

## **Joint Informational Hearing**

### **The Real Face of California's Poor: Interpreting the New Federal Poverty Measure**

**Senate Human Services Committee and  
Assembly Human Services Committee**

**March 12, 2013  
1:30 p.m., State Capitol Room 3191**

#### **Background Paper**

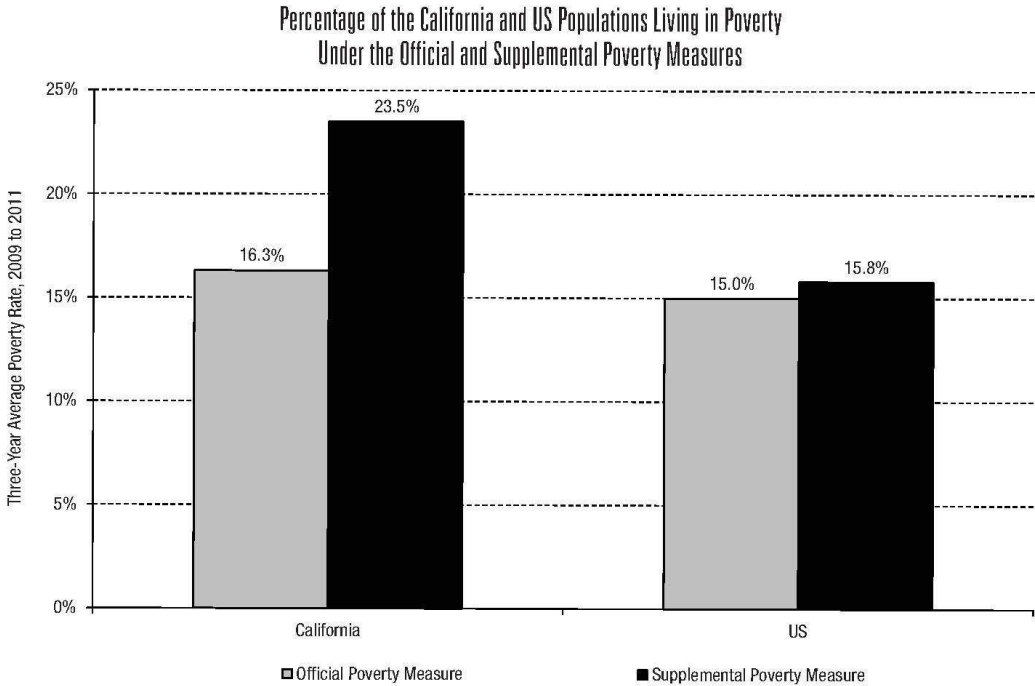
##### **Overview**

For more than 45 years, the official federal poverty measure and thresholds have been the principal means of defining and measuring poverty in the United States. After decades of conversation about the inadequacy of the official poverty threshold, the U.S. Census Bureau in conjunction with the Bureau of Labor Statistics and other federal agencies published a Supplemental Poverty Measure (SPM) in 2011 and 2012, intended to provide a more refined look at poverty in the nation. This measure, for the first time, attempts to balance a family's receipt of tax credits, food and other aid, and child support with costs that otherwise are not considered, such as housing expenses, work-related transportation costs, child care, health care, and others. By contrast, the official threshold calculates the minimum nutritional diet, takes into account family size, and then multiplies that figure by three to estimate other necessary living costs based on the assumption that food should constitute one-third of a family's income.

Under the Supplemental Poverty Measure, California became the state with the highest poverty rate in the country, whereas under the official measure, it was ranked 20<sup>th</sup>. Using the official poverty measure, 16.3 percent of Californians lived in poverty in 2011. Using the SPM, 23.5 percent of the state — nearly a quarter of its residents — are living in poverty. According to the Census Bureau, a primary reason for this change is California's high housing costs. The Census Bureau also noted that states with higher SPM thresholds generally had higher housing costs, more individuals living in large metropolitan areas or less generous public benefits than those states in which the rate dropped under the SPM.

Research suggests other factors may push California's rate beyond the Census Bureau's estimate, given this state's low participation rate among eligible residents for some services. Data on California's specific SPM rates are being analyzed by researchers and are expected to be available in late 2013. Yet some preliminary information is available currently. The following

chart indicates the differences in the poverty rate between various groups of Californians using the traditional poverty measure and the SPM.



Source: US Census Bureau

**Defining poverty**

Americans have long struggled to define poverty. Long before President Lyndon Johnson declared the war on poverty in July 1964, the government had tried to define an adequate amount of income for survival.

In the early 1960s, a researcher at the Social Security Administration named Mollie Orshansky began a series of research projects, initiated by a Congressional request, to determine the cost of living for seniors and families with young children. This quickly evolved into defining a standard of poverty for the nation. At the time, policymakers and researchers were questioning the usefulness of the definition of poverty set by the Council of Economic Advisers, which was set simply as having an annual income of less than \$3,000. This failed to take into account family size and other factors.

Orshansky’s formula — which endures today as the official federal poverty measure — was instead calculated as the cost of a low-cost family food plan, as determined by the US Department of Agriculture in 1962, multiplied by three to reflect research showing that food purchases comprise about one-third of family monthly income.<sup>1</sup> The USDA’s food plans, the Social Security Administration noted, had been used for decades to represent a translation of the criteria of nutritional adequacy. Below that level would represent deprivation. The formula has been modified to reflect variations in household size, but it does not take into account other factors that may heighten or ameliorate effects of poverty.

The poverty level — adjusted annually to reflect the nation’s cost of living change — is the foundation for today’s federal eligibility thresholds for programs such as the Supplemental Nutrition Assistance Program (SNAP), or CalFresh in California, and the Temporary Assistance for Needy Families (TANF) program, or CalWORKs in California. In 1963, the threshold for a family of four (two adults and two children) was about \$3,100 per year. Because the thresholds have been adjusted only for estimated changes in price, the 1992 threshold for a same size family, \$14,228, represents the same purchasing power as that original \$3,100.<sup>2</sup>

<b>2012 Preliminary Federal Poverty Thresholds</b>	
<b>Persons in family/household</b>	<b>Poverty guideline</b>
1	\$11,722
2	\$14,960
3	\$18,287
4	\$23,497
5	\$27,815
6	\$31,485
7	\$35,811
8	\$39,872
9 or more	\$47,536
<small>Source: United States Census Bureau</small>	

At the time, even Orshansky acknowledged that this measure was inadequate to properly calculate deprivation, suggesting that the calculation should reflect differences in the cost to feed families who live on a farm versus families who live in a city.

<sup>1</sup> Orshansky, Mollie, “Children of the Poor,” Social Security Bulletin, July 1963, p. 8

<sup>2</sup> Citro, Constance F. and Robert T. Michael, *Measuring Poverty: A New Approach*. Washington, DC: The National Academies Press, 1995

“Almost inevitably a single criterion applied across the board must either leave out of the count some who should be there or include some who, all things considered, ought not to be classed as indigent. There can be, however, agreement on some of the considerations to be taken into account in arriving at a standard. And if it is not possible to state unequivocally ‘how much is enough,’ it should be possible to assert with confidence how much, on an average, is too little.”  
(Orshansky, Mollie, “*Counting the Poor: Another Look at the Poverty Profile*,” *Social Security Bulletin*, January 1965)

This debate continued for decades. In 1995, the National Academy of Sciences (NAS) published a 501-page report outlining the shortcomings of the current measure and proposing that a new poverty measure be created that would more accurately reflect the pressures of current family costs. Key among their findings was that families with working mothers were more impoverished than families on public assistance once researchers took into account work-related and child care costs.

The Academy found six significant factors that needed to be considered in calculating poverty:

- Because of the increased labor force participation of mothers, there are more working families who must pay for child care, yet the current measure does not distinguish between the needs of families in which the parents do or do not work outside the home.
- Different population groups face significant variations in medical care costs.
- Significant price variations exist across geographic areas for such needs as housing.
- Changing demographic and family characteristics (such as the reduction in average family size) underscore a need to reassess the family size adjustments.
- Changes in the standard of living call into question the merits of continuing to use the values of the original thresholds updated only for inflation. Because of rising living standards in the United States, most approaches for developing poverty thresholds (including the original one) would produce higher thresholds today than the current ones.
- Because the current measure defines family resources as gross money income, it does not reflect the effects of government policy initiatives that have altered families' disposable income and, hence, their poverty status, including tax programs and aid.

Instead of the current measure, the NAS recommended a new threshold that included calculations for a budget for the three basic categories of food, clothing, shelter and utilities, plus a small additional amount to allow for other needs including household supplies, personal care, and non-work-related transportation. It recommended basing the threshold on actual expenditure data, which would be updated annually to reflect changes in spending on food, clothing, and shelter over the previous three years. Then, the formula should be adjusted for different family

types and geographic areas of the country. The report argued that resources of a family or individual should include most in-kind benefits and exclude taxes and certain other nondiscretionary expenses (e.g., work expenses). The Academy also recommended that this threshold replace the existing poverty threshold as the official government measure.<sup>3</sup>

This work led to a federal working group formed by the Office of Management and Budget’s chief statistician, with participation by various federal agencies including Health and Human Services, the Census Bureau, Bureau of Labor Statistics, Council of Economic Advisers, and others. This group was tasked with interpreting the NAS report for practical application at the federal level. It recommended use of a national Supplemental Poverty Measure using roughly the same criteria that were outlined in the NAS study. In 2010, it released a report outlining the use of the SPM and its elements. The working group established the SPM as a research instrument, to be used solely as an experimental measure to supplement the official poverty measure. It envisioned that the SPM would be updated annually to reflect national economic changes.<sup>4</sup>

From this work, the US Census Bureau and Bureau of Labor Statistics began work to estimate poverty using national data. Chart 2, below, reflects the elements used to calculate the SPM.

**Chart 2**

<b>Resource Estimates</b>	
<b><u>SPM Resources = Money Income From All Sources</u></b>	
<b>PLUS:</b>	<b>MINUS:</b>
Supplemental Nutritional Assistance (SNAP)	Taxes (plus credits such as the Earned Income Tax Credit [EITC])
National School Lunch Program	Expenses Related to Work
Supplementary Nutrition Program for Women Infants and Children (WIC) -	Child Care Expenses* -
Housing subsidies	Medical Out-of-pocket Expenses (MOOP)*
Low-Income Home Energy Assistance (LIHEAP)	Child Support Paid*

\*Items for which data from new Current Population Survey Annual Social and Economic Supplement questions are used in the SPM estimates.

Source: U.S. Census Bureau, The Research Supplemental Poverty Measure 2011.

<sup>3</sup> *Measuring Poverty: A New Approach*. Washington, DC: The National Academies Press, 1995, p. 4.

<sup>4</sup> *Observations from the Interagency Technical Working Group on Developing a Supplemental Poverty Measure*, U.S. Census bureau, March 2010,

## **Findings from the US Census Bureau**

In November 2011 and 2012, researcher Kathleen Short of the U.S. Census Bureau published two reports on the research Supplemental Poverty Measure. Under this tool, in 2011, the change in the national poverty rate, when compared to the official poverty measure, edged upward by 1 percentage point — from 15.1 to 16.1 percent among all Americans.

However, some demographic groups saw more significant changes. The percentage of seniors living in poverty under the SPM grew from 8.7 percent to 15.1 percent of the population in 2011, in part because of the inclusion of out-of-pocket medical expenses in the calculation of available cash. Children under age 18 show some improvement under the experimental measure when compared to the official, in part due to the inclusion of aid through programs designed specifically to ameliorate poverty among children. The percent of people under age 18 living in poverty is 22.3 percent under the official measure, and 18.1 percent under the SPM. The rate of poverty among immigrants and urban dwellers increases under the SPM, and the rate of people living in poverty decreases among rural dwellers and families with public health insurance.<sup>5</sup>

Recognizing the critical role that housing plays in a family's available income, the SPM actually is reported as three distinct thresholds: Homeowners with a mortgage, homeowners without a mortgage and renters. In 2011, while the official poverty threshold for a family of two adults and two children was \$22,811 annually, the SPM threshold was \$25,222 for that same family in rental housing. (The SPM threshold for families who owned their homes but paid a mortgage was \$25,703 and for those without a mortgage was \$21,175.)

## **Impact in California**

Release of Short's paper on the SPM drew considerable interest in California, where the poverty rate under the new tool jumped by more than 7 percent — from 16.3 to 23.5 percent. The state with the next most significant jump was Hawaii, with a 4.9 percent increase, from 12.5 percent of its population living in poverty under the official measure to 17.4 percent under the SPM.

At Stanford University, which is home to one of three federally-funded poverty research centers in the nation (the others are at the University of Wisconsin and the University of California, Davis), a team began evaluating the SPM for use in better defining California's poverty data. Although that research is still underway, Stanford's researchers in conjunction with the Public Policy Institute of California expect to be able to calculate county-level poverty rates with specific demographic information. In rural areas, county data may need to be combined in order to obtain an appropriate sample size. A goal of that research is to evaluate correlations among the

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<sup>5</sup> Short, Kathleen, *The Research Supplemental Poverty Measure: 2011*, November 2012, p. 6

economic variables measured by the SPM, including the impact of housing costs and out-of-pocket medical expenses.

In January 2013, The Center for the Next Generation in San Francisco released a report on childhood poverty in California that included the SPM. The Center, a nonpartisan research and policy development organization with a focus on children and families, noted that California's dramatic shift in both poverty rate and ranking was due in large part to housing costs, urban cost of living, medical out-of-pocket expenses, taxes paid and other factors.<sup>6</sup>

### **Consequences of poverty**

Over the past four decades, researchers have established that children who grow up in poverty often show poorer academic performance, have poorer physical health, poorer mental health, and lower IQ than children from families with higher socioeconomic status. Poor children are at greater risk than higher income children for a range of problems, including poor socio-emotional functioning, developmental delays, behavioral problems, asthma, poor nutrition, low birth weight, and pneumonia.<sup>7</sup> Language ability, such as vocabulary, phonological awareness and syntax, also differs sharply as a function of high poverty at many different stages of development.<sup>8</sup>

Socioeconomic status is one of the most powerful risk factors for poor adult health as well. People living in poverty suffer disproportionately from nearly all diseases and have higher rates of mortality.

Families in poverty experience increased chronic stress related to difficulties in providing for the family's needs, food insecurity, living in dangerous neighborhoods and other factors. Events in daily life associated with living in an impoverished household and neighborhood that produce a type of chronic stress can lead over time to wear and tear on the body and can have a negative impact on the developing brain. A number of researchers have linked domestic household crowding, commonly found to be a consequence of lower socioeconomic status, with higher

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<sup>6</sup> Fuentes, Rey, Ann O'Leary and James Barba, *Prosperity Threatened: Perspectives on Childhood Poverty in California*, The Center for the Next Generation, January 2013

<sup>7</sup> Geltman, P.L., Meyers, A.F., Greenberg, J., & Zuckerman, B. (1996, Spring). Commentary: Welfare reform and children's health. Washington, D.C.: Center for Health Policy Research.

<sup>8</sup> Whitehurst, G.J. *Language processes in context: language learning in children reared in poverty*. In *Research on Communication and Language Disorders: Contribution to Theories of Language Development*, 1997

psychological stress and poorer health outcomes.<sup>9</sup> Other research shows that stress specifically impairs working memory and the ability to pay attention.<sup>10</sup>

## **Programs intended to address poverty**

### ***Nutrition Programs***

#### *Supplemental Nutrition Assistance Program (SNAP) / CalFresh & the California Food Assistance Program*

The Supplemental Nutrition Assistance Program (SNAP), known in California as CalFresh, is a federal program administered by the U.S. Department of Agriculture (USDA) and, at the state level, by the California Department of Social Services (DSS). Today, 47 million Americans—over 14% of the population—are receiving SNAP benefits (formerly known as Food Stamps), a new record for participation. Overall caseload for the program in California has grown steadily since 2001, and around four million people are currently receiving CalFresh, up from just over three million in 2010. According to USDA data, California has the lowest SNAP participation rate in the country—only 55% of all eligible persons actually receive SNAP benefits.<sup>11</sup>

CalFresh benefits, entirely funded by the federal government, are made available through an ATM-like electronic benefits transfer (EBT) card and can be used to purchase food for human consumption or seeds and plants to grow for household use. To qualify, a person's income must meet both net and gross income tests, and resources, such as cash on hand, generally cannot exceed \$2,000, or \$3,000 for households in which there is a disabled or elderly household member. CalFresh is administered locally by county welfare departments, and the federal, state, and county governments share in the cost of administration of the program. On average, an individual receives \$150 and a household receives \$335 in benefits per month.

The California Food Assistance Program (CFAP) provides state-funded food stamps benefits to legal permanent residents between the ages of 18 and 65 who have been in the US for less than 5 years but meet all other CalFresh eligibility criteria and CFAP work requirements. CFAP is entirely funded by the state General Fund and provides a monthly benefit to nearly 43,000 people.

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<sup>9</sup> Melki et al., *Household crowding index: a correlate of socioeconomic status and inter-pregnancy spacing in an urban setting*, Journal of Epidemiological Community Health, 2004

<sup>10</sup> Evans GW, Schamberg MA. *Childhood poverty, chronic stress, and adult working memory*. Proc. Natl Acad. Sci. USA. 2009; 106:6545–6549.

<sup>11</sup> <http://www.fns.usda.gov/ora/MENU/Published/snap/FILES/Participation/Reaching2010.pdf>



### *Women Infants and Children (WIC)*

Women Infants and Children (WIC) is a 100 percent federally-funded nutrition and health program that provides nutrition education and vouchers for nutritious foods to families with incomes at or below 185 percent of poverty. WIC participants include nutritionally at-risk pregnant and breastfeeding women, infants and children up to the fifth birthday. Data has shown that participants have improved health outcomes and lowered health care costs. California WIC serves 1.46 million participants (16.4% of participants nationwide), and the retail value of each check is around \$63 per participant per month.<sup>12</sup>

### *Commodity Supplemental Food Program*

The Commodity Supplemental Food Program distributes packages of food purchased by the USDA to seniors aged 60 and older with incomes below 130% of FPL, as well as women and children who are eligible for WIC. The program is 100% federally funded and administered by the California Department of Education, which selects non-profit agencies, generally local food banks, to distribute food packages. The program is intended to supplement SNAP and other food assistance programs. In 2011-2012, Nearly 77,000 California seniors received packages, with an average food grant of \$68 per participant per year.

### *Congregate Nutrition Program*

The Congregate Nutrition Program was established under the federal Older Americans Act to provide seniors aged 60 and older with prepared meals in a group setting, targeting seniors with the greatest economic or social needs. Spouses of eligible seniors, meal service volunteers and individuals with disabilities who reside with older adults also are eligible to receive meals through the program. In addition, the Congregate Nutrition Program provides nutrition and health education services, socialization opportunities, and nutrition risk screening.

### *Brown Bag Program*

The Brown Bag Program provides surplus and donated edible fruits, vegetables, and other food products to low-income individuals 60 years of age and older. While there is no state funding for the program, statutory authority for the program continues under the Older Californians Act, and some counties have leveraged local funds and pursued revenue generating activities to maintain the program locally.

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<sup>12</sup> [http://www.calwic.org/storage/documents/federal/2012/Program\\_At\\_a\\_Glance\\_2012-02.pdf](http://www.calwic.org/storage/documents/federal/2012/Program_At_a_Glance_2012-02.pdf)

## *Assistance Programs*

### *California Work Opportunity and Responsibility to Kids (CalWORKs) Program*

As of August 2012, 563,347 California families<sup>13</sup> relied on California Work Opportunity and Responsibility to Kids (CalWORKs), the state's version of the federal Temporary Assistance for Needy Families (TANF) welfare-to-work program. CalWORKs provides monthly income assistance and employment-related services aimed at moving children out of poverty and helping families meet basic needs and become self-sufficient. The (DSS) administers the program at the state level, and county welfare departments administer it locally. CalWORKs is funded by the federal TANF block grant, state General Fund dollars, and county funds.

Generally, adults are limited to a total of 48 months of CalWORKs cash assistance (this time limit was reduced from 60 months in 2011). The 2012-13 budget included trailer bill language that reduces the number of months an aided adult can receive welfare-to-work services under current state work requirements from 48 months to 24 months. In order for work-eligible adults to receive aid for the full 48-month lifetime limit, he or she must meet federal work participation requirements, for at least 24 of those 48 months. If a family has not entirely left aid by the end of the parent's time limit, the children may qualify for "safety net assistance" until they reach age 18. The average monthly grant for a typical family of three in the program (one parent and two children) is about \$471 per month (up to a maximum of \$638 for a family of three in a high-cost county). About 70% of households with aided adults are required to participate in welfare-to-work activities designed to lead to employment and self-sufficiency. About half of adult CalWORKs recipients are employed at least part-time.

### *Supplemental Security Income/State Supplemental Program (SSI/SSP) and Cash Assistance Program for Immigrants (CAPI)*

Supplemental Security Income/State Supplemental Program (SSI/SSP) provides assistance primarily to individuals who are age 65 or older, blind, or who have disabilities. In order to be eligible, a recipient must have personal property valued lower than \$2,000 per individual or \$3,000 per couple (excluding the home value, one car, and a life insurance policy with a face value \$1,500 or less). There are a total of 1.3 million SSI/SSP recipients in California, and the 2012 maximum grant amounts are \$860 per month for individuals and \$1,450 per month for couples.

CAPI is a 100 percent state-funded program designed to provide monthly cash benefits to aged, blind, and disabled non-citizens who are ineligible for SSI/SSP solely due to their immigrant

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<sup>13</sup> <http://www.cdss.ca.gov/research/res/pdf/caltrends/CA237Caseload.pdf>

status. CAPI payment standards are \$10 less than the SSI/SSP payment standards (\$20 for a couple) mentioned above.

#### *Low Income Home Energy Assistance Program (LIHEAP)*

The federally-funded Low Income Home Energy Assistance Program (LIHEAP) provides low-income households assistance with home energy bills and weatherization and minor energy-related home improvements. One of the primary goals of LIHEAP is to allow people to maintain safe heating and cooling practices. Additionally, the assistance provided frees up family resources to be used for other basic needs in those households.

The federal LIHEAP statute establishes 150 percent of the poverty level as the maximum income level allowed in determining LIHEAP income eligibility, except where 60 percent of state median income is higher. States have the flexibility to serve households that are deemed categorically eligible because they receive other needs-tested benefits (e.g. TANF, Supplemental Security Income, SNAP, and specific veterans' benefits), and they can further target assistance by setting requirements for assets, housing type, and energy bill payment status. States may not set their own income eligibility criteria for LIHEAP lower than 110 percent of the poverty level. In 2011, LIHEAP funds were allocated to help over 300,000 households in California.<sup>14</sup>

#### *Housing Choice Voucher Program (Section 8)*

The Housing Choice Voucher Program, more commonly known as Section 8, is a federal housing program that allows very low-income families, elderly people and people with disabilities to live in safe and affordable private rental housing. The US Department of Housing and Urban Development (HUD) provides funds to local housing agencies, which then use those funds to pay landlords a specified amount on behalf of tenants, and the tenants pay the landlord the remaining rent amount. Typically, a household has to have income at or lower than 30 percent of the area median income (AMI) to be considered "extremely low income" and around 120 percent of the AMI to be considered a "moderate income" family. Family size is also a factor in determining eligibility.

#### *Earned Income Tax Credit (EITC)*

The Earned Income Tax Credit (EITC) provides a benefit to working people who have low to moderate income. For the 2012 tax year, the maximum benefit (tax refund) range is \$5,891 for an individual with three or more qualifying children and \$475 for an individual with no qualifying children. Because the tax credit increases a family's overall income, it not only allows them to

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<sup>14</sup> <http://www.csd.ca.gov/Portals/0/Documents/Reports/LIHEAP%20Household%20Report%202011.pdf>

pay bills and meet other basic needs, but it is also considered a benefit that lifts families out of poverty more than any other program. In 2012, 2.99 million Californians filed EITC claims.

### *Medicaid / Medi-Cal*

Medicaid, implemented in California as Medi-Cal, is a health care program which pays for medical services for low-income children and adults. Eligibility criteria for Medi-Cal includes being under age 21 or over age 65, blind or disabled, pregnant, diagnosed with cervical or breast cancer. Additionally, families that receive cash assistance through SSI/SSP or CalWORKs, for example, or who are foster youth or eligible for adoption assistance payments, are also eligible for Medi-Cal.

## **Other states' approaches to measuring poverty**

### *New York City*

The NYC Center for Economic Opportunity released its first report on an alternative poverty measure for New York City in 2008, three years before the Census Bureau released its official SPM. Building on the work of the National Academy of Sciences, New York City developed its own tool and used it to design initiatives for young adults, the working poor, and families with young children. These programs aim to reduce poverty through education, employment, and health-based strategies. Several initiatives also improve access to public services through innovative uses of technology and by launching new work supports.

Measuring poverty in New York City accounts for the fact that what families need to pay for housing of similar size and quality varies widely. Homeowners who have paid off their mortgages have lower spending needs for housing than do those who are still making mortgage payments. Renters living in public housing or who are receiving a Section 8 or similar housing subsidy have dramatically lower housing costs than families who pay market-rate rents. Tenants in rent-regulated apartments, a considerable share of renter households in New York City, also receive some protection from the high cost of housing.

While housing is expensive in New York City, the city is also a place where many low income households are protected from the high cost of housing by an extensive array of public programs. Therefore, New York's tool differs from the federal SPM in that it accounts for the city's unusually high housing costs on the poverty measure's resource side by making an adjustment based on housing status, rather than on the cost side, as is done federally.

### *Wisconsin*

In a different approach to using the supplemental data, Wisconsin used its own “Wisconsin Poverty Measure” (WPM) to more broadly assesses needs and resources so policymakers could better understand the impact of state and federal policies. The new WPM provides data to measure the impact of specific programs, such as the state Earned Income Tax Credit, BadgerCare health care program, SNAP or FoodShare food assistance, Wisconsin Shares child care subsidies, and the Homestead Tax Credit. Additionally, researchers at the University of Wisconsin have used the tool to look at need within the state, by county and within counties, to examine the impacts of resources and expenses on different demographic groups.

*Connecticut, Minnesota, Georgia, Illinois and Massachusetts*

Five states have contracted with the Urban Institute to use the SPM to better define poverty within their own borders.

Connecticut used the alternative poverty measure to estimate the potential effects of numerous proposals designed to reduce child poverty. Using the new tool allowed the state’s Child Poverty and Prevention Council to evaluate proposals that include policies to guarantee child care subsidies, increase employment and earnings through adult education and training initiatives, enhance access to income safety net programs, improve outcomes for welfare leavers, and increase child support payments.

In 2006, Minnesota established a Legislative Commission to End Poverty in Minnesota by 2020. Minnesota asked the Urban Institute to create a poverty measure that would provide a realistic picture of the cost of living, including differences between rural and urban areas. Policymakers used the new tool to yield better information about how well antipoverty programs were working. The research revealed that relative to other states, some of Minnesota’s anti-poverty programs proved effective in reducing the poverty rate, and increasing workforce participation and college graduation rates. Yet some key barriers persist, including persistent poverty by race and gender, and growing health costs affecting many families in Minnesota.

The Urban Institute also focused on evaluating the safety nets in three states as a single study. Georgia, Illinois, and Massachusetts were chosen to illustrate the effects of narrow, medium, and broad safety nets. The research highlighted that federal programs that provide the same benefit across the country reduce poverty more in states with lower housing costs than in states with higher costs. For example, refundable federal tax credits (including the EITC and the refundable portion of the child tax credit) produce the largest decrease in child poverty, but the effect is twice as high in Georgia as in Massachusetts. Housing assistance reduces child poverty more in Massachusetts than in Georgia or Illinois because this assistance is available to more families and its value varies with housing costs.

**Future considerations**

With this hearing, the Senate and Assembly Committees on Human Services hope to provide context for subsequent hearings on poverty and its consequences, as well as programs designed to ameliorate poverty and its effects. The Supplemental Poverty Measure provides California with a unique opportunity to focus more specifically on the factors that affect poverty in its many geographic and demographic sub groups and gives policymakers a lens through which to make more precise decisions.

### **Additional Resources**

Citro, Constance F. and Robert T. Michael, *Measuring Poverty: A New Approach*. Washington, DC: The National Academies Press, The National Academy of Science, 1995  
[http://www.nap.edu/openbook.php?record\\_id=4759&page=1](http://www.nap.edu/openbook.php?record_id=4759&page=1)

Fuentes, Rey, Ann O’Leary and James Barba, *Prosperity Threatened: Perspectives on Childhood Poverty in California*, The Center on The Next Generation, Jan. 6, 2013  
[http://www.tcng.org/files/Prosperity\\_Threatened\\_Final.pdf](http://www.tcng.org/files/Prosperity_Threatened_Final.pdf)

Wheaton, Laura, et al, *How Do States' Safety Net Policies Affect Poverty?* The Urban Institute, September 2011.  
<http://www.urban.org/publications/412398.html>

The New York City Center for Economic Opportunity  
[http://www.nyc.gov/html/ceo/html/poverty\\_research/poverty\\_research.shtml](http://www.nyc.gov/html/ceo/html/poverty_research/poverty_research.shtml)

The Stanford Center on Poverty and Inequality  
<http://www.stanford.edu/group/scspi/>

UC Davis Center for Poverty Research  
<http://poverty.ucdavis.edu/>