Struggling to Move Up: The Real Cost Measure in California 2021

Los Angeles County Center for Financial Empowerment

September 30, 2021

United Way

United Ways of California

#realcostmeasure
@unitedwaysca @lacountycfe

How much does it cost to live in your neighborhood?

Imagine living in your neighborhood as a family of four with two adults, one pre-schooler and one-school aged child.

How much would you spend monthly on housing?

How much would you spend monthly on child care?

How much would you spend monthly on food?

How much would you spend monthly on health care?

How much would you spend monthly on transportation?

How much would you spend on miscellaneous (everything else)?

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The Real Cost Measure in California 2021

Peter Manzo, Henry Gascon, Betsy Baum Block, and Dan Beeby

GIVE. ADVOCATE. VOLUNTEER.
unitedwaysca.org/realcost

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About the Real Cost Measure

Real Cost Measure = more accurate measure of who is struggling in California

Real Cost Measure incorporates the cost of housing, food, health care, child care, & other basic needs

Focus is on working households

State, regional, county, and neighborhood-level data

Nearly 1,600 household budgets by household size for every CA county

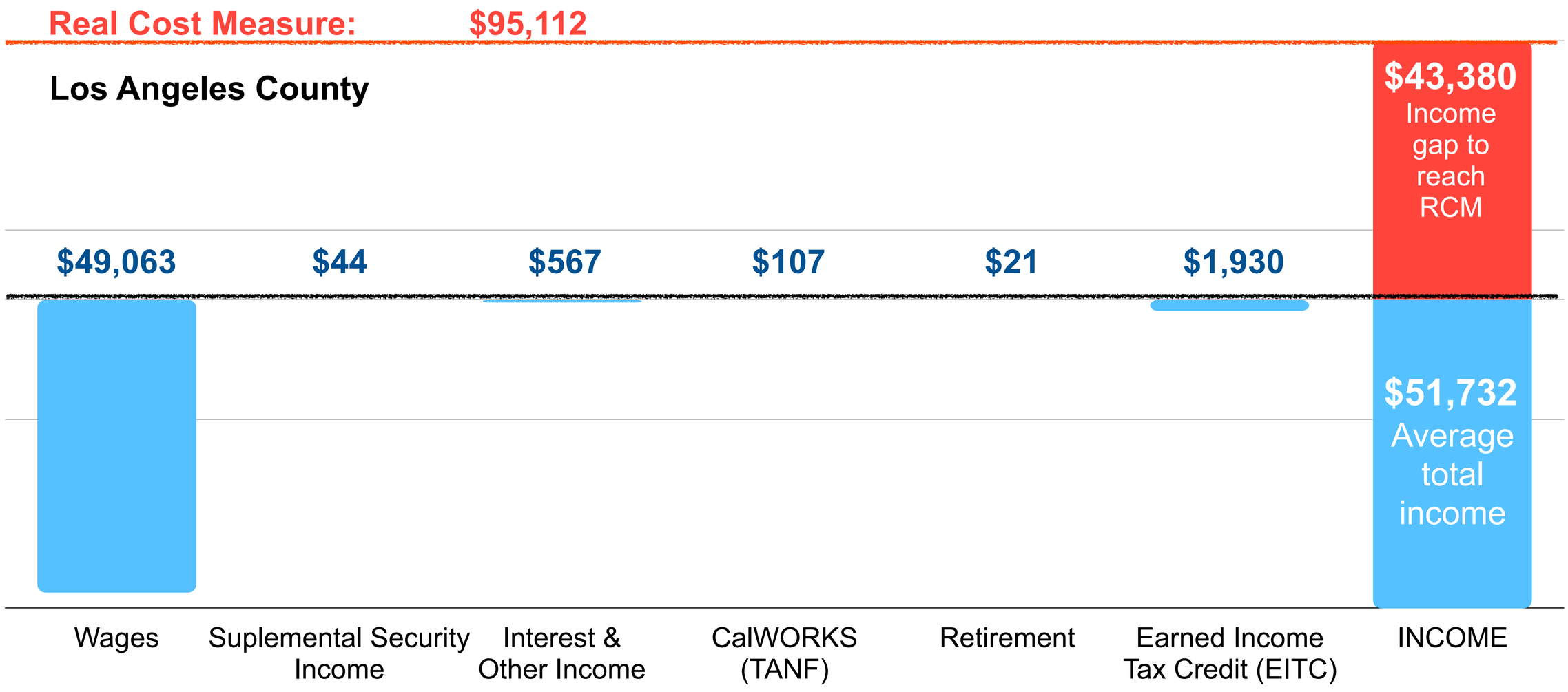
Real Cost Measure Methodology

Budget Component	Real Cost Measure 2021 (based on 2014-2019 data)
Population Focus	**Households**
Housing	**Fair Market Rent Rates** Dept. of Housing and Urban Development
Food	**Low Cost Food Plan** Dept. of Housing and Urban Development
Child care	**CA Department of Education**
Health care	**Consumer Expenditure Survey**
Transportation	**Consumer Expenditure Survey**
Miscellaneous	**10% of Basic Needs**
Taxes	**Federal/State Taxes/Payroll Taxes &** **Child Care and Child Tax Credits**

Real Cost Methodology: www.unitedwaysca.org/realcost

Income Gap after Wages and Public Assistance for Average Household *below* the Real Cost Measure

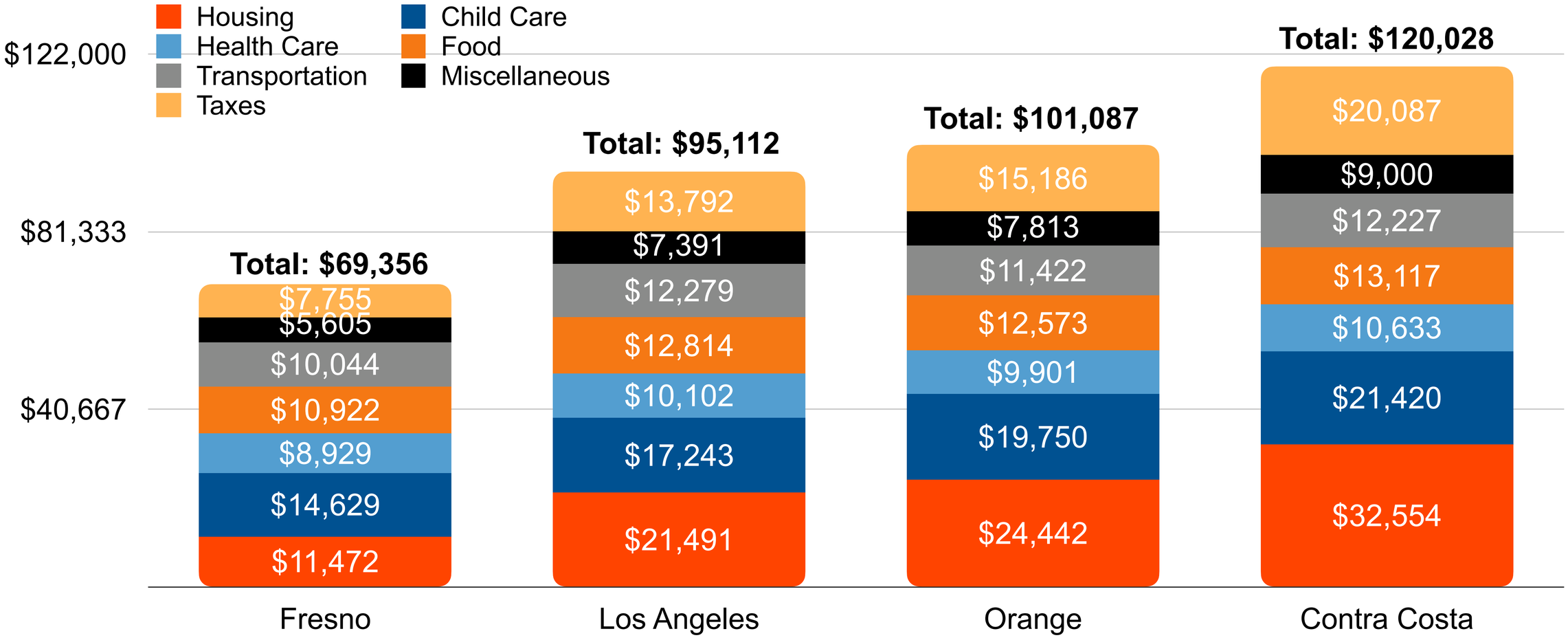
** average based on: 2 adults, 1 pre-schooler, 1 school-aged child*



What Does it Cost to Live in CA?

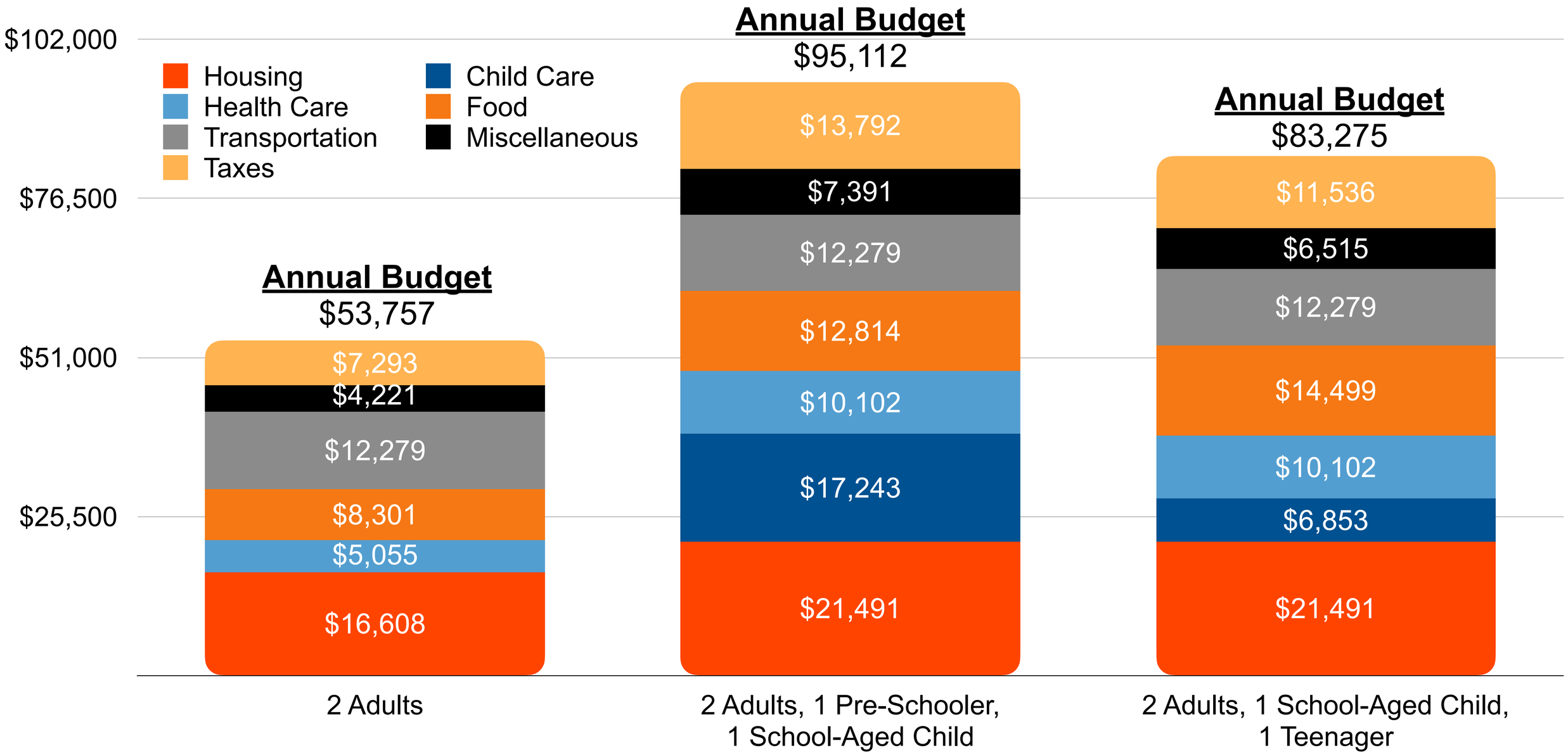
The Real Cost Measure in California 2021

**** annual budget based on 2 adults, 1 pre-schooler, 1 school-aged child***



Household Budgets Change with Family Size

Los Angeles County



Nearly 1 in 3 households in California (33%) fall below the Real Cost Measure

estimated 3,564,522 households

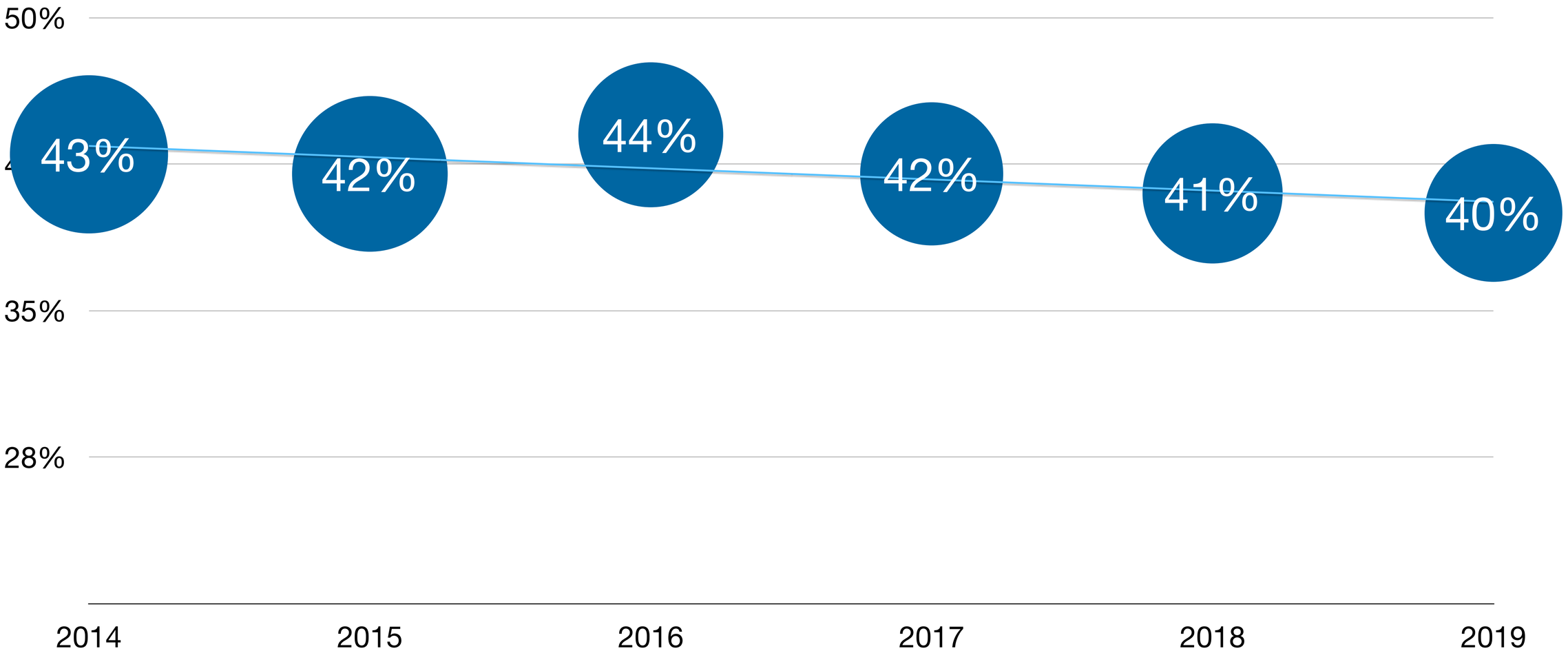
97% of households below the Real Cost Measure in California have at least one working adult

4 in 10 households in Los Angeles County (40%) fall below the Real Cost Measure

estimated 1,102,221 households

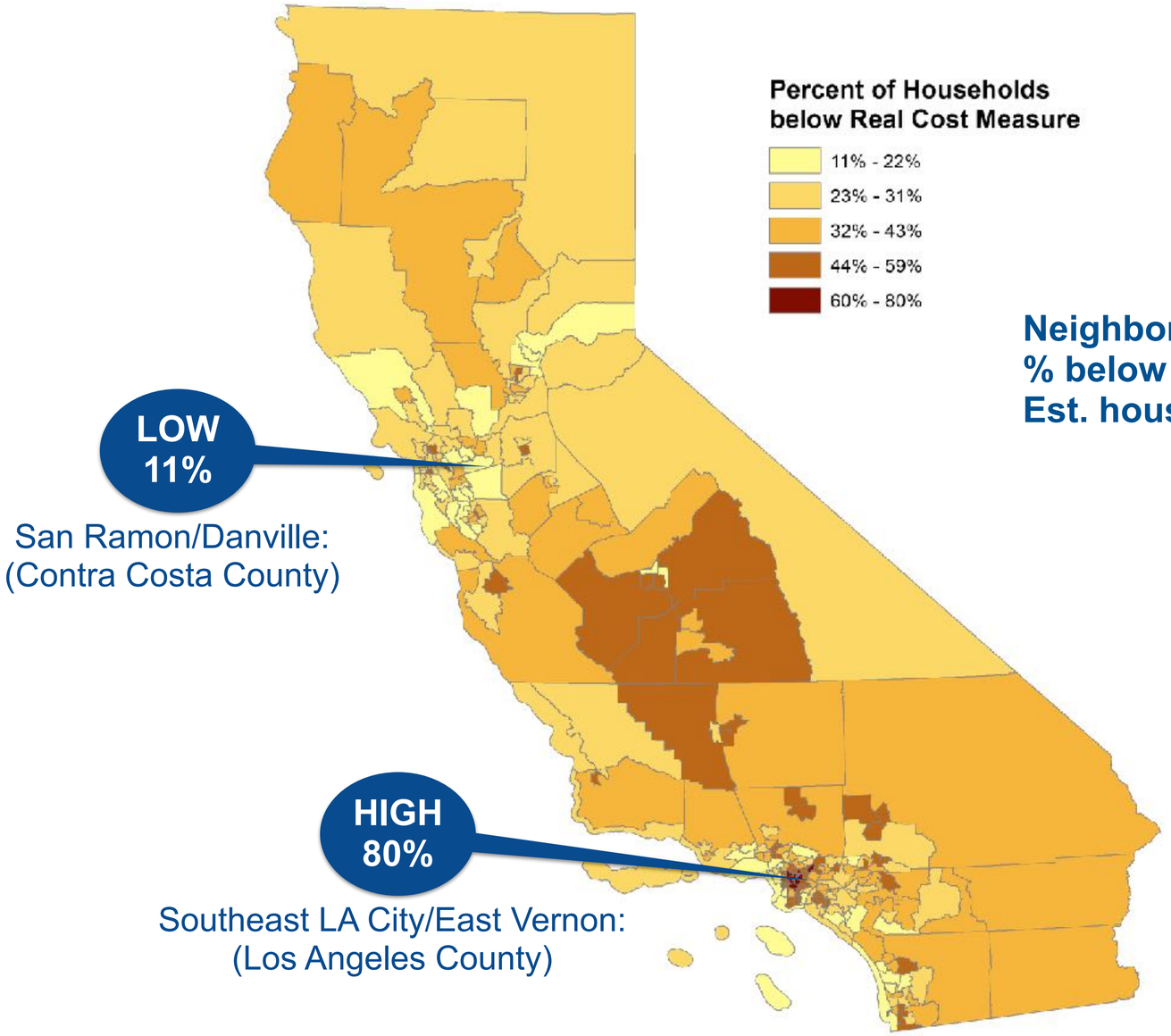
Real Cost Measure in Los Angeles County Over Time

The Real Cost Measure in California, 2014 - 2019



Real Cost Measure by Neighborhood Clusters

The Real Cost Measure in California 2021

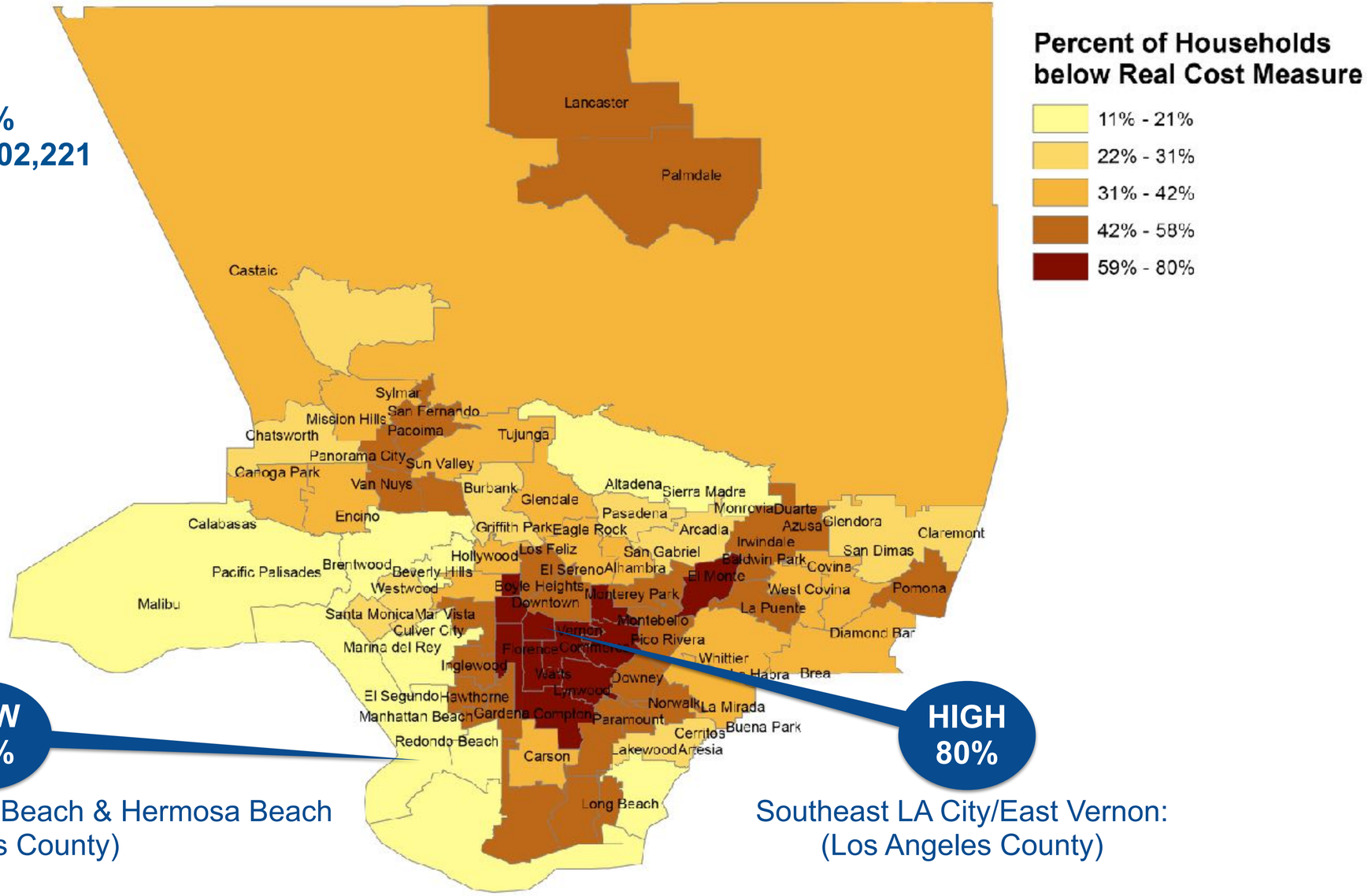


Neighborhood Clusters:	**265**
% below RCM (average):	**33%**
Est. households below RCM:	**3,564,522**

Real Cost Measure in Los Angeles County

The Real Cost Measure in California 2021

Neighborhood Clusters: 69
% below RCM (average): 40%
Est. households below RCM: 1,102,221



Redondo Beach, Manhattan Beach & Hermosa Beach
(Los Angeles County)

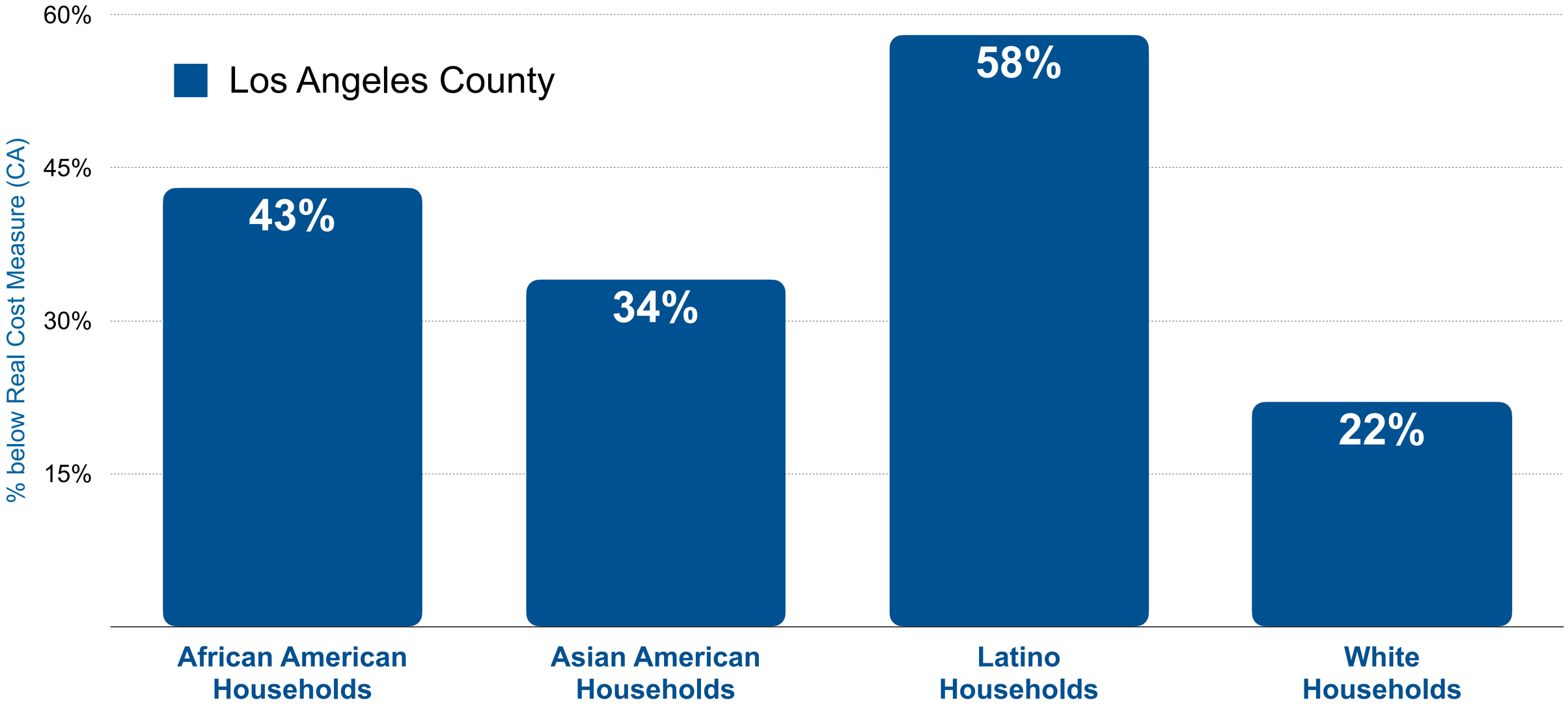
Southeast LA City/East Vernon:
(Los Angeles County)

52% of Latino households in California struggle to meet basic needs

1,730,999 estimated households!

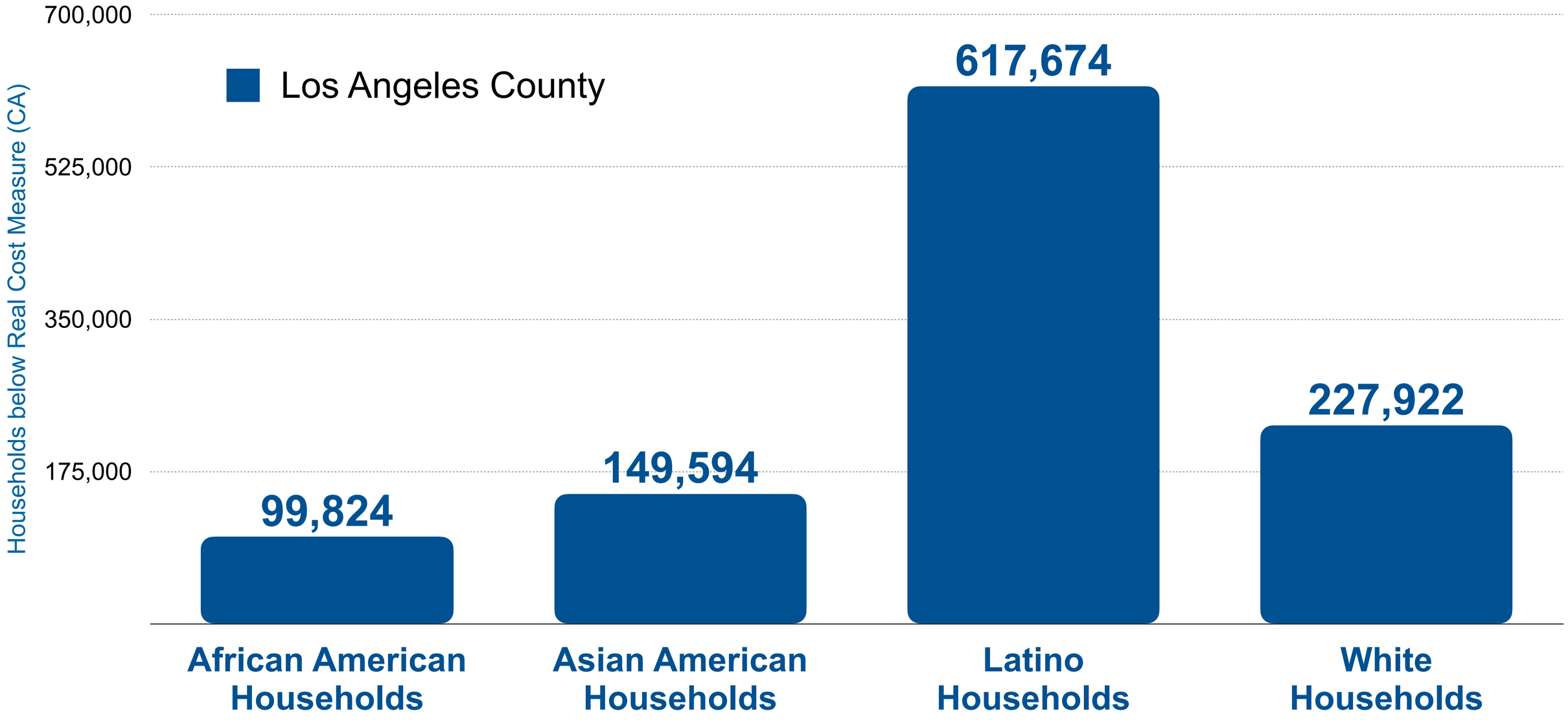
Percent below Real Cost Measure by Ethnicity

The Real Cost Measure in California 2021



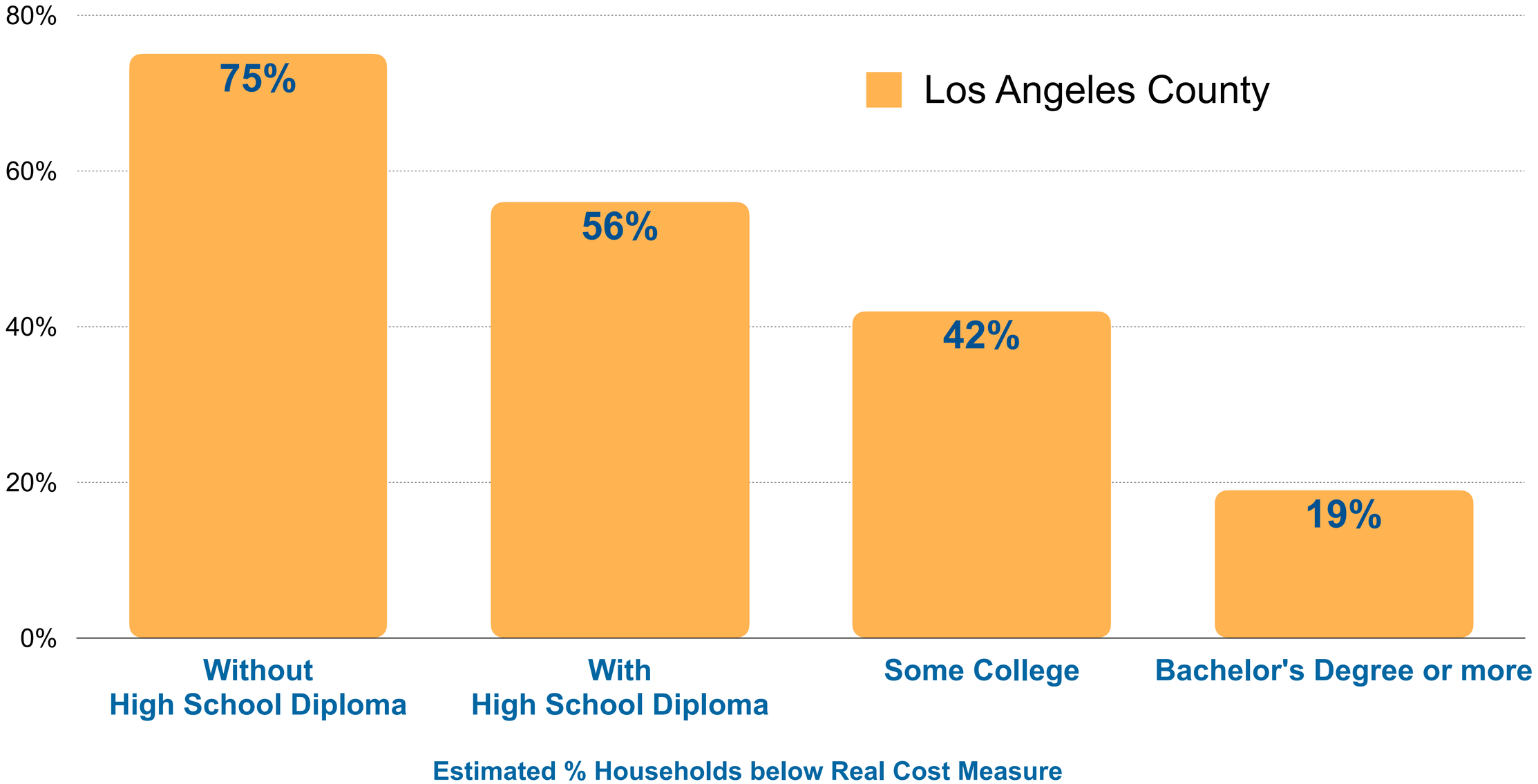
Estimated Households below Real Cost Measure by Ethnicity

The Real Cost Measure in California 2021



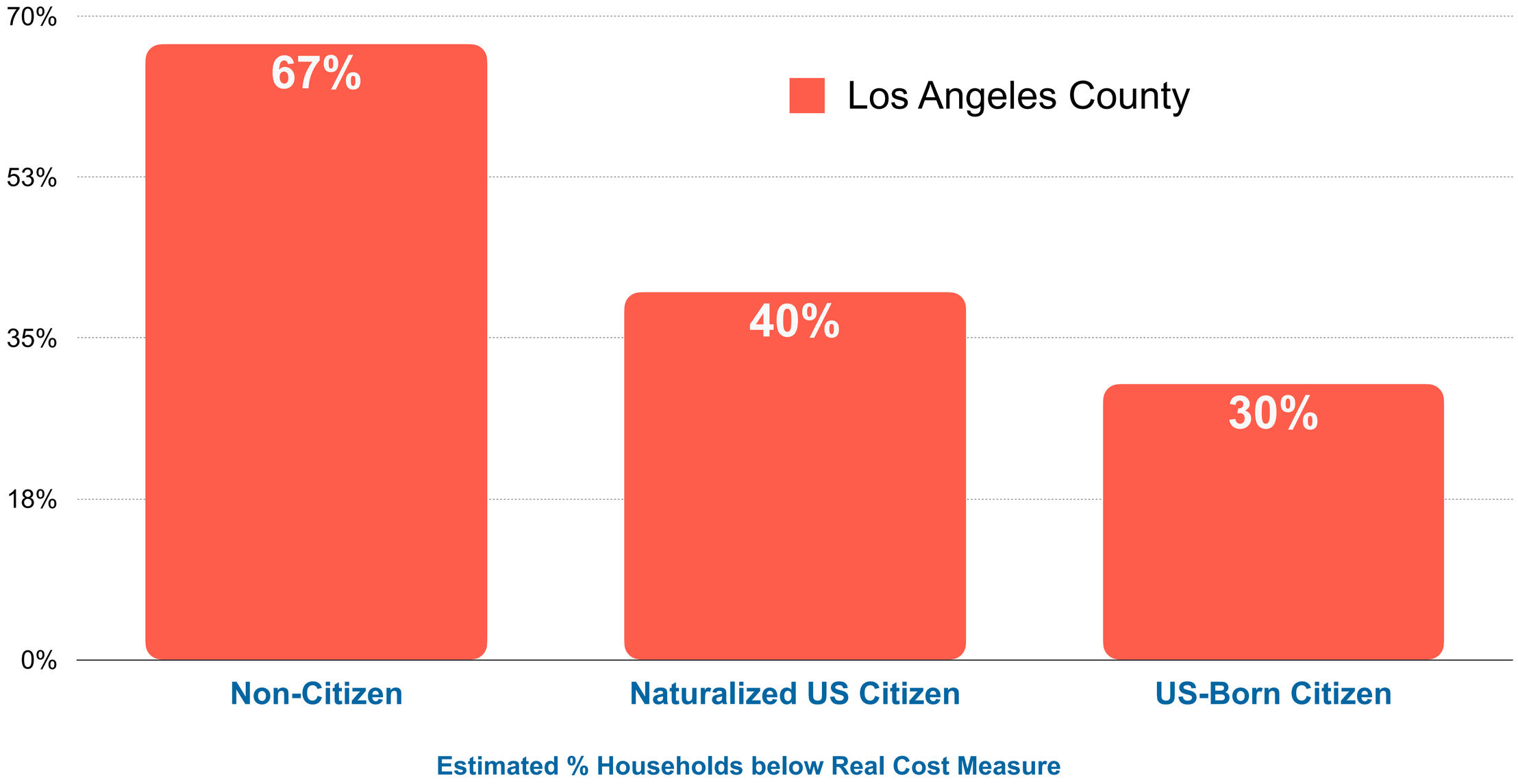
Educational Attainment and Real Cost Measure

The Real Cost Measure in California 2021



Citizenship Status and Real Cost Measure

The Real Cost Measure in California 2021

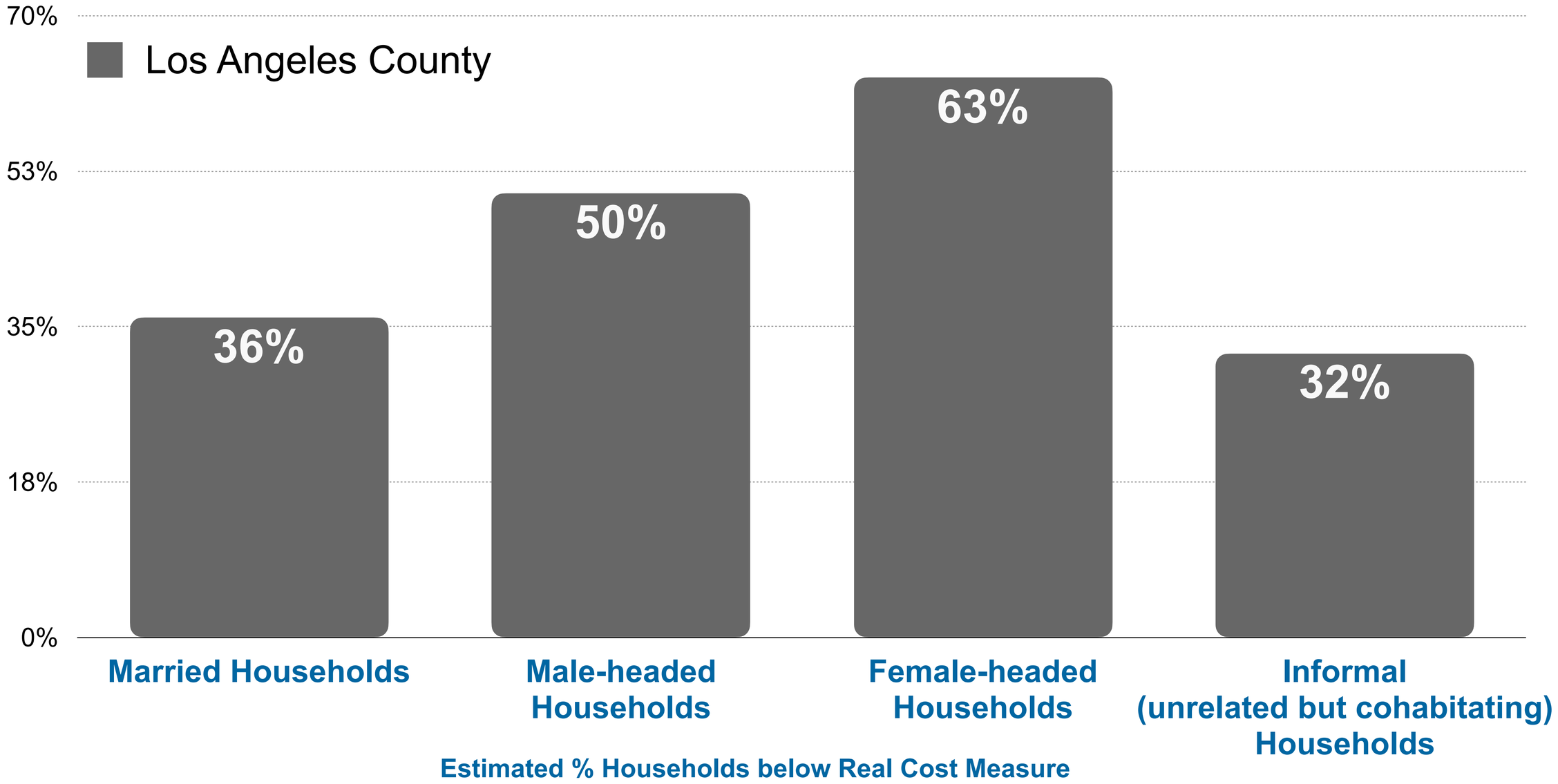


63% of households led by women fall below the Real Cost Measure in Los Angeles County

estimated 243,739 households

Family Types below the Real Cost Measure

The Real Cost Measure in California 2021



Nearly 8 in 10 Single Mothers in Los Angeles County (77%) fall below the Real Cost Measure

166,921 estimated households!

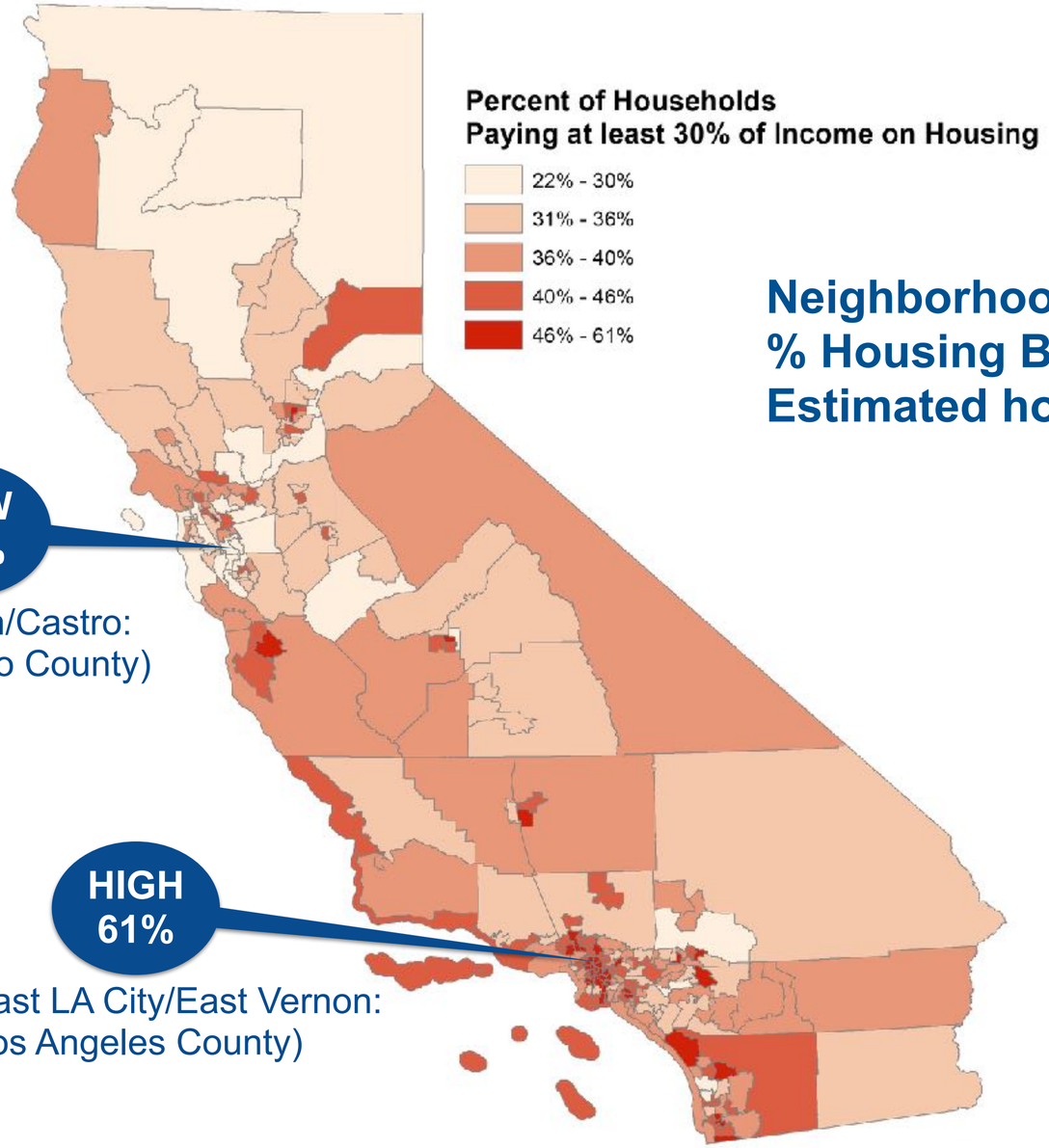
Over 6 in 10 households with children under the age of 6 in Los Angeles County (61%) fall below the Real Cost Measure

243,644 estimated households!

Over 4 in 10 households in Los Angeles (44%) pay at least 30% of their income on housing

estimated 1,226,930 households

Percentage of Households Paying At Least 30% of Income on Housing by Neighborhood Clusters



Neighborhood Clusters: 265
% Housing Burdened: 38%
Estimated households: 4,168,537

LOW 22%

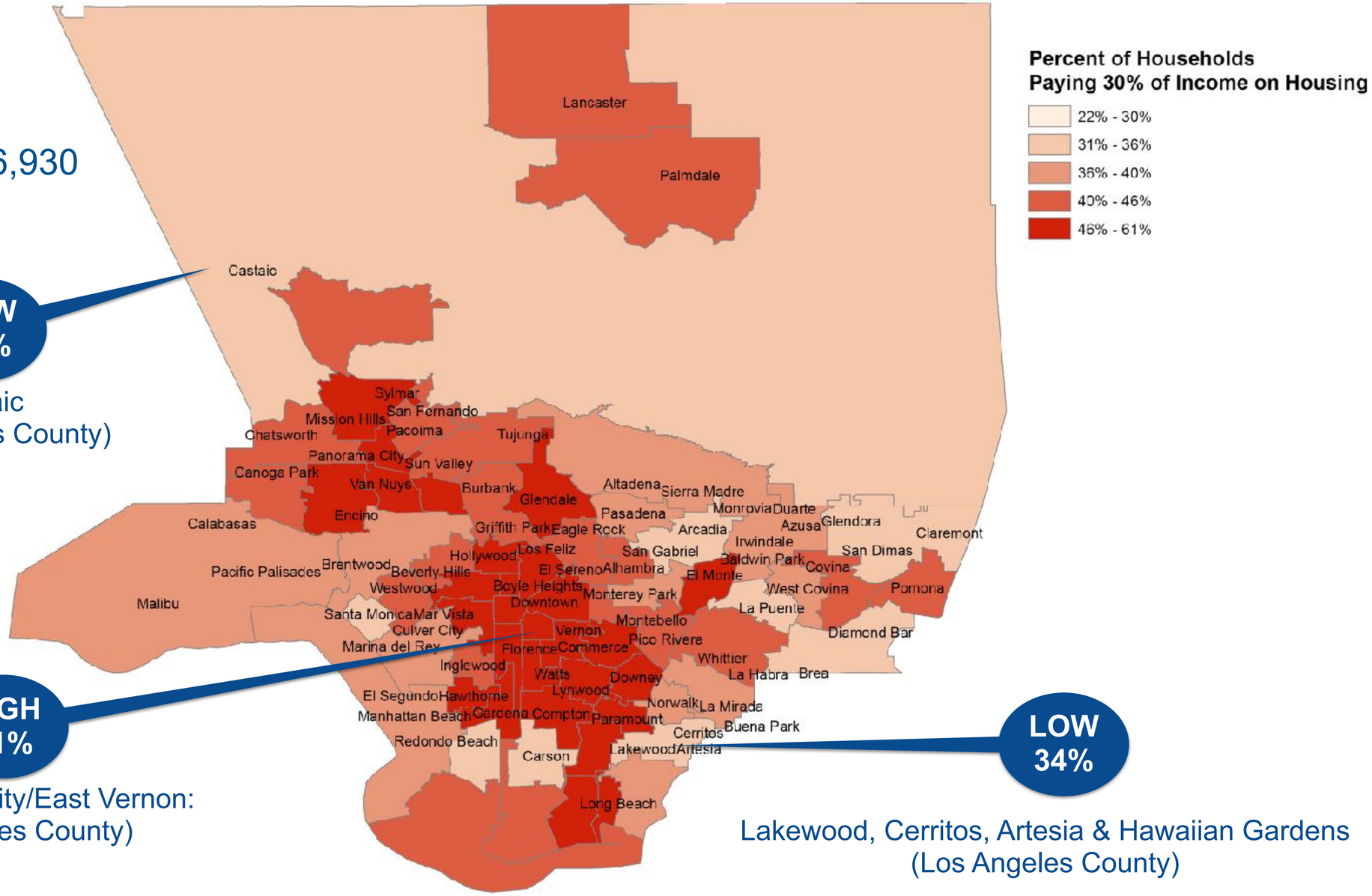
Inner Mission/Castro:
(San Francisco County)

HIGH 61%

Southeast LA City/East Vernon:
(Los Angeles County)

Percentage of Households Paying At Least 30% of Income on Housing by Neighborhood Clusters

Neighborhood Clusters: 69
% Housing Burdened: 44%
Estimated households: 1,226,930



LOW
34%

Castaic
(Los Angeles County)

HIGH
61%

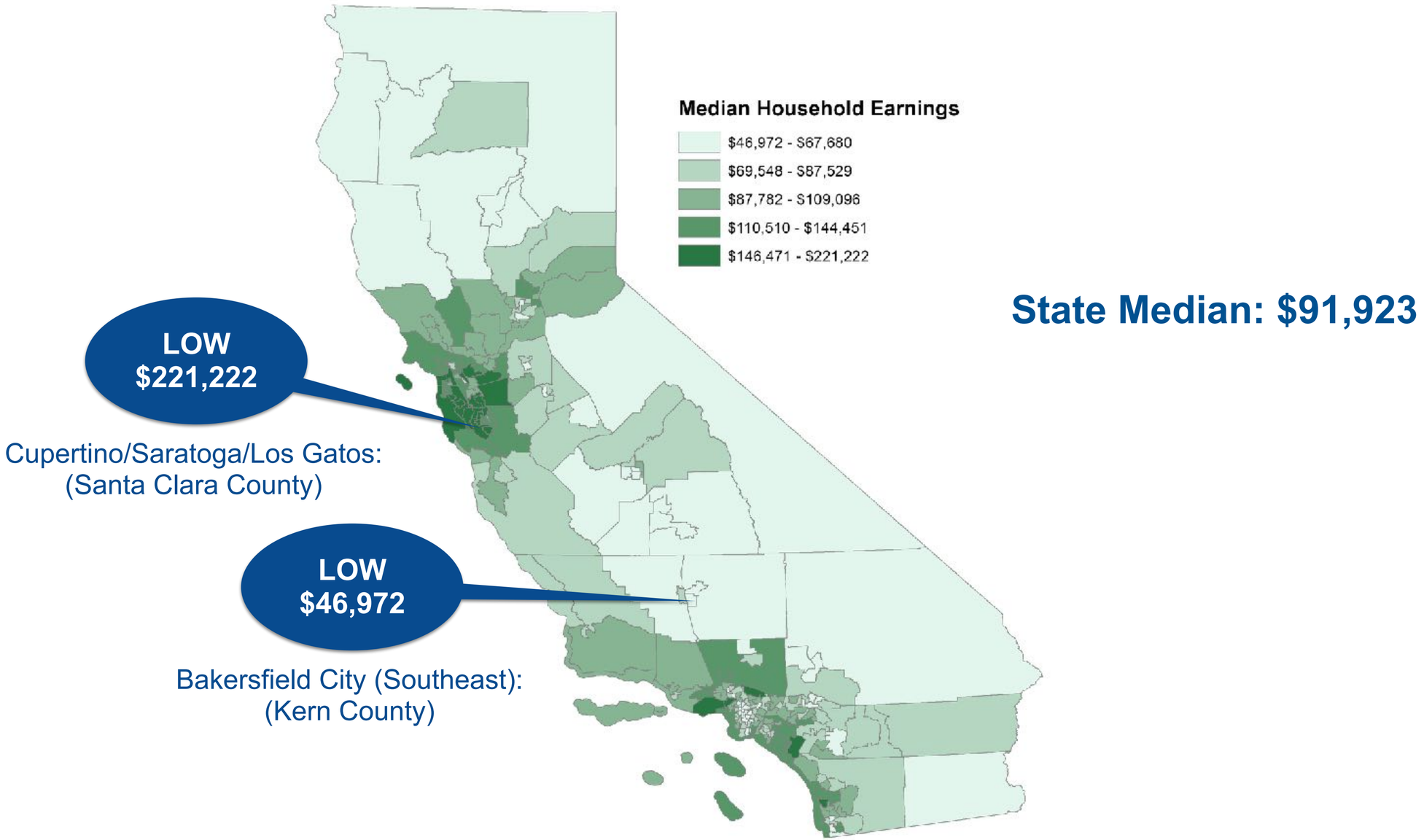
Southeast LA City/East Vernon:
(Los Angeles County)

LOW
34%

Lakewood, Cerritos, Artesia & Hawaiian Gardens
(Los Angeles County)

Median Household Income by Neighborhood Clusters

The Real Cost Measure in California 2021

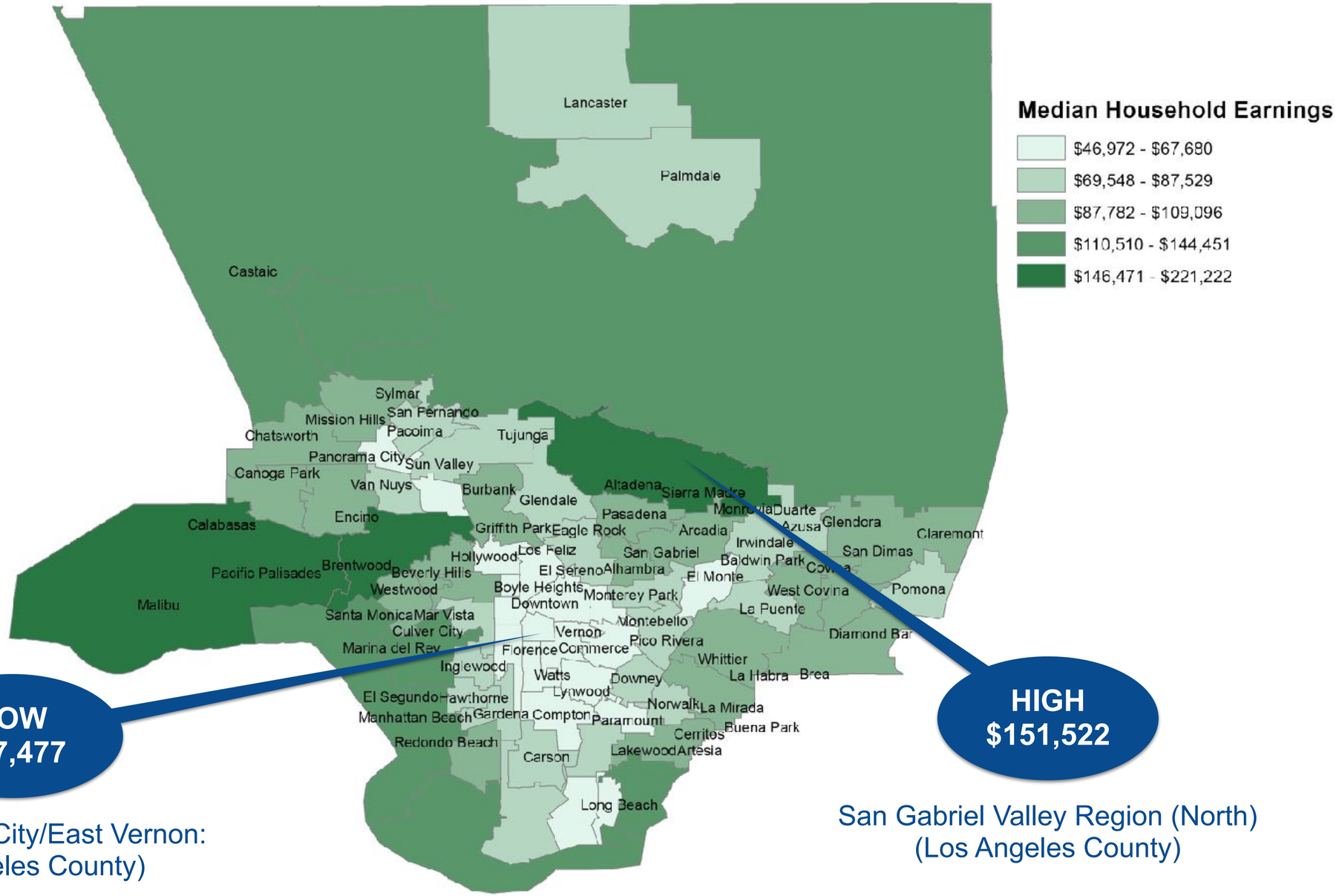


State Median: $91,923

Median Household Income in Los Angeles County

The Real Cost Measure in California 2021

State Median: $91,923
Los Angeles County: $82,832

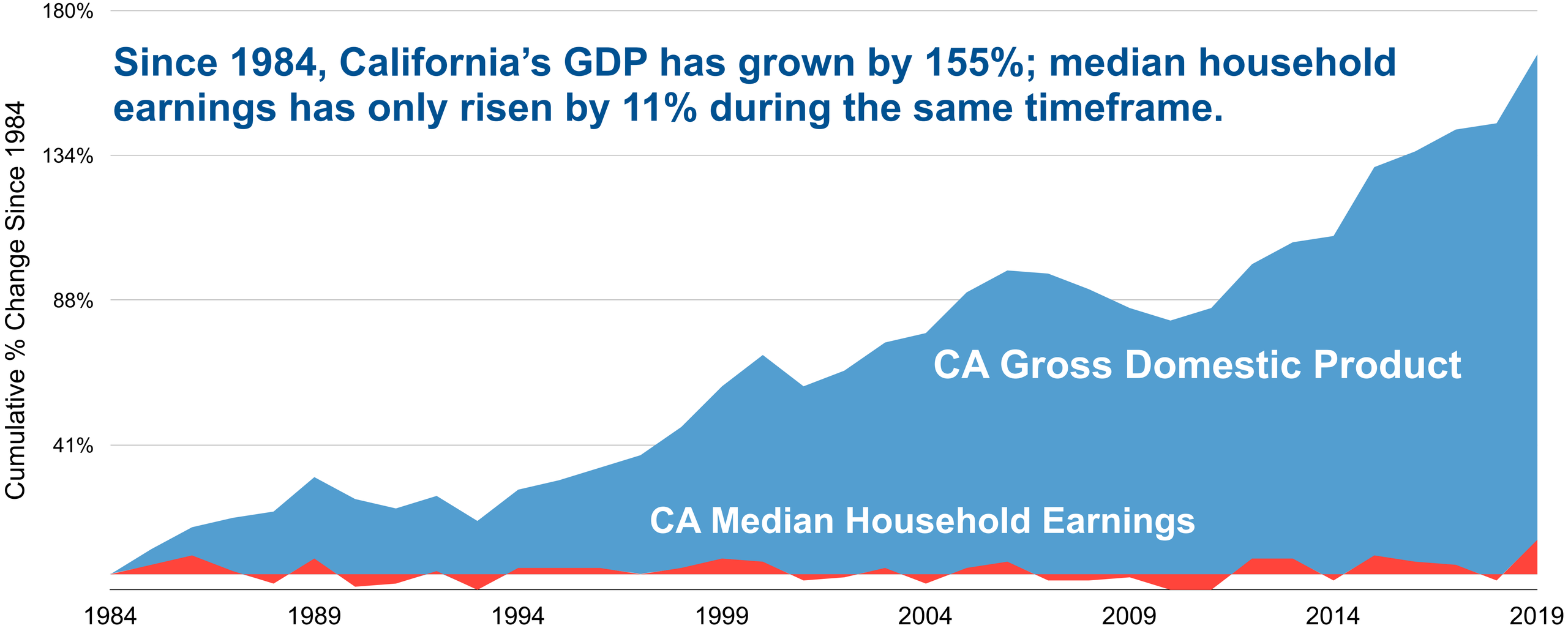


Southeast LA City/East Vernon:
(Los Angeles County)

San Gabriel Valley Region (North)
(Los Angeles County)

CA GDP and Median Household Earnings

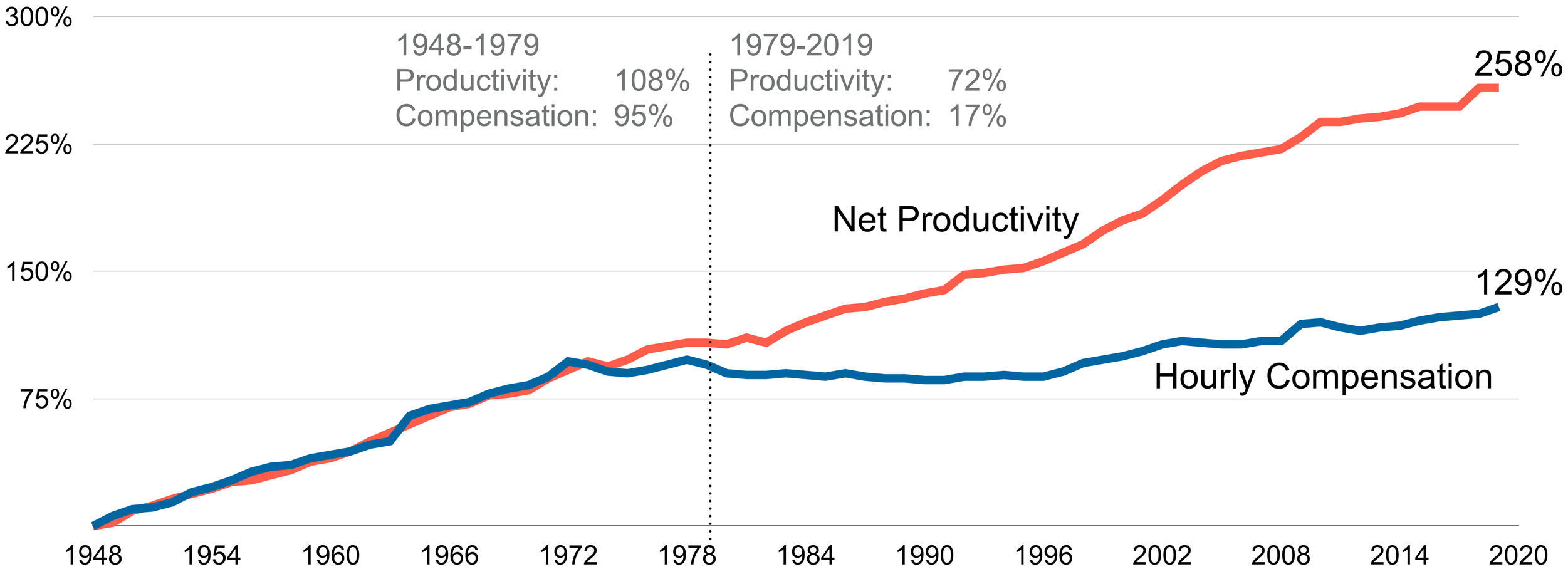
The Real Cost Measure in California 2021



Data sources: *Annual Gross Domestic Product by State*. Bureau of Economic Analysis. U.S. Department of Commerce and *Median Household Income by State*. Historical Income Tables. U.S. Census Bureau. Calculated by Measure of America. July 2021.

Hourly Compensation and Net Productivity in United States

1948-2019



Data Source: *EPI analysis of unpublished Total Economy Productivity data from Bureau of Labor Statistics (BLS) Labor Productivity and Costs program, wage data from the BLS Current Employment Statistics, BLS Employment Cost Trends, BLS Consumer Price Index, and Bureau of Economic Analysis National Income and Product Accounts Updated from Figure A in Raising America's Pay: Why It's Our Central Economic Policy Challenge (Bivens et al. 2014). https://www.epi.org/productivity-pay-gap.*

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Real Cost Measure Features

Executive Summary

Household Budgets Calculator

Real Cost Measure Dashboard **(NEW)**

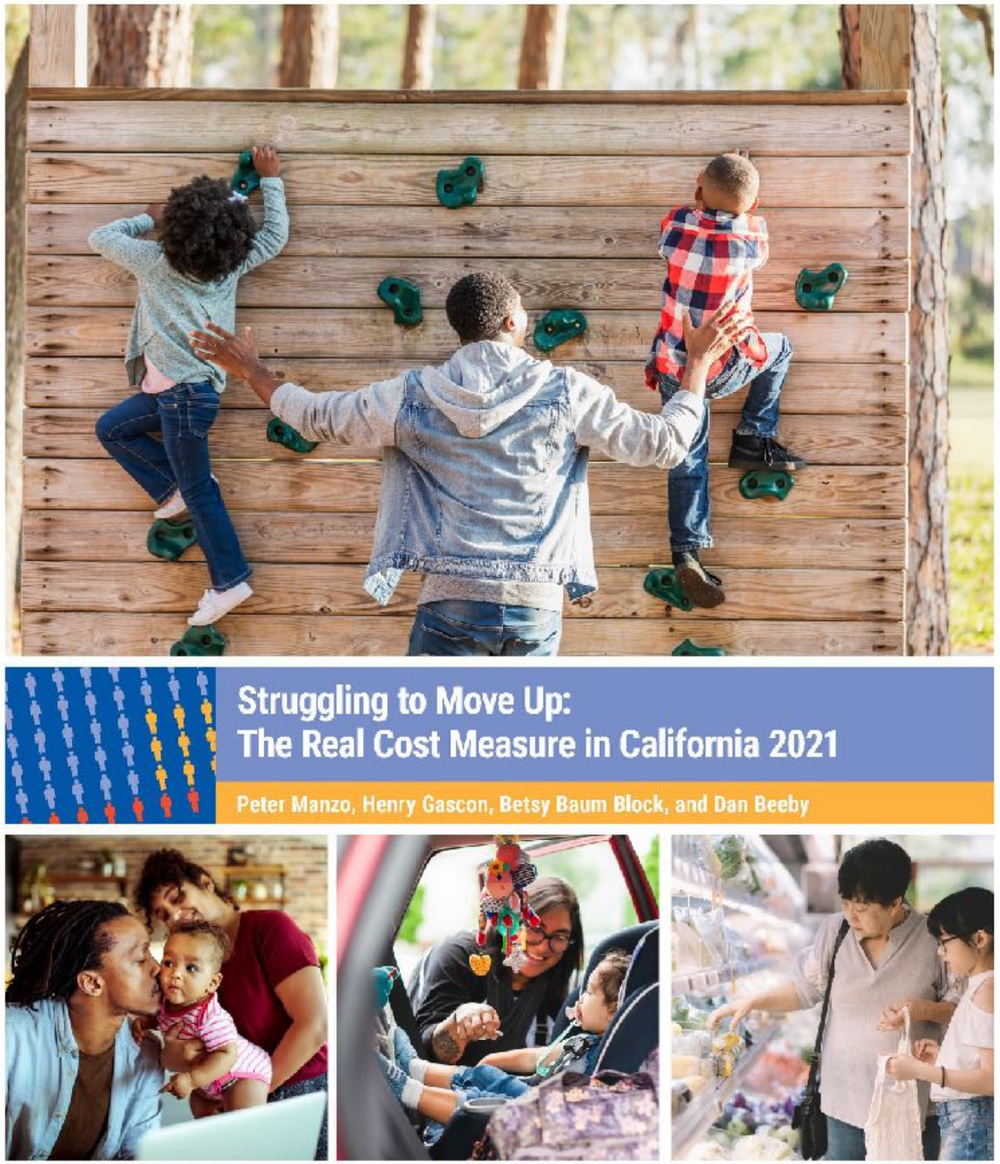
Neighborhood and County Maps

State, Region and County Fact Sheets **(NEW)**

Public Data Set

Press Articles

www.unitedwaysca.org/realcost



How to Adopt the Real Cost Measure

Engage Fellow Partners about the Cost of Living in your Community

Incorporate Findings into Government, Nonprofit and Foundation Decision-making

Grantwriting tool for Nonprofits

Engage your own Family on Cost of Living

Financial Literacy Tool

Compliment the Real Cost Measure with other Research/Community Data

Advocacy Tool to Help Families Move Up

Contact Information

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