

New report demonstrates impossibility of living on the minimum wage in Minnesota

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For a two-parent, two-child family, it costs \$73,526 to secure a decent yet modest living in Minneapolis, a new report released by the Economic Policy Institute (EPI) finds. In *What Families Need to Get By: The 2013 Update of EPI's Family Budget Calculator*, Elise Gould, EPI director of health policy research, and her EPI colleagues explain that because poverty thresholds, generally set at the national level, were created to measure serious economic deprivation and do not account for community-specific costs, the dollar amount necessary for a family to attain a secure yet modest living is much higher than conventional estimates.

Using EPI's Family Budget Calculator, recently updated for 2013, the authors account for cost variations of housing, food, child care, transportation, health care, other necessities and taxes across the country and offer a broader, more comprehensive measure of economic welfare.

"Our family budget calculations show that the real costs for families to live modest—not even middle class—lives are much higher than conventional estimates show and are virtually impossible for families working minimum-wage jobs," said Gould. "In fact, the actual amount of money a family needs to provide the most basic necessities exceeds the official poverty threshold, which stood at \$23,283 for a two-parent, two-child family in 2012, for all six family

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types in all 615 family budget areas studied in this report."

EPI's Family Budget Calculator illustrates the income required to afford an adequate standard of living for six family types living in 615 specific U.S. communities, including communities in Minnesota.

Using geographical cost-of-living differences, EPI's budget calculator accounts for regional, state, and local variations (depending on item). This geographic dimension of EPI's family budget measurements offers a comparative advantage over using poverty thresholds that only use a national baseline in their measurements, such as the federal poverty threshold, and even the more comprehensive Supplemental Poverty Measure, which uses housing prices for its geographic variability.



Budgets vary widely across the U.S. by family size and by geographic area. The annual basic family budget for a two-parent, two-child family in Minneapolis costs \$73,526. For a two-parent, two-child household, housing accounts for 15.0 percent of a family's budget, averaging \$920 per month. Monthly child care costs range from \$982 for a two-parent, one-child household to \$1,881 for a two-parent, three-child household. Two-parent, two-child families in Minneapolis

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spend 12.3 percent (\$754) of their budget on food, 9.9 percent (\$607) on transportation, and 24.9 percent (\$1,524) on health care each month.

Finally, even in the best of economic times, many parents in low-wage jobs will not earn enough through work to meet basic family needs. Annual wages for one full-time, full-year minimum-wage worker in Minneapolis total \$15,080, far below the \$54,435 necessary for a one-parent, one-child family to have true economic security.

"Hardworking Minnesotans continue to struggle to make ends meet, especially those who earn minimum wage," said Eric Fought, spokesperson for Minnesotans for a Fair Economy. "This report and these tools from EPI give us a solid understanding of the reality for Minnesota families that have to make sacrifices in their budget each month to get by. Further, this data shows us how horribly out-of-touch with reality the minimum wage really is."

Monthly Family Budgets in Minneapolis, Minnesota

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Annual wages for one full-time, full-year minimum-wage worker in Minneapolis total \$15,080, far below the \$54,435 necessary for a one-parent, one-child family to have true economic security.

Minnesotans for a Fair Economy: www.mnfaireconomy.org