

TAKING THE MEASURE OF NEED IN THE GRANITE STATE

Executive Summary and Key Highlights

New Hampshire's official poverty rate of 9.2 percent was the lowest in the nation in 2014, but this statistic does not present a complete picture of the numbers of people struggling to achieve economic security. While the federal poverty threshold is the most common measure available for attempting to assess what people need to make ends meet, economists and other experts have long understood that it suffers from several critical flaws. Research by the Economic Policy Institute (EPI) has produced a more robust measure of need, referred to as a "Basic Family Budget," that more fully captures both the costs of purchasing essential goods and services and regional variations in such costs.

Federal Poverty Threshold Only a Fraction of What It Takes to Make Ends Meet in New Hampshire

Basic Family Budgets for select family types by area

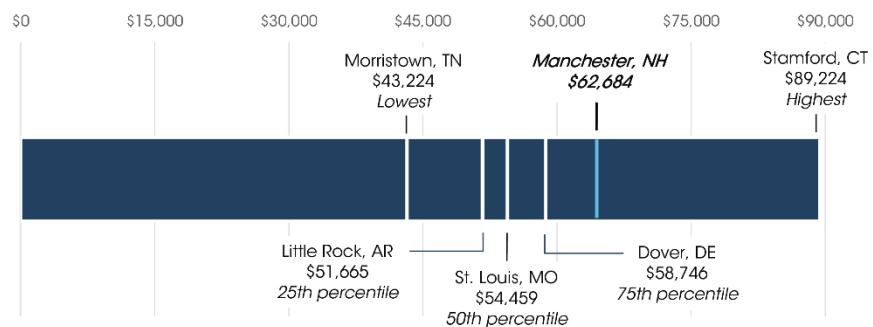
	One adult, no children	One adult, one child	Two adults, one child	Two adults, two children
Western Hillsborough County	\$32,439	\$52,287	\$61,332	\$70,723
Salem-Derry Area	\$31,526	\$54,794	\$63,617	\$73,017
Greater Manchester	\$28,961	\$53,788	\$62,684	\$71,939
Greater Nashua	\$32,974	\$57,286	\$65,924	\$75,191
Strafford County-Great Bay Region	\$30,978	\$54,247	\$63,110	\$72,508
Northwestern Rockingham County	\$37,676	\$61,579	\$69,897	\$79,177
Rural NH	\$31,558	\$51,647	\$60,738	\$67,932
Official Poverty Threshold	\$12,316	\$16,317	\$19,055	\$24,008
Poverty Threshold as a Share of Basic Family Budget	33% to 43%	26% to 32%	27% to 31%	30% to 35%

Source: Economic Policy Institute, US Census Bureau

One of the principal shortcomings of the federal poverty threshold is that it fails to account for geographic differences in the costs of certain necessities. As state residents themselves can attest and as EPI's research affirms, the cost of living in New Hampshire tends to be higher than in many other parts of the country. EPI estimates that a two adult, one child family in Greater Manchester needs an annual income of nearly \$63,000 to meet its Basic Family Budget, a figure that ranks in the top fifth of the 618 family budget areas analyzed by EPI. In other words, for a two adult, one child family, Greater Manchester is a more expensive place to live than 80 percent of US communities, outpacing such cities as Little Rock and St. Louis.

Manchester Among the Most Expensive Places to Live in the United States

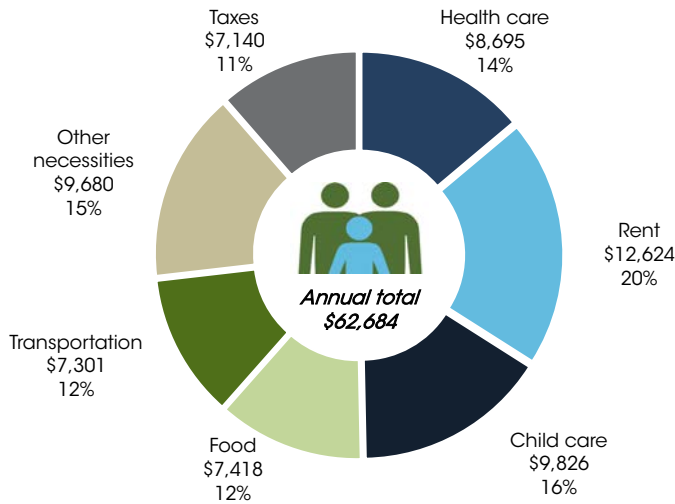
Range of Basic Family Budgets for two adult, one child families for all Basic Family Budget areas



Source: Economic Policy Institute

Health Care, Rent, and Child Care Make Up Roughly Half of Families' Basic Needs

Basic Family Budget for two parent, one child family in Manchester



Source: Economic Policy Institute

Another flaw of the federal poverty threshold is that it assumes the typical family spends one-third of its income on food. While that may have been the case at one time, EPI's research reveals that health care, rent, and child care (for families with children) now constitute the largest costs households face. For instance, for a two adult, one child family in Manchester, the state's largest city, health care costs constitute 14 percent of their Basic Family Budget, rent comprises 20 percent, and child care makes up 16 percent.

While definitive data on the number of Granite Staters with incomes sufficient to meet their Basic Family Budgets are not yet available, preliminary NHFPI estimates suggest that a substantial share of the jobs available in the state do not pay enough to make ends meet. For example, roughly 64 percent of occupations in New Hampshire likely pay enough for a single person to meet his or her Basic Family Budget, while only about 56 percent pay enough for a two-worker family of four to do so. The data for a single parent with one child is even more alarming, as only 30 percent of occupations pay enough to afford a modest standard of living.

Large Share of New Hampshire Jobs Lack Pay Required to Meet Basic Needs

Household Type	Basic Family Budget (NH average)	NH Jobs with Pay Sufficient for Basic Family Budget	
		Number	Share of Total
One adult, no children	\$32,302	394,992	63.9%
One adult, one child	\$55,090	182,616	29.6%
Two adults, one child	\$63,900	396,028	64.1%
Two adults, two children	\$72,927	344,812	55.8%

Source: NHFPI calculations based on EPI and OES data

Consequently, in the years ahead, the task before policymakers will be to identify and to implement a combination of reforms to help people make ends meet, both by bolstering incomes and by bringing the costs of basic necessities within closer reach.

Learn more in NHFPI's report, *Taking the Measure of Need in the Granite State*, available online at: <http://www.nhfpi.org/research/state-economy/taking-the-measure-of-need-granite-state.html>.

The New Hampshire Fiscal Policy Institute is an independent, non-profit, non-partisan organization dedicated to exploring, developing, and promoting public policies that foster economic opportunity and prosperity for all New Hampshire residents, with an emphasis on low- and moderate-income families and individuals. Learn more at www.nhfpi.org.