

California: Study exposes record levels of poverty in Silicon Valley

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While California billionaires' personal fortunes have grown to astronomical levels, a new study released earlier this month from the Stanford Center on Poverty and the Public Policy Institute of California shows dramatic increases in the number of Californians living at or below the poverty line over the last two years.

More than 8.1 million Californians now live in poverty, a 35 percent higher level than previously estimated by the US Census Bureau. At the same time, according to the Forbes 400 list published in September, Silicon Valley billionaires are raking in more than ever.

Larry Ellison, Oracle founder and CEO, made it to the number three position on a list of the ten top billionaires in the US, with a personal fortune of \$41 billion. Larry Page and Sergey Brin of Google were worth \$24.9 billion and \$24.4 billion respectively, while Mark Zuckerberg of Facebook had a fortune of \$19 billion.

The new study provides a more rigorous methodology to measure poverty by incorporating "the changes in costs and standards of living" and "accounting for geographic differences in the cost of living across the state. It also factors in tax credits and in-kind assistance that can augment family resources and subtracts medical, commuting and child care expenses," according to a Stanford press release.

David Grusky, director of the Stanford Center on Poverty and Inequality, commented: "We have far too long been flying blind, trying gamely to develop policy without knowing how severe poverty is, where it's most extreme, and how it's changing. The California Poverty Measure allows us to develop policy on the basis of evidence rather than guesswork." The new study also accounts for housing costs and "safety net" usage.

The new study came on top of last month's US Census Bureau statistics showing that 46.5 million Americans lived in poverty as of 2012. Last year's Census report showed official California poverty had reached an astonishing 23.5 percent, or over 1,656,000 people living in poverty. While official statistics do not include workers no longer qualified to receive unemployment benefits, workers who have given up looking for jobs, or the homeless, the new study reveals a deeper and more profound level of poverty being imposed on millions of Californians.

San Jose is the third largest city in California, at the heart of Santa Clara County. It is also the tenth largest city in the United States. In an area known for the obscene levels of wealth of its corporate billionaires, San Jose's working class households have also seen a massive increase in poverty since 2011.

According to its August 2013 report, the Public Policy Institute found that 10.6 percent of the population of Santa Clara County lived in poverty in 2011. Two years ago the overall level of poverty in California was 16.9 percent. Latino and black communities had the largest percentages of poverty, at 23.6 percent and 24.2 percent respectively. In the past two years, this situation has changed for the worse.

Most working class families and individuals face uncontrolled increases in housing and food costs far out of proportion to any meager wage increases they may receive. The median rental price for a single one-bedroom apartment in Santa Clara County, for example, averages \$1,262, while a monthly take-home paycheck for a worker at minimum wage is \$1,280. The minimum wage in California is \$8.00 an hour. According to the California Employment Development Department, the median cost of an existing home in Santa Clara County is \$655,000.

Of the estimated 4,770 people homeless on any given night in San Jose, 39 percent of them are children. This is an increase of 18 percent compared to two years ago. San Jose Unified School District reports 361 of its students are homeless. According to the state Education Department, back in 2009 the number of homeless students statewide was 288,233. Five years earlier, the number of homeless students was nearly half that number, at 148,443.

In 2012, the Annie E. Casey Foundation issued its “Kids Count” report. The report found that nearly 6.5 million young people in the US between the ages of 16 and 24 are neither in school nor have jobs. Of these 6.5 million, 850,000 are found in California.

Over 400 homeless people died in Santa Clara County last year. These individuals either died from exposure, or were hit by cars or met other violent deaths. It is estimated that the average life expectancy of a long-term homeless individual is 47 years.

The extent of growing levels of poverty has become openly visible over the last year to residents and commuters. At stoplight intersections or corners, at highway entrances and exit ramps, one finds homeless men or women and jobless workers of all ages with signs pleading for money or jobs. These homeless include Vietnam and Iraq war veterans, laid-off office workers, and youth without prospects of work.

Individuals apologetically approaching shoppers in parking lots seeking change for enough money to buy a meal are likewise growing in number. Increasing numbers of wheelchair-bound individuals can be seen at the edges of shopping centers with homemade signs asking for assistance. In contrast, the hostile reaction of food store chains, such as Trader Joe’s in west San Jose, is reflected by the display of signs against individuals or groups seeking donations from shoppers, arguing for “distraction free” shopping “rights.”

Despite the Obama administration’s declarations that the recession is over and the economy is improving, the growing poverty and inequality in California stands in sharp contrast to the levels of accumulated wealth by the financial and corporate elites.



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