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2007 INCOMES DECLINED, POVERTY INCREASED

New Data Mark a Reversal of Progress Made in 2006

Census Bureau data released today show that low- and middle-income Californians lost ground in 2007, marking a reversal of trends from 2006, which was the first year that the state's families made significant progress since the beginning of the decade.

"It took six years for low- and middle-income Californians to regain ground lost from the 2001 recession. But those gains were too little, too late," said Jean Ross, executive director of the California Budget Project (CBP), a nonpartisan public policy research group. "The data released today show that those gains diminished, as the state slipped deeper into a downturn."

The new data show that:

- California's median household income – the income of the household exactly at the middle of the distribution – fell to \$55,734 in 2007, down by \$1,154 (2.0 percent) from the previous year and down by \$634 (1.1 percent) from its 2000 level, after adjusting for inflation. However, these declines are not statistically significant.
- Income trends in California contrast with those nationally. The inflation-adjusted US median household income increased by \$665 (1.3 percent) between 2006 and 2007, reaching \$50,233. However, the national median household income remained \$324 (0.6 percent) below its 2000 level, after adjusting for inflation.
- Nearly 4.6 million Californians (12.7 percent) had incomes below the federal poverty line in 2007, up from approximately 4.4 million (12.2 percent) in 2006; however, this increase is not statistically significant. California's 2007 poverty rate was the same as in 2000.
- California's 2007 poverty rate was 0.2 of a percentage point higher than the national rate – a reversal from 2006, when the share of Californians with incomes below the poverty line fell below that of the US as a whole for the first time since the late 1980s.
- The share of California's children living in families with incomes below the poverty line declined slightly from 18.1 percent in 2006 to 17.9 percent in 2007; however, this decline is not statistically significant. California's 2007 child poverty rate was 1.3 percentage points below its 2000 level.

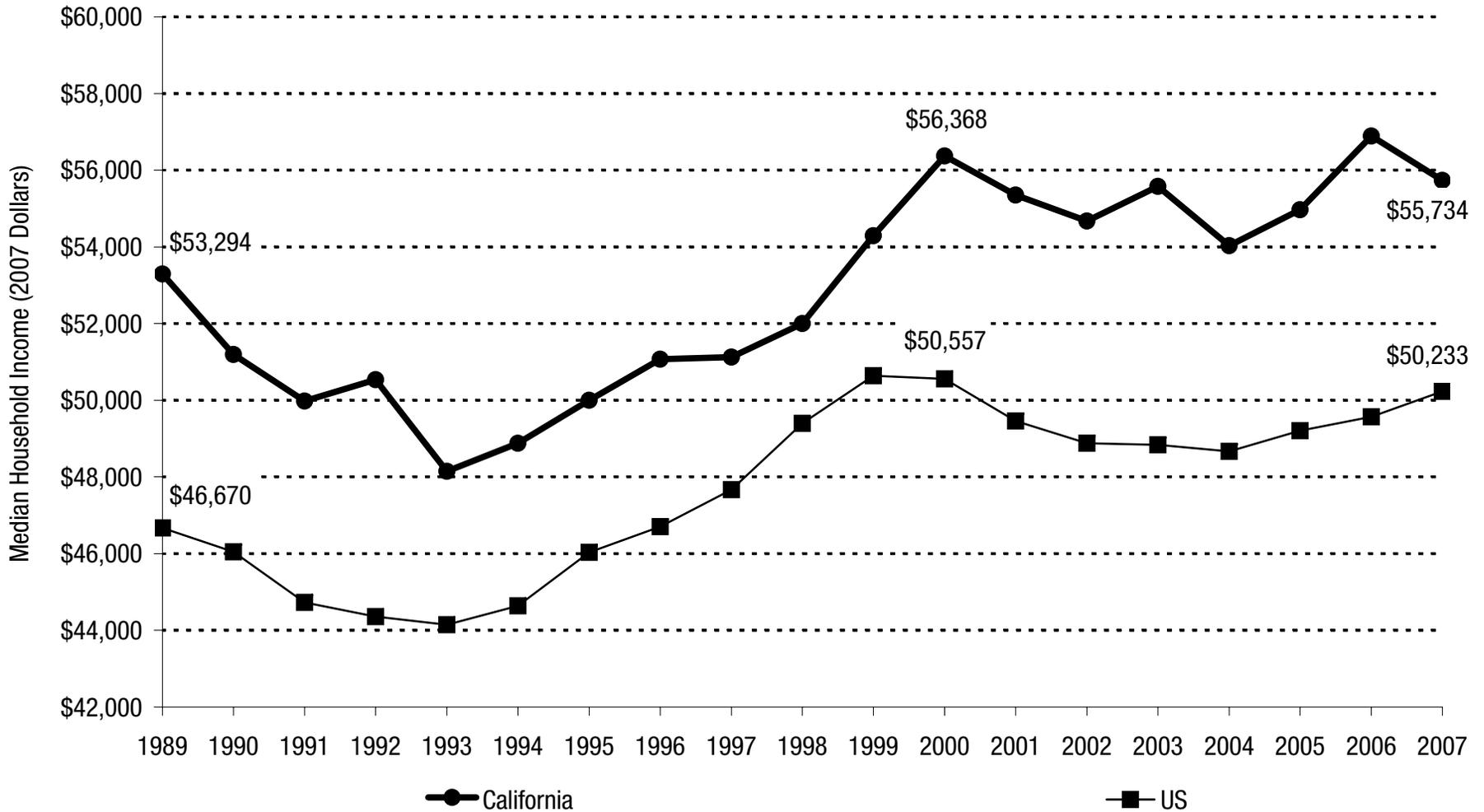
More recent data suggest that low- and middle-income Californians will continue to lose ground in 2008. California's unemployment rate has increased steadily over the past 20 months, reaching 7.3 percent in July – its highest level in 12 years. As the job market weakens, more Californians are relying on the state's income support and related programs to help make ends meet. For example, the number of families enrolled in the CalWORKs, Food Stamps, and Healthy Families programs has increased considerably during the past year.

"What low- and middle-income Californians gained in 2006, they began to lose in 2007, and they're likely to continue to lose in 2008," said Alissa Anderson, deputy director of the CBP. "The current downturn points to the importance of having a strong safety net in place for families to rely on during tough economic times."

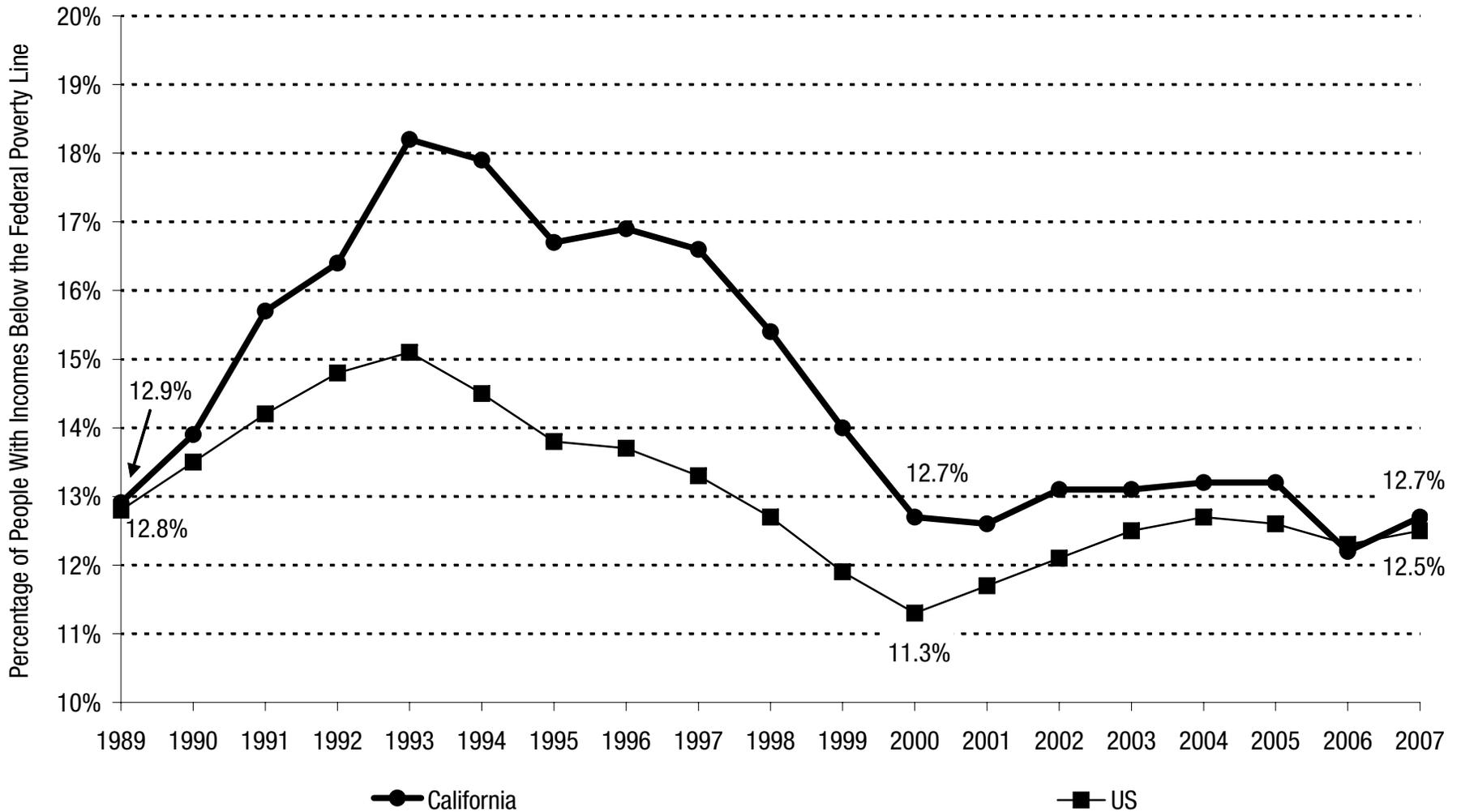
These data come from the US Census Bureau's Annual Social and Economic Supplement to the Current Population Survey (CPS). The CPS data are not comparable to the American Community Survey (ACS) data, also released today. The CBP reports data from the CPS because it allows for comparisons over a longer period of time.

The California Budget Project (CBP) engages in independent fiscal and policy analysis and public education with the goal of improving public policies affecting the economic and social well-being of low- and middle-income Californians. Support for the CBP comes from foundation grants, publications, and individual contributions. Please visit the CBP's website at www.cbp.org.

California's Median Household Income Declined Between 2006 and 2007



California's Poverty Rate Increased Between 2006 and 2007



California's Child Poverty Rate Declined Slightly Between 2006 and 2007

