Past the Drought:
Overcoming Barriers to Economic Security in California’s Central Valley

Report
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INTRODUCTION

Nestled in the heart of California, the Central Valley bears a legacy of racial and cultural diversity that has made it one of the world’s greatest agriculture and production centers. This sprawling geographic area – including the counties of Fresno, Madera, Mariposa, Merced, Tulare, and Kings – grows over half of all fruits, vegetables, and nuts in the United States.

Despite decades of rich contributions to the state’s economic growth, the Valley is the poorest region in California, with nearly 4 out of every 10 households unable to afford basic needs. Every day, Central Valley workers and families grapple with where to live, how to get to work, and whether they can support their loved ones.

The region’s households of color, immigrants, and women face an even greater risk of economic insecurity, even when one is working – and, often, working multiple jobs – to make ends meet. What’s more, the Valley is often left out of a policy agenda dominated by the Bay Area and other metropolitan regions – making it even more difficult for communities to identify resources, strategies, and partners dedicated to improving the economic outcomes of the region, its neighborhoods, and its families.

This brief examines why so many Central Valley workers are struggling to afford their basic needs. Using Insight’s Self-Sufficiency Standard for California, we will highlight key findings and offer recommendations for change so that all Central Valley residents have the opportunity to thrive.

KEY FINDINGS

The multicultural identity of the Central Valley – one of the most ethnically diverse regions in the country – is as vital to the area as its agricultural history. For hundreds of years, Native tribes were the first to utilize the region’s abundance of resources. Waves of migrants followed: the Spaniards in the 1700s; Mexicans, Asians, and Europeans settling in after the Gold Rush of the 1800s; and Latinx and Southeast and South Asians in the 20th century. In sum, over five centuries of natives, immigrants, and refugees coalesced and built their homes in the Valley, transforming the area into a powerful, diverse economic center and the backbone of the American agricultural industry.

Despite leaving an indelible impact on the region’s identity and economy, thousands of Central Valley workers – especially people of color, immigrants, and women – face significant challenges to economic prosperity and stability. Heightened costs, occupational crowding by race and gender, and the proliferation of jobs that fail to pay a livable wage are problems across California; in the Central Valley, deep inequities around race, gender, and labor have amplified these barriers to economic security even more.

1 WHAT IS THE SELF-SUFFICIENCY STANDARD? An alternative measure to the Federal Poverty Line (FPL), the Standard is a “bare bones” budget that takes into account families of various sizes. It is representative of the actual costs of living, and includes housing, childcare, groceries, healthcare, transportation, some miscellaneous items (clothing, shoes, diapers, nonprescription medicines, cleaning products, household items, personal hygiene items, and telephone service) and taxes. It does not include a vacation, take-out food, loan payments, or taking a ride service. The Standard gives an accurate picture of the minimum income needed for over 700 family types by county to meet their most basic needs, and is more useful than the FPL. Although groundbreaking when first created close to 50 years ago, the FPL is constrained by using a woefully archaic methodology in measuring poverty. Across California, we see that incomes need to be far above the FPL in order for families to make ends meet. Visit insightcced.org/2018-self-sufficiency-standard/ to explore the Standard further.
HOUSEHOLDS LIVING BELOW THE STANDARD BY RACE

- Nearly 40 percent of households in the Valley – over 180,000 – cannot afford basic needs.
- Economic outcomes are worse for people of color, and Black and Latinx households are about twice as likely to fall below the Standard. As seen in the table below, more than half of Central Valley Black and Latinx households live below the Self-Sufficiency Standard, compared to less than a quarter of White households.

<table>
<thead>
<tr>
<th>Race</th>
<th>Percentage Living Below Standard</th>
</tr>
</thead>
<tbody>
<tr>
<td>Black</td>
<td>55%</td>
</tr>
<tr>
<td>Latinx</td>
<td>52%</td>
</tr>
<tr>
<td>Native American</td>
<td>40%</td>
</tr>
<tr>
<td>Asian, Native Hawaiian,</td>
<td>32%</td>
</tr>
<tr>
<td>Pacific Islander</td>
<td></td>
</tr>
<tr>
<td>White</td>
<td>24%</td>
</tr>
</tbody>
</table>

JOBS AND THE COST TO LIVE

Agricultural communities and people of color are often the first to experience the harms of economic crises and the last to recover. For instance, although the Great Recession impacted Californians across all 58 counties, it hit the Central Valley the hardest, and the region experienced the highest increases in unemployment.

Nearly a decade after the Recession, the Central Valley's unemployment rates have improved, but economic outcomes for many of its workers have not. As living costs increase, jobs in the Valley fall short of providing working people and families the security and financial health they need to thrive. As the state continues to experience climate change and drought, those in the Central Valley's largest employing professions – farmworkers and agricultural laborers – face mounting challenges to economic security. **On average, half of the Valley's ten most common professions pay less than a livable wage.**

- Average housing costs in the Central Valley have risen to over $700 per month – an increase of approximately 15 percent since 2014.
- Across all Central Valley counties, a family of four with 1 preschoooler and 1 school-aged child needs each adult to earn about $14 per hour to meet their basic needs. **Across the top 10 most common jobs in the Valley, most hourly wages either fall short of or barely make this amount.**
- Rising costs force many Central Valley workers to commute great distances to and from work. For instance, Fresno's percentage of super commuters – those commuting 90 minutes or more to work – has increased nearly 15 percent since 2006.

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2. Based on the recommended 30 percent of a household income spent on housing.
HOW MUCH DO YOU NEED TO EARN PER HOUR TO MEET BASIC NEEDS?

With so many people in jobs that do not pay enough to ensure that their families can cover their bills, meet housing costs, and put food on the table, many turn to short-term predatory loans with high interest rates just to fill the gap. This pushes people into a spiral of debt and possible legal issues, further jeopardizing their economic security. On average, half of the Valley’s ten most common professions pay less than a livable wage, as seen in the tables below.

### Top 10 Most Common Jobs in Central Valley

<table>
<thead>
<tr>
<th>County</th>
<th>Self-Sufficiency Hourly Wage per Adult (2 adults, 1 preschooler, 1 school-aged child)</th>
<th>Self-Sufficiency Hourly Wage (1 adult, 1 preschooler, 1 school-aged child)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fresno</td>
<td>$14.07</td>
<td>$24.66</td>
</tr>
<tr>
<td>Madera</td>
<td>$14.01</td>
<td>$24.12</td>
</tr>
<tr>
<td>Mariposa</td>
<td>$13.91</td>
<td>$24.24</td>
</tr>
<tr>
<td>Merced</td>
<td>$13.73</td>
<td>$23.88</td>
</tr>
<tr>
<td>Tulare</td>
<td>$13.78</td>
<td>$24.08</td>
</tr>
<tr>
<td>Kings</td>
<td>$13.98</td>
<td>$24.38</td>
</tr>
</tbody>
</table>

Source: Insight Center 2018 Self-Sufficiency Standard

LATINX HOUSEHOLDS AND FAMILIES

Mirroring national trends, Latinx make up the fastest growing racial and ethnic group in the Central Valley. Fresno, Merced, and Tulare are majority-Latinx counties, and if current trends continue, the Latinx community will continue to grow throughout the entire region. Growth, however, does not guarantee prosperity. An increasing percentage of households unable to make ends meet are Latinx; this community makes up the majority of the Central Valley's population, as well as the majority of those living below the Standard.

- Central Valley communities with large concentrations of Latinx residents experience higher rates of poverty, as well as poorer educational and health outcomes. For example, residents of Fresno’s majority-Latinx neighborhoods live 20 years less, on average, compared to those living in more affluent sections of the same city with proportionally fewer Latinx households.

- Households where Spanish is spoken, as well as households that speak a language other than English, are nearly twice as likely to fall below the Standard compared to households where English is the primary or sole language.

- Many Latinx workers in the Central Valley are recent immigrants. Compared to “native-born” households, “foreign-born” households are almost twice as likely to live below the Standard.

WORK AND EDUCATION

Findings on the Central Valley’s working households challenge the once-dominant narrative that having a job automatically means one can afford basic costs of living.

HOW MANY WORKING IN A HOUSEHOLD?

Out of the 7% of households with no workers, 78% fall below the standard.

Out of the 41% of households with one worker, 52% fall below the standard.

Out of the 53% of households with two workers, 25% fall below the standard.

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4 Of the 226,142 Latinx households in the Central Valley, 120,809 (more than 53 percent) live below the Standard. In comparison, of 148,492 White households in the Valley, 42,763 (29 percent) live below the Standard.


6 Tulare is a majority-Spanish speaking county; Fresno, Merced, Kings, and Tulare have substantial Spanish-speaking populations (more than 30 percent).
• Although a job improves one’s chances of economic security, many workers with one or more jobs struggle to afford basic needs. In fact, nearly 1 in every 4 households with two or more workers lives below the Standard. By comparison, over 70 percent of households with no workers and over half of households where one family member works live below the Standard.

• Higher education can improve one’s economic security. More than 16 percent of Valley households with a college degree live below the Standard, compared to over 40 percent of households with a high school degree.

WOMEN, CHILDREN, AND FAMILIES
From leading labor movements to supporting their families, neighborhoods, and communities, women in the Central Valley have strengthened the region into the thriving production hub it is today. In the midst of making sacrifices at home and at work, the burden of working while providing for others often falls on women, particularly women of color. On top of these responsibilities, the cost and lack of supports like childcare can put working women and their families at greater risk of poverty and economic insecurity. As seen in the table below, when compared to male-headed households, female-headed households are more likely to fall below the Self Sufficiency Standard.

HEAD OF HOUSEHOLD (SEX)

<table>
<thead>
<tr>
<th>HEAD OF HOUSEHOLD</th>
<th>FEMALE-HEADED HOME</th>
<th>MALE-HEADED HOME</th>
</tr>
</thead>
<tbody>
<tr>
<td>50% homes with males</td>
<td>34%</td>
<td>34%</td>
</tr>
<tr>
<td>50% homes with females</td>
<td>45%</td>
<td>34%</td>
</tr>
</tbody>
</table>

CHILDREN IN HOUSEHOLD

<table>
<thead>
<tr>
<th>CHILDREN IN HOUSEHOLD</th>
<th>NO CHILDREN</th>
<th>ONE CHILD</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>47% homes with no children</td>
<td>25%</td>
<td>25%</td>
<td></td>
</tr>
<tr>
<td>53% homes with one child</td>
<td>53%</td>
<td>53%</td>
<td></td>
</tr>
</tbody>
</table>

• Having a child doubles one’s risk of living below the Standard. In the Valley, the average monthly cost of childcare is nearly $830 for one preschool-aged child – representing an average increase of nearly 20 percent since 2014. For many households, this can mean 20 or 30 percent of their monthly wages.
• Due to a variety of economic, historic, and cultural factors, many families of color are multigenerational households, frequently caring for family members who are unable to work or need special supports. Compared to single-generation households, these multigenerational households are at greater risk of poverty. Nearly half live below the Standard.

MOVING FORWARD: POLICY RECOMMENDATIONS

Many of the Central Valley’s greatest successes have flowed from the efforts of immigrants, women, and people of color who have been forced to work long, unsafe, and low-paying jobs. Nearly half a century ago, activists like César Chávez and Dolores Huerta helped build the collective power of Central Valley workers fighting for fair wages and economic rights. Such a movement is needed now, more than ever, to connect today’s workers and their families to sustainable jobs and pathways to financial wellness. These policy interventions include raising wages, mandating comprehensive paid family leave, curbing the rising costs of housing, and expanding opportunities for universal, affordable, and quality childcare.

In addition, CABC and Insight offer the following state and local recommendations:

STATE-LEVEL REFORMS
• Strengthen social safety net programs for California workers, immigrants, and families by calling for:
  1. An increase in benefit allocations, such as CalFresh;
  2. The expansion of MediCal to all adults, regardless of immigration status; and
  3. Reforms to current cost of living adjustments for Supplemental Security Income/State Supplementary Payment (SSI/SSP) that keep pace with rising costs of living.

• Increase and strengthen Tax Credits to help more Californians in need achieve economic wellbeing:
  1. Expand the state’s earned income tax credit (CalEITC) for immigrants to include workers with Individual Taxpayer Identification Numbers (ITINs), Deferred Action for Childhood Arrivals (DACA), and Temporary Protected Status (TPS).
  2. Change the definition of “work” to include caregiving so that more people, especially women and single moms, can qualify for EITC/CalEITC.
  3. Improve the California Child and Dependent Care Expense Credit so that low-income families who do not owe state income taxes can benefit from this refund.

CITY-LEVEL REFORMS
• Limit the proliferation of small dollar lenders that trap borrowers in cycles of debt.
• Create robust and flexible payment options based on one’s ability to pay off fines and fees. This will help low-income residents address parking and traffic tickets, loans, and other payments without falling into further debt.

Without these reforms, far too many households will continue to struggle with keeping their lights on, putting food on the table, and making ends meet. Like all Californians, people in the Central Valley have the right to meet their basic needs so that they are on a pathway to thrive, regardless of race, gender, or immigration status.
ACKNOWLEDGMENTS
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FURTHER INFORMATION
For further information about Insight’s Self-Sufficiency Standard, how it is calculated or used, and to explore different family types and the findings reported here, please visit:
insightcced.org/2018-self-sufficiency-standard/