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AN APPLICATION OF EPI'S FAMILY BUDGET CALCULATOR TO THE WAGES OF UNIVERSITY OF CALIFORNIA EMPLOYEES

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For over a decade, the Economic Policy Institute has calculated basic family budgets for every area of the United States. Our methodology is so respected that our family budget tool has been used and cited by living-wage advocates, private employers, academics, and policymakers looking for comprehensive measures of economic security. These basic family budgets measure how much it costs various representative family types in over 600 local areas across the country to have an adequate but modest standard of living. The basic family budgets measure the income families need by estimating community-specific costs of housing, food, child care, transportation, health care, other necessities, and taxes.

EPI's family budgets have frequently been used to gauge the adequacy of earnings; for example SEIU Local 49 used it to assess hospital worker pay in Oregon. Recently, one of the unions representing workers in the University of California (UC) system asked EPI to estimate how many of its members earn wages at or above the family budget threshold for a one-adult, one-child family. Applying the basic family budget data to the reported wages of a large sample of UC

TABLE 1

University of California Union Employees Who Fall Below their Local Family Budget, 2014

Campus	Share of employees that fall below the local family budget
Berkeley	75.9%
San Francisco	86.2%
Davis	51.5%
Los Angeles	86.7%
Riverside	67.2%
San Diego	92.8%
Santa Cruz	96.1%
Santa Barbara	95.0%
Irvine	98.9%
Merced	24.0%
Total	**81.9%**

Source: EPI Family Budget and data from Teamsters Local 2010 and University of California Office of the President

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union workers indicates that 81.9 percent of UC union employees would not earn enough from their wages, even if they worked full time, to meet or exceed their metropolitan area's basic family budget for a prototypical family with one adult and one child.

Because the cost-of-living in the 10 UC campuses varies more widely than wage levels, the ratio of UC wages to this family budget threshold also varies by area. Table 1 depicts the share of union employees at each campus who fall below their local family budget, based on their hourly wage and assuming they work full time, full year. The share of workers who fail to meet their local family budget ranges from 24.0 percent of workers in Merced to 98.9 percent of workers in Irvine.

To make these estimates, we begin by inflating EPI family budgets for each area to 2014 using the Consumer Price Index for all Urban Consumers (CPI-U). Because we do not have information on the family type of UC union workers by wage level, we compare wages to a one-adult, one-child family prototype. Because we do have information on enrollment in various health plans and the employee premiums associated with each health plan and each wage level, we

This preliminary data analysis was released in connection with a press teleconference January 26 sponsored by Teamsters Local 2010 in California. A longer report from EPI is forthcoming.

replace the EPI family budget line item for health care with a more-targeted measure. Specifically, using the enrollment data for the workers in each pay band and the health insurance premiums for each of those pay bands, we can estimate the premiums they need to pay for a one-child, one-adult family type. Although we do not know the specific health plan for each union member, we create an enrollment-weighted average of the cost to individual workers of all the plan options. Using the enrollment data and the worker contribution for each plan, we create a weighted-average premium cost at each campus. These include only the share of premiums paid for by the individual workers, not the amount paid for by the employer. Once the health insurance costs are calculated for each pay band at each campus, we construct our modified family budget by adding these costs to the family budget data.

For each of the workers in the data set, we compare their wages (taking into account our estimate of the employer contribution to health insurance benefits) with the appropriate final family budget, depending on the worker's pay band. The wages we use for the analysis correspond to each worker's annual wages if he or she had worked full time, full year. To the extent that workers who do work part time have no other family income, we are overestimating their total family income and therefore underestimating the number of workers who fall below the family budgets.

As stated above, our preliminary results suggest that 81.9 percent of UC union employees would not earn enough from their wages, even if they worked full time, to reach or exceed their metropolitan area's basic family budget for a family with one adult and one child.

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