**Comparison of Living Wage Indices**

[**The Self-Sufficiency Standard:**](http://static1.squarespace.com/static/53c04ba6e4b0012ad48d079e/t/564cf13be4b087fd75874f2a/1447883067894/WA14_SSS-Web_AugRev_100915.pdf) “This measure describes how much income families of various sizes and composition need to make ends meet without public or private assistance….The Self-Sufficiency Standard is a measure of income adequacy that is 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 place, the amount of emergency savings required to meet needs during a period of unemployment or other emergency.”

[**MIT’s Living Wage Calculator:**](http://livingwage.mit.edu/resources/Living-Wage-User-Guide-and-Technical-Notes-2015.pdf) “The living wage model is a ‘step up’ from poverty as measured by the poverty thresholds but it is a small ‘step up’, one that accounts for only the basic needs of a family. The living wage model does not allow for what many consider the basic necessities enjoyed by many Americans….it does not provide a financial means for planning for the future through savings and investment or for the purchase of capital assets. The living wage is the *minimum* income standard that, if met, draws a very fine line between the financial independence of the working poor and the need to seek out public assistance or suffer consistent and severe housing and food insecurity. In light of this fact, the living wage is perhaps better defined as a minimum subsistence wage for persons living in the United States.”

[**Alliance for a Just Society:**](http://allianceforajustsociety.org/wp-content/uploads/2015/10/Pay-Up-revised-11.pdf)  “A living wage is the amount a full-time worker needs to be paid to make ends meet, including having the ability to set money aside for savings and emergencies.”

Living Wage Calculations for King County: different sources

2 Adults + 1 preschooler and 1 school-age child

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **King** | **Seattle** | **East KC** | **North KC** | **South** |
| [Self-Suff Standard](http://selfsufficiencystandard.org/sites/default/files/selfsuff/docs/WA2014_SSS_Aug2015Rev.pdf) - 2014 | $73,628 | $69,704 | $79,411 | $75,391 | $70,007 |
| [MIT LvgWg (1wrk)](http://livingwage.mit.edu/counties/53033)-2015 | $51,730 |  |  |  |  |
| [MIT LvgWg (2wrk)](http://livingwage.mit.edu/counties/53033) 2015 | $64,813 |  |  |  |  |
| [Allc for Jst Soc. 2014 (1wrk)](http://allianceforajustsociety.org/wp-content/uploads/2015/10/Pay-Up-Revised-FINAL.pdf) | $67,027 |  |  |  |  |
| [Allc for Jst Soc. 2014 (2wrk)](http://allianceforajustsociety.org/wp-content/uploads/2015/10/Pay-Up-Revised-FINAL.pdf) | $94,366 |  |  |  |  |

Comparisons of Typical Expenses in King County, WA for 2 adults + 1 preschooler and 1 school-age child

1wrk = 1 adult working; 2wrk = 2 adults working

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Monthly Expenses | [Self-Suff Standard](http://selfsufficiencystandard.org/sites/default/files/selfsuff/docs/WA2014_SSS_Aug2015Rev.pdf) – 2014 (NorthKC) | [MIT LvgWg (1wrk)](http://livingwage.mit.edu/counties/53033)-2015 | [MIT LvgWg (2wrk)](http://livingwage.mit.edu/counties/53033) 2015 | [Allc for Jst Soc. 2014 (1wrk)](http://allianceforajustsociety.org/wp-content/uploads/2015/10/Pay-Up-Revised-FINAL.pdf) | [Allc for Jst Soc. 2014 (2wrk)](http://allianceforajustsociety.org/wp-content/uploads/2015/10/Pay-Up-Revised-FINAL.pdf) |
| Food | $880 | $880 | $880 | $771 | $771 |
| Child Care | $1,733 | $0 | $964 | $0 | $1,737 |
| Medical | $469 | $500 | $500 | $471 | $471 |
| Housing (+util?) | $1,689[[1]](#footnote-1) | $1,123 | $1,123 | $1,138 | $1,138 |
| Transportation | $234 | $853 | $853 | $1,248 | $1,394 |
| Other/Misc | $501 | $460 | $460 | $907 | $943 |
| Emergency Svgs | $77 | NR | NR | $504 | $524 |
| Annual Taxes | $12,504 | $5,947 | $7,449 | $6,560 | $10,627 |
| Annual Pre-tax income | $75,391 | $51,731 | $64,797 | $67,027 | $94,366 |

**Comments:** Biggest discrepancies are for **child care** (MIT lowest at $964/month), **housing** (Self-Suff [for K.C. North Region] highest at $1,689/month), **transportation** (huge variation: self-suff very low at $234/month; Alliance for a Just Society is highest at $1,394 for both parents working); **Other/Misc** (Alliance for a Just Society is highest at $943 for both parents working) ; **savings** (MIT has none; self-suff = $77; Alliance for Just Society = $524)

* Child Care:
  + Self-sufficiency: Uses market-rate costs (75th percentile) by facility type, age, and geographic location. Assumes infants and preschoolers are in full-time child care, school-age in before- and after-school care (doesn’t explicitly differentiate by # of parents working, but default appears to be for 2 working parents).
  + MIT starts with state-level estimates published by the National Association of Child Care Resource and Referral Agencies (2015). Assuming that low-income families would select the lowest-cost option, that’s what they used (family child care or child care center).
  + Alliance for Just Society: derived from market rate surveys conducted by state welfare agencies.
* Housing
  + Self-sufficiency standard uses HUD Fair Market Rents (generally set at 40th percentile), which include rent and utilities, but not cable or phone. [NOTE:](http://static1.squarespace.com/static/53c04ba6e4b0012ad48d079e/t/564cf13be4b087fd75874f2a/1447883067894/WA14_SSS-Web_AugRev_100915.pdf) “The 2014 Washington State Self-Sufficiency Standard was based on the FY 2015 FMRs. However, reflecting rapid changes in the housing market, HUD released a revised FY2015 dataset on January 12, 2015 which updated the FY2015 FMRs for Seattle-Bellevue, WA HMFA, resulting in a 20% increase in housing costs for King and Snohomish counties. Due to the large increase in housing costs, the 2014 Washington State SelfSufficiency Standard has been updated to reflect HUD’s revision of the FY2015 FMRs.”
  + MIT uses HUD Fair Market Rents estimates, which include utility costs. Assumes family with 2 children will need 2BR unit.
  + Alliance for Just Society: housing costs derived from HUD Fair Market Rents + utilities; also includes phone service for unlimited local calls with no call-waiting, voice messaging, or other extras; internet, cable, or other optional utilities not included.
* Transportation
  + Self-sufficiency standard: uses public transit costs for Seattle (although in 2014 only 21% of Seattle workers took public transit to work and working parents with young children are less likely to use public transit).
  + MIT: Used national expenditure data by HH size from 2014 Bureau of Labor Statistics Consumer Expenditure Survey. Covers operational expenses such as fuel and routine maintenance as well as vehicle financing and insurance; does not cover purchase of new auto. Intuitively, transportation costs should be higher if both parents are working.
  + Alliance for Just Society derives transportation costs using 2009 National Household Travel Survey from U.S. DOT and the 2012 IRS standard mileage rates (which accounts for vehicle cost, insurance, gasoline, repairs, depreciation, and vehicle registration fees) “as an approximate cost for automobile travel.” Based on the cost of maintaining a private vehicle; mileage totals are adjusted for # of adults, workers, and persons in each household. *This estimate does not differ across states.*
* Other/Misc
  + Self-sufficiency standard: 10% of all other costs. Includes all other essentials including clothing, shoes, paper products, diapers, nonprescription meds, cleaning products, household items, personal hygiene items, and telephone service. Doesn’t include recreation, entertainment, savings, or debt repayment.
  + MIT: Items such as clothing, personal care items, and household supplies. Based on 2014 data by HH size from 2014 Bureau of Labor Statistics Consumer Expenditure Survey including apparel & services, HH supplies, personal care products/services, reading, & misc.
  + Alliance for Just Society uses 18% (of total household spending minus child care and taxes) for household, clothing, and personal items; estimates derived from Consumer Expenditure Survey, calculated as fixed % of total household spending minus child care and taxes. Includes costs of operating a household (5%); clothing, personal care products, reading materials, and other personal expenses (6%); recreation/entertainment (including fees for participant sports, admissions to events, movie/video rentals, TV/sound equipment, music, pets, toys, etc. (5%); misc such as school supplies, bank fee, credit card finance charges (2%).
* Savings
  + Self-Sufficiency: For emergency savings to cover living expenses in case of job loss, minus amount of unemployment benefits. Assumes 2nd employed adult is still employed, so savings only needs to cover half of family’s basic expenses over job-loss period. [Differences across regions don’t make sense.]
  + MIT: “does not provide financial means for planning for the future through savings and investment or for purchase of capital assets (retirement/home purchase).
  + Alliance for Just Society follows the American Savings Education Council’s formula for estimating the % of HH income that families should save (7%-13% of HH income), and assumes that workers are not enrolled in employer-sponsored retirement plans. They use the lower estimate (7%) here, and add 3% to cover emergencies and planning ahead. Final estimates are 10% (of total household spending minus child care and taxes).
* Taxes
  + Self-Suff Index: includes federal income tax, payroll taxes, and state/local sales taxes. Also explicitly includes estimates for earned income tax credit, child care tax credit, and child tax credit. Does not include property taxes or gasoline taxes.
  + MIT: Payroll taxes, state income tax, and federal income tax. Property and sales taxes not included. Federal income tax is calculated as % of total income based on the average tax paid by median-income 4-person families as reported by the Tax Policy Center of the Urban Institute and Brookings Institution for 2014 (5.34%).
  + Alliance for Just Society includes federal taxes (including child care credits and Earned Income Tax Credit), payroll taxes (SS and Medicare), and state income taxes where applicable. Property taxes are not included here b/c they’re accounted for in housing costs. State and local sales taxes are not included.

1. HUD’s FY2015 dataset for Fair Market Rates was revised in January 2015 to reflect 20% rent increase in Seattle-Bellevue HMFA. [↑](#footnote-ref-1)