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Making Ends Meet

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

A Publication Of The California Budget Project
October 1999

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ACKNOWLEDGEMENTS

The California Budget Project (CBP) wishes to thank the Michigan League of Human Services. Their report, *Economic Self-Sufficiency: A Michigan Benchmark*, served as a model for this report. Erin Riches prepared this report with the assistance of Jean Ross. *Making Ends Meet* builds on earlier work by the CBP. Thanks are due to current and former CBP staff for their contributions to this, as well as previous efforts to estimate the cost of supporting a family in California. CBP staffmembers Kate Breslin, Dan Galpern, and Delane McCullough reviewed final drafts of this report and Kim Wiefinski and Erin Riches prepared the final report for publication. CBP "field-tested" the basic family wage standard in a series of workshops conducted with local affiliates of the Pacific Institute for Community Organization. The comments and discussions of participants in these sessions greatly enriched the final product.

CBP also wishes to thank the foundations and individuals that provide financial support for our work. This report was made possible by a grant from the Rosenberg Foundation, supporting CBP's analysis of issues affecting the low wage workforce, and the Ford, Charles Stewart Mott, James Irvine, California Wellness, and Friedman Family Foundations and the California Endowment that provide general support for the work of the CBP.

THE CALIFORNIA BUDGET PROJECT

The California Budget Project (CBP) was founded in 1994 to provide Californians with a source of timely, objective, and accessible policy expertise on state and local tax and budget issues. The mission of the CBP is promote a better understanding of state fiscal policy issues in order to encourage the development of a healthy public sector based on a fair and equitable tax system. Support for the CBP comes from foundation grants, publication sales, and individual contributions.

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MAKING ENDS MEET

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

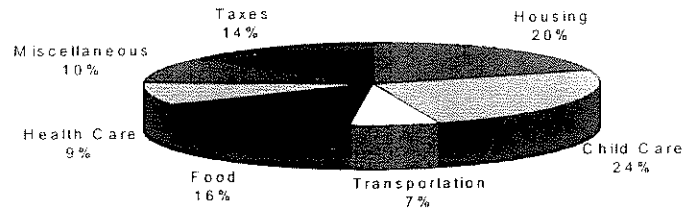
For many Californians, just making ends meet is a struggle. Many families live paycheck to paycheck, juggling rent or a mortgage payment with child care, food, and emergencies, such as unexpected car repairs. Over the past several years, welfare reform has helped to focus attention on the issue of moving 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 take into account the reality of modern families. For example, the poverty standard neglects to take into account the cost of child care in determining what constitutes a family's basic needs. Moreover, as a national standard, the poverty level does not reflect California's high cost of living. This report takes an alternate approach. It starts from the ground up, building a basic family budget based on the cost of housing, food, child care, and other essentials needed to support a family without public or private assistance. The standard of living envisioned is more than a "bare bones" existence, yet covers only basic expenses, allowing little room for "extras" such as college savings or vacations.

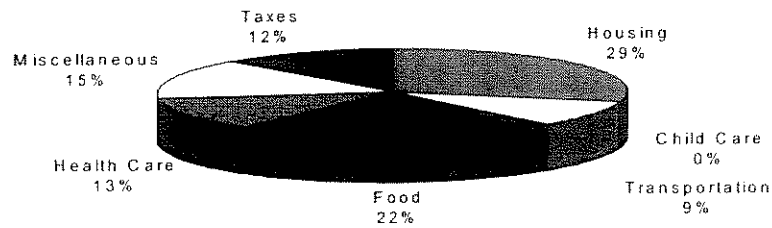
Specifically, this report estimates typical costs of housing and utilities, child care, transportation, food, health coverage, payroll and income taxes, and miscellaneous expenses for three typical families: a single working parent with two children; two working parents with two children; and a two parent family with two children in which one parent works. Since housing and other costs vary tremendously throughout the state, this report provides budgets for nine regions within the state. While an overall state average is also included (Figure 1), different regions of California are so diverse in terms of economic characteristics that regional estimates are more meaningful. Finally, this report translates the basic family budget into the hourly wage needed by each of three typical families based on a 40-hour work week and year-round employment.

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

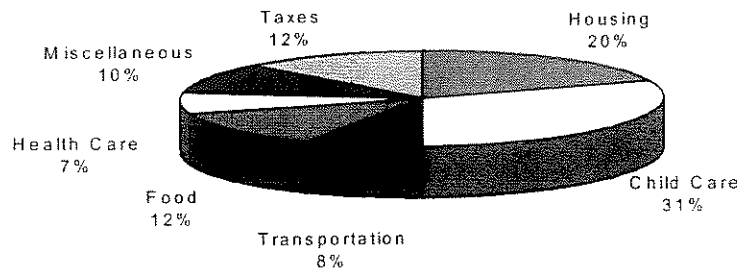
**Figure 1a: Monthly Budget For A
Two-Parent Family (Both Working)**
Total: \$3,740



**Figure 1b: Monthly Budget For A
Two-Parent Family (One Working)**
Total: \$2,613



**Figure 1c: Monthly Budget For A
Single-Parent Family**
Total: \$3,069



HOW MUCH DOES IT COST TO SUPPORT 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 parents working full-time for an hourly wage of \$10.78. Regional estimates ranged from \$38,730 to \$53,728.
- Two parent families with one employed parent need an annual income of \$31,350, equivalent to an hourly wage of \$15.07. Regional estimates ranged from \$28,650 to \$36,520.
- A single parent family needs an annual income of \$36,830, equivalent to an hourly wage of \$17.71. Regional estimates ranged from \$31,500 to \$44,170.

The hourly wage needed to support the basic family budget is two to three times the state's minimum wage (\$5.75/hour). The hourly wage required by single parents and the employed parent in a two-parent family where only one parent works exceeds the 1998 median hourly wage for California workers (Table 1).¹ Moreover, the hourly wage standard identified in this report is based on full-time employment for 40 hours per week, 52 weeks per year. Part-time or part-year workers would need higher hourly wages to earn the same annual income. A single parent must earn almost as much as two working parents in order to pay for child care while realizing only modest savings for food, housing, and other household expenses. On the other hand, a two parent family in which only one parent works needs less income, since one parent can stay home with the children.

Table 1: How Does The Basic Family Budget Compare?		
	Hourly	Annual
Basic Family Budget for a Two Parent Family Where Both Parents Work*	\$10.79	\$44,880
Basic Family Budget for a Two Parent Family Where One Parent Works	\$15.08	\$31,356
Basic Family Budget for a Single Parent Family	\$17.71	\$36,828
Income at 1998 State Median Hourly Wage**	\$11.96	\$24,877
Income at the State Minimum Wage	\$5.75	\$11,960
1999 Federal Poverty Guideline for Family of 3	\$6.67	\$13,880
1999 Federal Poverty Guideline for Family of 4	\$8.03	\$16,700
*Hourly wage is the amount each parent must earn. Annual equivalent is the sum of both parents' earnings assuming full-time work.		
** For production and non-supervisory workers. Assumes 40-hour workweek, 52 weeks per year.		

It is important to note what is *not* included in the basic family budget. For example, the estimates assume that families rent, rather than own, their homes and live in housing that many would consider overcrowded for a three or four-person household. For many families, homeownership remains a dream, particularly in California's urban communities, which are among the most costly housing markets in the country. The basic family budgets assume that families utilize home-based child care, rather than more expensive center-based care, and that health coverage is available at a cost equivalent to that paid for employment-based coverage. Finally, these estimates allow very

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 can live on less because they receive health coverage from their jobs, are able to leave their children with family or friends while at work, or cut costs to make ends meet. Others, including many working families, rely on public programs such as Food Stamps, Medi-Cal or Healthy Families, private charities, or debt because their income is insufficient to pay for basic needs. Research indicates that individuals leaving welfare for work earn only about one-third of the self-sufficiency wage for a single-parent family.² The California Budget Project's (CBP) self-sufficiency wage is not a starting wage, but rather an estimate for meeting basic needs at an adequate level. For many families, self-sufficiency is not a reality; these families cut corners or go without.

CONCLUSION

By nearly all measures, California's economy is booming: job growth is strong and unemployment rates are at historic low points. In some areas, jobs are abundant and wages are rising as employers compete to attract qualified workers. In other parts of the state, particularly the Sacramento and San Joaquin Valleys, unemployment remains high and there are few signs that workers are benefiting from the state's current prosperity. In a companion report, *Will Work Pay?*, the CBP finds that the majority of new jobs created by the state's economy pay far less than the amount required to meet the basic family budgets identified in this report.

This report illustrates the difficulties that families face in meeting basic living expenses. The basic family budgets presented in this report all require incomes much higher than those provided by minimum wage work and, in some parts of the state, more than the median income. The discrepancy between the wages available from work and the cost of raising a family provides an important foundation for policy deliberations. Public policies can help families move toward self-sufficiency through income supports or by providing access to necessities, such as child care and health coverage. Public policies can also target public assistance, such as job training and economic development programs, to higher wage jobs and industries.

METHODOLOGY

The basic family budgets presented in this report are estimates. Real families' expenditures will vary based on their individual circumstances, needs, and financial resources. Wherever possible, this report is based on actual costs or generally accepted standards, such as the use of Fair Market Rents for the cost of housing. Specific data sources and the methodology used to calculate the basic family budgets are described below.

Regions

This report divides California into nine regions consisting of counties with similar costs of living (Table 2). The basic family budget for each region is based on the weighted average of costs for each category for the counties within that region. The overall state average is the weighted average of the nine regions.

Table 2: California Counties By Region	
Region	Counties in Region
Region 1	Alpine, Amador, Butte, Calaveras, Colusa, El Dorado, Glenn, Inyo, Kings, Lassen, Modoc, Mono, Nevada, Placer, Plumas, Shasta, Sierra, Siskiyou, Sutter, Tehama, Trinity, Tulare, Tuolumne, Yolo, Yuba
Region 2	Del Norte, Humboldt, Lake, Mendocino
Region 3	Fresno, Imperial, Kern, Madera, Mariposa, Merced, Napa, Sacramento, San Joaquin, Solano, Sonoma, Stanislaus
Region 4	Alameda, Contra Costa, Marin, San Francisco, San Mateo, Santa Clara
Region 5	Orange, Ventura
Region 6	Los Angeles
Region 7	Monterey, San Benito, San Luis Obispo, Santa Barbara, Santa Cruz
Region 8	Riverside, San Bernardino
Region 9	San Diego

Housing and Utilities

The housing and utilities costs used in this report are based upon Fair Market Rents (FMRs).³ FMRs are published annually by the US Department of Housing and Urban Development (HUD) and are commonly used to estimate basic housing costs (including utilities, except for telephone costs) in a given area. FMRs are set at the 40th percentile of rents in the area, meaning that the cost of 40 percent of the rental housing in an area is lower than the FMR and 60 percent is higher. In this report, the FMRs for each county were weighted by population and then compiled into weighted regional averages. FMRs reflect amounts paid by long-term tenants, as well as current market conditions. Thus, those seeking housing may not be able to locate units at the rents used in this report, particularly in the Bay Area and other parts of the state where housing markets are tight.

Many families' housing costs exceed those presented in this report. For the state as a whole, this report finds that rent and utilities account for 20 percent of a two-working-parent, two-child family's basic budget; 29 percent for a two-parent (one working), two-child family; and 20 percent for a single-parent, two-child family. This report assumes that single parent families rent a one-bedroom apartment and two-parent families rent a two-bedroom unit. This assumption requires doubling up and would, by nearly any standard, represent a level of overcrowding that most families would find undesirable. The reason for this assumption is simple. The cost differential between two and three bedroom housing is significant and would be prohibitive for many families struggling to make ends meet. On average, a two-bedroom apartment costs \$154 per month (\$1,848 per year) more than a one-bedroom unit and a three-bedroom unit costs \$284 per month (\$3,408 per year) more. In many parts of the state, the cost of larger rental units is significantly higher. (Appendix A lists Fair Market Rents for one, two, and three-bedroom units). In reality, many families pay a much larger share of their income on housing. According to the state Department of Housing and Community Development, over two million households in California - nearly half of all renters - pay more than 30 percent of household income for housing.⁴

This report assumes that families rent, rather than own, their homes. For many families, homeownership remains a dream and California's homeownership rate, at 56 percent, is among the lowest in the nation.⁵ The income needed to purchase a median priced home varies significantly according to the region and the amount of the down payment (Table 3).

Table 3: Median Household Income As Compared To Median Home Prices In California						
	1998 Median Home Price*	1998 Area Median Household Income**	Income Needed*** to Purchase Median Home (20% Down)	Gap Between AMI and Income Needed	Income Needed to Purchase Median Home (5% Down)	Gap Between AMI and Income Needed
W. Los Angeles	\$300,000	\$49,800	\$80,544	\$30,744	\$95,664	\$45,864
San Francisco	\$330,000	\$68,600	\$88,608	\$20,008	\$105,216	\$36,616
San Luis Obispo	\$206,000	\$46,200	\$55,296	\$9,096	\$65,664	\$19,464
Tracy	\$176,000	\$42,400	\$47,232	\$4,832	\$56,112	\$13,712
*California Association of Realtors, Median Price of an Existing Single-Family Home (First Quarter 1998), downloaded from http://www.car.org **1998 Area Median Income as defined by the US Department of Housing and Urban Development (HUD). *** "Income Needed" assumes a 7.5 percent interest rate for a 30-year conventional loan, with a 20 percent down payment or a 5 percent down payment as indicated. It also assumes that a family spends 25 percent of income on mortgage payments. The monthly payment was calculated through the federal Department of Housing and Urban Development's Homepath Calculator at http://www.homepath.com/hpc1.html						

Assuming a five percent down payment, the affordability gap for Tracy, in San Joaquin County, is nearly \$14,000.⁶ The gap for the West Los Angeles area, however, is almost \$46,000. For many families, saving for a down payment constitutes the most significant barrier to ownership. While it may be possible to buy a house with a minimal down payment, a smaller down payment means a higher mortgage payment.⁷ In Tracy, for example, a 20 percent down payment shrinks the affordability gap for the median priced home from \$13,712 to \$4,832.

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 requires after-school care.⁸ Child care costs are based upon the California Child Care Resource and Referral Network's estimates for licensed family day care homes. Center-based child care is more costly, while unlicensed, in-home care is less costly. Families with more or younger children will have higher day care costs. In other instances, neighbors or family members may provide child care at little or no cost, reducing the amount families spend for child care.

For families with young children, the cost of child care represents a formidable burden. This report estimates the cost of child care using the weighted average of the costs for the counties within each region. For the state as a whole, child care consumes 25 percent of a two-working-parent family's basic budget and 30 percent of a single-parent family's basic budget. This report assumes that the non-working parent in two-parent families where only one works is available to provide child care and that these families do not pay for additional care.

Transportation

Transportation costs vary widely for families depending on factors such as commuting distances, whether the family owns a car, and whether a family has access to and uses public transportation. The estimate for transportation costs used in this report is a modest one that is based on commuting to and from work, and includes a nominal amount for errands and other non-commute driving. It does not account for family vacations or the long commutes that are the norm for many California families. Transportation expenditures are based on the 1998 Internal Revenue Service mileage allowance.⁹ The basic family budget assumes that families drive 750 miles per month, equivalent to 25 miles per day for 30 days per month, at a cost of \$244 per month. No attempt was made to adjust transportation costs by region. In reality, many families drive far more. Doubling the miles driven per month — still a modest estimate — would increase each family's monthly transportation costs to \$488.

According to the 1990 US Census, the overwhelming majority of commuters in major California metropolitan statistical areas (MSAs) travel to work by car rather than by bus (Table 4). The exception to this is the San Francisco MSA, in which only a little over half of commuters travel by car and a large percentage travel by bus. While bus transportation may be less expensive, it may not be convenient or reliable. In rural areas, transit service may be infrequent or may not serve needed destinations. The extra stop needed to pick up or drop off a child from day care makes it difficult for many parents to utilize public transportation.

Table 4: Monthly Transportation Costs		
How Do Californians Commute?*	Bus Commute	Car Commute
California MSA/PMSA Census Statistics (1990)**	3.9 percent	73.4 percent
San Francisco PMSA Census Statistics (1990)	19.5 percent	56.3 percent
How Much Does It Cost To Commute by Bus?***		
Butte County (Chico Area Transit)	\$40	
Fresno County (Fresno Area Express)	\$50	
Los Angeles County (Metropolitan Transit Authority)	\$62	
San Diego County (San Diego County Transit System)	\$80	
San Francisco City/County (Bay Area Rapid Transit)	\$32	
How Much Does it Cost to Commute by Car?		
Cost of driving 600 miles per month at 1998 IRS Reimbursement Rate of 32.5 cents per mile****		\$244
<p>* United States Census Bureau, Travel to Work Characteristics for the 50 Largest Metropolitan Areas by Population in the United States: 1990, downloaded from http://www.census.gov/population/socdemo/journey/usmode90.txt.</p> <p>** CBP average of Los Angeles-Long Beach Primary Metropolitan Statistical Area (PMSA), Riverside-San Bernardino PMSA, San Diego MSA, Anaheim-Santa Ana PMSA, Oakland PMSA, San Jose PMSA, and Sacramento MSA. Does not include San Francisco PMSA.</p> <p>*** California Transit Association, 1998-99 Transit Member Fare Summary. Assumes 2 rides per day, 20 days per month, for one adult and one child.</p> <p>**** 1999 U.S Master Tax Guide (Chicago: CCH Incorporated, 1998).</p>		

Transportation accounts for seven percent of a two-working-parent family's budget, nine percent of a two-parent (one working) family's budget, and eight percent of a single-parent family's budget.

Food

The basic family budget covers the costs of food consumed both at home and away from home. The estimate for food consumed at home is based upon the June 1999 US Department of Agriculture (USDA) Low Cost Food Plan.¹⁰ Estimates include the cost of a single-parent and two-parent family, each with two children. The report assumes that the adults in the family are between 20 and 50 years old with one child under two years and one child six to eight years old. CBP estimated the costs of food consumed away from home (\$10 per week for single-parent families, \$20 per week for two-parent families). Food away from home includes lunches purchased out or the occasional family meal eaten in a restaurant. Food costs are assumed to be the same throughout the state.

Based on the averages determined in this report, food comprises 16 percent of a two-working-parent family's budget, 22 percent of a two-parent (one working) family's budget, and 12 percent of a single-parent family's budget.

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.¹¹ This report assumes that families obtain insurance at the same price paid by a small employer; in reality, families that purchase coverage on their own probably pay more.

While many families have job-based health coverage, nearly all employers that provide health coverage require an employee contribution. For those with job-based coverage, the typical employee contribution toward family coverage is nearly half this report's estimate of the cost of coverage (Table 5).¹² The basic family budget's estimate for out-of-pocket costs is minimal. Most health plans require a co-payment of at least \$5 per office visit or prescription. Moreover, these estimates do not take into account the cost of dental or vision coverage, which can add substantially to families' annual health care costs. Families with no insurance coverage will probably pay more for coverage than the estimates presented in this report, while those with job-based insurance may pay one-third to one-half less (although some may pay more if a family member has a significant illness or other condition).

Table 5: Insured Californians Pay Significant Out-Of-Pocket Costs For Health Coverage	
Basic family budget estimate of monthly cost of family coverage (Employee, spouse, and dependents)	\$330
Typical monthly employee contribution for employer-sponsored HMO family coverage	\$142
Family coverage cost from Health Insurance Plan of California, Employer Handbook, July 1, 1998 - June 30, 1999; employee contribution from Helen Halpin Schauflier, Ph.D., University of California, Berkeley, School of Public Health, and E. Richard Brown, Ph.D., UCLA Center for Health Policy Research, The State of Health Insurance in California, 1997 (Health Insurance Policy Program, University of California: January 1998). Typical employee coverage for firms with more than 25 employees for 1997.	

The lower a family's income, the less likely it is to have employer-sponsored health coverage. Over a third (36 percent) of California families with incomes below 300 percent of the poverty guidelines (under \$41,640 for a family of three or \$50,100 for a family of four) lack health insurance. A small number (four percent) purchase private coverage. Rates of coverage decline significantly for lower income families. Among full-time, full-year workers, 59 percent of those earning less than \$12,000 per year lack health coverage and 42 percent of those earning \$12,000 to \$19,999 per year lack coverage.¹³

The estimate for health care is the weighted average cost for counties within each region. Based on the averages in this report, health care costs consume nine percent of a two-working-parent family's budget, 13 percent of a two-parent (one working) family's budget, and seven percent of a single-parent family's budget.

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 of this category includes diaper service or disposable diapers, a major expense for families with infants and toddlers. Clothing comprises five to seven percent of the total monthly budget for all family types in this report. This estimate closely mirrors the amount spent by real families as measured by the Consumer Expenditure Survey (CES).¹⁴ The education and reading component includes items such as books and newspapers and is equal to half of what a typical three- or four-person family spends on education and reading according to the CES. "Personal care" covers goods such as toothpaste, detergent, and laundry costs; the personal care amounts for both single-parent and two-parent families were based on the CES. "Other" includes items such as school supplies, savings, charitable contributions, emergencies, birthday presents, insurance (other than medical or automobile), and items not included elsewhere. Miscellaneous expenses are constant throughout the state (not averaged by region). No provision was made for entertainment, although the CES estimates that a three-person family spends \$153 per month and a four-person family spends \$182 per month on entertainment.

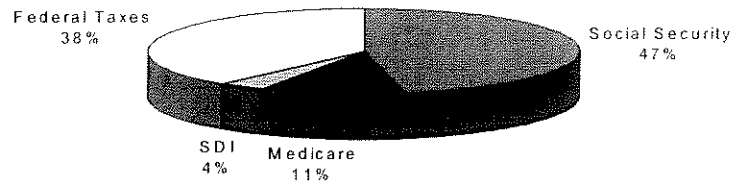
Table 6: What Is Included Under Miscellaneous Expenses			
Single Parent Family		Two Parent Family	
Item	Estimate	Item	Estimate
Clothing	\$150	Clothing	\$200
Education & Reading	\$33	Education & Reading	\$40
Personal Care	\$39	Personal Care	\$44
Other	\$64	Other	\$70
Phone	\$25	Phone	\$25
Total	\$311	Total	\$379

Based on the averages determined in this report, household and miscellaneous costs consume 10 percent of a two-working-parent family's budget, 15 percent of a two-parent (one working) family's budget, and 10 percent of a single-parent family's budget.

Taxes

This report estimates the federal and state income and payroll (Social Security, Medicare, and State Disability Insurance) taxes paid by each family based on the income needed to cover the costs of the remainder of the basic family budget. The estimate for state and federal income taxes assumes that families do not itemize deductions, but do claim the child and dependent credits and exemptions to which they are entitled. The estimates assume that single and two-working-parent households receive federal Child and Dependent Care Credits. Families with gross incomes below \$50,000 per year are eligible for the state Renter's Tax Credit. Only three of the families presented in this report qualify for the federal Earned Income Tax Credit (EITC), a refundable tax credit that provides assistance for low income working families. Tax calculations are based on 1998 tax levels.¹⁵

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 enacted in 1997 and 1998.¹⁶

Table 7: How Much Do Families Pay In Taxes?
(Annual, Based on Statewide Average)

	Annual Income	State Income Taxes Owed *	Federal Income Taxes Owed**	Medicare	Social Security	State Disability Insurance	Earned Income Tax Credit	Total Taxes Owed
Two Parent Family (Both Working)	\$44,880	\$251	\$2,286	\$651	\$2,781	\$224	Not Eligible	\$6,194
Two Parent Family (One Working)	\$31,356	None	\$1,221	\$455	\$1,944	\$157	Not Eligible	\$3,776
Single Parent Family	\$36,828	None	\$1,611	\$534	\$2,283	\$158	Not Eligible	\$4,586

*Includes State Renter's Credit.

**Includes Federal Child and Dependent Care Credit for Single Parent Family, Two Working Parent Family.

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.

² California Department of Social Services, *Local Assistance Estimates for the 1998-99 Governor's Budget and May Revise* (1998) and California Budget Project calculations.

³ Department of Housing and Urban Development, *Fair Market Rents for the Section 8 Housing Assistance Program, Fiscal Year 1999, Final Rule* (Federal Register, October 1, 1998), downloaded from www.huduser.org/datasets/fmr/99f_pre.pdf.

⁴ Department of Housing and Community Development, *California's Housing Markets 1990-1997: Statewide Housing Plan Update, Phase II*, 1998 (January 1999).

⁵ US Bureau of the Census, *Housing Vacancies, and Homeownership Annual Statistics: 1998*, downloaded from <http://www.census.gov/hhes/www/housing/hvs/annual98/ann98t13.html> on August 11, 1999. The US homeownership rate for 1998 was 66.3 percent.

⁶ The affordability gap measures the difference between Area Median Income and the income needed to purchase the median priced home.

⁷ The smaller the down payment, the higher the principal which must be paid off; moreover, any loan with less than a 20 percent down payment requires mortgage insurance, which adds to the monthly payment.

⁸ California Child Care Resource and Referral Network, *Regional Market Rate Ceilings for California Child Care Providers* (July 1998).

⁹ The IRS reimbursement rate reflects the cost of gasoline, oil, tires, repairs, insurance, depreciation, and related expenses.

¹⁰ United States Department of Agriculture *Cost of Food at Home Estimated for Food Plans at Four Cost Levels, June 1999, US Average* (June 1999), downloaded from <http://www.usda.gov/cnpp/using3.htm>.

¹¹ Health Insurance Plan of California (HIPC), *Employer Handbook, July 1, 1998 - June 30, 1999*. The HIPC is a state-sponsored health insurance program designed to assist small businesses purchase health coverage from private carriers at an affordable cost.

¹² Helen Halpin Schauffler, Ph.D., University of California, Berkeley, School of Public Health, and E. Richard Brown, Ph.D., UCLA Center for Health Policy Research, *The State of Health Insurance in California, 1998* (Health Insurance Policy Program, University of California: January 1998).

¹³ Helen Halpin Schauffler, Ph.D., University of California, Berkeley Center for Health and Public Policy Studies and E. Richard Brown, Ph.D., University of California, Los Angeles Center for Health Policy Research, *The State of Health Insurance in California* (Health Insurance Policy Program, University of California: January 1999).

¹⁴ The Consumer Expenditure Survey is a federal survey of consumer spending. *Statistical Abstract of the United States, 1998: The National Data Book* (US Department of Commerce, Economics and Statistics Administration, Bureau of the Census, 118th Edition, 1998).

¹⁵ Only families with one employed parent in Regions I, III, and VIII, were eligible for the Earned Income Tax Credit.

¹⁶ Only single-parent families in Regions IV and V owed state income taxes.

Appendix A: Fair Market Rents in California*			
COUNTY	1 BR FMR	2 BR FMR	3 BR FMR
Alameda	\$686	\$861	\$1,180
Alpine	\$458	\$518	\$720
Amador	\$464	\$620	\$863
Butte	\$424	\$564	\$773
Calaveras	\$427	\$569	\$792
Colusa	\$374	\$481	\$671
Contra Costa	\$686	\$861	\$1,180
Del Norte	\$428	\$569	\$793
El Dorado	\$490	\$613	\$850
Fresno	\$419	\$500	\$695
Glenn	\$374	\$481	\$671
Humboldt	\$436	\$572	\$798
Imperial	\$431	\$531	\$740
Inyo	\$427	\$548	\$719
Kern	\$405	\$508	\$706
Kings	\$411	\$514	\$715
Lake	\$437	\$584	\$736
Lassen	\$379	\$492	\$671
Los Angeles	\$592	\$749	\$1,011
Madera	\$419	\$500	\$695
Marin	\$923	\$1,167	\$1,601
Mariposa	\$419	\$539	\$706
Mendocino	\$509	\$625	\$870
Merced	\$443	\$538	\$743
Modoc	\$374	\$481	\$671
Mono	\$559	\$743	\$1,033
Monterey	\$619	\$746	\$1,038
Napa	\$617	\$753	\$1,045
Nevada	\$523	\$696	\$968
Orange	\$704	\$871	\$1,212
Placer	\$490	\$613	\$850
Plumas	\$374	\$481	\$671
Riverside	\$489	\$597	\$829
Sacramento	\$490	\$613	\$850
San Benito	\$539	\$675	\$941
San Bernardino	\$489	\$597	\$829
San Diego	\$583	\$729	\$1,014
San Francisco	\$923	\$1,167	\$1,601
San Joaquin	\$461	\$592	\$823
San Mateo	\$923	\$1,167	\$1,601
San Luis Obispo	\$573	\$727	\$1,009
Santa Barbara	\$684	\$867	\$1,207
Santa Clara	\$922	\$1,139	\$1,561
Santa Cruz	\$714	\$954	\$1,326
Shasta	\$415	\$519	\$722
Sierra	\$409	\$504	\$700
Siskiyou	\$374	\$481	\$671
Solano	\$617	\$753	\$1,045
Sonoma	\$640	\$829	\$1,153
Stanislaus	\$468	\$572	\$797
Sutter	\$379	\$488	\$680
Tehama	\$374	\$481	\$671
Trinity	\$374	\$481	\$671
Tulare	\$388	\$506	\$706
Tuolumne	\$461	\$615	\$856
Ventura	\$627	\$793	\$1,055
Yolo	\$537	\$664	\$920
Yuba	\$379	\$488	\$680

*Department of Housing and Urban Development, Fair Market Rents for the Section 8 Housing Assistance Program, Fiscal Year 1999, Final Rule (Federal Register, October 1, 1998), downloaded from www.huduser.org/datasets/fmr/99f_pre.pdf.

MAKING ENDS MEET
BASIC FAMILY BUDGETS

STATEWIDE

	<u>Basic Family Wage*</u>
Single Parent Family	\$17.71
Two Parent Family (One Working)	\$15.08
Two Working Parent Family	\$10.79

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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	\$608 (19.8%)	\$762 (29.2%)	\$762 (20.4%)
Child Care	\$926 (30.2%)	0	\$926 (24.8%)
Transportation	\$244 (8.0%)	\$244 (9.3%)	\$244 (6.5%)
Food	\$382 (12.4%)	\$583 (22.3%)	\$583 (15.6%)
Health Care	\$216 (7.0%)	\$330 (12.6%)	\$330 (8.8%)
Miscellaneous	\$311 (10.1%)	\$379 (14.5%)	\$379 (10.1%)
Taxes	\$382 (12.4%)	\$315 (12.1%)	\$516 (13.8%)
MONTHLY TOTAL	\$3,069	\$2,613	\$3,740
ANNUAL TOTAL	\$36,828	\$31,356	\$44,880

*Hourly. Assumes 40 hours/week, 52 weeks/year of work. Two working parent wage assumes both parents are employed full-time.

REGION I

Alpine, Amador, Butte, Calaveras, Colusa, El Dorado, Glenn, Inyo, Kings,
Lassen, Modoc, Mono, Nevada, Placer, Plumas, Shasta, Sierra, Siskiyou, Sutter,
Tehama, Trinity, Tulare, Tuolumne, Yolo, Yuba

	<u>Basic Family Wage*</u>
Single Parent Family	\$15.14
Two Parent Family (One Working)	\$13.78
Two Working Parent Family	\$9.35

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	\$435 (16.6%)	\$558 (23.4%)	\$558 (17.2%)
Child Care	\$711 (27.1%)	0	\$711 (21.9%)
Transportation	\$244 (9.3%)	\$244 (10.2%)	\$244 (7.5%)
Food	\$382 (14.6%)	\$583 (24.4%)	\$583 (18.0%)
Health Care	\$260 (9.9%)	\$386 (16.2%)	\$386 (11.9%)
Miscellaneous	\$311 (11.8%)	\$379 (15.9%)	\$379 (11.7%)
Taxes	\$282 (10.7%)	\$238 (10.0%)	\$381 (11.8%)
MONTHLY TOTAL	\$2,625	\$2,388	\$3,242
ANNUAL TOTAL	\$31,500	\$28,656	\$38,904

*Hourly. Assumes 40 hours/week, 52 weeks/year of work. Two working parent wage assumes both parents are employed full-time.

REGION II

Del Norte, Humboldt, Lake, Mendocino

	<u>Basic Family Wage*</u>
Single Parent Family	\$15.32
Two Parent Family (One Working)	\$14.50
Two Working Parent Family	\$9.49

Expenses Per Month And As A Percent Of Income

	Single Parent	Two Parents (One Working)	Two Working Parents
Housing/Utilities	\$457 (17.2%)	\$589 (23.4%)	\$589 (17.9%)
Child Care	\$676 (25.5%)	0	\$676 (20.6%)
Transportation	\$244 (9.2%)	\$244 (9.7%)	\$244 (7.4%)
Food	\$382 (14.4%)	\$583 (23.2%)	\$583 (17.7%)
Health Care	\$296 (11.1%)	\$426 (17.0%)	\$426 (13.0%)
Miscellaneous	\$311 (11.7%)	\$379 (15.1%)	\$379 (11.5%)
Taxes	\$289 (10.9%)	\$292 (11.6%)	\$392 (11.9%)
MONTHLY TOTAL	\$2,655	\$2,513	\$3,289
ANNUAL TOTAL	\$31,860	\$30,156	\$39,468

*Hourly. Assumes 40 hours/week, 52 weeks/year of work. Two working parent wage assumes both parents are employed full-time.

REGION III

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

	<u>Basic Family Wage*</u>
Single Parent Family	\$15.95
Two Parent Family (One Working)	\$13.86
Two Working Parent Family	\$9.73

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%)
Child Care	\$800 (28.9%)	0	\$800 (23.7%)
Transportation	\$244 (8.8%)	\$244 (10.2%)	\$244 (7.2%)
Food	\$382 (13.8%)	\$583 (24.3%)	\$583 (17.3%)
Health Care	\$232 (8.4%)	\$351 (14.6%)	\$351 (10.4%)
Miscellaneous	\$311 (11.2%)	\$379 (15.8%)	\$379 (11.2%)
Taxes	\$313 (11.3%)	\$244 (10.2%)	\$415 (12.3%)
MONTHLY TOTAL	\$2,765	\$2,402	\$3,373
ANNUAL TOTAL	\$33,180	\$28,824	\$40,476

*Hourly. Assumes 40 hours/week, 52 weeks/year of work. Two working parent wage assumes both parents are employed full-time.

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

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	\$827 (22.5%)	\$1,035 (34.0%)	\$1,035 (23.1%)
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%)
Miscellaneous	\$311 (8.4%)	\$379 (12.5%)	\$379 (8.5%)
Taxes	\$556 (15.1%)	\$412 (13.5%)	\$741 (16.5%)
MONTHLY TOTAL	\$3,681	\$3,043	\$4,478
ANNUAL TOTAL	\$44,172	\$36,516	\$53,736

*Hourly. Assumes 40 hours/week, 52 weeks/year of work. Two working parent wage assumes both parents are employed full-time.

REGION V

Orange, Ventura

	<u>Basic Family Wage*</u>
Single Parent Family	\$19.02
Two Parent Family (One Working)	\$15.51
Two Working Parent Family	\$11.46

Expenses Per Month And As A Percent Of Income

	Single Parent	Two Parents (One Working)	Two Working Parents
Housing/Utilities	\$688 (20.9%)	\$855 (31.8%)	\$855 (21.5%)
Child Care	\$1,033 (31.3%)	0	\$1,033 (26.0%)
Transportation	\$244 (7.4%)	\$244 (9.1%)	\$244 (6.1%)
Food	\$382 (11.6%)	\$583 (21.7%)	\$583 (14.7%)
Health Care	\$193 (5.9%)	\$296 (11.0%)	\$296 (7.4%)
Miscellaneous	\$311 (9.4%)	\$379 (14.1%)	\$379 (9.5%)
Taxes	\$446 (13.5%)	\$332 (12.3%)	\$584 (14.7%)
MONTHLY TOTAL	\$3,297	\$2,689	\$3,974
ANNUAL TOTAL	\$39,564	\$32,268	\$47,688

*Hourly. Assumes 40 hours/week, 52 weeks/year of work. Two working parent wage assumes both parents are employed full-time.

REGION VI

Los Angeles

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

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 (19.3%)	\$749 (29.3%)	\$749 (20.1%)
Child Care	\$962 (31.4%)	0	\$962 (25.8%)
Transportation	\$244 (8.0%)	\$244 (9.6%)	\$244 (6.6%)
Food	\$382 (12.5%)	\$583 (22.8%)	\$583 (15.7%)
Health Care	\$193 (6.3%)	\$296 (11.6%)	\$296 (7.9%)
Miscellaneous	\$311 (10.1%)	\$379 (14.9%)	\$379 (10.2%)
Taxes	\$381 (12.4%)	\$301 (11.8%)	\$512 (13.7%)
MONTHLY TOTAL	\$3,065	\$2,552	\$3,725
ANNUAL TOTAL	\$36,780	\$30,624	\$44,700

*Hourly. Assumes 40 hours/week, 52 weeks/year of work. Two working parent wage assumes both parents are employed full-time.

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

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%)
Transportation	\$244 (8.0%)	\$244 (8.9%)	\$244 (6.4%)
Food	\$382 (12.5%)	\$583 (21.2%)	\$583 (15.4%)
Health Care	\$244 (8.0%)	\$382 (13.9%)	\$382 (10.1%)
Miscellaneous	\$311 (10.1%)	\$379 (13.8%)	\$379 (10.0%)
Taxes	\$382 (12.5%)	\$346 (12.6%)	\$532 (14.0%)
MONTHLY TOTAL	\$3,067	\$2,750	\$3,794
ANNUAL TOTAL	\$36,804	\$33,000	\$45,528

*Hourly. Assumes 40 hours/week, 52 weeks/year of work. Two working parent wage assumes both parents are employed full-time.

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	\$9.31

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	\$489 (18.4%)	\$597 (26.0%)	\$597 (18.5%)
Child Care	\$751 (28.3%)	0	\$751 (23.3%)
Transportation	\$244 (9.2%)	\$244 (10.6%)	\$244 (7.6%)
Food	\$382 (14.4%)	\$583 (25.4%)	\$583 (18.1%)
Health Care	\$186 (7.0%)	\$297 (12.9%)	\$297 (9.2%)
Miscellaneous	\$311 (11.7%)	\$379 (16.5%)	\$379 (11.7%)
Taxes	\$288 (10.9%)	\$198 (8.6%)	\$377 (11.7%)
MONTHLY TOTAL	\$2,651	\$2,298	\$3,228
ANNUAL TOTAL	\$31,812	\$27,576	\$38,736

*Hourly. Assumes 40 hours/week, 52 weeks/year of work. Two working parent wage assumes both parents are employed full-time.

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 (8.1%)	\$244 (9.7%)	\$244 (6.7%)
Food	\$382 (12.7%)	\$583 (23.1%)	\$583 (16.0%)
Health Care	\$193 (6.4%)	\$296 (11.7%)	\$296 (8.1%)
Miscellaneous	\$311 (10.3%)	\$379 (15.0%)	\$379 (10.4%)
Taxes	\$370 (12.3%)	\$294 (11.6%)	\$490 (13.4%)
MONTHLY TOTAL	\$3,013	\$2,525	\$3,651
ANNUAL TOTAL	\$36,156	\$30,300	\$43,812

*Hourly. Assumes 40 hours/week, 52 weeks/year of work. Two working parent wage assumes both parents are employed full-time.