

Still STRUGGLING to Make Ends Meet

Washington State Living Wage Report, 2020-2021

By Lisa Mikesell
April 2022

The **Job
Gap**
Economic
Prosperity series

ABOUT THE AUTHOR

Author and Lead Researcher, Lisa Mikesell

Lisa Mikesell is an equity and poverty researcher who has five years of experience calculating basic needs budgets for dozens of states at both the Alliance for a Just Society and the University of Washington's Center for Women's Welfare. She currently works for the Washington State Department of Transportation, where she is developing an equity index for transportation system impacts on vulnerable populations.

Mikesell received an MPA from the Evans School of Public Policy and Governance at the University of Washington in 2015.

ACKNOWLEDGMENTS

Thanks to LeeAnn Hall and Libero Della Piana for help in editing and publishing the report.



Since 1999, the Alliance for a Just Society has published the Job Gap Economic Prosperity series to examine the ability of working families to move beyond living paycheck-to-paycheck in today's economy, seeking to understand both the barriers keeping families from achieving economic prosperity and what actions policymakers can take to help families and communities thrive.

A LIVING WAGE IN WASHINGTON STATE

Over the last two years, the Covid-19 pandemic has triggered many changes in American life, but workers in Washington State and across the country continue to face difficulties making ends meet. Hazard pay premiums for essential workers have temporarily boosted worker pay, but inflation through February 2022 was at its highest rate since 1982¹, erasing many of these wage gains. Although average wages in Washington have grown more since the Great Recession than the national average², wages for most workers have still not kept pace with the cost of living, including the wages of essential home care workers.

WHAT IS A LIVING WAGE?

A living wage is one that allows families to meet their basic needs, without public assistance, and that provides them some ability to deal with emergencies and plan ahead. It is not a poverty or survival wage.

In this report, living wages are calculated on the basis of family budgets for several household types. Family budgets include basic necessities, such as food, housing, utilities, transportation, health care, child care, clothing and other personal items, savings, and state and federal taxes. This assumes full-time work on a year-round basis, at 2,080 hours per year.

More information on living wage calculations is included in the Technical Notes section at the end of this report.

In Washington State, the statewide living wage for a single adult in 2020 was \$20.50 per hour. In 2021, the living wage for a single adult was \$20.16 per hour, or \$41,939 per year. This is nearly \$2.50 above the average wage of \$17.78 per hour in 2021 for home care workers in the state.³ With the hazard pay bonus in effect, Independent Provider home care workers are making an estimated \$20.26 per hour in 2021, barely enough for a single adult to support themselves.

Unlike past Job Gap reports, this report primarily focuses on 2020 living wage figures, with 2021 figures included in some sections as additional data points. This is because temporary increases in tax credits in the American Rescue Plan Act of 2021 led to 2021 wages that were slightly lower than

- 1 Jeanna Smialek and Ben Casselman. "Rising Wages Could Complicate America's Inflation Cool-Down." March 31, 2022. <https://www.nytimes.com/2022/03/31/business/economy/inflation-rising-wages.html>
- 2 Washington Office of Financial Management (2022). Washington and U.S. average wages. <https://www.ofm.wa.gov/washington-data-research/statewide-data/washington-trends/economic-trends/washington-and-us-average-wages>
- 3 Washington State Department of Social and Health Services (2021). IP historic average wage and percent increases by CBA – Updated.

those in 2020, particularly for families with children. However, since these credits expired after the 2021 tax year, expenses for working families in 2022 and beyond will more closely resemble 2020 numbers. Detailed 2021 living wage tables for Washington State, King County, Snohomish County, Spokane County, and Yakima County are included at the end of this report.

WASHINGTON 2020 Monthly Family Budgets	Household 1: Single adult	Household 2: Single adult with a school- age child (age 6-8 yrs)	Household 3: Single adult with a toddler (12-24 months) and a school- age child (6-8yrs)	Household 4: Two adults (one of whom is working) with a toddler and a school- age child	Household 5: Two adults (both of whom are working) with a toddler and a school age child
Food	\$216.35	\$417.51	\$549.33	\$798.83	\$798.83
Housing & Utilities	\$1,302.06	\$1,593.36	\$1,593.36	\$1,593.36	\$1,593.36
Transportation	\$525.67	\$487.93	\$544.53	\$1,167.27	\$1,222.46
Health Care	\$144.96	\$361.64	\$465.43	\$515.81	\$515.81
Household, Clothing, & Per- sonal (18%)	\$547.26	\$715.11	\$788.16	\$1,018.82	\$1,032.61
Savings (10%)	\$304.03	\$397.28	\$437.87	\$566.01	\$573.67
Child Care	\$0.00	\$765.85	\$2,260.28	\$0.00	\$2,260.28
State/Federal Taxes (annually)	\$6,155.05	\$9,239.23	\$10,189.13	\$7,223.93	\$12,602.54
Gross income needed (monthly)	\$3,553.25	\$5,508.63	\$7,488.06	\$6,262.09	\$9,047.242
Gross income needed (annually)	\$42,693.03	\$66,103.51	\$86,856.68	\$75,145.04	\$108,566.84
Living Wage per working adult (hourly)	\$20.50	\$31.78	\$43.20	\$36.13	\$26.10

For working families with children, the cost of living is even greater. Statewide, a single adult with two children must be paid \$43.20 per hour or more to make ends meet, based on 2020 data. Even in a two-parent family with two children, where both parents are working, each parent needs to be paid at least \$26.10 per hour to meet all of their family’s needs.

Average wages for home care workers do not allow working families to make ends meet. The state’s average home care provider wage of \$17.78 per hour in 2021 without hazard pay provides only 41 percent of the 2020 statewide living wage for a single adult with two children, requiring such a worker to work 97 hours to be paid the equivalent of a living wage.

Hours at Average Wage for Home Care Workers to be Paid the Equivalent of a 2020 Living Wage in Washington State				
Area	Single Adult		Single Adult with Two Children	
	Living Wage	Hours Per Week	Living Wage	Hours Per Week
Statewide	\$20.50	46.1	\$43.20	97.2
King County	\$25.28	56.9	\$56.41	126.9
Snohomish County	\$25.28	56.9	\$51.35	115.5
Spokane County	\$15.10	34.0	\$34.63	77.9
Yakima County	\$15.81	35.6	\$34.92	78.6

LIVING WAGES ACROSS THE STATE

In counties in eastern, central, and western Washington state, single adults and working families must work long hours at the average home care worker wage to make ends meet.

This report provides county-level findings for four counties in Washington State: King County, Snohomish County, Spokane County, and Yakima County. In none of the counties profiled does the statewide average wage for home care workers provide enough for a single adult with two children to make ends meet.

2020 LIVING WAGE TABLE: KING COUNTY

KING COUNTY 2020 Monthly Family Budgets	Household 1: Single adult	Household 2: Single adult with a school- age child (age 6-8 yrs)	Household 3: Single adult with a toddler (12-24 months) and a school- age child (6-8yrs)	Household 4: Two adults (one of whom is working) with a toddler and a school-age child	Household 5: Two adults (both of whom are working) with a toddler and a school age child
Food	\$216.35	\$417.51	\$549.33	\$798.83	\$798.83
Housing & Utilities	\$1,792.82	\$2,150.82	\$2,150.82	\$2,150.82	\$2,150.82
Transportation	\$525.67	\$487.93	\$544.53	\$1,167.27	\$1,222.46
Health Care	\$144.96	\$361.64	\$465.43	\$515.81	\$515.81
Household, Clothing, & Per- sonal (18%)	\$669.95	\$854.48	\$927.53	\$1,158.18	\$1,171.98
Savings (10%)	\$372.19	\$474.71	\$515.29	\$643.43	\$651.10
Child Care	\$0.00	\$1,021.22	\$2,936.69	\$0.00	\$2,936.69
State/Federal Taxes (annually)	\$7,919.49	\$13,353.62	\$20,263.55	\$9,218.45	\$18,356.95
Gross income needed (monthly)	\$4,381.90	\$6,881.11	\$9,778.25	\$7,202.55	\$10,977.43
Gross income needed (annually)	\$52,582.80	\$82,573.33	\$117,339.01	\$86,430.56	\$131,729.17
Living Wage per working adult (hourly)	\$25.28	\$39.70	\$56.41	\$41.55	\$31.67

The living wage for a single adult in King County in 2020 was \$25.28 per hour. This reflects what is needed to meet basic needs and maintain some ability to deal with emergencies and plan ahead. The living wage for a single adult with two children in 2020 was \$56.41 per hour. Average wages for home care workers do not allow working families to make ends meet. The state's average home care provider wage of \$17.78 per hour in 2021 provides only 32 percent of a living wage for a single adult with two children in King County, requiring such a worker to work 127 hours to be paid the equivalent of a living wage.

2020 LIVING WAGE TABLE: SNOHOMISH COUNTY

SNOHOMISH COUNTY 2020 Monthly Family Budgets	Household 1: Single adult	Household 2: Single adult with a school- age child (age 6-8 yrs)	Household 3: Single adult with a toddler (12-24 months) and a school- age child (6-8yrs)	Household 4: Two adults (one of whom is working) with a toddler and a school-age child	Household 5: Two adults (both of whom are working) with a toddler and a school age child
Food	\$216.35	\$417.51	\$549.33	\$798.83	\$798.83
Housing & Utilities	\$1,792.82	\$2,150.82	\$2,150.82	\$2,150.82	\$2,150.82
Transportation	\$525.67	\$487.93	\$544.53	\$1,167.27	\$1,222.46
Health Care	\$144.96	\$361.64	\$465.43	\$515.81	\$515.81
Household, Clothing, & Per- sonal (18%)	\$669.95	\$854.48	\$927.53	\$1,158.18	\$1,171.98
Savings (10%)	\$372.19	\$474.71	\$515.29	\$643.43	\$651.10
Child Care	\$0.00	\$777.47	\$2,290.12	\$0.00	\$2,290.12
State/Federal Taxes (annually)	\$7,919.49	\$12,373.09	\$17,497.44	\$9,218.45	\$15,793.85
Gross income needed (monthly)	\$4,381.90	\$6,555.65	\$8,901.17	\$7,202.55	\$10,117.27
Gross income needed (annually)	\$52,582.80	\$78,667.81	\$106,814.07	\$86,430.56	\$121,407.23
Living Wage per working adult (hourly)	\$25.28	\$37.82	\$51.35	\$41.55	\$29.18

The living wage for a single adult in Snohomish County in 2020 was \$25.28 per hour. This reflects what is needed to meet basic needs and maintain some ability to deal with emergencies and plan ahead. The living wage for a single adult with two children in 2020 is \$51.35 per hour. Average wages for home care workers do not allow working families to make ends meet. The state's average home care provider wage of \$17.78 per hour provides only 35 percent of a living wage for a single adult with two children in Snohomish County, requiring such a worker to work 116 hours to be paid the equivalent of a living wage.

2020 LIVING WAGE TABLE: SPOKANE COUNTY

SPOKANE COUNTY 2020 Monthly Family Budgets	Household 1: Single adult	Household 2: Single adult with a school-age child (age 6-8 yrs)	Household 3: Single adult with a toddler (12-24 months) and a school-age child (6-8yrs)	Household 4: Two adults (one of whom is working) with a toddler and a school-age child	Household 5: Two adults (both of whom are working) with a toddler and a school age child
Food	\$216.35	\$417.51	\$549.33	\$798.83	\$798.83
Housing & Utilities	\$747.82	\$961.82	\$961.82	\$961.82	\$961.82
Transportation	\$525.67	\$487.93	\$544.53	\$1,167.27	\$1,222.46
Health Care	\$144.96	\$361.64	\$465.43	\$515.81	\$515.81
Household, Clothing, & Personal (18%)	\$408.70	\$557.23	\$630.28	\$860.93	\$874.73
Savings (10%)	\$227.06	\$309.57	\$350.15	\$478.30	\$485.96
Child Care	\$0.00	\$637.26	\$1,771.75	\$0.00	\$1,771.75
State/Federal Taxes (annually)	\$4,170.74	\$5,336.72	\$8,757.77	\$4,960.50	\$8,529.17
Gross income needed (monthly)	\$2,618.12	\$4,177.69	\$6,003.11	\$5,196.33	\$7,342.12
Gross income needed (annually)	\$31,417.38	\$50,132.24	\$72,037.29	\$62,355.95	\$88,105.45
Living Wage per working adult (hourly)	\$15.10	\$24.10	\$34.63	\$29.98	\$21.18

The living wage for a single adult in Spokane County in 2020 was \$15.10 per hour. This reflects what is needed to meet basic needs and maintain some ability to deal with emergencies and plan ahead. The living wage for a single adult with two children in 2020 is \$34.63 per hour. Average wages for home care workers do not allow working families to make ends meet. The state's average home care provider wage of \$17.78 per hour provides only 51 percent of a living wage for a single adult with two children in Spokane County, requiring such a worker to work 78 hours to be paid the equivalent of a living wage.

2020 LIVING WAGE TABLE: YAKIMA COUNTY

YAKIMA COUNTY 2020 Monthly Family Budgets	Household 1: Single adult	Household 2: Single adult with a school- age child (age 6-8 yrs)	Household 3: Single adult with a toddler (12-24 months) and a school- age child (6-8yrs)	Household 4: Two adults (one of whom is working) with a toddler and a school-age child	Household 5: Two adults (both of whom are working) with a toddler and a school age child
Food	\$216.35	\$417.51	\$549.33	\$798.83	\$798.83
Housing & Utilities	\$820.82	\$1,064.82	\$1,064.82	\$1,064.82	\$1,064.82
Transportation	\$525.67	\$487.93	\$544.53	\$1,167.27	\$1,222.46
Health Care	\$144.96	\$361.64	\$465.43	\$515.81	\$515.81
Household, Clothing, & Per- sonal (18%)	\$426.95	\$582.98	\$656.03	\$886.68	\$900.48
Savings (10%)	\$237.19	\$323.88	\$364.46	\$492.60	\$500.27
Child Care	\$0.00	\$493.04	\$1,666.49	\$0.00	\$1,666.49
State/Federal Taxes (Annually)	\$4,431.89	\$5,335.58	\$8,902.16	\$5,332.15	\$8,624.56
Gross income needed (monthly)	\$2,741.27	\$4,176.43	\$6,052.94	\$5,370.36	\$7,387.87
Gross income needed (annually)	\$32,895.20	\$50,117.13	\$72,635.22	\$64,444.26	\$88,654.39
Living Wage per working adult (hourly)	\$15.81	\$24.09	\$34.92	\$30.98	\$21.31

The living wage for a single adult in Yakima County in 2020 was \$15.81 per hour. This reflects what is needed to meet basic needs and maintain some ability to deal with emergencies and plan ahead. The living wage for a single adult with two children in 2020 is \$34.92 per hour. Average wages for home care workers do not allow working families to make ends meet. The state's average home care provider wage of \$17.78 per hour provides only 51 percent of a living wage for a single adult with two children in Yakima County, requiring such a worker to work 79 hours to be paid the equivalent of a living wage.

WHAT HAPPENS WHEN FAMILIES ARE NOT PAID A LIVING WAGE?

When workers are not paid a living wage, they must make tough choices with long-lasting consequences. If they are physically able, they may work extra hours to make up the difference, sacrificing their time and well-being in order to make ends meet. Otherwise, they must cut back on necessities, like skipping doctors' appointments or going with fewer meals, and do away with any savings or emergency funds, hoping that nothing goes wrong. All options for low-wage workers to reduce expenses have a negative impact on workers, families, and communities.

It is impossible for working families to make ends meet when paid the average wage for home care workers in Washington State, including in eastern, western, and central Washington, without cutting back on essentials or working extra hours.

At a minimum, working a full-time job should ensure financial security; unless it does, workers and their families will continue to pay the cost.

SPECIAL CONSIDERATIONS FOR THE 2020-2021 JOB GAP REPORT

The unique conditions of the Covid-19 pandemic have provided special challengers for our Job Gap methodology. Typically, large changes in costs happen over a period of years and are captured in the trends of state and federal datasets. However, March 2020 brought rapid changes to financial and job markets around the country. Oil prices plunged so far they briefly went into the negatives for the first time⁴, and rents plunged in central cities⁵ as pandemic restrictions continued and some households moved out of central cities. As various waves and restrictions hit different regions, prices changed dramatically over periods of months rather than years.

This presented a challenge for most traditional methods of data collection. The types of data collection used by sources such as the American Community Survey, the Fair Market Rents collected by HUD, and other federal and state agencies usually rely on yearly or less-frequent surveys to establish base cost indexes. These are supplemented by consumer price index adjustments through the Bureau of Labor Statistics by sector. We follow these best practices for the Job Gap Study.

Washington State child care costs are only surveyed approximately every 3 years. In this edition, we relied on costs estimated in the 2021 Child Care Survey⁶, carried out by contractors for the State of

4 Matt French. "Crude oil prices briefly traded below \$0 in spring 2020 but have since been mostly flat. January 5, 2021. "<https://www.eia.gov/todayinenergy/detail.php?id=46336>

5 Kriston Capps, Marie Patino, and Dave Merrill. "In the U.S., City Rents Are Falling, and Suburban Rents Are Climbing." October 30, 2020. <https://www.bloomberg.com/news/articles/2020-10-30/where-rents-are-falling-and-where-they-are-rising>

6 Washington State Department of Children, Youth, and Families. "2021 DCYF Child Care Market Rate Survey" December 28, 2021. <https://www.dcyf.wa.gov/sites/default/files/pdf/reports/ChildCareMarketRateStudy2021.pdf>

Washington. However, early in 2021 the Federal government substantially increased tax credits for the 2021 tax year as a form of pandemic relief. This resulted in an average 8.8% decrease in the total living wage necessary for families with children from 2020-2021. This subsidy shows the effectiveness of tax policy to help reduce costs for working families. However, these tax credits were for the tax year 2021 only. 2022 budgets will be at least several thousand dollars higher for families with children due to the decrease in the child and dependent care tax credit alone.

Rent costs

Above average fluctuations in rent during 2020 and 2021 are not sufficiently represented in HUD housing numbers. Rent in some areas dipped in the second half of 2020, while rising in others. Because the HUD housing rates are set at the end of the preceding calendar year, this data resulted in HUD housing rates for 2021 being slightly lower than in 2020. However, real time experience shows that rates started to rise again in 2021 and are continuing to increase into 2022.

Phone service

In past Job Gap reports we have used basic home phone services with unlimited local calling with the largest state provider. However, during research for this edition of the report, we discovered that Centurylink is now offering only a more expensive all-inclusive (local and long-distance) home phone package in the addresses tested. This changed our market basket and the cost was significantly higher than previous local phone service options (from approximately \$30 to \$50).

Transportation

Like HUD fair market rents, IRS mileage rates are set using data from the previous year. These have not represented the dramatic fluctuations in oil prices⁷, starting with historic lows in 2020 that were reflected in a decrease of the IRS mileage rate for 2021. Yet during 2021, actual oil and gas prices rose significantly, triggering a re-evaluation and slight rise in the IRS mileage rate for 2022. Oil prices in 2022 are significantly higher still as we reach a new period of historic global conflict and the trend for the year remains unknown.

7 "Short-Term Energy Outlook." March 8, 20202. <https://www.eia.gov/outlooks/steo/report/prices.php>

GOING FORWARD INTO 2022

Inflation continues at a high rate, which will raise the cost of most basic needs. In particular, the spike in oil prices that began in February 2022 will flow downstream⁸ to raise the costs of transportation, food, and miscellaneous household expenses. If conflict in Eastern Europe continues, food prices will rise globally as Russia and Ukraine export roughly 30% of the world's wheat.⁹ Supply chain disruptions continue to raise prices and cause shortages throughout the US and the globe. The current consensus among economists is that the costs of living will continue to increase¹⁰ for working families in 2022-2023.

TECHNICAL NOTES

Given limitations in the available data and continuity of data sets, this study updates the previous Job Gap Economic Prosperity Series living wage calculations as closely as possible using 2020 and 2021 data. Where current data were not available, data for the closest year available were adjusted for inflation to reflect 2020 and/or 2021 dollars.

The primary living wage figures in this report reflect the calculated living wage for 2020, with 2021 figures provided in the Appendix as additional data points.

Family Living Wage Budgets

A living wage is a wage that provides enough for a household to meet its basic needs and have money for savings and miscellaneous personal and household expenses without government subsidy. For this study, a modified market basket approach was used. Household budgets, upon which living wages are based, include:

- Food;
- Housing and utilities;
- Transportation;
- Health care;
- Child care;
- Household, clothing, and personal items;
- Savings; and
- State and federal taxes

8 Katia Dmitrieva. "U.S. Inflation Is Set for Even Hotter 2022 Due to War's Impact" March 3, 2022. <https://www.bloomberg.com/news/articles/2022-03-03/u-s-inflation-set-for-even-hotter-2022-due-to-war-s-impact>

9 Jack Nicas. "Ukraine War Threatens to Cause a Global Food Crisis." March 20, 2022. <https://www.nytimes.com/2022/03/20/world/americas/ukraine-war-global-food-crisis.html>

10 Rachel Siegel and Laura Reiley. "Inflation emerging as top economic challenge in 2022" December 29, 2021. <https://www.washingtonpost.com/business/2021/12/29/inflation-2022-price-fed/>

Household Assumptions

Household types are selected to reflect the range of budget requirements for five household types:

- Single adult
- Single adult with one child between the ages of 6 and 8
- Single adult with two children, one between the ages of 6 and 8 and the other between the ages of 1 and 2
- Two adults including one wage earner, with two children, one between the ages of 6 and 8 and the other between the ages of 1 and 2
- Two adults, both wage earners, with two children, one between the ages of 6 and 8 and the other between the ages of 1 and 2

Population

In order to weight costs that vary by county in calculating a statewide living wage, county population estimates from the U.S. Census Bureau are used. The most recent population estimates available were from the 2020 decennial census; therefore, the same population assumptions were used in calculating both 2020 and 2021 living wages.

Food

Food costs are derived from the “Low Cost Food Plan” in the U.S. Department of Agriculture’s (USDA) monthly report “Cost of Food at Home: U.S. Average at Four Cost Levels.” Food costs are based on an annual average of monthly food costs.

The Low Cost Food plan values are based on food expenditures by the 25th to 50th percentiles of the U.S. population, as determined in the National Household Food Consumption Survey. This plan is 25-50 percent higher than the “Thrifty Food Plan,” which is used as the basis for food stamp allocations and federal poverty benchmarks. The Thrifty Plan was not used because nutritionists consider it to be nutritionally inadequate on a long-term basis. The Low Cost Plan is based on the assumption that all food is prepared at home.

Households are calculated based on the following: Single Adult HH1 (20-50 year old woman); Single Adult with Child HH2 (20-50-year-old woman and 6-8-year-old child); Single Adult with two children HH3 (20-50-year-old woman, 6-8-year-old child, and 1- to 2-year-old child); HH4 and HH5 are calculated with one woman 20-50 years old, one man 20-50 years old, one 6-8-year-old child, and a 1-2-year-old child.

Housing and Utilities

Housing and utilities costs are derived from U.S. Department of Housing and Urban Development (HUD) Fair Market Rents and information provided by CenturyLink.

Fair Market Rent data are provided at a county level. Fair Market Rents are gross rent and utilities estimates “that would be needed to rent privately owned, decent, safe, and sanitary rental housing of a modest (non-luxury) nature with suitable amenities.” They include shelter rent plus the cost of all utilities, except telephones. HUD sets Fair Market Rents at the 40th percentile (in other words, 40 percent of the standard quality rental housing units are at or below this cost, but 60 percent cost more than this figure). The 40th percentile rent is drawn from the distribution of rents of all units occupied by renter households who moved to their present residence within the past 15 months. Public housing units and units less than 2 years old are excluded. It is assumed that families with one or two children will rent a two-bedroom unit, and that a single adult household will rent a one-bedroom unit.

Affordable housing is typically defined as less than 30 percent of a household’s annual income. Households that spend more than this are considered “cost burdened” and may have difficulty affording other necessities.

In previous Job Gap studies, home phone service was based on the cost of basic service for unlimited local calls, with no call waiting, voice messaging, or other extras provided by CenturyLink. However, in the research for the current study researchers found that CenturyLink no longer offers this basic level of home phone service in all areas around Washington State. Instead, this edition uses their Basic Unlimited Plan which provides unlimited local and national calling. The basic phone cost was added to the weighted average Fair Market Rent to determine the whole cost of rent and utilities for the state.

Housing and utilities does not include the cost of Internet, television service, cell phones, or other optional utilities. While many families do include the costs of these in their utilities budget, and may rely on them more than in the past, for the purposes of this study these are considered optional expenses so are not included in this report.

Transportation

Transportation costs are derived using the 2017 National Household Travel Survey from the U.S. Department of Transportation (DOT) and 2020 and 2021 Internal Revenue Service (IRS) “Standard Mileage Rates” as an approximate cost for automobile travel for the two years included in this study.

The transportation component of the family budget is based on the cost of maintaining a private vehicle, and the National Household Travel Survey provides data on the annual vehicle miles of travel. The mileage totals are adjusted for the number of adults, workers and persons in each household. The number of annual vehicle miles traveled per household was then multiplied by the IRS standard mileage reimbursement rate for the year of the study which accounts for vehicle cost, insurance, gasoline, repairs, depreciation, and vehicle registration fees. These costs are particularly felt by home care workers, who frequently rely on personal transportation to reach their clients.

Health Care

Health care expenses include insurance premiums as well as the out-of-pocket costs not covered by insurance. Estimates of health care expenditures are prepared for families that are covered by employer-sponsored insurance. While many families now purchase health insurance through state or federal exchanges, this report assumes that a living wage includes employer-sponsored insurance.¹¹

Workers who earn low wages are far more likely than higher-wage earners to contribute a large share of their income to their health insurance premiums. Additionally, low-wage workers are much less likely than higher-wage earners to work in companies that offer health insurance to their employees. In 2019 in Washington state, 53 percent of the population had employer-based insurance, 5 percent purchased private, individual health insurance, 20 percent were covered by Medicaid, 14 percent were covered by Medicare, 2 percent were covered through military or Veterans Administration benefits, and 7 percent were uninsured.¹²

Employer-Sponsored Insurance:

Average employee contributions to employer-sponsored insurance premiums were obtained for each state from the Insurance Component Tables of the 2020 Medical Expenditure Panel Survey (MEPS). Although MEPS contains some information about co-payments and deductibles, it does not provide detailed information about the typical package of health benefits.

Out-of-Pocket Costs:

Out-of-pocket costs represent the medical expenses that are not covered by an insurance policy and are instead paid by the individual or their family for health care received. To arrive at a total figure for health care costs, an average value for out-of-pocket expenses was added to the family share of insurance premiums. Out-of-pocket costs are based upon figures from the 2019 MEPS Household Medical Expenditure Tables, which can be modified to produce specific out-of-pocket data by age and geographic region. Out-of-pocket costs for those purchasing private insurance and those buying into employer-sponsored health insurance are calculated using the same methods.

Child Care

Child care expenses are based on the assumption that all single-parent households and households with two working parents require child care services. Estimates are derived from market rate sur-

11 The cost of healthcare in the report for a single adult is higher than what SEIU 775 Individual Providers actually pay, because eligible IPs working 80 hours or more per month are covered by the Health Benefits Trust (HBT). Actual monthly premiums and co-pays are estimated to be around \$49.75 (\$24.75 in out-of-pocket expenses and \$25 for the Health Insurance Premium) for the covered worker (no spouse or dependents)

12 The Henry J. Kaiser Family Foundation. (2019). Health Insurance Coverage of the Total Population. <http://kff.org/other/state-indicator/total-population/>

veys conducted by state welfare agencies. In previous Job Gap Studies, we relied on the 75th percentile rate for child care data. This is the federal government and most states subsidize child care for low-income families up to the 75th percentile — the statewide child care rate at which 75 percent of child care slots may be purchased — state-level data are typically available and are used for these estimates. However, due to high costs and limited availability, Washington State switched to using the 85th percentile to set subsidy rates in 2019 and as the primary metric in its 2021 Market Rate survey. In order to be consistent with state policy, in this Job Gap report we use the 85th percentile rates from the 2021 Market Rate Survey.

The costs of the various types of child care are averaged for each county, weighted by that county's population, and summed to produce a weighted average for the cost of child care in each state. The most recent Market Rate Survey for Washington was published in 2021. As such, figures were adjusted for inflation from the 2021 data.

Realizing that school-age children do not attend child care full-time during the school year, school-age children are assumed to attend half-time for 9 months of the year and full-time for 3 months. In the two-parent household with only one parent working, it is assumed that child care is not necessary. So, in Household 1 (single adult) and Household 4 (two parents, two children, with only one working parent), child care costs are \$0.

Household, Clothing, and Personal Items

Household, clothing, and personal spending estimates are derived from the Consumer Expenditure Survey (CES) and are calculated as a fixed percentage of total household spending minus child care and taxes. Spending on these items, as a proportion of total income, is consistent across income categories. No detailed expenditures or needs-based estimates are available for these budget categories. A total percentage of 18 percent for this item is used in the household budget, based on the 1998 CES estimates. It is essential to use a percentage for household, clothing, and personal expenditures that is fixed over time. The first year of the Job Gap study was based on CES data from 1998. We believe that data from that year fairly represent household costs, and we have used the same proportions for subsequent years of this study. As defined by the CES:

1. Household costs include laundry and cleaning supplies, stationery supplies and postage, household linens (towels, sheets, etc.), sewing materials, furniture, floor coverings, major appliances, miscellaneous house wares (small appliances, plates, etc.), and other items needed to operate and maintain a household. Household costs are estimated at five percent.
2. Clothing and personal costs include clothing, personal care products, reading materials, and other personal expenses. Clothing and personal costs are estimated at six percent.

3. Recreation and entertainment costs include fees for participant sports, admissions to sporting events, movies and video rentals, TV/sound equipment, music, pets, toys, and other entertainment expenses. Entertainment costs are estimated at five percent.
4. Miscellaneous costs include items not covered in the above categories such as school supplies, bank fees, and credit card finance charges. Miscellaneous costs are estimated at 2 percent.

Savings

The American Savings Education Council (ASEC) has developed a formula for estimating the percentage of household income that families should save. This study assumes that workers are not enrolled in employer-sponsored retirement plans, given that only 33 percent of workers have access to an employer-sponsored retirement plan.

When applied to households in our study, the recommendation is that families should save between seven and 13 percent of household income for retirement. Using the lower estimate of seven percent, an additional three percent was added to cover emergencies and allow families to plan ahead. Savings rates are set at 10 percent of spending minus child care and taxes.

Taxes

Taxes include federal taxes (including child care credits and the Earned Income Tax Credit), payroll taxes (Social Security and Medicare), and state income taxes where applicable. Property taxes are not included here because they are accounted for in housing (rental) costs, though rental credits are included where applicable. State and local sales taxes are not added to the income tax figure because they are already reflected in the cost of food, transportation, and household costs.

The total living wage budget before taxes is assumed to represent each household's annual income when calculating taxes. Federal and state income tax returns are prepared for each household using software from H&R Block. Initial employment taxes are calculated at 7.65 percent of earned income (6.2 percent for Social Security, 1.45 percent for Medicare). For federal taxes it is assumed that families use the standard deduction and that there is no source of outside income. Where appropriate, deductions are made for applicable child care and EITC benefits, including the child credit. Once the tax amount is calculated, it is added or subtracted to each family's monthly budget to determine the total living wage.

APPENDIX: 2021 LIVING WAGE TABLES

WASHINGTON 2021 Monthly Family Budgets	Household 1: Single adult	Household 2: Single adult with a school- age child (age 6-8 yrs)	Household 3: Single adult with a toddler (12-24 months) and a school- age child (6-8yrs)	Household 4: Two adults (one of whom is working) with a toddler and a school-age child	Household 5: Two adults (both of whom are working) with a toddler and a school age child
Food	\$223.93	\$434.26	\$570.23	\$827.45	\$827.45
Housing & Utilities	\$1,271.23	\$1,544.24	\$1,544.24	\$1,544.24	\$1,544.24
Transportation	\$511.95	\$475.20	\$530.32	\$1,136.81	\$1,190.57
Health Care	\$148.38	\$367.44	\$472.80	\$525.85	\$525.85
Household, Clothing, & Per- sonal (18%)	\$538.87	\$705.28	\$779.40	\$1,008.59	\$1,022.03
Savings (10%)	\$299.37	\$391.82	\$433.00	\$560.33	\$567.79
Child Care	\$0.00	\$776.66	\$2,292.17	\$0.00	\$2,292.17
State/Federal Taxes (annually)	\$6,014.51	\$3,991.84	\$4,874.27	\$3,836.58	\$182.10
Gross income needed (monthly)	\$3,494.95	\$5,027.56	\$7,028.34	\$5,922.97	\$7,985.27
Gross income needed (annually)	\$41,939.42	\$60,330.68	\$84,340.08	\$71,075.70	\$95,823.25
Living Wage per working adult (hourly)	\$20.16	\$29.01	\$40.55	\$34.17	\$23.03

KING COUNTY 2021 Monthly Family Budgets	Household 1: Single adult	Household 2: Single adult with a school- age child (age 6-8 yrs)	Household 3: Single adult with a toddler (12-24 months) and a school- age child (6-8yrs)	Household 4: Two adults (one of whom is working) with a toddler and a school-age child	Household 5: Two adults (both of whom are working) with a toddler and a school age child
Food	\$223.93	\$434.26	\$570.23	\$827.45	\$827.45
Housing & Utilities	\$1,654.36	\$1,961.36	\$1,961.36	\$1,961.36	\$1,961.36
Transportation	\$511.95	\$475.20	\$530.32	\$1,136.81	\$1,190.57
Health Care	\$148.38	\$367.44	\$472.80	\$525.85	\$525.85
Household, Clothing, & Per- sonal (18%)	\$634.66	\$809.56	\$883.68	\$1,112.87	\$1,126.31
Savings (10%)	\$352.59	\$449.76	\$490.93	\$618.26	\$625.73
Child Care	\$0.00	\$1,035.63	\$2,978.13	\$0.00	\$2,978.13
State/Federal Taxes (annually)	\$7,384.49	\$7,413.97	\$11,010.35	\$5,339.24	\$7,685.17
Gross income needed (monthly)	\$4,141.24	\$6,151.04	\$8,804.97	\$6,627.53	\$9,875.82
Gross income needed (annually)	\$49,694.90	\$73,812.45	\$105,659.68	\$79,530.35	\$118,509.85
Living Wage per working adult (hourly)	\$23.89	\$35.49	\$50.80	\$38.24	\$28.49

SNOHOMISH COUNTY 2021 Monthly Family Budgets	Household 1: Single adult	Household 2: Single adult with a school- age child (age 6-8 yrs)	Household 3: Single adult with a toddler (12-24 months) and a school- age child (6-8yrs)	Household 4: Two adults (one of whom is working) with a toddler and a school-age child	Household 5: Two adults (both of whom are working) with a toddler and a school age child
Food	\$223.93	\$434.26	\$570.23	\$827.45	\$827.45
Housing & Utilities	\$1,654.36	\$1,961.36	\$1,961.36	\$1,961.36	\$1,961.36
Transportation	\$511.95	\$475.20	\$530.32	\$1,136.81	\$1,190.57
Health Care	\$148.38	\$367.44	\$472.80	\$525.85	\$525.85
Household, Clothing, & Per- sonal (18%)	\$634.66	\$809.56	\$883.68	\$1,112.87	\$1,126.31
Savings (10%)	\$352.59	\$449.76	\$490.93	\$618.26	\$625.73
Child Care	\$0.00	\$788.44	\$2,322.44	\$0.00	\$2,322.44
State/Federal Taxes (annually)	\$7,384.49	\$6,327.13	\$7,765.50	\$5,339.24	\$4,771.33
Gross income needed (monthly)	\$4,141.24	\$5,813.28	\$7,878.88	\$6,627.53	\$8,977.31
Gross income needed (annually)	\$49,694.90	\$69,759.32	\$94,546.55	\$79,530.35	\$107,727.72
Living Wage per working adult (hourly)	\$23.89	\$33.54	\$45.46	\$38.24	\$25.90

SPOKANE COUNTY 2021 Monthly Family Budgets	Household 1: Single adult	Household 2: Single adult with a school- age child (age 6-8 yrs)	Household 3: Single adult with a toddler (12-24 months) and a school- age child (6-8yrs)	Household 4: Two adults (one of whom is working) with a toddler and a school-age child	Household 5: Two adults (both of whom are working) with a toddler and a school age child
Food	\$223.93	\$434.26	\$570.23	\$827.45	\$827.45
Housing & Utilities	\$829.36	\$1,062.36	\$1,062.36	\$1,062.36	\$1,062.36
Transportation	\$511.95	\$475.20	\$530.32	\$1,136.81	\$1,190.57
Health Care	\$148.38	\$367.44	\$472.80	\$525.85	\$525.85
Household, Clothing, & Per- sonal (18%)	\$428.41	\$584.81	\$658.93	\$888.12	\$901.56
Savings (10%)	\$238.00	\$324.90	\$366.07	\$493.40	\$500.86
Child Care	\$0.00	\$646.25	\$1,796.75	\$0.00	\$1,796.75
State/Federal Taxes (annually)	\$4,430.74	\$937.62	-\$537.12	\$2,112.79	-\$1,062.29
Gross income needed (monthly)	\$2,749.26	\$3,973.35	\$5,412.69	\$5,110.05	\$6,716.87
Gross income needed (annually)	\$32,991.15	\$47,680.20	\$64,952.32	\$61,320.57	\$80,602.49
Living Wage per working adult (hourly)	\$15.86	\$22.92	\$31.23	\$29.48	\$19.38

YAKIMA COUNTY 2021 Monthly Family Budgets	Household 1: Single adult	Household 2: Single adult with a school- age child (age 6-8 yrs)	Household 3: Single adult with a toddler (12-24 months) and a school- age child (6-8yrs)	Household 4: Two adults (one of whom is working) with a toddler and a school-age child	Household 5: Two adults (both of whom are working) with a toddler and a school age child
Food	\$223.93	\$434.26	\$570.23	\$827.45	\$827.45
Housing & Utilities	\$847.36	\$1,099.36	\$1,099.36	\$1,099.36	\$1,099.36
Transportation	\$511.95	\$475.20	\$530.32	\$1,136.81	\$1,190.57
Health Care	\$148.38	\$367.44	\$472.80	\$525.85	\$525.85
Household, Clothing, & Per- sonal (18%)	\$432.91	\$594.06	\$668.18	\$897.37	\$910.81
Savings (10%)	\$240.50	\$330.04	\$371.21	\$498.54	\$506.00
Child Care	\$0.00	\$500.00	\$1,690.00	\$0.00	\$1,690.00
State/Federal Taxes (annually)	\$4,495.64	1,492.45	-\$813.76	\$2,243.14	-\$1,207.93
Gross income needed (monthly)	\$2,779.67	\$3,924.73	\$5,334.28	\$5,172.30	\$6,649.38
Gross income needed (annually)	\$33,356.05	\$47,096.70	\$64,011.35	\$62,067.59	\$79,792.51
Living Wage per working adult (hourly)	\$16.04	\$22.64	\$30.77	\$29.84	\$19.18

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