



# Measuring Economic Security in Kentucky

Family Economic Security Program  
Wider Opportunities for Women

## THE BASIC ECONOMIC SECURITY TABLES™

### FOR KENTUCKY

**HOW CLOSE ARE KENTUCKY WORKERS TO ECONOMIC SECURITY?**

**Single Workers**

BEST Index	223,988
Federal Poverty Level	\$10,930
Minimum Wage (\$7.25/hr)	\$10,312
Median Income Single Women	\$33,134
Median Income Single Men	\$40,420
Median Household Income	\$40,912

**Single Workers Raising Children**

**Single Women Raising Children**

**2010**

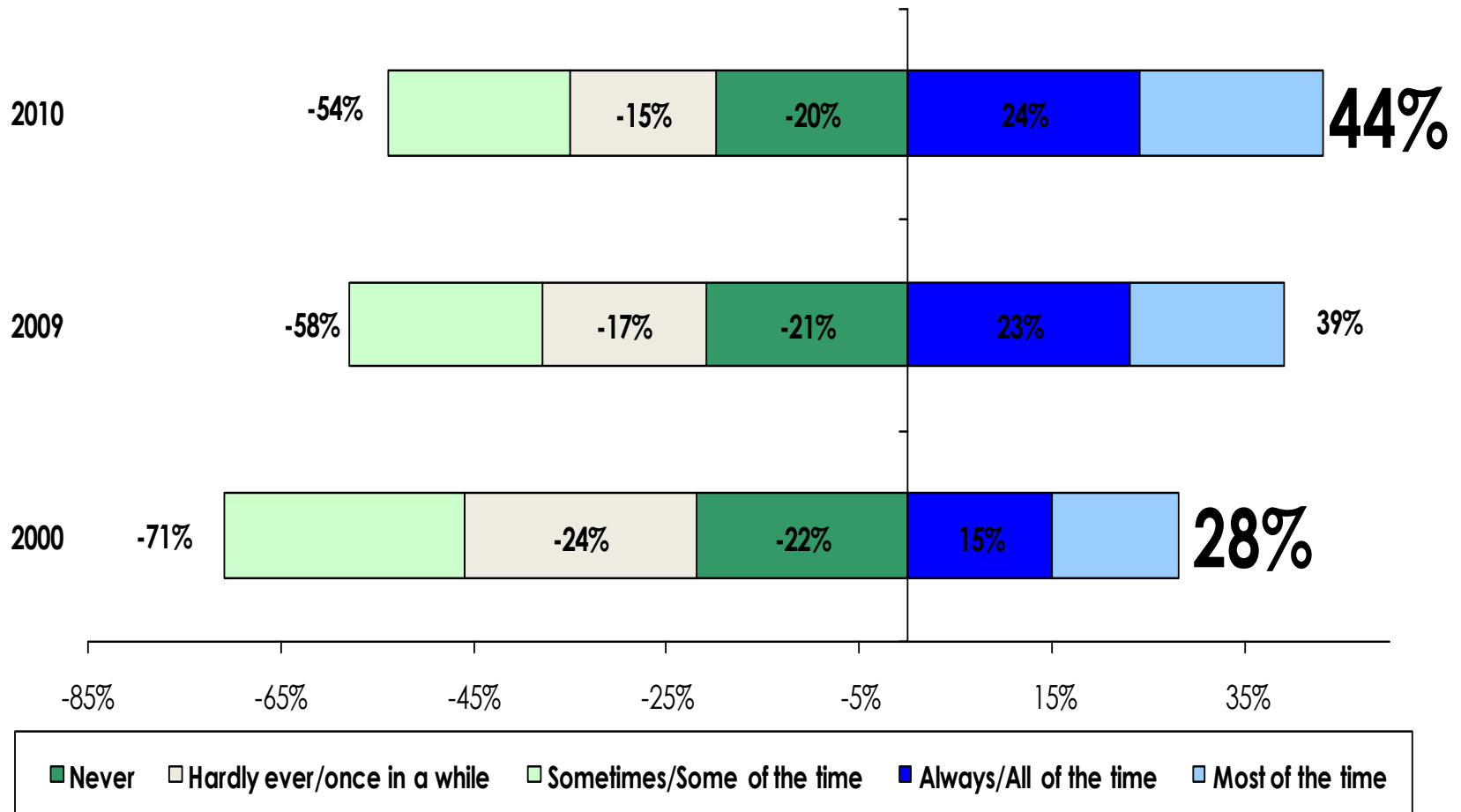
**A PROJECT OF WIDER OPPORTUNITIES FOR WOMEN'S FAMILY ECONOMIC SECURITY PROGRAM**

## Women 4 Women & Wider Opportunities for Women (WOW)

WOW, an organization based in Washington DC that works to achieve economic independence and equality of opportunity for women and their families, has partnered with Women 4 Women and released the new Basic Economic Security Tables™ (BEST) for the state of Kentucky.

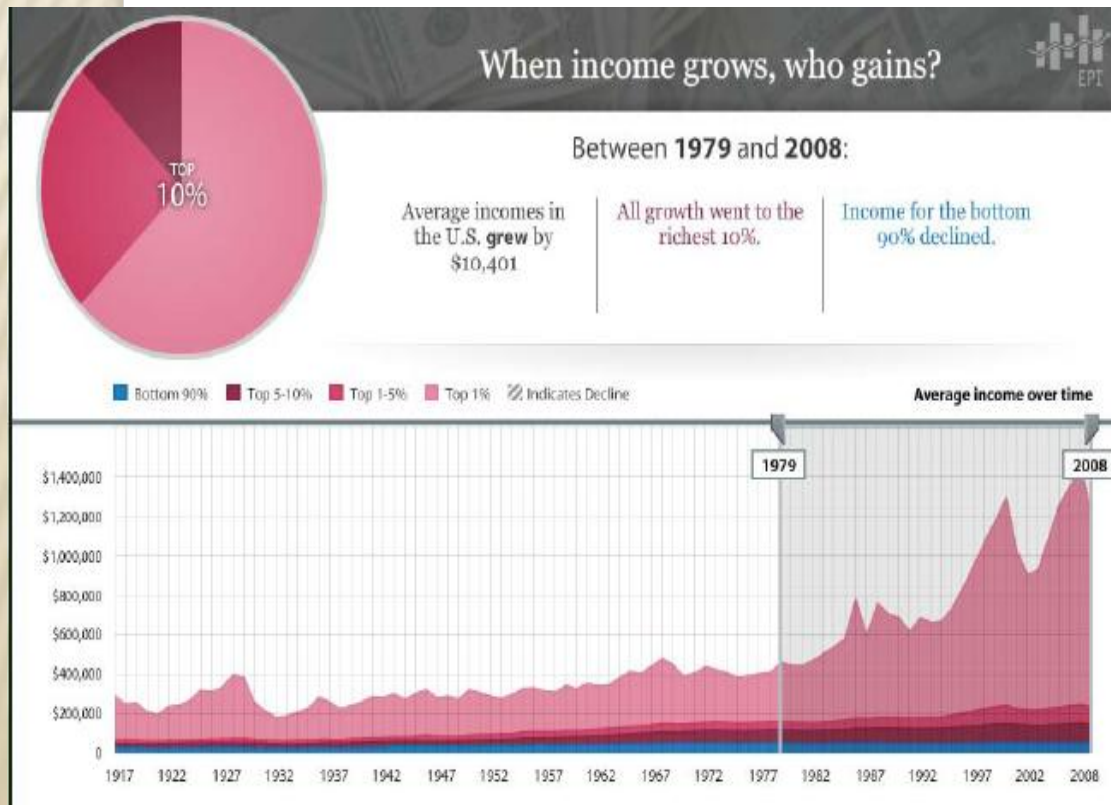
**Ten years ago, about three in ten Americans reported that they were living paycheck to paycheck all or most of the time compared to four in ten in 2010.**

**Frequency of Living Paycheck to Paycheck**

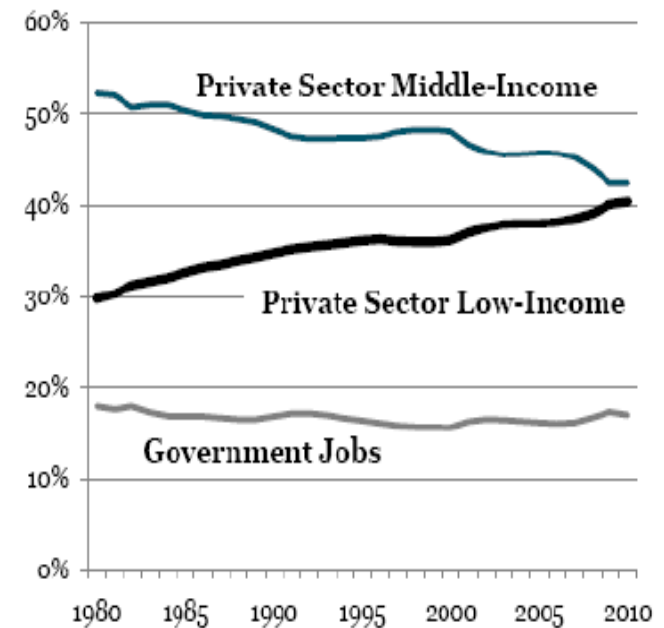


# Stagnant Wages, Rising Expenses

Of all the economic worries American families face - from losing a job to rising health care costs – families rank as their greatest stress the growing trend that stagnant incomes are no longer enough to meet the increasing cost of basic expenses.



## Share of Total Employment



Source: Bureau of Labor Statistics, Westwood Capital

# **Basic Economic Security Tables™ (BEST) Features**

- **Budget standard (expenses + savings)**
- **Not a Middle Class budget**
- **Calculated at city, county, statewide and national level**
- **Addresses large variety of family types**
  - **400 family types**
  - **One- and two-worker households, with children of different ages (infant, preschooler, schoolchild, teenager)**
- **Security incomes with and without employment-based benefits**
  - **Health care**
  - **Retirement savings**
  - **Emergency savings/unemployment insurance**
- **Measure of lifelong economic security**

# Housing and Utilities

## Basic Economic Security Tables, 2010

(Workers with Employment-based Benefits)

### Kentucky

Monthly Expenses for: 1 Worker

Housing	\$393
Utilities	\$116

- ❖ Bedroom for worker(s); one bedroom for every two children
- ❖ Cost of US HUD Fair Market Rents at county level
- ❖ Housing and utilities are separated

# Food

## Basic Economic Security Tables, 2010

(Workers with Employment-based Benefits)

### Kentucky

Monthly Expenses for: 1 Worker

Housing	\$393
Utilities	\$116
Food	\$229

- ❖ **US Dept of Agriculture Low-Cost Food Plan**
  - ✓ **Simple and healthy; no dining out**
- ❖ **Adjusted with ACCRA Cost of Living Index**

# Transportation

Basic Economic Security Tables, 2010 (Workers with Employment-based Benefits)	
Kentucky	
Monthly Expenses for: 1 Worker	
Housing	\$393
Utilities	\$116
Food	\$229
Transportation	\$536

- ❖ **One car for each working adult**
- ❖ **Costs and finance charges**: American Automobile Association (AAA) provides national annual averages for most costs
- ❖ **Fuel**: Department of Transportation (DOT) produces National Household Travel Survey and Department of Energy (DOE) analyzes average fuel cost
- ❖ **Insurance**: Quotes for standard policy at county level for various family types
- ❖ **Depreciation**: Average monthly cost for small sedan

# Child Care

<b>Basic Economic Security Tables, 2010</b> (Workers with Employment-based Benefits)	
<b>Kentucky</b>	
Monthly Expenses for: 1 Worker	
Housing	\$393
Utilities	\$116
Food	\$229
Transportation	\$536
Child Care	\$0

- × **Child Care Market Rate Survey**: Federal government mandated survey of child care providers at county or state level, used to determine child care subsidies.
- × **Quality care is defined as 75<sup>th</sup> percentile of cost.**

# Personal & Household Items

<b>Basic Economic Security Tables, 2010</b>	
<b>(Workers with Employment-based Benefits)</b>	
<b>Kentucky</b>	
<b>Monthly Expenses for: 1 Worker</b>	
Housing	\$393
Utilities	\$116
Food	\$229
Transportation	\$536
Child Care	\$0
Personal & Household Items	\$199

- × **Clothing, household supplies, personal care products, landline phone, minimal life insurance, bank fees and more.**
- × **Equal to 27 percent of consumer's spending on housing, utilities and food expenses, based on Consumer Expenditure Survey.**

# Health Care

<b>Basic Economic Security Tables, 2010</b> (Workers with Employment-based Benefits)	
<b>Kentucky</b>	
Monthly Expenses for: 1 Worker	
Housing	\$393
Utilities	\$116
Food	\$229
Transportation	\$536
Child Care	\$0
Personal & Household Items	\$199
Health Care	\$142

- ❖ Step above “catastrophe care”; doctors visits, decent pharmaceutical plan
- ❖ Cost of health insurance premiums and out of pocket expenses
- ❖ Non-employer sponsored insurance plan approximates “average” plan among those with employer sponsored insurance
- ❖ 46% of private sector workers in Kentucky do not have access to or do not purchase health insurance through their work

# Taxes & Tax Credit

<b>Basic Economic Security Tables, 2010</b>	
<b>(Workers with Employment-based Benefits)</b>	
<b>Kentucky</b>	
<b>Monthly Expenses for: 1 Worker</b>	
Housing	\$393
Utilities	\$116
Food	\$229
Transportation	\$536
Child Care	\$0
Personal & Household Items	\$199
Health Care	\$142
Taxes	\$347
Tax Credits	-\$35

- ❖ Federal, state and local taxes
- ❖ **Tax Credits**: Earned Income Tax Credit (EITC), child tax credit, child dependent care credit, and Making Work Pay credit.
- ❖ No itemized tax deductions.

# Assets & Savings

<b>Basic Economic Security Tables, 2010</b>	
<b>(Workers with Employment-based Benefits)</b>	
<b>Kentucky</b>	
<b>Monthly Expenses for: 1 Worker</b>	
Housing	\$393
Utilities	\$116
Food	\$229
Transportation	\$536
Child Care	\$0
Personal & Household Items	\$199
Health Care	\$142
Emergency Savings	\$55
Retirement Savings	\$18
Taxes	\$347
Tax Credits	-\$35
<b>Monthly Total</b>	<b>\$1,999</b>
<b>Annual Total</b>	<b>\$23,988</b>
<b>Hourly Wage</b>	<b>\$11.36</b>

- ❖ **Emergency savings**: Monthly cost of saving for 2+ months of BEST-required income over 4 years – with and without UI
- ❖ **Retirement Savings**: monthly cost of saving for retirement (based on WOW's Elder Index) over 40 years. Calculated for workers with and without 401(k) plans, but assuming workers save into IRAs

# Asset Building

<b>Basic Economic Security Tables, 2010</b>	
<b>(Workers with Employment-based Benefits)</b>	
<b>Kentucky</b>	
<b>Monthly Expenses for: 1 Worker</b>	
Housing	\$393
Utilities	\$116
Food	\$229
Transportation	\$536
Child Care	\$0
Personal & Household Items	\$199
Health Care	\$142
Emergency Savings	\$55
Retirement Savings	\$18
Taxes	\$347
Tax Credits	-\$35
<b>Monthly Total</b>	<b>\$1,999</b>
<b>Annual Total</b>	<b>\$23,988</b>
<b>Hourly Wage</b>	<b>\$11.36</b>
<b>Additional Asset Building Savings</b>	
Children's Higher Education	\$0
Homeownership	\$67

- ❖ **Education**\*: monthly cost of saving for child's education (2 years at community college, 2 years at public university, and no loans) over 17 years.

\* does not include student loan payments

- ❖ **Homeownership**: monthly cost of saving for 20% down payment on home at 25<sup>th</sup> percentile of home values over 10 years.

# Employment-Based Benefits

## Basic Economic Security Tables

(Workers with Employment-based Benefits)

### Kentucky

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

Housing	\$478
Utilities	\$141
Food	\$663
Transportation	\$1,017
Child Care	\$917
Personal & Household Items	\$346
Health Care	\$451
Emergency Savings	\$131
Retirement Savings	\$23
Taxes	\$911
Tax Credits	-\$324
<b>Monthly Total (per Worker)</b>	<b>\$2,377</b>
<b>Annual Total</b>	<b>\$57,048</b>
<b>Hourly Wage (per Worker)</b>	<b>\$13.51</b>
<b>Additional Asset Building Savings</b>	
Children's Higher Education	\$104
Homeownership	\$76

Employment-Based  
Benefits  
save a family

**\$481 / Month**  
equating to  
**\$5,771 / Year**

\$605/mo vs. \$1,086/mo

## Basic Economic Security Tables

(Workers without Employment-based Benefits)

### Kentucky

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

Housing	\$478
Utilities	\$141
Food	\$663
Transportation	\$1,017
Child Care	\$917
Personal & Household Items	\$346
Health Care	\$801
Emergency Savings	\$246
Retirement Savings	\$39
Taxes	\$1,054
Tax Credits	-\$324
<b>Monthly Total (per Worker)</b>	<b>\$2,689</b>
<b>Annual Total</b>	<b>\$64,536</b>
<b>Hourly Wage (per Worker)</b>	<b>\$15.28</b>
<b>Additional Asset Building Savings</b>	
Children's Higher Education	\$104
Homeownership	\$76

# Cost Comparison – By Region

**Table 2: Basic Economic Security Tables, 2010**  
(Workers with Employment-based Benefits)

## Kentucky, by Area

Monthly Expenses for: 1 Worker	Kentucky (Statewide Average)	Lawrence County (Low)	Laurel County (Middle)	Owen County (High)
Housing	→ \$393	\$282	\$376	\$532
Utilities	\$116	\$101	\$79	\$99
Food	\$229	\$241	\$241	\$241
Transportation	\$536	\$564	\$562	\$556
Child Care	\$0	\$0	\$0	\$0
Personal & Household Items	\$199	\$168	\$187	\$235
Health Care	\$142	\$142	\$142	\$142
Emergency Savings	\$55	\$50	\$54	\$63
Retirement Savings	\$18	\$9	\$17	\$38
Taxes	\$347	\$305	\$337	\$414
Tax Credits	-\$35	-\$35	-\$35	-\$35
<b>Monthly Total (per Worker)</b>	<b>\$1,999</b>	<b>\$1,826</b>	<b>\$1,959</b>	<b>\$2,284</b>
<b>Annual Total</b>	<b>\$23,988</b>	<b>\$21,912</b>	<b>\$23,508</b>	<b>\$27,408</b>
<b>Hourly Wage (per Worker)</b>	<b>\$11.36</b>	<b>\$10.38</b>	<b>\$11.13</b>	<b>\$12.98</b>
<b>Additional Asset Building Savings</b>				
Children's Higher Education	\$0	\$0	\$0	\$0
Homeownership	→ \$67	\$44	\$53	\$94

# Family Types

## Biggest Expenses Vary by Family Type

**Table 1: Basic Economic Security Tables, 2010**

(Workers with Employment-based Benefits)

### Kentucky, Selected Family Types

Monthly Expenses	1 Worker	1 Worker, 1 Infant	1 Worker, 1 Preschooler, 1 Schoolchild	2 Workers	2 Workers, 1 Preschooler, 1 Schoolchild
Housing	\$393	\$478	\$478	\$393	\$478
Utilities	\$116	\$141	\$141	\$116	\$141
Food	\$229	\$329	\$496	\$420	\$663
Transportation	→ \$536	\$578	\$578	\$971	→ \$1,017
Child Care	\$0	→ \$484	\$917	\$0	\$917
Personal & Household Items	\$199	\$256	\$301	\$250	\$346
Health Care	\$142	\$266	\$394	\$305	\$451
Emergency Savings	\$55	\$81	\$112	\$81	\$131
Retirement Savings	\$18	\$18	\$18	\$23	\$23
Taxes	\$347	\$552	\$789	\$475	\$911
Tax Credits	-\$35	-\$251	-\$281	-\$70	-\$324
Monthly Total (per Worker)	\$1,999	\$2,932	\$3,943	\$1,482	\$2,377
Annual Total	\$23,988	→ \$35,184	\$47,316	\$35,568	→ \$57,048
Hourly Wage (per Worker)	\$11.36	\$16.66	\$22.40	\$8.42	\$13.51
<b>Additional Asset Building Savings</b>					
Children's Higher Education	\$0	\$52	\$104	\$0	\$104
Homeownership	\$67	\$76	\$76	\$67	\$76

# **BEST vs. Federal Poverty Line, Minimum Wage, and Median Income**

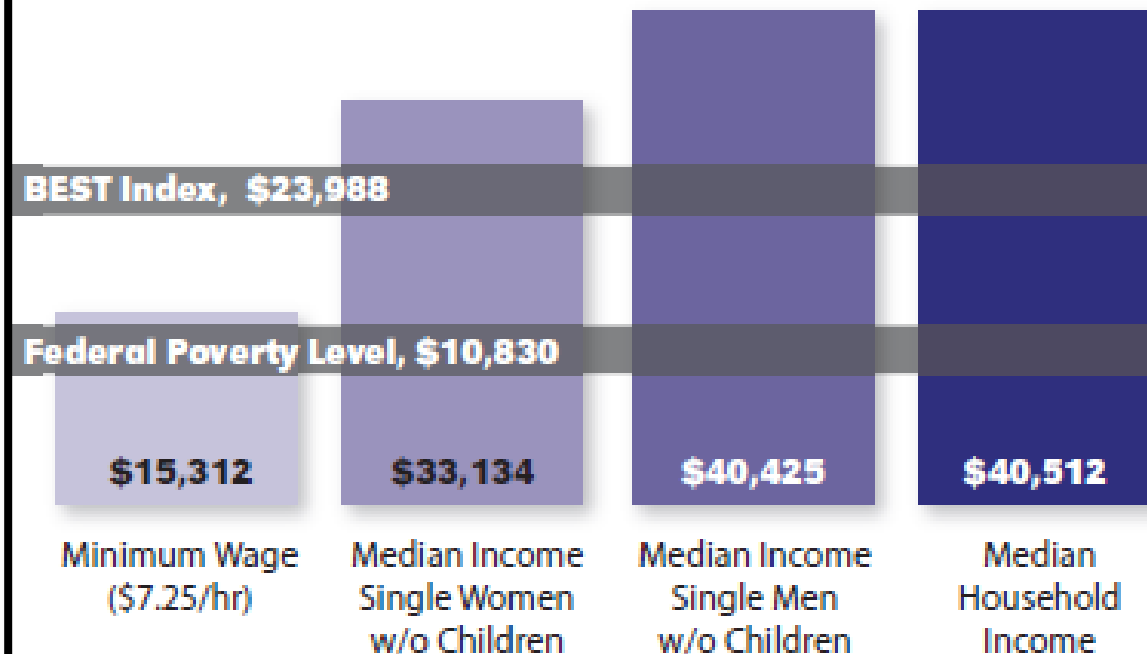
## **BEST wages are:**

- 2-3x higher than the Federal Poverty Line
- 2-3x higher than the minimum wage
- Significantly higher than the median income for single parents
- Below (but not by much) the state's median income for 2-worker households

# BEST vs. Federal Poverty Line, Minimum Wage, and Median Income

## 1 Worker, No Children

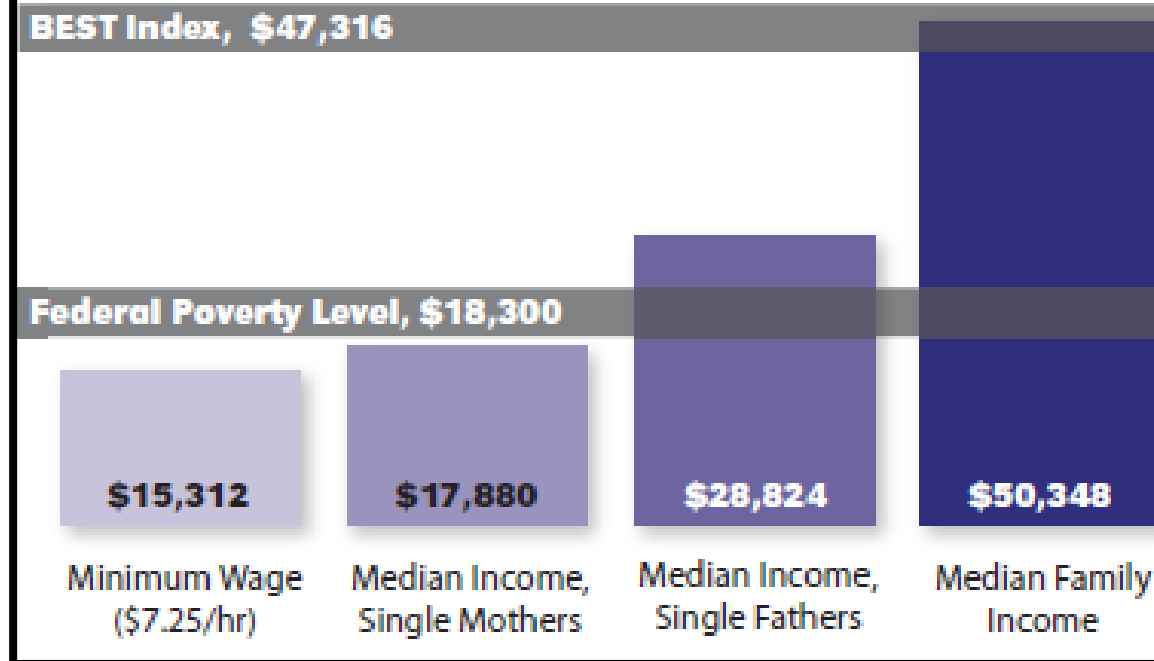
Figure 3: Kentucky Basic Economic Security Tables for 1 Worker vs. Kentucky Benchmark Incomes, 2010



# BEST vs. Federal Poverty Line, Minimum Wage, and Median Income

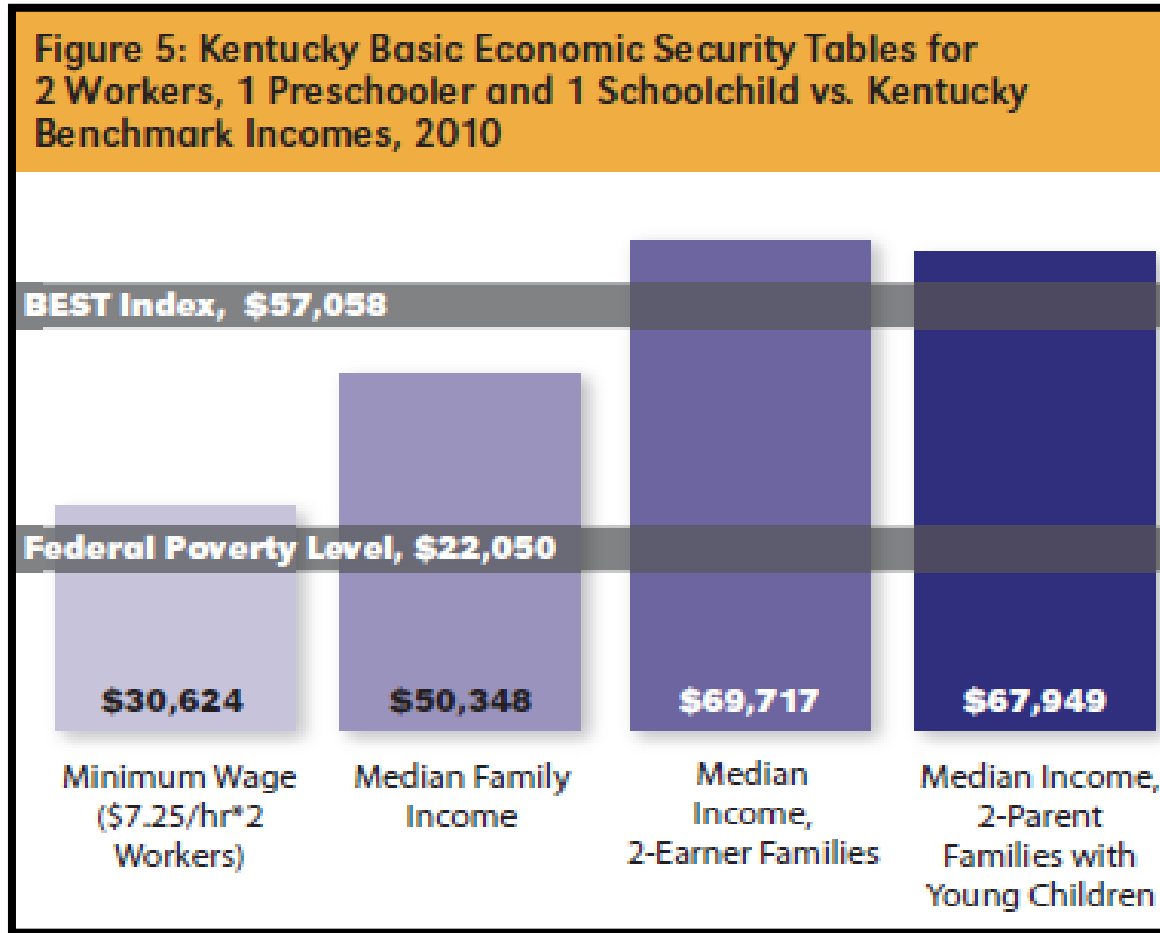
## 1 Worker, 1 Preschooler and 1 Schoolchild

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



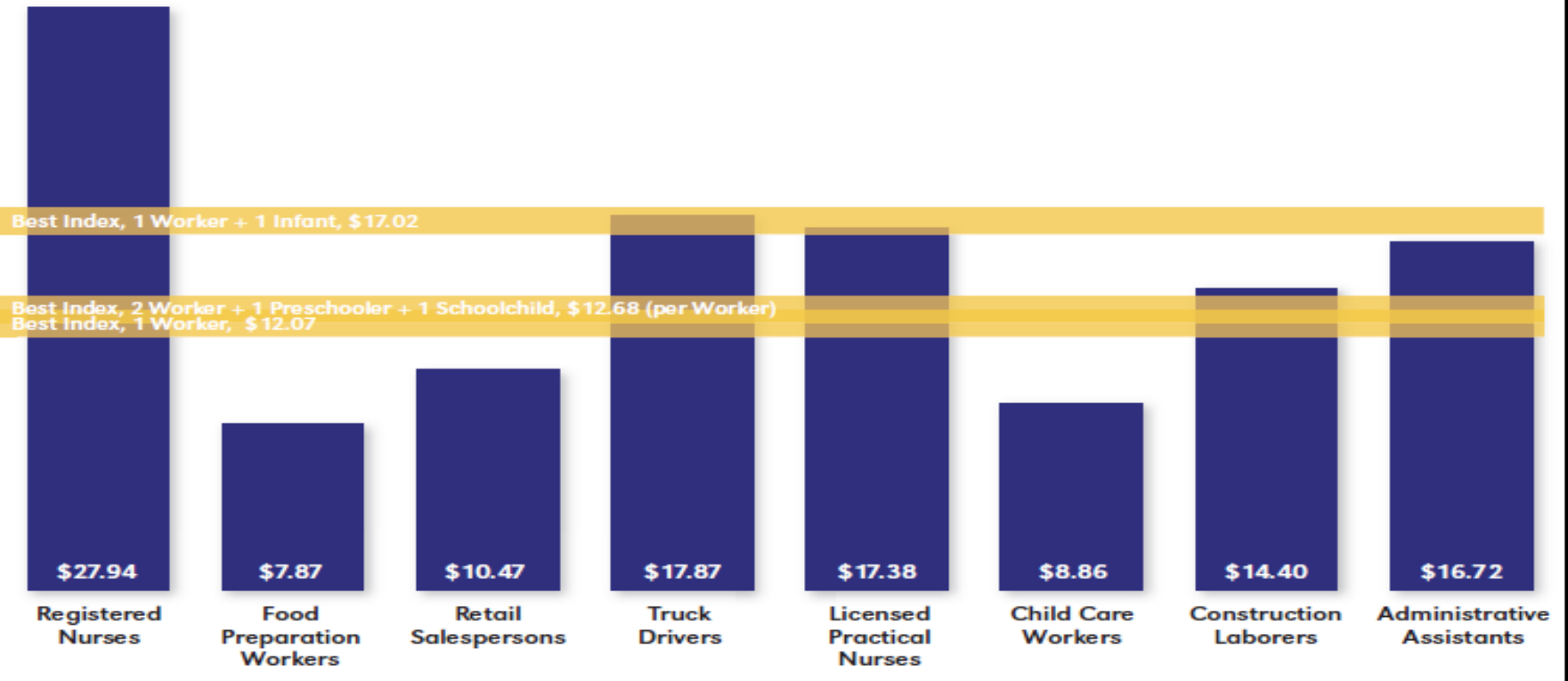
# BEST vs. Federal Poverty Line, Minimum Wage, and Median Income

## 2 Workers, 1 Preschooler, 1 Schoolchild



# Benchmarking Wages

Figure 7: Kentucky Basic Economic Security Tables vs. 2009 Average Wages of Selected Kentucky Occupations with High Projected Annual Growth through 2018



## ALL JOBS

- Just **32%** of jobs expected to be created by 2018 will provide economic security to a single parent raising two children
- Only **60%** of all jobs expected to be created by 2018 will provide economic security to a family of four with two workers.

## DON'T REQUIRE FOUR -YEAR DEGREE

- Just **15%** of jobs that do not require a 4 year degree projected to be created by 2018 will provide economic security to a single parent raising two children.
- Only **47%** of these jobs will provide economic security to a family of four with two workers.



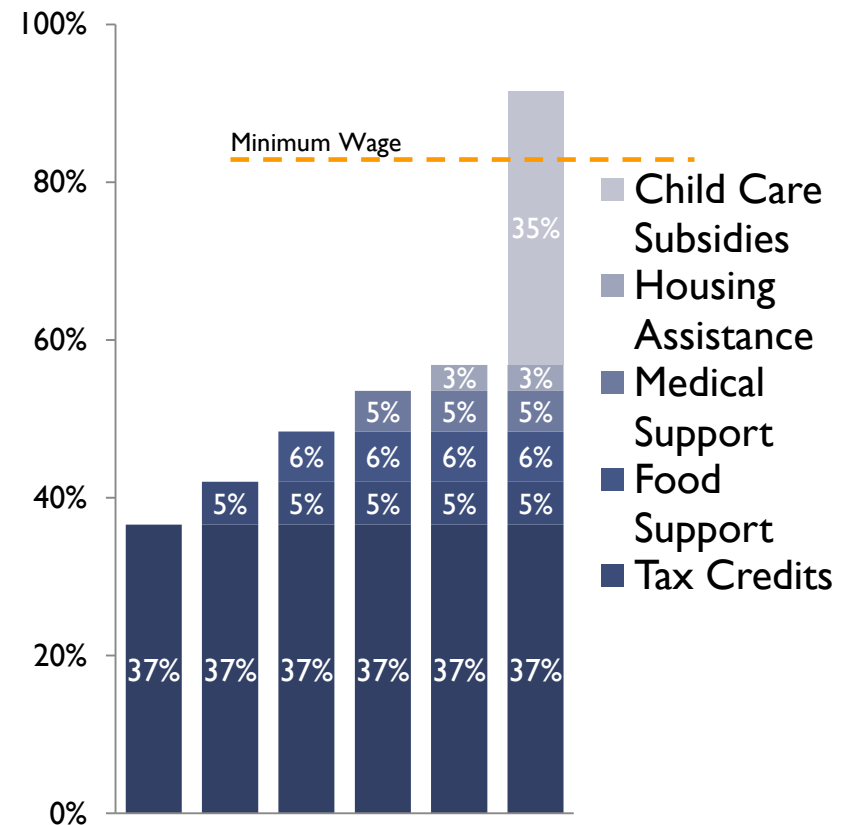
# BEST Index – Uses Benchmarking

- Evaluating education and training needs
- Improving workers' and students' financial planning
- Benchmarking wages, worker welfare and local economic stability
- Identifying jobs and careers that provide the economic security wages that support stable communities

# BEST Index – Uses Policy & Advocacy

- Creating far-sighted public policy; improve evaluation and benchmarking of publicly funded programs
- Evaluating economic development and economic development opportunities
- Promoting the savings that creates essential short- and long-term asset building and economic stability

One way that WOW uses this index is to: Show impact of Public Supports and Tax Credits on a Minimum Wage Family in Kentucky, as a Percent of Economic Security, 2010.



# BEST Index – Uses Shifting the Conversation

Changing the public's understanding of  
and language around economic security

Poverty → Economic Security