

In 2019, as the Economy Boomed, About 1 in 3 Californians Lived in Poverty or Near Poverty

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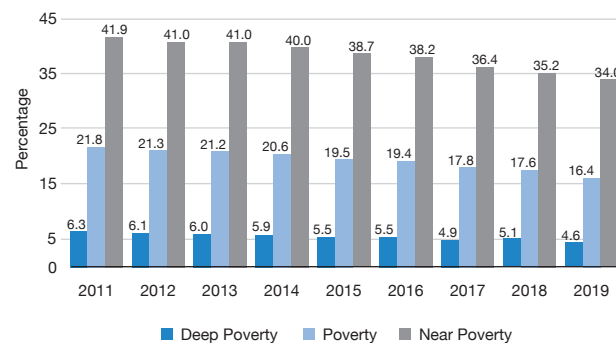
The California Poverty Measure (CPM), jointly produced by the Stanford Center on Poverty and Inequality and the Public Policy Institute of California, draws on administrative and survey data to deliver the state's most comprehensive measure of poverty. The CPM accounts for a broad range of family resources 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 2019, including rates of poverty, deep poverty, and near poverty, the impact of safety net programs, and differences across race-ethnicity and immigrant status.

Poverty Steadily Declined From 2011 to 2019, Yet Many Californians Remained in Poverty

According to the CPM, 16.4 percent of Californians lived in poverty in 2019, 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 2019 CPM poverty rate declined from the prior year, dropping by 1.2 percentage points. Over the longer period from 2011 to 2019, CPM poverty steadily declined as the economy fully recovered from the Great Recession, before the Covid-19 pandemic caused severe economic disruption. Between 2011 and 2019, poverty in California declined by a total of 5.4 percentage points, a relative drop of nearly one-quarter (see Figure 1). The deep poverty rate similarly saw a relative total decline of more than one-quarter from 2011 to 2019, (from 6.3% to 4.6%). Nevertheless, as of 2019 about one-third of Californians (34.0%) remained either in poverty or near poverty (under 150% of the poverty line) in 2019, indicating considerable economic insecurity despite the booming economy. The high cost of living, particularly housing, in many parts of California—reflected in high poverty thresholds under the CPM¹—was a key factor in the

persistently large number of Californians living in poverty or near poverty, even when unemployment was at a historic low.

Figure 1. Poverty in California Under the CPM, 2011–2019



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. Across the state, CPM poverty thresholds for 2019 ranged from about \$25,800 (in Imperial County) up to about \$46,700 (in San Mateo County) for a family with two adults and two children who are renters.

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.

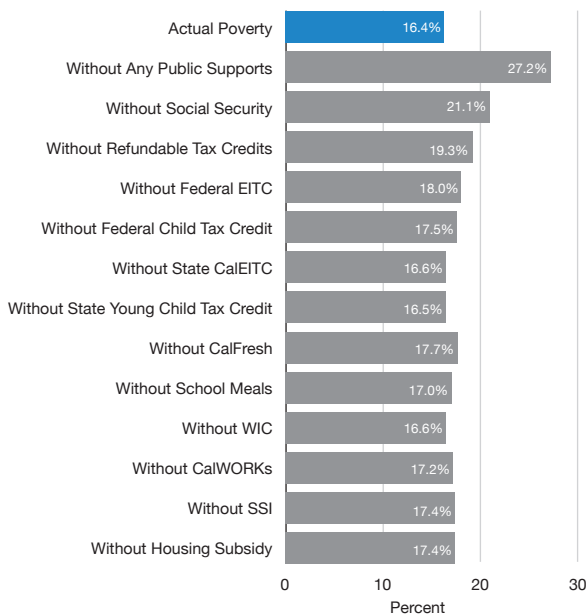
The CPM improves on the traditional Official Poverty Measure, which ignores many key public supports and essential household expenses and does not adjust poverty thresholds to account for the high cost of living in many parts of California. While the official measure showed only 11.3 percent of Californians living in poverty in 2019,² the poverty rate was nearly 1.5 times higher under the CPM. Because many safety net programs determine eligibility based on the official poverty threshold, which does not account for variation in cost of living, Californians with somewhat higher incomes who still struggle to cover the high costs of housing and other basic needs may be excluded from support.

2. This result is based on analysis of data from the Census Bureau’s American Community Survey.

Public Safety Net Supports Substantially Reduced Poverty in California in 2019

In 2019, social safety net programs continued to play a critical role in poverty alleviation in California, as shown in Figure 2. Without any of the safety net supports considered, CPM poverty would have been 10.8 percentage points higher, meaning that more than 1 in 4 Californians—or 27.2 percent—would have been in poverty. Among seniors, Social Security remained a critical program for reducing poverty. Refundable tax credits—including the federal EITC and Child Tax Credit and the state CalEITC and Young Child Tax Credit (introduced in tax year 2019)—also played a large role in reducing poverty, particularly among families with children (see Table 1).

Figure 2. Poverty Absent Key Safety Net Supports, 2019



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 and Child Tax Credit and the state CalEITC and Young Child Tax Credit.

Table 1. Increase in Poverty Absent Safety Net Supports, by Age, 2019

	Children	Working-Age Adults	Seniors
Actual Poverty Rate	17.6	15.6	18.0
Percentage point increase in poverty for individuals when safety net support is excluded from family resources:			
All Public Supports	13.2	7.2	22.1
Social Security	1.3	2.3	19.9
Refundable Tax Credits	6.1	2.2	0.4
Federal EITC	3.1	1.3	0.2
Federal Child Tax Credit	2.6	0.8	0.1
State CalEITC	0.2	0.1	0.1
State Young Child Tax Credit	0.2	0.1	0.0
CalFresh	2.4	1.0	0.8
School meals	1.3	0.4	0.1
WIC	0.3	0.1	0.0
CalWORKs	1.6	0.5	0.2
SSI	0.5	0.8	1.9
Housing subsidy	1.3	0.7	1.5

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 and Young Child Tax Credit. Children include individuals ages 0-17, working-age adults include ages 18-64, and seniors include ages 65+.

Poverty Rates in 2019 Remained Higher for Californians of Color, Particularly Latino and Black Californians, and for Immigrants

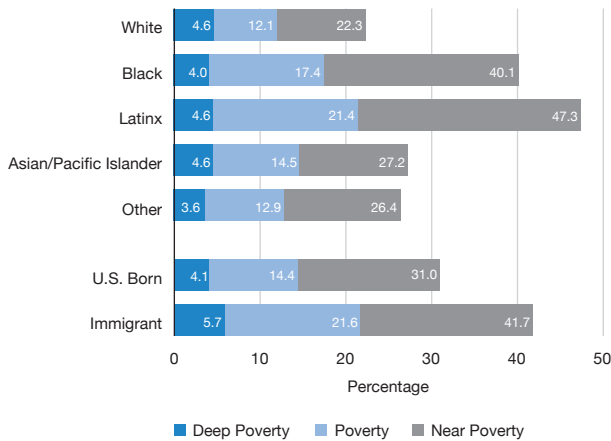
Substantial disparities in poverty rates by race-ethnicity and immigrant status persisted in 2019, as in previous years, with people of color and those born outside of the United States much more likely to experience poverty. As shown in Figure 3, roughly half of Latino individuals in California lived in poverty or near poverty in 2019. 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 racial-ethnic identities (including multi-racial) also faced elevated rates of poverty and near poverty relative to non-Latino white individuals.

Poverty, deep poverty, and near poverty were also sharply higher among Californians who are immigrants, compared to U.S.-born individuals, in part because some immigrants are ineligible for some safety net supports. More than 4 in 10 immigrants were poor or near poor in 2019, versus less than 1 in 3 U.S.-born individuals.

Conclusions

While unemployment reached historically low levels in 2019, the final year of the booming pre-Covid-19 economy, many Californians still struggled to achieve economic security, with more than a third of the state’s residents living in or near poverty. Public supports provided an important safety net, significantly reducing poverty, but gaps still remained, particularly for immigrant Californians and Latino and Black residents, who continued to experience disproportionately high rates of poverty. Thus despite a booming overall economy, many Californians were living in precarious economic conditions on the eve of the Covid-19 pandemic and recession.

Figure 3. Poverty by Race/Ethnicity and Immigrant Status, 2019



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).