

California Poverty Rates Using the Official Poverty Measure and Research Supplemental Poverty Measure
 Updated October 2015, for the Senate Select Committee on Women and Inequality by Debra Cooper, Senate Office of Research

In September of this year, the U.S. Census Bureau released updated poverty data rates using the Official Poverty Measure (OPM). Since 2010, poverty rates have also been measured using the Research Supplemental Poverty Measure (SPM). (For an explanation of the difference between these measures, see page 3.)

According to the OPM, 15.8 percent of all Californians, and 22.9 percent of California children, lived in poverty in 2014. These figures for the United States as a whole were 14.8 percent and 21.1 percent. California had the 16th highest overall poverty rate of the 50 states, and the 17th highest child poverty rate. Table 1 compares these rates (and rankings) to the last three years.

Table 1
 Percent of Californians living below 100% of poverty

	2014 Percent (and ranking) amongst 50 states	2013 Percent (and ranking) amongst 50 states	2012 Percent (and ranking) amongst 50 states	2011 Percent (and ranking) amongst 50 states
California's Overall Poverty Rate (per the OPM)	15.8% (17 th highest)	14.9% (16 th highest)	15.9% (16 th highest)	16.9% (10 th highest)
California's Child Poverty Rate (per the OPM)	22.9% (17 th highest)	20.3% (17 th highest)	22.5% (19 th highest)	24.3% (11 th highest)

According to the SPM, 23.4 percent of Californians lived in poverty in 2011-2013. The SPM uses three-year averages for state-level estimates. The SPM rate for the United States as a whole was 15.9 percent. **California had the highest SPM poverty rate of any state.** Table 2 below compares the SPM and OPM, respectively, between California and the United States for the three-year periods of 2011-2013 and 2010-2012 (in 2013, the income questions were redesigned; therefore, new 3-year estimates will not be available until 2016).

Table 2
 Percent of Californians living below 100% of the poverty level (3-year estimates)

	Supplemental Poverty Measure	
	2011-2013	2010-2012
California	23.4%	23.8%
United States	15.9%	16.0%

	Official Poverty Measure	
	2011-2013	2010-2012
California	16.0%	16.5%
United States	14.9%	15.1%

According to the OPM, 6.9 percent of all Californians, and 9.5 percent of California children, lived in deep poverty (less than 50% the poverty rate) in 2014. These figures for the United States as a whole were 6.6 percent and 9.3 percent. California had the 18th highest overall deep poverty rate of the 50 states, and 20th highest child deep poverty rate. Table 3 compares these rates (and rankings) to the previous year.

Table 3
Percent of Californians living below 50% of poverty

	2014 Percent (and ranking) amongst 50 states	2013 Percent (and ranking) amongst 50 states
California’s Overall Deep Poverty Rate (per the OPM)	6.9% (18 th highest)	6.6% (17 th highest)
California’s Child Deep Poverty Rate (per the OPM)	9.5% (20 th highest)	9.3% (19 th highest)

According to the OPM, both California’s poverty and deep poverty rates have worsened in the last year. California’s worsened rates mirror the nation’s overall increase in poverty rates. However, relative to other states, California’s standing has improved or, in the case of overall child poverty, remained the same. This indicates that the degree to which California’s poverty rate increased in the last year was lesser than some other states. In 2013, California had the highest SPM poverty rate, indicating that when a more sophisticated measure (which includes, among other things, noncash benefits receipt and cost-of-living) is used, a substantially greater proportion of the state’s population is considered to be living in poverty relative to the rest of the country. Until updated state SPM rates are released in 2016, we will be unable to determine how California’s changing poverty rates and cost-of-living, taken together, compare to the rest of the country.

Official Poverty Measure, Research Supplemental Poverty Measure, California Poverty Measure

Official Poverty Measure

The U.S. Census Bureau's Official Poverty Measure (OPM) compares an individual's or family's cash income against designated poverty thresholds to determine poverty status. The poverty thresholds used for the OPM were originally developed in the mid-1960s based on the U.S. Department of Agriculture's minimum food budgets: thresholds were set at three times the cost of a minimum food diet in 1963, and are updated annually for inflation. Size of family and age of family members are taken into account in determining various thresholds (there are 48 different thresholds), but geography/cost of living are not. "Cash income" used to determine an individual's or family's poverty status is measured pretax and includes earnings from income, as well as cash benefits and other cash income such as Social Security, public assistance, child support, unemployment compensation, and the like. Noncash benefits (for example, food stamps) and capital gains and losses are not included. Income and poverty rates are calculated at the family level – all family members' income is added up and then compared to the appropriate OPM threshold.

Research Supplemental Poverty Measure

Over 15 years of research into poverty measurement lead to the Census Bureau's development of an alternative measure, the Research Supplemental Poverty Measure (SPM). The SPM also compares an individual's or family's resources to a set of designated thresholds to determine poverty status. However, for the SPM, measurements are more complex. For example, thresholds are based on updated estimates of the costs of food, clothing, shelter, and utilities; additionally, geographic adjustments are made for differences in housing costs. On the income side, instead of simply considering pretax cash income (as the OPM does), the SPM adds to cash income receipt of any designated public in-kind benefits and subtracts taxes (or adds tax credits). It also subtracts work expenses and medical out-of-pocket expenses.

California Poverty Measure

The Public Policy Institute of California (PPIC), in collaboration with the Stanford Center on Poverty and Inequality, has recently developed a third measure, the California Poverty Measure (CPM), to better reflect actual enrollment in public assistance programs and regional variation in cost of living. More information can be found here: <http://www.ppic.org/main/publication.asp?i=1070>.