

MEASURING ECONOMIC SECURITY

**THE BASIC
ECONOMIC
SECURITY
TABLES™**

**FOR
ALABAMA**

HOUSING WORKS!

Rethinking Housing Stability in Alabama

The 2011 Alabama Statewide Homelessness & Housing Conference

November 8, 2011

Birmingham, Alabama

Two official measures of poverty in the US today:

- **Census Bureau utilizes *poverty threshold*** – primarily for statistical purposes.

Poverty Thresholds for 2010 by Size of Family and Number of Related Children Under 18 Years										
Size of family unit	Weighted average thresholds	Related children under 18 years								
		None	One	Two	Three	Four	Five	Six	Seven	Eight or more
One person (unrelated individual).....	11,139									
Under 65 years.....	11,344	11,344								
65 years and over.....	10,458	10,458								
Two people.....	14,218									
Householder under 65 years.....	14,676	14,602	15,030							
Householder 65 years and over.....	13,194	13,180	14,973							
Three people.....	17,374	17,057	17,552	17,568						
Four people.....	22,314	22,491	22,859	22,113	22,190					
Five people.....	26,439	27,123	27,518	26,675	26,023	25,625				
Six people.....	29,897	31,197	31,320	30,675	30,056	29,137	28,591			
Seven people.....	34,009	35,896	36,120	35,347	34,809	33,805	32,635	31,351		
Eight people.....	37,934	40,146	40,501	39,772	39,133	38,227	37,076	35,879	35,575	
Nine people or more.....	45,220	48,293	48,527	47,882	47,340	46,451	45,227	44,120	43,845	42,156

Source: U.S. Census Bureau.

Two official measures of poverty in the US today:

- **Department of Health and Human Services utilizes *poverty guidelines*** – used to determine eligibility for governmental assistance programs.

2011 HHS Poverty Guidelines Persons
in Family 48 Contiguous

States and D.C.	Alaska	Hawaii
1	\$10,890	\$12,540
2	14,710	16,930
3	18,530	21,320
4	22,350	25,710
5	26,170	30,100
6	29,990	34,490
7	33,810	38,880
8	37,630	43,270

For each additional
person, add

3,820	4,780	4,390
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SOURCE: Federal Register, Vol. 76, No. 13, January 20, 2011, pp. 3637-3638

US Measures of Poverty:

- Adopted in 1965, based in large part on USDA's assertion that a family used one-third of their income for food.
- Measure was basically three times the economy food plan.
- 1969, modified to tie non-farm family measures to the Consumer Price Index rather than the cost of the economy food plan that continued to be the basis of the measures for farm families.
- 1981, eliminated separate measures for farm and non-farm households.
- Other than these changes, the Government's approach to measuring poverty has remained unchanged for almost 50 years.

Critiques of current measures:

- Outdated methodology that fails to reflect current lifestyles.
- Fails to consider the economic value of supports a family or individual may receive.
- Fails to consider variations in expenses based on locality.
- By definition, the "absolute poverty line" is the threshold below which families or individuals are considered to be lacking the resources to meet the basic needs for healthy living.

According to the Census Bureau, in 2010:

- Median household income was \$40,474
- Median family income was \$50,429
- 19% of all Alabamians were in households with incomes below poverty
- 27.7% of children younger than 18 were in households with incomes below poverty
- 31.7% of children younger than 5 were in households with incomes below poverty

Self-sufficiency standard

- Developed by Dr. Dianna Pierce, University of Washington in conjunction with Wider Opportunities for Women
- Quantifies the amount of income necessary for individuals and families to avoid reliance on governmental or private resources.
- Calculates necessary income based upon family size, ages of children and location.
- Alabama's Self-sufficiency Standard was originally released in 2003, and updated in 2008 to reflect changes in the consumer price index.
- Represents a 'getting by' standard.

In 2010, WOW partnered with Dr. Michael Sherraden of The Center for Social Development at Washington University, St. Louis to develop a new standard.

Basic Economic Security Tables were released in late 2010, and have since been completed in the following states:

Alabama

District of Columbia

Kentucky

Michigan

Mississippi

New Mexico

The Basic Economic Security Tables for Autauga County, AL, 2011

(Workers with Employment -based Benefits)

Autauga County, Selected Family Types

	1 Worker,			2 Workers	
	1 Worker	1 Infant	1 Schoolchild	2 Workers	Preschooler Teenager
Housing	439	494	494	413	479
Utilities	213	240	240	154	179
Food	256	369	554	451	713
Transportation	545	615	615	1102	1156
Child Care	0	451	686	0	729
Personal & Household Items	245	297	347	274	370
Healthcare	149	247	396	289	458
Emergency Savings	77	108	137	108	159
Retirement Savings	66	66	66	65	65
Taxes	350	545	691	410	780
Tax Credits	0	-165	-272	0	-267
Monthly Total	\$2,340	\$3,267	\$3,954	\$1,633	\$2,410
Annual Total	\$28,080	\$39,204	\$47,448	\$39,192	\$57,840
Hourly Wage	\$13.30	\$18.56	\$22.47	\$9.28	\$13.69
Additional Asset Building Savings					
Children's Education and Training	0	43	86	0	90
Homeownership	76	87	87	59	67
Note: "Benefits" include unemployment insurance and employment-based health insurance and retirement plans					

HUD FMR 40th percentile

HUD Ratio of utilities to total housing cost

USDA Low Cost Food Plan

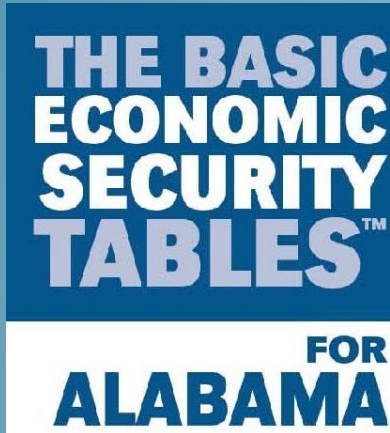
Auto costs, gasoline, mileage, & insurance

DHR Market Rate Survey

BOL Consumer Expenditure Survey

Ave health insurance premiums, HHS

DOL Unemployment Insurance Data



Provides data for:

- 67 counties
- City of Birmingham
- Jefferson County excluding Birmingham
- Birmingham MSA

For each jurisdiction:

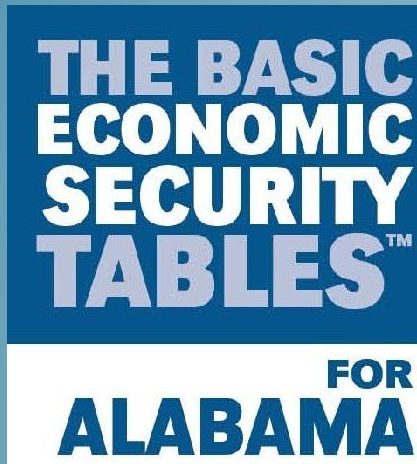
- Tables for family size ranging from single worker to two workers and six children
- Tables for jobs with and without employer provided benefits
- Over 800 tables for each jurisdiction

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FOR
ALABAMA

BEST can inform decision makers:

- Job supports are necessary if low-wage workers are going to participate in the state's economy
 - Incentivize job creation that pays sufficient wages and provides worker benefits
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- The need to create public policies that encourage the acquisition/maintenance of assets
 - Require recipients of taxpayer-provided incentives to provide jobs to workers earning below the area median income
 - Reform Alabama's tax structure to provide more expendable income to low- and moderate-income workers
 - Invest in public transportation



The full report and tables are available at www.caaaalabama.org.

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