

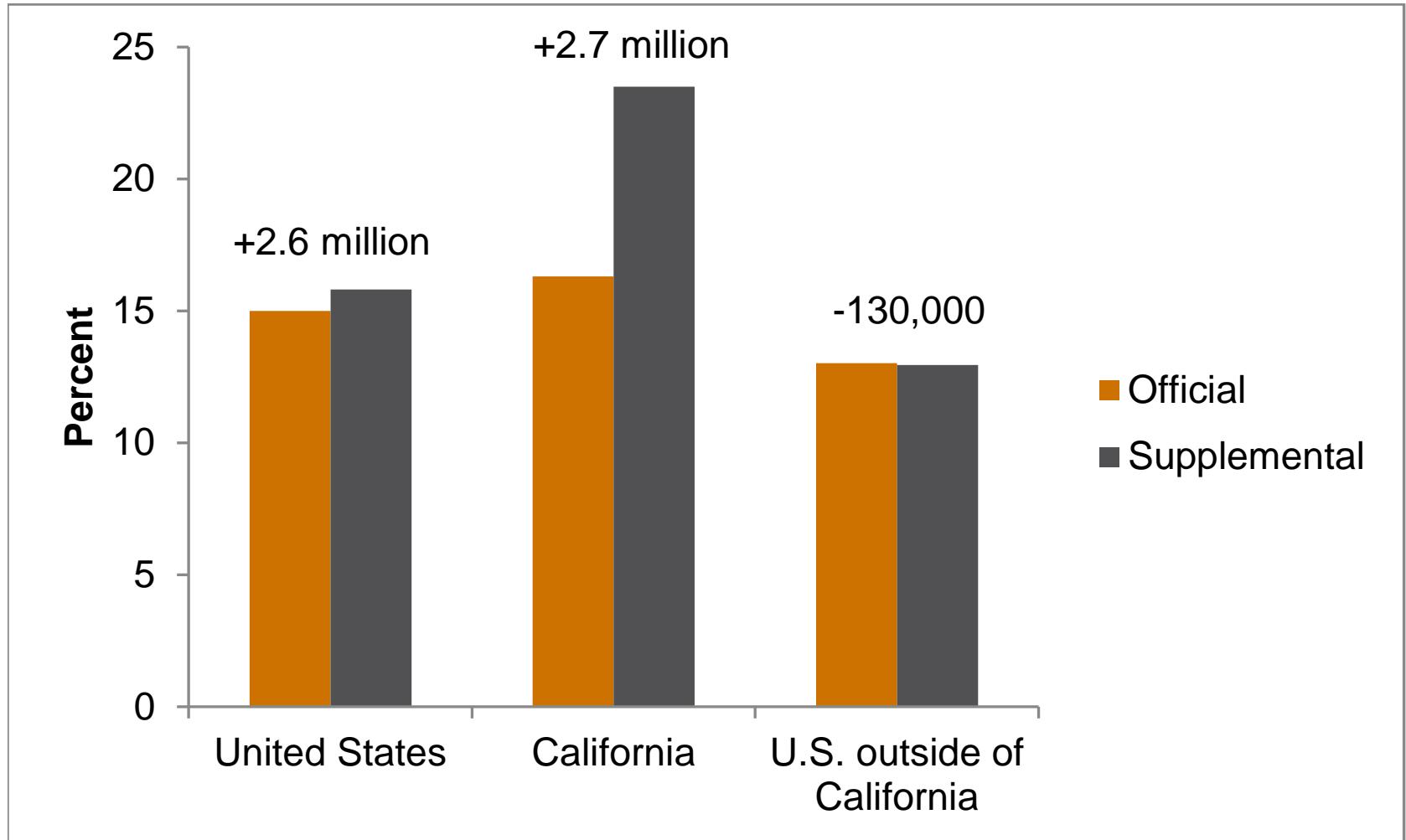
Overview of Three Poverty Measures

Caroline Danielson

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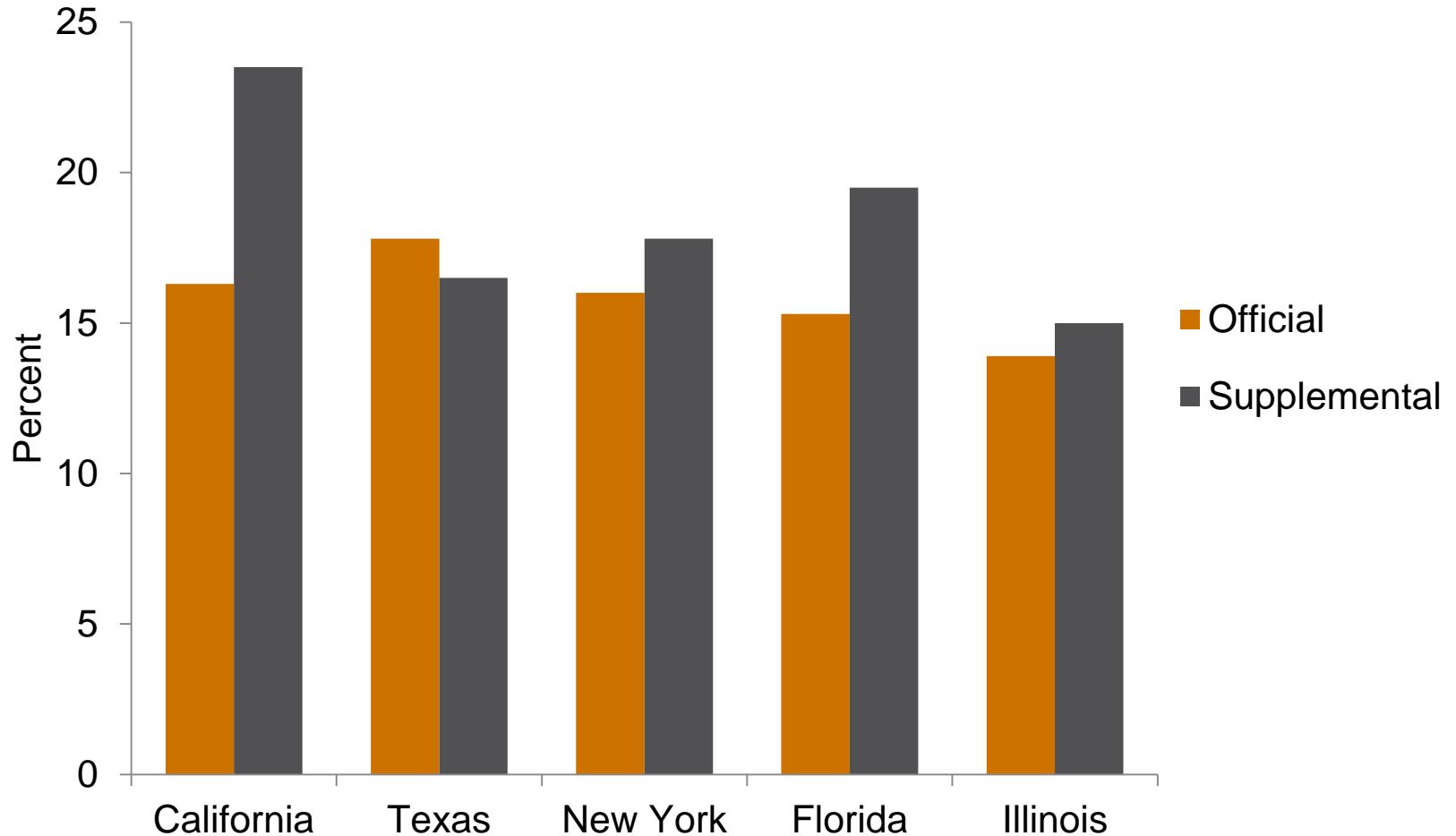
Census Supplemental Poverty Measure a California surprise



NOTE: Census estimates for 2009-2011, based on Current Population Survey ASEC.



Other populous states saw smaller increases



NOTE: Census estimates for 2009-2011, based on Current Population Survey ASEC.



Outline

- Measuring poverty
- Why measure poverty differently?
- CPM findings
- Measurement matters in California



Three measures of poverty

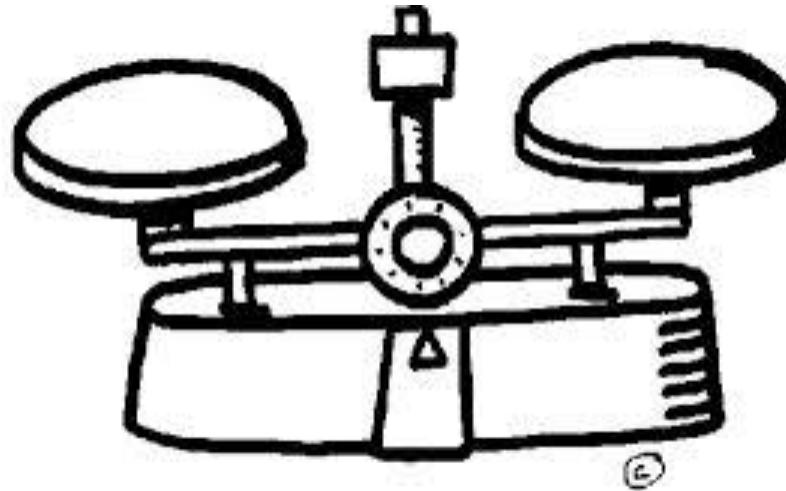
- Official poverty measure (OPM)
 - Thresholds also used to for program eligibility (% of FPL)
- Supplemental poverty measure (SPM)
 - Formally, the “research supplemental poverty measure”
 - Developed by Census
 - First released in 2011 (2010 poverty rates)
- California Poverty Measure (CPM)
 - Closely related to the SPM, but
 - Adjusts for survey under-reporting
 - Aimed at producing county-level estimates
 - Developed by the Public Policy Institute of California and Stanford’s Center on Poverty and Inequality
 - First released in 2013 (2011 poverty rates)



The poverty equation

**Family
resources**

**Poverty
threshold**



Two basic approaches

	OPM	CPM/SPM
Family resources	Pre-tax cash income (includes earnings, investments, and cash-based government programs)	Cash income + in-kind government programs
Net of	N/A	-Taxes -Out-of-pocket expenses for work expenses (commuting, child care) -Out-of-pocket medical costs
Compared against:	1950s subsistence diet multiplied by 3, updated for inflation	Derived from recent reported expenditures on food, clothing, shelter and utilities
Poverty thresholds	Varies by family size	Varies by family size Adjusted regionally for cost of living



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Why create a new measure of poverty?

- Official poverty statistics developed in the 1960s, based on 1950s cost of food
- 1994 National Academy of Sciences panel recommended a number of improvements
 - Augmented resources, including in-kind programs and taxes
 - Subtraction of certain, necessary expenses
 - Different approach to creating poverty thresholds
- Newer measures capture changes in safety net, standards of living

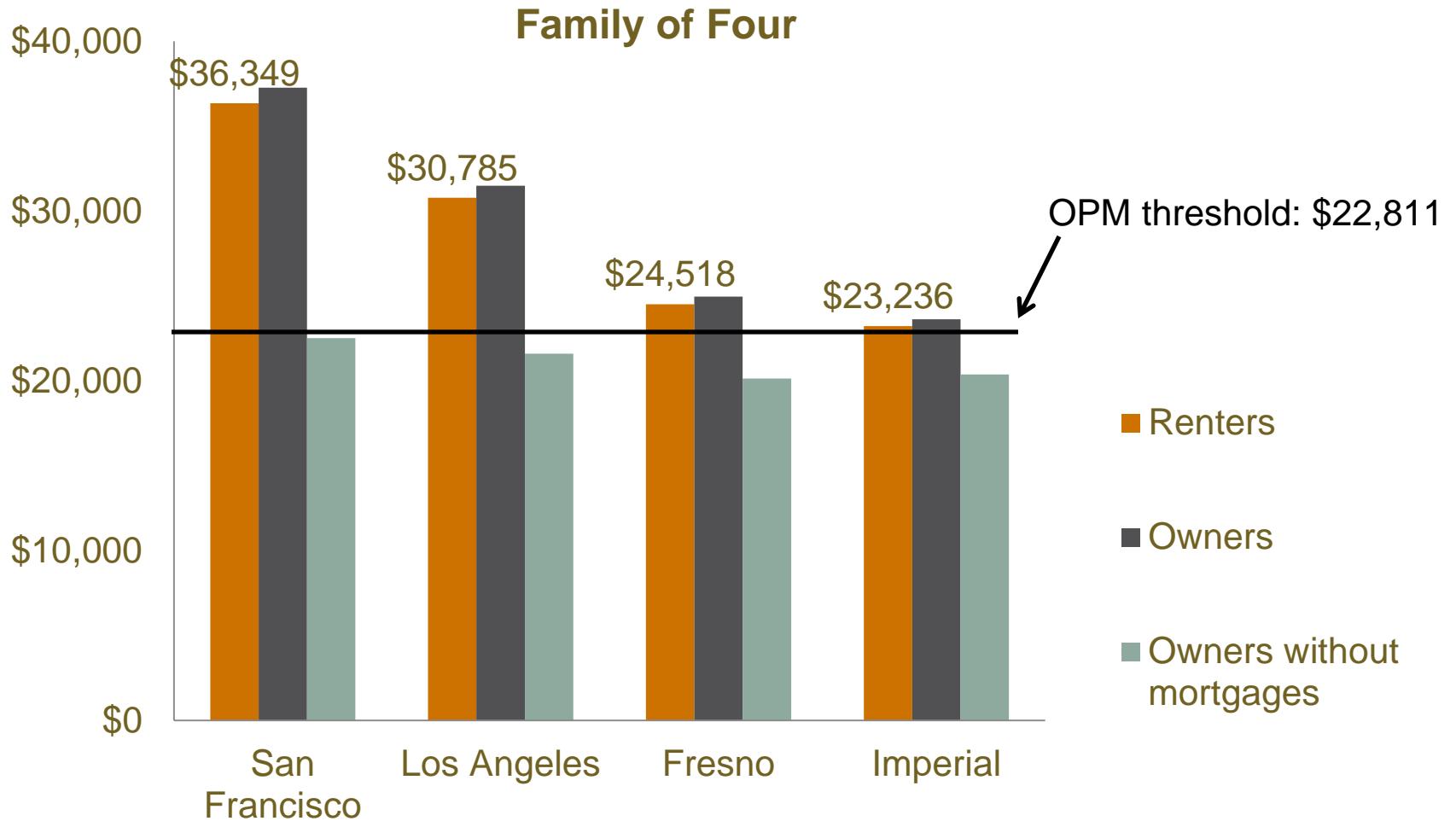


Definition of the social safety net

Program	Inception	Recipients (millions)	Federal, state, and local expenditures (billions)
CalWORKs (TANF)	1935	1.47	\$3.44
General Assistance	1933	0.15	\$0.40
Supplemental Security Income	1972	1.27	\$9.14
CalFresh (SNAP)	1974	3.64	\$6.73
Child Tax Credit	1998	2.91 (filers)	\$4.14
Earned Income Tax Credit	1975	3.27 (filers)	\$7.25
Federal housing subsidies	1933	0.48 (units)	\$3.60
School breakfast and lunch	1946	2.18	\$2.04



Cost-adjusted thresholds tend to be higher in California

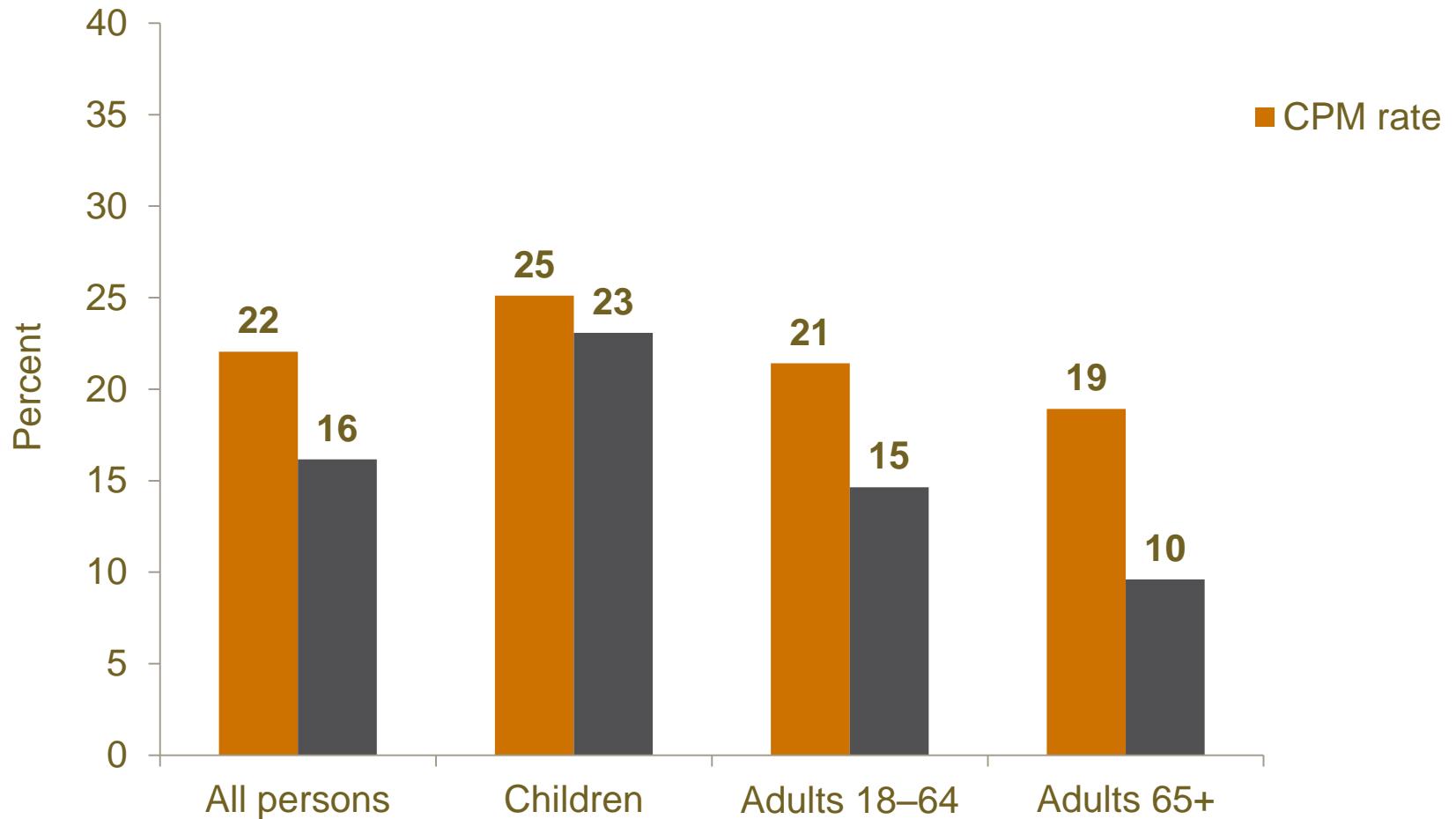


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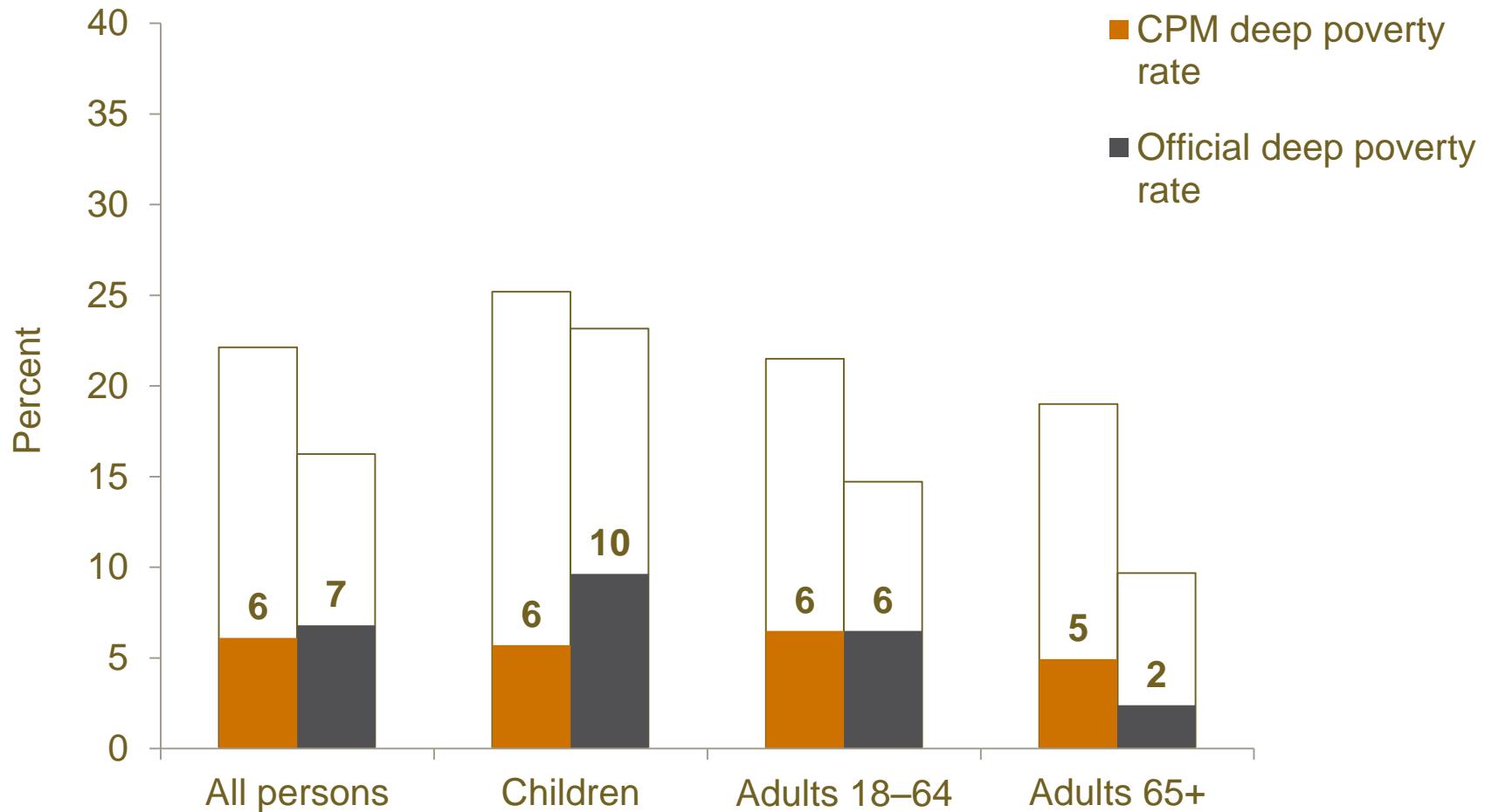
CPM finds more people of all ages in poverty ...



SOURCES: CPM estimates for 2011, based on the American Community Survey; official poverty estimates from the California sample of the ACS (2011).



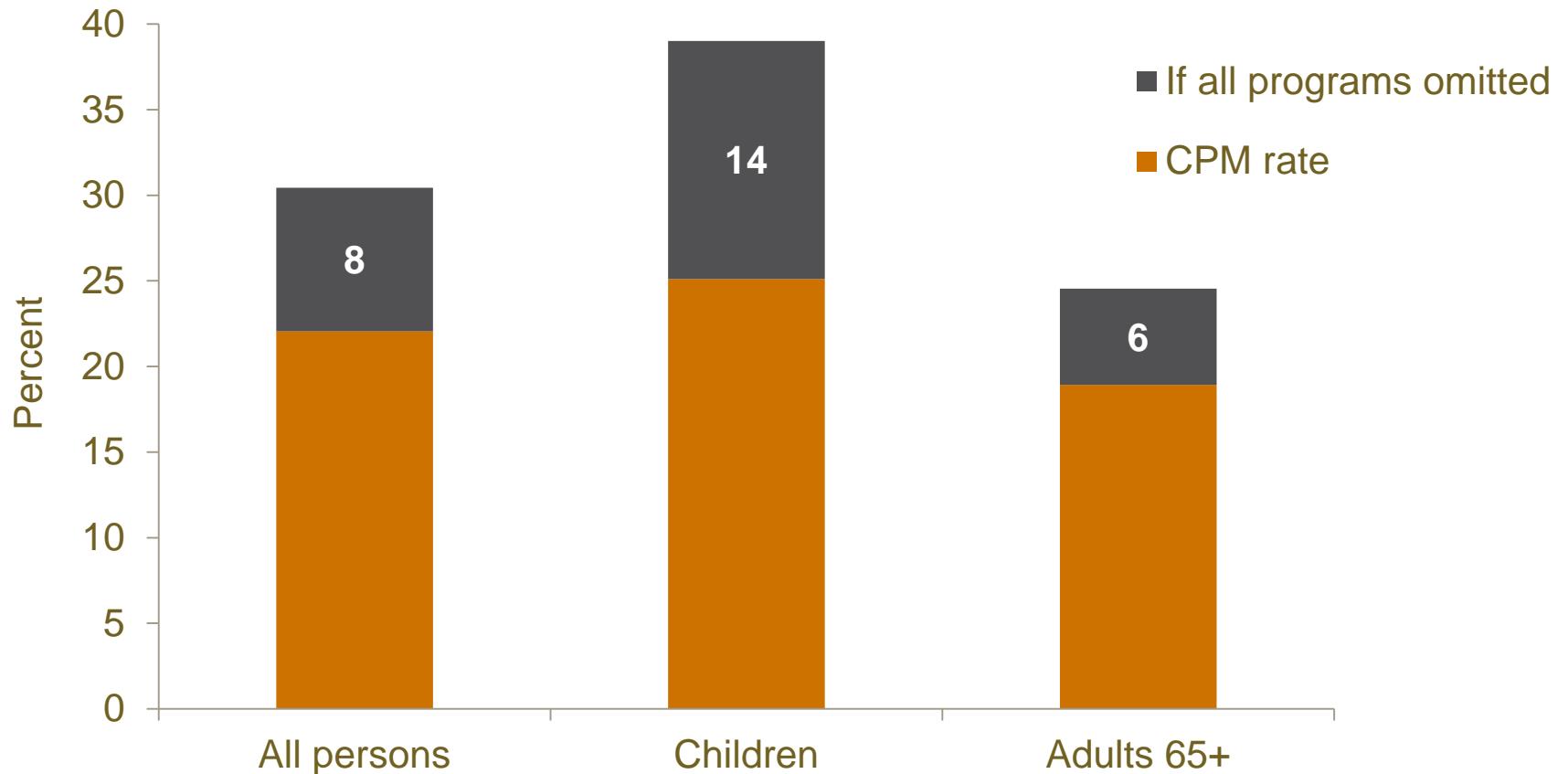
... but fewer in deep poverty



SOURCES: CPM estimates for 2011, based on the American Community Survey; official poverty estimates from the California sample of the ACS (2011).



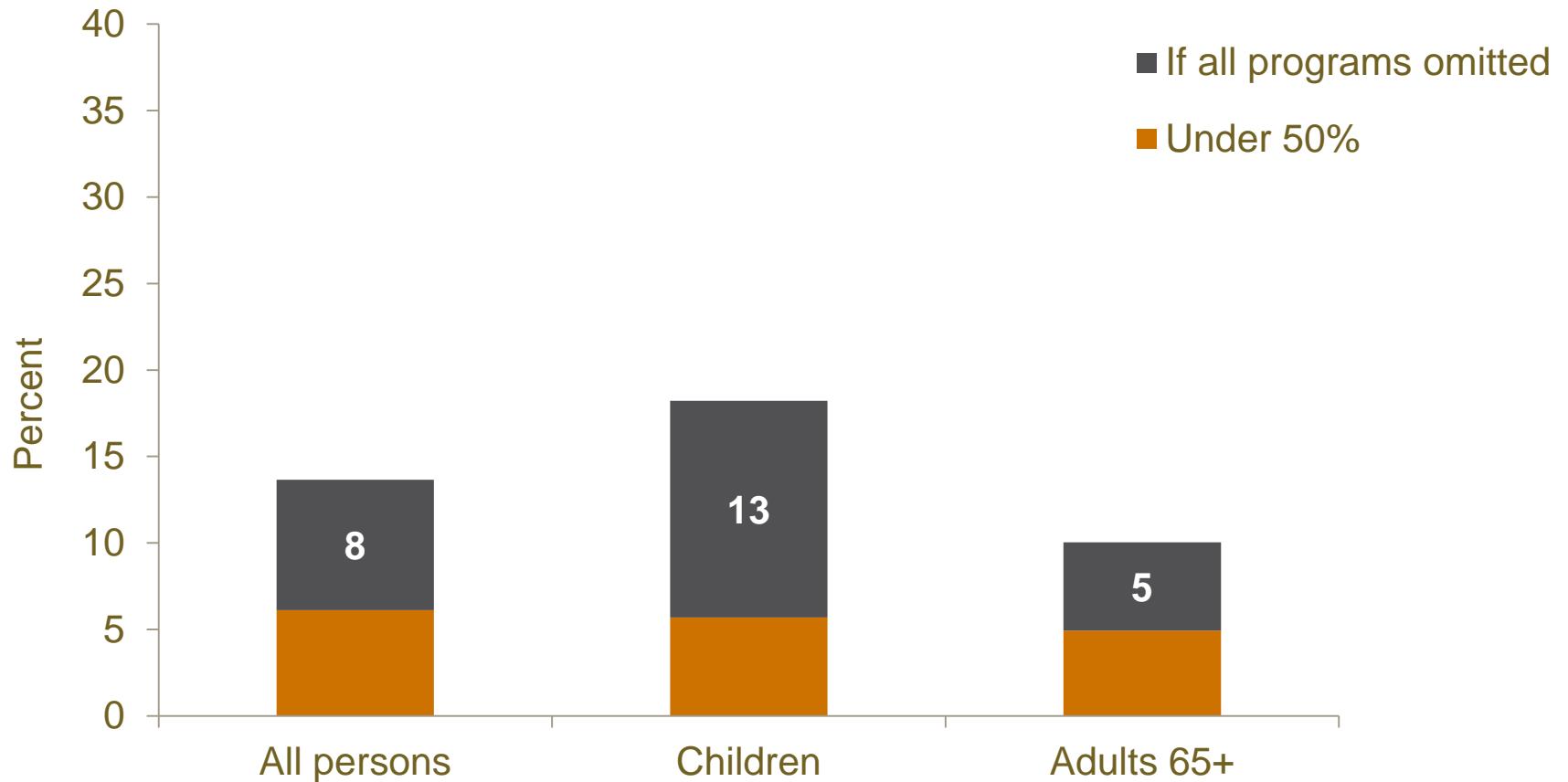
Overall, need-based programs cut the poverty rate sharply ...



SOURCE: CPM estimates for 2011, based on the American Community Survey.



... mostly due to a lower deep poverty rate



SOURCE: CPM estimates for 2011, based on the American Community Survey.



CPM alters perception of poverty in California

- 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



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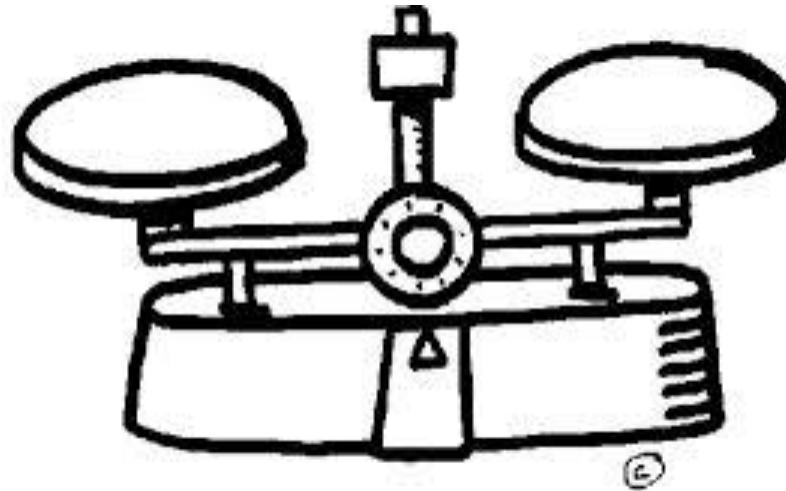
Why is poverty highest in California?

Augmented resources

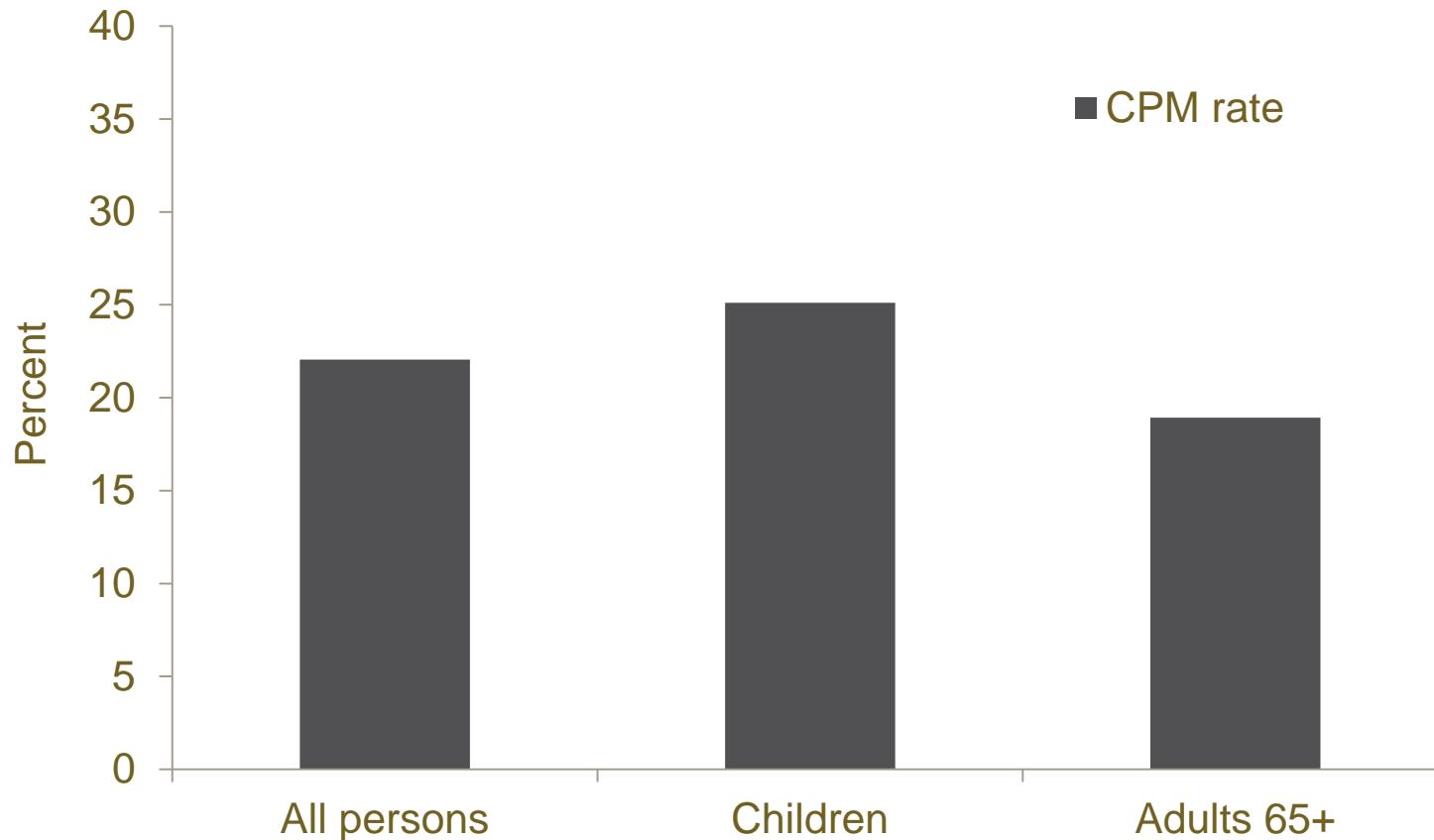
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Necessary expenses

**Cost-adjusted
poverty threshold**



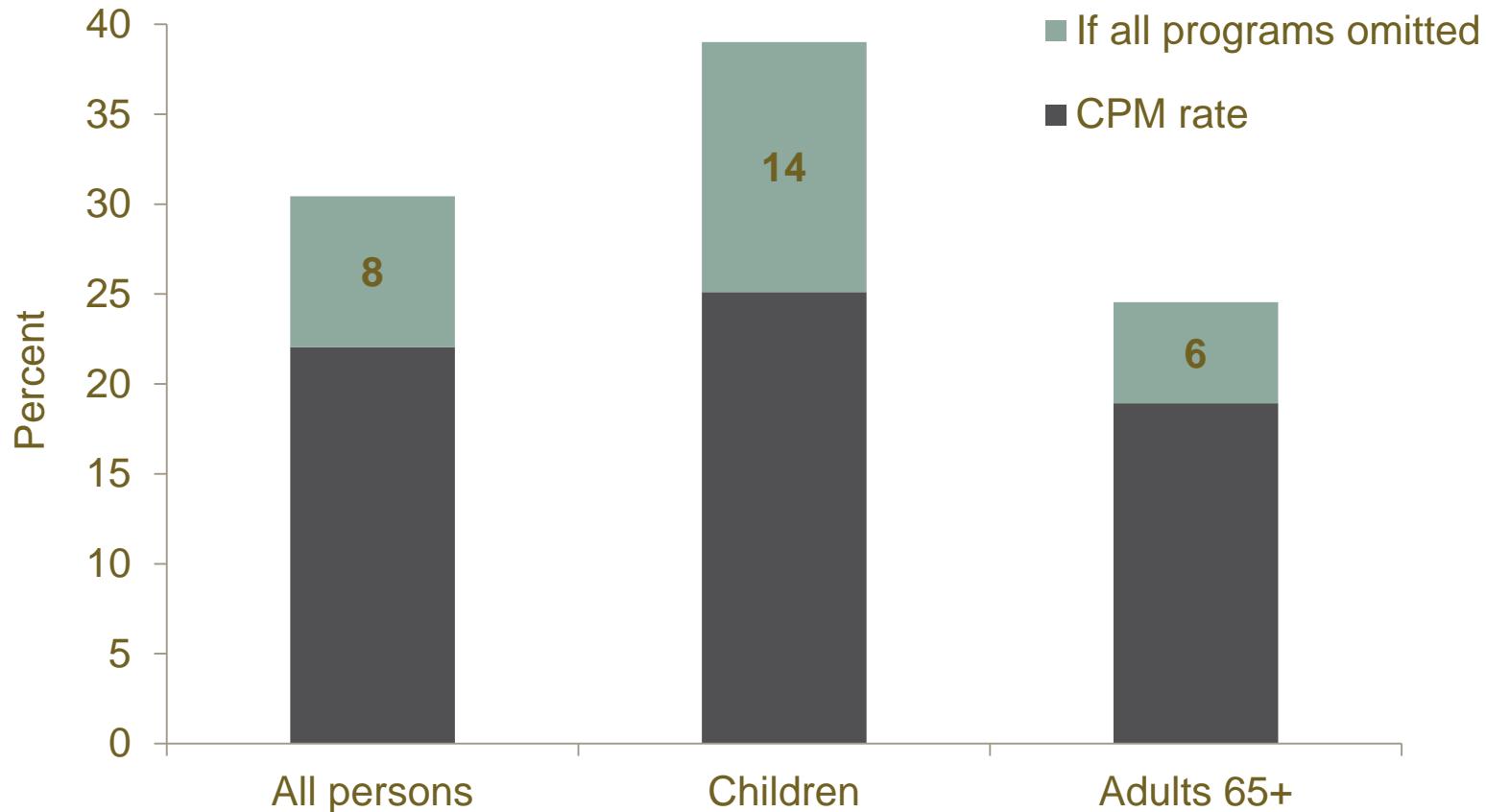
Poverty rates higher if resources from safety net programs excluded



SOURCE: CPM estimates for 2011, based on the American Community Survey.



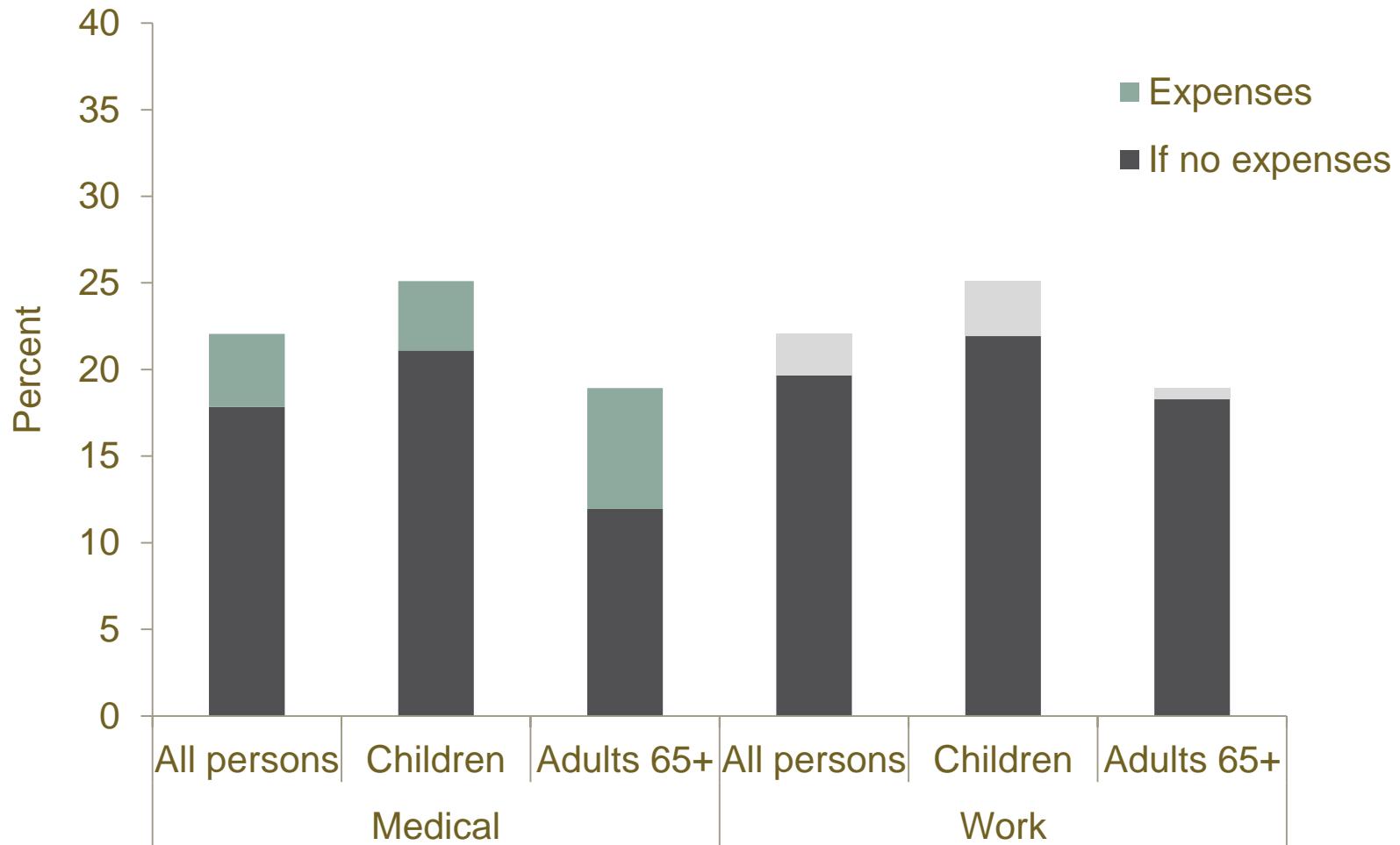
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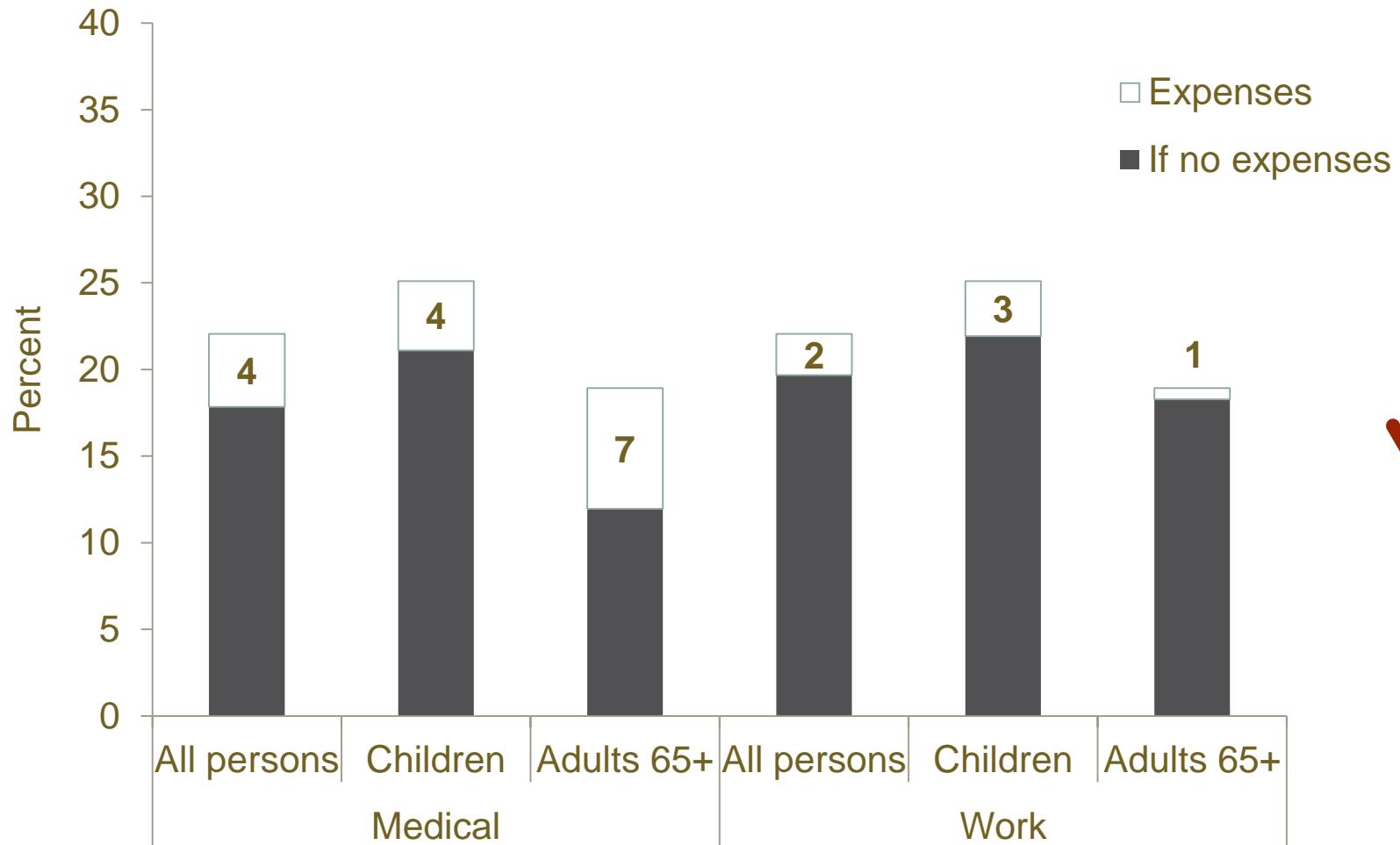
Poverty rates lower if necessary expenses excluded



SOURCE: CPM estimates for 2011, based on the American Community Survey.



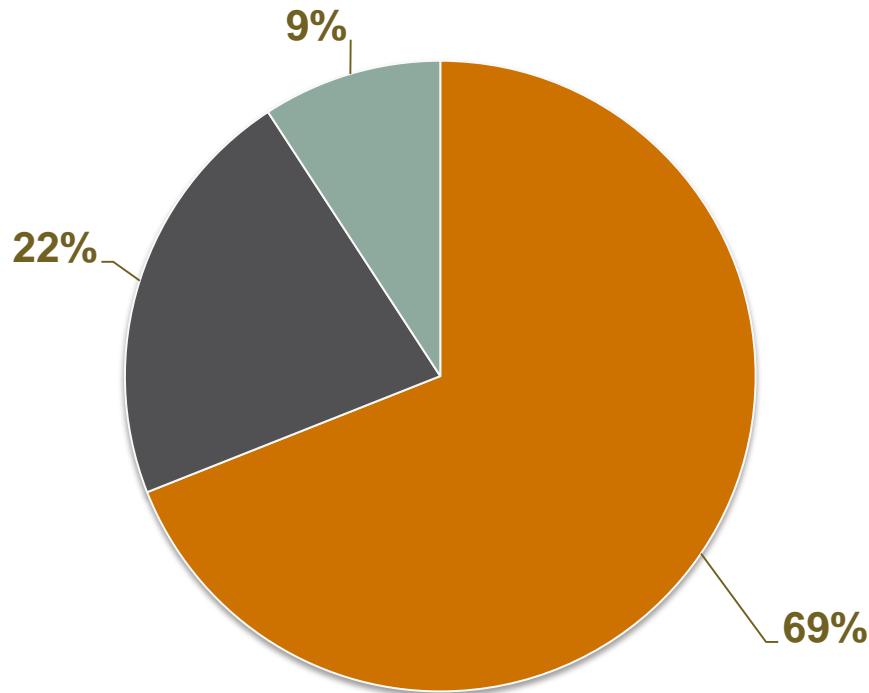
Poverty rates lower if necessary expenses excluded



SOURCE: CPM estimates for 2011, based on the American Community Survey.



Most Californians live in high-cost regions



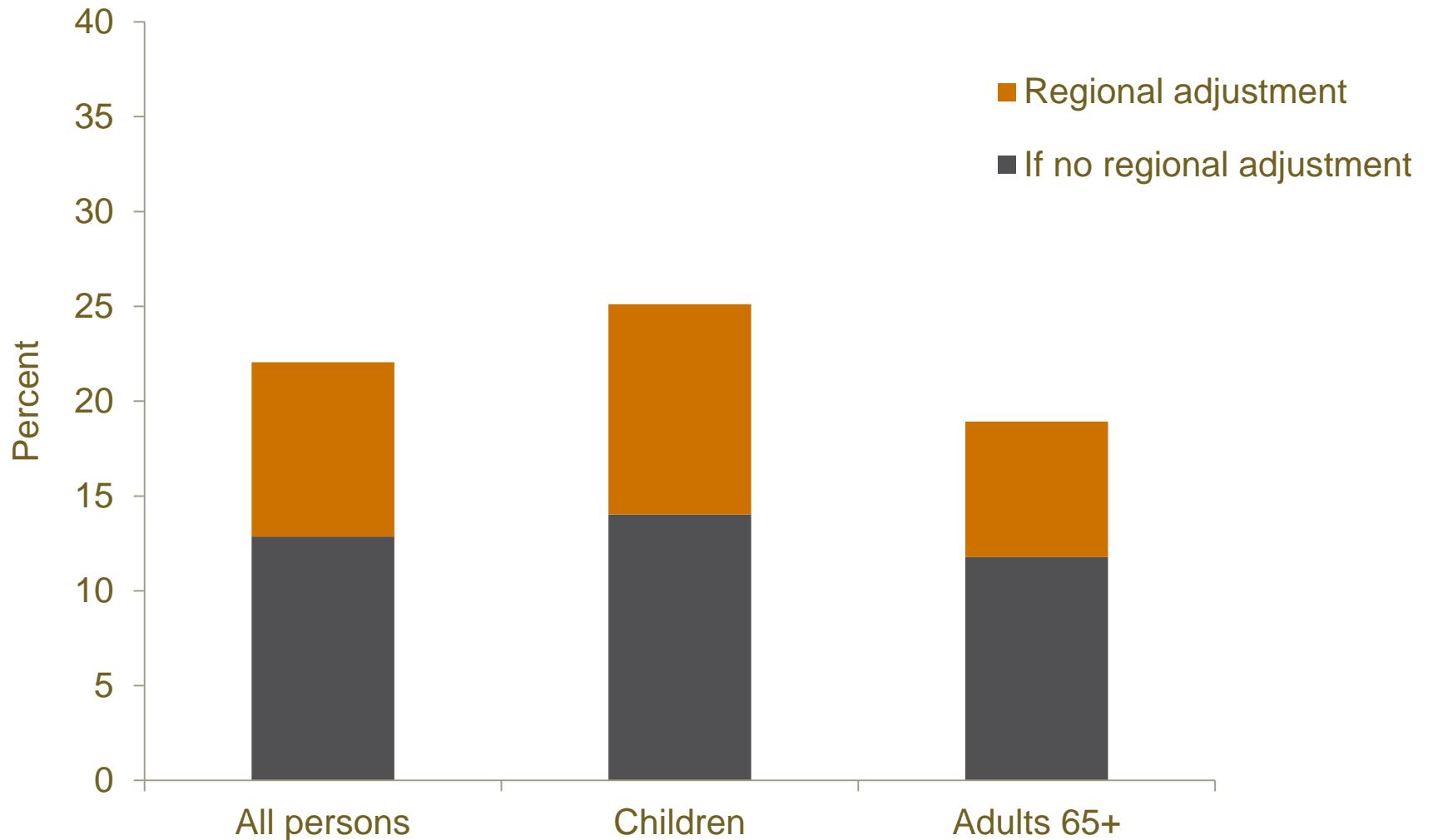
**Average poverty threshold
(family of four)**

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

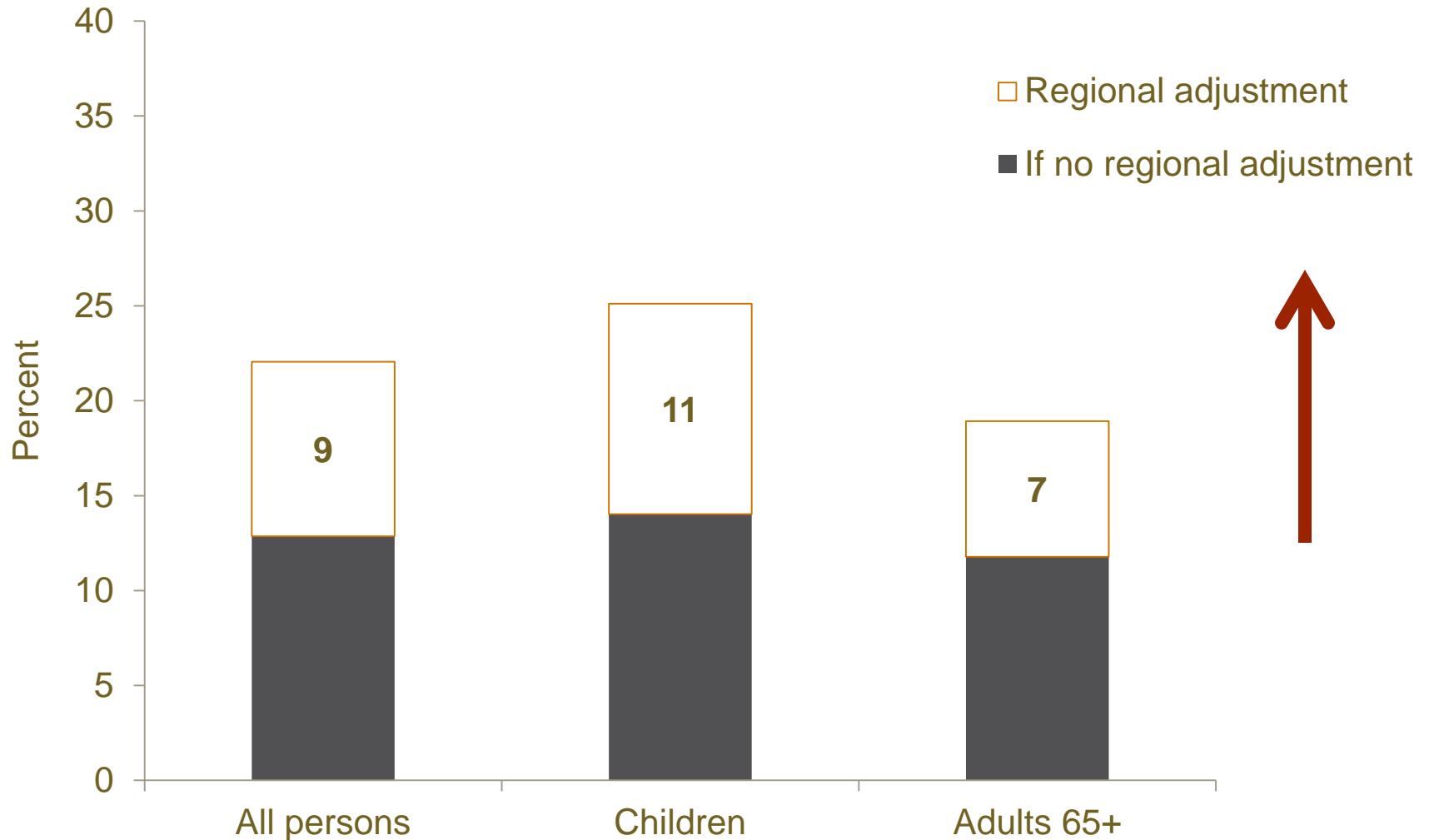
Official poverty threshold: \$22,811



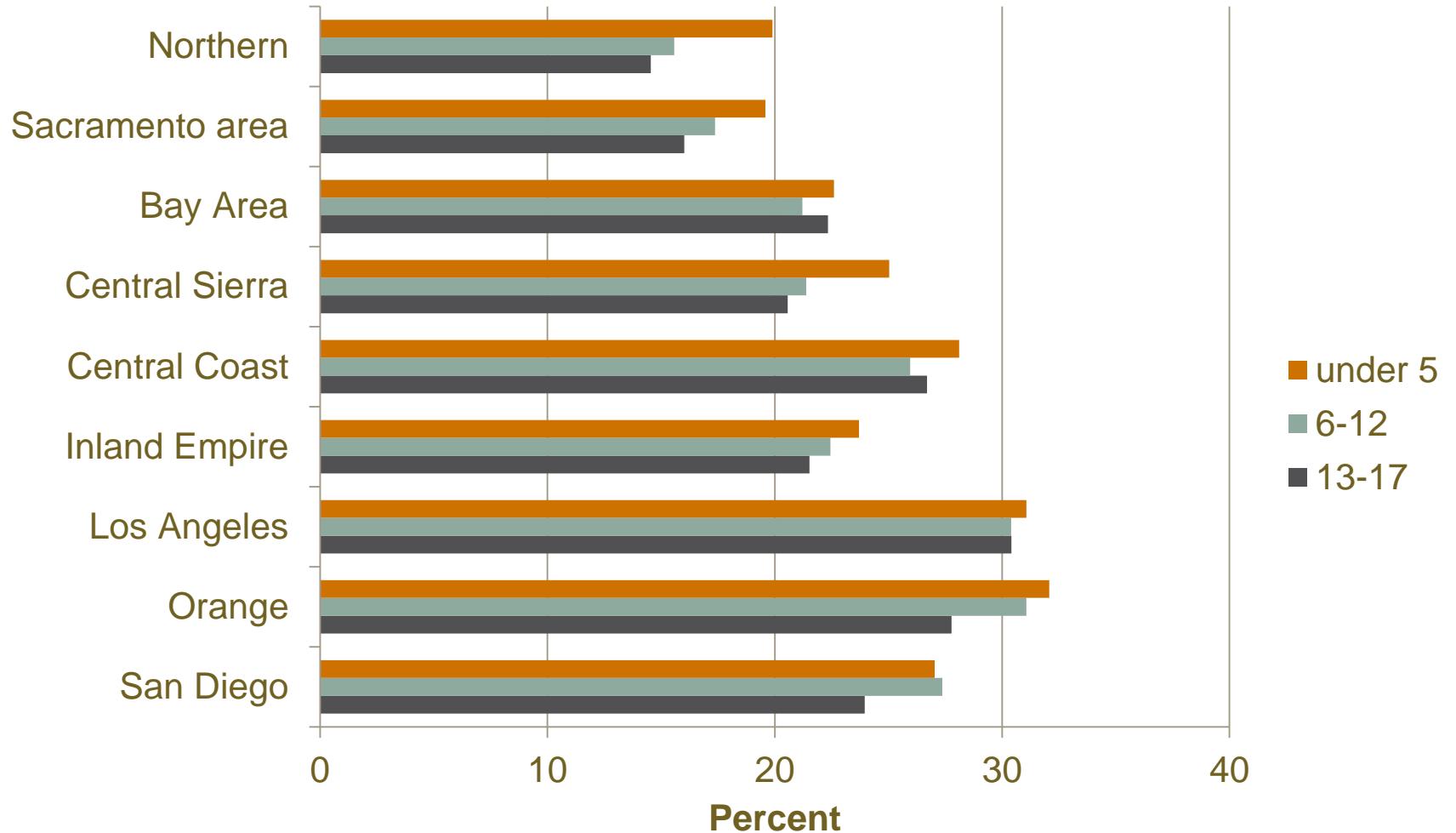
Statewide, CPM thresholds mean higher poverty rates



Statewide, CPM thresholds mean higher poverty rates



Regional differences are substantial



Summary

- SPM and CPM aim to update our accounting of economic hardship
- Higher thresholds and expenses outweigh additional safety net resources
 - Most Californians live in high cost areas
 - Children most protected by the safety net
 - Medical expenses greatly affect older adults
- Regional differences are substantial



Notes on the use of these slides

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:

Caroline Danielson (danielson@ppic.org; 415-291-4462)

Thank you for your interest in this work.

