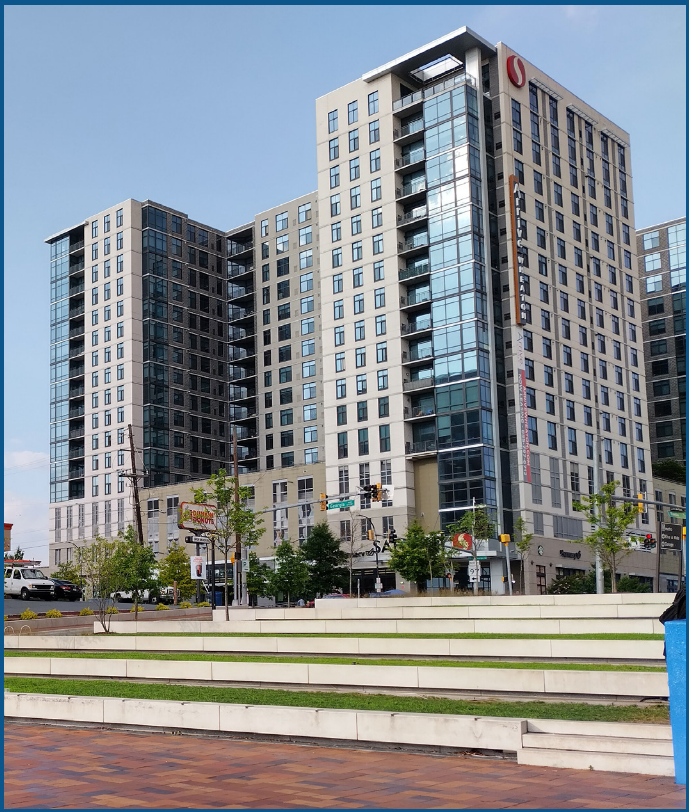
The Self-Sufficiency Standard for Montgomery County, Maryland 2023

Prepared for the Montgomery County Community Action Agency
by the University of Washington



Dear Friends:

We are delighted to share the new Montgomery County Self-Sufficiency Standard Report. As advocates for lower-income County residents, our board recognizes the incredible value of the Standard, which provides a more realistic measure of the true cost of living here in Montgomery County. Too many in our community struggle to meet the Self-Sufficiency Standard and this tool helps to explain why that is; the fact that wages have not kept up with the extremely high cost of living in the County is a major factor.

Our board refers to the Standard in all of its advocacy efforts, citing the Standard in all testimony. The Standard has been used to explain why a wide range of policies are needed, including increasing the minimum wage, providing paid sick and safe leave, expanding the Earned Income Tax Credit, adding funding for rental assistance, and prohibiting discrimination in hiring practices. In the year ahead, the board will rely heavily on the Standard in its advocacy efforts to restore the Working Families Income Supplement to a 100% match of the state EITC, a topic referenced in more detail in this report. The Community Action Board has found that once policymakers utilize the Self-Sufficiency Standard, they can better understand why more work supports and innovative policies are needed to help people move closer to the Standard.

The Community Action Board greatly appreciates the University of Washington team that developed the new report, the Community Action Agency staff members who reviewed and finalized the report, and the ongoing support of the Maryland Community Action Partnership. We also want to thank Zelda Wafer-Jones, who served as Vice Chair of the board during much of the development of this report, and all of our board members who have provided feedback on the new Standard.

We are thrilled to have this tool available for the board's continued advocacy efforts, and for use by organizations and groups throughout the County. The Standard is a valuable tool for elected officials, grant writers, service providers, and fellow advocates. We know that it will help us achieve our mission to advance social and economic mobility among communities and neighbors through services, partnerships, and advocacy using an equity lens.

Sincerely,

Dr. Jeffery Johnson
Community Action Board Chair

Claudia Nash Simmons
Community Action Board Vice Chair

Acknowledgments

The Montgomery County Self-Sufficiency Standard 2023 report has been prepared for the Montgomery County Community Action Agency, in the Office of Community Affairs, Montgomery County Department of Health and Human Services, at the request of the Community Action Board and using the agency's Community Services Block grant funding to generate the report and additional graphs and datasets. As noted in the report, since 2000 the Community Action Board has utilized the Self Sufficiency Standard (SSS) as a tool to consider drivers of poverty and to advocate for policies, programs, and services that are proven to be effective in closing gaps in self-sufficiency. Prior to embracing the Self-Sufficiency Standard, starting in 1985, the Community Action Board developed and promoted the Minimum Standard of Need.

The Montgomery County Self-Sufficiency Standard 2023 report would not have been possible without The Self-Sufficiency Standard for Maryland 2023 report, prepared by the University of Washington, Center for Women's Welfare in the School of Social Work. Supported with funding from Maryland Community Action Partnership (MCAP) and its partners, including Maryland-based agencies and the Maryland Department of Housing and Community Development, the report was commissioned to ensure that the best data, research, and analyses would be available to enable MCAP to continue its historic work helping Maryland families and individuals to make progress toward real economic security. Indeed, across Maryland, the report continues to be a foundational tool for advocates seeking to promote understanding of the current challenges facing low-income Marylanders with localized data and to show trends from 2001, tracking data from previous reports.

Although there are other measures which also demonstrate needs, none of those include data for over 700 family constellations, which is extremely important considering the many ways in which families are structured today. Montgomery County households living below the Standard are disproportionately people of color who often face challenges in earning a living wage and accessing resources.

I am indebted to the members of the Community Action Board, who serve as volunteers and provide hundreds of volunteer hours to promote the Standard, especially to Dr. Jeffery Johnson, who has served two terms as the chair, to Claudia Simmons, the current vice-chair, and to Zelda Wafer-Jones, the former vice-chair.

We are appreciative of Lisa Manzer, Director of the Center for Women's Welfare at the University of Washington, and to the report's author's, Sarah Brolliar and Annie Kucklick, for their support of the project, including lending their expertise and technical support. We will always fondly recall the stalwart support of the Center's former director, Dr. Diana Pearce, who initiated the collaboration with the Montgomery County Community Action Agency in 2000 as director of the Women and Poverty Project at Wider Opportunity to Women (WOW), and Diana's leadership in focusing workforce agencies on training for jobs that pay living wages.

Many thanks to the MCAP Board, and especially to Angela Martin, MCAP executive director, for her leadership in working with our network to utilize the SSS as a powerful tool, and the MCAP team, including Amy Mininger, who edited the companion video.

We are very appreciative to the leadership of the Montgomery Department of Health and Human Services, particularly its director, Dr. James Bridgers, and Betty Lam, chief of the Office of Community Affairs, which oversees the Community Action Agency, the department's Equity work, and the minority health initiatives. Our colleagues with Public Health; Planning, Analytics, and Customer Service; and Children, Youth, and Families, particularly Early Childhood Services and the Office of Eligibility and Support Services, have provided invaluable assistance, including sharing data and reviewing the report.

We are also grateful to the Montgomery County Department of Finance for its review of the Working Families Income Supplement; to the CASH Campaign of Maryland provided background information regarding the Maryland EITC; and to the City of Gaithersburg for sharing information about its Financial Empowerment Center.

Our colleagues at Montgomery County's CountyStat office continue to be valuable partners in elevating the Self-Sufficiency Standard. We are grateful to Crystal Townsend, president and CEO of the Healthcare Initiative Foundation, for providing a powerful venue to highlight SSS findings with providers of community services at the inaugural Community Navigation Summit in June 2023, and to Nonprofit Montgomery for co-sponsoring the event.

Most importantly, I appreciate the graduates of the Community Action Board's Community Advocacy Institute and the Head Start parents who demonstrated courage in sharing their lived experiences. Altogether, these reflections provide a powerful lens to magnify the everyday struggles to achieve self-sufficiency.

Finally, appreciation to the entire Community Action team for embracing the SSS in their work with the neighbors we serve, our colleagues, partners, and leaders, including Aizat Oladapo, who supported the contract with University of Washington. Special thanks to Melissa E. Ferguson, for her expert writing and editing contributions, and to Leah Goldfine, who also shared these duties, and delivers stellar staff support of the Community Action Board.

Sharon Strauss
Executive Director

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COMMUNITY ACTION AGENCY

Montgomery County Community Action Agency

The mission of the Montgomery County Community Action Agency is to advance social and economic mobility among communities and neighbors through services, partnerships, and advocacy using an equity lens.

The Montgomery County Community Action Agency is the County's federally designated anti-poverty agency, housed within Montgomery County's Department of Health and Human Services, Office of Community Affairs. The agency includes:

- The Volunteer Income Tax Assistance (VITA) program, which provides free tax assistance to low-to-moderate income Montgomery County households. Services are offered year-round.
- The Takoma-East Silver Spring (TESS) Community Action Center is a walk-in information and referral center located in the Long Branch community. Residents can learn about County and non-profit services and receive assistance applying for these services.
- The agency's bilingual (English and Spanish and English and Amharic) Navigation Team provides services to residents at partnering organizations' sites, helping people complete applications to access resources and services provided by government and nonprofit agencies. The Navigation team and TESS staff also support the immediate needs of the victims affected by emergencies, partnering with the DHHS Emergency Management Mass Care Operations, the American Red Cross, and nonprofit partners.
- The agency is the grantee for the County's Head Start program, with Montgomery County Public Schools serving as the delegate. Head Start provides high-quality early care and education to children in lower-income households.
- The agency monitors 50+ contracts, working with 31 County non-profit organizations that offer a wide variety of services, including food and nutrition assistance, clothing, community engagement, English classes, legal services, and other services that enhance low-income families' self-sufficiency.
- The Community Action Board is the governing body for the Community Action Agency. Along with the Head Start Parents Policy Council, the board is also the governing body for Head Start. The board engages in advocacy work, supporting policies that can help lower-income residents move towards the Self-Sufficiency Standard. The board also facilitates a free advocacy training program for lower-income residents called the Community Advocacy Institute (CAI).

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Community Action Partnership
MONTGOMERY COUNTY, MARYLAND
COMMUNITY ACTION AGENCY

For more information on the Montgomery County Community Action Agency please visit www.montgomerycountyMD.gov/CommunityAction.

**Center for
Women's Welfare**

**University of Washington
School of Social Work**

The Self-Sufficiency Standard for Montgomery County, Maryland 2023

Prepared for the Montgomery County Community Action Agency

By **Sarah Brolliar, Annie Kucklick**, & **Lisa Manzer** | September 2023

Preface

Montgomery County Community Action Agency is publishing *The Self-Sufficiency Standard for Montgomery County, MD 2023* to ensure the best data and analyses are available to enable Montgomery County's families and individuals to make progress toward real economic security. The result is a comprehensive, credible, and user-friendly tool. The Self-Sufficiency Standard is a measure that calculates how much income a family must earn to meet basic needs, with the amount varying by family composition and where they live.

The Standard presented here is a tool that can be used in a variety of ways—by clients of workforce and training programs seeking paths to self-sufficiency, by program managers evaluating program effectiveness, and by policymakers seeking to ensure that basic needs are affordable for Montgomery County families. Over the past 26 years, the Standard has been calculated for 45 states as well as the District of Columbia and New York City. Its use has transformed the way policies and programs for low-income workers are structured and has contributed to a greater understanding of what it takes to have adequate income to meet one's basic needs in the United States.

The Self-Sufficiency Standard was originally developed by Dr. Diana Pearce while she was the Director of the Women and Poverty Project at Wider Opportunities for Women. Recognized for coining the phrase "the feminization of poverty," she has written and spoken widely on women's poverty and economic inequality, including testimony before Congress and the President's Working Group on Welfare Reform. The Ford Foundation provided funding for the Standard's original development.

The Self-Sufficiency Standard for Montgomery County, MD 2023 was produced by the Center for Women's Welfare at the University of Washington with the cooperation of staff at the Montgomery County Community Action Agency. The perspectives of Montgomery County Residents have been included throughout this report and are notated using a pink quotation sign. For more information on the institute, see https://maryland-cap.org/. This report, plus tables providing county-specific information for over 700 family types, is available at http://selfsufficiencystandard.org/Maryland.

For further information about the Self-Sufficiency Standard project, including the latest reports, data, and related publications, please visit www.selfsufficiencystandard.org or contact Self-Sufficiency Standard lead researcher, Annie Kucklick, at (206) 685-5264 or akuckl@uw.edu.

Key Findings

At the heart of this report is the Self-Sufficiency Standard itself. This measure describes how much income families of various sizes and compositions need to make ends meet without public or private assistance in Montgomery County, Maryland. **The Self-Sufficiency Standard is a measure of income adequacy based on the costs of basic needs for working families: housing, child care, food, health care, transportation, and miscellaneous items, as well as the cost of taxes and the impact of tax credits.** In addition, this report provides for each family type, in each county, the amount of emergency savings required to meet needs during a period of unemployment or other emergency.

The official poverty measure, developed half a century ago, is now methodologically out of date and no longer accurately measures the ability to provide for oneself and one's family. At best it measures "deprivation." Within Montgomery County, the Self-Sufficiency Standard shows that incomes well above the official federal poverty thresholds are far below what is necessary to meet families' basic needs. Note that the Standard is "bare bones," with just enough allotted to meet basic needs, but no extras. For example, the food budget is only for groceries. It does not allow for any takeout or restaurant food, not even a pizza or an ice cream.

Selected Findings from The Self-Sufficiency Standard for Montgomery County

- **In Maryland, the amount needed to be economically self-sufficient varies greatly by geographic location.** Montgomery County is the second most expensive county in the state. For instance, the amount needed to make ends meet for one adult and one preschooler varies from $45.36 per hour in Howard County to $43.41 per hour in Montgomery County, or from 486% to 465% of the federal poverty guidelines for a family of two. See *Figure A on page 7.*
- **The Standard varies by family type; that is, by how many adults and children are in a family and the age of each child.** One adult living in Montgomery County needs an hourly wage of $22.39 ($47,294 annually) to meet their basic needs. For families with children, the amount needed to cover basic needs increases considerably. If this single adult in Montgomery County had a preschooler and a school-age child, the amount necessary to be economically secure more than doubles, increasing to $55.33 per hour ($116,864 annually), to cover the cost of child care, a larger housing unit, and increased food and health care costs. See *Table 1 on page 9.*
- **For families with young children, the combined costs of housing and child care typically make up the most substantial portion of the family's budget.** For a family with two adults, one infant, and one preschooler in Montgomery County, child care is 30% of the family's budget while housing is 17%. See *Figure B on page 10.*

> "*Montgomery County is a beautiful place to live and raise families, but it [is] very expensive to balance the cost of living with low paying jobs while growing a family.*
>
> Montgomery County Resident

- **The 2023 Self-Sufficiency Standard for Montgomery County falls above many similarly sized counties.** The Self-Sufficiency Standard for one adult, one preschooler, and one school-age child in Montgomery County, MD ($55.33 per hour) is most comparable to Fairfax County, VA ($53.38 per hour). See *Figure C on page 14.*
- **The amount needed to meet the costs of basic needs between 2001 and 2023 increased by a larger amount than predicted using the Consumer Price Index (CPI).** For a family with two adults, one preschooler, and one school-age child, the cost of living increased by 101% not including taxes, rather than the 71% predicted if the 2001 Standard were adjusted to 2023 using the CPI. See *Figure G on page 20* and *Table 2 on page 18.*
- **The federal poverty guidelines for three-person families ($24,860 annually) are set at a level well below what is needed to meet a family's basic needs.** For example, the federal poverty guidelines are just 21% of the Standard for one adult, one preschooler, and one school-age child in Montgomery County ($116,864 annually). See *Figure H on page 22.*
- **Even working full time, earning the 2023 Montgomery County minimum wage of $16.70 per hour (as of July 1, 2023) is not enough to meet the Standard for a family with children across Montgomery County, Maryland.** If a parent has one preschooler and one school-age child, they would be able to cover only 39% of the family's basic needs earning minimum wage (with their take-home pay after accounting for taxes). See *Figure H on page 22.*

Table I. The Self-Sufficiency Standard for Select Maryland Counties and Family Types, 2023

County	One Adult	One Adult One Preschooler	One Adult One Preschooler One School-age	Two Adults One Preschooler One School-age
Allegany	$29,782	$54,402	$64,786	$77,392
Anne Arundel	$45,892	$80,735	$98,386	$109,141
Baltimore	$41,122	$75,785	$93,118	$105,420
Calvert	$44,099	$76,879	$94,748	$106,529
Dorchester	$31,946	$56,600	$66,243	$78,681
Garrett	$30,079	$53,395	$63,584	$75,975
Montgomery	$47,294	$91,674	$116,864	$122,943
Prince George's	$46,485	$78,883	$96,659	$108,337
Queen Anne's	$43,153	$73,201	$86,416	$99,364
St. Mary's	$42,862	$71,781	$83,834	$96,438
Somerset	$30,549	$55,631	$65,488	$78,175
Talbot	$37,608	$63,778	$75,576	$88,602

An Excel file of all 700+ family types for each county can be downloaded at: www.selfsufficiencystandard.org/Maryland

- **Only three of the top ten most common occupations in the Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Statistical Area (MSA) have median wages above the Standard for a three-person family in Montgomery County.** Only operations managers, software developers, and lawyers have median wages above the Self-Sufficiency Standard for one adult, one preschooler, and one school-age child in Montgomery County ($55.33 per hour). The median wages for the seven other top ten occupations, and occupations in the field of child care, fall below the Self-Sufficiency Standard for this family. See *Figure I on page 28.*
- **Maintaining an emergency savings fund is a crucial step towards economic security.** A single parent with a preschooler living in Montgomery County needs $7,639 per month to be self-sufficient and an additional $519 per month to save for emergencies, such as job loss. See *Table 7 on page 55.*

Getting to Self-Sufficiency in Maryland

Closing the gap between current wages and the Self-Sufficiency Standard requires both reducing costs and raising incomes.

Reducing Costs means ensuring families who are struggling to cover basic costs have access to work supports—such as child care assistance, food benefits, and the Earned Income Tax Credit—that offer stability and resources while they become self-sufficient. Most individuals cannot achieve self-sufficiency through stopgap measures or in a single step but instead require support through transitional work supports and programs. Removing structural barriers is also necessary to help families work towards self-sufficiency over time. This report finds that:

- **Work supports are crucial for helping families meet their basic needs.** A single parent in Montgomery County with one preschooler and one school-age child would be able to meet the family's needs of $3,742 per month with the help of child care assistance, food assistance (SNAP/WIC), health insurance for children (MCHP), and housing assistance. This is much less than the full wage needed of $9,739 per month without work supports. See *Table 5 on page 35.*
- **For a variety of occupations, work supports can help families meet their needs while working towards self-sufficiency.** A single parent with one preschooler and one school-age child living in Montgomery County and working as an office clerk with an hourly median wage of $21.80, earns only 50% of the income needed to meet the family's basic needs if they are not receiving any work supports. With housing, child care, food, and health care assistance, however, this parent could cover all of the family's basic needs. See *Figure L on page 38.*

Raising Incomes means that available jobs must pay self-sufficient wages and have career potential. Public policy can enact living/minimum wage laws and mandate paid sick and family/medical leave to increase wages directly. Asset building and investing in educational opportunity create more pathways to stability. But the most critical obstacle to overcoming wage inadequacy is structural racism and sexism. Solving the gender and racial gaps will require solutions that decrease bias in the workplace, such as restructuring salary negotiations and creating a pipeline of opportunity for people of color and women to take on leadership roles.

> “*Wages are not nearly enough to support a family.*
>
> Montgomery County Resident

Using the Self-Sufficiency Standard

The Self-Sufficiency Standard can be used as a tool to:

- Evaluate proposed policy changes
- Assist grant-makers with needs analyses of their communities to assess the impacts of their grants
- Target resources toward job training for fields that pay self-sufficiency wages
- Serve as a counseling tool in work training programs
- Evaluate outcomes for clients in employment programs

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

The 2023 Report in Brief

The 2023 report begins by putting the Self-Sufficiency Standard in context, describing how it is a unique and important measure of income adequacy, and comparing and contrasting it with official poverty measures. The report then describes what a self-sufficient wage is for Maryland families and how it differs depending on family type and geographic area. The report then compares Montgomery County to other places in the United States, examines how costs have increased over time, and contrasts the county Standard to other commonly used benchmarks of income. For families without adequate income, the report models how public supports, such as child care assistance, can be a valuable resource to help families cover their basic needs as they move toward self-sufficiency. It concludes with a brief discussion of the various pathways to economic self-sufficiency and a sampling of the various ways the Standard is used.

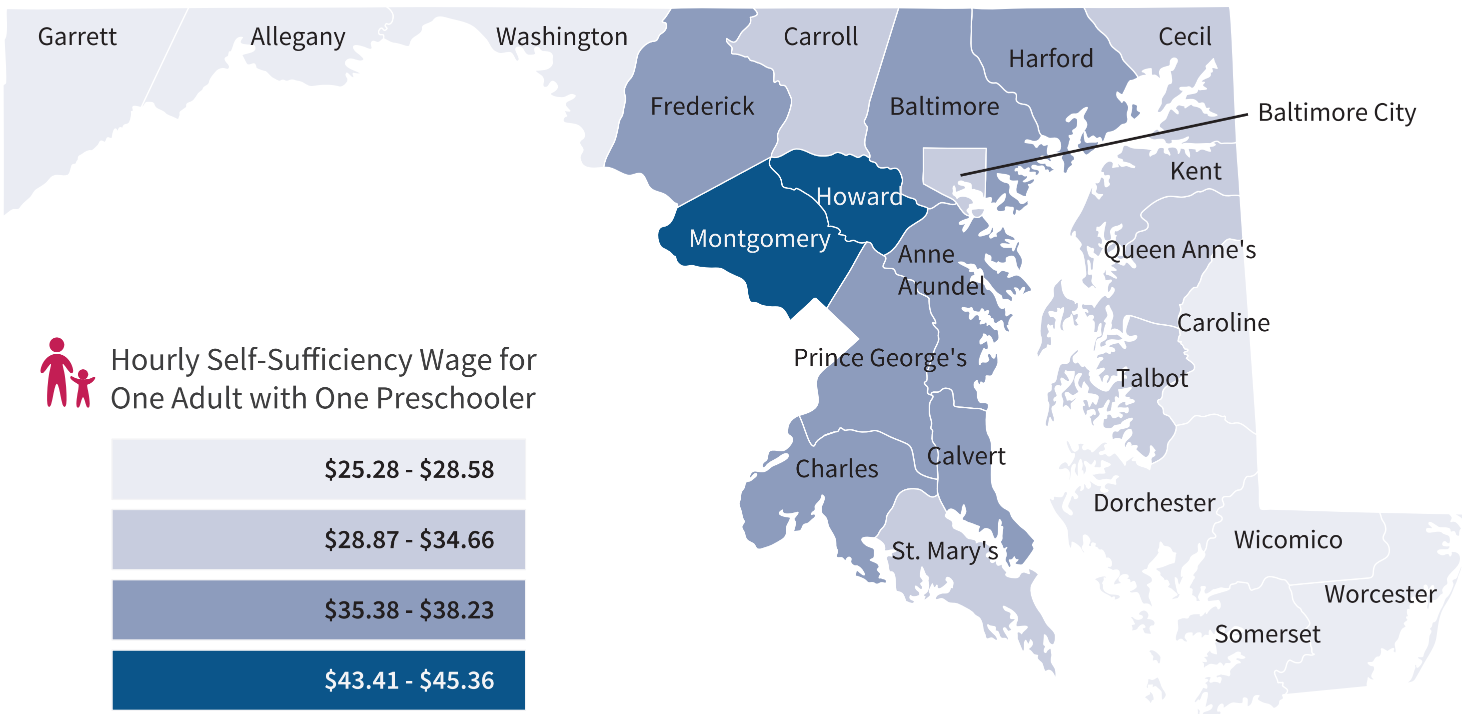
The appendices provide a more thorough explanation of the methodology and data sources used to calculate the Self-Sufficiency Wages; and detailed tables of the Standard that include the specific costs of meeting each basic need, and the Self-Sufficiency Wage, for select family types with one to five children in Montgomery County. This report represents costs, policies, and eligibility limits in effect at one point in time, that of early 2023. Eligibility levels and benefits for work supports and tax policies, which also change periodically, are those in effect at the time of writing.

Note that the Standard is calculated for over 700 family types in Maryland. The family types cover all one, two, and three adult families with up to six children, plus weighted averages of costs for families with seven to ten children. To download an Excel file with Self-Sufficiency Standard data for all family types in every Maryland county, visit www.selfsufficiencystandard.org/Maryland.

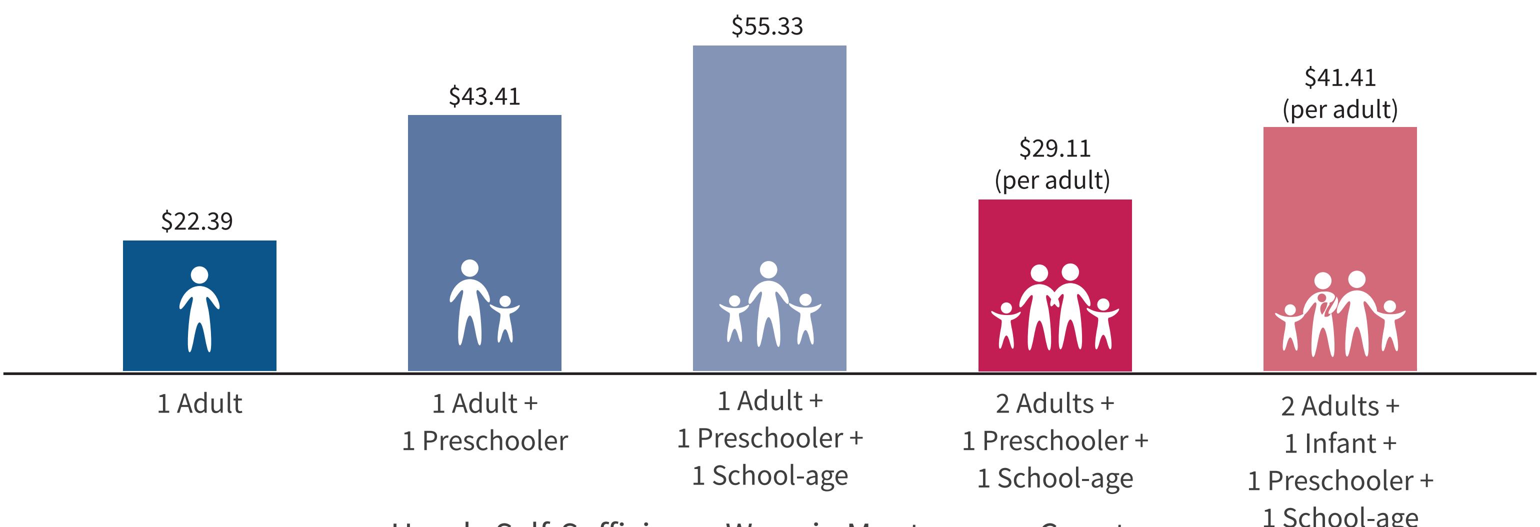
How Much is Enough in Montgomery County?

The Self-Sufficiency Standard calculates how much income families of various compositions need to make ends meet without public or private assistance, varied by county.

The Self-Sufficiency Standard Varies By County



The Self-Sufficiency Standard Varies By Family Type



Hourly Self-Sufficiency Wage in Montgomery County

To download the full report and data for all 700+ family types visit www.selfsufficiencystandard.org/Maryland

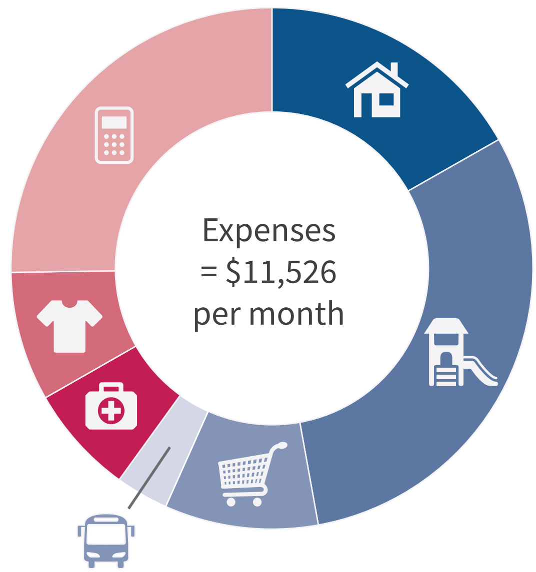
How Does the Standard Compare?

The Self-Sufficiency Standard calculates the real costs of meeting all basic needs.
In contrast, the official poverty measure is based only on the cost of food.

The Standard Calculates the Real Costs of Meeting Each of the Major Budget Items

Official Poverty Measure
Food is 1/3 of the budget and all other costs are 2/3 of the budget.

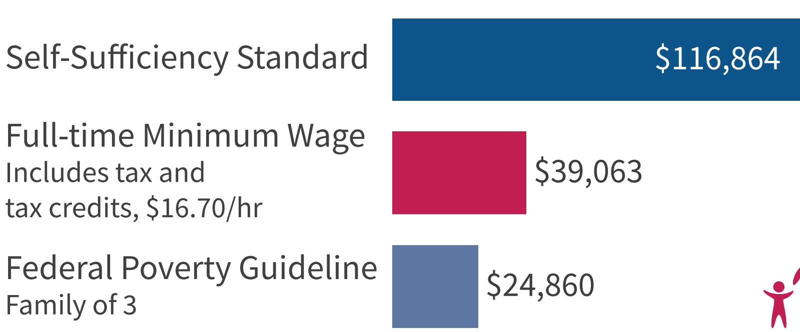
Self-Sufficiency Standard
Housing and child care account for almost half of the family budget in the Standard.



21% The official poverty measure only covers 21% of the cost of all basic needs as defined by the Self-Sufficiency Standard.

Montgomery County
2 adults + 1 infant + 1 preschooler

A Minimum Wage Job Does Not Cover the Cost of Basic Needs in Montgomery County



Number of hours a minimum wage worker must work per week to meet their family's basic needs: **120**

Montgomery County
1 adult + 1 preschooler + 1 school-age

To download the full report and data for all 700+ family types visit www.selfsufficiencystandard.org/Maryland

Getting to Self-Sufficiency

Closing the wage gap between current wages and the Self-Sufficiency Standard requires both reducing costs and raising incomes.

How Do Montgomery County's Jobs Stack Up?

The ten most common occupations cover one fifth of the total Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Statistical Area (MSA)

Only THREE of the top ten occupations have median wages above the Standard for this family in Montgomery County

Montgomery County
1 adult +
1 preschooler +
1 school-age

How Do Work Supports Help Families Meet Basic Needs?

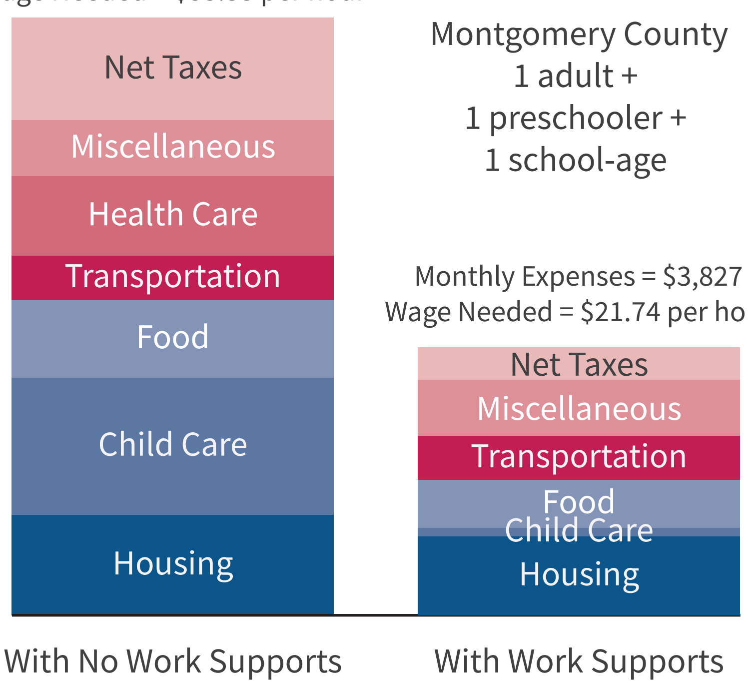
This figure shows how work supports, some of which are specific to Montgomery County, can reduce a family's expenses, so they can get by on a lower wage until they are able to earn Self-Sufficiency Wages.

- Taxes (net of tax credits) decrease from $2,996 to $832 per month.
- Child health insurance and Medicaid reduce health care costs from $697 to $238 per month.
- This family is not eligible for food assistance, maintaining a grocery bill of $905 per month.
- Child care assistance reduces child care costs from $2,698 to $0 per month.
- A housing voucher which sets rent at 30% of income reduces housing costs from $1,934 to $1,134.

Montgomery County
1 adult +
1 preschooler +
1 school-age

Monthly Expenses = $9,739
Wage Needed = $55.33 per hour

Monthly Expenses = $3,827
Wage Needed = $21.74 per hour



To download the full report and data for all 700+ family types visit www.selfsufficiencystandard.org/Maryland

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About the Self-Sufficiency Standard

Introduction

Our recently released Self-Sufficiency Standard for Maryland 2023 highlights how difficult it is for far too many families in Maryland to meet their basic needs. Costs are rising while wages are stagnating, putting additional pressure on family budgets. In Maryland, Montgomery County is one of the highest cost areas in the state with families stretching income to cover basic necessities as costs continue to outpace wages. Though often not deemed "poor" by the official poverty measure, these families lack enough income to meet the rising costs of essentials such as food, housing, transportation, and health care.

The Self-Sufficiency Standard highlights the growing gap between sluggish wages and basic, costly expenses and meets the need for a measure of income adequacy that more accurately tracks and measures the cost of living facing families today. Households with inadequate incomes are part of the mainstream workforce, yet despite working long hours, they are not recognized as having inadequate income by the federal poverty level, making them ineligible for work supports that are integral to offsetting the growing costs of basic needs.[1]

The Self-Sufficiency Standard for Montgomery County, Maryland 2023 defines the amount of income necessary to meet the basic needs of Montgomery County families, differentiated by family type and where they live. The Standard calculates the costs of six basic needs including the impacts of taxes and tax credits. It assumes the full cost of each need, without help from public subsidies such as Medicaid, or from private assistance such as informal babysitting by a neighbor.

A Realist Approach

The official poverty measure (OPM) was developed nearly six decades ago and has become increasingly problematic and outdated as a measure of income adequacy.[2] **The most significant shortcoming of the OPM is that for most families, in most places, the threshold is simply too low.** While the Standard changes by family type to account for the increase in costs specific to the type of family member—whether this person is an adult or child, and for children, by age—the OPM increases by a constant amount for each additional family member and therefore, does not adequately account for the real costs of meeting basic needs. The Census Bureau itself states, "the official poverty measure should be interpreted as a statistical yardstick rather than as a complete description of what people and families need to live."[3] Despite the many limitations of the OPM, it still defines the federal poverty guidelines, which are used to set the eligibility levels for numerous poverty and work support programs, and to estimate the number of Americans in poverty. Simply raising the level of the OPM, or using a multiple of it, however, cannot solve the structural problems inherent in the official poverty measure. The OPM is based only on the cost of food and is the same no matter where one lives. Additionally, it includes a demographic model of a two-parent family with a "stay-at-home" mom that no longer reflects the majority of families today.

The Self-Sufficiency Standard is a unique measure of income adequacy that uses a modern, comprehensive, and detailed approach to determine what it takes for today's families to make ends meet. The key elements of the Standard that distinguish it from other measures of income adequacy or poverty are:

A Focus on Modern Families with Working Adults. Because paid employment is the norm for supporting families today in the United States,[4] the Standard assumes all adults work to support their families, and thus includes the costs of work-related expenses such as child care (when needed), taxes, and transportation.

Geographic Variation in Costs. The Standard uses geographically specific costs that are calculated at the county level as data availability allows.

Variation by Family Composition. Because the costs of some basic needs vary substantially by the age of children, the Standard varies by both the number and age of children. While food and health care costs are slightly lower for younger children, child care costs are generally much higher—particularly for children not yet in school—and therefore become a substantial budget item for workers with young children.

Inside the Report

More Online

Download this and past reports plus county-specific information for over 700 family types at: http://selfsufficiencystandard.org/Maryland

For a more in-depth look at how the Standard compares to the official poverty measure visit: https://selfsufficiencystandard.org/the-standard/official-poverty-measure/

Individual and Independent Pricing of Each Cost. Rather than assume that any one item is a fixed percentage of family budgets, the Standard calculates the real costs of meeting each of the major budget items families encounter independently. The costs—which include housing, child care, food, health care, transportation, miscellaneous items, and taxes—are set at a minimally adequate level, which is determined whenever possible by using what government sources have defined as minimally adequate for those receiving assistance, (e.g., child care subsidy benefit levels).

Taxes and Tax Credits are Included as Budget Items. Instead of calculating needs "pretax," taxes and tax credits are included in the budget itself. Taxes include state and local sales tax, payroll (including Social Security and Medicare) taxes, federal and state income taxes, plus applicable state and federal tax credits.

Permits Modeling of the Impact of Subsidies. Because the Standard specifies the real cost of each major necessity, it is possible to model the impact of specific subsidies (such as the Supplemental Nutrition Assistance Program, child care assistance, or Medicaid) on reducing specific or overall costs. Likewise, the adequacy of a given wage for a given family, with and without various subsidies, can be evaluated using the family's Standard as the benchmark.

Altogether, the above elements of the Standard make it a more detailed, modern, accurate, and comprehensive measure of economic well-being than the official poverty measure. Moreover, the availability of Self-Sufficiency Standard data, going back two decades and across 45 states, enables comparisons of geographic differences as well as documentation of historical trends, including the long-term trend of increasing economic inequality. During the Great Recession, in state after state, we noted that the cost of basic needs as measured in the Standard remained the same or even increased, while families experienced plummeting or lost incomes. We expect (and are starting to see) similar trends following the COVID-19 pandemic. Despite lost wages, rent must be paid, food bought, and child care arranged.

Overview of Data Sources and Assumptions

HOUSING

Housing costs are based on the U.S. Department of Housing and Urban Development Fair Market Rents (FMRs) which include utilities, except telephone and cable, and reflect the cost of housing that meets basic standards of decency. FMRs are set at the 40th percentile, meaning 40% of the decent rental housing in a given area is less expensive than the FMR and 60% is more expensive. FMRs within multi-county metropolitan areas are adjusted using Small Area FMRs.

CHILD CARE

Child care includes the expense of full-time care for infants and preschoolers and part-time—before and after school—care for school-age children. The cost of child care is calculated from market-rate costs, defined as the 75th percentile, taken from a state-commissioned survey by facility type, age, and geographic location. It does not include extracurricular activities or babysitting when not at work.

FOOD

Food assumes the cost of nutritious food prepared at home based on the U.S. Department of Agriculture Low-Cost Food Plan. The food costs do not allow for any take-out or restaurant meals. Food costs are varied by county using Feeding America's Map the Meal Gap data based on Nielsen scans of grocery receipts.

PUBLIC TRANSPORTATION

Public transportation assumes the cost of a transit pass if 7% or more of workers in a county use public transportation to get to and from work. Montgomery County assumes the use of public transportation.

PRIVATE TRANSPORTATION

Private transportation costs assume the expense of owning and operating a car. Per-mile costs are calculated from the American Automobile Association. Commuting distance is computed from the National Household Travel Survey. Auto insurance premiums come from the National Association of Insurance Commissioners and are indexed by county using data from top market share automobile insurance companies. Fixed costs of car ownership are calculated using the Consumer Expenditure Survey. Travel is limited to commuting to work and daycare plus one shopping trip per week.

HEALTH CARE

Health care costs assume the expenses of employer-sponsored health insurance. Health care premiums are the statewide average paid by workers, for single adults and for families, from the Medical Expenditure Panel Survey (MEPS). A county index is calculated from rates for the second-lowest cost Silver plan via the insurance marketplace. Out-of-pocket costs are from the MEPS Insurance Component.

MISCELLANEOUS

Miscellaneous expenses include the costs of cell phone and internet service and additional expenses. The additional expenses are calculated by taking 10% of all other costs. This category consists of all other essentials including clothing, paper products, diapers, nonprescription medicines, household items, and personal hygiene items.

TAXES AND TAX CREDITS

Taxes include federal and state income tax, payroll taxes, and state and local sales taxes where applicable. Tax credits calculated in the Standard include: the federal Earned Income Tax Credit, Child and Dependent Care Tax Credit, and the Child Tax Credit, along with relevant local tax credits.

EMERGENCY SAVINGS

Emergency savings is the amount needed to cover living expenses when there is job loss, net of the amount expected to be received in unemployment benefits. The amount calculated takes into account the average tenure on a job and the average length of unemployment. In two-adult households, the second adult is assumed to remain employed so that the savings only need to cover half of the family's basic living expenses over the job loss period.

Self-Sufficiency Standard Results for Montgomery County, Maryland

- What it Takes to Make Ends Meet
- How do Family Budgets Change as Families Grow
- The Cost of Basic Needs Across the United States
- How have Costs Changed Over Time
- How does the Standard Compare to Other Measures of Income
- Wage Adequacy in Top Occupations
- What are the Impacts of Public Assistance Programs

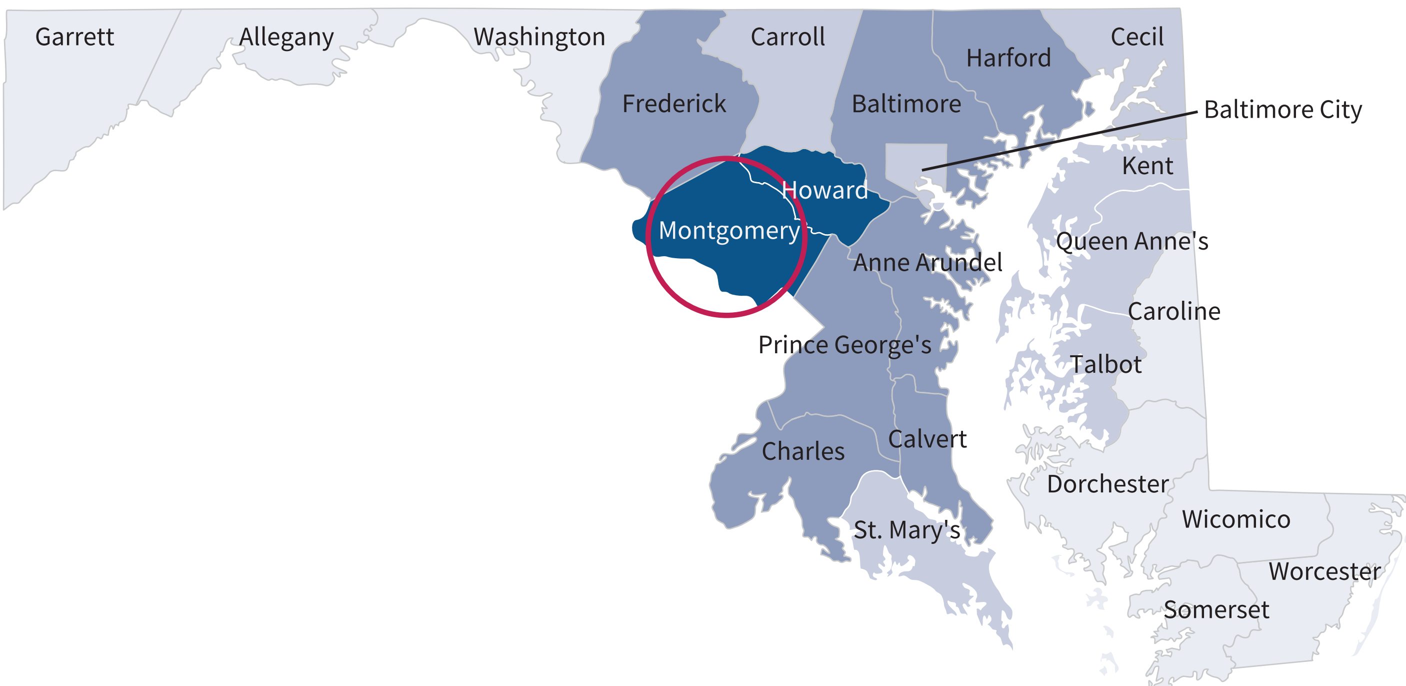
What it Takes to Make Ends Meet

The amount of income a family needs to meet their basic needs depends upon their family composition and where they live.

The Cost of Basic Needs Varies by Location

As highlighted on the map in Figure A , the cost of meeting basic needs varies drastically across Maryland with the highest costs found in Howard and Montgomery counties. **A single parent with a preschooler requires $43.41 per hour, assuming full-time, year-round work in Montgomery County or 465% of the federal poverty guidelines for a family of two.** Put another way, this parent would need to make almost five times the poverty level, to meet their basic needs, and requires an occupation that pays over $18 more per hour than Garrett County, the lowest cost county in Maryland.

Figure A. Map of Counties by Level of Hourly Self-Sufficiency Wage
One Adult and One Preschooler, MD 2023



Hourly Self-Sufficiency Wage
for One Adult with One Preschooler

$25.28 - $28.58	$28.87 - $34.66	$35.38 - $38.23	$43.41 - $45.36
Allegany Caroline Dorchester Garrett Somerset Worcester Wicomico Washington	Baltimore City Carroll Cecil Kent County Queen Anne's St. Mary's Talbot	Anne Arundel Baltimore Calvert Charles Frederick Harford Prince George's	Howard Montgomery

The Cost of Basic Needs Varies by Family Type

The Standard can also vary substantially by family type—the number of adults, the number of children, and the children's ages—as illustrated by the Montgomery County example in Table 1.

- A single adult needs to earn $22.39 per hour working full time to meet their basic needs. While lower than other family types, this wage is still more than five dollars per hour higher than the 2023 hourly minimum wage for Montgomery County ($16.70).
- Adding a child greatly increases this requirement: if this adult has a preschooler, they would need to earn $43.41 per hour to be self-sufficient, over two and a half times the county hourly minimum wage.
- Adding a second child further increases the needed wages: one parent with two children—a preschooler and school-age child—needs $55.33 per hour to meet their family's basic needs. This is equivalent to three and a half full-time minimum wage jobs.[5] **Put differently, this parent would need to work more than 156 hours a week at minimum wage to have adequate income, without considering the impacts of tax credits.**
- When there are two adults, the additional adult adds some cost, but also splits the economic burden. Two parents with one preschooler and one school-age child would each need to earn $29.11 per hour, almost double the minimum wage, to meet their family's basic needs.

> “ *[Child care] is expensive for one child, impossible for families with two or more.*
>
> Montgomery County Resident

Table 1. The Self-Sufficiency Standard for Select Family Types*
Montgomery County, MD 2023

	1 Adult	1 Adult 1 Preschooler	1 Adult 1 Preschooler 1 School-age	2 Adults 1 Preschooler 1 School-age
Monthly Costs				
Housing	$1,699	$1,934	$1,934	$1,934
Child Care	$0	$1,677	$2,698	$2,698
Food	$413	$610	$905	$1,207
Transportation	$189	$189	$189	$378
Health Care	$238	$667	$697	$790
Miscellaneous	$365	$619	$753	$856
Broadband & Cell Phone	$111	$111	$111	$155
Other Necessities	$254	$508	$642	$701
Taxes	$1,038	$2,160	$2,996	$2,816
Earned Income Tax Credit (-)	$0	$0	$0	$0
Child Care Tax Credit (-)	$0	($50)	($100)	($100)
Child Tax Credit (-)	$0	($167)	($333)	($333)
Self-Sufficiency Wage				
Hourly (per adult) **	$22.39	$43.41	$55.33	$29.11
Monthly	$3,941	$7,639	$9,739	$10,245
Annual	$47,294	$91,674	$116,864	$122,943
Emergency Savings Fund (Monthly)	$122	$519	$742	$280

* The Standard is calculated by adding expenses and taxes and subtracting tax credits.
** The hourly wage is calculated by dividing the monthly wage by 176 hours (8 hours per day times 22 days per month). The hourly wage for families with two adults represents the hourly wage that each adult would need to earn, while the monthly and annual wages represent both parents' wages combined.
Note: Totals may not add exactly due to rounding.

Changing Family Budgets

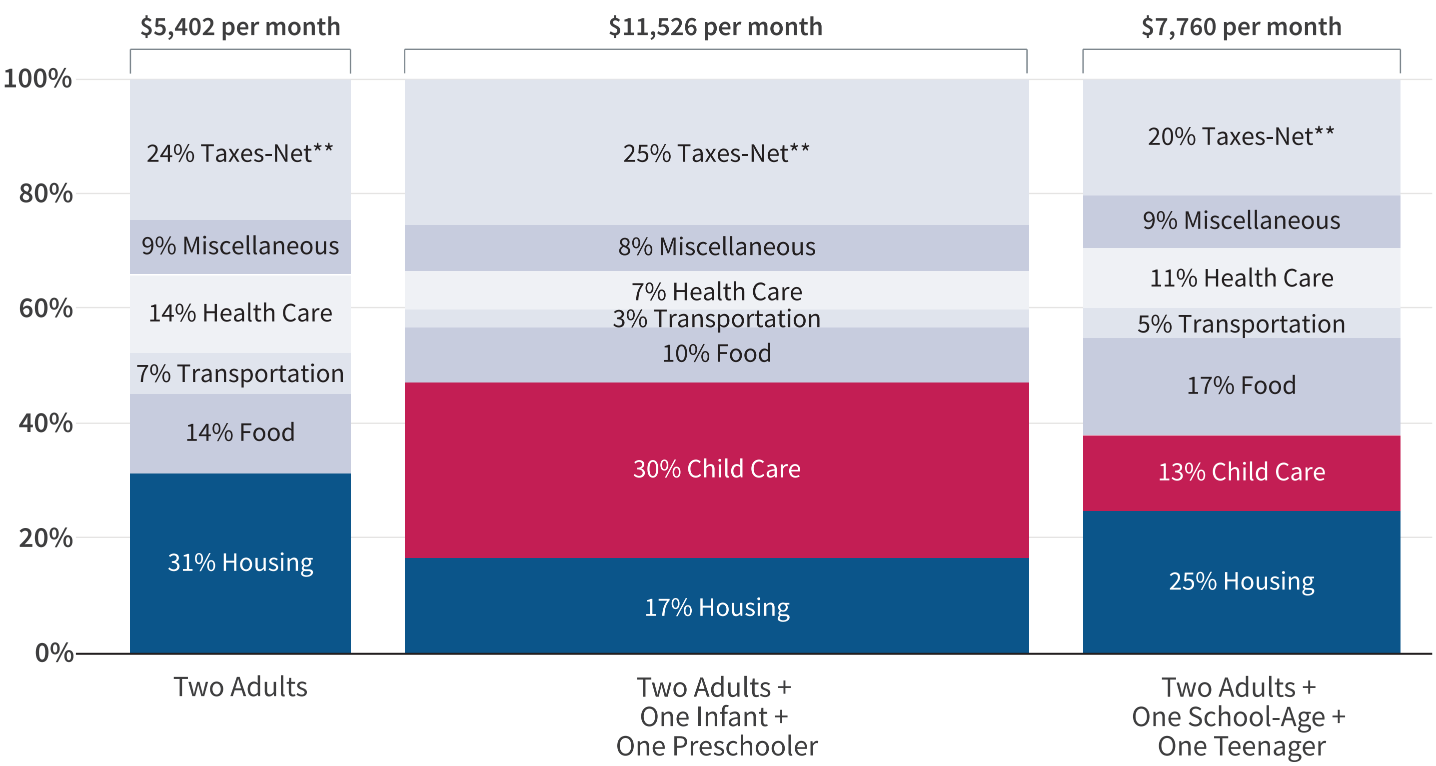
As families change, so does the amount they spend on basic expenses (such as food and shelter).

With the addition of new children, child care becomes a notable portion of a family's budget. Figure B demonstrates these changes for a family in Montgomery County. Each family type has its own column. The bars within a column represent an item's percentage of the total budget, all adding up to 100%. The width of a column is proportionate to the total budget, meaning that a family with a wider column needs more money to meet their basic needs.

When there are just two adults, they need to earn a combined monthly total of $5,402 to make ends meet, not including a small amount of savings for emergencies. In Montgomery County, this couple would spend:

- Housing is 31% of the family expenses.
- Food takes up 14% of the household budget.
- Transportation is 7% of the budget.
- Health care accounts for 14% of the Self-Sufficiency Standard budget.
- Taxes are 24% of household expenses. This family is not eligible for any tax credits.

Figure B. Basic Needs as a Percentage of the Family Budget for Three Family Types*
Montgomery County, MD 2023



* While the column widths are different to represent total monthly cost, the percentages of each cost add to 100% for each column.
** The two-adult family is not eligible for any tax credits. Therefore the taxes-net is the same as gross taxes owed. The actual percentage of income needed for taxes without the inclusion of tax credits is 28% for two adults with one infant and one preschooler and 24% for two adults with one school-age child and one teenager. However, as the Standard includes tax credits, the amount owed in taxes is reduced.

If this family included two young children (one infant and one preschooler), the total Self-Sufficiency Standard budget increases to $11,526 per month. With the addition of child care, the proportions spent on each need change:

- Child care alone accounts for 30% of the family's budget. When one adds housing, these two items account for 47% of expenses. Across the country, Self-Sufficiency Standard budgets for families with two children (when at least one is under school-age) typically have about half of the budget going to housing and child care expenses alone.
- Food costs are 10% of the total income. This is slightly lower than the national average expenditure on food (12%) and less than one third of the 33% assumed by the methodology of the official federal poverty measure.[6]
- Health care accounts for 7% of the family budget, including both the employees' share of the health care premium ($552 per month) and out-of-pocket costs ($229 per month).[7]
- Net taxes for the family now reflect a tax burden of about 25% due to the offsetting effects of the Federal Child Tax Credit and Child Care Tax Credit. If it were assumed that tax credits are not received monthly but instead annually in a lump sum, the monthly tax burden would be 28% of total expenses for this family.

Maryland Health Connection

The Self-Sufficiency Standard assumes that a job that pays a self-sufficiency wage provides employer-sponsored health insurance. However, if neither adult had employer sponsored health insurance in the example above (two adults with one infant and one preschooler in Montgomery County), and they purchased a silver health care plan through the Maryland Health Connection, the monthly premium amount would be $1,041. Assuming the parents were earning the Self-Sufficiency Standard, they would not qualify for the premium tax credit.[8] More so, the annual deductible is more than $4,000 for the whole family, further increasing the amount they would be spending on health care.

The third bar in Figure B shows the shift in the budget as the children get older and have less child care needs. The total monthly cost of basic needs drops to $7,760. Without the large amount for child care, the proportions for most of the other budget items increase:

- The cost of housing is now 25% of the family budget.
- Child care for the school-age child now accounts for just 13% of the basic needs budget for this family type, less than half of what was necessary when the children were younger.
- A larger proportion of the budget for food, now at 17%, is partly due to increased food costs for the teenager.
- Transportation is 5% of the total family budget.
- Health care accounts for 11% of the family budget.
- Net taxes have become 20% of the family's budget. If it were assumed, as noted before, that tax credits are received annually in a lump sum, then the monthly tax burden without tax credits would be 24% of the total costs for two adults with one school-age child and one teenager.

> *The owner that owns the condo we are renting from decided to hire a manager to manage his properties. But the management team is scheduled to take over in August. They are coming on with great force. The rent is going to be about a $400 increase. It's so last minute [for] myself and my daughter and three kids.*
>
> Montgomery County Resident

The Cost of Basic Needs Across the United States

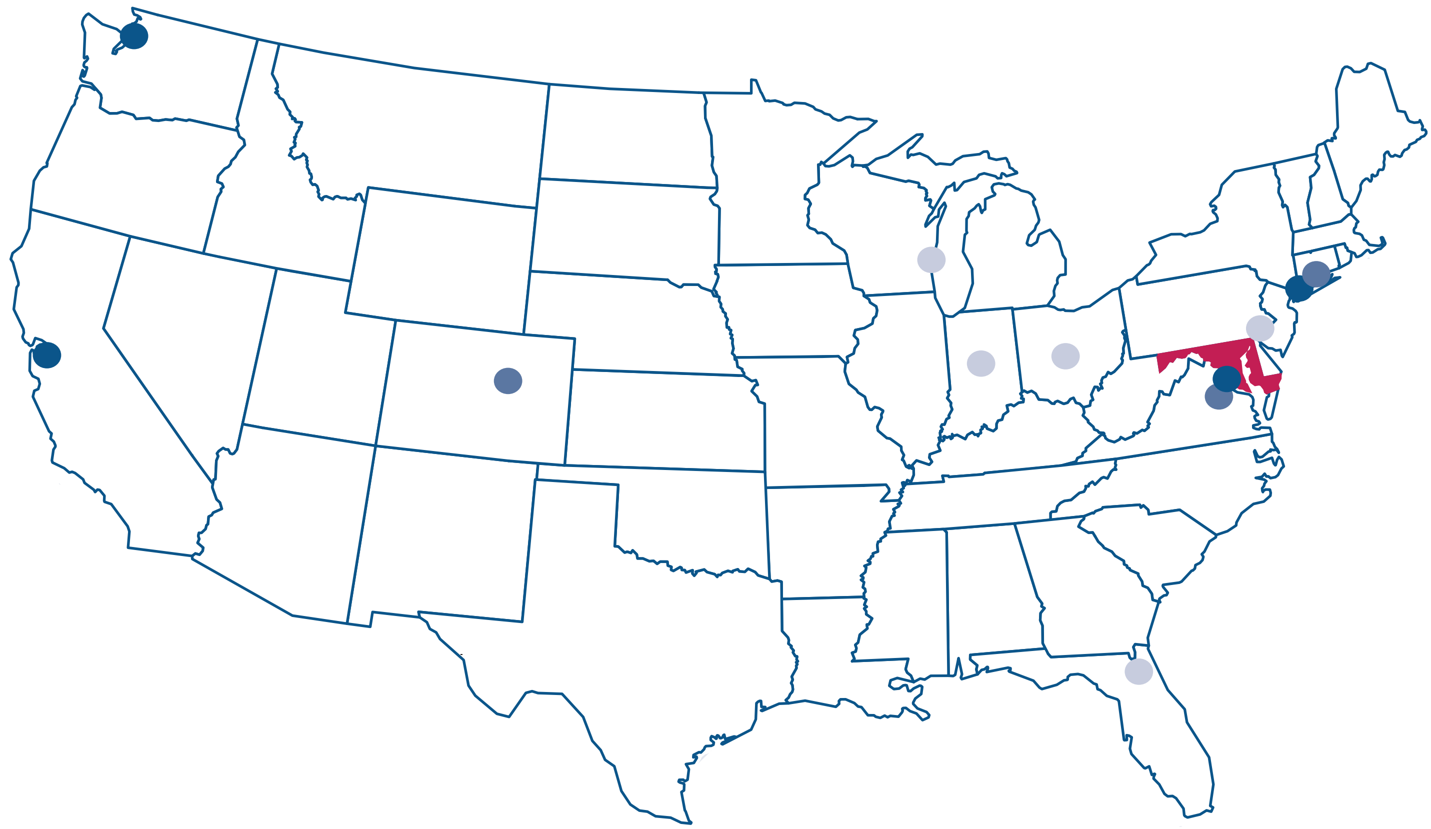
The cost of living varies not only within Maryland, but across the United States as well.

Montgomery County is positioned within the Washington-Arlington-Alexandria, DC-VA-MD-WV MSA, or the greater Washington D.C. area. While the Standard assumes costs for people living and working within the same county, many workers in this region are commuting into Washington D.C. and the surrounding areas. Despite the connectedness of this region, costs vary significantly. For example, in Arlington County, VA; Alexandria City, VA; Montgomery County, MD; Fairfax County, VA; and Washington D.C., the hourly Self-Sufficiency wages range from $40.22 in the District of Columbia to $61.70 in Arlington County for a family with one adult, one preschooler, and one school-age child. The hourly minimum wage in Virgina is such that single parents in Arlington, Alexandria, and Fairfax would need to work 206, 191, and 178 hours per week, respectively, to make ends meet. In Washington D.C. and Montgomery County, this parent would need to work 95 and 141 hours each week.

In Figure C the Self-Sufficiency Standard for a family with one parent, one preschooler, and one school-age child in Montgomery County, MD is compared to the Standard for the same family type in eleven other counties across the United States: East King County, WA; Boulder County, CO; Franklin County, OH; Fairfax County, VA; Marion County, IN; Duval County, FL; Milwaukee County, WI; Northwest Brooklyn, NY; Delaware County, PA; Santa Clara County, CA; and Fairfield County, CT.[9]

- In Montgomery County, a parent with one preschooler and one school-age child requires a wage of $55.33 per hour working full-time, year-round to meet the family's basic needs.
- The full-time, year-round wages required to meet the Self-Sufficiency Standard in these places range from a low of $28.13 per hour to a high of $68.86 per hour, or $59,401 to $145,425 annually.
- Montgomery County, at $55.33 per hour, is most comparable to nearby Fairfax County, VA ($53.38). Despite being similar in size, the hourly Self-Sufficiency wage needed to make ends meet in Montgomery County is over $13.00 lower than the hourly wage needed in the Silicon Valley tech hub of Santa Clara County, CA ($68.86).
- While all the budget items in the Standard vary geographically, housing and child care costs, in particular, vary considerably. **In East King County in Washington State—home to some of the largest tech companies in the world—a two-bedroom rental costs $2,759 per month compared to $1,934 in Montgomery County.** Likewise, for this family in NW Brooklyn, child care costs $2,356 per month compared to $1,201 in Duval County, FL and $2,698 in Montgomery County after being adjusted for inflation.
- In every one of the counties represented, except Duval, FL, this single parent would need to work more than three full-time minimum wage jobs to make ends meet. In Fairfax County, VA; Northwest Brooklyn, NYC; and the three regions with the federal minimum wage of $7.25 (Marion County, IN; Delaware County, PA; and Milwaukee County, WI), this single parent would need to work more hours at minimum wage than are available in a week. In Montgomery County, this parent would need to work 141 hours each week at minimum wage to make ends meet.

Figure C. The Self-Sufficiency Wage in Montgomery County, MD Compared to U.S. Cities and Counties, 2023*
One Adult, One Preschooler, and One School-age Child



Santa Clara County, CA	$68.86
Northwest Brooklyn, NY**	$66.29
East King County, WA**	$55.41
Montgomery County, MD**	$55.33
Fairfax County, VA	$53.38
Fairfield County, CT**	$52.36
Boulder County, CO	$50.03
Delaware County, PA	$38.55
Milwaukee County, WI	$35.51
Franklin County, OH	$35.32
Marion County, IN	$31.99
Duval County, FL	$28.13

*The Self-Sufficiency Standard for each city represents the county in which the city is located. Wages are updated from release month using the Consumer Price Index.
** Wage calculated assuming family uses public transportation.

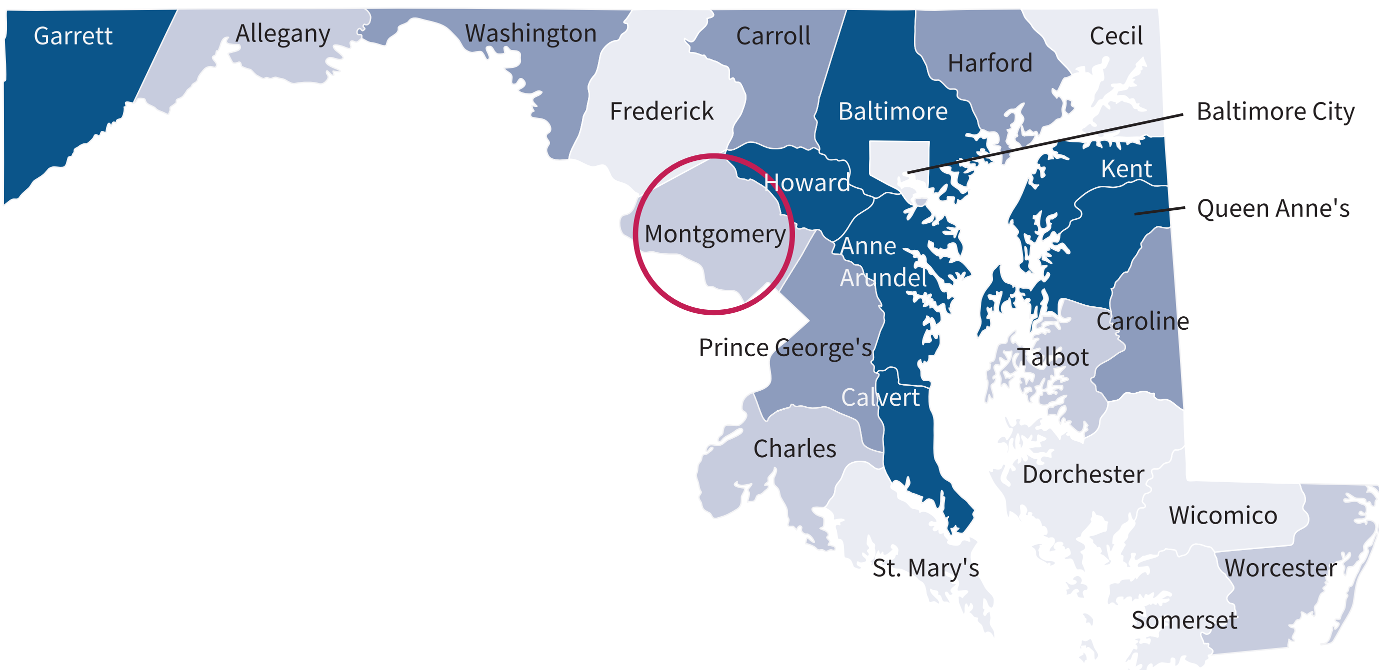
> *[It is] expensive to rent in our county, also apartments increase rent every year while maintenance of units declines.*
>
> Montgomery County Resident

The Cost of Living is Increasing in Montgomery County

This section examines how the 2023 Self-Sufficiency Standard compares to the results in select years since 2001.

The map in Figure D depicts the changes in the cost of living (as measured by the Self-Sufficiency Standard) in Maryland counties for a family with two adults, one preschooler, and one school-age child since the first calculation in 2001. Over the last twenty-two years, the Self-Sufficiency Standard for this four-person family has increased by 120%, on average, or 5.5% annually. The Standard increases vary considerably by county, ranging from 95% to 141%. Next, we direct our attention to changes in the Standard in Montgomery, Howard, and Frederick counties.

Figure D. Percentage Change in the Self-Sufficiency Standard for Maryland: 2001 - 2023
Two Adults, One Preschooler, and One School-Age Child: MD 2023

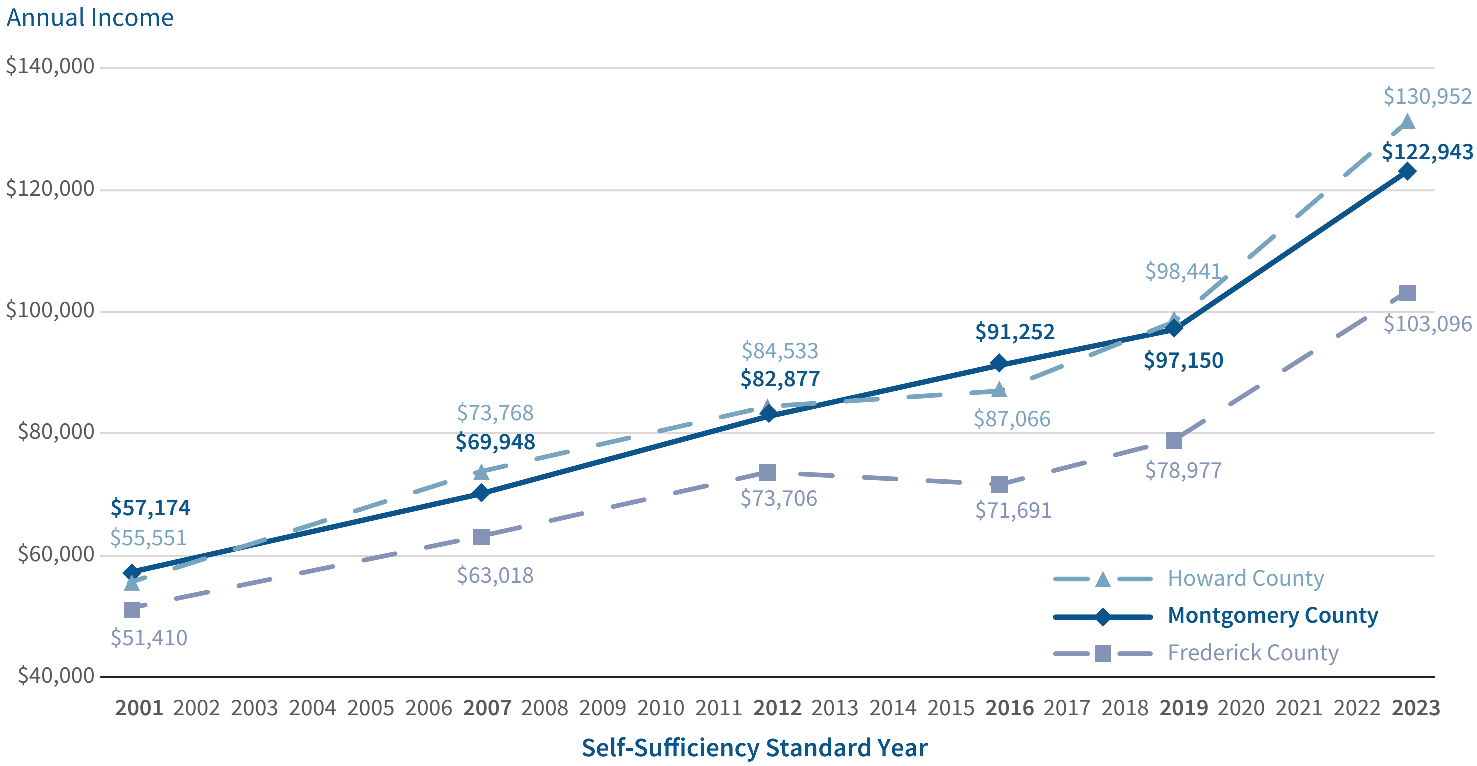


Percent Increase in Self-Sufficiency Wage from 2001-2023 by County

95% - 110%	112% - 117%	121% - 130%	132% - 141%
Baltimore City Cecil Dorchester Frederick Somerset St. Mary’s Wicomico	Allegany Charles Montgomery Talbot Worchester	Caroline Carroll Harford Prince George’s Washington	Anne Arundel Baltimore Calvert Garrett Howard Kent Queen Anne’s

Figure E. The Self-Sufficiency Standard for Montgomery, Howard, and Frederick Counties

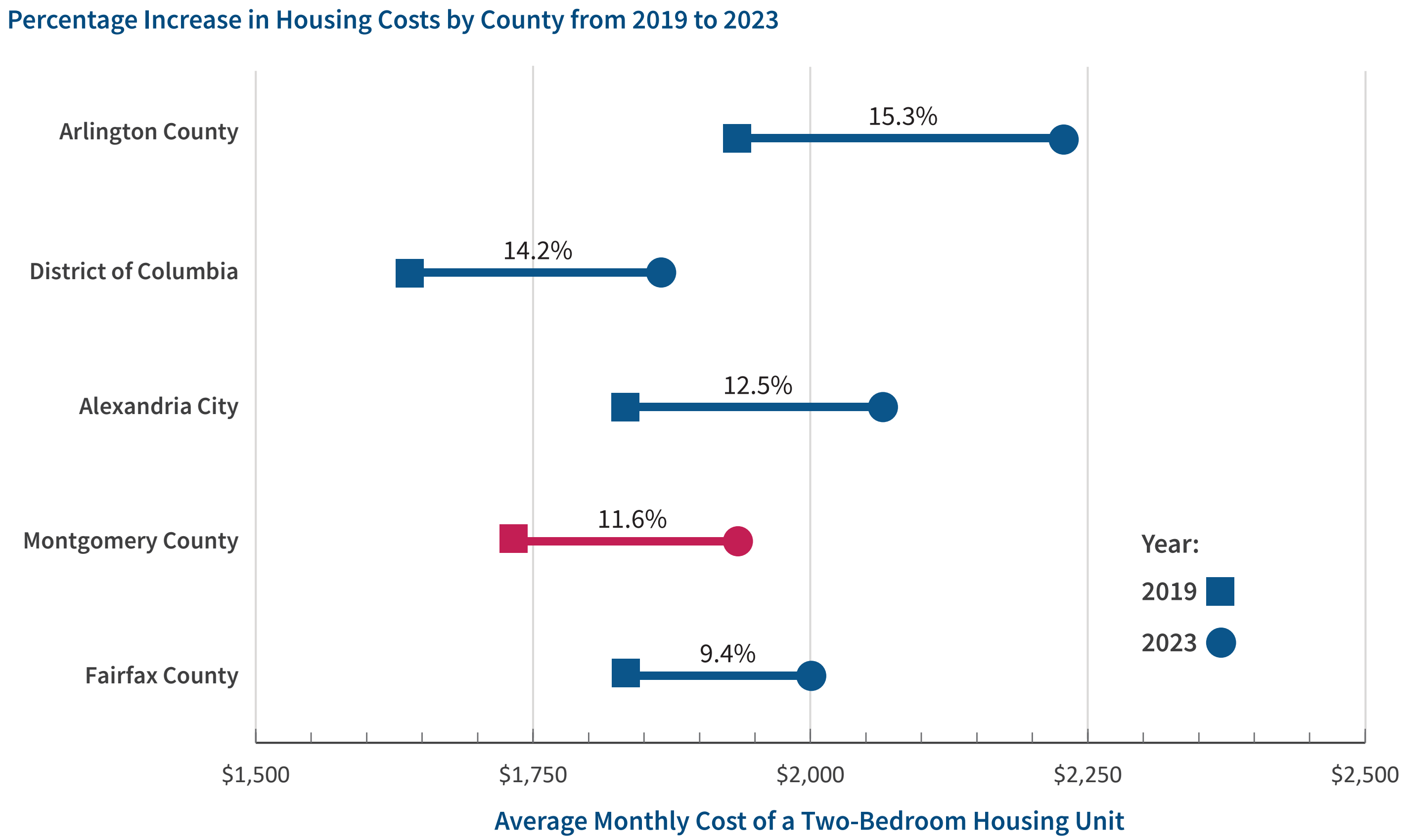
Two Adults, One Preschooler, and One School-age Child: 2001-2023



Tracing the changes in the Standard for this four-person family in Montgomery County and two adjacent counties, Figure E provides more insight on how the Self-Sufficiency Standard has increased in the region. Over the last twenty-two years, the Self-Sufficiency Standard for this four-person family has increased by 117% on average in these three counties or 5.3% annually.

- The largest change in the Standard since 2001 occurred in Howard County, which experienced a 136% increase in the cost of living, from $55,551 in 2001 to $130,952 in 2023, while Montgomery County increased by 115%, from $57,174 in 2001 to $122,943 in 2023.
- Montgomery County had the highest costs in 2016 but was overtaken by Howard County after 2019, which experienced a larger increase in the costs of child care (60% versus 40%) and housing costs (20% versus 11%) from 2016 to 2023.
- Between the years of 2001 and 2023, the gap between the lowest cost county in this comparison (Frederick) and the highest cost (Montgomery in 2001 and Howard in 2023) has widened significantly. In 2001, this family in Montgomery County required $5,765 more than the same family type in Frederick County; in 2023 the gap widens to $27,856 between Frederick and Howard counties. This is primarily due to the cost of housing in Frederick County increasing at half the rate of Howard County since 2001 (52% versus 108%).

Figure F. Housing Rate Percentage Increase in the D.C. Metropolitan Region
Two Bedrooms: 2019-2023



While Figure E compares the increase in the Self-Sufficiency Standard for Montgomery County with two other Maryland counties, the next section will examine the historical costs differences with other counties within the Washington D.C. Metropolitan Region, including Montgomery, Fairfax, Arlington, the District of Columbia, and Alexandria City. The historical growth of the Self-Sufficiency Standard varies by area, with Arlington County, VA having the highest cost increase (153% since 2002) and the District of Columbia have the lowest (58% since 1999).

Housing is one of the biggest drivers of historical cost increases and the last few years have seen particularly high rates of change. Figure F illustrates the housing cost percentage increase since 2019. Arlington County has the highest rate with the cost of a two bedroom rental increasing by 15.3% over the last four years. In Montgomery County, the cost of housing increased by 11.6%. At the same time, median earnings increased by 23% during the same time frame in the Washington-Arlington-Alexandria, DC-VA-MD-WV Metro Area. This means that half of a household's earnings gain was going directly to the increase in the cost of rent. If this household also had young children, then all of the median earnings gain would go towards just housing and child care alone for a family of two adults, one preschooler and one school-age child living in Montgomery County.

Table 2 shows the actual cost and percent change for each basic need since 2001 in Montgomery County, as well as statewide, for a family with one adult, one preschooler, and one school-age child. This analysis indicates that child care and food cost increases in Montgomery County surpassed statewide increases.

- Food costs rose 129% in Montgomery County, the highest in all Maryland counties. This represents a $509 per month increase for this single parent.
- Housing in Montgomery County increased comparably to what is seen statewide, 78% and 79% respectively. In dollar terms, the monthly cost of housing has increased on average by $849 since 2001.
- Child care costs increased substantially at a rate of 145%, surpassing the average change statewide. This translates to an additional $1,597 per month since 2001.
- Health care costs in Montgomery County had the smallest percentage increase in the state of Maryland, rising by 178%, lower than the 200% increase seen statewide. In dollar terms, the monthly cost of health care has increased on average by $446 since 2001.

Table 2. Percent Change in the Self-Sufficiency Standard Over Time, 2001 – 2023
Montgomery County, MD: One Adult, One Preschooler, and One School-age Child

			Percentage Change	
Monthly Costs	2001	2023	Montgomery County	Statewide
Housing	$1,084	$1,934	78%	79%
Child Care	$1,101	$2,698	145%	136%
Food	$396	$905	129%	97%
Transportation	$268	$189	(29%)	54%
Health Care	$251	$697	178%	200%
Miscellaneous	$310	$753	143%	156%
Taxes	$915	$2,996	227%	244%
Tax Credits*	($180)	($433)	141%	123%
Self-Sufficiency Wage				
Monthly	$4,145	$9,739	135%	136%
Annual	$49,735	$116,864		
Median Earnings for Retail Salesperson**				
Washington-Arlington-Alexandria, DC-VA-MD-WV	$17,860	$33,835	89%	

* Total Tax Credits is the sum of the monthly tax credits available to the individual, including: EITC, CCTC, and CTC.
** Bureau of Labor Statistics, Occupational Employment and Wage Statistics Survey, "May 2023 OEWS Estimates," www.bls.gov/oes (accessed May 24, 2023). Bureau of Labor Statistics, Occupational Employment and Wage Statistics Survey, "May 2001 OEWS Estimates," www.bls.gov/oes (accessed November 29, 2022). Median earnings from 2023 updated using the Employment Cost Index (ECI). U.S. Department of Labor, Bureau of Labor Statistics, Employment Cost Index, Wages and Salaries for All Civilian Workers in All Industries and Occupations, http://data.bls.gov/cgi-bin/srgate, Series CIS1020000000000I (accessed May 23, 2023).

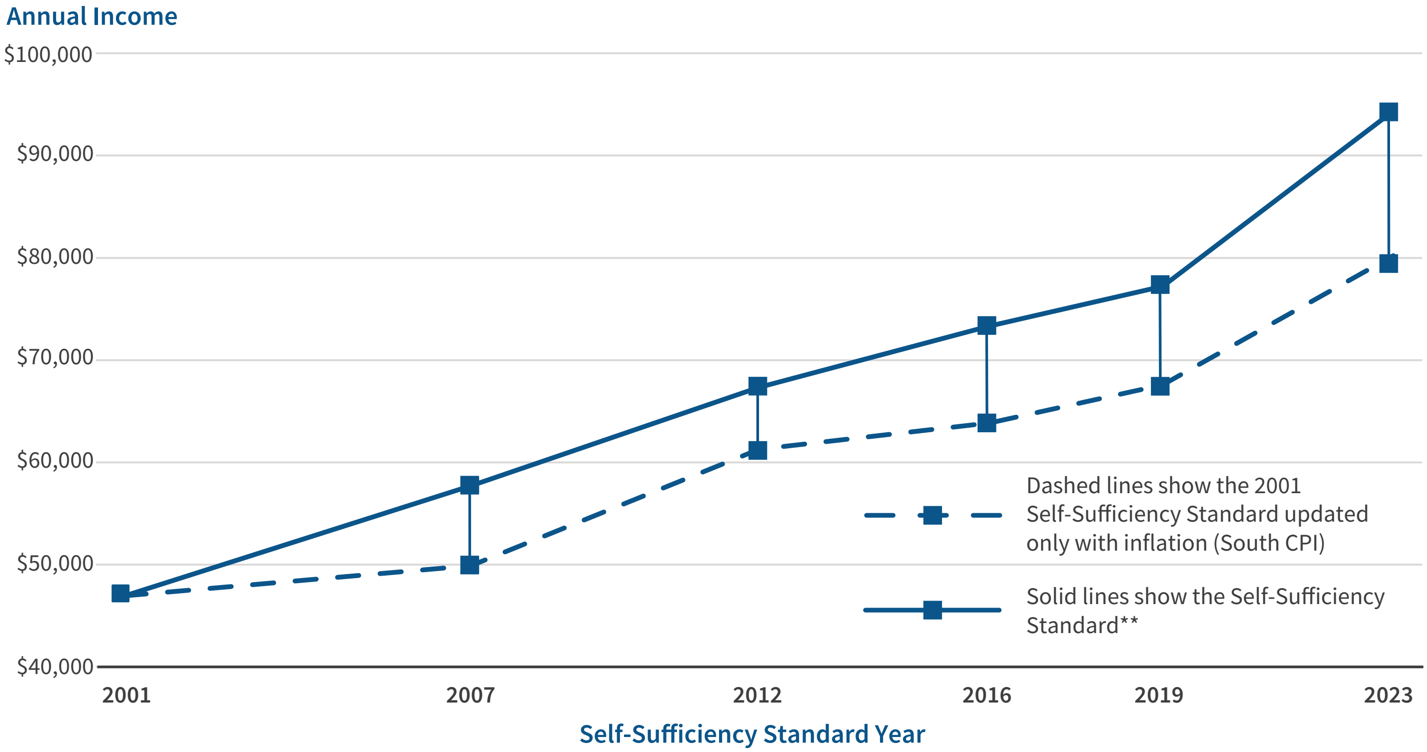
> “*The cost of gas and the maintenance of our vehicle makes it hard to even take kids to their programs and to work as well as all the in between—doctors appointment[s], grocery shopping, etc.*
>
> Montgomery County Resident

- Transportation costs decreased in Montgomery County by 29%, as opposed to a 54% increase statewide. Transportation for Montgomery County in 2001 was assumed to be private, while in 2023, Montgomery County costs were calculated with the cost of public transportation. In the Standard, public transportation costs are assumed if more than 7% of a county utilizes transit services. The 2007 Maryland Self-Sufficiency Standard was the first calculation to include public transportation costs for Montgomery County. This contributed to the observed decrease in this cost category. However, use of public transit isn't practical for all families. Time sensitive commutes must be made between home, child care centers, schools, and work; the burden of a missed transit connection is more than many families can afford in time and wages. If private transportation costs were assumed in 2023, the percent increase is estimated to be similar to the statewide changes of 54%, or over $400 per month.

Cost of Living Increases versus Earnings Increases. While the Self-Sufficiency Standard for this three-person family in Montgomery County increased by 135% over the past twenty-two years, workers' median earnings have not kept pace. For example, for retail salespersons, (the fourth most common occupation in the Washington-Arlington-Alexandria, DC-VA-MD-WV MSA and statewide in 2001) the median earnings increased by just 89% in the metropolitan DC area ($17,860 to $33,835 annually) and 83% statewide ($16,830 to $30,774 annually). If this single parent was working as a retail salesperson in Montgomery County and earning the 2023 median wage, they would not be able to cover all their basic needs in 2001, much less now. Cost increases outstripping wage increases indicate a worrisome trend that will continue to put pressure on family budgets.

Documenting Changes in Living Costs with the Standard versus the Consumer Price Index. Nationally, the official measure of inflation is the U.S. Department of Labor's Consumer Price Index (CPI). The CPI is a measure of the average changes in the prices paid by urban consumers for all goods and services. Since the Standard measures the costs of only basic needs, the question is how the increases in costs documented here compare to official inflation rates for all goods and services. We examine this question in Figure G by comparing the actual increase in the Self-Sufficiency Standard to what the numbers would be if we had just updated the 2001 Standard with the CPI. Since the CPI does not incorporate taxes or tax credits, these items have been removed from the Standard shown in Figure G. This comparison was done for a four-person family (two adults, one preschooler, and one school-age child) in Montgomery County.

Figure G. CPI* Measured Inflation Underestimates Real Cost of Living Increases:
A Comparison of the Self-Sufficiency Standard and the Consumer Price Index, 2001 – 2023
Montgomery County, MD: Two Adults, One Preschooler, and One School-Age Child



* U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index, "South Region All Items," http://data.bls.gov/cgi-bin/surveymost?cu (accessed May 25, 2023).
** Since the CPI does not incorporate taxes or tax credits, these items have been taken out of the Self-Sufficiency Standard for this comparison figure.

- The South Region Consumer Price Index (CPI) increased 73% between 2001 and 2023.
- If the 2001 Self-Sufficiency Standard for Montgomery County ($46,963 per year without taxes/tax credits), was increased by this amount, the CPI-adjusted cost of basic needs in 2023 is estimated to be $81,057 per year.[10] The ***actual*** 2023 Standard (without taxes or tax credits) for this family type is $94,351 per year, a 101% increase over the last twenty-two years.

Figure G demonstrates that the rate of inflation as measured by the CPI underestimates the rising costs of basic needs; instead of increasing 73%, costs rose by 101% in Montgomery County. This figure is just under the statewide average increase. Using the CPI for this family type in Montgomery County results in a 2023 estimate of costs that is more than $13,200 less than the costs measured by the 2023 Standard. **That is, estimating the increase in costs using the CPI underestimates the real increases in the cost of basic needs faced by Montgomery County families, leaving them thousands of dollars short.**

Over the last year, the country has experienced exceptionally high rates of inflation. Inflation sharpens the financial strain families face as costs rise and median earnings for low-wage jobs stay relatively constant. Previous Standard research indicates that the cost of basic needs rises faster than the general inflation measures reveal. This means that low-income families deal with even more burdensome increases than indicated by the "all items" CPI data (which shows an 5.5% increase for the CPI South Region in May 2023). For example, the CPI for food costs alone is 8% in the same region for May 2023.[11] Low-income families in Maryland have been dealing with the cost of living rising faster than wages even before this period of high inflation. These rapid cost increases now further aggravate the real but hidden economic crunch that these families are experiencing.

> *Food is so expensive! The income guidelines make it impossible for me and [my] children to qualify for food stamps. I make just enough to cover rent, utilities, and transportation.*
>
> Montgomery County Resident

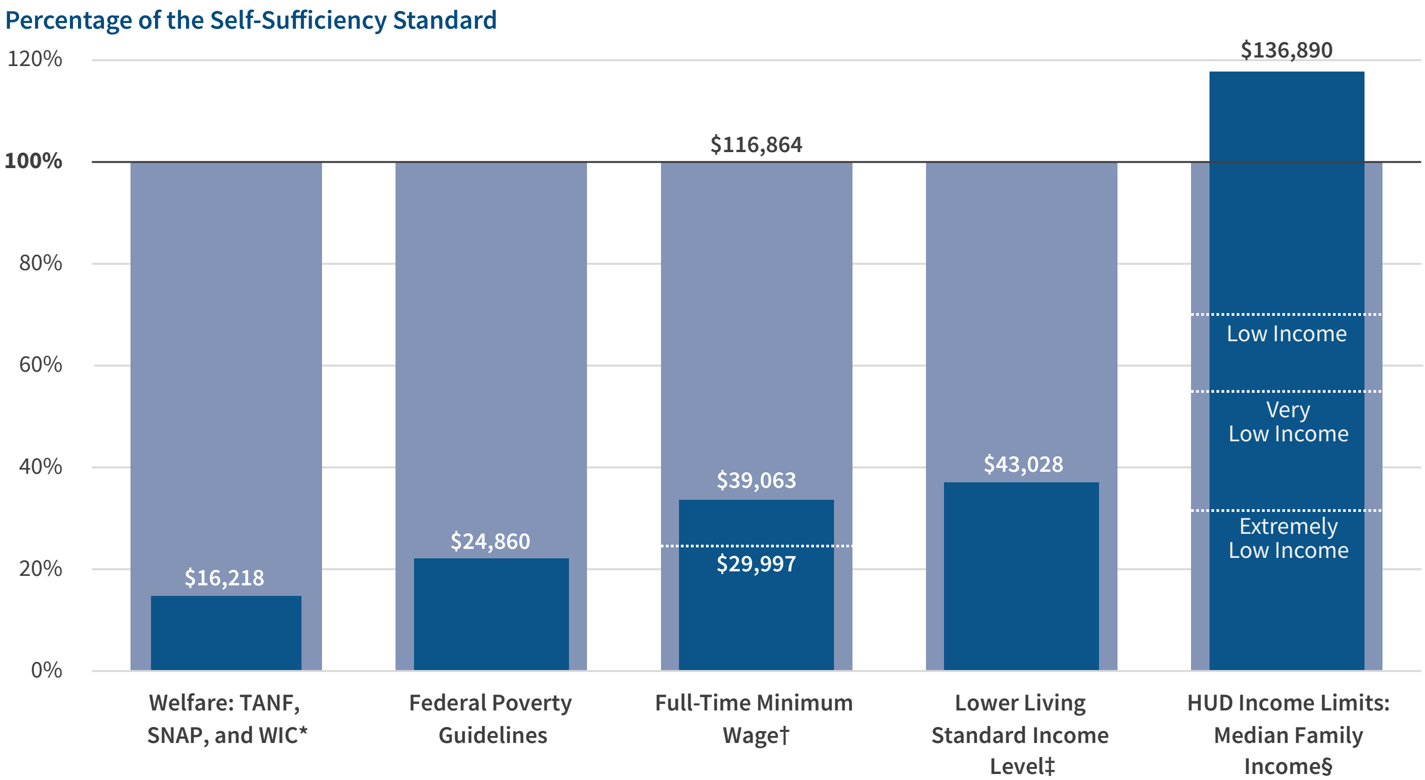
How Does the Self-Sufficiency Standard Compare to Other Benchmarks of Income?

As a measure of income adequacy, how does the Standard compare to other commonly used measures?

Figure H compares the Self-Sufficiency Standard for one adult, one preschooler, and one school-age child in Montgomery County ($116,864 per year) to the following income benchmarks for three-person families:

Welfare: TANF, SNAP, and WIC. The first bar on the left in Figure H calculates the cash value of the basic public assistance package, assuming no other income, and includes the cash value of the Temporary Assistance for Needy Families (TANF), Supplemental Nutrition Assistance Program (SNAP, formerly food stamps), and Women, Infants, and Children (WIC). This public assistance package totals $16,218 per year for three-person families in Maryland, which is only 14% of what this family needs to make ends meet in Montgomery County.

Figure H. The Self-Sufficiency Standard Compared to Other Benchmarks
Montgomery County, MD 2023, One Adult, One Preschooler, and One School-age Child



* The maximum TANF benefit amount is $8,724 annually, the SNAP benefit amount is $6,958 annually, and the annual WIC benefit amount is $536 annually for this family of three in Maryland.
†The July 1, 2023 minimum wage for Montgomery County is $16.70 per hour. This amounts to $35,270 per year. Assuming this family pays federal and state taxes and receives tax credits, however, the net yearly income would be a larger amount, $39,063, as shown. The dashed line shows the annual income received after accounting for taxes ($29,997) but without the addition of tax credits, which are received as a yearly lump sum after filing taxes the following year.
‡ The U.S. Department of Labor, Employment and Training Administration used the Lower Living Standard Income Level (LLSIL) to define low income-individuals for eligibility purposes. The LLSIL is the 2023 adjusted Washington-Baltimore, DC/MD/VA/WV for a three-person family.
§ The U.S. Department of Housing and Urban Development (HUD) uses median family income as a standard to assess families' needs for housing assistance. The HUD median family income limits are for FY 2023.

Federal Poverty Guidelines. According to the 2023 federal poverty guidelines, a three-person family, no matter their location or composition, would be considered "poor" with an annual income of $24,860 or less. The FPG for three-person families are only 21% of the Self-Sufficiency Standard for this family in Montgomery County.

This comparison demonstrates just one family type. Unlike the Self-Sufficiency Standard, the FPG does not vary by age of child—only by number of persons in a household. For families in Montgomery County with lower Self-Sufficiency Standard budgets, such as a household with one adult and two teenagers, the FPG are 37% of the Self-Sufficiency Standard. For a household with a higher budget, such as a household consisting of one adult with two infants, the FPG are only 18% of the Self-Sufficiency Standard. Not accounting for the age of children results in the FPG underestimating the need for families with young children.

There is also considerable variation by place. Table 3 compares the percentage of the FPG needed to meet basic needs for one adult, one preschooler, and one school-age child across Maryland and finds that the Self-Sufficiency Standard for this family type ranges from 256% of the FPG in Garrett County to 486% of the FPG in Howard County.

Minimum Wage. Effective July 1, 2023, the minimum wage in Montgomery County is $16.70 per hour for businesses with 51 or more employees. Someone working full time at this rate would earn $35,270 annually. Given the tax credits this family qualifies for, including the federal and state earned income tax credit and child tax credit, the net total income would be $39,063.

A full-time minimum wage job, including tax credits, in Montgomery County provides just 33% of the amount needed for this family to be self-sufficient. If a more realistic assumption is made that the worker pays taxes monthly through withholding, but receive tax credits annually (as is true of all workers), their take-home income would be $29,997 over the year, shown by the dashed line on the fourth bar in Figure H. Without including the impact of tax credits in either the minimum wage or Self-Sufficiency Standard income (but still accounting for payment of taxes), a minimum wage job amounts to 26% of the Self-Sufficiency Standard for a family of one adult, one preschooler, and one school-age child in Montgomery County.

Put another way, including the value of tax credits, at the current county minimum wage, this single parent with two children would need to work 120 hours per week to meet the family's basic costs of living. If tax credits are excluded from current income (as they are received the next year at tax filing), this parent would need to work 156 hours per week at the minimum wage to meet the family's basic costs.

> "*My grand-kids are finding it very hard to find work that pays more than $15 an hour, even though housing in this area is such that to rent a ROOM is average $1,000 monthly.*
>
> Montgomery County Resident

Lower Living Standard Income Level (LLSIL). The U.S. Department of Labor's Lower Living Standard Income Level (LLSIL) was originally calculated for metropolitan areas across the country to reflect the variation in the cost of living facing urban workers. However, it was last revised in 1981 by the Bureau of Labor Statistics and has only been updated for inflation since. Under the Workforce Innovation and Opportunity Act, a family is considered low-income, and thus has priority for workforce training services, if family income does not exceed the higher of the FPG or 70% of the LLSIL.[12] The 2023 LLSIL for a three-person family in the Washington-Baltimore, DC/MD/VA/WV Area is $43,028 and 70% of the LLSIL is $30,120, which is $5,260 more than the FPG for this family size.[13]

Area Median Family Income Limits. The U.S. Department of Housing and Urban Development (HUD) uses percentages of area median family income (by family size) to determine families' eligibility for housing assistance on the assumption that area median income is a rough measure of the local cost of living. The median is the midpoint, which means that half of families in the area have incomes above this amount, and half below. HUD defines three levels of need: (1) "Low Income," which is between 50% and 80% of median income; (2) "Very Low Income," which is between 30% and 50% of median income, and (3) "Extremely Low Income", which is income less than 30% of median income.

The HUD median income for a three-person family in Montgomery County is $128,070 annually.[14] For a three-person family in this county, HUD income limits are as follows:

- **Low Income.** Income between $67,815 and $85,770.
- **Very Low Income.** Income between $40,680 and $67,815.
- **Extremely Low Income.** Income less than $40,680.[15]

The Self-Sufficiency Standard of $116,864 for this family is above the HUD "Low Income" range, but still well below the median income, demonstrating that the Standard is a conservative measure of the minimum amount required to be self-sufficient in Montgomery County. (Due to limited resources, most federal housing assistance goes to families with incomes that are considered "Very Low Income" or "Extremely Low Income.")

Table 3. The Self-Sufficiency Standard as a Percentage of Other Benchmarks of Income

Two Family Types, Maryland Counties: 2023

		One Adult + One Preschooler + One School-age *As a Percentage of:*				Two Adults + One Preschooler + One School-age *As a Percentage of:*		
County	Annual Self-Sufficiency Standard	Federal Poverty Guidelines	Minimum Wage	Median Family Income	Annual Self-Sufficiency Standard	Federal Poverty Guidelines	Minimum Wage	Median Family Income
Allegany	$64,786	261%	232%	101%	$77,392	258%	277%	109%
Anne Arundel	$98,386	396%	352%	94%	$109,141	364%	390%	94%
Baltimore	$93,118	375%	333%	89%	$105,420	351%	377%	91%
Calvert	$94,748	381%	339%	74%	$106,529	355%	381%	75%
Caroline	$67,575	272%	241%	97%	$80,139	267%	286%	103%
Carroll	$87,650	353%	313%	84%	$99,970	333%	357%	86%
Cecil	$77,168	310%	276%	81%	$90,019	300%	322%	85%
Charles	$94,798	381%	339%	74%	$105,946	353%	379%	74%
Dorchester	$66,243	266%	237%	96%	$78,681	262%	281%	103%
Frederick	$91,721	369%	328%	72%	$103,096	344%	368%	72%
Garrett	$63,584	256%	227%	96%	$75,975	253%	271%	104%
Harford	$91,776	369%	328%	88%	$103,623	345%	370%	89%
Howard	$120,859	486%	432%	116%	$130,952	437%	468%	113%
Kent	$71,867	289%	257%	85%	$85,571	285%	306%	91%
Montgomery	$116,864	470%	*354%	91%	$122,943	410%	*372%	86%
Prince George's	$96,659	389%	345%	75%	$108,337	361%	387%	76%
Queen Anne's	$86,416	348%	309%	83%	$99,364	331%	355%	86%
St. Mary's	$83,834	337%	300%	81%	$96,438	321%	345%	84%
Somerset	$65,488	263%	234%	125%	$78,175	261%	279%	135%
Talbot	$75,576	304%	270%	83%	$88,602	295%	317%	88%
Washington	$71,475	288%	255%	94%	$83,926	280%	300%	99%
Wicomico	$69,081	278%	247%	94%	$81,617	272%	292%	100%
Worcester	$67,224	270%	240%	84%	$79,893	266%	285%	90%
Baltimore City	$78,826	317%	282%	75%	$87,179	291%	312%	75%
Minimum	$63,584	256%	227%	72%	$75,975	253%	271%	72%
Maximum	$120,859	486%	432%	125%	$130,952	437%	468%	135%

Definitions: The federal poverty guidelines for family of three = $24,860 and for a family of four = $30,000. Area median family income varies by and calculated from HUD's FY2023 Income Limits. Annual minimum wage is the gross amount of full-time, year-round work at a wage of $13.25 per hour.
* Assumes full-time, year-round work at $16.70 per hour, the 2023 minimum wage in Montgomery County.

Strategies to Meet the Standard

- How do Montgomery County's Most Common Occupations Compare to the Self-Sufficiency Standard?
- Meeting the Standard, Reducing Costs
- Meeting the Standard, Raising Income

Median Wages of Montgomery County Jobs Fall Short of Meeting the Standard

Having detailed the cost of meeting basic needs in Montgomery County, the next question is how families can secure the resources necessary to meet these needs. ***Since almost all working-age families receive their income from employment, a crucial question is whether the jobs available provide sufficient wages.***

How do Montgomery County's most common occupations compare to the Self-Sufficiency Standard? To answer this question, the median wages of the ten occupations with the highest number of employees in the Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Statistical Area (MSA) are compared to the Self-Sufficiency Standard for a family with one adult, one preschooler, and one school-age child in Montgomery County ($55.33 per hour).[16]

One-fifth (21%) of the MSA region's workers are employed in the ten most common occupations, shown in Figure I.

Only three of the ten most common occupations in the MSA—general and operations managers, software developers, and lawyers—have a median wage that is above the Self-Sufficiency Standard for this family type. Five of the seven top occupations that do not provide sufficient wages to cover the cost of basic needs can be categorized into two job categories, retail and fast food, and office support: retail salespersons, fast food and counter workers, cashiers, janitors and cleaners, and office clerks.

Retail and Fast Food. Common service occupations in the Washington-Arlington-Alexandria, DC-VA-MD-WV MSA: cashiers, fast food and counter workers, and retail salespersons account for six percent of workers within the MSA. With inflation adjusted median earnings ranging from $14.91 to $16.27 per hour, these occupations provide workers with an income that is only 34% to 37% of the Standard for this family type in Montgomery County, after accounting for taxes and non-refundable tax credits.

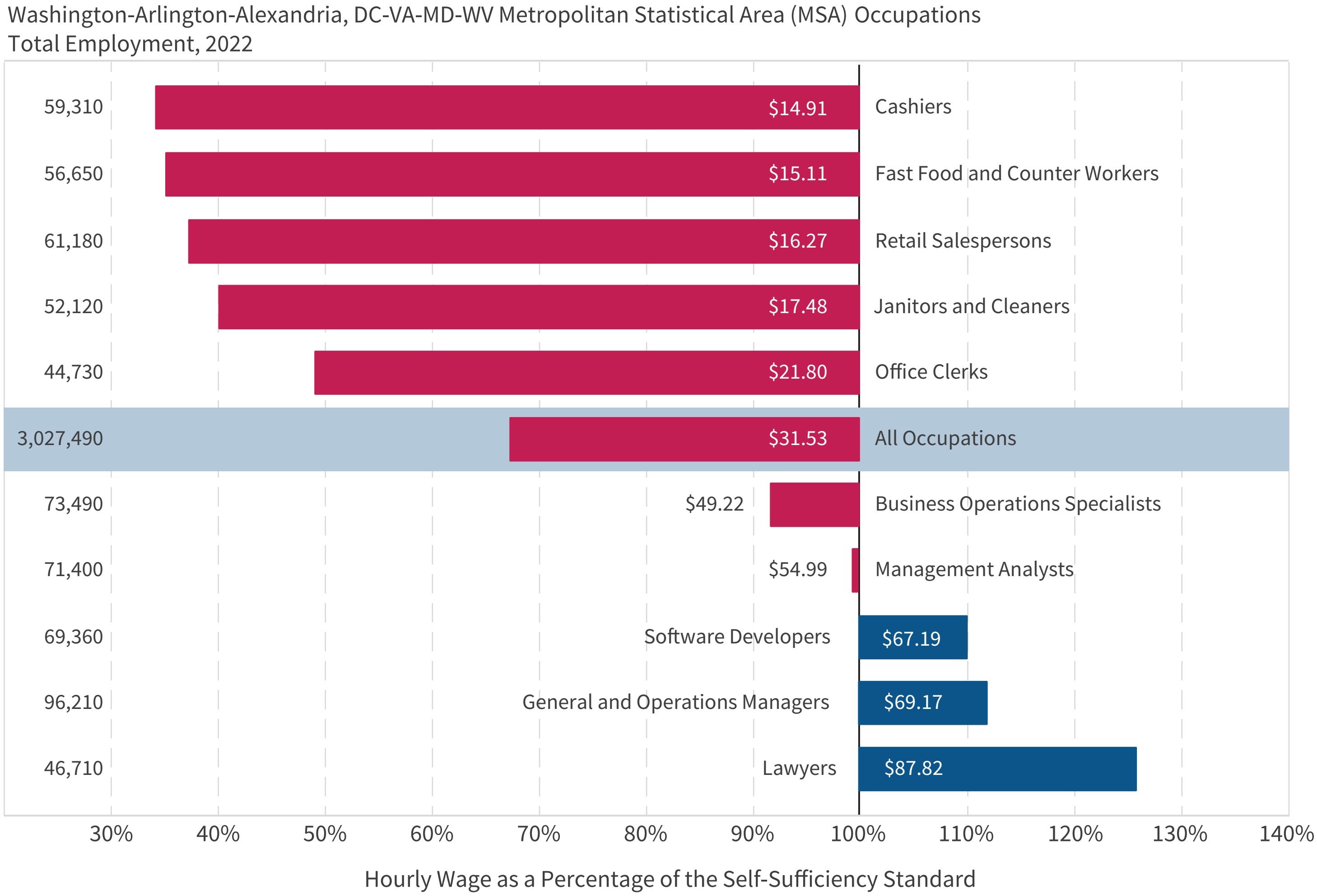
Office Support. The essential support staff of many D.C. area businesses, legal offices, and government institutions include those who work as office clerks, and janitors and cleaners. These workers receive median earnings of $17.48 (janitors and cleaners), and $21.80 (office clerks) when adjusted for inflation, amounting to 40% and 49% of the Self-Sufficiency Standard. That number contrasts sharply with the wages of the operations managers, software developers, and lawyers working in the same spaces.

Definition Note

A median wage is the middle point of the distribution of wages from low to high. That is, half of workers in an occupation earn less than the median wage and half earn more. Because average wages are skewed by a small number of high earners, the median is a more realistic measure of a typical worker's earnings, and so it is used here.

Figure I. Median Hourly Wages of the Ten Largest Occupations in Washington-Arlington-Alexandria, DC-VA-MD-WV MSA, Compared to the Montgomery County Self-Sufficiency Standard ($55.33)*

One Adult, One Preschooler, & One School-age Child: Montgomery County, MD 2023



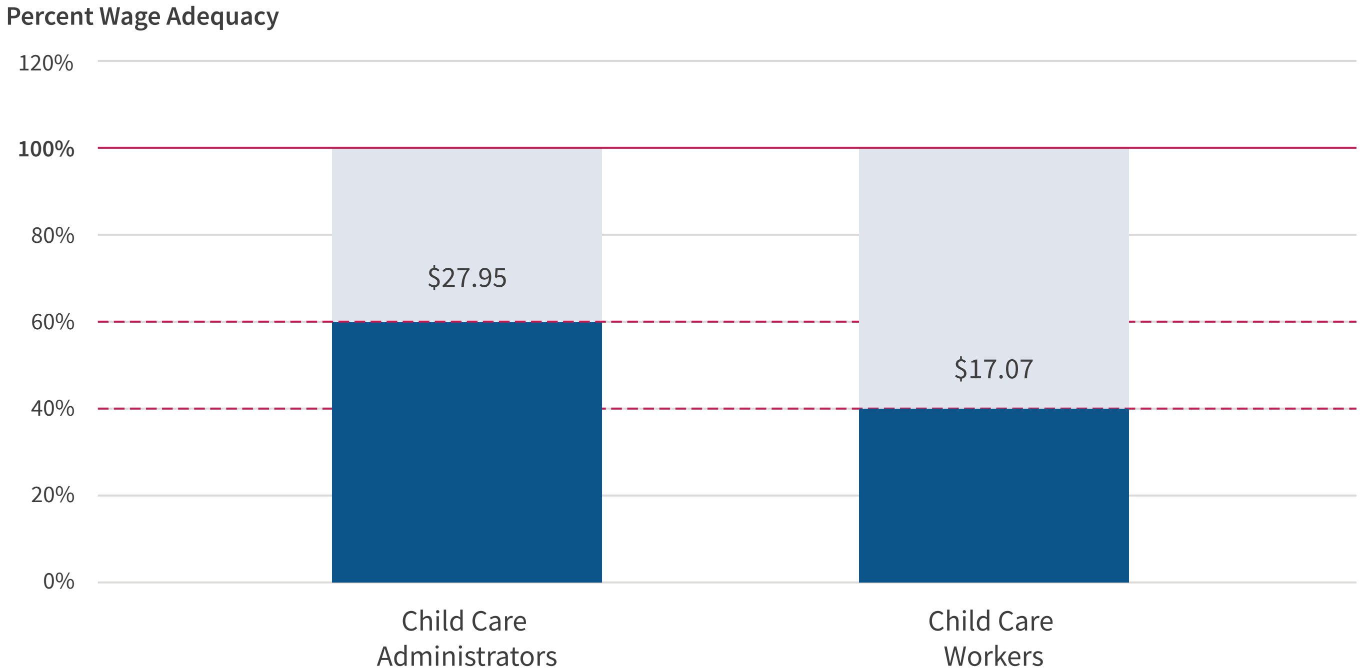
Source: U.S. Department of Labor, "May 2022 State Occupational Employment and Wage Estimates," Databases and Tables, Occupational Employment Statistics, http://www.bls.gov/oes/data.htm (accessed May 23, 2023). Wages adjusted for inflation using the Employer Cost Index from the Bureau of Labor Statistics.

*Percentages are calculated assuming the family receives qualifying federal and state tax credits for this family type. The Standard shows refundable and nonrefundable tax credits as if they are received monthly. However, in order to be as realistic as possible, tax credits that are available as a refund on annual taxes are not included in the calculation of whether an occupation's wage provides adequate monthly income.

Early Childhood Education. Although they are not included in the ten most common occupations, child care workers represented in Figure J, receive a median, inflation-adjusted hourly wage of $17.07 per hour, or 40% of their essential costs. Even child care administrators, who presumably possess longer tenure, more training, and higher education are paid $27.95 per hour, a wage that is 60% of the Self Sufficiency Standard for a family of one adult, one preschooler, and one school-age child. **Despite the exorbitant costs of child care, child care workers and administrators do not receive wages sufficient to support themselves as parents.** These low wages impact other local families and the workforce as a whole, when parents compete for a decreasing number of child care spots.

Figure J. Median Hourly Wages of Child Care Administrators and Workers in Washington-Arlington-Alexandria, DC-VA-MD-WV MSA, Compared to the Montgomery County Self-Sufficiency Standard ($55.33)*

One Adult, One Preschooler, & One School-age Child: Montgomery County, MD 2023



Source: U.S. Department of Labor, "May 2022 State Occupational Employment and Wage Estimates," Databases and Tables, Occupational Employment Statistics, http://www.bls.gov/oes/data.htm (accessed May 23, 2023). Wages adjusted for inflation using the Employer Cost Index from the Bureau of Labor Statistics.

*Percentages are calculated assuming the family receives qualifying federal and state tax credits for this family type. The Standard shows refundable and nonrefundable tax credits as if they are received monthly. However, in order to be as realistic as possible, tax credits that are available as a refund on annual taxes are not included in the calculation of whether an occupation's wage provides adequate monthly income.

For many of the occupations discussed in this analysis, this single parent would have to work more than two full-time jobs to yield enough income to meet the family's basic needs, yet low-wage jobs frequently lack full-time hours and benefits such as health insurance. These same occupations have wages so low that even an adult working full time would be unable to support themselves alone—since the Self-Sufficiency Wage for a single adult is $22.39 per hour—much less support children.

This problem cannot be solved by merely adding another working adult to the household. A family in Montgomery County consisting of two adults with a preschooler and school-age child requires each adult to earn at least $29.11 per hour working full time. Both of these adults working full time in five of these occupations (retail salespersons, fast food workers, cashiers, office clerks, and janitors and cleaners) would still be unable to earn the minimum needed to support themselves.

This discussion reflects a shift towards an increased number of low-wage jobs in the recovery from the Great Recession. That is, while job losses of the Great Recession were concentrated disproportionately in mid-wage occupations, as the economy recovered, the job gains have been disproportionately in lower-wage occupations. At the same time, income gains have been made by those at the very top, driving the increased income inequality that underlies the high levels of socioeconomic inequality across the country, including Montgomery County.[17]

This analysis of the wages of the Washington DC metropolitan region's most common occupations and child care positions demonstrates that the economic insecurity faced by so many Montgomery County workers does not reflect a lack of work effort or skills. Rather, it is simply that current wages are too low in many common occupations to support a family at minimally adequate levels, even sometimes with two workers, a situation exacerbated by the unbalanced recovery from the Great Recession and now by the lingering economic impact of the pandemic. The minimum wage in Montgomery County rose to $16.70 per hour for large employers (defined as having 51 or more employees) in July 2023. Future analyses will show how this increase in wages fares against rising costs.

Given this state of affairs, there are two basic approaches to closing the income gap: ***reduce costs or raise incomes***. The next two sections will discuss each of these approaches. The first approach relies on strategies to reduce costs, often temporarily, through work supports (subsidies), such as food and child care assistance. Strategies for the second approach, raising incomes, are often broader, such as increasing education levels, incumbent worker programs, and nontraditional job training.

Reducing costs and raising incomes can occur sequentially or in tandem, at the individual level or at the community, state or national level. For example, some adults may seek education and training that leads to a new job, yet continue to supplement their incomes with work supports until their wages reach the self-sufficiency level.

Furthermore, as the analysis above has shown, the costs of basic needs tend to rise faster than wages, providing a challenge to all stakeholders to address the problem of wage inadequacy to meet basic needs.

Child Care Workforce Development

The Early Care and Education (ECE) Initiative Action Plan for Montgomery County has placed an emphasis on opening child care centers, training providers, and increasing reimbursement rates for providers up to 80 percent of the current county average market rate for child care through the Working Parents Assistance Program (WPA). In response to the projected need for quality providers, the Child Care Career and Professional Development Fund (CCCPDF) provides funding for tuition and fees, or costs incurred to obtain a college degree in early childhood education or related fields for those with at least 1 year of experience working with groups of children in an approved setting, and at least a level 2 in the Maryland Child Care Credential Program.[18] The next challenge for the Early Care and Education Coordinating Entity (ECECE), established under the ECE Initiative, will be attracting and retaining workers in an occupation with wages that are often inadequate to cover the cost of basic needs for families with children themselves.

Meeting the Standard: Reducing Costs

As described above, many families struggle to meet their needs on earnings alone. Work supports (subsidies or assistance) can help working families achieve economic stability, so that they do not need to choose from among their basic needs, such as scrimping on nutrition, living in overcrowded or substandard housing, or leaving children in unsafe or non-stimulating environments. With such stability, parents can not only obtain jobs, but are able to retain employment, a necessary condition for improving wages.

This section models how work supports can reduce a family's expenses until they are able to earn Self-Sufficiency wages, thus closing the gap between actual wages and what it really takes to make ends meet.

Montgomery County and Maryland work supports include programs such as:

- Child Care Scholarship Program (CCSP)
- Working Parents Assistance (WPA) Montgomery County
- Medicaid and Maryland Children's Health Program (MCHP)
- County-funded healthcare programs: Montgomery Cares and Care for Kids
- Food Benefits [Supplemental Nutrition Assistance Program (SNAP)] and the Women, Infants, and Children (WIC) Program
- Section 8 vouchers and public housing

Figure K. Eligibility Thresholds for Work Supports in Montgomery County
One Adult, One Preschooler, & One School-age Child: Montgomery County, MD 2023

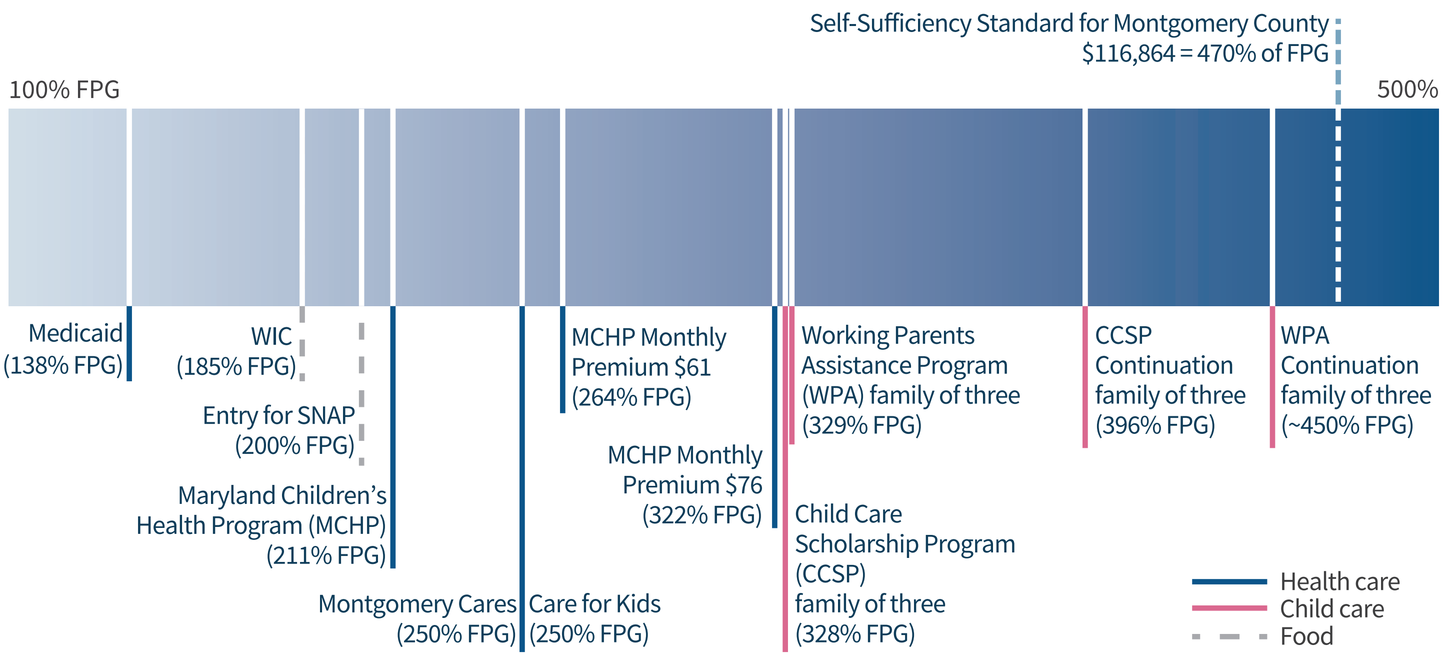


Table 4. Summary of Maryland and Montgomery County's Work Supports, Child Supports, and Tax Credits

Program	Benefit	Income Eligibility
County Level		
Care for Kids	Per visit, fee-based medical and dental care for uninsured children residing in Montgomery County.	Household income is at or below 250% of the FPG, and child is not eligible for or enrolled in MCHP or MCHP Premium.
Montgomery Cares	Per visit, fee-based healthcare services for uninsured adults ages 18 and older residing in Montgomery County. Provided by community-based health care providers. Cost of copayment varies by income, service rendered, and clinic.	Household income at or below 250% of the FPG, and not enrolled or eligible for other health insurance including Medicaid, Medicare, commercial insurance or employee-sponsored coverage.
Working Parents Assistance Program (WPA)	County-sponsored child care subsidy with age dependent rates, set for a given month to adjust for the local school year. Percentage of subsidy (85-100%) is dependent upon household income. Families are responsible for costs above the state reimbursement levels.	Income thresholds are $1 higher than those for the state child care program, with a higher income threshold for continuation. Family must pursue child support.
Working Families Income Supplement	The credit is a 100% match of the state refundable EITC benefit for the 2022 tax year. Please see additional information on page 47.	The same as the federal EITC eligibility, but tax payers using an Individual Taxpayer Identification Number (ITIN) are also eligible.
State Level		
Maryland Children's Health Program (MCHP)	Health care benefits for uninsured children ages 18 and under. MCHP is zero cost while MCHP Premium requires a premium of $61 or $76 per month.	Household adjusted gross income is at or below 211% of the FPG (about $4,880/month for a family of four). Households with income above the MCHP income guidelines but at or below 322% of the FPG (about $7,448 for a family of four) may qualify for MCHP Premium.
Child Care Scholarship Program (CCSP)	State sponsored child care assistance with zero copay. Families are responsible for costs above the state reimbursement levels.	Family income must be below 328% of the FPG. A higher threshold is used for redeterminations.
Maryland Earned Income Tax Credit (EITC)	The nonrefundable credit is 50% of the federal EITC benefit.	The same as the federal EITC eligibility, but tax payers using an Individual Taxpayer Identification Number (ITIN) are also eligible.
Maryland Child And Dependent Care Tax Credit (CCTC)	The credit is 32% of the federal credit allowed, with a phase-out.	Federal phase out for taxpayers with federal adjusted gross incomes above $95,900 ($149,050 for individuals who are married filing joint income tax returns).
Federal Level		
Housing Assistance (Section 8 Housing Vouchers & Public Housing)	Housing costs are typically set at 30% of adjusted gross income.	In general, households may be eligible with incomes that are below 50% of area median income. Due to limited funding, most new program participants must have income below 30% of area median income.
Medicaid	Subsidized quality health plan insurance with copays but no monthly premium.	Individuals with incomes under 138% of the FPG are eligible for a quality health plan with no monthly premium.
Supplemental Nutrition Assistance Program (SNAP)	The average monthly SNAP benefit for a household in Maryland is $210. The maximum SNAP benefit for a family of three in Maryland is $740.	Families must earn a gross income less than 200% of the FPG to be eligible and must meet the net income (gross income minus allowable deductions) limit of 100% of the FPG.

Note: Eligibility levels and benefits for work supports and tax credits change routinely—typically yearly. The information reported above represents eligibility and benefit guidelines for 2023. The 2023 federal poverty guidelines for a family of three are $24,860 (annual income). See https://aspe.hhs.gov/poverty-guidelines.

Table 4. Cont. Summary of Maryland and Montgomery County's Work Supports, Child Supports, and Tax Credits

Program	Benefit	Income Eligibility
Special Supplemental Nutrition Program For Women, Infants, And Children (WIC)	Maryland's average monthly benefit is $30.69 for purchasing supplemental nutritious foods. This also includes breastfeeding support and nutrition education.	Pregnant and postpartum women and children up to age 5: at or below 185% FPG.
Federal Earned Income Tax Credit (EITC)	Maximum benefit for families with: 1 child $3,995 per year 2 children $6,604 per year 3+ children $7,430 per year.	Maximum eligibility for families with: 1 child $46,560 one parent, $53,120 married 2 children $52,918 one parent, $59,478 married 3+ children $56,838 one parent, $63,398 married.
Federal Child And Dependent Care Tax Credit (CCTC)	Nonrefundable credit for child care costs with maximum of $3,000 for one child and up to $6,000 for two or more children.	No income limit.
Federal Child Tax Credit (CTC)	Up to $2,000 annual tax credit per child, with $1,600 refundable.	Married filing jointly: up to $110,000 Single Parent: up to $75,000.
Other		
Child Support	The average payment from non-custodial parents is $351 per month in Maryland.	No eligibility limit.

Note: Eligibility levels and benefits for work supports and tax credits change routinely—typically yearly. The information reported above represents eligibility and benefit guidelines for 2023. The 2023 federal poverty guidelines for a family of three are $24,860 (annual income). See https://aspe.hhs.gov/poverty-guidelines.

While not a work support per se, child support is also modeled as it assists families in meeting basic needs. Table 4 provides a summary of Maryland and Montgomery County work supports, child support, and tax credits modeled in this section, while Figure K provides an overview of work support eligibility by the federal poverty guidelines in Maryland and Montgomery County.

How do Work Supports and Child Supports Reduce Costs?

In modeling the impact of work supports on family resources and well-being, our starting point is the Self-Sufficiency Standard, which is calculated without any assistance, public or private. We then add work supports one by one (see Table 5). Work supports are modeled using the Self-Sufficiency Standard for a Montgomery County family of one adult, one preschooler, and one school-age child. Column #1 of Table 5 shows the full costs of each basic need in the Self-Sufficiency Standard, without any work supports or child support to reduce these costs. Subsequent columns (#2-#6) of Table 5 model various combinations of work supports, as listed in the column headings, with monthly costs reduced by these work supports indicated with shading and bolded numbers in the table.

No Work Supports (Column #1). Note that in Table 5 tax credits that are available as a refund when annual taxes are filed in the next year are shown at the bottom of the table and not included in the monthly wage calculation as in the Self-Sufficiency Standard. This family spends $2,698 on monthly child care expenses and $1,934 on the cost of housing per month. Without any refundable tax credits, child support, or work supports to reduce costs, this Montgomery County family needs $9,739 per month, or $55.33 per hour, to meet the cost of basic needs.

Child Support (Column #2). Child support payments from absent, non-custodial parents can be a valuable addition to family budgets. The average amount received by families participating in the child support enforcement program in Maryland is $351 per month (see column #2).[19] Adding child support reduces the wage required by this parent to meet basic needs to $9,143 per month, or $51.95 per hour.

Child Care (Column #3). Because child care is a major expense for families with young children, child care assistance often provides the greatest financial relief of any single work support and adds stability for parents, children, and employers. The state eligibility for the subsidy is 328% of the Federal Poverty Guideline.[20] Families over the state eligibility threshold can enroll in the Montgomery County's Working Parents Assistance Program. Adding child care assistance for this family decreases child care costs to zero, a decrease of more than $2,698, and lowers the wage needed to $5,635 per month.

Child Care, Food, & Transitional Medicaid (Column #4). For adults transitioning from cash assistance to employment, the typical package of benefits includes health care, child care assistance, and food assistance.

- **Health Care.** Under the assumption that transitional Medicaid covers all the family's health care expenses, health care costs are reduced from $697 per month to zero in column #4.
- **Child Care.** Child care assistance reduces the family's cost to $0 per month.
- **Food.** With child care and health care assistance, this family needs a self-sufficiency wage that is above the eligibility threshold to receive SNAP or WIC benefits. Food costs remain at $905 per month.[21]

Altogether, these three work supports reduce the wage required to meet basic needs to $4,643 per month, $5,096 less than the full Self-Sufficiency Standard. With the help of these crucial work supports, this Montgomery County family making the transition from public assistance or non-employment would be able to meet the family's basic needs at a wage of $26.38 per hour.

Modeling Health Care Costs

Montgomery County offers county funded health care programs for uninsured residents at or below 250% FPG, who are not eligible or enrolled in a qualifying health plan. Montgomery Cares provides free or fee-for-service care on a sliding scale for adults at participating community clinics. Modeling adult monthly health care cost under Montgomery Cares with its varying rates across clinics, services, and income thresholds requires making assumptions of a person's health and health care utilization. This report models the adult cost of health care as outlined in Table 5, while acknowledging that Montgomery Cares is an essential resource for many adults.

Families at or below the 250% FPG may choose to enroll in Care for Kids, or the Maryland Children's Health Program with a monthly premium. The zero cost MCHP and MCHP monthly premium plan is modeled in this report because it represents a consistent monthly cost for medical and dental services, and includes coverage for emergency care. Parents may choose the fee for service Care for Kids to retain the cost of a monthly premium for other essentials, particularly when children are generally healthy. However, it is not possible to model health care costs for families under Care for Kids without assuming a given number of doctor's visits and prescriptions per month, a challenging task given the unpredictability and individuality of a child's health. Notwithstanding, Care for Kids remains a valuable resource for those not eligible for state sponsored health care coverage, such as undocumented persons, or as a stop-gap source of health care.

Table 5. Impact of the Addition of Supports on Monthly Costs and Self-Sufficiency Wage

One Adult, One Preschooler, and One School-age Child: Montgomery County, MD 2023

Each column demonstrates how specific work supports can lower the cost of specific basic needs, and therefore lessen the income necessary to meet a family's basic needs. Costs that have been reduced by these supports are indicated with bold font in the table.

	#1	#2	#3	#4	#5	#6
	No Work Supports	Child Support	Child Care	Child Care, Transitional Medicaid	MCHP, Child Care	Housing, Child Care, Food/ WIC, & MCHP
Monthly Expenses						
Housing	$1,934	$1,934	$1,934	$1,934	$1,934	$1,124
Child Care	$2,698	$2,698	$0	$0	$0	$0
Food	$905	$905	$905	$905	$905	$861
Transportation	$189	$189	$189	$189	$189	$189
Health Care	$697	$697	$697	$0	$303	$238
Miscellaneous	$753	$753	$753	$753	$753	$753
Taxes	$3,017	$2,773	$1,490	$1,184	$1,314	$862
Total Expenses (net of work supports)	**$10,193**	**$9,949**	**$5,968**	**$4,966**	**$5,398**	**$4,027**
Monthly Resources						
State Non-refundable Earned Income Tax Credit (-)	$0	$0	$0	$0	$0	($70)
State Non-refundable Child Care Tax Credit (-)	($21)	($21)	$0	$0	$0	$0
Federal Child Care Tax Credit (-)	($100)	($100)	$0	$0	$0	$0
Federal Child Tax Credit (-)	($333)	($333)	($333)	($323)	($333)	($215)
Child Support (-)	--	($351)	--	--	--	--
Total Additional Monthly Resources	**($455)**	**($806)**	**($333)**	**($323)**	**($333)**	**($285)**
Self-Sufficiency Wage Total monthly expenses minus total additional monthly resources						
Hourly	$55.33	$51.95	$32.02	$26.38	$28.78	$21.26
Monthly	$9,739	$9,143	$5,635	$4,643	$5,065	$3,742
Annual	**$116,864**	**$109,719**	**$67,616**	**$55,715**	**$60,782**	**$44,906**
Annual Refundable Tax Credits**						
Earned Income Tax Credit (-)	$0	$0	$0	$0	$0	$1,688
Child Tax Credit (-)	$0	$0	$0	$124	$0	$1,422

* WIC is the Special Supplemental Nutrition Program for Women, Infants and Children (WIC). Assumes average monthly value of WIC benefit $44.69 (FY 2022) in Maryland. SNAP is the Supplemental Nutrition Assistance Program, formerly known as the Food Stamp Program.

** The Standard shows both refundable and nonrefundable tax credits as if they are received monthly. However, to be as realistic as possible, tax credits that are available only as a refund on annual taxes are shown at the bottom of this table. EITC is only refundable, so it is shown only as an annual tax credit. The nonrefundable portion of the Child Tax Credit (which is a credit granted against federal taxes) is included as available to offset monthly costs, and the refundable portion is shown in the bottom of the table. The Child Care Tax Credit is nonrefundable, and therefore is only part of the monthly budget and does not appear in the bottom shaded rows of the table.

> *The cost of private child care services are very high. Eligibility criteria also makes it difficult to receive assistance from the government, leaving our children to rotate from one family member to the other, while the children suffer in the process, impacting overall school readiness.*
>
> Montgomery County Resident

MCHP & Child Care (Column #5). After 12 months, the adult would no longer be eligible for Medicaid. The children would continue to be eligible for significantly subsidized coverage under Maryland Children's Health Program (MCHP). Column #5 shows the effects of the adult transitioning to an individual health care plan while the children are covered under MCHP but are now responsible for a $65.00 monthly copay. The family retains eligibility for child care assistance, but is still not eligible for food assistance. The health care costs for the family go up to $303 per month for the adult, food costs remain at $905 a month, and child care costs remain at zero, bringing the new amount needed to $5,065 per month.

Housing, Child Care, Food, & MCHP (Column #6). Housing assistance can have a substantial impact on helping families meet their basic needs, but it is rarely accessible. Housing vouchers are intended to reduce the cost of housing to about 30% of income.[22] In Montgomery County, controlling for the price of rent reduces housing costs to $1,124 per month. This family would also continue to receive child care and children's health care assistance (through the fully subsidized Maryland Children's Health Program) reducing monthly costs to $0 and $238, respectively, and is newly eligible for WIC which reduces total food costs to $861. With this benefit package, a parent with one preschooler and one school-age child living in Montgomery County can meet basic needs with an income of $3,742 per month ($21.26 per hour).

Note, however, that very few families receive all these benefits. Although analyzed in this section, this modeling should not imply that all households with inadequate income receive these work supports or child support. Yet, when families do receive them, work supports, tax credits, and child support play a critical role in helping families meet their basic needs when their income does not allow them to be self-sufficient.

Unfortunately, these supports are not available or accessible to all who need them. The reasons are many, and include eligibility criteria, lack of sufficient funding to help all who are eligible, waiting lists, administrative barriers, lack of knowledge of available benefits, lack of legal enforcement of rights, and the perceived stigma of receiving assistance.[23]

Refundable Tax Credits. The Montgomery County 2023 Self-Sufficiency Standard shows both refundable and nonrefundable tax credits as if they are received monthly. They are, however, treated differently in the modeling table and figure. The refundable federal Earned Income Tax Credit (EITC) and the "additional" refundable portion of the Child Tax Credit (CTC) are shown as received annually. In contrast, the nonrefundable federal Child Care Tax Credit (CCTC) can only be used to reduce taxes and does not contribute to a tax refund; therefore, it is only shown as a monthly credit against federal taxes in the modeling presented here.

The tax credits are calculated this way in the modeling table and figure to be as realistic as possible. Families receive the EITC as a single payment the following year when they file their tax returns.[31] As such, many families use this refund as "forced savings" to pay for larger items that are important family needs, such as paying the security deposit for housing, buying a car, or settling debts.[32] Therefore, the total amounts of the refundable credits the family would receive annually (when they file their taxes) are shown in the shaded rows at the bottom of the table instead of being shown monthly as in the Self-Sufficiency Standard column. The amount of the credit is based on the assumption that the adult works at this same wage, for the whole year.

Like the EITC, the federal CTC is shown as received monthly in the Self-Sufficiency Standard. However, for the modeled work support columns, the CTC is split into two amounts: only the portion that can be used to offset any remaining taxes (after the CCTC) is shown monthly. Like the EITC, any "additional" refundable portion of the CTC is shown as a lump sum received annually. The amounts of tax credits vary significantly, depending upon income. When costs are reduced in column #6, where the full work support package is modeled, the parent is eligible for $3,110 in annual refundable tax credits, see Table 6.

How Do Work Supports Increase Wage Adequacy?

Table 5 shows how child support and work supports reduce the wage needed to meet basic needs. In contrast, Figure L illustrates the impact of work supports on wage adequacy (as defined by the Self-Sufficiency Standard) when earnings increase.

Wage adequacy is defined as the degree to which a given wage is adequate to meet basic needs, taking into account the financial impact of various work supports, or lack thereof. If wage adequacy is at or above 100%, the wage is enough or more than enough to meet all the family's basic needs; if it is below 100%, it is only adequate to cover that percentage of the family's basic needs. For example, if wage adequacy is at 60%, then the wage (along with any work supports) only covers 60% of the cost of meeting that family's basic needs.

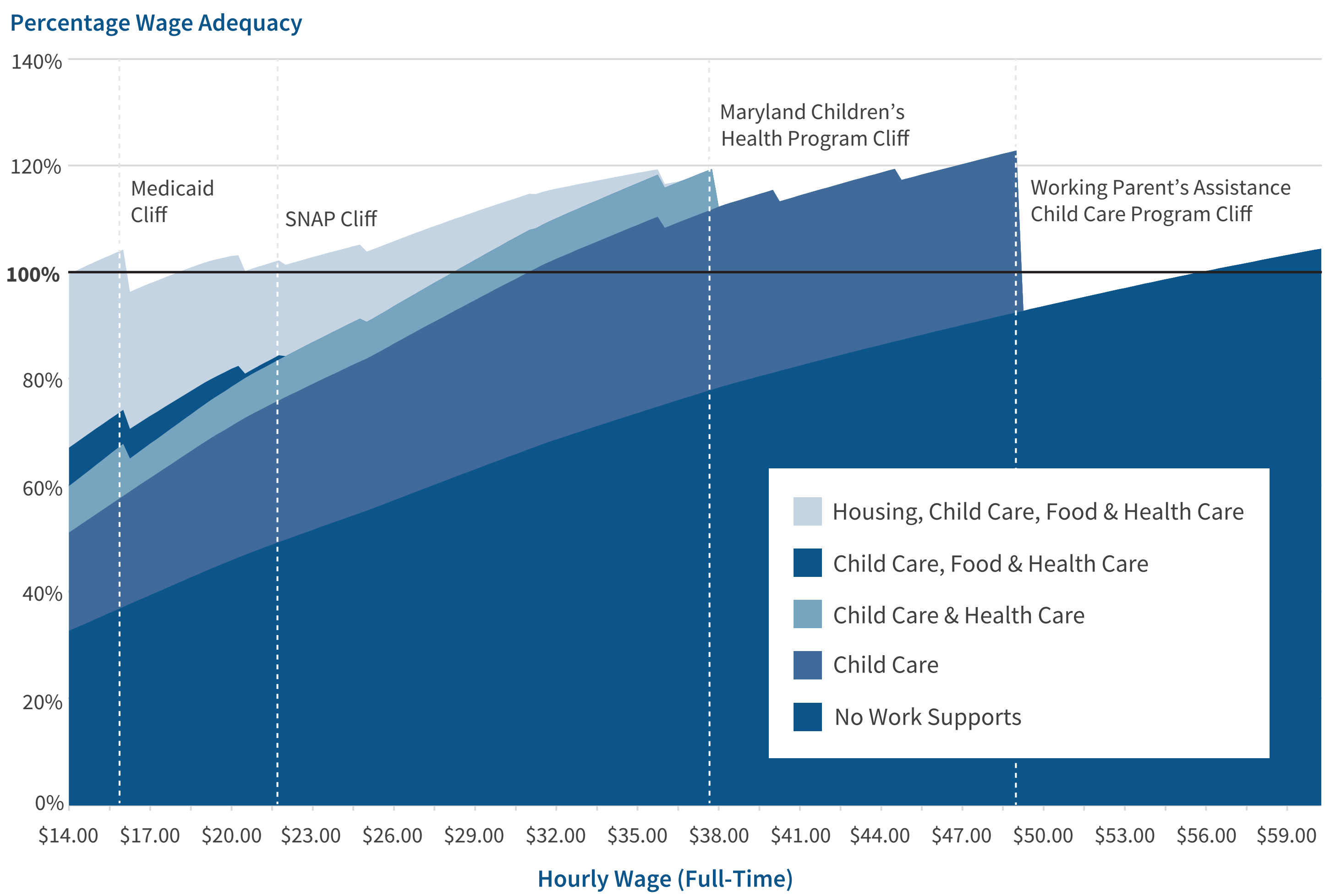
Montgomery County Wage Adequacy

Modeling the same family as before with one parent, one preschooler and one school-age child residing in Montgomery County, Figure L shows the impact of work supports on wage adequacy as the parent's earnings increase, starting slightly below the 2023 Montgomery County minimum wage, $16.70 per hour.[33] The darkest blue area along the bottom of the y axis indicates the baseline, showing

wage adequacy without any work supports. Without the support of child care, health care, food, or housing subsidies, the family would not reach 100% wage adequacy until they earn an hourly wage of $55.33. The lighter color stacked lines each represent an added work support package. The first stacked line above the no work supports (darkest shaded area), shows the impact of wage adequacy with the Working Parents Assistance Program (WPA). The family is able to cover all of their basic needs with hourly earnings of $30.75. However, note that if the parent earns more than $49.25 per hour, their hourly earnings are no longer sufficient to cover the family's costs because they are no longer eligible for a subsidized child care program.

This cliff effect is also illustrated earlier along the x-axis wage spectrum. The family is able to cover all of their basic needs with the added financial support of housing, food, health care, and child care (the top lightest color line), but the loss of Medicaid around an hourly wage of $16.25 drops the family

Figure L. Impact of Work Supports on Wage Adequacy
One Adult, One Preschooler, & One School-age Child: Montgomery County, MD 2023



Housing=Section 8 Vouchers and Public Housing; Child Care=Publicly Funded Child Care Program; Food=Supplemental Nutrition Assistance Program (SNAP) and the Women, Infants, and Children (WIC) Program; Health Care=Medicaid and Maryland Children's Health Program.

from being able to cover 105% of their family's basic expenses to 97% of their costs, which would be significantly worse if the family was not still supported by the Maryland Children's Health Program. This also happens when the family loses SNAP and the Maryland Children's Health Program subsidies.

Public subsidies and work supports can stabilize families and increase economic security. However, the cliff effect as documented in Figure L can offset the benefits of a parent increasing their hourly wage and as a result decrease the family's wage adequacy. To effectively support families on their path to self-sufficiency, it is critical to examine where these benefit cliffs happen along an earnings spectrum and also understand how the work support packages interact with each other.

Wage Adequacy by Occupation in Montgomery County

Table 6 provides detailed data with the exact amounts of each work support modeled for five occupations in Maryland compared with the Self-Sufficiency Standard for the same Montgomery County family type previously modeled in Figure L. Retail salespersons, child care workers, office clerks, business operations specialists, and an occupation representing the median hourly wage in the Washington-Arlington-Alexandria, DC-VA-MD-WV MSA have been selected to show a range of earnings and wage adequacy levels depending on eligibility for work supports.

Retail Salesperson. Column #1 documents the wage adequacy when a full-time retail salesperson earning $16.27 per hour has no work supports; child care assistance; child care, food, and health care assistance; and finally all of the supports plus housing vouchers. As a retail salesperson without work supports, this parent meets 38% of their basic needs. If the parent is able to enroll their children in the Maryland Child Care Scholarship Program or the Working Parents Assistance Program, the cost of child care decreases from $2,698 to $0 per month and the family's wage adequacy grows to 59%. With the addition of food assistance (SNAP and WIC), the cost of food decreases to $563 per month. Because the parent has an income that is only $4 above the Medicaid eligibility threshold, this parent has to cover the costs of their own healthcare premium. However, the children qualify for Maryland Children's Health Program (MCHP), reducing their family health care costs to $238, and increasing their wage adequacy to 71%—still not enough to meet the family's basic needs. While the availability of housing assistance is limited, if available, it reduces housing costs to 30% of income, or $859 per month. With housing, child care, health care, and food assistance, this family is able to meet 97% of their basic needs with an hourly wage of $16.27.

Child Care Worker. If this parent's wage is the median hourly wage for a child care worker, $17.07, the parent would earn enough to cover over one third (40%) of the family's basic needs without any assistance. When this family receives child care assistance, their wage adequacy increases to 62%. The further addition of MCHP and food assistance increases the family's wage adequacy to 74%, still not enough assistance to allow them to meet all of their basic needs. This parent also covers the cost of their own premium and therefore, even with the addition of housing assistance, which decreases housing costs to $901, this family still cannot meet all of their basic needs (99%).

Office Clerks. The occupation of an office clerk has a median hourly wage of $21.80. At this rate, only 50% of the family's needs will be covered without work supports. Child care assistance would help the family cover 75% of their needs. Adding health care assistance for the children, the family can meet 83% of their needs. At the hourly wage of $21.80, housing assistance brings the cost of housing down to 30% of household costs. Wage adequacy increases, meeting all of the family's needs.

All Occupations' Median Wage. The median hourly wage for all occupations in the Washington-Arlington-Alexandria, DC-VA-MD-WV MSA is $31.53. At this rate alone, parents would only be able to cover 68% of their family's basic needs. With child care assistance, they will be able to meet 99% of their needs. With an hourly wage of $31.43 the family is still eligible for MCHP with a monthly copay, lowering their monthly health care costs to $320. With the addition of the health insurance subsidy for the children, this family can cover all of their basic needs. This leaves a small amount of critical breathing room that allows families to save for emergencies, pay off debt, or provide recreational and development opportunities for children, such as playing on a community sports team or renting a musical instrument.

Business Operations Specialists. Business operations specialists in the Washington-Arlington-Alexandria, DC-VA-MD-WV MSA earn a median hourly wage of $49.22. Without work supports, this family can meet 93% of their needs. This family is not eligible for subsidized child care costs, or any other work supports; only increased wages will allow this family to meet all of their basic needs.

Key work supports can help families move to economic self-sufficiency and offer help when wages do not keep up with the cost of basic needs. As mentioned above, however, many families cannot access these critical benefits due to insufficient funding, eligibility levels, administrative barriers, or stigma surrounding public assistance.

The Importance of Work Supports

Work supports help lower families' monthly budgets and improve their quality of life. However, families that do not have access to work supports are forced to choose between basic needs and as a result face both near and long-term consequences. For example, children in families without access to reliable child care often have lower levels of academic achievement than children with access to subsidized and reliable care.[24] Mothers who have multiple young children are also less likely to be employed in states with high costs of child care, fewer subsidies, and restrictions for universal pre-K options.[25] Food insecurity in early childhood has been linked to impaired cognitive development, attention and focus issues, and behavior issues, which can persist even after families become food secure.[26] Likewise, when parents have access to Medicaid benefits, children are less likely to miss school, improving long term health and financial outcomes.[27] While it is estimated that less that one in four eligible households receives federal housing assistance, Housing subsidies and rent vouchers enable families to move to higher-opportunity areas, benefiting both the long-term academic and economic achievements of the children and the physical and mental well-being of their parents.[28] Rent assistance also reduces the likelihood of severe illness.[29] Lastly, the COVID-19 pandemic emphasized the importance of reliable public transportation for employment opportunities, social engagement, and health care and food access.[30]

Table 6. Impact of Work Supports on Wage Adequacy Compared to Median Wage of Select Occupations: No Work Supports and Child Care Subsidy

One Adult, One Preschooler, and One School-age Child: Montgomery County, MD 2023

	#1	#2	#3	#4	#5
	Retail Salesperson	Child Care Workers	Office Clerks	All Occupations (Median)	Business Operations Specialists
Hourly Wage	$16.27	$17.07	$21.80	$31.53	$49.22
Total Monthly Income	$2,863	$3,004	$3,837	$5,550	$8,663
PANEL A: No Work Supports					
Monthly Costs					
Housing	$1,934	$1,934	$1,934	$1,934	$1,934
Child Care	$2,698	$2,698	$2,698	$2,698	$2,698
Food	$905	$905	$905	$905	$905
Transportation	$189	$189	$189	$189	$189
Health Care	$697	$697	$697	$697	$697
Miscellaneous	$753	$753	$753	$753	$753
Taxes	$469	$498	$769	$1,398	$2,556
Tax Credits	($113)	($127)	($226)	($432)	($433)
Total Monthly Expenses	$7,532	$7,548	$7,719	$8,143	$9,299
Shortfall (-) Or Surplus	($4,669)	($4,544)	($3,881)	($2,593)	($635)
Wage Adequacy Total Income/Total Expenses	**38%**	**40%**	**50%**	**68%**	**93%**
PANEL B: Child Care Assistance					
Monthly Costs					
Housing	$1,934	$1,934	$1,934	$1,934	$1,934
Child Care	$0	$0	$0	$0	$2,698
Food	$905	$905	$905	$905	$905
Transportation	$189	$189	$189	$189	$189
Health Care	$697	$697	$697	$697	$697
Miscellaneous	$753	$753	$753	$753	$753
Taxes	$469	$498	$837	$1,464	$2,556
Tax Credits	($113)	($127)	($226)	($333)	($433)
Total Monthly Expenses	$4,834	$4,849	$5,089	$5,609	$9,299
Shortfall (-) Or Surplus	($1,971)	($1,845)	($1,252)	($59)	($635)
Wage Adequacy Total Income/Total Expenses	**59%**	**62%**	**75%**	**99%**	**93%**
Annual Refundable Tax Credits*:					
Earned Income Tax Credit (-)	$3,908	$3,553	$1,447	$0	$0
MD Earned Income Tax Credit (-) †	$1,108	$629	$0	$0	$0
Child Tax Credit (-) †	$2,644	$2,475	$1,284	$0	$0

* The Standard shows refundable and nonrefundable tax credits as if they are received monthly. However, in order to be as realistic as possible, tax credits that are available as a refund on annual taxes are shown at the bottom of this table. EITC is shown only as annual tax credits. The nonrefundable portion of the Child Tax Credit (which is a credit against federal taxes) is shown as available to offset monthly costs, and the refundable portions are shown in the bottom of the table. The Child Care Tax Credit however is nonrefundable and is only shown as part of the monthly budget.
† The No Work Supports income includes a larger amount for the MD Earned Income Tax Credit ($1,678 for retail salesperson, and $1,199 for child care workers) and the Federal Child Tax Credit ($3,200 for retail salespersons and childcare workers; $2,484 for office clerks; and $18 for all occupations median) due to unsubsidized child care costs.

Table 6. Cont. Impact of Work Supports on Wage Adequacy Compared to Median Wage of Select Occupations: Child Care, Food, and Health Subsidies and Housing, Child Care, Food, and Health Subsidies
One Adult, One Preschooler, and One School-age Child: Montgomery County, MD 2023

	#1 Retail Salesperson	#2 Child Care Workers	#3 Office Clerks	#4 All Occupations (Median)	#5 Business Operations Specialists
Hourly Wage	$16.27	$17.07	$21.80	$31.53	$49.22
Total Monthly Income	$2,863	$3,004	$3,837	$5,550	$8,663
PANEL C: Child Care, Food (SNAP/WIC), & Health (Medicaid/CHIP)					
Monthly Costs					
Housing	$1,934	$1,934	$1,934	$1,934	$1,934
Child Care	$0	$0	$0	$0	$2,698
Food	$563	$597	$905	$905	$905
Transportation	$189	$189	$189	$189	$189
Health Care	$238	$238	$238	$320	$697
Miscellaneous	$753	$753	$753	$753	$753
Taxes	$469	$498	$837	$1,464	$2,556
Tax Credits	($113)	($127)	($226)	($333)	($433)
Total Monthly Expenses	$4,032	$4,081	$4,630	$5,231	$9,299
Shortfall (-) Or Surplus	($1,169)	($1,077)	($793)	$319	($635)
Wage Adequacy Total Income/Total Expenses	**71%**	**74%**	**83%**	**106%**	**93%**
PANEL D: Housing, Child Care, Food (SNAP/WIC), & Health (Medicaid/CHIP)					
Monthly Costs					
Housing	$859	$901	$1,151	$1,665	$1,934
Child Care	$0	$0	$0	$0	$2,698
Food	$563	$597	$905	$905	$905
Transportation	$189	$189	$189	$189	$189
Health Care	$238	$238	$238	$320	$697
Miscellaneous	$753	$753	$753	$753	$753
Taxes	$469	$498	$837	$1,464	$2,556
Tax Credits	($113)	($127)	($226)	($333)	($433)
Total Monthly Expenses	$2,958	$3,049	$3,848	$4,963	$9,299
Shortfall (-) Or Surplus	($94)	($45)	($10)	$587	($635)
Wage Adequacy Total Income/Total Expenses	**97%**	**99%**	**100%**	**112%**	**93%**
Annual Refundable Tax Credits*:					
Earned Income Tax Credit (-)	$3,908	$3,553	$1,447	$0	$0
MD Earned Income Tax Credit (-) †	$1,108	$629	$0	$0	$0
Child Tax Credit (-) †	$2,644	$2,475	$1,284	$0	$0

* The Standard shows refundable and nonrefundable tax credits as if they are received monthly. However, in order to be as realistic as possible, tax credits that are available as a refund on annual taxes are shown at the bottom of this table. EITC is shown only as annual tax credits. The nonrefundable portion of the Child Tax Credit (which is a credit against federal taxes) is shown as available to offset monthly costs, and the refundable portions are shown in the bottom of the table. The Child Care Tax Credit however is nonrefundable and is only shown as part of the monthly budget.
† The No Work Supports income includes a larger amount for the MD Earned Income Tax Credit ($1,678 for retail salesperson, and $1,199 for child care workers) and the Federal Child Tax Credit ($3,200 for retail salespersons and childcare workers; $2,484 for office clerks; and $18 for all occupations median) due to unsubsidized child care costs.

Meeting the Standard: Raising Incomes

For families whose earnings are below 100% wage adequacy, subsidies for high-cost necessities such as child care, health care, and housing are frequently the only means to meet basic needs. However, true long-term self-sufficiency means the ability to meet basic needs without any public or private assistance. Therefore, ensuring self-sufficiency in Montgomery County will require public policies that first and foremost increase wages.

Other poverty reduction mechanisms such as asset building and investing in educational opportunity have been shown to increase stability and create more pathways for workers struggling to make ends meet. However, the most critical obstacle to overcoming wage inadequacy is structural racism and sexism.

The history of enslavement in the U.S. concentrated workers of color into agricultural, service, and care professions, which continue to be undervalued. Estimates suggest that enslavement extracted more than $14 trillion dollars worth of labor from Black people, benefiting White slaveholders who then passed this wealth to their children.[34] In the 1930's, New Deal policies sought to improve worker conditions by establishing a minimum wage, mandating overtime, and outlawing child labor. Since plantation systems in the South were dependent on exploitative labor to maintain their profit share, Southern politicians pushed back against these policies for Black workers, particularly the right to unionize. The active omission of domestic and agricultural workers, who represented the majority of Black workers, served as a politically acceptable proxy for race-based exclusions. The Fair Labor Standards Act (FLSA), which established such protections, became a means to legally continue the exploitation and disenfranchisement of Black communities.[35] **Today, men and white people are more likely to be promoted, hold positions of leadership, and be offered higher salaries than people of color and women.**

Together, racism and sexism have created occupational segregation, where people of color and women are more likely to work in occupations that pay low-wages, receive fewer labor protections, and have insufficient benefits. Occupational segregation stalls current earnings while also preventing the accumulation of wealth through homeownership, retirement savings, or investments; slowing economic mobility as people struggle to cover basic needs; and contributing to worsened health and education outcomes for people living in poverty.[35]

Solving the gender and racial wage gaps will require solutions that decrease gender and racial bias in the workplace, such as restructuring salary negotiations and creating a pipeline of opportunity for people of color and women to take on leadership roles. Promoting policies that raise wages, remove subminimum wages, reduce discrimination in employment practices, and confront the legacies of racism and sexism in this country are vital to combating the effects of occupational segregation.

Increase Wages

As demonstrated in this report, in many cases even two adults working full-time must each earn well beyond the minimum wage to meet their family's basic needs. Raising wages can have a positive impact not only for workers, but also for employers by decreasing turnover, increasing work experience, and reducing training and recruitment costs.[36]

Minimum Wage. One method to increase salaries of low-wage workers is to increase and index the minimum wage, thus providing a floor under wages for all workers, and ensuring that the minimum wage will continue to keep pace with inflation. While the federal minimum wage has remained at $7.25 an hour since 2009, 30 states plus Washington D.C. have passed higher minimum wages, with 19 states and Washington D.C. indexing them as well.[37] As of 2023, Washington D.C. has the highest minimum wage (not including county and city set minimum wages) at $16.10 per hour, followed by Washington State at $15.74 per hour (for employers with 26 employees or more).[38]

Local minimum wages are even higher, as nearly 50 cities or counties having adopted higher minimum wages. As of January 1, 2023, SeaTac, Washington has adopted the highest to date at $19.06 per hour.[39] Montgomery County established a minimum wage of $16.70 for employers with 51 or more employees on July, 1, 2023, to be adjusted annually for inflation in the following two years. Note that some states have adopted "pre-emption" laws that limit local jurisdictions' ability to enact minimum wage or benefit laws (such as paid sick leave) that are higher than the statewide rates.[40]

Unionization. According to the Bureau of Labor Statistics and the U.S. Department of Labor, union representation of workers also leads to higher wages and better benefits.[41] This union "premium," controlling for other factors, is worth about 11% in increased wages. Black and Latinx union workers receive a larger union "premium" with Black workers receiving 14% more than their nonunionized peers and Latinx workers receiving 20% more than their non-unionized peers.[42] However, the percentage of workers represented nationally by unions over the past half century has decreased. Currently only about 6% of private sector and 34% of public sector workers are union members.[43]

Pay Equity and Anti-Discrimination Laws. Pay equity laws require employers to assess and compensate employees based on skills, effort, responsibility, and working conditions, and not based on the gender or race/ethnicity of the job's occupant.[44] For example, Montgomery County prohibits hiring managers for county jobs from inquiring about an applicant's pay history. While passing these laws is essential, enforcement that takes into account the changing nature of workplaces and employer-employee relationships is a challenge that needs to be addressed, such as differential pay in the "gig" economy.

Benefits. Workplace policies such as paid sick days and paid family leave along with employer-sponsored health insurance and retirement, are key resources that support the stability and long-term health of workers. Both family and medical leave policies are in place at the state and local levels of Montgomery County.

Investing in Low-Wage Workers

Post-Secondary Education/Training. Creating more opportunities for people to achieve higher levels of education or attain apprenticeships will increase their earning potential and put more people on the path towards self-sufficiency. Additionally, expanding low-wage work opportunities for career development, mentorship, and on-the-job skill building can lead to advancement and increased earnings potential.

While increased education at all levels is associated with increased self-sufficiency in general, the returns on education are less for women and people of color. For example, in Maryland, at most educational levels, women earn less than the median for men at one lower level of education. The median earnings for women with some college or an associate's degree, for example, are $4,400 less than the median earnings for men with a high school diploma, or the equivalent. Likewise, men with a bachelor's degree have median earnings about $1,000 higher than women with a graduate degree.

Basic Adult Education. For many workers with inadequate education, limited English proficiency, or insufficient relevant job experience, basic adult education programs are an important first step. Due to welfare time limits and restrictions on education and training, short-term, high-quality programs that teach basic skills and job skills together in a work-related context are important.

Incumbent Worker Training. For low-wage workers who are already in an industry that offers adequate wages to workers in more advanced positions, incumbent worker training creates a career ladder to self-sufficiency. Training incumbent workers allows employers to retain their employees while giving them an opportunity to become self-sufficient. Retraining and training current employees is a "win-win" strategy (for both employers and employees) in many industries, particularly those which rely on skills and technology unique to a given company or industry subset.

Targeted Jobs/Sector Strategies. Aligning training and postsecondary education programs with the workforce needs of the local labor market increases the potential income of low-wage workers and helps communities strengthen their local economies by responding to businesses' specific labor needs. Targeting job training programs towards occupations with both high growth projections and self-sufficient wages is one way to respond to workforce needs.

Counseling and Coordinated Targeted Services. Helping low-wage workers balance work, family, and financial responsibilities requires provision of a wide range of services that meet specific subsets of workers' particular needs, including career counseling to find the occupations that best fit workers' skills and needs, as well as linkage to income and in-kind work supports such as child care, food, transportation, housing, and health care assistance.

> “ *There is a need for equitable accessible jobs for disabled individuals and seniors that should take into account the various differences in types of disabilities, and education levels.*
>
> Montgomery County Resident

Nontraditional Occupations (NTOS). Eliminating gender bias in the workplace will also contribute to increasing the number of women entering nontraditional occupations. Many occupations that are "nontraditional" for women, such as in manufacturing, science, technology, and construction, require relatively little post-secondary training, yet can provide wages at self-sufficiency levels. Likewise, for both women and people of color, there is growing demand for workers in the "green economy."[45] Investing in NTO training programs and addressing barriers of access (including issues such as gender and race harassment, location/transportation issues, pre-training education requirements, and so forth) are essential. Opening up NTOs to a wider range of workers will both broaden the pool of workers available to employers and create a more diverse workforce that is reflective of the community.[46]

Increase Assets

Homeownership can be a primary wealth building strategy, but histories of exclusion in housing policy (predatory lending, zoning laws, redlining, and the seizure of land) have resulted in White homeowners holding more than double the net housing wealth compared to homeowners of color.[47] Communities of color are also more likely to be concentrated in low-income neighborhoods, increasing their risk of poor health outcomes, restricting the jobs they can reasonably access, and perpetuating biases.[48] Asset building strategies directed toward communities of color can increase stability and reduce the wealth gap.

Individual Development Accounts. A necessary aspect of long-term economic security is the accumulation of assets. For families with no savings, the slightest setback—an unexpected hospital bill or a reduction in work hours—can trigger a major financial crisis. In addition to the Emergency Savings Fund, Individual Development Account (IDA) programs are one way to enable asset building for low-wage workers. Managed by community-based organizations, IDAs are savings accounts to which families make regular contributions which are then matched by contributions from a public or private entity. The savings can only be used for certain objectives that enhance long-term economic security, such as the down payment for a house, payment for higher education, or start-up costs for a small business.

Universal Children's Savings Accounts. Universal children's savings accounts are evidence-based mechanisms that expand financial and educational opportunities through a prorated investment, based on family income, at birth. These investments give children the ability to financially prepare for college or home-ownership, depending on the type of savings. Research suggests that this savings mechanism could also dramatically reduce the wealth gap between young White and Black adults.[47]

Innovative Programs in Montgomery County

The Working Families Income Supplement

Montgomery County, Maryland is among a handful of local jurisdictions that provides a partial match to the state Earned Income Tax Credit. The County's Working Families Income Supplement (WFIS) adds another layer of support on top of federal and state tax credits, Earned Income Tax Credits and Child Tax Credits. Research consistently shows that the EITC is one the best tools available to help families become financially stable. Extensive research also links the EITC to numerous positive impacts well beyond the financial realm. The EITC has been linked to increased birth weights,[50] with larger impacts for births by Black women; to improved maternal health outcomes;[51] and to decreases in the number of children entering foster care.[52] The EITC is also a racial equity tool; research has shown its greater impact on reducing poverty for households of color.[53] The WFIS provides an additional benefit in that it is delivered several months after families have received their federal and state tax refunds, expanding the potential for economic stability throughout the year.

For almost twenty years, Montgomery County has matched the full amount (100%) of families' EITC from the State of Maryland. In 2021, the Maryland EITC expanded to be a 45% match (up from 28%) of the federal EITC for taxpayers with dependents, a 100% match of the refundable portion of the federal EITC for taxpayers without dependents, and, for the first time ever, included taxpayers filing with an Individual Tax Identification Number (ITIN). These expansions mean that more Montgomery County residents would be eligible for the state EITC, and, in turn, the WFIS.

Utilizing federal American Rescue Plan Act (ARPA) funds to double the County funds allocated to the WFIS—an increase from $20.1 million in 2021 to $40.1 million in 2022—the County ensured that the WFIS remained a 100% match of the Maryland EITC for tax years 2021 and 2022. With APRA funds expended, the County's WFIS funding for tax year 2023 was reduced to $27.5 million. For tax year 2023, the WFIS will be a 70% match of the federal EITC when combined with the state EITC. It will therefore vary for different households based on the amount of their state and federal credits. It will also mean a reduction in the WFIS for taxpayers. For example, for tax year 2022, it is estimated that 64,302 Montgomery County households will receive the WFIS, with an average credit of $762. With the reduced budget for tax year 2023, it is estimated that the average WFIS will be just $427.

The County remains committed to the WFIS as an effective tool in reducing poverty. The Community Action Board will continue to advocate for increased funding for the WFIS, in the hopes of returning the credit to a 100% match of the Maryland EITC.

MoCo BOOST Guaranteed Income Pilot Program

The Montgomery County Council, in partnership with the Meyer Foundation, UpTogether, and the Collaborate Council, approved the provision of funds for a guaranteed income pilot program beginning in 2022. MoCo BOOST, which stands for "Building Our Opportunity and Strength Today," aims to change the narrative around poverty by providing a guaranteed income supplement to participants in areas with a high cost of living. The pilot provides $800 per month to three-hundred individuals for twenty-four months.

Acting on the knowledge that struggling families know best what they need, it places no restrictions on how to spend the money received. The goal is to provide income to "reduce income volatility, support attaining full time employment, create greater housing stability, improve health outcomes, and create greater opportunities for self-determination," says Dr. George L. Askew, CEO of the Meyer Foundation.

A total of 300 individuals were selected for enrollment by invitation. One hundred participants were chosen from those recently served by the Montgomery County Homeless Continuum of Care, a public and private partnership with the objective to end or prevent homelessness. Another 200 represent households consisting of residents who had sought County assistance during the COVID-19 pandemic, with at least one dependent.

Participants include those from single income homes, multigenerational homes, adoptive parents, and members of the hardest hit communities. Fifty-three percent of participants identify as Black or African American and thirty-five percent identify as Hispanic. Women comprise seventy-seven percent of the beneficiaries.

MoCo Boost is one of many guaranteed income pilot programs nationwide, having benefitted from lessons learned in other regions, local expertise, and lived experience. It is hoped that positive outcomes will lead to additional funding and an expansion of the program to assist communities in need beyond the pilot period.

Gaithersburg Financial Empowerment Center and VITA Free Tax Preparation

The Financial Empowerment Center, created and supported by Cities for Financial Empowerment, helps residents achieve financial stability and mobility by providing financial counseling. Research demonstrates that low- and moderate-income households can increase their financial stability with the support of expert financial counseling, and links them with free tax help, as well as banking.

The city of Gaithersburg is implementing this strategy locally through the Gaithersburg Financial Empowerment Center (FEC). The Gaithersburg FEC provides free financial counseling to residents of three city ZIP codes as a public service of the city of Gaithersburg. Financial counseling is centered on the client's needs and interests – for example, establishing or improving credit scores, reducing debt, adopting budgeting and savings behaviors, and connecting with lower cost banking products. In the first year of operation 334 clients saved $210,861 and paid down $461,250 in debt.

Assuring awareness about tax credits and linking lower-income residents to free tax resources is coordinated through the Montgomery County Community Action Agency's VITA program. Information is shared in seven languages through a robust countywide multi-media outreach campaign that includes Ride On bus ads and electronic messaging in County buildings and public libraries. The city of Gaithersburg hosts several VITA partners, including the Community Action Agency, which also provides tax preparation services in Rockville, at the TESS Community Action Center, and in east Silver Spring.

During the most recent tax season in tax year 2022, Community Action Agency's Gaithersburg VITA site, co-located with the City's Community Services Division and Financial Empowerment Center, provided 398 households with free tax assistance. In total, participants at the Gaithersburg site received $714,033 in tax refunds, including combined federal and Maryland EITC ($171,702 and $188,389, respectively) plus the projected WFIS ($188,389), which totaled $548,480. Child tax credits for fifty-five households at the Gaithersburg site added up to $86,163. One hundred fifty-six participants were also advised about the next steps they might need to address a total projection of $131,886 in outstanding taxes owed to the IRS or State (67 and 89 participants, respectively).

The Self-Sufficiency Standard in Use

The Self-Sufficiency Standard is used to better understand issues of income adequacy, create and analyze policy, and help individuals striving to meet their basic needs. Community organizations, academic researchers, policy institutes, legal advocates, training providers, community action agencies, workforce development agencies, and state and local officials, among others, are using the Standard. Below are some examples of ways that the Standard is being used. For more descriptions of the ways organizations apply the Self-Sufficiency Standard, please visit: www.selfsufficiencystandard.org/the-standard/using-the-standard.

Policy Analysis

The Self-Sufficiency Standard is used as a tool to analyze the impact of current and proposed policy changes. The Standard can be used to evaluate the impact of a variety of work supports (such as SNAP/Food Stamp Program or Medicaid) or policy options (such as changes in child care co-payments, tax reform, or tax credits) on family budgets.

- Colorado Center on Law and Policy used the Colorado Self-Sufficiency Standard to determine the impact of affordable housing on family stability and upward mobility.
- In Maryland, the Self-Sufficiency Standard was used to advocate for a refundable Earned Income Tax Credit for low-income families.
- In New York, the Federation of Protestant Welfare Agencies (FPWA) released a report called "Pushed to the Precipice" which uses the Standard to investigate how well the social safety net functions in New York and to what extent the most wide-reaching benefits programs provide a pathway out of poverty.

Counseling Tool

The Self-Sufficiency Standard is used as a counseling tool to help participants in work and training programs access benefits, choose jobs that pay adequate wages, and develop strategies to become self-sufficient. Counseling tools allow users to evaluate possible wages, then compare information on available programs and work supports to their own costs and needs. Clients are empowered with information that allows them to develop and test out their own strategies for achieving self-sufficient incomes.

- In Oregon, the Prosperity Planner, a Self-Sufficiency Standard online counseling tool, is used by WorkSource Center staff to determine training scholarship awards and support service needs of job seekers. It is also used as a financial counseling tool for job seekers.
- In Washington State, the online Self-Sufficiency Calculator is used by workforce councils across the state as a counseling tool to help clients determine their income needs, choose education/training programs and access benefits.

Evaluation Tool

The Self-Sufficiency Standard is used to evaluate outcomes for grantees of economic development and foundation programs. Such evaluations help redirect resources to approaches that result in improved outcomes and more efficient use of limited foundation and government funding.

- In California, the United Way of the Bay Area and Y&H Soda Foundation are evaluating the success of their grantees by how effectively they are able to move families toward self-sufficiency, as defined by the Self-Sufficiency Standard. These foundations understand that to be effective, job training and direct service programs need to know the actual costs that clients are facing, information that is provided by the Standard.
- An evaluation of Maryland's refugee resettlement program by the Roosevelt Institute, "Raising Refugee Voices: Promoting Participatory Refugee Resettlement Evaluation in Maryland," used the Standard as a living wage estimate to support economic development programs and improve policies for refugees.

Benchmark for Wage-Setting

The Self-Sufficiency Standard is used as a guideline for wage setting. By determining the wages necessary to meet basic needs, the Standard provides information for setting wage standards. The Standard has been used in California, Colorado, Connecticut, Hawaii, Illinois, Maryland, New York, New Jersey, Nebraska, Oregon, South Dakota, Tennessee, Virginia, and Washington State to advocate for higher wages through living wage ordinances, minimum wage campaigns, and in negotiating labor union agreements.

- The Standard was used to design the unique Oregon statewide three-tiered minimum wage schedule, which raises the minimum wage (in steps, and then indexed) to three different levels, reflecting differentials in the cost of living as measured by the Standard in three regions of Oregon.
- In California, the American Federation of State, County, and Municipal Employees won a higher wage floor in contract negotiations after the Insight Center for Community Economic Development used the Standard to assess which University of California service workers' wages were below the Self-Sufficiency Standard.

Targeted Allocation of Resources

The Self-Sufficiency Standard is used by foundations for targeting grant investments that will increase economic security. Additionally, states use the Standard to target job training resources and demonstrate the payoff for investing in education and training. Using a targeted jobs strategy, the Standard helps to match job seekers with employment that pays Self-Sufficiency wages.

- In Arizona, The City of Tucson's Resiliency Fund used the Self-Sufficiency Standard for Pima County as the income eligibility threshold for grants to households who had not received any state or federal COVID-19 relief money.
- In California's Santa Clara County, the Standard was used in a sectoral employment intervention analysis that focused on the availability of nontraditional jobs, the geographical spread of those jobs, the availability of training resources, and wage rates. The analysis led to a curriculum and counselor training package that targeted transportation jobs and provided $140,000 to the community college system to explore how to strengthen preparation for these jobs.

Support for Research

The Self-Sufficiency Standard is used in research as a definition of adequate income and for measuring how affordable different costs are, such as housing and health care. The Standard provides a means to measure the adequacy of various work supports, such as child care assistance, given a family's income, place of residence, and composition.

- The Standard has been used along with data from the U.S. Census Bureau to estimate the number of families above and below the Standard, as well as by characteristics such as race, ethnicity, gender, family type, education, occupation, and employment. Reports are available on the Standard's website, www.selfsufficiencystandard.org entitled 'Overlooked and Undercounted.'
- The Johns Hopkins Center for a Livable Future uses the Self-Sufficiency Standard as demographic data in their Maryland Food System Map, which provides data on food systems, the environment, and public health.

Community Indicator

The Self-Sufficiency Standard is used to evaluate outcomes for grantees of economic development and foundation programs. Such evaluations help redirect resources to approaches that result in improved outcomes and more efficient use of limited foundation and government funding.

- Metro, the regional government in Portland, is utilizing the Standard in the development of their Economic Value Atlas (EVA). The EVA serves as an analytical tool to better align policy and public investment to support growing businesses while also creating access to self-sufficient wage jobs.
- In Maryland, Healthy Montgomery included the Self-Sufficiency Standard for a family of three as part of their Community Dashboard. Additionally, the United Way of Central Maryland used the Standard as a community indicator in their report The State of Basic Needs in Central Maryland.
- Rise Together Bay Area released a dashboard of data tables from their Promoting Family Economic Security Report to track progress on their coalition's goals.

Beyond Self-Sufficiency

- Saving for Emergencies
- Conclusion

Saving for Emergencies

The Self-Sufficiency Standard approach to economic security consists of three elements: securing the costs of daily basic needs, creating an Emergency Savings Fund, and choosing the appropriate asset-building economic security pathway(s). This section describes how Emergency Savings Fund goals are calculated, and how these amounts vary by family type.

Beyond meeting basic needs, the next step towards economic security is saving for emergencies. Emergency savings enable families to weather economic crises and are essential for achieving economic security. The Emergency Savings Fund calculations are for the most common emergency, job loss. These estimates assume that the minimum savings needed includes the cost of living expenses (using the Self-Sufficiency Standard) minus the amount of other resources available to meet those needs (primarily, unemployment insurance) for the length of time of the emergency. The estimates use the median time out of work (4.53 months) and the median tenure in current employment (four and a half years).[54] An additional amount is added to allow for the taxes on the additional earnings for the Emergency Savings Fund.

Of course, the specific amount of money families need to be able to maintain economic self-sufficiency varies depending on family composition and the local cost of living. Table 7 illustrates the emergency savings amounts for Montgomery County for five different family types.

- In Montgomery County, a single adult needs to earn a minimum of $3,941 per month to be able to meet basic needs. To be prepared for the loss of a job, this adult needs to earn an additional $122 per month. The additional savings would allow this individual to meet basic living costs over the average unemployment period, assuming they also received unemployment insurance.
- One adult caring for a preschool-age child needs to earn $7,639 per month in Montgomery County to make ends meet. Maintaining economic security for this family type requires earning an additional $519 per month, or another 6.8% above the Self-Sufficiency Standard, to be set aside. The overall emergency savings goal for this family type is $28,049, enough to cover the average length of unemployment, saved over the median tenure in current employment (four and a half years).

How is the Emergency Savings Fund Calculated?

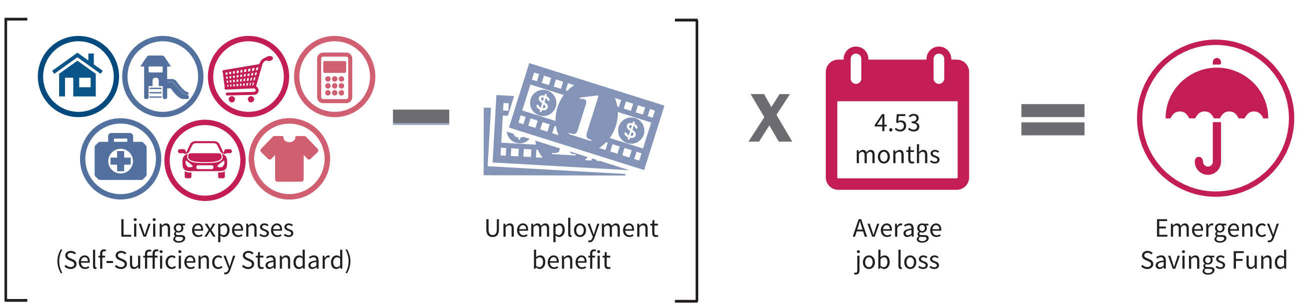


Table 7. The Self-Sufficiency Standard and Emergency Savings Fund for Select Family Types
Montgomery County, MD 2023

	1 Adult	1 Adult 1 Preschooler	1 Adult 1 Preschooler 1 School-age	2 Adults 1 Preschooler 1 School-age	2 Adults 1 School-age 1 Teen
Monthly Expenses					
Housing	$1,699	$1,934	$1,934	$1,934	$1,934
Child Care	$0	$1,677	$2,698	$2,698	$1,021
Food	$413	$610	$905	$1,207	$1,338
Transportation	$189	$189	$189	$378	$378
Health Care (Net)	$238	$667	$697	$790	$825
Miscellaneous	$365	$619	$753	$856	$705
Taxes (Net)	$1,038	$2,160	$2,996	$2,816	$4,611
Monthly Total	**$3,941**	**$7,639**	**$9,739**	**$10,245**	**$7,760**
Emergency Savings Fund					
Living expenses (4.53 months)*	$13,248	$25,964	$32,705	$17,921	$14,136
Tax on additional earnings	$1,825	$10,546	$15,895	$5,699	$2,163
Subtotal	$15,073	$36,511	$48,600	$23,620	$16,298
Unemployment Insurance Benefit	($8,462)	($8,462)	($8,462)	($8,462)	$(8,462)
Total Savings	$6,611	$28,049	$40,138	$15,158	$7,836
Additional Monthly Earnings (Assumes interest accrued)	**$122**	**$519**	**$743**	**$281**	**$145**

* Living expenses for two adults assumes half of overall living expenses, assuming only one adult will be unemployed at a time.

- One adult caring for two children, one preschool-age and one school-age child, must earn $9,739 per month to be self-sufficient. The emergency savings goal requires this single parent to earn an additional $743 per month to guard against loss of employment, or another 7.6% above their minimally adequate earnings per month.
- For families with two adults, a preschooler, and a school-age child, it is assumed that only one adult is out of work at a given time, so the emergency savings goal only needs to cover half of the family's total living expenses over about four and a half months. As such, the monthly contribution to the savings account is less for the two-parent household with one preschooler and one school-age child than the one-adult household with one child. In Montgomery County, this family needs an additional $281 per month in total earnings to save for an average spell of unemployment for one worker.

- As children age, child care costs are dramatically reduced for a household consisting of two adults, one school-age child, and one teenager. The monthly savings goal becomes $145, or 1.9% of their minimum monthly income. With at least one working adult in this household, the emergency savings needed for this family is one fifth (20%) of what a single adult with one preschooler and one school-age child must save, or $598 less in dollar terms.

Note that the Emergency Savings Fund assumes adults receive unemployment insurance if job loss occurs. Without insurance, families would need to save an additional $157 each month in order to make ends meet during their period of unemployment.

Once a family has secured income at the Self-Sufficiency Standard level and instituted their Emergency Savings Fund, the road to long-term economic security will be different for each household.

- This might mean producing additional savings to meet immediate costs (such as a car breakdown) or paying off debts.
- Some families may invest in additional education or skill training to achieve higher wages and increased economic security, in the near term, or save for retirement for later life security.
- For others, income beyond that needed for the essentials may be devoted to securing alternative housing, enabling the family to move, and leaving an abusive partner or a problematic living situation.

Conclusion

This report highlights how difficult it is for far too many families in Montgomery County to meet their basic needs, without resorting to private strategies (such as doubling up—where two or more adults or families reside in the same housing unit) or public work supports (such as child care assistance). Although the Self-Sufficiency Standard determines an adequate wage level without public benefits, it does not imply that public work supports are inappropriate or unnecessary for Montgomery County families. For workers with wages below the Self-Sufficiency Standard, work supports for such necessities as child care, health care, and housing are critical to meeting basic needs, retaining jobs, and advancing in the workforce. This report has also documented that costs are rising faster than wages, year in and year out. The expanding gap between wages and costs puts an added burden on family financial security, some of whom just survived the rapid and substantial economic downfalll as a result of the COVID-19 pandemic. By utilizing the Self-Sufficiency Standard, Montgomery County has the opportunity to lay the foundation to achieve a strong workforce and thriving communities.

The Self-Sufficiency Standard for Montgomery County, Maryland 2023 defines the minimum income needed to realistically support a family without public or private assistance in Montgomery County. For most workers, the Standard shows that earnings above the official poverty measure are nevertheless far below what is needed to meet families' basic needs. A strong economy means good jobs that pay at least Self-Sufficiency Standard wages and a workforce with the skills necessary to fill those jobs.

For More Information About the Standard

In addition to Maryland, the Standard has been calculated for Alabama, Arkansas, Arizona, California, Colorado, Connecticut, Delaware, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Jersey, New Mexico, New York, New York City, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, South Carolina, South Dakota, Tennessee, Texas, Utah, Virginia, Washington State, West Virginia, Wisconsin, Wyoming, and the Washington, DC metropolitan area.

For further information about the Standard, how it is calculated or used, or the findings reported here, as well as information about other states or localities, contact Annie Kucklick at akuckl@uw.edu or visit www.selfsufficiencystandard.org.

Endnotes

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2. There are two versions of the official poverty measure. A detailed matrix of poverty thresholds is calculated each year by the U.S. Census Bureau, which varies by the number of adults and the number of children in the household and by age for one- and two-adult households. The threshold is used to calculate the number of people in poverty for the previous year. The other form of the poverty measure is called the "federal poverty guidelines" or the "federal poverty level" (FPG/FPL). The FPG is calculated by the U.S. Department of Health and Human Services in late January and is primarily used by federal and state programs to determine eligibility and/or calculate benefits, such as for SNAP (formerly the Food Stamps Program). The FPG only varies by family size, regardless of composition; the 2023 FPG for a family of three is $24,860. As with the thresholds, the FPG/FPL does not vary geographically, except that the latter has a higher set of numbers for Hawaii and Alaska, respectively. The Standard generally references the FPG in this report. For more information about the federal poverty measurements, see https://aspe.hhs.gov/poverty-guidelines.

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8. The second-lowest cost silver plan for a family with a couple and two dependents living in Howard County is $1,036.04 per month before any tax credits. Maryland Health Connection "2023 Get an Estimate," https://secure.marylandhealthconnection.gov/hixui/public/home.html#/getEstimate?lang=en_US&firstTime=1 (accessed January 6, 2023).

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Methodology, Assumptions, & Sources

- Housing
- Child Care
- Food
- Transportation
- Health Care
- Miscellaneous
- Federal Taxes
- State Taxes
- Emergency Savings Fund

Methodology and Data Sources for the Self-Sufficiency Standard

This appendix explains the methodology, assumptions, and sources used to calculate the Self-Sufficiency Standard. We begin with a discussion of our general approach, followed by the specifics of how each cost is calculated, ending with a list of data sources. Making the Standard as consistent and accurate as possible, yet varied by geography and the age of children, requires meeting several different criteria. To the extent possible, the data used in the Standard are:

- Collected or calculated using standardized or equivalent methodology nationwide
- Obtained from scholarly or credible sources such as the U.S. Census Bureau
- Updated regularly
- Geographically and age-specific (as appropriate)

Costs that vary substantially by place, such as housing and child care, are calculated at the most geographically specific level for which data are available. Other costs, such as health care, food, and transportation, are varied geographically to the extent there is variation and appropriate data available. In addition, as improved or standardized data sources become available, the methodology used by the Standard is refined accordingly, resulting in an improved Standard that is comparable across place as well as time.

The Self-Sufficiency Standard assumes adult household members work full time and therefore includes all major costs associated with employment for every adult household member (i.e. taxes, transportation, and child care for families with young children). The Standard assumes adults work eight hours per day for 22 days per month and 12 months per year.

The Self-Sufficiency Standard does not calculate costs for adults with disabilities or elderly household members who no longer work. It should be noted that for families with persons with disabilities or elderly family members there are costs that the Standard does not account for, such as increased transportation and health care costs.

Each cost component in the Standard is first calculated as a monthly cost. Hourly and annual self-sufficiency wages are calculated based on the monthly Standard by dividing the monthly Self-Sufficiency Standard by 176 hours per month to obtain the hourly wage and multiplying by 12 months to obtain the annual wage.

The Self-Sufficiency Standard differentiates costs by the number of adults plus the number and age of children in a family. The four ages of children in the Standard are: (1) infants—0 to 2 years old (meaning 0 through 35 months), (2) preschoolers—3 to 5 years old, (3) school-age children—6 to 12 years old, and (4) teenagers—13 to 18 years old.

The 2023 edition of the Montgomery County Self-Sufficiency Standard is calculated for over 700 family types. The family types include all one, two, and three adult families with zero to six children and range from a single adult with no children, to one adult with one infant, one adult with one preschooler, and so forth, up to three-adult families with six teenagers. Additionally, Standards are calculated based on a weighted average cost per child for families with one, two, and three adults with seven to ten children and families with four to ten adults with zero to ten children.[1]

All adults in one- and two-adult households are working full-time. For households with more than two adults, it is assumed that all adults beyond two are non-working dependents of the first two working adults, as household composition analysis has shown that a substantial proportion of additional adults are under 25, often completing school, unemployed, or underemployed.[2] The main effect of this assumption is that the costs for these adults do not include transportation (but do include all other costs, such as food, housing, health care, and miscellaneous).

The cost components of *The Self-Sufficiency Standard for Montgomery County, Maryland 2023* and the assumptions included in the calculations are described below.

Housing

The Standard uses the most recent Fiscal Year (FY) Fair Market Rents (FMRs), calculated annually by the U.S. Department of Housing and Urban Development (HUD), to calculate housing costs for each state's metropolitan and non-metropolitan areas and are used to determine the level of rent for those receiving housing assistance through the Housing Choice Voucher Program. Section 8(c)(1) of the United States Housing Act of 1937 (USHA) requires the Secretary to publish Fair Market Rents (FMRs) periodically, but not less than annually, to be effective on October 1 of each year. Housing costs in the Maryland Self-Sufficiency Standard are calculated using the FY 2023 HUD Fair Market Rents.

The FMRs are based on data from the 1-year and 5-year American Community Survey and are updated for inflation using the Consumer Price Index. The survey sample includes renters who have rented their unit within the last two years, excluding new housing (two years old or less), substandard housing, and public housing. FMRs, which include utilities (except telephone and cable), are intended to reflect the cost of housing that meets minimum standards of decency. In most cases, FMRs are set at the 40th percentile; meaning 40% of the housing in a given area is less expensive than the FMR.[3]

The FMRs are calculated for Metropolitan Statistical Areas (MSAs) and non-metropolitan counties. HUD calculates one set of FMRs for an entire metropolitan area. In Maryland there are two MSA's where more than one county shares the same FMR: Baltimore-Columbia-Towson, MD MSA (Anne Arundel, Baltimore, Carroll, Harford, Howard, Queen Anne's counties, and Baltimore City) and Washington-Arlington-Alexandra, DC-VA-MD HUD Metro FMR Area (Calvert, Charles, Frederick, Montgomery, and Prince George's counties). Because HUD only calculates one set of FMRs for each of these metropolitan areas, we used HUD's Small Area Fair Market Rents (SAFMR) to create county variation to adjust the metropolitan FMR. A Census zip code to county relationship file was used to weight SAFMR by county and by MSA.

To determine the number of bedrooms required for a family, the Standard assumes that parents and children do not share the same bedroom and no more than two children share a bedroom. Therefore, the Standard assumes that single persons and couples without children have one-bedroom units, families with one or two children require two bedrooms, families with three or four children require three bedrooms, and families with five or six children require four bedrooms. Because there are few efficiencies (studio apartments) in some areas, and their quality is very uneven, the Self-Sufficiency Standard uses one-bedroom units for the single adult and childless couple.

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Population Weights. U.S. Census Bureau, "2010 ZCTA to County Relationship File," Geography, Maps and Data, https://www.census.gov/geographies/reference-files/2010/geo/relationship-files.html (accessed February 3, 2020).

Child Care

The Family Support Act, in effect from 1988 until welfare reform in 1996, required states to provide child care assistance at market rate for low-income families in employment or education and training. States were also required to conduct cost surveys biannually to determine the market rate (defined as the 75th percentile) by facility type, age, and geographical location or set a statewide rate.[4] The Child Care and Development Block Grant (CCDBG) Act of 2014 reaffirms that the 75th percentile is an important benchmark for gauging equal access. The CCDBG Act requires states to conduct a market rate survey every three years for setting payment rates. Thus, the Standard assumes child care costs at the 75th percentile, unless the state sets a higher definition of market rate.

Child care costs for the Maryland Standard have been calculated using 75th percentile data from the Maryland State Department of Education Child Care Market Rate Survey. The survey provided rates for seven different cost regions. Rates are updated to September 2022 from Spring 2021, the data collection period, using the Consumer Price Index.

Infant and preschooler costs are calculated assuming full-time care, and costs for school-age children are calculated using part-time rates during the school year and full-time care during the summer. Costs were calculated based on a weighted average of family child care and center child care: 43% of infants are in family child care and 57% are in child care centers. These proportions are 26% and 74% respectively, for preschoolers, and 46% and 54% for school-age children.[5]

Since one of the basic assumptions of the Standard is that it provides the cost of meeting needs without public or private subsidies, the "private subsidy" of free or low-cost child care provided by older children, relatives, and others is not assumed.

Data Sources

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Food

Although the Supplemental Nutrition Assistance Program (SNAP, formerly the Food Stamp Program) uses the U.S. Department of Agriculture (USDA) Thrifty Food Plan to calculate benefits, the Standard uses the Low-Cost Food Plan for food costs. While both of these USDA diets were designed to meet minimum nutritional standards, SNAP (which is based on the Thrifty Food Plan) is intended to be only a temporary safety net.[6]

The Low-Cost Food Plan costs 25% more than the Thrifty Food Plan and is based on more realistic assumptions about food preparation time and consumption patterns, while still being a very conservative estimate of food costs. Neither food plan allows for any take-out, fast-food, or restaurant meals, even though, according to the Consumer Expenditure Survey, the average American family spends about 37% of their food budget on food prepared away from home.[7] Food costs in the Standard, effectively, cover groceries only.

The USDA Low-Cost Food Plan costs vary by month and the USDA does not give an annual average food cost. The Standard follows the SNAP protocol of using June data of the current year to represent the annual average. Hence, the Standard for 2023 uses data from June 2022 updated for inflation.

Both the Low-Cost Food Plan and the Standard's budget calculations vary food costs by the number and ages of children and the number and gender of adults. The Standard assumes that the cost of food for all numbers of adults is the average between the male and female cost as designated by the USDA Low-Cost Food Plan.

Geographic differences in food costs within Maryland are varied using Map the Meal Gap data provided by Feeding America. To establish a relative price index that allows for comparability between counties, Nielsen assigns every sale of UPC-coded food items in a county to one of the 26 food categories in the USDA Thrifty Food Plan (TFP). The cost to purchase a market basket of these 26 categories is then calculated for each county. Because not all stores are sampled, this could result in an inaccurate representation of the cost of food in low-population counties. For this reason, counties with a population less than 20,000 have their costs imputed by averaging them with those of the surrounding counties.[8]

A county index is calculated by comparing the county market basket price to the national average cost of food. The county index is applied to the Low-Cost Food Plan to vary food costs geographically. For the 2023 Standard, due to the pervasive increase in food costs nationwide in late 2021 and throughout 2022, the researchers for the Standard added a food cost control which prevents the cost of food from decreasing in any given county.[9]

Data Sources

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Transportation

Public Transportation. If there is an "adequate" public transportation system in a given area, it is assumed that workers use public transportation to get to and from work. A public transportation system is considered "adequate" if it is used by a substantial percentage of the working population to commute to work. According to a study by the Institute of Urban and Regional Development, University of California, if about 7% of the general public uses public transportation, then approximately 30% of the low- and moderate-income population use public transit.[10] The Standard assumes private transportation (a car) in counties where less than 7% of workers commute by public transportation and in counties where rates over 7% are due to special circumstances, such as resort-focused areas where workers are bussed in due to limited parking.

For Maryland, the Standard uses the 2016-2020 American Community Survey 5-Year Estimates to the percentage of the county population that commutes by public transportation. In 2023, Montgomery County and Baltimore City utilize public transit at rates above 7%, so public transportation costs are assumed.[11]

Private Transportation. The Montgomery County Standard includes only public transportation, but for the rest of the state, the Standard assumes that adults need a car to get to work. Private transportation costs are based on the average costs of owning and operating a car. One car is assumed for households with one adult and two cars are assumed for households with two adults. It is understood that the car(s) will be used for commuting five days per week, plus one trip per week for shopping and errands. In addition, one parent in each household with young children is assumed to have a slightly longer weekday trip to allow for "linking" trips to a day care site.

Per-mile driving costs (e.g., gas, oil, tires, and maintenance) are from the American Automobile Association. The commuting distance is computed from the 2017 National Household Travel Survey (NHTS).

Regional variation in the cost of auto insurance for the Maryland Standard is calculated using rates for a single, 30 year old woman gleaned from data collected for each county from the "Auto Rate Guide" produced annually by the Maryland Insurance Administration.

The fixed costs of car ownership such as fire, theft, property damage and liability insurance, license, registration, taxes, repairs, monthly payments, and finance charges are also included in the cost of private transportation for the Standard. However, the initial cost of purchasing a car is not. Fixed costs are from the 2021 Consumer Expenditure Survey data for families with incomes between the 20th and 40th percentile living in the Census South region of the United States. Auto insurance premiums and fixed auto costs are adjusted for inflation using the most recent and area-specific Consumer Price Index.

The average expenditure for auto insurance in Maryland was $103.05 per month in 2019 based on data from the National Association of Insurance Commissioners (NAIC). The average commute is about 27.90 miles.

Data Sources

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County Index. Maryland Insurance Administration, "Auto Insurance: A Comparison Guide to Rates," https://insurance.maryland.gov/Consumer/Documents/publicnew/AutoRateGuide2022.pdf (accessed August 25, 2022).

Health Care

The Standard assumes that an integral part of a Self-Sufficiency Wage is employer-sponsored health insurance for workers and their families. Nationally, the employer pays 78% of the insurance premium for the employee and 66% of the insurance premium for the family.[12]

Health care premiums are obtained from the Medical Expenditure Panel Survey (MEPS), Insurance Component produced by the Agency for Healthcare Research and Quality, Center for Financing, Access, and Cost Trends. The MEPS health insurance premiums are the statewide average employee-contribution paid by a state's residents for a single adult and for a family. The premium costs are then adjusted for inflation using the Medical Care Services Consumer Price Index.[13]

As a result of the Affordable Care Act, companies can only set rates based on established rating areas. In Maryland, there are four rating areas based on county groupings.[14] To vary the state premium by the rating areas, the Standard uses rates for the second lowest cost Silver plan (excluding HSAs) available through the state marketplace. The state-level MEPS average premium is adjusted with the index created from the county-specific premium rates.

Health care costs also include out-of-pocket costs calculated for adults, infants, preschoolers, school-age children, and teenagers. Data for out-of-pocket health care costs (by age) are also obtained from the MEPS, adjusted by Census region using the MEPS Household Component Analytical Tool, and adjusted for inflation using the Medical Care Consumer Price Index.

Although the Standard assumes employer-sponsored health coverage, not all workers have access to affordable health insurance coverage through employers. Those who do not have access to affordable health insurance through their employers, and who are not eligible for the expanded Medicaid program, must purchase their own coverage individually or through the federal marketplace.

Data Sources

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County Index. Maryland Health Connections, "Get an Estimate," https://www.marylandhealthconnection.gov/ (accessed November 19, 2022).

Miscellaneous

This category consists of broadband and cell phone expenses as well as all other essentials.

Other Necessities. The other necessities component of miscellaneous costs are calculated by taking 10% of the sum of the cost of housing, child care, food, transportation, and health care. Other necessities provides a minimum estimate to cover the cost of clothing, shoes, paper products, diapers, nonprescription medicines, cleaning products, household items, personal hygiene items, and telephone service. This percentage is a conservative estimate in comparison to estimates in other basic needs budgets, which commonly use 15% and account for other costs such as recreation, entertainment, savings, or debt repayment.[15]

Broadband. The Standard utilizes the annual Federal Communications Commission (FCC) Urban Rate Survey Data to calculate a monthly broadband cost. In order to calculate an average that represents minimally adequate broadband service for families, the Standard assumes a download bandwidth range of 12 - 100 Mbps and creates an average monthly cost from the total monthly charges from the range of internet service providers (ISP) in the surveyed area.[16] Recognizing that families need to pay for equipment in order to establish connectivity in a household, the Standard also adds a monthly fee that includes the cost of a modem and router.

Cell Phone. The Standard assumes that each adult in a household needs access to a cell phone with up to 5 GB of data per month. Averaging the cost per gigabyte with nine United States cell phone plans having widespread coverage, the Standard assumes an average monthly service cost of $24.52.[17]

Assuming that an adult will also need to purchase a cell phone, Standard researchers found the average cost for five smartphones and then divided that total average cost by two years of monthly payments which is the typical amount of time that service providers finance cell phones. Local fees and taxes were added onto the monthly service fee charge and local sales tax was added to the cost of the phone.

Data Sources

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Wireless Taxes. Mackey, S. and Boesen, U. "Wireless Tax Burden Remains High due to Federal Surcharge Increase," https://taxfoundation.org/wireless-taxes-cell-phone-tax-rates-by-state-2020/ (accessed August 21, 2021).

Federal Taxes

Federal taxes calculated in the Standard include income tax and payroll taxes. The first two adults in a family are assumed to be a married couple and taxes are calculated for the whole household together (i.e., as a family), with additional adults counted as adult dependents.

Indirect taxes (e.g., property taxes paid by the landlord on housing) are assumed to be included in the price of housing passed on by the landlord to the tenant. Taxes on gasoline and automobiles are included in the calculated cost of owning and running a car.

The Standard includes federal tax credits (the Earned Income Tax Credit, the Child Care Tax Credit, and the Child Tax Credit) and applicable state tax credits. Tax credits are shown as received monthly in the Standard.

The Earned Income Tax Credit (EITC), or as it is also called, the Earned Income Credit, is a federal tax refund intended to offset the loss of income from payroll taxes owed by low-income working families. The EITC is a "refundable" tax credit, meaning working adults may receive the tax credit whether or not they owe any federal taxes.

The Child Care Tax Credit (CCTC), also known as the Child and Dependent Care Tax Credit, is a federal tax credit that allows working parents to deduct a percentage of their child care costs from the federal income taxes they owe. Like the EITC, the CCTC is deducted from the total amount of money a family needs to be self-sufficient. Unlike the EITC, the federal CCTC is not a refundable tax credit; that is, a family may only receive the CCTC as a credit against federal income taxes owed. Families who owe little to nothing in federal income taxes will receive little or no CCTC. Up to $3,000 in child care costs are deductible for one qualifying child and up to $6,000 for two or more qualifying children.

The Child Tax Credit (CTC) is like the EITC in that it is a refundable federal tax credit. Since 2018, the CTC provides parents with a nonrefundable credit up to $2,000 per child under 17 (with up to $1,400 refundable). For the Standard, the CTC is shown as being received monthly.[18]

Data Sources

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Federal Income Tax. Internal Revenue Service, "1040 Instructions," https://www.irs.gov/pub/irs-pdf/i1040gi.pdf (accessed December 21, 2021).

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Federal Earned Income Tax Credit. Internal Revenue Service, "Publication 596. Earned Income Credit," https://www.irs.gov/pub/irs-pdf/p596.pdf (accessed January 10, 2022).

State and County Taxes

State taxes calculated in the Standard include income tax, payroll taxes, and state and local sales tax where applicable.

If the state has an EITC, child tax credit, child care tax credit, or similar family or low-income credit, it is included in the tax calculations. Montgomery County's EITC is also included in the tax calculations. Renter's credits and other tax credits that would be applicable to the population as a whole are included as well.

Data Sources

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Grocery Tax. Tax Foundation, Jared Walczak, "The Surprising Regressivity of Grocery Tax Exemptions" https://taxfoundation.org/sales-tax-grocery-tax-exemptions/ (accessed July 5, 2022), Center on Budget and Policy Priorities, Eric Figuroa and Juliette Legendre, "States that Still Impose Sales Taxes on Groceries Should Consider Reducing or Eliminating Them," https://www.cbpp.org/research/state-budget-and-tax/states-that-still-impose-sales-taxes-on-groceries-should-consider (accessed April 13, 2021).

Emergency Savings Fund

The Self-Sufficiency Standards are basic needs, no-frills budgets created for all family types in each county or town in a given state. As such, the Standard does not allow for anything extra beyond daily needs, such as saving for retirement, education expenses, or emergencies. Of course, without question families need more resources if they are to maintain economic security and be able to weather any unexpected income loss. Therefore, the Self-Sufficiency Standard now includes the calculation of the most universal of economic security needs after basic needs are met at the Self-Sufficiency Standard level—that of savings for emergencies.

The emergency savings amount is calculated to make up for the earnings of one adult becoming unemployed over the average job loss period, less the amount expected to be received in unemployment benefits. In two-adult households, it is assumed that the second adult continues to be employed, so that the savings only need to cover half of the family's basic living expenses over the job loss period.

To determine the amount of resources needed, this estimate uses the average period of unemployment and assumes that the minimal cost of basic needs that must be met will stay the same, i.e., the family's Self-Sufficiency Standard. Since the monthly emergency savings contribution requires additional earnings, the estimate includes the calculation of taxes and tax credits of current earnings (at the Self-Sufficiency Standard level). Savings are assumed to have accumulated based on average savings account interest rates.

The emergency savings calculation is based on all current expenses in the Self-Sufficiency Standard.[19] The adult may not be commuting to work five days a week; however, the overall transportation expenses may not change significantly. A weekly shopping trip is still a necessity, as is driving young children to child care. Actively seeking employment requires being available for job interviews, attending job fairs, and engaging in networking opportunities, in addition to the time spent looking for and applying for positions. Therefore, saving enough to cover the cost of continuing child care if unemployed is important for supporting active job seeking as well as the benefit of keeping children in their normal routine during a time of crisis.

In addition to the income needed to cover the costs of housing, food, child care and transportation, families need health insurance. The Standard assumes that adults work full time and in jobs that provide employer-sponsored health insurance. In households with two adults, it is assumed that if one adult loses employment the spouse's health insurance will provide coverage for the entire family at no additional cost. In a one-adult household, it is assumed coverage will be provided through the state-operated Affordable Insurance Exchanges under the Patient Protection and Affordable Care Act, at approximately the same cost as when employed.[20] In some cases, children, or the whole family, may be covered under state Medicaid or the Children's Health Insurance Program, depending upon income, resources, and eligibility requirements in effect at the time, which would decrease health care costs below these estimates.[21]

Data Sources

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ENDNOTES

1. The Standard was originally designed to provide calculations for 70 family configurations, which includes all one- and two-adult families with zero to three children (in four different age groups).

2. Diana Pearce and Rachel Cassidy, "Overlooked and Undercounted: A New Perspective on the Struggle to Make Ends Meet in California," Seattle: University of Washington (2003), http://www.insightcced.org/past-archives/publication-registration/registration-page-summary-of-highlights-overlooked-undercounted-a-perspective-on-the-struggle-to-make-ends-meet-in-california/ (accessed July 28, 2016).

3. U.S. Department of Housing and Urban Development, "Fair Market Rents for the Housing Choice Voucher Program, Moderate Rehabilitation Single Room Occupancy Program, and Other Programs Fiscal Year 2023," 84 FR 45789, https://www.federalregister.gov/documents/2022/09/01/2022-18905/fair-market-rents-for-the-housing-choice-voucher-program-moderate-rehabilitation-single-room (accessed September 1, 2022).

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5. U.S. Census Bureau, Survey of Income and Program Participation (SIPP), 2008 Panel, Wave 8. "Who's Minding the Kids? Child Care Arrangements: Spring 2011," https://www.census.gov/prod/2013pubs/p70-135.pdf (accessed July 19, 2019).

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11. U.S. Census Bureau, "Table B08301: Means of Transportation to Work," 2016- 2020 American Community Survey 5-year estimates, Detailed Tables, https://data.census.gov/cedsci/table?q=B08301&tid=ACSDT5Y2020.B08301 (accessed August 15, 2022).

12. Bureau of Labor Statistics, "Employee Benefits in the United States - March 2021," https://www.bls.gov/news.release/pdf/ebs2.pdf (accessed February 1, 2022).

13. U.S. Department of Health and Human Services, Agency for Healthcare Research and Quality, Center for Financing, Access, and Cost Trends, "Table X.C.1 (X.D.1) Employee contribution distributions (in dollars) for private-sector employees enrolled in single coverage at the 10th, 25th, 50th (median), 75th and 90th percentiles, private-sector by State: United States, 2021" Medical Expenditure Panel Survey-Insurance Component, https://meps.ahrq.gov/data_stats/summ_tables/insr/state/series_10/2021/ic21_xc_e.pdf (accessed September 22, 2022).

14. Centers for Medicare & Medicaid Services, “Maryland Geographic Rating Areas: Including State Specific Geographic Divisions,” https://www.cms.gov/CCIIO/Programs-and-Initiatives/Health-Insurance-Market-Reforms/md-gra (accessed September 5, 2022).

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16. The FCC recommends at least medium connectivity (12 - 25 Mbps) for moderate broadband use with two or more users at a time (see https://www.fcc.gov/consumers/guides/household-broadband-guide) (accessed May 10, 2021).

17. The Standard found the monthly cost for a 4 - 6 GB plan for U.S. Mobile, Tello, T-Mobile, Ting, AT&T Prepaid, Affinity Cellular, Verizon, Mint Mobile and UltraMobile and then created an average price per GB and multiplied that by 5 in order to come up with an average plan cost for 5 GB.

18. In 2021, the American Rescue Plan Act (ARPA) temporarily changed the Child Tax Credit (CTC) and Child and Dependent Tax Credit (CDCTC). The CTC increased to $3,600 per child under six and $3,000 per child six years and older and was fully refundable. The CDCTC increased from a maximum non-refundable benefit of $1,050 for one child or $2,100 for two or more children to a maximum refundable benefit of $4,000 for one child or $8,000 for two or more children. Because these temporary provisions were not extended, the 2022 federal taxes reflected in the Standard reverted to the previous legislation as stated in this section.

19. This amount excludes taxes and tax credits (which are in the Standard), as the family would be living on savings, on which taxes and tax credits have already been paid when earned, as described above.

20. Affordable Insurance Exchanges are required as of 2014, and health insurance tax credits are available to offset monthly premium costs for those enrolled in the Exchanges with income up to 400% FPL. Centers for Medicare & Medicaid Services, Fact Sheets, “Affordable Insurance Exchanges: Seamless Access to Affordable Coverage,” https://www.cms.gov/newsroom/fact-sheets/affordable-insurance-exchanges-simpleseamless-and-affordable-coverage (accessed July 23, 2014).

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The Self-Sufficiency Standard for Select Family Types in Montgomery County

This report and an Excel file of all 700+ family types can be downloaded at www.selfsufficiencystandard.org/Maryland

The Emergency Savings Fund is a monthly addition separate from the Self-Sufficiency Standard.

Table 1. The Self-Sufficiency Standard for Families with **One Child**, Montgomery County, MD 2023

	1 Adult	1 Adult 1 Infant	1 Adult 1 Preschooler	1 Adult 1 School-age	1 Adult 1 Teenager
Monthly Costs					
Housing	$1,699	$1,934	$1,934	$1,934	$1,934
Child Care	$0	$1,824	$1,677	$1,021	$0
Food	$413	$597	$610	$718	$754
Transportation	$189	$189	$189	$189	$189
Health Care	$238	$666	$667	$675	$702
Miscellaneous	$365	$632	$619	$565	$469
Broadband & Cell Phone	$111	$111	$111	$111	$111
Other Necessities	$254	$521	$508	$454	$358
Taxes	$1,038	$2,263	$2,160	$1,756	$1,348
Earned Income Tax Credit (-)	$0	$0	$0	$0	$0
Child Care Tax Credit (-)	$0	($50)	($50)	($50)	$0
Child Tax Credit (-)	$0	($167)	($167)	($167)	($167)
Self-Sufficiency Wage					
Hourly (per adult)	$22.39	$44.83	$43.41	$37.73	$29.71
Monthly	$3,941	$7,890	$7,639	$6,640	$5,229
Annual	$47,294	$94,675	$91,674	$79,683	$62,750
Emergency Savings Fund	$122	$539	$519	$435	$255

	2 Adults	2 Adults 1 Infant	2 Adults 1 Preschooler	2 Adults 1 School-age	2 Adults 1 Teenager
Monthly Costs					
Housing	$1,699	$1,934	$1,934	$1,934	$1,934
Child Care	$0	$1,824	$1,677	$1,021	$0
Food	$757	$932	$943	$1,046	$1,081
Transportation	$378	$378	$378	$378	$378
Health Care	$739	$760	$761	$768	$796
Miscellaneous	$513	$738	$725	$670	$574
Broadband & Cell Phone	$155	$155	$155	$155	$155
Other Necessities	$357	$583	$569	$515	$419
Taxes	$1,316	$2,299	$2,232	$1,960	$1,549
Earned Income Tax Credit (-)	$0	$0	$0	$0	$0
Child Care Tax Credit (-)	$0	($50)	($50)	($50)	$0
Child Tax Credit (-)	$0	($167)	($167)	($167)	($167)
Self-Sufficiency Wage					
Hourly (per adult)	$15.35	$24.57	$23.96	$21.48	$17.46
Monthly	$5,402	$8,648	$8,434	$7,561	$6,145
Annual	$64,826	$103,777	$101,204	$90,729	$73,739
Emergency Savings Fund	$69	$166	$158	$123	$82

Table 2. The Self-Sufficiency Standard for Families with **Two Children**, Montgomery County, MD 2023

	1 Adult 1 Infant 1 Preschooler	1 Adult 2 Preschoolers	1 Adult 1 Preschooler 1 School-age	1 Adult 2 School-age	1 Adult 1 School-age 1 Teenager
Monthly Costs					
Housing	$1,934	$1,934	$1,934	$1,934	$1,934
Child Care	$3,502	$3,355	$2,698	$2,042	$1,021
Food	$791	$803	$905	$1,008	$1,043
Transportation	$189	$189	$189	$189	$189
Health Care	$688	$689	$697	$704	$731
Miscellaneous	$821	$808	$753	$699	$603
Broadband & Cell Phone	$111	$111	$111	$111	$111
Other Necessities	$710	$697	$642	$588	$492
Taxes	$3,563	$3,451	$2,996	$2,574	$1,834
Earned Income Tax Credit (-)	$0	$0	$0	$0	$0
Child Care Tax Credit (-)	($100)	($100)	($100)	($100)	($100)
Child Tax Credit (-)	($333)	($333)	($333)	($333)	($333)
Self-Sufficiency Wage					
Hourly (per adult)	$62.81	$61.33	$55.33	$49.52	$39.33
Monthly	$11,054	$10,795	$9,739	$8,716	$6,922
Annual	$132,649	$129,537	$116,864	$104,595	$83,067
Emergency Savings Fund	$847	$826	$742	$638	$495

	2 Adults 1 Infant 1 Preschooler	2 Adults 2 Preschoolers	2 Adults 1 Preschooler 1 School-age	2 Adults 2 School-age	2 Adults 1 School-age 1 Teenager
Monthly Costs					
Housing	$1,934	$1,934	$1,934	$1,934	$1,934
Child Care	$3,502	$3,355	$2,698	$2,042	$1,021
Food	$1,097	$1,109	$1,207	$1,305	$1,338
Transportation	$378	$378	$378	$378	$378
Health Care	$782	$783	$790	$798	$825
Miscellaneous	$925	$911	$856	$801	$705
Broadband & Cell Phone	$155	$155	$155	$155	$155
Other Necessities	$769	$756	$701	$646	$550
Taxes	$3,343	$3,239	$2,816	$2,472	$1,993
Earned Income Tax Credit (-)	$0	$0	$0	$0	$0
Child Care Tax Credit (-)	($100)	($100)	($100)	($100)	($100)
Child Tax Credit (-)	($333)	($333)	($333)	($333)	($333)
Self-Sufficiency Wage					
Hourly (per adult)	$32.75	$32.03	$29.11	$26.41	$22.05
Monthly	$11,526	$11,275	$10,245	$9,295	$7,760
Annual	$138,317	$135,297	$122,943	$111,536	$93,120
Emergency Savings Fund	$331	$321	$280	$208	$145

Table 3. The Self-Sufficiency Standard for Families with **Three Children**, Montgomery County, MD 2023

	1 Adult 1 Infant 2 Preschoolers	1 Adult 2 Preschoolers 1 School-age	1 Adult 1 Preschooler 2 School-age	1 Adult 2 School-age 1 Teenager	1 Adult 1 School-age 2 Teenagers
Monthly Costs					
Housing	$2,418	$2,418	$2,418	$2,418	$2,418
Child Care	$5,179	$4,376	$3,719	$2,042	$1,021
Food	$963	$1,072	$1,170	$1,302	$1,335
Transportation	$189	$189	$189	$189	$189
Health Care	$710	$718	$726	$761	$788
Miscellaneous	$1,057	$988	$933	$782	$686
Broadband & Cell Phone	$111	$111	$111	$111	$111
Other Necessities	$946	$877	$822	$671	$575
Taxes	$5,438	$4,851	$4,389	$3,111	$2,362
Earned Income Tax Credit (-)	$0	$0	$0	$0	$0
Child Care Tax Credit (-)	($100)	($100)	($100)	($100)	($100)
Child Tax Credit (-)	($500)	($500)	($500)	($500)	($500)
Self-Sufficiency Wage					
Hourly (per adult)	$87.24	$79.62	$73.55	$56.84	$46.59
Monthly	$15,354	$14,013	$12,945	$10,004	$8,199
Annual	$184,247	$168,150	$155,338	$120,049	$98,390
Emergency Savings Fund	$1,224	$1,113	$1,022	$786	$619

	2 Adults 1 Infant 2 Preschoolers	2 Adults 2 Preschoolers 1 School-age	2 Adults 1 Preschooler 2 School-age	2 Adults 2 School-age 1 Teenager	2 Adults 1 School-age 2 Teenagers
Monthly Costs					
Housing	$2,418	$2,418	$2,418	$2,418	$2,418
Child Care	$5,179	$4,376	$3,719	$2,042	$1,021
Food	$1,242	$1,346	$1,439	$1,564	$1,595
Transportation	$378	$378	$378	$378	$378
Health Care	$803	$812	$819	$854	$881
Miscellaneous	$1,157	$1,088	$1,033	$881	$785
Broadband & Cell Phone	$155	$155	$155	$155	$155
Other Necessities	$1,002	$933	$877	$726	$629
Taxes	$5,052	$4,506	$4,076	$2,892	$2,317
Earned Income Tax Credit (-)	$0	$0	$0	$0	$0
Child Care Tax Credit (-)	($100)	($100)	($100)	($100)	($100)
Child Tax Credit (-)	($500)	($500)	($500)	($500)	($500)
Self-Sufficiency Wage					
Hourly (per adult)	$44.40	$40.69	$37.73	$29.63	$24.99
Monthly	$15,630	$14,324	$13,282	$10,428	$8,795
Annual	$187,559	$171,885	$159,385	$125,142	$105,539
Emergency Savings Fund	$508	$455	$413	$299	$196

Table 4. The Self-Sufficiency Standard for Families with **Four Children**, Montgomery County, MD 2023

	1 Adult 1 Infant 2 Preschoolers 1 School-age	1 Adult 2 Preschoolers 2 School-age	1 Adult 1 Preschooler 3 School-age	1 Adult 3 School-age 1 Teenager	1 Adult 2 School-age 2 Teenagers
Monthly Costs					
Housing	$2,418	$2,418	$2,418	$2,418	$2,418
Child Care	$6,200	$5,396	$4,740	$3,062	$2,042
Food	$1,208	$1,311	$1,404	$1,529	$1,561
Transportation	$189	$189	$189	$189	$189
Health Care	$739	$748	$755	$790	$817
Miscellaneous	$1,187	$1,117	$1,062	$910	$814
Broadband & Cell Phone	$111	$111	$111	$111	$111
Other Necessities	$1,075	$1,006	$951	$799	$703
Taxes	$6,533	$5,823	$5,352	$4,051	$3,249
Earned Income Tax Credit (-)	$0	$0	$0	$0	$0
Child Care Tax Credit (-)	($100)	($100)	($100)	($100)	($100)
Child Tax Credit (-)	($667)	($667)	($667)	($667)	($667)
Self-Sufficiency Wage					
Hourly (per adult)	$100.61	$92.25	$86.10	$69.22	$58.65
Monthly	$17,707	$16,236	$15,153	$12,183	$10,323
Annual	$212,484	$194,832	$181,839	$146,198	$123,879
Emergency Savings Fund	$1,638	$1,488	$1,236	$984	$835

	2 Adults 1 Infant 2 Preschoolers 1 School-age	2 Adults 2 Preschoolers 2 School-age	2 Adults 1 Preschooler 3 School-age	2 Adults 3 School-age 1 Teenager	2 Adults 2 School-age 2 Teenagers
Monthly Costs					
Housing	$2,418	$2,418	$2,418	$2,418	$2,418
Child Care	$6,200	$5,396	$4,740	$3,062	$2,042
Food	$1,535	$1,638	$1,732	$1,856	$1,888
Transportation	$378	$378	$378	$378	$378
Health Care	$833	$841	$849	$884	$911
Miscellaneous	$1,292	$1,223	$1,167	$1,015	$919
Broadband & Cell Phone	$155	$155	$155	$155	$155
Other Necessities	$1,136	$1,067	$1,012	$860	$764
Taxes	$5,997	$5,446	$5,010	$3,827	$3,070
Earned Income Tax Credit (-)	$0	$0	$0	$0	$0
Child Care Tax Credit (-)	($100)	($100)	($100)	($100)	($100)
Child Tax Credit (-)	($667)	($667)	($667)	($667)	($667)
Self-Sufficiency Wage					
Hourly (per adult)	$50.81	$47.08	$44.11	$36.00	$30.85
Monthly	$17,885	$16,573	$15,526	$12,673	$10,858
Annual	$214,625	$198,882	$186,317	$152,081	$130,301
Emergency Savings Fund	$629	$557	$515	$399	$327

Table 5. The Self-Sufficiency Standard for Families with **Five Children**, Montgomery County, MD 2023

	1 Adult 1 Infant 2 Preschoolers 2 School-age	1 Adult 2 Preschoolers 3 School-age	1 Adult 1 Preschooler 3 School-age 1 Teenager	1 Adult 3 School-age 2 Teenagers	1 Adult 2 School-age 3 Teenagers
Monthly Costs					
Housing	$2,884	$2,884	$2,884	$2,884	$2,884
Child Care	$7,221	$6,417	$4,740	$3,062	$2,042
Food	$1,500	$1,604	$1,729	$1,854	$1,885
Transportation	$189	$189	$189	$189	$189
Health Care	$769	$777	$812	$847	$874
Miscellaneous	$1,367	$1,298	$1,146	$995	$898
Broadband & Cell Phone	$111	$111	$111	$111	$111
Other Necessities	$1,256	$1,187	$1,035	$884	$787
Taxes	$8,485	$7,668	$5,943	$4,651	$3,830
Earned Income Tax Credit (-)	$0	$0	$0	$0	$0
Child Care Tax Credit (-)	($100)	($100)	($100)	($100)	($100)
Child Tax Credit (-)	($833)	($833)	($833)	($833)	($833)
Self-Sufficiency Wage					
Hourly (per adult)	$122.05	$113.09	$93.80	$76.97	$66.30
Monthly	$21,481	$19,903	$16,509	$13,547	$11,669
Annual	$257,777	$238,842	$198,108	$162,569	$140,027
Emergency Savings Fund	$1,969	$1,845	$1,565	$1,123	$965

	2 Adults 1 Infant 2 Preschoolers 2 School-age	2 Adults 2 Preschoolers 3 School-age	2 Adults 1 Preschooler 3 School-age 1 Teenager	2 Adults 3 School-age 2 Teenagers	2 Adults 2 School-age 3 Teenagers
Monthly Costs					
Housing	$2,884	$2,884	$2,884	$2,884	$2,884
Child Care	$7,221	$6,417	$4,740	$3,062	$2,042
Food	$1,731	$1,829	$1,948	$2,066	$2,096
Transportation	$378	$378	$378	$378	$378
Health Care	$862	$871	$905	$940	$967
Miscellaneous	$1,463	$1,393	$1,241	$1,088	$992
Broadband & Cell Phone	$155	$155	$155	$155	$155
Other Necessities	$1,308	$1,238	$1,085	$933	$837
Taxes	$7,321	$6,723	$5,471	$4,275	$3,516
Earned Income Tax Credit (-)	$0	$0	$0	$0	$0
Child Care Tax Credit (-)	($100)	($100)	($100)	($100)	($100)
Child Tax Credit (-)	($833)	($833)	($833)	($833)	($833)
Self-Sufficiency Wage					
Hourly (per adult)	$59.45	$55.57	$47.25	$39.09	$33.92
Monthly	$20,926	$19,561	$16,633	$13,760	$11,941
Annual	$251,107	$234,737	$199,599	$165,117	$143,293
Emergency Savings Fund	$764	$710	$571	$455	$381

The Center for Women's Welfare

The Center for Women's Welfare at the University of Washington School of Social Work is devoted to furthering the goal of economic justice for women and their families. The main work of the Center focuses on the development of the Self-Sufficiency Standard and related measures, calculations, and analysis. The Center partners with a range of government, non-profit, women's, children's, and community-based groups to:

- research and evaluate public policy related to income adequacy;
- create tools to assess and establish income adequacy and benefit eligibility;
- develop policies that strengthen public investment in low-income women and families.

Learn more about the Center and the Self-Sufficiency Standard research project at www.selfsufficiencystandard.org.

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