



California Budget
& Policy Center

Child Poverty and Homelessness: Key Context and Potential Approaches

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JEWISH FAMILY AND CHILDREN'S SERVICES IN
SAN RAFAEL, PUBLIC ISSUES COMMITTEE

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How Can We Measure Poverty?

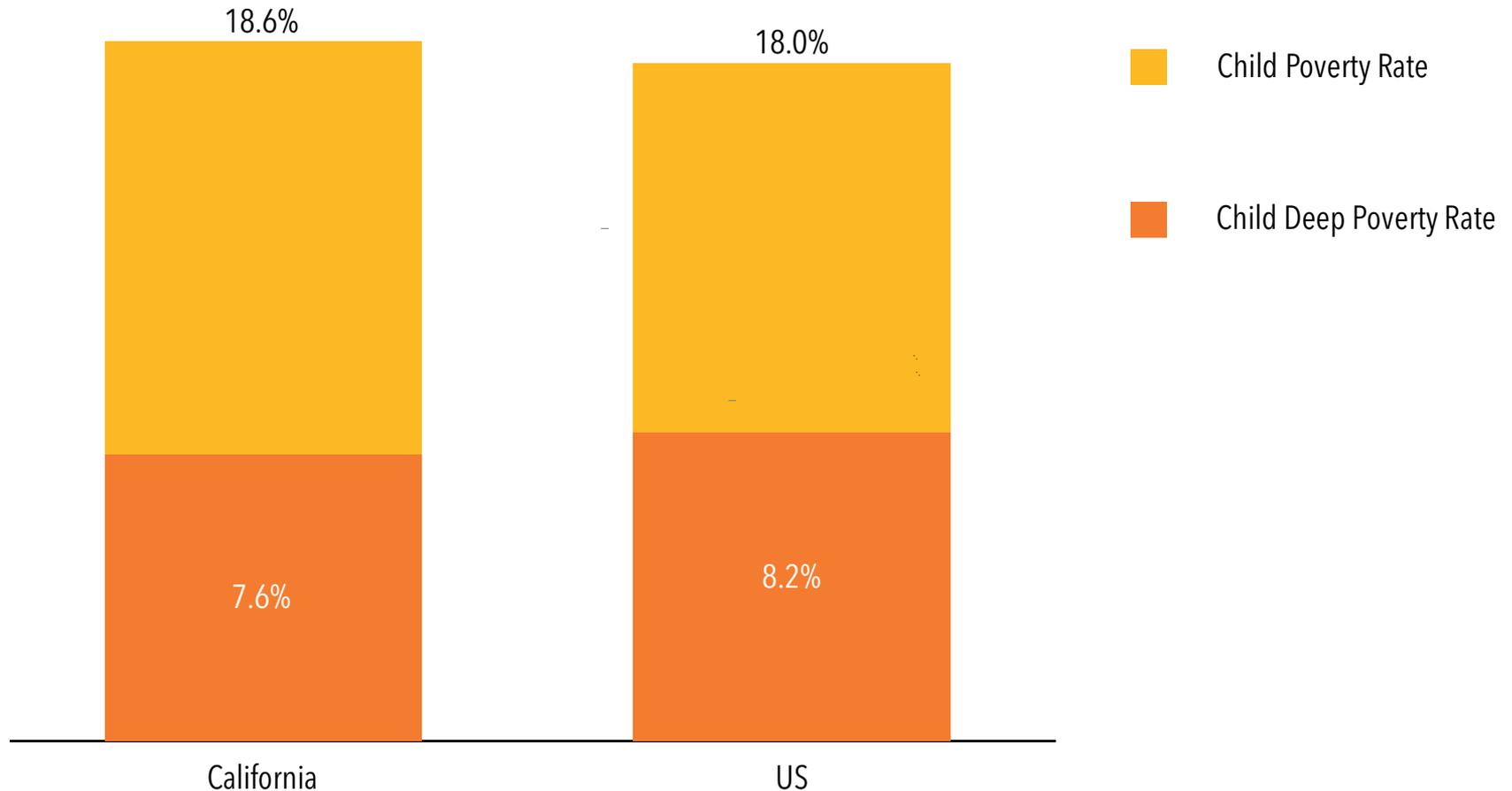
Examining rates and trends in child poverty and deep poverty in California through different lenses:

- Official Poverty Measure
- Supplemental Poverty Measure
- California Poverty Measure



Under the Official Poverty Measure, California's Child Poverty and Deep Poverty Rates Are Similar to the US

Percentage of Children in Official Poverty and Deep Poverty, 2016



Note: Deep poverty is defined as family income equal to less than half of the poverty threshold.
Source: Budget Center analysis of US Census Bureau, Current Population Survey microdata downloaded from IPUMS, University of Minnesota



Official Poverty Measure

- Poverty threshold is based on 1960s food expenditures
- Same threshold for all parts of the country

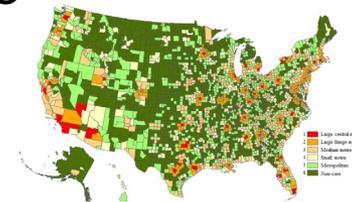


- Only counts cash income
- Does not account for non-discretionary expenses



Supplemental Poverty Measure

- Poverty threshold is based on current spending on basic needs
- Threshold is adjusted for cost of living

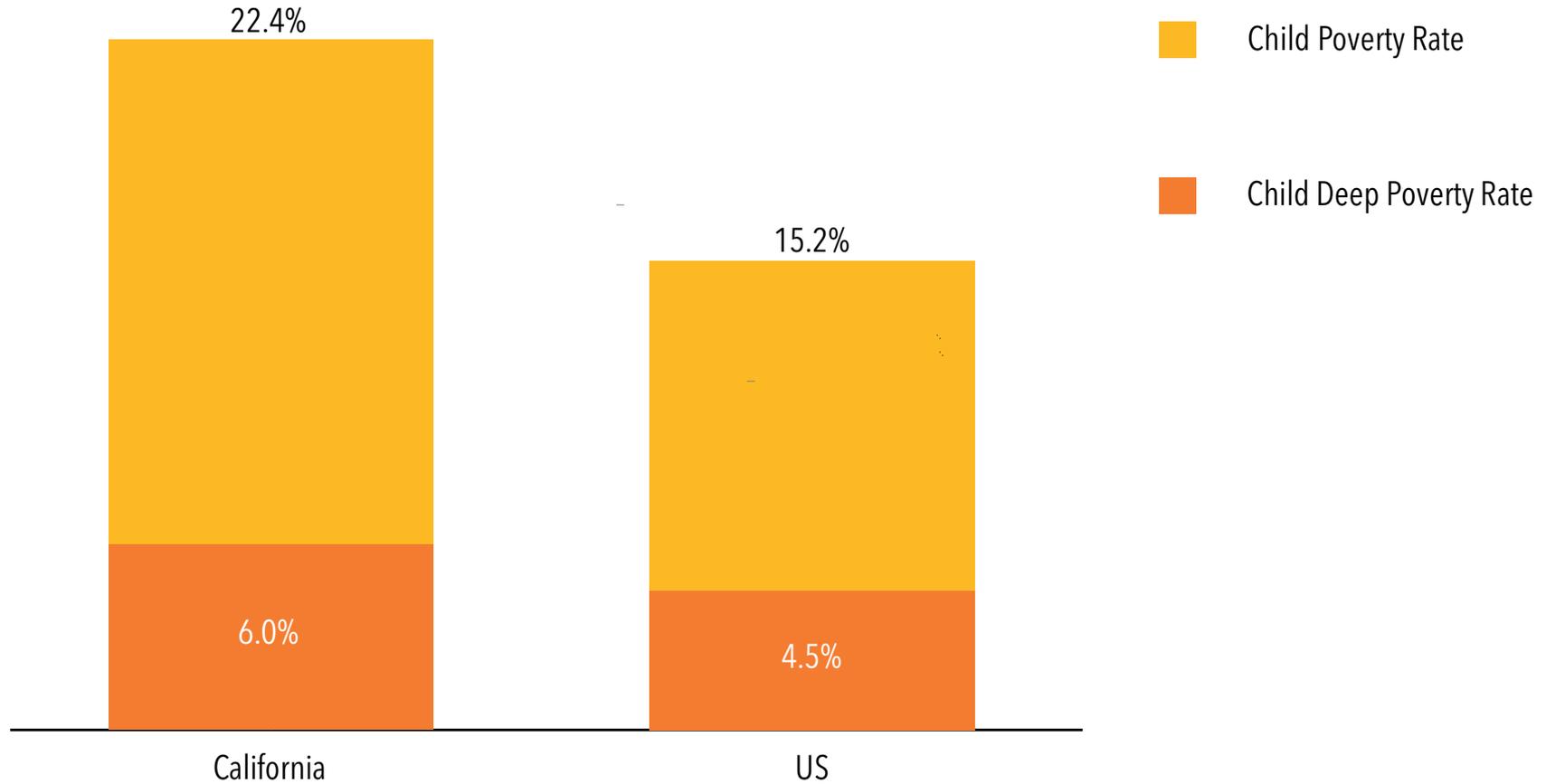


- Counts cash income plus non-cash benefits like CalFresh and EITC
- Subtracts non-discretionary expenses like child care and medical bills



Under the Supplemental Poverty Measure, California's Child Poverty and Deep Poverty Rates Are Higher Than the US

Percentage of Children in Poverty and Deep Poverty Under the SPM, 2016



Note: Deep poverty is defined as family resources equal to less than half of the poverty threshold.
Source: Budget Center analysis of US Census Bureau, Current Population Survey microdata downloaded from IPUMS, University of Minnesota



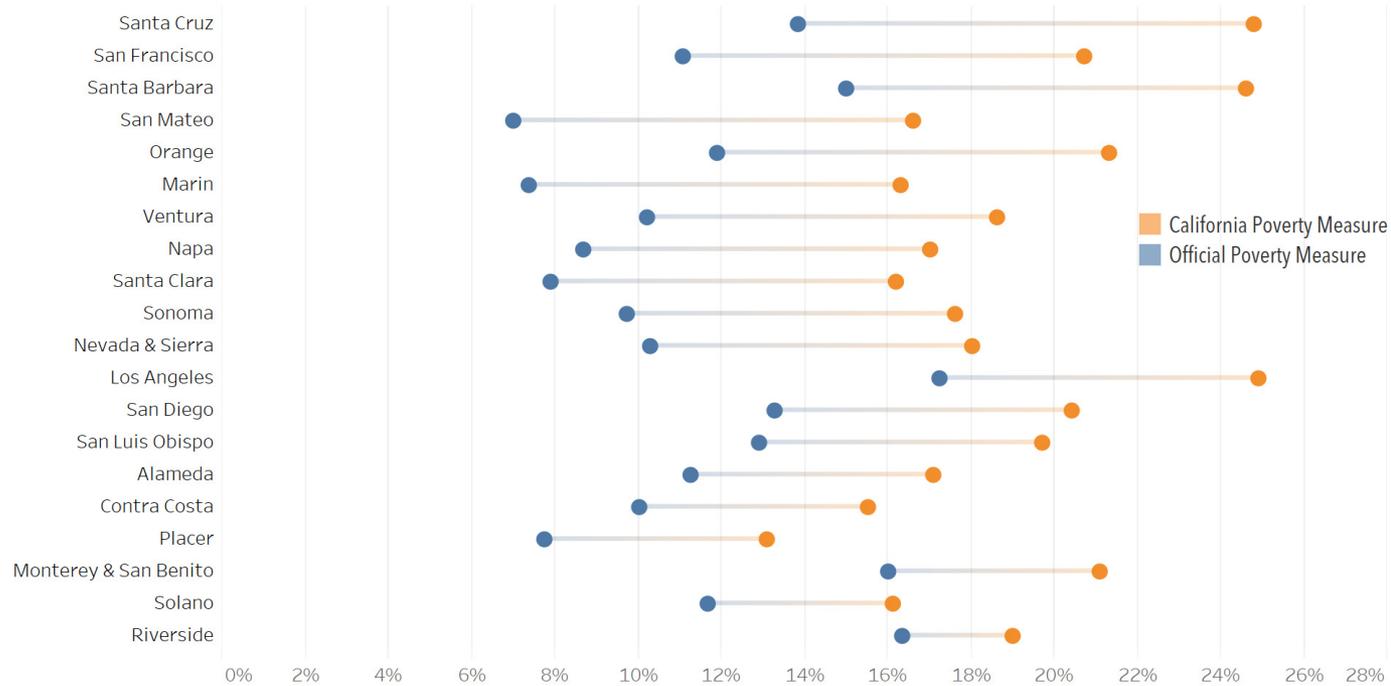
California Poverty Measure

- Modeled after the Supplemental Poverty Measure
- Accounts for state-specific policy context and demographics
- Unlike the SPM, can be used to examine poverty at the sub-state level (e.g., by region or county) and for some demographic subgroups



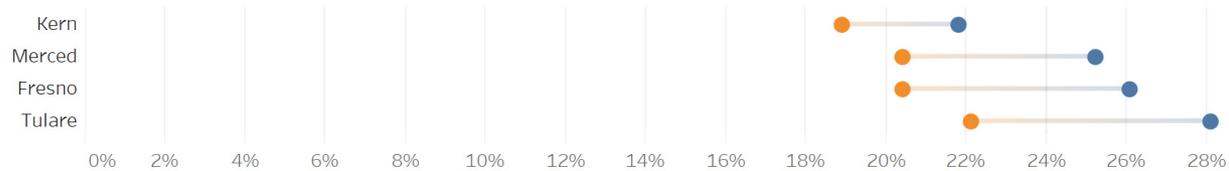
Poverty Rates Are Much Higher in Many Counties Based on the California Poverty Measure (CPM)

Poverty Rate, 2013-2015



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

Poverty Rate, 2013-2015



Source: Budget Center analysis of data from Public Policy Institute of California



Homelessness and Kids

- Annual Point-in-Time count (Housing and Urban Development):
 - 21,522 people in families with kids
 - 15,458 unaccompanied homeless youth
- 251,256 homeless students in 2015-16 (Department of Education)
- 88% of CalWORKs families did not receive housing assistance in 2016
- In LA County, number of CalWORKs families without stable housing almost tripled between 2006-2017



What Does This Mean for California?

- For people who spent at least half their childhood in poverty:
 - 64% attained a high school diploma by age 20 compared to 93% of people who never lived in poverty as children.
 - Only 35% were consistently employed between ages 25 and 30, compared to 70% of people who never fell into poverty as kids.
 - Nearly half (45%) were living in poverty at age 35, compared to just 0.6% of people who never endured poverty as a child.



Some Social and Economic Context

Despite eight years of sustained economic growth, the recovery remains uneven and elusive for many Californians.



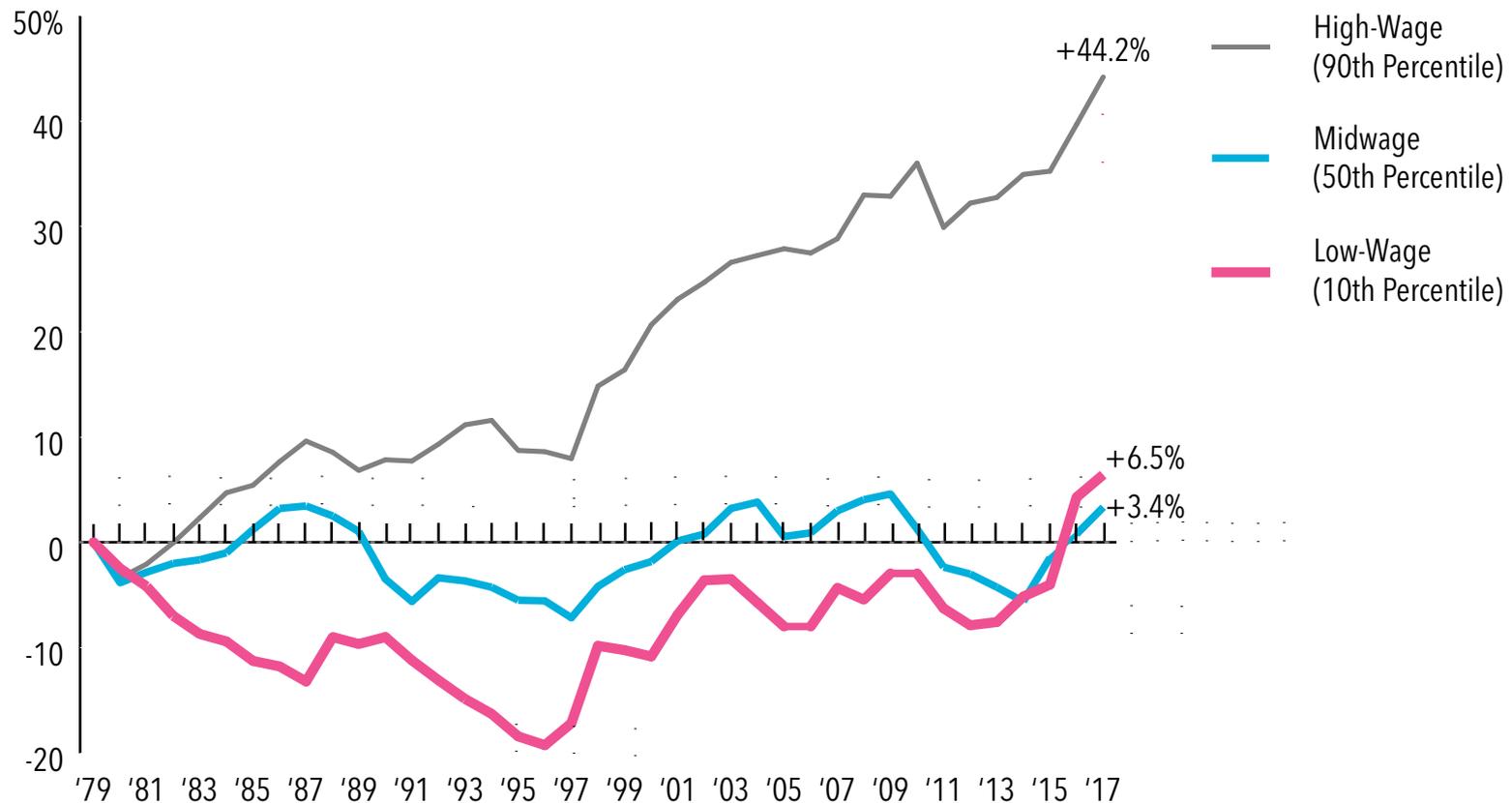
Most Families in Poverty Are Working

- In 2015, 83% of poor children in California lived in families with at least one working adult.
- Three-fifths of poor children (62%) lived in families with at least one full-time worker.
- One-fifth (21%) had at least one adult in the family working part-time.



California's Low- and Mid-Wage Workers Have Seen Only Modest Gains Since 1979

Percent Change in Inflation-Adjusted Hourly Wages for Workers Ages 18-64



Note: Figures reflect 2017 dollars.

Source: Economic Policy Institute analysis of US Census Bureau, Current Population Survey data

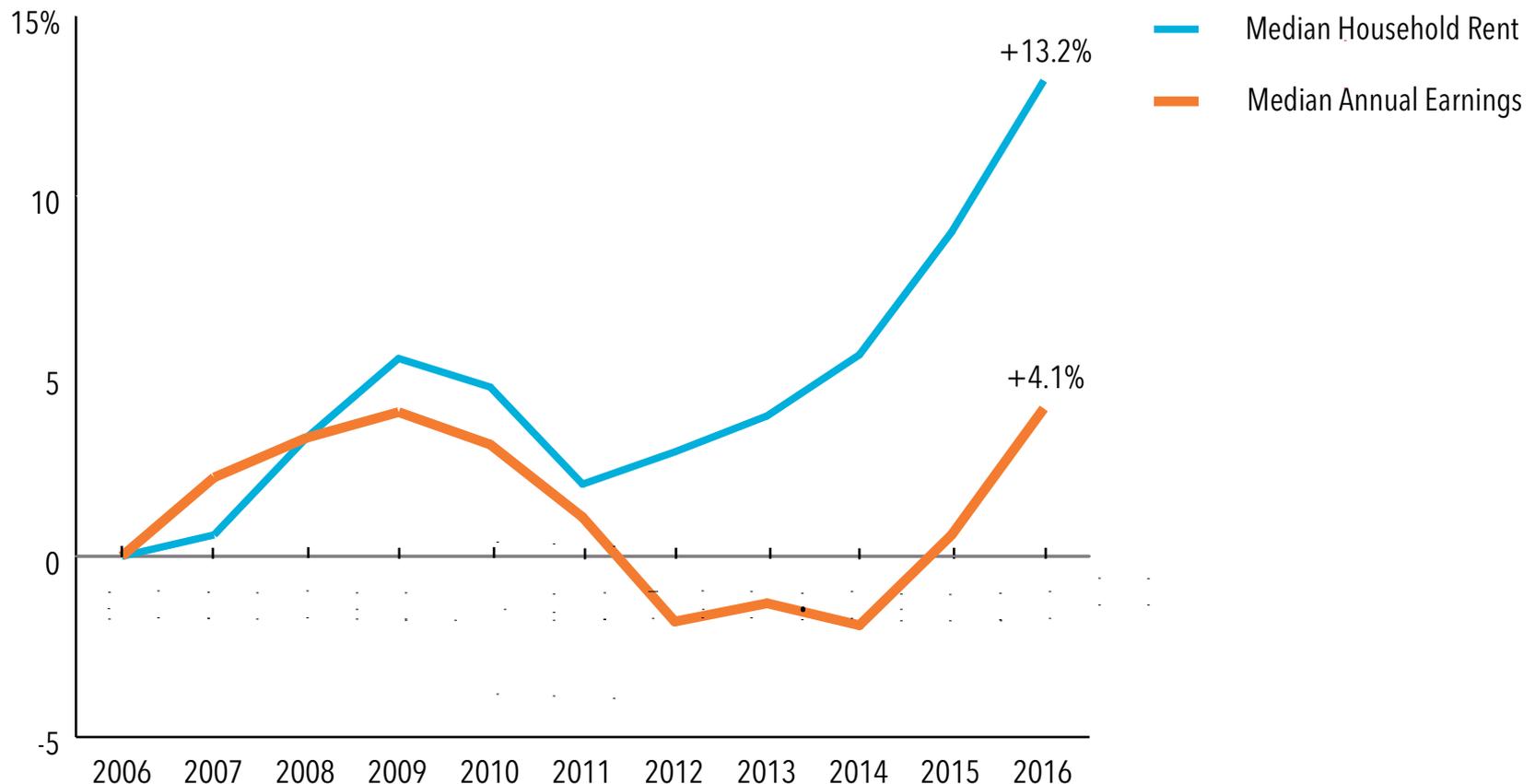


High Cost of Living: Housing and Child Care



Workers' Earnings Have Not Kept Pace With Rents in California

Percent Change in Inflation-Adjusted Median Rent and Median Annual Earnings Since 2006



Note: Median annual earnings for individuals working at least 35 hours per week and 50 weeks per year. Excludes workers with \$0 or negative total earnings.

Source: Budget Center analysis of US Census Bureau, American Community Survey data



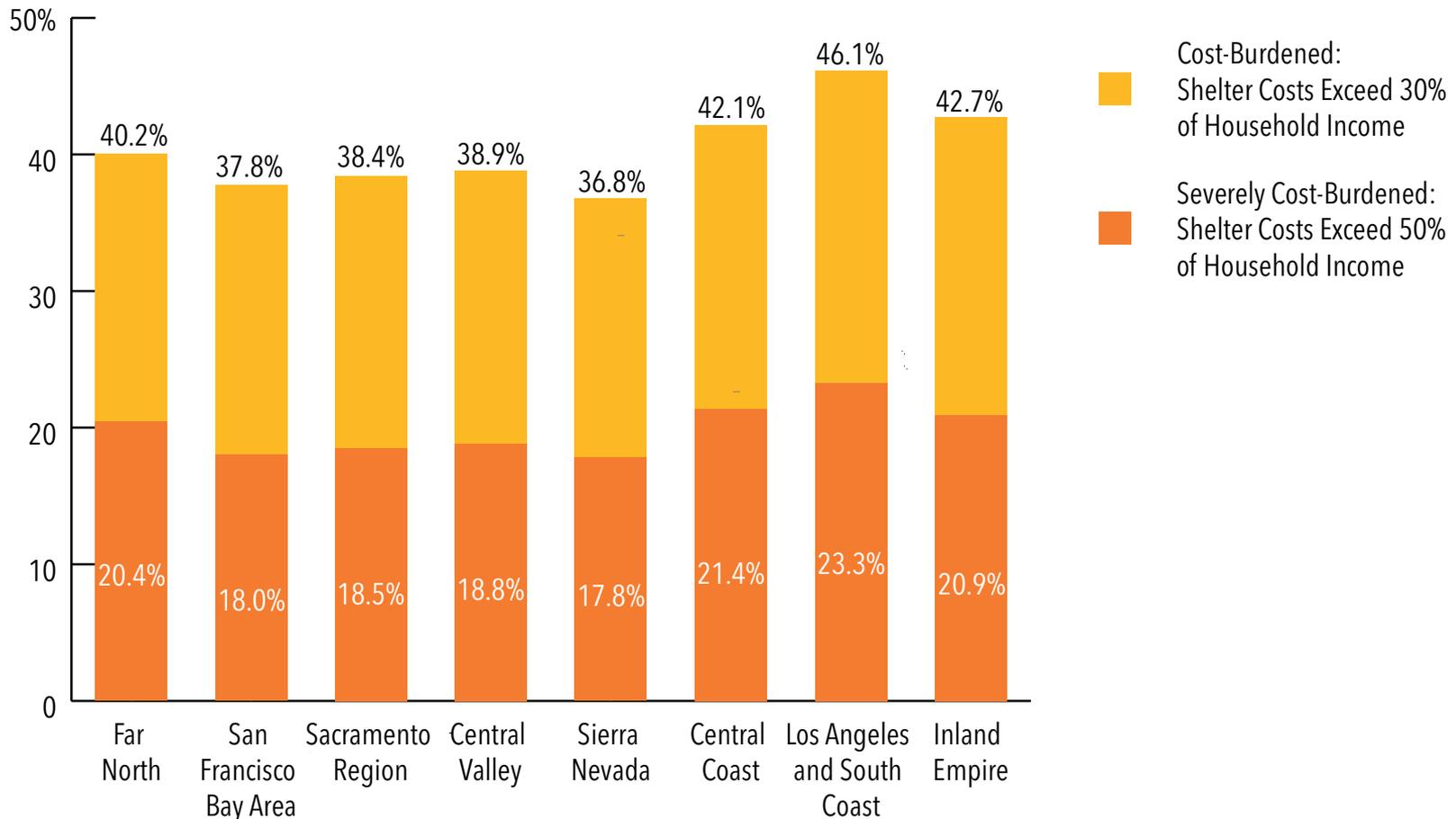
Californians in all parts of the state pay more than they can afford for housing.

Renters, low-income households, and people of color are especially affected by housing cost-burden.



Housing Costs Are Unaffordable Throughout California

Percentage of Households With Housing Cost-Burden or Severe Housing Cost-Burden, 2015



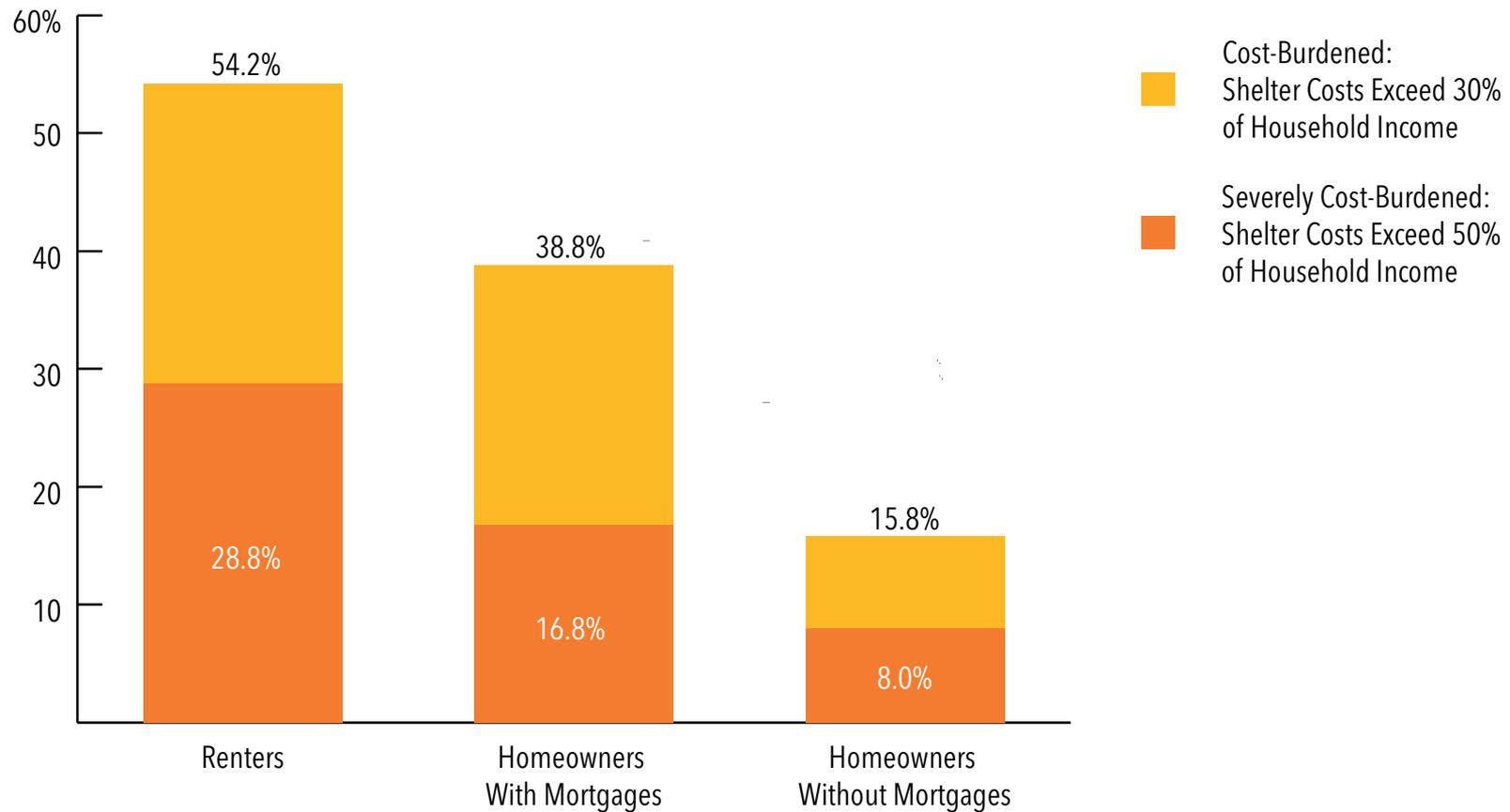
Note: Definitions of housing cost-burden are from the US Department of Housing and Urban Development.

Source: Budget Center analysis of US Census Bureau, American Community Survey data



More Than Half of California's Renters and Over a Third of Homeowners With Mortgages Have High Housing Costs

Percentage of Households With Housing Cost-Burden or Severe Housing Cost-Burden, 2015



Note: Definitions of housing cost-burden are from the US Department of Housing and Urban Development.

Source: Budget Center analysis of US Census Bureau, American Community Survey data



Affordable child care and preschool helps families make ends meet.

Without access to affordable care, many families face difficult choices about where to leave their children while they are working.



The Cost of Child Care Is Prohibitively High in California

Median Cost of Care Statewide, 2016



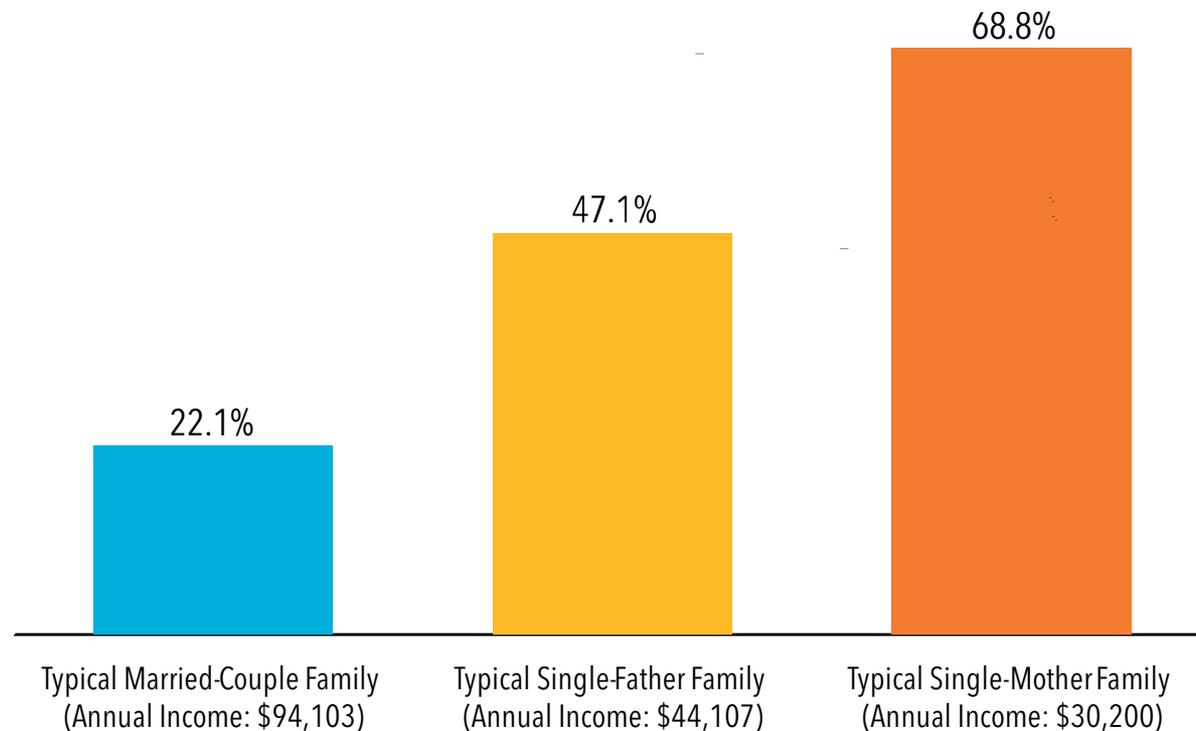
Note: Figures are rounded to the nearest hundred. Cost of care is full-time for infants and preschoolers and prorated according to the school year for a school-age child. Costs are based on counties' median cost of care weighted to reflect each county's child population.

Source: Budget Center analysis of California Department of Education data, 2016 Regional Market Rate Survey



The Cost of Child Care in California Is a Large Share of Family Budgets, Especially for Single-Parent Families

Child Care Costs for an Infant and a School-Age Child as a Share of Annual Family Income, 2016



Note: Cost of care is for a licensed center in California in 2016 (full-time for an infant and prorated according to the school year for a school-age child). Costs are based on counties' median cost of care weighted to reflect each county's population of infants and school-age children.

Source: Budget Center analysis of data from the California Department of Education, 2016 Regional Market Rate Survey and US Census Bureau



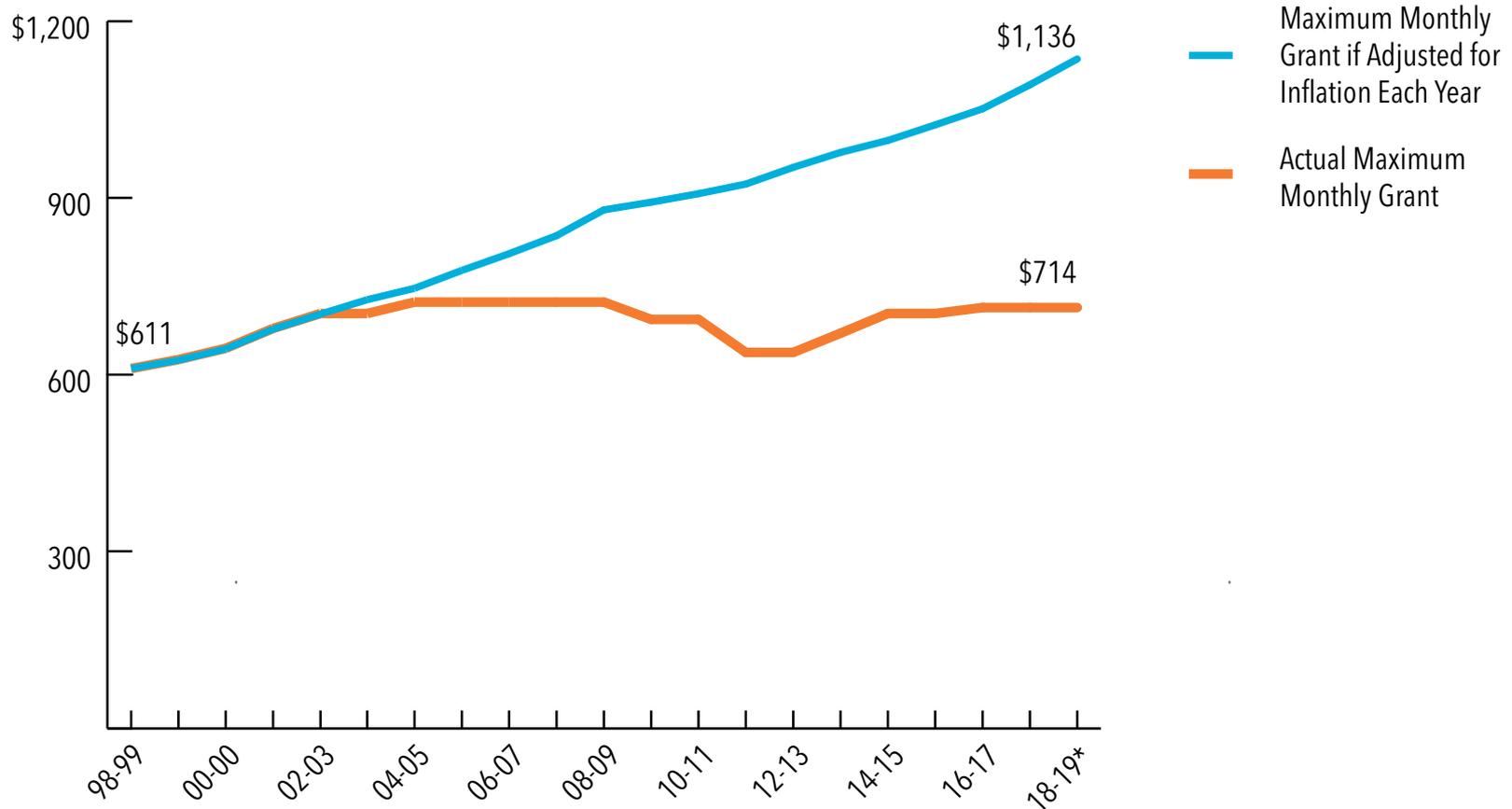
State and federal cuts have weakened key services and supports that help families achieve economic security.

Many of these programs continue to be funded below pre-recession levels.



The CalWORKs Grant Has Lost More Than One-Third of Its Purchasing Power Since 1998-99

Maximum Monthly CalWORKs Grant for a Family of Three in a High-Cost County



* 2018-19 proposed.

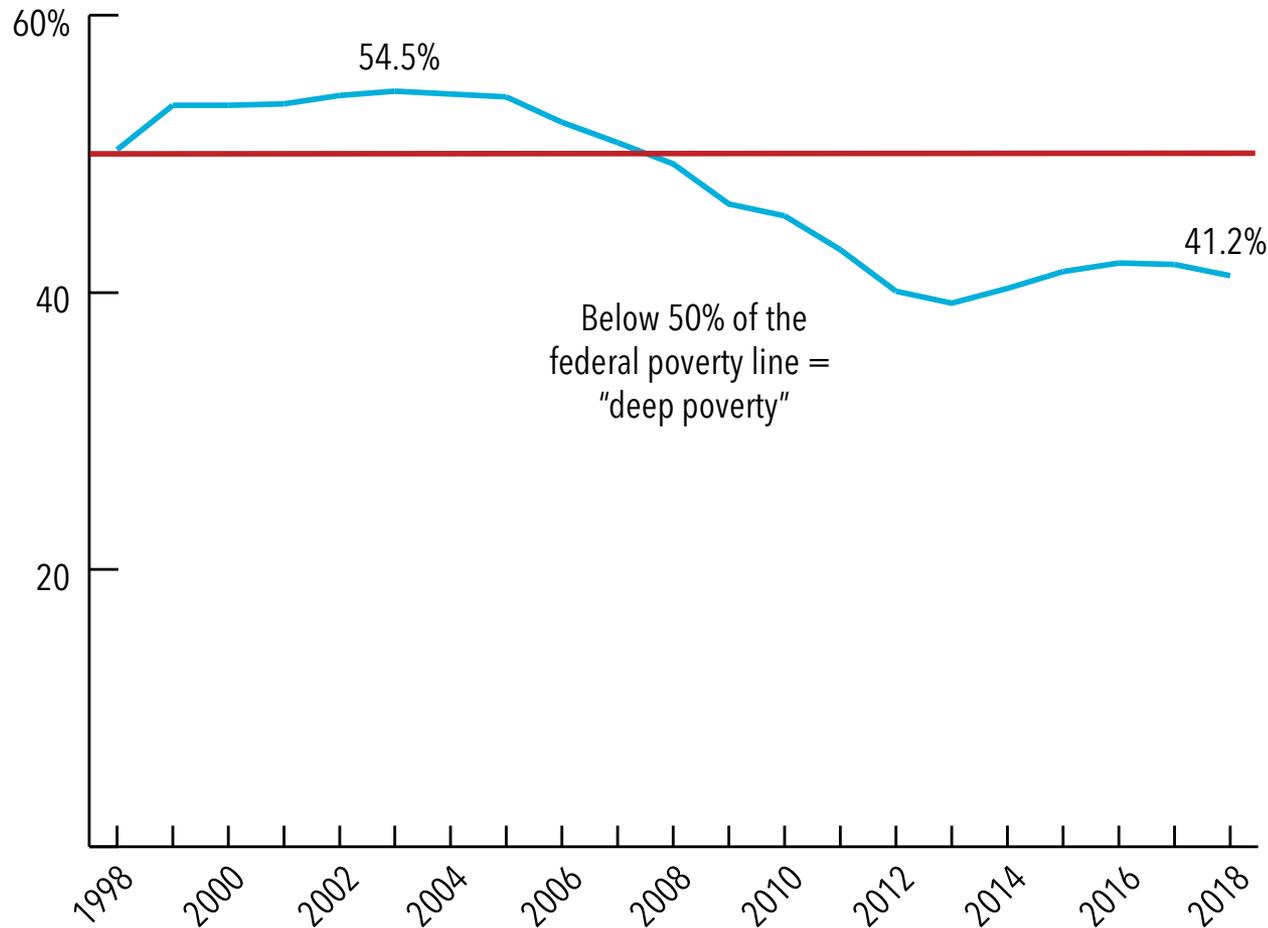
Note: The Governor's proposed budget does not provide a grant increase in 2018-19. Inflation adjustment is based on the California Necessities Index. CalWORKs was implemented in 1998.

Source: Budget Center analysis of Department of Social Services data



Without an Increase in 2018-19, CalWORKs Grants Will Be Below the Deep-Poverty Line for the Eleventh Straight Year

Annualized Maximum Grant for a Family of Three as a Percentage of the Federal Poverty Line

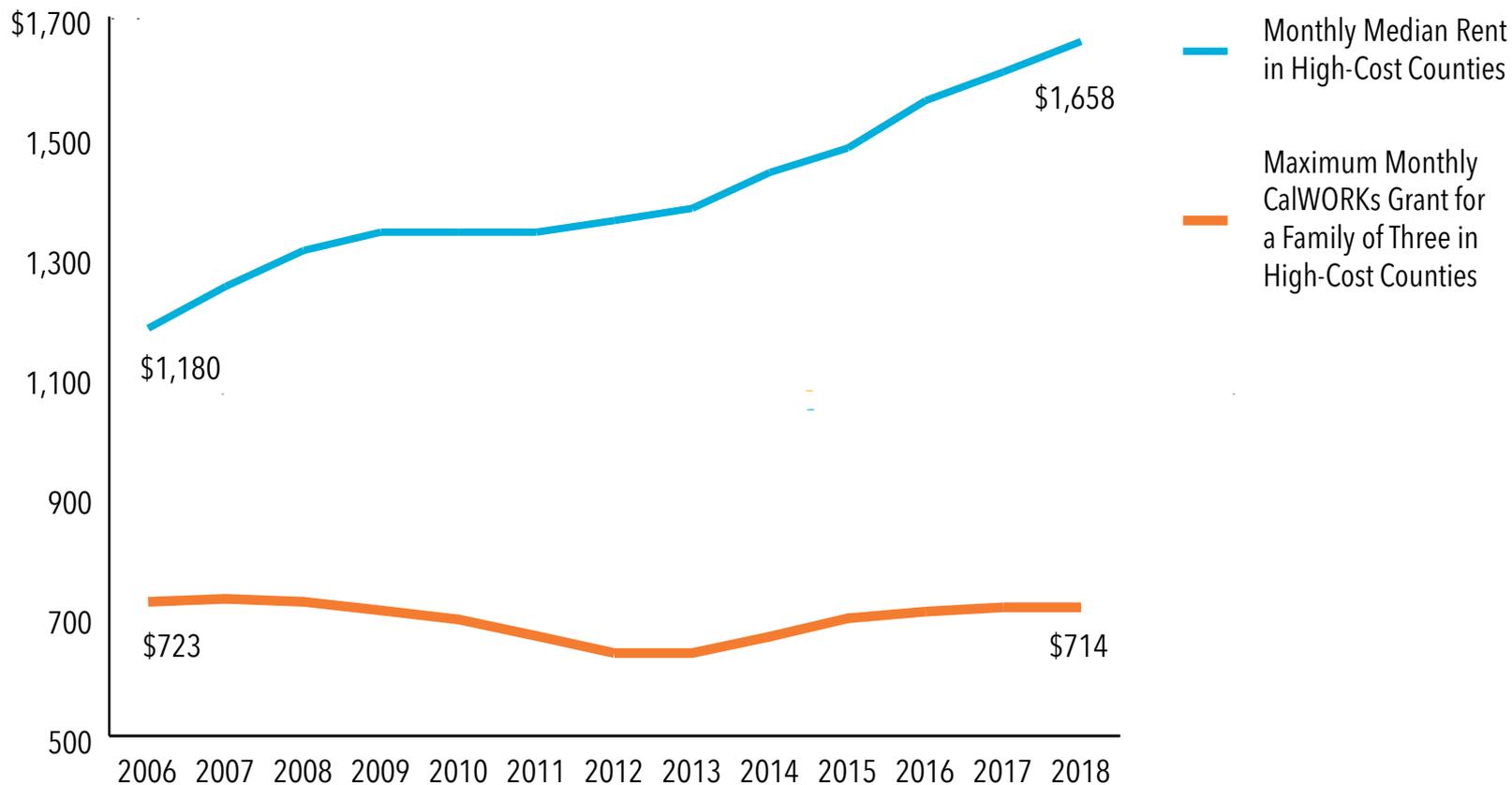


Note: Grants are for high-cost counties. The proposed 2018-19 budget does not increase grant levels.
Source: Budget Center analysis of Department of Social Services, US Department of Health and Human Services, and US Social Security Administration data



The Median Rent in High-Cost Counties Has Far Outpaced Maximum CalWORKs Grants in Recent Years

Maximum Monthly CalWORKs Grant Compared to Median Monthly Rent for a Two-Bedroom

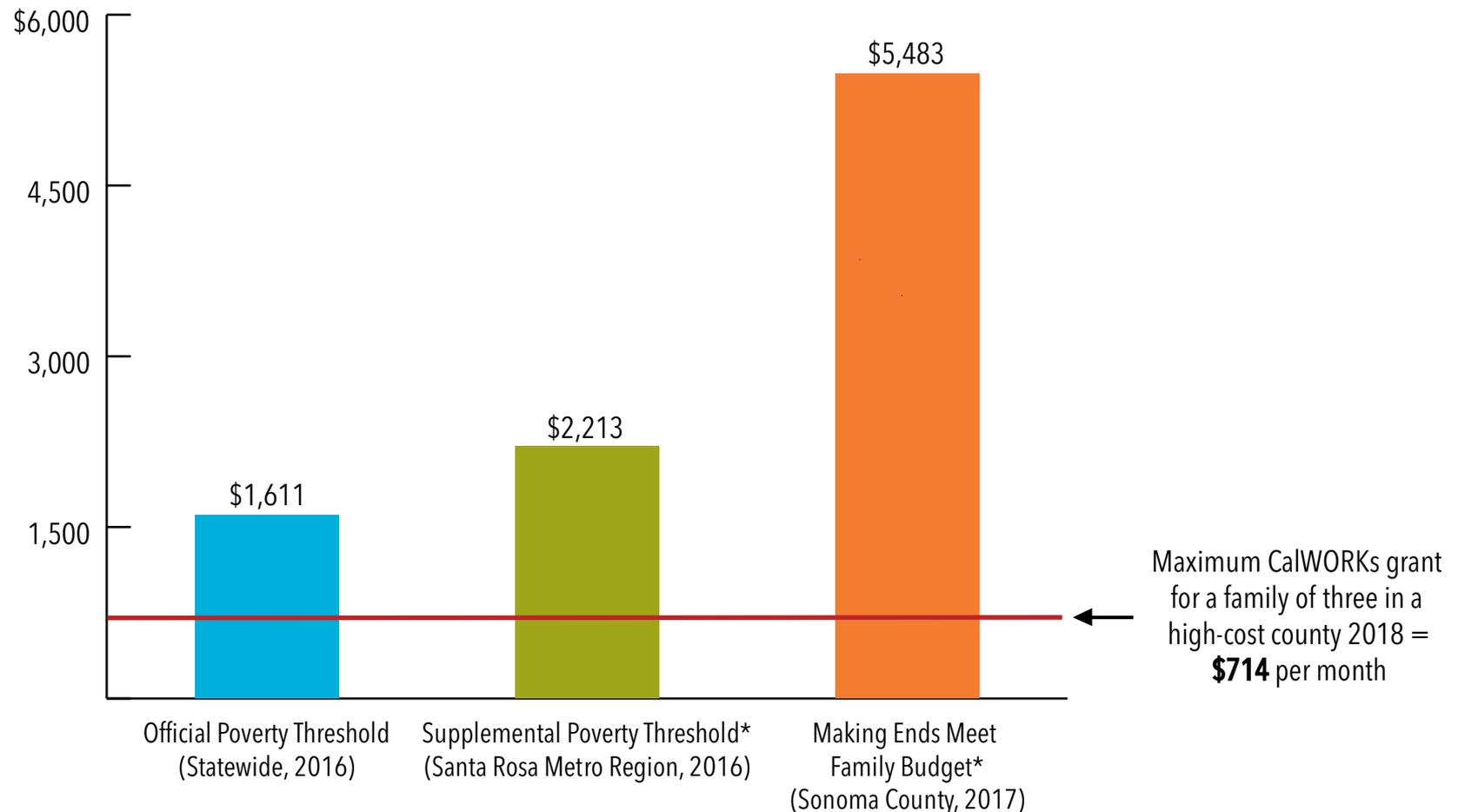


Note: Rent reflects gross rent, which includes utilities and fuels. For 2017 and 2018, rent is estimated based on the compound annual growth rate between 2011 and 2016. The Governor's proposed budget assumes no increase to CalWORKs grants in the 2018-19 fiscal year.
Source: Department of Social Services; Budget Center analysis of US Census Bureau, American Community Survey data



CalWORKs Grant Falls Short of Poverty Thresholds and the Income Needed to Afford the Basics: Santa Rosa Area

Poverty Thresholds and Basic Budget for a One-Parent Family With Two Children, Per Month



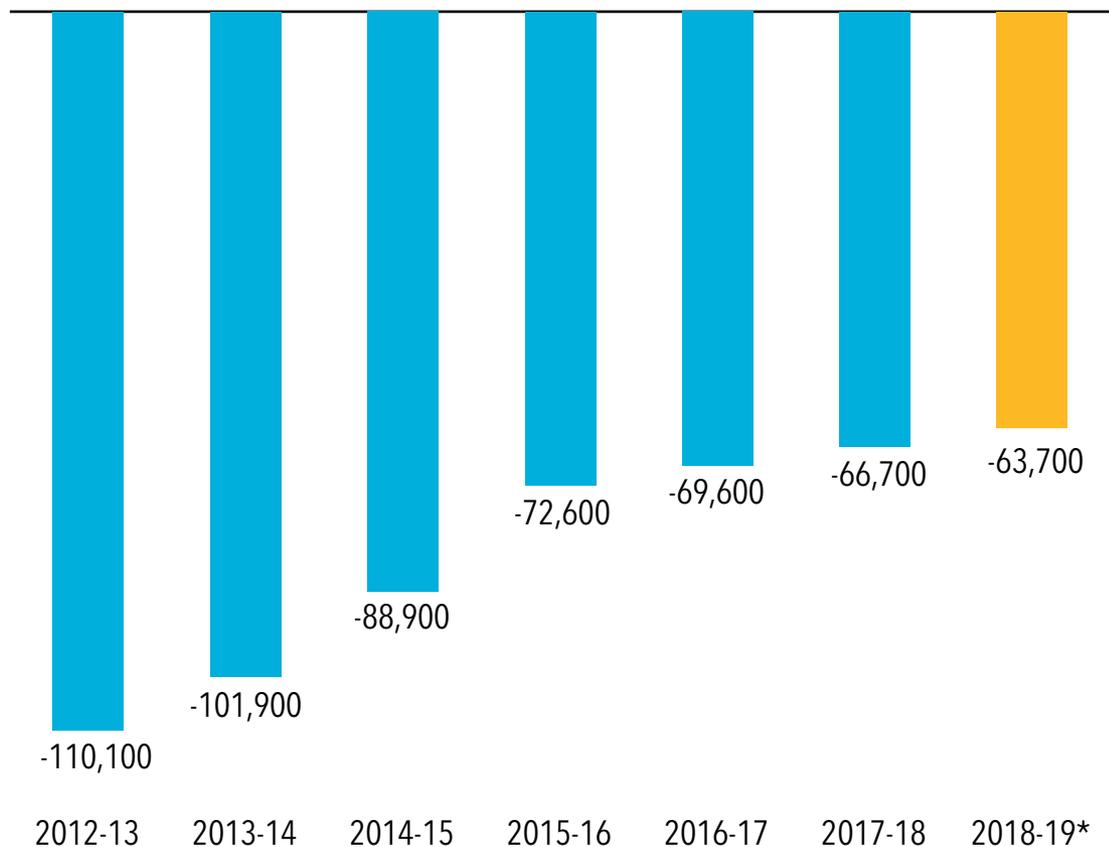
* For a family who rents their home.

Source: California Budget & Policy Center, Making Ends Meet; Department of Social Services; and US Census Bureau



Even With Recent Increases, California Will Have 64,000 Fewer Child Care and Preschool Slots Than in 2007-08

Annual Number of Subsidized Child Care and Preschool Slots, Compared to 2007-08



*Proposed

Note: Child care includes CalWORKs and non-CalWORKs programs and excludes Transitional Kindergarten. Slots include those funded with federal and/or state dollars.

Source: Budget Center analysis of Department of Finance and Legislative Analyst's Office data



Federal Housing Assistance

- Housing assistance is crucial for California families, with 300,000 households using vouchers alone in 2014.
- The federal budget proposal for federal fiscal year 2019 would raise rents for almost 388,000 households and cut vouchers for about 27,000 households in California.



State leaders should continue to invest in California families.



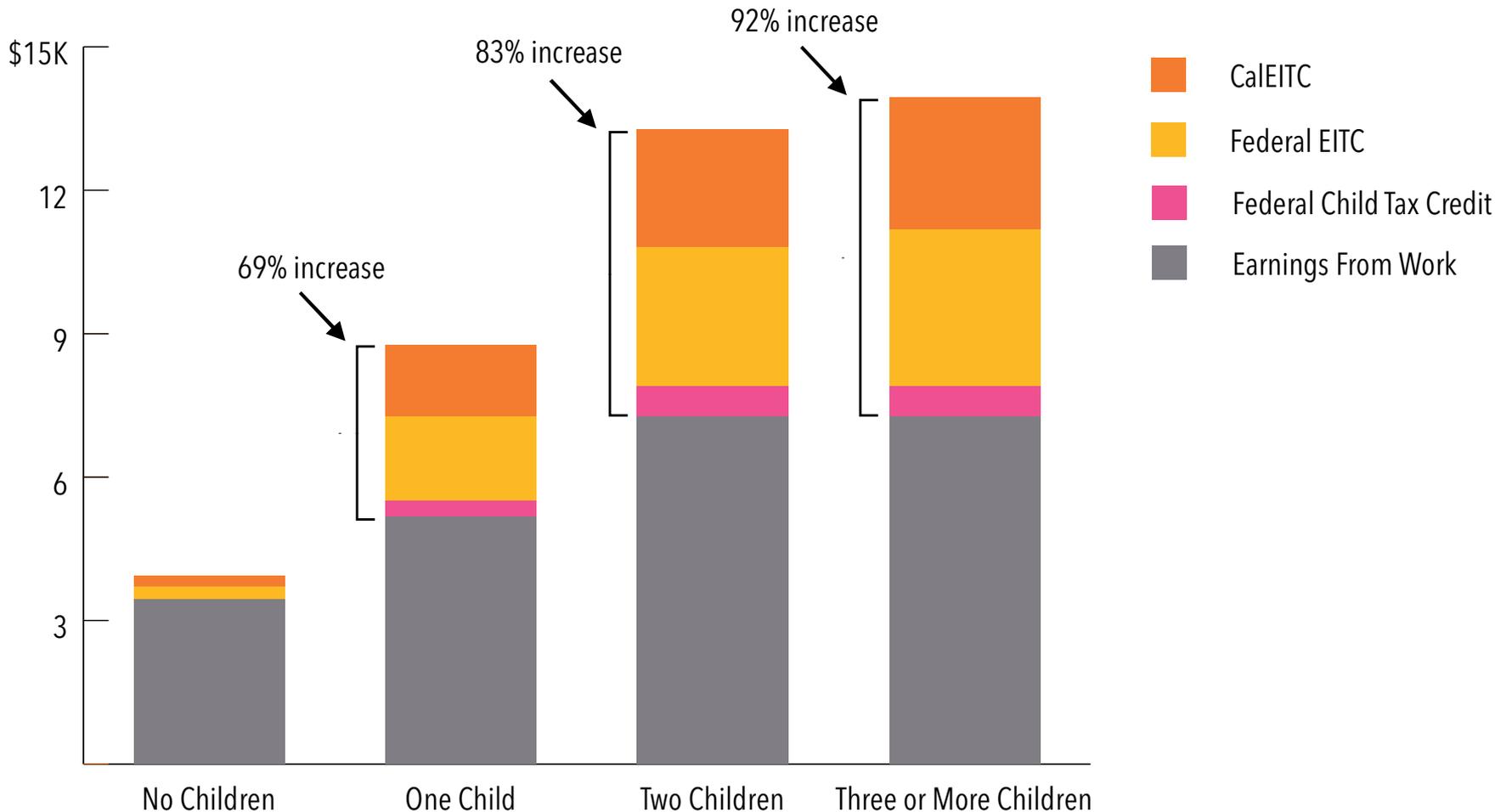
Policy Options to Support Families

- Raise CalWORKs grant levels to above deep poverty
- Fully restore subsidized child care slots
- Increase state resources for tackling homelessness
- Further strengthen the California Earned Income Tax Credit (CalEITC)
 - Extend eligibility to immigrant families
 - Increase credit
 - Peg to rising minimum wage



The CalEITC, Together With Federal Credits, Significantly Boosts the Incomes of Working Families With Children

Increase in Income From Tax Credits for Workers Qualifying for the Maximum CalEITC, 2017



Note: These families qualify for the refundable portion of the Child Tax Credit, referred to as the Additional Child Tax Credit.

Source: Budget Center analysis



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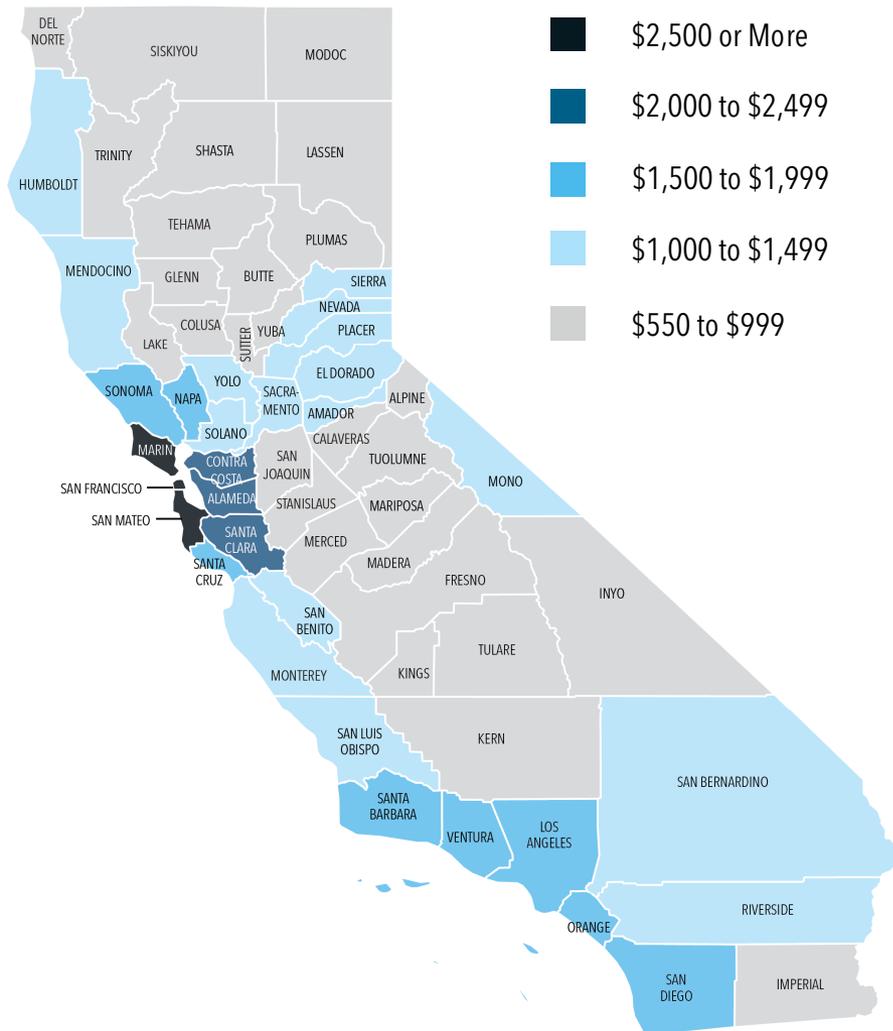
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Rents Are Highest in California's Coastal Urban Areas

Fair Market Rent for a Two-Bedroom Apartment, 2017

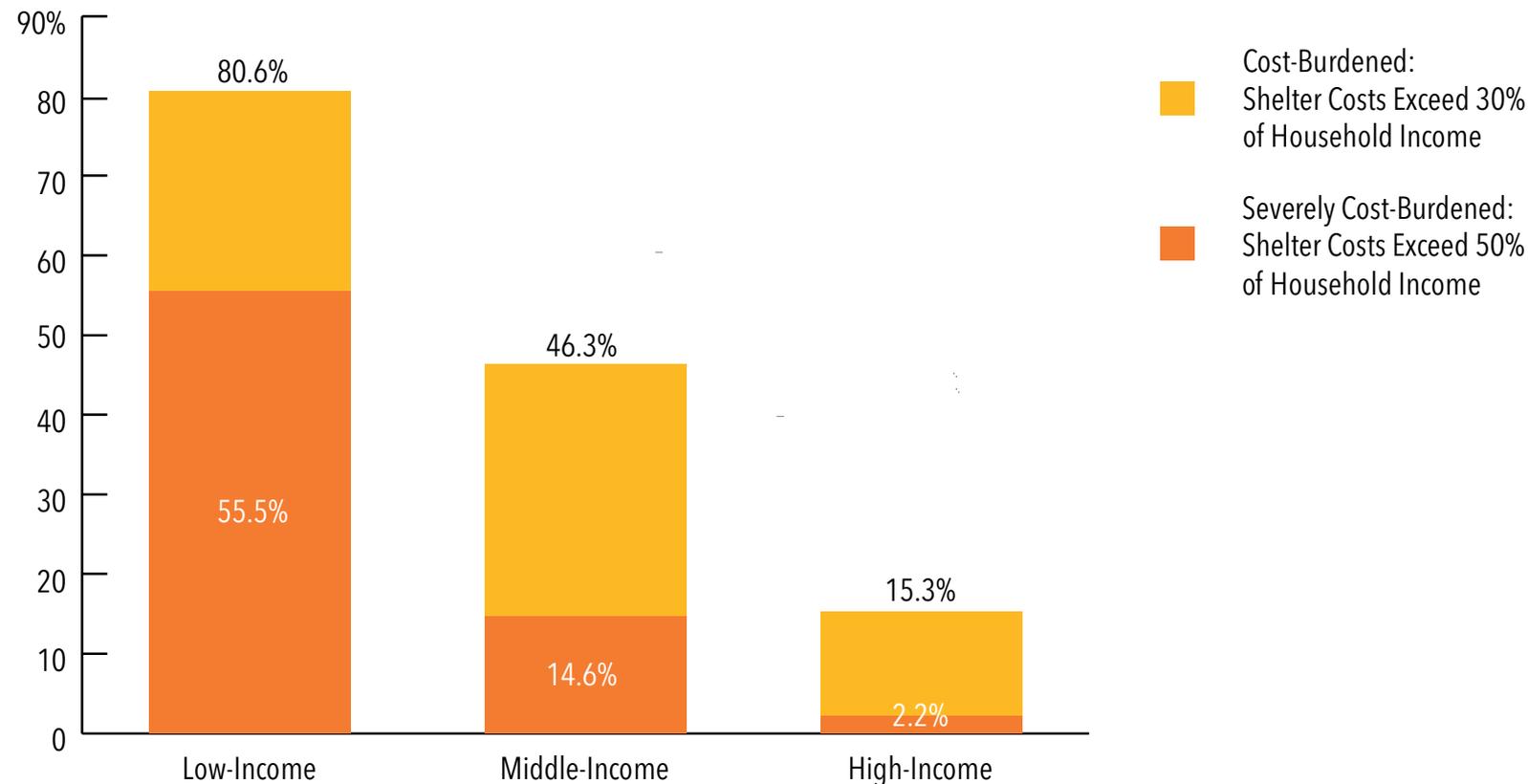


Source: US Department of Housing and Urban Development



Eight in 10 Low-Income Households in California Have Unaffordable Housing Costs

Percentage of Households With Housing Cost-Burden or Severe Housing Cost-Burden, 2015



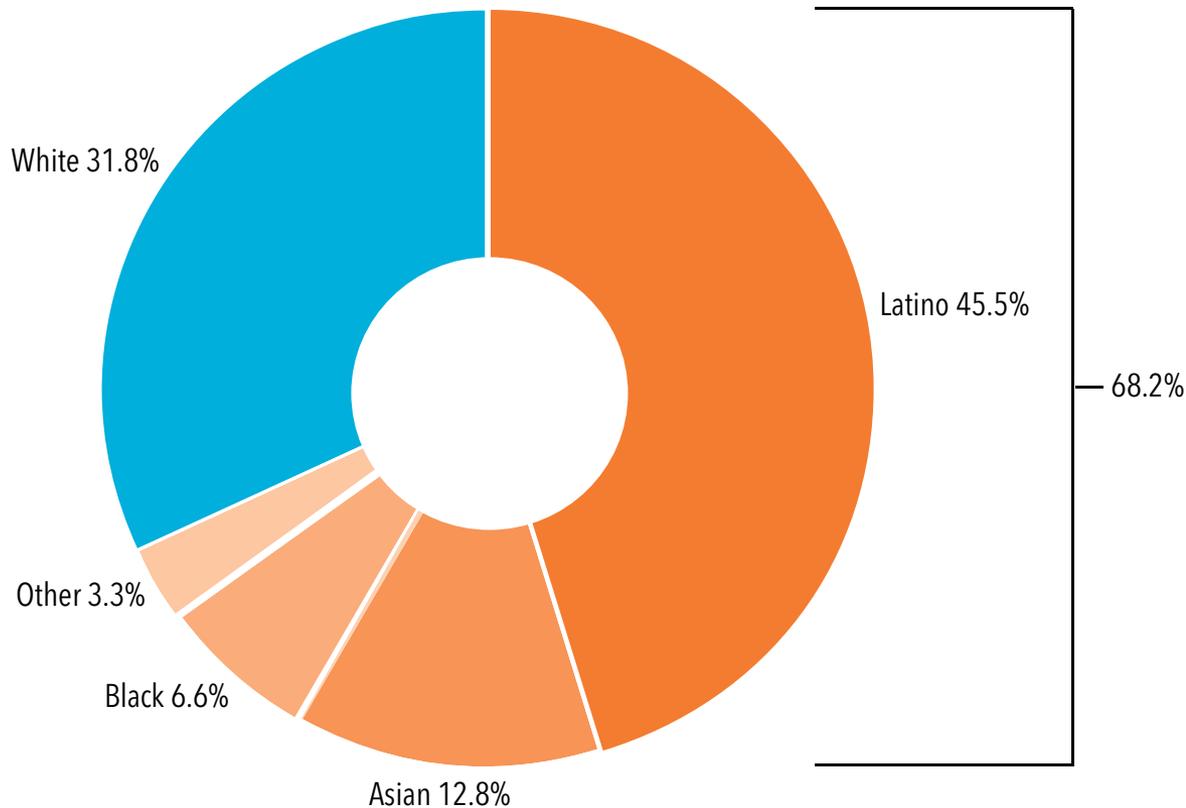
Note: Low income defined as less than 200% of the official federal poverty line; middle income defined as 200% to 399% of the official federal poverty line; high income defined as 400% or more of the official federal poverty line. Definitions of housing cost-burden are from the US Department of Housing and Urban Development.

Source: Budget Center analysis of US Census Bureau, American Community Survey data



More Than 2 in 3 Californians With Unaffordable Housing Costs Are People of Color

Race/Ethnicity of Individuals in Households With Housing Cost-Burden, 2015



Note: Having housing cost-burden is defined by the US Department of Housing and Urban Development as shelter costs exceeding 30% of household income. Race/ethnicity categories are mutually exclusive.

Source: Budget Center analysis of US Census Bureau, American Community Survey data

