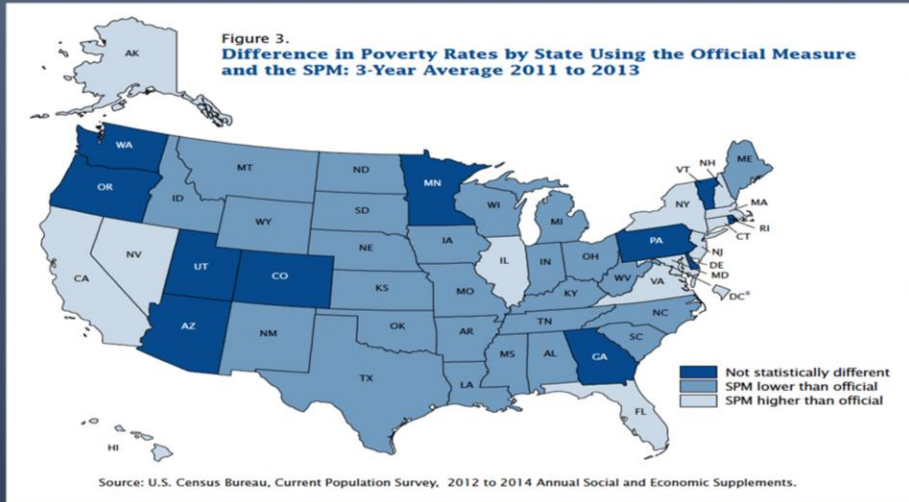The Parable of the Fishes:
Poverty in California

Jay Obernolte
Assemblyman, 33rd District
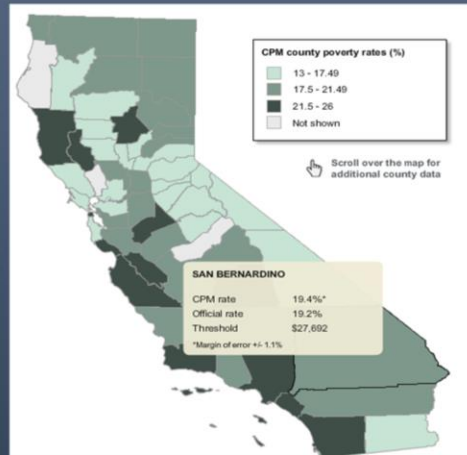California State Legislature

Good evening. I'd like to talk to you this evening about a difficult subject- poverty in California. This is a very poignant and and extremely emotional topic for all of us. But I'd like to set aside emotion, and instead have a discussion about poverty based on statistics. Because only when we understand the data behind poverty can we talk intelligently about its solutions.

6.1 million people in California (16%) live in poverty. Factoring in the cost of living, California has the highest poverty rate in the nation.

Figure 3.
Difference in Poverty Rates by State Using the Official Measure and the SPM: 3-Year Average 2011 to 2013

Not statistically different
SPM lower than official
SPM higher than official

Source: U.S. Census Bureau, Current Population Survey, 2012 to 2014 Annual Social and Economic Supplements.
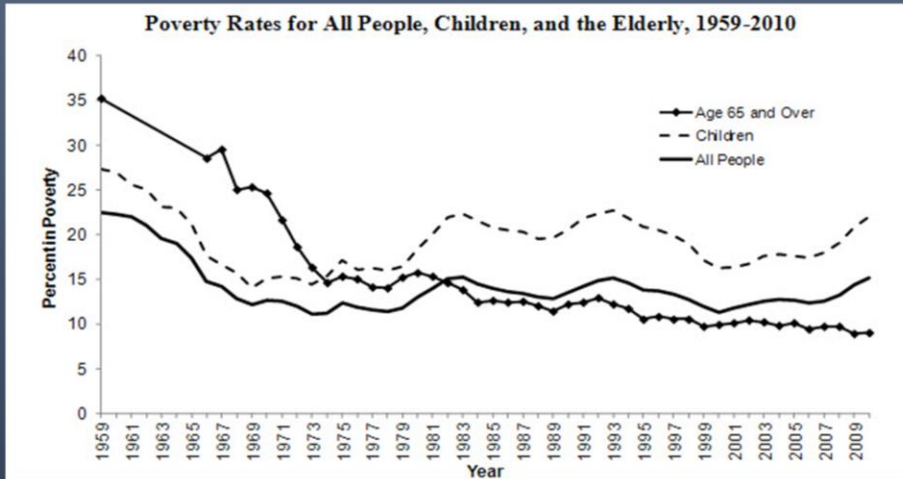
16% of Californians live in poverty. However, if you use the Census Bureau's Supplemental Poverty Measurement (which factors in the cost of living) nearly a quarter of all Californians live in poverty. That's the highest poverty rate of any state in the nation.

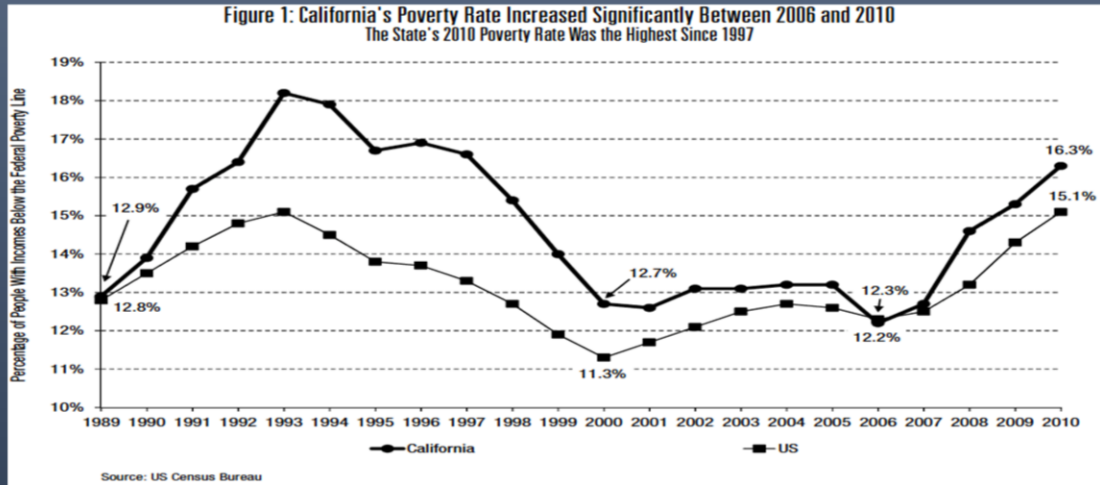The poverty rate in San Bernardino County is even worse- almost 21%

CPM county poverty rates (%)

13 - 17.49

17.5 - 21.49

21.5 - 26

Not shown

Scroll over the map for additional county data

SAN BERNARDINO

CPM rate	19.4%*
Official rate	19.2%
Threshold	$27,692

*Margin of error +/- 1.1%

This problem is particularly acute here in San Bernardino County. Even using the traditional measure of poverty (which is an income level of $28,000 a year for a family of four) the poverty rate for San Bernardino County is almost 21%.

Nearly half of Californians live near or below the poverty line

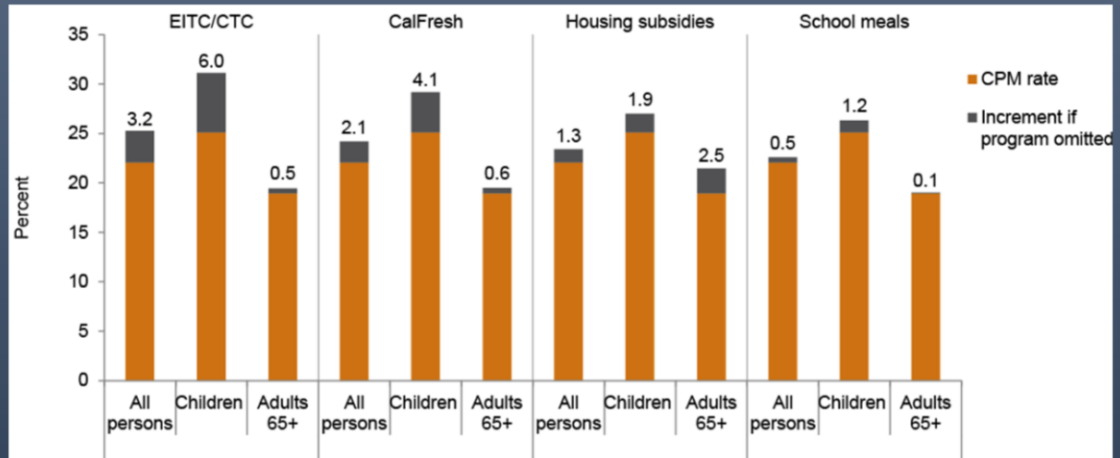**Poverty Rates for All People, Children, and the Elderly, 1959-2010**

In addition to the Californians who live in poverty, one in five Californians live close to the poverty line, although they are not technically poor. Taken together, 45% of Californians (nearly half of us!) live either near or below the poverty line.
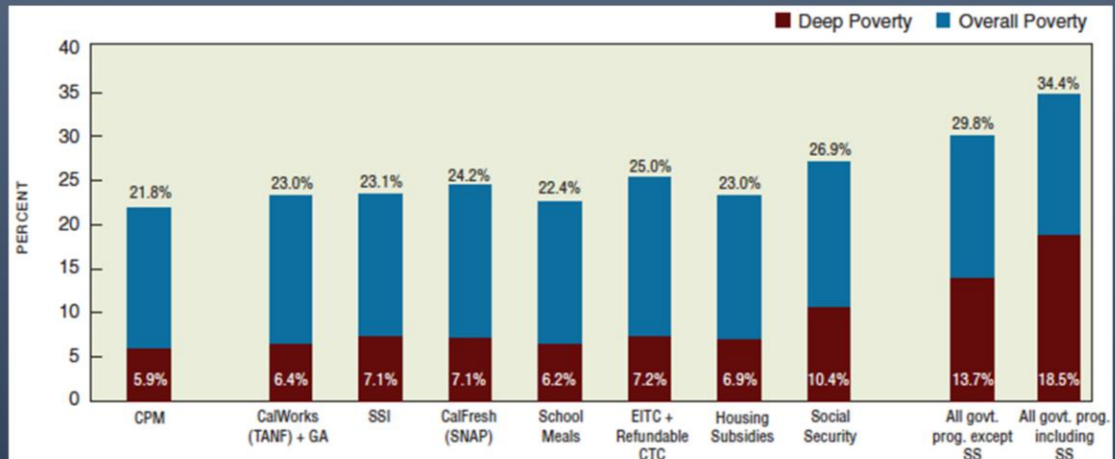
Unfortunately in the last 40 years we've made almost no progress in fighting poverty. And in the last 10 years, poverty rates have been climbing substantially. Clearly this is a problem our society needs to solve!
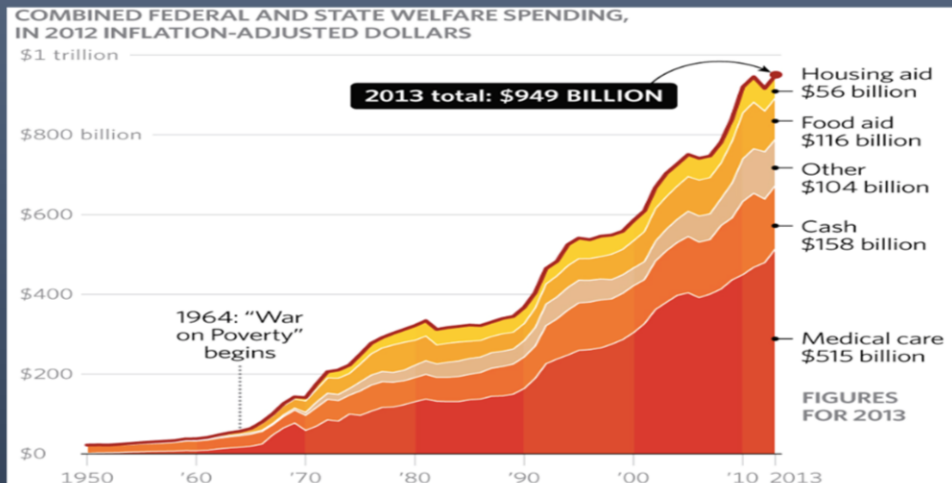
Our current approach to fighting poverty relies on means-tested spending by the government. In California, these programs are CalFresh (what used to be called food stamps), CalWorks (what we used to call welfare), housing subsidies, and school meals.

Means-tested spending excludes social insurance programs such as Social Security
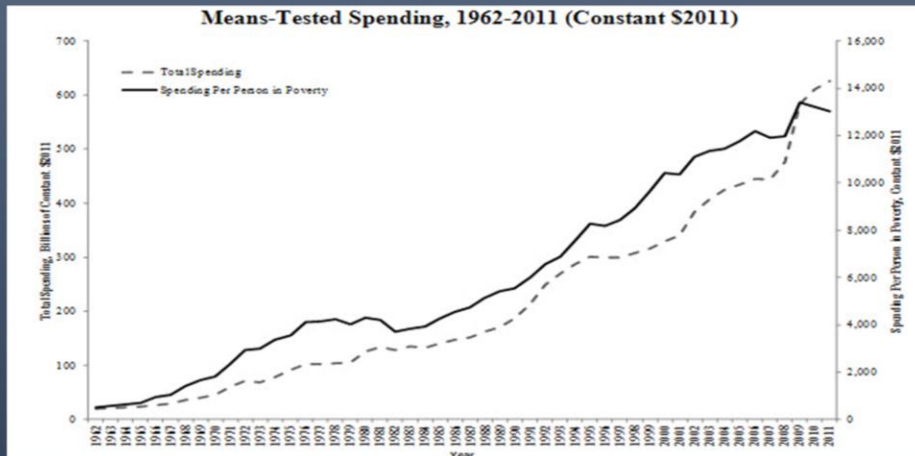

The spending I'm talking about does NOT include social insurance programs. Social insurance is when everyone pays into a program that all people are later eligible for, such as social security and Medicare. So how much do we currently spend on means-tested programs?

We spend over $1 trillion per year on means-tested anti-poverty programs

COMBINED FEDERAL AND STATE WELFARE SPENDING, IN 2012 INFLATION-ADJUSTED DOLLARS

2013 total: $949 BILLION

- Housing aid $56 billion
- Food aid $116 billion
- Other $104 billion
- Cash $158 billion
- Medical care $515 billion

FIGURES FOR 2013

1964: "War on Poverty" begins

$1 trillion
$800 billion
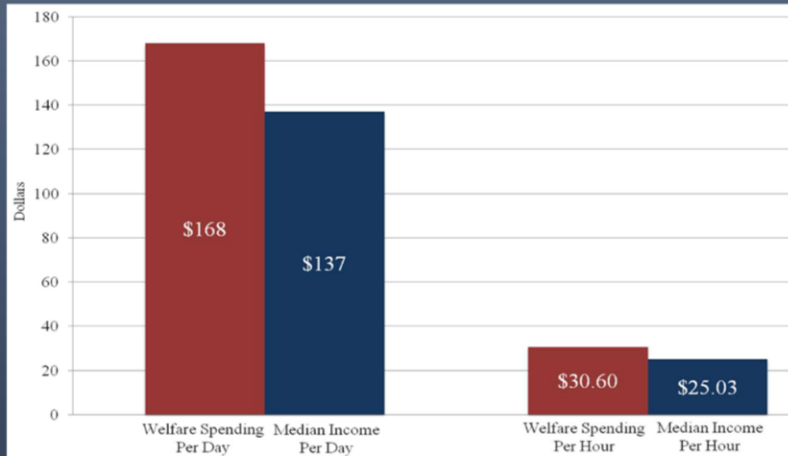$600
$400
$200
$0

1950 '60 '70 '80 '90 '00 '10 2013

We spend a LOT of money of means-tested programs They are the single largest item in both the federal and the California state budgets. They account for over one trillion dollars a year. The State of California spends almost a third of the state's total budget on them.

We spend $23,700 a year
for each person in poverty!

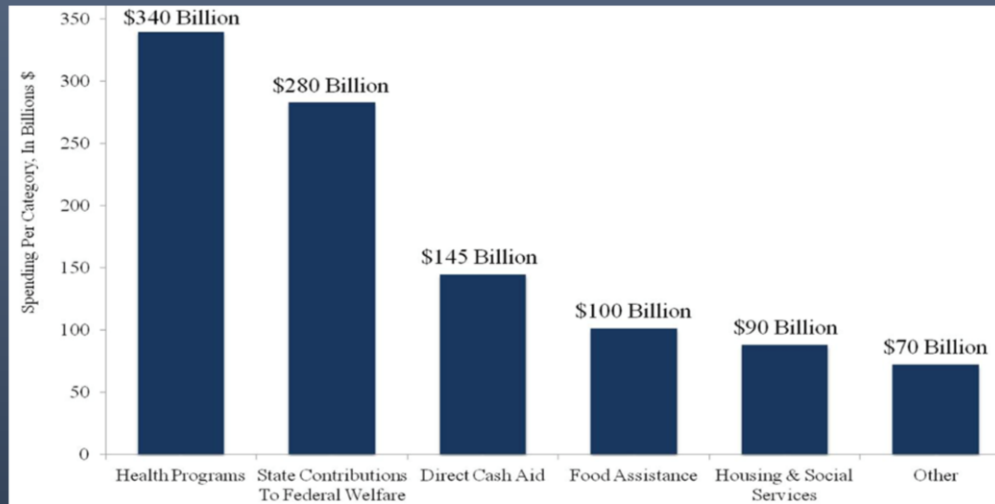**Means-Tested Spending, 1962-2011 (Constant $2011)**

And this spending has been rapidly increasing. We currently spend more than 3 times more money per person in poverty than we did in 1980. In fact when you combine means-testing spending for federal, state, and local governments, we spend $23,700 annually for each person in poverty!

That equates to almost $168 per day per household living below the poverty level. If you converted it into an hourly wage, welfare spending is over $30 per hour for each household in poverty. The median income in the United States is only $25 per hour.

Average total spending per household in poverty is over $60,000 per year!

In fact, our average combined spending for each family in poverty is over $60,000 per year! The poverty line in the County of San Bernardino for a family of 4 is just $28,000 per year. That means that it would be cheaper to simply write each family a check!
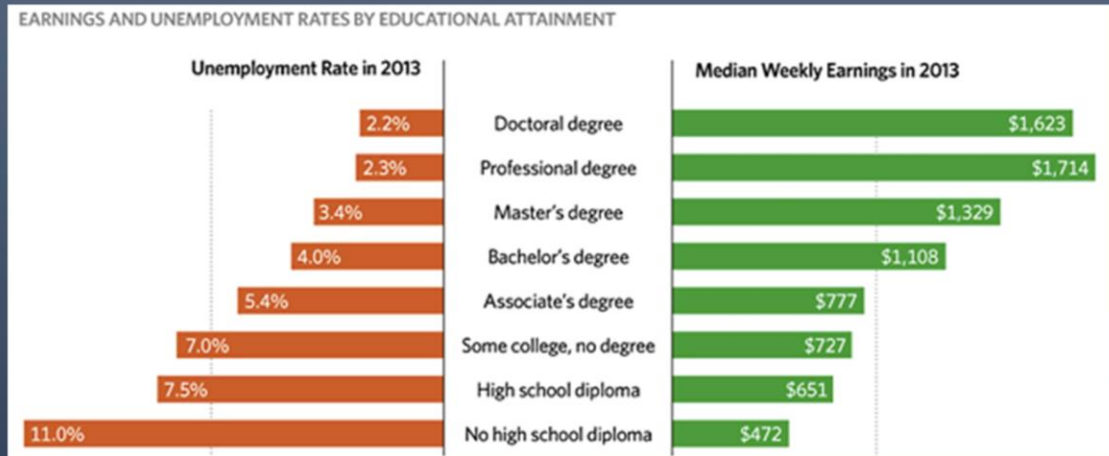
Meet Maimonides (1135-1204)

Clearly, our current approach is not working. I'd like to suggest a new approach. This is a man named Maimonides. He was a Jewish rabi, physician, and philosopher who lived in Egypt in the 12th century. Most of you probably don't recognize who he is, but I bet you'll recognize the phrase he's famous for saying.
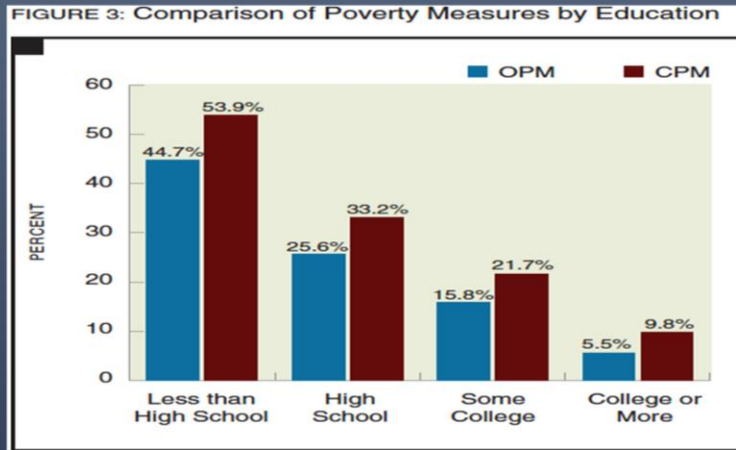
"Give a man a fish and you feed him for a day- teach a man to fish and you feed him for a lifetime". In our current approach to poverty, we are giving people fish. How might we teach them to fish instead?

Education is the key
to lifting Californians out of poverty

EARNINGS AND UNEMPLOYMENT RATES BY EDUCATIONAL ATTAINMENT

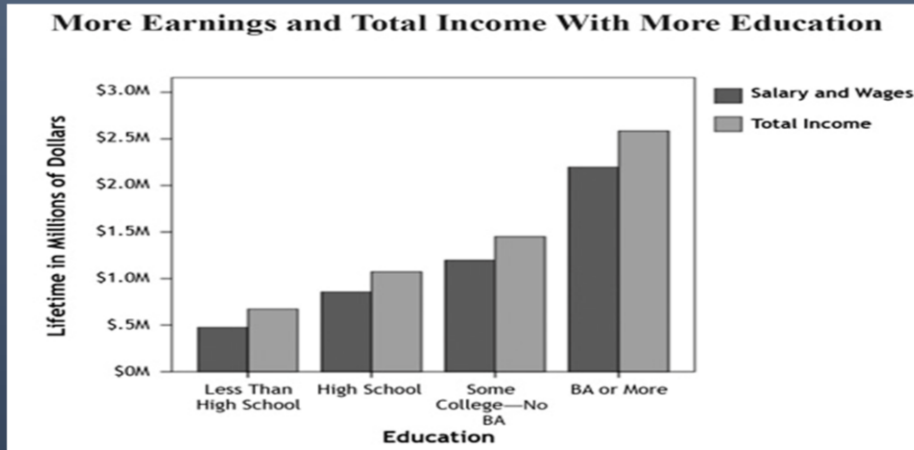| Unemployment Rate in 2013		Median Weekly Earnings in 2013
2.2%	Doctoral degree	$1,623
2.3%	Professional degree	$1,714
3.4%	Master's degree	$1,329
4.0%	Bachelor's degree	$1,108
5.4%	Associate's degree	$777
7.0%	Some college, no degree	$727
7.5%	High school diploma	$651
11.0%	No high school diploma	$472

I believe that education is the key to lifting Californians out of poverty. Educating people is literally teaching them to fish, because statistics show that having an education dramatically decreases one's chance of living in poverty. Let me show you some data that proves this.

Californians who lack a high school diploma have a 54% chance of living in poverty!

FIGURE 3: Comparison of Poverty Measures by Education

Legend: ■ OPM ■ CPM

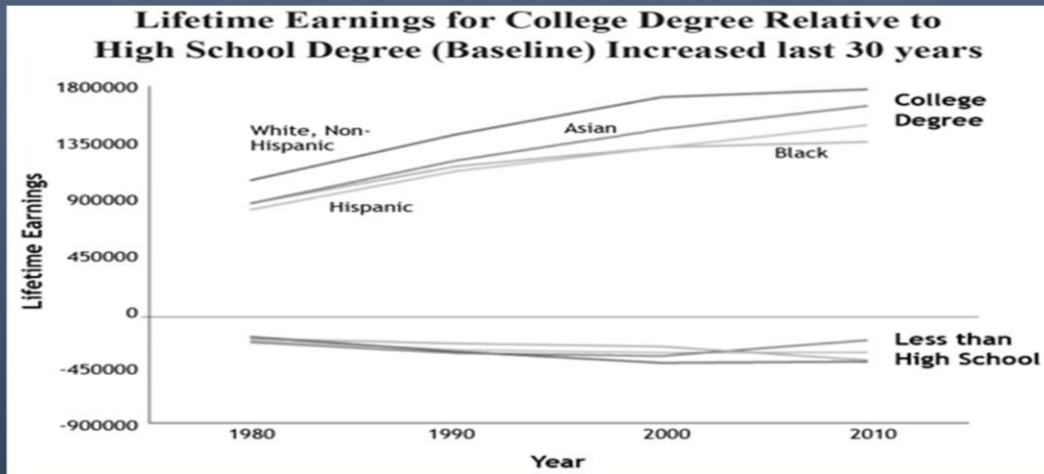| Education	OPM	CPM
Less than High School	44.7%	53.9%
High School	25.6%	33.2%
Some College	15.8%	21.7%
College or More	5.5%	9.8%

Californians who lack a high school diploma have a 54% chance of living in poverty. 54%! However, if you earn a college degree, you have less than a 10% chance of being poor. That is powerful! Education is literally a gateway out of poverty.

Education also has a powerful effect on lifetime earnings
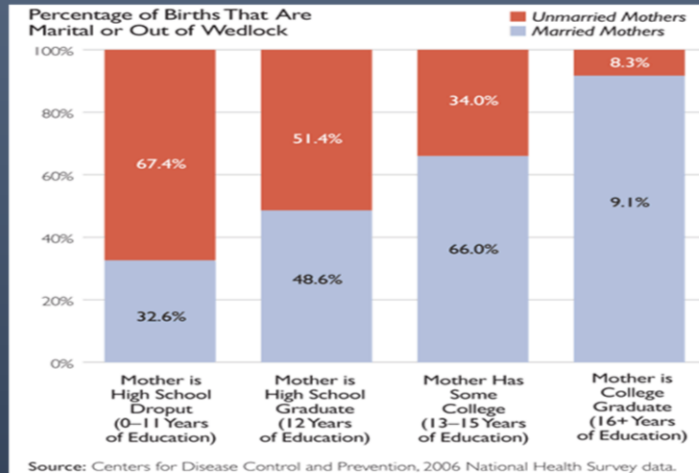
More Earnings and Total Income With More Education

Let's talk about career earning potential. Californians with a college degree will earn almost $1.3 million more over their lifetimes than their peers with only a high school diploma. More education provides for more earnings and higher total income.

And the difference is increasing

Lifetime Earnings for College Degree Relative to High School Degree (Baseline) Increased last 30 years
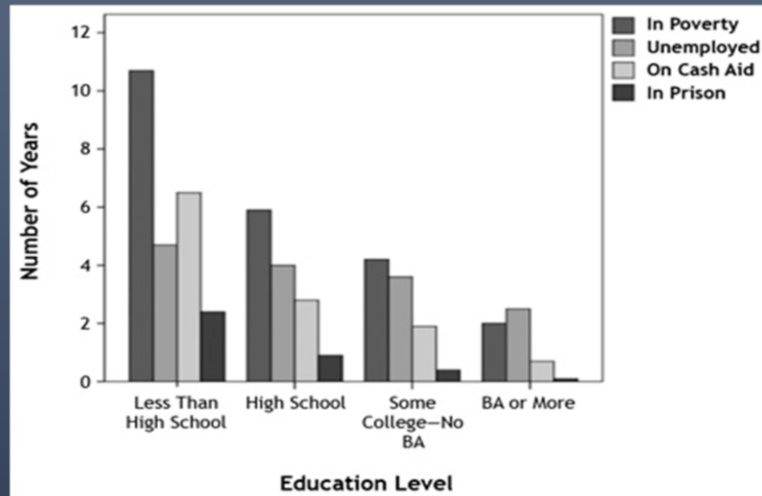
Moreover, the gap in lifetime earnings between those who complete college and those who do not go to college has been increasing. Simply put, finding a good-paying job in the 21st century requires higher education.

More education also results in fewer single-parent households

Percentage of Births That Are Marital or Out of Wedlock

Source: Centers for Disease Control and Prevention, 2006 National Health Survey data.

Here's another powerful statistic. If you have a child and you do not have a high school diploma, there is a 67% chance your child will grow up in a single-parent household. But if you have a college degree, only 8% will. That has powerful effects on these children, many of whom are doomed to repeat the cycle of poverty.

More education results in fewer years of bad things for people

Look at this graph. The average person without a high school diploma spends over 2 years in prison over their lifetime. The average person with a 4-year college degree spends over 10 times less.

Let's teach people to fish!

Let's recap. We're spending more than ever before on fighting poverty. And yet our poverty rates continue to grow. If we invest instead in using education as a tool to lift people out of poverty, their lifetime earnings will grow, they will spend less time in prison, and most importantly, their children will not grow up to repeat the cycle of poverty. "Give a man a fish, feed him for a day; or teach a man to fish, and feed him for a lifetime." Let's teach people to fish!