

March 2007, Number 148

SELF-SUFFICIENCY IN WOMEN IN GEORGIA

In this policy brief, we use one measure of self sufficiency to estimate the number of female headed households in metro Atlanta that fall below this self sufficiency standard. Using the minimum annual family budget developed by the Economic Policy Institute, we find:

- The minimum annual family budget for a single parent family with 2 children in metro Atlanta is \$40,500 (2004).
- The annual income of most female headed households with children in the metro Atlanta area is below the minimum annual family budget.
- For female headed households with income below the minimum budget, actual household income ranges from 56 percent of the minimum budget for one child families to 32 percent for families with four children.

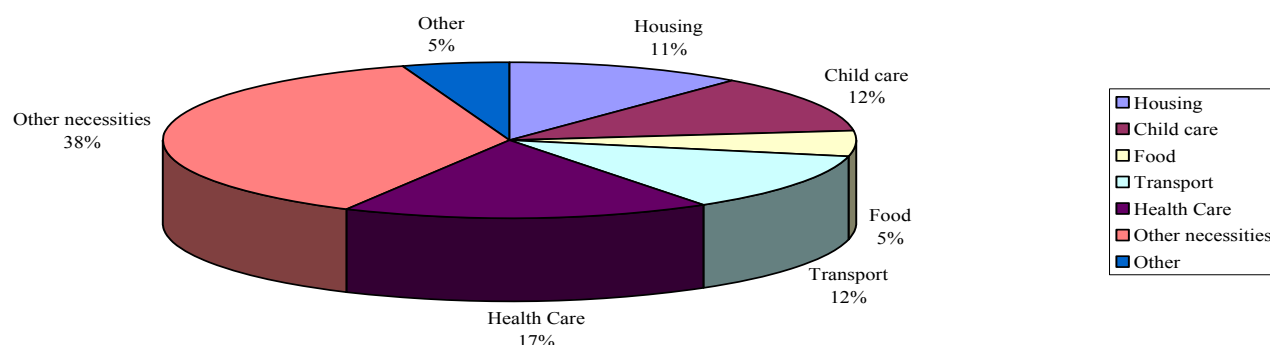
Various federal and state programs such as Medicaid and Peachcare utilize the federal poverty guidelines as a jumping off point to determine “need.” By some standards, these guidelines are low, relative to the costs of raising a family. For example, the 2006 federal poverty guideline for a family of three is an annual income of \$16,600. The Economic Policy Institute (EPI, Washington, D.C.) uses a “family budget calculator” to

calculate the *minimum annual family budget* necessary for basic housing, food, child care, transportation, health care, other necessities, and taxes.¹

According to the EPI, the minimum annual family budget for a single parent family with two children in Atlanta in 2004 is \$40,500. This minimum annual family budget increases with the size of a family--for a single parent family with three children in Atlanta, the minimum annual family budget rises to \$53,232. What is included in this budget? The largest individual expenses are for child care, health care, and transportation. The distribution by types of expenditure is shown in Figure 1 (based on EPI's minimum annual family budget for Atlanta, 2004).

How does the actual income of families in Georgia stack up against the minimum annual family budget? Using U.S. Census data (2000), we find that the majority of female headed households with children in metro Atlanta fall below the minimum annual family budget. Actual income of forty-three percent of female headed households with one child lies below the minimum annual family budget; for similar families with two children, 61 percent fall below the minimum budget. For larger families, the percent falling below the minimum annual family budget increases even more (77 percent for families with 3 children and 90 percent for families with 4 or more children).

FIGURE 1. DISTRIBUTION OF BASIC BUDGET



We estimate the average household income using U.S. Census data on income for these families and compare the average household income to the EPI basic budget for 2000. For households with income below the minimum budget, actual household income ranges from 56 percent of the minimum budget for one child families to 32 percent for families with four children, based on our calculations. The level of income needed to bring these households up to the EPI minimum annual family budget ranges from \$1,125 per month for a one child family to \$3,200 for a four child family. Assuming that the actual income does not include a child care subsidy, a total child care subsidy of \$650 per month could reduce the gap between actual and the minimum budget by over 50 percent for a one child household and 20 percent for a four child household. A wage increase from \$6.00 per hour to \$8.00 per hour (assuming 40 hour work weeks for 48 weeks per year) would reduce the gap by 28 percent for the one child household and 10 percent for the four child household.

If a minimum budget such as the one developed by the Economic Policy Institute were considered as a reasonable standard of sufficiency, then many female headed households in metro Atlanta fall far below that standard. These issues will be further analyzed in work supported by the Atlanta Women's Foundation. The Atlanta Women's Foundation is the only public foundation in the state of Georgia focused on women and girls. Its mission is to be "a catalyst for change in the lives of women and girls."

Note

1. According to EPI, the minimum annual family budget "offers a realistic measure of the income required to have a safe and decent though basic standard of living" (website: http://www.epinet.org/content.cfm/datazone_fambud_budget).

References

- Allegretto, Sylvia, (2005). "Basic Family Budgets: Working Families' Incomes Often Fail to Meet Living Expenses Around the U.S." Briefing Paper #165, September 2005, Washington, D.C.: Economic Policy Institute, <http://www.epi.org/content.cfm/bp165>, accessed on September 30, 2006.
- Allegretto, Sylvia and Yulia Fungard (2006). "Family Budget Technical Documentation." Economic Policy Institute, http://www.epinet.org/datazone/fambud/fam_bud_calc_tech_doc.pdf, accessed on September 30, 2006.
- Bernstein, Jared, Chauna Brocht, and Maggie Spade-Aguilar (2000). *How Much Is Enough? Basic Family Budgets for Working Families*. Washington, D.C.: Economic Policy Institute.
- Economic Policy Institute Family Budget Calculator (2006), http://www.epi.org/content.cfm/datazone_fambud_budget, accessed on September 30, 2006.
- Rector, Robert (2004). *Understanding Poverty and Economic Inequality in the United States*. <http://www.heritage.org/Research/Welfare/bgl796.cfm>.

U. S. Census (2000). *U.S. Census 2000*. Documentation, tabulations, and microdata (Public Use Microdata Sample, PUMS), accessed from 9/1/06-11/29/06: http://factfinder.census.gov/servlet/DatasetMainPageServlet?_program=DEC&_submenuId=downloadcenter_0&_lang=en&_ts=FederalRegister, Vol. 71, No. 15, January 24, 2006, pp. 3848-3849 and <http://aspe.hhs.gov/poverty/06poverty.shtml>.

U.S. Census Bureau, <http://www.census.gov/hhes/poverty/threshld/thresh04.html>.

ABOUT THE AUTHOR

Sally Wallace is Professor of Economics and Associate Director of the Fiscal Research Center of the Andrew Young School of Policy Studies at Georgia State University. Dr. Wallace's main interests are domestic and international taxation and intergovernmental fiscal relations.

ABOUT FRC

The Fiscal Research Center provides nonpartisan research, technical assistance, and education in the evaluation and design of state and local fiscal and economic policy, including both tax and expenditure issues. The Center's mission is to promote development of sound public policy and public understanding of issues of concern to state and local governments.

The Fiscal Research Center (FRC) was established in 1995 in order to provide a stronger research foundation for setting fiscal policy for state and local governments and for better-informed decision making. The FRC, one of several prominent policy research centers and academic departments housed in the School of Policy Studies, has a full-time staff and affiliated faculty from throughout Georgia State University and elsewhere who lead the research efforts in many organized projects.

The FRC maintains a position of neutrality on public policy issues in order to safeguard the academic freedom of authors. Thus, interpretations or conclusions in FRC publications should be understood to be solely those of the author. For more information on the Fiscal Research Center, call 404-651-2782.

RECENT PUBLICATIONS

Self Sufficiency in Women in Georgia. In this brief, we use one measure of self sufficiency to estimate the number of female headed households in metro Atlanta that fall below the self sufficiency standard. (March 2007).

Georgia's Economy: Trends and Outlook. This report tracks some of the key trends that have shaped and will continue to shape Georgia's economy. These include the decline in manufacturing employment, the aging of Georgia's population, the importance of high tech and tourism industries and globalization. (March 2007)

Financing Georgia's Future II. This second release of a biennial report focuses on Georgia's taxes, making cross-state comparisons of their structure and exploring revenue performance over time. (March 2007)

The Price Effect of Georgia's Temporary Suspension of State Fuel Taxes. This report explores the effect of the fuel tax suspension on the price of gasoline in Georgia. (February 2007)

An Analysis of the Financing of Higher Education in Georgia. This report addresses the issue of the financing of higher education in Georgia by comparing financing in Georgia with other states and examining how financing affects the student population in terms of performance, and retention rates. (February 2007)

Intergovernmental Fiscal Relations in Georgia. This report documents the intergovernmental fiscal system in Georgia, with a focus on the expenditure, revenue, and intergovernmental grant system in the state. (February 2007)

Comparing State Income Tax Preferences for the Elderly in the Southeast. This brief looks at the current state of these tax preferences in the Southeast for those states that impose a major income tax and estimates the dollar value of these preferences. (February 2007)

State Tax Incentives for Research and Development Activities: A Review of State Practices. This report documents state tax incentives offered around the country designed to encourage state level R&D activity. This report also simulates the effect of various credit components in the value of the credit. (January 2007)

Transportation Funding Alternatives: A Preliminary Analysis. This report explores issues associated with proposed alternative revenue sources for increasing transportation for funding. (January 2007)

Geographic Breakdown of Georgia's Interstate Migration Patterns. This brief looks at the geographic breakdown of Georgia's interstate migration patterns for both the elderly and non-elderly. (December 2006)

Inventory Taxes. Policymakers are considering 100 percent inventory tax exemptions as an economic development incentive. This report reviews the potential effectiveness of such exemptions and presents alternative approaches to inventory tax exemptions. (December 2006)

An Assessment of the State of Georgia's Budget Reserves. This report assesses the adequacy of Georgia's revenue shortfall reserve. (October 2006)

Revenue Losses from Exemptions of Goods from the Georgia Sales and Use Tax. This report provides estimates of the revenue loss from sales tax exemptions. (September 2006)

Tax Collectibility and Tax Compliance in Georgia. This report discusses the tax gap in Georgia and options for increasing tax compliance. (September 2006)

For a free copy of any of the publications listed, call the Fiscal Research Center at 404/651-4342, or fax us at 404/651-2737. All reports are available on our webpage at: [//frc.aysps.gsu.edu/frc/index.html](http://frc.aysps.gsu.edu/frc/index.html).

Document Metadata

This document was retrieved from IssueLab - a service of the Foundation Center, <http://www.issuelab.org>

Date information used to create this page was last modified: 2014-02-15

Date document archived: 2010-05-20

Date this page generated to accompany file download: 2014-04-15

IssueLab Permalink: http://www.issuelab.org/resource/self_sufficiency_in_women_in_georgia_brief

Self Sufficiency in Women in Georgia - Brief

Publisher(s): Fiscal Research Center of the Andrew Young School of Policy Studies

Author(s): Sally Wallace

Date Published: 2007-03-01

Rights: Copyright 2007 Fiscal Research Center of the Andrew Young School of Policy Studies

Subject(s): Poverty; Women