Journal of
Business and Public Affairs ISSN 1934-7219
Volume 1, Issue 1, 2007

The Effect of United States Fiscal Policies on California's Poverty Levels

Steven J. Balassi, St. Mary's College of California, sbalassi@stmarys-ca.edu

Abstract

Poverty and income inequality are problems in California, as well as the United States of America. Government spending, called fiscal policy, should be used to help alleviate these problems. Poverty and income inequality are examined to see if California is fairing better than the U.S. as a whole. This study finds California is not doing as well as the U.S. in the area of income inequality. By comparing California's poverty to the United States levels, this study also finds that U.S. fiscal policy accounts for 69% of California's poverty. This shows the impact which U.S. fiscal policies have on California.

Introduction

This paper starts with an introduction to poverty and why it is a concern. The costs of poverty to a society and how the government can help alleviate poverty levels will be examined. There are three major findings of this study:

- Is California’s income inequality getting worse?
- Are Californian’s becoming worse off than the rest of the U.S.?
- How much does U.S. fiscal policy have to do with these discrepancies?

This paper concludes with a discussion about the above findings.

<u>Why Poverty is a Concern</u>

In an essay titled "Crime and Poverty" (2002), the Public Defender of Orange County California, Carl Holmes writes:

"If poverty were a disease it would be the most insidious, devastating, and life threatening disease that Americans suffer. The poor suffer not just economically, but they also suffer lack of opportunity, lack of education, lack of health care, and significantly more violence than others better situated in the community. They suffer higher disease rates, death rates and imprisonment than their affluent brethren. They are imprisoned at much higher rates and they are executed for capital crimes more often than any other group. In fact, they are almost the exclusive recipients of the death penalty." (Holmes, 2002)

The exact causes of poverty are difficult to pinpoint, social stereotypes notwithstanding. According to the Children’s Defense Fund, which has collected and studied the data for over a decade: "Recent academic studies demonstrate that the effects of poverty cannot be explained away as mere side effects of single parenthood, race, parents low IQ’s or lack of education (Children's Defense Fund, 2006). To the contrary, poverty itself spawns this waste and desolation.

The “waste and desolation” hits minorities disproportionately hard. According to U.S. Census figures in 1997:

- 20.5 percent of all children under age 18 were poor
- 11.1 percent of White children were poor
- 39.9 percent of Black children were poor

- 40.3 percent of Hispanic children were poor and
- 19.5 percent of Asian/Pacific Islander children were poor (U.S. Census, 1997)

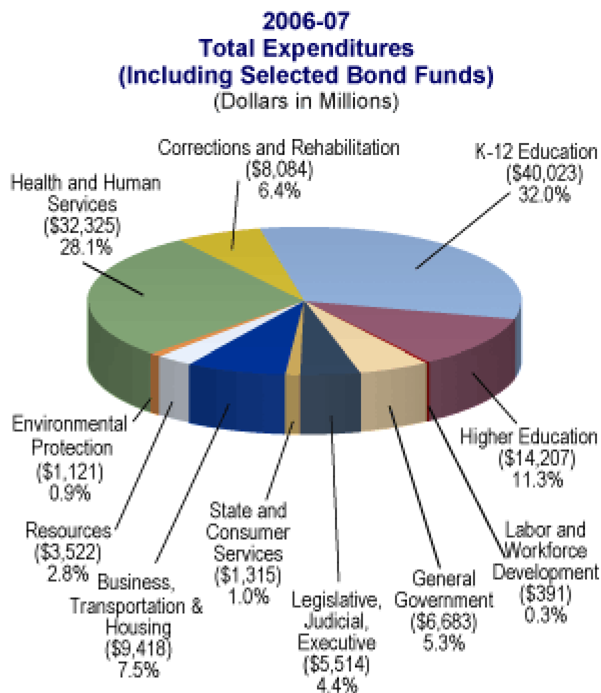
If poor people are more likely to commit crime, and if minorities are more likely to be poor, are they also more likely to commit crime? Deductive reasoning would say so. Data produced by prosecutors tends to confirm this notion. This is another of the cruel and devastating effects of poverty.

A study by the World Bank (Ravallion, 2002) reinforces the view that extra public action is warranted to protect public spending on the poor at times of aggregate fiscal contraction. In all the cases studied, they found signs of early program capture by the non-poor, but that targeting tends to improve as the program expands. The evidence reviewed is that it is spending on the non-poor that is protected. This suggests that the “utility effect” dominates the “power effect;” declining marginal utility of spending on the non-poor tends to mean that there is a switch in spending away from the poor during an aggregate contraction.

The idea that developing countries face a trade off between poverty and inequality has had considerable influence on thinking about development policy (Ravallion, 2004). The experience of developing countries in the 1990’s does not reveal any sign of a systematic trade off between measures of absolute poverty and relative inequality. His research shows that falling inequality tends to come with falling poverty incidence. And rising inequality appears more likely to be putting a brake on poverty reduction than to be facilitating it. However, there is evidence of a trade off for absolute inequality, suggesting that those who want a lower absolute gap between the rich and the poor must in general be willing to see lower absolute levels of living for poor people.

The cost of poverty to the taxpayers of California is substantial. Below (Diagram #1) is the proposed State of California budget for 2006-2007.

Diagram #1- California’s Budget for 2006-2007



* State of California's website

The Health and Human Services budget is over $32 billion, which is 28.1% of the entire budget of California. The Health and Human Services programs provide essential medical, dental, mental health and social services to many of California's most vulnerable and at-risk residents. These programs touch the lives of millions of Californians and provide access to critical services that promote their health, well-being and ability to function in society. The mission of the Health and Human Services Agency also includes recognizing children as a priority investment, promoting personal responsibility for services, and enhancing program effectiveness and accountability.

Economic and Social Inequality

Economic inequality is defined as "Economic inequality refers to disparities in the distribution of economic assets and income". This term typically refers to inequality among individuals and groups within a society, but can also refer to inequality among nations. What this means is we have a group of people who are poor vs. rich or other classes.

Research (Barro, 1999) has shown a clear link between income inequality and social cohesion. In more equal societies, people are much more likely to trust each other, measures of social capital suggest greater community involvement, and homicide rates are consistently lower. This can lead to an “us vs. them” mentality.

In a 2002 paper, Eric Uslander and Mitchell Brown (2002) showed that there is a high correlation between the amount of trust in society and the amount of income equality. They did this by comparing results from the question “would others take advantage of you if they got the chance?” This makes sense because when you have an” us vs. them” mentality, you are competing. People tend to not trust those they compete against.

The reasons that Californians care about trends in income inequality can be organized around three concepts: the well-being of the poor, equal opportunity, and social consequences (Reed, 1999).

The following numbers about the state’s poverty rate tell a mixed tale (Table #2):

Table #2- California's Poverty Rate and State Rankings (1980-2003)

Year	Poverty Rate	U.S. Rank
1980	11.0%	
1981	13.3%	
1982	14.1%	28th
Average	**12.8%**	
1990	13.9%	
1991	15.7%	
1992	16.4%	38th
Average	**15.3%**	
2001	12.6%	
2002	13.1%	
2003	13.1%	36th
Average	**12.9%**	

* Data from U.S. Census Bureau,
http://www.census.gov/hhes/www/poverty/histpov/hstpov21.html

From 1980-1982, California's poverty rate was 12.8% and by 2001-2003 it was 12.9%. The degree of change may not appear significant, until one considers where California ranks among the other states. In that same time period, California went from being ranked 28th to being ranked 36th. This shows that other states have found ways to reduce their poverty levels while California has not. It is also worthy to note that most of the gain was in the first decade, when California went up to 38th in the early '90's.

As the Economic Policy Institute concluded, “Income inequality has increased in California over the past two decades” (U.S. Census Bureau, 2006).

• In the early 2000s, the richest 20 percent of families had average incomes 7.6 times as large as the poorest 20 percent of families. This is up from a ratio of 5.7 in the early 1980s. This growth in income inequality was the 16th largest in the nation.

• In the early 2000s, the richest five percent of families had average incomes 12.4 times as large as the poorest 20 percent of families. This is up from a ratio of 8.0 in the early 1980s.

• In the early 2000s, the richest 20 percent of families had average incomes 2.7 times as large as the middle 20 percent of families. This is up from a ratio of 2.2 in the early 1980s. This growth in income inequality was the 23rd largest in the nation.

• In the early 2000s, the richest five percent of families had average incomes 4.3 times as large as the middle 20 percent of families. This is up from a ratio of 3.1 in the early 1980s.

• In the early 2000s, the income gap between the richest 20 percent of families and the poorest 20 percent was 6th largest in the nation. The income gap between the richest 20 percent of families and the middle 20 percent was 10th largest in the nation.

Costs of Poverty to a Society

Poverty does not just hurt those who are below the poverty line. It affects everyone in society. Some of the numbers are staggering. According to the Children's Defense Fund (2006), for every year that 14.5 million American children continue to experience poverty, their lifetime contribution to the economy will decline by an estimated $130 billion, because poor children grow up to be less educated and often less productive workers.

There are many other areas where governments must spend money to help fight poverty. This amounts to billions of dollars each year. Government transfers include payments from the following sources: 1) Unemployment Compensation, 2) State Workers’ Compensation, 3) Social Security, 4) Supplemental Security Income (SSI), 5) Public Assistance, including Temporary Assistance for Needy Families (TANF), 6) Veterans’ Payments, 7) government survivor, disability, and pension payments, and 8) government educational assistance (Children's Defense Fund, 2006).

Government Noncash Transfers (also called noncash benefits) are also very costly. Non-cash transfers include those government benefits that are distributed as services or vouchers, and for which the recipient does not get cash. These include 1) food stamps, 2) housing subsidies, and 3) free or reduced-price school lunches.

As noted earlier, California's Health and Human Services budget is over $32 billion, which is 28.1% of the entire budget of California. A reduction in poverty would be savings that could amount to billions. That money could be spent on many other things like investment or finding

cures for diseases. Taxes could be cut; this could leave more money in the public's hands, which could lead to higher consumption. Higher consumption could lead to more demand and more jobs, which would help the state economy.

How Proper Fiscal Policy Can Reduce Poverty Levels

Bernanke (2004) defines fiscal policy as "Decisions that determine the government's budget, including the amount and composition of government expenditures and government revenues." CA's budget for 2006-2007 is $97,902,000,000. Fiscal policy at the State level is what dictates how and where this money will be spent. The purpose of this section is to discuss ways in which proper use of fiscal policy has led to decreases in poverty levels. That knowledge, once gained, could be applied to the problems of California.

Governments spend money on a wide variety of areas, from the military and police to services like education and healthcare, as well as transfer payments such as welfare benefits. This expenditure can be funded in a number of different ways:

- Taxation of the population
- Borrowing money from the population, resulting in a fiscal deficit.

Governments often use their fiscal policy to try to influence the economy towards economic objectives such as low inflation and unemployment. According to Keynesian economics, high government spending, funded by a deficit, can be beneficial to the economy by stimulating aggregate demand and decreasing unemployment, during a recession (Bernanke & Frank, 2006).

A corollary of this is that, during a period of inflation, a reduced deficit (or a budget surplus), can reduce inflation by reducing aggregate demand. This is a result of the Phillips curve, which describes the link between inflation and output/unemployment.

The nature of fiscal policy has other economic effects, which are emphasized by other schools of economic thought. In particular:

- Government borrowing is held to reduce private-sector borrowing and investment because of crowding out.

- The linkage between deficits and inflation via the Phillips curve is controversial

- Ricardian equivalence suggests that, since any fiscal deficit must ultimately be repaid, government borrowing will not affect the economy (Bernanke & Frank, 2006).

All these factors suggest that the long-run effect of borrowing is much less beneficial than the short-run effect. To stop governments over-borrowing to meet short-term objectives, some nations have adopted fiscal policy rules, like the Golden Rule and the Stability and Growth Pact. These types of rules try to keep governments from spending too much money financed by debt. Long-term debt can be a burden if the interest payments become too high.

The fiscal policy of a government can counter the monetary policy. Government borrowing competes for the same loanable funds as other investment, so an increased deficit may result in a rise in interest rates. Government debt also represents a form of money in the broad definition, increasing the money supply.

Fiscal policy can also pay an important role in fighting poverty. Andrew McKay (2002), in a study of the impact of fiscal policy on poverty states:

"Fiscal policy measures are a key means by which governments can influence distribution and poverty, but in fact the relationships between fiscal policy and poverty are not well understood.

The most commonly used technique for assessing the distributional impact, benefit incidence analysis, is straightforward, but applied by itself it suffers from a number of serious limitations. Assessment of the impact of fiscal policy needs to be developed in various directions, including allowing for behavioral responses and incorporating a broader range of information. In parallel with this careful attention needs to be paid to more effective monitoring of the poverty impact of fiscal policy." (McKay, 2002)

Two ideas expressed above stand out. One is the fact that relationships between poverty and fiscal policy are not well understood. It seems most people believe that if you spend more money, you will automatically reduce the problem. That is not necessarily the case. Sometimes spending more money leads to things you weren't planning on. The second point is: since we don't know how effective fiscal policy really is, we need to find better ways to monitor it. If we have better studies of fiscal policy and poverty, we can see what is working or not. From that, we can make more educated policy decisions.

Results

California has been facing rising inequality for the past three decades, as can be seen in the following charts (Charts #1-3 and Table #1).

Chart #1- California's Lorenz Curve (1980-1982)

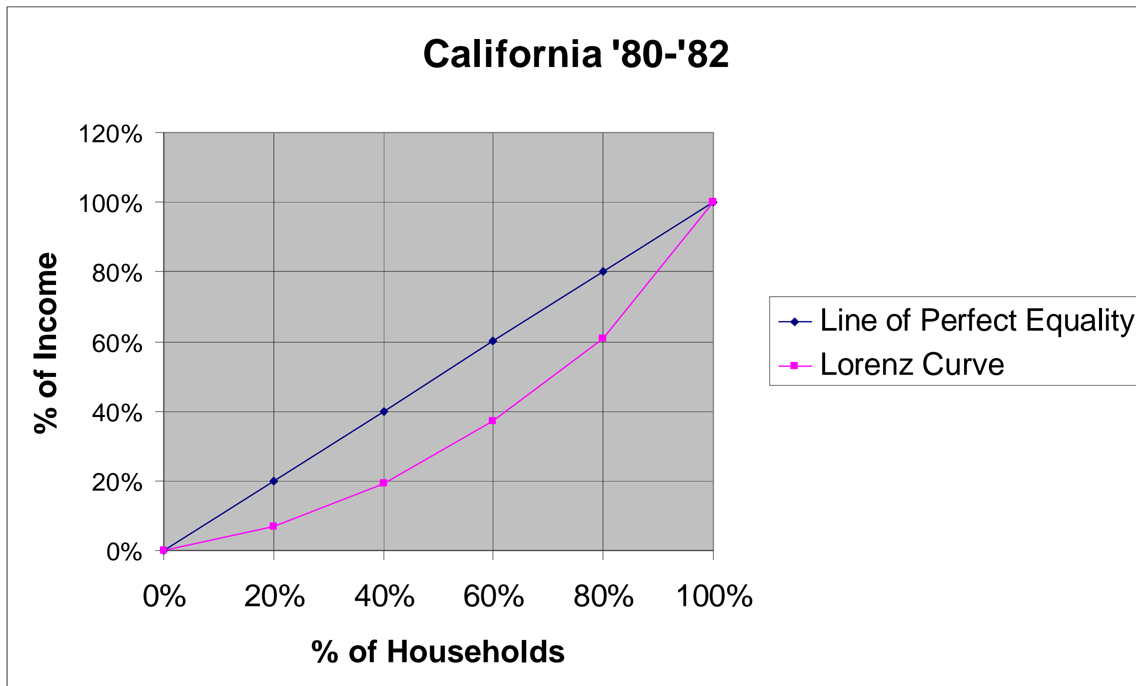


Chart #2- California's Lorenz Curve (1990-1992)

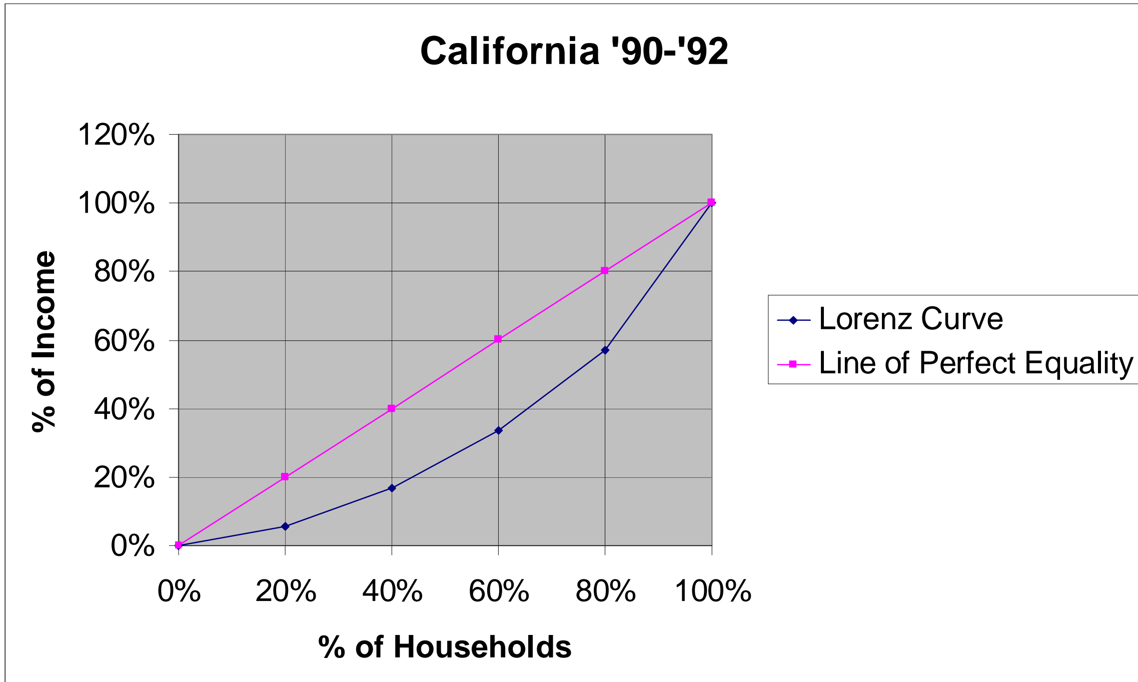


Chart #3- California's Lorenz Curve (2001-2003)

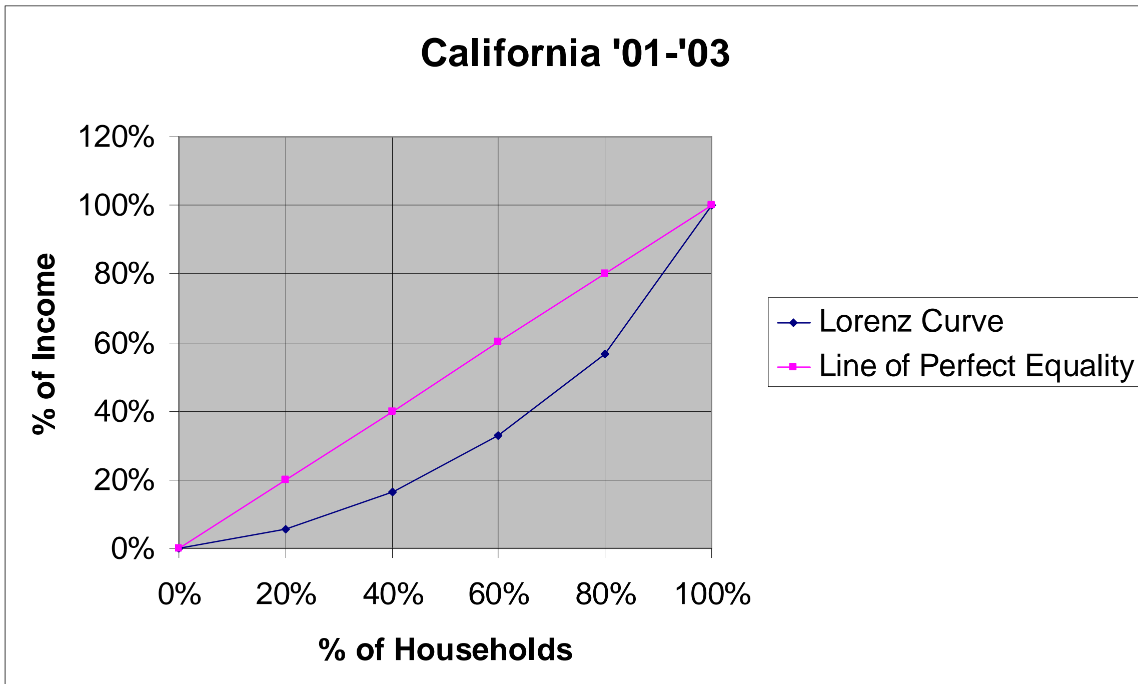


Table #1- California's Income and Distribution (1980-2003)

		Bottom 20%	2nd 20%	Middle 20%	4th 20%	Top 20%	Total
$ Amount	**80-82**	$ 15,053	$26,862	$ 38,927	$52,189	$ 85,093	$218,124
	90-92	$ 14,483	$28,149	$ 41,736	$59,316		$251,898

						$108,214	
	01-03	$ 16,773	$31,884	$ 48,108	$69,116	$127,564	$293,445
%	**80-82**	6.90%	12.32%	17.85%	23.93%	39.01%	100%
	90-92	5.75%	11.17%	16.57%	23.55%	42.96%	100%
	01-03	5.72%	10.87%	16.39%	23.55%	43.47%	100%
Total %	**80-82**	6.90%	19.22%	37.06%	60.99%	100.00%	
	90-92	5.75%	16.92%	33.49%	57.04%	100.00%	
	01-03	5.72%	16.58%	32.98%	56.53%	100.00%	

* Data from Economic Policy Institute, http://www.epi.org/content.cfm/studies_pulling_apart_2006

Notice the Lorenz Curve has been pushed outward, showing greater inequality. The poorest 20% had 6.9% of the income in '80-82 but fell to 5.72% in '01-03. The richest 20% had 39.01% in '80-82 and it increased to 43.47% in '01-03. Overall, this shows an increase in income inequality for the past 20 or more years.

To measure the exact amount of inequality for the charts above, the Gini coefficient is useful. The Gini coefficient provides a percentage of how wide the above income inequality curves are. Zero would mean perfect equality and 1 would represent perfect inequality. California's Gini coefficients are as follows:

1980-1982	.379
1990-1992	.434
2001-2003	.441

These numbers have increased over the last two decades showing that California's income inequality has widened.

The U.S. and California fiscal policies need to be isolated, to determine which one may, or may not have, led to greater income inequality.

CA's top 20% are taking a greater share of the income. The top 20% took 43.47% of the income in 2001-2003; in 1980-1982 they only had 39.01% of the income. This is a gain of about 4.5% for the richest 20%. The bottom 40% went from having 19.22% of the income in 1980-1982 to only having 16.58% in 2001-2003.

Table #3- California's Income Distribution (1980-2003)

California		Bottom 20%	2nd 20%	Middle 20%	4th 20%	Top 20%
% of income	80-82	6.90%	12.32%	17.85%	23.93%	39.01%
	90-92	5.75%	11.17%	16.57%	23.55%	42.96%
	01-03	5.72%	10.87%	16.39%	23.55%	43.47%
Total % of income	80-82	6.90%	19.22%	37.06%	60.99%	100%
	90-92	5.75%	16.92%	33.49%	57.04%	100%
	01-03	5.72%	16.58%	32.98%	56.53%	100%

The goal of this paper is to try to separate fiscal policy for CA from that of the U.S. government. One way to do this is to measure what the U.S. did as a whole with the income gap, like the one shown above (Table #3) for the State of California.

Table #4- United State's Income Distribution (1980-2003)

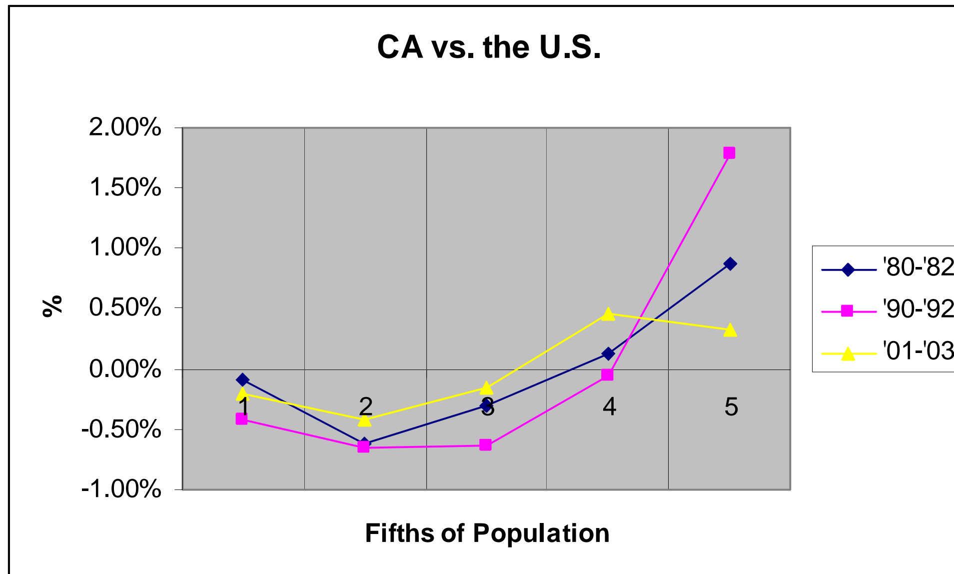
U.S.		Bottom 20%	2nd 20%	Middle 20%	4th 20%	Top 20%
% of income	80-82	6.99%	12.93%	18.14%	23.80%	38.14%
	90-92	6.17%	11.83%	17.21%	23.60%	41.18%
	01-03	5.93%	11.28%	16.56%	23.09%	43.15%
Total % of income	80-82	6.99%	19.92%	38.06%	61.86%	100%
	90-92	6.17%	18.01%	35.22%	58.82%	100%
	01-03	5.93%	17.20%	33.76%	56.85%	100%

Now that both sets of data are established (Tables #3 and 4), it can be seen how CA did relative to the rest of the U.S. We can do this because the fiscal polices of the Federal Government would affect all the states, including CA. If CA is better or worse off then the trend of the rest of the U.S., it may have been CA's fiscal policy which led to this disparity. The below table takes the differences from the U.S. and California's income disparities (see two tables above). The results will show if California's income gap has increased or decreased relative to the United States generally (Table #5 and Chart #4).

Table #5- Differences between U.S. and California's Income Distribution (1980-2003)

CA vs. US		Bottom 20%	2nd 20%	Middle 20%	4th 20%	Top 20%
% of income	80-82	-0.08%	-0.62%	-0.30%	0.12%	0.88%
	90-92	-0.42%	-0.66%	-0.64%	-0.05%	1.78%
	01-03	-0.21%	-0.41%	-0.16%	0.46%	0.33%
Total % of income	80-82	-0.08%	-0.70%	-1.00%	-0.88%	
	90-92	-0.42%	-1.08%	-1.72%	-1.78%	
	01-03	-0.21%	-0.62%	-0.79%	-0.33%	

Chart #4- Differences between U.S. and California's Income Distribution (1980-2003)



Negative numbers mean that CA is worse than the rest of the U.S. as a whole. Looking at the numbers above, it can be seen that the bottom 60% of income earners in CA are worse off than the rest of the U.S. This can lead to the conclusion that CA could be doing something wrong, or not doing enough, with its fiscal policies.

There needs to be a test to see if these fiscal policies correlate to the increase in the income gap and poverty levels.

How can it be determined whether State or Federal fiscal policies are the cause of the increase in the income gap and poverty levels? More importantly, how can it be demonstrated that California's fiscal policy is to blame for making California's income gap between the rich and poor grow?

Fiscal policy is the economic term which describes the actions of a government in setting the level of public expenditure and how that expenditure is funded. The State of California spends money on many areas (education, crime, poverty, health care, etc.). It covers just about anything which affects the economy as a whole. Thus, it can reasonably be concluded that CA's fiscal policy is the major reason why CA is falling behind the rest of the US in regards to the income gap.

Does California's poverty rate correlate with the United State's poverty rate? This can be determined by performing a regression analysis test on the two sets of poverty rates. The y-variable (dependent) in this regression test is the annual poverty rate of California and the x-variable (independent) is the U.S. poverty rate for the corresponding years. The time span is from 1988 to 2003. Using a 95% confidence ratio, here are the results:

United States poverty rates compared to California's

SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.842600832
R Square	0.709976161
Adjusted R Square	0.689260173
Standard Error	0.631728241
Observations	16

ANOVA

	Df	*SS*	*MS*
Regression	1	13.67724701	13.67724701
Residual	14	5.587127986	0.39908057
Total	15	19.264375	

	Coefficients	*Standard Error*	*t Stat*
Intercept	5.944499363	1.246207509	4.770071854
X Variable 1	0.483861305	0.082651709	5.854220188

This test, at 95% confidence, shows an R Square of .71 and an Adjusted R Square of .689. This shows that the U.S. and California's poverty rates do correlate and are reliable predictors of each other. This shows that what the U.S. does via fiscal policy greatly affects California. If a fiscal policy measure is passed at the federal level, it will affect California just as it does the rest of the country. With an Adjusted R Square of .689, we know that the United States fiscal policy can explain about 69% of the poverty rate. With federal fiscal policy and the overall unemployment rate at 69% correlation, that leaves us with 31% which can not be explained. There could be several major factors to explain the other 31%, such as natural disasters or major demographic shifts. These two have not happened in California during the time period of this study.

Since it is impossible to isolate variables to prove fiscal policy is solely responsible for CA's increased income gap, it may be concluded that fiscal policy could be responsible for this trend. Since fiscal policy could be responsible for CA's higher income inequality, recommendations which the State of California can use must be found to help solve this problem.

Conclusion

<u>Income Inequality is a Major Cause of Poverty</u>

Some people accept inequality as a given, and argue that the prospect of greater material wealth provides incentives for competition and innovation within an economy. If you can get paid more to work harder, you will work harder and increase output. The problem arises when the people who can't work are left behind. This is a great economic principle and works well with human nature. To some, it feels good to work hard for success. Sometimes, successful people feel resentful of those who don't work and get handouts. They may feel like they are doing their share of hard work to those who are free loading. Unfortunately, this is the case some of the time but it can give the hard working poor a bad reputation, as well.

Some modern economic theories, such as the neoclassical school, have suggested that a functioning economy requires a certain level of unemployment. These theories argue that unemployment benefits must be below the wage level to provide an incentive to work. This can

encourage inequality. At a certain level this is acceptable. If a teenager is working for minimum wage, that is expected. She don't have experience and education yet so it is acceptable for her to make a much smaller amount of money than a person with a college degree. The problem comes when people with college degrees are making minimum wage or we can't find jobs for our people who want to work. Another major problem is when people get stuck in low wage jobs. They can't afford to get an education to make more money since they must think short term to feed themselves each day. How do we break this vicious cycle for some?

California's Poverty and Income Inequality

Earlier in this study, we saw the income inequality of CA has been getting worse. In the early '80's, the bottom 40% had 19.22% of the total income. In the early 2000's the same group only had 16.58% of the total income. That is a reduction of 2.64%. This means that the poor are making even less money relative to the other 60%. To show this point even further, during the same time periods, the richest top 20% of income increased from 39.01% to 43.47%. That is a gain of 4.46%. From this, it can be seen that the rich are taking more of share of the total income available.

To measure the exact amount of inequality for the charts above, the Gini coefficient is used. The Gini coefficient provides a percentage of how wide the above income inequality curves are. Zero would mean perfect equality and 1 would represent perfect inequality. California's Gini coefficients are as follows:

1980-1982	.379
1990-1992	.434
2001-2003	.411

These numbers have increased over the last two decades. This means the California's income inequality has gotten worse.

This study did show that California's poverty rate and Gini coefficient do not correlate and are not a reliable predictor of each other. The R Square was .203 and the Adjusted R Square is -.594. The major reason for this was due to limited data sets. With the time horizon this study was using, it may be hard to find any correlation.

California's poverty rank in the United States tells a mixed tale. In 1982, CA was ranked 28th in the US for its poverty rate. Being in the bottom half of the nation is nothing to boast about. In 1992 and 2003, CA's rank was 38th and 36th, respectively. There is a bit of an improvement from the '90's to '03's but not much. Whether it represents a trend but is too early to tell.

The jump from 28th to 38th in the '80s and '90s is huge. Something happened in the '80s which caused CA to lose a lot of ground. As a result, CA's poverty level has gotten much worse over the last 20 years. This should not happen to one of the top 10 economies in the world. If it is to continue, there could be major problems for the state. The solutions from this paper could help reduce this trend and make CA a better place to live for everyone.

The U.S. and California fiscal policies need to be isolated so we can find out which one may, or may not have, lead to greater income inequality.

In the prior section, we compared CA to the US to see if the income gap was widening. The income gap was growing in CA much faster than it is for the rest of the US in the 1980s and 1990s. We know that a growing income gap is not good for many reasons. The US has a growing gap, which is troublesome, but CA is doing worse than the US as a whole. This means that CA could face more challenges going forward. Because of this, the US government will not be able to help out since what they do affects every state. It will be up to the CA government to solve these problems on their own. These problems get harder to solve the worse they get so the government of CA should work to implement solutions which can address these problems as soon as possible.

We did find that the U.S. and California's poverty rates do correlate and are reliable predictors of each other. This test, at 95% confidence, shows an R Square of .71 and an Adjusted R Square of .689. This is an important find because it does show that fiscal policy at the U.S. government level is very important. California has been doing worse which shows that its fiscal policies are having an impact, but not in a positive way.

There needs to be a test to see if these fiscal policies correlate to the increase in the income gap and poverty levels.

How can we tell if State or Federal fiscal policies are the cause of the increase in the income gap and poverty levels? More importantly, how can we show that California's fiscal policy is to blame for making California's income gap between the rich and poor grow?

Since it is impossible to isolate variables to prove fiscal policy is solely responsible for CA's increased income gap, we will have to conclude that fiscal policy is responsible for this trend. Since we know fiscal policy is responsible for CA's higher income inequality, we must find recommendations which the State of California can use to help solve this problem.

Have past fiscal policy measures contributed to greater inequality of income and wealth in California.

The short answer to this question is, "yes". Throughout this discussion, we have talked about the results of this study which lead to this conclusion. Poverty is a major problem in the world. It hurts countries, states and neighborhoods. Governments of all levels need to use fiscal policy to combat poverty. The ultimate goal would be to eliminate it entirely. For now, we need to reverse the trend of income inequality. Income inequality is the major reason poverty can get worse. It means more people are getting left behind and that is bad news for an economy of any size.

We saw that income inequality in CA is getting worse. It is getting worse at a pace greater than the US as a whole. Most of this inequality has been due to federal use of fiscal policy. Some of it was due to CA's fiscal policy. The bottom line is income inequality is getting worse in CA and it is mainly due to fiscal policy. Now that we know that past fiscal policy measures have contributed to greater inequality of income and wealth in California, we can make some sound recommendations for CA to implement. This will be the area for future research.

References

Barro, (June 1999), Inequality and Growth in a Panel of Countries

Bernanke and Frank, (2004), Principles of Macroeconomics

Children's Defense Fund, (2006), http://www.osjspm.org/101_poverty.htm

Economic Policy Institute, http://www.epi.org/content.cfm/studies_pulling_apart_2006

Holmes, (2002), Crime and Poverty, http://www.pubdef.ocgov.com/poverty.htm

McKay, Andrew, (2002), Assessing the Impact of Fiscal Policy on Poverty, United Nations University

Ravallion, Martin, (2002), Who is Protected? On the Incident of Fiscal Adjustment, The World Bank

Ravallion, Martin, (2004), A Poverty-Inequality Trade Off, The World Bank

Reed, Deborah (1999), California's Rising Income Inequality: Causes and Concerns, Public Policy Institute of California

State of California, Department of Finance, Legal Immigration to California, 1984-1994: A Summary, January 1997, Sacramento, California.

State of California's official website, (March 24, 2006), http://govbud.dof.ca.gov/BudgetSummary/REV/1249563.html

U.S. Census Bureau http://www.census.gov/hhes/www/poverty/histpov/hstpov21.html

U.S. Census Bureau, (2003), The Foreign-Born Population in the United States: 2003 http://www.census.gov/prod/2004pubs/p20-551.pdf

Uslander and Brown, (2002)