

# Press Release



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## **Bay Area Cost of Living has Soared 18% Since Recession Onset** ***Working Families Continue to Struggle as Wages Lag and Unemployment Rises***

OAKLAND, Calif., October 4, 2011 – The Insight Center for Community Economic Development, in partnership with elected officials and agencies throughout the state, unveiled the newly updated 2011 California Family Economic Self-Sufficiency Standard (Self-Sufficiency Standard) – a county-specific measure of the true cost of living for working families in California. For the Bay Area, the Self-Sufficiency Standard reveals that the cost for basic needs in the Bay Area – such as rent, food, health care, child care, transportation, and taxes – has soared 18 percent from 2008 to 2011. As a result, Bay Area residents struggle to make ends meet, as wages have remained flat, increasing just 2%, while regional unemployment rates have increased 72% during the same three-year period.

“While the recently released 2010 Census data showing that 16% of Californians live below the poverty line is sobering, what’s more alarming is that data is not based on what it really costs to live in the Bay Area. The 2011 *Self-Sufficiency Standard* provides a much more accurate picture of what it actually costs for families to meet their basic needs,” said Jenny Chung Mejia of the Insight Center for Community Economic Development, which advocates for adoption of the Standard as a measure of income adequacy and an alternative to the Federal Poverty Level.

The Standard represents a “bare-bones” budget that excludes common expenditures, such as credit-card and loan payments, retirement savings and emergency expenses. It is calculated for 156 different family compositions and uses geographically specific data to provide a county-specific measure of the true cost of living.

Detailed data summaries for the Bay Area counties of Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo and Solano Counties are available at [www.uwba.org/cut-poverty](http://www.uwba.org/cut-poverty). Data for each county in the state is available at [www.insightccd.org](http://www.insightccd.org).

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**Key Findings**

Since 2008, the 18% surge in Bay Area living expenses (for a family of four with one preschooler and one school-age child) was spurred by increased costs for:

- Child care, up an average of 21%
- Health care, which climbed an average of 35%
- Transportation and housing, which both climbed 13%

**Self-Sufficiency in the Bay Area and Statewide**

Location	2008 (Two Adults with One Preschooler & One School-age child)	2011 (Two Adults with One Preschooler & One School-age child)	Change	Change
Alameda	\$58,251	\$69,529	\$11,278	19%
Contra Costa	\$58,174	\$69,069	\$10,895	18%
Marin	\$73,576	\$86,629	\$13,053	17%
Napa	\$57,728	\$68,558	\$10,830	18%
San Francisco	\$62,183	\$76,352	\$14,169	22%
San Mateo	\$72,572	\$82,665	\$10,093	13%
Solano	\$54,668	\$64,949	\$10,281	18%
Bay Area	\$62,450	\$73,964	\$11,514	18%
Statewide <sup>1</sup>	\$54,853	\$63,579	\$8,725	15%

Chung Mejia noted that many programs are required to use the Federal Poverty Level (FPL), a four-decade-old, one-size-fits-all measure based solely on the cost of the basic food budget needed to meet minimum nutritional requirements, to set income eligibility guidelines. For example, the gross income eligibility criteria for CalFresh (formerly Food Stamps) is 130% FPL, which would make a family of four with more than \$29,000 in income likely ineligible. In contrast, the *Self-Sufficiency Standard* calculates that the same family living in Alameda County must earn \$69,529 to meet basic needs - taking into account housing, food and shelter, as well as the work-related costs of transportation, child care and taxes.

**The Self-Sufficiency Standard in Action**

The *Self-Sufficiency Standard* is part of a state and national movement to reform the way poverty is measured and understood. Government and nonprofit service providers, charitable foundations and labor unions throughout the state are using the *Self-Sufficiency Standard* to make better decisions about how to effectively allocate resources to help individuals and families in their communities.

<sup>1</sup>Statewide data is based on the average annual *Self-Sufficiency Standard* for a household with two adults, a preschooler, and a school-age child.

“The Self-Sufficiency Standard has become a key tool for non-profits and government agencies – enabling us to more effectively assess and tackle poverty in our community,” said Anne Wilson, CEO of United Way of the Bay Area. “For example, our SparkPoint financial education centers use the Standard to coach clients to establish goals, pinpoint challenges, and identify training and education opportunities that will lead to a job that adequately pays for a family’s needs.”

“In addition, United Way used the Standard to help establish our goal to cut Bay Area poverty in half by 2020,” Wilson added. “The Self-Sufficiency Standard helped identify how many families are struggling to make ends meet and what they need to earn to support their families.”

### **Closing the Gap**

As the costs for basic needs rose over the last three years, more people turned to community services and supports for help:

- 114% increase in CalFresh benefits accessed between June of 2008 and June of 2011.
- 47% increase in requests for “basic needs” assistance from the Bay Area 211 helpline. Basic needs include food, housing, clothing/personal items, employment and income supports assistance.
- 36% increase in the number of CARE (California Alternative Rates for Energy) participants between May 2008 and May 2011.

### **About the Self-Sufficiency Standard**

Calculated by Dr. Diana Pearce at the University of Washington, the *Self-Sufficiency Standard* is a peer-reviewed measure that accurately assesses the financial needs of California’s working families. The *Self-Sufficiency Standard* methodology uses widely accepted and credible national and state data sources such as the U.S. Census Bureau and the U.S. Department of Housing and Urban Development (HUD). Geographically relevant data is used for each county in California, reflecting local market rates for items such as housing, food, health care, child care, and transportation.

### **About the Insight Center for Community Economic Development**

The Insight Center for Community Economic Development (formerly NEDLC) is a 42-year old, national research, consulting, and legal nonprofit organization dedicated to building economic health and opportunity in vulnerable communities. The Insight Center utilizes a wide array of community economic development strategies including: industry-focused workforce development, individual and community asset building, connecting early care and education to economic development, providing legal support to California's legal service programs and community-based organizations, and advocating for the adoption of the Self-Sufficiency Standard as a measure of income adequacy and an alternative to the Federal Poverty Level. For more information, visit [www.insightcced.org](http://www.insightcced.org).

### **About United Way of the Bay Area**

United Way of the Bay Area is a nonprofit organization that creates pathways out of poverty. Our goal is to cut Bay Area poverty in half by 2020. We focus on helping working families and individuals, ensuring they can meet all of their basic needs, while creating opportunities for them to achieve lasting financial stability. We also invest in programs that empower the next generation for success. United Way convenes partners across sectors, advocates for policy change, runs community programs and educates residents about the issues most vital to a resilient community. Founded in 1922, United Way of the Bay Area serves Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo and Solano Counties. For more information, visit [www.uwba.org](http://www.uwba.org).