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.

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).
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
I. 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


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