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Basic Needs and Economic Insecurity in California

Definitions and Data

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AFFORDABILITY WORKSHOP #1: DEFINING AND
MEASURING AFFORDABILITY
CALIFORNIA PUBLIC UTILITIES COMMISSION
January 22, 2019

Key Themes

Examining economic insecurity and the costs of basic needs in California through different lenses:

- Official poverty measure
- Supplemental Poverty Measure
- California Poverty Measure
- Basic family budgets



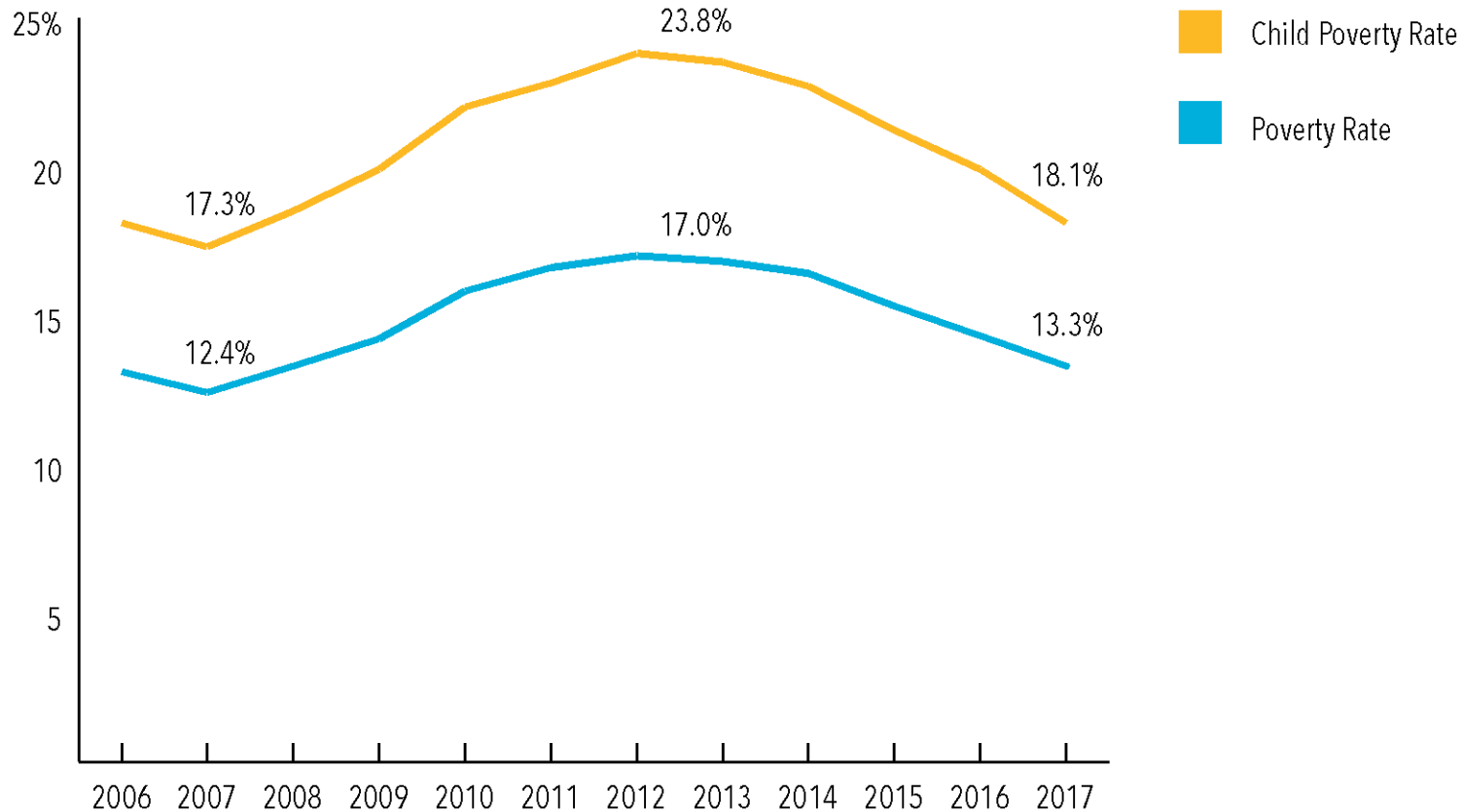
Economic Insecurity is Often Defined Using the Official Poverty Measure

A family of two adults and two children was poor in 2017 if their cash income was less than \$24,858.



California's Official Poverty Rate Continued to Decline in 2017, but Remains Above Its Pre-Recession Level

Percentage of Californians With Incomes Below the Official Federal Poverty Line



Source: US Census Bureau, American Community Survey



Official Poverty Measure

Poverty threshold is based on 1960s food expenditures



The Supplemental Poverty Measure (SPM) Addresses Some Shortcomings of the Official Poverty Measure



Official Poverty Measure

- Poverty threshold is based on 1960s food expenditures



Supplemental Poverty Measure

- Poverty threshold is based on current spending on basic needs



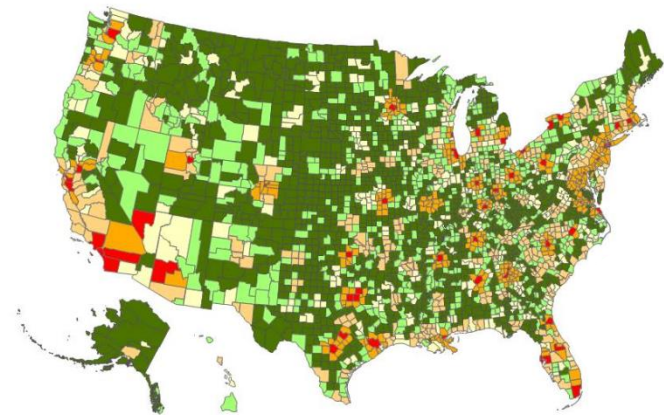
Official Poverty Measure

- Same threshold for all parts of the country



Supplemental Poverty Measure

- Threshold is adjusted for cost of living in different areas



Supplemental Poverty Measure Thresholds Are Higher Than the Official Poverty Threshold in Many Areas

Official and Supplemental Poverty Thresholds for a Two-Adult, Two-Child Family, 2017

	San Francisco - Oakland - Hayward MSA	Fresno MSA
Official Poverty Threshold	\$24,858	\$24,858
Supplemental Poverty Threshold - Renter	\$37,052	\$25,902
Supplemental Poverty Threshold - Homeowner With Mortgage	\$37,182	\$25,976
Supplemental Poverty Threshold - Homeowner Without Mortgage	\$30,513	\$22,465

Source: US Census Bureau



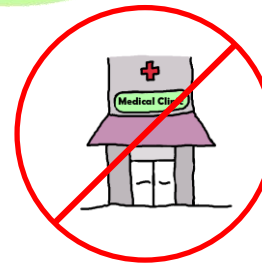
Official Poverty Measure

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



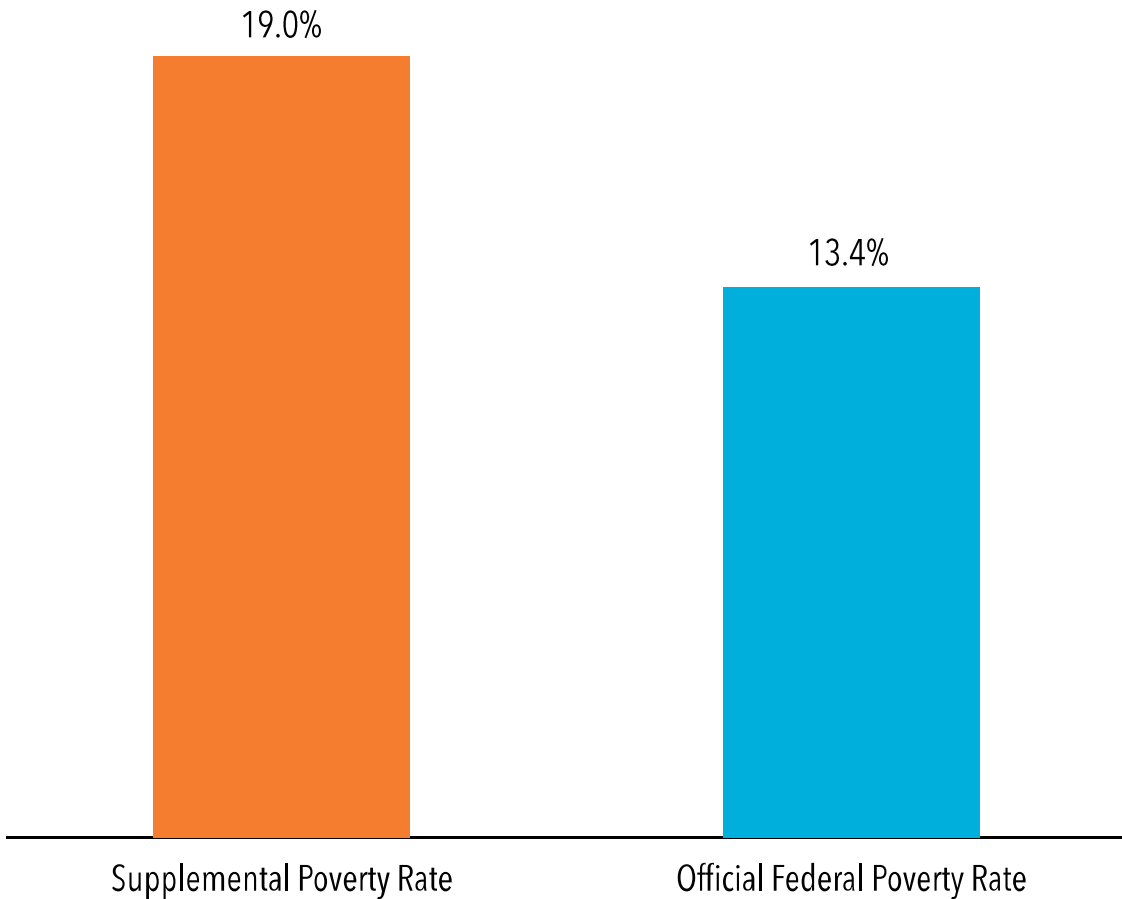
Supplemental Poverty Measure

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



California's Poverty Rate Is Higher Under a More Accurate Measure of Hardship

Supplemental Poverty Rate and Official Federal Poverty Rate, 2015-2017



Source: US Census Bureau, Current Population Survey



<https://www2.census.gov/programs-surveys/demo/tables/p60/265/pov-threshold-2017.xlsx>

The screenshot shows a web browser window displaying the Census Bureau's website. The address bar shows the URL: <https://www.census.gov/library/publications/2018/demo/p60-265.html>. The page features the United States Census Bureau logo and a search bar. A navigation menu includes options like 'BROWSE BY TOPIC', 'EXPLORE DATA', 'LIBRARY', 'SURVEYS/ PROGRAMS', 'INFORMATION FOR...', 'FIND A CODE', and 'ABOUT US'. A prominent orange banner reads: 'NOTICE: Due to a lapse in federal funding portions of this website are not being updated. Learn more.' The main content area is titled 'Library' and features the article 'The Supplemental Poverty Measure: 2017' by Liana Fox, dated September 12, 2018. The article includes an introduction and a small thumbnail image of the report cover. A download link for the PDF is provided at the bottom of the article.

Library

The Supplemental Poverty Measure: 2017

SEPTEMBER 12, 2018
REPORT NUMBER P60-265
LIANA FOX

Introduction

Since the publication of the first official U.S. poverty estimates, researchers and policymakers have continued to discuss the best approach to measure income and poverty in the United States. Beginning in 2011, the Census Bureau began publishing the Supplemental Poverty Measure (SPM), which extends the official poverty

Download The Supplemental Poverty Measure: 2017 [PDF - <1.0 MB]



The California Poverty Measure Offers a State-Specific Measure of Poverty



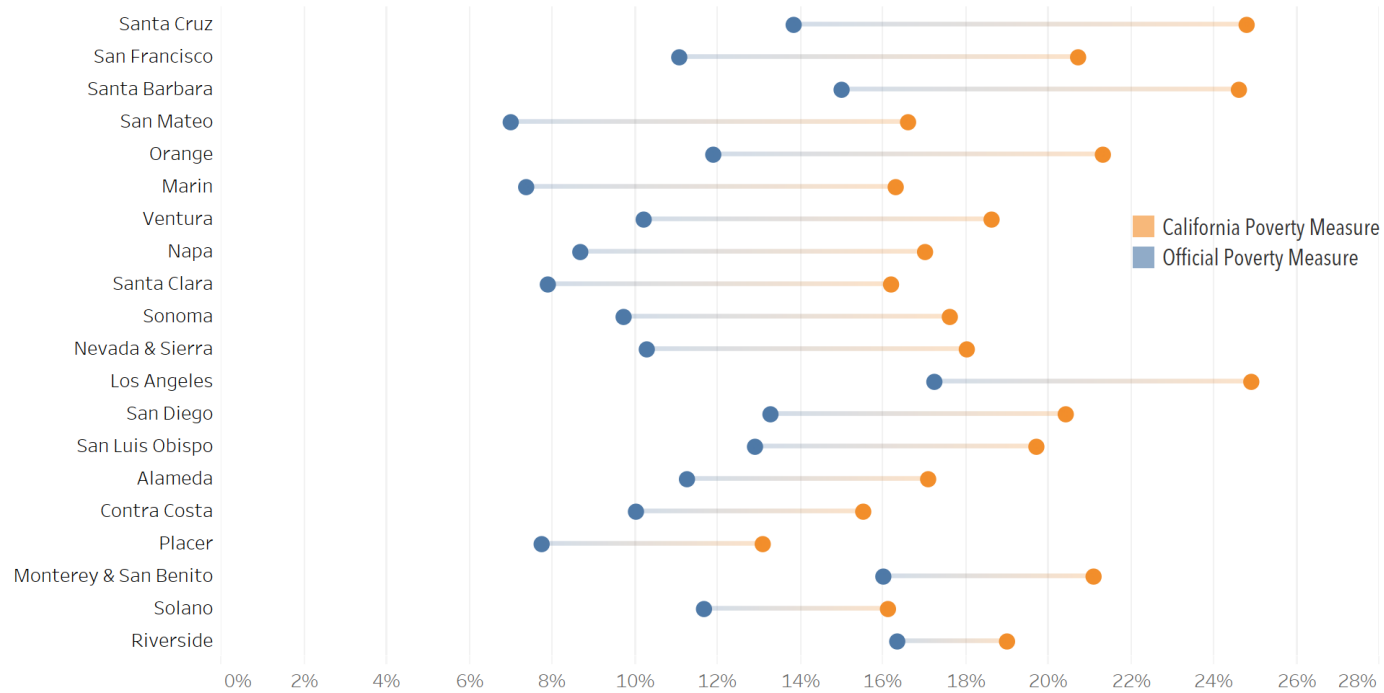
California Poverty Measure

- 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
- Uses county-level poverty thresholds



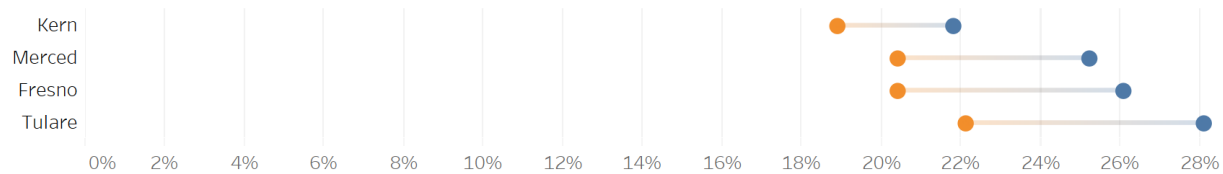
Poverty Rates Are Much Higher in Many Counties Based on the California Poverty Measure (CPM)

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



<https://www.ppic.org/map/california-poverty-by-county-and-legislative-district/>



Basic Family Budgets Offer a More Comprehensive Picture of the Costs to Make Ends Meet



What Are Families' Basic Expenses?



The Costs of Basic Needs for Single Adults Vary Across Counties

Monthly Basic Family Budget for a Single Adult Household

	San Francisco County	Fresno County
Housing and Utilities	\$1,915	\$670
Food	\$268	\$268
Child Care	\$0	\$0
Health Care (Employer-Based)	\$162	\$137
Transportation	\$334	\$213
Miscellaneous	\$361	\$361
Taxes	\$667	\$249
MONTHLY TOTAL	\$3,707	\$1,898
ANNUAL TOTAL	\$44,481	\$22,776

Note: These budgets represent the total income required to cover a family's basic needs through earnings only, without government supports. Amounts correspond to calendar year 2017. Numbers may not sum due to rounding.

Source: Budget Center *Making Ends Meet* 2017 analysis.



The Costs of Basic Needs for Families With Children Vary Across Counties

Monthly Basic Family Budget for a Two-Working Parent Family With Two Children

	San Francisco County	Fresno County
Housing and Utilities	\$3,018	\$997
Food	\$773	\$773
Child Care	\$1,874	\$1,116
Health Care (Employer-Based)	\$638	\$540
Transportation	\$624	\$397
Miscellaneous	\$787	\$787
Taxes	\$1,535	\$519
MONTHLY TOTAL	\$9,249	\$5,018
ANNUAL TOTAL	\$110,984	\$60,214

Note: These budgets represent the total income required to cover a family's basic needs through earnings only, without government supports. Families are assumed to have two children, one preschool-aged and one school-aged. Amounts correspond to calendar year 2017. Numbers may not sum due to rounding.

Source: Budget Center *Making Ends Meet* 2017 analysis



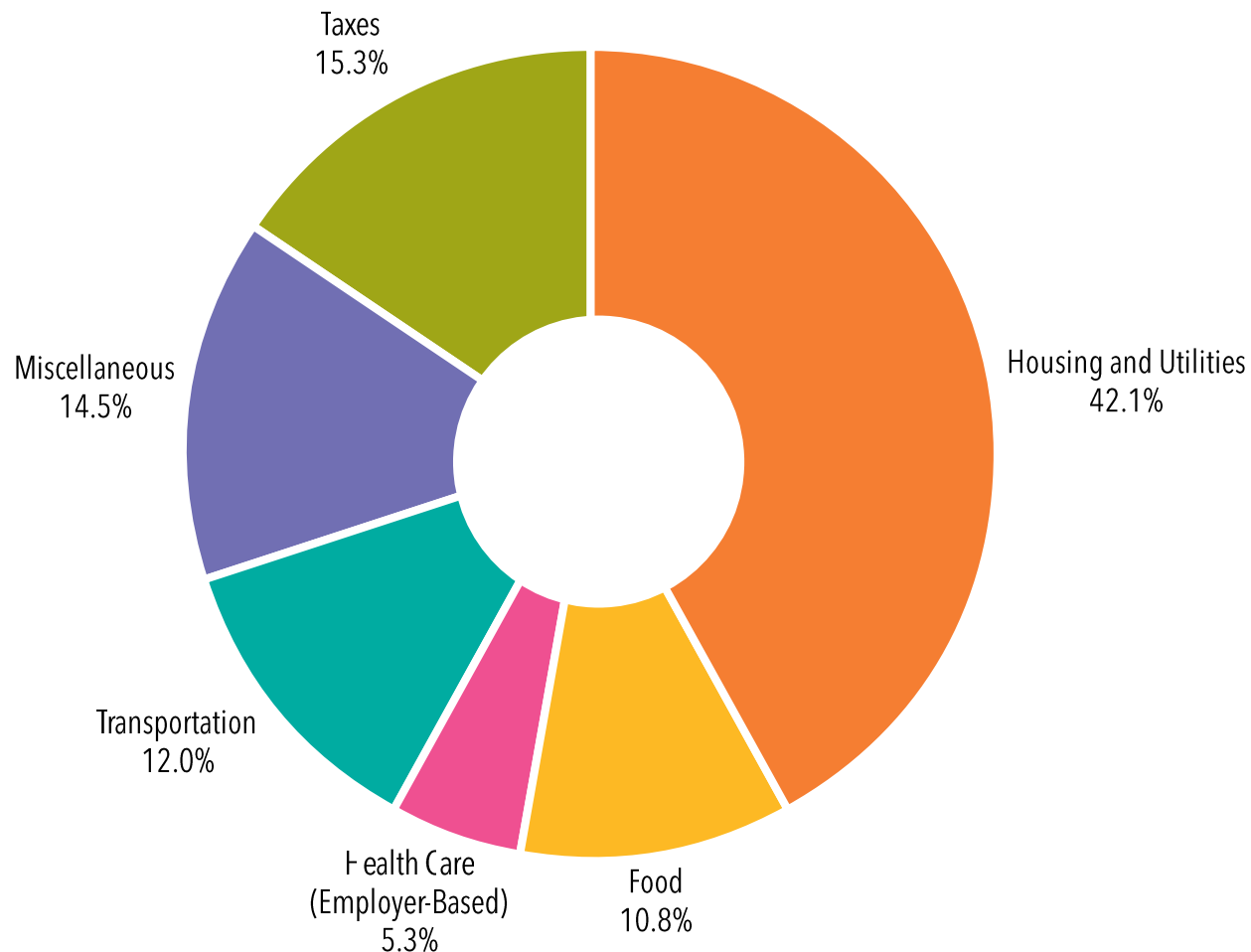
Basic Budgets Vary for Different Types of Households

Housing is the largest cost for most households, but child care is a close second for families with children.



On Average, Housing Costs Make Up More Than \$4 in \$10 of a Single-Adult Budget in California

Statewide Average Annual Basic Family Budget for a Single Adult = \$29,824



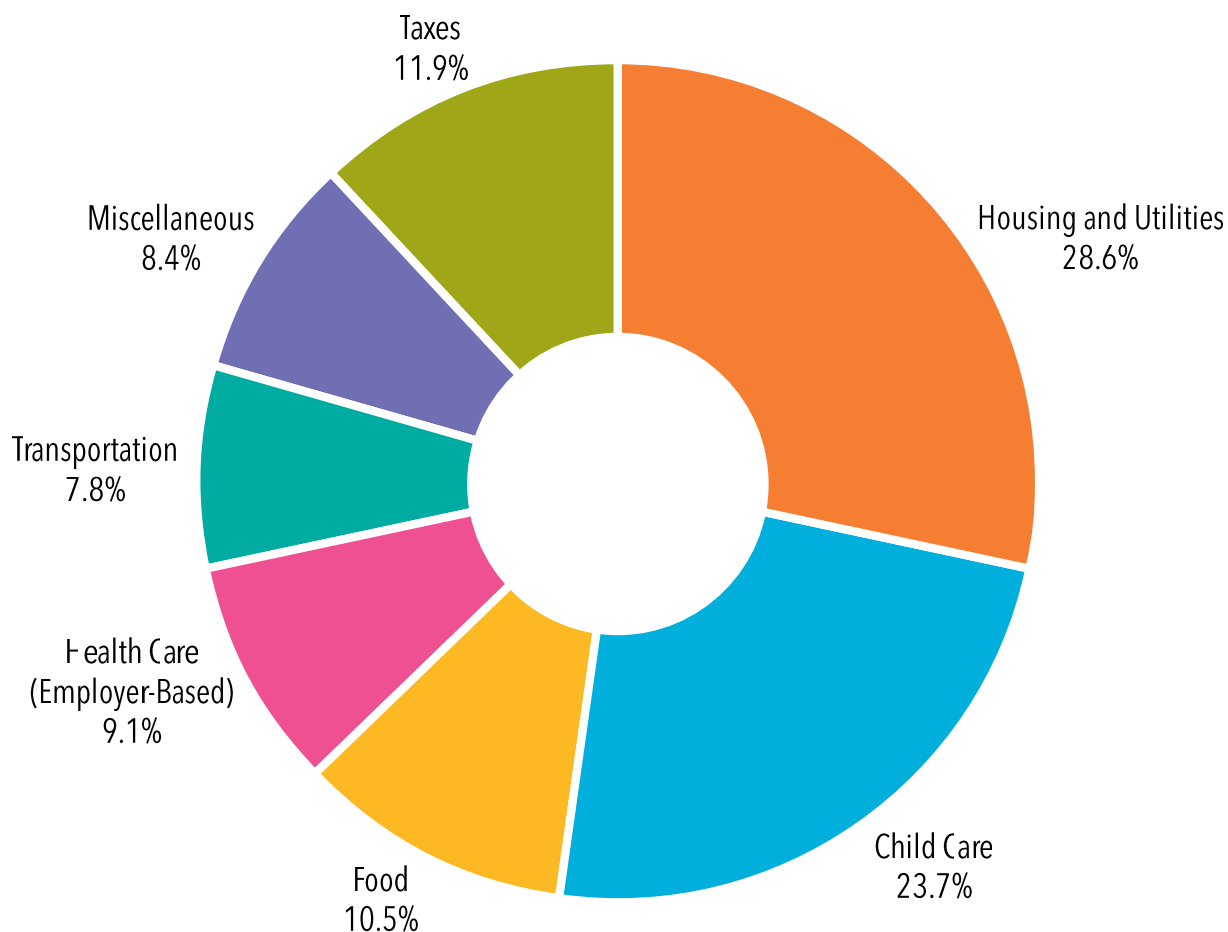
Note: Statewide average family budget calculated by averaging all county family budgets, weighted by county population.

Source: Budget Center *Making Ends Meet* 2017 analysis



More Than Half of the Average Single-Parent Family Budget in California Pays for Housing and Child Care

Statewide Average Annual Basic Family Budget for a Single-Parent Family = \$65,865



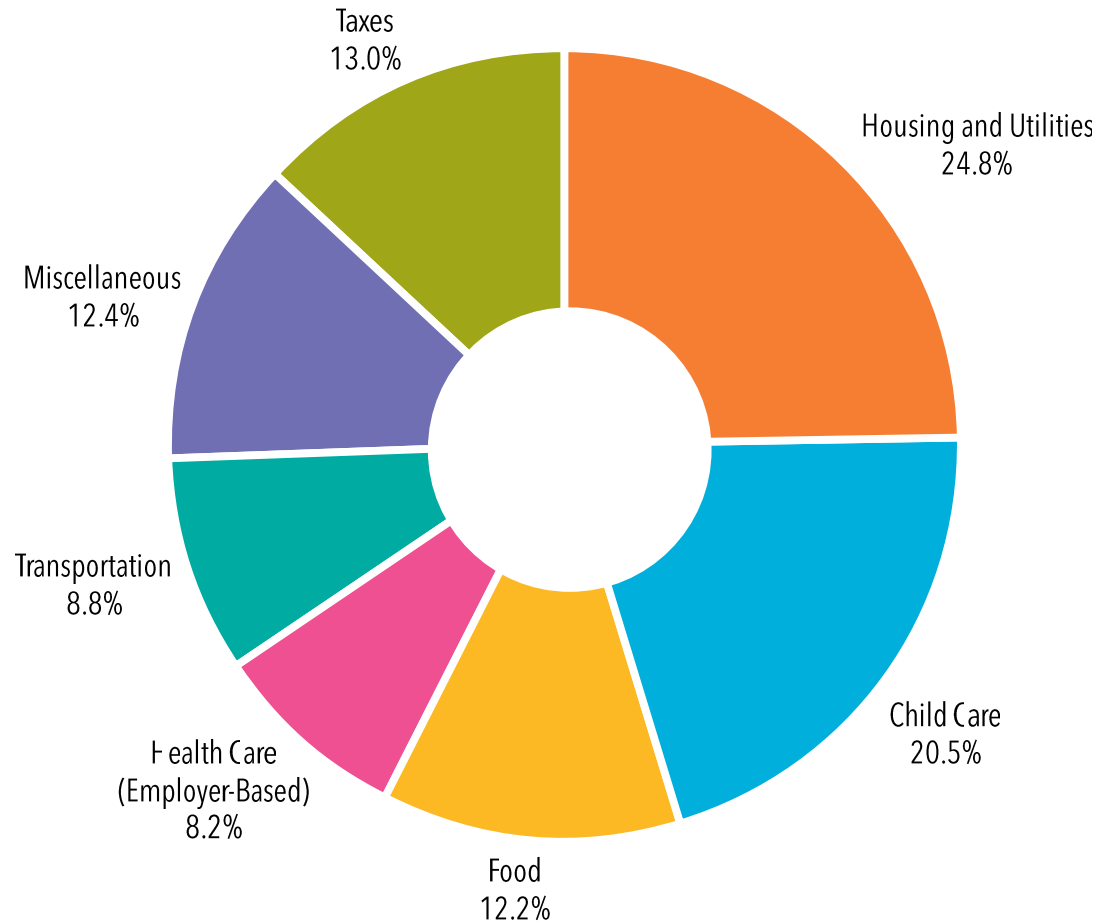
Note: Statewide average family budget calculated by averaging all county family budgets, weighted by county population.

Source: Budget Center *Making Ends Meet* 2017 analysis



On Average, Nearly Half of a Two-Working-Parent Family Budget in California Pays for Housing and Child Care

Statewide Average Annual Basic Family Budget for a Two-Working-Parent Family = \$75,952



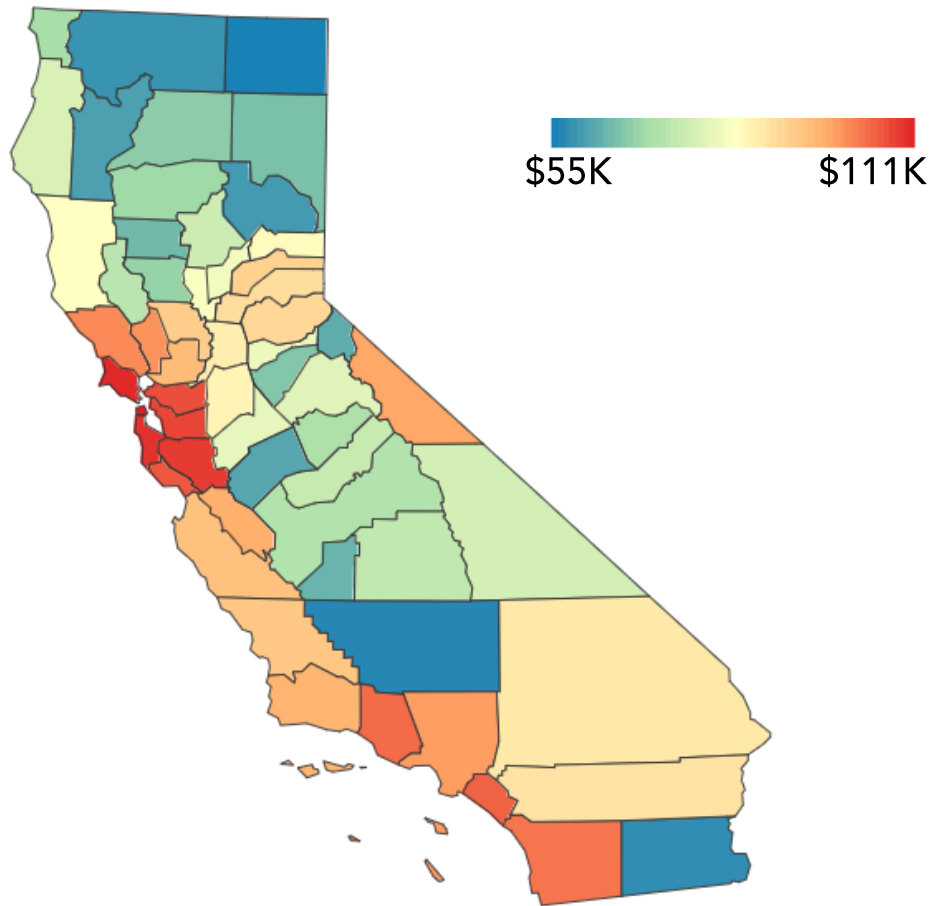
Note: Statewide average family budget calculated by averaging all county family budgets, weighted by county population.

Source: Budget Center *Making Ends Meet 2017* analysis



The Basic Cost to Support a Family Varies Across California

Annual Basic Family Budget for a Two-Working-Parent Family With Two Children, 2017

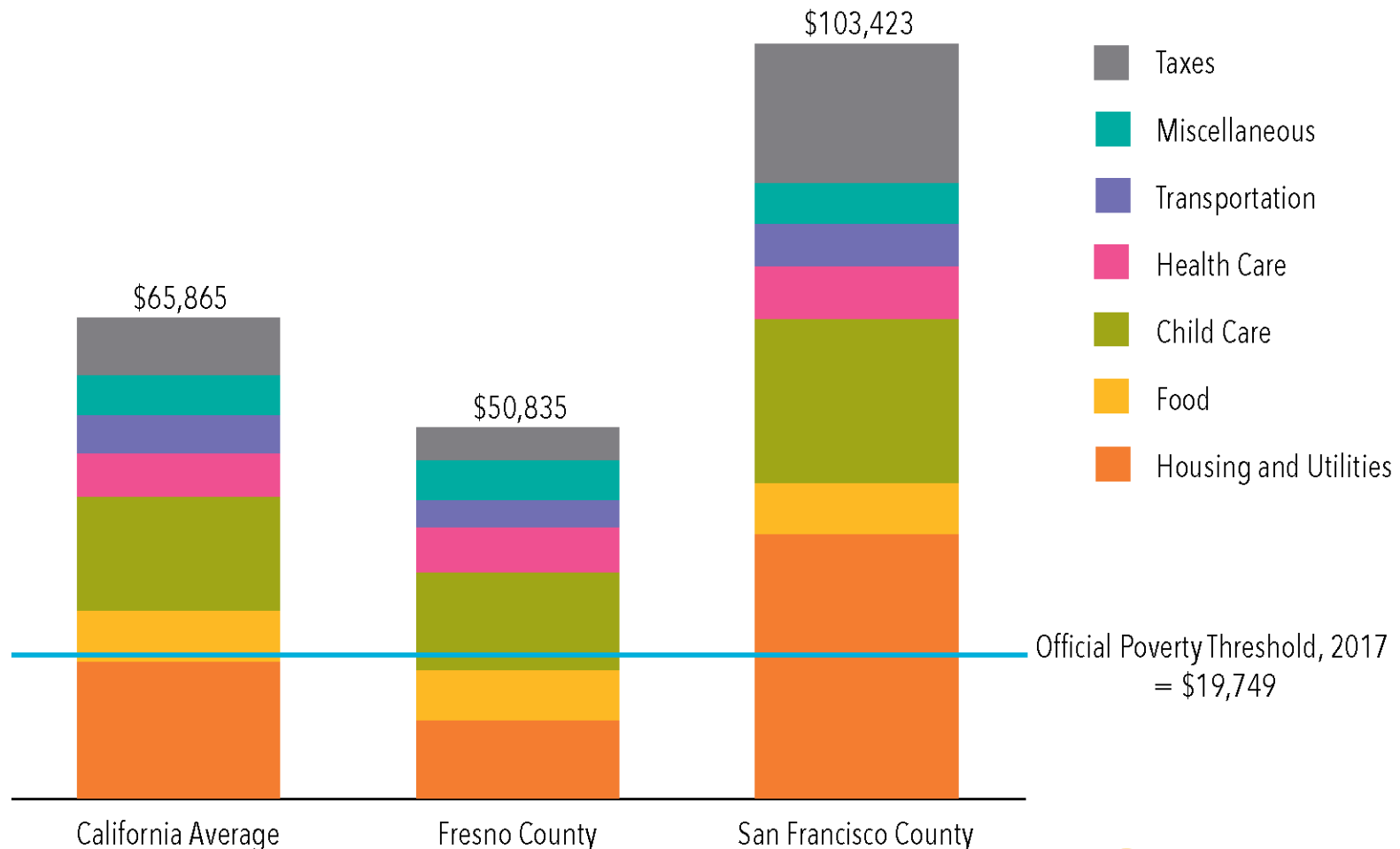


Source: Budget Center *Making Ends Meet* 2017 analysis



Official Poverty Thresholds Are Much Less Than the Basic Cost of Living for Families in California

Annual Basic Family Budget for a Single-Parent Family With Two Children, 2017



Note: Assumes one preschool-age and one school-age child and a single parent working full-time.
 Source: Budget Center *Making Ends Meet* 2017 analysis and US Census Bureau



<http://calbudgetcenter.org/resources/making-ends-meet-much-cost-support-family-california/>

The screenshot shows the website's header with the logo and navigation menu. The main content area features the report title and a list of counties with their respective costs. A sidebar on the right includes social sharing options and related content.

REPORT INTERACTIVE

Making Ends Meet: How Much Does It Cost to Support a Family in California?

Work, Income & Poverty · December 2017 · By Sara Kimberlin and Amy Rose

Making Ends Meet shines a light on the economic challenges faced by many Californians by showing the cost of supporting a family or a single individual in different parts of the state. This analysis presents basic family budgets for each of California's 58 counties for four types of households: a single adult, a single-parent family, a two-parent family with one parent working, and a two-working-parent family. (All family types except single adult are assumed to have one preschool-aged child and one school-aged child.) These family budgets estimate the amount of income that households would need to cover basic expenses through earnings only, without publicly funded benefits or supports. [Read the *Making Ends Meet* report, including methodology details.](#)

What does it cost to make ends meet in your county?

California	\$75,952
San Francisco	\$110,984
Marin	\$110,544
San Mateo	\$108,109
Santa Clara	\$93,451
Alameda	\$92,267
Contra Costa	\$91,407
Santa Cruz	\$81,612
Orange	\$80,165
Ventura	\$79,209
San Diego	\$77,223
Sonoma	\$75,913
Napa	\$75,567
Los Angeles	\$74,679
Mono	\$74,628
San Benito	\$72,946
Santa Barbara	\$72,838
Solano	\$72,482
Monterey	\$70,942
San Luis Obispo	\$69,665
Yolo	\$69,568
Nevada	\$69,153
El Dorado	\$67,873
Placer	\$67,544
Riverside	\$67,513

Two-Working-Parent Family

San Mateo County

Annual Total: \$108,109
Statewide Average: \$75,952

Basic Monthly Budget

Housing and Utilities	\$3,018	33.5%
Food	\$773	8.6%
Child Care	\$1,800	20.0%
Health Care	\$589	6.5%
Transportation	\$567	6.3%
Miscellaneous	\$787	8.7%
Taxes	\$1,475	16.4%
Total	\$9,009	100.0%

[Download County Fact Sheet](#)

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RELATED

- Modest Gains for California's Low- and Mid-wage Workers
- Child Poverty and Deep Poverty in California: Data and Trends
- Earned Income Tax Credits (EITCs) Benefit Families, Children, and Communities: Key Findings From the Research



The Bottom Line

- The official poverty measure has many shortcomings as a definition of economic insecurity
- Differences in cost of living are better captured through the Supplemental and California Poverty Measures
- Basic family budgets show that different types of families spend different shares of income on specific basic needs
- Applying more complex definitions of economic insecurity to identify households struggling with affordability is more challenging to implement but has potential to better target households in need







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