

# THE BASIC ECONOMIC SECURITY TABLES™

## FOR ALABAMA

### Measuring Economic Security

The *Basic Economic Security Tables™ (BEST) Index for Alabama* measures the incomes and assets Alabama workers and families require to achieve economic security over a lifetime and across the generations. The BEST uses public data sources to measure the cost of making ends meet, expense by expense, in families' local communities. The BEST points to the importance of career paths that provide higher wages and employment-based benefits and to the importance of savings and assets that promote a family's short- and long-term economic security.

The Community Action Association of Alabama, Wider Opportunities for Women (WOW) and the Center for Social Development at Washington University-St. Louis have partnered to develop a contemporary understanding of the local security needs in Alabama of over 400 different family types.

### Meeting Basic Expenses

The core BEST Index contains basic budget items essential to all workers' health and safety: housing, utilities, food and essential personal and household items such as clothing, household products and a landline telephone. Because the BEST is an exploration of the minimum income families require to achieve security, it assumes that single heads of household and both adults in a two-adult household work outside of the home; all BEST workers therefore incur transportation costs, and all parents with children must pay child care costs. Workers also pay federal and state taxes, net of tax credits, on the income needed to pay for their basic needs.

The figure to the right details the statewide average cost of each of these expenses for a single worker with employment-based benefits. To further our understanding of worker expenses and income needs, the BEST also calculates separate income requirements for workers with and workers without access to employment-based benefits. Receipt of benefits—namely employer-sponsored health insurance and employ-

ment-based retirement plans—can be critical to short- and long-term economic security, and can prevent workers from suffering marked declines in stability, or even impoverishment.

Wider Opportunities for Women's (WOW) BEST™ Initiative provides tools and resources to national, state and local policy advocates, workforce and economic development practitioners, social service providers, grant-makers, policymakers and opinion-leaders who help low- and moderate-income workers achieve long-term economic security. WOW has also partnered with the Community Action Association of Alabama to produce and release a full report about the Alabama BEST Index.

This executive summary provides an overview of the BEST Index, its definition and measurement of economic security, its application in benchmarking wages and workers' welfare and an introduction to WOW's newest resource, the Economic Security Database, an online tool which makes available all of WOW's BEST Index data online.

The BEST also distinguishes between workers who are and are not covered by unemployment insurance—the latter require additional emergency savings to cover gaps during periods of unemployment.

Basic Economic Security Tables (Workers with Employment-based Benefits)	
Alabama	
Monthly Expenses for: 1 Worker	
Housing	\$443
Utilities	\$118
Food	\$260
Transportation	\$597
Child Care	\$0
Personal & Household Items	\$212
Health Care	\$162
Emergency Savings	\$78
Retirement Savings	\$67
Taxes	\$386
Tax Credits	\$0
<b>Monthly Total</b>	<b>\$2,323</b>
<b>Annual Total</b>	<b>\$27,876</b>
<b>Hourly Wage</b>	<b>\$13.20</b>
Additional Asset Building Savings	
Children's Higher Education	\$0
Homeownership	\$45

### Lifelong Economic Security

Economic security means having sufficient savings and assets to weather periods of financial difficulty and make investments to move up the economic ladder. The BEST calculates the minimum necessary emergency savings families need to deal with financial crises, without seeking high-cost credit, and the savings required for a secure retirement. WOW projects the future cost of retirement based on WOW's Elder Index, which often highlights the inadequacy of Social Security and the need for lifelong retirement savings.

The BEST also calculates savings for a child's education and for homeownership, long considered foundations of the American dream.

The BEST cost for education savings is the monthly cost of saving for a child to attend a community college and public university without loans. The cost of homeownership is calculated as the national average cost of a low-risk 20% down payment and closing costs on a modest house.

**Table 1: Basic Economic Security Tables, 2013**

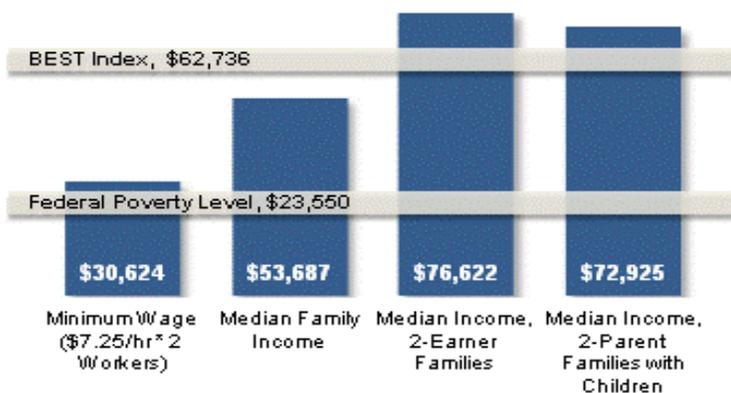
(Workers with Employment-based Benefits)

### Alabama, Selected Family Types

Monthly Expenses	1 Worker, 1 Infant		1 Worker, 1 Preschooler, 1 Schoolchild		2 Workers, 1 Preschooler, 1 Schoolchild	
	1 Worker	1 Infant	1 Worker	1 Schoolchild	2 Workers	1 Schoolchild
Housing	\$443	\$545	\$545	\$545	\$443	\$545
Utilities	\$118	\$146	\$146	\$146	\$118	\$146
Food	\$260	\$374	\$563	\$563	\$477	\$754
Transportation	\$597	\$677	\$677	\$677	\$1,170	\$1,234
Child Care	\$0	\$504	\$774	\$774	\$0	\$774
Personal & Household	\$212	\$276	\$325	\$325	\$269	\$374
Health Care	\$162	\$305	\$464	\$464	\$349	\$523
Emergency Savings	\$78	\$118	\$150	\$150	\$120	\$180
Retirement Savings	\$67	\$67	\$67	\$67	\$87	\$87
Taxes	\$386	\$668	\$851	\$851	\$521	\$998
Tax Credits	\$0	-\$167	-\$267	-\$267	\$0	-\$267
<b>Monthly Total (per Worker)</b>	<b>\$2,323</b>	<b>\$3,513</b>	<b>\$4,295</b>	<b>\$4,295</b>	<b>\$1,777</b>	<b>\$2,674</b>
<b>Annual Total</b>	<b>\$27,876</b>	<b>\$42,156</b>	<b>\$51,540</b>	<b>\$51,540</b>	<b>\$42,648</b>	<b>\$64,176</b>
<b>Hourly Wage (per Worker)</b>	<b>\$13.20</b>	<b>\$19.96</b>	<b>\$24.40</b>	<b>\$24.40</b>	<b>\$10.10</b>	<b>\$15.19</b>
<b>Additional Asset Building Savings</b>						
Children's Higher Education	\$0	\$78	\$156	\$156	\$0	\$156
Homeownership	\$45	\$73	\$73	\$73	\$45	\$73

Costs for basic expenses and asset building vary by family type. The BEST measures the cost for 420 family types, including any combination of one- and two-worker households with up to six children of different ages. The costs and incomes for five of those family types are shown in the table above.

**Figure 5: Alabama Basic Economic Security Tables for 2 Workers, 1 Preschooler and 1 Schoolchild vs. Alabama Benchmark Incomes, 2013**



### Uses of the BEST

The BEST Index is a starting point for workers who want to achieve financial stability and for the policy makers, advocates, researchers, and service providers who help workers build economic security.

The BEST provides income targets that define economic security incomes and help define good jobs. It also provides unique targets for savings, which insulate families from financial crises and contribute to long-term security. The figure to the left also demonstrates how the BEST compares to the Federal Poverty Level (FPL), a measure of deprivation. In many cases, the BEST wage is two to three times higher than the FPL.

### Uses of the BEST

Users of the BEST can improve lives by:

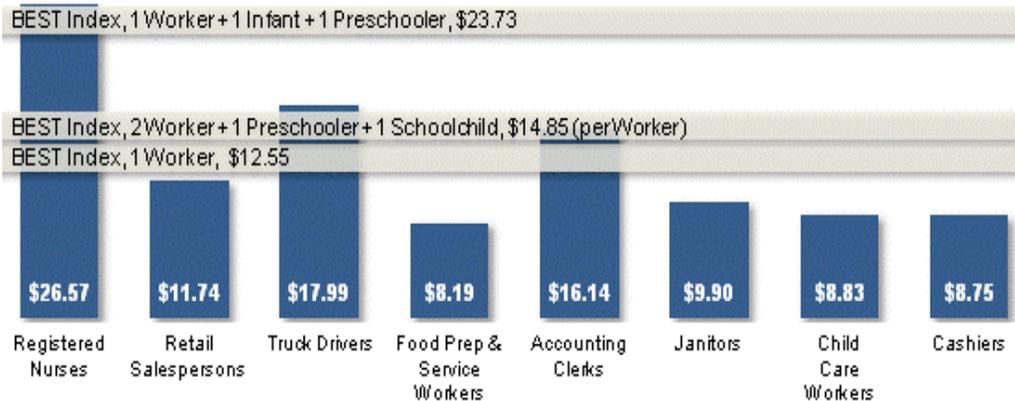
- Benchmarking wages, worker welfare and local economic stability
- Evaluating economic development and economic development opportunities
- Identifying jobs and careers that provide the economic security wages that support stable communities
- Evaluating education and training needs
- Evaluating and improving the efficacy of publicly funded programs
- Improving workers' and students' financial planning
- Helping those working on policy issues across the life course, from early childhood to aging, find common ground and a common language
- Promoting the savings that creates essential short- and long-term asset building and economic stability
- Changing the public's understanding of economic security
- Identifying who is and is not participating fully in local economies
- Creating far-sighted public policy

### What does the BEST mean for Alabama?

The BEST can help workers and families plan budgets, create savings strategies, and identify career paths that will allow them to build economic security. Similarly, the BEST can help policy makers develop policies and economic development strategies that help American families build economic security, and not hinder them.

As an example, the figure to the right, taken from the US BEST Report, highlights occupations projected to see high job growth over the next seven years. It also compares the average wages of these eight high-growth careers to the economic security wages of three family types. A minority will allow even a single worker to achieve economic security, meaning more workers who seek security will rely on second jobs and public assistance to fill the gap. The growth of these low-wage jobs is a growing and unfortunate trend, and one that refutes a too commonly held belief that hard work and a paycheck provide a family with economic security and a place in the middle class.

**Figure 7: Alabama Basic Economic Security Tables vs. Average 2012 Wages of Selected Alabama Occupations with High Projected Growth through 2020**



Sources: Author's calculations; Alabama Department of Labor; US Department of Labor, Bureau of Labor Statistics.  
 Note: Occupations arranged in order of total openings due to growth.

Armed with BEST data, advocates and service providers can inform and influence workers, families, policy makers and opinion leaders to rethink what constitutes economic security, and develop policies and programs, which help hardworking American families achieve that security.

### Economic Security Database

WOW launched the Economic Security Database ([www.BasicEconomicSecurity.org](http://www.BasicEconomicSecurity.org)) in March 2012, our newest resource for accessing localized information on how much families and elders need to make ends meet. The database makes available the **BEST Index** and the **Elder Economic Security Standard™ Index (Elder Index)**—a measure similar to the BEST that determines the incomes older Americans need to make ends meet in retirement—in an easy-to-use online, interactive tool.

The Economic Security Database includes Elder Index data for every county in every state in the country, and BEST Index data for every county and major city in 16 states and the District of Columbia.

The database provides users, for the first time, comprehensive information on how much it costs for families and retired elders to cover their most basic expenses, including housing, food, health care and transportation. It places reliable economic security data conveniently at the fingertips of policy makers, advocates, service providers and families.



Wider Opportunities for Women

### Economic Security Database

#### The Economic Security Database

Workers, advocates, policy makers, researchers and social service providers who build stable families and communities require a contemporary understanding of the living costs families face and the incomes that allow workers and elders to make ends meet and prepare for the future.

The Basic Economic Security Tables™ (BEST) Index and the Elder Economic Security Standard™ Index (Elder Index) measure the incomes workers and retired elders need to achieve economic security. The BEST and Elder Index present local expenses, savings requirements and economic security incomes by family type, and at the city, county and state levels. The BEST and Elder Index are comprehensive definitions of, and blueprints for, economic security.

Database users can:

- Find an index for a location and family type
- Compare their own families' expenses to the local BEST Index
- Compare indexes or single expenses across locations and family types
- Download national, state, county and city index data
- Access additional information on economic security and the work supported by the BEST and Elder Index

Continue >>

#### Did you know?

In 2009, approximately 1/2 of US families living in poverty were headed by single mothers.

Social Security benefits are the only source of income for 2 out of 5 African American retiree households.

BEST child care costs become a family's greatest expense once a family includes 2 young children.

#### Workers with Benefits

1 worker(s)

	Alabama Birmingham MSA	Alabama Statewide Average	Delaware Wilmington	Michigan Cheboygan County	Vermont Statewide Average	Washington Adams County
Housing	\$492	\$413	\$755	\$335	\$683	\$453
Utilities	\$192	\$154	\$159	\$140	\$108	\$64
Food	\$233	\$246	\$275	\$242	\$268	\$254
Transportation	\$551	\$562	\$493	\$554	\$478	\$571
Child Care	\$0	\$0	\$0	\$0	\$0	\$0
Personal & Household Items	\$247	\$219	\$321	\$193	\$268	\$208
Health Care	\$149	\$149	\$131	\$140	\$149	\$123
Emergency Savings	\$77	\$72	\$80	\$54	\$67	\$55
Retirement Savings	\$55	\$54	\$96	\$23	\$106	\$62
Taxes	\$360	\$320	\$548	\$283	\$342	\$207
Tax Credits	\$0	\$0	-\$34	-\$42	-\$38	\$0
Monthly Total	\$2,356	\$2,189	\$2,824	\$1,922	\$2,431	\$1,997
Annual Total	\$28,272	\$26,268	\$33,888	\$23,064	\$29,172	\$23,964
Hourly Wage	\$13.39	\$12.44	\$16.05	\$10.92	\$13.81	\$11.35

#### Additional Asset Building Savings

Children's Higher Education	\$0	\$0	\$0	\$0	\$0	\$0
Homeownership	\$78	\$59	\$117	\$88	\$196	\$83

Database users can not only find data for their county and family type but can also compare their personal budgets to the expenses of their local BEST Index; compare expenses across locations and family types; and download state and county-specific data that is relevant to them, demonstrating the importance of reducing major expenses and increasing incomes for the many families across the country. In applying the BEST portion of the database to policy-making, community-building and other public awareness and advocacy work, some possible uses include: career counseling and planning, case management, financial literacy training and more. Also available through this unique tool is data from WOW's Elder Economic Security Standard™ Index (Elder Index), a similar measure of well-being that looks at the income older adults need to meet their basic needs.