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 cost of living and anti-poverty programs
- National effort to design alternative measures began in 1990s
  - Census releases "Research Supplemental Poverty Measure" in 2011
  - California Poverty Measure is part of this effort

The California Poverty Measure is more accurate and comprehensive

- Includes in-kind and tax-based safety net program benefits
- 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
- Regional differences
- Conclusions and next steps

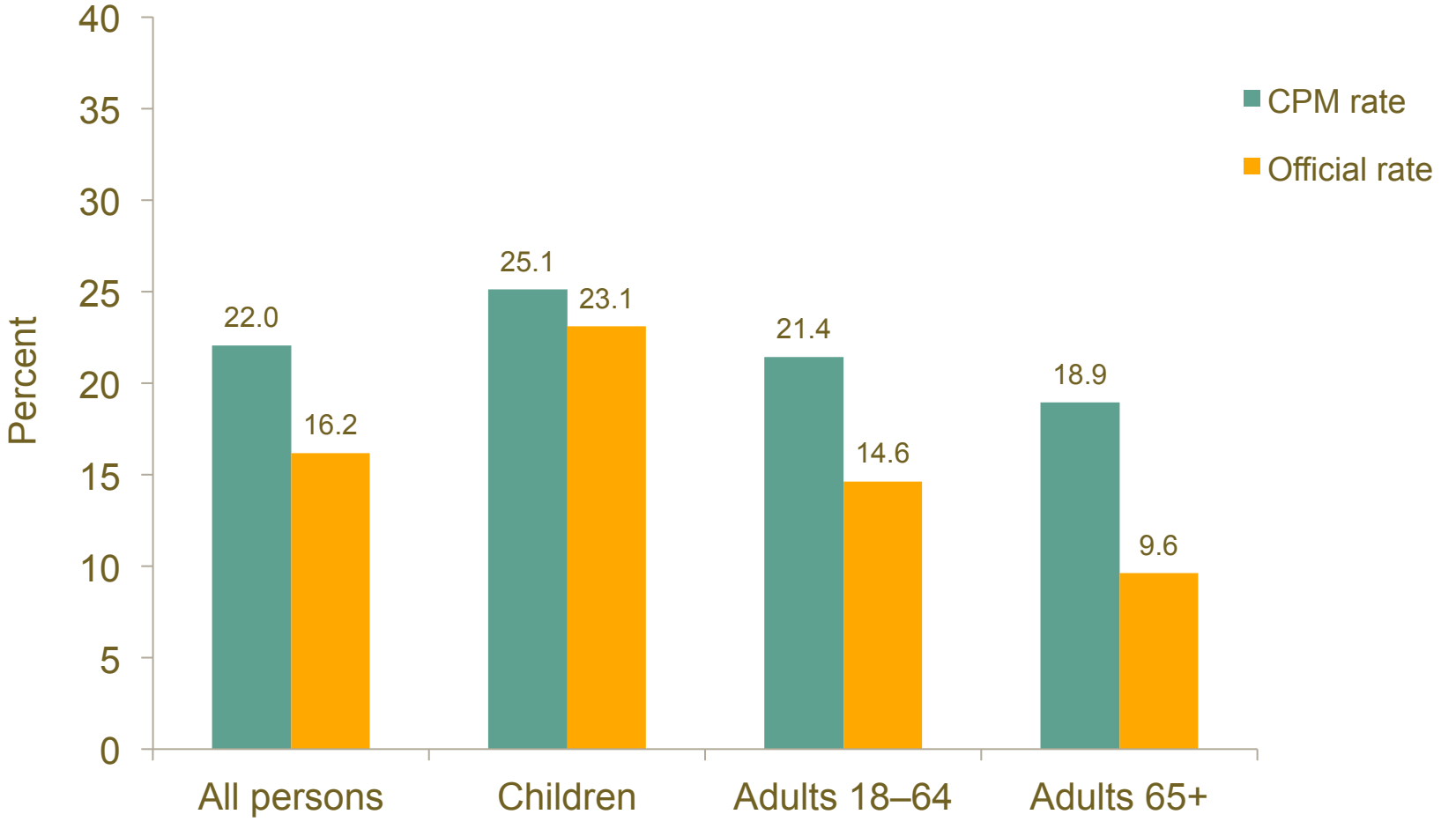
How the California Poverty Measure works

Resources – **Expenses** **< >** **Poverty threshold**

Resources	Expenses	Poverty threshold
Cash income Taxes In-kind benefits *(CalFresh, school meals, housing subsidy)*	Medical Commuting Child care	Varies by: Family size Region Homeownership status

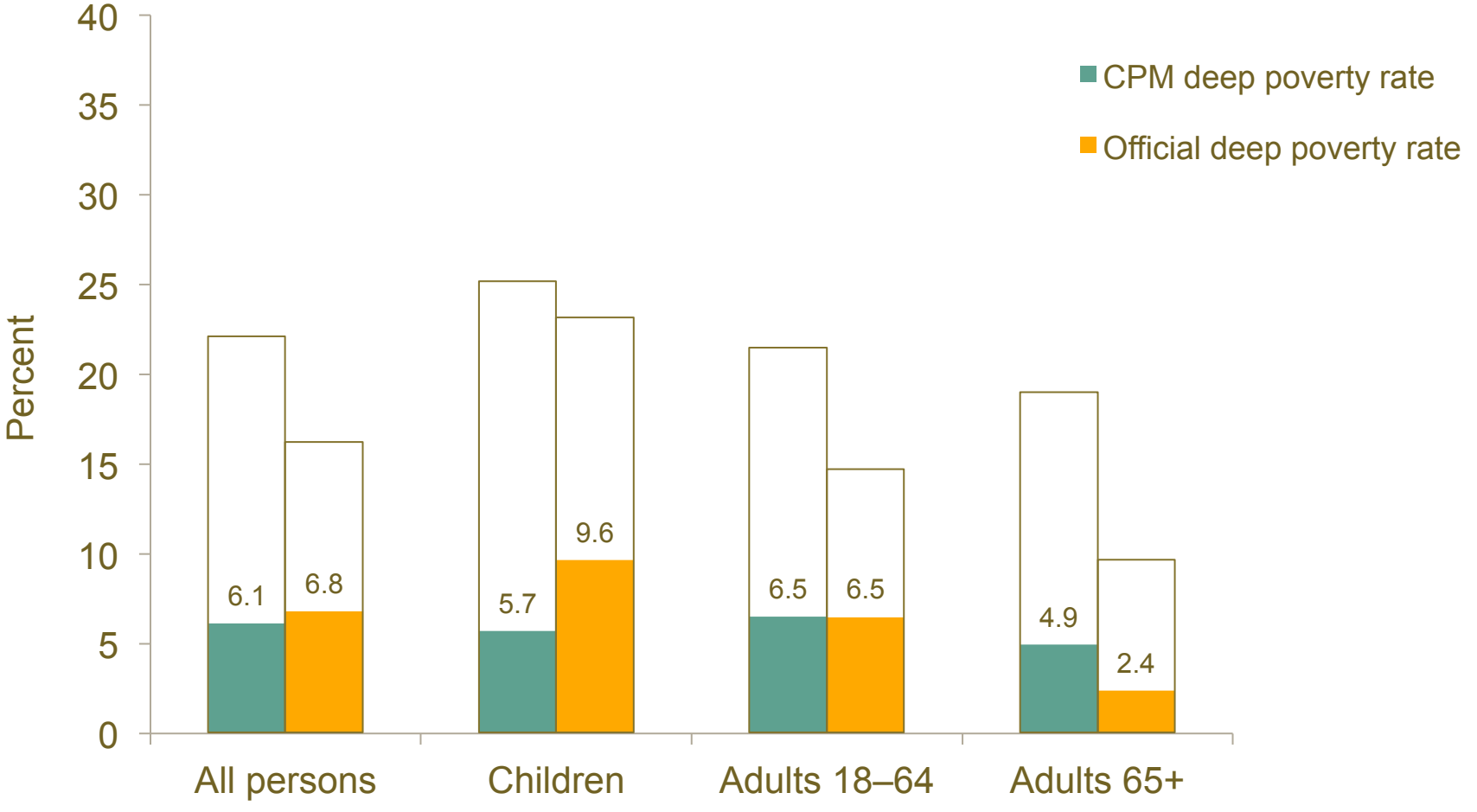
- Comprehensive measure of economic need
- Potential tool for assessing role of government programs

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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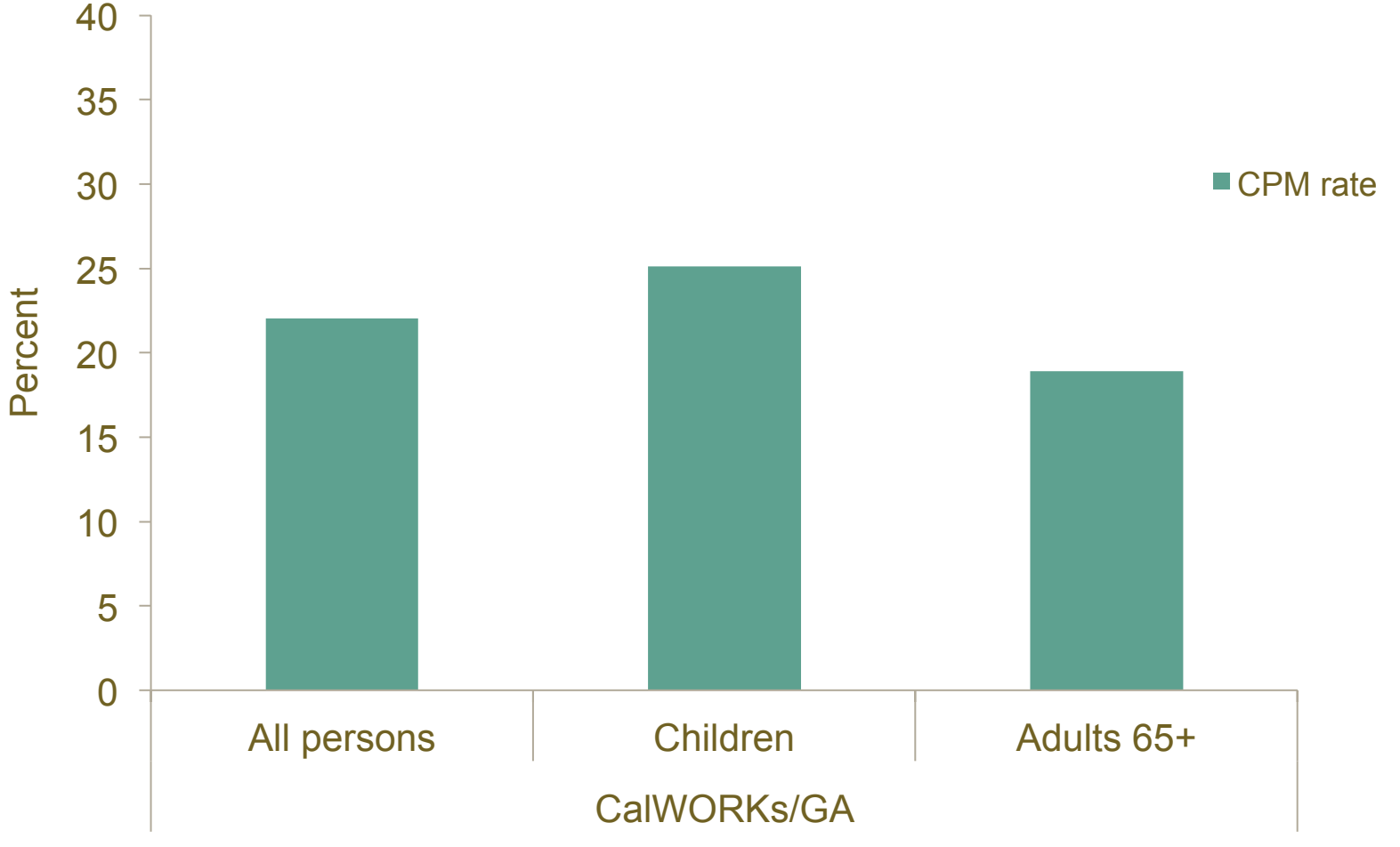
Safety net programs benefit millions of Californians

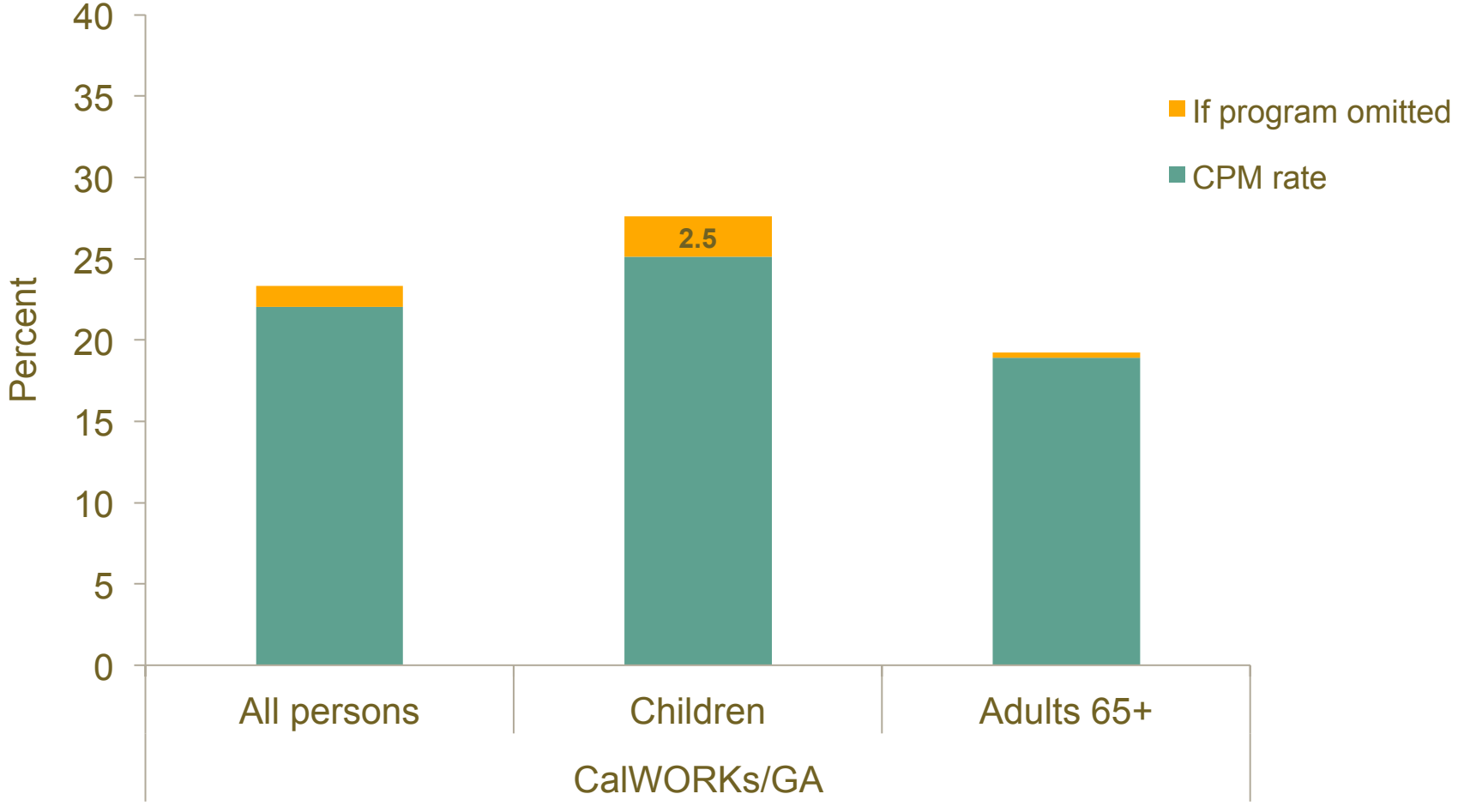
	Recipients (millions)	Federal, state, and local expenditures (billions)
CalWORKs	1.47	$3.44
General Assistance	0.15	$0.40
Supplemental Security Income	1.27	$9.14
CalFresh	3.64	$6.73
Child Tax Credit	2.91 (filers)	$4.14
Earned Income Tax Credit	3.27 (filers)	$7.25
Federal housing subsidies	0.48 (units)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

CalWORKs moderates child poverty



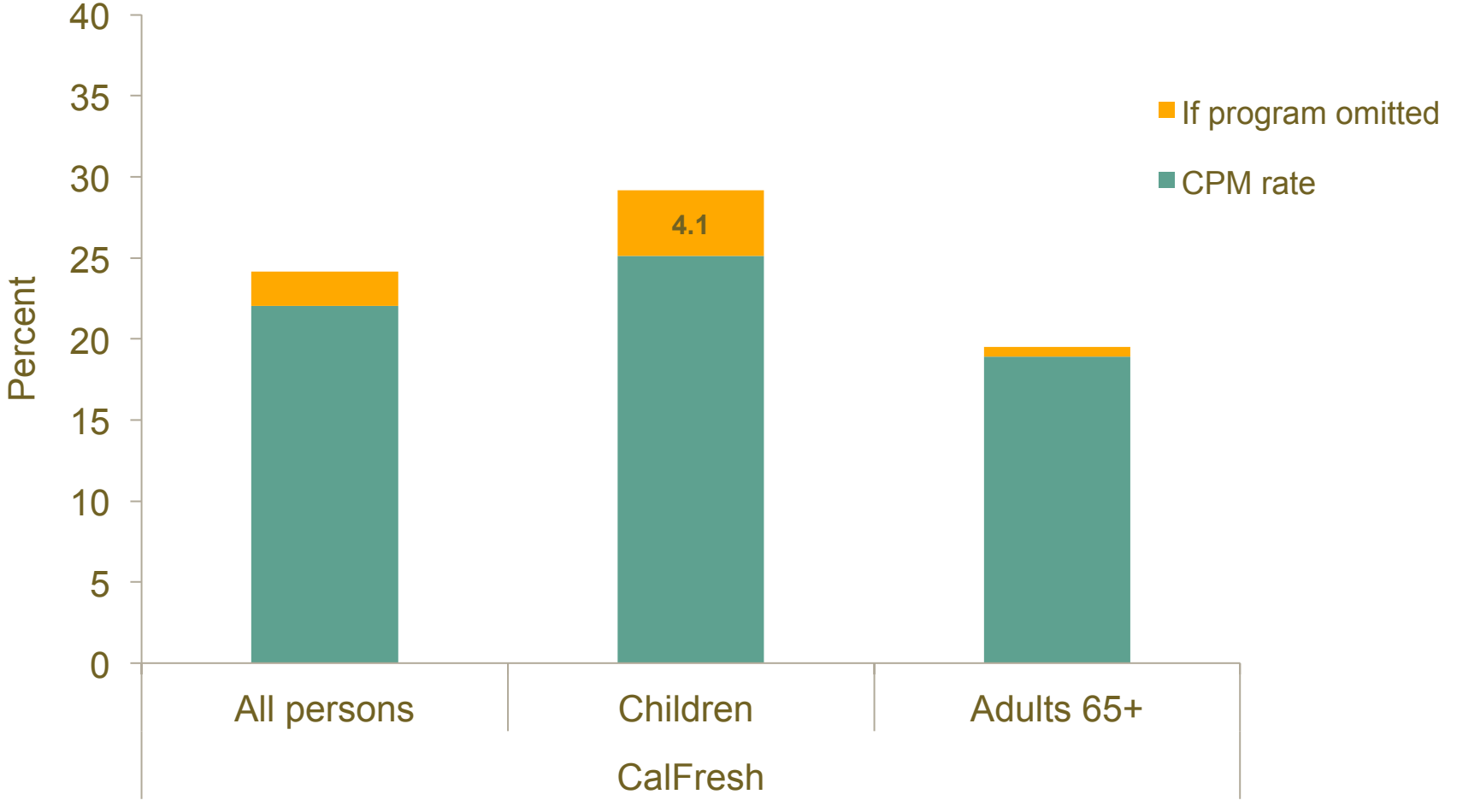
SOURCE: Author calculations for 2011.

CalWORKs moderates child poverty



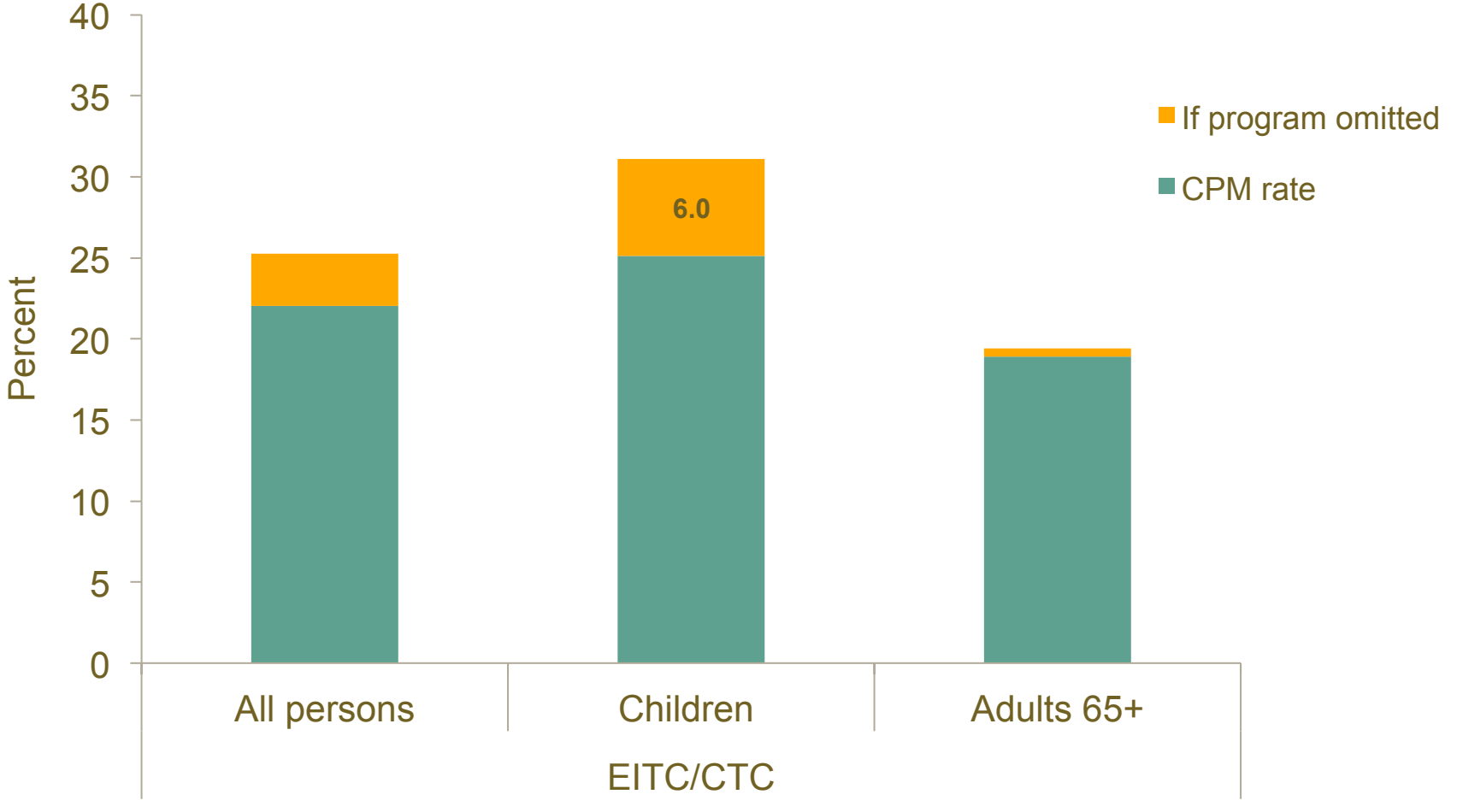
SOURCE: Author calculations for 2011.

CalFresh plays a larger role, notably for children



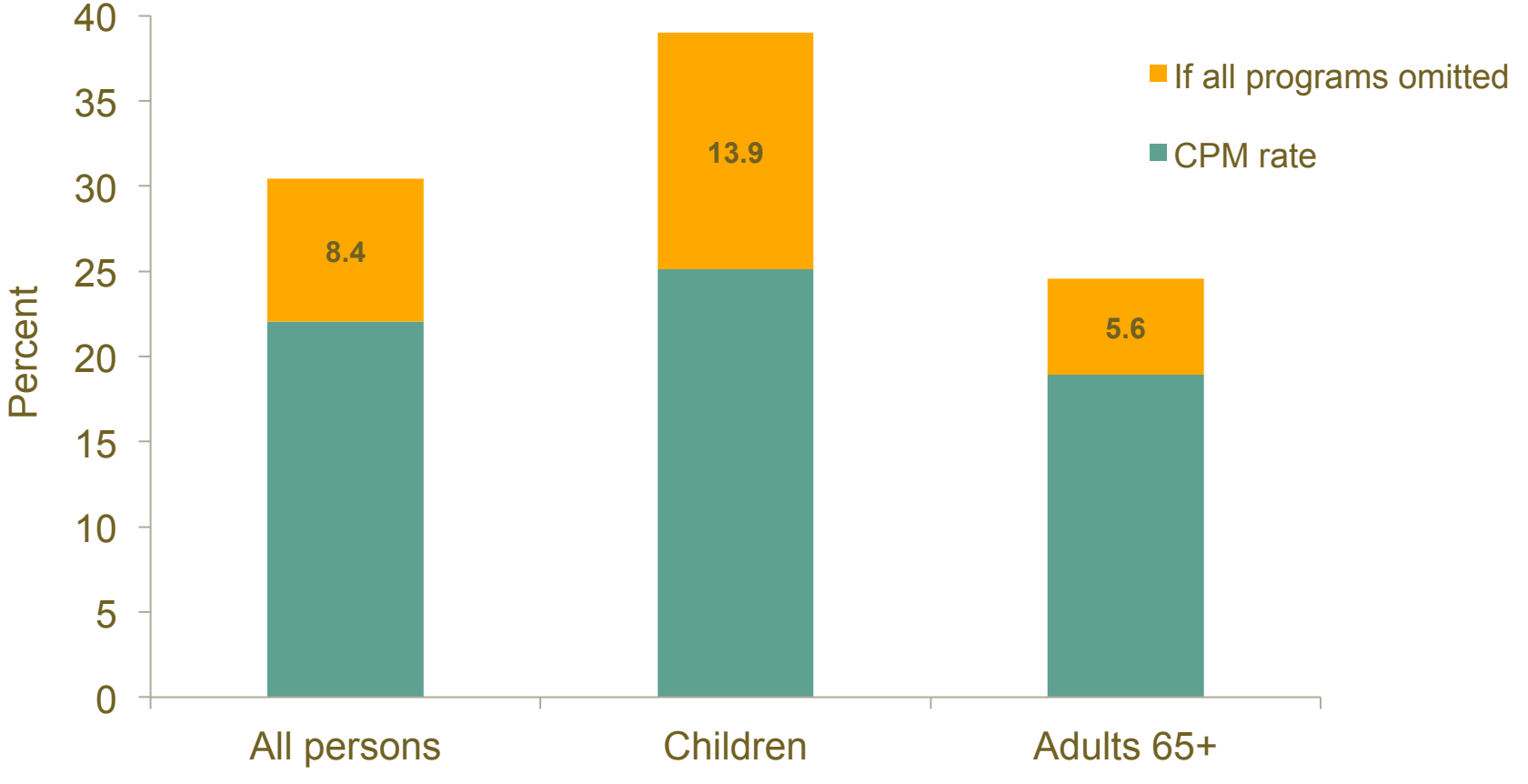
SOURCE: Author calculations for 2011.

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.

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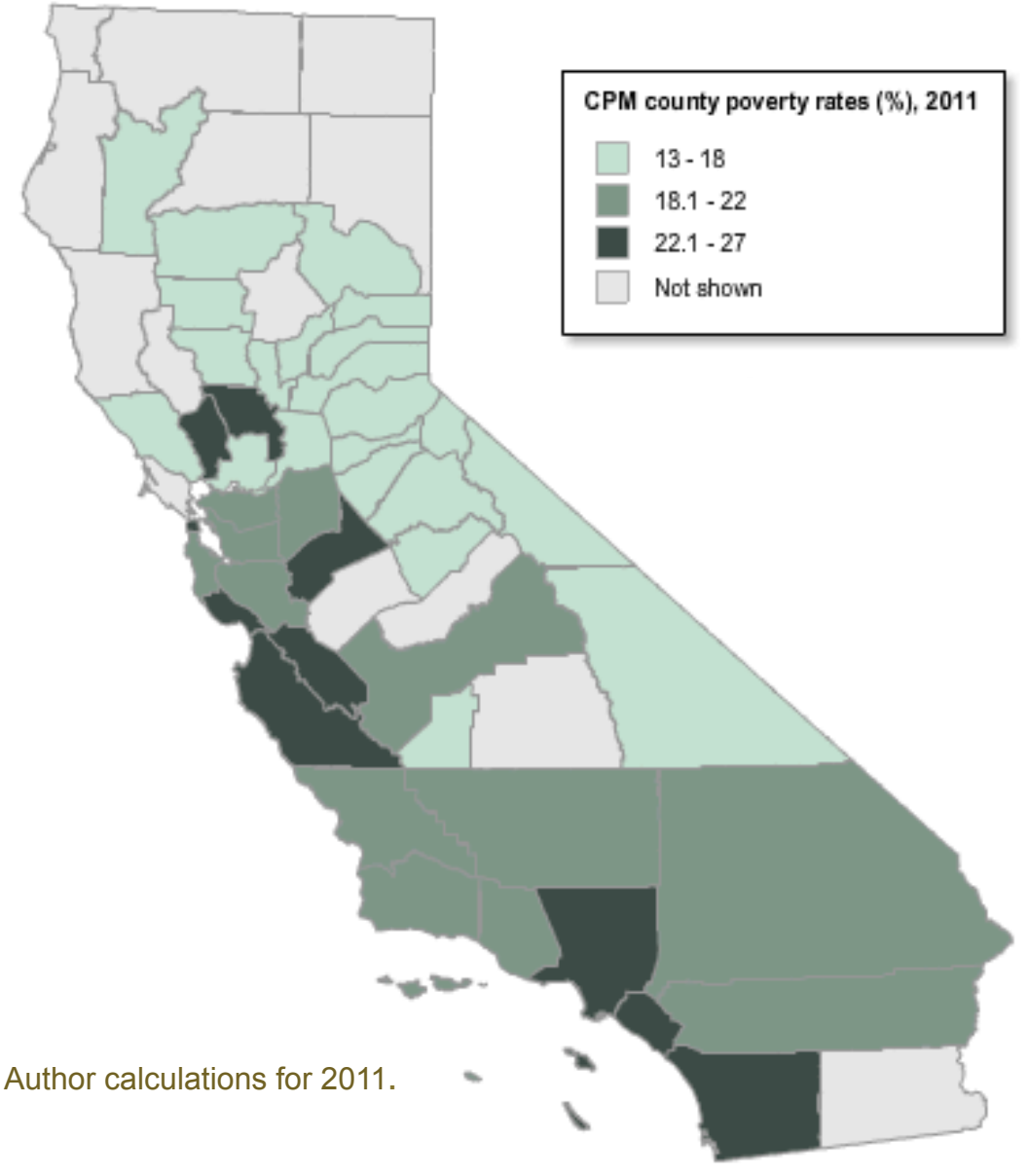
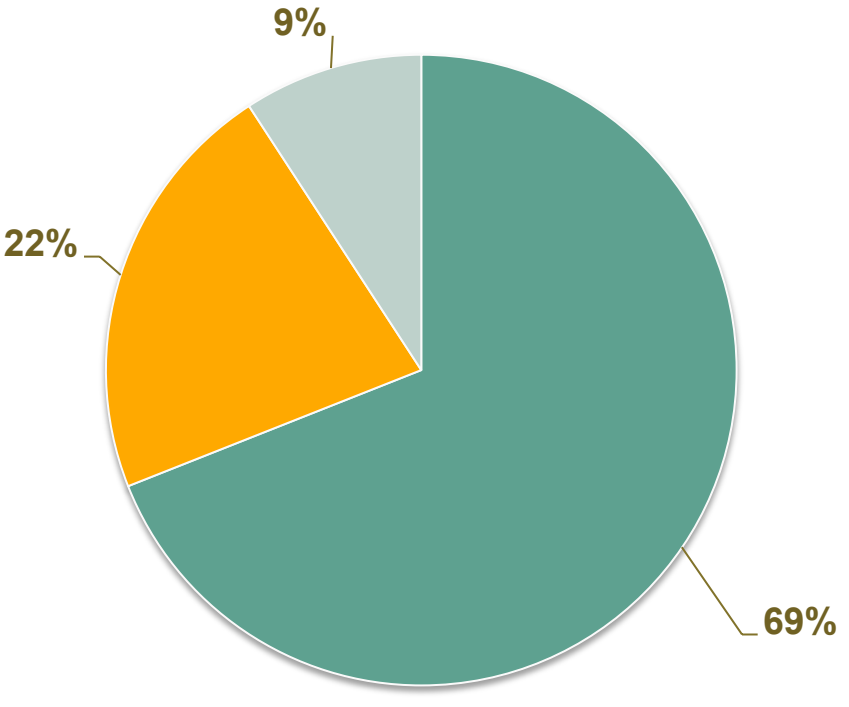
California Poverty Measure rates vary by County



SOURCE: Author calculations for 2011.

Most Californians live in high-cost areas



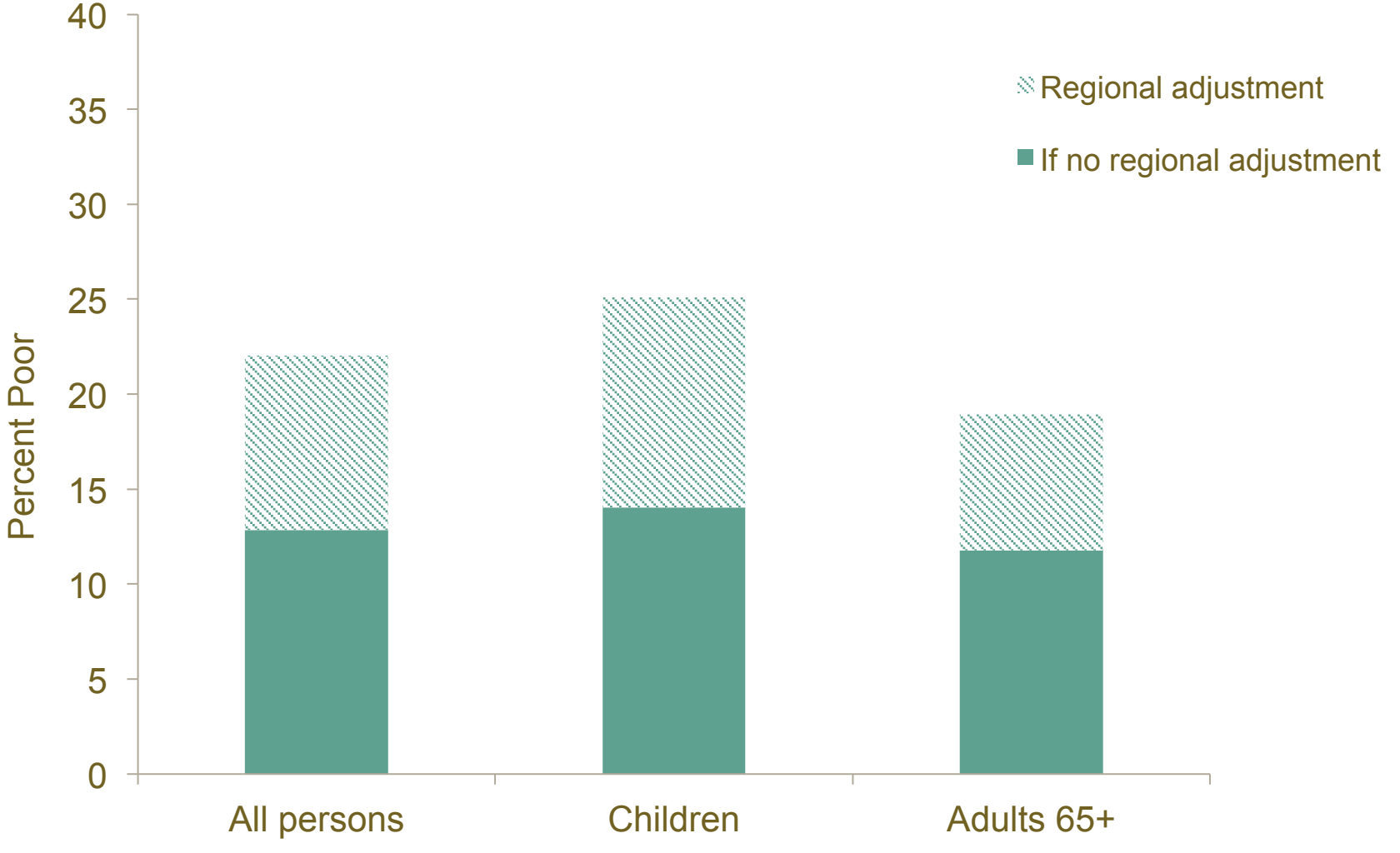
Average poverty threshold (family of four)

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

Official poverty threshold: $22,811

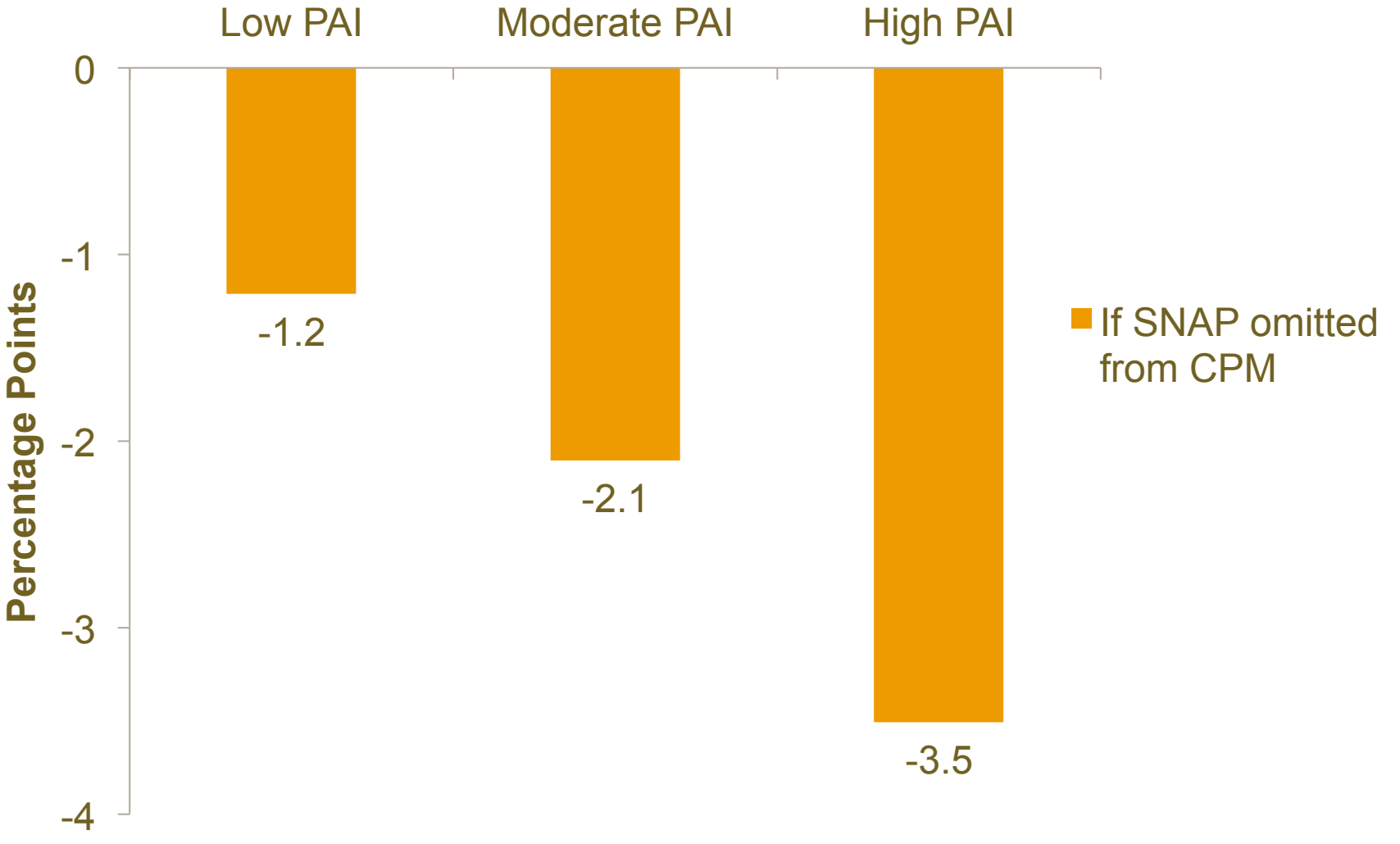
SOURCE: Author calculations for 2011.

These high costs increase poverty rates



SOURCE: Author calculations for 2011.

Poverty-reducing effect of CalFresh varies by county



SOURCE: Author calculations for 2011. Program Access Index (PAI) from California Food Policy Advocates.

Outline

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

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

Further information

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www.inequality.com

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