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## QUICK GUIDE TO EXPENSES IN MISSISSIPPI'S BASIC ECONOMIC SECURITY TABLES

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**HOUSING:** Rental rates are determined by using the Housing and Urban Development's (HUD) Fair Market Rents - equal to the 40<sup>th</sup> percentile of rental values in the community. Expenses assume no more than two children share a bedroom and adults do not share a bedroom with children.

**UTILITIES:** Like housing, utilities are also calculated based on a portion of the Housing and Urban Development (HUD) Fair Market Rent calculation for the community.

**FOOD:** Includes costs of a no-frills diet consisting entirely of food prepared and eaten at home. The food costs are taken from the USDA Low-Cost Food Plan, which is slightly more than the least costly food budget set by the USDA. Where possible, food costs are also adjusted for local cost differences.

**TRANSPORTATION:** workers in almost every town and community in Mississippi requires private vehicles. The index assumes that working adults are unable to share a car to get to work. Costs include fuel, maintenance, insurance, license and registration fees, and depreciation of a small, used sedan for each adult in the family. Insurance quotes are for the standard Geico insurance policy in the local zip code.

**CHILD CARE:** Calculated separately for infants, preschoolers, and schoolchildren and includes the cost of licensed care in a child care center. The 75<sup>th</sup> percentile of county rates is used for a monthly child care total.

**PERSONAL AND HOUSEHOLD ITEMS:** Includes clothing, personal care products, housekeeping supplies, a landline phone, minimal life insurance and bank fees. This expense is equal to 27% of a family's housing, utility and food expenses, based on renters' average expenditure data from the BLS Consumer Expenditure Survey.

**HEALTH CARE:** Includes the average premiums for an individual and family in Mississippi with employer-sponsored insurance (from the Dept of Health and Human Services Medical Expenditure Panel Survey). Out of pocket expenses are average expenses for health care by age group. The index calculates health insurance costs for those with and without employer-sponsored health insurance. For those without employer-sponsored insurance, the index uses premium for the least expensive plans which are similar to typical employer sponsored insurance plans.

**TAXES AND TAX CREDITS:** Includes payroll taxes and federal, state, and local incomes taxes. Sales taxes are also calculated based on household/personal items spending. Tax credits include the Federal Earned Income Tax Credit, Child Tax Credit and the Child and Dependent Care Credit.

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**EMERGENCY SAVINGS:** Emergencies include sudden income loss from unemployment, medical expenses, auto repair or a family-break up. Savings assume workers accumulate savings over four years of employment for a total savings that would allow families to meet basic needs for a nine week period of unemployment with the assumption that worker also receives unemployment insurance.

**RETIREMENT SAVINGS:** Is calculated based on the amount of savings, less average Social Security benefits, that workers need at their time of retirement to remain economically secure throughout an average retirement period. Workers are assumed to save over a 40-year period. Workers with employer-sponsored benefits are assumed to save into a defined 401(k) plan, and workers without employer-sponsored benefits are assumed to save into an Individual Retirement Account and receive income tax benefits for their savings.

**CHILD POSTSECONDARY EDUCATION SAVINGS:** Assumes parents save for 17 years prior to their child's education. Costs include tuition and fees, books, transportation, and room and board. The child attains their degree by living at home while attending their local community college for 2 years and then transferring to any Mississippi public university for the final two years. Parents save into a 529 college savings plan.

**HOMEOWNERSHIP SAVINGS:** Families save over a 10-year period for a down payment equal to 20% of their home price. Families also save 1.7% of the home price for closing costs. Home prices are for a 'starter home' in the county (25<sup>th</sup> percentile) that meets the family's size needs. Families take out a standard 30-year mortgage.