

Hidden Costs

The Public Cost of Low -Wage Jobs in San Diego



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A Research Report from the Center on Policy Initiatives

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Executive Summary

In recent years San Diego's regional economy has changed dramatically. Once a strong manufacturing region with large numbers of middle-class jobs, San Diego's changing economy now resembles an hourglass. The loss of middle-class jobs has led to new jobs in high-tech, high-wage industries at the top, and low-wage, no benefit, primarily service sector jobs at the bottom. As this report finds, this new "hourglass" economy poses many problems for San Diego's consumers, taxpayers and businesses.

Current and projected job creation demonstrates that low-wage job growth is far outpacing new employment opportunities in middle- and upper-income sectors. Faced with dramatically increasing costs of living, most San Diegans are finding it more and more difficult to make ends meet and provide basic needs for their families. Median wages for many of the fastest growing occupations in San Diego fall just above minimum wage, creating a new class of people known as "working poor" – those who live in poverty despite working for a living.

As working poverty and the number of workers without employer-based health care coverage increases, many working families are turning to publicly funded health and welfare programs. This safety net, originally intended for the most disadvantaged among us, is increasingly becoming an essential support system for those who work for a living. Due to the prevalence of low wage employment in San Diego's new economy, many working families rely on Food Stamps, Section 8 Housing, Medi-Cal and Healthy Families in order to secure basic needs.

Unfortunately, these public programs are not funded adequately to meet the growing demands imposed by the "hourglass" economy. Waiting lists for Section 8 housing vouchers in the City of San Diego are typically greater than 25,000. Working adults who earn minimum wage and who do not have disabilities or dependent children do not qualify for Medi-Cal or County Medical Services. State and local budget cuts will continue to limit the ability of these programs to meet the critical needs of hardworking families struggling to survive in San Diego's low-wage, high-cost economy.

The working poor, increasingly confined to low wages and unable to enter the shrinking middle class, are paying for economic decisions, conditions and policies created during previous decades. But they are not alone: taxpayers too are sharing the burden.

In this study we look at the "hidden costs" to taxpayers that are incurred when the wages and benefits of San Diego's largest employment sectors are insufficient to meet families' basic needs. We also highlight the rising costs to local hospitals of uncompensated care for the growing number of uninsured, as these costs are ultimately passed on to consumers, taxpayers and businesses.

By revealing the hidden public costs associated with the growing number of low-wage job opportunities, we are able to understand the burden our new economy imposes on public assistance programs and the strains it creates on an already compromised health

care system. This report aims to bring relevant new information into the discussion on economic disparity and the considerations we must make to strengthen our new economy.

Summary of principal findings

Declining job quality dominates regional economic trends

- Median wages for five of the top ten occupations with the greatest absolute job growth in San Diego County fall below self-sufficiency thresholds for four-person families.

Self-sufficiency wages, needed to provide basic needs, are higher than the state minimum wage

- A family of four (two working parents with two school-age children) in San Diego has to bring in more than \$50,000 each year to meet basic needs. That means each parent has to earn at least \$12.27 per hour, nearly twice the state minimum wage and more than twice the federal minimum wage.

Low-wage jobs put significant burden on taxpayers

- A family with two minimum wage earners is eligible to take advantage of free school meals, childcare vouchers, federal housing vouchers, public health care for children, and the Earned Income Tax Credit.
- A single parent earning minimum wage can qualify for free school meals, Healthy Families, Section 8 Vouchers, Child Care, and the Earned Income Tax Credit.
- A family with two parents working full time earning minimum wage with two children is eligible for \$1,955.93 per month, or \$23,471.00 a year, in public assistance funds and services.
- Households earning self-sufficiency wages pay a good deal more in taxes than minimum wage families, while minimum wage households can receive substantial tax credits.

Large numbers of jobs that don't provide health insurance put an increasing burden on private hospitals

- Nearly 30 percent of working-age San Diegans are uninsured.
- Of the uninsured San Diegans, 91 percent are employed part- or full-time.
- The cost of uncompensated care for San Diego County Hospitals escalated from \$304 million in 2000 to \$325 million in 2002.

Self-sufficiency would eliminate the need for working families to access public assistance programs

- A family with two self-sufficiency wage earners would no longer have to rely on public assistance to make ends meet.
- Each working adult in a family of four (two working parents rearing two school-age children) earning the self-sufficiency wage of \$12.27 an hour would not qualify for public assistance programs.

Working and Poor in San Diego

Angelina's Story



Angelina has worked as a janitor at the Central Library in downtown San Diego for three years. She earns \$7.50 an hour and has never had a raise. Although she works six days a week, she only works six hours a day so every week she is four hours short of a full-time job, despite wanting to work a full 40 hours.

Since she still is not given enough hours to be full time, even though she works six days a week, Angelina has a second part-time job at a Refugee assistance organization. She is paid wages

when the organization has enough funding, but sometimes she does the work as a volunteer. This means she never has a day off.

Angelina has two children, a daughter who already has a family of her own, and a 12-year-old son. Together, she and her son try to get by on her wages from month to month. In fact, they just moved back in with Angelina's mother in order to afford the rent. Angelina's brother and his daughters, along with Angelina's older daughter and her daughter's children, also live in the home.

Since her job doesn't provide health insurance, and her wages are so low, she and her son qualify for Medi-Cal. Angelina has recently undergone surgery for painful fibroids, and she is taking at least six weeks off work. Luckily, Medi-Cal covers the cost of the operation, but Angelina will struggle without pay while she recovers.

Ultimately taxpayers will foot the bill for Angelina's surgery. Despite the fact that Angelina is a hard worker and good mother, she is unable to afford basic needs, like health care. While Angelina has opportunities to improve her skills and eventually find better paying work, someone will have to clean the Central Library downtown. Whether that person is Angelina or someone else does not change the fact that taxpayers are subsidizing the low-wage, no benefit jobs like those at the library.

Mary's Story



Mary works the night shift as a security guard at the entrance to Qualcomm Stadium. She earns \$7.00 an hour and has not had a raise since she started the job last spring. Elite Show Services, the company hired to provide security services at Qualcomm Stadium, does not offer Mary any health insurance or retirement benefits.

Despite the fact that Mary works forty hours a week, she relies heavily on public assistance programs to make ends meet.

Maintaining an evening work schedule, Mary must find childcare for her children. Despite working 40 hours a week, her low wages qualify her children for childcare assistance from the County. To provide important health coverage for herself and her two young sons, Mary enrolled in the Medi-Cal program.

Like other hard working San Diegans Mary desires to be economically self-sufficient. She is frustrated by the fact that she must rely on public assistance despite working full-time. She wants work that would cover her bills. Unfortunately, \$7.00 an hour makes it impossible for her to meet her family's basic needs without the help of government programs.

Even with public assistance subsidizing her low-wages, Mary still cannot afford simple luxuries like adequate furniture for her home or a couple of dollars to stash away into a savings account.

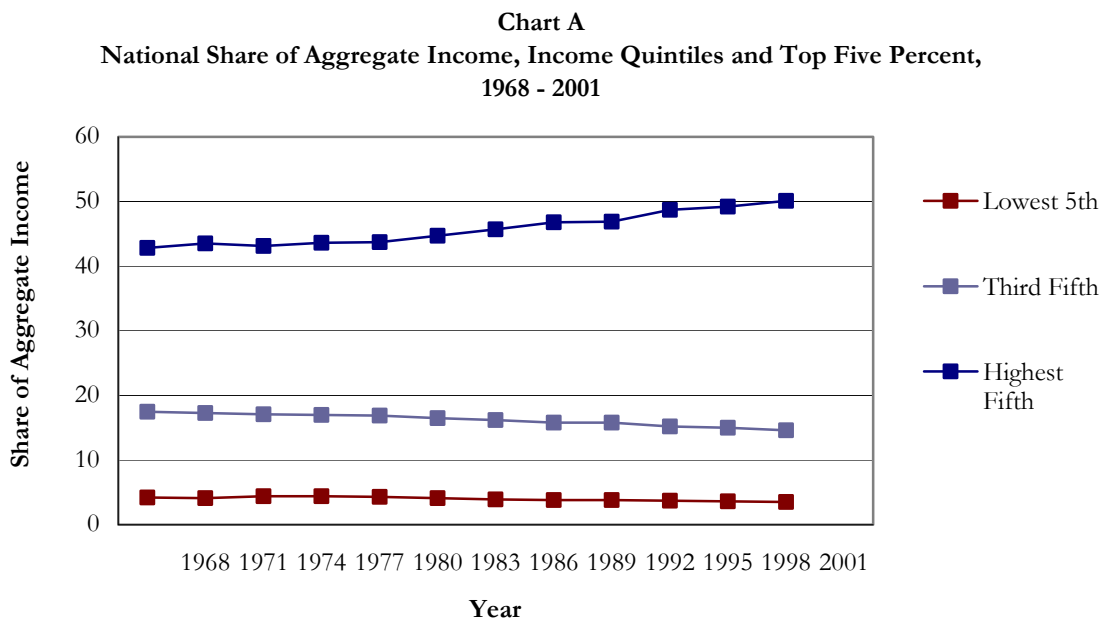
One day, Mary may be able to lift herself out of this cycle of poverty. Unfortunately, the low-wage security guard job will still exist, and the burdens of working poverty will be passed onto the next person who fills that position.

These stories are meant to underscore the reality that faces too many San Diego families. It is critical to understand that data and research cannot adequately express the daily struggles faced by Angelina, Mary and the thousands of other working families like them.

The Hourglass Economy

Economic trends at the state and national levels during the past three decades have shown growing income inequality.

Chart A shows a general trend of decline in the percent share of aggregate national income for the lowest quintile. Between 1980 and 1993, for example, the lowest quintile's share of national income shrank by 11.6 percent. While the share of income for the lowest quintile diminished in this time period, the share of aggregate income for the top five percent grew by 17.7 percent.



(Source: Table IE-3. Household Shares of Aggregate Income by Fifths of the Income Distribution: 1967 to 2001, U.S. Census Bureau.)

Similar dynamics prevailed up until the late 1980s in California, when income disparity began to grow at a faster rate within the state than in the nation as a whole (Reed et. Al). Researchers have concluded that the divergence in income inequality trends between California and the nation is not due to rapid growth at the top of the income distribution but rather a “precipitous drop” in income in the middle to lowest levels of income distribution within the state (ibid.). Between 1976 and 1994, income in the 10th percentile of earners in the nation fell by eight percent, while income for the same percentile in California fell by 30 percent (ibid.).

If we look at the type of jobs the San Diego region is creating, we see that median wages for several of the fastest growing occupations in the County fall below self-sufficiency thresholds for four-person families. The majority of these occupations also fall below self-sufficiency thresholds for three-person families. For example, the occupation

projected to experience the greatest growth in absolute terms over the 2001 - 2008 period is retail sales. The median wage rate for retail sales positions last year was \$8.95 per hour, approximately two-thirds of the self-sufficiency wage for a two-parent family and a little over a third of the self-sufficiency wage for a single-parent family.

Table A
Top Ten Occupations with the Greatest Absolute Job Growth in San Diego County,
2001 - 2008

Occupation	Annual Average Employment		Employment Change		Median Hourly Wages, 2002
	2001 (2)	2008	Number	Percent	
Retail Salespersons	46,100	53,690	7,590	16.5	\$8.95
Food Prep & Serving Workers	21,320	26,600	5,280	24.8	\$7.18
Cashiers	27,790	31,860	4,070	14.6	\$8.12
Computer Software Engineers, Applications	7,450	11,380	3,930	52.8	\$37.10
Customer Service Representatives	14,840	18,560	3,720	25.1	\$13.30
Computer Support Specialists	6,290	9,930	3,640	57.9	\$19.53
Janitors, Maids, Housekeepers, Cleaners	17,350	20,760	3,410	19.7	\$8.84
Registered Nurses	16,060	19,330	3,270	20.4	\$27.22
Office Clerks, General	24,660	27,760	3,100	12.6	\$11.04
Teachers, Primary, Secondary, & Adult, All Other	14,900	17,890	2,990	20.1	N/A

(Sources: (1) *2002 Metropolitan Area Occupational Employment and Wage Estimates San Diego, CA MSA*, Bureau of Labor Statistics, U.S. Department of Labor; (2) *Occupational Employment Projections, 2001 – 2008, San Diego County*, *ibid.*)

Making Ends Meet

What does it cost to support a family in San Diego? Neither the state nor federal minimum wages have kept pace with rising costs in California. Costs are even higher in San Diego, especially due to a lack of affordable housing. According to the California Budget Project, San Diego is the second most expensive region in California behind the San Francisco / Bay Area. Due to the high cost of living, families with two working parents earning the minimum wage are unable to support their families without forgoing basic needs or relying on public assistance.

Consider that a family of four, two working parents rearing two school-aged children, in San Diego has to bring in more than \$50,000 each year to pay the bills (CPI, San Diego Snapshot: Making Ends Meet). Working full-time, each parent has to bring in at least \$12.27 per hour, nearly twice the state minimum wage and more than twice the federal minimum wage (Ibid.).

Table B
Cost of Living: Two Adult Family
2003

Elements/Costs	Two Adults Two School Age Children
Rent & Utilities	\$1,408.00
Food	\$594.50
Transportation	\$409.27
Childcare	\$741.52
Healthcare	\$213.70
Phone	\$98.82
Clothing and Personal Care	\$133.13
Household Supplies	\$170.93
Basic Monthly Needs	\$3,769.86
Taxes	
California	(\$0.26)
Federal	\$160.17
Social Security	\$325.53
Total Taxes	\$485.43
Gross Annual Earnings	\$51,063.48
Gross Monthly Earnings	\$4,255.29
Hourly Self-Sufficiency Wage Needed for each Working Adult	\$12.27

(Source: *San Diego Snapshot: Making Ends Meet*, 2003. Center on Policy Initiatives.)

The challenges of supporting a family are greater still for a single-parent family. A single working adult with two kids in school would have to earn \$22.15 per hour to meet basic needs. This excludes entertainment as well as all other types of recreational spending.

Table C
Cost of Living: Single Adult Family
2003

Elements/Costs	One Adult, Two School Age Children
Rent & Utilities	\$1,408.00
Food	\$445.41
Transportation	\$242.17
Childcare	\$741.52
Healthcare	\$209.05
Phone	\$75.35
Clothing and Personal Care	\$119.93
Household Supplies	\$153.95
Basic Monthly Needs	\$3,395.37
Taxes	
California	(\$5.23)
Federal	\$155.49
Social Security	\$293.71
Total Taxes	\$443.97
Gross Annual Earnings	\$46,072.17
Gross Monthly Earnings	\$3,839.35
Hourly Self-Sufficiency Wage	\$22.15

(Source: *San Diego Snapshot: Making Ends Meet, 2003*. Center on Policy Initiatives.)

These cost of living figures are significant. While some San Diego residents do exceed the self-sufficiency wage in hourly pay, it is important to recognize that employees in many of San Diego's largest and fastest growing occupational categories will fail to earn wages sufficient to support themselves and their families in this costly region.

Research suggests that low-income earners often spend more than they take in, forgoing savings and either relying on government programs or initiating a dangerous cycle of debt to supplement their incomes. The most recent Consumer Expenditure Survey indicates that in 2002, the average low-income consumer earning between \$10,000 and \$14,999 per year after taxes incurs an average annual deficit of \$8,489. The income range is significant: A single person working full-time earning the state minimum wage would

earn a little more than \$14,000 per year. Notably, for this income group, expenditures exceeded income by nearly half.

On average, expenditures exceed income before and after taxes for all consumer income groups under the \$40,000 level (Consumer Expenditure Survey). In addition, research indicates that the poor spend a higher percentage of their incomes on necessities than middle and high-income consumers (Mergenhausen). Housing, food, and medical care top the list of necessities (Alwitt and Donley, 1996).

The political and economic implications of expenditures exceeding income for a large number of low-income earners are immense. Whether relying on public assistance programs, cannibalizing savings, taking on debt or loans, or working in the underground economy; alternative income sources become a necessity for the poor (Hill). The fact that expenditures exceed income for those earning less than \$40,000 per year is particularly troubling when it comes to reliance on public programs. As it turns out, public assistance programs are no longer just a safety net for the unfortunate and unemployable. In lieu of sufficient household income, these programs have become critical sources of support for working people who would otherwise be unable to obtain basic necessities such as housing and health care.

Hidden Costs

Two Working Households

The proliferation of low-wage jobs has an impact on public budgets and the availability of public services. Households earning minimum wage qualify for – and would need to – rely on a number of government programs in order to make ends meet. (See Appendix for descriptions of public assistance programs.) Should a family decide to take advantage of all of the programs for which it is eligible, the value of these public services per family can be substantial. In the end, taxpayers fund these programs.

Households earning a self-sufficiency wage, by comparison, earn more per year and qualify for few, if any, public assistance programs.

Income and Taxes

Tables D and E demonstrate that households earning self-sufficiency wages pay a good deal more in taxes than the minimum wage families, while minimum wage households can receive substantial tax credits in some cases.

Table D*
Annual Income and Taxes for Minimum Wage, Self-sufficiency Wage Families of Four
(Two Parents, Two Kids)

Income and Taxes	Minimum Wage Household	Self-Sufficiency Wage Household
Adjusted Gross Income	\$28,080.00	\$51,043.20
FICA (Social Security and Medicare)	(\$2,148.12)	(\$3,904.80)
Federal Income Tax**	\$3,135.00	(\$501.00)
State Income Tax***	\$319.00	\$196.61
State Disability Insurance	(\$252.72)	(\$459.39)
Annual Net Income	\$29,133.16	\$46,374.61
Monthly Net Income	\$2,427.76	\$3,864.55

(*Tax and income calculations for a four person family differ slightly from Table B due to changes in the tax code and tax assumptions)

(**Figure includes the Earned Income Tax Credit and the Child Credit.)

(***Figure includes the Dependent Care Credit)

Table E*
Annual Income and Taxes for Minimum Wage, Self-Sufficiency Wage Families of Three (One Parent, Two Kids)

Income and Taxes	Minimum Wage Household	Self-Sufficiency Wage Household
Adjusted Gross Income	\$14,040.00	\$46,072.00
FICA (Social Security and Medicare)	(\$1,074.06)	(\$3,524.51)
Federal Income Tax**	\$4,478.00	(\$788.00)
State Income Tax***	\$0.00	\$333.46
State Disability Insurance	(\$126.36)	(\$414.65)
Annual Net Income	\$17,317.58	\$41,678.30
Monthly Net Income	\$1,443.13	\$3,473.19

(*Tax and income calculations for a four person family differ slightly from Table C due to changes in the tax code and tax assumptions)

(**Figure includes the Earned Income Tax Credit and the Child Credit.)

(***Figure includes the Dependent Care Credit)

It is important to distinguish between refundable and non-refundable tax benefits. A refundable benefit is essentially a payment available for unrestricted use, while a non-refundable benefit is a credit or deduction available for use only to pay down a tax bill. At the federal level, the Earned Income Tax Credit and a portion of the Child Credit are refundable tax benefits. All other credits and deductions are non-refundable. At the state level, the Dependent Care Credit is fully refundable. All other credits and deductions are non-refundable.

Eligibility

Minimum wage earners are eligible for a number of public assistance programs to help them make ends meet. A family with two minimum wage earners, for example, is eligible to take advantage of free school meals, childcare vouchers, federal housing vouchers, public health care for children, and the Earned Income Tax Credit.

Table F
Annual Eligibility Levels for a Family of Four (2 parents, 2 kids)¹

Public Assistance Program	Annual Income Ceiling	Monthly Income Ceiling	Hourly Wage Ceiling*
Food Stamps	\$23,928	\$1,994	\$5.75
Free School Meals	\$34,044	\$2,837	\$8.18
MEDI-CAL**	\$18,408	\$1,534	\$4.43
Healthy Families	\$46,008	\$3,834	\$11.06
Section 8 Vouchers	\$31,900	\$2,658	\$7.67
Child-Care	\$39,000	\$3,250	\$9.38
EITC	\$34,692	\$2,891	\$8.34

(*For each working parent)

(** Medi-Cal is not available to families with two adults working full-time at minimum wage)

But at a slightly higher self-sufficiency wage of \$12.27 per hour, two-income families are no longer eligible for most programs. Comparing the annual income of a family with two parents earning minimum wage, \$28,080, and two parents earning self-sufficiency wage, \$51,043.20 (Table D), to annual eligibility levels for the same family size (Table F), it is evident that a family earning the self-sufficiency wage would no longer qualify for – or need – any of the major public assistance programs in order to provide basic necessities for their families.

The same is true for three-person families, although eligibility levels for public assistance programs are typically much higher presumably because programs are targeted to relieve the burden on single parents. A single parent earning a self-sufficiency wage of \$22.15 per hour, or \$46,072 before taxes, would no longer qualify for any major public assistance program. At the minimum wage level, however, a single parent would be eligible for free school meals, Healthy Families, Section 8 Vouchers, Child Care, and the Earned Income Tax Credit.

Table G
Annual Eligibility Levels for a Family of Three (1 parent, 2 kids)

Public Assistance Program	Annual Income Ceiling	Monthly Income Ceiling	Hourly Wage Ceiling
Food Stamps	\$19,848	\$1,654	\$9.54
Free School Meals	\$28,236	\$2,353	\$13.58
MEDI-CAL	\$15,260	\$1,272	\$7.34
Healthy Families	\$38,150	\$3,179	\$18.34
Section 8 Vouchers	\$28,700	\$2,392	\$13.80
Child-Care	\$35,100	\$2,925	\$16.88
EITC	\$33,692	\$2,808	\$16.20

¹ Assuming the recipients do not have any disability or medical condition that would otherwise qualify them for Medi-Cal.

Value of Public Assistance

With so many working people eligible for public assistance, it is important to look at the cost this imposes on taxpayers. As it turns out, the price tag is quite high. For a family of four earning minimum wage and taking advantage of all the major public assistance programs for which they are eligible, the cost to the taxpayer is \$1,955.92 per month or \$23,471 per year.

Table H
Annual Cost of Public Assistance Programs Per Family of Four (Two Parents, Two Kids)

Public Assistance Program	Minimum Wage	Self-Sufficiency Wage
Food Stamps	\$0.00	\$0.00
Free School Meals	\$540.00	\$0.00
Healthy Families	\$1,724.00	\$0.00
Section 8 Vouchers	\$8,472.00	\$0.00
Earned Income Tax Credit	\$1,392.00	\$0.00
Child Credit	\$1,743.00	\$0.00
Child-Care	\$9,600.00	\$0.00
Total	\$23,471.00	\$0.00

Families of three, with one parent and two children, are eligible for nearly identical tax benefits and public assistance services at minimum wage levels, with the exception of the value of refundable portion of the federal child credit and the Earned Income Tax Credit. A family of four earning minimum wage receives a combined tax benefit of \$3,135 due to the child credit and EITC, while a family of three earning a minimum wage receives an even greater tax benefit of \$4,478. The benefits available to single parents earning minimum wage are even greater.

San Diego Recipients of Public Programs

Tens of thousands in the San Diego area turn to public assistance to fulfill their basic needs. While the program attracting the largest number of participants is Medi-Cal, (435,602 enrolled during 2003) a state-run program that relies largely on federal funding, a number of local public assistance programs exceed the 10,000-level in terms of participants. Table I shows the large number of recipients of public assistance programs in and around the City of San Diego.

Table I
Total Recipients of Public Assistance Programs in the San Diego Area,
2003

Program	Geographic Area	Total Recipients
Food Stamps	San Diego County	25,360
Free School Meals	San Diego Unified School District	59,236
Healthy Families	San Diego County	53,348
Medi-Cal	San Diego County	435,602
Section 8 Vouchers	City of San Diego	12,300
Earned Income Tax Credit	City of San Diego	55,269
Child-Care	San Diego County	1,746 families*

(*2,659 children benefit from child-care assistance from the County of San Diego.)

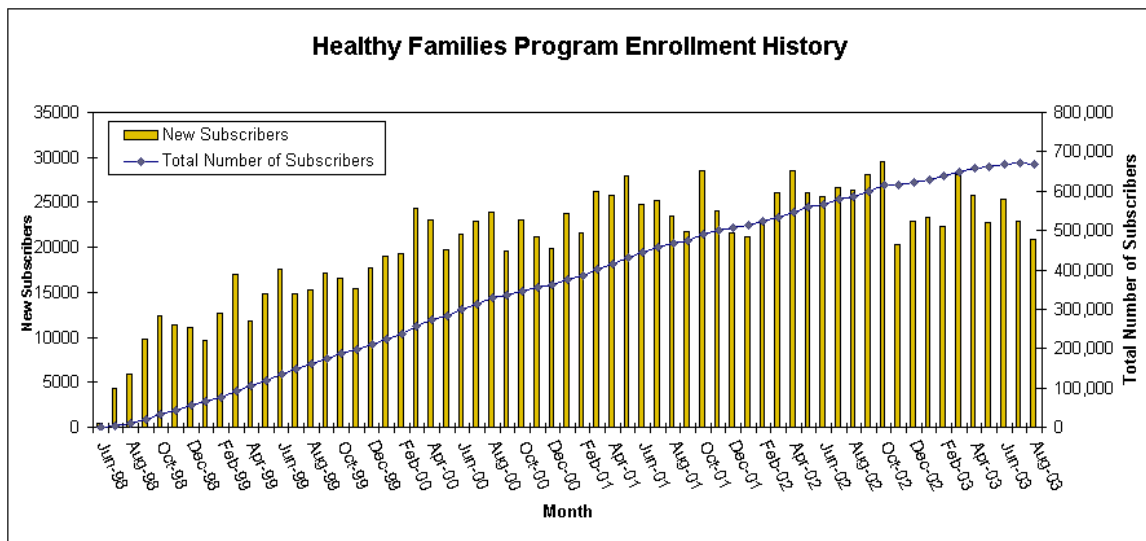
It should be noted that these figures do not indicate total need or number of families that are potentially eligible for these services. These social services and tax benefits are typically underutilized due to lack of knowledge and limited services. For example, many families are unaware of their eligibility for Earned Income Tax Credits, and many programs have limited services and long waiting lists.

Health Care

Health care is another area where working families require significant and increasing public assistance. According to the UCLA Center for Health Policy in 1999, 365,000 San Diegans lacked health insurance, and 91 percent of those were working people and their families. In other words, many of the low-wage jobs being created in the local economy fail to provide basic health insurance for workers and families.

While many public health insurance programs exist for low-income Californians, including Medi-Cal, Healthy Families, County Medical Services, and Transitional Medi-Cal, full time minimum wage earners do not qualify because they are above the income limit. The Healthy Families Program covers children, and in some cases their single guardians. Reflecting the increased cost of health care nationwide, enrollment for healthy families has increased dramatically in California (Chart B).

Chart B
Statewide Enrollment for Healthy Families

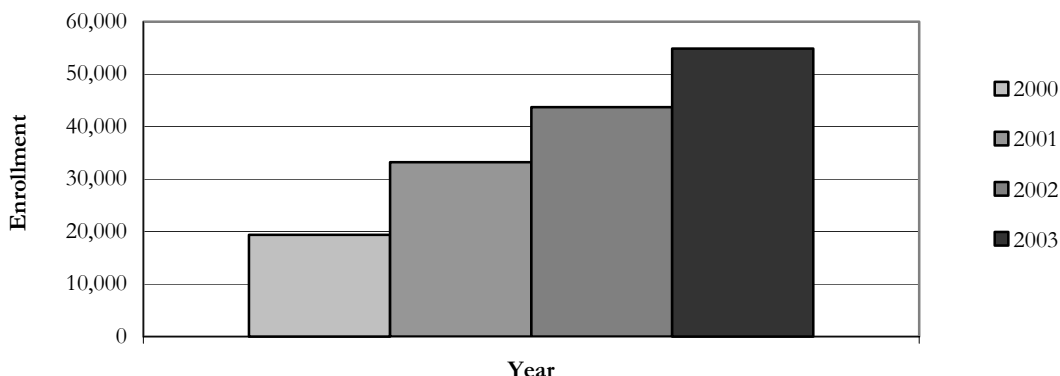


Data as of 09/05/2003

(Source: *Medi-Cal County Data Book, 2002*, Medi-Cal Policy Institute.)

In San Diego County, families have increasingly relied on public health care to provide coverage to pregnant mothers and children. Enrollment in the Healthy Families program in San Diego has swelled from 19,372 participants in 2000 to 54,872 participants in 2003 (Chart C).

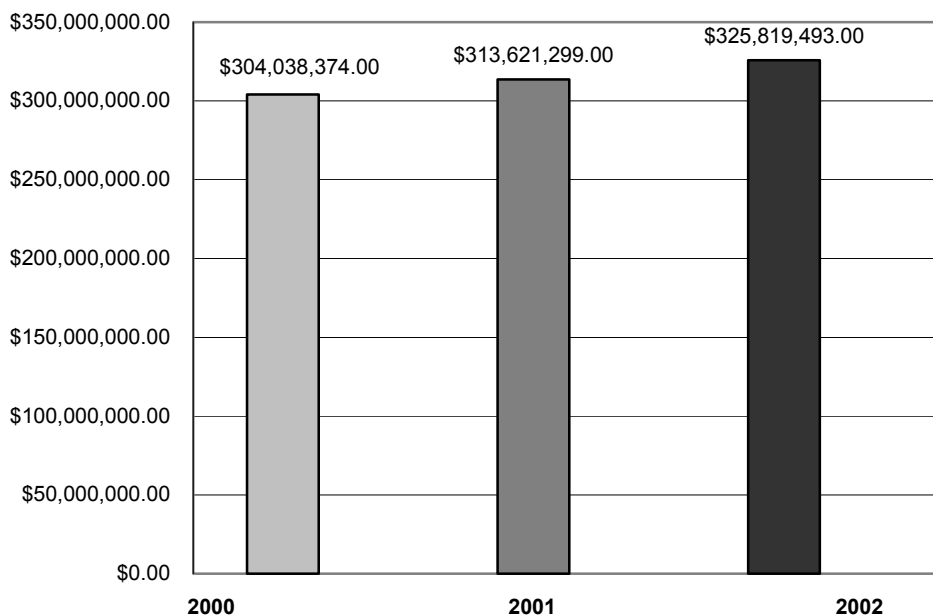
Chart C
San Diego County Healthy Families Enrollment



Source: *Medi-Cal County Data Book, 2002*, Medi-Cal Policy Institute.)

Individuals and families who have neither the health insurance nor the income to pay out of pocket medical expenses often rely on charity care or emergency room treatment. This contributes to escalating uncompensated care costs for local hospitals in San Diego County. Uncompensated costs place an increasing burden on the health care system of San Diego County, rising from over 300 million in 2000 to 325 million in 2002.²

Chart D
Uncompensated Care Costs for San Diego County Hospitals 2000-2002



(Source: *2000-2002 OSHPD Annual Financial Reporting Data*, State of California.)

² OSHPD Data is self-reported from hospitals and may therefore underestimate the total uncompensated care costs.

Conclusion

This research has shown that median wages for San Diego's fastest growing occupations, combined with an increasing cost of living, are placing significant burdens on families who are unable to make ends meet. The report has also elevated the fact that taxpayers must supplement those low wages with publicly funded social services and tax rebates.

Of particular concern, the report found:

- Declining job quality dominates regional economic trends.
- Self-sufficiency wages, needed to provide basic needs, are higher than the state minimum wage.
- Low-wage jobs put significant burden on taxpayers.
- Large numbers of jobs that don't provide health insurance put an increasing burden on private hospitals.
- Self-sufficiency wages would eliminate the need for public subsidies.

In order to move families out of working poverty, and reduce the burden of low-wage jobs on taxpayers, we urge policymakers to expand their efforts to promote a high-productivity economic development strategy that includes the following core elements:

Living Wages and Health Care Benefits – Adopt policies that would improve the quality of jobs created by tax dollars. Jobs funded by taxpayers should be able to pay wages and provide benefits that would lift workers out of working poverty.

Job Quality Reports – Establish Job Quality Reports to evaluate employment outcomes of development, redevelopment, land use and public spending decisions utilizing criteria of wages, benefits, and full-time versus part-time or temporary employment.

Community Involvement – Expand participation by workers and communities in regional economic development decisions.

By revealing the hidden public costs associated with the growing number of low-wage job opportunities we are able to understand the burden our new economy imposes on public assistance programs and the strains it creates on an already compromised health care system. This report aims to bring relevant new information into the discussion on economic disparity and the considerations we must make to strengthen our new economy.

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Interview with Matt Gardner, Policy Analyst, Citizens for Tax Justice. December 19, 2003.

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Appendix I

Child Care

The General Alternative Payment Program (GAPP) covers families earning less than \$39,000 per year. GAPP is a mixture of federal (73%) and state funding (27%). Qualified child-care recipients receive assistance from one of three providers: Health and Human Services Agency YMCA, Child Resource Service, and Child Development Associates. The Department of Education administers funding to the three agencies, which in turn provide child-care to qualified applicants.

Earned Income Tax Credit

The Earned Income Tax Credit (EITC) is a tax return for low-income working families, aimed specifically at families with children. EITC is institutionalized within the tax code and claim the tax credit on the Earned Income Credit form of the tax forms. Address the IRS Publication 596 for more details regarding EITC specifications.

Food Stamps

The California Department of Social Services administers the Food Stamps program through the County Health and Human Services Department. Able-bodied individuals must meet specified working requirements and a family of four must make under \$23,928 in order to qualify. Once a family has qualified for Food Stamps, the County Health and Human Services Department administers an Electronic Benefit Transfer (EBT) card, which can be used to buy specified grocery items. An individual household's food stamp allotment is equal to the maximum allotment for that household's size, less 30 percent of the household's net income; for a family of four, the maximum allotment is \$471.

Free School Meals

The Free School Meals program is administered through the San Diego Unified School District. The eligibility levels are determined by the Federal Government's budget for school nutrition programs, which is in turn administered through the state. An application must be filed with the SDUSD for each student receiving free school meals. School site hands out application and then SDUSD reviews application then returns them to specified school sites.

Healthy Families

Healthy Families is a low cost insurance program that provides health, dental and vision coverage to children, and in some cases their single guardians, who do not have insurance and do not qualify for no-cost Medi-cal. The program does not provide completely free coverage; co-pays and other fees are part of participation costs for the family. The program has funding from both state and federal sources and is administered by state, county, and municipal offices.

Medi-Cal

Medi-Cal is California's Medicaid program, funded by both federal and state sources. Medi-Cal is administered by various different entities at the state, and local level, including providers, enrollment organizations, and city, county, and state offices. There are a variety of different overlapping programs that provide services to the disabled, pregnant women, children, and uninsured adults.

Section 8 Housing

Section 8 Housing is a federal public assistance program that is administered locally by a Public Housing Agency (PHA). Qualified applicants receive vouchers via their local PHA. Funding for the vouchers is provided by the U.S. Department of Housing and Urban Development. Applicants must search for suitable housing that meets the standards of the PHA. Once housing is decided upon, the PHA pays a subsidy directly to the landlord by way of the family renting the housing.

Data Sources

Staff at the San Diego Unified School District provided data on Free School Meals for year 2003-2004.

Data on Food Stamps provided by HHSA PPSD for year 2003-2004.

Data on Medi-Cal was collected from the Medi-Cal Policy Institute in the January 2002 Medi-Cal County Data Book, and from the California's Medical Assistance Program Annual Statistical Report. Data from the report was taken from the Medical Care Statistics Section, Table 11 – Total Medi-Cal Expenditures By Date of Payment and Type of Expenditure Fiscal Years 1999-2000 and 2000-2001.

Data on Healthy Families provided by Healthy Families.

Data on Section 8 Voucher eligibility can be found at the Department of Housing and Urban Development. Section 8 income limits are restricted to households earning less than "very low income," or 50 percent of median income for a given Metropolitan Statistical Area for 2003.

The Internal Revenue Service provided data on EITC.

Citizens for Tax Justice provided tax and Income Calculations as well as child credit numbers.

Child-Care data provided by County of San Diego Health and Human Services Agency.

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