The Poverty Institute

at Rhode Island College School of Social Work

The 2001 Rhode Island Standard of Need

The Poverty Institute's 2001 Rhode Island Standard of Need Includes Single-Parent Families, Two-Parent Families and Single Adults

The *2001 Rhode Island Standard of Need* (RISN) continues to calculate the income that a single parent with two young children needs to adequately provide for her family's basic living expenses. The 2001 RISN also provides calculations to show the income that a two-parent family with two young children needs to meet basic living expenses as well as the calculation for a single adult.

The RISN shows that because of work supports, particularly childcare and health care subsidies, families with lower earnings are able to meet basic needs.

In 2000, the number of Rhode Island family households with children under 18 was 124,867 (30.6% of all households). Thirty percent of children lived in a single-parent household, an increase from 12% in 1970.[1]

Why is the RISN Necessary?

The Poverty Institute began calculating the annual *Rhode Island Standard of Need* because most experts believe that the Federal Poverty Level (FPL) is a seriously outdated measure of economic well-being.

What's Wrong with the Federal Poverty Level?

The Federal Poverty Level was developed in the 1960s and measured poverty, using 1950 data, based on the cost of food. At that time, food costs represented a third of a family's budget. The Federal Poverty Level is flawed because expenditure patterns have changed significantly since the 1950s. Costs such as housing have risen faster than food costs and today many more people incur significant expenses because they work outside the home.

Why is the RISN a Better Measure of Individual and Family Need?

The RISN corrects these and other limitations of the Federal Poverty Level by allowing for differences in regional prices and children's ages. The RISN also includes expenses related to employment, such as transportation and child-care, and accounts for changing taxes and the impact of tax credits and government subsidies at different income levels. The RISN also takes into consideration inflation rates on non-food items such as housing, which along with childcare consumes the greatest portion of young working family's income. A further indication of the inadequacy of the Federal Poverty Level is the growing frequency with which the government bases eligibility for public benefit programs on increased percentages of its own Federal Poverty Level.

What Does the 2001 RISN Measure?

The Standard of Need reflects the ability of single adults and single- and two-parent families to maintain a basic standard of living; a standard that