Stanford releases new poverty index for California

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Stanford research on poverty reveals that 25 percent of California's children are poverty-stricken.

The sky-high cost of housing in California is pushing many families into poverty, according to new research by Stanford's Center on Poverty and Inequality and the Public Policy Institute of California.

The harsh reality of high rents and mortgage payments are felt most severely in metro areas such as Los Angeles, a finding that came out of a new index of poverty in California.

The index provides a more rigorous measure than the commonly used official poverty measure of the U.S. Census Bureau.

The new California Poverty Measure improves on the official measure by taking housing costs and transfer payments into account, said David Grusky, a sociology professor who serves as the director of Stanford's Center on Poverty and Inequality.

Under the new measure, 22 percent of Californians live in poverty, and that figure would be even higher if not for the state and federal safety nets, including CalFresh, the state's food stamp program; CalWORKs, the state's cash assistance program; and the federal Earned Income Tax Credit.

If these programs were not in place, the child poverty rate would increase by another 12 percentage points, raising it from nearly 25 percent to nearly 37 percent of all children.

"Much as we'd like a yet better safety net, we have to appreciate that the safety net we have is doing real work, pulling millions of Californians out of poverty," said researcher Beth Mattingly, who worked with the Stanford team.

The new index also provides statistics at the county level, giving local officials a better understanding of how much poverty there is and how the safety net is reducing it. "Local and state officials shouldn't have to fly blind when it comes to understanding the extent of poverty and whether our safety net is doing the work it's supposed to be doing," Grusky said.

Grusky noted some of the findings of the research based on the new California Poverty Measure:

- Housing is cheaper in rural areas, lowering poverty rates there.
- Out-of-pocket medical costs, which the Census Bureau doesn't take into consideration when calculating the official poverty measure, often push the elderly into poverty.
- Nearly 30 percent of the state's immigrant population lives in poverty, a figure that is much higher than official government estimates, in part because undocumented immigrants are not eligible for safety net programs. "If we want to take on poverty in California, we simply can't continue to ignore the situation of immigrants," Grusky said.
- Twenty-five percent of the state's children are poverty-stricken. They tend to live in urban areas, where rents are high. In overall numbers, more poor children live in California than in any other state.

The research helps to establish that California, often thought of as the land of plenty, is "in fact the land of poverty," Grusky said. It also shows, he said, that those who "want to cut back the food stamp program have to own up to the poverty-increasing effects of that change."

"We developed the California Poverty Measure because we can't have a meaningful policy debate in this state without knowing how proposed changes in policy will affect the lives of real Californians," he said.

More information: inequality.com/poverty/cpm

Provided by Stanford University