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.\(^1\) Since 1990, the local economy has created eight times more low-paying jobs (median wage $24,547) than high-paying jobs (median $79,764).\(^2\)

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.\(^3\)

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.\(^4\)

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.
The budgets described here are based on average or typical prices in San Diego County, compiled by the California Budget Project. 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. 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.

### Monthly Expenses by Family Type

<table>
<thead>
<tr>
<th>Monthly Total</th>
<th>Annual Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SINGLE ADULT</strong></td>
<td><strong>SINGLE-PARENT FAMILY</strong></td>
</tr>
<tr>
<td>$2,376</td>
<td>$4,939</td>
</tr>
<tr>
<td>$28,510</td>
<td>$59,269</td>
</tr>
</tbody>
</table>

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. 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. 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.

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

<table>
<thead>
<tr>
<th>Earnings group</th>
<th>Median annual pay in 2004</th>
<th>Average real salary change*</th>
<th>Change in number of jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td>High-paying jobs</td>
<td>$79,764</td>
<td>- $9,316</td>
<td>+ 30,802</td>
</tr>
<tr>
<td>Medium-paying jobs</td>
<td>$50,919</td>
<td>- $442</td>
<td>- 6,233</td>
</tr>
<tr>
<td>Low-paying jobs</td>
<td>$24,547</td>
<td>- $518</td>
<td>+ 29,476</td>
</tr>
</tbody>
</table>

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


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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.”