STRUGGLING TO GET BY

The Real Cost Measure in California 2015

Betsy Baum Block, Henry Gascon, Peter Manzo, Adam D. Parker

with research support from Sarah Kogod and Margo Owens

GIVE. ADVOCATE. VOLUNTEER.

unitedwaysca.org/realcost

United Way

United Ways of California

The test of our progress is not whether we add more to the abundance of those who have much; it is whether we provide enough for those who have little.

FRANKLIN DELANO ROOSEVELT
Second Inaugural Address
January 20, 1937

Foreword

United Way believes that everyone deserves an opportunity to achieve the building blocks of a good life: a quality education that leads to a stable job, income that can support a family through retirement, and good health.

Struggling to Get By: The Real Cost Measure in California 2015 shows that there are many more Californians living in poverty than most people think. One in three families struggle to meet their basic needs. This is nearly twice the Federal Poverty Level in California for the period studied.

To better understand the challenges families face, *Struggling to Get By* introduces the Real Cost Measure, a basic needs budget approach. The Real Cost Measure estimates the income required to meet only basic needs for a given household type and in a specific community, and then determines how many households have income below that level. By doing so, the Real Cost Measure conveys a better sense of the hardship for families because it reveals the real cost of basic needs in a community and invokes the notion of tradeoffs between competing needs—if families do not have enough income, do they sacrifice on food, gas, child care or something else?

Struggling to Get By cuts through broadly held stereotypes about what those in poverty look like, what skills and education they hold, and what needs they have. Poor Californians reflect the diversity that is our state: These men and women come from every household composition, represent every racial and ethnic group, and work hard as part of the mainstream workforce. As our report makes clear, hard work alone is not enough for many to meet their basic needs. While poverty reaches broadly across all lines, however, the findings reveal significant disparities—across household composition, educational achievement, geography, race and gender—that prompt provocative questions. What levers might help struggling householders climb out of poverty?

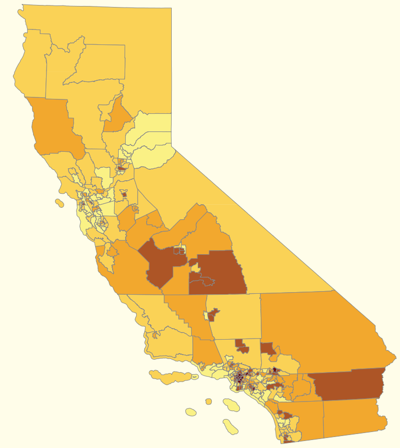
The least we can do to help these struggling families is see them clearly. That means not only uncovering the real number of households in each of our communities that struggle to meet basic needs, but also using the Real Cost Measure as a benchmark in designing efforts to help low-income families. But we can do more, and we believe this information can help policymakers, employers, educators and service providers rethink our impact on those with whom we work or serve.

The well-being of our communities depends, in part, on our ability to help struggling residents find pathways out of poverty. Our challenge is to make it possible for all working California families to earn enough to meet the Real Cost Measure of basic needs. We need leaders from every sector to join us as we strive to develop the best solutions for our communities and our state. I hope those efforts can begin today.

Very truly yours,

Carol Jackson

Carol Jackson, Chair
United Ways of California



Our challenge is to make it possible for all working California families to earn enough to meet the Real Cost Measure of basic needs.

ACKNOWLEDGEMENTS

United Ways of California is indebted to a great number of individuals and organizations who helped make *Struggling to Get By* possible. From helping us underwrite the report to helping us frame the “big picture” about what it takes to make ends meet, many talented people throughout California (and beyond) provided valuable guidance and support in the making of this report. We could not have done it without you!

We would first like to thank **JPMorgan Chase** and its Global Philanthropy team for providing key funding for *Struggling to Get By*. JPMorgan Chase works with community partners to create pathways to opportunity by supporting workforce development, financial capability, small business development and community development.

We would also like to thank **California United Ways** and **sponsor organizations** that invested their time and resources and ensured that this report aligned with our collective impact work on health, education and financial stability outcomes for low-income children and families.

- United Way of the Bay Area
- United Way California Capital Region
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- United Way of Kern County
- Kings United Way
- United Way of Greater Los Angeles
- United Way of Monterey County
- United Way of Northern California
- United Way of Northern Santa Barbara County
- Orange County United Way
- United Way of San Diego County
- United Way of San Luis Obispo
- United Way of Santa Cruz County
- United Way Silicon Valley
- United Way of Stanislaus County
- United Way of Tulare County
- United Way of Ventura County
- United Way of the Wine Country
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While it is impossible to thank everyone who contributed to this report and incorporate all the ideas provided, please know how much we appreciate your invaluable input.

THANK YOU FOR LIVING UNITED!

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ABOUT UNITED WAYS OF CALIFORNIA

United Ways, across the U.S. and increasingly around the world, focus on improving health, education and financial stability—the building blocks of a good life—for vulnerable low-income families and children. In California, local United Ways collectively raise and invest over $200 million and thousands of hours of volunteer efforts in these building blocks.

United Ways of California, a voluntary state network, improves health, education and financial stability for low-income children by enhancing and coordinating the programmatic and advocacy work of California United Ways. For more information, please visit **www.unitedwaysca.org.**

EXECUTIVE SUMMARY

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Struggling to Get By seeks to measure the real costs of living in California's communities and increase awareness and understanding of the hardships families face in meeting them. Among the questions this report seeks to answer are: How many California households do not have enough income to meet their basic needs? How many are led by working adults? What do we know about these households? What do their family configurations look like? What regions and communities struggle more than others? What do income challenges look like across race, ethnicity and gender boundaries?

We find that 1 in 3 households in California, over 3.2 million families—including those with income well above the Federal Poverty Level—struggle every month to meet basic needs.

The Real Cost Measure

The federal government's official poverty measure vastly understates poverty. Established over 45 years ago, the Federal Poverty Level (FPL) is based primarily on the cost of food, but in the decades since, the costs of housing, transportation, child care, health care and other family necessities have risen far more rapidly than food costs. Further, the FPL neglects regional variations in cost of living, and most Californians live in high-cost areas. (For a primer on poverty measures in California, please see Appendix A). As a result, the true extent of families contending with deprivation is hidden. Many of these hidden poor find they earn too much income to qualify for most supports, yet they still struggle to meet their most basic needs, especially as the costs of housing, health care, and other necessities continue to rise faster than wages.

Struggling to Get By introduces the Real Cost Measure, a basic needs budget approach, to better understand the challenges families face. A basic needs budget approach is intuitive and easy for most people to understand, as it is grounded in a household budget composed of costs all families must address such as food, housing, transportation, child care, out-of-pocket health expenses, and taxes. A basic needs budget approach takes into account different costs of living in different communities and also conveys a better sense of the hardship for families because it invokes the notion of tradeoffs between competing needs—if you have an inadequate level of income, do you sacrifice on food, gas, or child care?

Struggling to Get By explores the Real Cost Measure through different lenses. At the geographic level, we conduct "apples to apples" comparisons among counties, regions and neighborhoods (through public use microdata areas [PUMAs]). We also view the Real Cost Measure taking into account race/ethnicity, gender, nativity, occupational type, martial status, educational attainment, employment status, housing type and more. (We applied the Real Cost Measure to nearly 1,100 housing configurations alone.) For more detail, interactive maps, an interactive dashboard on Real Cost Budgets and a public data set to accompany this report are available at **www.unitedwaysca.org/realcost.**

Key Findings

Among our key findings are:

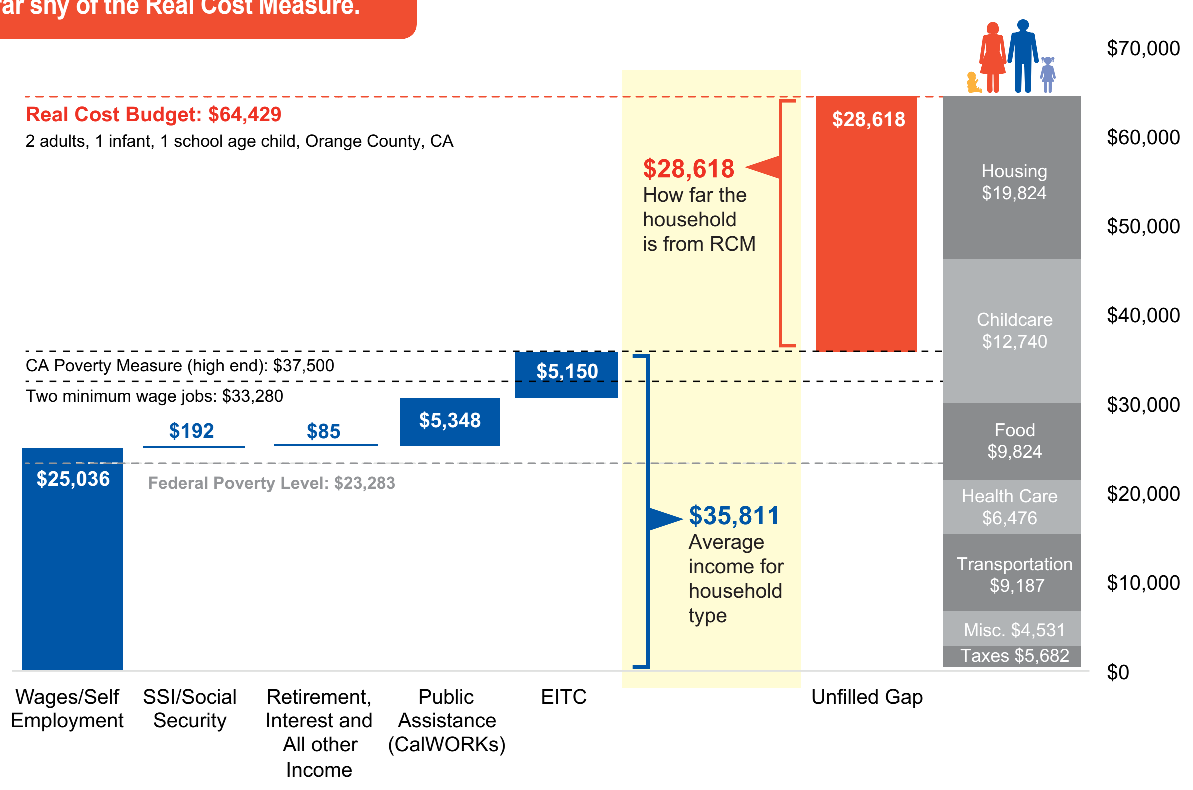
One in Three California Families Lacks Income Adequate to Meet Their Basic Needs

One in three California households (31%) do not have sufficient income to meet their basic costs of living. This is nearly three times the number officially considered poor according to the Federal Poverty Level. Families with inadequate incomes are found throughout California, but are most concentrated in the northern coastal region, the Central Valley, and in the southern metropolitan areas.

The costs for the same family composition in different geographic regions of California also vary widely. In expensive regions such as the San Francisco Bay Area and the Southern California coastal region, the Real Cost Budget, our monthly budget calculation of what is needed to meet basic needs, can range from 32% to 48% more (depending on family type) than in less expensive counties such as Kern, Tulare, and Kings counties. Nevertheless, incomes in the higher cost regions are also higher, relatively and absolutely, so that the proportions below the Real Cost Measure are generally lower in high-cost than low-cost regions.

INCOME GAP AFTER WAGES AND PUBLIC ASSISTANCE

Even with public assistance, a household with two full-time workers earning minimum wage is far shy of the Real Cost Measure.



Low Incomes Are a Challenge for Families of All Racial Groups

Families falling below the Real Cost Measure reflect California's diversity. One in five (20%) struggling households are white, so while poverty is often portrayed in our media and culture as primarily a problem for minorities, the reality is that families of all ethnicities struggle.

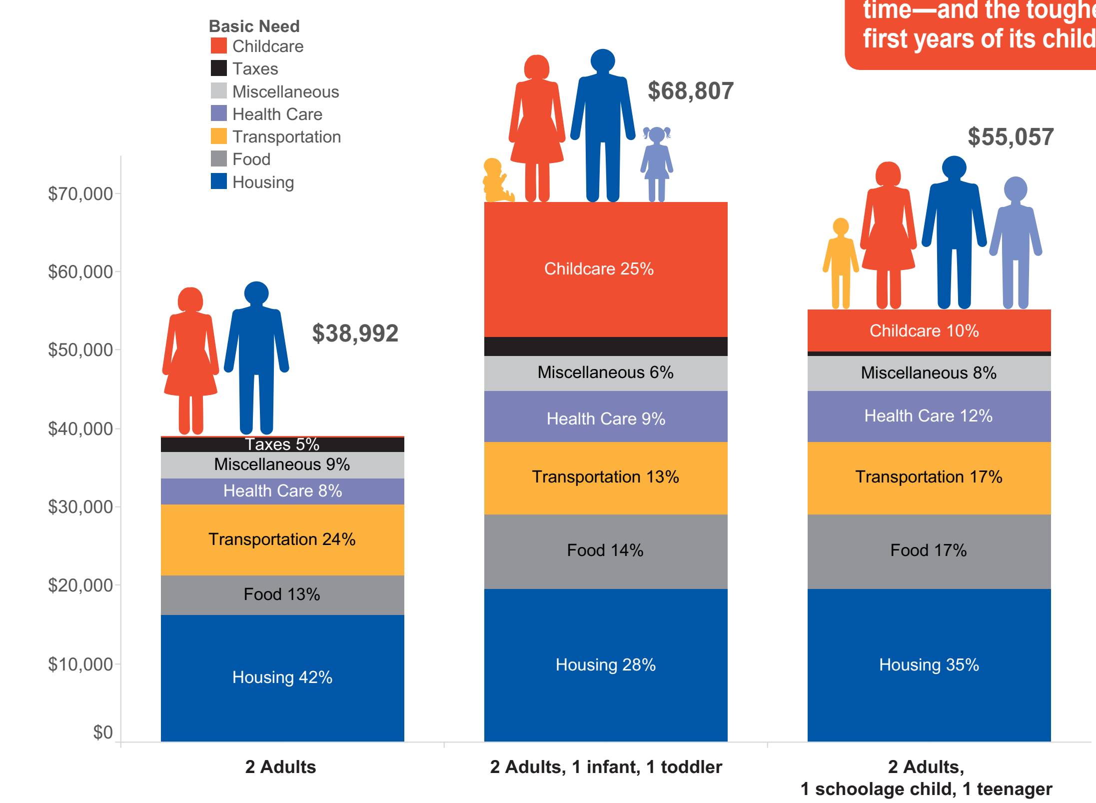
Households led by people of color, particularly Latinos, disproportionately are likely to have inadequate incomes. Half (51%) of Latino households have incomes below the Real Cost Measure, the highest among all racial groups. Two in five (40%) of African American households have insufficient incomes, followed by other races/ethnicities (35%), Asian Americans (28%), and white households (20%).

Both Native and Foreign-born Householders Have Trouble Getting By

One in four (25%) households led by a person born in the United States has an income below the Real Cost Measure. By contrast, 45% of households led by a person born outside the U.S. have incomes below the Real Cost Measure, and that number rises to 60% when the householder is not a citizen. Latino noncitizens are especially likely to struggle, with 80% below the Real Cost Measure.

HOUSEHOLD BUDGETS CHANGE AS FAMILIES GROW

The budget for a family changes over time—and the toughest time is the first years of its children's lives.



Households with Children Are At Greater Risk of Not Meeting Their Basic Needs, Especially When Led by Single Mothers

Households headed by single mothers are almost twice as likely to have inadequate income as married couples with children.

- Just over one-half (51%) of low-income households with children under six years of age fall below the Real Cost Measure, and that rate jumps to 76% for single mothers with children under six.
- Nearly 2 in 3 (64%) households maintained by single mothers have incomes below the Real Cost Measure. In contrast, just one-fourth of married couples with children are below the Real Cost Measure.
- Even when employed, single mothers and their children especially struggle: 54% of households headed by employed single mothers—and 44% where the single mother works full time—live below the Real Cost Measure.
- Households with children led by single mothers of color have the highest rates of income below the Real Cost Measure: 75% for Latina single mothers, 69% for African American single mothers, and 62% for Asian single mothers, compared to 45% for white single mothers. Furthermore, households headed by women of color are not only more likely to be below the Real Cost Measure, they are also more likely to be below the Federal Poverty Level.

Education Reduces the Risk of Financial Insecurity, but the Benefits of Education Are Not Equal for All

Householders with less education are much more likely to have incomes below the Real Cost Measure.

- Two-thirds (68%) of householders with less than a high school education have incomes below the Real Cost Measure.
- The rate of struggling households drops quickly as education increases, falling to 13% for those with a college degree or more.
- At every level of education, female householders earn less than male householders.
- The rates of financial instability drop from 88% for single mothers with less than a high school degree to 31% for single mothers with a Bachelor's degree or higher.
- The impact of increased education varies by race. Three in four (77%) African American women without a high school degree are below the measure, but only 19% with at least a Bachelor's are struggling. For white women, 56% with less than a high school degree, and 19% with a Bachelor's are below the Real Cost Measure.

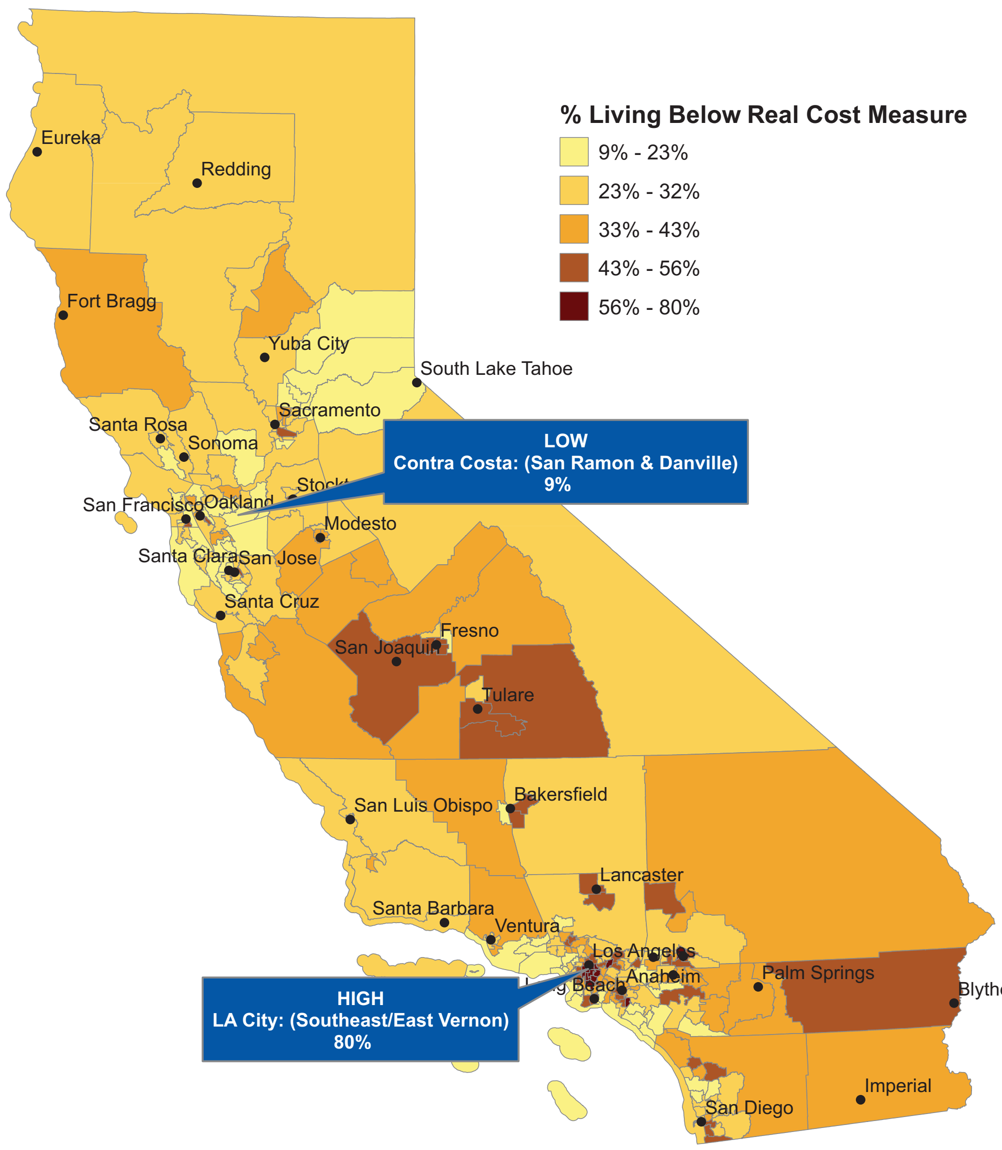
Two points merit greater emphasis: First, women and people of color need more education to achieve the same level of financial stability as white men. Women of color with a Bachelor's or advanced degree fall below the Real Cost Measure at rates equal to white men with some college education (about 20%). Second, in part because of the deep levels of income challenges faced by women and households of color with low levels of education, increased education nevertheless can make a powerful difference in ensuring greater levels of economic security for these households.

Employment Is Key to Making Ends Meet, But Work Is Not Enough

Although having stable year-round, full-time work is key to income adequacy, it is not a guarantee.

- Of households below the Real Cost Measure, 87% have at least one working adult, and 76% of those are working 48 weeks per year or more.

HOUSEHOLDS BELOW REAL COST MEASURE BY NEIGHBORHOOD CLUSTERS



- One in five (22%) households below the Real Cost Measure have a householder that has year-round, full-time employment.
- Two in five (44%) households headed by single women with children who work full time and year round are below the Real Cost Measure.
- Two full-time, minimum wage jobs are not enough to sustain a family of four. Two-adult, two-child households with two full-time, minimum wage earners earn $33,280 in gross income yet still fall below the Real Cost Measure by $10,000 to $30,000, depending on where they live.

High Housing Costs Are a Major Burden for Struggling Households

Housing costs occupy a disproportionate share of most family budgets in California, but that is particularly true for struggling families.

- Struggling households in California use over half of their income on housing, more than twice as high a share as households living above the Real Cost Measure.
- Households living below the Federal Poverty Level spend a staggering 80% of their income on housing.
- Average costs for a two-bedroom residence in California range from $584 in Modoc County to $1,905 in Marin, San Francisco and San Mateo counties.

What Is to Be Done?

Struggling to Get By shows there are far more Californians living in poverty than most people think. Poverty is grossly undercounted across the nation, but especially in California, since most Californians live in high-cost areas. The Real Cost Measure results presented in this report and in the detailed online data sets can enable leaders and advocates to better tailor approaches to help struggling households. Different strategies and resources may be called for depending on how far below the Real Cost Measure a household may be: some families may be drowning, some treading water, others swimming, and still others climbing into their boats and setting course. Below we offer some suggestions for possible levers for change for business, civic, nonprofit and philanthropic leaders and policymakers to consider:

- **Emphasize Education Beyond High School:** The share of households below the Real Cost Measure drops significantly among householders who have some college or a college degree. A household led by a person without a high school diploma is five times more likely to be below the Real Cost Measure than one headed by a college graduate. A substantial number of households would be within striking distance of a college degree if income-based loan repayment and other steps make it more affordable. More “second chance” pathways to get a high school credential and pursue post-secondary education also could give millions a chance to boost their earning power.

- **Focus on Moving Households Up the Pay Scale:** The overwhelming majority of struggling households are already working, but for low pay and often without full-time hours. These struggling households likely would benefit more from a focus on improving their earning power within their current fields and gaining more hours than from strategies aimed at finding employment.
- **Invest in Children:** Households with children, especially young children under 6, and especially such households led by single women, are much more likely to struggle. Dual-generation, or "2Gen" strategies—such as home visitation, pairing child care and early childhood enrichment with educational opportunities for parents, especially single mothers—offer potential to leverage the proven return on investment in early childhood education.
- **Effectively Link Households to Public Assistance:** As much as $4 billion in public assistance funding for struggling households goes unclaimed every year. Making it easy, almost automatic, for families to access all benefits for which they qualify would yield significant returns for households and would boost local economies.
- **Make Income Supports Available Longer as Families Move Up:** Work supports such as child care assistance, CalFresh, and Medi-Cal can help households below the Real Cost Measure cover basic needs, yet these benefits drop away too soon, well before households get close to the Real Cost Measure. Some strategies to consider include increasing eligibility limits, raising the amount of income and assets that is disregarded when assessing eligibility, and providing money for savings to households to help them transition off public assistance.
- **Help Households Build and Protect Assets:** Helping struggling households save so they can avoid losing their housing or suffering catastrophic debts, and prepare for the day when they can transition off benefits, should be a high priority. Connecting households to accounts at mainstream banks or credit unions would provide a critical foothold on the economic ladder, helping families build credit and avoid the predatory practices of "fringe" financial services like payday lending.
- **Reduce the Effective Cost of Housing:** Housing plays a central role in the fate of struggling households—not just for their financial stability, but also for their educational prospects and health outcomes. Incentivizing property owners with refundable renters' credits, while also continuing support for building affordable housing or providing housing vouchers, can help thousands of households attain economic security.

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By necessaries I understand not only the commodities which are indispensably necessary for the support of life, but what ever the customs of the country renders it indecent for creditable people, even of the lowest order, to be without.

ADAM SMITH
The Wealth of Nations

INTRODUCTION

Struggling to Get By seeks to measure the true costs of living in California's communities and the hardships households face in meeting them.

Struggling to Get By introduces the Real Cost Measure, a basic needs budget model, to determine the level of income needed to afford basic living costs in a community. This method provides a more complete view of need in a community, including both households with income below the Federal Poverty Level and those with income above it but below the cost of living.

The Real Cost Measure brings into stark relief the dilemmas faced by struggling families squeezed between stagnant earnings and increasing costs of living. Our research shows that one in every three households in California—over 3.2 million families—struggle to pay for the basic necessities of a decent standard of living. Many of these struggling families earn more than the official Federal Poverty Level, and as a result are largely overlooked and ineligible for assistance programs.

Struggling to Get By presents the Real Cost Measure and what it means for California families, as follows:

- This **Introduction** explains the Real Cost Measure and why its results present a more comprehensive view of need than the Federal Poverty Level.
- **What It Takes to Make Ends Meet** presents Real Cost Measure results for California counties and illustrates how costs vary both across and within counties.
- **Where Households in California are Struggling** presents the big picture of need in California, examining the rate of households falling below the Real Cost Measure by region, county and neighborhood.
- **Characteristics of Struggling Households** examines how households falling below the Real Cost Measure intersect with educational attainment, immigration and language challenges, employment, eligibility for and access to public assistance and high housing costs.
- **Sample Populations of Struggling Households** presents how some key populations—single mothers, households with young children, households of color and seniors fare against the Real Cost Measure.
- **What is To Be Done?** suggests some levers for communities, policymakers, business and civic leaders, foundations and nonprofits to consider as they seek to improve financial stability for struggling families.
- **Appendix A** describes other poverty measures, **Appendix B** presents Real Cost Measure results for 265 neighborhood clusters using Public Use Microdata Areas (PUMAs), **Appendix C** lists works cited in the report, and **Appendix D** provides detail on methodology.

Why This Report?

The purpose of *Struggling to Get By* is to identify the real level of need in local communities and inform efforts by public officials, civic and business leaders, nonprofit and philanthropic organizations, and community residents to expand opportunities and reduce poverty. This requires attention to two key factors that cannot be met by the Federal Poverty Level: a set of assumptions about an adequate basic standard of living and a measure that is relevant to the cost structure of local communities.

The federal government's official poverty measure vastly understates poverty. Established over 45 years ago, the Federal Poverty Level (FPL) is based primarily on the cost of food, but in the decades since, the costs of housing, transportation, child care, health care, and other family necessities have risen far more rapidly than food costs. Further, the Federal Poverty Level neglects regional variations in cost of living, and most Californians live in high cost areas. (For a primer on poverty measures in California, please see Appendix A.) As a result, the true extent of families contending with deprivation is hidden. Many of these hidden poor find they earn too much income to qualify for most supports, yet they still struggle to meet their most basic needs, especially as the costs of housing, health care, and other necessities continue to rise faster than wages.

This report introduces the **Real Cost Measure,** a basic needs budget approach, to better understand the challenges families face. A basic needs budget approach is intuitive and easy for most people to understand, as it is grounded in a household budget composed of things all families must address such as food, housing, transportation, child care, out-of-pocket health expenses, and taxes. A basic needs budget approach also takes into account different costs of living in different communities and conveys a better sense of the hardship for families because it invokes the notion of tradeoffs between competing needs—if you have an inadequate level of income, do you sacrifice on food, gas, or child care?

Struggling to Get By explores the Real Cost Measure through different lenses. At the geographic level, we conduct "apples to apples" comparisons among counties, regions and neighborhoods. We also view the Real Cost Measure taking into account race/ethnicity, gender, nativity, occupational type, marital status, educational attainment, employment status, housing type and more. (We applied the Real Cost Measure to nearly 1,100 housing configurations alone.) While we are unable to document every single finding in this report, including household budgets, we have produced interactive maps, an interactive dashboard to view Real Cost Budgets a public data set, all of which can be found at www.unitedwaysca.org/realcost.

Struggling to Get By is a successor to a prior report, *Overlooked and Undercounted 2009*, which United Way of the Bay Area directed and United Ways of California and several California United Ways supported. While this report uses the Real Cost Measure, *Overlooked and Undercounted 2009* applied the Self-Sufficiency Standard, with data analysis by Dr. Diana Pearce from the Center for Women's Welfare at the University of Washington, who developed that standard. Both models apply a basic needs budget approach, share many similarities and yield comparable results; the Real Cost Measure, however, focuses on a more constrained set of budget choices than the Self-Sufficiency

Standard. We chose to build on the Real Cost Measure in this report for several reasons, including a focus on a streamlined set of households and greater ease in producing the report regularly every two to three years.

How Is the Real Cost Measure Calculated?

The Real Cost Measure estimates the amount of income a household needs to meet only its basic needs, for a given household type and in a specific community, and then determines how many households have income below that level.

The Real Cost Measure constructs a bare-bones survival budget that reflects constrained yet reasonable choices. (See box below.) The Real Cost Budget includes only the barest essentials—food, housing, transportation, health care, taxes, and child care—and does not include savings or "luxuries" such as dining out. Though the budget includes transportation expenses, it does not include the cost of buying or maintaining a car, nor does it include savings for retirement or for college, major purchases like a home or auto, or entertainment. The basic needs for a household with two adults and two children would include a two-bedroom apartment at the "Fair Market Rent" set by the U.S. Department of Housing and Urban Development, the lowest cost food budget set by the U.S. Department of Agriculture, a minimum-cost health care plan (pre–Affordable Care Act), and appropriate licensed

REAL COST BUDGET ELEMENTS (SEE APPENDIX D FOR COMPLETE DETAILS)

Housing: Households are assumed to rent, rather than own, their homes. We assume a single adult will live in an efficiency unit, and where there are two or more members of a household, adults and children will have separate bedrooms, with up to two adults or children per room. Rent costs are based on Housing and Urban Development's county-level Fair Market Rent rates, calculated as the 40th percentile of gross rents. Rent includes the sum of the rent paid to the owner plus most utility costs incurred by the tenant.

Child care: Child care is assumed to be year-round care at a licensed family-based facility. Infants and toddlers attend full time, year-round, while school-age children (5-12) attend part-time during the school year and full-time for the summer. No child care costs are assumed for teenagers.

Food: Budgets use the Thrifty food plan, the least expensive of four plans designed by USDA to ensure people can acquire sufficient nutrition. The Thrifty plan, which is also the basis for the SNAP (food stamp) program, targets survivability on very low cost. The budget includes both fresh and processed foods, and does not include any expenses for dining out.

Transportation: Transportation costs are calculated using average annual expenditures for transportation, including fuel and maintenance, excluding car payments and public transportation, from the Bureau of Labor Statistics' 2011-2012 Consumer Expenditure Survey (CES) national estimates.

Health care: Health costs include health insurance, medical/dental services, medicine/vitamins and medical supplies, derived from the national 2012 Consumer Expenditure Survey.

Miscellaneous: To allow for additional expenses not defined in the narrow categories above, such as telephone costs, entertainment, or gifts, the basic needs budgets include 10% of the subtotal of all other budget items.

Taxes: Taxes are calculated per federal and California tax laws. Taxes for single adults are calculated according to individual filer rates, and all multiple-adult households (regardless of family status) are calculated as joint filers.

child care at a family-based facility. The Real Cost Budget estimates the cost of these basic needs without public subsidies (such as Medi-Cal or CalFresh food assistance), and without assuming private assistance such as food pantries or unpaid babysitting from relatives or neighbors.

Struggling to Get By estimates the cost of basic necessities and analyzes the number of households unable to meet those costs, with adjustments for variations in costs across different communities and family/household configurations. We segment and analyze: 1) households led by adults aged 18-64 who are not disabled using Real Cost Budgets and 2) households led by adults 65 and over, using the Elder Index, (as described in detail in Appendix D).

For each segment, we estimate the income a household requires to meet only its basic needs and then compare income actually received by households against that benchmark. We use a set of assumptions about households described in We refer to the Real Cost Budget and the Elder Index collectively as "the Real Cost Measure" when discussing the formula for determining basic needs budgets, and also use "the Real Cost Measure" to refer to the amount of income needed to afford those basic needs.

HOUSEHOLDS (SEE APPENDIX D FOR COMPLETE DETAILS)

The Real Cost Measure focuses on income and expenses of household units, not individuals. Data on household types and their income is from the Census Bureau American Community Survey Public Use Microsystems Data. We estimate the cost of basic needs for households—housing, food, transportation, health care, child care, and taxes—depending on the configuration of households up to 12 people (1088 different combinations of adults and children), and based on the following assumptions:

Households share expenses: A household is not presumed to be a family, but are presumed to be sharing expenses.

Working adults: To determine basic needs budget for households, all adults in one- and two-adult households, unless led by a senior 65 and over, are assumed to work full time, which affects calculation of transportation and health costs. If more than two adults are in the household, the additional adults are assumed not to be working and not incur worker-related expenses, but incur other expenses like food. The level of several expenses—transportation and child care, for example—are affected by the number of adults in a household.

Costs of children: For households with children, we calculate adjustments, inclusive of tax, based on the children's ages. Younger children, particularly infants, have higher child care costs than older children; teenagers, by contrast, are assumed not to require costs for child care, but food costs increase as children get older; the number and age of the child(ren) have tax implications. We combine the effects of child care costs, difference in food costs, and additional tax and tax credits per child by age of child into a "child care net" cost we then add to the base budget to arrive at a final household budget.

Elder households: All households where the head of the household is 65 or older is assumed to be an elder household, and economic security is calculated according to the Elder Index. The Elder Index calculates budgets for one adult and two adult households, though the second adult may be under 65. Households led by elders with any children and those with more than two aduts are not included. This means the report does not include the numerous California households with grandparents raising grandchildren, or adult children who have returned home.

What's Different About the Real Cost Measure?

The Real Cost Measure uses a basic needs budget model. Examples of other basic needs budgets include the Self-Sufficiency Standard, created by Dr. Diana Pearce, who launched the basic needs budget field; the Basic Family Budgets approach developed by the Economic Policy Institute; and the ALICE (Asset Limited, Income Constrained, Employed) approach developed by United Way of Northern New Jersey. Each approach makes distinct assumptions about the constrained choices made by struggling families—such as how many bedrooms the family needs, what level of child care, whether to use public versus private transportation, and whether or not savings should be incorporated in the budget. The Real Cost Measure, we think, is more conservative in what it assumes are basic needs than, for example, the Self-Sufficiency Standard.

GLOSSARY OF TERMS

The Real Cost Measure focuses on income and expenses of household units, not individuals. Data on households types and their income is from the Census Bureau American Community Survey Public Use Microsystems Data (PUMS). We estimate the cost of basic needs for households—housing, food, transportation, health care, child care, and taxes—depending on the configuration of households up to 12 people (1088 different combinations of adults and children), and based on the following assumptions:

Real Cost Measure (RCM): The Real Cost Measure estimates the amount of income a household needs to meet only its basic needs, for a given household type and in a specific community, and then determines how many households have income below that level.

Real Cost Budgets: Real Cost Budgets estimate the cost of basic needs for a household type (e.g., two adults, two children), including housing, food, childcare, health care, transportation and taxes. Struggling to Get By calculated Real Cost Budgets for nearly 1,100 different household configurations in California counties.

Struggling households: Households earning less than the Real Cost Measure of the amount required to meet basic needs.

Neighborhood clusters: To analyze need at the neighborhood level, we used Public Use Microdata Areas (PUMAs), which are statistically reliable "neighborhood clusters" that capture population sizes between 100,000 to 200,000 people based upon the decennial census, and reflected in the American Community Survey. The most recent 2010 census calculated 265 neighborhood clusters in California.

Federal Poverty Level (FPL): A calculation based on USDA food budgets to estimate household need,as estimated by the U.S. Census Bureau. Primarily intended for statistical purposes, and not as a description of what people and families need to live.

Supplemental Poverty Measure (SPM): The Supplemental Poverty Measure is defined as the value of cash income from all sources, plus the value of in-kind benefits that are available to buy the basic bundle of goods, minus necessary expenses for critical goods and services not included in those thresholds.

California Poverty Measure (CPM): The California Poverty Measure is a new index that improves upon conventional poverty measures. The CPM tracks the full range of necessary expenditures, adjusts for geographic differences in housing costs, and includes food stamps and other non-cash benefits as resources available to poor families. The CPM is jointly produced by the Stanford Center on Poverty and Inequality and the Public Policy Institute of California.

Elder Index: *Struggling to Get By* analyzes households led by people aged 18-64, and those led by seniors 65 and over. To analyze senior-led households, Struggling to Get By uses the Elder Index, a poverty measure specifically designed for senior populations, which factors in the costs of food, health care, housing and transportation, but takes into account that most seniors do not have wage income and most receive Social Security and Medicare.

Further details provided in Appendix D – Methodology.

We discuss our methodology in more detail at Appendix D, but at the outset, we highlight some key attributes that are different in this report than in other reports on poverty in California, including our own *Overlooked and Undercounted 2009.*

Struggling to Get By applies **three-year American Community Survey population estimates** for demographic analysis. This method allows us the ability to examine 36 months of demographic data, which tends to be more reflective of populations than one-year population estimates. It also affords us the ability to critically examine smaller populations and geographies, and provides us a mechanism to "refresh" *Struggling to Get By* every three years upon the release of American Community Survey data. American Community Survey estimates from 2011-13, the most recent available as of the writing of this report, provide the primary demographic focus for *Struggling to Get By 2015*.

In addition to exploring what it takes to make ends meet at the state, regional and county level, *Struggling to Get By* explores in more detail financial stability at the **public use microdata area (PUMA)** level. PUMAs are statistically reliable "neighborhood clusters" which capture population sizes between 100,000 and 200,000 people. Exploring how the Real Cost Measure varies by PUMA helps us to understand self-sufficiency dynamics among households within counties, which is critical given that where one lives often helps to determine one's well-being and potential life outcomes. Opening this window into some of our more densely populated regions meets an important need and expectation of local United Ways and partners, as audiences seek to measure how neighborhoods within counties compare to each other, and with neighborhoods in other counties. (Our adoption of PUMAs was influenced by Measure of America, which founded the American Human Development Report and has written two Human Development Index reports for California since 2011, with modest support from United Ways of California [1]).

Not least, *Struggling to Get By* includes a tailored look at what income older adults need to meet basic needs. In part because labor force participation declines with age, older adults' needs and challenges can differ significantly from that of working families. Public assistance programs available only to seniors, such as Social Security and Medicare, also play important roles in fostering elder well being. Including seniors in a basic needs budget report without the ability to segment out their labor force participation would, we believe, significantly distort the assessment of the rate of struggling households. For this critical population, we adopted the Elder Index, which is designed for a senior population and factors in the costs of food, health care, housing and transportation, and adjusts cost based on location, household size, health status and more. The Elder Index is developed by Wider Opportunities for Women and the Gerontology Institute at the University of Massachusetts, Boston.[2]

Online Resources

To provide further support, interactive maps, an interactive dashboard on Real Cost Budgets and a public data set to accompany this report are available at **www.unitedwaysca.org/realcost.**

1 For more information about the American Human Development Index, which measures well-being in health, education and income, please visit Measure of America at www.measureofamerica.org.

2 *Elder Index. Economic Security Database.* Wider Opportunities for Women. http://bit.ly/1AdKI5I. Accessed May 19, 2015.

Anyone who has ever struggled with poverty knows how extremely expensive it is to be poor.

JAMES A. BALDWIN
"Fifth Avenue, Uptown: A Letter from Harlem"
July 1960

WHAT IT TAKES TO GET BY

For many people around the country, California is synonymous with wealth, Hollywood glamour, Silicon Valley, and opportunity. California is the largest economy in the United States with a gross domestic product (GDP) of $2.2 trillion, making up over 13% of the nation's economy.[1] If California was its own sovereign country, it would easily rank as the eighth largest global economy. California is also "the world's fifth largest supplier of food and agriculture commodities,"[2] which makes California's current drought conditions not only a state problem, but a global one.

Despite this enormous wealth, however, **over 3.2 million households in California (31%) are struggling to make ends meet**. Reviewing the California context for some of the basic necessities in life, provides plenty of clues about why so many households are struggling.

First, the cost of housing in California is among the highest in the nation. According to the latest three-year estimates from the American Community Survey, the median monthly cost of housing in California (using 2013 dollars) is $1,393, just after New Jersey, Hawaii, the District of Columbia and Maryland.[3] Within the state, we see wide variation depending on where one lives. For example, our calculations find that nearly 73% of households in the neighborhood cluster of Southeast Los Angeles/East Vernon in Los Angeles County face a housing burden greater than 30%, making it extremely difficult for many families to factor food, transportation, child care and other basic needs into their monthly budget.

The true extent of families contending with deprivation in California is over twice the Federal Poverty Level.

Many California households also experience great challenges with income. Median household income throughout California has only increased by 7% between 1984-2012,[4] and over 8.9 million Californians are dependent on hourly wages.[5] The inability to cover costs for basic needs is especially prevalent in the Central Valley where official poverty rates in Fresno, Kern, Kings, Madera, Merced, Stanislaus and Tulare counties are all well over 20%.[6]

Third, the ability to simply get to work is often a daunting task for many Californians. On average, over 1.6 million Californians commute more than one hour to get to work, easily the highest rate in the country.[7] Getting to work is especially difficult for residents in Los Angeles, Orange, Riverside and San Bernardino Counties who constitute 56% of commuters who spend more than one hour to get to work.[8] Transportation is especially hard for low-income households who often have to rely on public transportation systems to have their children see a doctor, run basic errands, go from one job to another, get their children to school and more.

Many households without health coverage risk not only their health but their financial well-being as well. The latest three-year population estimates from the American Community Survey indicate that there are over 6.6 million Californians without health coverage.[9] For many families, one cancer diagnosis, car accident or other medical disaster could easily prevent a family from making ends meet for many years. (The federal Affordable Care Act (ACA) and California's expansion of Medi-Cal have made health coverage more affordable and accessible, particularly to lower-income households. However, we will not be able to fully assess the economic impact of the ACA for several years given its relative infancy.)

Finally, the high cost of child care makes it hard for many families to make ends meet. While many low-income households have the fortune of relying on family members and close friends for child care, parents without such family supports often face a stark choice between devoting over one-third of their income for quality child care (at an annual average cost of $11,4611,[10] and often unavailable in many communities) or placing their child in inappropriate care. The high cost of child care also pushes families to spend less on nutrition, clothes, and other basic needs.

The Real Cost of Meeting Basic Needs

Struggling to Get By constructs a bare-bones Real Cost Budget that reflects constrained yet reasonable choices. For example, a "basket" of basic needs goods for a two-adult, two-child household would include a two-bedroom apartment at the "fair market" rent set by the U.S. Department of Housing and Urban Development, the U.S. Department of Agriculture's lowest cost food budget, a minimum health care cost (pre-Affordable Care Act), and appropriate licensed child care at a family-based facility.

The Real Cost Budget does not allow for savings or "luxuries" such as eating out. Though the budget includes transportation expenses, it does not include the cost of buying the car.

We find 31% of California households do not earn enough to meet the Real Cost Measure. Among these struggling households, the average adjusted household income is only 53% of what is needed to make ends meet.

County	Real Cost Budget for 2 Adults, 1 Infant, 1 School Age Child who Rent Housing	% of Federal Poverty Level (2012)
State of California	$57,202	246%
San Francisco	$73,894	317%
Marin	$71,365	307%
San Mateo	$70,535	303%
Santa Clara	$65,380	281%
Orange	$64,429	277%
Santa Cruz	$60,864	261%
Alameda	$60,035	258%
Los Angeles	$59,919	257%
Contra Costa	$59,594	256%
Ventura	$58,518	251%

One in three California households— over 3.2 million families— struggle to meet their basic needs according to the Real Cost Measure

County	Real Cost Budget for 2 Adults, 1 Infant, 1 School Age Child who Rent Housing	% of Federal Poverty Level (2012)
San Diego	$57,759	248%
Napa	$57,693	248%
Santa Barbara	$56,279	242%
Sonoma	$55,352	238%
Solano	$53,616	230%
Monterey & San Benito Counties	$53,113	228%
San Luis Obispo	$52,206	224%
Nevada & Sierra Counties	$51,457	221%
Riverside	$51,158	220%
San Bernardino	$51,105	219%
Placer	$51,030	219%
Sacramento	$50,595	217%
El Dorado	$50,533	217%
Yolo	$49,256	
San Joaquin	$47,597	204%
Stanislaus	$47,444	204%
Alpine, Amador, Calaveras, Inyo, Mariposa, Mono & Tuolumne Counties	$47,165	203%
Lake & Mendocino Counties	$47,044	202%
Butte	$46,322	199%
Humboldt	$46,245	199%
Fresno	$45,938	197%
Shasta	$45,327	195%
Sutter & Yuba Counties	$45,268	194%
Kern	$45,125	194%
Kings	$44,638	192%
Del Norte, Lassen, Modoc, Plumas & Siskiyou Counties	$44,172	190%
Madera	$44,055	189%
Merced	$43,987	189%
Imperial	$43,738	188%
Colusa, Glenn, Tehama & Trinity Counties	$43,726	188%
Tulare	$43,229	186%

Figure 1: Real Cost Budget by County for 2 Adults, 2 Children who Rent Housing

In some California counties, the real cost of living can exceed 300% of the Federal Poverty Level.

What Is the Real Cost Measure For a Family of Four?

Struggling to Get By tabulates average annual household budgets for nearly 1,100 household configurations across California (please visit www.unitedwaysca.org/realcost to view them all via an interactive dashboard). To illustrate how basic needs costs vary by community, we offer a comparison of average annual household budgets among three geographically distinct counties in California: Orange, Sacramento and Tulare. Using the same household configuration of 2 adults, 1 infant and 1 school-aged child, the differences can easily be found in housing costs. As Figure 2 notes, the average annual cost for a two-bedroom residence in Orange County is $19,824; that is $11,124 more than the average annual cost of a two-bedroom residence in Tulare County. While food, healthcare and transportation cost are relatively comparable across these counties, there is significant variation in terms of the cost of child care and taxes. Average child care costs in Orange County are $2,153 higher than Sacramento County and $4,097 higher than Tulare County.

While food, healthcare and transportation costs are roughly comparable, housing and childcare costs can vary considerably from one county to another.

Budget	Annual Real Cost Budget Family of Four Orange County, CA	Annual Real Cost Budget Family of Four Sacramento County, CA	Annual Real Cost Budget Family of Four Tulare County, CA
Housing—2 bedroom	$19,824	$12,252	$8,700
Child care Net (1 infant, 1 school-age)	$12,740	$10,587	$8,643
Food	$9,824	$9,437	$9,053
Transportation	$9,187	$8,999	$8,836
Healthcare	$6,476	$6,344	$6,229
10% Miscellaneous Expenses	$4,531	$3,703	$3,282
Total Credits	($3,836)	($3,836)	($3,836)
Total Taxes	$5,682	$3,108	$2,322
Total Annual	**$64,429**	**$50,595**	**$43,229**

Figure 2: Real Cost Budget for Family of Four in Orange, Sacramento and Tulare Counties, CA.

Eligibility for benefits that serve struggling households is consistent with the measures established in *Struggling to Get By*. CalFresh assumes households are insecure at up to 130% of the Federal Poverty Level, and the Special Supplemental Nutrition Program for Women, Infants and Children (WIC), which helps the vulnerable single-mother households, would go up to 60% for a household of three. Even households meeting their basic needs just barely or sometimes still qualify for public supports.

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2 *Breadbasket of the World*. Northern California Regional Center. http://bit.ly/1JcNnsk. Accessed. May 29, 2015.

3 *Median Monthly Housing Costs (Dollars)*. 2011-2013 American Community Survey 3-Year Estimates. American Fact Finder. United States Census Bureau. http://1.usa.gov/1vEz1wK. Accessed May 29, 2015.

4 *Minimum Wage Workers By State: Statistics, Totals. Governing The States and Localities*. http://bit.ly/1AzhPeX. Accessed May 29, 2015.

5 *Poverty Status in Past 12 Months*. 2011-2013 American Community Survey 3-Year Estimates. American Fact Finder. United States Census Bureau. http://1.usa.gov/1vEz1wK. Accessed May 29, 2015.

6 Kristen Lewis and Sharps, Sarah Burd. *A Portrait of California 2014-2015. California Human Development Report*. Measure of America. 2014. p.113.

7 *Means of Transportation to Work by Travel Time to Work*. 2011-2013. American Community Survey 3-Year Estimates. American Fact Finder. United States Census Bureau. http://1.usa.gov/1vEz1wK. Accessed May 29, 2015.

8 Ibid.

9 *Health Insurance Coverage Status. 2011-2013*. American Community Survey 3-Year Estimates. American Fact Finder. United States Census Bureau. http://1.usa.gov/1vEz1wK. Accessed May 29, 2015.

10 *Annual Cost of Child Care, by Age Group and Type of Facility*. kidsdata.org. A Program of the Lucile Packard Foundation for Children's Health. http://bit.ly/1iSnxvW. Accessed May 29. 2015.

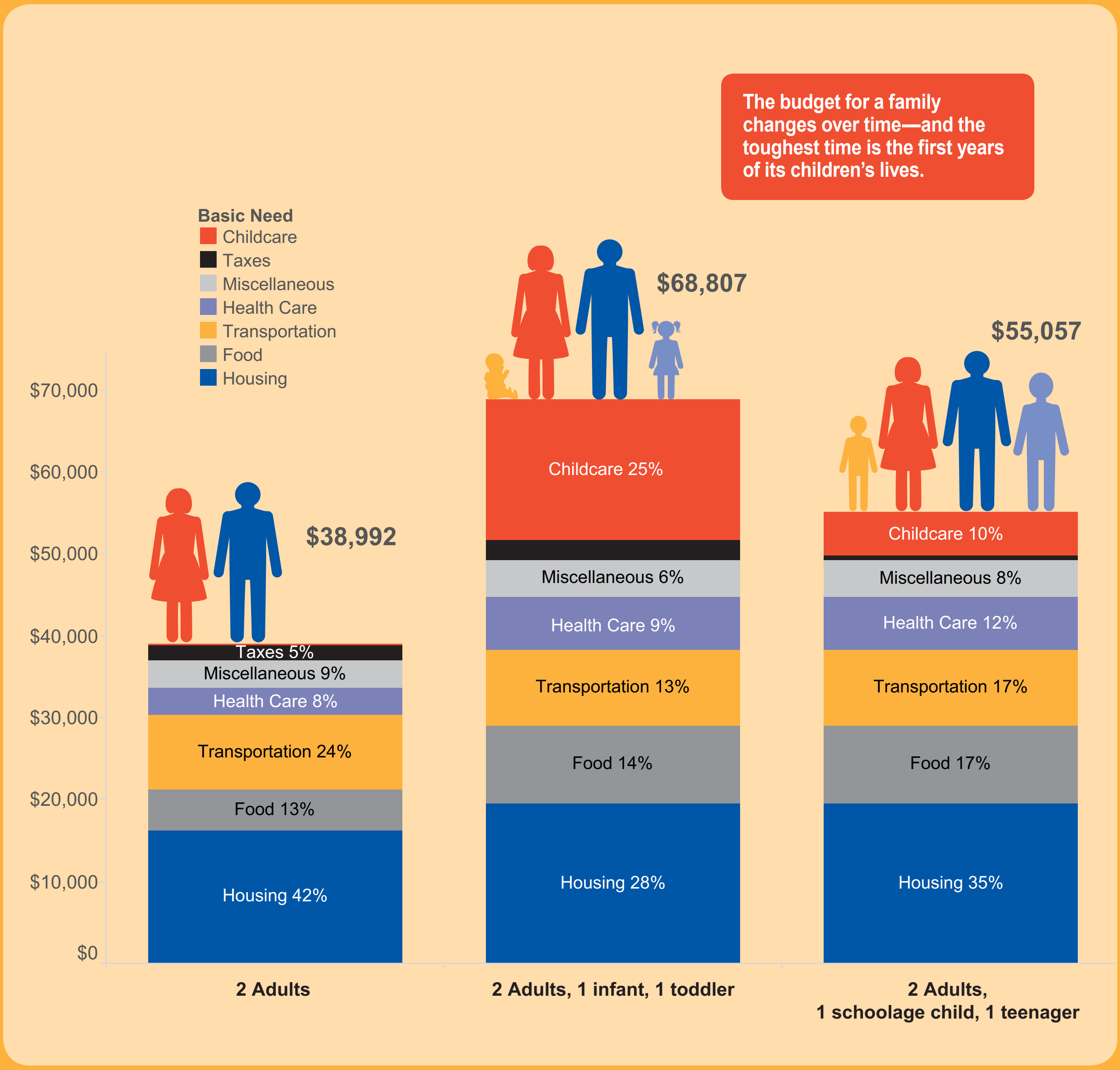


Figure 3: Household Budgets as Family Configuration Changes.

We are all caught in an inescapable network of mutuality, tied into a single garment of destiny. Whatever affects one directly, affects all indirectly.

MARTIN LUTHER KING
Letter from Birmingham Jail
April 16, 1963

WHERE HOUSEHOLDS IN CALIFORNIA ARE STRUGGLING

In this section, we briefly explore Real Cost households at the regional, county and neighborhood cluster level (through public use microdata areas).

The Real Cost Measure in California Regions

A large share of households in the Central Valley (37%), Greater Los Angeles (35%) and the Inland Empire (35%) fall below the Real Cost Measure, while the San Francisco Bay Area (25%) and the Central Sierra (24%) have a lower rate of struggling households.[1]

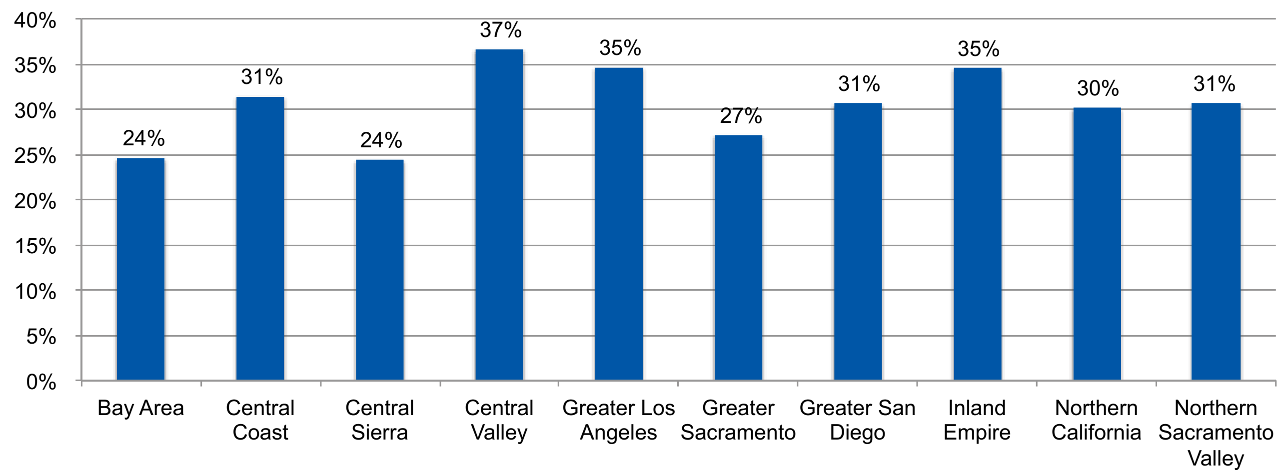


Figure 4: Real Cost Measure in California Regions

All regions have households that struggle—but the greatest need is in Central Valley, Greater LA and Inland Empire.

Through the lens of race, however, we see a different picture on how California households are faring. Nearly 51% of Latino-led households and 40% of African American-led households fall below the Real Cost Measure throughout California. The challenges facing Latino communities are especially significant in California given the fact they make up 29% of households in the state. When examining Latinos regionally, they especially experience hardship in Greater Los Angeles where 54% of Latino-led households, on average, are struggling. We find nearly 40% of African American-led households in the state fall below the Real Cost Measure. Constituting just over 6% of California-led households, African Americans particularly experience hardship in Fresno (53%), Tulare (52%), Madera (51%) and San Francisco (50%) Counties.

While white and Asian American-led households generally fare better in the Real Cost Measure, they also experience economic security challenges. Whites make up 20% of total households that fall below the Real Cost Measure, but those rates increase to 27% in Northern California and 28% in the Northern Sacramento Valley. This is consistent with the lack of employment opportunities and high poverty rates that generally exist in those communities. The latest 3-year American Community Survey estimates indicate, for example, that median personal earnings in the neighborhood cluster of Del Norte, Lassen, Modoc, Plumas and Siskiyou counties are $50,516 compared to median earnings at the state level at $64,331.[2] In exploring households led by Asian American households, where nearly 28% fall below the Real Cost Measure statewide, we see them particularly experience hardship in Northern California and the Northern Sacramento Valley, as well as the Central Valley.

Region	% TOTAL Below Real Cost Measure	% African Americans Below Real Cost Measure	% Asians Below Real Cost Measure	% Latinos Below Real Cost Measure	% Whites Below Real Cost Measure	% Other Below Real Cost Measure
Total Households	31%	40%	28%	51%	20%	35%
Race/Ethnicity						
Bay Area	25%	39%	23%	46%	16%	36%
Central Coast	31%	31%	31%	50%	21%	32%
Central Sierra[3]	24%	57%	24%	34%	23%	36%
Central Valley	37%	46%	35%	52%	22%	36%
Greater Los Angeles	35%	42%	30%	54%	19%	37%
Greater Sacramento	27%	39%	34%	43%	20%	23%
Greater San Diego	31%	35%	25%	50%	22%	31%
Inland Empire	35%	38%	27%	48%	23%	36%
Northern California	30%	43%	44%	50%	27%	45%
Northern Sacramento Valley	31%	34%	40%	44%	28%	35%

Figure 5: Real Cost Measure by Race in California Regions

Half of Latino households fall below the Real Cost Measure across all regions.

The Real Cost Measure in Counties

To explore who is struggling at the county level, we analyzed 34 individual counties for which there was sufficient county-level data, and due to their smaller populations, the remaining 24 counties were grouped into seven county clusters with adjacent county neighbors so that they could be geographically contiguous and more statistically reliable. (The same approach was taken with *Overlooked and Undercounted 2009*).

In comparing counties throughout the state, we see that households in Fresno, Imperial, Kings, Lake and Mendocino, Los Angeles, Madera, Merced, San Bernardino, Stanislaus, and Tulare counties all experience, on average, at least 35% of households that fall below the Real Cost Measure. Interestingly, every single county and county cluster in California has at least 39% of households, on average, that spends at least 30% of their monthly income on housing. This statistic not only speaks to the high cost of housing in California but how so many families survive by living paycheck to paycheck just to meet housing needs. Increasing housing costs make it extremely difficult for families at the margin (let alone the "middle class") to build savings, invest in retirement, place an infant in child care and more.

County	# of Households below Real Cost Measure, 2011-2013	% TOTAL Below Real Cost Measure	% Real Cost Households below official Federal Poverty Level, 2011-2013	Median Household Earnings of Real Cost Households, 2011-2013 (2012 dollars)	% of Households with Housing Burden > 30%, 2011-2013
State of California	3,216,504	31%	12%	$64,331	47%
Alameda	116,701	25%	10%	$78,506	44%
Butte	20,554	33%	15%	$47,458	44%
Contra Costa	73,616	24%	8%	$84,634	43%
El Dorado	10,741	20%	8%	$72,544	42%
Fresno	88,442	39%	19%	$47,458	46%
Humboldt	11,304	29%	15%	$46,120	45%
Imperial	15,032	41%	21%	$45,198	42%
Kern	73,914	34%	16%	$54,408	42%
Kings	12,288	37%	15%	$50,377	38%
Los Angeles	992,214	37%	14%	$58,111	52%
Madera	12,445	39%	20%	$46,120	43%
Marin	19,417	23%	5%	$93,572	44%
Merced	21,549	39%	20%	$45,340	45%
Napa	9,526	24%	7%	$72,544	44%
Orange	236,513	29%	9%	$79,019	46%
Placer	21,757	20%	6%	$75,842	43%
Riverside	186,239	34%	12%	$59,058	48%

County	# of Households below Real Cost Measure, 2011-2013	% TOTAL Below Real Cost Measure	% Real Cost Households below official Federal Poverty Level, 2011-2013	Median Household Earnings of Real Cost Households, 2011-2013 (2012 dollars)	% of Households with Housing Burden > 30%, 2011-2013
Sacramento	119,254	29%	13%	$58,438	44%
San Bernardino	165,235	35%	15%	$56,369	47%
San Diego	270,785	30%	11%	$65,491	47%
San Francisco	76,986	27%	9%	$85,138	43%
San Joaquin	55,381	33%	14%	$55,241	45%
San Luis Obispo	23,421	29%	11%	$60,453	46%
San Mateo	50,012	23%	6%	$90,679	43%
Santa Barbara	35,086	31%	10%	$65,593	47%
Santa Clara	122,000	23%	7%	$97,159	40%
Santa Cruz	22,695	30%	10%	$72,544	48%
Shasta	14,732	30%	13%	$49,883	42%
Solano	30,403	27%	10%	$68,155	45%
Sonoma	36,744	25%	8%	$66,618	45%
Stanislaus	46,359	36%	16%	$51,039	46%
Tulare	45,012	43%	22%	$43,045	45%
Ventura	53,738	25%	7%	$81,205	46%
Yolo	17,578	30%	12%	$56,826	44%
Alpine, Amador, Calaveras, Inyo, Mariposa, Mono & Tuolumne Counties	13,207	24%	9%	$55,344	41%
Colusa, Glenn, Tehama & Trinity Counties	8,443	27%	13%	$51,244	39%
Del Norte, Lassen, Modoc, Plumas & Siskiyou Counties	12,963	28%	14%	$50,516	42%
Lake & Mendocino Counties	16,142	37%	16%	$44,634	45%
Monterey & San Benito Counties	39,737	34%	12%	$61,168	47%
Nevada & Sierra Counties	4,561	22%	7%	$60,453	45%
Sutter & Yuba Counties	13,778	32%	13%	$52,309	43%

Figure 6: Real Cost Measure by Counties

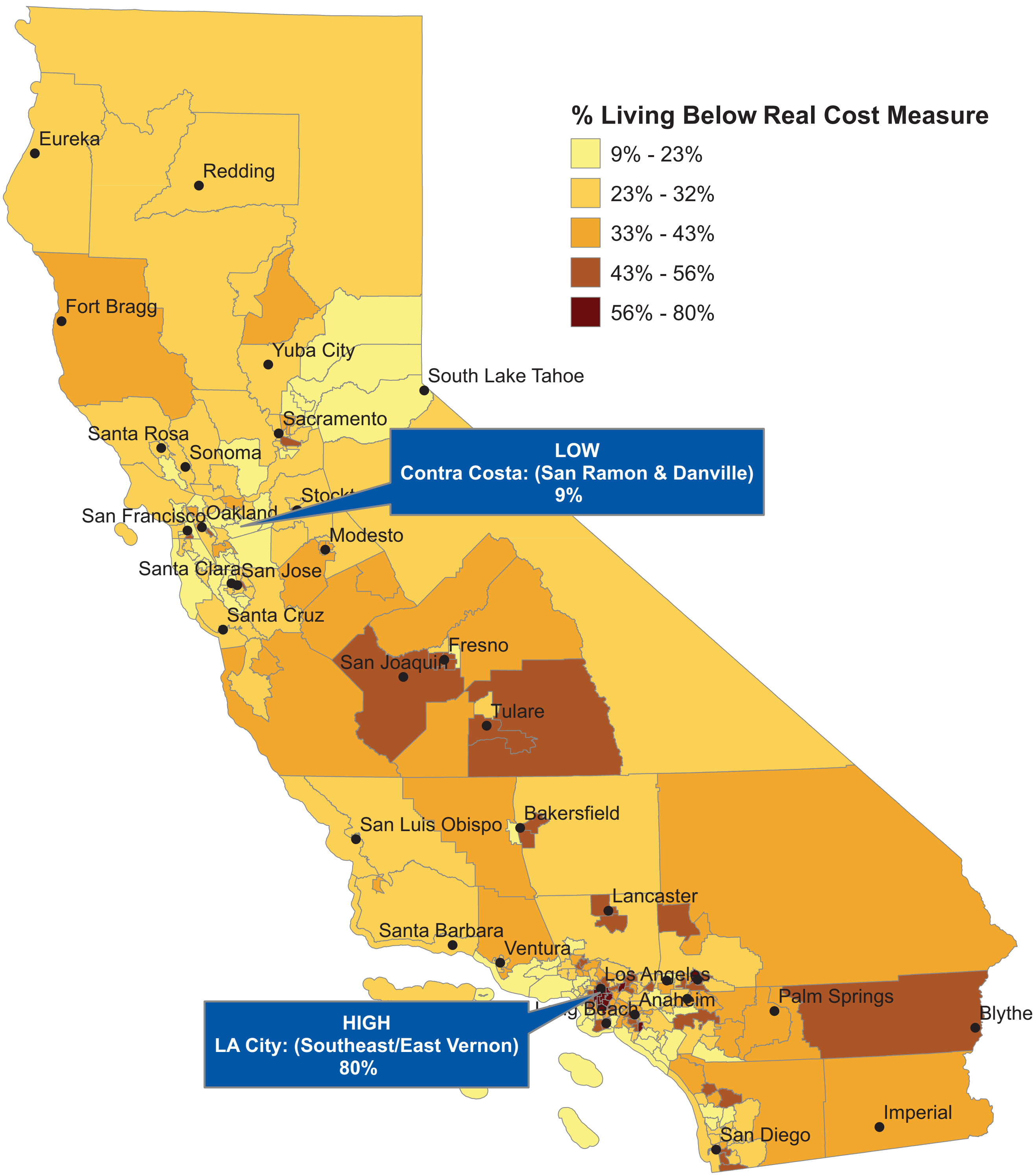


Figure 7: Real Cost Measure by California Neighborhood Clusters

The Real Cost Measure in Neighborhood Clusters

To analyze need by neighborhood, *Struggling to Get By* explores who is struggling at the public use microdata area level (PUMA). PUMAs are statistically reliable "neighborhood clusters" that capture population sizes between 100,000 to 200,000 people based on the decennial census. The 2010 census calculated 265 neighborhood clusters in California.

There is great variation between neighborhoods in terms of who is struggling throughout the state. There are 30 neighborhood clusters where over one-half of the households fall below the Real Cost Measure, as shown in Figure 7. These include communities in Fresno, Los Angeles, Orange, San Bernardino, San Diego, Santa Clara and Tulare counties. These same communities also experience high housing burdens, with 1.1 million households spending at least 46% of their income on housing.

We also observe economic hardship within counties that otherwise fare well. The Santa Clara community of (East Central, East Valley and San Jose) for example, has nearly 52% of households struggling to make ends meet, and in Orange County, over 58% of households in Santa Ana City (East) fall below the Real Cost Measure. These communities lie in deep contrast to some of their neighbors where, for example, only 12% of households in the Santa Clara County neighborhood cluster of Cupertino, Saratoga and Los Gatos, and only 15% of households in Rancho Santa Margarita and Ladera Ranch in Orange County are struggling. Such variation within counties is masked by county-wide average and median incomes, which is why it is important to analyze the data at the neighborhood level.

The tables below reflect the top 5 and bottom 5 neighborhood clusters according to the Real Cost Measure, reflecting that where a household is located matters. However, when we look beyond the extremes of the top 5 and bottom 5 neighborhood clusters, the correlation between median household earnings and housing burden is significantly masked among other neighborhoods as listed in Appendix B.

Top 5 Neighborhood Clusters	# of Households below Real Cost Measure, 2011-2013	% below Real Cost Measure, 2011-2013	% Real Cost Households below Official Federal Poverty Level, 2011-2013	Median Household Earnings of Real Cost Households, 2011-2013 (2012 dollars)	% of Households with Housing Burden >30%, 2011-2013
Contra Costa County (South)–San Ramon City & Danville Town	2,351	9%	4%	$141,057	36%
Los Angeles County–Redondo Beach, Manhattan Beach & Hermosa Beach Cities	5,600	11%	3%	$112,738	37%
San Diego County (West Central)–San Diego City (Northwest/Del Mar Mesa)	2,547	11%	6%	$130,981	35%
Alameda County (East)–Livermore, Pleasanton & Dublin Cities	7,508	12%	3%	$114,953	39%
Contra Costa County–Walnut Creek (West), Lafayette, Orinda Cities & Moraga Town	7,121	12%	4%	$124,936	39%

Figure 8: Top 5 Neighborhood Clusters by Real Cost Measure

Bottom 5 Neighborhood Clusters	# of Households below Real Cost Measure, 2011-2013	% below Real Cost Measure, 2011-2013	% Real Cost Households below Official Federal Poverty Level, 2011-2013	Median Household Earnings of Real Cost Households, 2011-2013 (2012 dollars)	% of Households with Housing Burden >30%, 2011-2013
Los Angeles County (Central)–LA City (Southeast/East Vernon)	18,379	80%	39%	$28,614	73%
Los Angeles County (South Central)–LA City (South Central/Watts)	14,166	74%	37%	$31,362	70%
Los Angeles County (Central)–Huntington Park City, Florence-Graham & Walnut Park	11,919	72%	30%	$32,242	64%
Los Angeles County–LA City (Central/Univ. of Southern California & Exposition Park)	12,219	70%	38%	$26,135	66%
Los Angeles County (Central)–Bell Gardens, Bell, Maywood, Cudahy & Commerce Cities	33,695	68%	24%	$39,294	62%

Figure 9: Bottom 5 Neighborhood Clusters by Real Cost Measure

If we were to visually compare neighborhood clusters by the Real Cost Measure to each other, a very different picture materializes about who is struggling throughout California. Seventy-five neighborhood clusters fall into a grouping that has the fewest percentage of households struggling, ranging from 9% to 25% of households. The next two groupings of neighborhoods, collectively encompassing 164 clusters and 2,179,953 households, represent over two-thirds of California's households, and there between 26% and 50% of households fall below the Real Cost Measure.

The neighborhood clusters with the highest levels of need (those where more than 51% of the households have incomes below the measure) have distinct characteristics. For example, 60% of the heads of household are Latino—a higher proportion than any other group of neighborhood clusters. Additionally these neighborhood clusters tend to have more heads of household that are foreign born and have lower educational attainment and significantly higher housing burdens. In these areas, nearly 60% of households face a housing burden greater than 30% of their gross income.

QUARTILE 1

9-25% Below:

73% Born U.S. Citizen

49% College Graduates

63% White

QUARTILE 2

26-35% Below:

71% Born U.S. Citizen

12% Less than HS Graduate

46% with Housing Burden >30%

24% Latino

55% White

QUARTILE 3

36-50% Below:

23% Less than HS Graduate

21% College Graduate

42% Latino

11% Single Mothers Raising at Least One Child

QUARTILE 4

51%-80% Below

55% Non-Citizen or Natualized Citizen

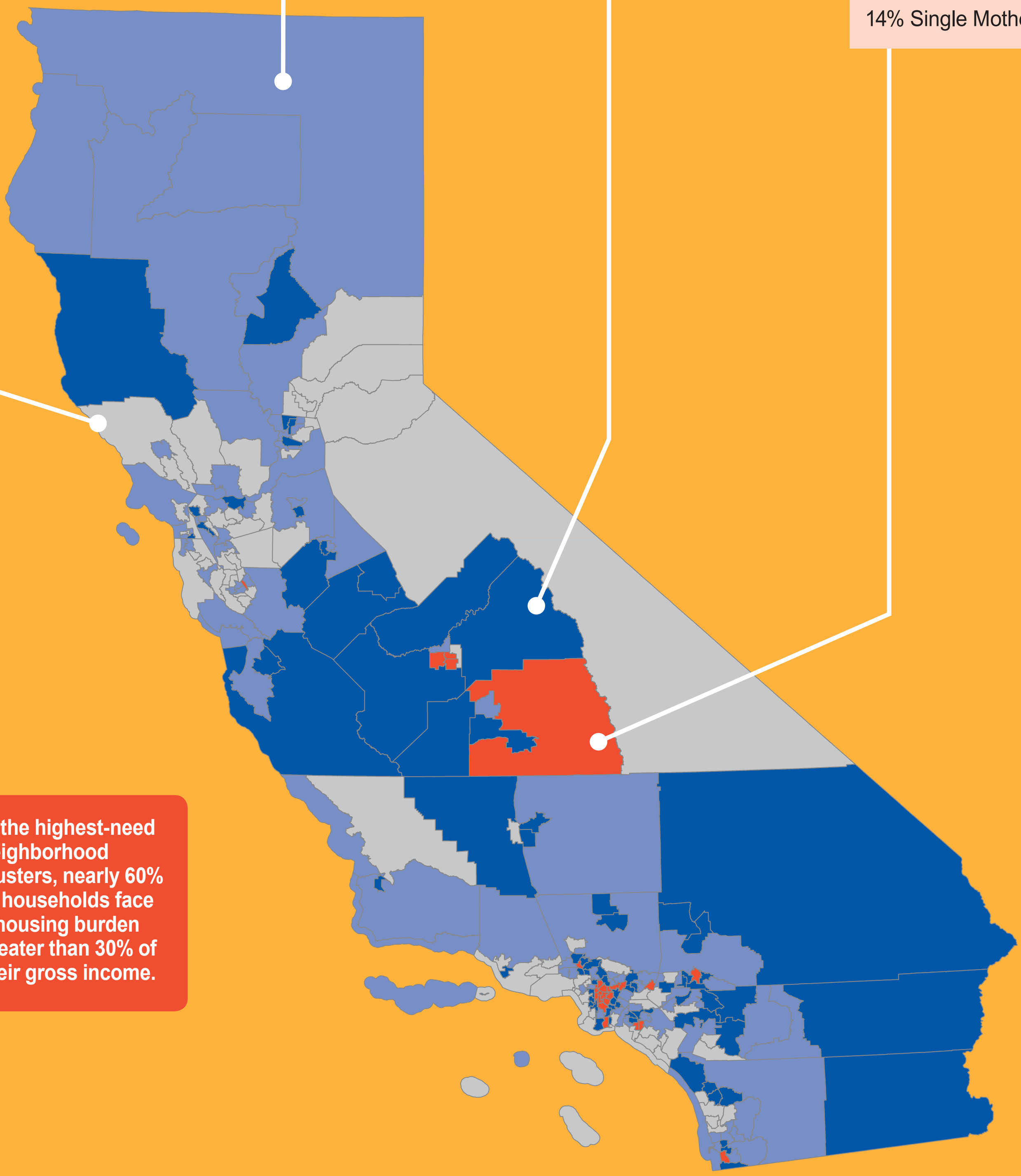
38% Less than HS Graduate

15% College Gradute

59% Pay >30% of Income to housing

59% Latino

14% Single Mothers



In the highest-need neighborhood clusters, nearly 60% of households face a housing burden greater than 30% of their gross income.

Figures 10 & 11: Real Cost Measure by Four Californias and Educational Attainment

1 The regions captured here are the same as applied in *Overlooked and Undercounted 2009*. The Bay Area includes Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Santa Cruz, Solano, and Sonoma counties. The Central Coast includes San Luis Obispo, Santa Barbara, Monterey and San Benito counties. The Central Sierra includes, Alpine, Amador, Calaveras, Inyo, Mariposa, Mono and Tuolumne counties. The Central Valley includes Fresno, Kern, Kings, Madera, Merced, San Joaquin, Stanislaus and Tulare counties. Greater Los Angeles includes Los Angeles, Orange and Ventura counties. Greater Sacramento includes El Dorado, Placer, Sacramento, Yolo, Sutter and Yuba counties. Greater San Diego includes Imperial and San Diego counties. The Inland Empire includes Riverside and San Bernardino counties. Northern California includes Humboldt, Del Norte, Lassen, Modoc, Plumas, Siskiyou, Lake, Mendocino, Nevada and Sierra counties. And the Northern Sacramento Valley includes Butte, Shasta, Colusa, Glenn, Tehama and Trinity counties.

2 *Income in the Past 12 Months*. (In 2013 Inflation-Adjusted Numbers). 2011-2013 American Community Survey 3-Year Estimates. American Fact Finder. United States Census Bureau. http://1.usa.gov/1vEz1wK. Accessed May 29, 2015

3 Central Sierra households of color are too few to be statistically reliable.

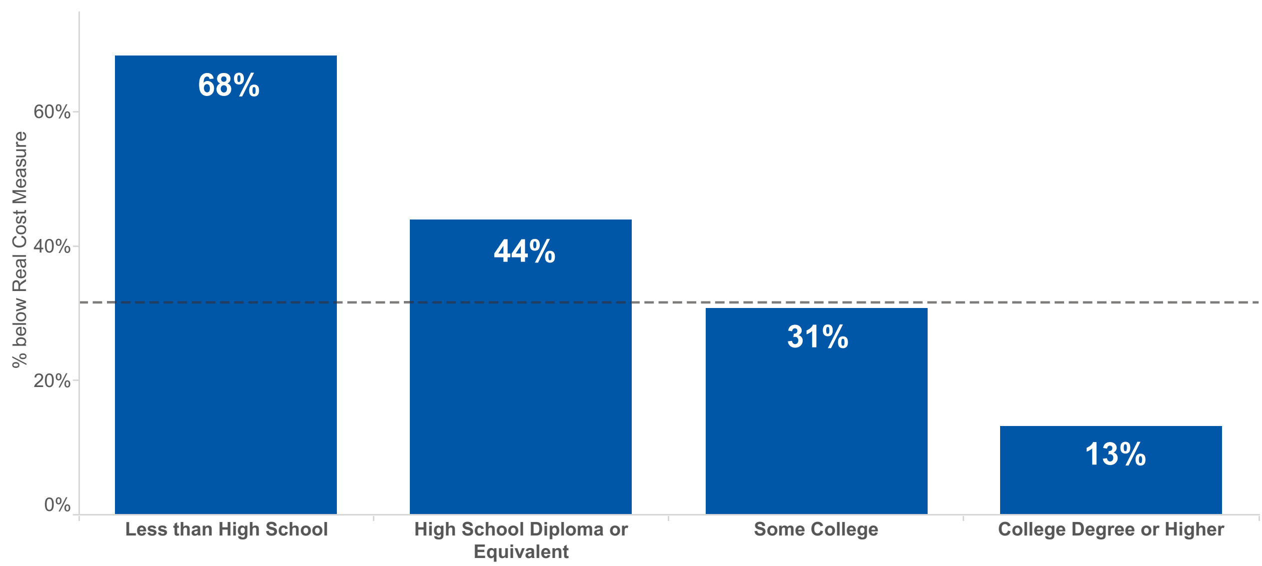
Sufficiency isn't two steps up from poverty or one step short of abundance. It isn't a measure of barely enough or more than enough. Sufficiency isn't an amount at all. It is an experience, a context we generate, a declaration, a knowing that there is enough, and that we are enough.

BRENÉ BROWN

KEY FACTORS FOR STRUGGLING HOUSEHOLDS

Low Education Levels Limit Opportunity for Higher Income

Educational attainment has long been recognized as a fundamental pathway out of poverty and an important route to life success. While increasing college costs have led a few observers to question the value of a college degree, the research is clear: the more education a person receives, the more likely he or she is to have higher income. In fact, a recent analysis by the U.S. Census Bureau found that a person with a Bachelor's degree may earn over $2.4 million in "synthetic work-life earnings" over a lifetime compared to a high school graduate at just over $1.3 million.[1] In addition to higher earnings, increased educational attainment has been found to have positive effects on health outcomes, civic participation, and more.[2]



Education is a critical path to economic stability.

Figure 12: Real Cost Measure by Educational Attainment

There is a powerful relationship between education and meeting the Real Cost Measure, as Figure 12 illustrates. Among heads of households in California with at least a Bachelor's degree, only 13% failed to meet the Real Cost Measure. In contrast, 68% of households in California with a head of household who did not earn a high school diploma are struggling. In other words, a family headed by a person with less than a high school diploma is five times more likely to fall below the Real Cost Measure than a household headed by a college graduate. As Figure 13 illustrates, a family headed by a college graduate brings home twice as much (on an hourly basis) as one headed by a high school graduate. For many households, that difference can materialize in the inability to purchase a new home, saving for their children's education or to retire comfortably (or at all).

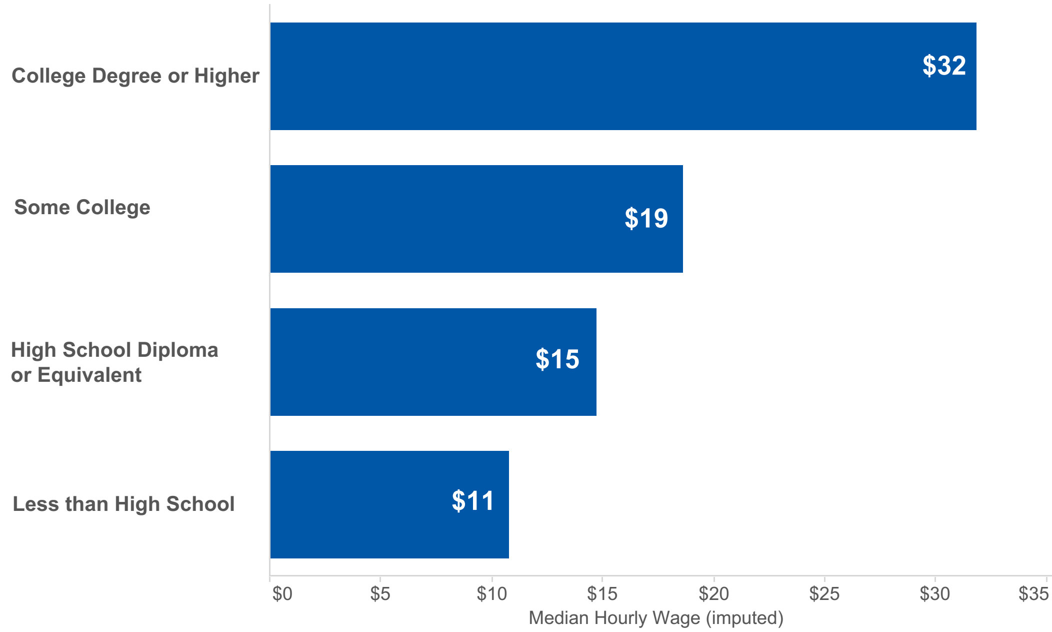


Figure 13: Educational Attainment and Average Hourly Earnings

Education is a critical path to better wages.

Unfortunately, while more education benefits all households, the financial benefits of education are not shared equally among populations. Race and gender can have a powerful mediating effect on household earnings, regardless of educational attainment. On average, women and people of color must be better educated than their peers to achieve the same level of financial stability.

Educational Attainment	Whites	Asians	Latinos	African Americans
Less than High School	50%	66%	71%	76%
High School Diploma or Equivalent	31%	50%	54%	54%
Some College	24%	35%	38%	43%
College Degree or Higher	11%	15%	18%	18%

% below RCM
11% 76%

Figure 14: Real Cost Measure by Educational Attainment and Race

People of color should must be better educated than their peers to achieve the same level of financial stability.

For those without a high school degree, the differences are dramatic. Fifty percent of whites without a high school degree are struggling to make ends meet, but that number rises to 75% for African Americans and 71% for Latinos, with Asian Americans (66%) in between.

While African Americans and Latinos are similarly likely to be under the Real Cost Measure at all levels of education, African Americans are substantially more likely than members of other races to be below the Federal Poverty Level. In fact, almost three quarters of all African American and Latino households led by someone without a high school diploma are below the FPL.

A family headed by an adult with less than a high school degree is five times more likely to be in poverty than one headed by a college graduate.

These differences persist across education levels. More than half of Latinos, Asian Americans and African Americans with a high school diploma (but no college) are struggling, as compared to 31% of whites. Among college graduates, about one-fifth of African Americans and Latinos are below the Real Cost Measure, compared to 15% of Asian Americans and 11% of whites. The benefits of greater education—while important to everyone—are not shared equally.

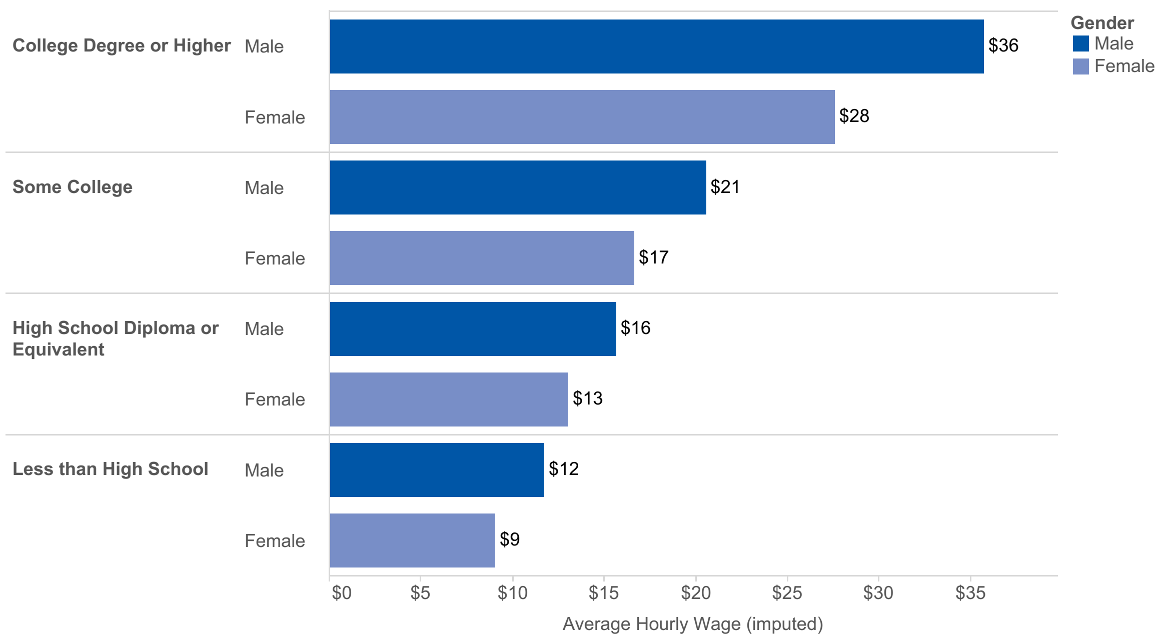
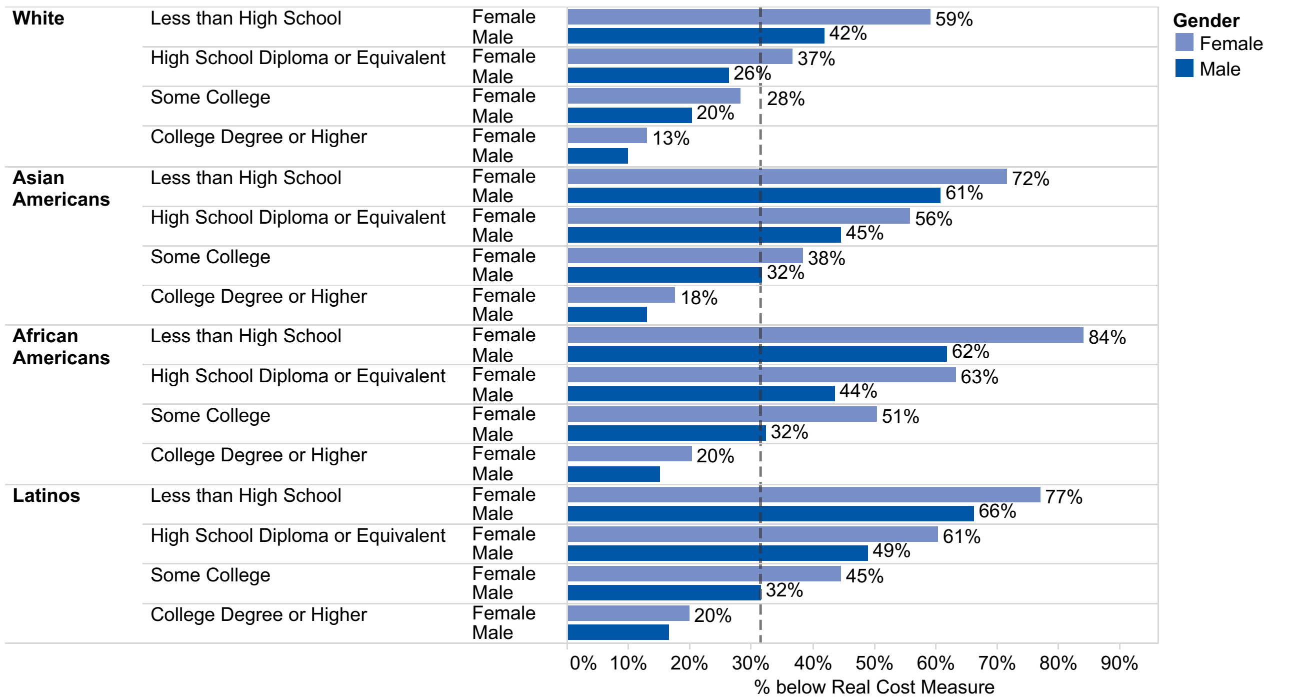


Figure 15: Educational Attainment, Median Hourly Wages and Gender

At every level of education, women earn less than men

Both men and women earn higher incomes as their level of education increases. But, as with race, differences by gender remain apparent. At every level of education, women are paid less than men. Moreover, those differences are most dramatic for college graduates who live above the Real Cost Measure, while they are also true for those with less education. Women with some college are paid less, on average, than men with just a high school diploma.

Figure 16 illustrates the combined effects of race/ethnicity, gender, and education. The patterns established earlier remain within educational levels. Higher levels of education correspond to substantially higher levels of reaching the Real Cost Measure, but within each educational category, men are more likely to meet the Real Cost Measure, regardless of race. Similarly, whites are most likely to meet the Real Cost Measure, while African Americans and Latinos are the least likely. The differences are profound. While only 10% of college-educated white men are below the Real Cost Measure, 84% of African American women without a high school diploma are below the Real Cost Measure. Moreover, in every racial group, at every education level, female-headed households are more likely to be below the Real Cost Measure than similar households headed by men. All of these data powerfully underscore the importance of education toward economic stability, but also make clear that education alone is not a panacea: the racial and gender disparities that exist in our society simply will not be erased by a degree alone.



In every racial group, at every education level, female-headed households are more likely to be below the Real Cost Measure than similar households headed by men.

Figure 16: Real Cost Measure by Race, Gender and Educational Attainment

Lack of Citizenship and English Proficiency Limit Economic Security

The ability to speak English goes a long way in helping ensure that households live above the Real Cost Measure. Seventy-five percent of English-speaking households are above the Real Cost Measure. The 23% of English-speaking households who are struggling contrasts with the 43% of households who struggle and speak other languages. However, that number masks variation among people from different language backgrounds.

Twenty-five percent of households speaking Indo-European languages at home are struggling, only slightly more than English-speaking households.[3] Households speaking Asian and Pacific Island languages are somewhat close; 30% are below the Real Cost Measure. By contrast, 52% of households speaking Spanish in the home are struggling.

Among heads of household for whom English is not their first language, the ability to speak English well seems to intersect well with the family's economic security. While 45% of such households were below the Real Cost Measure, that number ranges from 31% reporting they spoke English very well to 79% who spoke English "not at all well."

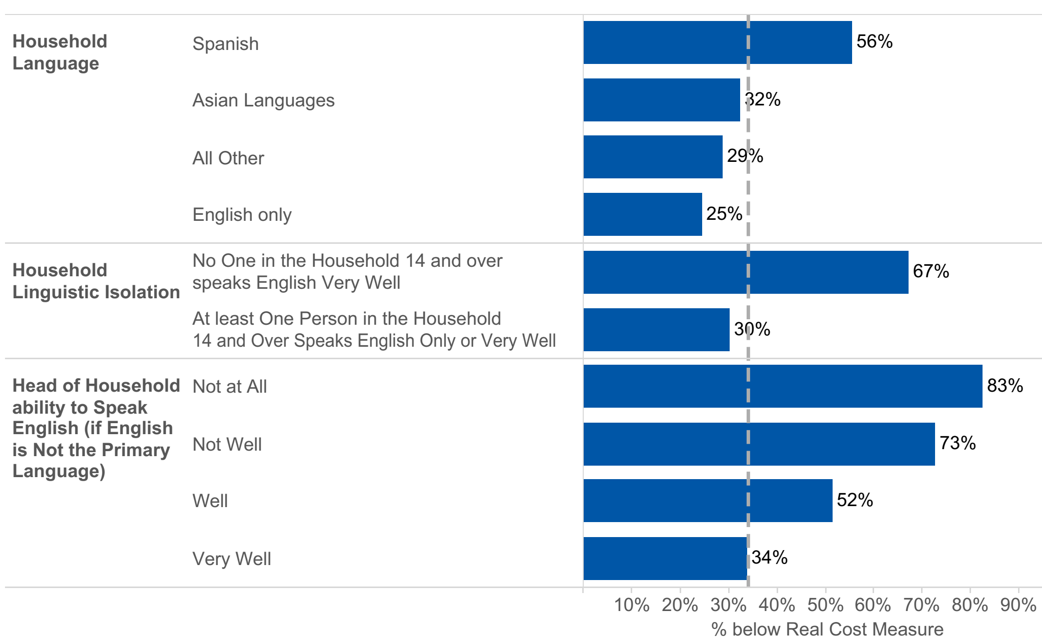


Figure 17: Real Cost Measure by English Language Proficiency

The inability to speak English, and overcome linguistic isolation, poses a deep-seated problem for households.

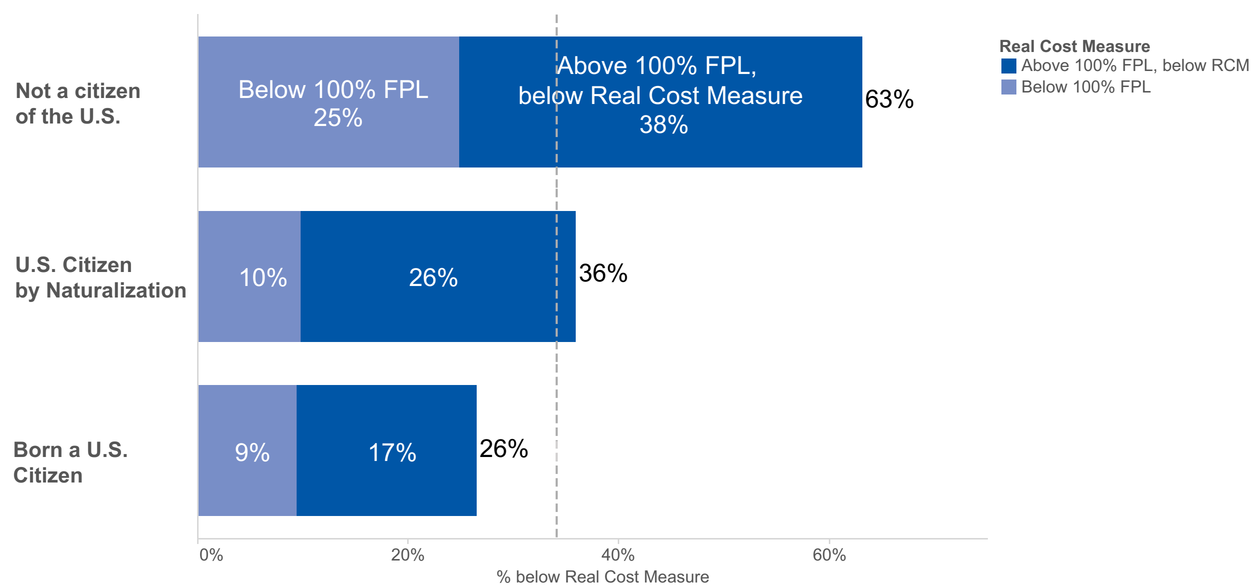
The presence of a person over 14 years of age who speaks English very well is an important indicator, as Figure 17 illustrates. Three in four households led a by Spanish speaker and without a fluent English speaker in the house are struggling, compared to half of all other households that do not have a fluent English speaker. These numbers reinforce the difficulty faced by Spanish-speaking households. But the chart illustrates a different challenge faced by households with an Asian language background. These households do as well as those who come from English-only backgrounds, provided that there is an English speaker in the house. But fewer than 6 in 10 have a person over 14 in the household who speaks English well, and those who do not are likely to struggle. Hence, linguistic isolation remains a deep-seated problem for many households from Asian backgrounds.

Asian American households struggle more with linguistic isolation, while Latino households struggle more with citizenship.

Citizenship Status and Linguistic Isolation	Asian American Households below Real Cost Measure	Latino Households Below Real Cost Measure
Citizenship Status	39% are not citizens	50% are not citizens
Linguistic Isolation	36% are linguistically isolated (no one in the household over the age of 14 speaks English well or very well).	28% are linguistically isolated (no one in the household over the age of 14 speaks English well or very well).
Citizenship Status and Linguistic Isolation	Struggle more with linguistic isolation	Struggle more with citizenship

Figure 18: Real Cost Measure and Linguistic Isolation

Citizenship also is an important line of demarcation for the Real Cost Measure. While 25% of U.S. citizens by birth are struggling, the share of naturalized U.S. citizens struggling (36%) is comparable. Moreover, the share of native-born (9%) and naturalized citizens (10%) living beneath the poverty line is virtually identical. In contrast, one in four foreign-born non-citizens is living below the Federal Poverty Level and almost two-thirds (60%) are below the Real Cost Measure.



Citizenship also is an important line of demarcation for the Real Cost Measure.

Figure 19: Real Cost Measure by Citizenship Status

Asian Americans are less likely to be citizens by birth than Latinos (25% to 43%) but more likely to be citizens overall (78% to 65%). As discussed above, these citizenship numbers are important, because citizens— both native-born and naturalized—are much less likely to struggle financially. This is true for both Asians and Latinos, though to different degrees. Thirty-six percent of Asian Americans who are not citizens struggle, 10 percentage points higher than naturalized Asian American citizens. Approximately 3 in 4 Latinos without citizenship struggle, while about half of naturalized Latino citizens are below the Real Cost Measure. As discussed, having a strong English speaker in the home is crucial to economic success. Both Asian Americans and Latino households are substantially more likely to be economically stable in those circumstances. But a difference emerges when comparing these data to citizenship. Latino households are equivalently likely to be struggling without an English language speaker as they are if they are non-citizens. By contrast, the lack of an English speaker in the household is a much stronger indicator of economic risk than is a lack of citizenship for households with an Asian head of household.

Household Language	Linguistic Isolation: At least One Person in the Household 14 and Over Speaks English Only or Very Well	Ability to Speak English: Speaks English Well or Very Well	Ability to Speak English: Does Not Speak English Well or Not at All
English Only	25%		
Spanish	50%	49%	78%
Asian Languages	26%	27%	65%
Other Languages	24%	28%	69%
Total	30%	39%	75%

% below RCM
24% 78%

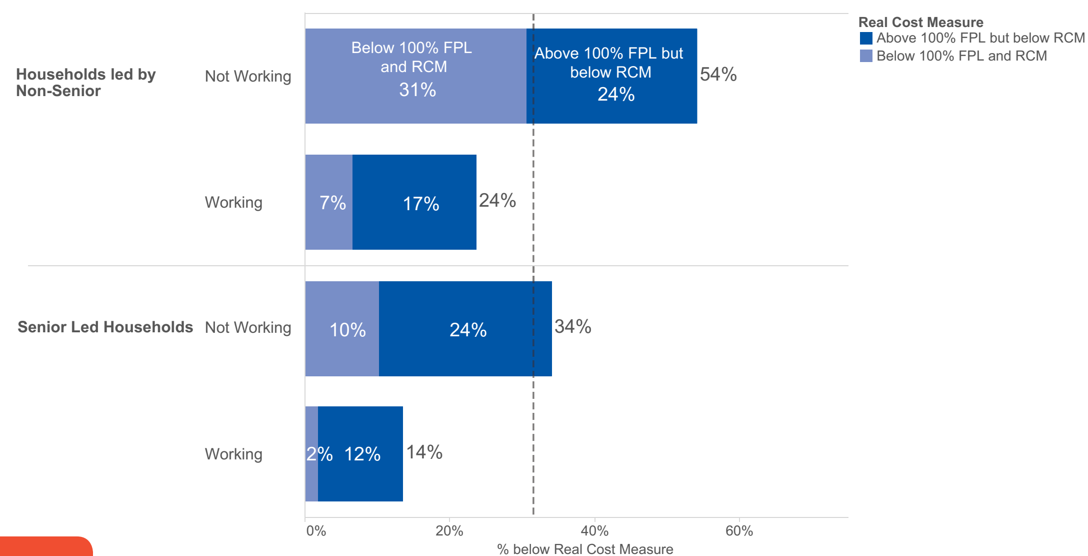
Figure 20: Real Cost Measure by Language Proficiency

Having a strong English speaker in the home is crucial to economic success, particularly for Latinos.

Struggling Households Work, But for Low Pay and Uneven Rewards

Workers in a household provide the vital means to economic security: wages. When a non-senior head of a household is working, 76% of households exceed the Real Cost Measure, and that figure drops to 43% when he or she is not working.[4]

Work is not a cure-all, however. Nine of 10 (87%) households below the Real Cost Measure have at least one working adult, and 76% of households below the Measure have an adult working at least 48 weeks a year. In struggling households with two or more adults, the second adult is very likely to be working (80%).



When the head of a household is working (regardless of how much), 76% of households exceed the Real Cost Measure.

Figure 21: Real Cost Measure by Employment Status

When a second adult is in the household, the importance of having at least one worker is magnified. Approximately 85% of households where at least two people work are above the Real Cost Measure (and only 2% are below the FPL). In contrast, only 29% of households with two adults who do not work are above the Real Cost Measure, while 71% are below the Real Cost Measure and almost half (48%) live below the Federal Poverty Level. Nevertheless, over 500,000 California households with at least two people working are unable to meet the Real Cost Measure for economic security.

Hours Worked

Heads of households who work more hours are the most economically secure. Only 24% of heads of household who worked year-round in the previous year were below the Real Cost Measure, while 58% of those who worked less than half the year (26 weeks or fewer) fell below the measure. The pattern is clear: as heads of households work more hours, they are in stronger economic positions. Full-time work is especially valuable.

Nevertheless, while the ability to get full-time/year-round employment is a powerful factor in breaking the Real Cost Measure it is not a panacea. Over 2 million households below the Real Cost Measure—2 out of 3—have a head of household working at least 50 weeks per year, yet they still earn below the Real Cost Measure.

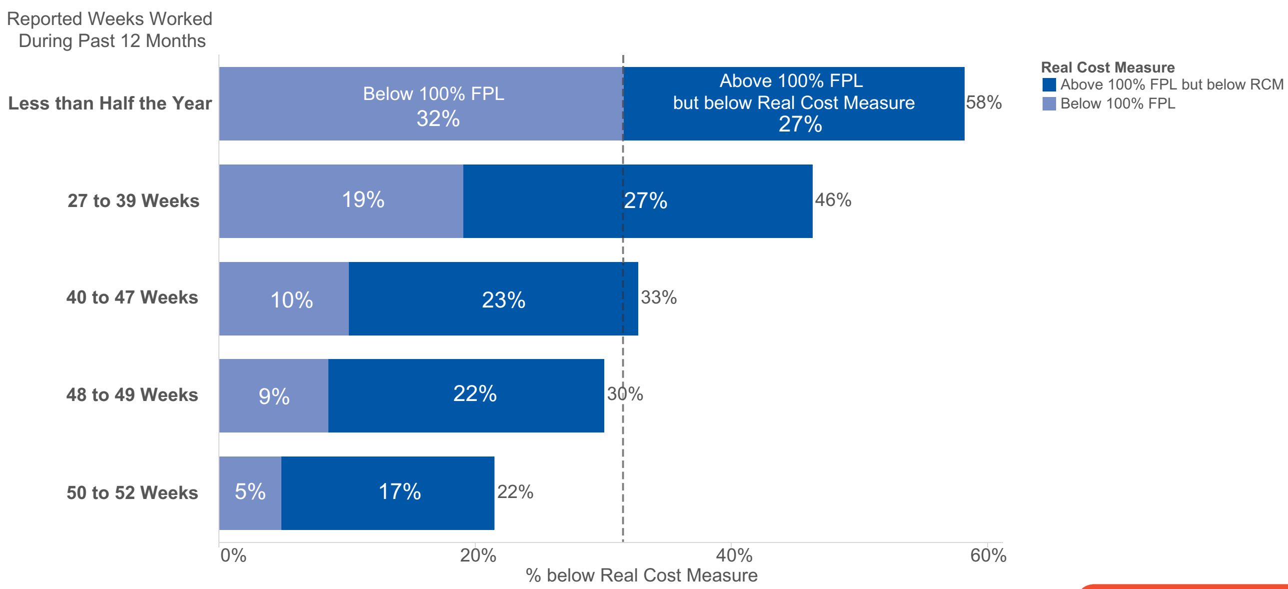


Figure 22: Real Cost Measure and Weeks Worked

Working year-round greatly improves economic fortunes … but may not be sufficient.

Wages

One significant reason so many working Californians are below the Real Cost Measure is that they are working hard for low pay. The median wage (imputed)[5] for full-time workers below the Real Cost Measure is $10.49 per hour (the current minimum wage in California is $9.00/ hour), while those above the Real Cost Measure are paid an average of $26.97 per hour.

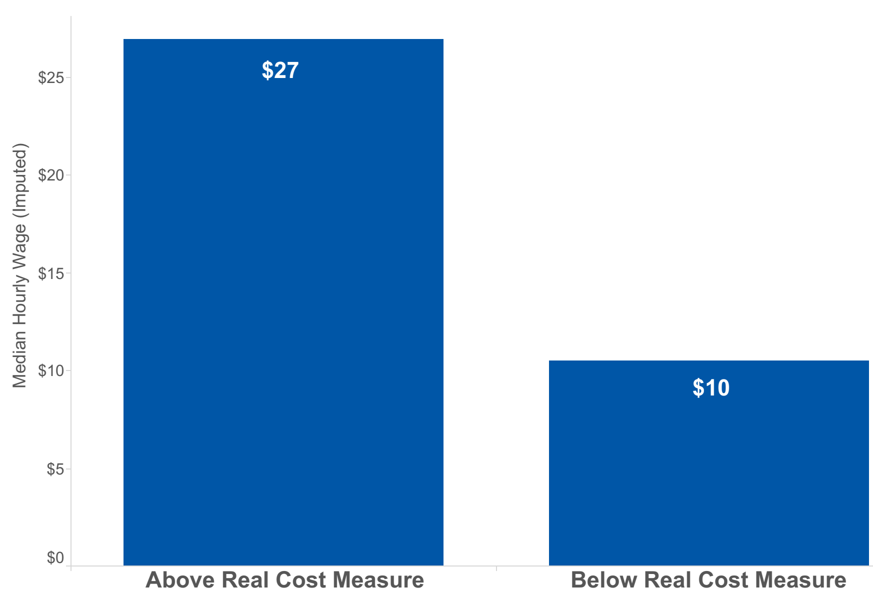


Figure 23: Real Cost Measure and Hourly Wages

Working hard for less pay: median imputed wage for those below Real Cost is $10.49 per hour.

Family Structure and Labor Force

Figure 24 looks at different household configurations, including whether the head of household is married, male or female, and whether s/he works full-time, part-time, or not at all.

Households with two working spouses are most likely to be above the Real Cost Measure, particularly when both work full-time. Households where both spouses work full-time do very well economically; they constitute 21% of California households, 93% of them exceed the Real Cost Measure and their median income is over $128,000. When one spouse works full-time and the other part-time, less than 19% are below the Real Cost Measure. Similar to married households with at least one full-time worker, single householders who work full-time also do fairly well, though still worse off than the state average for households, with 65% earning above the Real Cost Measure.

In every category in which there was not a full-time worker, the median household income was below $40,000, making it difficult to meet the Real Cost Measure. Single female householders who do not work were the most likely to fall below the Real Cost Measure (84% below). Further, among singles with the same working pattern, male heads of household were always more likely to exceed the Real Cost Measure than were females.

Single female heads of household are worse off than their single male or married counterparts for any given work status, and those that do not work struggle at the highest rate of any household type.

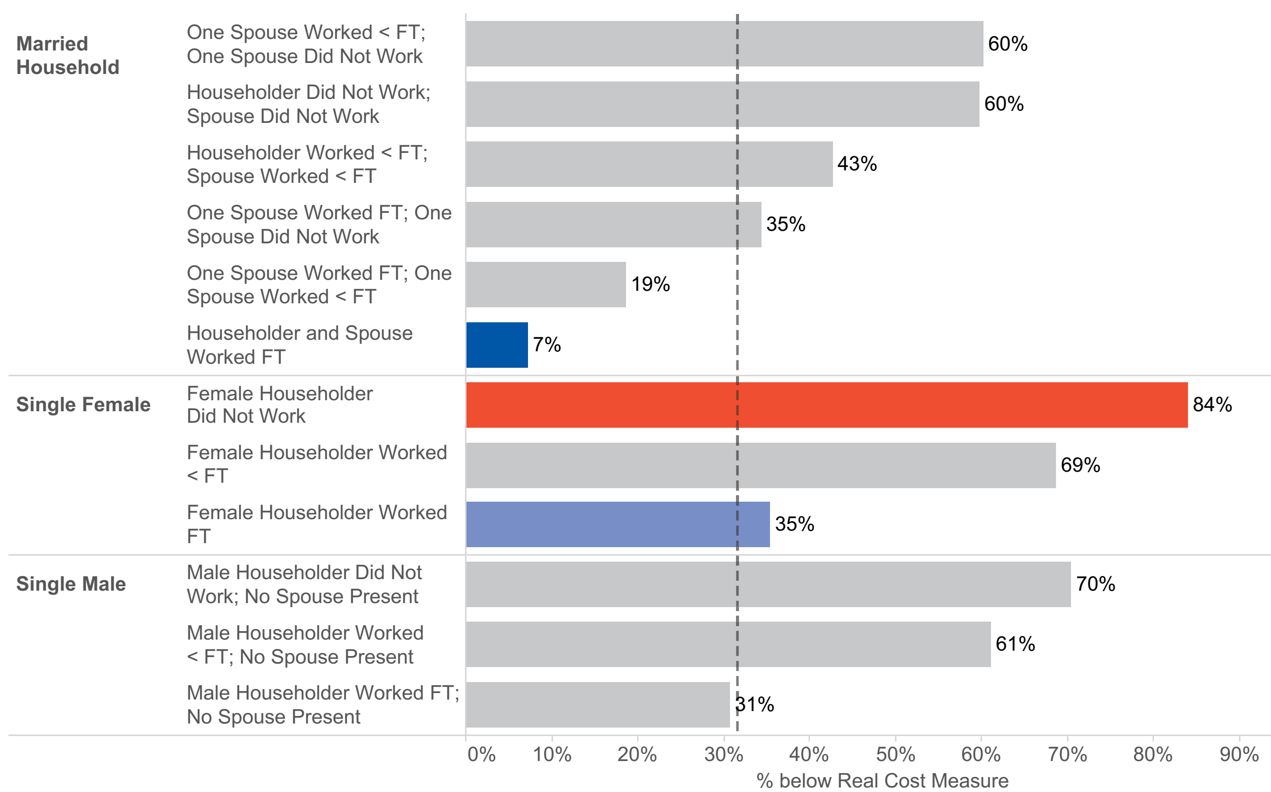


Figure 24: Real Cost Measure and Housing Types

While married couples with both spouses working full-time earn over $128,000, female householders who were not employed when surveyed brought in only about $17,000 per year. In every category in which there was not a full-time worker, the median household income was below $40,000, making it difficult to exceed the Real Cost Measure.

Employment is no guarantee of economic security for people with children. Having children in the home, particularly young ones, correlates with greater economic insecurity. Approximately 34% of households led by an employed person with children are below the Real Cost Measure, but only 14% of employed heads of household *without children* are below the Real Cost Measure. For single mothers, the task is especially daunting. Approximately 65% of households headed by an employed single mother are below the Real Cost Measure, with a majority of those mothers living on less than $36,000 a year.

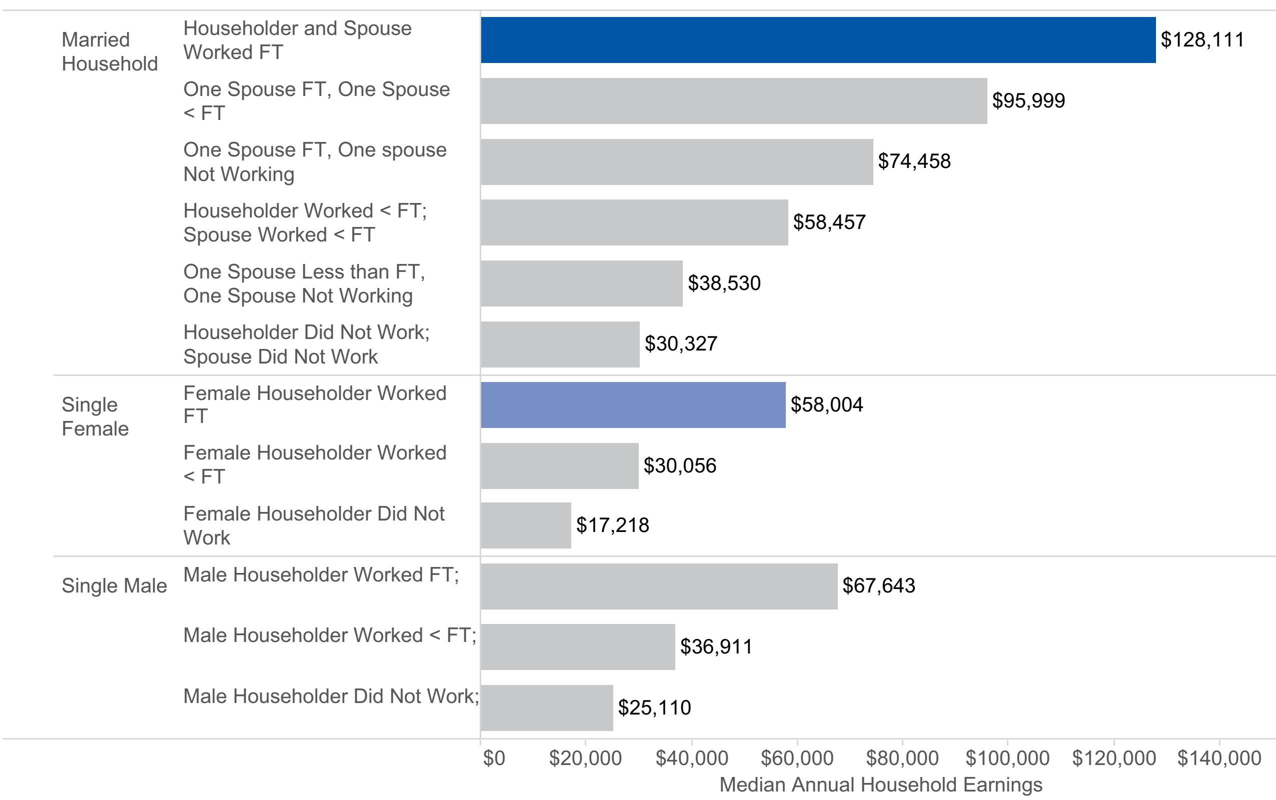
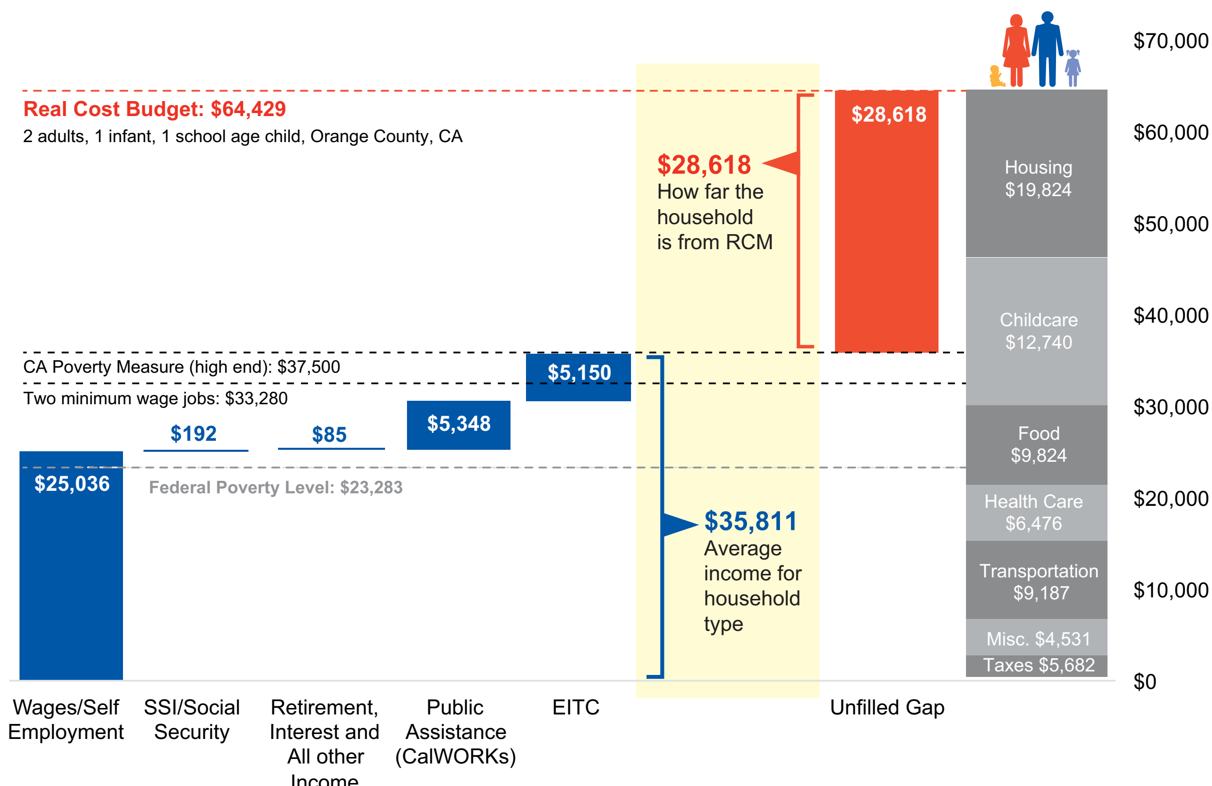


Figure 25: Real Cost Measure and Median Annual Household Earnings by Household Type

In every category in which there was not a full-time worker, the median household income was below $40,000.

Public Assistance Insuffcent to Bring Households to Economic Security

While public assistance programs such as CalWORKs (California's Temporary Assistance for Needy Families), CalFresh (California's Supplemental Nutrition Assistance Program), Medicaid, and Medicare exist to help families toward economic security, they simply do not provide anything close to the amount of support that households need to meet the Real Cost Measure. The American Community Survey significantly undercounts recipients; as much as half of CalWorks and one-third of CalFresh receipt is missed. If corrected, this would lower poverty rates by 2.5%-3.5%.[6] Even if the American Community Survey accounted for CalWorks and CalFresh, households would still have a tremendous gulf to cross to make ends meet. Even adding the Earned Income Tax Credit leaves households such as a family of four (e.g., two adults, one infant and one school-age child from Orange County) far short of the Real Cost Measure.



Even with public assistance, a household with two full-time workers earning minimum wage is far shy of the Real Cost Measure.

Figure 26: Income Gap after Wages and Public Assistance

For households that struggle the most, public assistance contributes 43% of their income, and for households earning closest to the Real Cost Measure, the share of income from public assistance drops to 15%. At both ends of that range, public assistance still leaves these households far from economic security. Households that receive CalWORKs report receiving over $4,000 annually on average—but, as shown in the figure above, that still leaves them far shy of achieving economic security.

Benefits Drop Well Beneath Real Cost Measure

Safety net benefits often help households climb above the Federal Poverty Level, but dwindle as households make the leap to economic security, often removing key supports at just the point households need them. While programs have made strides in the last decade toward correcting this benefit "cliff," social assistance programs—which include CalWorks, CalFresh, and Social Security Income—virtually disappear when income approaches $20,000 and Earned Income Tax Credit (EITC) likewise drops quickly.[7] Social insurance programs, such as disability and unemployment, are the largest supports as income increases, but those supports are not intended to help households with two working parents struggling to get ahead. Furthermore, our analysis shows that California may provide a high level of relief to households with no or extremely low income, but the drop-off is steep once households start earning.[8]

For example, a family of four can qualify for up to $649 per month in CalFresh if they earn less than $31,000 per year – still above the Federal Poverty Level. Even factoring in the value of CalFresh to get to total purchasing power of $39,000, a family of two adults and two teenagers with no child care expenses would still be more than $24,000 short of the $63,929 needed for a decent standard of living in San Francisco.

The relatively low dollar amounts that these benefits provide, combined with the high cost of living in California, means that the benefits can help ameliorate poverty to some degree, but they are largely insufficient at helping households reach a basic level of economic security, as measured by the Real Cost Measure.

The reliance on public healthcare is increasingly evident when looking at where people get health insurance. While the vast majority of those above the Measure obtain insurance through private employers (and 81% of seniors are excluded), the story drastically changes for those below the Real Cost Measure. Of those above the Federal Poverty Level but below the Real Cost Measure, 54% have private insurance and 24% use government health coverage. Not surprisingly, that figure is the inverse for those below the FPL. (A major caveat is that our report uses data prior to rollout of the Affordable Care Act in California in early 2014, and the state's expansion of eligibility for Medi-Cal, so in future years we should expect to see increases in the share of households below the Real Cost Measure using government health coverage.)

Insurance Type (group)	Below 100% FPL and Real Cost Measure	Above 100% FPL but below Real Cost Measure	Above FPL and Real Cost Measure
Insurance through current or former employer or union	24%	53%	77%
Insurance purchased directly from an insurance company	14%	12%	12%
Medicare, Medicaid, Medical Assistance, or government healthcare for low-income and disabilities	52%	25%	3%
All other sources, including Veterans Assistance	3%	4%	4%
Multiple forms of coverage	7%	7%	5%

Real Cost Measure 3% 77%

While the vast majority of those above the Measure obtain insurance through private employers, the story drastically changes for those below the Real Cost Measure.

Figure 27: Real Cost Measure and Health Coverage

Benefits Not Reaching Vulnerable Populations

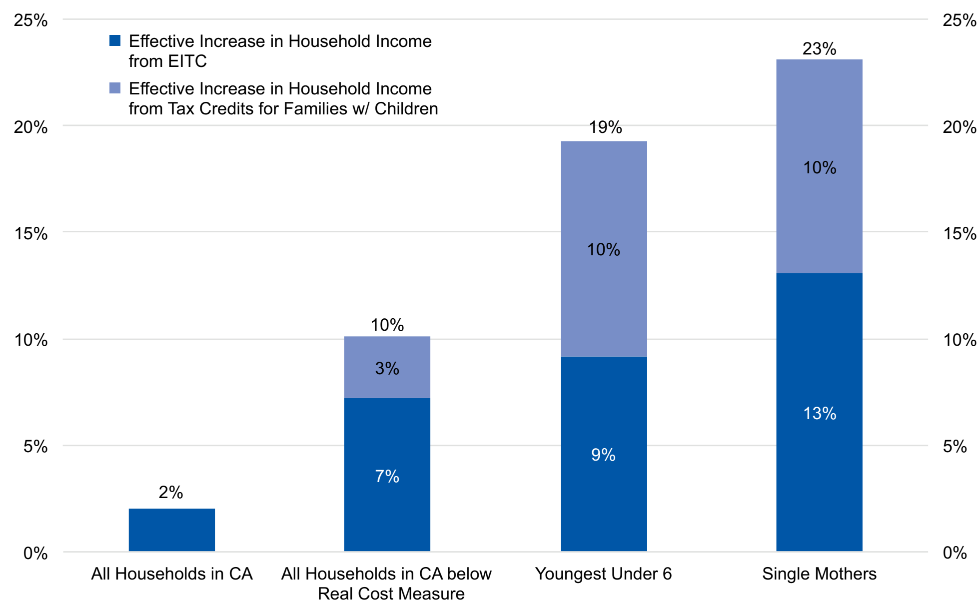
Sadly, public benefits do not reach many people who need them, lessening their impact further. From December 2011 to December 2013, the California Department of Social Services estimates the proportion of eligible CalWORKs households that actually enrolled ranged from a high of 62% to a low of 54%.[7] California had the lowest participation rate for Supplemental Nutrition Assistance Program (SNAP) of any state in the country in 2010—55% of eligible Californians were receiving the benefit (compared to 75% average nationwide).[8] (As of 2011, the SNAP program in California is now called CalFresh.)

Single mothers, households with young children and immigrants figure prominently in all studies of poverty, yet much public assistance does not appear to reach these households. Among those who do qualify, even factoring in that these groups under-report use, the rates of uptake on public assistance among the most vulnerable households below the measure is alarming. Among single mothers below the Real Cost Measure, less than 19% report uptake, and 10% of those with a child under 6 and living below the Real Cost Measure. Households of color report at just under 7%.

Some programs' eligibility rules may exclude vulnerable households. SNAP, for example, is available only to eligible U.S. citizens and lawfully present non-citizens, such as refugees. English language fluency or cultural stigma may play a role in keeping those who qualify from enrolling. Hence, it is not surprising that less than 5% of immigrants report using public assistance.

Tax Credits Can Boost Financial Stability

Tax credits can provide a critical step toward economic security. Key tax credits for working and struggling households include the federal earned income tax credit (EITC), child tax credits (both at the federal and state level) and a renter's property tax credit. The average household below the Real Cost Measure could receive nearly $2,564 in EITC it is eligible, and all households could receive over $1,900 in additional credits.[9] (In fact, the federal child tax credit is not just for low-income households, but is available up to $1,000 for each qualifying child, well above the Real Cost Measure).[10] The effective increase in household income is particularly helpful to more vulnerable households like those led by single mothers. If we consider the adjusted household income as a pre-tax refund and treat credits as income added after, then the effective increase in household income for single mothers is 23%.



The effective increase in household income is particularly helpful to more vulnerable households like those led by single mothers.

Figure 28: Impact of EITC on Households[11]

Along with Social Security, EITC is considered to be one of the most successful anti-poverty programs in the United States—and its impact compared to other credits tells why. Originally enacted in 1975, and expanded several times in the past four decades, the refundable credit provides income for "low to moderate income" workers and is particularly targeted to those with children.

The EITC provides significant income benefits to those who receive it, but unfortunately, the income limits of the EITC are so low, the reimbursement rates taper off so quickly, and the cost of living in California is so high that very few households in the state are lifted past the Real Cost Measure because of their receipt of EITC.

In 2012, the reference year for the reported data, a single head of household with no children could qualify for EITC with income up to $13,980, and a married couple with two children could qualify with income up to $47,162. In most counties in California, unfortunately, these incomes are well below the Real Cost Measure. While 87% of households below the FPL are eligible, only 49% of struggling households above the FPL but below the Real Cost Measure are eligible for the EITC.

EITC is a diminishing credit. As income increases, so does the dollar value of the credit. For these reasons, as a household's income increases, the likelihood that the credit will help shift the household out of struggling diminishes as well. Ninety-seven percent of households that are eligible for EITC are below the Real Cost Measure—and 3% are above 200% of the FPL. The largest impact of EITC is shifting households above the Federal Poverty Level, while fewer than a percent move above 200% of the FPL and fewer than a percent surpass the Real Cost Measure with the credit. In the end, the total below 200% of the FPL moves from 95% to 93%.

While EITC brings many families above the Federal Poverty Level, virtually all who receive it remain below the real cost measure.

Figure 29: Earned Income Tax Credit and official Federal Poverty Level

The Internal Revenue Service data from 2012 indicate that up to $6.9 billion in EITC credits are available to 2.96 million households in California. Based on analysis utilizing the Real Cost Measure, we roughly calculate that could help 19% of the households below 100% of FPL move above—but households above the FPL are more stagnant.

Single Households Face More Significant Trade-Offs

Just as there are many types of families, there are a wide variety of compositions of households. A married family with two children living in a house they own has a powerful hold in American consciousness, but that idealized version of the American Dream only represents 5% percent of California households.

Instead, a patchwork of household types, including multigenerational, single-parent households, and informal households, make up the tapestry of California, and in that variety lie different backgrounds, challenges, and levels of economic security.

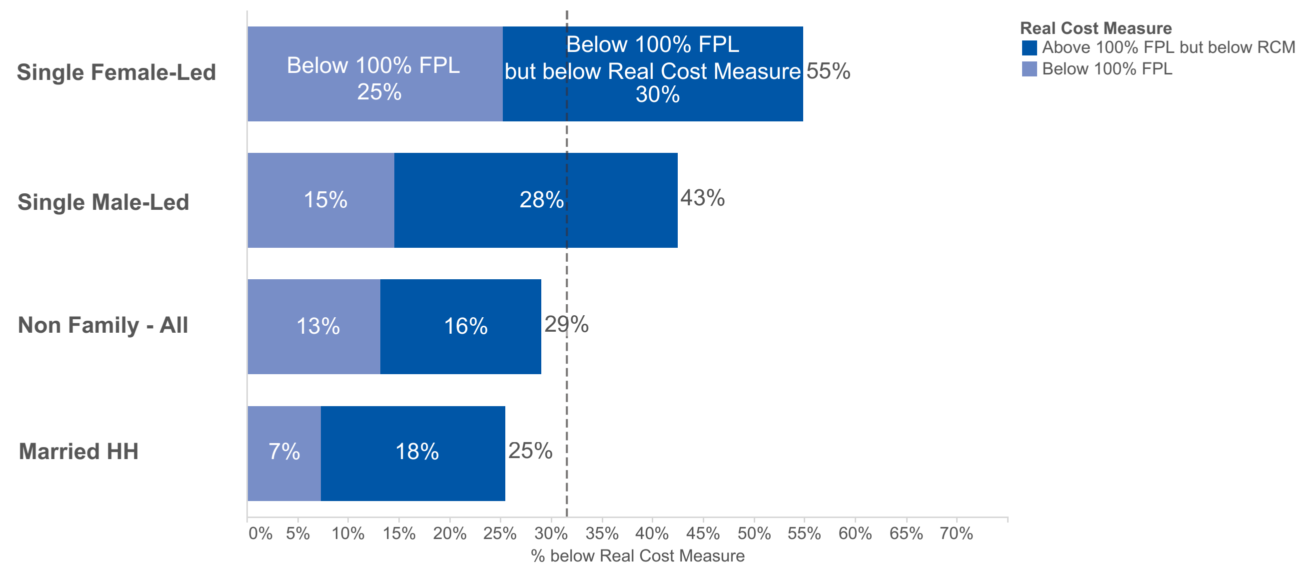


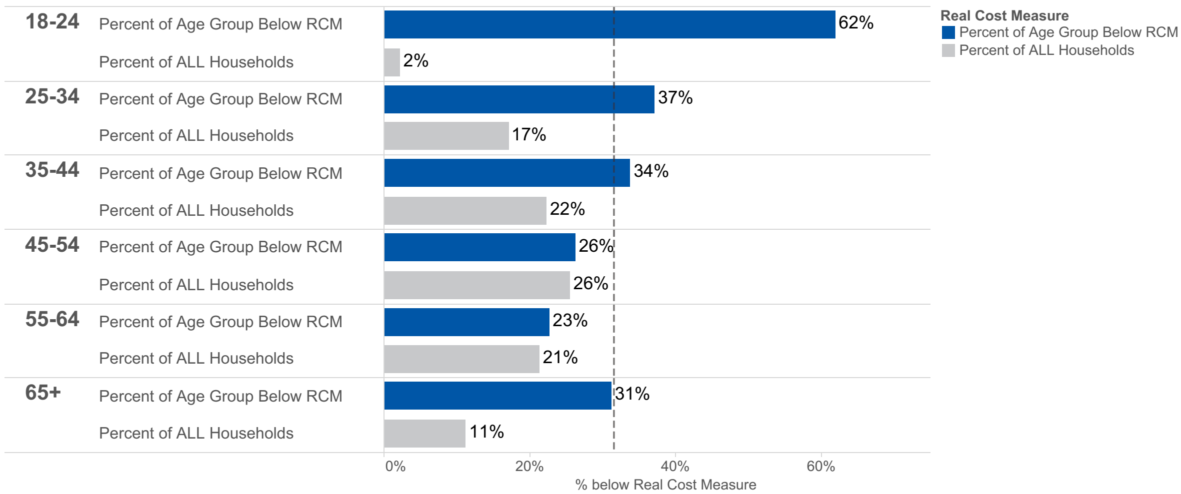
Figure 30: Real Cost Measure and Household Type

Fifty-five percent of households headed by women are below the Real Cost Measure, and even more disturbingly, one in four households is likely to be below the FPL, a rate more than twice the California average.

Age and Marital Status of Householder

Married couples—with or without children—make up approximately half of California households. Interestingly, informal families (not related by blood or marriage) make up about 3 in 10 households, unmarried women head up 13% of households, and unmarried men about 6%.

The economic fortunes of these groups vary significantly. Twenty-five percent of married couples live below the Real Cost Measure, and only 7% live below the FPL. Informal households fare slightly worse, with 29% below the Real Cost Measure, and 13% below the FPL. As other data in this report indicate, households headed by single men are likely to be better situated economically than ones headed by single women, though neither fare as well as married families. Fifty-eight percent of households headed by women are below the Real Cost Measure, and even more disturbingly, one in four households is likely to be below the FPL, a rate more than twice the California average. In contrast, while 43% of single households led by men are below the Real Cost Measure, the share below the Federal Poverty Level of 15% is significantly lower than that of single households led by women.



For non-senior households, the older the head of household, the more likely that the members of that household are economically secure.

Figure 31: Real Cost Measure by Age Group

The age of the head of household also has a noticeable effect on economic security of the household. For non-senior heads of households, the older the head of household, the more likely that the members of that household are economically secure. Almost two-thirds (62%) of households headed by a 18-24 year old are below the Real Cost Measure, whereas only 1 in 4 (23%) households led by a 55-64 year-old are below the Measure. The numbers for seniors (who will be discussed in the next section of this report), indicate that they are very slightly more likely to exceed the Elder Index measure than are non-seniors likely to exceed the Real Cost Measure.

This analysis also sheds special light on multigenerational households, which have residents from three or more generations (usually related) living together. While such households are about as likely to be under the Federal Poverty Level as other California households (12%), they are substantially more likely to be under the Real Cost Measure than the average California household (45%). This information indicates that public policies that target only people below FPL may miss a distinct and struggling population.

Children in the Household

Households with children are more likely to struggle than households without children.

California households with children—particularly those under 6—are substantially more likely to fall below the Real Cost Measure.

Presence of Children in Household	Percent of Households in Category	% Below Real Cost Measure	% Below official Federal Poverty Level
No children	59%	24%	9%
Children in household	41%	43%	16%

Figure 32: Real Cost Measure with Children in Household

Indeed, the 41% of California households with children are substantially more likely to fall below the Real Cost Measure (46% to 25%) and similarly are much more likely to fall below the official Federal Poverty Level (16% to 9%).

Presence of Children in Household	Percent of Households in Category	% below Real Cost Measure	% below official Federal Poverty Level
No children under age 6	81%	27%	10%
Youngest under age 6	19%	51%	19%

Figure 33: Real Cost Measure with Children Under Age 6 in Household

Households with at least one child under the age of 6 follow the same pattern of households with only older children and teenagers, but are even more likely to be struggling.

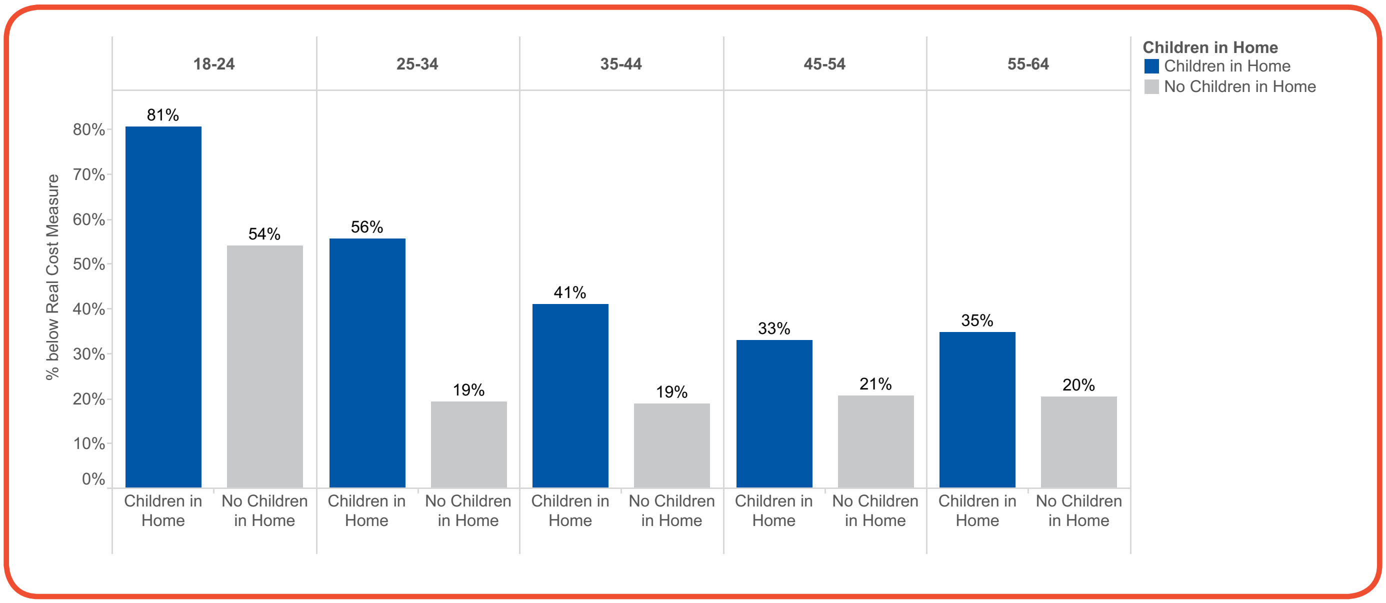


Figure 34: Real Cost Measure by Age Group and Children

As Figure 34 shows, households with children are more likely to be both below the Real Cost Measure at every age classification. This difference is particularly apparent among 25-34-year-olds. Households without children headed by someone in that age group are remarkably financially stable: just 21% are below the Real Cost Measure. If you add children into the mix, however, the economic fortunes of the group change dramatically. Among such households, 56% are below the Real Cost Measure.

The Impact of High Housing Costs

A major factor affecting the abilities of households to meet the Real Cost Measure is the cost of housing itself. As shown by Figure 35, the cost of housing varies dramatically across the state. For a two-parent, two-child family, the average costs of a two-bedroom residence ranges from $584 in Modoc County to $1,905 each in Marin, San Francisco, and San Mateo counties.

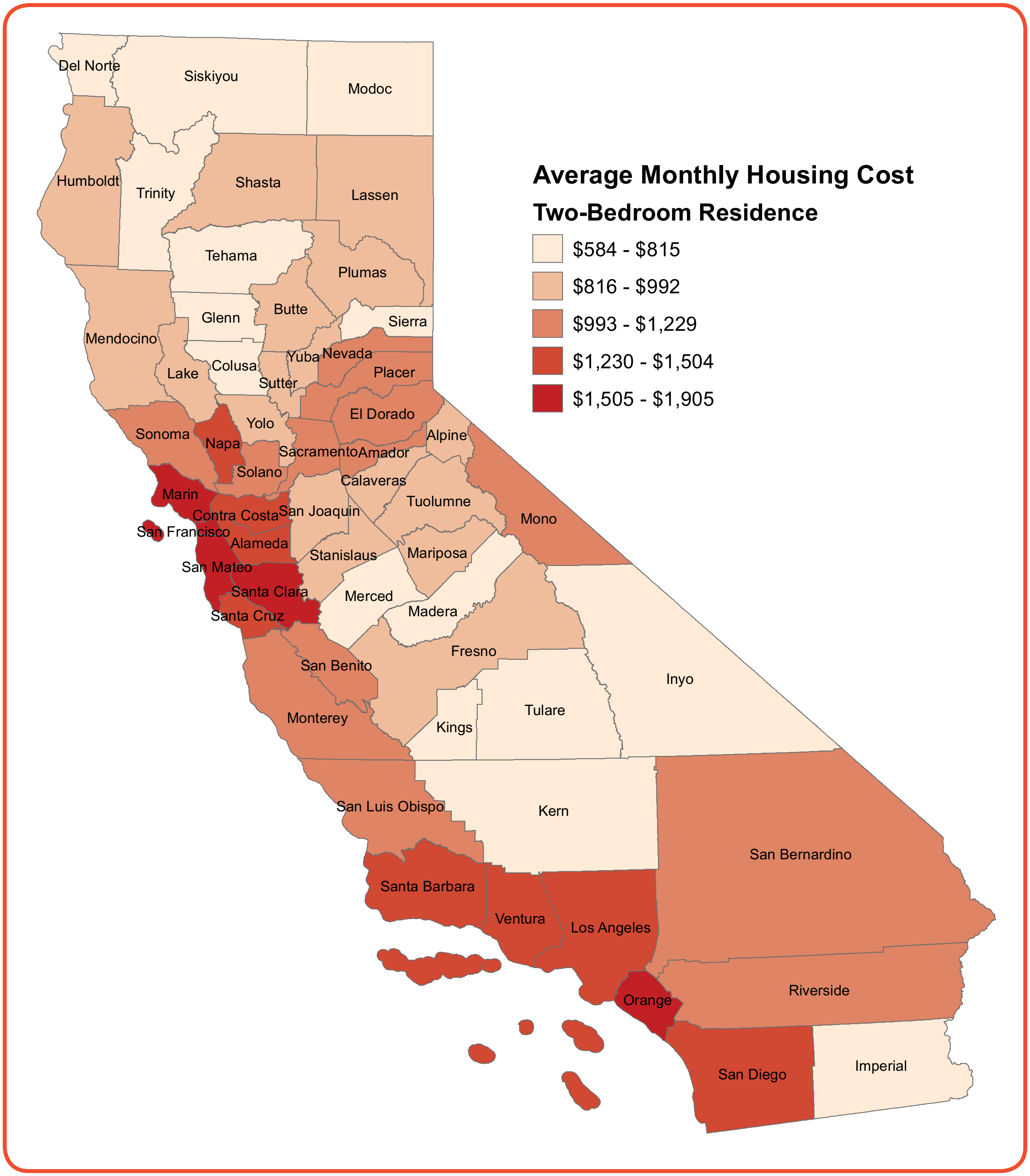


Figure 35: Average Monthly Housing Cost for Two-Bedroom Residence in California Counties

Housing costs can consume almost all of a struggling household's income. According to Census Bureau data, housing (rent, mortgage, gas/ electric) makes up 41% of household expenses in California. For households above the Real Cost Measure, the costs of housing can be manageable, averaging 25% of a household budget across the state (though in many metropolitan areas, the share is much higher). Households living above the Federal Poverty Level but below the Real Cost Measure spend almost half of their income on rent (and more in many areas), and households below the Federal Poverty Level, however, report spending 80% of their income on housing, a staggering amount that leaves precious little room for food, clothing and other basics of life.

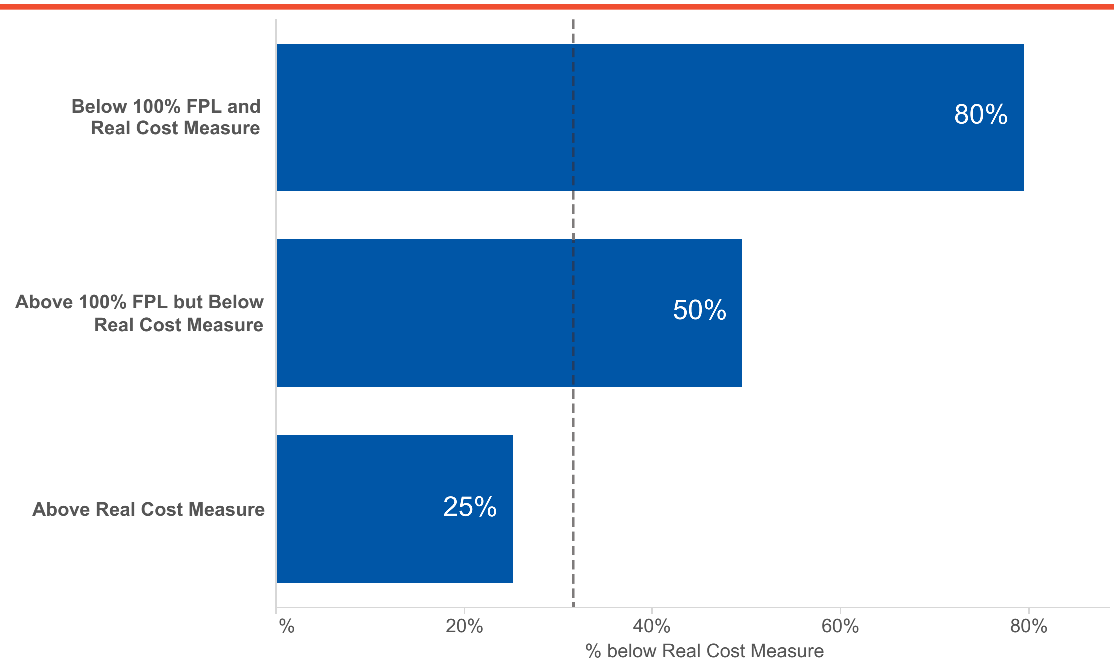


Figure 36: Real Cost Measure and Housing Burden

Households below the Federal Poverty Level spend 80% of their income on housing, a staggering amount that leaves precious little room for food, clothing and other basics of life.

While the Real Cost Measure is adjusted based on the cost of living, the burden of housing costs is not felt evenly across the state. The historic standard that housing should constitute no more than 30% of household income, outdated nationally, is even more unrealistic in California, where housing prices and rents often far surpass that that of the rest of the country. According to the Harvard Joint Center for Housing Studies, 35.3% of U.S. households spent more than 30% of their income in 2012.[12] In contrast, virtually every metropolitan area in California has a higher percentage of households spending that much on housing. In many parts of the state, well over 40% of households are what the Joint Center for Housing Studies calls "cost burdened" by housing expenses.[13]

To meet housing costs, these households often have to make tradeoffs, whether it is not going to the doctor when needed, eating less food (the Real Cost Budgets are already restrictive), forgoing better child care, or choosing a longer commute. California's high housing costs not only help explain why so many households are struggling, but put into focus the decisions that families need to make to get by.

1 *Work-Life Earnings by Field of Degree and Occupation for People With a Bachelor's Degree: 2011.* American Community Survey Briefs. United States Census Bureau. October 2012.

2 Prince, Heath and Vickie Choitz. *The Credential Differential: The Public Return to Increasing Postsecondary Credential Attainment*. Center for Postsecondary and Economic Success. April 2012.

3 Most of these are Indo-European languages, a broad language family encompassing languages generally associated with Europe and South Asia. It includes such diverse languages as Hindi, Farsi, German, French, Russian, and Portuguese.

4 While senior-led households are included in Figure 21 for illustration purposes, they are excluded from the rest of the analysis in this section. A senior head of household is working in only 20% of those households.

5 Imputed wages are calculated by dividing total annual wages by calculated hours per year. The method and its potential bias are explained in Appendix D.

6 Sarah Bohn, Caroline Danielson, Matt Levin, Marybeth Mattingly and Shannon McConville. *Under-reporting of means-tested program receipt in the American Community Survey: The case of California*. Princeton University. http://bit.ly/1dcpXa9. Accessed June 2, 2015.

7 *The Poverty and Inequality Report 2014. State of the Union.* The Stanford Center on Poverty and Inequality. http://stanford.io/1BS8HwM. Accessed June 2, 2015.

8 Ibid.

7 *California Work Opportunity and Responsibility to Kids (CalWORKs).* Cash Grant Caseload Movement Report. CA 237 CW. California Department of Social Services. Data Systems and Survey Design Bureau. http://bit.ly/1G2oT3V. Accessed June 2, 2015.

8 Erin Horgan. Presentation on February 18, 2014. *SNAP in California. The CalFresh Program*. County Welfare Directors Association of California. http://bit.ly/1FXbgi1. Accessed June 11, 2015.

9 According to the Internal Revenue Service, among EITC filers, the average EITC refund nationally in 2013 was $2,407, and $2,373 in California. Statistics for Tax Returns with EITC. Internal Revenue Service. *EITC and other Refundable Credits*. Internal Revenue Service. http://1.usa.gov/1k1oXHy. Accessed May 18, 2015. The figure stated above refers to both EITC filers and non-EITC filers, as not all households below the Real Cost Measure are eligible.

10 *Ten Facts about the Child Tax Credit*. Internal Revenue Service. http://1.usa.0gov/1DNZMOX. Accessed June 11, 2015.

11 It is likely that the EITC was calculated using a household's actual adjusted household income. Some households which might not be eligible (e.g. non-citizens) might be included in the calculation. Tax credits were summed from the threshold budget for that household, which is higher than the adjusted income. As some tax credits phase out approaching income, it's possible this method understates the impact of the effect for lower income households. However, the highest impact benefit, the child tax credit, phases out at a much higher income level and would in most cases be the same regardless of using the adjusted household income or the Measure budget amount.

12 *The State of the Nation's Housing*. Joint Center for Housing Studies of Harvard University. Harvard University. http://bit.ly/1kKwpkW. Accessed May 27, 2015.

13 Ibid.

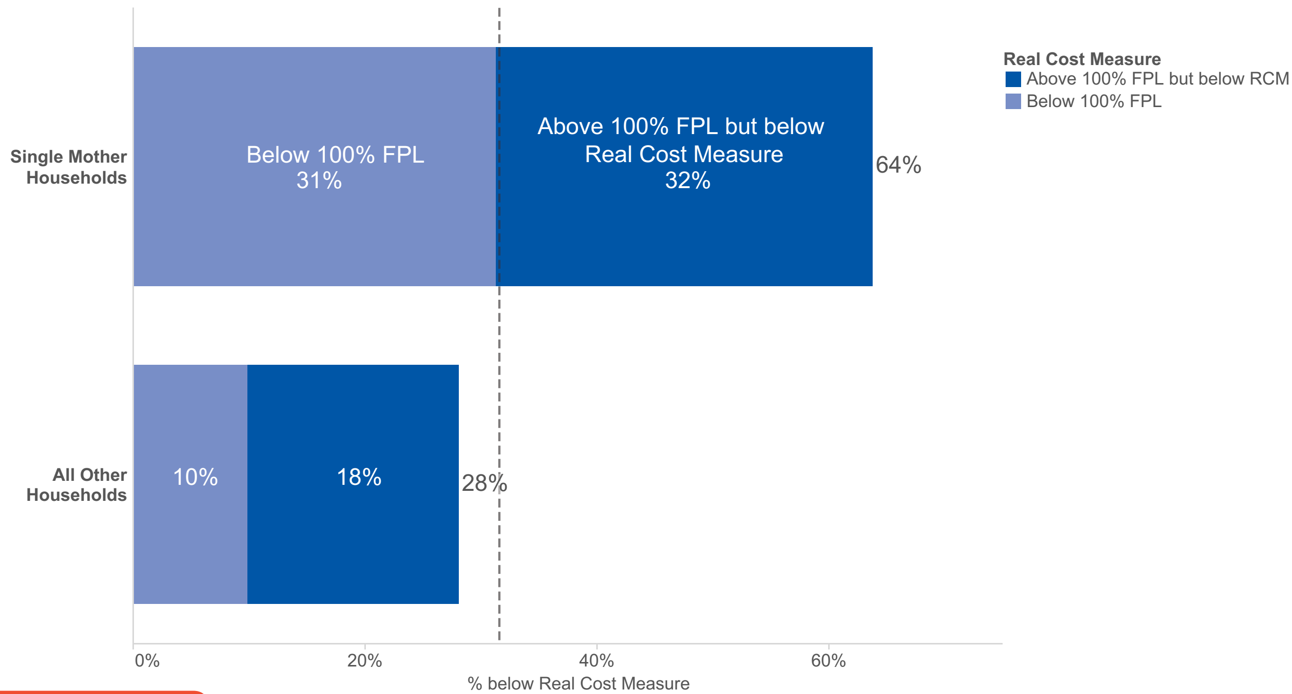
It is about a search, too, for daily meaning as well as daily bread, for recognition as well as cash... for a sort of life rather than a Monday through Friday sort of dying.

STUDS TERKEL
Working

A CLOSER LOOK AT WHO STRUGGLES MOST

Single Mothers Face Perfect Storm of Obstacles to Economic Security

Almost one in ten households in California (9.3%) are headed by a single mother.[1] Two-thirds of those households (64%) fall below the Real Cost Measure, and more than 3 in 10 (31%) live below the Federal Poverty Level. Indeed, many single mothers face the "perfect storm" of obstacles to economic security.



Two-thirds of single-mother-led households (64%) are struggling, and more than 3 in 10 (31%) live below the Federal Poverty Level.

Figure 37: Real Cost Measure and Single Mothers

These facts are sobering and unsurprising. Single mothers are at the intersection of a number of factors associated with financial instability. As data throughout this report show, female-headed households face more challenges than male-headed households and bring home lower pay, even when comparing households with the same level of education. A child in the home, particularly a young child, also is closely associated with living below the Real Cost Measure standard. More than half (51%) of all households with at least one child under six years old is under the Real Cost Measure—and that rate jumps to 76% when the head of household is a single mother. Facing high child care costs and often lacking a second income source or caregiver, single mothers must confront directly choices between working and caring for a sick child, and must do so often with little backup or margin for error.

Most single mothers who head households in the state (72%) are employed, and most are doing it alone (64% of those have no other workers in the house), despite the fact that the majority of single-mother households have at least one other adult living at home. In fact, 15% of these households have people from at least three generations in the home (often a grandparent in addition to a mother and children). About half of all single mothers leading households in the state are Latino, with 28% white, 13% African American, and 9% Asian American. About 90% of the households have at least one English speaker. One important commonality is that many single mothers have comparatively low educational levels: 44% have a high school education or less. In contrast, only 19% of single mothers have a college degree or greater. The median income for a household headed by a single mother takes is $48,857 of income a year. Most, however, live on far less. After removing the few college graduates from the equation, the median single mother household lives on under $41,000 a year.

Single mothers are at the intersection of a number of factors associated with financial instability.

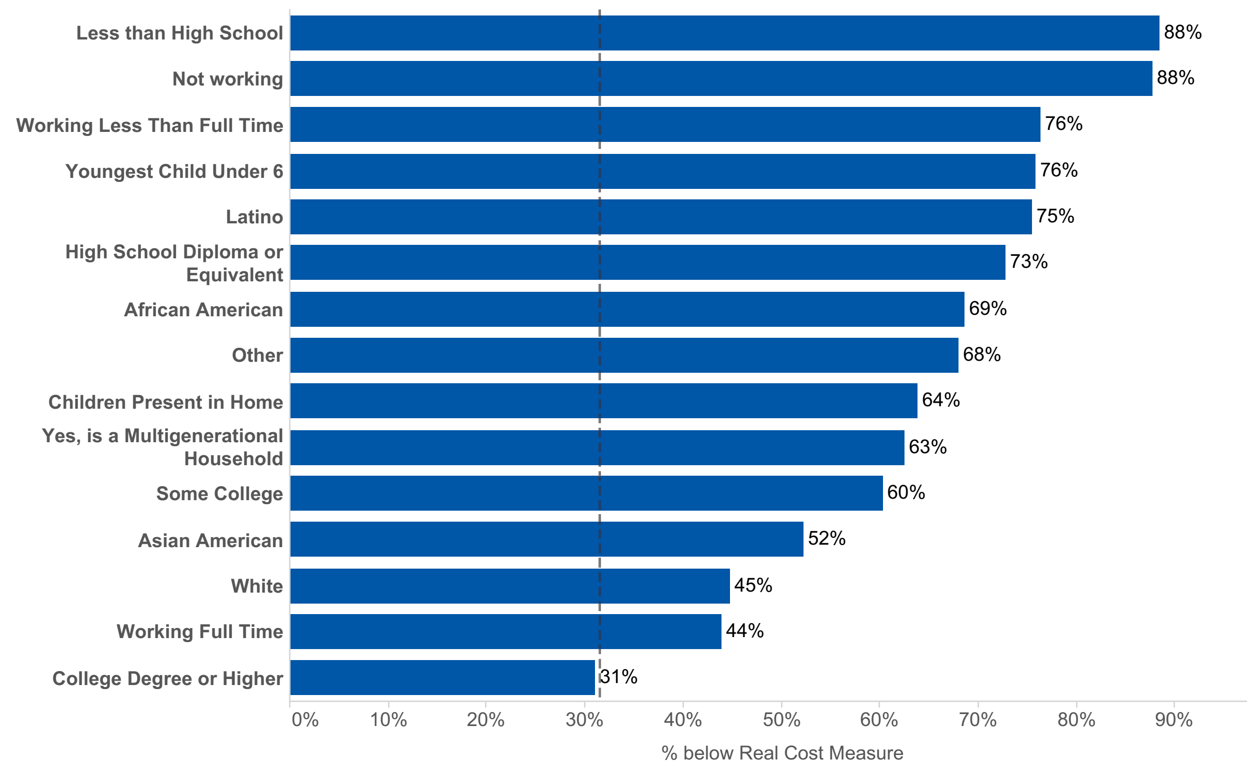
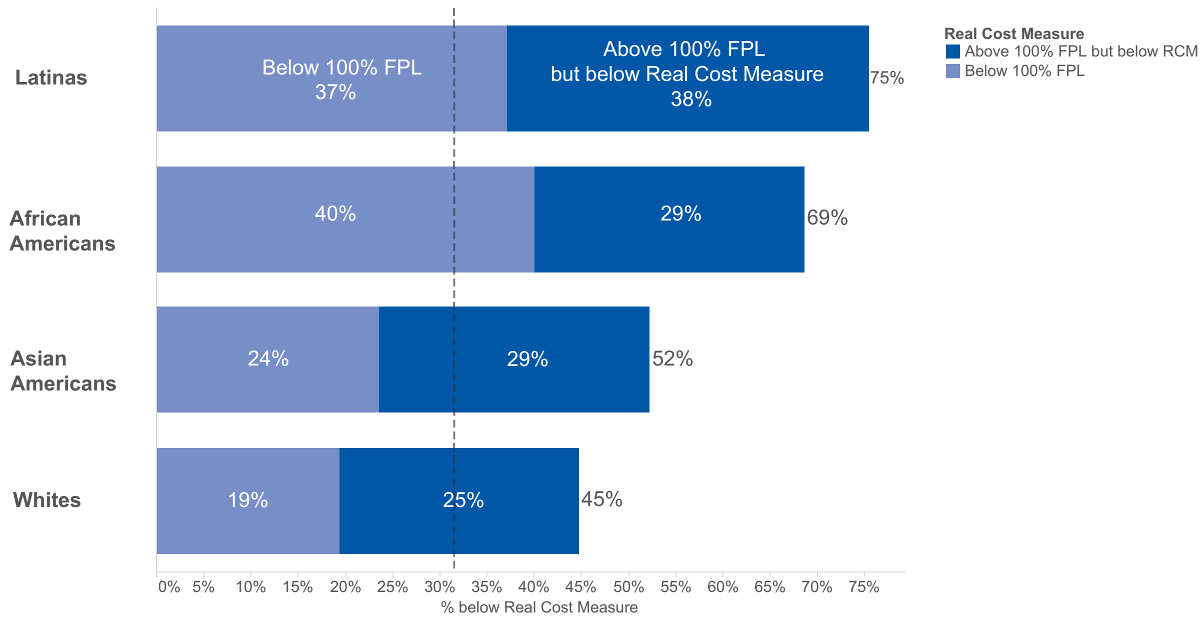


Figure 38: Real Cost Measure and Profiles of Single Mothers

Single Mothers by Race

As discussed, Latinas make up half of all households in the state headed by single mothers, and are much more likely to struggle than whites and Asian Americans. Almost 3 in 4 (75%) of Latina single mothers struggle to make ends meet, and 37% are below the Federal Poverty Level. African American single mothers are only slightly less likely to be below the Real Cost Measure (72%), and are even more likely to be below the Federal

Poverty Level. This is not to suggest that the road is easy for others. Even among the ethnic group least likely to struggle, nearly half (45%) of white single mothers and their families live below the Real Cost Measure, and 19% below the Federal Poverty Level.



Almost 3 in 4 (75%) Latina single mothers struggle to make ends meet.

Figure 39: Real Cost Measure and Single Mothers by Race/Ethnicity

Roughly 84% of single mothers of color with a high school education or less are below the Real Cost Measure. Among those with a child of six, that number rises to 89%, and nearly half (46%) are below the Federal Poverty Level.

Households Face Higher Costs When Children Are Young

Households with young children have markedly different needs than households without children. The Real Cost Measure acknowledges this by varying household expenses based not only on the number of children in the home, but also their ages. Households with young children (and even more so, infants) contend with child care costs that far exceed the somewhat lower food costs required to feed younger children than teenagers.

Data show households with young children are much more likely to struggle than those without.[2] More than half (51%) of households with at least one child under six years old are under the Measure. Not only is this substantially more than households without any children (24%), but it is also significantly more than households with only older children (36%).

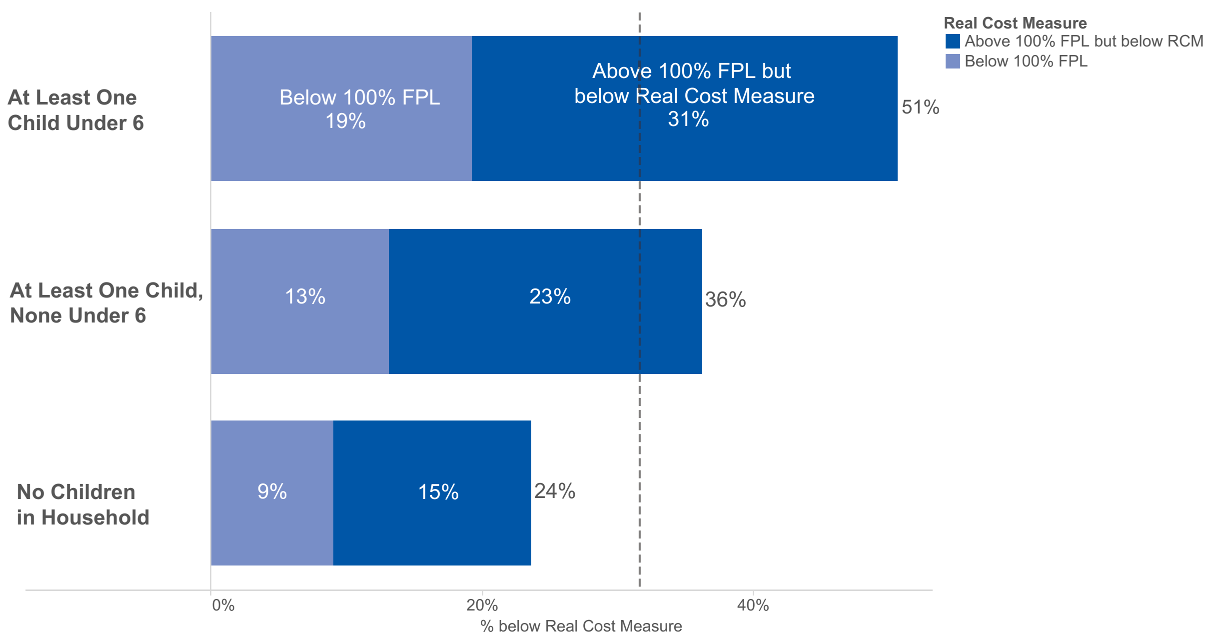
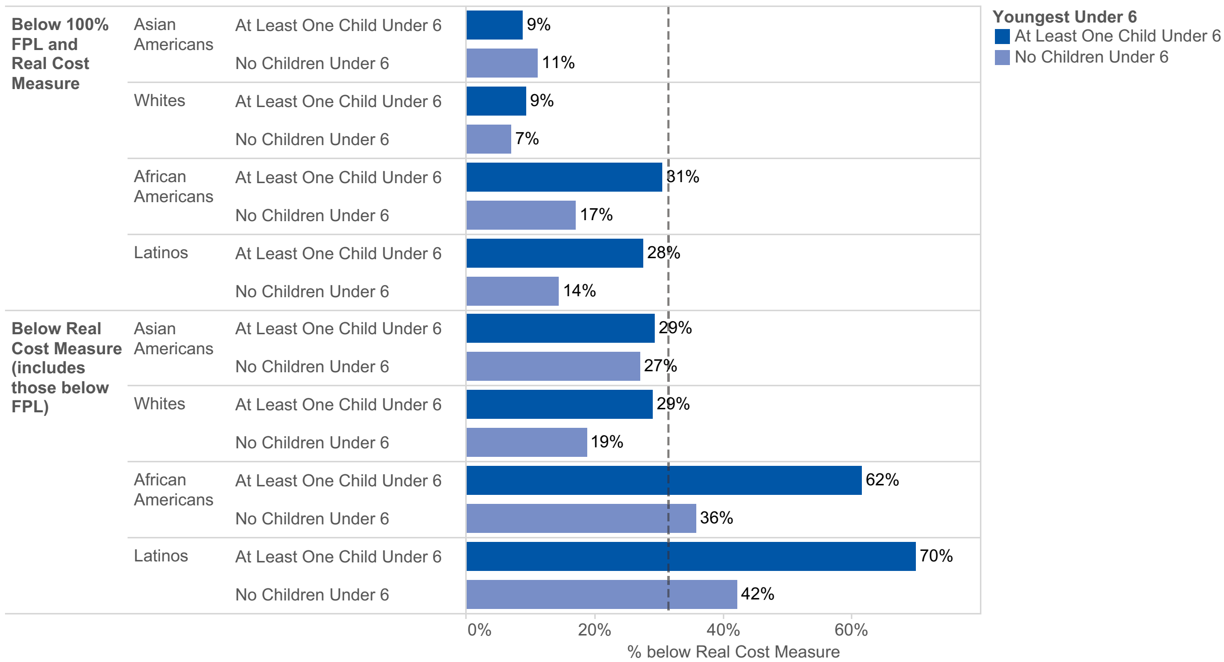


Figure 40: Real Cost Measure and Households with Young Children

More than half (51%) of households with at least one child under six years old is under the Measure.

The combination of a young child in the household with some other marker of disadvantage can mean that many households are at significant risk of economic difficulty. Just under half (44%) of households with in which the head of household is not working and there are no children under six is below the Real Cost Measure, but that number jumps to 74% if there is a young child in the house. The higher costs of children compound the impact of other factors such as the lack of employment.



Latinos with young children in the home are twice as likely to be under the Federal Poverty Level and 28 percentage points more likely to be under Real Cost Measure than Latinos without young children.

Figure 41: Real Cost Measure and Households with Young Children by Race/Ethnicity

Looking at households with young children by race and ethnicity underscores the ways in which having young children in the home is a greater challenge for more vulnerable populations. In almost all cases, having a child under six in the home makes a household more likely to be below the Federal Poverty Level and below the Real Cost Measure, but the effects for African Americans and Latinos are much sharper.

Whites with young children in the home are only marginally more likely to be under the Federal Poverty Level than those without young children, and Asian Americans with young children are actually less likely to be in poverty. Asian Americans with children are only marginally more likely to be under the Real Cost Measure than those without young children, while there is a notable difference (10 percentage points) for households headed by whites. In contrast, the differences for African American and Latino households are profound. Latinos with young children in the home are twice as likely to be under the Federal Poverty Level and 28 percentage points more likely to be under the Real Cost Measure than Latinos without young children. Similarly, African American-headed households with young children are 14% more likely to be in poverty and 26% more likely to be struggling.

Households of Color Struggle Disproportionately

Struggling to Get By shows that one in three California households do not have enough income to meet basic needs. These households are everywhere—in every region, county, and city—and they represent people of all educational levels, language backgrounds, legal statuses, and family structures. While whites comprise the largest number of households in California, Latino households clearly comprise the largest share who fall below the Real Cost Measure.

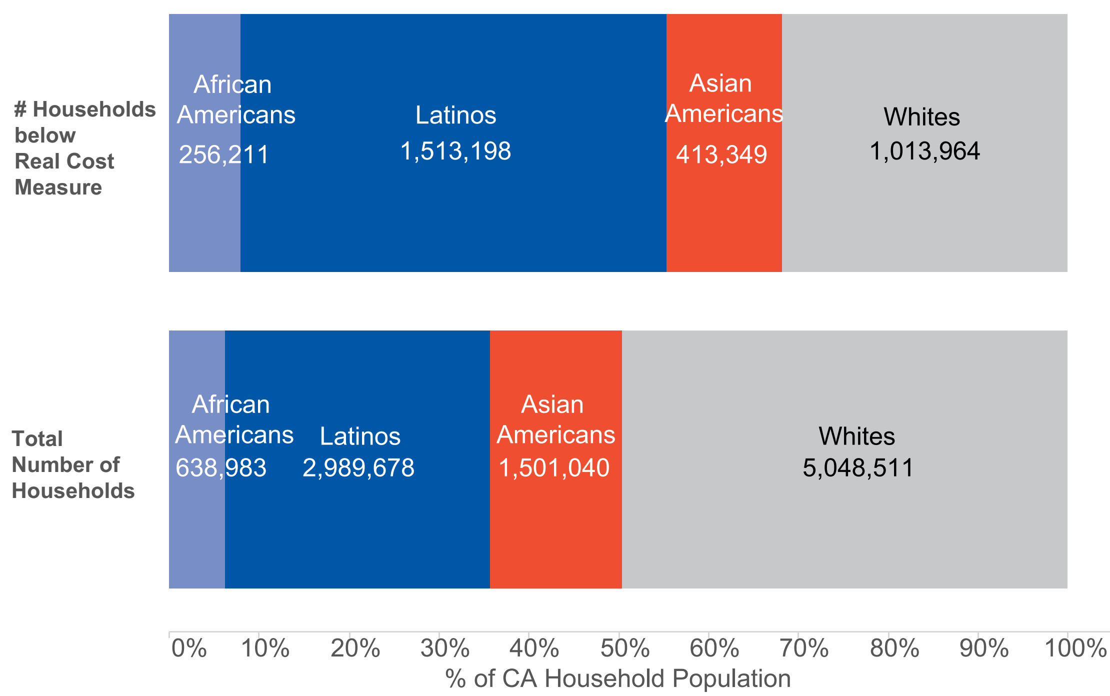
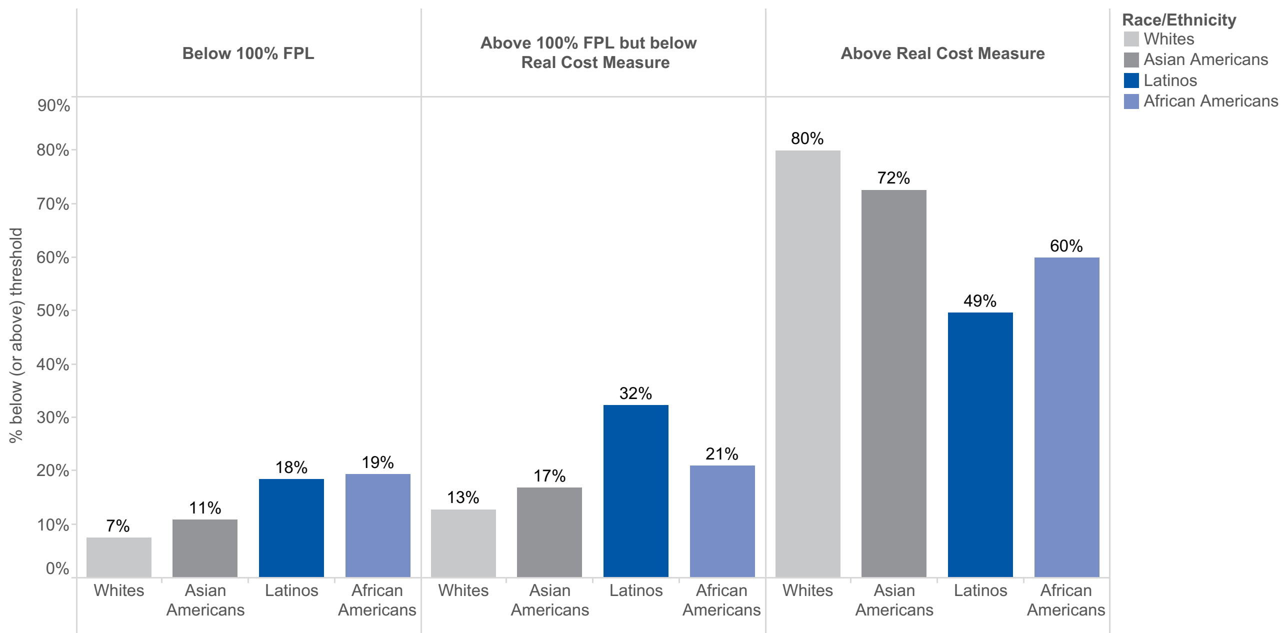


Figure 42: Share of Households by Race/Ethnicity

Latino households make up the largest share of those below the Real Cost Measure.

Recognizing that households of all kinds throughout the state are struggling should not obscure one basic fact: race matters. Throughout *Struggling to Get By,* we observe that people of Latino and African American backgrounds (and to a lesser extent Asian American ones), are less likely to meet the Real Cost Measure than are white households, even when the families compared share levels of education, employment backgrounds, or family structures. While all families face challenges in making ends meet, these numbers indicate that families of color face more obstacles in attempting to achieve economic security.



While 80% of white California households are above the Real Cost Measure standard, only 49% of Latinos and 60% of African Americans are.

Figure 43: Real Cost Measure and Households of Color

Figure 43 above illustrates the racial disparity in economic security. While 80% of white California households are above the Real Cost Measure, only 49% of Latinos and 60% of African Americans are. The status of Asian Americans is closer to whites (70% above the Real Cost Measure), but still below it. Similarly, Latino and African American households are most likely to be below the Federal Poverty Level, with 18% and 19% of households, respectively.

Interestingly, almost 1 in 3 (32%) Latino households in California are above the Federal Poverty Level but below the Real Cost Measure. This means there are nearly one million struggling Latino households who may not be considered poor according to the Federal Poverty Level, compromising their ability to qualify for needed private or public assistance.

Education: People of all races do better economically the more education they have. But within those educational levels, differences are significant. While 50% of whites with less than a high school education are below the Real Cost Measure, 76% of each African Americans and Latinos with such education similarly struggle. At the other end of the spectrum, only about 11% of whites and 15% of Asian Americans with college degrees are below the Real Cost Measure, but almost about one-fifth (18%) of college-educated African Americans and Latinos are below the Measure.

Households with Young Children: African Americans (62%) and Latinos (70%) with young children are twice as likely as whites with young children (30%) to be fall below the Real Cost Measure. The economic effects of having young children for African Americans and Latinos are substantially greater than that on whites and Asian Americans as seen through median household income. While the median income for white households with young children is over $92,000, African American and Latino households both have a median income of less than half of whites—both under $43,000. The disparity is far less significant for households without young children, where the median income of African American and Latino households is two-thirds that of whites.

Single Mothers: While single mothers of all races struggle, the proportion under Real Cost Measure for Asian Americans (52%) and whites (45%) is much smaller than for African American (69%) and Latino (76%) single mothers.

Regional Differences Among Households of Color

California's residential patterns have strong effects on who is struggling in California. Households of color tend to be more likely to be live in areas of the state where people have a harder time getting by.

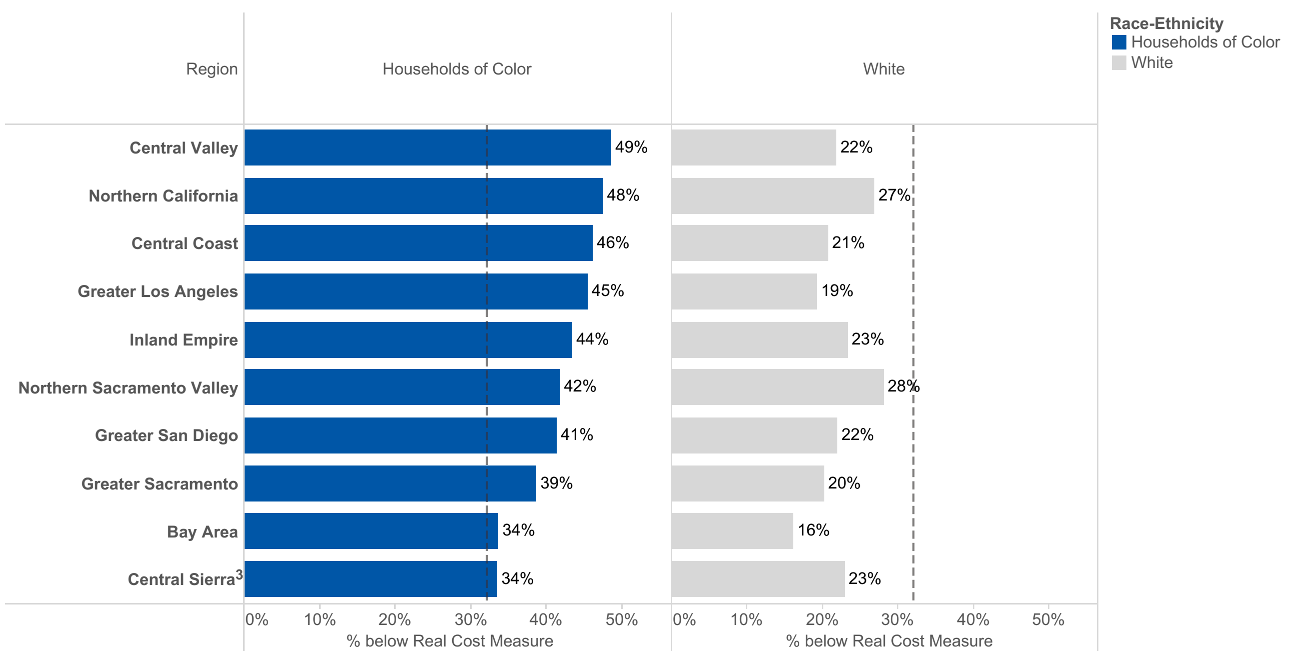
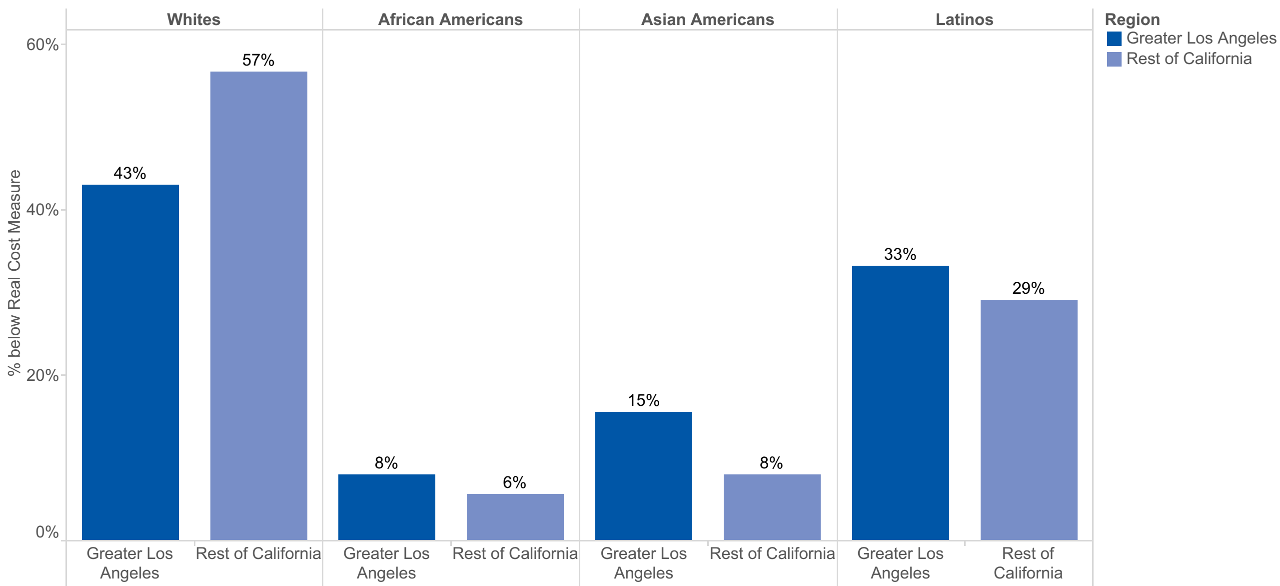


Figure 44: Households of Color by California Region

Across all regions of California, households of color fare worse and white households fare better than the state average.

The Greater Los Angeles area stands out in more ways than one. The Los Angeles region is home to great wealth as well as areas of great poverty. Home to more than one-third of the state's population (36%), Greater Los Angeles comprises 35% of all households that fall below the Real Cost Measure. The Los Angeles region also has a higher percentage of people of color compared to the rest of the state.



White households constitute 43% of those below the Real Cost Measure in L.A. County, but 57% of struggling households in the rest of the state.

Figure 45: Real Cost Measure and Households of Color in Greater Los Angeles

The two other regions of the state that are most likely to have people struggling are the Central Valley (9.5% of the state's households) and the Inland Empire (10%). In both areas, Latinos are disproportionately likely to be residents (93% and 86% of households respectively), and African Americans somewhat more likely to be residents of the Inland Empire. That means that Latinos are overrepresented in all three areas in the state with the highest Real Cost Measure rates, regions that hold more than 56% of all of California's households.

In contrast, the San Francisco Bay Area is home to more than one-fifth of the state's households (22%) but boasts the lowest rate of households below the Real Cost Measure (26%). The Bay Area has a very high population rate of Asian Americans (one of the groups doing better than the state average for Real Cost Measure attainment), and a low population rate of Latinos.

What the data for ethnicity do not show (with some limited exceptions) is ethnic groups doing substantially better or worse than would be expected in a given region. For example, Latinos are less likely to be above the measure than average, as are people who live in the Central Valley. But Latinos in the Central Valley, despite being a particularly disadvantaged group (52% below the Real Cost Measure) struggle at a rate consistent with the baseline established for the ethnic group statewide.

Among Seniors, Renters Living Alone Struggle Most

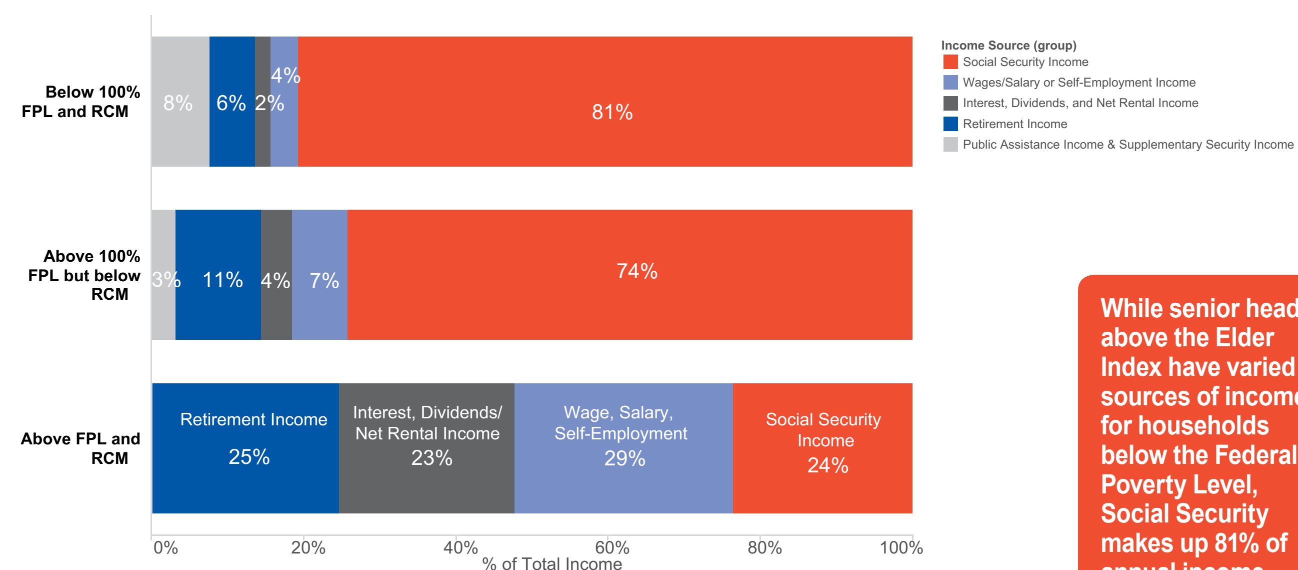
About 1 in 3 (31%) seniors are struggling—effectively the same rate for non-senior households, according to Elder Index. Although these numbers are similar, seniors face profoundly difficult economic challenges than younger people. Seniors are substantially less likely to work but are more likely to own homes; Social Security, other retirement income and Medicaid play an outsized role in whether seniors can achieve economic stability. Accordingly, *Struggling to Get By* uses the **Elder Index**, which was developed specifically to account for seniors' particular needs and challenges, to assess the extent to which California's seniors are economically secure.

Income of Seniors

Perhaps the most important economic difference between seniors and non-seniors concerns the role of earned income. Ninety-one percent of non-seniors' income is derived from work, whether from wages or through self-employment. In contrast, only 19% of seniors' income is derived from employment.

Seniors	Below Elder Index	Above Elder Index	Total
Wages and Self-Employment Income	$1,059	$18,646	$13,138
Adjusted Household Income	$ 16,941	$90,619	$90,619
Wages and Self-Employment Income as % of Household Income	6.3%	20.6%	19.5%

Figure 46: Income of Seniors



While senior heads above the Elder Index have varied sources of income, for households below the Federal Poverty Level, Social Security makes up 81% of annual income, falling slightly to 71% for those above the FPL but below the Elder Index.

Figure 47: Sources of Income for Seniors

As great as the differences between seniors and non-seniors are, the differences *among* seniors are just as striking. About one-quarter of income going to seniors is from employment, but the vast majority of that is going to the most economically secure. Only 3% of the income of senior heads of household below the Federal Poverty Level comes from employment. Even among those above the Federal Poverty Level, but below the Real Cost Measure, wages and self-employment constitute only 8% of all income.

Social Security is a vitally important source of income for seniors that has very small direct effects on the income of non-seniors. As the chart above shows, the importance of Social Security to seniors varies tremendously by income category. Among senior heads of household below the Federal Poverty Level, Social Security makes up 81% of annual income, falling slightly to 71% for those above the FPL but below the Real Cost Measure. This is true despite the fact that seniors living below the FPL take home substantially less in Social Security ($4,979 to $13,672) than seniors above the Elder Index. For seniors above the Real Cost Measure, Social Security constitutes only one-fifth of annual income, or slightly less than they receive from retirement savings, investments (interest, dividends, etc.), and wages. In contrast, the average senior head of household takes in $17,045 in retirement income, while those below the Federal Poverty Level only average $376 dollars in retirement income per year.

Household Structure of Seniors

While single-adult households headed by non-seniors are no more likely to be below the Real Cost Measure than households with two or more adults (until the households get quite large), living alone can be a sign of economic danger for seniors. In fact, they often need twice the Federal Poverty Level to afford basic living costs in California.[4]

Four in ten (40%) seniors living with no other adults in the house—more than a quarter million in all—live below the Real Cost Measure. When one more adult is in the house, the rate below the Real Cost Measure is cut in half, to 20%.

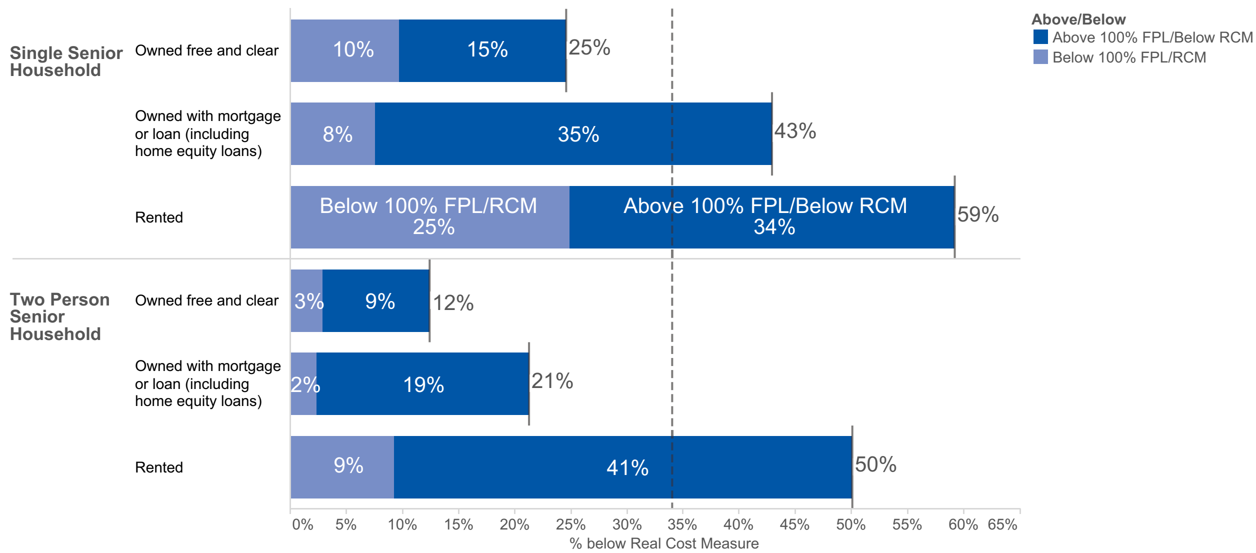


Figure 48: Real Cost Measure and Housing Structure of Seniors

When one more adult is in the house, the rate below the measure is cut in half.

Another chasm between better-off seniors and those below the Real Cost Measure is whether someone owns their own home or is renting. This is particularly relevant in California, where a far higher percentage of seniors live in rental housing compared to the national average.

Tenure	% of those who are below Elder Index?	% of those who are above Elder Index?
Owned free and clear	18.6%	81.4%
Owned with mortgage or loan (including home equity loans)	31.2%	68.8%
Rented	57.3%	42.7%

Figure 49: Household Structure of Seniors

Nearly 45% of senior heads of household own their homes. Of those, only 19% are below the Real Cost Measure. In contrast, the 22% of renters are more likely than not (57%) to be below the Real Cost Measure. Senior heads of households who pay a mortgage do better than renters but less well than those who own their homes.

Seniors who are single are far more likely to rent than seniors living with another adult, and those who do, are economically vulnerable. Approximately 59% of senior heads of household living without another adult are below the Real Cost Measure, and about 1 in 4 (25%) live below the Federal Poverty Level. In contrast, fewer than ten percent (9%) who live with another adult are below the Federal Poverty Level.

1 Single mothers indicate presence of a child under 18. This is distinct from single, female headed households. The census defines household type, which does not necessarily indicate the presence of children. Seniors are de facto excluded from this analysis as the Elder Index used for *Struggling to Get By* did not include budgets for households with children (specifically, grandparents raising children).

2 Seniors are de facto excluded from this analysis as the Elder Index used for *Struggling to Get By* did not include budgets for households with children (specifically, grandparents raising children).

3 Central Sierra households of color are too few to be statistically reliable.

Overcoming poverty is not a task of charity, it is an act of justice. Like slavery and apartheid, poverty is not natural. It is man-made and it can be overcome and eradicated by the actions of human beings. Sometimes it falls on a generation to be great. YOU can be that great generation. Let your greatness blossom.

NELSON MANDELA
Speech at Trafalgar Square
February 3, 2005

WHAT IS TO BE DONE?

Struggling to Get By shows there are more Californians living in poverty than most people think. Poverty is grossly undercounted across the nation, but especially so in California, since most Californians live in high cost areas.

So what should be done? The first thing we can do to help those fighting their way out of poverty is to see them clearly. That means not only uncovering the real number of households in each of our communities that struggle to meet basic needs, but also using insights about their specific situations—how many adults in the household, their educational attainment, gender and ethnicity of householders, the presence of children—to develop approaches targeted to their different challenges. Some families may be drowning, some treading water, others swimming and still others climbing into their boat and setting a course. Different strategies and resources may be called for at different stages.

We hope the portrait of need in *Struggling to Get By* enables leaders and advocates from all sectors to better tailor approaches to helping families in different situations, based on our findings, including that:

- There are many more struggling households than commonly acknowledged;
- The great majority of them are working households;
- The cost of living varies significantly by neighborhood and region;
- There are different returns to increased education for women than men;
- Households with children, particularly young children 0-5 years of age, and especially those led by single mothers, have different needs;
- Race, language and citizenship barriers compound challenges for all households; and
- All income supports drop away before households reach the Real Cost Measure (with one exception, the subsidies under the Affordable Care Act for households with income up to 400% of FPL).

Key Levers for Helping Struggling Families

Below we offer some suggestions for business, civic, nonprofit and philanthropic leaders and policymakers to consider:

Emphasize Post-Secondary Education

California's economy is expected to produce over one million new jobs requiring a college education over the next decade, according to an influential report from the Public Policy Institute of California.[1] Encouraging as many householders as possible to access post-secondary education poses huge potential benefits not only for struggling householders but for California's economy. The share of households below the Real Cost Measure drops significantly among householders who have some college or a college degree: 31% of struggling householders have some college credits already, and the 24% of struggling households with high school diplomas conceivably could seek college degrees, with reasonable assistance. Many of the 29% of struggling households without a high school diploma also could move toward some higher education, with perhaps more assistance.

State and federal support for low-income students can play a critical role here by making postsecondary and higher education more accessible by creating more paths for completing a high school degree. California's ability to fund higher education has not kept pace with rising needs due to population growth and widening income disparities. California law makes it very difficult to raise revenue for a general purpose such as the state's higher education system. California's funding for state university, colleges and community colleges has had a rough ride since the mid-2000s, before the start of the Great Recession, and over the past 20 years, tuition University of California and California State University systems has risen substantially.

Suggestions for making college more affordable include federal support to make community college essentially free, as the Obama Administration has proposed, making income-based repayment of student loans more broadly available, along the lines of the Australian model of pairing income-based repayment of tuition with stipends for student living expenses for low-income students.[2]

Those without a high school degree—68% of whom fall below the Real Cost Measure—need a second chance to get the credentials that can help them gain employment or seek higher education. While California has had considerable success increasing the high school graduation rate, to approximately 80%, those who do not graduate are at high risk for living in poverty, and African-American and Latino youth make up an overwhelming majority of that population.[3] A diploma or equivalent would greatly improve their odds of success. These disconnected youth could be encouraged to complete their high school education through alternative pathways offered by reengagement programs, such as employment training programs or continuation or charter schools focused on disconnected youth, such as those run by Conservation Corps, but with funding drawn through Average Daily Attendance funds (similar to the Washington's Open Doors Youth Reengagement program)[4] or employment training programs like YouthBuild.[5] Increasing access to career and technical education (CTE) could increase the odds students stay in school and graduate ready for employment or higher education, and to help those seeking a second chance. The Linked Learning initiative, being piloted now in several California school districts, provides a promising model for emphasizing connections between classroom learning and exposure to workplace settings.[6]

Moving Up the Pay Scale, Not Finding Work, Is the Central Challenge for Most Real Cost Households

The overwhelming majority of struggling households—9 out of 10—are already working. Moreover, their low incomes are not simply due to them being in the wrong fields (e.g., health care compared to manufacturing), but rather that they are at the low end of the wage scale in their fields. This suggests that focusing on improving earning power of the already employed, perhaps by helping them move up within their fields, would serve more struggling households than a focus on finding employment. Possible approaches include bridge training programs to prepare low-skilled individuals to enter and succeed in postsecondary education and training, which enables individuals to advance to better jobs and further their education and training. It is sobering to acknowledge, however, that past attempts to shape or align education and training with real labor market demands have met with middling success. (Over the 25 years, workforce development strategies have moved from a focus on Workforce Investment Act (WIA) programs, to sector-based strategies, to focusing on the role of community colleges in preparing students for targeted occupations). It likely will require a renewed effort to better align worker skills with the demands of the labor market, but often the challenge will be preparing workers for better paying jobs in their current fields rather than wholesale retraining.

Invest in Children

Households with children, especially young children 5 and under, and especially such households led by single women, are much more likely to struggle below the Real Cost Measure. Children are a blessing, yet for many struggling households, they also add increased costs, compared to families with the same income but no children. The added burden is significant for households with children under 6, and less so for households with older children. Younger children bring both the cost of child care and also can inhibit the ability of householders to take on more work hours or advance their education and training.

Investing in the development of young children certainly presents a “sweet spot” for improving the near-term fortunes of families below the Real Cost Measure and the long-term prospects of low-income children. More affordable, quality early childhood enrichment, child care and preschool could better prepare children for lifelong learning while also reducing household expenses during a critical yet temporary phase of family life, enabling parents to devote more time to progressing in their career or boosting their earning power through education and training. A powerful body of research shows that early education increases cognitive, language, social, and emotional development and provides a strong foundation for success in school and life.[7] This leads to increased high school graduation rates, greater college attendance, decreased crime, and other beneficial results. For these reasons, economists estimate that for every $1 invested in quality preschool returns approximately $7 in benefits to families and society.[8] Moreover, investments in quality early education don't just help children and society in the long run, they make an immediate difference by allowing parents to attend school and go to work. (United Way believes early childhood education for children from birth to age 5 is one of the most effective approaches we can take to address these issues comprehensively, not just for children, but for struggling families across the state).

Dual-generation or "2Gen" strategies, such as pairing child care and early childhood enrichment with educational opportunities for parents, especially single mothers, offer a potential synergy effect, leveraging the proven return on investment in early childhood education with the fact that parent's educational attainment is the best indicator of financial stability for children.[9] For example, United Way of the Bay Area's early education work focuses on creating opportunities for and addressing needs of both vulnerable parents and children together. Other strategies include subsidized preschool and transitional kindergarten (available but underfunded in California and unavailable to most struggling households), and home visitation programs. Maternal, Infant and Early Childhood Home Visiting programs, like the well-known Nurse-Family Partnership program, have been shown to deliver benefits including improved prenatal and child health, fewer subsequent pregnancies, increased school readiness, and increased maternal employment and educational attainment,[10] with returns estimated at $2.73 for each $1 invested.[11] (California's Home Visiting Program, launched after passage of the Affordable Care Act, currently serves 3500 families.[12])

Better Link Households to Public Assistance

Taking CalFresh as our first example, as of December 2013, an estimated 3.2 million Californians are eligible for CalFresh yet a staggering 45% of all those eligible were not participating in the program. All of these eligible but unenrolled households have incomes below the Real Cost Measure. To get a sense of what is being left on the table, a family of four earning under $31,000 could receive up to $649 a month in food assistance (roughly equivalent to raising their wages 20%), which would go a long way to helping them meet other basic needs. Analysis of United States Department of Agriculture data indicates that if California reached 100% participation in CalFresh, the state would receive an additional $3.5 billion in nutrition benefits annually, which in turn would generate an estimated $6.3 billion in economic activity.[13]

A similar story holds for the Earned Income Tax Credit (EITC). Approximately 71% of California households eligible for EITC, 3.1 million filers, claimed $7.3 billion in 2013.[14] Increasing participation in federal EITC for California households eligible but not claiming it, virtually all of which are struggling households, could bring hundreds of millions of dollars to low-income families.

As of this writing, California looks poised to establish a refundable state EITC that will provide an augmentation in the amount of 85% of the federal EITC for eligible households earning up to $13,870 for a single adult and three dependents. Such a refundable state EITC would be a significant benefit to families eligible to receive it, those at the lowest end of the Real Cost spectrum. Because their income is so low they are not required to file state income tax, however, these households may also be the most difficult for the state to reach with a new program, and those least likely to already access the federal credit. Research on state EITC programs in several of the 25 other states that have enacted them indicates they will have a significant impact on households receiving them and on local economies, generating up to $1.50-2.00 for every $1 in EITC refunds.[15] Expanding this refundable state EITC should be a priority in future years in order to ensure that it reaches a larger cross-section of struggling households. By doing so, California would further amplify the many positive benefits of the federal EITC, which, together with the Child Tax Credit, lifts more families above poverty than any other federal program except Social Security, and also improve infant and maternal health, boost children's educational attainment and rate of college attendance and increase lifetime earnings.[16]

Expanded availability of health coverage under the Affordable Care Act is also a promising area, particularly for the lower end of households earning under the Real Cost Measure. Enrollment in Medi-Cal, targeted at households with income below 138% of the Federal Poverty Level, grew by 2.8 million people (a 30% increase) between October 2013 and December 2014, and approximately 1.7 million people enrolled in qualified health plans through Covered California, the state's health benefit exchange.[17] Households earning up to 400% of the Federal Poverty Level are eligible to receive premium subsidies. People newly insured through Covered California reported difficulty paying their monthly premiums for coverage, while Medi-Cal does not charge monthly premiums. Though newly insured and uninsured adults reported no significant difference regarding financial challenges outside of health care costs, by encouraging preventive care, health coverage can help households avoid or sharply reduce costs for serious illness or injury, a leading cause of bankruptcy and financial instability.

Given the huge sums left on the table in CalFresh and EITC alone, the impact of simplifying the process of accessing benefits cannot be overstated. Making it easy, almost automatic, for families to access all benefits for which they qualify would have enormous returns to households and local economies, as discussed above in regard to CalFresh and EITC. For example, refunds from the EITC could be sent automatically to filers who have income reported on W-2 forms. Ideally, whenever a low income family or individual interacted with a resource—a school, clinic, or social services agency—they could connect with every relevant resource for which they are eligible; if a mother comes in looking for job training, she could enroll in health coverage, CalFresh food assistance, and subsidized child care. This vision of a "no wrong door" system is still an unattained ideal. Many funders, nonprofits, and advocates in California struggle to create such a holistic, integrated system, but bureaucracy, limited funding, legacy human and IT systems, and even privacy policies frustrate them. The "no wrong door" ideal requires a consumer to present a need, so it is a "pull" model in the typology of push vs. pull strategies in marketing—when a consumer comes to "pull" a service, the system then seeks to meet more than just the presenting need by connecting them with as many relevant benefits as possible. The increasing power of information technology and "big data" soon may enable providers also to "push" services and benefits, increasing their reach and increasing uptake. The prospects for increased impact are tantalizing, and health and human services providers should continue to pursue "No Wrong Door" or horizontal integration, though there will be many logistical and ethical challenges in making good use of big data and technology.

Make Income Supports Available Longer as Households Move Up the Ladder

Works supports such as child care assistance, CalFresh, or Medi-Cal can help households below the Real Cost Measure cover basic needs, yet these benefits drop away too soon, well before households get close to meeting the measure. For example, as noted earlier, CalFresh food assistance drops to zero for a family of 4 (2 adults, 2 children over 6) at gross income over $47,712, and the EITC benefit tapers to $0 when gross income exceeds $49,186; in both cases, well before they reach the Real Cost Measure of $55,057.

If the intent behind CalFresh, EITC and other taxpayer-funded benefits is to help families reach financial stability, rather than merely avoid destitution, then reviewing and adjusting eligibility limits in light of the Real Cost Measure should be one of the top priorities arising from this report and what it says about the real, high costs of being poor. Some strategies that may be available to ensure these taxpayer-funded benefits have their intended effect of helping low-income families become financially stable include increasing eligibility limits in light of the Real Cost Measure, or raising the amount of income and assets that is disregarded. Another way to extend the effect of income supports is putting funds into escrow savings accounts; as household income increases and the dollar amount of benefits is reduced, the "savings" in reduced benefit awards could be deposited in savings accounts for households to help them transition off public assistance. One example of this is Department of Housing and Urban Development's Family Self-Sufficiency program, in which, as a family's income increases, amounts that they otherwise would pay as an increase in their household share of rent are placed into a savings account.[18]

Asset Building and Asset Protection

Many more American households are financially fragile than the just the households below the Real Cost Measure profiled in our report. As many as half of all American households would be unable to come up with $2,000 within 30 days to cover an unplanned emergency expense, such as an emergency room visit or replacing a transmission to keep a car running;[19] 60% of Americans report that in order to cover a $500 emergency expense, they would need to cut spending on food or other items, borrow from family and friends, increase credit card debt, or use an ominous "other" route.[20] Obviously, helping struggling households save so they can avoid losing housing or suffering a catastrophic debt cycle, and for many, prepare for the day when they can transition off benefits, should be a high priority. Unfortunately, many federal and state policies discourage savings, as discussed further below.

There are a number of innovative strategies for helping low income households begin to build assets by saving for college or down payment on a home, most of which are being tried by local governments or public private partnerships, but not yet at a statewide scale in California. One promising example of a universal children's account strategy is San Francisco's Kindergarten to College program, which creates savings accounts for all kindergartners, seeds them with $50, matches parent contributions up to $100 and provides $100 bonuses for consistent savings deposits.[21] Other approaches include individual development accounts (IDAs), income-based repayment of student loans or stipends for students seeking training or postsecondary education, as previously mentioned; direct mortgages and first-time homebuyer programs; state-sponsored retirement plans for those without access to an employer-sponsored plan. (California Treasurer John Chiang is exploring such a plan as of this writing).

Removing disincentives for building assets by raising or eliminating the asset test for benefits like CalWorks, or raising the amount of savings a household could have to qualify for federal EITC (currently $3,350), also may be an important strategy. Such benefit limit tests hurt working families coming and going, by either putting them into a deeper hole as they seek to qualify for benefits because of changing fortunes, such as a temporary job loss, or imposing more burdens right as they are beginning to make progress moving out of poverty.

It is important to note that asset limits also are expensive for state and local government to apply and enforce, and this expense is often wasted, given that only a small share of families seeking aid have assets over the limit.

Access to credit and responsible use of credit also can be important pathways for struggling households to build financial stability. A good credit score can be viewed as an asset that can help a family qualify to rent an apartment, purchase a car or more, yet it can be difficult for low income households to build a good credit history. Programs and policies could seek to recognize the payment history of struggling households on things like utilities, rent, cable, online services and more, along the lines of alternatives such as the Payment Reporting Builds Credit (PBRC) free alternative credit score.[22]

Not least, protecting what little assets and credit struggling households have is a pressing need. Struggling households are least able to afford the high costs of fringe financial services and predatory practices such as check cashing and payday lending, which drain low-income households of resources they could otherwise use to meet basic needs or to build assets. Accounts at mainstream banks or credit unions provide a critical foothold on the economic ladder, helping families build credit. An estimated 28% of households across the nation either are unbanked or though having bank accounts, use non-bank money orders, payday loans, pawn shops, refund anticipation loans and other services (underbanked).[23] In a number of regions in California, municipalities have taken steps to increase access to mainstream banking, such as through the Bank On program, and/or have sought to stop the proliferation of predatory financial services. The state government has other capabilities, such as the ability to impose a cap on the Annual Percentage Rate (APR) of payday or small dollar loans at 36%, or limiting the size and number of such loans.

Reduce the Effective Cost of Housing

For struggling families in California, high housing costs are a major burden for struggling households. Housing costs take up over half of income for households with income below the Real Cost Measure, and a staggering 80% of income for households below the Federal Poverty Level.

Housing plays a central role in the fate of struggling households—not just for their financial stability, but also for their educational prospects (which school district and catchment area can they afford to live in) and health outcomes. The quality and location of housing for struggling households affects virtually every aspect of their lives, so improvements here can have impact well beyond reducing financial stress.

It is not clear what strategies might work best to help struggling households better afford housing. On the supply side, a severe shortage of affordable housing is a brute fact in most California communities; low-income housing tax credits and other subsidies for construction of affordable housing have not met the scale of the need (and in many places, the units they produce, targeted for people earning 80% or 60% of median income, still seem out of reach for many). As important as production of new units is, it should be clear that we cannot build our way out of the affordability problem. Federal rent vouchers (Section 8), which have not been fully funded and reach only one quarter of eligible households, and public housing projects also have not come close to meeting the scale of need.

While it is not easy to see how to reduce the housing burden for struggling households, a good start may be to acknowledge a few key points: 1) Struggling households are overwhelmingly renters, as are 1/3 of all U.S. households; 2) American taxpayers subsidize home ownership at $3 for every $1 spent to support renters and; 3) over half of subsidies for homeownership, which is increasingly out of reach for most families, goes to households with incomes over $100,000. This suggests targeting support for rent costs for struggling households, perhaps through expansion and increased uptake of California's renters' tax credit and making that credit refundable. An increased, refundable federal credit also would be an effective way to improve prospects for struggling households at scale, as well as to rebalance some of the tilt in federal housing subsidies that have grown to increasingly favor upper income households.[24]

English-language Learning and Naturalization of Immigrants

Households led by naturalized immigrants struggle at a much lower rate than those led by non-naturalized immigrants. There could be many reasons for this; naturalized householders may have come to California with higher levels of education and assets than non-naturalized immigrants; also, as our analysis shows, households that lack a fluent English speaker over the age of 14 also struggle at a higher rate, which could also be a factor explaining this difference; and of course, these and other factors may interact. Nevertheless, pursuing citizenship and improving English language fluency are two possible strategies to consider that may improve prospects for a sizable share of struggling households. Adult public education is an important route for many people to build their English language skills and prepare for citizenship, but it is underfunded and often shortchanged by school districts because it does not produce Average Daily Attendance (ADA) income.

Conclusion

California households with income below the Real Cost Measure are predominantly families who "work hard and play by the rules," yet they struggle to afford the real costs of living. We hope *Struggling to Get By* is a useful guide to efforts to change systems and policies to enable California households to achieve and sustain financial stability while supporting the advancement of a healthy California economy.

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When I give food to the poor, they call me a saint. When I ask why the poor have no food, they call me a communist.

DOM HÉLDER CÂMARA
DOM HÉLDER CÂMARA: ESSENTIAL WRITINGS

APPENDIX A: POVERTY MEASURES IN CALIFORNIA

The current **official Federal Poverty Level** in the United States has been in place since President Lyndon Johnson's "War on Poverty" in the 1960s. Famously calculated by Molly Orshansky, an economist in the Social Security Administration, the federal poverty measure is an "absolute" measure of poverty based on the cost of a subsistence diet in the 1960s multiplied by three. (A multiplier of three was used because the cost of food accounted for approximately one-third of a family's budget in the 1960s). While the official poverty measure is adjusted annually for inflation, its underlying calculations have not changed despite changes in contemporary food costs. (Food is generally less expensive today than the 1960s due to agricultural improvements and the ability to transport food more easily).

In 2010, several representatives from the federal government began research work on a **Supplemental Poverty Measure** (SPM) to better account for the role of basic goods and geography in measuring poverty. Specifically, the supplemental poverty measure considers Consumer Expenditure Survey expenditure data on goods such as food, shelter, and clothing and adjusts them for geographical differences.[1] Due to the fact that the SPM adopts an "absolute" and "relative" measure of poverty, it is known as a "hybrid" measurement. While it is not an official poverty measure, the U.S. Department of Labor has released annual supplemental poverty reports over the past several years.

The SPM and the CPM provide critically important information about the actual extent of poverty, of households with the very lowest incomes. The CPM particularly highlights the role of public assistance in preventing even greater deprivation and suffering. Both the SPM and CPM, however, do not provide a guide to what poor households need to achieve a reasonable level of well being, what the global Human Development Index would call "a decent standard of living."

In October 2013, the Stanford Center on Poverty and Inequality and Public Policy Institute of California released The California Poverty Measure: A New Look at the Social Safety Net. The **California Poverty Measure** (CPM) "follows in the spirit of the research Supplemental Poverty Measure (SPM), with some adjustments to account for underreporting of safety net program benefits and for various factors that are distinct to California, such as its large unauthorized immigrant population."[2] Like the SPM, the California Poverty Measure also factors CalFresh, California's Supplemental Assistance Nutrition Program, and the Earned Income Tax Credit (EITC) as income while controlling for various non-discretionary expenses such as child care and out-of-pocket medical costs.[3]

It is our hope that our introduction of the Real Cost Measure in California will complement ongoing conversations to alleviate poverty, create opportunities for mobility, and further strengthen intervention efforts to improve the well-being of low-income households.

Poverty Measures in California			
	% Below Official Federal Poverty Level, 2011-2013	% Below Supplemental Poverty Level, 2011-2013	% Below California Poverty Measure, 2011
United States	15.9% N.B.	15.9%	N/A
State of California	16.8%	23.4%	22%

N.B. The most recent Supplemental Poverty Measure Overview cites the national official federal poverty rate at 14.9% using 2011-2013 population estimates. However, the most recent data from the American Community Survey cites the figure at 15.9% as of the time of this writing. The California Poverty Measure explored 2011 data so this table is not intended to present an "apples to apples" comparison. The purpose of this chart is to illustrate some of the latest poverty rates among some of the best known poverty reports in California.

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1 Supplemental Poverty Measure Overview. The United States Census Bureau. http://1.usa.gov/1wMAY6w. Accessed May 17, 2015.

2 The California Poverty Measure: A New Look at the Social Safety Net. Stanford Center on Poverty and Inequality and Public Policy Institute of California. October 2013. http://bit.ly/1e9DZdq. Accessed May 17, 2015.

3 For a further primer on poverty in the United States, please read Poverty in America: A Handbook. University of California Press. Third Edition. August 2013.

APPENDIX B: THE REAL COST MEASURE BY PUBLIC USE MICRODATA AREA (NEIGHBORHOOD CLUSTERS)

Public Use Microdata areas (PUMAs) are contiguous geographic areas that consist of population sizes between 100,000 to 200,000 persons. PUMAs, or neighborhood clusters, are determined every ten years by the decennial census, and the 2010 Census identified 265 PUMAs in California. Demographic analysis for PUMAs in this report are derived from 2011-2013 three-year American Community Survey estimates. For more PUMA data and interactive maps, please visit **www.unitedwaysca.org/realcost.**

Neighborhood Cluster	# of Households below Real Cost Measure, 2011-2013	% below Real Cost Measure, 2011-2013	% Real Cost Households below Official Federal Poverty Level, 2011-2013	Median Household Earnings of Real Cost Households, 2011-2013 (2012 dollars)	% of Households with Housing Burden > 30%, 2011-2013
State of California	3,216,504	31%	12%	$64,331	47%
Alameda County (North)–Berkeley & Albany Cities	13,270	29%	16%	$66,498	45%
Alameda County (Northwest)–Oakland (Northwest) & Emeryville Cities	20,554	36%	17%	$51,244	51%
Alameda County (Northeast)–Oakland (East) & Piedmont Cities	10,417	17%	6%	$96,339	40%
Alameda County (North Central)–Oakland City (South Central)	20,775	45%	19%	$47,669	55%
Alameda County (West)–San Leandro, Alameda & Oakland (Southwest) Cities	8,988	26%	8%	$71,234	41%
Alameda County (North Central)–Castro Valley, San Lorenzo & Ashland	6,912	26%	9%	$71,742	41%
Alameda County (Central)–Hayward City	12,673	33%	10%	$67,073	47%
Alameda County (Southwest)–Union City, Newark & Fremont (West) Cities	7,353	21%	6%	$98,079	40%
Alameda County (South Central)–Fremont City (East)	8,251	15%	4%	$105,793	35%
Alameda County (East)–Livermore, Pleasanton & Dublin Cities	7,508	12%	3%	$114,953	39%

Neighborhood Cluster	# of Households below Real Cost Measure, 2011-2013	% below Real Cost Measure, 2011-2013	% Real Cost Households below Official Federal Poverty Level, 2011-2013	Median Household Earnings of Real Cost Households, 2011-2013 (2012 dollars)	% of Households with Housing Burden > 30%, 2011-2013
Alpine, Amador, Calaveras, Inyo, Mariposa, Mono & Tuolumne Counties	13,207	24%	9%	$55,344	41%
Butte County (Northwest)–Chico City	14,052	32%	15%	$48,765	46%
Butte County (Southeast)–Oroville City & Paradise Town	6,502	36%	16%	$45,037	40%
Colusa, Glenn, Tehama & Trinity Counties	8,443	27%	13%	$51,244	39%
Contra Costa County (Far Southwest)–Richmond (Southwest) & San Pablo Cities	17,636	39%	15%	$55,895	49%
Contra Costa County (Far Northwest)–Richmond (North), Hercules & El Cerrito Cites	4,625	19%	6%	$80,966	39%
Contra Costa County (Northwest)–Concord (West), Martinez & Pleasant Hill Cities	14,052	28%	9%	$73,823	49%
Contra Costa County–Walnut Creek (West), Lafayette, Orinda Cities & Moraga Town	7,121	12%	4%	$124,936	39%
Contra Costa County (South)–San Ramon City & Danville Town	2,351	9%	4%	$141,057	36%
Contra Costa County (Central)–Concord (South), Walnut Creek (East) & Clayton Cities	3,837	16%	4%	$105,793	35%
Contra Costa County (North Central)–Pittsburg & Concord (North & East) Cities	11,435	39%	15%	$60,352	48%
Contra Costa County (Northeast)–Antioch City	8,312	27%	8%	$76,574	45%
Contra Costa County (East)–Brentwood & Oakley Cities	4,247	22%	5%	$91,687	41%
Del Norte, Lassen, Modoc, Plumas & Siskiyou Counties	10,268	31%	15%	$47,458	40%

Neighborhood Cluster	# of Households below Real Cost Measure, 2011-2013	% below Real Cost Measure, 2011-2013	% Real Cost Households below Official Federal Poverty Level, 2011-2013	Median Household Earnings of Real Cost Households, 2011-2013 (2012 dollars)	% of Households with Housing Burden > 30%, 2011-2013
El Dorado County–El Dorado Hills	10,741	20%	8%	$72,544	42%
Fresno County (West)–Selma, Kerman & Coalinga Cities	28,043	50%	25%	$39,021	47%
Fresno County (North Central)–Fresno City (North)	19,758	26%	11%	$62,518	41%
Fresno County (Central)–Fresno City (East Central)	8,692	53%	32%	$32,141	54%
Fresno County (Central)–Fresno City (Southwest)	13,456	52%	29%	$34,458	52%
Fresno County (Central)–Fresno City (Southeast)	7,846	53%	33%	$35,359	56%
Fresno County (Central)–Clovis City	3,198	16%	6%	$72,544	35%
Fresno County (East)–Sanger, Reedley & Parlier Cities	7,449	36%	17%	$51,244	44%
Humboldt County	11,304	29%	15%	$46,120	45%
Imperial County–El Centro City	15,032	41%	21%	$45,198	42%
Kern County (West)–Delano, Wasco & Shafter Cities	29,805	38%	18%	$51,244	43%
Kern County (Central)–Bakersfield City (West)	7,338	20%	8%	$71,947	38%
Kern County (Central)–Bakersfield City (Northeast)	11,523	47%	26%	$37,279	49%
Kern County (Central)–Bakersfield City (Southeast)	12,957	44%	21%	$42,317	43%
Kern County (East)–Ridgecrest, Arvin, Tehachapi & California City Cities	12,291	26%	13%	$62,468	39%
Kings County–Hanford City	12,288	37%	15%	$50,377	38%
Lake & Mendocino Counties	16,142	37%	16%	$44,634	45%
Los Angeles County (North/ Unincorporated)–Castaic	26,701	32%	12%	$69,118	48%

Neighborhood Cluster	# of Households below Real Cost Measure, 2011-2013	% below Real Cost Measure, 2011-2013	% Real Cost Households below Official Federal Poverty Level, 2011-2013	Median Household Earnings of Real Cost Households, 2011-2013 (2012 dollars)	% of Households with Housing Burden > 30%, 2011-2013
Los Angeles County (Northwest)–Santa Clarita City	7,571	21%	7%	$89,672	43%
Los Angeles County (North Central)–Lancaster City	12,502	45%	16%	$50,424	45%
Los Angeles County (North Central)–Palmdale City	11,189	47%	17%	$56,423	49%
Los Angeles County (North)–LA City (Northwest/ Chatsworth & Porter Ranch)	18,673	27%	9%	$75,566	54%
Los Angeles County (North)–LA City (North Central/ Granada Hills & Sylmar)	12,686	41%	15%	$58,035	56%
Los Angeles County–LA (North Central/ Arleta & Pacoima) & San Fernando Cities	15,959	45%	15%	$56,949	56%
Los Angeles County (North)–LA City (Northeast/Sunland, Sun Valley & Tujunga)	9,304	43%	15%	$51,244	58%
Los Angeles County (Central)–San Gabriel Valley Region (North)	16,335	23%	8%	$84,390	46%
Los Angeles County–Baldwin Park, Azusa, Duarte & Irwindale Cities	19,639	45%	14%	$53,294	50%
Los Angeles County (East Central)–Glendora, Claremont, San Dimas & La Verne Cities	17,177	27%	9%	$75,932	44%
Los Angeles County (East Central)–Pomona City	11,117	51%	18%	$50,579	52%
Los Angeles County (East Central)–Covina & Walnut Cities	6,804	27%	8%	$75,486	45%
Los Angeles County–Diamond Bar, La Habra Heights (East) Cities & Rowland Heights	6,762	24%	7%	$83,272	44%

Neighborhood Cluster	# of Households below Real Cost Measure, 2011-2013	% below Real Cost Measure, 2011-2013	% Real Cost Households below Official Federal Poverty Level, 2011-2013	Median Household Earnings of Real Cost Households, 2011-2013 (2012 dollars)	% of Households with Housing Burden > 30%, 2011-2013
Los Angeles County (East Central)–West Covina City	8,797	37%	9%	$62,468	47%
Los Angeles County (East Central)–La Puente & Industry Cities	5,451	43%	11%	$59,443	45%
Los Angeles County (East Central)–Arcadia, San Gabriel & Temple City Cities	15,442	29%	9%	$71,536	45%
Los Angeles County (Central)–Pasadena City	19,404	33%	12%	$60,937	50%
Los Angeles County (Central)–Glendale City	12,750	35%	12%	$56,369	58%
Los Angeles County (Central)–Burbank City	24,630	28%	10%	$64,670	52%
Los Angeles County (North)–LA City (Northeast/North Hollywood & Valley Village)	16,832	38%	14%	$48,090	57%
Los Angeles County (Northwest)–LA City (North Central/ Van Nuys & North Sherman Oaks)	24,464	38%	15%	$53,785	58%
Los Angeles County (North)–LA City (North Central/ Mission Hills & Panorama City)	11,043	53%	19%	$46,347	59%
Los Angeles County (Northwest)–LA City (Northwest/Encino & Tarzana)	10,087	32%	14%	$64,055	54%
Los Angeles County–LA City (Northwest/ Canoga Park, Winnetka & Woodland Hills)	13,275	27%	9%	$72,767	53%
Los Angeles County–Calabasas, Agoura Hills, Malibu & Westlake Village Cities	3,293	16%	7%	$120,906	48%
Los Angeles County (Central)–LA City (Central/Pacific Palisades)	12,144	17%	6%	$87,533	44%

Neighborhood Cluster	# of Households below Real Cost Measure, 2011-2013	% below Real Cost Measure, 2011-2013	% Real Cost Households below Official Federal Poverty Level, 2011-2013	Median Household Earnings of Real Cost Households, 2011-2013 (2012 dollars)	% of Households with Housing Burden > 30%, 2011-2013
Los Angeles County (Southwest)–Santa Monica City	14,700	21%	9%	$77,620	50%
Los Angeles County (West Central)–LA City (West Central/ Westwood & West Los Angeles)	20,024	28%	13%	$63,277	51%
Los Angeles County (West Central)–LA City (Central/Hancock Park & Mid-Wilshire)	13,369	31%	13%	$60,453	56%
Los Angeles County (Central)–West Hollywood & Beverly Hills Cities	6,618	20%	9%	$71,536	50%
Los Angeles County (Central)–LA City (East Central/ Hollywood)	18,733	42%	19%	$42,020	56%
Los Angeles County (Central)–LA City (Central/Koreatown)	22,027	56%	20%	$32,796	65%
Los Angeles County–LA City (East Central/ Silver Lake, Echo Park & Westlake)	44,954	54%	25%	$36,911	59%
Los Angeles County–LA City (Mount Washington, Highland Park & Glassell Park)	13,336	43%	17%	$49,195	54%
Los Angeles County (Central)–Alhambra & South Pasadena Cities	7,225	30%	11%	$62,518	42%
Los Angeles County (Central)–Monterey Park & Rosemead Cities	19,397	53%	19%	$47,350	52%
Los Angeles County (Central)–El Monte & South El Monte Cities	11,243	62%	22%	$36,896	60%
Los Angeles County (Southeast)–Whittier City & Hacienda Heights	10,535	27%	8%	$74,245	44%
Los Angeles County (Central)–Pico Rivera & Montebello Cities	10,032	39%	11%	$55,754	49%

Neighborhood Cluster	# of Households below Real Cost Measure, 2011-2013	% below Real Cost Measure, 2011-2013	% Real Cost Households below Official Federal Poverty Level, 2011-2013	Median Household Earnings of Real Cost Households, 2011-2013 (2012 dollars)	% of Households with Housing Burden > 30%, 2011-2013
Los Angeles County (Central)–Bell Gardens, Bell, Maywood, Cudahy & Commerce Cities	33,695	68%	24%	$39,294	62%
Los Angeles County (Central)–Huntington Park City, Florence-Graham & Walnut Park	11,919	72%	30%	$32,242	64%
Los Angeles County (Central)–East Los Angeles	10,259	62%	21%	$42,020	52%
Los Angeles County (Central)–LA City (East Central/Central City & Boyle Heights)	17,188	59%	29%	$35,205	63%
Los Angeles County (Central)–LA City (Southeast/East Vernon)	18,379	80%	39%	$28,614	73%
Los Angeles County–LA City (Central/Univ. of Southern California & Exposition Park)	12,219	70%	38%	$26,135	66%
Los Angeles County (Central)–LA City (Central/West Adams & Baldwin Hills)	21,852	50%	18%	$41,098	63%
Los Angeles County–LA (Southwest/Marina del Rey & Westchester) & Culver City Cities	12,871	24%	10%	$75,932	47%
Los Angeles County (Central)–Inglewood City	14,620	48%	19%	$44,070	55%
Los Angeles County (South Central)–LA City (South Central/Westmont)	31,123	67%	30%	$31,567	69%
Los Angeles County (South Central)–LA City (South Central/Watts)	14,166	74%	37%	$31,362	70%
Los Angeles County (South)–South Gate & Lynwood Cities	19,349	61%	20%	$44,070	60%
Los Angeles County (South)–Downey City	9,553	36%	11%	$63,277	49%

Neighborhood Cluster	# of Households below Real Cost Measure, 2011-2013	% below Real Cost Measure, 2011-2013	% Real Cost Households below Official Federal Poverty Level, 2011-2013	Median Household Earnings of Real Cost Households, 2011-2013 (2012 dollars)	% of Households with Housing Burden > 30%, 2011-2013
Los Angeles County (Southeast)–La Mirada & Santa Fe Springs Cities	12,488	33%	9%	$69,521	43%
Los Angeles County (Southeast)–Norwalk City	14,989	36%	10%	$62,011	48%
Los Angeles County (Southeast)–Bellflower & Paramount Cities	8,044	48%	19%	$46,962	53%
Los Angeles County (South Central)–Compton City & West Rancho Dominguez	11,000	59%	24%	$43,045	60%
Los Angeles County (South Central)–Gardena, Lawndale Cities & West Athens	28,913	41%	16%	$52,731	53%
Los Angeles County (South Central)–Hawthorne City	10,527	50%	19%	$45,340	56%
Los Angeles County–Redondo Beach, Manhattan Beach & Hermosa Beach Cities	5,600	11%	3%	$112,738	37%
Los Angeles County (South Central)–Torrance City	4,830	19%	6%	$80,966	42%
Los Angeles County (South Central)–Carson City	6,289	26%	7%	$74,817	42%
Los Angeles County (South Central)–Long Beach City (North)	13,697	40%	15%	$54,840	51%
Los Angeles County (South)–Lakewood, Cerritos, Artesia & Hawaiian Gardens Cities	11,425	26%	7%	$78,814	41%
Los Angeles County (Southeast)–Long Beach City (East)	9,625	17%	6%	$81,627	39%
Los Angeles County (South)–Long Beach City (Southwest & Port)	19,125	53%	25%	$40,075	60%
Los Angeles County (South)–LA City (South/San Pedro)	13,338	43%	16%	$50,377	53%

Neighborhood Cluster	# of Households below Real Cost Measure, 2011-2013	% below Real Cost Measure, 2011-2013	% Real Cost Households below Official Federal Poverty Level, 2011-2013	Median Household Earnings of Real Cost Households, 2011-2013 (2012 dollars)	% of Households with Housing Burden > 30%, 2011-2013
Los Angeles County (Southwest)–Palos Verdes Peninsula	3,621	16%	6%	$95,717	38%
Los Angeles County (Southeast)–Long Beach (Central) & Signal Hill Cities	9,286	45%	23%	$43,325	56%
Madera County–Madera City	12,445	39%	20%	$46,120	43%
Marin County (North & West)–Novato & San Rafael (North) Cities	9,197	26%	4%	$86,091	45%
Marin County (Southeast)–San Rafael (South), Mill Valley & Sausalito Cities	10,220	20%	6%	$100,188	43%
Merced County (West & South)–Los Banos & Livingston Cities	13,617	41%	20%	$44,332	45%
Merced County (Northeast)–Merced & Atwater Cities	7,932	37%	19%	$46,146	44%
Monterey County (North Central)–Seaside, Monterey, Marina & Pacific Grove Cities	17,175	27%	9%	$68,312	46%
Monterey County (Northeast)–Salinas City	15,711	42%	15%	$51,887	51%
Monterey (South & East) & San Benito Counties	6,851	38%	15%	$54,408	46%
Napa County–Napa City	9,526	24%	7%	$72,544	44%
Nevada & Sierra Counties	7,256	22%	8%	$59,956	46%
Orange County (Southwest)–San Clemente, Laguna Niguel & San Juan Capistrano Cities	18,142	21%	6%	$90,679	46%
Orange County (South Central)–Mission Viejo & Rancho Santa Margarita (West) Cities	6,450	15%	4%	$107,838	43%
Orange County (West Central)–Newport Beach, Aliso Viejo & Laguna Hills Cities	17,072	21%	7%	$95,337	42%

Neighborhood Cluster	# of Households below Real Cost Measure, 2011-2013	% below Real Cost Measure, 2011-2013	% Real Cost Households below Official Federal Poverty Level, 2011-2013	Median Household Earnings of Real Cost Households, 2011-2013 (2012 dollars)	% of Households with Housing Burden > 30%, 2011-2013
Orange County (Central)–Irvine City (Central)	14,405	22%	9%	$93,544	42%
Orange County (Northeast)–Lake Forest, Irvine (North) Cities & Silverado	23,485	31%	9%	$79,096	47%
Orange County (North)–Yorba Linda, La Habra & Brea Cities	15,856	24%	8%	$84,791	44%
Orange County (North Central)–Fullerton & Placentia Cities	11,542	34%	10%	$66,700	47%
Orange County (Northwest)–Buena Park, Cypress & Seal Beach Cities	15,438	33%	10%	$73,350	45%
Orange County (North Central)–Anaheim City (West)	23,460	44%	13%	$56,423	54%
Orange County (North Central)–Anaheim City (East)	12,418	39%	13%	$67,506	48%
Orange County (Central)–Orange & Villa Park Cities	6,282	26%	8%	$82,619	43%
Orange County (Northwest)–Westminster, Stanton & Garden Grove (West) Cities	15,858	34%	11%	$67,506	48%
Orange County (Northwest)–Garden Grove City (East)	14,030	44%	14%	$60,453	50%
Orange County (Northwest)–Huntington Beach City	7,825	19%	6%	$84,836	42%
Orange County (Southeast)–Rancho Santa Margarita City (East) & Ladera Ranch	3,067	15%	4%	$120,906	44%
Orange County (Central)–Santa Ana City (West)	10,133	55%	16%	$56,471	52%
Orange County (Central)–Santa Ana City (East)	11,620	58%	18%	$48,735	56%

Neighborhood Cluster	# of Households below Real Cost Measure, 2011-2013	% below Real Cost Measure, 2011-2013	% Real Cost Households below Official Federal Poverty Level, 2011-2013	Median Household Earnings of Real Cost Households, 2011-2013 (2012 dollars)	% of Households with Housing Burden > 30%, 2011-2013
Orange County (Central)–Costa Mesa & Fountain Valley Cities	9,430	25%	7%	$74,817	46%
Placer County (Southwest)–Roseville City	12,589	20%	6%	$77,725	43%
Placer County (Central)–Rocklin, Lincoln Cities & Loomis Town	4,687	20%	6%	$76,171	42%
Placer County (East/High Country Region)–Auburn & Colfax Cities	4,481	20%	6%	$71,742	43%
Riverside County (East)–Indio, Coachella, Blythe & La Quinta (East) Cities	31,059	44%	16%	$46,403	48%
Riverside County (Central)–Cathedral City, Palm Springs & Rancho Mirage Cities	9,326	34%	13%	$47,145	48%
Riverside County (Southwest)–Temecula City	11,746	21%	6%	$76,867	49%
Riverside County (Southwest)–Murrieta & Wildomar Cities	5,601	24%	8%	$69,521	48%
Riverside County (Southwest)–Menifee, Lake Elsinore & Canyon Lake Cities	20,126	32%	11%	$63,879	50%
Riverside County (Southwest)–Hemet City & East Hemet	17,148	37%	15%	$46,347	48%
Riverside County (North Central)–San Jacinto, Beaumont, Banning & Calimesa Cities	8,831	35%	13%	$52,393	41%
Riverside County (Northwest)–Moreno Valley City	16,746	41%	14%	$56,105	50%
Riverside County (West Central)–Perris City, Temescal Valley & Mead Valley	7,716	48%	17%	$50,377	54%
Riverside County (Northwest)–Riverside City (East)	16,360	35%	14%	$59,033	47%

Neighborhood Cluster	# of Households below Real Cost Measure, 2011-2013	% below Real Cost Measure, 2011-2013	% Real Cost Households below Official Federal Poverty Level, 2011-2013	Median Household Earnings of Real Cost Households, 2011-2013 (2012 dollars)	% of Households with Housing Burden > 30%, 2011-2013
Riverside County (Northwest)–Riverside City (West)	10,645	39%	17%	$52,393	49%
Riverside County (West Central)–Corona City (South), Woodcrest & Home Gardens	6,368	21%	7%	$88,731	43%
Riverside County (West Central)–Corona (Northwest) & Norco Cities	7,431	31%	10%	$69,471	50%
Riverside County (Northwest)–Jurupa Valley & Eastvale Cities	6,076	29%	10%	$76,574	47%
Riverside County–Palm Desert, La Quinta (West) & Desert Hot Springs Cities	11,060	35%	15%	$51,347	45%
Sacramento County (North Central)–Citrus Heights City	8,778	28%	10%	$52,731	44%
Sacramento County (Central)–Rancho Cordova City	17,198	24%	10%	$63,476	43%
Sacramento County (North Central)–Arden-Arcade, Carmichael & Fair Oaks (West)	9,240	26%	12%	$63,133	42%
Sacramento County (North Central)–North Highlands, Foothill Farms & McClellan Park	14,639	39%	17%	$44,685	50%
Sacramento County (Northwest)–Sacramento City (Northwest/Natomas)	11,518	27%	13%	$59,341	46%
Sacramento County (North)–Sacramento City (North), Antelope & Rio Linda	7,058	37%	16%	$51,859	46%
Sacramento County (West)–Sacramento City (Central/ Downtown & Midtown)	13,745	30%	15%	$53,400	43%
Sacramento County–Sacramento City (Southeast/Fruitridge, Avondale & Depot Park)	15,553	43%	21%	$44,937	50%

Neighborhood Cluster	# of Households below Real Cost Measure, 2011-2013	% below Real Cost Measure, 2011-2013	% Real Cost Households below Official Federal Poverty Level, 2011-2013	Median Household Earnings of Real Cost Households, 2011-2013 (2012 dollars)	% of Households with Housing Burden > 30%, 2011-2013
Sacramento County–Sacramento City (Southwest/Pocket, Meadowview & North Laguna)	7,209	32%	13%	$53,294	44%
Sacramento County (Central)–Elk Grove City	5,339	19%	7%	$81,991	39%
Sacramento County (South)–Galt, Isleton Cities & Delta Region	5,449	30%	10%	$69,692	44%
Sacramento County (Northeast)–Folsom City, Orangevale & Fair Oaks (East)	3,528	16%	4%	$90,679	36%
San Bernardino County (Northeast)–Twentynine Palms & Barstow Cities	16,278	40%	15%	$46,120	37%
San Bernardino County (West Central)–Victorville & Adelanto Cities	15,863	48%	23%	$48,170	50%
San Bernardino County (West Central)–Hesperia City & Apple Valley Town	10,941	41%	19%	$45,340	46%
San Bernardino County (Southwest)–Phelan, Lake Arrowhead & Big Bear City	20,424	32%	13%	$58,004	49%
San Bernardino County (Southwest)–Redlands & Yucaipa Cities	12,138	27%	12%	$65,491	41%
San Bernardino County (Southwest)–Colton, Loma Linda & Grand Terrace Cities	14,671	44%	18%	$48,829	50%
San Bernardino County (Southwest)–San Bernardino City (East)	6,777	46%	22%	$40,995	47%
San Bernardino County (Southwest)–San Bernardino City (West)	12,585	57%	28%	$37,101	53%
San Bernardino County (Southwest)–Rialto City	6,091	42%	13%	$53,400	47%

Neighborhood Cluster	# of Households below Real Cost Measure, 2011-2013	% below Real Cost Measure, 2011-2013	% Real Cost Households below Official Federal Poverty Level, 2011-2013	Median Household Earnings of Real Cost Households, 2011-2013 (2012 dollars)	% of Households with Housing Burden > 30%, 2011-2013
San Bernardino County (Southwest)–Fontana City (East)	7,161	50%	19%	$46,120	52%
San Bernardino County (Southwest)–Rancho Cucamonga City	8,384	21%	6%	$77,581	43%
San Bernardino County (Southwest)–Upland & Montclair Cities	14,979	29%	12%	$61,168	52%
San Bernardino County (Southwest)–Ontario City	9,903	37%	15%	$55,415	51%
San Bernardino County (Southwest)–Chino & Chino Hills Cities	4,828	19%	7%	$81,089	44%
San Bernardino County (Southwest)–Fontana City (West)	4,212	26%	5%	$73,888	44%
San Diego County (Northwest)–Oceanside City & Camp Pendleton	26,505	36%	13%	$54,319	53%
San Diego County (North & East)–Fallbrook, Alpine & Valley Center	17,462	34%	13%	$62,644	48%
San Diego County (Northwest)–Vista City	8,246	43%	15%	$45,607	54%
San Diego County (Northwest)–Carlsbad City	11,891	24%	11%	$82,619	43%
San Diego County (Northwest)–San Marcos & Escondido (West) Cities	8,024	35%	15%	$54,831	53%
San Diego County (Northwest)–Escondido City (East)	9,686	44%	15%	$55,415	51%
San Diego County (Central)–Lakeside, Winter Gardens & Ramona	5,677	29%	8%	$69,319	42%
San Diego County (Central)–San Diego (Northeast/Rancho Bernardo) & Poway Cities	6,301	14%	3%	$107,808	38%

Neighborhood Cluster	# of Households below Real Cost Measure, 2011-2013	% below Real Cost Measure, 2011-2013	% Real Cost Households below Official Federal Poverty Level, 2011-2013	Median Household Earnings of Real Cost Households, 2011-2013 (2012 dollars)	% of Households with Housing Burden > 30%, 2011-2013
San Diego County (West)–San Diego (Northwest/San Dieguito) & Encinitas Cities	7,713	15%	5%	$99,445	42%
San Diego County (West)–San Diego City (Southwest/ Central Coastal)	24,893	26%	10%	$68,513	47%
San Diego County (West Central)–San Diego City (Northwest/Del Mar Mesa)	2,547	11%	6%	$130,981	35%
San Diego County (Central)–San Diego City (Central/Mira Mesa & University Heights)	5,540	25%	10%	$75,329	44%
San Diego County (Central)–El Cajon & Santee Cities	17,669	32%	12%	$57,430	49%
San Diego County (Central)–San Diego (East Central/Navajo) & La Mesa Cities	20,658	28%	10%	$65,080	45%
San Diego County (West Central)–San Diego City (Central/ Clairemont & Kearny Mesa)	8,951	26%	11%	$65,491	47%
San Diego County (South Central)–San Diego City (Central/ Centre City & Balboa Park)	13,416	31%	12%	$54,408	49%
San Diego County (South Central)–San Diego City (Central/ Mid-City)	13,080	42%	17%	$45,642	54%
San Diego County (South)–San Diego City (Southeast/ Encanto & Skyline)	18,787	49%	18%	$47,985	53%
San Diego County (South Central)–Lemon Grove City, La Presa & Spring Valley	9,148	29%	10%	$70,796	48%
San Diego County (Southwest)–Sweetwater Region–Chula Vista City (East)	11,919	26%	8%	$81,733	51%

Neighborhood Cluster	# of Households below Real Cost Measure, 2011-2013	% below Real Cost Measure, 2011-2013	% Real Cost Households below Official Federal Poverty Level, 2011-2013	Median Household Earnings of Real Cost Households, 2011-2013 (2012 dollars)	% of Households with Housing Burden > 30%, 2011-2013
San Diego County (Southwest)–Chula Vista (West) & National City Cities	14,240	52%	20%	$41,410	51%
San Diego County (South)–San Diego City (South/Otay Mesa & South Bay)	8,432	43%	15%	$55,415	50%
San Francisco County (North & West)–Richmond District	13,230	26%	9%	$82,619	41%
San Francisco County (North & East)–North Beach & Chinatown	11,720	22%	9%	$95,390	38%
San Francisco County (Central)–South of Market & Potrero	15,953	33%	12%	$66,618	52%
San Francisco County (Central)–Inner Mission & Castro	8,032	18%	6%	$106,516	38%
San Francisco County (Central)–Sunset District (North)	7,371	21%	7%	$90,781	40%
San Francisco County (South Central)–Sunset District (South)	9,087	28%	6%	$89,642	43%
San Francisco County (South Central)–Bayview & Hunters Point	11,593	48%	15%	$58,004	50%
San Joaquin County (Central)–Stockton City (North)	18,539	32%	14%	$53,574	43%
San Joaquin County (Central)–Stockton City (South)	15,479	48%	23%	$40,906	51%
San Joaquin County (South)–Tracy, Manteca & Lathrop Cities	12,275	24%	7%	$67,848	46%
San Joaquin County (North)–Lodi, Ripon & Escalon Cities	9,088	32%	14%	$51,757	42%
San Luis Obispo County (West)–Coastal Region	18,651	31%	12%	$57,424	47%
San Luis Obispo County (East)–Inland Region	4,770	23%	10%	$68,513	42%

Neighborhood Cluster	# of Households below Real Cost Measure, 2011-2013	% below Real Cost Measure, 2011-2013	% Real Cost Households below Official Federal Poverty Level, 2011-2013	Median Household Earnings of Real Cost Households, 2011-2013 (2012 dollars)	% of Households with Housing Burden > 30%, 2011-2013
San Mateo County (North Central)–Daly City, Pacifica Cities & Colma Town	13,475	28%	6%	$78,186	45%
San Mateo County (North Central)–South San Francisco, San Bruno & Brisbane Cities	5,926	26%	6%	$81,991	45%
San Mateo County (Central)–San Mateo (North), Burlingame & Millbrae Cities	9,805	20%	6%	$91,962	43%
San Mateo County (South & West)–San Mateo (South) & Half Moon Bay Cities	7,191	18%	4%	$105,461	40%
San Mateo County (East Central)–Redwood City, San Carlos & Belmont Cities	5,422	19%	4%	$91,215	41%
San Mateo County (Southeast)–Menlo Park, East Palo Alto Cities & Atherton Town	8,193	26%	7%	$103,719	43%
Santa Barbara County (Northwest)–Santa Maria City & Orcutt	14,536	39%	12%	$57,496	45%
Santa Barbara County (North)–Lompoc, Guadalupe, Solvang & Buellton Cities	11,207	31%	9%	$66,498	49%
Santa Barbara County–South Coast Region	13,287	27%	9%	$72,255	49%
Santa Clara County (Northwest)–Mountain View, Palo Alto & Los Altos Cities	11,644	17%	6%	$119,707	36%
Santa Clara County (Northwest)–Sunnyvale & San Jose (North) Cities	11,372	18%	5%	$103,514	33%
Santa Clara County (Northwest)–San Jose (Northwest) & Santa Clara Cities	9,444	22%	8%	$95,717	39%
Santa Clara County (North Central)–Milpitas & San Jose (Northeast) Cities	7,562	23%	6%	$100,755	38%

Neighborhood Cluster	# of Households below Real Cost Measure, 2011-2013	% below Real Cost Measure, 2011-2013	% Real Cost Households below Official Federal Poverty Level, 2011-2013	Median Household Earnings of Real Cost Households, 2011-2013 (2012 dollars)	% of Households with Housing Burden > 30%, 2011-2013
Santa Clara County (North Central)–San Jose City (East Central) & Alum Rock	7,223	30%	9%	$87,533	45%
Santa Clara County (East)–Gilroy, Morgan Hill & San Jose (South) Cities	8,097	27%	10%	$89,575	46%
Santa Clara County (Southwest)–Cupertino, Saratoga Cities & Los Gatos Town	6,466	12%	4%	$139,736	33%
Santa Clara County (Central)–San Jose (West Central) & Campbell Cities	11,655	26%	7%	$84,433	41%
Santa Clara County (Central)–San Jose City (Northwest)	13,893	35%	14%	$62,826	49%
Santa Clara County (Central)–San Jose City (Central)	9,164	29%	11%	$79,019	44%
Santa Clara County (Central)–San Jose City (South Central/Branham) & Cambrian Park	5,371	18%	3%	$102,298	39%
Santa Clara County (Central)–San Jose City (Southwest/ Almaden Valley)	3,026	15%	4%	$122,986	37%
Santa Clara County (Central)–San Jose City (Southeast/ Evergreen)	6,612	25%	10%	$105,461	44%
Santa Clara County (Central)–San Jose City (East Central/ East Valley)	10,471	51%	13%	$58,004	54%
Santa Cruz County (North)–Watsonville & Scotts Valley Cities	15,221	30%	9%	$73,296	47%
Santa Cruz County (South & Coastal)–Santa Cruz City	7,474	28%	11%	$70,717	49%
Shasta County–Redding City	14,732	30%	13%	$49,883	42%
Solano County (Southwest)–Vallejo & Benicia Cities	12,871	31%	12%	$62,170	47%
Solano County (Central)–Fairfield & Suisun City Cities	9,441	26%	10%	$70,931	46%

Neighborhood Cluster	# of Households below Real Cost Measure, 2011-2013	% below Real Cost Measure, 2011-2013	% Real Cost Households below Official Federal Poverty Level, 2011-2013	Median Household Earnings of Real Cost Households, 2011-2013 (2012 dollars)	% of Households with Housing Burden > 30%, 2011-2013
Solano County (Northeast)–Vacaville & Dixon Cities	8,091	22%	8%	$73,148	43%
Sonoma County (North)–Windsor Town, Healdsburg & Sonoma Cities	13,692	24%	9%	$68,312	45%
Sonoma County (South)–Petaluma, Rohnert Park & Cotati Cities	7,988	22%	7%	$72,768	43%
Sonoma County (Central)–Santa Rosa City	15,064	27%	7%	$63,277	47%
Stanislaus County (Southwest)–Ceres, Patterson & Newman Cities	22,717	39%	17%	$50,377	49%
Stanislaus County (Central)–Modesto City (West)	7,559	40%	19%	$44,836	46%
Stanislaus County (Northeast)–Turlock, Riverbank, Oakdale & Waterford Cities	9,761	31%	15%	$55,617	43%
Stanislaus County (Central)–Modesto City (East)	6,322	33%	13%	$56,369	44%
Sutter & Yuba Counties–Yuba City	13,778	32%	13%	$52,309	43%
Tulare County (Northwest)–Visalia City	10,729	30%	16%	$52,474	45%
Tulare County (West Central)–Tulare & Porterville Cities	22,248	48%	24%	$40,497	44%
Tulare County (Outside Visalia, Tulare & Porterville Cities)	12,035	54%	29%	$34,559	46%
Ventura County (Southeast)–Simi Valley City	8,127	18%	4%	$94,915	42%
Ventura County (Southeast)–Thousand Oaks City	6,104	14%	6%	$106,599	43%
Ventura County (Southwest)–Oxnard & Port Hueneme Cities	15,635	39%	12%	$63,173	52%

Neighborhood Cluster	# of Households below Real Cost Measure, 2011-2013	% below Real Cost Measure, 2011-2013	% Real Cost Households below Official Federal Poverty Level, 2011-2013	Median Household Earnings of Real Cost Households, 2011-2013 (2012 dollars)	% of Households with Housing Burden > 30%, 2011-2013
Ventura County (Southwest)–San Buenaventura (Ventura) City	8,980	25%	7%	$70,659	47%
Ventura County (North)–Santa Paula, Fillmore & Ojai Cities	6,897	35%	13%	$70,528	44%
Ventura County (South Central)–Camarillo & Moorpark Cities	4,051	18%	4%	$96,852	40%
Yolo County–Davis, Woodland & West Sacramento Cities	17,578	30%	12%	$56,826	44%

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APPENDIX D: METHODOLOGY

The Real Cost Measure is designed to measure the income that a household needs to meet only its basic needs in a given community. These needs are only the barest "essentials"—food, housing, health care, transportation—and do not include long-term concerns like making major purchases, saving for college, or preparing for retirement. Many items that most people consider necessities, like Internet access, are not used to calculate these standards (beyond a small allowance made for miscellaneous expenses).

Assessment of whether people can meet this Measure is based on their self-reported income, which includes earned income as well as public assistance programs like CalFresh. The Earned Income Tax Credit, which is discussed later in the document, is not included, nor is any private assistance (such as a gift from a relative).

Struggling to Get By is a successor to a prior report, *Overlooked and Undercounted 2009*, which was led by United Way of the Bay Area and supported by United Ways of California several California United Ways. While this report uses the Real Cost Measure, *Overlooked and Undercounted 2009* applied the Self-Sufficiency Standard, with data analysis by Dr. Diana Pearce from the Center for Women's Welfare at the University of Washington, who founded that standard. Both models apply a basic needs budget approach, share many similarities and yield comparable results. The Real Cost Measure, however, focuses on a more constrained set of budget choices than the Self-Sufficiency Standard. We chose to build on the Real Cost model in this report for several reasons, including a focus on a streamlined set of households and greater ease in producing re-producing the report regularly over the next several years.

Self Sufficiency Studies Supported by United Ways of California			
Study	**Date Released**	**Primary Data Source**	**% of Population Struggling to Get By**
Overlooked and Undercounted 2009: Struggling to Make Ends Meet in California	December 2009	2007 American Community Survey Population Estimates (does not include seniors)	31%
Struggling to Get By 2015: The Real Cost Measure in California	July 2015	2011-2013 American Community Survey Population Estimates	31%

N.B. Given methodological differences (i.e. adoption of different American Community Survey population estimates, disaggregation of households and adoption of public use microdata areas and the Elder Index in Struggling to Get By), the table above is not intended to serve as an "apples to apples" comparison of those struggling to make ends meet.[1] *The purpose of the table is to merely illustrate income inadequacy reports supported by United Ways of California.*

Real Cost Focuses on Households

Struggling to Get By focuses on households, not individuals, with personal data based on the "head of household" according to the tax returns filed with the Internal Revenue Service. This means that the finding that 34% of are below the Real Cost Measure does not mean that 34% of all Californians are below the Real Cost Measure, but rather that 34% of households are below the Measure. Similarly, a finding that 25% of whites are below the measure would not refer to all whites, but rather the heads of households themselves. One implication of this is that if a household consists of two adults of different ethnicities, educational levels, or ages (for example), only the characteristic of the head of household would be measured. One should therefore not use these numbers as a perfect proxy for all California residents.

Real Cost Approach

Be Simple and Be Comprehensive

One goal of the methodology was to create a simple approach that would encompass the most variations in family household, allowing for sensitivity to the high costs of the youngest children which decrease as they become school age and experience less care.

Geography

The report is based on county-specific data regarding expenses—food, housing, etc.—which is then used to build budgets based on household type for residents of those counties. Using this county-specific data

enables substantially more accuracy than would an approach reliant on statewide averages, especially given California's diversity of regional economies. When county-specific information is unavailable, information from larger geographical areas (a grouping of counties corresponding to census delineations) is used and then adjusted using cost-of-living information for the county in question.

Family Composition

The Real Cost Measure household compositions reflect a wide variety by utilizing the total number of persons in a household, the total adults and total children. The following represents the household compositions used, and continues up to a total of 12 members in a household:

Number in Household	1 Person	2 Persons	3 Persons	4 Persons... and so on
Composition	1 Adult	2 Adults	3 Adults	4 Adults
		1 Adult, 1 Child	2 Adults, 1 Child	3 Adults, 1 Child
			1 Adult	2 Adults, 2 Children
				1 Adult, 1 Child

The budgets are based on the numbers of adults and children in each household, and in the following section we explain how adjustments made for the age of the children present. *Struggling to Get By* uses individual budgets for households of all configurations (combinations of adults and children) up to twelve individuals—1088 in all.

Leverage the Best Data Available

Like the Real Cost Measure developed by United Way of Northern New Jersey and Rutgers University, we focus on standardized data from scholarly or credible sources, which are updated regularly, are geographic and age-specific as appropriate, and have the potential to be leveraged by additional states.

Elder Index

Because seniors have different budgetary needs and income patterns (for example, they are more likely to have savings but less likely to have earned income than working-age adults), this report uses a somewhat different measure than Real Cost Measure for assessing the economic well-being of senior-led households. Researchers at the UCLA Center for Health Policy Research and the Insight Center for Community Economic Development have refined a national tool, the Elder Economic Security Standard Index (or Elder Index), for use in California.

As with Real Cost, the Elder Index constructs budgets for different categories of people (in this case single or couple, renter or homeowner) to determine the amount of annual income needed to meet a standard for economic security. *Struggling to Get By* uses the Elder Index standards for 2011 developed for each county, available at http://bit.ly/NDIlg7.

As with the Real Cost Measure, this research is based on Census Bureau American Community Survey Public Use Microsystems Data (PUMAs). While the Census Bureau has individual information on most California counties, some did not meet the 100,000-person measure for data reporting and were combined with other counties to form a PUMA. In those cases, the information is aggregated to develop the county-specific budgets.

UCLA's Elder Index documents include separate budgets for the city of Los Angeles and for the rest of Los Angeles County. In this report, we have used a weighted average of those two budgets to create a single budget for Los Angeles County.

We have adjusted the Elder Index budgets to from 2011 to 2012 by applying a modifier for the Consumer Price Index increase of 1.025.

Real Cost Budgets: Methodology, Assumptions and Sources

A primary objective of *Struggling to Get By* is to be consistent, accurate and precise. One corollary of this is to avoid "false precision." The construction of the household budgets require scores of methodological choices. While attempting to be as accurate as possible, the authors recognize that there are places where the data does not support precise estimates of costs. The authors have striven in this report not to make unwarranted assumptions in the name of divining perfect budgetary estimates.

General Notes

We created Real Cost Budgets to reflect annual basic needs for households at the county level. Using a variety of institutional and validated data sources, such as Fair Market Rents by the U.S. Department of Urban Development and Consumer Expenditure Survey data by the Bureau of Labor Statistics, the Real Cost Budget calculations include the most basic budget components on which a household could meet living expenses. As the base year for the demographic analysis is 2012, all costs are based on 2012 values or adjusted accordingly.

The report uses 1088 base budgets, which are determined by the number of adults and the number of children (17 and under) in the household. All adults in one- and two-adult households are assumed to work full-time, which affects calculation of transportation and health costs. If more than two adults are in the household, the additional adults are assumed not to be working and not incur worker-related expenses, but incur other expenses like food.

Assumptions about Households

The unit of analysis for Real Cost Measure and Elder Index is a household. A household is not presumed to be a family, but are presumed to be expense sharing. Familial relationships are not considered in applying a budget, only the age of the individual in the house for considering if that individual should be considered as an adult (18+) or a child (17 and under).

The number of working adults has effects in many portions of the budget, beyond the amount of income household members are earning and the taxes (and credit) to which that household is subject. The level of several expenses (such as transportation and child care) are affected by whether (and how many) adults need to commute to work and whether the household has adults available to provide child care.

The Child Care Net Approach

A base budget for each county and household configuration. After budgets are matched to the household record in the PUMS file, and households with children are identified, the program calculates adjustments inclusive of tax based on the ages of children in the household.

The age of the children in the family has several effects on the Real Cost Budget. Younger children, particularly infants, have higher child care costs than older children. Teenagers, by contrast, are assumed not to require costs for child care. Additionally, food costs increase as children get older. Finally, the number and age of the child(ren) have tax implications. All of these factors are combined into a chilcare net cost that adds child care expenses, deducts the difference in food costs, and calculates the additional tax and tax credits per child by age of child. These “child care net” costs are then added to the base budget.

One key assumption that this report makes is that taxes on these net child care costs are calculated at the highest bracket in which the base budget is calculated. For example, if the Real Cost Budget for a married couple in Marin county with three teenagers is $65,973, that family would be in the federal income tax 15% bracket (the first $17,400 of income is taxed at 10%, and everything above it is taxed at 15%).

If the family had two toddlers and one school-age child, however, the budget inclusive of net child care costs would now push the Real Cost Budget to $95.709, and into the federal income tax 25% tax bracket, which begins for all income over $70,700. In that case, $25,009 of the income should be taxed at the 25% rate. The difference in total federal tax owed is nominal percentage of the total budget.

In order to greatly simplify the calculation of taxes on these budgets, however, we have decided to use the highest bracket to which the base bracket belonged to calculate taxes—in the above example, the 15% bracket. In this case, this means that our calculation for the budget would understate taxes by roughly $2,500 or 2.6% of the total budget..

We have made that decision because we project that only in fewer than 3% of households is adding the child care net cost likely to cause that budget to reach a higher tax rate and that, even then, the portion of the budget that would be taxed at the higher rate is not large enough to have a more than a negligible impact on most affected budgets.

This decision, then, will result in a handful of cases in which the additional, uncalculated, tax burden will mean that households that we calculate surpassed the Real Cost Measure would in fact be just below it.

Cost Component of Real Cost Measure Budgets

The housing budget is based on Housing and Urban Development's Fair Market Rent for 2012, which is provided at a county level. The Fair Mark Rent is the 40th percentile of gross rents. The rent includes the sum of the rent paid to the owner plus any utility costs incurred by the tenant. Utilities include electricity, gas, water/ sewer, and trash removal services, but not telephone service. If the owner pays for all utilities, then the gross rent equals the rent paid to the owner.

The assignment of number of bedrooms is based on the following assumptions:

- a single adult will live in an efficiency unit (adults and children)
- a bedroom may have one or two adults
- a bedroom may have one or two children

Child Care

The child care budget is based on the average annual cost of care for a child in Registered Family Child Care Homes (the least expensive child care option). Data are compiled by local child care resource and referral agencies and reported to Child Care Aware (formerly the National Association of Child Care Resource and Referral Agencies, or NACCRRA). Data is available at a county level.

The cost basis for care is determined as follows:

- Full-time, year-round rates are used for infants and toddlers
- Nine months of part-time care (during the school year) and three months of full-time care (summer vacation and other holidays) are assumed for school-age children
- No child care costs are assumed for teenagers

Ages of children are considered as follows:

- Infant: up to 1 year
- Toddler: ages 2-5
- School Age: 6-12
- Teenager 13-17

As discussed in the section above, child care costs are calculated as an additional net cost and added during the demographic analysis phase of this project. Base budgets for household types use the least-cost approach, which is assuming the child is a teenager and has no child care costs. The California Child Care Center Maximum Reimbursement Rate can be accessed at http://bit.ly/1kMksxa for effective rates 2005-2014.

Food

The Real Cost Budget uses the least expensive of the four plans designed by the United States Department of Agriculture (USDA) to ensure that people can acquire a sufficiently nutritious diet. The Thrifty food plan used here is also the basis for the CalFresh program, and is less expensive than the Low-Cost, Moderate-Cost, or Liberal food plans also detailed by the USDA. The goal of the Thrifty food plan is survivability on a very low cost, and while it includes both fresh and processed foods and meets most dietary guidelines, the guidelines fails on potassium and Vitamin E for some age groups.

The budget uses June 2012 data, and varies by age of child and gender of adults. Given that the Thrifty food plan is already the barest minimum costs to meet a dietary standard, and that using an average would in effect disadvantage male-led households, male children and older children, we decided to use the maximum potential cost for each cost grouping.

The budget calculator tool assumes all children are male aged 14-18, and all adults are male aged 19-50. Adjustments based on actual age of children are done during the child care net calculation. The costs used are as indicated in the table below. As the USDA Food Plans are national figures, *Struggling to Get By* utilizes the Grocery Index from the Cost of Living Index published by the Council for Community and Economic Research to adjust figures to a county level.

Age and Gender Group	Unadjusted Monthly	Unadjusted Manual
Adult 16-24		
Male 19-50*	$181.10	$2,173.20
Female 19-50	$161.10	$1933.20
Male 51-70	$165.70	$1988.40
Female 51-70	$159.00	$1,908.00
Average Adult Cost	$171.10	$2,053.20
Teenager 14-18		
Male 14-18*	$168.50	$2,022.00
Female 14-18	$161.40	$1,936.80
Average Teenage Cost	$164.95	$1,979.40
School Age 6-13		
6-8 years*	$133.90	$1,606.80
9-11 years	$151.80	$1,821.60
12-13 Male	$163.90	$1,966.80
12-13 Female	$163.60	$1,963.20
Average School Age Cost	$153.30	$1,849.60
Toddler 2-5		
2-3 years	$100.90	$1,210.80
4-5 years*	$104.80	$1,257.60
Average Toddler Cost	$102.85	$1,234.20
Infant – 1 year		
Infant—1 year*	$92.20	$1,106.40

*Values used in this report.

Transportation

The transportation budget is calculated using average annual expenditures for transportation by car and by public transportation from the Bureau of Labor Statistics' 2011-2012 Consumer Expenditure Survey (CES) National estimates. Private transportation expenses include gas and other vehicle maintenance expenses, but not lease/car loan payments, or major repairs.

The total annual costs of transportation, less outlays and public transportation, is $5,246; divided by the average earners in the household of 1.3 gives an average per-earner transportation cost of $4,035. The California Real Cost Measure report uses this national transportation estimate and adjusts it using the Transportation Index from the Cost of Living Index published by the Council for Community and Economic Research to adjust figures to a county level.

The original Real Cost Measure model assumes the use of public transportation in Bay Area counties where more than 8% of the population uses public transit, which is a proxy for the idea that the population density and public transportation infrastructure are sufficient to enable significant numbers of low- and moderate-income workers to commute by public transit.44 Based on two key points, the California Real Cost Measure report uses private transportation costs for all Californians.

- The difference based on presumed transit patterns shows a negligible difference between the CES private transportation cost estimate and the probable commute cost from a given county. In using public transit estimates, Real Cost Measure (as well as Self Sufficiency Standard) presume a one-county or one-transit system fare. Based on analysis of census data done by the Association of Bay Area Governments, roughly half of Bay Area workers commute across county lines. Utilizing the 511.org Trip Planner, and adjusting for monthly pass purchases, we concluded that the public transportation costs are higher than other reports assume—and approach the costs of private transportation.

County	Public Transportation (CES Expenditures adjusted by COLI)	Public Transit (within county)	Public transit (expanded)
Alameda	$381	AC Transit Monthly ($75)	AC Transit + BART ($151-$277), over $351 if using 3 modes, or paying for parking
Contra Costa	$383	County Connection (CC) Monthly	CC + BART ($226-$296), over $366 if using 3 modes, or paying for parking
San Francisco	$403	MUNI Metro Monthly	MUNI + BART ($220-$320), over $390 if using 3 modes, or paying for parking

- The Brookings Institute released a study in 2014 that demonstrated that low income individuals are most likely to commute in private car.[3] While the report does not indicate that the individual necessarily owns the car, it specifically addresses the Bay Area and the high likelihood that a low-income Bay Area individual with income inadequacy will take private transportation to work.

Health Care

Health care costs were derived using national 2012 Consumer Expenditure Survey. We divided the household cost established by the CES by average household size and used that to approximate a per-person cost for heath care. We then adjusted this per-person cost by the Health Index of the Cost of Living Index published by the Council for Community and Economic Research and tailored them to the county level. All individuals in a county, regardless of age under 65, were assigned the same cost of health care.

The following expenditures were used to derive overall health care costs:

- **Health insurance**—includes traditional fee-for-service health plans, preferred-provider health plans, health maintenance organizations (HMO's), commercial Medicare supplements, and other health insurance
- **Medical services**—includes hospital room and services, physicians' services, service by a professional other than a physician, eye and dental care, lab tests and X-rays, medical care in a retirement community, care in convalescent or nursing home, and other medical care services

- **Drugs**—includes vitamins, nonprescription drugs, and prescription drugs
- **Medical supplies**—includes topicals and dressings, antiseptics, bandages, cotton, first aid kits, contraceptives, syringes, ice bags, thermometers, sun lamps, vaporizers, heating pads, medical appliances (such as braces, canes, crutches, walkers, eyeglasses, and hearing aids), and rental and repair of medical equipment

Miscellaneous

To allow for additional expenses not defined in the narrow categories above, the budget includes 10% of the subtotal of all other budget items. In *Struggling to Get By*, this amount is added before tax burden is calculated.

Taxes

Taxes are calculated per Internal Revenue Service and California State tax regulations. Single adults are calculated according to individual filers, and all multiple-adult households (regardless of family status) are calculated as joint filers. Although the inclusion of non-married households results in some non-family/non- dependent filers being treated as joint filers, we anticipate the impact to the overall prevalence of households struggling is minimal.

Included in the tax calculation are, as appropriate, Child Care and Child Tax Credits. However, Earned Income Tax Credit (EITC) is not included. As the aim of *Struggling to Get By* is to present a budget measure at which a household would not qualify for public aid, very few Real Cost Measure household budgets would “qualify” for EITC. Rather than ignore the impact of EITC, we attempted to estimate the monetary impact EITC is likely to have (assuming that EITC is not included in income reported to the ACS).

The income of a household is presumed to exclude EITC, an assumption that is consistent with IRS and PPIC analysis of data. For analysis of impact of EITC, it is done using the adjusted household income figures and calculated according to IRS rules.

Cost of Living Adjustments

Struggling to Get By utilizes three national-level figures, and adjusts those to a county level by using the 2013 Cost of Living Index (COLI) from the Community Council for Economic Research (C2ER). The county level file was produced for United Ways of California in March of 2015. Erol Yidrim, Senior Vice President at C2ER, advised United Ways of California to use the 2013 index values for the 2012 analysis, and that no adjustment was needed to cross over the years. An index was not produced for 2012.

The COLI has specific and different indexes for several areas, and this report specifically uses the Grocery, Transportation and Healthcare Index values.

Demographic Analysis

Opportunities and Challenges of the Three Year File

By using the three year file, the report and online tools created to support the report are more robust samples than a one-year file by pooling multiple years of data. While this allows for more confidence in creating a disaggregated view in smaller geographic areas like PUMA, it also creates a few methodological challenges.

The time of 2011-2013 is a period of economic recovery, and all dollars are normalized to 2012 and adjusted using census provided factors. Most budget elements relate to only one year of that period, and are adjusted using Consumer Price Index as needed. The factors do not perfectly align.

Excluded Household Types

This report excludes all group quarters, as well as households led by an individual with a disability. The research team made the following assumptions in conducting the analysis.

- The data analysis assumes that all members of household (ACS sample unit) share expenses
- A “family” budget is actually a household budget, and any adults living in the household are assumed to contribute to shared household expenses; all children are assumed dependent on the adults
- All income in the household is considered when determining if a household is above or below the Measure, including income from children under 18
- For the purposes of tax calculations, households are treated as a single tax entity: 4.5% of households in this analysis have sub-families, though that rate is slightly higher for households below the Real Cost Measure at 7% (and 12-13% for households led by a single man or woman)
- Based on the building budgets and matching households to budgets, the demographic analysis captures 93% of non-group quarters and non-disabled households

Households	Total Households	% of CA Households	% of Capture
Majority of Households* head of household is a non-senior, not disabled; household is not in group quarters	9,092,898	67.9%	Nearly 100% (<6,000 households excluded)
Head of Household is Senior*	2,634,958	19.7%	68%
Head of Household is Person with a Disability	851,069	6.4%	0%
Household in Group Quarters	812,650	6.1%	0%
Head of Household is Under 18	2,946	0%	0%
Total	**13,394,521**	**100%**	**93% of intended, 82% overall**

* Household types analyzed in this report.

Geographic Specificity

The lowest unit of analysis for the Public Use Micro Sample data (PUMS) is the neighborhood cluster or Public Use Micro Area (PUMA). The rules for a PUMA boundary require a minimum population of 100,000. In dense urban areas like San Francisco and parts Los Angeles, this allows for sub-county analysis. However in more dispersed or rural counties, such as the Northern counties or the Sierras, a PUMA may include several counties.

Of California's 58 counties, 31 have one or many PUMAs within the county boundaries and can be treated as geographically distinct. Twenty-four counties are aggregated within 7 different PUMAs, and weighted average budgets are used to analyze those populations. Budgets are weighted based on population size.

PUMA to County Conversion

Note: The ACS data employed two sets of PUMA boundaries, based on the 2000 census and the 2010 census. Because of this, we used a file crafted by the University of Missouri to approximately equate the 2000 and 2010 PUMAs. Each PUMS record has either a 2000 or 2010 PUMA.[4]

Occupation Code Conversion

Like PUMA, the Standard Occupation Codes (SOC) changed during the ACS file period. The changes were nominal, and hand-matched by researchers to either a category that matched or to an overarching category within the more recent SOC file. Researchers conducted analysis to determine if various SOC were above or below median growth (or shrinking). SOC were also used to analyze most common industries.

Most demographic analysis that considers race uses the race/ethnicity of the head of household. This does not assume that the entire household is the same race/ethnicity as the head of household. The wording throughout the document is careful to refer to "households led by…" In roughly 10% of households with more than one person, the race/ethnicity of the head of household is different than the 2nd person of the household. That figure is only 8% for household where the head of household is white and the 2nd person is non-white.

Additional Variables Created

The researchers created numerous variables that can be provided in a data dictionary to assist with analyzing the data.

Households Led by People with Disabilities

United Ways of California thought deeply about inclusion of persons with a disability in the state whose households number over 850,000, which comprise 6.5% of households in California. The number of working-age Californians with a disability numbers even higher, roughly 2.8 million according to a California Employment Development Department Report, nearly 10% of the population.[5]

Ultimately, we concluded that the Real Cost Measure, the Elder Index or some combination of them could not adequately capture the income needs of a household led by a person with a disability. Two key assumptions behind the Real Cost Budget is that the first two adults in the household are working full-time and have private health care costs. According to our analysis, only 24% of heads of household with a disability participate in the labor (regardless of actual employment status). Even for those that do participate in the labor force, persons with a disability are far more likely to work part-time than a person who does not. The key assumptions behind the Elder Index include only addressing household types with one or two adults and without children, and where the primary health insurance is government provided.

Empirically, we know that these households are difficult to describe with these two tools—they may receive government provided health-insurance, and also have children and fully participate in the labor force. The two available budgets do not provide a reasonable framework for such a household. After a detailed analysis of households led by a person with a disability and attempting to align relevant households, we would at best describe less than 50% of households led by a person with a disability, and with a low degree of confidence that the assumptions were appropriate for those households. Hence, for this iteration of our methodology, we did not include households led by a person with a disability.

United Way of California does want to acknowledge the challenge of these households, and support the work of organizations that work to promote the economic security. From our analysis we know that among non-senior households led by a person with a disability:

- 37.2% are married couple households, but over 38% are in non-family household arrangements (versus 51.4% and 27.2% for non-disabled/non-senior led households);
- 37% obtain health coverage through government healthcare versus 8.6%;
- Nearly one third (31.5%) have difficulty living independently;
- Three-quarters (75.0%) are over age 45;
- Only 17% have a college degree, versus 37% among non-disabled/non-senior led households;
- People with disabilities report CalFresh (SNAP) assistance at a much higher rate (20.5% versus 9.4%); and
- Over 11% currently serve or have served in the military (versus 6.3%).

Struggling to Get By does include households that have persons with disabilities, it only those where the head of household is disabled. Those with disabilities living in households captured by our methodology number over one million, and over 457,000 of these persons with disabilities live in the 392,111 households that struggle with income below the Real Cost Measure. The rate of income inadequacy among these households is 41.2%, versus 33.5% for households that do not have a person with a disability (and versus the 34.2% rate overall). In half of these households, the 2nd person in the household, anticipated be the wage earner, is a person with a disability.

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1 To further our analysis of the Self-Sufficiency Standard in Overlooked and Undercounted 2009, the authors of the report ran Self-Sufficiency estimates for 2012 using one-year American Community Survey population estimates. Our analysis concluded 37% of households faced income inadequacy in 2012 using the same methodological method.

2 A study by the University of California's Institute of Urban and Regional Development found that approximately 30% of such workers would use public transportation in areas in which 7% of the overall population used public transportation. *Struggling to Get By* uses the same methodology of the Self-Sufficiency Standard, assuming public transpiration costs for those living in counties in which greater than 7% of the population commutes by public transit. According to the American Community Survey, five California Counties—Alameda (11.4%), Contra Costa (8.9%), Marin (8.5%), San Francisco (32.7%), and San Mateo (8.3%)—met that description.

3 Robert Puentes and Roberto, Elizabeth. Commuting to Opportunity: The Working Poor and Commuting in the United States. The Brookings Institution. http://brook.gs/1As9jP0. Accessed May 26, 2015.

4 Summary of Changes to the PUMA Criteria and Guidelines from 2000 to 2010. United States Census Bureau. http://1.usa.gov/1F92tcy. Accessed May 26, 2015.

5 Disabled Persons in California's Labor Force. Employment Development Department. State of California. http://bit.ly/1Hxtxnd. Accessed May 27, 2015.

Philanthropy is commendable, but it must not cause the philanthropist to overlook the circumstances of economic injustice which make philanthropy necessary.

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