

# Measuring Poverty in California

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May 16, 2014



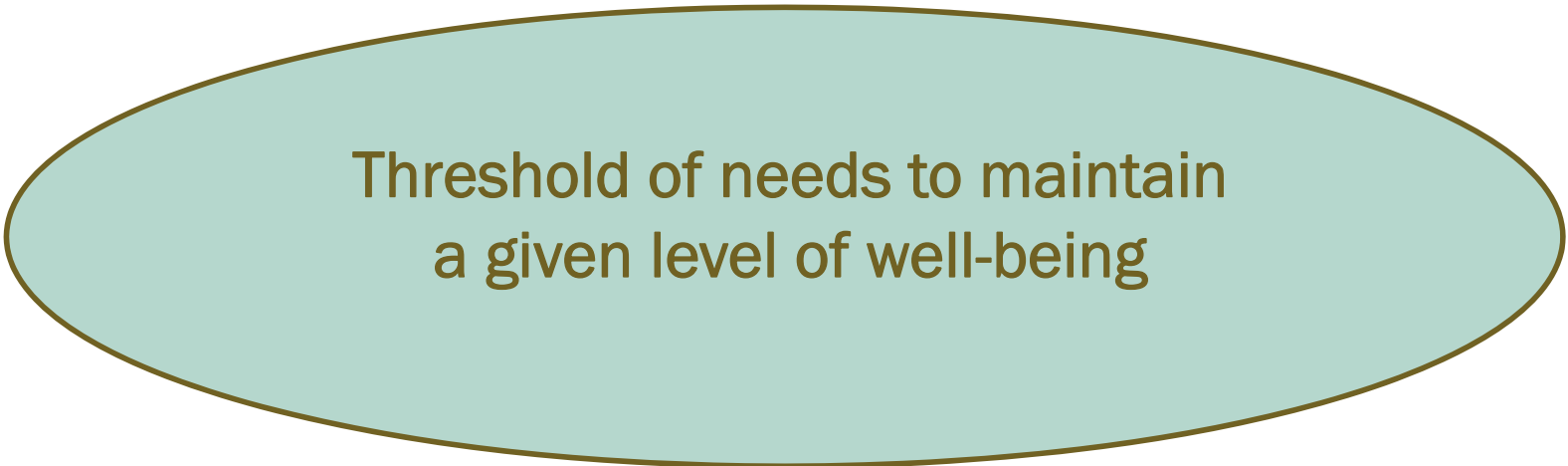
# Measuring poverty is typically a two-step process

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Family Resources

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Threshold of needs to maintain  
a given level of well-being

# We need realistic picture of poverty

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- 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 Bureau releases “Research Supplemental Poverty Measure” in 2011
  - PPIC & CPI release “California Poverty Measure” in 2013

# The California Poverty Measure is more accurate and comprehensive

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- 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

# The California Poverty Measure is more accurate and comprehensive

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*Family Resources* =  
cash income  
+ safety net benefits  
– work & medical expenses

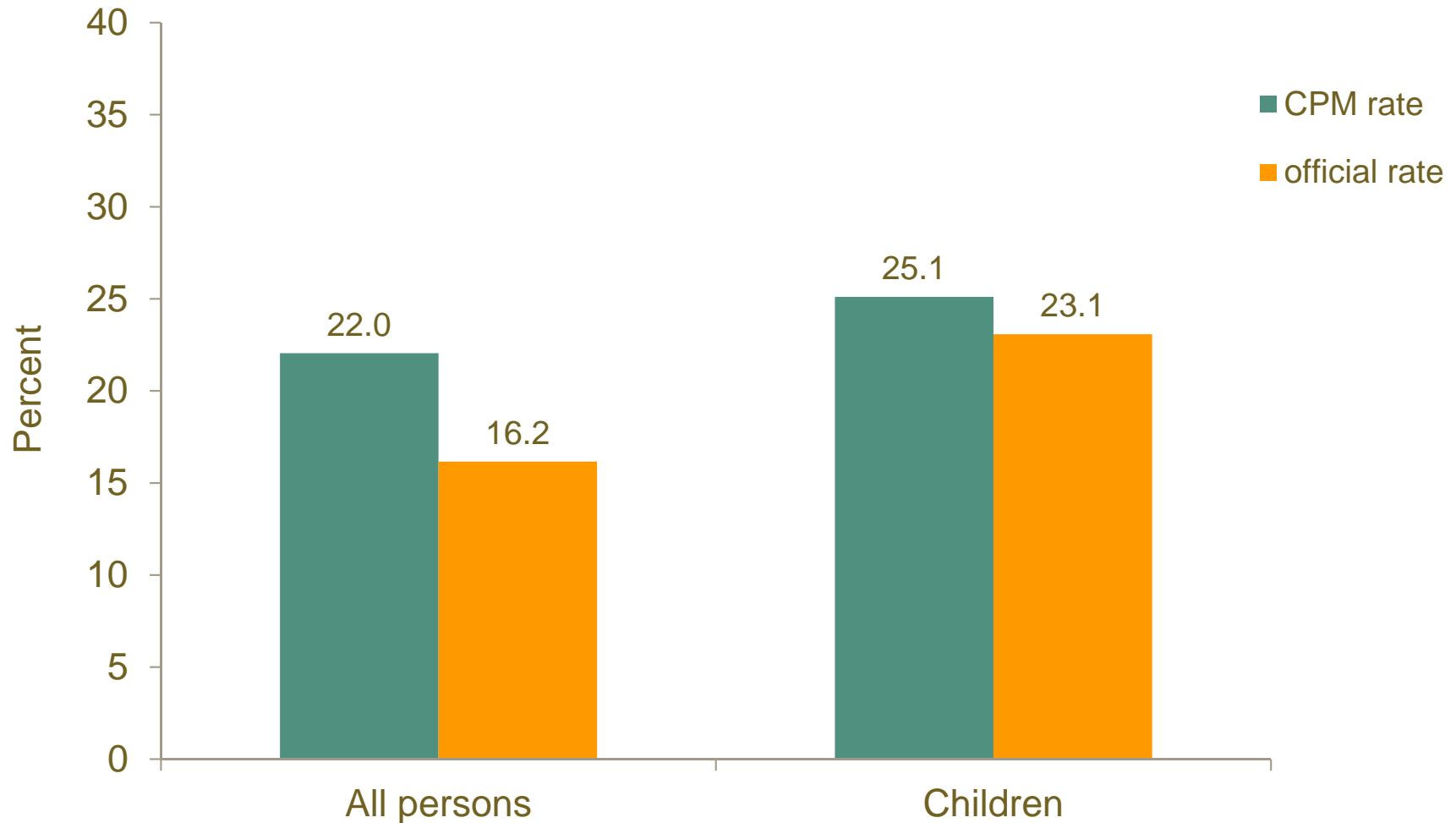
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Threshold of basic needs =  
food  
+ clothing  
+ utilities  
+ housing (varies by county)

# Many lenses onto the multi-dimensional issue of poverty

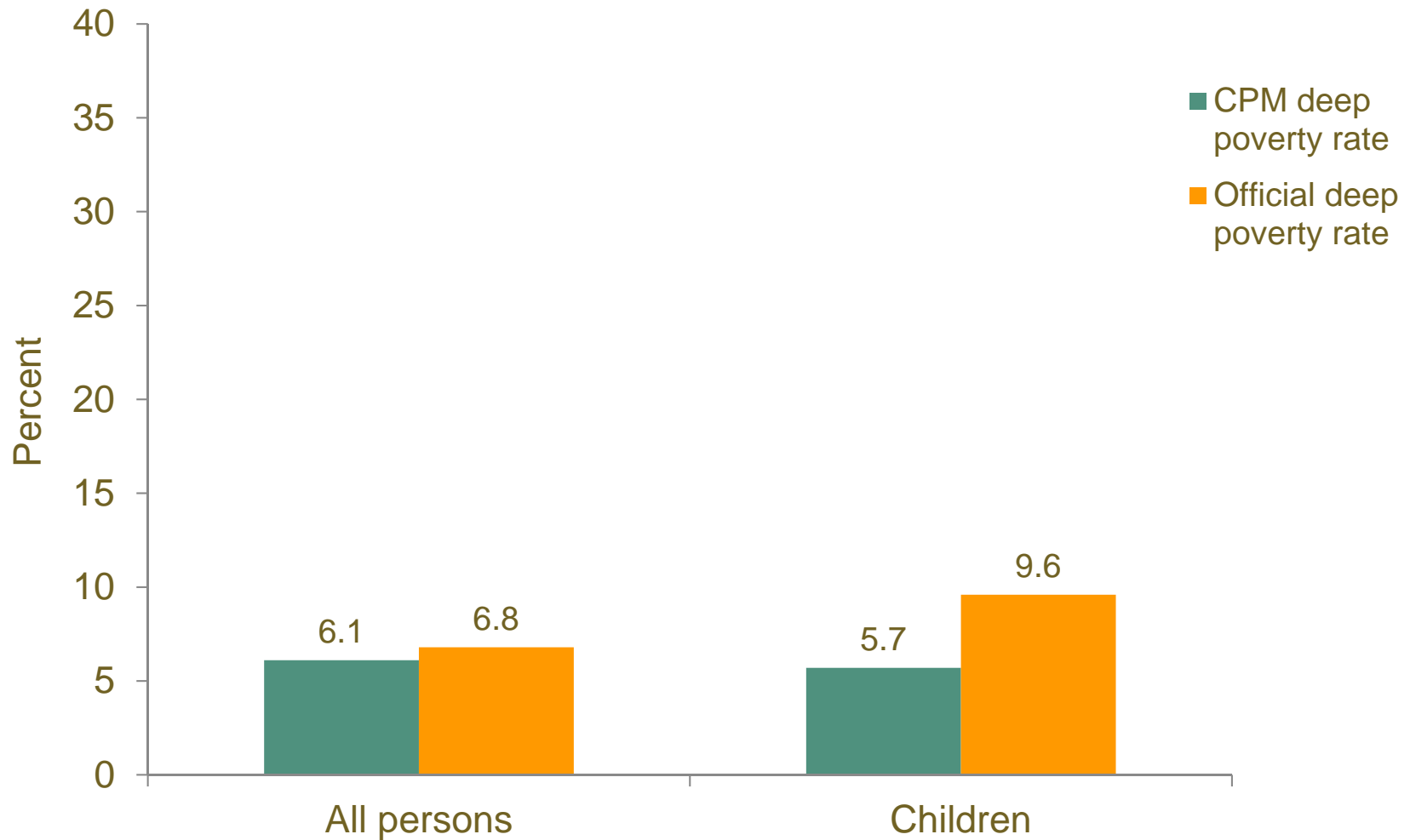
	Official Poverty Measure	California Poverty Measure	Self-Sufficiency & Family budget approaches
Resources	Cash income	Cash income + in-kind safety net - non-discretionary expenses	Earnings (no public or private assistance)
Threshold	1960s-era family budget	Actual spending on food, clothing, shelter, utilities	Normative family budget, including non-discretionary expenses
Tells us whether a family's...	<u>Cash</u> is sufficient to meet a <u>simplistic budget</u>	<u>Total resources</u> on hand are sufficient to meet <u>basic standard</u> of living	<u>Earnings</u> are sufficient to meet a <u>modest standard</u> of living

# California Poverty Measure finds more people in poverty in California....



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

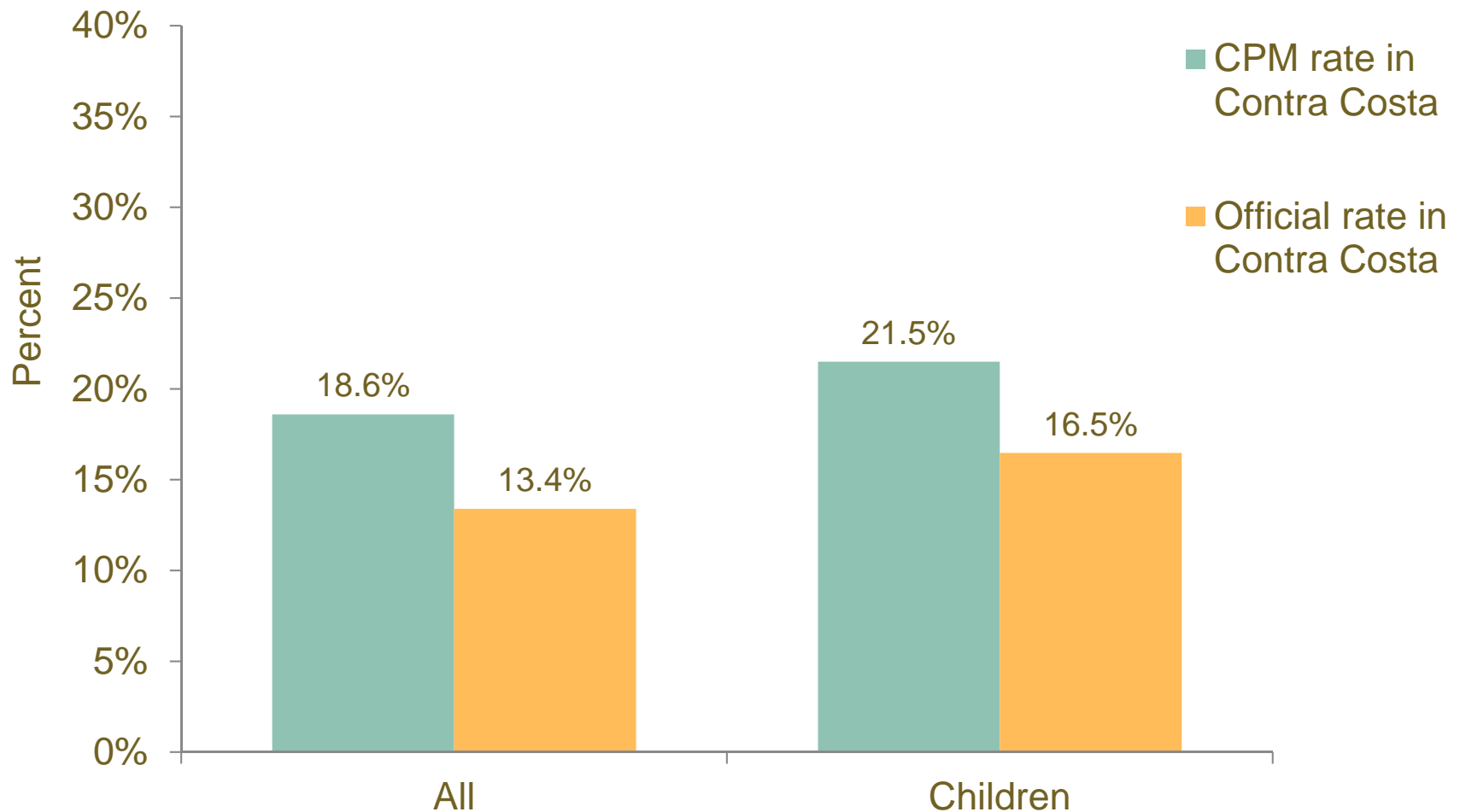
# ...but fewer in deep poverty



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

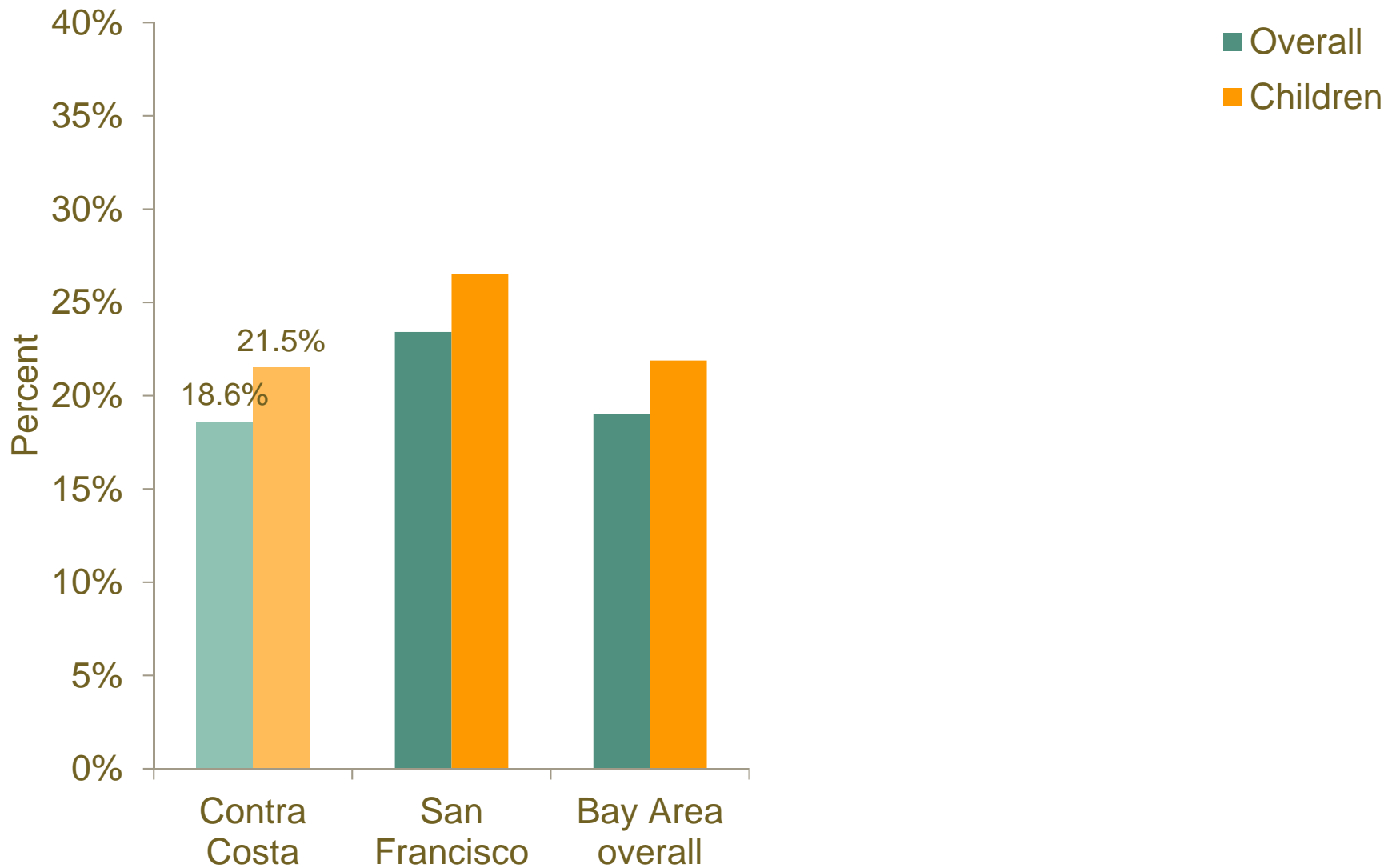


# Poverty higher in Contra Costa than official statistics suggest



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

# Poverty in Contra Costa is similar to the Bay Area overall



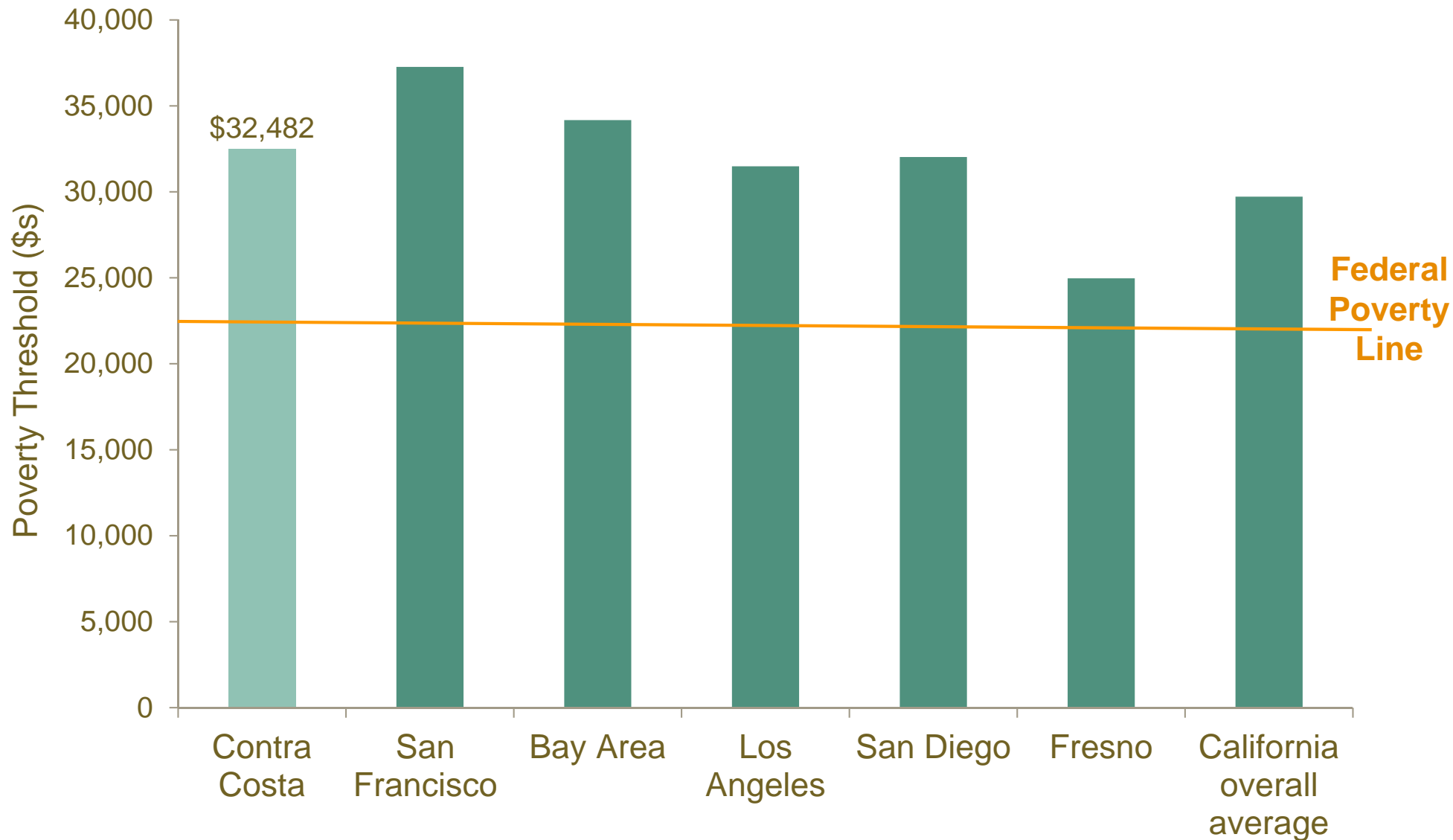
SOURCES: California Poverty Measure estimates for 2011.

# Fewer in poverty in Contra Costa County than in LA County and the state overall



SOURCES: California Poverty Measure estimates for 2011.

# Families need \$10,000 more than FPL to make ends meet in Contra Costa County



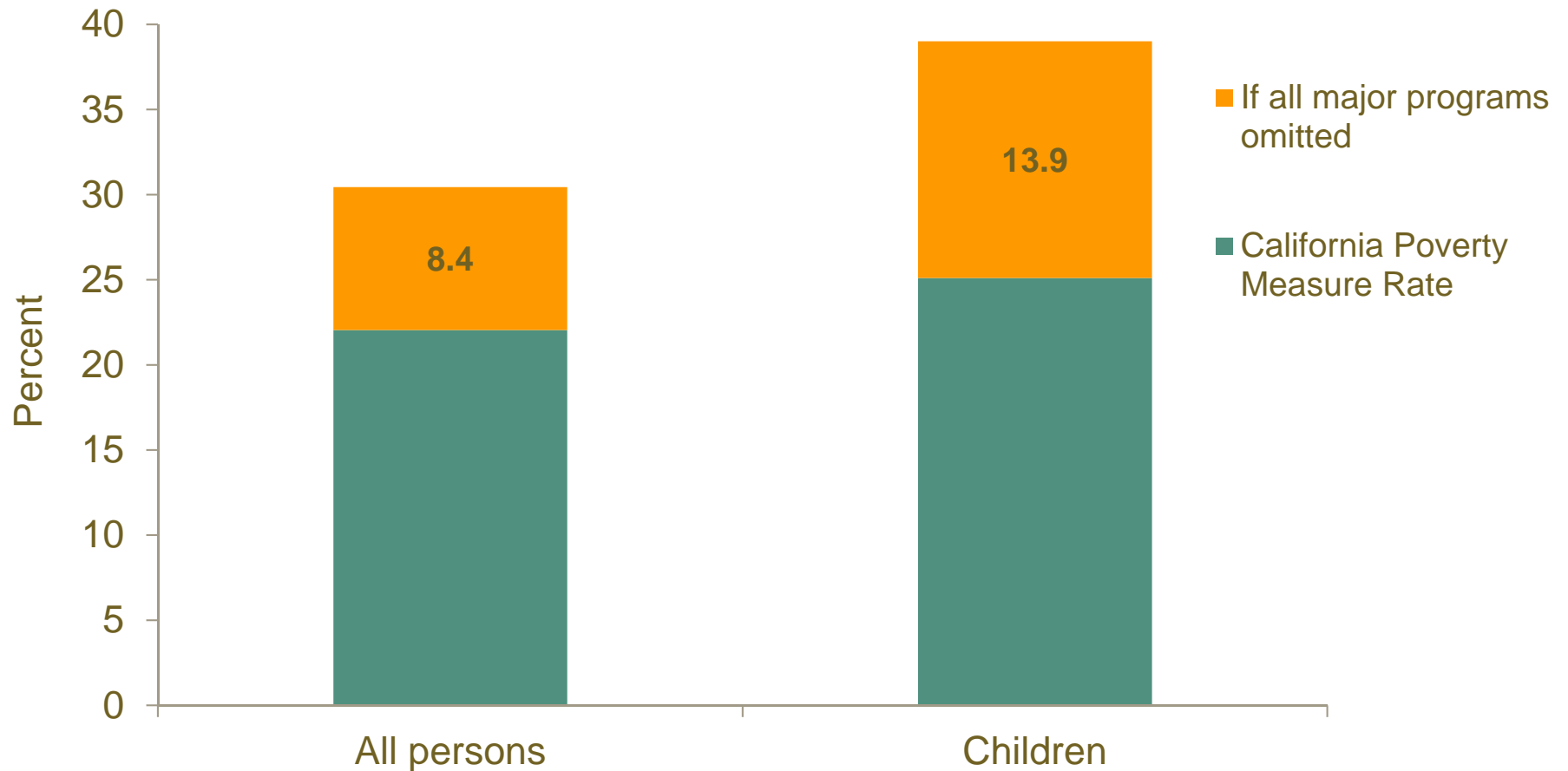
SOURCE: California Poverty Measure estimates for 2011 pertaining to a family of four.

# 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

SOURCE: California Poverty Measure estimates for 2011

# Safety net programs cut the poverty rate sharply, especially for children



SOURCE: California Poverty Measure estimates for 2011

# Our findings alter the understanding of poverty

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- 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

# More research is needed

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- Better understand role the safety net could play
- Pin down sources of regional differences
  - Earnings matter more in Bay Area
  - Role of commuting patterns
  - Reach of safety net
- More years of analysis, more detail on poverty & the reach of the safety net
  - Smaller geographic areas
  - Demographic group differences



# Notes on the use of these slides

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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.

Additional resources: [www.ppic.org](http://www.ppic.org)