

# More Than 1 in 3 Californians Lived in Poverty or Near Poverty in 2018

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The California Poverty Measure (CPM), jointly produced by the Stanford Center on Poverty and Inequality and the Public Policy Institute of California, draws on administrative and survey data to deliver the state's most comprehensive measure of poverty. The CPM accounts for a broad range of family resources and safety net supports as well as nondiscretionary expenses (like child care and taxes) and also factors in the local cost of housing. We summarize here the key results for 2018, including rates of poverty, deep poverty, and near poverty, the impact of safety net programs, and differences across race-ethnicity and immigrant status.

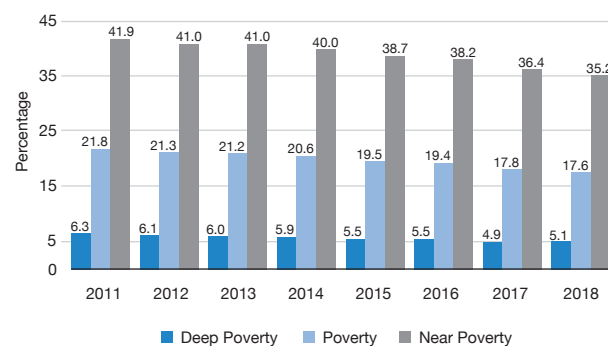
## Despite a Strong Economy, Many Californians Remained in Poverty in 2018

According to the CPM, 17.6 percent of Californians lived in poverty in 2018, even after accounting for the resources accessed via safety net supports like the federal and state earned income tax credits (EITCs), CalFresh, and CalWORKs. The 2018 CPM poverty rate was similar to the prior year, declining by 0.2 percentage points. The longer-term trendline from 2011 to 2018 shows that as the economy steadily recovered from the Great Recession, poverty in California declined by a total of 4.2 percentage points, a relative drop of nearly one-fifth. The deep poverty rate similarly saw a relative total decline of nearly one-fifth from 2011 to 2018. Nevertheless, more than one-third of Californians (35.2%) remained either in poverty or near poverty (under 150% of the poverty line) in 2018, indicating considerable economic insecurity despite the strong economy at the time.

The CPM improves on the conventional Official Poverty Measure, which ignores many major public supports and household expenses and fails to adjust poverty thresholds to account for the high cost of living in many parts of California. While the official measure showed

only 12.2 percent of Californians living in poverty in 2018,<sup>1</sup> the poverty rate was nearly 1.5 times as high under the CPM. Many safety net programs determine eligibility based on the official measure, thus excluding many Californians who struggle to cover the high costs of housing and other basic needs.

Figure 1. Poverty in California Under the CPM, 2011–2018



Note: Deep poverty is defined as net resources less than 50% of the poverty threshold. Poverty is defined as net resources less than 100% of the poverty threshold (so includes individuals in deep poverty). Near poverty is defined as net resources less than 150% of the poverty threshold (so includes individuals in poverty and deep poverty).

1. This result, is based on analysis of data from the Census Bureau's American Community Survey.

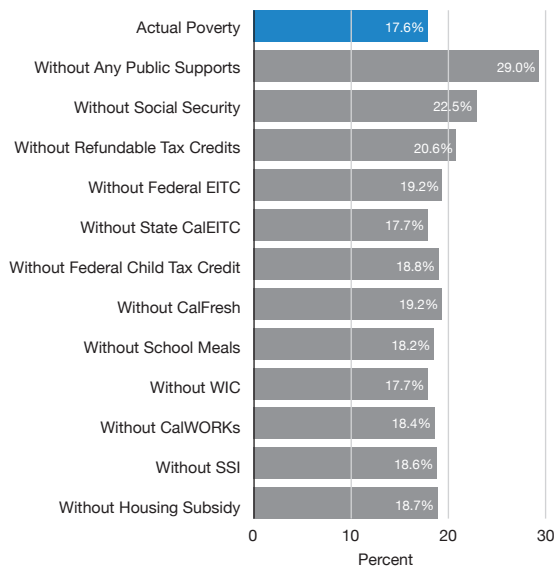
## A Primer on the California Poverty Measure

The California Poverty Measure is a new index that improves upon conventional poverty measures. The CPM tracks necessary expenditures, adjusts for geographic differences in housing costs, and includes food stamps and other non-cash benefits as resources available to poor families. Do you want to learn more about the CPM? Check out [inequality.stanford.edu/cpm](http://inequality.stanford.edu/cpm).

### Poverty in California Would Be Much Higher Without Public Safety Net Supports

Among those Californians who were eligible to access public supports, social safety net programs continued to play a critical role in poverty alleviation in California in 2018, as shown in Figure 2. Without any of the safety net supports considered, CPM poverty would have been 11.5 percentage points higher in 2018, meaning that more than 1 in 4 Californians—or 29.0 percent—would have been in poverty. Social Security remained a critical program for reducing poverty, primarily among seniors. Refundable tax credits—including the federal EITC, the state’s CalEITC, and the federal Child Tax Credit—also played a large role in reducing poverty, particularly among families with children (see Table 1).

Figure 2: Poverty Rate Absent Key Safety Net Supports, 2018



Note: The second bar, labeled "without any public supports," refers to the CPM rate without Social Security, refundable tax credits, CalFresh, school meals, WIC, CalWORKs, General Assistance, SSI, or housing subsidies. Refundable tax credits include the federal EITC, CalEITC, and the federal Child Tax Credit.

### Californians of Color and Immigrants Continued to Experience the Highest Rates of Poverty

Closer examination of poverty rates by race-ethnicity and immigrant status reveal substantial disparities, with people of color and those born outside of the U.S. much more likely to experience poverty. As shown in Figure 3, roughly half of Latino individuals in California lived in poverty or just above the CPM poverty line in 2018. At the same time, white non-Latino Californians were about half as likely to experience poverty or near poverty, with less than 1 in 4 having resources below 150 percent of the poverty line. Black Californians also experienced especially high rates of economic insecurity, with about 4 in 10 in poverty or near poverty. Asian or Pacific Islander Californians and those of other

Table 1: Increase in Poverty Rate Absent Safety Net Supports, by Age, 2018

	Children	Working-Age Adults	Seniors
Actual Poverty Rate	18.8	16.8	19.0
Percentage point increase in poverty for individuals when safety net support is excluded from family resources:			
All Public Supports	14.0	7.7	23.8
Social Security	1.4	2.5	21.6
Refundable Tax Credits	6.5	2.3	0.4
Federal EITC	3.4	1.3	0.2
Federal Child Tax Credit	2.9	0.9	0.1
State CalEITC	0.3	0.1	0.0
CalFresh	3.2	1.3	0.6
School meals	1.4	0.4	0.1
WIC	0.4	0.1	0.0
CalWORKs	1.9	0.6	0.2
SSI	0.8	1.0	1.9
Housing subsidy	1.6	0.9	1.6

Note: "All public supports" includes Social Security, refundable tax credits, CalFresh, school meals, WIC, CalWORKs, General Assistance, SSI, and housing subsidies. Refundable tax credits include the federal EITC and Child Tax Credit and the state CalEITC. Children include individuals ages 0-17, working-age adults include ages 18-64, and seniors include ages 65+.

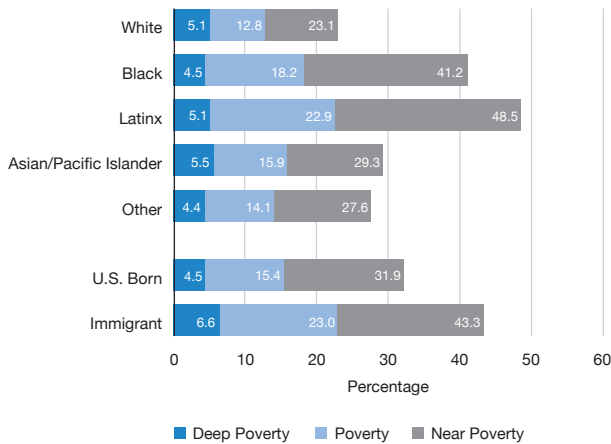
racial-ethnic identities (including multi-racial) also faced elevated rates of poverty and near poverty relative to non-Latino white individuals.

Californians who are immigrants also experienced sharply higher rates of poverty, deep poverty, and near poverty than U.S.-born individuals, in part because immigrants are ineligible for some safety net supports. More than 4 in 10 immigrants were poor or near poor in 2018, versus less than 1 in 3 U.S.-born individuals.

**Conclusions**

While California’s economy continued to boom in 2018, many Californians were left behind, with more than a third of the state’s residents living in or near poverty. Public supports provided a key safety net, but were not sufficient to help all individuals struggling with economic insecurity, especially in the face of high housing costs in many parts of the state. Immigrant Californians and Latino and Black residents shouldered the highest burdens of poverty.

Figure 3: Poverty by Race/Ethnicity and Immigrant Status, 2018



Note: Deep poverty is defined as net resources less than 50% of the poverty threshold. Poverty is defined as net resources less than 100% of the poverty threshold (so includes individuals in deep poverty). Near poverty is defined as net resources less than 150% of the poverty threshold (so includes individuals in poverty and deep poverty).