

FOR IMMEDIATE RELEASE
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Contact: Lisa Gardiner (916) 444-0500

New Data Show More Than One Out of Seven Californians Living in Poverty Highlights Need for Smart Policy Choices To Spur Economy Forward

SACRAMENTO – Census Bureau data released today show that the share of Californians with incomes below the federal poverty line rose in 2009 for the third straight year. The state’s 2009 poverty rate jumped to 15.3 percent, the highest rate in 11 years. More than 5.6 million Californians – more than one out of seven – had incomes below the federal poverty line in 2009.

“This is proof of just how hard the recession has hit Californians, and low-income Californians in particular,” said Jean Ross, executive director of the California Budget Project, a nonpartisan public policy research group. “It’s critical that we make smart policy choices to get the economy working for all of us.”

These new data show that:

- More than 5.6 million Californians (15.3 percent) had incomes below the federal poverty line in 2009. California’s poverty rate increased by a statistically significant 3.1 percentage points from 12.2 percent in 2006, the year before the recession began. The federal poverty line varies by family size. For a family of four with two children, for example, it was \$21,756 in 2009.
- The US poverty rate jumped to 14.3 percent in 2009, up by a statistically significant 2.0 percentage points from a recent low of 12.3 percent in 2006. California’s 2009 poverty rate – 15.3 percent – was 1.0 percentage point higher than the national rate.
- Approximately 2.0 million California children – more than one out of five – lived in families with incomes below the federal poverty line in 2009. The share of California’s children living in families with incomes below the poverty line rose to 21.0 percent in 2009, up from 18.1 percent in 2006 – a statistically significant increase.
- California’s inflation-adjusted median household income – the income of the household at the middle of the income distribution – fell to \$56,134 in 2009, down by a statistically significant \$2,716 (4.6 percent) from 2006.

- The inflation-adjusted US median household income dropped by \$1,501 (2.9 percent) between 2006 and 2009, reaching \$49,777. The gap between California's median household income and that of the nation narrowed during this period. California's median household income was \$6,357 above the nation's in 2009, down from \$7,572 in 2006.
- More than one out of five Californians under the age of 65 (22.1 percent) lacked health coverage in 2009, compared to 20.6 percent in 2006, a statistically significant increase.
- The share of Californians under the age of 65 with job-based health coverage dropped to 52.3 percent in 2009, down from 55.5 percent in 2006 – a statistically significant decrease. Analysts expected employer-provided health coverage to erode as the recession deepened in 2009, since job loss often means the loss of health coverage and a number of employers have scaled back coverage to cut costs.
- The gap between the share of Californians and individuals nationwide with job-based health coverage widened. In 2009, 52.3 percent of Californians under age 65 had job-based coverage – 6.6 percentage points less than in the US as a whole (58.9 percent), up from a 5.7 percentage point gap in 2008.

A new analysis by the Center on Budget and Policy Priorities shows that Unemployment Insurance (UI) benefits kept 3.3 million people across the nation out of poverty in 2009. From 2007 to 2009, the number of people that UI benefits kept out of poverty rose by 2.8 million, or 581 percent.

With many Californians facing challenges brought on by the recession, the data released today highlight the need for policy changes and continued federal aid.

"As sobering as today's data are, the American Recovery and Reinvestment Act has played a key role in keeping millions more Americans out of poverty," said Ross. "We need to keep the recovery going by extending Unemployment Insurance benefits set to run out in November as well as the TANF Emergency Fund, which has put thousands of Californians to work."

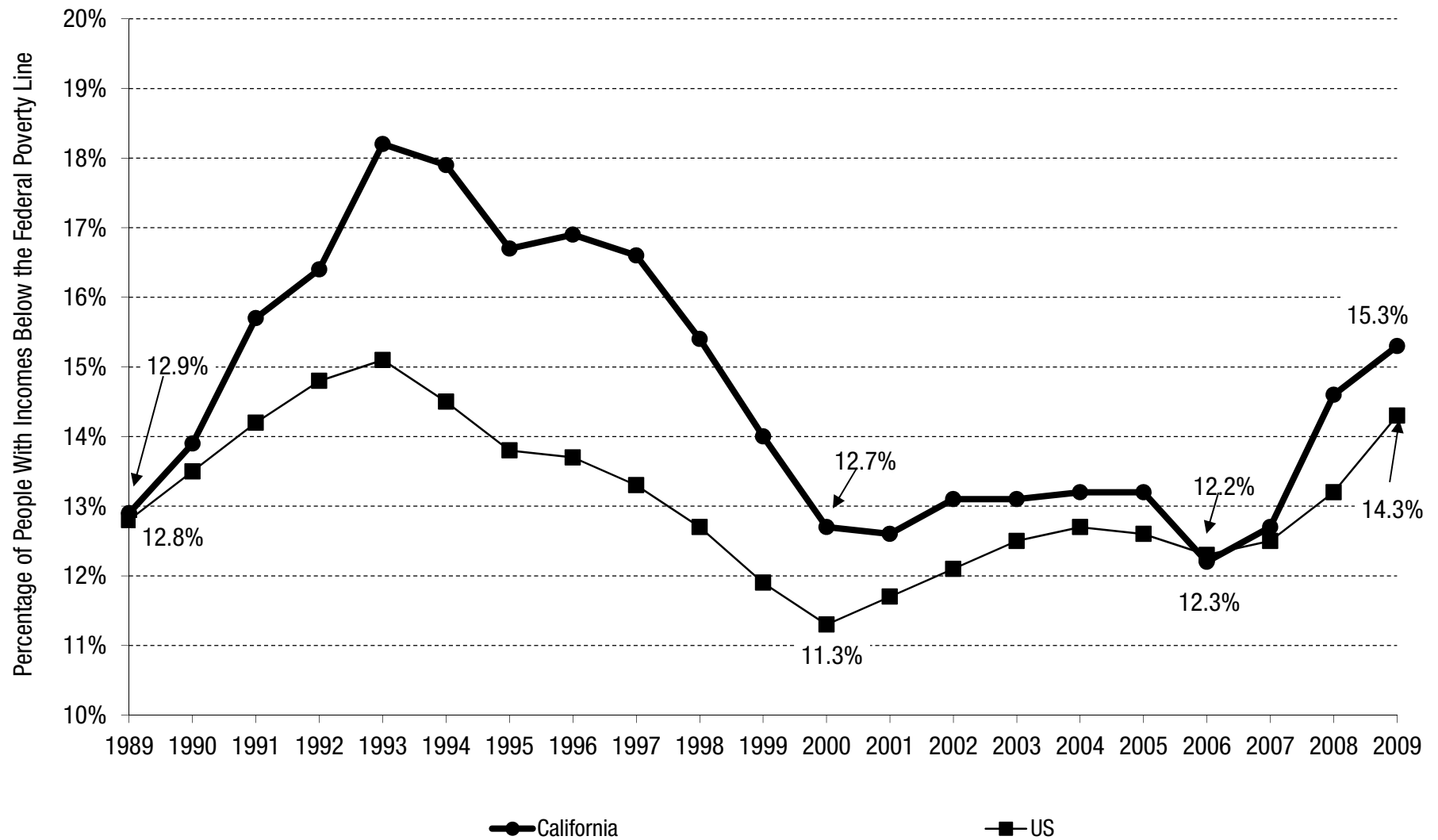
At the state level, policymakers should carefully craft a spending plan that doesn't further harm a fragile economy, Ross said.

"Policymakers should work to minimize spending cuts that economists tell us would exacerbate the downturn," said Ross. "And they should carefully target revenue increases – an important part of a balanced budget solution – to high-income earners, who fared well over the past decade."

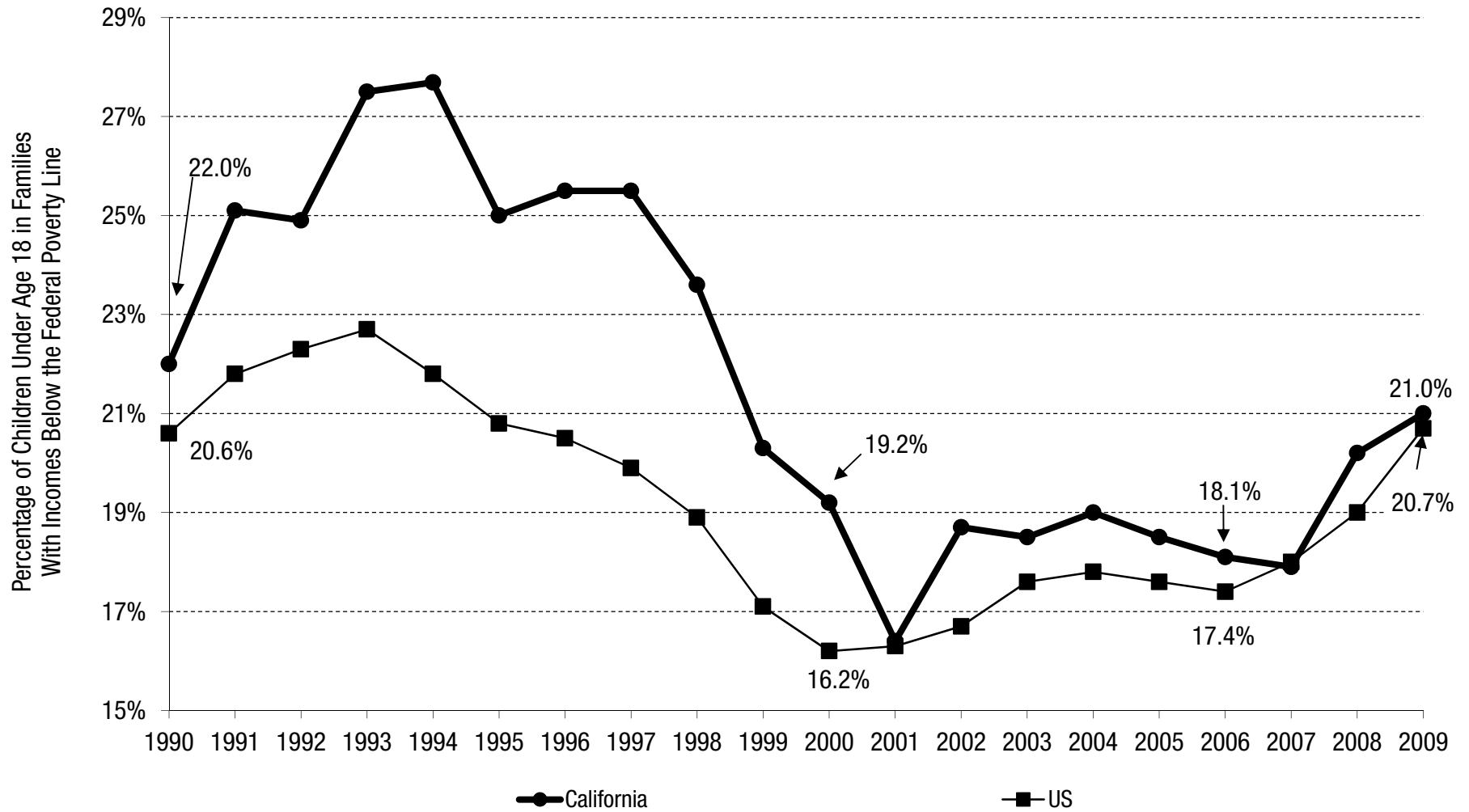
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The California Budget Project (CBP) engages in independent fiscal and policy analysis and public education with the goal of improving public policies affecting the economic and social well-being of low- and middle-income Californians. Support for the CBP comes from foundation grants, publications, and individual contributions. Please visit the CBP's website at www.cbp.org.

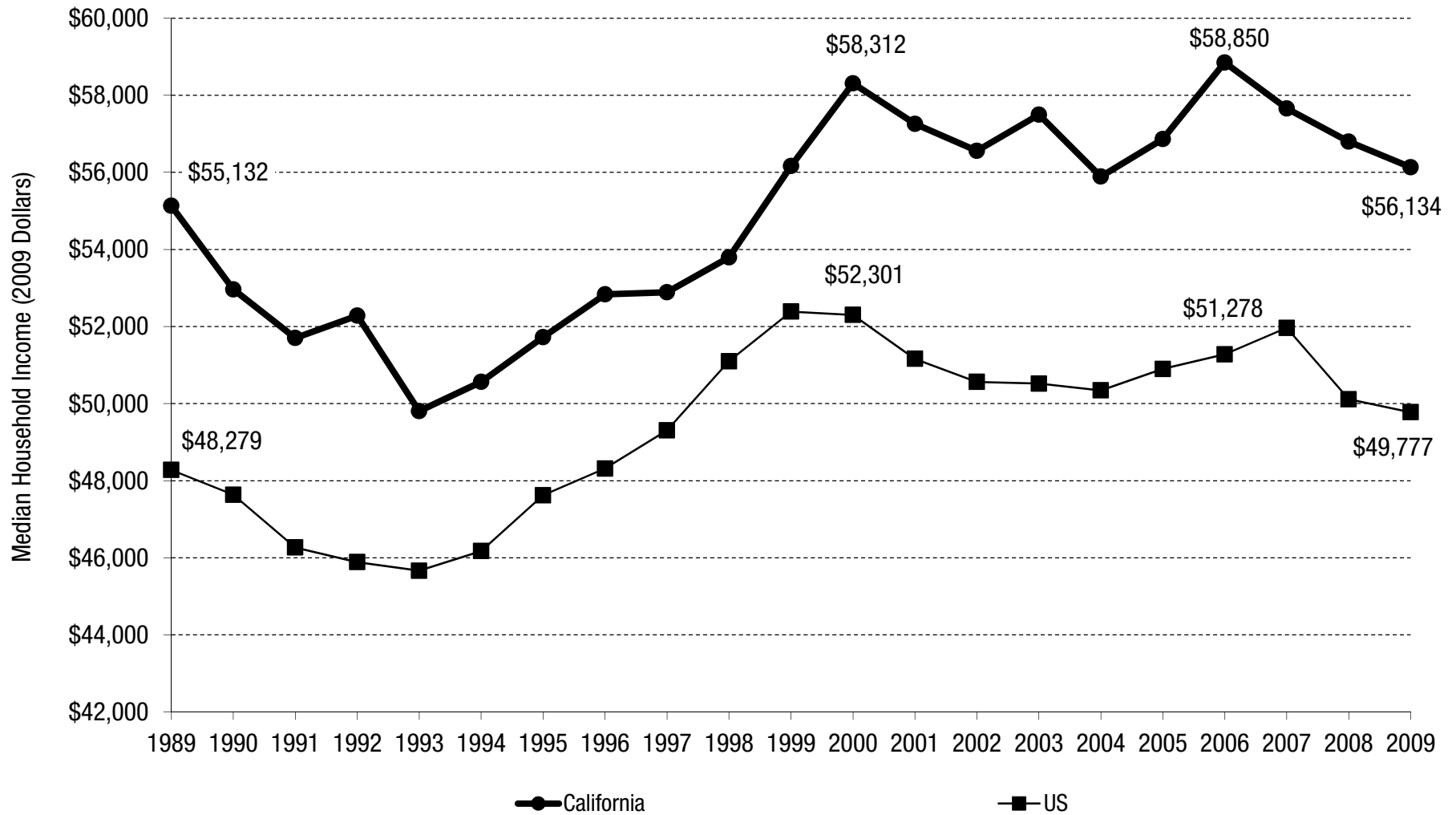
California's Poverty Rate Increased Significantly Between 2006 and 2009



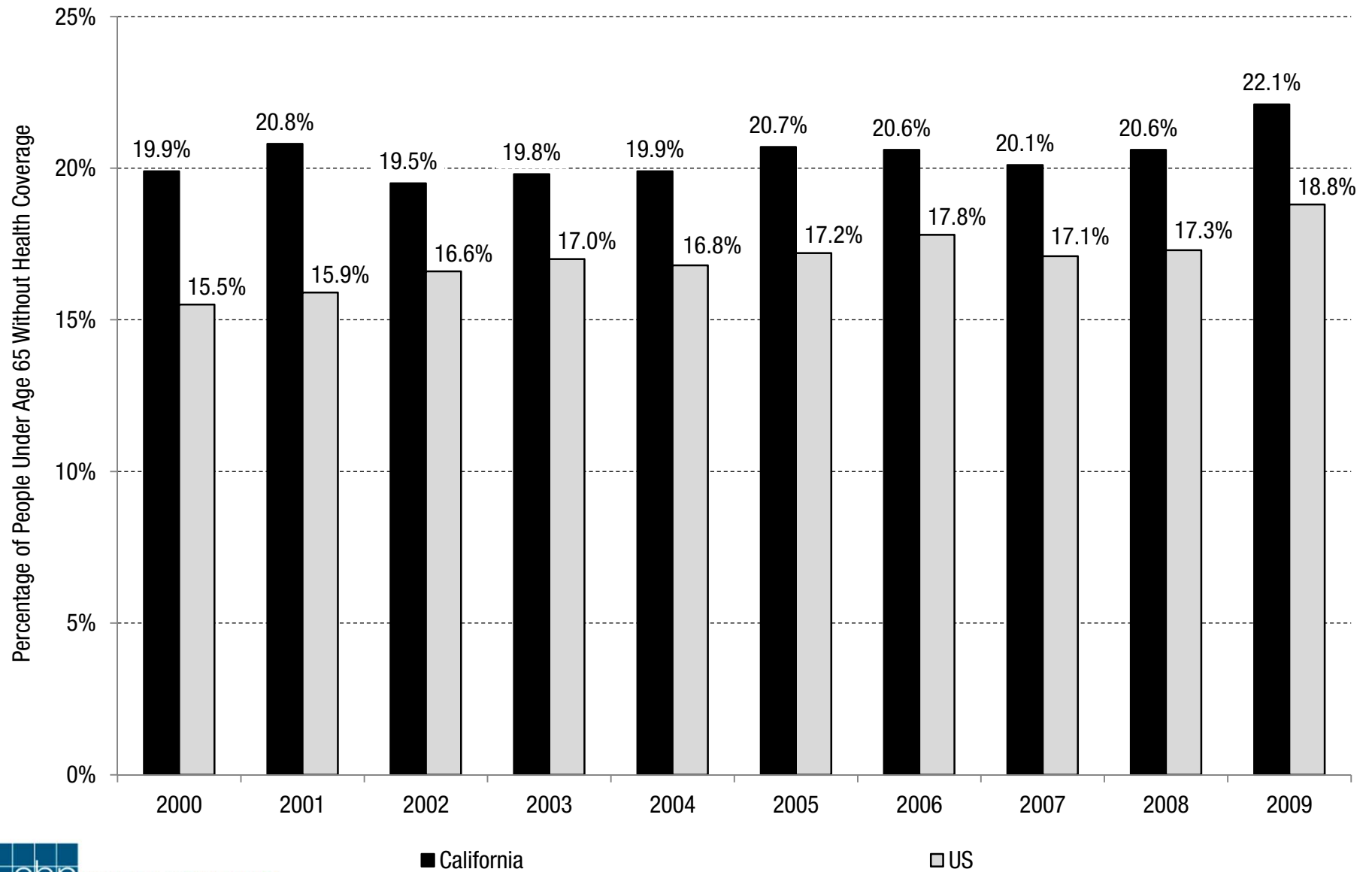
California's Child Poverty Rate Increased Significantly Between 2006 and 2009



California's Median Household Income Has Lost Purchasing Power Since 2006



More Than One Out of Five Californians Under Age 65 Lack Health Coverage



The Share of Californians Under Age 65 With Job-Based Health Coverage Has Declined Significantly Since 2006

