

HOW MUCH DOES IT COST TO RAISE A FAMILY IN CALIFORNIA?



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MAKING ENDS MEET

HOW MUCH DOES IT COST TO RAISE A FAMILY IN CALIFORNIA?

For many Californians, just making ends meet is a struggle. Many families live paycheck to paycheck, juggling rent or a mortgage payment with child care, food, and emergencies, such as unex-

pected car repairs. Over the past several years, welfare reform has helped to focus attention on the issue of moving families from public assistance to employment. Yet, little discussion has focused on whether available jobs provide sufficient income to support a family or the difficulties facing many working families. This report attempts to estimate the amount families with children need to earn in order to achieve a modest standard of living.

Researchers and policymakers typically use the federal poverty level as the benchmark to judge economic well-being. For most purposes, the poverty threshold is an obsolete measure that fails to

Figure 1: Basic Family Budgets – Statewide
(Totals May Not Add Due To Rounding)

Figure 1a: Monthly Budget For A

Two Parent Family (Both Working)

How Much Does It Cost To Grow A Family?

In order to achieve a modest standard of living, this report estimates that:

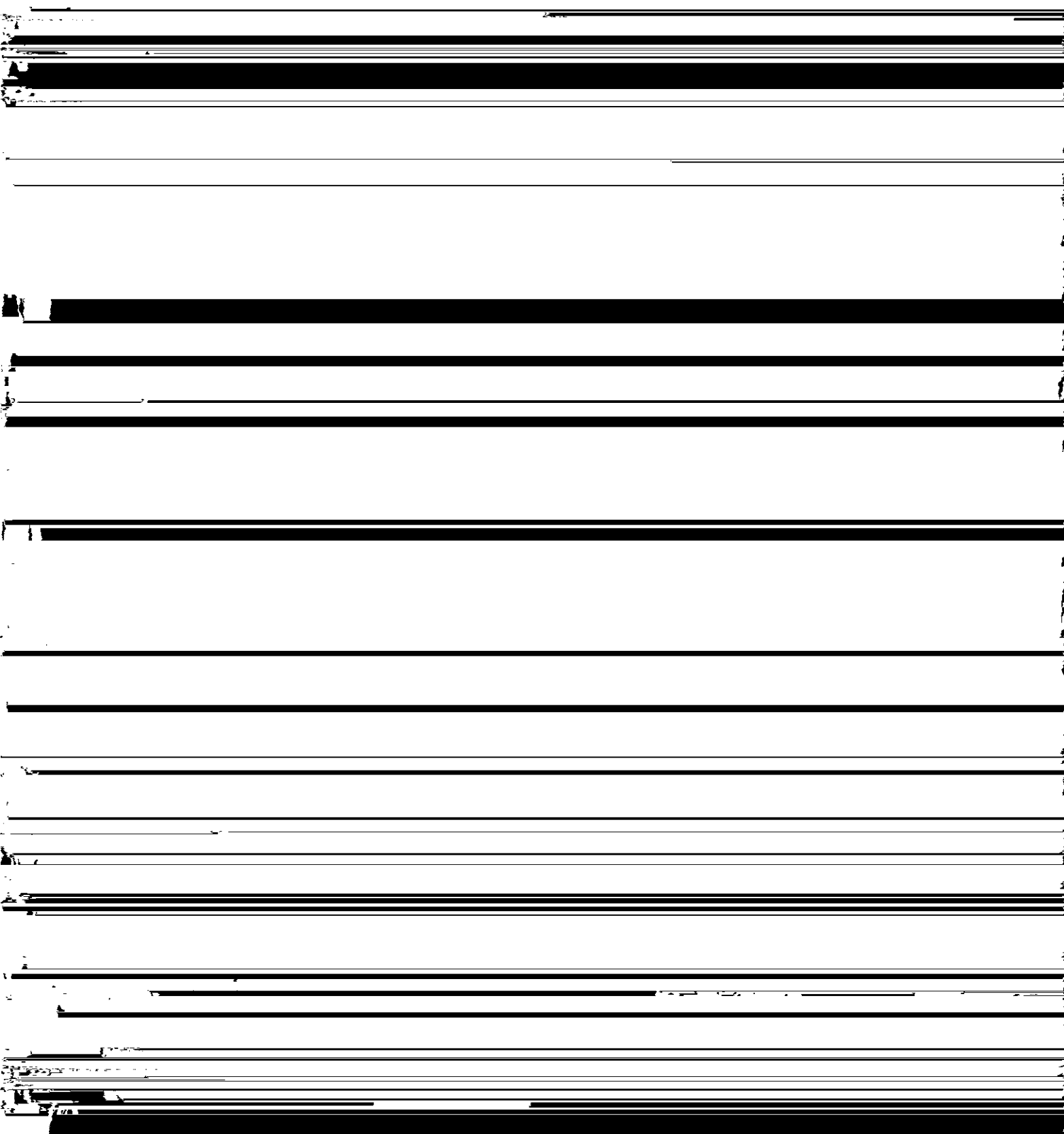
- A family with two working parents needs an annual income of \$44,857, equivalent to both

little room for savings toward a child's college education or retirement.

Many Californians support their families on less than the standard estimated by this report. Some

METHODOLOGY

THE FOLLOWING TABLES LIST THE DATA SOURCES AND THE METHODS USED TO OBTAIN THE DATA.



Many families' housing costs exceed those presented in this report. For the state as a whole, this

Child Care

This report assumes that each family has two children, one under two and one six-years or older. The report further assumes that the child under two requires full-time care, and a child over six

years of age requires child care for 8 hours per week. The following table shows the number of children in each age group and the number of children requiring child care.

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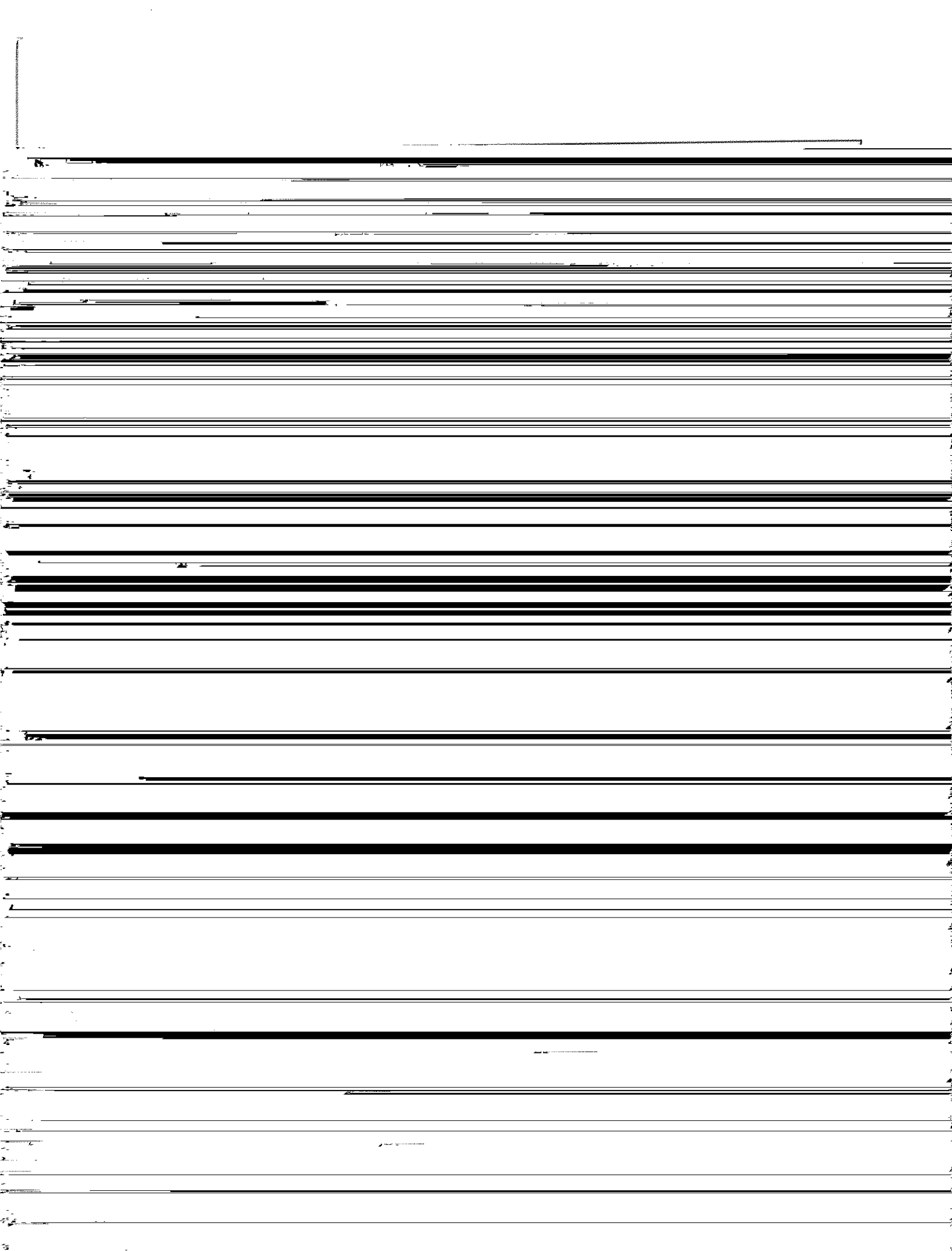
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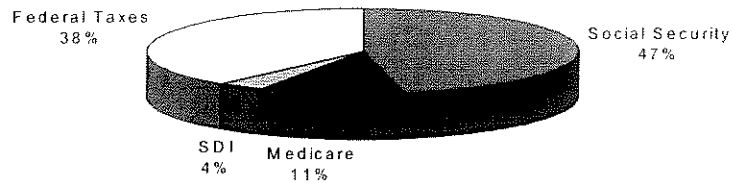
Health Care

The cost of health coverage is based on the lowest priced Health Maintenance Organization (HMO) plan available through the Health Insurance Plan of California (HIPC) for an employee and dependents for single-parent families and an employee, spouse, and dependents for two-parent families, plus a small amount (\$20 per month for single parent families and \$25 per month for two parent families) for out-of-pocket costs. This report assumes that families obtain insurance at the

Miscellaneous

The "Miscellaneous" category includes clothing, personal care, and basic telephone service; the estimates for telephone service do not include long distance calls (Table 6). The clothing component

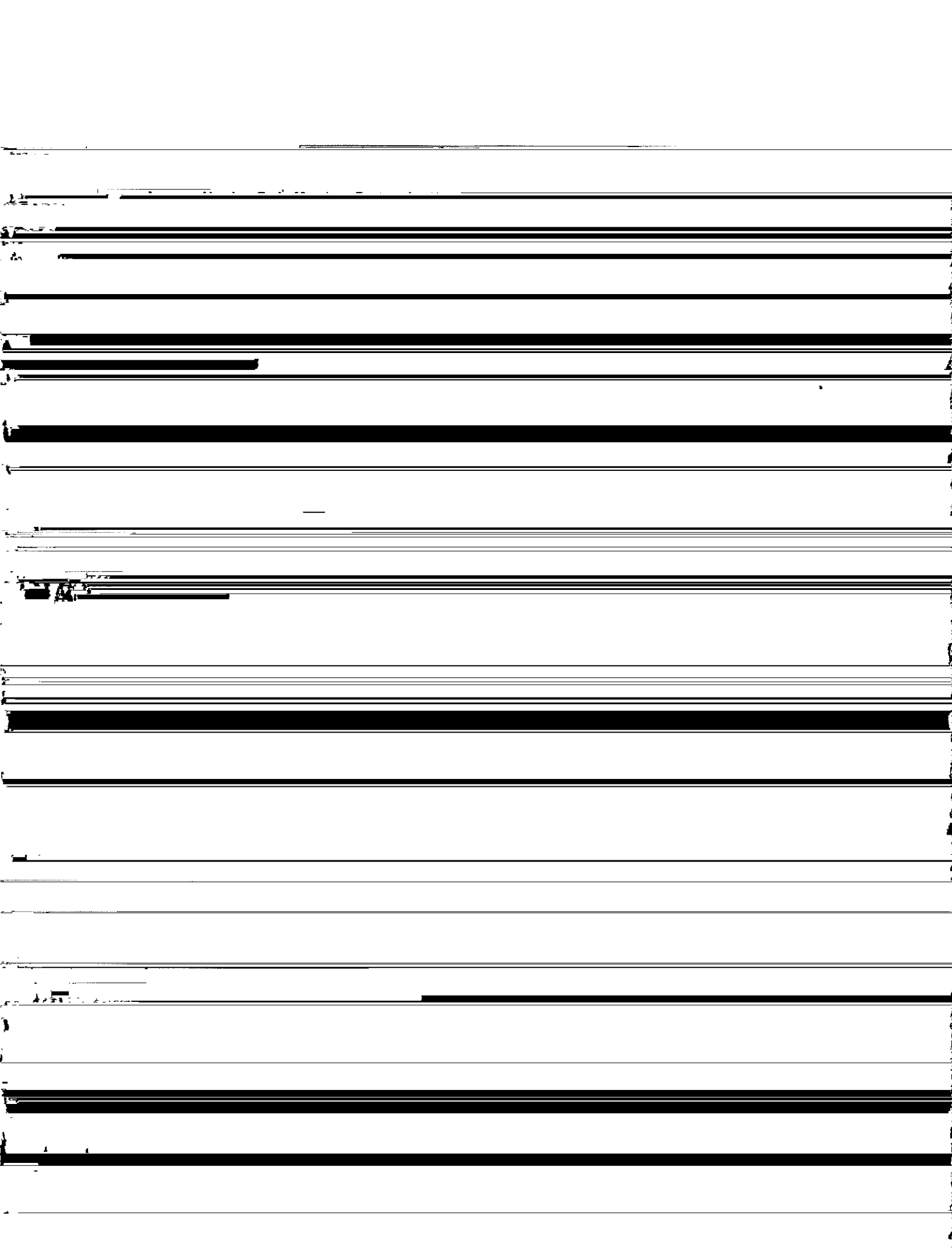
Figure 2
Social Security Accounts For Nearly Half Of The Tax Liability
For Two-Working Parent Families



Income and payroll taxes account for 14 percent of a two-working-parent family's budget, 12 percent of a two-parent (one working) family's budget, and 12 percent of a single-parent family's budget. For most of the two-working-parent families presented in this report, payroll taxes (i.e., Social Security, Medicare, and State Disability Insurance) account for half of taxes owed (Figure 2). Most of the families presented in this report paid very little in state income taxes, and in many instances families had no state tax liability (Table 7). Only two of the single-parent families owed state income taxes; no two-parent (one working) families owed state income taxes. The minimal state income tax liability for most families results from increases in the state's dependent tax credit

ENDNOTES

¹ Economic Policy Institute from the Current Population Survey. Median hourly wage is for production and non-supervisory workers, approximately 80 percent of the workforce.



MAKING ENDS MEET
BASIC FAMILY BUDGETS

STATEWIDE

Single Parent Family

Basic Family Wage*

\$17.71

REGION III

Fresno, Imperial, Kern, Madera, Mariposa, Merced, Napa,
 Sacramento, San Joaquin, Solano, Sonoma, Stanislaus

Basic Family Wage*

Single Parent Family

\$15.05

Two Parent Family (One Working)

\$13.86

Two Working Parents Family

\$27.72

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Expenses Per Month And As A Percent Of Income

	<u>Single Parent</u>	<u>Two Parents (One Working)</u>	<u>Two Working Parents</u>
Housing/Utilities	\$483 (17.5%)	\$601 (25.0%)	\$601 (17.8%)

REGION IV

Alameda, Contra Costa, Marin, San Francisco, San Mateo, Santa Clara

	<u>Basic Family Wage*</u>
Single Parent Family	\$21.24
Two Parent Family (One Working)	\$17.56
Two Working Parent Family	\$12.92

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Expenses Per Month And As A Percent Of Income

	Single Parent	Two Parents (One Working)	Two Working Parents
Housing/Utilities	\$827	\$1,035	\$1,035
Child Care	\$1,106 (30.0%)	0	\$1,106 (24.7%)
Transportation	\$244 (6.6%)	\$244 (8.0%)	\$244 (5.4%)
Food	\$382 (10.4%)	\$583 (19.2%)	\$583 (13.0%)
Health Care	\$255 (6.9%)	\$390 (12.8%)	\$390 (8.7%)
Utilities	\$311	\$379	\$379

Orange, Ventura

	<u>Basic Family Wage*</u>
Single Parent Family	\$19.02
Two Parent Family (One Working)	\$15.51
TOTAL	\$34.53

REGION VI

Los Angeles

Single Parent Family	<u>Basic Family Wage*</u> \$17.68
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Two Parent Family (One Working)	\$14.72
Two Working Parent Family	\$10.75

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Expenses Per Month And As A Percent Of Income

	<u>Single Parent</u>	<u>Two Parents (One Working)</u>	<u>Two Working Parents</u>
Housing/Utilities	\$592	\$749	\$749

Child Care	\$962 (31.4%)	0	\$962 (25.8%)
	\$244	\$244	\$244

REGION VII

Monterey, San Benito, San Luis Obispo, Santa Barbara, Santa Cruz

	<u>Basic Family Wage*</u>
Single Parent Family	\$17.69
Two Parent Family (One Working)	\$15.87
Two Working Parent Family	\$10.94

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Expenses Per Month And As A Percent Of Income

	<u>Single Parent</u>	<u>Two Parents (One Working)</u>	<u>Two Working Parents</u>
Housing/Utilities	\$646 (21.1%)	\$816 (29.7%)	\$816 (21.5%)
Child Care	\$858 (28.0%)	0	\$858 (22.6%)
	\$244	\$244	\$244

REGION VIII

Riverside, San Bernardino

	<u>Basic Family Wage*</u>
Single Parent Family	\$15.29
Two Parent Family (One Working)	\$13.26
Two Working Parent Family	\$0.21

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REGION IX

San Diego

	<u>Basic Family Wage*</u>
Single Parent Family	\$17.38
Two Parent Family (One Working)	\$14.57
Two Working Parent Family	\$10.53

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Expenses Per Month And As A Percent Of Income

	<u>Single Parent</u>	<u>Two Parents (One Working)</u>	<u>Two Working Parents</u>
Housing/Utilities	\$583 (19.3%)	\$729 (28.9%)	\$729 (20.0%)
Child Care	\$930 (30.9%)	0	\$930 (25.5%)
Transportation	\$244	\$244	\$244