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## **What Is A Living Wage for Sonoma County?**

by Martin J. Bennett

Last year, California became the first state to approve a \$15-an-hour minimum wage. This minimum wage phases in over seven years: on January 1<sup>st</sup> of 2018, it will rise to \$11.00 an hour for large employers and \$10.50 an hour for businesses with 25 or fewer employees.

In addition, nearly two-dozen California cities have approved \$15 an hour minimum wage laws that phase-in more quickly—San Francisco by 2018, San Jose by 2019, and Los Angeles by 2020.

Today the minimum wage is not a living or self-sufficiency wage, and the difference between the two is often misunderstood. California first enacted a minimum wage in 1916, along with 9 other states, and the federal government did so in 1938. The purpose of minimum wage laws was to create a wage floor that provides an adequate standard of living for all workers.

In 1933, President Franklin Roosevelt declared: “No business which depends for existence on paying less than living wages to its workers has any right to continue in this country. By living wages I mean more than a bare subsistence level—I mean the wages of decent living.”

But neither the state nor federal minimum wage included an annual cost-of-living adjustment nor accounted for regional cost differences. Increasing the minimum wage requires legislative action—hence the purchasing power of the minimum has incrementally eroded. For the first time, the California legislature has mandated that after full phase-in (by 2023), the minimum wage will be raised annually based upon inflation.

Coastal California cities have enacted \$15 citywide minimums that phase in faster, to address the disparity in housing and other costs compared to the Central Valley and northern counties.

A new California Budget and Policy Project report calculates a living wage and family self-sufficiency budgets, based on the actual costs of living for each county including food, housing, childcare, healthcare, transportation, taxes, and miscellaneous expenses.

A self-sufficiency family budget gives a family an income adequate to meet all basic needs. An expense such as food should not be sacrificed to afford another, such as housing. Self-sufficiency also means that a family is not reliant on any public assistance programs such as Food Stamps, Section 8 rental housing assistance, Medi-Cal, or federally subsidized Covered California.

In Sonoma County, according to the California Budget and Policy Project report, two parents working full-time (at least 35 hours a week) must each earn \$23 an hour, requiring an annual income of \$81,353 to support two children. The report calculates self-sufficiency costs for various family sizes—but \$23 an hour is the appropriate living wage level as two-thirds of working poor families in the county include two parents and two children.

If this living wage level is surprising, consider the following:

+The United States Housing and Urban Development Department (HUD), which annually calculates the Fair Market Rent (including utilities) for a given region, allows \$1572 per month for a two-bedroom apartment in Santa Rosa. HUD guidelines require one bedroom for every two occupants.

+The regional market-rate for child care is \$1,333 per month based upon the California Department of Education estimates for less costly, in-home, licensed child care. It assumes that a family of four includes one child under six who requires full-time care and a second, older child who needs after-school care.

+The cost of medical insurance provided by private employers including co-pays, deductibles, and premiums is \$589 per month based upon U.S. Health and Human Services estimates for a two parent, two-child family.

+Transportation costs, including gas, insurance, and repairs for a private vehicle is \$454 a month according to the U.S. Bureau of Labor Statistics.

The majority of workers in Sonoma County drive to work alone, and the cost of gasoline can dramatically impact the family budget.

+Food costs derived from the U.S. Department of Agriculture Low-Cost Food Plan are \$773 per month for a diet that provides only basic nutritional requirements and assumes that all food is prepared at home.

+Miscellaneous costs are \$787 per month for clothing, personal care, housekeeping, phone, and basic Internet services.

The California Budget and Policy Project self-sufficiency standards do not include the “extras” that many would consider necessities, such as dental coverage, life insurance, and savings for retirement and education. Moreover, its report was based upon pre-Tubbs fire data and does not incorporate the 36 percent increase of median rents since the fire.

Consequently, the living wage of \$23 an hour is a conservative estimate but should establish a benchmark that enables the community to engage in an ongoing discussion about how much is enough to make ends meet.

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