Measuring Economic Needs Beyond Poverty: A Consumer Guide to Family Budget Measures

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Poverty is typically defined as having an income that falls below a specified threshold, often referred to as a "poverty line." The United States' official poverty measure (OPM) was developed in the 1960s, with the poverty line varying primarily by the number of adults and children in a family. A family of four with two adults and two children, for example, is considered poor under this measure if the family's pretax, cash income is less than $30,900 in 2023.[2] Conceptually, families are thought to struggle to meet a minimum set of basic needs if they live under this poverty line.

There are a number of critiques of the United States' poverty line that argue that the OPM is too low and does not represent the realistic income people need to be able to secure their basic needs. To address this, the United States Census Bureau has published a "Supplemental Poverty Measure" (SPM) for over a decade (Shrider, 2024). Among other changes, the SPM updates and modernizes the poverty line, basing the line on family expenditures on a core basket of necessities, updating it over time as these expenditures change, and allowing the line to vary not only with the number of adults and children in the family, but also with the family's local cost of living and housing tenure status (e.g., renting versus owning a home). In 2023, the OPM threshold for a two-adult, two-child family was $30,900, whereas the non-geographic-adjusted SPM threshold for a two-adult, two-child family of renters was $37,482 (Shrider, 2024).

Many still argue, however, that even the SPM thresholds are too low (Fremstad, 2020; Poor People's Campaign) and do not encompass all the contemporary needs of individuals and families in the 21st century. Some critics argue for a relative poverty line—50 or 60% of median household income—an approach commonly used in other wealthy democracies (Brady, 2003). Another approach offered is called a family budget. For several decades, although not currently, the Bureau of Labor Statistics (BLS) measured family budgets based on the costs and expenditures for a broad set of goods that enabled families to achieve a certain standard of living, adjusted for family types and geographic areas (Johnson et al., 2001).

Measuring family budgets involves many decisions such as which contemporary expenses should be considered a family need (e.g. broadband), whether market prices or consumer expenditures should be used to represent the cost of meeting a need, and at what point in the distribution the cost should be measured (e.g. cost for a median family vs. a lower percentile).

[1] Author names are listed in alphabetical order.

[2] See the Census Bureau's published poverty thresholds.

More recently, several research groups in the United States have developed family budget measures of their own. Though the goals of these measures are not identical, all attempt to take into account a broad set of needs faced by contemporary individuals and families in the United States and all explicitly or implicitly assert that these needs, when quantified, are substantially higher than the United States' OPM and SPM thresholds. The purpose of this Consumer Guide to Family Budget Measures is to describe and compare these measures for researchers, advocates, and others who are interested in using family budget measures in their work. The guide describes the key similarities and differences across these measures in terms of their goals and purposes, consideration of varying family composition and coverage across geographies, budget components, and data and methods used to calculate each component.

Our goal is not to arrive at a recommendation of what family budget measure is "best," nor is it to advocate for any single measure in opposition to a poverty measure, whether official, supplemental, or relative. Indeed, some of the measures reviewed in the guide are not even meant to capture something conceptually analogous to "poverty." Our goal is simply to catalog and describe the key similarities and differences across these measures. In doing so, we hope to make it easier for consumers to decide which measures are most relevant for their own purposes and needs. Although we have sought the guidance of the creators of each measure in developing this guide, any inaccuracies or omissions in the guide are our own.

The four measures covered by this guide are, in alphabetical order:

1. **United Way of Northern New Jersey's Asset Limited Income Constrained Employed (ALICE) Household Survival Budget**
2. **Economic Policy Institute's (EPI) Family Budget Calculator**
3. **Massachusetts Institute of Technology's (MIT) Living Wage Calculator; and**
4. **University of Washington's (UW) Self-Sufficiency Standard.**

It is important to also note that these four measures are not the only measures that exist in the field. We selected these four because they each are updated regularly, available at the state or local levels, and are readily accessible to potential consumers and users through online interactive tools.[3]

One recently developed measure from the Urban Institute, the True Cost of Economic Security (Acs et al., 2024), creates a new family budget measure that is applied to large-scale household survey data to estimate rates of economic (in)security across the United States. We do not review that measure here given that budget estimates are not publicly available for family types and geographic areas across the country.

MEASUREMENT GOALS AND PURPOSES

We first describe what the four measures are seeking to capture. Although all four measures are meant to describe what it takes to afford basic or adequate standards of living, their goals and purposes are not identical.

[3] Data for all four measures is publicly available to review through interactive tools or downloadable online. Downloadable data is available from three of the four measures: Economic Policy Institute's Family Budget Calculator, University of Washington's Self-Sufficiency Standard, and MIT's Living Wage Calculator (upon request).

ALICE describes its budget as capturing the "bare-minimum estimated cost of household basics" (Hoopes, 2024). UW's Self-Sufficiency Standard aims to capture "the amount of income required for working families to meet basic needs at a minimally adequate level" (Brolliar et al., 2024). MIT's Living Wage Calculator seeks to provide the local wage required for individuals to "cover the costs of their family's basic needs where they live" (Living Wage Institute, 2025). Finally, EPI's Family Budget Calculator aims to capture a "modest yet adequate standard of living" (Mokhiber et al., 2025). Each of these measures provides alternatives or extensions to a poverty threshold, and all seek to capture the incomes or wages necessary to meet a minimum or adequate level of basic needs. ALICE also publishes a "stability budget" that incorporates an amount of income necessary to save for "slightly higher standards" (Hoopes, 2024), but we do not cover that budget variation in this guide.

FAMILY COMPOSITION AND GEOGRAPHY

Each measure estimates basic needs based on different family configurations[4] and the cost of living at state or county levels. These are important considerations because the thresholds will be higher or lower depending on the number of family members who live together, whether family members are working, and where families live (e.g. in more expensive areas vs. areas with lower prices).

First, a family's needs vary by the number of people in that family, and also the characteristics of individuals within that family (e.g. age, employment status). Child care, for instance, is only a budgetary need when children are present, and child care costs vary with children's age. Food and housing needs are universal, but their cost varies with the number of adults and children present as well as their family living arrangements. For example, two adults may only require one bedroom if they are married or cohabiting, but they may need two bedrooms if they are not. Two young children might be expected to share a bedroom, whereas older adolescents might reasonably expect to each have their own bedroom. The assumptions underlying such needs are important for setting the budget lines across the measures, so we first describe similarities and differences in these approaches.

Second, a family's needs vary depending on location. Some people live in areas with high rents and high child care costs, while others live in lower cost areas. Some areas have fairly low-cost public transportation networks while in other places residents rely on personal vehicles to commute and buy groceries and other necessities. Accounting for this geographic variation is important for setting needs levels in family budgets. As a result, after describing how the four measures approach family composition, we also describe how they approach geographic variation across the country.

[4] For the purposes of this guide, "family" is used as a shorthand to refer to individuals living in a shared housing arrangement that pool resources. While MIT's Living Wage Calculator, UW's Self-Sufficiency Standard, and EPI's Family Budget Calculator make explicit reference to "family" types and compositions, ALICE tends to refer to "household" types and compositions, though the documentation also uses "family" interchangeably.

Family Composition

Each family budget relies on slightly different assumptions around family size and composition to produce estimates. These assumptions roughly fall under two approaches: the first uses a narrow set of family compositions (e.g. families with one or two working adults and up to three or four children), while the second aims to classify a wider range and combination of family compositions and living arrangements (e.g. families with more than two working adults and more than three children). There are pros and cons to each approach; a narrower number of family types means that the thresholds can be easier to use and publish on websites, but the tradeoff is less precise estimates of need and less representation of the diversity of families. Table 1 summarizes the different approaches each measure for addressing family composition.

Table 1. Family composition comparison across family budget measures

	Approach	*Number of Adults*	*Number of Children*	*Child Ages*
ALICE Household Survival Budget	Large variation in family compositions[5]	1–6 working age adults	0–6 children	Varying combinations
EPI's Family Budget Calculator	Narrow set of family compositions (10)	1–2 working age adults	0–4 children	Fixed combinations (ages 4, 8, 12, 16)
MIT's Living Wage Calculator	Narrow set of family compositions (12)	1–2 working age adults	0–3 children	Fixed combinations (ages 4, 9, 15)
UW's Self-Sufficiency Standard	Large variation in family compositions (719)	1–10 working age adults	0–10 children	Varying combinations

MIT's Living Wage Calculator and EPI's Family Budget Calculator assume a narrow set of family compositions. MIT's Living Wage Calculator provides data for 12 different family types: one-adult working families, two-adult families with both adults in the labor force, and two-adult families where only one adult is in the labor force, each with zero to three dependent children. The assumed ages of the children are as follows: one child is 4 years old; two children are 4 and 9 years old; and three children are 4, 9, and 15 years old.

EPI's Family Budget Calculator provides data for ten different family types: one-adult families and two-adult families, each with zero to four dependent children. This measure is different from the MIT approach because it assumes that all adults work and therefore does not include a two-adult family where one adult does not work. While the MIT approach creates family budgets for up to three children, EPI estimates family budgets for up to four children with slightly different assumptions about children's ages: one child is 4 years old; two children are 4 and 8 years old; three children are 4, 8, and 12 years old; and four children are 4, 8, 12, and 16 years old.

[5] ALICE does not provide a full count of the family types supported beyond describing the combinations of one to six working-age adults with zero to six children of varying ages.

On the other hand, the ALICE Household Survival Budget and UW's Self-Sufficiency Standard aim to classify a wider range of family compositions. The ALICE Household Survival Budget calculates family compositions of one to six working-age adults with zero to six children of varying ages. ALICE uses three age categories for children: infant (0 to 2 years old), preschooler (3 to 4 years old), and school-age (5 to 17 years old). Similarly, UW's Self-Sufficiency Standard calculates budgets for over 700 family types, including families with one to ten adults and zero to ten children. Children are assumed to be in one of four age categories: infant (0 to 2 years old), preschooler (3 to 5 years old), school-age (6 to 12 years old), and teenager (13 to 17 years old).

Notably, with the exception of ALICE, a key requirement of each budget is that at least one adult is fully employed. Additionally, none of the budgets explicitly account for family compositions that include the unique costs and needs of retired elders, although ALICE does produce a separate Senior Survival Budget that addresses these considerations for seniors (65 years or older).[6]

Geographic Coverage

Each measure also aims to account for geographic variation in the cost of meeting needs. Given the diverse set of living conditions, housing arrangements, and variation in prices across the United States, each measure aims to capture the ways in which family budgets vary and depend on local factors, with a particular focus on providing estimates at the county level. All four family budgets use counties as the base unit of analysis because they tend to be the most granular geographic units for which there is consistent data across the various datasets that are used to estimate each component of a family budget.

However, there is still some variation in coverage across measures. MIT's Living Wage Calculator and EPI's Family Budget Calculator provide estimates for all counties and metro areas in all 50 states and the District of Columbia. On the other hand, the ALICE Household Survival Budget and UW's Self-Sufficiency Standard are only provided for select partner states. ALICE publishes county-level estimates for 25 states and the District of Columbia,[7] and while UW's Self-Sufficiency Standard has published county-level estimates in 45 states, data is only fully updated for 27 states every three years.[8] For certain large counties with high levels of variation in costs of living in New York State and Washington State, UW's Self-Sufficiency Standard also provides sub-county estimates.

Notably, to arrive at estimates by county when county-level data is not explicitly available for certain budget components, each measure relies on a variety of population-weighted indices, third party data sources beyond federal or state government sources, and other adjustment factors to specify county-level geographic variation. For indicators that are measured at larger geographic levels that include multiple counties, data from a large metro area, for example, is sometimes used to assign the same value to its component counties. The various methods for geographic adjustment that each measure employs are described in relation to each budget component in the following sections.

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[6] Separately, the University of Massachusetts Boston also maintains an Elder Index to measure the income needed for older adults to live independently.

[7] While public estimates are only available for 25 partner states and the District of Columbia, the ALICE Household Survival Budget is calculated for all U.S. counties and these results are available upon request.

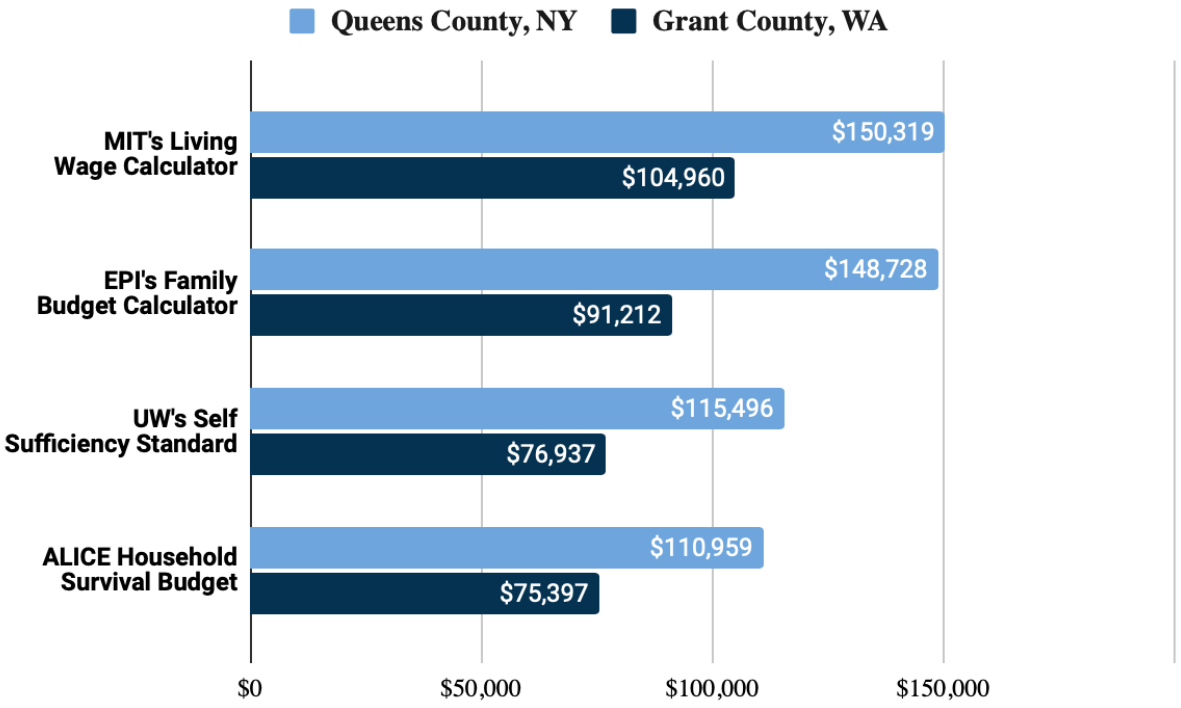
[8] In 2026, UW's Self-Sufficiency Standard will be calculated for all 50 states.

BUDGET COMPARISON AT A GLANCE

Because each measure relies on different assumptions and methodological choices, they produce different overall budget amounts for specific geographies. To illustrate this, we show in Figure 1 a set of two-adult, two-child family budgets across the four measures in a higher-cost urban setting (Queens County, New York) and a lower-cost rural setting (Grant County, Washington). MIT's Living Wage Calculator estimates the highest budget in both settings. EPI's Family Budget Calculator yields roughly similar budget estimates for Queens County, although their estimates for Grant County are lower. UW's Self Sufficiency Standard and the ALICE Household Survival Budget provide estimates that are lower, and similar to each other, across both settings.

ALICE is the only measure that has not released an update in 2023 dollars.[9] As a result, for a consistent comparison with the other measures, we adjust the ALICE budget for inflation using the Consumer Price Index for All Urban Consumers. In the next section, we provide a detailed description of the budget components and methodological choices that drive the differences in these budget estimates.

Figure 1. Comparison of two-adult two-child family budgets in a higher-cost urban setting and a lower-cost rural setting



Note: Because UW's Self Sufficiency Standard and the ALICE Household Survival Budget do not have default age assumptions for two-child families, budgets for families with one preschooler and one school-age child were used to more closely align with the age composition assumptions of EPI's Family Budget Calculator and MIT's Living Wage Calculator. Budget data is in 2023 dollars. The ALICE Household Survival Budget is currently only available in 2022 dollars. As a result, values are adjusted to 2023 dollars using the Consumer Price Index for All Urban Consumers.

[9] In early 2025, both MIT and EPI released updated estimates for their respective measures in 2024 dollars. However, we continue to use their previous year estimates for a consistent basis of comparison across all four measures.

Family Budget Components

We now describe how the four budget measures approach each major component embodied in the needs standard. We begin with the elements that all four measures include: (1) Food; (2) Housing; (3) Health care; (4) Child care; (5) Transportation; (6) Taxes; and (7) Other expenses. We then briefly describe other components that are unique to one or more measures. These include (1) Civic engagement and (2) Emergency savings.

Table 2 summarizes budget component costs across each measure for a higher-cost urban setting (Queens County, NY).

Table 2. Budget component comparison for two-adult two-child family in Queens County, NY

	ALICE Household Survival Budget	*EPI's Family Budget Calculator*	*MIT's Living Wage Calculator*	*UW's Self-Sufficiency Standard*
Food	$19,668	$13,104	$13,443	$13,578
Child Care	$17,893	$31,020	$36,208	$28,174
Health Care	$8,035	$20,448	$10,898	$8,932
Housing	$35,362	$31,152	$35,014	$29,865
Transportation	$5,848	$11,040	$10,508	$3,048
Civic	N/A	N/A	$7,730	N/A
Internet/Phone	$1,449	N/A	$2,103	$2,056
Other	$8,822	$15,672	$11,588	$8,360
Taxes	$13,882	$26,292	$22,827	$21,483
TOTAL	**$110,959**	**$148,728**	**$150,319**	**$115,496**

Note: EPI's Family Budget Calculator includes internet/phone costs in the "Other" category. Because UW's Self Sufficiency Standard and the ALICE Household Survival Budget do not have default age assumptions for two-child families, budgets for families with one preschooler and one school-age child were used to more closely align with the age composition assumptions of EPI's Family Budget Calculator and MIT's Living Wage Calculator. UW's Self Sufficiency Standard also includes estimates for emergency savings as a supplemental figure, but this component is not included in the table because it does not factor into the final budget. Tax estimates include the value of tax credits. Budget data is in 2023 dollars, with ALICE's 2022 dollar estimates updated for inflation.

Table 3 summarizes budget component costs across each measure for a lower-cost rural setting (Grant County, WA).

Table 3. Budget component comparison for two-adult two-child family in Grant County, WA

	ALICE Household Survival Budget	EPI's Family Budget Calculator	MIT's Living Wage Calculator	UW's Self-Sufficiency Standard
Food	$16,156	$11,904	$12,218	$11,044
Child Care	$14,894	$16,548	$20,551	$21,478
Health Care	$7,447	$15,096	$7,979	$9,964
Housing	$10,946	$11,676	$13,365	$11,676
Transportation	$13,208	$19,464	$18,824	$8,110
Civic	N/A	N/A	$7,776	N/A
Internet/Phone	$1,449	N/A	$2,046	$1,560
Other	$6,410	$8,352	$12,431	$6,227
Taxes	$4,886	$8,172	$9,770	$6,878
TOTAL	**$75,397**	**$91,212**	**$104,960**	**$76,937**

Note: EPI's Family Budget Calculator includes internet/phone costs in the "Other" category. Because UW's Self Sufficiency Standard and the ALICE Household Survival Budget do not have default age assumptions for two-child families, budgets for families with one preschooler and one school-age child were used to more closely align with the age composition assumptions of EPI's Family Budget Calculator and MIT's Living Wage Calculator. UW's Self Sufficiency Standard also includes estimates for emergency savings as a supplemental figure, but this component is not included in the table because it does not factor into the final budget. Tax estimates include the value of tax credits. Budget data is in 2023 dollars, with ALICE's 2022 dollar estimates updated for inflation.

Food

All four family budgets follow a similar approach for estimating food costs, with one of the United States Department of Agriculture (USDA) food plans serving as the underlying source of data for all budgets. The USDA food plans are made up of market baskets that define weekly amounts of food and beverages that are meant to constitute healthy, practical diets for groups based on age and sex. Cost levels are then determined by the dollar value of market baskets based on average food prices, which are updated annually for inflation using the Consumer Price Index for All Urban Consumers (United States Department of Agriculture Food and Nutrition Service, *USDA Food Plans*). There are four different plans (in order of increasing value): thrifty, low-cost, moderate-cost, and liberal.

While three of the four budgets use the USDA's low-cost food plan, the ALICE Household Survival Budget relies on the thrifty food plan, which is the lowest cost plan and is used for determining SNAP benefit amounts (Center on Budget and Policy Priorities, 2024). Notably, the passage of the 2018 Farm Bill directed the USDA to reevaluate the thrifty food plan using updated data on food prices and consumption patterns, which resulted in a substantial increase in the thrifty food plan budget starting in 2021 (United States Department of Agriculture Food and Nutrition Service, *Thrifty Food Plan*, 2021). As a result, the budget differences between the thrifty and low-cost plans are now smaller than in years prior. To estimate food costs by age, each family budget follows a similar approach: for adults, costs for males and females between ages 19 and 50 are averaged[10] and child food costs are estimated using the relevant age

[10] Thus, for every adult in a given family composition, the food costs represent the average cost of a man's and a woman's cost regardless of the gender composition of the household.

categories. Notably, the USDA food plan estimates are based on costs for individuals in four-person families, but the USDA recommends adjustments to account for different family sizes. Each measure makes use of these adjustments. For example, to account for economies of scale, the individual food costs for five-person families are 5% lower for each individual compared to four-person families.

To account for county-level differences in food costs, all four family budgets make additional adjustments to the underlying USDA food plan using Feeding America's Map the Meal Gap county index, which is generated using Nielsen data on barcodes for thrifty level food plan items in grocery stores throughout the country (Feeding America, 2024). This entails applying a multiplier to the USDA food plan costs based on the difference in food costs between counties: higher-cost counties will receive a larger multiplier, while lower-cost counties will receive a smaller multiplier.

Housing

To estimate housing costs, all four family budgets use the Fair Market Rent (FMR) estimates produced by the Department of Housing and Urban Development (HUD). FMRs are set at the 40th percentile of rental costs for a given geography and are used to determine thresholds and reimbursement amounts for federal housing assistance programs. FMR estimates include utilities (excluding internet and phone) and vary by number of bedrooms. Estimates are available for studio apartments and one- to four-bedroom apartments. With certain exceptions, FMRs are derived from the most recent 5-year American Community Survey (ACS) two-bedroom gross rent estimates and adjusted for inflation and other factors.[11] Home ownership is not included in these estimates.

While all four family budgets use the FMRs as their underlying cost data, they vary in how they incorporate household and geographic adjustments. Three of the budgets assume that one-adult households occupy studio apartments, but UW's Self-Sufficiency Standard uses one-bedroom units due to the uneven quality and availability of studio apartments in some areas. For larger families, the budgets follow similar assumptions, with no more than two adults or children allocated to a given bedroom. All four measures also make various population-weighted adjustments using ACS data to account for metro and nonmetro area FMRs that span multiple counties.

Health Care

There is consensus across family budgets that health care expenses per family include two costs: (1) the amount paid for health insurance, and (2) the amount paid for out-of-pocket (OOP) health expenses. There are different assumptions about the type of health care coverage (employer-provided vs. purchased through an Exchange) and the cost of OOP expenses.

Three of the family budgets (MIT, UW, and ALICE) use an employer-based survey, the Insurance Component of the Medical Expenditure Panel Survey (MEPS-IC),[12] to calculate the average contribution that private sector employees pay to obtain health insurance coverage through an employer. The MEPS-IC reports data by state[13] and coverage type (employee only,

[11] See: Fair Market Rents portal | HUD USER
[12] See: Medical Expenditure Panel Survey
[13] The UW budget further adjusts for within-state variation using an index of county-level health insurance prices from the public health insurance exchanges.

employee-plus-one, and family). Costs are estimated based on three different family sizes: a single adult, two-person family, or a three+ person family. Health insurance costs are based on family size, but do not differentiate between adults and children. This approach implicitly assumes that all workers have access to an employer-provided plan. To account for county-level variation in insurance premium costs, MIT's Living Wage Calculator also builds an index using the Robert Wood Johnson Foundation and Ideon's HIX Compare, which provides individual and small group insurance market information across plan rating areas that can be mapped back to counties.[14]

EPI's Family Budget Calculator uses the Kaiser Family Foundation (KFF) Health Insurance Marketplace Calculator to estimate the cost of purchasing a Bronze-level health insurance plan through the public health insurance exchanges established by the Affordable Care Act. The KFF calculator estimates costs per family based on zip code, family size, and family composition.

Two of the measures also use MEPS data to calculate the cost of OOP health spending. EPI's Family Budget Calculator and UW's Self Sufficiency Standard use the MEPS Household Component (MEPS-HC) to estimate the total OOP amount paid by families for any health care related expenses that are not covered by health insurance or another source. This includes expenses like medical equipment and services, non-physician visits, prescription drugs, dental services, and vision services. Both EPI and UW estimate health spending at the census region (Northeast, Midwest, South, and West) and additionally adjust for within-region variation for metro and non-metro areas. Both budgets calculate the average per person OOP expenses for adults and children, and then sum these expenses based on family composition.[15]

The other two indices use data from the Consumer Expenditure Survey (CE) to estimate a similar set of OOP health expenses included in the MEPS-HC. The CE disaggregates expenditures based on household size, region, income, and age of the head of household. The MIT Living Wage Calculator and ALICE Household Survival Budget have different approaches to calculating OOP expenditures. For example, the MIT Living Wage Calculator uses national averages of OOP expenditures reported by consumer unit (household) size and adjusts for regional variation but does not account for age or income. Alternatively, the ALICE Household Survival Budget calculates the national average OOP expenditure for households with a pre-tax income between $40,000-$69,000 and headed by someone who is between the ages of 45 and 54, but does not adjust for region.

The ALICE Household Survival Budget further adjusts health care expenses to explicitly account for the fact that low-income families face higher health care costs. Because low-income families are more likely to have a member dealing with a health condition, ALICE adds 30% to the estimated costs of both employees' contributions to health insurance and OOP expenses to their budget.

Child Care

Each of the four family budget measures conceive of child care as a non-discretionary expense for families with children. Each measure estimates child care expenses based on the price of full-time year-round child care in the private market. Price estimates used across family

[14] See: HIX Compare

[15] The EPI Family Budget calculates expenses for adults (18–64 years old) and children (under 18 years old), whereas the UW Self-Sufficiency Standard' calculates expenses for adults, infants, preschoolers, school-age children, and teenagers.

budgets, however, vary widely based on different assumptions about family and work composition and the type and quality of child care arrangements. If families do not have children, child care expenses are assumed to be $0. If families have children and at least one adult, these families are all assumed to have at least one working member[16] and have child care expenses. For families with two adults and at least one child, three of the budget measures assume that both adults are working and pay for child care. In contrast, the MIT budget assumes that if there are two adults, one working full-time and one not, there will be no child care expenses since there is an adult available to provide child care (e.g., child care expenses are $0).

All four budgets estimate child care prices using state-level market rate surveys, but through different underlying sources. EPI's Family Budget Calculator and MIT's Living Wage Calculator largely rely on the National Database of Childcare Prices produced by the Women's Bureau of the Department of Labor,[17] which compiles county-level price data from market rate surveys from 2008 to 2022. On the other hand, ALICE and UW's Self Sufficiency Standard use data from market rate surveys on a case-by-case basis. State market rate surveys provide county-level data on the costs of child care across almost all states, though some data is unavailable for a handful of states. To account for this missing data, all of the budgets with the exception of UW's Self Sufficiency Standard use data from Child Care Aware of America (CCAoA), which conducts surveys of child care resource and referral agencies to estimate child care prices at the state level across all states and the District of Columbia. Using the market rate surveys allows for county-level price estimation, but these surveys are fielded less often than the CCAoA survey of state prices.

Both data sources report child care prices based on children's age (infant, toddler, preschooler and school-age) and the type of child care arrangement (centers or family care providers). Child care prices are the highest for infants and decline as children get older, and child care centers are more expensive than family child care providers.

To estimate the cost of child care per family, all four of the budgets make different assumptions about the ages of each child within a family and the type of child care arrangement families use. MIT's Living Wage Calculator relies solely on the price of center-based care, whereas ALICE mainly relies on the price of family child care. The other two budgets use a hybrid approach: EPI's Family Budget Calculator uses center-based care for counties within metro areas and family child care for nonmetro counties, whereas UW's Self Sufficiency Standard uses a weighted average of the price of center and family child care, which is adjusted for the proportion of children enrolled in each arrangement. The MIT Living Wage Calculator assumes that if a family has one child, the price of child care is based on the price of toddler care. On the other hand, the EPI Family Budget Calculator assumes the price for one child is based on preschooler care, which has a lower price.

Other differences in price estimates are due to inflation adjustments (CPI-U vs. CPI-child care), geographic adjustments (assign sub-state regional prices to counties vs. cost-of-living adjustment based on differences in metro/non-metro housing costs), and quality (average price, median price, or 75th percentile). The assumption is that higher quality care is equated with higher prices.

[16] Note that ALICE does not make an explicit assumption that all adults are working, but does assume that child care is needed by the adults in the household.
[17] See: National Database of Childcare Prices | U.S. Department of Labor

Transportation

The methods and underlying data sources for estimating transportation costs vary across each measure, but all four family budgets follow the same broad approach of (1) accounting for both private transportation and public transportation (where applicable) costs in a county, and (2) excluding the initial cost of purchasing a car when estimating private transportation costs. Private transportation costs are based on estimates of distance traveled, gas and maintenance fees, and auto insurance premiums. Each measure also makes different assumptions around the number and type of car needed based on family size. Public transportation costs are calculated based on availability in a given geography. Additionally, each budget roughly follows one of two approaches: the first involves the use of a composite dataset and third-party cost model for estimating transportation needs and costs, whereas the second involves the manual identification of geographies that rely on public rather than private transit and the adjustment of costs based on these identified factors.

MIT's Living Wage Calculator and EPI's Family Budget Calculator follow the first approach: both use data from the Center for Neighborhood Technology's (CNT) Housing and Transportation Affordability Index, which estimates costs related to auto ownership, auto use, and transit use. The index is derived using data from the Consumer Expenditure Survey, the National Transit Database, CNT's own transit database, and the Illinois Department of Natural Resources, with cost estimates provided at the county level. However, the two measures differ in their use of CNT's index. EPI's Family Budget Calculator partnered with CNT to modify cost estimates according to their family sizes and assumptions. For example, CNT adjusted their cost model for two-adult households based on EPI's assumptions that costs for the first adult in a household include work and nonsocial trips (e.g., grocery shopping or medical appointments), and costs for the second adult only include work trips. On the other hand, MIT's Living Wage Calculator adjusts costs using American Community Survey and Consumer Expenditure Survey data to adjust for family size and remote work.

UW's Self Sufficiency Standard and ALICE follow the manual identification approach and rely less on a composite third party measure. Both differentiate between public and private transportation costs based on geography. In counties where more than a certain percentage of workers commute by public transportation (7% for UW, 8% for ALICE), each measure adds the cost of public transportation to the budget rather than the cost of private transportation. UW's Self Sufficiency Standard adds the most appropriate local transit pass to the budget, while ALICE adds public transportation costs based on data from the Consumer Expenditure Survey. For all other counties, both measures assume private transportation costs based on the average costs of owning and operating a car, which includes fixed costs such as insurance, as well as per-mile driving costs by commuting distance. Both measures use per-mile driving and maintenance costs from the American Automobile Association (AAA) and commuting distances from the 2017 National Household Travel Survey. For fixed costs, UW's Self Sufficiency Standard uses data from the 2021 Consumer Expenditure Survey for families with incomes between the 20th and 40th percentiles of the relevant Census region. Auto insurance premiums are taken from the National Association of Insurance Commissioners' state-level data for the UW Self Sufficiency Standard, whereas ALICE uses costs from Zebra, an insurance cost comparison site. Finally, while UW's Self Sufficiency Standard assumes one car for households with one adult and two cars for households with two adults, ALICE only assumes one car per family, with the size of the car increasing with family size.

Taxes

All four budget measures use slightly different approaches for incorporating taxes into their respective budgets, with a mix of third party and in-house models to calculate taxes. Both MIT's Living Wage Calculator and EPI's Family Budget Calculator rely on the National Bureau of Economic Research's (NBER) TAXSIM model,[18] the ALICE Household Survival Budget uses the Federal Reserve Bank of Atlanta's Policy Rules Database,[19] and UW's Self-Sufficiency Standard has its own in-house model for estimating taxes. Each model essentially calculates tax liability at the state and federal level based on various inputs related to income sources, number of dependents, and other relevant factors.

All measures account for federal and state income taxes and tax credits such as the Earned Income Tax Credit and Child Tax Credit. All measures assume that property and real estate taxes are passed on through the cost of rent and are therefore not included in the tax component. While EPI's Family Budget Calculator, the ALICE Household Survival Budget, and MIT's Living Wage Calculator assume state sales taxes are already included in the expenditures for food and miscellaneous expenses, UW's Self-Sufficiency Standard adds state sales taxes where applicable.

All measures must arrive at a family budget that, after applying relevant tax rates, results in an income that allows families to cover their expenses and needs. Because the total budget amounts provided by each measure technically represent the amount of income families would need after taxes are deducted, slight adjustments are required to derive the pre-tax incomes that would result in each final budget amount after applying relevant tax rates. All four budgets account for this technicality.[20]

OTHER EXPENSES

Personal and Household Items

All four family budgets include a category to estimate the cost of additional living expenses that fall outside the core categories. This category is meant to capture the costs of essential items such as clothing, personal care items, and household supplies.

MIT's Living Wage Calculator and EPI's Family Budget Calculator estimate these costs using data from the Consumer Expenditure Survey (CE). As described in an earlier section, the CE disaggregates expenditures based on household characteristics such as size, region, and income level. MIT uses the national average reported by consumer unit (household) size and adjusts for regional variation using the share of these expenses relative to other expenses within each region. EPI uses CE data to calculate a single estimate of what an average low-income household spends on these other items relative to food and housing expenses. The 2024 EPI Family Budget estimates this proportion is 35.4%,[21] which is then added to the estimated food and housing costs for each family type. The two remaining indices (UW and ALICE) have a straightforward approach to estimating costs for these other essential items—both budgets add a 10% flat rate to all other costs.

[18] See: TAXSIM | NBER
[19] See: Policy Rules Database (PRD) - Federal Reserve Bank of Atlanta
[20] The 2024 Living Wage Calculator does not account for this technicality and notes that its tax costs may therefore be underestimated. However, the latest iteration of the Living Wage Calculator released in February 2025 now applies an adjustment factor to its estimated tax liability.
[21] This proportion is 33.6% in the most recent iteration of EPI's Family Budget Calculator released in January 2025.

Internet and Cell Phone Service

Two of the four budgets (MIT and UW) include separate estimates for the cost of broadband internet service. Using internet rates reported by the website BroadbandNow,[22] MIT's Living Wage Calculator includes the lowest-cost broadband plan by U.S. county, assuming that families purchase the lowest cost internet option regardless of speed. In contrast, UW's Self-Sufficiency Standard averages the cost of a medium download speed (12-100 Mbps) broadband plan by state, using data from the Federal Communications Commission (FCC) Fixed Broadband Urban Rate Survey.

Three of the budgets (MIT, UW, and ALICE) also include estimates for the cost of cellular phone service. UW's Self-Sufficiency Standard and the ALICE Household Survival Budget directly base their estimates around specific data limits. UW's Self-Sufficiency Standard estimates the monthly cost of a 5GB cell phone plan by averaging the cost of plans from nine U.S. cell phone service providers and is the only budget that also includes the monthly cost of purchasing a cell phone. ALICE budgets for a 10GB plan using data from Consumer Reports on the price of cellular plans across providers. According to ALICE, a higher GB plan assumes that low-income households rely on smartphones rather than broadband to connect to the internet, which justifies why ALICE does not have a separate budget for broadband internet. In comparison, MIT's Living Wage Calculator does not take into consideration data limits, but rather uses average expenditures of cellular and mobile phone service by household size from the Consumer Expenditure Survey.

Although the EPI Family Budget does not include a separate category for internet or cell phone service, the cost of telephone services (landline and cellular) and internet is included in their 35.4% additional estimated budget for miscellaneous items.

Civic Engagement

MIT's Living Wage Calculator is the only index to incorporate the cost of civic engagement activities into a family budget. This budget is estimated by summing the average amount spent on items such as entertainment supplies, pets, reading, and education by consumer unit (household) size, as reported by the Consumer Expenditure Survey. These expenses are further adjusted for regional variation using expenditures on the same items by Census region.

Emergency Savings

Of the four measures, UW's Self Sufficiency Standard is the only one that accounts for unexpected periods of unemployment and includes the cost of contributing to an emergency savings fund. However, the emergency savings amount is considered separate from the family budget and does not factor into the final budget determination. Instead, it is provided alongside the budget amount as a supplemental figure. The total dollar amount needed in a savings fund is calculated as the amount a family would need to meet their estimated household budget if a working adult loses their job, assuming all expenses remain constant. These estimates are calculated at the state level, taking into consideration the average period of unemployment within each state, and subtracting the expected amount of unemployment insurance to be received within that state. The total supplemental income needed during an average period of unemployment is then spread across the average period of employee tenure, resulting in the monthly amount needed to save for an emergency.

[22] To access internet rates on BroadbandNow, see: BroadbandNow

CONCLUSIONS

This consumer guide to family budget measures has outlined the similarities and differences across four regularly updated and nationally available measures. Family budget measures are typically an alternative to a poverty measure that try to capture an array of daily family needs in the United States. All attempt to quantify a set of necessities beyond food and housing, such as child care, medical care, transportation, and various other budgetary domains. Despite broad similarities in their goals and purposes, these four measures differ considerably in the data and methodological choices that they use to estimate total budgets. Our goal has been to provide a concise comparison of these data and methodological choices in order to help researchers and other users determine which measure works best for their particular goals and needs.

While family budget measures are useful for policymakers who want to know what proportion of US families are not able to meet their basic needs, there are challenges and limitations to these measures. For example, these budgets may not be sufficient when applied to survey data to estimate the rates at which people fall below the budgets, especially for larger or multigenerational families. These budgets also may not fully account for the unique costs of elderly and/or disabled household members.

Future research should prioritize the creation of methodologies that translate family budget measures into commonly-used household survey datasets such as the Current Population Survey (CPS) or the American Community Survey (ACS). Developing such translations will be key to any wider adoption of one or more of these measures in the scientific community and public discourse. Recent studies are starting to do this, finding that 35% of families with children working full time fall under the MIT living wage threshold (Joshi et al., 2022) and 58% of families with children fall under the True Cost of Economic Security (TCES) measure recently released in November 2024 (Acs et al., 2024). Additionally, as part of their publicly available results, ALICE integrates their Household Survival Budget with American Community Survey data to provide, for example, estimates on the number of households by geography that fall below the survival budget. Estimates can vary based on the data set used, the family budget threshold, and adjustments (e.g. for employment), so it is important to be transparent about measures and estimation methodology.

There may also be value in government agencies such as the Bureau of Labor Statistics restarting a family budget research program, and organizations like the National Academy of Science, Engineering, and Medicine (NASEM) convening a consensus committee to advance one or more family budget measures into routine government statistical monitoring of families' economic well-being.

The Center on Poverty and Social Policy at Columbia University School of Social Work *produces actionable research to advance our understanding of poverty and the role of social policy in reducing poverty and promoting economic security, opportunity, and well-being in New York City and the United States. For the center's latest work and policy briefs, visit povertycenter.columbia.edu. Email at cpsp@columbia.edu. Sign up for research updates. Follow on LinkedIn and @cpsppoverty.*

The Institute for Equity in Child Opportunity & Healthy Development at Boston University School of Social Work *is home to diversitydatakids.org, a comprehensive research program to monitor the state of wellbeing, diversity, opportunity, and equity of U.S. children. Funding for diversitydatakids.org is provided by the W. K. Kellogg Foundation and the Robert Wood Johnson Foundation.*

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