Struggling to Stay Afloat: The Real Cost Measure in California 2019

United Way of Santa Barbara County
Executive Club Luncheon — November 13, 2019
What We Hope to Address Today

The Real Cost Measure in California 2019

Overview of the Real Cost Measure
Discuss Key Findings from New Study
Explore Interactive Resources
Suggestions for Adoption
About the Real Cost Measure

Real Cost Measure = more accurate measure of who is struggling in California
About the Real Cost Measure

Real Cost Measure = more accurate measure of who is struggling in California

Real Cost Measure incorporates the cost of housing, food, health care, child care, & other basic needs

Focus is on working households

State, regional, county, and neighborhood-level data

Nearly 1,200 household budgets by household size for every CA county
# Real Cost Measure Methodology

<table>
<thead>
<tr>
<th>Budget Component</th>
<th>Real Cost Measure 2019 (based on 2014-2017 data)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population Focus</td>
<td>Households</td>
</tr>
<tr>
<td>Housing</td>
<td>Fair Market Rent Rates</td>
</tr>
<tr>
<td></td>
<td>Dept. of Housing and Urban Development</td>
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<tr>
<td>Food</td>
<td>Low Cost Food Plan</td>
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<tr>
<td></td>
<td>Dept. of Housing and Urban Development</td>
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<tr>
<td>Child care</td>
<td>CA Department of Education</td>
</tr>
<tr>
<td>Health care</td>
<td>Consumer Expenditure Survey</td>
</tr>
<tr>
<td>Transportation</td>
<td>Consumer Expenditure Survey</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>10% of Basic Needs</td>
</tr>
<tr>
<td>Taxes</td>
<td>Federal/State Taxes/Payroll Taxes &amp; Child Care and Child Tax Credits</td>
</tr>
</tbody>
</table>

RCM Methodology: [www.unitedwaysca.org/realcost](http://www.unitedwaysca.org/realcost)
How this Release is Different from Previous Releases

The Real Cost Measure in California 2019

Adoption of Payroll Taxes

Age-appropriate Food Budgets

Annual Demographic Data

Real Cost Measure Dashboard
How much does a family below the Real Cost Measure in Santa Barbara County need to stay afloat?

* average based on: 2 adults, 1 pre-schooler, 1 school-aged child

<table>
<thead>
<tr>
<th>Income Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real Cost Measure</td>
<td>$90,817</td>
</tr>
<tr>
<td>3 minimum wage jobs</td>
<td>$62,400</td>
</tr>
<tr>
<td>Wages</td>
<td>$45,320</td>
</tr>
<tr>
<td>Supplemental Security Income</td>
<td>$0</td>
</tr>
<tr>
<td>Interest &amp; Other Income</td>
<td>$0</td>
</tr>
<tr>
<td>CalWORKS (TANF)</td>
<td>$180</td>
</tr>
<tr>
<td>Retirement</td>
<td>$0</td>
</tr>
<tr>
<td>Earned Income Tax Credit (EITC)</td>
<td>$0</td>
</tr>
<tr>
<td>INCOME GAP</td>
<td>$4,411</td>
</tr>
</tbody>
</table>

Income gap to reach RCM: **$40,906**
What Does it Cost to Live in CA?
The Real Cost Measure in California 2019
* annual budget based on 2 adults, 1 pre-schooler, 1 school-aged child
Household Budgets Change with Family Size
Santa Barbara County

<table>
<thead>
<tr>
<th>Family Structure</th>
<th>Annual Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>2 Adults</td>
<td>$90,817</td>
</tr>
<tr>
<td>2 Adults, 1 Pre-Schooler, 1 School-Aged Child</td>
<td>$70,056</td>
</tr>
<tr>
<td>2 Adults, 1 School-Aged Child, 1 Teenager</td>
<td>$50,316</td>
</tr>
</tbody>
</table>

- **Annual Budget**: $15,277
- **Child Care**: $6,864
- **Health Care**: $10,356
- **Transportation**: $11,652
- **Food**: $18,552
- **Miscellaneous**: $18,660
- **Taxes**: $18,660

**Notes**: The charts illustrate the breakdown of annual budgets for different family structures in Santa Barbara County.
More than 1 in 3 households in California (37%) struggle to meet basic needs

3,884,756 estimated households!
Real Cost Measure by Neighborhood Clusters
The Real Cost Measure in California 2019

Neighborhood Clusters: 265
% below RCM (average): 37%
Est. households below RCM: 3,884,756

San Ramon & Danville: (Contra Costa)
Low 12%

LA City: (Southeast/East Vernon)
High 87%

Percentage of Households below Real Cost Measure:
- 12% - 24%
- 25% - 34%
- 35% - 46%
- 47% - 62%
- 63% - 87%
The Real Cost Measure in California 2019

Real Cost Measure in the Central Coast

Seaside, Monterey, Marina & Pacific Grove (Monterey County)

Salinas: (Monterey County)

Low 27%

High 87%

Neighborhood Clusters: 8
% below RCM (average): 37%
Est. households below RCM: 120,095
The Real Cost Measure in Santa Barbara County

Neighborhood Clusters: 3
% below RCM (average): 38%
Est. households below RCM: 46,463

High 52%
Santa Maria/Orcutt: (Santa Barbara County)

Low 29%
South Coast Region (Santa Barbara County)

South Coast Region
Lompoc, Guadalupe, Solvang & Buellton

Percentage of Households below Real Cost Measure
- 12% - 24%
- 25% - 34%
- 35% - 46%
- 47% - 62%
- 63% - 87%

United Way
United Ways of California
57% of Latino households in CA struggle to meet basic needs

1,842,069 estimated households!
Percent below Real Cost Measure by Ethnicity

The Real Cost Measure in California 2019

<table>
<thead>
<tr>
<th>Ethnicity</th>
<th>% below Real Cost Measure (CA)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Latino Households</td>
<td>62%</td>
</tr>
<tr>
<td>White Households</td>
<td>24%</td>
</tr>
</tbody>
</table>

Santa Barbara County
Estimated Households below Real Cost Measure by Ethnicity
The Real Cost Measure in California 2019

Households below Real Cost Measure (CA)

<table>
<thead>
<tr>
<th>Ethnicity</th>
<th>Santa Barbara County</th>
</tr>
</thead>
<tbody>
<tr>
<td>Latino</td>
<td>26,278</td>
</tr>
<tr>
<td>White</td>
<td>17,306</td>
</tr>
</tbody>
</table>

Santa Barbara County
Educational Attainment and Real Cost Measure
The Real Cost Measure in California 2019

Estimated % Households below Real Cost Measure

- Without High School Diploma: 84%
- With High School Diploma: 45%
- Some College: 40%
- Bachelor's Degree or more: 17%
Citizenship Status and Real Cost Measure

The Real Cost Measure in California 2019

Estimated % Households below Real Cost Measure

- Non-Citizen: 78%
- Naturalized US Citizen: 41%
- US-Born Citizen: 29%

Santa Barbara County
Over 7 in 10 Single Mothers in the Santa Barbara County (77%) struggle to meet basic needs

7,469 estimated households!
Over 7 in 10 households with children under the age of 6 (74%) struggle to meet basic needs in Santa Barbara County.

12,620 estimated households!
28% of seniors struggle to meet basic needs in Santa Barbara County

Data source: Elder Index. UCLA Fielding School of Public Health.
Nearly 4 in 10 households in California (38%) pay more than 30% of their income on housing

4,270,208 estimated households!
Housing Burden in California
The Real Cost Measure in California 2019

State Average: 38%
Estimated households: 4,270,208

- Low 22%
  Sunnyvale & North San Jose: (Santa Clara County)

- High 62%
  Southeast/East Vernon (Los Angeles)
Housing Burden in Santa Barbara County
The Real Cost Measure in California 2019

State Average: 38%
Santa Barbara: 41%
Estimated households: 51,456

Low 38%
Lompoc, Guadalupe, Solvang & Buellton (Santa Barbara)

High 43%
South Coast Region: (Santa Barbara)

South Coast Region

Percentage of Households Paying More than 30% of Income on Housing
- 22% - 32%
- 33% - 37%
- 38% - 42%
- 43% - 48%
- 49% - 62%
Median Household Earnings by Neighborhood Clusters
The Real Cost Measure in California 2019

State Median: $80,895

High
$192,980
San Ramon/Danville: (Contra Costa)

Low
$37,212
University of Southern California/Exposition Park (Los Angeles)
Median Household Earnings in Central Coast
The Real Cost Measure in California 2019

- **Low** $66,895
  - Salinas: (Monterey County)

- **High** $91,513
  - South Coast Region (Santa Barbara County)

State Median: $80,895
Central Coast: $78,165

Median Household Earnings

- $37,211.76 - $62,946.52
- $62,946.53 - $83,979.25
- $83,979.26 - $109,208.41
- $109,208.42 - $143,083.24
- $143,083.25 - $192,980.36
Median Household Earnings in Santa Barbara County
The Real Cost Measure in California 2019

State Median: $80,895
Santa Barbara: $78,064

Lompoc, Guadalupe, Solvang & Buellton

High $91,513
South Coast Region

Low $69,423
Lompoc, Guadalupe, Solvang & Buellton

South Coast Region
Since 1997, California’s GDP has grown by 161%; median household earnings has only risen by 15% during the same timeframe.
Gap Between Worker’s Productivity & Compensation
1948-2017

1948–1973:
Productivity: 95.7%
Hourly compensation: 90.9%

1973–2017:
Productivity: 77.0%
Hourly compensation: 12.4%

Cumulative percent change since 1948

Productivity

Hourly compensation

Real Cost Measure Resources

Executive Summary
Interactive Household Budgets
Real Cost Measure Dashboard
Neighborhood and County Maps
County Profiles
Public Data Set
Press Articles

www.unitedwaysca.org/realcost
How to Use the Real Cost Measure

The Real Cost Measure in California 2019

Engage Fellow Colleagues/Partners about the Cost of Living in Los Angeles County

Advocate for Changes to Help Families Move Up

Engage Partners in Grant Philanthropy Program

Use it as a Financial Literacy Tool
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