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## A Bay Area couple with two kids can't make it on \$50,000 a year

Sam Zuckerman, Chronicle Staff Writer

Maria Frias thinks of herself as middle class.

She works as an office manager for Bay Area Legal Aid, where she draws a salary of about \$27,000 a year. Her husband, Ricardo, drives a laundry truck and takes in about \$26,000.

But all they can afford is a \$750-a-month, one-bedroom apartment in San Francisco's Excelsior neighborhood. They sleep in the same room as their daughters, Stephanie, 10, and Andrea, 6. They have no telephone. And Frias has to set aside about \$400 a month to pay off a credit card balance that went into collection.

"It's so hard," Frias said. "I'm falling behind."

The hard truth is that \$53,000 a year doesn't cut it anymore in the Bay Area. Tens of thousands of working families in the region, even those with what many would consider decent-paying jobs, find a modestly comfortable standard of living is out of their reach.

A family of four in the Bay Area with two working adults must earn \$77,069, equaling an hourly wage of \$18.53, just to pay for basic necessities, a study released today calculates. If only one adult works, that figure falls to \$53,075, largely because the family doesn't have to pay for child care, according to the report by the California Budget Project, a liberal Sacramento research group. But that one wage-earner must make \$25.52 an hour.

And a single parent with two children needs to take in \$65,864 annually, at an hourly wage of \$31.67, to cover expenses, the Budget Project figures.

Statewide, the two-working-parent family needs an annual income of \$72,343 to cover necessities; the family with one working adult must earn \$50,383.

That's in a state with one of the highest minimum hourly wages in the country - \$7.50. In San Francisco, the minimum wage is even higher, \$9.14. The federal minimum wage is \$5.85.

"Most Californians live on less than \$50,000," said Michael Shires, an associate professor of public policy at Pepperdine University.

The Bay Area is by many measures the richest region in the United States. Median household income - the level at which half of households are above and half below - was \$62,024 in 2000, the highest in the nation, according to the Census Bureau.

But that means that almost half of all households in the region don't take in what the Budget Project reckons is needed to make ends meet. Those families often must do without some of the things viewed as essential to middle-class life, such as health insurance or a separate bedroom for the kids.

The federal poverty threshold, used by the government to calculate how many of the nation's people are poor, is an income of \$20,650 for a family of four. That means basic necessities in the Bay Area cost roughly 2.5 times the federal poverty level.

"This report shows that we do need to look at families substantially above the poverty line," said Jean Ross, the Budget Project's executive director.

Today's report marks the fourth time the project has toted up the cost of living in California. The last study, issued two years ago, showed that a two-parent family with one wage earner needed to bring in \$46,919 to maintain a minimal middle-class living standard; a two-earner family required \$70,708. The higher cost this year largely reflects rising health insurance premiums.

Project researchers looked at a living standard above a bare-bones existence, but covering only basic expenses, with little margin for discretionary outlays such as vacations and college tuition.

They estimated prices of housing, child care, transportation, food, health care, taxes and miscellaneous, a category that lumps together everything else. They looked at rental costs rather than home ownership and made certain other assumptions that have big effects on living standards.

For example, they included as a necessity individually purchased health insurance, although many families are covered at least partly through work. And, in an effort to figure what it takes to support a family without public assistance, they didn't consider the help many families get from government benefits such as housing and child health care subsidies.

According to those assumptions, the biggest expense was rent, estimated at an average of \$1,312 for a family of four in the Bay Area, higher than the statewide estimate of \$1,160. Child care was the second biggest outlay at about \$1,216, followed by taxes and health coverage.

Real families, of course, vary tremendously in their spending. Until a few months ago, Maria and Ricardo Frias, who are both 34, paid a babysitter \$800 every four weeks. Now, the daughters attend after-school programs until Maria is able to pick them up at the end of the day.

They pay rent far below the project's estimate, but the trade-off is that they don't have the space they need. Maria gets medical insurance through her job, but she says her out-of-pocket expenses are heavy. The Friases also are paying today for past living expenses, when they earned far less, in the form of credit card finance charges.

The couple has tried many times to come up with a way to pay for a two-bedroom apartment and adult education.

"Really working hard and maybe getting a second job ... that would be the only way," Maria Frias said.

Families in the Bay Area and the rest of the state use a variety of strategies to cope with high living costs, Ross noted.

"People cut corners in a variety of ways," she said. "Some are in below-market-rate housing. Many people go without health coverage. And a lot of people live by spending more than they earn.

The project says its findings show a need for public spending on social programs, such as subsidized child care and health coverage. Health spending is at the center of a major policy debate in California, where Gov. Schwarzenegger and state lawmakers are weighing plans for universal coverage.

"Many families may need assistance to make ends meet," said Ross, the project's executive director.

Those who believe government's role should be limited disagree.

"To say \$50,000 is a minimum to have a modest middle income lifestyle is a reasonable statement," Pepperdine's Shires said. "But you have to be careful when you start talking about policy implications."

For her part, Maria Frias is sometimes frustrated and at other times philosophical about what it costs to raise a family.

"I see other people who are worse," she said, "and I consider myself lucky."

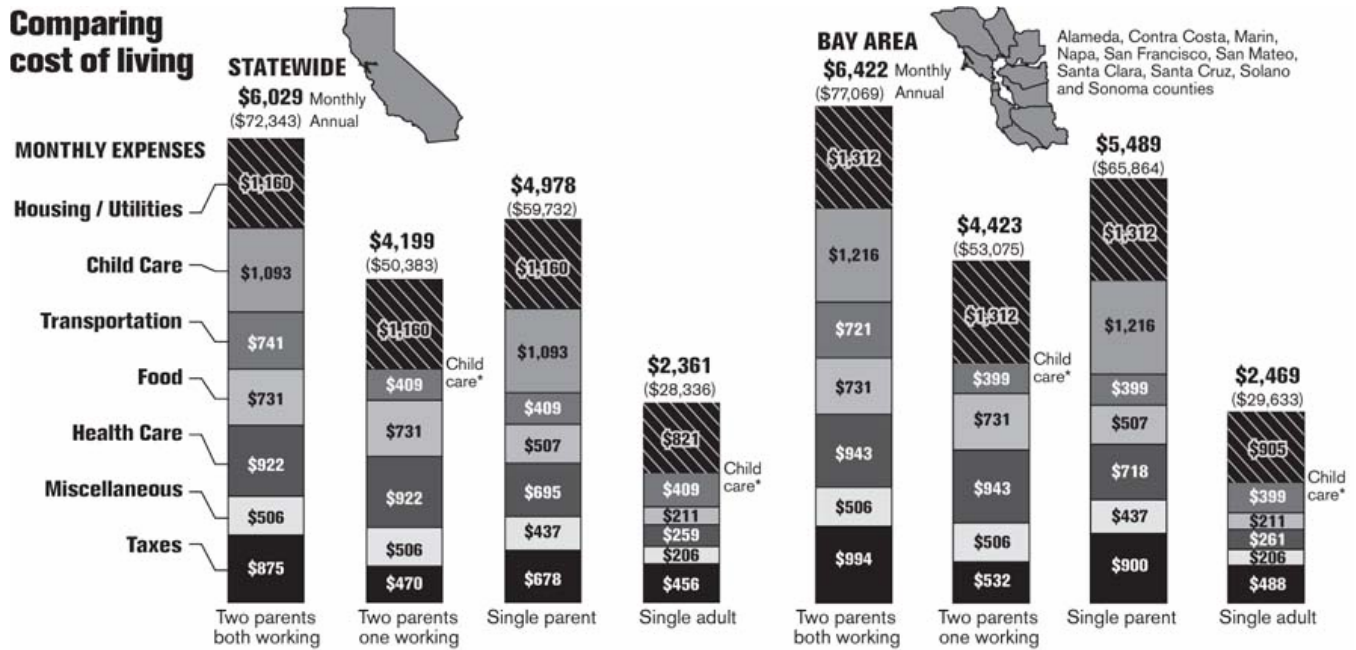
Source: California Budget Project

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## Comparing cost of living



\*There are no expenses allotted for childcare for the categories of "Two parents, one working" and "Single adult." Numbers are rounded to the nearest dollar.

Source: California Budget Project, a Sacramento research group

JOHN BLANCHARD / The Chronicle