California Budget & Policy Center
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Report

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SEPTEMBER 2019

A Guide to Understanding Poverty Measures Used to Assess Economic Well-Being in California

This guide is designed to help policy stakeholders understand the details of and differences between the three major measures of poverty available for California – the official poverty measure, the Supplemental Poverty Measure, and the California Poverty Measure – and provides guidance on when each measure is most appropriate to use to understand the poverty Californians experience. The first section of the guide provides a brief history of the three poverty measures and describes how each one determines a family or individual's poverty status. The second section explains which data sources the measures are based on and discusses how to find and use the data for each one. The final section of this guide outlines the major advantages and limitations of each measure and provides guidance on when to use one measure over another. Tables, figures, and additional downloadable resources (listed below) provide supplementary information.

RELATED DOWNLOADABLE RESOURCES

Quick Guide to Using Different Poverty Measures for California

Summary of Differences in How Poverty Status Is Calculated Under Different Poverty Measures for California

Comparison of Official, Supplemental, and California Poverty Measure Thresholds, 2017

Webinar and Slide Deck: Understanding Poverty Measures Used to Assess Economic Well-Being in California

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Introduction

With by far the largest Gross Domestic Product of any state and the fifth largest economy in the world, California is an economic powerhouse. Yet millions of Californians are not benefiting from the state's economic success. Nearly 1 in 5 state residents – about 7.5 million people – do not have enough resources to cover the cost of basic necessities, such as food and housing, as of 2017. This means that California has the highest poverty rate among the 50 states, when accounting for the cost of living using the Supplemental Poverty Measure.[1]

To create a stronger future for all Californians, state leaders must do more to reduce poverty and allow more people to share in the state's prosperity. Determining which policies would be most effective in achieving these goals will require having an accurate picture of the poverty children, families, seniors, and other individuals live in across California. To understand the scope, demographics, and drivers of poverty in California, policymakers and other stakeholders can make use of three major available measures of poverty, the:

- Official poverty measure;
- Supplemental Poverty Measure; and
- California Poverty Measure.

Each of these measures defines poverty differently, draws on somewhat different data sources, is available for somewhat different time periods and levels of geography, and has different strengths and limitations for use to inform policy choices.

This guide is designed to help policy stakeholders understand the details of and differences between these three measures and provide guidance on when each measure is most appropriate to use to understand the poverty Californians experience. (Download the Quick Guide to Using Different Poverty Measures for California.)

The first section of the guide provides a brief history of the three poverty measures and describes how each one determines a family's or individual's poverty status. The second section explains which data sources the measures are based on and discusses how to find and use the data for each one. The final section of this guide outlines the major advantages and limitations of each measure and provides guidance on when to use one measure over another.

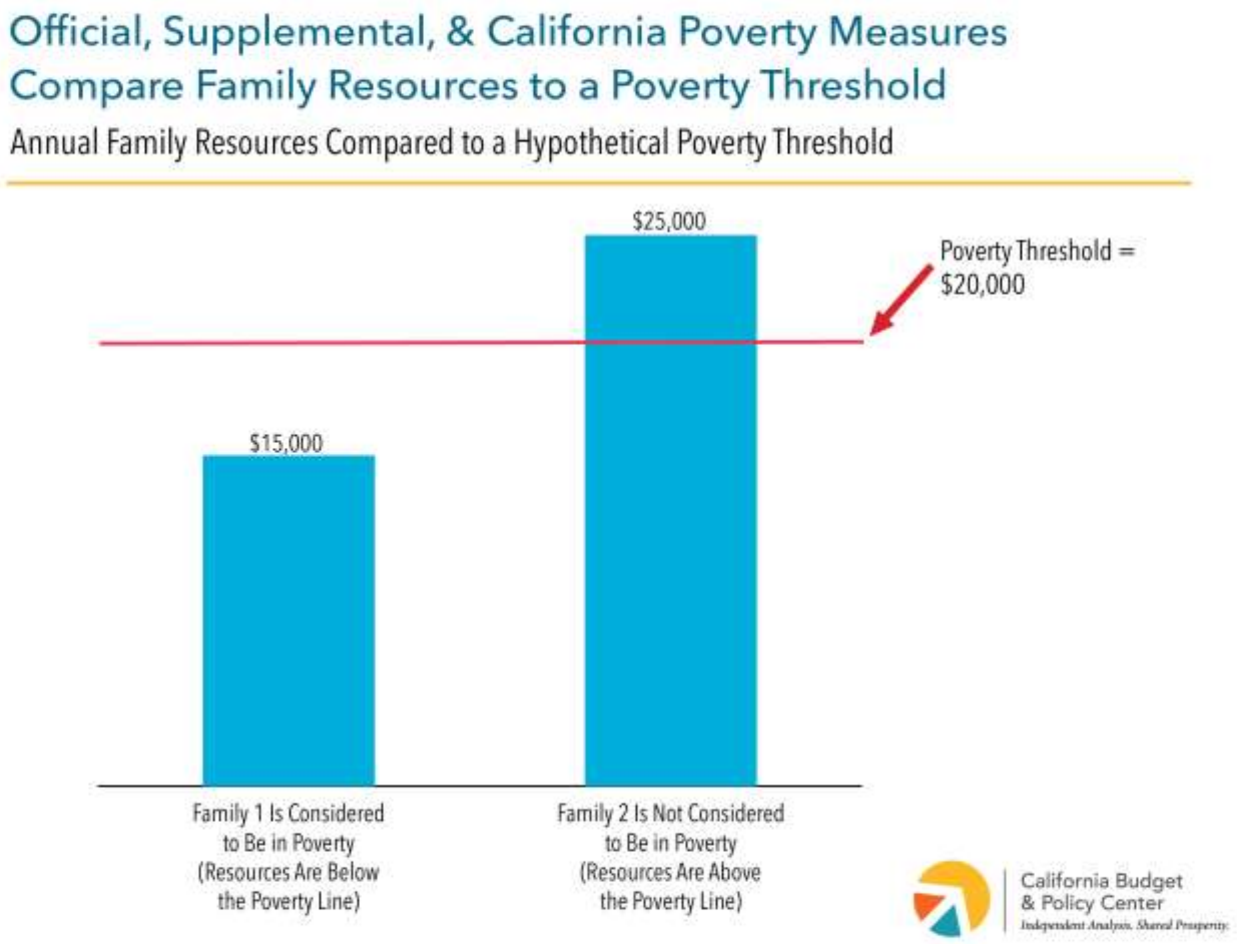
Part I: What Are the Official Poverty Measure, the Supplemental Poverty Measure, and the California Poverty Measure, and How Does Each Determine a Family's Poverty Status?

The official poverty measure is the longest-standing poverty measure in the US. It was created in the 1960s, and official poverty rates have been published by the US Census Bureau annually since then. Although the Census Bureau considers this the nation's official poverty measure, its assessment of a family's or individual's economic well-being is crude and outdated given changes in the cost of basic expenses and in family needs over the past generation. As a result, many experts believe this measure does not paint an accurate picture of the poverty that families deal with daily in the US.

In response to concerns that the official poverty measure does not adequately measure the economic struggles millions of families face day to day, the federal government convened a working group to study strategies for improving poverty measurement, resulting in a 1995 National Academy of Sciences report with a comprehensive set of recommendations.[2] Based on these recommendations, the Census Bureau and Bureau of Labor Statistics in 2010 began annually publishing poverty rates and demographics using an alternative measure called the Supplemental Poverty Measure, which addresses many of the shortcomings of the official measure, as explained in more detail later in this guide.[3] Soon after, researchers at the Stanford Center on Poverty and Inequality and Public Policy Institute of California (PPIC) developed a California-specific alternative measure of poverty – the California Poverty Measure – that is similar to the supplemental measure, but better accounts for certain California-specific factors, which will be described in more depth later.

Generally speaking, the official, supplemental, and California poverty measures work similarly in that each measure compares a family's economic resources to a poverty threshold that represents the minimum level of resources a family needs to achieve an extremely modest standard of living. If a family's resources are below the poverty threshold, the family is considered to be living in poverty (Figure 1).

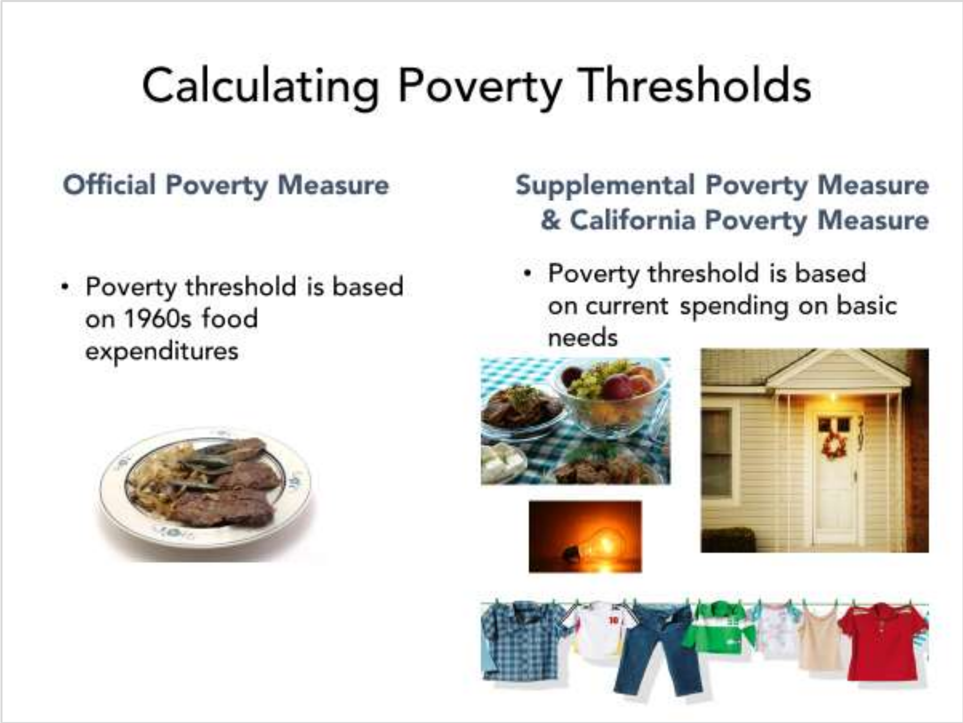
Figure 1:



However, the official, supplemental, and California measures produce different estimates of poverty largely because they define poverty thresholds and family resources differently (see Appendix Table A1 for a summary, or download the summary table separately). Specifically:

- Official poverty thresholds are based on historical food costs, while the supplemental and California poverty thresholds are based on current family spending for a broader range of basic needs. For the official measure, a base poverty threshold was calculated in the 1960s based on the cost at the time of the food required for a minimally adequate diet, multiplied by three, because at the time families typically spent about a third of their incomes on food. This base threshold was then adjusted for family size, resulting in several dozen thresholds, such as one for an adult under age 65 who lives alone and one for an unmarried parent who lives with her two children. Since the 1960s, these thresholds have been updated annually by an inflation multiplier, but in the meantime food costs have changed, and families now spend far less on food and far more on housing, as a share of income, than they did in the 1960s. As a result, the official poverty thresholds are no longer meaningfully linked to the current costs that families face to meet their basic needs.

The thresholds for the supplemental and California poverty measures are designed to address this problem. For these measures, a new base poverty threshold is calculated each year based on national data from the prior five years for typical, modest family expenditures on food, clothing, housing, and utilities, plus a little extra to account for other basic necessities. In other words, the base threshold for these newer measures of poverty includes a more comprehensive range of basic expenditures than that of the official poverty measure and it is updated annually to track changes in family spending patterns. The supplemental and California poverty measure base thresholds are then adjusted for family size in a manner similar to the adjustment made to the official measure's base threshold.



- Official poverty thresholds do not account for differences in the cost of living in different areas, whereas the supplemental and California thresholds do. Official poverty thresholds are the same in all parts of the US. This means, for example, that a parent with two children was considered to be in poverty in 2017 if her annual income was below $19,749 regardless of whether she lived in a high-cost area like San Francisco or a low-cost area like rural Mississippi.

  However, using the same thresholds in all parts of the US fails to account for the fact that families need more resources to meet their basic needs in areas where the cost of living is higher. Housing is the basic expense that represents the largest share of the supplemental and California poverty measure thresholds, and housing costs vary significantly across geographic areas. Both the supplemental and California poverty thresholds are adjusted to account for differences in local housing costs relative to national median housing costs, with a few differences in methodology between the two measures.

For the supplemental measure, poverty thresholds are adjusted for housing costs for:

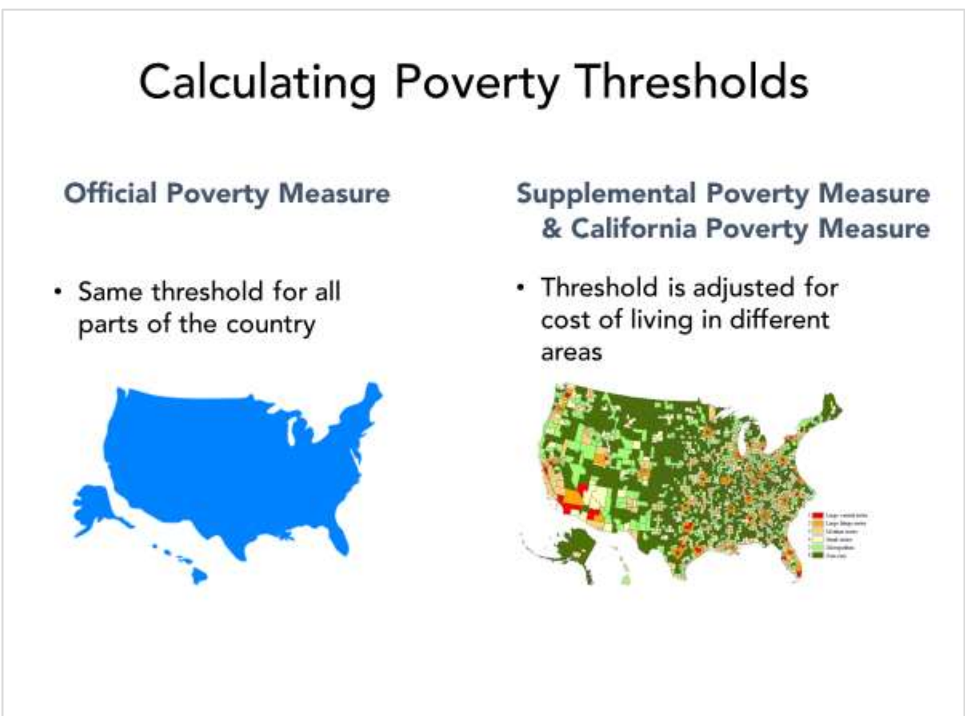
1) individual large metropolitan statistical areas (MSAs, which are made up of a county or group of counties);
2) all small MSAs within a state combined; and
3) all areas within a state that are not part of an MSA combined.

For the California measure, on the other hand, poverty thresholds are adjusted for housing costs for each county in California individually (although some counties with smaller populations are grouped for this calculation). Additionally, both the supplemental and California measures produce different poverty thresholds for three groups based on housing status:

1) renters;
2) homeowners who have a mortgage; and
3) homeowners who do not have a mortgage.

The California measure adjusts thresholds differently from the supplemental measure for homeowners who do not have a mortgage in order to account for the relatively lower housing costs of many long-term California homeowners (due to their low property taxes under Proposition 13 of 1978).

For a comparison of the most recent poverty thresholds for all three measures, see Appendix Table A2, or download the threshold comparison table separately.



- In totaling family resources, the official poverty measure accounts for cash income only, while the supplemental and California measures consider other types of public supports used to meet basic needs as well. For the official measure, family resources include only cash income, which reflects:

  - Earnings from work;
  - Public supports that are received as cash benefits, like Supplemental Security Income/State Supplementary Payment (SSI/SSP) grants, California Work Opportunity and Responsibility to Kids (CalWORKs) grants, and Social Security payments; and
  - Other cash income sources, such as interest and pension payments.

  After adding all income from these sources, a family's total gross cash income is then directly compared to the poverty threshold under the official poverty measure.

  Only considering cash income, however, ignores many key public supports that are not provided as monthly unrestricted cash payments that many families access in order to meet their basic needs. The supplemental and California poverty measures consider a much broader range of family resources that may be used to cover basic needs, including:

  - All cash income sources included under the official poverty measure;
  - Tax credits, including refundable credits such as the federal Earned Income Tax Credit (EITC), federal Child Tax Credit, and California Earned Income Tax Credit (CalEITC); and
  - Non-cash public supports used to cover basic needs, including CalFresh food assistance (California's name for the state's Supplemental Nutrition Assistance Program (SNAP)), the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), school lunch and breakfast, housing vouchers, and public housing. Utility assistance through the Low Income Home Energy Assistance Program (LIHEAP) is also included in the supplemental measure but is not included in published California measure data as of 2019. [4]

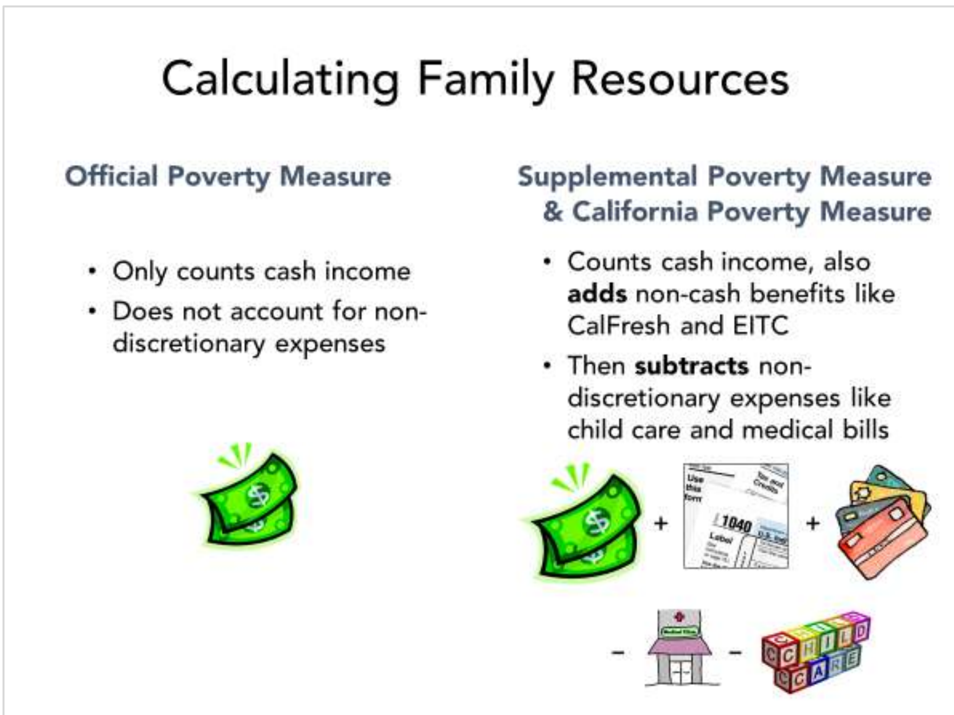
- The official poverty measure does not account for necessary expenses related to taxes, work, or health care, while the supplemental and California measures do account for these costs.

  The official measure does not directly account for the basic expenses many individuals and families must pay in order to work (like child care, commuting costs, and payroll and income taxes) or in order to access health care or support non-custodial children. The supplemental and California measures both subtract certain non-discretionary expenses from family resources, based on the idea that the resources used to cover these unavoidable expenses are not available to spend on other basic needs. These expenses include:

  - Payroll taxes;

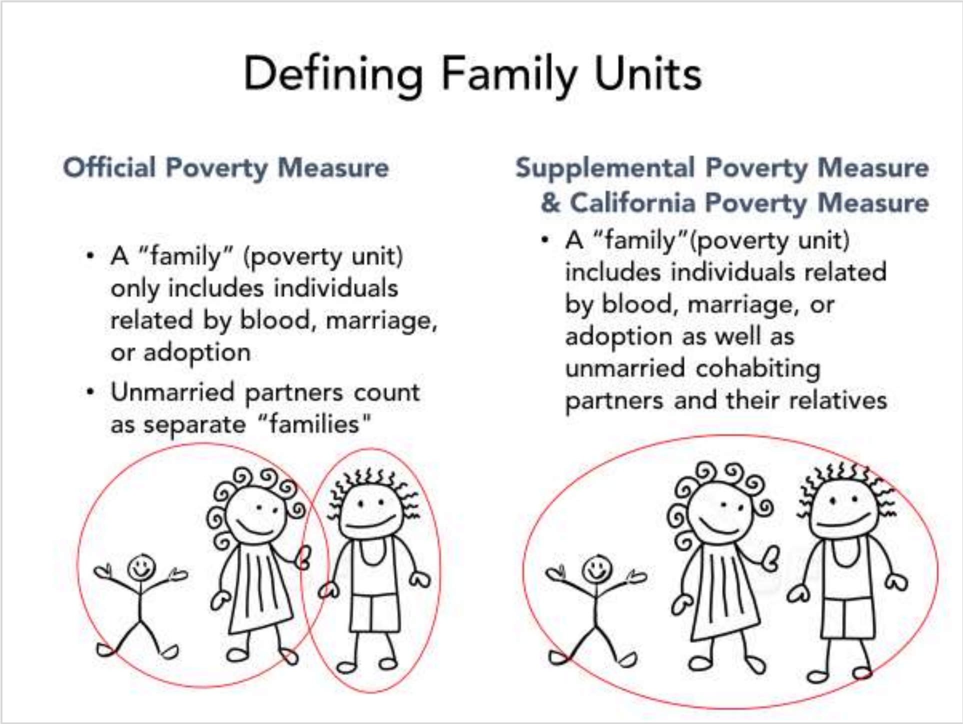
- Federal and state income taxes (if taxes are owed after accounting for tax credits);
- Child care costs necessary to work;
- A flat weekly allocation for other work expenses intended to cover costs of commuting plus certain work supplies;[5]
- Out-of-pocket health care costs, such as insurance premiums and co-pays or uninsured care; and
- Child support paid (included in the supplemental measure, but not accounted for in published California measure data as of 2019).[6]

This means that for the supplemental and California measures, a family's net resources available to cover basic needs – resources minus non-discretionary expenses – are compared to the poverty threshold.



- The official poverty measure also defines families differently than the supplemental and California poverty measures. The official measure only counts individuals living in the same home who are related by birth, marriage, or adoption as part of a family. In contrast, the supplemental and California measures also include unmarried partners and their relatives, as well as foster children, as family members.[7] In other words, the official poverty measure uses a more narrow definition of family than the other two measures.

  For example, consider a household comprised of a woman and man who are unmarried partners and one child who is the biological son of the woman. These individuals would be considered one family or "poverty unit" under the supplemental or California poverty measures, but would be considered two families under the official poverty measure, with the woman and son grouped together as one "poverty unit," because they are related by blood, and the man as his own separate "poverty unit," because he is not related to the other individuals by blood or legal marriage.



Because of the differences outlined above, the supplemental and California poverty measures are generally considered more accurate measures of poverty than the official poverty measure. Relying on the official poverty measure produces a distorted picture of economic insecurity in California, compared to the picture shown by the newer poverty measures, in the following ways:

- Poverty is understated in areas with high housing costs.
- Poverty is overstated among households that rely on non-cash public supports like CalFresh, EITC, or housing subsidies to meet their basic needs.
- Poverty is overstated among families that include unmarried partners.
- Poverty is understated among families that have large expenses for medical care or child care.
- Policy changes that expand or shrink the eligibility or generosity of non-cash public supports will not produce any change in the poverty rate or depth of poverty.

For all of these reasons, it is generally preferable to use the supplemental or California poverty measure when analyzing poverty in California for purposes of informing policy.

With these newer, more accurate measures of poverty, California's statewide poverty rate was considerably higher than the poverty rate based on the official measure in 2017 (see Figure 2). However, the same pattern does not hold for all areas or demographic subgroups within California. Under the California Poverty Measure, some counties show higher poverty rates than the official measure (particularly in areas with high housing costs) while others show lower poverty rates than the official measure (particularly in areas where public supports serve as important resources for many families) (see Figure 3).[8] Similarly, for certain subgroups, such as black children, the statewide poverty rate based on the Supplemental Poverty Measure was lower than the poverty rate for that group based on the official measure (though under both measures the poverty rate for black children was much higher than the rate for white children).[9]

Figure 2:

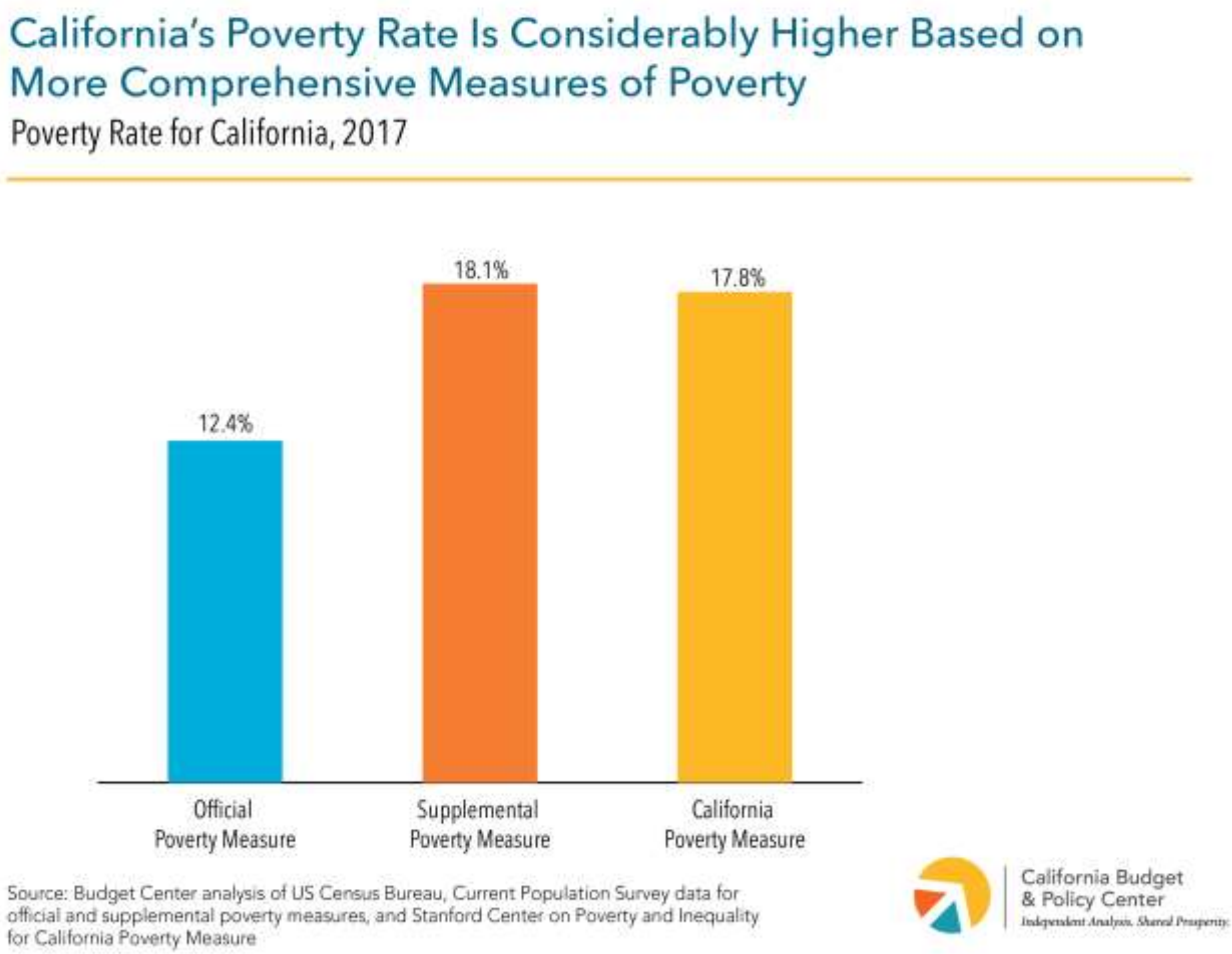
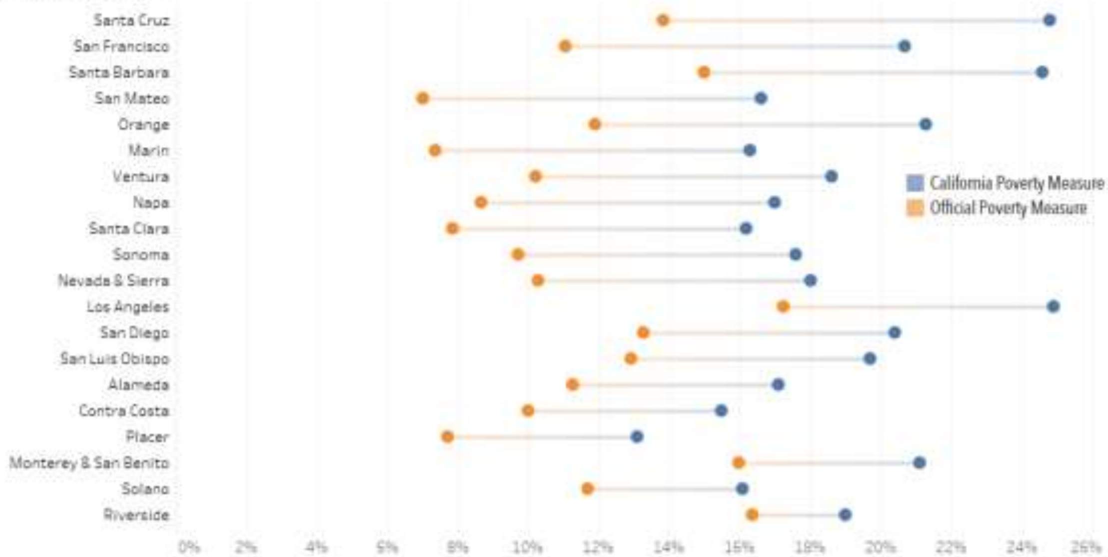


Figure 3:

Poverty Rates Are Much Higher in Many Counties Based on the California Poverty Measure (CPM)

Poverty Rate, 2013-2015



In a Few Counties, Poverty Rates Based on the CPM Are Lower

Poverty Rate, 2013-2015

In Other Counties, There Is Not a Detectable Difference Between the CPM and the Official Poverty Rate

Either the Difference in Rates Is Very Small or the Sample Is Not Large Enough to Detect a Meaningful Difference

Alpine	Humboldt	Mendocino	Siskiyou
Amador	Imperial	Modoc	Stanislaus
Butte	Inyo	Mono	Sutter
Calveras	Kings	Plumas	Tehama
Colusa	Lake	Sacramento	Trinity
Del Norte	Lassen	San Bernardino	Tuolumne
El Dorado	Madera	San Joaquin	Yolo
Glenn	Mariposa	Shasta	Yuba

Note: The California Poverty Measure improves upon the official poverty measure by better accounting for local costs of living and by factoring in a broader range of resources that families use to make ends meet. For more information, see www.ppic.org/publication/the-california-poverty-measure-a-new-look-at-the-social-safety-net. Data for some counties could not be reported reliably on their own. In these cases, the counties were grouped into regions.

Source: Public Policy Institute of California and Stanford Center on Poverty and Inequality

Examples of How a Family's Poverty Status Is Measured Based on the Official, Supplemental, and California Poverty Measures

The following examples (based on 2016 data) show that it is largely the combination of different poverty thresholds and different definitions of family resources that result in different poverty statuses based on the supplemental and California poverty measures versus the official poverty measure.[10]

Example 1: Single Mother Family

A single mother with two children lives in Los Angeles. She rents an apartment and earns $22,000 in annual wages by working 50 weeks per year. She pays $1,881 in payroll taxes annually, owes no state or federal income tax after credits, and receives the following refundable tax credits for the year: $4,770 in federal EITC plus $2,000 in federal Child Tax Credit. She also receives $5,772 in CalFresh annually, but no other food or shelter benefits. She pays $8,500 in child care costs annually and has Medi-Cal coverage for herself and her two children so pays $0 out of pocket for health care. Her work expenses are calculated as $45 per week for 50 weeks of the year.

Under the official poverty measure, this family would not be considered to be living in poverty, but under the supplemental and California measures, this family would be living in poverty.

Official Poverty Measure: Family Is Not Considered to Be in Poverty

The official poverty threshold for a parent with two children was $19,337 in 2016 (see Table 1 and Figure 4a below). Based on the official measure, this family's resources only include its cash income of $22,000 in wages (Figure 4b), and the official measure does not account for any family expenses (Figure 4c). The family's resources are equal to 114% of the official poverty threshold, so the family is not considered to be in poverty (Figure 4d).

Supplemental Poverty Measure: Family Is Considered to Be in Poverty

The supplemental poverty threshold for a renter parent with two children living in the Los Angeles-Long Beach-Anaheim MSA which was $27,530 in 2016 – nearly one and one-half times as much as the official poverty threshold (see Table 1 and Figure 4a). Based on the supplemental measure, this family's resources include their wages, tax credits, and CalFresh benefits, totaling $34,542 (Figure 4b), minus their payroll taxes, weekly work expenses, and child care costs, totaling $12,631 (Figure 4c), for total net resources of $21,911. These net resources are compared to the supplemental poverty threshold. As a result, this family's resources are equal to only 80% of the supplemental poverty threshold, and the family is considered to be in poverty (Figure 4d). See also Table 1 below.

California Poverty Measure: Family Is Considered to Be in Poverty

The California Poverty Measure threshold for Los Angeles County is slightly lower than the supplemental threshold, at $26,001 in 2016 (see Table 1 and Figure 4a). Based on the California measure, this family's total resources are identical to those based on the supplemental measure (Figure 4b), as are the family's expenses (Figure 4c), so the family's net resources are the same as under the supplemental measure. These net resources are compared to the California Poverty Measure threshold. As a result, this family's resources are equal to 84% of the poverty threshold, and the family is considered to be in poverty (Figure 4d).

Table 1.

Poverty Status Based on the Three Poverty Measures

Example 1: Single Mother Family

	Official Poverty Measure	Supplemental Poverty Measure	California Poverty Measure
Poverty Threshold	For 2016 for one adult and two children = $19,337	For Los Angeles-Long Beach-Anaheim MSA for 2016 for one adult renter and two children = $27,530	For Los Angeles County for 2016 for one adult renter and two children = $26,001
Family Resources	Cash income = $22,000 wages	Resources = $22,000 wages + $6,770 tax credits + $5,772 CalFresh + $0 other food/shelter benefits = $34,542 total	Resources are same as supplemental measure ($34,542)
Family Expenses	n/a	$1,881 payroll taxes + $0 income taxes after credits + $2,250 ($45/week x 50 weeks) weekly work expenses + $8,500 child care costs + $0 health care costs = $12,631 total	Expenses are same as supplemental measure ($12,631)
Family Net Resources	$22,000	$34,542 - $12,631 = $21,911	$34,542 - $12,631 = $21,911
Family Poverty Status	Family has resources equal to $22,000/$19,337 = 114% of the poverty threshold, so the family is not in poverty.	Family has net resources equal to $21,911/$27,530 = 80% of the poverty threshold, so the family is in poverty.	Family has net resources equal to $21,911/$26,001 = 84% of the poverty threshold, so family is in poverty.

Figure 4a.

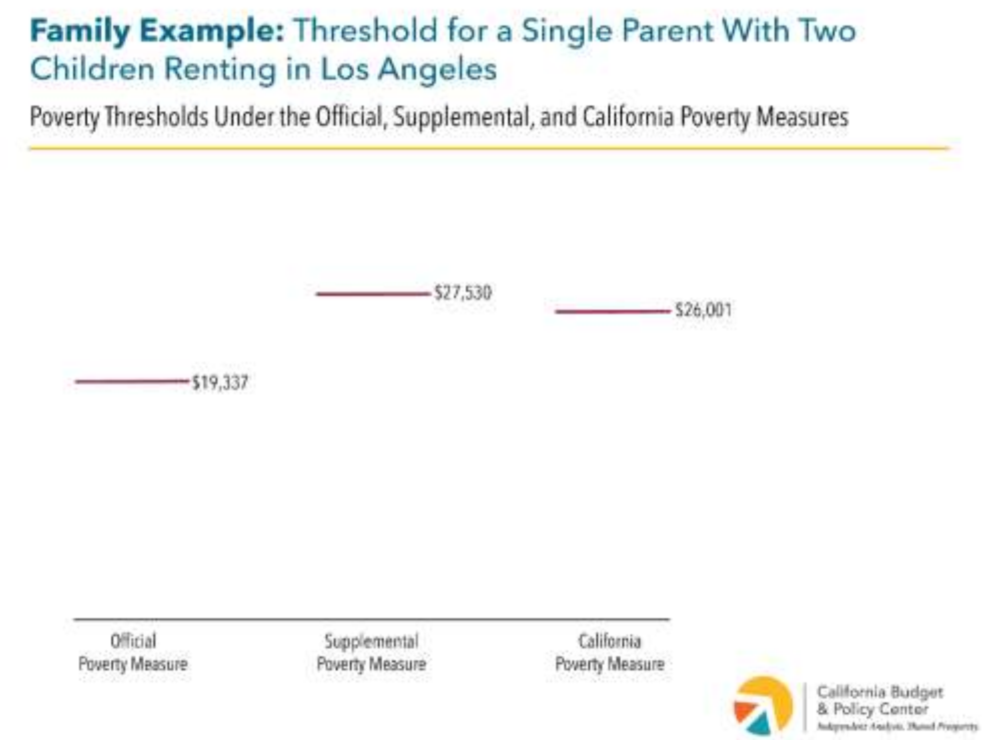


Figure 4b.

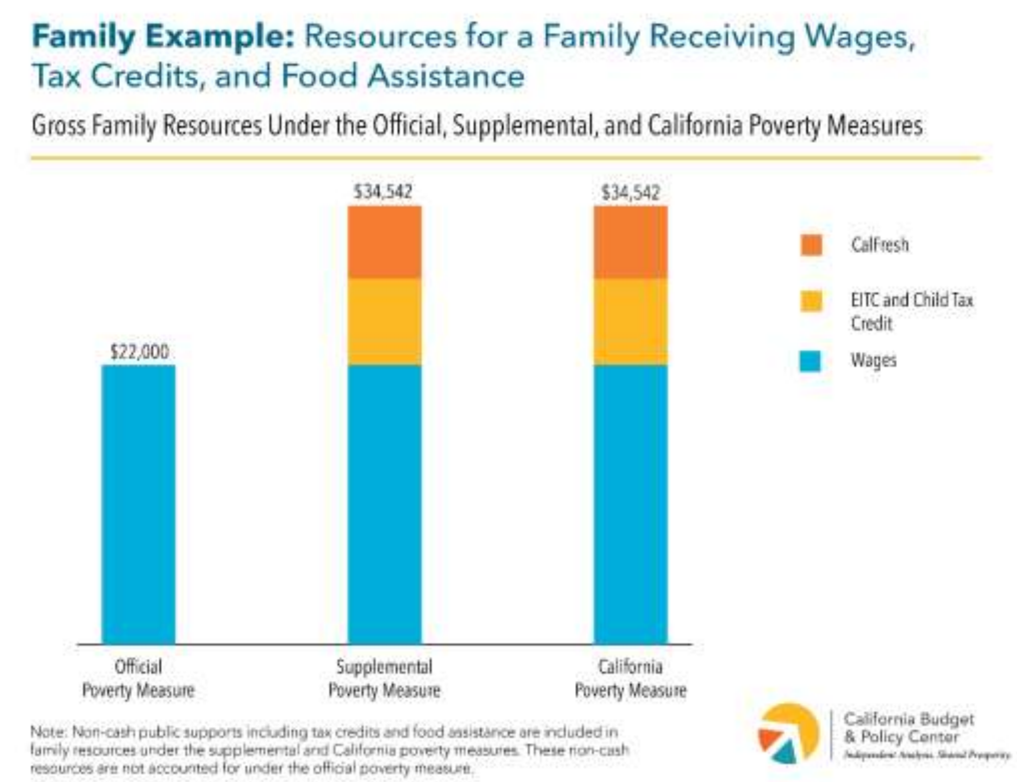


Figure 4c.

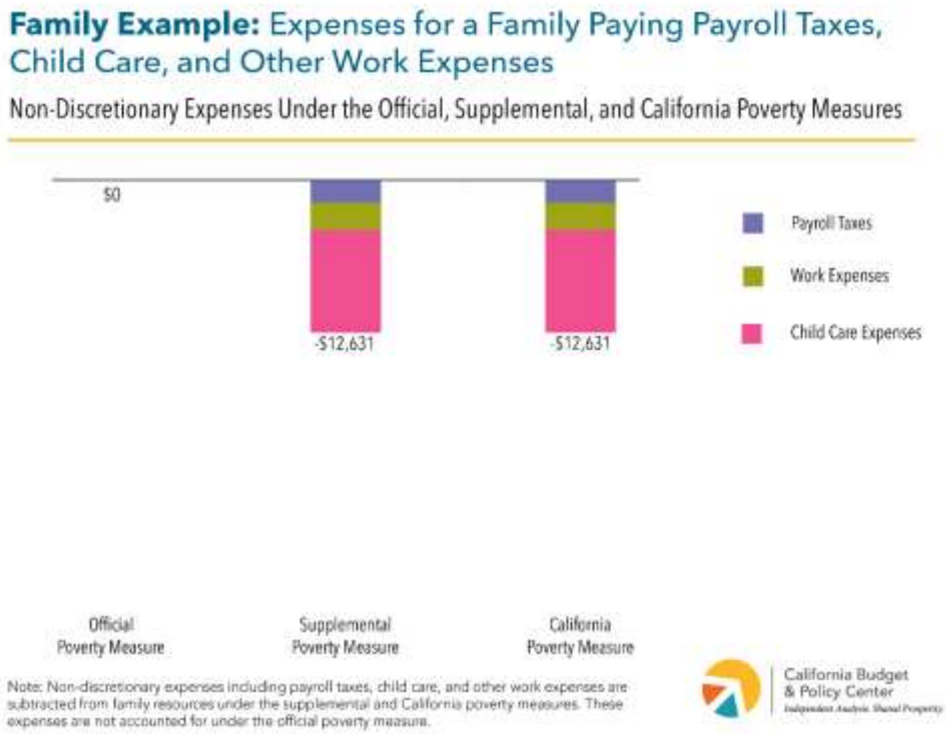
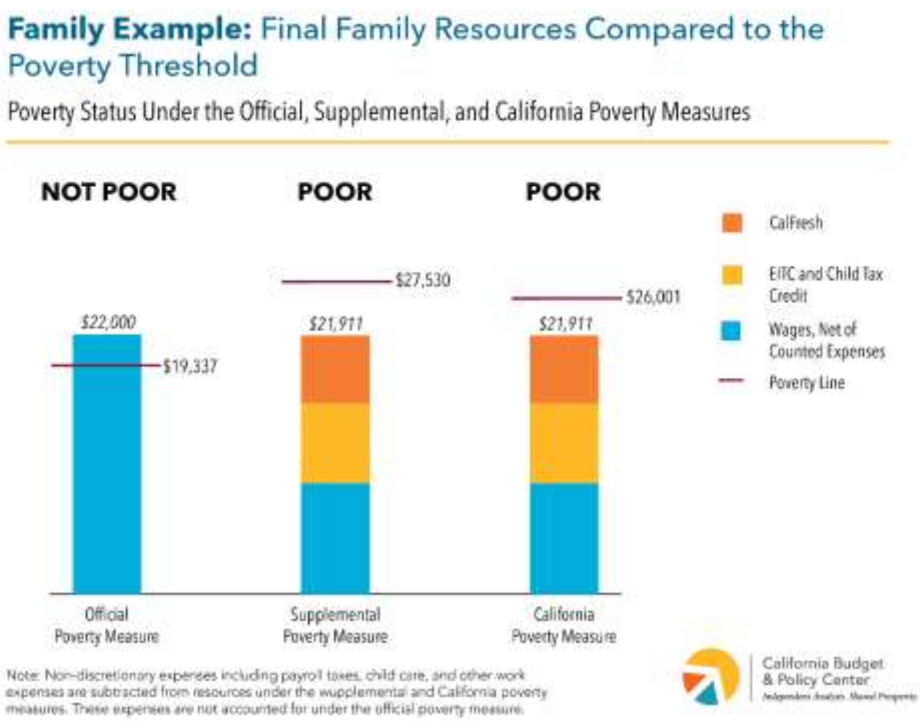


Figure 4d.



Example 2: Single Individual With No Children

A single adult with no children lives in San Francisco, where he rents an apartment. He has a disability and does not work, and receives $10,500 in SSI/SSP annually. He owes no state or federal income tax and receives no refundable tax credits. He does not receive CalFresh or other food or shelter benefits. He has Medi-Cal coverage so pays $0 out of pocket for health care.

Under the official, supplemental, and California measures, this individual would be considered to be living in poverty, but under the supplemental and California measures, this individual would be considered to be living in much deeper poverty than under the official measure.

Official Poverty Measure: Individual Is Considered to Be in Poverty

The official poverty threshold for a single individual (under age 65) was $12,486 in 2016 (see Table 2 below). Based on the official measure, this individual's resources only include his cash income of $10,500 in SSI/SSP, and the official measure does not account for any expenses. The individual's total resources are equal to 84% of the official poverty threshold, so the individual is considered to be in poverty (see Figure 5 below).

Supplemental Poverty Measure: Individual Is Considered to Be in Deeper Poverty

Under the supplemental measure, this individual would have a higher poverty threshold than under the official measure – $16,450 for the San Francisco-Oakland-Hayward MSA for 2016, or roughly one-third higher than the official threshold (see Table 2). Based on the supplemental measure, this individual's total resources include only his SSI/SSP benefits since he has no other noncash benefits to add. He also has no expenses that are accounted for under the supplemental measure, so his net resources are equal to his SSI/SSP benefits of $10,500. These net resources are compared to the supplemental poverty threshold. With resources equal to only 64% of the poverty threshold, this individual is considered to be living in deeper poverty based on the supplemental measure compared to the official measure (Figure 5).

California Poverty Measure: Individual Is Considered to Be in Deeper Poverty

The California Poverty Measure threshold for this individual is slightly higher than the supplemental threshold, at $17,523 for San Francisco County (see Table 2). Based on the California measure, this individual's total resources, expenses, and net resources are identical to those under the supplemental measure. This individual's net resources are equal to only 60% of the California poverty threshold, and he is considered to be living in deeper poverty under the California measure as well (Figure 5).

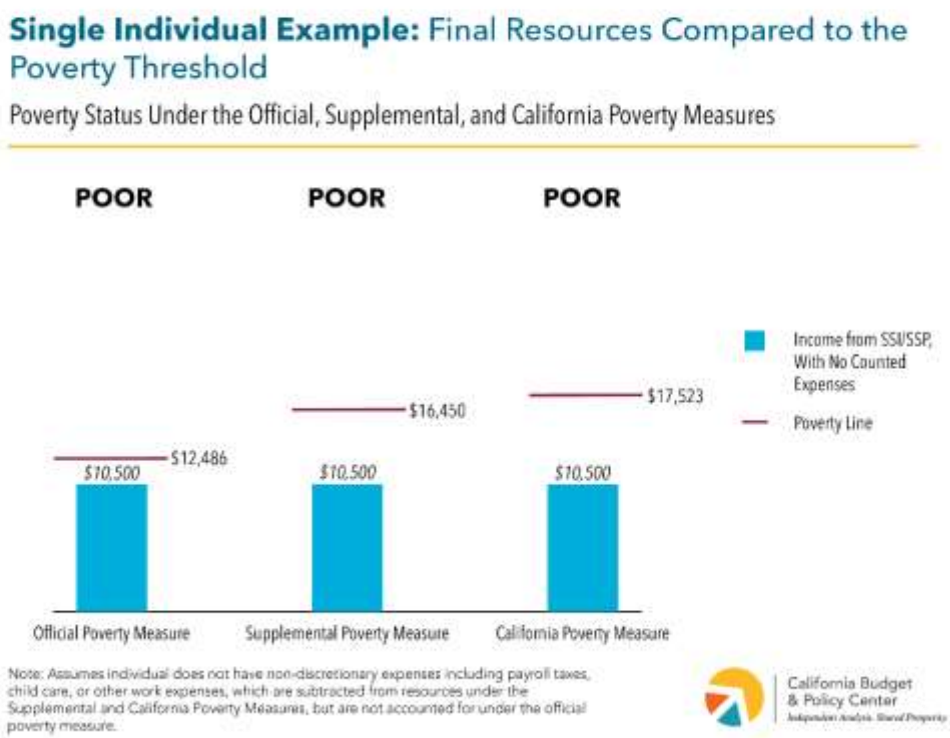
Table 2.

Poverty Status Based on the Three Poverty Measures

Example 2: Single Individual With No Children

	Official Poverty Measure	Supplemental Poverty Measure	California Poverty Measure
Poverty Threshold	For 2016 for one adult under age 65 = $12,486	For San Francisco-Oakland-Hayward MSA for 2016 for single adult renter = $16,450	For San Francisco County for 2016 for single adult renter = $17,523
Family Resources	Cash income = $10,500 SSI/SSP	Resources = $10,500 SSI/SSP + $0 tax credits + $0 CalFresh + $0 other food/shelter benefits = $10,500 total	Resources are same as supplemental measure ($10,500)
Family Expenses	n/a	$0 payroll taxes + $0 income taxes + $0 weekly work expenses + $0 child care costs + $0 health care costs = $0 total	Expenses are same as supplemental measure ($0)
Family Net Resources	$10,500	$10,500 - $0 = $10,500	$10,500 - $0 = $10,500
Family Poverty Status	Individual has resources equal to $10,500/$12,486 = 84% of the poverty threshold, so the individual is in poverty.	Individual has net resources equal to $10,500/$16,450 = 64% of the poverty threshold, so the individual is in poverty.	Individual has net resources equal to $10,500/$17,523 = 60% of the poverty threshold, so the individual is in poverty.

Figure 5.


Single Individual Example: Final Resources Compared to the Poverty Threshold
Poverty Status Under the Official, Supplemental, and California Poverty Measures
POOR
POOR
POOR
Income from SSI/SSP, With No Counted Expenses
Poverty Line
$12,486
$16,450
$17,523
$10,500
$10,500
$10,500
Official Poverty Measure
Supplemental Poverty Measure
California Poverty Measure
Note: Assumes individual does not have non-discretionary expenses including payroll taxes, child care, or other work expenses, which are subtracted from resources under the Supplemental and California Poverty Measures, but are not accounted for under the official poverty measure.
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Box 1. Supplemental and California Poverty Measure Thresholds Are Not Higher Than the Official Poverty Threshold in All Parts of California

California's poverty rate based on the supplemental and California poverty measures is considerably higher than it is based on the official measure (See Figure 2, above). One common misperception is that these newer measures show higher poverty rates in California than the official measure simply because the measures set the bar for determining family poverty status at a much higher income level than the official measure does, with a poverty threshold that is significantly higher than the official poverty threshold. However, as illustrated in Box 1, it is largely the combination of different poverty thresholds and different definitions of family resources that result in different poverty statuses – and therefore rates – based on the supplemental and California poverty measures versus the official poverty measure.

Recall that under the supplemental and California poverty measures there is not a single statewide poverty threshold. Instead, there are different poverty thresholds in different parts of California based on local differences in housing costs. In some parts of California where housing costs are not especially high, such as Tulare, Kings, and Kern counties, poverty thresholds based on the supplemental and California measures are only slightly higher or, in some cases, lower than the official poverty threshold. For example, the Figure 6 below shows that for a parent with two children, 2017 supplemental poverty thresholds in 10 places within California were less than 15% higher than the official poverty threshold. Figure 7 shows that for a single adult under age 65 in those same areas, 2017 supplemental thresholds were lower than the official poverty threshold. (See Appendix Table A2 to compare supplemental, California, and official poverty thresholds across different family types, or download the threshold comparison table separately.)

Table 3.

Supplemental and California Poverty Thresholds Are Higher Than Official Poverty Thresholds in Many Areas: Poverty Thresholds for a Two-Adult, Two-Child Family, 2017

	San Francisco	Fresno
Official Poverty Threshold	$24,858	$24,858
Supplemental Poverty Threshold		
Renter	$37,052	$25,902
Homeowner With Mortgage	$37,182	$25,976
Homeowner Without Mortgage	$30,513	$22,465
California Poverty Measure Threshold		
Renter	$39,722	$25,915
Homeowner With Mortgage	$39,865	$25,990
Homeowner Without Mortgage	$26,948	$22,743

Figure 6.

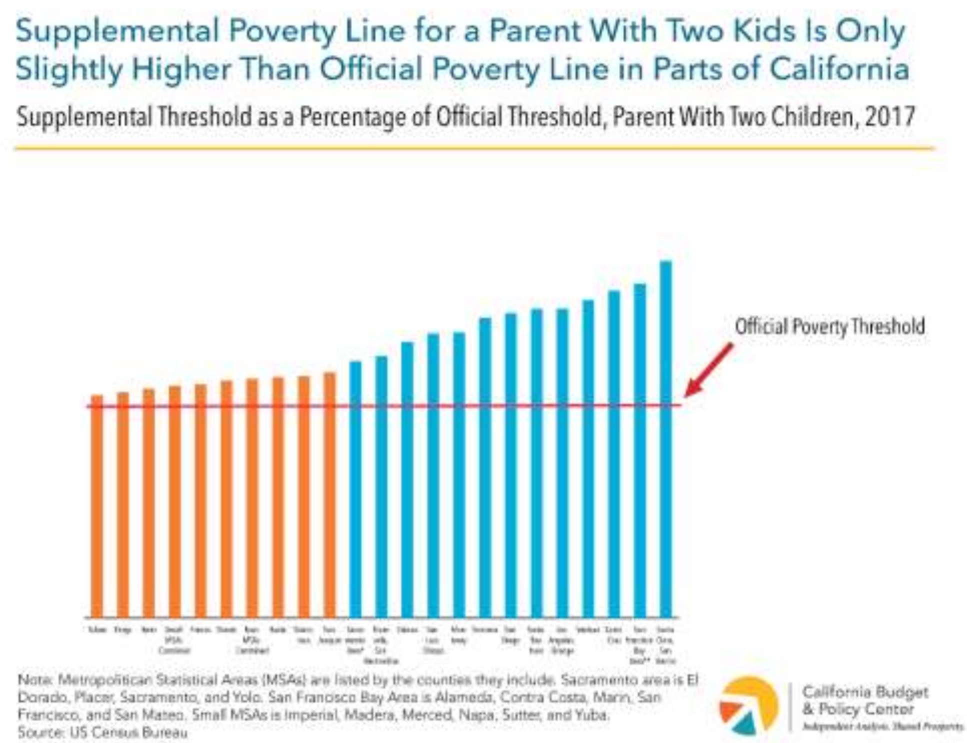
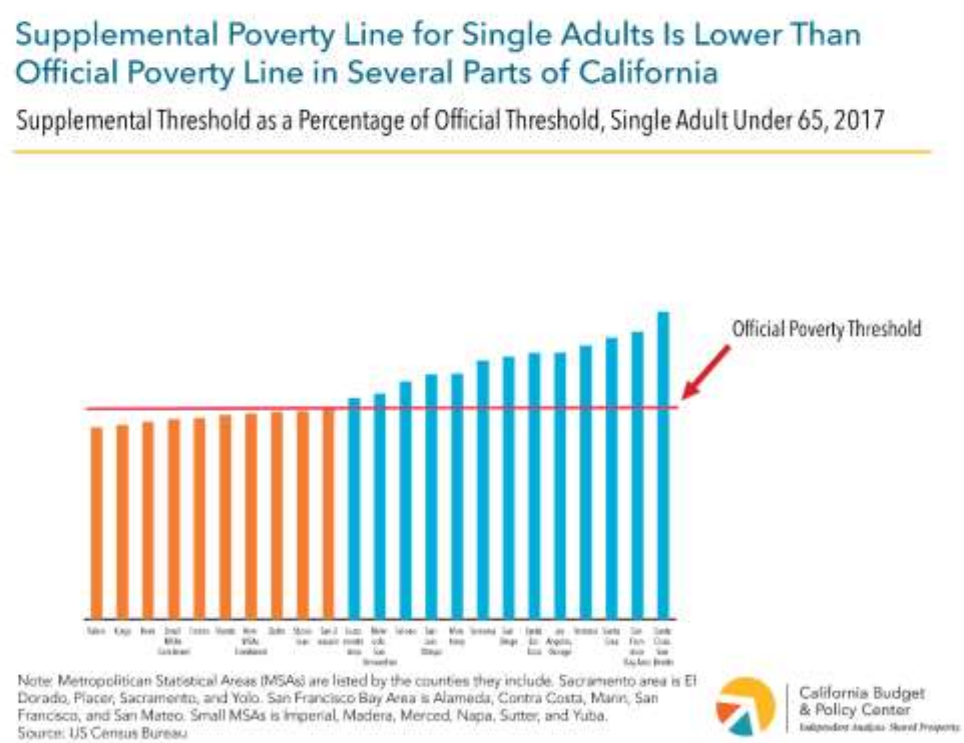


Figure 7.



Part II: What Data Are Used to Calculate the Poverty Rates and Demographics for the Official, Supplemental, and California Poverty Measures and Where Can the Data Be Found?

Published poverty rates and demographics for all three poverty measures are based on US Census Bureau data. Official poverty figures are based on two different sources of Census data: the Current Population Survey Annual Social and Economic Supplement (CPS ASEC), which surveys about 95,000 addresses nationwide each year, and the American Community Survey (ACS), which annually surveys around 3.5 million addresses. Because the CPS ASEC is based on a considerably smaller sample than the ACS, the Census Bureau generally recommends using the CPS ASEC for national poverty figures and the ACS for state poverty figures (see Table 4), though state-level poverty rates based on CPS data are available.[11] The ACS can also be used for substate poverty figures, such as for counties or cities, whereas the CPS ASEC was not designed to be used at the substate level.[12] Official poverty measure data from the CPS ASEC are available back to 1959, whereas comparable official poverty measure data from the ACS are only available back to 2006 (see Table 5).[13]

Supplemental poverty figures, in contrast, are based on just one source of Census data – the CPS ASEC. This means that supplemental poverty figures are available only at the national and state level, not at the level of counties or cities.[14] For state-level supplemental poverty figures, the Census recommends combining at least two years of data in order to produce more reliable estimates particularly for states with small populations. (The state-level figures published by the Census Bureau have used three years of data combined.) However, since the CPS ASEC sample for California is relatively large, making it possible to produce reliable statistics with fewer years of data, some researchers publish California supplemental poverty figures for single years of data. The supplemental poverty data are available back to 2009.

California Poverty Measure figures are based on the Census ACS data. This means that California poverty figures are available for California as a whole, as well as for subareas of the state, such as counties.[15] California Poverty Measure data are available back to 2011.

Table 4.

Geographic Areas for Which Poverty Rates and Demographics Based on the Official, Supplemental, and California Poverty Measures Are Available

	Official Poverty Measure		Supplemental Poverty Measure	California Poverty Measure
	CPS ASEC	ACS		
National	✓	✓	✓	
State	✓	✓	✓	✓ California only
Metro areas (counties or groups of counties)		✓	Thresholds are available, but not rates or demographics	✓ Within California only
Counties		✓		✓ Within California only, with some limitations
Cities or smaller areas		✓		✓ Within California only, with some limitations

Table 5.

Years for Which Poverty Rates and Demographics Based on the Official, Supplemental, and California Poverty Measures Are Available

	Official Poverty Measure		Supplemental Poverty Measure	California Poverty Measure
	CPS ASEC	ACS	CPS ASEC	ACS
2018	Available Fall 2019	Available Fall 2019	Available Fall 2019	Expected Summer 2020
2017	✓	✓	✓	✓
2016	✓	✓	✓	✓
2015	✓	✓	✓	✓
2014	✓*	✓	✓	✓
2013	✓	✓	✓	✓
2012	✓	✓	✓	✓
2011	✓	✓	✓	✓
2010	✓	✓	✓	
2009	✓	✓	✓	
2008	✓	✓		
2007	✓	✓		
2006	✓	✓		
1959-2005	✓			

* Data for 2014 and beyond are not directly comparable to data for prior years due to a change in survey questions. Many researchers display a break between years 2013 and 2014 when presenting historical trends based on this measure to indicate that the figures are not comparable.

When and Where Are Official Poverty Measure Data Published?

The Census Bureau annually publishes official poverty figures, typically in September. In recent years, the Census has first published national official poverty figures based on the CPS ASEC, followed a couple of days later by state and substate official poverty figures based on the ACS.

It is important to note that the published poverty statistics are a bit lagged. The most recent data, which were published in September 2018, provide poverty figures for 2017, and the data that will be published in September 2019 will provide poverty figures for 2018.

Key Official Poverty Measure Resources From the CPS ASEC:

- Information about official poverty figures based on the CPS ASEC; and
- The most recent Census report summarizing national official poverty figures.

Key Official Poverty Measure Resources From the ACS:

- Information about official poverty based on the ACS;
- The most recent Census report summarizing state official poverty figures; and
- Customized official poverty data from the ACS (including data for counties, cities, and other substate areas) can also be obtained using the Census Bureau's American Fact Finder. However, this tool will not be updated after June 2019. Instead, it will be replaced by a new tool called Explore Census Data.

Official Poverty Measure Thresholds:

- Recent and historical official poverty thresholds. The Census Bureau publishes preliminary poverty thresholds in January of each year and final thresholds in September. For example, in January 2018, the preliminary 2017 thresholds were published, and the final versions were published in September 2018.

Box 2. What Is the Difference Between Poverty Thresholds and Poverty Guidelines?

For the official poverty measure, there are both poverty thresholds and poverty guidelines. The poverty thresholds are annually updated by the Census Bureau and are intended to be used mainly for statistical purposes, such as calculating the official poverty rate and the total number of people living in poverty. The poverty guidelines, on the other hand, are simplified versions of the poverty thresholds that are published each year in January by the Department of Health and Human Services and used for administrative purposes, such as determining eligibility for public benefits, like SNAP/CalFresh and Medicaid/Medi-Cal. The most recent poverty thresholds can be found here, while the most recent poverty guidelines can be found here. The 2019 poverty guidelines were calculated by adjusting the 2017 poverty thresholds for inflation using the Consumer Price Index (CPI-U). For more information about the differences between the poverty thresholds and guidelines, see this Census Bureau overview.

When and Where Are Supplemental Poverty Measure Data Published?

The US Census Bureau generally publishes annual figures based on the Supplemental Poverty Measure in conjunction with or soon after the publication of official poverty figures, which are typically released in September. In 2018, for example, national and state supplemental poverty data for 2017 were published on the same day as national official poverty data. In 2019, official and supplemental poverty data for 2018 based on the CPS ASEC will be published on September 10, 2019, followed by official poverty data for 2019 based on the ACS on September 26, 2019.

Key Supplemental Poverty Measure Resources:

- Information about the Supplemental Poverty Measure;
- The most recent Census report summarizing national and state supplemental poverty figures;
- Researchers with statistical expertise can also calculate customized supplemental poverty figures using public-use Census CPS public-use microdata, such as the data available through the Integrated Public Use Microdata Series (IPUMS-CPS), maintained by the University of Minnesota; and
- The most recent Supplemental Poverty Measure thresholds. Note that while the Census Bureau does not publish supplemental poverty rates or other statistics for geographic areas smaller than states, the Census Bureau and Bureau of Labor Statistics do annually publish supplemental poverty thresholds for substate areas, including separate thresholds for all large MSAs, for all smaller MSAs within a state combined, and for all non-MSA areas within a state combined.

When and Where Are California Poverty Measure Data Published?

The Stanford Center on Poverty and Inequality and Public Policy Institute of California (PPIC) each publish figures based on the California Poverty Measure. These data are published later than the Census Bureau's supplemental and official poverty figures (in part because producing the California measure requires Census datasets that are released later than the Census poverty figures). In recent years, PPIC and Stanford have typically released updated annual California measure data in the summer following the Census poverty data releases. For example, PPIC and Stanford each published California Poverty Measure data for 2016 in July 2018, and PPIC published data for 2017 in July 2019.

Stanford and PPIC researchers have periodically made improvements to the methods used to produce the California Poverty Measure, resulting in minor changes to poverty figures published for earlier years. Figures from the most recent California measure publications reflect the most up-to-date methods, including updated figures for prior years. Because figures from older publications may not reflect the most updated methods, it is best to rely on the most recent available publications, which in many cases include poverty figures for prior years calculated using the most current methods.

Key California Poverty Measure Resources:

- Information about the California Poverty Measure;
- The most recent reports from PPIC summarizing general California Poverty Measure figures and summarizing child poverty figures, and an interactive map showing poverty figures by county and by congressional and state legislative districts;
- All reports from Stanford summarizing California Poverty Measure figures;
- California Poverty Measure thresholds and child poverty figures (including by county and by demographics) are also available through KidsData.org; and
- Researchers from PPIC and Stanford can also produce customized California measure figures on request.

Part III: What Are the Major Advantages and Limitations of the Official, Supplemental, and California Measures and When Should Each Measure be Used?

Official Poverty Measure Advantages and Limitations

The official poverty measure is useful because it is used for determining eligibility and benefit levels for major public programs, such as CalFresh and Medi-Cal, and is sometimes used to allocate federal funds to states and localities. The official measure can also be used to analyze poverty trends over a long period of time, as the measure has been annually published without major changes in methodology for nearly six decades.[16]

The official measure, however, suffers from a number of shortcomings. As discussed earlier, it is a crude and outdated measure of economic well-being in that it is simply based on food costs and the share of income spent on food in the 1960s. This means that the official measure fails to accurately take into account a broader range of necessary expenses, such as child care, health care, and housing, that represent a larger share of many families' budgets today. The official measure also does not factor in differences in local housing costs, which means that it significantly understates poverty in high-cost places. As a result, many experts believe the measure does not paint an accurate picture of poverty in the US.

Another major disadvantage of the official measure is that it cannot be used to assess the impact of many anti-poverty public policies on families' economic well-being. Specifically, because the official measure does not count non-cash benefits or tax credits as part of family resources, it cannot measure how changes to these benefits affect families' poverty status. This means, for example, that the official measure would fail to detect a reduction in poverty due to policy changes such as an increase in CalFresh food assistance or expansion of the federal EITC or CalEITC. (See Box 3, "The Supplemental and California Poverty Measures Can More Fully Assess the Impact of Public Policies on Poverty Than the Official Measure.")

Supplemental Poverty Measure Advantages and Limitations

In general, the Supplemental Poverty Measure more accurately measures poverty by improving upon the major drawbacks of the official measure. As described earlier, the supplemental measure accounts for variation in living costs and better reflects the resources families have available to spend by accounting for the cost of a broader range of basic expenses as well as the support provided by non-cash benefits and tax credits. Moreover, this measure adjusts for changes in family spending patterns over time, ensuring that thresholds do not become outdated. In addition, because the supplemental measure factors in non-cash benefits and tax credits, it can be used to assess the impact of anti-poverty policies that the official measure fails to detect. For example, the supplemental measure would detect a reduction in poverty due to an increase in non-cash benefits, such as CalFresh food assistance or tax credits like the EITC, but the official measure would not. (See Box 3, "The Supplemental and California Poverty Measures Can More Fully Assess the Impact of Public Policies on Poverty Than the Official Measure.")

Limitations of the supplemental measure include that the data are not available to assess poverty rates for areas within a state, such as counties or cities, and that the supplemental measure cannot be used to analyze poverty trends over a long period of time. (However, a poverty measure developed by researchers as Columbia University that is very similar to the Census Bureau's supplemental measure can be used to assess historical poverty trends. (See Box 4, "Anchored Supplemental Poverty Measure Can Be Used to Assess the Historical Impact of Public Policies on Poverty.")

Another limitation of the supplemental measure is that in the CPS ASEC – the survey data used to produce supplemental poverty figures – the use of public benefits is underreported, meaning that some families who access supports like food assistance do not report that they received these resources. Because these supports are counted as part of family resources in determining a family's poverty status, the CPS ASEC data may overstate poverty rates. The supplemental measure also does not fully account for certain California-specific factors, which are discussed in more detail in the next section.

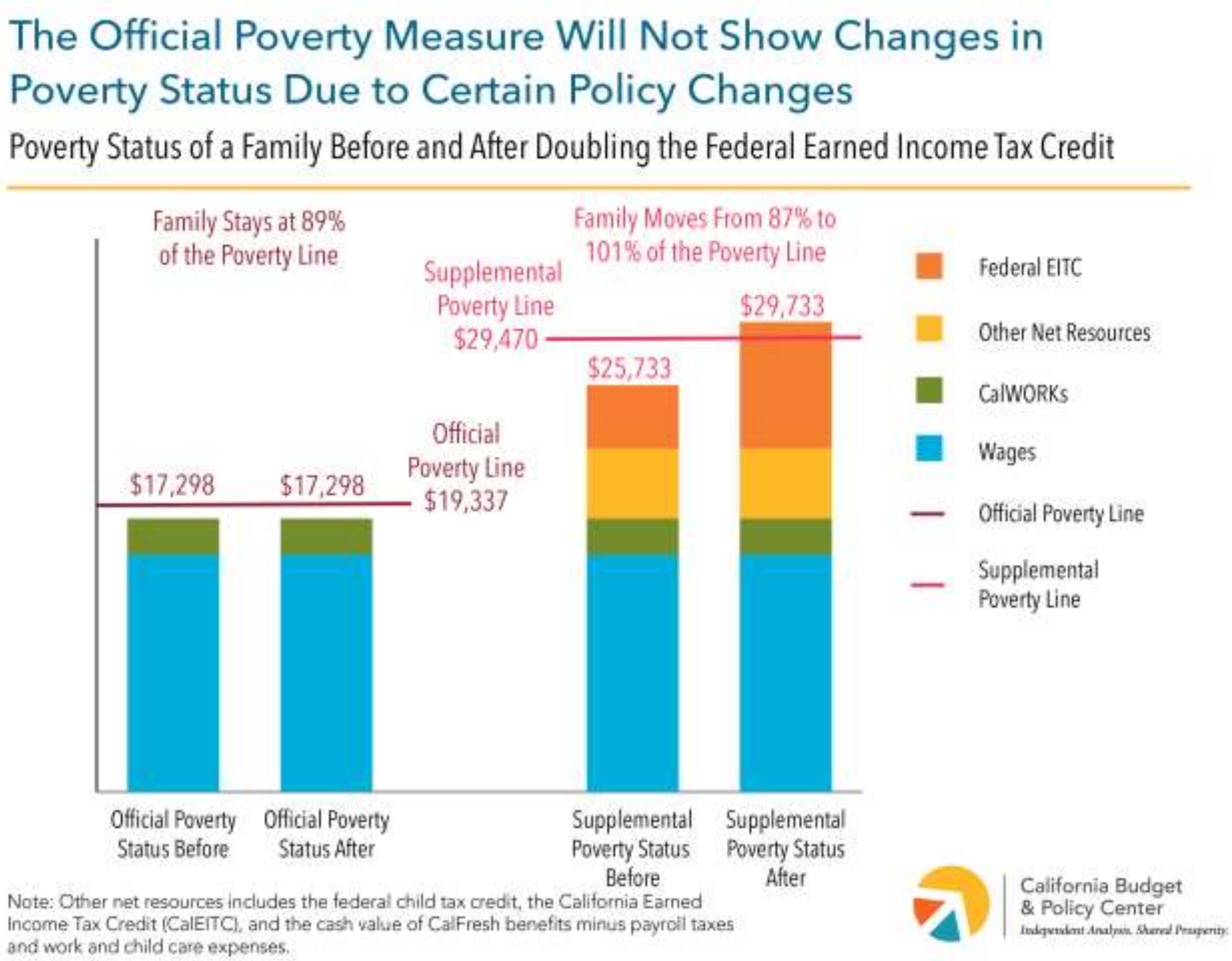
Box 3. The Supplemental and California Poverty Measures Can More Fully Assess the Impact of Public Policies on Poverty Than the Official Measure

Because the Official Poverty Measure does not count non-cash benefits or tax credits as part of families' resources, it will not show any changes in whether families are considered to be living in poverty due to changes in these benefits. Take, for instance, how a change in the federal Earned Income Tax Credit (EITC) would affect a single mother with two children who lives in Oakland and had a cash income of $17,298 in 2016 ($15,000 from work and $2,298 from CalWORKs). If the federal EITC that this family was eligible for doubled from $4,000 to $8,000, this family would still be considered to be living in poverty based on the official measure, but would be considered to have been lifted out of poverty based on the supplemental measure (see Figure 8 below). Specifically:

- Based on the official measure, this family's cash income would not change after the increase in the federal EITC because the official poverty measure does not count tax credits as part of cash income. As a result, this family would have a cash income of $17,298 – 89% of the federal poverty line of $19,337 – before and after their federal EITC doubled, even though their after-tax income would have increased by $4,000 due to a higher federal EITC.

- Based on the supplemental measure, however, this family's total net resources, which include tax credits as well as non-cash benefits minus expenses, would increase from $25,733 to $29,733 due to an additional $4,000 from the federal EITC. As a result, this family would move from 87% of the supplemental poverty threshold before the increase in the federal EITC to 101% of the poverty threshold after the increase.

Figure 8.



Some other examples of policy choices that could reduce or increase poverty or the depth of poverty under the supplemental or California poverty measures, but would produce no change in poverty status under the official measure, include:

- An increase in the amount of CalFresh food assistance benefits during a recession, which would reduce economic hardship;
- The elimination of eligibility of US citizen children to be claimed by undocumented immigrant parents for the federal Child Tax Credit, which would increase economic hardship;
- An expansion of the age limit for the federal EITC to include workers without children ages 18 to 24 or ages 65 and older, which would reduce economic hardship;
- An increase in subsidized child care slots, which would reduce economic hardship; and
- An expansion of eligibility for Medi-Cal health coverage to all income-eligible adults regardless of immigration status, which would reduce economic hardship.

California Poverty Measure Advantages and Limitations

Like the Supplemental Poverty Measure, the California Poverty Measure measures poverty more accurately than the official measure. Compared to the supplemental measure, a key advantage of the California measure is that it can be used to analyze poverty at the sub-state level within California (for example, at the county level), whereas the supplemental measure cannot. Another advantage of the California Poverty Measure compared to the supplemental measure is that it makes additional improvements tailored specifically to the California policy context. For example, the California measure corrects for the underreporting of certain public programs in Census survey data by using data on actual California enrollment in those programs. In addition, the California measure adjusts poverty thresholds for homeowners somewhat differently than the supplemental measure to account for the fact that homeowners without mortgages in California tend to have housing costs more in line with national average costs, even in areas with high rents or home prices, because long-term homeowners pay relatively low property taxes in California (due to Proposition 13 of 1978).[17]

A few of the limitations of the California measure include that some factors used to construct the measure, such as medical and child care expenses, are not available in the Census data on which the measure is based (the ACS). As a result, these items have to be imputed (estimated based on other available data) and this introduces greater uncertainty into the poverty estimates. In addition, California poverty measure data are updated later than the supplemental measure, which means the poverty figures lag somewhat behind other poverty estimates. The measure is produced by private institutions, and customized data beyond the figures in published reports and online tools are available only through the researchers at PPIC and Stanford that produce the measure. Also, the California Poverty Measure is only available back to 2011, so it cannot be used to analyze poverty trends over a long period of time.

Box 4. The Anchored Supplemental Poverty Measure Can Be Used to Assess the Historical Impact of Public Policies on Poverty

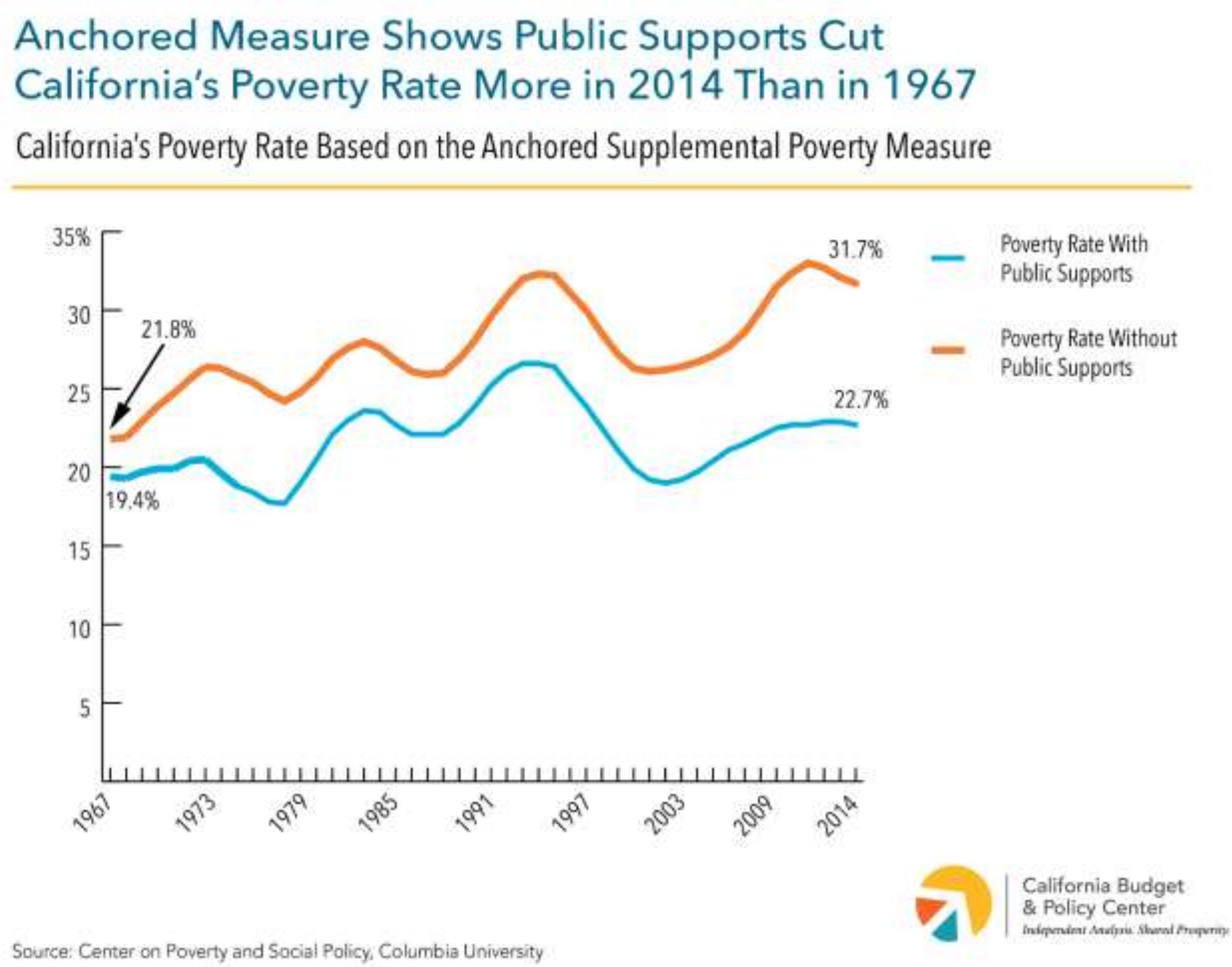
A major advantage of the Supplemental Poverty Measure is that it provides a more comprehensive assessment of how major public policy changes affect poverty. However, because the federal government has not calculated this measure for years prior to 2009, it is not possible to use the supplemental measure to assess the impact of public policies on poverty over a long period of time.

To address this problem, researchers at Columbia University created a measure that is very similar to the Supplemental Poverty Measure and that can be used to examine poverty trends back to 1967.[18] This measure – the Anchored Supplemental Poverty Measure – differs from the Census Bureau's supplemental measure in one key way. Unlike the Census Bureau's measure, which updates poverty thresholds annually based on changes in family spending patterns (see Part 1 of this report), the anchored measure carries the 2012 supplemental thresholds back to 1967 by simply adjusting them for inflation.[19] In other words, it "anchors" the poverty line to family spending patterns from 2012, thereby ensuring that changes in the poverty rate over time are not due to historical changes in family spending. This allows the measure to better assess the impact of other factors, such as policy changes, on poverty trends over a long period of time.

The anchored poverty measure shows that California's poverty rate was higher in 2014 than it was in 1967 (22.7% compared to 19.4%) (see Figure 9). However, this measure also shows that public supports, such as food assistance and refundable tax credits, were far more effective at reducing poverty in 2014 than they were in 1967. Public supports cut California's poverty rate by 9.0 percentage points in 2014, from 31.7% to 22.7%. In contrast, public supports reduced California's poverty rate by just 2.4 percentage points in 1967, from 21.8% to 19.4%. This is not surprising given that many of our nation's public supports were either smaller or did not yet exist in 1967.[20]

The Anchored Supplemental Poverty Measure data are based on Census Bureau Current Population Survey public-use microdata, and are publicly available here, through the Center on Poverty and Social Policy at Columbia University, for use by researchers with statistical expertise. State fact sheets showing trends based on the measure back to 1967 are available here.

Figure 9.


Anchored Measure Shows Public Supports Cut California's Poverty Rate More in 2014 Than in 1967
California's Poverty Rate Based on the Anchored Supplemental Poverty Measure
35%
30
25
20
15
10
5
21.8%
19.4%
31.7%
22.7%
1967
1973
1979
1985
1991
1997
2003
2009
2014
Poverty Rate With Public Supports
Poverty Rate Without Public Supports
California Budget & Policy Center
Source: Center on Poverty and Social Policy, Columbia University

Guidelines for When to Use Each Poverty Measure

Because of the significant differences in how the official, supplemental, and California poverty measures define poverty, it is important to always reference which measure is used so that the data can be properly interpreted.

In general, when looking at poverty in California it is preferable to use the supplemental or California measure – rather than the official poverty measure – simply because they are more accurate indicators of economic hardship than the official measure. The supplemental or California measure should particularly be used when assessing the impact of public policies on poverty since these measures account for non-cash benefits and tax credits that improve people's economic well-being. As discussed earlier, these types of resources are not included in the official measure, which means that only the supplemental and California measures can detect changes in poverty due to changes in these benefits. Poverty analyses that relate to cost of living or housing costs or the role of expenses like medical or child care costs as contributors to economic hardship should also use the supplemental or California measures, as they account for these factors while the official measure does not.

For many policy-related purposes, the supplemental and California poverty measures are similarly appropriate (and show similar results). Between these two measures, it may be preferable to use the California measure if it is available because this measure better accounts for certain California-specific factors, as noted earlier. Also, between these two measures, only the California measure can be used to examine poverty rates or demographics below the state level (for example, for counties). However, when comparing California poverty figures to those of other states or to the nation, the supplemental measure must be used. (As noted earlier, the California Poverty Measure is only available for California, not for other states or the nation as a whole). The supplemental measure is also more appropriate to use when examining the role of non-discretionary expenses like medical out-of-pocket costs or child care, because these items are imputed for the California measure. Figures from the supplemental measure are also available with a shorter lag time, which may be important for some analyses.

Figures based on the official poverty measure, on the other hand, are primarily useful for analyses related to programs that rely on the official measure or the official federal poverty guidelines to determine eligibility or funding levels. The official measure can also be used to look at long-term historical trends in poverty (though the Anchored Supplemental Poverty Measure, described in Box 4 above, is typically preferable for long-term trend analysis).

Table 6 below (also available to download separately) shows which poverty measure is best to use to answer different types of poverty questions.

Table 6.

Download this quick guide separately.

Quick Guide to Using Different Poverty Measures for California

Question to Be Answered	Which Poverty Measure Should Be Used?
How many Californians struggle with economic insecurity?	*Supplemental Poverty Measure or California Poverty Measure* These measures are similar to each other and provide a more accurate picture of economic insecurity than the official poverty measure because they account for differences in cost of living and a more complete range of resources used to meet basic needs.
How does poverty compare across age groups, family types, or race/ethnic groups in California?	*Supplemental Poverty Measure or California Poverty Measure* These measures are similar to each other and provide a more accurate picture of poverty than the official poverty measure. Both can be used to examine poverty among demographic groups. For smaller demographic groups, the California measure may be more useful because it is based on a larger sample which allows for more reliable estimates for smaller groups. The supplemental measure must be used if comparing to the same demographic groups in other states or the US overall.
How does poverty in California compare to other states or to the US overall?	*Supplemental Poverty Measure* This measure provides a more accurate picture of poverty than the official poverty measure, and the data are available for all states and for the US overall (while the California measure data are not).
What is the poverty rate in a particular region or county in California? How does poverty compare across regions or counties within California?	*California Poverty Measure* This measure provides a more accurate picture of poverty than the official poverty measure, and the data are available at the sub-state level (while the supplemental poverty data are not). Note that for very small geographic areas, like small cities or census tracts, the only poverty data available are official poverty data. If using these, keep in mind that the official measure is widely considered to be an inaccurate measure of poverty, particularly in areas with a relatively high cost of living or where many people rely on public supports to help them meet basic needs.

Question to Be Answered	Which Poverty Measure Should Be Used?
How much do public supports (like CalFresh, EITC, Social Security) reduce poverty in California?	*Supplemental Poverty Measure or California Poverty Measure* These measures are similar to each other and both account for a broad range of public supports that are not accounted for in the official poverty measure. The California measure may be preferable for examining the impact of public supports because the data are adjusted to correct for underreporting of the use of CalFresh and CalWORKs in Census data. The supplemental measure must be used if comparing to the impact of public supports in other states or in the US overall.
How do housing costs or the cost of living contribute to poverty in California?	*Supplemental Poverty Measure or California Poverty Measure* These measures both account for the local cost of housing, while the official measure does not. The California measure more precisely accounts for housing costs for long-term homeowners, so it is preferable for examining poverty among California homeowners.
How much do medical out-of-pocket costs or child care costs contribute to poverty in California?	*Supplemental Poverty Measure* Both the supplemental and California measures account for medical and child care costs, but these costs are directly reported in the data used for the supplemental measure while they are imputed (estimated) in the data used for the California measure, so the supplemental measure is preferable for this analysis.
What is the trend in the poverty rate in California over the past few years?	*Supplemental Poverty Measure or California Poverty Measure* These measures provide a more accurate picture of poverty than the official poverty measure. The supplemental measure data are available back to 2009, and the California measure data are available back to 2011. The supplemental measure must be used if comparing California trends trends in poverty in other states or in the US overall.
What is the long-term trend in the poverty rate in California?	*Anchored Supplemental Poverty Measure* The anchored measure (see Box 4 above) is a version of the supplemental measure that was created to allow for analysis of long-term poverty trends, with data available back to 1967. It is particularly useful for examining long-term trends in the impact of public supports on poverty. Official poverty measure data are also available back to the 1960s, but the official measure is widely considered to be an inadequate measure of poverty.

Question to Be Answered	Which Poverty Measure Should Be Used?
How much income or resources does an individual or family need to be considered out of poverty? What is a poverty-level total amount for expenses for food, clothing, shelter, utilities, plus a little extra for other necessities (the poverty threshold) for an individual or family?	*Supplemental Poverty Measure or California Poverty Measure thresholds* Both the supplemental and California Poverty Measure thresholds are based on up-to-date family expenditures for food, clothing, shelter, and utilities plus a little extra for other necessities, adjusted for the local cost of housing. These thresholds reflect the costs of these basic needs and the level of resources needed to achieve minimal economic security more accurately than the official poverty thresholds, particularly in areas where housing costs are high. Annual supplemental poverty thresholds are available for each large metro area in California (these are groups of counties, or in some cases single counties), for all small metro areas in California combined, and for all non-metro areas (more rural areas) within California combined. Annual California Poverty Measure thresholds are available for each county in California (with some smaller counties combined with adjacent counties).
How much cash income can an individual or family have and still qualify for public supports like CalFresh and Medi-Cal?	*Official poverty guidelines* Many public supports use the official poverty guidelines (which are based on the official poverty measure) to determine eligibility.
How many people in California are potentially eligible to access public supports like CalFresh and Medi-Cal?	*Official poverty measure* Because many public supports use the official poverty guidelines to determine eligibility, the official poverty measure should be used to examine the number or share of people who may be eligible for these supports.

Box 5. How Could the Supplemental or California Poverty Measure Be Used to Determine Eligibility or Benefit Amounts for Public Supports?

Experts generally agree that the official poverty measure is significantly flawed, and that the supplemental and California poverty measures are better measures of economic insecurity. However, public programs generally rely on the official poverty measure (or the official poverty guidelines, which are based on the official measure) to determine eligibility and calculate benefit amounts. There could be advantages as well as challenges to using the supplemental or California poverty measures for program eligibility purposes.

In general, the thresholds for the supplemental and California poverty measures more closely align with the level of resources that a family or individual needs to meet the basic needs of food, clothing, shelter, and utilities than the official poverty thresholds. This is particularly true in areas where housing costs are relatively high, since the supplemental and California measure thresholds are adjusted for local housing costs while the official thresholds are not. Using the supplemental or California measure thresholds for eligibility purposes could therefore be advantageous. The additional program applicant information that would be required to do so, compared to what is needed when using the official poverty measure or guidelines, would be geographic location and whether the applicant is a renter, homeowner with a mortgage, or homeowner without a mortgage.

The supplemental and California poverty measures also use a broader definition of family resources than the official poverty measure, including accounting for non-cash supports like CalFresh and tax credits, and they also account for certain non-discretionary expenses like child care and medical out-of-pocket costs. This produces a more comprehensive and accurate picture of family resources available to cover basic needs, but could also be more challenging to implement for purposes of calculating program eligibility, since a program applicant would need to report more types of resources and certain expenditures, some of which might be difficult to document or verify. One strategy to simplify this process could be to use set allowances for expenses or non-cash resources based on the amounts typically expected to be available based on family composition or earnings. In some cases it might not be desirable to count all non-cash resources when calculating program eligibility, as some – particularly tax credits such as the EITC – are designed in part to provide a work incentive, which would be weakened if receipt of those resources caused program applicants to lose eligibility for other public supports.

The thresholds and resource calculations for the supplemental and California poverty measures are, however, largely separate improvements, so that just adopting the supplemental or California measure thresholds for program eligibility, without also adopting the supplemental or California measure calculation of resources, could be a potential strategy to improve the targeting of some public supports.

Conclusion

The three major poverty measures available to assess economic well-being in California – the official measure, supplemental measure, and California measure – define poverty differently and, as a result, produce different poverty rates. Although each measure has its own strengths and limitations, it is generally preferable to use the supplemental or California poverty measures because these measures paint a more realistic picture of poverty in California. They not only use more accurate poverty thresholds – ones that take into account local living costs – but also better account for the resources families have available to meet their basic needs. Also, these two measures can more fully assess the impact of policy changes on poverty.

Between the supplemental and California poverty measures, it may be preferable to use the California measure if it is available because it makes several improvements on the supplemental measure that are tailored specifically to the California policy context. In addition, the California measure can be used to examine poverty within California (for example, at the county level), while the supplemental measure cannot. Also, because the California measure is based on a larger sample, it may produce more reliable estimates for smaller demographic groups than the supplemental measure. However, in some situations, the supplemental measure should be used instead of the California measure. For instance, the supplemental measure must be used when comparing poverty in California to poverty in other states or the nation as a whole.

To understand and effectively address economic insecurity, policy stakeholders need to understand the prevalence, depth, and demographics of poverty in California. The poverty measures described in this guide serve as tools for that purpose. Understanding the differences between these measures, and when to use each one, can help state leaders and advocates see a more accurate picture of poverty and the effects of policy choices, in order to design policies that ensure that all Californians are able to benefit from the state's economic success.

APPENDIX TABLE A1. Summary of Differences in How Poverty Status Is Calculated Under Different Poverty Measures – download separately

	Official Poverty Measure (OPM)	Supplemental Poverty Measure (SPM)	California Poverty Measure (CPM)
Threshold	Base threshold was calculated in the 1960s based on costs of food and share of income families typically spent on food at that time. Threshold was then adjusted for family size. Since the 1960s, thresholds have been updated by an inflation multiplier. But in the meantime, costs of food have changed and families now typically spend much less of income on food, so thresholds no longer reflect typical family budgets. Thresholds are the same in all parts of the US. Thresholds are updated annually by the US Census Bureau. A simplified version of the thresholds used for federal benefit eligibility – the federal poverty guidelines – are also released each January by the US Department of Health and Human Services. These are based on the most recent available US Census Bureau poverty thresholds (from two calendar years prior), updated for inflation.	Base threshold is calculated based on national data from the prior five years for typical modest family expenditures on food, clothing, housing, utilities, and a little extra to account for other basic necessities. Threshold is then adjusted for family size. Thresholds are next adjusted to account for local housing costs compared to national median housing costs. Different thresholds are calculated for renters, homeowners with mortgages, and homeowners without mortgages, and thresholds reflecting local housing costs are produced for each large metro area in the US and for all small metro areas combined within each state and all nonmetro areas combined within each state. Thresholds are updated annually by the US Bureau of Labor Statistics and used by the US Census Bureau to calculate SPM poverty statistics.	Base threshold and family size adjustment are identical to SPM. Adjustment for local housing costs is the same as SPM for renters and homeowners with mortgages except that different thresholds are produced for each county in California rather than for metro and nonmetro areas. Some counties with smaller populations are grouped for this calculation. Adjustment for homeowners without mortgages is slightly different from SPM. Thresholds are updated annually by the Stanford Center on Poverty and Inequality and Public Policy Institute of California. Thresholds are produced later than OPM and SPM thresholds because public-release Census microdata are needed to produce the thresholds.
Family members	Only counts individuals living in the same home who are related by blood, marriage, or adoption.	Also includes unmarried partners and their relatives, as well as foster children (and other coresident children cared for by the family), as family members.	Same as SPM.

	Official Poverty Measure (OPM)	Supplemental Poverty Measure (SPM)	California Poverty Measure (CPM)
Resources	Only counts cash income – e.g. wages, cash benefits like SSI or CalWORKs cash grants or Social Security, other cash income like interest or pensions.	Counts cash income in addition to tax credits such as: • federal EITC • federal Child Tax Credit • CalEITC. Also counts non-cash benefits used to cover basic needs including: • CalFresh • WIC • school meals • housing vouchers, public housing • LIHEAP utility/heating assistance.	Same as SPM.[1]
Expenses	Does not account for expenses. Family's cash income is directly compared to the poverty threshold.	Deducts certain non-discretionary expenses from family resources before comparing resources to the poverty threshold. The expenses that are subtracted from resources include: • payroll taxes • federal and state income taxes (if taxes are owed after accounting for tax credits) • a flat weekly allocation for work expenses intended to cover costs of commuting plus uniforms, tools, etc. • out-of-pocket child care costs necessary to work • out-of-pocket health care costs (including insurance premiums, deductibles, co-pays, or uninsured care costs) • child support paid.	Same as SPM, except for minor modification that weekly allocation for work expenses is smaller for workers who work from home, bike, or walk to work.[2]

[1] In CPM publications, LIHEAP is not accounted for as of 2019, but only because it is not available in the dataset used to calculate CPM poverty rates.

[2] In CPM publications, child support paid is not accounted for as of 2019, but only because it is not available in the dataset used to calculate CPM poverty rates.

APPENDIX TABLE A2. Comparison of Poverty Thresholds, 2017 – download separately

Geography	Counties Included	Two Parents, One Child	Two Parents, Two Children	One Parent, One Child	One Parent, Two Children	Single Adult	Two Adults
Official Poverty Measure Threshold							
National	All	$19,730	$24,858	$16,895	$19,749	$12,752*	$16,414**
Official Poverty Measure Guideline							
All states except Alaska and Hawaii	All	$20,420	$24,600	$16,240	$20,420	$12,060	$16,240
Supplemental Poverty Measure Threshold							
Metropolitan Statistical Area (MSA)							
Bakersfield, CA MSA	Kern	$22,389	$25,437	$17,790	$21,120	$11,789	$16,623
Chico, CA MSA	Butte	$23,526	$26,729	$18,693	$22,193	$12,388	$17,467
Fresno, CA MSA	Fresno	$22,799	$25,902	$18,115	$21,506	$12,005	$16,927
Hanford-Corcoran, CA MSA	Kings	$22,044	$25,045	$17,516	$20,794	$11,607	$16,366
Los Angeles-Long Beach-Anaheim, CA MSA	Los Angeles, Orange	$30,197	$34,308	$23,994	$28,485	$15,900	$22,420
Modesto, CA MSA	Stanislaus	$23,591	$26,802	$18,744	$22,253	$12,422	$17,515
Oxnard-Thousand Oaks-Ventura, CA MSA	Ventura	$31,041	$35,266	$24,664	$29,281	$16,344	$23,046
Redding, CA MSA	Shasta	$23,169	$26,323	$18,409	$21,855	$12,200	$17,202
Riverside-San Bernardino-Ontario, CA MSA	Riverside, San Bernardino	$25,559	$29,038	$20,308	$24,110	$13,458	$18,976
Sacramento--Roseville--Arden-Arcade, CA MSA	Sacramento, Yolo, Placer, El Dorado	$25,085	$28,500	$19,932	$23,663	$13,209	$18,624
Salinas, CA MSA	Monterey	$27,872	$31,666	$22,146	$26,292	$14,676	$20,693
San Diego-Carlsbad, CA MSA	San Diego	$29,776	$33,829	$23,659	$28,088	$15,678	$22,107

* For an adult under age 65. The threshold for an adult age 65 or older is $11,756.

** For two adults under age 65. The threshold for two adults age 65 or older is $14,816.

Geography	Counties Included	Two Parents, One Child	Two Parents, Two Children	One Parent, One Child	One Parent, Two Children	Single Adult	Two Adults
Supplemental Poverty Measure Threshold (cont'd)							
San Francisco-Oakland-Hayward, CA MSA	San Francisco, San Mateo, Marin, Alameda, Contra Costa	$32,613	$37,052	$25,913	$30,764	$17,172	$24,213
San Jose-Sunnyvale-Santa Clara, CA MSA	Santa Clara, San Benito	$34,861	$39,607	$27,700	$32,885	$18,356	$25,882
San Luis Obispo-Paso Robles-Arroyo Grande, CA MSA	San Luis Obispo	$27,757	$31,535	$22,055	$26,183	$14,615	$20,608
Santa Cruz-Watsonville, CA MSA	Santa Cruz	$31,936	$36,283	$25,375	$30,125	$16,816	$23,710
Santa Maria-Santa Barbara, CA MSA	Santa Barbara	$30,184	$34,293	$23,983	$28,473	$15,894	$22,410
Santa Rosa, CA MSA	Sonoma	$29,315	$33,306	$23,293	$27,653	$15,436	$21,765
Stockton-Lodi, CA MSA	San Joaquin	$23,987	$27,252	$19,059	$22,627	$12,630	$17,809
Vallejo-Fairfield, CA MSA	Solano	$26,964	$30,635	$21,425	$25,436	$14,198	$20,019
Visalia-Porterville, CA MSA	Tulare	$21,763	$24,726	$17,293	$20,530	$11,460	$16,158
Small California MSAs combined	Napa, Sutter, Yuba, Merced, Madera, Imperial	$22,677	$25,764	$18,019	$21,392	$11,941	$16,837
California's Non-MSAs Combined	Del Norte, Siskiyou, Modoc, Humboldt, Trinity, Lassen, Tehama, Plumas, Sierra, Nevada, Mendocino, Lake, Glenn, Colusa, Alpine, Amador, Calaveras, Tuolumne, Mariposa, Mono, Inyo	$23,348	$26,526	$18,551	$22,024	$12,294	$17,334

Geography	Counties Included	Two Parents, One Child	Two Parents, Two Children	One Parent, One Child	One Parent, Two Children	Single Adult	Two Adults
California Poverty Measure Threshold							
Individual Counties							
Alameda	Alameda	$31,050	$35,276	$24,671	$29,289	$16,349	$23,121
Butte	Butte	$23,636	$26,853	$18,780	$22,296	$12,445	$17,600
Contra Costa	Contra Costa	$30,637	$34,808	$24,343	$28,900	$16,132	$22,814
El Dorado	El Dorado	$25,408	$28,867	$20,189	$23,968	$13,379	$18,920
Fresno	Fresno	$22,811	$25,916	$18,125	$21,517	$12,011	$16,986
Humboldt	Humboldt	$24,148	$27,436	$19,188	$22,779	$12,715	$17,982
Imperial	Imperial	$21,640	$24,586	$17,194	$20,413	$11,395	$16,114
Kern	Kern	$22,811	$25,916	$18,125	$21,517	$12,011	$16,986
Kings	Kings	$21,963	$24,953	$17,451	$20,718	$11,565	$16,355
Los Angeles	Los Angeles	$28,619	$32,515	$22,740	$26,997	$15,069	$21,311
Madera	Madera	$23,022	$26,156	$18,293	$21,717	$12,123	$17,144
Marin	Marin	$35,007	$39,773	$27,816	$33,023	$18,433	$26,069
Merced	Merced	$22,309	$25,346	$17,726	$21,044	$11,747	$16,612
Napa	Napa	$31,473	$35,758	$25,008	$29,689	$16,572	$23,437
Orange	Orange	$31,652	$35,960	$25,149	$29,857	$16,666	$23,570
Placer	Placer	$28,396	$32,262	$22,563	$26,786	$14,952	$21,145
Riverside	Riverside	$26,356	$29,944	$20,942	$24,862	$13,878	$19,626
Sacramento	Sacramento	$25,486	$28,956	$20,251	$24,041	$13,420	$18,979
San Bernardino	San Bernardino	$25,553	$29,032	$20,304	$24,104	$13,455	$19,028
San Diego	San Diego	$29,701	$33,744	$23,599	$28,017	$15,639	$22,117
San Francisco	San Francisco	$34,963	$39,722	$27,780	$32,981	$18,410	$26,035
San Joaquin	San Joaquin	$24,684	$28,044	$19,613	$23,284	$12,997	$18,381
San Luis Obispo	San Luis Obispo	$27,906	$31,704	$22,173	$26,323	$14,694	$20,780

Geography	Counties Included	Two Parents, One Child	Two Parents, Two Children	One Parent, One Child	One Parent, Two Children	Single Adult	Two Adults
California Poverty Measure Threshold (cont'd)							
San Mateo	San Mateo	$37,048	$42,091	$29,437	$34,947	$19,508	$27,588
Santa Barbara	Santa Barbara	$29,645	$33,680	$23,555	$27,964	$15,610	$22,075
Santa Clara	Santa Clara	$35,208	$40,001	$27,975	$33,212	$18,539	$26,218
Santa Cruz	Santa Cruz	$30,581	$34,744	$24,299	$28,847	$16,103	$22,773
Shasta	Shasta	$23,847	$27,094	$18,948	$22,495	$12,557	$17,758
Solano	Solano	$28,028	$31,844	$22,270	$26,439	$14,758	$20,871
Sonoma	Sonoma	$30,102	$34,200	$23,918	$28,395	$15,850	$22,416
Stanislaus	Stanislaus	$24,148	$27,436	$19,188	$22,779	$12,715	$17,982
Tulare	Tulare	$21,974	$24,966	$17,460	$20,729	$11,571	$16,363
Ventura	Ventura	$30,615	$34,782	$24,326	$28,879	$16,120	$22,798
Yolo	Yolo	$27,326	$31,046	$21,712	$25,777	$14,388	$20,348
County Groups							
Alpine/Amador/Calaveras/Inyo/Mariposa/Mono/Tuolumne	Alpine, Amador, Calaveras, Inyo, Mariposa, Mono, Tuolumne	$24,316	$27,626	$19,321	$22,937	$12,803	$18,107
Colusa/Glenn/Tehama/Trinity	Colusa, Glenn, Tehama, Trinity	$21,763	$24,725	$17,292	$20,529	$11,459	$16,206
Del Norte/Lassen/Modoc/Plumas/Siskiyou	Del Norte, Lassen, Modoc, Plumas, Siskiyou	$22,443	$25,498	$17,832	$21,170	$11,817	$16,712
Lake/Mendocino	Lake, Mendocino	$24,226	$27,524	$19,250	$22,853	$12,757	$18,040
Monterey/San Benito	Monterey, San Benito	$28,218	$32,059	$22,421	$26,618	$14,858	$21,013
Nevada/Sierra	Nevada, Sierra	$28,307	$32,160	$22,492	$26,702	$14,905	$21,079
Sutter/Yuba	Sutter, Yuba	$23,257	$26,422	$18,479	$21,938	$12,246	$17,318

ENDNOTES

[1] Based on the Supplemental Poverty Measure for years 2015 through 2017. California's rate was higher but not statistically different from the annual average poverty rates for Florida and Louisiana for this three-year period, so all three states were statistically tied for the highest state supplemental poverty rate. See Sara Kimberlin and Esi Hutchful, *New Census Figures Show That California Has 7.5 Million Residents Living in Poverty — More Than Any Other State* (California Budget & Policy Center: September 2018).

[2] Constance Citro and Robert T. Michael, eds. *Measuring Poverty: A New Approach* (Washington, DC: The National Academies Press, 1995).

[3] The Census Bureau and the Bureau of Labor Statistics began publishing Supplemental Poverty Measure data in 2010 based on data collected for calendar year 2009. As a result, the first available supplemental poverty rate data are for 2009. The Bureau of Labor Statistics develops and produces the Supplemental Poverty Measure thresholds. For more information, see US Bureau of Labor Statistics, "Research Experimental Poverty Thresholds." A recent report on child poverty by the National Academy of Sciences includes a description of differences between the official poverty measure and Supplemental Poverty Measure and a comparison of child poverty rates and demographics under each measure. See Greg Duncan and Suzanne Le Menestrel, eds., "Chapter 2: A Demographic Portrait of Child Poverty in the United States," in *A Roadmap to Reducing Child Poverty*, (Washington, DC: The National Academies Press, 2019).

[4] LIHEAP is included in calculations of supplemental poverty published by the US Census Bureau. It is not included in calculations of poverty under the California Poverty Measure published by Stanford and PPIC as of 2019 because it is not reported in the dataset used to produce California measure poverty rates.

[5] The California measure uses a smaller weekly allocation for work expenses for workers who work from home, bike, or walk to work. The supplemental measure uses the same weekly work expense allocation for all workers.

[6] Child support paid is subtracted in calculations of supplemental poverty published by the US Census Bureau. It is not included in calculations of poverty under the California Poverty Measure published by Stanford and PPIC as of 2019 because it is not reported in the dataset used to produce California measure poverty rates.

[7] The official poverty measure excludes "unrelated individuals under age 15," while the supplemental and California poverty measures include co-resident children who are cared for by the family, such as foster children. For example, in the case of a woman living with a 12-year-old foster child, the official poverty measure would consider the woman a one-person "poverty unit." The foster child would not be included in the poverty "universe" at all, meaning the child would not be counted in either the numerator or denominator when determining the total number of people in poverty. In contrast, the supplemental and California poverty measures would consider the woman and foster child a two-person "poverty unit" and determine their poverty status together. All three poverty measures exclude certain other individuals, such as people living in

"institutional group quarters," including prisons, nursing homes, and homeless shelters, and people living in college dormitories, military barracks, and in unconventional living situations, such as homeless individuals living in their cars or outside.

[8] This does not mean that economic hardship is less severe in these counties. In fact, these places have among the highest poverty rates in the state by any measure. Rather, the California Poverty Measure shows that the level of economic hardship is not exacerbated by high costs of living in these counties. In addition, public supports that reduce hardship are more effective at cutting poverty (as measured with the California measure) in low-cost places since eligibility and benefit levels are generally determined based on the official poverty line, and the California measure poverty line is similar to the official poverty line in places with a low cost of living. See Alissa Anderson and Sara Kimberlin, *Better Poverty Measure Shows Economic Hardship Is More Widespread in Certain Parts of California* (California Budget & Policy Center: January 2018).

[9] Specifically, 25.7% of black children in California lived in poverty in 2013-2015 based on the supplemental measure, compared to 33.5% based on the official measure. The lower supplemental poverty rate largely reflects the impact of public supports like CalFresh food assistance and housing assistance, which boost family resources and are factored in by the supplemental measure but not the official measure. See Alissa Anderson, *A Better Measure of Poverty Shows How Widespread Economic Hardship Is in California* (California Budget & Policy Center: October 2016).

[10] Another factor that helps explain why a family's poverty status based on the supplemental measure differs from their status based on the official measure is that each measure defines families differently, as described earlier.

[11] However, in cases where ACS data are not available (such as for years prior to 2006), the CPS ASEC can be used for state poverty figures. When using the CPS ASEC for state poverty figures, the Census Bureau recommends combining two years of data in order to produce more reliable estimates. However, analysts can use their judgement to determine whether to follow this guidance. For example, it may be appropriate to make an exception to this rule for states like California (where the CPS ASEC sample is relatively large) and report poverty figures for the state based on just one year of data. On the other hand, for estimates based on very small samples, such as the poverty rate for Asian children under age 6 in California, it may be better to combine at least *three* years of data rather than two. Although the Census Bureau generally recommends using the CPS ASEC for *national* poverty figures and the ACS for *state* poverty figures, when comparing national and state figures to each other, the same dataset should be used because of slight differences in the questions asked of respondents for the CPS ASEC and ACS surveys, which result in slightly different poverty rates for the same areas or groups. For example, it is better to use the ACS to compare the poverty rate for US seniors to the poverty rate for California seniors, rather than to use the CPS ASEC for the national rate and the ACS for the state rate.

[12] Even though the ACS is based on a relatively large sample, figures for some substate areas cannot be reliably reported on their own and instead should be combined with adjacent areas or multiple years of data should be pooled together.

[13] However, poverty figures based on the CPS ASEC prior to 2014 are not directly comparable to figures from 2014 and beyond because the Census Bureau redesigned the income questions upon which poverty estimates are based. Many researchers, including those at the Census Bureau, display a break between years 2013 and 2014 when presenting historical trends in poverty based on this measure to indicate that the figures are not directly comparable.

[14] Census Bureau researchers have been exploring the issues that would be involved if the Census Bureau were to produce Supplemental Poverty Measure estimates for the United States using the ACS, which would allow for sub-state-level poverty estimates. See David Betson, Linda Giannarelli, and Sheila Zedlewski, "Workshop on State Poverty Measurement Using the American Community Survey: A Summary of the Discussion," summary of a workshop held at the Urban Institute on April 1, 2011, sponsored by the US Census Bureau (Urban Institute: July 2011); and Trudi Renwick, "Using the American Community Survey to Implement a Supplemental Poverty Measure (extended abstract)," paper presented at the Association of Public Policy Analysis and Management (APPAM) Annual Conference (November 2014).

[15] As with the official poverty measure data based on the ACS, California Poverty Measure figures for some substate areas cannot be reliably reported on their own and instead must be combined with adjacent areas.

[16] Although the Census Bureau has not made major changes to the official poverty measure since it was first created, it did redesign the survey questions about income upon which poverty estimates are based in 2014. Because of this change in survey methodology, poverty figures based on the CPS ASEC prior to 2014 are not directly comparable to figures from 2014 and beyond. Many researchers, including those at the Census Bureau, display a break between years 2013 and 2014 when presenting historical trends in poverty based on this measure to indicate that the figures are not directly comparable.

[17] For more information, see Sarah Bohn, et al., *Technical Appendices: The California Poverty Measure: A New Look at the Social Safety Net* (Public Policy Institute of California in collaboration with the Stanford Center on Poverty and Inequality: October 2013), pp. 14-17.

[18] Christopher Wimer, et al., "Progress on Poverty? New Estimates of Historical Trends Using an Anchored Supplemental Poverty Measure," *Demography* 53:4 (August 2016).

[19] For more information see, Christopher Wimer, et al., "Progress on Poverty? New Estimates of Historical Trends Using an Anchored Supplemental Poverty Measure," *Demography* 53:4 (August 2016).

[20] Danilo Trisi and Arloc Sherman, *Be Wary of Using Next Week's Official Poverty Figures to Assess Long-Term Poverty Trends* (Center on Budget and Policy Priorities: September 2016).