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Study: Minimum wage can't meet needs of family

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CHICAGO — A study released Monday shows that a single parent with two kids in Southern Illinois must be paid more than 2½ times the minimum wage to cover basic living costs.

The study was completed by Women Employed, a nonprofit organization that works for the economic advancement of women. It showed that a single parent with an infant and a preschooler in Jackson County must earn at least \$12.74 hourly to meet actual family living costs including housing, food, child care and other basics.

In Williamson County that same parent must earn \$12.52.

The minimum wage is \$5.15 per hour; the median wage of Illinois residents leaving welfare rolls is \$7.41, still well below the salary level needed to meet basic costs, according to the study.

"The Self-Sufficiency Standard for Illinois" was developed for the Illinois Department of Employment Security to measure how much income is needed by families of given sizes and in given parts of the state to meet basic needs without public or private subsidies.

The standard varies from the commonly used "one-size-fits-all" Federal Poverty Level formula. That formula is based on three times the cost of a family's minimal yearly food purchases in the 1960s adjusted annually for inflation, by taking into account independently the cost of each basic need

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Poverty numbers

The study by Women Employed breaks down actual living costs county by county and provides various household models. Here are some examples:

■ Jackson County

✓ Single adult: \$6.01 an hour, or \$12,684 a year.

✓ Two adults, one preschooler and one child in school: \$7.91 per hour, per adult, or \$33,392 a year.

■ Williamson County

✓ Single adult: \$5.79 an hour, or \$12,223 a year.

✓ One adult with infant and preschooler: \$12.52 an hour, or \$26,450 a year.

✓ Two adults with preschooler and one child in school: \$7.82 per hour, per adult, or \$33,042 a year.

■ Most other counties, including Alexander, Franklin, Gallatin, Hardin, Massac, Perry, Pulaski, Saline and Union.

✓ Single adult: \$5.79 an hour.

✓ One adult with two young children: \$12.50 an hour.

✓ Two adults with two children: \$7.81 per hour, per adult.

— Jeff Smyth

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such as transportation, health care, child care, taxes, housing and food.

That fixed-cost formula used by the federal government doesn't take into account increases in other living expenses, said Jenny Wittner, senior policy associate with Women Employed.

Under the Federal Poverty Level formula, a wage earner in a family of one adult with infant and preschooler in Jackson County would need to earn \$1,219 monthly instead of \$2,243 (or \$12.74 hourly) to be considered above the poverty threshold.

"It is a better way to measure what it costs to make ends meet," said Wittner.

Wittner said housing costs have the greatest impact on the level of income needed to be self-sufficient. Depending on the region and number of household wage earners, it could account for as much as 25 percent of overall annual expenses.

The standard uses fiscal year 2002 fair market rents calculated

annually by the U.S. Department of Housing and Urban Development for 400 housing market areas statewide.

Wittner said the data can be used to help shape policy that targets the poor. She said it isn't necessarily a call for employers to raise wages.

"It is a useful tool for policy-makers to see what is happening," she said.

Wittner said the standard can be used to target education and job training investments, evaluate work support programs and determine if economic development proposals to private business have a return of increasing self-sufficiency.

"The standard is an important way of measuring what families really need to earn to meet their needs," said Gertrude Jordan, director of the Illinois Department of Employment Security.

The department paid \$14,000 for the study, which was conducted over the summer. A full report can be viewed on the Women Employed Web site at www.womenemployed.org.