
POLICY MATTERS OHIO

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Towards a Richer Poverty Line: Family Budgets and Self-Sufficiency Standards Measure Needed Income

Social service organizations, research groups and the public have known for decades that the federally defined poverty threshold is a grossly inadequate measure of the actual cost of living in America. It is less known that policy and social service groups have recently been calculating better measures of how much money it takes to provide families with basic needs and how many families live with incomes too small to meet those needs.

Invariably, these groups have found federal poverty levels do not come close to real need levels, ranging on average between 200-300 percent below actual costs of living, depending on whose figures are cited. The federal poverty level has, over the years, become increasingly insufficient. Established in the 1960's according to the U.S. Department of Agriculture's thrifty food plan cost analysis (which was later found to be nutritionally deficient), the federal poverty level is still basically calculated by multiplying food costs by three and adjusting for inflation. However, a lot has changed since the 1960's, and food costs are a significantly smaller portion of family budgets, falling at about 20 percent of all costs. Transportation, housing and child care eat up a larger amount of money year by year. As well, the federal poverty line has never accounted for different costs of living according to geographic regions and a wide variety of family structures that have grown significantly more varied in the past forty years.

Because of this, alternative calculations measure budget needs regionally, by listing basic needs, calculating their costs by region, and adding up how much a family would actually spend to maintain a safe standard of living. This brief features two examples of such work, and recommends you investigate these and other alternative thresholds. They point to a more realistic overview of poverty, and more practical and just allocation of services to the poor and working poor.

Family Budgets

The Economic Policy Institute (EPI), a national economic think tank released national family budget data in July, 2001. Calculating for food, housing and utilities, non-recreational transportation, health care, child care, taxes and household items, the group found a national median family budget for a family of four to be \$33,511, roughly twice the \$17,463 federal calculation for a family that size. EPI calculated family budgets nationwide, region by region, and family budgets consistently doubled the federal poverty guideline totals. By EPI's calculations:

- Over two and a half times as many families fall below EPI's family budget levels than below federal poverty lines. Nationally, 29 percent of families with one to three children under twelve years old fell below family budgets. Contrary to common beliefs about the nature of poverty in the US, half of these families included a full-time worker, and 60 percent were two-parent families.
- Nationally, 50 percent of African American and Hispanic families, compared to 20.3 percent of white families fell below family budget thresholds
- 30 percent of families living below family budgets reported facing critical hardships (not having enough food to eat, not being able to get medical attention for a serious illness, being evicted or having to double up on housing), and 72 percent faced serious hardships (worry about food, unsatisfactory food, using an emergency room as main source of medical care, not having health insurance, inability to pay rent or utilities, or inadequate childcare).

More information about family budgets and EPI's family budget calculator can be found at www.epinet.org. Attached is a table of EPI family budget figures for 16 regions across Ohio.

Self-Sufficiency Standards

Wider Opportunities for Women (WOW) created the Self-Sufficiency Standard in 1995, under its Family Economic Self-Sufficiency Project. Since then, WOW has released Standards in 20 states, with 15 more states to follow by the end of 2002. The Self-Sufficiency Standard calculates what it takes for full-time adult workers to meet their families' basic housing, food, child care, transportation, health care, miscellaneous and tax costs (minus tax credits, such as EITC, CTC and CCTC), without any kind of public or private subsidies. The Standard accounts for cost differences by family size, composition, and the age of children. It calculates regular marketplace costs at the county and sub-county level for 70

different family types. Ohio has not yet conducted a Self-Sufficiency Standard project, but WOW is currently looking for interested organizations in Ohio to develop a Self-Sufficiency Standard for the state.

- Based on the self-sufficiency standard, housing takes up 20 percent, childcare 29 percent, food 12 percent, health care 6 percent, transportation 8 percent and net taxes 17 percent of total budgets for a one parent, one preschooler, one school age-child family in Pittsburgh, PA. The self-sufficiency standard for a one adult, one preschooler family is \$14.27 an hour (\$30,139 a year) in the city of Pittsburgh and \$10.77 an hour (\$22,736 a year) in rural Jefferson County, PA.
- Self-sufficiency standards have been used to evaluate workforce development and placement programs to see if resulting jobs pay adequate wages and as a better research standard for evaluating income adequacy and poverty rates.
- Several participating states have developed Standard Budget worksheets based on self-sufficiency standards as a counseling tool for workers entering training programs or applying for jobs. The worksheets help gauge what pay rate is necessary for a secure income in various regions.

More information about self-sufficiency standards, full self-sufficiency reports from participating states, and examples of the Standard Budget worksheet can be found at www.sixstrategies.org. A sample chart of Standards for ten states is attached. Contact Maureen Golga at WOW mgolga@wowonline.org if you are interested in an Ohio Self-Sufficiency Standard.

EPI OHIO BASIC FAMILY BUDGETS, 1999				
Area	Monthly Total	Annual Total	1999 Poverty Threshold	Budget as Percent of Poverty Threshold
2 Parents, 2 Children				
Akron	\$2,788	\$33,460	\$16,895	198%
Canton-Massillon	\$2,618	\$31,418	\$16,895	186%
Cincinnati	\$2,766	\$33,187	\$16,895	196%
Cleveland-Lorain-Elyria	\$2,878	\$34,531	\$16,895	204%
Columbus	\$2,805	\$33,655	\$16,895	199%
Dayton-Springfield	\$2,767	\$33,204	\$16,895	197%
Hamilton-Middleton	\$2,785	\$33,422	\$16,895	198%
Lima	\$2,596	\$31,148	\$16,895	184%
Mansfield	\$2,573	\$30,881	\$16,895	183%
Steubenville-Weirton	\$2,553	\$30,633	\$16,895	181%
Toledo	\$2,742	\$32,905	\$16,895	195%
Youngstown-Warren	\$2,588	\$31,050	\$16,895	184%
Huntington-Ashland (OH portion)	\$2,564	\$30,771	\$16,895	182%
Parkersburg-Marietta (OH portion)	\$2,550	\$30,599	\$16,895	181%
Wheeling (OH portion)	\$2,553	\$30,633	\$16,895	181%
Rural Ohio	\$2,634	\$31,606	\$16,895	187%
1 Parent, 2 Children				
Akron	\$2,448	\$29,380	\$13,423	219%
Canton-Massillon	\$2,235	\$26,823	\$13,423	200%
Cincinnati	\$2,409	\$28,903	\$13,423	215%
Cleveland-Lorain-Elyria	\$2,562	\$30,746	\$13,423	229%
Columbus	\$2,464	\$29,567	\$13,423	220%
Dayton-Springfield	\$2,418	\$29,017	\$13,423	216%
Hamilton-Middleton	\$2,454	\$29,447	\$13,423	219%
Lima	\$2,203	\$26,430	\$13,423	197%
Mansfield	\$2,173	\$26,075	\$13,423	194%
Steubenville-Weirton	\$2,144	\$25,733	\$13,423	192%
Toledo	\$2,383	\$28,592	\$13,423	213%
Youngstown-Warren	\$2,190	\$26,279	\$13,423	196%
Huntington-Ashland (OH portion)	\$2,165	\$25,985	\$13,423	194%
Parkersburg-Marietta (OH portion)	\$2,141	\$25,686	\$13,423	191%
Wheeling (OH portion)	\$2,144	\$25,733	\$13,423	192%
Rural Ohio	\$2,223	\$26,676	\$13,423	199%

SELECT SELF-SUFFICIENCY STANDARDS FROM TEN STATES				
State/ Year/ County	Family Type	Hourly Standard	Monthly Standard	Yearly Standard
California 2000 Los Angeles County	1 Adult	\$8.54	\$1,503	\$18,040
	1 Adult, 1 Preschooler	\$15.65	\$2,755	\$33,056
	1 Adult, 1 Schoolage, 1 Teen	\$14.77	\$2,599	\$31,188
	2 Adults, 1 Preschool, 1 Schoolage	\$11.35 per adult	\$3,996 combined	\$47,954 combined
Colorado 2001 Denver County	1 Adult	\$7.99	\$1,406	\$16,869
	1 Adult, 1 Preschooler	\$14.76	\$2,598	\$31,179
	1 Adult, 1 Schoolage, 1 Teen	\$15.49	\$2,727	\$32,722
	2 Adults, 1 Preschool, 1 Schoolage	\$10.72 per adult	\$3,773 combined	\$45,280 combined
Kentucky 2001 Louisville, Jefferson County	1 Adult	\$8.04	\$1,415	\$16,985
	1 Adult, 1 Preschooler	\$14.21	\$2,501	\$30,017
	1 Adult, 1 Schoolage, 1 Teen	\$13.77	\$2,423	\$29,075
	2 Adults, 1 Preschool, 1 Schoolage	\$10.23 per adult	\$3,601 combined	\$43,217 combined
Kentucky 2001 Warren County	1 Adult	\$6.36	\$1,120	\$13,437
	1 Adult, 1 Preschooler	\$10.74	\$1,890	\$22,679
	1 Adult, 1 Schoolage, 1 Teen	\$11.33	\$1,993	\$23,921
	2 Adults, 1 Preschool, 1 Schoolage	\$8.70 per adult	\$3,016 combined	\$36,191 combined
Maryland 2001 Baltimore County	1 Adult	\$8.87	\$1,561	\$18,736
	1 Adult, 1 Preschooler	\$15.16	\$2,668	\$32,014
	1 Adult, 1 Schoolage, 1 Teen	\$13.31	\$2,342	\$28,109
	2 Adults, 1 Preschool, 1 Schoolage	\$10.59 per adult	\$3,727 combined	\$44,720 combined
New York 2000 Brooklyn, Kings County	1 Adult	\$8.65	\$1,523	NA
	1 Adult, 1 Preschooler	NA	NA	NA
	1 Adult, 1 Schoolage, 1 Teen	\$16.25	\$2,860	NA
	2 Adults, 1 Preschool, 1 Schoolage	\$11.67 per adult	\$4,139 combined	NA
New York 2000 Buffalo/Niagara, Erie County	1 Adult	\$6.39	\$1,125	NA
	1 Adult, 1 Preschooler	NA	NA	NA
	1 Adult, 1 Schoolage, 1 Teen	\$10.46	\$1,841	NA
	2 Adults, 1 Preschool, 1 Schoolage	\$9.04 per adult	\$3,182 combined	NA
Pennsylvania 2001 Philadelphia County	1 Adult	\$8.32	\$1,465	\$17,581
	1 Adult, 1 Preschooler	\$15.13	\$2,662	\$31,949
	1 Adult, 1 Schoolage, 1 Teen	\$13.65	\$2,402	\$28,822
	2 Adults, 1 Preschool, 1 Schoolage	\$10.13 per adult	\$3,567 combined	\$42,803 combined
Pennsylvania 2001 Jefferson County	1 Adult	\$6.61	\$1,163	\$13,956
	1 Adult, 1 Preschooler	\$10.77	\$1,895	\$22,736
	1 Adult, 1 Schoolage, 1 Teen	\$9.52	\$1,675	\$20,100
	2 Adults, 1 Preschool, 1 Schoolage	\$8.34 per adult	\$2,934 combined	\$35,208 combined
South Dakota 2000 Rapid City, Pennington County	1 Adult	\$6.06	\$10.67	NA
	1 Adult, 1 Preschooler	\$10.26	\$1,805	NA
	1 Adult, 1 Schoolage, 1 Teen	\$10.08	\$1,774	NA
	2 Adults, 1 Preschool, 1 Schoolage	\$7.78 per adult	\$2,738 combined	NA
Utah 2001 Salt Lake County	1 Adult	\$8.33	\$1,466	\$17,593
	1 Adult, 1 Preschooler	NA	NA	NA
	1 Adult, 1 Schoolage, 1 Teen	\$14.00	\$2,465	\$29,578
	2 Adults, 1 Preschool, 1 Schoolage	\$10.58	\$3,723	\$44,678

		per adult	combined	combined
Washington 2001 Seattle, King County	1 Adult	\$9.61	\$1,691	\$20,287
	1 Adult, 1 Preschooler	\$17.33	\$3,050	\$36,599
	1 Adult, 1 Schoolage, 1 Teen	\$16.39	\$2,885	\$34,625
	2 Adults, 1 Preschool, 1 Schoolage	\$11.76 per adult	\$4,139 combined	\$49,669 combined
Wisconsin 2001 Milwaukee County	1 Adult	\$6.90	\$1,214	NA
	1 Adult, 1 Preschooler	NA	NA	NA
	1 Adult, 1 Schoolage, 1 Teen	\$14.65	\$2,578	NA
	2 Adults, 1 Preschool, 1 Schoolage	\$11.13 per adult	\$3,918 combined	NA
Wisconsin 2001 Lincoln County	1 Adult	\$5.39	\$948	NA
	1 Adult, 1 Preschooler	NA	NA	NA
	1 Adult, 1 Schoolage, 1 Teen	\$9.74	\$1,714	NA
	2 Adults, 1 Preschool, 1 Schoolage	\$13.83 per adult	\$4,868 combined	NA