2023
SHEDDING LIGHT ON BAY AREA POVERTY

Analysis on poverty in the 6-county Bay Area

TIPPING POINT
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Table of Contents

See Tables and Full Appendix Here

Our efforts to combat poverty are effective, but there is still much to do.

This analysis reflects the most recent calculations on the state of poverty in the Bay Area, providing a timely portrait of economic hardship in our region. In addition to providing the latest figures on poverty in our region, the analysis also compares 2023 poverty rates to those from the previous decade, uncovering promising signs of hope. We are grateful to the Public Policy Institute of California (PPIC) for developing the data used in this report.

Poverty trended down for nearly ten years, and government benefits—like housing vouchers, stipends for residents with disabilities who can't work, and public-school meals—played a key role in this downward trend. In fact, the poverty rate sharply declined when the government instituted unprecedented levels of support during the COVID-19 pandemic.

However, we are seeing the consequence of what happens when those expanded resources disappear: an increase in poverty after a decade of steady decline, both in the Bay Area and statewide. These findings underscore the power of robust government benefits in combating poverty.

Beyond the important role of government benefits, the findings highlight the work that still needs to be done. The data exposes stark disparities, revealing the extent to which certain factors—like race, education level, and employment opportunities—continue to hinder or strengthen one's ability to thrive here.

KEY FINDINGS AT A GLANCE:

1.
A full-time job does not guarantee financial security.

2.
Stark disparities by race and education level continue to exist.

3.
Government benefits are an effective strategy for fighting poverty.

Measuring the Bay Area Poverty Line
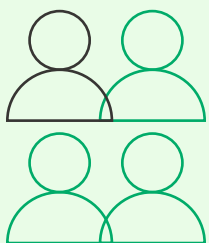
1 in 4
Bay Area residents—or **1.6 million** people
—are living in or at the precarious edge of poverty. Of those, about half are living below the poverty threshold, and the other half are just above.

In Poverty:

$21,720
1 adult lives on per year

$46,760
Family of four lives on per year

Near Poverty:

$32,580
1 adult lives on per year

$70,140
Family of four lives on per year

About the California Poverty Measure:

The California Poverty Measure (CPM)** accounts for the cost of living by county, including expenses like rent or mortgage payments, child care, and medical care. The CPM also measures the value of government assistance that households receive, in addition to their earned income. For example, the CPM calculates the monthly stipend that some households receive as part of the state's CalFresh program to buy groceries. This account of basic needs and available resources offers a more complete picture than the federal poverty measure.

1.

A full-time job does not guarantee financial security.

Even full-time employment does not ensure families can make ends meet. This means that, despite bringing home a paycheck, nearly 1 million people who are employed full time for at least part of the year do not make enough money to maintain economic security in the Bay Area. For working adults in poverty, government support makes up a relatively small portion of household income. The vast majority of family resources come from earnings, 88.6% on average, with most of the remainder coming from government benefits.

Building career pathways out of low-wage jobs can prevent poverty.

1M

workers and their families are in or near poverty
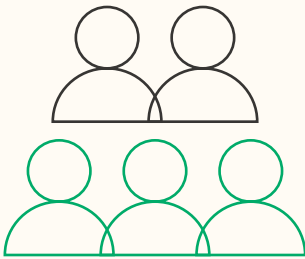
2 in 5

Latinx and Black residents live in or near poverty

2.

Stark disparities by race and education level continue to exist.

Latinx and Black residents are much more likely to experience financial hardship in the Bay Area, with 43.5% of Latinx and 41.9% of Black residents living in or near poverty. That's more than double the rate for white residents—15.8% of white residents live in or near poverty. Longstanding exclusionary policies, such as systemic racism across home ownership and rental practices, access to education, and employment opportunities, prevent generations of Latinx and Black residents from building wealth over time.

Investing in communities that have had limited access to opportunity can address the racial wealth gap.

While education can be a catalyst to economic prosperity, a high school diploma alone is not enough to guarantee financial security. Residents who don't—or can't—pursue higher education are more likely to face poverty. Over 50% of Bay Area residents whose highest education level is a high school diploma live in or on the brink of poverty, whereas only 12% of families in which a member holds a bachelor's degree live in or near poverty.

Opening the door for more residents to graduate from college promotes financial stability.

Highest level of education within a household in or near poverty
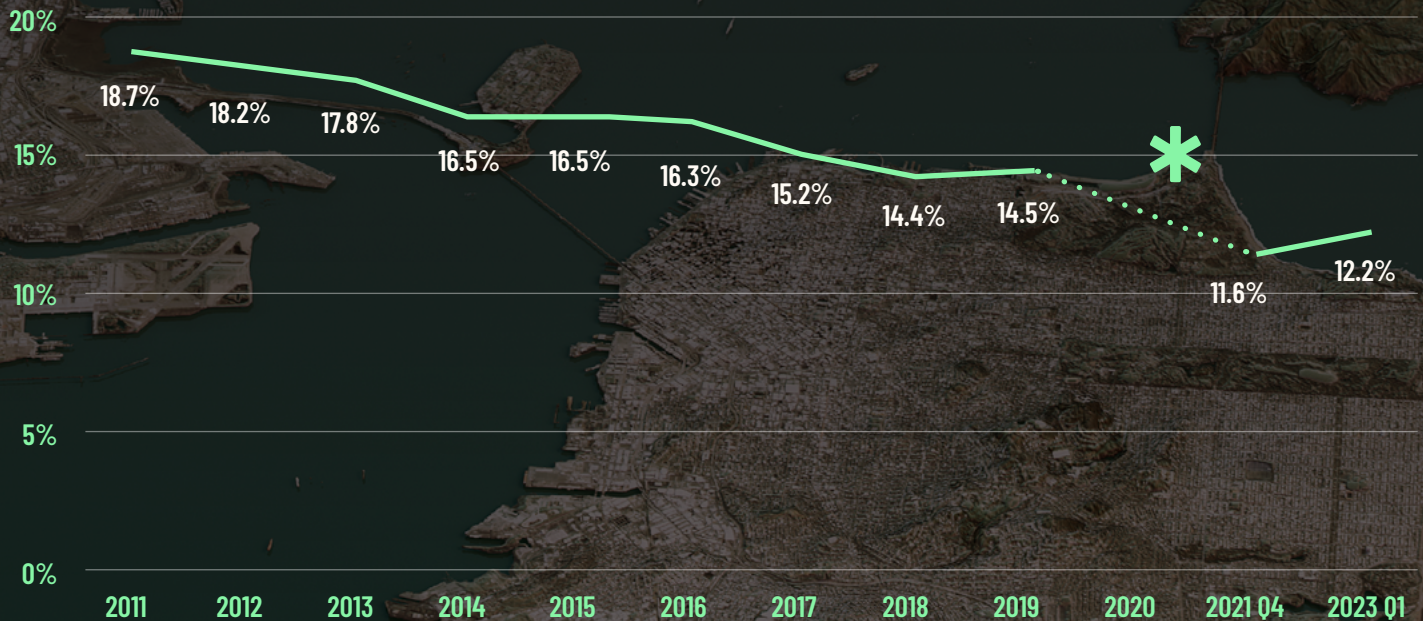
Graduated High School

56%

Graduated College

12%

3. Government benefits are an effective strategy for fighting poverty.

Poverty Trended Down for 10 Years Until Pandemic-Era Support Expired

20%	
	18.7%
	18.2%
15%	17.8%
	16.5% 16.5% 16.3% 15.2% 14.4% 14.5% *
10%	11.6% 12.2%
5%	
0%	

2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 Q4 2023 Q1

*Due to pandemic-caused shortcomings in Census data collection for 2020, PPIC did not produce the CPM for that year.

For the past 10 years, poverty trended down in the Bay Area, a pattern also seen statewide. The poverty rate declined substantially from 2019 to 2021, because government benefits expanded to ensure a vital safety net for residents at risk of poverty during the COVID-19 pandemic. Relief included targeted support, like expanding child tax credits to combat low earnings for families with children.

As pandemic relief rolled back, the poverty rate increased. In addition, child poverty rose sharply—from 10.0% to 13.2% from 2021 to 2023—with the expiration of expansions to the child tax credit and other relief efforts. Statewide, poverty also increased, at an even greater rate than the Bay Area. Despite the uptick, poverty in the Bay Area today is still lower than pre-COVID rates.

The effectiveness of government benefits is further highlighted by the 2023 data. In 2023, government benefits kept 270,000 residents from dipping below the poverty line in the Bay Area. CalFresh—the state's program that provides low-income families with monthly stipends to buy fresh groceries—alone kept more than 100,000 residents out of poverty in the Bay Area.

Robust, accessible government benefits have the power to support residents in need.

What's next?

The findings affirm Tipping Point's focus and strategies around education, employment, and advancing poverty-fighting solutions for people of color. Pathways to stable, full-time employment and college degrees are proven to combat poverty. Helping low-income, first-generation students succeed in college continues to be the foundation of Tipping Point's education strategy, while our employment grantees support workers transitioning out of minimum-wage jobs and into thriving careers. Tipping Point's POC-Led Executive Fellowship arms leaders and their organizations, who have expertise and deep knowledge of their communities, with tools to address systemic challenges and amplify their impact.

Similarly, the analysis affirms our burgeoning work on government benefits. Our team is engaging in research to determine what improvements are needed to help more eligible families receive the government benefits they qualify for. We are also kickstarting narrative change efforts in this space.

Tipping Point will continue to leverage our partnerships with local governments, nonprofit organizations, and our community to champion policies and practices that set every member of our community on the path to a thriving future.

Read the full report →

* In or near poverty includes those living at 150% less than the CPM poverty threshold.

** "Bay Area" refers to Alameda, Contra Costa, Marin, San Francisco, San Mateo, and Santa Clara counties.

*** The California Poverty Measure (CPM) is an effort by the Public Policy Institute of California (PPIC) and the Stanford Center on Poverty and Inequality (CPI). The CPM methodology is based on the Census Supplemental Poverty Measure (SPM) with some improvements to increase sample size and accuracy.

2023 Poverty in the Bay Area Report

Results from the 2023 California Poverty Measure in the 6-County Bay Area

The following analysis provides a snapshot of poverty in the 6-county Bay Area in 2023 using the California Poverty Measure (CPM). Using the latest estimates, this analysis provides an account of economic conditions and policies in place as of January through March, 2023. The analysis also contains CPM estimates from as far back as 2011 to analyze poverty trends over the course of a decade. We are grateful to the Public Policy Institute of California (PPIC) for developing the data used in this report.
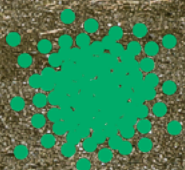
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Methodology

The California Poverty Measure

As described by the Public Policy Institute of California (PPIC) and the Stanford Center on Poverty and Inequality (CPI), the California Poverty Measure (CPM) has been developed jointly by PPIC and CPI over the past decade to offer a nuanced framework for assessing poverty across the state. It improves on official poverty metrics by taking into account variation in the cost of living across California, other necessary expenses like child care and some medical care, as well as the impact of social safety-net programs designed to alleviate hardship. This accounting of basic needs and available resources offers a more complete picture than the official poverty measure—which counts only pre-tax cash income and does not adjust poverty thresholds for the varying cost of living. The CPM (and SPM) can provide a better understanding of how programs and policies affect economic well-being.

It builds on the approach used to create the Supplemental Poverty Measure by:

- Using the American Community Survey (ACS) to provide a large sample size that allows for geographic and demographic disaggregation;

- Identifying likely unauthorized immigrants in order to accurately capture individual and family access to safety-net programs;

- Correcting for survey underreporting of major means-tested benefits like Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance to Needy Families (TANF), and school-meals programs;

- Including state-specific programs like the CalEITC, Young Child Tax Credit (YCTC), and Golden State Stimulus (GSS) II.

Poverty Trended Down for 10 Years Until Pandemic-Era Support Expired

Statewide, the poverty rate increased from 11.7% in fall 2021 to 13.3% in early 2023, after trending down from 2011 through 2019 and dropping considerably in fall 2021 due to the government's relief efforts in response to the COVID-19 pandemic. Most major pandemic safety-net expansions had expired by early 2023, with the only exception being the expanded CalFresh benefits which ended in April 2023. Some smaller programs still in place included Pandemic EBT and certain WIC benefits.

Bay Area trends and poverty levels were similar to those statewide, with a somewhat smaller increase in poverty from 11.6% in fall 2021 to 12.2% in early 2023 (Figure 1). However, child poverty increased considerably from 10.0% in fall 2021 to 13.2% in early 2023 in the Bay Area, reflecting the expiration of the expanded child tax credits. Poverty rates are slightly lower (12.8%) for young children (ages 0–5), and considerably higher for young adults ages 18–24 (21.6%).

Approximately, 775,000 Bay Area residents are under the CPM poverty line, which is on average $46,800 yearly for a family of four (see Table A1). With another 800,000 residents living just above the poverty line (with resources up to one and a half times the CPM poverty line), 1 in 4 Bay Area residents—1.6 million people—are living in or at the precarious edge of poverty.

Poverty estimates vary across Bay Area counties (Figure 2), with the highest poverty rate in Marin County (14.4%), and lowest in Contra Costa and Santa Clara counties (11.6% and 11.8%, respectively). However, these county-level differences are relatively small and are generally not statistically significant.

The CPM poverty threshold, which accounts for local differences in housing costs, is highest in the Bay Area (and in the state) for San Mateo county, at $53,350 for a family of four. San Mateo has the second highest poverty rate in the region. The poverty line was lowest in the Bay Area in Contra Costa County ($42,120) which also has the lowest poverty rate in the region.

A quarter of Bay Area residents are living in or near poverty (with resources up to one and a half times the CPM poverty line).

Figure 1.
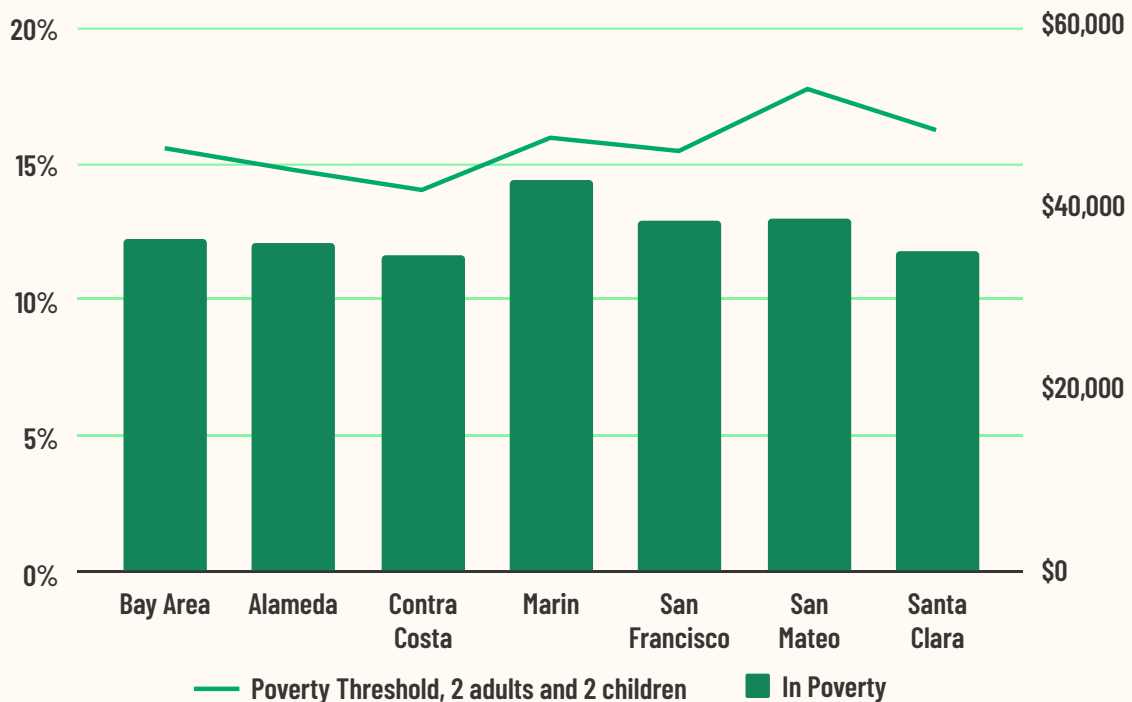
Bay Area poverty rates—trend from 2011
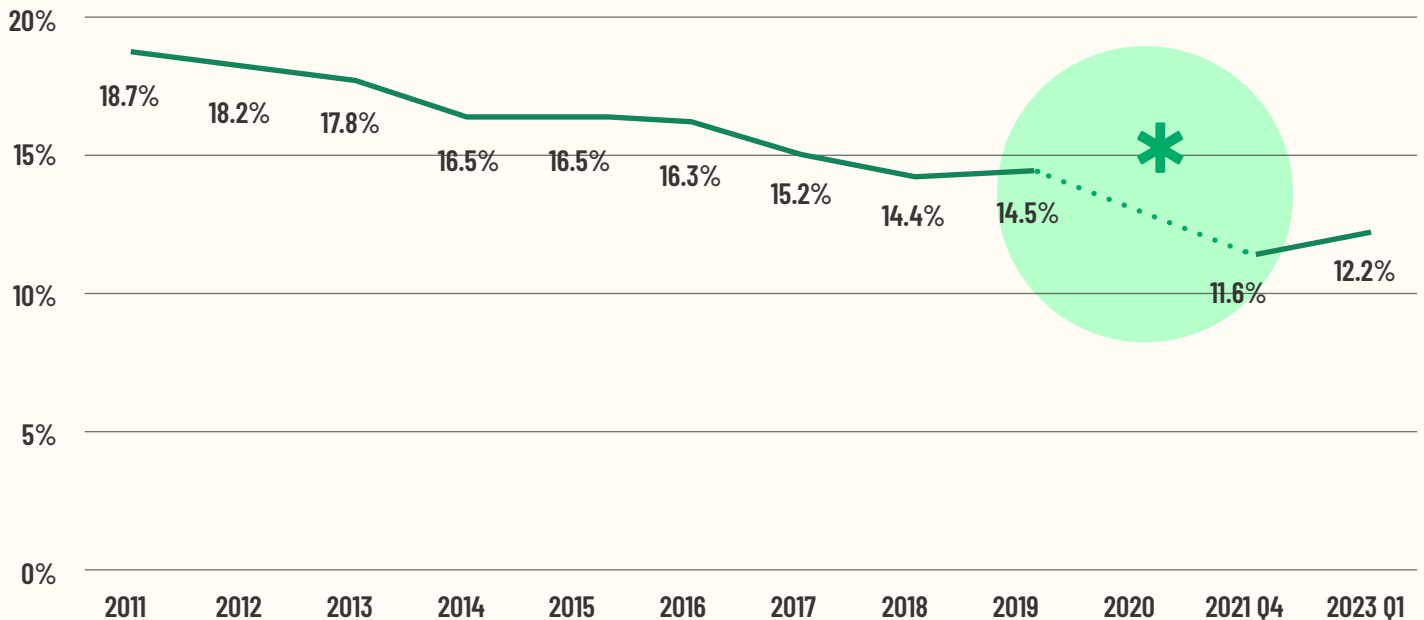
Source: PPIC calculations from the 2011–2019, 2021Q4, and 2023Q1 CPM.

Notes: "Bay Area" refers to Alameda, Contra Costa, Marin, San Francisco, San Mateo, and Santa Clara counties.
*Due to pandemic-caused shortcomings in Census data collection for 2020, PPIC/CPI did not produce the CPM for that year.

Figure 2.
Bay Area and county poverty rates and poverty thresholds

Source: PPIC calculations from the 2023Q1 CPM.

Notes: "Bay Area" refers to Alameda, Contra Costa, Marin, San Francisco, San Mateo, and Santa Clara counties. See Tables A1 and A4 for additional estimates by county.

Government benefits are an effective strategy for fighting poverty.

In the Bay Area, about 270,000 more residents (4.3%), would have been in poverty without safety-net programs (Figure 3). By contrast, statewide, safety-net programs decreased poverty by nearly twice that rate (8.4 percentage points). The impact was somewhat larger for children, with safety-net programs keeping 7.0% of Bay Area children (about 91,000 children) out of poverty in early 2023.

Across the Bay Area, safety net programs appear to play a larger role in reducing poverty in San Francisco, Alameda, and Contra Costa counties (reducing poverty by 5.0–5.6 points), as compared to Marin, San Mateo, and Santa Clara counties (1.5–3.7 points). These regional differences across the Bay Area, and between the Bay Area region and the state overall, are likely due to variation in eligibility or in seeking out and being approved for benefits.

The safety net reduced poverty disparities in the Bay Area. For example, demographic groups with higher poverty rates, including groups defined by sex and race/ethnicity, tended to experience a greater role of social safety-net programs in reducing poverty. On average, social safety-net programs also reduce poverty more for families with

lower educational attainment (a 17.0 percentage point reduction for those without a high school degree versus a 1.1 percentage point reduction for those with a bachelor's degree or higher). However, there are some exceptions where groups have high poverty rates but experience less relief from safety-net programs. Specifically, young adults ages 18-24 have a high poverty rate, but the role of the social safety-net is smaller than it is for children. Also, the safety net played a smaller role in reducing disproportionality in poverty for foreign-born residents, who have a poverty rate that is more than 4 points higher than for U.S.-born residents, but a slightly smaller reduction in poverty from social safety-net programs (3.7 versus 4.6 points). Some immigrant residents may receive less support due to program ineligibility, while some who are eligible may avoid this involvement with the government (for example, see "Receiving food stamps won't kill your green card chances," *LA Times*, September 17, 2023). See Table A3.

Among the multiple social safety-net programs, CalFresh played the largest poverty-fighting role, keeping about 103,000 Bay Area residents out of poverty (1.6%). Similarly, CalFresh also had the largest poverty-fighting role statewide. Federal housing vouchers and Supplemental Security Income (SSI/SSP) played the next biggest roles, lowering Bay Area poverty by 1.2 points and 0.9 points, respectively.
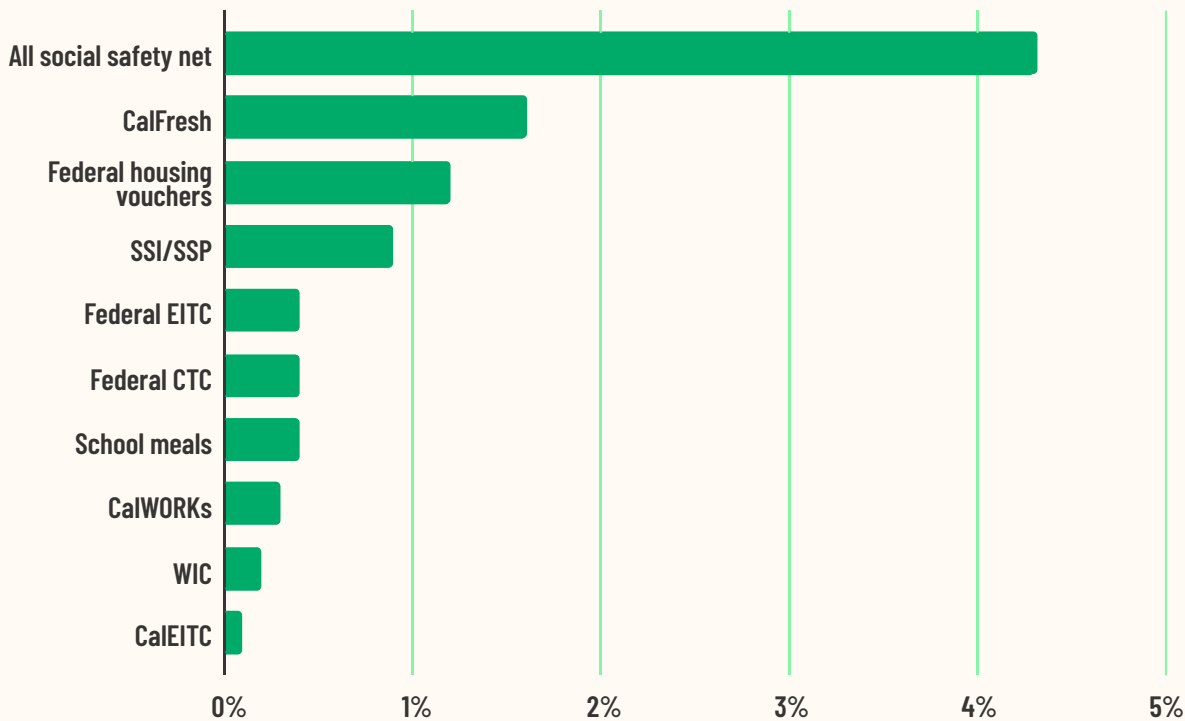
Figure 3.
Bay Area and county poverty, with and without the safety net
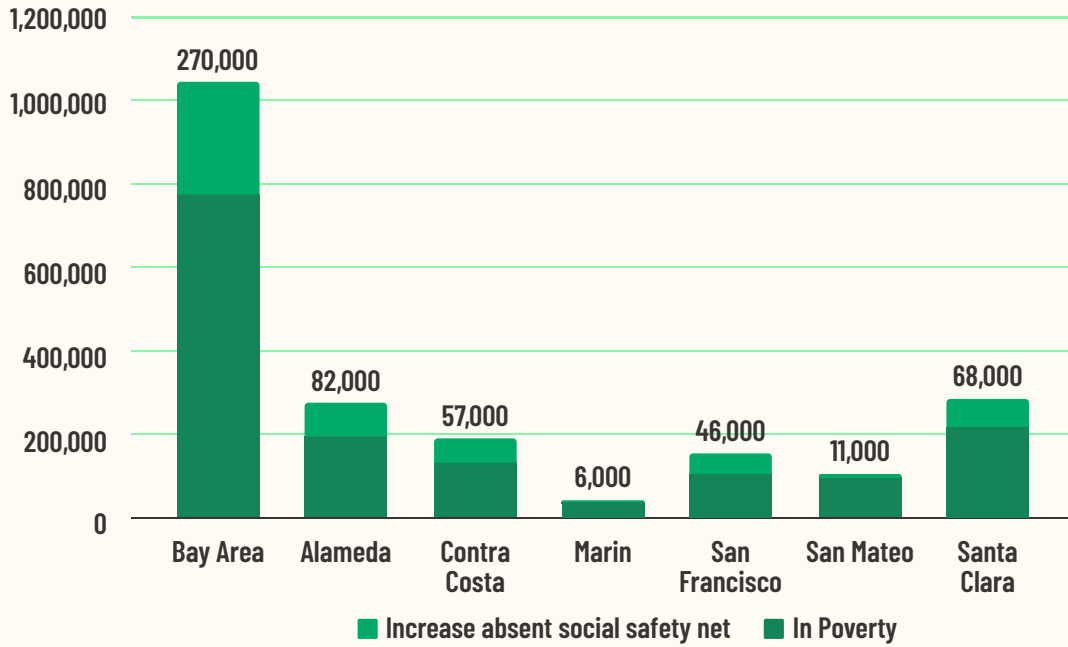
Source: PPIC calculations from the 2023Q1 CPM.

Notes: "Bay Area" refers to Alameda, Contra Costa, Marin, San Francisco, San Mateo, and Santa Clara counties. "Social safety net" includes CalFresh, federal and state refundable tax credits, federal housing vouchers, SSI/SSP, CalWORKs, school meals, and WIC. Numbers on chart refer to the estimated number of additional people in poverty without the safety net. Numbers are rounded to the nearest 1,000.

Figure 4.
CalFresh plays the largest poverty-fighting role in the Bay Area

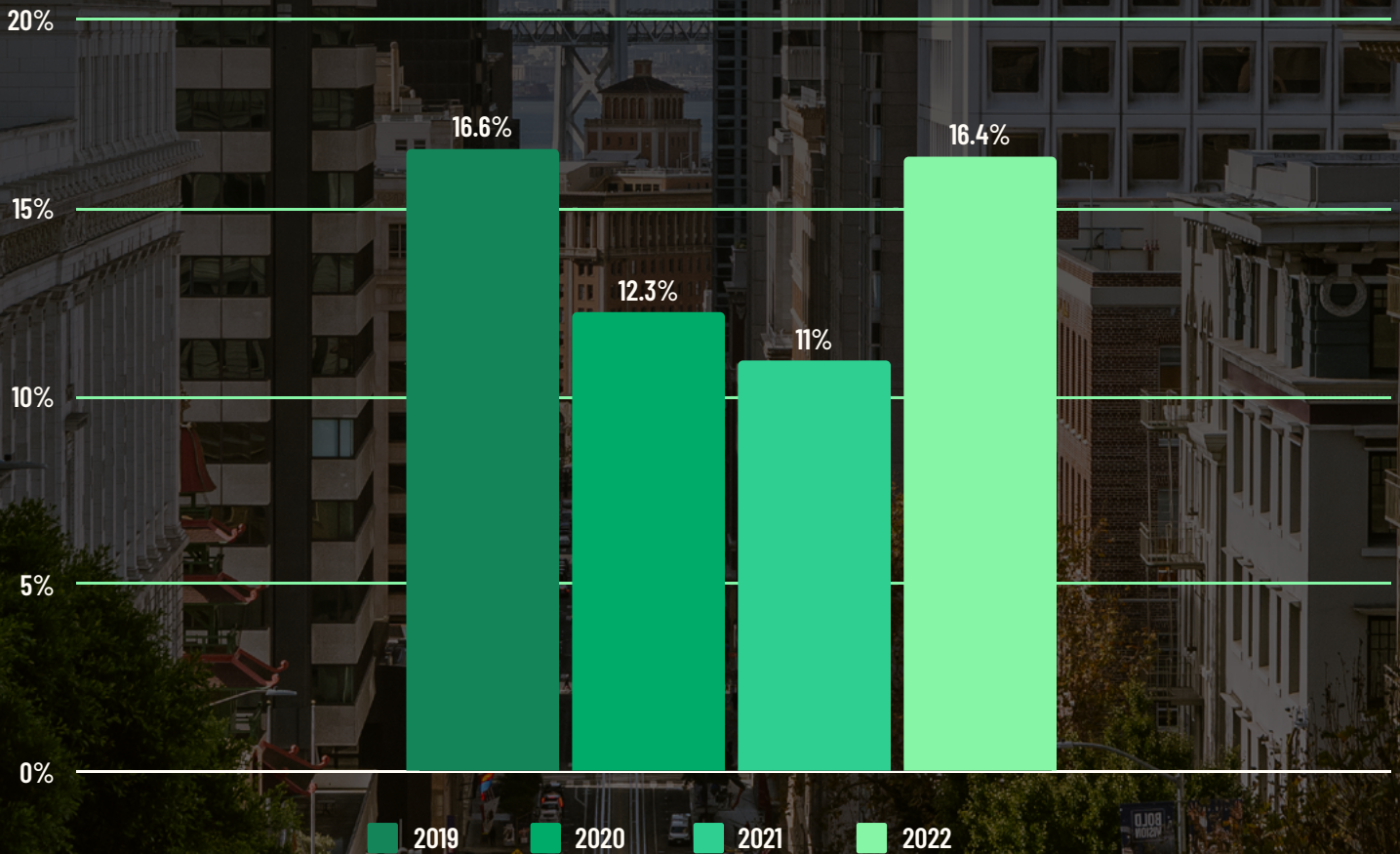Source: PPIC calculations from the 2023Q1 CPM.

Notes: "Bay Area" refers to Alameda, Contra Costa, Marin, San Francisco, San Mateo, and Santa Clara counties. "Safety net" includes CalFresh, federal and state refundable tax credits, federal housing vouchers, SSI/SSP, CalWORKs, school meals, and WIC. "CalWORKs" includes General Assistance. Table A3 provides estimates for "all social safety net" for demographic groups.

Poverty in California—Census Supplemental Poverty Measure Estimates

As noted above, the Census SPM is in many ways similar to the CPM. Nonetheless, the Census SPM for 2022, released fall 2023, shows a large increase in poverty nationwide and in California. Figure 5 shows that the SPM for California was 16.4% in calendar year 2022, up from 11.0% in 2021—similar to the pre-pandemic level of 16.6% in 2019. The statewide SPM poverty increase was larger than that reflected in the CPM (5.4 points compared to 1.6 points) and suggests a higher poverty rate in California. It is worth noting that the CPM estimate covers a more recent period, January–March, 2023, and also utilizes state administrative data to make sure that safety-net benefits are accounted for as fully as possible. Underreporting of benefits is a common issue with survey data like the Census and is a reason to believe that the CPM provides a more accurate poverty estimate.

Figure 5.
The SPM suggests higher poverty rates in California than the CPM, but a similar trend in recent years

Legend: 2019, 2020, 2021, 2022

Bar values: 16.6% (2019), 12.3% (2020), 11% (2021), 16.4% (2022)

Source: PPIC calculations from the 2023Q1 CPM.

Notes: "Bay Area" refers to Alameda, Contra Costa, Marin, San Francisco, San Mateo, and Santa Clara counties. "Safety net" includes CalFresh, federal and state refundable tax credits, federal housing vouchers, SSI/SSP, CalWORKs, school meals, and WIC. "CalWORKs" includes General Assistance

Stark disparities by race and education level continue to exist.

Poverty rates in the Bay Area vary by race/ethnicity. The poverty rate for Latinx residents was 20.3%. Latinx residents account for a disproportionate amount (37.9%) of Bay Area residents living in poverty while Latinx residents make up just 22.8% of the Bay Area population overall (Table A5). About 15.8% of Black, 9.6% of Asian Americans/Pacific Islanders, and 9.3% of white Bay Area residents live in poverty (Table A2). Black residents also experience poverty at disproportionately high rates, accounting for 7.5% of Bay Area residents in poverty compared to 5.8% of the population overall.

Foreign-born Bay Area residents experience higher poverty rates (14.9%) compared to U.S.-born residents (10.7%), and this pattern is consistent across race/ethnicity (Table A2).

Poverty rates differ sharply by education level, with 6.3% of college graduates living in poverty compared to 44.1% of adults without a high school diploma.

Bay Area homeowners are less likely to be poor than those who rent, with 20.2% of renters in the Bay Area in poverty compared to 5.9% of homeowners with mortgages and 7.2% of homeowners without mortgages. Single adult families (with or without children) are much more likely to be poor than two-adult families (25.4% versus 8.0%), with the poverty rate for multi-generational families in between at 10.2% (Table A2-A).

# A full-time job does not guarantee financial security.

Half (49.5%) of Bay Area residents in poverty have one or more working-age adults in their families who were employed full time for the entire year. In addition, 10.4% of those in poverty had adult(s) who worked full time for part of the year, and 19.2% worked part time (see Table A5).

In total, about 479,000 (9.1%) Bay Area residents were in families in poverty, with one or more adults in the family employed (Figure 6). An additional 11.5% of individuals in families with workers were "near poor," with resources between 100–150% of the poverty threshold. (In total, 21.6% of individuals in families with workers were poor or near poor.) This means that despite bringing home a paycheck, workers who are fully employed for at least

part of the year and their families—nearly 1 million people—do not make enough money to maintain economic security in the Bay Area. Nonetheless, family employment status largely does drive poverty. For example, 6.4% of individuals in families with at least one full-time, year-round worker were poor, while 31.0% of individuals in families with part-time worker(s) were poor.

Although key social safety-net programs such as refundable tax credits target low-income working families, these benefits are not always sufficient to lift families out of poverty. Earnings for families of working poor adults in the Bay Area averaged $30,900, with safety-net benefits making up a relatively small portion of total family resources. Specifically, among working-poor adults, the vast majority (88.6%) of family resources come from earnings, on average, with most of the remainder coming from safety-net benefits.

Figure 6.
Poverty rates vary dramatically by family employment status
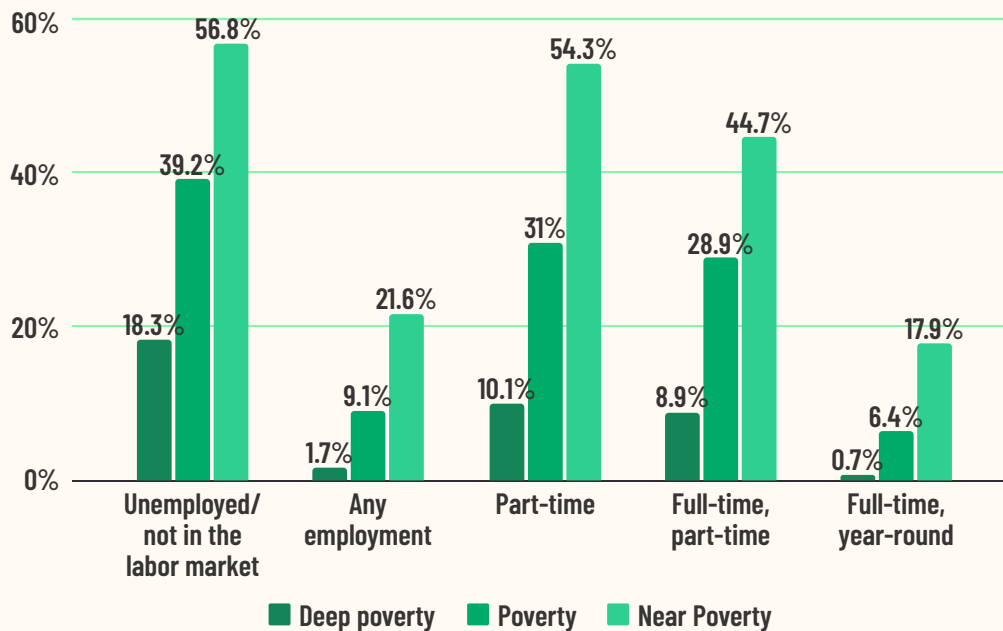
Source: PPIC calculations from the 2023Q1 CPM.

Notes: "Bay Area" refers to Alameda, Contra Costa, Marin, San Francisco, San Mateo, and Santa Clara counties. Family employment status refers to the greatest level of employment of any adult aged 25–64 in the family. Poverty rates calculated for all individuals; those in families with no adults aged 25–64 are excluded. Table A2-A provides detailed estimates.

Conclusion

Amid shifting economic conditions, an accurate measure of poverty in the Bay Area is critical for understanding the scope of financial hardship faced by Bay Area residents. The CPM offers a detailed look at the economic circumstances of Californians and provides insights into the role of safety-net programs in mitigating poverty. For the Bay Area, poverty dropped substantially in fall 2021 due to the government's relief efforts in response to the COVID-19 pandemic. After expansions to pandemic-era relief rolled back, poverty rose modestly between fall 2021 and early 2023. Some groups—Latinx and Black residents, those without college degrees, and renters—experience high rates of poverty. The safety net tends to reduce poverty disparities in the Bay Area and mitigates poverty at a higher rate for those in deep poverty. As is true statewide, full-time employment through career-track jobs and having a college degree are linked to lower poverty rates. Finally, the data highlights the effectiveness of social safety-net programs. Without these programs, more Bay Area residents would live in poverty.