



The District's Dime

Going Beyond the Budget Book

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New Calculator Shows DC is an Extremely Expensive Area for Families; Stronger Supports Are Needed

By DCFPI Staff

The cost of living in the District of Columbia is one of the highest in the United States, a new report finds, which highlights importance of having a strong minimum wage as well as additional programs to help families meet basic needs.

The new [Family Budget Calculator](#) from the Economic Policy Institute (EPI) finds that expenses contributing to the extremely high cost of living in DC include:

- **The highest child care costs in the nation**, with care for a two-child family costing \$2,600 per month. This is nearly 25 percent higher than the next most expensive area for child care, New York City (about \$2,000 per month).
- **Very high food and housing costs.** The cost of food in DC is the third highest in the country, at \$782 per month, and housing costs of \$1,469 are the thirteenth highest in the nation (and this housing cost estimate is likely very low, due to EPI's methodology).¹

Fortunately, the District has some policies that help to mitigate certain expenses. For example, most residents have access to affordable health insurance. Residents with incomes up to 200 percent of the poverty line (\$48,500 for a family of four) qualify for DC's Medicaid program, many others get health insurance through an employer, and the remainder have access to affordable health plans through the DC Health Exchange. As a result, typical health care costs are only \$747 a month, less than that of 445 out of the 618 jurisdictions studied by EPI.

DCFPI also has a very generous [earned income tax credit](#) for people with children; a two-parent family of four is eligible for income tax refund of up to \$2,200. The helps residents near or below the poverty line deal with the high cost of living.

However, in a city where expenses are so high, these policies are not enough. Working families need good-paying jobs, as well as additional support services, to make ends meet. Such policies can include:

- **\$15 minimum wage.** Although the District recently passed a law to increase the minimum wage to \$11.50 by July 2015, this does not go far enough to provide a living wage for families, given the extremely high cost of living. A ballot initiative for the November 2016 election would gradually raise the District's minimum wage to \$15 per hour; this initiative will be on the ballot if supporters can collect sufficient valid signatures from DC residents.

- **Affordable child care.** Working families need to have access to quality and affordable child care. But DC’s extremely high child care costs, coupled with low reimbursement rates, makes it hard for families to find decent care. Child care subsidies should be increased for low-income families.
- **Paid family leave.** Currently, very few employers offer paid time off for the birth of a child or care of a sick family member. However, research shows that paid family leave enables workers to make ends meet during times of personal need, and encourages women to stay at jobs that they might otherwise leave in order to provide care.
- **Increased housing assistance.** Housing assistance isn’t reaching everyone who needs it. Some 47,000 low income households spend more than 50 percent of their income just to have a roof over their heads. The District should expand housing assistance to help mitigate the high cost of housing for working families.

¹ EPI uses the HUD Fair Market Rent (FMR), which is the 40th percentile rent for the whole metropolitan area. DC proper has much higher rents. It is for this reason that the DC Housing Authority sets its own neighborhood-based FMRs, which are usually higher than HUD’s.