CALIFORNIA BUDGET PROJECT

budget brief

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POVERTY IN THE GOLDEN STATE: WHERE CALIFORNIA STANDS 50 YEARS SINCE THE WAR ON POVERTY BEGAN

January 8, 2014 marks the 50th anniversary of President Lyndon B. Johnson's declaration of an unconditional War on Poverty, made during his 1964 State of the Union address. Although poverty remains a reality for millions of Californians, the last half-century has shown the key role that public policies can play in reducing poverty and fostering economic security. With state policymakers set to begin crafting a new state budget, this *Budget Brief* looks at poverty in the Golden State and discusses some ways that policymakers can help reduce economic hardship and expand pathways to opportunity and advancement.

Public Policies Can Reduce Poverty and Address Its Impacts

Over the last 50 years, efforts to strengthen the "social safety net" – the public services and benefits that help provide a basic level of subsistence – have helped combat poverty and have alleviated economic hardship for millions of individuals and families. By one estimate, safety-net policies helped reduce the national poverty rate from 26 percent in 1967 to 16 percent in 2012 – a decline of more than one-third.[1]

In California, the social safety net comprises individual programs that fight poverty on a number of fronts. Some programs provide in-kind assistance that helps families obtain food or afford housing. For example, the federal Supplemental Nutrition Assistance Program (SNAP) – known as CalFresh in California – provides food assistance to low-income families. The Public Policy Institute of California estimates that CalFresh helped 800,000 individuals, including 380,000 children, escape poverty in 2011.[2]

Other programs provide modest cash assistance to low-income Californians. One such program, California Work Opportunity and Responsibility to Kids (CalWORKs), helped lift approximately 470,000 Californians – about half of them children – out of poverty in 2011. Other safety-net programs include tax credits for working families and programs that increase access to affordable health care.[3]

The social safety net plays a critical role in keeping Californians out of poverty. According to the US Census Bureau, safety-net programs on average kept nearly 4 million Californians, including 1 million children, out of poverty between 2009 and 2011.[4]

Many Californians Still Struggle in the Aftermath of the Great Recession

Although the social safety net has proven to be a vital tool in the fight against poverty, many Californians nonetheless are struggling in the aftermath of the Great Recession, the worst economic downturn in generations. The labor market is still weak despite more than three years of sustained economic growth, with California's unemployment rate (8.7 percent in October 2013) remaining higher than at any point during or following the 2001 recession.[5] The official federal poverty measure shows that:

- **Poverty in California is nearly one-third higher now than before the Great Recession.** Nearly 16 percent of Californians – more than 6 million people – had incomes below the federal poverty line in 2012, compared to 12.2 percent in 2006, the last year before the recession began.[6]

- **Poverty is more common among children than for the population as a whole.** In 2012, 22.5 percent of the state's children – 2.1 million – were living in poverty, according to the official measure (Figure 1). This child poverty rate is nearly seven percentage points higher than California's overall poverty rate of 15.9 percent.

Unfortunately, the official poverty measure *understates* the extent of economic hardship in California. Newer, alternative measures of poverty more accurately estimate economic well-being, because they not only factor in cash income and other resources provided by public programs, but also account for the costs of housing, medical expenses, and other necessities.

California's high cost of living means that more people struggle to make ends meet than the official measure estimates, even after accounting for the poverty-reducing effect of public programs. One alternative poverty measure – the US Census Bureau's Supplemental Poverty Measure – shows that, on average, 23.8 percent of Californians lived in poverty between 2010 and 2012, well above the official poverty rate for these three years – 16.5 percent.[7]

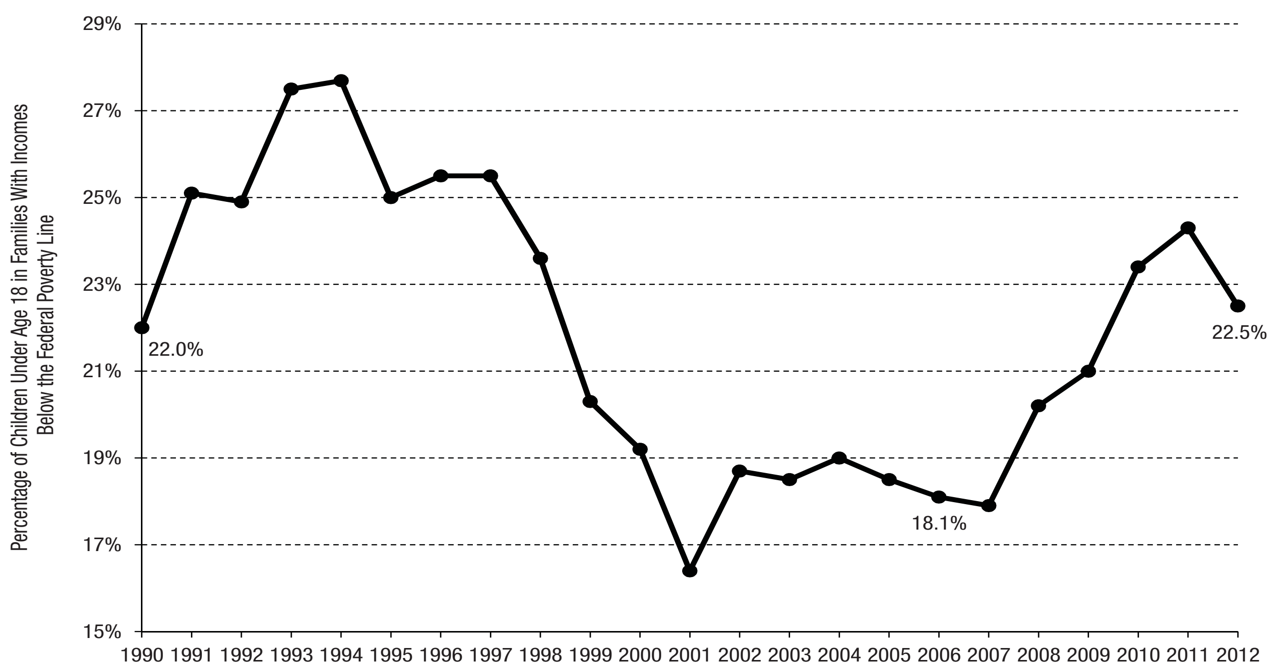
Continuing the War on Poverty in California

Fifty years since the War on Poverty began, there is clearly much more to be done. As President Johnson said in his 1964 address, while poverty is a national problem, "this attack, to be effective, must also be organized at the state and the local level and it must be supported and directed by state and local efforts." California's leaders can reduce poverty by making budget and policy choices that extend the reach of public programs and provide the necessary investments in people and the state's future. State lawmakers can:

- **Ensure that public programs and services that help reduce poverty and alleviate economic hardship reach those who need them most.** For example, only 55 percent of Californians who were eligible for SNAP/CalFresh received this food assistance in 2010 – the lowest SNAP participation rate in the nation.[8] Boosting participation in CalFresh – and in other critical programs for low-income individuals in California – would help families make ends meet and reduce economic hardship.

Figure 1: Nearly One Out of Four California Children Were Living in Poverty in 2012

Child Poverty Rate Remains Nearly One-Fourth Higher Than in 2006, the Year Before the Great Recession Began



Source: US Census Bureau

- **Reinvest in programs that assist low-income families with children.** Many important services for low-income Californians have been cut deeply in recent years. For example, state policymakers repeatedly cut CalWORKs cash assistance and significantly reduced the amount of time that parents may participate in the full array of job training services offered through CalWORKs. At the same time, state policymakers have cut funding for child care and preschool programs, which help lower-income parents find and keep jobs while also promoting children's future academic success. State spending cuts have reduced the number of child care and state preschool slots by over 100,000 since 2007-08 – a decline of more than one-quarter.[9]

- **Take a sustained, multifaceted approach to strengthening California's workforce and its economy.** Central to reducing poverty is expanding economic opportunity for low-income families, and California can do this in part by supporting the building blocks of economic growth. This means reinvesting in education across the spectrum, including early education, K-12 schools, colleges and universities, and adult education. This also means making strategic investments in infrastructure, so that the state's transportation, water, energy, and communication networks meet the needs of California's economy and its communities.

Luke Reidenbach prepared this Budget Brief. *The CBP was established in 1995 to provide Californians with a source of timely, objective, and accessible expertise on state fiscal and economic policy issues. The 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. General operating support for the CBP is provided by foundation grants, subscriptions, and individual contributions.*

ENDNOTES

1 Christopher Wimer, et al., *Trends in Poverty With an Anchored Supplemental Poverty Measure* (Columbia University: December 2013).

2 Sarah Bohn, et al., *The California Poverty Measure: A New Look at the Social Safety Net* (Public Policy Institute of California: October 2013).

3 Sarah Bohn, et al., *The California Poverty Measure: A New Look at the Social Safety Net* (Public Policy Institute of California: October 2013).

4 Center on Budget and Policy Priorities analysis of US Census Bureau data. See Arloc Sherman, Danilo Trisi, and Sharon Parrott, *Various Supports for Low-Income Families Reduce Poverty and Have Long-Term Positive Effects on Families and Children* (Center on Budget and Policy Priorities: July 2013).

5 US Bureau of Labor Statistics.

6 See California Budget Project, *New Census Data Show That More Than 6 Million Californians – Over One-Third of Them Children – Lived in Poverty in 2012* (September 2013) for additional analysis of the most recent US Census Bureau poverty data.

7 Kathleen Short, *The Research Supplemental Poverty Measure: 2012* (US Census Bureau: November 2013).

8 US Department of Agriculture, *Reaching Those in Need: State Supplemental Nutrition Assistance Program Participation Rates in 2010* (December 2012).

9 See California Budget Project, *Starting Strong: Why Investing in Child Care and Development Programs Is Critical for Families and California's Economic Future* (November 2013) for additional analysis.