Struggling to Get By: The Real Cost Measure in California 2015

CSAC Poverty Working Group
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Betsy Block, B3 Consultants for United Ways of California
Anyone who has ever struggled with poverty knows how extremely expensive it is to be poor.

James Baldwin
Fifth Avenue Uptown: A Letter from Harlem
July 1960
Presentation Agenda

• Why?
• Brief Overview of Report/Online Resources
• What the Real Cost Measure Looks Like
• Understanding the Wage Gap
• Review Report Findings
• Policy Levers for Struggling Households
Why?
About *Struggling to Get By*

The **Real Cost Measure**: basic needs budgets (2012)

Focus on households

Consider 1,088 household types

**Elder Index** to address challenges facing seniors

Demographic Analysis - regional, county* and neighborhood cluster views

[www.unitedwaysca.org/realcost](http://www.unitedwaysca.org/realcost)
**What do we mean by basic needs?**

<table>
<thead>
<tr>
<th>Basic Need</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing</td>
<td>HUD’s fair market rent rates</td>
</tr>
<tr>
<td>Food</td>
<td>USDA Thrifty Food Plan (also used by CalFresh)</td>
</tr>
<tr>
<td>Childcare</td>
<td>Year-round care at a licensed family-based facility, based on age of child and school participation</td>
</tr>
<tr>
<td>Health Care</td>
<td>Consumer Expenditure Survey, average annual expenses for healthcare (non-seniors)</td>
</tr>
<tr>
<td>Transportation</td>
<td>Consumer Expenditure Survey, average annual expenses for private transportation</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>10% of all other expenses</td>
</tr>
<tr>
<td>Taxes</td>
<td>calculated per federal and state tax laws, inclusive of tax credits</td>
</tr>
</tbody>
</table>
The cost breakdown: 2 Adults, 1 Infant & 1 School-Aged Child

<table>
<thead>
<tr>
<th>Real Cost Budget 2012</th>
<th>Tulare County</th>
<th>Sacramento County</th>
<th>San Francisco County</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing (2 bdm)</td>
<td>$8,700</td>
<td>$12,252</td>
<td>$22,860</td>
</tr>
<tr>
<td>Child care</td>
<td>$8,643</td>
<td>$10,587</td>
<td>$14,701</td>
</tr>
<tr>
<td>Food</td>
<td>$9,053</td>
<td>$9,437</td>
<td>$11,240</td>
</tr>
<tr>
<td>Health care</td>
<td>$6,229</td>
<td>$6,344</td>
<td>$6,820</td>
</tr>
<tr>
<td>Transportation</td>
<td>$8,836</td>
<td>$8,999</td>
<td>$9,675</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>$3,282</td>
<td>$3,703</td>
<td>$5,059</td>
</tr>
<tr>
<td>Tax Credits</td>
<td>($3,836)</td>
<td>($3,836)</td>
<td>($3,609)</td>
</tr>
<tr>
<td>Taxes</td>
<td>$2,322</td>
<td>$3,108</td>
<td>$7,147</td>
</tr>
<tr>
<td>Total Annual</td>
<td>$42,229</td>
<td>$50,595</td>
<td>$73,894</td>
</tr>
</tbody>
</table>
$1017 / 2br - 725ft² - midtown sacramento apartment 2 bed pets ok (2321 d street)
Sacramento example: 2 adult, 1 infant and 1 school-age child

Income Gap after Wages/Public Assistance

- Wages/Self Employment: $9,277
- SSI/Social Security: $535
- Retirement or Interest Income: $
- Public Assistance (CalWORKs): $1,660
- EITC: $15,407
- Average income for household below RCM: $26,879
- RCM - $50,995
- CPM (high end) $37,500
- Two Minimum Wage Jobs $33,280
- FPL $23,283

Other expenses:
- Housing, $12,252
- Childcare, $10,587
- Food, $9,437
- Health Care, $6,344
- Transportation, $8,999
- Miscellaneous, $3,703
- Taxes and Credits, $(728)
1 in 3 California households (31%) struggle to meet basic needs

3.2 million households!
Real Cost Measure by Neighborhood Clusters

California: 31%

N=265

- **Low 9%**: Contra Costa: San Ramon & Danville
- **High 80%**: Los Angeles: Southeast LA City/ East Vernon
87% of households below RCM with at least one working adult
68% of householders with less than a high school diploma struggle to meet basic needs

<table>
<thead>
<tr>
<th>Educational Attainment</th>
<th>Whites</th>
<th>Asians</th>
<th>Latinos</th>
<th>African Americans</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than High School</td>
<td>50%</td>
<td>66%</td>
<td>71%</td>
<td>76%</td>
</tr>
<tr>
<td>High School Diploma or Equivalent</td>
<td>31%</td>
<td>50%</td>
<td>54%</td>
<td>54%</td>
</tr>
<tr>
<td>Some College</td>
<td>24%</td>
<td>35%</td>
<td>38%</td>
<td>43%</td>
</tr>
<tr>
<td>College Degree or Higher</td>
<td>11%</td>
<td>15%</td>
<td>18%</td>
<td>18%</td>
</tr>
</tbody>
</table>
Disparities in economic stability depend on...
- your educational attainment
- who is in your family
- whether or not you were born in the US, and if you’ve become a citizen
- and, of course race/ethnicity
In the highest-need neighborhood clusters, nearly 60% of households face a housing burden greater than 30% of their gross income.
Policy Levers

Phase-out periods & public assistance programs

Earning power

Effective cost of housing

Vulnerable populations
Contact Information

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