

In September and October of this year, the U.S. Census Bureau released, respectively, two updated sets of poverty data: rates using the Official Poverty Measure (OPM) and rates using the Research Supplemental Poverty Measure (SPM). (For an explanation of the difference between these measures, see next page.)

**According to the OPM, 14.9 percent of all Californians, and 20.3 percent of California children, lived in poverty in 2013.** These figures for the United States as a whole were 14.5 percent and 19.9 percent. California had the 16<sup>th</sup> highest overall poverty rate of the 50 states, and the 17<sup>th</sup> highest child poverty rate. The table below compares these rates (and rankings) to the previous three years.

|  | <b>2013 Percent<br/>(and ranking<br/>amongst<br/>50 states)</b> | <b>2012 Percent<br/>(and ranking<br/>amongst<br/>50 states)</b> | <b>2011 Percent<br/>(and ranking<br/>amongst<br/>50 states)</b> | <b>2010 Percent<br/>(and ranking<br/>amongst<br/>50 states)</b> |
|--|---|---|---|---|
| <b>California's Overall Poverty Rate (per the OPM)</b> | 14.9%<br>(16 <sup>th</sup> highest)                             | 15.9%<br>(16 <sup>th</sup> highest)                             | 16.9%<br>(10 <sup>th</sup> highest)                             | 16.3%<br>(14 <sup>th</sup> highest)                             |
| <b>California's Child Poverty Rate (per the OPM)</b>   | 20.3%<br>(17 <sup>th</sup> highest)                             | 22.5%<br>(19 <sup>th</sup> highest)                             | 24.3%<br>(11 <sup>th</sup> highest)                             | 23.4%<br>(18 <sup>th</sup> highest)                             |

**According to the SPM, 23.4 percent of Californians lived in poverty in 2011-2013** (the SPM uses three-year averages for state-level estimates). The SPM rate for the United States as a whole was 15.9 percent. **California had the highest SPM poverty rate of any state, as was also the case last year.** The tables below compare the SPM and OPM, respectively, between California and the United States for the three-year periods of 2011-2013 and 2010-2012.

|                      | <b>Supplemental Poverty Measure</b> |                  |
|----------------------|-------------------------------------|------------------|
|                      | <b>2011-2013</b>                    | <b>2010-2012</b> |
| <b>California</b>    | 23.4%                               | 23.8%            |
| <b>United States</b> | 15.9%                               | 16.0%            |

|                      | <b>Official Poverty Measure</b> |                  |
|----------------------|---------------------------------|------------------|
|                      | <b>2011-2013</b>                | <b>2010-2012</b> |
| <b>California</b>    | 16.0%                           | 16.5%            |
| <b>United States</b> | 14.9%                           | 15.1%            |

One story told by these figures is that, while California's poverty rates according to both measures decreased slightly in the last year, the state's standing relative to the rest of the country has remained the same or, in the case of child poverty rates, worsened; California's improved rates, for the most part, mirror the rest of the nation's improvement. Moreover, California continues to have the highest SPM poverty rate, indicating that once a more sophisticated measure (which includes, among other things, noncash benefits receipt and cost-of-living) is used, a substantially greater proportion of the state's population is considered to be living in poverty relative to the rest of the country.

## Official Poverty Measure, Research Supplemental Poverty Measure, California Poverty Measure

### *Official Poverty Measure*

The U.S. Census Bureau's Official Poverty Measure (OPM) compares an individual's or family's cash income against designated poverty thresholds to determine poverty status. The poverty thresholds used for the OPM were originally developed in the mid-1960s based on the U.S. Department of Agriculture's minimum food budgets: thresholds were set at three times the cost of a minimum food diet in 1963, and are updated annually for inflation. Size of family and age of family members are taken into account in determining various thresholds (there are 48 different thresholds), but geography/cost of living are not. "Cash income" used to determine an individual's or family's poverty status is measured pretax and includes earnings from income, as well as cash benefits and other cash income such as Social Security, public assistance, child support, unemployment compensation, and the like. Noncash benefits (for example, food stamps) and capital gains and losses are not included. Income and poverty rates are calculated at the family level – all family members' income is added up and then compared to the appropriate OPM threshold.

### *Research Supplemental Poverty Measure*

Over 15 years of research into poverty measurement lead to the Census Bureau's development of an alternative measure, the Research Supplemental Poverty Measure (SPM). The SPM also compares an individual's or family's resources to a set of designated thresholds to determine poverty status. However, for the SPM, measurements are more complex. For example, thresholds are based on updated estimates of the costs of food, clothing, shelter, and utilities; additionally, geographic adjustments are made for differences in housing costs. On the income side, instead of simply considering pretax cash income (as the OPM does), the SPM adds to cash income receipt of any designated public in-kind benefits and subtracts taxes (or adds tax credits). It also subtracts work expenses and medical out-of-pocket expenses.

### *California Poverty Measure*

The Public Policy Institute of California (PPIC), in collaboration with the Stanford Center on Poverty and Inequality, has recently developed a third measure, the California Poverty Measure (CPM), to better reflect actual enrollment in public assistance programs and regional variation in cost of living. More information can be found here: <http://www.ppic.org/main/publication.asp?i=1070>.