



Fact Sheet

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From the Colorado Fiscal Policy Institute

Although the Federal Poverty Measure (FPM)¹ is the most common and widely use measure of economic distress, it is not necessarily the most realistic, accurate measurement of what a working person or family needs to earn in order to be self-sufficient, i.e., *to meet their most basic needs without any public or private assistance or supports.*

One alternative measurement of economic duress is the Self-Sufficiency Standard (SSS)². The Standard is a more accurate and realistic measurement of how much it takes to make ends meet in today's economic environment. It is based on the cost of all basic necessities, rather than just food, which is what the Federal Poverty Measure is based upon. The Standard also takes into account the ages of the children in the family, as well as the number of children in the family, in contrast to the Federal Poverty Measure, which only considers the number of children and not their ages. The costs of basic necessities varies greatly depending upon the ages of children in a family. Finally, the Standard is geographically specific, while the Federal Poverty Measure is the same number across the United States. Again, costs vary considerably depending upon geographic location (Chart 1).

Chart 1: The Self-Sufficiency Standard for Colorado 2004 Annual Income and the Federal Poverty Level: Four Family Types, Five Locations across Colorado

	1 Adult	1 Adult, 1 infant	1 Adult, 1 infant, 1 preschool	2 Adults, 1 infant, 1 preschool
Denver, CO PMSA, Denver County 2004	\$18,732	\$33,833	\$44,991	\$51,344
Pueblo, CO MSA, Pueblo County 2004	\$15,477	\$26,243	\$33,980	\$40,311
Grand Junction, CO MSA, Mesa County 2004	\$15,162	\$24,749	\$33,535	\$39,649
Eagle County, CO 2004	\$17,610	\$34,154	\$44,723	\$50,467
Yuma County, CO 2004	\$14,446	\$20,036	\$26,119	\$32,704
Federal Poverty Measure 2005	\$9,570	\$12,830	\$16,090	\$19,350

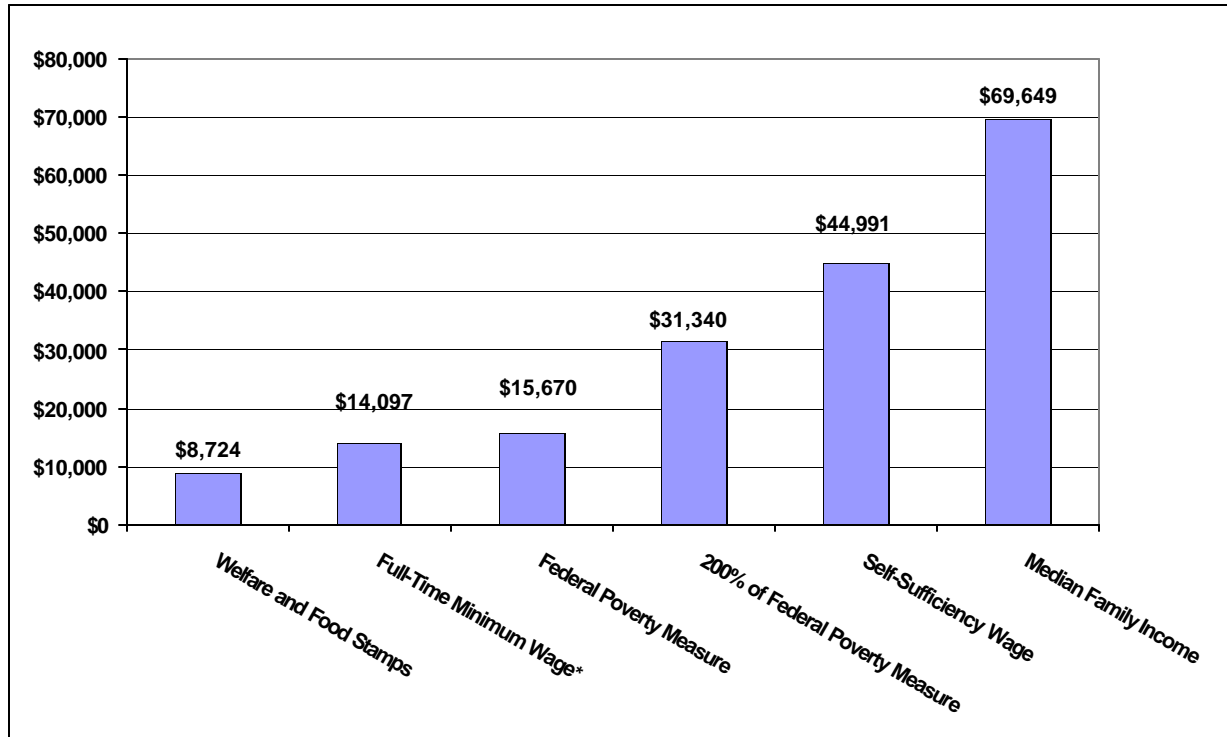
¹ U.S. Department of Health and Human Services, <http://aspe.os.dhhs.gov/poverty>.

² For further information on the Self-Sufficiency Standard, see www.sixstrategies.org; for information on the Self-Sufficiency Standard for Colorado, see www.cclponline.org.

These budgets are "bare bones", and do not include any restaurant or take out food, savings of any kind, credit card payments, or emergency funds.

Chart 2³: Comparing the Self-Sufficiency Standard to Other Income Benchmarks, 2004

(Based on the Self-Sufficiency Standard for a family with one parent, one infant and one preschool-age child in Denver, CO PMSA, Denver County 2004)



*Note: Full-time minimum wage is the year 2004 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.

Comparing the Self-Sufficiency Standard to other common income benchmarks, it is clear that the amount of income needed in order to meet basic needs in a family of three is over \$13,000 more than 200 percent of the Federal Poverty Measure. Furthermore, a full-time minimum wage earner makes less than the Federal Poverty Measure. In other words, the Federal Poverty Measure is not the most accurate measure of how much income it takes to be self-sufficient in Colorado.

The Self-Sufficiency Standard is now being used in 36 states across the country to redefine what it means to be economically distressed, to set realistic goals for education and training programs, and to identify employment opportunities that will allow low-wage workers to begin to move towards self-sufficiency.

For more information about the Self-Sufficiency Standard for Colorado, contact Suzette Tucker-Welch at 303.573.5669, ext. 306, or suzettetwelch@cclponline.org.

³ see *The Self-Sufficiency Standard for Colorado* report for a complete explanation of each benchmark calculation. Full-Time minimum wage is \$5.15 per hour.