

## Trends in Family and Household Poverty

*By Hans P. Johnson and Sonya M. Tafoya*

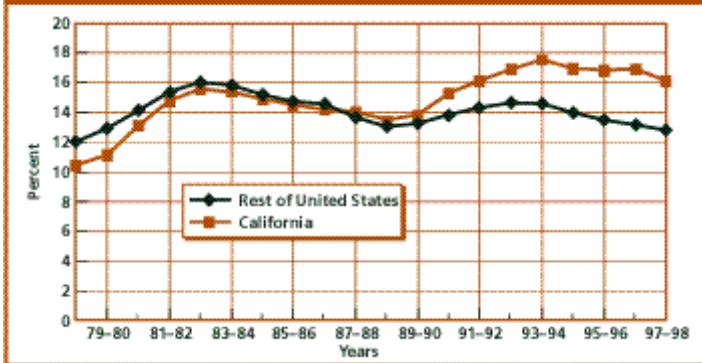
### *Summary*

Over the past two decades, California's poverty rates have risen substantially, both in absolute terms and compared to poverty rates in the rest of the nation. Poverty rates differ dramatically across family and household types, but they also change over time within these types. Over the last two decades, changes in the distribution of family and household types account for very little of the increase in poverty rates. Instead, the overall rise is mostly the result of increases in poverty rates within two types of households: married couples with children and single parents. Poverty rates for such families increased substantially in California even as they showed no change or declined in the rest of the nation.

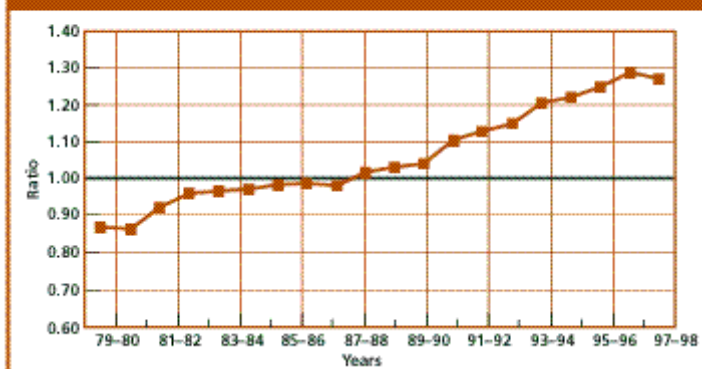
In California, the higher poverty rates for both kinds of families can be attributed to the growing proportion of households headed by less-educated, often immigrant, adults. Many of these households consist of married couples and their children with at least one working spouse. Unlike the poor in the rest of the nation, the poor in California are now more likely to live in married-couple families than in any other type of household.

**Increases in poverty are more than temporal changes due to business cycles.**

**Figure 1. Poverty Rates for California and the Rest of the United States (Two-Year Moving Average)**



**Figure 2. Ratio of Poverty Rates in California to Poverty Rates in the Rest of the United States (Two-Year Moving Average)**



## Introduction

Despite recent declines in poverty in California, the long-term trend has been toward higher poverty rates. Over the past 20 years, these rates have increased substantially during recessionary periods but declined only moderately during times of economic growth. In 1997–98, poverty rates were substantially higher than in 1978–79, increasing from 10.4 percent to 15.3 percent.<sup>1</sup> Both periods were characterized by economic growth. Poverty has increased much faster in California than in the rest of the country, where poverty rates rose from 11.8 percent to 12.4 percent over this same time span (see Figure 1). Before 1987, California had lower poverty rates than the rest of the country; since then, its rates have been higher (see Figure 2). By 1997–98, poverty rates in California were almost 1.3 times greater than in the rest of the country.

The long-term trends indicate that increases in poverty are more than temporal changes due to business cycles. The conventional wisdom is that some, if not most, of the increases in poverty rates over the past two decades can be

<sup>1</sup> Because of sample size limitations in the Current Population Survey, we use two-year averages for poverty rates and for household and family structure. All poverty rates are for people living in certain types of households. Similarly, household and family structure is based on the proportion of people living in certain types of households and families.

attributed to changes in household and family structure, particularly the rise in the number of families headed by single parents. In this report, we test this conventional wisdom by describing trends in family and household poverty both in California and in the rest of the country. After examining the degree to which increases in poverty can be attributed to changes in family and household structure, we also consider the respective roles of employment, immigration, and education. We find that the conventional wisdom holds for the nation as a whole, but not for California. In California, the growing proportion of households headed by less-educated, often immigrant, adults explains much of the increase.

## Poverty Levels and Trends

### Poverty, by Household and Family Type

Poverty rates vary dramatically with household and family structure. For example, families headed by single parents are almost ten times more likely to live in poverty than are married couples with no children (see Figure 3). People who live in households with other unrelated individuals also have high poverty rates, whereas people who live alone have relatively low poverty rates.

Defining Household and Family Types	
In this report, we define six household and family types.	
Household/Family Category	Description
• Married couple without children	Married couples with no children of their own under age 18. The household may also include the couples' adult children or other household members.
• Married couple with children	Married couples with their own children under age 18. The household may also include the couples' adult children or other household members.
• Single parent with children	An unmarried parent, male or female, with his or her own children younger than age 18. The household may also include adult children of the household head or other household members.
• Other family	An unmarried person with no children of his or her own under age 18 living with at least one relative. The household may include the household head's adult children or other household members. The household may include children under age 18, if they are not the children of the household head.
• Non-family	Two or more unrelated people living in the same household.
• Live alone	People living alone.

In many ways, variations in poverty rates by household and family type in California resemble those for the rest of the United States. For example, in both California and the rest of the country, poverty rates are lowest for married couples without children and highest for single parents with children. However, three groups have substantially different poverty rates in California than in the rest of the United States: married couples with children, single parents with children, and people

who live alone. Compared to their counterparts in the rest of the country, married couples with children in California are almost twice as likely to live in poverty. Single parents with children are also more likely to live in poverty in California than similar families in the rest of the country. People who live alone in California, however, are substantially less likely to live in poverty than people who live alone in the rest of the United States.

## Defining Poverty

We use the March supplements of the Current Population Survey to develop the estimates of poverty presented in this report. We use the official poverty thresholds, as developed by the federal government, to determine the number of people living in poverty. As shown in the table below, poverty thresholds are determined by the number of adults and children in a household or family. For example, the poverty threshold for a single parent with two children was \$13,133 in 1998.

## Poverty Thresholds in 1998, by Size of Family and Number of Related Children Under Age 18

Size of Family Unit	Average Threshold	Related Children Under Age 18								
		None	One	Two	Three	Four	Five	Six	Seven	Eight or More
One person (unrelated individual)	8,316									
Under age 65	8,480	8,480								
Age 65 and over	7,818	7,818								
Two persons	10,634									
Householder under age 65	10,972	10,915	11,235							
Householder age 65 and over	9,862	9,853	11,198							
Three persons	13,003	12,750	13,120	13,133						
Four persons	16,660	16,813	17,088	16,530	16,588					
Five persons	19,680	20,275	20,570	19,940	19,453	19,155				
Six persons	22,228	23,320	23,413	22,930	22,468	21,780	21,373			
Seven persons	25,257	26,833	27,000	26,423	26,020	25,270	24,395	23,435		
Eight persons	28,166	30,010	30,275	29,730	29,253	28,575	27,715	26,820	26,598	
Nine persons or more	33,339	36,100	36,275	35,798	35,388	34,723	33,808	32,980	32,775	31,513

SOURCE: U.S. Census Bureau, Current Population Survey.

These poverty thresholds are based on the cost of a minimum adequate diet, according to the least expensive of four food plans designed by the U.S. Department of Agriculture in 1961, multiplied by three to account for other expenses, and updated for inflation. The thresholds make no adjustments for regional differences in the cost of living, nor do the thresholds explicitly consider the cost of housing. Income considered in the determination of poverty is pretax family income (Fisher, 1992; Institute for Research on Poverty, 2000). The income used for poverty determination includes government cash transfers (such as welfare payments) but excludes in-kind benefits (such as food stamps), does not deduct taxes paid, and ignores the costs associated with earning income (such as child care costs).

The adequacy of the poverty thresholds has been called into question, with the National Academy of Sciences proposing a change in the method used to determine poverty (Institute for Research on Poverty, 1998). The Census Bureau (Dalaker, 1999) estimates that poverty levels would be substantially higher than the official level if government cash transfers (such as welfare payments) were not included in income (20.1 percent compared to 12.7 percent in 1998) but only slightly lower if all noncash transfers and the earned income credit were included (10.5 percent compared to 12.7 percent).

**Changes in the Distribution of Household and Family Types**

Because poverty rates differ dramatically by household and family type, changes in the distribution of these types have important implications for overall poverty rates. For the purposes of our analysis, we consider these changes separately from poverty rate changes *within* each type of household.

Although the proportion of married-couple households has been declining in California and the rest of the United States, most Californians still live in married-couple households. In 1997–98, over 40 percent of Californians lived in households that contained a married couple and their children, and another 23 percent consisted of married couples living together with no children (see Table 1). The decline in families consisting of a married couple with children has been much less precipitous in California than in the rest of the United States. Indeed, Californians in 1978–79 were *less* likely to reside in these households than the rest of the country’s population but *more* likely to reside in them in 1997–98. California, often seen as a bellwether state for social change, now has a greater preponderance of nuclear family households than the rest of the nation.

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Figure 3. Poverty Rate by Household Type, 1997–98

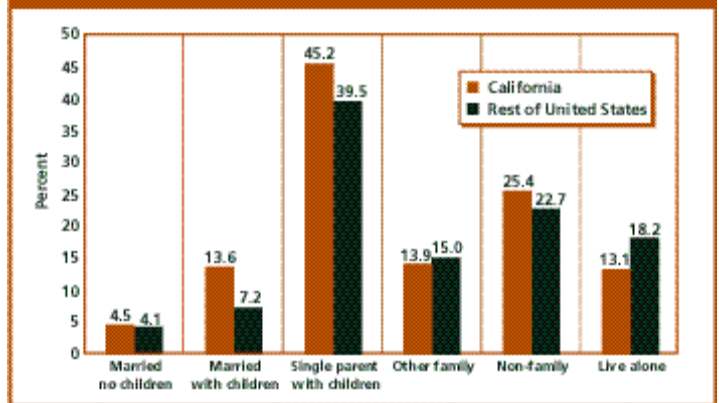
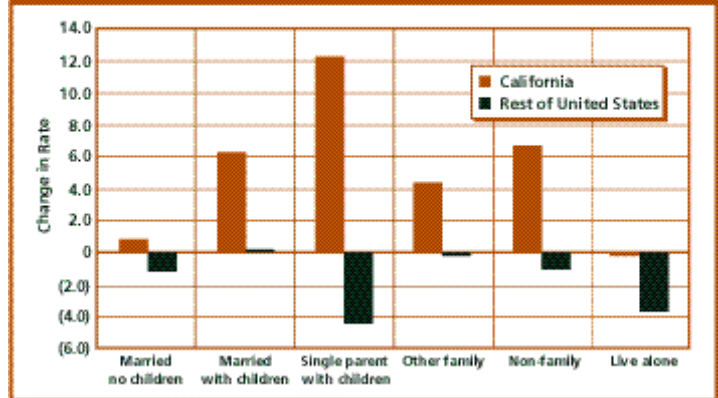


Table 1. Distribution of People by Household Type: California and the Rest of the United States, 1978–79 and 1997–98

	California		Rest of U.S.	
	1978–79	1997–98	1978–79	1997–98
Married no children	23.6%	23.1%	26.1%	27.1%
Married with children	45.5	41.3	48.5	38.4
Single parent with children	10.2	11.8	9.1	11.7
Other family	5.0	8.4	5.5	8.0
Non-family	5.5	6.4	2.8	4.7
Live alone	10.2	8.9	8.0	10.1
Total	100.0	100.0	100.0	100.0

In California, poverty rates have *risen* for five of the six family and household types considered here. For the rest of the country, however, those rates have declined for five of these family and household types.

Figure 4. Change in Poverty Rates, 1978–79 to 1997–98



the population living in married-couple households without children declined between 1978–79 and 1997–98. Many of these households, which include “dinks” (double income no kids) and “empty nesters,” have two wage earners in addition to no other residents and thus have very low poverty rates.

While the proportion of the population living in married-couple households has declined, the proportion living in single-parent families has increased. Compared to the rest of the country, California had a higher proportion of its population living in such families in 1978–89. Since that time, however, a rise in single-parent families in the rest of the nation has closed that gap. By 1997–98, about 12 percent of the popula-

tion, both in California and the rest of the nation, lived in households headed by single parents.

Other notable trends include the large increase in the number and proportion of Californians living in “other families” (families that do not include a married couple). Many of these families consist of a divorced parent with adult children. The very large increase in the number of people living in such families in California at least partly reflects the increasing tendency of adult children to continue living at home rather than establishing their own households.

Although the proportion of people living alone has increased nationally, that proportion has declined in California. California’s increasingly younger age structure, large immigrant population, and

high housing costs at least partially explain this difference. Those over age 60 are most likely to live alone, and California has a lower proportion of people in that age group. In addition, high housing costs in California make living alone a more expensive proposition than in the rest of the country. Finally, immigrants are less likely to live alone than are U.S. natives.

### Changes in Poverty Rates, by Household and Family Type

Over the past two decades, a remarkable difference in poverty rates between California and the rest of the United States has emerged. In California, poverty rates have *risen* for five of the six family and household types con-

sidered here. For the rest of the country, however, those rates have *declined* for five of these family and household types (see Figure 4).

From 1978–79 to 1997–98, increases in California’s poverty rates were especially dramatic for single-parent families, married couples with children, and non-family households. In absolute numbers, the greatest increase was for single-parent families, who saw their poverty rates rise from 33.4 percent in 1978–79 to 44.2 percent in 1997–98 (see Figure 5). The greatest relative increase was for married couples with children, whose 1998 poverty rates rose from 8.2 percent in 1978–79 to 14.3 percent in 1997–98. Substantial increases in poverty rates also occurred for non-family households (18.9 percent to 25.4 percent) and other family households (10.7 percent to 15.0 percent). Poverty rates for married couples without children increased slightly, while poverty rates for people who lived alone were essentially unchanged between 1978–79 and 1997–98.

In contrast to these increases in California, poverty rates in the rest of the United States declined slightly for five of the six family and household types. The lone exception, married couples with children, experienced virtually the same poverty rates in 1997–98 as in 1978–79.

These differences between California and the rest of the United

Figure 5. Poverty Rate by Household Type in California, 1978–79 and 1998–99

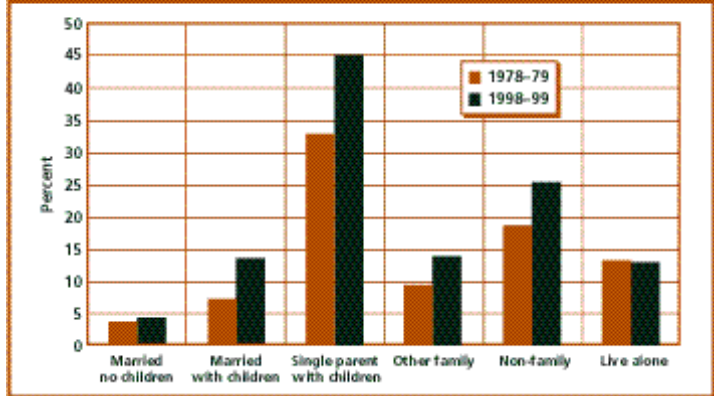
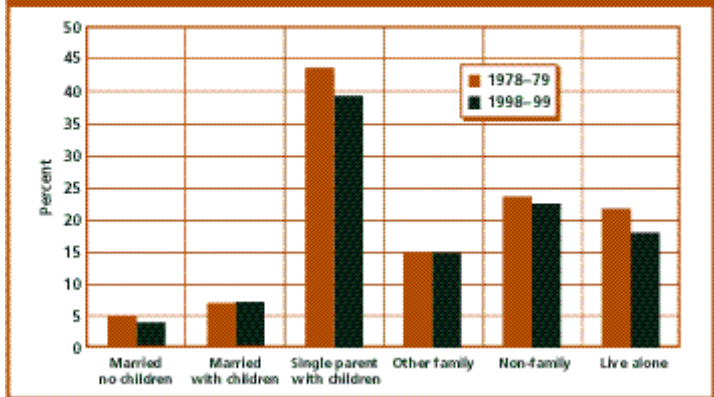


Figure 6. Poverty Rate by Household Type in the Rest of the United States, 1978–79 and 1998–99



**We find that the preponderance of less-educated, often immigrant, households explains much of California's higher poverty rates.**

States are striking. In 1978–79, poverty rates in California were about the same or lower than poverty rates in the rest of the United States for every type of family and household. By 1997–98, poverty rates in California were *greater* than those in the rest of the United States for every type of family and household with one exception—people who live alone.

### **Changes in Household/ Family Structure and Rising Poverty**

So far we have looked at two factors that affect overall poverty rates: changes in the distribution of family and household types and poverty rate changes within those types. In this section, we examine the degree to which each kind of change has contributed to overall poverty rates.<sup>2</sup>

<sup>2</sup> Such an analysis gives us a sense of the importance of changes in household and family structure, but it is important to note that poverty itself could lead to changes in household and family structure.

Most if not all of the modest increase in poverty in the rest of the United States can be explained by shifts in the distribution of household and family types, that is, by distributional shifts from households and families with low poverty rates (such as married-couple families) to households and families with high poverty rates (such as single-parent families with children). Without such shifts between 1978–79 and 1997–98, poverty rates in the rest of the United States would have fallen.<sup>3</sup>

In contrast, only a small amount of California's increase in poverty can be attributed to changes in the distribution of household and family types. Even with no distributional changes between 1978–79 and 1997–98, poverty rates would have increased, largely because poverty rates increased for almost every type of household and family in the state.

### **Why California Poverty Rates Are Higher**

**I**f changes in household and family type do not explain the rise in poverty in California, what does? Of course there are myriad

<sup>3</sup> Again, this assumes that poverty rates for a given household or family type are not affected by changes in the distribution of households and families.

determinants of poverty. Here we examine the role of education, employment, and immigration, focusing on poverty among two groups: married couples with children and single parents with children. These two groups account for almost 7 in 10 impoverished Californians (see Figure 7) and 72 percent of the increase in the number of people in poverty between 1978–79 and 1997–98. We find that the preponderance of less-educated, often immigrant, households explains much of California's higher poverty rates.

Among married couples with children, the increase in poverty in California is not due to a decline in labor force participation but rather to an increase in poverty among working families.<sup>4</sup> The vast majority of married-couple families in California contain at least one worker (95 percent in 1996–98). In 1978–79, working married couples with children had similar poverty rates in California as in the rest of the United States (6 percent). By 1997–98, however, poverty rates for working married couples with children in California had doubled to 12 percent whereas those in the rest of the nation remained mostly unchanged (see Figure 8).

Many of these working poor households are headed by an immi-

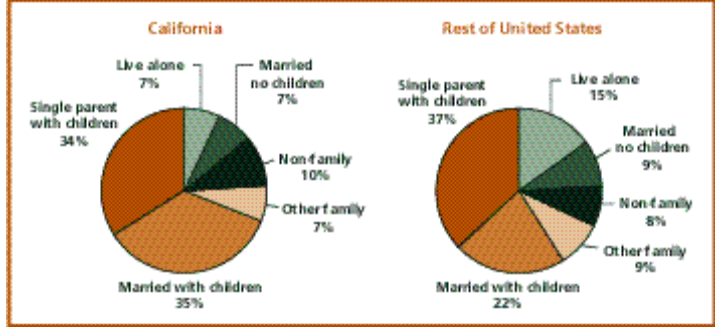
<sup>4</sup> We define working families as those containing at least one worker.



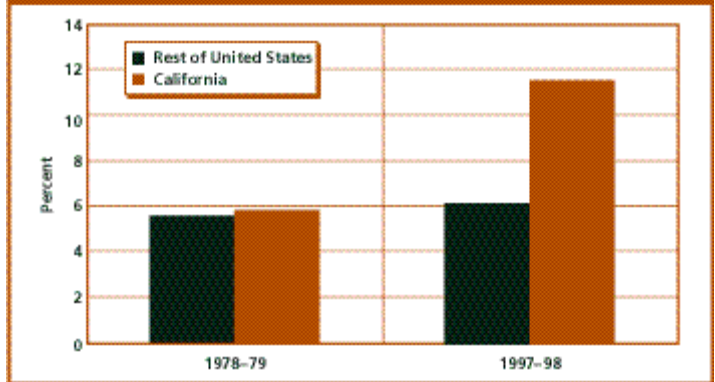
grant with little education. In 1996–98, 43 percent of California’s married couples with children were headed by an immigrant, compared to only 11 percent in the rest of the country (see Table 2).<sup>5</sup> Half of the immigrant heads of these households in California had not completed high school. Poverty rates are particularly high for this large group of poorly educated immigrants (see Table 3). Most of the difference in poverty between married couples with children in California and their counterparts in the rest of the United States is due to the large concentration of poorly educated immigrants in California.

Among single parents, the large increase in poverty rates in California is at least partly attributable to two factors: a rapid rise in the percentage of never-married mothers and increasing poverty rates for these same mothers. In California, the share of never-married single mothers among all single parents increased from 14 percent in 1978–80 to 37 percent in 1996–98. At the same time, poverty rates for never-married parents in California increased from 52 percent to 55 percent, or about twice the rate for divorced

**Figure 7. Distribution of People in Poverty by Household and Family Type, 1997–98**



**Figure 8. Poverty Rate Among Working Married Couples with Children**



<sup>5</sup> The March Current Population Surveys did not begin collecting information on immigrant status until 1994. Because of sample size limitations, we combine three years of survey data when examining factors associated with poverty for a specific type of household or family.

**Table 2. Distribution of People in Married-Couple Households by Immigrant Status and Education of Head of Household, 1996–98**

	U.S.-Born Head	Immigrant Head	Total
<b>California</b>			
Less than high school	4%	22%	26%
High school graduate	15	8	22
At least some college	38	14	51
Total	57	43	100
<b>Rest of United States</b>			
Less than high school	10%	4%	14%
High school graduate	30	2	32
At least some college	49	5	54
Total	89	11	100

**Table 3. Distribution of People in Single-Parent Households by Immigrant Status and Education of Head of Household, 1996–98**

	U.S.-Born Head	Immigrant Head	Total
<b>California</b>			
Less than high school	12%	24%	36%
High school graduate	20	6	26
At least some college	31	8	38
Total	63	37	100
<b>Rest of United States</b>			
Less than high school	19%	4%	23%
High school graduate	34	2	37
At least some college	37	3	40
Total	90	10	100

or separated mothers. The rest of the United States experienced an almost equally dramatic shift in marital status toward never-married mothers (17 percent to 38 percent), but unlike California, this shift was countered by a substantial decline in poverty rates among never-married mothers, which declined 12 percent between 1978–80 and 1996–98.

Increasing poverty rates of single parents in California can also be attributed to an increase in the number of less-educated single parents. Relative to the rest of the country, California has a high proportion of single parents who have not graduated from high school (see Table 3). The majority of these parents are immigrants, who, like their U.S. native counterparts, have very high poverty rates (see Table 4).

## Conclusion

**M**uch if not all of the relatively modest increase in poverty in the rest of the United States can be explained by shifts from households and families that have low poverty rates (such as married-couple families) to households and families that have high poverty rates (such as single-parent families with children). In contrast, only a small amount of California's increase in poverty can be attributed to such changes. Instead, poverty rates in California increased for

**Table 4. Poverty Rates by Immigrant Status and Education of Head of Household, 1996–98 (in percent)**

Household/Family Type	Education	California		Rest of United States	
		Immigrant Head	U.S.-Born Head	Immigrant Head	U.S.-Born Head
All household and family types	Less than high school	35.6	27.5	31.0	25.2
	High school graduate	21.7	14.1	18.4	13.1
	At least some college	10.5	8.4	11.8	7.4
Married with children	Less than high school	35.4	24.2	31.4	17.7
	High school graduate	21.2	9.3	16.1	7.0
	At least some college	8.5	4.5	9.0	3.2
Single parent with children	Less than high school	62.5	60.2	62.9	62.0
	High school graduate	47.1	40.0	49.3	41.9
	At least some college	30.3	24.7	31.4	27.4

almost every type of household and family.

The relative increase in California's poverty rates is undoubtedly due to some of the factors that have led to California's relative increase in income inequality. Those factors include education and immigration (Reed, 1999). We find that for all household types, poverty rates are higher for immigrants than for U.S.-born residents and are higher for households headed by an adult with relatively little education. For most household and family types, these two factors — education and immigrant status — explain most if not all of the difference in poverty rates between California and the rest of the country.

Unlike the rest of the country, California has experienced substantial increases in poverty not

only among family types most economically vulnerable (such as single-parent families), but also among family types generally considered to be more economically robust (married-couple families). In particular, we note a substantial increase in the number of working poor married couples with children in California. ♦

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