

Missouri Family Affirming Wages

The Missouri Family Wages study is based on the 2002 Self-Sufficiency Standard for Missouri.

The 2002 Self-Sufficiency Standard for Missouri was produced in partnership between Wider Opportunities for Women (WOW), Dr. Diana Pearce at the University of Washington, and the Missouri Women's Council. This work is part of the national Family Economic Self-Sufficiency project, convened by WOW, to provide state-level advocates and governments with tools to help them strengthen government investments in low-income families.

Description and Sources of Expenses

Housing

The Missouri Family Affirming Wages study uses the Department of Housing and Urban Development Fair Market Rents for the Section Eight Housing Assistance Payments Program for Fiscal Year 2005. Fair market rents are calculated annually for every metropolitan and housing market (PMSA and MSA) and every non-metropolitan county totaling over 400 housing market areas for the nation. Fair market rents include utilities except for telephone and cable and are intended to reflect the cost of housing that meets minimum standards of decency but is not luxurious. They reflect the cost of housing at the 40th percentile level. Fair Market Rents (FMR) are based on data from the U.S. Census, the annual American Housing Survey, and telephone surveys.

For the purpose of this study, it is assumed that parents and children do not share the same bedroom and that there are not more than two children per bedroom. For example, single adults would have a one bedroom apartment, a family with one child would have a two bedroom apartment, a family with two children would also have a two bedroom apartment, and families with three or four children require three bedrooms. Single adults are assumed to be in one bedroom apartments rather than studios or efficiencies due to the lack of this type of housing in some parts of Missouri, especially rural areas.

Source:

Department of Housing and Urban Development: Fair Market Rents for the Section 8 Housing Assistance Payments Program – Fiscal Year 2005 (www.huduser.org)

Childcare

The 2006 Missouri Family Wage study uses the Missouri Childcare Market Rate Survey for 2005 which is conducted by the Missouri Department of Social Services. This survey provides day-time, night-time and full and part-time childcare costs for infants, preschoolers, and school age children in Missouri. It is assumed that infants receive full time care in daycare homes (an average of group home rates and family home rates). Daycare home rates are used for infants because it is more common for very young children to be in childcare homes rather than centers.

The cost for preschool childcare is a weighted average of all types of care, (group home rates, family home rates, and daycare centers). Preschool children in households with working parents are assumed to need full time care. Child care for school aged children is also calculated as a weighted average of all types of care, (group home rates, family home rates and daycare centers). However, school aged children, because of their school attendance, are assumed to only need part-time child care. It is assumed that teenagers do not need child care.

All childcare rates are calculated at the 75th percentile level and are categorized by metro, non-metro, and rest of state as classified by the Missouri Childcare Market Rate Survey for 2005.

Source:

Missouri Childcare Market Rate Survey 2005

Mandated by the Family Support Act, this report provides childcare rates for each Missouri county at the 75th percentile by age of child and setting.

Infants (0-1+ years): Full Time Care in Daycare Homes (Average of Group Homes and Family Homes)

Pre-Schoolers (2-5+ years): Full Time Care (Cost is averaged across all three types of care: Centers, Family, and Group)

School Age (6-12 years): Half-day (Cost is averaged across all three types of care: Centers, Family, and Group)

Teenager (13 +): Assumed not to require childcare. However, younger children in families with teenage children are assumed to require childcare based on the assumption that teenagers may work or participate in after school activities.

Food

Missouri Family Wages uses the U.S. Department of Agriculture Low Cost Food Plan to determine food costs. The Low-Cost plan does not allow for any take-out, fast food, or restaurant meals. It is assumed to be the amount that families would need to meet their daily nutrition requirements at home.

The food costs in the USDA Low Cost Food Plan vary according to the age and number of children in a family and the age and gender of adults. In calculating food costs national averages are used for different family types to represent the state of Missouri.

Missouri's 1.225 percent sales tax on food purchases was applied to family food cost totals.

Sources:

Food Cost: USDA Low Cost Food Plan, June 2005

**Assumes all single families are headed by adult females.*

Missouri Food Tax Rate: Missouri Department of Revenue (www.dor.mo.gov)

Transportation

The 2006 Missouri Family Wages study assumes that all workers in the state use private transportation to get to work. The assumption is made that if there are two adults in the family they need two cars. It is unlikely that two adults with two jobs will be able to manage their schedules so that they are traveling to and from the same place at exactly the same time.

Private transportation costs are based on the cost of buying, operating, and owning a used car. These costs include the fixed costs of buying and using a relatively inexpensive used car (approximate value of \$2,500) including finance charges and liability insurance. They also include monthly variable costs such as gas, repairs, and maintenance.

To estimate fixed costs this study used the Missouri Department of Insurance Annual Passenger Premium for 2004. It also used the Bureau of Labor Statistics 2004 averages of consumers in the 2nd Quintile for Licenses, Registration, and Taxes on Automobiles. At the time of the study, 2004 costs were the most current data available.

Variable costs of transportation were estimated by using U.S. Census Travel to Work Characteristics Average Commute Time by County. Automobile maintenance and repair was calculated using the Bureau of Labor Statistics Consumer Expenditure Survey Averages of consumers in the 2nd Quintile for Automobile Maintenance and Repair. Fuel prices were obtained

from the AAA Fuel Gauge Report. The fuel costs used were December 13, 2005 averages. Fuel costs used metropolitan area averages for all counties in Missouri metropolitan areas and the Missouri average for all other counties.

Sources:

Insurance: Missouri Department of Insurance, 2005.

Annual Average Premium for Private Passenger Auto Insurance, 2004.

Additional Costs:

U.S. Census Travel to Work Characteristics,

Average Commute Time by County, U.S. Census 1990 (www.census.gov)

AAA Fuel Gauge Report, online, December 13, 2005 averages (MSA averages for counties in Missouri MSA; Missouri average for all other counties)

U.S. Bureau of Labor Statistics Consumer Expenditure Survey

2004 Averages of consumers in 2nd Quintile for Licenses, Registration, and Taxes on Automobiles

2004 Averages of consumers in 2nd Quintile for Automobile Maintenance and Repair

Health Care

Health care costs for insured individuals include the employee's share of out-of-pocket expenses, such as co-payments, uncovered expenses (e.g. dental care and prescriptions), and insurance deductibles. Estimates for family and individual premiums as well as co-payments were obtained from the Medical Expenditure Panel Survey for 2005.

The Missouri Family Affirming Wages study provides the option of calculating expenses with or without employer subsidized health care. MERIC has attempted to estimate Missouri Family Wages for individuals who work but who do not receive employer subsidized health care. Estimates of health care costs for the uninsured are from a report by the Kaiser Commission on Medicaid and the Uninsured. This report calculates the average amount a person without health insurance would spend on medical expenses if they were insured.

There are several factors to be aware of with using this figure. First it is a national average and does not vary by age or geography. Second, it does not vary by family health so it might not adequately represent the health and associated expenses of a family. Despite these drawbacks, it at least gives some indication of the true cost of maintaining a family without employer subsidized health care. Readers will note that Missouri Family Wages for individuals without subsidized health care are significantly higher than wages for individuals who have access to employer subsidized health care.

Sources:

Insurance Costs: Medical Expenditure Panel Survey 2005

Out of Pocket Costs: Medical Expenditure Panel Survey 2005

*Medical Costs of the Uninsured: Kaiser Commission on Medicaid and the Uninsured. *The Cost of Care for the Uninsured: What do we Spend, Who Pays, and What Would Full Coverage Add to Medical Spending? Issue Update 2004: Authors Jack Hadley and John Holahan**

Telephone

Telephone costs are the average cost for local telephone services in Missouri. The cost is fixed across the state and is an average of commercial rates for major carriers.

Miscellaneous

This expense category includes all other essentials such as clothing, nonprescription medicines, paper products, school supplies for children, and cleaning supplies. It does not allow for recreation, entertainment, or savings. Miscellaneous expenses are calculated as ten percent of all other costs.

Taxes

Taxes include state sales tax and state and federal income taxes. The sales tax in Missouri varies by city and county. In calculating sales tax, the highest tax rate in each county is used to represent the county (since most high tax rates were in the most populated city.) Sales tax was applied to the “miscellaneous” portion of the Missouri Family Wages budget since sales tax is not paid on other items such as housing and medical expenses. Indirect taxes such as property taxes are assumed to be included in the price of rent. Taxes on gasoline and automobiles are included in the cost of owning and operating a car. Taxes on food were included in total food costs.

Income tax figures were calculated using an average of effective tax rates for state and federal income taxes and were provided by the Missouri Department of Revenue. These effective tax rates included the effect of the Earned Income Tax Credit, the Childcare Tax Credit, and the Child Tax Credit on income tax payments.

Source:

Missouri Department of Revenue (www.dor.mo.gov)