

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

	Official Poverty Measure (OPM)	Supplemental Poverty Measure (SPM)	California Poverty Measure (CPM)
Threshold	<p>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.</p> <p>Thresholds are the same in all parts of the US.</p> <p>Thresholds are updated annually by the US Census Bureau.</p> <p>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.</p>	<p>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.</p> <p>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.</p> <p>Thresholds are updated annually by the US Bureau of Labor Statistics and used by the US Census Bureau to calculate SPM poverty statistics.</p>	<p>Base threshold and family size adjustment are identical to SPM.</p> <p>Adjustment for local housing costs is the same as SPM for renters and homeowners with mortgages except that different thresholds are produced for each <i>county</i> 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.</p> <p>Thresholds are updated annually by the Stanford Center on Poverty and Inequality and Public Policy Institute of California.</p> <p>Thresholds are produced later than official and SPM thresholds because public-release Census microdata are needed to produce the thresholds.</p>
Family members	<p>Only counts individuals living in the same home who are related by blood, marriage, or adoption.</p>	<p>Also includes unmarried partners and their relatives, as well as foster children (and other coresident children cared for by the family), as family members.</p>	<p>Same as SPM.</p>

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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: <ul style="list-style-type: none"> • federal EITC • federal Child Tax Credit • CalEITC. Also counts non-cash benefits used to cover basic needs including: <ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> • 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.

Examples of Poverty Calculation Under Different Poverty Measures for California

Example #1: A single mother with two children lives in Los Angeles in 2016. 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.

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Example single mother family poverty status calculation	<p>Poverty threshold (from US Census Bureau) for 2016 for one adult and two children = \$19,337</p> <p>Poverty guideline (from US HHS) for January 2016 for three-person family = \$20,160</p> <p>Family resources = \$22,000 wages</p> <p>Family expenses = n/a</p> <p>Family has resources equal to $\\$22,000/\\$19,337 = 114\%$ of the poverty threshold (or $\\$22,000/\\$20,160 = 109\%$ of the poverty guideline), so this family is not in poverty.</p>	<p>Poverty threshold for Los Angeles-Long Beach-Anaheim MSA for 2016 for one adult and two children renter = \$27,530</p> <p>Family resources = \$22,000 wages + \$6,770 tax credits + \$5,772 CalFresh + \$0 other food/shelter benefits = \$34,542 total</p> <p>Family expenses = \$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</p> <p>Family net resources = $\\$34,542 - \\$12,631 = \\$21,911$</p> <p>Family has net resources equal to $\\$21,911/\\$27,530 = 80\%$ of the poverty threshold, so this family is in poverty.</p>	<p>Poverty threshold for Los Angeles County for 2016 for one adult and two children renter = \$26,001</p> <p>Family resources and expenses are same as under the supplemental measure, so net resources = \$21,911</p> <p>Family has net resources equal to $\\$21,911/\\$26,001 = 84\%$ of the poverty threshold, so this family is in poverty.</p>

Example #2: A single adult with no children lives in San Francisco in 2016, 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.

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Example single individual poverty status calculation	<p>Poverty threshold (from US Census Bureau) for 2016 for one adult under age 65 = \$12,486</p> <p>Poverty guideline (from US HHS) for January 2016 for one-person family = \$11,880</p> <p>Family resources = \$10,500 SSI/SSP</p> <p>Family expenses = n/a</p> <p>Family resources are equal to $\\$10,500/\\$12,486 = 84\%$ of the poverty threshold (or $\\$10,500/\\$11,880 = 88\%$ of the poverty guideline), so this individual is in poverty.</p>	<p>Poverty threshold for San Francisco-Oakland-Hayward MSA for 2016 for single adult renter = \$16,450</p> <p>Family resources = \$10,500 SSI/SSP + \$0 tax credits + \$0 CalFresh + \$0 other food/shelter benefits = \$10,500 total</p> <p>Family expenses = \$0 payroll taxes + \$0 income taxes + \$0 weekly work expenses + \$0 child care costs + \$0 health care costs = \$0 total</p> <p>Family net resources = $\\$10,500 - \\$0 = \\$10,500$</p> <p>Family net resources are equal to $\\$10,500/\\$16,450 = 64\%$ of the poverty threshold, so this individual is in poverty.</p>	<p>Poverty threshold for San Francisco County for 2016 for single adult renter = \$17,523</p> <p>Family resources and expenses are same as under the supplemental measure, so net resources = \$10,500</p> <p>Family net resources are equal to $\\$10,500/\\$17,523 = 60\%$ of the poverty threshold, so this individual is in poverty.</p>