

# Trends in California Poverty: 2011–2014

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## KEY FINDINGS

- From 2011 to 2014, the poverty rate, according to the California Poverty Measure (CPM), was relatively stable at 21.8 percent, 21.3 percent, 21.2 percent, and 20.6 percent, respectively.
- Throughout this period, the CPM rate was consistently about 5 percentage points higher than the rate obtained with the Official Poverty Measure.
- In 2014, 5.9 percent of Californians were in deep poverty (defined as having resources equivalent to less than half the CPM threshold). This is similar to 2011 (6.3%).
- CPM poverty was particularly high among people of color, immigrants, children, the unemployed, those with less than a college education, single parents, cohabiting couples with children, and single childless adults.
- The safety net has large poverty-reducing effects. Without programs like CalFresh, WIC, CalWORKs, and the EITC, 4.9 million more Californians would live in poverty.

The purpose of this report is to describe recent trends in poverty in California. Throughout this report, we will feature a measure that is inspired by the Supplemental Poverty Measure (SPM), as it improves on the Official Poverty Measure (OPM) in important ways.

## Building the California Poverty Measure

The SPM is built on four key innovations in measuring poverty. First, it considers a broader bundle of resources available to individuals and families, thus providing a better representation of their standard of living. While the OPM considers only pre-tax cash income, the SPM includes post-tax and in-kind transfers, such as the Earned Income Tax Credit (EITC) and CalFresh (the state's Supplemental Nutrition Assistance Program). The SPM also adjusts for necessary expenses, such as those for medical care, child care, and work transportation.<sup>1</sup> Second, while the OPM uses the same poverty threshold for the entire country, the SPM adopts multiple thresholds that take into account local housing costs. Third, whereas the OPM thresholds are based on an outdated 1955 family budget survey that is only adjusted for inflation, the SPM defines poverty thresholds based on actual food, clothing, shelter, and utility spending patterns over the preceding five years.<sup>2</sup> Finally, the SPM broadens the definition of

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*The California Poverty Measure, a joint research product of the Public Policy Institute of California and the Stanford Center on Poverty and Inequality, draws on administrative and survey data to deliver the state's most comprehensive measure of poverty.*

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resource-sharing units to include cohabiting couples and foster children.<sup>3</sup> These four advantages—and numerous others—have made the SPM the country’s go-to poverty measure.

The SPM is constructed with data from the Current Population Survey (CPS). Given the CPS sample size, state-level estimates are not available each year for smaller states, and estimates for sub-state spatial units (e.g., counties) are completely unviable. As a result, many states have begun constructing their own poverty measures to account for state-specific characteristics and idiosyncrasies that have not been adequately addressed in the SPM. The California Poverty Measure is one such measure.

Although the CPM is closely modeled on the SPM, it makes several additional improvements. The CPM adjusts for the underreporting of key safety net programs in the Current Population Survey;<sup>4</sup> it accounts for the large share of unauthorized immigrants living in California and adjusts safety net receipts accordingly; and it accounts for the Supplemental Security Income (SSI) cash-out, which provides SSI recipients a small cash payment in lieu of CalFresh benefits regardless of eligibility.<sup>5</sup>

**The Demographics of Poverty**

This research brief documents the trends observed in the CPM between 2011 and 2014. As shown in Figure 1, the overall CPM rate declined by just over one percentage point between 2011 and 2014.<sup>6</sup> The slow improvement is troubling given that California has such a high baseline poverty rate (more than one in five Californians are poor). According to SPM estimates, California consistently has the highest poverty rate in the nation, and likewise CPM estimates confirm that poverty is very high.

Figure 1 also shows that the OPM consistently underestimated poverty in California by about 5 percentage points. By contrast, the CPM shows that deep poverty is lower than estimated by the OPM: The 2014 estimates are 5.9 percent for the CPM versus 6.5 percent for the OPM. Although the CPM deep poverty rate is slightly lower than the OPM deep poverty rate, it remained steady at around 6.0 percent across 2011–2014, indicating a persistent population of families facing severe economic need.<sup>7</sup>

As in the country as a whole, poverty differs across demographic groups in California. Figures 2a and 2b show the major demographic patterns in California poverty. These figures reveal the following key results:

*Gender:* Women have somewhat higher rates of poverty (21.2%) than men (20.0%).

*Age:* Children have the highest poverty rates (23.1%), followed by working-age adults (20.1%) and the elderly (18.7%).

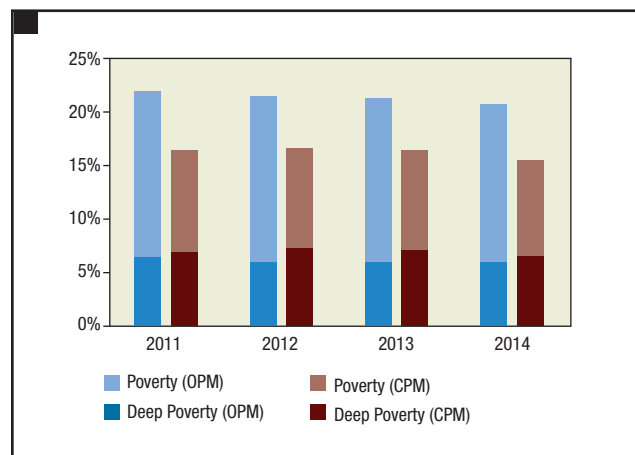
*Race/Ethnicity:* Hispanics and blacks experience more poverty (28.8% and 20.2%, respectively) than their white and Asian counterparts (14.0% and 17.0%, respectively).

*Nativity:* The poverty rate among immigrants is 8.9 percentage points higher than the rate among those born in the United States.

*Education:* In families with no high school graduates, 52.2 percent of all individuals are poor. The poverty rate drops to 31.2 percent for families with high school graduates only, 21.1 percent for those in families with someone with at least some college, and 9.8 percent for individuals in families with college graduates.

*Employment:* Among working-age adults, those not in the labor force and the unemployed have the highest poverty rates (33.5% and 35.8%, respectively). But

FIGURE 1. Poverty in California, 2011–2014



poverty is also high for those who are working less than full-time year-round (25.9%).

*Family Structure:* Poverty rates vary by family structure. Cohabiting couples with children and members of single-adult-headed families have higher poverty rates than married couples and cohabiters without children.

### Safety Net Effects

In previous CPM releases, we have documented the critical importance of the safety net in reducing or mitigating poverty. In 2014, safety net programs continued to play that critical role.

The CPM includes the following safety net programs: Social Security, CalFresh (SNAP), CalWORKs (TANF), General Assistance, Supplemental Security Income (SSI), the Earned Income Tax Credit (EITC) and the Child Tax Credit (CTC), housing subsidies, school meal programs, and Women, Infants, and Children (WIC). Without these social programs, an additional 12.9 percent of Californians would have been poor in 2014.<sup>8</sup> Safety net programs have varying effects on poverty rates across demographic groups due to differences between programs in how eligibility is structured and who participates. Figures 3a and 3b, which show the safety net’s impact for specific groups, reveal the following key points:

FIGURE 2A. California Poverty by Gender, Age, Race-Ethnicity, and Nativity, 2014

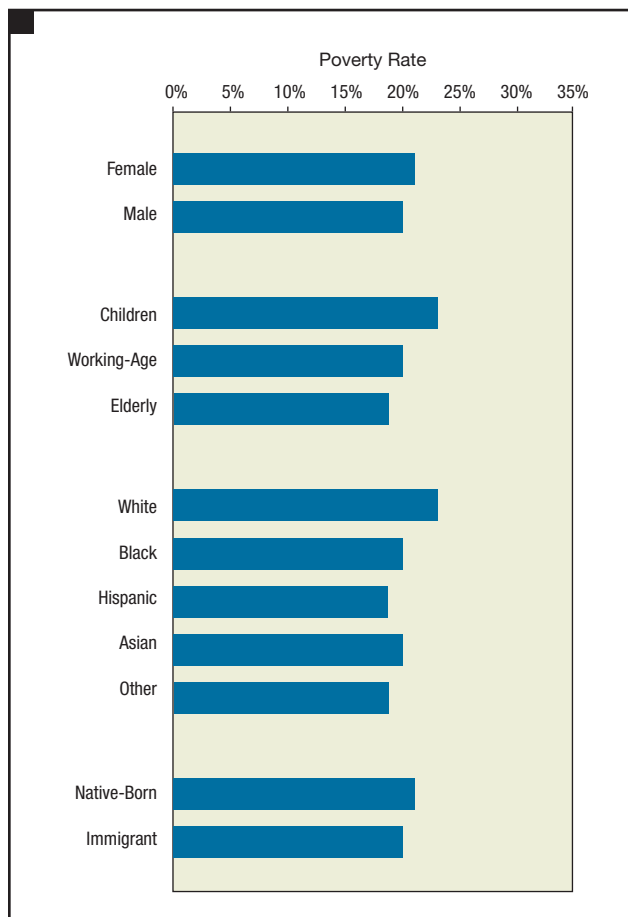
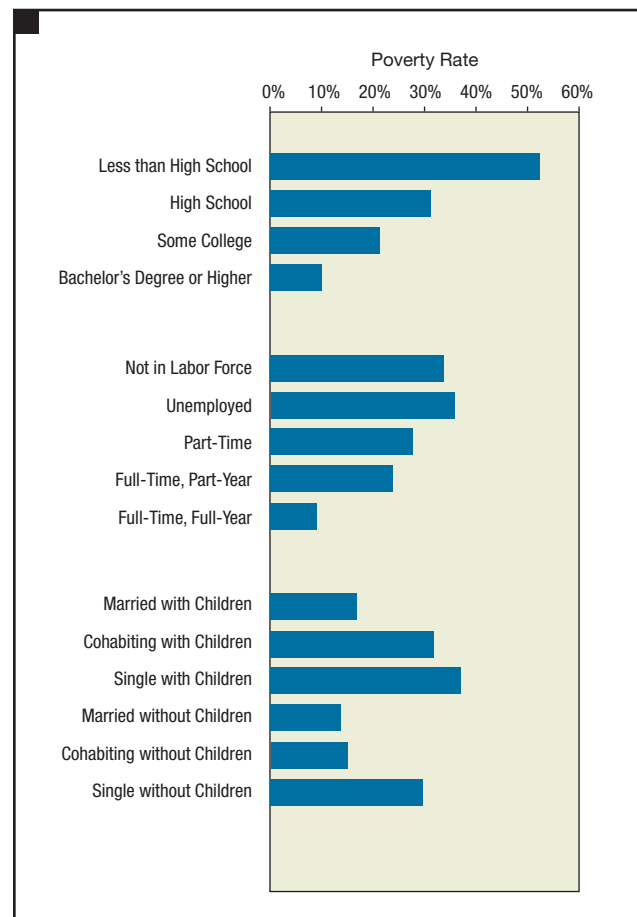


FIGURE 2B. California Poverty by Education, Employment, and Family Structure, 2014



Note: Unless otherwise noted, education data in this article are limited to individuals aged 25 and older and employment data are limited to individuals aged 18-64.

**Race/Ethnicity:** The safety net was particularly important for blacks and Hispanics. Without it, poverty rates would be 21.7 percentage points higher for blacks and 15.6 percentage points higher for Hispanics. For whites, Asians, and other racial-ethnic groups, poverty would increase by about 10 percentage points.

**Age:** More than 4 in 10 additional elderly Californians would be poor absent the safety net. Because many programs, including CalWORKs and the EITC, target families with children, it is not surprising that the safety net reduces poverty among children (15.2 percentage points) more than it reduces poverty among working-

age adults (9.2 percentage points). Social Security is driving much of the decline in senior poverty, and SNAP and refundable tax credits are the main drivers of declines in child poverty.

**Family Structure:** For these same reasons, we also find greater safety net effects on the poverty rates of individuals in families that include children.

**Education:** There are 16.9 million working-age Californians with less than a college degree, and 24.4 percent of these Californians are poor. Without the safety net, 2 million more would be poor.

FIGURE 3A. Safety Net Effects on California Poverty by Gender, Age, Race-Ethnicity, and Nativity, 2014

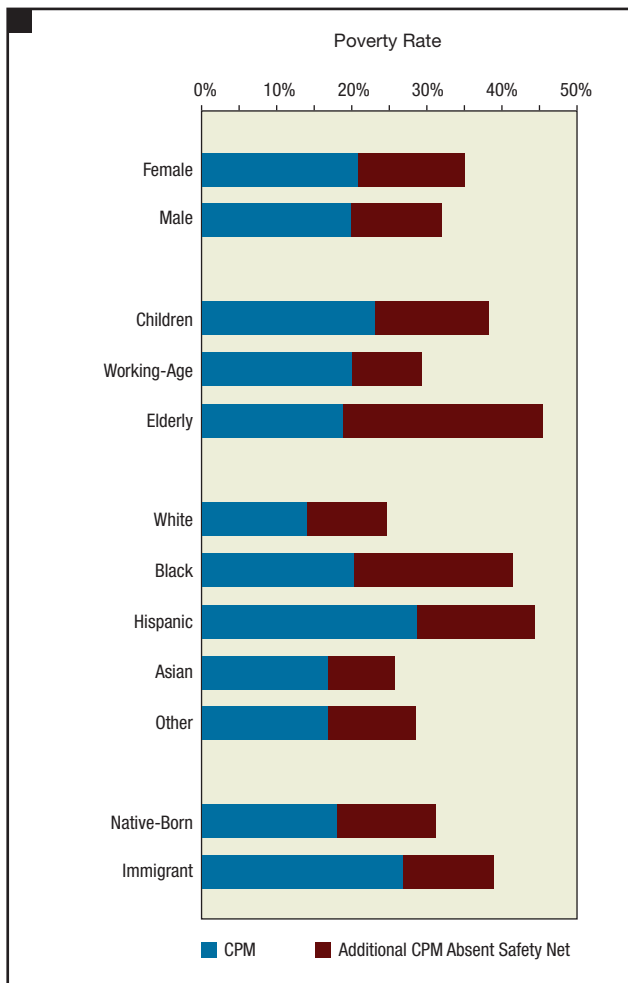
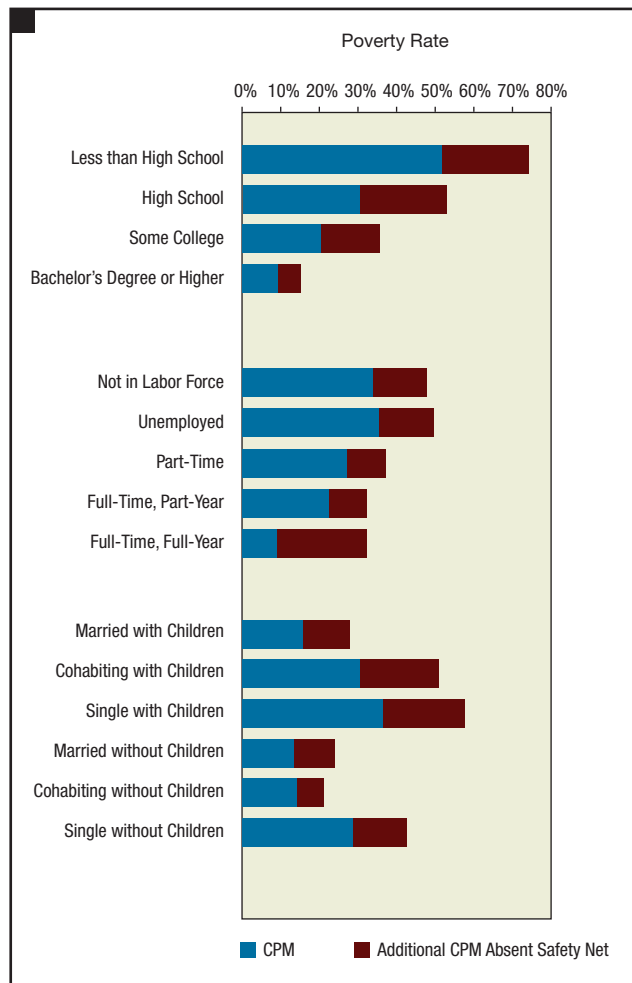


FIGURE 3B. California Poverty with and without the Safety Net, by Education, Employment, and Family Structure, 2014



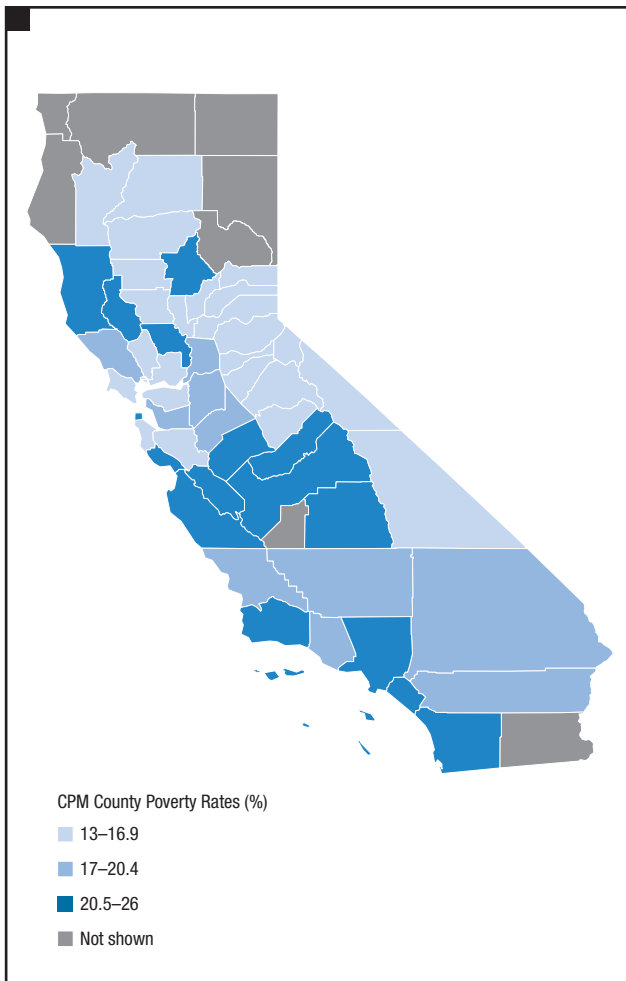
Note: The CPM includes the following safety net programs: Social Security, CalFresh (SNAP), CalWORKs (TANF), General Assistance, Supplemental Security Income (SSI), the Earned Income Tax Credit (EITC) and the Child Tax Credit (CTC), housing subsidies, school meal programs, and Women, Infants, and Children (WIC).

### Poverty Rates by County

Unlike the national SPM, the CPM also allows us to examine poverty across counties in California. We can provide robust county estimates by pooling the CPM data across multiple years. Figure 4 shows the CPM poverty rate for each county or county group,<sup>9</sup> and Figure 5 shows the extent to which safety net programs reduce CPM poverty in each county or county group.

As shown in Figure 4, poverty is highest in California’s most populous regions. Los Angeles County has the highest poverty rate at 25.6 percent. As described in previous CPM releases, the high poverty rate in Los Angeles and in other populous counties is driven by high housing costs.

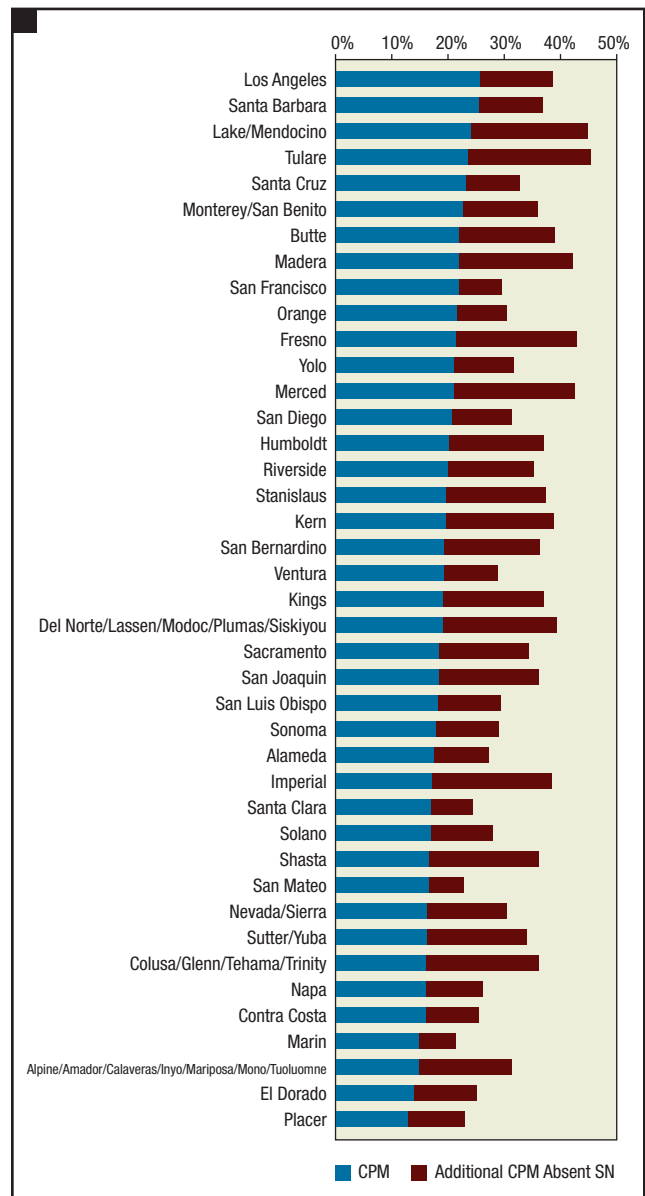
FIGURE 4. Poverty Across California, CPM 2012–2014



### Conclusion

This brief has shown that while poverty in California has decreased slightly since 2011, it remains a persistent problem. At the same time, California’s safety net programs continue to yield substantial reductions in poverty, with Social Security doing much poverty-reducing work for seniors and CalFresh (SNAP) and refundable tax credits (EITC and CTC) doing much work for children. We also find that the effectiveness of the safety net in alleviating poverty varies widely across the state.

FIGURE 5. Effect of the Safety Net on Poverty 2012–2014 by County



### Notes

1. The costs of medical care, child care, and work transportation are necessary “startup” expenditures that people must incur in order to obtain resources. Since such costs are not included in the poverty threshold definition, they are appropriately deducted from the resource definition.

2. Oregon Center for Public Policy. 2000. “How We Measure Poverty.” Retrieved from <https://www.ocpp.org/2000/01/01/how-we-measure-poverty>; Fox, Liana. 2017. “The Supplemental Poverty Measure: 2016.” Current Population Reports. Retrieved from <https://www.census.gov/content/dam/Census/library/publications/2017/demo/p60-261.pdf>.

3. Fox, 2017.

4. CalFresh is California’s Supplemental Nutrition Assistance Program (SNAP), and CalWORKs is its Temporary Assistance for Needy Families (TANF) program.

5. See Technical Appendix at [https://inequality.stanford.edu/sites/default/files/CPM-2014\\_technical-appendix.pdf](https://inequality.stanford.edu/sites/default/files/CPM-2014_technical-appendix.pdf).

6. Because we have made slight changes in the CPM methodology, these numbers are slightly different from those reported in previous CPM publications. The numbers reported here use a consistent methodology across the four years (see Technical Appendix).

7. Tables showing the full data for 2011 through 2014 are available in Appendix 1. Note that we have implemented 2014 methodological changes retrospectively for 2011, 2012, and 2013, so the Appendix 1 data do not align perfectly with prior CPM releases.

8. These calculations of the impact of the safety net on poverty are based on a static accounting model of family budgets. A family’s total resources are compared with their poverty threshold with and without resources from safety net programs, all else equal. That is, the static estimates do not account for possible changes in the choice to work (or work more or less), participate in other government programs, cohabitate, or undertake other behaviors or actions that may result from changes to the availability of safety net programs.

9. Some less populated counties are not identified individually in the Census ACS data on which the CPM is based.

APPENDIX 1. Poverty and Deep Poverty by Demographic Characteristics: CPM 2011, 2012, 2013, and 2014

	CPM Poverty Rate				CPM Poverty Rate Absent the Safety Net				CPM Deep Poverty Rate			
	2011	2012	2013	2014	2011	2012	2013	2014	2011	2012	2013	2014
<b>All Californians</b>	21.8%	21.3%	21.2%	20.6%	34.3%	33.7%	34.0%	33.5%	6.4%	6.1%	6.0%	5.9%
<b>Female</b>	22.4%	22.0%	21.8%	21.2%	35.8%	35.2%	35.5%	35.0%	6.5%	6.2%	6.3%	6.0%
<b>Male</b>	21.2%	20.6%	20.4%	20.0%	32.8%	32.2%	32.5%	32.0%	6.2%	6.0%	5.7%	5.8%
<b>Children</b>	25.1%	24.4%	23.6%	23.1%	39.8%	39.2%	39.2%	38.3%	6.3%	5.7%	5.4%	5.2%
<b>Working-Age</b>	21.0%	20.5%	20.5%	20.1%	29.7%	29.2%	29.6%	29.2%	6.6%	6.4%	6.4%	6.2%
<b>Elderly</b>	18.8%	19.6%	19.5%	18.7%	47.2%	46.6%	46.2%	45.5%	5.2%	5.4%	5.3%	5.6%
<b>White</b>	14.4%	14.3%	14.3%	14.0%	24.5%	24.3%	24.6%	24.6%	5.5%	5.3%	5.5%	5.5%
<b>Black</b>	19.8%	20.4%	21.8%	20.2%	43.0%	42.5%	45.0%	42.0%	5.2%	4.4%	4.8%	5.1%
<b>Hispanic</b>	30.9%	30.2%	29.6%	28.8%	46.1%	45.1%	45.2%	44.4%	7.4%	7.4%	6.9%	6.5%
<b>Asian</b>	18.5%	17.5%	29.6%	17.0%	26.8%	26.0%	26.1%	25.8%	6.4%	5.6%	5.5%	5.7%
<b>Other</b>	19.5%	18.5%	17.4%	16.9%	29.9%	29.5%	28.4%	28.4%	6.4%	6.0%	5.3%	5.9%
<b>Native-Born</b>	18.9%	18.5%	18.5%	18.1%	31.8%	31.4%	31.9%	31.3%	5.7%	5.4%	5.4%	5.4%
<b>Immigrant</b>	29.0%	28.4%	27.9%	27.0%	40.7%	39.7%	39.5%	39.2%	8.0%	7.8%	7.4%	7.1%
<b>Less than High School</b>	53.2%	51.9%	52.5%	52.2%	74.7%	74.6%	74.6%	74.5%	15.1%	13.9%	14.2%	14.3%
<b>High School</b>	32.3%	32.6%	32.0%	31.2%	52.4%	52.9%	52.9%	53.2%	8.5%	8.4%	8.2%	8.2%
<b>Some College</b>	21.4%	21.5%	21.5%	21.1%	36.2%	36.0%	37.0%	36.3%	6.1%	6.1%	5.9%	5.7%
<b>Bachelor's Degree or Higher</b>	9.9%	9.6%	9.8%	9.8%	14.9%	14.6%	15.1%	15.5%	3.5%	3.4%	3.5%	3.5%
<b>Not in Labor Force</b>	34.8%	33.3%	33.8%	33.5%	49.2%	47.7%	49.0%	48.7%	13.5%	12.7%	12.9%	13.1%
<b>Unemployed</b>	35.3%	36.2%	35.7%	35.8%	47.4%	48.9%	48.3%	49.6%	13.7%	13.8%	14.1%	13.7%
<b>Part-Time</b>	27.9%	27.6%	27.8%	27.4%	37.2%	37.2%	37.8%	37.5%	8.6%	8.9%	8.9%	8.5%
<b>Full-Time, Part-Year</b>	24.1%	23.6%	22.9%	23.7%	33.3%	31.7%	32.7%	32.2%	6.7%	6.8%	6.5%	6.7%
<b>Full time, Full-Year</b>	8.5%	8.5%	8.8%	8.7%	13.3%	13.4%	13.9%	32.2%	1.0%	1.0%	1.1%	1.0%
<b>Married with Children</b>	18.9%	18.0%	17.4%	16.8%	30.1%	29.1%	29.2%	28.7%	3.9%	3.9%	3.4%	3.2%
<b>Cohabiting with Children</b>	30.1%	31.7%	33.3%	31.4%	50.2%	50.4%	53.3%	51.8%	5.2%	6.1%	6.2%	5.1%
<b>Single with Children</b>	37.8%	37.4%	37.0%	36.7%	59.7%	59.8%	59.7%	58.8%	11.3%	9.7%	9.9%	10.4%
<b>Married without Children</b>	13.7%	13.6%	13.8%	13.5%	23.9%	23.6%	24.2%	23.7%	4.2%	4.1%	4.1%	4.0%
<b>Cohabiting without Children</b>	15.6%	13.7%	14.7%	14.3%	22.3%	19.9%	20.9%	21.5%	5.7%	4.4%	4.7%	4.6%
<b>Single without Children</b>	29.6%	29.5%	29.7%	29.3%	42.5%	42.2%	42.5%	42.8%	12.6%	12.3%	12.5%	12.6%

## The Stanford Center on Poverty and Inequality

The Center on Poverty and Inequality is a program of the Institute for Research in the Social Sciences at Stanford University. The CPI monitors trends in poverty and inequality; supports research on the causes of poverty and inequality; examines the effects of policy on poverty and inequality; and publishes *Pathways*, the country's leading magazine on poverty, inequality, and social policy.

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