



CALIFORNIA BUDGET PROJECT

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MANY STRUGGLE TO MAKE ENDS MEET

Families Need at Least \$51,177 to Pay Bills

SACRAMENTO - A new study from the California Budget Project (CBP) takes a fresh look at the basic cost of living and raising a family in California. *Making Ends Meet: How Much Does It Cost to Raise a Family in California?* estimates what it costs to support a family with two children or to live as a single adult - allowing only for the basic costs of housing, utilities, child care, transportation, food, health coverage, taxes, and miscellaneous expenses - in 10 regions of the state.

The study finds that even these basic budgets require incomes much higher than the minimum wage or the federal poverty level.

"This study strives to paint an accurate picture of the basic cost of living in California and the economic challenges facing many working families," said Jean Ross, executive director of the CBP. "It shows that making ends meet is virtually out of reach for millions of families in this state."

Although regional estimates vary, the CBP analysis estimates that in order to pay basic bills in California:

- A family with two working parents needs an annual income of \$71,377, equivalent to both parents working full-time for an hourly wage of \$17.16;
- A two-parent family with one employed parent needs an annual income of \$51,177, equivalent to an hourly wage of \$24.60;
- A single-parent family needs an annual income of \$53,987, equivalent to an hourly wage of \$25.96; and;
- A single adult needs an annual income of \$25,867, equivalent to an hourly wage of \$12.44.

By comparison, the 2005 state minimum wage, at \$6.75 per hour, provides a full-time worker with an annual income of \$14,040, and the 2004 federal poverty level for a family of four is only \$19,157.

Ross added, "Families clearly need far more than the current minimum wage to achieve a modest standard of living. And we need to take a look at new measures of what it takes to support a family. The federal poverty level doesn't take into account the cost of child care, or California's high cost of living, especially our high cost of housing."

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Because housing and other costs vary throughout the state, the study divides California into 10 regions, and includes sample basic family budgets for each region. It also includes family budgets for the state as a whole.

NOTE: Advance copies of the study are available at www.cbp.org/2005/0509mem.pdf for reporters, editors, and columnists who agree to honor the embargo. On Tuesday, September 27, an audio teleconference will be held at 10:00 a.m. to release the report. The call-in number is (800) 946-0713; password is "California Cost of Living." To reserve a spot, call Nancy Bennett, (800) 834-1110.

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The California Budget Project (CBP) was founded in 1994 to provide Californians with a source of timely, objective, and accessible expertise on state fiscal and economic policy issues. The CBP engages in independent fiscal and policy analysis and public education with the goal of improving public policies affecting the economic and social well-being of low- and middle-income Californians. Support for the CBP is provided by foundation grants, individual donations, and subscriptions. Please visit the CBP's website at www.cbp.org.