



# Making Ends Meet

## *in San Diego County 2008*

THE REAL COST OF LIVING FOR WORKING FAMILIES

**THE COST OF LIVING IN SAN DIEGO COUNTY** is high and getting higher, yet wages lag behind. Consistently over the years, income has grown much more slowly in San Diego than in the state or nation.<sup>1</sup> Since 1990, the local economy has created eight times more low-paying jobs (median wage \$24,547) than high-paying jobs (median \$79,764).<sup>2</sup>

While wages have stalled, rental costs in the county rose 13% in the past year, the third-highest increase among U.S. metropolitan areas. A typical two-bedroom apartment in San Diego County rents for \$1,205 a month, and a worker needs to earn almost three times the minimum wage to afford it.<sup>3</sup>

From 2000 to 2004, food and beverage costs rose 14% in the San Diego region, the highest increase among the nation's 25 largest regions.<sup>4</sup>

This report outlines the real costs of living in San Diego County for various types of families, and what they must earn to be self-sufficient. The data were calculated by the California Budget Project, which has conducted independent fiscal and policy analysis since 1994.

### FINDINGS

- To cover the basic costs of living in San Diego County, a single person with no dependents needs a full-time job paying at least \$13.71 an hour – or \$28,510 a year.
- A single parent with two children can meet basic expenses without assistance only by earning at least \$28.49 an hour at a full-time job, an annual income of about \$59,000.
- A two-parent family with two children and one adult working needs an income of \$23.80 an hour, or about \$49,500 a year.
- When both adults are working and supporting two children, the yearly budget to make ends meet jumps to \$71,385 – mainly because of childcare, transportation and taxes – so each worker needs to make \$17.16 an hour.



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## INCOME NEEDED TO MEET BASIC LIVING EXPENSES IN SAN DIEGO COUNTY

	Hourly Wage	Annual Income
Single Adult	\$13.71	\$28,510
Single-Parent Family	\$28.49	\$59,269
Two-Parent Family (One working)	\$23.80	\$49,514
Two-Parent Family (Both working)	\$17.16 each	\$71,385

Note: Hourly wages are based on annual income needed, and assume 40 hours/week and 52 weeks/year of work. Family costs are calculated for families with two children

## MONTHLY EXPENSES BY FAMILY TYPE

	SINGLE ADULT	SINGLE-PARENT FAMILY	TWO-PARENT FAMILY (ONE WORKING)	TWO-PARENT FAMILY (BOTH WORKING)
Housing/Utilities	\$870	\$1,205	\$1,205	\$1,205
Child Care	\$0	\$1,094	\$0	\$1,094
Transportation	\$404	\$404	\$404	\$731
Food	\$211	\$507	\$731	\$731
Health Care	\$225	\$630	\$829	\$829
Miscellaneous	\$206	\$437	\$506	\$506
Taxes	\$460	\$662	\$451	\$852
<b>Monthly Total</b>	<b>\$2,376</b>	<b>\$4,939</b>	<b>\$4,126</b>	<b>\$5,949</b>
<b>Annual Total</b>	<b>\$28,510</b>	<b>\$59,269</b>	<b>\$49,514</b>	<b>\$71,385</b>

Note: Numbers may not total due to rounding.

Source: California Budget Project

## HOW THE BUDGETS WERE CALCULATED

The budgets described here are based on average or typical prices in San Diego County, compiled by the California Budget Project.<sup>5</sup> The budgets include only housing, utilities, transportation, food, childcare, healthcare, taxes, and miscellaneous necessities such as clothing, education, reading, personal care, diapers, housekeeping supplies, and local telephone service. Some expenses, such as books and newspapers, are estimated at half of typical family spending.<sup>6</sup> Healthcare costs are based on families buying Kaiser Permanente's \$500 deductible plan, plus out-of-pocket costs, but not including costs of vision and dental care. These budgets contain no frills – no entertainment, no cable TV, no toys, no life insurance, and no savings. Except for single adults, costs are based on families with one school-aged child and one infant; the costs would be higher or lower with more or fewer children.



## Steve

After a full day spreading asphalt and fixing San Diego's streets, Steve Stanley often is almost overwhelmed by fatigue when he arrives at the supermarket to start his second job. He stocks shelves until 10 p.m., then has to get up at 5:30 a.m. to do it all again.

"It's tough, but you just learn to persevere," he said. "I don't have a social life. My focus is on my daughter and trying to make my life better."

Steve said he needs the second job, which pays \$8.40 an hour, to meet his expenses: mainly rent, child support, gas and repairs for his '93 pickup truck, and debt payments. He splurged on decorating a "princess" bedroom for his 6-year-old daughter, who spends weekends with him, but has learned to make a batch of spaghetti last several days.

Steve is well aware that his sister pays much less rent for a much larger home in another state. But after working 26 years for the city streets department, he's not about to leave San Diego.

"The costs of everything in this city are high," he said. "Raising a child here, it's just rough."

1. *Preparing for Regional and Global Collaboration: Volume I*, San Diego Association of Governments (SANDAG), May 2007.

2. *Preparing for Regional and Global Collaboration: Volume II*, SANDAG, May 2007.

3. Center for Housing Policy data, reported in "Buying or renting, housing is still pricey," San Diego Union-Tribune, Jan. 30, 2008.

4. Bureau of Labor Statistics data, reported in *Preparing for*

*Regional and Global Collaboration, Volume II*, SANDAG, May 2007.

5. For a full explanation of the methodology and exact costs included, see the California Budget Project's statewide Making Ends Meet report at [www.cbp.org](http://www.cbp.org).

6. Typical expenses are from the 2005 Consumer Expenditure Survey (CES), adjusted for inflation using the Consumer Price Index.



## Alex and Felipe

Alex and Felipe Muñoz are watching the American dream slip from their hands. Both have worked hard in San Diego for many years, Alex as a hotel housekeeper and Felipe as a pizza delivery man, scrimping and saving to buy a small condominium.

They live in the one-bedroom condo with their two young sons and grown daughter, who quit school to work and help them with expenses.

"The money my wife and I earn is barely enough to make our condo payments and eat, and we have no extra money to take our kids to the movies," Felipe said.

But in late 2007 they had to admit their earnings just can't stretch to cover their costs. They're now forced to sell the condo for less than it cost them.

"As far as the American Dream, we won't be able to reach it as long as we're paid so little," said Alex. "It will just remain a dream."



## CONCLUSIONS

The high costs of basic living expenses in San Diego County make it imperative that policymakers encourage wage growth and the creation of higher-paying jobs. In recent years, most new jobs in the region have been in low-paying industries such as tourism and retail sales.

National and state standards underestimate the cost of living in high-priced regions such as ours. According to federal poverty guidelines, a family of four is impoverished only if the household income is below \$21,200 a year – not even half what the family needs to get by in San Diego County. Even a single adult can't meet expenses here on the California minimum wage of \$8, which amounts to \$16,640 a year for full-time, year-round work.

When wages don't cover basic living costs, the whole community suffers. Families can't afford to shop at local businesses and often must rely on publicly funded programs. Local policymakers must find ways to ensure that all working San Diegans earn enough to make ends meet.

### EARNINGS AND MIDDLE-CLASS JOBS DECLINING

#### Job and salary changes in the San Diego region, 2000-2004

Earnings group (of all jobs in SD region)	Median annual pay in 2004	Average real salary change*	Change in number of jobs
<b>High-paying jobs</b> (Top third)	\$79,764	-\$9,316	+ 30,802
<b>Medium-paying jobs</b> (Middle third)	\$50,919	- \$442	- 6,233
<b>Low-paying jobs</b> (Lowest third)	\$24,547	- \$518	+ 29,476

\*Change from 2000 to 2004, in inflation-adjusted 2004 dollars

Source: *Preparing for Regional and Global Collaboration, Volume II*, San Diego Association of Governments, 2007



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