Family Economic Well-Being Index

A new measure of the affordability pressures families face

The Case for a More Complete Measure of Economic Security

For millions of Americans, financial stability is a constant balancing act. An unexpected expense or a missed paycheck can upend a household budget. Yet many families experiencing this kind of financial strain are not reflected in traditional measures of economic hardship.

Existing poverty measures, such as the **Official Poverty Measure (OPM)** and **Supplemental Poverty Measure (SPM)**, remain essential for tracking income hardship and evaluating anti-poverty programs. But economic security is broader than income alone. Whether a family is truly secure depends not only on its income, but also on whether it can consistently afford housing, food, health care, and child care. Families may have incomes above the poverty line yet still struggle to meet these basic needs.

The Federal Reserve's **Survey of Household Economics and Decisionmaking** illustrates this disconnect: nearly three-quarters of U.S. adults consider themselves financially stable, yet over half faced a major unexpected expense in the past year, more than one in four skipped medical care because of cost, and one in four renters fell behind on rent. Taken together, these findings show that many households that appear financially secure still face substantial economic pressures.

50%+
of adults faced a major unexpected expense in the past year

1 in 4
skipped medical care because of the cost

1 in 4
renters fell behind on their rent

The Family Economic Well-Being Index complements existing measures by examining these conditions together. Using data primarily from the American Community Survey, it measures economic burden across four dimensions: housing, food, child care, and health care. On each dimension, people are classified into four categories: comfortably meeting needs, getting by, burdened, and severely burdened. This lets the index identify both those experiencing substantial hardship and those who are "getting by" with little margin to spare.

Key National Findings

Economic insecurity extends far beyond poverty.

Burdens often compound.

Children experience disproportionately high levels of economic burden.

Economic burden varies substantially across states by dimension.

Racial and ethnic disparities persist across nearly every dimension of economic security.

Findings by Dimension

A person is considered burdened when the costs of a basic necessity exceeds the affordability threshold the index sets. Those who fall just below that threshold are classified as 'getting by': not formally burdened, but with little financial cushion. The middle income quintile corresponds to roughly $78,600 to $109,392 for a family of four;

full thresholds and all five income quintile thresholds appear in the box on the first page.

Renters experience the highest rates of housing burden.

Housing burden affects 33 percent of people nationally, and it falls hardest on renters: 52 percent are burdened, compared with 32 percent of homeowners with a mortgage. The burden also reaches well beyond poverty, affecting 27 percent of people in the middle income quintile and 17 percent in the upper-middle quintile. Black (43 percent) and Latino (40 percent) Americans experience higher burden than white Americans (29 percent).

Food burdens are very closely tied to income.

Food burden is heavily concentrated among families with the lowest incomes and falls off more steeply with income than any other dimension. Black (45 percent) and Latino (46 percent) individuals experience food burden at nearly double the rate of white individuals (24 percent), and 44 percent of children are food burdened.

Child care costs strain a majority of families with young children.

Nearly seven in ten middle-class families with children under age 6 (69 percent) experience a child care burden. Burden exceeds 50 percent in every income quintile except the highest for families with young children, demonstrating that child care affordability is a challenge well beyond the lowest-income families. Black Americans with children under age 6 experience the highest burden (71 percent) and the highest severe burden (53 percent).

Health care burden stays high as income rises.

Health care burden affects 41 percent of Americans, including 26 percent who are severely burdened. Although burden is greatest among families in the bottom income quintile (58 percent), nearly half (47 percent) of families in the middle income quintile also experience health care burden. Hispanic individuals experience both the highest overall burden (49 percent).

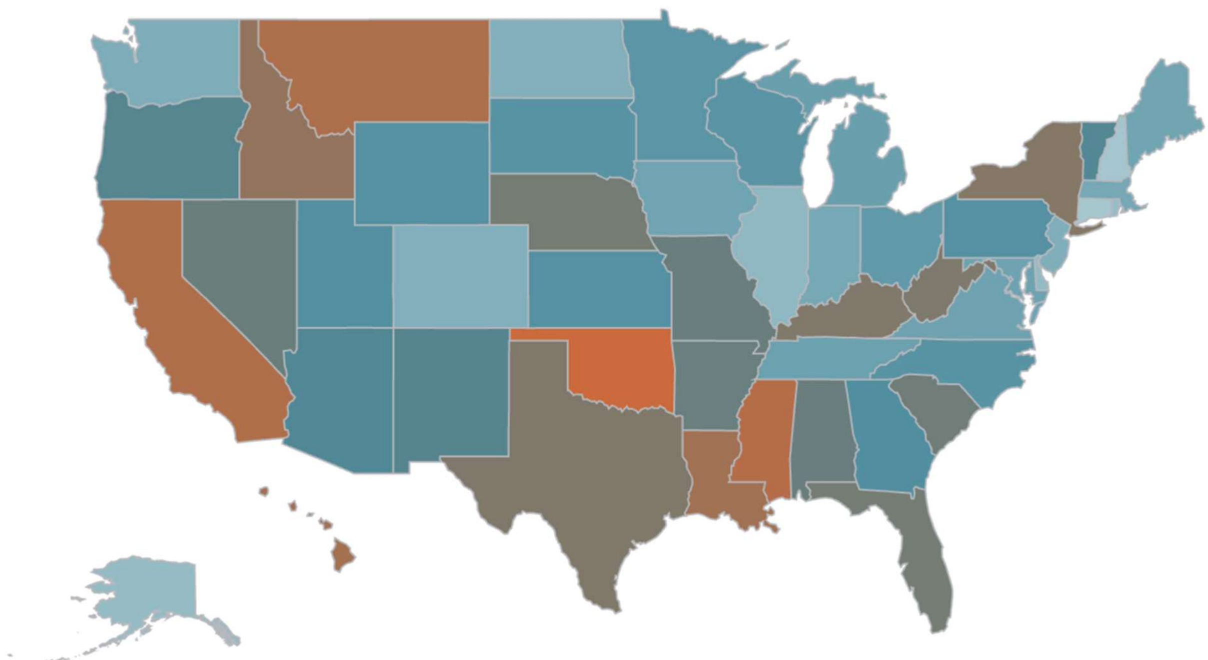
Who Carries Multiple Burdens

The Family Economic Well-Being Index captures how economic burdens accumulate, and that accumulation is strongly tied to both income and race and ethnicity. It is most common among families in the bottom income quintile: 52 percent experience three or more burdens, compared with 0 percent in the top income quintile. The likelihood of experiencing multiple burdens also varies by race and ethnicity. Latino (25 percent) and Black (23 percent) Americans experience three or more burdens at nearly twice the rate of white Americans (12 percent). Renters are more than twice as likely as homeowners with a mortgage to experience three or more burdens (27 percent versus 12 percent).

Geographic Variation

Geographic patterns differ by dimension, underscoring that states face distinct affordability challenges.

Housing burden is highest in California (45 percent) and lowest in West Virginia (20 percent). Food burden ranges from 19 percent in New Hampshire to 43 percent in Mississippi. Health care burden ranges from 20 percent in Washington, D.C., to 50 percent in Texas and Mississippi.



National figures tell only part of the story. To see how economic burden varies across states, dimensions, and demographic groups, explore the full Family Economic Well-Being Index at: ***www.georgetownpoverty.org/family-index***

Methodology

How the Index Defines a Burden

For each dimension, the index classifies people into one of four categories: comfortably meeting needs, getting by, burdened, or severely burdened. Across housing, food, child care, and health care, classifications are primarily based on the percentage of household income required to cover these basic costs. The main dataset used is the 2023 American Community Survey supplemented with additional data on the costs of these necessities. Individuals are considered overall 'burdened' if their household falls into either the burdened or severely burdened category for a given dimension.

DIMENSION (Costs as percent of household income)	COMFORTABLY MEETING NEEDS	GETTING BY	BURDENED	SEVERELY BURDENED
Housing (reported expenditures on rent/mortgage + utilities)	20% or less	20–30%	30–50%	above 50%
Food (estimated using USDA Low-Cost Food Plans)	12% or less	12–18%	18–30%	above 30%
Child care (estimated using cost of center-based care for children under 13)	below 7% (unadjusted for parental work hours)	below 7% (adjusted for parent working less than full-time)	7–14%	above 14%
Health care (imputed medical out-of-pocket expenses, including health insurance premiums)	7% or less	7–10%	10–17%	above 17% or if a household member is uninsured*

* If someone is uninsured, but is above 500% of the official poverty line, their household is not automatically classified as severely burdened.

The five income quintiles

The Index divides households into five equal groups by income, from the lowest fifth to the highest.

INCOME GROUP	HOUSEHOLD INCOME RANGE, FAMILY OF FOUR
Bottom income quintile	Below $50,902
Lower-middle income quintile	$50,902 to $78,600
Middle income quintile	$78,600 to $109,392
Upper-middle income quintile	$109,392 to $156,718
Top income quintile	$156,719 and above