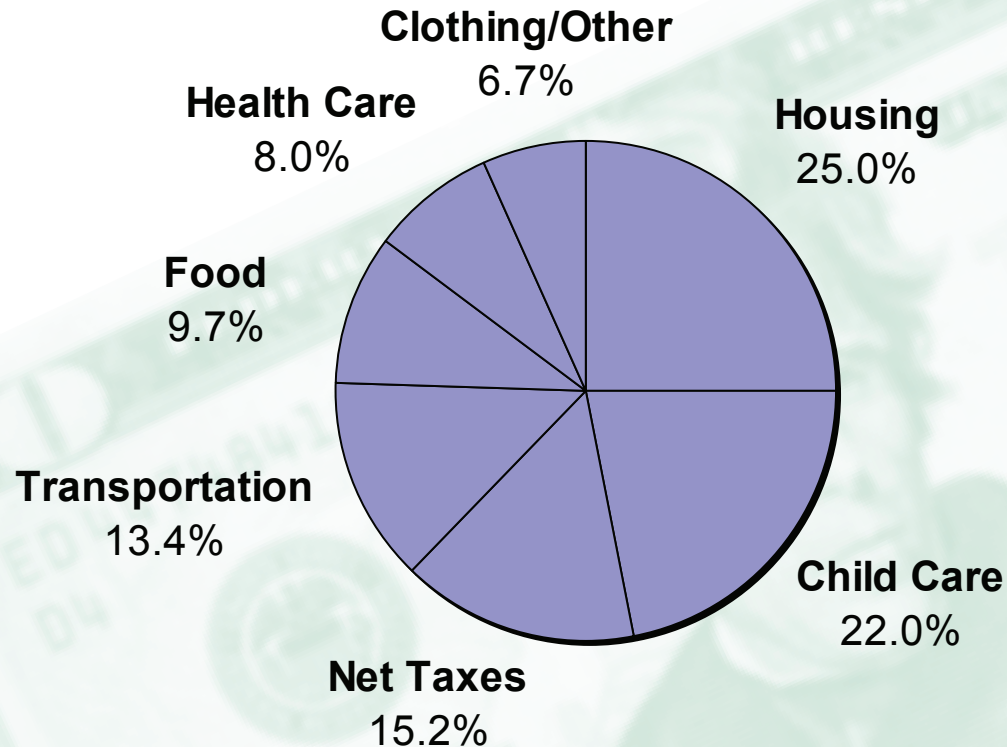


Monthly Expenses for a Single Parent Household with One Child in Hennepin County



Monthly Expenses*

| | |
|----------------|-------|
| Housing | \$848 |
| Child Care | \$746 |
| Net Taxes | \$516 |
| Transportation | \$453 |
| Food | \$328 |
| Health Care | \$272 |
| Clothing/Other | \$228 |

Total Monthly Cost: \$3,391

Total Annual Cost: \$40,692

HOURLY WAGE NEEDED: \$19.57

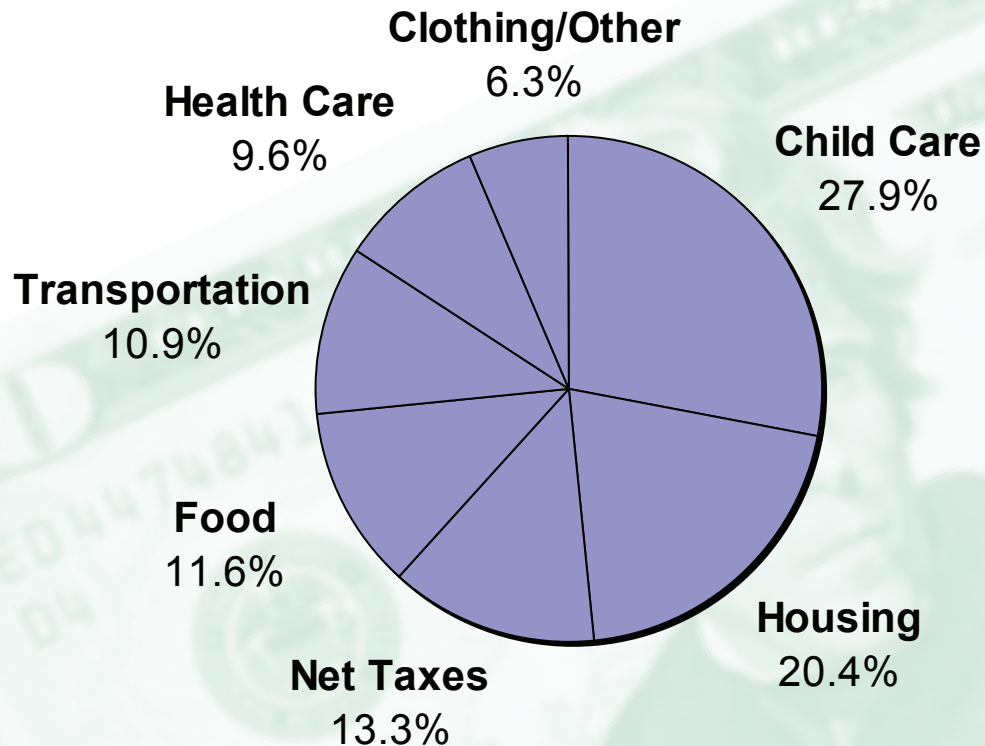
A single parent with one child earning **\$12.95** per hour (185% of 2009 Federal Poverty Guidelines for a family of two) **would not be eligible** for MFIP, Food Stamps, free or reduced price school lunches, Child Care Assistance, or WIC. Thus, if this parent earned between \$12.95 and \$19.57 per hour, they would be ineligible for most social service programs and they would still not earn a "livable wage."

HENNEPIN SOUTH SERVICES COLLABORATIVE

July 2009

* All expense data from the JOBS NOW Coalition

Monthly Expenses for a Single Parent Household with Two Children in Hennepin County



Monthly Expenses*

| | |
|----------------|---------|
| Child Care | \$1,163 |
| Housing | \$848 |
| Net Taxes | \$555 |
| Food | \$482 |
| Transportation | \$453 |
| Health Care | \$400 |
| Clothing/Other | \$263 |

Total Monthly Cost: \$4,164

Total Annual Cost: \$49,968

HOURLY WAGE NEEDED: \$24.03

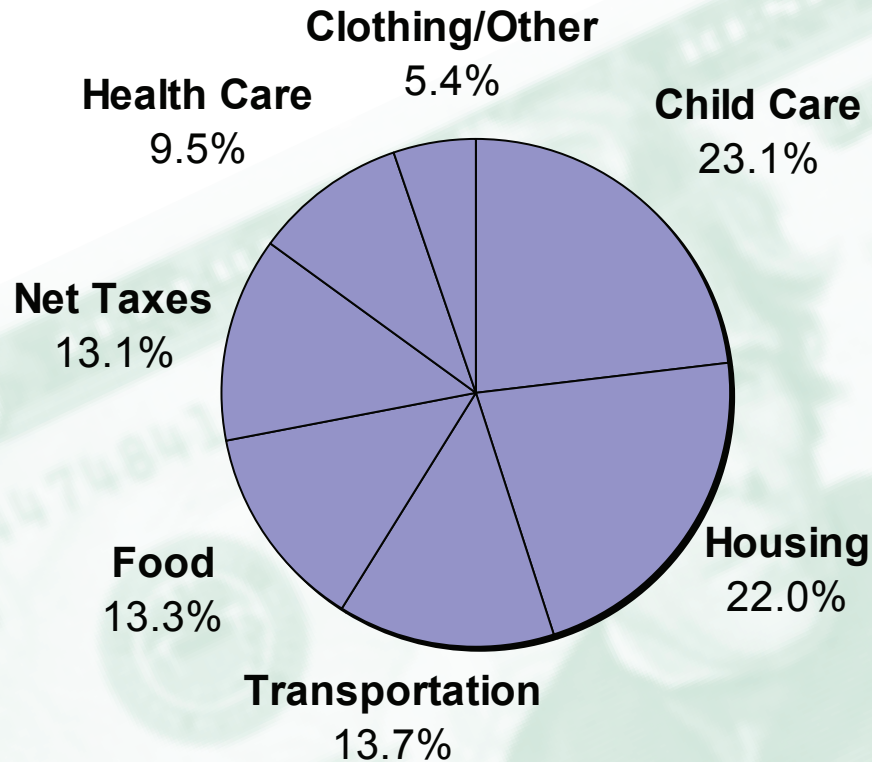
A single parent with two children earning **\$16.28** per hour (185% of 2009 Federal Poverty Guidelines for a family of three) **would not be eligible** for MFIP, Food Stamps, free or reduced price school lunches, Child Care Assistance, or WIC. Thus, if this parent earned between \$16.28 and \$24.03 per hour, they would be ineligible for most social service programs and they would still not earn a "livable wage."

HENNEPIN SOUTH SERVICES COLLABORATIVE

July 2009

* All expense data from the JOBS NOW Coalition

Monthly Expenses for Two Parent Household with Two Children in Hennepin County (Both Parents Working)



Monthly Expenses*

| | |
|----------------|---------|
| Child Care | \$1,163 |
| Housing | \$1,110 |
| Transportation | \$693 |
| Food | \$669 |
| Net Taxes | \$660 |
| Health Care | \$478 |
| Clothing/Other | \$272 |

Total Monthly Cost: \$5,045

Total Annual Cost: \$60,540

HOURLY WAGE NEEDED BY EACH WORKER: \$14.56

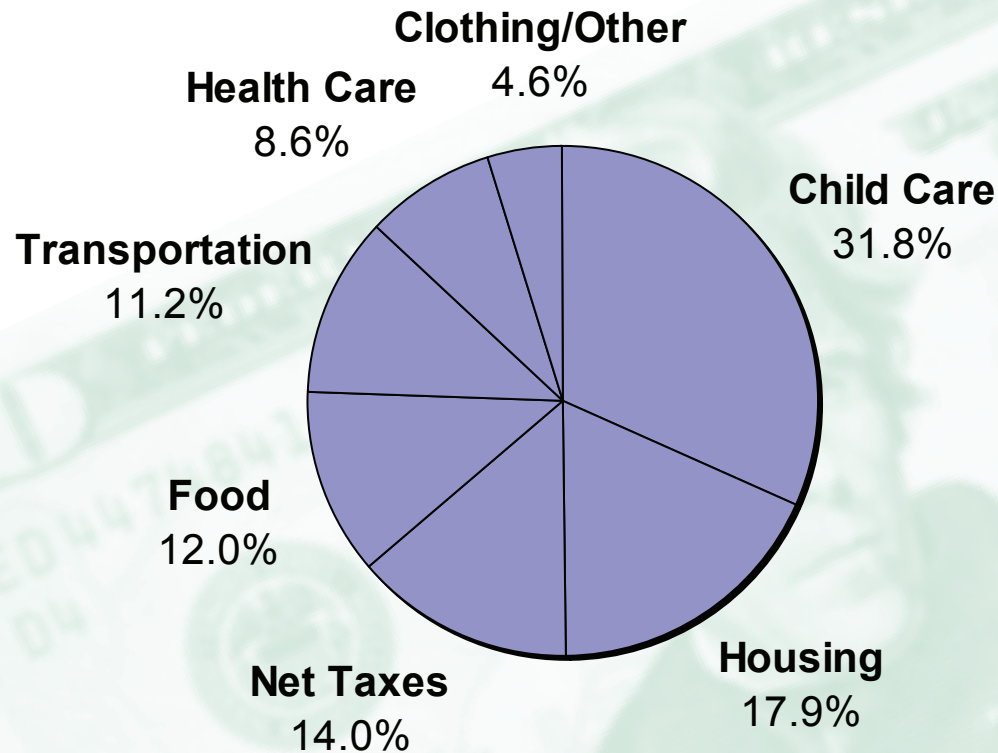
Two parents with two children each earning **\$9.80** per hour (185% of 2009 Federal Poverty Guidelines for a family of four) **would not be eligible** for MFIP, Food Stamps, free or reduced price school lunches, Child Care Assistance, or WIC. Thus, if these parents both earned between \$9.80 and \$14.56 per hour, they would be ineligible for most social service programs and they would still not earn a “livable wage.”

HENNEPIN SOUTH SERVICES COLLABORATIVE

July 2009

* All expense data from the JOBS NOW Coalition

Monthly Expenses for Two Parent Household with Three Children in Hennepin County (Both Parents Working)



Monthly Expenses*

| | |
|----------------|---------|
| Child Care | \$1,975 |
| Housing | \$1,110 |
| Net Taxes | \$873 |
| Food | \$744 |
| Transportation | \$693 |
| Health Care | \$533 |
| Clothing/Other | \$286 |

Total Monthly Cost: \$6,214

Total Annual Cost: \$74,568

HOURLY WAGE NEEDED BY EACH WORKER: \$17.93

Two parents with three children each earning **\$11.46** per hour (185% of 2009 Federal Poverty Guidelines for a family of five) **would not be eligible** for MFIP, Food Stamps, free or reduced price school lunches, Child Care Assistance, or WIC. Thus, if these parents both earned between \$11.46 and \$17.93 per hour, they would be ineligible for most social service programs and they would still not earn a “livable wage.”

HENNEPIN SOUTH SERVICES COLLABORATIVE

July 2009

* All expense data from the JOBS NOW Coalition

Median Hourly Wages in 1st Quarter of 2009 for Selected Occupations in 7-County Metro Area*

| | |
|--|---------|
| Assemblers and Fabricators | \$14.37 |
| Cashiers | \$8.85 |
| Child Care Workers | \$10.00 |
| Cooks, Restaurant | \$12.03 |
| Dishwashers | \$9.34 |
| File Clerk | \$13.25 |
| Home Health Aides | \$11.87 |
| Janitors and Cleaners | \$12.02 |
| Landscaping/Groundskeeping Workers | \$12.90 |
| Maids and Housekeeping Cleaners | \$10.77 |
| Nursing Aides, Orderlies, and Attendants | \$14.41 |
| Office Clerk | \$14.58 |
| Personal and Home Care Aides | \$11.79 |
| Retail Salespersons | \$9.72 |
| Security Guards | \$12.52 |
| Taxi Drivers and Chauffeurs | \$11.46 |
| Waiters and Waitresses | \$11.66 |

* All wage data from the Minnesota Department of Employment and Economic Development

HENNEPIN SOUTH SERVICES COLLABORATIVE

July 2009

Notes from the JOBS NOW Coalition on Data Used to Calculate Monthly Expenses:

Child Care: The Minnesota Child Care Resource and Referral Network (MNCCR&R) maintains an extensive, county-by-county database on child care providers drawn from a survey of all child care centers and all licensed in-home child care facilities in the state (home care by relatives is not included). Each report must specify the rates charged, whether full- or part-time, and the number as well as the ages of all clients served. From these reports, MNCCR&R then compiles a series of average child care rates for each county. These averages are then weighted by the percentage of part- and full-time care delivered and the proportional contribution of care center and house care providers to the total care delivered, further weighted by the county population in each region. Separate rates for infants, toddlers, preschoolers, and school-age children are included. This makes it possible for us to capture various rates by defining our one-child family as including a toddler of two years, and our two-child family as including a toddler of two years and a school-age child of six years. In families with three children, we assume an infant, a toddler, and a school-age child.

Clothing/Other: This component is made up of basic needs household expenditures for such items as clothing, telephone service, household furnishings, and cleaning and house maintenance supplies (none of which are included in the other categories). Amounts for these expenditures are derived from the most recent Consumer Expenditure Survey (CES), conducted by the U.S. Bureau of Labor Statistics (BLS). The CES data were originally obtained through both interviews and diaries of sample households in the years 2003-2004. BLS then cross-tabulated this survey data by family size and age of adult surveyed. JOBS NOW selects data on expenditures for telephone service, housekeeping supplies, apparel, footwear and personal care products, for the appropriate family size households headed by persons in the 25- to 34-year range. This selection avoids including data on consumer units headed by young adults (such as college students) or by older adults (such as retired persons), because these consumer units have very different consumption patterns for these products and services than families with young children. After this, we adjust the data in three ways: First, we adjust it for family income by applying a low-income adjustment ratio for each category of expenditures derived from CES consumption data based on income. This adjusts expenditures downward to account for consumption patterns by groups with more limited means. Second, we apply the lowest cost telephone service to all family groups in order to assure that only basic telephone services were included. Third, we adjust amounts for personal care products and services downward by 50% to assure that only the most basic personal care expenditures are included. Minnesota sales tax is applied to all items except apparel and footwear. The resulting figures are adjusted for inflation, using either the Apparel Consumer Price Index (CPI) or the Other Goods and Services CPI, as appropriate.

Food: The U.S. Department of Agriculture (USDA) provides monthly estimates of the average cost of four different food plans: Thrifty, Low-cost, Moderate-cost, and Liberal. We have chosen to use the Low-cost monthly estimates because studies have shown it is difficult to maintain a nutritionally adequate diet on the Thrifty food plan. USDA bases its budget assessments upon a family of four with children of specified ages, so we have followed USDA guidelines in adjusting for age and family size differentials. In a family with one child we have defined that child at age two; and in a family of two children we have defined their ages at two and six in order to capture additional costs associated with the more advanced age of the six-year-old. For family size adjustments we have again followed USDA guidelines. The food costs for a family of two are increased by 10% per capita above the per capita cost of a four-person family in order to account for the decreased economies of scale. A 5% per capita adjustment is made for a three-person family. Although restaurant meals have become increasingly common in family budgets and diets, we do not include this additional cost for two reasons: First, it would violate our no-frills criteria; and, second, the nutritional value of food prepared away from home is less per unit of cost than food prepared at home.

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Health Care: Health care costs include both the family share of insurance premiums and out-of-pocket expenses. Insurance premium costs are divided between the employee share of employer-sponsored insurance and the costs of non-group or private insurance policies. According to the 2005 Current Population Survey, 74.2% of the Minnesota population under 65 is covered by employer-sponsored insurance, and 19.1% is either covered by no insurance or by privately purchased insurance. In this study, since health care insurance coverage is considered a basic need, we assume that this 19.1% would have to purchase private non-group insurance. The remaining 5.7% of the population is covered by Medicare/Medicaid at no cost to the insured. Out-of-pocket expenses are also divided between expenses for employees with employer sponsored insurance and expenses for purchasers of non-group private insurance policies. Expenses for employer-sponsored insurance are based upon data from the 2003 Medical Expenditure Study, which includes age-specific data. Expenses for non-group private insurance policies are based on the terms of the policy applied to average medical costs also provided by the 2003 Medical Expenditure Study. Adjustments for inflation are based upon the health care rate reported by the U.S. Consumer Price Index-Urban for Medical Care (CPI-U). Monthly healthcare costs are arrived at by computing a weighted average of the costs of employee contributions under employer-sponsored insurance plans, under Medicare/Medicaid, and under private non-group coverage. Out-of-pocket costs are then added to this weighted average. Costs for employee contributions varied, depending on whether the employee purchased single coverage, employee-plus-one, or family coverage. JOBS NOW applied the appropriate costs based on family size. Costs for non-group, private insurance premiums are based upon the cost of coverage for a policy from Health Partners for the family types we have defined. We assume both single and married parents to be twenty-five years old and non-smokers. We also assume an only child to be two years of age and two children in a family to be two and six years of age. The policy has a \$1,000 deductible and 20% coinsurance with no additional copay. Data were obtained from www.ehealthinsurance.com.

Housing: The U.S. Department of Housing and Urban Development (HUD) Fair Market Rent (FMR) survey is the most widely accepted standard for the cost of basic needs housing. According to HUD, the FMR is the “amount that would be needed to rent privately owned, decent, safe, and sanitary rental housing of a modest (non-luxury) nature with suitable amenities.” FMRs are figured at the 40th percentile of rent. This cost includes utilities but does not include telephone service, which is placed in our clothing and other necessities category. Budget estimates are adjusted for differences in family size as well as gender and age characteristics, as is required by HUD. A single parent with one or two children requires two bedrooms. For families with two parents and one child, we use the cost of two-bedroom housing; and for all families of four and above, we use the cost of three bedrooms. Since our budgets include thirteen separate groupings of Minnesota counties, as well as a statewide aggregate, area adjustments have to be made. The housing costs for each area are computed by averaging the FMR for the counties in that area, weighted by the number of children in that county according to the 2005 estimated census figures.

Net Taxes: The tax amount included in each family budget represents the net effect of taxes and tax credits. The taxes included are payroll taxes (Social Security and Medicare) and federal and state income taxes. Property taxes are not included here because they are built into housing (rental) costs. State and local sales taxes are recognized as being passed on to the consumer and are reflected in the cost of items already categorized. Federal and state income tax returns are prepared for each of the target families in the study. First, we add up all the previously described budget components for the family type, namely the costs for food, housing, health care, transportation, childcare, and clothing and other necessities. Then we compute the exact additional amount needed to cover all taxes (including Social Security,

(continued)

Notes (continued):

Medicare, State, and Federal income taxes), taking in account the structure of the family (number of parents, number and age of children, number of wage earners). In generating the tax amount, we assume that standard deductions and all other appropriate deductions and credits are taken. This takes into account all relevant components of state and federal income and payroll taxes, including the value of the standard deduction, personal exemptions, federal Earned Income Tax Credit, federal Child Care Credits, state Marriage Credit, state Working Family Credit, and state Child Care Credits. Values for all these components, as well as all relevant taxes, are computed along with the required tax amount. In order to check our tax calculations, we use commercial software to generate actual tax returns to compare to our results.

Transportation: Transportation figures are derived from the basic costs of owning and operating a car. These basic costs include those for commuting to work, conducting necessary family and personal business, and getting to and from school and church. Costs for social and recreational uses are not included, though a good case could be made that some recreational and social usage might fit into a no-frills standard of living. If we have erred, therefore, it is by understating rather than overstating costs. Public transportation cost estimates are not used in our computations. This is because less than 5% of metro area residents who work outside the home used this mode of travel. To derive a total annual basic needs travel cost figure, we computed annual miles traveled to and from work from data reported by county in the 2005 U.S. Census American Community Survey (ACS). Since these data are stated in daily travel time to work, we converted commute minutes per day to commute miles per day. We then converted daily figures to annual commute miles by assuming a five-day workweek and fifty weeks worked per year. After creating region-specific estimates, we had to convert travel minutes to travel miles, as well as account for varying miles per hour figures to reflect different traffic conditions in each of the regions. For this we relied on the Department of Transportation's (DOT) 2001 Nationwide Highway Transportation Survey (NHTS). This survey provides reports on various dimensions of personal travel based on actual vehicle miles traveled and trip duration for all personal travel within a day. Survey results are provided by metropolitan statistical area (MSA) size for the West North Central Census Region. According to NHTS figures, travel speed to work averaged between 31 and 40 miles per hour, depending on the MSA area. Total miles traveled per annum are then obtained by using additional information available in the 2001 NHTS for all other individual travel. By selecting only travel for basic needs, we were able to estimate that total miles per annum averaged between 1.8 and 2.6 times commute miles in single-worker families, depending on the MSA area. Stated another way, commute miles are estimated to be 38% to 53% of total travel miles. From the total travel miles we then computed our target figure of basic needs miles by MSA area. Finally, we multiplied basic needs miles by 44.5 cents per mile – the IRS business travel allowance for 2006 – to obtain our annual transportation cost for a single worker. The IRS multiplier accounts for all costs of maintaining and operating the automobile, including fuel, repair, depreciation, and insurance. For two-worker families, additional basic needs miles and costs are obtained by adding an equal number of commute miles for the second. We added nothing for family and personal business or for travel to church and school, since those miles and their related costs have already been incorporated into the single-worker figures. Using the NHTS to compute transportation budget figures allows us to distinguish car usage for three different types of areas: large metropolitan areas (with populations of over 1 million), smaller metropolitan areas (with populations from 100,000 to 1 million), and rural areas. This means we can make region-specific estimates for different geographic areas in Minnesota.