California Poverty Without Los Angeles

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ABSTRACT

This study examines and projects demographic poverty within the state of California without the overpowering statistical dominance of the Los Angeles metropolitan region. The selected population segments include All Persons, Asians & Pacific Islanders, Blacks, Hispanics and Whites. One goal is to provide a portrait of net poverty within the state of California. By the end of the coming decade, poverty is projected to increase 25% to almost 3.8 million persons. This increase is due primarily to the explosive rise among Hispanics. A second goal is to demonstrate a methodology that may be easily applied to other sub-national locales, jurisdictional levels and time frames. The methodology permits computations of annual poverty estimates in the absence of official statistics.

INTRODUCTION

In a recent article, Robert G. Mogull demonstrated how a large urbanized area can dominate overall state statistics (Mogull: forthcoming in *JBES*). The article stated that the phenomenon is typical throughout the nation in reporting of socio-economic characteristics. To illustrate the impact of a metropolitan region upon a state, a comparison was made between the City and the State of New York. Statistics were employed by separate demographic group and, for each group, the impact of City poverty was disproportionate to population weight. It was therefore concluded that caution should be exercised in viewing and employing statewide data and that statewide statistics are often clarified when filtered from overpowering metropolitan influences. That study and its recommendation provide the impetus for the current study of the state of California.

What would California be like without Los Angeles? In brief, immensely different – in terms of commerce, politics, culture and multiple forms of creative endeavors. The answer to this question is far too large to address within a single paper. In this article, however, one issue will be considered – poverty.

In year 2000, the Census Bureau estimated the total number of impoverished California residents at 4.7 million, with 1.7 million or 35.6% residing within the Los Angeles metropolitan region. Moreover, this is a conservative estimate, since poverty thresholds are national and do not take into consideration the higher costs of living within urban areas. Since the cost of living in Los Angeles is 49% higher than the national urban average (Bureau of the Census: 2004), Los Angeles impoverishment is substantially underestimated. Nor is the relationship unique between the Los Angeles metropolis and the rest of the state, as it is a common phenomenon across the nation. Even more extreme examples are Chicago and New York City, which both (coincidentally) account for 66.1% of their respective state's total poverty.

GOALS

This study has two major goals and a sub-objective. The first goal is to demonstrate a method of estimating and projecting annual poverty at the sub-national level for segments of the population. There are two primary sources of official poverty statistics, but neither provides annual demographic statistics for lower level jurisdictions. Both sources are widely used in academia, in commerce, by advocacy groups and by governmental agencies at all jurisdictional levels and both sources have been employed since 1960 (for poverty since 1959).

Annual March supplemental questions to the Current Population Surveys obtain limited demographic income and poverty information across the nation. In March 2000, it relied on a national sample of 51,016 households, inclusive of 4,453 households within California. In contrast, the decennial censuses provide a much more detailed

picture of national poverty, categorized by numerous demographic groups and at levels down to blocks. In year 2000, the national sample size consisted of 17.6 million households, including 1.9 million within California. These detailed census statistics, however, are available at ten-year intervals only. Consequently, official estimates of annual demographic poverty do not routinely exist for lower levels. The first goal of this study, therefore, will be to demonstrate a method of generating such annual demographic sub-national poverty estimates.

The second goal of this paper is to obtain a picture of poverty specifically of the state of California. State demographic poverty will be examined over the past four decades and projections also will be made to the end of the next decade, when the next decennial census will be conducted. A sub-goal recognizes that overall statistical pictures of states are overpowered by data obtained from large metropolises contained within the states. Since the Los Angeles/Long Beach metropolis conservatively accounts for well over one-third of all impoverished state residents, it dominates the statewide portrait. Consequently, in this study, California state poverty statistics will be filtered of evidence from the Los Angeles/Long Beach metropolitan region. In other words, the second goal of this paper is to obtain an overall picture of state poverty without the overpowering dominance of the nation's second most populous metropolis.

METHODOLOGY

The methodology employed in this study is adapted from a technique developed by Robert G. Mogull in his studies on poverty of the state of California (Mogull: forthcoming in *JSSR*), the New York City metropolitan region (Mogull: forthcoming in *AmEcon*) and the County of Los Angeles (Mogull: 2004). In those papers, as well as in the present article, the decennial censuses of 1960 through 2000 provide the universe of statistical poverty benchmarks for the demographic groups.

The official definition of poverty was originally designed in 1963-64 by Mollie Orshansky of the Social Security Administration (Orshansky: 1969). The definition and thresholds have provided a consistent measure of poverty since 1959 and, in 1969, were formally established for use by all federal agencies. Poverty is determined from pre-tax earned money income only and varies by family size and composition. Annual changes in living costs are factored into the thresholds using the national Consumer Price Index. The threshold for a family of four, for example, has risen 6.78 fold over 46 years, from $2,973 in 1959 to $20,144 in 2005.

Statistics from the decennial censuses provide the universe of benchmarks available for tracing the poverty paths of individual demographic groups. The specific population segments selected to be examined here consist of All Residents, Asians & Pacific Islanders, Blacks, Hispanics and Whites. The separate paths and projections will filter out the dominance of the Los Angeles/Long Beach SMSA (for 1959, 1969 and 1979) and PMSA (for 1989 and 1999). Hence, the resulting evidence will provide a picture of net state poverty by demographic group without the statistically swamping effect of this immense metropolis. Curvilinear projections through the following decade will be created by quadratic polynomial regressions using statistical anchors from the years 1979, 1989 and 1999. It will be seen that the methodology can be easily replicated for other sub-national locales, jurisdictional levels and time frames. The regression results will permit specific annual estimates of demographic poverty.

THE EVIDENCE

Table 1 presents both the net and, for informational purposes, the gross (in parentheses) counts of poverty for the state of California – that is, without and with the inclusion of demographic poverty counts from the Los Angeles/Long Beach metropolitan region. The poverty counts are cross-classified by year and by demographic group. It should be noted that the category of Hispanics consists of any race. Thus, Hispanic individuals may be double counted within the listed racial groups. The years account for the *universe* of available census poverty tabulations and were obtained from the decennial censuses of 1960 through 2000 (for poverty in immediate preceding years). Figure 1 illustrates the separate paths of net state poverty for each of the selected demographic segments listed in Table 1.

- Over the past 40 years, the total number of persons below poverty in the state increased by 112% or by an average of 2.8% per year, from 1.4 million individuals to over 3.0 million. During the 1960s, the overall poverty count

declined by 1.9%, but then rose abruptly over the following three decades. The 1980s and 1990s saw substantial jumps of 41% and 31% respectively. Successive waves of immigration from abroad had much to do with these recent jumps.

- Poverty among Asians & Pacific Islanders leaped from 102 thousand persons in 1979 to 324 thousand in 1999, for a 218% increase or an average of 11% per year. Although their share of total state poverty remained relatively low, it rose remarkably over 20 years from 6.2% in 1979 to 10.7% in 1999 (see Figure 2). The decade of the 1980s saw an astonishing leap of 173%, which can be attributed to immigration from Southeast Asia. (Asians alone accounted for 96.5% of the impoverished A&PI net California category in 1999.)
- Impoverished Blacks rose from 151 thousand individuals in 1969 to 254 thousand in 1999, for a 68% rise or 2.3% average increase per year. Each decade saw an increase, but the 1980s were particularly noticeable with a 30% rise. As a percentage of the state total poor, Blacks receded from 10.8% in 1969 to 8.4% by 1999.
- Hispanic impoverishment clearly dominates the overall net state picture. The number of Hispanics below poverty rose from 293 thousand in 1969 to almost 1.4 million in 1999. This represents an explosive 366% over just three decades or an annual average of 12%. The most striking jump occurred during the 1980s with a 96% increase. As a percentage of state overall impoverishment, the Hispanic share has risen continuously from 21% to 27%, 37% and 45%. Paths of the state's total poor and of its' Hispanic poor are nearly parallel (see Figure 1 above). To repeat, net state total impoverishment is dominated and essentially governed by the Hispanic demographic segment.
- The poverty count among Whites has risen relatively little over four decades, from 1.2 million in 1959 to less than 1.5 million in 1999 or by a total of 19%. There were declines of 3% and 9% in the 1960s and 1970s, but increases of 20% and 12% respectively during the next two decades. The average annual increase over 40 years has been a very modest .47%. As a percentage of California's total poor, the White share has fallen steadily from 86% in 1959 to 48% in 1999. The 20% spurt during the 1980s can be linked to a flow of immigrants from the former Soviet Union and Eastern Europe.

Table 1
California Poverty Persons Net of Los Angeles/Long Beach &
California Poverty Persons Including Los Angeles/Long Beach (in parentheses)

Year	All Persons	Asian & Pacific Islander	Black	Hispanic	White
1959	1,427,829	n/a	n/a	n/a	1,221,360
	(2,199,376)				(1,831,736)
1969	1,400,162	n/a	151,039	293,222	1,182,954
	(2,152,716)		(331,760)	(498,677)	(1,728,451)
1979	1,641,764	101,840	180,486	435,081	1,078,814
	(2,626,580)	(159,626)	(393,478)	(854,358)	(1,575,757)
1989	2,319,330	277,547	233,915	853,830	1,297,711
	(3,627,585)	(402,161)	(437,201)	(1,598,213)	(1,821,146)
1999	3,031,531	324,241	253,528	1,365,134	1,452,327
	(4,706,130)	(483,915)	(470,155)	(2,377,589)	(2,059,640)

Source: Bureau of the Census, U.S. Department of Commerce and calculations by author.

PROJECTIONS

A polynomial regression is computed for each separate group, where "Year" is the control variable. The second degree curvilinear models employ anchor statistics from the years 1979, 1989 and 1999 only. Hence, all coefficients of determination are 100% and all standard error of estimates are zero. Table 2 presents the evidence from the independent regressions, as well as forecasts for 2009 and the predicted percentage changes from 1999. Figure 2 illustrates in a histogram the percentages of net state overall poverty attributed to each group for the decennial years 1979 through 2009. Shares of net state total poverty in 2009, as determined by the regression projections, appear as the lowest bar for each demographic group. Specific annual estimates within the time frame can be similarly calculated by using the results of the quadratic regressions.

Table 2
Regression Results for Net State Demographic Poverty

Group	Constant	Slope Coefficient		2009 Forecast	% Change
		First Degree	Second Degree		From 1999
All Persons	5.49208E8	-619402	173.175	3,777,709	24.6
Asian & P.I.	-2.5738E9	2.57719E6	-645.065	240,120	-25.9
Black	-6.75931E8	676252	-169.08	238,693	-5.9
Hispanic	1.73915E9	-1.79442E6	462.775	1,957,605	43.4
White	-1.30737E9	1.29722E6	-321.405	1,528,366	5.2

Based upon the results reported in Table 2, there will be nearly 3.8 million impoverished net state residents in 2009. This represents a roughly 25% increase over the 3.0 million in 1999. The number of poor Asians & Pacific Islanders will decline 26%, from 324 thousand in 1999 to 240 thousand in 2009. Consequently, A&PI will account for 6.4% of the total poor, down from 10.7% in 1999. Black impoverishment will number 239 thousand persons, down 6% from 254 thousand in 1999. Their share of overall state poverty will drop from 8.4% to 6.3%. Hispanic poor will leap 43%, from 1.4 million persons in 1999 to 2.0 million in 2009. As a percentage of overall state poor, their share will jump from 45% to 52%. White impoverishment will grow by 5.2%, from 1.45 million persons to 1.53 million, but their share of net state total poverty will shrink from 48% to 40%.

SUMMARY & CONCLUSIONS

This study has examined and projected California state impoverishment net of the overwhelming statistical dominance of the Los Angeles/Long Beach metropolitan region. The analysis relied upon the universe of five decennial census poverty tabulations for years 1959 through 1999. Projections were also generated for the conclusion of the forthcoming decade. The population segments included All Persons, Asians & Pacific Islanders, Blacks, Hispanics and Whites, where each demographic category was analyzed independently.

An important secondary goal of this study was to demonstrate a methodology which could be easily applied to other locales, jurisdictional levels and time frames. The underlying motivation was to compensate for the lack of official estimates of annual demographic poverty at the sub-national level. Results from the quadratic polynomial regressions permit computations of specific annual estimates of poverty for each demographic group.

The evidence revealed that net state overall poverty grew 112% over four decades and is projected to expand another 25% by year 2009. A&PI poverty jumped 218% in just 20 years, but should see a 26% decline. Black poor rose 68% in 30 years and is looking to recede by 6%. Hispanic poor exploded by 366% over 30 years and is expected to swell by another 43%. Hispanics dominate California poverty and will attain a majority share of net state overall impoverishment by 2009. White poor rose just 19% over 40 years and is forecast to increase another 5% by the end of the decade.

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