



# **The Cost of California 2023**

*How Costly Mandates and Negligent Policies Give California Residents the Highest Cost of Living in the Nation*

November 9, 2023



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## ABOUT THE COST OF CALIFORNIA PROJECT

The Transparency Foundation is a non-profit, non-partisan organization committed to making public institutions more transparent and accountable to the people they serve. Our Cost of California project is designed to provide the public with a complete calculation and understanding of the true net impact on their cost of living from costly mandates and negligent policies enacted by their state and local elected officials. This report will be published annually so it can serve as an ongoing benchmark for evaluating policy impacts on Californians' cost of living. Learn more at [SaveCaliforniaPlan.org](https://SaveCaliforniaPlan.org)

# California's Cost-of-Living Crisis BY THE NUMBERS

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**\$26,478.72**

The added financial burden in 2022 of living in California for a middle-class family earning \$130,000 a year as calculated by the California-to-national-averages methodology outlined in this report.

**42%**

The higher cost of living in California versus the national average in 2023 as reported by Council for Community and Economic Research.

**57%**

Percentage of Californians who say they are experiencing “financial hardship” because of rising prices.

**\$232,000**

Level of income that still puts you in the definition of “Middle Class” in the Bay Area.

**67% of 40%**

Percentage of Californians who say they are considering moving from the state is at 40% with 67% of them saying it is because of the high cost of living.

## Executive Summary

### **California Faces a Severe Cost-of-Living Crisis Driven by Costly Mandates and Negligent Government Policies**

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By now most people generally consider California to be an incredibly expensive state to live in – but many do not have a clear understanding as to how bad the situation really is and why it is getting worse, not better.

California's politicians and the media have not been good actors on this issue either.

Whenever a cost spike becomes the topic of public attention (spike in gas prices, a spike in electricity rates, etc.) California's politicians shamefully deflect the blame and dishonestly accuse the “market” of “price gouging.” If we had a nickel for every time Governor Gavin Newsom has decried price gouging and ordered a special “state investigation” into a price spike we almost could pay for a gallon of gas in the state under the latest price as of the release of this report. Of course, Newsom never releases the results of any of the so-called investigations he says he is conducting.

What's worse, this dishonest deflection game goes completely unchallenged by California's liberal media outlets who have shown themselves to be either unwilling or unable to bring the truth to light.

That's why the nonpartisan and nonprofit Transparency Foundation has committed to an annual research study into the cost of living in California under its new "Cost of California Initiative."

The Transparency Foundation took a deep dive into what it actually costs to live in California, including a detailed breakdown of an average family's budget in the state. From gasoline to milk and bread, from water and electricity to healthcare and childcare – we have been able to calculate the full cost of living picture on a component-by-component basis. Specifically this report:

1. Establishes a reliable annual metric of the cost of living in California for a typical household that can now be used to track changes year-to-year;
2. Determines what is driving the increased costs in California in key benchmark areas – specifically what costs are caused by government policies and which are caused by market failures;
3. Offers recommendations for policymakers to consider reducing the cost of living in California

Among the findings and recommendations we make in this report:

### **Finding 1. California Has a Cost-of-Living Crisis**

There is simply no doubt about it. By every metric and standard, California has a severe cost-of-living crisis. This crisis has obviously been exacerbated by the national inflationary environment, but California's unique crisis is that it costs so much more than the national average in almost every single budget category.

### **Finding 2. Cost of California in 2022 is \$26,478.72**

Our methodology calculates that a typical middle-class family of three earning \$130,000 a year faces a "Cost of California" penalty of \$26,478.72 versus if they simply paid the national average of cost in each category.

What's worse, the typical family under our methodology would run an annual deficit of \$23,710.20 versus being able to run an annual surplus of \$2,768.52 if their costs were simply benchmarked to the national average in each category.

### **Finding 3. Government Mandates and Negligent Policies Drive Costs**

California politicians have been allowed to falsely claim that higher costs in their state are the result of greedy market forces engaging in price gouging. To believe them you would have to swallow the absurd notion that these same forces do not operate in the 49 other states in the country.

The simple truth is California politicians are uniquely to blame for the financial burdens imposed on working families in their state.

A few quick examples from our analysis of costs illustrate that:

- California's **gasoline prices** are \$2.10 more per gallon versus the national average. That's because California politicians have imposed the highest gas taxes in the nation (excise and Cap & Trade taxes) and have imposed absurd laws and regulations making oil production and gas refining exponentially more expensive in the state versus other states.

- California's per kWh **electricity rates** are 48% higher than the national average. That's because California politicians refuse to allow utilities to purchase clean, cheap and reliable energy. On top of that, the politicians through the California Public Utilities Commission have imposed over \$4.5 billion in hidden state taxes and fees to utility rates.
- Californians pay 42% more for an emergency room visit than the national average – reflective of higher costs for **health care services** and procedures seen throughout the state. California politicians are about to make the situation worse by enacting an unnecessary minimum wage bill for health care providers that will cost \$8-10 billion per year. Already the state has been hit by a \$4 billion cost spike in its state budgeted healthcare programs because of the law. Consumers will see a \$4-6 billion cost spike as well – from the enactment of just this one single costly law!

In every cost category the cost inflation in California can be directly tied back to costly mandates and negligent policies imposed by state and local politicians. To reduce these costs, these bad policies must be reformed.

#### **Finding 4. Create a Cost of California Commission**

California politicians have taken the typical middle-class family from financial security to deep indebtedness – and for what? California politicians will argue their costly mandates and regulations have some sort of benefit, but they are never held accountable for quantifying those so-called benefits.

But the cost of the mandates and regulations can be quantified in terms of direct financial costs that are now being borne by all Californians. By calculating and making these costs more transparent, it is our hope that Californians demand a true cost-benefit analysis on every California law, regulation and mandate that is imposed by the state that are not seen in other US states.

That is why our report recommends that policymakers adopt the same regulations as the lowest cost state in each cost category.

To force this cost-benefit analysis and begin the dialogue on how to reduce costs, California should consider creating a “Cost-of-Living Benchmark” Commission to identify ways to harmonize California regulations and policies to national ones in each cost category AND propose the entire package of reforms for adoption or rejection by voters at the next state election. Commissioners should be selected by random method to prevent political manipulation. At the very least the exercise could shame politicians into reforming some of their costly mandates and regulations on a case-by-case basis.

With this 2023 report now completed, the Transparency Foundation intends to update our Cost of California calculation annually – and determine what is driving incremental cost changes each year.

Without immediate action by policymakers, however, the cost crisis in California will only get worse. Working families are suffering in the meantime – and fleeing to lower cost states every day.

# The Garcia Family: A Typical Family Budget In California In 2022

In order to show the impact of all of California's high costs on the average family, the Transparency Foundation has put together the following scenario based on what a household budget would look like for a typical family of three.

Alejandro Garcia and his wife Sarah have a three-year-old son, Daniel. The Garcia family lives in San Diego and have a total household pre-tax income of \$130,000. Alejandro works a construction job and makes \$85,000 per year while his wife, Sarah, makes \$45,000 per year working as a teacher's aide. They drive two vehicles – one new and one used.

The Garcia's expenses aren't lavish. They somehow manage to keep monthly discretionary expenses to just \$500 flat – and are healthy enough not to do many doctor visits during the year. We priced in one ER visit though from a toddler fall.

Here is what a sample monthly budget for the Garcia family might look like simply based on averages:

<b>Total Garcia Household Income:</b> .....	<b>\$130,000</b>
<b>Average Income Taxes:</b> .....	<b>\$42,813</b>
<b>Garcia Family Total Net Income:</b> .....	<b>\$87,187/year or \$7,265.58/month</b>
<b>Total monthly cost of living in California:</b> .....	<b>\$9,241.43</b>
<b>Total monthly cost of living if paying national averages:</b> .....	<b>\$7,034.87</b>
<b>Annual expected <b>shortfall</b> for Garcia family from living in California:</b> .....	<b>-\$23,710.20</b>
<b>Annual expected <b>surplus</b> for Garcia family if paying national averages:</b> .....	<b>\$2,768.52</b>
<b>Net "Cost of California" in 2022:</b> .....	<b>\$26,478.72</b>



# The Garcia Family: A Typical Family Budget In California In 2022

Household Budget Item	Cost to Garcia Family	2022 National Cost	2022 Monthly Cost Penalty for Living in California	Garcia Family Net Surplus in Average State	Garcia Family Net Loss in CA
INCOME	NA	NA	NA	\$7,265.58	\$7,265.58
Rent	\$3,000/month	\$1,702.00/month	\$1,298 more or 76% higher in CA	\$5563.58 left	\$4,265.58 left
Electricity	\$188.88/month	\$97.47/month	\$91.41 or 94% higher in CA	\$5,466.11 left	\$4,076.70 left
Water	\$77.00/month	\$40.92/month	\$36.08 more or 47% higher in CA	\$5,425.19 left	\$3,999.70 left
Grocery Bill	\$370.96 per person, per month (\$1,112.88 total)	\$354.50 per person, per month (\$1,063.50)	\$49.38 more or 4% higher in CA	\$4,361.69 left	\$2,886.82 left
Car Payment (Used)	\$528.00/month			\$3,883.69 left	\$2,358.82 left
Car Payment (New)	\$729.00/month			\$3,154.69 left	\$1,629.82 left
Car Insurance	\$2,115 per year, per vehicle, assuming a family policy and good driver discount their total cost of insurance per month for two vehicles is \$246.75	\$1,644.30 per year - or \$192.46 for two vehicles per month	\$54.29 more or 22% higher in CA	\$2,962.23 left	\$1,383.07 left
Gasoline	1,250 miles driven per month  25 miles per gallon average per vehicle  50 gallons of gas per month at \$5.82/gallon is \$291.00 per month	\$3.72 per gallon nationally  50 gallons of gas per month at \$3.72/gallon is \$186.00 per month	\$105 more or 25% higher in CA	\$2,776.23 left	\$1,092.07 left
College Loans	\$0				
Healthcare	\$835.59 per month for family coverage Bronze Level (includes state subsidy of \$159) Plus \$303/month out of pocket	\$914 per month for family coverage Bronze Level Plus \$183/month out of pocket	\$41.59 or 4% higher in CA	\$1,679.23 left	-\$46.52 in debt
Credit Card(s) Spending	\$500.00 per month for various spending	N/A	N/A	\$1,179.23 left	-\$546.52 in debt
Renter's Insurance	\$17.33/month	\$18.25/month	92 cents less or 5% lower in CA	\$1160.98, left	-\$563.85 in debt
Childcare	\$1,412/month	\$930.27/month	\$481.73 more or 52% higher in CA	\$230.71	-\$1,975.85 in debt

# Californians Know There Is A Cost-Of-Living Crisis

While California politicians and their friends in the liberal media think they are successfully keeping the state's growing cost-of-living crisis a secret, the joke is on them as the public is coming quickly to the realization that there is a big affordability problem.

## Cost-of-Living Fueling Flight of Californians to Other States

First, take a look at the extraordinary flight of working families from the state itself. In the last five years, California has lost nearly 3 million residents to other states. When adjusting for the handful of people moving into California from other states, the net domestic migration stands at 1.4 million over the past five years

### Net Domestic Population Flight from California

2018: -184K

2019: -254K

2020: -222K

2021: -347K

2022: -407K

**TOTAL FOR 5 YEARS: -1,414k net migration**

*Source: California Department of Finance*

Why are people leaving? Polling suggests California's high cost of living is the main driver.

The Los Angeles Times and Strategies 360 conducted a poll in the Spring of 2023 that showed 40% of Californians are seriously looking to move out of the state soon. Of those who were considering moving, 61% said it was due to how expensive it is to live in California, while 27% said they were considering moving due to the state's politics.

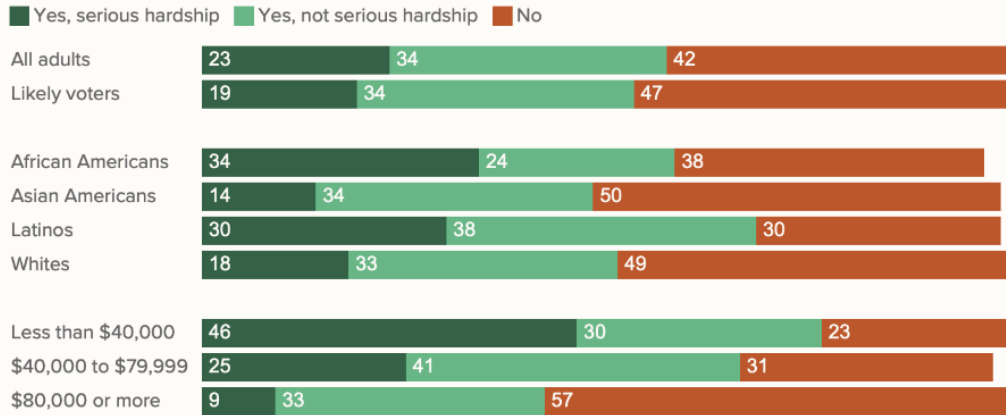
## High Cost of Living Weighs on California Residents

Second, polling data overwhelming shows that California residents are worried about their economic future and the added financial burden posed by higher prices.

In a Public Policy Institute of California (PPIC) poll conducted just this year, 57% of all adult respondents said that they are experiencing financial hardship due to rising prices. Worse still, 76% of those making less than \$40,000 per year said they were experiencing financial hardship. Even among those making between \$40,000 and \$79,999 per year, 66% said they were suffering.



## Many across the state have experienced financial hardships due to rising prices



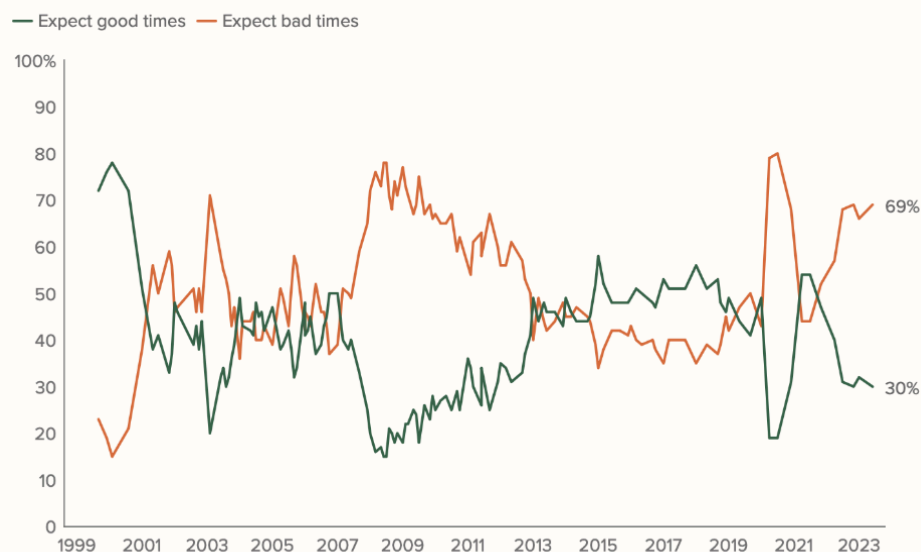
**SOURCE:** PPIC Statewide Survey, June 2023. Survey was fielded from May 17–24, 2023 (n=1,576 adults, n=1,062 likely voters).

Figure 1: 2023 PPIC Survey -

<https://www.ppic.org/publication/ppic-statewide-survey-californians-and-their-government-june-2023/>

Looking ahead, do residents expect economic conditions to get any better? Absolutely not. In fact, the same PPIC poll showed that 69% of California residents said that they expect BAD economic times to come. At a time when millions of Californians are already barely surviving, seven out of ten said they expected their situation to get even worse. That should send a shockwave through the state and a dire warning for politicians. Major reforms and changes are needed and the people suffering can't hold on much longer.

## Economic pessimism remains high



**SOURCE:** PPIC Statewide Surveys, 1999–2023.

Figure 2: 2023 PPIC Survey -

<https://www.ppic.org/publication/ppic-statewide-survey-californians-and-their-government-june-2023/>

# What It Takes To Be Middle Class In California

When conducting research into the cost of living, the Transparency Foundation used Pew Research and Census Bureau numbers which provided median incomes as well as both low-end and high-end figures. As the average income can vary greatly from a tech city center like San Francisco to an industrial hub like San Bernardino, it was important to show this broad spectrum and their respective numbers.

## National Middle Class Income Average in America – 2021

Methodology	Median National Household Income	Low-End National Middle Class Income	High-End National Middle Class Income
Pew/Census Bureau American Community Survey	\$70,784	\$47,189	\$141,568

## City “Middle Class” Analysis

City	Low-End Middle Class Income	\$ and % Higher than Low End National Average	High-End Middle Class Income	\$ and % Higher than High End National Average
San Francisco/Oakland/Berkeley	\$77,000	\$29,811 or 63% higher	\$232,000	\$90,432 or 63% higher
Los Angeles/Long Beach/Anaheim	\$55,000	\$7,811 or 16% higher	\$165,000	\$23,432 or 17% higher
San Diego/Chula Vista/Carlsbad	\$61,000	\$13,811 or 29% higher	\$182,000	\$40,432 or 28% higher
Riverside/San Bernardino/Ontario	\$51,000	\$3,811 or 8% higher	\$154,000	\$12,432 or 9% higher

*Definition: There are many arguable definitions to what “middle class” constitutes, but according to Pew, it’s defined as those earning between two-thirds and twice the median American household income, which in 2021 was \$70,784, according to the United States Census Bureau*

*\*\*\*High-end estimate is for a family of three*

# California's Housing Costs: HIGHER

Housing costs are the largest expense for families and individuals' monthly budgets. Californians know that these costs have risen dramatically and take more and more of their income each month. The data reinforces what Californians already knew – they pay more than almost any other state. Most financial experts advise that housing should never take up more than a third of your monthly salary but families in California are paying far more than that.

DATA SOURCE	CALIFORNIA PRICE	LOWEST STATE	NATIONAL AVG	COST DIFFERENCE LOW STATE %	COST DIFFERENCE NATIONAL %
US Census Bureau	Average Mortgage Payment \$3,399.00	West Virginia \$1,700.00	\$2,300.00	100% higher in CA	32% higher in CA
Yardi	Average Rent Payment \$2,506.00	Oklahoma \$957.00	\$1,702.00	162% higher in CA	47% higher in CA

## PROPOSED REFORMS TO CUT CALIFORNIA HOUSING COSTS

California has become absolutely toxic for housing development - and as a result California is not seeing the flow of investment capital into housing projects. Builders and housing developers have concluded they can get a far better return on their investments in other states. California is notoriously expensive and difficult to build in. Even worse, simple housing development projects can often take a decade or more to build out. Here are some immediate reforms policymakers can take to reduce costs.

- 1. Reform CEQA:** Protect housing projects from frivolous lawsuits and union shakedowns by suspending CEQA for 10 years and only allow the county District Attorney to file CEQA suits in the meantime.
- 2. Repeal Anti-Landlord Laws:** Several laws have been adopted in recent years that make California toxic for rental housing development. Repeal rent control mandates and enact strong rental contract enforcement guarantees.
- 3. Cap Housing Development Costs and Timelines:** Create cost certainty by capping permit fees as a percentage of each project and mandate expedited review timelines be met by local government agencies and utility companies on plans and permits.
- 4. Resist Housing Taxes:** Ban the idea of a "Vehicle Miles Traveled" tax on housing projects. While Californians deal with extremely high housing prices, there is one safeguard that prevents their home's property taxes from being raised dramatically – Proposition 13. This proposition protects homeowners by capping their property tax increase to up to 2% per year. This allows families to budget and better manage any increases in their property taxes, which is still a large bill to pay. Repealing Prop 13 would cause housing costs to spike dramatically.

### Per Year Cost in California

Total Annual Costs: Mortgage \$40,788 and Rent \$30,072

### CA Cost Penalty vs National Average

Mortgage \$13,188 more annually (or \$1099 more per month) and Rent \$9,648 more annually (or \$804 more per month)

# California's Gasoline Costs: HIGHER

Californians already know they have the highest state gas taxes and car taxes in the nation. Nearby states often pay at least \$1-2 less per gallon of gasoline. In addition, working families tend to live far away from their jobs and commute long distances every week. They need to get to work to make a living, but the high price of gas cuts into their take home pay significantly.

DATA SOURCE	CALIFORNIA PRICE	LOWEST STATE	NATIONAL AVG	COST DIFFERENCE LOW STATE %	COST DIFFERENCE NATIONAL %
AAA	\$5.823/per gallon	\$3.537/per gallon in West Virginia	\$3.722/per gallon	\$2.29 per gallon more  39% higher in California	\$2.10 per gallon more  25% higher in California

## PROPOSED REFORM TO CUT CALIFORNIA GASOLINE COSTS

- 1. Suspend the California Gas Taxes:** Californians have been paying excess taxes for decades and yet we still have some of the worst roads in the nation. It is time to drop the ruse that gas taxes go to fix roads. Families need immediate relief. The state should suspend all state taxes on a gallon of gas – this includes the state excise tax, Cap and Trade tax, low carbon program tax and underground storage tax which adds almost \$1.50 per gallon of gasoline. This would instantly save the average Californian almost \$900 per YEAR.
- 2. Allow Domestic Oil Production:** We can immediately increase environmentally sustainable oil production in the state of California. This would also reduce transportation costs on oil.
- 3. Benchmark CA Regulations On Gas Refining to Other States:** California needs more refining capacity and needs to allow refineries to operate far more efficiently. From refinery operations to fuel blends, California should immediately harmonize its regulations to the same standard as other states. If it's good enough for them, then it can certainly be good enough for California.

### Per Year Cost in California

Total Annual Cost: \$3,493.80 per year, per driver for gasoline in California

### CA Cost Penalty vs National Average

\$936.60 more annually per driver

*Calculation assumptions: assumes 15,000 of mileage per year per car with a car getting 25 miles per gallon (MPG)*

# California's Electricity Costs: HIGHER

While Californians have complained about their utility companies for decades, they often forget that electricity rates must be approved by unelected bureaucrats in Sacramento. Over the past decade, the California Public Utilities Commission (CPUC) has supported “Green New Deal” policies that have shut down clean, safe electrical power options like nuclear and natural gas. These changes have skyrocketed what Californians pay for their electricity. At the same time that Californians are being asked to pay more, they endure regular rolling blackouts and “Public Safety Power Shutoffs.”

DATA SOURCE	CALIFORNIA PRICE	LOWEST STATE	NATIONAL AVG	COST DIFFERENCE LOW STATE %	COST DIFFERENCE NATIONAL %
EIA (kWh cost)	31.22 cents per kilowatt-hour	11.21 cents per kWh in Washington	16.11 cents per kWh	64% higher in CA	48% higher in CA
EIA (Monthly Bill)	~ \$188.88/per month	~ \$67.82 per month	\$97.47	64% higher in CA	48% higher in CA

## PROPOSED REFORM TO CUT CALIFORNIA ELECTRICITY COSTS

- 1. Enact an “All of the Above” Energy Approach:** It is time for California to repeal its Green New Deal policies. California can stop the bleeding of residents for their electricity bills by a new energy approach that identifies and values the resourcefulness of ALL energy. Currently, Nuclear energy only powers about 8% of California’s overall electricity. Solar and wind can’t power everything for over 40 million residents and we can’t conserve our way out of this problem. The state needs to expand opportunities for nuclear power and other sources of energy or California will literally be left in the dark.
- 2. Eliminate Hidden State Taxes and Climate Change Mandates on Utility Rates:** The Transparency Foundation’s own study from February of this year, 2023, exposed \$4.5 BILLION worth of hidden state taxes and climate change mandates that are costing families billions. Removing these taxes would immediately grant residents a 25% reduction in their monthly rate on top of a \$2,500 immediate refund of these deceptive taxes that were paid over the course of many years.

### Per Year Cost in California

Total Annual Cost: \$2,266.57 per year, per household in California

### CA Cost Penalty vs National Average

\$1,096.92 more per year in California

*Calculation assumptions: Average household in CA using 605 kWh per month at 31.22 cents per kWh which means that they are paying \$1,096.92 MORE per year for electricity.*

*Average monthly based on average kWh usage per state X price per kWh.*

*California average = 605 kWhs*

# California's Healthcare Costs: HIGHER

Healthcare costs have skyrocketed throughout the country, especially within the last decade. People can't afford to get sick but accidents happen every day, especially for families with children. While California's health insurance costs are close to the national average, the cost of health care services are substantially higher. So unless you use absolutely no health services during the year with your slightly lower health insurance, you are likely paying HIGHER costs for health care overall if you live in California.

DATA SOURCE	CALIFORNIA PRICE	LOWEST STATE	NATIONAL AVG	COST DIFFERENCE LOW STATE %	COST DIFFERENCE NATIONAL %
Value Penguin	\$541 per month or \$6,492.00 per year Average Healthcare cost per person	\$4,464.00 in New Hampshire	\$559.50 per month or \$6714.00 per year	31% higher in CA	3% lower
United HC	Average Cost of ER Visit \$2,960.00	\$623.00 per ER visit in Maryland	\$1707.52	79% higher in CA	42% higher in CA
Hospital Pricing Specialists	\$2,407.00 Average cost of Ambulance Service	\$661.50 Average cost of Ambulance Service in North Carolina	N/A	73% higher in CA	N/A

## PROPOSED REFORM TO CUT CALIFORNIA HEALTHCARE COSTS

- 1. Benchmark Healthcare Regulations to National Average:** In order to bring costs down for everyone, California should adopt a sweeping package of reforms that includes aligning California healthcare regulations with other states. Currently, California has the costliest staffing ratios for healthcare facilities, absurd overtime requirements, and other mandates and regulations that unnecessarily increase healthcare related expenses. If the state aligns our regulations with the lowest cost states, we can reduce the burden families pay on their monthly premiums.
- 2. Enact "You Sue, You Lose, You Pay" Tort Reform:** The number of frivolous lawsuits in the healthcare field is astronomical. While the lawsuits make lawyers millionaires, they drive up healthcare costs for average families. If we reform the way lawsuits are handled for medical malpractice and in the healthcare industry, we can reduce the high insurance costs that providers and doctors alike must carry in order to help patients.

### Per Year Cost in California

Total Annual Insurance Cost: \$6,492 for individual coverage.

Total Health Care Service Costs: Depending on usage; one ER visit is \$1252.48 higher

### CA Cost Penalty vs National Average

\$222 cheaper for insurance per year in California; savings are likely offset after a few instances of using health care services during the year.

# California's Water Costs: HIGHER

Water is literally essential to life and is something we all use every day. Whether it's taking a shower before work, doing the dishes after a meal, or washing our clothes, water is a necessity. Utility bills, like water, are supposed to be some of the smallest, most affordable bills we pay each month. However, Californians pay some of the highest rates in the nation – and it's only getting worse!

DATA SOURCE	CALIFORNIA PRICE	LOWEST STATE	NATIONAL AVG	COST DIFFERENCE LOW STATE %	COST DIFFERENCE NATIONAL %
BLS/EIA	\$77.00/per month in CA	\$18.00/per month in Wisconsin	\$40.92/per month average in US	77% higher in California	47% higher in California

## PROPOSED REFORM TO CUT CALIFORNIA COSTS

- 1. Labor Cost And Pension Reforms:** Water projects in California have become boondoggles due to bloated union bureaucracies, wasteful salaries, and bloated pensions. Capital projects for water districts require prevailing wage requirements and backroom Project Labor Agreements (PLAs). Both of these things have caused enormously higher costs for important water projects around the state which in turn raises water rates. Prevailing wage requirements and PLAs should be eliminated completely. Water project contracts should be nondiscriminatory, providing open, fair bidding to take place in order for customers to get the best price and deal. In addition, pension reform is another necessary step to reducing long term liabilities of water agencies.
- 2. Change California's Crazy Water Allocation Policies:** In the past year, California had record, historic rain. This was welcome news to many after years of drought. However, due to the state's ludicrous environmental laws, we failed to store much of this water for future use. The amount of water we could have stored could have saved state taxpayers billions of dollars. Instead, almost all of the water from the torrential rains was flushed out to sea. We need to demand a new approach on this issue from lawmakers that prioritize water storage. Residents are constantly being asked to pay more for their water bills when the biggest solution to our problem is literally being dumped into the ocean.

### Per Year Cost in California

Total Cost: \$924 per year

### CA Cost Penalty vs National Average

\$432.96 more in California



# California's Food Costs: HIGHER

Everyone has to go to the grocery store — and many people go at least once per week to buy food. Inflation has caused these grocery bills to skyrocket over the past year or so. The Transparency Foundation focused on the average grocery bill and the three most basic grocery necessities that American families purchase each week: milk, eggs, and bread. To put the impact of the cost of these items into perspective, the average American drinks 18 gallons of milk per year, while Americans collectively consume 95 million dozen eggs and 53 pounds of bread!

DATA SOURCE	CALIFORNIA PRICE	LOWEST STATE	NATIONAL AVG	COST DIFFERENCE LOW STATE %	COST DIFFERENCE NATIONAL %
USDA	\$3.50/gallon of milk	\$2.46/gallon of milk in Arizona	\$3.04/gallon of milk	30% higher in California	13% higher in California
BLS	\$6.05/per dozen eggs	\$4.24/per dozen eggs in Missouri	\$4.25/per dozen eggs	30% higher in California	30% higher in California
BLS	\$4.03/per loaf of bread	\$1.65/per loaf of bread in Nevada	\$2.50/per loaf of bread	59% higher in California	38% higher in California
USDA/BLS	Overall Grocery Bill \$370.96/ Per Person	New Hampshire \$183.00/Per Person	\$354.50	51% higher in California	4% higher in California

## PROPOSED REFORM TO CUT CALIFORNIA FOOD COSTS

- 1. Stop Smash And Grabs – Prosecute The Criminals:** This state needs to implement law and order again. Everyone has seen the outrageous and infuriating videos of criminals smashing their way into stores with carts or bats and grabbing thousands of dollars worth of merchandise as everyone watches the criminals walk right out with no recourse. While criminals get away with stealing, the average California family is left footing the bill. The stores end up making up these losses by saddling law abiding citizens with higher costs of food and other items.
- 2. Align California's Minimum Wage With The Federal Minimum Wage:** California consumers are victims to the union tax when it comes to grocery shopping. Union contracts have contributed to the higher prices at grocery stores across the state. Once again, these costs are passed on to residents in the form of higher costs and prices. By aligning California's minimum wage with the federal minimum wage, we can not only provide more opportunity to younger workers, but we can also reduce costs for your weekly grocery bill.

### Per Year Cost in California

Total Cost: \$4,451.52 per person

### CA Cost Penalty vs National Average

\$197.52 more per person in California

# California's State & Local Tax Costs: HIGHER

A number of the other cost categories are higher because of special state or local taxes - e.g. gas tax, sales tax, property taxes, Vehicle Mileage Tax, etc. The reality is California's high taxes impact everyone's cost of living and impede economic growth and job creation.

DATA SOURCE	CALIFORNIA	LOWEST STATE	NATIONAL AVG	COST DIFFERENCE LOW STATE %	COST DIFFERENCE NATIONAL %
Tax Foundation	13.5% or \$10,167 or per capita	4.6% in Alaska or \$2,943 per capita	11.2% or \$6,362.44 per capita	66% higher in California	17% higher in California

## PROPOSED REFORM TO CUT CALIFORNIA TAX COST

- 1. Cut Statewide Sales in Half to 4% – Freeze It for 5 Years:** The most regressive tax is the Sales Tax – it hurts working families the most. In the 1990s, California had a 4% State rate for sales and use taxes. If it was good enough for the government and the state then, it's good enough now. Imagine the impact of providing an immediate reduction like this to the cost of living. Politicians will say they cannot afford to give tax relief to working families. Have you seen a government budget lately? Lots of easy ways to cut wasteful spending and bloated labor costs!

### Per Year Cost in California

Total Cost: \$10,167

### CA Cost Penalty vs National Average

\$3,804.56 more per person in California

*Will ultimately depend completely on each individual's income, but per the Tax Foundation, expect a 14% higher average burden.*

# California's Childcare Costs: HIGHER

With the high cost of living in California, families now face the reality that they can no longer live on the salary of a single parent. Both parents are forced to work just to keep up with basic expenses. But at what cost? When both parents are working, someone still needs to take care of their child when they're very young or when they come home from school. Still, not every family is lucky enough to live close to relatives or grandparents, especially when so many have moved away. Parents with children must factor in the sky-high cost of childcare.

DATA SOURCE	CALIFORNIA PRICE	LOWEST STATE	NATIONAL AVG	COST DIFFERENCE LOW STATE %	COST DIFFERENCE NATIONAL %
Economic Policy Institute (EPI)/BLS/Census	\$16,945/ average annual cost	\$6,001/average annual cost in Alabama	\$11,163.56	65% higher in California	34% higher in California

*Note: Estimates based on \*one\* child*

## PROPOSED REFORM TO CUT CALIFORNIA CHILDCARE COSTS

- 1. Enact A \$2,500 Childcare Tax Credit:** Parents deserve to have some tax relief to help with their rising childcare costs. California State Assemblymember Laurie Davies, whose district covers south Orange County and north San Diego County, proposed Assembly Bill 14 (AB 14) this year that would grant families a \$500 tax credit for childcare expenses. We believe this bill is a great start but The Transparency Foundation believes a \$2,500 tax credit would be even better and provide more relief.

### Per Year Cost in California

Total Cost: \$16,945 per year (\$1,412.08 per month)

### CA Cost Penalty vs National Average:

\$5,781.44 per year (\$481.79 per month)

# California's Car Costs: HIGHER

In a large state like California, driving and owning a vehicle isn't a luxury, it's a necessity. Often times, the lowest income residents live farthest away from their place of work. Having a car and paying for insurance isn't cheap in this state but there are few other options providing the convenience, reliability, and mobility of a personal vehicle.

DATA SOURCE	CALIFORNIA	LOWEST STATE	NATIONAL AVG	COST DIFFERENCE LOW STATE %	COST DIFFERENCE NATIONAL %
Average Used Car Price	\$35,759	\$31,445 in Vermont	\$33,582	12% more in California	6% more in California
Average Car Repair Cost	\$410.73 (parts and labor)	\$341.83 (parts and labor) in Ohio	\$374.51	17% higher in California	9% higher in California
Car Sales Tax	7.5%	0%			
Car VLF DMV Tax	\$540				
Car Insurance per year	\$2,115.00 average per year	\$1,533 average per year	\$1,644.30	28% higher in California	22% higher in California
Average Used Car Monthly Payment	\$528				
Average New Car Monthly Payment	\$729				

## PROPOSED REFORM TO CUT CALIFORNIA COSTS

- 1. Eliminate Or Reduce The Car Sales Tax:** While some states have ZERO car sales tax, California has one of the highest in the nation at 7.5% and this doesn't even include other taxes and fees that are required for licensing, etc. The overwhelming majority of residents need a vehicle to go to work every day. Having one of the highest tax rates in the nation just to purchase a car is excessive and unnecessary. It hits working families the most and is just one more way that the state chips away at every last hard-earned dollar.
- 2. Cut the Car Tax:** Politicians used a false and misleading ballot title in 2018 election to fraudulently keep voters from repealing a massive increase to the state's car tax. Give drivers immediate relief by repealing that car tax hike.

### Per-Year Cost of California

Total Cost: \$9812.46

### CA Cost Penalty vs National Average:

\$1594.95 more per year

*Calculation: assumes the purchase of a used car once every 4 years (outside a dealer so no sales tax) and 2 repairs a year.*

# California's Home & Renter's Insurance Costs: LOWER

Many Californians may be surprised by the data showing home and renter's insurance costs are slightly lower in their state than the national average. Unfortunately, that is all about to change and costs are projected to be increasing very soon under a new risk and rate model approved by state politicians that will allow insurance companies to charge more.

DATA SOURCE	CALIFORNIA	LOWEST STATE	NATIONAL AVG	COST DIFFERENCE LOW STATE %	COST DIFFERENCE NATIONAL %
Study from Quadrant Information Systems for Insurance.com	\$2,138 per year for Homeowners Insurance	\$918 per year in Hawaii	\$3,594 per year	57% more per year in California	68% lower in California
Quotewizard/Lending Tree	\$208 per year or \$17/month for renter's insurance	\$138 per year or \$12/month in Alaska	\$219 per year	34% more per year in California	5% lower in California

## PROPOSED REFORM TO CUT CALIFORNIA HOME AND RENTAL INSURANCE COSTS

- 1. Thin The Forests And Clear The Brush – Better Wildland Fire Management:** California politicians have refused to pursue common sense forest management policies for decades in the name of “climate change.” However, policies focused on the thinning of high-risk forest areas by clearing brush would help protect residents from devastating wildfires AND prevent tons of toxic smoke. We can plan for and manage wildfire risk but we must have politicians willing to make this work a priority.

### Per-Year Cost of California

\$2,138 per year for homeowner's insurance or \$208 per year for renter's insurance

### CA Cost Penalty vs National Average:

\$1,456 less in California than national average for homeowner's insurance; \$11 less per year for renter's insurance

# Table of Data Sources

## Data Sets - Cost Calculations

COST AREA	METRIC	LINK
Average Income	PEW	<ul style="list-style-type: none"> <li><a href="https://www.pewresearch.org/short-reads/2022/04/20/how-the-american-middle-class-has-changed-in-the-past-five-decades/">https://www.pewresearch.org/short-reads/2022/04/20/how-the-american-middle-class-has-changed-in-the-past-five-decades/</a></li> <li>Original ABC story: <a href="https://abc7.com/pew-research-center-american-middle-class-report-2023-southern-california-los-angeles/12675839/#:~:text=lower%20income%20brackets.,The%20study%20defines%20%22middle%20class%22%20as%20earning%20between%20%2447%2C000%20to,for%20a%20family%20of%20three.">https://abc7.com/pew-research-center-american-middle-class-report-2023-southern-california-los-angeles/12675839/#:~:text=lower%20income%20brackets.,The%20study%20defines%20%22middle%20class%22%20as%20earning%20between%20%2447%2C000%20to,for%20a%20family%20of%20three.</a></li> </ul>
Housing	U.S. Census Bureau and Yardi	<ul style="list-style-type: none"> <li>Average Rent Prices 2023: <a href="https://www.rentcafe.com/average-rent-market-trends/us/">https://www.rentcafe.com/average-rent-market-trends/us/</a></li> <li>Average Mortgage Prices in 2023: <a href="https://www.lendingtree.com/home/mortgage/national-average-monthly-mortgage-payment-and-loan-affordability-in-each-state-ranked/">https://www.lendingtree.com/home/mortgage/national-average-monthly-mortgage-payment-and-loan-affordability-in-each-state-ranked/</a></li> </ul>
Gasoline	AAA	<ul style="list-style-type: none"> <li>AAA – State Gas Price Averages: <a href="https://gasprices.aaa.com/state-gas-price-averages/">https://gasprices.aaa.com/state-gas-price-averages/</a></li> <li>EPA Estimate MPG: <a href="https://www.motor1.com/news/626500/average-us-fleet-economy/#:~:text=The%20annual%20Automotive%20Trends%20Report,same%20result%20as%20in%202020.">https://www.motor1.com/news/626500/average-us-fleet-economy/#:~:text=The%20annual%20Automotive%20Trends%20Report,same%20result%20as%20in%202020.</a></li> </ul>
Electricity	EIA	<ul style="list-style-type: none"> <li>Average Electricity Rates, Choose Energy Rates Report 2023: <a href="https://www.chooseenergy.com/electricity-rates-by-state/">https://www.chooseenergy.com/electricity-rates-by-state/</a></li> <li>Electricity Use by Residential Customers reported by EIA: <a href="https://shrinkthatfootprint.com/average-household-electricity-consumption/">https://shrinkthatfootprint.com/average-household-electricity-consumption/</a></li> </ul>
Healthcare – Insurance		<ul style="list-style-type: none"> <li>ValuePenguin – Average Cost of Health Insurance 2023: <a href="https://www.valuepenguin.com/average-cost-of-health-insurance">https://www.valuepenguin.com/average-cost-of-health-insurance</a></li> </ul>
Healthcare – Ambulance Ride		<ul style="list-style-type: none"> <li><a href="https://www.beckershospitalreview.com/finance/10-states-with-the-highest-lowest-average-price-for-ambulance-service-with-advanced-life-support.html">https://www.beckershospitalreview.com/finance/10-states-with-the-highest-lowest-average-price-for-ambulance-service-with-advanced-life-support.html</a></li> </ul>
Healthcare – ER Visit		<ul style="list-style-type: none"> <li><a href="https://www.talktomira.com/post/how-much-does-an-er-visit-cost">https://www.talktomira.com/post/how-much-does-an-er-visit-cost</a></li> </ul>
Water		<ul style="list-style-type: none"> <li><a href="https://wisevoter.com/state-rankings/water-prices-by-state/">https://wisevoter.com/state-rankings/water-prices-by-state/</a></li> </ul>
Food <ul style="list-style-type: none"> <li>- Milk</li> <li>- Bread</li> <li>- Eggs</li> <li>- Grocery Bill</li> </ul>	USDA, BLS	<ul style="list-style-type: none"> <li>Milk Prices: Zippia. "How Much It Costs To Buy A Gallon Of Milk In Each State" Zippia.com. Jul. 12, 2023, <a href="https://www.zippia.com/advice/gallon-of-milk-costs-each-state/">https://www.zippia.com/advice/gallon-of-milk-costs-each-state/</a></li> <li>Egg Prices: Zippia. "Here's How Much A Dozen Eggs Costs In Each State" Zippia.com. Jul. 10, 2023,</li> </ul>

		<a href="https://www.zippia.com/advice/dozen-eggs-cost-each-state/">https://www.zippia.com/advice/dozen-eggs-cost-each-state/</a> <ul style="list-style-type: none"> <li>• Bread Prices: Zippia. "Here's How Much A Dozen Eggs Costs In Each State" Zippia.com. Jul. 10, 2023, <a href="https://www.zippia.com/advice/dozen-eggs-cost-each-state/">https://www.zippia.com/advice/dozen-eggs-cost-each-state/</a></li> <li>• "Average Cost of Groceries by State" Zippia.com: <a href="https://www.zippia.com/advice/average-cost-of-groceries-by-state/">https://www.zippia.com/advice/average-cost-of-groceries-by-state/</a></li> </ul>
State and Local Tax Burden	Tax Foundation	<ul style="list-style-type: none"> <li>• <a href="https://taxfoundation.org/data/all/state/tax-burden-by-state-2022/#results">https://taxfoundation.org/data/all/state/tax-burden-by-state-2022/#results</a></li> </ul>
Childcare	BLS, EPI	<ul style="list-style-type: none"> <li>• Economic Policy Institute: Childcare Costs in the United States: <a href="https://www.epi.org/child-care-costs-in-the-united-states/#/CA">https://www.epi.org/child-care-costs-in-the-united-states/#/CA</a></li> </ul>
Average Used Car Price	Used Car Sales, ISeeCars	<ul style="list-style-type: none"> <li>• <a href="https://www.iseecars.com/used-car-prices-by-state-study">https://www.iseecars.com/used-car-prices-by-state-study</a></li> </ul>
Cost of Owning A Vehicle		<ul style="list-style-type: none"> <li>• GoBankingRates – Cost of Owning a Car for a Year in Every State: <a href="https://www.gobankingrates.com/saving-money/car/cost-owning-car-by-state/">https://www.gobankingrates.com/saving-money/car/cost-owning-car-by-state/</a></li> </ul>
Car Maintenance/Repair		<ul style="list-style-type: none"> <li>• States with the Cheapest and Most Expensive Car Repair and Maintenance Costs: <a href="https://www.aftermarketmatters.com/national-news/states-with-cheapest-and-most-expensive-car-repair-and-maintenance-costs/">https://www.aftermarketmatters.com/national-news/states-with-cheapest-and-most-expensive-car-repair-and-maintenance-costs/</a></li> <li>• </li> </ul>
Car Insurance		<ul style="list-style-type: none"> <li>• Car Insurance Costs Per Year By State: <a href="https://www.carinsurance.com/state-car-insurance-rates">https://www.carinsurance.com/state-car-insurance-rates</a></li> </ul>
Average Monthly Car Payment		<ul style="list-style-type: none"> <li>• Experian: Average Car Payment Per Month: <a href="https://www.nerdwallet.com/article/loans/auto-loans/average-monthly-car-payment">https://www.nerdwallet.com/article/loans/auto-loans/average-monthly-car-payment</a></li> </ul>
Car Sales Tax Rates	PolicyGenius	<ul style="list-style-type: none"> <li>• <a href="https://www.policygenius.com/auto-insurance/auto-tax-rate-by-state/">https://www.policygenius.com/auto-insurance/auto-tax-rate-by-state/</a></li> </ul>
Home and Renters Insurance	BLS, EPI	<ul style="list-style-type: none"> <li>• Home Insurance Cost By State: <a href="https://www.insurance.com/home-and-renters-insurance/home-insurance-basics/average-homeowners-insurance-rates-by-state">https://www.insurance.com/home-and-renters-insurance/home-insurance-basics/average-homeowners-insurance-rates-by-state</a></li> <li>• Renter's Insurance Cost By State: <a href="https://quotewizard.com/renters-insurance/average-cost-of-renters-insurance">https://quotewizard.com/renters-insurance/average-cost-of-renters-insurance</a></li> </ul>





