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September **2019**



**Women's Fund**  
OF SANTA BARBARA

**The Impact of Poverty on:  
The Working Poor**  
in south Santa Barbara County

A Report by the Women's Fund Research Committee (2019-2020)

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# Introduction

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## A Word about this Paper

Mission: The Women's Fund of Santa Barbara is a volunteer-led collective donor group that enables women to combine their charitable dollars and provide significant grants that are focused on the critical needs of women, children and families in south Santa Barbara County. In addition, the Women's Fund is committed to building a large community of educated, strategic givers who are inspired to make lasting change in our community through the impact of collective giving.

The intent of this report is to provide information and context regarding critical needs that impact underserved families living in our community. We believe as better educated philanthropists we can make more informed decisions when voting on the ballot presented each year by the Research Committee.

Poverty is the multi-faceted driver of insecurity and lost opportunities for our people and community.

The following report considers definitions of poverty and the working poor, including information about poverty in Santa Barbara County and California, and a brief summary of social safety net programs. In addition, there are detailed reports on multiple topics that are closely tied to our mission. These reports provide background information on housing and homelessness, food insecurity, and the impacts of poverty on children. These reports should be considered as working documents that will be updated as needed.

## General Note on Data Sources

Each year, the Research Committee of the Women's Fund of Santa Barbara spends 10 months exploring potential grants by talking with agency executive directors, other funders and community leaders. In addition to analyzing agency financials and vetting agency leadership, the researchers read local and national studies as well as articles that chronicle issues that impact families in our region.

The statistics cited in this report are derived from various government agencies and other entities that use their own data sources, hence the use of different reporting years, terms and definitions. Every attempt has been made to cite the most relevant data and to disclose and link to the sources and definitions used. However, website data and information may change after the date accessed. The contents of this report are not intended to support or verify the statistical information referenced from other sources. Therefore, no representations are made concerning the accuracy of the data presented.

We have made some decisions on actually measuring what income is needed to live with a level of stability. This is based on work done by the United Ways of California in a report called “Struggling to Stay Afloat: The Real Cost Measure California 2019” which includes expenses beyond housing that are critical for living and described in the next section. With that stated, it is also important to note that many programs for low-income individuals and families use the Federal Poverty Level (FPL) Guidelines which only look at housing costs and use the same number nationwide. This is a critical issue which we have tried to clarify within the reports.

# Executive Summary

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Many of us wake up each morning, grateful that we live in south Santa Barbara County, one of the most beautiful places in the United States. Beautiful beaches, beautiful architecture and incredible climate. However, as one Women's Fund member said recently, "We hide our problems very well!"

Santa Barbara is home to many low- to moderate-income families who work steadily, yet still struggle to meet the basic needs of their families.

According to our data sources described in the report below, there are many aspects of poverty that affect our communities and have helped inform Women's Fund work:

- Measuring the impact and levels of poverty is incredibly difficult. There are multiple measures used by branches of government and, in the case of the Federal Poverty Level guidelines, unrealistically low numbers that are used nationwide despite geographic differences.
- There are 3.9 million Californians living in poverty. Poverty is grossly undercounted across the nation, but especially so in California, since most Californians live in high cost areas like south Santa Barbara County.
- Santa Barbara County has the [second highest poverty rate](#) (22%) among all California counties. Los Angeles County at 23% is number one.
- Santa Barbara County tied with Orange County for [second highest child poverty rate \(24%\)](#).  
Los Angeles County is at number one with a 26% child poverty rate.
- Almost 85% of poor children in California live in families with at least one working adult.
- Communities of color are inordinately affected by poverty. The poverty rate for California's Latino population is almost twice the rate of the non-Latino white population.
- Service jobs are growing at a much higher rate in the county than other types of higher paying employment and are furthering the lack of health coverage, uncertainty in seasonal positions and little to no paid leave.
- To live in Santa Barbara County, a family of four needs more than \$90,000 a year for housing, food, transportation, child care and taxes. Two adults need about \$50,000—more than the \$42,000 income from two minimum wage jobs.

## The Impact of Poverty on the Working Poor

- More than one-third (38%) of Santa Barbara County households live below the levels described above. In south Santa Barbara County, 29% of households live below these levels.

Poverty is the multi-faceted driver of insecurity and lost opportunities for our people and community. Poverty fuels the need for the “basics” of life—food, shelter, safety—which are among the needs the Women’s Fund addresses each year in our rigorous research process and generous grantmaking.

# Poverty and the Working Poor

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## How do we measure poverty?

A general definition of poverty is living without the basic necessities of life—food, clothing, or housing. A broader definition addresses the needs of working families and might include factors such as transportation, health care, taxes and child care.

Among the multitude of poverty measures, many are based upon U.S. Census Bureau **guidelines** and their **Supplemental Poverty Measure** (SPM). For example:

- The Bureau of Labor Statistics (BLS) uses Census Bureau data to **determine who is among the working poor**.
- The Department of Health and Human Services simplifies the Census Bureau poverty threshold to calculate their **U.S. federal poverty guidelines**. These guidelines are used to determine eligibility for certain safety net programs such as Head Start and the Supplemental Nutrition Assistance Program.

Other federal entities determine their calculations based on different factors. For instance:

- The Department of Housing and Urban Development (HUD) establishes **Section 8 income limits** for their assisted housing programs from Median Family Income estimates and Fair Market Rent area data.
- The Internal Revenue Service **computes Earned Income Tax Credit (EITC)** amounts based on the Chained Consumer Price Index for All Urban Consumers.

To more accurately gauge the impact of regional differences and other factors on daily living, some organizations have created measures and definitions that encompass a broader picture. Several of these measures are discussed below.

- The United Ways of California report, **Struggling to Stay Afloat: The Real Cost Measure in California 2019** uses the **Real Cost Measure** (RCM) to estimate the costs of basic needs in concert with local data. The **RCM** incorporates the cost of housing, food, health care, child care, transportation, and other basic needs to determine the true costs of living in California.
- The Public Religion Research Institute (PRRI) **2018 California Workers Survey** classifies respondents as “working and struggling with poverty” based on adjustments to the Census Bureau SPM and whether individuals surveyed are currently employed or seeking employment.

- A Public Policy Institute of California (PPIC) [2019 fact sheet on poverty](#) references [Census Bureau Poverty Thresholds](#) and further calculates a California Poverty Measure (CPM) to account for cost of living, as well as family needs and resources in California.

## Who is directly impacted by poverty?

Families who are most vulnerable to poverty often have the most difficulty accessing resources. Transportation challenges, language barriers, and disparities in available assistance affect well-being, especially in high-poverty areas.

Nationwide, the Census Bureau states that [39.7 million people lived in poverty](#) in 2017.

In California:

- Over 3.8 million families, or more than one in three households (37%) [do not earn adequate income to meet their basic needs](#) as of July 2019.
- Nearly half (47%) of [California workers struggle with poverty](#).
- Almost one in five (19.3%), or about [1.7 million children in California, were in poverty](#) in 2017.

### The Impact of Race on Poverty Level

**Communities of color** are inordinately affected by poverty, as demonstrated by data from a [Public Religion Research Institute report](#). The poverty rate for California's Latino population (26.1%) is almost twice the rate of the non-Latino white population (13.5%).

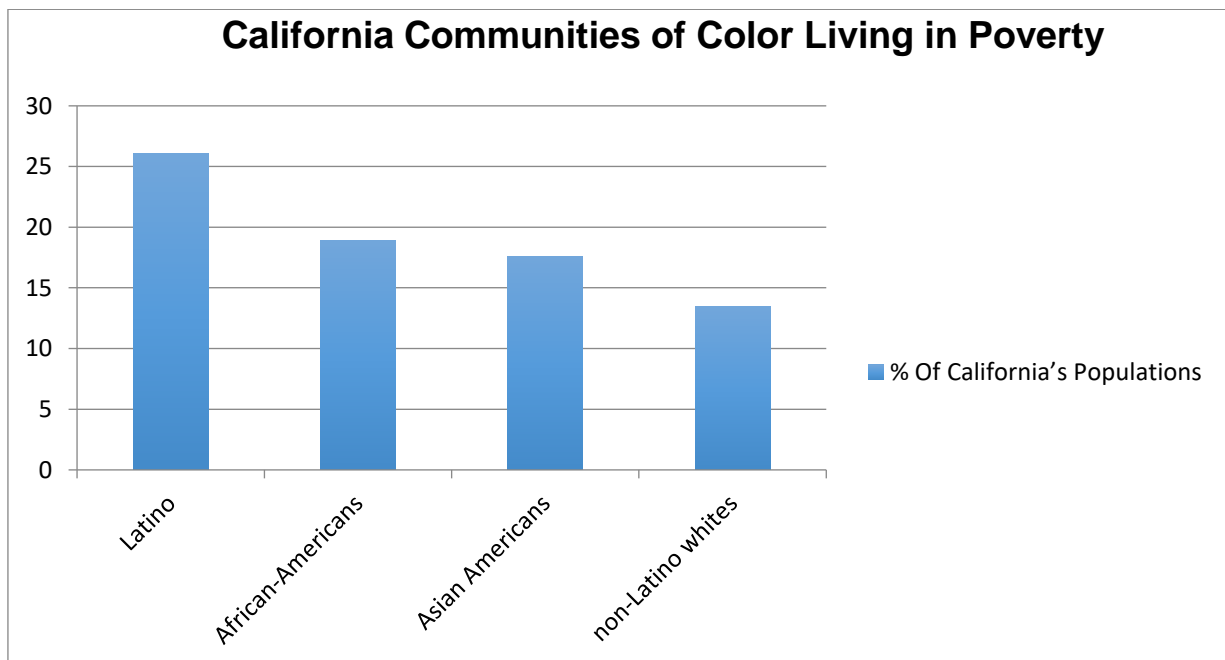


Figure 1: The percentage of communities of color who live in poverty. Data source: Public Religion Research Institute report, [A Renewed Struggle for the American Dream](#) (accessed August 14, 2019).



Latinos remain disproportionately poor in California. Although Latinos represent 39.4% of all Californians, they comprise over 50% of state residents that are considered poor. However, there has been progress in alleviating the poverty rate. Within the Latino population, the measure of individuals living in poverty has decreased from almost one in three in 2011 to less than one in four in 2017. This reduction from 30.9% to 23.6% is documented by the [Public Policy Institute of California](#) (PPIC).

### Education Level impact on Poverty

**A lower level of education** substantially contributes to poverty. Those with less education and labor force participation are three to five times more likely to live in poverty.

- In 2016, almost half of high school dropouts were living in poverty (48%), compared to fewer than one in ten college graduates (8.6%), as reported by the [Public Policy Institute of California](#) (PPIC).
- Almost a third of adults age 25-64 without a high school diploma live in poverty, compared to less than one in ten of those who have a college degree.
- Less education also correlates to an unstable or inconsistent income that varies seasonally or month-to-month.
- More than one-quarter (27%) of Californians who do not have a four-year college education stated that their income fluctuates, compared to only 15% of California college graduates.

## Who are the Working Poor?

The “working poor” are individuals who spend 27 weeks or more in a year in the labor force either working or looking for work but whose incomes fall below the poverty level used by the Bureau of Labor Statistics (BLS). Their 2017 report estimates that nationwide, 6.9 million people are among the working poor.

Although an educated guess would pinpoint which populations are at risk to be classified as working poor and living in poverty, the BLS report describes these categories to be most at risk:

- Families maintained by women were more than twice as likely as families maintained by men to be living below the poverty level.
- Families with at least one member in the labor force and with children under 18 years old were over four times as likely to live in poverty as those without children.
- African Americans and Latinos are more than twice as likely as Whites and Asians to be among the working poor.
- Individuals with less than a high school diploma (13.7%) are almost ten times as likely to be among the working poor than those with at least a bachelor’s degree (1.5%).

The correlation between poverty and labor markets is complex. With high, stable wages and stable full-time employment, many can stay out of poverty. However, families often fall

below the official poverty threshold due to continuing low rates of full-time work and the stagnation of wages at the bottom of the US wage distribution over the past several decades. These factors particularly affect single-parent households.

The vast majority of poor children in California live in [working families](#).

- Almost 85% of poor children in California lived in families with at least one working adult.
- Half of poor children (52.4%) lived in families with at least one adult working full time for the entire year.
- Nearly a third (32.2%) had at least one adult in the family working part time and/or part of the year.

## Poverty in Santa Barbara County

In California, 7.4 million men, women, and children live in poverty or lack “adequate resources to meet basic economic needs,” states the *Santa Barbara Independent* article, “[Poverty, the Shame of Santa Barbara](#),” August 2018. This calculation is based on a family of four living on \$31,000 per year in 2016 dollars. Nearly half ([47%](#)) of California workers struggle with poverty.

Santa Barbara County is home to many low- to moderate-income families who work steadily, yet still struggle to meet the basic needs of their families. Figure 2 below illustrates the highest and lowest poverty and child poverty rates for California counties:

- Santa Barbara County has the [second highest rate of poverty](#) at 22.0%, among California’s 58 counties. For context, Los Angeles County had the worst rate at 23.0% and El Dorado County had the lowest rate at 10.7%.
- Santa Barbara County tied with Orange County for [second highest child poverty rate at 24%](#). Los Angeles County had the highest child poverty rate in California at 26%.

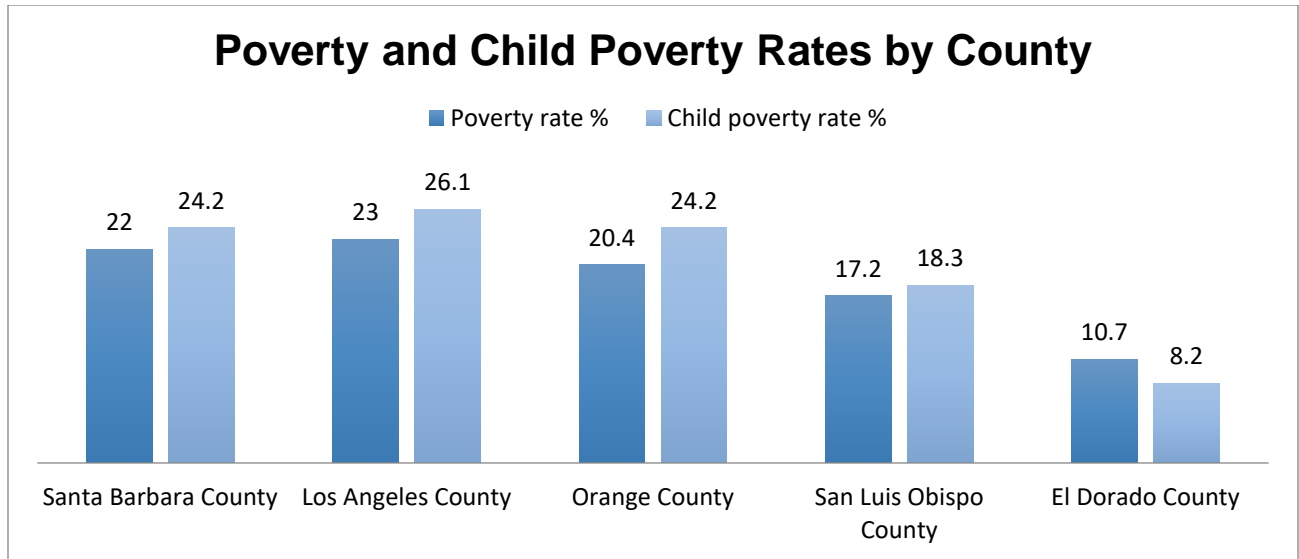


Figure 2: Poverty rates and child poverty rates from a sampling of California Counties. Data Sources: [PPIC, Poverty in California](#) and [PPIC, Child Poverty in California](#) (accessed August 15, 2019).

## The Real Cost Measure (RCM) to live in Santa Barbara

*More than one in three U.S. households—over 3.8 million families (37%)—do not earn sufficient income to meet their basic costs of living. This is roughly three times the proportion officially considered poor in California, according to the Federal Poverty Level (FPL).*

*The [United Ways of California report](#) (2019) estimates that 29% of households (estimated 18,634) in south Santa Barbara County live below the Real Cost Measure (RCM).*

*In addition, service jobs are growing at a higher rate in the county than other types of higher paying employment. This trend is furthering the lack of health coverage, uncertainty in seasonal positions and little to no paid leave as reported by [The Workforce Development Board of Santa Barbara 2018 Report](#).*

**The Real Cost Measure in California: Santa Barbara, a 2017 report by the United Ways of California** also calculates a “Real Cost Budget.” This budget figure is described as “bare-bones” with “constrained yet reasonable choices” for necessary expenses such as food, housing, transportation, child care and taxes. Their chart for a few Real Cost Budgets for a year is replicated below:

<b>Three Real Cost Budgets for Santa Barbara County</b>			
	<b>One Adult</b>	<b>Two Adults</b>	<b>Two Adults, One Preschooler, One School age</b>
Housing	\$13,572	\$15,876	\$18,660
Food	4,116	7,560	11,652
Health Care	2,364	4,728	9,456
Child Care	0	0	18,552
Transportation	5,172	10,356	10,356
Miscellaneous	2,520	3,852	6,864
Taxes/Credits	5,676	7,944	15,277
<b>FINAL BUDGET</b>	<b>\$33,420</b>	<b>\$50,316</b>	<b>\$90,817</b>

Figure 3: Sample of Real Cost Budgets for Santa Barbara County. *The Real Cost Measure in California: Santa Barbara, 2017*, the United Ways of California (accessed August 17, 2019).

For Santa Barbara County, the Real Cost Budget for a family of four is \$90,817 and for two adults is \$50,316, per this United Ways of California calculation. The report further identifies households living below the RCM in Santa Barbara County as:

- 38%, or 46,463 households
- 97% of households living below the RCM budget have at least one working adult

Although the median adjusted income for all households in Santa Barbara County is noted at \$78,064, those on the lower end of the wage scale face economic uncertainty.

The County Annual Income Comparison chart illustrates that two minimum wage jobs create an income of \$42,000. The budgets in the chart above for two adults (\$50,316) illustrates the potential disparity in earnings and needs. For a family with two adults, one school-age child, and one infant, economic security would require more than **three** full-time, minimum wage jobs.

## Living Below the Real Cost Measure (RCM) by Key Demographics

### The Struggle of Single Mothers

Almost three out of four Santa Barbara County households with children under the age of six struggle with economic security, with single mothers (77%) being the most likely to fall below the RCM. The United Ways of California report also states that more than four in ten households in our county spend more than 30% of their income on housing.

In spite of a strong national Gross Domestic Product (GDP), wages at the lower end of the pay spectrum have grown the slowest for the majority of Santa Barbara's south county employees. From the 2019 South County Forecast Summit, the *Santa Barbara Independent* summarized UC Santa Barbara professor Peter Rupert's description of economic conditions in the county. The article states:

- Overall in Santa Barbara's south county, wages have risen 3%.
- However, the slowest growth took place at the lower end of the pay spectrum.
- The majority of employees work at this lower end.
- Santa Barbara's eight largest occupations include:
  - farmworkers, retail salespeople, office clerks, cashiers, food preparers, servers, personal care aides and secretaries.
- All make relatively low wages, many around \$25,000-\$30,000 a year.

### Low and Fixed-Income Seniors—the fastest growing segment

Seniors in Santa Barbara County often struggle to make ends meet, no matter what their source of income. According to the [2016 Santa Barbara Community Health Assessment](#):

- 11% of the population in Santa Barbara County is 65 years or older
- 7,000 seniors live in poverty.

The chart below pictures the gap between seniors' basic needs and the median Social Security payment or the maximum Supplemental Security Income payment alone based on 2011 figures.

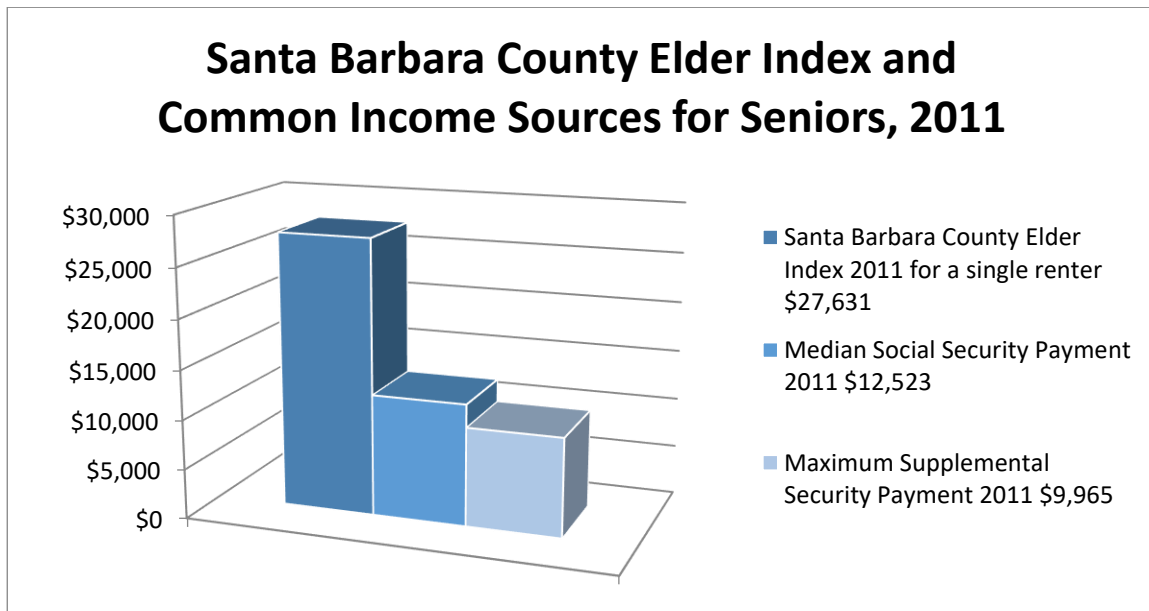


Figure 4: Elder Index vs. Common Income Sources for Seniors. What Seniors Need to Make Ends Meet: Elder Index in Santa Barbara County, the Insight Center (accessed August 19, 2019).

While many support programs can help seniors, most of them use the Federal Poverty Level (FPL) Guidelines to determine eligibility. The problem is that the FPL is the same dollar amount across the country and does not reflect today's cost of living in Santa

Barbara. Therefore, thousands of economically insecure seniors fall through the cracks of our public systems with “too much” income to qualify for help, but not enough to get by.

### Other Demographic Considerations

Families falling below the Real Cost Measure reflect California’s diversity. While poverty is often portrayed in our media and culture as primarily a problem for minorities, the reality is that families of all ethnicities struggle. Most struggling households are Latino. [According to The Real Cost Measure Dashboard](#), in Santa Barbara County, the Latino community has the highest percentage of individuals and families living below the poverty line with approximately 60% falling below the RCM measure for income.

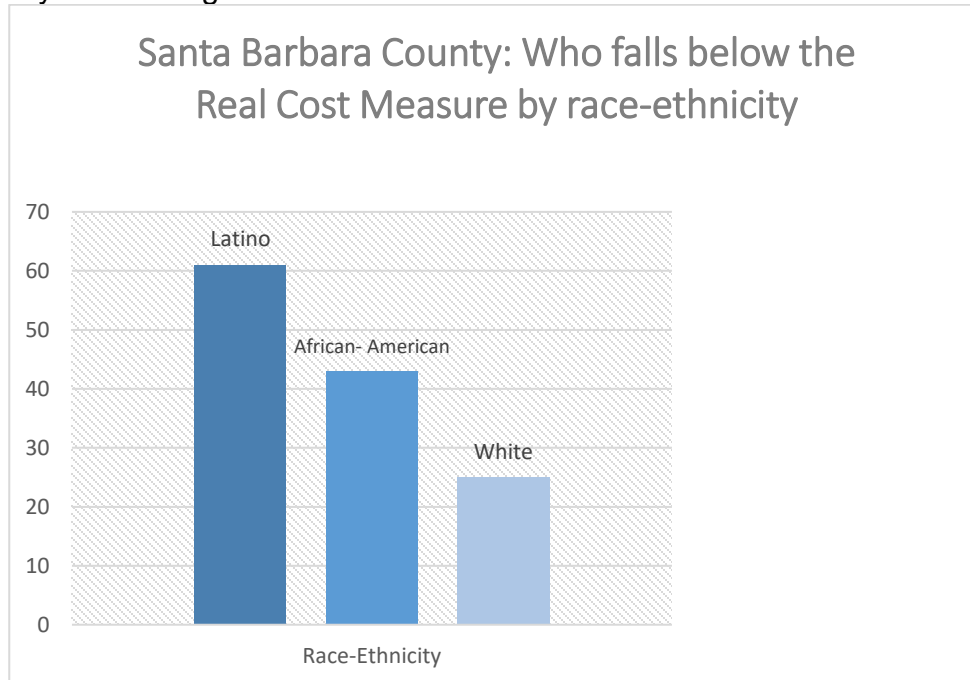


Figure 5: Percentage of population below RCM by Race-Ethnicity. [The Real Cost Measure Dashboard: Santa Barbara County](#), United Ways of California (accessed August 19, 2019).

### Level of Education

The rate of struggling households drops steeply as education rises, but the benefits of education lag for women and householders of color. Householders with less education are much more likely to have incomes below the Real Cost Measure. In Santa Barbara:

- 84% of householders with less than a high school education, have incomes below the Real Cost Measure
- The rate of struggling households drops quickly as education increases, falling to 18% for those with a college degree or more
- At every level of education, female householders earn less than male householders.

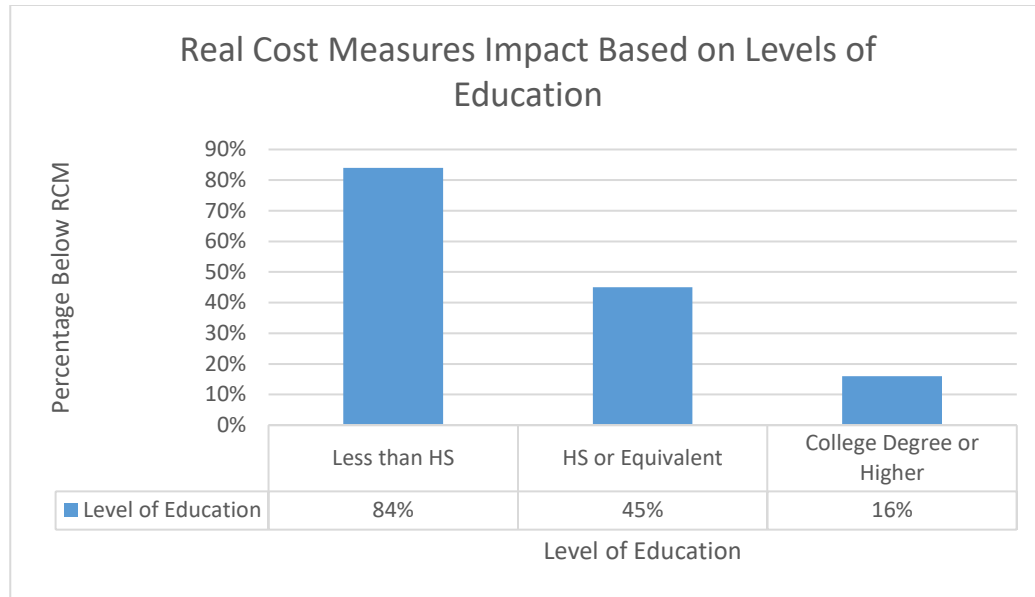


Figure 6: Percentage of population below RCM by Level of Education. The Real Cost Measure Dashboard: Santa Barbara County, United Ways of California (accessed August 19, 2019).

## The Impact of Social Safety Net Programs

Federal and state social safety net programs kept an estimated 7.8% of Californians out of poverty in 2016. These various programs include:

Housing-related assistance including [Federal housing subsidies](#)

Direct-cash assistance or tax relief:

- [CalWORKs](#) (cash assistance for families with children)
- the Earned Income Tax Credit (the federal [EITC](#) and state [CalEITC](#))
- the [Child Tax Credit](#) (CTC)
- [Supplemental Security Income](#) (SSI/SSP)
- [General Assistance](#) (GA)

Related areas such as food and nutritional assistance as well as work assistance programs:

- [CalFresh](#) (California's main food assistance program)
- the [Supplemental Nutrition Program for Women, Infants, and Children](#) (WIC)
- School meals
- [CalWORKs](#)

The [PPIC](#) reports that CalFresh and the combined EITCs lowered the poverty rate by 2.1 and 2.0 percentage points, respectively. [CalWORKs](#) lowered the rate by 1.0 point. These differing effects reflect program scale and scope, as well as participation rates among eligible families.

To access services, families must often travel significant distances between providers, complete multiple intake forms, and juggle difficult schedules to meet the needs of individual family members. Therefore, an area of need would be to coordinate and align systems so that families can find their way to services with greater ease. Family Resource Advocates work within the schools in collaboration between the various family service agencies and school districts.

In addition, each school district in Santa Barbara County has a designated Homeless Liaison. This liaison works with families to ensure they understand their educational rights, including:

- Immediate enrollment
- Transportation to their school of origin to increase stability for children
- Reduced graduation requirements for high school students experiencing homelessness.

## Summary

Measuring the impact and levels of poverty are incredibly difficult. There are multiple measures used and, in the case of the Federal Poverty Level guidelines, unrealistically low numbers that are used nationwide. This makes it difficult to provide accurate data across all programs. However, what we do know is that there is a significant number of individuals and families who are struggling to make ends meet across south Santa Barbara County with a current estimate of over 18,000 families. That does not take into account the number of families who are just “one broken leg” away from losing their homes.

The Women’s Fund focuses on many programs that support both access to health and financial information for these individuals and families, but also contributes to the private “safety nets” that are available to those who need them. In general, the Women’s Fund of Santa Barbara supports programs across a broad spectrum of needs. Some of these approaches that have been supported by various Women Fund grants include:

- Dual generation strategies, such as pairing child care and early childhood enrichment with educational opportunities for parents (especially single mothers) to enable parents to boost their education, work more hours or find a better job
- Providing child care and preschool for struggling families
- Making it easier for families to access all benefits for which they qualify, providing enormous returns to households and local economies
- Helping adults level up their education: The share of households below the Real Cost Measure drops significantly among householders who have some college or a college degree
- Smoothing the decline of income supports: child care assistance, CalFresh or Medi-Cal benefits drop away well before households get close to meeting the Real Cost Measure



## The Impact of Poverty on the Working Poor

- Another approach may be putting funds into escrow savings accounts; as household income increases, the dollar amount of benefits is reduced,
- Helping families build assets and protect them from payday loans and other predatory financial services
- Helping Integrate and naturalize immigrants: Households led by naturalized immigrants struggle at a much lower rate than those led by non-naturalized immigrants, households that lack a fluent English speaker over the age of 14 also struggle at a higher rate
- Providing opportunities for struggling workers to move up the pay scale, beyond minimum wage in secure jobs with job training and career paths
- Working to increase housing stock and to prioritize support for renters as well as providing opportunities to keep people in their homes as they age or lose income.

Housing is last on this list, but probably the most critical factor to moving more families and individuals into stability and well-being. We urge you to read the second paper posted here on Housing and Homelessness to learn more about those issues in our community.