New Poverty Figures Underscore That California Should Do More to Ensure the State’s Economy Works for Everyone

**Prosperity Is Out of Reach for Too Many People in Our State**

According to new Census figures released this morning, nearly 1 in 6 Californians (16.4 percent) and more than 1 in 5 California children (22.7 percent) lived in poverty in 2014 based on the US Census Bureau’s official poverty measure. While these rates were down from the prior year, they remained significantly above their pre-recession levels.

**Nearly 1 in 6 Californians and More Than 1 in 5 California Children Lived in Poverty in 2014**

Percentage of Californians With Incomes Below the Federal Poverty Line

![Graph showing poverty rates from 2006 to 2014](source: US Census Bureau)
An alternative Census measure of economic well-being, the Supplemental Poverty Measure (SPM), suggests that these figures substantially understate how many people face economic hardship in our state. The SPM provides a more accurate picture of poverty for many reasons, including that it better accounts for how California’s high cost of living makes it challenging for many families and individuals to make ends meet.

**Children Are Especially Hard Hit by Poverty**

Children make up less than one-quarter of California’s population (23.7 percent), but they account for nearly one-third of those living below the federal poverty line (32.7 percent). Children who live in poverty face many obstacles that are difficult to overcome. Indeed, the longer children spend in poverty, the less likely they are to complete high school, attend college, and be consistently employed in their early adult years, and the more likely they are to live in poverty as adults. In other words, child poverty means lost human potential that could put our future workforce and economy at risk.

**Children Comprise a Disproportionate Share of Californians Living in Poverty**

*Percentage of Californians, 2014*

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Source: US Census Bureau
Adults Who Were Persistently Poor During Childhood Are Far More Likely to Live in Poverty
Percentage of Adults in the US Living in Poverty at Age 35

Without Public Supports, Millions More Californians Would Be Living in Poverty

Public supports, including tax credits for working families with low incomes, food assistance, and unemployment insurance, are powerful tools for reducing economic hardship. For example, Social Security lifted around 2.3 million Californians above the poverty line each year, on average, between 2009 and 2012, according to national research using the US Census Bureau’s Supplemental Poverty Measure. Additionally, the federal Earned Income Tax Credit (EITC) together with the federal Child Tax Credit lifted an average of nearly 1.4 million Californians out of poverty each year. Other supports such as CalFresh food assistance, Supplemental Security Income/State Supplementary Payment (SSI/SSP), and unemployment insurance, each brought well over half a million Californians out of poverty each year.
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Percentage of Californians With Incomes Below the Federal Poverty Line

Millions of Californians Are Not Benefiting From the Growing Economy

Most California families living below the federal poverty line (68.5 percent) have jobs, which means that their jobs don’t pay enough to provide economic security. In part, this reflects the fact that workers on the lower and middle rungs of the economic ladder have been left behind by the current economic recovery. Hourly wages for all but the highest-paid workers were lower – on an inflation-adjusted basis – in 2014 than before the Great Recession began. As a result, many families and individuals are struggling to pay their bills and put enough food on the table.

California Can Make Policy Choices That Give More People the Opportunity to Advance

State policymakers can make it easier for people in our state to build a secure future by making sure that workers are paid enough and can afford the basics. For example, policymakers can:
• Promote the state’s new tax credit for low-income working families – the California Earned Income Tax Credit (EITC) – so that everyone who is eligible for the credit benefits from it. Policymakers can also expand the state EITC to more workers.

• Tie the state’s minimum wage to inflation so that it keeps pace with the cost of living. The minimum wage doesn’t go as far today as a generation ago because California hasn’t consistently raised it.

• Help more parents afford high-quality child care, which is one the biggest expenses in many families’ budgets. After years of deep state budget cuts, many families have lost access to care and are faced with tough choices about who will care for their children while their parents are at work.

Policymakers can also help more families achieve economic security by strengthening public supports. For example, they can:

• Invest in California’s welfare-to-work program, CalWORKs, which provides modest cash assistance to families with children and helps parents overcome obstacles they face in holding a steady job. Policymakers can increase cash assistance so that no family lives in deep poverty while participating in welfare-to-work and can also repeal the state’s “family cap” rule, which prohibits additional cash assistance to families when a child is conceived and born while any member of the family is receiving assistance.

• Make sure that people who can’t afford to put enough food on the table benefit from CalFresh food assistance. CalFresh is a proven tool for pulling people out of poverty, but many of those who could benefit from the program are not participating in it.

When Everyone in Our State Has the Opportunity to Succeed, We All Benefit

California’s future depends in large part on young Californians whose “entire lives are shaped by their California experience.” Today’s young Californians are expected to be the first generation “whose majority will be California-born when they assume positions of leadership in middle age,” according to recent research. This fact highlights the importance of making sure that all of California’s children have a strong start in life so that they can more fully contribute to our economy and communities in the future.

Policymakers can improve children’s outcomes – and put us on a path to a stronger California – by investing in low-income families. Studies find that low-income children tend to do better in school, are more likely to graduate from high school, and even earn more as adults when their families’ incomes are increased through tax credits or similar public supports.
In other words, investing in families with low incomes not only broadens economic security in the short run, but it also helps build a stronger workforce and economy in the long run by increasing opportunities for children to reach their full potential.