

Calculating The Poverty Line

EARLY, MIDDLE, & UPPER GRADES ACTIVITY



Handout

HOW MUCH INCOME IS REALLY REQUIRED TO MAKE ENDS MEET?

1. Adjusting the federal estimate

- Based on the government's estimate, what is the annual cost of food for a family of four?

- If annual food costs represent one-fifth of a family's expenses, how much money does a family need to purchase food and everything else it needs?

The adjusted federal estimate is \$ _____ .

2. Using other benchmarks

What if the government used other factors — childcare or housing costs, for example — to calculate the poverty line, instead of food costs?

In the United States, the average rental (2 bedroom) costs is \$949.00 per month, and a family with one four-year-old and one school-aged child pays an average \$1,066 per month for childcare costs.

- If the federal estimate was based on this childcare cost, not food, the poverty line would be \$ _____ .

- If the federal estimate was based on housing costs, not food, the poverty line would be \$ _____ .

So, how severely does the federal poverty line underestimate income a family really needs to make ends meet?

FEDERAL ESTIMATE	ADJUSTED FEDERAL ESTIMATE	CHILDCARE BENCHMARK	HOUSING BENCHMARK
\$23,050	\$	\$	\$

1. Judged against the *adjusted* federal estimate, the federal estimate underestimates the income necessary by _____ %.

2. Judged against an estimate based on childcare costs, the federal estimate underestimates the income necessary by _____ %.

3. Judged against an estimate based on housing costs, the federal estimate underestimates the income necessary by _____ %.