



INSIGHT.

The Cost of Being Californian: A Look at the Economic Health of California Families

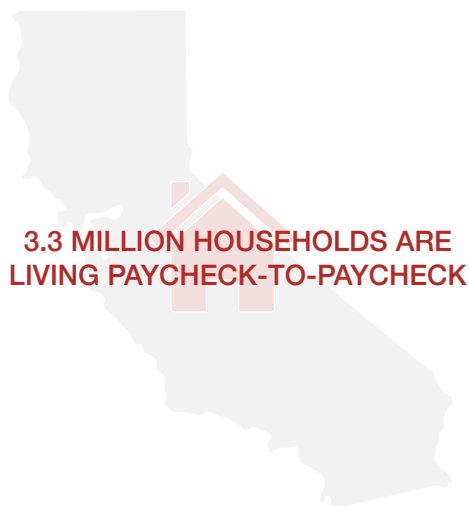
Report
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INTRODUCTION

California has a storied history as a trailblazing state. We've been at the cutting edge of industry and technology, at the forefront to tackle equity in school funding, and have taken a bold stance as a sanctuary state against the Federal government's anti-immigrant agenda. We pride ourselves as a beacon for innovative and progressive thinking, often setting trends that soon take hold across the nation.



This cherished identity is challenged, however, when we look at the economic conditions and stresses many of our families are living under. Despite recent affordable housing legislation signed by Governor Brown and efforts to raise the minimum wage, dramatically rising housing costs, stagnant wages, and a lack of affordable, quality childcare are taking their toll on California's families. Across the state, **3.3 million households are living paycheck-to-paycheck**, sleepless at night, wondering how they will pay for next month's rent and feed their families.

This reality would be hidden if we used an antiquated measure like the Federal Poverty Line to determine the economic viability of the people of California.

For over a decade, in partnership with the University of Washington, the Insight Center for Community Economic Development has provided the Self-Sufficiency Standard for California to gain a realistic and comprehensive understanding of the economic security of Californians. This report highlights the initial key findings from the 2018 update of the Standard, and indicates that the cost of being Californian, particularly for women and communities of color, has become dangerously high.

WHAT IS THE SELF-SUFFICIENCY STANDARD?

An alternative measure to the Federal Poverty Line (FPL), the Standard is a "bare bones" budget that takes into account families of various sizes. It is representative of the actual costs of living, and includes housing, childcare, groceries, healthcare, transportation, some miscellaneous items (clothing, shoes, diapers, nonprescription medicines, cleaning products, household items, personal hygiene items, and telephone service) and taxes. It does not include a vacation, take-out food, loan payments, or taking a ride service.

The Standard gives an accurate picture of the minimum income needed for over 700 family types by county to meet their most basic needs, and is more useful than the FPL. Although groundbreaking when first created close to 50 years ago, the FPL is constrained by using a woefully archaic methodology in measuring poverty. Across California, we see that incomes need to be far above the FPL in order for families to make ends meet.

Visit insightccd.org/2018-self-sufficiency-standard/ to explore the Standard further.

KEY FINDINGS

It is abundantly clear that families of all types are struggling across the state. **More than one in three households in California cannot meet their basic needs** without help from government, community, or family and friends. As alarming as this statistic alone is, it is important to take a closer look at how different households based on race, gender, marriage, presence of children, number of working adults, and geography are faring to get a complete picture of our state's economic health and vitality.

RACE/ETHNICITY: The problem of inadequate income is extensive, affecting families throughout the state in every racial and ethnic group. **However, households of color are twice as likely as white households to lack adequate income to meet their basic needs.**

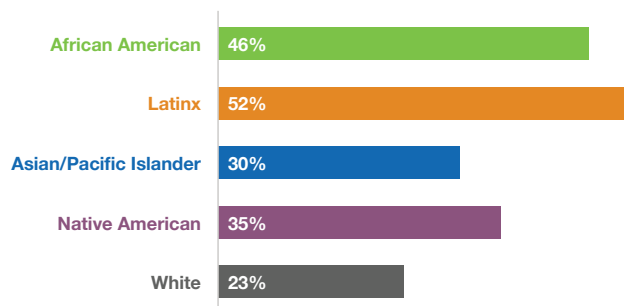
There are significant racial and ethnic inequities when looking at which groups fall below the standard. For example, more than half (52%) of all Latinx households are struggling to get by, compared to 23% of whites. This is a racial equity issue.

Households of color make up 57% of all California households, but constitute 72% of households that fall below the Standard.

GENDER: Overall, women are doing worse economically than men across multiple factors. Unequal pay, taking unpaid time off to care for small children or other family members, underemployment, and occupational segregation play major roles in keeping women and their families from reaching economic security.

- 47% of single female householders fall below standard, compared to 34% of single male householders.
- Single Latina households (63%) struggle the most to make ends meet, followed by single African American women (56%).
- 71% of single moms with one or more children fall below standard, compared to 57% of single dads.

PERCENTAGE OF HOUSEHOLDS THAT FALL BELOW THE STANDARD BY RACE



PERCENTAGE OF SINGLE HOUSEHOLDERS THAT FALL BELOW THE STANDARD BY RACE AND GENDER

	African American	Asian/Pacific Islander	Latinx	Native American	White
Women	56%	38%	63%	50%	34%
Men	47%	31%	45%	35%	26%

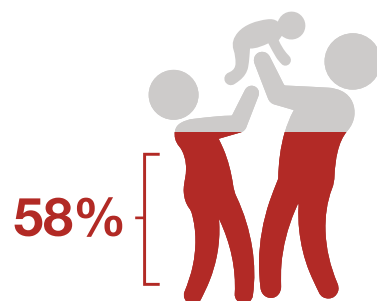
MARRIAGE: Marriage does not safeguard families from struggling to make ends meet, as it did in previous generations. About 30% of all married households are living below the Standard.

Breaking it down by race, we see that only 16% of married white families are below the standard, compared to nearly one-half (49%) of Latinx married couples.

HOUSEHOLDS WITH CHILDREN: Having a child nearly doubles your chance of living below the Standard, as throughout many counties in California **housing and childcare claim half—or more—of a family's budget.**

Of all households with no children, 25% are below the Standard. With one or more children, the percentage of families below the Standard is 48%.

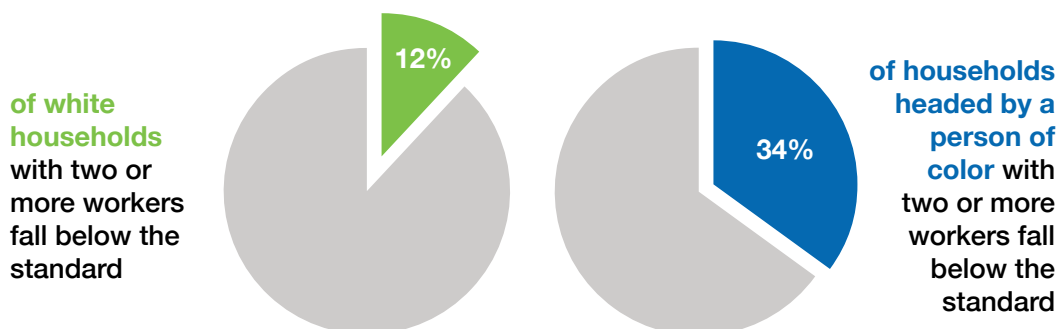
The age of a child matters, as childcare costs for children under 5 are extraordinarily expensive in California. A majority (58%) of households with children under the age of 6 cannot meet their basic needs.



OF HOUSEHOLDS WITH CHILDREN UNDER THE AGE OF 6 CANNOT MEET THEIR BASIC NEEDS

WORKING ADULTS: Many Californians have come to the conclusion that it is a near necessity to have two adults contributing to a family's economic well-being. **However, even with two working adults in the household, one in five families cannot make ends meet.**

Moreover, households of color with two or more working people are almost three times as likely as white families to fall below the standard (12% of white households with two or more workers fall below the standard, compared to 34% of households headed by a person of color).



GEOGRAPHY: Between 2014 and 2018, the amount needed to meet the costs of basic needs increased across the state, but skyrocketed in the Bay Area. The cost of living grew at a slower pace in California's rural counties, with a median increase of 6% over that time period.

Outside of the Bay Area, the median rise in cost of living in urban counties is 9%, and in Bay Area urban counties, the cost to meet basic needs climbed sharply at 46%.

A San Francisco family of four (two adults, a preschooler, and a school-age child) must bring in \$123,442 annually to pay for basic housing, food, transportation, and health and childcare, **an increase of 56%** since 2014. In Los Angeles County, a similar family would require \$80,642, an increase of 9%.



SAN FRANCISCO

\$123,442

LOS ANGELES

\$80,642

CONCLUSION

Too many of our neighbors, friends, and community members are struggling to have a roof over their heads, put food on the table, and keep the lights on. We need direct policy interventions that will increase wages across the workforce, institute comprehensive paid family leave, curb the rising costs of housing, and expand opportunities for universal, affordable, and quality childcare. Without these interventions, women, people of color, and families with children will continue to struggle despite their best efforts to stay afloat. The future of our great state depends on ensuring that every Californian is able to meet their basic needs.

ACKNOWLEDGEMENTS

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FURTHER INFORMATION

For further information about the Standard, how it is calculated or used, and to explore different family types and the findings reported here, please visit: insightcced.org/2018-self-sufficiency-standard/.

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