

Poverty Line Exercise

Continuing with our examination of US poverty thresholds—Official Poverty Measure, Supplemental Poverty Measures and NYCgov—this assignment asks you to create a poverty threshold to meet a fictitious family's bare essential needs.

The template and resources below will guide you through the exercise. Feel free to copy and paste the template for use.

Please do your work in a separate, saved document. We will take about 45 mins on this assignment then have a class discussion.

Once finished, please copy and paste your work into the assignment portal on Brightspace and submit it.

ASSIGNMENT TEMPLATE

1. **Decide on a family composition:** # of adults: ____ # of children: ____ Total # in family: ____
2. **How many wage-earners are in the family:** ____
3. **Choose an NYC neighborhood** from the “Browse Neighborhood” dropdown list here: <https://furmancenter.org/stateofthecity> (e.g., BK07: Sunset Park) _____.

Rent For simplicity, pretend you're a renter and go the webpage for your neighborhood. What is the most recent year's median monthly rent? (e.g., BK07: Sunset Park, median gross monthly rent for 2022 = \$1,940) \$ _____

Median household income What is the median household annual income for your neighborhood? (e.g., BK07: Sunset Park, median annual HH income for 2022 = \$86,380) \$ _____

Individual median income For simplicity, divide the median annual HH income by 2 for income per wage earner: \$ _____

Minimum wage income Assume an annual income of \$34,320 (16.50/hr X 40hrs/week X 52 weeks).

4. **Create a monthly budget to meet the *bare essential* needs of this family.** Below is a list to get you started—feel free to modify it.

Remember, you are determining a poverty threshold; in other words, how much income this family needs to keep them just above falling into poverty.

For the purposes of this exercise, poverty is defined as not having the resources to meet your *bare essential* needs.

Some questions to consider are: What constitutes a bare essential for this family— is internet

access a basic necessity? Is a savings account? Is dry cleaning? What are the kinds of things one can't survive without in this day and age and location?

- Rent (see #3) \$ ____
- Food \$ ____
- Clothing \$ ____
- Utilities (e.g., internet, electricity, gas) \$ ____
- Cell phone \$ ____
- Transportation \$ ____
- Childcare \$ ____
- Medical expenses \$ ____
- Other (soap, contact solution, Rx, tampons.....) \$ ____

5. **What is the minimum annual income needed to cover your family's *bare essential* needs? In other words, what is the poverty threshold you created.** Total monthly expenses from #4 = \$ ____ X 12 months = \$ ____/yr

Consider the number of wage earners in your family from #2.

How does your income threshold compare to your neighborhood's median annual income from #3?

How does your income threshold compare to what a minimum wage worker would earn?

6. **Calculate your family's poverty threshold using the OPM as a guide.** Take your monthly food budget and multiply it by 36. (i.e., your food budget as 1/3 of your annual income). \$ ____

How does this compare to your threshold in #5? Less than HALF!

7. **How do your poverty thresholds (from #5 and #6) compare to the OPM and NYCgov measurement thresholds?**

U.S. Official Poverty Measure (OPM) threshold for your family size = \$ ____
<https://aspe.hhs.gov/topics/poverty-economic-mobility/poverty-guidelines>

*Note that these say "guidelines" and not "threshold". Guidelines are a simplified version of the federal poverty thresholds used for administrative purposes — for instance, determining financial eligibility for certain federal programs (you can read more [here](#)). The 2025 OPM thresholds can be found [here](#).

2025 POVERTY GUIDELINES FOR THE 48 CONTIGUOUS STATES AND THE DISTRICT OF COLUMBIA	
Persons in family/household	Poverty guideline
1	\$15,650
2	\$21,150
3	\$26,650
4	\$32,150
5	\$37,650
6	\$43,150
7	\$48,650
8	\$54,150
For families/households with more than 8 persons, add \$5,500 for each additional person.	

New York City Government (NYCgov) poverty measure threshold for your family size = \$____
<https://www.nyc.gov/assets/opportunity/pdf/Poverty-2021.pdf>

Table 1.2. NYCgov Poverty Thresholds for 2021 by Size of Family and Number of Related Children Under 18 Years of Age

Size of Family Unit	Number of Children							
	None	One	Two	Three	Four	Five	Six	Seven
1 Person NYCgov	\$18,672							
2 People NYCgov	\$26,328	\$28,176						
3 People NYCgov	\$40,288	\$35,461	\$33,450					
4 People NYCgov	\$49,276	\$44,878	\$40,288	\$38,389				
5 People NYCgov	\$57,606	\$53,511	\$49,276	\$44,878	\$43,068			
6 People NYCgov	\$65,448	\$61,581	\$57,606	\$53,511	\$49,276	\$47,538		
7 People NYCgov	\$72,905	\$69,220	\$65,448	\$61,581	\$57,606	\$53,511	\$51,834	
8 People NYCgov	\$80,049	\$76,513	\$72,905	\$69,220	\$65,448	\$61,581	\$57,606	\$55,983

Source: U.S. Census Bureau, with additional calculations by NYC Opportunity.

- 8. Reflect** Write a brief paragraph about what you learned in this exercise. Some questions you could consider:
- How well does the OPM reflect people's basic needs?
 - Assuming your family is eligible for public assistance programs (e.g., SNAP, LIHEAP, EITC) which are factored in as income along with your post-tax wage earnings—does the NYCgov threshold meet your family's needs?
 - What sacrifices did you have to make in your budget?
 - What are some other costs you haven't considered (e.g., income tax)?