Living Below the Line: Economic Insecurity and America's Families

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Wider Opportunities for Women (WOW) has promoted empowerment, equity and economic security across the lifespan since 1964. Through advocacy, research, training and technical assistance, WOW advances equal education and employment opportunities, non-traditional occupations for women, economic empowerment and secure retirement.

WOW's Family Economic Security Project and Elder Economic Security Initiative improve policy and programs by defining and advocating for economic security. WOW's economic security projects work in Washington, DC and with their partner networks to improve the lives of workers, families and seniors across the country.

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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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Since the onset of the Great Recession, the nation has been focused on a steady stream of mostly discouraging unemployment, poverty and housing foreclosure numbers. While this data is important, it tells us only about those suffering the most severe of financial crises. It does not help identify the millions within the United States who live above the poverty line and yet struggle to pay ever-increasing housing, food, health care and other expenses.

Wider Opportunities for Women (WOW) has compared working-age adults' earnings and household incomes to The Basic Economic Security Tables (BEST) for the United States, a measure of the basic needs and assets workers and their households require for economic security. *Living Below the Line: Economic Insecurity and America's Families* compares pre-tax incomes from 2007 through 2011 to BEST basic needs budgets for more than 400 family types,[1] and finds that approximately **45% of Americans live on incomes that fail to provide basic economic security**.[2] This report identifies who, specifically, within the United States is living below the BEST Indexes. It tells an important story about the contemporary value of work and the relationship between economic security and gender, race/ethnicity, family structure and education.

Key Findings

Forty-five percent of US residents live in households that lack economic security. Thirty-nine percent of all adults and 55% of all children live in households that lack economic security incomes.

Between 2007 and 2011, the overall economic insecurity rate rose from 38% to 45%. The rate increased most for White children and unmarried couples.

Among those employed in 2011, workers living above the BEST Index worked a collective average of 42 hours per week, compared to 37 hours per week for workers living below the BEST Index. One in four working-age adults who work full time has annual earnings below his or her family's economic security requirements.[3]

Women are more likely to lack economic security than men are. The security gap between single men and women without children is small, but it is substantial for single parents. Seventy percent of single mothers working full time do not earn economic security wages, compared to 45% of single fathers. Single working mothers of color are especially at risk: 77% of Black single mothers and 83% of Hispanic[4] single mothers who work full time do not earn economic security wages.

Sixty-one percent of Black households and 65% of Hispanic households have total incomes that do not allow economic security. Children of color are at particular risk: more than three-quarters of Black children and three-quarters of Hispanic children live in families that lack economic security incomes.

Many households with two full-time workers lack economic security. Two full-time workers increase a family's likelihood of economic security, but 26% of adults with children who work full time and have a partner working full time have household earnings below their economic security needs. Fifteen percent of White workers, 25% of Black workers and 36% of Hispanic workers live in two-full-time worker households with earnings below the economic security line.

Households with more education are less likely to lack economic security, but a large minority of those with degrees still lack security. Fifty-six percent of households headed by a high school graduate lack economic security incomes. Households headed by adults with a four-year degree are also at risk; just over one-fifth (22%) of homes headed by a college graduate lack economic security incomes.

Defining Economic Security: The BEST Index

Poverty rates and change in poverty rates are important indicators of how well Americans are faring, but they are only part of a larger story. Poverty rates tell us little about the circumstances or needs of the roughly 85% of the US population who live above the poverty level, many of whom live on the edge and are chronically at risk of financial crisis.

To properly measure how well families can or will make ends meet, it is necessary to construct a budget standard which defines and enumerates basic needs, and to demonstrate how much those basic needs cost at local market prices. It is then possible to compare resources to basic expenses.

The Basic Economic Security Tables™ (BEST) Index, developed by Wider Opportunities for Women and the **Center for Social Development at Washington University**, measures the income a wide variety of working families require to meet daily needs and save for emergencies and retirement. The BEST provides a common understanding of what it takes to make ends meet and truly escape the shadow of poverty.

Using data from government and industry sources, the BEST Index reflects the actual costs of basic goods and services American workers require to meet health, safety and work needs: housing (rent), utilities, food, health care (insurance premiums and out-of-pocket costs), transportation, child care and essential household items such as clothing, cleaning supplies and a telephone.

Meeting basic daily needs is not enough to ensure stability—in either the short or long term. The BEST includes two types of savings—emergency and retirement savings—that all families working to eliminate the threat of poverty cannot go without.[5]

The BEST does not include any of the non-essential items that sometimes seem commonplace but are increasingly unaffordable to many families—meals out, recreation, gifts, non-essential shopping, electronics, appliances, non-essential travel or vacations. The BEST also does not include many larger expenses associated with middle class status. Purchasing a home and sending a child to college, for instance, are traditional components of the American dream and upward mobility, but they are not necessary in every instance for health, safety and employment. As a result, they are included in the BEST as "additional asset savings" and are not part of the economic security incomes used in this analysis.

When used to benchmark incomes, the BEST can identify who lacks financial stability, track insecurity over time, and aid investigations into the short- and long-term effects of economic insecurity and of specific policies on local economies and those ignored by traditional measures.

To explore the BEST for the United States or your state, or income needs of workers *with or without* access to employment-based benefits, visit WOW's **Economic Security Database**.

Table 1: Basic Economic Security Tables, 2013

(Workers with Employment-based Benefits)

US, Selected Family Types

Monthly Expenses	1 Worker	2 Workers, 1 Preschooler, 1 Schoolchild
Housing	$642	$803
Utilities	$115	$144
Food	$264	$765
Transportation	$516	$1,068
Child Care	$0	$1,112
Personal & Household Items	$259	$435
Health Care	$161	$540
Emergency Savings	$76	$183
Retirement Savings	$87	$102
Taxes	$374	$1,087
Tax Credits	$0	-$267
Monthly Total (per Worker)	**$2,494**	**$2,986**
Annual Total	**$29,928**	**$71,664**
Hourly Wage (per Worker)	**$14.17**	**$16.97**
Additional Asset Building Savings		
Children's Higher Education	$0	$163
Homeownership	$112	$131

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

Economic Insecurity Is Pervasive

In 2011, 45% of Americans lacked the income necessary to achieve basic economic security. Thirty-nine percent of adults and over 55% of children were economically insecure.

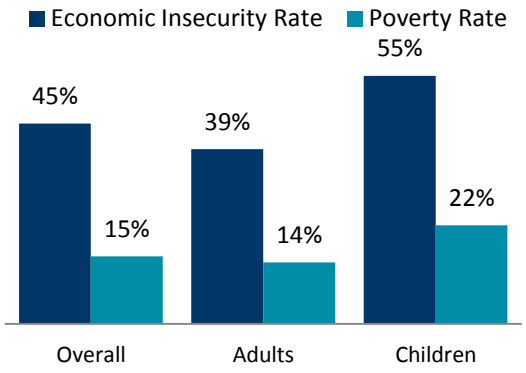
Instability is not surprising in a period of high rates of unemployment and part-time work and recovery led largely by growth in low-wage jobs. Economic insecurity is highest for those groups traditionally vulnerable to financial instability. However, insecurity also reaches deep into the ranks of the fully employed and the well-educated, suggesting traditional paths to security are often either unavailable or insufficient to stabilize families.

- One in ten households with two full-time workers lacks the earnings necessary for security.[6]
- One in five households headed by someone with a four-year degree is economically insecure.
- More than one in three women who work full time do not earn enough to be economically secure.

Figure 1 demonstrates the difference in poverty rates and economic security rates overall and for adults and children. **Economic insecurity rates are between two and a half and three times poverty rates.**

Financial crisis, stagnant wages and increasing costs have left nearly half of all Americans unable to maintain economic security incomes. This should prompt both policymakers and the public to question their concepts of the "middle class."

Figure 1: Economic Insecurity Rates vs. Poverty Rates, 2011



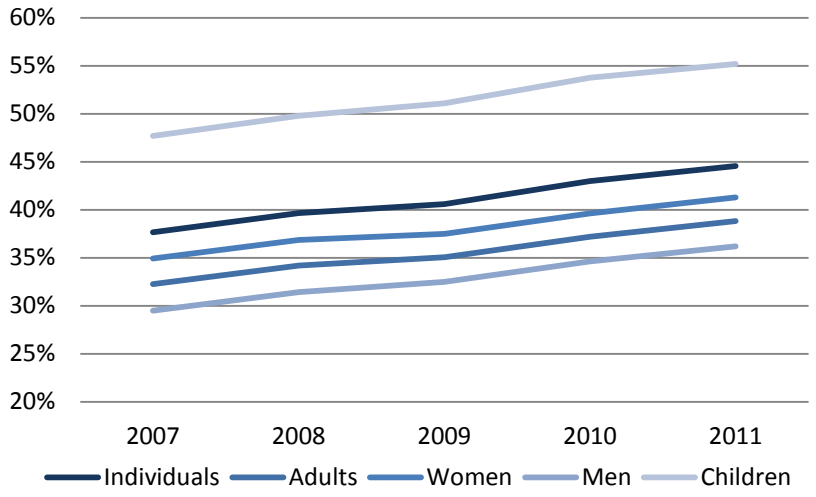
Source: Author's calculations; US Census Bureau

Economic Insecurity Has Risen Steadily Since 2007

The Great Recession had far-reaching impacts. Economic insecurity increased steadily for every major American demographic group between 2007 and 2011, rising from 38% to 45% overall. If the current plodding recovery does not do enough to reverse this trend, and insecurity continues to increase at the average rate over the period, half of all Americans could lack security incomes by the end of 2014.

As Figure 2 shows, a larger percentage of children than adults live in households that lack security incomes. Between 2007 and 2011, the economic insecurity rate for children rose by over 7 percentage points. White children saw a larger increase in economic insecurity, of 7.3 percentage points, than Black or Hispanic children, who suffered increases of 5.9 and 6.2 percentage points, respectively. This is in contrast to changes in poverty levels over the period for the same groups: White children saw the smallest rise in poverty at 2 percentage points, compared to a four point increase for Black children and a five point increase for Hispanic children.

Figure 2: Economic Insecurity Rates, 2007-2011

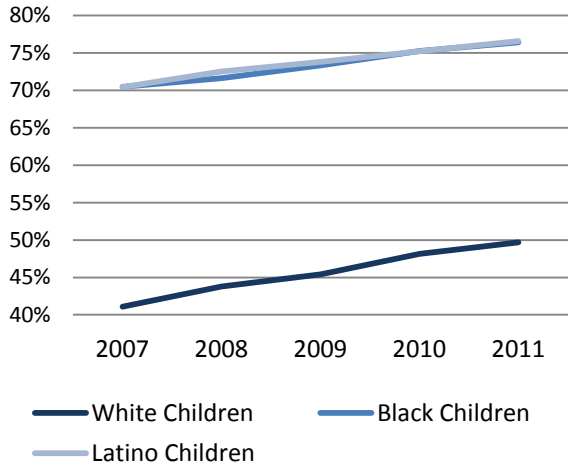


Source: Author's calculations; US Census Bureau, American Community Survey 2011 PUMS.

Married couples with children fared the best through the period, seeing their economic insecurity rate rise only 1 percentage point. Married couples without children, while maintaining an economic insecurity rate half that of married couples with children, saw a larger increase of 5.6 percentage points.

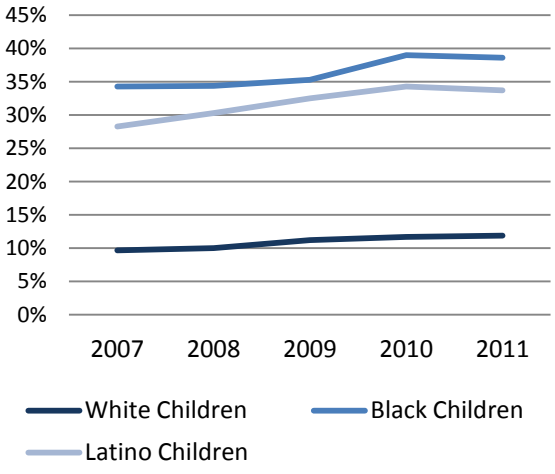
The drop in security has been larger for groups who historically have not been most threatened by poverty. Unmarried heterosexual partners saw the largest drops in security—more than 10 percentage points for those without children, and more than 9 percentage points for those with children. Single fathers also had a large drop in security of over 9 percentage points. That increase in insecurity was not matched in households headed by single mothers—but the rate of single mother-headed households living with economic insecurity is still 39% higher than the rate for single father households.

Figure 3: Economic Insecurity Rates for Children, by Race, 2007-2011



Source: Author's calculations; US Census Bureau, American Community Survey 2011 PUMS.

Figure 4: Poverty Rates for Children, by Race, 2007-2011



Source: US Census Bureau

Women Face an Economic Security Gender Gap

Women are more likely to live in economic insecurity than men are. More than four out of ten (41%) adult women live in households which lack economic security incomes, compared to 36% of men. This is in part attributable to the gap between men and women's earnings. In 2011, American women's median earnings were just 72% of men's median earnings—$29,132 versus $40,514.[7] In 2012, women who worked full time earned median wages only 82% of their male counterparts' wages.[8]

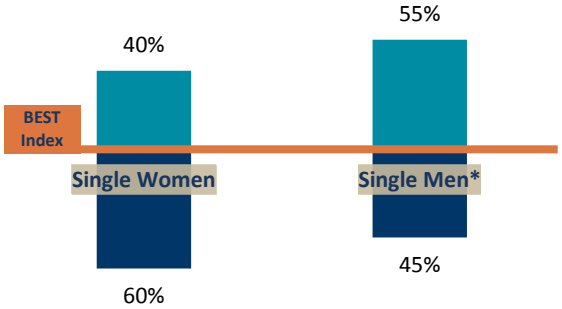
Gender and Race

As Figure 6 shows, the economic security gender gap varies by race. Black and Hispanic adults are more likely to be economically insecure than White adults, regardless of gender. The gap is smallest among single White adults—approximately 12 percentage points. Among Black single adults, the gap is slightly larger at 16 percentage points. The gap between Hispanic men and women, however, is notably larger at 21 percentage points.

Single Women

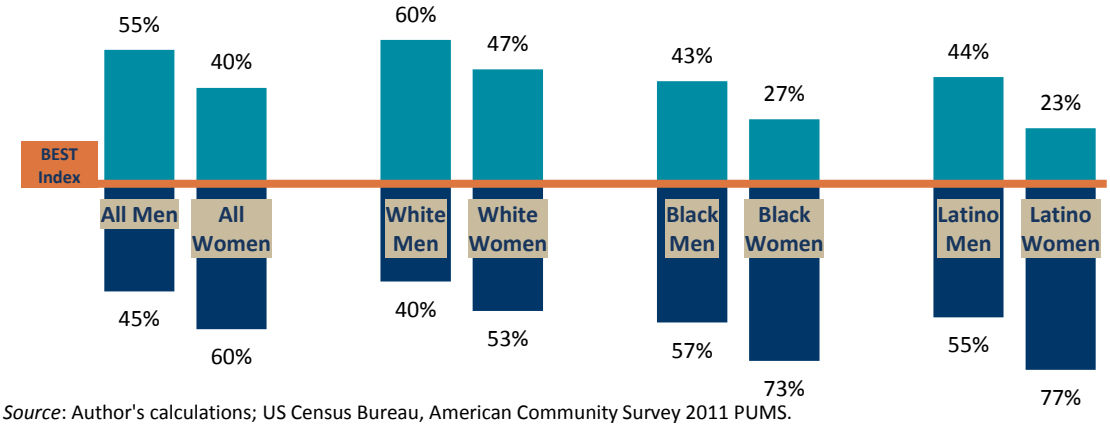
More than 60% of single women live in economic insecurity.[9] The difference between single, childless men and women is small, but much larger for single parents. Single women are more likely to be caretakers for children than are single men. Less than 10% of single men have children in their households compared to approximately 36% of single women. Black and Hispanic single women are more likely to be caretakers for minor children than their White counterparts; 48% of Black and 57% of Hispanic single women have children at home, compared to 28% of single White women.

Figure 5: Economic Security and Economic Insecurity Rates for Single Adults, 2011



Source: Author's calculations; US Census Bureau, American Community Survey 2011 PUMS.
Notes: "Single adults" are individuals ages 18-64 living in 1-adult households, with or without children.
*The calculation for single men is not significantly different than that for the general population.

Figure 6: Economic Security and Insecurity Rates, by Race/Ethnicity, 2011



Source: Author's calculations; US Census Bureau, American Community Survey 2011 PUMS.
Note: "Single adults" are individuals ages 18-64 living in 1-adult households, with and without children.

Married Women

While married women are more likely to have economic security than unmarried women, much of the stability is attained through a husband's earnings or other household income. Without these income sources, the vast majority (81%) of married women would lack the personal earnings needed to achieve economic security for their families. The loss of a male spouse's income due to job loss, divorce or death is, therefore, a severely disruptive event. While some women may be able to increase their earnings after the loss of a spouse's income, newly single women who have been out of the workforce or working part-time may face difficulty re-entering the full-time workforce and earning economic security wages. Many would face the same earnings challenges faced by the large majority of single mothers who currently lack economic security.

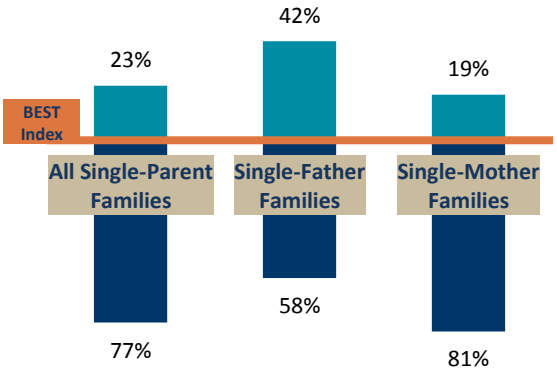
Economic Security Varies Greatly by Family Type

Female-Headed Families

More than 75% of single-parent households, regardless of employment status, lack total household incomes that enable families to build economic security. Female-headed households with children are especially vulnerable. Eighty-one percent of single mother households live below the BEST Indexes for their family types. Households headed by single custodial fathers are less likely to lack security; however, a majority, 58%, lives below the economic security line.

Families headed by women of color are even more at risk. The large majority (87%) of families headed by Black women lacks economic security incomes. Nearly 90% of families headed by single Hispanic women lack economic security.

Figure 7: Economic Security and Insecurity Rates for Single Parent Families, 2011



Source: Author's calculations; US Census Bureau, American Community Survey 2011 PUMS.

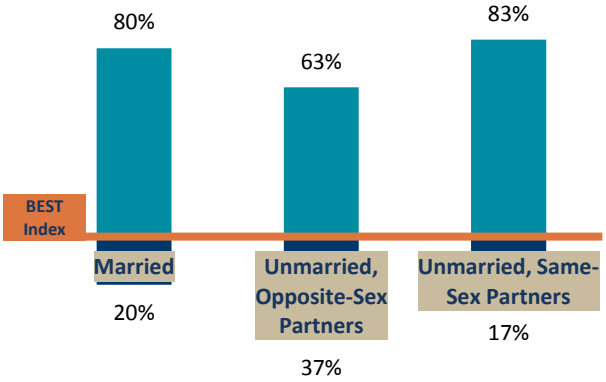
Two-Adult Families

Two-adult households are less likely to face economic insecurity than one-adult households. Married couple households are typically more economically secure than households headed by unmarried heterosexual partners. Married couples and unmarried, same-sex partner[10] households without children, however, have similar rates of economic security. This may be in part due to age, as married couples and same-sex partners tend to include older adults than unmarried, opposite-sex partners—and older working adults are more likely to be working and to have higher earnings than younger adults.

Households with Children

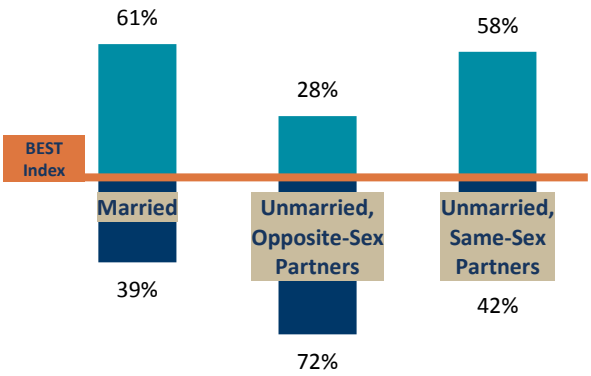
Households with children are more likely to lack economic security than those without children. Thirty-five percent of households without children lack security incomes, while 51% of households with children lack security incomes. The gap is largest between single-parent households; nearly half (46%) of one-adult households without children lack security incomes, while a full 77% of single-adult households with children lack security incomes. The gap is smallest among households with two adults, but it is still approximately 20 percentage points.

Figure 8: Economic Security and Insecurity Rates for Two-Adult Households without Children, 2011



Source: Author's calculations; US Census Bureau, American Community Survey 2011 PUMS.

Figure 9: Economic Security and Insecurity Rates for Two-Adult Households with Children, 2011



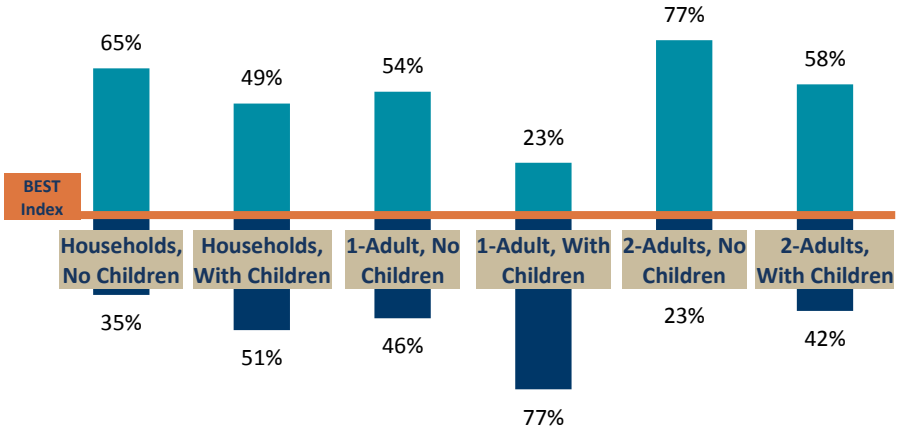
Source: Author's calculations; US Census Bureau, American Community Survey 2011 PUMS.

Research from the National Association of Child Care Resource and Referral Agencies (NACCRA) finds that in the majority of US states, average annual infant care costs exceed the cost of a typical four-year public college. Further, "center-based child care fees for two children (an infant and a four-year-old) exceeded annual median rent payments in all fifty states and the District of Columbia."[11]

Child care needs can interfere with the ability to work full time if reliable, affordable child care is not available, or if workplace flexibility is low. Workers who have faced unemployment may struggle to find and pay for child care in order to seek work or accept a job offer after savings have dwindled.

Child care alone can constitute more than 20% of a BEST budget for a working family with just two children. It is not possible to conclude, however, that children *cause* families to be economically insecure. Families who lack security incomes may be characterized by many other demographic and financial characteristics that affect their ability to achieve security, such as age or educational attainment.

Figure 10: Economic Security and Insecurity Rates, by Presence of Children, 2011



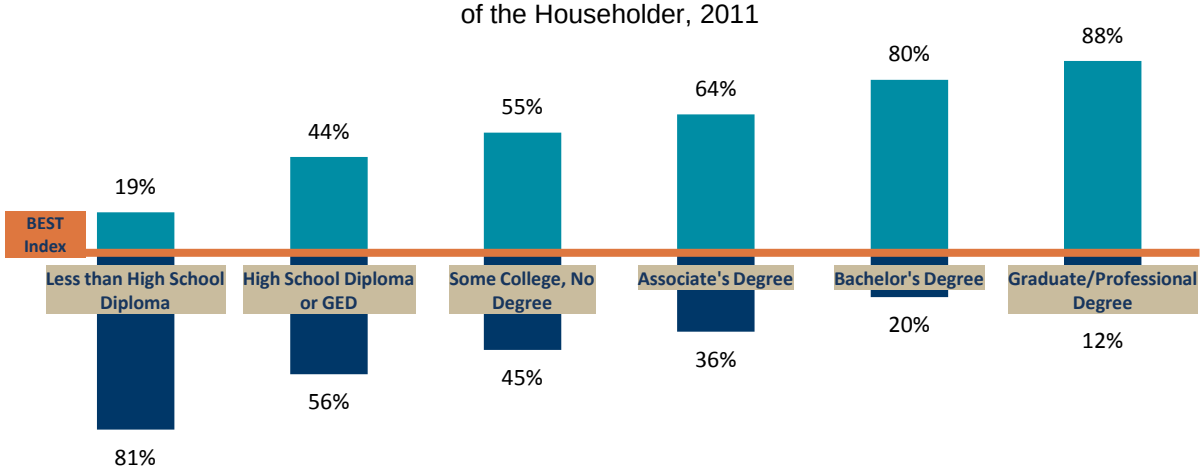
Source: Author's calculations; US Census Bureau, American Community Survey 2011 PUMS.

Less Educated Households Are More Likely to Lack Economic Security

As the educational attainment of a householder increases, so does the likelihood of the household's economic security. While 81% of households headed by someone who did not complete high school lack economic security incomes, that number falls to 56% for those with a high school diploma or GED and 36% for those with an associate's degree. Nevertheless, four-year and advanced degrees do not guarantee security. Twenty-two percent of households headed by an adult with a bachelor's degree lack economic security incomes, and 12% of households headed by individuals with graduate or professional degrees have household incomes below their families' BEST Indexes.[12]

The benefits of education are not equally distributed, though. The wage gap between men and women persists at all levels of education; even among adults with graduate or professional degrees, women earn just two-thirds of their male counterparts' earnings.[13] Further, almost 75% of households headed by Black or Hispanic high school graduates lack economic security, compared to just under half (49%) of homes headed by White high school graduates. Of heads of household with bachelor's degrees, 31% and 29% of Black- and Hispanic-headed families, respectively, have household incomes below the BEST Index. In comparison, less than 20% of White college-graduate-headed households lack security incomes.

Figure 11: Economic Security and Insecurity Rates, by Educational Attainment of the Householder, 2011



Source: Author's calculations; US Census Bureau, American Community Survey 2011 PUMS.
Note: Sample limited to households headed by an adult not currently attending school.

Jobs Are Necessary for Security, but Full-time Earnings Are Often Not Sufficient

In a weak economy and a time of high unemployment, it is tempting to simplistically attribute poverty and insecurity to a lack of jobs and earnings. However, worker wages have stagnated for the past decade, and fallen for many. Between 2002 and the onset of recession in late 2007, the wages of the typical high-school- and college-educated worker actually decreased.[14] Full-time work[15] failed to provide economic security for 24% of adult workers in 2011.[16]

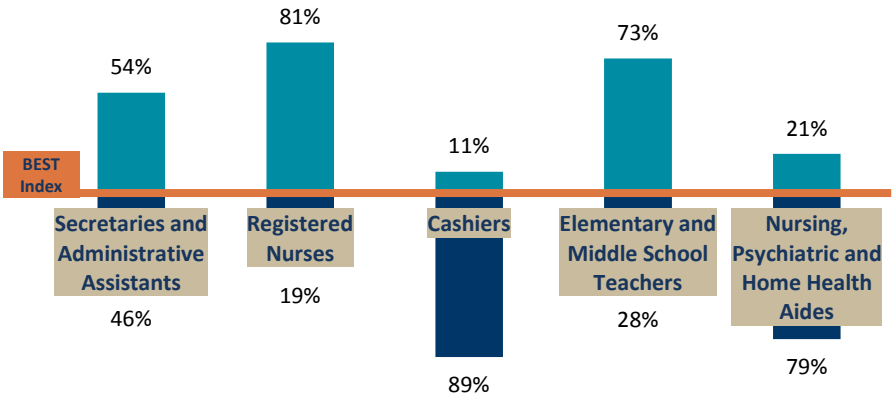
Thirty-one percent of women working full time have earnings below their families' BEST Indexes. Single mothers with children are especially likely to face economic insecurity, even with full-time work; over 70% had wages below the BEST Indexes for their family types.

Black and Hispanic adults working full time see smaller returns to their labor than the general population sees. Nearly four out of ten (38%) Black adults who work full time have earnings below their family's BEST Index; 45% of full-time Hispanic workers have earnings that fall short of economic security.

Hours Worked

Among those with jobs, workers living above *and* below the economic security line work full time on average. **Among those employed in 2011, workers living above the BEST Index worked a collective average of 42 hours per week, compared to 37 hours per week for workers living below the BEST Index**.[17] While the gap in quantity of work is small, the gap in wages is substantial. Workers living below the BEST Index earned median annual wages of just $17,310, versus $50,912 for workers living above the Index. Those lacking economic security incomes are also likely to lack employment-based benefits. In 2011, 63% of working-age adults and children living below the BEST did not have access to or participate in employer-sponsored health insurance and more than 22% of working-age adults and children living in households that lacked economic security incomes lacked health insurance of any type.

Figure 12: Economic Security and Insecurity Rates for Women, by Largest Occupations for Women, 2011



Source: Author's calculations; US Census Bureau, American Community Survey 2011 PUMS. US Bureau of Labor Statistics, Current Population Survey.

Jobs That Do Not Provide Security Incomes

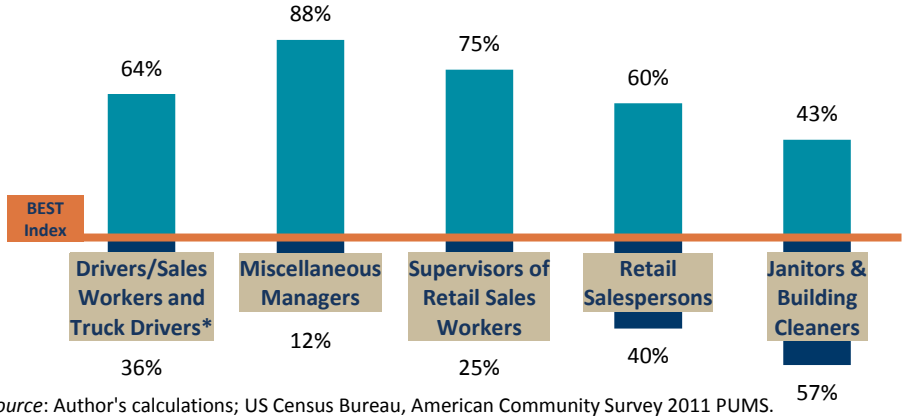
Figures 12 and 13 demonstrate the share of workers with and without economic security wages within the five largest occupations for women and men, as identified by the US Bureau of Labor Statistics.

Only one of the five largest occupations for women requires a bachelor's degree—elementary and middle school teachers. At 28%, the proportion of primary grade teachers who lack security incomes is well above the 20% average for all bachelor's degrees holders. The second largest occupation, registered nurses, is one of the more technical, higher paying and faster growing jobs that does not require a four-year degree; at 19%, the proportion of registered nurses who lack economic security is very similar to the proportion of bachelor's degrees holders who lack security.

None of the top five jobs for men requires a bachelor's degree, although many in management are degreed. Eighty-eight percent of male managers earn economic security incomes, exceeding the proportion for all bachelor's degree holders.

As shown in these figures, and in Figure 11 above, the prospects for achieving security in the current economy are not good for men or women without post-secondary education. The shares of male workers not earning security wages in three of the top five largest job categories exceeds 35%. This problem is much greater for women. The shares of women workers not earning security wages in three of the top five largest job categories well exceeds 40%, and is as high as 89%.

Figure 13: Economic Security and Insecurity Rates for Men, by Largest Occupations for Men, 2011



Source: Author's calculations; US Census Bureau, American Community Survey 2011 PUMS. US Bureau of Labor Statistics, Current Population Survey.
Notes: The calculation for men working as truck drivers is not significantly different than that for the general population.

Conclusion

To fully evaluate how well workers and families are able to make ends meet in today's economy, it is necessary to compare expenses to resources, to construct budget standards which define and enumerate basic needs and to demonstrate how the cost of those basic needs compares to incomes. Moreover, a realistic definition of what it takes to make ends meet and plan for the future can affect public attitudes toward alleviating need—and create demand for private, public and nonprofit sector responses to the needs and crises facing households. Once need is well-defined, it is possible to identify who in the country is and is not economically secure, and to offer a more complete story of the immediate- and long-term financial health and well-being of the nation and its families.

Living Below the Line demonstrates that workers and children may live above the poverty line but lack incomes required to cover basic expenses and save for retirement or emergencies. Forty-two percent of one- and two-adult households in the US must choose between basic needs such as decent housing, health insurance, reliable transportation and quality child care. While women, Black and Hispanic heads of household are more likely to lack security incomes, no single demographic factor is determinate. Family size, gender, race and education level, and other factors not considered in this brief all affect the likelihood that a family will live below the economic security line.

Economic insecurity is widespread in the country, affecting both families who are traditionally "at risk" and those once considered middle class. Many workers with degrees, dual-income couples, and families with only a single child are at serious risk of being unable to make ends meet. They and all other families lacking security incomes may be one illness, unforeseen expense or job loss away from personal and financial tragedy.

To be clear, the core BEST Index used in this analysis does not measure Americans' ability to achieve the many indicators of middle class status, such as purchasing a home or spending on vacations, recreation and non-essentials, providing post-secondary education for children, or creating and perpetuating a "middle class lifestyle" for children. While the BEST says little about the middle class, *Living Below the Line* does suggest fundamental financial weaknesses in the "middle" and problems with the very concept of a middle. That nearly 40% of the nation's adults and 45% of adults and their children lack basic economic security incomes suggests that the nation's economic middle is not very broad and may not, in fact, exist.

The BEST Index and *Living Below the Line* provide clearly defined terms and data which aid in discussion and investigations of income and basic needs. It is WOW's hope that others will join us in using BEST materials to:

- Understand what households currently living below and above federal poverty thresholds truly need to make ends meet, not fear poverty, and handle expected and unexpected events
- Assess families and workers' abilities to create stable communities through their participation in local economies
- Alleviate the immediate effects of economic insecurity on individuals, families, local economies and the nation as a whole
- Inspire and help families to improve their own circumstances
- Institute policies that move workers and families toward lifelong and intergenerational economic security

Methodology Notes

This analysis compares updated annual incomes required for basic economic security as defined in ***The Basic Economic Security Tables (BEST) for the United States***, to 1-year American Community Survey PUMS data sets for 2007 through 2011. The study sample includes those living in US households composed of family types included in the BEST Index—one or two adults and between zero and six children.

"Adults" are defined as between 19 and 64 years of age. Children are divided into four age categories: infant (age 0-2), preschooler (age 3-5), schoolchild (age 6-12) and teenager (age 13-18). Eighteen year olds are "adults" if they are either in a married or unmarried partnership or if there are no over-18 adults in the household and the 18-year old(s) is/are not attending high school.

Households that include seniors (over age 64) are excluded from the demographic analysis due to BEST assumptions that all adults in a household work, incur work-related expenses, and pay for private market health insurance. WOW publishes a separate **Elder Economic Security Standard Index**, in partnership with the **Gerontology Institute at the University of Massachusetts, Boston**, to measure economic security needs specific to fully retired seniors.

Households included in the study sample are limited to "family" units—individuals whose relationships suggest economic interdependence and resource sharing. In a two-adult household, adults are partners (either married or unmarried). In households with children, the children are biological or adopted children, stepchildren, siblings, grandchildren, other relatives, foster children, or other nonrelatives.[18]

The study sample represents a slightly higher-income segment of households than the general population. Individuals and families coping with economic hardship are likely to adjust their living situations accordingly, such as by moving in with family members or friends, or adding rent-paying roommates or boarders to the household. Excluding households with multiple, non-partnered adults excludes these household arrangements from the PUMS sample.

Economic security calculations compare total household income to the BEST Index by family type. Where specified, earnings (either individual or total household) are compared to the BEST in order to investigate the specific value of work and the impact of wages on security.

Unless otherwise indicated, all population estimates in this analysis are statistically different from the estimates for the general population at the $p<.05$ level.

Basic Economic Security Tables Data Sources

Item	Definition	Source
Housing	Fair Market Rents (40th percentile rents)	US Department of Housing and Urban Development
Utilities	Fair Market Rents: Ratio of utilities to total housing cost	US Department of Housing and Urban Development
Food	USDA "Low-Cost" food budget: Average US cost of a basic, healthful, low-cost food "basket" reflecting current USDA dietary guidelines	US Department of Agriculture
Transportation	Auto Costs: depreciation, maintenance, finance charges and registration fees	American Automobile Association
	Gasoline: average per-gallon cost of unleaded gasoline	US Department of Energy
	Mileage: average miles driven by car owners in the US for commuting and limited errands	US Department of Transportation
	Auto Insurance: national average expenditure on auto insurance	National Association of Insurance Commissioners
Child Care	Child care costs by age of child	National Association of Child Care Resource and Referral Agencies
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
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
	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
Emergency Savings*	Income needed to cover expenses over a median-length unemployment spell, less average wage replacement from Unemployment Insurance.	US Department of Labor
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 home	*The WOW-GI National Elder Economic Security Standard: A Methodology to Determine Economic Security for Elders*
	401(k) Employer Match: Average US employer match for 401(k) plans	US Department of Labor
	Social Security: Average benefits	US Social Security Administration
Taxes and Tax Credits	Federal Taxes and Tax Credits	Internal Revenue Service: 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: *Who Pays? A Distributional Analysis of the Tax Systems in All 50 States*

* Separate values are calculated for these items, depending on whether or not a worker has access to employment-based benefits. Values used in this brief reflect costs for workers *with* benefits. For more information, see *The Basic Economic Security Tables for the United States.*

[1] The BEST calculates basic living costs for all combinations of up to two adults and six children in each of four age

[2] The study sample includes all those living in US households composed of family types included in the BEST Index—those with one or two adults and between zero and six children ages 1-18.

[3] This calculation compares individual earnings to BEST wages. For one-adult families, the adult's earnings are compared to the total annual BEST Index. For two-adult households, individual earnings are compared to the per-worker annual BEST income requirements. See the Methodology section of this report for a fuller explanation.

[4] Americans included in the brief as "Hispanic" are those who have self-identified on the American Community Survey as "White Hispanic." This includes the large majority of Americans commonly referred to as "Hispanic" or "Latino."

[5] The economic security incomes used in this brief are US BEST values for workers with employment-based health insurance and retirement plans, and access to unemployment insurance. This current analysis is therefore more conservative than if household incomes were compared to economic security incomes required for those who lack such benefits. For more information on the impact benefits have on income needs, see the US or state BEST reports available on WOW's BEST Initiative webpage.

[6] The analysis including hours worked compared BEST index values to earnings (as opposed to total income).

[7] Median earnings for adults ages 25 and older, with earnings. US Census Bureau. "Detailed Tables: B20004: Median Earnings by Sex by Educational Attainment for the Population 25 years and Over." *American Community Survey, 1-Year Estimates (2011).* 2012.

[8] US Bureau of Labor Statistics. "Women in the Labor Force: A Databook (2012 Edition)." *Labor Force Statistics from the Current Population Survey.* 2013.

[9] "Single adults" are defined as individuals 18 and over, who live in one-adult households (no spouse or partner present), with or without children.

[10] The American Community Survey, unlike the decennial Census, categorizes all same-sex partners as unmarried; distinguishing married and unmarried same-sex partners is not possible based on the available data.

[11] National Association of Child Care Resource and Referral Agencies. "Parents and the High Cost of Child Care: 2012 Report." 2012.

[12] Note that this analysis does not fully capture the circumstances of recent graduates and younger workers. Younger workers, facing unprecedented rates of un- and underemployment, are likely to live at home with family members, or to cohabit with roommates. These household types are excluded from the data, because they do not meet BEST budget assumptions of one- or two-working-age adult households.

[13] Median earnings for adults age 25 and older, with earnings. US Census Bureau, *Detailed Tables B20004*.

[14] Shierholz, Heidi & Lawrence Mishel. "Recession hits worker's paychecks." Economic Policy Institute. August 31, 2010. http://www.epi.org/publication/bp277/ (accessed October 26, 2011).

[15] Full-time work is defined as at least 35 hours per week, for at least 50 weeks per year.

[16] In order to specifically demonstrate the value of work, this section of the analysis compares workers' *earnings* (rather than total household income) to the BEST Index. For workers in one-adult households, the worker's total earnings are compared to the BEST for the family type. In two-adult households, each worker's earnings are compared to one-half the total BEST Index for the family type.

[17] Among adults who worked in the 12 months prior to completing the Census Bureau's 2011 American Community Survey.

[18] Households with children who are siblings, other relatives or other nonrelatives of an adult reference person are dropped if the minor child is between ages 15 and 18, meeting the Census Bureau's definition of an economic adult. This step ensures households that include older teens (who are potentially working) who reside with an adult on whom they are not technically dependent are excluded.

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