

COMMUNITY INDICATORS

Self-Sufficiency: Defining Poverty

Community Indicators are intended to stimulate thoughtful dialogue about your community. They can help identify potential issues, opportunities and problems facing your community. This communication piece is also intended to increase use and understanding of readily accessible demographic data on the web.

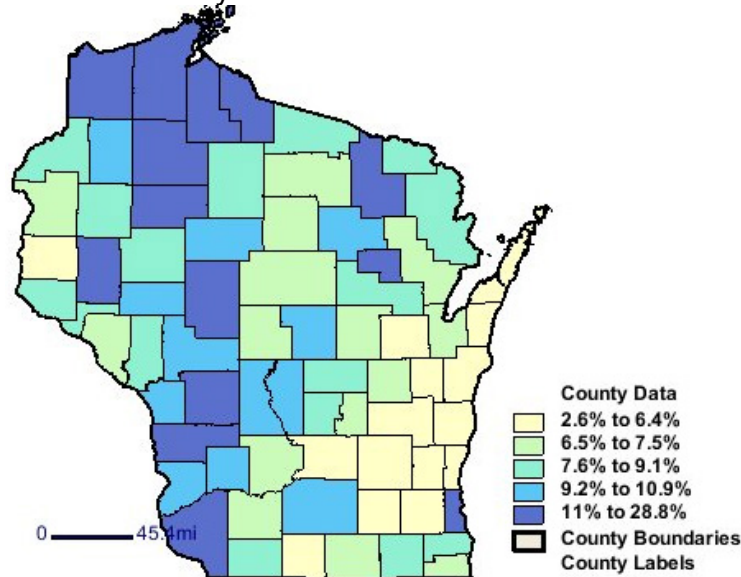
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How Much Money does it take for families to live and work without public or private assistance or subsidies?

For more than 40 years, the U.S. has used a standard for measuring poverty that does not fully measure poverty. In fact, the Census Bureau itself states, “the official poverty measure should be interpreted as a statistical yardstick rather than a complete description of what people and families need to live.” The federal poverty measure is based simply on the cost of food. At the time the poverty index was developed it was determined that one-third of household income was spent on food. To arrive at a poverty level, the food budget was multiplied by three. The poverty index has only been adjusted for inflation and has not incorporated new needs.

Federal Poverty Rates in Wisconsin



Source: This map and others can be easily generated on the Food Security Project Web Site at: <http://www.wisstat.wisc.edu/uwex/foodmaps.aspx>

More importantly, there are several indices that have been developed that provide better measures than the federal poverty line of estimating the wage necessary to provide basic family needs. These indices consider the cost of living and working as they vary by family size, composition and geographic location. These estimates provide valuable information for communities developing strategies to improve employment opportunities and for employers who are trying to offer competitive compensation.

For a basic family budget on-line calculator, the Economic Policy Institute might be a good starting point (See: http://www.epinet.org/content.cfm/datazone_fambud_budget). This web-based calculator provides customized budgets for 400 communities in the U.S. Simply select from one of six family types, pick a state, and then, select a community to calculate how much that family is likely to need for housing, food, child care, etc. The calculator also shows the percent and number of families in that state living below the family budget level. While this calculator is easy to use and provides data for the entire country, it does not take into consideration the age of children and doesn't have specific data for all communities (rural communities for example are all grouped into a category of "rural").

Wisconsin Food Security Profiles (2002) and maps can be generated by going to: <http://www.uwex.edu/ces/flp/cfs/standard.cfm>

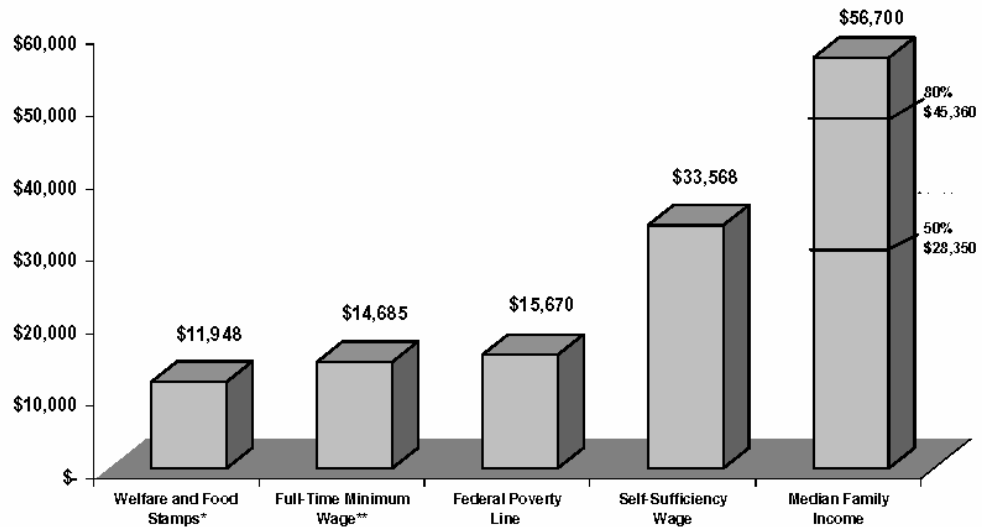
In addition, the University of Wisconsin Extension food security project has provided standard profiles for Wisconsin's 72 Counties that attempt to provide data on "food insecurity". Currently, about 9% of all households in Wisconsin have uncertain or limited access to food through normal channels.

Another index, referred to as the "Self-sufficiency standard" provides data at the County level. It was first developed by an organization known as the Wider Opportunities for Women (WOW). See: <http://www.wowonline.org/> In 1999 and 2004, the Wisconsin Women's Network (<http://www.wiwomensnetwork.org/selfsuffstd.html>), published a report that calculated the self-sufficiency wage for all Counties and MSA's in Wisconsin. Thirty-seven states have now calculated the self-sufficiency wage for their state (By County and region). See: <http://www.sixstrategies.org/includes/productlistinclude.cfm?strProductType=resource&searchType=type&strType=self-sufficiency%20standard>. This national data and the two years of calculations in Wisconsin now allow us to do some interesting analysis across time and regions.

The Self-sufficiency Standard" has been calculated for all Wisconsin Counties by the Wisconsin Women's Network. See: <http://www.wiwomensnetwork.org/selfsuffstd.html>

The Self-sufficiency standard offers a realistic measure of the income required to have a safe, decent, basic standard of living and is the focus of this issue.

Figure 2
The Self-Sufficiency Standard Compared to Other Benchmarks, 2004
 Based on the Self-Sufficiency Standard for a Family with One Adult, One Preschooler and One Schoolage Child in Brown County, WI



* The TANF benefit is \$8,076 annually (\$673 per month in Brown County) and the Food Stamps benefit is \$4,452 annually, or \$371 per month.

** Note: Full-time minimum wage in Wisconsin (as of March 2004) is \$5.15 per hour, and includes the net effect of the addition of the Earned Income Tax Credit and the subtraction of taxes.

Source: The Self-Sufficiency Standard for Wisconsin, Wisconsin Womens Network, <http://www.wiwomensnetwork.org/selfsuffbody2004.pdf>

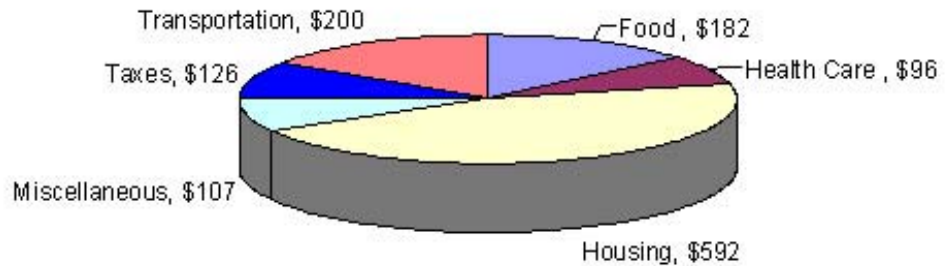
The self sufficiency wage defines the income that working families need to meet their basic needs without public or private assistance.

If the Self-sufficiency standard appears to be high, take into consideration that this wage does not include ANY provisions for expenditures for entertainment, carry out or fast food, savings, retirement, or emergency expenses such as car repairs. In essence, the self sufficiency wage defines the income that working families need to meet their basic needs without public or private assistance. Basic needs include: housing, child care, food, transportation, health care, miscellaneous expenses (clothing, telephone, household items), and taxes (minus federal and state tax credits). The Standard is calculated for 70 different family types in each of Wisconsin's Counties and 10 tribes. The Self-Sufficiency Standard is calculated using the real costs of goods and services purchased in the regular marketplace.

The Self Sufficiency standard utilizes the U.S. Department of Agriculture "Thrifty Food Plan" to calculate food costs. It provides a conservative estimate of what it costs to meet nutritional standards. It does not take into account any expenditures for restaurant meals, or take-out, despite the fact that the consumer expenditure survey shows that the average American spends about 42% of their food budget on food prepared away from the home. In the following example, a single adult living in Dane County would need about \$182 per month for food expenses (14% of the total budget). A single adult with an infant on the other hand would require \$266 for food expenses (9% of the total budget). Both of these two examples illustrate flaws with the "federal Poverty line" which estimates that food costs make up 1/3 of living expenses.

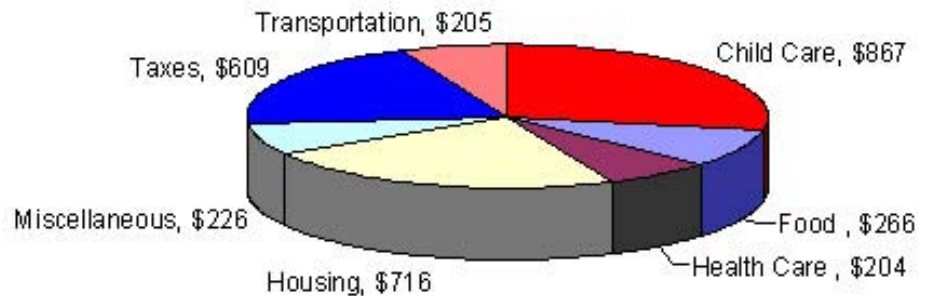
Self Sufficiency Monthly Expenses for 1 Adult (2004) Dane County, Wisconsin

Monthly Costs	Total
Food	\$182
Health Care	\$96
Housing	\$592
Miscellaneous	\$107
Taxes	\$126
Transportation	\$200
Grand Total	\$1,303



Self Sufficiency Monthly Expenses for 1 Adult + 1 Infant (2004) Dane County, Wisconsin

Monthly Costs	Total
Child Care	\$867
Child Care Tax Credit (-)	-\$60
Child Tax Credit (-)	-\$83
Food	\$266
Health Care	\$204
Housing	\$716
Miscellaneous	\$226
Taxes	\$609
Transportation	\$205
Grand Total	\$2,948



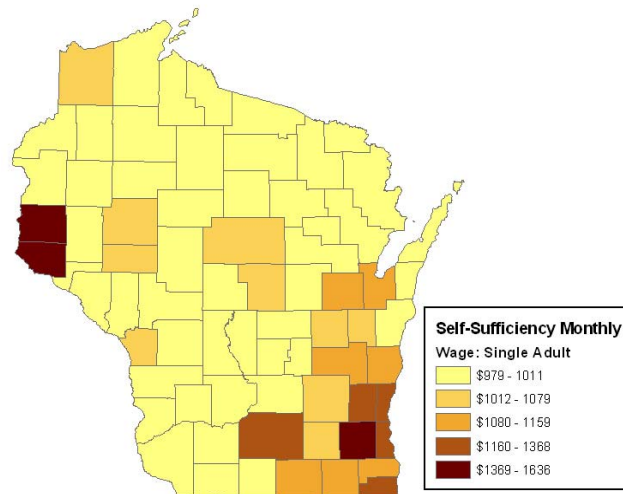
For many families without young children, housing costs are often the driving force in terms of calculating the cost of living. However, as the example above illustrates, families with young children often have child care costs exceeding the cost of housing.

Can two people live as cheaply as one?

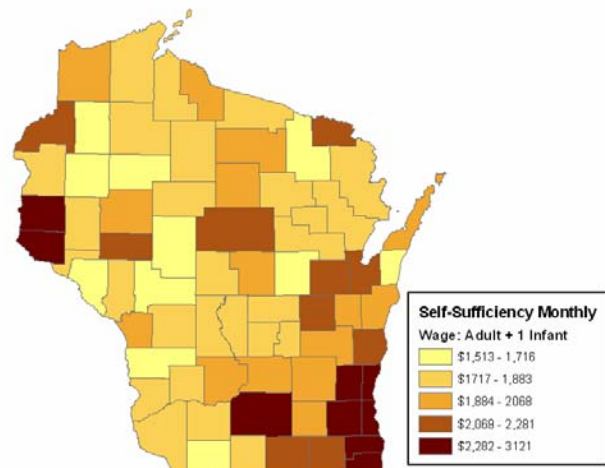
The composition of a family unit has a large bearing on the amount of money required to sustain families in Wisconsin. In Dane County, for example, a single adult requires a monthly wage of \$1,303 (\$7.40 an hour), while a single adult with an infant would need \$2,948 (\$16.75 an hour) to sustain the family without public assistance. Those estimates are up only slightly from the year 2000, when the self-sufficiency

standard was estimated to be \$1,283 for a single adult and \$2,841 for a single adult and infant in Dane County.

Self-Sufficiency Standard (1 Adult)



Self-Sufficiency Standard (1 Adult + 1 Infant)



For a copy of an Excel Worksheet with the self-sufficiency standard estimates for all Wisconsin Counties and Tribes (2000 & 2004) see:

<http://www.uwex.edu/ces/cced/documents/sufficiency.xls>

The 2004 report and tables for all counties and tribes can be viewed at the Wisconsin Women's Network web site at:

<http://www.wiwomensnetwork.org/suffstd.html>

Does place matter?

As one might expect the cost of providing basic family needs also varies widely across the state. For a family of four made up of 2 adults, 1 preschooler, and one infant, the standard ranges from a low of \$2,393 per month to a high of \$4,671 in Waukesha County.

2004 Self-Sufficiency Standard (Monthly Combined Wages for family of four: 2 adults, 1 preschooler, 1 infant)

Top Ten			Lower Ten	
Waukesha County	\$4,671		Buffalo County	\$2,393
Dane County	\$4,629		HoChunk Tribe	\$2,636
St. Croix County	\$4,503		Jackson County	\$2,675
Ozaukee County	\$4,473		Lafayette County	\$2,717
Milwaukee County	\$4,441		Adams County	\$2,853
Kenosha County	\$4,246		Barron County	\$2,873
Washington County	\$4,081		Washburn County	\$2,912
Racine County	\$4,066		Lac Courte Oreilles Tribe	\$2,933
Pierce County	\$4,034		Rusk County	\$2,935
Rock County	\$3,843		Vernon County	\$2,955

This data is extremely relevant for communities focusing on the creation of jobs and income for their residents. One could argue that the only thing wrong with the working poor is that they don't have enough money. Unlike many social problems, that's something we can do something about. As communities build economic development strategies, those strategies need to target jobs that provide a wage that can sustain families. While it may be true that the creation of any jobs push up the local wage rates, the focus in Wisconsin needs to be on creating jobs that pay a wage that doesn't need to be supplemented by public or private assistance.

Secondly, this data might be useful for families transitioning from one community to another. As indicated in an earlier issue of Community Indicators, Americans are quite mobile. Families with tight finances need to pay special attention to the range of living expenses across the state.

Finally, employers and communities might focus on innovative strategies that would provide benefits that would reduce some of the living expenses related to transportation, child care, and health care.

Note: A special thanks to the Wisconsin Women's Network for their willingness to share their research and data for this issue.