

Statement by

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Informational Hearing on

“Food Insecurity Among University of California Employees”

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Thank you, Chairman Bonta, and the members of the Committee for the opportunity to testify at this hearing.

My name is Ben Zipperer and I am an economist at the Economic Policy Institute, a nonpartisan research organization in Washington, DC. I received my doctorate in economics from the University of Massachusetts, Amherst. Because one of my areas of expertise is the low-wage labor market, I appreciate the occasion to speak about the research the Economic Policy Institute (EPI) conducted on the ability of University of California administrative support employees to secure a modest standard of living.

For the past 15 years, EPI has calculated family budgets: how much income a family needs in order to afford basic expenses in the community that they live. We estimate family budgets for different family types – the number of adults and children – and for more than 600 local areas across the country, accounting for housing and food costs, transportation expenses, child care costs, and health care expenditures, in addition to federal and state taxes. Although they are conceptually related to official poverty thresholds, EPI's family budgets peg a higher standard than "material deprivation" when setting income thresholds. They also incorporate better measures of the costs of child care as well more detailed geographic variability for other expenditures. For these reasons and because of the transparency of our methodology, the family budget calculator on EPI's website has become a valuable tool used by advocates, employers, policymakers, academics and the media to provide comprehensive measures of economic security for families in a given location.

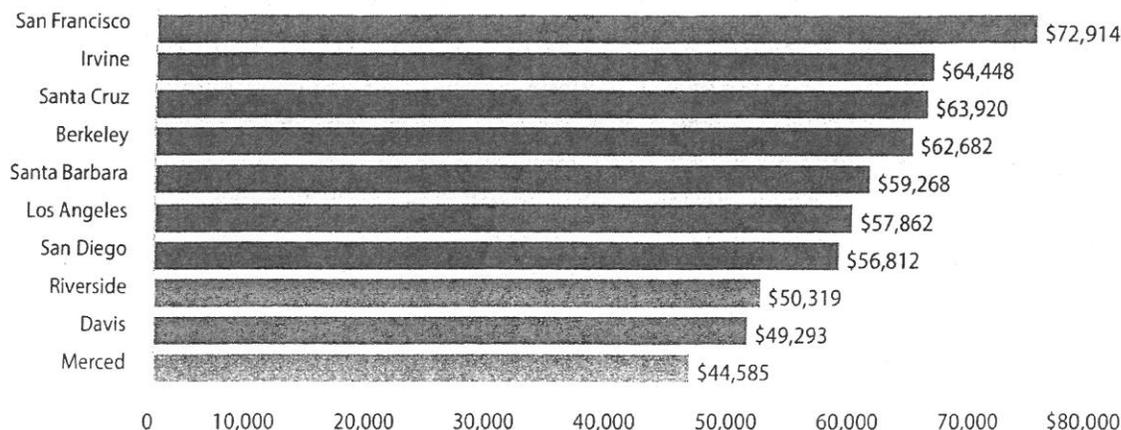
In 2015, we were asked by the union representing administrative support workers in the University of California (UC) system, Teamsters Local 2010, to estimate how many of its members earn wages that would leave their income below a family budget threshold estimated for a one-adult, one-child family. Our senior economist Elise Gould, who could not attend today due to prior obligations, authored a report available on our website (see Gould 2015). The main finding of the paper was that 93.2 percent of UC administrative support employees did not earn enough from their wages, even if they worked full-time, to meet their metropolitan area's basic family budget for a typical family with one adult and one child.

To construct family budgets for each metropolitan area where the UC campuses reside, we began with the EPI family budgets for 2014, the most recent data available at the time. The union representing UC administrative support workers provided EPI with the wages of 11,398 of their members in 2014. Because we did not have information on family types of these workers, for simplicity we compared wages to a family with one adult and one child. We did, however, have information on health plan enrollment and their associated employee premiums, which we incorporated into the family budget calculation, as explained in the report. Along with these modified health care costs, we also calculated area-specific costs of housing, food, transportation, child care, and other necessities, as well as taxes.

Due to the large amount of geographic variability in costs across the metropolitan areas where the UC system resides, family budget thresholds differed significantly across locations, ranging from a low of \$44,585 in Merced to \$72,914 in San Francisco. The variation in family budgets is largely a consequence of different housing costs across geographic areas which, when expressed as a share of the total family budget, ranged from 21.4 percent of the family budget in Merced to 32.2 percent of the family budget in San Francisco. (See Figure 1.)

Figure 1: UC campus metro area family budget thresholds for single adult, single child family types, 2014

Annual family budget thresholds in selected UC campus metro areas, 2014



Source: Gould (2015).

For each of the workers in the provided data, we compared their annualized wages to their area's family budget threshold adjusted for employee health insurance contributions. All told, 93.2 percent of UC administrative support workers had annualized wages that fell below their family budget threshold. This was approximately 10,620 workers in 2014.

Davis and Merced had the lowest shares of administrative support workers falling below the threshold, with 67.5 percent and 73.0 percent of workers below family budgets, respectively. However, on all other campuses more than 90 percent of administrative workers had annualized wage income that fell below the family budget threshold. EPI also calculated how far administrative support workers were below the family budget threshold in dollar terms. On average, UC administrative workers would need a \$15,457 increase in income to meet a modest one-adult, one-child family budget with wage income alone.

To the extent that family types of these workers do not match a one-parent, one-child family, we may overstate or understate the extent of wage insufficiency. In contrast to a family with one child and one parent working in the UC system, families with two-parents who work full-time are more likely to meet or exceed their family budget. On the other hand, families where one parent cannot work, or families where there are more non-working dependents such as children or elderly family members, are generally more likely to suffer wage insufficiency for a given income. We also understate wage insufficiency among UC administrative support workers by using annualized income to compare to wage thresholds; to the extent that these workers work part-time and do not have other income, we underestimate the share of workers falling below family budget thresholds.

UC wages alone were clearly inadequate to provide basic necessities to a one-parent, one-child family in the metropolitan areas where these employees worked. It is important to emphasize that the family budget thresholds are very modest and effectively assume that families are living paycheck-to-

paycheck, with no savings for emergencies, college, or retirement. The high prevalence of wage insufficiency among UC administrative support staff therefore raises serious questions about how these workers supported or failed to support themselves and their families as well as concerns about the extent of their hardships, as I understand others here today will discuss.

References

Gould, Elise (2015). "EPI's Family Budgets and Wage Sufficiency: An Application of EPI's Family Budget Calculator to the Wages of University of California Administrative Support Employees." Economic Policy Institute Issue Brief No. 394, March 5. <http://www.epi.org/files/2015/EPI%E2%80%99sFamilyBudgetsandWageSufficiencyAnApplicationofEPI%E2%80%99sFamilyBudgetCalculatortotheWagesofUniversityofCaliforniaAdministrativeSupportEmployees.pdf>