



United Way of the Bay Area

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One Quarter of Bay Area Families Can't Afford Basic Necessities

New Nine-County Report Reveals Plight of Bay Area's Struggling Middle Class and Issues "Call to Action" for Employers, Policy Makers, Nonprofits and Individuals

SAN FRANCISCO – September 28, 2004 – A report released today by United Way of the Bay Area reveals that one out of four Bay Area families, comprising nearly half a million households, have income too low to pay for basic necessities, even when measured by a "bare-bones" budget that includes housing, food, transportation, child care, health care and taxes.

The report, "The Bottom Line: Setting the Real Standard for Bay Area Working Families," was released this morning at a forum hosted by United Way of the Bay Area, which gathered business leaders, public agencies, labor unions and community-based organizations to discuss common interests, challenges, and actionable ideas for creating an economy that works for everyone.

"When so many Bay Area families are struggling just to pay for housing, child care and other basic needs, it not only limits their quality of life, but harms the Bay Area economy as a whole," said Pat Callahan, executive vice president and director of human resources at Wells Fargo & Company and a United Way of the Bay Area board member. "By making sensible, responsible investments in the well-being of working families, the public and private sectors can lay the foundation for a sustainable workforce that will keep our economy growing for generations."

Key Findings

"The Bottom Line" features in-depth profiles of nine Bay-Area counties -- Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano and Sonoma -- showing the number of families in each county that are not earning enough to cover basic necessities and the monthly expenses for families of various sizes as defined by the Self Sufficiency Standard. Developed in 1996 by Dr. Diana Pearce at the University of Washington, the Self-Sufficiency Standard is considered a more accurate measure than widely used federal poverty guidelines because it takes into account county-by-county differences in costs, and calculates family size not just by the number of individuals, but by including such critical variables as the number of adults and the ages of children.

According to "The Bottom Line," housing and child care costs take the biggest bite out of Bay Area household budgets. A single adult with no children needs to earn an average of \$11 per hour just to pay for basic costs, with housing accounting for up to 60% of expenses. Adding just one child almost doubles the wage needed in every county, the increase due primarily to child care.

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The report also identifies regional “pockets” with higher concentrations of households living below economic self-sufficiency. Neighborhoods with 36% or more of households at substandard income include: West Oakland (Alameda County), Richmond (Contra Costa County), Potrero (San Francisco County), and Central San Jose (Santa Clara County). Solano County had the highest percentage of families below the Self-Sufficiency Standard at 29.7%. The three counties with the largest absolute numbers of families below the Self-Sufficiency Standard were Santa Clara (120,815 households), Alameda (106,506 households), and San Francisco (68,274 households).

Acting on the New Bottom Line

“Many working families are in the double bind of earning too much to qualify for public assistance, but too little to cover these costs out of pocket,” said Anne Wilson, chief executive officer of United Way of the Bay Area. “United Way of the Bay Area is committed to increasing opportunities for working families and helping them become self-sufficient. We produced this report to not only inform the public about the extent of the problem, but also share what’s working in the Bay Area.”

In addition to capturing essential data, the report includes a section with recommendations for employers, nonprofit organizations, policy makers and individuals to help them act on the findings. For example, the report suggests that public and private funders increase collaboration and investment in initiatives that move families out of poverty, such as sector-based job training, microenterprises, Individual Development Accounts and the Earned Income Tax Credit.

The report also describes “What’s Working,” profiling innovative programs in each of the nine counties that are supporting low-wage workers and increasing self-sufficiency. For example, in Contra Costa County, Opportunities for Technology Information Careers (OPTIC) enrolls unemployed and under-employed county residents in a program that integrates computer training, life skills, paid experience, peer networking, case management, mental health services and alumni follow up. OPTIC uses the Standard to determine whether program participants are on a path where they will actually earn enough to support themselves.

United Way of the Bay Area partnered with the National Economic Development & Law Center, the University of Washington and Wider Opportunities for Women to produce the report. Tse Ming Tam of the National Economic Development and Law Center said, “We know that wages have not kept pace with the rising cost of living, and that changes in the economy have eliminated many middle-income jobs. To solve this problem, we need to explore multiple options: invest in building a safety-net system to support the working poor; increase wages; invest in training and education that leads to high-wage employment; and provide incentives to employers to advance the skills and earnings of low-wage employees.”

About United Way of the Bay Area

United Way of the Bay Area is one of the largest private funders of health and human services in Northern California. For more than 80 years, United Way has been focusing on “what matters” -- improving lives and transforming communities in the Bay Area. Through the Bay Area Community Fund, United Way is helping to create meaningful change in the areas of early childhood education, access to health care, youth violence prevention and economic independence for the working poor. For more information, please visit www.uwba.org.

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NOTE to editors:

For a copy of the report, go to www.uwba.org or www.nedlc.org. Downloadable county maps highlighting neighborhoods with the highest concentrations of households below the Self-Sufficiency Standard are also available at www.uwba.org.