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Study: Families can't survive on minimum wage

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MACOMB — A single parent with an infant and a preschooler as dependents in McDonough county needs to earn a minimum of \$13.03 an hour or \$27.525 per year to attain self-sufficiency, according to the findings of a study just released by Chicago-based Women Employed, a not-for-profit feminist organization.

According to the study, a family's minimum monthly expenditure profile consists of \$395 for housing, \$766 as childcare expenses, \$345 for food, \$202 (transportation), \$230 (health care), \$194 (miscellaneous), \$394 (taxes), earned income tax credit (-80), child care tax credit (-84) and child tax credit (-68). The monthly income of \$2,294 or \$27.525 per annum,

which is needed for such a family to make ends meet, translates into \$13.03 per hour, which more than doubles the national minimum wage of \$5.15 per hour. It also surpasses the \$7.41 per hour median wage of people leaving welfare in Illinois.

A family of two adults, one preschooler and one child of school age must earn \$7.72 hourly per adult or \$32.619 per annum to break even. The Federal Poverty Level set a standard of \$1,471 per month or \$17.650 per

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Executive Director of Women Employed

the self-sufficiency standards for a long time now,” said Jenny Wittner, senior policy associate for Women Employed.

“She did it for 14 states and is now working on 20 others. She is renowned in

The Self-sufficiency Standard for Illinois measures wages required to meet actual family living costs in 103 Illinois counties. It is intended to give those leaving welfare, wage-earners and policy makers an accurate method for calculating what will be required to escape poverty.

“The self-sufficiency standard tells us that many working families can't cover their basic expenses. Costs are simply higher than what they earn, and no amount of good budgeting will change that,” Anne Ladky, Executive Director of Women Employed, said.

In Hancock county, a single parent family of one preschooler and one child of school age must earn at least \$11.47 per hour or \$24,218 per annum. Comparative figures for Warren

annum for the same family size. Funded by the Illinois Department of Employment Security, the study was undertaken by Dr. Diana Pearce of the University of Washington as part of the national family economic self-sufficiency project.

“Diana Pearce has been working on the field.” Pearce said data used for the study were derived from either national or state studies on specific sectors. Housing costs are inclusive utilities while telephone costs are covered under miscellaneous expenses.

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County are \$12.25 per hour or \$25,876 per annum; Fulton (\$13.09 per hour or \$27,653 per annum) and Henderson (\$12.25 per hour or \$25,876 per annum).

The self-sufficiency standard represents a departure from traditional methods of calculating poverty levels by calculating actual cost of living in a local area, taking into consideration expenses like transportation, child care and taxes families incur while working. The more orthodox Federal Poverty Level is based on three times the cost of a family's minimal yearly food in the 1960s with inflation factored in on an annual basis.

“Because food now makes up much less than one-third of a family's budget, and the expenses of working families have changed since the 1960s, the Federal Poverty Level tends to underestimate the amount families need to leave poverty,” Jenny Wittner said.

Kevin Wiehardt, director of the Community Action Agency at Western Illinois Regional Council in Macomb said the absence of manufacturing or industrial base in McDonough county confines most families to low-paying service industries which make the attainment of self-sufficiency “difficult.”

Wiehardt said bridging of the gap between the self-sufficiency standard and Federal Poverty levels might take a while, but the latter is always being reviewed.

“LIHEAP, the heat assistance program, used to cater for people within 125 percent of the federal poverty level. Now, it's 150 percent. We also have subsidized housing in Macomb,” Wiehardt said.

“And with our food program that we give out, we usually don't turn people down. The Federal and State governments do their analysis of what the poverty level is and what percentage of the populace needs help. We basically have to stick to that. But we try to help people who have some sort of economic calamity or the other. That's why we are here.”

Anne Ladky said subsidies on child and health care, as well as the Earned Income Tax Credit can help reduce the level of wages needed for families to attain self-sufficiency.

“Another very important way is to make sure that people are able to access the education and training that they need to get jobs that pay self-sufficiency wages,” Ladky said.