

Measuring Poverty in California

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State policymakers need realistic picture of poverty

- Official poverty measure devised in 1960s
 - Used to track trends in poverty and determine eligibility for many safety net programs
- Has not been modified to reflect changes in consumption patterns and programs
- National effort to design alternative measures began in 1990s



The California Poverty Measure is more accurate and comprehensive

- Includes largest safety net programs (CalFresh and the Earned Income Tax Credit)
- Accounts for out-of-pocket medical and work expenses
- Factors in cost of living differences across California



Outline

- Californians in poverty
- Role of the social safety net
- Factoring in costs of living
- Conclusions



How the California Poverty Measure works

Resources

Earnings
Safety net
benefits
Other income

—

Expenses

Medical
Commuting
Child care

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Poverty threshold

Varies by:
Family size
Region
Homeownership
status

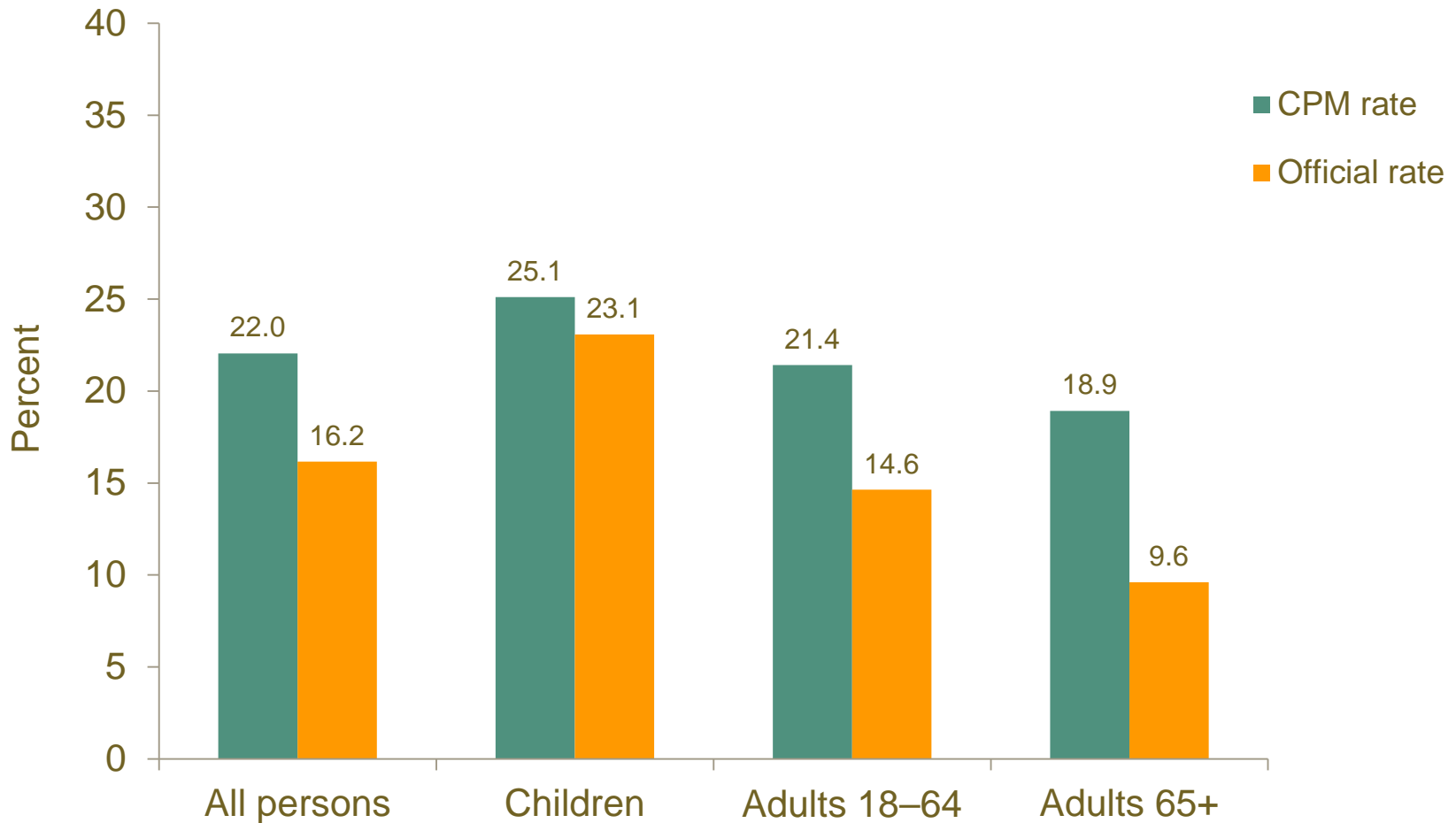


Overall findings are sobering

- 8.1 million Californians in poverty in 2011
 - 22% of population
- 2.2 million living in deep poverty
 - Incomes below half of poverty threshold



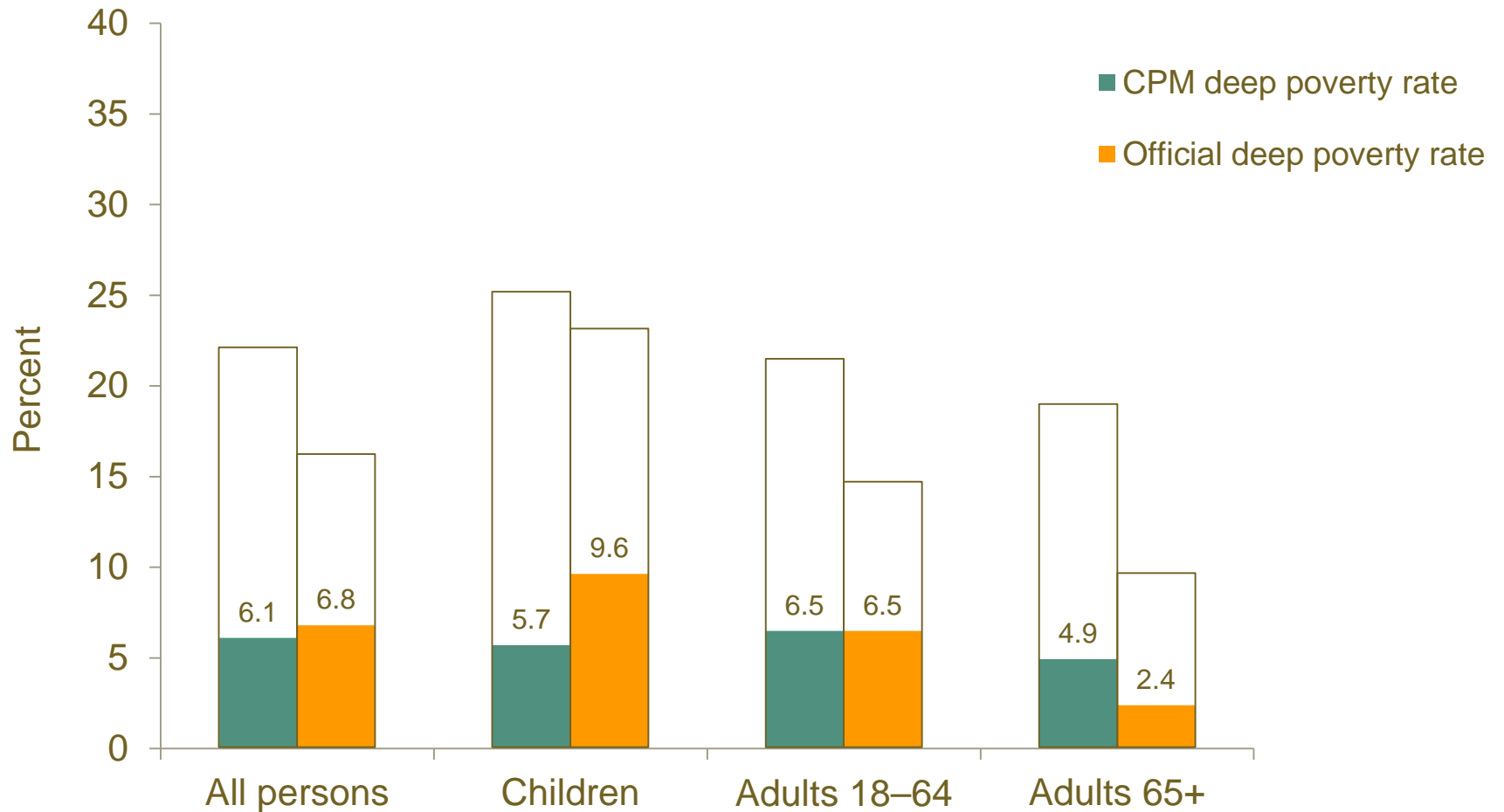
Our measure finds more people of all ages in poverty ...



SOURCES: California Poverty Measure estimates for 2011; official poverty estimates from the California sample of the ACS (2011).



... but fewer in deep poverty



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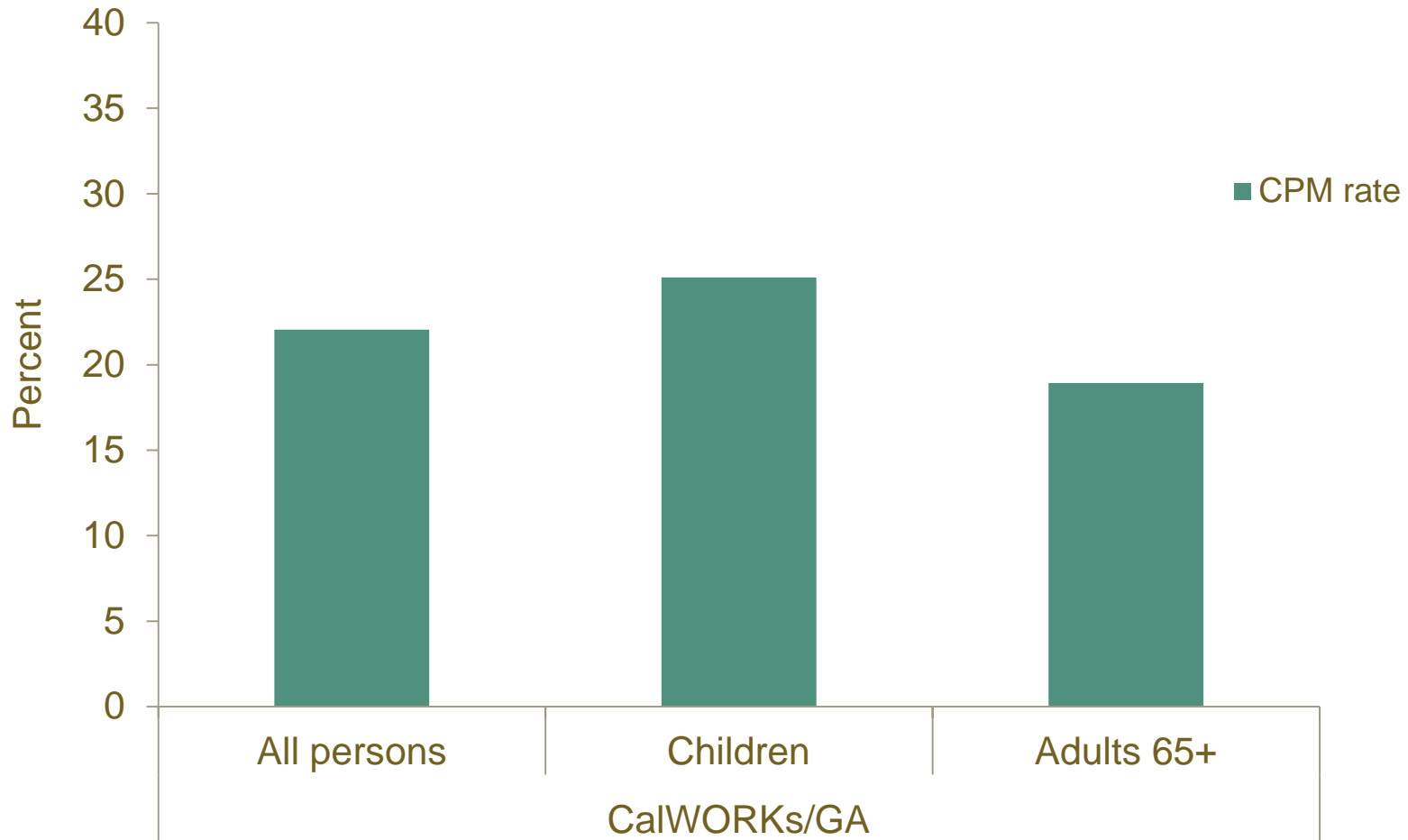


Safety net programs benefit millions of Californians

	Recipients (millions)	Federal, state, and local expenditures (billions)
CalWORKs	1.47	\$3.44
General Assistance	0.15	\$0.40
Supplemental Security Income	1.27	\$9.14
CalFresh	3.64	\$6.73
Child Tax Credit	2.91 (filers)	\$4.14
Earned Income Tax Credit	3.27 (filers)	\$7.25
Federal housing subsidies	0.48 (units)	\$3.60
School breakfast and lunch	2.18	\$2.04



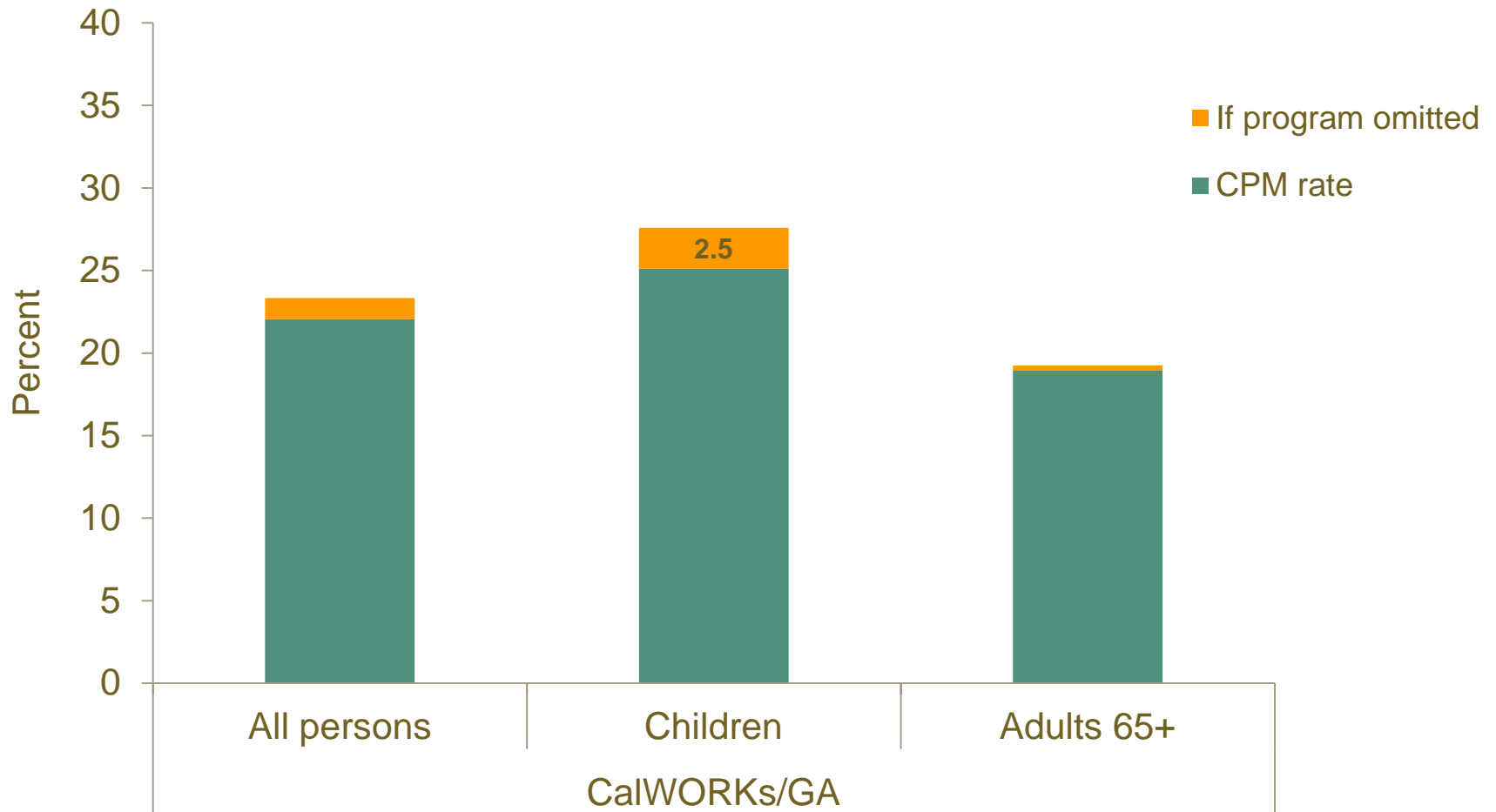
CalWORKs moderates child poverty



SOURCE: Author calculations for 2011.



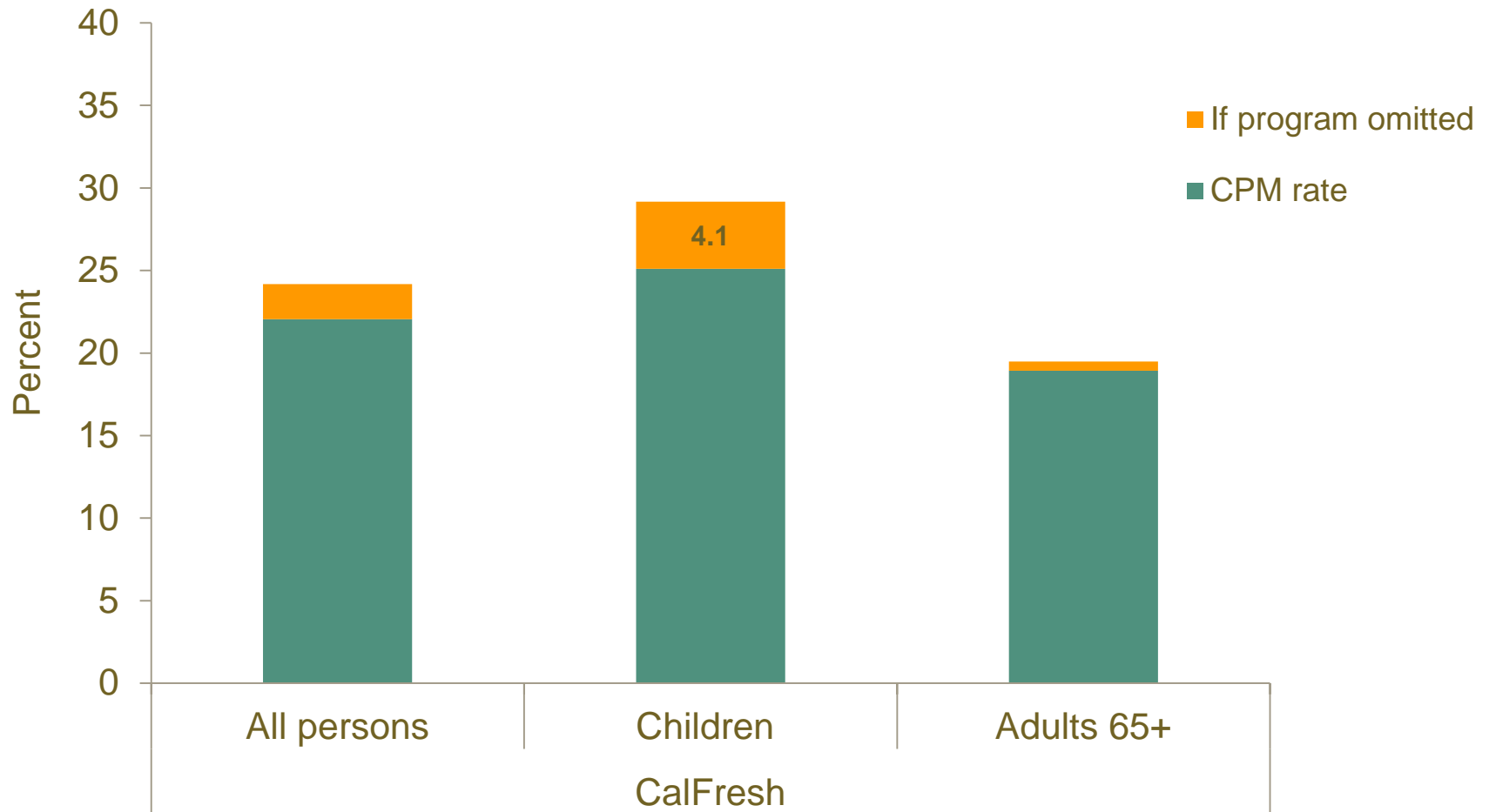
CalWORKs moderates child poverty



SOURCE: Author calculations for 2011.



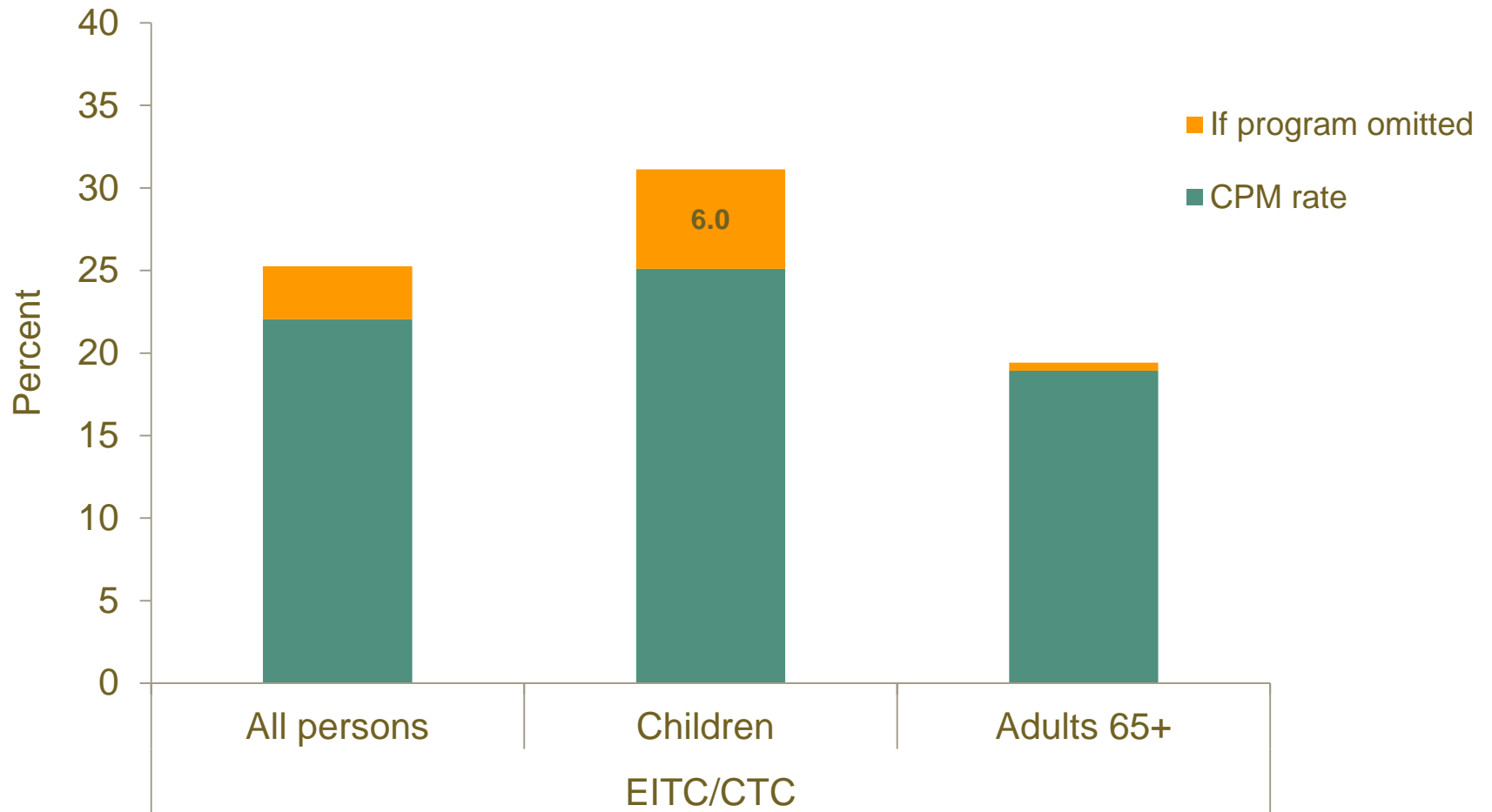
CalFresh plays a larger role, notably for children



SOURCE: Author calculations for 2011.



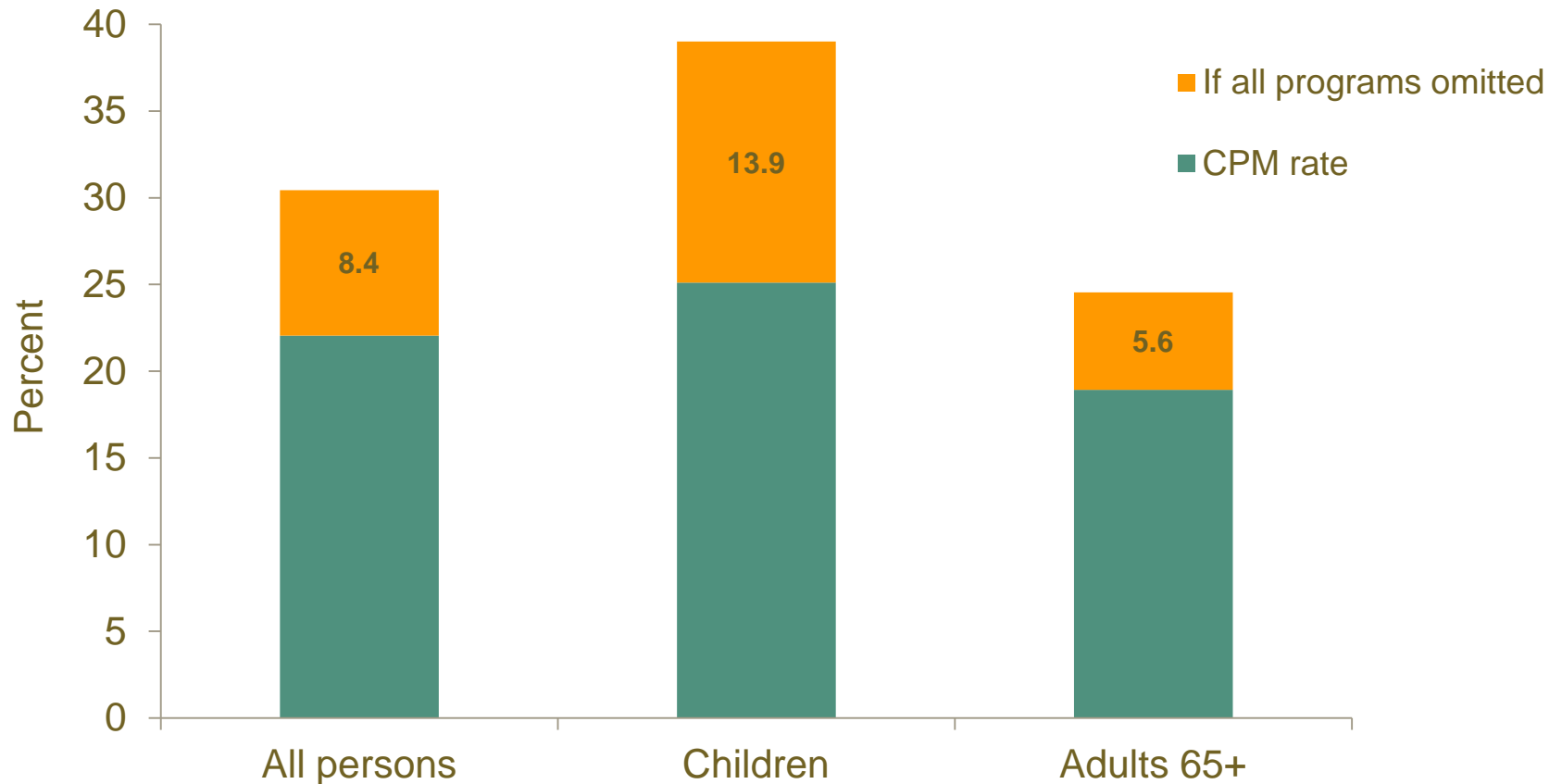
Tax credit programs have the largest impact



SOURCE: Author calculations for 2011.



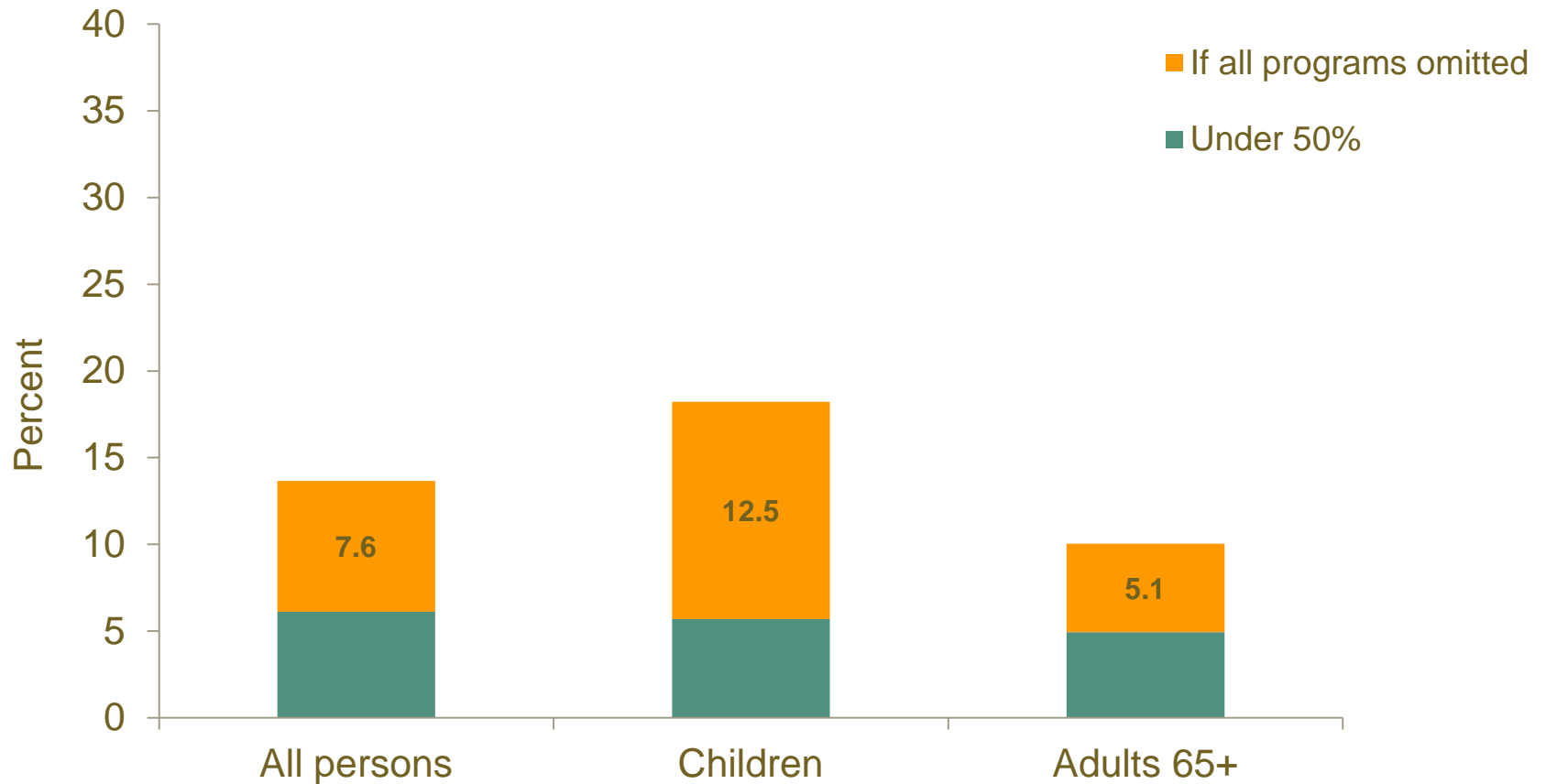
Overall, need-based programs cut the poverty rate sharply ...



SOURCE: Author calculations for 2011.



... mostly due to a lower deep poverty rate



SOURCE: Author calculations for 2011.

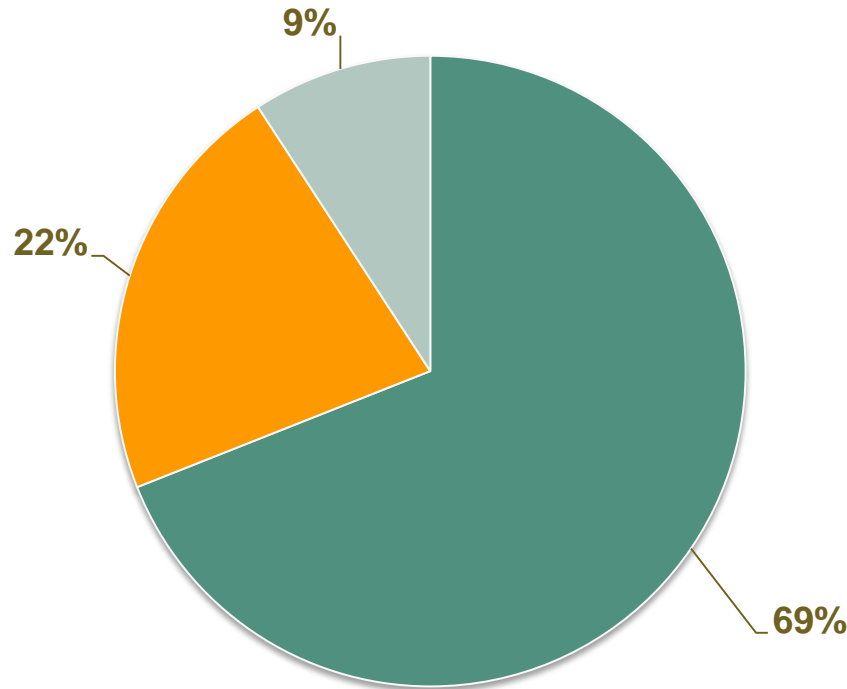


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Most Californians live in high-cost areas



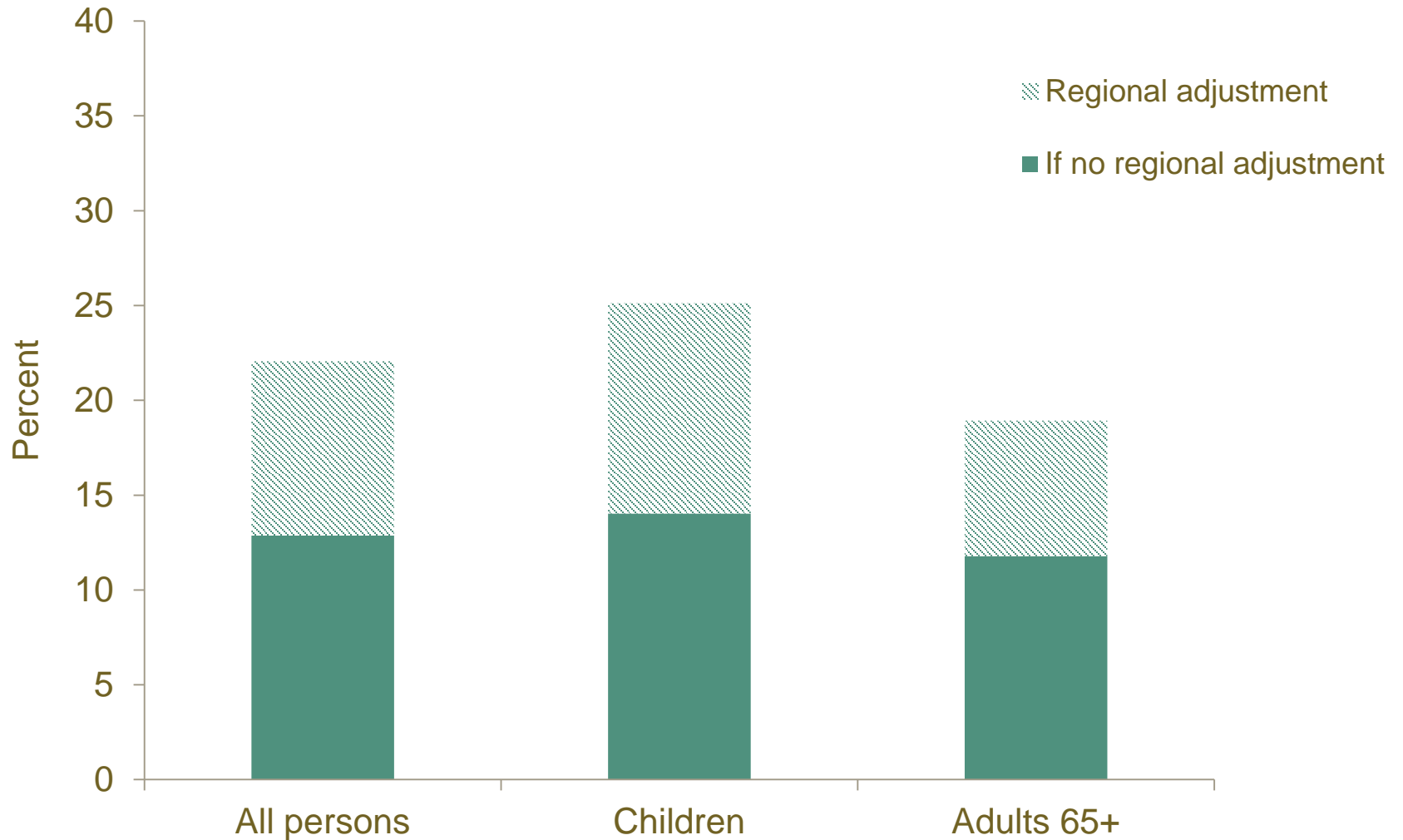
**Average poverty threshold
(family of four)**

- Highest-cost counties: \$31,300
- Mid-range counties: \$27,200
- Lowest-cost counties: \$23,900

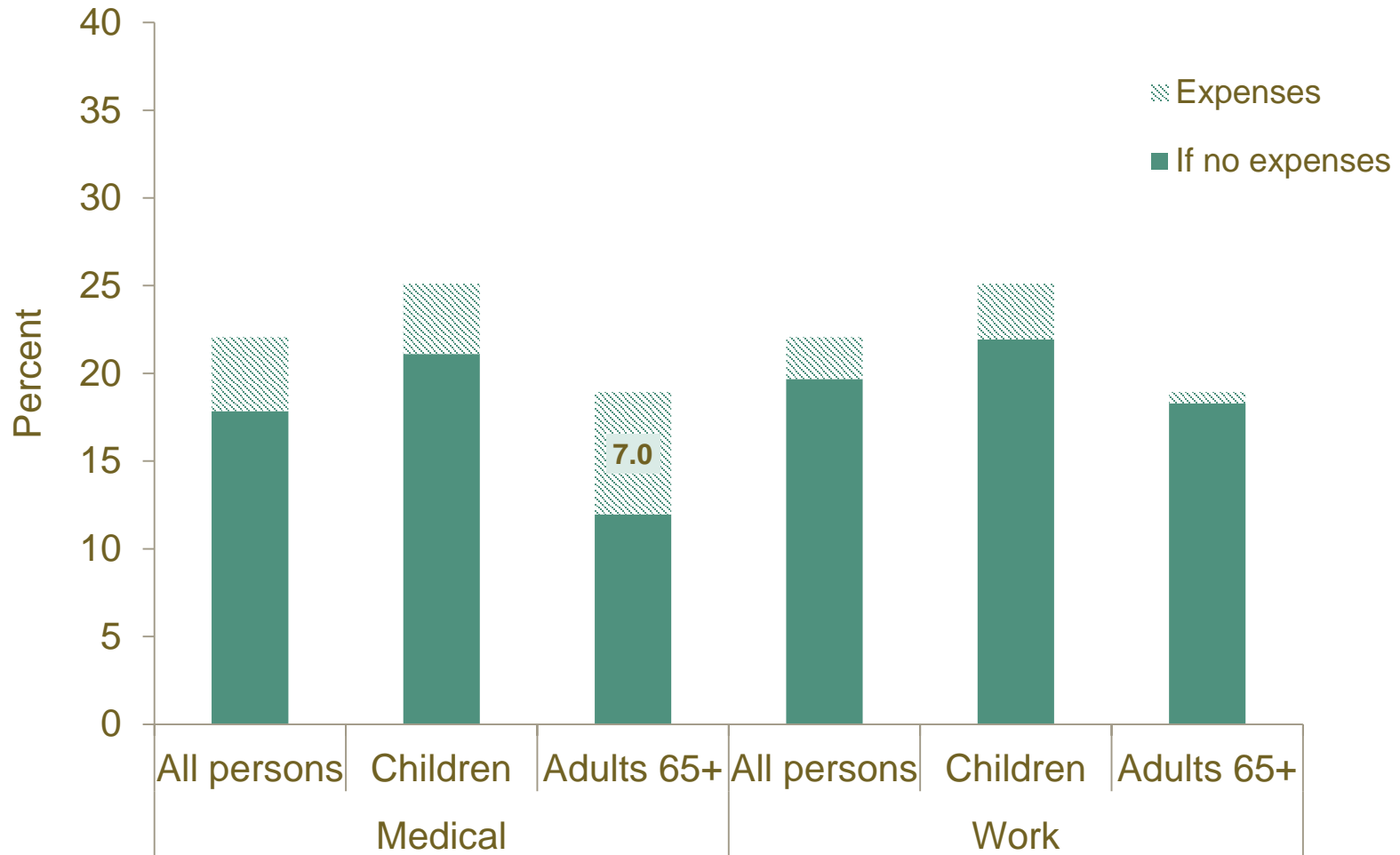
Official poverty threshold: \$22,811



These high costs increase poverty rates



Nondiscretionary expenses also play a role



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Our findings alter understanding of poverty

- 8.1 million Californians in poverty
 - 2.2 million more than official estimates
- Safety net resources substantially moderate the child poverty rate and the deep poverty rate
- Still, safety net resources offset by California's higher cost of living and by nondiscretionary expenses



The California Poverty Measure can help us understand economic need

- Delve further into regional differences that shape poverty and deep poverty
- Investigate the role of social safety net programs across diverse groups of low-income families
- Test scenarios: how changing programs might alter poverty



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Notes on the use of these slides

These slides were created to accompany a presentation. They do not include full documentation of sources, data samples, methods, and interpretations. To avoid misinterpretations, please contact:

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Thank you for your interest in this work.

