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ECONOMIC SNAPSHOT - HOW MUCH IS ENOUGH INCOME?

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Soaring energy prices, the mortgage crisis and rising food costs have put more people in financial peril. Typically, the federal poverty level is used to identify families in serious financial need. Although the poverty level provides an important measure of those who are the most impoverished, it does not provide a good measure of how much money it takes to simply live modestly in a given community.< The poverty level is calculated as a function of only two factors: the cost of food and the percentage of the family budget spent on food.

It is adjusted annually by the Consumer Price Index, but has otherwise remained unchanged since it was first established in 1963. It has not been adjusted to recognize expenses like day care, energy or health-care costs that have increased dramatically since the 1960s.

A better measure of the income required to live in the Madison area is provided by the Self-Sufficiency Standard (SSS) for Wisconsin developed by the (including housing, food, transportation, child care, health care and taxes). It does not include any subsidies such Medicaid or food stamps, and it does not include any money for dining, entertainment or savings.

The SSS for the Madison Metropolitan Statistical Area (MSA) for a married couple with one infant and one preschooler was \$59,436 in 2006, or almost three times the federal poverty threshold of \$20,444 for a household of two adults and two children.

NOTES: Part 1 of this month's series on living costs.

GRAPHIC: State Journal graphic Source: Wisconsin Women's Network, <http://www.wiwomensnetwork.org/sellsuffstd.html> Monthly expenses: Madison MSA (2006 dollars) Economic Snapshot is a weekly feature provided by the UW-Extension. QUESTIONS: Contact Bill Pinkovitz, Center for Community and Economic Development, UW-Extension at billpinkovitz@uwex.edu

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