



# The Iowa Policy Project

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## Almost 1 in 5 Iowa households below break-even

*Cost of Living in Iowa report shows basic needs out of reach for many; Larger shares struggle as wages fall short in rural areas of the state*

IOWA CITY, Iowa (July 6, 2016) — Nearly 114,000 working households in Iowa — 19 percent — do not earn enough to meet basic needs family budget.

“Even with one or more full-time wage earners, hard-working families face a serious challenge in Iowa,” said Peter Fisher, research director of the nonpartisan Iowa Policy Project (IPP) and author of *The Cost of Living in Iowa*.

IPP released the first part of the three-part report in April setting out basic-needs budgets for various family types across the state, and followed today with Part 2.

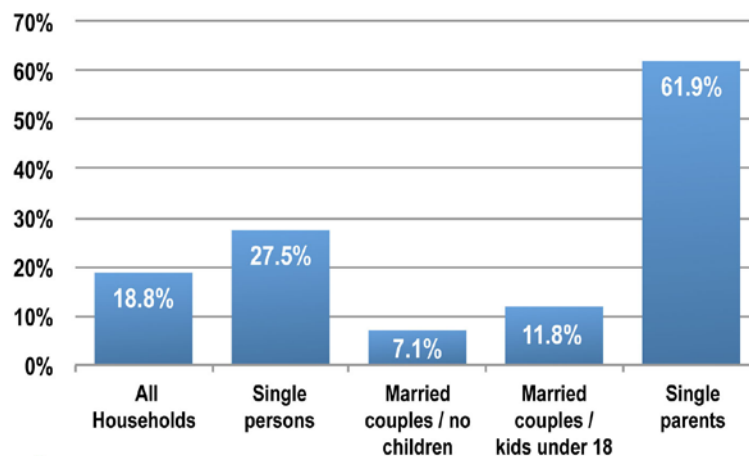
“It was already clear than working families must earn substantially above the official poverty threshold to get by on a very basic standard of living without public supports,” Fisher said. “This report illustrates this challenge is widely shared throughout the state — and drills down to show it is more prevalent for single parent families, and families in more rural regions of northern and southern Iowa.”

The report also found:

- The proportion below basic needs in 32 largely rural counties in Southern Iowa, plus Pottawattamie County (Council Bluffs) is 22 percent, with a Northern Iowa region of 40 mostly rural counties plus Sioux City area only slightly better at 21 percent.
- More than 6 in 10 single-parent families do not earn at a basic needs, or self-sufficiency, level. For those families, on average, the gap between actual household income and a self-sufficiency income is \$22,655, on average.
- Of those Iowa families with income below self-sufficiency, about a third earn less than half the needed amount.

“In other words,” Fisher said, “those families would need to at least double their current earnings to meet basic household expenses without public assistance.”

**Almost 1 in 5 Iowa Households Below Self-Sufficiency**  
*Proportion of Iowa Working Families with Incomes below Self-sufficiency Level*



**Iowa Policy Project** Source: IPP analysis of American Community Survey

The estimates in the report are based on data from the American Community Survey, a sample of nearly 30,000 Iowa households. The report does not include senior households or households in which at least one adult is not working at least 30 hours per week.

The new report will be the basis for a coming update of the cliff effects on various family types when support programs, such as food, energy and child care assistance, abruptly end as a family earns a slightly higher amount at work — but not enough to cover the loss of support.

Find the report at [www.iowapolicyproject.org](http://www.iowapolicyproject.org) and [www.iowafiscal.org](http://www.iowafiscal.org).

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### *Basic needs budgets*

The basic-needs budgets constructed for this report represent a very frugal living standard; using costs as of 2015 (except for health insurance), the budgets are based on what is needed to “survive” rather than “thrive.”

This includes allowances for rent, utilities, food prepared at home, child care, health care, transportation, clothing and other household necessities.

The basic budget does not include savings, loan payments, education expenses, any entertainment or vacation, social or recreational travel, or meals outside the home.