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Report: Bay Area cost of living up 18 percent since 2008

By Matt O'Brien Contra Costa Times Posted: 10/04/2011 12:01:00 AM PDT Updated: 10/04/2011 05:10:55 AM PDT

By one measure, the cost of living for Bay Area families soared 18 percent since the onset of the recession in 2008.

As wages remained stagnant and more residents lost their jobs, the price of rental housing, transportation, child care and other basic needs kept rising, according to an Oakland-based national research group that wants California to overhaul how it measures the economic well-being of its residents.

"The income and expense gap just keeps growing. The ability to meet your basic needs is becoming further and further out of reach," said Jenny Chung Mejia of the Insight Center for Community Economic Development.

For decades, the federal government has relied on just one element of a person's life to figure out which American families were poor: How much income a family made before taxes, and how that compared to the cost of food.

Groups on both sides of the political aisle increasingly are criticizing that poverty threshold as an inadequate measurement that fails to take account of regional price differences and other factors.

Some are offering alternatives, and the U.S. Census Bureau will reveal its own "supplemental" poverty estimates this month based on benefits and expenses not included in the traditional computation.

Census survey data released last month revealed that a record 11 percent of Bay Area residents and 16 percent of Californians are living in poverty, but the meaning of poverty -- and how to combat it -- have become politically charged topics with few easy answers.

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A family of four is poor if they make less than \$22,133 a year according to the federal poverty line, a measurement developed decades ago, updated annually and used to determine who is eligible for economic assistance.

Liberal groups tend to think that threshold underestimates the number of struggling families who need help. Some conservative groups say it overestimates the poor population.

Organizations such as Insight argue that the federal threshold is an outdated measurement that fails to take account of local costs. They point out that a family would need much more than \$22,000 a year to make ends meet in the Bay Area.

Two parents with two young children need more than \$69,000 annually in the East Bay, \$82,000 in San Mateo County and nearly \$84,000 in Santa Clara County to cover normal costs of housing, food, commutes, child care and taxes, according to the group's report released Monday.

To get that number, Insight estimated monthly costs for a Bay Area family of four amount to \$1,592 for housing, \$1,588 for child care, \$1,147 for taxes, \$827 for food, \$452 for health care and \$342 for transportation.

Of those costs, health care has risen the most since 2008, by about 35 percent regionwide, Chung Mejia said. The cost of family premiums increased, and employers shifted a higher share of health care contributions to their employees.

Despite the housing crash, actual housing costs are still rising for many people, especially those who rent.

"As a result of the foreclosure market and the housing bust, more people are moving out of their own homes into rental properties. And rents are still high," said David Thompson, a financial coach at the United Way's SparkPoint Center in Bay Point.

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Food is the only necessity for which local prices have dropped, at least in relation to other parts of the state and country, Chung Mejia said, but child care and transportation costs also are up regionwide.

"The basic basket of goods people need in order to survive hasn't changed, but when you don't have incomes rising at the same level as the cost of goods, people have to make some really challenging decisions about which goods they are going to cover," she said.

Chung Mejia and others have argued that the state should use a cost-based measure -- called the Self Sufficiency Standard -- to determine the needs of struggling Californians. Otherwise, low-income parents end up falling off a "benefits cliff" after they find work with pay that makes them ineligible for food stamps and other help but does not bring enough money to pay the bills.

Democrats in the Legislature have proposed replacing the federal poverty line with the new index, and workforce investment boards in Oakland, San Francisco, Contra Costa County and other communities already use it for some programs.

The Census Bureau also this month will release its first estimates of poverty based on its own experimental index -- the Supplemental Poverty Measure, which takes into account a greater variety of factors than just cash income. But the new measure, which could increase the number of people classified as poor, has met political opposition. President Barack Obama included the measure in his 2011 budget proposal, but Congress blocked funding for its implementation.

While some say federal measures underestimate economic troubles, others argue they overestimate problems and oppose more expansive thresholds that would make more people eligible for government support.

Most Americans living below the federal poverty line have amenities that the poor in other countries could not imagine, said Robert Rector of the conservative Heritage Foundation.

Most have air conditioning, microwaves, televisions, nutritious food to eat and an adequate home. A little more than half have personal computers, he said, basing his analysis on an array of federal surveys.

"This doesn't mean there are no poor families, but they are within the minority of the 46 million people the census is saying are poor," he said.

"The overwhelming majority of poor people, not all, live in conditions that the average American wouldn't recognize as poverty."

Cost of living

The cost for basic needs in the Bay Area -- rent, food, health care, child care, transportation, and taxes -- has risen 18 percent from 2008 to 2011.

Self-sufficiency standards for family of two adults, one preschooler and one school-age child:

Bay Area	
2008	\$62,450
2011	\$73,964 +18%
California	
	\$54,853
	\$63,579 +16%
Alameda County	
	\$58,251
	\$69,529 +19%
Contra Costa County	
	\$58,174
	\$69,069 +19%
Marin County	
	\$73,576
	\$86,629 +18%
Napa County	
	\$57,728
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San Francisco County	
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Santa Clara County	
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	\$64,949 +19%

Source: Insight Center for Community Economic Development
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