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MANY CALIFORNIA FAMILIES CAN'T AFFORD TO PAY FOR BASIC NEEDS

California Families Need at Least \$40,000 a Year to Pay Basic Bills

Sacramento – Many California families do not earn enough each year to pay for the basic cost of living, according to a new study by the California Budget Project (CBP). The study, *Making Ends Meet: How Much Does It Cost To Raise a Family in California?*, found that even the most basic budgets require incomes much higher than those provided by the minimum wage, and in some parts of the state, families with children require even more than the median income for California households.

The results of the new study cast aside outmoded economic standards like the poverty level and challenge the notion that the minimum wage supports an adequate standard of living. The study found that while the 2003 federal poverty level for a family of four is only \$18,400, it costs more than twice that just to pay basic bills in California. Statewide, the median California household – the household at the midpoint of the income distribution – earned \$47,437 in 2002, less than the amount needed to support a family in most of the state's urban areas.

“Much more than the poverty level – or indicators of the overall health of the economy – this study paints an accurate picture of the basic cost of living in California. And it's virtually out of reach for millions of families,” said Jean Ross, Executive Director of the CBP. “The federal poverty level is outmoded in several ways: it doesn't account for the cost of child care, and as a federal benchmark it doesn't take into account California's high cost of living, especially the high cost of housing. We need to look to new measures of what it takes to support a family.”

The CBP study provides sample family budgets for four family types in each of ten regions: a single working parent with two children; two working parents with two children; a two-parent family with two children in which one parent works; and a single adult. Budgets take into account what families spend for basic needs including housing and utilities, child care, transportation, food, health coverage, taxes and miscellaneous expenses. The report also includes a basic family budget for the state as a whole.

The analysis found that to pay for basic needs, families in California need to earn:

- \$58,269 for a two-parent family in which both parents work;
- \$40,848 for a two-parent family in which only one parent works;

- \$48,962 for a single-parent family with two children; and
- \$22,943 for a single adult.

In contrast, the state minimum wage would provide an annual income of \$14,040. “Clearly, even a single adult needs to earn far more than the income provided by the minimum wage to make ends meet,” said Ross. “This standard offers a yardstick for measuring the economic well-being of California’s families, as well as the effectiveness of public programs and policies in helping families to make ends meet,” noted Ross. “The national downturn has taken a toll on families’ income and poverty is on the rise. A more accurate measure of what it takes just to get by would show that families are having an even tougher time than the official statistics suggest,” Ross continued.

Previous editions of *Making Ends Meet* were released in 1999 and 2001. The statewide basic family budget for a two working parent family with two children increased from \$52,034 to \$58,269 between 2001 and 2003. The statewide basic family budget for a single adult rose from \$20,503 to \$22,943 during the same period.

The California Budget Project was founded in 1994 to provide Californians with a source of timely, objective, and accessible expertise on state fiscal and economic policy issues.

Advance copies of the study and press kit are available to reporters who agree to honor the embargo.