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NCSL 2003

STATESTATS

A Different Landscape: Rural Poverty in America

Images of poverty are typically portrayed with an urban backdrop of run-down public housing units, neglected inner city schools and dilapidated concrete playgrounds.

But recently, legislators have intensified their discussions about poverty in a different landscape—rural America. Rural communities struggle not only with isolation and remoteness but a significantly older and declining population and citizens with less education and income.

Poverty rates for rural Americans are consistently higher than those in urban areas, 14 percent compared with 10 percent in 1999. Some 35.6 million people lived below the poverty line in 1999—7.4 million of them in rural areas.

A new report from the Annie E. Casey Foundation shows that of the 200 "persistently poor" counties in the United States (those with continuous poverty rates of 30 percent or higher), 195 are rural.

On average, rural residents are less educated and poorer than their metropolitan counterparts. Rural workers are twice as likely to make only minimum wage and more likely to be working yet still poor.

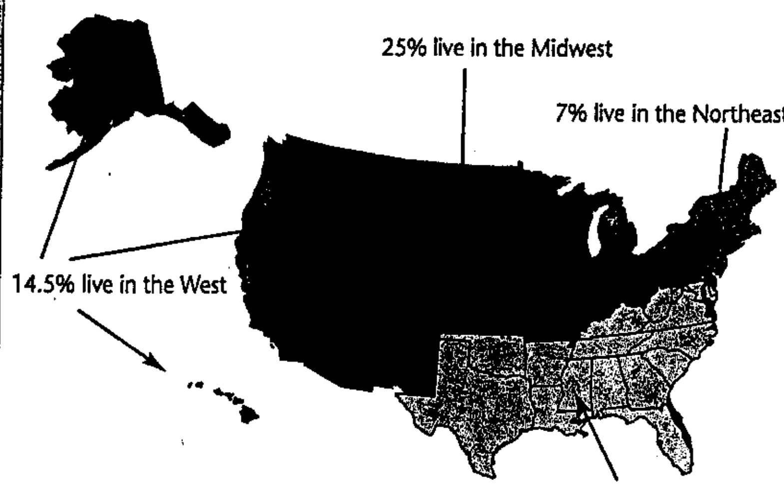
Poverty rates for children in rural areas are higher than rates for urban children as well, according to the 2000 Census. Rural children are also more likely to be exposed to substance abuse and face a lack of health care. Rural poverty also tends to be more persistent and longer term than that found in cities.

DEFINING POVERTY

The poverty line is the minimum income necessary for a family to meet basic needs, such as food, shelter, clothing and other essentials. The Office of Management and Budget sets the official poverty lines and adjusts for family size. The poverty rate for an area or for a category of people is the percentage of people with income less than the poverty line.

Source: Economic Research Service, U.S. Department of Agriculture, December 2000.

WHERE ARE THE RURAL POOR?



Source: Ohio State University Extension

INDICATORS OF POVERTY 2000: RURAL VS. URBAN

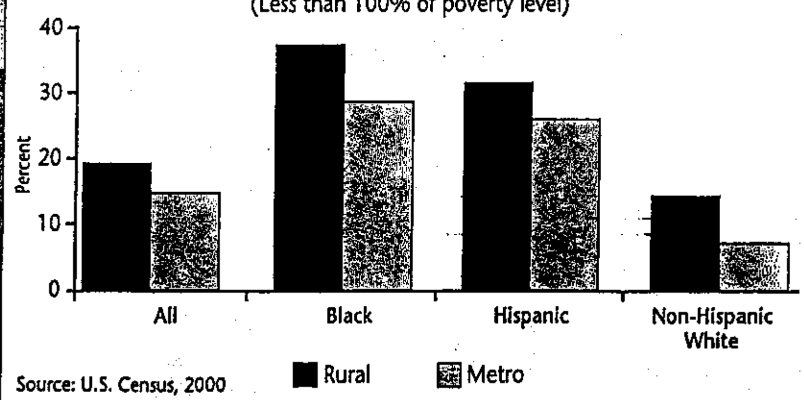
Social and economic indicators related to poverty show rural poor families are worse off than those living in cities.

	Rural	Urban
Total Population (millions)	59.2	222.3
Median Household Income	$32,837	$44,984
Per Capita Income	$17,510	$23,470
Poverty Rate (percent)	13.4%	10.8%
Poverty Rate by Age (percent)		
0-17	18.9%	15.4%
18-64	11.1%	10.2%
65 and older	13.2%	10.2%
Households at Risk for Hunger	11.5%	10.2%
Children in Households at Risk for Hunger	20.6%	17.4%

Source: United States Department of Agriculture Economic Research Service, September 2002.

CHILD POVERTY RATE

(Less than 100% of poverty level)



Source: U.S. Census, 2000

ASSEMBLY COMMERCE & LABOR 1 of 16
DATE: 4/09/03 ROOM: 4100 EXHIBIT D
SUBMITTED BY: C. Giunchigliani

So Whose Water Is It Anyway?

It used to be that farmers in the West battled cities for water.

Now farmers in Colorado are fighting other farmers, and their urban allies, over continued pumping of wells that are draining water supplies from the South Platte River, northeast of Denver. Like most other Western states, Colorado adheres to the "first in time, first in right" water doctrine, which decrees that the first user of water has a senior right to continue using that water over subsequent users.

It's relatively simple when the water in question is from streams. Everyone can see the effects of one's use. But when underground water that is connected to the surface enters the mix, it becomes a bit murky.

After the Great Depression, Colorado farmers began sinking wells along the South Platte River as insurance against the drought spawned by the Dust Bowl years. Few knew there might be a connection between surface and groundwater. During times of water surplus everyone had their fill.

But with the current drought in Colorado and much of the arid West and High Plains states, there's not enough to go around. More than 3,000 wells from 1,500 farms are reducing flows in the South Platte. A coalition of irrigation districts and cities along Colorado's Front Range sued the well owners. A state water court ruled in December that the court, not the state engineer, has authority to allocate water in the area. The potential effect—1,500 farms going dry.

Colorado Attorney General Ken Salazar is heading discussions among water users and has appealed the decision to the state Supreme Court. The chair of the legislature's Joint Budget Committee, Senator Dave Owen of Greeley (a community at the head of the South Platte River valley) is developing legislation to resolve the dispute.

His legislation would require the state engineer to adopt rules for groundwater use in the river valley and approve plans to replenish surface water flows by well owners. Those not in compliance would have their supplies cut off.

The surface water/groundwater conundrum has implications for other western states. Kansas successfully sued Colorado over unregulated pumping of wells that affected the Arkansas River in southeastern Colorado, which resulted in lower stream flows into Kansas in violation of an interstate compact. But no one wants 10 years of litigation again, and in Colorado's case, more than $10 million in legal costs and nearly $30 million in penalties.

Kansas Representative Carl Holmes notes a difference between Kansas water law, which requires all water users—surface and underground—to obtain a state permit, and Colorado's split court- and agency-administered system. "We've required permits for all but domestic water uses since 1945, have enforced them since the 1960s, and have metered wells in groundwater management districts to measure water use," says the chair of the House Utilities Committee.

Kansas and other states will be watching whether Colorado's dispute can be resolved through negotiations and legislation, or whether the courts will determine the winners and losers.

Scenes like this stranded dock at Barr Lake near Denver, Colo., are common throughout the West as drought conditions persist.

Photo: Ken Dewey, High Plains Regional Climate Center

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State Legislatures (ISSN 0147-0641), the national magazine of state government and policy, is published 10 times a year by the National Conference of State Legislatures, 7700 East First Place, Denver CO 80230. Subscriptions: U.S.—$49 per year; foreign—$55; teachers—$25. Single copy: $3.95 U.S./$4.95 Canada.

Letters to the Editor may be mailed to the Denver office or sent by e-mail to: sharon.randall@ncsl.org. Send requests for permission to reprint to Sharon Randall in Denver. Send subscriptions and changes of address to the NCSL Marketing Department, 7700 East First Place, Denver, CO 80230.

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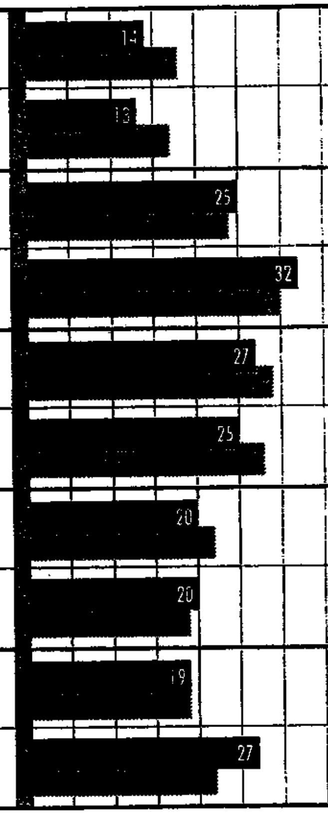
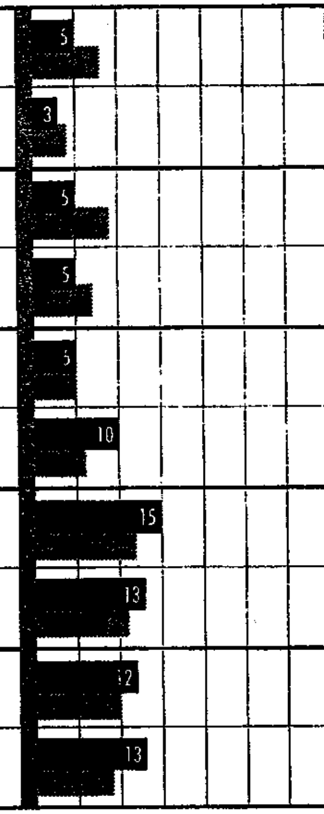
Key Indicators*

Key Indicators*	Year	Trend Data	Percent Change 1990-2000 STATE	Percent Change 1990-2000 NATIONAL
Percent of children living in poverty	1990	14	-7%	-6%
	2000	13		
Percent of children living in single-parent families	1990	25	28%	25%
	2000	32		
Percent of children living in families where no parent has full-time, year-round employment	1990	27	-7%	-3%
	2000	25		
Percent of children living with a household head who is a high school dropout	1990	20	0%	-14%
	2000	20		
Percent of children living in low-income working families	1990	19	42%	16%
	2000	27		



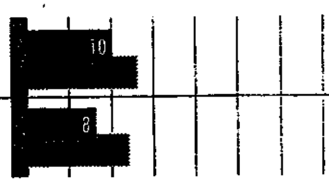
Key Indicators*

Key Indicators*	Year	Trend Data	Percent Change 1990-2000 STATE	Percent Change 1990-2000 NATIONAL
Percent of children living in households without a telephone	1990	5	-40%	-50%
	2000	3		
Percent of children living in households without a vehicle	1990	5	0%	-22%
	2000	5		
Percent of children who have difficulty speaking English (ages 5-17)	1990	5	100%	20%
	2000	10		
Percent of teens who are high school dropouts (ages 16-19)	1990	15	-13%	-8%
	2000	13		
Percent of teens not attending school and not working (ages 16-19)	1990	12	8%	-10%
	2000	13		



Family Risk Index

Family Risk Index	Year	Trend Data	Percent Change 1990-2000 STATE	Percent Change 1990-2000 NATIONAL
Percent of children living in "high-risk" families, based on definition at right	1990	10	-20%	-8%
	2000	8		



Children living in families with three or more of the following characteristics are considered at "high risk":

- Child lives in a family with income below the poverty line
- Child lives in a single-parent family
- Child lives in a family where no parent has full-time, year-round employment
- Child lives with a household head who is a high school dropout

*See Definitions and Data Sources, page 102.

NV

D 3 of 16

Percentage of Children at Risk by Indicator, 1990 and 2000

Indicators	United States 1990	United States 2000	Montana 1990	Montana 2000	Nebraska 1990	Nebraska 2000	Nevada 1990	Nevada 2000	New Hampshire 1990	New Hampshire 2000
Percent of children living in poverty	18	17	21	19	14	11	14	13	8	7
Percent of children living in single-parent families	24	30	19	25	17	24	25	32	16	23
Percent of children living in families where no parent has full-time, year-round employment	29	28	30	31	19	22	27	25	21	19
Percent of children living with a household head who is a high school dropout	22	19	11	10	10	9	20	20	12	11
Percent of children living in low-income working families	19	22	28	26	27	24	19	27	12	14
Percent of children living in households without a telephone	8	4	8	3	4	3	5	3	4	1
Percent of children living in households without a vehicle	9	7	2	2	3	2	5	5	2	2
Percent of children who have difficulty speaking English (ages 5-17)	5	6	1	1	1	3	5	10	1	1
Percent of teens who are high school dropouts (ages 16-19)	12	11	7	7	8	7	15	13	9	9
Percent of teens not attending school and not working (ages 16-19)	10	9	7	7	6	6	12	13	7	6
Percent of children living in "high-risk" families	13	12	11	9	8	8	10	8	6	5

D 4 of 16

States Ranked by Percent Change, 1990-2000

Teens who are high school dropouts (ages 16-19)

Rank	State	% Change	Rank	State	% Change
	United States	–8	25	Missouri	–8
1	Hawaii	–44	25	Oregon	–8
1	Maine	–44	28	Delaware	0
3	North Dakota	–40	28	Idaho	0
4	Vermont	–33	28	Michigan	0
5	Pennsylvania	–30	28	Montana	0
6	California	–29	28	New Hampshire	0
7	Iowa	–25	28	New Jersey	0
7	West Virginia	–25	28	Texas	0
7	Wisconsin	–25	35	Alabama	8
10	Rhode Island	–23	35	South Carolina	8
11	Utah	–22	37	Maryland	9
12	Tennessee	–21	38	Connecticut	10
13	Alaska	–20	39	Kansas	11
13	New York	–20	39	Ohio	11
15	Illinois	–18	41	Georgia	14
15	Virginia	–18	42	Indiana	17
15	Washington	–18	42	Minnesota	17
18	Louisiana	–15	44	Oklahoma	18
19	Florida	–14	45	Colorado	20
19	Kentucky	–14	46	North Carolina	21
21	Nebraska	–13	47	Mississippi	23
21	Nevada	–13	48	Wyoming	25
23	Massachusetts	–11	49	Arizona	27
23	South Dakota	–11	50	New Mexico	31
25	Arkansas	–8	N.R.	District of Columbia	–28

N.R. = Not Ranked

Teens not attending school and not working (ages 16-19)

Rank	State	% Change	Rank	State	% Change
	United States	–10	25	New York	–10
1	Maine	–63	27	Oklahoma	–9
2	Minnesota	–50	28	Mississippi	–8
3	Kansas	–38	28	Tennessee	–8
4	Massachusetts	–33	30	Arkansas	0
5	Pennsylvania	–30	30	Delaware	0
5	Rhode Island	–30	30	Indiana	0
7	Alaska	–27	30	Maryland	0
7	California	–27	30	Montana	0
9	Wyoming	–25	30	Nebraska	0
10	Colorado	–22	30	New Mexico	0
10	Virginia	–22	30	North Carolina	0
10	Washington	–22	30	Texas	0
13	Michigan	–20	30	Wisconsin	0
13	North Dakota	–20	40	Louisiana	7
13	Ohio	–20	41	Nevada	8
16	Florida	–18	42	Alabama	9
16	Missouri	–18	43	Oregon	10
18	Iowa	–14	44	Connecticut	13
18	Kentucky	–14	45	Arizona	17
18	New Hampshire	–14	46	Georgia	18
18	South Dakota	–14	47	South Carolina	20
18	West Virginia	–14	48	Hawaii	25
23	New Jersey	–13	48	Idaho	25
23	Vermont	–13	50	Utah	29
25	Illinois	–10	N.R.	District of Columbia	–29

N.R. = Not Ranked

Children living in "high risk" families

Rank	State	% Change	Rank	State	% Change
	United States	–8	26	Alabama	–6
1	Minnesota	–38	26	Arkansas	–6
2	South Dakota	–36	26	Kentucky	–6
3	Michigan	–33	29	Delaware	0
4	Colorado	–30	29	Indiana	0
5	Maine	–20	29	Iowa	0
5	Nevada	–20	29	Maryland	0
5	New Jersey	–20	29	Missouri	0
5	Wisconsin	–20	29	Nebraska	0
9	Texas	–19	29	New Mexico	0
10	Montana	–18	29	Oklahoma	0
11	New Hampshire	–17	29	Pennsylvania	0
11	Utah	–17	29	South Carolina	0
13	Louisiana	–14	29	Tennessee	0
14	Hawaii	–13	29	Washington	0
14	Idaho	–13	29	Wyoming	0
14	Kansas	–13	42	Arizona	7
14	Mississippi	–13	42	New York	7
14	Vermont	–13	44	Massachusetts	9
19	Connecticut	–10	45	West Virginia	12
19	Virginia	–10	46	North Dakota	13
21	Illinois	–8	47	North Carolina	15
21	Ohio	–8	48	Rhode Island	23
23	California	–7	49	Oregon	40
23	Florida	–7	50	Alaska	57
23	Georgia	–7	N.R.	District of Columbia	4

N.R. = Not Ranked

0 5 of 16

DEC. 12-18, 2002 www.lasvegascitylife.com

LAS VEGAS CityLife NEWS AND CULTURE WEEKLY

PLAN: Nevadans working more, earning less

By Jimmy Boegle

In the last decade, Nevada's workers increased their productivity by 30 percent — but made 7.3 percent less money when inflation is factored in.

That's according to a report by Susan Chandler, a University of Nevada, Reno, assistant professor in the School of Social Work, done on behalf of the Progressive Leadership Alliance of Nevada.

The 40-page report, "Working Hard, Living Poor: Part II," was released Dec. 11. In a news release, Chandler said that while Nevada was booming, the rich were getting richer, but the workers were actually getting poorer.

"When hourly wages decline in a booming economy, it's a sure sign of trouble," she said.

The report primarily uses data from 1989 to 1998 — before the economic downturn hit the state. Chandler found that inflation-adjusted wages fell from $11.56 per hour to $10.72.

Other report conclusions: Poverty rose from 9.7 percent to 10.8 percent in that time period; 46 percent of Nevada families can't afford rent without committing more than the standard 30 percent of their income; 23.7 percent of Nevadans are without health insurance.

Meanwhile, from 1978 to 1998, the earnings of Nevada's richest 20 percent of families went up by $26,010. The poorest 20 percent earned $800 *less*; the middle 20 percent earned $1,200 less.

The report also touts unionization, pointing out that unionized casino workers in Las Vegas — where casino unions are strong — make 40 percent more than their Reno counterparts. Unions have only a minuscule presence in Northern Nevada casinos.

(It's important to note that unions make up a large share of PLAN's membership.)

Chandler makes several recommendations, including raising the minimum wage, enacting living wage laws, removing obstacles to unionization and creating a new tax policy.

"Nevada is a model for the nation to show how 'Trickle Down Economics' doesn't work," said Bob Fulkerson, PLAN's state director.

In the report, Chandler highlights Station Casinos CEO Frank Fertitta III as an example of the disconnect between high-paid executives and low-end workers. In 1999, according to the report, Fertitta made nearly $6.68 million, while a low-wage Station Casinos worker made $7 per hour ($14,560 per year working full-time). This means it took Fertitta, assuming he works a 40-hour week, 4 1/2 hours to make what that worker does in one year.

"The growing divide between rich and poor is a serious economic and social problem," Chandler said in the report. "The United States was built on the belief that hard work should pay off and that everyone who contributes his or her labor to the common good should reap its reward."

Jimmy Boegle is CityLife's *news editor. He can be reached at 702-871-6780 ext. 344 or jimmyb@lvpress.com.*

D 6 of 16

CityLife www.lasvegascitylife.com

YOUR OPINION

No walk in the park

By Paul R. Brown and Jermaine D. Lloyd

In Nevada, we name parks after ex-felons (Floyd Lamb), but we make it next to impossible for them to get their voting rights back. This is stupid.

If I remember my history correctly, the Boston Tea Party was all about taxation without representation. Today in Nevada, thousands of our citizens are denied the right to vote because they are ex-felons. Many committed the felony when they were in their teens or early 20s and have been contributing members of society for the last 20 or 30 years, but still cannot vote. This is wrong.

Denying voting rights to ex-felons has hit hard communities of color, since we incarcerate non-whites at a much higher rate than whites. Large segments of African-American and Latino communities are disenfranchised. No wonder politicians feel safe ignoring these communities. This is racism.

The history of denying voting rights to ex-felons has racial overtones. The laws came out of the Deep South, and Nevada — being the Mississippi of the West — latched on to them. (By the way, we're not supposed to say, "Nevada is the Mississippi of the West" anymore; Mississippi is threatening to sue us for defamation of character.)

Progressive lawmakers such as Assemblywoman Chris Giunchigliani are working to change our laws to restore civil rights to ex-felons. Giunchigliani sponsored a bill that passed during the 2001 Nevada Legislature; it allows ex-felons to petition the state to restore their right to vote, serve on a jury and run for political office. This is a good start.

Unfortunately, the new law is riddled in red tape. During August and September, the Progressive Leadership Alliance of Nevada registered about 200 people a week to vote. Each week, we turned away at least 50 people because they were ex-felons. We gave them forms to fill out and send to the state of Nevada, in order to restore their voting rights. But the state did not process the forms in time for the ex-felons to register to vote and participate in November's election. This is bureaucratic bunk.

In Nevada, after an ex-felon has paid his debt to society, his voting rights should be restored automatically. That's how it works in most other states. If we want ex-offenders to become contributing members of society, let's allow them to vote. This is the solution. CL

Paul R. Brown is Southern Nevada Director of the Progressive Leadership Alliance of Nevada. Jermaine D. Lloyd is a part-time PLAN employee and full-time UNLV student.

D 7 of 16

Higher minimum wage for Nevadans urged

Drop in workers' median pay cited

LABOR

By MATTHEW CROWLEY
REVIEW-JOURNAL

An advocacy group, citing a new report suggesting the state's median wages failed to keep pace with inflation during the past decade's business boom, wants Nevada to establish a higher minimum wage level for workers.

"When hourly wages decline in a booming economy, it's a sure sign of trouble," said Susan Chandler, the study's author and associate professor of social work at University of Nevada, Reno.

Others, however, suggested the report, "Working Hard, Living Poor," released Wednesday by the nonprofit Progressive Leadership Alliance of Nevada, could be misleading or failed to provide a complete picture of the decade's wage growth.

In its own study, the alliance reported Nevada's median take-home pay fell from $11.56 an hour in 1989 to $10.72 an hour in 1998, adjusting for inflation.

The drop of 7.3 percent was the nation's third-highest decline, Chandler said; only Alaska, which had an 10.8 percent drop, and California and Hawaii, which each posted 7.9 percent drops, had greater decreases.

But, the alliance's median-wage statistics differ from the wage statistics compiled by the Nevada Research and Analysis Bureau. On a bureau Web page, statistics show average hourly wages statewide went from $12.36 in 1995 to $15.48 in 2001, a 25.2 percent increase.

Keith Schwer, an economics professor and director of the Center for Business and Economic Research at the University of Nevada, Las Vegas, said Thursday the alliance's wage data might have been higher had it used average wages instead of median wages, because wages at the high end of the scale might have helped lift the overall average.

Chandler, however, said the alliance studied median salaries because it believed that is a more accurate measure of workers' earnings. Large wages at the top would have inflated the average and distorted the overall results, she said.

Nevertheless, Schwer said, because the alliance's statistics measure only hourly wages, they don't account for shifts in overall compensation.

"The money could have been allocated in other places," he said, "such as health insurance."

Schwer said an observer's perspective on the study can change with the data examined. He pointed to a study statistic comparing wage inequality between the top fifth and bottom fifth of wage earners. In 1988-90, the top fifth of wage earners in Nevada earned 6.9 times more, on average, than the bottom fifth of wage earners. Nationally

D 8 of 16

LAS VEGAS SUN

HOME EDITION 50¢

WEDNESDAY, DECEMBER 11, 2002

Nevadans' wages sank during '90s

Report recommends raising state's minimum wage

By Timothy Pratt
LAS VEGAS SUN

The paychecks most Nevadans took home during the '90s did not keep up with the rising cost of living during the same period, according to a report issued today.

The report said that the median, or midpoint, of all wages in Nevada fell from $11.56 an hour in 1989 to $10.72 an hour in 1998, adjusting for inflation. The drop of 7.3 percent during this period was the third highest in the nation.

Done by the Progressive Leadership Alliance of Nevada, the study says that despite growth in the economy represented by such indicators as an increase of nearly a million jobs during the last two decades, the average worker in the state is having trouble making ends meet.

"When hourly wages decline in a booming economy, it's a sure sign of trouble," said Susan Chandler, associate professor of social work at University of Nevada, Reno, and the report's author.

Only Alaska, which say a 10.8 percent drop, and California and Hawaii, which each had a 7.9 percent drop, had greater decreases, Chandler said.

The report recommends raising the Nevada's minimum wage, currently $5.15 an hour, setting up what is called a living wage for employees of local government and businesses that receive government funds, and increasing such "social safety net" benefits as Medicare and TANF. Living wages would begin at $8.53 an hour, according to the report.

Reactions to the report were mixed. Some observers criticized the study's methods, business leaders disagreed with the findings and recommendations and union officials trumpeted the findings.

"Those statistics would be much bleaker if it wasn't for the union," said Glenn Arnodo, political director for the Culinary Union, which represents about 45,000 resort workers.

"There has been tremendous job growth in nonunion casinos as well as other sectors of the economy and labor should reach

See Wages, 6A

D 9 08 16

Embargoed till noon on Monday 3/11/02

The Self-Sufficiency Standard for Nevada

Frequently Asked Questions and Answers

Q: ***What is the Self-Sufficiency Standard for Nevada?***

A: The *Self-Sufficiency Standard for Nevada* defines the income working families need to meet their basic necessities without public or private assistance. Basic needs include: housing, child care, food, transportation, health care, miscellaneous expenses (clothing, telephone, household items), and taxes (minus federal and state tax credits). The Standard is calculated for 70 different family types in various counties in Nevada.

Q: ***How is the Self-Sufficiency Standard Different from the Official Federal Poverty Measure?***

A: The federal poverty level (FPL) is a 4-decades-old calculation based on the cost of food. The FPL also assumes that food is one-third of a family's budget, no matter where that family lives. The Standard is based on the costs of all basic needs of a working family—food, but also housing, child care, health care, transportation and miscellaneous costs, plus taxes and tax credits. Unlike the poverty standard's one-size-fits-all model, these costs vary, not just by the size of the family and number of children, as with the FPL, but also by the age of the children. Some costs, particularly child care, differ dramatically by age. The FPL is indexed for inflation every year while the Standard can be updated yearly allowing the cost of each basic need to increase at its own rate. Finally, the Standard is more geographically specific than the FPL, varying by state and by county.

Q: ***Where Does the Data Come From?***

A: In general, for each category, data are collected or calculated using standardized or equivalent methodology; come from scholarly or credible sources, such as the U.S. Bureau of the Census; are updated at least annually; and are age- and/or geographically-specific (where appropriate).

Q: ***How is the Self-Sufficiency Standard Calculated?***

A: First, the basic costs for each family type (which vary by number and age of children, and by number of adults) are added in each county or metropolitan statistical area. Ten percent of this total is added to account for miscellaneous costs. Second, taxes and tax credits are calculated using formulas that are specific with regard to state income and sales tax. Finally, the total income is checked for certain assumptions in the model—such as whether the proper Child Care Tax Credit rate has been used—and adjusted as appropriate.

Q: ***Aren't the Self-Sufficiency Wages "too high"?***

A: No. Because the Self-Sufficiency Standard is calculated using the real costs of goods and services purchased in the regular marketplace, it reflects the real expenses consumers face. The Standard is a no-frills budget that does not allow for entertainment, carry out or fast food (not even a pizza), savings, or emergency expenses such as car repairs. Obviously, many families lack a Self-Sufficiency level income and manage to survive. If they do, however, it means that they are getting help meeting their needs with public or private subsidies, and/or they are foregoing one or more needs—using less desirable child care, doubling-up or living in substandard housing, obtaining free food or doing without, or not obtaining needed medical care.

Q: ***Isn't the Self-Sufficiency Standard Unrealistic for Most Welfare Recipients Entering Employment?***

A: No, the Self-Sufficiency Standard sets a goal for welfare recipients. Achieving self-sufficiency is a process that involves not just finding a job with certain wages and benefits, but achieving income security over time. There are several ways—separately or in combination—that welfare recipients can achieve self-sufficiency. First, they can receive temporary subsidies until either their wages increase, or as is the case for child care, their needs decrease. (By definition, preschool children will "age out" of need for full-time care in just a few years.) Second, they can obtain training and/or education that will prepare them for high-wage jobs. Third, they can combine low-wage jobs with self-employment initiatives.

Q: Do You Expect Employers to Pay Workers These Wages?

A: Not entirely. Employers are only one of several stakeholders that have a role in ensuring that families have incomes sufficient to cover their costs. The government has a role in ensuring that job training and education, as well as work supports like child care, are affordable and accessible to families. Individuals are responsible for taking advantage of opportunities to invest in themselves and their potential. And finally, employers are responsible for paying decent wages and providing benefits, such as health insurance, transportation assistance, and benefits to their workers.

Q: How Can the Self-Sufficiency Standard Be Used?

A: The Standard has been used by government, advocates and service providers to assess and to change policies and programs in a number of ways including: as a benchmark to measure effects of programs and policies; to demonstrate the impact of policy alternatives; to identify and help parents move into higher-wage jobs; and to change how welfare and workforce development caseworkers counsel clients.

Example—As a Benchmark to Measure Effects of Programs and Policies: In Massachusetts the Standard has been used to evaluate whether families are making ends meet. The Massachusetts Family Economic Self-Sufficiency Project (MASS-FESS)—the Massachusetts arm of the Family Economic Self-Sufficiency Project led by the Women's Educational and Industrial Union—released a report on how families are faring in relation to the Standard. It estimated the number of families with incomes above and below the Standard. MASS-FESS generated the estimates by comparing Census household income data to the Standard and adjusting for inflation and for the area in which the community is located. By supplying a clearer picture of who is making it and who is not, the report broadens the discussion about whether welfare reform in Massachusetts is really working.

One in four Massachusetts' families had an income below the Standard. These families were working hard, yet still struggling to get by. The report showed that single-parent families had the most difficulty making ends meet—they were about twice as likely to have incomes below the Standard as two-parent families.

Example—Demonstrating the Impact of Current and Proposed Public Policy Alternatives: The Pennsylvania Family Economic Self-Sufficiency Project—the Pennsylvania arm of the Family Economic Self-Sufficiency Project and led by the Women's Association for Women's Alternatives—used the Standard to assess how increasing child care co-payments change a family's ability to cover its costs. The report modeled not only the existing and proposed co-payments but also the interactive effects of other potential income supports, such as Food Stamps and Medicaid, for a low-income family in the Philadelphia area.

The report demonstrated that at each income level the proposed changes in child care subsidies would increase parental co-payments. The proposed changes would have a substantial impact on a family's wage adequacy, especially for families with incomes above the federal poverty line, yet below the Self-Sufficiency Standard

Example—Targeting Higher-Wage Sectors of the Economy: A project outside Philadelphia, Pennsylvania, shows how the Standard can be used to decide in which sectors of the economy to direct job training resources. As part of the Pennsylvania Family Economic Self-Sufficiency Project, the Women's Association for Women's Alternatives, in partnership with the Delaware County Legal Assistance Association, the Delaware County Office of Employment and Training, and Wider Opportunities for Women is involved in a project to direct employment-related resources toward moving low-income workers into the jobs that pay Self-Sufficiency Wages, and are in demand by employers and the community—thus better connecting low-income job seekers to good jobs.

The Standard is a key component in this strategy, which identifies well-paying jobs in sectors that are growing, but have too few trained workers. The Standard is used as a benchmark against which to compare the wages of various jobs to determine whether they will provide workers enough income to cover their costs. The Standard is used with an analysis of the current local labor market supply and demand; an assessment of the job training and education infrastructure; and an evaluation of the skills and location of current or potential workers.

Example—Changing How Welfare and Workforce Development Caseworkers Counsel Clients: The Pennsylvania Family Economic Self-Sufficiency Project piloted the first Self-Sufficiency Standard Budget Worksheet for Pennsylvania. The worksheet is now also being used in D.C. and being developed in New York City and South Dakota. This innovative worksheet starts with the figures in the Self-Sufficiency Standard and then lets an individual plug in her actual costs and see if different wages will allow her to meet her needs. It also

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News Release

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March 11, 2002

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Juggling the Family Budget

Can Nevada Families Make Ends Meet?

Study examines the cost of living for families in all of Nevada's counties.

Las Vegas, NV—In order for a single mother in Las Vegas with one pre-schooler and one school-age child to make it out of poverty, she must earn at least $33,328 per year, according to a study released today. That same family would need to earn $32,621 in Reno, $32,159 in Douglas County, $28,954 in Elko County, and $28,590 in Eureka County. *The Self-Sufficiency Standard for Nevada* defines the income working families need to meet their basic needs without public or private assistance.

"Unfortunately, many families do not earn self-sufficiency wages, particularly if they have recently entered the workforce," said Dr. Diana Pearce, the report's lead author. "They cannot afford their housing and food and child care, much less their other basic needs, forcing them to make painful choices between necessities, or to accept inadequate childcare, insufficient food, or substandard housing."

The report notes that families with incomes above the poverty level, but below the Self-Sufficiency Standard do not have enough to cover the costs of basic necessities. In fact, the Self-Sufficiency Standard Wages are about two times the official poverty level for most families.

"In Nevada, families are working harder just to survive with little chance of beating the economic system that is stacked against them," said Joe Edson, Self-Sufficiency Project Coordinator for the Progressive Leadership Alliance of Nevada.

The Self-Sufficiency Standard specifies what families in Nevada need to earn to go beyond living in poverty--to become self-sufficient. The Standard looks at the cost of housing, child care, food, transportation, health care, taxes and miscellaneous items.

"Housing and child care are by far the greatest expenses for working families with children," said Maureen Golga, Self Sufficiency Project Organizer for Wider Opportunities for Women out of Washington, DC. "Families with two children, one of whom is under school-age, generally spend half their incomes on these two expenses alone." She added that compared to other states, Nevada's child care program has high co-payments.

The report compared Las Vegas' cost of living to 16 other cities and noted that living in Las Vegas "requires substantial resources, particularly for families with children, in order to meet basic family needs."

The report suggests ways to attain Self-Sufficiency Wages including employers paying decent wages and benefits, public and private subsidies to lower child care costs, and government policies that ensure access to education and training. It also recommends that steps be taken to collect child support from absent, non-custodial parents.

"If we really want to help working families in Nevada, we must lower child care co-payment rates," said Edson.

- The report presents the cost of living for all Nevada counties highlighting several counties including Clark, Douglas, Elko, Eureka, and Washoe. (p8)
- The Standard examines how much money it takes for families of various compositions to live and work without public or private assistance or subsidies.
- The components of the Standard are housing, child care, food, transportation, health care, miscellaneous, taxes and tax credits. (pp5-7)

Key Findings

- **In Carson City,** the Self-Sufficiency Standard for a three person family consisting of one adult, one preschooler, and one school age child is $29,318 a year—just under $15 an hour. (p15)
- **Biggest expenses** for working families with young children are **housing and child care**—they typically take more than 50% of the family budget. In Carson City, a single mom with two children spends her budget on the following: housing 29%, child care 23%, food 16%, transportation 9%, miscellaneous 9%, health care 8%, net taxes 6% (after credits) (p13, figure 1).
- **Compared to other states, Nevada's child care program has high co-payments.** For example, a mother with two children making $8.50 per hour pays $20 per month towards her child care in Washington State, $66 per month in Indiana, $110 per month in Pennsylvania, and $141 in Washington, DC. **In Nevada, she pays $198 per month.** If this working mother makes $12 per hour, she is required to pay $132 per month in Indiana, $212 in Washington State, **and in Nevada, $554 per month.** (pp22 & 23)
- **Only one out of six eligible children in Nevada** received child care assistance. (p25)
- **The big gap in Nevada:** When the Self-Sufficiency Standard is compared to other poverty benchmarks such as the Federal Poverty Line, Welfare and Food Stamps, and a full-time minimum wage job, Nevada does not fare well. "For all three of these benchmarks (in Nevada) there is an unusually large gap compared to other states between each of them and the Self-Sufficiency Wage." (pp14 & 15)
- **Child support:** Only 34% of custodial parents received at least part of the child support payment owed them, less than 20% received the full amount owed. *Nationally the average child support payment per family is $312. In Nevada, it is $260 per family.* (p25)

Recommendations for closing the gap between incomes and the Self-Sufficiency Standard

- **Raise Wages** with training and education, with access to nontraditional jobs for women, people of color and the disabled, through labor market reforms and by removing barriers to employment. (pp17 & 18)
- **Reduce costs through public and private work supports (see table 8 on page 24).** Work supports include assistance for child care, housing, TANF, health care, and transportation. Supports aid families as they struggle to become economically independent.
- **Reduce Nevada's child care co-payment.**
- **Child Support** from absent, non-custodial parents must be sought. Child support is not reduced by taxes so it has a stronger impact on helping families meet their needs. (p19)

Juggling the family budget—how families get by

- They scrimp on food. They live daily with insufficient food. They accept substandard or inadequate child care. And, they accept substandard housing. (p17)

Conclusion

The Self-Sufficiency Standard shows that earnings that are above the official poverty level or that are high enough to disqualify families from welfare are far below what they need to meet basic family needs. (p29)

Carefully targeted programs and tax policies can play a role in helping families become fully self-sufficient. (p25)

The standard is currently being used to better understand issues of income adequacy and to analyze policy. Lawmakers are using the Standard to evaluate educational and training opportunities, make choices on TANF reauthorization, guide tax policy, analyze work supports and welfare-to-work programs, and to evaluate economic development plans.

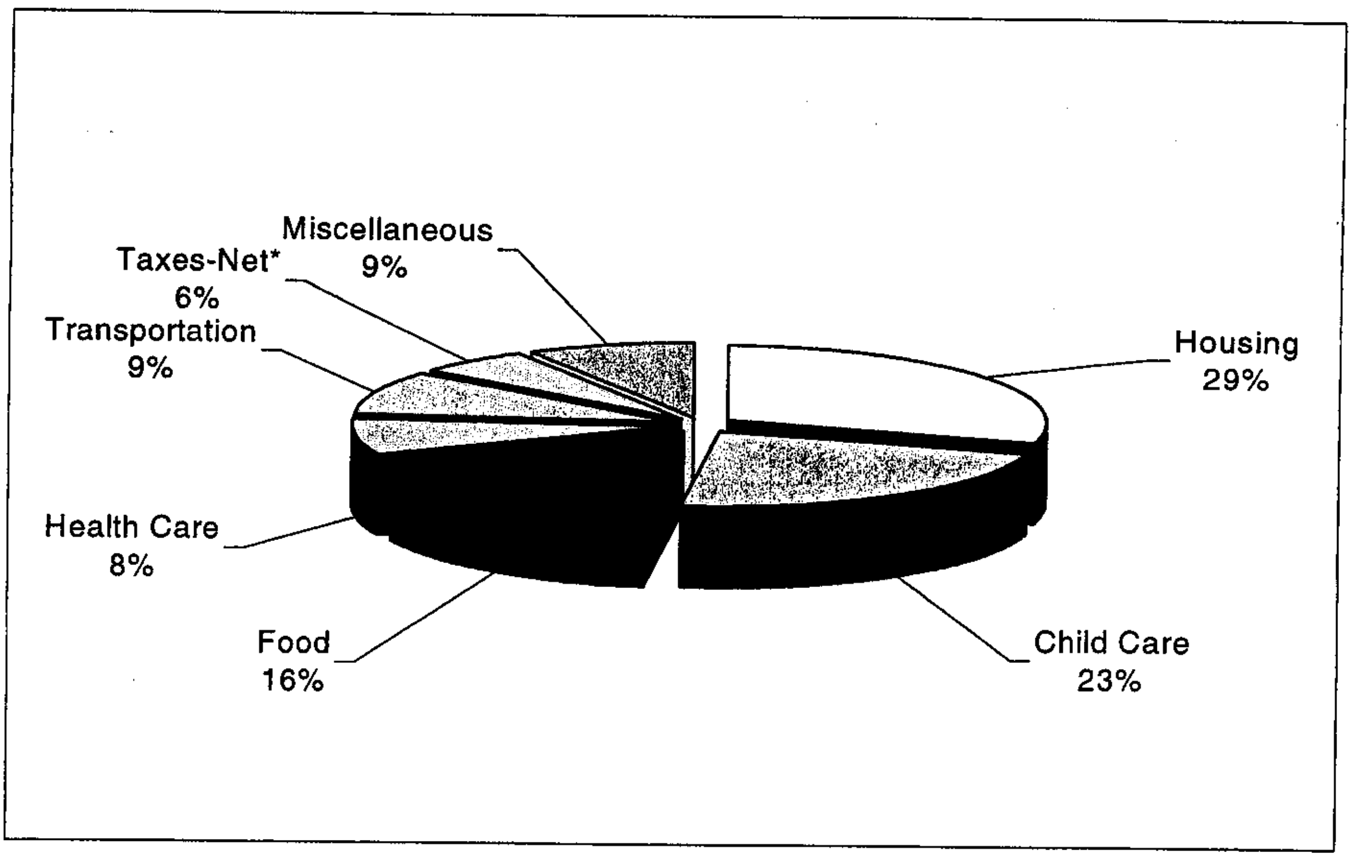
In Figure 1 below, we have shown the proportion of income spent on each basic need for a single parent family with one preschooler and one schoolage child in Carson City, Nevada's state capital. Housing and child care are by far the greatest expenses for working families with children. Families with two children, one of whom is under schoolage, generally spend half their incomes on these two expenses alone.

The next largest expenses for a Nevada family are food and transportation, accounting for 16% and 9% of the total costs respectively. While the cost of transportation makes up just under one-tenth of this family's budget, the Standard does not include the cost of car repair, or the initial cost of purchasing a car. Health care is a relatively small share at 8%, but this calculation assumes that the employer both provides health insurance and pays a portion of the premium. It is possible that health care costs may account for even more of the family budget in Nevada. Although taxes account ultimately for 6% of this family's budget, the tax burden month to month is actually 15%, refundable with tax credits at tax-time.

Figure 1

Percentage of Income Needed to Meet Basic Needs, 2002

Based on the Self-Sufficiency Standard for a Family with One Parent, One Preschooler and One Schoolage Child in Carson City, NV



**Note: Percentages include the net effect of taxes and tax credits. Thus, the percentage of income needed for taxes is actually 15%, but with tax credits, the amount owed in taxes is reduced to 6%.*

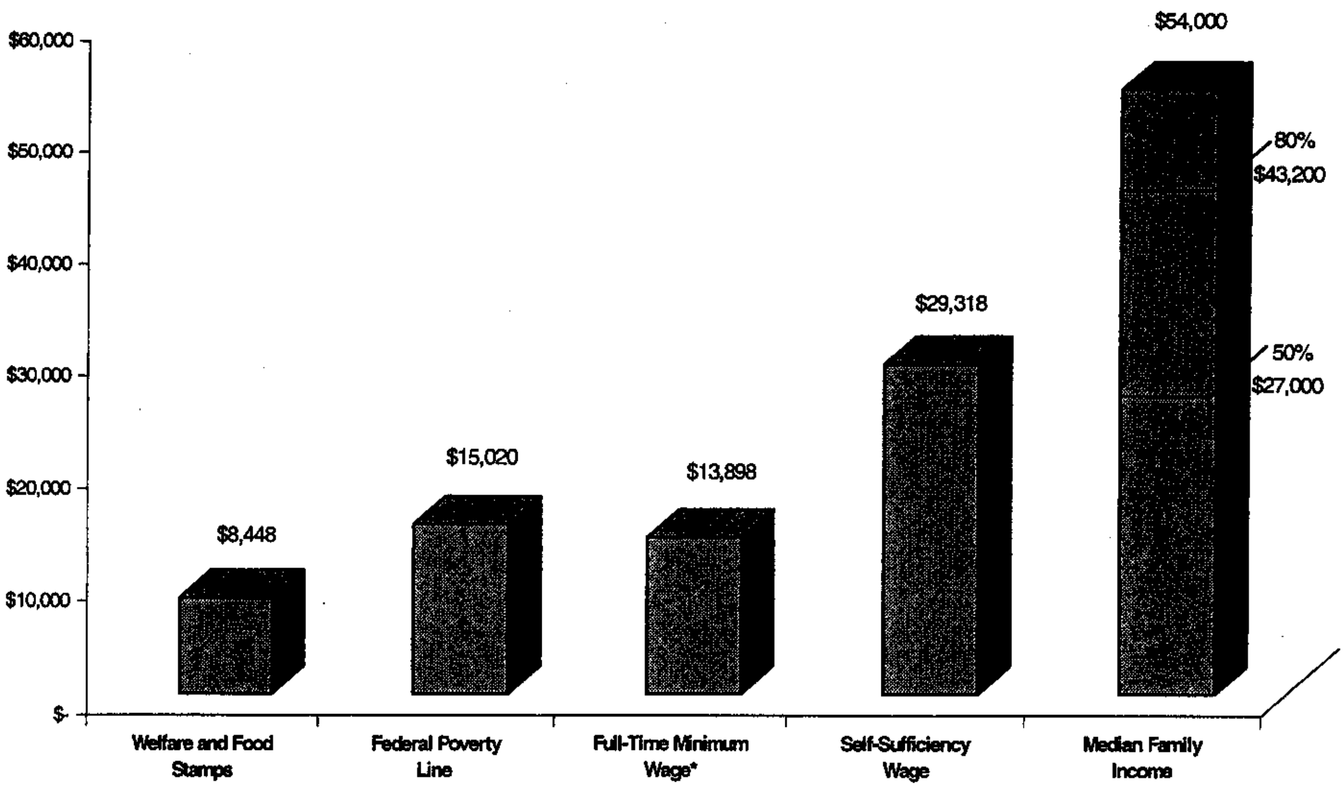
Comparing the Standard to Other Benchmarks of Income

To put the Standard in context, it is useful to compare it to other commonly used measures of income adequacy. In Figure 2 below, we have compared the Standard to four other benchmarks: the welfare grant package, the federal poverty measure, the federal minimum wage, and the median family income. This set of benchmarks is not meant to show *how* a family would move from welfare or poverty to self-sufficiency. Rather, the concept of self-sufficiency assumes a gradual progression, one that takes place over time. (Please see the next two sections for a more detailed discussion of how Nevada families can achieve Self-Sufficiency Wages).

Figure 2

The Self-Sufficiency Standard Compared to Other Benchmarks, 2002

Based on the Self-Sufficiency Standard for a Family with One Parent, One Preschooler and One Schoolage Child in Carson City, NV



** Note: Full-time minimum wage is the year 2002 federal minimum wage of $5.15 per hour, and includes the net effect of the addition of the Earned Income Tax Credit and the subtraction of taxes.*

D 15 of 16

For purposes of comparison, we use the Standard for a three-person family consisting of one adult, one preschooler, and one schoolage child living in Carson City. (The other benchmarks presented are also for three-person families, where relevant; however none is as specific as the Standard in terms of age and number of children, and/or geographic location). The Standard for this family type, in Carson City is **$29,318**.

The Welfare (TANF) Grant and Food Stamps: Including the cash value of Food Stamps as well as the TANF cash grant, the total assistance package is **$704** per month in Carson City or **$8,448** per year assuming no wage or other income. This amount is just over one-fourth **(28%)** of the Self-Sufficiency Standard for a three-person family in Carson City.

Federal Poverty Level: Not surprisingly, the Standard is quite a bit higher than the official poverty level for a family of three. A family consisting of one adult and two children would be considered "poor," according to federal guidelines, if this family had a monthly income of **$1,252** (**$15,020** annually) or less—regardless of where they live, or the age of their children. Thus, the official poverty level for a three-person family is just slightly over half **(51%)** of the Self-Sufficiency Wage actually needed for a three-person family (with one adult, one preschooler and one schoolage child). Even in the least expensive jurisdictions in Nevada, such as White Pine County, the official poverty guideline is only about 55% of the amount needed to meet family needs according to the Standard.

Minimum Wage: A full-time worker at the federal minimum wage of **$5.15** per hour earns about **$893** per month or **$10,712** per year. Subtracting taxes—payroll (Social Security), and federal income taxes—and adding tax credits—the child care, child, and Earned Income Tax Credits—this worker would have a cash income of **$1,158** per month, or **$13,898** per year. This amount is more than her earnings alone because the federal EITC benefit for which she qualifies is the maximum and she also receives a small child tax credit. Together these are more than the taxes she owes. (At this income level, this worker only has to pay sales and payroll taxes—her income is below the threshold for paying federal income taxes. Nevertheless, because she does not pay federal income taxes, she does not receive the Child Care Tax Credit).

Even with the help of the federal EITC, however, a full-time job with the minimum wage provides well under one-half **(47.4%)** of the amount needed to be self-sufficient. If we assume that she pays taxes, but does not receive the EITC or the CTC payments on a monthly basis—as is true of most workers—she will only receive **$9,893** during the year, which is less than one-third of the Self-Sufficiency Standard **(33.7%)**. For all three of these benchmarks there is an unusually large gap (compared to other states) between each of them and the Self-Sufficiency Wage.

Median Family Income: Median family income (half of an area's families have incomes above this amount and half have incomes below this amount) is a rough measure of the relative cost of living in an area. The median income for a three-person family in Carson City is **$54,000**. The Self-Sufficiency Standard for a single-parent family with one preschooler and one schoolage child is thus **54.3%** of the median family income for Carson City.

The U.S. Department of Housing and Urban Development (HUD) uses area median family income as a standard to assess families' needs for housing assistance. Those with incomes below 50% of the median area income are considered "Very Low Income," while those with incomes below 80% of the median area income are considered "Low Income." (Almost all assistance is limited to the "Very Low Income" category, and even then, only about one-fourth of those eligible families receive housing assistance). Thus, the Self-Sufficiency Standard for a Carson City family at 54.3% of the median family income, falls below the HUD definition of "Low Income." In most states and localities, the Self-Sufficiency Standard falls *between* 50% and 80% of area median income. That it is below the 80%-of-area-median-income/ "Low Income" standard used by HUD suggests that a substantial portion of Nevada families lack adequate income to meet their needs. It also shows that using area median income as a benchmark of income inadequacy (in this case, inadequate income to meet housing needs) is at times an imperfect measure of need for support.

D 16 of 16