

# MAKING ENDS MEET: BASIC FAMILY BUDGETS IN OHIO EXECUTIVE SUMMARY

The ability of families to meet their basic needs is an important measure of economic stability and well-being. Poverty thresholds are a measure of severe economic deprivation, and they represent an absolute measure without reference to varying prices faced by families. In other words, poverty thresholds are the same whether a family resides in rural Wyoming or New York City. Family budgets represent a *relative measure* of the costs incurred by families to secure a safe and decent-yet-modest standard of living in the communities in which they reside. Family budgets offer a broader measure of economic welfare, as the cost of providing for basic needs may be more than twice as high as official poverty levels for families with children, depending on where they live.

In 2005, economist Sylvia Allegretto of the Economic Policy Institute (EPI) calculated the annual cost of securing a safe and decent standard of living for families of varying sizes in different communities throughout the country.<sup>1</sup> Budgets were constructed for six family types with earned income: One or two working parents with one, two, or three young children. In 2004, of the almost two million Ohioans in such families, 22.3 percent lived in families that earned less than they needed to meet the basic family budget for a family of their particular size and configuration.

- In Ohio, basic family budgets ranged from \$23,952 for a single parent with one small child in child care in a rural area to \$61,644 for a family of five that consists of two parents with three children in the Cleveland metropolitan area (it is important to keep in mind that these figures represent costs, not income).
- On the average, incomes at the official poverty level would provide for less than half of the basic family budgets in non-rural areas. In rural areas, a basic family budget is 201 percent of the poverty threshold for a two-parent family with one child. It is 239 percent of the poverty line for a similar family living in Akron.
- The high cost of safe child care is a significant component of the cost of a basic needs budget, ranging from an average of \$404 per month in rural areas for one young child to \$1,656 in urban areas for three young children.

The study took into account the actual costs of housing, food, transportation, medical care, child care, household necessities (clothes, school supplies, telephone, etc.) and taxes required to provide a safe and decent yet-modest standard of living.

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<sup>1</sup> Sylvia Allegretto, *Basic Family Budgets: Working Families' Incomes Often Fail to Meet Living Expenses Around the U.S.* 2005 at <http://www.epi.org/content.cfm/bp165>. The Ohio calculations are given by the family budget calculator, which accompanies this report on the website of the Economic Policy Institute at [http://www.epi.org/content.cfm/datazone\\_fambud\\_budget](http://www.epi.org/content.cfm/datazone_fambud_budget). Methodology is given at: [www.epinet.org/datazone/fambud/fam\\_bud\\_calc\\_tech\\_doc.pdf](http://www.epinet.org/datazone/fambud/fam_bud_calc_tech_doc.pdf).

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Table 1 shows basic family budgets for families of different sizes and composition in different areas of Ohio:

Table 1  
 Basic Family Budgets by Size of Family and Place of Residence in Ohio, 2004

| Area                                   | Two Parents |            |            | Single Parent |            |            |
|--|-------------|------------|------------|---------------|------------|------------|
|  | 1 child     | 2 children | 3 children | 1 child       | 2 children | 3 children |
| Akron                                  | \$36,384    | \$45,984   | \$61,068   | \$31,176      | \$40,848   | \$56,040   |
| Canton-Massillon                       | \$32,676    | \$42,252   | \$56,436   | \$27,252      | \$37,476   | \$52,008   |
| Cincinnati (Ohio portion)              | \$35,232    | \$44,892   | \$61,368   | \$30,240      | \$39,828   | \$56,544   |
| Cleveland-Lorain-Elyria                | \$36,360    | \$45,972   | \$61,644   | \$31,404      | \$41,040   | \$56,820   |
| Columbus                               | \$34,968    | \$44,628   | \$59,304   | \$29,904      | \$39,576   | \$54,468   |
| Dayton-Springfield                     | \$34,500    | \$44,160   | \$59,580   | \$28,956      | \$38,892   | \$54,540   |
| Hamilton-Middletown                    | \$34,716    | \$44,376   | \$58,836   | \$29,976      | \$39,624   | \$54,300   |
| Lima                                   | \$32,520    | \$42,084   | \$55,716   | \$26,688      | \$37,032   | \$51,024   |
| Mansfield                              | \$32,436    | \$42,000   | \$56,136   | \$26,520      | \$36,948   | \$51,456   |
| Steubenville-Weirton<br>(Ohio portion) | \$31,524    | \$41,028   | \$54,504   | \$25,248      | \$35,880   | \$49,812   |
| Toledo                                 | \$33,984    | \$43,656   | \$58,392   | \$28,296      | \$38,292   | \$53,352   |
| Youngstown-Warren                      | \$32,940    | \$42,540   | \$56,400   | \$26,964      | \$37,260   | \$51,480   |
| Huntington-Ashland<br>(Ohio portion)   | \$31,056    | \$40,548   | \$54,108   | \$25,080      | \$35,748   | \$49,656   |
| Parkersburg-Marietta<br>(Ohio portion) | \$32,064    | \$41,592   | \$55,968   | \$25,992      | \$36,540   | \$51,288   |
| Wheeling (Ohio portion)                | \$31,512    | \$41,016   | \$54,564   | \$25,224      | \$35,856   | \$49,860   |
| Rural                                  | \$30,540    | \$36,600   | \$47,532   | \$23,952      | \$30,072   | \$42,552   |

Source: Economic Policy Institute, Basic Family Budget Calculator

The Policy Matters Ohio website ([www.policymattersohio.org/making\\_ends\\_meet\\_2006.htm](http://www.policymattersohio.org/making_ends_meet_2006.htm)) has spreadsheets of all six basic family budgets. A link to the EPI family budget calculator may be found at [http://www.epi.org/content.cfm/datazone\\_fambud\\_budget](http://www.epi.org/content.cfm/datazone_fambud_budget).

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*Policy Matters Ohio is a non-profit, non-partisan research institute dedicated to researching an economy that works for all in Ohio. Policy Matters seeks to broaden debate about economic policy by providing research on issues that matter to Ohio's working people and their families. Areas of inquiry for Policy Matters include work, wages, and benefits; education; economic development; energy policy; and tax policy. Generous funding comes from the Joyce, Gund, Cleveland and St. Ann Foundations and the Economic Policy Institute. To those who want a more fair and prosperous economy... Policy Matters.*