

# Measuring Economic Security for Working Delawareans\*

## The BEST™ Measure

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Assets are the building blocks of long-term financial stability and success for people at all income levels. They make the difference between getting by and getting ahead. Having a savings account, a college education, a home, or a small business can help individuals and families live securely today, weather difficult financial times, plan for the future, and pass assets on to future generations. Individuals' assets can be leveraged to strengthen communities. In turn, the entire state benefits when individuals, families, and communities are financially stable.

Over the past seven years, more than 53,000 working families have benefitted from Delaware's Earned Income Tax Credit Campaign (EITC).

These Delawareans qualified for the EITC because of a gap between what they earned and what they needed in order to provide for the basic needs of their family. A family that cannot meet its basic needs without help is not able to build and grow assets. A family without assets is always one crisis – a medical situation, a natural disaster, or a pay cut – away from homelessness.

Exacerbating the issue of how best to assist families to achieve true economic independence, and build assets, is the benchmark against which income adequacy is measured. Since the 1960s, the official measure has put a family's poverty threshold at about three times the annual cost of groceries. It doesn't consider other modern expenses such health care, child care, taxes, or retirement savings. Nor does it consider geographical variations in cost of living or non-cash aid such as tax credits when calculating income. As a result, opportunities are missed to understand and address the real situations that put people in poverty, identify where public dollars may be best targeted to address the real costs, and to measure the true impact of those policies.

The Delaware Asset Building Coalition, a nascent group of delegates from the public, private, and not-for-profit sectors, embraces a vision to decrease the number of working poor receiving public benefits in order to make ends meet. There is no magical solution to the complicated

problem of income and asset poverty, but in order to evaluate existing policies and make informed recommendations for change, the group recognized the need for an updated, Delaware-specific poverty measure. Support from the Delaware Commission for Women and the University of Delaware Center for Community Research and Service made the project possible. Wider Opportunities for Women, a group based in Washington, D.C., created a contemporary measure of self-sufficiency, titled "Delaware Basic Economic Security Tables," or "Delaware BEST™."

A Basic Economic Security Table shows the wage a worker needs to earn in order to provide for their basic needs and plan for their economic future, without public or private support. Budget categories include: housing, utilities, food, transportation, child care, personal and household items, health care, emergency savings, retirement savings, and taxes net of tax credits. For example, BEST™ wages for a single worker in Delaware with one infant and who receives employment-based benefits is \$49,260 annually, or \$23.32 an hour. At this wage, the worker can provide for the family's basic needs including healthcare, and save modestly to cover emergencies and for retirement.

The BEST™ index deliberately includes assets in the core wage calculation - saving for emergency and retirement - because savings provide a

<b>Basic Economic Security Tables™, 2009</b> (Workers with Employment-based Benefits)	
<b>Delaware</b>	
Monthly Expenses for: 1 Worker, 1 Infant	
Housing	\$794
Utilities	\$194
Food	\$380
Transportation	\$530
Child Care	\$657
Personal & Household Items	\$369
Health Care	\$266
Emergency Savings	\$134
Retirement Savings	\$78
Taxes	\$895
Tax Credits	-\$192
<b>Monthly Total</b>	<b>\$4,105</b>
<b>Annual Total</b>	<b>\$49,260</b>
<b>Hourly Wage</b>	<b>\$23.32</b>
<b>Additional Asset Building Savings</b>	
Children's Higher Education	\$65
Homeownership	\$199

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

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critical safety net. Without emergency savings a family is one paycheck away from a crisis due to loss of income, or an unanticipated expense such as a major car repair or medical bill. Retirement savings ensure economic security as a senior citizen. However, education and homeownership savings, while foundations of the American dream, are included “below the line” of the core BEST™ index. Although education, in particular, can clearly improve a family’s economic security neither it nor homeownership are a universal need, and whether a home purchase leads to improved economic security is currently a subject of vigorous national debate. BEST™ wages for a single worker in Delaware with one infant and who receives employment-based benefits is \$49,260 annually; if the worker also saves for the child’s higher education, and for homeownership, the BEST™ wage increases to \$52,428 annually. [See Table]

There are many applications for what the Delaware BEST™ shows. Workers who live below their family’s BEST™ must ask themselves whether their incomes are enough to see them through the next emergency, such as a job loss or a health care crisis, and examine their responsibility for personal growth in that context. Policy makers with influence over

state workforce and economic development incentive programs can consider the quality of jobs created and adequacy of training systems to prepare Delawareans for BEST™ wage jobs when targeting recruitment efforts. Counselors, coaches and other human service providers can help educate workers on the realities of achieving economic security in Delaware and how to develop a career path that leads to sustained family stability.

Other questions the BEST™ can answer include: How might policy create incentives to save, such as through State Individual Development Accounts, or Children’s Savings accounts? How can the BEST™ affect public concepts of “making ends meet” and perceptions of economic security? Can public and individual attitudes toward earning, spending, and saving be changed? What is the role of employment-based benefits, such as retirement plans or health insurance, in providing economic security for local families?

The Delaware BEST™ provides a realistic measure of what it takes for households to not only make ends meet, but develop assets to maintain lifelong economic security. It is a starting point for the policymakers, advocates, researchers and service providers who want to help

strengthen communities by strengthening the families that live there. Workers able to afford basic necessities and invest in themselves and their state by saving are much more likely to enjoy lifelong financial security and begin a cycle of prosperity for future generations. Those who fall short of the BEST™ index are likely to remain vulnerable to future economic instability and pass that on to their children.

Over the coming months, the Delaware Asset Building Coalition will concentrate on informing policymakers about the BEST™ index and how it can be a useful tool in decision making. The mission of the coalition is to promote asset-based policies and programs that are designed to assist low- and moderate-income households to develop, accumulate and preserve long-term and productive assets. We invite you to become part of the coalition by committing to actively participate in coalition meetings, promote its mission, goals and objectives, and share information and resources with coalition members so we can mutually support one another’s efforts to help Delaware families not just get by, but get ahead. ≈

\*This article is adapted from the report (available at [www.ywcade.org](http://www.ywcade.org)), “The Basic Economic Security Tables™ for Delaware” a project of Wider Opportunities for Women’s Family Economic Security Program.

Basic Economic Security Tables, 2009								
Delaware, by Area and Receipt of Employment-based Benefits								
AREA	1 WORKER		1 WORKER, 1 INFANT		1 WORKER, 1 PRESCHOOLER, 1 SCHOOLCHILD		2 WORKERS, 1 PRESCHOOLER, 1 SCHOOLCHILD	
	Workers with Employment-based Benefits	Workers without Employment-based Benefits	Workers with Employment-based Benefits	Workers without Employment-based Benefits	Workers with Employment-based Benefits	Workers without Employment-based Benefits	Workers with Employment-based Benefits	Workers without Employment-based Benefits
Delaware (Average)	\$32,676	\$37,908	\$49,260	\$55,488	\$62,580	\$67,776	\$75,432	\$86,328
Kent County	\$28,656	\$33,876	\$41,304	\$47,400	\$52,032	\$56,868	\$63,720	\$73,656
New Castle County	\$34,164	\$39,540	\$52,416	\$58,728	\$67,332	\$72,360	\$80,904	\$91,680
Sussex County	\$27,324	\$32,316	\$39,708	\$45,852	\$49,416	\$54,348	\$61,248	\$70,728
Wilmington	\$33,888	\$39,252	\$52,404	\$58,716	\$67,296	\$72,336	\$79,920	\$90,672

Notes: Values for Delaware are statewide average BEST values. "Benefits" include unemployment insurance and employment-based health insurance and retirement plans.