

Budgeting for Poverty

The federal government says a family of four earning \$19,971 or less a year is living in poverty.

But how far does \$19,971 go in America today?

How do you budget? What do you leave out?

You make the hard choices.

Housing? In America, a family of four earning less than \$19,971 a year will spend on average \$5,478 annually for the most basic of shelter.

$$\begin{array}{r} \$19,971 \\ - \quad 5,478 \\ \hline 14,493 \end{array}$$

Utilities? To keep a family of four warm and secure, the average expense for utilities and public services runs \$2,371 a year.

$$\begin{array}{r} \$14,493 \\ - \quad 2,371 \\ \hline 12,122 \end{array}$$

Transportation? A family at the poverty line will spend \$5,005 a year to own and maintain a used car, and fill it with the gas and oil needed to go to work, to day care, to the store, wherever.

$$\begin{array}{r} \$12,122 \\ - \quad 5,005 \\ \hline 7,117 \end{array}$$

Food? Even with public assistance such as food stamps, families making less than \$19,971 will spend \$4,139 a year for food at home and away.

$$\begin{array}{r} \$7,117 \\ - \quad 4,139 \\ \hline 2,978 \end{array}$$

Health Care? Even if an employer contributes part of the costs of health insurance, a family of four at the poverty line would still pay on average \$2,139 for health and medical expenses. The cost of not having health insurance, however, could be devastating.

$$\begin{array}{r} \$2,978 \\ - 2,139 \\ \hline 839 \end{array}$$

Child Care? The costs in a metropolitan-area child care center for two children five and under can reach over \$13,000. Even with child care subsidies, low income families with two small children will spend on average \$2,440 on child care annually.

$$\begin{array}{r} \$839 \\ - 2,440 \\ \hline - 1,601 \end{array}$$

So now you're **\$1,601** over budget, and you still don't have everything you need.

What do you leave out?

Toiletries, School Supplies, Shoes, Clothes, Holiday Gifts, Education, Life Insurance, Furnishings, Recreation, Cleaning Supplies, Entertainment, Birthday Gifts

These are the decisions that people are forced to make every day when they live in the state of poverty.

Visit www.povertyusa.org to learn more.

Source of Statistics:

Rent, utilities, transportation, food, health care: *Consumer Expenditures Survey*, U.S. Department of Labor, Bureau of Labor Statistics, April 2006;
Child care: *Expenditures on Children by Families*, United States Department of Agriculture, Center for Nutrition Policy and Promotion, April 2006
Poverty threshold: U.S. Census Bureau, *Income, Poverty, and Health Insurance Coverage in the United States: 2005*