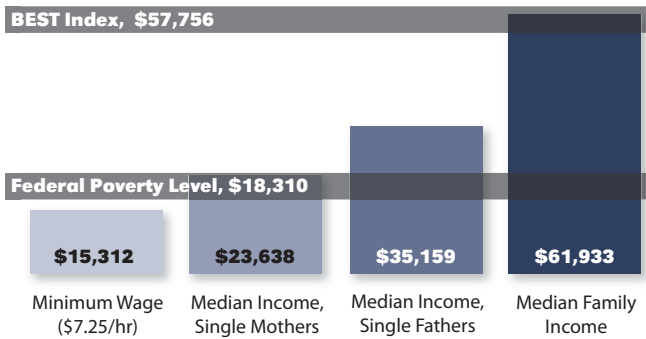
Single mothers in the US are disproportionately lower income, and struggle to attain the several components of security. In 2009, approximately one-half of US families living in poverty were headed by single mothers.<sup>36</sup>

Rising costs, rising unemployment and stagnant wages have all contributed to increasing gaps between incomes and economic security. The economic security gap suffered by single women raising children is further widened, however, by occupational segregation and caregiving. Nationwide, 49% of women work in services, sales and low-level administrative positions, the largest employers of minimum and low-wage employees. In 2009, median annual women's wages in these occupations ranged from \$21,736 to \$31,304, well below BEST Indexes for single head-of-household families including even one child.<sup>37</sup>

Women in the US also suffer a wage gap. In the mid-2000s, women workers in the United States earned just 77% of wages earned by men performing the same jobs.<sup>38</sup> Nationally in 2009, full-time women workers earned a median \$657 per week to full-time men workers' \$819 per week. African American and Latino women earned even less, \$582 per week and \$509 per week, respectively.<sup>39</sup> Additionally, women are more often responsible for the care of children or ill, disabled or elderly family members, which often increases their expenses, decreases earnings over a lifetime, and decreases or eliminates retirement income from savings, Social Security and pensions.



**Figure 4: US Basic Economic Security Tables for 1 Worker, 1 Preschooler and 1 Schoolchild vs. US Benchmark Incomes, 2010**

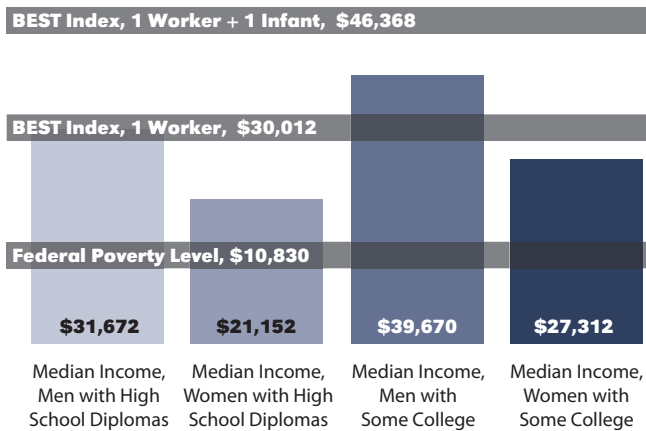


Sources: US Census Bureau, 2009 American Community Survey; US Department of Health and Human Services, 2010 HHS Poverty Guidelines.

Note: Values inflated using the Consumer Price Index.

Figure 5 demonstrates the gender wage gap for workers without a 4-year degree. Despite similar educational attainment, the median income for women with a high school diploma is approximately \$10,500 less than the median income for men with the same education—and nearly \$8,900 less than the BEST Index for a single worker. *The median income for women with some college, which includes women with an associate’s degree, is still \$2,700 short of the 1 Worker BEST Index and is approximately \$12,500 less than the median income for men with similar education.*

**Figure 5: US Basic Economic Security Tables Indexes vs. US Median Incomes by Gender and Education, 2010**



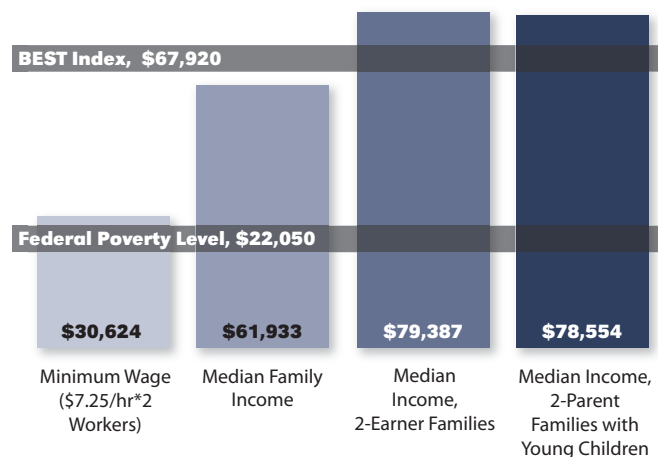
Sources: US Census Bureau, 2009 American Community Survey; US Department of Health and Human Services, 2010 HHS Poverty Guidelines.

Note: Values inflated using the Consumer Price Index.

## 2-Worker Families

An economically secure 2-worker family pays much more than a single worker for food, health care and transportation. However, because a second worker adds less to total BEST family expenses than he or she brings into the household, the typical 2-income family lives closer to economic security than the typical single-earner family. This is true even if the second worker earns the federal minimum wage, \$7.25 per hour. The national economic security Index for two adults with no children (\$42,504) is approximately \$12,500 higher than the BEST target for a childless single adult (\$30,012).

**Figure 6: US Basic Economic Security Tables Index for 2 Workers, 1 Preschooler and 1 Schoolchild vs. US Benchmark Incomes, 2010**



Sources: US Census Bureau, 2009 American Community Survey; US Department of Health and Human Services, 2010 HHS Poverty Guidelines.

Note: Values inflated using the Consumer Price Index.

*Workers in a 2-income household with children can achieve security with much lower wages than the security wages of a single parent. The economic security target for two adults with a preschooler and schoolchild (\$67,920) is only \$10,164 higher than the target for a single adult raising a preschooler and schoolchild (\$57,756).*

# DO JOBS IN THE US PROVIDE BEST INCOMES?

## The Labor Market for Workers without 4-Year Degrees

According to the US Bureau of Labor Statistics, the largest private industry sector was trade, transportation and utilities, which provided 23% of private sector jobs in 2010.<sup>40</sup> Education and health services was the second largest industry sector; professional and business services and leisure and hospitality followed. The largest occupation, across all industries, was office and administrative support, 17% of all American jobs, followed by sales and food preparation and serving. Average wages for these occupations range from \$10.04 to \$17.32 per hour.

Economists do not expect the nation's labor market to shift dramatically in coming years. As shown in Figure 7, job growth for those without 4-year degrees is expected to come largely from the health care industry, from service-related low-skill occupations, and from construction and professional and business services. In fact, *nearly one-third of growth in jobs not requiring a 4-year degree will be care-related (nurses, health aides, child care providers and others).*<sup>41</sup> Approximately one-third of these jobs, those of health care practitioners and technicians (e.g., nurses, x-ray technicians), will be well paying. The remaining two-thirds are currently low-paying jobs.

The occupations shown in Figure 7 represent 56% of projected job growth through 2018. Jobs that do not require a 4-year degree are expected to account for 68.3% of all job growth.

Many "new" jobs in coming years will actually be jobs lost in the recent recession. Some economists expect a return to pre-recession levels of employment in 2013; others don't expect a full labor market recovery until 2018. Meanwhile, the number of traditional manufacturing and materials handling positions, many of which have paid livable wages, will continue to slowly decrease.

## Available Wages vs. BEST Wages

Figure 8 compares some of the nation's faster growing occupations which do not require 4-year college degrees to selected US BEST incomes (for workers with

employment-based benefits) by family type. Through 2018, openings due to growth will be greatest among registered nurses, home health aides, customer service representatives and food preparation workers. Such occupations represent the diversity of wages the country will see in coming years if anticipated economic development trends are realized. Nationwide, registered nurses earned an average of \$31.99 per hour in 2009; home health aides earned just a third of that, \$10.39 per hour on average. Customer service representatives earned an average of \$15.58 per hour.<sup>42</sup>

For the single worker without children, many of the fast-growing jobs included in Figure 8 pay, *on average*, BEST wages. Many of the jobs also approach or pay economic security wages for a 4-person family supported by 2 workers. Few fast-growing occupations, however, pay wages that will allow economic security to single parents without 4-year degrees. Those that do often require higher levels of education and technology skills.

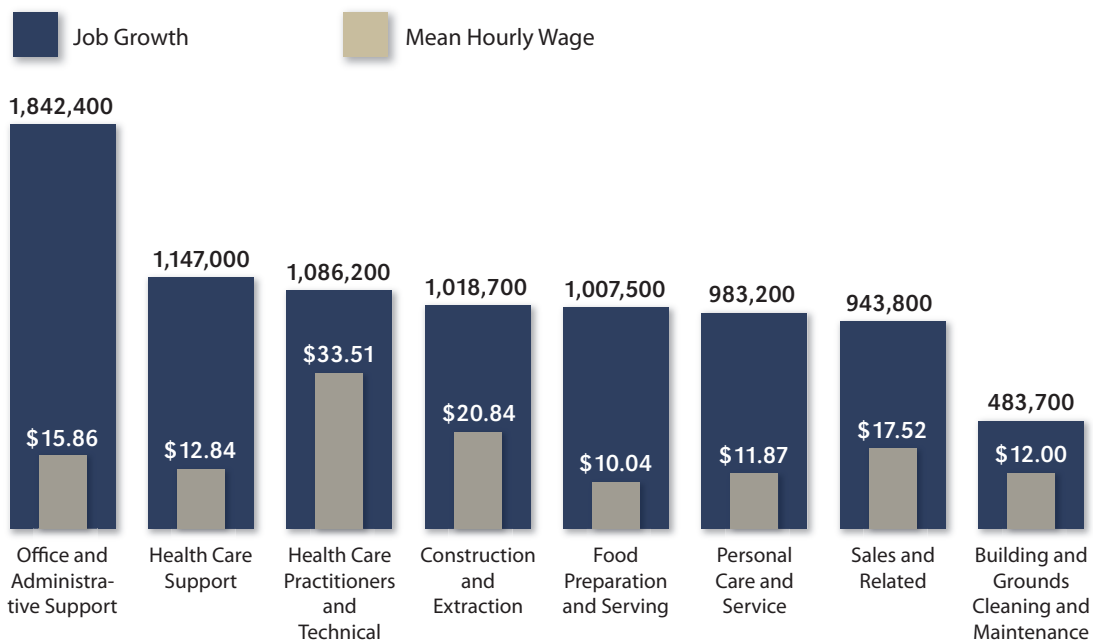
Figure 9 uses BEST incomes to evaluate the average wages of future jobs. A small majority of new jobs available to workers without 4-year degrees will pay economic security wages. *Approximately 43% of the new jobs will pay economic security wages for 2 workers raising a preschooler and a schoolchild. Fewer than 15% of these new jobs will provide economic security to a single parent raising two or more children.* The number of future jobs paying security wages will be even smaller if in the coming decade, as in the prior decade, prices of basic needs increase and wages stagnate.

When considering the adequacy of wages, it should be noted that the wages in Figure 7 are national average wages for workers of a wide variety of tenures, for both men and women, for workers in big cities and in rural areas. It should also be remembered that approximately 6% of American workers earn the federal minimum wage or less.

## Available Wages and Women

While the wage picture is not positive for the majority of workers, men or women, women as a whole will face pressing wage inadequacy. As noted above:

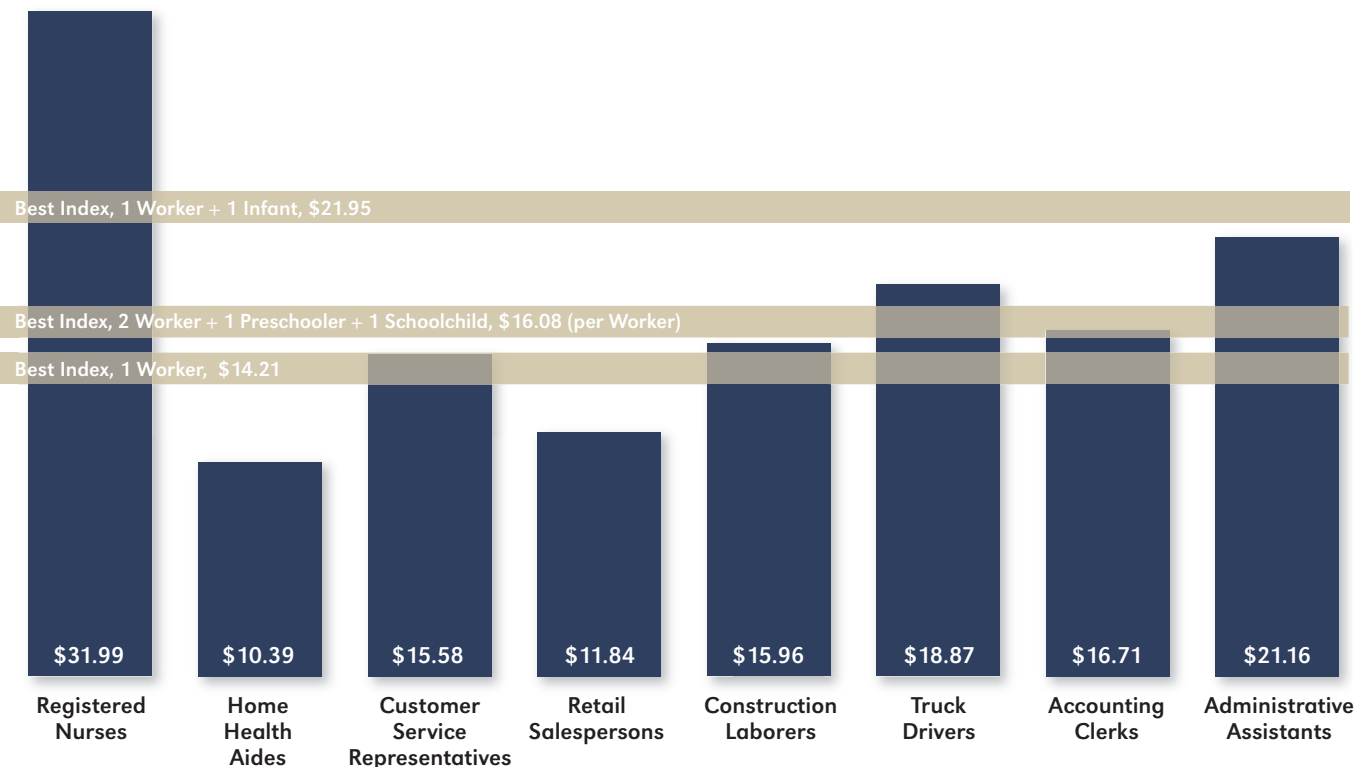
**Figure 7: Projected US Job Growth through 2018 and 2009 Average Wages for High Growth Occupations that Require Less Than a 4-Year Degree**



Source: US Bureau of Labor Statistics

Note: Occupations arranged by projected job growth for jobs requiring less than a four-year degree. Occupation categories shown represent 80% of projected job growth for workers without 4-year degrees.

**Figure 8: US Basic Economic Security Tables vs. 2009 Average Wages of Selected US Occupations with High Projected Annual Growth through 2018.**



Sources: US Department of Labor, Bureau of Labor Statistics

Note: Occupations arranged in order of total openings due to growth through 2018.

- Women without 4-year degrees typically earn less than men with similar education.
- Single women raising children typically face large economic security Indexes while earning low wages, and therefore
- The large majority of jobs to be created in coming years for low- and middle-wage workers will not pay economic security wages for single parents, who are predominantly women.

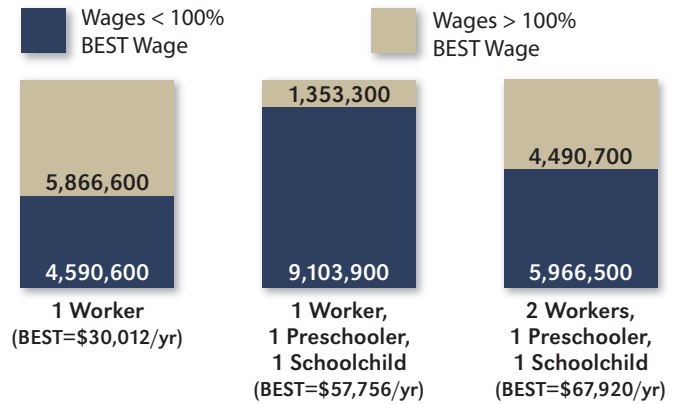
Figure 10 presents projected growth and wages for the eight largest occupations for all women. Only 1 of the jobs, school teacher, requires a bachelor's degree. Two of the jobs will provide an economic security wage for a single parent raising an infant or a 2-worker, 2-child household. Four jobs will allow stability to a single worker without children.

The occupations in Figure 10 are without exception traditional “women’s jobs,” and most allow traditionally low wages. The larger wages included still fall short of national median family income. Figure 10 also points to the wage gap between workers with and without post-secondary education.

### Education Requirements and BEST Wages

As noted above, once the economy regains its footing, growth in jobs for those without 4-year degrees will

Figure 9: Projected Number of New US Jobs, 2010-2018, Which Do Not Require a 4-Year Degree, by Family Type

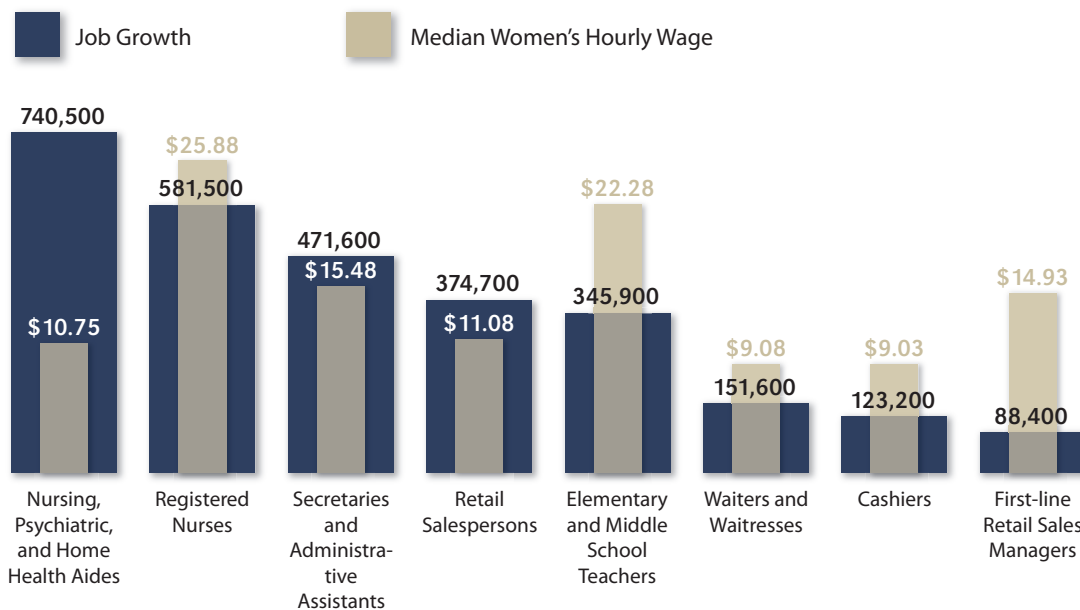


Source: US Bureau of Labor Statistics, Employment Projections Program

Note: Wages compared to BEST Indexes are 2009 average wages by occupation.

come mostly from business operations, caregiving and sales—fields largely inaccessible to workers without solid basic educations. According to the US Bureau of Labor Statistics, 47% of new jobs created by 2018 will require at least some post-secondary education. More than 15% will require vocational training or an associate’s degree, and an additional 5.3% will require long-term on-the-job training. Such positions will provide the best opportunities for the nation’s current low- and moderate-income workers to move toward or attain economic security.

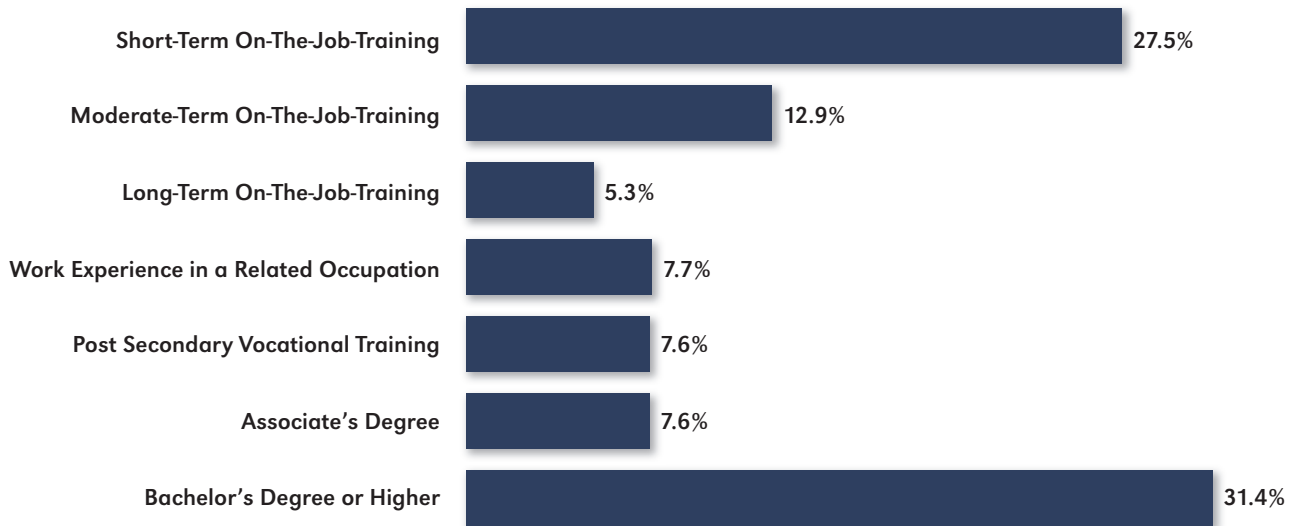
Figure 10: Projected Job Growth, 2010-2018, and Median Women’s Wages in 8 Largest Occupations Among Women in 2009



Source: US Bureau of Labor Statistics, Employment Projections Program

Note: Occupations arranged in order of total projected job growth through 2018.

Figure 11: Projected Job Growth in US through 2018, by Education Level



Source: US Department of Labor, Bureau of Labor Statistics

# ENDNOTES

<sup>1</sup> Children younger than 19 are divided into four age categories: infant, preschooler, schoolchild and teenager (with toddlers included in the infant category).

<sup>2</sup> Many BEST expenses are applicable to working adults 65 and older. However, such older adults are likely to participate in Medicare, and to receive Social Security, which contradict BEST health care and income assumptions. For information on the income needs of fully-retired elders, see Wider Opportunities for Women's Elder Economic Security Standard Index at [www.wowonline.org](http://www.wowonline.org).

<sup>3</sup> US Department of Transportation, "Data Products"

<sup>4</sup> Ibid.

<sup>5</sup> Davis, et. al., *Who Pays? A Distributional Analysis of the Tax Systems of All 50 States*

<sup>6</sup> Ibid.

<sup>7</sup> For the 2011 tax year, the Making Work Pay Credit will be "replaced" by a 'payroll tax holiday,' lowering the worker's contributions to FICA by 2%. This change will benefit lower-middle income and middle-income workers, but low-wage workers may see less of a tax cut than in previous years.

<sup>8</sup> Workers saving to buy a home save for a 20% down payment. While this is not the least expensive way to buy a home, smaller down payments increase risk of negative returns to the worker's investment. A 20% down payment is conservative in that it limits risk.

<sup>9</sup> Lerman and McKernan, "Benefits and Consequences of Holding Assets"

<sup>10</sup> Ratcliffe and Vinopal, *Families Prepared for Financial Emergencies*

<sup>11</sup> US Department of Labor, *Unemployment Insurance Data Summary*

<sup>12</sup> Sullivan, "Borrowing During Unemployment"

<sup>13</sup> US Bureau of Labor Statistics, "Table 31. Unemployed persons by age, sex, race, Hispanic or Latino ethnicity, marital status, and duration of unemployment"

<sup>14</sup> Social Security Administration, "Income of the Aged Chartbook"

<sup>15</sup> Russell et. al., *WOW-GI National Elder Economic Security Standard*

<sup>16</sup> US Bureau of Labor Statistics, "Table 2. Retirement benefits: Access, participation, and take-up rates"

<sup>17</sup> He, et. al., *65+ in the United States: 2005*

<sup>18</sup> Dworak-Fisher, "Employer generosity in employer-matched 401(k) plans"

<sup>19</sup> Acemoglu, "Technical Change, Inequality, Labor Market" Wilson, *New Urban Poor (1st ed.)*

<sup>20</sup> Kazis, *Community Colleges Low Income Populations* Wei and Horn, *Attainment of Beginning Students*

<sup>21</sup> How Families of Low and Middle-Income Undergraduates Pay for College: Full-Time Dependent Students in 1999-2000

<sup>22</sup> Nam, Huang, and Sherraden, "Asset Definitions"

Shapiro, *The Hidden Cost of Being African-American*

<sup>23</sup> How Families of Low and Middle-Income Undergraduates Pay for College: Full-Time Dependent Students in 1999-2000

<sup>24</sup> Bradburn and Carroll, *Short-Term Enrollment in Postsecondary Education*  
Wei and Horn, *Persistence and the Attainment of Beginning Students*

<sup>25</sup> Lerman and McKernan, "Benefits and Consequences of Holding Assets"  
Shapiro and Johnson, "Family Assets and School Access"

<sup>26</sup> Green and White, "Measuring the Benefits of Homeowning"  
Kane and Spizman, "Race, Financial Aid Awards and College Attendance"  
Lerman and McKernan, "Benefits and Consequences of Holding Assets"  
Zhan and Sherraden, "Assets, Expectations, and Children's Educational Achievement"

<sup>27</sup> Nam, Huang and Sherraden, "Asset Definitions"

<sup>28</sup> Nam, Ratcliffe and McKernan, "Effects of Asset Tests"  
Sherraden, "Asset-Building Policy and Programs"

<sup>29</sup> Nam, Ratcliffe and McKernan, "Effects of Asset Tests"  
Sherraden and Barr, "Institutions and Inclusion in Saving Policy"

<sup>30</sup> Kazis, *Community Colleges and Low Income Populations*

<sup>31</sup> Horn, Cataldi and Sikora, *Waiting to Attend College*

<sup>32</sup> Choy, *Nontraditional Undergraduates*

<sup>33</sup> Berker and Horn, *Work First, Study Second*  
Goan and Cunningham, *Differential Characteristics of 2-Year Postsecondary Institutions*

<sup>34</sup> Horn, Cataldi and Sikora, *Waiting to Attend College*  
Wei and Horn, *Persistence and the Attainment of Beginning Students*

<sup>35</sup> US Bureau of Labor Statistics, *Characteristics of Minimum Wage Workers*

<sup>36</sup> US Census Bureau, *Detailed Tables B17012*

<sup>37</sup> US Bureau of Labor Statistics, *Highlight of Women's Earnings 2008*  
US Bureau of Labor Statistics, "Table 2. Retirement benefits: Access, participation, and take-up rates"

<sup>38</sup> Hartmann, Sorokina and Williams, *The Best and Worst State Economies for Women*

<sup>39</sup> US Bureau of Labor Statistics, "Women in the Labor Force"

<sup>40</sup> US Bureau of Labor Statistics, "Labor Force Statistics from the Current Population Survey"

<sup>41</sup> US Bureau of Labor Statistics, "Occupational Employment and Job Openings"

<sup>42</sup> US Bureau of Labor Statistics, "May 2009 National Occupational Employment and Wage Estimates"

<sup>43</sup> The Commonwealth Fund, "What will happen under health reform"

<sup>44</sup> US Department of Health and Human Services, "Timeline: What's Changing and When"

<sup>45</sup> Levey, "Healthcare Overhaul Won't Stop Premium Increases"

<sup>46</sup> Grier, "Health Care Reform Bill 101"

<sup>47</sup> Congressional Budget Office, "HR 4872, Reconciliation Act of 2010"

<sup>48</sup> Families USA, *Worry Less, Spend Less*

<sup>49</sup> Buettgens, Garrett and Holahan, *America Under the Affordable Care Act*

<sup>50</sup> Kaiser Family Foundation, *Focus on Health Reform*

# APPENDIX A

## US BEST Data Sources

Expense/ Savings	Component	Data	Source
Housing	Rent	FY 2011 Fair Market Rents (40 <sup>th</sup> percentile rents)	US Department of Housing and Urban Development
	Utilities	FY 2011 Fair Market Rents: Ratio of utilities to total housing cost	US Department of Housing and Urban Development (unpublished)
Food	Food	Average US cost of a basic, healthful, low-cost food "basket" reflecting current USDA dietary guidelines	US Department of Agriculture <i>Official USDA Food Plans: Cost of Food at Home at Four Levels, US Average, December 2010</i> Low-Cost Food Plan
Transportation	Auto Costs	Average US costs, over five years, of depreciation, maintenance, finance charges and registration fees for a small sedan	American Automobile Association <i>Your Driving Costs (2010 Edition)</i>
	Gasoline	Average per-gallon cost of unleaded gasoline in the US	US Department of Energy <i>Retail Gasoline Historical Prices</i>
	Mileage	Average miles driven by car owners in the US	US Department of Transportation <i>National Housing Travel Survey</i>
	Auto Insurance	National average expenditure on auto insurance	National Association of Insurance Commissioners <i>"Auto Insurance: Average Expenditures for Auto Insurance by State 2007-2008"</i>
Child Care	Child Care Costs	Child care costs by age	National Association of Child Care Resource and Referral Agencies
Personal & Household Items	Personal & Household Items	Average US renters' personal and household item spending, as a percentage of housing, utilities and food expenses	US Bureau of Labor Statistics <i>Consumer Expenditure Survey</i>
Health Care	Employer-Sponsored Health Insurance Premiums	Average health insurance premiums for employees of private industries in the US, by family type	US Department of Health and Human Services Medical Expenditure Panel Survey <i>Table II: United States, Private Sector Data by Firm Size, 2009</i>



# US BEST Data Sources

Expense/ Savings	Component	Data	Source
	Non-Employer-Sponsored Health Insurance Premiums	Average health insurance premiums for non-group health insurance plans	US Department of Health and Human Services Medical Expenditure Panel Survey <i>Table 6. Health Insurance Coverage of the Civilian Noninstitutionalized Population: For the Privately Insured, Non-Elderly Population, Policies for Individual (Non-Group) Health Insurance, Total Number, and Mean, Median Premium Cost</i>
	Out-of-Pocket Medical Costs	Average out-of-pocket medical costs, by age group and US Census region	US Department of Health and Human Services Medical Expenditure Panel Survey <i>Table 1: Total Health Services-Median and Mean Expenses per Person With Expense and Distribution of Expenses by Source of Payment: United States: 2008</i>
Taxes and Tax Credits	Federal Taxes and Tax Credits	Federal tax rates and tax credits	Internal Revenue Services 2010 Individual Income Tax Return
	State and Local Income Taxes, Sales Taxes	Average net personal income and sales taxes as a percentage of income	Institute on Taxation and Economic Policy <i>Who Pays? A Distributional Analysis of the Tax Systems in All 50 States</i>
Emergency Savings	Unemployment Insurance Replacement Rates	Average unemployment insurance replacement rate in the US	US Department of Labor <i>Unemployment Insurance Data Summary</i>
	Unemployment Insurance Benefits	Maximum and minimum unemployment insurance benefits in the states	US Department of Labor <i>Comparison of State Unemployment Laws</i>
Retirement Savings	Retirement Income	National average annual retirement income single elders (65+) and elder couples need to meet basic needs and age in their own homes	<i>The WOW-GI National Elder Economic Security Standard: A Methodology to Determine Economic Security for Elders</i>
	401(k) Employer Match	Average US employer match for 401(k) plans	US Department of Labor <i>Monthly Labor Review</i>
	Social Security	Average Social Security benefits	US Social Security Administration <i>Annual Statistical Supplement to the Social Security Bulletin, 2009</i>
Education Savings	2-year College Tuition and Fees	Average annual cost of tuition and fees at a public 2-year in state college	US Department of Education National Center for Education Statistics <i>Digest of Education Statistics, 2009</i>
	4-year College Tuition and Fees, Room, Board	Average annual cost of tuition, fees and room and board at a public or public-subsidized 4-year university	US Department of Education National Center for Education Statistics <i>Digest of Education Statistics, 2009</i>
	Transportation and Books	Average annual US cost of transportation and books and supplies at a public or public-subsidized 4-year university	The College Board <i>Trends in College Pricing, 2010</i>
	Grants	Average grant amounts as a percentage of tuition for 2- and 4-year colleges	US Department of Education National Center for Education Statistics
Adult Education	2-year College Tuition and Fees	Average annual cost of tuition and fees at a public 2-year in state college	US Department of Education National Center for Education Statistics <i>Digest of Education Statistics, 2009</i>
Homeownership Savings	Home Prices	25 <sup>th</sup> percentile of home values in the US, adjusted for bedroom size	US Census Bureau American Community Survey
	Home Prices (Future)	Housing price change, 1991-2010	Federal Housing Finance Agency House Price Index (HPI)
	Closing Costs	Average closing costs in the US	Bankrate.com
Inflation	Inflated Values	Consumer Price Index—All Urban Consumers	US Bureau of Labor Statistics Consumer Price Index

# APPENDIX B

## Basic Economic Security Tables, 2010

### US, by Family Type and Receipt of Employment-Based Benefits

1 Worker		1 Worker, 1 Infant		1 Worker, 1 Preschooler, 1 Schoolchild		2 Workers, 1 Preschooler, 1 Schoolchild	
Workers with Employment- based Benefits	Workers without Employment- based Benefits	Workers with Employment- based Benefits	Workers without Employment- based Benefits	Workers with Employment- based Benefits	Workers without Employment- based Benefits	Workers with Employment- based Benefits	Workers without Employment- based Benefits
\$30,012	\$34,728	\$46,438	\$53,268	\$57,756	\$63,012	\$67,920	\$73,296

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

# APPENDIX C

## HEALTH CARE REFORM AND THE BEST

The Patient Protection and Affordable Care Act of 2010 was signed into law on March 24, 2010, and is expected to have a large impact on health care expenses in coming years. Beginning in September 2010: health insurance plans must offer free preventive care, which may lower out-of-pocket costs to workers;<sup>43</sup> parents can keep children covered under their health plans until age 26; those unable to find affordable private insurance can join federal and state Pre-Existing Condition Insurance Plans; insurance companies must offer beneficiaries free preventive care and must cover pre-existing conditions in children under 19.

### 2011

In 2011, state and federal government agencies will subject increases in premiums to heightened scrutiny and require a proportion of premium dollars established by law to be spent on patient care.<sup>44</sup> However, neither federal nor state governments will have the authority to forbid premium increases or hold increases to a predetermined rate, and premiums are expected to rise in the short term for both employees with health care benefits and those who buy insurance in the individual market.<sup>45</sup>

### 2014

Beginning in 2014, the federal government will provide premium subsidies to families who earn 133-400% of federal poverty guidelines (\$29,327 and \$88,200 for a family of four in 2010). Most families with one or two workers who earn BEST incomes in the US would qualify for at least a modest premium subsidy. Approximately 19 million US residents are expected to qualify for subsidies.<sup>46</sup>

Also in 2014, federal and state governments will launch health insurance “exchanges” that will allow buyers on the individual insurance market to negotiate premiums as groups. The Congressional Budget Office estimates that approximately 24 million uninsured and those who currently buy insurance on the individual market can benefit by participating in the insurance exchanges.<sup>47</sup> Out-of-pocket spending caps will limit participants’ spending on basic health. In 2011, nearly 15 million Americans are in families that will spend more out-of-pocket than the new spending caps.<sup>48</sup>

Together, subsidies, exchanges and spending caps will likely decrease the cost of health care for US families without employer-sponsored health insurance. However, plans on the exchanges will be required to meet minimum coverage standards, and participation in the exchanges will likely increase premiums for participants who would otherwise purchase minimal, “catastrophic coverage” typically characterized by relatively low premiums, high deductibles and limited coverage.

The individual insurance mandate will be phased in starting in 2014 and be fully implemented in 2016. The mandate requires that everyone carry health insurance coverage. Those individuals that do not have health insurance after the mandate is fully phased in will be subject to an extra tax—the greater of \$695 per year for an individual (\$2,085 for families) or 2.5% of income, not to exceed the national average applicable premium.<sup>49</sup>

Health care reform also includes a national, voluntary, public long-term care (LTC) insurance program that will

allow participating workers access to a public insurance system covering injury, chronic illness and disability. The program will allow workers to plan for potential long-term care needs and remain in their homes while receiving care, instead of receiving care in institutional settings such as nursing homes. The program will require enrollees to work for three years and pay into the system for five years before filing a claim. It will begin accepting workers' contributions in 2012.<sup>50</sup>

LTC insurance's effects on the income requirements for workers pursuing economic security is indirect, but LTC insurance is likely to be considered an economic security requirement in the not-too-distant future as the US continues to age, the cost of institutional care continues to increase, and family members are less available to provide informal care. BEST health care expenses do not account for long-term care costs.

# APPENDIX D

## **BASIC ECONOMIC SECURITY TABLES INDEX FOR THE UNITED STATES**

The BEST Index for all family types is available at

**[www.csd.wustl.edu](http://www.csd.wustl.edu)  
[www.wowonline.org](http://www.wowonline.org)**

### Basic Economic Security Tables, 2010

(Workers with Employment-based Benefits)

#### United States

Monthly Expenses for: 1 Worker

Housing	\$688
Utilities	\$149
Food	\$244
Transportation	\$495
Child Care	\$0
Personal & Household Items	\$291
Health Care	\$136
Emergency Savings	\$75
Retirement Savings	\$73
Taxes	\$384
Tax Credits	-\$34
<b>Monthly Total</b>	<b>\$2,501</b>
<b>Annual Total</b>	<b>\$30,012</b>
<b>Hourly Wage</b>	<b>\$14.21</b>

#### Additional Asset Building Savings

Children's Higher Education	\$0
Homeownership	\$111

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

### Basic Economic Security Tables, 2010

(Workers with Employment-based Benefits)

#### United States

Monthly Expenses for: 1 Worker, 1 Infant

Housing	\$821
Utilities	\$178
Food	\$351
Transportation	\$536
Child Care	\$610
Personal & Household Items	\$364
Health Care	\$267
Emergency Savings	\$116
Retirement Savings	\$73
Taxes	\$720
Tax Credits	-\$172
<b>Monthly Total</b>	<b>\$3,864</b>
<b>Annual Total</b>	<b>\$46,368</b>
<b>Hourly Wage</b>	<b>\$21.95</b>

#### Additional Asset Building Savings

Children's Higher Education	\$43
Homeownership	\$130

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

### Basic Economic Security Tables, 2010

(Workers with Employment-based Benefits)

#### United States

Monthly Expenses for: 1 Worker,  
1 Preschooler, 1 Schoolchild

Housing	\$821
Utilities	\$178
Food	\$529
Transportation	\$536
Child Care	\$1,080
Personal & Household Items	\$412
Health Care	\$384
Emergency Savings	\$152
Retirement Savings	\$73
Taxes	\$948
Tax Credits	-\$300
<b>Monthly Total</b>	<b>\$4,813</b>
<b>Annual Total</b>	<b>\$57,756</b>
<b>Hourly Wage</b>	<b>\$27.35</b>

#### Additional Asset Building Savings

Children's Higher Education	\$86
Homeownership	\$130

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

### Basic Economic Security Tables, 2010

(Workers with Employment-based Benefits)

#### United States

Monthly Expenses for: 1 Worker, 3 Teenagers

Housing	\$1,078
Utilities	\$231
Food	\$810
Transportation	\$536
Child Care	\$0
Personal & Household Items	\$572
Health Care	\$495
Emergency Savings	\$135
Retirement Savings	\$73
Taxes	\$805
Tax Credits	-\$284
<b>Monthly Total</b>	<b>\$4,451</b>
<b>Annual Total</b>	<b>\$53,412</b>
<b>Hourly Wage</b>	<b>\$25.29</b>

#### Additional Asset Building Savings

Children's Higher Education	\$129
Homeownership	\$186

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

**Basic Economic Security Tables, 2010**

(Workers with Employment-based Benefits)

**United States**

## Monthly Expenses for: 2 Workers

Housing	\$688
Utilities	\$149
Food	\$447
Transportation	\$977
Child Care	\$0
Personal & Household Items	\$346
Health Care	\$307
Emergency Savings	\$106
Retirement Savings	\$56
Taxes	\$533
Tax Credits	-\$67

<b>Monthly Total (per Worker)</b>	<b>\$1,771</b>
<b>Annual Total</b>	<b>\$42,504</b>
<b>Hourly Wage (per Worker)</b>	<b>\$10.06</b>

## Additional Asset Building Savings

Children's Higher Education	\$0
Homeownership	\$111

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

**Basic Economic Security Tables, 2010**

(Workers with Employment-based Benefits)

**United States**

## Monthly Expenses for: 2 Workers, 1 Infant

Housing	\$821
Utilities	\$178
Food	\$549
Transportation	\$1,019
Child Care	\$610
Personal & Household Items	\$417
Health Care	\$415
Emergency Savings	\$146
Retirement Savings	\$56
Taxes	\$848
Tax Credits	-\$200

<b>Monthly Total (per Worker)</b>	<b>\$2,430</b>
<b>Annual Total</b>	<b>\$58,308</b>
<b>Hourly Wage (per Worker)</b>	<b>\$13.80</b>

## Additional Asset Building Savings

Children's Higher Education	\$43
Homeownership	\$130

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

**Basic Economic Security Tables, 2010**

(Workers with Employment-based Benefits)

**United States**Monthly Expenses for: 2 Workers,  
1 Preschooler, 1 Schoolchild

Housing	\$821
Utilities	\$178
Food	\$707
Transportation	\$1,019
Child Care	\$1,080
Personal & Household Items	\$460
Health Care	\$443
Emergency Savings	\$170
Retirement Savings	\$56
Taxes	\$1,060
Tax Credits	-\$334

<b>Monthly Total (per Worker)</b>	<b>\$2,830</b>
<b>Annual Total</b>	<b>\$67,920</b>
<b>Hourly Wage (per Worker)</b>	<b>\$16.08</b>

## Additional Asset Building Savings

Children's Higher Education	\$86
Homeownership	\$130

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

**Basic Economic Security Tables, 2010**

(Workers with Employment-based Benefits)

**United States**

## Monthly Expenses for: 2 Workers, 3 Teenagers

Housing	\$1,078
Utilities	\$231
Food	\$963
Transportation	\$1,019
Child Care	\$0
Personal & Household Items	\$613
Health Care	\$555
Emergency Savings	\$158
Retirement Savings	\$56
Taxes	\$911
Tax Credits	-\$317

<b>Monthly Total (per Worker)</b>	<b>\$2,634</b>
<b>Annual Total</b>	<b>\$63,204</b>
<b>Hourly Wage (per Worker)</b>	<b>\$14.96</b>

## Additional Asset Building Savings

Children's Higher Education	\$129
Homeownership	\$186

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

### Basic Economic Security Tables, 2010

(Workers without Employment-based Benefits)

#### United States

Monthly Expenses for: 1 Worker

Housing	\$688
Utilities	\$149
Food	\$244
Transportation	\$495
Child Care	\$0
Personal & Household Items	\$291
Health Care	\$294
Emergency Savings	\$132
Retirement Savings	\$121
Taxes	\$514
Tax Credits	-\$34
<b>Monthly Total</b>	<b>\$2,894</b>
<b>Annual Total</b>	<b>\$34,728</b>
<b>Hourly Wage</b>	<b>\$16.44</b>

#### Additional Asset Building Savings

Children's Higher Education	\$0
Homeownership	\$111

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

### Basic Economic Security Tables, 2010

(Workers without Employment-based Benefits)

#### United States

Monthly Expenses for: 1 Worker, 1 Infant

Housing	\$821
Utilities	\$178
Food	\$351
Transportation	\$536
Child Care	\$610
Personal & Household Items	\$364
Health Care	\$579
Emergency Savings	\$203
Retirement Savings	\$121
Taxes	\$843
Tax Credits	-\$167
<b>Monthly Total</b>	<b>\$4,439</b>
<b>Annual Total</b>	<b>\$53,268</b>
<b>Hourly Wage</b>	<b>\$25.22</b>

#### Additional Asset Building Savings

Children's Higher Education	\$43
Homeownership	\$130

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

### Basic Economic Security Tables, 2010

(Workers without Employment-based Benefits)

#### United States

Monthly Expenses for: 1 Worker,  
1 Preschooler, 1 Schoolchild

Housing	\$821
Utilities	\$178
Food	\$529
Transportation	\$536
Child Care	\$1,080
Personal & Household Items	\$412
Health Care	\$608
Emergency Savings	\$240
Retirement Savings	\$121
Taxes	\$1,026
Tax Credits	-\$300
<b>Monthly Total</b>	<b>\$5,251</b>
<b>Annual Total</b>	<b>\$63,012</b>
<b>Hourly Wage</b>	<b>\$29.84</b>

#### Additional Asset Building Savings

Children's Higher Education	\$86
Homeownership	\$130

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

### Basic Economic Security Tables, 2010

(Workers without Employment-based Benefits)

#### United States

Monthly Expenses for: 1 Worker, 3 Teenagers

Housing	\$1,078
Utilities	\$231
Food	\$810
Transportation	\$536
Child Care	\$0
Personal & Household Items	\$572
Health Care	\$719
Emergency Savings	\$224
Retirement Savings	\$121
Taxes	\$898
Tax Credits	-\$284
<b>Monthly Total</b>	<b>\$4,905</b>
<b>Annual Total</b>	<b>\$58,860</b>
<b>Hourly Wage</b>	<b>\$27.87</b>

#### Additional Asset Building Savings

Children's Higher Education	\$129
Homeownership	\$186

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



### Basic Economic Security Tables, 2010

(Workers without Employment-based Benefits)

#### United States

Monthly Expenses for: 2 Workers

Housing	\$688
Utilities	\$149
Food	\$447
Transportation	\$977
Child Care	\$0
Personal & Household Items	\$346
Health Care	\$620
Emergency Savings	\$187
Retirement Savings	\$94
Taxes	\$652
Tax Credits	-\$67
<b>Monthly Total (per Worker)</b>	<b>\$2,047</b>
<b>Annual Total</b>	<b>\$49,116</b>
<b>Hourly Wage (per Worker)</b>	<b>\$11.63</b>
<b>Additional Asset Building Savings</b>	
Children's Higher Education	\$0
Homeownership	\$111

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

### Basic Economic Security Tables, 2010

(Workers without Employment-based Benefits)

#### United States

Monthly Expenses for: 2 Workers, 1 Infant

Housing	\$821
Utilities	\$178
Food	\$549
Transportation	\$1,019
Child Care	\$610
Personal & Household Items	\$417
Health Care	\$639
Emergency Savings	\$242
Retirement Savings	\$94
Taxes	\$933
Tax Credits	-\$200
<b>Monthly Total (per Worker)</b>	<b>\$2,651</b>
<b>Annual Total</b>	<b>\$63,624</b>
<b>Hourly Wage (per Worker)</b>	<b>\$15.06</b>
<b>Additional Asset Building Savings</b>	
Children's Higher Education	\$43
Homeownership	\$130

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

### Basic Economic Security Tables, 2010

(Workers without Employment-based Benefits)

#### United States

Monthly Expenses for: 2 Workers,  
1 Preschooler, 1 Schoolchild

Housing	\$821
Utilities	\$178
Food	\$707
Transportation	\$1,019
Child Care	\$1,080
Personal & Household Items	\$460
Health Care	\$667
Emergency Savings	\$279
Retirement Savings	\$94
Taxes	\$1,137
Tax Credits	-\$334
<b>Monthly Total (per Worker)</b>	<b>\$3,054</b>
<b>Annual Total</b>	<b>\$73,296</b>
<b>Hourly Wage (per Worker)</b>	<b>\$17.35</b>
<b>Additional Asset Building Savings</b>	
Children's Higher Education	\$86
Homeownership	\$130

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

### Basic Economic Security Tables, 2010

(Workers without Employment-based Benefits)

#### United States

Monthly Expenses for: 2 Workers, 3 Teenagers

Housing	\$1,078
Utilities	\$231
Food	\$963
Transportation	\$1,019
Child Care	\$0
Personal & Household Items	\$613
Health Care	\$779
Emergency Savings	\$261
Retirement Savings	\$94
Taxes	\$998
Tax Credits	-\$317
<b>Monthly Total (per Worker)</b>	<b>\$2,860</b>
<b>Annual Total</b>	<b>\$68,628</b>
<b>Hourly Wage (per Worker)</b>	<b>\$16.25</b>
<b>Additional Asset Building Savings</b>	
Children's Higher Education	\$129
Homeownership	\$186

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

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The Basic Economic Security Tables Index (BEST) is a measure of the basic needs and assets workers require for economic security throughout a lifetime and across generations. The BEST Index is a project of Wider Opportunities for Women's Family Economic Security Program.



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